

## Multi-Unit Property Tax Exemption (MUPTE) Program Criteria

### MINIMUM THRESHOLD CRITERIA

To be considered for MUPTE approval, projects must meet the following minimum threshold requirements. Terms and conditions not fully defined herein will be further defined in an updated administrative rule:

- **Eligible Boundary** – Projects must be located within the boundary illustrated on the map attached as Exhibit A.



- **Eligible Project Types** - Multi-unit housing projects (excluding “student housing”)\* that are newly constructed, additions to existing multi-unit housing, or structures converted in whole or in part from other use to dwelling units.

\* “Student housing” is defined as housing specifically built for living space for undergraduate and graduate students where the leasing unit is often by room or bed (not an entire residential unit), and unit configurations typically take the form of several bedrooms with individual bathrooms and sparse common space. Project amenities and location are often selected to appeal only to students and offer limited viability as potential housing for the general population, particularly families. .

- **Density** – For mixed-use projects (housing above commercial), the structure must have five or more dwelling units. For housing-only projects, the project density must exceed the minimum allowed in the Eugene code.
- **Project Need** – Analysis of the project pro forma must establish that the project would not be built but for the benefit of the tax exemption. The applicant must submit documentation, including a pro forma and an analysis of the projected rate of return (as measured by the Cash on Cash return) for the proposed project demonstrating that the anticipated overall rate of return for the project (with MUPTE) for the maximum period of exemption (10 years) will not exceed 10 percent. The pro forma and assumptions will be analyzed by the MUPTE review panel.

If the projected overall rate of return for the maximum exemption period is:

- Below 10 percent and the Minimum Threshold Criteria is met, then the project would be eligible to receive the maximum 10-year exemption.
- Above 10 percent, then:
  - The term of the exemption will be decreased by the number of years necessary to bring the rate of return down to 10 percent, or

- The applicant can add project elements included in the Additional Public Benefit Criteria to increase the term of the exemption up to 10 years



- **Project Design** - Application must include a detailed description of the proposed project and graphic information including site plans and elevations containing sufficient detail to demonstrate that the scale, scope, size, quality and mix of project elements addresses design guidelines (to be developed based on specific boundary area identification and public/stakeholder input).

As a condition of application approval, the project will be required to adhere to the project design elements that were reviewed at the time of council approval.

- **Green Building** - The project must be built to meet a minimum green building standard of Leadership in Energy and Environmental Design (LEED) Silver or an equivalent standard acceptable to City.
- **Neighborhood Contact** - Although neighborhood association support is not required for MUPTE approval, the applicant must make an effort to contact the appropriate neighborhood association to share project information and seek input. Evidence of such effort must be included in the application and shall include a copy of the comments received from the neighborhood association or documentation of the applicant's attempt to solicit comments.
- **Affordable Housing** - For rental projects, one of the following must be met:
  - Provision of affordable units within the project - During the period of exemption, a minimum of 20% of dwelling units must be affordable to households earning between 80% and 100% of the area median family income upon initial occupancy of the unit by that family; or
  - Payment of an annual affordable housing fee for each year of exemption calculated as follows: 20% of the total units in the project x per unit fee

(Example: 50 units x 20% = 10 units x \$1,000 = \$10,000)
- **Local Hiring Goals** - Applicants must provide a plan to meet the Local Hiring goals included in the Additional Public Benefit Criteria (see below).
- **Financial Reporting** - During the exemption period, the project's owner must submit annual accountant-prepared financial information sufficient to evaluate a to-date rate of return for the project. The financial information will be used by the City Manager to analyze the overall effectiveness of the MUPTE program, and may be used in the aggregate to prepare an annual MUPTE report to council.



## **ADDITIONAL PUBLIC BENEFIT CRITERIA**

The following Additional Public Benefit Criteria (to be further defined in an updated administrative rule) shall be used to determine eligibility for extending the tax exemption for up to, but no longer than, 10 years:

- **Local Hiring** – The extent to which the project meets the following local hiring goals:
  - Greater than \_\_ percent of the dollar volume of the combined professional services and construction contracts include local (based in Oregon) firms.
  - Greater than \_\_ percent of the on-site construction jobs performed by local (reside in Oregon) residents. Exceptions for specialty work not available in the local market will be reviewed on a case by case basis.
  - Project demonstrates that it has made a good faith effort to solicit bids for professional services and construction contracts from qualified women and minority business enterprises.
  
- **Location** – Projects located within the Downtown Plan Area, within a HUD Low-Mod Income Area, on a brownfield site, or includes the redevelopment of a valuable historic resource.
  
- **Project Features** – The extent to which the project incorporates the following features:
  - Exceeds the affordable housing Minimum Threshold Criteria through:
    - Provision of a greater number of qualified units;
    - Provision of units with a lower income threshold (to be occupied by residents with incomes between 60% to 80% median family income);or
  - Payment of an increased affordable housing fee.
  - Exceed the energy efficiency standards in the Oregon Energy Code
  - Provision of Americans with Disabilities Act (ADA) accessible dwelling units
  - Provision of dwelling units available for home ownership
  - Inclusion of open space, community gardens, or gathering space that is accessible to the community
  - Inclusion of ground floor commercial/retail that addresses a neighborhood need
  - Design excellence and neighborhood compatibility
  - Provision of embedded or structured parking
  - Encourage alternative transportation options, including bus passes, car share, bike share, bus shelter, and minimum parking where appropriate

## **OTHER PROGRAM FEATURES**

- **MUPTE Review Panel** – A newly formed MUPTE review panel appointed to provide a third-party review of the MUPTE program including:
  - Review of project applications, with emphasis on analyzing the project's financial projections.
  - Review applicant's conformance with the Minimum Threshold Criteria and Additional Public Benefit Criteria and make recommendations regarding approval/denial of the tax exemption to the City Manager.
  - Assist the City Manager in preparing an Annual Report on the MUPTE program.
  
- **Program Volume Cap** – The MUPTE program goal is to assist in the creation of 1,600 new, multi-family housing units after adoption of the 2014 ordinance. At such time, that the MUPTE-assisted number of dwelling units constructed reaches this goal, council shall conduct a comprehensive review to determine if continuation of the program is desired.
  
- **Application Fee** – The City Manager shall establish an updated application fee by Administrative Rule.

Potential MUPTA Areas

