

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



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

Meeting Date: July 8, 2015
Department: Planning & Development
www.eugene-or.gov

Agenda Item: A
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ISSUE STATEMENT

The council will review and discuss the draft ordinance on potential Multi-Unit Property Tax Exemption (MUPTE) program reforms with an opportunity to take action. (The draft ordinance is provided in Attachment A. The potential MUPTE boundary is in Attachment B.)

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.

The MUPTE program is currently suspended through September 1, 2015. MUPTE is a critical component to Envision Eugene. Coupled with Area Planning, it is a critical tool necessary to address future multi-family housing need in the downtown, along key corridors, and near core commercial areas. Envision Eugene is moving towards completion, with the formal adoption process anticipated to begin in fall 2015.

The council's review of possible program changes began in 2013, with involvement from the following stakeholder groups: neighborhoods, 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 the Technical Resource Group (TRG) comprised of community members with expertise in real estate, land use, and business. See the June 15 Council Public Hearing agenda item summary, Attachment C, for additional information on the review history.

On April 29, the council directed the City Manager to schedule a public hearing on the draft program revisions. A public hearing on the ordinance was held on June 15: 31 people spoke. The ordinance in Attachment A is the ordinance that was presented at the public hearing plus several minor corrections shown in double underline and double strike through. The changes were needed to make the ordinance more completely capture the council's prior direction, but that had not occurred because the time period between hearing from council and posting for the hearing

was short. Background information on the ordinance including a comparison between the draft and the suspended program; the rationale; and where various aspects are found in the ordinance is Attachment C.

Recent public input informed the following considerations:

- Adjustments to the technical professionals on the review panel that may increase the number from four to five or six:
 - Adding a human rights representative,
 - Separating the environmental professional/ public health professional to two seats, and
 - Specify the labor representative is to be union member;
- Modifying the affordable housing Required Public Benefit by:
 - Adjusting the target workforce housing rent level up or down (currently drafted for rent to be no more than 30 percent of the AMI) or adjusting the target units percentage required up or down (currently drafted for 30 percent of the units),
 - Returning to the concept included in the November draft and supported by the Housing Policy Board committee that calls for a required payment dedicated to affordable housing/emergency shelter of 10 percent of the total MUTPE benefit. This would generate a local, more flexible source of funding to support affordable housing not constrained by federal regulations,
 - Waiving the affordable housing Required Public Benefit for the Downtown Plan Area, or
 - Eliminating the workforce housing / affordable housing requirement.

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 we foster a creative economy, 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.
- Land Use & Transportation Section:
 - Objective 11: Increase density around the urban core and along high-capacity transit corridors.
 - Action 11.1: Zone future commercial and high-density residential uses in and around the urban core, and along EmX and other high capacity transit corridors to accommodate urban growth.

Climate Recovery Ordinance

COUNCIL OPTIONS

The following list of ordinance adoption options are based on councilor and community input:

1. Approve ordinance as proposed in Attachment A:
 - affordable housing criteria is workforce housing units or payment in lieu, and
 - downtown area is the Downtown Plan area plus one property on 11th and Lincoln that was in the 2004 to 2011 boundary and Eugene Water & Electric Board (EWEB) property north of 4th Avenue.
2. Approve ordinance with “Workforce Housing Downtown Exemption”:
 - exempt downtown from the workforce housing/payment in lieu requirement, and
 - downtown area is the Downtown Plan Area east of Charnelton Street.

3. Approve ordinance with “No Workforce Housing”:
 - no workforce housing criteria in the MUPTE program, and
 - downtown area is the Downtown Plan Area east of Charnelton Street.
4. Approve ordinance with “Affordable Housing Fee and Downtown Exemption”:
 - affordable housing criteria is fee dedicated to affordable housing/emergency shelter equal to 10 percent of the total MUPTE benefit,
 - exempt downtown from the fee, and
 - downtown area is the Downtown Plan Area east of Charnelton Street.

Draft ordinances for options 2, 3, and 4 will be provided prior to the work session.

The council could also choose to make further modifications to any of those ordinances or to take no action at this time and continue discussions at a future work session.

CITY MANAGER’S RECOMMENDATION

To be provided in advance of the work session.

SUGGESTED MOTION

To be provided in advance of the work session.

ATTACHMENTS

- A. Draft Ordinance
- B. Potential MUPTE Boundary
- C. Background Information on Draft Ordinance

FOR MORE INFORMATION

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