



**COUNCIL RESOLUTION NO. 5167**

**A RESOLUTION APPROVING A MULTIPLE-UNIT  
PROPERTY TAX EXEMPTION FOR RESIDENTIAL  
PROPERTY LOCATED AT 844 Olive STREET, EUGENE,  
OREGON (APPLICANT: GRANITE PROPERTIES LLC).**

**PASSED: 4:3**

**REJECTED:**

**OPPOSED: Brown, Taylor, Zelenka**

**ABSENT: Evans**

**CONSIDERED: July 27, 2016**



## **RESOLUTION NO. 5167**

### **A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED AT 844 Olive STREET, EUGENE, OREGON (APPLICANT: GRANITE PROPERTIES LLC).**

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

**A.** Granite Properties LLC (PO Box 50084, Eugene, Oregon, 97405) has entered into a Residential Real Estate Sale Agreement to purchase real property located at 844 Olive Street, Eugene, Oregon (Assessor's Map Number 17-03-31-13, Tax Lot 4400) owned by EUGOR LLC (2320 OSU Drive, Newport, Oregon, 97365), and intends to purchase the southern half of Urban Renewal Agency owned property (approximately 2,000 square feet) that is directly west of 844 Olive Street (currently part of Assessor's Map 17-03-31-13, Tax Lot 4200) ("collectively referred to as the property").

**B.** Granite Properties LLC has 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 space to be constructed on the property.

**C.** The proposed project consists of the development of 12 one-bedroom units and 24 studio units, for a total of 36 residential units. The ground floor will contain a total of approximately 5,730 square feet, of which 3,900 square feet is existing commercial space, and approximately 1,830 square feet is new construction (approximately 1,056 square feet for commercial space and the remaining to service the residential portion of the building). The project will also include the existing basement of 2,900 square feet. The project is not designed for the leasing of individual rooms or beds, or otherwise designed primarily for individuals attending college.

**D.** 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.

**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, has prepared the Report and Recommendation attached hereto 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").

**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 required 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.

**G.** 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 hereto as Exhibit A and incorporated herein by reference, the City Council approves the application of Granite Properties 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 844 Olive Street, Eugene, Oregon (Assessor's Map Number 17-03-31-13, Tax Lot 4400) and the southern half of Urban Renewal Agency owned property (approximately 2,000 square feet) that is directly west of 844 Olive Street (currently part of Assessor's Map 17-03-31-13, Tax Lot 4200), subject to the following conditions:

- a.** Compact Urban Development. The project will consist of the development of 12 one-bedroom units and 24 studio units, for a total of 36 residential units. The ground floor will contain a total of approximately 5,730 square feet of commercial space, of which 3,900 square feet is existing commercial space, and approximately 1,830 square feet is new construction (approximately 1,056 square feet for commercial space and the remaining to service the residential portion of the building). The project will also include the existing basement of 2,900 square feet. A schematic drawing showing the site plan and major features and dimensions of the proposed development, and a schematic drawing showing both a side and front elevation of the proposed development are attached to this Resolution as Exhibit B.
- b.** Green Building. The project will perform at least 10% more efficiently than the performance established in the Oregon Energy Efficiency Specialty Code. Granite Properties LLC or its successor (herein after referred to as "the owner") will provide to the City of Eugene's Building and Permit Services an energy model demonstrating compliance with this requirement at permit application.

Within 18 months after receiving a Certificate of Occupancy, the owner shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-945-C.

For the duration of the tax exemption, the owner will report multi-family occupancy energy use data to the City of Eugene's Building and Permit Services.

- c. Local Economic Impact and Compliance with Laws. The owner submitted a plan for more than 50% of professional services and construction contracts be from a business organization or individual residing or doing business primarily in Lane County. After construction, Granite Properties will submit a list of the home city or zip code of the construction labor workers.

The owner 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 such enterprises from the Oregon State Office of Minority, Women and Emerging Small Business Program website; (2) search for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program website; and (3) advertise in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

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

The owner will provide the City's Building and Permits Services 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 be on the list of contractors provided to the City.

The owner 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.

The owner will post information about the City's Rights Assistance Program in English and Spanish on the job site during construction of the project.

The project shall be in conformance with wage, tax and licensing laws.

- d. Moderate-Income Housing Contribution. At least 30% of the units included in the project will be moderate-income housing units.

During the exemption period, the project's owner must annually submit documentation to the City to evaluate compliance with moderate-income housing requirements that not less than 30% of the total units are moderate-income housing units.

- e. Project Design and Compatibility. The design elements include a ground floor with commercial storefronts wrapping into the alley, a cornice line above the storefront that roughly corresponds to that of neighboring buildings, glazed "garage-style" doors in the alley and other openings, pronounced elevator shaft with glazing,

residential units with large windows, and a series of canopies at each floor level. Building materials will include glass and stucco at the ground floor and fiber, cement, wood, stucco, and glass above. These design elements, as well as the actual square footages, reviewed at the time of approval of this application and included in Exhibit B shall be adhered to unless the City Manager approves a deviation from the plan pursuant to EC 2.946(2)(e)2. (See subsection i of this Section for information on the KLCC impact.)

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 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 Council resolution. In addition, the City shall allow the neighborhood 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.

- f.** 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 Chapter 195, 196, 197, 215, and 227.
- g.** The project will be completed on or before January 1, 2022, unless an extension of the deadline is requested by the property owner and approved by Council resolution pursuant to EC 2.947(5).
- h.** 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.
- i.** KLCC's signal connection shall be maintained at no cost to KLCC or the City of Eugene.

**Section 2.** Subject to the conditions in Section 1 of this Resolution, 100% of the residential units and newly constructed commercial space 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.** Notwithstanding Section 2 above, the tax exemption shall not take effect unless or until closing occurs on the purchase of the property by Granite Properties LLC.

**Section 4.** 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, 2017.

**Section 5.** This Resolution shall become effective immediately upon its adoption.

**The foregoing Resolution adopted and effective the 27<sup>th</sup> day of July, 2016.**

*Beth Jorset*  
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City Recorder

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

**Granite Properties Application for Multiple-Unit Property Tax Exemption**

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

1. Granite Properties LLC intends to purchase the real property located at 844 Olive Street, Eugene, Oregon (Assessor's Map Tax Lot # 17-03-31-13-04400) and the southern half of Urban Renewal Agency owned property (approximately 2,000 square feet) that is directly west of 844 Olive Street (currently part of Assessor's Map Tax Lot # 17-03-31-13-04200). Granite Properties 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 and commercial 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 12 one-bedroom units and 24 studio units, for a total of 36 residential units. The ground floor will contain a total of approximately 5,730 square feet of commercial space, of which 3,900 square feet is existing commercial space and approximately 1,830 square feet is new construction (approximately 1,056 square feet for 3 units of new commercial space and the remaining to service the residential portion of the building). The project will also include the existing basement of 2,900 square feet. The existing commercial space 6,800 is not part of the MUPTE request.
  - 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) and the unit configuration does not include several bedrooms with individual bathrooms and sparse common space or include amenities and location selected primarily for individuals attending college and offer limited viability as potential housing for the general population.
  - 2.3 Construction is expected to be complete on or before January 1, 2022.
  - 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. 53-15-12-F.
  - 2.6 The applicant has responded to the **Required Public Benefit** criteria as follows:
    - 2.6.1 Compact Urban Development. The project will be built in the C-3 Major Commercial Zone, which has no minimum requirements for residential density. The proposed project includes 36 residential units, with a density of 257 units per net acre.

- 2.6.2 Green Building Features. The project will utilize the City of Eugene Building and Permit Services Pathway in order to meet MUPTE green building requirement and exceed the 10% energy efficiency benchmark. Granite Properties will be required to submit an energy model with their permit application and a commissioning report due 18 months after certificate of occupancy is issued. As the project does not include onsite parking, the project will not include installation of conduit for future electric vehicle charging stations.
- 2.6.3 Local Economic Impact Plan. A plan is in place for more than 50% of the project's dollar volume of professional services and construction contracts to be local to Lane County (estimated at 82.5%). The applicant is committed to promoting open competitive opportunities for Minority, Women, and Emerging Small Businesses, and is committed to complying with wage, tax, and licensing laws.
- 2.6.4 Moderate-Income Housing Contribution. The project will provide a minimum of 30% of the residential units with rents that qualify as moderate-income units during the MUPTE period. (The proposed rental rates in the application are below the moderate-income threshold maximum rental rates for 100% of the project's residential units.)
- 2.6.5 Project Design and Compatibility. The project will address basic design concepts in the context of the project location and will be designed and permitted for construction as shown in the resolution (should City Council approve the MUPTE). The basic design concepts include 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 project design is appropriate for its downtown context, suited to the particulars of our local climate, and with a ground floor that will foster a positive experience for people on the sidewalk. The development will add a needed mix of uses, promote active transportation modes, support a more vibrant pedestrian realm, and increase safety through additional activity and "eyes on the street." The addition of three commercial studio units accessible from the alley will also increase pedestrian activity and real and perceived safety in that area.

Although the height of the proposed development is less than half of the allowed height in this C-3 zone, without corrective action, the height of the project would block KLCC's existing line-of-sight studio transmitter, located atop KLCC's studios at 136 West 8<sup>th</sup> Avenue. KLCC has determined that it can resolve the situation by relocating equipment on its roof and using a transmitter link via existing public fiber connections to route the broadcast signal to the Lane Community College Downtown Center, where a rooftop antenna will transmit the broadcast signal. KLCC estimates the relocation



effort will cost up to \$40,000. KLCC provides a valuable community service, which must be maintained. There are solutions to address this issue and a condition of the MUPTE approval could be conditioned on holding KLCC harmless from the added cost.

2.6.6 Historic and Existing Housing Sensitivity. The project is not adjacent to a historic locale. No historic structures or existing housing were demolished or removed from the property in the 2 years prior to the date of application.

2.6.7 Project Need. The project's pro-forma and financial information was analyzed by Johnson 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 Granite Properties submitted in their application is based on projections prior to finalizing financing, construction, and tenanting. It includes assumptions regarding rents, vacancy rates, operating costs, capitalization rate, lender underwriting criteria, interest rates, and reasonable rate of return. Johnson Economics, the Review Panel, and staff reviewed the assumptions. The Johnson Economics analysis concludes that the project would not be viable without the availability of the MUPTE, using the reasonable assumptions outlined and that "inclusion of the MUPTE over a ten-year period would likely make this project viable." Johnson Economics also looked at a scenario where market assumptions for 2018 are changed to reflect optimistic downtown housing market conditions. This scenario would result in a need for a seven-year MUPTE. See Section 4 below for the Review Panel's conclusions.

2.7 A presentation on the Granite Properties project was given to the Downtown Neighborhood Association on March 23, 2016.

2.7.1 Future Neighborhood Engagement. Granite also attended the May 25, 2016 Downtown Neighborhood Association meeting and reviewed project design. Prior to completing final drawings, Granite will meet with Downtown Neighborhood Association. Before submitting for permits, Granite will submit the design to staff to review conformance with the design attached to the resolution (should City Council approve the MUPTE). Staff will also allow the neighborhood an opportunity to review and comment on that final design.

3. A display ad soliciting recommendations or comments from the public regarding this project was published in the Register-Guard on May 10, 2016. The period for comment expired on June 9, 2016 and resulted in 17 written comments. Additional comments were submitted to staff or directly to City Council after the official comment period. All 22 comments received as of July 20 were provided to City Council with the materials for the July 27 work session.

4. The community member MUPTE Review Panel considered the project application, including compliance with program criteria and the independent consultant's financial review, during 3 meetings held on June 27, June 30, and July 18. The Review Panel concluded that the project

meets the Required Public Benefit criteria. The Panel noted that Project Need involves many variables that are hard to predict. The Panel concluded that project need was demonstrated. The majority of the panel members agreed that a ten-year exemption was warranted. Some members agreed that only a five-year exemption was warranted. See Attachment D of the July 27 Agenda Item Summary for the full Review Panel conclusions.

**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 and KLCC maintaining signal connection at no cost to KLCC.

Dated this 21 day of July, 2016.

  
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Sarah J. Medary   
Executive Director, Planning & Development Department  
Assistant City Manager



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PROJECT  
**The Olive Lofts**

844 Olive Street  
 Eugene, Oregon

INDEX  
 Design  
 Development

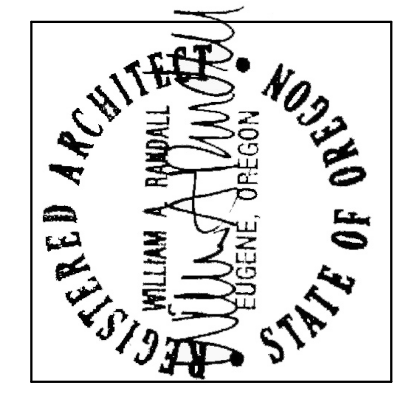
JOB NO  
 2815

DATE  
 21 June 2016

DRAWN BY  
 Steve  
 Tyler

CHECKED BY  
 Bill

REVISION

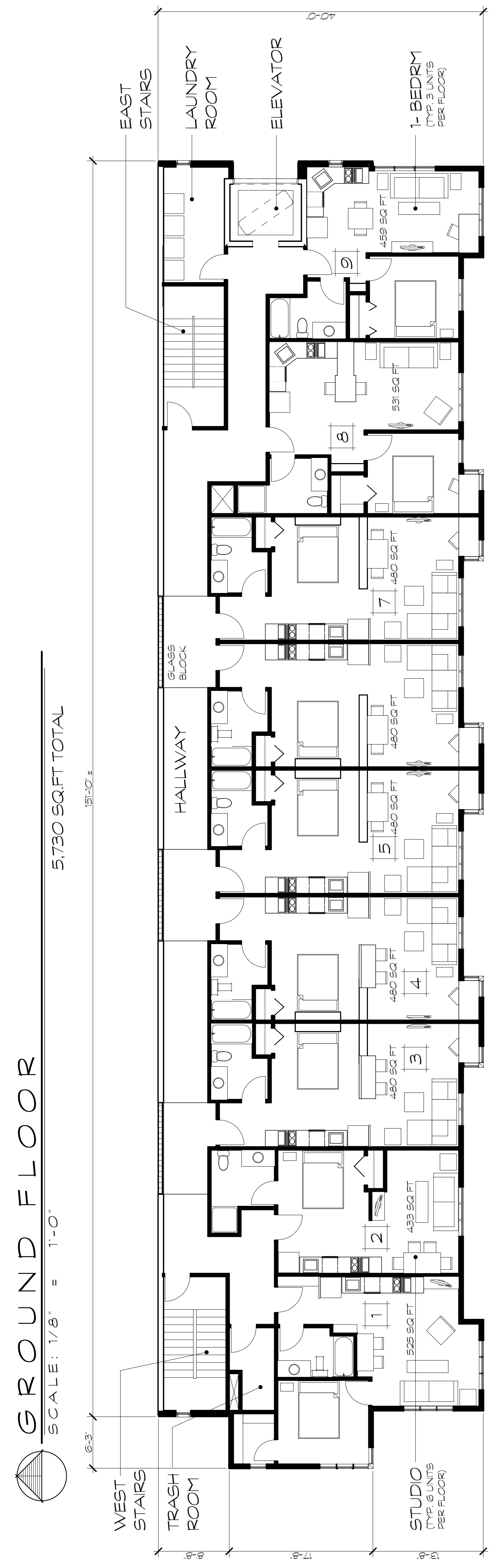
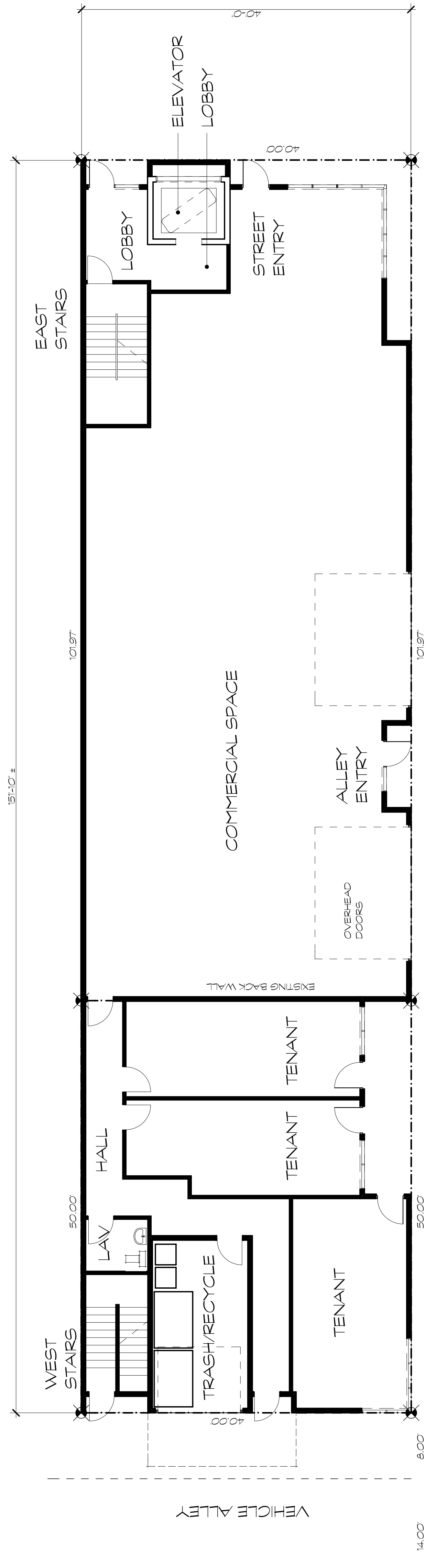


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PROJECT  
 The Olive Lofts

844 Olive Street  
 Eugene, Oregon

INDEX  
 Elevations

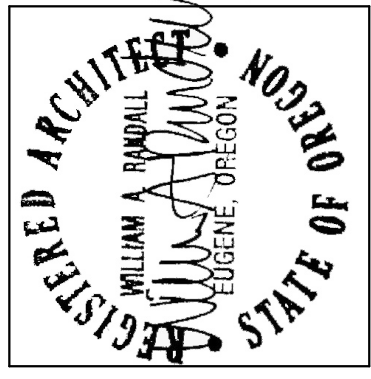
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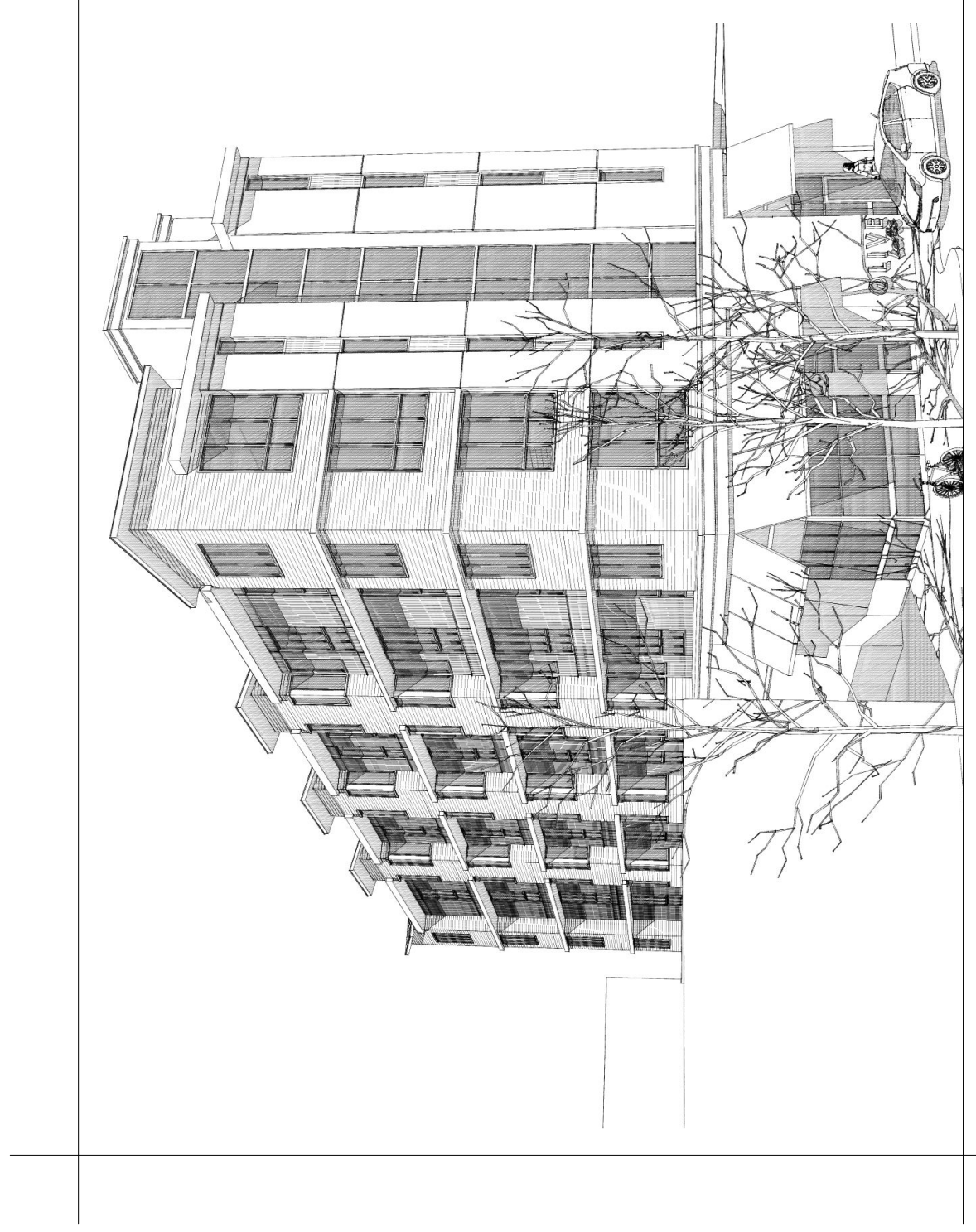
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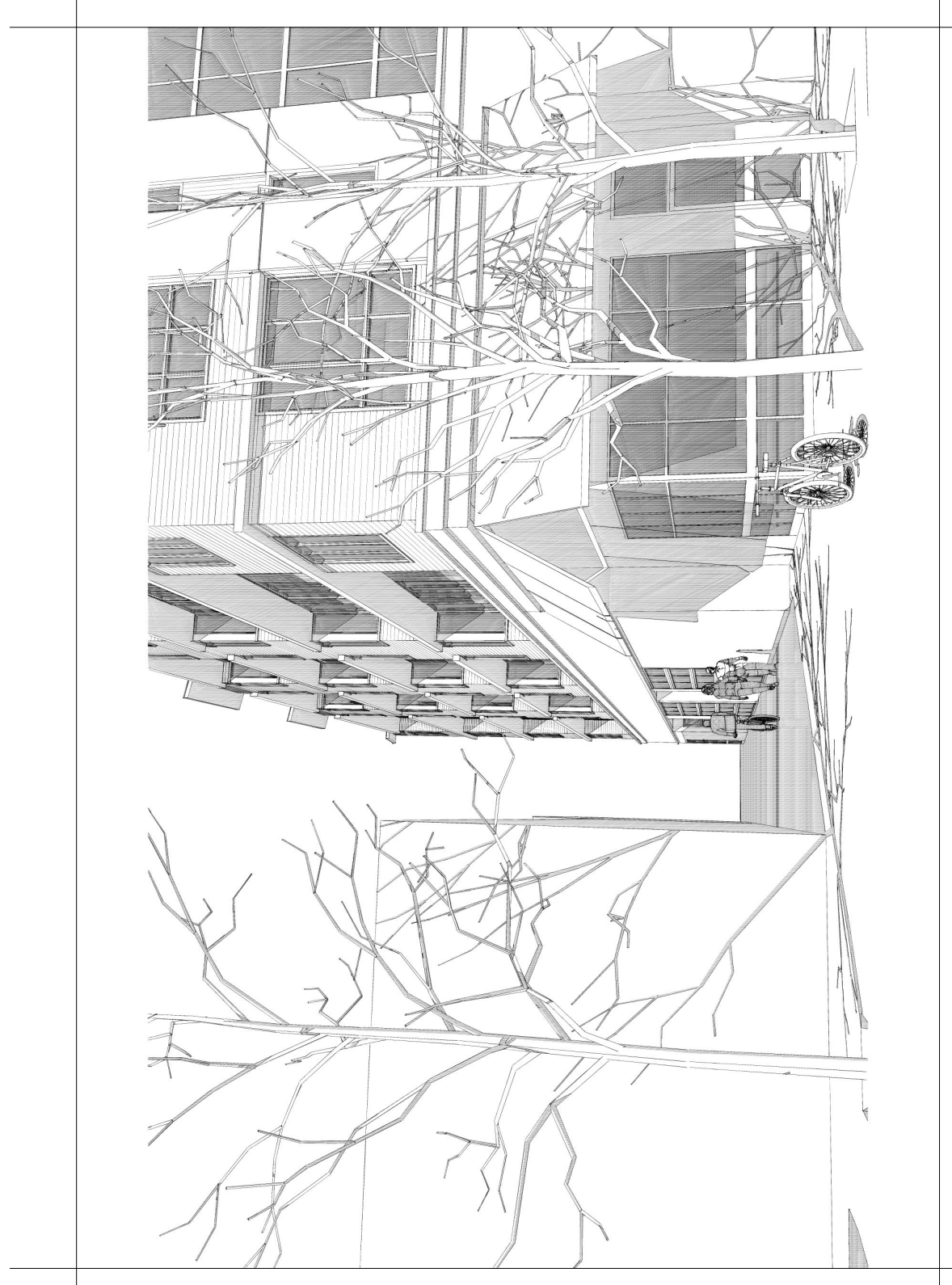


OLIVE STREET  
**EAST ELEVATION**  
 SCALE: 1/8" = 1'-0"

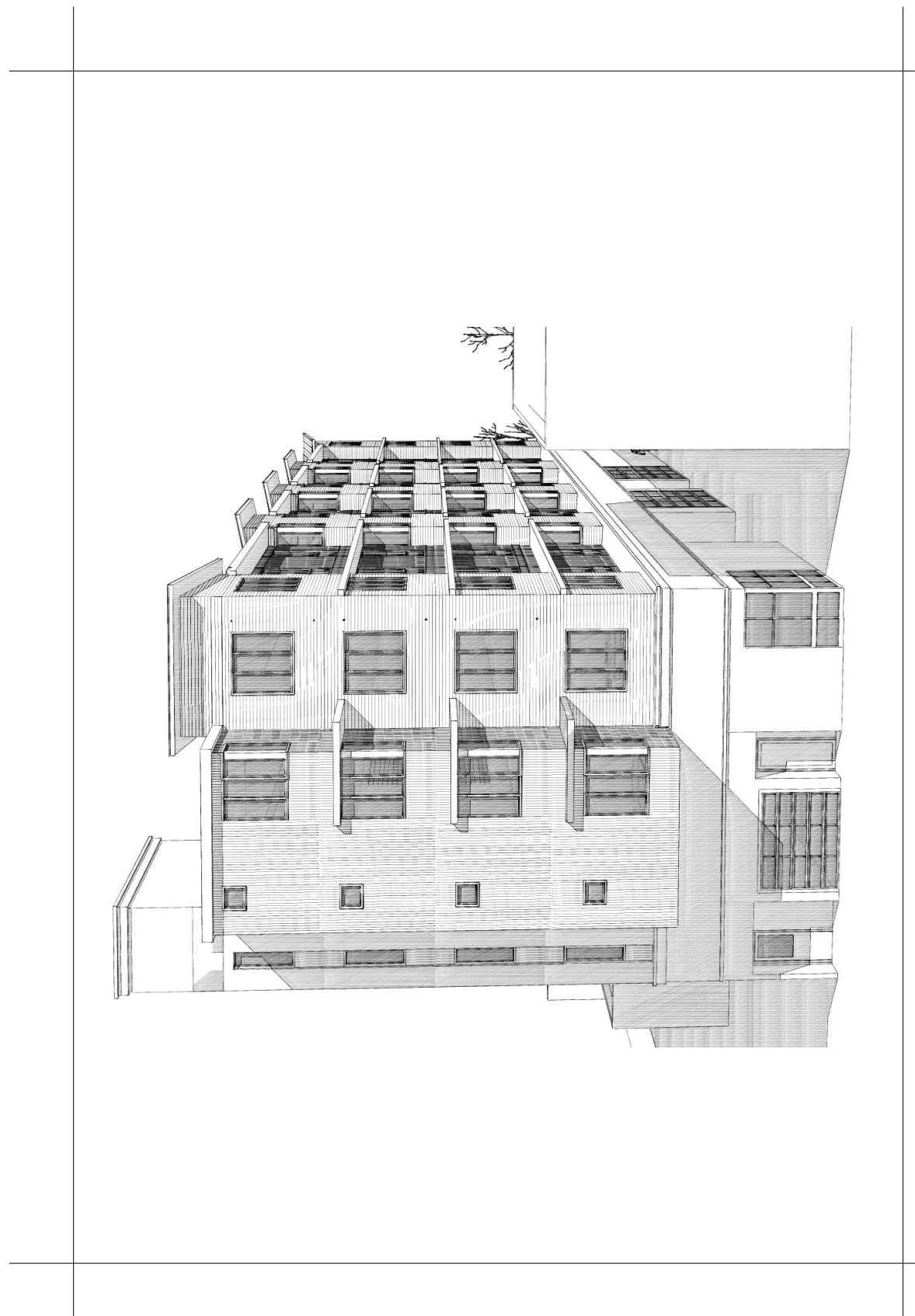
ALLEY VIEW  
**SOUTH ELEVATION**  
 SCALE: 1/8" = 1'-0"



OLIVE ST. VIEW



ALLEY VIEW



WEST VIEW





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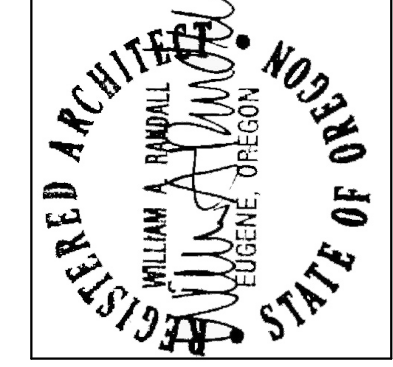
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 21 June 2016

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 Steve  
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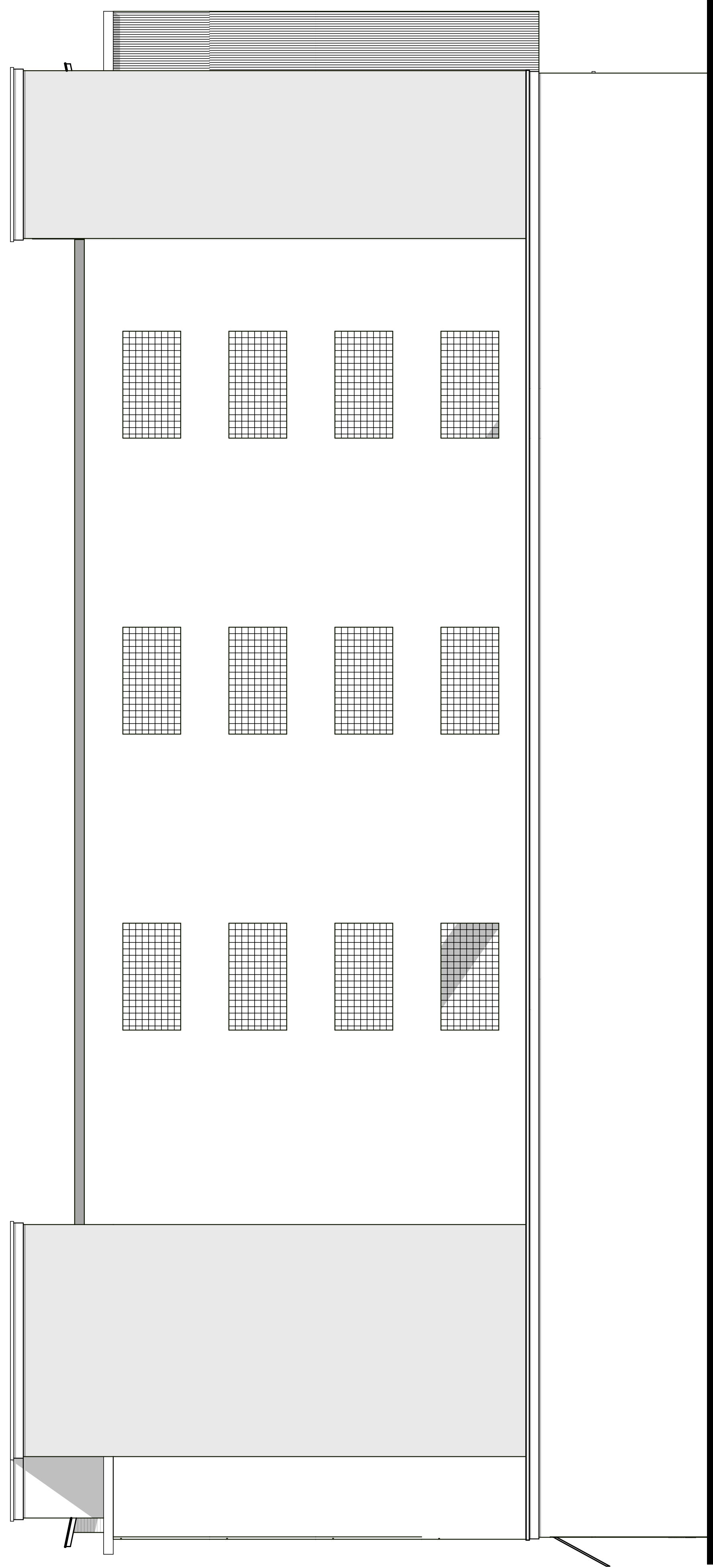


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3

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WEST ELEVATION

SCALE: 1/8" = 1'-0"

NORTH ELEVATION

SCALE: 1/8" = 1'-0"