

NOBEL FLANNERY Amanda

From: Rosemary Mulligan <mullymacd@gmail.com>
Sent: Saturday, May 04, 2013 5:32 PM
To: NOBEL FLANNERY Amanda
Subject: MUPTE program

We oppose the MUPTE application for the Hub. We feel the city is getting saturated with apartments.

Tax breaks for potential businesses that have good paying jobs to offer are a better investment for the city.

Dick and Rosemary Mulligan 541-343-5393

NOBEL FLANNERY Amanda

From: Michael Russo <mrusso@uoregon.edu>
Sent: Sunday, May 05, 2013 4:05 PM
To: NOBEL FLANNERY Amanda
Subject: Comments on the MUPTTE for The Hub

Dear Mayor and City Councilors:

I have the following comments on the proposed project.

- First and foremost, the MUPTTE program, with its all-or-nothing approach to giving tax breaks to developers will be amended or discontinued shortly. And thank goodness for that. MUPTTE was ill-conceived and extremely poorly designed.
- Nonetheless, it would be desirable to have this project.
- I assume that the developers of this project realize what a "big ask" this stream of tax breaks is. The project document states "If MUPTTE isn't granted, this project will not be built." Well, what else would we expect them to say? Without a process of recapturing tax breaks if the project's economics turn out to be rosier than appear in their spreadsheets (a near certainty), the City is again—though its own doing—in a poor negotiating position.
- The City should reject the MUPTTE benefits for the project, and then sit down with the developers to try to make the project work. It will be important to provide some face-saving for the developers, perhaps by offering 1 or 2 years worth of tax breaks,
- Rather than providing tax breaks at all, the City should consider working with the developers to create some benefits that make sense to both parties. I have two ideas here:
- First, although the height is at the city limit, perhaps the city might consider a variance to allow for 1 or 2 more stories. This would boost the returns for the developers, and although this would exceed the city's height limit, the project might be sufficiently unique to do so. I understand from a councilor with which I spoke that there may not be support at this point for exceeding the height limit, but it might be worse to lose the project altogether.
- Second, and more preferable in my eyes, is to recognize how this neighborhood will evolve and provide some one-time public funding where it would make sense. Given the prospect of the Northwest Community Credit Union building nearby and other projects, I believe at some point the City will need to build a pedestrian bridge across Broadway/Franklin. Otherwise, a great many highly dangerous crossings will be made daily and also during evening hours. Why not offer to build this bridge in such a way that it offers a direct access (perhaps on the second floor) to the Hub building? This would be a significant amenity with long-lasting benefits to the project's owners and serve the City's interests as well.

I appreciate the opportunity to comment on the project.

Michael V. Russo
1975 Potter Street
Eugene, OR 97405

NOBEL FLANNERY Amanda

From: jennifer115@comcast.net
Sent: Monday, May 06, 2013 11:48 AM
To: NOBEL FLANNERY Amanda
Subject: Public Comments on The Hub

Saw your advertisement in The Register-Guard pertaining to public comments regarding yet another tax exemption for a new company.

We are strongly opposed.

As homeowners, we pay our share of taxes which according to the City of Eugene is not enough hence the measure in the current election asking for more money which we cannot afford, could make us and others homeless if this is passed.

We encourage new growth and businesses but feel ALL should pay their taxes to be part of our community. As it stands now, that is not happening and we feel it should. It's the "little guy" getting hurt once again.

Thank you for being the person to receive comments from "the public".

Jennifer Levenson

NOBEL FLANNERY Amanda

From: Stu Thomas <thomas@uoregon.edu>
Sent: Tuesday, May 07, 2013 4:53 PM
To: NOBEL FLANNERY Amanda
Subject: Re. MUPTTE application for The Hub student housing project on East Broadway

The City of Eugene is currently experiencing a terrible budget deficit. So bad that we've been asked to approve a ballot measure to raise money for necessary services.

From the number of "For Rent for Fall" signs, there appears to be a real overabundance of student housing all around the University of Oregon. And one only has to drive through the university neighborhoods to see many more student apartment buildings in the process of being built. And then there's Capstone!

Given all this, how can the City of Eugene even *consider* issuing another property tax exemption for student housing at this time?

Have you all gone completely mad??!!

Sincerely,

Stuart Thomas
1879 Olive St.
Eugene, 97401
541-344-6147

222 E Broadway # 210
Eugene, OR 97401
May 6, 2013

Amanda Nobel Flannery
City of Eugene Planning & Development Dept.
99 W 10th Ave
Eugene, OR 97401

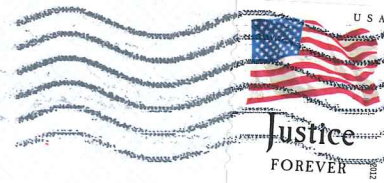
Dear Madam:

I am writing you in regards to a proposed apartment building at 505 East Broadway. I believe the time has come to discontinue the ten year property tax exemption. There has been several similar units constructed or approved around town namely The Pearl at 16th and Pearl, the Capstone project at 12th and Willamette, one proposed for 13th and Patterson (at site of Eugene Flower Home) one behind the Original Pancake House. Increase in the enrollment at the U of O requires more housing but there are several to the east of the main campus. It appears that many of these developments did not provide many jobs for local workers. It is possible the land tax on such developments would not be enough in return for city services they require. Taxpayers are on overload and need some consideration.

Very truly yours,
Irene H. Fee
Irene H Fee

Ms. Irene H. Fee
222 E Broadway Apt 210
Eugene, OR 97401-8702

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Amanda Nobel Flannery
City of Eugene Planning & Develop. Dept.
99 W. 10th Ave
Eugene, OR 97401

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CITY OF EUGENE
BUILDING & PERMIT SVCS

97401\$3015



NOBEL FLANNERY Amanda

From: Camilla Pratt <camillapratt@live.com>
Sent: Wednesday, May 08, 2013 10:35 AM
To: NOBEL FLANNERY Amanda; *Eugene Mayor, City Council, and City Manager
Subject: The Hub

Regarding the proposed building of The Hub at 505 East Broadway

Amanda Nobel Flannery, Mayor Kitty Piercy and Members of Eugene City Council:

When I arrived in Eugene forty-seven years ago, Yapoah Terrace was a new reality. I was amazed at the incongruity of size and location. Now, almost 5 decades later, steadily growing trees and other plants have softened the effect, but it remains an eyesore and severely sun-shadows properties north of it.

As for the location of a 12-story building at 505 East Broadway on a relatively small footprint, the effect would be even more disconnected with the surrounding landscape.

If its intended purpose is student housing, pedestrian safety will always be a huge problem given the configuration of East Broadway/Franklin Boulevard traffic at this location. This would be the wrong side of the street in that regard.

In my view, a building of this height in this location would be a monument to:

- 1) the greed of some developer/builder; and
- 2) our City's lack of discernment about what is appropriate in terms of scale and function.

However, the bottom line is: City of Eugene residents cannot afford future MUPTE tax subsidies.

Camilla Pratt
120 Westbrook Way
Eugene

NOBEL FLANNERY Amanda

From: Dennis Casady <dennis427@gmail.com>
Sent: Thursday, May 23, 2013 11:18 AM
To: NOBEL FLANNERY Amanda
Subject: MUPTTE regarding HUB

I am very much opposed to the proposed 12-story apartment building (The HUB on Franklin Blvd.) receiving the MUPTTE. Anyone with common sense will realize that this will only be additional student housing in a market where there is already too many vacancies. The downtown LCC apartment building has yet to fill up. The Capstone project will see the same results.

The City needs to stop giving tax relief to these out of town developers and investors that no interest in the City of Eugene other than what they can get out of it.

We have a desirable place to live and people will continue to move here regardless and we have no obligation to just GIVE it away.

If we had stopped the MUPTTE earlier, the City would not have had to have the proposed Measure 20-211 (city monthly fee) on the ballot.

The City would have enough money in the budget and we wouldn't be contemplating cutting jobs and services.

Thank you,
Dennis Casady
P.O. Box 5028
Eugene, OR 97405

NOBEL FLANNERY Amanda

From: Paul Cauthorn <paulcauthorn@gmail.com>
Sent: Thursday, May 23, 2013 1:21 PM
To: NOBEL FLANNERY Amanda
Subject: MUPTÉ NO HUB

Giving away tax breaks for student housing is a really stupid idea. There is already way too much student housing and the market is glutted.

Boom bust cycles are partially caused by the manipulation of the government. Please end the subsidies for out of state corporations. Please stop picking the winners and losers. Leave the market alone.

The idea that people will only build if the government exempts them from paying their fair share of taxes is totally naive. Don't be fooled by their claims.

No more tax breaks!

Thank you,
Paul Cauthorn
PO Box 5263
Eugene, OR 97405

NOBEL FLANNERY Amanda

From: Richard Romm <franklin51@aol.com>
Sent: Wednesday, May 29, 2013 3:13 PM
To: NOBEL FLANNERY Amanda
Subject: student housing project on Broadway

Hello Ms Flannery,

You have asked for comments to the Eugene Planning and Development Dept. I've had a chance to look at the rendering of the new student housing building proposal on Broadway.

As a preface, I am a longtime (since 1965) resident of Eugene and although now retired, spent 31 years working in the Student Housing Department of the U of O. As a younger man, I also had the educational experience of working for my uncle, a world famous architectural photographer, Julius Shulman, who died several years ago at age 99, garnering numerous awards from the A.I.A, and much recognition. I learned so much from him, not only about architecture but also about siting and surroundings regarding buildings, especially those of this size.

After looking at the rendering online, I don't see how it can fit on that property but obviously, it can. It actually is rather striking, architecturally, but I think a building of that size on that piece of property is totally inappropriate. It would look so much nicer and so much more in scale if it were on a larger piece of land and had some significant setbacks from the street with the appropriate landscaping. And....I think it's much too tall for that location, in spite of its rather interesting facade. Even if there is an underground garage, the auto and pedestrian traffic that bldg will generate seems a bit (no, a LOT !) too much for that dinky piece of property fronting along one of the busiest streets in Eugene. What authority does the Planning and Development Dept. have over such a proposal? Does it have power over what a building *looks like* on a given piece of property? I suspect again that there are no laws or ordinances governing this.

If some of these non-local or in some cases even non-regional developers have any knowledge of the future demographics of the student population in Eugene, they would think twice about building here, in view of the multitude of new student housing spaces recently being constructed or in the process of such. Does the Planning and Development Dept. take these demographic predictions into its view when approving or not approving such projects? One short-range example I feel relates to the article in the REGISTER-GUARD that I read last Sunday talking about how California now has billions of dollars in surplus this year and will probably try to buoy up some of the severe cuts they made in the past 5 years, including their cuts to higher education in California. Many students preferred to spend four years at the UO paying high non-resident fees, because they could not complete their education in California universities in less than five or six years due to cuts in classes. Now, over the next several years, I suspect this condition will change, especially in the wake of the large tuition increase slated for 2013/14 at UO. Therefore I think quite a few students will choose to 'stay home' in California; this will have a significant effect on the population of our university here in addition to the normal prediction of a more flat graduation rate in Oregon high schools.

Thanks for reading this opinion. Even if you have little or no power to determine how a building looks or how it is placed on a piece of property I hope the city does NOT approve a property tax waiver; maybe that will keep it from being built!

Sincerely yours, Richard (Dick) Romm
5120 Nectar Way, Eugene 97405
(541)686.1394
<franklin51@aol.com>

NOBEL FLANNERY Amanda

From: ruth anne paul <ra1uha@yahoo.com>
Sent: Wednesday, May 29, 2013 6:48 PM
To: NOBEL FLANNERY Amanda
Subject: RE; MUPTE program

Please....no more tax exemptions to builders in Eugene! There have already been too many and it is Eugene's residents/taxpayers who end up paying more in taxes for our city's services etc. as a result. This makes Growth a negative rather than a positive for all of Eugene. I have been a resident of Lane County since 1987 and of Eugene since 1991. Sincerely, Ruth Anne Paul, 1755 Kingsley Rd. Eugene, OR 97401

Lloyd Helikson
Eugene, OR 97405

541-357-0923 (cell)
lhelikson@gmail.com

May 30, 2013

RE: MUPTE Application for the Proposed Hub in Eugene Apartment Project

Mayor, Councilors and City Staff:

I understand that a Chicago firm is requesting a ten year property tax break potentially worth about \$4.5 million on a proposed 12 story, 197 unit student housing tower ("Hub in Eugene"). This project would house about 508 students (508 bedrooms) or 2% of the University population (23,930, excluding unclassified and non matriculated students). I am opposed to the granting of MUPTE for this project, and the request should be denied.

Earlier this year, the City Council granted a ten year property tax exemption, worth about \$8.5 million, for a large student housing project which will house about 1,286 students (1,286 bedrooms) or about 5% of the University population. I advised the City Council in April 2012, regarding the earlier MUPTE proposal, that, in my opinion, the University neighborhood rental markets were approaching saturation. I provided Council members with my research detailing the nature of the existing or approaching saturation at that time. I have since updated my research.

Since 2008, off-campus housing for University of Oregon students has become or is becoming available in and near University neighborhoods to the tune of about 80 apartment projects, providing about 1,409 apartment units (based upon permit applications from 2007 to current). These apartments have or will have roughly 4,258 bedrooms for 4,258 students (assuming one student per bedroom). This apartment development has been mostly in and around the West, South and East University neighborhoods. Twelve of these projects/buildings, representing about 1,765 bedrooms/students, received, or will receive, MUPTE (about 41% of the total, 1,765/4,258). The 4,258 bedrooms include only the more recent construction, and does not include previously existing apartments in and around the University neighborhoods or in the Autzen stadium area. It also does not include recent construction of housing downtown, such as the LCC downtown campus housing consisting of 75 apartments and 255 beds/students. The off-campus housing for 4,258 students constructed or planned for construction since 2008 represents housing for about 18% of the total University student population (23,930), not including the currently proposed MUPTE project.

The University recently (2012) built the East Campus Residence Hall, which has 451 rooms. Off-campus student housing development, together with the University on-campus development, will result in total housing completed or planned to be completed since 2008 for over 4,709 students, or about 20% of the current university student population (4,709/23,930), not including the currently proposed MUPTE project.

According to a University study, Eugene had a 5% vacancy rate for apartments in 2010. The study noted that a vacancy rate of 5% was ideal and anything over 5% would be considered overbuilt. See University of Oregon Residence Hall Feasibility and Market Demand Study, Final Report, September 2011 (UO Study) at 108. About 77% of the recent student housing boom (3,627/4,709) has been or is being completed after 2010 (certificates of occupancy in and after 2011). Housing for about 15% of the University student population has been or is being completed after 2010. This quantity of additional student housing in the area surrounding the University most likely has increased or will increase the vacancy rate in the University area significantly above 5%, creating an overbuilt situation.

The City's approval of the proposed MUPTE, subsidizing housing for an additional 508 students, an additional 2% of the University student population, would further exacerbate the over building of University student housing.

Our family is currently absorbing the impact of the saturation. We built a 7 unit (3BR/unit) apartment building in the West University neighborhood, without the benefit of MUPTE, in 2009. My parents had owned the property since the 1950s. My mother, through an LLC, owns the apartments. She has been a resident of Eugene for about 60 years.

At the beginning of this school year, September, 2012, 3 of our 7 units were not rented. We reduced rent to attempt to get the remaining units rented, and offered to rent two of the units by the bedroom. We now finally have much of the remaining units rented at significant rent discounts (all but two bedrooms in one unit). By my calculations, we lost or will lose roughly \$40,000 in the 2012-13 year due to the market saturation (compared to the prior year). Of course, we still have to pay our property taxes even if the units are empty, since we do not have the benefit of MUPTE. We are left to worry whether we will be able to rent our units and whether revenue from the apartments will pay our expenses. The large project recently receiving MUPTE, and currently under construction, has not even yet affected the market saturation. I am sure our situation is not unique. LCC Titan Court, with 25 or 19% UO students, had 51% occupancy (131/255) as of May 22, 2013.

There is no need for the City to use MUPTE to promote the building of student apartments in or near the University neighborhoods. Areas close to the University have been and are currently experiencing a huge amount of apartment construction. The University enrollment is plateauing such that new apartment buildings may need to compete for students with current apartment buildings and with on campus housing provided by the University. Projects built with MUPTE and other public subsidies may be competing for business with each other. One of the effects may be reduced property values for apartment buildings which actually pay property taxes on improvements, which may eventually reduce property tax revenues from such properties.

The City should discontinue its policy of using MUPTE to discriminate against local residents who took a risk and invested in student housing apartments. It is not fair to grant large property tax exemptions to out of state developers, such that their apartment buildings compete against smaller apartment buildings built locally without MUPTE. MUPTE should never be used to drive existing businesses out of business. The granting of MUPTE under such circumstances could erode the support of Eugene citizens for City government.

The City should limit the MUPTE program so it is focused on low income housing outside of the University area, in areas which would clearly not be developed without the benefit of MUPTE. The City should not continue to grant MUPTE requests or provide other public subsidies for University student housing.

Thank you.

Lloyd Helikson

**Comments on the Core Campus Multi Unit Property Tax Exemption (MUPTE) for the development
called The Hub
May 30, 2013**

The Core Campus MUPTE application goes into great detail about the community benefits of their project. However, when looking at these benefits in more depth, the return is minimal.

Before considering the Core Campus proposal the following question must be answered: Does Eugene need more student housing? A December 16, 2012 *Register-Guard* article (attached) indicates there may be an oversupply of student housing. There are four large student apartments and many smaller complexes currently under construction or proposed.

The four large buildings alone will add around 2,000 student bedrooms. The University is not planning to increase enrollment in the near future and no students are currently without housing. Therefore, the 501 student bedrooms Core Campus plans to build will be un-needed housing.

(Note: The following comments refer to the January 24, 2013 MUPTE application, page numbers and quotes are taken from that document.)

1. Tax Base

Giving an out of state developer a tax break after the voters turned down a city fee seems wrong. Until the city's budget and revenue problems are dealt with MUPTEs should not be approved.

2. Local Economy

Page 5 "The Hub in Eugene will be under construction for approximately 13 months providing an average of 120 – 150 living wage jobs for individuals in the construction industry. That is in addition to material suppliers and vendors."

These are temporary jobs. Are these jobs for local workers, or will people be brought in from elsewhere? Attached is a *Register-Guard* article from April 14, 2013 titled "Build locally, hire globally". This article discusses Capstone's use of non-local contractors. In order to be a benefit to the local economy a high percentage of contractors and workers must be locally based.

At the completion of the project how many new full time jobs, with a living wage and benefits, will be created by this project?

Page 5 "The latest College Explorer Study from Alloy Media + Marketing indicates that college students shell out an average of \$361 a month on discretionary purchases and have been increasing such spending since the recession began in 2008 (Reuters). This translates to approximately \$2.2M over a 9 month period."

This is not new money as implied. Since the university does not plan to increase its student population significantly in the next few years this is just moving money from one place to another. This is not a benefit. Additionally, the calculation of the \$2.2M number appears to be wrong. Using the above numbers from the MUPTE application: 501 students x \$361 per month=\$180,861 student \$ spent per month x 9 months= \$1,627,749 student \$ spent in a 9 month period.

Page 5 “An increase in construction spending of \$100 will yield a net impact on the regional economy of \$184. (Figures by local economist Tim Duy).”

What exactly does this mean? If The Hub is a \$44M project, as planned, does this mean roughly \$81M will be returned to the Eugene economy?

As far as rents are concerned this project will funnel money to out-of-state entities and away from local developers, removing money from the local economy. This is not a benefit to the community.

The other benefits under “local economy”, page 5, are merely filler, not benefits.

3. Architecture

The “benefits” of architectural style are subjective and should not carry much weight when deciding to grant the project a MUPTE. However, the court house is 69 feet tall and the Hub will be 120 feet. Will this 51 foot difference be out of character with the surrounding area?

Additionally, shoehorning this massive building onto a .61 acre lot with little surrounding open space will make it difficult for students to throw around a football or Frisbee or indulge in other normal student outdoor activities. Open space is important whether student housing or multi-family housing is being constructed.

4. Adjacent Property Owners

Page 6 “Increases property values for adjacent property owners.”

This is questionable. Student housing has not increased property values in other parts of the city.

Page 6 “Brings business to the Franklin / East Broadway corridor that contains numerous restaurants.”

Yes, but it takes it away from somewhere else.

Page 6 “Enlivens major transportation corridor.”

What does this mean?

Page 6 “Creates safer environment and enlivened pedestrian activity in regeneration area.”

Student housing has not created safer areas. The opposite has happened, often alcohol fueled students wander the streets making them vulnerable and in some cases aggressive. A large concentration of students brings predators and criminals to the area.

5. Downtown/Neighborhoods/Community

Page 6 “Relieves the pressure on established single family neighborhoods to house students in single family homes. Creates opportunities for families to occupy single family homes in single family neighborhoods. Provides opportunity to stabilize the lower density single family neighborhoods.”

This is pure speculation. There are reasons why students live in neighborhoods with single family homes and not in large apartment complexes: cost, open space, lower density, parking and in some neighborhoods peace and quiet.

Neighborhoods that are close to the university, such as South University and Fairmont, will still be under pressure to turn single family houses into rentals, continuing a hidden density, and the associated problems.

Without a plan and a proactive effort by the city to implement it, the above stated benefits will not be achieved.

Page 6 “Reduction of vehicle miles traveled.”

How?

Page 22 PRO FORMA

This projection of return is very misleading. It only looks at the first year. A more realistic approach would be to project out 10 or 20 years. However, even the single year return does not account for equity accrual, property appreciation and tax consequences from things such as depreciation. Taking this information into account the following first year numbers are more realistic.

- Equity accrued = \$593,798 (\$2,491,496 less \$33,003,449 times 0.0575)
- 1% property appreciation = \$440,046
- Tax consequence from depreciation = \$0 (I have no reasonable way to calculate this but it is a positive number)
- The sum of the above = \$1,033,844

	Full Tax	MUPTE
Operating Income (Net Operating Income, NOI)	\$3,013,033	\$3,447,267
Net income available for return (cash flow)	\$521,337	\$985,771
Annual return on equity (cash on cash return CoC)	4.7%	9.0%
Total Return on Investment (total ROI)	14.1%	18.4%

Total ROI = Total Return/Investment Basis

Total Return = Cash Flow + Equity Accrual + Property Appreciation + Tax Consequences

Investment Basis = Total Equity from page 22 = \$11,001,149

The above approach to analyzing a real-estate project is not radical, in fact, it is standard practice. Even without a MUPTE Core Campus will have an excellent Total ROI. The return gets better in future years.

Page 23 Developer Risks

Under this category the application discusses vacancy rates and university enrollment. Is the MUPTE meant to basically insure the developer against high vacancy rates and flat university enrollment? The city should not be expected to cover miscalculations by the developer with a tax break.

Page 30 Parking

“The required number of parking spaces for this project is 98. The number of parking spaces provided is 112; 14 more than required. The MUPTC criteria states that an applicant is only entitled to points for exceeding the minimum parking requirements if the project is located in the Residential Parking Program (RPP) area. This project is not officially located in the RPP zone.”

There will only be 112 parking spaces for 501 students. That means only 22% of the students are expected to bring a car to Eugene. Based on conversations during the Infill Compatibility Standards Multi-Family parking meetings as many as two thirds of off-campus students have cars in Eugene. If only 50% of HUB's students have a car, where will the other 139 park? There is no on street parking where this building is proposed.

According to the Pro Forma only 37 parking spaces will be in the main building and the other 75 will be nearby. Will this nearby area be leased? If the parking area is leased what guarantee is there that the lease will not be terminated? How would security be handled? Is a big parking lot on Franklin the best use of the nearby property?

Students at the Hub won't be driving to campus but will still bring cars to Eugene. This parking plan is insufficient to handle the expected volume of student cars creating problems with traffic, cruising and higher Vehicle Miles Traveled (VMT).

This poor parking plan may make it more difficult to rent the units in this building.

Page 33/34 “Q: Is there bike parking? And how do you get to the University by bike?”

There will be bike parking in the garage as well as bike closets in the units. The cyclist will get to the University by crossing Franklin at the signalized crosswalk at Patterson. Even though there is not a bike path on Patterson currently it is a short distance from there to 13th where there is a bike path. The student could also go north and get on the river front bike path and head down to campus that way.”

First, there is no signal at Patterson and Franklin. As an experienced bicycle rider I can tell you Patterson is not a viable route to campus. The nearest bike friendly crossing of Franklin is at Alder. However, you would have to ride on the sidewalk and cross Hilyard at Franklin, which is difficult due to cars turning off Franklin. The same problem exists if you want to get on the riverfront bike path. The sidewalks and the crossing at Hilyard cannot handle the volume of bikes and walkers going to UO during peak times.

The Downtown Neighborhood Association has asked for a Traffic Impact Analysis that looks at bike and pedestrian flow from the Hub. This is absolutely needed and Core Campus should be expected to make the necessary improvements for safe bike and pedestrian transit to the University.

Conclusion

In my opinion this project is not a good fit for Eugene and does not need a MUPTE. The application paints a rosy picture but a close look reveals:

- Additional student housing is not needed
- Student spending will not increase, it will just move from one place to another
- Rents will be funneled away from local developers and out of the community
- Parking is inadequate
- Walking and bicycling to the university has not been thought out
- Financial information presented is incomplete

Based on the fact that this project has more problems than benefits for the community I urge you not to grant the HUB a MUPTE.

Bill Aspegren
1939 Alder Street
Eugene, Oregon 97405
aspegren@comcast.net
(541) 242-3828

Build locally, hire globally

A major construction project downtown uses mostly nonlocal firms

By Edward Russo

The Register-Guard

Patrick Smith gets upset by what he doesn't see at the Capstone construction site in downtown Eugene: more local contractors. The massive student apartment housing complex quickly rising in the city center is being built by mostly out-of-town contracting firms.

The general contractor, Construction Enterprises Inc., is from Franklin, Tenn. The architect, Humphrey & Partners, is based in Dallas, Texas.

Of the 28 subcontractors hired to work on the development, nine are from Eugene or Springfield, with the rest from elsewhere in Oregon and seven from other states, including Washington, Texas and Arizona.

For Smith — secretary-treasurer of the Lane, Coos, Curry, Douglas Building Trades Council — the use of nonlocal firms to work on the largest development project in downtown Eugene's history makes his blood pressure rise.

"We have local contractors who are perfectly capable of handling that project," Smith said. "The construction industry is a major sector of our local economy, and many of our contractors and their employees are out of work."

But other construction experts, including Eugene-Springfield contractors and developers, say there are reasons why most of CEI's subcontractors are from out of the area.

They note that some of the area's largest construction projects, including those at the University of Oregon and PeaceHealth's Sacred Heart Medical Center at RiverBend in Springfield, used out-of-town general contractors and subcontractors, as well as local construction firms.

With four five-story buildings enclosing 466,648 square feet, plus two seven-story parking garages, the development on parts of three city blocks near 13th Avenue and Olive Street is large. And CEI is under orders to build the complex, at an estimated total cost of \$89 million, as quickly and inexpensively as possible, those familiar with the project said.

The first of two phases of the apartment complex is supposed to be finished by September, in time for fall classes at the UO and other colleges.

"They gave locals a shot, but not many companies have the horsepower to serve the project," said Don Brown, co-owner of Brown Contracting of Eugene, which is doing excavating, grading and concrete work on the project.

"It's a very compressed schedule. It's ultra-high pressure. If you slow the job down, you are held financially responsible."

The general contractor, CEI, has completed other student housing projects for Capstone, including apartments at Kennesaw State University in Kennesaw, Ga. CEI is now working on Capstone developments in Tuscaloosa, Ala., near the University of Alabama, and in College Station, Texas, near Texas A&M University. The selection of CEI instead of a local firm as the general contractor played a key role in determining which subcontractors would be hired, including those from out of state, experts said. "When you are hired by an owner-developer, you will bid out the work to as many subcontractors as you can to get a competitive price for the owner," said David Hilles, president and chief executive of Chambers Construction in Eugene.

"And there are certain subcontractors that you are familiar with that are proven performers, and they will always

get a chance to bid on the work." Yet the project is under scrutiny by union leaders and others, partly because Birmingham, Ala.-based Capstone last year received, in a controversial vote, 10 years of property tax waivers worth an estimated total of \$8.5 million from the City Council.

Simply comparing the number of local to nonlocal contractors working on the Capstone project doesn't tell the entire story.

While most subcontractors are from out of town, local workers are and will be hired by those firms to help build the development, said Pat Walsh, Capstone's Eugenebased spokesperson.

"CEI is encouraging all subcontractors to look into the local pool of candidates first before going outside the area," Walsh said.

Also, some out-of-town subcontractors working at the Capstone site, such as Cherry City Electric, a Salem-based electrical contractor, have local employees.

Cherry City had an office in Eugene before the recession and still has 25 employees who live in the Eugene-Springfield area, General Manager Ray Ellis said.

Subdued subcontractors

Others note that it's common for out-of-area contractors to be hired for extra-large construction projects in Eugene-Springfield, a relatively small metropolitan area.

PeaceHealth used the New York-based construction giant Turner Construction as the general contractor on the \$537 million Sacred Heart Medical Center at River-Bend, which was completed five years ago.

Thirty-eight percent of the subcontractors who worked on the Peace-Heath hospital were from Eugene-Springfield, which exceeded PeaceHealth's desire to have 20 percent of the subcontractors come from the local area.

In comparison, CEI's percentage of local subcontractors works out to 32 percent.

Lane Community College chose Lease Crutcher Lewis — with offices in Portland, Seattle and Toronto — as its general contractor to build its recently completed \$53 million downtown academic and housing campus. At LCC's insistence, several local contractors were hired for the job, said Todd Smith, LCC's project manager. Walsh, Capstone's spokesperson, said out-of-area workers benefit the Eugene-Springfield economy during the construction by renting places to live, buying meals and making other purchases. And Capstone's development is pumping money into the local economy through the purchase of building materials and supplies, he said. Local suppliers to the project include Farwest Steel, The Truss Co. and Ferguson Enterprises, a plumbing supply firm.

Such comments, however, are of little consolation to the local firms that failed to get hired for the Capstone development.

John Music of Western Partitions, a Tigard-based firm with a Eugene office, spent several months working on bids with CEI supervisors in hopes that his firm would do the framing, drywall, texturing, painting and waterproofing in the apartment complex. Western submitted separate bids totalling \$10 million for the framing, drywall, painting and weatherproofing work, which would have employed 30 to 40 local carpenters, sheet rock installers, tapers and painters over the next 1½ years.

Music said he was told by CEI managers that the bid for framing and drywall was too high by \$1 million, but he was unable to find out why his firm lost out on the other work, including the painting.

CEI recently hired Xwall, a Peoria, Ariz., firm to do the work sought by Western Partitions. "A lot of local subcontractors who were really counting on doing a portion of that work are disappointed because they have all of these guys who are out of work, and the job would have kept them busy," Music said. "It's a high-profile construction project in our community.

"We wanted to be part of that."

Texas over Springfield

Springfield-based Hyland Construction last year had hoped to be the general contractor, but Capstone and Hyland were unable to agree on a contract. Hyland Vice President Shaun Hyland declined to say why. However, he said it was not related to the "substantial" financial penalties that Capstone would have demanded if Hyland did not finish the development on time.

"It simply came down to Capstone doing business differently than we do," Hyland said. "They have constructed many projects in different regions of the country, and that is why they brought in their own contractor that is familiar with their contracts." Walsh, Capstone's spokesperson, said Capstone would not divulge what kept the two firms apart. Capstone's development is being built on 5 acres of former Peace-Health property. The site previously included the old Eugene Clinic and other smaller buildings that were razed last summer.

Hyland's firm served as general contractor for the demolition, even though he knew it would not be the general contractor for the construction. "We did that to help keep the project on track," Hyland said. Despite his disappointment in not being general contractor, Hyland said he has no hard feelings toward Capstone. "They were great guys," he said. Yet Hyland wasn't through trying to participate in the project. With two Salem-based contractors, Hyland submitted bids to build the two parking garages. Hyland said his firm's bid was \$8 million. To his dismay, CEI hired Associated Concrete, a Texas firm, to build the garages.

"It was hard to believe that a company out of Texas could come up and build it cheaper" than the Oregon firms, Hyland said. "We were disappointed that we didn't get that opportunity."

CEI considered a number of factors in the selection of the subcontractors, Walsh said.

"Local hire was extremely important in the selection process, but so was the ability to execute within the constrained time frame, as well as cost. After weighing all the factors, CEI decided on the contractors selected."

Building violations

Walsh said that nine local firms are working or will work on the site, include Harvey & Price Mechanical Contractors, Home Insulation, Smith Sheet Metal and Ryan Thomas Construction. Ryan Thomas is a Springfield contractor that will install the moisture barrier and exterior windows, trim and doors. Owner Ryan Thomas said he's grateful for the work because, with one exception, his firm had failed to get hired for large jobs at the UO. With the Capstone job, Thomas said this summer he will be able to double his employees, from six to a dozen. "They came to us from some references," he said of CEI. "They are actively looking for local contractors."

Under state law, plumbers, electricians, boilermakers and elevator installers must be licensed. Ashland Medford Plumbing, an out-of-town contractor working on the Capstone site, last month received a notice of violation from the Oregon State Building Codes Division.

One of the firm's laborers was performing a task that only licensed plumbers were supposed to do, said Andrea Simmons, enforcement manager of the Building Codes Division.

It was the second time since 2010 that the firm had received the same violation notice from the Codes Division, Simmons said. Her department has proposed fining Ashland Medford Plumbing \$2,500, and because of the previous violation, suspending the firm's license for 30 days, she said. The case is going to the State Plumbing Board on Thursday for a possible settlement, Simmons said. Such building violations are not unusual, she said. "We issue about 250 to 300 violations a year, most of them related to unlicensed workers," Simmons said.

MUPTE on hold

Capstone last year was the latest developer to receive the 10-year property tax waiver granted under the city's Multi-Unit Property Tax Exemption program. The state sanctioned tax waivers are controversial. Some residents think they are needed to spur apartment and condo developments in certain areas. Others think they are an unnecessary tax giveaway.

A divided City Council in February suspended the MUPTE program until July so it can rewrite the criteria it uses in deciding to give the tax breaks. In their applications, developers must submit figures that show the waivers are needed and that without them they would not build the project. Developers almost always claim they need the tax subsidy to proceed. Capstone made the same claim. Developers also can accumulate points based on whether they plan to build high-density and environmentally friendly projects or ones that lead to home ownership, or preserve or enhance historic buildings.

However, councilors aren't bound by the scoring system and can vote to approve or reject an application based on whether they think it's in the public interest. The council is to start discussing revisions on April 22.

Smith, the union official, said the city should give preference to developers seeking property tax breaks if they hire local contractors and build energy efficient, or LEEDcertified, buildings.

Register-Guard

Rental boom cools

Surge in new student housing raises question of oversupply

By Diane Dietz

The Register-Guard Caroline Streck and Jaclyn Jennings got to spread out in the fall term, just the two of them — in Lane Community College's new downtown apartments — in a place built for four. The project's roommate matching service put them together but left the remaining two bedrooms in the apartment empty. Sixty percent of the 75 units in the college's six-story Titan Court project are vacant. The college is offering a free month's rent for new arrivals to try and turn the tide. Local apartment managers say the rental market in Eugene has definitely "softened" especially for student housing. Some are offering move-in concessions to keep their properties filled.

Go to the websites of the Courtside and Skybox apartments near Matthew Knight Arena, for example, and a bright yellow or blue box glides onto the screen, saying "click here to receive 1/2 off your first month's rent and a waived deposit."

Amid a high flying multifamily construction boom in Eugene that saw permits for 1,789 new units approved in the past half dozen years, the rental market is cooling.

"There has been quite a bit of student housing built in the university area," LCC President Mary Spilde said. "You see these small six-, eight-, 12-unit places springing up where there used to be an old house."

And the numbers don't include the 90 units in the second phase of Capstone's 13 & Olive project, the 589-unit Goodpasture Island project and other big student developments in the works for Moon Mountain by Landmark Properties Acquisitions of Athens, Ga., and in downtown Eugene by LG Development Group LLC of Chicago.

While supply is growing, the demand side of the student rental equation isn't keeping pace. For the first time in years, enrollment at the University of Oregon and Lane Community College has tapered off. UO enrollment was flat this fall, and LCC's student body was down 8 percent. The UO is forecasting continued flat or declining enrollment through 2021. LCC has strategic plans to "make sure our enrollment is at least stable and isn't crashing," Spilde said.

The collision of trends could mean real trouble for Eugene's rental market, said Bellevue-based developer Martin Seelig, who owns The Collegian on Alder Street.

National bubble?

The problem of a potential oversupply of multifamily housing — including student housing — has been a hot topic among investment analysts and real estate brokers across the country in recent months.

While single-family housing construction virtually dried up during the recession, developers turned their efforts to multifamily projects. They were spurred on by Federal Reserve policies that kept the cost of construction money unnaturally cheap.

A group of student housing developers began specializing in projects built within 1½ miles around flagship universities across the United States, according to industry sources.

"It's much like how McDonald's or Wal-Mart decides to set up a store. They just look at it all by numbers and population data and what have you. They look at it from a big picture, 10,000 foot elevation," said Dolf deVos, commercial broker and property manager with IPMG, Inc., a Eugene-based real estate firm.

When a strategy works for one builder, others aren't far behind, said Gerard Mildner, an associate professor of real estate finance at Portland State University. "There is a herd mentality in real estate," he said. "There is a

risk they will overbuild. It's hard to say in fact they have until it happens."

Multifamily starts jumped 54 percent from 2010 to 2011 — and grew by 36 percent in the first quarter of 2012, according to Harvard's Joint Center for Housing Studies.

October saw the highest multifamily construction start rate since July 2008, according to the Census Bureau and the U.S. Department of Housing and Urban Development. Starts reached 300,000 nationally, up from 268,000 the previous month.

Developers spend a year or more — and spend hundreds of thousands of dollars — getting conceptual plans, arranging financing, hiring a builder. So, on big projects, it's hard for developers to put on the brakes.

"Once they get started, they keep going. The momentum carries them through, so that, even if the market changes, they keep going," Seelig said. "The larger the project the more the lead time, and once things start, it just can't stop even though it makes no economic sense by the time people start building."

Lane Community College was fortunate to finance its \$20 million project with stimulus-subsidized bonds. The federal government provides 45 percent of the interest payments, and payment on the principle doesn't begin until December 2016, so managers have some breathing room to get the project leased up. "We're going to be fine financially," Spilde said. "We're not going to have to use general fund money to bail the project out or anything like that. We've been very careful and intentional in how we funded this."

Bubble doubts

Some analysts and brokers don't see a multifamily housing bubble on the horizon. Some of the units on the drawing board for Eugene and elsewhere may never materialize, Seelig said.

"If there's all these units under construction and two other projects are making announcements, another one comes along and says, 'What do I want to go into Eugene for? It's too tough.' Maybe they'll get built; maybe they won't, but that's the reason for the announcements."

A generation weighted down with student loans won't be buying houses any time soon, analysts and brokers say, young people who've waited out the recession at their parents' house will rent before they buy. Others, after watching the foreclosure debacle will be gun-shy about signing a mortgage. All will be renters for the foreseeable future.

"You own a building and a guy builds 200 units next door to you, you might have some issues with vacancy for a while," said Greg Frick, broker with HFO Investment Real Estate in Portland. "There's no doubt about it. But over a long term horizon, are you outpacing where the market's going? That's the question." Already, landlords are adjusting to a new market reality. "A year ago, if we were having this conversation, things were tight, rents — from the landlord's perspective — were moving in the right direction. They were going up," deVos said.

Today, "we have a number of vacancies as we speak, which we typically would not this time of the year. We are having to start offering concessions. "Frankly, we've been slow in some cases to offer concessions. It's the problem of first persuading ourselves that it's necessary and then persuading our clients that it's necessary," the property manager said.

At The Collegian, a venerable dorm-like property a few blocks southwest of the university, occupancy is lagging for the first time in at least four years. Out of 44 rooms, 10 remain empty, operations manager Jeff Sather said. "You can definitely tell there's a pretty big downturn in the market overall. I'm kind of waiting for the bubble to burst," he said.

Drive to full

Student housing owners aren't taking any chances with occupancy. Alabama-based Capstone, which is building 230 units in downtown Eugene targeted to students, has been handing out swag — T-shirts, tote bags, sunglasses, \$50 gift certificates — to UO students since early October to market apartments that haven't yet been built. The builder got the permit to pour the foundation last week. Move-in is set for fall 2013. Capstone hired about a half dozen marketing students from the Lundquist College of Business to do promotions, which

have included a contest that gave \$500 to the student group that generated the most "likes" and "shares" on Facebook and a tailgate party at a football game. "Marketing is our No. 1 thing — marketing and customer service," said Jackie Minite, Capstone leasing start-up specialist. "We'll be fully leased when it's time to move in." In late November, Lane Community College hired a new management firm — switching from Blanton Turner of Seattle to Campus Advantage of Austin — and has plans to crank up its marketing efforts this week, Spilde said. Then Capstone and LCC will go head to head. The Capstone project is more luxurious, with granite counters, faux leather sectionals and private bathrooms, plus a pool, steam room and tanning. "We're definitely a different product," Minite said. "They're more dormy."

At LCC's Titan Court, students get all their utilities paid, including cable and wi-fi, for the price of just rent on rooms in some Capstone apartments.

"One check covers everything," Titan Court leasing agent Katie Ewoniuk said.

A room in a four-bedroom unit at Titan Court would be \$620 a month, inclusive; the same at Capstone's 13th & Olive would be \$639, and the electric is paid separately.

In addition, students who want a furnished bedroom at 13th & Olive would pay an additional \$25 per month. Spilde, meanwhile, said that Capstone's marketing expenditure also will help fill Titan Court because "they're going to be marketing downtown as a good option for students to consider," she said. "We're very competitive. Over time, we'll show we're a preferred place to live. We're hoping to be at 85 or 90 percent (occupancy) in the coming year."

So, Caroline Strek and Jaclyn Jennings will have to make room for two new roommates in their Titan Court apartment. Strek said it would probably be OK, as long as managers match them as well as they did the two of them.

"We'll probably adjust just fine," Strek said.

From December 16, 2013 *The Register-Guard*

May 31, 2013

Testimony re Core Campus's "The Hub" Student Housing Multi-Unit Property Tax Exemption (MUPTE) application.

Submitted by:

Paul Conte
1461 W. 10th Ave.
Eugene, OR 97402

This testimony raises objections to statutory deficiencies in the public process the City is following to approve or deny the above referenced MUPTE application (the "Application") submitted by Core Campus.

This testimony also identifies specific comprehensive plan provisions with which the proposed project ("The Hub") will not be in conformance upon completion.

1. Request to keep the record open.

Administrative Rule R-2.945-H states that "Within 90 days from the date an application is filed the City Manager shall ... [r]ecommend to the Council that the application be denied, approved, or approved subject to conditions. The recommendation shall set forth specific findings in support of the City Manager's recommendation"

As of the date of this testimony, the City Manager has not complied with that requirement.

This serves as my formal request to keep the record open for submission of additional evidence and argument for at least seven days after the City Manager's recommendation and findings are made available to the public.

2. The City is required by ORS 307.6718 to make a "land use decision"

The April 10, 2013 letter to Mayor Piercy and the entire contents of the letter's attachment titled "The Citizen's Request to the Affected Local Government or District" ("April 10 Request") and that document's Attachments A through N are submitted along with this testimony and are incorporated in their entirety herein by reference.

All arguments in the April 10 Request objecting to the City's failure to comply with ORS 307.618 and other cited statutes and regulations are incorporated herein as statements of the errors already made and/or made after May 31, 2013 by the City in the process to approve or deny the above referenced MUPTE application submitted by Core Campus.

In brief, the City must comply with the following statute:

ORS Chapter 307 Property Subject to Taxation; Exemptions

ORS 307.618 City or county findings required for approval. The city or county may approve an application filed under ORS 307.615 if the city or county finds that:

(1) In the case of the construction, addition or conversion of multiple-unit housing:

* * * * *

(b) The proposed construction, addition or conversion project is or 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.

The ORS 307.618(1)(b) requirement to evaluate conformance with all local land use plans and regulations was also carried over into the City of Eugene’s ordinance implementing the Multiple Unit Property Tax Exemption (“MUPT”) program at EC 2.945(6)(g)(3), which repeats the requirement almost directly from ORS 307.618(1)(b).

Eugene Code, 1971

EC 2.945 Multiple-Unit Housing – Property Tax Exemption.

(6) In order to approve an application, the council must find that:

* * * * *

(g) In the case of the construction of, or the addition or conversion to multiple-unit housing:

* * * * *

3. The proposed construction, addition or conversion project is, or 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;

Both the statute and ordinance that underlie the granting of a MUPT require the City, at some point, to make a final determination that concerns whether or not a proposed project (in this case, “The Hub”) for which a tax exemption is requested conforms to the local land use plans and regulations.

Thus, by the definition in ORS 197.015(10)¹, the statute and ordinance require the City to make a land use decision.

¹ See **Attachment B** in the “April 10 Request” for the text of ORS 197.015(10).

To make the land use decision that's required for approval of the Application, the City must adopt sufficient findings and/or conditions to ensure The Hub is, or will be at the time of completion, in conformance with applicable local plans and regulations.

3. The City is unable and/or unwilling to properly make the required land use decision

However, as described under Section (3)(c) of the April 10 Request, the City has never actually implemented a process to meet the requirement described in Section 2, above. As a result, the City is therefore unable and/or unwilling to follow the statutory requirements for the public process, and to provide the required findings, for the land use decision² that is necessary to make the determination regarding The Hub, as required by ORS 307.618(1)(b) and EC 2.945(6)(g)(3).

Deficiencies in the City's public notice and hearing process include, but are not necessarily limited to:

- a. The City did not provide adequate public notice. If a notice was provided at all, it did not provide a complete and accurate description of the approval process, the approval criteria, parties' rights to have a hearing, to have the record held open and/or to respond to evidence submitted after the hearing, as provided for under provisions of ORS 197.763(4)(b) and/or ORS 197.763(6), as required by ORS 197.763(3)(j).
- b. The City did not provide a public hearing.
- c. The City did not provide for the required periods to submit evidence and argument and to rebut, and did not maintain a complete "record" upon which to base its decision.

Finally, as noted in the following sections, neither the Application nor the City's evaluation to date provides an analysis of potential negative impacts and what may be required to prevent or adequately mitigate potential impacts. Thus, it's impossible for the public to gauge whether the proposed development conforms to the relevant comprehensive plan.

4. The Hub does not conform to comprehensive plan provisions

The following documents are submitted separately and incorporated herein by reference:

- a. Eugene-Springfield Metropolitan Plan
- b. TransPlan
- c. Eugene Downtown Plan

A. The Hub does not conform to applicable Eugene Downtown Plan policies

The Agenda Item Summary for the May 5, 2013 City Council work session to discuss the Application contained the following section:

² Or alternatively, as also discussed under (3)(c) of the April 10 Request, as required to approve a "permit" as defined by ORS 227.160.

RELATED CITY POLICIES

Utilization of the MUPT program to stimulate new multi-unit housing development addresses many goals for Eugene and downtown, including:

Eugene Downtown Plan

- Stimulate multi-unit housing in the downtown core and on the edges of downtown for a variety of income levels and ownership opportunities.
- Downtown development shall support the urban qualities of density, vitality livability and diversity to create a downtown, urban environment.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.
- Use downtown development tools and incentives to encourage development that provides character and density downtown.
- Facilitate dense development in the courthouse area and other sites between the core of the downtown and the river.

The *Eugene Downtown Plan* is a refinement plan, and therefore all the enumerated policies are comprehensive plan policies. The City recognizes that these policies are applicable to The Hub and the City Council must make a determination of how to apply these policies to the City's decision on the Application. (This determination is, of course, a land use decision.)

As proposed, The Hub is targeted solely at high-income, single students. There is already an abundance, and in some professional views, a surplus of student housing, while there is a shortage of affordable, family-friendly housing, particularly in the downtown core. Therefore, The Hub is not consistent with the first policy, above ("Living Downtown Policy 1").

For the same reasons, The Hub does not support "diversity," and therefore is not consistent with the second policy.

The Hub therefore does not – and cannot, as proposed in the Application – conform with all the applicable policies of the *Eugene Downtown Plan*, and consequently The Hub cannot meet the requirement to conform with all local plan provisions, and the Application must be denied.

B. The Hub does not conform to applicable Metro Plan policies

The following lists applicable Metro Plan policies with which The Hub will not be consistent.

- Policy A.12** Coordinate higher density residential development with the provision of adequate infrastructure and services, open space, and other urban amenities. Metro Plan III-A-7.

As described in the Application, The Hub will not provide adequate open space.

Policy A.17 Provide opportunities for a full range of choice in housing type, density, size, cost, and location. Metro Plan III-A-8.

As described under Section A, above, The Hub will not contribute to a full range of choice in housing type and cost.

C. The Hub does not conform to applicable TransPlan policies

The Hub will have on-site and off-site parking and therefore a potentially significant impact by the increased vehicular traffic on other vehicular traffic, bicyclists, pedestrians and residents in the surrounding area.

The following lists applicable TransPlan policies with which The Hub will not be consistent.

Goal #2: Transportation System Characteristics

Enhance the Eugene-Springfield metropolitan area's quality of life and economic opportunity by providing a transportation system that is:

...

d) Safe,

e) Interconnected,

As described in the Application, The Hub will not provide safe and interconnected means for residents and visitors to travel on foot, bicycle or wheelchair across major thoroughfares that separate The Hub from the UO campus and the downtown core.

Land Use Policy #4: Multi-Modal Improvements in New Development

Require improvements that encourage transit, bicycles, and pedestrians in new commercial, public, mixed-use, and multi-unit residential development.

As described for Goal #2, above, The Hub, as described in the Application, will not provide adequate improvements to encourage bicyclists and pedestrians in this new mixed-use and multi-unit residential development.

TSI Roadway Policy #1: Mobility and Safety for all Modes

Address the mobility and safety needs of motorists, transit users, bicyclists, pedestrians, and the needs of emergency vehicles when planning and constructing roadway system improvements.

This policy supports the design and construction of systems and facilities that accommodate multiple modes. It also supports consideration of the needs of emergency vehicles in the design and construction of system improvements.

As described for Land Use Policy #4 #2, above, The Hub, as described in the Application, will not provide adequate improvements to provide for the mobility and safety needs of bicyclists and pedestrian.

TSI Bicycle Policy #1: Bikeway System and Support Facilities

Construct and improve the region's bikeway system and provide bicycle system support facilities for both new development and redevelopment/expansion.

As described in the Application, The Hub will not provide safe and interconnected means for residents and visitors to travel on foot, bicycle or wheelchair across major thoroughfares that separate The Hub from the UO campus and the downtown core.

TSI Bicycle Policy #3: Bikeway Connections to New Development

Require bikeways to connect new development with nearby neighborhood activity centers and major destinations.

When new development occurs, connectivity to the regional bikeway system must be provided. In cases where the existing or planned street network does not adequately provide bicycle connectivity, paved bikeways should be provided within residential developments and should extend to neighborhood activity centers or to an existing bikeway system within one-half mile of residential developments.

As described in the Application, The Hub will not provide safe and interconnected means for residents and visitors to travel by bicycle across major thoroughfares that separate The Hub from the UO campus and the downtown core.

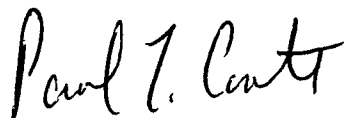
TSI Pedestrian Policy #1: Pedestrian Environment

Provide for a pedestrian environment that is well integrated with adjacent land uses and is designed to enhance the safety, comfort, and convenience of walking.

This policy supports the provision of pedestrian connections between adjacent land uses, improved pedestrian access to transit stops and stations, safe and convenient pedestrian street crossings, and pedestrian amenities, including lighting. In more developed areas, such as downtowns, pedestrian design features improve the accessibility of destinations.

As described in the Application, The Hub will not provide safe and interconnected means for residents and visitors to travel on foot or wheelchair across major thoroughfares that separate The Hub from the UO campus and the downtown core.

To comply with ORS 307.618(1)(b) requirements for findings, the City cannot simply make a summary conclusion and must meet the standards for analysis, interpretations and findings as established by applicable provisions of ORS and OAR.



Paul Conte

May 31, 2013

The attachments referenced in Mr. Conte's written comment were provided on a disc. A copy of the disc is located in the council office. (Members of the public can view the disc at the City Manager's Office at 125 East 8th Avenue, 2nd Floor.)

NOBEL FLANNERY Amanda

From: HAMMOND Laura A
Sent: Friday, May 31, 2013 1:32 PM
To: NOBEL FLANNERY Amanda
Cc: SULLIVAN Mike C; BRAUD Denny
Subject: FW: Core Campus project

FYI

From: Sanders Patrice (US Partners) [<mailto:patrice.sanders@partners.mcd.com>]
Sent: Friday, May 31, 2013 12:43 PM
To: *Eugene Mayor, City Council, and City Manager
Subject: Core Campus project

Dear Mayor and City Council,

As a local business owner and a longtime resident of Eugene, I have been extremely excited over the development that has been occurring this past year or so; especially in the core of downtown and around the University. I see the difference in my business, the diversity of my customers and I personally enjoy all that is happening with new restaurants and places to shop and visit.

I am writing to you to express my support for the Core Campus project. I attended a meeting a few months ago to learn more about the development and came away very impressed with the forethought that went into the plan.

First, I am very pleased to see the continued development along the campus corridor and along Franklin Blvd. This project would fill an eyesore piece of property and serve as a gateway to the campus as students/family and visitors arrive for various reasons. It also places a large number of students much closer to campus and would also enhance the future development of the Riverfront area.

I understand the city's concern with the tax exemption request however because of that I understand the design of the building will be LEED certified. Along with the minimal parking they are offering, encourages the use of alternative transportation which all fits into the city's goal for sustainability. I see this as a very good investment for the future beyond the rate of taxes that will be paid after the exempt period ends.

I hope you will consider some of these points as you discuss this project further. I feel the positive energy and am seeing the momentum that's being created to enhance our city and the University. I'd like to see that continue and support the fact that it is being done with balanced objectives which makes it a win for all.

Sincerely,

Patti A. Sanders
Owner/Operator
M-D Sanders Restaurants

NOBEL FLANNERY Amanda

From: Steven Church <Steve@cobaltservicesinc.com>
Sent: Friday, May 31, 2013 3:43 PM
To: *Eugene Mayor, City Council, and City Manager
Subject: MUPTTE

I would like to see this 12 story student project go forward to allow both housing and creating all the local business to support both the project as well as the concentration of students to one area!

Steven Church
steve@cobaltservicesinc.com

<http://www.cobaltservicesinc.com>

IT Consultant
Cobalt Computer Services Inc
Message Number: 541-393-2545 x 1
Fax Number: 541-393-2582

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NOBEL FLANNERY Amanda

From: McGlade, Charles (MD) <ctm@rapc.com>
Sent: Friday, May 31, 2013 4:23 PM
To: *Eugene Mayor, City Council, and City Manager
Subject: MUPTTE project

This is a note in favor of proceeding with the project given the positive impact on the local economy. I hope that you will consider local jobs in your decision process.

Chuck McGlade

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NOBEL FLANNERY Amanda

From: WALKER Clayton (SMTP)
Sent: Saturday, June 01, 2013 9:56 AM
To: *Eugene Mayor, City Council, and City Manager
Cc: WALKER Clayton (SMTP)
Subject: Testimony regarding MUPTE

To the Mayor and City Council; I support granting MUPTE status to the CORE CAMPUS project primarily from a fairness perspective. The program was available to the developers when they began investing in the planning process and to withhold it now would not be right since it does appear to meet all of the cities goals for qualifying. We should treat all applicants equally, Thank you.

Clayton W. Walker, CCIM | Principal Broker
C.W. Walker & Associates, LLC
Commercial Real Estate Brokers & Consultants
1225 Lawrence St | Eugene | OR 97401
P.O. Box 1338 | Eugene | OR 97440
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Linked  profile



NOBEL FLANNERY Amanda

From: BRIAN WEAVER <brian1813@msn.com>
Sent: Sunday, June 02, 2013 9:31 PM
To: NOBEL FLANNERY Amanda
Cc: ZELENKA Alan; TAYLOR Betty L; PRYOR Chris E; BROWN George R; POLING George A; EVANS Greg A; SYRETT Claire M; CLARK Mike
Subject: Proposed MUPTE for hub

Hi Amanda,

I oppose the proposed MUPTE for the Hub project on 505 E. Broadway, in Eugene.

If this MUPTE is granted, the local taxpayers will have to pay for the project occupant's use of City provided services, and City property taxes on yet another real estate development. It will also give an unfair advantage to a corporate developer based in Chicago and help upset Eugene's real housing market. Most local developers are not granted such an exemption.

I think it's rather obvious by now that the City's essential services should be given a higher priority than enriching an out-of-state developer. Ignoring this fact will deepen the resentment toward the local government, and ruin any chance of passing a possible bond measure for a new city hall. Remember the 2-to-1 beating of the City fee measure.

I know some MUPTE proponents claim that tax exemptions will pay dividends in the future. However with the City's overdrawn general fund, this MUPTE includes a huge risk that services may have to absorb.

Thank you,
Brian Weaver
Ward #1

NOBEL FLANNERY Amanda

From: gordon boltz <gordonboltz777@gmail.com>
Sent: Sunday, June 02, 2013 10:44 AM
To: *Eugene Mayor, City Council, and City Manager
Subject: MUPTe student housing on Franklin

I am writing to encourage your "yes" vote on the 12 story student housing development on Franklin. This project would create local jobs (the Developer historically hires between 85% and 95% local people for their projects), and fit nicely into the downtown core where higher density is encouraged. As enrollment in the University of Oregon increases additional housing will be in greater demand.

Thank you for your consideration in this matter.

**Gordon Boltz
574 Wimbledon Ct.
Eugene, OR 97401**

NOBEL FLANNERY Amanda

From: Carolyn Jacobs <carolyn.i.jacobs@gmail.com>
Sent: Sunday, June 02, 2013 10:31 PM
To: NOBEL FLANNERY Amanda
Subject: Core Campus/Hub MUPTE comments
Attachments: MUPTE.odt

Amanda - Please find attached my comments of the Core Campus/ Hub MUPTE application. Please enter into the record and forward to the City Manager, City Mayor and City Councilors.

Thank you - Carolyn Jacobs

Mayor and City Council: I strongly urge you to approach your consideration of this MUPTE application through the eyes of the community. As seen on the ground there are half a dozen large scale and close to a dozen small scale student apartments under construction as we write. All are being done without a MUPTE (as of course have most all of those completed in the area around the University in the past several years). The profits for multi-unrelated adult housing (where rents are set by the bedroom) are so great that developers have all the incentive they need as they have more than proved.

At the end of this summer several thousand new bedrooms will come on line despite the fact that the past school year the close in neighborhoods have seen for rent signs displayed by both brand new projects (in R3/R4 zones) as well as in front of what were single family homes (in R1 zones). The Hub most certainly falls into the category of *un-needed* housing.

If being un-needed wasn't enough of an argument, the scale of this project is grossly inappropriate to its surroundings. At one end, both the Federal Court House and numerous buildings downtown are closer to half the proposed height. In the other direction the University Campus has a general policy of four story building height. It is also irresponsible to build such a large scale project on such a small lot – absolutely no open space for 500 twenty year olds. They will, without a doubt be partying in the street and in the nearby residential neighborhoods.

While there are many benefits to the community from increased density (both residential and commercial) along transit corridors, 500 students in this particular location is extremely irresponsible when one considers the safety of these young people. There is no light or crosswalk at Paterson Street and even if there were one would have to assume that students walking and biking to the University will be crossing Franklin Blvd at any and all points between the Hub and the University at all times of day. At night, one would have to assume, they will be crossing Franklin and other busy nearby streets in all states of inebriation as they are well known to do most nights of the week in all the neighborhoods they currently live in.

Please remember, these 500 students are **already** living, shopping, eating out

etc. somewhere in our community. Their spending won't suddenly be bringing new dollars into our community and, in fact, their rent money will absolutely be traveling out of our community.

One last important point that the eyes in the community will understand is that the argument that the Hub will somehow benefit the surrounding R1 neighborhoods is **false**. These neighborhoods will always be extremely attractive to students. Their very closeness to the University will always be their calling card. It doesn't hurt that the streets are tree lined, houses have yards, driveways for parking, for those that want to party there are countless blocks with agreeable residents, and for those that don't there are still some areas of relative peace and quiet. The idea that the Hub would somehow make these neighborhoods attractive to families is naive if not dishonest. Given the number of for sale signs in these neighborhoods, it is quite clear that families are not willing to invest in property in areas of scattered (and sometimes continuous) blight. The increase in trash, vandalism, crime, noise, threatening behavior etc. that accompanies increases in student density is not a selling feature for family homes in R1 neighborhoods around the University. “Stabilizing” these neighborhoods will require significant policy changes on the part of the City and the University.

If the Hub were truly as wonderful as the application attempts to convince the reader, it would be moving forward without a MUPTE. One has to assume that the tax exemption is a way to shift the risk to the City – asking the City to guarantee a certain level of profit should the developers have erred in their judgment about what is “needed” in Eugene at this time.

Carolyn Jacobs (chair South University Neighborhood Association)

NOBEL FLANNERY Amanda

From: Keith Baskett <keithbaskett@comcast.net>
Sent: Monday, June 03, 2013 7:59 AM
To: *Eugene Mayor, City Council, and City Manager

I am a local business owner with five locations in the Eugene/Spring area. I am very excited for the proposed 12 story student housing on Franklin. This will continue to help our City and economy to move forward. This is another important part of our sustainability as small city bringing business in from around the country. This will also help the revitalization of the Franklin area.

Best regards,
Keith Baskett

NOBEL FLANNERY Amanda

From: John Lawless <jlawless@tbg-arch.com>
Sent: Monday, June 03, 2013 8:14 AM
To: *Eugene Mayor, City Council, and City Manager
Subject: Support for The Hub MUPTE

Dear Mayor and City Councilors,

Little by little, Eugene is growing up in a way that we have proactively envisioned. We need to continue stoking the fire that MUPTE and many other helpful programs have ignited over the last 10 years to build more momentum. Without increased density, we will never approach the critical mass necessary to truly and sustainably support the networks of infrastructure we need to reach our community goals.

I urge you to support this project with full MUPTE opportunities, including the developer's early pay offer, and don't close the damper on the momentum we've fire up recently.

Thank you.

John Lawless, AIA | Principal
TBG Architects + Planners

132 East Broadway, Suite 200 | Eugene, Oregon 97401

541.687.1010 x16 | jlawless@tbg-arch.com

Please consider the environment before printing this e-mail.

NOBEL FLANNERY Amanda

From: Linda O'Bryant <lobryant@comcast.net>
Sent: Monday, June 03, 2013 9:44 AM
To: *Eugene Mayor, City Council, and City Manager
Subject: MUPTTE

If you give tax incentives for one developer you should give the same tax incentives to all developers that have their applications in. If you want to change the rules that's fine; just don't do it in mid-stream. Process the applications in hand then make changes.

Linda O'Bryant, Principal Broker
CRS, PMN, ABR, CSP, GRI, SRES,
Re/Max Hall of Fame – Top 1% of Realtors
Eugene Association of Realtors – 2012 President
Oregon Assoc. of Realtors – 2011-2012
Professional Development Committee
Oregon State Women's Council of Realtors – 2009 President
OREF – Board of Managers
RMLS – Strategic Advisory Committee

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NOBEL FLANNERY Amanda

From: PIERCY Kitty
Sent: Monday, June 03, 2013 1:37 PM
To: *Eugene Mayor, City Council, and City Manager
Subject: Fwd: Opposition to granting property tax exemption
Attachments: Ms_Piercy.docx; ATT00001.htm

FYI

Sent from my iPad

Begin forwarded message:

From: "sromy@aol.com" <sromy@aol.com>
Date: June 3, 2013, 1:12:59 PM PDT
To: PIERCY Kitty <Kitty.Piercy@ci.eugene.or.us>
Subject: Opposition to granting property tax exemption

Dear Ms Piercy,

Please see the attached letter that explains my opposition to the City of Eugene granting a property tax exemption to the 12 story student apartment building proposed for the property at East Broadway and Ferry.

Thank you for your consideration,

Steve Romania

Ms. Kitty Piercy
Honorable Mayor
City of Eugene, Oregon

Re: MUPTE issue on Broadway/Ferry

Dear Ms. Piercy,

This letter is being sent as opposition to the granting of a property tax exemption for the proposed 12 story student housing development at East Broadway and Ferry. In the interest of disclosure, you should be aware that I am a partner in the Courtside/Skybox apartments which are located at 1410 Orchard St and 1417 Villard St.

The project was built at a time where there was a demand for student housing in Eugene and a need for close proximity housing was a priority. Even though the property was located on the opposite side of campus, we did not seek nor require a tax exemption in order to fund the project. In fact, we continue to pay over \$300,000 in property taxes annually.

The thought of the City subsidizing an out of state developer so he can profit is detrimental to the market in two ways:

1. Currently the demand for student housing has been met and now exceeded given the latest projects. (one of which is another tax subsidized project being built by Capstone). Our appraiser has indicated that there is an excess of beds in the market, with more coming on line; while at the same time flat enrollment growth at the University. This is projected for the foreseeable future and will only be remedied by additional classroom expansion which will take some time.
2. As more properties have less than stabilized occupancy, there will undoubtedly be an erosion of value and subsequent appeals on property taxes. So the very thing that you are trying to accomplish, (more property taxes) could potentially result in less revenues thru appeals.

The University of Oregon student housing market has proven attractive for national developers. They will build here as long as they have the money. Right now the money is plentiful and interest rates are low, which is why there is so much interest and now overbuilding in lower quality locations. By right, nothing can be done to stop this inevitability. However, it is unfair for the City to subsidize and enhance this trend at the expense of existing property owners. If the developer can't make it pencil without a huge tax break, then maybe it should not be built. If he can, then we have no issues and will deal with the competition as a by-product of owning real estate.

Best Regards,

Steve Romania

NOBEL FLANNERY Amanda

From: SLOCUM Tom (SMTP)
Sent: Monday, June 03, 2013 5:14 PM
To: *Eugene Mayor, City Council, and City Manager
Subject: MUPTTE on Franklin

Mayor, Councillors, City Manager,

I urge you to accept the application for construction of the proposed 12-story student housing project to be sited on Franklin Blvd. and to grant the developer the requested MUPTTE relief.

The project clearly meets the development standards for the area as set forth in Envision Eugene Plan. The developer has completed his application for the MUPTTE under the City's existing MUPTTE rules and the project should therefore be considered and approved in that context.

To set forth additional criteria for approval at this time is unjustifiable, and will only serve to add one more instance to a growing list of cases where the City of Eugene changes the rules after the game has begun. If the City is serious about the development of the EWEB site and other future sites, the Council should take heed.

Here's hoping you will act wisely

Yours truly,

Tom Slocum

NOBEL FLANNERY Amanda

From: Julie Gentili Armbrust <julie@mediationnorthwest.com>
Sent: Tuesday, June 04, 2013 9:16 AM
To: *Eugene Mayor, City Council, and City Manager
Subject: Public Comment - MUPTE

It has come to my attention that the City is taking public comment on the MUPTE application. As a business owner and a concerned citizen of Eugene, I support this application for two unique reasons.

First, this company has a long track record of providing local jobs. I see far too many individuals who are struggling to make a living in Eugene. Eugene needs more blue-collar, wage living jobs. I work with individuals on a daily basis who are out of work and want to work. This project would provide these jobs.

Second, I recently moved my business out of the downtown area due to high vandalism and moved it to the Valley River area. It is clear to me that a vibrant downtown Eugene begins with filling downtown Eugene with high density businesses and residential mixed-use projects. This project would assist in the high density, downtown Eugene that will save the downtown.

Thank you for your consideration.

Julie Gentili Armbrust

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Julie Gentili Armbrust | Mediation Northwest | 1580 Valley River Drive,
Suite 250, Eugene, OR 97401 | Phone: 541.484.1200 | Toll-Free Fax: 866.
228.4430 | www.MediationNorthwest.com

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NOBEL FLANNERY Amanda

Subject: RE: The Core Buiding

From: Gary Gentry [<mailto:grgentry@yahoo.com>]
Sent: Wednesday, June 05, 2013 9:58 AM
To: *Eugene Mayor, City Council, and City Manager
Subject: The Core Buiding

Dear Mayor Piercy, Council Members and Mr. Ruiz,

I live in Eugene and care about how the decisions made for the city that affect its future, especially those relating to our downtown areas.

I was dismayed to read about the Core proposal in the Register Guard recently. I believe the Core proposal would be inappropriate for not only the specific location planned, but also for the future development of the downtown areas as a whole, and for the lack of substantial revenue to be generated to the benefit of the city. The 12 story building would be far too large for the area – it would be out of character with our downtown, would cast shadows taking away from the openness of the area, and would result in traffic and congestion that the city streets are not designed to handle. Additional tax revenue for the city is certainly needed, but this is the wrong vehicle to accomplish it, and the break given the developer is out of proportion to the benefit derived by the city. I feel the results of this project would not truly add either to the city's liveability or, in the end, its long-term revenue.

Having moved to Eugene from St. Louis, MO and having seen these types of projects before – those that are out of character for an area - I've seen the negative impacts to a city. And the resulting “white elephant” for the city is a long-term burden that planners don't often take into account. We should not let immediate needs dictate decisions that will have long-term negative impacts.

I also believe that student housing in Eugene is overbuilt, and several recent RG articles confirm this. Enrollment at UO is certainly leveling out, and will undoubtedly begin to decrease over the next few years as a result of higher education moving more and more into the online world. This article from the Christian Science Monitor Weekly issue for this week, was splashed on its cover: "**The End of College? How online learning will transform traditional education**". Go to this link for the full article:

<http://www.csmonitor.com/USA/Society/2013/0602/How-online-learning-is-reinventing-college?nav=87-frontpage-entryInsideMonitor>.

This change is happening now, with enormous free online courses offered by some of our finest universities. As costs for campus learning continue to escalate, students may not fill student housing buildings. In ten years, the proposed 12 story building could be a huge liability for Eugene, costing the city dearly. I would hope that this type of project will not be allowed to move forward to the detriment of all of us.

With the best of hopes for our city,

Gary Gentry

Gary R. Gentry
3848 Ashford Drive
Eugene, Oregon 97405
541-510-6497