



MUPTÉ PROGRAM GUIDE

CITY OF EUGENE



Community Development Division

Ordinance 20556 (adopted July 13, 2015)

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OVERVIEW

Overview

The Multi-Unit Property Tax Exemption (MUPTE) is an incentive program to encourage high quality, multi-unit downtown housing. The ten-year exemption is enabled by state law; each project must be approved by the Eugene City Council. Both rental housing and multi-unit housing for home ownership are eligible; student housing is ineligible. The commercial portion of a project is eligible for an exemption if deemed a public benefit by City Council. Projects must be within an area generally bounded by Charnelton Street, 11th Avenue, Hilyard Street, the Willamette River, and Shelton McMurphy Boulevard. (See “Boundary” section below for more information.)

This Program Guide is designed for applicants and approved MUPTE project owners and covers the application process, eligibility, neighborhood engagement, Required Public Benefit criteria, other Program Requirements, the community review process, and the city-wide System Development Charges credit concept.

Failure to comply with the MUPTE program requirements and any subsequent individual project approval resolution may result in an administrative civil penalty [2.947(8)] or in termination of the tax exemption [2.947(1) - (7)].

RELATED CITY DOCUMENTS

City Council most recently revised the program with Ordinance 20556, adopted on July 13, 2015. Administrative Rule 53-15-12-F sets out additional program guidelines. The code and admin rule locations appear after each concept within brackets (“[]”).

GENERAL APPLICATION PROCESS

General Application Process

Prior to completing the application, arrange for and attend one public engagement opportunity with residents in the neighborhood, including the board of any City-recognized affected neighborhood association. At least one of the owners/principals needs to attend the meeting.

Submit completed applications to:

City of Eugene
ATTN: Amanda Nobel Flannery
99 West 10th Avenue
Eugene, OR 97401
amanda.nobelflannery@ci.eugene.or.us
541-682-5535

The non-financial materials included with the application will be reviewed by staff and a 30-day written comment period will start. The financial information will be reviewed by an independent professional consultant. The City Manager will then convene the Project Review Panel to review the application's conformance with program criteria and the consultant's financial conclusions. The Project Review Panel will make a recommendation to the City Manager on the application; the City Manager will provide the City Council with a recommendation on the application for Council consideration.

APPLICATION FEE INFORMATION

An application fee of \$2,400 should be made payable to City of Eugene [Administrative Order 53-15-14F]. This is comprised of the \$400 base fee plus \$2,000 for the independent financial consultant. (Payment of other reasonable costs may be required, if incurred by the City or County in processing this application. Such costs must be paid prior to the granting of final approval.)

GENERAL APPLICATION PROCESS

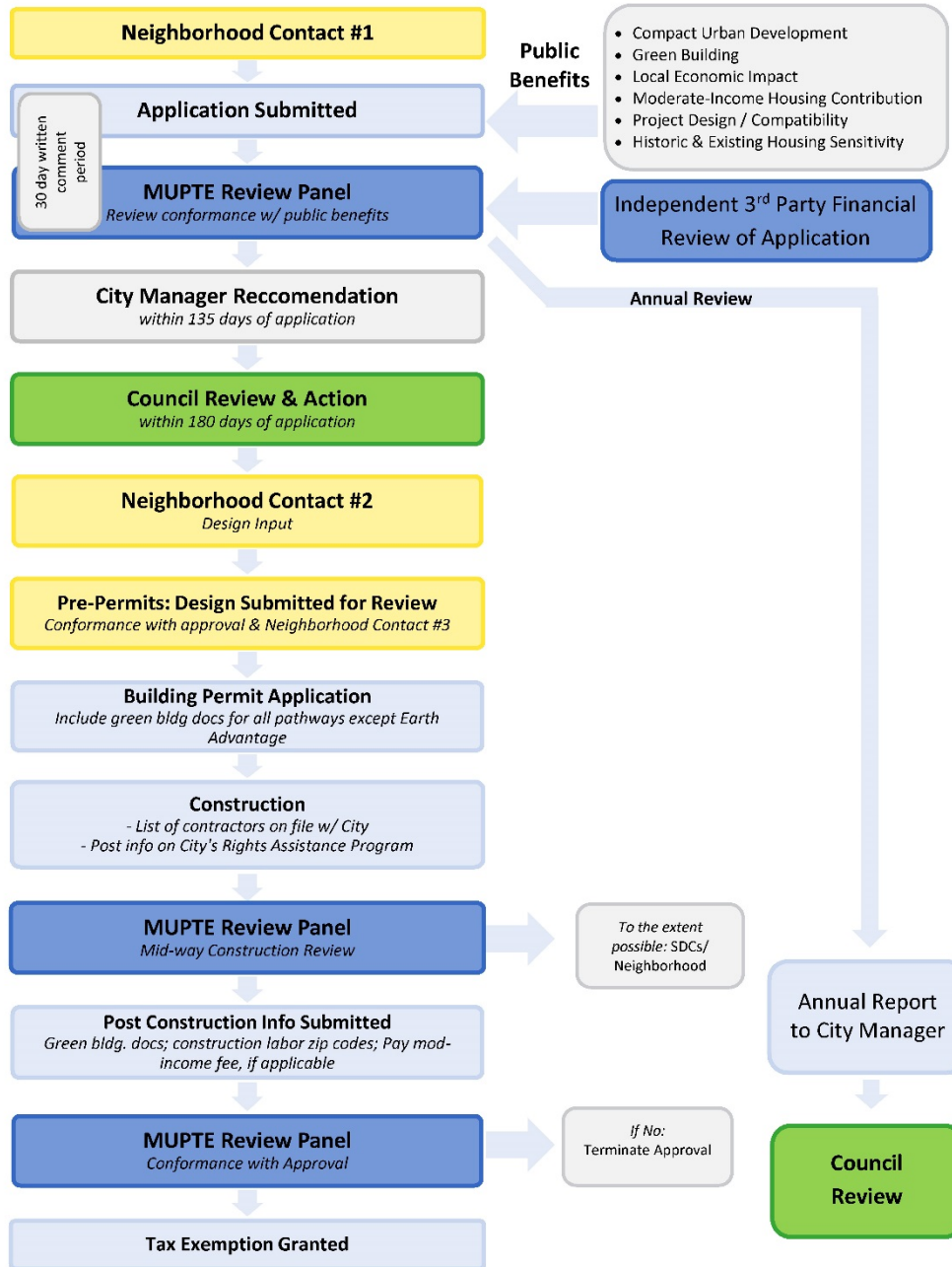
TIMING

Within 135 days of submission of an application, the City Manager will recommend to the Council that the application be approved, approved subject to conditions, or denied. The written comments shall be forwarded to the City Council with the City Manager's recommendation [R-2.945-E].

GENERAL APPLICATION PROCESS

PROCESS DIAGRAM

MUPTE Application & Review Process



Annually:

- Moderate-income housing: Pay fee in years 3 – 10 or update lease rates on mod-income units & submit docs.
- BPS pathway energy usage, if applicable.

BOUNDARY

Boundary

City Council activated MUPTE in the downtown area east of Charnelton Street in July 2015, which means projects within that boundary are eligible to apply [2.946(1)(a)].



BOUNDARY

FUTURE BOUNDARY EXPANSION

At a later date, City Council may expand the MUPTE boundaries upon approval of:

1. Amendments to the code that require that a percentage of the units in an approved tax exemption project must be workforce housing or that the developer must make a commensurate “in-lieu of” payment to the City that is based on workforce housing rental rates, and that those payments shall be used to facilitate or develop workforce housing [2.946(1)(b)1.]; and
2. Refinement plan policies that specifically provide for multiple-family and mixed use projects within that area, and that those policies are acknowledged pursuant to ORS 197.625 [2.946(1)(b)2.].

The areas that the City council may approve later include sections along the six Envision Eugene Corridors and primary core commercial areas: the downtown area west of Charnelton; Mid-town; South Willamette; West 11th; 6th/7th Trainsong Highway 99 Corridor; Valley River Center commercial area; North Franklin; South River Road; Mid-River Road; North River Road; South Coburg Road; Mid- Coburg Road; and North Coburg Road [2.946(1)(b)]. Council would need to adopt a resolution to activate an area [Ordinance section 5].

ELIGIBLE PROJECT TYPE

Eligible Project Type

Multi-unit redevelopment housing projects (excluding “student housing”, transient use, and vacation occupancy) with five or more units that are newly constructed, additions to existing multi-unit housing, or structures converted in whole or in part from other use to dwelling units [2. 2.946(2)(a)] are eligible for MUPTE. The commercial portion of a project is eligible for an exemption if deemed a public benefit by City Council [2.945(7)]. The land and improvements not exempted by City Council continue to be taxed during the MUPTE period.

“Student housing” is housing specifically built for living space for undergraduate and graduate students where the leasing unit is by room or bed (not an entire residential unit), and unit configurations take the form of several bedrooms with individual bathrooms and sparse common space. Project amenities and location are selected to appeal only to students and offer limited viability as potential housing for the general population, particularly families.

NEIGHBORHOOD ENGAGEMENT

Neighborhood Engagement

Although neighborhood association support is not required for MUPTE approval, applicants must contact the appropriate neighborhood association to share project information and to seek input. Specifically, one or more of the principals (owners) of the applicant entity must attend two neighborhood engagement opportunities (discussions/presentations):

- One of the opportunities must be prior to MUPTE application submission [2.945(3)].
- The second opportunity must be during the design process and before the final design drawings are completed [2.946(3)(b)].
- Additionally, the neighborhood must have the opportunity to review and comment on the final design before the project is submitted for permits [2.946(3)(b)].

You will need to include evidence of the first opportunity in the MUPTE application along with a copy of the comments received from the neighborhood association or documentation of your attempt to solicit comments.

In addition to providing comments to the applicant, the neighborhood association will have two neighborhood representatives seated on the MUPTE Review Panel who can voice project specific neighborhood issues and concerns during the application review process [2.945(13)]. (See the “Community Review Process – MUPTE Review Panel” section for more information.)

The application review process also includes a community-wide 30-day written comment period.

REQUIRED PUBLIC BENEFITS

Required Public Benefits

To be considered for MUPTE approval, projects must provide the following public benefits.

COMPACT URBAN DEVELOPMENT

For the downtown area east of Charnelton, the project must include specific density based on zone [2.946(2)(c)]:

- *Residential zones:* at least 175% of minimum density for the zone.
(e.g. R-4 High Density Residential)
- *Form-based zones with height limit of three or four stories:* at least 30 units per net acre.
(e.g. S-DR Downtown Riverfront Special Area)
- *Mixed-use development*¹: at least the minimum density in the zone.
(e.g. C-2 Community Commercial, C-3 Major Commercial)
- *All other areas, including residential-only development in commercial or mixed use zones:* at least 50 units per net acre.
(e.g. S-W Whiteaker Special Area, S-F Fifth Avenue Special Area, S-H Historic, C-2 Community Commercial, C-3 Major Commercial)

GREEN BUILDING FEATURES

The green building public benefit focus is on building energy performance, as prioritized within Envision Eugene and the Climate and Energy Action Plan. MUPTE projects must perform at least 10% more efficiently than the performance established in the Oregon Energy Efficiency Specialty Code [2.946(2)(f)1. & 2.]. Pathways for complying with the requirement are based on the number of floors for the project: 1-3 story projects and 4 or more story projects.

1-3 Story Pathways include:

- **LEED v4:** Obtain LEED v4 for Homes Low-rise Multifamily basic certification and modeled at least 10% above current OEESC or;
- **Earth Advantage:** Obtain Earth Advantage Multi-Family-Silver level certification and provide a commissioning report or;

¹ Mixed-use development incorporates both commercial and residential use in the same building.

REQUIRED PUBLIC BENEFITS

4 Stories or more Pathways include:

- **LEED v4:** Obtain LEED for Homes Midrise basic certification and modeled at 10% above current OEESC or;
- **City BPS:** City of Eugene Building and Permit Services review of project. Model building energy performance, utilizing the LEED for Homes Midrise energy modeling methodology, showing the building performs 10% above current OEESC performance, construct to modeled plans, provide a commissioning report (prior to issuance of Certificate of Occupancy), and work with the City to report multi-family occupancy energy use data to the City for the life of the MUPTE tax exemption.

The following table shows the required documentation that you will need to provide to the City with the MUPTE application and, if the MUPTE is approved, with building permit application and after construction. The Green Building Fact Sheet located in the MUPTE application contains additional information on modeling and commissioning reports.

REQUIRED PUBLIC BENEFITS

Pathway	Submit with Application	Submit with building permit application	Submit after Construction²
<i>LEED v4</i>	<ul style="list-style-type: none"> • LEED Registration Number • Project Checklist 	Energy model	Within 18 months after receiving a Certificate of Occupancy, documentation of LEED certification (copy of USGBC Rating Certificate and final LEED review).
<i>Earth Advantage</i>	<ul style="list-style-type: none"> • Earth Advantage Points Worksheet • Narrative describing the project's green elements 	n/a	Within 18 months after receiving a Certificate of Occupancy: <ul style="list-style-type: none"> • Documentation of Earth Advantage certification, and • Commissioning report.
<i>City BPS</i>	Confirm understanding and commitment.	<ul style="list-style-type: none"> • Signed Energy Release to enable the City to access multi-family occupancy energy use data for the life of the MUPTE • Energy model 	<ul style="list-style-type: none"> • List of energy efficiency features. • Within 18 months after receiving a Certificate of Occupancy, commissioning report. • Annually during exemption if Energy Release not signed, multi-family occupancy energy use data.

Additionally, all projects that provide onsite parking will be required to install conduit for future electric vehicle charging stations [2.946(2)(f)3.].

² If this documentation is not timely submitted, MUPTE may be revoked.

REQUIRED PUBLIC BENEFITS

LOCAL ECONOMIC IMPACT PLAN

To ensure that a substantial portion of the local tax benefit yields a benefit to the local community, you need to provide a plan with your application to meet the following goal:

Provide for more than 50% of the dollar volume of the combined professional services and construction contracts include local firms.

A local firm is one based in Lane County [2.946(2)(g)1.]. Trades not available locally will be exempted when appropriate, based on satisfactory evidence provided by the applicant [2.946(2)(g)3.a.].

Additionally, you will need to ensure that qualified Minority and Women Business Enterprises (MWBE) have an equitable opportunity to compete for contracts and subcontracts [2.946(2)(g)3.b.]. The City supports the utilization of Minority, Women, Emerging Small Businesses, local businesses, Disadvantaged Business Enterprises and Qualified Rehabilitation Facilities at both a prime and subcontracting level.³ The City's existing MWBE Program is an available resource for the community at large and MUPTE project related parties. For more information on the City of Eugene MWBE program contact Abby Alway, Equity in Contracting Program Coordinator, 541-682-5058.

The City encourages approved applicants to use the following practices to promote open competitive opportunities for MWBE businesses:

- Search for certified minority, women, emerging small business or disadvantaged business enterprises from the Certification Office for Business Inclusion and Diversity (COBID) directory by visiting their website at:
<http://oregon4biz.diversitysoftware.com/FrontEnd/VendorSearchPublic.asp>
- Advertise in general circulation, trade association, and minority focused media about prime and subcontracting opportunities.

Awarded MUPTE projects must follow wage, tax, and licensing laws [2.946(2)(g)3.c.].

- As a condition of receiving MUPTE, you will need to ensure or exercise due diligence in ensuring that all the contractors performing work are licensed and in compliance with Oregon Revised Statutes Chapter 701 (Construction Contractors and Contracts). You must provide the City with a list of all contractors performing work on the project before a contractor performs any work on the project. You

³ Admin Order No. 44-08-06-F, Exhibit A, Article 6, section 6.2.4

REQUIRED PUBLIC BENEFITS

must confirm the proper licensing, insurance, bonding and workers comp coverage for each contractor.

- The contractor must provide an affidavit to you that the contractor, owner, or responsible managing individual of the contractor does not have any unpaid judgments for construction debt, including unpaid wages. The contractor affidavit should also attest that the contractor is in compliance with Oregon tax laws described in ORS 305.620 (local taxes) and ORS Chapters 316, 317, and 318 (state income taxes). The City can provide a template for the affidavit, if needed.

Awarded MUPTE projects must post information at the job site on the Rights Assistance Program in English and Spanish [2.946(2)(g)3.c.]. The City's existing Rights Assistance Program is an available resource for the community at large and MUPTE project related parties. For more information on the Rights Assistance Program, please contact Jennifer Van Der Haeghen, Human Rights and Neighborhood Involvement Manager (AIC), at 541-682-5009 and Katie Babits, Equity and Accessibility Analyst (AIC), at 541-682-5277. Online information is: <http://www.eugene-or.gov/index.aspx?NID=2476>.

As noted in the introduction, failure to comply with these (and all MUPTE) requirements may result in an administrative civil penalty [2.947(8)] or termination of the tax exemption [2.947(1) - (7)].

MODERATE-INCOME HOUSING CONTRIBUTION

If City Council approves the MUPTE, the project will pay a fee to be dedicated to support moderate-income housing in the community. The fee will be 10% of the total MUPTE benefit for the 10-year benefit. You can choose to pay the fee annually during years three through ten (to accommodate the project stabilization period) or upfront with a 5% discount. Alternatively, you may include not less than 30% of the units as moderate-income housing [2.946(2)(h)3.].

- A moderate-income housing unit has rent that is affordable to a household earning the area median income (AMI). This means that the monthly rent is equal to or less than 30% of the area median income (AMI) divided by 12 months: $AMI \times 0.3 \div 12 = \text{maximum rent per month}$.
- The relevant AMI is determined by the U.S. Department of Housing and Urban Development (HUD). AMI is the income which divides the income distribution of an area into two groups of equal size, half with incomes above the median and half with incomes below the median, as published on an annual basis by HUD for the Eugene-Springfield metropolitan statistical area and used interchangeably by HUD as Median Family Income and HUD Area Median Family Income.

REQUIRED PUBLIC BENEFITS

For **application purposes**, the maximum rental rates for the moderate-income housing units are listed in the application (“Moderate Income Housing Worksheet”). These rents should also be in the pro-formas submitted with the application.

For **setting moderate-income rental rates after construction**: The AMI is likely to change each year and along with it the maximum rental rates. Each year of the tax exemption, the moderate-income units will need to conform with the AMI in effect at the time each unit is leased and have rents at or below the maximum rates. Each year, City staff will make the maximum rental rates available. You will need to review the maximum rental rates before a lease is signed on the moderate-income units.

PROJECT DESIGN & COMPATIBILITY

MUPTE projects need to address basic design concepts in the context of the project location. The application needs to include a written narrative, with supporting graphics, renderings, or elevations of the proposed development that describes how the project will address the basic design concepts listed below. The draft *Community Design Handbook* describes and illustrates a complete summary of design principles for Eugene. Although not all principles will apply to a given project, the *Community Design Handbook* serves as the primary resource for achieving design outcomes. The Community Design Handbook can be found at www.eugene-or.gov/designhandbook or in hard copy at the Planning and Development Department.

- *Scale, form and quality of the building(s)*. Buildings are designed for the human scale, appropriate to local climate and natural resiliency, to engage the street, promote transparency, help define a sense of place, fit the neighborhood, and employ high-quality and contextually appropriate materials and colors.
- *Mixture of project elements*. The proposal employs a mixture of project elements that contribute to a walkable downtown, encourage biking and transit use, enrich the streetscape, and support community comfort and safety at all hours.
- *Relationship to the street and surrounding uses*. The proposal is designed to engage and enrich the streetscape, as well as respect and enhance the existing surrounding uses.
- *Parking and circulation*. Parking is designed to provide, to the greatest extent possible, locations for car sharing, integrated shared-parking strategies, electric car charging stations, and safe and attractive pedestrian/bicycle connections between parking and adjacent buildings and streets.

REQUIRED PUBLIC BENEFITS

If City Council approves your MUPTE application, you will be required to adhere to the project design elements that were reviewed at the time of City Council approval [2.946(2)(e)].

HISTORIC & EXISTING HOUSING SENSITIVITY

Adjacent or Contiguous to Historic Locale.⁴ Any project that is immediately adjacent or contiguous to a historic locale shall include a plan to mitigate impacts to the historic locale [2.946(2)(d)]. The concept plan needs to be reviewed by a PDD staff person. The MUPTE application needs to include a confirmation letter from PDD staff [R-2.945-C section 1.6.1].

Removal of Historic Structure or Potential Historic Structure. No exemption will be granted for any property where a historic structure or potential historic structure has been demolished or removed from the property within the two years immediately preceding the date of application for the exemption. This restriction shall be waived if the owner of the property gave notice of the intent to demolish or move the structure to Eugene Planning staff responsible for historic review issues at least 60 days before the owner's application for a demolition or moving permit from the City [R-2.945-C section 1.6.2].

Justification for Elimination of Existing Housing. No exemption will be granted for any property on which any housing unit has been demolished or removed from the property within the two years immediately preceding the date of application for the exemption. This restriction can be waived if the proposed project increases the number of dwelling units by 50% from what previously existed or if it replaces the old dwelling units by significantly larger dwelling units that will accommodate families [R-2.945-C section 1.6.3].

PROJECT NEED

Analysis of the project pro forma must establish that the project would not be built but for the benefit of the tax exemption [2.946(2)(b)]. For the application, you will need to submit documentation, including a 10-year pro forma with MUPTE, a 10-year pro forma without MUPTE, an analysis of the projected overall rate of return (as measured by the Cash on Cash return) for the proposed project, a description of how the property tax estimate was determined, a development budget, and sources and uses of financing. The financial

⁴ As defined in the Administrative Rule, an historic locale is a building that has historic, cultural and/or architectural significance, locally, regionally, or nationally. A historic locale can also include a building acknowledged by the Eugene Historic Review Board as strongly or possibly eligible for City Landmark or National Register listing. [R-2.945-A]

REQUIRED PUBLIC BENEFITS

information will be analyzed by an independent outside professional consultant with conclusions provided to the MUPTE Review Panel, the City Manager, and City Council.
[2.945(4)]

OTHER PROGRAM REQUIREMENTS

Other Program Requirements

REPORTING

During construction, you will need to submit a list of all contractors performing work on the project, before a contractor performs any work on the project.

After construction, you will need to submit:

- a list of the home city or zip code of the construction labor workers, and
- documentation for the green building pathway (see the “Green Building” section).

During the exemption period, you will need to submit:

- annual documentation to evaluate compliance for projects that include moderate-income housing units [2.946(3)(c)] or pay the moderate-income housing fee.

PROGRAM VOLUME CAP

The program goal is to assist in the creation of 1,500 new, multi-family housing units through redevelopment (after adoption of the 2015 ordinance). Capping the cumulative number of units is aligned with Envision Eugene identified gap using updated information regarding the 20-year projection for multi-family homes and land capacity. The cap will be reviewed annually by the Review Panel as part of the Annual Report. At such time that the MUPTE-assisted number of dwelling units constructed reaches the cap, City Council will conduct a comprehensive review to determine if continuation of the program is desired. [Ordinance Section 6]

COMMUNITY REVIEW PROCESS – MUPTE REVIEW PANEL

Community Review Process – MUPTE Review Panel

The MUPTE Review Panel meets on an annual basis and as needed to provide a third-party review of MUPTE applications and the MUPTE program for the City Manager. The Panel:

- Reviews project applications, including the consultant’s review of the project’s financial projections [2.945(4) & (13)(b)1].
- Reviews applicant’s conformance with the Required Public Benefits and makes recommendations regarding approval/denial of the tax exemption to the City Manager [2.945(4) & (13)(b)1].
- Reviews the project’s conformance with approval requirements midway through construction, at completion of construction, and during the exemption period [2.945(13)(b)2].
- Assists the City Manager in preparing an Annual Report on progress of the approved projects, program volume cap, and reporting documentation [2.945(13)(b)(3)].

The Panel membership generally strives to represent the richness of the community’s perspectives, neighborhoods, and technical expertise. The Panel includes ten members [2.945(13)(a)]:

- 2 at-large neighborhood representatives; selected by the neighborhood association boards;
- 2 neighborhood representatives from the specific neighborhood in which a proposed MUPTE project is located selected by the board of the neighborhood association in which a project is located; and
- 6 technical interests, selected by the City Manager:
 - architect/green building specialist,
 - building trades union,
 - developer,
 - environmental professional,
 - public health professional, and
 - human rights representative.

COMMUNITY REVIEW PROCESS – MUPTE REVIEW PANEL

OVERALL PROGRAM REVIEW

The six technical interest members and two at-large neighborhood representatives will review annually the efficacy of the program in reaching the City's desired goals [Ordinance Section 5].

REPORTING TO THE CITY COUNCIL & THE COMMUNITY

The Panel assists the City Manager in preparing annual reports documenting the progress of MUPTE projects. The City Manager will present the reports to the City Council. Staff will assist the Panel in compiling and distributing the report, including posting it to the City website.

SELECTION PROCESS

The neighborhood representatives selection process is assisted by the City's Human Rights and Neighborhood Involvement staff. For the **at-large positions**, staff will solicit nominations from neighborhood boards and follow up with an online voting process. Each board would be asked to nominate up to two individuals. Once nominations are received, each board would use a ranked choice voting system from the slate of nominations. The two candidates to receive the highest rankings will be seated on the panel for a 3-year or 4-year term.

For the **neighborhood specific positions**, staff will work directly with the specific neighborhood association board once a MUPTE application is received. Within one week of receiving an application, Community Development staff will notify Neighborhood Involvement staff who will contact the board. The board will have 30 days to provide staff with names of the two representatives. If no representatives are selected, the seats will be vacant until such time as representatives are selected. The term will be a minimum of one year.

The **technical members** will be selected by the City Manager. Interested parties will submit a letter of interest and provide evidence of their technical expertise. Applicants for the building trades union seat must be a union member or have a written recommendation from a building trades union. Applicants for the human rights representative seat must be a member of a human rights organization or have a written recommendation from a human rights organization. The term will be 3-years or 4-years.

SYSTEMS DEVELOPMENT CHARGES CREDIT

Systems Development Charges Credit

Multifamily (5+ units) development within the City may receive a credit of up to 50% of the appropriate System Development Charges (SDCs) otherwise due under Section 7.720 in connection with the development if all of the following conditions are met:

- The developer constructs, pays for or contributes to the cost of a capital improvement on the Plan described in subsection (2) of section 7.715 of the Code, and the capital improvement would be eligible for SDC funding under the Plan;
- The improvement is located within the boundaries of the neighborhood association in which the development is being constructed;
- Credit for the construction of or contribution to the improvement is permissible under state law; and
- The City Council, the developer, and the applicable neighborhood association board of directors each:
 - Agree that the improvement will mitigate one or more impacts resulting from the multiple-family residential project in the neighborhood; and
 - Approve the grant of SDC credit in exchange for the construction of, or contribution to, the improvement.

The credit may be applied only toward the system development charge attributable to the same system (transportation, wastewater, stormwater, parks) as the improvement which the developer constructs or to the cost of which the developer contributes [code 7.731].

CONTACT INFORMATION

Contact Information

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