

# Summary of the 2024 Amendment to the Riverfront Urban Renewal Plan

The Riverfront Urban Renewal District (Riverfront District) runs from the heart of downtown to I-5, encompassing some of Eugene’s most urban blocks, the transforming Downtown Riverfront neighborhood, the University of Oregon’s North Campus area, and the streets, sidewalks, paths, and parks that connect them. On January 22, 2024, the Eugene City Council voted to amend the Eugene Riverfront Urban Renewal Plan to increase the spending limit in the Plan and allow the use of urban renewal funds on certain projects, described below.

## Riverfront Project Areas

### A. Existing Projects

The Plan amendment includes continuation of two existing activities in the Downtown Riverfront neighborhood:

#### ***Steam Plant***

The Steam Plant is part of the Downtown Riverfront property that the Agency purchased from EWEB in April 2018. Preservation and adaptive re-use of the historic building has long been a community-wide goal. Following a competitive selection process, the Agency Board chose to move forward with a local development team. The team’s proposal includes a ground floor open to the community and a hotel on the upper floors that provide the fiscal foundation for the project.

Adaptive re-use of the building is ambitious, facing extraordinary challenges that include environmental, seismic, and financial obstacles. The Agency Board approved terms for the disposition and redevelopment of the Steam Plant in 2022, allocating \$1.5 million to support the project. The development team estimates that even after accounting for the Urban Renewal funds and their other investment funds, the planned preservation and redevelopment has a remaining financial gap, estimated at \$6.3 million.

If the Agency Board would like to allocate additional funds to the Steam Plant redevelopment, they will need to approve revised redevelopment agreement terms. Staff estimates revised terms could be ready by early 2024.

#### ***Downtown Riverfront Affordable Housing***

The Downtown Riverfront lot reserved for Affordable Housing is on the northwest corner of Mill Street and 4th Avenue. 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.

The project will need substantial public contribution to compensate for the low rents and to make it financially viable. Affordable Housing subsidies often come from a combination of federal, state, and local financial sources and the financial packages are complex. The neighborhood character of the Downtown Riverfront, first articulated in the EWEB Master Plan and continued in subsequent City policies, includes high-quality, urban architecture. These denser, more durable buildings are a more expensive type of construction and higher cost-per-

square-foot than more suburban “garden-style” apartments. All of these factors lead to high development costs.

With rising construction costs, site constraints, the desire for the building to be responsive to the urban design context of the Downtown Riverfront while keeping rents affordable, it is expected there will be a need for significant subsidy to make a project feasible – likely about \$5 million.

Next steps for the project include the Agency Board’s consideration of a disposition process for the site including a possible Request for Proposals, project criteria, and financial assistance.

## **B. Housing**

The creation of new housing across Eugene is a priority for the City Council. New housing will enhance the Riverfront District’s vibrancy and safety and will strengthen the connection between the downtown core and the Willamette River. It will also help to address the community-wide need to increase the supply of housing and reduce Eugene’s per capita carbon emissions on an ongoing basis. In order to support the creation of new housing (in addition to the Downtown Riverfront Affordable Housing above) in the Riverfront Urban Renewal District, the 2024 Plan Amendment adds two eligible activities:

### ***Development Fee Assistance***

Urban Renewal funds would be used to pay for development fees that result in the creation of new housing. Development fees paid by the Agency may include System Development Charges (SDCs), permit fees, and other government-imposed development fees. Eligible projects would include new housing either in new construction or redevelopment of existing buildings.

This activity is included in the 2023 Amendment to the Downtown Urban Renewal Plan and staff are currently working on drafting a program for the Agency Board’s consideration.

### ***Real Property Acquisition***

Urban Renewal funds could be used to acquire real property to support the creation of new housing in the Plan Area. Offering real property for reduced or no cost can help offset construction costs and make projects financially feasible. In addition, targeting underutilized properties in the Plan Area would support efforts to revitalize the Plan Area, including the eastern area of downtown.

To implement this activity, staff would begin developing a strategy, including identifying a process and criteria for disposition of properties at reduced cost. Agency Board action is required before the acquisition or disposition of any real property in the Plan Area.

## **C. Physical Improvements to Address Safety and Comfort**

Under this project area, the Agency can use Urban Renewal funds to make physical improvements to the public right-of-way in the Plan Area to create safe, accessible, and welcoming spaces for users. Improvements could include street, curb, alley, and sidewalk improvements; streetscape projects; and pedestrian, bike, and multi-modal improvements.

Improvements to the public right-of-way benefit workers, visitors, and residents, as well as the community at large with safe and attractive connections between the downtown core, the

Riverfront, and the University area. Improving the quality of the public right-of-way can accomplish other City goals related to public safety, low carbon transportation, local economic development, and events and culture.

Projects will be implemented on an as-needed basis. Any project that costs more than \$250,000 will require Agency Board approval. Community Development staff will work with other City divisions and private partners to determine needs and priorities and to coordinate implementation.

## **D. Projects Directed or Initiated by the Agency Board**

During public outreach conducted in the fall of 2022, the community identified a number of possible projects that could help with the revitalization of downtown. The projects included in this section are examples of possible projects that have been previously discussed by the Agency Board or City Council. The inclusion of the projects in the amendment does not guarantee the projects will move forward. By including the projects in the amendment, the Agency Board will be able to allocate Urban Renewal funds to the projects should they wish to pursue them. Agency Board direction is needed for any of the following projects to move forward. Further study would be needed to determine design, costs, priorities, feasibility, and timing.

### ***Parking and Mobility***

This focus area would allow for Urban Renewal funds to be used on the development of parking and mobility infrastructure in the Plan Area.

### ***Transmission Lines Rerouting***

This focus area would allow for Urban Renewal funds to be used to support EWEB in the effort to reroute the transmission lines that service the Willamette Substation and currently run from the electrical tower in the Riverfront Park.

### ***Open Spaces***

This focus area allows for the use of Urban Renewal funds for revitalization of open spaces and parks within the Plan Area. This could include improvements along the South Bank Bike Path or enhancement of other designated open space areas.

### ***Development Support***

To support development and commercial activities within the Plan Area, especially the revitalization of vacant storefronts and underutilized property, the Agency would be able to offer financial assistance for physical improvements to privately owned properties, such as renovating ground-floor storefronts or underutilized commercial spaces. Incentivizing improvements to buildings can lead to an enhanced experience for downtown residents, workers, and visitors. Updated commercial spaces could stimulate economic activity and bring positive ground-floor presence to the street.

Urban Renewal funds could be used to acquire real property to support commercial activity in the Plan Area. Offering real property for reduced or no cost can help offset construction costs and make projects financially feasible, which could catalyze investment and positive activity.

If the Plan is amended, staff would begin developing a strategy for these activities and bring a program scope for financial assistance to the Agency Board for consideration, feedback, and approval. If the Agency chooses to acquire and dispose of property for commercial redevelopment, staff could identify strategically located properties and conduct negotiations

with the property owner. To dispose of properties at reduced costs, staff could identify a process and criteria to select qualified developers. Agency Board action is required before the acquisition or disposition of any real property in the Plan Area.

### ***Other Public Facilities***

The Plan amendment continues to authorize the use of urban renewal funds to support the development of public facilities, such as City Hall or a fire station. These facilities will benefit the Plan Area by increasing public usage of the area, by enhancing protective services, and by stimulating additional public and private investment in the Plan Area.

## **Financial Impact**

The Plan amendment includes a \$75 million increase to the spending limit. The Agency Board has indicated they expect to direct a majority of funds included in the new spending limit to support the creation of housing. The actual project funding allocations will depend on future Agency Board budgetary action and project implementation.

With the approval of the Plan amendment, the Agency will continue to collect tax increment revenue within the Riverfront Urban Renewal District. The amendment does not reduce the amount of tax revenue the overlapping taxing districts, such as the City, County, and schools, are currently receiving from the Riverfront District boundary. Based on current financial projections, a \$75 million spending limit increase would extend the life of the District by 25 years.

## **Next Steps**

City Council voted to amend the Riverfront Urban Renewal Plan on January 22, 2024. Staff will begin implementation of the identified project areas. This includes discussing next steps for the Steam Plant and Downtown Riverfront Affordable Housing, drafting a scope for the Development Fee Assistance program and outlining a strategy for Real Property Acquisition. Staff would also begin implementing physical improvements to address safety and comfort on an as needed basis. Projects over \$250,000 will require Agency Board approval.