



**Eugene City Council**

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# EUGENE CITY COUNCIL AGENDA

April 29, 2015

12:00 PM **CITY COUNCIL WORK SESSION**

Harris Hall

125 East 8<sup>th</sup> Avenue

Eugene, Oregon 97401

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**Meeting of April 29, 2015;  
Her Honor Mayor Kitty Piercy Presiding**

**Councilors**

George Brown, President	Pat Farr, Vice President
Mike Clark	George Poling
Chris Pryor	Claire Syrett
Betty Taylor	Alan Zelenka

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**CITY COUNCIL WORK SESSION**

**Harris Hall**

**12:00 p.m. A. WORK SESSION:  
Systems Development Charges Overview**

**12:45 p.m. B. WORK SESSION:  
(MUPTE) Program **Multi-Unit Property Tax Exemption  
Revisions****

*\*time approximate*

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El Consejo de la Ciudad de Eugene aprecia su interés en estos asuntos de la agenda. El sitio de la reunión tiene acceso para sillas de ruedas. Hay accesorios disponibles para personas con afecciones del oído, o se les puede proveer un interprete avisando con 48 horas de anticipación. También se provee el servicio de interpretes en idioma español avisando con 48 horas de anticipación. Para reservar estos servicios llame a la recepcionista al 541-682-5010. Todas las reuniones del consejo estan gravados en vivo en Metro Television, canal 21 de Comcast y despues en la semana se pasan de nuevo.

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# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY




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### Work Session: Systems Development Charges Overview

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Meeting Date: April 29, 2015  
 Department: Public Works  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: A  
 Staff Contact: Mark Schoening  
 Contact Telephone Number: 541-682-5243

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#### **ISSUE STATEMENT**

The purpose of the work session is to provide the City Council information on Systems Development Charges (SDCs) in Eugene with respect to policy framework, purpose, use of funds, and opportunities for SDC investments related to Envision Eugene.

#### **BACKGROUND**

##### Council Action History

The last major update to Eugene SDCs was in May, 2007, when the council adopted the SDC Methodologies by Resolution No. 4900, updating the parks SDC methodology and rates. Resolution No. 4900 has subsequently been amended by Resolution Nos. 4929 (inflationary adjustment to parks system rates effective April 3, 2008), 4943 (inflationary adjustment to regional wastewater rates effective July 1, 2008), 4977 (administrative fee adjustments effective January 1, 2010), 4991 (amendment of regional wastewater SDC methodology effective January 1, 2010), 4998 (inflationary adjustments to all local system rates effective April 1, 2010), 5031 (inflationary adjustment to parks system rates effective June 1, 2011), 5092 (inflationary adjustments to all local system rates effective July 1, 2013), and 5100 (amendment of stormwater SDC methodology effective March 1, 2014).

In addition, inflationary adjustments of system rates were adopted by Administrative Order Nos. 58-07-08-F (regional wastewater system effective August 20, 2007), 58-08-02-F (transportation, local wastewater and stormwater systems effective April 3, 2008), 58-09-08-F (regional wastewater system effective July 1, 2009), 58-11-01-F (transportation, local wastewater and stormwater systems effective June 1, 2011), 58-11-12-F (regional wastewater system effective January 1, 2012), 58-13-08-F (regional wastewater system effective July 1, 2013), and 58-14-08-F (all local and regional system rates effective July 1, 2014).

##### Purpose and Uses of SDCs

SDCs are intended to provide an equitable means of funding capital improvements that provide capacity in infrastructure systems needed to serve growth. SDCs collected in Eugene fund capital projects in five primary infrastructure systems: wastewater, stormwater, parks, transportation

and water. The wastewater SDC consists of both local collection system and regional treatment system SDCs; the regional wastewater SDC is collected by the City with all revenues passed through to Metropolitan Wastewater Management Commission (MWMC). The water system SDC is collected directly and administered by Eugene Water & Electric Board (EWEB). Similar to SDCs, a construction excise tax is imposed by the Bethel School District to help fund capital improvements for school facilities.

Two forms of SDCs, reimbursement and improvement fees, recognize that capacity to meet the needs of growth is provided in two forms – new capacity-increasing capital improvements, and reimbursement for extra capacity built in the past in systems and paid for by the general community. SDCs must be expended on capital projects related to the system for which they are collected. Improvement fee SDCs may be spent only on capacity-increasing projects. Reimbursement fees may also be spent on rehabilitation projects. The City has a combination of both reimbursement and improvement fee elements in each system's SDC.

Examples of the types of projects funded in part by SDCs include: pavement preservation on arterial and collector streets; traffic signals and other intersection improvements; off-street bicycle paths; parks land acquisition and development; wastewater facilities rehabilitation; and, stormwater facilities construction.

The amount of SDC revenue varies considerably from year-to-year, depending on the volume and nature of development, which are tied to local economic conditions. Over the past five fiscal years annual revenues have ranged from \$2.2 million to \$7.5 million. Expenditures also vary in relation to the types and SDC-eligible costs of capital projects funded as well as the amount of available funding. Over the past five fiscal years annual expenditures have ranged from \$1.1 million to \$3.5 million.

#### Financial implications for development projects

SDCs are one-time charges, often of a sizeable dollar amount, and can represent a significant percentage of a development project's total cost, ranging from a few percent to twenty percent or more. The amount of SDCs for a development is variable depending on several factors including size and type of development and available SDC exemptions or credits. SDCs are proportionate to a development's claim on system capacity and thus vary by development type and size. For example, a restaurant may have a relatively large impact on wastewater system capacity as compared to an office building of the same size. Attachment A provides a comparison of SDCs to project construction value for several example development types, prior to any credits.

SDCs are paid, or an agreement to pay is executed, at the time of issuance of a building permit as provided in Eugene Code section 7.720. City financing of SDCs allows for semi-annual payments over a 10-year period, with the first payment due approximately six months after permit issuance. Contracted payments are typically secured by a lien on the property being developed, with other forms of security allowable.

SDC credits and exemptions provide some potential incentives for low-income housing, mixed-use, infill and redevelopment as well as development in the downtown core. In 1997, the council adopted an exemption of local SDCs to qualified projects providing housing to low-income

persons. This exemption has provided approximately \$1.7 million in assistance to 24 housing projects over the past 17 years. SDC credits account for reduced impacts of certain development projects as well as credits for improvements built by a developer that would otherwise have been funded by the City with SDC revenues. For redevelopment of existing sites, SDC credits are provided for prior uses at the site, reducing and sometimes eliminating SDCs for a project. Additionally, development in nodal or mixed-use development centers receives a 10 percent reduction in the street-related transportation SDC. For development in the downtown, redevelopment involving intensification of use of pre-existing spaces is not charged a transportation SDC.

### Financial Considerations

SDCs provide a funding mechanism to account for the costs and value of infrastructure system capacity required by new development. The SDC Methodologies adopted by the council provide for periodic adjustments to SDCs to further account for changes in construction and land costs. Periodic adjustments allow SDCs to more closely reflect current costs of providing system capacity to new development. Staff is regularly monitoring the health of the SDC capital and administrative funds in order to prepare and administer budgets with balanced revenues and expenditures.

### Envision Eugene SDC Investment Strategies

SDC investments, by themselves, are not likely to meet the development objectives of Envision Eugene. However, SDC investments considered as part of a package of investment programs may help meet the objectives of Envision Eugene to: stimulate targeted development that otherwise wouldn't happen on its own, promote/support desired development happening sooner that it might otherwise, and/or influence the character of development. The following paragraphs describe several strategies and provide recent examples of when the strategies were used.

Alternative Funding – This strategy involves paying the SDCs for a particular development from an alternative funding source. The SDCs for the development of the Oregon Community Credit Union were paid with Riverfront Urban Renewal District funds. The SDCs for the development of the Veterans Administration Clinic were financed through the City and will be paid back over time by the increase in property taxes resulting from the development of the property. The first payment will be made after the project is complete and on the Lane County tax rolls.

Alternative Financing Security – Normally, when the payment of SDCs are financed through the City, a lien is placed on the property as security for the unpaid balance. In the development of the Ninkasi Brewery an alternative form of security was accepted which provided the developer and its lenders the needed flexibility in financing the project.

Waiver of SDCs –The City Council may elect to waive the payment of SDCs to encourage a specific type of development. In 1997, the council adopted an exemption of local SDCs to qualified projects providing housing to low-income persons. Bascom Village is a recent low-income housing project that was exempted from local SDCs. The downside to exempting SDCs for certain types of development is the under collection of revenue to fully fund the project list on which the SDC methodology is based.

**RELATED POLICIES**

Oregon has established statutory provisions for a uniform framework for the imposition of system development charges by local governments, to provide equitable funding for orderly growth and development in Oregon’s communities. Chapter 223 of the Oregon Revised Statutes prescribes the rights and responsibilities of local governments in developing and assessing SDCs, and for expenditure of SDC revenues.

The Eugene Code, Chapter 7, sets forth local policy and the process for development, adoption and administration of SDCs, providing for adoption of methodologies related to SDCs consistent with statutory requirements. The council has adopted by resolution the SDC Methodologies which include detailed methods for establishing SDC rates and provide for periodic adjustment of Eugene’s SDCs based on adopted cost indices.

Growth Management Policy 14, adopted by Resolution No. 4554, is directly related to implementation and modification of SDCs. The policy provides: *Development shall be required to pay the full cost of extending infrastructure and services, except that the City will examine ways to subsidize the costs of providing infrastructure or offer other incentives that support higher-density, in-fill, mixed-use, and redevelopment.*

The council has also established policy for expenditure of transportation SDC reimbursement fee revenues through Resolution No. 4717, which provides: *In preparing the proposed budget, the City Manager shall allocate transportation SDC reimbursement fee revenue to SDC-eligible capital improvement costs associated with preservation and maintenance of Eugene’s arterial and collector streets.*

**COUNCIL OPTIONS**

None; this is an information item only.

**CITY MANAGER’S RECOMMENDATION**

None; this is an information item only.

**SUGGESTED MOTION**

None; this is an information item only.

**ATTACHMENTS**

A. SDCs for Example Development Types

**FOR MORE INFORMATION**

Staff Contact: Mark Schoening  
Telephone: 541-682-5243

Staff E-Mail: [mark.a.schoening@ci.eugene.or.us](mailto:mark.a.schoening@ci.eugene.or.us)





## Attachment A

## Comparison of SDC to Project Value for Example Development Types

Example Development Types	Total SDC* (assumes no credits)	Estimated Construction Value**	SDC as Percentage of Value
Single Family Dwelling - 2,000 sq. ft.	\$9,494	\$255,900	3.71%
Multifamily - 60-unit Apartment	\$381,902	\$7,922,227	4.82%
Office Building - 20,000 sq. ft.	\$131,331	\$2,951,000	4.45%
Low Turnover Restaurant - 7,363 sq. ft.	\$260,090	\$1,119,029	23.24%
Supermarket 49,556 sq. ft.	\$1,172,377	\$5,270,281	22.25%

## Notes:

\* Total SDC includes local & regional SDCs and administrative fees

\*\* Estimated Construction Values based on mid-range of values per current building code standard valuation tables.



# Systems Development Charges

# Presentation Overview

- Policy framework for SDCs
- Purpose of SDCs - Use of funds
- Implications for development projects
- Envision Eugene SDC Investment Strategies
- Questions and Discussion

# Policy Framework for SDCs

- State-wide statutory framework
- Local framework

# Policy Framework for SDCs

- Growth Management Policy 14
  - *Development shall be required to pay the full cost of extending infrastructure and services, except that the City will examine ways to subsidize the costs of providing infrastructure or offer other incentives that support higher-density, in-fill, mixed-use, and redevelopment.*

# Policy Framework for SDCs

- State-wide statutory framework
- Local framework
- Growth Management Policy 14
- **Transportation SDC reimbursement fee**

# Purpose of SDCs

- New development funds its fair share of infrastructure costs
- Two forms of SDCs - reimbursement and improvement fees
- Supports five primary infrastructure systems
  - Wastewater,
  - Stormwater,
  - Parks,
  - Transportation,
  - Water



# Use of SDCs

- Types of projects funded by SDCs include:
  - Pavement preservation on arterial & collector streets
  - Traffic signals and other transportation improvements
  - Off-street bicycle paths
  - Parks land acquisition and development
  - Wastewater system expansion and rehabilitation
  - Stormwater expansion and rehabilitation

# Intersection Improvements



# Off-Street Shared-Use Paths



# Pavement Preservation



# Park Acquisition



**Future Site of Santa Clara Community Park**

# Park Development



Washington - Jefferson Skate Park

# Park Renovation



**Before and After play area renovation at State Street Park**

# Stormwater Capacity Improvements



**Amazon Creek Bank Capacity Improvements and Bank Stabilization**



# Stormwater System Rehabilitation



# Wastewater System Expansion



Legacy Wastewater Interceptor

# Wastewater Rehabilitation



## SDC Revenues and Expenditures

	2010	2011	2012	2013	2014
Revenues	\$2.5 million	\$2.2 million	\$4.8 million	\$4.2 million	\$7.5 million
Expenditures	\$2.9 million	\$1.8 million	\$1.9 million	\$1.1 million	\$3.5 million

# SDC Implications for Development

- SDCs can be a significant part of a development project's costs
- Amount depends on type & size of development – systems capacity demand

# SDC Examples

Attachment A

## Comparison of SDC to Project Value for Example Development Types

Example Development Types	Total SDC* (assumes no credits)	Estimated Construction Value**	SDC as Percentage of Value
Single Family Dwelling - 2,000 sq. ft.	\$9,494	\$255,900	3.71%
Multifamily - 60-unit Apartment	\$381,902	\$7,922,227	4.82%
Office Building - 20,000 sq. ft.	\$131,331	\$2,951,000	4.45%
Low Turnover Restaurant - 7,363 sq. ft.	\$260,090	\$1,119,029	23.24%
Supermarket 49,556 sq. ft.	\$1,172,377	\$5,270,281	22.25%

# SDC Implications for Development

- SDCs can be significant ~ 1% - 20+% of a development project's construction costs
- Amount depends on type & size of development – systems capacity demand
- **SDCs paid, or contract to pay, at the time of issuance of a building permit**
- **SDC exemptions or credits provide reductions and incentives**

## SDC Exemption – Low-income Housing





# SDC Credits – Redevelopment



# SDC Credits – Mixed Use Centers



# SDC Credits – Downtown



# West 13<sup>th</sup> – Privately Engineering Public Improvement Transportation SDC Credit



# Oakway Center– Traffic Signal – Transportation SDC Credit



# Envision Eugene SDC Investment Strategies

- Alternative Funding for Paying SDCs
- Alternative Security for Financed SDCs
- Waiver of SDCs
- Updated Methodologies

# Alternative Funding -Northwest Community Credit Union



# Alternative Funding – Veterans Affairs Clinic





# Alternative Security - Ninkasi Brewery



# Waiver of SDCs – Low Income Housing



# Update to SDC Methodologies

- Envision Eugene
  - Transportation System Plan
    - Transportation SDC Methodology
  - Parks and Recreation System Plan
    - Parks SDC Methodology
  - Wastewater Master Plan
    - Wastewater SDC Methodology
  - Stormwater Basin Plans
    - Stormwater SDC Methodology

# Questions & Discussion



# 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: April 29, 2015  
 Department: Planning & Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item: B  
 Staff Contact: Denny Braud  
 Contact Telephone Number: 541-682-5536

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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 approved six motions in January (see Attachment A). The impact of those motions on the draft ordinance is described in Attachment B. Following council's review and discussion, staff will revise the draft ordinance.

#### **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 the primary strategy for addressing future multi-family housing need. Envision Eugene is moving towards completion, with the formal adoption process anticipated to begin in late spring 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 Attachment C for additional information on the review history.

During January, the council held three work sessions to review the draft ordinance. (A public hearing on the ordinance was held on November 17, 2014.) The impact of the January 2015 council-approved motions on the draft ordinance is in Attachment A. Attachment D contains information on system development charges (SDCs) for background related to the council's approved motion for all multi-unit residential development. The City Attorney will discuss specifics at the work session. Related to the certified payroll or other effective method to collect construction worker

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residency information, staff has learned that certified payroll does not actually collect information related to the residence of workers. In order to get to the same result, the MUPTE ordinance would require the City Manager to adopt, as part of administrative rules, a requirement that the developer produce information that shows the number of hours and the county of residence for each worker.

Following the council's review and discussion at the April work session, staff will revise the draft ordinance.

### **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.

*Climate Recovery Ordinance*

**COUNCIL OPTIONS**

1. Direct staff to bring back an updated ordinance for council consideration.
2. Take no action at this time, and continue discussions at a future work session.

**CITY MANAGER'S RECOMMENDATION**

The City Manager recommends that the draft ordinance be updated with the January motions and other changes supported by the council at this work session and be brought back for council consideration.

**SUGGESTED MOTION**

No motion offered at this time.

**ATTACHMENTS**

- A. Motions Approved January 20 & 21
- B. Possible Impact of January Motions on Draft Ordinance
- C. Summary of Council's Program Review Since 2013
- D. SDC Information

**FOR MORE INFORMATION**

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





**Attachment A****Approved MUPTE Motions January 20 and 21****A. Selection Process for Neighborhood Representation on the MUPTE Review Panel**

Two standing neighborhood representatives on the MUPTE review panel would be selected by the neighborhood associations, and the two representatives from the MUPTE-impacted neighborhood would be selected by the impacted neighborhood association.

**B. Workforce Housing Requirement**

Projects receiving a tax exemption construct at least thirty percent (30%) of the dwelling units as workforce housing that shall be available as such for a minimum of ten years.

1. To be counted towards the 30% requirement, the rental cost of a dwelling unit must be no more than thirty percent (30%) of the Area Median Income (AMI)
2. In lieu of providing the required number of units that meet the criterion in Section (1), the owner of an approved MUPTE project shall make an annual payment to the City in the amount calculated as follows:
  - a. A payment as calculated in Section (2.b.) shall be made for a sufficient number of dwelling units, such that the number of dwelling units that meet the criterion in Section (1) plus the number of dwelling units for which an “in lieu of” payment is made is at least 50% of the dwelling units in the development.
  - b. For each dwelling unit for which an “in lieu of” payment is made, the “in lieu of” payment shall equal the difference between the annual rental or ownership costs of the dwelling unit and 30% of the AMI.
3. The City shall allocate all funds received from the provision in Section (2) for affordable housing or emergency housing programs in Eugene.

**C. Construction Worker Residency Data**

During construction, the developer must “regularly submit” (to be defined by admin rules) either a certified payroll or using some other effective method (as defined by admin rules) to collect information to allow the City to determine the extent to which workers on the construction project are local residents.

**D. Developers to Mitigate Public Impact with use of up to 50% of SDCs**

50% of SDCs from multi-unit developments – not just MUPTE projects but all multi-unit residential projects – can be used for SDC-eligible projects if approved by the developer, neighborhood association board and the Council, with the project occurring within the boundary of the applicable neighborhood association board.

**E. MUPTE Review Panel Compliance Timing**

The MUPTE Review Panel also will be charged with reviewing and advising the city manager on individual projects’ compliance with applicable requirements prior to approval, midway through construction, and upon completion of construction. The city manager will annually provide the information from the review panel (about compliance during and after construction) to the council as appropriate during a project and as part of the annual review of the MUPTE program.

**F. Technical Members on the MUPTE Review Panel**

The MUPTE Review Panel shall include a representative from each of the following four groups:

- architects/green building specialists,
- developers,
- labor, and
- environmental/public health.

**ATTACHMENT B****Possible Impact of January Approved Motions on Draft MUPTE Ordinance**

Below is an outline summary of the impact of the January 2015 council approved motions on the draft ordinance (Part 1). The summary is followed by comparison tables for each criteria/program feature to show the draft ordinance compared to the approved January motions (Part 2). Following Council's review and discussion at the April work session, staff will revise the draft ordinance.

The January approved motions do not impact consequences for non-compliance. The proposed ordinance will still include enforcement language stating that failure to comply with the requirements included in the MUPTE program ordinance and any subsequent individual project approval resolutions may result in an administrative civil penalty Section 3. 2.947(8) or in termination of the tax exemption Section 3. 2.947(1) through (7).

Council's approved motion regarding system development charges (SDCs) for all multi-unit residential development is discussed in a separate attachment.

**PART 1**

REQUIRED PUBLIC BENEFIT CRITERIA – All MUPTE projects must provide these benefits.

1. Eligible Project Types *(no change)*
2. Compact Urban Development *(no change)*
3. Project Design / Compatibility *(no change)*
4. Green Building *(no change)*
5. Neighborhood Engagement *(no change)*
6. Boundary *(no change)*
7. Affordable Housing  
Replaced with requirement to include workforce housing or pay an equivalent fee that would apply to all MUPTE areas.
8. Local Economic Impact Plan *(no change)*
9. Project Need  
Cash-on-cash rate of return no longer determines length of exemption and no longer capped at 10%.

ADDITIONAL PUBLIC BENEFIT CRITERIA – Removed as no longer needed with change in "project need."

10. Documented Local Economic Impact *(removed)*
11. Location *(removed)*
12. Project Features *(removed)*

**OTHER PROGRAM REQUIREMENTS**

13. Financial Reporting

Replaced with submission of annual documentation for compliance with workforce housing requirement and regular reporting to include construction labor residency information.

14. Program Volume Cap (*no change*)

15. MUPTE Review Panel

Removed review of proposed Additional Public Benefit Criteria, as no longer needed with change in “project need.” Added timing for panel review for compliance with applicable requirements: a) prior to approval and b) midway through and immediately after construction. Modified selection of neighborhood representatives to be chosen by the neighborhood association boards. Specified the four technical interests to be: Architect/green building specialist; Developer; Labor; and Environmental/public health.

**PART 2**

Comparison tables for each criteria/program feature to show the draft ordinance compared to the approved January motions. The ordinance location/sitation appears after each concept within brackets (“[ ]”).

**REQUIRED PUBLIC BENEFITS**

**1. Eligible Project Type**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<ul style="list-style-type: none"> <li>○ Multi-unit redevelopment housing projects with 5+ units (per State law) [Section 2. 2.946(2)(a)]</li> <li>○ Commercial portion if deemed public benefit [Section 1. 2.945(7)]</li> <li>○ Not student housing [Section 2. 2.946(2)(a)]</li> </ul>	No change

**2. Compact Urban Development**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>For the downtown boundary area, specific density based on zone [Section 2. 2.946(2)(c)], with minimum of 5 units no matter the zone, per State law [Section 2. 2.946(2)(a)]</p> <p>For all other boundary areas, the requirement would be based on the area plan or other neighborhood process [Section 2. 2.946(2)(c)], (with minimum of 5 units, per State law [Section 2. 2.946(2)(a)]</p>	No change

### 3. Project Design / Compatibility

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>Project must address basic design principles in the context of the location. [Section 2. 2.946(2)(e)] (Specific reference to the <i>Community Design Handbook</i> will be in the Administrative Rule.)</p> <p>Project must adhere to the project design elements that were reviewed at the time of Council approval and attached to the approval resolution. [Section 2. 2.946(2)(e)]</p>	No change

### 4. Green Building

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>Focused on building energy performance – all projects would perform at least 10% more efficiently than the performance established in the Oregon Energy Efficiency Specialty Code through one of several pathways. [Section 2. 2.946(2)(f)1. &amp; 2.]</p> <p>Additionally, all projects that provide onsite parking will be required to install conduit for future electric vehicle charging stations. [Section 2. 2.946(2)(f)2. &amp; 3.]</p>	No change

### 5. Neighborhood Engagement

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>Applicant required to contact appropriate neighborhood association to share project information, to seek input, and to provide received comments with application. [Section 1. 2.945(3)]</p> <p>Specifically, one or more of the principals of the applicant entity must attend two neighborhood engagement opportunities (discussions/presentations):</p> <ul style="list-style-type: none"> <li>- One of the opportunities must be prior to MUPTE application submission. [Section 1. 2.945(3)]</li> <li>- The second opportunity must be during the design process and before the final design drawings are completed. [Section 2. 2.946(4)(b)]</li> </ul>	No change

<p>Additionally, the neighborhood must have the opportunity to review and comment on the final design before the project is submitted for permits. [Section 2. 2.946(4)(b)]</p> <p>Neighborhood association where the project is located will have two neighborhood representatives seated on the MUPTE Review Panel who can voice project specific neighborhood issues and concerns, including additional neighborhood specific public benefits, during the application review process. [Section 1. 2.945(13)]</p>	
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**6. Boundary**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>Downtown area activated as soon as City Council lifts program suspension (current boundary plus one property on 11<sup>th</sup> &amp; Lincoln that was in the 2004 to 2011 boundary and EWEB property north of 4<sup>th</sup> Avenue) [Section 2. 2.946(1)(a)]</p> <p>Area eligible for applications after area planning [Section 2. 2.946(1)(b)1.] or city-wide code amendments [Section 2. 2.946(1)(b)2.] to include EE corridors &amp; primary commercial area:</p> <ul style="list-style-type: none"> <li>- Mid-town</li> <li>- South Willamette</li> <li>- West 11<sup>th</sup></li> <li>- 6<sup>th</sup>/7<sup>th</sup> Trainsong Highway 99 Corridor</li> <li>- Valley River Center commercial area</li> <li>- North Franklin</li> <li>- South River Road</li> <li>- Mid-River Road</li> <li>- North River Road</li> <li>- South Coburg Road</li> <li>- Mid-Coburg Road</li> <li>- North Coburg Road</li> </ul> <p>Site within inactive boundary eligible if brought forward by a partnership of property owner / neighborhood [Section 2. 2.946(1)(c)], as an “opportunity site.”</p>	<p>No change</p>

**7. Affordable Housing**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>Required payment to dedicated affordable housing/emergency shelter of 10% of the total MUTPE benefit for the 10-year benefit. [Section 2. 2.946(4)(c)]</p> <p>Not paid in the West 11<sup>th</sup> or 6<sup>th</sup>/7<sup>th</sup> Trainsong Highway 99 Corridor areas as additional incentive for multi-unit housing. [omitted in error from the draft ordinance]</p>	<p>Replaced by:</p> <p>All MUPTE projects must include at least 30% “workforce housing” units or pay an “equivalent workforce housing fee”</p> <ul style="list-style-type: none"> <li>○ “Workforce housing” means rent that is equal to or less than 30% of the area median income.</li> <li>○ “Equivalent workforce housing fee” means a fee equal to the difference between the rent charged and the 30% of AMI.</li> </ul> <p>Applies to all MUPTE areas.</p> <p>“Project” means all new development that occurs after approval of the MUPTE application on one or more contiguous lots all owned by a single entity or covered by City-approved master plan. For example, if an affordable housing development is constructed on the EWEB Riverfront site and a separate multi-family housing development – for which a MUPTE is sought – is constructed elsewhere on the EWEB site, the affordable housing shall qualify as the required workforce housing for the multi-family housing MUPTE development.</p>

**8. Local Economic Impact**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>Applicant to provide a plan for meeting the goal to provide for more than 50% of the dollar volume of the combined professional services and construction contracts include local firms. A local firm is one based in Lane County. [Section 2. 2.946(2)(g)1.]</p> <p>Applicant must ensure that qualified Minority and Women Business Enterprises (MWBE) have an equitable opportunity to compete for contracts and subcontracts, with approved applicants encouraged to use specific practices. [Section 2. 2.946(2)(g)2 &amp; (g)3.b.]</p> <p>Awarded projects must follow wage, tax, and licensing laws, with specific due diligence</p>	<p>No change</p>

<p>and documentation steps. [Section 2. 2.946(2)(g)3.c.]</p> <p>Awarded projects must post information on the Rights Assistance Program in English and Spanish. [Section 2. 2.946(2)(g)3.c.]</p> <p>As noted in the introduction, failure to comply with these (and all MUPTE) requirements may result in an administrative civil penalty [Section 3. 2.947(8)] or termination of the tax exemption [Section 3. 2.947(1) through (7)].</p>	
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**9. Project Need**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>Projected financials to show the project:</p> <ul style="list-style-type: none"> <li>○ Would not be possible “but for” the tax exemption [Section 2. 2.946(2)(b)], and</li> <li>○ Will not exceed overall average annual 10% cash-on-cash rate of return for the project with MUPTE for the maximum period of exemption (10 years).</li> </ul> <p>If the projected overall average annual rate of return for the maximum exemption period is:</p> <ul style="list-style-type: none"> <li>○ Less than or equal to 10% and the Required Public Benefits are met, then the project be eligible to receive the maximum 10-year exemption [Section 2. 2.946(2)(b)1.],</li> <li>○ Exceeds 10%, then: <ul style="list-style-type: none"> <li>A. The term of the exemption will be decreased by the number of years necessary to bring the rate of return down to 10% [Section 2. 2.946(2)(b)2.], or</li> <li>B. The applicant can propose adding project elements from the Additional Public Benefit Criteria to increase the term of the exemption up to 10 years [Section 2. 2.946(3)].</li> </ul> </li> </ul> <p>Submits with application: 10-year proforma and analysis of 10-year return. [to be referenced in Administrative Rule]</p>	<p>Projected financials to show the project:</p> <ul style="list-style-type: none"> <li>○ Would not be possible to build “but for” the tax exemption.</li> </ul> <p>Cash-on-cash rate of return no longer determines length of exemption and no longer capped at 10%.</p> <p>Must still submit with application: 10-year proforma and analysis of 10-year return.</p>



**Additional Public Benefit Criteria**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>Applicants have the ability to earn additional years by providing Additional Public Benefits in the following three categories [Section 2. 2.946(3)]:</p> <p><b>Documented Local Economic Impact</b> [Section 2. 2.946(3)(a)] The extent to which the project:</p> <ul style="list-style-type: none"> <li>○ Meets the goal established in the Local Economic Impact Plan (Required Public Benefit),</li> <li>○ Demonstrates solicitation of bids from MWBE, and</li> <li>○ Commits to completing certified payroll.</li> </ul> <p><b>Location</b> Projects located within:</p> <ul style="list-style-type: none"> <li>○ The Downtown Plan Area [omitted in error from the draft ordinance],</li> <li>○ A HUD low-mod income area [Section 2. 2.946(3)(b)],</li> <li>○ On a brownfield site [Section 2. 2.946(3)(b)], or</li> <li>○ Projects that include the redevelopment of a valuable historic resource [Section 2. 2.946(3)(b)].</li> </ul> <p><b>Project Features</b> The extent to which the project incorporates the following features [Section 2. 2.946(3)(c)1. through 10.]:</p> <ul style="list-style-type: none"> <li>A. Payment of an increased affordable housing fee,</li> <li>B. Exceed the Green Building Required Public Benefit Criteria,</li> <li>C. Provision of Americans with Disabilities Act (ADA) <i>accessible</i> dwelling units. [This is beyond the code requirements. The building code requires that projects include a minimum number of ADA <i>adaptable</i> dwelling units]</li> <li>D. Provision of dwelling units available for home ownership,</li> </ul>	<p>Removed entirely. No longer needed with change in “Project Need” Required Public Benefit Criteria.</p>

<p>E. Inclusion of open space, community gardens, or gathering space that is accessible to the surrounding community,</p> <p>F. Inclusion of ground floor commercial/retail that addresses a neighborhood need,</p> <p>G. Design excellence and neighborhood compatibility,</p> <p>H. Provision of embedded or structured parking,</p> <p>I. Encourage alternative transportation options, including bus passes, car share, bike share, bus shelter, pedestrian connections, meeting LEED v4 'Green Vehicle' Credit Description, and minimum parking where appropriate, and</p> <p>J. Other features identified by neighborhood through the engagement process.</p>	
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**OTHER PROGRAM REQUIREMENTS**

**Financial Reporting**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>During exemption period, project owner must submit annual accountant-prepared financial information to evaluate a to-date cash on cash rate of return for the project [Section 2. 2.946(4)(d)]:</p> <ul style="list-style-type: none"> <li>○ Audited financial statements</li> <li>○ Tax returns</li> <li>○ 10-year operating cash flow with to-date rate of return</li> <li>○ Year 1 to include list of construction labor residence information (zip codes)</li> </ul> <p>Information submitted by owners to be kept confidential to the extent state public records law allows.</p>	<p>Replaced with:</p> <p>During exemption period, project owner must submit annual documentation to evaluate compliance with workforce housing requirement (unless the project is paying the "equivalent workforce housing fee).</p> <p>Regular reporting will include construction labor residency information.</p>

**Program Volume Cap**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>Program goal is to assist in the creation of 1,500 new, multi-family housing units through redevelopment (after adoption of the 2015 ordinance). [Section 4]</p>	<p>No change</p>

<p>Cap to be reviewed annually by the MUPTE Review Panel as part of the Annual Report. At such time that the MUPTE-assisted number of dwelling units constructed reaches the cap, council shall conduct a comprehensive review to determine if continuation of the program is desired. [Section 4]</p>	
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**MUPTE Review Panel**

<i>Draft Ordinance in January</i>	<i>Impact of January approved Motions</i>
<p>A newly formed MUPTE review panel to provide a third-party review of the MUPTE program for the City Manager including:</p> <ul style="list-style-type: none"> <li>○ Review of project applications, with emphasis on analyzing the project’s financial projections. [Section 1. 2.945(4) &amp; (13)(b)1.]</li> <li>○ Review applicant’s conformance with the Required Public Benefits and any proposed Additional Public Benefit Criteria and make recommendations regarding approval/denial of the tax exemption to the City Manager. [Section 1. 2.945(4) &amp; (13)(b)1.]</li> <li>○ Assist the City Manager in preparing an Annual Report on the MUPTE program that will also cover the program volume cap. [Section 1. 2.945(13)(b)(2)]</li> <li>○ The Panel will be comprised of eight members [at least, for review of application; only six for preparing annual report or taking other actions not tied to a single project] with equal representation from technical interests and neighborhoods [Section 1. 2.945(13)(a)]: <ul style="list-style-type: none"> <li>- 2 at-large neighborhood representatives</li> <li>- 2 neighborhood representatives from the specific neighborhood in which a proposed MUPTE project is located</li> <li>- 4 technical interests (such as, architect/green building, lender, labor, and developer)</li> </ul> </li> </ul> <p>Review Panel members would sign a confidentiality agreement.</p>	<p>The following changes:</p> <p><i>Removal:</i> The MUPTE review panel will not review proposed Additional Public Benefit Criteria (because the program will not have them).</p> <p><i>Addition:</i> The MUPTE review panel will review and report to the city manager the project’s compliance with applicable requirements: a) prior to approval and b) midway through and immediately after construction.</p> <p><i>Modifications:</i> The neighborhood representatives will be chosen by the neighborhood associations.</p> <p>The 4 technical interests will be:</p> <ul style="list-style-type: none"> <li>○ Architects/green building specialists</li> <li>○ Developer</li> <li>○ Labor</li> <li>○ Environmental/public health</li> </ul>

### Summary of Council's Program Review Since 2013

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

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 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 Piercy, Councilor Brown, Councilor Clark, Councilor Evans, and Councilor Syrett.

At the July 30, 2014 work session, 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.

On October 15, 2014, council directed the City Manager to schedule a public hearing on the draft program revisions. A public hearing on the Ordinance was held on November 17, 2014: 16 people spoke.

Council held three work sessions in January (14, 20, and 21) and approved six motions. On February 9, council held a public hearing and took action to extend the suspension to September 1, 2015.

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY




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### Work Session: Systems Development Charges Overview

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Meeting Date: April 22, 2015  
 Department: Public Works  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: C  
 Staff Contact: Mark Schoening  
 Contact Telephone Number: 541-682-5243

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#### **ISSUE STATEMENT**

The purpose of the work session is to provide the City Council information on Systems Development Charges (SDCs) in Eugene with respect to policy framework, purpose, use of funds, and opportunities for SDC investments related to Envision Eugene.

#### **BACKGROUND**

##### Council Action History

The last major update to Eugene SDCs was in May, 2007, when the council adopted the SDC Methodologies by Resolution No. 4900, updating the parks SDC methodology and rates. Resolution No. 4900 has subsequently been amended by Resolution Nos. 4929 (inflationary adjustment to parks system rates effective April 3, 2008), 4943 (inflationary adjustment to regional wastewater rates effective July 1, 2008), 4977 (administrative fee adjustments effective January 1, 2010), 4991 (amendment of regional wastewater SDC methodology effective January 1, 2010), 4998 (inflationary adjustments to all local system rates effective April 1, 2010), 5031 (inflationary adjustment to parks system rates effective June 1, 2011), 5092 (inflationary adjustments to all local system rates effective July 1, 2013), and 5100 (amendment of stormwater SDC methodology effective March 1, 2014).

In addition, inflationary adjustments of system rates were adopted by Administrative Order Nos. 58-07-08-F (regional wastewater system effective August 20, 2007), 58-08-02-F (transportation, local wastewater and stormwater systems effective April 3, 2008), 58-09-08-F (regional wastewater system effective July 1, 2009), 58-11-01-F (transportation, local wastewater and stormwater systems effective June 1, 2011), 58-11-12-F (regional wastewater system effective January 1, 2012), 58-13-08-F (regional wastewater system effective July 1, 2013), and 58-14-08-F (all local and regional system rates effective July 1, 2014).

##### Purpose and Uses of SDCs

SDCs are intended to provide an equitable means of funding capital improvements that provide capacity in infrastructure systems needed to serve growth. SDCs collected in Eugene fund capital projects in five primary infrastructure systems: wastewater, stormwater, parks, transportation

and water. The wastewater SDC consists of both local collection system and regional treatment system SDCs; the regional wastewater SDC is collected by the City with all revenues passed through to Metropolitan Wastewater Management Commission (MWMC). The water system SDC is collected directly and administered by Eugene Water & Electric Board (EWEB). Similar to SDCs, a construction excise tax is imposed by the Bethel School District to help fund capital improvements for school facilities.

Two forms of SDCs, reimbursement and improvement fees, recognize that capacity to meet the needs of growth is provided in two forms – new capacity-increasing capital improvements, and reimbursement for extra capacity built in the past in systems and paid for by the general community. SDCs must be expended on capital projects related to the system for which they are collected. Improvement fee SDCs may be spent only on capacity-increasing projects. Reimbursement fees may also be spent on rehabilitation projects. The City has a combination of both reimbursement and improvement fee elements in each system's SDC.

Examples of the types of projects funded in part by SDCs include: pavement preservation on arterial and collector streets; traffic signals and other intersection improvements; off-street bicycle paths; parks land acquisition and development; wastewater facilities rehabilitation; and, stormwater facilities construction.

The amount of SDC revenue varies considerably from year-to-year, depending on the volume and nature of development, which are tied to local economic conditions. Over the past five fiscal years annual revenues have ranged from \$2.2 million to \$7.5 million. Expenditures also vary in relation to the types and SDC-eligible costs of capital projects funded as well as the amount of available funding. Over the past five fiscal years annual expenditures have ranged from \$1.1 million to \$3.5 million.

#### Financial implications for development projects

SDCs are one-time charges, often of a sizeable dollar amount, and can represent a significant percentage of a development project's total cost, ranging from a few percent to twenty percent or more. The amount of SDCs for a development is variable depending on several factors including size and type of development and available SDC exemptions or credits. SDCs are proportionate to a development's claim on system capacity and thus vary by development type and size. For example, a restaurant may have a relatively large impact on wastewater system capacity as compared to an office building of the same size. Attachment A provides a comparison of SDCs to project construction value for several example development types, prior to any credits.

SDCs are paid, or an agreement to pay is executed, at the time of issuance of a building permit as provided in Eugene Code section 7.720. City financing of SDCs allows for semi-annual payments over a 10-year period, with the first payment due approximately six months after permit issuance. Contracted payments are typically secured by a lien on the property being developed, with other forms of security allowable.

SDC credits and exemptions provide some potential incentives for low-income housing, mixed-use, infill and redevelopment as well as development in the downtown core. In 1997, the council adopted an exemption of local SDCs to qualified projects providing housing to low-income

persons. This exemption has provided approximately \$1.7 million in assistance to 24 housing projects over the past 17 years. SDC credits account for reduced impacts of certain development projects as well as credits for improvements built by a developer that would otherwise have been funded by the City with SDC revenues. For redevelopment of existing sites, SDC credits are provided for prior uses at the site, reducing and sometimes eliminating SDCs for a project. Additionally, development in nodal or mixed-use development centers receives a 10 percent reduction in the street-related transportation SDC. For development in the downtown, redevelopment involving intensification of use of pre-existing spaces is not charged a transportation SDC.

### Financial Considerations

SDCs provide a funding mechanism to account for the costs and value of infrastructure system capacity required by new development. The SDC Methodologies adopted by the council provide for periodic adjustments to SDCs to further account for changes in construction and land costs. Periodic adjustments allow SDCs to more closely reflect current costs of providing system capacity to new development. Staff is regularly monitoring the health of the SDC capital and administrative funds in order to prepare and administer budgets with balanced revenues and expenditures.

### Envision Eugene SDC Investment Strategies

SDC investments, by themselves, are not likely to meet the development objectives of Envision Eugene. However, SDC investments considered as part of a package of investment programs may help meet the objectives of Envision Eugene to: stimulate targeted development that otherwise wouldn't happen on its own, promote/support desired development happening sooner that it might otherwise, and/or influence the character of development. The following paragraphs describe several strategies and provide recent examples of when the strategies were used.

Alternative Funding – This strategy involves paying the SDCs for a particular development from an alternative funding source. The SDCs for the development of the Oregon Community Credit Union were paid with Riverfront Urban Renewal District funds. The SDCs for the development of the Veterans Administration Clinic were financed through the City and will be paid back over time by the increase in property taxes resulting from the development of the property. The first payment will be made after the project is complete and on the Lane County tax rolls.

Alternative Financing Security – Normally, when the payment of SDCs are financed through the City, a lien is placed on the property as security for the unpaid balance. In the development of the Ninkasi Brewery an alternative form of security was accepted which provided the developer and its lenders the needed flexibility in financing the project.

Waiver of SDCs –The City Council may elect to waive the payment of SDCs to encourage a specific type of development. In 1997, the council adopted an exemption of local SDCs to qualified projects providing housing to low-income persons. Bascom Village is a recent low-income housing project that was exempted from local SDCs. The downside to exempting SDCs for certain types of development is the under collection of revenue to fully fund the project list on which the SDC methodology is based.



**RELATED POLICIES**

Oregon has established statutory provisions for a uniform framework for the imposition of system development charges by local governments, to provide equitable funding for orderly growth and development in Oregon's communities. Chapter 223 of the Oregon Revised Statutes prescribes the rights and responsibilities of local governments in developing and assessing SDCs, and for expenditure of SDC revenues.

The Eugene Code, Chapter 7, sets forth local policy and the process for development, adoption and administration of SDCs, providing for adoption of methodologies related to SDCs consistent with statutory requirements. The council has adopted by resolution the SDC Methodologies which include detailed methods for establishing SDC rates and provide for periodic adjustment of Eugene's SDCs based on adopted cost indices.

Growth Management Policy 14, adopted by Resolution No. 4554, is directly related to implementation and modification of SDCs. The policy provides: *Development shall be required to pay the full cost of extending infrastructure and services, except that the City will examine ways to subsidize the costs of providing infrastructure or offer other incentives that support higher-density, in-fill, mixed-use, and redevelopment.*

The council has also established policy for expenditure of transportation SDC reimbursement fee revenues through Resolution No. 4717, which provides: *In preparing the proposed budget, the City Manager shall allocate transportation SDC reimbursement fee revenue to SDC-eligible capital improvement costs associated with preservation and maintenance of Eugene's arterial and collector streets.*

**COUNCIL OPTIONS**

None; this is an information item only.

**CITY MANAGER'S RECOMMENDATION**

None; this is an information item only.

**SUGGESTED MOTION**

None; this is an information item only.

**ATTACHMENTS**

A. SDCs for Example Development Types

**FOR MORE INFORMATION**

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## Comparison of SDC to Project Value for Example Development Types

<b>Example Development Types</b>	<b>Total SDC* (assumes no credits)</b>	<b>Estimated Construction Value**</b>	<b>SDC as Percentage of Value</b>
Single Family Dwelling - 2,000 sq. ft.	\$9,494	\$255,900	3.71%
Multifamily - 60-unit Apartment	\$381,902	\$7,922,227	4.82%
Office Building - 20,000 sq. ft.	\$131,331	\$2,951,000	4.45%
Low Turnover Restaurant - 7,363 sq. ft.	\$260,090	\$1,119,029	23.24%
Supermarket 49,556 sq. ft.	\$1,172,377	\$5,270,281	22.25%

Notes:

\* Total SDC includes local & regional SDCs and administrative fees

\*\* Estimated Construction Values based on mid-range of values per current building code standard valuation tables.

