



Eugene City Council

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www.eugene-or.gov

EUGENE CITY COUNCIL AGENDA

February 22, 2022

5:30 p.m. CITY COUNCIL WORK SESSION

As the state and community recover from the COVID-19 pandemic, City Council meetings will continue to be held remotely using virtual meeting technology. Information about online or other options for access and participation will be available at <https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials>

Meeting of February 22, 2022; Her Honor Mayor Lucy Vinis Presiding

Councilors

Claire Syrett, President

Mike Clark

Randy Groves

Jennifer Yeh

Matt Keating, Vice President

Greg Evans

Emily Semple

Alan Zelenka

5:30 p.m. CITY COUNCIL WORK SESSION

Mayor: I call the February 22, 2022, work session of the Eugene City Council to order.

1. WORK SESSION: Riverfront MUPTE Applications – Lots 3BC, 7, and 9

Adjourn.

For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

For more information, contact the Council Coordinator at 541-682-5010
or visit us online at www.eugene-or.gov.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Riverfront MUPTE Applications – Lots 3BC, 7, and 9

Meeting Date: February 22, 2022
Department: Planning and Development
www.eugene-or.gov

Agenda Item: 1
Staff Contact: Will Dowdy
Contact Telephone Number: 541-682-5340

ISSUE STATEMENT

Staff will provide information on the Multi-Unit Property Tax Exemptions (MUPTE) applications for three of the Downtown Riverfront redevelopment parcels – lots 3BC, 7, and 9 (See map in Attachment A). This work session is for information and discussion only. Council is scheduled to discuss the applications further and take action at a March 9 work session.

BACKGROUND

MUPTE is an incentive program to encourage high-quality, multi-unit downtown housing especially in areas well served by public transit. Both rental housing and multi-unit housing for home ownership are eligible; student housing is ineligible. Enabled by State law, the program provides a 10-year property tax exemption on qualified new multi-unit housing investments that occur within a specific, targeted area, that meet program requirements, and that are reviewed and approved by Council. During the exemption period, property owners still pay taxes on the assessed value of the land and any existing improvements on the property. Council can deem commercial portions of a project to be a public benefit and include them as part of the exemption along with the residential portion.

In 2015, after a two-and-a-half-year review, Council revised the MUPTE program criteria, process, and boundary. See Attachment B for a summary of the program criteria and the process diagram.

Downtown Riverfront

The Urban Renewal Agency purchased approximately 17 acres of vacant Downtown Riverfront land from Eugene Water and Electric Board in 2018, with the intent to transform it into a new neighborhood with a public park and private mixed-use development with affordable housing, market rate housing, and commercial spaces. Based on terms the Agency Board approved in May 2020, the Agency and development team signed a Disposition and Development Agreement (DDA) for the sale of about 8 acres of Downtown Riverfront property to Atkins Dame. The Agency Board approved terms and the DDA acknowledges that the developer would be applying for MUPTEs for any multi-unit housing buildings to be constructed. Noted below are the DDA specifics that apply to the MUPTE required public benefits.

Projects Overview

The City received three MUPTE applications in the fall of 2021 from Eugene Riverfront District, LLC (ERD), a legal entity established by Atkins Dame for the riverfront development. These applications are for proposed multi-unit housing developments on three of the Downtown Riverfront parcels, Parcels 3BC, 7 and 9. The applications were deemed complete on October 15 (Parcel 7) and November 8 (Parcels 3BC and 9). (See Attachments D-F for the MUPTE applications, which are also publicly available at www.eugene-or.gov/MUPTE.)

Staff provided Council with the applications in November 2021. When originally submitted, the applications included two scenarios for each parcel—a lower-density scenario and a higher-density scenario, in keeping with the density range permitted for each parcel in the DDA. Due to a number of factors, ERD withdrew the higher-density scenarios for all three parcels. Council is asked only to consider MUPTEs for the lower-density scenario for each parcel (labeled Scenario A in each application). Below is a summary of the three projects as they stand today, and as Council will consider them on March 9:

	Parcel 3BC	Parcel 7	Parcel 9
Total Units	130 units	95 units	156 units
Studios	19	12	60
One-bedrooms	34	38	17
Two-bedrooms	73	45	68
Three-bedrooms	4	0	11
Estimated Cost	\$58.6M	\$42.9M	\$58.8M
Size	4 stories 174,000 sq. ft.	4 stories 108,000 sq. ft.	4 stories 203,000 sq. ft.

Subsidiaries of ERD purchased Parcels 3BC and 7 from the Agency in November 2021 for fair market value. Per the DDA, ERD will purchase Parcel 9 by December 2022. All parcels are currently vacant.

Review Panel

The 2015 MUPTE program update established a Review Panel, tasked with providing a third-party review of individual applications for the City Manager. The Review Panel is made up of two at-large representatives selected by neighborhood association boards, two representatives selected by the board of the neighborhood association in which the proposed project is located, and six technical professionals selected by the City Manager from the following six groups: architects/green building specialists; building trades unions; developers; environmental professionals; public health professionals; and human rights representatives. (See Attachment C for the member list.)

MUPTE Required Public Benefits

The Review Panel considered the three applications, including compliance with program criteria and the independent consultant's financial reviews, during three meetings held on January 5, January 26, and February 3, 2022. The Review Panel concluded that all three projects meet the Required Public Benefit criteria. The Review Panel's final recommendation is still being drafted and will be included in Council's March 9 materials. Below is a summary of the projects' compliance with the MUPTE required public benefits. (See Attachments D-F for the applications.)

- *General Eligibility.* The three projects are located within the MUPTE boundary. None of the projects are designed to be student housing, meaning all units will be leased by the whole 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. Additionally, none of the projects have units designated for transient use or vacation occupancy.
- *Compact Urban Development.* All three parcels are in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density. However, the DDA stipulates unit minimums and maximums for each parcel:

	Parcel 3BC	Parcel 7	Parcel 9
Proposed units	130 units	95 units	156 units
Minimum Density - DDA	28 units (14 on 3B & 14 on 3C)	95 units	91 units
Maximum Density - DDA	250 units	175 units	218 units

- *Green Building Features.* All three projects will utilize the City of Eugene Building and Permit Services pathway in order to demonstrate that they exceed the 10% energy efficiency MUPTE required benchmark. If Council approves the MUPTE applications, ERD will be required to submit an energy model with each project's permit application and a commissioning report due 18 months after each project receives its Certificate of Occupancy to validate energy performance.
- *Local Economic Impact Plan.* ERD has a plan for an estimated 55% of the project's dollar volume of professional services and construction contracts to be local to Lane County. Their general contractor for all three projects is Essex Construction, a local construction company. ERD and their contractor will be required to promote open competitive opportunities for Minority, Women, and Emerging Small Businesses and to comply with wage, tax, and licensing laws. ERD will a) provide the City with lists of all contractors, b) require that each contractor provide an affidavit attesting to not having any unpaid judgments for construction debt, including unpaid wages, and to being in compliance with Oregon tax laws, c) post information about the City's Rights Assistance Program in English and Spanish on each job site during construction of the project, and d) after construction, provide a report of the home city or zip code of all the construction labor workers on each project.
- *Moderate-Income Housing Contribution.* Per the Agency Board approved terms and the DDA, all three projects will pay a fee dedicated to moderate-income housing, satisfying the requirement of the MUPTE program. The fees will be 10% of the total 10-year exemption benefit. The applicant has chosen to pay this fee on an annual basis in years three through ten of the exemption periods, which they estimate to begin in FY26. The fee is intended to help support moderate-income housing projects in the community. The estimated fees are:

	Parcel 3BC	Parcel 7	Parcel 9
Estimated total moderate-income housing contribution	\$760,000	\$546,000	\$760,000

- *Project Design and Compatibility.* All three projects will address basic design concepts in the context of the project location, and they 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 projects are designed to activate street frontages and extend the urban character of downtown toward the Willamette River. The projects' designs are intended to harmonize with the scale, form, and quality of onsite and adjacent development. They meet the design intent of designing for human scale, are appropriate for the local climate and natural resiliency, promote transparency between the sidewalk and interior spaces, help define a sense of place, fit the neighborhood, and employ high-quality materials.

Parcel 3BC includes a parking garage enclosed within the building structure and screened from view. Parcel 7 will include a parking lot under the Ferry St. Viaduct and some tuck-under parking. Parcel 9 includes an enclosed parking garage.

- *Historic and Existing Housing Sensitivity.* The projects are adjacent to one historic locale (Ferry St. Bridge and Viaduct). The City's historic preservation staff reviewed all three project sites and deemed that they do not have negative impact on the nearby area. No historic structures or existing housing were demolished or removed from the property in the two years prior to the application date. Several vacant and deteriorating industrial buildings occupied a portion of the Downtown Riverfront site until they were demolished in 2019. Historic resource review processes were followed at the time of demolition.
- *Project Need.* PNW Economics, an independent real estate economics firm, provided a pro forma evaluation of each project's viability with a review of assumptions including income, lease rates, operating costs, permanent financing, construction costs, and returns. The consultant concluded that each project would not be viable without the availability of the exemption and that MUPTE is critical to the success of all three projects from a financial feasibility perspective. The consultant found that all three projects' pro formas used reasonable assumptions, with the exception of assumed rental rates, which he found to be optimistically high; the consultant's analyses used lower rents based on current rents in comparable projects. (See Attachment G for the PNW Economics analyses, which were edited to exclude material related to the high-density scenarios at the request of staff.)

Tax Impact

The projects are all located on property that was publicly owned until ERD purchased it in November 2021 (with Parcel 9 to be purchased by December 2022), meaning it previously did not generate any property tax revenue. With ERD's purchase, the land will now generate property tax revenue, which ERD will continue to pay throughout the 10-year exemption period (should the MUPTEs be approved). The estimated property tax paid for the three parcels combined will be

approximately \$72,000 in year 1. During the exemption period, the total taxes to be paid on the land will be approximately \$831,000. After the exemption period, the three parcels will generate an estimated \$2.5 million in year 11.

	Parcel 3BC	Parcel 7	Parcel 9	Total
Estimated property tax paid on land in Year 1	\$19,000	\$27,000	\$26,000	\$72,000
Estimated total property tax paid on land during exemption period (Years 1-10)	\$222,000	\$309,000	\$300,000	\$831,000
Estimated property tax in Year 11	\$923,000	\$676,000	\$926,000	\$2,525,000

Public Comments

A display advertisement was published in *The Register-Guard* on November 23, 2021, soliciting comments for 30 days. The period ended on December 23, 2021. One comment was received during that period. All written comments received by staff through March 1 will be included in the March 9 work session materials.

MUPTE requires applicants to contact the relevant neighborhood association to share project information and seek input. Jim Atkins, of ERD, and Kurt Schultz, of SERA Architects, attended the September 22, 2021, Downtown Neighborhood Association general meeting and presented the proposal. Prior to finalizing their designs, ERD will hold another neighborhood engagement meeting.

HIP Connection

Downtown Riverfront housing will contribute to the [Housing Implementation Pipeline \(HIP\)](#) goals. The HIP is the 5-year internal work plan to coordinate current and future resources, goals, and priorities with a systems-thinking approach to housing across the full spectrum from people experiencing homelessness to overall housing supply. Specifically, these three projects would provide 381 units towards the:

- 5-year overall housing goal of increasing the amount of housing downtown by 50% (from 2021), and
- market-rate units in the forecasted pipeline of City supported units ([Appendix C](#)).

MUPTE Program Volume Cap

The MUPTE program goal is to assist in the creation of 1,500 new, multi-family housing units through redevelopment. At such time that the MUPTE-assisted number of dwelling units constructed reaches the cap, Council will conduct a comprehensive review to determine if continuation of the program is desired. As of today, 177 units have been created using the program from two projects (Gordon Lofts and Ferry Street Manor), or about 12% of the volume cap. These three projects would, together, bring the total to 558 units, or about 37% of the volume cap.

Timing

The MUPTE program requires the City Manager to provide Council with a recommendation no later than 135 days after the application was deemed complete, which is by February 28 for Parcel 7 and March 23 for Parcels 3BC and 9. The City Manager will provide her recommendation by February 28. By State statute and City code, if Council has not acted within 180 days from the date the applications are deemed complete, the application will be deemed approved, which would be April 13 for Parcel 7 and May 7 for Parcels 3BC and 9.

PREVIOUS COUNCIL DIRECTION

[May 26, 2020 Work Session](#)

Agency Board approved terms for the sale of 8 acres of Downtown Riverfront property to Atkins Dame (which at the time was referred to as Williams Dame & Associates). The approved terms provide guidance on the redevelopment of the property and include an acknowledgment that the buyer would be applying for a MUPTE.

[July 13, 2015 Work Session](#)

Council approved the ordinance amending and reinstating the Multi-Unit Property Tax Exemption program.

COUNCIL OPTIONS

This work session is for information and discussion only. Council is scheduled to discuss the applications further and take action at a March 9 work session.

ATTACHMENTS

- A. Map of Eugene Riverfront District Project Sites
- B. Summary of MUPTE Program & Process Diagram
- C. MUPTE Review Panel Member List
- D. MUPTE Application for Parcel 3BC
- E. MUPTE Application for Parcel 7
- F. MUPTE Application for Parcel 9
- G. PNW Economics Financial Review Memos
 - G-1. Review of Parcel 3BC Financial Need
 - G-2. Review of Parcel 7 Financial Need
 - G-3. Review of Parcel 9 Financial Need
 - G-4. Consultant Responses to Review Panel Questions

Copies of all three MUPTE applications are available at www.eugene-or.gov/MUPTE.

FOR MORE INFORMATION

Staff Contact: Will Dowdy
Telephone: 541-682-5340
E-mail: wdowdy@eugene-or.gov

Map of Eugene Riverfront District (ERD) Project Sites



Summary of MUPTE Program & Process Diagram

MUPTE Program

MUPTE is an incentive program to encourage high quality, multi-unit downtown housing especially in areas well served by public transit. Both rental housing and multi-unit housing for home ownership are eligible; student housing is ineligible. Enabled by state law, the program provides a 10-year property tax exemption on qualified new multi-unit housing investments that occur within a specific, targeted area, that meet program requirements, and that are reviewed and approved by council. The objective strongly aligns with several of the pillars of Envision Eugene. Increasing the amount of multi-family housing in the downtown helps reduce pressure on urban growth boundary (UGB) expansion and protects existing neighborhoods, and takes advantage of existing infrastructure.

During the exemption period, property owners still pay taxes on the assessed value of the land and any existing improvements on the property. Council can deem commercial portions of a project to be a public benefit and include them as part of the exemption along with the residential portion.

In 2015, after a two-and-a-half year review, council revised the program criteria, process, and boundary. The program changes:

- Removed student housing as an eligible project type
- Increased the required energy efficiency
- Required higher quality design, with design at approval attached to the resolution
- Expanded neighborhood involvement
- Added a moderate-income housing contribution
- Added local economic impact plan
- Added demonstrated project need reviewed by an independent financial consultant
- Added a community member third-party review (MUPTE Review Panel described below)

See below for the process diagram and boundary map. The Required Public Benefit criteria are:

- Compact Urban Development
- Green Building Features (*ensuring building energy performance is 10% above code*)
- Local Economic Impact Plan (*including support for local businesses, minority and women business enterprises, and ensuring compliance with laws*)
- Moderate-Income Housing Contribution
- Project Design and Compatibility (*including scale, form, and quality of the building; mixture of project elements; relationship to the street and surrounding uses; and parking and circulation*)
- Historic and Existing Housing Sensitivity
- Project Need

MUPTE Review Panel

The 2015 MUPTE update established a Review Panel, tasked with providing a third-party review of individual applications for the City Manager. The Review Panel:

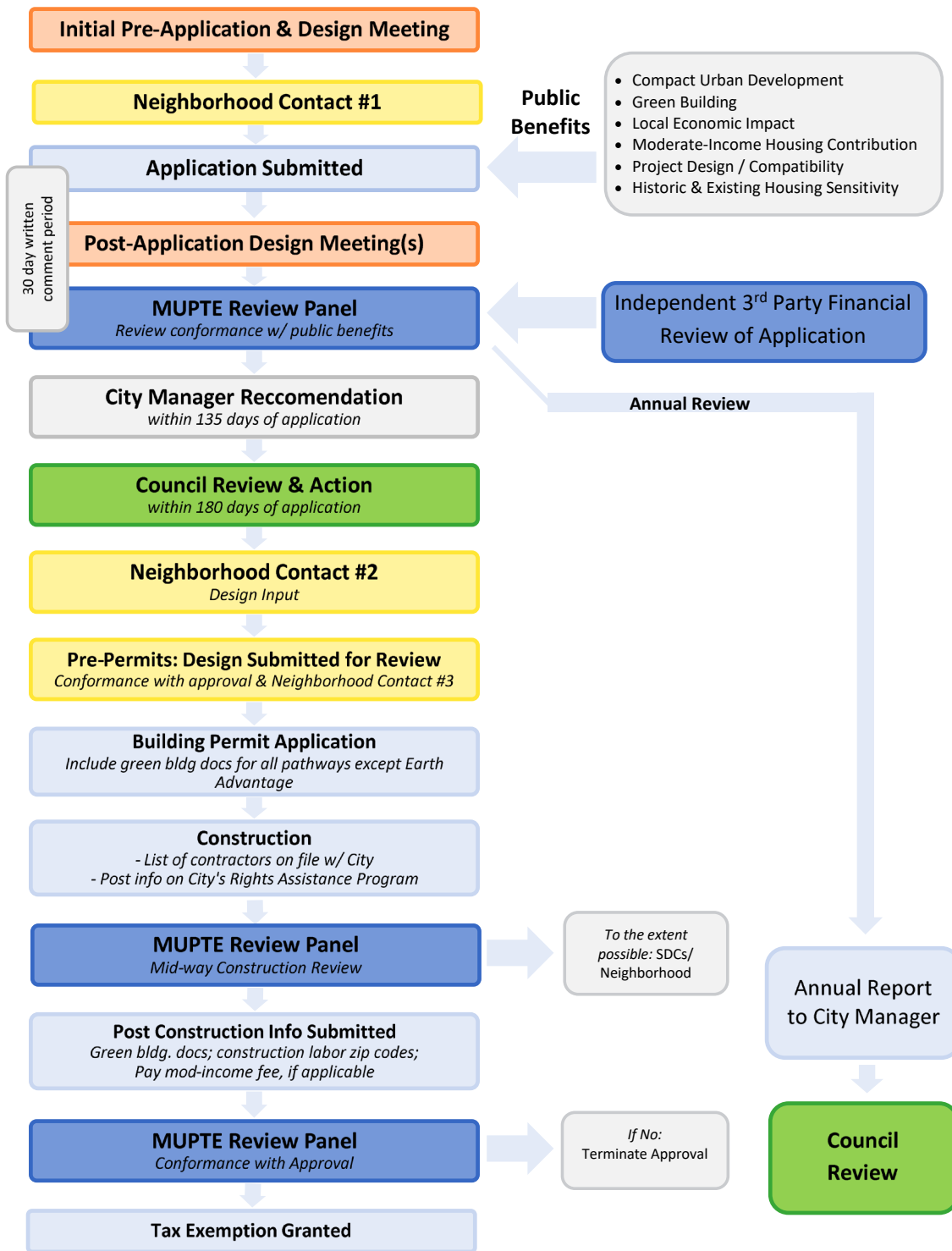
- Reviews the project applications, including the consultant's review of the project's financial projections.

- Reviews the applicant's conformance with the Required Public Benefits and making recommendations regarding approval/denial of the tax exemption to the City Manager.
- Reviews the project's conformance with approval requirements midway through construction, at completion of construction, and during the exemption period.
- Assists the City Manager in preparing an Annual Report on progress of the approved projects, program volume cap, and reporting documentation.

The Review Panel consists of two at-large neighborhood representatives selected by neighborhood association boards, an additional two representatives selected by the board of the neighborhood association in which the proposed project is located, and six technical professionals selected by the City Manager from the following six groups: architects/green building specialists; building trades union; developers; environmental professionals; public health professionals; and human rights representatives. Prior Review Panel reports can be found at www.eugene-or.gov/MUPTE

MUPTE Boundary





Annually:

- Moderate-income housing: Pay fee in years 3 – 10 or update lease rates on mod-income units & submit docs.
- BPS pathway energy usage, if applicable.

MUPTE Review Panel Member List
Riverfront MUPTE Applications – Parcels 3BC, 7, & 9

Seat	Member
Developer	Sarah Bennett Bennett Management Company, LLC
Building Trades	Jeff Harms Pacific Northwest Regional Council of Carpenters
Environment Professional (Co-Chair)	Aaron Whitney 2fORM Architecture
Architect/Green Building	Larry Banks Pivot Architecture
Public Health	Jennifer Jordan, MPH Kaiser Permanente
Human Rights Representative (Chair)	Ela Kubok Homes for Good
At-Large Neighborhood Rep	Steven Baker
At-Large Neighborhood Rep	Katherine Collins Jensen
Downtown Neighborhood Association Representative	Pete Knox (Riverfront MUPTE applications only)
Downtown Neighborhood Association Representative	Sherry Schaefer (Riverfront MUPTE applications only)

Eugene Riverfront District Parcel 3BC

Eugene, Oregon

MUPTE Application

October 8, 2021
Project No. 2103016



▲ Parcel 3BC - MUPTE Application

City of Eugene staff note:

Eugene Riverfront District, LLC originally submitted this MUPTE application with two development scenarios—Scenario A, a lower-density project, and Scenario B, a higher-density project. Based on current market conditions and the nearness of anticipated construction, ERD LLC has chosen to withdraw the higher-density scenario, Scenario B, from the application.



Where possible, staff has attempted to remove references to Scenario B for clarity. Some references remain through the application. Where relevant, please focus the evaluation only on Scenario A.

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- Neighborhood Engagement
 - Minutes from Meeting & Comments
 - Meeting Attendance Sheet and Screen Captures

B. Required Public Benefits

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- Narrative

C. Green Building Features

- Worksheet
- Narrative

D. Local Economic Impact Plan

- Worksheet
 - Scenario A, Low Density
 - ~~Scenario B, High Density~~
- Narrative

E. Omitted - Moderate-Income Housing Worksheet.

Project is not pursuing moderate-income housing.

F. Project Design and Compatibility

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 - ~~Development Budget~~

I. Application Finalization Worksheet

Cover Letter

Eugene Riverfront District

Thank you for this opportunity to submit an application for the City of Eugene Multi-Unit Property Tax Exemption (MUPTE) incentive program. Redevelopment of the previously industrial Downtown Riverfront supports the community's vision that has been decades in the making. On the east side of Downtown, the river's edge was formerly isolated from public access by the Eugene Water and Electric Board's (EWEB) facilities and is now undergoing a transformation into a vibrant new district connecting downtown to the river. New city infrastructure including streets, sidewalks, a riverfront park, and public plaza are under development to support construction of new commercial and residential developments, creating an inviting place for the entire community and vital neighborhood for people to live, work, and explore. As demonstrated in our application, the project would not be economically viable and would not be built without the benefit of the MUPTE.

Since Eugene was founded in 1865, the Willamette River has been an essential piece of our community's identity. It is where Eugene Skinner created the first plat for the city, and for decades the river has provided industry and recreation opportunities for our community. As one of our proudest assets, our community has a long-held vision and desire to create more access and connections to the river – places where people can hang out, meet friends, and bring their family to enjoy the riverfront. [eugene-or.gov/3506/Downtown-Riverfront]

Over a decade ago the City of Eugene and EWEB began the process to transition the industrial site from a barrier to a connection between the river and downtown, the college campus, and East Skinner Butte Historic Landmark Area. Through this process, the Riverfront Master Plan was developed and approved in 2010 based on substantial community input and adopted by City Council in 2013. This vision included the creation of a world-class public park on the waterfront, development to support economic and housing opportunities, promoting compact urban development, and enhancing natural resources. With support of the Eugene City Government and the State of Oregon, the Treasury Department has designated a portion of the Eugene riverfront site as an Opportunity Zone. Our development aims to renew and revitalize the connections between the Willamette River and Downtown Eugene in support of the Opportunity Zone goals. However, a portion of our site may not benefit from the Opportunity Zone incentives. Additionally, the benefits of the Opportunity Zone incentives will not be realized until 10 years into the future, creating the real risk that many investors who prioritize meeting early return goals will overlook these benefits. In order to attract equity from investors with these specific, market-based strategies, we must show that our development will generate the investors' desired returns when the development reaches stabilization.

On July 22, 2019 the City Council voted (7-0) to adopt the package of land use applications necessary to implement the concept plan for the Downtown Riverfront redevelopment. Within the adopted package, low and high-density guidelines were identified for each parcel providing flexibility for the new development. ~~In alignment with the disposition and development agreement (DDA) for the Downtown Riverfront Property in the Riverfront Urban Renewal District, this MUPTE application includes two scenarios: Scenario A, a lower density scheme with a lower cost structural system (Type I and V construction); and Scenario B, a higher density scheme with a higher cost structural system (Type I and III construction). Both scenarios maintain the same high quality exterior materials, detailing, window organization, and architectural vocabulary. The intent is for both scenarios to be approved under the final MUPTE determination. Again, this development will not be built as presented in this application without the benefits of the MUPTE incentive program. Submittal of multiple scenarios is in response to the economic uncertainty generated from the global COVID-19 pandemic. The drastic economic impact of the pandemic has substantially contributed to historically inflated material costs, national economic inflation,~~

Development Scenario B
has been withdrawn from consideration

and investor uncertainty. Having multiple options allows the development to be nimble in an everchanging pandemic and economic environment and increases the potential for successful implementation of the designs presented in this application within the timelines agreed upon in the DDA.

Outline of Scenario A and Scenario B similarities and differences:

Similarities

- Pedestrian experience and sidewalk design.
- High quality of materials on exterior facade.
- Window layouts and sizes.
- Architectural vocabulary and quality of details.
- Dwelling unit organization and relationships to the street.
- Both options remain subject to compliance with district design guidelines.
- Parcel 9 river facing facade remains 4-stories, consistent with building height requirements.

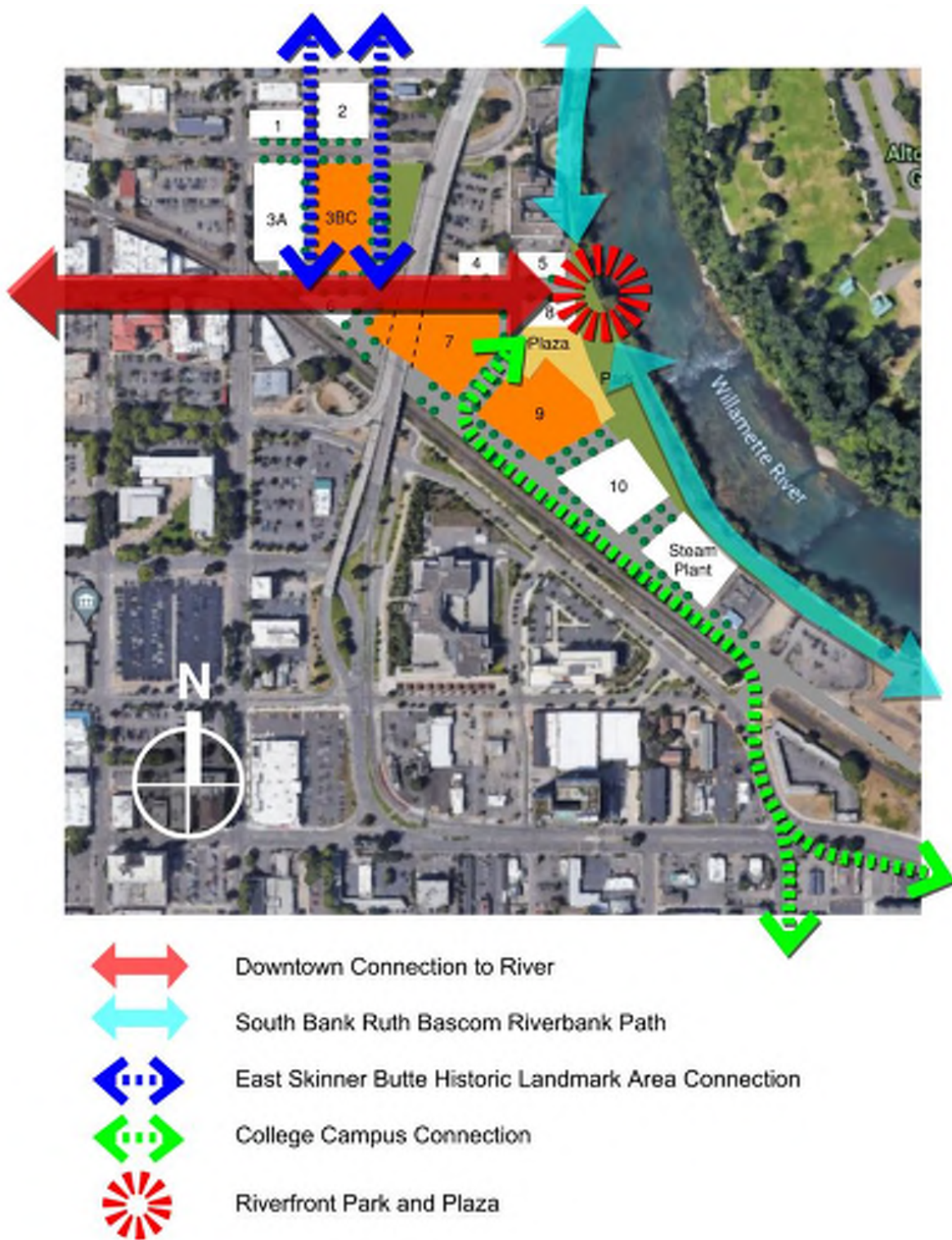
Differences

- Building Height:
 - o Scenario A is 4-stories.
 - o Scenario B is 5-stories on Parcels 3BC and 7 and 7-stories on Parcel 9
- Structural System Construction Type:
 - o Scenario A is of Type V construction for wood framed portions of buildings.
 - o Scenario B is of Type III construction for wood framed portions of buildings.
- No commercial use space is included in Scenario A, consistent with the DDA.
- Parcels 3BC and 9 add below grade parking in Scenario B.

It is the development team's intention to complete projects within the timeline requirements outlined in the DDA, well before the sunset of the MUPTE approvals in January 2032. The final constructed building will be in conformance with the approved building form with any changes having a positive or neutral impact to the overall design being approved by the City Manager.

District Map

Eugene Riverfront District



▲ Parcel 3BC - MUPT Application

MUPTE Application



A. General Project Information

Applicant Information

Applicant's Name: Eugene Riverfront District, LLC, c/o Jim Atkins
 Address: 1255 NW 9th Ave, Suite 119
 City: Portland State: OR Zip Code: 97209
 Telephone Number: 971-506-5104
 E-mail Address: jim@atkinsdame.com
 Housing Project Name: ERD Parcel 3BC

Site Location

Assessor's Property Acct No.: See attached project information page.
 Map / Tax Lot No. See attached project information page.
 Site Location Address: See attached project information page
(if no address available, provide a written description)

☐ Attach legal description of the property.

Current Use & Site Information

Current Zoning: See attached project information page.
 Parcel Size: See attached project information page.
 Minimum Density Allowed: See attached project information page
 Maximum Density Allowed: See attached project information page
 Number of Parking Spaces Required: See attached project information page
 Assessed Value of Land : See attached project information page
 Assessed Value of Improvements: See attached project information page

☐ Attach a written description of the existing use of the property.

Is existing sound housing or housing that can be rehabilitated on the property? ☐ Yes ☒ No

☐ If yes, attach a plan for relocation or a justification for elimination.

Proposed Project Information

Density of Proposed Project: See Info Page units per net acre
 Proposed No. of Parking Spaces: See Info Page
 Proposed Lot Coverage: See Info Page %
 Building Footprint: See Info Page square feet
 Building Square Footage: See Info Page square feet
 Commercial Square Footage: See Info Page square feet

Project Information

Eugene Riverfront District
ERD Parcel 3BC - Scenario A & ~~B~~

	Parcel 3B	Parcel 3C	Total
SITE LOCATION			
Assessor's Property Acct No.	1903565	1903566	
Map & Tax Lot No.	17-03-32-22-01800	17-03-32-22-01900	
Site Location	Southwest corner of E 4th Ave and Mill St, south to E 5th Ave, west to Mill St Alley		
CURRENT USE & SITE INFORMATION			
Current Zoning	S-DR/MU	S-DR/MU/2	TOTAL
Parcel Size**	0.61 Acres	0.61 Acres	1.22 Acres
Minimum Density Allowed	22 units/acre	22 units/acre	22 units/acre
Based on DDA	(14 Townhomes)	(14 Townhomes)	(28 Townhomes)
Maximum Density Allowed	205 units/acre	205 units/acre	205 units/acre
Based on DDA	(125 Units)	(125 Units)	(250 Units)
Number of Parking Spaces Required*	0.75 spaces per unit:		
	Scenario A	Scenario B	
	98 Spaces	126 Spaces	
	35% Reduction: 0.4875 spaces per unit:		
	Scenario A	Scenario B	
	64 Spaces	82 Spaces	
Assessed Value of Land			
Based on actual cost	\$821,062.44	\$821,062.44	\$1,642,124.88
Assessed Value of Improvements	n/a	n/a	
Existing Use of Property	Vacant land, graded for development, no vegetation		
	District has been converted from industrial use (formerly EWEB facilities) to a new master planned district. Public road and utility infrastructure is under construction.		
PROPOSED PROJECT INFORMATION		Scenario A	Scenario B
Density of Proposed Project		106 units/acre	137 units/acre
Proposed Number of Parking Spaces		80	176
Proposed Lot Coverage		95%	95%
Building Footprint		50,900 SF	50,900 SF
Building Square Footage		174,000 SF	247,643
Commercial Square Footage		0	0
Total Number of Dwelling Units		130	168
Total Number of Bedrooms		211	270
Number of Floors		4	5 + Basement

*Parking to be finalized through site review and adjustment review process.

** Site is undergoing a lot consolidation to combine Parcels 3B and 3C.

ERD Parcel 3BC - Scenario A

The commercial portion of a project is eligible for an exemption, if it is deemed a public benefit by City Council. Do you want City Council to consider exempting the commercial portion of the project also? ☐ Yes ☒ No

Student housing and transient uses are not eligible for the MUPTE program. ¹

JA Initial here to indicate that student housing and transient uses will not be part of the proposed project.

Total Number of Dwelling Units: 130 (All projects must have 5 or more units)

Total Number of Bedrooms: 211

No. of Floors: 4

UNIT MIX

Unit Size	#	Avg. Square Feet Per Unit	Proposed Avg. Rental Rate
Studio / efficiency	19	464	\$1,900
One bedroom	34	771	\$2,132
Two bedroom	73	1,041	\$2,662
Three bedroom	4	1,446	\$3,000
Four bedroom			
Five bedroom			
Commercial/retail			
ADA Accessible			
Parking – onsite			
Parking – offsite			

▲ Parcel 3BC - MUPTE Application

Compliance with Local Law

The proposed project must, at all relevant times, 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, that are applicable at the time the application is approved
- Licensing laws.

JA Initial to indicate your understanding of this requirement and commitment to adhere to it.

¹ Eugene Code 2.946 (2)(a) states that exemptions cannot be given for a “project designed for the leasing of individual rooms or beds, rather than entire apartment units, or a project otherwise designed primarily for individuals attending college.” Student housing units usually take the form of several bedrooms with individual bathrooms and sparse common space. Project amenities and location are selected to appeal only to students and offer limited viability as potential housing for the general population, particularly families.

Legal Description of the Property

Eugene Riverfront District

ERD Parcel 3BC - Scenarios A ~~& B~~

Legal Description

Parcel 3BC (Lots 2 & 3): Lots 2 and 3, TOWN RUN, as platted and recorded April 3, 2020, Reception No. 2020-016334, Lane County Deeds and Records, in Lane County, Oregon

Written Description

Property is undeveloped land with recently completed public infrastructure improvements (roadways and utilities) surrounding the property.

Neighborhood Engagement

Provide the following to document your neighborhood engagement. (See Program Guide, page 7 for more information on neighborhood engagement requirements)

Neighborhood Association: Eugene Downtown Neighborhood Association

Date of Meeting: 9/22/2021

Name(s) of Principal(s)/Owner(s) in Attendance: Jim Atkins, Kurt Schultz

■ Attach minutes from the meeting and comments received. If not an official neighborhood event, attach evidence of advertising method(s) and explanation for why it was not an official event.

MEETING MINUTES

The logo for SERA, consisting of the letters S, E, R, and A in a white, sans-serif font, set against a solid orange square background.

Meeting Date: 22 September 2021
Meeting Time: 6PM
Project: Eugene Riverfront District Parcels 3BC, 7, & 9
Purpose: Eugene Downtown Neighborhood Meeting
Location: Virtual (Zoom)

1. Presentation was recorded by the neighborhood association.
2. Introduction
 - a. The Riverfront District development was previously presented to the neighborhood in May 2021. This presentation builds on the past designs presented.
 - b. High level overview of the district plan/map and outline of parcels included in today's discussion were reviewed.
 - i. 5th Avenue as a spine for the district
 - ii. Vehicular and pedestrian connection from the river to Downtown.
 - c. Changes from designs presented in May:
 - i. Progressed Parcel 3BC and 7 design
 - ii. Developed concepts for Parcel 9.
 - iii. Now progressing two options for each parcel.
 1. Scenario A: Low density, 4-story scheme.
 - ~~2. Scenario B: Higher density, 5-story scheme.~~
 3. Parcel 9 includes a 4-story and ~~7-story~~ option.
3. Parcel 3BC
 - a. Scenario A
 - i. 4 stories, approximately 130 residential units.
 - ii. Parking is now in an enclosed parking structure accessed off the alley.
 - iii. Level 2 roof terraces are provided in courtyards.
 - ~~b. Scenario B~~
 - ~~i. 5 stories, 168 residential units.~~
 - ~~ii. Includes below grade structured parking and Level 2 terraces.~~
4. Parcel 7
 - a. Includes a surface parking lot under the viaduct and some tuck-under parking against the building.
 - b. Scenario A
 - i. 4 stories, 95 units
 - ~~c. Scenario B~~
 - ~~i. 5 stories, 124 units~~
 - ~~ii. Simply adds one story to the 4-story scheme~~
5. Parcel 9
 - a. Scenario A
 - i. 4 stories, 156 units
 - ii. Enclosed parking garage

~~b. Scenario B~~

~~i. 7 stories, 4 stories along the river facing bar, 218 units.~~

6. Questions

- a. Q: Is the project team following upcoming zoning changes for 2021?
 - i. A: The projects are governed by the Eugene Riverfront District sub district zoning regulations.
- b. Q: When is construction anticipated to be complete and what is the value of construction?
 - i. A: The value is still being determined.
 - ii. A: 3BC & 7 are anticipated to open in 2024. Construction is anticipated to begin in 2021 or 2022.
 - 1. The district is anticipated to be complete by 2026
- c. Q: What is the anticipated rent value for units?
 - i. A: The project is a long way from projecting rents for the 2024 market. However, rent projections will be included in an upcoming MUPTE submittal for each parcel. Information is anticipated to become publicly accessible later this year or early 2022.
 - ii. A: Actual rents will be determined by the market when construction is complete.
- d. Q: What is the ratio of affordable to market-rate housing?
 - i. A: The ratio is unknown at this time because the total number of units to be built in the district is unknown.
 - ii. A: The City is working to provide 75 affordable housing units in the Riverfront District near 4th and Mill St on Parcel 2.
- e. Q: Smaller units are oriented towards the viaduct. Are more luxurious units going to face more desirable views?
 - i. A: The unit mix has been shifting around in response to more demand for slightly larger units.
- f. Q: Will there be accommodations for people with disabilities? How many units?
 - i. A: Every new building is required to provide a percentage of units that are accessible, including wheelchair accessibility in addition to accommodations for other disabilities. The design team strives to provide accessible units for every unit type.

7. Conclusion

- a. Kurt Schultz with SERA provided his email address in the chat for additional questions.
- b. Questions and comments were generally positive and inquisitive.

Meeting End Time: 6:45 PM

Recorded By: Joshua Lupkin, SERA

Date Recorded: 9/22/2021

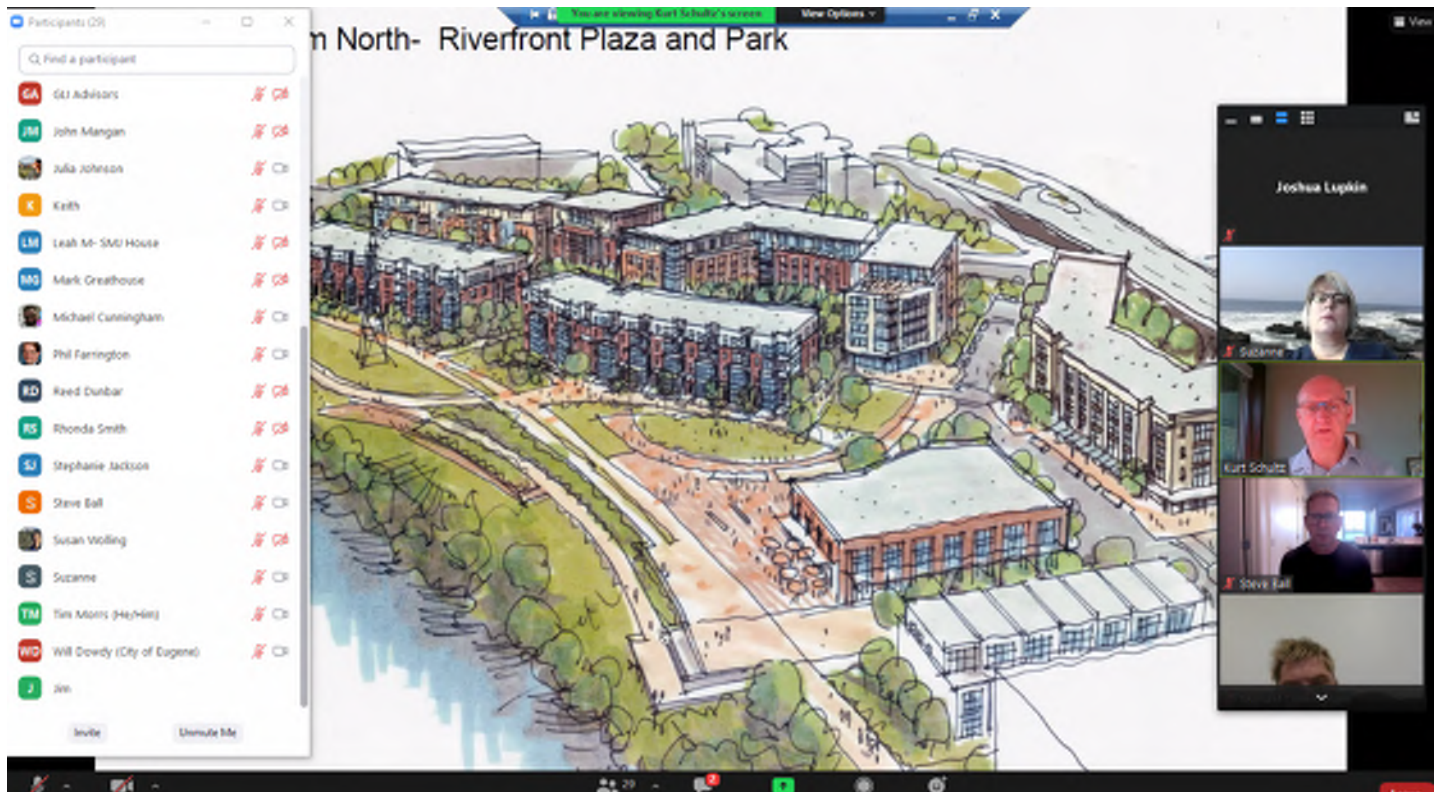
Neighborhood Meeting #2 - Screen Captures

Eugene Riverfront District

ERD Parcels 3BC, 7, & 9 - Scenario A & B



▲ Parcel 3BC - MUPT Application



Meeting Sign In Sheet

SERA

Meeting Date 9/22/2021
Meeting Time 6:00 PM
Project Number 2103015, 2103016, 2103021
Meeting Number 2
Purpose Neighborhood Meeting #2 - Eugene Riverfront Distirct - Parcels 3BC, 7, & 9
Location Virtual (Zooms)

	Name	Address	Telephone Number	Email
1	Joshua Luplkin	338 NW 5th Ave, Portland, OR 97209	503-445-7346	joshual@serapdx.com
2	Kurt Schultz	SERA		kurts@seradesign.com
3	Jim Atkins	Eugene Riverfront District, LLC		
4	Amanda D'Souza	City of Eugene		
5	Amy Arroyo			
6	Andrew Schlar			
7	B Obie			
8	Doug Oldfield			
9	Emily Semple			
10	Eric Herz			
11	John Mangan			
12	Julia Johnson			
13	Keith			
14	Kelsey Zelvor			
15	Leah M.	SMH House		
16	Mark Greathouse			
17	Michael Cunningham			
18	Phil Farrington			
19	Rachel Love			
20	Reed Dunbar			
21	Rhonda Smith			
22	Stephanie Jackson			
23	Steve Ball			
24	Steve Galash	GLI Advisors		
25	Susan Wolling			
26	Suzanne			
27	Tim Morris			
28	Will Dowdy	City of Eugene		
29	Unknown	Phone number on screen capture		

Neighborhood Meeting #2 - Participant List

Eugene Riverfront District

ERD Parcels 3BC, 7, & 9 - Scenario A & B

22 September 2021

Participants (29)

Find a participant

JL	Joshua Lupkin (Me)	Unmute	More >
K	Kelsey Zlevor (sher/her) (Host)		
KS	Kurt Schultz		
BO	B obie		
DO	Doug Oldfield		
RL	Rachael Love		
	19715065104		
AD	Amanda D'Souza		
AA	Amy Arroyo		
AS	Andrew Schular		
	Emily Semple		
	Eric Herz (he/him)		
GA	GLI Advisors		
JM	John Mangan		
	Julia Johnson		
K	Keith		
LM	Leah M- SMJ House		

Participants (29)

Find a participant

GA	GLI Advisors	More >
JM	John Mangan	
	Julia Johnson	
K	Keith	
LM	Leah M- SMJ House	
MG	Mark Greathouse	
	Michael Cunningham	
	Phil Farrington	
RD	Reed Dunbar	
RS	Rhonda Smith	
SJ	Stephanie Jackson	
S	Steve Ball	
	Susan Welling	
S	Suzanne	
TM	Tim Morris (He/Him)	
WD	Will Dowdy (City of Eugene)	
J	Jim	

▲ Parcel 3BC - MUPT Application

MEETING MINUTES - NEIGHBORHOOD MEETING #1

SERA

Meeting Date: 26 May 2021
Meeting Time: 6PM
Project Number: 2103015, 2103016 - Eugene Riverfront District Parcel 3BC & 7
Purpose: Eugene Downtown Neighborhood Meeting
Location: Virtual (Zoom)

1. Introduction:
 - a. Overview of developer (Atkins & Dame)
 - b. Overview of SERA Experience in Eugene
 - c. High level overview of Eugene Riverfront District Master Plan.
 - i. Goal to link downtown to the Willamette River.
 - ii. Site shapes are influenced by existing easements and Coburg Rd viaduct.
 - iii. Parcel 3B, 3C, and 7 are being presented and developed in first phase of development.
 - iv. The extension of 5th Ave terminates at the new city park and plaza.
2. General Design Discussion
 - a. Buildings will be 4-story elevator-served buildings.
 - b. Street level units will be provided with raised stoops as a buffer to the sidewalk and to activate the street.
 - c. The development approach for the district is to begin in the center and expand out to maintain connectivity within the district.
3. Parcel 3BC:
 - a. Building is composed as three buildings with links to break down massing.
 - b. The building includes tuck-under parking and surface parking tucked into a courtyard and accessed off the alley.
 - c. A 4th floor roof terrace and club room provides a place for residents to look out over the city and take part in the street life from above.
4. Parcel 7:
 - a. The angular site is defined by existing easements and the Coburg Rd viaduct crossing the western portion of the site.
 - b. Tuck-under and surface parking is located on the back side of the building.
 - c. A commercial retail building off Mill St is anticipated as part of future development.
 - d. An amenity roof terrace on the 4th floor is located at the building elbow off Ferry St.
5. Sustainability
 - a. Holistic approach - water, energy, ecology, community, health, etc.
 - b. Focus on health and wellbeing
 - i. Healthy mechanical systems
 - ii. Nontoxic materials
 - iii. Innovative energy efficiency
 1. 10% better than building code is part of MUPTE
 - iv. Fitwel or WELL certification being considered.

6. Parcel 9 & 10
 - a. Stepping of building heights down towards the river was introduced.
 - b. Parcels will be developed at a later phase of overall district development.
7. Questions:
 - a. Presented material was received in a positive light.
 - b. Q: When does the team anticipate applying for MUPTE?
 - i. A: End of June for Parcel 3BC; second week in July for parcel 7.
 - ii. A: Foundation permit is anticipated to be submitted in August.
 - c. Q: When do you anticipate start of construction?
 - i. A: Start of construction is anticipated to be in first quarter of 2022.
 - d. Q: What is the anticipated completion date?
 - i. A: Approximately 18 month construction period; project is anticipated to be open in 2023.
 - e. Q: What is the intent of this meeting?
 - i. A: Inform community and get feedback. Required as part of MUPTE process, but community involvement would happen regardless.
 - f. Comment: Glad to see masterplan moving forward and direction it is moving.
 - g. Q: Is there influence from the adjacent historic district on the design?
 - i. A: Alley connection up to historic district to the north of the ERD district promotes pedestrian connectivity. Stepbacks on Parcels 1 and adjacent parcel to provide breathing room to adjacent historic district.
 - ii. A: Parcel 2 is being retained by City to be developed as affordable housing with approximately 75 units.
 - h. Q: How are different kinds of housing being integrated into district?
 - i. A: Amanda D'Souza - Parcel 2 to have a minimum of 75 units of affordable housing at 60% AMI.
 - ii. A: Will Dowdy - City is prioritizing and excited about the affordable housing on Parcel 2.
 - i. Q: How has COVID impacted plans?
 - i. A: Design starts with well designed homes. Amenity spaces will likely provide desk/homework space to provide more options for residents working from home. Might add more 2 and 3-bedroom units to support a work-from-home lifestyle. Incorporating dens into some units as extra work space. Considering multiple internet providers to offer multiple IT options to support robust needs.
 - j. Q: Building types, are these to be wood frame over concrete podium buildings?
 - i. A: 4-story buildings constructed of primarily wood framing with some steel and wood at the ground floor to span tuck-under parking. No concrete podium anticipated. Parcel 3A may be a taller building with a podium.

Meeting End Time: 7:00 PM
Recorded By: Joshua Lupkin, SERA
Date Recorded: 5/26/2021

B. Required Public Benefits

Use this section to address each of the following required public benefits related to the proposed project. Several benefits extend beyond the period of the tax exemption. More information will be provided about those benefits if the application is approved.

1. Compact Urban Development

The MUPTE program is designed to encourage higher density housing and redevelopment in the City's downtown area.

a) Put a check next to the zone category of the property:

☐ *Residential zones:* at least 175% of minimum density for the zone.

(e.g. R-4 High Density Residential)

☐ *Form-based zones with height limit of three or four stories:* at least 30 units per net acre.

(e.g. S-DR Downtown Riverfront Special Area)

☐ *Mixed-use development*²: at least the minimum density in the zone.

(e.g. C-2 Community Commercial, C-3 Major Commercial)

☒ *All other areas, including residential-only development in commercial or mixed use zones:* at least 50 units per net acre.

(e.g. S-W Whiteaker Special Area, S-F Fifth Avenue Special Area, S-H Historic, C-2 Community Commercial, C-3 Major Commercial)

b) Density for proposed project: Scenario A: **106** units per acre

~~Scenario B: 137 units per acre~~

2. Green Building Features

The green building requirement is that projects perform at least 10% more efficiently than the performance established in the Oregon Zero Energy Ready Commercial Code (OZERCC).

Complete the attached Green Building Features Worksheet (page 6)

3. Local Economic Impact Plan

To ensure a substantial portion of the local tax benefit yields a benefit to the local community, applicants are required to complete the Local Economic Impact Plan Worksheet (page 10).

4. Moderate-Income Housing Contribution

The project owner must either a) pay a fee to be dedicated to moderate-income housing or b) include not less than 30% of the total units as moderate-income housing units. Indicate below how this proposed project will contribute to moderate-income housing.

☒ Pay the moderate-income housing fee of 10% of the total exemption benefit for the 10-year benefit.

☐ Paid upfront with a 5% discount

☒ Paid annually in years 3 through 10

☐ Include moderate-income housing units. Complete the Moderate-Income Housing Worksheet (page 12).

² Mixed-use development incorporates both commercial and residential use in the same building.

5. Project Design and Compatibility

MUPTE projects need to address basic design concepts in the context of the project location. See attached Project Design and Compatibility Worksheet (page 13) for information about required attachments.

6. Historic & Existing Housing Sensitivity

Each MUPTE project must be evaluated for impacts to historic locales and existing housing. Complete the attached Historic and Existing Housing Sensitivity Worksheet (page 15)

7. Project Would not be Built Without Exemption

The applicant must demonstrate that the project as proposed could not be built but for the benefit of the tax exemption. Attach the following documentation:



- ten-year pro-forma with MUPTE,
- ten year pro-forma without MUPTE,
- analysis of the projected ten-year cash-on-cash rate of return for the proposed project,
- list of assumptions made to create the pro-formas, including a description of how property taxes were estimated for the without MUPTE pro-forma, and the moderate-income housing fee or rent levels,
- development budget, and
- sources and uses of financing.

Be sure to include the moderate-income housing fee or rent levels in the pro-formas and list of assumptions. This information will be reviewed by an independent professional consultant to determine the financial feasibility, at the applicant's expense to be paid to the City with the application fee. The consultant will make a recommendation on the application for the Project Review Panel and the City Manager.

Public Benefits

Eugene Riverfront District

ERD Parcel 3BC - Scenario A & B

In alignment with the MUPTE criteria and required public benefits, the following outlines how the project provides substantial public benefits through urban design elements, sustainability measures to reduce the environmental footprint, local economic benefits, and support of the community's vision to connect adjacent neighborhoods to the river. Other sections within this application go into further detail regarding their specific target content.

1. Compact Urban Development

Urban density lies at the root of reducing impact of development. Increased density reduces the pressure on development of virgin land and expansion of urban growth boundaries into natural resource areas and ecological environments. This project proposes 94 dwelling units per acre (Scenario A) or 133 units per acre (Scenario B) in contrast to the minimum allowed density of 55 dwelling units per acre or the typical single-family neighborhood with less than 10 dwelling units per acre. With a minimum of four stories proposed, the project significantly exceeds Eugene's Land Use Code minimum density of one story.

With minimal building setbacks, the proposed development contributes to a strong urban edge and emphasizes the pedestrian experience through human scaled elements and activation along the street edge including canopies for refuge from the rain, dwellings with stoops accessing the sidewalk, and amenity spaces with large windows connecting to the public realm.

2. Green Building Features

Going above and beyond the minimum requirement of the City of Eugene BPS program to perform at least 10% more efficiently than the energy code, the project is pursuing certifications guiding the design to further reduce the environmental impact of construction and ongoing facilities operation and improve the indoor environment to create healthier spaces to live. Additionally, the project is a brownfield redevelopment which reduces pressure on undeveloped and open land while improving and protecting the environment.

In addition to the required green building pathway, the project is optionally pursuing Earth Advantage Gold certification including measures to reduce the carbon footprint of the development. The following elements contribute to reducing the environmental impact of the development.

- a. Access to public transportation to reduce reliance on single-occupancy vehicles.
- b. Electric charging station ready with conduits installed and electrical system sized for future installation of charging stations combined with ample bike-rack space support the reduction of fossil fuel burning vehicles.
- c. Urban infill, higher density development, dense urban housing, and redevelopment of a previously industrial and brownfield site contribute to reducing the environmental impact of related to development on virgin land and urban sprawl.
- d. A construction waste management plan will divert a substantial amount of construction waste from the landfill by increasing the amount of recycled material.
- e. Durable exterior materials, rainscreen façade, and appropriately installed weather and air barrier contribute to lower energy consumption for heating and cooling and increase the lifespan of the envelope system.
- f. Increased recycled content in building materials reduces the building's carbon footprint and environmental impact by minimizing reliance on virgin materials.

- g. Indoor air quality improvements include eliminating added urea formaldehyde in materials and Low VOC finishes to reduce harmful off-gassing and protection of HVAC ductwork during construction to reduce dust and contaminants. In response to the recent annual increase of wildfires and poor air quality days, the project is reviewing enhanced filtration systems for ventilation air systems to further improve indoor air quality at times where windows should not be open.
- h. Energy Star appliances and all-LED lighting reduces ongoing energy consumption.
- i. Low-flow plumbing fixtures including toilets, sinks, shower heads, and lavatories in addition to landscaping with drought tolerant plant species reduce the long-term water consumption of the project.
- j. As a solar-ready facility, conduit and structural support will be in place for future photovoltaic hookup to reduce the building's reliance on electricity from the grid by utilizing a renewable energy source.

In addition to the required green building pathway, the project is optionally pursuing Fitwel certification through measures that promote an active and healthy lifestyle for district inhabitants. Elements contributing to active, healthy lifestyles include the following:

- a. With a Walk Score above 80, the project provides increasing opportunities for regular physical activity, social interaction, and access to amenities, fostering improved health.
- b. Close proximity to Lane Transit stops and a short ride to the Downtown Eugene Station support use of alternative transportation, contributing to increased physical activity, stress reduction, improved air quality, community health, equity for those who cannot drive, and enhanced access to amenities.
- c. Ample long and short-term bicycle parking encourages the use of bicycles for transportation and recreation, contributing to increased physical activity.
- d. The district is pursuing a bike-share station to be located in the community to serve residents, patrons of future commercial developments and visitors of the public park and plaza. Bike share programs support active transportation and convenience, contributing to increased physical activity, equity for those who cannot drive or afford private vehicle use, and reduce congestion and air pollution.
- e. Immediate access to the adjacent public park, plaza, and Ruth Bascom Bike Path increases opportunities for regular physical activity, exposure to daylight, and social interaction, contributing to enhanced physical, mental, and social health.
- f. With future development of a playground adjacent to the public plaza, opportunities are expanded for children to play, interact with other children, and stimulate their mind, contributing to enhanced physical, mental, and social health.
- g. With the Farmers Market being a few short blocks outside the district, the community has increased access to healthy food, promoting nutritious eating and supports enhanced social interaction.
- h. Building operations will enforce a tobacco and smoke-free policy for all indoor and outdoor spaces, reducing tobacco consumption and exposure to secondhand smoke among community members, and contributing to enhanced respiratory and mental health.
- i. Evenly distributed lighting along street frontages and within parking areas contributes to increased perceptions of safety and pedestrian use after dark, reduces opportunity for crime, and supports the connection of downtown to the river.
- j. Internal stairways with inviting finishes, quality lighting and access to daylight provide an opportunity for occupants to increase regular physical activity.
- k. Elements of biophilic design are used to enhance the human connection to nature, contributing to reduced stress and enhanced mental health.
- l. A dedicated fitness room is provided as a building amenity to increase opportunities for access to physical activity, contributing to decreased absenteeism, enhanced physical and mental health, and improved social equity.

With the Ferry Street Bridge Viaduct (Coburg Rd) and railroad as sources of high-decibel sound, the project is pursuing compliance with HUD acoustic requirements. The design team has performed on-site noise testing and run HUD acoustic calculations to inform measures to improve the acoustical experience within the building. Measures identified to improve acoustics and quality of life include brick veneer facades, which add a resilient channel on the exterior wall assembly in strategic locations, and improved window glazing acoustics.

3. Local Economic Impact

Construction of multi-story urban buildings creates jobs for construction workers, cleaners, truck drivers, bankers, engineers, and other local industries supporting construction activities. The increase in jobs in turn supports local businesses and government through increased local spending in retail, restaurants, utilities, and taxes. Additionally, an increase in taxable revenue generated by local businesses, suppliers, and contractors further supports government resources.

With the project site located near downtown and easily accessible by bicycle and public transit, equity for employment of construction workers is increased as barriers to transportation to the job site are greatly reduced.

After completion of construction, ongoing job creation for facilities maintenance, building operations, leasing agents, and cleaning companies contribute to the economic vitality of the community. Taxable income and commerce generated by residents new to Eugene and Lane County further contribute to the greater economy.

4. Moderate-Income Housing Contribution

The project will support local moderate-income housing by dedicating funds to moderate-income housing. Additionally, in partnership with the City of Eugene, the neighborhood will include future development of moderate-income housing on a designated parcel.

5. Design and Compatibility

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.

Drawing from the industrial fabric of the past, the project employs durable and lasting façade materials including brick veneer and ground-floor storefront that can withstand the test of time while maintaining the quality of its character. Stoops at ground-floor dwellings, canopies providing places to pause and refuge from the rain, and large windows along the sidewalk further enhance the pedestrian experience in the district and break down the scale adjacent to the pedestrian realm.

To support a safe and inviting district that connects adjacent communities to the river, the project utilizes evenly distributed lighting along street frontages, alleys, and within parking areas to improve perceived safety and reduce crime. Large windows in units, amenity spaces along the sidewalk, roof terraces, balconies engaging the street edge, and building entries located adjacent to building corners increase “eyes on the street” to further enhance public safety and support an active district at all times of the day.

Landscape features along pedestrian ways provide opportunities to pause and vegetated screens adjacent to parking areas enhance the pedestrian experience, creating biophilic connections within the urban context.

6. Historic and Existing Housing Sensitivity

As an urban renewal project on a previously industrial use site, this development does not displace any existing housing. The City and EWEB worked together to decommission past EWEB facilities and clear the site for future development. In this process, the City provided proper notification before removal of structures in the Eugene Riverfront District. The Ferry Street Bridge Viaduct was identified as a structure that meets the Oregon State Historic Preservation Office's (SHIPO) criteria for historic resource eligibility and City staff have determined there is no reason to conclude the proposed development will result in a negative impact to the viaduct. See the Historic Housing & Sensitivity section of this application for included letter from Eugene Planning outlining the site's compliance with preservation of historic locale and appropriate notification process followed for demolition of buildings previously located within the Eugene Riverfront District.

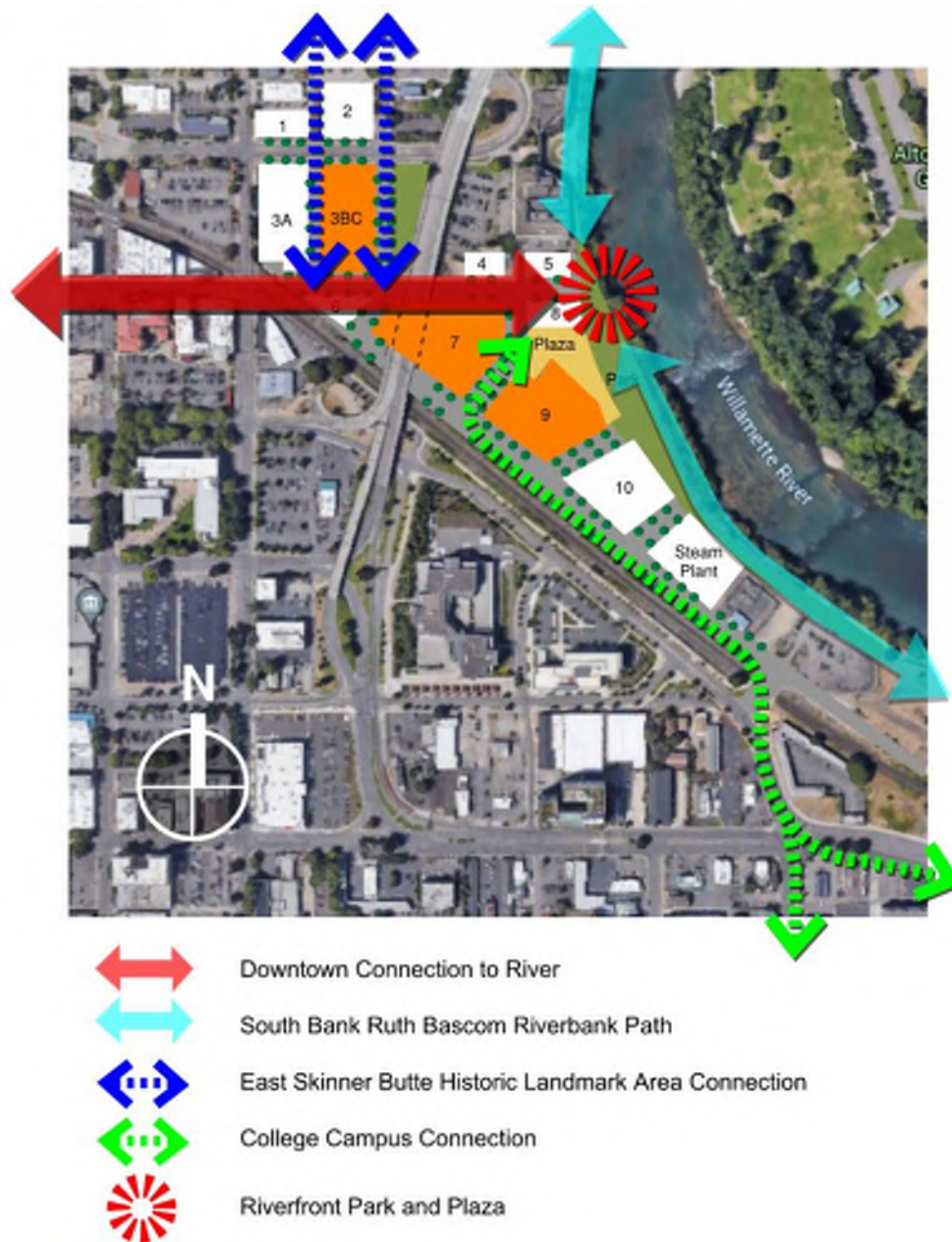
7. Project Need

As the third largest city in the State of Oregon, the City of Eugene has seen steady growth with a population increase of 12.98% between 2010 and 2020 [US Census]. With the population growth outpacing the construction of new homes, the availability of housing is an ever-growing challenge. In August 2021, Eugene home prices were up 18.3% compared to the prior year [redfin.com], contributing to residents being priced out of the homeownership market and forced into apartment living. The Eugene Riverfront District development responds to this ever-increasing demand for apartment living by providing higher density housing on previously under-utilized land within the urban growth boundary. In addition, the location has immediate access to and from the Downtown and West University neighborhoods via multiple modes of transportation, including public transportation, pedestrian pathways, and bicycle routes supporting alternate means of transportation, contributing to lower carbon emissions in the City.

District Connections

Eugene Riverfront District

ERD Parcel 3BC - Scenario A & B



▲ Parcel 3BC - MUPT Application

C. Green Building Features Worksheet

The green building requirement is that projects perform at least 10% more efficiently than the performance established in the energy code adopted by the State of Oregon (currently Oregon Zero Energy Ready Commercial Code). Only the residential occupancy and common areas associated with residential areas are considered (e.g., hallways, stairwells, centralized HVAC or hot water heating, laundry facilities). It does not apply to the commercial areas or ancillary amenities (e.g., parking garage, swimming pools, recreation centers). Pathways for complying with the requirement are based on the number of floors for the project: 1-3 story projects and 4 or more story projects. See below:

Summary of Green Building Pathways

Pathway	Building Size	
	1-3 Stories	>3 Stories
LEED v4 for Homes	Low-Rise: Certified + modeled at 10% above Oregon energy code	Mid-Rise: Certified + modeled at 10% above Oregon code
Earth Advantage	Multifamily: Certified + commissioning report	N/A
City of Eugene BPS (Building and Permit Services)	N/A	Modeled at 10% above Oregon energy code + commissioning report

- a) The pathway applicable to the proposed project is City of Eugene BPS.
- b) Use the table below to identify any additional items to include with your application based on the pathway identified above.

Pathway	Submit with Application
LEED v4 for Homes	1. LEED Registration Number 2. Project Checklist
Earth Advantage	Earth Advantage Points Worksheet
City of Eugene BPS	n/a

- c) See the Post-Approval Green Building Information section below for the required documentation that will need to be provided to the City should your project be awarded the MUPTE and other useful information.

JA Initial here to indicate your understanding that you will need to demonstrate building energy performance 10% above the energy code adopted by the State of Oregon by submitting the items listed below at permit application and after construction.

- d) Will onsite parking be provided: ☒ Yes ☐ No

If yes, all projects that provide on-site parking must install conduit for future electric vehicle charging stations.

JA Initial here to indicate your understanding of this requirement and agreement to include conduit should MUPTE be awarded.

Post-Approval Green Building Information

Should the project be approved for the MUPTE, the applicant will be required to submit a number of documents to demonstrate compliance with the Green Building Features requirement. This section provides more information about those requirements.

Pathway	Submit with Building Permit Application	Submit after Construction ³
LEED v4 for Homes	Energy model	Within 18 months after receiving a Certificate of Occupancy, documentation of LEED certification (copy of USGBC Rating Certificate and final LEED review).
Earth Advantage	n/a	Within 18 months after receiving a Certificate of Occupancy: <ol style="list-style-type: none"> 1. Documentation of Earth Advantage certification, and 2. Commissioning report.
City of Eugene BPS	<ol style="list-style-type: none"> 1. Signed Energy Release to enable the City to access multi-family occupancy energy use data for the life of the MUPTE, and 2. Energy model 	<ol style="list-style-type: none"> 1. List the project features to achieve the 10% above code requirement, 2. Within 18 months after receiving a Certificate of Occupancy, commissioning report, and 3. Annually during exemption if Energy Release not signed, multi-family occupancy energy use data.

An improvement of at least 10% shall be demonstrated in the proposed building energy performance as compared to a similar baseline building designed in compliance with the prescriptive requirements of the energy code adopted by the State of Oregon. The proposed building performance and the baseline building performance shall be calculated in accordance with ANSI/ASHRAE/IES Standard 90.1–2016, Appendix G, using a simulation model. Projects must meet the minimum percentage savings before taking credit for renewable energy systems. The proposed design must include all energy consumption and costs within and associated with the building project.

INTENT

To support the design, construction, and eventual operation of a project that meets the owner's and City of Eugene project requirements for energy and durability.

³ If this documentation is not timely submitted, MUPTE may be revoked.

REQUIREMENTS

Commissioning Process Scope: Complete the following commissioning (Cx) process activities for mechanical, electrical, and renewable energy systems and assemblies, in accordance with ASHRAE Guideline 0-2019 or 0-2005 and ASHRAE Guideline 1.1-2007 for HVAC&R Systems, as they relate to energy, water, indoor environmental quality, and durability. The commissioning authority (CxA) must do the following:

- Review the OPR, BOD, and project design.
- Develop and implement a Cx plan.
- Confirm incorporation of Cx requirements into the construction documents.
- Develop construction checklists.
- Develop a system test procedure.
- Verify system test execution.
- Maintain an issues and benefits log throughout the Cx process.
- Prepare a final Cx process report.
- Document all findings and recommendations and report directly to the owner throughout the process.
- Provide a Final Report based on findings to the owner for delivery to the City of Eugene. At a minimum the report shall include: CXa qualifications, scope of commissioning activities, a list of systems commissioned (and by whom), a summary of issues corrected, and a list of major outstanding/unresolved issues.

Complete the following commissioning process (CxP) activities for the building's thermal envelope in accordance with ASHRAE Guideline 0-2019 or 0-2005 and the National Institute of Building Sciences (NIBS) Guideline 3-2012, Exterior Enclosure Technical Requirements for the Commissioning Process, as they relate to energy, and durability. Commissioning authority must complete the following:

- Review contractor submittals.
- Verify inclusion of systems manual requirements in construction documents.
- Verify inclusion of operator and occupant training requirements in construction documents.
- Verify systems manual updates and delivery.
- Verify operator and occupant training delivery and effectiveness.
- Verify seasonal testing.
- Review building operations 10 months after substantial completion.
- Develop an on-going commissioning plan.
- Incorporate all findings into the Final Report provided to the owner for delivery to the City of Eugene.

Commissioning Authority: By the end of the design development phase, engage a commissioning authority with the following qualifications.

- The CxA must have documented commissioning process experience on at least two building projects with a similar scope of work. The experience must extend from early design phase through at least 10 months of occupancy;
- The CxA may be a qualified employee of the owner, an independent consultant, or an employee of the design or construction firm who is not part of the project's design or construction team, or a disinterested subcontractor of the design or construction team. For projects smaller than 20,000 square feet (1 860 square meters), the CxA may be a qualified member of the design or construction team. In all cases, the CxA must report his or her findings directly to the owner.

Green Building Features Narrative

Eugene Riverfront District

ERD Parcel 3BC – Scenario A & B

Parcel 3BC of the Eugene Riverfront District builds from the concept for the district: Where the City Meets the River. The sustainability features of the building support and enhance the design of the district with a focus on human health and wellness, energy efficiency, and sustainable sites. In support of this concept, the project will meet the City of Eugene BPS requirements to achieve a minimum of 10% better than energy code. To further enhance the environmental measures, the project is pursuing Earth Advantage certification and Fitwell certification to reduce the environmental impact of the building and contribute to a healthy living environment for residents of the community, going above and beyond the minimum MUPTe standards.

Human Health and Wellbeing

The built environment can have a profound impact on the health and wellbeing of the building occupants. The design of Parcel 3BC) incorporates strategies from the latest research on healthy buildings with the goal of healthy and happy residents. The strategies used to achieve this goal include:

- Elements of biophilic design are used to enhance the human connection to nature. Biophilic design contributes to lower stress, increased happiness, improved sleep, and a greater sense of safety and comfort. Biophilic design features on this project include ample daylighting and views; finish materials inspired by natural colors, textures, and patterns; direct connection to the natural environment through outdoor amenity spaces, balconies, and operable windows; and landscaped areas that create delightful spaces for residents to enjoy with multiple senses.
- Mechanical systems to prioritize occupant health in addition to energy performance, such as improved air filtration in common spaces to reduce resident exposure to wildfire smoke.
- Interior material choices to reduce indoor air toxins for occupant health, including reduced VOC's.
- Enhanced unit compartmentalization to maintain good air quality for residents.
- Appropriate acoustic treatment of walls and windows to improve livability for the residents, particularly for facades near the railroad and viaduct.
- An efficient exterior building envelope to maximize the thermal comfort of the residents. A high-quality exterior envelope also minimizes air leakage and moisture migration, contributing to the long-term durability of the building.
- Secure bike storage rooms to promote active lifestyles of the residents.

Energy Efficiency and Emission Reductions

To reduce the environmental impact of the project, Parcel 3BC will achieve energy savings of 10% or greater than Oregon code, and perform building commissioning. The strategies used to achieve this include:

- Efficient centralized hot-water heating systems
- An efficient exterior building envelope detailed for reduced thermal bridging, a continuous air and weather barrier to control air and moisture migration for long-term durability.
- Window coatings optimized to control solar heat gain where appropriate. Operable windows encourage the reduction of mechanical cooling on mild days.
- Rooftop treatment to reduce heat absorption into the building.

- Water-efficient plumbing fixtures to reduce freshwater demand and water heating energy. Water submetering for units to influence occupant behavior to encourage water conservation.
- LED lighting throughout to reduce energy demand.
- On-site electric car charging station infrastructure to support future installation of electric vehicle charging stations for reduced vehicular emissions.

The project team is also exploring reductions in the embodied carbon emissions from building material creation, transportation, and construction activities. Embodied carbon emissions contribute significantly to the overall environmental footprint of new buildings before the building is even occupied. While it is still early in the design process, the project team is targeting opportunities for embodied carbon reductions through optimized concrete mix designs and exploring wood sourcing options. The project team is also exploring ways to maximize the carbon sequestration potential of the landscaped areas of the site.

Sustainable Sites

Parcel 3BC utilizes multiple design strategies to transform the currently underutilized site into a vibrant space for residents, the community, and native species. The strategies used to achieve this goal include:

- Integrated landscape design to connect the building site to the broader district. Native plants provide opportunities for habitat, reduce irrigation demand, and provide year-round interest and beauty.
- Stormwater capture and treatment strategies that tie into the landscape design to reduce surface runoff and contaminants from entering the natural water flows of the site.
- Ample green space and rooftop treatment to reduce heat absorption and minimize the urban heat island effect.
- Consideration of bird-safe design strategies and exterior lighting to reduce light pollution.

Conclusion

Combined with energy efficiency and a reduced environmental impact, the most sustainable projects are ones that enrich the human spirit, invoke delight, and foster community over time. These are beautiful places that people will love and care for both now and decades from now. Parcel 3BC utilizes all the above design strategies to ensure a positive outcome for the community, residents, stakeholders, and the environment for the life of the project.

D. Local Economic Impact Plan Worksheet

In order to ensure that a substantial portion of the local tax benefit yields a benefit to the local community, each applicant needs to include a Local Economic Impact Plan. Complete the following worksheet and attach the required written material.

A. LOCAL CONTRACTS

Projects must have a plan for ensuring that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from a business organization or individual residing or doing business primarily in Lane County. Materials are excluded from the dollar volume calculation. If an applicant can provide evidence that a trade is not available locally, payment for services attributed to that trade may be excluded from the dollar volume calculation. Should a MUPTE be granted and at the end of construction, the developer will need to submit a report of the home city or zip code of all of the construction labor workers.

\$46,771,721	Total Estimated Professional Services and Construction Contracts
\$25,724,446	Local to Lane County
55%	% of Total that is Estimated to be Local
\$21,047,275	Not Local to Lane County

 Attach narrative on how this will be achieved. Identify the likely general contractor. Also include information on trades not available locally, if applicable.

B. MINORITY & WOMEN BUSINESS ENTERPRISES

MUPTE recipients need to ensure that qualified minority and women business enterprises have an equitable opportunity to compete for development related contracts. Initial next to the following three minimum steps to indicate your understanding and commitment to comply:

- JA Developer will access lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Oregon State Office of Minority, Women and Emerging Small Business (<http://www4.cbs.state.or.us/ex/dir/omwesb/>).
- JA Developer will search for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program website (<http://dasapp.oregon.gov/qrf/index.aspx>).
- JA Developer will advertise in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

 Attach narrative on any other steps you plan to take so that minority and women business enterprises have an equitable opportunity to compete.

C. COMPLIANCE WITH LAWS

The developer needs to ensure that all parties involved, including contractors and subcontractors, comply with wage, tax, and licensing laws. Initial next to the following four requirements to indicate your understanding and commitment to comply:

JA Methods are in place to ensure all contractors performing work are licensed and performing in compliance with ORS 701 (Construction Contractors and Contracts).

 *Attach a narrative to describing the methods.*

JA Developer will provide the City with a list of all contractors performing work on the project. Before a contractor performs any work on the project, the contractor must be included on the list on file with the City. Owner will confirm that each contractor has valid, current licensing, insurance, bonding, and workers compensation coverage.

JA Developer 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 described in ORS 305.620 (local taxes) and ORS Chapters 316, 317 and 318 (state income taxes). City staff can provide a template of an affidavit for this purpose, if needed.

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

Essex - Local Economic Impact Plan

Who We Are

We are a dynamic construction company created by builders who love their craft. We embrace and respect our employees as our teammates. Our clients always receive our honest respect and absolute best effort. We treat our construction partners with fairness and accountability. We strive to make a fair profit while building safely and right the first time. We are stewards of our community, and mindful of the built and natural environment.

Essex and The Local Construction Community

Essex has been constructing buildings and building relationships in Lane County since 1987. We bring a long history of work experience with most of the subcontractors and suppliers in the county, having completed projects with every major subcontractor and supplier in our area, along with many of the smaller ones. Our relationships with local construction partners are based on shared goals, clear expectations, excellent communication, attention to detail in both construction and contract documents, and hands-on project administration. Essex's reputation for effective project management has enabled us to create strong, productive relationships with these firms and individuals, and get the best value for our projects.

The list below shows some of the contractors that Essex regularly works with. We will send bid invitations to all local subcontractors and suppliers during the bidding process for this project.

Scope of Work	Company Name	Certifications	Office Location
General Contractor	Essex General Construction		Eugene, OR
Concrete, Site Concrete	3 C Custom Commercial Concrete		Springfield, OR
Concrete, Site Concrete	Dynasty Concrete Co.		Eugene, OR
Rebar	Farwest Steel		Eugene, OR
Ready Mix	Knife River Corporation		Eugene, OR
Ready Mix	Riverbend Materials		Eugene, OR
Masonry	Haps Masonry		Eugene, OR
Metal Fabrication	Kiwifab Inc.		Eugene, OR
Metal Fabrication	Gibson Steel Fabricating		Eugene, OR
Metal Fabrications	Commercial Metal Products		Springfield, OR
Metal Erection	West Side Iron	DBE, MBE	Springfield, OR
Wood Framing	Real Contractors LLC		Eugene, OR
Wood Framing	Tall Pine Contractors Inc		Marcola, OR
Finished Carpentry	LJ Pearson Construction Inc.		Springfield, OR
Building Insulation	Home Insulation		Eugene, OR
Roofing	River Roofing		Springfield, OR
Roofing	Evergreen Roofing		Eugene, OR
Roofing, Sheetmetal	Rock Roofing & Sheet Metal Inc		Eugene, OR
Sheetmetal	Smith Sheet Metal		Springfield, OR
Sheetmetal	Stedman Sheetmetal Inc		Springfield, OR
Waterproofing	LDC, Inc.		Springfield, OR
Millwork & Doors	Mid-Valley Glass & Millwork		Eugene, OR
Storefront & Glazing	Culver Glass Company		Eugene, OR
Storefront & Glazing	Lane County Glass		Eugene, OR
Storefront & Glazing	I-5 Glass		Springfield, OR
Metal Stud, Drywall, ACT	Haas Contracting		Springfield, OR

Essex - Local Economic Impact Plan

Scope of Work	Company Name	Certifications	Office Location
Metal Stud, Drywall, ACT	Hartness Drywall		Cottage Grove, OR
Metal Stud, Drywall, ACT	Oregon Ceiling & Acoustics LLC	ESB, MBE	Eugene, OR
Metal Stud, Drywall, ACT	Hathaways		Eugene, OR
Painting	One-Way Painting		Junction City, OR
Painting	Gaviotas Painting	WBE	Eugene, OR
Painting	WC Finishes Inc		Springfield, OR
Tile, Flooring	Rubensteins Contract Carpet LLC		Eugene, OR
Signage	Fastsigns of Eugene		Eugene, OR
Signage	Image King Signs		Eugene, OR
Signage	ES&A Sign & Awning		Eugene, OR
Casework, Countertops	Lanz Cabinets		Eugene, OR
Casework	Old-Mill Cabinets		Springfield, OR
Casework	Advance Cabinet Designs Inc.		Eugene, OR
Countertops	Precision Surfaces		Eugene, OR
Countertops	Pro Contracting		Eugene, OR
Window Coverings	Budget Blinds of Eugene		Eugene, OR
Window Coverings	VSC Window Coverings		Eugene, OR
Sprinkler	Omlid & Swinney		Springfield, OR
Sprinkler, Plumbing, HVAC	Harvey & Price		Eugene, OR
Plumbing	Twin Rivers		Eugene, OR
Plumbing	Brothers Plumbing Inc		Creswell, OR
Plumbing	Kevin Cohen Plumbing Inc		Springfield, OR
HVAC	Comfort Flow Heating		Springfield, OR
HVAC	Innovative Air Inc		Eugene, OR
Electrical	Reynolds Electric		Springfield, OR
Electrical	Contractors Electric LLC	ESB	Eugene, OR
Electrical	Sunset Electric Inc		Springfield, OR
Earthwork	Delta Construction Co		Eugene, OR
Earthwork	Kipco Construction LLC		Eugene, OR
Earthwork	Pacific Excavation Inc.		Eugene, OR
Site Concrete	Roger Langeliers Construction Co.		Eugene, OR
Landscaping	Rexius Forest By-Products Inc		Eugene, OR
Landscaping	Gratons Custom Landscapes		Junction City, OR
Landscaping	Andersons Erosion Control Inc	DBE, WBE	Junction City, OR
Fencing & Gates	Island Fence		Junction City, OR
Fencing & Gates	Oregon Fence Co.		Springfield, OR

▲ Parcel 3BC - MUPTe Application

Essex - Local Economic Impact Plan

Outreach

Essex is committed to working with local businesses and cultivating relationships with small businesses and utilizing as many MWESB firms certified through COBID. Our deep relationships with local businesses have contributed to a large bench of local firms we can collaborate with on this project. For this reason we are confident we will be able to provide over 60% of the construction labor (in dollars) from contractors with a presence in Lane County.

Outreach and inclusion of MWESB certified firms is essential to maximize participation. We utilize Building Connected a web-based software program to create bid packages, distribute invitations to bid and manage the bid process. This gives us access to a large database of subcontractors and enables us to drill down and focus on local and/or MWESB subcontractors. The bottom line is that by leveraging this technology we can reach the specific subcontractors we need to meet the particular requirements of each project.

To assure maximum utilization of certified firms on the project, Essex will solicit for all project packages in an open, fair and competitive process.

- Certified firms' eligibility will be determined through state COBID lists.
- Outreach will start during pre-construction to provide advance notice to certified firms through key trade and business organizations such as OAME that promote utilization of minority and women owned firms.
- Essex will contact firms by phone, email and/or fax notifying them of anticipated work available on the project.
- Information shall be posted through Essex's Building Connected site to facilitate assessment of the interest of certified firms for the work on the project.
- Advertisement at least three weeks prior to bid opening in the Daily Journal of Commerce, Eugene Builders Exchange and the Portland Observer.
- A notification will be placed in OAME's newsletter and at their meetings. We will also host a table at a minimum of one OAME meeting to talk about the project with potential subcontractors and suppliers.
- Essex will maintain full sets of plans and specifications for solicitation packages where possible at local plan centers, such as (but not limited to), Eugene Builders Exchange, DJC and at any other plan centers deemed appropriate.

F. Project Design and Compatibility Worksheet

 Attach two schematic drawings drawn to a minimum scale of one inch equals 16 feet (1" = 16'):

1. Site plan and major features and dimensions of the proposed development.
2. Side and front elevations of the proposed development.

Identify on both drawings public and private access, parking and circulation plans, and proposed landscaping design. If Council approves the exemption, these schematic drawings will be attached to the approval resolution.

 Attach a written description of the exterior finishes, public and private access, parking and circulation plans, and proposed landscaping design.

 Attach a written narrative, with supporting graphics, renderings, or elevations of the proposed development that describes how the project will address the basic design concepts listed below.

Basic Design Concepts & Recommended Design Techniques

During the MUPTE application evaluation process, the City's Urban Design team will assess how the project addresses the four basic design concepts listed below. Also included below are recommended design techniques to assist in achieving these design concepts and serve as a way to create objective standards in design. These design techniques will provide non-regulatory guidance and are not prerequisites to receiving a MUPTE. The City's Urban Design team will reference the recommended techniques below in the evaluation it provides to the Review Panel of the submitted design. For additional guidance, refer to the Community Design Handbook, which can be found at www.eugene-or.gov/designhandbook.

Scale Form and Quality: Buildings are designed for the human scale, appropriate to local climate and natural resiliency, to engage the street, promote transparency, help define a sense of place, fit the neighborhood, and employ high-quality and contextually appropriate materials and colors. Recommended techniques include:

- Reference the rhythm of the building's structural system and spacing when placing bays, projecting columns or pilasters, windows, storefronts, and doors.
- Incorporate the use of balconies and terraces on residential and mixed-use buildings to provide additional articulation, shadows, indoor/outdoor connections, and eyes on the street.
- Use high quality, durable building materials and incorporate architectural elements and level of detailing, trim, texture and finish that is comparable on all building facades.
- Organize windows utilizing unifying elements such as common sill or header lines.
- Utilize a color and material placement consistent with architectural massing and structural bays. Do not switch colors or materials on the façade that do not respond to the architecture and articulation.
- Provide visual interest and accent shade and shadow by varying the building massing or highlighting different uses within the building by pushing or pulling the façade.

Mixture of Project Elements: The proposal employs a mixture of project elements that contribute to a walkable downtown, encourage biking and transit use, enrich the streetscape, and support community comfort and safety at all hours. Recommended techniques include:

- Provide entries for each ground floor retail and commercial establishment to facilitate pedestrian circulation and to add a finer grain to the layout of ground floor uses.
- Use building composition and form to enhance important wayfinding functions, such as the use of a vertical element to accentuate a corner entry into a building or to define a gateway.
- Establish a building entry hierarchy to delineate the difference between uses.
- Use horizontal and vertical separation for ground floor residential units to create a transitional area between the public realm and the residences. Utilize landscaping, screening elements, and other architectural features to further enhance privacy for both residents and passersby.

Relationship to the Street and Surrounding Uses: The proposal is designed to engage and enrich the streetscape, as well as respect and enhance the existing surrounding uses. Recommended techniques include:

- Shelter entries by using awnings and/or by recessing the entry within the building façade.
- Provide a high degree of transparency for all ground floor commercial uses.
- Consider the use of clerestory windows on storefronts and other ground floor commercial uses.
- Where appropriate, place awnings above storefront windows.
- Use ground floor sidewalk frontage for active daytime uses.

Parking and Circulation: Parking is designed to provide, to the greatest extent possible, locations for car sharing, integrated shared-parking strategies, electric car charging stations, and safe and attractive pedestrian/bicycle connections between parking and adjacent buildings and streets. Recommended techniques include:

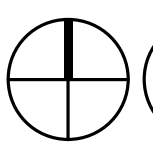
- Provide clear and attractive pedestrian and bicycle connections that minimize vehicle conflicts. Consider utilizing lighting to enhance safety and wayfinding.
- Consider landscaping and material change to highlight the pedestrian and bicycle amenities.
- Provide pedestrian and bicycle connections to the existing street grid when possible.
- Wrap the facades of the building with commercial and/or residential uses, internalizing the parking facility where appropriate for buildings with above ground parking structures.
- Utilize screening that replicates the proportions, rhythm, and scale of the building's other architectural elements and complements the overall building design where a parking structure is exposed to the public realm.
- Design screening to block views of all parked cars within the structure and limit the impacts associated with internal facility lighting and the headlights of cars.
- Do not express the sloping floors of parking structures on the exterior façade of the building.

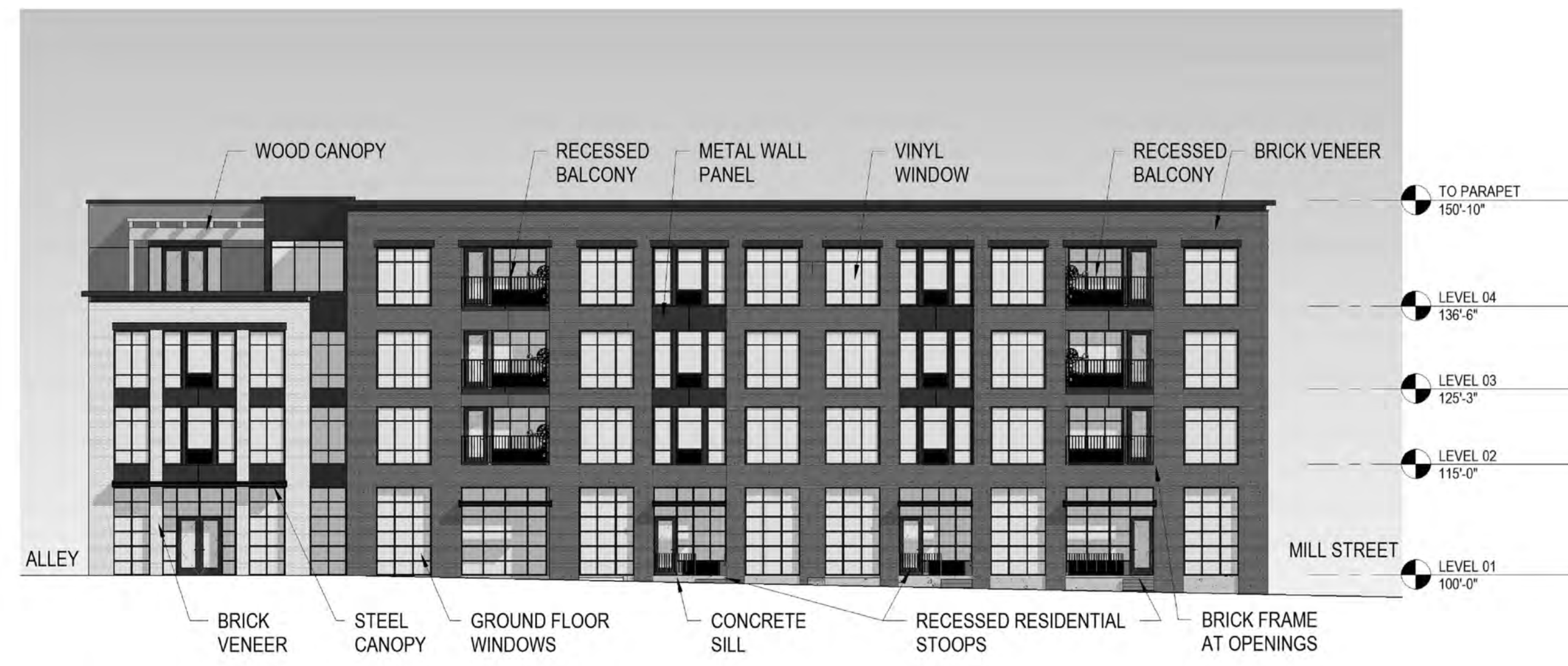








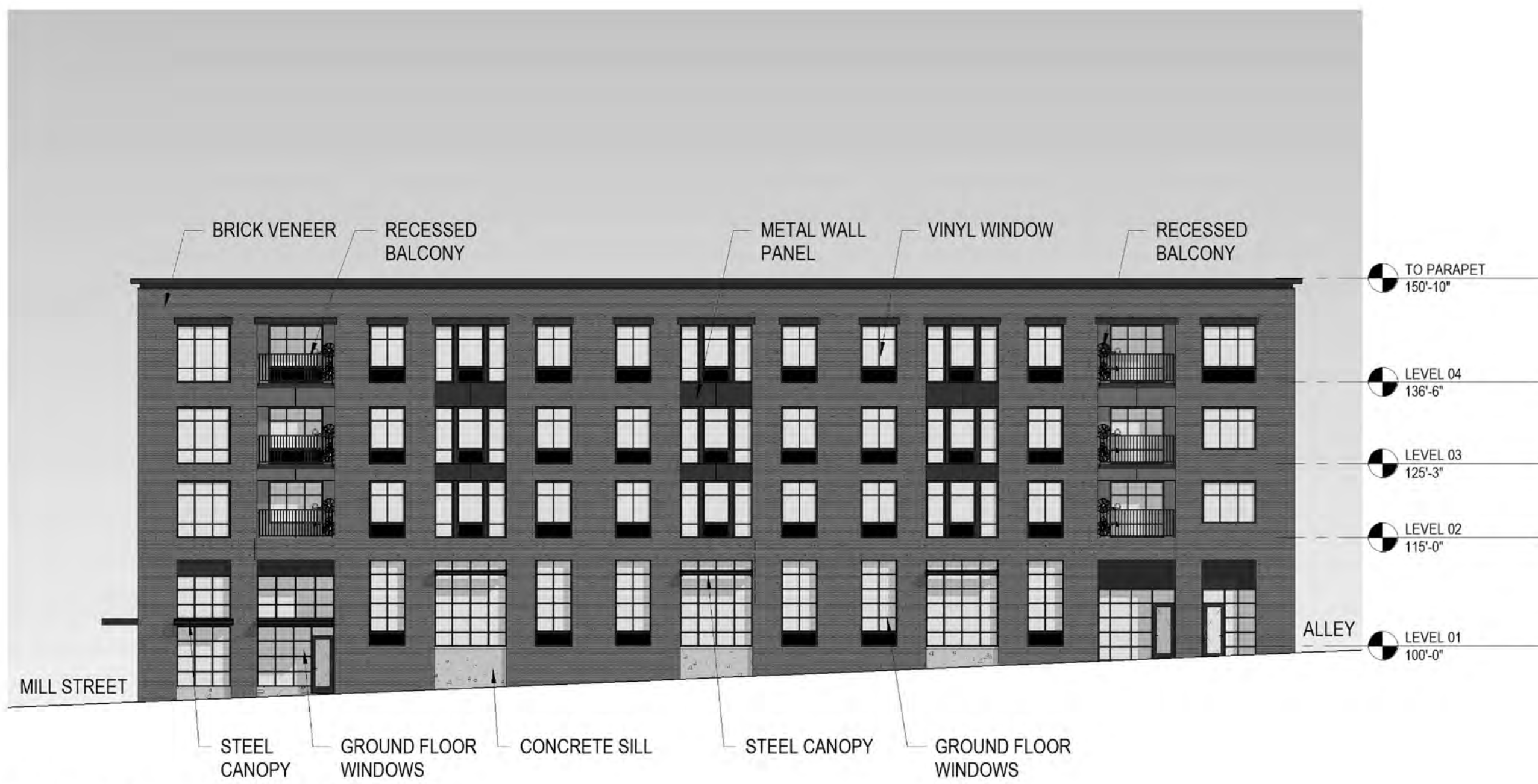
 1 FLOOR PLAN - LEVEL 04
1/16" = 1'-0"



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



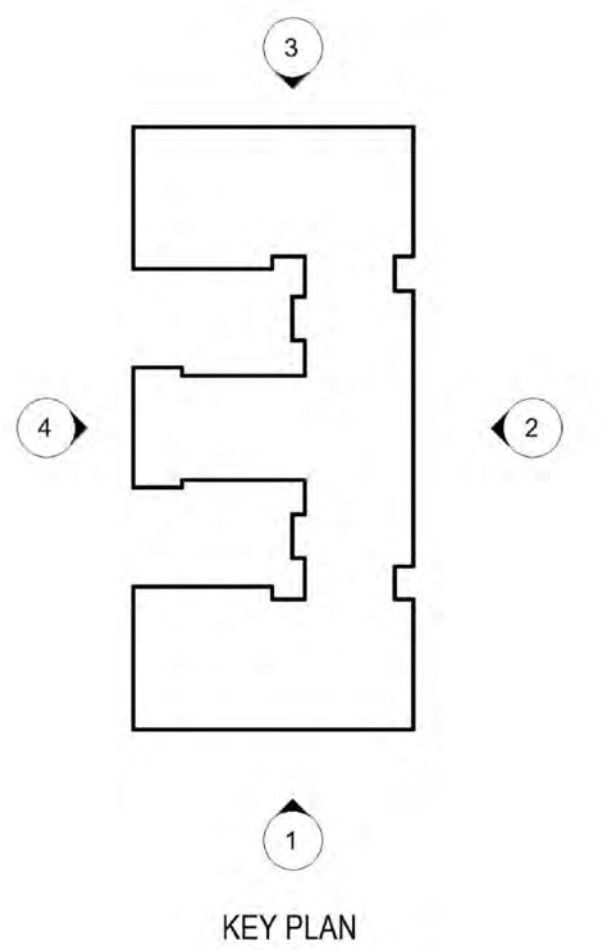
2 EAST ELEVATION
1/16" = 1'-0"



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



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



KEY PLAN





Project Design and Compatibility Narrative

Eugene Riverfront District

ERD Parcel 3BC – Scenario A & B

Scale Form and Quality

Inspired by the concept of “Where the City Meets the River,” the ERD Parcel 3BC project is designed to activate 5th Avenue, draw the urban character of downtown towards 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 floor to ceiling windows 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. Deeply recessed balconies reinforce the architectural rhythm and introduce interesting shadows. The elevation design is further punctuated by details such as brick treatments around the windows.

Scenario A and Scenario B are primarily distinguished by their building height with both options maintaining quality materials, architectural vocabulary, exterior façade detailing, and window organization. Because of these similarities, this narrative addresses both scenarios without any specific distinctions.

Mixture of Project Elements

The building is designed to contribute to a walkable downtown. The south wing of the building is set back from the property line to create an inviting entry to the lobby from 5th Avenue and to provide a degree of privacy for residential stoops at the ground floor. The lobby is located in a pavilion with a roof deck amenity at the upper level, highlighting the southwest corner of the building as the public interface to the district. As the grade falls away towards 5th and Mill, residential stoops with landscape screening step down to the street.

The Mill Street frontage has residential units at the ground level that have a vertical separation from the grade plane for privacy for the residents and passersby. These

units have deep inset patios to create visual interest in the façade. A residential amenity is located at the corner of 4th and Mill to ensure that there is an active use at this frontage.

The project will incorporate site and building mounted lighting to support community comfort and safety at all hours.

From the early phases of master planning, the Eugene Riverfront District was envisioned to provide transit connections to the neighborhood. The project teams have been in coordination with Lane Transit District to plan bus stops and routes through the district. The location of building entrances and the sidewalk design have been planned to accommodate potential bus stops.

Relationship to the Street and Surrounding Uses

Entries to the building are sheltered by large steel canopies as well as recessing the entries within the building façade. Large ground floor windows provide a high degree of transparency at all street facing façades. The building's stoops, patios, and upper level amenity deck bring residents out to interface with the street. Street trees and stormwater planting enrich the streetscape.

Parking and Circulation

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.

In alignment with the City of Eugene's Climate Action Plan to reduce transportation emissions and increase use of electric vehicles, the project will be electric vehicle charging station ready with infrastructure to support market demand. The EV charging station infrastructure will include empty conduit, pull vaults, and electrical system sizing appropriate to support future installation. The main pedestrian and bicycle connections are tied to the existing street grid, reducing pedestrian/vehicle conflicts. Long term bicycle parking is provided in secure and convenient bike rooms and within units. Short term bicycle parking will be located near building entrances to encourage bicycle use for residents and visitors.

G. Historic Housing & Sensitivity Worksheet

Any application for a project that is immediately adjacent or contiguous to a historic locale shall include a plan to mitigate impacts to the historic locale.⁴ The project shall preserve and enhance an existing historic locale, as evidenced by a concept plan that has been reviewed by a Planning & Development Department staff person with expertise in design and historic preservation. No exemption shall be granted for any property where a historic structure or potential historic structure has been demolished or removed from the property within the two years immediately preceding the MUPTE application date. This restriction shall be waived if the owner of the property gave notice of the intent to demolish or move the structure to Planning staff responsible for historic review issues at least 60 days before the owner's application for a demolition or moving permit from the City.

- i. Is the project immediately adjacent or contiguous to an historic locale?⁵

☐ Yes ☒ No

☒ If yes, attach the confirmation letter from Planning staff that states the concept plan review is complete and accepted.

- ii. Was an historic structure or potential historic structure demolished or removed from the property within the two years immediately preceding the date of application for the exemption?

☒ Yes ☐ No

☒ If yes, attach the letter from Planning staff that states proper notification was provided before removing any structures and that historic structures were appropriately addressed.

No exemption shall be granted for any property on which any housing unit has been demolished or removed from the property within the last two years. This restriction can be waived if the proposed project increases the number of dwelling units by 50% from what previously existed or if it replaces the old units by significantly larger units that will accommodate families.

- iii. Was housing demolished or removed from the property within the prior two years?

☐ Yes ☒ No

If yes, Number of units: _____

Number of houses: _____

Number of bedrooms per house: _____

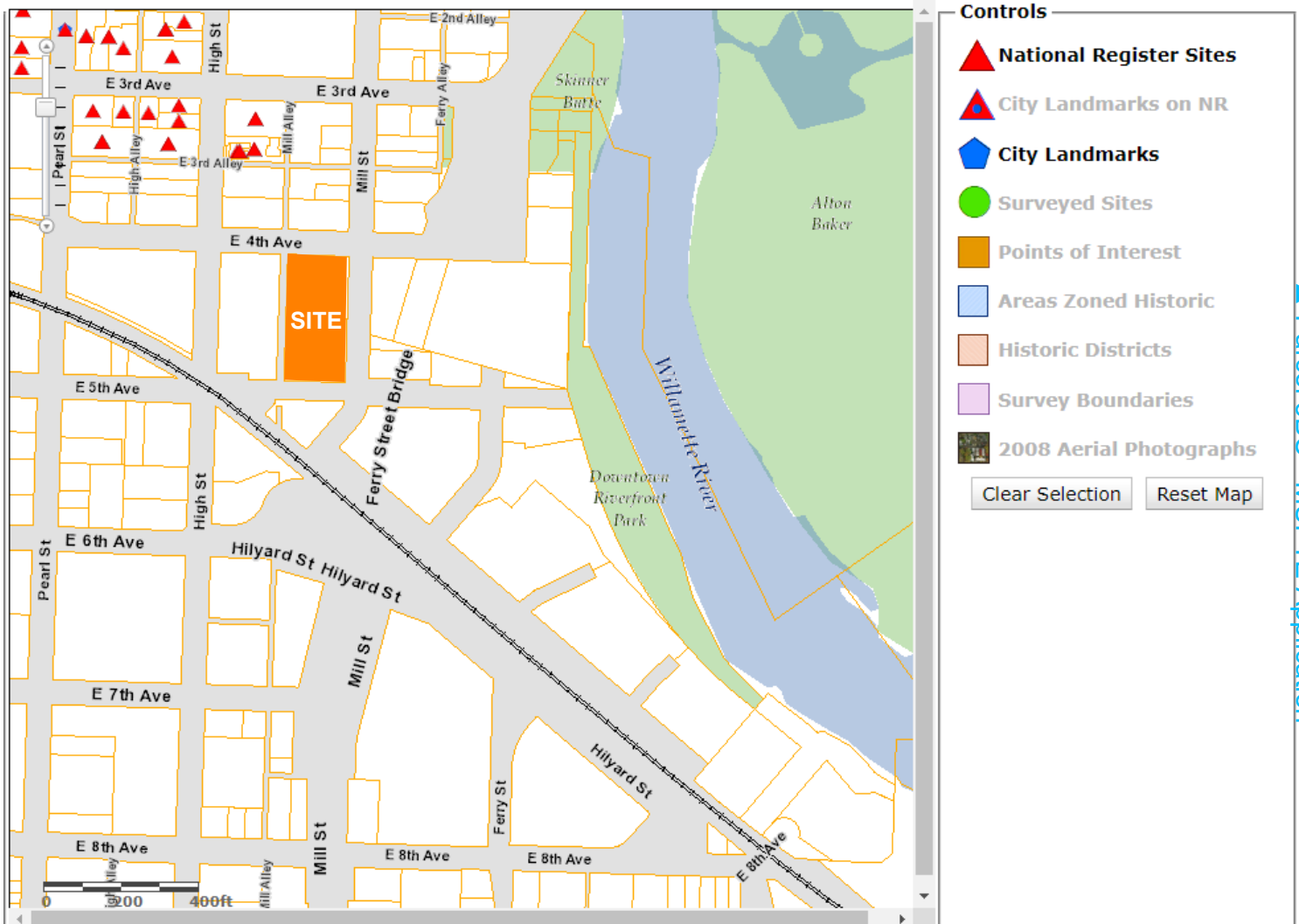
⁴ As defined in the Administrative Rule, an historic locale is a building that has historic, cultural and/or architectural significance, locally, regionally, or nationally. A historic locale can also include a building acknowledged by the Eugene Historic Review Board as strongly or possibly eligible for City Landmark or National Register listing.

⁵ Contact Rodney Bohner with the City of Eugene's Planning Department to determine whether the project is adjacent or contiguous to a historic locale. (Rodney.t.bohner@ci.eugene.or.us, 541-682-5437)

Historic Housing Map

Eugene Riverfront District

ERD Parcel 3BC - Scenario A & B



Parcel 3BC - MUPT Application



Atrium Building
99 west 10th Avenue
Eugene, Oregon 97401
Phone: 541-682-5377
Fax: 541-682-5572
www.eugene-or.gov/planning

June 24, 2021

SERA
c/o Joshua Lupkin, NCARB
338 NW 5th Ave.
Portland, OR 97209

RE: Eugene Riverfront District - Parcel 3BC MUPTE Application; Historic & Existing Housing Sensitivity

Thank you for submitting your MUPTE application materials for review. The subject site is adjacent to one structure which meets the Oregon State Historic Preservation Office's (SHPO) criteria for historic resource eligibility (Ferry Street Bridge and railroad Viaduct), meeting the MUPTE application's definition of "historic locale," and consequently triggering review by City planning staff. Planning staff have reviewed the submitted materials and potential impacts to the Ferry Street Bridge Viaduct. Staff appreciate the chance to provide feedback regarding the project.

With regards to Part i of Section G Historic Housing & Sensitivity of the MUPTE application, the Ferry Street Bridge and railroad Viaduct ("Ferry Street Bridge and Viaduct") was constructed c. 1950, providing a direct connection from Coburg Road to downtown Eugene and the University of Oregon, and linking Highway 99 between the Sixth-Seventh couplet and East Broadway. Ferry Street Bridge is located near the location of the ferry service operated by Eugene Skinner. The bridge and viaduct are examples of a number of large-scale road projects undertaken around Eugene from the 1950s to the mid 1960's.¹ Based on its date of construction and significance tied to Eugene's transportation history, the Ferry Street Bridge and Viaduct meet the MUPTE application's definition of "historic locale."

Having reviewed the proposal, staff finds no reason to conclude that the proposal will result in a negative impact to the identified historic locale. The proposal includes no direct structural impacts, such as alterations or demolitions, to the viaduct. Furthermore, the viaduct will maintain its setting and special relationships that characterize the structure. The proposed four-story, multi-unit apartment building closely aligns with adjacent historic rights-of-way, preserving historic spatial relationships of the subject city block. In conclusion, the Ferry Street Bridge Viaduct will remain as recognizable, physical record of its time and any potential historic significance will be retained.

With regards to Part ii of Section G of the MUPTE application, three buildings were demolished in the last two years immediately preceding the date of this application. Two buildings, a vehicle shop and warehouse/operations building, were associated with past Steam Plant/Eugene Water and Electric Board (EWEB) operations on the development site. The other building, the Midgley's Building Complex, was historically used for millworks and construction industry manufacturing and supply and more recently as office space. The City of Eugene submitted the necessary Oregon SHPO Clearance Forms

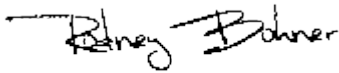
¹ "Eugene's River Road: Transportation" (PDF). City of Eugene. June 2006.

ahead of demolition activity for these structures. SHPO determined that only the EWEB Warehouse/Operations Building (also known as the Bow-Truss Building) was eligible for listing on the National Register of Historic Places (SHPO Case Nos: 11-1373 / 18-1419 / 19-0168). The building's size and location presented a conflict with the Downtown Riverfront redevelopment plan, and thus it was demolished in 2019. In order to document the historic aspects of the building, the City entered into a Memorandum of Agreement with SHPO, agreeing to complete state-level documentation which will inform a future on-site interpretive installation.

Based on the information provided in the application materials, Planning staff find that the project will preserve the existing historic locale (Part i). Further, Planning staff confirm that proper notification was provided before the demolition of eligible historic structures on the site (Part ii).

If you need any further assistance from our staff, have questions about other future restoration projects, or if you would like more information on designating the identified historic locales, please do not hesitate to get in touch.

Sincerely,



Rodney T. Bohner, Associate Planner
Eugene Planning Division | Land Use Planning
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Financial Information

Eugene Riverfront District
ERD Parcel 3BC - Scenario A ~~& B~~

Financial Cost Summary Sources of Basis

Land Acquisition

Purchase Price from City referenced directly from the current Agreement for Disposition and Development of Real Property. Land Acquisition Soft Costs assigned based on previous development experience.

Schematic Design and MUPTE Application

A/E Concept, Schematic Design, and MUPTE application fees provided in proposal from SERA Architects dated August 25, 2021. Other SD soft costs provided by third-party consultants.

Architectural / Engineering Design & Permitting

A/E Design Development, Construction Documents, and Permitting Assistance provided by SERA Architects in proposal dated August 25, 2021. Other Owner Soft Costs, City Permit Fees, SDC, and MUPTE Fees were provided by third-party consultants or assigned based on prior development experience.

Construction

Direct Construction costs were derived from Construction Cost Estimate provided by the pre-construction General Contractor. A/E Construction Observation and Administration provided by SERA Architects in proposal dated August 25, 2021. Insurance costs were derived from preliminary estimates provided by Propel Insurance. Other Owner Supplied Hard Costs are derived from previous development experience.

Project Contingency

Project Contingency set at approximately 5% of associated costs, based on previous development experience and current market conditions.

Project Finance and Operating Carry Costs

Project Finance and Operating costs based on anticipated loan terms and previous development experience.

Property Taxes

The estimated property taxes are based on the Lane County 2020 Consolidated Tax Rate (Tax Code Area 496). The Assessed Value is based on the Lane County 2020 Changed Property Ratio for Multi-Family properties (0.561). We applied a 3% annual escalator to the annual property tax amount.

Vacancy Loss

Vacancy Loss does not apply until Building has stabilized, reaching 100% occupancy.

Project Returns and Performance

The viability of the ERD Development relies on our ability to attract equity which in turn is required to secure construction financing. Two of the primary metrics investors measure to assess the viability of an investment are the project's Return on Cost and Cash on Cash Return. The Return on Cost

metric (which uses current market rents and estimated construction costs) is particularly useful for an investor to put capital into a potential development versus an existing project. The Return on Cost must be at least 100 basis points (1%) higher than current capitalization (“cap”) rates for stabilized assets. For example, if current cap rates are 4.50% to buy an existing, performing multi-family project then an investor would need a Return on Cost of at least 5.50% on a comparable development property. If our development doesn’t exceed that Return on Cost hurdle, there’s no incentive to invest equity in the Eugene Riverfront Development. Without the benefits of the MUPTE program, our current program doesn’t generate these required returns.

The second critical piece in developing a project such as Eugene Riverfront Development is to obtain construction financing. Equity investors, in order to achieve their required returns, will need construction financing at +/- 64% of total project cost. In turn, construction lenders tend to cap the amount they will lend based on a project’s “Debt Yield”. The Debt Yield is simply the underwritten stabilized net operating income (“NOI”) divided by the loan amount. Current minimum Debt Yields are approximately between 7% and 9%, which is a function of being 200-400 basis points over the project’s Return on Cost. Within that range, the specific Debt Yield that may be required is based both on the strength of the borrower’s credit history, as well as the overall capacity of the lender. Based on our underwriting, we would not be able to achieve 64% financing at a 7% to 9% debt yield without the benefit of the MUPTE program.

In addition to the assumptions above, we also utilized Affinity Property Management to provide market insight with regards to revenue generation, operating expenses, renter interest, lease-up rates, vacancy rates, utilities, and management fees.

Financial Information

Eugene Riverfront District
ERD Parcel 3BC - Scenario A

Financial Information

Eugene Riverfront District
ERD Parcel 3BC - Scenario A

▲ Parcel 3BC - MUPTe Application

Unit Mix

	Avg SF Per Unit	Unit Count	Monthly		2021 Annual
			Avg Rent	Rent/SF	
Average/Total	898	130	\$ 2,422	\$ 2.70	\$ 3,778,800
Studio	464	19	\$ 1,900	\$ 4.09	\$ 433,200
Urban 1 Bdrm	650	5	\$ 2,000	\$ 3.08	\$ 120,000
1 Bdrm	751	21	\$ 2,100	\$ 2.80	\$ 529,200
1 Bdrm + Den/Office	900	8	\$ 2,300	\$ 2.56	\$ 220,800
2 Bdrm	1,002	43	\$ 2,600	\$ 2.59	\$ 1,341,600
2 Bdrm + Den/Office	1,096	30	\$ 2,750	\$ 2.51	\$ 990,000
3 Bdrm	1,446	4	\$ 3,000	\$ 2.07	\$ 144,000

Operating Income and Expenses (stabilized)

Without MUPTe

Revenue

	Number Of Units	Avg Unit SF	Avg Rent Per SF	2021 Stabilized Total Annual	Annual Escalator	2023 Stabilized Total Annual
Total Units	130	898	\$2.70	\$ 3,778,800	4.0%	\$ 4,087,150
Vacancy loss		5.00%		(\$188,940)		(\$204,358)
Other Income						
Parking	80	\$115 /Stall/Mo.		\$110,400	3.0%	\$ 117,123
Storage	10	\$50 /Unit/Mo.		\$6,000	3.0%	\$ 6,365
Deposit on Turnover		\$175.00 PUPM	5.0%	\$13,650	3.0%	\$ 14,481
Other		\$19.50 PUPM		\$30,420	3.0%	\$ 32,273
Utility Billback		85.0% of Utility Expenses		\$64,430		\$ 74,457
Effective Gross Income				\$ 3,814,760		\$ 4,127,493

Operating Expenses

	PUPM	PUPY	2021 Total Annual	Annual Escalator	2023 Total Annual
Payroll	\$159.48	\$1,914	\$248,789	5.0%	\$ 274,290
Administration	\$15.84	\$190	\$24,710	3.0%	\$ 26,215
Advertising/Marketing	\$76.32	\$916	\$119,059	3.0%	\$ 126,310
Utilities	\$48.59	\$583	\$75,800	7.5%	\$ 87,597
Repairs/Maintenance	\$19.57	\$235	\$30,529	4.0%	\$ 33,020
Turnover	\$16.15	\$194	\$25,194	4.0%	\$ 27,250
Contracted Services	\$18.88	\$227	\$29,453	4.0%	\$ 31,856
Insurance (prop + excess)	\$41.58	\$499	\$64,865	3.0%	\$ 68,815
Property Taxes	\$415.04	\$4,980	\$647,464	3.0%	\$ 686,895
Management Fee	3.5%	\$85.59	\$133,517		\$144,462
Reserve/Replacement	\$20.83	\$250	\$32,495	0.0%	\$ 32,495
Total Expenses	37.5% of EGI	\$917.87	\$1,431,875		\$1,539,205

Net Operating Income

\$2,382,885

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\$2,588,287

With MUPTe

Revenue

	Number Of Units	Avg Unit SF	Avg Rent Per SF	2021 Stabilized Total Annual	Annual Escalator	2023 Stabilized Total Annual
Total Units	130	898	\$2.70	\$ 3,778,800	4.0%	\$ 4,087,150
Vacancy loss		5.00%		(\$188,940)		(\$204,358)
Other Income						
Parking	80	\$115 /Stall/Mo.		\$110,400	3.0%	\$ 117,123
Storage	10	\$50 /Unit/Mo.		\$6,000	3.0%	\$ 6,365
Deposit on Turnover		\$175.00 PUPM	5.0%	\$13,650	3.0%	\$ 14,481
Other		\$19.50 PUPM		\$30,420	3.0%	\$ 32,273
RUBS		85.0% of Utility Expenses		\$64,430		\$ 74,457
Effective Gross Income				\$ 3,814,760		\$ 4,127,493

Operating Expenses

	PUPM	PUPY	2021 Total Annual	Annual Escalator	2023 Total Annual
Payroll	\$159.48	\$1,914	\$248,789	5.0%	\$ 274,290
Administration	\$15.84	\$190	\$24,710	3.0%	\$ 26,215
Advertising/Marketing	\$76.32	\$916	\$119,059	3.0%	\$ 126,310
Utilities	\$48.59	\$583	\$75,800	7.5%	\$ 87,597
Repairs/Maintenance	\$19.57	\$235	\$30,529	4.0%	\$ 33,020
Turnover	\$16.15	\$194	\$25,194	4.0%	\$ 27,250
Contracted Services	\$18.88	\$227	\$29,453	4.0%	\$ 31,856
Insurance (prop + excess)	\$41.58	\$499	\$64,865	3.0%	\$ 68,815
Property Taxes	\$11.68	\$140	\$18,226	3.0%	\$ 19,336
Management Fee	3.5%	\$85.59	\$133,517		\$144,462
Reserve/Replacement	\$20.83	\$250	\$32,495	0.0%	\$ 32,495
Total Expenses	21.0% of EGI	\$514.51	\$802,637		\$871,646

Net Operating Income

\$3,012,123

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\$3,255,846

Parcel 3B/C – Scenario A
10-Year Operating Pro Forma

10-Year Pro Forma without MUPTE		Year									
		1 (LEASE-UP)	2	3	4	5	6	7	8	9	10
	Escalator	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Revenue	3.0%	\$3,301,160	\$4,209,765	\$4,336,058	\$4,466,139	\$4,600,123	\$4,738,127	\$4,880,271	\$5,026,679	\$5,177,479	\$5,332,804
Vacancy loss	5.00%	(\$119,209)	(\$210,488)	(\$216,803)	(\$223,307)	(\$230,006)	(\$236,906)	(\$244,014)	(\$251,334)	(\$258,874)	(\$266,640)
Other Income											
Parking	3.0%	\$94,600	\$120,637	\$124,256	\$127,984	\$131,823	\$135,778	\$139,851	\$144,047	\$148,368	\$152,819
Storage	3.0%	\$5,141	\$6,556	\$6,753	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829	\$8,063	\$8,305
Deposit on Turnover	3.0%	\$11,696	\$14,916	\$15,363	\$15,824	\$16,299	\$16,788	\$17,291	\$17,810	\$18,344	\$18,895
Other	3.0%	\$26,066	\$33,241	\$34,238	\$35,265	\$36,323	\$37,413	\$38,535	\$39,691	\$40,882	\$42,108
Utility Billback	3.0%	\$60,139	\$76,691	\$78,992	\$81,362	\$83,802	\$86,316	\$88,906	\$91,573	\$94,320	\$97,150
Effective Gross Income		\$3,379,593	\$4,251,317	\$4,378,857	\$4,510,223	\$4,645,529	\$4,784,895	\$4,928,442	\$5,076,295	\$5,228,584	\$5,385,442
Operating Expenses											
Expenses	3.0%	\$675,353	\$695,614	\$716,482	\$737,977	\$760,116	\$782,919	\$806,407	\$830,599	\$855,517	\$881,183
Management Fee	3.5% of EGI	\$118,286	\$148,796	\$153,260	\$157,858	\$162,594	\$167,471	\$172,495	\$177,670	\$183,000	\$188,490
Property Taxes											
Land	3.0%	\$19,336	\$19,916	\$20,514	\$21,129	\$21,763	\$22,416	\$23,089	\$23,781	\$24,495	\$25,229
Improvements	3.0%	\$667,559	\$687,585	\$708,213	\$729,459	\$751,343	\$773,883	\$797,100	\$821,013	\$845,643	\$871,013
Total Property Taxes		\$686,895	\$707,502	\$728,727	\$750,589	\$773,106	\$796,300	\$820,189	\$844,794	\$870,138	\$896,242
Reserve/Replacement	0.0%	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495
Total Operating Expenses		\$1,513,029	\$1,551,912	\$1,598,469	\$1,646,423	\$1,695,816	\$1,746,690	\$1,799,091	\$1,853,064	\$1,908,656	\$1,965,915
Expense % of EGI		44.8%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%
Net Operating Income		\$1,866,565	\$2,699,406	\$2,780,388	\$2,863,800	\$2,949,713	\$3,038,205	\$3,129,351	\$3,223,232	\$3,319,929	\$3,419,526

10-Year Pro Forma with MUPTE		Year									
		1 (LEASE-UP)	2	3	4	5	6	7	8	9	10
	Escalator	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Revenue	3.0%	\$3,301,160	\$4,209,765	\$4,336,058	\$4,466,139	\$4,600,123	\$4,738,127	\$4,880,271	\$5,026,679	\$5,177,479	\$5,332,804
Vacancy loss	5.00%	(\$119,209)	(\$210,488)	(\$216,803)	(\$223,307)	(\$230,006)	(\$236,906)	(\$244,014)	(\$251,334)	(\$258,874)	(\$266,640)
Other Income											
Parking	3.0%	\$94,600	\$120,637	\$124,256	\$127,984	\$131,823	\$135,778	\$139,851	\$144,047	\$148,368	\$152,819
Storage	3.0%	\$5,141	\$6,556	\$6,753	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829	\$8,063	\$8,305
Deposit on Turnover	3.0%	\$11,696	\$14,916	\$15,363	\$15,824	\$16,299	\$16,788	\$17,291	\$17,810	\$18,344	\$18,895
Other	3.0%	\$26,066	\$33,241	\$34,238	\$35,265	\$36,323	\$37,413	\$38,535	\$39,691	\$40,882	\$42,108
Utility Billback	3.0%	\$60,139	\$76,691	\$78,992	\$81,362	\$83,802	\$86,316	\$88,906	\$91,573	\$94,320	\$97,150
Effective Gross Income		\$3,379,593	\$4,251,317	\$4,378,857	\$4,510,223	\$4,645,529	\$4,784,895	\$4,928,442	\$5,076,295	\$5,228,584	\$5,385,442
Operating Expenses											
Expenses	3.0%	\$675,353	\$729,083	\$750,956	\$773,484	\$796,689	\$820,590	\$845,207	\$870,564	\$896,681	\$923,581
Management Fee	3.5% of EGI	\$118,286	\$148,796	\$153,260	\$157,858	\$162,594	\$167,471	\$172,495	\$177,670	\$183,000	\$188,490
Property Taxes											
Land	3.0%	\$19,336	\$19,916	\$20,514	\$21,129	\$21,763	\$22,416	\$23,089	\$23,781	\$24,495	\$25,229
Improvements	3.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Property Taxes		\$19,336	\$19,916	\$20,514	\$21,129	\$21,763	\$22,416	\$23,089	\$23,781	\$24,495	\$25,229
Reserve/Replacement	0.0%	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495	\$32,495
Moderate-Income Housing Fee				\$95,660	\$95,660	\$95,660	\$95,660	\$95,660	\$95,660	\$95,660	\$95,660
Total Operating Expenses		\$845,470	\$930,291	\$1,052,885	\$1,080,627	\$1,109,201	\$1,138,632	\$1,168,946	\$1,200,170	\$1,232,331	\$1,265,456
Expense % of EGI		25.0%	21.9%	24.0%	24.0%	23.9%	23.8%	23.7%	23.6%	23.5%	23.5%
Net Operating Income		\$2,534,123	\$3,321,027	\$3,325,972	\$3,429,596	\$3,536,329	\$3,646,263	\$3,759,496	\$3,876,125	\$3,996,253	\$4,119,986

Parcel 3B/C – Scenario A
Debt Service Summary

Debt Calculation

Loan Amount	\$37,501,094
Interest Rate	5.50%
Amortization	30 Years
Annual Debt Service	\$2,555,125

Debt Service without MUPTE

	Year									
	1	2	3	4	5	6	7	8	9	10
	LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Net Operating Income	\$1,866,565	\$2,699,406	\$2,780,388	\$2,863,800	\$2,949,713	\$3,038,205	\$3,129,351	\$3,223,232	\$3,319,929	\$3,419,526
Construction Loan Interest 2.50%	\$468,764									
Permanent Loan Debt Service	\$1,277,563	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125
Debt Service Coverage Ratio (DSCR)		1.06	1.09	1.12	1.15	1.19	1.23	1.26	1.30	1.34
Before Tax Cash Flow	\$120,239	\$144,281	\$225,263	\$308,674	\$394,588	\$483,080	\$574,226	\$668,107	\$764,804	\$864,401

Debt Service with MUPTE

	Year									
	1	2	3	4	5	6	7	8	9	10
	LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Net Operating Income	\$2,534,123	\$3,321,027	\$3,325,972	\$3,429,596	\$3,536,329	\$3,646,263	\$3,759,496	\$3,876,125	\$3,996,253	\$4,119,986
Construction Loan Interest 2.50%	\$468,764									
Permanent Loan Debt Service	\$1,277,563	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125
Debt Service Coverage Ratio (DSCR)		1.30	1.30	1.34	1.38	1.43	1.47	1.52	1.56	1.61
Before Tax Cash Flow	\$787,797	\$765,902	\$770,847	\$874,471	\$981,204	\$1,091,138	\$1,204,371	\$1,321,000	\$1,441,128	\$1,564,861

Funding Sources for Parcel 3B/C - Scenario A

Loan	64.0%	\$37,501,094
Equity	36.0%	\$21,094,365
Total Sources of Funding	100.0%	\$58,595,459

Parcel 3B/C – Scenario A
Projected 10-Year Cash-on-Cash Rate of Return Analysis

Cash-on-Cash Return without MUPTE		Year									
		1	2	3	4	5	6	7	8	9	10
		LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Income		\$3,379,593	\$4,251,317	\$4,378,857	\$4,510,223	\$4,645,529	\$4,784,895	\$4,928,442	\$5,076,295	\$5,228,584	\$5,385,442
Operating Expenses		\$1,513,029	\$1,551,912	\$1,598,469	\$1,646,423	\$1,695,816	\$1,746,690	\$1,799,091	\$1,853,064	\$1,908,656	\$1,965,915
Net Operating Income		\$1,866,565	\$2,699,406	\$2,780,388	\$2,863,800	\$2,949,713	\$3,038,205	\$3,129,351	\$3,223,232	\$3,319,929	\$3,419,526
Debt Service		\$1,746,326	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125
Cash Flow		\$120,239	\$144,281	\$225,263	\$308,674	\$394,588	\$483,080	\$574,226	\$668,107	\$764,804	\$864,401
Cash-on-Cash Return	Equity: \$21,094,365	0.57%	0.68%	1.07%	1.46%	1.87%	2.29%	2.72%	3.17%	3.63%	4.10%

Cash-on-Cash Return with MUPTE		Year									
		1	2	3	4	5	6	7	8	9	10
		LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Income		\$3,379,593	\$4,251,317	\$4,378,857	\$4,510,223	\$4,645,529	\$4,784,895	\$4,928,442	\$5,076,295	\$5,228,584	\$5,385,442
Operating Expenses		\$845,470	\$930,291	\$1,052,885	\$1,080,627	\$1,109,201	\$1,138,632	\$1,168,946	\$1,200,170	\$1,232,331	\$1,265,456
Net Operating Income		\$2,534,123	\$3,321,027	\$3,325,972	\$3,429,596	\$3,536,329	\$3,646,263	\$3,759,496	\$3,876,125	\$3,996,253	\$4,119,986
Debt Service		\$1,746,326	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125	\$2,555,125
Cash Flow		\$787,797	\$765,902	\$770,847	\$874,471	\$981,204	\$1,091,138	\$1,204,371	\$1,321,000	\$1,441,128	\$1,564,861
Cash-on-Cash Return	Equity: \$21,094,365	3.73%	3.63%	3.65%	4.15%	4.65%	5.17%	5.71%	6.26%	6.83%	7.42%

Return on Cost

ROC without MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$2,382,885	\$2,588,287
Total Project Cost	\$58,595,459	\$58,595,459
Return on Cost	4.07%	4.42%

ROC with MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$3,012,123	\$3,255,846
Total Project Cost	\$58,595,459	\$58,595,459
Return on Cost	5.14%	5.56%

Debt Yield

Debt Yield without MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$2,382,885	\$2,588,287
Total Loan Amount (64% LTC)	\$37,501,094	\$37,501,094
Debt Yield	6.35%	6.90%

Debt Yield with MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$3,012,123	\$3,255,846
Total Loan Amount (64% LTC)	\$37,501,094	\$37,501,094
Debt Yield	8.03%	8.68%

Cost Summary

Eugene Riverfront District
ERD Parcel 3BC - Scenario A

▲ Parcel 3BC - MUPTE Application

Development Budget

		Total
Land Acquisition	53,209 SF	\$2,713,659
Purchase Price From City (\$31/SF)	\$1,649,479	
Land Acquisition Soft Costs (\$20/SF)	\$1,064,180	
Schematic Design and MUPTE Application		\$770,389
A/E Concept and Schematic Design	\$569,714	
MUPTE Application / Other SD Soft Costs	\$200,675	
Architectural / Engineering Design & Permitting		\$4,740,507
A/E Design Development	\$532,636	
A/E Construction Documents and Permitting Assistance	\$554,202	
Other Owner Soft Costs	\$1,678,669	
City Permit Fees, SDC, MUPTE Fee	\$1,975,000	
Construction		\$46,599,620
Direct Construction (subject to Federal Davis Bacon Residential Prevailing Wage)	\$42,284,703	
Offsite Construction (Parking, Field Office)	\$350,000	
A/E Construction Observation and Administration	\$601,121	
Insurance (OCIP and Builder Risk)	\$1,309,144	
Other Owner Supplied Hard Costs	\$2,054,652	
Project Contingency		\$2,514,683
Soft Cost Contingency	\$279,454	
Hard Cost Contingency	\$2,235,229	
Project Finance and Operating Carry Costs		\$1,256,600
Finance Costs and Construction Loan Interest	\$1,131,600	
Operating Carry Costs during Lease Up	\$125,000	
Total Project Cost		\$58,595,459

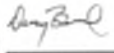
H. Application Finalization Worksheet

Application Fee Information

An application fee of \$3,720* should be made payable to City of Eugene at the time of submission. This is comprised of the \$800 base fee plus \$2,920 for the independent financial consultant. (Payment of other reasonable costs may be required, if incurred by the City or County in processing this application, such as additional consultant charges. Additional costs must be paid prior to City Council taking action on this application.)

Property Owner Authorization

If the applicant is not the current property owner, the applicant must either have the property owner sign on the application below OR include documentation authorizing the applicant to apply for the tax exemption on the owner's behalf.⁶

By:  Date: 10/05/2021
Property Owner's Signature

Application Verification

I swear or affirm that all information contained in this application is accurate and all statements are true.

By:  Date: 9.30.21
Applicant Signature

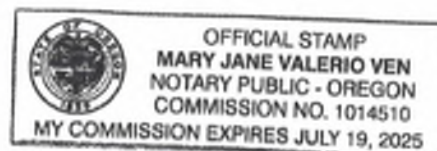
State of OREGON

County of Multnomah

Signed and sworn to (or affirmed) before me on September 30 2021, by James Atkins



Notary Public for Oregon



⁶ Administrative Order 53-20-02-F

Memorandum



Date 20 December 2021
Project Name Eugene Riverfront District MUPTE Applications
Lot # Parcel 3BC (Town Run Lots 2 & 3)
Attention Dylan Huber-Heidorn
Development Analyst
City of Eugene Community Development
Email DHuber-Heidorn@eugene-or.gov
Subject MUPTE Application – Removal of Scenario B from consideration for final determination.
Remarks Dylan,

This memorandum is our (the applicant's) official request to modify the MUPTE application for the Eugene Riverfront Project Parcel 3BC (Town Run Lots 2 & 3). We request the Scenario B options for a higher density design be removed from consideration for final MUPTE determination. The project is pursuing MUPTE approval for Scenario A only.

Please disregard references to Scenario B and sections of the application describing Scenario B design. Attachment A identifies sections within the application table of contents to be disregarded in their entirety.

Thank you,

A handwritten signature in blue ink, appearing to read "Jim Atkins", is written over a faint, larger blue signature.

James Atkins
Eugene Riverfront District, LLC
jim@atkinsdame.com

▲ Parcel 3BC - MUPTE Application

Attachment A

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Eugene Riverfront District

ii. Cover Letter

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- Project Information Sheet
 - Scenario A, Low Density
 - ~~- Scenario B, High Density~~
- Legal Description
- Neighborhood Engagement
 - Minutes from Meeting & Comments
 - Meeting Attendance Sheet and Screen Captures

B. Required Public Benefits

- Worksheet
- Narrative

C. Green Building Features

- Worksheet
- Narrative

D. Local Economic Impact Plan

- Worksheet
 - Scenario A, Low Density
 - ~~- Scenario B, High Density~~
- Narrative

E. Omitted - Moderate-Income Housing Worksheet.

Project is not pursuing moderate-income housing.

F. Project Design and Compatibility

- Worksheet
- Schematic Drawings
 - Scenario A, Low Density
 - ~~- Scenario B, High Density~~
- Narrative

G. Historic Housing & Sensitivity

H. Financial Information

- Sources and Uses of Financing
- Scenario A, Low Density
 - Revenue and Operating Expenses
 - Ten-Year Pro Forma
 - Funding Sources and Debt Service
 - Ten-Year Cash-on-Cash Rate of Return Analysis
- Development Budget

- ~~- Scenario B, High Density~~
 - ~~- Revenue and Operating Expenses~~
 - ~~- Ten-Year Pro Forma~~
 - ~~- Funding Sources and Debt Service~~
 - ~~- Ten-Year Cash-on-Cash Rate of Return Analysis~~
 - ~~- Development Budget~~

I. Application Finalization Worksheet

Eugene Riverfront District

Parcel 7

Eugene, Oregon

MUPTE Application

October 1, 2021
Project No. 2103015

■ Parcel 7 - MUPTE Application



City of Eugene staff note:

Eugene Riverfront District, LLC originally submitted this MUPTE application with two development scenarios—Scenario A, a lower-density project, and Scenario B, a higher-density project. Based on current market conditions and the nearness of anticipated construction, ERD LLC has chosen to withdraw the higher-density scenario, Scenario B, from the application.

Where possible, staff has attempted to remove references to Scenario B for clarity. Some references remain through the application. Where relevant, please focus the evaluation only on Scenario A.



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Eugene Riverfront District
ERD Parcel 7 - Scenario A & B

ii. Cover Letter

A. Application

- Project Information Sheet
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 - Meeting Attendance Sheet and Screen Captures

B. Required Public Benefits

- Worksheet
- Narrative

C. Green Building Features

- Worksheet
- Narrative
- Earth Advantage Points Worksheets
- Fitwel Points Worksheet

D. Local Economic Impact Plan

- Worksheet
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 - ~~Scenario B, High Density~~
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 - Development Budget
- ~~Scenario B, High Density~~
 - ~~Revenue and Operating Expense~~
 - ~~Ten-Year Pro Forma~~
 - ~~Funding Sources and Debt Service~~
 - ~~Ten-Year Cash-on-Cash Rate of Return Analysis~~
 - ~~Development Budget~~

I. Application Finalization Worksheet

Cover Letter

Eugene Riverfront District

Thank you for this opportunity to submit an application for the City of Eugene Multi-Unit Property Tax Exemption (MUPTE) incentive program. Redevelopment of the previously industrial Downtown Riverfront supports the community's vision that has been decades in the making. On the east side of Downtown, the river's edge was formerly isolated from public access by the Eugene Water and Electric Board's (EWEB) facilities and is now undergoing a transformation into a vibrant new district connecting downtown to the river. New city infrastructure including streets, sidewalks, a riverfront park, and public plaza are under development to support construction of new commercial and residential developments, creating an inviting place for the entire community and vital neighborhood for people to live, work, and explore. As demonstrated in our application, the project would not be economically viable and would not be built with the benefit of the MUPTE.

Since Eugene was founded in 1865, the Willamette River has been an essential piece of our community's identity. It is where Eugene Skinner created the first plat for the city, and for decades the river has provided industry and recreation opportunities for our community. As one of our proudest assets, our community has a long-held vision and desire to create more access and connections to the river – places where people can hang out, meet friends, and bring their family to enjoy the riverfront. [eugene-or.gov/3506/Downtown-Riverfront]

Over a decade ago the City of Eugene and EWEB began the process to transition the industrial site from a barrier to a connection between the river and downtown, the college campus, and East Skinner Butte Historic Landmark Area. Through this process, the Riverfront Master Plan was developed and approved in 2010 based on substantial community input and adopted by City Council in 2013. This vision included the creation of a world-class public park on the waterfront, development to support economic and housing opportunities, promoting compact urban development, and enhancing natural resources. With support of the Eugene City Government and the State of Oregon, the Treasury Department has designated a portion of the Eugene riverfront site as an Opportunity Zone. Our development aims to renew and revitalize the connections between the Willamette River and Downtown Eugene in support of the Opportunity Zone goals. However, a portion of our site may not benefit from the Opportunity Zone incentives. Additionally, the benefits of the Opportunity Zone incentives will not be realized until 10 years into the future, creating the real risk that many investors who prioritize meeting early return goals will overlook these benefits. In order to attract equity from investors with these specific, market-based strategies, we must show that our development will generate the investors' desired returns when the development reaches stabilization.

On July 22, 2019 the City Council voted (7-0) to adopt the package of land use applications necessary to implement the concept plan for the Downtown Riverfront redevelopment. Within the adopted package, low and high-density guidelines were identified for each parcel providing flexibility for the new development. ~~In alignment with the disposition and development agreement (DDA) for the Downtown Riverfront Property in the Riverfront Urban Renewal District, this MUPTE application includes two scenarios: Scenario A, a lower density scheme with a lower cost structural system (Type V construction); and Scenario B, a higher density scheme with a higher cost structural system (Type III construction). Both scenarios maintain the same high quality exterior materials, detailing, window organization, and architectural vocabulary. The intent is for both scenarios to be approved under the final MUPTE determination.~~ Again, this development will not be built as presented in this application without the benefits of the MUPTE incentive program. ~~Submittal of multiple scenarios is in response to the economic uncertainty generated from the global COVID-19 pandemic.~~ The drastic economic impact of the pandemic has substantially contributed to historically inflated material costs, national economic inflation, and

investor uncertainty. Having multiple options allows the development to be nimble in an everchanging pandemic and economic environment and increases the potential for successful implementation of the designs presented in this application within the timelines agreed upon in the DDA.

Outline of Scenario A and Scenario B similarities and differences:

Similarities

- Pedestrian experience and sidewalk design.
- High quality of materials on exterior facade
- Window layouts and sizes.
- Architectural vocabulary and quality of details.
- Dwelling unit organization and relationships to the street.
- Both options remain subject to compliance with district design guidelines.
- Parcel 9 river facing facade remains 4-stories, consistent with building height requirements.

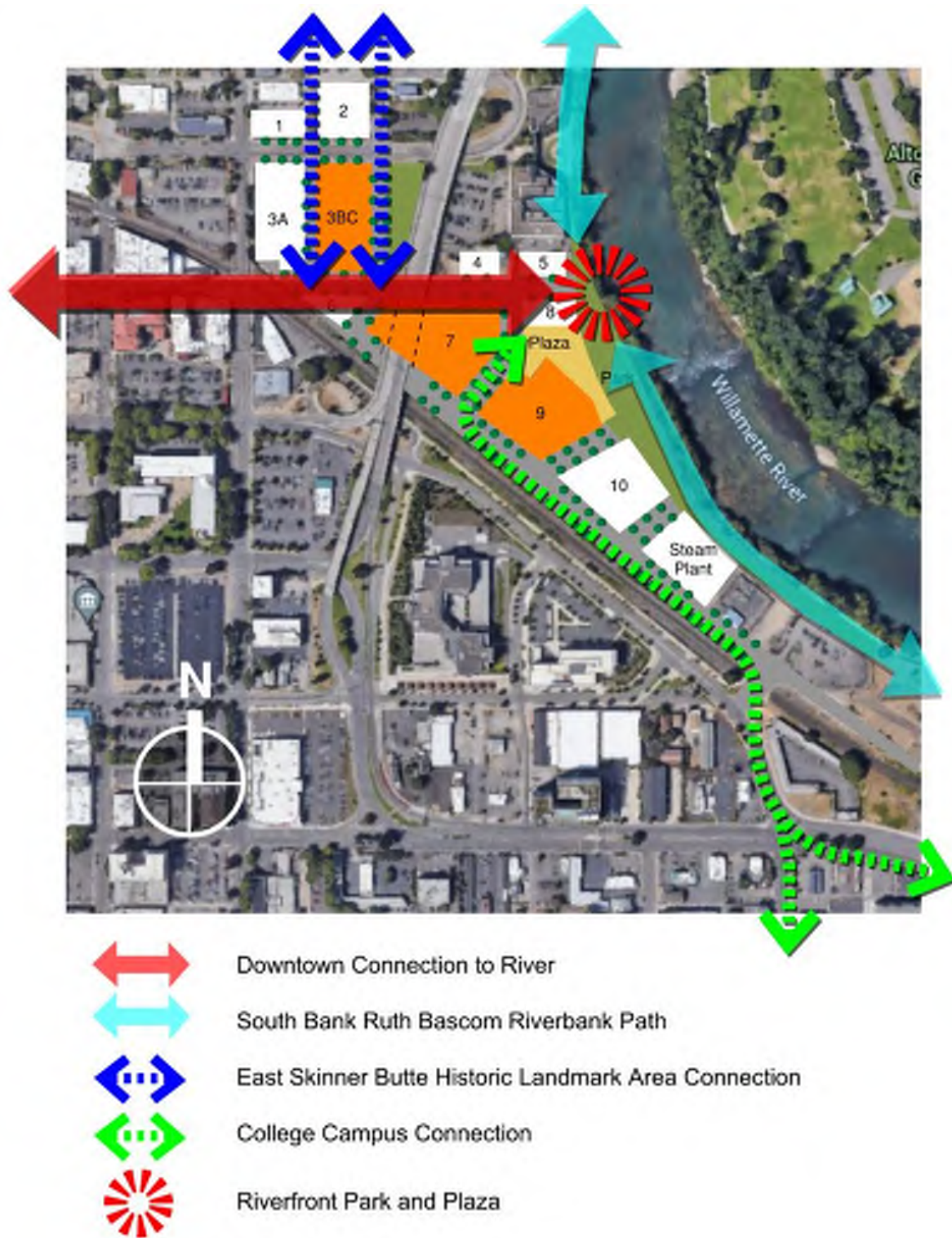
Differences

- Building Height:
 - o Scenario A is 4-stories.
 - o Scenario B is 5-stories on Parcels 3BC and 7 and 7-stories on Parcel 9
- Structural System Construction Type:
 - o Scenario A is of Type V construction for wood framed portions of buildings.
 - o Scenario B is of Type III construction for wood framed portions of buildings.
- No commercial use space is included in Scenario A, consistent with the DDA.
- Parcels 3BC and 9 add below grade parking in Scenario B.

It is the development team's intention to complete projects within the timeline requirements outlined in the DDA, well before the sunset of the MUPTe approvals in January 2032. The final constructed building will be in conformance with the approved building form with any changes having a positive or neutral impact to the overall design being approved by the City Manager.

District Map

Eugene Riverfront District



■ Parcel 7 - MUPT Application

MUPTE Application



A. General Project Information

Applicant Information

Applicant's Name: Eugene Riverfront District, LLC, c/o Jim Atkins
 Address: 1255 NW 9th Ave, Suite 119
 City: Portland State: OR Zip Code: 97209
 Telephone Number: 971-506-5104
 E-mail Address: jim@atkinsdame.com
 Housing Project Name: ERD Parcel 7

Site Location

Assessor's Property Acct No.: See attached project information page.
 Map / Tax Lot No. See attached project information page.
 Site Location Address: See attached project information page
(if no address available, provide a written description)



Attach legal description of the property.

Current Use & Site Information

Current Zoning: See attached project information page.
 Parcel Size: See attached project information page.
 Minimum Density Allowed: See attached project information page
 Maximum Density Allowed: See attached project information page
 Number of Parking Spaces Required: See attached project information page
 Assessed Value of Land : See attached project information page
 Assessed Value of Improvements: See attached project information page



Attach a written description of the existing use of the property.

Is existing sound housing or housing that can be rehabilitated on the property? ☐ Yes ☒ No



If yes, attach a plan for relocation or a justification for elimination.

Proposed Project Information

Density of Proposed Project: See Info Page units per net acre
 Proposed No. of Parking Spaces: See Info Page
 Proposed Lot Coverage: See Info Page %
 Building Footprint: See Info Page square feet
 Building Square Footage: See Info Page square feet
 Commercial Square Footage: See Info Page square feet

Project Information

Eugene Riverfront District
ERD Parcel 7 - Scenario A & ~~B~~

SITE LOCATION

Assessor's Property Acct No.	1904409
Map & Tax Lot No.	17-03-32-22-02500
Site Location	Southwest corner of E 5th Ave and Ferry St, south to Annie Mims Lane, west to Mill St.

CURRENT USE & SITE INFORMATION

Current Zoning	S-DR/MU/2/WR	
Parcel Size**	1.7 Acres (74,133 SF)	
Minimum Density Allowed Based on DDA	55 units/acre (95 Units)	
Maximum Density Allowed Based on DDA	103 units/acre (175 Units)	
Number of Parking Spaces Required*	0.75 spaces per unit:	
	Scenario A	Scenario B
	72 Spaes	93 Spaces
	35% Reduction: 0.4875 spaces per unit:	
	Scenario A	Scenario B
	47 Spaces	61 Spaces
Assessed Value of Land Based on actual cost	\$2,290,709.70	
Assessed Value of Improvements	n/a	
Existing Use of Property	Vacant land, graded for development, no vegetation District has been converted from industrial use (formerly EWEB facilities) to a new master planned district. Public road and utility infrastructure is under construction.	

PROPOSED PROJECT INFORMATION

	Scenario A	Scenario B
Density of Proposed Project	55 units/acre	72 units/acre
Proposed Number of Parking Spaces	85	85
Proposed Lot Coverage	36%	36%
Building Footprint	27,200 SF	27,200 SF
Building Square Footage	107,631 SF	134,831 SF
Commercial Square Footage	0	0
Total Number of Dwelling Units	95	124
Total Number of Bedrooms	140	182
Number of Floors	4	5

*Parking to be finalized through site review and adjustment review process.

** Site is undergoing a lot partition to partition off the portion of the site on the west side of the viaduct.

■ Parcel 7 - MUPTe Application

ERD Parcel 7 - Scenario A

The commercial portion of a project is eligible for an exemption, if it is deemed a public benefit by City Council. Do you want City Council to consider exempting the commercial portion of the project also? ☐ Yes ☒ No

Student housing and transient uses are not eligible for the MUPTE program. ¹

JA Initial here to indicate that student housing and transient uses will not be part of the proposed project.

Total Number of Dwelling Units: 95 (All projects must have 5 or more units)

Total Number of Bedrooms: 140

No. of Floors: 4

UNIT MIX

Unit Size	#	Avg. Square Feet Per Unit	Proposed Avg. Rental Rate
Studio / efficiency	12	479	\$2,100
One bedroom	38	686	\$2,261
Two bedroom	45	1,112	\$2,793
Three bedroom			
Four bedroom			
Five bedroom			
Commercial/retail			
ADA Accessible			
Parking – onsite			
Parking – offsite			

■ Parcel 7 - MUPTE Application

Compliance with Local Law

The proposed project must, at all relevant times, 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, that are applicable at the time the application is approved
- Licensing laws.

JA Initial to indicate your understanding of this requirement and commitment to adhere to it.

¹ Eugene Code 2.946 (2)(a) states that exemptions cannot be given for a “project designed for the leasing of individual rooms or beds, rather than entire apartment units, or a project otherwise designed primarily for individuals attending college.” Student housing units usually take the form of several bedrooms with individual bathrooms and sparse common space. Project amenities and location are selected to appeal only to students and offer limited viability as potential housing for the general population, particularly families.

Legal Description of the Property

Eugene Riverfront District

ERD Parcel 7 - Scenario A & ~~B~~

Legal Description

Parcel 7 (Lot 9): Lot 9, TOWN RUN, as platted and recorded April 3, 2020, Reception No. 2020-016334, Lane County Deeds and Records, in Lane County, Oregon

Written Description

Property is undeveloped land with recently completed public infrastructure improvements (roadways and utilities) surrounding the property.

Neighborhood Engagement

Provide the following to document your neighborhood engagement. (See Program Guide, page 7 for more information on neighborhood engagement requirements)

Neighborhood Association: Eugene Downtown Neighborhood Association

Date of Meeting: 9/22/2021

Name(s) of Principal(s)/Owner(s) in Attendance: Jim Atkins, Kurt Schultz



Attach minutes from the meeting and comments received. If not an official neighborhood event, attach evidence of advertising method(s) and explanation for why it was not an official event.

MEETING MINUTES

SERA

Meeting Date: 22 September 2021
Meeting Time: 6PM
Project: Eugene Riverfront District Parcels 3BC, 7, & 9
Purpose: Eugene Downtown Neighborhood Meeting
Location: Virtual (Zoom)

1. Presentation was recorded by the neighborhood association.
2. Introduction
 - a. The Riverfront District development was previously presented to the neighborhood in May 2021. This presentation builds on the past designs presented.
 - b. High level overview of the district plan/map and outline of parcels included in today's discussion were reviewed.
 - i. 5th Avenue as a spine for the district
 - ii. Vehicular and pedestrian connection from the river to Downtown.
 - c. Changes from designs presented in May:
 - i. Progressed Parcel 3BC and 7 design
 - ii. Developed concepts for Parcel 9.
 - ~~iii. Now progressing two options for each parcel.~~
 - ~~1. Scenario A: Low density, 4-story scheme.~~
 - ~~2. Scenario B: Higher density, 5-story scheme.~~
 - ~~3. Parcel 9 includes a 4-story and 7-story option.~~
3. Parcel 3BC
 - a. Scenario A
 - i. 4-stories, approximately 130 residential units.
 - ii. Parking is now in an enclosed parking structure accessed off the alley.
 - iii. Level 2 roof terraces are provided in courtyards.
 - ~~b. Scenario B~~
 - ~~i. 5-stories, 168 residential units.~~
 - ~~ii. Includes below grade structured parking and Level 2 terraces.~~
4. Parcel 7
 - a. Includes a surface parking lot under the viaduct and some tuck-under parking against the building.
 - b. Scenario A
 - i. 4 stories, 95 units
 - ~~c. Scenario B~~
 - ~~i. 5 stories, 124 units~~
 - ~~ii. Simply adds one story to the 4-story scheme~~
5. Parcel 9
 - a. Scenario A
 - i. 4 stories, 156 units
 - ii. Enclosed parking garage

- ~~b. Scenario B~~
 - ~~i. 7 stories, 4 stories along the river facing bar, 218 units.~~
- 6. Questions
 - a. Q: Is the project team following upcoming zoning changes for 2021?
 - i. A: The projects are governed by the Eugene Riverfront District sub district zoning regulations.
 - b. Q: When is construction anticipated to be complete and what is the value of construction?
 - i. A: The value is still being determined.
 - ii. A: 3BC & 7 are anticipated to open in 2024. Construction is anticipated to begin in 2021 or 2022.
 - 1. The district is anticipated to be complete by 2026
 - c. Q: What is the anticipated rent value for units?
 - i. A: The project is a long way from projecting rents for the 2024 market. However, rent projections will be included in an upcoming MUPTE submittal for each parcel. Information is anticipated to become publicly accessible later this year or early 2022.
 - ii. A: Actual rents will be determined by the market when construction is complete.
 - d. Q: What is the ratio of affordable to market-rate housing?
 - i. A: The ratio is unknown at this time because the total number of units to be built in the district is unknown.
 - ii. A: The City is working to provide 75 affordable housing units in the Riverfront District near 4th and Mill St on Parcel 2.
 - e. Q: Smaller units are oriented towards the viaduct. Are more luxurious units going to face more desirable views?
 - i. A: The unit mix has been shifting around in response to more demand for slightly larger units.
 - f. Q: Will there be accommodations for people with disabilities? How many units?
 - i. A: Every new building is required to provide a percentage of units that are accessible, including wheelchair accessibility in addition to accommodations for other disabilities. The design team strives to provide accessible units for every unit type.
- 7. Conclusion
 - a. Kurt Schultz with SERA provided his email address in the chat for additional questions.
 - b. Questions and comments were generally positive and inquisitive.

Meeting End Time: 6:45 PM
Recorded By: Joshua Lupkin, SERA
Date Recorded: 9/22/2021

Neighborhood Meeting #2 - Screen Captures

Eugene Riverfront District

ERD Parcels 3BC, 7, & 9 - Scenario A & B

This screenshot shows a Zoom meeting interface. On the left is a list of participants (28) including Joshua Lupkin, Kelsey Devor, Kurt Schultz, and others. The main window displays a floor plan of Parcel 7, which is a large, irregularly shaped building with many rooms. A blue area is highlighted on the left side of the plan, labeled 'ROOF TERRACE'. On the right side of the screen, a vertical strip shows a list of participants in a grid view, with Joshua Lupkin at the top.

Parcel 7 - MUPT Application

This screenshot shows a Zoom meeting interface. On the left is a list of participants (28) including GJ Advisors, John Mangin, Julia Johnson, and others. The main window displays an aerial view of the Riverfront Plaza and Park, showing a large, modern building complex with a central courtyard and surrounding greenery. On the right side of the screen, a vertical strip shows a list of participants in a grid view, with Joshua Lupkin at the top.

Meeting Sign In Sheet

SERA

Meeting Date 9/22/2021
Meeting Time 6:00 PM
Project Number 2103015, 2103016, 2103021
Meeting Number 2
Purpose Neighborhood Meeting #2 - Eugene Riverfront Distirct - Parcels 3BC, 7, & 9
Location Virtual (Zooms)

	Name	Address	Telephone Number	Email
1	Joshua Luplkin	338 NW 5th Ave, Portland, OR 97209	503-445-7346	joshual@serapdx.com
2	Kurt Schultz	SERA		kurts@seradesign.com
3	Jim Atkins	Eugene Riverfront District, LLC		
4	Amanda D'Souza	City of Eugene		
5	Amy Arroyo			
6	Andrew Schlar			
7	B Obie			
8	Doug Oldfield			
9	Emily Semple			
10	Eric Herz			
11	John Mangan			
12	Julia Johnson			
13	Keith			
14	Kelsey Zelvor			
15	Leah M.	SMH House		
16	Mark Greathouse			
17	Michael Cunningham			
18	Phil Farrington			
19	Rachel Love			
20	Reed Dunbar			
21	Rhonda Smith			
22	Stephanie Jackson			
23	Steve Ball			
24	Steve Galash	GLI Advisors		
25	Susan Wolling			
26	Suzanne			
27	TIm Morris			
28	Will Dowdy	City of Eugene		
29	Unknown	Phone number on screen capture		

Parcel 7 - MUPTe Application

Neighborhood Meeting #2 - Participant List

Eugene Riverfront District

ERD Parcels 3BC, 7, & 9 - Scenario A & B

22 September 2021

Participants (29)

Find a participant

JL	Joshua Lupkin (Me)	Unmute	More >
K	Kelsey Zievor (she/her) (Host)		
KS	Kurt Schultz		
BO	B obie		
DO	Doug Oldfield		
RL	Rachael Love		
	19715065104		
AD	Amanda D'Souza		
AA	Amy Arroyo		
AS	Andrew Schular		
	Emily Semple		
	Eric Herz (he/him)		
GA	GLI Advisors		
JM	John Mangan		
	Julia Johnson		
K	Keith		
LM	Leah M- SMJ House		

Participants (29)

Find a participant

GA	GLI Advisors	More >
JM	John Mangan	
	Julia Johnson	
K	Keith	
LM	Leah M- SMJ House	
MG	Mark Greathouse	
	Michael Cunningham	
	Phil Farrington	
RD	Reed Dunbar	
RS	Rhonda Smith	
SJ	Stephanie Jackson	
S	Steve Ball	
	Susan Wolling	
S	Suzanne	
TM	Tim Morris (He/Him)	
WD	Will Dowdy (City of Eugene)	
J	Jim	

Parcel 7 - MUPTE Application

MEETING MINUTES - NEIGHBORHOOD MEETING #1

SERA

Meeting Date: 26 May 2021
Meeting Time: 6PM
Project Number: 2103015, 2103016 - Eugene Riverfront District Parcel 3BC & 7
Purpose: Eugene Downtown Neighborhood Meeting
Location: Virtual (Zoom)

1. Introduction:
 - a. Overview of developer (Atkins & Dame)
 - b. Overview of SERA Experience in Eugene
 - c. High level overview of Eugene Riverfront District Master Plan.
 - i. Goal to link downtown to the Willamette River.
 - ii. Site shapes are influenced by existing easements and Coburg Rd viaduct.
 - iii. Parcel 3B, 3C, and 7 are being presented and developed in first phase of development.
 - iv. The extension of 5th Ave terminates at the new city park and plaza.
2. General Design Discussion
 - a. Buildings will be 4-story elevator-served buildings.
 - b. Street level units will be provided with raised stoops as a buffer to the sidewalk and to activate the street.
 - c. The development approach for the district is to begin in the center and expand out to maintain connectivity within the district.
3. Parcel 3BC:
 - a. Building is composed as three buildings with links to break down massing.
 - b. The building includes tuck-under parking and surface parking tucked into a courtyard and accessed off the alley.
 - c. A 4th floor roof terrace and club room provides a place for residents to look out over the city and take part in the street life from above.
4. Parcel 7:
 - a. The angular site is defined by existing easements and the Coburg Rd viaduct crossing the western portion of the site.
 - b. Tuck-under and surface parking is located on the back side of the building.
 - c. A commercial retail building off Mill St is anticipated as part of future development.
 - d. An amenity roof terrace on the 4th floor is located at the building elbow off Ferry St.
5. Sustainability
 - a. Holistic approach - water, energy, ecology, community, health, etc.
 - b. Focus on health and wellbeing
 - i. Healthy mechanical systems
 - ii. Nontoxic materials
 - iii. Innovative energy efficiency
 1. 10% better than building code is part of MUPTE
 - iv. Fitwel or WELL certification being considered.

■ Parcel 7 - MUPTE Application

6. Parcel 9 & 10
 - a. Stepping of building heights down towards the river was introduced.
 - b. Parcels will be developed at a later phase of overall district development.
7. Questions:
 - a. Presented material was received in a positive light.
 - b. Q: When does the team anticipate applying for MUPTE?
 - i. A: End of June for Parcel 3BC; second week in July for parcel 7.
 - ii. A: Foundation permit is anticipated to be submitted in August.
 - c. Q: When do you anticipate start of construction?
 - i. A: Start of construction is anticipated to be in first quarter of 2022.
 - d. Q: What is the anticipated completion date?
 - i. A: Approximately 18 month construction period; project is anticipated to be open in 2023.
 - e. Q: What is the intent of this meeting?
 - i. A: Inform community and get feedback. Required as part of MUPTE process, but community involvement would happen regardless.
 - f. Comment: Glad to see masterplan moving forward and direction it is moving.
 - g. Q: Is there influence from the adjacent historic district on the design?
 - i. A: Alley connection up to historic district to the north of the ERD district promotes pedestrian connectivity. Stepbacks on Parcels 1 and adjacent parcel to provide breathing room to adjacent historic district.
 - ii. A: Parcel 2 is being retained by City to be developed as affordable housing with approximately 75 units.
 - h. Q: How are different kinds of housing being integrated into district?
 - i. A: Amanda D'Souza - Parcel 2 to have a minimum of 75 units of affordable housing at 60% AMI.
 - ii. A: Will Dowdy - City is prioritizing and excited about the affordable housing on Parcel 2.
 - i. Q: How has COVID impacted plans?
 - i. A: Design starts with well designed homes. Amenity spaces will likely provide desk/homework space to provide more options for residents working from home. Might add more 2 and 3-bedroom units to support a work-from-home lifestyle. Incorporating dens into some units as extra work space. Considering multiple internet providers to offer multiple IT options to support robust needs.
 - j. Q: Building types, are these to be wood frame over concrete podium buildings?
 - i. A: 4-story buildings constructed of primarily wood framing with some steel and wood at the ground floor to span tuck-under parking. No concrete podium anticipated. Parcel 3A may be a taller building with a podium.

Meeting End Time: 7:00 PM
Recorded By: Joshua Lupkin, SERA
Date Recorded: 5/26/2021

B. Required Public Benefits

Use this section to address each of the following required public benefits related to the proposed project. Several benefits extend beyond the period of the tax exemption. More information will be provided about those benefits if the application is approved.

1. Compact Urban Development

The MUPTE program is designed to encourage higher density housing and redevelopment in the City's downtown area.

a) Put a check next to the zone category of the property:

☐ *Residential zones:* at least 175% of minimum density for the zone.

(e.g. R-4 High Density Residential)

☐ *Form-based zones with height limit of three or four stories:* at least 30 units per net acre.

(e.g. S-DR Downtown Riverfront Special Area)

☐ *Mixed-use development*²: at least the minimum density in the zone.

(e.g. C-2 Community Commercial, C-3 Major Commercial)

☒ *All other areas, including residential-only development in commercial or mixed use zones:* at least 50 units per net acre.

(e.g. S-W Whiteaker Special Area, S-F Fifth Avenue Special Area, S-H Historic, C-2 Community Commercial, C-3 Major Commercial)

b) Density for proposed project: Scenario A: **95 units per acre**
~~Scenario B: 124 units per acre~~

2. Green Building Features

The green building requirement is that projects perform at least 10% more efficiently than the performance established in the Oregon Zero Energy Ready Commercial Code (OZERCC).

Complete the attached Green Building Features Worksheet (page 6)

3. Local Economic Impact Plan

To ensure a substantial portion of the local tax benefit yields a benefit to the local community, applicants are required to complete the Local Economic Impact Plan Worksheet (page 10).

4. Moderate-Income Housing Contribution

The project owner must either a) pay a fee to be dedicated to moderate-income housing or b) include not less than 30% of the total units as moderate-income housing units. Indicate below how this proposed project will contribute to moderate-income housing.

☒ Pay the moderate-income housing fee of 10% of the total exemption benefit for the 10-year benefit.

☐ Paid upfront with a 5% discount

☒ Paid annually in years 3 through 10

☐ Include moderate-income housing units. Complete the Moderate-Income Housing Worksheet (page 12).

² Mixed-use development incorporates both commercial and residential use in the same building.

5. Project Design and Compatibility

MUPTE projects need to address basic design concepts in the context of the project location. See attached Project Design and Compatibility Worksheet (page 13) for information about required attachments.

6. Historic & Existing Housing Sensitivity

Each MUPTE project must be evaluated for impacts to historic locales and existing housing. Complete the attached Historic and Existing Housing Sensitivity Worksheet (page 15)

7. Project Would not be Built Without Exemption

The applicant must demonstrate that the project as proposed could not be built but for the benefit of the tax exemption. Attach the following documentation:



- ten-year pro-forma with MUPTE,
- ten year pro-forma without MUPTE,
- analysis of the projected ten-year cash-on-cash rate of return for the proposed project,
- list of assumptions made to create the pro-formas, including a description of how property taxes were estimated for the without MUPTE pro-forma, and the moderate-income housing fee or rent levels,
- development budget, and
- sources and uses of financing.

Be sure to include the moderate-income housing fee or rent levels in the pro-formas and list of assumptions. This information will be reviewed by an independent professional consultant to determine the financial feasibility, at the applicant's expense to be paid to the City with the application fee. The consultant will make a recommendation on the application for the Project Review Panel and the City Manager.

Public Benefits

Eugene Riverfront District

ERD Parcel 7 - Scenario A ~~& B~~

In alignment with the MUPTE criteria and required public benefits, the following outlines how the project provides substantial public benefits through urban design elements, sustainability measures to reduce the environmental footprint, local economic benefits, and support of the community's vision to connect adjacent neighborhoods to the river. Other sections within this application go into further detail regarding their specific target content.

1. Compact Urban Development

Urban density lies at the root of reducing impact of development. Increased density reduces the pressure on development of virgin land and expansion of urban growth boundaries into natural resource areas and ecological environments. This project proposes 55 dwelling units per acre (Scenario A) ~~or 72 units per acre (Scenario B)~~ in contrast to the typical single-family neighborhood with less than 10 dwelling units per acre. With a minimum of four stories proposed, the project significantly exceeds Eugene's Land Use Code minimum density of one story.

With minimal building setbacks, the proposed development contributes to a strong urban edge and emphasizes the pedestrian experience through human scaled elements and activation along the street edge including canopies for refuge from the rain, dwellings with stoops accessing the sidewalk, and amenity spaces with large windows connecting to the public realm.

2. Green Building Features

Going above and beyond the minimum requirement of the City of Eugene BPS program to perform at least 10% more efficiently than the energy code, the project is pursuing certifications guiding the design to further reduce the environmental impact of construction and ongoing facilities operation and improve the indoor environment to create healthier spaces to live. Additionally, the project is a brownfield redevelopment which reduces pressure on undeveloped and open land while improving and protecting the environment.

In addition to the required green building pathway, the project is optionally pursuing Earth Advantage Gold certification including measures to reduce the carbon footprint of the development. The following elements contribute to reducing the environmental impact of the development.

- a. Access to public transportation to reduce reliance on single-occupancy vehicles.
- b. Electric charging station ready with conduits installed and electrical system sized for future installation of charging stations combined with ample bike-rack space support the reduction of fossil fuel burning vehicles.
- c. Urban infill, higher density development, dense urban housing, and redevelopment of a previously industrial and brownfield site contribute to reducing the environmental impact of related to development on virgin land and urban sprawl.
- d. A construction waste management plan will divert a substantial amount of construction waste from the landfill by increasing the amount of recycled material.
- e. Durable exterior materials, rainscreen façade, and appropriately installed weather and air barrier contribute to lower energy consumption for heating and cooling and increase the lifespan of the envelope system.
- f. Increased recycled content in building materials reduces the building's carbon footprint and environmental impact by minimizing reliance on virgin materials.

- g. Indoor air quality improvements include eliminating added urea formaldehyde in materials and Low VOC finishes to reduce harmful off-gassing and protection of HVAC ductwork during construction to reduce dust and contaminants. In response to the recent annual increase of wildfires and poor air quality days, the project is reviewing enhanced filtration systems for ventilation air systems to further improve indoor air quality at times where windows should not be open.
- h. Energy Star appliances and all-LED lighting reduces ongoing energy consumption.
- i. Low-flow plumbing fixtures including toilets, sinks, shower heads, and lavatories in addition to landscaping with drought tolerant plant species reduce the long-term water consumption of the project.
- j. As a solar-ready facility, conduit and structural support will be in place for future photovoltaic hookup to reduce the building's reliance on electricity from the grid by utilizing a renewable energy source.

In addition to the required green building pathway, the project is optionally pursuing Fitwel certification through measures that promote an active and healthy lifestyle for district inhabitants. Elements contributing to active, healthy lifestyles include the following:

- a. With a Walk Score above 80, the project provides increasing opportunities for regular physical activity, social interaction, and access to amenities, fostering improved health.
- b. Close proximity to Lane Transit stops and a short ride to the Downtown Eugene Station support use of alternative transportation, contributing to increased physical activity, stress reduction, improved air quality, community health, equity for those who cannot drive, and enhanced access to amenities.
- c. Ample long and short-term bicycle parking encourages the use of bicycles for transportation and recreation, contributing to increased physical activity.
- d. The district is pursuing a bike-share station to be located in the community to serve residents, patrons of future commercial developments and visitors of the public park and plaza. Bike share programs support active transportation and convenience, contributing to increased physical activity, equity for those who cannot drive or afford private vehicle use, and reduce congestion and air pollution.
- e. Immediate access to the adjacent public park, plaza, and Ruth Bascom Bike Path increases opportunities for regular physical activity, exposure to daylight, and social interaction, contributing to enhanced physical, mental, and social health.
- f. With future development of a playground adjacent to the public plaza, opportunities are expanded for children to play, interact with other children, and stimulate their mind, contributing to enhanced physical, mental, and social health.
- g. With the Farmers Market being a few short blocks outside the district, the community has increased access to healthy food, promoting nutritious eating and supports enhanced social interaction.
- h. Building operations will enforce a tobacco and smoke-free policy for all indoor and outdoor spaces, reducing tobacco consumption and exposure to secondhand smoke among community members, and contributing to enhanced respiratory and mental health.
- i. Evenly distributed lighting along street frontages and within parking areas contributes to increased perceptions of safety and pedestrian use after dark, reduces opportunity for crime, and supports the connection of downtown to the river.
- j. Internal stairways with inviting finishes, quality lighting and access to daylight provide an opportunity for occupants to increase regular physical activity.
- k. Elements of biophilic design are used to enhance the human connection to nature, contributing to reduced stress and enhanced mental health.
- l. A dedicated fitness room is provided as a building amenity to increase opportunities for access to physical activity, contributing to decreased absenteeism, enhanced physical and mental health, and improved social equity.

With the Ferry Street Bridge Viaduct (Coburg Rd) and railroad as sources of high-decibel sound, the project is pursuing compliance with HUD acoustic requirements. The design team has performed on-site noise testing and run HUD acoustic calculations to inform measures to improve the acoustical experience within the building. Measures identified to improve acoustics and quality of life include brick veneer facades, which add a resilient channel on the exterior wall assembly in strategic locations, and improved window glazing acoustics.

3. Local Economic Impact

Construction of multi-story urban buildings creates jobs for construction workers, cleaners, truck drivers, bankers, engineers, and other local industries supporting construction activities. The increase in jobs in turn supports local businesses and government through increased local spending in retail, restaurants, utilities, and taxes. Additionally, an increase in taxable revenue generated by local businesses, suppliers, and contractors further supports government resources.

With the project site located near downtown and easily accessible by bicycle and public transit, equity for employment of construction workers is increased as barriers to transportation to the job site are greatly reduced.

After completion of construction, ongoing job creation for facilities maintenance, building operations, leasing agents, and cleaning companies contribute to the economic vitality of the community. Taxable income and commerce generated by residents new to Eugene and Lane County further contribute to the greater economy.

4. Moderate-Income Housing Contribution

The project will support local moderate-income housing by dedicating funds to moderate-income housing. Additionally, in partnership with the City of Eugene, the neighborhood will include future development of moderate-income housing on a designated parcel.

5. Design and Compatibility

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.

Drawing from the industrial fabric of the past, the project employs durable and lasting façade materials including brick veneer and ground-floor storefront that can withstand the test of time while maintaining the quality of its character. Stoops at ground-floor dwellings, canopies providing places to pause and refuge from the rain, and large windows along the sidewalk further enhance the pedestrian experience in the district and break down the scale adjacent to the pedestrian realm.

To support a safe and inviting district that connects adjacent communities to the river, the project utilizes evenly distributed lighting along street frontages, alleys, and within parking areas to improve perceived safety and reduce crime. Large windows in units, amenity spaces along the sidewalk, roof terraces, balconies engaging the street edge, and building entries located adjacent to building corners increase “eyes on the street” to further enhance public safety and support an active district at all times of the day.

Landscape features along pedestrian ways provide opportunities to pause and vegetated screens adjacent to parking areas enhance the pedestrian experience, creating biophilic connections within the urban context.

With the Ferry Street Bridge Viaduct spanning over the site, the project intends to install lighting enhancements and discuss the potential for public art in the form of murals within the labyrinth structure of the viaduct. Lighting and art are intended to be applied to transform the current district barrier into a vibrant, well-lit, connection from downtown to the river. Ample lighting will contribute to an increased perception of safety, reduce crime, and provide an inviting portal at all hours of the day. The treatment would break down the long, linear cavern created under the viaduct into more human-scaled portals stitching the district together and supporting future community activity.

As a large site encumbered by the viaduct and high voltage transmission line easements, the area under the viaduct will be devoted to surface parking with surplus parking available to the public in support of the adjacent public plaza, park, and future viaduct park. The parking lot will be organized to provide flexibility to host potential public special events.

6. Historic and Existing Housing Sensitivity

As an urban renewal project on a previously industrial use site, this development does not displace any existing housing. The City and EWEB worked together to decommission past EWEB facilities and clear the site for future development. In this process, the City provided proper notification before removal of structures in the Eugene Riverfront District. The Ferry Street Bridge Viaduct was identified as a structure that meets the Oregon State Historic Preservation Office's (SHIPO) criteria for historic resource eligibility and City staff have determined there is no reason to conclude the proposed development will result in a negative impact to the viaduct. See the Historic Housing & Sensitivity section of this application for included letter from Eugene Planning outlining the site's compliance with preservation of historic locale and appropriate notification process followed for demolition of buildings previously located within the Eugene Riverfront District.

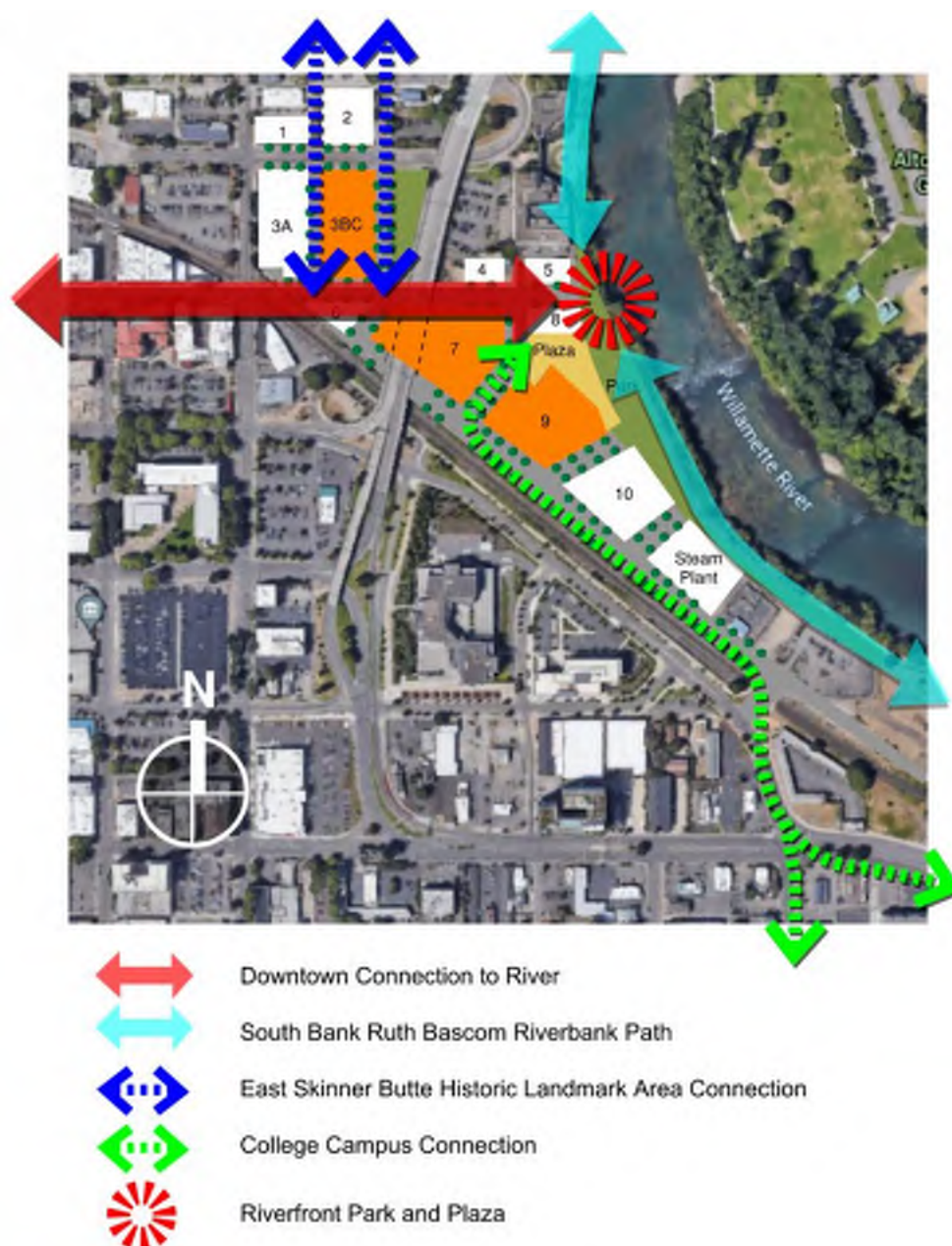
7. Project Need

As the third largest city in the State of Oregon, the City of Eugene has seen steady growth with a population increase of 12.98% between 2010 and 2020 [US Census]. With the population growth outpacing the construction of new homes, the availability of housing is an ever-growing challenge. In August 2021, Eugene home prices were up 18.3% compared to the prior year [redfin.com], contributing to residents being priced out of the homeownership market and forced into apartment living. The Eugene Riverfront District development responds to this ever-increasing demand for apartment living by providing higher density housing on previously under-utilized land within the urban growth boundary. In addition, the location has immediate access to and from the Downtown and West University neighborhoods via multiple modes of transportation, including public transportation, pedestrian pathways, and bicycle routes supporting alternate means of transportation, contributing to lower carbon emissions in the City.

District Connections

Eugene Riverfront District

ERD Parcel 7 - Scenario A & B



■ Parcel 7 - MUPTe Application

C. Green Building Features Worksheet

The green building requirement is that projects perform at least 10% more efficiently than the performance established in the energy code adopted by the State of Oregon (currently Oregon Zero Energy Ready Commercial Code). Only the residential occupancy and common areas associated with residential areas are considered (e.g., hallways, stairwells, centralized HVAC or hot water heating, laundry facilities). It does not apply to the commercial areas or ancillary amenities (e.g., parking garage, swimming pools, recreation centers). Pathways for complying with the requirement are based on the number of floors for the project: 1-3 story projects and 4 or more story projects. See below:

Summary of Green Building Pathways

Pathway	Building Size	
	1-3 Stories	>3 Stories
LEED v4 for Homes	Low-Rise: Certified + modeled at 10% above Oregon energy code	Mid-Rise: Certified + modeled at 10% above Oregon code
Earth Advantage	Multifamily: Certified + commissioning report	N/A
City of Eugene BPS (Building and Permit Services)	N/A	Modeled at 10% above Oregon energy code + commissioning report

- a) The pathway applicable to the proposed project is City of Eugene BPS.
- b) Use the table below to identify any additional items to include with your application based on the pathway identified above.

Pathway	Submit with Application
LEED v4 for Homes	1. LEED Registration Number 2. Project Checklist
Earth Advantage	Earth Advantage Points Worksheet
City of Eugene BPS	n/a

- c) See the Post-Approval Green Building Information section below for the required documentation that will need to be provided to the City should your project be awarded the MUPTE and other useful information.

JA Initial here to indicate your understanding that you will need to demonstrate building energy performance 10% above the energy code adopted by the State of Oregon by submitting the items listed below at permit application and after construction.

- d) Will onsite parking be provided: ☒ Yes ☐ No

If yes, all projects that provide on-site parking must install conduit for future electric vehicle charging stations.

JA Initial here to indicate your understanding of this requirement and agreement to include conduit should MUPTE be awarded.

Post-Approval Green Building Information

Should the project be approved for the MUPTE, the applicant will be required to submit a number of documents to demonstrate compliance with the Green Building Features requirement. This section provides more information about those requirements.

Pathway	Submit with Building Permit Application	Submit after Construction ³
LEED v4 for Homes	Energy model	Within 18 months after receiving a Certificate of Occupancy, documentation of LEED certification (copy of USGBC Rating Certificate and final LEED review).
Earth Advantage	n/a	Within 18 months after receiving a Certificate of Occupancy: <ol style="list-style-type: none"> 1. Documentation of Earth Advantage certification, and 2. Commissioning report.
City of Eugene BPS	<ol style="list-style-type: none"> 1. Signed Energy Release to enable the City to access multi-family occupancy energy use data for the life of the MUPTE, and 2. Energy model 	<ol style="list-style-type: none"> 1. List the project features to achieve the 10% above code requirement, 2. Within 18 months after receiving a Certificate of Occupancy, commissioning report, and 3. Annually during exemption if Energy Release not signed, multi-family occupancy energy use data.

■ Parcel 7 - MUPTE Application

An improvement of at least 10% shall be demonstrated in the proposed building energy performance as compared to a similar baseline building designed in compliance with the prescriptive requirements of the energy code adopted by the State of Oregon. The proposed building performance and the baseline building performance shall be calculated in accordance with ANSI/ASHRAE/IES Standard 90.1–2016, Appendix G, using a simulation model. Projects must meet the minimum percentage savings before taking credit for renewable energy systems. The proposed design must include all energy consumption and costs within and associated with the building project.

INTENT

To support the design, construction, and eventual operation of a project that meets the owner's and City of Eugene project requirements for energy and durability.

³ If this documentation is not timely submitted, MUPTE may be revoked.

REQUIREMENTS

Commissioning Process Scope: Complete the following commissioning (Cx) process activities for mechanical, electrical, and renewable energy systems and assemblies, in accordance with ASHRAE Guideline 0-2019 or 0-2005 and ASHRAE Guideline 1.1-2007 for HVAC&R Systems, as they relate to energy, water, indoor environmental quality, and durability. The commissioning authority (CxA) must do the following:

- Review the OPR, BOD, and project design.
- Develop and implement a Cx plan.
- Confirm incorporation of Cx requirements into the construction documents.
- Develop construction checklists.
- Develop a system test procedure.
- Verify system test execution.
- Maintain an issues and benefits log throughout the Cx process.
- Prepare a final Cx process report.
- Document all findings and recommendations and report directly to the owner throughout the process.
- Provide a Final Report based on findings to the owner for delivery to the City of Eugene. At a minimum the report shall include: CXa qualifications, scope of commissioning activities, a list of systems commissioned (and by whom), a summary of issues corrected, and a list of major outstanding/unresolved issues.

Complete the following commissioning process (CxP) activities for the building's thermal envelope in accordance with ASHRAE Guideline 0-2019 or 0-2005 and the National Institute of Building Sciences (NIBS) Guideline 3-2012, Exterior Enclosure Technical Requirements for the Commissioning Process, as they relate to energy, and durability. Commissioning authority must complete the following:

- Review contractor submittals.
- Verify inclusion of systems manual requirements in construction documents.
- Verify inclusion of operator and occupant training requirements in construction documents.
- Verify systems manual updates and delivery.
- Verify operator and occupant training delivery and effectiveness.
- Verify seasonal testing.
- Review building operations 10 months after substantial completion.
- Develop an on-going commissioning plan.
- Incorporate all findings into the Final Report provided to the owner for delivery to the City of Eugene.

Commissioning Authority: By the end of the design development phase, engage a commissioning authority with the following qualifications.

- The CxA must have documented commissioning process experience on at least two building projects with a similar scope of work. The experience must extend from early design phase through at least 10 months of occupancy;
- The CxA may be a qualified employee of the owner, an independent consultant, or an employee of the design or construction firm who is not part of the project's design or construction team, or a disinterested subcontractor of the design or construction team. For projects smaller than 20,000 square feet (1 860 square meters), the CxA may be a qualified member of the design or construction team. In all cases, the CxA must report his or her findings directly to the owner.

Green Building Features Narrative

Eugene Riverfront District
ERD Parcel 7

Parcel 7 of the Eugene Riverfront District builds from the concept for the district: Where the City Meets the River. The sustainability features of the building support and enhance the design of the district with a focus on human health and wellness, energy efficiency, and sustainable sites. In support of this concept, the project will meet the City of Eugene BPS requirements to achieve a minimum of 10% better than energy code. To further enhance the environmental measures, the project is pursuing Earth Advantage certification and Fitwel certification to reduce the environmental impact of the building and contribute to a healthy living environment for residents of the community, going above and beyond the minimum MUPTE standards.

Human Health and Wellbeing

The built environment can have a profound impact on the health and wellbeing of the building occupants. The design of Parcel 7 incorporates strategies from the latest research on healthy buildings with the goal of healthy and happy residents. The strategies used to achieve this goal include:

- Elements of biophilic design are used to enhance the human connection to nature. Biophilic design contributes to lower stress, increased happiness, improved sleep, and a greater sense of safety and comfort. Biophilic design features on this project include ample daylighting and views; finish materials inspired by natural colors, textures, and patterns; direct connection to the natural environment through outdoor amenity spaces, balconies, and operable windows; and landscaped areas that create delightful spaces for residents to enjoy with multiple senses.
- Mechanical systems to prioritize occupant health in addition to energy performance, such as improved air filtration in common spaces to reduce resident exposure to wildfire smoke.
- Interior material choices to reduce indoor air toxins for occupant health, including reduced VOC's.
- Enhanced unit compartmentalization to maintain good air quality for residents.
- Appropriate acoustic treatment of walls and windows to improve livability for the residents, particularly for facades near the railroad and viaduct.
- An efficient exterior building envelope to maximize the thermal comfort of the residents. A high-quality exterior envelope also minimizes air leakage and moisture migration, contributing to the long-term durability of the building.
- Secure bike storage rooms to promote active lifestyles of the residents.

Energy Efficiency and Emission Reductions

To reduce the environmental impact of the project, Parcel 7 will achieve energy savings of 10% or greater than Oregon code, and perform building commissioning. The strategies used to achieve this include:

- Efficient centralized hot-water heating systems
- An efficient exterior building envelope detailed for reduced thermal bridging, a continuous air and weather barrier to control air and moisture migration for long-term durability.
- Window coatings optimized to control solar heat gain where appropriate. Operable windows encourage the reduction of mechanical cooling on mild days.
- Rooftop treatment to reduce heat absorption into the building.
- Water-efficient plumbing fixtures to reduce freshwater demand and water heating energy. Water submetering for units to influence occupant behavior to encourage water conservation.
- LED lighting throughout to reduce energy demand.

- On-site electric car charging station infrastructure to support future installation of electric vehicle charging stations for reduced vehicular emissions.

The project team is also exploring reductions in the embodied carbon emissions from building material creation, transportation, and construction activities. Embodied carbon emissions contribute significantly to the overall environmental footprint of new buildings before the building is even occupied. While it is still early in the design process, the project team is targeting opportunities for embodied carbon reductions through optimized concrete mix designs and exploring wood sourcing options. The project team is also exploring ways to maximize the carbon sequestration potential of the landscaped areas of the site.

Sustainable Sites

Parcel 7 utilizes multiple design strategies to transform the currently underutilized site into a vibrant space for residents, the community, and native species. The strategies used to achieve this goal include:

- Integrated landscape design to connect the building site to the broader district. Native plants provide opportunities for habitat, reduce irrigation demand, and provide year-round interest and beauty.
- Stormwater capture and treatment strategies that tie into the landscape design to reduce surface runoff and contaminants from entering the natural water flows of the site.
- Ample green space and rooftop treatment to reduce heat absorption and minimize the urban heat island effect.
- Consideration of bird-safe design strategies and exterior lighting to reduce light pollution.

Conclusion

Combined with energy efficiency and a reduced environmental impact, the most sustainable projects are ones that enrich the human spirit, invoke delight, and foster community over time. These are beautiful places that people will love and care for both now and decades from now. Parcel 7 utilizes all the above design strategies to ensure a positive outcome for the community, residents, stakeholders, and the environment for the life of the project.

A Note About the Process – The Project Compass

For project sustainability goals, SERA often uses an internal tool for goal setting called the Project Compass. When using the Project Compass, SERA guides the Design and Development team through a discussion of broad categories (Human Health and Wellbeing, Resource Management, and Sustainable Placemaking). From those three broad categories, the focus moves to a higher level of specificity to project impacts (Ecology, Water, Energy, Health were important to this project) and then direct project goals which often correlate to how the project achieves the vision (for this project connecting to nature and stormwater design were of particular importance). Broadly, this process is used to capture the high-level thinking associated with sustainable design metrics across the spectrum of different green building rating systems, such that the overall vision for the project does not lose any major opportunity to gain from industry-wide aspirations and sustainability techniques.

This project used SERA's Project Compass as the step in the process to consolidate initial information where this project will go above and beyond other similar buildings in the region. Development of the specific strategies used in the project involved study of how to take direct design action related to the goals identified in the project's Eco-Charettes (team meetings focused on sustainability opportunities).

ERD PROJECT COMPASS



D. Local Economic Impact Plan Worksheet

In order to ensure that a substantial portion of the local tax benefit yields a benefit to the local community, each applicant needs to include a Local Economic Impact Plan. Complete the following worksheet and attach the required written material.

A. LOCAL CONTRACTS

Projects must have a plan for ensuring that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from a business organization or individual residing or doing business primarily in Lane County. Materials are excluded from the dollar volume calculation. If an applicant can provide evidence that a trade is not available locally, payment for services attributed to that trade may be excluded from the dollar volume calculation. Should a MUPTE be granted and at the end of construction, the developer will need to submit a report of the home city or zip code of all of the construction labor workers.

\$34,359,825	Total Estimated Professional Services and Construction Contracts
\$18,897,904	Local to Lane County
55%	% of Total that is Estimated to be Local
\$15,461,921	Not Local to Lane County

 Attach narrative on how this will be achieved. Identify the likely general contractor. Also include information on trades not available locally, if applicable.

B. MINORITY & WOMEN BUSINESS ENTERPRISES

MUPTE recipients need to ensure that qualified minority and women business enterprises have an equitable opportunity to compete for development related contracts. Initial next to the following three minimum steps to indicate your understanding and commitment to comply:

- JA Developer will access lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Oregon State Office of Minority, Women and Emerging Small Business (<http://www4.cbs.state.or.us/ex/dir/omwesb/>).
- JA Developer will search for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program website (<http://dasapp.oregon.gov/qrf/index.aspx>).
- JA Developer will advertise in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

 Attach narrative on any other steps you plan to take so that minority and women business enterprises have an equitable opportunity to compete.

C. COMPLIANCE WITH LAWS

The developer needs to ensure that all parties involved, including contractors and subcontractors, comply with wage, tax, and licensing laws. Initial next to the following four requirements to indicate your understanding and commitment to comply:

JA Methods are in place to ensure all contractors performing work are licensed and performing in compliance with ORS 701 (Construction Contractors and Contracts).

 *Attach a narrative to describing the methods.*

JA Developer will provide the City with a list of all contractors performing work on the project. Before a contractor performs any work on the project, the contractor must be included on the list on file with the City. Owner will confirm that each contractor has valid, current licensing, insurance, bonding, and workers compensation coverage.

JA Developer 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 described in ORS 305.620 (local taxes) and ORS Chapters 316, 317 and 318 (state income taxes). City staff can provide a template of an affidavit for this purpose, if needed.

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

Essex - Local Economic Impact Plan

Who We Are

We are a dynamic construction company created by builders who love their craft. We embrace and respect our employees as our teammates. Our clients always receive our honest respect and absolute best effort. We treat our construction partners with fairness and accountability. We strive to make a fair profit while building safely and right the first time. We are stewards of our community, and mindful of the built and natural environment.

Essex and The Local Construction Community

Essex has been constructing buildings and building relationships in Lane County since 1987. We bring a long history of work experience with most of the subcontractors and suppliers in the county, having completed projects with every major subcontractor and supplier in our area, along with many of the smaller ones. Our relationships with local construction partners are based on shared goals, clear expectations, excellent communication, attention to detail in both construction and contract documents, and hands-on project administration. Essex's reputation for effective project management has enabled us to create strong, productive relationships with these firms and individuals, and get the best value for our projects.

The list below shows some of the contractors that Essex regularly works with. We will send bid invitations to all local subcontractors and suppliers during the bidding process for this project.

■ Parcel 7 - MUPT Application

Scope of Work	Company Name	Certifications	Office Location
General Contractor	Essex General Construction		Eugene, OR
Concrete, Site Concrete	3 C Custom Commercial Concrete		Springfield, OR
Concrete, Site Concrete	Dynasty Concrete Co.		Eugene, OR
Rebar	Farwest Steel		Eugene, OR
Ready Mix	Knife River Corporation		Eugene, OR
Ready Mix	Riverbend Materials		Eugene, OR
Masonry	Haps Masonry		Eugene, OR
Metal Fabrication	Kiwifab Inc.		Eugene, OR
Metal Fabrication	Gibson Steel Fabricating		Eugene, OR
Metal Fabrications	Commercial Metal Products		Springfield, OR
Metal Erection	West Side Iron	DBE, MBE	Springfield, OR
Wood Framing	Real Contractors LLC		Eugene, OR
Wood Framing	Tall Pine Contractors Inc		Marcola, OR
Finished Carpentry	LJ Pearson Construction Inc.		Springfield, OR
Building Insulation	Home Insulation		Eugene, OR
Roofing	River Roofing		Springfield, OR
Roofing	Evergreen Roofing		Eugene, OR
Roofing, Sheetmetal	Rock Roofing & Sheet Metal Inc		Eugene, OR
Sheetmetal	Smith Sheet Metal		Springfield, OR
Sheetmetal	Stedman Sheetmetal Inc		Springfield, OR
Waterproofing	LDC, Inc.		Springfield, OR
Millwork & Doors	Mid-Valley Glass & Millwork		Eugene, OR
Storefront & Glazing	Culver Glass Company		Eugene, OR
Storefront & Glazing	Lane County Glass		Eugene, OR
Storefront & Glazing	I-5 Glass		Springfield, OR
Metal Stud, Drywall, ACT	Haas Contracting		Springfield, OR

Essex - Local Economic Impact Plan

Scope of Work	Company Name	Certifications	Office Location
Metal Stud, Drywall, ACT	Hartness Drywall		Cottage Grove, OR
Metal Stud, Drywall, ACT	Oregon Ceiling & Acoustics LLC	ESB, MBE	Eugene, OR
Metal Stud, Drywall, ACT	Hathaways		Eugene, OR
Painting	One-Way Painting		Junction City, OR
Painting	Gaviotas Painting	WBE	Eugene, OR
Painting	WC Finishes Inc		Springfield, OR
Tile, Flooring	Rubensteins Contract Carpet LLC		Eugene, OR
Signage	Fastsigns of Eugene		Eugene, OR
Signage	Image King Signs		Eugene, OR
Signage	ES&A Sign & Awning		Eugene, OR
Casework, Countertops	Lanz Cabinets		Eugene, OR
Casework	Old-Mill Cabinets		Springfield, OR
Casework	Advance Cabinet Designs Inc.		Eugene, OR
Countertops	Precision Surfaces		Eugene, OR
Countertops	Pro Contracting		Eugene, OR
Window Coverings	Budget Blinds of Eugene		Eugene, OR
Window Coverings	VSC Window Coverings		Eugene, OR
Sprinkler	Omlid & Swinney		Springfield, OR
Sprinkler, Plumbing, HVAC	Harvey & Price		Eugene, OR
Plumbing	Twin Rivers		Eugene, OR
Plumbing	Brothers Plumbing Inc		Creswell, OR
Plumbing	Kevin Cohen Plumbing Inc		Springfield, OR
HVAC	Comfort Flow Heating		Springfield, OR
HVAC	Innovative Air Inc		Eugene, OR
Electrical	Reynolds Electric		Springfield, OR
Electrical	Contractors Electric LLC	ESB	Eugene, OR
Electrical	Sunset Electric Inc		Springfield, OR
Earthwork	Delta Construction Co		Eugene, OR
Earthwork	Kipco Construction LLC		Eugene, OR
Earthwork	Pacific Excavation Inc.		Eugene, OR
Site Concrete	Roger Langeliers Construction Co.		Eugene, OR
Landscaping	Rexius Forest By-Products Inc		Eugene, OR
Landscaping	Gratons Custom Landscapes		Junction City, OR
Landscaping	Andersons Erosion Control Inc	DBE, WBE	Junction City, OR
Fencing & Gates	Island Fence		Junction City, OR
Fencing & Gates	Oregon Fence Co.		Springfield, OR

■ Parcel 7 - MUPT Application

Essex - Local Economic Impact Plan

Outreach

Essex is committed to working with local businesses and cultivating relationships with small businesses and utilizing as many MWESB firms certified through COBID. Our deep relationships with local businesses have contributed to a large bench of local firms we can collaborate with on this project. For this reason we are confident we will be able to provide over 60% of the construction labor (in dollars) from contractors with a presence in Lane County.

Outreach and inclusion of MWESB certified firms is essential to maximize participation. We utilize Building Connected a web-based software program to create bid packages, distribute invitations to bid and manage the bid process. This gives us access to a large database of subcontractors and enables us to drill down and focus on local and/or MWESB subcontractors. The bottom line is that by leveraging this technology we can reach the specific subcontractors we need to meet the particular requirements of each project.

To assure maximum utilization of certified firms on the project, Essex will solicit for all project packages in an open, fair and competitive process.

- Certified firms' eligibility will be determined through state COBID lists.
- Outreach will start during pre-construction to provide advance notice to certified firms through key trade and business organizations such as OAME that promote utilization of minority and women owned firms.
- Essex will contact firms by phone, email and/or fax notifying them of anticipated work available on the project.
- Information shall be posted through Essex's Building Connected site to facilitate assessment of the interest of certified firms for the work on the project.
- Advertisement at least three weeks prior to bid opening in the Daily Journal of Commerce, Eugene Builders Exchange and the Portland Observer.
- A notification will be placed in OAME's newsletter and at their meetings. We will also host a table at a minimum of one OAME meeting to talk about the project with potential subcontractors and suppliers.
- Essex will maintain full sets of plans and specifications for solicitation packages where possible at local plan centers, such as (but not limited to), Eugene Builders Exchange, DJC and at any other plan centers deemed appropriate.

F. Project Design and Compatibility Worksheet

 Attach two schematic drawings drawn to a minimum scale of one inch equals 16 feet (1" = 16'):

1. Site plan and major features and dimensions of the proposed development.
2. Side and front elevations of the proposed development.

Identify on both drawings public and private access, parking and circulation plans, and proposed landscaping design. If Council approves the exemption, these schematic drawings will be attached to the approval resolution.

 Attach a written description of the exterior finishes, public and private access, parking and circulation plans, and proposed landscaping design.

 Attach a written narrative, with supporting graphics, renderings, or elevations of the proposed development that describes how the project will address the basic design concepts listed below.

Basic Design Concepts & Recommended Design Techniques

During the MUPTE application evaluation process, the City's Urban Design team will assess how the project addresses the four basic design concepts listed below. Also included below are recommended design techniques to assist in achieving these design concepts and serve as a way to create objective standards in design. These design techniques will provide non-regulatory guidance and are not prerequisites to receiving a MUPTE. The City's Urban Design team will reference the recommended techniques below in the evaluation it provides to the Review Panel of the submitted design. For additional guidance, refer to the Community Design Handbook, which can be found at www.eugene-or.gov/designhandbook.

Scale Form and Quality: Buildings are designed for the human scale, appropriate to local climate and natural resiliency, to engage the street, promote transparency, help define a sense of place, fit the neighborhood, and employ high-quality and contextually appropriate materials and colors. Recommended techniques include:

- Reference the rhythm of the building's structural system and spacing when placing bays, projecting columns or pilasters, windows, storefronts, and doors.
- Incorporate the use of balconies and terraces on residential and mixed-use buildings to provide additional articulation, shadows, indoor/outdoor connections, and eyes on the street.
- Use high quality, durable building materials and incorporate architectural elements and level of detailing, trim, texture and finish that is comparable on all building facades.
- Organize windows utilizing unifying elements such as common sill or header lines.
- Utilize a color and material placement consistent with architectural massing and structural bays. Do not switch colors or materials on the façade that do not respond to the architecture and articulation.
- Provide visual interest and accent shade and shadow by varying the building massing or highlighting different uses within the building by pushing or pulling the façade.

Mixture of Project Elements: The proposal employs a mixture of project elements that contribute to a walkable downtown, encourage biking and transit use, enrich the streetscape, and support community comfort and safety at all hours. Recommended techniques include:

- Provide entries for each ground floor retail and commercial establishment to facilitate pedestrian circulation and to add a finer grain to the layout of ground floor uses.
- Use building composition and form to enhance important wayfinding functions, such as the use of a vertical element to accentuate a corner entry into a building or to define a gateway.
- Establish a building entry hierarchy to delineate the difference between uses.
- Use horizontal and vertical separation for ground floor residential units to create a transitional area between the public realm and the residences. Utilize landscaping, screening elements, and other architectural features to further enhance privacy for both residents and passersby.

Relationship to the Street and Surrounding Uses: The proposal is designed to engage and enrich the streetscape, as well as respect and enhance the existing surrounding uses. Recommended techniques include:

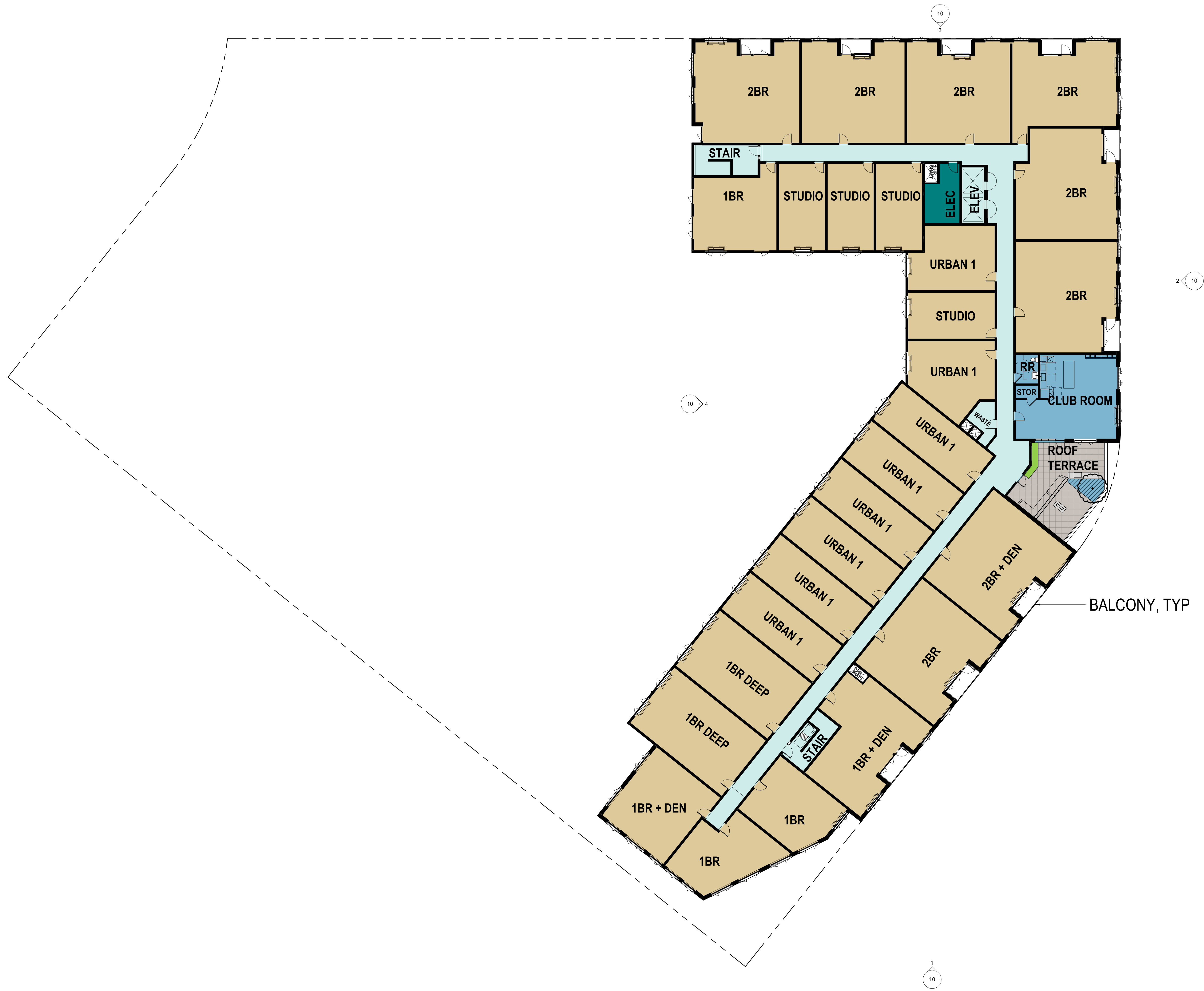
- Shelter entries by using awnings and/or by recessing the entry within the building façade.
- Provide a high degree of transparency for all ground floor commercial uses.
- Consider the use of clerestory windows on storefronts and other ground floor commercial uses.
- Where appropriate, place awnings above storefront windows.
- Use ground floor sidewalk frontage for active daytime uses.

Parking and Circulation: Parking is designed to provide, to the greatest extent possible, locations for car sharing, integrated shared-parking strategies, electric car charging stations, and safe and attractive pedestrian/bicycle connections between parking and adjacent buildings and streets. Recommended techniques include:

- Provide clear and attractive pedestrian and bicycle connections that minimize vehicle conflicts. Consider utilizing lighting to enhance safety and wayfinding.
- Consider landscaping and material change to highlight the pedestrian and bicycle amenities.
- Provide pedestrian and bicycle connections to the existing street grid when possible.
- Wrap the facades of the building with commercial and/or residential uses, internalizing the parking facility where appropriate for buildings with above ground parking structures.
- Utilize screening that replicates the proportions, rhythm, and scale of the building's other architectural elements and complements the overall building design where a parking structure is exposed to the public realm.
- Design screening to block views of all parked cars within the structure and limit the impacts associated with internal facility lighting and the headlights of cars.
- Do not express the sloping floors of parking structures on the exterior façade of the building.



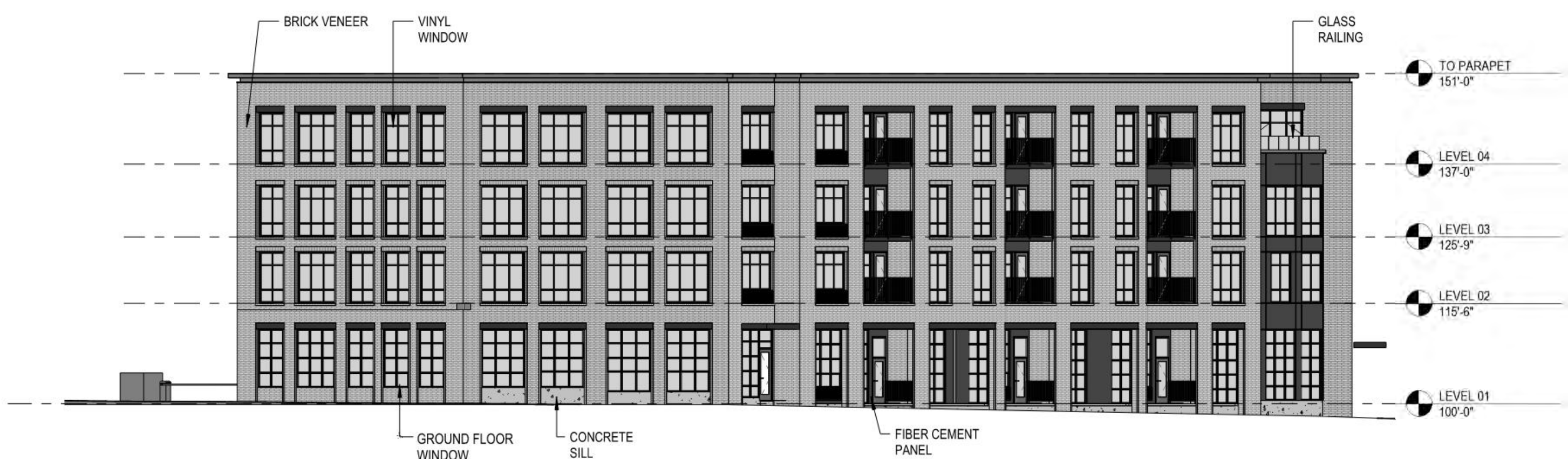

$$1/16'' = 1'-0''$$



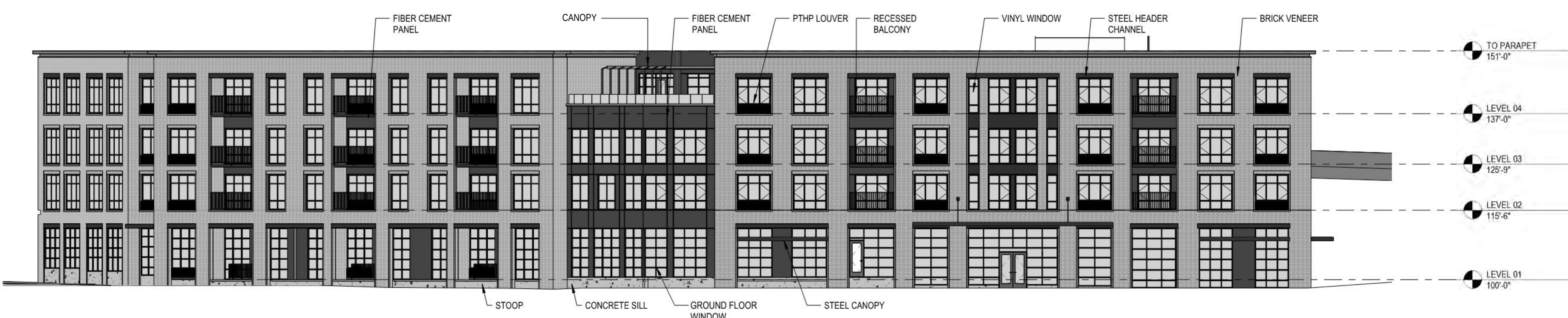
Department Legend

- AMENITY
- BOH
- COMMON
- UNIT

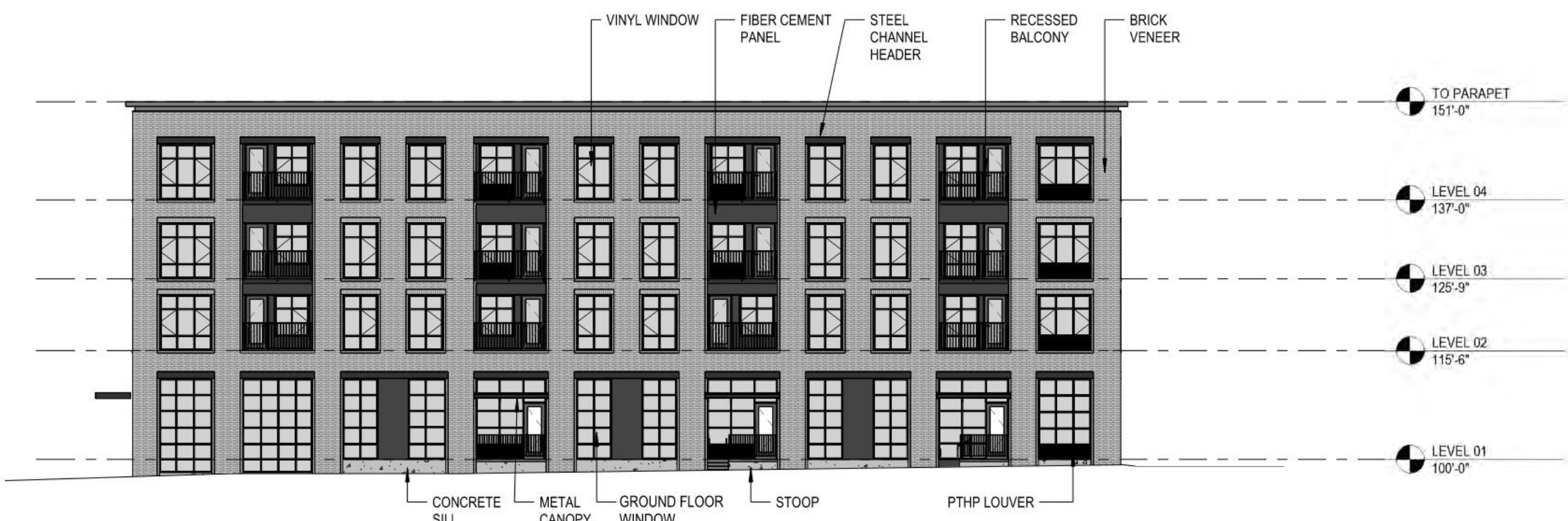
1 FLOOR PLAN - LEVEL 04 (SCENARIO A); LEVEL 05 (SCENARIO B)
1/16" = 1'-0"



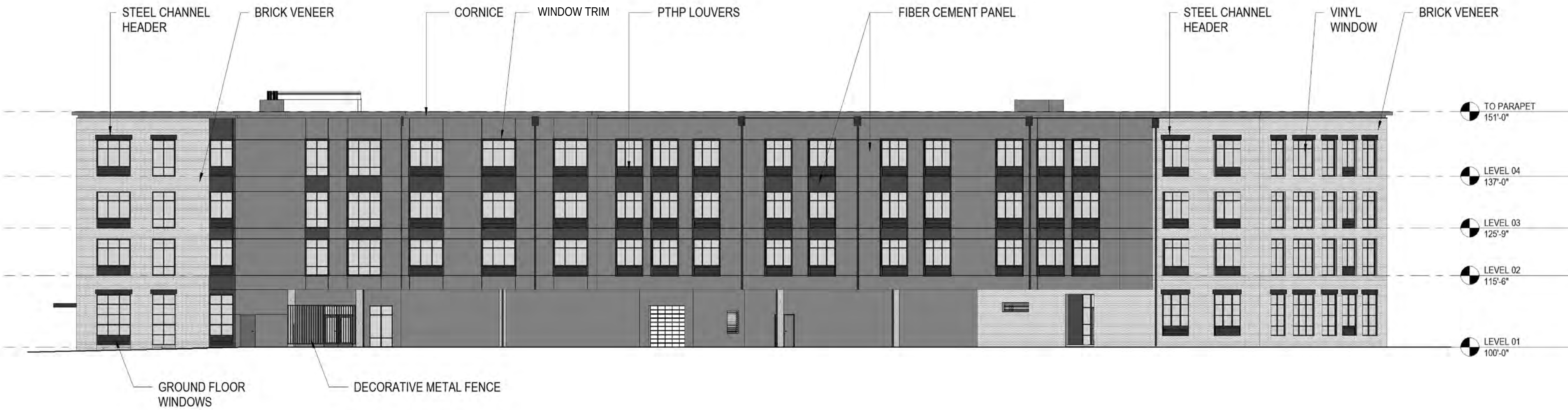
1 BUILDING ELEVATION - SOUTH
1/16" = 1'-0"



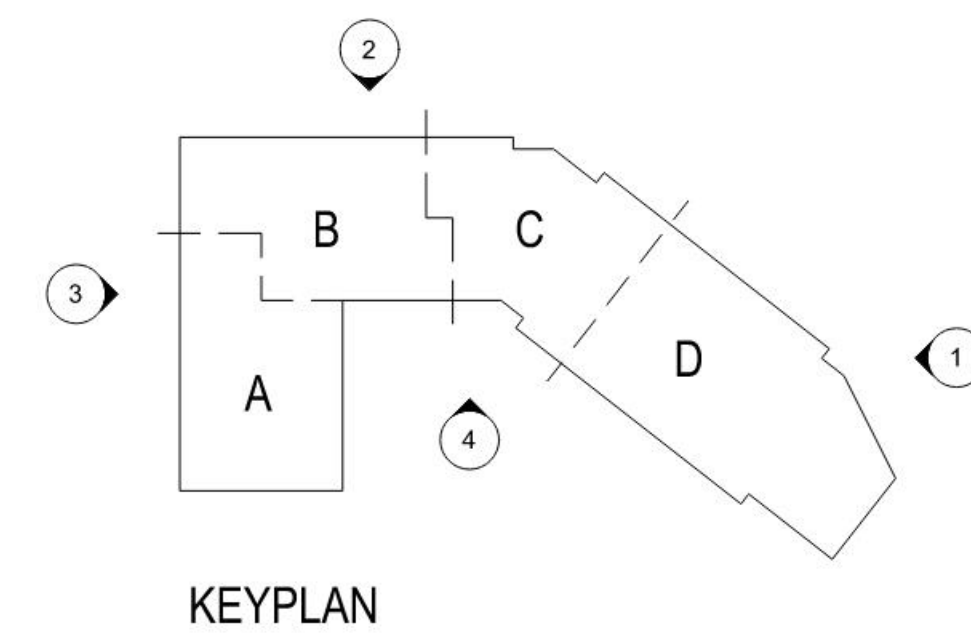
2 BUILDING ELEVATION - EAST
1/16" = 1'-0"



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



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





Parcel 7 - MUPT Application

G. Historic Housing & Sensitivity Worksheet

Any application for a project that is immediately adjacent or contiguous to a historic locale shall include a plan to mitigate impacts to the historic locale.⁴ The project shall preserve and enhance an existing historic locale, as evidenced by a concept plan that has been reviewed by a Planning & Development Department staff person with expertise in design and historic preservation. No exemption shall be granted for any property where a historic structure or potential historic structure has been demolished or removed from the property within the two years immediately preceding the MUPTE application date. This restriction shall be waived if the owner of the property gave notice of the intent to demolish or move the structure to Planning staff responsible for historic review issues at least 60 days before the owner's application for a demolition or moving permit from the City.

- i. Is the project immediately adjacent or contiguous to an historic locale?⁵

☒ Yes ☐ No



If yes, attach the confirmation letter from Planning staff that states the concept plan review is complete and accepted.

- ii. Was an historic structure or potential historic structure demolished or removed from the property within the two years immediately preceding the date of application for the exemption?

☒ Yes ☐ No



If yes, attach the letter from Planning staff that states proper notification was provided before removing any structures and that historic structures were appropriately addressed.

No exemption shall be granted for any property on which any housing unit has been demolished or removed from the property within the last two years. This restriction can be waived if the proposed project increases the number of dwelling units by 50% from what previously existed or if it replaces the old units by significantly larger units that will accommodate families.

- iii. Was housing demolished or removed from the property within the prior two years?

☐ Yes ☒ No

If yes, Number of units: _____

Number of houses: _____

Number of bedrooms per house: _____

⁴ As defined in the Administrative Rule, an historic locale is a building that has historic, cultural and/or architectural significance, locally, regionally, or nationally. A historic locale can also include a building acknowledged by the Eugene Historic Review Board as strongly or possibly eligible for City Landmark or National Register listing.

⁵ Contact Rodney Bohner with the City of Eugene's Planning Department to determine whether the project is adjacent or contiguous to a historic locale. (Rodney.t.bohner@ci.eugene.or.us, 541-682-5437)

Project Design and Compatibility Narrative

Eugene Riverfront District
ERD Parcel 7

Scale Form and Quality

Inspired by the concept of “Where the City Meets the River,” the ERD Parcel 7 project is designed to activate the future plaza, draw the urban character of downtown towards the Willamette River, and establish a new neighborhood: the Eugene Riverfront District.

In plan view, the building is configured as an L-shape with a hinge where Ferry Street bends. The massing is broken down into two distinct wings that engage with 5th Avenue and Ferry Street. The building is articulated for human scale, with intricate brick detailing to create visual interest at the ground level.

The exterior materials consist of brick, metal wall panels, fiber cement panels, and concrete. The project will use floor to ceiling windows 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, a refined counterpoint to the colonnade of the Ferry Street Viaduct. Deeply recessed balconies reinforce the architectural rhythm and introduce interesting shadows. The elevation design is further punctuated by details such as brick treatments around the windows and steel channel headers.

Mixture of Project Elements

The building is designed to contribute to a walkable downtown. The Ferry Street frontage is lined with residential stoops engaging with the street and the lobby is located across from the future plaza and park.

The 5th Avenue frontage also has residential stoops raised above the sidewalk, continuing the urban procession towards the river. These units have deep inset patios to create visual interest in the façade. A residential amenity is located at the corner of Annie Mims Lane and Ferry Street to ensure that there is an active use at the southeast end of the building.

The project will incorporate site and building mounted lighting to support community comfort and safety at all hours.

From the early phases of master planning, the Eugene Riverfront District was envisioned to provide transit connections to the neighborhood. The project teams have been in coordination with Lane Transit District to plan bus stops and routes through the

district. The location of building entrances and the sidewalk design have been planned to accommodate potential bus stops.

Relationship to the Street and Surrounding Uses

Visitors to the Downtown Riverfront Park walking under the viaduct will experience enhanced lighting and landscape. The building entrances are recessed into the façade and are further sheltered by large steel. Large ground floor windows provide a high degree of transparency at all street facing façades and the building's stoops, patios, and upper level amenity deck bring residents out to interface with the street. Street trees and stormwater planting enrich the streetscape.

Parking and Circulation

The building is designed to provide frontages to 5th Avenue, Ferry Street, and Annie Mims Lane to engage with the street and shield the residential parking from view. The parking lot under the viaduct will be screened with landscape. The parking will be accessed from Annie Mims Lane and 5th Avenue.

In alignment with the City of Eugene's Climate Action Plan to reduce transportation emissions and increase use of electric vehicles, the project is providing electric vehicle charging stations to support market demand. In addition to the installed EV chargers, empty conduit, pull vaults, and electrical system sizing will be appropriately implemented in support of future expansion to serve more electric vehicles. The main pedestrian and bicycle connections are tied to the existing street grid, reducing pedestrian/vehicle conflicts. Long term bicycle parking is provided in secure and convenient bike rooms and within units. Short term bicycle parking will be located near building entrances to encourage bicycle use for residents and visitors.



Atrium Building
99 west 10th Avenue
Eugene, Oregon 97401
Phone: 541-682-5377
Fax: 541-682-5572
www.eugene-or.gov/planning

September 24, 2021

SERA
c/o Joshua Lupkin, NCARB
338 NW 5th Ave.
Portland, OR 97209

**RE: Eugene Riverfront District - Parcel 7 and Parcel 9 MUPTE Application;
Historic & Existing Housing Sensitivity**

Thank you for submitting your MUPTE application materials for review. The subject sites are adjacent to one structure which appears to meet the Oregon State Historic Preservation Office's (SHPO) criteria for historic resource eligibility (Ferry Street Bridge and Railroad Viaduct), meeting the MUPTE application's definition of "historic locale," and consequently triggering review by City planning staff. Planning staff have reviewed the submitted materials and potential impacts to the Ferry Street Bridge Viaduct. Staff appreciate the chance to provide feedback regarding the project.

With regards to Part i of Section G Historic Housing & Sensitivity of the MUPTE application, the Ferry Street Bridge and Railroad Viaduct ("Ferry Street Bridge and Viaduct") was constructed c. 1950, providing a direct connection from Coburg Road to downtown Eugene and the University of Oregon, and linking Highway 99 between the Sixth-Seventh couplet and East Broadway. Ferry Street Bridge is located near the location of the ferry service operated by Eugene Skinner. The bridge and viaduct are examples of a number of large-scale road projects undertaken around Eugene from the 1950s to the mid 1960's.¹ Based on its date of construction and significance tied to Eugene's transportation history, the Ferry Street Bridge and Viaduct meet the MUPTE application's definition of "historic locale."

Having reviewed the proposal, staff finds no reason to conclude that the proposal will result in a negative impact to the identified historic locale. The proposal includes no direct structural impacts, such as alterations or demolitions, to the viaduct. Furthermore, the viaduct will maintain its setting and special relationships that characterize the structure. The proposed multi-unit apartment buildings closely align with adjacent historic rights-of-way, preserving historic spatial relationships of the subject city block. In conclusion, the Ferry Street Bridge Viaduct will remain as recognizable, physical record of its time and any potential historic significance will be retained.

With regards to Part ii of Section G of the MUPTE application, three buildings were demolished in the last two years immediately preceding the date of this application. Two buildings, a vehicle shop and warehouse/operations building, were associated with past Steam Plant/Eugene Water and Electric Board (EWEB) operations on the development site. The other building, the Midgley's Building Complex, was historically used for millworks and construction industry manufacturing and supply and more

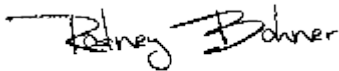
¹ "Eugene's River Road: Transportation" (PDF). City of Eugene. June 2006.

recently as office space. The City of Eugene submitted the necessary Oregon SHPO Clearance Forms ahead of demolition activity for these structures. SHPO determined that only the EWEB Warehouse/Operations Building (also known as the Bow-Truss Building) was eligible for listing on the National Register of Historic Places (SHPO Case Nos: 11-1373 / 18-1419 / 19-0168). The building's size and location presented a conflict with the Downtown Riverfront redevelopment plan, and thus it was demolished in 2019. In order to document the historic aspects of the building, the City entered into a Memorandum of Agreement with SHPO, agreeing to complete state-level documentation which will inform a future on-site interpretive installation.

Based on the information provided in the application materials, Planning staff find that the project will preserve the existing historic locale (Part i). Further, Planning staff confirm that proper notification was provided before the demolition of eligible historic structures on the site (Part ii).

If you need any further assistance from our staff, have questions about other future restoration projects, or if you would like more information on designating the identified historic locales, please do not hesitate to get in touch.

Sincerely,

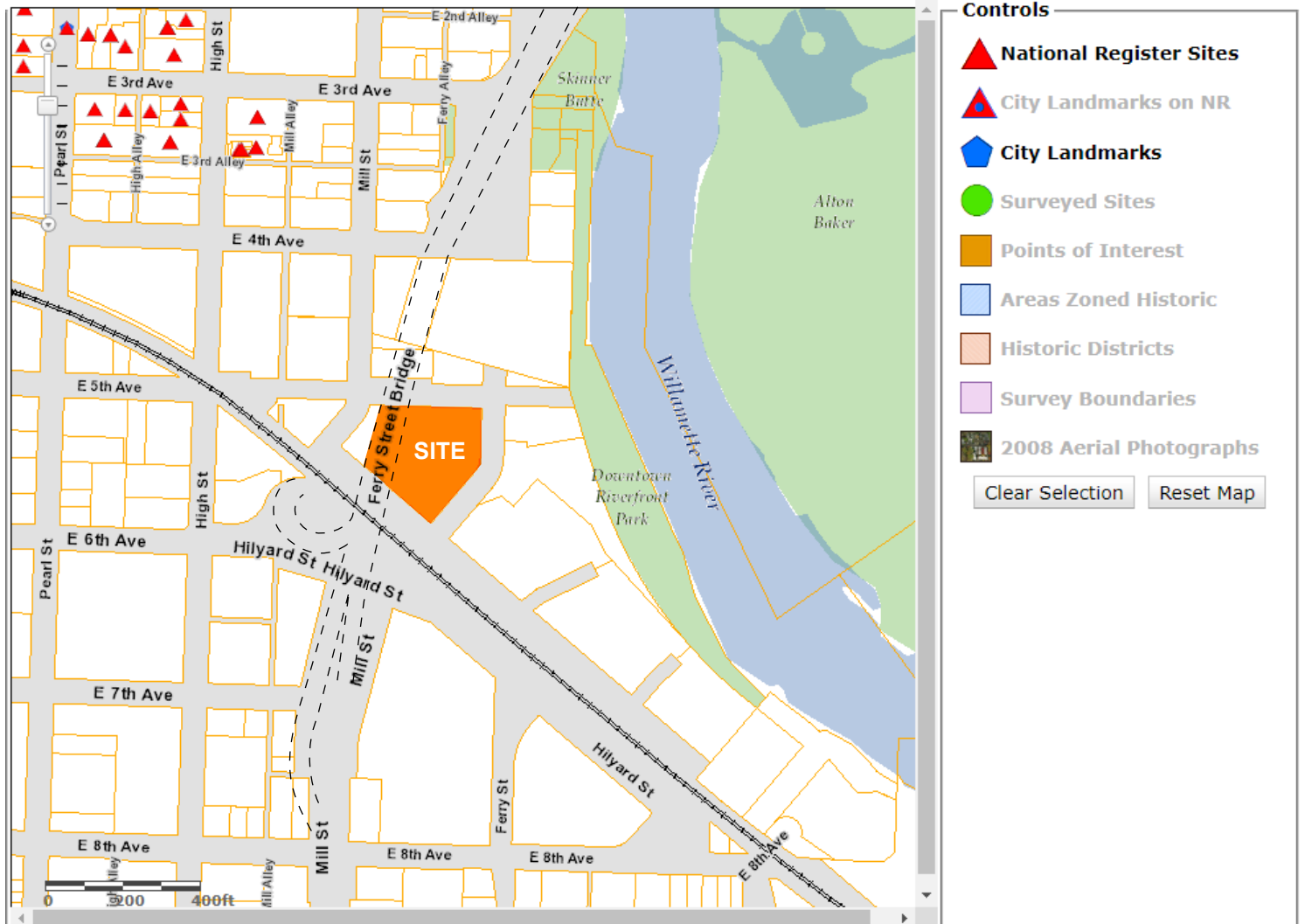


Rodney T. Bohner, *Associate Planner*
Eugene Planning Division | Land Use Planning
541-682-5437 | rodney.t.bohner@ci.eugene.or.us

Historic Housing Map

Eugene Riverfront District

ERD Parcel 7 - Scenario A & B



Financial Information

Eugene Riverfront District

ERD Parcel 7 - Scenario A & ~~B~~

■ Parcel 7 - MUPTe Application

Financial Cost Summary Sources of Basis

Land Acquisition

Purchase Price from City referenced directly from the current Agreement for Disposition and Development of Real Property. Land Acquisition Soft Costs assigned based on previous development experience.

Schematic Design and MUPTE Application

A/E Concept, Schematic Design, and MUPTE application fees provided in proposal from SERA Architects dated August 25, 2021. Other SD soft costs provided by third-party consultants.

Architectural / Engineering Design & Permitting

A/E Design Development, Construction Documents, and Permitting Assistance provided by SERA Architects in proposal dated August 25, 2021. Other Owner Soft Costs, City Permit Fees, SDC, and MUPTE Fees were provided by third-party consultants or assigned based on prior development experience.

Construction

Direct Construction costs were derived from Construction Cost Estimate provided by the pre-construction General Contractor. A/E Construction Observation and Administration provided by SERA Architects in proposal dated August 25, 2021. Insurance costs were derived from preliminary estimates provided by Propel Insurance. Other Owner Supplied Hard Costs are derived from previous development experience.

Project Contingency

Project Contingency set at approximately 5% of associated costs, based on previous development experience and current market conditions.

Project Finance and Operating Carry Costs

Project Finance and Operating costs based on anticipated loan terms and previous development experience.

Property Taxes

The estimated property taxes are based on the Lane County 2020 Consolidated Tax Rate (Tax Code Area 496). The Assessed Value is based on the Lane County 2020 Changed Property Ratio for Multi-Family properties (0.561). We applied a 3% annual escalator to the annual property tax amount.

Vacancy Loss

Vacancy Loss does not apply until Building has stabilized, reaching 100% occupancy.

Project Returns and Performance

The viability of the ERD Development relies on our ability to attract equity which in turn is required to secure construction financing. Two of the primary metrics investors measure to assess the viability of an investment are the project's Return on Cost and Cash on Cash Return. The Return on Cost

metric (which uses current market rents and estimated construction costs) is particularly useful for an investor to put capital into a potential development versus an existing project. The Return on Cost must be at least 100 basis points (1%) higher than current capitalization ("cap") rates for stabilized assets. For example, if current cap rates are 4.50% to buy an existing, performing multi-family project then an investor would need a Return on Cost of at least 5.50% on a comparable development property. If our development doesn't exceed that Return on Cost hurdle, there's no incentive to invest equity in the Eugene Riverfront Development. Without the benefits of the MUPTE program, our current program doesn't generate these required returns.

The second critical piece in developing a project such as Eugene Riverfront Development is to obtain construction financing. Equity investors, in order to achieve their required returns, will need construction financing at +/- 64% of total project cost. In turn, construction lenders tend to cap the amount they will lend based on a project's "Debt Yield". The Debt Yield is simply the underwritten stabilized net operating income ("NOI") divided by the loan amount. Current minimum Debt Yields are approximately between 7% and 9%, which is a function of being 200-400 basis points over the project's Return on Cost. Within that range, the specific Debt Yield that may be required is based both on the strength of the borrower's credit history, as well as the overall capacity of the lender. Based on our underwriting, we would not be able to achieve 64% financing at a 7% to 9% debt yield without the benefit of the MUPTE program.

In addition to the assumptions above, we also utilized Affinity Property Management to provide market insight with regards to revenue generation, operating expenses, renter interest, lease-up rates, vacancy rates, utilities, and management fees.

Financial Information

Eugene Riverfront District
ERD Parcel 7 - Scenario A

■ Parcel 7 - MUPTe Application

Financial Information

Eugene Riverfront District
ERD Parcel 7 - Scenario A

Unit Mix

	Avg SF Per Unit	Unit Count	Monthly		2021 Annual
			Avg Rent	Rent/SF	
Average/Total	862	95	\$ 2,493	\$ 2.89	\$2,841,600
Studio	479	6	\$ 1,900	\$ 3.97	\$ 136,800
Studio - Furnished / Short Term	479	6	\$ 2,300	\$ 4.80	\$ 165,600
Urban 1 Bdrm	649	18	\$ 2,100	\$ 3.24	\$ 453,600
Urban 1 - Furnished / Short Term	649	6	\$ 2,500	\$ 3.85	\$ 180,000
1 Bdrm	680	7	\$ 2,200	\$ 3.24	\$ 184,800
1 Bdrm - Furnished / Short Term	680	3	\$ 2,700	\$ 3.97	\$ 97,200
1 Bdrm + Den/Office	926	4	\$ 2,400	\$ 2.59	\$ 115,200
2 Bdrm Deep	960	3	\$ 2,600	\$ 2.71	\$ 93,600
2 Bdrm Deep - Furnished / Short Term	960	3	\$ 3,000	\$ 3.13	\$ 108,000
2 Bdrm	1,117	32	\$ 2,700	\$ 2.42	\$1,036,800
2 Bdrm - Furnished / Short Term	1,117	3	\$ 3,500	\$ 3.13	\$ 126,000
2 Bdrm + Den/Office	1,291	4	\$ 3,000	\$ 2.32	\$ 144,000
Furnished / Short Term (90-Day Min)	716	21	\$ 2,686	\$ 3.75	\$ 676,800
Non-Furnished / 1 Year Lease	903	74	\$ 2,438	\$ 2.70	\$2,164,800

Operating Income and Expenses - Stabilized

Without MUPTE

Revenue

	Number Of Units	Avg Unit SF	Avg Rent Per SF*	2021 Stabilized Total Annual	Annual Escalator	2023 Stabilized Total Annual
Non-Furnished (1-year lease)	74	903	\$ 2.70	\$ 2,164,800		\$ 2,341,448
Furnished (90-day minimum)	21	716	\$ 3.75	\$ 676,800		\$ 732,027
Total Units	95	862	\$ 2.89	\$ 2,841,600	4.0%	\$ 3,073,475
Vacancy loss		5.00%		(\$142,080)		(\$153,674)
Other Income						
Parking	40	\$50 /Stall/Mo.		\$24,000	3.0%	\$ 25,462
Storage	10	\$35 /Unit/Mo.		\$4,200	3.0%	\$ 4,456
Deposit on Turnover		\$175.00 PUPM	5.0%	\$9,975	3.0%	\$ 10,582
Other		\$19.50 PUPM		\$22,230	3.0%	\$ 23,584
Utility Billback		85.0% of Utility Expenses		\$47,084		\$ 54,411
Effective Gross Income				\$ 2,807,009		\$ 3,038,296

With MUPTE

Revenue

	Number Of Units	Avg Unit SF	Avg Rent Per SF	2021 Stabilized Total Annual	Annual Escalator	2023 Stabilized Total Annual
Non-Furnished (1-year lease)	74	903	\$ 2.70	\$ 2,164,800	0	\$ 2,341,448
Furnished (90-day minimum)	21	716	\$ 3.75	\$ 676,800	0	\$ 732,027
Total Units	95	862	\$ 2.89	\$ 2,841,600	4.0%	\$ 3,073,475
Vacancy loss		5.00%		(\$142,080)		(\$153,674)
Other Income						
Parking	40	\$50 /Stall/Mo.		\$24,000	3.0%	\$ 25,462
Storage	10	\$35 /Unit/Mo.		\$4,200	3.0%	\$ 4,456
Deposit on Turnover		\$175.00 PUPM	5.0%	\$9,975	3.0%	\$ 10,582
Other		\$19.50 PUPM		\$22,230	3.0%	\$ 23,584
RUBS		85.0% of Utility Expenses		\$47,084		\$ 54,411
Effective Gross Income				\$ 2,807,009		\$ 3,038,296

Operating Expenses

	PUPM	PUPY	2021 Total Annual	Annual Escalator	2023 Total Annual
Payroll	\$164.56	\$1,975	\$187,598	5.0%	\$ 206,827
Administration	\$17.86	\$214	\$20,360	3.0%	\$ 21,600
Advertising/Marketing	\$76.32	\$916	\$87,005	3.0%	\$ 92,303
Utilities	\$48.59	\$583	\$55,393	7.5%	\$ 64,013
Repairs/Maintenance	\$21.87	\$262	\$24,932	4.0%	\$ 26,966
Turnover	\$21.32	\$256	\$24,305	4.0%	\$ 26,288
Contracted Services	\$18.88	\$227	\$21,523	4.0%	\$ 23,279
Insurance (prop + excess)	\$41.58	\$499	\$47,401	3.0%	\$ 50,288
Property Taxes	\$415.89	\$4,991	\$474,113	3.0%	\$ 502,986
Management Fee	3.5%	\$86.18	\$1,034		\$106,340
Reserve/Replacement	\$20.83	\$250	\$23,746	0.0%	\$ 23,746
Total Expenses	37.9% of EGI	\$933.88	\$11,207		\$1,144,639

Operating Expenses

	PUPM	PUPY	2021 Total Annual	Annual Escalator	2023 Total Annual
Payroll	\$165	\$1,975	\$187,598	5.0%	\$ 206,827
Administration	\$18	\$214	\$20,360	3.0%	\$ 21,600
Advertising/Marketing	\$76	\$916	\$87,005	3.0%	\$ 92,303
Utilities	\$49	\$583	\$55,393	7.5%	\$ 64,013
Repairs/Maintenance	\$22	\$262	\$24,932	4.0%	\$ 26,966
Turnover	\$21	\$256	\$24,305	4.0%	\$ 26,288
Contracted Services	\$19	\$227	\$21,523	4.0%	\$ 23,279
Insurance (prop + excess)	\$42	\$499	\$47,401	3.0%	\$ 50,288
Property Taxes	\$22	\$267	\$25,394	3.0%	\$ 26,940
Management Fee	3.5%	\$86	\$1,034		\$106,340
Reserve/Replacement	\$21	\$250	\$23,746	0.0%	\$ 23,746
Total Expenses	21.9% of EGI	\$540	\$615,902		\$668,592

Net Operating Income

\$1,742,387

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\$1,893,657

Feb 22, 2022 Work Session - Item 8

Net Operating Income

\$2,191,106

\$2,369,703

Parcel 7 – Scenario A
10-Year Operating Pro Forma

10-Year Pro Forma without MUPTe		Year									
		1 (Lease-up)	2	3	4	5	6	7	8	9	10
	Escalator	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Revenue	3.0%	\$2,547,749	\$3,165,679	\$3,260,649	\$3,358,469	\$3,459,223	\$3,562,999	\$3,669,889	\$3,779,986	\$3,893,386	\$4,010,187
Vacancy loss	5.00%	(\$89,643)	(\$158,284)	(\$163,032)	(\$167,923)	(\$172,961)	(\$178,150)	(\$183,494)	(\$188,999)	(\$194,669)	(\$200,509)
Other Income											
Parking	3.0%	\$21,106	\$26,225	\$27,012	\$27,823	\$28,657	\$29,517	\$30,402	\$31,315	\$32,254	\$33,222
Storage	3.0%	\$3,694	\$4,589	\$4,727	\$4,869	\$5,015	\$5,165	\$5,320	\$5,480	\$5,644	\$5,814
Deposit on Turnover	3.0%	\$8,772	\$10,900	\$11,227	\$11,564	\$11,911	\$12,268	\$12,636	\$13,015	\$13,406	\$13,808
Other	3.0%	\$19,550	\$24,291	\$25,020	\$25,771	\$26,544	\$27,340	\$28,160	\$29,005	\$29,875	\$30,772
Utility Billback	3.0%	\$45,104	\$56,043	\$57,725	\$59,456	\$61,240	\$63,077	\$64,970	\$66,919	\$68,926	\$70,994
Effective Gross Income		\$2,556,332	\$3,129,444	\$3,223,328	\$3,320,028	\$3,419,628	\$3,522,217	\$3,627,884	\$3,736,720	\$3,848,822	\$3,964,287
Operating Expenses											
Expenses	3.0%	\$511,566	\$526,913	\$542,720	\$559,002	\$575,772	\$593,045	\$610,836	\$629,161	\$648,036	\$667,477
Management Fee	3.5% of EGI	\$89,472	\$109,531	\$112,816	\$116,201	\$119,687	\$123,278	\$126,976	\$130,785	\$134,709	\$138,750
Property Taxes											
Land	3.0%	\$26,940	\$27,748	\$28,581	\$29,438	\$30,321	\$31,231	\$32,168	\$33,133	\$34,127	\$35,151
Improvements	3.0%	\$476,046	\$490,327	\$505,037	\$520,188	\$535,794	\$551,868	\$568,424	\$585,477	\$603,041	\$621,132
Total Property Taxes		\$502,986	\$518,076	\$533,618	\$549,627	\$566,115	\$583,099	\$600,592	\$618,610	\$637,168	\$656,283
Reserve/Replacement	0.0%	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746
Total Operating Expenses		\$1,127,770	\$1,154,519	\$1,189,155	\$1,224,829	\$1,261,574	\$1,299,421	\$1,338,404	\$1,378,556	\$1,419,913	\$1,462,510
Expense % of EGI		44.1%	36.9%	36.9%	36.9%	36.9%	36.9%	36.9%	36.9%	36.9%	36.9%
Net Operating Income		\$1,428,562	\$1,974,925	\$2,034,173	\$2,095,198	\$2,158,054	\$2,222,796	\$2,289,480	\$2,358,164	\$2,428,909	\$2,501,776

10-Year Pro Forma with MUPTe		Year									
		1 (Lease-up)	2	3	4	5	6	7	8	9	10
	Escalator	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Revenue	3.0%	\$2,547,749	\$3,165,679	\$3,260,649	\$3,358,469	\$3,459,223	\$3,562,999	\$3,669,889	\$3,779,986	\$3,893,386	\$4,010,187
Vacancy loss	5.00%	(\$89,643)	(\$158,284)	(\$163,032)	(\$167,923)	(\$172,961)	(\$178,150)	(\$183,494)	(\$188,999)	(\$194,669)	(\$200,509)
Other Income											
Parking	3.0%	\$21,106	\$26,225	\$27,012	\$27,823	\$28,657	\$29,517	\$30,402	\$31,315	\$32,254	\$33,222
Storage	3.0%	\$3,694	\$4,589	\$4,727	\$4,869	\$5,015	\$5,165	\$5,320	\$5,480	\$5,644	\$5,814
Deposit on Turnover	3.0%	\$8,772	\$10,900	\$11,227	\$11,564	\$11,911	\$12,268	\$12,636	\$13,015	\$13,406	\$13,808
Other	3.0%	\$19,550	\$24,291	\$25,020	\$25,771	\$26,544	\$27,340	\$28,160	\$29,005	\$29,875	\$30,772
Utility Billback	3.0%	\$45,104	\$56,043	\$57,725	\$59,456	\$61,240	\$63,077	\$64,970	\$66,919	\$68,926	\$70,994
Effective Gross Income		\$2,556,332	\$3,129,444	\$3,223,328	\$3,320,028	\$3,419,628	\$3,522,217	\$3,627,884	\$3,736,720	\$3,848,822	\$3,964,287
Operating Expenses											
Expenses	3.0%	\$511,566	\$551,371	\$567,912	\$584,950	\$602,498	\$620,573	\$639,191	\$658,366	\$678,117	\$698,461
Management Fee	3.5% of EGI	\$89,472	\$109,531	\$112,816	\$116,201	\$119,687	\$123,278	\$126,976	\$130,785	\$134,709	\$138,750
Property Taxes											
Land	3.0%	\$26,940	\$27,748	\$28,581	\$29,438	\$30,321	\$31,231	\$32,168	\$33,133	\$34,127	\$35,151
Improvements	3.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Property Taxes		\$26,940	\$27,748	\$28,581	\$29,438	\$30,321	\$31,231	\$32,168	\$33,133	\$34,127	\$35,151
Reserve/Replacement	0.0%	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746	\$23,746
Moderate-Income Housing Fee				\$67,917	\$67,917	\$67,917	\$67,917	\$67,917	\$67,917	\$67,917	\$67,917
Total Operating Expenses		\$651,724	\$712,396	\$800,973	\$822,652	\$844,170	\$866,745	\$889,997	\$913,947	\$938,615	\$964,025
Expense % of EGI		25.5%	22.8%	24.8%	24.8%	24.7%	24.6%	24.5%	24.5%	24.4%	24.3%
Net Operating Income		\$1,904,608	\$2,417,048	\$2,422,355	\$2,497,776	\$2,575,459	\$2,655,472	\$2,737,886	\$2,822,773	\$2,910,206	\$3,000,262

Parcel 7 – Scenario A
Debt Service Summary

Debt Calculation

Loan Amount	\$27,346,337
Interest Rate	5.50%
Amortization	30 Years
Annual Debt Service	\$1,863,234

Debt Service without MUPTE

	Year									
	1	2	3	4	5	6	7	8	9	10
	LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Net Operating Income	\$1,430,654	\$1,977,081	\$2,036,393	\$2,097,485	\$2,160,409	\$2,225,222	\$2,291,978	\$2,360,738	\$2,431,560	\$2,504,507
Construction Loan Interest 2.50%	\$341,829									
Permanent Loan Debt Service	\$931,617	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234
<i>Debt Service Coverage Ratio (DSCR)</i>		1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.31	1.34
Before Tax Cash Flow	\$157,208	\$113,847	\$173,159	\$234,251	\$297,175	\$361,988	\$428,744	\$497,504	\$568,326	\$641,273

Debt Service with MUPTE

	Year									
	1	2	3	4	5	6	7	8	9	10
	LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Net Operating Income	\$1,904,608	\$2,417,048	\$2,422,355	\$2,497,776	\$2,575,459	\$2,655,472	\$2,737,886	\$2,822,773	\$2,910,206	\$3,000,262
Construction Loan Interest 2.50%	\$341,829									
Permanent Loan Debt Service	\$931,617	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234
<i>Debt Service Coverage Ratio (DSCR)</i>		1.30	1.30	1.34	1.38	1.43	1.47	1.52	1.56	1.61
Before Tax Cash Flow	\$631,162	\$553,814	\$559,121	\$634,542	\$712,225	\$792,238	\$874,653	\$959,539	\$1,046,972	\$1,137,028

Funding Sources for Parcel 7 - Scenario A

Loan	64.0%	\$27,460,578
Equity	36.0%	\$15,446,575
Total Sources of Funding	100.0%	\$42,907,152

Parcel 7 – Scenario A

Cash-on-Cash Return without MUPTE		Year									
		1	2	3	4	5	6	7	8	9	10
		LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Income		\$2,556,332	\$3,129,444	\$3,223,328	\$3,320,028	\$3,419,628	\$3,522,217	\$3,627,884	\$3,736,720	\$3,848,822	\$3,964,287
Operating Expenses		\$1,125,677	\$1,152,364	\$1,186,935	\$1,222,543	\$1,259,219	\$1,296,996	\$1,335,905	\$1,375,983	\$1,417,262	\$1,459,780
Net Operating Income		\$1,430,654	\$1,977,081	\$2,036,393	\$2,097,485	\$2,160,409	\$2,225,222	\$2,291,978	\$2,360,738	\$2,431,560	\$2,504,507
Debt Service		\$1,273,446	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234
Cash Flow		\$157,208	\$113,847	\$173,159	\$234,251	\$297,175	\$361,988	\$428,744	\$497,504	\$568,326	\$641,273
Cash-on-Cash Return Equity: \$15,382,315		1.02%	0.74%	1.13%	1.52%	1.93%	2.35%	2.79%	3.23%	3.69%	4.17%

Cash-on-Cash Return with MUPTE		Year									
		1	2	3	4	5	6	7	8	9	10
		LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Income		\$2,556,332	\$3,129,444	\$3,223,328	\$3,320,028	\$3,419,628	\$3,522,217	\$3,627,884	\$3,736,720	\$3,848,822	\$3,964,287
Operating Expenses		\$651,724	\$712,396	\$800,973	\$822,252	\$844,170	\$866,745	\$889,997	\$913,947	\$938,616	\$964,025
Net Operating Income		\$1,904,608	\$2,417,048	\$2,422,355	\$2,497,776	\$2,575,459	\$2,655,472	\$2,737,886	\$2,822,773	\$2,910,206	\$3,000,262
Debt Service		\$1,273,446	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234	\$1,863,234
Cash Flow		\$631,162	\$553,814	\$559,121	\$634,542	\$712,225	\$792,238	\$874,653	\$959,539	\$1,046,972	\$1,137,028
Cash-on-Cash Return Equity: \$15,382,315		4.10%	3.60%	3.63%	4.13%	4.63%	5.15%	5.69%	6.24%	6.81%	7.39%

ROC without MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$1,742,387	\$1,893,657
Total Project Cost	\$42,907,152	\$42,907,152
Return on Cost	4.06%	4.41%

ROC with MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$2,191,106	\$2,369,703
Total Project Cost	\$42,907,152	\$42,907,152
Return on Cost	5.11%	5.52%

Debt Yield without MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$1,742,387	\$1,893,657
Total Loan Amount (64% LTC)	\$27,460,578	\$27,460,578
Debt Yield	6.35%	6.90%

Debt Yield with MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$2,191,106	\$2,369,703
Total Loan Amount (64% LTC)	\$27,460,578	\$27,460,578
Debt Yield	7.98%	8.63%

Cost Summary

Eugene Riverfront District
ERD Parcel 7 - Scenario A

■ Parcel 7 - MUPTE Application

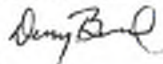
		Total
Land Acquisition	74,133 SF	\$3,780,783
Purchase Price From City (\$31/SF)	\$2,298,123	
Land Acquisition Soft Costs (\$20/SF)	\$1,482,660	
Schematic Design and MUPTE Application		\$685,628
A/E Concept and Schematic Design	\$515,131	
MUPTE Application / Other SD Soft Costs	\$170,497	
Architectural / Engineering Design & Permitting		\$3,701,395
A/E Design Development	\$562,977	
A/E Construction Documents and Permitting Assistance	\$511,612	
Other Owner Soft Costs	\$1,191,806	
City Permit Fees, SDC, MUPTE Fee	\$1,435,000	
Construction		\$31,908,532
Direct Construction (subject to Federal Davis Bacon Residential Prevailing Wage)	\$28,864,964	
Offsite Construction (Parking, Field Office)	\$325,000	
A/E Construction Observation and Administration	\$583,033	
Insurance (OCIP and Builder Risk)	\$600,730	
Other Owner Supplied Hard Costs	\$1,534,806	
Project Contingency		\$1,780,215
Soft Cost Contingency	\$258,055	
Hard Cost Contingency	\$1,522,160	
Project Finance and Operating Carry Costs		\$1,050,600
Finance Costs and Construction Loan Interest	\$950,600	
Operating Carry Costs during Lease Up	\$100,000	
Total Project Cost		\$42,907,152

H. Application Finalization Worksheet**Application Fee Information**

An application fee of \$3,720* should be made payable to City of Eugene at the time of submission. This is comprised of the \$800 base fee plus \$2,920 for the independent financial consultant. (Payment of other reasonable costs may be required, if incurred by the City or County in processing this application, such as additional consultant charges. Additional costs must be paid prior to City Council taking action on this application.)

Property Owner Authorization

If the applicant is not the current property owner, the applicant must either have the property owner sign on the application below OR include documentation authorizing the applicant to apply for the tax exemption on the owner's behalf.⁶

By:  Date: 09/28/2021
Property Owner's Signature

Application Verification

I swear or affirm that all information contained in this application is accurate and all statements are true.

By:  Date: 9.30.21
Applicant Signature

State of OREGON

County of Multnomah

Signed and sworn to (or affirmed) before me on September 30, 2021 by James Atkins



Notary Public for Oregon



⁶ Administrative Order 53-20-02-F

Memorandum



Date 20 December 2021
Project Name Eugene Riverfront District MUPTE Applications
Lot # Parcel 7 (Town Run Lot 9)
Attention Dylan Huber-Heidorn
Development Analyst
City of Eugene Community Development
Email DHuber-Heidorn@eugene-or.gov
Subject MUPTE Application – Removal of Scenario B from consideration for final determination.
Remarks Dylan,

This memorandum is our (the applicant's) official request to modify the MUPTE application for the Eugene Riverfront Project Parcel 7 (Town Run Lot 9). We request the Scenario B options for a higher density design be removed from consideration for final MUPTE determination. The project is pursuing MUPTE approval for Scenario A only.

Please disregard references to Scenario B and sections of the application describing Scenario B design. Attachment A identifies sections within the application table of contents to be disregarded in their entirety.

Thank you,

A handwritten signature in blue ink, appearing to read "James Atkins", is written over a faint, larger blue signature that is partially obscured.

James Atkins
Eugene Riverfront District, LLC
jim@atkinsdame.com

■ Parcel 7 - MUPTE Application

Attachment A

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Eugene Riverfront District

ii. Cover Letter

A. Application

- Project Information Sheet
 - Scenario A, Low Density
 - ~~- Scenario B, High Density~~
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- Neighborhood Engagement
 - Minutes from Meeting & Comments
 - Meeting Attendance Sheet and Screen Captures

B. Required Public Benefits

- Worksheet
- Narrative

C. Green Building Features

- Worksheet
- Narrative

D. Local Economic Impact Plan

- Worksheet
 - Scenario A, Low Density
 - ~~- Scenario B, High Density~~
- Narrative

E. Omitted - Moderate-Income Housing Worksheet.

Project is not pursuing moderate-income housing.

F. Project Design and Compatibility

- Worksheet
- Schematic Drawings
 - Scenario A, Low Density
 - ~~- Scenario B, High Density~~
- Narrative

G. Historic Housing & Sensitivity

H. Financial Information

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 - Ten-Year Cash-on-Cash Rate of Return Analysis
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 - ~~- Revenue and Operating Expenses~~
 - ~~- Ten-Year Pro Forma~~
 - ~~- Funding Sources and Debt Service~~
 - ~~- Ten-Year Cash-on-Cash Rate of Return Analysis~~
 - ~~- Development Budget~~

I. Application Finalization Worksheet

Eugene Riverfront District

Parcel 9

Eugene, Oregon

MUPTE Application

October 22, 2021
Project No. 2103021



★ Parcel 9 - MUPTE Application

City of Eugene staff note:

Eugene Riverfront District, LLC originally submitted this MUPTE application with two development scenarios—Scenario A, a lower-density project, and Scenario B, a higher-density project. Based on current market conditions, ERD LLC has chosen to withdraw the higher-density scenario, Scenario B, from the application and focus on Scenario A. Of the three current applications, Parcel 9 would be the last to break ground. ERD LLC anticipates resubmitting an application in the future with updated details to adjust for market changes that influence the feasibility of the higher-density scenario.



Where possible, staff has attempted to remove references to Scenario B for clarity. Some references remain through the application. Where relevant, please focus the evaluation only on Scenario A.

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Eugene Riverfront District
Parcel 9 - Scenario A & B

ii. Cover Letter

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 - Development Budget
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 - ~~Revenue and Operating Expenses~~
 - ~~Ten-Year Pro Forma~~
 - ~~Funding Sources and Debt Service~~
 - ~~Ten-Year Cash-on-Cash Rate of Return Analysis~~
 - ~~Development Budget~~

I. Application Finalization Worksheet

Cover Letter

Eugene Riverfront District

Thank you for this opportunity to submit an application for the City of Eugene Multi-Unit Property Tax Exemption (MUPTe) incentive program. Redevelopment of the previously industrial Downtown Riverfront supports the community's vision that has been decades in the making. On the east side of Downtown, the river's edge was formerly isolated from public access by the Eugene Water and Electric Board's (EWEB) facilities and is now undergoing a transformation into a vibrant new district connecting downtown to the river. New city infrastructure including streets, sidewalks, a riverfront park, and public plaza are under development to support construction of new commercial and residential developments, creating an inviting place for the entire community and vital neighborhood for people to live, work, and explore. As demonstrated in our application, the project would not be economically viable and would not be built without the benefit of the MUPTe.

Since Eugene was founded in 1865, the Willamette River has been an essential piece of our community's identity. It is where Eugene Skinner created the first plat for the city, and for decades the river has provided industry and recreation opportunities for our community. As one of our proudest assets, our community has a long-held vision and desire to create more access and connections to the river – places where people can hang out, meet friends, and bring their family to enjoy the riverfront. [eugene-or.gov/3506/Downtown-Riverfront]

Over a decade ago the City of Eugene and EWEB began the process to transition the industrial site from a barrier to a connection between the river and downtown, the college campus, and East Skinner Butte Historic Landmark Area. Through this process, the Riverfront Master Plan was developed and approved in 2010 based on substantial community input and adopted by City Council in 2013. This vision included the creation of a world-class public park on the waterfront, development to support economic and housing opportunities, promoting compact urban development, and enhancing natural resources. With support of the Eugene City Government and the State of Oregon, the Treasury Department has designated a portion of the Eugene riverfront site as an Opportunity Zone. Our development aims to renew and revitalize the connections between the Willamette River and Downtown Eugene in support of the Opportunity Zone goals. However, a portion of our site may not benefit from the Opportunity Zone incentives. Additionally, the benefits of the Opportunity Zone incentives will not be realized until 10 years into the future, creating the real risk that many investors who prioritize meeting early return goals will overlook these benefits. In order to attract equity from investors with these specific, market-based strategies, we must show that our development will generate the investors' desired returns when the development reaches stabilization.

On July 22, 2019 the City Council voted (7-0) to adopt the package of land use applications necessary to implement the concept plan for the Downtown Riverfront redevelopment. Within the adopted package, low and high-density guidelines were identified for each parcel providing flexibility for the new development. ~~In alignment with the disposition and development agreement (DDA) for the Downtown Riverfront Property in the Riverfront Urban Renewal District, this MUPTe application includes two scenarios: Scenario A, a lower density scheme with a lower cost structural system (Type I and V construction); and Scenario B, a higher density scheme with a higher cost structural system (Type I and III construction). Both scenarios maintain the same high quality exterior materials, detailing, window organization, and architectural vocabulary. The intent is for both scenarios to be approved under the final MUPTe determination. Again, this development will not be built as presented in this application without the benefits of the MUPTe incentive program. Submittal of multiple scenarios is in response to the economic uncertainty generated from the global COVID-19 pandemic. The drastic economic impact of the pandemic has substantially contributed to historically inflated material costs, national economic inflation,~~

and investor uncertainty. Having multiple options allows the development to be nimble in an everchanging pandemic and economic environment and increases the potential for successful implementation of the designs presented in this application within the timelines agreed upon in the DDA.

~~Outline of Scenario A and Scenario B similarities and differences:~~

~~**Similarities**~~

- ~~• Pedestrian experience and sidewalk design.~~
- ~~• High quality of materials on exterior facade~~
- ~~• Window layouts and sizes.~~
- ~~• Architectural vocabulary and quality of details.~~
- ~~• Dwelling unit organization and relationships to the street.~~
- ~~• Both options remain subject to compliance with district design guidelines.~~
- ~~• Parcel 9 river facing façade remains 4-stories, consistent with building height requirements.~~

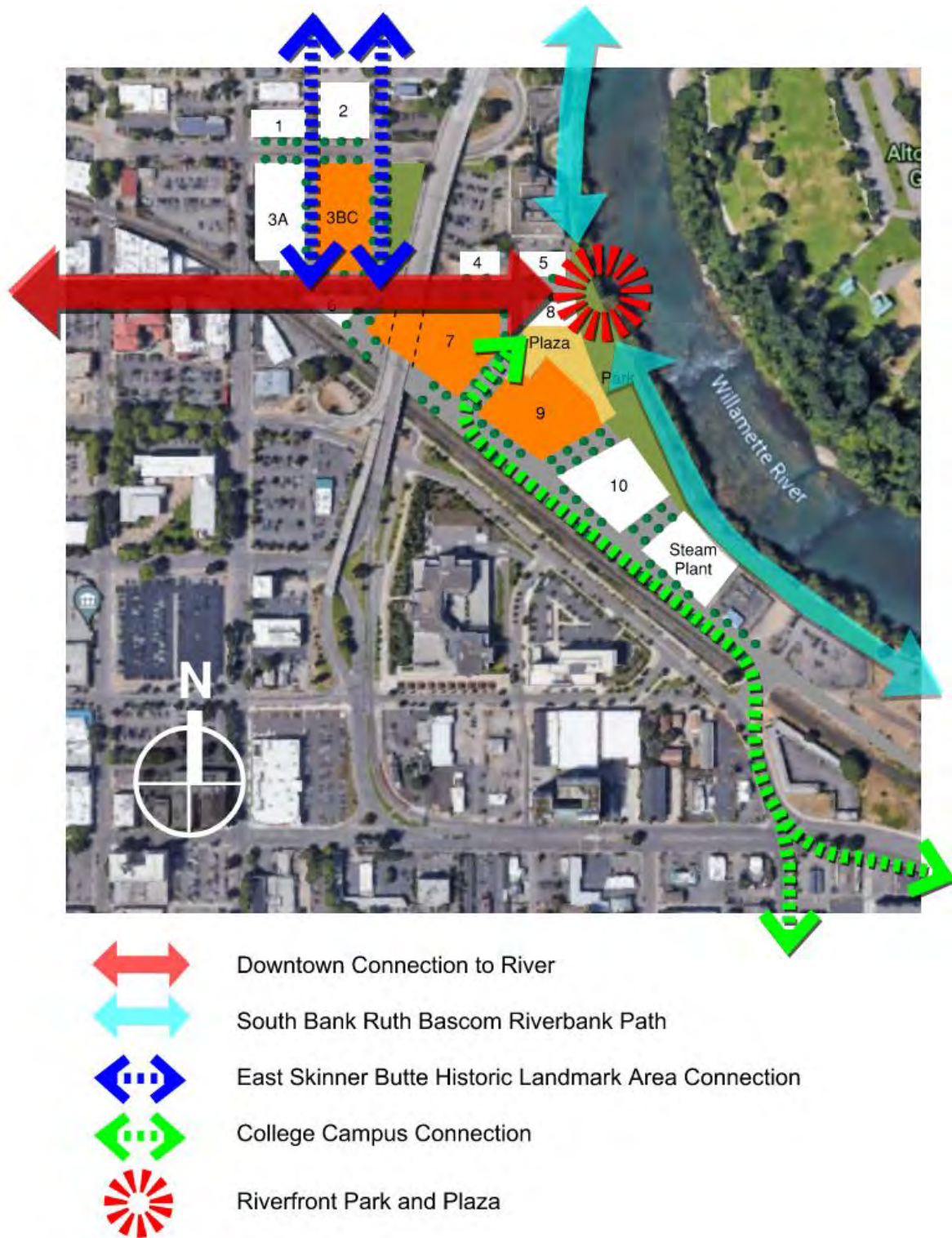
~~**Differences**~~

- ~~• Building Height:
 - ~~o Scenario A is 4 stories.~~
 - ~~o Scenario B is 5 stories on Parcels 3BC and 7 and 7 stories on Parcel 9~~~~
- ~~• Structural System Construction Type:
 - ~~o Scenario A is of Type V construction for wood framed portions of buildings.~~
 - ~~o Scenario B is of Type III construction for wood framed portions of buildings.~~~~
- ~~• No commercial use space is included in Scenario A, consistent with the DDA.~~
- ~~• Parcels 3BC and 9 add below grade parking in Scenario B.~~

It is the development team’s intention to complete projects within the timeline requirements outlined in the DDA, well before the sunset of the MUPTE approvals in January 2032. The final constructed building will be in conformance with the approved building form with any changes having a positive or neutral impact to the overall design being approved by the City Manager.

District Map

Eugene Riverfront District



★ Parcel 9 - MUPTE Application

MUPTE Application



A. General Project Information

Applicant Information

Applicant's Name: Eugene Riverfront District, LLC, c/o Jim Atkins
 Address: 1255 NW 9th Ave, Suite 119
 City: Portland State: OR Zip Code: 97209
 Telephone Number: 971-506-5104
 E-mail Address: jim@atkinsdame.com
 Housing Project Name: ERD Parcel 9

Site Location

Assessor's Property Acct No.: See attached project information page.
 Map / Tax Lot No. See attached project information page.
 Site Location Address: See attached project information page
(if no address available, provide a written description)

 Attach legal description of the property.

Current Use & Site Information

Current Zoning: See attached project information page.
 Parcel Size: See attached project information page.
 Minimum Density Allowed: See attached project information page
 Maximum Density Allowed: See attached project information page
 Number of Parking Spaces Required: See attached project information page
 Assessed Value of Land : See attached project information page
 Assessed Value of Improvements: See attached project information page

 Attach a written description of the existing use of the property.

Is existing sound housing or housing that can be rehabilitated on the property? ☐ Yes ☒ No

 If yes, attach a plan for relocation or a justification for elimination.

Proposed Project Information

Density of Proposed Project: See Info Page units per net acre
 Proposed No. of Parking Spaces: See Info Page
 Proposed Lot Coverage: See Info Page %
 Building Footprint: See Info Page square feet
 Building Square Footage: See Info Page square feet
 Commercial Square Footage: See Info Page square feet

ERD Parcel 9 - Scenario A

The commercial portion of a project is eligible for an exemption, if it is deemed a public benefit by City Council. Do you want City Council to consider exempting the commercial portion of the project also? ☐ Yes ☒ No

Student housing and transient uses are not eligible for the MUPTE program. ¹

JA Initial here to indicate that student housing and transient uses will not be part of the proposed project.

Total Number of Dwelling Units: 156 (All projects must have 5 or more units)

Total Number of Bedrooms: 246

No. of Floors: 4

UNIT MIX

Unit Size	#	Avg. Square Feet Per Unit	Proposed Avg. Rental Rate
Studio / efficiency	60	480	\$1,800
One bedroom	17	690	\$2,153
Two bedroom	68	1030	\$2,559
Three bedroom	11	1193	\$2,900
Four bedroom			
Five bedroom			
Commercial/retail			
ADA Accessible			
Parking – onsite			
Parking – offsite			

★ Parcel 9 - MUPTE Application

Compliance with Local Law

The proposed project must, at all relevant times, 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, that are applicable at the time the application is approved
- Licensing laws.

JA Initial to indicate your understanding of this requirement and commitment to adhere to it.

¹ Eugene Code 2.946 (2)(a) states that exemptions cannot be given for a “project designed for the leasing of individual rooms or beds, rather than entire apartment units, or a project otherwise designed primarily for individuals attending college.” Student housing units usually take the form of several bedrooms with individual bathrooms and sparse common space. Project amenities and location are selected to appeal only to students and offer limited viability as potential housing for the general population, particularly families.

Project Information

Eugene Riverfront District
ERD Parcel 9 - Scenario A & B

SITE LOCATION

Assessor's Property Acct No. 1904753
Map & Tax Lot No. 17-03-32-22-02800
Site Location East of Ferry St, north of Annie Mims Lane, west of Wily Griffon Way, south of the new river district park and plaza.

CURRENT USE & SITE INFORMATION

Current Zoning	S-DR/MU/WR		
Parcel Size	1.65 Acres (72,063 SF)		
Minimum Density Allowed Based on DDA	55 units/acre (91 Units)		
Maximum Density Allowed Based on DDA	132.2 units/acre (218 Units)		
Number of Parking Spaces Required*	0.75 spaces per unit:	Scenario A 117 Spaces	Scenario B 166 Spaces
	35% Reduction: 0.4875 spaces per unit:	Scenario A 77 Spaces	Scenario B 108 Spaces
Assessed Value of Land Based on actual cost	\$2,226,746.70		
Assessed Value of Improvements	n/a		
Existing Use of Property	Vacant land, graded for development, no vegetation District has been converted from industrial use (formerly EWEB facilities) to a new master planned district. Public road and utility infrastructure is under construction.		

PROPOSED PROJECT INFORMATION

	Scenario A	Scenario B
Density of Proposed Project	94 units/acre	132.2 units/acre
Proposed Number of Parking Spaces	104	305
Proposed Lot Coverage	89%	90%
Building Footprint	64,333 SF	64,864
Building Square Footage	203,069 SF	366,735
Commercial Square Footage	0	0
Total Number of Dwelling Units	156	218
Total Number of Bedrooms	246	356
Number of Floors	4	7 + Basement

* Parking to be finalized through site review and adjustment review process.

★ Parcel 9 - MUPT Application

Legal Description of the Property

Eugene Riverfront District

ERD Parcel 9 - Scenario A & ~~B~~

Legal Description

Parcel 9 (Lot 12): Lot 12, TOWN RUN, as platted and recorded April 3, 2020, Reception No. 2020-016334, Lane County Deeds and Records, in Lane County, Oregon

Written Description

Property is undeveloped land with recently completed public infrastructure improvements (roadways and utilities) surrounding the property.

★ Parcel 9 - MUPTA Application

Neighborhood Engagement

Provide the following to document your neighborhood engagement. (See Program Guide, page 7 for more information on neighborhood engagement requirements)

Neighborhood Association: Eugene Downtown Neighborhood Association

Date of Meeting: 9/22/2021

Name(s) of Principal(s)/Owner(s) in Attendance: Jim Atkins, Kurt Schultz

 Attach minutes from the meeting and comments received. If not an official neighborhood event, attach evidence of advertising method(s) and explanation for why it was not an official event.

MEETING MINUTES



Meeting Date: 22 September 2021
Meeting Time: 6PM
Project: Eugene Riverfront District Parcels 3BC, 7, & 9
Purpose: Eugene Downtown Neighborhood Meeting
Location: Virtual (Zoom)

1. Presentation was recorded by the neighborhood association.
2. Introduction
 - a. The Riverfront District development was previously presented to the neighborhood in May 2021. This presentation builds on the past designs presented.
 - b. High level overview of the district plan/map and outline of parcels included in today's discussion were reviewed.
 - i. 5th Avenue as a spine for the district
 - ii. Vehicular and pedestrian connection from the river to Downtown.
 - c. Changes from designs presented in May:
 - i. Progressed Parcel 3BC and 7 design
 - ii. Developed concepts for Parcel 9.
 - iii. ~~Now progressing two options for each parcel.~~
 1. ~~Scenario A: Low density, 4-story scheme.~~
 2. ~~Scenario B: Higher density, 5-story scheme.~~
 3. ~~Parcel 9 includes a 4-story and 7-story option.~~
3. Parcel 3BC
 - a. Scenario A
 - i. 4 stories, approximately 130 residential units.
 - ii. Parking is now in an enclosed parking structure accessed off the alley.
 - iii. Level 2 roof terraces are provided in courtyards.
 - b. ~~Scenario B~~
 - i. ~~5 stories, 168 residential units.~~
 - ii. ~~Includes below grade structured parking and Level 2 terraces.~~
4. Parcel 7
 - a. Includes a surface parking lot under the viaduct and some tuck-under parking against the building.
 - b. Scenario A
 - i. 4 stories, 95 units
 - c. ~~Scenario B~~
 - i. ~~5 stories, 124 units~~
 - ii. ~~Simply adds one story to the 4-story scheme~~
5. Parcel 9
 - a. Scenario A
 - i. 4 stories, 156 units
 - ii. Enclosed parking garage

~~b. Scenario B~~~~i. 7 stories, 4 stories along the river facing bar, 218 units.~~

6. Questions

- a. Q: Is the project team following upcoming zoning changes for 2021?
 - i. A: The projects are governed by the Eugene Riverfront District sub district zoning regulations.
- b. Q: When is construction anticipated to be complete and what is the value of construction?
 - i. A: The value is still being determined.
 - ii. A: 3BC & 7 are anticipated to open in 2024. Construction is anticipated to begin in 2021 or 2022.
 - 1. The district is anticipated to be complete by 2026
- c. Q: What is the anticipated rent value for units?
 - i. A: The project is a long way from projecting rents for the 2024 market. However, rent projections will be included in an upcoming MUPTE submittal for each parcel. Information is anticipated to become publicly accessible later this year or early 2022.
 - ii. A: Actual rents will be determined by the market when construction is complete.
- d. Q: What is the ratio of affordable to market-rate housing?
 - i. A: The ratio is unknown at this time because the total number of units to be built in the district is unknown.
 - ii. A: The City is working to provide 75 affordable housing units in the Riverfront District near 4th and Mill St on Parcel 2.
- e. Q: Smaller units are oriented towards the viaduct. Are more luxurious units going to face more desirable views?
 - i. A: The unit mix has been shifting around in response to more demand for slightly larger units.
- f. Q: Will there be accommodations for people with disabilities? How many units?
 - i. A: Every new building is required to provide a percentage of units that are accessible, including wheelchair accessibility in addition to accommodations for other disabilities. The design team strives to provide accessible units for every unit type.

7. Conclusion

- a. Kurt Schultz with SERA provided his email address in the chat for additional questions.
- b. Questions and comments were generally positive and inquisitive.

Meeting End Time: 6:45 PM**Recorded By:** Joshua Lupkin, SERA**Date Recorded:** 9/22/2021

Neighborhood Meeting #2 - Screen Captures

Eugene Riverfront District

ERD Parcels 3BC, 7, & 9 - Scenario A & B

Participants (29)

Find a participant

- JL Joshua Lupkin (Me)
- K Kelsey Zlevor (sher/her) (Host)
- KS Kurt Schultz
- BO B obie
- DO Doug Oldfield
- RL Rachael Love
- 19715065104
- AD Amanda D'Souza
- AA Amy Arroyo
- AS Andrew Schular
- Emily Semple
- Eric Herz (he/him)
- GA GLI Advisors
- JM John Mangan
- Julia Johnson
- K Keith
- LM Leah M- SMJ House

Invite Unmute Me

You are viewing Kurt Schultz's screen

Joshua Lupkin

Suzanne

Kurt Schultz

Steve Ball

★ Parcel 9 - MUPT Application

Participants (29)

Find a participant

- GA GLI Advisors
- JM John Mangan
- Julia Johnson
- K Keith
- LM Leah M- SMJ House
- MG Mark Greathouse
- Michael Cunningham
- Phil Farrington
- RD Reed Dunbar
- RS Rhonda Smith
- SJ Stephanie Jackson
- S Steve Ball
- Susan Wolling
- S Suzanne
- TM Tim Morris (He/Him)
- WD Will Dowdy (City of Eugene)
- J Jim

Invite Unmute Me

North- Riverfront Plaza and Park

Joshua Lupkin

Suzanne

Kurt Schultz

Steve Ball

Meeting Sign In Sheet

SERA

Meeting Date 9/22/2021
Meeting Time 6:00 PM
Project Number 2103015, 2103016, 2103021
Meeting Number 2
Purpose Neighborhood Meeting #2 - Eugene Riverfront Distirct - Parcels 3BC, 7, & 9
Location Virtual (Zooms)

	Name	Address	Telephone Number	Email
1	Joshua Luplkin	338 NW 5th Ave, Portland, OR 97209	503-445-7346	joshual@serapdx.com
2	Kurt Schultz	SERA		kurts@seradesign.com
3	Jim Atkins	Eugene Riverfront District, LLC		
4	Amanda D'Souza	City of Eugene		
5	Amy Arroyo			
6	Andrew Schlar			
7	B Obie			
8	Doug Oldfield			
9	Emily Semple			
10	Eric Herz			
11	John Mangan			
12	Julia Johnson			
13	Keith			
14	Kelsey Zelvor			
15	Leah M.	SMH House		
16	Mark Greathouse			
17	Michael Cunningham			
18	Phil Farrington			
19	Rachel Love			
20	Reed Dunbar			
21	Rhonda Smith			
22	Stephanie Jackson			
23	Steve Ball			
24	Steve Galash	GLI Advisors		
25	Susan Wolling			
26	Suzanne			
27	Tim Morris			
28	Will Dowdy	City of Eugene		
29	Unknown	Phone number on screen capture		

★ Parcel 9 - MUPT Application

Eugene Riverfront District
ERD Parcels 3BC, 7, & 9 - Scenario A & B
22 September 2021

ERD Parcels 3BC, 7, & 9 - Scenario A ~~& B~~

22 September 2021

★ Parcel 9 - MUPTE Application

B. Required Public Benefits

Use this section to address each of the following required public benefits related to the proposed project. Several benefits extend beyond the period of the tax exemption. More information will be provided about those benefits if the application is approved.

1. Compact Urban Development

The MUPTE program is designed to encourage higher density housing and redevelopment in the City's downtown area.

a) Put a check next to the zone category of the property:

☐ *Residential zones:* at least 175% of minimum density for the zone.

(e.g. R-4 High Density Residential)

☐ *Form-based zones with height limit of three or four stories:* at least 30 units per net acre.

(e.g. S-DR Downtown Riverfront Special Area)

☐ *Mixed-use development*²: at least the minimum density in the zone.

(e.g. C-2 Community Commercial, C-3 Major Commercial)

☐ *All other areas, including residential-only development in commercial or mixed use zones:* at least 50 units per net acre.

(e.g. S-W Whiteaker Special Area, S-F Fifth Avenue Special Area, S-H Historic, C-2 Community Commercial, C-3 Major Commercial)

b) Density for proposed project: Scenario A: **156** units per acre

~~Scenario B: 218 units per acre~~

2. Green Building Features

The green building requirement is that projects perform at least 10% more efficiently than the performance established in the Oregon Zero Energy Ready Commercial Code (OZERCC).

Complete the attached Green Building Features Worksheet (page 6)

3. Local Economic Impact Plan

To ensure a substantial portion of the local tax benefit yields a benefit to the local community, applicants are required to complete the Local Economic Impact Plan Worksheet (page 10).

4. Moderate-Income Housing Contribution

The project owner must either a) pay a fee to be dedicated to moderate-income housing or b) include not less than 30% of the total units as moderate-income housing units. Indicate below how this proposed project will contribute to moderate-income housing.

☒ Pay the moderate-income housing fee of 10% of the total exemption benefit for the 10-year benefit.

☐ Paid upfront with a 5% discount

☐ Paid annually in years 3 through 10

☐ Include moderate-income housing units. Complete the Moderate-Income Housing Worksheet (page 12).

² Mixed-use development incorporates both commercial and residential use in the same building.

5. Project Design and Compatibility

MUPTE projects need to address basic design concepts in the context of the project location. See attached Project Design and Compatibility Worksheet (page 13) for information about required attachments.

6. Historic & Existing Housing Sensitivity

Each MUPTE project must be evaluated for impacts to historic locales and existing housing. Complete the attached Historic and Existing Housing Sensitivity Worksheet (page 15)

7. Project Would not be Built Without Exemption

The applicant must demonstrate that the project as proposed could not be built but for the benefit of the tax exemption. Attach the following documentation:



- ten-year pro-forma with MUPTE,
- ten year pro-forma without MUPTE,
- analysis of the projected ten-year cash-on-cash rate of return for the proposed project,
- list of assumptions made to create the pro-formas, including a description of how property taxes were estimated for the without MUPTE pro-forma, and the moderate-income housing fee or rent levels,
- development budget, and
- sources and uses of financing.

Be sure to include the moderate-income housing fee or rent levels in the pro-formas and list of assumptions. This information will be reviewed by an independent professional consultant to determine the financial feasibility, at the applicant's expense to be paid to the City with the application fee. The consultant will make a recommendation on the application for the Project Review Panel and the City Manager.

Public Benefits

Eugene Riverfront District
ERD Parcel 9 - Scenario A & B

In alignment with the MUPTE criteria and required public benefits, the following outlines how the project provides substantial public benefits through urban design elements, sustainability measures to reduce the environmental footprint, local economic benefits, and support of the community's vision to connect adjacent neighborhoods to the river. Other sections within this application go into further detail regarding their specific target content.

1. Compact Urban Development

Urban density lies at the root of reducing impact of development. Increased density reduces the pressure on development of virgin land and expansion of urban growth boundaries into natural resource areas and ecological environments. This project proposes 94 dwelling units per acre (Scenario A) or 133 units per acre (Scenario B) in contrast to the minimum allowed density of 55 dwelling units per acre or the typical single-family neighborhood with less than 10 dwelling units per acre. With a minimum of four stories proposed, the project significantly exceeds Eugene's Land Use Code minimum density of one story.

With minimal building setbacks, the proposed development contributes to a strong urban edge and emphasizes the pedestrian experience through human scaled elements and activation along the street edge including canopies for refuge from the rain, dwellings with stoops accessing the sidewalk, and amenity spaces with large windows connecting to the public realm.

2. Green Building Features

Going above and beyond the minimum requirement of the City of Eugene Building & Permit Services (BPS) program to perform at least 10% more efficiently than the energy code, the project is pursuing certifications guiding the design to further reduce the environmental impact of construction and ongoing facilities operation and improve the indoor environment to create healthier spaces to live. Additionally, the project is a brownfield redevelopment which reduces pressure on undeveloped and open land while improving and protecting the environment.

In addition to the required green building pathway, the project is optionally pursuing Earth Advantage Gold certification including measures to reduce the carbon footprint of the development. The following elements contribute to reducing the environmental impact of the development.

- a. Access to public transportation to reduce reliance on single-occupancy vehicles.
- b. Electric charging station ready with conduits installed and electrical system sized for future installation of charging stations combined with ample bike-rack space support the reduction of fossil fuel burning vehicles.
- c. Urban infill, higher density development, dense urban housing, and redevelopment of a previously industrial and brownfield site contribute to reducing the environmental impact of related to development on virgin land and urban sprawl.
- d. A construction waste management plan will divert a substantial amount of construction waste from the landfill by increasing the amount of recycled material.
- e. Durable exterior materials, rainscreen façade, and appropriately installed weather and air barrier contribute to lower energy consumption for heating and cooling and increase the lifespan of the envelope system.

- f. Increased recycled content in building materials reduces the building's carbon footprint and environmental impact by minimizing reliance on virgin materials.
- g. Indoor air quality improvements include eliminating added urea formaldehyde in materials and Low VOC finishes to reduce harmful off-gassing and protection of HVAC ductwork during construction to reduce dust and contaminants. In response to the recent annual increase of wildfires and poor air quality days, the project is reviewing enhanced filtration systems for ventilation air systems to further improve indoor air quality at times where windows should not be open.
- h. Energy Star appliances and all-LED lighting reduces ongoing energy consumption.
- i. Low-flow plumbing fixtures including toilets, sinks, shower heads, and lavatories in addition to landscaping with drought tolerant plant species reduce the long-term water consumption of the project.
- j. As a solar ready facility, conduit and structural support will be in place for future photovoltaic hookup to reduce the building's reliance on electricity from the grid by utilizing a renewable energy source.

In addition to the required green building pathway, the project is optionally pursuing Fitwel certification through measures that promote an active and healthy lifestyle for district inhabitants. Elements contributing to active, healthy lifestyles include the following:

- a. With a Walk Score above 80, the project provides increasing opportunities for regular physical activity, social interaction, and access to amenities, fostering improved health.
- b. Close proximity to Lane Transit stops and a short ride to the Downtown Eugene Station support use of alternative transportation, contributing to increased physical activity, stress reduction, improved air quality, community health, equity for those who cannot drive, and enhanced access to amenities.
- c. Ample long and short-term bicycle parking encourages the use of bicycles for transportation and recreation, contributing to increased physical activity.
- d. The district is pursuing a bike-share station to be located in the community to serve residents, patrons of future commercial developments and visitors of the public park and plaza. Bike share programs support active transportation and convenience, contributing to increased physical activity, equity for those who cannot drive or afford private vehicle use, and reduce congestion and air pollution.
- e. Immediate access to the adjacent public park, plaza, and Ruth Bascom Bike Path increases opportunities for regular physical activity, exposure to daylight, and social interaction, contributing to enhanced physical, mental, and social health.
- f. With future development of a playground adjacent to the public plaza, opportunities are expanded for children to play, interact with other children, and stimulate their mind, contributing to enhanced physical, mental, and social health.
- g. With the Farmers Market a few short blocks outside the district, the community has increased access to healthy food, promoting nutritious eating and supporting enhanced social interaction.
- h. Building operations will enforce a tobacco and smoke-free policy for all indoor and outdoor spaces, reducing tobacco consumption and exposure to secondhand smoke among community members, and contributing to enhanced respiratory and mental health.
- i. Evenly distributed lighting along street frontages and within parking areas contributes to increased perceptions of safety and pedestrian use after dark, reduces opportunity for crime, and supports the connection of downtown to the river.
- j. Internal stairways with inviting finishes, quality lighting and access to daylight provide an opportunity for occupants to increase regular physical activity.
- k. Elements of biophilic design are used to enhance the human connection to nature, contributing to reduced stress and enhanced mental health.

- I. A dedicated fitness room is provided as a building amenity to increase opportunities for access to physical activity, contributing to decreased absenteeism, enhanced physical and mental health, and improved social equity.

With the Ferry Street Bridge Viaduct (Coburg Rd) and railroad as sources of high-decibel sound, the project is pursuing compliance with HUD acoustic requirements. The design team has performed on-site noise testing and run HUD acoustic calculations to inform measures to improve the acoustical experience within the building. Measures identified to improve acoustics and quality of life include brick veneer facades, which add a resilient channel on the exterior wall assembly in strategic locations, and improved window glazing acoustics.

3. Local Economic Impact

Construction of multi-story urban buildings creates jobs for construction workers, cleaners, truck drivers, bankers, engineers, and other local industries supporting construction activities. The increase in jobs in turn supports local businesses and government through increased local spending in retail, restaurants, utilities, and taxes. Additionally, an increase in taxable revenue generated by local businesses, suppliers, and contractors further supports government resources.

With the project site located near downtown and easily accessible by bicycle and public transit, equity for employment of construction workers is increased as barriers to transportation to the job site are greatly reduced.

After completion of construction, ongoing job creation for facilities maintenance, building operations, leasing agents, and cleaning companies contribute to the economic vitality of the community. Taxable income and commerce generated by residents new to Eugene and Lane County further contribute to the greater economy.

4. Moderate-Income Housing Contribution

The project will support local moderate-income housing by dedicating funds to moderate-income housing. Additionally, in partnership with the City of Eugene, the neighborhood will include future development of moderate-income housing on a designated parcel.

5. Design and Compatibility

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.

Drawing from the industrial fabric of the past, the project employs durable and lasting façade materials including brick veneer and ground-floor storefront that can withstand the test of time while maintaining the quality of its character. Stoops at ground-floor dwellings, canopies providing places to pause and refuge from the rain, and large windows along the sidewalk further enhance the pedestrian experience in the district and break down the scale adjacent to the pedestrian realm.

To support a safe and inviting district that connects adjacent communities to the river, the project utilizes evenly distributed lighting along street frontages, alleys, and within parking areas to improve perceived safety and reduce crime. Large windows in units, amenity spaces along the sidewalk, roof terraces, balconies engaging the street edge, and building entries located adjacent to building corners increase “eyes on the street” to further enhance public safety and support an active district at all times of the day.

Landscape features along pedestrian ways provide opportunities to pause and vegetated screens adjacent to parking areas enhance the pedestrian experience, creating biophilic connections within the urban context.

With the new riverfront park and plaza directly adjacent to the site, the river facing façade is limited to 4 stories in both scenarios to reduce the massing against the pedestrian-oriented park and comply with the Design Guidelines for the district. Ground-floor units with patios and balconies above will activate the park frontage and add eyes on the public realm to improve safety.

6. Historic and Existing Housing Sensitivity

As an urban renewal project on a previously industrial use site, this development does not displace any existing housing. The City and EWEB worked together to decommission past EWEB facilities and clear the site for future development. In this process, the City provided proper notification before removal of structures in the Eugene Riverfront District. The Ferry Street Bridge Viaduct was identified as a structure that meets the Oregon State Historic Preservation Office's (SHIPO) criteria for historic resource eligibility and City staff have determined there is no reason to conclude the proposed development will result in a negative impact to the viaduct. See the Historic Housing & Sensitivity section of this application for included letter from Eugene Planning outlining the site's compliance with preservation of historic locale and appropriate notification process followed for demolition of buildings previously located within the Eugene Riverfront District.

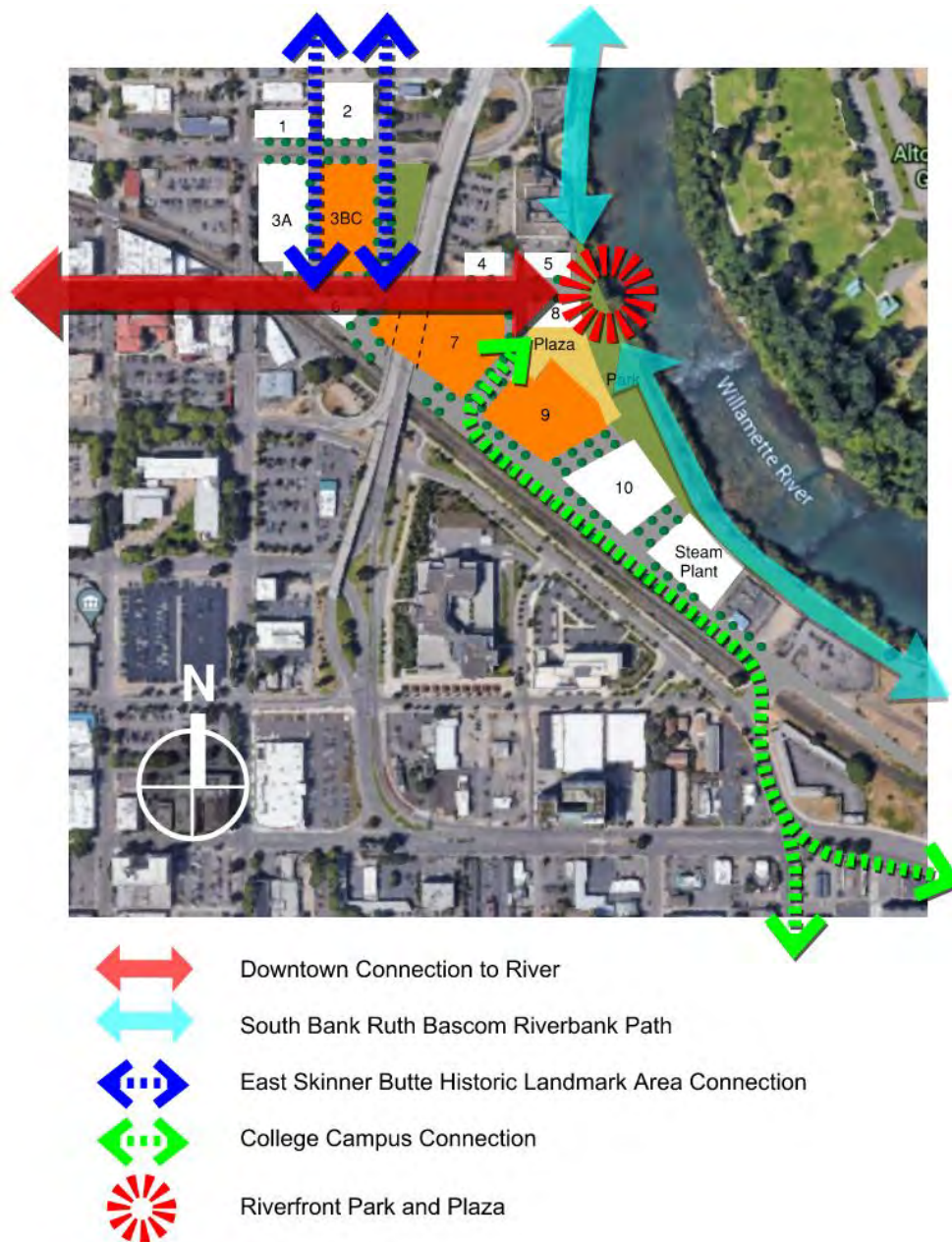
7. Project Need

As the third largest city in the State of Oregon, the City of Eugene has seen steady growth with a population increase of 12.98% between 2010 and 2020 [US Census]. With the population growth outpacing the construction of new homes, the availability of housing is an ever-growing challenge. In August 2021, Eugene home prices were up 18.3% compared to the prior year [redfin.com], contributing to residents being priced out of the homeownership market and forced into apartment living. The Eugene Riverfront District development responds to this ever-increasing demand for apartment living by providing higher density housing on previously under-utilized land within the urban growth boundary. In addition, the location has immediate access to and from the Downtown and West University neighborhoods via multiple modes of transportation, including public transportation, pedestrian pathways, and bicycle routes supporting alternate means of transportation, contributing to lower carbon emissions in the City.

District Connections

Eugene Riverfront District

ERD Parcel 9 - Scenario A & B



C. Green Building Features Worksheet

The green building requirement is that projects perform at least 10% more efficiently than the performance established in the energy code adopted by the State of Oregon (currently Oregon Zero Energy Ready Commercial Code). Only the residential occupancy and common areas associated with residential areas are considered (e.g., hallways, stairwells, centralized HVAC or hot water heating, laundry facilities). It does not apply to the commercial areas or ancillary amenities (e.g., parking garage, swimming pools, recreation centers). Pathways for complying with the requirement are based on the number of floors for the project: 1-3 story projects and 4 or more story projects. See below:

Summary of Green Building Pathways

Pathway	Building Size	
	1-3 Stories	>3 Stories
LEED v4 for Homes	Low-Rise: Certified + modeled at 10% above Oregon energy code	Mid-Rise: Certified + modeled at 10% above Oregon code
Earth Advantage	Multifamily: Certified + commissioning report	N/A
City of Eugene BPS (Building and Permit Services)	N/A	Modeled at 10% above Oregon energy code + commissioning report

- a) The pathway applicable to the proposed project is City of Eugene BPS.
- b) Use the table below to identify any additional items to include with your application based on the pathway identified above.

Pathway	Submit with Application
LEED v4 for Homes	1. LEED Registration Number 2. Project Checklist
Earth Advantage	Earth Advantage Points Worksheet
City of Eugene BPS	n/a

- c) See the Post-Approval Green Building Information section below for the required documentation that will need to be provided to the City should your project be awarded the MUPTE and other useful information.

JA Initial here to indicate your understanding that you will need to demonstrate building energy performance 10% above the energy code adopted by the State of Oregon by submitting the items listed below at permit application and after construction.

- d) Will onsite parking be provided: ☒ Yes ☐ No

If yes, all projects that provide on-site parking must install conduit for future electric vehicle charging stations.

JA Initial here to indicate your understanding of this requirement and agreement to include conduit should MUPTE be awarded.

Post-Approval Green Building Information

Should the project be approved for the MUPTE, the applicant will be required to submit a number of documents to demonstrate compliance with the Green Building Features requirement. This section provides more information about those requirements.

Pathway	Submit with Building Permit Application	Submit after Construction ³
LEED v4 for Homes	Energy model	Within 18 months after receiving a Certificate of Occupancy, documentation of LEED certification (copy of USGBC Rating Certificate and final LEED review).
Earth Advantage	n/a	Within 18 months after receiving a Certificate of Occupancy: <ol style="list-style-type: none"> 1. Documentation of Earth Advantage certification, and 2. Commissioning report.
City of Eugene BPS	<ol style="list-style-type: none"> 1. Signed Energy Release to enable the City to access multi-family occupancy energy use data for the life of the MUPTE, and 2. Energy model 	<ol style="list-style-type: none"> 1. List the project features to achieve the 10% above code requirement, 2. Within 18 months after receiving a Certificate of Occupancy, commissioning report, and 3. Annually during exemption if Energy Release not signed, multi-family occupancy energy use data.

★ Parcel 9 - MUPTE Application

An improvement of at least 10% shall be demonstrated in the proposed building energy performance as compared to a similar baseline building designed in compliance with the prescriptive requirements of the energy code adopted by the State of Oregon. The proposed building performance and the baseline building performance shall be calculated in accordance with ANSI/ASHRAE/IES Standard 90.1–2016, Appendix G, using a simulation model. Projects must meet the minimum percentage savings before taking credit for renewable energy systems. The proposed design must include all energy consumption and costs within and associated with the building project.

INTENT

To support the design, construction, and eventual operation of a project that meets the owner's and City of Eugene project requirements for energy and durability.

³ If this documentation is not timely submitted, MUPTE may be revoked.

REQUIREMENTS

Commissioning Process Scope: Complete the following commissioning (Cx) process activities for mechanical, electrical, and renewable energy systems and assemblies, in accordance with ASHRAE Guideline 0-2019 or 0-2005 and ASHRAE Guideline 1.1-2007 for HVAC&R Systems, as they relate to energy, water, indoor environmental quality, and durability. The commissioning authority (CxA) must do the following:

- Review the OPR, BOD, and project design.
- Develop and implement a Cx plan.
- Confirm incorporation of Cx requirements into the construction documents.
- Develop construction checklists.
- Develop a system test procedure.
- Verify system test execution.
- Maintain an issues and benefits log throughout the Cx process.
- Prepare a final Cx process report.
- Document all findings and recommendations and report directly to the owner throughout the process.
- Provide a Final Report based on findings to the owner for delivery to the City of Eugene. At a minimum the report shall include: CXa qualifications, scope of commissioning activities, a list of systems commissioned (and by whom), a summary of issues corrected, and a list of major outstanding/unresolved issues.

Complete the following commissioning process (CxP) activities for the building's thermal envelope in accordance with ASHRAE Guideline 0-2019 or 0-2005 and the National Institute of Building Sciences (NIBS) Guideline 3-2012, Exterior Enclosure Technical Requirements for the Commissioning Process, as they relate to energy, and durability. Commissioning authority must complete the following:

- Review contractor submittals.
- Verify inclusion of systems manual requirements in construction documents.
- Verify inclusion of operator and occupant training requirements in construction documents.
- Verify systems manual updates and delivery.
- Verify operator and occupant training delivery and effectiveness.
- Verify seasonal testing.
- Review building operations 10 months after substantial completion.
- Develop an on-going commissioning plan.
- Incorporate all findings into the Final Report provided to the owner for delivery to the City of Eugene.

Commissioning Authority: By the end of the design development phase, engage a commissioning authority with the following qualifications.

- The CxA must have documented commissioning process experience on at least two building projects with a similar scope of work. The experience must extend from early design phase through at least 10 months of occupancy;
- The CxA may be a qualified employee of the owner, an independent consultant, or an employee of the design or construction firm who is not part of the project's design or construction team, or a disinterested subcontractor of the design or construction team. For projects smaller than 20,000 square feet (1 860 square meters), the CxA may be a qualified member of the design or construction team. In all cases, the CxA must report his or her findings directly to the owner.

Green Building Features Narrative

Eugene Riverfront District

ERD Parcel 9 – Scenario A ~~& B~~

Parcel 9 of the Eugene Riverfront District builds from the concept for the district: “Where the City Meets the River”. The sustainability features of the building support and enhance the design of the district with a focus on human health and wellness, energy efficiency, and sustainable sites. In support of this concept, the project will meet the City of Eugene BPS requirements to achieve a minimum of 10% better than energy code. To further enhance the environmental measures, the project is pursuing Earth Advantage certification and Fitwell certification to reduce the environmental impact of the building and contribute to a healthy living environment for residents of the community, going above and beyond the minimum MUPTe standards.

Human Health and Wellbeing

The built environment can have a profound impact on the health and wellbeing of the building occupants. The design of Parcel 9 incorporates strategies from the latest research on healthy buildings with the goal of healthy and happy residents. The strategies used to achieve this goal include:

- Elements of biophilic design are used to enhance the human connection to nature. Biophilic design contributes to lower stress, increased happiness, improved sleep, and a greater sense of safety and comfort. Biophilic design features on this project include ample daylighting and views; finish materials inspired by natural colors, textures, and patterns; direct connection to the natural environment through outdoor amenity spaces, balconies, and operable windows; and landscaped areas that create delightful spaces for residents to enjoy with multiple senses.
- Mechanical systems to prioritize occupant health in addition to energy performance, such as improved air filtration in common spaces to reduce resident exposure to wildfire smoke.
- Interior material choices to reduce indoor air toxins for occupant health, including reduced VOC's.
- Enhanced unit compartmentalization to maintain good air quality for residents.
- Appropriate acoustic treatment of walls and windows to improve livability for the residents, particularly for facades near the railroad and viaduct.
- An efficient exterior building envelope to maximize the thermal comfort of the residents. A high-quality exterior envelope also minimizes air leakage and moisture migration, contributing to the long-term durability of the building.
- Secure bike storage rooms to promote active lifestyles of the residents.

Energy Efficiency and Emission Reductions

To reduce the environmental impact of the project, Parcel 9 will achieve energy savings of 10% or greater than Oregon code, and perform building commissioning. The strategies used to achieve this goal include:

- Efficient centralized hot-water heating systems
- An efficient exterior building envelope detailed for reduced thermal bridging, a continuous air and weather barrier to control air and moisture migration for long-term durability.
- Window coatings optimized to control solar heat gain where appropriate. Operable windows encourage the reduction of mechanical cooling on mild days.
- Rooftop treatment to reduce heat absorption into the building.
- Water-efficient plumbing fixtures to reduce freshwater demand and water heating energy. Water submetering for units to influence occupant behavior to encourage water conservation.

- LED lighting throughout to reduce energy demand.
- On-site electric car charging station infrastructure to support future installation of electric vehicle charging stations for reduced vehicular emissions.

The project team is also exploring reductions in the embodied carbon emissions from building material creation, transportation, and construction activities. Embodied carbon emissions contribute significantly to the overall environmental footprint of new buildings before the building is even occupied. While it is still early in the design process, the project team is targeting opportunities for embodied carbon reductions through optimized concrete mix designs and exploring wood sourcing options. The project team is also exploring ways to maximize the carbon sequestration potential of the landscaped areas of the site.

Sustainable Sites

Parcel 9 utilizes multiple design strategies to transform the currently underutilized site into a vibrant space for residents, the community, and native species. The strategies used to achieve this include:

- Integrated landscape design to connect the building site to the broader district. Native plants provide opportunities for habitat, reduce irrigation demand, and provide year-round interest and beauty.
- Stormwater capture and treatment strategies that tie into the landscape design to reduce surface runoff and contaminants from entering the natural water flows of the site.
- Ample green space and rooftop treatment to reduce heat absorption and minimize the urban heat island effect.
- Consideration of bird-safe design strategies and exterior lighting to reduce light pollution.

Conclusion

Combined with energy efficiency and a reduced environmental impact, the most sustainable projects are ones that enrich the human spirit, invoke delight, and foster community over time. These are beautiful places that people will love and care for both now and decades from now. Parcel 9 utilizes all the above design strategies to ensure a positive outcome for the community, residents, stakeholders, and the environment for the life of the project.

D. Local Economic Impact Plan Worksheet

In order to ensure that a substantial portion of the local tax benefit yields a benefit to the local community, each applicant needs to include a Local Economic Impact Plan. Complete the following worksheet and attach the required written material.

A. LOCAL CONTRACTS

Projects must have a plan for ensuring that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from a business organization or individual residing or doing business primarily in Lane County. Materials are excluded from the dollar volume calculation. If an applicant can provide evidence that a trade is not available locally, payment for services attributed to that trade may be excluded from the dollar volume calculation. Should a MUPTE be granted and at the end of construction, the developer will need to submit a report of the home city or zip code of all of the construction labor workers.

\$46,991,384	Total Estimated Professional Services and Construction Contracts
\$25,845,261	Local to Lane County
55%	% of Total that is Estimated to be Local
\$21,146,123	Not Local to Lane County

 Attach narrative on how this will be achieved. Identify the likely general contractor. Also include information on trades not available locally, if applicable.

B. MINORITY & WOMEN BUSINESS ENTERPRISES

MUPTE recipients need to ensure that qualified minority and women business enterprises have an equitable opportunity to compete for development related contracts. Initial next to the following three minimum steps to indicate your understanding and commitment to comply:

- JA Developer will access lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Oregon State Office of Minority, Women and Emerging Small Business (<http://www4.cbs.state.or.us/ex/dir/omwesb/>).
- JA Developer will search for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program website (<http://dasapp.oregon.gov/qrf/index.aspx>).
- JA Developer will advertise in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

 Attach narrative on any other steps you plan to take so that minority and women business enterprises have an equitable opportunity to compete.

C. COMPLIANCE WITH LAWS

The developer needs to ensure that all parties involved, including contractors and subcontractors, comply with wage, tax, and licensing laws. Initial next to the following four requirements to indicate your understanding and commitment to comply:

JA Methods are in place to ensure all contractors performing work are licensed and performing in compliance with ORS 701 (Construction Contractors and Contracts).

 *Attach a narrative to describing the methods.*

JA Developer will provide the City with a list of all contractors performing work on the project. Before a contractor performs any work on the project, the contractor must be included on the list on file with the City. Owner will confirm that each contractor has valid, current licensing, insurance, bonding, and workers compensation coverage.

JA Developer 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 described in ORS 305.620 (local taxes) and ORS Chapters 316, 317 and 318 (state income taxes). City staff can provide a template of an affidavit for this purpose, if needed.

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

Essex - Local Economic Impact Plan

Who We Are

We are a dynamic construction company created by builders who love their craft. We embrace and respect our employees as our teammates. Our clients always receive our honest respect and absolute best effort. We treat our construction partners with fairness and accountability. We strive to make a fair profit while building safely and right the first time. We are stewards of our community, and mindful of the built and natural environment.

Essex and The Local Construction Community

Essex has been constructing buildings and building relationships in Lane County since 1987. We bring a long history of work experience with most of the subcontractors and suppliers in the county, having completed projects with every major subcontractor and supplier in our area, along with many of the smaller ones. Our relationships with local construction partners are based on shared goals, clear expectations, excellent communication, attention to detail in both construction and contract documents, and hands-on project administration. Essex's reputation for effective project management has enabled us to create strong, productive relationships with these firms and individuals, and get the best value for our projects.

The list below shows some of the contractors that Essex regularly works with. We will send bid invitations to all local subcontractors and suppliers during the bidding process for this project.

★ Parcel 9 - MUPTTE Application

Scope of Work	Company Name	Certifications	Office Location
General Contractor	Essex General Construction		Eugene, OR
Concrete, Site Concrete	3 C Custom Commercial Concrete		Springfield, OR
Concrete, Site Concrete	Dynasty Concrete Co.		Eugene, OR
Rebar	Farwest Steel		Eugene, OR
Ready Mix	Knife River Corporation		Eugene, OR
Ready Mix	Riverbend Materials		Eugene, OR
Masonry	Haps Masonry		Eugene, OR
Metal Fabrication	Kiwifab Inc.		Eugene, OR
Metal Fabrication	Gibson Steel Fabricating		Eugene, OR
Metal Fabrications	Commercial Metal Products		Springfield, OR
Metal Erection	West Side Iron	DBE, MBE	Springfield, OR
Wood Framing	Real Contractors LLC		Eugene, OR
Wood Framing	Tall Pine Contractors Inc		Marcola, OR
Finished Carpentry	LJ Pearson Construction Inc.		Springfield, OR
Building Insulation	Home Insulation		Eugene, OR
Roofing	River Roofing		Springfield, OR
Roofing	Evergreen Roofing		Eugene, OR
Roofing, Sheetmetal	Rock Roofing & Sheet Metal Inc		Eugene, OR
Sheetmetal	Smith Sheet Metal		Springfield, OR
Sheetmetal	Stedman Sheetmetal Inc		Springfield, OR
Waterproofing	LDC, Inc.		Springfield, OR
Millwork & Doors	Mid-Valley Glass & Millwork		Eugene, OR
Storefront & Glazing	Culver Glass Company		Eugene, OR
Storefront & Glazing	Lane County Glass		Eugene, OR
Storefront & Glazing	I-5 Glass		Springfield, OR
Metal Stud, Drywall, ACT	Haas Contracting		Springfield, OR

Essex - Local Economic Impact Plan

Scope of Work	Company Name	Certifications	Office Location
Metal Stud, Drywall, ACT	Hartness Drywall		Cottage Grove, OR
Metal Stud, Drywall, ACT	Oregon Ceiling & Acoustics LLC	ESB, MBE	Eugene, OR
Metal Stud, Drywall, ACT	Hathaways		Eugene, OR
Painting	One-Way Painting		Junction City, OR
Painting	Gaviotas Painting	WBE	Eugene, OR
Painting	WC Finishes Inc		Springfield, OR
Tile, Flooring	Rubensteins Contract Carpet LLC		Eugene, OR
Signage	Fastsigns of Eugene		Eugene, OR
Signage	Image King Signs		Eugene, OR
Signage	ES&A Sign & Awning		Eugene, OR
Casework, Countertops	Lanz Cabinets		Eugene, OR
Casework	Old-Mill Cabinets		Springfield, OR
Casework	Advance Cabinet Designs Inc.		Eugene, OR
Countertops	Precision Surfaces		Eugene, OR
Countertops	Pro Contracting		Eugene, OR
Window Coverings	Budget Blinds of Eugene		Eugene, OR
Window Coverings	VSC Window Coverings		Eugene, OR
Sprinkler	Omlid & Swinney		Springfield, OR
Sprinkler, Plumbing, HVAC	Harvey & Price		Eugene, OR
Plumbing	Twin Rivers		Eugene, OR
Plumbing	Brothers Plumbing Inc		Creswell, OR
Plumbing	Kevin Cohen Plumbing Inc		Springfield, OR
HVAC	Comfort Flow Heating		Springfield, OR
HVAC	Innovative Air Inc		Eugene, OR
Electrical	Reynolds Electric		Springfield, OR
Electrical	Contractors Electric LLC	ESB	Eugene, OR
Electrical	Sunset Electric Inc		Springfield, OR
Earthwork	Delta Construction Co		Eugene, OR
Earthwork	Kipco Construction LLC		Eugene, OR
Earthwork	Pacific Excavation Inc.		Eugene, OR
Site Concrete	Roger Langeliers Construction Co.		Eugene, OR
Landscaping	Rexius Forest By-Products Inc		Eugene, OR
Landscaping	Gratons Custom Landscapes		Junction City, OR
Landscaping	Andersons Erosion Control Inc	DBE, WBE	Junction City, OR
Fencing & Gates	Island Fence		Junction City, OR
Fencing & Gates	Oregon Fence Co.		Springfield, OR

★ Parcel 9 - MUPT Application

Essex - Local Economic Impact Plan

Outreach

Essex is committed to working with local businesses and cultivating relationships with small businesses and utilizing as many MWESB firms certified through COBID. Our deep relationships with local businesses have contributed to a large bench of local firms we can collaborate with on this project. For this reason we are confident we will be able to provide over 60% of the construction labor (in dollars) from contractors with a presence in Lane County.

Outreach and inclusion of MWESB certified firms is essential to maximize participation. We utilize Building Connected a web-based software program to create bid packages, distribute invitations to bid and manage the bid process. This gives us access to a large database of subcontractors and enables us to drill down and focus on local and/or MWESB subcontractors. The bottom line is that by leveraging this technology we can reach the specific subcontractors we need to meet the particular requirements of each project.

To assure maximum utilization of certified firms on the project, Essex will solicit for all project packages in an open, fair and competitive process.

- Certified firms' eligibility will be determined through state COBID lists.
- Outreach will start during pre-construction to provide advance notice to certified firms through key trade and business organizations such as OAME that promote utilization of minority and women owned firms.
- Essex will contact firms by phone, email and/or fax notifying them of anticipated work available on the project.
- Information shall be posted through Essex's Building Connected site to facilitate assessment of the interest of certified firms for the work on the project.
- Advertisement at least three weeks prior to bid opening in the Daily Journal of Commerce, Eugene Builders Exchange and the Portland Observer.
- A notification will be placed in OAME's newsletter and at their meetings. We will also host a table at a minimum of one OAME meeting to talk about the project with potential subcontractors and suppliers.
- Essex will maintain full sets of plans and specifications for solicitation packages where possible at local plan centers, such as (but not limited to), Eugene Builders Exchange, DJC and at any other plan centers deemed appropriate.

To ensure compliance with ORS 701, Essex Construction will obtain the following from all contractors:

- Verification from the Oregon Contractor's Board that licenses are valid and in good standing
- Proof of liability insurance and bond in the amounts required by the CCB
- Proof of workers compensation insurance
- Proof that the workers on-site are employed by the subcontractor and covered by license and insurance

These items will also be available for inspection on-site.

F. Project Design and Compatibility Worksheet

 Attach two schematic drawings drawn to a minimum scale of one inch equals 16 feet (1" = 16'):

1. Site plan and major features and dimensions of the proposed development.
2. Side and front elevations of the proposed development.

Identify on both drawings public and private access, parking and circulation plans, and proposed landscaping design. If Council approves the exemption, these schematic drawings will be attached to the approval resolution.

 Attach a written description of the exterior finishes, public and private access, parking and circulation plans, and proposed landscaping design.

 Attach a written narrative, with supporting graphics, renderings, or elevations of the proposed development that describes how the project will address the basic design concepts listed below.

Basic Design Concepts & Recommended Design Techniques

During the MUPTE application evaluation process, the City's Urban Design team will assess how the project addresses the four basic design concepts listed below. Also included below are recommended design techniques to assist in achieving these design concepts and serve as a way to create objective standards in design. These design techniques will provide non-regulatory guidance and are not prerequisites to receiving a MUPTE. The City's Urban Design team will reference the recommended techniques below in the evaluation it provides to the Review Panel of the submitted design. For additional guidance, refer to the Community Design Handbook, which can be found at www.eugene-or.gov/designhandbook.

Scale Form and Quality: Buildings are designed for the human scale, appropriate to local climate and natural resiliency, to engage the street, promote transparency, help define a sense of place, fit the neighborhood, and employ high-quality and contextually appropriate materials and colors. Recommended techniques include:

- Reference the rhythm of the building's structural system and spacing when placing bays, projecting columns or pilasters, windows, storefronts, and doors.
- Incorporate the use of balconies and terraces on residential and mixed-use buildings to provide additional articulation, shadows, indoor/outdoor connections, and eyes on the street.
- Use high quality, durable building materials and incorporate architectural elements and level of detailing, trim, texture and finish that is comparable on all building facades.
- Organize windows utilizing unifying elements such as common sill or header lines.
- Utilize a color and material placement consistent with architectural massing and structural bays. Do not switch colors or materials on the façade that do not respond to the architecture and articulation.
- Provide visual interest and accent shade and shadow by varying the building massing or highlighting different uses within the building by pushing or pulling the façade.

Mixture of Project Elements: The proposal employs a mixture of project elements that contribute to a walkable downtown, encourage biking and transit use, enrich the streetscape, and support community comfort and safety at all hours. Recommended techniques include:

- Provide entries for each ground floor retail and commercial establishment to facilitate pedestrian circulation and to add a finer grain to the layout of ground floor uses.
- Use building composition and form to enhance important wayfinding functions, such as the use of a vertical element to accentuate a corner entry into a building or to define a gateway.
- Establish a building entry hierarchy to delineate the difference between uses.
- Use horizontal and vertical separation for ground floor residential units to create a transitional area between the public realm and the residences. Utilize landscaping, screening elements, and other architectural features to further enhance privacy for both residents and passersby.

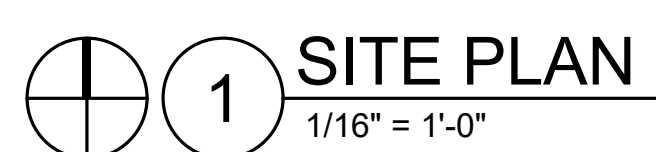
Relationship to the Street and Surrounding Uses: The proposal is designed to engage and enrich the streetscape, as well as respect and enhance the existing surrounding uses. Recommended techniques include:

- Shelter entries by using awnings and/or by recessing the entry within the building façade.
- Provide a high degree of transparency for all ground floor commercial uses.
- Consider the use of clerestory windows on storefronts and other ground floor commercial uses.
- Where appropriate, place awnings above storefront windows.
- Use ground floor sidewalk frontage for active daytime uses.

Parking and Circulation: Parking is designed to provide, to the greatest extent possible, locations for car sharing, integrated shared-parking strategies, electric car charging stations, and safe and attractive pedestrian/bicycle connections between parking and adjacent buildings and streets. Recommended techniques include:

- Provide clear and attractive pedestrian and bicycle connections that minimize vehicle conflicts. Consider utilizing lighting to enhance safety and wayfinding.
- Consider landscaping and material change to highlight the pedestrian and bicycle amenities.
- Provide pedestrian and bicycle connections to the existing street grid when possible.
- Wrap the facades of the building with commercial and/or residential uses, internalizing the parking facility where appropriate for buildings with above ground parking structures.
- Utilize screening that replicates the proportions, rhythm, and scale of the building's other architectural elements and complements the overall building design where a parking structure is exposed to the public realm.
- Design screening to block views of all parked cars within the structure and limit the impacts associated with internal facility lighting and the headlights of cars.
- Do not express the sloping floors of parking structures on the exterior façade of the building.



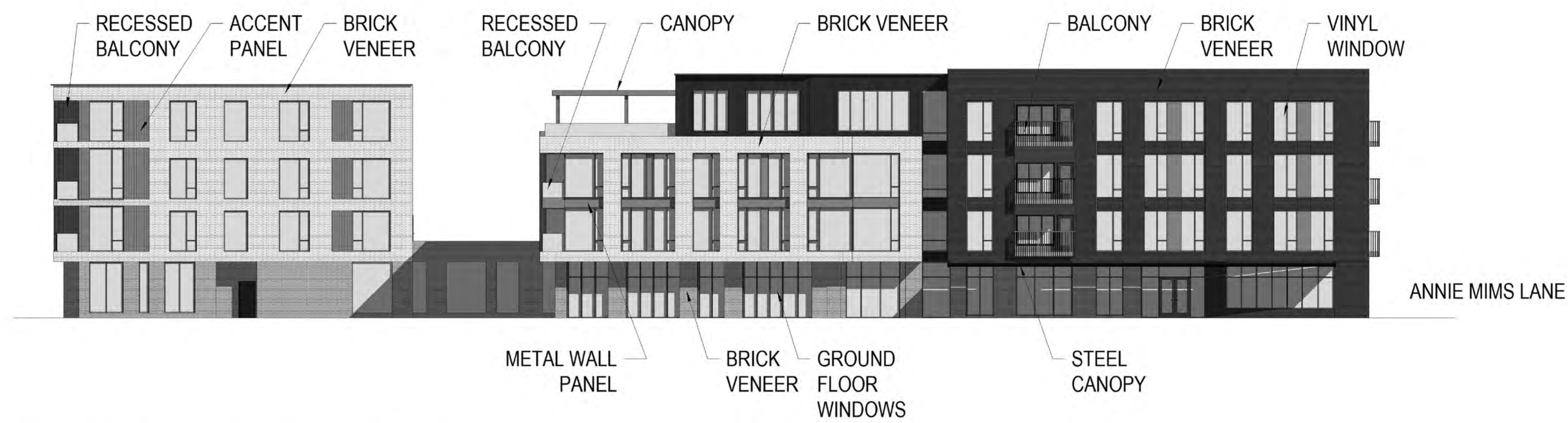




1 LEVEL 02-03
1/16" = 1'-0"



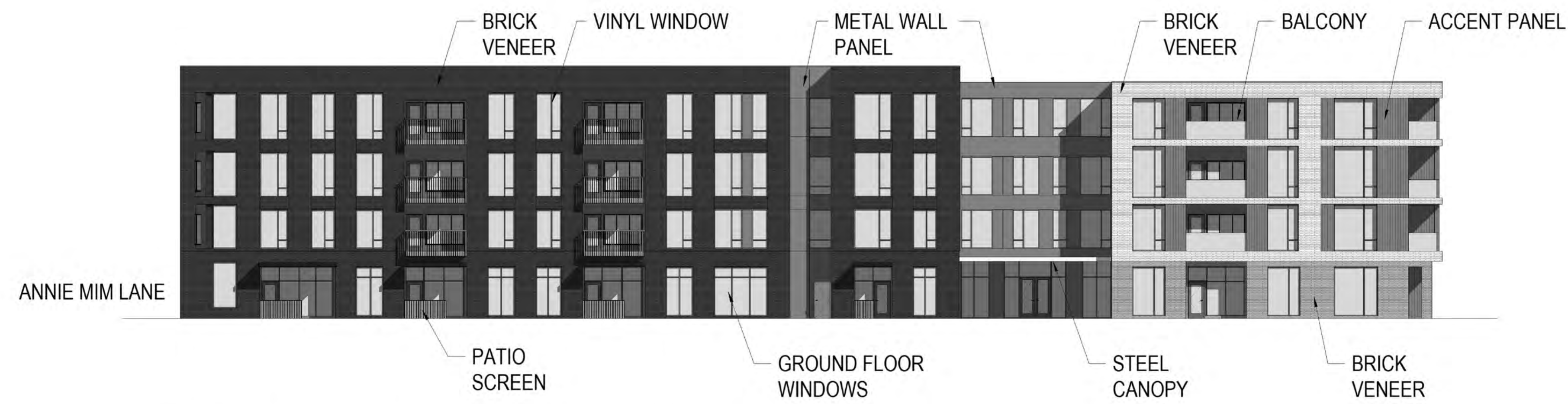
1 LEVEL 04
1/16" = 1'-0"



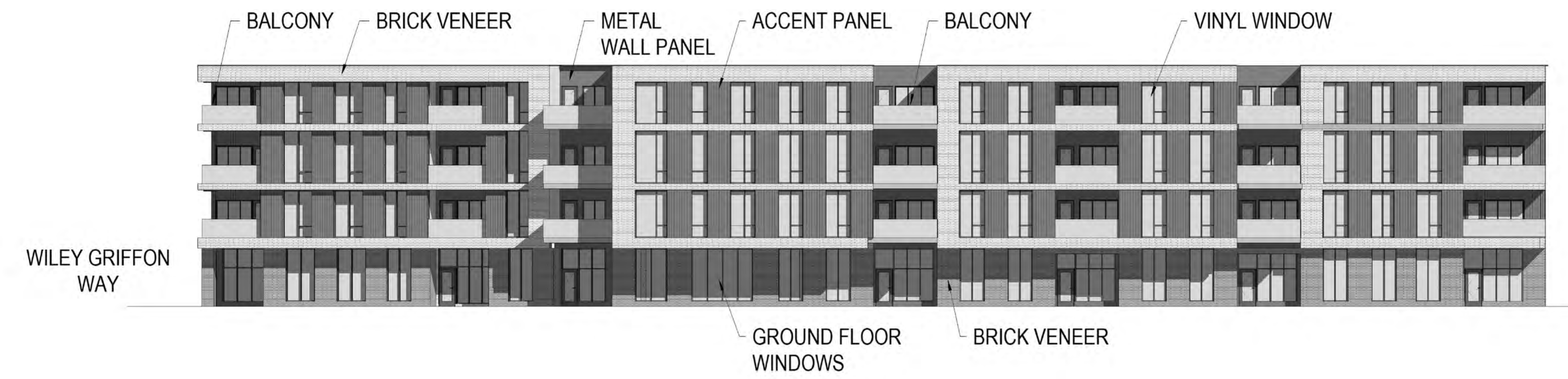
1 BUILDING ELEVATION - NORTH
1/16" = 1'-0"



2 BUILDING ELEVATION - ANNIE MIMS LANE
1/16" = 1'-0"



3 BUILDING ELEVATION - WILEY GRIFFON WAY
1/16" = 1'-0"



4 BUILDING ELEVATION - RIVER FACING
1/16" = 1'-0"



★ Parcel 9 - MUPT Application

Project Design and Compatibility Narrative

Eugene Riverfront District

ERD Parcel 9 – Scenario A & B

Scale Form and Quality

Inspired by the concept of “Where the City Meets the River,” the ERD Parcel 9 project is designed to activate Ferry Street, the new plaza and park, draw the urban character of downtown towards the Willamette River, and establish a new neighborhood: the Eugene Riverfront District.

The building is configured as a built-up urban block with a central raised courtyard. The massing is broken into distinct wings that engage with Ferry St, Annie Mims Lane, Wiley Griffon Way, and the Riverfront Park and Plaza. A four-story “bar” is oriented towards the river and park edge and articulated with balconies and patios to highlight the visual connection between the building and the park.

The exterior materials consist of brick, metal wall panels, fiber cement panels, and concrete. The project will use a floor to ceiling windows 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 is configured to complement the 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. Deeply recessed balconies reinforce the architectural rhythm and creating interesting shadows across the facade. The elevation design is further punctuated by brick detailing around the windows.

~~Scenario A and Scenario B are primarily distinguished by their building height with both options maintaining quality materials, architectural vocabulary, exterior façade detailing, and window organization. Because of these similarities, this narrative addresses both scenarios without any specific distinctions.~~

Mixture of Project Elements

The building is designed to contribute to a walkable downtown. With its adjacency to the Downtown Riverfront Park and plaza, the Ferry Street frontage will serve as the primary public interface to the building’s main lobby and ground floor amenities. The structured parking access is located along the quieter Annie Mims Lane frontage. Recessed residential stoops line Wiley Griffon Way, providing eyes on the street.

The project will incorporate site and building mounted lighting to support community comfort and safety at all hours.

From the early phases of master planning, the Eugene Riverfront District was envisioned to provide transit connections to the neighborhood. The project teams have been in coordination with Lane Transit District to plan bus stops and routes through the district. The location of building entrances and the sidewalk design have been planned to accommodate potential bus stops.

Relationship to the Street and Surrounding Uses

The building entries are recessed in the façade and sheltered by large steel canopies. Large ground-floor windows provide a high degree of transparency at all street facing façades. The building's stoops, balconies, and upper level amenity deck bring residents out to interact with the street. Street trees and stormwater planting enrich the streetscape.

Parking and Circulation

The building is designed to provide urban frontages to Ferry Street, Annie Mims Lane, and Wiley Griffon Way that engage with the street and shield the residential parking from view. In alignment with the City of Eugene's Climate Action Plan to reduce transportation emissions and increase use of electric vehicles, the project is providing electric vehicle charging stations to support market demand. In addition to the installed EV chargers, empty conduit, pull vaults, and electrical system sizing will be appropriately implemented in support of future expansion to serve more electric vehicles. The main pedestrian and bicycle connections are tied to the existing street grid, reducing pedestrian/vehicle conflicts. Long-term bicycle parking is provided in secure and convenient bike rooms and within units. Short-term bicycle parking will be located near building entrances to encourage bicycle use for residents and visitors.

G. Historic Housing & Sensitivity Worksheet

Any application for a project that is immediately adjacent or contiguous to a historic locale shall include a plan to mitigate impacts to the historic locale.⁴ The project shall preserve and enhance an existing historic locale, as evidenced by a concept plan that has been reviewed by a Planning & Development Department staff person with expertise in design and historic preservation. No exemption shall be granted for any property where a historic structure or potential historic structure has been demolished or removed from the property within the two years immediately preceding the MUPTE application date. This restriction shall be waived if the owner of the property gave notice of the intent to demolish or move the structure to Planning staff responsible for historic review issues at least 60 days before the owner's application for a demolition or moving permit from the City.

- i. Is the project immediately adjacent or contiguous to an historic locale?⁵

☐ Yes ☒ No

 If yes, attach the confirmation letter from Planning staff that states the concept plan review is complete and accepted.

- ii. Was an historic structure or potential historic structure demolished or removed from the property within the two years immediately preceding the date of application for the exemption?

☒ Yes ☐ No

 If yes, attach the letter from Planning staff that states proper notification was provided before removing any structures and that historic structures were appropriately addressed.

No exemption shall be granted for any property on which any housing unit has been demolished or removed from the property within the last two years. This restriction can be waived if the proposed project increases the number of dwelling units by 50% from what previously existed or if it replaces the old units by significantly larger units that will accommodate families.

- iii. Was housing demolished or removed from the property within the prior two years?

☐ Yes ☒ No

If yes, Number of units: _____

Number of houses: _____

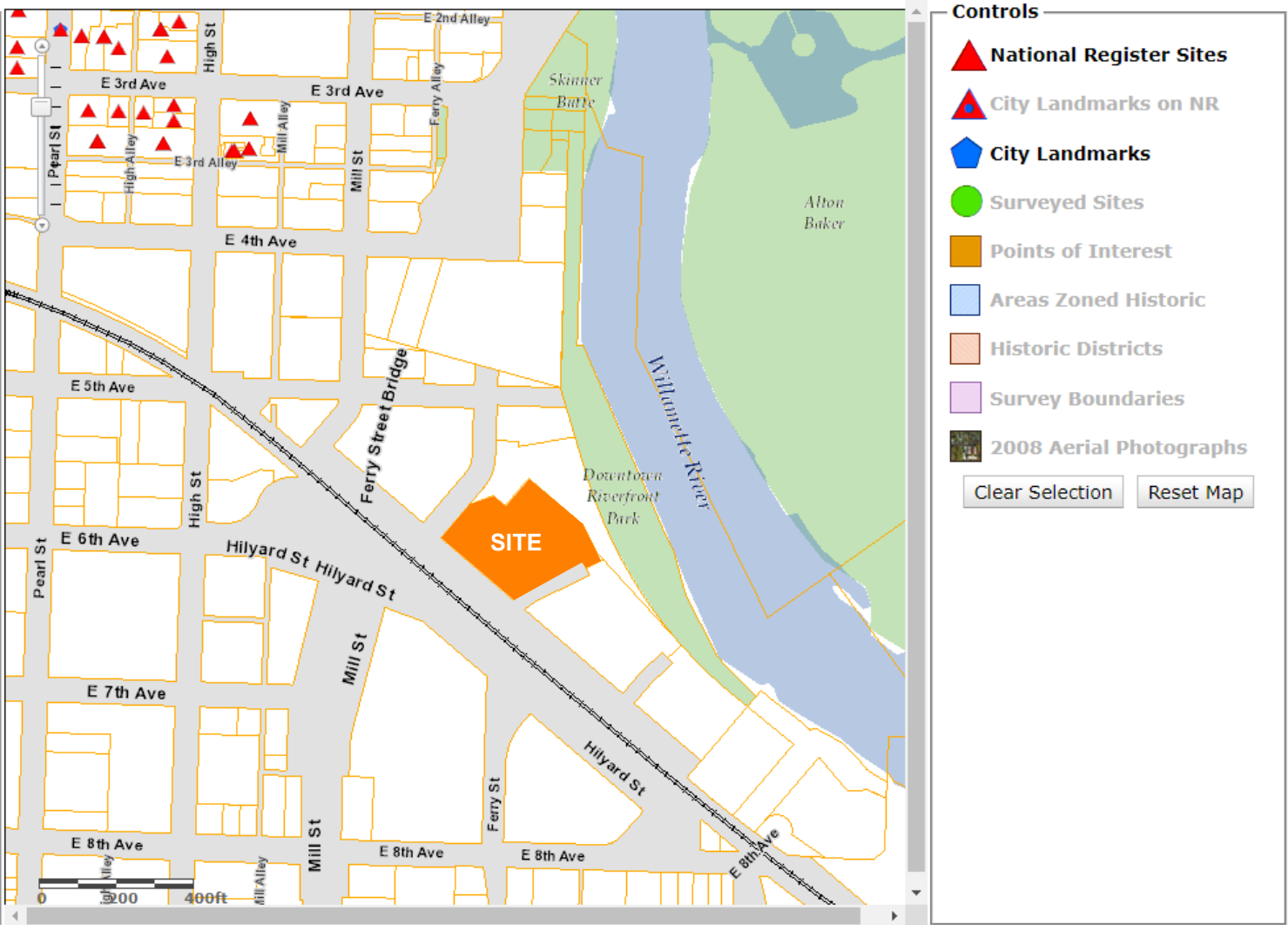
Number of bedrooms per house: _____

⁴ As defined in the Administrative Rule, an historic locale is a building that has historic, cultural and/or architectural significance, locally, regionally, or nationally. A historic locale can also include a building acknowledged by the Eugene Historic Review Board as strongly or possibly eligible for City Landmark or National Register listing.

⁵ Contact Rodney Bohner with the City of Eugene's Planning Department to determine whether the project is adjacent or contiguous to a historic locale. (Rodney.t.bohner@ci.eugene.or.us, 541-682-5437)

Historic Housing Map

Eugene Riverfront District
ERD Parcel 9



★ Parcel 9 - MUPTE Application



Atrium Building
99 west 10th Avenue
Eugene, Oregon 97401
Phone: 541-682-5377
Fax: 541-682-5572
www.eugene-or.gov/planning

September 24, 2021

SERA
c/o Joshua Lupkin, NCARB
338 NW 5th Ave.
Portland, OR 97209

**RE: Eugene Riverfront District - Parcel 7 and Parcel 9 MUPTE Application;
Historic & Existing Housing Sensitivity**

Thank you for submitting your MUPTE application materials for review. The subject sites are adjacent to one structure which appears to meet the Oregon State Historic Preservation Office's (SHPO) criteria for historic resource eligibility (Ferry Street Bridge and Railroad Viaduct), meeting the MUPTE application's definition of "historic locale," and consequently triggering review by City planning staff. Planning staff have reviewed the submitted materials and potential impacts to the Ferry Street Bridge Viaduct. Staff appreciate the chance to provide feedback regarding the project.

With regards to Part i of Section G Historic Housing & Sensitivity of the MUPTE application, the Ferry Street Bridge and Railroad Viaduct ("Ferry Street Bridge and Viaduct") was constructed c. 1950, providing a direct connection from Coburg Road to downtown Eugene and the University of Oregon, and linking Highway 99 between the Sixth-Seventh couplet and East Broadway. Ferry Street Bridge is located near the location of the ferry service operated by Eugene Skinner. The bridge and viaduct are examples of a number of large-scale road projects undertaken around Eugene from the 1950s to the mid 1960's.¹ Based on its date of construction and significance tied to Eugene's transportation history, the Ferry Street Bridge and Viaduct meet the MUPTE application's definition of "historic locale."

Having reviewed the proposal, staff finds no reason to conclude that the proposal will result in a negative impact to the identified historic locale. The proposal includes no direct structural impacts, such as alterations or demolitions, to the viaduct. Furthermore, the viaduct will maintain its setting and special relationships that characterize the structure. The proposed multi-unit apartment buildings closely align with adjacent historic rights-of-way, preserving historic spatial relationships of the subject city block. In conclusion, the Ferry Street Bridge Viaduct will remain as recognizable, physical record of its time and any potential historic significance will be retained.

With regards to Part ii of Section G of the MUPTE application, three buildings were demolished in the last two years immediately preceding the date of this application. Two buildings, a vehicle shop and warehouse/operations building, were associated with past Steam Plant/Eugene Water and Electric Board (EWEB) operations on the development site. The other building, the Midgley's Building Complex, was historically used for millworks and construction industry manufacturing and supply and more

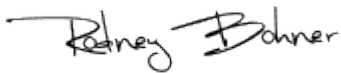
¹ "Eugene's River Road: Transportation" (PDF). City of Eugene. June 2006.

recently as office space. The City of Eugene submitted the necessary Oregon SHPO Clearance Forms ahead of demolition activity for these structures. SHPO determined that only the EWEB Warehouse/Operations Building (also known as the Bow-Truss Building) was eligible for listing on the National Register of Historic Places (SHPO Case Nos: 11-1373 / 18-1419 / 19-0168). The building's size and location presented a conflict with the Downtown Riverfront redevelopment plan, and thus it was demolished in 2019. In order to document the historic aspects of the building, the City entered into a Memorandum of Agreement with SHPO, agreeing to complete state-level documentation which will inform a future on-site interpretive installation.

Based on the information provided in the application materials, Planning staff find that the project will preserve the existing historic locale (Part i). Further, Planning staff confirm that proper notification was provided before the demolition of eligible historic structures on the site (Part ii).

If you need any further assistance from our staff, have questions about other future restoration projects, or if you would like more information on designating the identified historic locales, please do not hesitate to get in touch.

Sincerely,



Rodney T. Bohner, Associate Planner
Eugene Planning Division | Land Use Planning
541-682-5437 | rodney.t.bohner@ci.eugene.or.us

Financial Information

Eugene Riverfront District

ERD Parcel 9 - Scenario A & ~~B~~

★ Parcel 9 - MUPTe Application

Financial Cost Summary Sources of Basis

Land Acquisition

Purchase Price from City referenced directly from the current Agreement for Disposition and Development of Real Property. Land Acquisition Soft Costs assigned based on previous development experience.

Schematic Design and MUPTE Application

A/E Concept, Schematic Design, and MUPTE application fees provided in proposal from SERA Architects dated August 25, 2021. Other SD soft costs provided by third-party consultants.

Architectural / Engineering Design & Permitting

A/E Design Development, Construction Documents, and Permitting Assistance provided by SERA Architects in proposal dated August 25, 2021. Other Owner Soft Costs, City Permit Fees, SDC, and MUPTE Fees were provided by third-party consultants or assigned based on prior development experience.

Construction

Direct Construction costs were derived from Construction Cost Estimate provided by the pre-construction General Contractor. A/E Construction Observation and Administration provided by SERA Architects in proposal dated August 25, 2021. Insurance costs were derived from preliminary estimates provided by Propel Insurance. Other Owner Supplied Hard Costs were derived from previous development experience.

Project Contingency

Project Contingency set at approximately 5% of associated costs, based on previous development experience and current market conditions.

Project Finance and Operating Carry Costs

Project Finance and Operating costs based on anticipated loan terms and previous development experience.

Property Taxes

The estimated property taxes are based on the Lane County 2020 Consolidated Tax Rate (Tax Code Area 496). The Assessed Value is based on the Lane County 2020 Changed Property Ratio for Multi-Family properties (0.561). We applied a 3% annual escalator to the annual property tax amount.

Vacancy Loss

Vacancy Loss does not apply until Building has stabilized, reaching 100% occupancy.

Project Returns and Performance

The viability of the ERD Development relies on our ability to attract equity which in turn is required to secure construction financing. Two of the primary metrics investors measure to assess the viability of an investment are the project's Return on Cost and Cash on Cash Return. The Return on Cost

metric (which uses current market rents and estimated construction costs) is particularly useful for an investor to put capital into a potential development versus an existing project. The Return on Cost must be at least 100 basis points (1%) higher than current capitalization (“cap”) rates for stabilized assets. For example, if current cap rates are 4.50% to buy an existing, performing multi-family project then an investor would need a Return on Cost of at least 5.50% on a comparable development property. If our development doesn’t exceed that Return on Cost hurdle, there’s no incentive to invest equity in the Eugene Riverfront Development. Without the benefits of the MUPTE program, our current program doesn’t generate these required returns.

The second critical piece in developing a project such as Eugene Riverfront Development is to obtain construction financing. Equity investors, in order to achieve their required returns, will need construction financing at +/- 64% of total project cost. In turn, construction lenders tend to cap the amount they will lend based on a project’s “Debt Yield”. The Debt Yield is simply the underwritten stabilized net operating income (“NOI”) divided by the loan amount. Current minimum Debt Yields are approximately between 7% and 9%, which is a function of being 200-400 basis points over the project’s Return on Cost. Within that range, the specific Debt Yield that may be required is based both on the strength of the borrower’s credit history, as well as the overall capacity of the lender. Based on our underwriting, we would not be able to achieve 64% financing at a 7% to 9% debt yield without the benefit of the MUPTE program.

In addition to the assumptions above, we also utilized Affinity Property Management to provide market insight with regards to revenue generation, operating expenses, renter interest, lease-up rates, vacancy rates, utilities, and management fees.

Financial Information

Eugene Riverfront District
ERD Parcel 9 - Scenario A

★ Parcel 9 - MUPTA Application

Financial Information

Eugene Riverfront District
ERD Parcel 9 - Scenario A

Unit Mix

	Avg SF Per Unit	Unit Count	Monthly		2021 Annual
			Avg Rent	Rent/SF	
Average/Total	793	156	\$ 2,247	\$ 2.83	\$ 4,206,000
Studio	480	60	\$ 1,800	\$ 3.75	\$ 1,296,000
1 Bdrm	690	14	\$ 2,100	\$ 3.04	\$ 352,800
1 Bdrm - Furnished / Short Term	690	3	\$ 2,400	\$ 3.48	\$ 86,400
2 Bdrm	1,030	58	\$ 2,500	\$ 2.43	\$ 1,740,000
2 Bdrm - Furnished / Short Term	1,030	10	\$ 2,900	\$ 2.82	\$ 348,000
3 Bdrm	1,193	11	\$ 2,900	\$ 2.43	\$ 382,800
Furnished / Short Term (90-Day Min)	952	13	\$ 2,785	\$ 2.93	\$ 434,400
Non-Furnished / 1 Year Lease	778	143	\$ 2,198	\$ 2.82	\$ 3,771,600

Operating Income and Expenses - Stabilized

Without MUPTE

Revenue

	Number Of Units	Avg Unit SF	Avg Rent Per SF	2021 Stabilized Total Annual	Annual Escalator	2023 Stabilized Total Annual
Total Units	156	793	\$2.83	\$ 4,206,000	4.0%	\$ 4,549,210
Vacancy loss		5.00%		(\$210,300)		(\$227,460)
Other Income						
Parking	104	\$50 /Stall/Mo.		\$62,400	3.0%	\$ 66,200
Storage	10	\$35 /Unit/Mo.		\$4,200	3.0%	\$ 4,456
Deposit on Turnover	\$175.00 PUPM	5.0%		\$16,380	3.0%	\$ 17,378
Other	\$19.50 PUPM			\$36,504	3.0%	\$ 38,727
Utility Billback	85.0% of Utility Expenses			\$87,070		\$ 100,621
Effective Gross Income				\$ 4,202,254		\$ 4,549,131

Operating Expenses

	PUPM	PUPY	2021 Stabilized Total Annual	Annual Escalator	2023 Stabilized Total Annual
Payroll	\$188.54	\$2,262	\$352,947	5.0%	\$ 389,124
Administration	\$24.02	\$288	\$44,965	3.0%	\$ 47,704
Advertising/Marketing	\$83.14	\$998	\$155,638	3.0%	\$ 165,116
Utilities	\$54.72	\$657	\$102,436	7.5%	\$ 118,377
Repairs/Maintenance	\$28.79	\$345	\$53,895	4.0%	\$ 58,293
Turnover	\$27.63	\$332	\$51,723	4.0%	\$ 55,944
Contracted Services	\$25.31	\$304	\$47,380	4.0%	\$ 51,247
Insurance (prop + excess)	\$43.57	\$523	\$81,563	3.0%	\$ 86,530
Property Taxes	\$347.00	\$4,164	\$649,587	3.0%	\$ 689,147
Management Fee	3.5%	\$78.57	\$147,079		\$159,220
Reserve/Replacement	\$25.78	\$309	\$48,260	0.0%	\$ 48,260
Total Expenses	41.3% of EGI	\$927.07	\$11,125		\$1,868,962
Net Operating Income			\$2,466,780		\$2,680,169

With MUPTE

Revenue

	Number Of Units	Avg Unit SF	Avg Rent Per SF	2021 Stabilized Total Annual	Annual Escalator	2023 Stabilized Total Annual
Total Units	156	793	\$2.83	\$ 4,206,000	4.0%	\$ 4,549,210
Vacancy loss		5.00%		(\$210,300)		(\$227,460)
Other Income						
Parking	104	\$50 /Stall/Mo.		\$62,400	3.0%	\$ 66,200
Storage	10	\$35 /Unit/Mo.		\$4,200	3.0%	\$ 4,456
Deposit on Turnover	\$175.00 PUPM	5.0%		\$16,380	3.0%	\$ 17,378
Other	\$19.50 PUPM			\$36,504	3.0%	\$ 38,727
RUBS	85.0% of Utility Expenses			\$87,070		\$ 100,621
Effective Gross Income				\$ 4,202,254		\$ 4,549,131

Operating Expenses

	PUPM	PUPY	2021 Stabilized Total Annual	Annual Escalator	2023 Stabilized Total Annual
Payroll	\$189	\$2,262	\$352,947	5.0%	\$ 389,124
Administration	\$24	\$288	\$44,965	3.0%	\$ 47,704
Advertising/Marketing	\$83	\$998	\$155,638	3.0%	\$ 165,116
Utilities	\$55	\$657	\$102,436	7.5%	\$ 118,377
Repairs/Maintenance	\$29	\$345	\$53,895	4.0%	\$ 58,293
Turnover	\$28	\$332	\$51,723	4.0%	\$ 55,944
Contracted Services	\$25	\$304	\$47,380	4.0%	\$ 51,247
Insurance (prop + excess)	\$44	\$523	\$81,563	3.0%	\$ 86,530
Property Taxes	\$13	\$158	\$24,685	3.0%	\$ 26,188
Management Fee	3.5%	\$79	\$147,079		\$159,220
Reserve/Replacement	\$26	\$309	\$48,260	0.0%	\$ 48,260
Total Expenses	26.4% of EGI	\$593	\$7,119		\$1,206,003
Net Operating Income			\$3,091,683		\$3,343,128

Parcel 9 - Scenario A
10-Year Operating Pro Forma

★ Parcel 9 - MUPTE Application

10-Year Pro Forma without MUPTE			Year									
			1 (Lease-up)	2	3	4	5	6	7	8	9	10
	Escalator		2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Revenue	3.0%		\$3,623,329	\$4,685,686	\$4,826,256	\$4,971,044	\$5,120,175	\$5,273,781	\$5,431,994	\$5,594,954	\$5,762,803	\$5,935,687
Vacancy loss	5.00%		(\$130,255)	(\$234,284)	(\$241,313)	(\$248,552)	(\$256,009)	(\$263,689)	(\$271,600)	(\$279,748)	(\$288,140)	(\$296,784)
Other Income												
Parking	3.0%		\$52,727	\$68,186	\$70,232	\$72,339	\$74,509	\$76,744	\$79,046	\$81,418	\$83,860	\$86,376
Storage	3.0%		\$3,549	\$4,589	\$4,727	\$4,869	\$5,015	\$5,165	\$5,320	\$5,480	\$5,644	\$5,814
Deposit on Turnover	3.0%		\$13,841	\$17,899	\$18,436	\$18,989	\$19,559	\$20,145	\$20,750	\$21,372	\$22,013	\$22,674
Other	3.0%		\$30,845	\$39,889	\$41,086	\$42,318	\$43,588	\$44,895	\$46,242	\$47,629	\$49,058	\$50,530
Utility Billback	3.0%		\$80,142	\$103,639	\$106,749	\$109,951	\$113,250	\$116,647	\$120,147	\$123,751	\$127,463	\$131,287
Effective Gross Income			\$3,674,177	\$4,685,604	\$4,826,173	\$4,970,958	\$5,120,086	\$5,273,689	\$5,431,900	\$5,594,857	\$5,762,702	\$5,935,583
Operating Expenses												
Expenses	3.0%		\$972,335	\$1,001,505	\$1,031,550	\$1,062,497	\$1,094,372	\$1,127,203	\$1,161,019	\$1,195,850	\$1,231,725	\$1,268,677
Management Fee	3.5% of EGI		\$128,596	\$163,996	\$168,916	\$173,984	\$179,203	\$184,579	\$190,116	\$195,820	\$201,695	\$207,745
Property Taxes												
Land	3.0%		\$26,188	\$26,974	\$27,783	\$28,616	\$29,475	\$30,359	\$31,270	\$32,208	\$33,174	\$34,169
Improvements	3.0%		\$662,959	\$682,848	\$703,333	\$724,433	\$746,166	\$768,551	\$791,608	\$815,356	\$839,817	\$865,011
Total Property Taxes			\$689,147	\$709,822	\$731,116	\$753,050	\$775,641	\$798,910	\$822,878	\$847,564	\$872,991	\$899,181
Reserve/Replacement	0.0%		\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260
Total Operating Expenses			\$1,838,339	\$1,875,323	\$1,931,583	\$1,989,530	\$2,049,216	\$2,110,692	\$2,174,013	\$2,239,234	\$2,306,411	\$2,375,603
Expense % of EGI			50.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Net Operating Income			\$1,835,838	\$2,810,282	\$2,894,590	\$2,981,428	\$3,070,871	\$3,162,997	\$3,257,887	\$3,355,623	\$3,456,292	\$3,559,981

10-Year Pro Forma with MUPTE			Year									
			1 (Lease-up)	2	3	4	5	6	7	8	9	10
	Escalator		2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Revenue	3.0%		\$3,623,329	\$4,685,686	\$4,826,256	\$4,971,044	\$5,120,175	\$5,273,781	\$5,431,994	\$5,594,954	\$5,762,803	\$5,935,687
Vacancy loss	5.00%		(\$130,255)	(\$234,284)	(\$241,313)	(\$248,552)	(\$256,009)	(\$263,689)	(\$271,600)	(\$279,748)	(\$288,140)	(\$296,784)
Other Income												
Parking	3.0%		\$52,727	\$68,186	\$70,232	\$72,339	\$74,509	\$76,744	\$79,046	\$81,418	\$83,860	\$86,376
Storage	3.0%		\$3,549	\$4,589	\$4,727	\$4,869	\$5,015	\$5,165	\$5,320	\$5,480	\$5,644	\$5,814
Deposit on Turnover	3.0%		\$13,841	\$17,899	\$18,436	\$18,989	\$19,559	\$20,145	\$20,750	\$21,372	\$22,013	\$22,674
Other	3.0%		\$30,845	\$39,889	\$41,086	\$42,318	\$43,588	\$44,895	\$46,242	\$47,629	\$49,058	\$50,530
Utility Billback	3.0%		\$80,142	\$103,639	\$106,749	\$109,951	\$113,250	\$116,647	\$120,147	\$123,751	\$127,463	\$131,287
Effective Gross Income			\$3,674,177	\$4,685,604	\$4,826,173	\$4,970,958	\$5,120,086	\$5,273,689	\$5,431,900	\$5,594,857	\$5,762,702	\$5,935,583
Operating Expenses												
Expenses	3.0%		\$972,335	\$1,051,213	\$1,082,750	\$1,115,232	\$1,148,689	\$1,183,150	\$1,218,644	\$1,255,203	\$1,292,860	\$1,331,645
Management Fee	3.5% of EGI		\$128,596	\$163,996	\$168,916	\$173,984	\$179,203	\$184,579	\$190,116	\$195,820	\$201,695	\$207,745
Property Taxes												
Land	3.0%		\$26,188	\$26,974	\$27,783	\$28,616	\$29,475	\$30,359	\$31,270	\$32,208	\$33,174	\$34,169
Improvements	3.0%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Property Taxes			\$26,188	\$26,974	\$27,783	\$28,616	\$29,475	\$30,359	\$31,270	\$32,208	\$33,174	\$34,169
Reserve/Replacement	0.0%		\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260	\$48,260
Moderate-Income Housing Fee					\$95,001	\$95,001	\$95,001	\$95,001	\$95,001	\$95,001	\$95,001	\$95,001
Total Operating Expenses			\$1,175,379	\$1,290,443	\$1,422,709	\$1,461,093	\$1,500,628	\$1,541,349	\$1,583,292	\$1,626,492	\$1,670,989	\$1,716,821
Expense % of EGI			32.0%	27.5%	29.3%	29.4%	29.3%	29.2%	29.1%	29.1%	29.0%	28.9%
Net Operating Income			\$2,498,798	\$3,395,161	\$3,403,463	\$3,509,865	\$3,619,459	\$3,732,340	\$3,848,608	\$3,968,364	\$4,091,713	\$4,218,762

Parcel 9 - Scenario A
Debt Service Summary

Debt Calculation

Loan Amount	\$37,624,052
Interest Rate	5.50%
Amortization	30 Years
Annual Debt Service	\$2,563,503

Debt Service without MUPTE

		Year									
		1	2	3	4	5	6	7	8	9	10
		LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Net Operating Income		\$1,835,838	\$2,810,282	\$2,894,590	\$2,981,428	\$3,070,871	\$3,162,997	\$3,257,887	\$3,355,623	\$3,456,292	\$3,559,981
Construction Loan Interest	2.50%	\$470,301									
Permanent Loan Debt Service		\$1,281,751	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503
<i>Debt Service Coverage Ratio (DSCR)</i>			1.10	1.13	1.16	1.20	1.23	1.27	1.31	1.35	1.39
Before Tax Cash Flow		\$83,786	\$246,779	\$331,087	\$417,925	\$507,368	\$599,494	\$694,384	\$792,120	\$892,789	\$996,478

Debt Service with MUPTE

		Year									
		1	2	3	4	5	6	7	8	9	10
		LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Net Operating Income		\$2,498,798	\$3,395,161	\$3,403,463	\$3,509,865	\$3,619,459	\$3,732,340	\$3,848,608	\$3,968,364	\$4,091,713	\$4,218,762
Construction Loan Interest	2.50%	\$470,301									
Permanent Loan Debt Service		\$1,281,751	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503
<i>Debt Service Coverage Ratio (DSCR)</i>			1.32	1.33	1.37	1.41	1.46	1.50	1.55	1.60	1.65
Before Tax Cash Flow		\$746,746	\$831,659	\$839,960	\$946,362	\$1,055,956	\$1,168,837	\$1,285,105	\$1,404,862	\$1,528,210	\$1,655,260

Funding Sources Parcel 9 - Scenario A

Loan	64.0%	\$37,624,052
Equity	36.0%	\$21,163,529
Total Sources of Funding	100.0%	\$58,787,581

Parcel 9 - Scenario A
Projected 10-Year Cash-on-Cash Rate of Return Analysis

Cash-on-Cash Return without MUPTE	Year									
	1	2	3	4	5	6	7	8	9	10
	LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Income	\$3,674,177	\$4,685,604	\$4,826,173	\$4,970,958	\$5,120,086	\$5,273,689	\$5,431,900	\$5,594,857	\$5,762,702	\$5,935,583
Operating Expenses	\$1,838,339	\$1,875,323	\$1,931,583	\$1,989,530	\$2,049,216	\$2,110,692	\$2,174,013	\$2,239,234	\$2,306,411	\$2,375,603
Net Operating Income	\$1,835,838	\$2,810,282	\$2,894,590	\$2,981,428	\$3,070,871	\$3,162,997	\$3,257,887	\$3,355,623	\$3,456,292	\$3,559,981
Debt Service	\$1,752,052	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503
Cash Flow	\$83,786	\$246,779	\$331,087	\$417,925	\$507,368	\$599,494	\$694,384	\$792,120	\$892,789	\$996,478
Cash-on-Cash Return Equity: \$21,163,529	0.40%	1.17%	1.56%	1.97%	2.40%	2.83%	3.28%	3.74%	4.22%	4.71%

Cash-on-Cash Return with MUPTE	Year									
	1	2	3	4	5	6	7	8	9	10
	LU 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Effective Gross Income	\$3,674,177	\$4,685,604	\$4,826,173	\$4,970,958	\$5,120,086	\$5,273,689	\$5,431,900	\$5,594,857	\$5,762,702	\$5,935,583
Operating Expenses	\$1,175,379	\$1,290,443	\$1,422,709	\$1,461,093	\$1,500,628	\$1,541,349	\$1,583,292	\$1,626,492	\$1,670,989	\$1,716,821
Net Operating Income	\$2,498,798	\$3,395,161	\$3,403,463	\$3,509,865	\$3,619,459	\$3,732,340	\$3,848,608	\$3,968,364	\$4,091,713	\$4,218,762
Debt Service	\$1,752,052	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503	\$2,563,503
Cash Flow	\$746,746	\$831,659	\$839,960	\$946,362	\$1,055,956	\$1,168,837	\$1,285,105	\$1,404,862	\$1,528,210	\$1,655,260
Cash-on-Cash Return Equity: \$21,163,529	3.53%	3.93%	3.97%	4.47%	4.99%	5.52%	6.07%	6.64%	7.22%	7.82%

Return on Cost and Debt Yield

ROC without MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$2,466,780	\$2,680,169
Total Project Cost	\$58,787,581	\$58,787,581
Return on Cost	4.20%	4.56%

ROC with MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$3,091,683	\$3,343,128
Total Project Cost	\$58,787,581	\$58,787,581
Return on Cost	5.26%	5.69%

Debt Yield without MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$2,466,780	\$2,680,169
Total Loan Amount (64% LTC)	\$37,624,052	\$37,624,052
Debt Yield	6.56%	7.12%

Debt Yield with MUPTE

	Untrended 2021	Stabilized 2023
Net Operating Income	\$3,091,683	\$3,343,128
Total Loan Amount (64% LTC)	\$37,624,052	\$37,624,052
Debt Yield	8.22%	8.89%

★ Parcel 9 - MUPTE Application

Cost Summary

Eugene Riverfront District
ERD Parcel 9 - Scenario A

		Total
Land Acquisition	72,063 SF	\$3,675,213
Purchase Price From City (\$31/SF)	\$2,233,953	
Land Acquisition Soft Costs (\$20/SF)	\$1,441,260	
Schematic Design and MUPTE Application		\$449,631
A/E Concept and Schematic Design	\$323,820	
MUPTE Application / Other SD Soft Costs	\$125,811	
Architectural / Engineering Design & Permitting		\$5,196,862
A/E Design Development	\$501,153	
A/E Construction Documents and Permitting Assistance	\$695,526	
Other Owner Soft Costs	\$1,645,182	
City Permit Fees, SDC, MUPTE Fee	\$2,355,000	
Construction		\$45,711,473
Direct Construction	\$42,723,192	
Offsite Construction (Parking, Field Office)	\$325,000	
A/E Construction Observation and Administration	\$651,700	
Insurance (OCIP and Builder Risk)	\$778,281	
Other Owner Supplied Hard Costs	\$1,233,300	
Project Contingency		\$2,497,803
Soft Cost Contingency	\$383,090	
Hard Cost Contingency	\$2,114,713	
Project Finance and Operating Carry Costs		\$1,256,600
Finance Costs and Construction Loan Interest	\$1,131,600	
Operating Carry Costs during Lease Up	\$125,000	
Total Project Cost		\$58,787,581

* Parcel 9 - MUPTE Application

H. Application Finalization Worksheet

Application Fee Information

An application fee of \$3,720* should be made payable to City of Eugene at the time of submission. This is comprised of the \$800 base fee plus \$2,920 for the independent financial consultant. (Payment of other reasonable costs may be required, if incurred by the City or County in processing this application, such as additional consultant charges. Additional costs must be paid prior to City Council taking action on this application.)

Property Owner Authorization

If the applicant is not the current property owner, the applicant must either have the property owner sign on the application below OR include documentation authorizing the applicant to apply for the tax exemption on the owner's behalf.⁶

By:  Date: 10/05/2021
Property Owner's Signature

Application Verification

I swear or affirm that all information contained in this application is accurate and all statements are true.

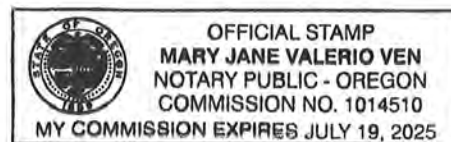
By:  Date: 9.30.21
Applicant Signature

State of OREGON

County of Multnomah

Signed and sworn to (or affirmed) before me on September 30 2021 by James Atkins


Notary Public for Oregon



⁶ Administrative Order 53-20-02-F

MARKET & FINANCIAL ANALYSIS

EUGENE RIVERFRONT DISTRICT PARCEL 3BC

MIXED-USE PROJECT MUPTE PROGRAM APPLICATION

Prepared for: City of Eugene, Oregon

Prepared by: PNW Economics, LLC

▲ Parcel 3BC - Review of Financial Need

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1. Executive Summary

Introduction

PNW Economics, LLC was retained by the City of Eugene to review the Eugene Riverfront District Parcel 3BC Multi-Unit Property Tax Exemption (“MUPTE”) program application as part of City market and financial analysis of the project. Specifically, PNW Economics, LLC was tasked with:

- Reviewing project application assumptions including market comparables, bank underwriting assumptions, and other pertinent assumptions;
- Evaluate projected cash-on-cash return for the project without MUPTE and with MUPTE, which grants a ten-year property tax exemption for the project in order to incent its financial performance such that investment and development is possible and positively contributes to the downtown Eugene economy in place of property underutilization; and
- Communicates all analysis and findings appropriately for review by community members and elected officials.

This document represents completion of these tasks for review by the City of Eugene and its partners and stakeholders.

Summary of Findings

An independent pro forma and cash flow analysis was conducted by PNW Economics for the proposed Riverfront 3BC project in downtown Eugene. The following table provides a concise summary of the outcome of not awarding and awarding a MUPTE to the project, which comprises 130 apartment units.

Table A – Riverfront District 3BC Project Cash-on-Cash Return With & Without MUPTE: 130 Units

	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
130 Units NO MUPTE										
+ MUPTE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash-on-Cash Return	-0.2%	-1.5%	-1.1%	-0.8%	-0.5%	-0.1%	0.2%	0.6%	1.0%	1.3%
130 Units YES MUPTE										
+ MUPTE	\$820,621	\$845,239	\$870,596	\$896,714	\$923,616	\$951,324	\$979,864	\$1,009,260	\$1,039,538	\$1,070,724
Cash-on-Cash Return	3.4%	2.3%	2.8%	3.2%	3.7%	4.1%	4.6%	5.1%	5.6%	6.1%

- Award of the MUPTE – starting in Year 1 at an estimated \$820,621 – makes a significant difference to the cash-on-cash return of the project.
 - Without a MUPTE, the project never reaches the benchmark 6% cash-on-cash return that is usually utilized to judge a project feasible as an investment, and therefore, development opportunity.
 - Without a MUPTE, Net Operating Income is not enough to cover debt service payments and even earn a positive return at all until the 7th year of the project. At best,

cash-on-cash return for the project reaches a mere 1.3% after 10 years without a MUPTE.

- With a MUPTE, 3BC does achieve the 6.0% cash-on-cash return benchmark but it takes 10 years for the project do so.
- With a MUPTE, Net Operating Income less debt service is positive for all years of the development but cash-on-cash return is not sufficient to make it a clearly feasible project until the 10th year.
- Ultimately, the MUPTE is crucial to making the project approach feasibility, however even with it, estimated return takes a few years to approach competitive for attracting investment.

Review of all development and financial assumptions in the MUPTE Application for the Riverfront 3BC project yielded the following general finds and comments:

- Project type, units, and rents are generally consistent with the downtown Eugene market that has seen new development in recent years.
- The 3BC project does, however, assume what seem to be high rents for Studio and 1-Bed units compared to comparable units at Gordon Lofts. For independent analysis in this document, rents were assumed to be slightly lower and closer to Gordon Lofts gross rents for conservative analysis.
- Development costs of the project are consistent with current construction market conditions in both Portland and Eugene by comparison. Construction cost escalation and construction delays are rampant currently and expected to be so for the foreseeable future. This drives up hard costs, soft costs, and both holding costs and interest expense overall.
- The taxable assessed value (TAV) of the 3B and 3C parcels underlying this development experienced a significant increase between fiscal years (FY) 2020 and 2021 according to the Lane County Department of Assessment and Taxation. This analysis assumes the higher TAV from FY 2021 for both parcels. It seems that the analysis in the MUPTE application for 3BC was conducted prior to FY 2021 taxable assessed value being known. The effect of assuming a higher TAV in the pro forma than the Applicant is that tax burden is higher for the project, ultimately reducing cash flow and return while increasing the value of the MUPTE and its importance.

Otherwise overall, it was found that the 3BC MUPTE Application financial analysis used reasonable assumptions overall and much of the independent pro forma and cash flow analysis in this report utilizes similar assumptions as the Applicant. Differences in assumptions, which are few, are noted in this document.

2. Review of Market Rent & Lease Income Assumptions

Apartment Market Analysis: Documented Rents

This section of the report provides a discussion of apartment rents that the Applicant has documented will be charged at the proposed project. Apartment rents are discussed as follows:

1. Profile of the proposed apartment unit mix, unit sizes, monthly gross rents, and monthly rents per square foot.
2. Comparison of the proposed apartment gross rents with comparable and competitive apartment projects in the downtown Eugene market area.
3. Comparison of the proposed apartment rents per square foot with comparable and competitive apartment projects in downtown Eugene.

Comparison of the proposed project to other, comparable apartment projects in the downtown Eugene market is important as it gives contextual evidence for how well-suited the project is given prevailing rents that renters seeking to live downtown are willing to pay.

- Rents that are below market indicate the project will be at a competitive advantage because it is a relative bargain.
- Rents that are above market indicate the project is more expensive, which can be acceptable to renters if new rents are not *too* much higher and new, high quality units are worth the price premium.
- New projects with rents that are too ambitiously high will be uncompetitive in the market, leasing more slowly and potentially hindering the apartment developer's ability to earn sufficient rent income in time to meet expenses and/or debt service, which threatens financial viability of the project.

Applicant Compared to Prevailing Comparable Projects: Unit Gross Rents

Two downtown Eugene apartment projects were selected as most comparable and competitive to Riverfront District Parcel 3BC should it be developed: Gordon Lofts and First on Broadway. Because neither project has Three-bedroom units, 35 Club – located outside of the downtown area - has been included in the analysis purely for the largest unit type proposed at the subject. By far, Gordon Lofts is viewed as the project most comparable to the subject in terms of unit types, age, quality, and nearby amenities. Below is a description of each project and its competitive advantages and disadvantages relative to each other and any new projects that may be built in downtown Eugene.

- Gordon Lofts: The 127-unit mixed-use project at 550 Pearl Street is the newest large residential development in downtown Eugene. The project, a previous MUPTE program participant, comprises Studio, 1-Bed, and 2-Bed units at top-of-market rents. The project has various retail businesses in its ground floor and with the commercial building anchored by the Nike Store to the south forms a market area that is an extension of the larger 5th Street Market area development.

- First on Broadway: The 16-unit mixed-use project at 39 West Broadway was renovated from commercial to residential use in 2013. The project is well-located in the center of the stretch of West Broadway that has enjoyed the highest concentration of new employment, shopping, dining, and entertainment. By virtue of being renovated roughly eight years ago, despite its highly amenitized location on Broadway, it should be expected that First on Broadway achieves lower rents than at either the subject property or Gordon Lofts.
- 35 Club: The 110-unit apartment project at 35 Club Road is the newest market-rate project in Eugene proximate to downtown and with 3-bedroom units. Located north of the Willamette near Centennial Blvd and Country Club Road, the location is less urban and more auto-dependent. Still, 3-Bed units at the project are indicative of the market for 3-bed units at the subject property.

Table 1 provides a comparison of planned gross monthly rents at Parcel 3BC with the most comparable and competitive projects in downtown Eugene, but with a focus on the most comparable existing project, Gordon Lofts.

Table 1 – Riverfront District 3BC Apartment Gross Rents Compared to Most-Comparable Competitive Projects

Unit Type	Gross Monthly Rent						Subject Gross Rent vs.:	
	Parcel 3BC	Gordon Lofts	Ferry Street Manor Market	Moderate	First on Broadway	35 Club Road	Gordon Lofts	35 Club Road
Studio	\$1,900	\$1,307	\$1,187	\$1,100	\$1,200	\$1,500	45%	n/a
One bedroom	\$2,132	\$1,721	\$1,356	n/a	\$1,573	\$1,700	24%	n/a
Two bedroom	\$2,662	\$2,802	n/a	n/a	\$2,245	\$1,750	-5%	n/a
Three bedroom	<u>\$3,000</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>\$2,875</u>	<u>n/a</u>	<u>4%</u>
Subtotals/Averages	\$2,422	\$1,678	\$1,259	\$1,100	\$1,285	\$1,182	31%	42%

The most noteworthy finding from comparing project rents at the Subject vs. existing market conditions is that the Studio and 1-bed units seem to significantly higher than being charged at any existing, competitive project including Gordon Lofts. In fact, the Applicant expects Studio rents up to 45% higher than Gordon Lofts and 1-bed rents up to 24% higher than Gordon Lofts. The Subject seems to be slightly below market (-5%) for 2-bed rents and roughly on par for 3-bed rents (+4%).

The upshot for analysis of the need for the MUPTE for this project is as follows: The Applicant pro forma and cash flow analysis will overstate income and in turn will actually tend to understate the need for MUPTE when the real risk is that rents will not be that high in those units and the MUPTE would likely be more crucial.

In the evaluation of the project with and without MUPTE, PNW Economics will assume lower rents for the Studio and 1-bedroom units at the Riverfront 3B&C project more consistent with the downtown Eugene market.

3. Financial Feasibility Analysis

Financial Feasibility (“Pro Forma”) Assumptions

Debt vs. Equity & Project Financing

Table 2 provides a summary of Applicant project permanent financing assumptions taken from the Riverfront District Parcel 3BC MUPTE application. 64% of project development cost is expected to be financed, with a 36% equity split. This would certainly be below the typical maximum of 80% of cost project cost (loan-to-cost ratio or “LTC”). However, outreach to other development interests during the course of Application review indicated that currently, permanent financing is typically not exceeding 60% LTC. Broader economic risk nationally was cited as a major part of the shift away from LTC closer to 80% as it has been in the past.

Table 2 – Riverfront District Parcel 3BC Project Permanent Debt Finance Assumptions

	130 Units	
	2021 Dollars	2022 Dollars
Total Development Cost	\$58,595,459	\$60,362,742
Permanent Loan	\$37,501,094	\$38,632,155
Equity	\$21,094,365	\$21,730,587
Percent Financed	64%	64%
Annual Interest Rate	5.50%	5.50%
Amortization (Years)	30	30
Annual Permanent Debt Service	(\$2,555,125)	(\$2,632,190)

During the course of Application review, PNW Economics reached out to two general contractors with experience in midrise residential development in Portland and the Willamette Valley in order to evaluate Applicant construction costs and ultimately development costs. Findings are as follows:

- Hard construction costs for midrise projects are currently averaging \$252 per square foot to over \$282 per square foot in the Downtown Portland area market.
- Hard costs should see a 5% to 8% reduction in downtown Eugene relative to Downtown Portland, driven mostly by slight differences in some categories of skilled labor wage costs in Eugene vs. in Portland – when available.
- The Riverfront 3B&C project anticipates hard costs averaging \$268 per square foot for the 174,000 square feet of the project.

Overall, it was concluded that hard construction costs – as sizeable and as rapidly escalated as they are compared to other MUPTE-approved projects in recent years – are reasonable in the current economic environment.

Additional costs, such as various design (A/E) costs and other “soft costs” were also deemed reasonable given how they are driven by the magnitude of assumed hard costs. In the economy for the foreseeable future, development of most types can expect significant construction labor and materials scarcity which in turn not only drives up hard costs themselves as well as assumed soft costs, but increases the timeframe over which construction occurs. This means extended holding costs on land purchased for the development as well as greater interest cost on construction loans paid over a longer period.

For all of the above reasons, PNW Economics views the Development Costs and Project Financing assumptions supplied by the Applicant as reasonable in current and near-term economic context. For purposes of matching project timing and expense in the Financial Analysis, a set of development costs were estimated in 2022 dollars assuming 6% annual development costs escalation.

Assumed Rents & Escalation

Table 3 provides a summary of apartment rents utilized in the pro forma analyses in this section. As noted earlier in this document, review of market rents in the Downtown Eugene area indicated that Applicant anticipated rents for Studio units and 1-bed units were high compared to even the newest units in the market at Gordon Lofts. Assumed rents were modified for pro forma purposes in this document are shaded and in bold and are reflective of less aggressive premiums compared to Gordon Lofts gross (and per square foot) rents. Annually after 2023, rents are assumed to escalate by 3% annually.

Table 3 – Riverfront District Parcel 3BC Project Market Apartment Rent Assumptions – 130 Units

Unit Type	Unit Mix Units	Percentage	Average Unit Size (Sq. Ft.)	Monthly Rent	Rent per Square Foot
Studio	19	15%	464	\$1,740	\$3.75
One bedroom	34	26%	771	\$2,044	\$2.65
Two bedroom	73	56%	1,041	\$2,662	\$2.56
Three bedroom	<u>4</u>	<u>3%</u>	<u>1,446</u>	<u>\$3,000</u>	<u>\$2.07</u>
Subtotals/Averages	130	100%	898	\$2,376	\$2.64

Non-Rent Revenues

Table 4 summarizes the various sources of revenue for the project in addition to standard rent planned for the occupancy for units. All revenue categories are standard for new, urban-style apartment development.

Table 4 – Riverfront District Parcel 3BC Project Market Apartment Non-Rent Assumptions

3B&C	3B&C	Gordon Lofts	Units	Projected 3B&C	
				2021	2023
Parking	\$115	\$88	80	\$110,400	\$117,123
Storage	\$50	\$63	10	\$6,000	\$6,365
Deposit on Turnover	\$8.75	\$8.22	130	\$13,650	\$14,481
Other	\$19.50	\$0	130	\$30,420	\$32,273
Utility Billback	\$41.30	\$18.00	130	<u>\$64,430</u>	<u>\$68,354</u>
Total Non-Rent Revenue:				\$224,900	\$238,596

Operating Expenses

Apartment Operating Expenses

Table 5 below provides a comparison of annual operations expenses per unit anticipated at the Subject as well as realized expenses per unit at both Gordon Lofts and 35 Club. Based upon these findings, it was assumed that operations expenses at the project are reasonable if not somewhat low.

Table 5 – Riverfront District Parcel 3BC Project Operating Expenses Per Unit vs. Comparable Projects

	Per Unit Expenses Annually		
	3B&C	Gordon Lofts	35 Club
Before Property Tax			
Expenses: Stabilized	\$6,034	\$6,500	\$7,100

For pro forma financial analysis in the next section of this report, PNW Economics assumes operating expenses supplied by the Applicant. While a bit lower than competitive projects, lower estimated expenses will tend to give more optimistic financial performance projections that would tend to reduce the importance of tax exemption on the bottom line.

Property Taxes

Table 6 below provides estimates for property taxes that will be paid on both the land (both B&C tax lots) as well as expected improvements value on a “Cost of Replacement” basis – the total development cost of improvements alone if built new.

Table 6 – 3BC Estimated Property Tax: Land & Improvements in FY 21 and Paid in 2023

Cost of Replacement - Improvements				\$55,881,800					
Change Ratio - Commercial/Industrial				<u>0.727</u>		Measure 50 Maximum TAV Escalation: 3%			
FY 21 Taxable Assessed Value				\$40,626,069					
Parcel	Account #	Acres	Zoning	Taxable Assessed Value (FY 21)			Taxable Assessed Value (Paid in FY 23)		
				Land	Improvements	Total	Land	Improvements	Total
3B	1903565	0.61	Commercial Industrial Vacant	\$1,404,603	\$0	\$1,404,603	\$1,446,741	\$0	\$1,446,741
3C	1903566	0.61	Commercial Industrial Vacant	<u>\$1,404,603</u>	<u>\$0</u>	<u>\$1,404,603</u>	<u>\$1,446,741</u>	<u>\$0</u>	<u>\$1,446,741</u>
Total				\$2,809,206	\$0	\$2,809,206	\$2,893,482	\$0	\$2,893,482
Tax Code Area 00400 (per \$1,000 TAV)				<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>
Total Property Tax - Land Only				\$53,532	\$0	\$53,532	\$55,138	\$0	\$55,138
3B	1903565	0.61	Commercial Industrial Vacant	\$1,404,603	\$20,313,034	\$21,717,637	\$1,446,741	\$21,531,816	\$22,978,557
3C	1903566	0.61	Commercial Industrial Vacant	<u>\$1,404,603</u>	<u>\$20,313,034</u>	<u>\$21,717,637</u>	<u>\$1,446,741</u>	<u>\$21,531,816</u>	<u>\$22,978,557</u>
Total				\$2,809,206	\$40,626,069	\$43,435,275	\$2,893,482	\$43,063,633	\$45,957,115
Tax Code Area 00400 (per \$1,000 TAV)				<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>
Total Property Tax - Combined				\$53,532	\$774,170	\$827,703	\$55,138	\$820,621	\$875,759

It should be noted that the TAV of the 3B and 3C parcels underlying this development experienced a significant increase between fiscal years (FY) 2020 and 2021 according to the Lane County Department of Assessment and Taxation. This analysis assumes the higher TAV from FY 2021 for both parcels. It seems that the analysis in the MUPTE application for 3B&C was conducted prior to FY 2021 taxable assessed value being known. The effect of assuming a higher TAV in the pro forma than the Applicant is that tax burden is higher for the project, ultimately reducing cash flow and return while increasing the value of the MUPTE and its importance.

Retail Operating Expenses

The Riverfront 3BC project does not plan for retail space in the ground floor as can be common for project such as this. Therefore there are neither retail space operating expenses, nor are there retail space revenues to be anticipated.

Financial Feasibility Analysis of Riverfront 3BC

To evaluate whether or not a project is financially feasible, that is whether or not the project meets investment rates of return benchmarks, a pro forma analysis is conducted. A pro forma is simply a financial modeling exercise to examine how a development project performs as a business investment over a specified period of time.

Variables that are modeled, or estimated, in this report are as follows:

Apartment Rent Income: The annual rent income if all apartment units in a project were occupied and charging full, assumed market rent. This grows by 3% each year.

Retail Lease Income: Common in such projects, retail space is not planned for the 3B&C Riverfront project. Therefore, retail lease income is not anticipated for this specific project.

Gross Project Income: The sum of Apartment Rent Income, Retail Lease Income (not present in this project), and Other Income streams such as parking, storage fees, deposit on turnover retained due to unit condition issues, miscellaneous other income such as event or space usage fees, and utility billback revenue that represent utilities paid by the development and reimbursed with charges to units as part of rent. This increases annually due to each income stream escalating on their own at different rates.

Vacancy: 5% of apartment space and retail space is assumed to always be vacant and represent income loss.

Lease-Up Vacancy & Concessions: This category of expense reflects different sources of loss to revenue as a result of project vacancy and discounts to apartment rents to realize and keep an average 5% vacancy rate.

- In year 1 of the project only, PNW Economics assumes a 17% loss in potential rent income will occur due to new units being vacant prior to first occupancy (“absorption”) consistent with Applicant assumption. PNW Economics ordinarily starts with a 20% lease-up vacancy rate for the first year, however the recorded wait list for units at Gordon Lofts indicates 17% is quite conservative.

Effective Gross Income: Gross Project Income less Vacancy and Lease-Up Vacancy & Concessions.

Apartment Operating Expense: Annual operating expenses of \$6,034 per apartment unit starting in year 1 and growing by 3% annually thereafter. In year 1 only, apartment operating expenses are reduced by the 17% absorption vacancy described in the Lease-Up Vacancy & Concessions definition.

Retail Operating Expense: The Riverfront 3B&C project does not include retail space and, therefore, retail space operating expense.

MUPTE: When included, MUPTE is a 10-year exemption from local property taxes levied on the value of the improvement constructed in place, in this case the Riverfront 3B&C project. Based on an estimated cost-of-replacement of \$62 million in 2022 dollars and a local, existing total property tax rate of \$0.019056 (Tax Code Area 00400), the estimated MUPTE exemption beginning in year 1 would be \$820,621. This would increase by an assumed 3% annually, consistent with the annual maximum under Oregon property tax law.

Net Operating Income (NOI): Effective Gross Income less Apartment Operating Expense less Retail Operating Expense plus the MUPTE (if assumed).

Construction Loan Interest: The interest (assumed to be 2.5%) paid on a construction loan for development of the property that is “taken out” or paid off by permanent, long-term debt financing. Such interest is only paid during the duration of construction activity until permanent financing is secured.

Debt Service: The annual, fixed debt service payment made by the developer for permanent debt financing of the project.

Before Tax Cash Flow: Net Operating Income Less Debt Service.

Cash-on-Cash Return: Before Tax Cash Flow divided by development equity (\$22.3 million in this analysis). Cash-on-Cash Return is also known as Return on Equity and usually needs to be at least 6% in early years of a project to be a satisfactory investment for equity partners in a project. This can vary depending upon developer and equity partners, however.

Loan-To-Cost (LTC): The amount of debt a project can take on as a percentage of its cost to develop. This analysis assumes a 64% LTC ratio consistent with the Applicant.

Equity: The share of total development cost that is funded by invested dollar assets rather than by debt.

130 Apartment Units at 3BC Riverfront Project

3BC Pro Forma Without MUPTE

Table 7 reports the resulting pro forma analysis of the Riverfront 3BC project without MUPTE.

Results indicate that without the tax exemption, the project would earn a **-0.2%** cash-on-cash return for year 1 and would earn a negative cash-on-cash return until year 6 of the analysis. Cash-on-cash return is estimated to worsen in Year 2 when the full annual debt service obligation is paid at an estimated \$2.6 million.

Table 7 – 3BC Pro Forma Without MUPTE

	Ann. Est.	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
Apartment Rent Income	3%	\$4,008,569	\$4,128,827	\$4,252,691	\$4,380,272	\$4,511,680	\$4,647,031	\$4,786,442	\$4,930,035	\$5,077,936	\$5,230,274
Retail Lease Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other - Parking</i>	3%	\$102,319	\$120,637	\$124,256	\$127,984	\$131,823	\$135,778	\$139,851	\$144,047	\$148,368	\$152,819
<i>Other - Storage</i>	3%	\$5,561	\$6,556	\$6,753	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829	\$8,063	\$8,305
<i>Other - Deposit on Turnover</i>	3%	\$12,651	\$14,916	\$15,363	\$15,824	\$16,299	\$16,788	\$17,291	\$17,810	\$18,344	\$18,895
<i>Other - Misc Other</i>	3%	\$28,193	\$33,241	\$34,238	\$35,265	\$36,323	\$37,413	\$38,535	\$39,691	\$40,882	\$42,108
<i>Other - Utility Billback</i>	3%	\$59,714	\$70,404	\$72,517	\$74,692	\$76,933	\$79,241	\$81,618	\$84,067	\$86,589	\$89,186
Other Income		\$148,724	\$175,350	\$180,610	\$186,029	\$191,610	\$197,358	\$203,279	\$209,377	\$215,658	\$222,128
Gross Project Income		\$4,217,007	\$4,374,581	\$4,505,818	\$4,640,993	\$4,780,223	\$4,923,629	\$5,071,338	\$5,223,478	\$5,380,183	\$5,541,588
- Stabilized Vacancy	5%	(\$210,850)	(\$218,729)	(\$225,291)	(\$232,050)	(\$239,011)	(\$246,181)	(\$253,567)	(\$261,174)	(\$269,009)	(\$277,079)
- Lease-Up Vacancy & Concessions		(\$533,029)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Effective Gross Income (EGI)		\$3,473,128	\$4,155,852	\$4,280,527	\$4,408,943	\$4,541,211	\$4,677,448	\$4,817,771	\$4,962,304	\$5,111,174	\$5,264,509
<i>Apartment Operating Expense</i>	3%	(\$685,269)	(\$767,555)	(\$790,582)	(\$814,299)	(\$838,728)	(\$863,890)	(\$889,807)	(\$916,501)	(\$943,996)	(\$972,316)
<i>Management Expense (3.5% of EGI)</i>		(\$121,559)	(\$145,455)	(\$149,818)	(\$154,313)	(\$158,942)	(\$163,711)	(\$168,622)	(\$173,681)	(\$178,891)	(\$184,258)
<i>Property Tax (Land)</i>	3%	(\$55,138)	(\$56,792)	(\$58,496)	(\$60,251)	(\$62,059)	(\$63,920)	(\$65,838)	(\$67,813)	(\$69,847)	(\$71,943)
<i>Property Tax (Improvements)</i>	3%	(\$820,621)	(\$845,239)	(\$870,596)	(\$896,714)	(\$923,616)	(\$951,324)	(\$979,864)	(\$1,009,260)	(\$1,039,538)	(\$1,070,724)
<i>Reserve & Replacement</i>		(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)
<i>Retail Operating Expense</i>	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Operating Expenses		(\$1,715,083)	(\$1,847,536)	(\$1,901,988)	(\$1,958,072)	(\$2,015,840)	(\$2,075,340)	(\$2,136,625)	(\$2,199,749)	(\$2,264,767)	(\$2,331,735)
+ MUPTE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Net Operating Income (NOI)		\$1,758,045	\$2,308,315	\$2,378,540	\$2,450,871	\$2,525,372	\$2,602,108	\$2,681,146	\$2,762,555	\$2,846,407	\$2,932,774
- Construction Loan Interest (2.5%)		(\$496,890)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Debt Service (64% Loan-to-Cost)		(\$1,316,095)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)
= Before Tax Cash Flow		(\$54,940)	(\$323,874)	(\$253,650)	(\$181,319)	(\$106,818)	(\$30,082)	\$48,956	\$130,366	\$214,217	\$300,584
Cash-on-Cash Return		-0.2%	-1.5%	-1.1%	-0.8%	-0.5%	-0.1%	0.2%	0.6%	1.0%	1.3%

The project is not feasible and would certainly not be developed given the early and consistent losses. Essentially, development costs are unsubstantiated by potential income from rent.

3BC Pro Forma With MUPTE

Table 8 reports the same pro forma as Table 7, but assumes the 130-unit project is awarded the MUPTE equal to \$820,621 in its first year and growing by 3% every year thereafter. The project's estimated cash-on-cash return in Year 1 is **3.4%** and is not expected to reach the typical minimum threshold cash-on-cash return of 6.1% until year 10.

MUPTE certainly dramatically changes the outcome for return on equity and project feasibility. The project would not be considered a strong success, however, as such a long lead-time before earning a 6% cash-on-cash return would be problematic for attracting equity investment. Recall that in the current economic environment, loan-to-value rarely exceeds 60% (64% for this project) meaning that a greater amount of equity is required to make projects possible under current lending conditions.

Table 8 – 3BC Pro Forma WITH MUPTE

	Ann. Esc.	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
Apartment Rent Income	3%	\$4,008,569	\$4,128,827	\$4,252,691	\$4,380,272	\$4,511,680	\$4,647,031	\$4,786,442	\$4,930,035	\$5,077,936	\$5,230,274
Retail Lease Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other - Parking</i>	3%	\$102,319	\$120,637	\$124,256	\$127,984	\$131,823	\$135,778	\$139,851	\$144,047	\$148,368	\$152,819
<i>Other - Storage</i>	3%	\$5,561	\$6,556	\$6,753	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829	\$8,063	\$8,305
<i>Other - Deposit on Turnover</i>	3%	\$12,651	\$14,916	\$15,363	\$15,824	\$16,299	\$16,788	\$17,291	\$17,810	\$18,344	\$18,895
<i>Other - Misc Other</i>	3%	\$28,193	\$33,241	\$34,238	\$35,265	\$36,323	\$37,413	\$38,535	\$39,691	\$40,882	\$42,108
<i>Other - Utility Billback</i>	3%	\$59,714	\$70,404	\$72,517	\$74,692	\$76,933	\$79,241	\$81,618	\$84,067	\$86,589	\$89,186
Other Income		\$148,724	\$175,350	\$180,610	\$186,029	\$191,610	\$197,358	\$203,279	\$209,377	\$215,658	\$222,128
Gross Project Income		\$4,217,007	\$4,374,581	\$4,505,818	\$4,640,993	\$4,780,223	\$4,923,629	\$5,071,338	\$5,223,478	\$5,380,183	\$5,541,588
- Stabilized Vacancy	5%	(\$210,850)	(\$218,729)	(\$225,291)	(\$232,050)	(\$239,011)	(\$246,181)	(\$253,567)	(\$261,174)	(\$269,009)	(\$277,079)
- Lease-Up Vacancy & Concessions		(\$533,029)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Effective Gross Income (EGI)		\$3,473,128	\$4,155,852	\$4,280,527	\$4,408,943	\$4,541,211	\$4,677,448	\$4,817,771	\$4,962,304	\$5,111,174	\$5,264,509
<i>Apartment Operating Expense</i>	3%	(\$685,269)	(\$767,555)	(\$790,582)	(\$814,299)	(\$838,728)	(\$863,890)	(\$889,807)	(\$916,501)	(\$943,996)	(\$972,316)
<i>Management Expense (3.5% of EGI)</i>		(\$121,559)	(\$145,455)	(\$149,818)	(\$154,313)	(\$158,942)	(\$163,711)	(\$168,622)	(\$173,681)	(\$178,891)	(\$184,258)
<i>Property Tax (Land)</i>	3%	(\$55,138)	(\$56,792)	(\$58,496)	(\$60,251)	(\$62,059)	(\$63,920)	(\$65,838)	(\$67,813)	(\$69,847)	(\$71,943)
<i>Property Tax (Improvements)</i>	3%	(\$820,621)	(\$845,239)	(\$870,596)	(\$896,714)	(\$923,616)	(\$951,324)	(\$979,864)	(\$1,009,260)	(\$1,039,538)	(\$1,070,724)
<i>Reserve & Replacement</i>		(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)	(\$32,495)
<i>Retail Operating Expense</i>	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Operating Expenses		(\$1,715,083)	(\$1,847,536)	(\$1,901,988)	(\$1,958,072)	(\$2,015,840)	(\$2,075,340)	(\$2,136,625)	(\$2,199,749)	(\$2,264,767)	(\$2,331,735)
+ MUPTE		\$820,621	\$845,239	\$870,596	\$896,714	\$923,616	\$951,324	\$979,864	\$1,009,260	\$1,039,538	\$1,070,724
= Net Operating Income (NOI)		\$2,578,666	\$3,153,555	\$3,249,136	\$3,347,585	\$3,448,988	\$3,553,432	\$3,661,010	\$3,771,815	\$3,885,944	\$4,003,497
- Construction Loan Interest (2.5%)		(\$496,890)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Debt Service (64% Loan-to-Cost)		(\$1,316,095)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)	(\$2,632,190)
= Before Tax Cash Flow		\$765,681	\$521,365	\$616,947	\$715,396	\$816,798	\$921,242	\$1,028,820	\$1,139,625	\$1,253,755	\$1,371,308
Cash-on-Cash Return		3.4%	2.3%	2.8%	3.2%	3.7%	4.1%	4.6%	5.1%	5.6%	6.1%

MARKET & FINANCIAL ANALYSIS

EUGENE RIVERFRONT DISTRICT PARCEL 7

MIXED-USE PROJECT MUPTE PROGRAM APPLICATION

Prepared for: City of Eugene, Oregon

Prepared by: PNW Economics, LLC

■ Parcel 7 - Review of Financial Need

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1. Executive Summary

Introduction

PNW Economics, LLC was retained by the City of Eugene to review the Eugene Riverfront District Parcel 7 Multi-Unit Property Tax Exemption (“MUPTE”) program application as part of City market and financial analysis of the project. Specifically, PNW Economics, LLC was tasked with:

- Reviewing project application assumptions including market comparables, bank underwriting assumptions, and other pertinent assumptions;
- Evaluate projected cash-on-cash return for the project without MUPTE and with MUPTE, which grants a ten-year property tax exemption for the project in order to incent its financial performance such that investment and development is possible and positively contributes to the downtown Eugene economy in place of property underutilization; and
- Communicates all analysis and findings appropriately for review by community members and elected officials.

This document represents completion of these tasks for review by the City of Eugene and its partners and stakeholders.

Summary of Findings

An independent pro forma and cash flow analysis was conducted by PNW Economics for the proposed Riverfront Parcel 7 project in downtown Eugene. The following table provides a concise summary of the outcome of not awarding and awarding a MUPTE to the project, which comprises 95 apartment units.

Table A – Riverfront District 7 Project Cash-on-Cash Return With & Without MUPTE: 95 Units

	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
95 Units NO MUPTE										
+ MUPTE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash-on-Cash Return	-1.3%	-0.9%	-0.6%	-0.2%	0.1%	0.5%	0.9%	1.2%	1.6%	2.0%
95 Units YES MUPTE										
+ MUPTE	\$596,341	\$614,231	\$632,658	\$651,638	\$671,187	\$691,323	\$712,062	\$733,424	\$755,427	\$778,090
Cash-on-Cash Return	2.4%	2.9%	3.4%	3.8%	4.3%	4.8%	5.3%	5.8%	6.3%	6.9%

- Award of the MUPTE – starting in Year 1 at an estimated \$596,341 – makes a significant difference to the cash-on-cash return of the project.

- Without a MUPTE, Net Operating Income is not enough to cover debt service payments and even earn a positive return at all until the 5th year of the project. At

most, cash-on-cash return for the project reaches a mere **2.0%** after 10 years without a MUPTE.

- With a MUPTE, the project does achieve the 6.0% cash-on-cash return benchmark but it takes 9 years for the project do so.
- With a MUPTE, Net Operating Income less debt service is positive for all years of the development but is not enough to generate sufficient cash-on-cash return to make it a clearly feasible project until the 9th year.
- Ultimately, the MUPTE is crucial to making the project approach feasibility, however even with it, estimated return takes a few years to approach competitive for attracting investment.

Review of all development and financial assumptions in the MUPTE Application for the Riverfront Parcel 7 project yielded the following general finds and comments:

- Project type, units, and rents are generally consistent with the downtown Eugene market that has seen new development in recent years including furnished units as part of the mix.
- The Parcel 7 project does assume what seem to be high rents for unfurnished Studio and 1-Bed units and furnished Studio units compared to comparable units at Gordon Lofts. For independent analysis in this document, rents were assumed to be slightly lower and closer to Gordon Lofts gross rents for conservative analysis. The Application also assumes surprisingly low rents for furnished 2-bed units compared to the going market represented by Gordon Lofts and the analysis in this document assumes rents for these units higher than assumed by the Applicant.
- Development costs of the project are a bit higher than what would be expected for current construction market conditions in both Portland and Eugene by comparison. The larger parcel and its cost relative to the size of the project, as well as potentially owner architectural intent or duration of ownership intent can all potentially explain higher costs in a reasonable manner.
- Construction cost escalation and construction delays are rampant currently and expected to be so for the foreseeable future. This drives up hard costs, soft costs, and both holding costs and interest expense overall.
- The taxable assessed value (TAV) of the parcel 7 underlying this development experienced a significant increase between fiscal years (FY) 2020 and 2021 according to the Lane County Department of Assessment and Taxation. This analysis assumes the higher TAV from FY 2021 for both parcels. It seems that the analysis in the MUPTE application for parcel 7 was conducted prior to FY 2021 taxable assessed value being known. The effect of assuming a higher TAV in the pro forma than the Applicant is that tax burden is higher for the project, ultimately reducing cash flow and return while increasing the value of the MUPTE and its importance.

Overall, it was found that the Parcel 7 MUPTE Application financial analysis used reasonable assumptions and much of the independent pro forma and cash flow analysis in this report utilizes similar assumptions as the Applicant. Differences in assumptions, which are few, are noted in this document.

2. Review of Market Rent & Lease Income Assumptions

Apartment Market Analysis: Documented Rents

This section of the report provides a discussion of apartment rents that the Applicant has documented will be charged at the proposed project. Apartment rents are discussed as follows:

1. Comparison of the proposed apartment gross rents with comparable and competitive apartment projects in the downtown Eugene market area.

Comparison of the proposed project to other, comparable apartment projects in the downtown Eugene market is important as it gives contextual evidence for how well-suited the project is given prevailing rents that renters seeking to live downtown are willing to pay.

- Rents that are below market indicate the project will be at a competitive advantage because it is a relative bargain.
- Rents that are above market indicate the project is more expensive, which can be acceptable to renters if new rents are not *too* much higher and new, high quality units are worth the price premium.
- New projects with rents that are too ambitiously high will be uncompetitive in the market, leasing more slowly and potentially hindering the apartment developer's ability to earn sufficient rent income in time to meet expenses and/or debt service, which threatens financial viability of the project.

Applicant Compared to Prevailing Comparable Projects: Unit Gross Rents

Two downtown Eugene apartment projects were selected as most comparable and competitive to Riverfront District Parcel 7 should it be developed: Gordon Lofts and First on Broadway. By far, Gordon Lofts is viewed as the project most comparable to the subject in terms of unit types, age, quality, and nearby amenities. Below is a description of each project and its competitive advantages and disadvantages relative to each other and any new projects that may be built in downtown Eugene.

- Gordon Lofts: The 127-unit mixed-use project at 550 Pearl Street is the newest large residential development in downtown Eugene. The project, a previous MUPTE program participant, comprises Studio, 1-Bed, and 2-Bed units at top-of-market rents. The project has various retail businesses in its ground floor and with the commercial building anchored by the Nike Store to the south forms a market area that is an extension of the larger 5th Street Market area development.
- First on Broadway: The 16-unit mixed-use project at 39 West Broadway was renovated from commercial to residential use in 2013. The project is well-located in the center of the stretch of

West Broadway that has enjoyed the highest concentration of new employment, shopping, dining, and entertainment. By virtue of being renovated roughly eight years ago, despite its highly amenitized location on Broadway, it should be expected that First on Broadway achieves lower rents than at either the subject property or Gordon Lofts.

Table 1 provides a comparison of planned gross monthly rents at Riverfront Parcel 7 with the most comparable and competitive projects in downtown Eugene but with a focus on the most comparable existing project, Gordon Lofts. Parcel 7 includes 21 furnished units.

A direct comparison to furnished apartment rents at Gordon Lofts is also provided as a barometer of achievable furnished unit rent in the near-term market. Furnished rents will tend to be higher than unfurnished, as there is frequently a rent premium not only for units already equipped with furniture but also due to the frequently shorter-term lease period on furnished units for needs such as executive housing, visiting faculty, visiting medical professionals, etc.

The most noteworthy finding from comparing project rents at the Subject vs. existing market conditions is that the Studio and 1-bed units seem to significantly higher than being charged at any existing, competitive project including Gordon Lofts. In fact, the Applicant expects Studio rents up to 45% higher than Gordon Lofts and 1-bed rents up to 26% higher than Gordon Lofts. The Subject seems to be slightly below market (-3%) for 2-bed rents.

Table 1 – Riverfront District Parcel 7 Project Gross Rents Compared to Most-Comparable Competitive Projects

UNFURNISHED Unit Type	Gross Monthly Rent					Subject Gross Rent vs.:	
	Parcel 7	Gordon Lofts	Ferry Street Manor Market	Moderate	First on Broadway	35 Club Road	Gordon Lofts
Studio	\$1,900	\$1,307	\$1,187	\$1,100	\$1,200	\$1,500	45%
One bedroom	\$2,166	\$1,721	\$1,356	n/a	\$1,573	\$1,700	26%
Two bedroom	<u>\$2,723</u>	<u>\$2,802</u>	n/a	n/a	<u>\$2,245</u>	<u>\$1,750</u>	-3%
Subtotals/Averages	\$2,438	\$1,678	\$1,259	\$1,100	\$1,285	\$1,182	45%

FURNISHED Unit Type	Gross Monthly Rent		Subject Gross Rent vs.:
	Parcel 7	Gordon Lofts	
Studio	\$2,300	\$1,900	21%
One bedroom	\$3,200	\$3,000	7%
Two bedroom	<u>\$3,250</u>	<u>\$4,500</u>	-28%
Subtotals/Averages	\$2,957	\$2,500	18%

Comparative rents for furnished units vary even more greatly and may depend upon a different leasing model than employed at Gordon Lofts. Regardless, planned rents in furnished Studio units are 21% higher than currently marketed at Gordon Lofts while 2-bed units at Parcel 7 plan to lease at 28% less than the comparable unit at Gordon Lofts.

The upshot for analysis of the need for the MUPTE for this project is as follows:

- When Parcel 7 rents are modeled significantly higher than the market, the Applicant pro forma and cash flow analysis will overstate income and in turn will actually tend to understate the need for MUPTE when the real risk is that rents will not be that high in those units and the MUPTE would likely be more crucial.
- When Parcel 7 rents are modeled significantly lower than the market, the Applicant pro forma and cash flow analysis will understate income and in turn will tend to overstate the need for MUPTE when rents will be realized to be higher. This would tend to make the MUPTE look more necessary than it actually is.

In the evaluation of the project with and without MUPTE, PNW Economics will assume lower rents for the unfurnished Studio units, furnished Studio units, and unfurnished 1-bedroom units. Alternatively, higher rents will be assumed for the furnished 2-bed units at the Riverfront Parcel 7 project more consistent with the downtown Eugene market.

3. Financial Feasibility Analysis

Financial Feasibility (“Pro Forma”) Assumptions

Debt vs. Equity & Project Financing

Table 2 provides a summary of Applicant project permanent financing assumptions taken from the Riverfront District Parcel 7 MUPTE application. 64% of project development cost is expected to be financed, with a 36% equity split. This would certainly be below the typical maximum of 80% of cost project cost (loan-to-cost ratio or “LTC”). However, outreach to other development interests during the course of Application review indicated that currently, permanent financing is typically not exceeding 60% LTC. Broader economic risk nationally was cited as a major part of the shift away from LTC closer to 80% as it has been in the past.

Table 2 – Riverfront District Parcel 7 Project Permanent Debt Finance Assumptions

	95 Units	
	2021 Dollars	2022 Dollars
Total Development Cost	\$42,907,152	\$43,045,571
Permanent Loan	\$27,460,578	\$27,549,166
Equity	\$15,446,574	\$15,496,405
Percent Financed	64%	64%
Annual Interest Rate	5.50%	5.50%
Amortization (Years)	30	30
Annual Permanent Debt Service	(\$1,871,018)	(\$1,877,054)

During the course of Application review, PNW Economics reached out to two general contractors with experience in midrise residential development in Portland and the Willamette Valley in order to evaluate Applicant construction costs and ultimately development costs. Findings are as follows:

- Hard construction costs for midrise projects are currently averaging \$252 per square foot to over \$282 per square foot in the Downtown Portland area market.
- Hard costs should see a 5% to 8% reduction in downtown Eugene relative to Downtown Portland, driven mostly by slight differences in some categories of skilled labor wage costs in Eugene vs. in Portland – when available.
- Anticipated, current market hard costs should then average \$245 per square foot to \$265 per square foot presently in downtown Eugene.
- The Riverfront Parcel 7 project anticipates hard costs averaging \$297 per square foot for the 107,631 square feet of the development.

Overall, hard construction costs for Parcel 7 appear slightly higher than independent input about the construction market. This could be due to a number of factors which can include:

- The size of the building planned (more building space tends to push cost per square foot down);
- Unique architectural vision for the property as part of a larger master-planned development; and
- Whether the owner will hold the property long-term or will sell the development after it has been stabilized with full occupancy and operations stabilization. Long-term owners tend to plan higher construction costs for more durable construction that in turn reduces pace of wear and tear/depreciation and resulting repair and replacement expense over time.

Given that owner intent is beyond the scope of this analysis and that this is the smallest Riverfront project being reviewed by the City of Eugene, PNW Economics concludes that construction costs are higher than would be expected generally but the higher cost can be explained reasonably by project size and owner intent but short-term and long-term.

Additional costs, such as various design (A/E) costs and other “soft costs” were deemed reasonable given how they are driven by the magnitude of assumed hard costs. In the economy for the foreseeable future, development of most types can expect significant construction labor and materials scarcity which in turn not only drives up hard costs themselves as well as assumed soft costs, but increases the timeframe over which construction occurs. This means extended holding costs on land purchased for the development as well as greater interest cost on construction loans paid over a longer period.

For all of the above reasons, PNW Economics views the Development Costs and Project Financing assumptions supplied by the Applicant as slightly high but reasonably explained in current and near-term economic context. For purposes of matching project timing and expense in the Financial

Analysis, a set of development costs were estimated in 2022 dollars assuming 6% annual development costs escalation.

Assumed Rents & Escalation

Table 3 provides a summary of apartment rents utilized in the pro forma analyses in this section. As noted earlier in this document, review of market rents in the Downtown Eugene area indicated that Applicant anticipated rents for Studio units and 1-bed units were high compared to even the newest units in the market at Gordon Lofts. Assumed rents were modified for pro forma purposes in this document are shaded and in bold and are reflective of less aggressive premiums compared to Gordon Lofts gross (and per square foot) rents for unfurnished Studios, unfurnished 1-beds, and furnished Studios. Assumed rents for furnished 2-beds were adjusted upward to reflect going market rents for the furnished 2-bed unit type at Gordon Lofts. Annually after 2023, rents are assumed to escalate by 3% annually.

Table 3 – Riverfront District Parcel 7 Project Market Apartment Rent Assumptions

UNFURNISHED		Unit Mix		Average Unit	Monthly	Rent per
Unit Type	Units	Percentage	Size (Sq. Ft.)	Rent	Square Foot	
Studio	6	8%	479	\$1,796	\$3.75	
One bedroom	29	39%	695	\$1,841	\$2.65	
Two bedroom	<u>39</u>	<u>53%</u>	<u>1,123</u>	<u>\$2,723</u>	<u>\$2.43</u>	
Subtotals/Averages	74	100%	903	\$2,302	\$2.55	
FURNISHED		Unit Mix		Average Unit	Monthly	Rent per
Unit Type	Units	Percentage	Size (Sq. Ft.)	Rent	Square Foot	
Studio	6	29%	479	\$2,174	\$4.54	
One bedroom	9	43%	752	\$3,200	\$4.26	
Two bedroom	<u>6</u>	<u>29%</u>	<u>1,039</u>	<u>\$4,500</u>	<u>\$4.33</u>	
Subtotals/Averages	21	100%	756	\$3,278	\$4.34	

Non-Rent Revenues

Table 4 summarizes the various sources of revenue for the project in addition to standard rent planned for the occupancy for units. All revenue categories are standard for new, urban-style apartment development.

Table 4 – Riverfront District Parcel 7 Project Market Apartment Non-Rent Assumptions

Parcel 7	Parcel 7	Gordon Lofts	Projected Parcel 7		
			Units	2021	2023
Parking	\$50	\$88	40	\$24,000	\$25,462
Storage	\$35	\$63	10	\$4,200	\$4,456
Deposit on Turnover	\$8.75	\$8.22	95	\$9,975	\$10,582
Other	\$19.50	\$0	95	\$22,230	\$23,584
Utility Billback	\$41.30	\$18.00	95	<u>\$47,083</u>	<u>\$49,951</u>
Total Non-Rent Revenue:				\$107,488	\$114,035

Operating Expenses

Apartment Operating Expenses

Table 5 below provides a comparison of annual operations expenses per unit anticipated at the Subject as well as realized expenses per unit at both Gordon Lofts and 35 Club. Based upon these findings, it was assumed that operations expenses at the project are reasonable if not somewhat low.

Table 5 – Riverfront District Parcel 7 Project Operating Expenses Per Unit vs. Comparable Projects

	Per Unit Expenses Annually		
	Parcel 7	Gordon Lofts	35 Club
Before Property Tax			
Expenses: Stabilized	\$6,429	\$6,500	\$7,100

For pro forma financial analysis in the next section of this report, PNW Economics assumes operating expenses supplied by the Applicant. While a bit lower than competitive projects, lower estimated expenses will tend to give more optimistic financial performance projections that would tend to reduce the importance of tax exemption on the bottom line.

Property Taxes

Table 6 – Parcel 7 Estimated Property Tax: Land & Improvements in FY 21 and Paid in 2023

Cost of Replacement - Improvements				\$40,609,029					
Change Ratio - Commercial/Industrial				0.727			Measure 50 Maximum TAV Escalation: 3%		
FY 21 Taxable Assessed Value				\$29,522,764					
Parcel	Account #	Acres	Zoning	Taxable Assessed Value (FY 21)			Taxable Assessed Value (Paid in FY 23)		
				Land	Improvements	Total	Land	Improvements	Total
7	1904409	1.7	Commercial Industrial Vacant	\$3,415,881	\$0	\$3,415,881	\$3,518,357	\$0	\$3,518,357
			Total	\$3,415,881	\$0	\$3,415,881	\$3,518,357	\$0	\$3,518,357
			Tax Code Area 00400 (per \$1,000 TAV)	19.056	19.056	19.056	19.056	19.056	19.056
			Total Property Tax - Land Only	\$65,093	\$0	\$65,093	\$67,046	\$0	\$67,046
7	1904409	1.7	Commercial Industrial Vacant	\$3,415,881	\$29,522,764	\$32,938,645	\$3,518,357	\$31,294,130	\$34,812,487
			Total	\$3,415,881	\$29,522,764	\$32,938,645	\$3,518,357	\$31,294,130	\$34,812,487
			Tax Code Area 00400 (per \$1,000 TAV)	19.056	19.056	19.056	19.056	19.056	19.056
			Total Property Tax - Combined	\$65,093	\$562,586	\$627,679	\$67,046	\$596,341	\$663,387

Parcel taxable assessed value (TAV) data is directly from the Lane County Department of Assessment & Taxation parcel database online. Taxable assessed value estimated for the value of improvements assumes total improvement development costs as expressed by the Applicant and then converted to Measure 50 TAV via the Lane County 2021 Change Ratio of 0.727. Finally, the tax rate of \$19.056 per \$1,000 of TAV was utilized for Tax Code Area 00400 that includes the Riverfront district area.

It should be noted that the TAV of Parcel 7 underlying this development experienced a significant increase between fiscal years (FY) 2020 and 2021 according to the Lane County Department of Assessment and Taxation. This analysis assumes the higher TAV from FY 2021 for both parcels. It

seems that the analysis in the MUPTE application for Parcel 7 was conducted prior to FY 2021 taxable assessed value being known. The effect of assuming a higher TAV in the pro forma than the Applicant is that tax burden is higher for the project, ultimately reducing cash flow and return while increasing the value of the MUPTE and its importance.

Estimates for tax bill paid in 2023, to better match pro forma analysis conducted in this report and in the Parcel 7 application, were achieved by applying the Measure 50 maximum annual TAV growth rate of 3% for one year. Tax rolls would be recorded in FY 2022 and then that tax bill for assessment in FY 2022 would occur in FY 2023.

Retail Operating Expenses

The Riverfront Parcel 7 project does not plan for retail space in the ground floor as can be common for project such as this. Therefore there are neither retail space operating expenses, nor are there retail space revenues to be anticipated.

Financial Feasibility Analysis of Riverfront Parcel 7

Introduction to Terms

To evaluate whether or not a project is financially feasible, that is whether or not the project meets investment rates of return benchmarks, a pro forma analysis is conducted. A pro forma is simply a financial modeling exercise to examine how a development project performs as a business investment over a specified period of time.

Variables that are modeled, or estimated, in this report are as follows:

Apartment Rent Income: The annual rent income if all apartment units in a project were occupied and charging full, assumed market rent. This grows by 3% each year.

Retail Lease Income: Common in such projects, retail space is not planned for the Parcel 7 Riverfront project. Therefore, retail lease income is not anticipated for this specific project.

Gross Project Income: The sum of Apartment Rent Income, Retail Lease Income (not present in this project), and Other Income streams such as parking, storage fees, deposit on turnover retained due to unit condition issues, miscellaneous other income such as event or space usage fees, and utility billback revenue that represent utilities paid by the development and reimbursed with charges to units as part of rent. This increases annually due to each income stream escalating on their own at different rates.

Vacancy: 5% of apartment space and retail space is assumed to always be vacant and represent income loss.

Lease-Up Vacancy & Concessions: This category of expense reflects different sources of loss to revenue as a result of project vacancy and discounts to apartment rents to realize and keep an average 5% vacancy rate.

- In year 1 of the project only, PNW Economics assumes a 21.7% loss in potential rent income will occur due to new units being vacant prior to first occupancy (“absorption”) consistent with Applicant assumption about project performance.

Effective Gross Income: Gross Project Income less Vacancy and Lease-Up Vacancy & Concessions.

Apartment Operating Expense: Annual operating expenses of \$6,429 per apartment unit starting in year 1 and growing by 3% annually thereafter. In year 1 only, apartment operating expenses are reduced by the 21.7% absorption vacancy described in the Lease-Up Vacancy & Concessions definition.

Retail Operating Expense: The Riverfront Parcel 7 project does not include retail space and, therefore, retail space operating expense.

MUPTE: When included, MUPTE is a 10-year exemption from local property taxes levied on the value of the improvement constructed in place, in this case the Riverfront Parcel 7 project. Based on an estimated cost-of-replacement of \$41.8 million in 2022 dollars and a local, existing total property tax rate of \$0.019056 (Tax Code Area 00400), the estimated MUPTE exemption beginning in year 1 would be \$663,387. This would increase by an assumed 3% annually, consistent with the annual maximum under Oregon property tax law.

Net Operating Income (NOI): Effective Gross Income less Apartment Operating Expense less Retail Operating Expense plus the MUPTE (if assumed).

Construction Loan Interest: The interest (assumed to be 2.5%) paid on a construction loan for development of the property that is “taken out” or paid off by permanent, long-term debt financing. Such interest is only paid during the duration of construction activity until permanent financing is secured.

Debt Service: The annual, fixed debt service payment made by the developer for permanent debt financing of the project.

Before Tax Cash Flow: Net Operating Income Less Debt Service.

Cash-on-Cash Return: Before Tax Cash Flow divided by development equity (\$15.5 million in this analysis). Cash-on-Cash Return is also known as Return on Equity and usually needs to be at least 6% in early years of a project to be a satisfactory investment for equity partners in a project. This can vary depending upon developer and equity partners, however.

Loan-To-Cost (LTC): The amount of debt a project can take on as a percentage of its cost to develop. This analysis assumes a 64% LTC ratio consistent with the Applicant.

Equity: The share of total development cost that is funded by invested dollar assets rather than by debt.

95 Apartment Units at Parcel 7 Riverfront Project

Parcel 7 Pro Forma Without MUPTE

Table 7 reports the resulting pro forma analysis for the Riverfront Parcel 7 project without MUPTE.

Results indicate that without the tax exemption, the project would earn a **-1.3%** cash-on-cash return for year 1 and would earn a negative cash-on-cash return until year 5 of the analysis. By year 10, cash-on-cash return is estimated to at best reach 2.0% without the MUPTE.

The project is not feasible and would certainly not be developed given the early and consistent losses. Essentially, development costs are unsubstantiated by potential income from rent.

Table 7 – Parcel 7 Pro Forma Without MUPTE

	Ann. Esc.	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
Apartment Rent Income	3%	\$3,104,765	\$3,197,908	\$3,293,846	\$3,392,661	\$3,494,441	\$3,599,274	\$3,707,252	\$3,818,470	\$3,933,024	\$4,051,015
Retail Lease Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other - Parking</i>	3%	\$19,936	\$26,225	\$27,012	\$27,823	\$28,657	\$29,517	\$30,402	\$31,315	\$32,254	\$33,222
<i>Other - Storage</i>	3%	\$3,489	\$4,589	\$4,727	\$4,869	\$5,015	\$5,165	\$5,320	\$5,480	\$5,644	\$5,814
<i>Other - Deposit on Turnover</i>	3%	\$8,286	\$10,900	\$11,227	\$11,564	\$11,911	\$12,268	\$12,636	\$13,015	\$13,406	\$13,808
<i>Other - Misc Other</i>	3%	\$18,466	\$24,291	\$25,020	\$25,771	\$26,544	\$27,340	\$28,160	\$29,005	\$29,875	\$30,772
<i>Other - Utility Billback</i>	3%	\$39,112	\$51,449	\$52,993	\$54,583	\$56,220	\$57,907	\$59,644	\$61,433	\$63,276	\$65,175
Other Income		\$89,289	\$117,456	\$120,979	\$124,609	\$128,347	\$132,197	\$136,163	\$140,248	\$144,456	\$148,789
Gross Project Income		\$3,194,054	\$3,315,364	\$3,414,825	\$3,517,270	\$3,622,788	\$3,731,471	\$3,843,415	\$3,958,718	\$4,077,479	\$4,199,804
- Stabilized Vacancy	5%	(\$159,703)	(\$165,768)	(\$170,741)	(\$175,863)	(\$181,139)	(\$186,574)	(\$192,171)	(\$197,936)	(\$203,874)	(\$209,990)
- Lease-Up Vacancy & Concessions		(\$693,110)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Effective Gross Income (EGI)		\$2,341,242	\$3,149,596	\$3,244,084	\$3,341,406	\$3,441,648	\$3,544,898	\$3,651,245	\$3,760,782	\$3,873,605	\$3,989,814
<i>Apartment Operating Expense</i>	3%	(\$478,221)	(\$597,624)	(\$615,552)	(\$634,019)	(\$653,040)	(\$672,631)	(\$692,810)	(\$713,594)	(\$735,002)	(\$757,052)
<i>Management Expense (3.5% of EGI)</i>		(\$81,943)	(\$110,236)	(\$113,543)	(\$116,949)	(\$120,458)	(\$124,071)	(\$127,794)	(\$131,627)	(\$135,576)	(\$139,643)
<i>Property Tax (Land)</i>	3%	(\$67,046)	(\$69,057)	(\$71,129)	(\$73,263)	(\$75,461)	(\$77,724)	(\$80,056)	(\$82,458)	(\$84,932)	(\$87,480)
<i>Property Tax (Improvements)</i>	3%	(\$596,341)	(\$614,231)	(\$632,658)	(\$651,638)	(\$671,187)	(\$691,323)	(\$712,062)	(\$733,424)	(\$755,427)	(\$778,090)
<i>Reserve & Replacement</i>		(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)
<i>Retail Operating Expense</i>	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Operating Expenses		(\$1,247,297)	(\$1,414,894)	(\$1,456,628)	(\$1,499,615)	(\$1,543,891)	(\$1,589,495)	(\$1,636,468)	(\$1,684,849)	(\$1,734,683)	(\$1,786,011)
+ MUPTE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Net Operating Income (NOI)		\$1,093,945	\$1,734,702	\$1,787,455	\$1,841,791	\$1,897,757	\$1,955,402	\$2,014,777	\$2,075,933	\$2,138,923	\$2,203,803
- Construction Loan Interest (2.5%)		(\$363,852)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Debt Service (64% Loan-to-Cost)		(\$938,527)	(\$1,877,054)	(\$1,877,054)	(\$1,877,054)	(\$1,877,054)	(\$1,877,054)	(\$1,877,054)	(\$1,877,054)	(\$1,877,054)	(\$1,877,054)
= Before Tax Cash Flow		(\$208,435)	(\$142,352)	(\$89,598)	(\$35,262)	\$20,704	\$78,349	\$137,723	\$198,879	\$261,869	\$326,749
Cash-on-Cash Return		-1.3%	-0.9%	-0.6%	-0.2%	0.1%	0.5%	0.9%	1.2%	1.6%	2.0%

■ Parcel 7 - Review of Financial Need

Parcel 7 Pro Forma With MUPTE

Table 8 reports the same pro forma as Table 7, but assumes the project is awarded the MUPTE equal to \$596,341 in its first year and growing by 3% every year thereafter. The project's estimated cash-on-cash return in Year 1 is **2.4%** and is not expected to reach the typical minimum threshold cash-on-cash return of 6.0% until year 9. In year 8, cash-on-cash return comes close at 5.8% under assumptions of this analysis.

The MUPTE does dramatically changes the outcome for return on equity and project feasibility. The project would not be considered a strong success, however, despite positive cash-on-cash return all

years. Such a long lead-time before earning a target 6% cash-on-cash return would be problematic for attracting equity investment. Recall that in the current economic environment, loan-to-value rarely exceeds 60% (64% for this project) meaning that a greater amount of equity is required to make projects possible under current lending conditions.

Table 8 – Parcel 7 Pro Forma WITH MUPTE

	Ann. Esc.	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
Apartment Rent Income	3%	\$3,104,765	\$3,197,908	\$3,293,846	\$3,392,661	\$3,494,441	\$3,599,274	\$3,707,252	\$3,818,470	\$3,933,024	\$4,051,015
Retail Lease Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other - Parking</i>	3%	\$19,936	\$26,225	\$27,012	\$27,823	\$28,657	\$29,517	\$30,402	\$31,315	\$32,254	\$33,222
<i>Other - Storage</i>	3%	\$3,489	\$4,589	\$4,727	\$4,869	\$5,015	\$5,165	\$5,320	\$5,480	\$5,644	\$5,814
<i>Other - Deposit on Turnover</i>	3%	\$8,286	\$10,900	\$11,227	\$11,564	\$11,911	\$12,268	\$12,636	\$13,015	\$13,406	\$13,808
<i>Other - Misc Other</i>	3%	\$18,466	\$24,291	\$25,020	\$25,771	\$26,544	\$27,340	\$28,160	\$29,005	\$29,875	\$30,772
<i>Other - Utility Billback</i>	3%	<u>\$39,112</u>	<u>\$51,449</u>	<u>\$52,993</u>	<u>\$54,583</u>	<u>\$56,220</u>	<u>\$57,907</u>	<u>\$59,644</u>	<u>\$61,433</u>	<u>\$63,276</u>	<u>\$65,175</u>
Other Income		\$89,289	\$117,456	\$120,979	\$124,609	\$128,347	\$132,197	\$136,163	\$140,248	\$144,456	\$148,789
Gross Project Income		\$3,194,054	\$3,315,364	\$3,414,825	\$3,517,270	\$3,622,788	\$3,731,471	\$3,843,415	\$3,958,718	\$4,077,479	\$4,199,804
- Stabilized Vacancy	5%	(\$159,703)	(\$165,768)	(\$170,741)	(\$175,863)	(\$181,139)	(\$186,574)	(\$192,171)	(\$197,936)	(\$203,874)	(\$209,990)
- Lease-Up Vacancy & Concessions		(\$693,110)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Effective Gross Income (EGI)		\$2,341,242	\$3,149,596	\$3,244,084	\$3,341,406	\$3,441,648	\$3,544,898	\$3,651,245	\$3,760,782	\$3,873,605	\$3,989,814
<i>Apartment Operating Expense</i>	3%	(\$478,221)	(\$597,624)	(\$615,552)	(\$634,019)	(\$653,040)	(\$672,631)	(\$692,810)	(\$713,594)	(\$735,002)	(\$757,052)
<i>Management Expense (3.5% of EGI)</i>		(\$81,943)	(\$110,236)	(\$113,543)	(\$116,949)	(\$120,458)	(\$124,071)	(\$127,794)	(\$131,627)	(\$135,576)	(\$139,643)
<i>Property Tax (Land)</i>	3%	(\$67,046)	(\$69,057)	(\$71,129)	(\$73,263)	(\$75,461)	(\$77,724)	(\$80,056)	(\$82,458)	(\$84,932)	(\$87,480)
<i>Property Tax (Improvements)</i>	3%	(\$596,341)	(\$614,231)	(\$632,658)	(\$651,638)	(\$671,187)	(\$691,323)	(\$712,062)	(\$733,424)	(\$755,427)	(\$778,090)
<i>Reserve & Replacement</i>		(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)	(\$23,746)
<i>Retail Operating Expense</i>	3%	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
- Operating Expenses		(\$1,247,297)	(\$1,414,894)	(\$1,456,628)	(\$1,499,615)	(\$1,543,891)	(\$1,589,495)	(\$1,636,468)	(\$1,684,849)	(\$1,734,683)	(\$1,786,011)
+ MUPTE		<u>\$596,341</u>	<u>\$614,231</u>	<u>\$632,658</u>	<u>\$651,638</u>	<u>\$671,187</u>	<u>\$691,323</u>	<u>\$712,062</u>	<u>\$733,424</u>	<u>\$755,427</u>	<u>\$778,090</u>
= Net Operating Income (NOI)		\$1,690,285	\$2,348,933	\$2,420,113	\$2,493,429	\$2,568,944	\$2,646,725	\$2,726,839	\$2,809,357	\$2,894,350	\$2,981,893
- Construction Loan Interest (2.5%)		(\$363,852)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Debt Service (64% Loan-to-Cost)		<u>(\$938,527)</u>	<u>(\$1,877,054)</u>	<u>(\$1,877,054)</u>	<u>(\$1,877,054)</u>	<u>(\$1,877,054)</u>	<u>(\$1,877,054)</u>	<u>(\$1,877,054)</u>	<u>(\$1,877,054)</u>	<u>(\$1,877,054)</u>	<u>(\$1,877,054)</u>
= Before Tax Cash Flow		\$387,906	\$471,879	\$543,060	\$616,375	\$691,891	\$769,671	\$849,786	\$932,303	\$1,017,296	\$1,104,839
Cash-on-Cash Return		2.4%	2.9%	3.4%	3.8%	4.3%	4.8%	5.3%	5.8%	6.3%	6.9%

■ Parcel 7 - Review of Financial Need

**MARKET & FINANCIAL
ANALYSIS
EUGENE RIVERFRONT
DISTRICT PARCEL 9
MIXED-USE PROJECT
MUPTE PROGRAM
APPLICATION**

Prepared for: City of Eugene, Oregon

Prepared by: PNW Economics, LLC

* Parcel 9 - Review of Financial Need

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1. Executive Summary

Introduction

PNW Economics, LLC was retained by the City of Eugene to review the Eugene Riverfront District Parcel 9 Multi-Unit Property Tax Exemption (“MUPTE”) program application as part of City market and financial analysis of the project. Specifically, PNW Economics, LLC was tasked with:

- Reviewing project application assumptions including market comparables, bank underwriting assumptions, and other pertinent assumptions;
- Evaluate projected cash-on-cash return for the project without MUPTE and with MUPTE, which grants a ten-year property tax exemption for the project in order to incent its financial performance such that investment and development is possible and positively contributes to the downtown Eugene economy in place of property underutilization; and
- Communicates all analysis and findings appropriately for review by community members and elected officials.

This document represents completion of these tasks for review by the City of Eugene and its partners and stakeholders.

Summary of Findings

An independent pro forma and cash flow analysis was conducted by PNW Economics for the proposed Riverfront Parcel 9 project in downtown Eugene. The following table provides a concise summary of the outcome of not awarding and awarding a MUPTE to the project, which comprises 156 apartment units.

Table A – Riverfront Parcel 9 Project Cash-on-Cash Return With & Without MUPTE: 156 Units

	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
156 Units NO MUPTE										
+ MUPTE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash-on-Cash Return	0.5%	1.2%	1.6%	2.0%	2.4%	2.8%	3.3%	3.7%	4.2%	4.7%
156 Units YES MUPTE										
+ MUPTE	\$830,486	\$855,401	\$881,063	\$907,495	\$934,720	\$962,761	\$991,644	\$1,021,393	\$1,052,035	\$1,083,596
Cash-on-Cash Return	4.3%	5.0%	5.5%	6.1%	6.6%	7.2%	7.7%	8.3%	8.9%	9.6%

- Award of the MUPTE – starting in Year 1 at an estimated \$830,486 – makes a significant difference to the cash-on-cash return of the project.
 - Without a MUPTE, the project never reaches the benchmark 6% cash-on-cash return that is usually utilized to judge a project feasible as an investment, and therefore, development opportunity.

- With a MUPTE, the project does achieve the 6.0% cash-on-cash return benchmark but it takes 4 years for the project do so.
- With a MUPTE, Net Operating Income less debt service is positive for all years of the development.
- Ultimately, the MUPTE is crucial to making the project reach a feasible cash-on-cash return, but the estimated return takes a few years to approach competitive for attracting investment.

Review of all development and financial assumptions in the MUPTE Application for the Riverfront Parcel 9 project yielded the following general finds and comments:

- Project type, units, and rents are generally consistent with the downtown Eugene market that has seen new development in recent years including furnished units as part of the mix.
- The Parcel 9 project does assume what seem to be high rents for unfurnished Studio and 1-Bed units and furnished Studio units compared to comparable units at Gordon Lofts. For independent analysis in this document, rents were assumed to be slightly lower and closer to Gordon Lofts gross rents for conservative analysis. The Application also assumes surprisingly low rents for furnished 2-bed units compared to the going market represented by Gordon Lofts and the analysis in this document assumes rents for these units higher than assumed by the Applicant.
- Development costs of the project are a bit lower than what would be expected for current construction market conditions in both Portland and Eugene by comparison. The size of the project and cost spread among a greater number of units may explain the slightly lower hard costs-per-square-foot.
- Construction cost escalation and construction delays are rampant currently and expected to be so for the foreseeable future. This drives up hard costs, soft costs, and both holding costs and interest expense overall.
- The taxable assessed value (TAV) of the Parcel 9 underlying this development experienced a significant increase between fiscal years (FY) 2020 and 2021 according to the Lane County Department of Assessment and Taxation. This analysis assumes the higher TAV from FY 2021 for both parcels. It seems that the analysis in the MUPTE application for parcel 7 was conducted prior to FY 2021 taxable assessed value being known. The effect of assuming a higher TAV in the pro forma than the Applicant is that tax burden is higher for the project, ultimately reducing cash flow and return while increasing the value of the MUPTE and its importance.

Otherwise overall, it was found that the Parcel 9 MUPTE Application financial analysis used reasonable assumptions and much of the independent pro forma and cash flow analysis in this report utilizes similar assumptions as the Applicant. Differences in assumptions, which are few, are noted in this document.

2. Review of Market Rent & Lease Income Assumptions

Apartment Market Analysis: Documented Rents

This section of the report provides a discussion of apartment rents that the Applicant has documented will be charged at the proposed project. Apartment rents are discussed as follows:

1. Comparison of the proposed apartment gross rents with comparable and competitive apartment projects in the downtown Eugene market area.

Comparison of the proposed project to other, comparable apartment projects in the downtown Eugene market is important as it gives contextual evidence for how well-suited the project is given prevailing rents that renters seeking to live downtown are willing to pay.

- Rents that are below market indicate the project will be at a competitive advantage because it is a relative bargain.
- Rents that are above market indicate the project is more expensive, which can be acceptable to renters if new rents are not *too* much higher and new, high quality units are worth the price premium.
- New projects with rents that are too ambitiously high will be uncompetitive in the market, leasing more slowly and potentially hindering the apartment developer's ability to earn sufficient rent income in time to meet expenses and/or debt service, which threatens financial viability of the project.

Applicant Compared to Prevailing Comparable Projects: Unit Gross Rents

Two downtown Eugene apartment projects were selected as most comparable and competitive to Riverfront District Parcel 9 should it be developed: Gordon Lofts and First on Broadway. Because neither project has Three-bedroom units, 35 Club – located outside of the downtown area - has been included in the analysis purely for the largest unit type proposed at the subject. By far, Gordon Lofts is viewed as the project most comparable to the subject in terms of unit types, age, quality, and nearby amenities. Below is a description of each project and its competitive advantages and disadvantages relative to each other and any new projects that may be built in downtown Eugene.

- Gordon Lofts: The 127-unit mixed-use project at 550 Pearl Street is the newest large residential development in downtown Eugene. The project, a previous MUPTE program participant, comprises Studio, 1-Bed, and 2-Bed units at top-of-market rents. The project has various retail businesses in its ground floor and with the commercial building anchored by the Nike Store to the south forms a market area that is an extension of the larger 5th Street Market area development.
- First on Broadway: The 16-unit mixed-use project at 39 West Broadway was renovated from commercial to residential use in 2013. The project is well-located in the center of the stretch of West Broadway that has enjoyed the highest concentration of new employment, shopping, dining, and entertainment. By virtue of being renovated roughly eight years ago, despite its

highly amenitized location on Broadway, it should be expected that First on Broadway achieves lower rents than at either the subject property or Gordon Lofts.

- **35 Club:** The 110-unit apartment project at 35 Club Road is the newest market-rate project in Eugene proximate to downtown and with 3-bedroom units. Located north of the Willamette near Centennial Blvd and Country Club Road, the location is less urban and more auto-dependent. Still, 3-Bed units at the project are indicative of the market for 3-bed units at the subject property.

Table 1 provides a comparison of planned gross monthly rents at Riverfront Parcel 9 with the most comparable and competitive projects in downtown Eugene but with a focus on the most comparable existing project, Gordon Lofts as well as 35 Club for 3-bed units. Parcel 9 includes 13 furnished units.

A direct comparison to furnished apartment rents at Gordon Lofts, as well as 35 Club for 3-bed units, are provided as a barometer of achievable furnished unit rent in the near-term market. Furnished rents will tend to be higher than unfurnished, as there is frequently a rent premium not only for units already equipped with furniture but also due to the frequently shorter-term lease period on furnished units for needs such as executive housing, visiting faculty, visiting medical professionals, etc.

The most noteworthy finding from comparing project rents at the Subject vs. existing market conditions is that the Studio and 1-bed units seem to somewhat higher than being charged at any existing, competitive project including Gordon Lofts. In fact, the Applicant expects Studio rents up to 38% higher than Gordon Lofts and 1-bed rents up to 22% higher than Gordon Lofts. The Subject seems to be slightly below market (-11%) for 2-bed rents. For 3-bed rents, the Subject is practically equivalent to rents at 35 Club, which has the most comparable 3-beds of the peer group.

Table 1 – Riverfront District Parcel 9 Project Gross Rents Compared to Most-Comparable Competitive Projects

UNFURNISHED Unit Type	Gross Monthly Rent					Subject Gross Rent vs.:	
	Parcel 9	Gordon Lofts	Ferry Street Manor Market	Moderate	First on Broadway	35 Club Road	Gordon Lofts 35 Club
Studio	\$1,800	\$1,307	\$1,187	\$1,100	\$1,200	\$1,500	38% n/a
One bedroom	\$2,100	\$1,721	\$1,356	n/a	\$1,573	\$1,700	22% n/a
Two bedroom	\$2,500	\$2,802	n/a	n/a	\$2,245	\$1,750	-11% n/a
Three bedroom	<u>\$2,900</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>\$2,875</u>	<u>n/a</u> <u>1%</u>
Subtotals/Averages	\$2,198	\$2,008	\$1,259	\$1,100	\$1,699	\$1,727	9% 1%
FURNISHED Unit Type	Gross Monthly Rent		Subject Gross Rent vs.:				
	Parcel 9	Gordon Lofts	Gordon Lofts				
One bedroom	\$2,400	\$3,000	-20%				
Two bedroom	<u>\$2,900</u>	<u>\$4,500</u>	<u>-36%</u>				
Subtotals/Averages	\$2,785	\$4,154	-33%				

Among furnished units, planned 1-bed rents are planned to be 20% gross at Gordon Lofts and 2-bed units are planned to be 36% lower than currently marketed at Gordon Lofts.

The upshot for analysis of the need for the MUPTE for this project is as follows:

- When Parcel 9 rents are modeled significantly higher than the market, the Applicant pro forma and cash flow analysis will overstate income and in turn will actually tend to understate the need for MUPTE when the real risk is that rents will not be that high in those units and the MUPTE would likely be more crucial.
- When Parcel 9 rents are modeled significantly lower than the market, the Applicant pro forma and cash flow analysis will understate income and in turn will tend to overstate the need for MUPTE when rents will be realized to be higher. This would tend to make the MUPTE look more necessary than it actually is.

In the evaluation of the project with and without MUPTE, PNW Economics will assume lower rents for the unfurnished Studio units and unfurnished 1-bedroom units. Alternatively, higher rents will be assumed for the furnished 1-bed and 2-bed units at the Riverfront Parcel 9 project more consistent with the downtown Eugene market.

3. Financial Feasibility Analysis

Financial Feasibility (“Pro Forma”) Assumptions

Debt vs. Equity & Project Financing

Table 2 provides a summary of Applicant project permanent financing assumptions taken from the Riverfront District Parcel 9 MUPTE application. 64% of project development cost is expected to be financed, with a 36% equity split. This would certainly be below the typical maximum of 80% of cost project cost (loan-to-cost ratio or “LTC”). However, outreach to other development interests during the course of Application review indicated that currently, permanent financing is typically not exceeding 60% LTC. Broader economic risk nationally was cited as a major part of the shift away from LTC closer to 80% as it has been in the past.

During the course of Application review, PNW Economics reached out to two general contractors with experience in midrise residential development in Portland and the Willamette Valley in order to evaluate Applicant construction costs and ultimately development costs. Findings are as follows:

- Hard construction costs for midrise projects are currently averaging \$252 per square foot to over \$282 per square foot in the Downtown Portland area market.
- Hard costs should see a 5% to 8% reduction in downtown Eugene relative to Downtown Portland.
- Anticipated, current market hard costs should then average \$245 per square foot to \$265 per square foot presently in downtown Eugene, driven mostly by slight differences in some categories of skilled labor wage costs in Eugene vs. in Portland – when available.

- The Riverfront Parcel 9 project anticipates hard costs averaging \$225 per square foot for the 107,631 square feet of the development.

Table 2 – Riverfront District Parcel 9 Project Permanent Debt Finance Assumptions

	156 Units	
	2021 Dollars	2022 Dollars
Total Development Cost	\$58,787,581	\$59,946,846
Permanent Loan	\$37,624,052	\$38,365,981
Equity	\$21,163,529	\$21,580,864
Percent Financed	64%	64%
Annual Interest Rate	5.50%	5.50%
Amortization (Years)	30	30
Annual Permanent Debt Service	(\$2,563,503)	(\$2,614,054)

Overall, hard construction costs for the Parcel 9 appear lower than independent input about the construction market. Based on a review of the size of Parcel 9 vs. other Riverfront redevelopment project MUPTE applications, nothing obvious stands out about Parcel 9 except that the development poses the most units by a significant margin. Cost spread across more units, therefore, is clearly playing a part in reduced costs relative to expectation in the market.

Additional costs, such as various design (A/E) costs and other “soft costs” were deemed reasonable given how they are driven by the magnitude of assumed hard costs. In the economy for the foreseeable future, development of most types can expect significant construction labor and materials scarcity which in turn not only drives up hard costs themselves as well as assumed soft costs, but increases the timeframe over which construction occurs. This means extended holding costs on land purchased for the development as well as greater interest cost on construction loans paid over a longer period.

Assumed Rents & Escalation

Tables 3 provides a summary of apartment rents utilized in the pro forma analyses in this section. As noted earlier in this document, review of market rents in the Downtown Eugene area indicated that Applicant anticipated rents for Studio units and 1-bed units were high compared to even the newest units in the market at Gordon Lofts. Assumed rents where modified for pro forma purposes in this document are shaded and in bold, again with the intend of modeling rents and therefore project income reflective of prevailing Eugene market conditions.

Table 3 – Riverfront District Parcel 9 Project Market Apartment Rent Assumptions

UNFURNISHED Unit Type	Unit Mix		Average Unit Size (Sq. Ft.)	Monthly Rent	Rent per Square Foot
	Units	Percentage			
Studio	60	42%	480	\$1,800	\$3.75
One bedroom	14	10%	690	\$2,000	\$2.90
Two bedroom	58	41%	1,030	\$2,700	\$2.62
Three bedroom	<u>11</u>	<u>8%</u>	<u>1,193</u>	<u>\$2,900</u>	<u>\$2.43</u>
Subtotals/Averages	143	100%	778	\$2,269	\$2.91
FURNISHED Unit Type	Unit Mix		Average Unit Size (Sq. Ft.)	Monthly Rent	Rent per Square Foot
	Units	Percentage			
One bedroom	3	23%	690	\$3,200	\$4.64
Two bedroom	<u>10</u>	<u>77%</u>	<u>1,030</u>	<u>\$4,500</u>	<u>\$4.37</u>
Subtotals/Averages	13	100%	952	\$4,200	\$4.41

Non-Rent Revenues

Table 4 summarizes the various sources of revenue for the project in addition to standard rent planned for the occupancy for units. All revenue categories are standard for new, urban-style apartment development.

Table 4 – Riverfront District Parcel 9 Project Market Apartment Non-Rent Assumptions

Parcel 9	Parcel 9	Gordon Lofts	Projected Parcel 9		
			Units	2021	2023
Parking	\$50	\$88	104	\$62,400	\$66,200
Storage	\$35	\$63	10	\$4,200	\$4,456
Deposit on Turnover	\$8.75	\$8.22	156	\$16,380	\$17,378
Other	\$19.50	\$0	156	\$36,504	\$38,727
Utility Billback	\$46.51	\$18.00	156	<u>\$87,070</u>	<u>\$92,373</u>
Total Non-Rent Revenue:				\$206,554	\$219,133

Operating Expenses**Apartment Operating Expenses**

Table 5 provides a comparison of annual operations expenses per unit anticipated at the Subject as well as realized expenses per unit at both Gordon Lofts and 35 Club. Based upon these findings, it was assumed that operations expenses at the project are reasonable and quite close to realized at Gordon Lofts.

Table 5 – Riverfront District Parcel 9 Project Operating Expenses Per Unit vs. Comparable Projects

	Per Unit Expenses Annually		
	Parcel 9	Gordon Lofts	35 Club
Before Property Tax			
Expenses: Stabilized	\$6,611	\$6,500	\$7,100

For pro forma financial analysis in the next section of this report, PNW Economics assumes operating expenses supplied by the Applicant.

Property Taxes

Table 6 provides estimates for property taxes that will be paid on both the land as well as expected improvements value on a “Cost of Replacement” basis – the total development cost of improvements alone if built new.

Parcel taxable assessed value (TAV) data is directly from the Lane County Department of Assessment & Taxation parcel database online. Taxable assessed value estimated for the value of improvements assumes total improvement development costs as expressed by the Applicant and then converted to Measure 50 TAV via the Lane County 2021 Change Ratio of 0.727. Finally, the tax rate of \$19.056 per \$1,000 of TAV was utilized for Tax Code Area 00400 that includes the Riverfront district area.

Table 6 – Parcel 9 Estimated Property Tax: Land & Improvements in FY 21 and Paid in 2023

				Cost of Replacement - Improvements		\$56,553,628			
				Change Ratio - Commercial/Industrial		<u>0.727</u>	Measure 50 Maximum TAV Escalation: 3%		
				FY 21 Taxable Assessed Value		\$41,114,488			
				Taxable Assessed Value (FY 21)			Taxable Assessed Value (Paid in FY 23)		
Parcel	Account #	Acres	Zoning	Land	Improvements	Total	Land	Improvements	Total
9	1904753	1.65	Commercial Industrial Vacant	\$3,315,414	\$0	\$3,315,414	\$3,414,876	\$0	\$3,414,876
			Total	\$3,315,414	\$0	\$3,315,414	\$3,414,876	\$0	\$3,414,876
			Tax Code Area 00400 (per \$1,000 TAV)	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>
			Total Property Tax - Land Only	\$63,179	\$0	\$63,179	\$65,074	\$0	\$65,074
9	1904753	1.65	Commercial Industrial Vacant	\$3,315,414	\$41,114,488	\$44,429,902	\$3,414,876	\$43,581,357	\$46,996,233
			Total	\$3,315,414	\$41,114,488	\$44,429,902	\$3,414,876	\$43,581,357	\$46,996,233
			Tax Code Area 00400 (per \$1,000 TAV)	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>	<u>19.056</u>
			Total Property Tax - Combined	\$63,179	\$783,478	\$846,656	\$65,074	\$830,486	\$895,560

It should be noted that the TAV of Parcel 9 underlying this development experienced a significant increase between fiscal years (FY) 2020 and 2021 according to the Lane County Department of Assessment and Taxation. This analysis assumes the higher TAV from FY 2021 for both parcels. It seems that the analysis in the MUPTE application for Parcel 9 was conducted prior to FY 2021 taxable assessed value being known. The effect of assuming a higher TAV in the pro forma than the Applicant is that tax burden is higher for the project, ultimately reducing cash flow and return while increasing the value of the MUPTE and its importance.

Estimates for tax bill paid in 2023, to better match pro forma analysis conducted in this report and in the Parcel 9 application, were achieved by applying the Measure 50 maximum annual TAV growth rate of 3% for one year. Tax rolls would be recorded in FY 2022 and then that tax bill for assessment in FY 2022 would occur in FY 2023.

Retail Operating Expenses

The Riverfront Parcel 9 project does not plan for retail space in the ground floor as can be common for project such as this. Therefore there are neither retail space operating expenses, nor are there retail space revenues to be anticipated.

Financial Feasibility Analysis of Riverfront Parcel 9

Introduction to Terms

To evaluate whether or not a project is financially feasible, that is whether or not the project meets investment rates of return benchmarks, a pro forma analysis is conducted. A pro forma is simply a financial modeling exercise to examine how a development project performs as a business investment over a specified period of time.

Variables that are modeled, or estimated, in this report are as follows:

Apartment Rent Income: The annual rent income if all apartment units in a project were occupied and charging full, assumed market rent. This grows by 3% each year.

Retail Lease Income: Common in such projects, retail space is not planned for the Parcel 9 Riverfront project. Therefore, retail lease income is not anticipated for this specific project.

Gross Project Income: The sum of Apartment Rent Income, Retail Lease Income (not present in this project), and Other Income streams such as parking, storage fees, deposit on turnover retained due to unit condition issues, miscellaneous other income such as event or space usage fees, and utility billback revenue that represent utilities paid by the development and reimbursed with charges to units as part of rent. This increases annually due to each income stream escalating on their own at different rates.

Vacancy: 5% of apartment space and retail space is assumed to always be vacant and represent income loss.

Lease-Up Vacancy & Concessions: This category of expense reflects different sources of loss to revenue as a result of project vacancy and discounts to apartment rents to realize and keep an average 5% vacancy rate.

- In year 1 of the project only, PNW Economics assumes a 20% loss in potential rent income will occur due to new units being vacant prior to first occupancy (“absorption”) consistent with Applicant assumption about project performance.

Effective Gross Income: Gross Project Income less Vacancy and Lease-Up Vacancy & Concessions.

Apartment Operating Expense: Annual operating expenses of \$6,611 per apartment unit starting in year 1 and growing by 3% annually thereafter. In year 1 only, apartment operating expenses are reduced by the 20% absorption vacancy described in the Lease-Up Vacancy & Concessions definition.

Retail Operating Expense: The Riverfront Parcel 9 project does not include retail space and, therefore, retail space operating expense.

MUPTE: When included, MUPTE is a 10-year exemption from local property taxes levied on the value of the improvement constructed in place, in this case the Riverfront Parcel 9 project. Based on an estimated cost-of-replacement of \$59.9 million in 2022 dollars and a local, existing total property tax rate of \$0.019056 (Tax Code Area 00400), the estimated MUPTE exemption beginning in year 1 would be \$830,486. This would increase by an assumed 3% annually, consistent with the annual maximum under Oregon property tax law.

Net Operating Income (NOI): Effective Gross Income less Apartment Operating Expense less Retail Operating Expense plus the MUPTE (if assumed).

Construction Loan Interest: The interest (assumed to be 2.5%) paid on a construction loan for development of the property that is “taken out” or paid off by permanent, long-term debt financing. Such interest is only paid during the duration of construction activity until permanent financing is secured.

Debt Service: The annual, fixed debt service payment made by the developer for permanent debt financing of the project.

Before Tax Cash Flow: Net Operating Income Less Debt Service.

Cash-on-Cash Return: Before Tax Cash Flow divided by development equity (\$21.6 million for this project). Cash-on-Cash Return is also known as Return on Equity and usually needs to be at least 6% in early years of a project to be a satisfactory investment for equity partners in a project. This can vary depending upon developer and equity partners, however.

Loan-To-Cost (LTC): The amount of debt a project can take on as a percentage of its cost to develop. This analysis assumes a 64% LTC ratio consistent with the Applicant.

Equity: The share of total development cost that is funded by invested dollar assets rather than by debt.

156 Apartment Units at Parcel 9 Riverfront Project

Parcel 9 Pro Forma Without MUPTE

Table 7 reports the resulting pro forma analysis for the Riverfront Parcel 9 project without MUPTE.

Results indicate that without the tax exemption, the project would earn a **0.5%** cash-on-cash return for year 1 that grows to 4.7% by year 10 under the assumptions of this analysis. Although positive all years, cash-on-cash return is found to never reach the 6% benchmark for a feasible project. And to the extent that furnished units do not achieve rents as high as assumed for this analysis – recall it was found that Application furnished rents were below market found at Gordon Lofts and assumed rents were escalated – return would be that much lower.

Table 7 – Parcel 9 Pro Forma Without MUPTE

	Ann. Esc.	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
Apartment Rent Income	3%	\$4,920,415	\$5,068,027	\$5,220,068	\$5,376,670	\$5,537,970	\$5,704,109	\$5,875,232	\$6,051,489	\$6,233,034	\$6,420,025
Retail Lease Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other - Parking</i>	3%	\$52,960	\$68,186	\$70,232	\$72,339	\$74,509	\$76,744	\$79,046	\$81,418	\$83,860	\$86,376
<i>Other - Storage</i>	3%	\$3,565	\$4,589	\$4,727	\$4,869	\$5,015	\$5,165	\$5,320	\$5,480	\$5,644	\$5,814
<i>Other - Deposit on Turnover</i>	3%	\$13,902	\$17,899	\$18,436	\$18,989	\$19,559	\$20,145	\$20,750	\$21,372	\$22,013	\$22,674
<i>Other - Misc Other</i>	3%	\$30,982	\$39,889	\$41,086	\$42,318	\$43,588	\$44,895	\$46,242	\$47,629	\$49,058	\$50,530
<i>Other - Utility Billback</i>	3%	\$73,898	\$95,144	\$97,998	\$100,938	\$103,966	\$107,085	\$110,298	\$113,607	\$117,015	\$120,525
Other Income		\$175,307	\$225,707	\$232,478	\$239,453	\$246,636	\$254,035	\$261,656	\$269,506	\$277,591	\$285,919
Gross Project Income		\$5,095,721	\$5,293,734	\$5,452,546	\$5,616,123	\$5,784,606	\$5,958,145	\$6,136,889	\$6,320,996	\$6,510,625	\$6,705,944
- Stabilized Vacancy	5%	(\$254,786)	(\$264,687)	(\$272,627)	(\$280,806)	(\$289,230)	(\$297,907)	(\$306,844)	(\$316,050)	(\$325,531)	(\$335,297)
- Lease-Up Vacancy & Concessions		(\$1,019,144)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Effective Gross Income (EGI)		\$3,821,791	\$5,029,048	\$5,179,919	\$5,335,317	\$5,495,376	\$5,660,237	\$5,830,044	\$6,004,946	\$6,185,094	\$6,370,647
<i>Apartment Operating Expense</i>	3%	(\$825,053)	(\$1,009,143)	(\$1,039,417)	(\$1,070,599)	(\$1,102,717)	(\$1,135,799)	(\$1,169,873)	(\$1,204,969)	(\$1,241,118)	(\$1,278,352)
<i>Management Expense (3.5% of EGI)</i>		(\$133,763)	(\$176,017)	(\$181,297)	(\$186,736)	(\$192,338)	(\$198,108)	(\$204,052)	(\$210,173)	(\$216,478)	(\$222,973)
<i>Property Tax (Land)</i>	3%	(\$65,074)	(\$67,026)	(\$69,037)	(\$71,108)	(\$73,241)	(\$75,438)	(\$77,702)	(\$80,033)	(\$82,434)	(\$84,907)
<i>Property Tax (Improvements)</i>	3%	(\$830,486)	(\$855,401)	(\$881,063)	(\$907,495)	(\$934,720)	(\$962,761)	(\$991,644)	(\$1,021,393)	(\$1,052,035)	(\$1,083,596)
<i>Reserve & Replacement</i>		(\$48,260)	(\$48,260)	(\$48,260)	(\$48,260)	(\$48,260)	(\$48,260)	(\$48,260)	(\$48,260)	(\$48,260)	(\$48,260)
<i>Retail Operating Expense</i>	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Operating Expenses		(\$1,902,636)	(\$2,155,846)	(\$2,219,074)	(\$2,284,198)	(\$2,351,277)	(\$2,420,367)	(\$2,491,530)	(\$2,564,828)	(\$2,640,325)	(\$2,718,087)
+ MUPTE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Net Operating Income (NOI)		\$1,919,155	\$2,873,201	\$2,960,845	\$3,051,118	\$3,144,100	\$3,239,870	\$3,338,514	\$3,440,117	\$3,544,769	\$3,652,560
- Construction Loan Interest (2.5%)		(\$498,519)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Debt Service (64% Loan-to-Cost)		(\$1,307,027)	(\$2,614,054)	(\$2,614,054)	(\$2,614,054)	(\$2,614,054)	(\$2,614,054)	(\$2,614,054)	(\$2,614,054)	(\$2,614,054)	(\$2,614,054)
= Before Tax Cash Flow		\$113,609	\$259,147	\$346,791	\$437,064	\$530,046	\$625,816	\$724,460	\$826,064	\$930,715	\$1,038,506
Cash-on-Cash Return		0.5%	1.2%	1.6%	2.0%	2.4%	2.8%	3.3%	3.7%	4.2%	4.7%

Parcel 9 Pro Forma With MUPTE

Table 8 reports the same pro forma as Table 7, but assumes the 156-unit project is awarded the MUPTE equal to \$830,486 in its first year and growing by 3% every year thereafter. The project's estimated cash-on-cash return in Year 1 is **4.3%** and is expected to reach the typical minimum threshold cash-on-cash return of 6.0% as soon as year 4. By year 10, cash-on-cash return is estimated to reach 9.6% under the assumptions of this analysis.

MUPTE does significantly the outcome for return on equity and project feasibility. The project would be considered a moderate success given that the 6% target is not anticipated for four years. With almost 40% of the development cost being covered by equity investment, projects in the current lending environment may be more sensitive to sooner achieving acceptable cash-on-cash return.

Table 8 – Parcel 9 Pro Forma WITH MUPTE

	Ann. Esc.	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
Apartment Rent Income	3%	\$4,920,415	\$5,068,027	\$5,220,068	\$5,376,670	\$5,537,970	\$5,704,109	\$5,875,232	\$6,051,489	\$6,233,034	\$6,420,025
Retail Lease Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other - Parking</i>	3%	\$52,960	\$68,186	\$70,232	\$72,339	\$74,509	\$76,744	\$79,046	\$81,418	\$83,860	\$86,376
<i>Other - Storage</i>	3%	\$3,565	\$4,589	\$4,727	\$4,869	\$5,015	\$5,165	\$5,320	\$5,480	\$5,644	\$5,814
<i>Other - Deposit on Turnover</i>	3%	\$13,902	\$17,899	\$18,436	\$18,989	\$19,559	\$20,145	\$20,750	\$21,372	\$22,013	\$22,674
<i>Other - Misc Other</i>	3%	\$30,982	\$39,889	\$41,086	\$42,318	\$43,588	\$44,895	\$46,242	\$47,629	\$49,058	\$50,530
<i>Other - Utility Billback</i>	3%	<u>\$73,898</u>	<u>\$95,144</u>	<u>\$97,998</u>	<u>\$100,938</u>	<u>\$103,966</u>	<u>\$107,085</u>	<u>\$110,298</u>	<u>\$113,607</u>	<u>\$117,015</u>	<u>\$120,525</u>
Other Income		\$175,307	\$225,707	\$232,478	\$239,453	\$246,636	\$254,035	\$261,656	\$269,506	\$277,591	\$285,919
Gross Project Income		\$5,095,721	\$5,293,734	\$5,452,546	\$5,616,123	\$5,784,606	\$5,958,145	\$6,136,889	\$6,320,996	\$6,510,625	\$6,705,944
- Stabilized Vacancy	5%	<u>(\$254,786)</u>	<u>(\$264,687)</u>	<u>(\$272,627)</u>	<u>(\$280,806)</u>	<u>(\$289,230)</u>	<u>(\$297,907)</u>	<u>(\$306,844)</u>	<u>(\$316,050)</u>	<u>(\$325,531)</u>	<u>(\$335,297)</u>
- Lease-Up Vacancy & Concessions		<u>(\$1,019,144)</u>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Effective Gross Income (EGI)		\$3,821,791	\$5,029,048	\$5,179,919	\$5,335,317	\$5,495,376	\$5,660,237	\$5,830,044	\$6,004,946	\$6,185,094	\$6,370,647
<i>Apartment Operating Expense</i>	3%	<u>(\$825,053)</u>	<u>(\$1,009,143)</u>	<u>(\$1,039,417)</u>	<u>(\$1,070,599)</u>	<u>(\$1,102,717)</u>	<u>(\$1,135,799)</u>	<u>(\$1,169,873)</u>	<u>(\$1,204,969)</u>	<u>(\$1,241,118)</u>	<u>(\$1,278,352)</u>
<i>Management Expense (3.5% of EGI)</i>		<u>(\$133,763)</u>	<u>(\$176,017)</u>	<u>(\$181,297)</u>	<u>(\$186,736)</u>	<u>(\$192,338)</u>	<u>(\$198,108)</u>	<u>(\$204,052)</u>	<u>(\$210,173)</u>	<u>(\$216,478)</u>	<u>(\$222,973)</u>
<i>Property Tax (Land)</i>	3%	<u>(\$65,074)</u>	<u>(\$67,026)</u>	<u>(\$69,037)</u>	<u>(\$71,108)</u>	<u>(\$73,241)</u>	<u>(\$75,438)</u>	<u>(\$77,702)</u>	<u>(\$80,033)</u>	<u>(\$82,434)</u>	<u>(\$84,907)</u>
<i>Property Tax (Improvements)</i>	3%	<u>(\$830,486)</u>	<u>(\$855,401)</u>	<u>(\$881,063)</u>	<u>(\$907,495)</u>	<u>(\$934,720)</u>	<u>(\$962,761)</u>	<u>(\$991,644)</u>	<u>(\$1,021,393)</u>	<u>(\$1,052,035)</u>	<u>(\$1,083,596)</u>
<i>Reserve & Replacement</i>		<u>(\$48,260)</u>	<u>(\$48,260)</u>	<u>(\$48,260)</u>	<u>(\$48,260)</u>	<u>(\$48,260)</u>	<u>(\$48,260)</u>	<u>(\$48,260)</u>	<u>(\$48,260)</u>	<u>(\$48,260)</u>	<u>(\$48,260)</u>
<i>Retail Operating Expense</i>	3%	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
- Operating Expenses		<u>(\$1,902,636)</u>	<u>(\$2,155,846)</u>	<u>(\$2,219,074)</u>	<u>(\$2,284,198)</u>	<u>(\$2,351,277)</u>	<u>(\$2,420,367)</u>	<u>(\$2,491,530)</u>	<u>(\$2,564,828)</u>	<u>(\$2,640,325)</u>	<u>(\$2,718,087)</u>
+ MUPTE		<u>\$830,486</u>	<u>\$855,401</u>	<u>\$881,063</u>	<u>\$907,495</u>	<u>\$934,720</u>	<u>\$962,761</u>	<u>\$991,644</u>	<u>\$1,021,393</u>	<u>\$1,052,035</u>	<u>\$1,083,596</u>
= Net Operating Income (NOI)		\$2,749,642	\$3,728,602	\$3,841,908	\$3,958,613	\$4,078,819	\$4,202,632	\$4,330,158	\$4,461,511	\$4,596,804	\$4,736,156
- Construction Loan Interest (2.5%)		<u>(\$498,519)</u>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Debt Service (64% Loan-to-Cost)		<u>(\$1,307,027)</u>	<u>(\$2,614,054)</u>	<u>(\$2,614,054)</u>	<u>(\$2,614,054)</u>	<u>(\$2,614,054)</u>	<u>(\$2,614,054)</u>	<u>(\$2,614,054)</u>	<u>(\$2,614,054)</u>	<u>(\$2,614,054)</u>	<u>(\$2,614,054)</u>
= Before Tax Cash Flow		\$944,096	\$1,114,548	\$1,227,854	\$1,344,559	\$1,464,765	\$1,588,578	\$1,716,104	\$1,847,457	\$1,982,750	\$2,122,102
Cash-on-Cash Return		4.3%	5.0%	5.5%	6.1%	6.6%	7.2%	7.7%	8.3%	8.9%	9.6%

HUBER-HEIDORN Dylan K

From: Bill Reid <bill@pnweconomics.com>
Sent: Thursday, January 13, 2022 3:24 PM
To: HUBER-HEIDORN Dylan K
Cc: FIFIELD Anne E
Subject: Re: MUPTE Review Panel questions for meeting #2

Dylan and Anne:

See my answers to your committee's questions in turn below.

1. Why are the proposed rents so high?

My quickest answer is that I do not know how the Riverfront projects' rents were determined. It is typically best practice to identify the going market rents for newer existing and most comparable projects to determine what rents will be at a project being planned for the near-term. Given identified comparable rents, it is common for a new construction rent premium to be achieved frequently up to 8%. It is for these reasons I evaluated rents at the proposed developments at Riverfront particularly comparing rents and units at Gordon Lofts, but for 3-bedroom units which do not exist at Gordon Lofts, rents and units at 35 Club.

Overall, rents at the proposed Riverfront developments are high relative to the downtown Eugene market and particularly at Gordon Lofts. Because the MUPTE application does not require a market feasibility study, only a pro forma/cash flow (financial feasibility study), all I can evaluate are expressed rents - determined without explanation - and their effect on the financial performance of the project. Ultimately, the Applicant should be asked to explain how rents at their projects were determined.

2. Can you explain the differential between the proposed rents and the rents modeled in your financial reports? What does it mean for the project and the application?

In Tables 3 & 4 of each of my reports, I display what rents I personally assumed given my reaction to Riverfront project proposed rents: they mostly seemed unreasonably high compared to going market rents particularly at Gordon Lofts. In general, I slightly adjusted Applicant assumed rents by bedroom type to slightly resemble something closer to existing competition in the market, mostly whether Gordon Lofts or 35 Club. I looked at gross monthly rents as well as rents per square foot, largely at either Gordon Lofts and 35 Club. But ultimately, all adjustments were modest and subjective.

The more interesting question is what impact all of this has on the implication. Every downward adjustment to Applicant rents, viewing them inconsistently high compared to the market, could be viewed as favorable to the financial feasibility argument for a MUPTE: lower rents mean less net operating income which means less pre-tax cash flow. That translates into lower cash-on-cash return which tends to make a MUPTE look more necessary. Ironically, while the Applicant asserts rents I personally find to be inexplicably high in some instances, those higher rents actually erode the argument for a MUPTE: higher rents mean greater net operating income, which means higher cash-on-cash return and lower need for a MUPTE.

Ultimately, I would be concerned if an application for a MUPTE were received that inexplicably assumed significantly lower rents than market. Such an assumption by an applicant would artificially make the project appear to be financially challenged and more in need of a MUPTE. That is not the case here. This Applicant assumes rents that more often than not are higher than I personally would be comfortable assuming. The end result is that argument for a MUPTE is eroded whether they intended that or not. I find that situation to be more transparent than if the opposite were true: of the applicant insisted rents were lower than what a review would agree with.

Thank you,

Bill