

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Multi-Unit Property Tax Exemption (MUPTE) Program Revisions

Meeting Date: April 14, 2014
Department: Planning & Development
www.eugene-or.gov

Agenda Item: B
Staff Contact: Denny Braud
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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 will review and discuss stakeholder feedback and staff recommendations with an opportunity to provide direction for next steps. (Updated MUPTE criteria for council consideration is provided in Attachment A.)

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. MUPTE works by lowering the operating cost enough to make a project financially feasible. The MUPTE program is currently suspended through July 31, 2014.

In 2013, the council met to discuss the MUPTE program on April 22, May 13, June 24, July 24, and November 18. The council received input from key stakeholders at a workshop on May 22. On July 24, the council took action to extend the MUPTE suspension in order to continue reviewing the program criteria to insure that community benefits are achieved, and to provide an opportunity to engage the community and stakeholders in the process of reforming the program. Additionally, the 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, the council added the West 11th 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. The council also expressed support for seeking stakeholder and community input opportunities and the following draft process.

1. Council consideration of revised criteria based on stakeholder input.
2. Hold a public hearing on a new MUPTE program ordinance.
3. Council consideration and adoption of new MUPTE ordinance.

Since the November 18 work session, staff met with 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.

Feedback summaries for each of these groups can be found in Attachments B – F. The TRG memo to council dated November 15, 2013 is provided as Attachment G. Additionally, Green Building Program staff provided information and initial analysis on the newest version of LEED- v4 launched November 20, 2013. (See Attachment H for information on LEED v4.) The potential MUPTE boundaries are in Attachment I, and include the addition of West 11th based on council feedback at the last work session.

Based on the stakeholder feedback received to date and the known economic realities, updated MUPTE criteria for council consideration is provided in Attachment A, which includes a summary memo of the differences between the November 18, 2013 draft and the revised draft.

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

- o Strategy 5: Identify as a Place to Thrive - Priority Next Step - Urban Vitality
 - As a creative economy is fostered, 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

- o Increased downtown development

Eugene Downtown Plan

- o Stimulate multi-unit housing in the downtown core and on the edges of downtown for a variety of income levels and ownership opportunities.
- o Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.
- o Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.
- o Use downtown development tools and incentives to encourage development that provides character and density downtown.
- o Facilitate dense development in the courthouse area and other sites between the core of the downtown and the river.

Climate and Energy Action Plan

- o 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.

COUNCIL OPTIONS

1. Direct the City Manager to schedule a public hearing on an ordinance modifying the MUPTE program consistent with the criteria included in Attachment A.
2. Amend the criteria included in Attachment A, and direct the City Manager to schedule a public hearing on an ordinance modifying the MUPTE program as amended.
3. Take no action and continue the discussion on MUPTE program reform at another work session.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends scheduling a public hearing on an ordinance modifying the MUPTE program consistent with the criteria included in Attachment A.

SUGGESTED MOTION

Move to direct the City Manager to schedule a public hearing on an ordinance to adopt MUPTE program revisions consistent with the criteria included in Attachment A.

ATTACHMENTS

- A. Revised Draft - MUPTE Program Criteria
- B. Housing Policy Board Eugene Committee – Feedback Summary
- C. Developer Stakeholder Group – Feedback Summary
- D. Construction Industry Stakeholder Group – Feedback Summary
- E. Human Rights Commission Subcommittee – Feedback Summary
- F. Technical Resource Group – Meetings Summary
- G. Technical Resource Group – Memo to Council November 2013
- H. LEED Update
- I. Potential MUPTE Boundaries

FOR MORE INFORMATION

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