

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY



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### Work Session: Multi-Unit Property Tax Exemption (MUPTE) Program Revisions

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Meeting Date: October 15, 2014  
Department: Planning & Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item: A  
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#### **ISSUE STATEMENT**

This work session is a continuation of the discussion on potential Multi-Unit Property Tax Exemption (MUPTE) program reforms. The council will review and discuss staff recommendations with an opportunity to provide direction for next steps. (Updated MUPTE criteria for council consideration is provided in Attachment A.)

#### **BACKGROUND**

The MUPTE program is enabled by state legislation and designed to encourage higher density housing and redevelopment in the core area and along transit corridors. The program provides a tax exemption for up to 10 years on qualified, new multi-unit housing investments that occur within a targeted area, meet program requirements, and are reviewed and approved by the council. MUPTE works by lowering the operating cost enough to make a project financially feasible. The MUPTE program is currently suspended through November 30, 2014.

In 2013, the council met to discuss the MUPTE program on April 22, May 13, June 24, July 24, and November 18. The council received input from key stakeholders at a workshop on May 22, 2013. In July 2013, the council highlighted the importance of:

- Aligning the MUPTE tool and availability of the tool with the goals of Envision Eugene.
- Consideration of affordable housing needs and the role that MUPTE can play in advancing this goal.
- Local hiring and the need to support local businesses and talent.
- Identifying community benefits and the need for MUPTE projects to advance community goals.
- Thoughtful and timely reforms that can be implemented to support redevelopment opportunities.

On November 18, 2013, the council added the West 11<sup>th</sup> area to the potential boundary and identified the following areas for further discussion: local hiring practices, financial gain cap, affordable housing (fee vs. providing units within the project), energy-efficient buildings, application scoring system, and percentage-of-median-income housing qualification. The council also expressed support for seeking stakeholder and community input opportunities.

At the April 14, 2014, work session, staff presented revised criteria based on input from these several stakeholder groups:

- Housing Policy Board committee for feedback specifically related to Affordable Housing criteria;
- Development related fields including three developers, an appraiser, and a banker;
- Construction industry including general contractors, specialized trades, and union representatives;
- Human Rights Commission subcommittee; and
- Technical Resource Group (TRG) comprised of community members with expertise in real estate, land use, and business. This group provided independent review and a technical analysis that informed the March 2012 Envision Eugene Recommendations.

The council provided direction to reach out to the neighborhood organizations for input on the various program revisions under consideration. In May, staff held two meetings to collect feedback from neighborhood leaders on the changes the council reviewed in April. Based on those discussions, staff had several individual meetings with neighborhood leaders and then held a meeting on June 25 to collect feedback on a further revised concept. Neighborhood leaders were also able to complete two online surveys.

Following the April work session, the TRG invited councilors to learn more about the technical analysis and met with Mayor Kitty Piercy, Councilor George Brown, Councilor Mike Clark, Councilor Greg Evans, and Councilor Claire Syrett.

At the July 30 work session, the council reviewed the neighborhood leader feedback and continued the discussion. Staff provided an overview of a draft concept to activate the downtown area first, subject to new criteria, and proceed with other areas after neighborhood planning processes.

Based on the feedback received to date, updated MUPTE criteria for council consideration is provided in Attachment A, which includes a summary memo of the differences between the July 30 draft and the revised draft. The potential MUPTE boundary is in Attachment B. At the April work session, the council expressed interest in voting on individual aspects of the revisions as a process for moving forward. The decision guide in Attachment C provides key questions, staff recommendation and rationale, and comparison between the suspended program and the recommended changes. A major point of consideration is MUPTE's role in advancing affordable housing goals. As background for that topic, Attachment D provides information on the City's work to create stable, safe housing opportunities for Eugene residents, including property tax exemptions exclusively for affordable housing.

## **RELATED CITY POLICIES**

Utilization of the MUPTE program to stimulate new multi-unit housing development addresses many goals for Eugene and downtown, including:

### *Envision Eugene Pillars*

- Promote compact urban development and efficient transportation options.
  - Integrate new development and redevelopment in the downtown, in key transit corridors and in core commercial areas.
  - Meet the 20-year multi-family housing need within the existing Urban Growth Boundary.
  - Make compact urban development easier in the downtown, on key transit corridors, and in core commercial areas.
- Provide housing affordable to all income levels.
- Plan for Climate Change and Energy Resiliency.
  - Make energy efficiency in buildings and vehicles the first line of action in reducing energy dependence and greenhouse gas emissions.
  - Align incentives, costs and city processes to promote resource efficient buildings, smaller homes and development towards the city core.

### *Regional Prosperity Economic Development Plan*

- Strategy 5: Identify as a Place to Thrive - Priority Next Step - Urban Vitality
  - As a creative economy is fostered, dynamic urban centers are an important asset. Eugene, Springfield and many of the smaller communities in the region recognize the importance of supporting and enhancing vitality in their city centers. Building downtowns as places to live, work and play will support the retention and expansion of the existing business community and be a significant asset to attract new investment. The cities of Eugene and Springfield will continue to enhance their efforts to promote downtown vitality through development and redevelopment.

### *City Council Goal of Sustainable Development*

- Increased downtown development

### *Eugene Downtown Plan*

- Stimulate multi-unit housing in the downtown core and on the edges of downtown for a variety of income levels and ownership opportunities.
- Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.
- Use downtown development tools and incentives to encourage development that provides character and density downtown.
- Facilitate dense development in the courthouse area and other sites between the core of the downtown and the river.

### *Climate and Energy Action Plan*

- Buildings & Energy Section:
  - Objective 2: Reduce GHG emissions from new construction by 50 percent by 2030.

- Action 2.2: Increase incentives for highly energy-efficient new buildings aiming toward net zero energy and carbon neutral buildings.

### **COUNCIL OPTIONS**

1. Direct the City Manager to schedule a public hearing on an ordinance to modify the MUPTE program consistent with the criteria included in Attachment A.
2. Amend the criteria included in Attachment A, and direct the City Manager to schedule a public hearing on an ordinance to modify the MUPTE program as amended.
3. Take no action and continue the discussion on MUPTE program reform at another work session.

### **CITY MANAGER'S RECOMMENDATION**

The City Manager recommends scheduling a public hearing on an ordinance to modify the MUPTE program consistent with the criteria included in Attachment A.

### **SUGGESTED MOTION**

Move to direct the City Manager to schedule a public hearing on an ordinance to modify MUPTE program revisions consistent with the criteria included in Attachment A.

### **ATTACHMENTS**

- A. Revised Draft – MUPTE Program Criteria
- B. Potential MUPTE Boundary
- C. Decision Guide
- D. Creating Stable, Safe Housing Opportunities for Eugene Residents

### **FOR MORE INFORMATION**

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