



COUNCIL RESOLUTION NO. 5349

**A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY
TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED ON
LOT 2 AND LOT 3 OF THE TOWN RUN PLAT IN EUGENE,
OREGON (ASSESSOR'S MAP 17-03-32-22, TAX LOTS 1800 AND
1900 (APPLICANT EUGENE RIVERFRONT DISTRICT LLC)**

PASSED: 7:0

REJECTED:

OPPOSED:

ABSENT: KEATING

CONSIDERED: March 9, 2022



RESOLUTION NO. 5349

A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED ON LOT 2 AND LOT 3 OF THE TOWN RUN PLAT IN EUGENE, OREGON (ASSESSOR'S MAP 17-03-32-22, TAX LOTS 1800 AND 1900) (APPLICANT EUGENE RIVERFRONT DISTRICT LLC).

The City Council of the City of Eugene finds that:

A. ERD Block 3B/3C LLC (1255 NW 9th Ave., Suite 119, Portland, Oregon), is the owner of real property located on Lot 2 and Lot 3 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-32-22, Tax Lots 1800 and 1900) also identified as Parcels 3B and 3C in the EWEB 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 19 studio units, 34 one-bedroom units, 73 two-bedroom units, and 4 three-bedroom units for a total of 130 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.

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 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. 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 2 and Lot 3 of the Town Run Plat in Eugene, Oregon (Assessor’s Map 17-03-32-22, Tax Lots 1800 and 1900), subject to the following conditions:

- 1.1 Compact Urban Development. The project will consist of 19 studio units, 34 one-bedroom units, 73 two-bedroom units, and 4 three-bedroom units for a total of 130 residential units, none of which will be used for transient use, student housing, or vacation occupancy. The project will not include commercial space in the building.

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 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. However, the property is governed by an Agreement for Disposition and Development (DDA) that stipulates a minimum of 14 units for Parcel 3B and 14 units for Parcel 3C. The project will include 130 dwelling units distributed roughly equally between the two parcels. The proposed number of units complies with the DDA’s requirements for minimum and maximum 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 will exceed the 10% energy efficiency threshold. The applicant will submit to the City of Eugene’s Building and Permit Services an energy model with applicant’s development permit application. Within 18 months after receiving a certificate of occupancy, the applicant will 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.

- 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) 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 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, 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 Department 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 exemption benefit for the 10-year benefit.

- 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:

Inspired by the concept of “Where the City Meets the River,” the project will be designed to activate street frontages, draw the urban character of downtown toward the Willamette River, and help to establish a new neighborhood, the Eugene Riverfront District.

In plan view, the building will be configured as a backward E-shape. The massing will be further broken down into three distinct wings that engage with 5th Avenue, Mill Street, and 4th Avenue respectively. The building will be articulated for human scale, with intricate brick detailing to create visual interest at the ground level.

The exterior materials will consist of two colors of brick, metal wall panels, fiber cement panels, and concrete. The project will use a storefront window system at the ground level and vinyl windows on the upper levels. These materials will be selected to be compatible with the neighborhood and for permanence and durability. The façade will evoke a brick warehouse aesthetic, inspired by the industrial legacy of the site. The arrangement of the large windows and brick piers will establish a consistent architectural rhythm that enriches the streetscape experience.

The building will be designed to provide frontages to 5th Avenue, Mill Street, and 4th Avenue to engage with the street. Residential parking, accessed from the alley, is contained within the building structure, screening it from view. The plans will include 64 parking spaces in a ground-floor garage that will make up much of the first floor. To meet City requirements for vehicle parking, the building will undergo special review through site review and adjustment review processes. To achieve the necessary parking reductions, the site needs improved access to public transit, and the developer is coordinating with the City and Lane Transit District to provide appropriate transit service to the site. Bicycle parking and pedestrian accommodations will be included throughout the building.

The project design is intended to harmonize with the scale, form, and quality of onsite and adjacent development. The project will meet the design intent of designing for the human scale, be appropriate to the local climate and natural resiliency, promote transparency, help define a sense of place, fit the neighborhood, and employ 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, 2022.

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

The foregoing Resolution adopted and effective the 9th day of March, 2022.



City Recorder

Exhibit A

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

**Riverfront Parcels 3B and 3C Application for Multiple-Unit Property Tax
Exemption**

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

1. ERD Block 3B/3C LLC is the current owner of real property located on Lot 2 and Lot 3 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-32-22, tax lots 01800 and 01900), also known as Parcels 3B and 3C in the EWEB 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 find that:
 - 2.1 The project will provide 19 studio units, 34 one-bedroom units, 73 two-bedroom units, and 4 three-bedroom units for a total of 130 residential units, none of which will be used for transient use or vacation occupancy. There is no commercial space in the building.
 - 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. Additionally, the project does not designate any of the units for transient use or vacation occupancy.
 - 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. However, the site is governed

by an Agreement for Disposition and Development (Agreement) that stipulates a minimum of 14 units for Parcel 3B and 14 units for Parcel 3C. The proposed project includes 130 dwelling units distributed roughly equally between the two parcels. This proposal also meets the Agreement's requirements for maximum 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 55%) 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 \$760,000. The applicant has chosen to pay this fee on an annual basis in years three through ten of the exemption period.
- 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.

Inspired by the concept of “Where the City Meets the River,” the project is designed to activate street frontages, draw the urban character of downtown toward the Willamette River, and establish a new neighborhood, the Eugene Riverfront District.

In plan view, the building is configured as a backwards E-shape. The massing is further broken down into three distinct wings that engage with 5th Avenue, Mill Street, and 4th Avenue respectively. The building is articulated for human scale, with intricate brick detailing to create visual interest at the ground level.

The exterior materials consist of two colors of brick, metal wall panels, fiber cement panels, and concrete. The project will use a storefront window system at the ground level and vinyl windows on the upper levels. These materials were selected to be compatible with the neighborhood and for permanence and durability. The façade evokes a brick warehouse aesthetic, inspired by the industrial legacy of the site. The arrangement of the large windows and brick piers establishes a consistent architectural rhythm that enriches the streetscape experience.

The building is designed to provide frontages to 5th Avenue, Mill Street, and 4th Avenue to engage with the street. Residential parking, accessed from the alley, is contained within the building structure, screening it from view. The plans include 64 parking spaces in a ground-floor garage that makes up much of the first floor. To meet City requirements for vehicle parking, the building will undergo special review through site review and adjustment review processes. To achieve the necessary parking reductions, the site needs improved access to public transit, and the City is coordinating with the developer and Lane Transit District to provide appropriate transit service to the site. Bicycle parking and pedestrian accommodations are included throughout the building.

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.

- 2.6.6 Historic and Existing Housing Sensitivity. The project is adjacent to one historic locale, but the historic locale is not 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 2 years prior to the date of application.

2.6.7 Project Need. The project's pro-forma and financial information were analyzed by Pacific Northwest 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. Pacific Northwest Economics, the Review Panel, and staff reviewed the assumptions. Notably, the consultant determined that the rents proposed were likely significantly higher than the owner could hope to realistically charge. The analyses completed by Pacific Northwest Economics therefore were based on lower rents relative to the applicant's assumptions.

The Pacific Northwest 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 A neighborhood engagement meeting regarding Parcels 3B and 3C was held for the Downtown Neighborhood Association on September 22, 2021.

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.

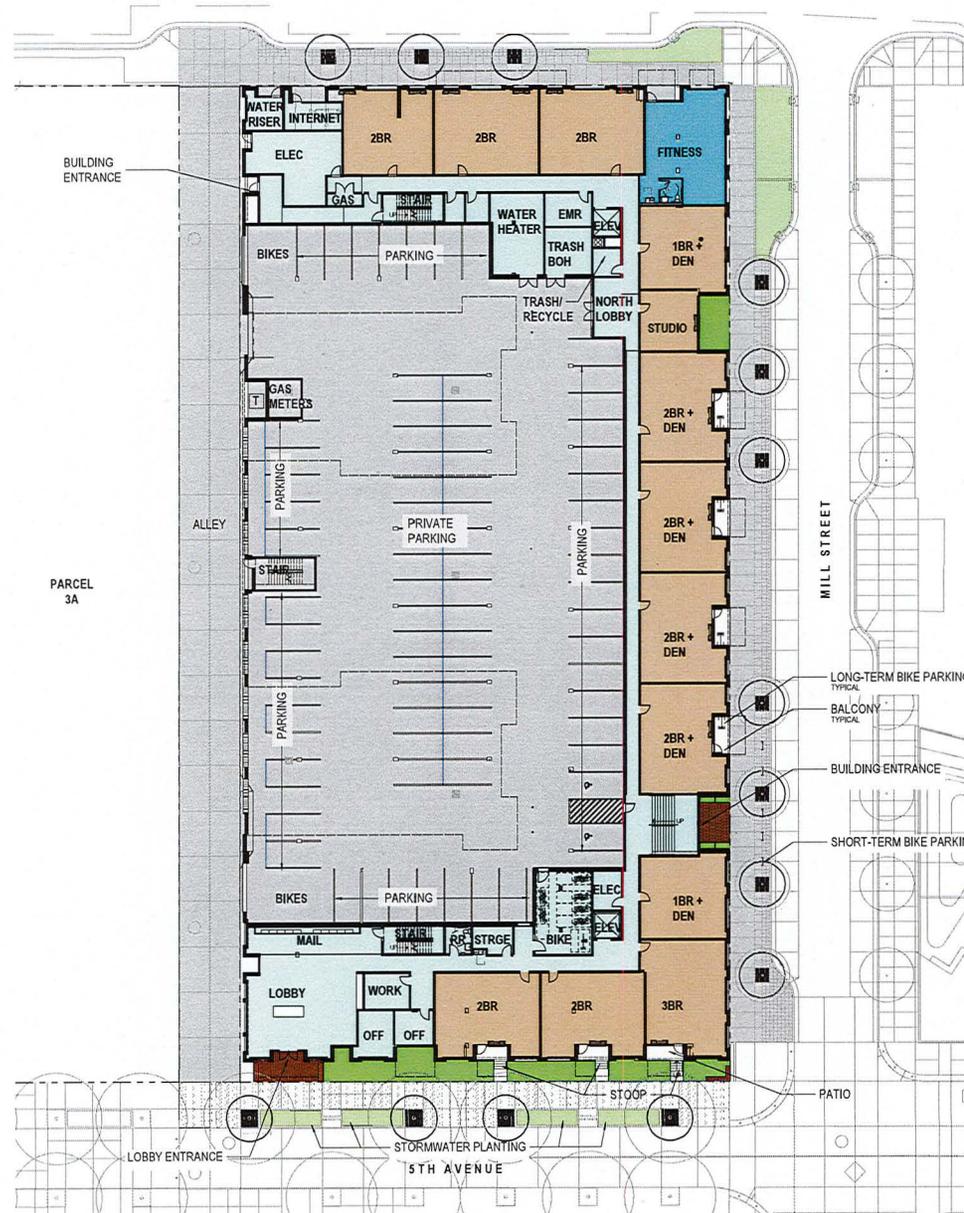
3. A display ad soliciting recommendations or comments from the public regarding this project was published in the Register-Guard on November 23, 2021. The period for comment expired on December 23, 2021, and resulted in one written comment, which will be provided to City Council with the materials for the March 9, 2022, 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 three meetings held on January 5, January 26, and February 3, 2022. 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 March 9, 2022, 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.

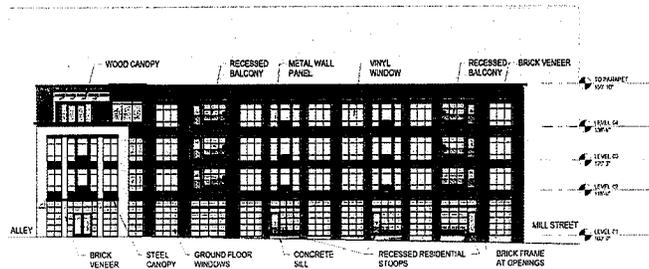
Dated this ___ day of 02/24/2022_____, 2022.



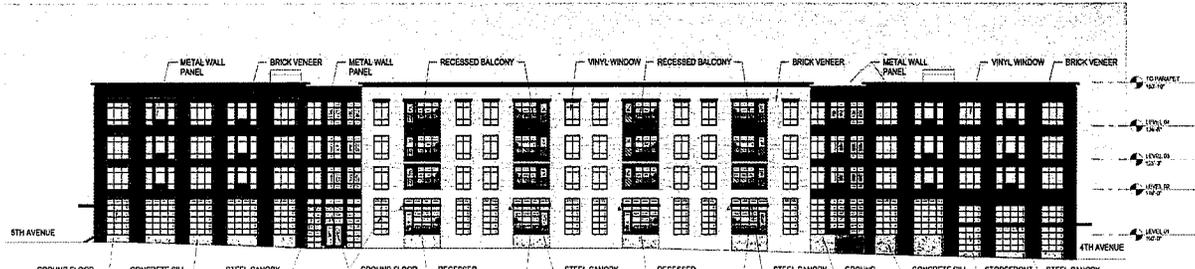
Denny Braud
Executive Director
Planning & Development Department



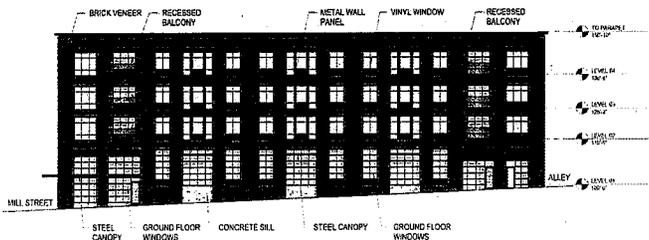
1 SITE PLAN
1/16" = 1'-0"



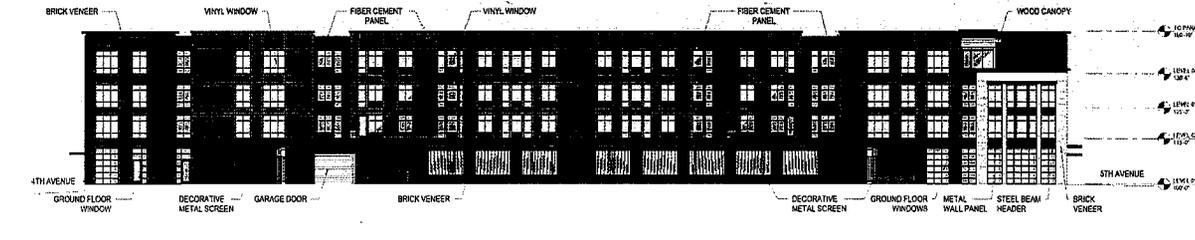
1 SOUTH ELEVATION
1/16" = 1'-0"



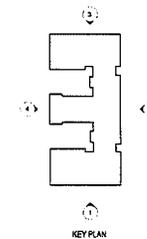
2 EAST ELEVATION
1/16" = 1'-0"



3 NORTH ELEVATION
1/16" = 1'-0"



4 WEST ELEVATION
1/16" = 1'-0"



KEY PLAN



A PRIMA 3BC - MUPTE Application