



COUNCIL RESOLUTION NO. 5386

**A RESOLUTION APPROVING A MULTIPLE-UNIT
PROPERTY TAX EXEMPTION FOR RESIDENTIAL
PROPERTY LOCATED ON LOT 1 OF THE TOWN RUN
PLAT IN EUGENE, OREGON (ASSESSOR'S MAP 17-03-31-
11, TAX LOT 14200) (APPLICANT EUGENE RIVERFRONT
DISTRICT LLC).**

PASSED: 7:1

REJECTED:

OPPOSED: Zelenka

ABSENT:

CONSIDERED: October 11, 2023



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The City Council of the City of Eugene finds that:

A. The Urban Renewal Agency of the City of Eugene is the owner of real property located on Lot 1 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-31-11, Tax Lot 14200), also identified as Parcel 3A in the Downtown Riverfront Master Plan ("the property").

B. Eugene Riverfront District LLC ("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 to be constructed on the property ("the project").

C. The project consists of the development of 75 studio units, 131 one-bedroom units, and 31 two-bedroom units for a total of 237 residential units. As proposed, 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. There is a minimum 1,150 square-foot commercial space on the ground floor of the building as well as five live-work units which include both residential and commercial space; the applicant has not requested tax exemption for commercial areas.

D. An independent outside professional consultant was retained and reviewed the project's financial pro-forma. A Review Panel was convened and reviewed the application as well as the independent consultant's conclusions 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.

E. 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 the Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R- 2.945").

F. 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 required by EC 2.945, EC 2.946, and Rule R-2.945, and the applicant is in compliance with the policies contained therein.

G. The City Council has concluded that the application meets the criteria described in EC 2.946 and Rule R-2.945.

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 upon the City Council's review and adoption 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 Eugene Riverfront District LLC for an ad valorem property tax exemption under the City's Multiple-Unit Property Tax Exemption (MUPTE) Program for the residential units to be constructed on Lot 1 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-31-11, Tax Lot 14200), subject to the following conditions:

- 1.1 Compact Urban Development. The project will consist of 75 studio units, 131 one-bedroom units, and 31 two-bedroom units for a total of 237 residential units, none of which will be used for transient use, student housing, or vacation occupancy. There is a minimum 1,150 square-foot commercial space on the ground floor of the building. The applicant did not request tax exemption for the commercial area, nor did the applicant demonstrate that commercial property is a public benefit element of the project. Consequently, any commercial property on the development site is not eligible for the tax 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 properties located in the Downtown Area and east of Charnelton Street must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The property on which the project will be built is located in the S-DR Downtown Riverfront Special Area Zone, which does not include 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 Features. 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 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 1.2 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; (2) searching for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities 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. The applicant 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 \$1,500,000.
- 1.5 Project Design and Compatibility. The applicant shall adhere to the following design elements, as well as the actual square footages included in Exhibit B unless the City Manager approves a deviation from the plan pursuant to EC 2.946(2)(e)2:

Located at 4th Avenue and High Street, the project defines the edge and sets the tone for the Downtown Riverfront. As shown in the design, articulating the fenestration, opening views to the surrounding landscape and neighborhoods, and directing patrons and residents to engage with the street using a contextually appropriate and compatible exterior materials as well as an array of programming will offset the building's mass. The exterior materials include cream and red brick, black metal panels, black composite panels, and wood siding. These selections further define the industrial-style traits of the project.

The building's 'Z' form is its most defining architectural characteristic. The outdoor plaza space at Level 3 will provide residents with access to the outdoors and views of the surrounding neighborhood, river, and urban setting. The use of large storefront windows at the street level punctuates the façade with private live/work entrances adding variety to the overall character of the structure. The incorporation of patios, porches, landscaping, lighting, and scoring patterns where the building meets the pedestrian zone help differentiate the private and public realms and nestle the building into the site, resulting in a strong gateway to the broader Downtown Riverfront.

Activating High Street will be achieved through a blend of architectural detail, good site design, the use of high-quality materials as called out in the elevations and illustrations included in Exhibit B to this Resolution, appropriately scaled pedestrian amenities, and healthy vegetation (street trees, storm water facilities plantings, etc.). Parking is situated off Mill Alley and screened using metal cladding and vegetation. Mill Alley divides Parcel 3A from Parcel 3B/C and will serve as a connection between the two projects.

The project design is intended to harmonize with the scale, form, and quality of onsite and adjacent development. The project meets the design intent of designing for the human scale, is appropriate to the local climate and natural resiliency, promotes transparency, helps define a sense of place, fits the neighborhood, and employs high-quality materials and color.

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.

- 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 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, 2024.

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

The foregoing Resolution adopted and effective the 11th day of October, 2023.



City Recorder

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

Riverfront Parcel 3A Application for Multiple-Unit Property Tax Exemption

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

1. The Urban Renewal Agency of the City of Eugene is the current owner of real property located on Lot 1 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-31-11, tax lot 14200), also known as Parcel 3A in the Downtown Riverfront Master Plan. Eugene Riverfront District LLC ("ERD LLC") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption ("MUPTE") program (Sections 2.945 and 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 75 studio units, 131 one-bedroom units, and 31 two-bedroom units for a total of 237 residential units, none of which will be used for transient use or vacation occupancy. There is a 1,150 square-foot commercial space on the ground floor of the building; the applicant has not requested tax exemption for the commercial area.
 - 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. 53-21-05-F.
 - 2.6 The applicant responded to the **Required Public Benefit** criteria as follows:
 - 2.6.1 Compact Urban Development. Rule R-2.945 requires that in order to be eligible for a MUPTE, projects on properties located in the downtown area and east of Charnelton 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 in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density.

- 2.6.2 Green Building Features. Consistent with the requirements of Administrative Rule R-2.945-C 1.2.2.2, 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 1.2 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 63%) 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 1.3.1. 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 1.3.2. 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 1.3.4.
- 2.6.4 Moderate-Income Housing Contribution. Consistent with the requirements of Administrative Rule R-2.945-C 1.4, 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 \$1,500,000.
- 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 building will be designed and constructed as shown in the resolution. The materials shown in the resolution will be adhered to, to the greatest extent possible.

The location of Parcel 3A is notable in its position along the edge of the Downtown Riverfront and the project's design is influenced by this condition. The project defines the edge and sets the tone for the district. The sheer size of the building immediately makes this structure prominent and influential to the neighborhood as it extends the entire block between 4th and 5th Avenues along High Street. As shown in the design, articulating the fenestration, opening

views to the surrounding landscape and neighborhoods, and directing patrons and residents to engage with the street using a contextually appropriate and compatible exterior materials as well as an array of programming will offset the building's mass. The exterior materials include cream and red brick, black metal panels, black composite panels, and wood siding, all of which are durable and timeless in style and character. These selections further define the industrial-style traits of the project.

The outdoor plaza space at Level 3 (top of podium) will provide residents with access to the outdoors and views of the surrounding neighborhood, river, and urban setting. As the natural environment is a core component of Eugene's urban fabric, the project benefits from this programmed access.

The building's 'Z' form is its most defining architectural characteristic. This formation and the resulting angularity contribute to unique spaces and conditions that will be creatively leveraged and realized throughout the spaces, both in the interior and exterior realms. The building's shape narrows available views for units on the 3rd through 7th floors, particularly for the units located at the acute angles of the 'Z' on the north and south ends. Pointedly, the shape lends to unobstructed views into neighboring units.

The use of large storefront windows at the street level punctuates the façade with private live/work entrances adding variety to the overall character of the structure. The incorporation of patios, porches, landscaping, lighting, and scoring patterns where the building meets the pedestrian zone help differentiate the private and public realms and nestle the building into the site, resulting in a strong gateway to the broader Downtown Riverfront. These design applications are central to the project, in large part, to break down the massing of the building and to achieve a more human-scaled environment along the street.

The building's stature and architectural detailing contribute to the success of the streetscape. Activating High Street will be achieved through a blend of architectural detail, good site design, the use of high-quality materials as called out in the elevations and illustrations included in the resolution, appropriately scaled pedestrian amenities, and healthy vegetation (street trees, storm water facilities plantings, etc.). These central components will be implemented to achieve a vital neighborhood.

The intersection of 4th Avenue and High Street and the intersection of 5th Avenue and the railroad and High Street are significant to the project as they are defined transition areas between the Downtown Riverfront, East Skinner Butte Historic District, and Market District. At the intersection of 4th Avenue and High Street, the project will feature a community-centered space equipped with large storefront windows resulting in a transparent and inviting opportunity for the project to knit itself into the greater community. This is an

important element due to the project's proximity to Mims House and East Skinner Butte Historic District, as a whole. At the south end of the project, as it abuts the railroad right-of-way, the building will open into a small plaza area. This will create a transition zone between the Downtown Riverfront and the Market District.

The parking is situated off Mill Alley and screened using metal cladding and vegetation. Mill Alley divides Parcel 3A from Parcel 3B/C and will serve as a connection between the two projects.

The project intends to add to the strength and richness of the Downtown Riverfront. 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 not adjacent to a historic locale, but it is near to the East Skinner Butte Historic District. The project includes no direct structural impacts to any 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.

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 ERD LLC submitted in their application is based on projections prior to finalizing financing, construction, and tenanting. 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. Notably, the consultant determined that the rents proposed for two-bed live-work units were likely higher than what the developer might actually attain. The analyses completed by PNW Economics therefore were based on lower rents for those units relative to the applicant's assumptions, with rent assumptions for other unit types not adjusted.

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 ERD LLC held a neighborhood engagement meeting regarding Parcel 3A for the Downtown Neighborhood Association on March 22, 2023.

2.7.1 Future Neighborhood Engagement. Prior to completing final drawings, ERD LLC will hold another neighborhood engagement meeting. Before submitting for permits, ERD LLC 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.

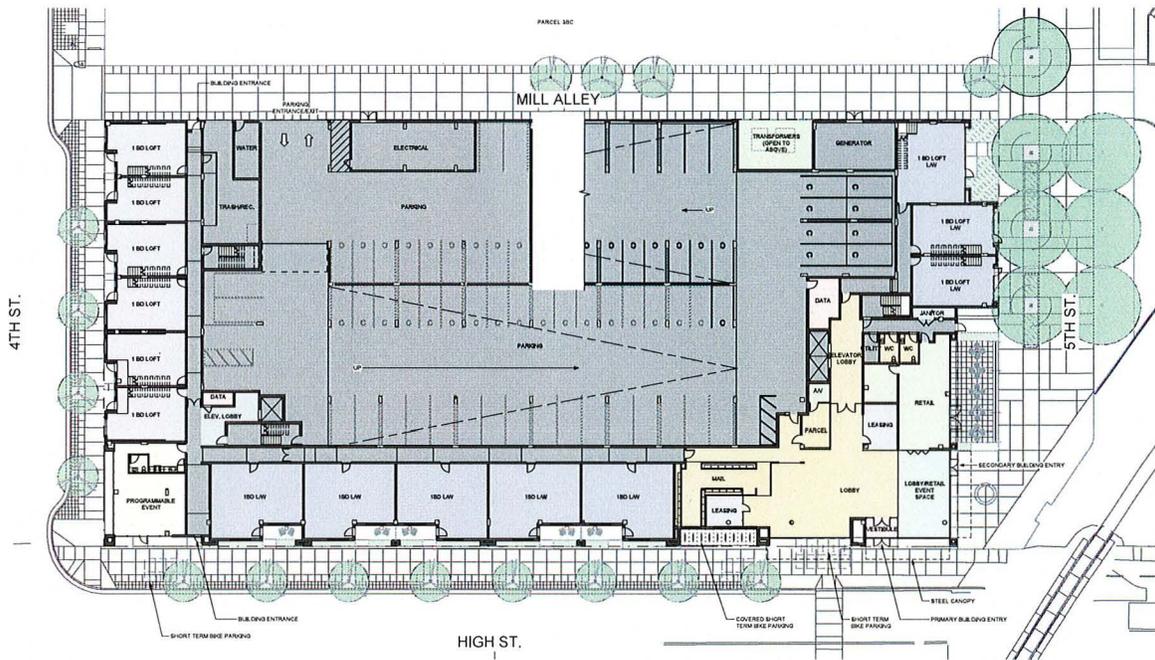
3. The Community Development Division published an advertisement soliciting recommendations or comments from the public regarding this project in the Register-Guard on May 9, 2023. The period for comment expired on June 8, 2023, with no written testimony received.
4. The community-member MUPTE Review Panel considered the project application, including compliance with program criteria and the independent consultant's financial review, during two meetings held on June 29 and July 18, 2023. 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 Conclusions document will be provided to the City Council with the materials for the October 11, 2023, work session.

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, and I recommend that the application be approved conditioned upon the project moving forward as proposed.

Dated this 6 day of September, 2023.


Denny Braud (Sep 6, 2023 15:46 CDT)

Denny Braud
Executive Director
Planning & Development Department



LEVEL 01
1/8" = 1'-0"



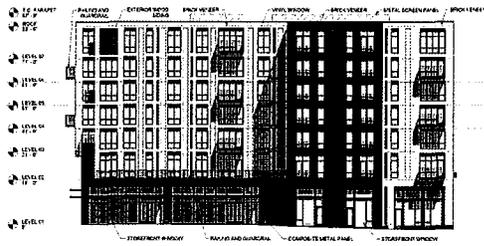
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EUGENE RIVERFRONT
DISTRICT - PARCEL 3A

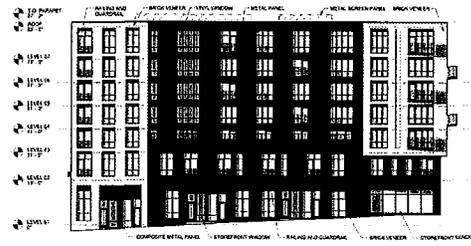
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SOUTH ELEVATION
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DISTRICT - PARCEL 3A

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