

# EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



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## Action: Ordinance Suspending Multi-Unit Property Tax Exemption (MUPTE) Program

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Meeting Date: February 27, 2013  
Department: Planning & Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: A  
Staff Contacts: Denny Braud  
Phone: 541-682-5536

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### ISSUE STATEMENT

The council is asked to consider an ordinance suspending the Multi-Unit Property Tax Exemption (MUPTE) program. The suspension would provide time for the council to evaluate the program and determine whether changes should be made.

### BACKGROUND

The MUPTE program is enabled by state legislation and designed to encourage higher density housing and redevelopment in the core of the city and along transit corridors. The program provides a 10-year property tax exemption on qualified new multi-unit housing investments that occur within a specific, targeted area, meet program requirements, and are reviewed and approved by the City Council. During the exemption period, property owners still pay taxes on the assessed value of the land and any commercial portions of the project, except those commercial improvements deemed a public benefit and included in the exemption. (The current MUPTE boundary map is included in Attachment B. The MUPTE ordinance and administrative order used to review MUPTE applications are included in Attachments C and D).

The following is a brief summary of recent council actions related to MUPTE:

- 2008 – The council adopted an ordinance amending the MUPTE boundary to include the Trainsong area.
- 2008 – The council established the public benefit scoring system currently used for evaluating applications.
- 2011 – The council adopted an ordinance extending the MUPTE program for 10 additional years and amending the boundary to include only the Downtown Plan area (Trainsong and West University areas were removed). The council also expressed an interest in staff coming back to discuss other MUPTE areas such as Trainsong.
- 2011 – The council work session on Envision Eugene related to MUPTE. In response to the discussion of Envision Eugene implementation and future areas that might be

considered for MUPTE, the council passed a motion to direct staff to not spend any more time on the MUPTE in the West University Neighborhood.

- The council passed a motion to direct staff to not spend any more time on the MUPTE in the West University Neighborhood.
- 2012 – The council approved three MUPTE projects: Park Place (Master Development) Broadway Lofts (Master Development), and 13<sup>th</sup> and Olive (Capstone).

On January 30, 2013, the council approved a motion to direct the City Manager to prepare and schedule a public hearing on an ordinance suspending the MUPTE program. A public hearing on the proposed ordinance was held on February 25, 2013.

The council has expressed an interest in suspending the MUPTE program in order to conduct a detailed evaluation prior to accepting new applications. The program evaluation will likely include a review of the existing public benefit scoring system and consideration of other elements such as those recently adopted in Portland's Multi-Unit Limited Tax Exemption (MULTE) program.

#### **COUNCIL OPTIONS**

1. Approve the ordinance, and evaluate the MUPTE program to determine if changes should be made.
2. Approve the ordinance with specific modifications as determined by the council, and evaluate the MUPTE program to determine if changes should be made.
3. Do not approve the ordinance, and evaluate the MUPTE program to determine if changes should be made.

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

The City Manager recommends approval of the proposed ordinance, followed by a council evaluation of the MUPTE program to determine if changes should be made.

#### **SUGGESTED MOTION**

Move to adopt Council Bill 5091, the ordinance suspending the MUPTE program.

#### **ATTACHMENTS**

- A. Ordinance Suspending MUPTE Program
- B. MUPTE Boundary Map
- C. MUPTE Ordinance
- D. MUPTE Administrative Order

**FOR MORE INFORMATION**

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Staff E-Mail: [denny.braud@ci.eugene.or.us](mailto:denny.braud@ci.eugene.or.us)

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE SUSPENDING MULTIPLE UNIT PROPERTY TAX EXEMPTIONS UNDER SECTIONS 2.945 AND 2.947 OF THE EUGENE CODE, 1971.**

**The City Council of the City of Eugene finds as follows:**

**A.** The City’s Multiple Unit Property Tax Exemption Program under Sections 2.945 and 2.947 of the Eugene Code, 1971 (the MUPTE program), which is enabled by state statute, was first implemented by the City in July of 1977, to address the City’s long term goal of improving the health of targeted areas in the City by increasing housing density. Since its initial implementation, the MUPTE program has been modified various times in response to Council directive and in order to remain in compliance with State Statutes.

**B.** It is in the public interest to undertake an evaluation of the MUPTE program at this time to determine whether changes should be made to the program. During the evaluation period, the MUPTE program should be suspended.

**C.** Any MUPTE program application submitted before the effective date of this Ordinance should be processed in accordance with the laws and procedures as they existed prior to the adoption of this Ordinance.

**NOW, THEREFORE,**

**THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:**

**Section 1.** Based upon the above findings which are adopted, as of the effective date of this Ordinance, the City shall suspend the Multiple Unit Property Tax Exemption Program under Sections 2.945 and 2.947 of the Eugene Code, 1971, and no applications will be accepted, until after the City Council has completed its review of the program and has repealed this Ordinance.

**Section 2.** The prohibition imposed by Section 1 above shall not apply to any application submitted prior to the effective date of this Ordinance.

**Passed by the City Council this**

\_\_\_\_\_ day of February, 2013.

\_\_\_\_\_  
City Recorder

**Approved by the Mayor this**


\_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Mayor



# Multi-Unit Property Tax Exemption (MUPTE) Area



 Multi-Unit Property Tax Exemption (MUPTE) Area

City of Eugene - December 14, 2011  
Planning and Development Department  
Community Development Division





**COUNCIL ORDINANCE NUMBER 20479**

**COUNCIL BILL NUMBER 5055**

**AN ORDINANCE CONCERNING MULTIPLE-UNIT HOUSING  
PROPERTY TAX EXEMPTIONS AND AMENDING SECTIONS  
2.945 AND 2.947 OF THE EUGENE CODE, 1971.**

**ADOPTED: September 26, 2011**

**SIGNED: September 28, 2011**

**PASSED: 8:0**

**REJECTED:**

**OPPOSED:**

**ABSENT:**

**EFFECTIVE:**

**October 29, 2011**

**ORDINANCE NO. 20479**

**AN ORDINANCE CONCERNING MULTIPLE-UNIT HOUSING PROPERTY TAX EXEMPTIONS AND AMENDING SECTIONS 2.945 AND 2.947 OF THE EUGENE CODE, 1971.**

**The City Council of the City of Eugene finds as follows:**

**A.** In accordance with State law, Sections 2.945 and 2.947 of the Eugene Code 1971, were adopted setting forth provisions regarding approval of multiple-unit housing property tax exemptions. One of the criteria for approving a multiple-unit housing property tax exemption required that the project be completed on or before January 1, 2012.

**B.** State law has recently been amended and extended the January 1, 2012 project completion deadline to January 1, 2022, and authorized the granting of an exemption for a commercial use that is part of the multiple-unit housing building.

**C.** The Council has determined that Sections 2.945 and 2.947 of the Eugene Code 1971, should be amended to allow the City's multiple-unit housing property tax exemption program to continue, consistent with the new State law, for the downtown core. Although this Ordinance extends the program at this time only for the downtown core, the Council will be considering in the near future what other parts of the City should be eligible for the multiple-unit housing property tax exemption program.

**THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:**

**Section 1.** Sections 2.945 and 2.947 of the Eugene Code, 1971, are amended to provide as follows:

**2.945 Multiple-Unit Housing – Property Tax Exemption.**

- (1) The provisions of ORS 307.600 to 307.637 enable cities to grant local property tax exemptions for multiple-unit housing located in core and transit oriented areas designated by the city. There is a need and demand for better housing at rental rates or sale prices accessible to a broad range of the general public in the core and transit oriented areas which is not likely to be produced without this incentive. This incentive is intended to:
- (a) Stimulate the construction of transit supportive multiple-unit housing in the city's core and transit oriented areas to improve the balance between the residential and commercial nature of those

- areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work;
- (b) Encourage the development of vacant or under utilized sites in core and transit oriented areas, rather than sites where sound or rehabilitable multiple-unit housing exists;
  - (c) Encourage the development of multiple-unit housing, with or without parking, in structures that may include ground level commercial space;
  - (d) Encourage the development of multiple-unit housing, with or without parking, on sites with existing single-story commercial structures;
  - (e) Encourage the development of multiple-unit housing, with or without parking, on existing surface parking lots; and
  - (f) Preserve existing publicly assisted housing that is affordable to low income persons by providing the incentives authorized in ORS 307.600 to 307.637 to existing multiple-unit housing that is subject to a low income housing assistance contract with an agency or subdivision of this state or the United States.
- (2) The provisions of ORS 307.600 to 307.637 are hereby adopted as the city's multiple-unit housing property tax exemption program. Sections 2.945 and 2.947 of this code shall apply in the downtown area depicted on Map 2.945(2) attached to Ordinance 20479 and appended to chapter 2 of this code.
- (3) Applications for property tax exemption hereunder shall be filed with the city manager on or before February 1 immediately preceding the first assessment year for which exemption is requested and shall be accompanied by an application fee. The application shall be processed in accordance with standards and guidelines adopted by administrative rule of the city manager. As used in this section and section 2.947 of this code and the standards and guidelines, "city manager" includes the manager's designee. The standards and guidelines adopted by the city manager in the manner described in section 2.019 of this code shall contain provisions relating the net financial benefit from the property tax exemption to the public benefits provided by the improvements, including a public benefit scoring system for evaluating applications.
- (4) Upon receipt of the city manager's written recommendation on an application, the council shall consider the application, the city manager's written recommendation, and any written comments submitted during the 30 day comment period on the application at its next scheduled meeting. If the council fails to act on an application which has been timely referred to it as provided in the standards and guidelines within 180 days from the date it was filed, the application shall be deemed approved and processed thereafter in accordance with subsection (9) of this section.

- (5) At the meeting at which the city manager's recommendation on an application is considered, the council shall adopt a resolution approving the application and granting the property tax exemption, or adopt a resolution disapproving the application and denying the property tax exemption.
- (6) In order to approve an application, the council must find that:
- (a) The project will provide multiple-unit housing of five or more units;
  - (b) The project is located within the boundaries of the core or transit oriented areas described in subsection (2) above;
  - (c) The proposal could not financially be built "but for" the tax exemption;
  - (d) The applicant solicited comments from city-recognized affected neighborhood associations;
  - (e) The requirements in the standards and guidelines related to proximity to historic resources have been satisfied;
  - (f) The applicant has complied with the provisions of the standards and guidelines;
  - (g) In case of multiple-unit housing located in the transit oriented area described in subsection (2)(b) of this section, the structure must:
    - 1. Be physically or functionally related to a light rail or mass transportation system; and
    - 2. Enhance the effectiveness of a light rail or mass transportation system.
  - (h) In the case of the construction of, or the addition or conversion to multiple-unit housing:
    - 1. The construction, addition or conversion will be completed on or before January 1, 2022;
    - 2. The owner has agreed to include in the construction, addition or conversion, as a part of the multiple-unit housing, one or more public benefits, including but not limited to commercial uses of a portion of the multiple-unit housing structure, open spaces, parks and recreational facilities, common meeting rooms, child care facilities, transit amenities and transit or pedestrian design elements, or benefits otherwise specified in the standards and guidelines;
    - 3. The proposed construction, addition or conversion project is, or will be at the time of completion, in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, that are applicable at the time the application is approved;
  - (i) In the case of multiple-unit housing subject to a low income housing assistance contract with an agency or subdivision of this state or the United States,
    - 1. The application for exemption was made on or before January 1, 2022;



2. It is important to the community to preserve the housing as low income housing and it is probable that the housing would not be produced as or remain low income housing without the exemption being granted;
  - (j) The multiple-unit housing is not designed for, and will not be used as transient accommodations; and
  - (k) Granting the application is in the public interest. In making this determination, council shall consider, among other things, the number of points awarded based on the public benefit scoring system contained in the standards and guidelines.
- (7) Unless the council makes each of the findings required by subsection (6) of this section, the council shall deny the application. In addition to the owner's name and address, and a legal description or the assessor's property account number for the subject multiple-unit housing, the resolution approving the application shall contain the above findings and set forth the specific conditions of approval or exclusions therefrom and specify the percentage and duration of the exemption. A resolution denying an application shall set forth the specific reasons for denial.
- (8) The city manager shall forward to the applicant a copy of the resolution adopted by the council within 10 days from the date the council acts on the application, and on or before April 1 following approval, shall file with the county assessor a copy of the resolution approving an application.
- (9) With respect to an application deemed approved through inaction of the council under subsection (4) of this section, on or before April 1 following the expiration of the 180-day period, the city manager shall file with the county assessor an administrative order containing the same findings and information as required to be set forth in a resolution approving an application and forward a copy thereof to the applicant.
- (10) In the case of a structure to which stories or other improvements are added or a structure that is converted in whole or in part from other use to dwelling units, only the increase in value attributable to the addition or conversion may be exempt from taxation.
- (11) Notwithstanding subsection (6) of section 2.947 of this code, if the multiple-unit housing is or becomes subject to a low income rental assistance contract with an agency of this state or the United States, the city may extend the exemption through June 30 of the tax year during which the expiration date of the contract falls.

**2.947 Multiple-Unit Housing - Termination of Approval, Review.**

- (1) After a resolution approving an application has been filed, if the city manager finds that:
  - (a) Construction of multiple-unit housing was not completed within the time specified in the resolution, and no extensions as provided in subsection (5) hereof have been granted, or

- (b) The applicant has failed to comply with the provisions of ORS 307.600 to 307.637, the provisions of this code, any provisions of the standards and guidelines adopted by the city manager, or
- (c) The applicant has failed to comply with any conditions imposed in the resolution approving the application, or
- (d) Construction of multiple-unit housing was not completed on or before January 1, 2022, or
- (e) In the event units within the development are sold individually, a unit owner fails to comply with applicable requirements described in paragraphs (b) or (c) of this section,

the city manager shall notify the council; the owner of the property, at the owner's last known address; and any known lender, at the lender's last known address, of the manager's intention to recommend to the council that the exemption be terminated. The notice shall clearly state the reasons for the proposed termination, and shall require the owner to appear before the council, at a time specified in the notice, which shall not be less than 20 days from the date the notice was mailed, to show cause, if any exists, why the exemption should not be terminated.

- (2) If the owner fails to appear and show cause why the exemption should not be terminated, the city shall further notify every known lender of the owner's failure to appear and shall allow the lender a period of not less than 30 days, beginning with the date that the notice of failure to appear and show cause is mailed to the lender, to cure any noncompliance or to provide adequate assurance that the noncompliance will be remedied.
- (3) If the owner fails to appear before the council at the time specified in the notice, or if the owner appears and fails to show cause why the exemption should not be terminated, and a lender fails to cure or give adequate assurance that any noncompliance will be cured, the council shall adopt a resolution terminating the exemption, which shall contain its findings in support thereof. Copies of the resolution shall be filed with the county assessor and mailed to the property owner, at the owner's last known address, and to any lender at the lender's last-known address, within 10 days from the date adopted. If a determination is made that the exemption should continue as previously granted, the council shall enter written findings of record in support of the continued exemption and forward a copy thereof to the property owner and to any lender within 10 days from the date of the hearing.
- (4) All reviews of council action in denying, approving, or terminating an application shall be governed by the procedures set forth in ORS 34.010 to 34.100, and correction of assessments and tax rolls and the evaluation of the property shall be in conformity with ORS 307.687. The council's action on an exemption shall not be a land use decision for purposes of administrative review.
- (5) If construction, addition, or conversion of multiple-unit housing is not completed by January 1, 2022, upon receipt of a request from the

property owner, the council may, by resolution, extend the deadline for completion of construction of multiple-unit housing for a period not to exceed 12 consecutive months, if it finds the failure to complete construction by the time specified in the resolution was due to circumstances beyond the control of the owner, and that the owner had been and could reasonably be expected to act in good faith and with due diligence.

- (6) In any event, no multiple-unit housing granted an exemption by the council may be exempt from ad valorem taxation for more than 10 successive years. The first year of exemption is the assessment year beginning January 1 immediately following the calendar year in which construction, addition or conversion is completed, determined by that stage in the construction process when, pursuant to ORS 307.330 the improvement would have gone on the tax rolls in the absence of the exemption. The exemption may not include the land, nor any improvements located thereon that are not a part of the multiple-unit housing but may include commercial use of a portion of the structure and parking constructed as part of the multiple-unit housing construction, addition or conversion, and is in addition to any other exemption provided by law. However, no property may be exempt beyond 100 percent of its real market value.
- (7) Any exemption granted by the council shall terminate immediately, without right of notice or appeal, in the event the county assessor determines that a change of use to other than residential or residential with commercial uses of a portion of the structure, or housing has occurred for the multiple-use housing, or portion thereof, or if a low income housing assistance contract with an agency or subdivision of this state or the United States is breached or terminated prematurely, or a declaration as defined in ORS 100.005(12) is presented to the county assessor or tax collector for approval in connection therewith. Termination shall be in accordance with the provisions of ORS 307.627.

**Section 2.** Applications submitted or approved pursuant to Sections 2.945 and 2.947 of the Eugene Code, 1971, prior to the effective date of this Ordinance, shall be governed by the Code provisions that were in effect prior to the effective date of this Ordinance.

**Section 3.** The City Recorder, at the request of, or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained herein,



or in other provisions of the Eugene Code, 1971, to the provisions added, amended or repealed herein.

**Passed by the City Council this**

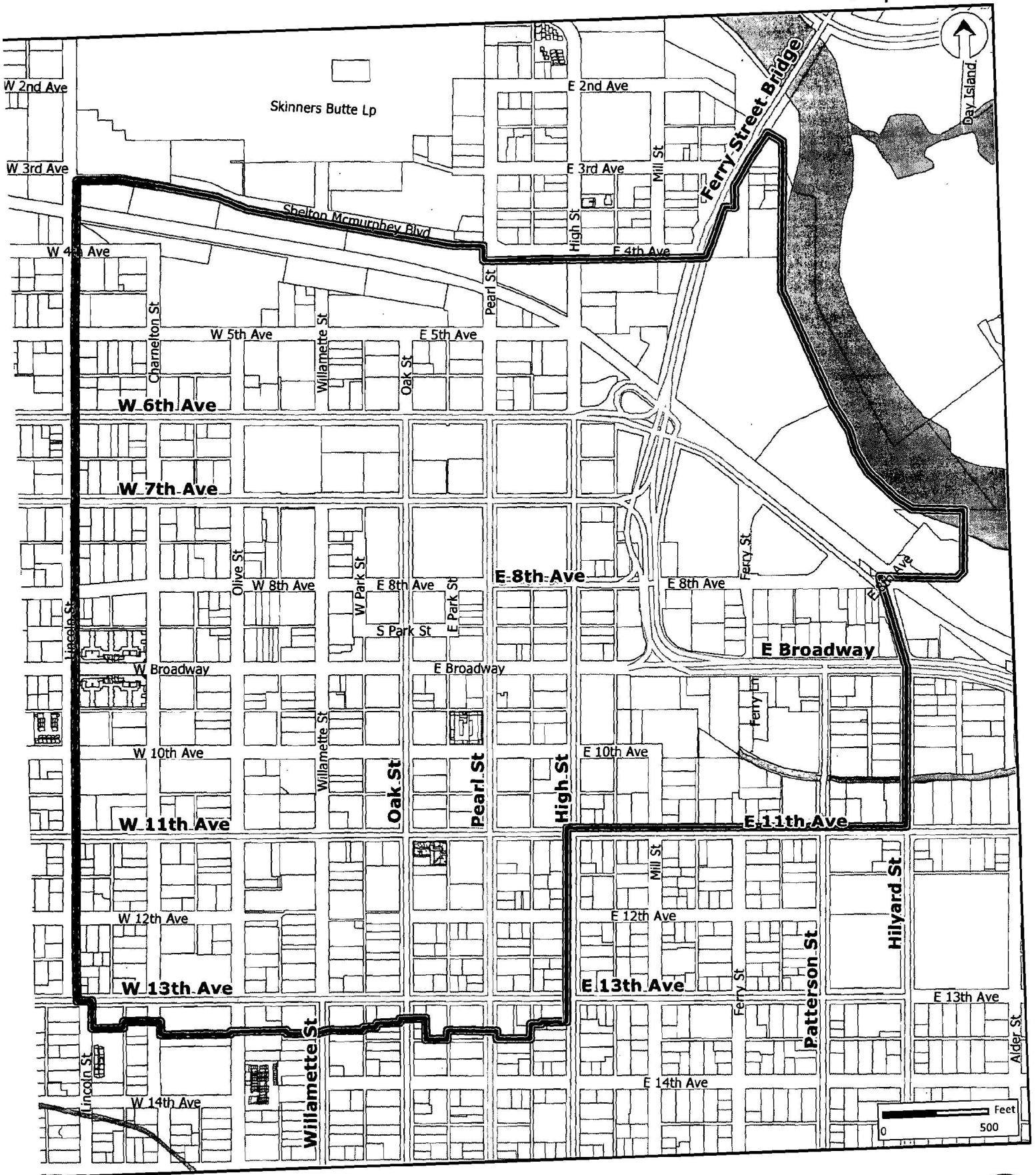
**26<sup>th</sup> day of September, 2011**

Sandra Q. Stubbs  
Deputy City Recorder

**Approved by the Mayor this**

28 day of September, 2011

Kitty Perry  
Mayor





# MEMORANDUM

City of Eugene  
777 Pearl Street, Room 105  
Eugene, Oregon 97401-2793  
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**Date:** November 10, 2011

**To:** Sandra Stubbs, Deputy City Recorder

**From:** Glenn Klein, City Attorney *AK*

**Subject:** Scrivener Error Correction to EC 2.945 Adopted by Ordinance No. 20479

It has come to our attention that two reference errors exist in Ordinance No. 20479 which was adopted on September 26, 2011.

Ordinance No. 20479 amended EC 2.945(2) to redefine the area eligible to receive multiple-unit property tax exemptions (MUPTE). That redefinition deleted subsections (2)(a) and (2)(b) from EC 2.945, thereby removing the areas known as "the core area" and "the transit oriented area" as MUPTE eligible areas, and instead adopted a new subsection (2) which described the MUPTE eligible area as the "downtown area."

Due to the amendment to EC 2.945(2), the reference to "core or transit oriented areas" in EC 2.945(6)(b) should have been amended to read "downtown area." In addition, EC 2.945(6)(g) should have been deleted because that subsection refers to deleted subsection EC 2.945(2)(b) and deals solely with MUPTE in the transit oriented area.

Please effect a scrivener error correction so that EC 2.945(6)(b) reads as follows:

"(b) The project is located within the boundaries of the downtown area described in subsection (2) above;"

Please also effect a scrivener error correction to delete subsection (g) from EC 2.945(6) and reletter the subsequent subsections.

This correction is authorized by Ordinance No. 20479. A copy of this memo should be attached to that Ordinance.

**ADMINISTRATIVE ORDER NO. 53-12-01-F**  
**of the**  
**City Manager**

**AMENDMENT OF MULTIPLE-UNIT HOUSING PROPERTY TAX  
EXEMPTION STANDARDS AND GUIDELINES RULE R-2.945 AND  
REPEAL OF ADMINISTRATIVE ORDER NOS. 53-09-01-F AND 53-11-05.**

**The City Manager of the City of Eugene finds that:**

- A.** Section 2.019 of the Eugene Code, 1971, (“EC”) authorizes the City Manager to adopt rules for administration of provisions of the Eugene Code. EC 2.945 authorizes the City Manager to adopt Standards and Guidelines for processing applications for multiple-unit housing property tax exemptions.
- B.** On March 30, 2009, Administrative Order No. 53-09-01-F was issued adopting amendments to the Multiple-Unit Housing Property Tax Exemption (“MUPTE”) Standards and Guideline Rule R-2.945.
- C.** On September 26, 2011, the City Council adopted Ordinance No. 20479 which amended EC 2.945 and 2.947. The amendments included extending the MUPTE application and construction completion deadlines to January 1, 2022, and amending the MUPTE program boundaries.
- D.** On December 14, 2011, Administrative Order No. 53-11-05 was issued temporarily amending the MUPTE Standards and Guidelines to extend the MUPTE application and construction completion deadlines to January 1, 2022. Administrative Order No. 53-11-05 will expire on June 11, 2012.
- E.** In order to make the amendments to amend the Standards and Guideline provisions permanent and to amend the provisions to reflect changes to the MUPTE program boundary, on May 17, 2012, I issued Administrative Order No. 53-12-01 proposing to make the necessary amendments.
- F.** Notice of the proposed rule amendment was published in the Register-Guard Newspaper on May 21, 22, 23, 24 and 25, 2012. Notice was also made available to persons who had requested such notice, and provided that written comments would be received for a period of 15 days from the first date of publication. No comments were received within the time or in the manner provided in the Notice.

**BASED UPON** the above findings which are adopted, and pursuant to the authority contained in Sections 2.019 and 2.945 of the Eugene Code, 1971, Administrative Order Nos. 53-09-01-F and 53-11-05 are repealed and Multiple-Unit Housing Property Tax Exemption Standards and Guidelines Rule R-2.945 is amended to provide as follows:

**MULTIPLE-UNIT HOUSING PROPERTY  
TAX EXEMPTION STANDARDS AND GUIDELINES RULE R-2.945**

**R-2.945-A**    **Definitions.** For purposes of these rules, the following words and phrases mean:

**City Manager.** The City Manager of the City of Eugene, or his or her designee.

**Core area.** The area described in section 2.945(2) of the Eugene Code.

**Historic Locale.** A building that has historic, cultural and/or architectural significance, locally, regionally, or nationally. A historic locale can also include a building acknowledged by the Eugene Historic Review Board as strongly or possibly eligible for City Landmark or National Register listing.

**Historic structure.** Any building, structure or object which has been identified as a primary or secondary historic resource (strong or possible eligibility for city landmark or National Register status) in a survey acknowledged by the Eugene Historic Review Board and the State Historic Preservation Office, or which is an "historic property" as that term is defined by section 9.0500 of the Eugene Code.

**Lender.** Any person who makes a loan, secured by a recorded mortgage or trust deed, to finance the acquisition, construction, addition or conversion of multiple-unit housing.

**Low-income housing assistance contract.** An agreement between a public agency and a property owner that results in the production, rehabilitation, establishment, or preservation of housing affordable to those with a defined level of household income.

**Multiple-unit housing.**

          (1) Housing subject to a low-income housing assistance contract with an agency or subdivision of this state or the United States; or

          (2) Newly constructed structures, stories or other additions to existing structures, and structures converted in whole or in part from other use to dwelling units that meet the following criteria:

- (a) The structure must have five or more dwelling units;
- (b) The structure must not be designed or used as transient accommodations, including but not limited to hotels and motels; and
- (c) The structure must have those design elements benefitting the

general public pursuant to section R-2.945-G.

**Pedestrian connection.** A continuous, unobstructed, reasonably direct route between two points that is intended and suitable for pedestrian walkways, stairways and pedestrian bridges. On developed parcels, pedestrian connections are generally paved. In parks and natural areas, pedestrian connections may be soil or bark pathways. On undeveloped parcels and parcels intended for redevelopment, pedestrian connection may include rights-of-way or easements for future pedestrian improvements.

**Potential historic structure.** Any building or structure which is older than 50 years in age and located in an area of the City which has not been canvassed as part of a historic resource survey acknowledged by the Eugene Historic Review Board and the State Historic Preservation Office.

**R-2.945-B Program Purpose and Boundaries.**

1. The purpose of the program is to:
  - 1.1 Stimulate the construction of transit supportive multiple-unit housing in the City's downtown area in order to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work;
  - 1.2 Encourage the development of vacant or under-utilized sites in the downtown area, rather than sites where sound or rehabilitable multiple-unit housing exists;
  - 1.3 Encourage the development of multiple-unit housing, with or without parking, in structures that may include ground-level commercial space;
  - 1.4 Encourage the development of multiple-unit housing, with or without parking, on sites with existing single-story commercial structures;
  - 1.5 Encourage the development of multiple-unit housing, with or without parking, on existing surface parking lots; and
  - 1.6 Preserve existing publicly-assisted housing that is affordable to low-income persons by providing the incentives authorized in ORS 307.600 to 307.637 to existing multiple-unit housing subject to a low-income housing assistance contract with an agency or subdivision of this state or the United States.
2. The program shall emphasize:
  - 2.1 The development of multiple-unit housing, with or without parking, in



structures that may include ground-level commercial space;

2.2 The development of multiple-unit housing, with or without parking, on sites with existing single-story commercial structures; and

2.3 The development of multiple-unit housing, with or without parking, on existing surface parking lots.

3. The program shall result in the preservation, construction, addition or conversion of units at rental rates or sale prices accessible to a broad range of the general public.

**R-2.945-C Eligible Structures.**

To be eligible for local property tax exemption hereunder, a structure must:

1. Be multiple-unit housing as defined above, which:

1.1 In the case of the construction, addition, or conversion of multiple-unit housing, the construction, addition, or conversion must be completed on or before January 1, 2022;

1.2 In the case of housing subject to a low-income housing assistance contract with an agency or subdivision of this state or the United States, the application for exemption was made on or before January 1, 2022.

2. Be located within the downtown area; and

3. Meet the approval criteria set forth in these Standards and Guidelines.

**R-2.945-D Application for Exemption for Housing Subject to a Low-Income Housing Assistance Contract.**

1. On or before February 1 immediately preceding the first assessment year for which exemption is requested, the applicant shall submit to the City Manager, on a form provided by the City, an application for exemption, containing the following information:

1.1 The applicant's name, address, and telephone number;

1.2 A legal description of the property or the assessor's property account number for the site;

1.3 A written description of the existing use of the property, including a justification for the elimination of, or a plan for the relocation of existing sound or

rehabilitable housing located on the property; and

1.4 Any other information required by state or local law or requested by the City or which is otherwise reasonably necessary to effectuate the purposes of this program.

2. The applicant must also attach to the application the low-income housing assistance contract that has been executed with the agency or subdivision of this state or the United States.

3. The application shall be verified by oath or affirmation of the applicant and submitted with an application processing fee to be set by the City Manager pursuant to Section 2.020 of the Eugene Code, 1971. The application fee shall include the amount to be paid to the County Assessor as the County's agreed processing fee for those applications receiving Council approval. The amount of the basic fee shall be prominently displayed on the application, together with a statement that the applicant may be required to pay other reasonable costs, including publication costs and appraisal costs, if any are incurred by the City or the County in processing the application. Any additional costs shall be paid to the City by the applicant prior to the granting of any final approval. If the application is approved, the City shall pay the application fee to the County Assessor for deposit in the County General Fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. In the event an application is denied, the City shall retain that portion of the application fee attributable to its own administrative costs and shall refund the balance to the applicant.

**R-2.945-E Application for Exemption for New Construction, Additions, or Conversions.**

On or before February 1 immediately preceding the first assessment year for which exemption is requested, the applicant shall submit to the City Manager, on a form provided by the City, an application for exemption, containing the information required in section (1) of Rule R-2.945-D, and the additional information as follows:

1. A schematic drawing, drawn to a minimum scale of one inch equals 16 feet (1" = 16'), which shows the site plan and major features and dimensions of the proposed development, and a schematic drawing, drawn to a minimum scale of one inch equals 16 feet (1" = 16'), that shows both a side and front elevation of the proposed development;

2. A written statement which:

2.1 Pinpoints the location of the proposed development;

2.2 Describes the number, size, and type of dwelling units, and dimensions of structures;



2.3 Identifies public and private access, parking and circulation plans, and landscaping uses; and

2.4 Describes the public benefit(s) in section R-2.945-G which the applicant proposes to include in the project; and

3. Information on the costs and financing for the housing and other information required by the City on the financial feasibility of the project.

4. The application shall be verified by oath or affirmation of the applicant and submitted with an application processing fee to be set by the City Manager pursuant to Section 2.020 of the Eugene Code, 1971. The application fee shall include the amount to be paid to the County Assessor as the County's agreed processing fee for those applications receiving Council approval. The amount of the basic fee shall be prominently displayed on the application, together with a statement that the applicant may be required to pay other reasonable costs, including publication costs and appraisal costs, if any are incurred by the City or the County in processing the application. Any additional costs shall be paid to the City by the applicant prior to the granting of any final approval. If the application is approved, the City shall pay the application fee to the county assessor for deposit in the county general fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. In the event an application is denied, the City shall retain that portion of the application fee attributable to its own administrative costs and shall refund the balance to the applicant.

**R-2.945-F Duration of Tax Exemption.**

1. Except as provided in subsection 2 of this section, the maximum term of a tax exemption for any multiple-unit housing project is ten years.

2. For a multiple-unit housing project under an existing low-income housing assistance contract, the exemption may extend through June 30 of the tax year in which the contract expires.

3. If the City Manager recommends the approval of an application, the City Manager shall recommend a grant of the maximum permissible term. The final determination of the exemption term will be made by the City Council.

**R-2.945-G Approval Criteria for New Construction, Additions, or Conversions.**

1. **Public Benefit.** The City Council places a great deal of importance on adding high quality housing to the downtown area. Therefore, applicants must respond in writing as to how each of the following eight public benefits relate to the proposed project. Based on an

applicant's written response and other materials included with the application, the City Manager will award each project a certain number of points using the public benefit criteria described below. Council will consider the number of points awarded when determining whether to grant the application.

Benefit

Points

1.1 Density. The MUPTE program is designed to encourage higher density housing and redevelopment in the City's downtown area. Therefore, points will be awarded to a project based on the degree to which the project exceeds the minimum density requirements for that location.

Criteria / Tier 1: Project is located on a site officially designated as an "opportunity site: as that term is defined by the City Council.

100 pt.

Criteria / Tier 2: 10 points awarded for each unit in excess of the minimum required density. (50 point maximum)

50 pt. max.

1.2 Green Building Features and Quality of Building Materials.

Criteria (Option 1): For projects seeking Leadership in Energy & Environmental Design (LEED) certification, the applicant must submit the LEED Registration Number, Project Checklist and narrative describing the project's green elements. The LEED Project Checklist must demonstrate an award of at least five points more than the minimum needed for certification. *(If an applicant is awarded points under this paragraph and is granted a MUPTE, the applicant must submit documentation of LEED certification (copy of USGBC Rating Certificate and final LEED review) no more than 18 months after receiving a Certificate of Occupancy. If this documentation is not timely submitted, the MUPTE may be revoked.)*

100 pt.

Criteria (Option 2): For projects where LEED certification would not be feasible, but where the applicant intends to utilize green practices, the applicant may demonstrate the intent to earn an Earth Advantage Certification by submitting an Earth Advantage Points Worksheet and narrative describing green elements as part of the MUPTE application. *(If an applicant is awarded points under this paragraph and is granted a MUPTE, the applicant must submit documentation of Earth Advantage certification no more than 18 months after receiving a Certificate of Occupancy. If this documentation is not timely submitted, the MUPTE may be revoked.)*

Earth Advantage Platinum

75 pt.

Earth Advantage Gold

50 pt.

Earth Advantage Silver

25 pt.

1.3 Mixed Income.

Criteria: Ten points awarded for each housing unit dedicated to controlled income and rental housing that is affordable to a household at 60% of median income as published each year for the Eugene-Springfield area by the United States Department of Housing and Urban Development (HUD). The applicant must provide a written certification of the number of housing units dedicated to controlled income and rental housing on a form provided by the City.

10 pt./unit

1.4 Homewonership.

Criteria: At least 50% of the project is dedicated to homeownership.

100 pt .

1.5 Accessibility. The building code requires that projects include Americans with Disabilities Act (ADA) adaptable units (the number depends on specific project details). For a unit to be adaptable, it must have the structural enhancements necessary for the installation of specific accessible features (grab bars, hallway width, etc.). ADA accessible units have already been adapted and include specific features.

Criteria: Ten points are awarded for each ADA accessible unit.

10 pt./unit

1.6 Historic Sensitivity. Any application for a project that is immediately adjacent or contiguous to a historic locale shall include a plan to mitigate impacts to the historic locale.

Criteria: Project preserves and enhances an existing historic locale, as evidenced by a concept plan that has been reviewed and accepted by a Planning & Development Department staff person with expertise in design and historic preservation.

25 pt.

1.7 Location. Increased multiple-unit development in the heart of downtown is both important and particularly challenging due to increased property and construction costs. Proposals for projects located within the adopted "Downtown Plan Area" are worthy of added consideration.

Criteria: Project is in the Downtown Plan Area.

100 pt.

1.8 Parking (Applicable only in Residential Parking Permit Program (RPP) zones). The Land Use Code requires one parking space per dwelling unit, except in parking-exempt zones. In RPP zones, the City has acknowledged a parking shortage and has developed a permit program for residential street parking.

Criteria: Ten points for each parking space provided beyond what is required by the Code when the proposed project is

10 pt./space

located in an RPP zone.

2. **Compliance with Local Law.** The proposed construction, addition or conversion project is or will be, at the time of completion, in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, that are applicable at the time the application is approved

3. **Local Standards.** The proposed project must comply with the following additional standards:

3.1 **Utilization of the Proposed Project Site.**

3.1.1 **Removal of Historic Structure or Potential Historic Structure.** No exemption shall be granted for any property where a historic structure or potential historic structure has been demolished or removed from the property within the two years immediately preceding the date of application for the exemption. This restriction shall be waived if the owner of the property gave notice of the intent to demolish or move the structure to Eugene Planning staff responsible for historic review issues at least 60 days before the owner's application for a demolition or moving permit from the City.

3.1.2 **Justification for Elimination of Existing Housing.** No exemption shall be granted for any property on which any housing unit has been demolished or removed from the property within the two years immediately preceding the date of application for the exemption. This restriction shall be waived if the proposed project increases the number of dwelling units by 50% from what previously existed or if it replaces the old dwelling units by significantly larger dwelling units that will accommodate families.

4. **Public Benefit Beyond the Period of Exemption.** The applicant must demonstrate that one or more of the public benefits described in the application will extend beyond the period of the tax exemption.

5. **Project Would Not be Built Without Exemption.** The applicant must demonstrate that the project as proposed could 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 for the proposed project. This information will be reviewed by city staff and a City loan advisory committee will make a recommendation on the application.

6. **Comments from the Appropriate Neighborhood Association.** Although neighborhood association support is not a requirement for MUPTE approval, the application must include evidence that the applicant made an effort to contact the appropriate neighborhood association to share information and seek input. An applicant may show an effort to contact the appropriate neighborhood association by providing either:

- 6.1 Documentation of the applicant's attempt to solicit comments; or
- 6.2 A copy of the comments received from the neighborhood association.

Comments from the Neighborhood association, as well as other public comments, will be provided to the City Council.

**R-2.945-H Recommendations on Applications.**

Within 90 days from the date an application is filed, the City Manager shall:

1. Review the application and all supportive material to verify that the applicant has provided the information required and notify the applicant of any omissions.
2. Publish a one column, 3" minimum display ad in the Register Guard soliciting recommendations or comments from the public. The ad will advise that written comments may be submitted to the City for a period of 30 days from the first publication date. Recommendations or comments shall also be solicited from the neighborhood group(s) (if any).
3. Recommend to the Council that the application be denied, approved, or approved subject to conditions. The recommendation shall set forth specific findings in support of the City Manager's recommendation, based upon these Standards and Guidelines, Council resolutions and ordinances, applicable State statutes, and the written comments received. The written comments shall be forwarded to the City Council with the City Manager's recommendation.

**R-2.945-I Compliance Review for New Construction, Additions or Conversions.**


Following approval of an application for tax exemption by the Council and immediately prior to the commencement of construction, the applicant shall review the working drawings and other documents with the City Manager. If construction commenced prior to Council approval of a tax exemption, the applicant shall review the construction documents and other documents with the City Manager prior to completion of construction to ensure that the project will comply with the approval conditions upon completion.

**R-2.945-J Reports.**

If requested by the Council, the City Manager shall submit reports to the Council for transmittal to the House and Senate Revenue Committee of the Oregon Legislature describing the effect of this program in the City of Eugene. The reports shall describe the number of housing developments and residential units to which the exemption applies, the value of the developments constructed, the value of the tax exemptions granted, and the general effectiveness of the property tax exemption as an incentive for construction of housing. The reports shall be

submitted to the Council sufficiently in advance so as to permit the Council to file them at least 60 days prior to the beginning of each regular legislative session.

**Dated and effective this 12 day of June, 2012.**



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**Jon R. Ruiz**  
**City Manager**