# **COUNCIL RESOLUTION NO. 5032**

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## A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED AT 1647 THROUGH 1689 PEARL STREET AND 231 THROUGH 235 EAST 17<sup>TH</sup> AVENUE, EUGENE, OREGON (PEARL STREET SUSTAINABLE HOUSING LLC/APPLICANT).

PASSED: 5:3

# **REJECTED:**

**OPPOSED:** Brown, Taylor Zelenka

**ABSENT:** 

CONSIDERED: May 9, 2011

### **RESOLUTION NO. 5032**

### A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED AT 1647 THROUGH 1689 PEARL STREET AND 231 THROUGH 235 EAST 17<sup>TH</sup> AVENUE, EUGENE, OREGON (PEARL STREET SUSTAINABLE HOUSING LLC/APPLICANT).

### The City Council of the City of Eugene finds that:

**A.** Pearl Street Sustainable Housing LLC is the owner of real property located at 1647 through 1689 Pearl Street and 231 through 235 East 17<sup>th</sup> Avenue, Eugene, Oregon, more particularly described in Exhibit A attached to this Resolution, and has submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.

**B.** The Paradigm on Pearl project ("the project") consists of the development of 100 residential units and will include a combination of studios, one-bedroom, two-bedroom and three-bedroom units, and underground parking for the residents. The project will also include commercial space and parking for patrons of the commercial space, which are not subject to this tax exemption.

**C.** The project is located within the boundaries of the core area as described in subsection (2)(a) of Section 2.945 of the Eugene Code, 1971.

**D.** The project could not financially be built "but for" the tax exemption.

E. The applicant solicited comments from city-recognized affected neighborhood associations.

**F.** The requirements in the Standards and Guidelines for Multiple-Unit Housing Property Tax Exemptions adopted by Administrative Order No. 53-09-01-F related to proximity to historic resources have been satisfied.

**G.** The applicant has complied with the provisions of the Standards and Guidelines as described in the Report and Recommendation attached as Exhibit B to this Resolution which was prepared by the Executive Director of the Planning and Development Department ("the Director") as designee of the City Manager. The applicant has also provided a signed contract with the General Contractor stating that construction is expected to be complete on or before January 1, 2012. However, some question remains about the ability to meet this timeline given the scale of the project. If the applicant is unable to complete the project and obtain a certificate of occupancy for the residential portion of the project on or before January 1, 2012, the applicant will not receive the tax exemption and will have no expectation of being granted an extension of the deadline.

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**H.** The applicant has agreed to include in the construction one or more public benefits.

**I.** The proposed project will be at the time of completion, in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, that are applicable at the time the application is approved.

J. The project is not designed for, and will not be used as transient accommodations.

**K.** Granting the application is in the public interest. In making this determination, the City Council has considered the number of points awarded to the project based on the public benefit scoring system contained in the Standards and Guidelines.

L. The Report and Recommendation attached as Exhibit B recommends that the application be approved and the exemption granted. In making that recommendation, the Director found that the applicant submitted all required materials, documents and fees as set forth in Section 2.945 of the Eugene Code, 1971, and the Standards and Guidelines, and the applicant is in compliance with the policies contained therein.

### 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 Executive Director of the Planning and Development Department's Report and Recommendation which is attached as Exhibit B, the City Council approves the application of Pearl Street Sustainable Housing LLC for an ad valorem property tax exemption under the City's Multiple-Unit Property Tax Exemption Program for the residential units to be constructed at 1647 through 1689 Pearl Street and 231 through 235 East 17<sup>th</sup> Avenue, Eugene, Oregon, and more particularly described in Exhibit A, subject to the following conditions:

- 1. The project shall consist of development of 40 studio units, 32 one-bedroom units, 18 two bedroom units and 10 three-bedroom units, for a total of 100 residential units. The project will also include 4,800 square feet of commercial space, and underground parking. The commercial space and parking areas for the commercial space are not subject to this tax exemption. The parking spaces reserved for the residents are included in this tax exemption.
- 2. The project shall be completed on or before January 1, 2012. No extension shall be expected, if the project is not completed by January 1, 2012.
- 3. No later than 18 months after receiving a Certificate of Occupancy, the applicant shall submit to the City's Planning and Development Department documentation

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of Leadership in Energy & Environmental Design (LEED) certification (copy of U.S. Green Building Council Rating Certificate and final LEED review).

4. The project shall be in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS Chapters 195, 196, 197, 215 and 227.

Section 2. The residential units to be constructed on the property described in Section 1 above (approximately 95% of the above-ground structure) and the underground parking reserved for the residential units (approximately 98.5% of the underground parking area) are declared exempt from local ad valorem property taxation beginning July 1 of the year following certification of completion 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 applicants, and to the other affected taxing districts, within ten days, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2012.

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

The foregoing Resolution adopted and effective the 9<sup>th</sup> day of May, 2011.

Vandra J. Subby Deputy City Recorder

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## REPORT AND RECOMMENDATION of the Planning & Development Department

# The Paradigm on Pearl Application for Multiple-Unit Property Tax Exemption

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

- Pearl Street Sustainable Housing, LLC is the owner of real property located at 1647 1689 Pearl Street and 231 – 235 East 17<sup>th</sup> Avenue, Eugene, Oregon (Assessor's Map17033144; Tax Lot 9900, 10000, 10100). Pearl Street Sustainable Housing, LLC has submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption 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 find that:
  - 2.1 The project will provide 40 studio-bedroom units, 32 one-bedroom units, 18 twobedroom units, and 10 three-bedroom units, for a total of 100 residential units. The project will also provide four commercial spaces with a total square footage of 4,800 and commercial parking that will not be subject to the tax exemption.
  - 2.2 In order to qualify for the exemption, the applicant is required to complete construction prior to January 1, 2012. The applicant provided a signed contract with the General Contractor and a construction timeline showing that construction is expected to be complete on or before January 1, 2012. However, some question remains about the ability to meet this timeline given the scale of the project and experience from other projects. In light of this possibility, should the Council decide to grant the exemption, the resolution approving the exemption should state explicitly that if the applicant is unable to complete the project and obtain a temporary or final certificate of occupancy prior to January 1, 2012, that the applicant will not receive the tax exemption and will have no expectation of being granted an extension. The applicant is aware of the deadline and implications of not meeting it.
  - 2.3 The project is located in the core area described in subsection (2)(a) of Section 2.945 of the Eugene Code, 1971.
  - 2.4 The applicant has submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the Standards and Guidelines

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2.5 The applicant has responded to the public benefit criteria as follows:

- 2.5.1 Public Benefits
  - <u>Density</u>. The project will be built in the C-2 zone. The C-2 zone does not require housing. Therefore, all 100 residential units will be in excess of density requirements.
  - <u>Green Building Features</u>. The applicant plans to attain LEED certification and submitted the LEED Registration Number, Project Checklist which demonstrated an award of Gold (and at least five points more than the minimum needed for certification), and a narrative describing the project's green elements.
  - <u>Mixed Income</u>. The Paradigm on Pearl will not include housing dedicated to controlled income.
  - <u>Homeownership</u>. No units are designated for home ownership. However, the project is being constructed to quality standards that meet market expectations for condominiums with a possibility that condominium conversions will be undertaken at some point after completion of the project.
  - <u>Accessibility</u>. All of the residential units will be ADA adaptable. Two of the units will be ADA accessible.
  - <u>Historic Sensitivity</u>. The project is not immediately adjacent or contiguous to a historic structure.
  - Location. The project is not located in the Downtown Plan Area.
  - <u>Parking</u>. The project is in a Residential Parking Permit Zone and will have 105 parking spaces, of which 78 will be code spaces designated for residential use. The project will provide 27 residential parking spaces beyond the 51 required by code.
- 2.5.2 <u>Longevity of Public Benefits</u>. All of the public benefits listed above will extend beyond the period of the tax exemption.
- 2.5.3 <u>Points Awarded</u>. The applicant has been awarded 440 public benefit points.

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- 2.6 The applicant has demonstrated that the project as proposed could not be built but for the benefit of the tax exemption. City staff and the City's Loan Advisory Committee have reviewed the pro-forma and confirmed this conclusion.
- 2.7 Presentations concerning the Paradigm on Pearl project were given to the West University Neighborhood Association on December 2, 2010 and January 6, February 3, and March 3, 2011. The Association Board voted in favor of the project on March 3 and submitted a letter indicating that they support the project.
- **3.** A display ad soliciting recommendations or comments from the public regarding this project was published in the Register-Guard on March 22, 2011. The period for comment expired on April 21, 2011. No comment was received in response to the ad.

**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 Standards and Guidelines, and I recommend that the application be approved.

Dated this 2 day of MAY , 2011.

Executive Director, AIC Planning & Development Department

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#### PROPERTY DESCRIPTION

#### PARCEL 1:

Beginning at a point in the East line of Pearl Street, 273.4 feet North of the Northwest corner of Lot 2, Block 5, PEARL ADDITION TO EUGENE as platted and recorded in Volume 5, Page 24, Lane County Oregon Plat Records; said point also being on the South line of that parcel described in Warranty Deed recorded April 18, 1979, as Reception No. 79-22551, Lane County, Oregon, running thence East 156.4 feet to the West line of an alley; thence South along said West line 50 feet; thence West 156.4 feet to the East line of said Pearl Street, and thence North along said East line 50 feet to the place of beginning, all in Eugene, Lane County, Oregon.

#### PARCEL 2:

Beginning at a point 66.0 feet North of the Northwest corner of Lot 2 in Block 5 of Pearl Addition to Eugene, as platted and recorded in Book 5, Page 24, Lane County Oregon Plat Records, and run thence North 50.0 feet; thence East 156.34 feet; thence South 50.0 feet; thence West 156.34 feet to the place of beginning, in Lane County, Oregon.

#### PARCEL 3:

Beginning at a point 50.0 feet North of the intersection of the North line of Seventeenth Street in the City of Eugene, Lane County, Oregon, if extended, with the East line of Pearl Street, if extended, and running thence North along the said East line of said Pearl Street, if extended, 50.0 feet; thence East parallel with the South line of Sixteenth Street in said City, 160.9 feet, more or less, to the West line of the alley; thence South along the West line of said alley 50.0 feet; thence West parallel with the South line of said Sixteenth Street 160.0 feet more or less to the place of beginning, in Eugene, Lane County, Oregon.

#### PARCEL 4:

Beginning at a point in the East line of Pearl Street in the City of Eugene, Lane County, Oregon, 223.4 feet North of the Northwest corner of Lot 2 in Block 5 of PEARL ADDITION TO EUGENE, as platted and recorded in Book 5, Page 24, Lane County Oregon Plat Records; running thence East 156.4 feet to the West line of an alley; thence South along said West line 57.0 feet; thence West 156.4 feet to the East line of Pearl Street; thence North 57.0 feet to the place of beginning, in Lane County, Oregon.