



**COUNCIL RESOLUTION NO. 5383**

**A RESOLUTION ADOPTING A POLICY REGARDING  
SYSTEM DEVELOPMENT CHARGES FOR CONVERSION  
OF BUILDINGS FROM COMMERCIAL TO RESIDENTIAL  
USE IN NON-INDUSTRIAL ZONES.**

**PASSED: 8:0**

**REJECTED:**

**OPPOSED:**

**ABSENT:**

**CONSIDERED: September 20, 2023**





## RESOLUTION NO. 5383

### A RESOLUTION ADOPTING A POLICY REGARDING SYSTEM DEVELOPMENT CHARGES FOR CONVERSION OF BUILDINGS FROM COMMERCIAL TO RESIDENTIAL USE IN NON-INDUSTRIAL ZONES.

#### The City Council of the City of Eugene finds that:

**A.** The Oregon Legislature adopted House Bill (HB) 2984 in the 2023 legislative session to encourage the conversion of commercial buildings for residential use. HB 2984 requires all local governments, with some exceptions, allow the conversion of a building or a portion of a building from a commercial use to a residential use without requiring a zone change or conditional use permit.

**B.** Among other things, HB 2984 requires cities with a population of 10,000 or greater to assess System Development Charges (SDCs) for such building conversions only pursuant to a “a specific adopted policy for commercial to residential conversions adopted on or before December 31, 2023,” or, if no such policy is adopted by December 31, 2023, to assess only water and wastewater SDCs to such conversions and in that case, to offset those SDCs by at least 100 percent of the water or wastewater SDCs paid when the building was originally constructed.

**C.** The City does not have “a specific adopted policy for *commercial to residential conversions*.” When a building, or part of a building, is converted from *any* use to *any other* use, the City’s current SDC regulations require payment of SDCs for wastewater, transportation, stormwater, and parks / recreation, but a credit is applied based on the present-day SDCs associated with the most recent verified use of the building (for a partial conversion) or the most intense previous use of the building (for a complete conversion), a more generous credit than the one described in HB 2984. (EC 7.730; Methodology 7.2.4).

**D.** In addition to the guaranteed credit described in C., above, and the potential for other credits and reductions (i.e. for constructing a qualified public improvement, a nearby capital improvement, or a stormwater system improvement), the conversion of a building from a commercial use to a residential use may also be eligible for the following types of SDC exemptions, reductions, and adjustments that are included in the City’s current SDC regulations:

**1.** An exemption from payment of local wastewater, transportation, stormwater, and parks/recreation SDCs for housing for low-income persons. (EC 7.725)

**2.** A reduction applied to SDCs for a private physical improvement constructed as part of the conversion or program instituted in connection with the conversion that reduces the residential use’s demand on the City’s transportation facilities and therefore reduces demand for future construction of a transportation capital project. (Methodology 7.0, 7.1)

**3.** An adjustment to transportation SDCs for residential development located in the Downtown Plan Boundary, on or near a key transportation corridor, in a nodal development area, or near a Frequent Transit Network. (Methodology 7.0, 7.3, B-4.4)

**4.** An adjustment to parks / recreation SDCs for multi-family residential units with two or more bedrooms, with a greater adjustment if located near a Frequent Transit Network. (Methodology 7.3, E-1.3.4)

E. The City Council desires to preserve the City's full local authority to assess SDCs for the conversion of commercial buildings and finds that the current regulations SDC credits, exemptions, reductions, and adjustments offer substantial incentive to enable the City to take more time for a thoughtful examination of, and possible shift in, the way SDCs are assessed for these conversions.

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:**

**Section 1.** The City Council of the City of Eugene adopts the following policy:

As required by ORS 197.308(6), the City of Eugene affirms its current SDC regulations as they pertain to the conversion of a building from a commercial use to a residential use which require payment of SDCs for wastewater, transportation, stormwater, and parks / recreation, but also include a credit based on the present-day SDCs associated with the most recent verified use of the building (for a partial conversion) or the most intense previous use of the building (for a complete conversion) and offer numerous opportunities for other exemptions, reductions, and adjustments that may be amended from time to time.

**Section 2.** This Resolution shall become effective immediately upon its passage by the City Council.

**The foregoing Resolution adopted the 20<sup>th</sup> day of September, 2023.**

  
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City Recorder