



**Eugene City Council**

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# EUGENE CITY COUNCIL AGENDA

October 13, 2021

**12:00 p.m. CITY COUNCIL WORK SESSION**

As the state and community recover from the COVID-19 pandemic, City Council meetings will continue to be held remotely using virtual meeting technology. Information about online or other options for access and participation will be available at <https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials>

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**Meeting of October 13, 2021;  
Her Honor Mayor Lucy Vinis Presiding**

**Councilors**

Jennifer Yeh, President  
Mike Clark  
Randy Groves  
Emily Semple

Claire Syrett, Vice President  
Greg Evans  
Matt Keating  
Alan Zelenka

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**12:00 p.m. CITY COUNCIL WORK SESSION**

**1. WORK SESSION: Housing Implementation Pipeline (HIP) Update**

For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

For more information, contact the Council Coordinator at 541-682-5010  
or visit us online at [www.eugene-or.gov](http://www.eugene-or.gov).

# EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



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## Work Session: Housing Implementation Pipeline (HIP) Update

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Meeting Date: October 13, 2021  
Department: Planning & Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: 1  
Staff Contact: Amanda Nobel Flannery  
Contact Telephone Number: 541-682-5535

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### ISSUE STATEMENT

At this work session, staff will provide an update on creating the Housing Implementation Pipeline (HIP), a 5-year internal work plan to coordinate current and future resources, goals, and priorities with a systems-thinking approach to housing across the full spectrum from people experiencing homelessness to overall housing supply. No action is requested at this work session.

### BACKGROUND

Housing affordability and supply is a long-standing and growing problem in Eugene. In 2018, Council directed staff to implement a process to identify potential tools and strategies available to the City to address housing affordability, availability, and diversity of type for all income levels. The resulting Housing Tools and Strategies (HTS) project identified a variety of actions the City could pursue to reduce costs and/or barriers to address housing affordability. A few successes of this work include implementation of a construction excise tax (CET), which funds the Affordable Housing Trust Fund, creation of pre-approved building plans for accessory dwelling units (ADU) and reducing transportation system development charges (SDCs) for multifamily housing downtown and for ADUs (see Attachment A for HTS background information and an update).

A housing implementation strategy was one of the recommended actions through the HTS process. At the March 10, 2021 work session, Council reviewed an updated compilation of the HTS Action Inventory, and the City's plan to draft the HIP. Staff also introduced the housing continuum as a framework for the HIP (Figure 1).

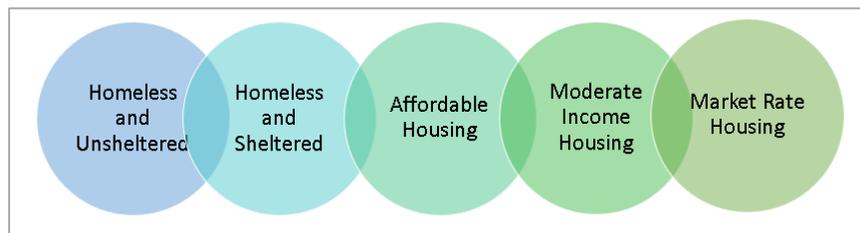


Figure 1: Housing Continuum <sup>a</sup>

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<sup>a</sup> See [Attachment B](#) for draft definitions of the bubbles.

This continuum lens reveals housing as a system, meaning that the goals, programs, and services across the continuum relate to and impact one another, allowing community members to move through the entirety of the continuum as they are able. When considering supply and demand, housing needs to be addressed at each point along the continuum to create a strong infrastructure network of housing options.

### *Housing Implementation Pipeline*

There are two paths to increasing housing affordability: a) lower the cost of housing and b) raise incomes. The latter is the continued focus of the City's economic prosperity efforts with local partners. To lower the cost of housing, and more specifically, to prioritize, fund, and implement actions that will have an impact on the cost of housing, staff have begun creating the HIP. The HIP will set out the City's internal cross-departmental workplan over the next five years. It will create a policy framework connecting funding sources and actions, while clearly showing how actions meet goals identified across the housing continuum. The HIP will incorporate the City's existing tools and goals and identify opportunities to create new goals and explore implementation of new tools that enable the City to work towards achieving housing affordability. The City of Beaverton's [Housing Action Plan](#) is a regional example.

When it comes to the homelessness portion of the continuum, the HIP includes Eugene-specific elements of the homeless systems transformation work underway in partnership with Lane County (often referred to as TAC implementation after the Technical Assistance Collaborative's report). Including these homelessness efforts will help to ensure City coordination across the full housing continuum and capture some of the key goals Eugene has for addressing homelessness.

### *Focus Area Summaries*

Since March, staff have defined internal teams, reviewed existing housing programs in terms of capacity, costs, and funding sources, gained an understanding of the data that exist to define housing unit goals, worked with an equity panel, and coordinated with other communities that have implemented similar action-oriented documents. In gathering information across the organization and the housing continuum to coordinate current and future resources, goals, and priorities, staff have compiled several draft forecast summaries. Although the summaries will need to change along the way, they show a path forward that conveys a sense of scale and a sense of how the various pieces work together and can be interchanged, as needed.

The following summaries are included as attachments to this AIS:

- **Pipeline of housing production & preservation** – The table in Attachment C provides a forecasted count of shelter beds and housing units that could be constructed or preserved with direct City investment from existing programs over the HIP period.
- **Map of future potential housing uses on City owned property** – Attachment D shows City-owned land that is either currently being used or can potentially be used for shelter and housing. It also shows the projects developed on City-owned land in the past five years.
- **Draft timeline for potential future policy and program exploration** – The timeline in Attachment E includes the various housing work already in progress as well as when the City could focus on retooling existing policies and/or adding new policies to the toolbox. The HIP will incorporate areas of Council interest from the recent past and establish timing for further exploration/Council direction on housing related topics, such as: ADU

incentives, Inclusionary Zoning, and Renter Protections. The HIP will establish timing of items that need a policy framework to be successful, such as: Coordinating future incentives for HB 2001 and housing production strategies under HB 2003; Developing housing related goals for reducing the racial wealth gap; and Evaluating and updating, as needed, the Housing Policy Board's purpose, function, and membership.

- Draft **Goals** – Attachment F

These focus area summaries show what the expected results would be from forecasted City investment of known resources. Two potential additional investment opportunities include: 1) City fee assistance for Affordable Housing projects and 2) increasing downtown housing units (see Attachment G for more information).

#### *Next Steps*

- Council work session to review the draft HIP document (November 2021)
- Building off of the extensive public engagement of the HTS work, staff will present the draft document to the following committees/boards to inform them of the HIP and seek input on the section(s) of the HIP that pertain to their purpose: Equity Panel, Housing Policy Board, Planning Commission, Community Development Block Grant Advisory Committee, Affordable Housing Trust Fund Advisory Committee, and the two urban renewal advisory groups (November and December 2021)
- Council work session on HIP and downtown housing (December 2021)
- Council work session for final review and action on the final HIP document (January 2022)

Other related upcoming Council items include:

- Renter Protections work session to review the Housing Policy Board recommendations (November 2021)
- Funding Source for Climate Change and Homelessness work session (December 2021)
- Middle Housing Code Public Hearing (January 2022)
- Growth Monitoring (Early 2022)

#### **PREVIOUS COUNCIL DIRECTION**

[May 30, 2018 Work Session](#)- City Council directed the City Manager to identify tools and strategies that: reduce the cost to build diverse housing types at various levels of affordability; establish a local funding source for affordable housing; and support the Envision Eugene pillars and to bring back budget authorization for Council consideration.

[December 12, 2018 Work Session](#)- City Council directed the City Manager to address housing affordability, availability and diversity by investigating feasibility of 12 administrative action items.

[January 14, 2019 Council Meeting](#)- City Council directed the City Manager to create a draft CET ordinance and to schedule a public hearing.

[April 8, 2019 Council Meeting](#)- City Council adopted an Ordinance Concerning Imposition of a Construction Excise Tax on Commercial and Residential Improvements and Adding Sections 3.730, 3.732, 3.734, 3.736, 3.738, 3.740, 3.742, 3.744, 3.746 and 3.748 to the Eugene Code, 1971.

[April 27, 2020 Work Session](#)- City Council adopted the Eugene-Springfield 2020 Consolidated Plan for Affordable Housing and Community Development and the Eugene-Springfield 2020 One-Year Action Plan for Affordable Housing and Community Development.

[December 9, 2020 Work Session](#)- City Council directed the City Manager to provide an update in early 2021 on Housing Tools and Strategies to discuss housing affordability overall, progress made to date, and expanded options for tools including voluntary inclusionary zoning. Council made a motion on December 14, 2020 to amend the December 9 motion, including mandatory inclusionary zoning as a tool to research.

[March 10, 2021 work session](#)- Council reviewed an updated compilation of the HTS Action Inventory, and the City's plan to draft the HIP.

### **COUNCIL OPTIONS**

This work session is for informational purposes only.

### **ATTACHMENTS**

- A. Housing Tools & Strategies Background Information & Update
- B. Draft Continuum Bubble Definitions
- C. Forecasted City Supported Housing & Shelter Pipeline
- D. Land Map
- E. Timeline of Potential Future Policy & Program Exploration
- F. Goals
- G. Potential Additional Investment Opportunities

### **FOR MORE INFORMATION**

This work session is a collaboration among the division leadership and staff of multiple divisions, including: Community Development, Planning, Public Works Engineering, and the City Manager's Office.

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Staff E-Mail: [anobelflannery@eugene-or.gov](mailto:anobelflannery@eugene-or.gov)

## Housing Tools & Strategies Background Information & Update

The Housing Tools and Strategies (HTS) team has provided Council with quarterly updates on the progress of items that address the affordability, availability, and diversity of housing.

### **BACKGROUND**

In 2018, Council directed staff to implement a process that would tie together the overlapping initiatives that address housing affordability, availability, and diversity of type. Staff implemented the Housing Tools and Strategies initiative to meet this Council directive.

In the fall of 2018, staff assembled a Working Group that identified over 80 recommendations to increase the availability, affordability, and diversity of housing in Eugene. Staff consolidated these recommendations into the [HTS Action Inventory](#), a document that is intended to serve as a working list of actions that the City can take (the linked version was last updated in February 2021).

The HTS team has maintained regular contact with the HTS Working Group and other interested parties, keeping them apprised of the progress on recommendations in the HTS Action Inventory. Additionally, staff have met with key stakeholders for feedback and brainstorming. [The HTS website](#) continues to be updated with new information.

### **UPDATES** (since the [8/2/2021 memo](#))

#### **Accessory Dwelling Units: Finalizing Compliance with State Law**

In response to this ongoing housing shortage, the Oregon Legislature adopted a law in 2017, ORS 197.312(5), that set new requirements promoting development of accessory dwelling units (ADUs) across Oregon. The law defined ADUs and required cities, including Eugene, to allow at least one accessory dwelling unit for each detached single-family dwelling in areas zoned for detached single-family dwellings, subject to reasonable local regulations relating to siting and design. Since the change in state law, Eugene's City Council has passed three different ordinances amending the land use code to comply with the state law. Each attempt was appealed to the Oregon Land Use Board of Appeals (LUBA). LUBA sent the ordinances back ("remanded") to the City Council for additional work, providing further clarification as to what the state law requires. LUBA's decision was also informed by other court decisions that provided even more clarity on how the City can implement the state law. Based on LUBA's remand, the City Council was presented proposed changes to the previous ordinance that would address these remaining issues and finalize compliance with state law for ADUs. The council held a work session and public hearing on the proposal in May of this year, with a follow up work session in July.

On September 15, 2021, the Eugene City Council adopted [Ordinance No. 20659](#) to finalize compliance with state law for Accessory Dwelling Units (ADUs). Council's action also included approval of five new motions which further removed barriers and increased opportunities for ADU development. These changes went in effect on September 17, 2021. The changes are briefly summarized below:

1. Allows, where not previously allowed, an accessory dwelling for each single-family dwelling allowed by the code, including on alley access lots and flag lots.
2. Increases the allowed height of an ADU to 25 feet, allows ADUs above a garage, and increases the height for ADUs on sloped lots.

3. Increased the height of sloped setbacks and removed sloped setback requirements along rights-of-way.
4. Removes regulations that: include accessory dwellings in maximum density calculations; prohibit ADUs based on lot area or lot dimensions; and limit the number of people that can occupy an accessory dwelling or a property that includes an ADU.
5. Eliminates on-site parking requirements, owner occupancy requirements, wall length development standards, and garbage screening for ADUs.

These changes only encapsulate some of the changes made for ADUs. Visit the [land use code amendments website](#) for more information. While these changes are in effect, the City's online code has not been updated yet. Please refer to [Ordinance No. 20659](#) for the effective code provisions or reach out to our Land Use Team for more information.

### **Clear and Objective Land Use Code Amendments**

The Clear & Objective land use code amendments were approved by Council in April 2021. The goal of the project is to update the City's existing clear and objective land use approval criteria for housing to accommodate growth on available lands within the urban growth boundary, continue to provide a clear and objective path to land use approval for all housing as required by State law and guide future development in a way that reflects our community's values.

The [Ordinance](#) adopting the changes is not in effect as there is a pending appeal at the Land Use Board of Appeals.

### **Middle Housing Code Amendments**

The Middle Housing project is continuing work and is now in the adoption phase! This phase follows 10 months of extensive public involvement, technical analysis, and code writing. The main opportunity for early public input centered on levels of implementation: we asked community members whether the City should Allow, Encourage, and/or Incentivize middle housing through the land use code requirements. The outreach focused on gathering community-wide input on code concepts to guide the code-writing portion of the project.

Over the month of June, the project team presented the Planning Commission with draft middle housing land use code language. At these meetings, the Planning Commission reviewed and provided comments on draft sections of land use code to put forth for the public hearing process to implement House Bill 2001.

Highlights of the Planning Commission's guidance to staff in preparing the draft land use code for public hearing include:

- Focus on equity and inclusion as code choices are made through the adoption process.
- Encourage and incentivize middle housing across the community by exceeding the minimum standards set by the state and treating all areas of the community equally.
- Near transit routes, encourage compact development by reducing parking requirements.
- Pursue incentives and programs beyond the code as part of the City's ongoing housing work.

The adoption process for land use code amendments includes a Planning Commission public hearing and recommendation, followed by a City Council public hearing and action. The [adoption package](#) was provided to the Department of Land Conservation and Development on September 21, 2021 and is now available on the city's [Middle Housing Code Amendments website](#). The Planning Commission public hearing on the proposed Middle Housing code amendments is scheduled for October 26, 2021. Stay up to

date by following the project's Engage Eugene page, webpage, and by signing up for the project's Interested Parties List.

### **Urban Reserves**

Urban Reserves project staff are continuing to compile adoption materials based on the direction received from the Eugene City Council and Lane County Board of Commissioners on proceeding with an Urban Reserve area that meets the housing and employment needs of 27-years of growth beyond 2032.

The proposed Eugene urban reserves (shown [here](#)) includes almost 6,000 acres of land which will be considered for inclusion in Eugene's urban growth boundary (UGB) when there is a need for expansion. The proposed Eugene urban reserves strives to help meet the future housing and employment needs of our growing community while protecting our highest value agricultural soils.

One of the pieces of the adoption package is working with the County on a range of policies related to continuing to plan and zone Eugene urban reserve land for rural uses until they are brought into Eugene's urban growth boundary sometime in the future. The intention of these policies is to help maintain the development potential of urban reserve land so that future urban growth can happen in a smart, predictable way.

Also included in the adoption package are intergovernmental agreements between City of Eugene, Lane County, and the ten agencies providing fire protection, parks, transportation and stormwater service within the Eugene urban reserve. These planning coordination agreements with rural service providers will take effect when Eugene urban reserves are adopted by the City Council and Board of Commissioners.

The adoption process is slated to begin later this year with a joint work session and public hearing of the Eugene and Lane County Planning Commissions. For more information, please see our [project webpage](#) or reach out to Senior Planner Rebecca Gershow, [rgershow@eugene-or.gov](mailto:rgershow@eugene-or.gov).

### **River Road-Santa Clara Neighborhood Plan**

In May 2021, the Eugene City Council and Lane County Board of Commissioners gave the project team direction to move into the [Adoption Phase](#) and begin preparing the Neighborhood Plan adoption package. The adoption package will be comprised of the Neighborhood Plan document and associated comprehensive plan and refinement plan amendments, zone changes, and land use code amendments to help implement the community vision.

Local consultants have been working on draft land use code concepts and staff are in the process of sharing and reviewing those concepts with the [Community Advisory Committee](#) (CAC). These concepts encourage mixed-use neighborhood centers, walkable, safe, and active streetscapes, and seek to increase density and housing choices along the River Road corridor. These outcomes are consistent with the community feedback gathered during the River Road Corridor Study, an in-depth analysis of the corridor which included stakeholder interviews, public workshops, and economic and demographic research. Some of the draft land use concepts will be refined to be consistent with the City's Middle Housing Code Amendments project.

Over the summer, the Community Advisory Committee (CAC) and Eugene Planning Commission discussed and provided feedback on key code questions, which informed the development of draft land use concepts. The CAC started to review the draft corridor code concepts at their September 21 meeting

and will continue to discuss and refine the concepts at their October 19 and November 16 meetings before broader outreach and input from Planning Commission and the River Road and Santa Clara communities.

For more information, visit the [project website](#), the [Engage Eugene project page](#), or [sign up for the project newsletter](#) for updates and opportunities for input.

### **Pre-Approved Accessory Dwelling Unit Plans are Now Available Through the City of Eugene**

The City of Eugene's new Pre-Approved Accessory Dwelling Unit (ADU) Program is now offering a selection of pre-approved building plans that can be downloaded for free or purchased for a set fee. This program aims to assist property owners in creating architectural plans, expediting the building permit process and reducing pre-construction costs.

The City has created two free, pre-approved accessory dwelling unit plans that are available to download now on the City website. These plans include options for variations in exterior materials and roof style. In the near future, additional plans will be available in an online library created by local architects.

The two City plans are free, and the architect-submitted library plans will be available for a set fee which represents a significant cost-savings. Although property owners will still need to pay applicable systems development and building permit charges, using the pre-approved ADU plans saves the cost of plan review fees, in addition to saving time by streamlining the process.

Interested parties can [visit the City of Eugene website](#) to view the preapproved plans, download an ADU checklist, view stormwater information, learn about types of ADUs, and to view frequently asked questions. For more information about the Pre-Approved Accessory Dwelling Unit Program, visit: [www.eugene-or.gov/4707/Pre-Approved-ADU-Plans](http://www.eugene-or.gov/4707/Pre-Approved-ADU-Plans) Contact: Jennifer Knapp, Urban Design Planner, [JKnapp@eugene-or.gov](mailto:JKnapp@eugene-or.gov)

### **eBuild 2.0 Technology Modernization Project**

Work on eBuild, key software used by our inspection and building permit staff, has shifted to rewriting the City's existing building permit system, APTWIN, into a modern platform. This is an important stage in updating our technological systems because APTWIN is currently written in a program that is no longer supported by the City's Information Services Department, precluding staff from making changes or upgrades. The old platform also leaves the City's permit data in a system that could be made obsolete and inaccessible. This rewrite is scheduled to be complete by the end of 2021, at which point the work will return to eBuild enhancements for the inspection module. This software is imperative to our housing development system as it is the backbone supporting the City's building permitting and inspections staff and their work.

### **Fiscal Year 2021 Affordable Housing Trust Fund Development Resources Awarded**

City Council directed the City Manager to allocate \$300,000 of the FY21 Affordable Housing Trust Fund (AHTF) development resources to the Cornerstone Community Housing (Cornerstone) project proposal, The Grove on Garden Way. Cornerstone applied for the resources through the 2021 AHTF Request for Proposals (RFP) process in the Spring. The AHTF Advisory Committee (AHTF-AC) recommended the proposal for funding and Council made the decision to support the proposal May 24.

The \$300,000 AHTF investment will leverage a \$33 million dollar project. The Grove on Garden Way will be new construction of a four-story building with 122 affordable units targeted to households earning

no more than 60% of area median income including 7 units for survivors of domestic violence and one on-site manager unit. The development will include one, two, three, and four-bedroom units for a total of 252 bedrooms. Cornerstone was recently awarded 9% Low Income Housing Tax Credits and other State resources and expects to begin construction in Spring 2022. For more information, visit the [website](#).

### **2021 Affordable Housing Trust Fund Program Review**

The 2021 Program Review of the Construction Excise Tax (CET) and Affordable Housing Trust Fund program, which was required by the CET ordinance adopted in 2019, was presented to Council on July 12, 2021 and is available on the website. The program review included information about the activities since the CET ordinance was adopted. Which includes the City's collection of CET for two years and implementation of the AHTF for one year.

- **Collection of CET** - The CET is a tax collected by the City at the time of issuing building permits and is a percentage of the residential and commercial permit valuation. In the first year of collection (FY20), the CET was assessed as 0.33% of permitted improvements. The percentage increased to 0.5% in the second year (FY21), and it will continue to be collected at that rate. A portion of the residential CET collected (15%) is required to be remitted to the State and is returned to the local community for homebuyer assistance to low- and moderate-income households. The remaining CET accrues in the City's Affordable Housing Trust Fund along with any general funds approved by Council.
- **Work of Advisory Committee** - Since 2019, the AHTF Advisory Committee (Advisory Committee) formed and became oriented to the needs of the community with input from affordable housing providers and advocates. The Advisory Committee made recommendations for the first year of implementation including the FY21 allocation, the 2021 RFP criteria, the funding award for the 2021 RFP, and the FY22 allocation.
- **FY21 AHTF Implementation** - In addition to the RFP process and resulting award of \$300,000 in development resources to the Grove on Garden Way project (see above), Council directed \$500,000 of FY21 AHTF allocation to support direct services to renters and homeowners.
  - \$150,000 of direct mortgage assistance for foreclosure prevention administered by DevNW. Due to the State's foreclosure moratorium, the funding will be fully disbursed by DevNW by the end of the calendar year (2021).
  - \$350,000 of direct rent assistance through Lane County and its partner agencies. In May, approximately \$262,000 in AHTF rent assistance had been disbursed so far. As a result of the pandemic, Lane County has disbursed a significant amount of rent assistance from other sources (\$12.4 million has been disbursed through mid-June) and will receive significantly more rent assistance to be disbursed through FY25 (\$34 million).

### **FY22 Affordable Housing Trust Fund Allocation**

City Council also considered the uses of AHTF in FY22 at the July 12, 2021 work session. The generated CET plus the general funds allocated by Council through the Supplemental Budget in December 2020 resulted in over \$1.6 million available for implementation in FY22. Funds can be used for programs, incentives, and services creating housing opportunities for households earning 100% of area median income and below. The Advisory Committee considered the rental assistance resources in Lane County through Federal and State programs (\$34 million) and the demand for housing development resources in their recommendation that a minimum of 75% of the available funds in FY22 go to housing development to be awarded through the RFP process. The Advisory Committee recommended the remaining funds for direct assistance to homebuyers be focused on Black, Indigenous, and People of Color individuals and households.

Per Council direction and based on the final amount collected through the end of FY21, over \$1.1 million will be available in housing development resources through the Spring 2022 RFP and \$370,000 for direct assistance to renters and homeowners. This fall Council will discuss the use of the direct assistance funds in conjunction with the Council work session related to renter protections.

### **Housing Policy Board - Renters Protections**

The Renters Protections Committee of the Housing Policy Board is made up of tenants and landlords/property managers. They met during the first half of 2021 to study and develop recommendations based on Portland's Fair Access in Renting (FAIR) Ordinances and related documents to identify action items where regulations would have significant potential to protect renters in Eugene. The Housing Policy Board reviewed the results of the committee's work in August and will finalize their recommendation in October. Staff will then bring the recommendation to Council this fall. More information is available on the [website](#).

### **Renters Resources**

The statewide moratorium on evictions for nonpayment and evictions without cause ended on June 30, 2021. Starting July 1, rent is due every month, and tenants can face eviction for nonpayment if rent is not paid in time. Starting July 1, no-cause evictions that were allowed prior to the COVID pandemic are once again allowed.

But two new laws, [Senate Bill 282](#) and [Senate Bill 278](#), provide important protections to help tenants recover from the pandemic period.

- Senate Bill 282 says that tenants have more time to pay back-due rent, fees or other charges that came due during the moratorium period. From July 1, 2021 through February 28, 2022, landlords cannot evict tenants for rent arrears from April 1, 2020 to June 30, 2021. This new law contains additional tenant protections such as relaxed limitations on guest occupancy, protection from negative credit and eviction history during the pandemic, and increased protection from retaliation.
- Senate Bill 278 says that if a tenant shows their landlord documentation that they have applied for rent assistance, the landlord is not allowed to evict that tenant for nonpayment for 60 days, to allow for processing of the rent assistance application.

Importantly, Oregon now has hundreds of millions of dollars in federal rent assistance available to help low-income tenants pay off back-due rent, utilities, and other housing expenses. In addition, rent assistance for up to three months of forward rent is available.

Lane County Human Services has rent assistance applications for low-income Lane County renters. [Learn more and apply online](#). Low-income Oregonians can apply for rental and utility assistance through the [Oregon Emergency Rental Assistance Program \(OERAP\)](#).

### **Mixed-Income Housing Development: 1059 Willamette Street**

The City acquired the property at 1059 Willamette from Lane Community College in April 2020, using Community Development Block Grant (CDBG) funds. The use of CDBG funds requires that at least 51% of the units are affordable to households at 80% of the Area Median Income. The redevelopment is for mixed-income housing, where 51% of the units meet the CDBG income requirements and the remaining 49% are available at any rent.

For such a project to be financially feasible, some public funds will be required to fill the funding gap created by the units that have below-market rents. City Council held a Public Hearing about potential funding sources for the project on September 21, 2020. On September 30, 2020, City Council voted to move forward with a Request for Proposals (RFP) process to identify a developer for the proposed project. Council/ Urban Renewal Agency Board also voted to make available in the RFP \$400,000 from the Multi-Unit Property Tax Exemption (MUPTE) moderate income housing fee and \$700,000 of Downtown Urban Renewal funds to financially support the project.

The City released the RFP in November 2020. The RFP was open for three months, and one proposal was submitted from a development team led by deChase Miksis and Edlen & Co. The development team is proposing a new mixed-use, mixed-income building, called the Montgomery. The proposed project would have 129 units with 66 of the units proposed to be restricted to households with incomes up to 80% of Area Median Income. The other 63 units would be rented at market-rate without income qualifications. At their June 9, 2021 work session, Council discussed the proposal for the Montgomery and directed the City Manager to begin negotiations with the development team and bring back terms for the sale and development of the project. A work session to discuss those terms is currently scheduled for October 20. Visit the [project website](#) for more information and to view the proposal for the Montgomery.

### **Affordable Housing Development: Iris Place**

The City-owned property on River Road acquired using CDBG funds through the Land Acquisition for Affordable Housing program was transferred to St. Vincent de Paul in July 2020 and construction of the 53-unit development is underway. The one, two- and three-bedroom apartments will be targeted to households earning no more than 50% of the Area Median Income. The development is anticipated to complete construction in November 2021. The development also received federal HOME funds and a City of Eugene Systems Development Charge (SDC) exemption. Council approved a Low-Income Rental Housing Property Tax Exemption (LIRHPTE) for the development in December 2020.

### **Eugene-Springfield 2021 Annual Action Plan**

Each year, a One-Year Action Plan is developed to address how the City will work to achieve the goals established in the Eugene-Springfield 2020 Consolidated Plan with the current annual allocation of funds. The One-Year Action Plan allocates the use of federal funds including \$1,304,697 in HOME Investment Partnerships funds and \$1,459,674 in Community Development Block Grant (CDBG) funds. Council approved the Action Plan allocation on April 26, 2021. The plan was submitted in May to the U.S. Department of Housing and Urban Development (HUD), and was approved on June 10, 2021. Program implementation is now underway.

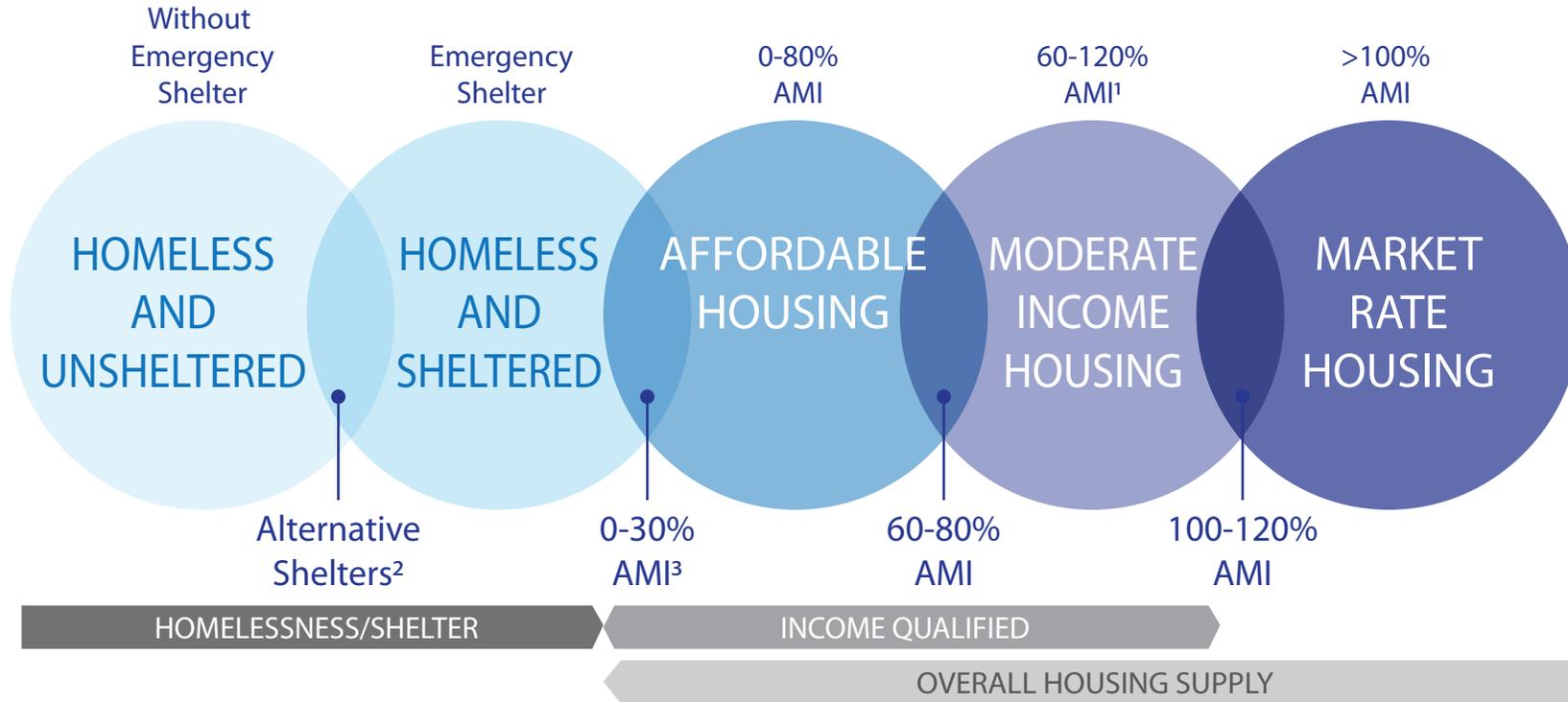
### **HOME Investment Partnership Program – American Rescue Plan (HARP)**

The American Rescue Plan Act of 2021 included funds for creating housing opportunities to be distributed through jurisdictions that receive HOME funds. The Eugene-Springfield HOME Consortium will receive \$4,728,637 in HARP funds. The funds can be used to create housing opportunities specifically for individuals or families (with attention to veterans) experiencing homelessness, at risk of homelessness, fleeing or attempting to flee domestic violence, and those at greatest risk of housing instability. Funds can be used for creation of affordable housing (as with regular HOME funds) and can also be used for creation of non-congregate shelter units, and supportive services including homeless prevention services and housing counseling. The funds would be available for expenditure through September 2030. Eugene and Springfield will undertake a required process to develop and submit an Allocation Plan for the funds before HUD will provide access to the resources.

### **Community Development Block Grant – Coronavirus Funds (CDBG-CV)**

The Federal CARES Act included a special allocation of CDBG funding to help local communities respond to the impacts of coronavirus (CDBG-CV). The City previously received a CV1 entitlement allocation in the amount of \$839,940, for which the proposed uses were approved by Council in July 2020. The City received a CV3 entitlement allocation of \$1,016,237. (The CV3 funding is a separate grant from the entitlement CDBG grants received on an annual basis from HUD and described above in the “Eugene-Springfield 2021 Action Plan” section). In order to utilize the CV3 funds, the City completed an allocation process that identified uses of funds and included the CDBG Advisory Committee, a Council public hearing, and Council action. Staff submitted a Substantial Amendment to the 2020 Action Plan adopted by Council April 26, 2021, which was approved by HUD in June 2021. Program implementation is now underway. The CV3 allocation includes expanding homeless services, including supporting emergency shelter and day access center, providing homeless outreach services and navigation, and housing navigation services to the unhoused. In addition, funding will expand access to food by supporting a mobile food pantry and senior meal and grocery delivery, provide business lending, and fair housing services, including supporting the Springfield-Eugene Tenant Association (SETA) local hotline. Visit the [SETA website](#) for more information.

# Housing Continuum: Definitions



1 While the Moderate-Income bubble would be defined as going up to 120% AMI (average median income), the City's programs would continue to focus on 100% AMI and below.

2 Shelter options that don't meet the HUD definition of "shelter" such as Conestoga huts, Pallet Shelters, car camping, Dusk to Dawn.

3 Extremely low-income, Permanent Supportive housing (PSH), & longer-term transitional housing (6 months to 2 years)

Forecasted City Supported Housing & Shelter Pipeline

Type		Actuals past 5 yrs (FY17-FY21)	Est. FY22	HIP Period FY23-27			Forecasted Tools
				Estimated units from forecasted existing sources			
				Presumed <sup>1</sup>	Contingent <sup>2</sup>	Total	
<b>Shelter</b>		<b>213</b>	<b>250</b>	<b>0</b>	<b>325</b>	<b>325</b>	Federal/State \$, City \$ & Land, County \$
<b>Income Qualified</b>	<b>Permanent Supportive Housing (a)</b>	<b>66</b>	<b>15</b>	<b>0</b>	<b>210</b>	<b>210</b>	Federal/State \$, City \$ & Land, County \$ & Land
	<b>Affordable Housing (b)</b>	<b>744</b>	<b>98</b>	<b>505</b>	<b>480</b>	<b>985</b>	Federal/State \$, City \$ & Land, Agency \$ & Land
	<i>Units Constructed</i>	<i>155</i>	<i>5</i>	<i>180</i>	<i>480</i>	<i>660</i>	<i>Federal/State \$, City \$ &amp; Land, Agency \$ &amp; Land</i>
	<i>rental</i>	<i>155</i>	<i>0</i>	<i>155</i>	<i>380</i>	<i>535</i>	
	<i>ownership</i>	<i>0</i>	<i>5</i>	<i>25</i>	<i>100</i>	<i>125</i>	
	<i>Units Preserved</i>	<i>589</i>	<i>93</i>	<i>325</i>	<i>0</i>	<i>325</i>	<i>Federal \$</i>
	<i>Rental</i>	<i>493</i>	<i>63</i>	<i>175</i>	<i>0</i>	<i>175</i>	
	<i>ownership</i>	<i>96</i>	<i>30</i>	<i>150</i>	<i>0</i>	<i>150</i>	
	<b>Mixed Income (c)</b>	<b>0</b>	<b>-</b>	<b>230</b>	<b>-</b>	<b>230</b>	City \$ & Land, Agency \$ & Land
<b>Market Rate (d)</b>		<b>177</b>	<b>-</b>	<b>550</b>	<b>-</b>	<b>550</b>	Agency Land, MUPTTE
<b>Total Beds &amp; Units Supported by the City (e)</b>		<b>1,200</b>	<b>363</b>	<b>1,285</b>	<b>1,015</b>	<b>2,300</b>	

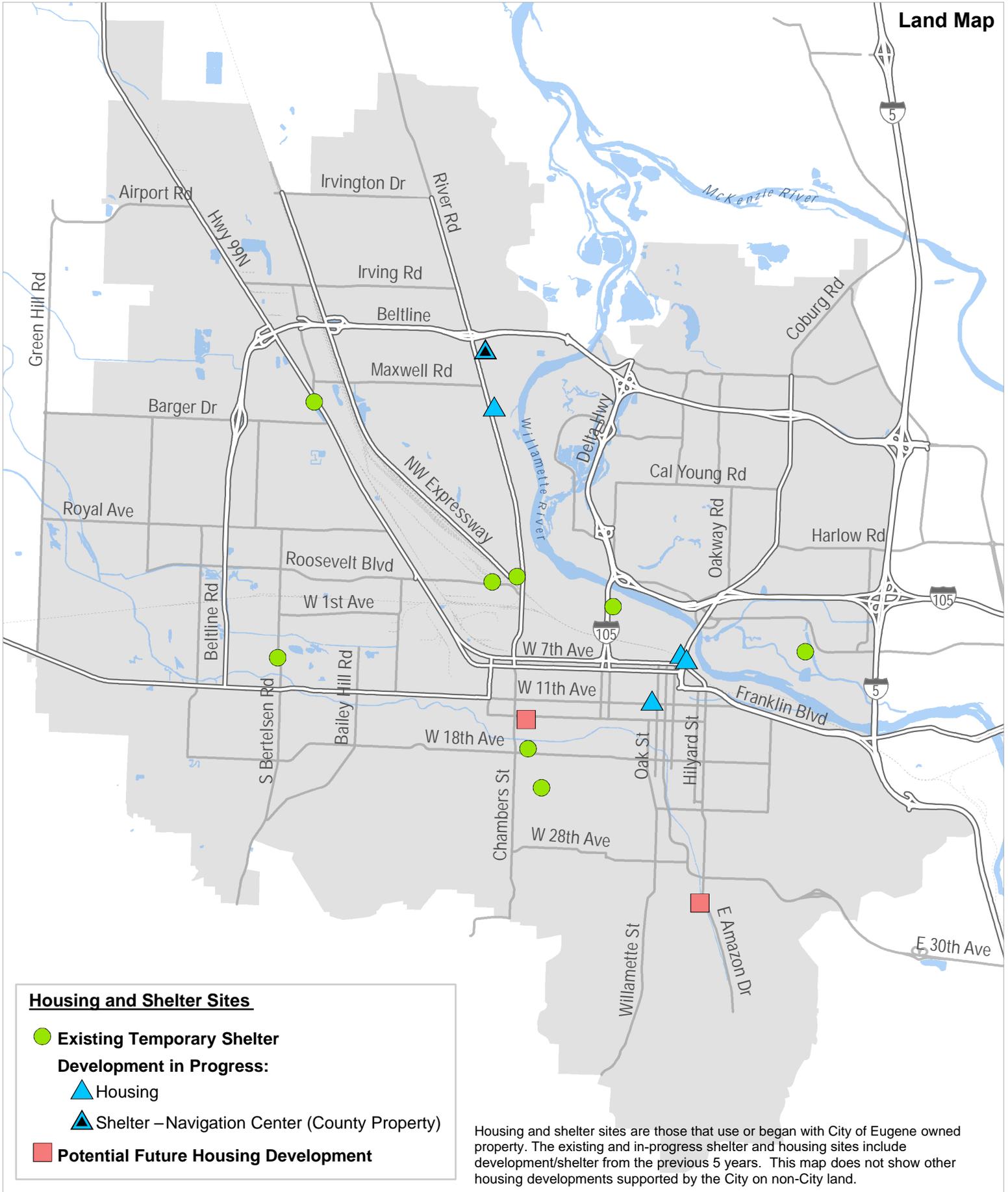
Notes

1. A "presumed" unit or bed is in a project that receives City support and has all of the funding needed to start construction. City RFPs that include City owned land are assumed to create "presumed" units. Presumed units are not guaranteed units, as any Affordable Housing project faces multiple challenges up to its completion.
2. A "contingent" unit or bed is in a project that receives City support but that does NOT have all of the funding needed to start construction. City RFPs that do NOT include City owned land and all PSH projects are assumed to create "contingent" units.
  - (a) all kinds of PSH. Single adult PSH (those that meet the TAC goal) = 51 units (Commons on MLK) for FY17-21.
  - (b) includes 0-80% AMI rental & homeownership units and new construction & preserved units. Split out in italics in the table.

**(c)** includes units in projects that have a mix of market rate and moderate-income units. Moderate income units are affordable to residents between 60-100% AMI.

**(d)** These are all downtown units that are modeled to receive direct City involvement.

**(e)** Units are listed based on the year that they are first available for leasing (as opposed to when a project is awarded funding or starts construction).



# Timeline of Potential Future Policy & Program Exploration



POLICY	IN PROGRESS	RESOURCES NEEDED TO START WORK	HIP PERIOD FY23-FY27					
			FY22	FY23	FY24	FY25	FY26	FY27
City Fee Assistance for Affordable Housing			■					
Transportation Options	■		■					
Anti-displacement: Renter Protections	■		■					
Middle Housing Code Amendments*	■		■					
Urban Reserves	■		■					
Low-Barrier Shelter and Navigation	■		■					
Tracking Costs of Unhoused Work	■		■					
Livability Code	■		■					
ADU Pre-Approved Plans	■		■					
Align Land Use Application Fees with Housing Affordability	■		■					
Growth Monitoring - Current Phase*	■		■	■	■			
Homeless Systems Transformation	■		■	■	■			
Expand Alternative Shelter	■		■	■				
SDC Implementation: Ongoing Methodology Updates		✓	■	■	■			
CAP 2.0- Green Housing Policy	■		■	■				
Downtown 50% increase in units		✓	■	■				
SDC Implementation: Communications		✓	■	■	■			
Clarify Eugene's role in Landlord Engagement		✓	■	■	■			
Housing Capacity Analysis + Production Strategy (Implementation of HB 2003)*		✓	■	■	■	■	■	■
Housing Policy Board Structure and Purpose		✓	■	■				
Housing and Compact Development chapters of the Comprehensive Plan		✓		■	■			
Climate Friendly & Equitable Communities Rulemaking Implementation*		✓		■	■	■		
Real Property Disposition Process		✓		■	■			
Anti-displacement: Action Plan		✓		■	■	■		
Anti-displacement: Homeownership Assistance		✓		■	■	■		
Anti-displacement: Inclusionary zoning		✓		■	■	■		
Anti-displacement: Middle housing incentives		✓		■	■	■		
Anti-displacement: Tax exemptions exploration		✓		■	■	■		
SDC Implementation: Credits and Financing		✓		■	■	■		
Aligning Land Use Diagram with the Zoning Map					■	■	■	
Growth Monitoring - phase 2		✓				■	■	■
Clear and Objective Criteria Update**	■							
Program Review Provided to Council			■	■	■	■	■	■

All HIP work will be conducted in concurrence with an Equity Lens in order to uphold the commitment to making Eugene a welcoming, inclusive, and safe community for everyone.

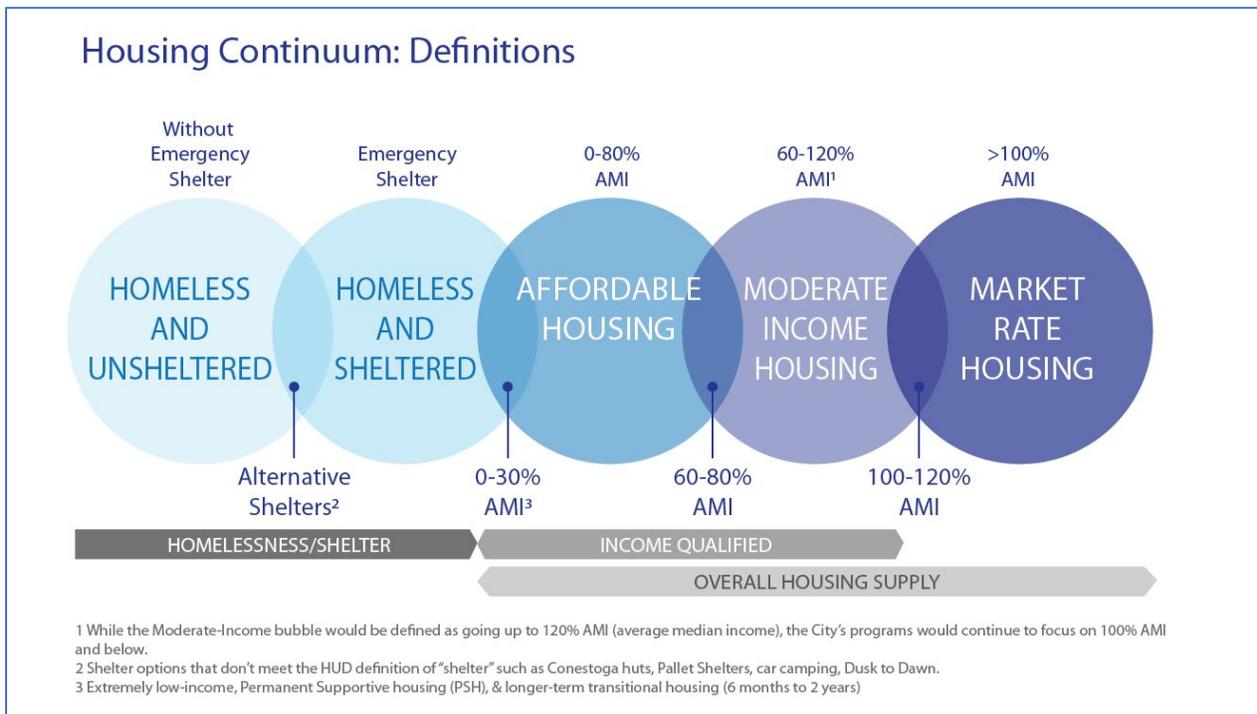
\* State Mandated

\*\* Council's adopted ordinance is on appeal at the Land Use Board of Appeals. End date is dependent on outcome of LUBA's decision.

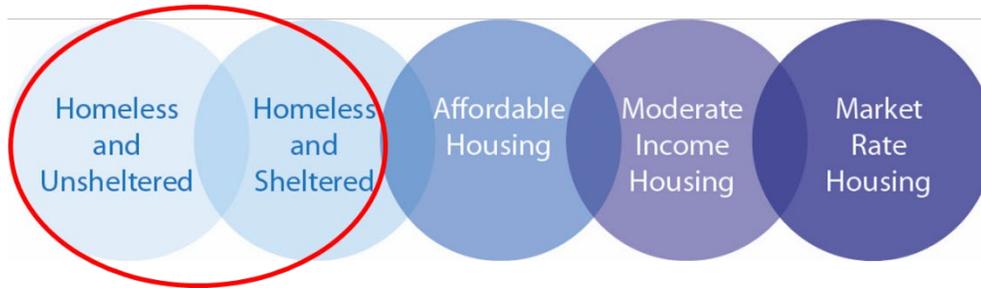
KEY	
■	Multi-Unit Property Tax Exemption
■	Rental Housing Code
■	Affordable Housing Trust Fund

**HIP GOALS SUMMARY – DRAFT**

The following draft goals are proposed as point-in-time outcomes for the Housing Implementation Pipeline (HIP). They also manifest the intent and anticipated collective impact of the various tools, resources and strategies described in the HIP. The goals are collected into three categories, in keeping with the continuum bubbles, and further divided into **immediate action** (two year goals) and **sustained impact** (five year goals). Council input on the goals will have significant effect on the trajectory of the rest of the HIP: if Council ratchets up the goals, then the tools and resources required will have to increase substantially for any chance of success; conversely, a reduction in the goals will reduce the need for early action. These goals were drawn from goals in existing plans/policy documents (e.g. the TAC report and Consolidated Plan) and additional specific goals were drafted based on recommendations from the Housing Tools and Strategies work and overall Council direction. Some of the goals are overlapping. For example, some of the income qualified housing units may occur downtown.



# Homelessness/Shelter



## **Immediate Action - Two Year Goals**

Over the next two years the City will focus on increasing access to shelter for people experiencing homelessness and helping to make the experience of homelessness rare, brief, and non-recurring by expanding the number of temporary shelter spaces through programs like [Safe Sleep Sites](#), [Rest Stops](#) and the new Emergency Shelter & Navigation Center. In addition to increasing access to shelter, the City will help increase the safety and stability of individuals by providing street outreach and support for people staying in camps.

- 1) **Increase stability and safety for individuals experiencing homelessness through provision of temporary shelter and supportive services:**
  - Add at least **250 new Safe Sleep Site spaces** between FY22 and FY23.
  - Partner with Lane County in completing the Emergency Shelter & Navigation Center which will add **75 low-barrier shelter beds** in a new permanent facility.
  - Increase stability (assessed via self-sufficiency matrix) for all individuals in City-sponsored shelter beds through connection to and utilization of supportive services.
  - Increase provider capacity to operate sites and provide supportive services.
- 2) **Increase the safety and stability of people experiencing homelessness and living outside by enhancing support services.**
  - Develop and deploy street outreach and support to unsheltered individuals to increase stability and access to supportive services.
  - Develop and implement a fully coordinated response protocol that is coordinated across all City program areas and with the broader homeless service system.

## **Sustained Impact - Five Year Goals**

In the next five years, the City will continue to work together with regional partners to implement a robust regional plan for building a high-functioning and integrated system of homeless supportive services. The City will also continue to build partnerships with community groups to better prevent individuals from entering homelessness.

- 1) **Participate in the implementation of a robust regional initiative to create a high-functioning and integrated system of homeless supportive services** to ensure:
  - Services are accessible across the spectrum of needs in the community, and current gaps in the homeless service system are filled
  - Individuals are matched appropriately to the resources and services they need through a highly-functioning coordinated entry system

- 2) **Increase community engagement in addressing homelessness by cultivating non-traditional partnerships that support people experiencing homelessness through the continuum of unsheltered to housed.** This collective action approach will likely be led by community partners, with participation from the City of Eugene and would focus on the creation of new, or alignment of existing, programs and services to prevent individuals from entering homelessness and quickly intervene in situations where people do become homeless. These programs and services will likely include:
- Innovative housing development
  - Improved access to health care services (general access, mental health, behavioral health)
  - Improved access to addiction services
  - Flexible funding for one-time diversion efforts
  - Workforce development
  - Federal and state advocacy

## Income Qualified Housing



### **Immediate Action - Two year goals**

Over the next 2 years, the City will bolster Eugene’s affordable housing stock by supporting housing developers to preserve and construct income-qualified units with a specific focus on increasing affordable rental and homeownership opportunities and developing new Permanent Supportive Housing units for people that are experiencing chronic homelessness.<sup>1</sup> In addition to Affordable Housing, the City will also be working on the 1059 Willamette mixed-income project in Downtown Eugene, but those units are not anticipated to open during this two-year period. Fair housing strategies or prioritizations will be embedded in each redevelopment to the greatest extent possible.

- 1) **Support Affordable Housing developers to preserve existing units and construct new units**
  - Target for Housing Preservation: **95 existing units**
  - Target for Housing Development: invest in **310 new units**
- 2) **Increase the number of Permanent Supporting Housing (PSH) units<sup>2</sup>**
  - Target for PSH: invest in **50 new units**
- 3) **Increase support for Affordable Homeownership: 120 units<sup>3</sup>**
  - Target for housing preservation: **60 existing units**
  - Target for housing development: invest in **60 new units**

<sup>1</sup> These projects are years in the making. The unit counts below represent the timing for when a unit becomes available for lease/sale (rather than when the City awards funds to the projects, when construction starts, or when a project is closed out in the Federal reporting system.)

<sup>2</sup> This number is also included in the “Target for Housing Development” total units included in item #1.

<sup>3</sup> This number is also included in the “Target for Housing Preservation” and “Development” totals in item #1.

4) *Potential additional goal if Council chooses to pursue the investment opportunity described in Attachment G: “City Fee Assistance for Affordable Housing.” The number of units would depend on the amount available for assistance:*

- *Secure Affordable units that are anticipated to receive investments through other City programs but that do not have all of the subsidy needed to start construction*
- *Invest in additional Affordable units for projects that are not already receiving other City support*

**Sustained Impact - Five year goals**

In the next five years, the City will continue supporting the construction and preservation of income-qualified housing. By FY27, the City will support the development of new Permanent Supportive Housing for single adults, while also utilizing City-owned land as redevelopment sites for Affordable Housing. In addition to Affordable Housing, the City anticipates supporting additional moderate-income housing in Downtown Eugene.

<b>% of Area Median Income</b> <i>(As of 6/1/2021)</i>	<b>1 Person Household</b>	<b>4 Person Household</b>
30 % AMI	\$ 14,950	\$ 31,040
60 % AMI	\$ 29,990	\$ 43,710
80 % AMI	\$ 39,990	\$ 56,950
100% AMI	\$ 49,990	\$ 71,190

**1) Continue investing in increasing the supply of Affordable Housing (0-80% AMI)**

- Target for Housing Preservation: **325 units** [175 rental; 150 ownership]
- Target for Housing Development: invest in **835 units** [210 PSH; 125 ownership; 500 rental]

**2) Support the development of Permanent Supportive Housing units in Eugene as part of the community's homeless systems transformation efforts: 263 units<sup>4</sup>**

**3) Support the development of moderate-income housing (60 – 100% AMI)**

- Target: 175 units
- *Potential additional units if Council chooses to pursue the investment opportunity described in Attachment G (“Increase Downtown Housing Units”) and target support for moderate-income units.*

**4) Contribute land to the creation of additional units**

- Utilize Federal Community Development Block Grant (CDBG) dollars for the existing landbank program to purchase two sites and complete Request for Proposals processes to select two projects
- Redevelop existing City-owned site(s)
  - i) 13<sup>th</sup> and Chambers
  - ii) 33<sup>rd</sup> and Hilyard (if a suitable replacement parcel for Land and Conservation Water Fund can be secured of equal recreational and dollar value)
- Redevelop existing Agency-owned site at the Downtown Riverfront (lot 2)

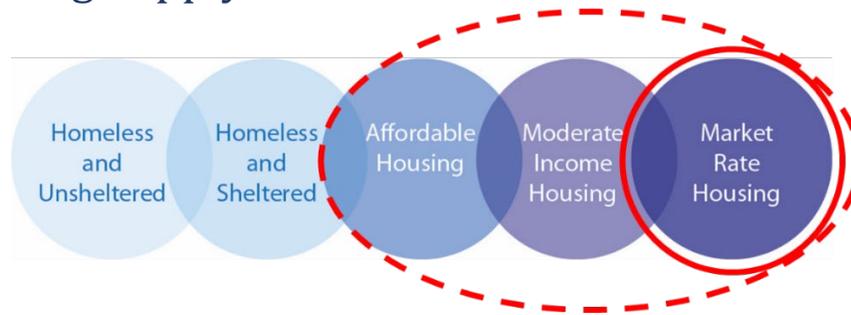
**5) Incorporate Fair Housing opportunities that specifically support protected classes through innovative housing strategies and prioritizations in each income-qualified redevelopment to the greatest extent possible**

- Investigate and leverage State and Federal program dollars
- Complete one new innovative project

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<sup>4</sup> This number is also included in the “Target for Housing Development” total in item #1. The Lane County Shelter Feasibility Study, also known as the TAC report, includes a goal of 350 PSH units for single adults in Lane County. This estimates 75% of the total 350 unit county-wide goal, or 263 units, for Eugene. Counting toward that goal is the Commons on MLK (51 units).

# Overall Housing Supply



## **Sustained Impact - Five year goals**

Eugene is facing a lack of housing that is affordable which is due in part to a lack of overall housing supply. While most housing is built by private developers, the City is committed to programs and policies designed to support the construction and provision of housing within Eugene. Staff propose three target goals over the next five years, that will begin to address the lack of overall housing supply in our community. Because of the unpredictability of the housing market and the time necessary for new projects to be developed, the City has only set five year goals.

### **1) Permit the construction of 6,000 housing units over the next 5 years**

A State Regional Housing Needs Analysis methodology found that Eugene will need to produce an average of 1,200 units/year to support Eugene’s expected population growth and address the existing shortage of units.<sup>5</sup> On average, the City has issued permits for over 800 dwellings per year since the year 2000 through 2020. The City will look to increase that average to 1,200 units permitted annually.<sup>6</sup>

### **2) Draft an Anti-Displacement Plan**

In a tight housing market, low-income and vulnerable Eugene residents are at risk of involuntary displacement. The City will look to create a development environment of growth without displacement by creating an Anti-Displacement Plan. Anti-displacement work is a commitment to achieving equitable housing access for all people in our community. To start this work, Staff have already begun collaborating with the community to strengthen renters’ protections, listening to and consulting with an Equity Panel, and developing a Housing Equity Lens toolkit.

### **3) Incorporate Housing Equity Lens tools and strategies in each policy and program area explored through the HIP to the greatest extent possible**

### **4) Increase the amount of housing downtown by 50% over the next 5 years; an increase of over 1,000 units**

This is one of the potential investment opportunities described in Attachment G. Downtown Eugene is the social, economic and cultural heart of the Eugene community. It produces more tax revenue than any other part of the city (on a per acre basis), which pays for services (like libraries, parks, roads and police) across the city. Compact development in the walkable and bikeable downtown area also reduces climate impacts, which is consistent with goals set by the City’s adopted Climate Action Plan 2.0.

<sup>5</sup> See link for full report: <https://www.oregon.gov/ohcs/about-us/Documents/RHNA/2020-RHNA-Technical-Report-Final.pdf>

<sup>6</sup> The growth monitoring program will be providing regular updates on how many new dwellings are issued each year

### Potential Additional Investment Opportunities

Two potential additional investment opportunities include: 1) City fee assistance for Affordable Housing projects and 2) increasing downtown housing units. Below is general information about each.

#### **Opportunity #1: Potential City Fee Assistance for Affordable Housing Projects**

*Background:* Affordable Housing projects are those with units rented or sold to income qualified households at or below 80% area median income. If the City provided additional assistance for the creation of Affordable Housing, more units could be developed. As with all affordable housing developments, projects need to be heavily subsidized in order to make them economically viable. Affordable housing subsidies often come from a combination of federal, state, and local sources. Typical contributions the City can offer to Affordable Housing projects can be divided into three buckets: Land bank site donated to the project, HOME/AHTF funds, and the Low-Income SDC Exemption Program. The City can also provide a 20-year property tax exemption for rental projects (LIRHPTE).

Several years ago, the Oregon State legislature made new funds available through the Oregon Housing and Community Services Department (OHCS) for affordable housing development and other changes increased local resources for development. As a result, the number of multi-family affordable housing developments proposed in Eugene increased significantly resulting in a high demand for the Low-Income SDC exemption program's limited resources. The Eugene Code imposes a cap of \$115,000 on the total amount of exemptions available annually for all projects within Eugene. (This amount is adjusted annually for any changes to the SDC base fee, currently, \$238,000). With this cap, an exemption is not guaranteed for all affordable housing developments that qualify. For perspective, the annual cap on low-income housing SDC exemptions is less than the average SDC fees for a 50-unit project. In FY20 and FY21, Council has allocated General Funds to pay SDC fees for specific affordable housing projects, most recently in the December 2020 Supplemental Budget. However, the appropriation process and timing through the supplemental budget process does not allow for the timely planning of project financing and thus creates uncertainty for affordable housing developers.

*Opportunity:* The availability of subsidies and predictability of the funds directly impacts the creation of new affordable units. Most Low-Income Housing Tax Credit or Permanent Supportive Housing type developments need all the subsidy layers to reach the target affordability. The City could use general funds and/or other resources to develop an ongoing City fee assistance program that could cover fees related to construction of Affordable Housing projects. This would create an additional and needed subsidy for the projects, while also continuing to fund the programs and activities those fees pay for (such as the infrastructure capacity for new growth). For example, the Transportation System Plan and Parks and Rec System Plan, and their companion SDC project lists, not only provide capacity for new development, they serve as integral plans to meeting the goals of Envision Eugene, the Climate Recovery Ordinance and the Climate Action Plan 2.0.

One consideration could be that the City provide fee assistance to enhance affordability in projects supported with other City investments, such as for every project awarded HOME and Affordable Housing Trust Fund dollars. An example of the need for this is the Grove on Garden Way, a 123-unit development proposed by Cornerstone Community Housing (CCH). The development was awarded State 9% Low Income Housing Tax Credits and other State resources. In May, Council awarded local Affordable Housing Trust Funds, and CCH will apply for a Low-Income Rental Housing Property Tax Exemption (LIRHPTE). Even with the subsidies already awarded, based on the estimate of total development cost, even with the subsidies additional resources are needed to complete the development financing. Without additional resources, the development may not be able to start construction.

Another option could be for the City to invest in a certain number of units each year that do not have other City direct contributions to the cost of development). An example of this type of investment is the Sarang, which is one site in a two-site Homes for Good development called RAD2. There were no federal HOME resources available to subsidize the development because HOME funds were used for other projects. The 49-unit development received a local subsidy of over \$280,000 in both SDC exemptions under EC 7.725 and SDC assistance from the 2019 December Supplemental Budget. The development received State resources and Federal resources available to public housing authorities, but no other local subsidies. The SDC assistance was critical to completing the development financing.

*Approximate Cost & Outcome:* The cost would depend on the goals the City wants to reach. If the City were to make an additional investment in Affordable Housing projects through a commitment of funds to be used to assist Affordable Housing developers with pay fees associated with construction, more units in the pipeline would no longer be contingent units (as shown in Attachment C) but instead be presumed to have all the funding needed to start construction.<sup>1</sup> To secure those contingent PSH and Affordable Housing units (approximately 700 over the HIP Period as shown in Attachment C) and fund 50 units a year in projects (a total of 225 units) that only receive fee assistance from the City, an estimated \$1.3M would be needed on average per year during the HIP Period.

### **Opportunity #2: Potential Investment to Increase Downtown Housing Units**

*Background:* Downtown Eugene is the seat of local government and the commercial and cultural core of the region. It is also home to a growing number of Eugeneans. Currently, there are approximately 2,150 housing units in the Downtown Plan boundary, of which more than 20% are Affordable Housing. Despite community benefits from a strong residential presence downtown (see below), new residential construction faces a number of competitive disadvantages, particularly financial challenges, compared with development in other parts of the city:

- Downtown land is more expensive than land in other parts of the city. Developers mitigate this challenge with denser, more vertical projects; however, these buildings typically require a more robust construction type than one or two-story structures. Buildings in close proximity to their neighbors have higher standards for fire rating.
- Downtown sites are often constrained construction sites. The lack of 'elbow room' means more complicated logistics for the builder to manage. The sites often don't have readily available (on-site) staging areas and have a higher likelihood of needing street/sidewalk closures compared to construction in other neighborhoods.
- Subcontractors working in an urban setting increase their bids to cover the added costs of parking off-site and keeping their trucks and equipment locked and secure.
- Even though dense development patterns play an important role in minimizing the need for urban expansion, buildings that fill most or all of their site can have a harder time meeting requirements for impervious surfaces / stormwater management, and may have to use costlier methods for compliance.

Prior support for downtown housing has come in multiple forms, especially 1) Affordable Housing investments (HOME funds, LIRHPTE exemptions, etc.), 2) tax exemption under the MUPTE program, and 3) policy (the removal of parking minimums in the downtown exempt zone). These tools have led to the

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<sup>1</sup> A "contingent" unit is in a project that receives City support but that does NOT have all of the funding needed to start construction. City RFPs that do NOT include City owned land and all PSH projects are assumed to create "contingent" units. Presumed units are not guaranteed units, as any Affordable Housing project faces multiple challenges up to its completion.

creation of the majority of the housing units in downtown today, including Broadway Place, First on Broadway, Aurora, and West Town on 8<sup>th</sup>.

Recent City investment in housing downtown includes 1059W and downtown riverfront.

- 1059 Willamette will be a mixed-income housing pilot, meaning that at least 51% of the units must be affordable to households earning 80% of area median income. In 2020, the Agency Board passed a motion to make \$700K of Urban Renewal funds available with the Request for Proposals that could be used to pay for pre-development costs, such as permit fees, or system development charges. City Council will consider deal points for the selected project on October 20, 2021.
- In 2018, the Agency purchased 16 acres of Downtown Riverfront property from Eugene Water and Electric Board using Riverfront Urban Renewal funds. Redevelopment of this site has been a part of the community's vision for many decades, reinforced through the 2010 EWEB Riverfront Master Plan. The redevelopment includes the creation of a world-class public park and a high-quality development that provides economic and housing opportunities that range from market rate units to an affordable housing development (approximately 425 to 1,000+ units).

*Opportunity:* Eugene's population is expected to grow, and that new population will need to be housed. The City's 20-year growth management plan, known as Envision Eugene, anticipates that all new housing will be built inside the current urban growth boundary on vacant and partially vacant lands and through redevelopment. Encouraging relatively dense housing in the downtown core is one critical way to provide housing for our growing community. Increasing the number of housing units in the downtown achieves other policy goals:

- **Climate recovery.** A high priority action item in the Eugene Climate and Energy Action Plan is to increase density around the urban core and along high-capacity transit corridors. National data show that individuals living in city centers drive fewer miles, on average, than individuals in other parts of a community. Downtown is walkable, has good access to transit, and offers goods and services for residents' daily needs. More residents in the downtown will result in lower per capita carbon emissions and other automobile emissions.
- **Vibrant downtown.** Housing in the downtown core positively affects the economic activity in the city center. New residents in the downtown increase demand for nearby goods and services, supporting a diversity of local businesses. Occupied buildings enhance the overall vibrancy of the downtown, which further attracts more residents and businesses. Residents help to establish a 24-hour neighborhood, putting more eyes and ears on the street, discouraging crime. The relatively low number of residential units downtown has been especially noticeable during the coronavirus pandemic, when community members have spent a significantly larger percentage of their time at home and in their neighborhood.
- **Fiscal sustainability.** Dense development in the downtown core generates substantially more tax revenue per acre than any other part of the city, as shown in the chart below. The dense development costs less to serve—the cost per resident for roads, water, and sewer are significantly lower.

Continued use of the existing tools will most likely lead to further increases in downtown housing consistent with the past trend of gradual growth. The City could alter this trajectory to develop more new units in order to support these policy goals by adding additional tools to support downtown housing.

*Approximate Cost & Outcome:* As with the Affordable Housing projects, the cost will depend on the goals the City wants to reach, specifically, how many and what kind of housing units should be added to downtown during the HIP period. Based on the quantity of existing downtown housing units, the current pipeline of projects and the importance of the policy goals noted above, staff has included the goal of a 50% increase as a working goal in the initial HIP materials. This number could shift up or down depending on the desired impact and the resources available. Given the current mix of downtown housing, these tools could focus on the creation of more mixed-income projects and market rate projects.