

ADMINISTRATIVE ORDER NO. 53-25-04-F
of the
City Manager of the City of Eugene

**AMENDING AND REPLACING MULTIPLE-UNIT HOUSING
PROPERTY TAX EXEMPTION RULE R-2.945 ADOPTED BY
ADMINISTRATIVE ORDER NO. 53-22-09-F.**

The City Manager of the City of Eugene finds that:

A. Sections 2.019, 2.945 and 2.946 of the Eugene Code, 1971, authorize the City Manager to adopt rules for administration of the City’s Multiple-Unit Property Tax Exemption program. Pursuant to that authority, on January 14, 2023, I issued Administrative Order No. 53-22-09-F adopting the most recent amendments to Multiple-Unit Housing Property Tax Exemption Rule R-2.945 (“the Rule”).

B. On October 23, 2024, Ordinance No. 20713 was passed by the City Council amending Sections 2.945, 2.946, and 2.947 of the Eugene Code, 1971, to implement an Accelerated Multiple-Unit Property Tax Exemption program.

C. On January 31, 2025, I issued Administrative Order No. 53-25-04 ordering that notice be given of the opportunity to submit written comments on a proposal to amend the Rule so that the Rule aligns with the amendments made to the Eugene Code by Ordinance No. 20713.

D. Notice of the proposed Rule amendments was given by making copies of the Notice available to any person who had requested such notice and by publication of the Notice in the Register Guard newspaper on February 7, 9, 10, 11, and 12, 2025; providing interested persons an opportunity to submit comments on the proposed amendments until the end of the day on February 24, 2025. No comments concerning the proposed Rules were submitted within the time or in the manner set out in the Notice. Following the comment period, the Rule was updated to recent name changes for two State programs (the Oregon State Office of Minority, Women, and Emerging Small Businesses has been renamed the Certification Office for Business Inclusion and Diversity, and the Oregon State Qualified Rehabilitation Facilities Program has been renamed Oregon Forward). Those name changes are reflected in Rule R-2.945-C 1.2.2. In addition, the definition of “Workforce Housing Unit” has been updated to clarify that rent that may be charged for workforce housing units includes the estimated cost of utility services.

On the basis of these findings, I order that:

1. Multiple-Unit Housing Property Tax Exemption Rule R-2.945 is amended as set forth below as of the effective date of this Order.

2. The unamended provisions of Multiple-Unit Housing Property Tax Exemption Rule R-2.945 adopted by Administrative Order No. 53-22-09-F are reaffirmed and incorporated into Multiple-Unit Housing Property Tax Exemption Rule R-2.945 adopted by this Order.

3. Administrative Order No. 53-22-09-F is superseded by this Administrative Order No. 53-25-04-F as of the effective date of this Order.

4. As of the effective date of this Order, the following is Multiple-Unit Housing Property Tax Exemption Rule R-2.945:

MULTIPLE-UNIT HOUSING PROPERTY TAX EXEMPTION RULE R-2.945

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

Area Median Income (AMI). The income which divides the income distribution of an area into two groups of equal size, half with incomes above the median and half with incomes below the median, as published on an annual basis by the U.S. Department of Housing and Urban Development (HUD) for the Eugene-Springfield metropolitan statistical area and used interchangeably by HUD as Median Family Income and HUD Area Median Family Income. The AMI determined by HUD and in effect on the date the application is submitted shall be used as the AMI to determine what qualifies as workforce or moderate-income housing for purposes of reviewing an application that includes such housing units.

City Manager. The City Manager of the City of Eugene, or the City Manager's designee.

Form-based Zone. A form-based approach emphasizes the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks. The intent of a form-based code is to achieve a predictable built environment with a focus on providing quality public spaces.

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, 1971 (EC).

Local Firm. A business organization or individual residing or doing business primarily in Lane County.

Moderate-Income Housing. Means “workforce housing.”

Multiple-Unit Housing.

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

- (a) The project must include the number of dwelling units required by R-2.945-B 4. or B 5.;
- (b) The dwelling units must not be designed or used as transient accommodations, including but not limited to hotels and motels; and
- (c) The project must have those design elements benefitting the general public required by section R-2.945-C.

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.

Workforce Housing Unit. A unit in an apartment or condominium with rent, including the estimated cost of utility services paid by the tenant, that is equal to or less than 30% of the area median income (AMI). Estimated utility allowances are based on typical local utility charges from the most recent utility allowance schedule published by Homes for Good Housing Agency.

R-2.945-B Eligible Structures.

To be eligible for local property tax exemption hereunder, a project must comply with the following subsections 1-3 and either subsection 4 or subsection 5:

1. Be multiple-unit housing as defined above, which must be completed on or before the date specified in Section 2.946(2) of the Eugene Code.
2. Meet the approval criteria set forth in this Rule.
3. Not be designed for the leasing of individual rooms or beds, rather than entire apartment units, or be designed primarily for individuals attending college.
4. If the applicant chooses to proceed under the Standard MUPTE criteria in EC 2.946(2)(d), the project must:
 - 4.1 Provide five or more new dwelling units;

4.2 Be located within the area shown on Map 2.946(2)(d)2.; and

4.3 Meet the following density requirements:

4.3.1 If the project is located in the R-1 Low Density Residential, R-2 Medium Density Residential, R-3 Limited High Density Residential or R-4 High Density Residential zones: 175% of the minimum density applicable to the zone.

4.3.2 If the project is located in a form-based zone with a height limit of three or four stories: 30 units per acre.

5. If the applicant chooses to proceed under the Accelerated MUPTE criteria in EC 2.946(2)(e), the project must:

5.1 Be located within the area shown on Map 2.946(2)(e)2.; and

5.2 Except in the case of conversion of a building or portion of a building from another use to housing, the project must result in a minimum residential density of 25 units per acre; and

5.3 Provide at least the following number of new dwelling units:

5.3.1 Four, if the dwelling units will be newly constructed;

5.3.2 Two, if the building or portion of the building where the new dwelling units are located is converted from another use to housing; or

5.3.3 If the project will cause existing dwelling units to become uninhabitable (for example, because the existing units are demolished or converted to another use) the project must result in a number of dwelling units that is at least 150% of the original number of dwelling units that were located on the site (ex. if a building containing 10 dwelling units is demolished, in order for new units to be eligible for an Accelerated MUPTE, the project must include at least 15 dwelling units).

R-2.945-C Approval Criteria.

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

For projects proceeding under the Standard MUPTE criteria in EC 2.946(2)(d), the applicant's written explanation and other materials included with the application shall be reviewed by staff. The financial information provided by the applicant shall be reviewed by the independent outside professional consultant. The City Manager shall then convene the Project Review Panel authorized

by EC 2.945(8) to review the application and the consultant's conclusions. The Project Review Panel shall make a recommendation to the City Manager on the application, and the City Manager shall provide the Council with the City Manager's recommendation on the application.

For projects proceeding under the Accelerated MUPTE criteria in EC 2.946(2)(e), the applicant's written explanation and other materials included with the application shall be reviewed by staff. Staff shall make a recommendation to the City Manager on the application and the City Manager shall provide the Council with City Manager's recommendation on the application.

Public Benefits:

1.1 Green Building Features. The green building requirements apply only to the residential occupancy and common areas associated with residential areas (e.g., hallways, stairwells, centralized HVAC or hot water heating, laundry facilities) and do not apply to the commercial areas or ancillary amenities (e.g., parking garage, swimming pools, recreation centers). Additionally, all projects that provide on-site parking must install conduits for future electric vehicle charging stations. Documentation of compliance with the chosen green building pathway must be submitted within 18 months of receiving a certificate of occupancy.

1.1.1 One - Three Story Multifamily Buildings: Pathways for complying with the requirement in EC 2.946(2)(f)1. and 2. that projects perform at least 10% more efficiently than the performance established in the Oregon Energy Efficiency Specialty Code (OEESC) include:

1.1.1.1 Obtain LEED v4 Homes Design and Construction or LEED v4.1 Residential BD+C Multifamily Homes certification and modeled at least 10% above current OEESC; or

1.1.1.2 Obtain Earth Advantage Silver certification and provide a commissioning report.

1.1.2 Four Stories and above Multifamily Buildings: Pathways for complying with the requirement in EC 2.946(2)(f)1. and 2. that projects perform at least 10% more efficiently than the performance established in the OEESC include:

1.1.2.1 Obtain LEED v4 for Homes Design and Construction or LEED v4.1 Residential BD+C Multifamily Homes certification and modeled at 10% above current OEESC; or

1.1.2.2 Obtain Earth Advantage Silver certification; or

1.1.2.3 City of Eugene Building and Permit Services review of project. Model building energy performance shows that the building will perform 10% above current OEESC performance, utilizing software that meets the energy modeling guidelines defined in Appendix G of the most

recent version of ASHRAE 90.1 being used as base model code under OEESC or use the LEED for homes midrise energy modeling methodology. Construct to modeled plans, provide a commissioning report within 18 months following issuance of certificate of occupancy, and work with the City to report multi-family occupancy energy use data to the City for the life of the MUPTE tax exemption.

Table 1.1: MUPTE Energy Performance Pathways

Pathway	Building Size	
	1-3 Stories	>3 Stories
<i>LEED</i>	v4 Homes Design and Construction or v4.1 Residential BD+C Multifamily Homes + modeled at 10% above OEESC	v4 Homes Design and Construction or v4.1 Residential BD+C Multifamily Homes + modeled at 10% above OEESC
<i>Earth Advantage</i>	Silver Certification + commissioning report	Silver Certification + commissioning report
<i>City of Eugene BPS</i>	N/A	Model at 10% above OEESC + commissioning report

1.2 Local Economic Impact Plan. In order to ensure that a substantial portion of the local tax benefit yields a benefit to the local community, applicant shall submit a Local Economic Impact Plan (Impact Plan), which shall include at least the following elements:

1.2.1 Demonstrate that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from local firms, as that term is defined in this Rule.

1.2.1.1 Materials are excluded from the dollar volume calculation.

1.2.1.2 Where applicant can provide evidence that a trade is not available locally, payment for services attributed to that trade may be excluded from the dollar volume calculation.

1.2.2 Ensure qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts. At a minimum, the Impact Plan shall demonstrate the following:

1.2.2.1 Developer shall access lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Certification Office for Business Inclusion and Diversity.

1.2.2.2 Developer shall search for Oregon Forward Contractors from whom to procure products and services via the Oregon Forward Program website.

1.2.2.3 Developer shall advertise in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

1.2.3 Developer shall post information about the City's Rights Assistance Program in English and Spanish on the job site.

1.2.4 Ensure that the developer, its contractors and subcontractors comply with wage, tax and licensing laws. At a minimum, the Impact Plan shall demonstrate the following:

1.2.4.1 Methods are in place to ensure all contractors performing work are licensed and performing in compliance with ORS 701 (Construction Contractors and Contracts).

1.2.4.2 The developer will provide the City with a list of all contractors performing work on the project. Before a contractor performs any work on the project, the contractor must be included on the list on file with the City. Owner shall confirm that each contractor has valid, current licensing, insurance, bonding and workers compensation coverage.

1.2.4.3 The developer shall require that each contractor provide an affidavit attesting to the fact that (1) the contractor, owner or responsible managing individual for the contractor does not have any unpaid judgments for construction debt, including unpaid wages; and (2) the contractor is in compliance with Oregon tax laws described in ORS 305.620 (local taxes) and ORS Chapters 316, 317 and 318 (state income taxes).

1.3 Moderate-Income Housing Contribution.

1.3.1 The owner of a project located within the area depicted on Map 2.946(2)(d)2. or the area depicted on Map 2.946(2)(e)2. must pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total exemption benefit for the 10-year benefit. The owner may choose to pay the fee annually during years three through ten of the exemption, or upfront with a 5% discount. Alternatively, the owner may include not less than 30% of the total units as moderate-income housing units.

1.3.2 The Project Review Panel provided for in Section 1 of R-2.945-H shall annually review each project that received an exemption pursuant to the Standard MUPTE criteria in EC 2.946(2)(d) to ensure conformance with the moderate-income housing requirements of EC 2.946(2)(d)9.

1.3.3 If the Project Review Panel finds that the moderate-income housing requirements are not complied with, it shall report that finding to the City Manager. If the City Manager finds that the developer or other owner has failed to comply with the moderate-income housing requirements, the City Manager shall initiate termination proceedings pursuant to EC 2.947.

1.3.4 Staff shall annually review each project that receives an exemption pursuant to the Accelerated MUPTE criteria in EC 2.946(2)(e) to ensure conformance with the moderate-income housing requirements of EC 2.946(2)(d)9. If staff find that the moderate-income housing requirements are not complied with, it shall report that finding to the City Manager. If the City Manager finds that the developer or other owner has failed to comply with the moderate-income housing requirements, the City Manager shall initiate termination proceedings pursuant to EC 2.947.

1.4 Project Design and Compatibility. The application must demonstrate that the proposal addresses the following basic design principles:

1.4.1 Scale, form and quality of the building(s). Buildings are designed for the human scale, are appropriate to local climate and natural resiliency, engage the street, promote transparency, help define a sense of place, fit the neighborhood, and employ high-quality and contextually appropriate materials and colors.

1.4.2 Mixture of project elements. The proposal employs a mixture of project elements that: contribute to a walkable downtown; encourage biking and transit use; enrich the streetscape; and support community comfort and safety at all hours.

1.4.3 Relationship to the street and surrounding uses. The proposal is designed to engage and enrich the streetscape, as well as respect and enhance the existing surrounding uses.

1.4.4 Parking and circulation. Parking is designed to provide, to the greatest extent possible, locations for car sharing, integrated shared-parking strategies, electric car charging stations, and safe and attractive pedestrian/bicycle connections between parking and adjacent buildings and streets.

Applicants should refer to the Community Design Handbook in addressing these design principles.

1.5 Historic and Existing Housing Sensitivity.

1.5.1 Adjacent or Contiguous Historic Locale. 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. The project shall preserve and enhance an existing historic locale, as evidenced by a concept plan that has been

reviewed by a Planning & Development Department staff person with expertise in design and historic preservation.

1.5.2 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.

2. **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.

3. **Compliance with Local Law.** The proposed construction, addition or conversion project is or will be in conformance with the following:

3.1 At the time of completion, 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; and

3.2 In all phases of development of the project, wage, tax and licensing laws.

4. **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 ten-year pro-forma and an analysis of the projected ten-year cash-on-cash rate of return for the proposed project.

5. **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 and at least one of the applicant's principals arranged for and attended one public engagement opportunity with residents in the neighborhood, including the board of any City-recognized affected neighborhood association, to share information and seek input. An applicant must provide a copy of comments received from the neighborhood association, if any are received. Staff must provide all comments received from the Neighborhood Association, as well as other public comments, to the City Council.

R-2.945-D Application for Exemption.

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, as follows:

1. The applicant's name, address, telephone number and signature of a property owner, or other documentation of the applicant's authority to apply for the tax exemption on the owner's behalf.
2. A legal description of the property and the assessor's property account number for the site;
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;
4. 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 that will be attached to the approval resolution, if Council decides to approve the exemption.
5. A written statement that:
 - 5.1 Pinpoints the location of the proposed development;
 - 5.2 Describes the number, size, and type of dwelling units, and dimensions of structures;
 - 5.3 Identifies public and private access, parking and circulation plans, and landscaping uses;
 - 5.4 Clearly states whether the applicant elects to have the application evaluated under the Standard MUPTE criteria in EC 2.946(2)(d) or the Accelerated MUPTE criteria in EC 2.946(2)(e); and
 - 5.5 Describes the public benefits in section R-2.945-C that must be included in the project, one or more of which will extend beyond the period of the tax exemption, pursuant to Section 2 of R-2.945-C.
6. Information on the costs and financing and other information required by the City on the financial feasibility of the project.
7. A Local Economic Impact Plan that complies with Section 1.2 of R-2.945-C.
8. Where applicable pursuant to Section 1.5 of R-2.945-C, a plan to mitigate impacts to a historic locale.
9. Documentation of neighborhood engagement pursuant to Section 5 of R-2.945C.

10. 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 EC 2.020. 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, financial consultant costs, and appraisal costs, if any are incurred by the City in processing the application. Any additional costs shall be paid to the City by the applicant prior to the granting of any final approval.

R-2.945-E Recommendations on Applications.

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. For projects proceeding under the Standard MUPTE criteria in EC 2.946(2)(d), retain a financial independent outside professional consultant to review the project's financial proforma and report results to the Project Review Panel.

4. For projects proceeding under the Standard MUPTE criteria in EC 2.946(2)(d), convene the Project Review Panel to review the project's application and the independent consultant's conclusions.

5. Within 135 days of submission of an application, the City Manager shall 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 this Rule, 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-F Compliance Review.

Following approval of an application for tax exemption by the Council, and during the developer's design process and before the final design drawings are completed, the developer shall hold at least one neighborhood engagement opportunity to allow members of that neighborhood to provide comments on the proposal. At least one of the developer's principals must attend the meeting. (This is separate from the pre-application meeting described in R-2.945-C.) In addition, once the final design is completed and before it is submitted for permits, the developer shall submit the design to staff to review conformance with the design attached to the approval resolution. The

City Manager may determine in writing that proposed deviations from the approved design provide the same or greater degree of adherence to the design attached to the approval resolution. Staff will also allow the neighborhood an opportunity to review and comment on that final design.

If construction commenced prior to Council approval of a tax exemption, the applicant shall review the construction documents and other documents with the Project Review Panel (if proceeding under the Standard MUPTE criteria in EC 2.946(2)(d)), or with staff (if proceeding under the Accelerated MUPTE criteria in EC 2.946(2)(e)) prior to completion of construction to ensure that the project will comply with the approval conditions upon completion.

R-2.945-G 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.

In addition, the Project Review Panel shall assist the City Manager in preparing annual reports to the Council on the progress of the projects that will also include information about the program volume cap and review of the documentation to evaluate compliance with workforce housing requirements, unless the project's owner is paying the equivalent moderate-income housing fee or is exempt pursuant to EC 2.946(2)(d)9. The regular reporting from the developer shall include the home city or zip code of the construction labor workers, and any other information required by this Rule.

R-2.945-H Review Panel Selection Process.

1. A Project Review Panel, which will provide third-party review of individual applications proceeding under the Standard MUPTE criteria in EC 2.946(2)(d), shall be selected as follows:

1.1 Two at-large neighborhood representatives selected by neighborhood association boards. The City's Human Rights and Neighborhood Involvement staff shall assist in the selection of these representatives.

1.2 Two representatives selected by the board of the neighborhood association from the neighborhood in which a proposed project is located. City staff will work directly with the specific neighborhood association board on an as needed basis as soon as an application is received.

1.3 Six technical professionals from the following six groups: architects/green building specialists; building trades union; developers; environmental professionals; public health professionals; and human rights representatives. These representatives shall be selected by the City Manager as follows:

1.3.1 Those interested in a position shall submit a letter of interest and provide evidence of their technical expertise; and

1.3.2 Applicants for the building trades union seat must be a union member or have a written recommendation from a building trades union. Applicants for the human rights representative seat must be a member of a human rights organization or have a written recommendation from a human rights organization.

2. A Program Review Panel shall be comprised of the eight members described in Rule R-2.945-H, sections 1.1 and 1.3, and shall submit reports to the City Manager concerning the addition of eligible areas and, at least every 12 months, review the efficacy of the program.

Dated and effective this 24th day of March, 2025.



Sarah Medary
City Manager