



December 27, 2012

Carlton B. Simons
Simons Properties/CSA Oregon LLC
215 West 5th Avenue
Eugene, OR 97401

RE: Notice of Assessment of Benefits for Alley Right-of-Way Vacation Requests.

Dear Mr. Simons,

Attached is the Notice of Assessment of Benefits as well as an email with a revisions to the amount for the vacation request for West 4th Alley (VRI 12-3). Eugene City Code requires that the owner of the property be assessed the value of the property that is requested to be vacated no less than 20 days prior to the public hearing of the vacation application before the City Council. The public hearing date is set for January 22, 2013 at 7:30 p.m. The public hearing will be held in Harris Hall located at 125 East 8th Street. The amount of the assessed value is shown on the attached assessment form and email was determined to be \$36,450.

Eugene City Code further requires the land owner to deposit with the City the sum of money assessed at least 5 working days prior to the public hearing which would be January 15th, 2013 at the latest. If the vacation is approved, this deposit shall be retained by the City. If the vacation application is denied, the deposit shall be returned.

The deposit shall be made at the Permit Information Center located in the Atrium building at 99 West 10th Avenue. I will be available to help ensure this process goes smoothly. So please give me a call at (541) 682-5453 or email steve.p.ochs@ci.eugene.or.us and I can help answer questions and coordinate the deposit.

Sincerely,

A handwritten signature in black ink, appearing to read "S.P.O.", written over a horizontal line.

Steve Ochs
Associate Planner

Enclosures: Basis of Value Report
Email and attachments with revised amount

BASIS OF VALUE REPORT

Proposed ROW Vacation of 4th Avenue Alley between Charnelton and Lincoln November 30, 2012

Adjoining property owner, Carlton Simons, requests the vacation of a certain City right-of-way captioned above for assemblage with adjoining property owned by Simon Investment Prop LLC. Mr. Simon, the applicant, reportedly owns all the properties adjacent on both the north and the south sides of the subject property; a 14' alley right-of-way of 4,676 SF (per surveyor).

The zoning for the area around the proposed alley vacation is S-W/SR (Whiteaker Special Area, with a Site Review overlay). The zoning is intended primarily for a Mixed-use development which includes various uses of commercial, retail, industrial, and lower and higher density residential. The highest and best use is considered to be "Mixed Use."

The appraiser has been asked to provide an assessment estimating the value to the benefiting property for the proposed vacation by the City of its interest in the existing right-of-way area herein described.

After a search of RMLS and Lane County records, the following comparable sales are considered to be the best sales that could be located at this time to estimate the unit value of the area that is the subject of this Basis of Value Report.

<u>Property Location</u>	<u>Size</u>	<u>Zoning</u>	<u>Sale Date</u>	<u>Price</u>	<u>Unit Value (Adj.UV)</u>		<u>Comments</u>
Fourth Avenue Alley	4,676SF	S-W (MU)	n/a	n/a	n/a	n/a	Subject Property
#1. 462 E 8 th Ave.	0.59 Ac.	I-2	2/09	\$889,582	\$34.61	(\$28.95)	OK'd: commercial
#2. 15 th & Orchard	0.71 Ac.	C2	4/08	\$925,000	\$29.90	(\$23.58)	Near UO
#3 2303 W. 7 th Av.	1.32 Ac.	C2	4/08	\$1,400,000	\$24.35	(\$19.21)	Carrow's site
#4 296 Blair Blvd.	0.64 Ac.	S-W	10/12	\$335,735*	\$12.04	(\$12.04)	Ninkasi expansion.
#5 Franklin at Alder	0.18 Ac.	C2	11/10	\$125,000	\$15.94	(\$14.53)	Deficient shape
#6 135 Blair Blvd.	2.03 Ac.	S-W	10/12	\$533,000	\$6.03	(\$6.03)	Ninkasi expansion

All the sales presented in the table above were closed sales, within the subject property's immediate or competing neighborhoods, and the sales represent the best comparable and most recent sales that could be located at this time.

*Note: Sale #4 reflects extraction of an improvement.

The subject property is located along 4th Avenue Alley, between Charnelton and Lincoln streets. The sales utilized in this Basis of Value Report are considered to be as comparable to the subject's Whiteaker Special Area zoning as could be located at this time. Several of the sales are considered to be superior to the subject property mainly due to superior locations compared to the subject property, but as stated previously, the sales utilized in this Basis of Value Report are considered to be the best that could be located at this time. Sale #1's I-2 zone was in the process of being changed to Commercial zoning and is considered to be comparable with the Whiteaker Special Area's "Mixed Use" zoning allowances, and it is recognized to be in a superior location. Sale #1 is considered to set the upper value range. As was noted above, the subject's location is somewhat inferior compared to most of the sales presented due to a mixed use neighborhood that is served only by "local" streets with modest traffic counts, rather than superior areas with major streets and symbiotic commercial demand within a comparable neighborhood. Sale #3's location is inferior to Sales #1 and 2's locations, but Sale #3 is still considered to be located in a superior location compared to the subject. Sale #5 was located near Alder Street on the curve where Franklin Boulevard becomes Broadway. This property has an inferior shape and has some traffic restrictions and limitations, but is considered to be a good comparable property, with its superior location noted. Sale #6 was also a very irregularly shaped parcel, which limits its development potential, and its location is considered to be inferior compared to the subject. Sales #4 and 6 are the same zoning and deserve high credence in estimating an appropriate unit value. Sale #5 is also considered to be a highly relevant comparable sale for estimating an appropriate unit value for the subject property. Sales #1 and 2 were given the least weight in estimating the overall unit value for the subject property due to their much superior locations, etc. The overall reasonable value range is, therefore, \$6.03/SF to \$28.95/SF. Taking into consideration the described comparable sales and corresponding adjustments, an unencumbered unit value is estimated to be \$14/SF.

The Lane County Assessor estimates the real market value (as of January 1, 2012) of the current adjoining properties to be approximately \$21/SF.

City staff reports that the subject alley is 14' X 334'+/- (4,676 SF). As part of the proposed alley vacation, the City will reserve a public utility easement over the entire alley right-of-way for all existing utilities. The reservation of the public utility easement is estimated to reduce the value of the subject area by approximately 35%.

The value of the proposed vacation of 4th Avenue Alley is, therefore, calculated to be:

$$\$14.00/\text{SF} \times .65 = \$9.10/\text{SF} \times 4,676/\text{SF} = \$42,552, \text{ or } \$42,500, \text{ rounded.}$$

Assessment of value estimated to the benefitting (adjoining) property owner: \$42,500.

This Basis of Value Report is not an appraisal and is intended for City of Eugene internal use only.

Prepared by:



Lloyd Williams, Real Property Officer

OCHS Steve P

From: ROYER Russ C
Sent: Thursday, December 13, 2012 2:51 PM
To: OCHS Steve P
Cc: WILLIAMS Lloyd L; KEPPLER Peggy A
Subject: FW: Alley Vacation - Basis of Value Report
Attachments: RR Lot Buyers Stmt386.pdf; RR Prelim pkg. .pdf

Hi Steve, sorry I have not had a chance to respond to you sooner. Lloyd and I further reviewed the comparable sales data and related information submitted by the owner's rep. We recognize the one sale submitted was a parcel the subject owner purchased and is across the street from the subject area. This other sale was fairly dated being over 3 years old but we concur the values typically have not increased over that time period. Perhaps the main adjustments to that sale were the location in that the comparable property backs up directly to the railroad tracks which would result in needing to increase the value of the comparable sale property. A second significant adjustment factor of that sale compared to the benefitting properties of the vacation is the shape – it is fairly irregular which results in portions of the property not being developable or at least limited to a certain extent. This shape adjustment would also result in increasing the unit value of the comparable to make it more similar to the subject areas. And a third adjustment, which we did not put as much weight on was for the comparable being zoned industrial as compared to the subject property which allows for commercial uses as well. The market demonstrates commercially zoned properties typically sell for more than industrially zoned properties. Because of the shape deficiency and location next to the railroad tracks the highest and best use of the comparable sale may be as parking, in which case the zoning difference would not be as significant.

City staff's initial concluded value of the vacation assessment was based on a fee value of \$14 per square foot with comparable sales ranging from \$6 to \$20 per square foot. The county assessor's real market value of the subject properties are on average approximately \$20 per sq ft. The assessed value of special benefit was further reduced by 35% for the public utility easement that will be reserved over the entire vacation area resulting in the estimated unit value for the rights being vacated of \$9.10 per square foot. In further consideration of the additional sales data submitted city staff would agree to reducing the fee value of the area proposed for vacation to \$12 per square foot and further reducing that value by the 35% for the public utility easement that will be reserved at the time of vacation resulting in a net value of \$7.80 (\$12 x .65) per square foot for the property rights being vacated. Thus yielding an **adjusted vacation assessment of \$36,450 (\$7.80 x 4,676 sq ft)** – reduced from the previous estimated assessment of \$42,500.

One other point I did want to respond to was the suggestion the alley configuration could be a negative. I thought it might be beneficial to explain the basis of assessment for right of way vacation is based upon the special benefit to the benefitting (adjacent property) and thus the shape or configuration of the vacation area it not as significant as the adjacent property it is being assembled with. Eugene code 9.8710 (5) further defines how it is to be measured. I hope this helps address the questions or concerns. Please let me know if there are further questions. At this time Public Works is agreeable to reducing the **proposed assessment from \$42,500 to \$36,450.**

From: OCHS Steve P
Sent: Friday, December 07, 2012 4:18 PM
To: ROYER Russ C
Cc: WILLIAMS Lloyd L
Subject: FW: Alley Vacation - Basis of Value Report

Hi Russ,

This is an email I got from the applicant in for the CB Simons alley vacation. The rep asked me if they could submit these examples, I told her they could and that I would forward them on but had no idea if they were relevant or helpful or change anything. Anyway, let me know your thoughts and have a great weekend!
Steve O.

From: Cheryl Monson [mailto:cheryl@cbsimons.com]
Sent: Friday, December 07, 2012 10:57 AM
To: OCHS Steve P
Subject: Re: Alley Vacation - Basis of Value Report

Hey Steve,

I spoke to CB yesterday, his email to me below is as follows:

You can provide this to the City. It is what was sold in great detail. I refer to it as the RR lot. It was a cash deal. It was similarly zoned land. The only difference in the RR lot and the alleyway is that the RR lot is not encumbered by so many easements and is not paved. It provides access from the Charnelton end of 4th Ave. to the Lincoln access, and therefore has the same functionality. The alleyway is a smaller parcel, but the economies of scale are negligible between 4,676 s.f., and 41,800, and the small size and configuration of the alleyway does not lend itself to development to its highest and best use, so there seems to be no extra value per sq. ft. to the alleyway due to the smaller parcel size, and one could reasonably make a case that the alley configuration is a negative. The hard surface of the alleyway is a shambles and needs to be replaced. The sub-grade on the RR lot is equivalent to that of the alleyway, and the the cost of removing the sub-standard paving sections in order to go forward from the sub-grade fill is a further negative to the alleyway.

Making no other comparison, the only two comparable property purchases fro the list are the ones with the same zoning. They are #2 and #4. \$12.04 & \$6.03/ s.f., respectively. Presuming all else to be equal between those two lots, the average value/sf of these two is \$9.03. The RR lot sold for \$335,000 ±, or \$8.01. The date of sale is not specified for the listed comps., but the RR lot sale was 37 months ago, and real estate prices have not been on a dramatically upward trend since then. If the RR lot is added to the data set, it appears that the value for the alleyway must go down.

Please have the appraiser make any appropriate adjustments in light of this additional data, and we will deposit the funds as instructed. Thank you for your assistance in this matter.

Also, I have attached the documentation on the Rail Road lot.

Thank you for all your help!
Cheryl Monson

On Dec 6, 2012, at 2:22 PM, OCHS Steve P wrote:

Hi Cheryl,

Attached is the report stating how much the City will be asking for the alley and the basis of that valuation. You will receive an "official" notification of the amount in a few weeks but wanted to give you a heads up. Feel free to call if you have any questions.

Thanks,
Steve O.

Steve Ochs | Associate Planner

City of Eugene | Planning & Development
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Phone 541.682.5453 | Fax 541.682.5572

Messages to and from this e-mail address may be available to the public under Oregon Public Records Law

<4thAvAlleyVacation.pdf>