



To: Mayor Lucy Vinis and City Council
From: Allie Camp, Urban Development Analyst, and
Anne Fifield, Economic Strategies Manager
Date: July 19, 2019
Re: Housing Tools and Strategies update

Mayor and City Councilors,

The Housing Tools and Strategies (HTS) team committed to providing you with quarterly updates on the progress of items from the HTS Action Inventory. This memorandum is that update. This document provides a detailed description of staff accomplishments since the March 2019 HTS work session. For a short, graphical summary of the information, please see the attached document, titled "Housing Tools and Strategies Action Items."

This memorandum is organized into five parts:

1. **Background** summarizes the origins of the HTS initiative;
2. **Land Use Code** describes the work done to remove barriers in Eugene's land use code;
3. **Process Efficiencies** includes actions that reduce time and cost burden for housing development;
4. **Housing Opportunities** describes actions to increase the inventory of and access to Affordable and market rate units; and
5. **For More Information** identifies the HTS website and staff contact.

1. 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 of 36 stakeholder who identified over 80 specific 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. We provided an update on the inventory and progress on actions to Council last March.

Since March, the HTS team has maintained regular contact with the Working Group and other interested parties, keeping them apprised of the progress on recommended actions. Additionally, [the HTS website](#) is regularly updated.

2. LAND USE

Many of the recommended actions are those that require removing barriers in Eugene's land use code. We provide updates on five actions in this section:

- Complete the land use code audit;
- Improve Clear and Objective Standards for land use applications;
- Align the Zoning map with the Comprehensive Plan map;
- River Road-Santa Clara Neighborhood Plan; and
- State Legislation: HB 2001.

Complete the land use code audit

The HTS Working Group identified an audit of Eugene's Land Use Code to better understand regulatory and process barriers to the development of housing. The City applied for and was awarded a grant for technical assistance from the Department of Land Conservation and Development (DLCD). The audit included analysis of the City's comprehensive plan, land use code, and other land development documents and regulations.

The consultant, Angelo Planning Group, completed the audit in June 2019. The audit provided a detailed assessment of the barriers to development and design issues associated with accessory dwelling units and "missing middle housing," including small-lot detached houses, row houses, duplexes, triplexes, fourplexes, courtyard apartments, cottage clusters, and other small-scale multi-family types up to 20 units. The audit included single-family zones, multi-family zones, and overlays to determine whether the comprehensive plan and land use code contain:

- Standards, conditions, or procedures that have the effect, either in themselves or cumulatively, of discouraging the development of housing through unreasonable cost or delay;
- Provisions that could more effectively and efficiently implement statutory requirements related to housing development;
- Criteria or procedures related to application requirements, review, or appeal that may hinder development of housing; and
- Permitted use lists and development standards that ensure the mix and density of allowed housing can accommodate housing needs as identified in the housing needs analysis and enable the City to implement the comprehensive plan.

The consultants also identified changes to the code that will need to be made to address issues identified in the audit and developed a draft schedule for completing a code update. To see the completed audit, visit the [project website](#).

The audit resulted in six potential areas of improvement that would enable more middle housing types:

1. Barriers to ADUs,
2. R-1 zone standards,
3. Density and lot area standards,
4. Off-street parking standards,
5. Multi-family standards as applied to triplexes, fourplexes, cottage clusters, and
6. Standards for cluster subdivisions and PUDs on small vs. large projects

The audit findings will be brought to Planning Commission this fall to determine recommendations for code changes to implement.

Improve Clear and Objective Standards for land use applications

City Council provided direction on housing by initiating an update of the City's Clear and Objective regulations. The HTS Working Group identified improving the Clear and Objective standards as a solution to remove barriers to housing development.

In May 2019, City Council approved the advancement of the proposed amendments to the formal adoption process. The draft language provides the basic framework for code amendments that will implement the project's approved concepts. The formal adoption process will include public hearings before Planning Commission and City Council. The process will take six to nine months before amendments are adopted.

These updates will apply to land use applications that involve housing when an applicant elects to have the project reviewed under clear and objective requirements as they are entitled by State law. The proposed changes range from simple maintenance fixes to more complex items like tree preservation and geotechnical requirements. Planning staff expect to hold the Planning Commission public hearing this fall, followed by the City Council meeting this winter.

Align the Zoning map with the Comprehensive Plan map

At the March 2019 HTS work session for HTS, staff described two steps to implement the action item identified by the HTS Working Group: Align the Zoning map with the Comprehensive Plan. One step was to complete and adopt the Comprehensive Plan map with parcel-specific data; the second step was to complete and adopt the housing chapter of the Comprehensive Plan. Completing and adopting the parcel-specific Comprehensive Plan map and the Housing chapter of the Comprehensive Plan will reduce the need for some administrative processes for some development applications, which will reduce costs for building housing.

Creating a parcel-specific comprehensive plan map is a first step that will allow for future alignment of the Zoning map with the Comprehensive Plan map, which will clarify citywide policies about where housing is planned and reduce uncertainty about allowed housing types throughout Eugene. Aligned Zoning and Comprehensive Plan maps provide guidance and lay a foundation that will make it simpler to implement many other actions identified in the HTS Action Inventory. Staff have been working to initiate a contract with the Lane Council of Governments (LCOG) to develop a technical methodology to digitize the Metro Plan diagram, which is the current comprehensive plan map, and clarify locations of plan designation boundaries for City staff review that will inform the development of the parcel-specific map. This step with LCOG will take approximately three months. City staff will use this new spatial dataset to better understand the scope of the parcel-specific comprehensive plan map project and to inform a draft Project Charter and draft Public Involvement Plan that will be presented for review and input to the Planning Commission and City Council. This entire process will take approximately 18 months.

In the fall, staff will focus on developing initial drafts for all remaining Envision Eugene Comprehensive Plan chapters, including the housing chapter. Since the chapters are interrelated, they will be reviewed and discussed as a whole instead of in pieces. This will allow for more robust conversations on the connections between policies. The initial draft comprehensive plan chapters will be brought through the process outlined in the [approved Public Involvement Plan](#). Please see the [updated draft timeline](#) for more details.

River Road-Santa Clara Neighborhood Plan

In the River Road-Santa Clara neighborhood planning process, the community identified a need for more middle types of housing. A large portion of the land directly adjacent to the River Road

corridor is zoned R-1, Low Density Residential. Conceptual ways to change the zoning and/or code to allow more housing types along and near River Road are currently being prepared by the project staff and consultant team. Outreach to inform proposed draft zoning and code language will begin in August. Once assembled into a complete draft, the neighborhood plan and any proposed zone or code changes will go through a public land use process with community, Planning Commission, and City Council/Board of Commissioners meetings leading up to plan adoption and implementation. For more information, visit the [project website](#).

State Legislation: HB 2001

The 2019 Oregon legislature passed legislation that directly affects the HTS initiative. On June 30, 2019 the Oregon Legislature passed House Bill 2001 with a 17-9 vote. The bill seeks to address rising housing costs and limited supply. HB 2001 requires cities with populations greater than 25,000 to allow duplexes, triplexes, fourplexes, “cottage clusters,” and townhomes in lands zoned for single-family dwellings. The new legislation will apply to Eugene.

Passage of the bill will affect several planning efforts underway in Eugene, including the ADU remand, the code audit, and the River Road-Santa Clara neighborhood plan/corridor study, to name a few. Staff will be examining the final text of the bill and discussing impacts over the next few weeks and will keep you informed as our understanding evolves.

3. PROCESS EFFICIENCIES

Many of the HTS Working Group’s recommended actions to remove barriers to housing affordability, availability, and diversity are process efficiencies that reduce time and cost burden for housing development. In this section, we provide updates on seven actions:

- Clarify requirements for erosion control;
- Offer project and program assistance–Development Investment Group (DIG);
- Permit fees;
- Streamline the permitting process;
- Create an account with EWEB automatically;
- Review tree removal policy; and
- Advocate to change Oregon law to reduce liability requirements for condominium projects.

Clarify requirements for erosion control

The HTS Working Group identified the requirements for the City’s erosion program as confusing, inconsistent, and an opportunity to reduce the cost of developing housing. The HTS team reviewed and evaluated the erosion standards and concluded that the rules are designed to implement federal regulations and align with the City’s goals for water protection.

The HTS team found that this recommended action stemmed from the lack of a clear path for erosion permitting. The City’s erosion program is performance-based. This means that an applicant is presented with many methods to meet the City’s performance outcomes for erosion control. Some methods may be simpler or more affordable than others, and it is up to the applicant to select the best method to meet the performance outcomes.

To help clarify the erosion program requirements and give developers a uniform solution, the City is developing two residential resources—an updated erosion permit application and a template permit.

- The updated application serves as a clear way to determine if a permit is necessary. The application includes a sample erosion control site plan and a checklist to make sure permit

submittals are complete. This resource is most helpful for “backyard builders,” that is, someone undertaking their first small-scale residential project, but the resource can also be used for more complex subdivision development. Public Works staff completed and implemented the updated application and checklist in March 2019.

- The template permit will allow developers to choose to have certainty by providing a consistent solution for erosion across all development sites. Performance-based permits and solutions will still be available. The HTS team and Public Works staff have begun to work on the template permit.

Offer project and program assistance–Development Investment Group (DIG)

The HTS Working Group identified a recommendation that the City offer project and program assistance for those undertaking housing developments. The process is complex and having materials and staff to engage with can positively impact the outcome of a project, resulting in an increase of housing affordability, availability and diversity of type.



As a result, the City created the Development Investment Group (DIG). DIG is a new initiative to help make development projects less complex. DIG seeks to facilitate development and good design in Eugene with the outcome of building stronger relationships with the development community, making sure project teams are supported through each stage of a project, and clarifying the complex processes related to development in Eugene. DIG engages with small backyard projects and large multi-story developments to offer preliminary design, initial land use feasibility, site/building selection, navigation of multiple land and building permit processes, completion of financing packages, business support, and connections with the community.

Permit fees

The City implemented a planned permit rate increase on July 1, 2019. The new fees are about a 3% increase over last year’s fees and cover annual inflation adjustments and support needed staffing and proposed service level improvements such as the full build-out of eBuild 2.0, the City’s digital permit review system.

The permit rate increase will not apply to housing permits that are adding one or more dwelling units. These permits will receive a 3% offset to effectively hold them harmless from the increase to support Eugene’s goals for housing affordability in our community. This offset will last for two years. This item is not on the HTS Action Inventory, but staff identified it as a tool to help minimize costs for housing.

Streamline the permitting process

The HTS Working Group indicated that the permitting process is lengthy. The largest streamlining effort the City has made for developers is the improvement to the permit submittal system. The City implemented eBuild in 2015, an electronic permitting system which allows applicants to initiate and complete the plan review process online, including application, fee payment, drawing submission, and permit issuance. Digital plan review saves the City and applicants significant time because it allows for simultaneous review by plan review groups, making for a shorter overall processing period once all submitted items are deemed complete.

This first phase of eBuild, referred to as eBuild 1.0, is the largest external improvement that the City could have made for applicants. There are additional opportunities on the internal side of eBuild

that will help to streamline processes and bring the building inspection team to the electronic system. This internal streamlining is referred to as eBuild 2.0 which continues to focus on the high quality, safe outcomes that our community expects. eBuild 2.0 will:

- Improve inspectors' ability to work in the field;
- Allow City staff to easily witness, verify, and track projects, with large improvements in phased permits approvals; and
- Manage records and data, keeping all plan documents which will result in long-term efficiencies and higher quantities of property information for owners.

Building Permit Services (BPS) has launched the project and developed a team. BPS is now developing the timeline for implementation.

Create an account with EWEB automatically

The HTS Working Group recommended the automatic creation of an EWEB account at the time of permit submittal. Currently it is incumbent on applicants to know to coordinate with EWEB to establish power and water service to the site. Many applicants do not know how or when to do this (some applicants do not even realize that the City and EWEB are separate entities). If an applicant does not establish service with EWEB at the right part of the process, the project could be stalled, which adds cost. The HTS team investigated this topic and found that coordinating the communication of the City's software with EWEB's is highly complex and costly, so we developed an alternative solution.

HTS staff are working with BPS to develop a permit checklist. The checklist will provide a list of essential steps that an applicant needs to take—including creating an account with EWEB, as well as contact information. This checklist will improve communications between the City and applicants and help applicants clearly understand what they are required to do. In addition to having contact information and next steps for connecting to local utilities the checklist will also contain information for supplemental information submission and assistance with stormwater planning, both of which come up often in the early stages of permit review. This checklist will be linked on receipts received in eBuild, allowing all project contacts to access the checklist. Staff are reviewing content for the checklist and the resource will launch this summer.

Review tree removal policy

The HTS Working Group identified tree removal as a barrier to housing development. The HTS team has learned there are many different scenarios for how to manage trees that are on or adjacent to a development site. Trees can be classified as a public tree (such as a street tree or heritage tree) or a private tree (such as a tree within a development site). Public trees are regulated by the City's Urban Forestry division and private trees are regulated by Land Use staff. Each of these types of trees has its own permit process for removal, cost, and approved tree list for replanting.

Trees are a valuable type of "green infrastructure" because they play a major role in reducing and treating stormwater, improving air quality, shielding pedestrians from busy streets, and calming traffic. They also help to significantly increase property values and improve the livability of neighborhoods. In stark contrast to traditional "grey infrastructure" which depreciates in value over time, the value of trees and green infrastructure appreciates over time. For this reason, trees hold value to the community and to the City. The City seeks to influence the retention of as many public trees as possible by assigning a value to each tree. Developers are required to pay the value of the public tree upon removal or compensate this value with new landscaping and irrigation on

the development site. This cost and process can be unexpected if a developer is accustomed to working with private trees.

Navigating complex tree removal processes adds time to a project, and in the instance of public trees, removal can add unexpected expense. To help clarify the tree removal processes staff are creating an online resource for trees. This resource will hold both Land Use and Urban Forestry permits and contact information, clarifying the City's rules and fees around trees and development. The HTS team is actively creating the resource in coordination with the Planning and Urban Forestry divisions, and it will be shared with permit applicants through the eBuild receipt system in the permit checklist (described above).

Advocate to change Oregon law to reduce liability requirements for condominium projects

Under current Oregon state law, condominium projects (i.e., owner-occupied, multi-family) are subject to a 10-year statute of limitations on construction defect claims. The lengthy time period has contributed to increased insurance rates for condominium projects, which has deterred developers from initiating new condominium projects. In the 2019 Legislative session, HB 2661 sought to reduce the time period to six years. The bill, however, did not move beyond a committee hearing before the end of the Legislative session. The City of Eugene supported the legislation, and will do so again in the next session.

4. HOUSING OPPORTUNITIES

Many of the HTS Working Group's recommended actions focused on increasing the inventory of and access to Affordable and market rate housing units. In this section, we provide updates on seven actions:

- Construction Excise Tax;
- Expand the land banking program for Affordable housing- 1059 Willamette and River Road;
- Complete the Consolidated Plan and Fair Housing Plan;
- Reduce delays for environmental reviews of Affordable housing;
- Expand and improve program waiving SDCs for qualifying Affordable units;
- Market District Commons groundbreaking; and
- Renter protections.

Construction Excise Tax

In April 2019 City Council approved an ordinance to establish a Construction Excise Tax (CET). The CET will create a dedicated source of local flexible funding for affordable housing. During the first two years, CET charges will be offset by a reduction in System Development Charges for permitted projects. The revenue generated through the CET began to accrue on July 1, 2019. This revenue is collected in the City's Affordable Housing Trust Fund. An Advisory Committee will be formed in the fall to help determine the use of funds. You will hear more about the CET at the July 24 work session.

Expand the land banking program for Affordable housing- 1059 Willamette

The HTS Working Group identified expansion of the land banking program as a solution to the limited availability of affordable housing. The City is pursuing a new land bank site in downtown Eugene and staff are determining if Community Development Block Grant (CDBG) funds are an appropriate funding tool.

Expand the land banking program for Affordable housing -River Road

On July 12, 2019, River Road Affordable Housing was awarded Low-Income Housing Tax Credits and state Gap funds. The City Council awarded federal HOME funds and a Systems Development Charge exemption to the development in January 2019. St. Vincent de Paul proposed this project for the City-owned land bank site at 1505-1525 River Road through the 2018 Housing Request for Proposal process, Construction is expected to begin in Spring 2020. The project is 53-units of rental housing targeted to households earning no more than 50% of the area median income (AMI) including five units targeted to households earning no more than 30% of AMI and five units targeted to survivors of domestic violence.

Complete the Consolidated Plan and Fair Housing Plan

The Eugene-Springfield Consolidated Plan presents an assessment of local housing, homelessness, and community development needs and establishes goals and priorities for use of HUD funds to address those needs. Eugene and Springfield must complete, adopt, and submit a new Consolidated Plan to the U.S. Department of Housing and Urban Development (HUD) every five years. The period covered by the next Consolidated Plan will commence on July 1, 2020 and end on June 30, 2025.

In addition to the Consolidated Planning process, Eugene will update its Fair Housing Plan, which examines laws, demographics related to population, housing, and housing choice to ensure persons of a protected class have a choice in the location of their housing. The process for developing both plans requires consultation with a wide range of stakeholders as well outreach to targeted populations. Completion of the Consolidated Plan and Fair Housing Plan are prerequisites for receiving Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and other HUD grants.

Reduce delays for environmental reviews of Affordable housing

The HTS Working Group identified the lengthy environmental review process as a barrier to the availability of Affordable housing. To address this barrier, the Community Development division's Housing Opportunity Team in collaboration with Homes for Good, created a City staff position to focus on environmental reviews for Affordable housing and rehabilitation projects. This position was filled in December 2018 and is providing the resource for a faster review process and for more reviews to take place.

Expand and improve program waiving SDCs for qualifying Affordable units

The Housing Opportunities Team and Public Works have been reviewing the existing system development charges (SDC) exemption program for Affordable units. Currently, the program has a maximum exemption amount per year, which does not cover local SDCs for one 50-unit development. Maintaining the current maximum SDC exemption value for qualifying affordable units could affect the number of affordable housing projects that have access to this financial assistance and the number of affordable housing units that would be produced. When a SDC is exempted, it minimizes the overall quantity of dollars available for capital construction and preservation of citywide infrastructure. Raising the maximum SDC exemption value would reduce available funding to construct capital projects serving new development and maintaining existing infrastructure. Staff are researching and discussing the feasibility of adjusting the exemption amount while balancing housing and infrastructure needs.

Market District Commons groundbreaking

On July 17, 2019, Homes for Good held a groundbreaking ceremony for Market District Commons, the newest affordable housing development in Eugene's downtown core. This project was initiated as a partnership between Homes for Good, Lane County, and Obie Companies, representing a strong

collaboration between public and private developers. City of Eugene provided HOME funds and a Systems Development Charge exemption through the 2017 Housing Request for Proposals process. Market District Commons will provide 50 new rental units, common area for residents, and first floor commercial space. The housing is for low and very low-income households, including 15 units targeted to veterans, persons experiencing homelessness and persons with disabilities. The location at 6th and Oak Street is ideal for both the residents and the surrounding community. Construction is expected to be completed in Fall 2020.

Renter Protections

The HTS Working Group recommended protecting renters. At the March 2019 work session, City Council asked staff and the Housing Policy Board (HPB) to further research renter protections. As a solution, staff have hired an intern to assist with research and are convening and recruiting for a new HPB Renters Protections Committee. The objective of the committee is to identify priority tools and strategies to protect renters and prevent displacement in areas with changing housing market conditions in Eugene. The committee will have 12 months, beginning in August 2019, to focus on five areas of renter protections including information, strategies, and potential programs and policies. This new committee will consist of nine at-large members, representing a wide variety of experiences and backgrounds. The recruitment process began in July, and appointments will be made at the August 5 HPB meeting.

5. FOR MORE INFORMATION

If you've been noodling around on the City of Eugene website you will have noticed this icon on more pages. These little houses have been used throughout the HTS process and now serve to link initiatives to the goal of increasing housing affordability, availability, and diversity of type. These initiatives may be recommendations from the Working Group, existing projects or programs, or new approaches. By connecting programs, initiatives, plans, and projects we can begin to visually show the cumulative effect of these efforts. And, we can connect everything to the same narrative—that housing affordability, availability, and diversity of type is a wicked problem that crosses many departments and work groups; solutions take time, process change, and thoughtful balancing of values; and that all these items can contribute to the goals within HTS.



The HTS team has committed to providing City Council with updates on progress on a quarterly basis. For more information and to keep up to date on progress, visit the HTS website at www.eugene-or.gov/housingtools. For questions, contact Anne Fifield at afifield@eugene-or.gov.