



URBAN RENEWAL AGENCY

AGENDA ITEM SUMMARY

Action: Disposition of Real Property

Meeting Date: April 11, 2016
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: 4
Staff Contact: Nan Laurence
Contact Telephone Number: 541-682-5340

ISSUE STATEMENT

The Urban Renewal Agency Board is asked to approve the disposition of property located at the northeast corner of the intersection of Olive Alley and West 8th Alley (tax lot 17033113 4200). Granite Properties is the prospective purchaser of 844 Olive Street, formerly the Rogue Ales Building. Granite Properties has submitted an offer to purchase approximately one-half of the property owned by the Urban Renewal Agency in order to build housing over the existing building. Attachment A provides a site plan; Attachment B provides an outline of the terms of the sale.

BACKGROUND

Purchase Offer

A purchase offer was received from Eugene-based developer Granite Properties for half of a 4,000 square-foot parcel (approximately 80" x 50") owned by the Urban Renewal Agency. Granite Properties includes Doug Bulski, as managing partner, as well as Ninkasi Brewing executives Nikos Ridge and Nigel Francisco. The price offered is \$35/square foot, which was determined by the buyer based on comparable and recent property sales downtown. As a point of reference, the Shedd Institute for the Performing Arts purchased property from the City in 2014 for \$32.50/square foot. Funds from the sale of this property will go in to the Downtown Revitalization Loan Program, as is consistent with treatment of other Urban Renewal sale proceeds.

Project Details

Granite has negotiated a purchase option with the owner of the property located at 844 Olive, formerly the location of the Rogue Ales building, which has been vacant for over a year. The URA property lies directly adjacent to the back of the Rogue property (see Attachment C, existing conditions) and will be combined with the Rogue property to create a more developable parcel. The project includes approximately 35 housing units which will be built over the existing building, as well as three artists' studios and a renovated commercial use facing Olive Street. A conceptual site plan and elevations are provided as Attachment D. The project is expected to cost approximately \$5 million. Granite Properties has completed one other housing project located at 8th Avenue and Washington Street. For that project as well as this one, the architect is Bill Randall with Arbor South Architecture, and the contractor is Anvil Construction; both firms are based in

Eugene.

Project Approval and Timing

Based on action by the Urban Renewal Agency to approve the disposition of the property, Granite will move forward with the purchase of the Rogue property. Granite has stated that the acquisition of the URA property is integral to finalizing the negotiations for the purchase of the Rogue property. After securing site control of the Rogue property and approval by the URA for the URA parcel, Granite Properties will submit an application for a Multi-Unit Property Tax Exemption for approval by the City Council. If the MUPTE application is not approved, the housing development will not move forward and the sale of the URA property will not close. If the Urban Renewal Agency approves the property disposition, and the City Council approves the MUPTE application, but Granite is unable to move forward with the proposed housing development in a timely manner, the Agency reserves the right to purchase the property back from Granite.

Property History

The URA acquired the property in 1970, as part of a purchase of a larger parcel which was subsequently partitioned and sold for redevelopment. In 1972, the property was further reduced to provide right-of-way as part of Olive Alley, and became a service court for adjoining properties. The property has been determined to be a legally configured lot, although it is too small to be divided into two halves based on current zoning standards. Therefore, to create the lot that will remain in URA ownership, an Adjustment Review land use application will be required to adjust the standard for the remaining lot. Notice of this application will be provided to surrounding property owners.

Property Impact

Staff has been in communication with the three property owners immediately adjacent to the URA property. The owner of the property currently tenanted by the Starlight Lounge raised concerns about their ability to continue to use URA property for an outdoor patio area and for service deliveries, trash pick-up, etc., as well as a second means of egress. Staff communicated the concept of selling only the south half of the URA parcel, so that the property owner can maintain those existing uses. The owners of the SCS Investment building state concerns about parking, ingress/egress from the alley, solar access, additional trash, inappropriate use of the alley, and impact on individuals who use the area behind Sykes for smoking.

RELATED CITY POLICIES

The disposition of the south half of tax lot 17033113 4200 to Granite Properties for the proposed housing development addresses many goals, policies, and principles for Eugene and downtown, including:

Regional Prosperity Economic Development Plan

- Encourage a culture of entrepreneurship and re-investment into the local community.
- Promote local businesses and entrepreneurs that lead the area to a higher level of economic independence and resilience.

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.

Envision Eugene Pillars

- Provide affordable housing for all income levels
- Promote compact urban development and efficient transportation options.

Eugene Climate & Energy Action Plan

- Increase density around the urban core and along high-capacity transit corridors.

City Council Goal of Sustainable Development

- Increased downtown development.

COUNCIL OPTIONS

1. Authorize the City Manager to sell the south half of tax lot 17033113 4200 to Granite Properties consistent with the terms included in Attachment B.
2. Amend the terms included in Attachment B, and authorize the City Manager to sell the south half of tax lot 17033113 4200 to Granite Properties.
3. Do not approve the disposition of the south half of tax lot 17033113 4200 to Granite Properties at this time.

AGENCY DIRECTOR'S RECOMMENDATION

The Agency Director recommends approval of the disposition of the south half of tax lot 17033113 4200 to Granite Properties consistent with the terms included in Attachment B.

SUGGESTED MOTION

Move to authorize the Agency Director to sell the south half of tax lot 17033113 4200 to Granite Properties consistent with the terms included in Attachment B.

ATTACHMENTS

- A. Map tax lot 17033113 4200
- B. Outline of Terms for Sale of Property
- C. Photograph of existing conditions
- D. New development project concept

FOR MORE INFORMATION

Staff Contact: Nan Laurence
Telephone: 541-682-5340

Staff E-Mail: nan.laurence@ci.eugene.or.us

Taxlot: 17-03-31-13-4200



Orthomagery: 2013
Caution: This map is based on imprecise source data,
subject to change, and for general reference only.

0
City of Eugene
Planning and Development Department
April 4, 2016



**Attachment B:
Outline of Terms of Sale for URA Property**

Buyer: Granite Properties

Seller: Urban Renewal Agency of the City of Eugene

Property: Land located at the intersection of Olive Alley and W. 8th Alley (tax lot 17-03-31-13-04200), directly west of property fronting 844 Olive Street (approximately 2,000 s.f. of an existing 4,000 s.f. parcel.) City staff will assist in reducing the size of the parcel through a partition or property line adjustment process.

Purchase Price: \$35/square foot, totally \$70,000 for approximately 2,000 square feet.

Project Description and Public Purpose: The property will be used to create approximately 35 new housing units, located above an existing storefront (formerly known as the Rogue Brewery) which is currently a one story structure. The existing storefront will be renovated in anticipation of a new ground floor commercial tenant.

MUPTE

The Buyer has stated his intent to apply for a Multi-unit Property Tax Exemption. The sale of the Property is contingent upon the successful approval of this application.

Property Condition: The property is offered on an “as is” basis.

Purchase and Sale Agreement: If terms of sale are agreed upon by the Urban Renewal Agency and Granite Properties, Buyer and Seller shall enter into a Purchase and Sale Agreement for the Property listed above.

Closing Date: The closing of the sale shall occur as soon as possible but no later than June 30, 2017, unless a reasonable extension is agreed upon by the seller and buyer.

Exclusive Negotiation: Seller will not enter into negotiations with any other party.

Permits and Fees: Buyer will be responsible for all building permits and related fees. The City will provide facilitated permit review.

Reversionary clause:

If the Buyer does not purchase and begin construction of the proposed project at 844 Olive Street within 12 months after closing or does not demonstrate significant progress towards this end, Seller retains the right to purchase the property back from the buyer for the purchase price, plus the fair market value of any improvements made to the property.

Design

City Staff will have the opportunity to review and approve the proposed design to ensure that a high quality design, substantially consistent with the concept design (see Attachment D), is constructed. Staff

review includes all of the proposed development, not only the improvements on the Property to be purchased from the Urban Renewal Agency. Approval by staff shall not be unreasonably withheld.

Financing

Financing for the project will be from private equity and conventional lending in addition to an anticipated request for a Downtown Revitalization Loan.

Parking: The City agrees to make a good faith effort to identify access to approximately 35 parking permits at market rate or bulk rate, if applicable, and to identify desired bicycle parking located nearby.

**Attachment C:
Photograph of existing conditions**



Approximate area of URA property
proposed for disposition

**Attachment D:
New development project concept**

