

## MINUTES

**Eugene City Council  
Harris Hall, 125 East 8<sup>th</sup> Avenue  
Eugene, Oregon 97401**

**February 12, 2020  
12:00 p.m.**

**Councilors Present:** Betty Taylor, Emily Semple, Alan Zelenka, Jennifer Yeh, Mike Clark

**Councilors Absent:** Greg Evans, Claire Syrett

Mayor Vinis opened the February 12, 2020, meeting of the Eugene City Council.

### **1. Work Session: Incentives for Accessory Dwelling Units**

Economic Development Planner Anne Fifield presented information about financial incentives that could lower the cost of building ADUs.

#### Discussion

- Councilor Clark – said although he was assured he doesn't have a conflict, to be safe he wanted to declare a potential conflict because his job involves lending people money to buy and build houses and ADUs; said he asked for this work session to talk about the idea of a property tax exemption; discussed implementing a waiver for the City's portion of property taxes that doesn't have to rely on state statute; said he had talked with the previous city manager about voluntary annexation in Santa Clara and River Road and had been told that the City could offer a 10-year tax waiver for joining the City; said he'd like to see what a path forward for this option might be; said that there were many pros and cons missing from the lists, including one advantage that even if an incentive only resulted in a small percentage, the ability to borrow can turn on a very small amount of money and the impact could be significant; said he wants to discuss hooking up ADUs to the existing house instead of new hookups to the street.
- Councilor Zelenka – asked how many ADUs were built 2018 and 2019; asked if there was evidence that the already-reduced SDCs have stimulated construction of ADUs; asked about the current practice of waiving SDCs for affordable housing units; talked about how SDCs aren't just fees used to cover costs, but to pay for future infrastructure and when they're not collected, less infrastructure is built or money must be found somewhere else; asked if the City is seeing any low-income SDC waivers for owner-occupied single family dwellings; asked if the City's building permit services are entirely covered by fees; asked at what cost an ADU mortgage would be at or below the workforce affordable housing threshold.
- Councilor Taylor – asked whether adoption of any of the proposed incentives would allow council to limit them to owner-occupied ADUs; said she might support the property tax exemption if limited to owner-occupied units.
- Councilor Pryor – said fractions of a percent in costs can influence whether someone can build or not and supported the development of pre-approved building plans; said that MUPTE should not be the mechanism used for ADU property tax exemptions; said he's been considering LIRHPTE expansions and using this is a starting point; said waiving or scaling SDCs is a good idea if it applies specifically to ADUs; said the council has to commit to ADUs and be willing to endure the cost impact if SDCs, building fees, or land use application fees are lower.
- Councilor Yeh – said she'd like to consider developing pre-approved plans because this could result in significant savings and would be a one-time initial fee for an ongoing resource; supported targeting low-income folks if possible and to identify ways to target that

demographic when scaling or waiving fees; said MWMC has a program that if a city waives its fees, the MWMC also waives its fees and this doubles the money for the owner; said she's not excited about entirely waiving fees because they go towards important things and doesn't want other programs to be impacted by developing a few ADUs.

- Councilor Semple – said that it seems like all the proposed incentives would essentially take away from the general fund because money that's given up will need to be replaced; shared concerns that waiving SDC fees for ADUs might result in higher fees for other types of housing, including missing middle housing; said she also understands that builders need to be able to build and make money; said the bottom line is how much are the City is willing to pay to incentivize this; asked how much it would cost to pay for a set of plans; asked about the cap on transportation SDCs.
- Councilor Zelenka – said after hearing data about affordable rents, the second half of his question is how that translates into capital costs for an ADU.
- Councilor Clark – said the council needs to be willing to lower the capital costs and thus make it more affordable for people in the middle range, because these numbers drive the cost; said this is why incentives are needed - to lower the costs of building; said the other piece that would significantly lower costs is working with partners at EWEB to pursue the idea of hooking up ADU utilities directly to the main house instead of starting as a new structure; asked if the SDC totals shown today assume a parks SDC increase.
- Councilor Zelenka – said the council has spent a lot of time on ADU discussions when it won't lead to significant headway on creating affordable housing; said he wishes council would spend this amount of time on other things that do have a high likelihood of creating more affordable housing; said when Eugene's SDCs are compared to other cities throughout the state, Eugene is down at the bottom of the range; said he likes the idea of pre-approved plans and having a contest for designs to meet people's needs; said MUPTE is too complicated and unfair, but likes Councilor Pryor's idea of exploring the LIRHPTE program; said he's comfortable with waiving land use application fees; said it would be counterproductive to waive permit fees; said he prefers scaling back SDCs versus waiving them back entirely and is willing to look at this if it is targeted at affordable units; supported an overall cap and clarity about the budget impacts.
- Mayor Vinis – said in thinking about lighter, quicker, cheaper options, it makes sense to think about the complexity of initiating any of these options; said the library of plans would be the fastest and have the most impact on the individual developer of an ADU; said a number of SDC fees for ADUs have been reduced already and it's a little soon to say how much more is needed to incentivize; said moving forward with any incentives should support low-income rental housing development.
- Councilor Clark – asked how many work sessions council has had around ADU regulations, noting that the financial incentives are much more impactful on whether ADUs get built than the regulations; said this is the appropriate place to spend staff time and conversations if the council wants to see missing middle housing get built; asked what the cost reduction would be for hooking up ADU utilities to the main house versus directly to the street; asked what the next steps would be after this work session; said the next work session needs to be before summer.
- Councilor Yeh – said she thinks the land use code changes are more important than cost adjustment in terms of seeing more ADUs being built; said she supported having a contest for the design plans because it could be a good opportunity to advertise the things the City is already doing and the ways people can currently get discounts, and they may learn more about whether they can afford to build an ADU.
- Councilor Taylor – said the main thing she'd like to see come back is whether the options can apply only to owner-occupied ADUs.
- Councilor Semple – asked how the utility would charge for separate units if there is only one meter; shared concerns about how much time council has put into ADUs and would like to move forward on HB 2001; said she'd like to continue incentivizing in the same manner as

transportation SDCs; said she wishes there were more options that seemed workable right now, but would like to be done with this issue sooner rather than later.

- Councilor Pryor – agreed that this conversation has taken a long time; asked for clarification about how HB 1051 impacts ADUs; asked if council could create conditions around these options (permitting, waiving fees, etc.) that specify whether or not it is owner-occupied without being in conflict with HB 1051 or 2001 and was concerned that putting a provision like that in place would be immediately appealed and remanded; said he wants to make sure council’s decisions will be on firm legal footing.
- Councilor Zelenka – asked for clarification about what would be coming back related to the scaling or waiving of SDCs; said he also wanted to look at targeting affordable housing for SDC reductions.
- Councilor Clark – asked what the source was for the research about the options presented; asked if staff had talked with builders or architects about current market conditions related to costs; said he knows a widely respected individual, Dan Hill, with Arbor South Architecture who would be willing to speak with staff or council about the information he has gathered over decades of building ADUs and the economics of building them.

The meeting adjourned at 1:03 p.m.

Respectfully submitted,



Beth Forrest  
City Recorder

*(Recorded by Elena Domingo)*

Link to the webcast of this City Council meeting [here](#).