

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY



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Action: Adoption of Resolution 5032 Approving a Multiple-Unit Property Tax Exemption for Residential Property Located at 1647 through 1689 Pearl Street and 231 through 235 East 17<sup>th</sup> Avenue, Eugene, Oregon (Pearl Street Sustainable Housing LLC/Applicant)

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Meeting Date: May 9, 2011  
Department: Planning and Development  
*www.eugene-or.gov*

Agenda Item Number: 4  
Staff Contact: Amanda Nobel  
Contact Telephone Number: 541-682-5535

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### ISSUE STATEMENT

The City Council is asked to consider approval of a Multiple-Unit Property Tax Exemption (MUPTE) for Pearl Street Sustainable Housing LLC's project located at 17<sup>th</sup> Avenue and Pearl Street. (Resolutions for approval and denial are included in Attachments A and B, respectively.)

### BACKGROUND

In 1975, the Oregon legislature adopted the enabling statutes for the MUPTE and Transit Oriented District Tax Exemption program. Since that time, both the State statutes and Eugene's implementation ordinance has been amended. The council most recently amended Eugene's code provisions and boundary in November 2008. To assist both staff and council in evaluating a MUPTE application, the code amendments included 1) adoption of approval criteria, and 2) direction to the City Manager to adopt a public benefit scoring system (described below).

Pearl Street Sustainable Housing, LLC proposes to build the Paradigm on Pearl, a mixed-use building with 100 apartments, ground floor commercial spaces, and underground parking. (See Attachment C for the Report and Recommendation of the Planning and Development Director.) The project would be constructed using sustainable building practices and green building materials, with the goal of qualifying for LEED gold or platinum certification. The project would have four stories (117,753 square feet), 138 bedrooms, and parking (100 underground and five at-grade spaces). In accordance with zoning requirements, the first floor would have four commercial spaces of approximately 1,200 square feet each. The project would include a central courtyard facing south across 17<sup>th</sup> Avenue oriented toward Spencer Butte. The façade of the building is designed to take maximum advantage of natural light with an upscale appearance. The south end of the courtyard would serve as open space through which residents could enter a private courtyard. The target market for the apartments would be families, professionals, and students who appreciate the benefits of living within the urban core. The construction method is planned to allow for conversion to condominiums in the future, as desired by the owners.

The property currently has six older rental homes and one modular home on site, with little to no reuse potential; three are vacant. The buildings are not city landmarks nor are they on the National Historic Register. The project is not immediately adjacent or contiguous to a historic structure.

#### Public Comments

A display advertisement was published in *The Register-Guard* on March 22, 2011, soliciting comments for 30 days. The period ended on April 21, 2011. Other than the letter of support from the West University Neighborhood association included in Attachment D, no public comments were received.

#### Public Benefits

After reviewing the Paradigm on Pearl application against the public benefit scoring criteria in the Standards and Guidelines, staff determined that the proposed development earned 440 points. (A minimum of 100 points is required for the City Manager to recommend that council approve an application.) Points were awarded for the project through the following benefits:

- *Density*: 50 points (10 points per unit in excess of the minimum code requirement; 50 point max)
- *Green Building Features and Quality of Building Materials*: 100 points for LEED-certification
- *Accessibility*: 20 points (10 points per unit)
- *Parking*: 270 points (10 points per code space in excess of the minimum code requirement)

The applicant has also expressed an interest in converting some or all of the housing to ownership in the future and is designing the building accordingly. While there are no additional points added in this application, converting to ownership is viewed as a benefit.

#### Impact and Need for Tax Exemptions to Encourage Housing

The City and other local taxing districts forgo revenue when property is exempted from taxes. The Paradigm on Pearl project will continue to generate property taxes on the land and will immediately generate new tax revenue on the commercial space. The submitted application indicates that the 2010 property tax was \$12,700 and that upon completion the project will pay \$20,000 (land and commercial space). After 10 years, the entire development will be taxable, generating an estimated \$165,000 on the housing portion in year 11. The application also indicates that MUPTE is vital to the development and, if it is denied, the property will be developed without the majority of the public benefit features (such as, underground parking, accessible units, and green building features).

#### Financial Analysis

The applicant has demonstrated that the project as proposed could not be built but for the benefit of the tax exemption. Staff and the Loan Advisory Committee have reviewed the pro-forma and confirmed this conclusion. (See Attachment F for more information.)

#### Timing

This application was submitted on March 8, 2011. The City Manager has 90 days (until June 6) to make a recommendation to the council; if the council has not acted in 180 days (September 4), the application is deemed approved. Additionally, the MUPTE statute expires for all projects unable to be constructed by January 1, 2012. In order to qualify for the exemption, the applicant is required to complete construction prior to January 1, 2012. If the project fails to be completed by the deadline due to circumstances beyond the applicant's control (such as a natural disaster, bankruptcy of key vendors, or dissolution of the related financial institution), the council has the option to grant a one-year extension.

The applicant provided a signed contract with the General Contractor and a construction timeline showing that construction is expected to be complete on or before January 1, 2012. However, some question remains about the ability to meet this timeline given the scale of the project and experience from other projects. In light of this possibility, should the council decide to grant the exemption, the resolution approving the exemption states explicitly that if the applicant is unable to complete the project and obtain a temporary or final certificate of occupancy for the residential portion of the project prior to the deadline, that the applicant will not receive the tax exemption and will have no expectation of being granted an extension. The applicant is aware of the deadline and implications of not meeting it.

## **RELATED CITY POLICIES**

MUPTE is enabled by state statute. The City of Eugene has participated in the MUPTE program since 1978. Encouraging housing in the core area is consistent with numerous adopted planning and policy documents. Examples include:

### Growth Management Policies

- Policy 1 Support the existing Eugene Urban Growth Boundary by taking actions to increase density and use on existing vacant land and under-used land within the boundary more efficiently.
- Policy 2 Encourage in-fill, mixed-use, redevelopment, and higher density development.
- Policy 3 Encourage a mix of business and residential uses downtown using incentives and zoning.

### West University Refinement Plan

- V.9 The City will encourage residential uses in all parts of the plan area.
- V.11 The City and the neighborhood shall study ways to encourage a variety or mix of structure types providing both owner and rental opportunities and appealing to a diverse population.

Additionally, the MUPTE program is consistent with the current Envision Eugene work and, specifically, the “Promote compact urban development and efficient transportation options” pillar.

## **COUNCIL OPTIONS**

The council may approve the exemption, deny the exemption, or delay approval in order to request additional information from the developer.

## **CITY MANAGER’S RECOMMENDATION**

The City Manager recommends approval of the exemption based on a demonstration of need and that the applicant scored 440 public benefit points, which exceeds the 100 point threshold for support.

## **SUGGESTED MOTION**

Move to adopt Resolution 5032 in Attachment A, approving a multiple-unit property tax exemption for residential property located at 1647 through 1689 Pearl Street and 231 through 235 East 17<sup>th</sup> Avenue, Eugene, Oregon (Pearl Street Sustainable Housing LLC/applicant).

## **ATTACHMENTS**

- A. Resolution Approving the Property Tax Exemption
- B. Resolution Denying the Property Tax Exemption
- C. Resolution Exhibit A – Property Legal Description
- D. Report and Recommendation of the Planning and Development Director
- E. WUN Letter of Support
- F. Financial Analysis
- G. Image of the proposed development

*A copy of the MUPTE application for the Paradigm on Pearl is available in the council office for review.*

## **FOR MORE INFORMATION**

Staff Contact: Amanda Nobel Flannery

Telephone: 541-682-5535

E-mail: [amanda.nobel@ci.eugene.or.us](mailto:amanda.nobel@ci.eugene.or.us)

**Resolution to Approve**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED AT 1647 THROUGH 1689 PEARL STREET AND 231 THROUGH 235 EAST 17<sup>TH</sup> AVENUE, EUGENE, OREGON (PEARL STREET SUSTAINABLE HOUSING LLC/APPLICANT).**

**The City Council of the City of Eugene finds that:**

**A.** Pearl Street Sustainable Housing LLC is the owner of real property located at 1647 through 1689 Pearl Street and 231 through 235 East 17<sup>th</sup> Avenue, Eugene, Oregon, more particularly described in Exhibit A attached to this Resolution, and has submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.

**B.** The Paradigm on Pearl project ("the project") consists of the development of 100 residential units and will include a combination of studios, one-bedroom, two-bedroom and three-bedroom units, and underground parking for the residents. The project will also include commercial space and parking for patrons of the commercial space, which are not subject to this tax exemption.

**C.** The project is located within the boundaries of the core area as described in subsection (2)(a) of Section 2.945 of the Eugene Code, 1971.

**D.** The project could not financially be built "but for" the tax exemption.

**E.** The applicant solicited comments from city-recognized affected neighborhood associations.

**F.** The requirements in the Standards and Guidelines for Multiple-Unit Housing Property Tax Exemptions adopted by Administrative Order No. 53-09-01-F related to proximity to historic resources have been satisfied.

**G.** The applicant has complied with the provisions of the Standards and Guidelines as described in the Report and Recommendation attached as Exhibit B to this Resolution which was prepared by the Executive Director of the Planning and Development Department ("the Director") as designee of the City Manager. The applicant has also provided a signed contract with the General Contractor stating that construction is expected to be complete on or before January 1, 2012. However, some question remains about the ability to meet this timeline given the scale of the project. If the applicant is unable to complete the project and obtain a temporary or final certificate of occupancy for the residential portion of the project on or before January 1, 2012, the applicant will not receive the tax exemption and will have no expectation of being granted an extension of the deadline.

**H.** The applicant has agreed to include in the construction one or more public benefits.

I. The proposed project will be at the time of completion, in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, that are applicable at the time the application is approved.

J. The project is not designed for, and will not be used as transient accommodations.

K. Granting the application is in the public interest. In making this determination, the City Council has considered the number of points awarded to the project based on the public benefit scoring system contained in the Standards and Guidelines.

L. The Report and Recommendation attached as Exhibit B recommends that the application be approved and the exemption granted. In making that recommendation, the Director found that the applicant submitted all required materials, documents and fees as set forth in Section 2.945 of the Eugene Code, 1971, and the Standards and Guidelines, and the applicant is in compliance with the policies contained therein.

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:**

**Section 1.** Based upon the above findings which are adopted, and the City Council's review of the Executive Director of the Planning and Development Department's Report and Recommendation which is attached as Exhibit B, the City Council approves the application of Pearl Street Sustainable Housing LLC for an ad valorem property tax exemption under the City's Multiple-Unit Property Tax Exemption Program for the residential units to be constructed at 1647 through 1689 Pearl Street and 231 through 235 East 17<sup>th</sup> Avenue, Eugene, Oregon, and more particularly described in Exhibit A, subject to the following conditions:

1. The project shall consist of development of 40 studio units, 32 one-bedroom units, 18 two bedroom units and 10 three-bedroom units, for a total of 100 residential units. The project will also include 4,800 square feet of commercial space, and underground parking. The commercial space and parking areas for the commercial space are not subject to this tax exemption. The parking spaces reserved for the residents are included in this tax exemption.
2. The project shall be completed on or before January 1, 2012. No extension shall be expected, if the project is not completed by January 1, 2012.
3. No later than 18 months after receiving a Certificate of Occupancy, the applicant shall submit to the City's Planning and Development Department documentation of Leadership in Energy & Environmental Design (LEED) certification (copy of U.S. Green Building Council Rating Certificate and final LEED review).

4. The project shall be in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS Chapters 195, 196, 197, 215 and 227.

**Section 2.** The residential units to be constructed on the property described in Section 1 above (approximately 95% of the above-ground structure) and the underground parking reserved for the residential units (approximately 98.5% of the underground parking area) are declared exempt from local ad valorem property taxation beginning July 1 of the year following certification of completion and continuing for a continuous period of ten years unless earlier terminated in accordance with the provisions of Section 2.947 of the Eugene Code, 1971.

**Section 3.** The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicants, and to the other affected taxing districts, within ten days, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2012.

**Section 4.** This Resolution shall become effective immediately upon its adoption.

**The foregoing Resolution adopted and effective the \_\_\_\_ day of \_\_\_\_\_, 2011.**

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**Deputy City Recorder**

Resolution to Deny

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION DENYING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED AT 1647 THROUGH 1689 PEARL STREET AND 231 THROUGH 235 EAST 17<sup>TH</sup> AVENUE, EUGENE, OREGON (PEARL STREET SUSTAINABLE HOUSING LLC/APPLICANT).**

**The City Council of the City of Eugene finds that:**

**A.** Pearl Street Sustainable Housing LLC is the owner of real property located at 1647 through 1689 Pearl Street and 231 through 235 East 17<sup>th</sup> Avenue, Eugene, Oregon, more particularly described in Exhibit A attached to this Resolution, and has submitted an application pursuant to the City’s Multiple-Unit Property Tax Exemption Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.

**B.** The Paradigm on Pearl project (“the project”) consists of the development of 40 studio units, 32 one-bedroom units, 18 two-bedroom units, and 10 three-bedroom units, for a total of 100 residential units. The project will also include 4,800 square feet of commercial space, and underground parking. The commercial space and parking areas for the commercial space are not subject to this tax exemption. The parking spaces reserved for the residents are included in this tax exemption.

**C.** The project is located within the boundaries of the core area as described in subsection (2)(a) of Section 2.945 of the Eugene Code, 1971.

**D.** The Report and Recommendation of the Executive Director of the Planning and Development Department (“the Director”) attached as Exhibit B to this Resolution recommends that the application be approved and the exemption granted. In making that recommendation, the Director found that the applicant submitted all required materials, documents and fees as set forth in Section 2.945 of the Eugene Code, 1971, and the Standards and Guidelines, and the applicant is in compliance with the policies contained therein.

**E.** Notwithstanding the recommendation to approve the application, the City Council has determined that granting the application is not in the public interest.

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:**

**Section 1.** Having considered the above findings and the Report and Recommendation of the Director attached as Exhibit B, the City Council finds that it would not be in the public interest to grant the application of Pearl Street Sustainable Housing LLC for an ad valorem property tax exemption under the City’s Multiple-Unit Property Tax Exemption Program for the residential units and residential

parking to be constructed at 1647 through 1689 Pearl Street and 231 through 235 East 17<sup>th</sup> Avenue, Eugene, Oregon. Therefore, the application is denied.

**Section 2.** The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days.

**Section 3.** This Resolution shall become effective immediately upon its adoption.

**The foregoing Resolution adopted and effective the \_\_\_\_ day of \_\_\_\_\_, 2011.**

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**Deputy City Recorder**

**Resolution Exhibit A – Property Legal Description**

PARCEL 1:

Beginning at a point in the East line of Pearl Street, 273.4 feet North of the Northwest corner of Lot 2, Block 5, PEARL ADDITION TO EUGENE as platted and recorded in Volume 5, Page 24, Lane County Oregon Plat Records; said point also being on the South line of that parcel described in Warranty Deed recorded April 18, 1979, as Reception No. 79-22551, Lane County, Oregon, running thence East 156.4 feet to the West line of an alley; thence South along said West line 50 feet; thence West 156.4 feet to the East line of said Pearl Street, and thence North along said East line 50 feet to the place of beginning, all in Eugene, Lane County, Oregon.

PARCEL 2:

Beginning at a point 66.0 feet North of the Northwest corner of Lot 2 in Block 5 of Pearl Addition to Eugene, as platted and recorded in Book 5, Page 24, Lane County Oregon Plat Records, and run thence North 50.0 feet; thence East 156.34 feet; thence South 50.0 feet; thence West 156.34 feet to the place of beginning, in Lane County, Oregon.

PARCEL 3:

Beginning at a point 50.0 feet North of the intersection of the North line of Seventeenth Street in the City of Eugene, Lane County, Oregon, if extended, with the East line of Pearl Street, if extended, and running thence North along the said East line of said Pearl Street, if extended, 50.0 feet; thence East parallel with the South line of Sixteenth Street in said City, 160.0 feet, more or less, to the West line of the alley; thence South along the West line of said alley 50.0 feet; thence West parallel with the South line of said Sixteenth Street 160.0 feet more or less to the place of beginning, in Eugene, Lane County, Oregon.

PARCEL 4:

Beginning at a point in the East line of Pearl Street in the City of Eugene, Lane County, Oregon, 223.4 feet North of the Northwest corner of Lot 2 in Block 5 of PEARL ADDITION TO EUGENE, as platted and recorded in Book 5, Page 24, Lane County Oregon Plat Records; running thence East 156.4 feet to the West line of an alley; thence South along said West line 57.0 feet; thence West 156.4 feet to the East line of Pearl Street; thence North 57.0 feet to the place of beginning, in Lane County, Oregon.

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**Financial Analysis**

The Pro-Forma for the Paradigm on Pearl (below) shows three key reasons that the project would not be built without MUPTE. First, the debt coverage ratio (Net Operating Income (NOI) divided by debt service) is 1.02, below the amount needed to qualify for conventional financing. (The common bank preference is for 1.25 or higher.) Second, the perceived risk is high demonstrated by the Cash on Cash return (Cash Flow divided by the equity that is invested by the developer) well below the market-expected 10% to 15% level. The Cash on Cash only reaches 3% by year 10. Third, the project valuation is well below the amount needed to qualify for conventional financing. (The value is determined by NOI divided by the capitalization rate.) At project stabilization, the projected value of the property is \$11.9 million. The total cost of the project is \$13.1 million. At 75% loan to value, the project needs to be valued over \$13.3 million to qualify for \$10 million in bank debt.

**Sources**

	<b>Total Cost</b>	
<b>EQ</b>	\$ 3,110,000	24%
<b>Conventional Debt</b>	\$10,000,000	76%
<b>Total project</b>	\$13,110,000	

**Pro-Forma**

<i>Without MUPTE</i>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 10</b>
Rent Income	\$ 1,214,400	\$ 1,226,544	\$ 1,328,171
- Vacancy (5%)	\$ 60,720	\$ 61,327	\$ 66,409
<b>= Effective Gross Rent</b>	\$ 1,153,680	\$ 1,165,217	\$ 1,261,763
- Operating Exp (25%)	\$ 288,420	\$ 306,636	\$ 332,043
<b>= NOI</b>	\$ 865,260	\$ 858,581	\$ 929,720
- Debt Service	\$ 848,135	\$ 848,135	\$ 848,135
<b>= CF</b>	\$ 17,125	\$ 10,446	\$ 81,585
<b>Cash on Cash Return</b>	1%	0%	3%
<b>Value</b>	\$11,935,000	\$11,842,000	\$12,824,000
dsc	1.02		

The pro-forma uses conservative assumptions for property value growth and market assumptions for vacancy and operating expenses. The model assumes that assessed property values increase by 2% per year. The vacancy rate is assumed at 5% of rental income and operating expenses are estimated at 25% of rental income, both standard assumptions in financial underwriting. The financial information is based on projections prior to financing, tenancing, and construction. The cap rate was estimated at 7.25%.

<b>With MUPTE</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 10</b>
Rent Income	\$ 1,214,400	\$ 1,226,544	\$ 1,328,171
- Vacancy (5%)	\$ 60,720	\$ 61,327	\$ 66,409
<b>= Effective Gross Rent</b>	\$ 1,153,680	\$ 1,165,217	\$ 1,261,763
- Operating Exp	\$ 288,420	\$ 306,636	\$ 332,043
- Property Tax (saved by MUPTE)	\$ (135,935)	\$ (138,654)	\$ (162,455)
<b>= NOI</b>	\$ 1,001,195	\$ 997,235	\$ 1,092,175
- Debt Service	\$ 848,135	\$ 848,135	\$ 848,135
<b>= CF</b>	\$ 153,060	\$ 149,100	\$ 244,040
<b>Cash on Cash Return</b>	5%	5%	8%
<b>Value</b>	\$13,810,000	\$13,755,000	\$15,064,000
dsc	1.18		

The Pro-Forma above shows that the project improves with the MUPTE. The debt service coverage is 1.18. The Cash on Cash return reaches 8% by year 10, only slightly below the market expectation. The project valuation is 72% loan to value, which is similar to loan to value ratios currently in the market.

Image of the Proposed Development



**REPORT AND RECOMMENDATION  
of the Planning & Development Department**

**The Paradigm on Pearl Application for Multiple-Unit Property Tax Exemption**

The Executive Director of the Planning & Development Department of the City of Eugene Finds that:

1. Pearl Street Sustainable Housing, LLC is the owner of real property located at 1647 – 1689 Pearl Street and 231 – 235 East 17<sup>th</sup> Avenue, Eugene, Oregon (Assessor's Map17033144; Tax Lot 9900, 10000, 10100). Pearl Street Sustainable Housing, LLC has submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.
2. As the City Manager's designee, I have reviewed the application and find that:
  - 2.1 The project will provide 40 studio-bedroom units, 32 one-bedroom units, 18 two-bedroom units, and 10 three-bedroom units, for a total of 100 residential units. The project will also provide four commercial spaces with a total square footage of 4,800 and commercial parking that will not be subject to the tax exemption.
  - 2.2 In order to qualify for the exemption, the applicant is required to complete construction prior to January 1, 2012. The applicant provided a signed contract with the General Contractor and a construction timeline showing that construction is expected to be complete on or before January 1, 2012. However, some question remains about the ability to meet this timeline given the scale of the project and experience from other projects. In light of this possibility, should the Council decide to grant the exemption, the resolution approving the exemption should state explicitly that if the applicant is unable to complete the project and obtain a temporary or final certificate of occupancy prior to January 1, 2012, that the applicant will not receive the tax exemption and will have no expectation of being granted an extension. The applicant is aware of the deadline and implications of not meeting it.
  - 2.3 The project is located in the core area described in subsection (2)(a) of Section 2.945 of the Eugene Code, 1971.
  - 2.4 The applicant has submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the Standards and Guidelines

for Multiple-Unit Housing Property Tax Exemptions adopted by Administrative Order No. 53-09-01-F.

2.5 The applicant has responded to the public benefit criteria as follows:

2.5.1 Public Benefits

- Density. The project will be built in the C-2 zone. The C-2 zone does not require housing. Therefore, all 100 residential units will be in excess of density requirements.
- Green Building Features. The applicant plans to attain LEED certification and submitted the LEED Registration Number, Project Checklist which demonstrated an award of Gold (and at least five points more than the minimum needed for certification), and a narrative describing the project's green elements.
- Mixed Income. The Paradigm on Pearl will not include housing dedicated to controlled income.
- Homeownership. No units are designated for home ownership. However, the project is being constructed to quality standards that meet market expectations for condominiums with a possibility that condominium conversions will be undertaken at some point after completion of the project.
- Accessibility. All of the residential units will be ADA adaptable. Two of the units will be ADA accessible.
- Historic Sensitivity. The project is not immediately adjacent or contiguous to a historic structure.
- Location. The project is not located in the Downtown Plan Area.
- Parking. The project is in a Residential Parking Permit Zone and will have 105 parking spaces, of which 78 will be code spaces designated for residential use. The project will provide 27 residential parking spaces beyond the 51 required by code.

2.5.2 Longevity of Public Benefits. All of the public benefits listed above will extend beyond the period of the tax exemption.

2.5.3 Points Awarded. The applicant has been awarded 440 public benefit points.

- 2.6 The applicant has demonstrated that the project as proposed could not be built but for the benefit of the tax exemption. City staff and the City's Loan Advisory Committee have reviewed the pro-forma and confirmed this conclusion.
- 2.7 Presentations concerning the Paradigm on Pearl project were given to the West University Neighborhood Association on December 2, 2010 and January 6, February 3, and March 3, 2011. The Association Board voted in favor of the project on March 3 and submitted a letter indicating that they support the project.
3. A display ad soliciting recommendations or comments from the public regarding this project was published in the Register-Guard on March 22, 2011. The period for comment expired on April 21, 2011. No comment was received in response to the ad.

**Therefore**, based upon the above findings, the project is, or will be at the time of completion, in conformance with all applicable local plans and provisions of the Eugene Code, 1971, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted Standards and Guidelines, and I recommend that the application be approved.

Dated this 2 day of MAY, 2011.

  
\_\_\_\_\_  
Executive Director, AIC  
Planning & Development Department

MS

**West University Neighbors**  
**The Eugene Neighborhood Association for West University**  
**280 E. 11th Avenue, Eugene Oregon 97401**

Stephanie Jennings  
Planning and Development Department  
City of Eugene  
99 W. 10th Avenue  
Eugene, OR 97401

March 28, 2011

MUPTE letter of support, revised

Dear Ms Jennings:

The West University Neighbors, a City of Eugene neighborhood association, met several times with Dan Neal to discuss and review plans for the Paradigm on Pearl at 17th and Pearl. This is a proposed 100 to 105-unit apartment complex with one-, two- and three-bedroom units. He is requesting that this development be granted a multiple unit property tax exemption (MUPTE).

Mr. Neal has shown great willingness to work with the neighborhood association to make this very large project appealing and more in keeping with the surrounding properties. We are much happier that it is now only 4 stories, with parking underground, on-site management, and a security system for residents. It is an example of residential above commercial in a commercial zone. This type of development is where Envision Eugene sees the future of multi-family in Eugene, so we were pleased to be able to work together to craft something mutually acceptable. We hope that this type of neighborhood-developer collaboration can serve as a model for future residential above commercial development.

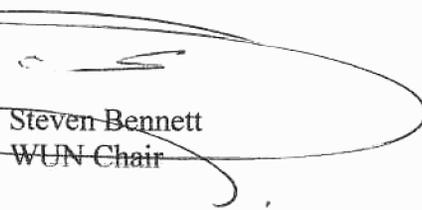
The West University Neighbors Board voted to support the MUPTE application at the March 3, 2011 general meeting by a vote of six in favor and one abstention, subject to the following conditions:

1. Building height will be no more than 4 stories, including on the north end of the building.
2. All parking will be underground, except for supplemental parking along the alleyway, on grade.
3. There will be at least 90 parking spaces, preferably 105 or more, for residents, underground. These may include tandem parking.
4. There will be between 100 and 105 residential units, but no more than 105.
5. There will be 134 to 145 bedrooms, but no more than 145, with a mixture of mostly 1- and 2-bedroom units, and a few 3-bedroom units.
6. The property will have an on-site manager.
7. Security systems for residents will be in place, which will probably include gated parking, video security cameras, and possibly a video intercom system.

We are very pleased to see a central courtyard with public open space as part of this design, as well as a rooftop deck. Too few large developments take into account the need for open space. Energy-efficiency and other sustainability features should result in some level of LEED certification. Sustainability is another of the Envision Eugene pillars, so this is a good step. We would have liked to see live-work apartments for at least some of the commercial space, but understand that they are not possible with the current design.

Our Board feels that this is an appropriate use of MUPTE funding, as long as the design features remain in the project.

Yours,



Steven Bennett  
WUN Chair

**RECEIPT**

Date 3/28 20 11

7483

Received From Bennet

**RECEIVED**

Address \_\_\_\_\_

MAR 23 2011

Dollars \$ \_\_\_\_\_

For Mapt-e

CITY OF EUNING  
BUILDINGS & PERMIT SVCS

ACCOUNT			HOW PAID		
AMT. OF ACCOUNT			CASH		
AMT. PAID			CHECK		
BALANCE DUE			MONEY ORDER		

By M-Bed

REDIFORM 81.800