



COUNCIL RESOLUTION NO. 5439

**A RESOLUTION APPROVING A MULTIPLE-UNIT
PROPERTY TAX EXEMPTION FOR RESIDENTIAL
PROPERTY LOCATED AT 131 EAST 5th AVENUE, EUGENE,
OREGON (APPLICANT OBIE COMPANIES, INC.)**

PASSED: 6:2

REJECTED:

OPPOSED: Keating, Zelenka

ABSENT:

CONSIDERED: April 16, 2025



RESOLUTION NO. 5439

A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED AT 131 EAST 5TH AVENUE, EUGENE, OREGON (APPLICANT OBIE COMPANIES, INC.)

The City Council of the City of Eugene finds that:

A. OES #2, LLC (296 E. 5th Avenue, Eugene, Oregon), is the owner of real property located at 131 East 5th Avenue, Eugene, Oregon (Assessor's Map Number 17-03-30-44, Tax Lot 09700) ("the Property").

B. Obie Companies, Inc. ("the applicant") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption Program (Sections 2.945 through 2.947 of the Eugene Code, 1971 ("EC")), with respect to residential units and commercial spaces to be constructed on the property ("the project").

C. The proposed project consists of the development of 41 studio units, 71 one-bedroom units, and 12 two-bedroom units, for a total of 124 residential units. The project is not designed for the leasing of individual rooms or beds, for transient or vacation uses, or otherwise designed primarily for individuals attending college.

D. The proposed project will also include approximately 7,136 square feet of commercial space for which the applicant has requested the tax exemption. A MUPTE may be applied to commercial space when it is deemed to be a required design element or a public benefit of the project. The proposed commercial space along 5th Avenue will bring activity to a downtown Great Street and engage the building with the public realm in a way that could not be accomplished if the ground floor consisted of residential units. The inclusion of commercial space and activation of the street significantly contribute to the project's compliance with the Design and Compatibility public benefit subcriteria of scale, form, and quality; mixture of project elements; and relationship to the street and surrounding uses.

E. The proposed project will also include approximately 69,500 square feet of parking in an attached two-story parking garage. The bottom floor of the garage, approximately 34,750 square feet, will be used by non-resident visitors such as customers of the commercial tenants. The top floor of the garage, also approximately 34,750 square feet, will be dedicated for use by residents. The applicant has requested the exemption for the parking area dedicated for use by residents. Parking for residents supports the residential use and, as proposed, meets requirements for parking and circulation.

F. An independent outside professional consultant was retained and reviewed the project's financial pro-forma. A Review Panel was convened and reviewed the independent consultant's conclusions and also reviewed the application in order to make a recommendation as

to whether the application met the criteria in EC 2.946. The Review Panel's recommendation was submitted for the City Manager's review.

G. After considering the Review Panel's conclusions and recommendation, the Executive Director of the Planning and Development Department ("the Executive Director") as designee of the City Manager, prepared the Report and Recommendation attached to this Resolution as Exhibit A and incorporated herein by reference. The Report and Recommendation sets forth findings demonstrating that the project meets the criteria described in EC 2.946 and the conditions set forth in Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R-2.945").

H. Based on the findings in the Report and Recommendation, the Executive Director recommends that the application be approved and the exemption granted. In making that recommendation, the Executive Director found that the applicant submitted all materials, documents and fees as required in EC 2.945, EC 2.946, and Rule R-2.945, and the applicant is in compliance with the policies contained therein.

I. The City Council has concluded that the criteria described in EC 2.946 and Rule R-2.945 have been met.

NOW, THEREFORE,

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

Section 1. Based upon the above findings which are adopted, and the City Council's review of the Report and Recommendation of the Executive Director of the Planning and Development Department attached to this Resolution as Exhibit A and incorporated herein by reference, the City Council approves the application of Obie Companies, Inc. for an ad valorem property tax exemption under the City's Multiple-Unit Property Tax Exemption Program for the residential units, commercial space, and parking dedicated for use by residents to be constructed at 131 East 5th Avenue, Eugene, Oregon (Assessor's Map Number 17-03-30-44, Tax Lot 09700) subject to the following conditions:

- 1.1 **Compact Urban Development.** The project will consist of the development of 41 studio units, 71 one-bedroom units, and 12 two-bedroom units, for a total of 124 residential units, none of which are for transient use or vacation occupancy. There are 7,136 square feet of commercial space on the ground floor of the building for which the applicant has requested tax exemption. The proposed project will also include approximately 69,500 square feet of parking in an attached two-story parking garage. The top floor of the garage, approximately 34,750 square feet, will be dedicated to residents and is included in the tax exemption. The bottom floor of the garage, approximately 34,750 square feet, is not dedicated to residents and is not eligible for exemption.

Multiple-Unit Housing Property Tax Exemption Rule R-2.945 (“Rule R-2.945”) requires that in order to be eligible for a MUPTE, projects on residentially zoned properties must provide residential units equivalent to at least 175% of the minimum density applicable to the property’s zoning designation. The project will be built on land zoned with a combination of C-2 Community Commercial and C-3 Major Commercial, neither of which are residential zones and neither of which includes a minimum residential unit density.

The project will be constructed in accordance with the schematic drawing showing the site plan and major features and dimensions of the proposed development, as well as schematic drawings showing side, front, and back elevations of the proposed development, all of which are attached to this Resolution as Exhibit B.

- 1.2 Green Building. The project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The applicant will submit to the City of Eugene’s Building and Permit Services Division an energy model with the applicant’s development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.1.2.3 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City’s Building and Permit Services Division for the life of the MUPTE tax exemption.

The project’s on-site parking will include installation of conduit for future electric vehicle charging stations.

- 1.3 Local Economic Impact Plan and Compliance with Laws. A plan is in place that demonstrates that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from business organizations or individuals residing or doing business primarily in Lane County.

Applicant will ensure that qualified minority and women business enterprises have been given an equitable opportunity to compete for development related contracts by: (1) accessing lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Oregon State Office of Minority, Women and Emerging Small Business (recently renamed the Oregon Certification Office for Business Inclusion and Diversity); (2) searching for Qualified Rehabilitation Facilities (now known as Oregon Forward Contractors) from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program (recently renamed the Oregon Forward Program) website; and (3) advertising in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

The applicant will ensure that information about the City’s Rights Assistance Program in English and Spanish is posted on the job site during construction of the project.

The applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws.

The applicant will have in place methods for ensuring that all contractors performing work are licensed and performing in compliance with state law.

The applicant will provide the City's Building and Permits Services Division with a list of all contractors performing work on the project. Prior to performing work on the project, contractors must have valid, current licensing, insurance, bonding, and workers compensation coverage, and must be on the list of contractors provided to the City.

The applicant will require that each contractor provide an affidavit attesting to the fact that (1) the contractor, owner, or responsible managing individual for the contractor does not have any unpaid judgments for construction debt, including unpaid wages; and (2) the contractor is in compliance with Oregon tax laws.

- 1.4 Moderate-Income Housing Contribution. Consistent with the requirements of Administrative Rule R-2.945-C 1.3, the owner will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total 10-year exemption benefit, or approximately \$962,600.

- 1.5 Project Design and Compatibility. The applicant shall adhere to the following design elements, as well as the actual square footages and exterior details included in Exhibit B unless the City Manager approves a deviation from the plan pursuant to EC 2.946(2)(d)6.b.:

The proposed design features a broad 6-story mixed-use apartment building at the terminus of Oak Street and 5th Avenue. Brick façade spans the entirety of the tall ground floor and is extended up into the archway entrances. The design incorporates aluminum storefront windows at the ground floor and stucco as the primary exterior material on higher floors.

The ground floor commercial space is organized around a plaza area that defines the building's most important relationship with the street and the public realm along 5th Avenue and at the intersection with Oak Street. The project provides parking spaces for both residential tenants and visitors to the commercial improvements in a two-story garage. The garage is situated behind the building against the railroad right-of-way with access to Willamette Street and 5th Avenue. The design successfully incorporates elements that address the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

During the design process and before the final design drawings are completed, the owner shall hold at least one neighborhood engagement opportunity to allow

members of the Downtown Neighborhood Association and others to provide comments on the proposal. At least one of the applicant's principals shall attend that meeting.

After the final design is completed and before it is submitted for permits, the final design shall be submitted to the City to review for conformance with the design approved by this Resolution. The neighborhood shall also have an opportunity to review and comment on the final design. After the comment period, the City shall determine if the design is consistent with the requirements of this Resolution, and if not, whether the City Manager will approve a deviation pursuant to EC 2.946(2)(d)6.b.

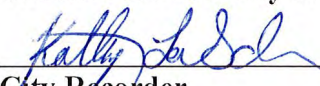
- 1.6 At the time of completion, the project shall conform with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS Chapter 195, 196, 197, 215, and 227 that are applicable at the time the application is approved.
- 1.7 During all phases of development, the project shall comply with wage, tax, and licensing laws.
- 1.8 The project shall not contain any units for transient use or vacation occupancy.
- 1.9 The project will be completed on or before January 1, 2032, unless an extension of the deadline is requested by the property owner and approved by Council resolution pursuant to EC 2.947(5).
- 1.10 The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

Section 2. Subject to the conditions in Section 1 of this Resolution, 100% of the residential units and commercial space as well as the parking area dedicated for use by residents described in Section 1 are declared exempt from local ad valorem property taxation beginning July 1 of the year following issuance of a Certificate of Occupancy and continuing for a continuous period of ten years unless earlier terminated in accordance with the provisions of Section 2.947 of the Eugene Code, 1971.

Section 3. The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2025.

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

The foregoing Resolution adopted and effective the 16th day of April, 2025.



City Recorder

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

Station House Application for Multiple-Unit Property Tax Exemption

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

1. OES #2, LLC is the current owner of real property located at 131 East 5th Avenue in Eugene, Oregon (Assessor's Map #17-03-30-44, tax lot 09700), at the intersection of East 5th Avenue and Oak Street. Obie Companies Inc. ("Obie Co.") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption ("MUPTE") program (Sections 2.945 through 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.
2. As the City Manager's designee, I have reviewed the application and found that:
 - 2.1 The project will provide 41 studio units, 71 one-bedroom units, and 12 two-bedroom units for a total of 124 residential units, none of which will be used for transient use or vacation occupancy.
 - 2.2 The proposed project will also include approximately 7,136 square feet of commercial space for which the applicant has requested tax exemption. A MUPTE may be applied to commercial space when it is deemed to be a required design element or a public benefit. The proposed commercial space will bring activity to a downtown Great Street and engage the building with the public realm in a way that could not be accomplished if the ground floor consisted of residential units. The inclusion of commercial space and activation of the street significantly contribute to the project's compliance with the Design and Compatibility public benefit subcriteria of scale, form, and quality; mixture of project elements; and relationship to the street and surrounding uses.
 - 2.2 The project is not designed to be student housing, meaning it will be leased by the unit (rather than by individual rooms or beds), the unit configuration does not include several bedrooms with individual bathrooms and sparse common space, it does not include amenities and location selected primarily for individuals attending college, and it does not offer limited viability as potential housing for the general population.
 - 2.3 Construction is expected to be complete on or before January 1, 2032.
 - 2.4 The project is located in the downtown area described in subsection (1) of Section 2.946 of the Eugene Code, 1971.
 - 2.5 The applicant submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the administrative rules adopted by Administrative Order No. 53-22-09-F.

2.6 The applicant responded to the **Required Public Benefit** criteria as follows:

- 2.6.1 Compact Urban Development. Rule R-2.945-B.4. requires that in order to be eligible for a MUPTE, projects on residentially zoned properties must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The project will be built on land zoned with a combination of C-2 Community Commercial and C-3 Major Commercial, neither of which are residential zones and neither of which includes a minimum residential unit density.
- 2.6.2 Green Building Features. Consistent with the requirements of Administrative Rule R-2.945-C 1.1.2.3, the project will utilize the City of Eugene Building and Permit Services' pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The entity applying for development permits will be required to submit an energy model with their development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.1.2.3 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption. The project's on-site parking will include installation of conduit for future electric vehicle charging stations.
- 2.6.3 Local Economic Impact Plan. The applicant has provided a Local Economic Impact Plan (Plan) demonstrating that more than 50% (the Plan estimates 75%) of the project's dollar volume of professional services and construction contracts include businesses based in Lane County as required by Administrative Rule R-2.945-C 1.2.1. The applicant is committed to promoting open competitive opportunities for Minority, Women, and Emerging Small Businesses, and the Plan demonstrates that the applicant will ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts as required by Administrative Rule R-2.945-C 1.2.2. The Plan provides that the developer will post information about the City's Rights Assistance Program in English and Spanish on the job site. Finally, the Plan also demonstrates that the applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws as required by Administrative Rule R-2.945-C 1.2.4.
- 2.6.4 Moderate-Income Housing Contribution. Consistent with the requirements of Administrative Rule R-2.945-C 1.3, the owner will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total 10-year exemption benefit, or approximately \$962,600.

- 2.6.5 Project Design and Compatibility. The project will adhere to the design shown in the resolution and will apply basic design concepts that consider the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation. The materials shown in the resolution will be adhered to, to the greatest extent possible.

The proposed design features a broad 6-story mixed-use apartment building at the terminus of Oak Street and 5th Avenue. It is a prominent location, and the design responds to the qualities of the existing architecture and calls on the historic characteristics of Oregon Electric Station. Brick façade spans the entirety of the tall ground floor and is extended up into the grand archway entrance. The main entrance is flanked by two secondary entrances, both featuring brick archways. Aluminum storefront windows enhance the building's stature and characteristics.

Considering the larger context of the neighborhood, the attributes of the Station House and its mixture of elements, it contributes to the neighborhood. Site and building lighting will be incorporated to create a sense of safety and ambiance. Lighting at the street level reinforces a human scale necessary for a building of this size. The concept for the plaza space associated with the main entrance will serve a mix of uses and programming and feature a variety of materials, finishes, and furniture to create a sense of arrival and an inviting outdoor space. The plaza area is an important component to the success of the building's relationship with the street and the public realm.

Bicycle parking is provided in various locations within the building and around the site. Access to bikeways is convenient and pedestrian connections are easily navigated as the building is situated directly on a street featuring a vibrant mix of uses and modes of transportation.

The building's location within the mixed-use Market District adds value to the District and provides access for its future residents to services as well as commercial and retail businesses. The building's position along 5th Avenue and at the terminus of Oak Street anchors itself as a central element of the district.

The project provides 218 parking spaces. This provides the neighborhood with additional vehicle parking options. The structured parking garage is situated behind the building against the railroad right-of-way with access to parking from the east off 5th Avenue as well as from the west end off Willamette Street and between the Southern Pacific Passenger Depot's Annex building and Oregon Electric Station.

The application indicates the project will install EV charging stations for 14% of parking spaces as well as conduit and equipment for future charging stations for an additional 6-20% of spaces.

The project intends to add to the strength and richness of the Market District. As designed and shown in the resolution, it successfully accomplishes this through design concepts that consider the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

2.6.6 Historic and Existing Housing Sensitivity. The project is adjacent or near a historic locale, Oregon Electric Station building, but the historic locale will not be affected by the project. The project includes no direct structural impacts—such as alterations or demolitions—to any of the identified historic resources. No historic structures or existing housing were demolished or removed from the property in the two years prior to the date of application. The project’s design appropriately accounts for preservation of the historic characteristics of the nearby historic locales.

2.6.7 Project Need. The project’s pro-forma and financial information were analyzed by PNW Economics, an independent real estate economics consultant who found that the project as proposed could not be built but for the benefit of the tax exemption. The financial information Obie Co. submitted in their application is based on projections prior to finalizing financing, construction, and tenancing. It includes assumptions regarding rents, vacancy rates, operating costs, lender underwriting criteria, interest rates, and reasonable rate of return. PNW Economics, the MUPTE Review Panel, and staff reviewed the assumptions. In their own analysis, the consultant made several minor adjustments relative to the applicant’s assumptions, including decreasing residential rents to better match rents seen in recent downtown developments, reducing the escalation rate for retail rents over the early years of the project, and adjusting for more applicable Lane County tax rates.

The PNW Economics analysis concludes that the project would not be viable without the availability of the MUPTE using the reasonable assumptions outlined and concludes that MUPTE is critical to the success of the project from a financial feasibility perspective. See Section 4 below for the Review Panel’s conclusions.

2.6.8 Public Benefit beyond Period of Exemption. The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

2.7 Obie Co. attended a neighborhood engagement meeting regarding Station House for the Downtown Neighborhood Association on September 25, 2024.

2.7.1 Future Neighborhood Engagement. Prior to completing final drawings, Obie Co. will hold another neighborhood engagement meeting. Before submitting for permits, Obie Co. will submit the design to staff to review conformance with

the design attached to the MUPTE resolution (should City Council approve the MUPTE). Staff will also give interested parties an opportunity to review and comment on that final design.

3. The Community Development Division published an advertisement soliciting recommendations or comments from the public regarding this project in the Register-Guard on November 22, 2024. The period for comment expired on December 22, 2024, with no written testimony received.
4. The community-member MUPTE Review Panel considered the project application, including compliance with program criteria, the independent consultant's financial review, and updated project design and financial details submitted by the applicant, during three meetings held on January 10, January 29, and March 14, 2025.

The Review Panel unanimously concluded that the project meets the Required Public Benefit criteria, that the project's financial need was demonstrated, and that a ten-year exemption was warranted. The Panel recommended that the tax exemption be applied to residential and commercial portions of the building and to portions of the parking improvements dedicated for use by residential tenants. The Panel did not recommend that the exemption be applied to parking dedicated to retail customers. The Panel Conclusions document will be provided to the City Council with their work session materials.

Therefore, based upon the above findings, the project is, or will be at the time of completion, in conformance with all applicable local plans and provisions of the Eugene Code, 1971, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted administrative rules. I recommend that the application be approved for a ten-year tax exemption except for those portions of the parking improvements for use by commercial tenants and/or retail customers.

Dated this 27 day of March, 2025.


Denny Braud (Mar 27, 2025 12:54 PDT)

Denny Braud
Executive Director
Planning & Development Department

