



## MEMORANDUM

**Date:** January 26, 2021  
**To:** Sarah Medary, City Manager  
**From:** Larry Banks, MUPTE Review Panel Chair <sup>LB</sup><sub>LB</sub>  
**Subject:** Annual MUPTE Project Review Report – FY20

The MUPTE Review Panel presents the enclosed annual MUPTE project review report, which covers July 1, 2019 to June 30, 2020 (FY20), and is in accordance with Section 2.945(13)(b)3 of Ordinance 20556:

The review panel will assist the City Manager in preparing annual reports to the Council on the progress that will also include information about the program volume cap and review of the documentation required.

As a reminder, our Panel is a combination of technical interests and neighborhood representatives as called for in the Ordinance [2.945(13)(a)]. The Panel includes:

- Two at-large neighborhood representatives, selected by the neighborhood association boards (Bill Aspegren and Lloyd Helikson);
- Two neighborhood representatives from the specific neighborhood in which a proposed MUPTE project is located, selected by the board of the neighborhood association.
  - For Gordon Lofts: Pete Knox and Michael DeLuise from the Downtown Neighborhood Association.
  - For Ferry Street Manor: Steve Baker and Dan Lawler from the West University Neighborhood (selected from neighborhood by City staff due to lack of active neighborhood association).
- Six technical interests, selected by the City Manager: architect/green building specialist (Larry Banks), building trades union (Jeff Harms), developer (Sarah Bennett), environmental professional (Aaron Whitney), public health professional (Jennifer Jordan), and human rights representative (Ela Kubok).
  - Hugh Prichard temporarily subbed in as the Developer for the Ferry St. Manor application, which was submitted by Sarah Bennett.

(The neighborhood specific representatives are included in this annual project review and are not part of the program review. A separate memo contains our annual program efficacy review.)

For our FY20 analysis, we met on October 22, 2020 and reviewed the FY20 staff report. The enclosed staff report covers the approved projects, compliance/reporting, and program volume cap. Noteworthy elements for FY20 include:

- The Ferry St. Manor application was approved by Council in FY20.
- Gordon Lofts remained under construction in FY20.
- The Midway Through Construction reviews of Ferry St. Manor and Gordon Lofts took place in FY20. The Panel was generally satisfied with both projects' compliance with MUPTE public benefit requirements.
- Construction of both projects will be completed in FY21. The Panel's Post Construction reviews of the projects will take place in FY21 and will be documented in separate memos and in next year's Project Review report.
- No new units were created in FY20. 177 units are expected to be created in FY21 (50 units in Ferry St. Manor and 127 units in Gordon Lofts).

Please feel free to contact me if you have questions (541-342-7291 or [lbanks@pivotarchitecture.com](mailto:lbanks@pivotarchitecture.com)).



## FY20 Report to the MUPTE Review Panel

Progress of approved projects, program volume cap, and reporting documentation



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October 2020

## INTRODUCTION

Staff prepared this report in advance of the Multi-Unit Property Tax Exemption (MUPTE) Review Panel’s annual meeting that is held to assist the City Manager in preparing an Annual Report on progress of the approved projects, program volume cap, and reporting documentation [Eugene Code 2.945(13)(b)3.]. The 10-member Project Review Panel is tasked with reviewing the staff report [R-2.945-G and R-2.945-H.1].<sup>1</sup> This report is the fifth one under the extensively revised program and covers the period between July 1, 2019 and June 30, 2020 (FY20). (Past reports can be found as part of the annual Review Panel materials on [www.eugene-or.gov/MUPTE](http://www.eugene-or.gov/MUPTE))

### Panel Mission

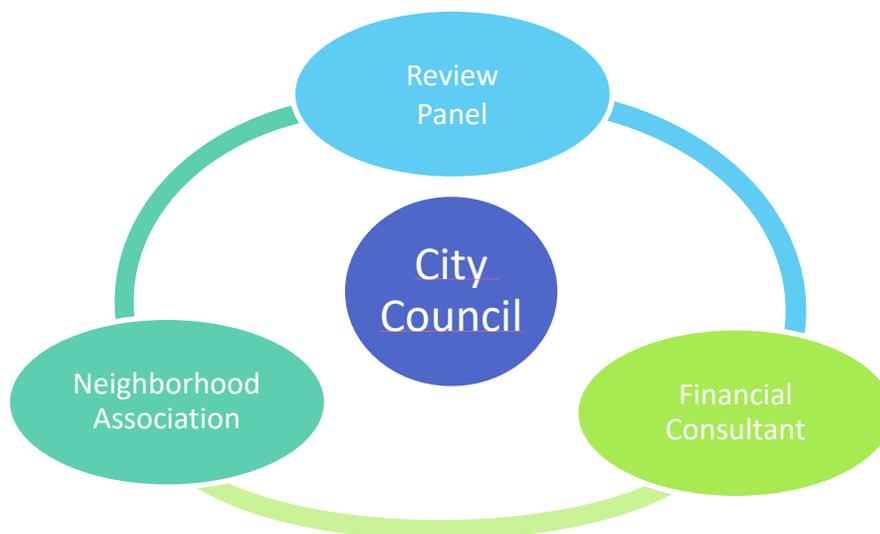
The Panel was added to the program by City Council with the 2015 revisions to:

- Review project applications, including the consultant’s review of the project’s financial projections [2.945(4) & (13)(b)1.].
- Review the applicant’s conformance with the Required Public Benefits and make recommendations regarding approval/denial of the tax exemption to the City Manager [2.945(4) & (13)(b)1.].
- Midway through construction, at completion of construction, and during the exemption period, review the project’s conformance with approval requirements [2.945(13)(b)2.].
- Assist 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.].

### Other MUPTE Oversight

The main oversight is from City Council, who determines whether or not to approve an application.

- Prior to Council action, applications are reviewed by the neighborhood association, the MUPTE Review Panel, and the independent financial consultant.
- If approved, Council’s resolution includes specific conditions that must be met. Non-compliance results in civil penalties, not getting the exemption, or termination of the exemption.
- Post-approval compliance includes two opportunities for the neighborhood to provide design input, design review by staff prior to permits, submission of required documentation for specific public benefits, and convening the Panel midway through construction and when construction is complete.



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<sup>1</sup> The 8-member Program Review Panel completes an annual review of program efficacy and, if needed, the potential addition of eligible areas to the boundary [R-2.945-H.2.].

## **Review Methodology**

Staff compiled information for this report to assist the Panel in reviewing program activity during FY20. The information is organized under three main categories (approved projects, compliance/reporting, and program volume cap) and includes background information.

## **APPROVED PROJECTS**

- Olive Lofts, which was approved by Council in FY17, was not able to be built because the gap in project cost versus available financing was too large. The applicant is looking to either sell the project or lease the existing building.
- Council approved the Gordon Lofts application in FY19. The project is currently near the end of construction with anticipated completion in December 2020. The Panel's post-construction review of this project is estimated to take place in early 2021.
- Council approved the Ferry St Manor application in FY20. The project is currently near the end of construction. The Panel's post-construction review of this project is scheduled for October 29.
- No new applications were submitted in FY20.

## **COMPLIANCE/REPORTING**

*Background:* Owners are required to submit various documentation to demonstrate post-approval compliance with the approval resolutions.

- During construction, the owner will:
  - submit a list of all contractors on the project;
  - submit affidavits for each contractor stating they have no unpaid judgments for construction debt, including unpaid wages;
  - post information on the job site on the Rights Assistance Program in English and Spanish;
  - ensure that qualified Minority and Women Business Enterprises have an equitable opportunity to compete for contracts and subcontracts; and
  - submit relevant documentation for the green building pathway (see the Program Guide "Green Building" section).
- After construction, the owner will submit:
  - a list of the home city or zip code of the construction labor workers, and
  - documentation for the green building pathway
- During the exemption period, the owner will:
  - submit annual documentation to evaluate compliance for projects that include providing moderate-income housing units or
  - pay the moderate-income housing fee; and
  - collect information on building energy usage.

*FY20 Information:* The Panel conducted midway-thru-construction reviews of both Ferry St. Manor and Gordon Lofts in FY20:

- Construction of Ferry St. Manor began in FY20, with estimated completion in FY21. The Panel met on May 15, 2020 to review Ferry St. Manor. The Panel indicated they were generally satisfied with the project's compliance.

- Construction of Gordon Lofts began in FY19, with estimated completion in FY21. The Panel met on January 29, 2020 to review Gordon Lofts. The Panel indicated they were generally satisfied with the project's compliance.
- The Review Panel will conduct post-construction reviews of both projects in FY21.

## **PROGRAM VOLUME CAP**

*Background:* The MUPTE Program goal is to assist in the creation of 1,500 new, multi-family housing units after adoption of Ordinance 20556, which will, in part, assist in the implementation of Envision Eugene. The Panel will review the cap as part of the annual report. At such time that the MUPTE-assisted number of dwelling units constructed reaches the program volume cap, Council shall conduct a comprehensive review to determine if continuation of the program is in the best interest of the City. [Ordinance Section 6]

*FY20 Information:* No MUPTE units were created in FY20. When completed in FY21, the Gordon Lofts project will create 127 residential units and Ferry St Manor will create 50 residential units.



## MEMORANDUM

**Date:** January 26, 2021  
**To:** Sarah Medary, City Manager  
**From:** Larry Banks, MUPTE Review Panel Chair LB  
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**Subject:** Annual MUPTE Program Review – FY20

The MUPTE Review Panel completed the program review in accordance with Section 5 of Ordinance 20556:

The review panel shall meet not less than every 12 months to review the efficacy of the program in reaching the City's desired goals.

Based on administrative order 53-18-03-F, the eight standing MUPTE Review Panel members were part of the program review [R-2.945-H.2.]. These standing members include:

- Two at-large neighborhood representatives, selected by the neighborhood association boards (Bill Aspegren and Lloyd Helikson); and
- Six technical interests, selected by the City Manager: architect/green building specialist (Larry Banks), building trades union (Jeff Harms), developer (Sarah Bennett), environmental professional (Aaron Whitney), public health professional (Jennifer Jordan), and human rights representative (Ela Kubok).

The Panel met on October 22, 2020, to conduct their annual review of the MUPTE program and approved projects. Our project review is included in a separate memo.

The Panel identified topics throughout the course of the year to discuss at the FY20 program review meeting. Staff provided background information on these topics prior to the meeting. Discussion highlights for each area are included below:

- *Moderate-Income Housing Rents:* The Panel heard from Amanda D'Souza and Ellen Meyi-Galloway on the conversion formula that the City uses. MUPTE's workforce housing component requires rents for 30% of units be limited to Department of Housing and Urban Development's (HUD) Area Median Income (AMI) or payment of a workforce housing fee. Prior to the annual meeting, a panel member noticed that City staff's method for converting HUD AMI rent limits per person to unit size was different from the method used for the federal Low-Income Housing Tax Credit (LIHTC). The MUPTE ordinance does not specify a method. The LIHTC method, used by Oregon Housing and Community Services, is 1 person per studio and 1.5 persons per bedroom (using averaging for amounts with .5 persons), less tenant paid utility allowance. For MUPTE, staff modified the LIHTC method, using 2

persons/bedroom rather than 1.5 persons for a 1 bedroom unit, but using less persons per unit for units of 3-5 bedrooms. The topic was discussed at the meeting, and staff later provided a relevant staff Memo sent to Council prior to MUPTE adoption. The panel did not make a recommendation. The LIHTC method appears to create a modestly lower (6.5%) rent limit for 1 bedroom units. Several members expressed interest in future consideration of a possible recommendation about whether the LIHTC method should be utilized in lieu of the staff method.

- *Utility Allowances:* Staff clarified that the rents of moderate-income units will need to account for utility allowances for those units. Utility allowances will be calculated using annual standards released by Homes for Good, the local public housing authority. Panel members discussed the utility allowance and whether the true utility costs should be considered in order to incentivize energy efficiency features. The Panel did not make a recommendation at this time.
- *Green Building Requirements:* It was brought to the City staff's attention that the current code and administrative rules include a discrepancy related to the timing of submission of the Green Building commissioning report. Commissioning reports are generally submitted after a building has been occupied, however the current program requirements state that the commissioning report needs to be submitted prior to occupancy, and within 18 months of occupancy. Staff will be initiating a code change to clarify that the requirement that the commissioning report be submitted within 18 months after occupancy. Staff will keep the Panel informed of the code change process.

We appreciate the opportunity to provide community member oversight to the MUPTE program. Please feel free to contact me if you have questions (541-342-7291 or [lbanks@pivotarchitecture.com](mailto:lbanks@pivotarchitecture.com))