



Memorandum

Date: August 2, 2021
To: Mayor Vinis and City Council
From: Lindsay Selser, PDD Communications & Engagement Manager
Subject: 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 that address the affordability, availability, and diversity of housing. This memorandum provides updates on projects since the [April 2020 HTS update](#).

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 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

Housing Implementation Pipeline (HIP)

On March 10, 2021, Council reviewed the City's plan to draft the Housing Implementation Pipeline (HIP), which will set out the City's internal 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 towards achieving housing affordability.

This work comes directly from the Housing Tools and Strategies action inventory work that was developed in 2019. Staff have been meeting throughout the spring and summer to identify areas of improvement for existing policies to be more aligned with the goal of increasing housing affordability and supply while also identifying gaps and creating a timeline for exploration of new policies. Staff anticipates presenting a first draft of the HIP to Council in the Fall of 2021.

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. The Council is scheduled to continue deliberations on this issue at the September 15, 2021 council work session. Stay up to date and get more details by visiting the land use code Amendments [website](#).

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 Committee

The Renters Protections Committee of the Housing Policy Board and is made up of tenants and landlords/property managers. They have been meeting since January 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 will review the results of the committee's work at the August 2 meeting, will continue to meet over the coming months and expects to have recommendations by the Fall of 2021. More information is available on the [website](#).

Renters Resources

According to Oregon Law Center: 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 (MUPTEx) 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 future work session to discuss those terms is anticipated for Fall 2021. 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.

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.

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.
- Honor the public outreach process outcome to 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 and allowing smaller lots and taller buildings.
- Encourage and incentivize middle housing options within the code and 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 is anticipated to be shared with the Commission and the public in September, and the Planning Commission public hearing is currently planned for October. Stay up to date by following the project's Engage Eugene page, webpage, and by signing up for the project's preliminary Interested Parties List.

Urban Reserves

Urban Reserves project staff are continuing to compile adoption materials to share with the public and decision-makers later this year, 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 needs of 27-years of growth beyond 2032.

The proposed Urban Reserve area (shown [here](#)) includes almost 6,000 acres of land, estimated to meet the needs of growth for approximately 27 years beyond our 2032 urban growth boundary (or until 2059). The proposed Urban Reserve area strives to balance the needs of our growing community with protecting our highest value soils by removing from future urbanization all agricultural properties with predominant Class 1 land and directly adjacent agricultural properties with predominant Class 2 land.

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 Urban Reserve land for rural uses until it is brought into Eugene's urban growth boundary (UGB) 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.

Under the proposed policies, inclusion in Urban Reserves will not trigger any change in use of a property, meaning current uses can continue, but changes allowing more intensive uses will only be allowed after land is brought into the UGB. Similarly, changing farm or forest land in Urban Reserves to a non-resource zone or designation will only be allowed after it is included in the UGB, keeping resource land intact unless it is needed for future neighborhoods, jobs, or schools.

Draft land use policies were presented to the Lane County Planning Commission last month. For more information, please see our [project webpage](#) or reach out to Senior Planner Rebecca Gershow, rgershow@eugene-or.gov.

For more information, please see our project webpage or use the Q&A feature on the [Urban Reserves Engage Eugene page](#).

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.

Consultants with the Cameron McCarthy firm have joined the project team to further develop and refine the draft land use concepts from the River Road Corridor Study. As a reminder, the Corridor Study conducted an in-depth analysis of the River Road corridor and included stakeholder interviews, public workshops, economic and demographic research, and conceptual design work, which resulted in draft land use concepts and multimodal recommendations to encourage mixed-use neighborhood centers and a variety of housing types. Some of the draft land use concepts will be refined to be consistent with the City's Middle Housing Code Amendments projects, which will implement House Bill 2001. See the draft [Proposed Zone Changes Map](#).

At the July 20 Community Advisory Committee (CAC) meeting and the [July 26 Eugene Planning Commission work session](#), community members and commissioners discussed and provided feedback on key code questions, which will inform the development of draft land use code concepts for broader stakeholder outreach and input from the CAC, Planning Commission, and River Road and Santa Clara communities this fall.

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.

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.

Housing Tools and Strategies

For more information and to keep up to date on progress, visit the HTS website at www.eugene-or.gov/housingtools. For questions, contact Lindsay Selser at LSelser@eugene-or.gov.

