

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Adoption of Resolution Amending Resolution No. 5053 Concerning a Multiple-Unit Property Tax Exemption for Residential Property Located at 39 West Broadway, Eugene, Oregon (First on Broadway, LLC/Owner)

Meeting Date: September 22, 2014
Department: Planning & Development
www.eugene-or.gov

Agenda Item: 2C
Staff Contact: Amanda Nobel Flannery
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ISSUE STATEMENT

The council is asked to approve an amendment to the Multiple-Unit Property Tax Exemption (MUPTE) resolution for First on Broadway (formerly Broadway Lofts) at Broadway and Willamette to correct a discrepancy in number of units and commercial square footage between what was stated in the MUPTE resolution and what was actually constructed.

BACKGROUND

The MUPTE program is enabled by state legislation and designed to encourage higher density housing and redevelopment in the core area and along transit corridors. The program provides a tax exemption for up to 10 years on qualified, new multi-unit housing investments that occur within a targeted area, meet program requirements, and are reviewed and approved by the council. MUPTE works by lowering the operating cost enough to make a project financially feasible. The MUPTE program is currently suspended through November 30, 2014.

In 2012, the council approved a MUPTE resolution for a mixed-use development at Broadway and Willamette with 16 apartments and ground floor commercial. First on Broadway has transformed beyond recognition the former "Taco Time Building" and will soon have a fully occupied ground floor. Resolution 5053 contains a discrepancy in the number of residential units and commercial square feet between what was stated in the MUPTE resolution and what was actually constructed. The mix of one-bedroom units and two-bedroom units is also slightly different. Specifically, the project has three fewer units (four fewer one-bedroom units and one more two-bedroom unit, for an overall difference of two fewer bedrooms) and 4,800 square feet more commercial space.

The original plan was to have three residential units on the ground floor with entrances on the alley. At that time, there were reservations about the viability of retail at the mid-block location. As plans progressed, however, a new concept emerged of turning the old bank space into a bar. As a result, the ground floor housing units were reprogrammed and moved forward with the First National Tap House. The MUPTE had already been approved and the implications of the change on the MUPTE were not considered at that time. The four commercial tenants are First National

Tap House (opened April 2013), Bijou Metro (opened June 2013), Townshends Tea (opened July 2013), and the Starbucks corner space will open in mid-October.

When the council approved the MUPTE resolution in January 2012, downtown was on the verge of hitting a stride of positive momentum. Six months earlier, the Urban Renewal Agency provided acquisition financing of \$500,000 to the project. Construction of the adjacent Broadway Commerce Center, with \$10 million of Urban Renewal Agency financing, was nearing completion – the Barn Light opened later that year in November and Sizzle Pie opened a year and a half later. The new LCC downtown campus was under construction, with students to move in later that fall and the first classes in the building still a year away. Belly was about to open on East Broadway and Oregon Contemporary Theater (still Lord Leebrick at the time) would present its first production on West Broadway a year later. The Urban Renewal Agency would finance Red Wagon Creamery and Party Downtown’s openings, immediately west of First on Broadway, in spring 2013.

From a downtown perspective, the ground floor retail (instead of three residential units) is a positive outcome. Staff considers the finished product to have met or exceeded the public benefit expectations of the redevelopment project:

- Added new housing in the downtown core,
- Filled a major vacancy at one of the most important downtown corners,
- Strongly complements Beam’s renovation of the Broadway Commerce Center across the street,
- Renovated an historic building,
- Supports investment the City made in the property (see below “City Financing”),
- Supports services, amenities, cultural offerings and retail downtown, and
- Adds to the diversity of residential options downtown.

The council approved the MUPTE with an 8:0 vote to include both the residential and commercial aspects of the project, so both would be exempt regardless of the change in use on the ground floor. Without MUPTE approval the project could not have secured construction financing to convert the building to a housing use. Now that construction is complete, the tax exemption is essential to continued quality operation of the building and its long-term success. The amended resolution in Attachment A reflects the reduction of four one-bedroom units, the addition of one two-bedroom unit (for an overall reduction of three residential units), and the increase of 4,800 commercial square feet.

City Financing: The Urban Renewal Agency, through its Downtown Revitalization Loan Program provided acquisition financing of \$500,000 in 2011 and construction gap financing of \$100,000 in 2013 to support redevelopment of the building. First on Broadway LLC is in escrow to be sold on September 25, which would include repayment in full of the Agency loan funds. The sale is contingent upon the MUPTE approval resolution being amended to reflect the building, as rehabilitated.

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.

Envision Eugene Pillars

- Promote compact urban development and efficient transportation options.
 - Integrate new development and redevelopment in the downtown, in key transit corridors and in core commercial areas.
 - Meet the 20-year multi-family housing need within the existing Urban Growth Boundary.
 - Make compact urban development easier in the downtown, on key transit corridors, and in core commercial areas.
- Protect, Repair and Enhance Neighborhood Livability.
 - Implement the Opportunity Siting (OS) goal to facilitate higher density residential development on sites that are compatible with and have the support of nearby residents. Implement a toolbox of incentives that support the achievement of OS outcomes.

Regional Prosperity Economic Development Plan

- Strategy 5: Identify as a Place to Thrive - Priority Next Step - Urban Vitality
As we foster a creative economy, dynamic urban centers are an important asset. Eugene, Springfield and many of the smaller communities in the region recognize the importance of supporting and enhancing vitality in their city centers. Building downtowns as places to live, work and play will support the retention and expansion of the existing business community and be a significant asset to attract new investment. The Cities of Eugene and Springfield will continue to enhance their efforts to promote downtown vitality through development and redevelopment.

City Council Goal of Sustainable Development

- Increased downtown development

COUNCIL OPTIONS

The council may approve or deny the resolution amendment.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends approving the resolution amendment.

SUGGESTED MOTION

Move to adopt Resolution 5115, clarifying the discrepancy in units and commercial square feet between Resolution 5053 and the completed development.

ATTACHMENTS

A. Proposed Resolution

FOR MORE INFORMATION

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