



Eugene City Council

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EUGENE CITY COUNCIL AGENDA

March 8, 2021

**5:30 p.m. CITY COUNCIL WORK SESSION and
MEETING OF THE EUGENE URBAN RENEWAL AGENCY**

Due to Governor Brown's Stay Home, Save Lives Executive Order to combat the spread of Covid-19, this meeting will 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>

**Meeting of March 8, 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

5:30 p.m. CITY COUNCIL WORK SESSION

- 1. WORK SESSION: An Ordinance Concerning Clear and Objective Approval Criteria for Housing; Amending Sections 9.0500, 9.2181, 9.2471, 9.2520, 9.2687, 9.2751, 9.2761, 9.3216, 9.3221, 9.3626, 9.3725, 9.4830, 9.5750, 9.6010, 9.6710, 9.6810, 9.6815, 9.6820, 9.6845, 9.6865, 9.6885, 9.7007, 9.8030, 9.8045, 9.8055, 9.8085, 9.8090, 9.8100, 9.8105, 9.8205, 9.8210, 9.8215, 9.8220, 9.8310, 9.8320, 9.8325, 9.8360, 9.8365, 9.8440, 9.8445, 9.8505, 9.8510, 9.8515, and 9.8520 of the Eugene Code, 1971; Adding Section 9.5860 to That Code; and Providing an Effective Date (City File CA 20-4)**
- 2. WORK SESSION: Riverfront Urban Renewal Follow-Up #2**

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.

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or visit us online at www.eugene-or.gov.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: An Ordinance Concerning Clear and Objective Approval Criteria for Housing; Amending Sections 9.0500, 9.2181, 9.2471, 9.2520, 9.2687, 9.2751, 9.2761, 9.3216, 9.3221, 9.3626, 9.3725, 9.4830, 9.5750, 9.6010, 9.6710, 9.6810, 9.6815, 9.6820, 9.6845, 9.6865, 9.6885, 9.7007, 9.8030, 9.8045, 9.8055, 9.8085, 9.8090, 9.8100, 9.8105, 9.8205, 9.8210, 9.8215, 9.8220, 9.8310, 9.8320, 9.8325, 9.8360, 9.8365, 9.8440, 9.8445, 9.8505, 9.8510, 9.8515, and 9.8520 of the Eugene Code, 1971; Adding Section 9.5860 to That Code; and Providing an Effective Date (City File CA 20-4)

Meeting Date: March 8, 2021
Department: Planning & Development
www.eugene-or.gov

Agenda Item: 1
Staff Contact: Jenessa Dragovich
Contact Telephone Number: 541-682-8385

ISSUE STATEMENT

This work session is an opportunity for City Council to receive a project overview in advance of the public hearing on the proposed Clear and Objective Housing Approval Criteria land use code amendments the same evening.

BACKGROUND

As part of the Envision Eugene urban growth boundary (UGB) process, in 2015, City Council initiated several projects. These included establishing a baseline UGB, establishing urban reserves, growth monitoring and updating the City's needed housing (clear and objective) regulations. Related to the City's needed housing regulations, the Council specifically directed an update of the City's procedures and approval criteria for needed housing (clear and objective) applications, following the adoption of the UGB.

Through this project, Eugene's existing clear and objective approval criteria have been reevaluated for potential updates. Proposed updates were crafted based on the following goals:

- accommodate housing on lands available within our current UGB
- provide a clear and objective path to land use approval for all housing as required by State law
- guide future housing development in a way that reflects our community's values

The project has identified land use approval criteria and procedures to be updated, added, or removed to improve efficiency in complying with State requirements for clear and objective regulations, while still effectively addressing development impacts.

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As a reminder, state law requires that local governments adopt and apply clear and objective standards, conditions, and procedures regulating the development of all housing. The intent of this requirement is to ensure that communities provide a predictable path to approval for housing projects and that path does not rely on discretionary or subjective criteria. This may include development standards such as setbacks and building height that apply to housing at the time of building permit, as well as land use application criteria that apply to land use applications, such as subdivisions, for the development of housing.

Cities that provide a clear and objective land use application approval path may also adopt alternative or “discretionary” approval criteria that developers may elect to follow, for example to allow greater flexibility in housing development proposals. Eugene has a two-track system currently, and this project is focused on the existing clear and objective approval criteria for our conditional use, partition, planned unit development (PUD), site review, and subdivision applications – currently called the Needed Housing tracks.

The Clear & Objective Update was formally kicked-off in 2018 and has consisted of four phases. The project was designed to provide incremental review of proposed code changes, with public involvement and review by Planning Commission and City Council provided during each phase of the project. Stakeholders helped identify significant issues in Phase 1, helped generate possible concepts in Phase 2, and had opportunity in Phase 3 to weigh in on draft amendments. Planning Commission and City Council check-ins have occurred at key project milestones. Phase 4, currently underway, is the formal adoption process. The public had opportunity to provide input on the draft amendments during the Planning Commission public hearing process and has another chance through the public hearing before City Council.

A summary of the proposed amendments is provided in Attachment A. The draft ordinance is provided as Attachment B.

Public Involvement

The Clear & Objective Update was intentionally designed to have an iterative review process with public involvement opportunities throughout the project phases. The level of engagement has varied with the requirements of each project phase. Throughout the process, we’ve kept the public informed about the status and the outcomes through emails to interested parties, newsletter updates, and the project website.

Extensive input was gathered early on by consulting with and involving key stakeholders. This group included users of the land use code, housing providers, staff, and people affected by the outcomes of development. With a technical code amendment project such as this, broader input and involvement opportunities occur early as key issues are identified and concepts for addressing them generated. Next, the project moved on to the more technical draft code writing and formal adoption phases. During these latter phases, most testimony received was from interested parties who work directly with the land use code on a regular basis. Staff and Planning Commission evaluated and responded to all input thoughtfully, appreciative of the time and effort stakeholders contributed to help draft meaningful and realistic code changes.

As noted above, the project was intentionally designed to allow incremental review from Planning Commission and Council as well as the public. A complete list (with webcast links) of the 22 previous Planning Commission and City Council meetings related to the project is included as Attachment C.

Procedural Summary for Adoption of Land Use Code Amendments

This proposed code amendment is subject to Type V application procedures from the Eugene Code (EC [9.7500](#) through EC [9.7560](#)) for the upcoming public hearing, as well as the applicable approval criteria from EC [9.8065](#). These application procedures provide for a legislative review of changes to the land use code. The process includes public notice and hearing before the Planning Commission, which forwards a recommendation to the City Council for a final public hearing and action.

Planning Commission Review Process/Recommendation

Notice for the public hearing before Planning Commission was conducted consistent with applicable requirements of the Eugene Code. This includes notice sent to Eugene neighborhood organizations, the Oregon Department of Land Conservation and Development, Lane County, the City of Springfield, and other community groups and individuals who requested notice. Notice was also published in the Register Guard. In addition to the required public notice, staff has maintained a webpage and interested parties list for the duration of the project and has provided regular updates of important dates and opportunities for public comment, including the public hearing.

Following the public hearing on [October 20, 2020](#), the Planning Commission held five deliberation meetings. The Commission thoroughly reviewed and refined the draft amendments using a thoughtful approach that considered public input and sought to balance multiple community values. The Planning Commission voted unanimously (7-0) to recommend City Council approval of the proposed amendments, with refinements that have been incorporated into the draft Ordinance. Attachment D is a memorandum from the Planning Commission to City Council that provides additional context and insight into the Commission's review and recommendation.

City Council Process

Consistent with Eugene Code requirements, notice of the City Council public hearing was mailed on February 23, 2021 to anyone who submitted written or oral testimony in a timely manner during the Planning Commission hearing procedures and anyone who requested notice of the Planning Commission's recommendation. Any written comments received after the preparation of this agenda item summary will be provided to the City Council prior to the public hearing for inclusion into the public record. City Council action is currently scheduled for April 12, 2021.

PREVIOUS COUNCIL DIRECTION

[May 30, 2018, Update](#)

[November 26, 2018, Work Session](#)

Move to advance the maintenance concepts and the significant concepts identified in this AIS as less complex to the draft land use code writing phase. *(Motion passed)*

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January 23, 2019, Work Session

Move to advance the preferred concepts identified in Attachment B to this AIS, as supported by Planning Commission, to the draft land use code writing phase. *(Motion passed)*

May 20, 2019, Work Session

Move to advance draft land use code language substantially consistent with Attachment C to this AIS but also reflecting Planning Commission discussion regarding tree preservation, 300-foot setback, 20 percent slope and quarter-mile open space to the formal adoption process. *(Motion passed)*

ATTACHMENTS

- A. Summary of Proposed Amendments
- B. Draft Ordinance
- C. Links to Planning Commission and City Council Meetings
- D. Memo to City Council from the Eugene Planning Commission

See the Agenda Item Summary for the March 8, 2021 Public Hearing for the attachments referenced above.

The project website at <https://www.eugene-or.gov/3947/Clear-Objective> contains background information and documents associated with this project.

FOR MORE INFORMATION

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EUGENE AGENCY BOARD AGENDA ITEM SUMMARY



Work Session: Riverfront Urban Renewal Follow-Up #2

Meeting Date: March 8, 2021
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Amanda Nobel & Will Dowdy
Contact Telephone: 541-682-5535

ISSUE STATEMENT

This work session will provide the Urban Renewal Agency Board (Agency Board) with the opportunity to learn about the current financial status of the Riverfront Urban Renewal District (District) and to have an initial discussion of the four projects that could be pursued in the near future, as requested by the Agency Board.

BACKGROUND

Since the last time the Board held a work session on the District on October 28, 2019, a new Disposition and Development Agreement (DDA) has been signed with Williams/Dame & Associates (WDA), the new park and phase 1 of the infrastructure are under construction, and a pandemic and recession has impacted available financial resources to the Agency and City. Staff will update the Agency Board on the financial status of the District and provide the follow-up information that the Agency Board requested on four potential projects.

District Financial Capacity

During the work session, staff will review the District's financial status. The most important take-away is that after paying for (a) the phase 1 infrastructure, (b) the Downtown Riverfront Park, (c) the three railroad quiet zone crossings inside the District (except for \$400,000 of that cost [used for purchase of the MGP site], which still must be backfilled), (d) the initial design work for the Downtown Riverfront Plaza, and (e) borrowing and interest costs, **current financial projections show there are no urban renewal funds available to undertake other projects until property is sold.**

The forecast in Attachment A, considers the estimated property tax revenues through the termination of the District's tax increment financing (scheduled in the District's plan for FY24), as well as the anticipated proceeds from the sale of property to WDA, summarized below.

- Under the new DDA, WDA will pay approximately \$11.1 million for the parcels that it will purchase. Those payments are scheduled to occur during three separate closings, with the first scheduled for September 2021 (approximately \$4.4 million); the second for December 2022 (approximately \$3.1 million); and the third for December 2023 (approximately \$3.6 million). Per the DDA, should WDA complete its due diligence and choose to move forward with the purchase, they will provide a non-refundable deposit in the amount of \$4.5 million

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in March 2021. Until that non-refundable \$4.5 million deposit is paid into escrow, there is the possibility that WDA does not move forward with the purchase.

- Part of the WDA property sales proceeds have been designated to pay for phase 2 of the infrastructure project; that phase 2 infrastructure is necessary to make parcels 9 and 10 and the Steam Plant development ready. On December 14, 2020, the Agency Board approved a supplemental budget appropriating funds for phase 2, contingent on WDA depositing the \$4.5 million. In addition, some of the property sales proceeds are needed to replenish initial funds for construction of the Riverfront Plaza and the River Loans program, and for repayment of the \$2 million loan from two City assessment funds that Council approved to enable phase 1 of the infrastructure to move forward in May 2020. Sales proceeds could also be used to replenish the Quiet Zone funding for the three eastern crossings that will be used for MGP acquisition (\$400,000) or the City can find another source of funds for that.
- After taking into account the planned – but not yet budgeted – expenditures in the preceding bullet, there is approximately \$2.4 million of anticipated property sale revenue available for future investments. Unless the Agency Board chose to augment those resources, the \$2.4 million would be the maximum amount that the Agency Board could spend on the four projects for which the Agency Board requested additional information (and described below).

Potential Projects

At the October 28, 2019 work session, the Agency Board asked staff to come back with additional information on four specific projects and possible funding options. Those projects are: (1) the Steam Plant redevelopment; (2) parking options to serve the Downtown Riverfront, including the Steam Plant and the Park; (3) additional funding for the Riverfront Plaza project to meet the community's vision; and (4) an affordable housing project. Attachments B through E contain information about those projects and possible funding strategies for them. A map is in Attachment F. During the work session, staff will review each of the projects in more detail. The following table summarizes the potential public investment for each of the projects.

The \$2.4 million that is projected to be available (from the WDA sales proceeds, after all necessary project costs are accounted for) is insufficient, by itself, to cover the above public investments. This work session is an opportunity for the Board to have an initial discussion of the projects, as well as an opportunity to consider exploring other potential funding options for the four projects.

NEXT STEPS

As noted above, staff will return to the Board for a work session on April 14 to discuss the Steam Plant project in more detail, including possible deal points. Later in the Spring, staff also intend to meet with the Board to discuss each of the other projects in more detail.

PREVIOUS COUNCIL DIRECTION

[April 15, 2019, Work Session](#)

Agency Board approved funding for park of \$8M, initial plaza funding of \$4M, and directed the Agency Director to come back to discuss funding strategies for other potential projects within the Riverfront District.

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October 28, 2019, Work Session

Staff presented information on remaining Riverfront District resources, and possible uses of those resources. The Agency Board asked for staff to come back with more information on four specific projects (Affordable Housing, Steam Plant, Plaza, and parking) and overall funding strategy information.

May 20, 2020, City Council and Agency Board Meetings

The City Council and Agency Board adopted the Supplemental Budget, funding phase 1 of the infrastructure, to provide access to the Downtown Riverfront Park.

December 14, 2020, City Council and Agency Board Meetings

The Agency Board adopted the Supplemental Budget, which funds phase 2 of the infrastructure, contingent on WDA's paying a non-refundable deposit of \$4.5M.

Additionally, the City Council and Agency Board passed a motion to negotiate and sign a Purchase and Sale Agreement for the Agency's acquisition of the MGP site from EWEB for \$400k using riverfront urban renewal funds.

ATTACHMENTS

- A. Riverfront District Financial Capacity
- B. Steam Plant Additional Information
- C. Plaza Additional Information
- D. Affordable Housing Additional Information
- E. Parking Additional Information
- F. Downtown Riverfront: Projects Map

FOR MORE INFORMATION

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Riverfront District Financial Capacity

Prior to sale of any Riverfront Property

Projects funded

- Phase 1 infrastructure (including borrowing costs, principal, and interest on the City's \$12 million bond issuance)
- Quiet Zone 3 Eastern Crossings (except for \$400,000 used for MGP property acquisition)
- MGP property acquisition from EWEB
- Riverfront Park
- Initial design work for Plaza

The projected amount of urban renewal resources shows that there is NO money remaining for new projects

- Until property is sold or other resources are identified, no additional projects can be funded with urban renewal dollars

After sale of property to developer

Expected sales proceeds	\$11.1M
Other miscellaneous revenues (e.g., additional property taxes)	\$ 0.1M

Funding previously designated from sales proceeds¹

Repay phase 1 loan from City funds	\$ 2.0M
Replenish initial Plaza construction	\$ 2.1M
Replenish Riverfront Loan Program	\$ 1.0M
Phase 2 infrastructure	\$ 3.7M

Projected urban renewal resources available for new projects \$ 2.4M

Current urban renewal property tax projections through FY24 show that tax increment revenues will be sufficient to repay the City's phase 1 infrastructure borrowing. However, it is important to note that expected land sale revenues are a potential source of repayment funds for this borrowing in the unlikely event that tax increment revenues come up short. The Intergovernmental Agreement between the City and the Agency sets out the terms of the construction and financing of the phase 1 infrastructure. The Agency agreed to provide the City with tax increment revenues, as available, to pay the principal, interest, and other costs of the City borrowing. If tax increment revenues are insufficient, the Agency will use proceeds from the sale of one or more of the lots in the redevelopment site to provide the City with the funds to repay the borrowing.

¹ May 2020 Supplemental Budget decision for Phase 1 infrastructure & December 2020 Supplemental Budget for Phase 2 infrastructure, which is contingent upon getting the non-refundable deposit from developer in March 2021.

Steam Plant – Additional Information

This attachment provides background information on the Steam Plant project, including estimated public investment and a summary of funding strategy information.

The Steam Plant is part of the 16+acres of Downtown Riverfront property purchased from EWEB in April 2018. The building was the oldest of EWEB's operational buildings and is the only remaining structure. Constructed in 1931, the 28,000 square foot multi-story masonry building was used to generate standby electrical power and provide heat to downtown businesses. Steam Plant operations ceased in 2012 and the building is currently vacant. Located prominently on the banks of the Willamette River, the Steam Plant has the potential to be an important landmark that connects Eugene's future to its past – and anchor the southern end of the Downtown Riverfront redevelopment.



Following a Request for Qualifications/Proposals process, in 2019 the Agency Board directed the Agency Director to enter into negotiations with the development team led by Mark Miksis and Mark Frohnmayer (Dream Plant LLC) for the redevelopment of the Steam Plant. The team proposes to save and adaptively re-use the Steam Plant, transforming it into a vibrant mixed-use center. The ground floor would look out to the river, drawing the community in for art, music, food, and drink. The upper levels of the building would provide the fiscal foundation to make the redevelopment feasible, such as office or residential uses. The Dream Plant team is exploring the financial feasibility of the possible options.

Adaptive re-use of the existing building is ambitious, facing extraordinary challenges that include environmental, seismic, and financial obstacles. Because of those obstacles and the cost to address them, the Steam Plant has a negative value and the project is only feasible with the financial support of the Agency/City. The potential Agency/City support could involve providing the land at no cost, paying the System Development Charge fees (SDCs), asbestos abatement, and parking¹. The amount of financial assistance needed from the Agency (or other governmental entities) is estimated to be at least \$3 million [which includes approximately \$500,000 for the transmission line rerouting explained in Attachment C, and approximately \$1 million for parking (not including land acquisition costs, if any) explained in Attachment E]. Construction start is estimated for FY23 or later (within 2 years of deal points approval).

¹ The Steam Plant parcel itself can fit about 25 parking spaces, but the development team says they will need access to 150 parking spaces to accommodate the redevelopment proposal the Agency Board selected on April 24, 2019.

Staff have been working with the development team to draft deal points for consideration by the Agency Board. A work session for the Board to discuss the deal points is tentatively scheduled for April 14.

Summary of Funding Options for the Steam Plant

The table below provides categories of potential funding sources and a preliminary assessment of each funding source's advantages and disadvantages. Funding has not yet been identified.

Funding Type	Description	Summary of Issues to Consider
Urban Renewal Agency		
Existing Urban Renewal Funds	After paying for (a) the phase 1 infrastructure, (b) the Downtown Riverfront Park, (c) the three railroad quiet zone crossings inside the District (except for \$400,000 of that cost to be used for purchase of the MGP site, which must be backfilled), and (d) the initial design work for the Downtown Riverfront Plaza, there are no urban renewal funds available to undertake other projects until property is sold. The sale proceeds will be used for phase 2 infrastructure; replenishing the Plaza initial construction funds and the River Loans program; and paying off the City assessment loan – all as reviewed by the Agency Board at the May 2020 Supplemental Budget. After taking into account those expenditures, there is approximately \$2.4 million of projected property sale revenue available.	The forecasted to be \$2.4 million of property sale revenue available for projects is insufficient to fund all four projects (Steam Plant, parking, plaza, and affordable housing). Use of these limited urban renewal funds for this project could make it more difficult to find funds for one or more of the other projects.
Extend Existing Urban Renewal	The Riverfront District's receipt of tax increment revenue from property taxes will cease at the end of FY24 on June 30, 2024. Current projections show that the District will not collect enough tax increment revenue to reach the spending limit (aka "maximum indebtedness") before property tax collection is terminated. The potential uncollected amount is currently estimated at \$2.6 million, which could be collected within approximately one to two years beyond FY24.	The current Riverfront Urban Renewal Plan sunset date would need to be amended by Council to access the full amount of spending limit authorized by the Plan. Alternatively, a different type of plan amendment could extend this funding source by increasing the spending limit. A plan amendment requires a public process and takes approximately six months. There is risk that the plan amendment ordinance would not be supported by the overlapping taxing districts or would be referred by voters. For larger public investments, this could provide significant funding without raising taxes.

Funding Type	Description	Summary of Issues to Consider
State or Federal Sources		
State or Federal Grants	Possible funding source, depending on what recovery funding is released and what eligibility requirements are involved.	Grants can be uncertain in terms of timing and amount. So far, this project has not been a good fit for CARES or other recent State/Federal funding opportunities. It is unlikely there will be State funds available to support the Steam Plant during the upcoming session. Should recovery funds become available for which the Steam Plant would be eligible, the City could pursue the opportunity but there are no guarantees that the City would be able to secure it.

Plaza – Additional Information

This attachment provides background on the Downtown Riverfront Plaza project, including estimated costs and a summary of funding information. This attachment also provides information on the potential rerouting of the transmission lines currently located within the Park.

Downtown Riverfront Plaza: As part of the 16+ acre Downtown Riverfront development, approximately one acre is reserved for a public plaza adjacent to the Riverfront Park that is currently under construction. The Plaza, as envisioned by the community, will have flexible programmable areas for market tents, community events, and kids play, and will serve as the heart of the new Downtown Riverfront neighborhood. (This is separate from the Southern Plaza that is next to the Steam Plant, the concept for which includes an outdoor seating area, landscaping, and river viewing areas.)



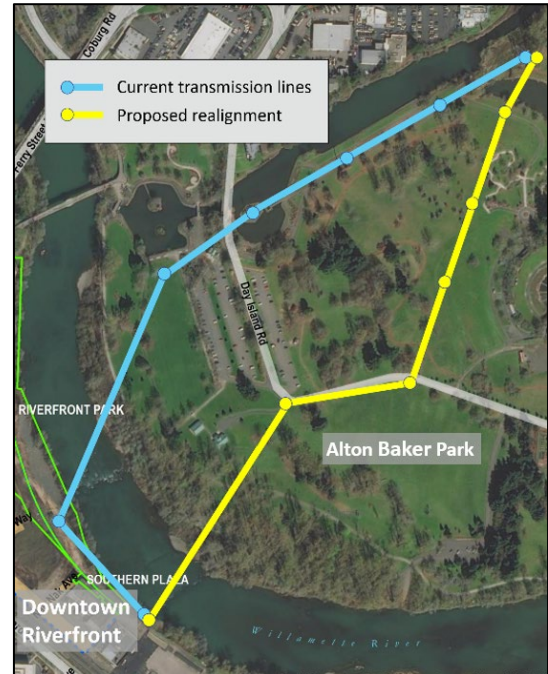
In 2019, the Agency Board approved initial funding for the Plaza of \$4 million. It has partially been used to fund initial design work and the Plaza's share of the phase 1 infrastructure project, leaving \$2 million for future design/construction. Staff have been working with a consultant team to develop Plaza design scenarios including one that meets the community's vision for urban park amenities. The early cost estimates to design and build-out this vision would be an additional \$4.5 million. With this level of funding, the Plaza features would include amenities such as an interactive water play or fountain feature, an expanded children's play area, interpretive artwork, and paved plaza surfacing for flexible programming.



Without the additional funding and using the remaining \$2 million already allocated for design/construction, the Plaza would have neighborhood park level amenities, including paths, lawn, trees, site furniture, and lighting. Notably, the playground and any type of interactive water feature or interpretive art components would be excluded from the project and would fall short of the community's vision of this urban park space.

The Funding Summary table below outlines the potential funding sources and tools the City/Agency could choose to use for an urban Plaza. (This is separate from the Southern Plaza that will be funded with Parks SDCs.)

Transmission Lines: To support EWEB's long-term utility goals and the experience of future visitors to the area, the City and EWEB are exploring the possibility of rerouting the overhead lines that run from the electrical tower in the Park, south along the river next to the Southern Plaza, and that service the adjacent Willamette substation. The proposed reroute includes realigning the service lines within Alton Baker Park to cross the river directly in alignment with a new pole that would be immediately adjacent to the substation. The existing Riverfront Park tower could then be removed, opening views at the southern end of the park and in front of the Steam Plant and creating more passive open space in those places. The realignment within Alton Baker Park would move the towers and lines away from the canoe canal creating a safer maintenance environment for EWEB, benefitting wildlife along the canal, and supporting EWEB's long-term resiliency plans. EWEB's early cost estimate for the project is about \$1.2 million and staff have had preliminary conversations about the City/Agency potentially contributing about \$500,000 for the work that would occur on the Downtown Riverfront side of the river. EWEB estimates that this transmission line rerouting work could be constructed in FY23 or later.



Summary of Funding Options for Downtown Riverfront Plaza & Transmission Lines Rerouting

The table below provides categories of potential funding sources and a preliminary assessment of each funding source's advantages and disadvantages. Funding has not yet been identified.

Funding Type	Description	Summary of Advantages/Disadvantages
City of Eugene		
Parks SDCs	Parks System Development Charges (SDCs) are collected on all new development in the City and used to fund park construction and rehabilitation required to support new development. Park SDC fees are set based upon an approved project list. For eligibility, the project work needs to be listed on the approved SDC project list. An updated Parks SDC methodology and project list was recently adopted by Council.	Funds available are dependent upon local economic conditions and are budgeted and prioritized to assure a match for Bond measure projects and equitable distribution across the community. The Plaza project is included on the list and is eligible at 100% for SDC funds. The FY22-27 CIP will be adopted by Council in the spring of 2021 and will include \$1.5 million for the Southern Plaza (available in FY26). It is questionable whether the transmission line rerouting is eligible for SDCs funds. (If it is, it would be at 10% of the total project cost.) Regardless staff does not recommend using limited Park SDCs or modifying the CIP for the transmission line rerouting at this time.

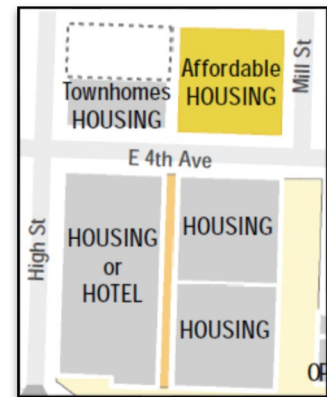
Funding Type	Description	Summary of Advantages/Disadvantages
Urban Renewal Agency		
Existing Urban Renewal Funds	After paying for (a) the phase 1 infrastructure, (b) the Downtown Riverfront Park, (c) the three railroad quiet zone crossings inside the District (except for \$400,000 of that cost to be used for purchase of the MGP site, which must be backfilled), and (d) the initial design work for the Downtown Riverfront Plaza, there are no urban renewal funds available to undertake other projects until property is sold. The sale proceeds will be used for phase 2 infrastructure; replenishing the Plaza initial construction funds and the River Loans program; and paying off the City assessment loan – all as reviewed by the Agency Board at the May 2020 Supplemental Budget. After taking into account those expenditures, there is approximately \$2.4 million of projected property sale revenue available.	The forecasted to be \$2.4 million of property sale revenue available for projects is insufficient to fund all four projects (Steam Plant, parking, plaza, and affordable housing). Use of these limited urban renewal funds for this project could make it more difficult to find funds for one or more of the other projects.
Extend Existing Urban Renewal	The Riverfront District's receipt of tax increment revenue from property taxes will cease at the end of FY24 on June 30, 2024. Current projections show that the District will not collect enough tax increment revenue to reach the spending limit (aka "maximum indebtedness") before property tax collection is terminated. The potential uncollected amount is currently estimated at \$2.6 million, which could be collected within approximately one to two years beyond FY24.	The current Riverfront Urban Renewal Plan sunset date would need to be amended by Council to access the full amount of spending limit authorized by the Plan. Alternatively, a different type of plan amendment could extend this funding source by increasing the spending limit. A plan amendment requires a public process and takes approximately six months. There is risk that the plan amendment ordinance would not be supported by the overlapping taxing districts or would be referred by voters. For larger public investments, this could provide significant funding without raising taxes.

Funding Type	Description	Summary of Advantages/Disadvantages
State or Federal Sources		
State or Federal Grants	Possible funding source for improvements, depending on what is part of implementation. State Parks grant and Land Water and Conservation grants are both good potential matching grant resources. Potentially funding of \$500,000 to \$2.5 million for the Plaza could be possible.	Grants can be uncertain in terms of timing and amount. Park specific grants are a promising resource given work completed so far on the project and high visibility of the project state-wide.
State Legislature	Possible source of bond or lottery funds for landmark community projects. The City approached the Legislature in the 2020 session but nearly all bills in that session were held back by a partisan walkout. State budgets have also been significantly impacted by the COVID-19 pandemic, making the availability of such funds unpredictable. However, funding up to \$2.5 million may be possible prior to 2023 with shifts in economic and political conditions.	Highly dependent on overall condition of State budget and more recently, highly divisive political realities within the legislative bodies.
Private Funds		
Private Donations	Community members contribute to a capital campaign to fund particular features in the improvement project. Past projects have been able to raise up to \$500,000.	Could build community enthusiasm for the project. Would take effort to develop the campaign; uncertainty about ability to raise the funds could delay project.

Affordable Housing – Additional Information

This attachment provides background information on the Downtown Riverfront Affordable Housing project, including estimated public investment and a summary of funding strategy information. As requested at the October 2019 work session, two examples of local projects supported by the City and built by local providers are included at the end of this attachment.

The northwest corner of Mill Street and 4th Avenue is reserved for an Affordable Housing project (see map on right). The terms approved by the Agency Board in May 2020 for redevelopment of the Downtown Riverfront call for the Affordable Housing project to consist of not less than 75 units of housing rented to households with income at or below 60% of area median income. Additionally, it allows for sale of the property to either an affordable housing provider or Williams/Dame & Associates (WDA). As with all affordable housing developments, regardless of who builds it, the project will need to be heavily subsidized in order to make it economically viable. Affordable housing subsidies often come from a combination of federal, state, and local sources.



A preliminary estimate for how much financial assistance a local affordable housing provider would need for a 75-unit project is likely several million in local investment (even after using the capped State resources).

In 2019, WDA worked with Bridge Housing to develop an estimate for the construction of the affordable housing project and what the potential subsidy need might look like. At that time, WDA estimated that if they did not compete with local providers for capped State resources, the public investment needed would be in the range of \$8 million (with a total project cost of approximately \$28 million).

Typical contributions the City can offer to Affordable Housing projects can be divided into three buckets:

- Land bank site donated to the project
- SDC Exemptions
- HOME Funds

The main financial resource affordable housing providers use are Low Income Housing Tax Credits (LIHTC), awarded by the State. (See funding table below for more information on LIHTC). It is possible under the option where the City works with a local affordable housing provider that 9% LIHTC could be used for a portion of the project's cost, which could reduce the projected funding need; but 9% LIHTC projects are typically fewer than 60 units (rather than the 75 units mentioned above) and are allocated through a competitive process (whereas 4% LIHTC are not competitive). A 75-unit development would be eligible for 4% LIHTC, which is non-competitive, but would result in the need for a larger City

investment.

The Funding Summary table on the following page outlines the potential funding sources and tools the City/Agency could choose to use to support the Downtown Riverfront affordable housing project.

Summary of Funding Options for Affordable Housing

The table below provides categories of potential funding sources and a preliminary assessment of each funding source's advantages and disadvantages. Funding has not yet been identified.

Funding Type	Description	Summary of Issues to Consider
City of Eugene		
System Development Charges (SDC) Exemptions	Housing for low-income persons is eligible for an exemption from paying local charges, but not regional SDCs. The SDC exemption is used in combination with other resources for larger multi-family rental developments but can also be used for small rental developments and low-income single-family homeownership development. Per Code, there is a capped amount of \$233,000 available per year, and it may go to one project or divided to support more than one project.	The SDC exemption program is notoriously high in demand and low in supply. There is a limit to the amount of exemptions available annually, so an exemption is not guaranteed for all developments that qualify. The annual exemption cap is not enough to cover the average SDC fees for a 50-unit project (estimated at \$300,000). For the past two years, City Council has allocated General Funds to pay SDC fees for specific projects, most recently in the December 2020 Supplemental Budget.
SDC Credits from former EWEB facilities	The Agency has roughly \$350,000 in SDC credits available for the retained Downtown Riverfront properties (Affordable Housing, Steam Plant, and the ground lease parcels 6 & 8).	Opportunity cost of not preserving SDC Credits for the other projects (Steam Plant and parcels 6 & 8).

Funding Type	Description	Summary of Issues to Consider
Multi Unit Property Tax Exemption Program (MUPTE) – Moderate Income Housing Fee	As part of the 2015 update of the MUPTE program, Council added a moderate-income housing contribution requirement. Applicants can meet this requirement through either providing moderate-income housing units or paying a moderate-income housing fee (10% of the total MUPTE 10-year benefit). The fee is intended to support moderate-income housing projects in Eugene. The program defines moderate income as up to 100% of area median income. Currently, only one MUPTE approved project, Gordon Lofts, will pay the fee. The estimated fee will be about \$400,000, paid in FY22. (The other MUPTE approved project is Ferry Street Manor, which is meeting the moderate-income housing contribution through the provision of units.)	The Gordon Lofts moderate-income housing fee is currently designated to support the 1059 Willamette mixed-income housing redevelopment. If WDA applies and is approved for one or more MUPTE projects, WDA will pay the moderate-income housing fee. However, the fee is not collected until after construction is completed, which will be several years away. In addition, there are many competing needs that could be met through use of these funds and the Downtown Riverfront affordable housing is targeted at 60% AMI or below, which is not moderate income. Funds can be used throughout Eugene.
MUPTE – HUB on Broadway’s payment ‘in lieu of affordable housing’	The 2014 resolution approving the MUPTE for this project included Council’s requirement that the project make a “payment in lieu of affordable housing” in years 6-10 of the exemption. By the end of FY26, a total of \$1.03M will be collected. The total amount will be remitted to the City in increments from FY22 to FY26.	The funds are not available until collected. The MUPTE resolution states the intent at the time that at least a portion must be spent on an emergency or temporary shelter. Funds can be used throughout Eugene.

Funding Type	Description	Summary of Issues to Consider
Affordable Housing Trust Fund (AHTF)	In May 2019, City Council passed Ordinance No. 20609 establishing a construction excise tax (CET) on commercial and residential improvements. The tax created a dedicated source of funding for housing programs and services affordable to people with incomes up to 100% of area median income, called the Affordable Housing Trust Fund (AHTF). Funding is collected annually. In July 2020, Council allocated \$300,000 of the total \$800,000 for housing development to be offered in FY21. The AHTF available to be allocated in FY22 is estimated at \$1.3M, which is a combination of General Fund (\$500,000 approved at the December 2020 Supplemental Budget) and a forecasted \$800,000 from the CET.	There are a number of competing needs that the fund would be able to assist with. The development funds are offered through a Request for Proposals process and can be used throughout Eugene.
Urban Renewal Agency		
Existing Urban Renewal Funds	After paying for (a) the phase 1 infrastructure, (b) the Downtown Riverfront Park, (c) the three railroad quiet zone crossings inside the District (except for \$400,000 of that cost to be used for purchase of the MGP site, which must be backfilled), and (d) the initial design work for the Downtown Riverfront Plaza, there are no urban renewal funds available to undertake other projects until property is sold. The sale proceeds will be used for phase 2 infrastructure; replenishing the Plaza initial construction funds and the River Loans program; and paying off the City assessment loan – all as reviewed by the Agency Board at the May 2020 Supplemental Budget. After taking into account those expenditures, there is approximately \$2.4 million of projected property sale revenue available.	The forecasted to be \$2.4 million of property sale revenue available for projects is insufficient to fund all four projects (Steam Plant, parking, plaza, and affordable housing). Use of these limited urban renewal funds for this project could make it more difficult to find funds for one or more of the other projects.

Funding Type	Description	Summary of Issues to Consider
Extend Existing Urban Renewal	The Riverfront District's receipt of tax increment revenue from property taxes will cease at the end of FY24 on June 30, 2024. Current projections show that the District will not collect enough tax increment revenue to reach the spending limit (aka "maximum indebtedness") before property tax collection is terminated. The potential uncollected amount is currently estimated at \$2.6 million, which could be collected within approximately one to two years beyond FY24.	The current Riverfront Urban Renewal Plan sunset date would need to be amended by Council to access the full amount of spending limit authorized by the Plan. Alternatively, a different type of plan amendment could extend this funding source by increasing the spending limit. A plan amendment requires a public process and takes approximately six months. There is risk that the plan amendment ordinance would not be supported by the overlapping taxing districts or would be referred by voters. For larger public investments, this could provide significant funding without raising taxes.
State or Federal Sources		
4% Low-income Housing Tax Credits (LIHTC)	Currently, 4% LIHTC awards are non-competitive. These projects are typically larger (50-100 units). Developers choose the type of housing based on the State's priorities, per the Qualified Allocation Plan. The development timeline to start construction is typically 18 months, including public engagement, Housing Request for Proposals (RFP) process, Council action, application/decision/allocation of State tax credits and potential gap funds, and finalizing financing.	4% LIHTC cover a smaller percentage of the construction costs, leaving a larger gap to be filled by local subsidies or other funds. Developers will determine the type of housing based on the local and State priorities.
9% Low-income Housing Tax Credits (LIHTC)	The State awards the tax credits through a competitive process. Projects using 9% LIHTCs are typically 35-55 units. Developers choose the type of housing based on the State's priorities, per the Qualified Allocation Plan. The development timeline to start construction is typically 18 months, including public engagement, Housing Request for Proposals (RFP) process, Council action, application/decision/allocation of State tax credits and potential gap funds, and finalizing financing.	9% LIHTCs are highly competitive at the state level. Typically, only one local project a year is awarded. If a project proposal is not selected for LIHTCs or State funding in a particular year, the developer re-applies in the following year, shifting the timeline of the project. The number of units that have been discussed for the Downtown Riverfront thus far has been 75 units – however projects that receive 9% LIHTC are typically 60 units or fewer. To be competitive, developers will determine the type of housing per the Qualified Allocation Plan.

Funding Type	Description	Summary of Issues to Consider
HOME Consortium Funds	The HOME Investment Partnership Program is a federal program administered by the U.S. Department of Housing and Urban Development (HUD) to expand affordable housing opportunities for low-income persons. HOME funds are offered as a development subsidy through the annual Affordable Housing RFP process. The HOME Consortium Governing Board makes final decisions for use of HOME funds for development projects based on the input of an Evaluation Committee and direction of the City Council. Congress allocates a set amount of funds each year, which has been about \$700,000-\$900,000 for Eugene that the City typically applies to 1 or 2 projects each year.	These resources are competitive and limited. HOME funds would typically be paired with a land bank site and prioritized for that property in the HOME RFP.
Low-income Rental Housing Property Tax Exemption (LIRHPTE)	Enabled by state statute, the LIRHPTE provides a 20-year tax exemption for rental properties constructed after 1990, or rental properties owned by 501c(3) non-profits. LIRHPTE is for properties that are offered for rent or held for the purpose of developing low-income rental housing. The income limit for the program is 60% of the area median income based on household size, as determined annually by the US Department of Housing and Urban Development.	LIRHPTE is not a source of development financing. The program helps property owners with long term operating costs and assists owners to achieve lower rents affordable to households earning up to 60% of area median income.

Two examples of financing for recent projects

Market District Commons (9% tax credits):

- 5-story building with first floor commercial and residential above
- 50 one and two-bedroom apartments
- **City Contribution** (5.9% of total project):
 - HOME funds: \$700,000 permanent loan, \$700,000 construction loan¹
 - SDC Exemption: \$224,829
- Other State or Federal Funds:
 - Housing Trust Funds through OHCS \$2,000,000
 - OHCS gap financing \$400,000
- Tax Credits: \$10,606,939 in equity
- Project has a private bank loan, deferred developer fee loan, and will sell the first-floor commercial space to finance the building.
- Total development cost: \$15,731,761

The Commons on MLK (4% tax credits):

- 4-story building for permanent supportive housing with first floor 24/7 services
- 51 studio apartments
- **City Contribution** (9% of total project):
 - HOME Funds: \$749,534
 - Low-Income Housing Fund: \$150,466
 - SDC Exemptions: \$269,466
- Other State or Federal Funds:
 - \$3,000,000 in state Mental Health Housing funds
 - \$540,000 from Oregon Health Authority
 - \$500,000 in Lane County funds
 - Lane County property donated to the project
- Tax Credits: \$4,543,070 in equity
- Project received private grants from health care providers (\$2,000,000); grant from the Federal Home Loan Bank of Des Moines (\$750,000); deferred developer fee loan
- Total development cost \$12,874,011

¹ The City rarely has enough funding to provide a construction loan.

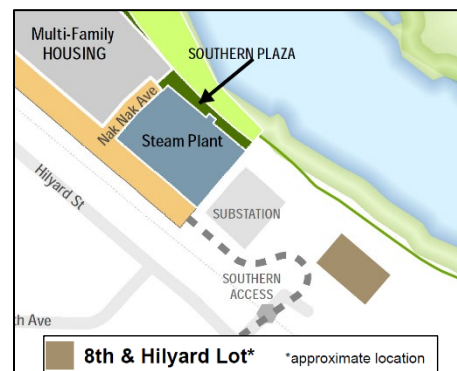
Parking - Additional Information

This attachment provides background information about parking in the Downtown Riverfront area, including estimated public investment and a summary of funding strategy information.

The east end of downtown has seen significant redevelopment in recent years, including the Wayne L. Morse U.S. Courthouse, Northwest Community Credit Union, Gratitude Brewing in the Foundry Building, and the 515 (the 500-unit student housing formerly known as the HUB). To support businesses in the area, the City leased a gravel lot from EWEB (formerly the manufactured gas plant (MGP) site), located just over the railroad tracks at 8th Avenue and Hilyard Street. The parking lot closed in July 2019 in order for EWEB to remediate the site. The loss of this lot has stretched parking availability in the area (pre-pandemic). This is expected to also be the case post-pandemic.

The Downtown Riverfront redevelopment and new Park will significantly increase the need for parking in this area. The concept plan for the Downtown Riverfront includes parking to serve the needs of the private redevelopment. On-street parking is anticipated to meet most of the standard daily needs of people accessing public amenities, such as the Park, restaurant, and commercial spaces. However, on-street parking will not accommodate all parking needs during high demand periods such as nights and weekends, and during special events. In addition, the Steam Plant parcel size is not sufficient to accommodate anticipated parking needs for its future redevelopment into a mixed-use center. (See Attachment B for information on the Steam Plant.)

In anticipation of the increased demand for parking, over the past year, staff have been exploring opportunities for additional parking in the vicinity of the Downtown Riverfront, including potential collaboration with nearby property owners. Two possible solutions are described below (see map). These proposed surface parking lots would be owned and managed by the City, would serve the Steam Plant's anticipated needs during the day (as a standard permitted parking lot) and would be open for additional public parking during the nights and weekends to serve the broader Downtown Riverfront area.



8th/Hilyard Parking Lot: The railroad Quiet Zone crossing at 8th Avenue and Hilyard Street will provide southern access to the Downtown Riverfront site. Public Works staff redesigned the southern access, resulting in a wide sweeping turn (instead of the roundabout). With this revised design and the purchase of the MGP site planned for this spring, the City can construct an approximately 70-stall parking lot on this site. The preliminary cost estimate for constructing the parking is \$600,000 and includes meeting current City Code requirements (sidewalks and landscaping) and DEQ requirements. The design must ensure that the existing remediation cap is not compromised. The atypical

under-lying surface layer requires more complex stormwater and utility design than is usually required to construct a surface parking lot. This cost estimate is predicated on an assumption that the City is able to negotiate site control in time to build the parking lot at the same time as the adjacent roadway (Annie Mims Lane), which is anticipated given the actions taken by the EWEB Board and Council/Agency Board in December 2020.

Potential Opportunity: Staff have had conversations with several neighboring property owners to explore possible parking solutions, including the potential for the City/Agency to build a second, approximately 75-stall surface parking lot. Staff estimates this second lot could cost up to \$1.2 million (preliminary cost estimate of \$300,000-\$450,000 for construction combined with the potential land acquisition cost). Staff is still working to determine the feasibility of this option.

Summary of Funding Options for Parking

The table below provides categories of potential funding sources and a preliminary assessment of each funding source's advantages and disadvantages. Funding has not yet been identified.

Funding Type	Description	Summary of Advantages/Disadvantages
City of Eugene		
Parking Fund	The Parking Fund can build, own, and operate parking. It can borrow funds for construction and repay them with parking permit revenue.	Due to the impacts of COVID-19, at this time the Parking Fund is financially unbalanced and does not have funds to build additional parking lots. The Parking Fund could repay an interfund loan over a 5-10-year period given that the parking lots will be revenue generating with the sale of parking permits and daily parking.
Urban Renewal Agency		
Existing Urban Renewal Funds	After paying for (a) the phase 1 infrastructure, (b) the Downtown Riverfront Park, (c) the three railroad quiet zone crossings inside the District (except for \$400,000 of that cost to be used for purchase of the MGP site, which must be backfilled), and (d) the initial design work for the Downtown Riverfront Plaza, there are no urban renewal funds available to undertake other projects until property is sold. The sale proceeds will be used for phase 2 infrastructure; replenishing the Plaza initial construction funds and the River Loans program; and paying off the City assessment loan – all as reviewed by the Agency Board at the May 2020 Supplemental Budget. After taking into account those expenditures, there is approximately \$2.4 million of projected property sale revenue available.	The forecasted to be \$2.4 million of property sale revenue available for projects is insufficient to fund all four projects (Steam Plant, parking, plaza, and affordable housing). Use of these limited urban renewal funds for this project could make it more difficult to find funds for one or more of the other projects.

Funding Type	Description	Summary of Advantages/Disadvantages
Extend Existing Urban Renewal	The Riverfront District's receipt of tax increment revenue from property taxes will cease at the end of FY24 on June 30, 2024. Current projections show that the District will not collect enough tax increment revenue to reach the spending limit (aka "maximum indebtedness") before property tax collection is terminated. The potential uncollected amount is currently estimated at \$2.6 million, which could be collected within approximately one to two years beyond FY24.	The current Riverfront Urban Renewal Plan sunset date would need to be amended by Council to access the full amount of spending limit authorized by the Plan. Alternatively, a different type of plan amendment could extend this funding source by increasing the spending limit. A plan amendment requires a public process and takes approximately six months. There is risk that the plan amendment ordinance would not be supported by the overlapping taxing districts or would be referred by voters. For larger public investments, this could provide significant funding without raising taxes.

Downtown Riverfront: Projects

