



To: Mayor Lucy Vinis and City Council
From: Allie Camp, Urban Development Analyst
Date: January 30, 2020
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 that address the affordability, availability, and diversity of housing. This memorandum provides progress since the [October 2019 HTS update](#). Updates have been provided on selected projects.

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

House Bill 2001

In July staff provided a brief update on the state legislation, HB 2001. 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. The bill language is very clear in its intent which will assist with implementation.

The implementation of HB 2001 aligns with and leverages many of the Working Group's planning and land use recommendations shared in the July HTS update such as:

- The land use code audit;
- Completing Comprehensive Plan chapter on housing;
- The ADU remand; and,
- River Road Santa Clara neighborhood plan/corridor study

Planning staff are developing an approach to comply with the state legislation that will be brought forward to the Planning Commission and Council for direction. The approach will enable the City to comply with the legislation within the State's designated time frame of implementation by June 30, 2022.

Currently, the two-year approach to implementation of the State's legislation is as follows:

- Project scoping and drafting of a public involvement plan began in fall of 2019 and will continue through this winter.
- Design and code concepts will be prepared and vetted in spring, summer, and fall of 2020.
- Code writing and code package preparations will be developed in winter and spring of 2021.
- And, the formal adoption process is planned for summer and fall of 2021.

Planning staff have developed a [Frequently Asked Questions document](#) to share information. To get involved in the process and stay informed of next steps members of the public should contact planning@eugene-or.gov.

Accessory Dwelling Units

On January 21, City Council passed an ordinance making changes to the City's accessory dwelling unit (ADU) regulations. The process started in January 2018 to implement changes to state law (SB 1051 and eventually HB 2001), and this action was a long time in the making after a remand from the Land Use Board of Appeals on Council's first ordinance, and several changes in state and case law.

There are a several items in the ordinance that should have a positive impact on the number of ADUs that Eugene will see. In addition to removing owner/occupancy and parking requirements, the most impactful changes include increasing building height/sloped setback inflection point from 8 feet to 10 feet (meaning the ADU can now be 10 feet in height at the interior yard setback, before sloping up to the maximum height) and removing barriers to above garage ADUs and ADUs on sloped by increasing the building height and sloped setbacks.

Additionally, the changes include the following:

- Replaces all references of "secondary dwelling" with "accessory dwelling"
- Clarifies that accessory dwellings are not accessory buildings
- Aligns the definition of accessory dwelling with that provided in ORS 197.312(5) (aka SB 1051).
- Adds accessory dwellings as an explicitly permitted uses in the following zones:
 - AG Agricultural
 - R-2 Medium Density Residential
 - R-3 Limited High-Density Residential
 - R-4 High Density Residential
 - S-E Elmira Road Special Area Zone
 - S-HB Blair Boulevard Historic Commercial Special Area Zone
- Clarifies that uses allowed in the S-JW Jefferson Westside Special Area Zone and S-C Chambers Special Area zone include what the State defines as an "accessory dwelling unit," but the two zones refer to the use as an additional "one-family dwelling"
- Applies the R-1 Low Density Residential zone standards for accessory dwellings to accessory dwellings in the following zones:
 - AG Agricultural

- R-2 Medium Density Residential
- R-3 Limited High-Density Residential
- R-4 High Density Residential
- S-E Elmira Road Special Area Zone
- Removes regulations that regulate dog keeping separately for an accessory dwelling
- Allows for accessory dwellings on new flag lots

In addition to these legislative changes, Council has a work session on incentives for ADU development scheduled for Wednesday, February 12.

Affordable Housing Trust Fund Advisory Committee

The Affordable Housing Trust Fund Advisory Committee (AHTF AC) continues to meet monthly. In November, the committee discussed community needs and the Eugene-Springfield Consolidated Plan strategies. In December, the AHTF AC heard from the Housing Policy Board’s Renters Protections Committee (RPC) about their recommendations for renter assistance (see below). In addition, five affordable housing providers discussed expanding rental housing development, including challenges and opportunities. Challenges included the difficulty of layering funding, competition for those funds, the lengthy time it takes for due diligence, and that target populations score higher for state tax credits, but other priority populations are being left out. Opportunities include expanding the City’s land acquisition program (these development-ready sites are highly successful and ideal for developers), the use of flexible funding, offering grants rather than revolving loans enables housing providers to offer lower rents, offering assistance with pre-development costs in the form of a short-term loan, and funding “outside of the box” projects. The committee also learned about the City of Eugene’s current affordable housing Request for Proposals (for affordable housing acquisition, rehabilitation, and new construction) process.

At the committee’s January 28 meeting, they heard about and discussed expanding home ownership opportunities. Guest presenters provided an overview of Oregon policy as it relates to home ownership opportunities, challenges and opportunities for expanding local home ownership, and information about local residential real estate market conditions.

In February, the committee will hear from other jurisdictions in Oregon and how they are utilizing the Construction Excise Tax in their communities. Staff will return to City Council with an update on the AHTF Advisory Committee in April.

Additional information is available on the website, including a sign up button to join an interested parties list to keep up with the work of the [Affordable Housing Trust Fund Advisory Committee](#).

Housing Policy Board (HPB) Renter Protections Committee

The HPB Renters Protections Committee (RPC) continues to meet monthly. The committee has had the opportunity to learn about deposit and rent assistance. In December, guest presenters from rental application screening companies provided information about application and screening processes.

On December 18, 2019, members of the RPC presented recommendations to the Affordable Housing Trust Fund Advisory Committee (AHTF AC) for programs or services to support renters, including:

Improving education for landlords and tenants by:

- Expanding or establishing a hotline for both tenants and landlords
- Creating a centralized website, location, resources (including mediation) and referrals

- Providing resources when people are becoming renters, including students (high school, community college, college), and when they are in crisis
- Providing landlord and tenant translation access
- Finding ways to expand landlords' knowledge of rights and responsibilities, and

The following priority ideas related to financial assistance for renters:

- Funding existing programs
- Funding one-time rent assistance program(s) with flexible qualifying criteria
- Establishing a security deposit fund for qualified renters (consider sliding scale fee or grants for very low- or no-income renters)
- Creating a one-stop shop/clearinghouse with resources for renters, staffed with someone who could help renters with applications and related paperwork

In January, staff from the Portland Housing Bureau presented information about Portland's efforts to support stable housing for renters. In February, the committee will discuss these topics further. They will identify recommendations for deposit and rent assistance and consider options for application screening processes. In March, the committee will learn about and discuss services to provide mental health support to stabilize renters, which has been identified as a priority need multiple times.

Additional information is available on the website, including a sign up button to join an interested parties list to be kept informed about the work of the [Renters Protections Committee](#).

Select a site for the Land Acquisition for Affordable Housing program- 1059 Willamette (the old LCC building)

The HTS Working Group identified expansion of the land banking program as a solution to the limited availability of affordable housing. Staff continue to work through due-diligence pieces to determine whether Community Development Block Grant (CDBG) funds are an appropriate use to purchase the property and implement a mixed income project that includes units at market rate rents and at rents affordable to those making 80% of Area Median Income (AMI) and below. A Community Input Meeting was held on January 14 to hear from housing providers, neighbors, and developers on the project under consideration. On January 29, City Council approved the use of CDBG funds to acquire the site.

There are few subsidies that apply to projects serving income levels at 80% AMI. Traditional Affordable Housing projects at 60% AMI qualify for tax credits and HOME funds which makes them financially viable. Financial modeling shows that a mixed income project like this will result in a financial gap. This project is eligible for Urban Renewal funds which could be used to fill the gap. The Urban Renewal process requires engagement, a public hearing, and City Council approval which would all be addressed as the project proceeds.

Complete the Consolidated Plan and Fair Housing Plan

Work is underway for the 2020 Eugene-Springfield Consolidated Plan and Analysis of Impediments to Fair Housing (also known as the Fair Housing plan). The Consolidated Plan will cover the period from July 1, 2020 through June 30, 2025. It will present an assessment of local housing, homelessness, and community development needs and establishes goals and priorities for use of HUD funds to address those needs. As part of the data collection, two surveys were administered, one for community members and one for providers, assessing local housing, homelessness, community development, and fair housing needs. The results of the surveys were analyzed by The Cloudburst Group, the plan consultants, and are being used to shape the draft housing and

community development strategies in the Consolidated Plan. The Cloudburst Group has had multiple consultations with stakeholders and community providers to solicit feedback on community needs.

The Consolidated Plan Advisory Committee has been formed and includes three representatives from Eugene and three from Springfield: Councilor Chris Pryor, John Barofsky, Jennifer Webster, Councilor Marilee Woodrow, Gabrielle Guidero, and Betsy Schultz, respectively. The committee has met twice to discuss data related to the community profile. The committee's final meeting will be a public hearing (not yet scheduled).

Eugene is hosting an Open House on February 12 from 4:00-6:30pm at Whirled Pies (199 W. 8th Avenue) for community members to provide feedback on the draft housing and community development strategies for the 2020 Consolidated Plan. Staff will take the draft strategies to City Council on February 24.

Additional information is available on the website, including a sign up button to join an interested parties list to be kept informed about the [Consolidated Plan process](#).

Short-Term Rental (STR) Regulation

The Working Group identified regulation of short-term rentals as a recommendation to protect the availability of rental properties in Eugene. In September, Council received an overview of short-term rental use in Eugene, and in December reviewed draft code language to apply regulation to short term rentals. The main takeaways from the December Work Session were:

- To slow down the process to ensure that more impacted groups and persons can be heard.
- To collect information to determine what the problems truly are.
- To create an ad hoc committee including STR operators, neighbors, and other interested parties to develop recommendations for staff to take back to Council this spring.
- To adopt any new regulations before City Council's summer break in 2020.

Staff have selected 16 representatives for the STR Ad Hoc Committee, and the committee will meet three times throughout January and February. The first meeting was held on January 30. To hear from the Public, the Ad Hoc Committee will host an open house on February 11 from 6:15-7:45 in the Atrium lobby (99 W. 10th Avenue, Eugene). Additionally, a survey will be made available throughout February to gather additional public input.

More information about the Ad Hoc Committee and project history can be found [on the project website](#).

Clear & Objective Update

Last May, Council advanced the proposed Clear & Objective land use code amendments on to the formal adoption process. As a reminder, these updates will apply to land use applications that involve housing such as land divisions, planned unit developments, conditional uses, and site reviews when an applicant elects to have the project reviewed under clear and objective requirements as they are entitled by State law. The proposed changes to our existing clear and objective approval criteria range from simple maintenance fixes to addressing some more complex items like tree preservation and geotechnical requirements.

Prior to starting the formal adoption process, Council directed staff to work through some additional refinements to the draft code with Planning Commission. Staff has been working on responsive changes, primarily related to the draft tree preservation standards, and recently

returned to Planning Commission on [January 27, 2020](#), with a second work session scheduled for February 11, 2020. Following the Planning Commission's review and refinement of the revised draft, we will officially begin the formal adoption process. The adoption process is anticipated to take approximately six months and the public will be able to provide feedback in multiple ways. First, the Planning Commission will hold a public hearing and make a recommendation to Council. Next, City Council will hold a public hearing before taking final action.

To stay up-to-date regarding meetings, check the project [website](#) for upcoming event announcements and links to the agendas and webcasts. You can also email the project manager, Jenessa Dragovich, at JDragovich@eugene-or.gov if you want to receive project updates directly.

EWEB Prioritizing Housing

In April of 2019 the EWEB Board reviewed a series of actions intended to make it easier to do business with EWEB, support economic development, facilitate efficient electrification, and address the utility cost burden to customers. These actions stemmed from a meeting in June of 2018 with a group of residential developers to learn about areas where EWEB could improve service delivery and thus encourage housing development.

The first action was to limit the need for performance bonds for new developments. While water utility is required by state statute to secure financial guarantees for new subdivision projects, no such requirement exists for the electric utility. To reduce the administrative burden to the utility and streamline the process for customers, EWEB increased the minimum cost for electric installations requiring a financial guarantee (most service extension projects are under \$10,000). This higher threshold eliminates the need for performance bonds for most projects, particularly residential housing.

Last December, the EWEB Board approved a scaled methodology for system development charges (SDCs) for tiny homes and secondary dwelling units to align with City efforts to encourage more affordable, in-fill housing. Under this methodology, homes with 800 square feet or less of space receive a reduced SDC (about a 50 percent cost reduction) from single family residential water SDC rates.

At the same meeting, the EWEB Board also voted to reinstitute an SDC waiver on water for low-income housing projects that have prior approval through the City of Eugene's Affordable Housing SDC Exemption program. The updated program goes into effect in February and EWEB anticipates at least two low income development projects will receive a water SDC exemption in 2020.

Lastly, in January 2020, the Board approved a new pricing methodology in the form of a network connection fee for construction projects in the Downtown core. The network connection fee establishes more predictability and fairness in costs. In the past it was unknown if additional infrastructure improvements were required for new development projects. This fee helps to mitigate a potential barrier to compact urban development in our downtown core.

FOR MORE INFORMATION

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 Allie Camp at acamp@eugene-or.gov.