



Eugene City Council

101 W 10th Ave., Suite 203
Eugene, OR 97401
541-682-5010 • 541-682-5414 Fax
www.eugene-or.gov

EUGENE CITY COUNCIL AGENDA

March 9, 2022

12:00 p.m. CITY COUNCIL WORK SESSION

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Meeting of March 9, 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

12:00 p.m. CITY COUNCIL WORK SESSION

1. **WORK SESSION: Riverfront MUPTE Applications – Lots 3BC, 7, and 9**
2. **WORK SESSION: Middle Housing Code Update**

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March 9, 2022 Work Session

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session and Possible Action: Riverfront MUPTE Applications – Parcels 3BC, 7, and 9

Meeting Date: March 9, 2022
Department: Planning and Development
www.eugene-or.gov

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

ISSUE STATEMENT

Council is asked to consider the requests for Multi-Unit Property Tax Exemptions (MUPTE) for three of the Downtown Riverfront redevelopment parcels – Parcels 3BC, 7, and 9. (See map in Attachment A.) Council previously discussed the applications at the February 22 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 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 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:

	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. Attachment H contains the Review Panel's conclusions and recommendation to the City Manager and the minority report from one member. Below is a summary of the projects' compliance with the MUPTE required public benefits. The Planning Director's Report and Recommendation documents in Attachment I provide a summary of each project and the Required Public Benefits.

- *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.

Tax Impact

The projects are all located on property that was publicly owned until subsidiaries of 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 the purchase, the land will now generate property tax revenue, which ERD's subsidiaries 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. The total estimated exemption amount over the 10-year period for the three parcels is about \$20.7M.

	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
Estimated exemption amount	\$7,652,000	\$5,457,000	\$7,600,000	\$20,710,000

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, 2022 are in Attachment J.

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.

February 22 Work Session

Council initially discussed the three Riverfront MUPTE applications at their February 22 work session. Responses to Council's questions from that work session discussion are included in Attachment K.

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 provided her recommendation via email on 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

1. Approve any or all of the three MUPTE applications and adopt the resolutions in Attachments L, M, and N.
2. Approve any or all of the applications with amended conditions of approval.
3. Direct the City Manager to bring back resolutions denying any or all of the applications because one or more specified approval criteria are not met.

CITY MANAGER'S RECOMMENDATION

Based on the MUPTE Review Panel's conclusions, the independent financial consultant analyses, and the quality of the projects and contributions they will make toward bringing downtown to the river and activating the new Downtown Riverfront neighborhood, the City Manager recommends approval of the MUPTE applications for Parcels 3BC, 7, and 9 on the terms and conditions specified in the attached resolutions (Attachments L, M, and N).

SUGGESTED MOTIONS:

1. Move to adopt A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED ON LOT 2 AND LOT 3 OF THE TOWN RUN PLAT IN EUGENE, OREGON (ASSESSOR'S MAP 17-03-32-22, TAX LOTS 1800 AND 1900) (APPLICANT EUGENE RIVERFRONT DISTRICT LLC) approving a multiple-unit property tax exemption for Parcel 3BC.
2. Move to adopt A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED ON LOT 9 OF THE TOWN RUN PLAT IN EUGENE, OREGON (ASSESSOR'S MAP 17-03-32-22, TAX LOT 2500) (APPLICANT EUGENE RIVERFRONT DISTRICT LLC) approving a multiple-unit property tax exemption for Parcel 7.
3. Move to adopt A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED ON LOT 12 OF THE TOWN RUN PLAT IN EUGENE, OREGON (ASSESSOR'S MAP 17-03-32-22, TAX LOT 02800) (APPLICANT EUGENE RIVERFRONT DISTRICT LLC) approving a multiple-unit property tax exemption for Parcel 9.

ATTACHMENTS

- A. Map of Eugene Riverfront District Project Site
- 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
- H. MUPTE Review Panel Conclusions
 - H-1. Panel Conclusions for Parcel 3BC
 - H-2. Panel Conclusions for Parcel 7
 - H-3. Panel Conclusions for Parcel 9
 - H-4. Minority Report
- I. Report and Recommendation of the Planning and Development Director
 - I-1. R&R for Parcel 3BC
 - I-2. R&R for Parcel 7
 - I-3. R&R for Parcel 9
- J. Written Comment Received by Staff through March 1, 2022.
- K. Responses to Council's February 22 Questions
- L. Resolution Approving the Property Tax Exemption for Parcel 3BC
- M. Resolution Approving the Property Tax Exemption for Parcel 7
- N. Resolution Approving the Property Tax Exemption for Parcel 9

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:

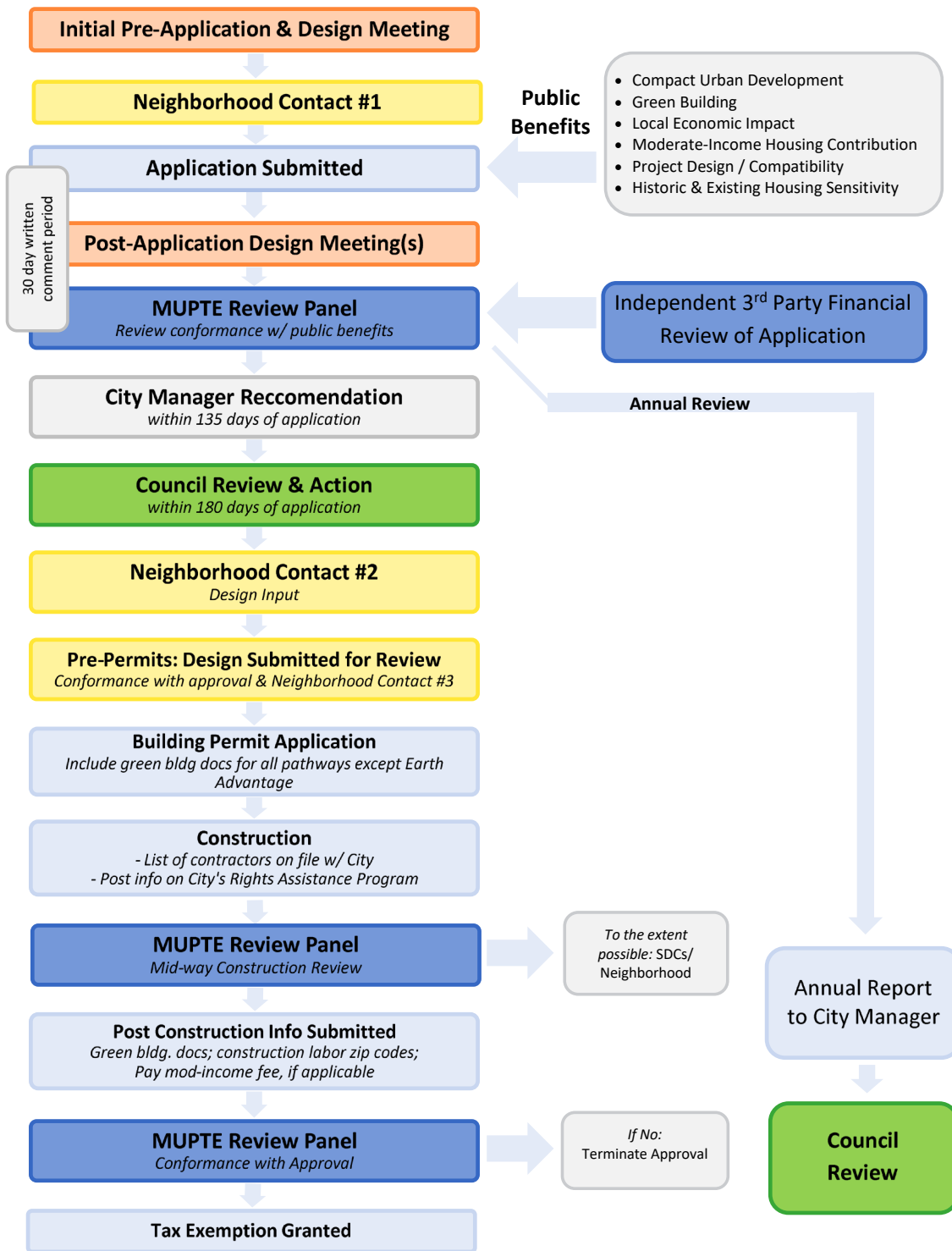
- Reviews the project applications, including the consultant's review of the project's financial projections.

- 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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Parcel 3BC - Scenario A & B

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

B. Required Public Benefits

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C. Green Building Features

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- Narrative

D. Local Economic Impact Plan

- Worksheet
 - Scenario A, Low Density
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- Narrative

E. Omitted - Moderate-Income Housing Worksheet.

Project is not pursuing moderate-income housing.

F. Project Design and Compatibility

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 - Scenario A, Low Density
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 - ~~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,~~

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

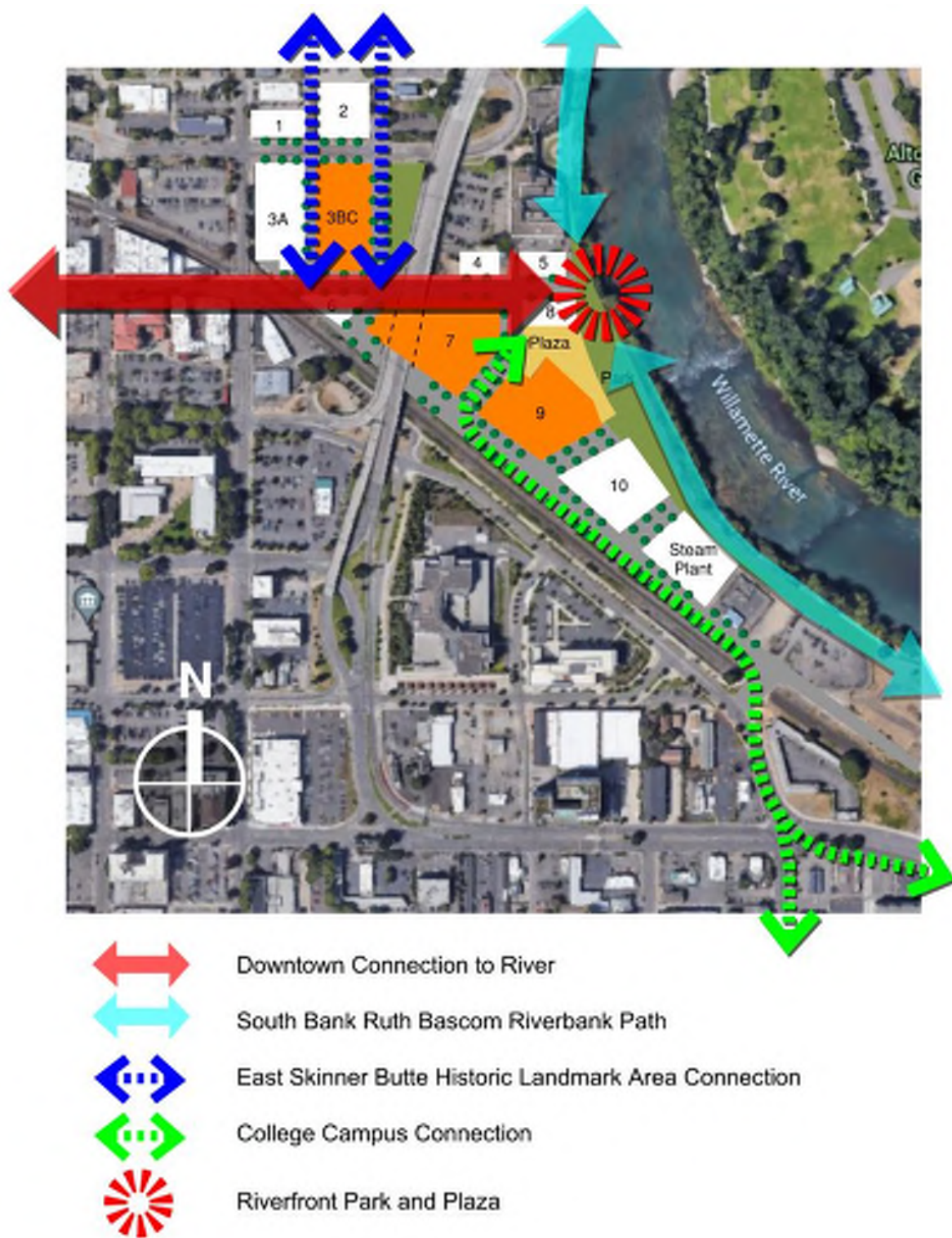
- Pedestrian experience and sidewalk design.
- High quality of materials on exterior facade.
- Window layouts and sizes.
- Architectural vocabulary and quality of details.
- Dwelling unit organization and relationships to the street.
- Both options remain subject to compliance with district design guidelines.
- 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.

Eugene Riverfront District



▲ Parcel 3BC - 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 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

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

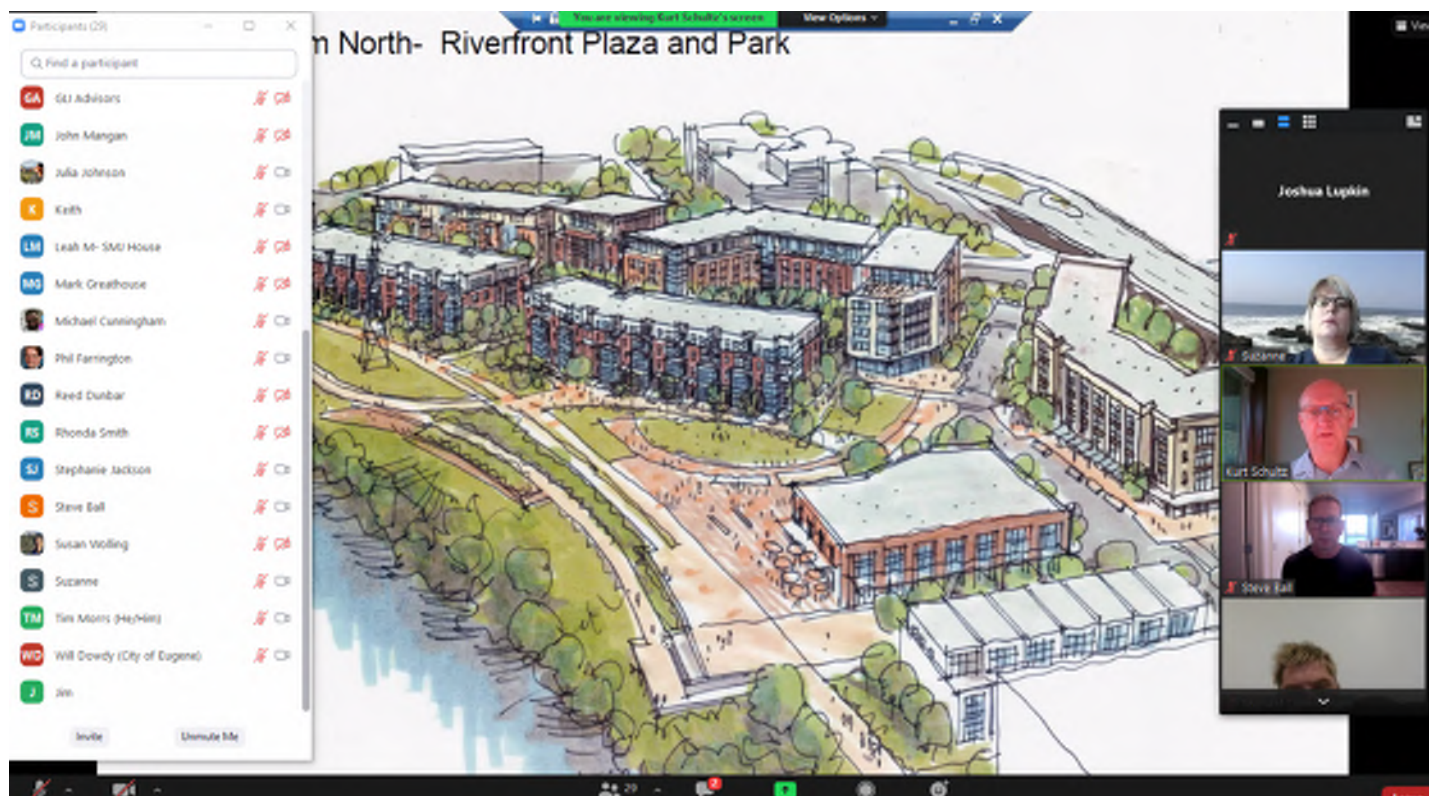
Neighborhood Meeting #2 - Screen Captures

Eugene Riverfront District

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



▲ 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	Tlm 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 Wolling	
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.

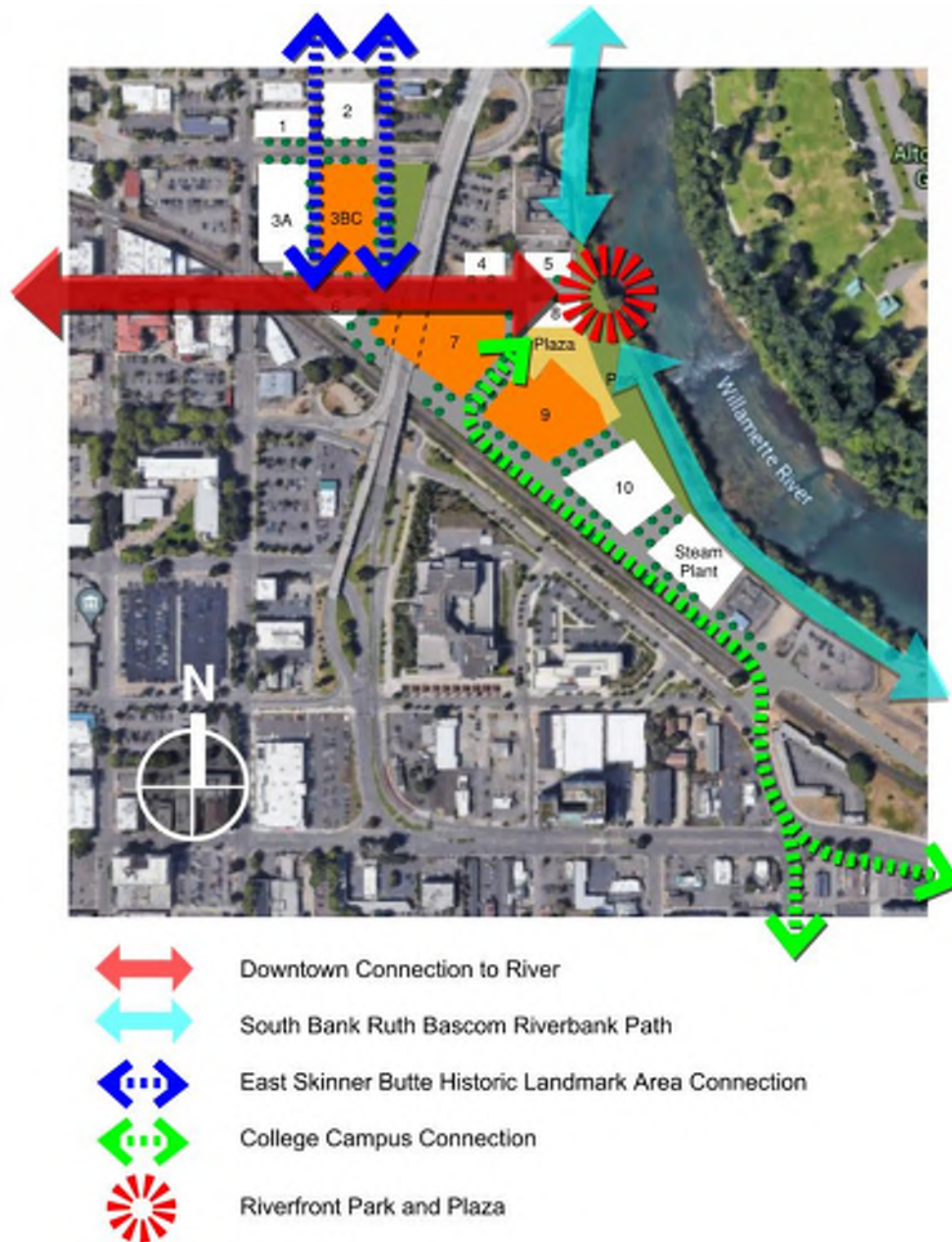
7. Project Need

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.

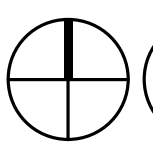


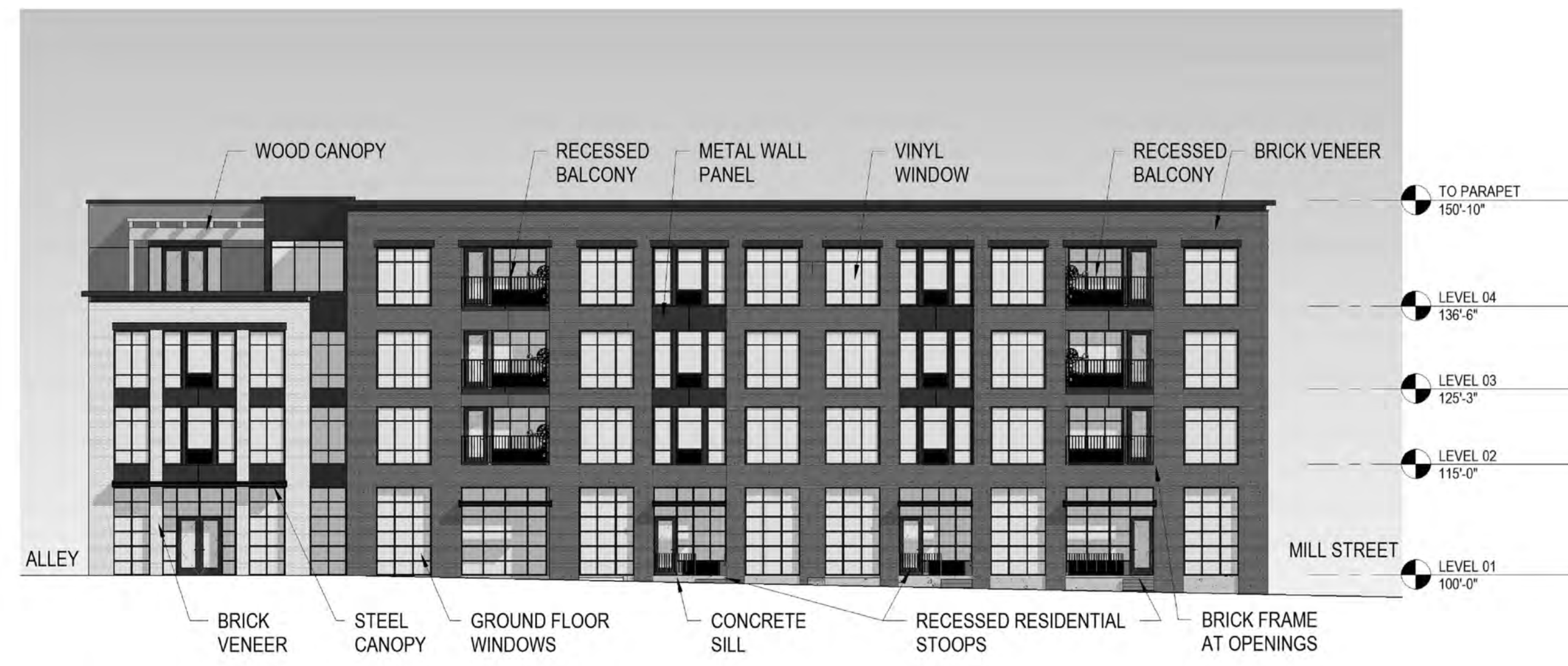


1 SITE PLAN
1/16" = 1'-0"

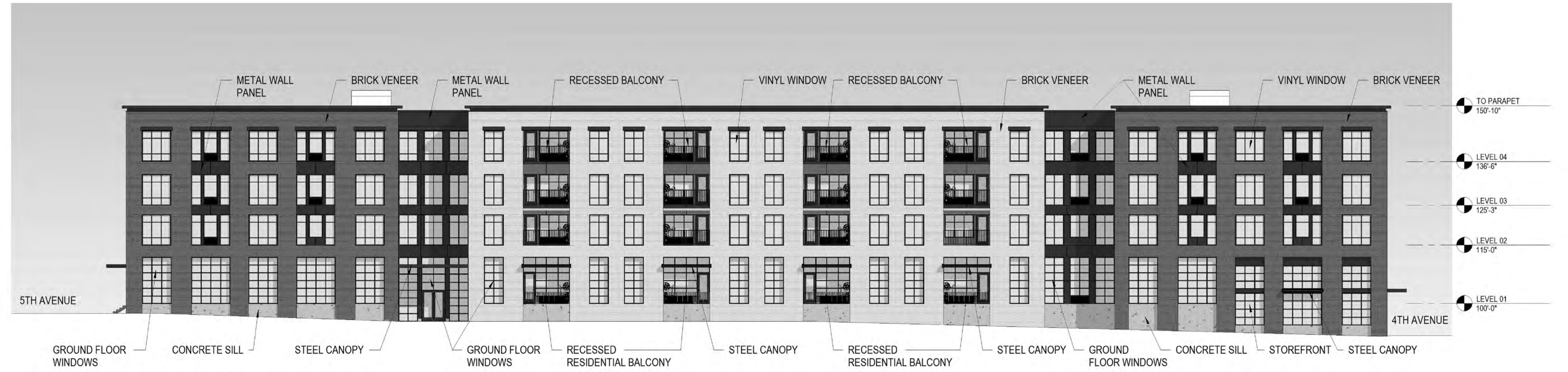




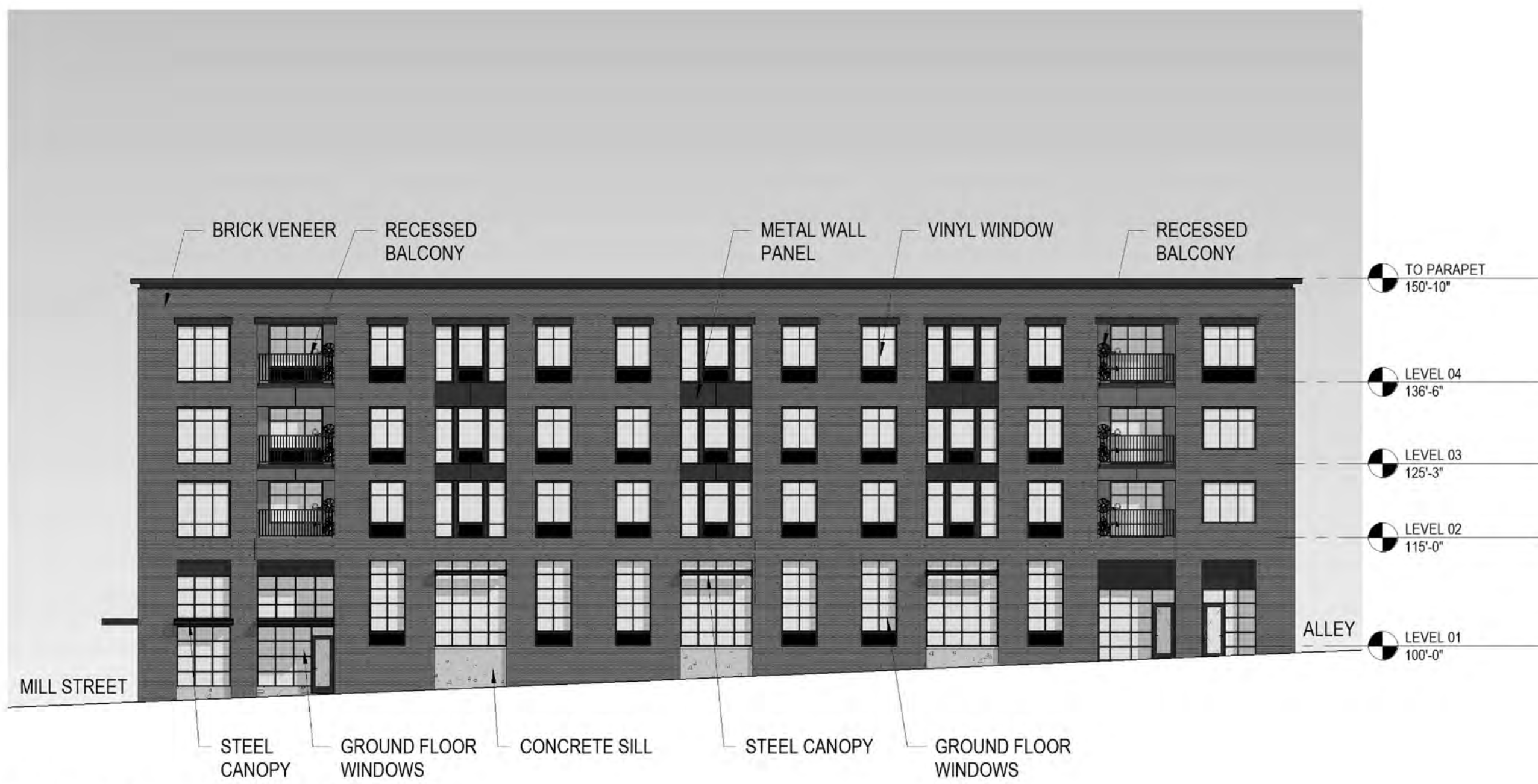
 1 FLOOR PLAN - LEVEL 04
1/16" = 1'-0"



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



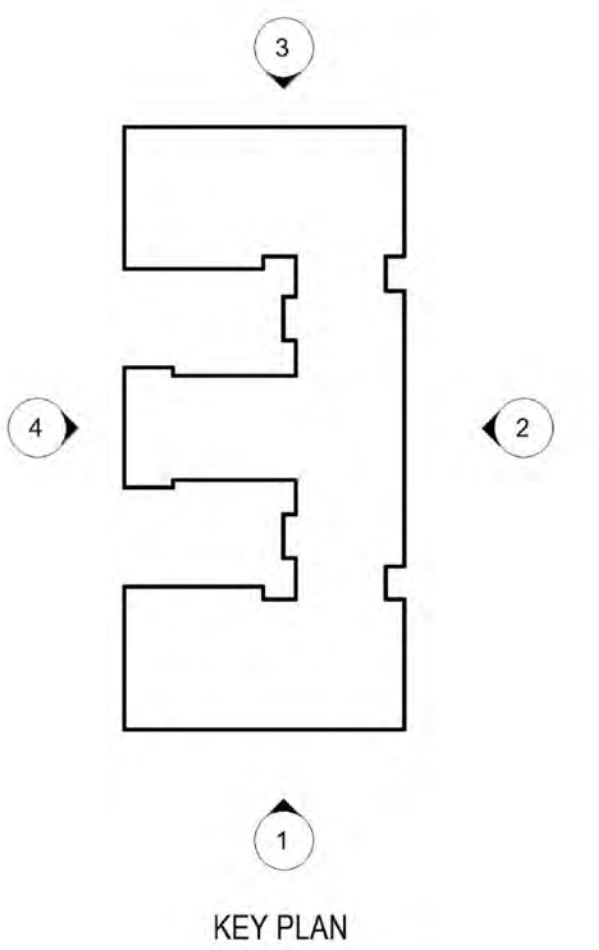
2 EAST ELEVATION
1/16" = 1'-0"



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



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



KEY PLAN





▲ Parcel 3BC - MUPTE Application

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: _____

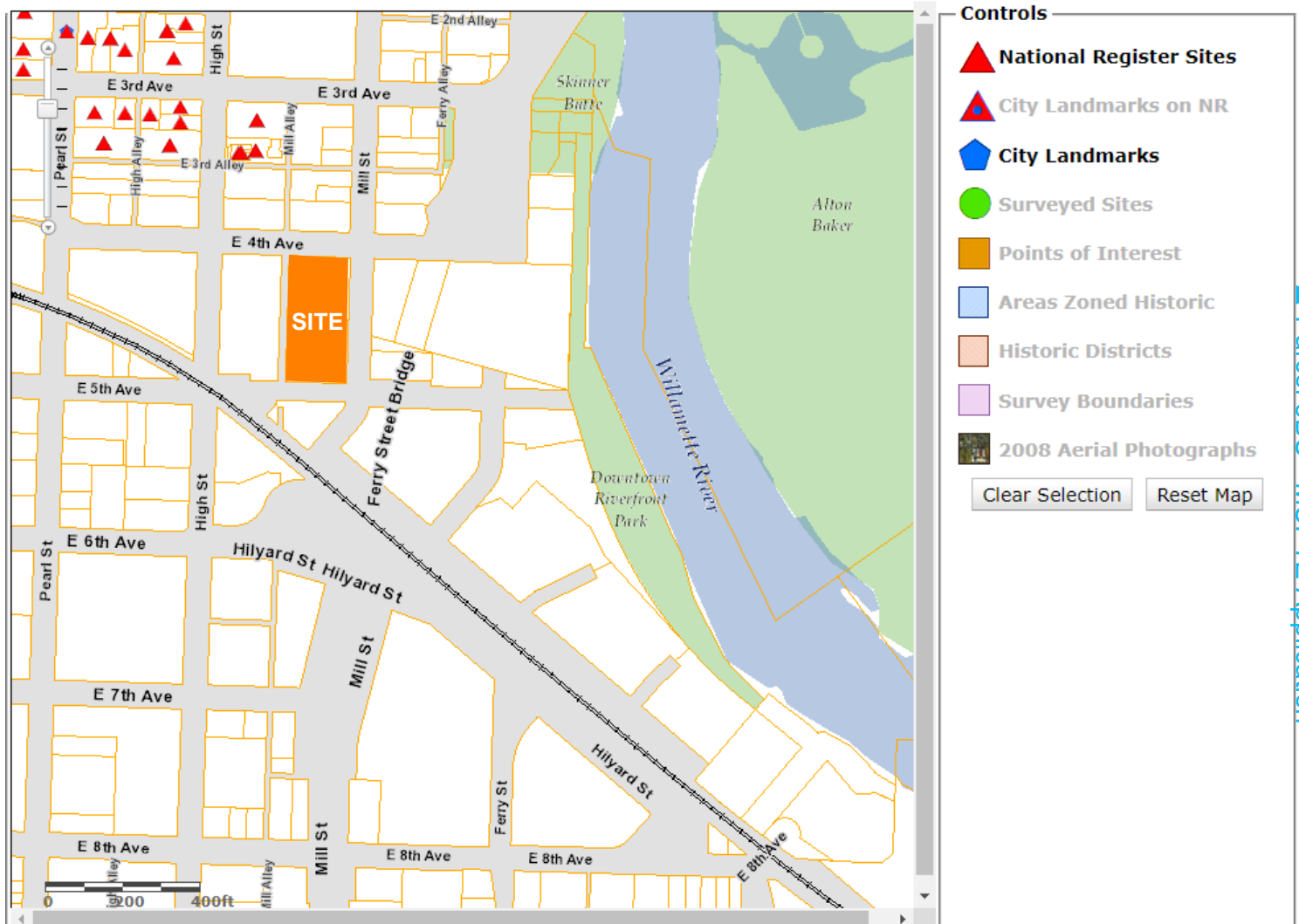
⁴ As defined in the Administrative Rule, an historic locale is a building that has historic, cultural and/or architectural significance, locally, regionally, or nationally. A historic locale can also include a building acknowledged by the Eugene Historic Review Board as strongly or possibly eligible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

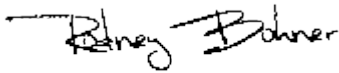
¹ "Eugene's River Road: Transportation" (PDF). City of Eugene. June 2006.

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
541-682-5437 | rodney.t.bohner@ci.eugene.or.us

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	\$11,014		\$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	\$6,174		\$871,646

Net Operating Income

\$3,012,123

Mar. 9, 2022 Work Session - Item 54

\$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

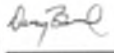
H. Application Finalization Worksheet

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

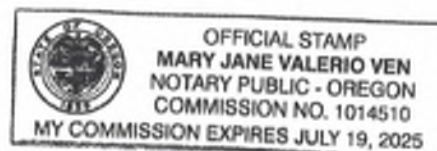
State of OREGON

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", with a stylized flourish extending to the right.

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
 - Scenario A, Low Density
 - Scenario B, High Density
- Neighborhood Engagement
 - Minutes from Meeting & Comments
 - 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~~
- Narrative

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Project is not pursuing moderate-income housing.

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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.

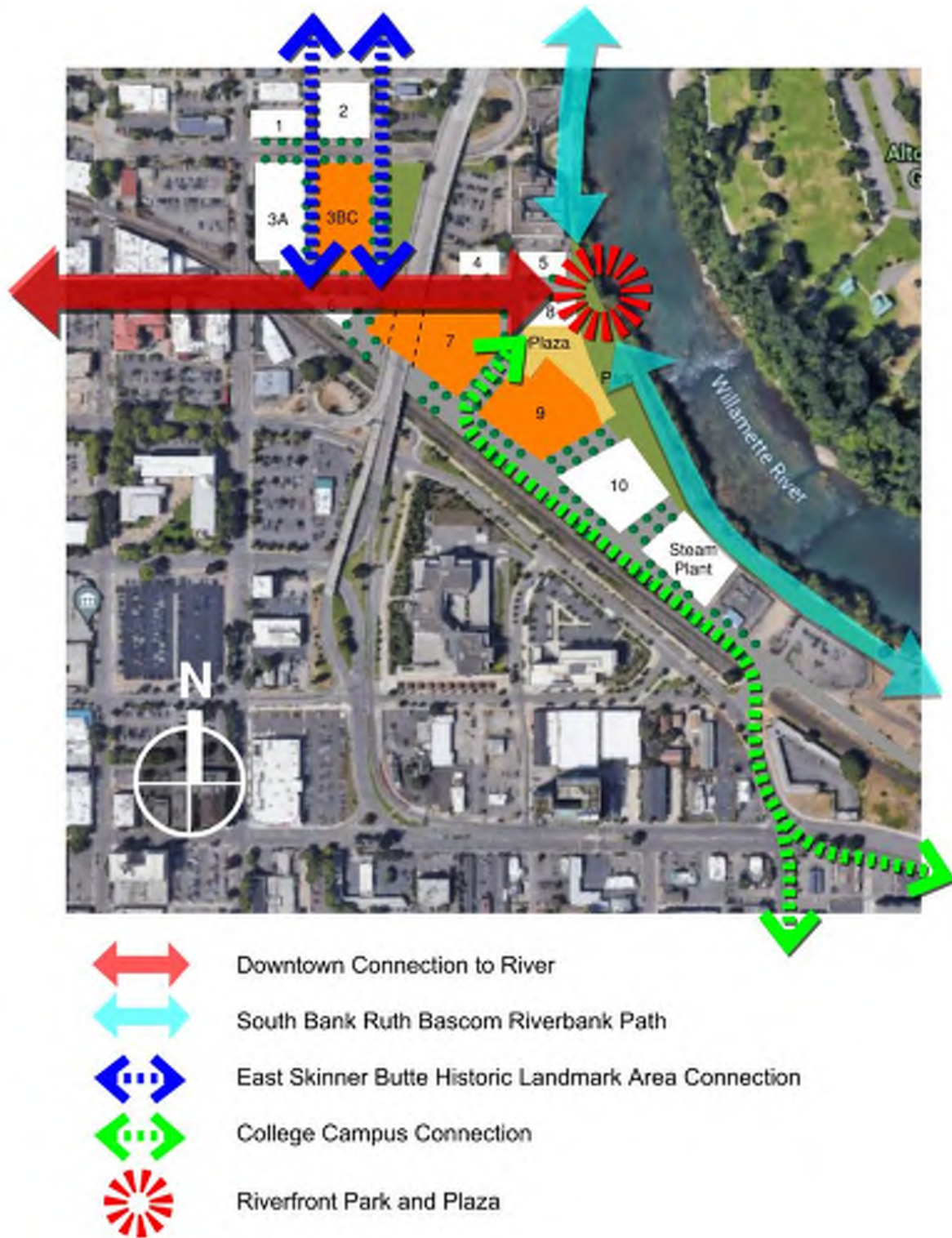
Differences

- 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 55 units/acre (95 Units)
Based on DDA
Maximum Density Allowed 103 units/acre (175 Units)
Based on DDA
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 - MUPT 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

Participants (20)

Find a participant

- Joshua Lupkin (Me)
- Kelsey Devor (Sherher) (Host)
- Kurt Schultz
- Suzanne
- Doug Oldfield
- Rachael Love
- 19713065104
- Amanda O'Sullivan
- Ally Arriaga
- Andrew Schular
- Emily Sample
- Eric Hantz (Baylor)
- GU Advisors
- John Mangin
- Julia Johnson
- Kath
- Leah M. SMU House

Parcel 7 - MUPT Application

Participants (20)

Find a participant

- GU Advisors
- John Mangin
- Julia Johnson
- Kath
- Leah M. SMU House
- Mark Oreschowski
- Michael Cunningham
- Phil Farrington
- Ravi Durbar
- Rhonda Smith
- Stephanie Jackson
- Steve Ball
- Susan Volting
- Suzanne
- Tim Morris (Baylor)
- Will Grady (City of Eugene)
- Jim

North- Riverfront Plaza and Park

Meeting Sign In Sheet

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 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.

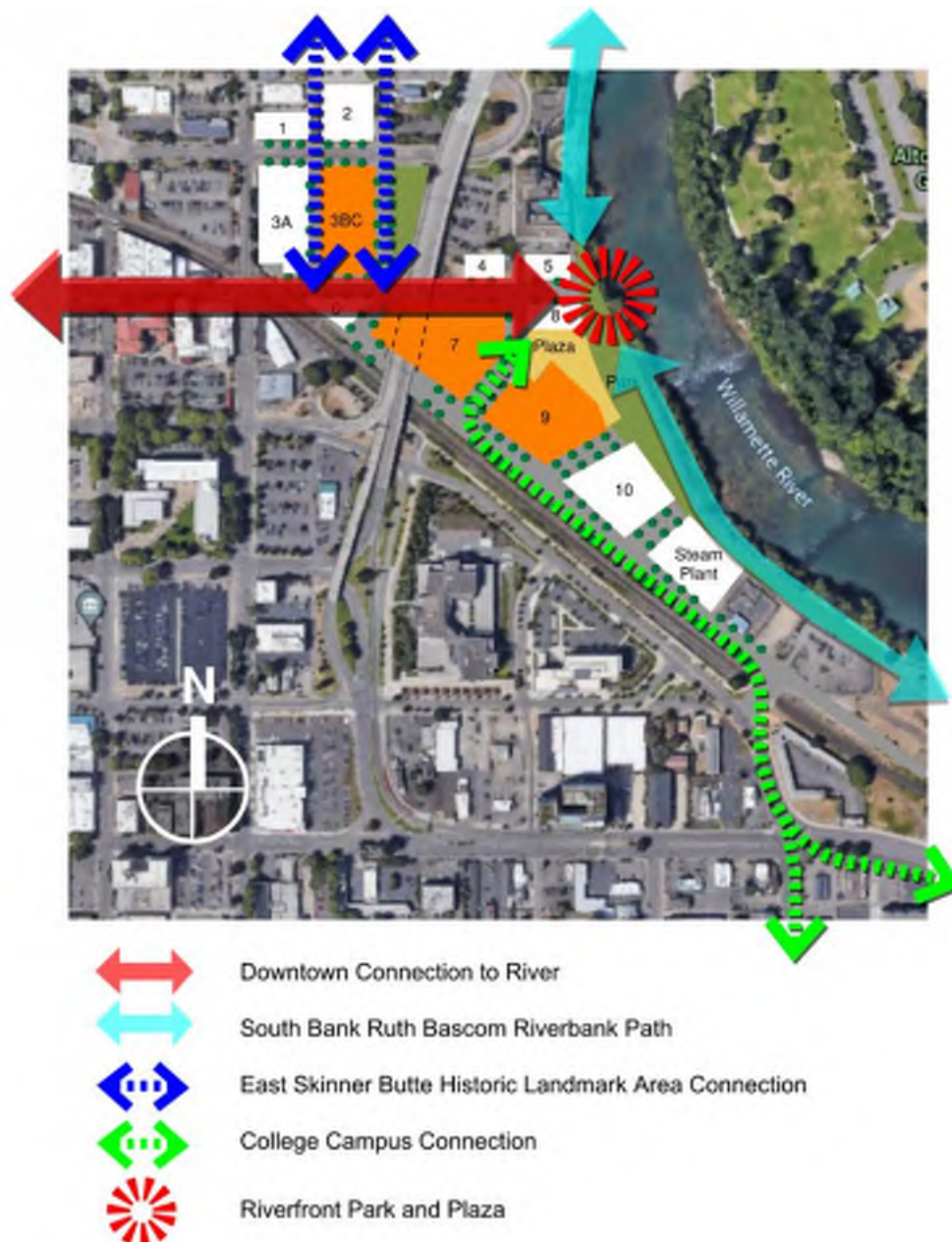
7. Project Need

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 - MUPTe 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:

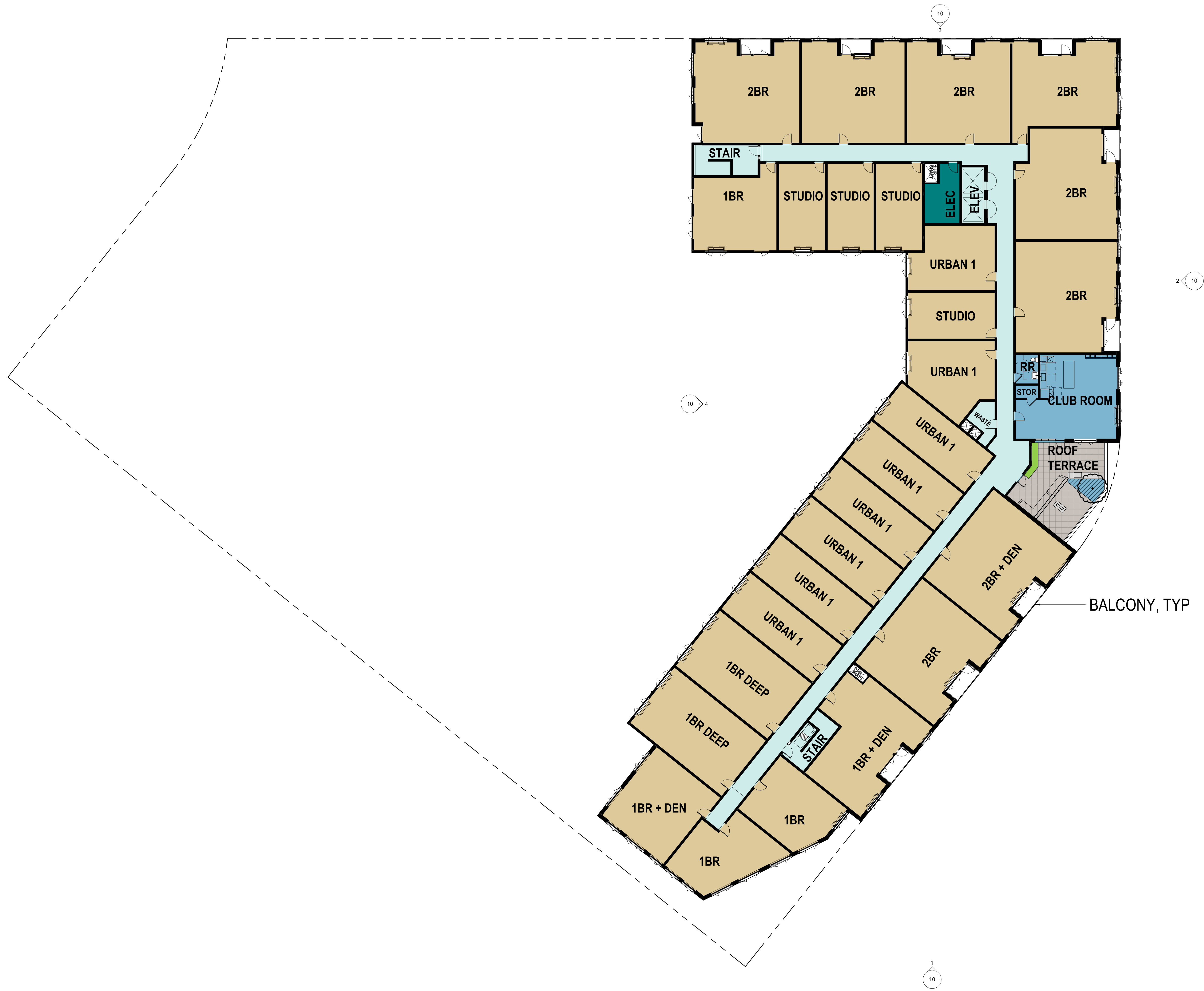
- Shelter entries by using awnings and/or by recessing the entry within the building façade.
- Provide a high degree of transparency for all ground floor commercial uses.
- Consider the use of clerestory windows on storefronts and other ground floor commercial uses.
- Where appropriate, place awnings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



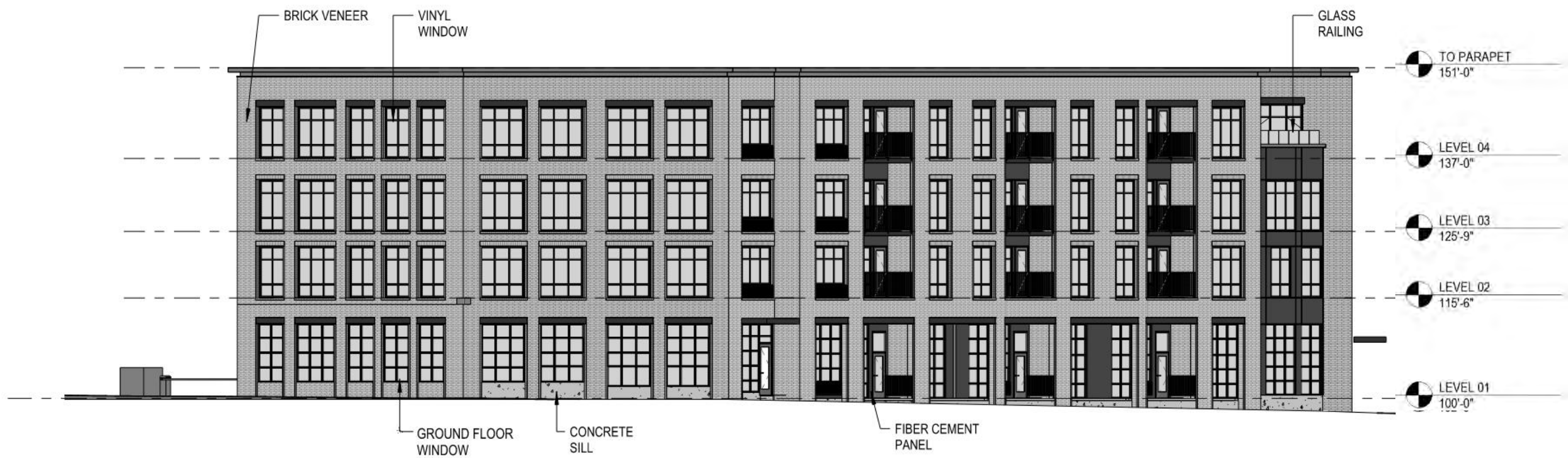

$$1/16'' = 1'-0''$$



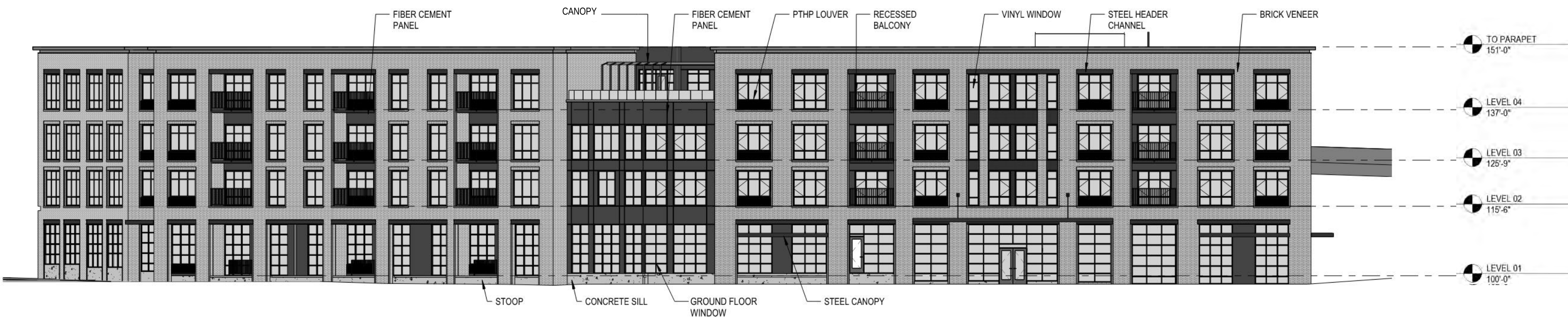
Department Legend

- AMENITY
- BOH
- COMMON
- UNIT

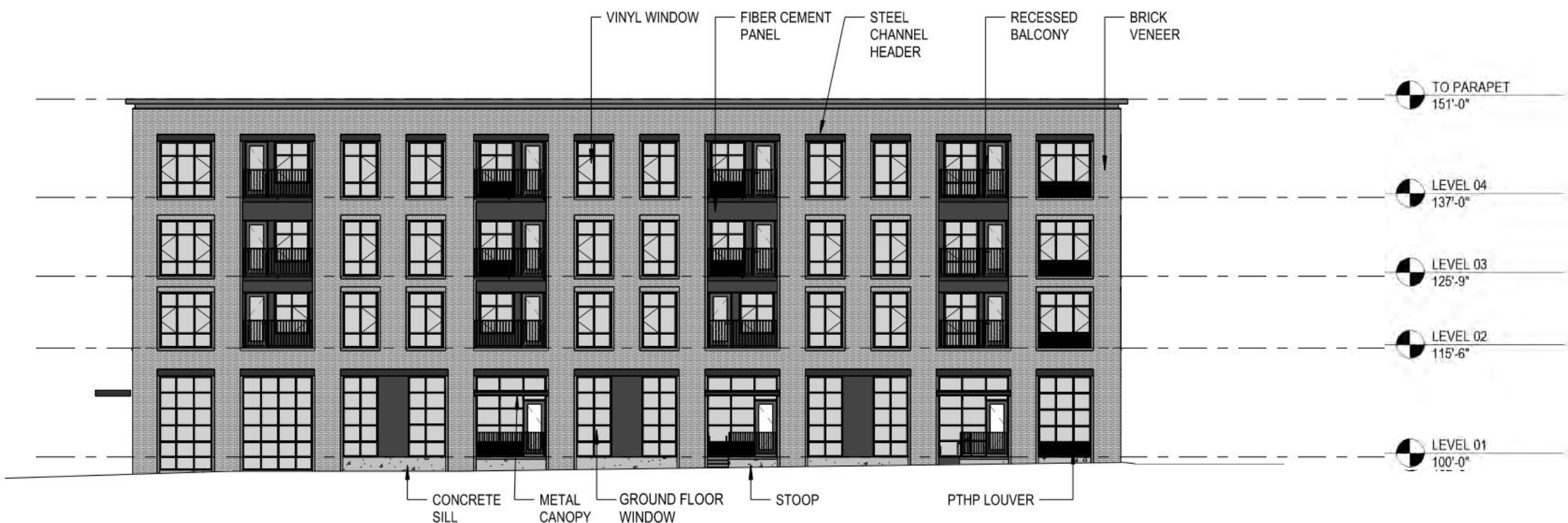
1 FLOOR PLAN - LEVEL 04 (SCENARIO A); LEVEL 05 (SCENARIO B)
1/16" = 1'-0"



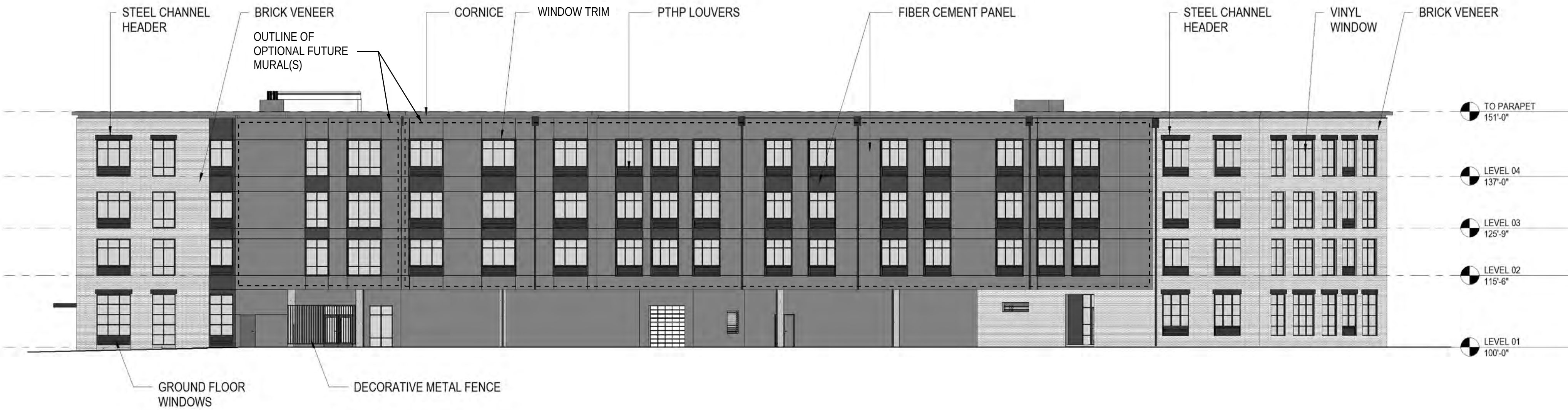
1 BUILDING ELEVATION - SOUTH
1/16" = 1'-0"



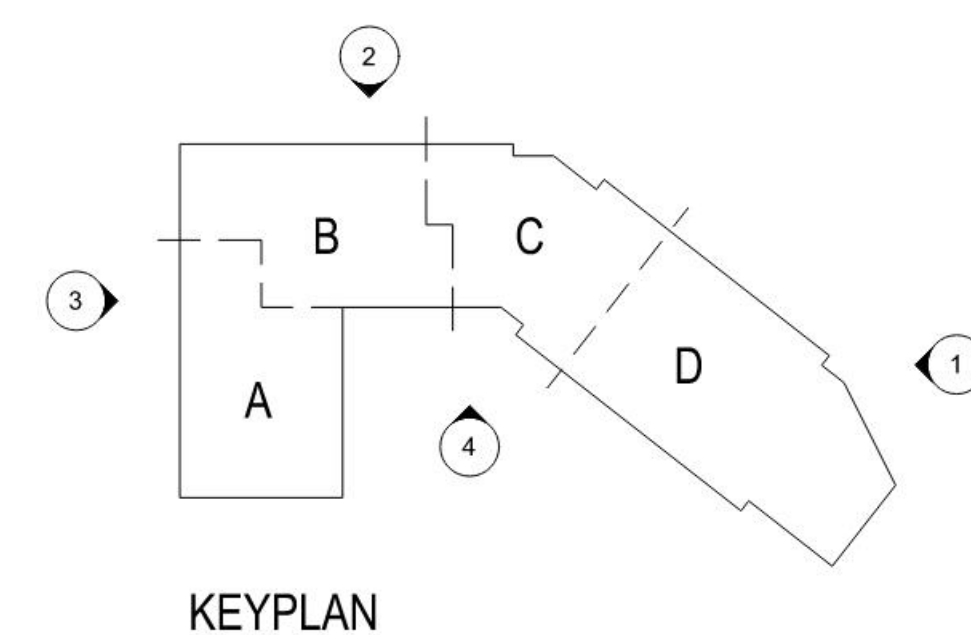
2 BUILDING ELEVATION - EAST
1/16" = 1'-0"



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



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



KEYPLAN



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

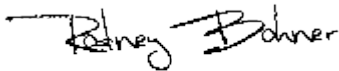
¹ "Eugene's River Road: Transportation" (PDF). City of Eugene. June 2006.

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,

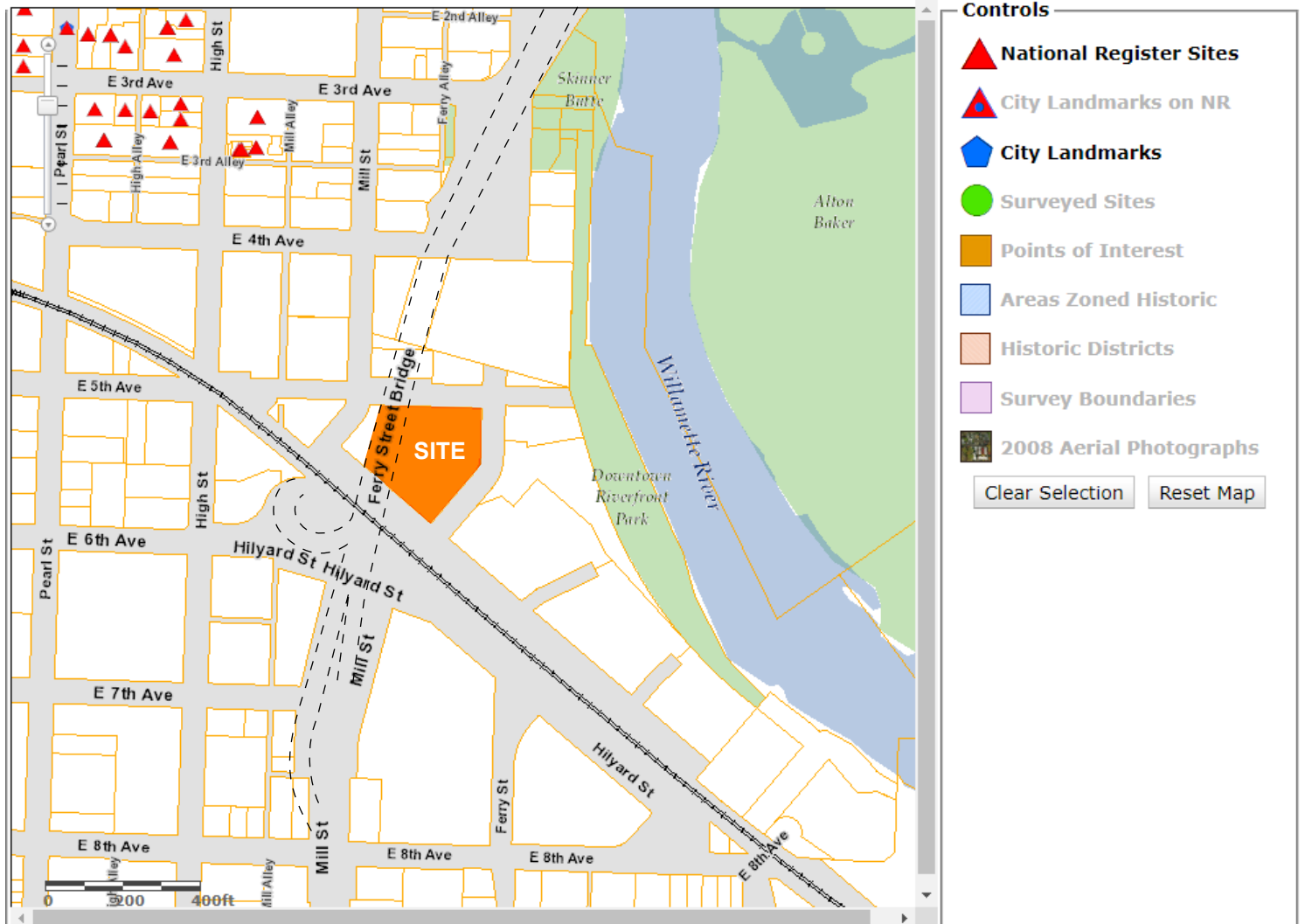


Rodney T. Bohner, *Associate Planner*
Eugene Planning Division | Land Use Planning
541-682-5437 | rodney.t.bohner@ci.eugene.or.us

Historic Housing Map

Eugene Riverfront District

ERD Parcel 7 - Scenario A & B



Parcel 7 - MUPT Application

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	\$6483		\$668,592

Net Operating Income

\$1,742,387

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\$1,893,657

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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	\$938,616	\$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

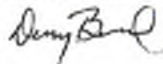
		Total
Land Acquisition	74,133 SF	\$3,780,783
Purchase Price From City (\$31/SF)	\$2,298,123	
Land Acquisition Soft Costs (\$20/SF)	\$1,482,660	
Schematic Design and MUPTE Application		\$685,628
A/E Concept and Schematic Design	\$515,131	
MUPTE Application / Other SD Soft Costs	\$170,497	
Architectural / 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

Table of Contents

Eugene Riverfront District

ii. Cover Letter

A. Application

- 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
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- 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 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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E. Omitted - Moderate-Income Housing Worksheet.

Project is not pursuing moderate-income housing.

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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,~~

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.

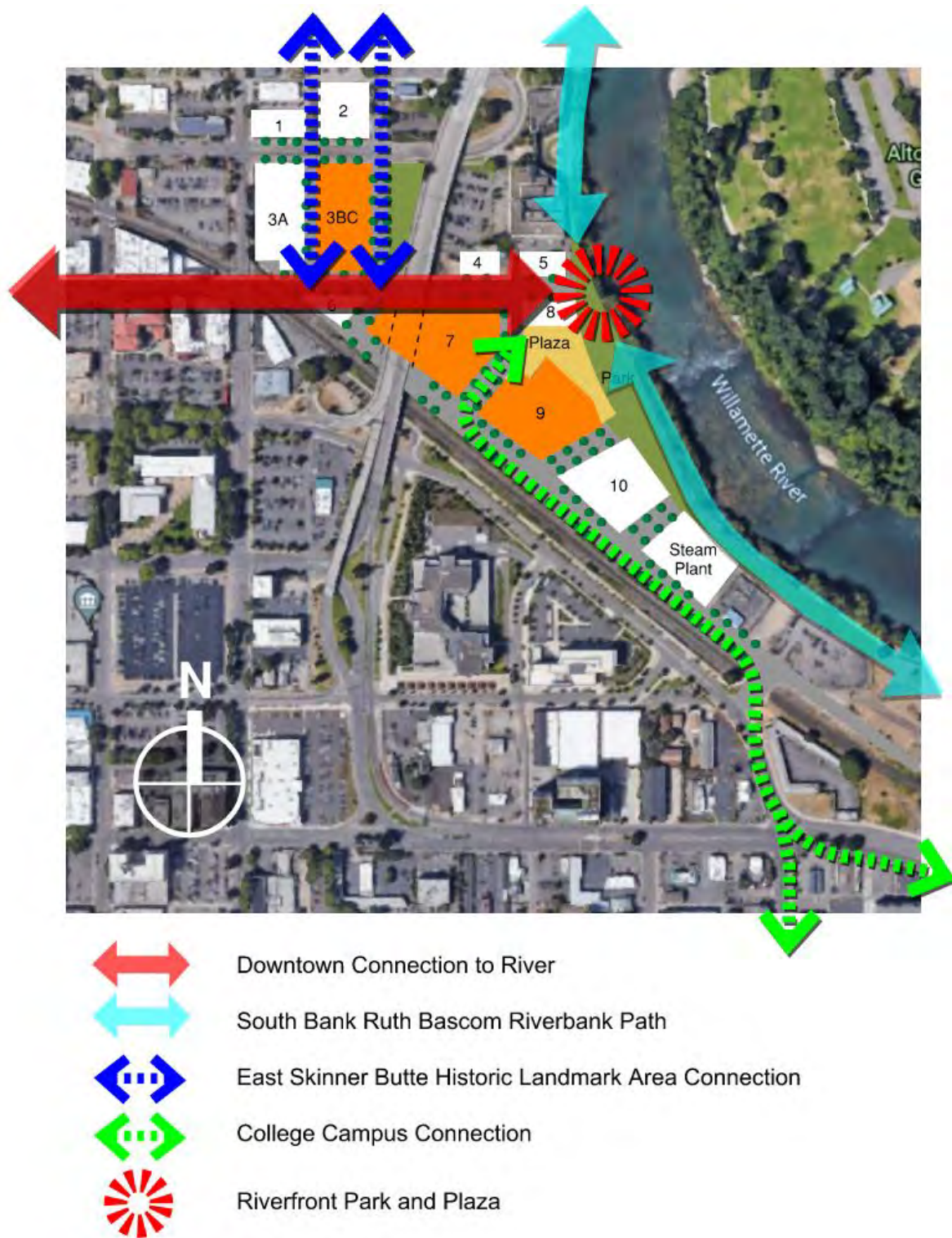
Differences

- 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 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	Scenario B
	117 Spaces	166 Spaces
	35% Reduction: 0.4875 spaces per unit:	
	Scenario A	Scenario B
	77 Spaces	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

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

★ Parcel 9 - MUPTA Application

~~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

You are viewing Kurt Schultz's screen

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 - MUPTe 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.

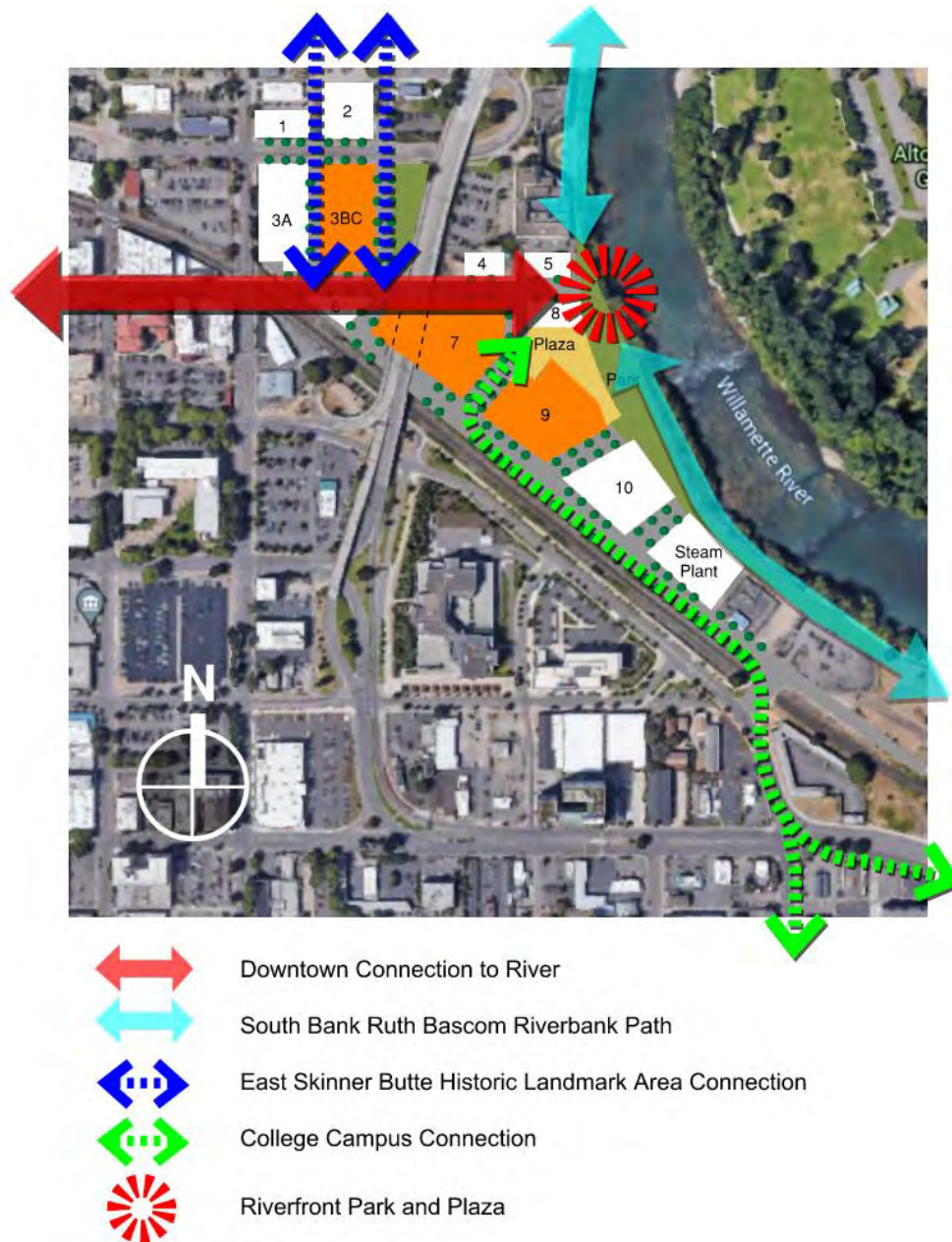
7. Project Need

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



★ Parcel 9 - 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 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.

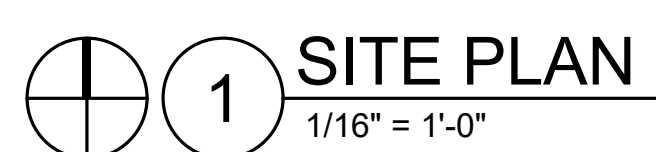
Relationship to the Street and Surrounding Uses: The proposal is designed to engage and enrich the streetscape, as well as respect and enhance the existing surrounding uses. Recommended techniques include:

- 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.



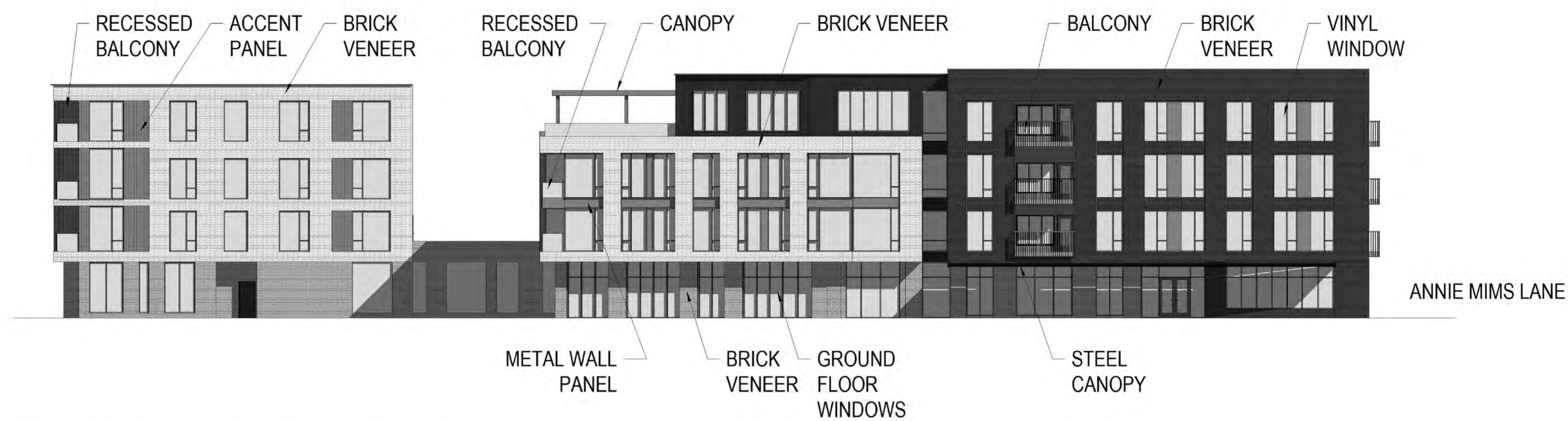




1 LEVEL 02-03
1/16" = 1'-0"



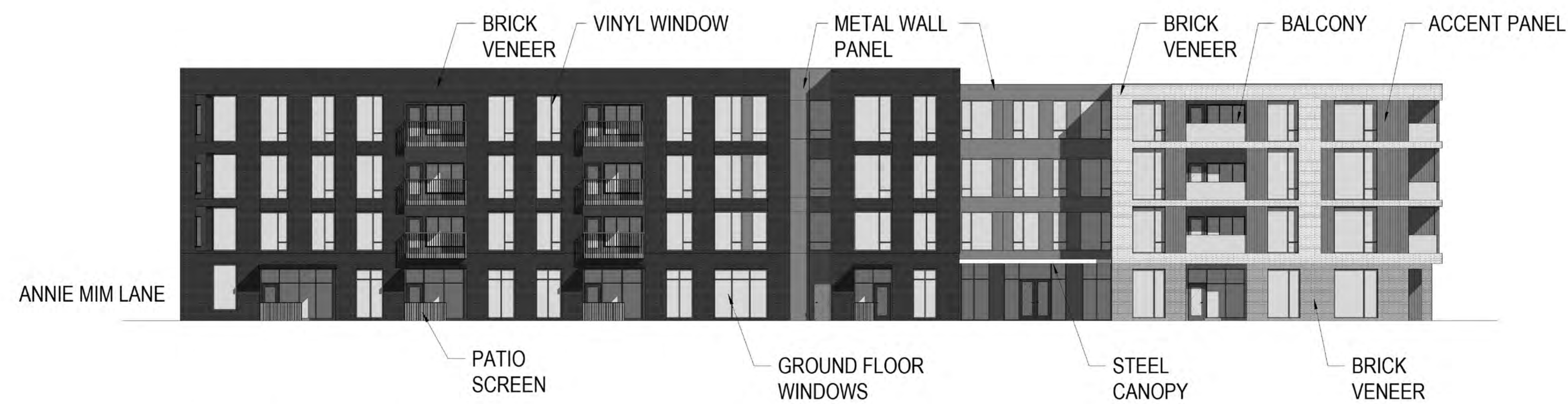
  **LEVEL 04**
1/16" = 1'-0"



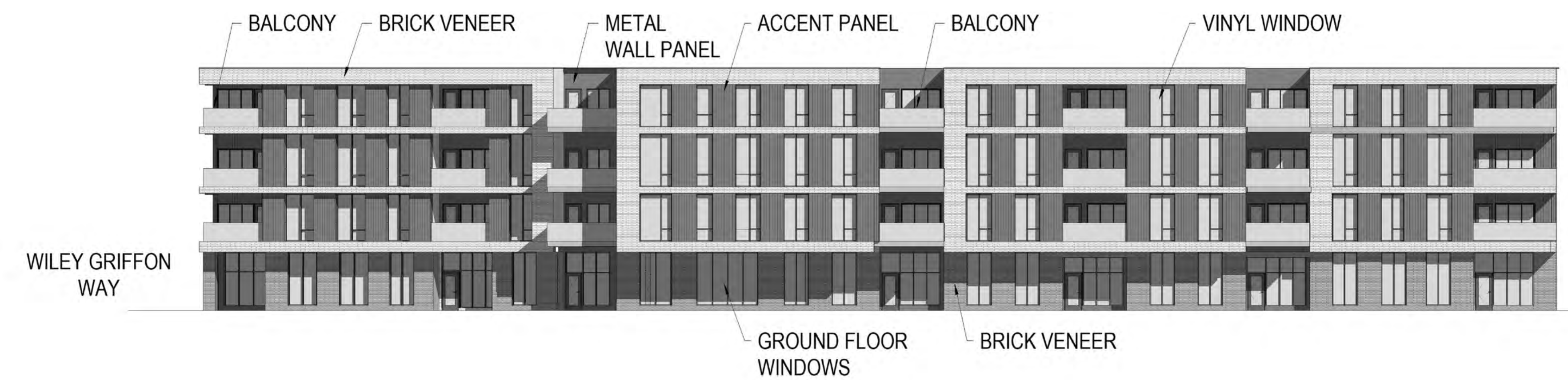
1 BUILDING ELEVATION - NORTH
1/16" = 1'-0"



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: _____

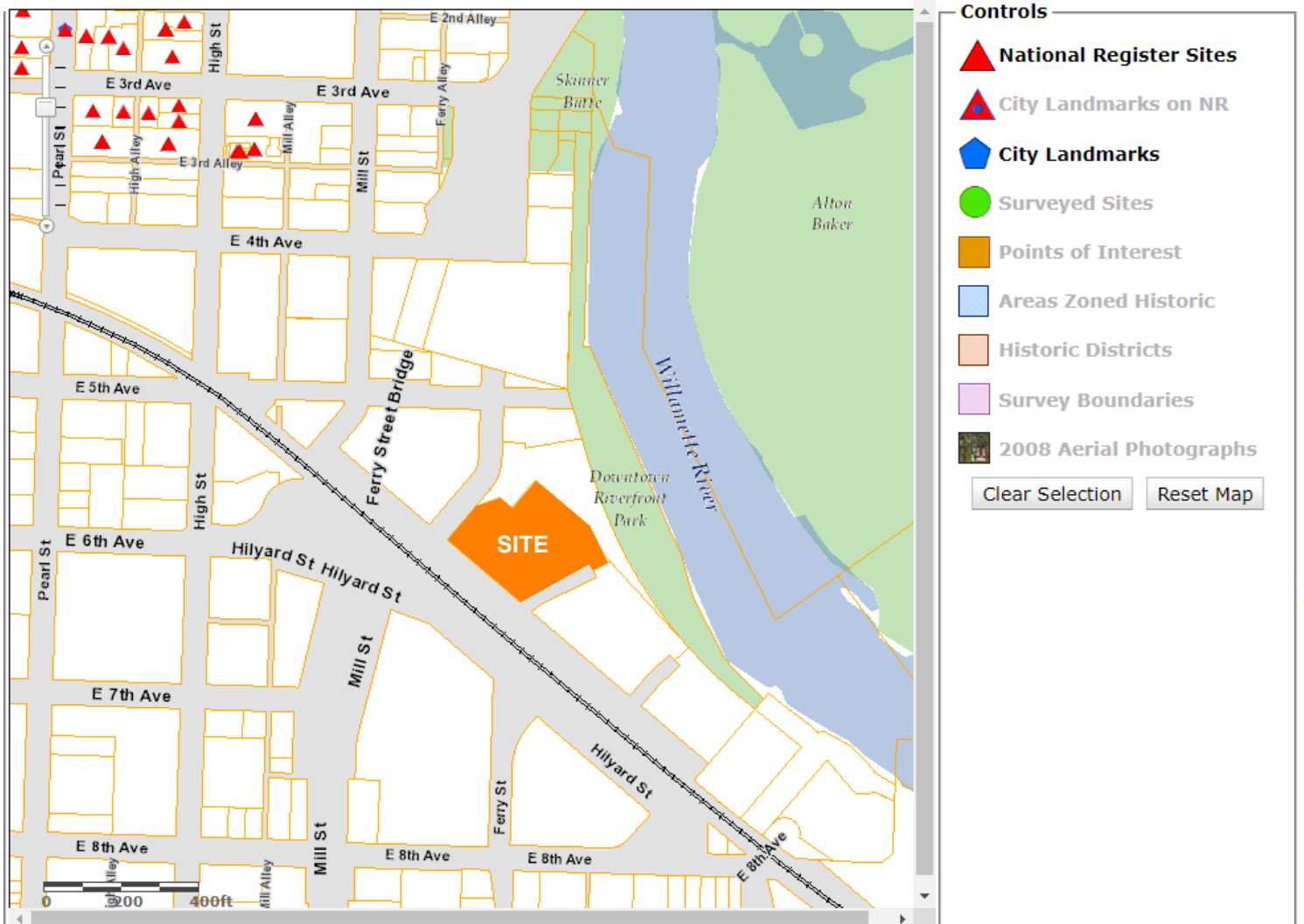
⁴ As defined in the Administrative Rule, an historic locale is a building that has historic, cultural and/or architectural significance, locally, regionally, or nationally. A historic locale can also include a building acknowledged by the Eugene Historic Review Board as strongly or possibly eligible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





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

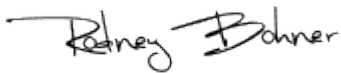
¹ "Eugene's River Road: Transportation" (PDF). City of Eugene. June 2006.

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 - MUPTE Application

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 - MUPTE Application

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.

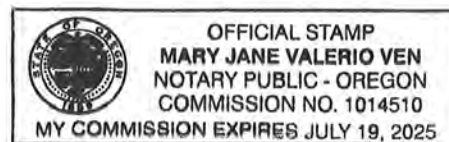
By:  Date: 9.30.21
Applicant Signature

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	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 Type	Unit Mix		Average Unit Size (Sq. Ft.)	Monthly Rent	Rent per Square Foot
	Units	Percentage			
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 Type	Unit Mix		Average Unit Size (Sq. Ft.)	Monthly Rent	Rent per Square Foot
	Units	Percentage			
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	Units	Projected Parcel 7	
				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			
Parcel	Account #	Acres	Zoning	Taxable Assessed Value (FY 21)			Taxable Assessed Value (Paid in FY 23)		
				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

MUPTE Review Panel Conclusions*Eugene Riverfront Parcel 3B/3C*

General Requirements	
Overall	Concerns
<p>The Panel agreed that the Project meets the general requirement criteria, including:</p> <ul style="list-style-type: none"> • The proposed project is not student housing, has 5 or more units, and is within the boundary; • The required neighborhood engagement for this point in the process was met with the applicant presenting the proposed project to the Downtown Neighborhood Association. 	None.

REQUIRED PUBLIC BENEFITS

1. Compact Urban Development	
Overall	Concerns
<p>The Panel agreed that the proposed project meets the minimum density required by the MUPTE program. The site is zoned as SR-D Downtown Riverfront Special Area, which has no minimum residential unit density. The proposal includes 130 dwelling units at 106 units per acre.</p>	None.

2. Green Building Features	
Overall	Concerns
<p>In order to achieve the green building public benefit threshold of performing at least 10% more efficiently than the Oregon Energy Efficiency Specialty Code, the applicant chose the City of Eugene Building and Permit Services pathway. The Panel agreed that the application materials included what was necessary and noted that the project, if approved and constructed, would need to meet the energy efficiency and green building documentation requirements set out in the program (energy model at permit application and commissioning report 18 months after Certificate of Occupancy).</p>	None.

3. Local Economic Impact Plan	
<i>Local Conditions</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately demonstrates how the applicant will ensure that more than 50% of dollar volume of professional services and construction costs will be local to Lane County.	None.
<i>Minority and Women Business Enterprises</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately describes how they will provide an equitable opportunity for minority and women business enterprises to compete for development related contracts.	None.
<i>Compliance with Laws</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately describes how they intend to ensure that all parties involved, including contractors and subcontractors, will comply with wage, tax, and licensing laws.	None.

4. Moderate-Income Housing Contribution	
Overall	Concerns
The Panel agreed that the applicant plans to meet the moderate-income housing contribution requirement by paying the fee. They will pay this fee in annual installments from year 3 to year 10 of the MUPTe period.	None.

5. Project Design and Compatibility	
Overall	Concerns
<p>The Panel discussed the project's overall design elements and agreed that the applicant provided a narrative and accompanying graphics that adequately demonstrate how the project addresses the basic design principles, including:</p> <ul style="list-style-type: none"> • Scale, form, and quality of building, • Mixture of project elements, • Relationship to the street and surrounding uses, and • Parking and circulation. 	The Panel agreed that, overall, the parking and circulation plans were satisfactory. They expressed concern that more thought could be given to internal circulation. Specifically, they noted the distance between the building's elevators and the bicycle storage rooms, and the Panel discussed the potential for conflicts in the narrow halls between users moving their bicycles and other residents.

6. Historic and Existing Housing Sensitivity	
Overall	Concerns
The Panel agreed that the project does not impact historic locales or existing housing.	None.

7. Project Need	
Overall	Concerns
Overall, the Panel concluded that the exemption is needed for the project. Based on PNW Economics's analysis, the Panel unanimously concluded that the project demonstrates need for a 10-year MUPTE.	None.

Overall recommendation to the City Manager:
Provide a ten-year MUPTE.

MUPTE Review Panel Conclusions*Eugene Riverfront Parcel 7*

General Requirements	
Overall	Concerns
<p>The Panel agreed that the Project meets the general requirement criteria, including:</p> <ul style="list-style-type: none"> • The proposed project is not student housing, has 5 or more units, and is within the boundary; • The required neighborhood engagement for this point in the process was met with the applicant presenting the proposed project to the Downtown Neighborhood Association. 	None.

REQUIRED PUBLIC BENEFITS

1. Compact Urban Development	
Overall	Concerns
<p>The Panel agreed that the proposed project meets the minimum density required by the MUPTE program. The site is zoned as SR-D Downtown Riverfront Special Area, which has no minimum residential unit density. The proposal includes 95 dwelling units at 55 units per acre.</p>	None.

2. Green Building Features	
Overall	Concerns
<p>In order to achieve the green building public benefit threshold of performing at least 10% more efficiently than the Oregon Energy Efficiency Specialty Code, the applicant chose the City of Eugene Building and Permit Services pathway. The Panel agreed that the application materials included what was necessary and noted that the project, if approved and constructed, would need to meet the energy efficiency and green building documentation requirements set out in the program (energy model at permit application and commissioning report 18 months after Certificate of Occupancy).</p>	None.

3. Local Economic Impact Plan	
<i>Local Conditions</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately demonstrates how the applicant will ensure that more than 50% of dollar volume of professional services and construction costs will be local to Lane County.	None.
<i>Minority and Women Business Enterprises</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately describes how they will provide an equitable opportunity for minority and women business enterprises to compete for development related contracts.	None.
<i>Compliance with Laws</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately describes how they intend to ensure that all parties involved, including contractors and subcontractors, will comply with wage, tax, and licensing laws.	None.

4. Moderate-Income Housing Contribution	
Overall	Concerns
The Panel agreed that the applicant plans to meet the moderate-income housing contribution requirement by paying the fee. They will pay this fee in annual installments from year 3 to year 10 of the MUPTe period.	None.

5. Project Design and Compatibility	
Overall	Concerns
<p>The Panel discussed the project's overall design elements and agreed that the applicant provided a narrative and accompanying graphics that adequately demonstrate how the project addresses the basic design principles, including:</p> <ul style="list-style-type: none"> • Scale, form, and quality of building, • Mixture of project elements, • Relationship to the street and surrounding uses, and • Parking and circulation. 	None.

6. Historic and Existing Housing Sensitivity	
Overall	Concerns
The Panel agreed that the project does not impact historic locales or existing housing.	None.

7. Project Need	
Overall	Concerns
Overall, the Panel concluded that the exemption is needed for the project. Based on PNW Economics's analysis, the Panel unanimously concluded that the project demonstrates need for a 10-year MUPTE.	None.

Overall recommendation to the City Manager:
Provide a ten-year MUPTE.

MUPTE Review Panel Conclusions*Eugene Riverfront Parcel 9*Note Regarding Parcel 9 Scenario B

At the time the MUPTE Review Panel reviewed the Parcel 9 application, it included an alternative, higher-density second development scenario ("Scenario B"). As with the alternative proposals for Parcels 3BC and 7, the applicant has withdrawn Scenario B from consideration. Materials related to Scenario B can be ignored, but the Review Panel's conclusions about the proposal are included in this summary.

General Requirements	
Overall	Concerns
<p>The Panel agreed that the Project (both Scenario A and Scenario B) meets the general requirement criteria, including:</p> <ul style="list-style-type: none"> • The proposed project is not student housing, has 5 or more units, and is within the boundary; • The required neighborhood engagement for this point in the process was met with the applicant presenting the proposed project to the Downtown Neighborhood Association. 	None.

REQUIRED PUBLIC BENEFITS

1. Compact Urban Development	
Overall	Concerns
The Panel agreed that the proposed project (both Scenario A and Scenario B) meets the minimum density required by the MUPTE program. The site is zoned as SR-D Downtown Riverfront Special Area, which has no minimum residential unit density. Scenario A includes 156 dwelling units at 94 units per acre.	None.

2. Green Building Features	
Overall	Concerns
In order to achieve the green building public benefit threshold of performing at least 10% more efficiently than the Oregon Energy Efficiency Specialty Code, the applicant chose the City of Eugene Building and Permit Services pathway. The Panel agreed that the application materials included what was necessary and noted that the project, if approved and constructed, would need to meet the energy efficiency and green building documentation requirements set out in the program (energy model at permit application and commissioning report 18 months after Certificate of Occupancy).	None.

3. Local Economic Impact Plan	
<i>Local Conditions</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately demonstrates how the applicant will ensure that more than 50% of dollar volume of professional services and construction costs will be local to Lane County.	None.
<i>Minority and Women Business Enterprises</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately describes how they will provide an equitable opportunity for minority and women business enterprises to compete for development related contracts.	None.
<i>Compliance with Laws</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately describes how they intend to ensure that all parties involved, including contractors and subcontractors, will comply with wage, tax, and licensing laws.	None.

4. Moderate-Income Housing Contribution	
Overall	Concerns
The Panel agreed that the applicant plans to meet the moderate-income housing contribution requirement by paying the fee. They will pay this fee in annual installments from year 3 to year 10 of the MUPTE period.	None.

5. Project Design and Compatibility	
Overall	Concerns
<p>The Panel discussed the project's overall design elements and agreed that the applicant provided a narrative and accompanying graphics that adequately demonstrate how both Scenario A and Scenario B address the basic design principles, including:</p> <ul style="list-style-type: none"> • Scale, form, and quality of building, • Mixture of project elements, • Relationship to the street and surrounding uses, and • Parking and circulation. 	None.

6. Historic and Existing Housing Sensitivity	
Overall	Concerns
The Panel agreed that the project does not impact historic locales or existing housing.	None.

7. Project Need	
Overall	Concerns
<p><u>Scenario A</u></p> <p>Overall, the Panel concluded that the exemption is needed for Scenario A. Based on PNW Economics's analysis, the Panel unanimously concluded that the project demonstrates need for a 10-year MUPTE.</p> <p>For Scenario B, the Panel concluded that approval of a MUPTE is warranted, but it did not specify a duration for the exemption.</p>	<p>Scenario A: None</p> <p>Scenario B: The Panel stated support for additional housing and density. While recognizing the consultant's interpretation of the available financial data, they concluded that additional questions remain regarding the proposal's financial need and the length of a MUPTE needed to secure its financial feasibility. Eight members of the panel voted in favor of this conclusion and one member voted in opposition. One member supported a 1-6 year MUPTE but was not present for the motion described.</p>

Overall recommendation to the City Manager for Scenario A:
Provide a ten-year MUPTE.

Scenario B has been withdrawn from consideration.

MUPTE MINORITY REPORT ON RIVERFRONT MUPTE APPLICATIONS

Submitted by; Mark Steven Baker

Date: February 15, 2022

Submission

Three Riverfront MUPTE applications were submitted to the MUPTE Review Panel and considered during meetings on January 5, January 26, and February 3, 2022. These MUPTE applications were designated as Riverfront parcels 3BC, 7, and 9. This is a minority report on these three MUPTE applications prepared by a member of the MUPTE Review panel.

Summary

There are several questions that I am asking the Eugene City Council to consider when evaluating whether these specific MUPTE Riverfront applications as submitted should receive a property tax exemption. More details are included after the summary.

1. There are serious shortages of subsidized housing, low-cost housing, and moderate-income housing in the Eugene area. MUPTE applications are evaluated on general application requirements and seven additional public benefit requirements including the "Moderate-Income Housing Contribution". To qualify for the moderate income housing contribution requires that either:
 - (1) a minimum of 30% of the total units qualify as moderate income housing for the tax exemption period (normally 10 years) or
 - (2) the moderate-income housing fee of 10% of the total property tax exemption benefit for the 10-year period is paid.

The submitted MUPTE applications plan to pay the moderate-income housing fee of 10% starting in year 3. But is this a fair benefit to the community?

The total development costs in 2022 dollars for the three MUPTE applications is estimated at \$163 million. If 30% of the units were provided as moderate income

housing, as in option 1, this could represent up to \$49 million in moderate-income housing development and provide 114 moderate-income housing units for a 10-year period. In contrast, using the applicant's preferred option 2, 10% of the total estimated property tax exemption for the three properties is \$2.6 million and is paid starting in year 3 to year 10. The potential economic benefit of the moderate housing units in option 1 is almost 25 times greater than the fee in option 2.

The economics consultant retained by the City of Eugene to evaluate these projects thought the rents were excessive for the Eugene market. However, the proposed rents make sense if the target is luxury housing. For example, Parcel 9 is probably one of the most choice sites for housing in all of Eugene. The parcel fronts on the new widened section of the Riverfront Park. Many of the apartments have unobstructed views to the river, to Alton Baker Park across the river, and to hills in the distance.

In light of the housing shortage for subsidized, low-cost, and moderate income housing should the Eugene City Council be subsidizing luxury housing in the Riverfront district?

2. The Eugene Sustainability Commission has spent many years developing guidelines to address climate, sustainability and energy issues. Part of this work included guidelines for renewing the franchise agreement with Northwest Natural Gas. The Eugene City Council has endorsed specific goals and objectives to address the climate crisis and sustainability and adopted Climate Action Plan 2.0 in 2020. A franchise renewal with Northwest Natural Gas has still not been completed in view of climate concerns.

In light of this, should the Eugene City Council be subsidizing new housing in the Riverfront district that plans to use natural gas as an energy source?

3. Electric vehicle use in Oregon and the US is growing rapidly. City-owned parking garages in downtown Eugene already have electric-vehicle charging stations. The current MUPTE guidelines only require that new MUPTE applications include the *potential* to add electric vehicle charging at some later date. There will be about

185 parking spaces required by code in the proposed MUPTE projects (parking garages and parking areas).

Should the Eugene City Council be subsidizing new housing in the Riverfront district that lacks any electric-charging stations in the parking garages and parking areas?

4. Eugene Public Works and other citizen groups have advocated for improved bicycle infrastructure to encourage bicycle use and reduce automobile use. Part of this bicycle infrastructure includes Eugene standards adopted for bicycle parking. For housing projects this includes long-term bike parking (~90%) and short-term bicycle parking (~10%). The Riverfront was envisioned as an active pedestrian area with heavy pedestrian use of sidewalks.

There will be approximately 56 short-term bicycle parking spaces required by code in the proposed MUPTE projects. These MUPTE applications show short-term bicycle parking sited in the public right-of-way in sidewalks, not on the project site as required by Eugene code. Waivers are allowed to the bicycle parking standards to use the public right-of-way for bicycle parking. But these waivers are generally only applied to existing buildings and certain downtown areas, not to bare land.

Should the Eugene City Council be subsidizing new housing in the Riverfront district that plans to use nearby sidewalks to provide temporary bicycle parking rather than providing parking on the building site?

The decision to approve any MUPTE application resides with the Eugene City Council. These three MUPTE applications could easily be revised and resubmitted with changes to address the shortcomings outlined above.

I am including some detailed discussions on some of these issues below for consideration.

Shortage of Subsidized, Low-cost, and Moderate-income Housing

Government officials in Eugene, Lane County and the Oregon state government all acknowledge the presence of a serious housing crisis. A housing shortage study by Freddie Mac from 2020 found that Oregon had the largest housing stock deficit (by proportion) of any state in the US (see Exhibits 3 and 4 at <http://www.freddiemac.com/research/insight/20200227-the-housing-supply-shortage.page>).

This housing shortage is most acute for subsidized, low-cost and moderate-income housing.

PNW Economics, LLC was retained by the City of Eugene to review the three MUPTE applications and prepare a Market & Financial Analysis of each project. All of the project development costs and MUPTE tax benefits included in this Minority Report were taken from the three MUPTE reports submitted by PNW Economics, LLC to the Eugene city staff and then on to the MUPTE Review Panel.

A MUPTE application is required to include a “Moderate-Income Housing Contribution”. Two options are available to meet this contribution:

- (1) A minimum of 30% of the total units qualify as moderate income housing for the tax exemption period (normally 10 years) or
- (2) A moderate-income housing fee of 10% of total property tax exemption benefit for the 10-year period is paid to the city.

The potential impact of option 1 (30% moderate housing units) could represent up to \$49 million in moderate-income housing development in Eugene and provide 114 new moderate-income housing units. If this option were utilized, the moderate-income housing units would likely be smaller units that lacked the best views with less costly finishes. So the result could be less than \$49 million of moderate-income housing development. However, 114 moderate-income housing units would be available in 2023.

The cost to the developer of option 2 (pay moderate income housing fee) is \$2.6 million and the fee doesn’t begin to be paid until year 3 (2025). The impact of

providing a minimum of 30% moderate-income housing units is almost 25 times greater than the potential impact of the moderate income housing fee. It is small wonder that developers choose the moderate income housing fee.

It is certainly possible to build moderate-income housing under MUPTE. The recently completed Ferry Street Manor project on East 11th Avenue included 50 apartments all of which were moderate income.

The analysis by PNW Economics, LLC compared the proposed rents for the three MUPTE applications with other recent housing projects. The conclusions for all three parcels were similar. The text below is from the analysis of Parcel 3BC:

“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 be 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 rents at Gordon Lofts used for this comparison were characterized as “top-of-market rents.”

The three MUPTE applications are for luxury apartments when housing needs are greatest for subsidized, low-cost, and moderate-income housing.

Sustainability and Energy

Commercial buildings often get remodeled every 15 to 25 years. In contrast, residential buildings tend to have a longer cycle of up to 40 years before major remodeling occurs. When an energy system is installed in a residential building, the system is unlikely to be replaced unless energy costs become prohibitive or the energy system starts to fail and needs replacement. If natural gas is installed in the proposed MUPTE buildings, it is likely that natural gas will be used for a long time, maybe 20+ years.

The Eugene City Council adopted Climate Action Plan 2.0 (CAP 2.0) in 2020 and the Climate Recovery Ordinance (CRO) to address climate, sustainability, and energy issues. It states the following:

“The CRO includes two community-wide climate goals that focus on fossil fuel use reduction and greenhouse gas emissions reduction.

- By the year 2030, all businesses, individuals, and others living or working in the city collectively shall reduce the total (not per capita) use of fossil fuels by 50% compared to 2010 usage.*
- By the year 2100, total community greenhouse gas emissions shall be reduced to an amount that is no more than the city of Eugene’s average share of a global atmospheric greenhouse gas level of 350ppm, which is estimated in 2016 to require an annual average emission reduction level of 7.6%.*

Long term, the CRO calls for Eugene to effectively reach carbon neutrality. This plan focuses on our 2030 interim goal, a 64% reduction in emissions, or a goal to reduce emissions by 790,000 MT CO₂e.”

Subsidizing new housing that will likely be using natural gas for the next 20+ years appears to go against the spirit of CAP 2.0. It certainly doesn’t help reduce the use of fossil fuels and meet the 2030 interim goal.

Electric Vehicle Charging

The Oregon Department of Energy publishes data on the number of battery electric vehicles (BEV) and Plug-in Hybrid Electric vehicles by county (<https://www.oregon.gov/energy/Data-and-Reports/Pages/Oregon-Electric-Vehicle-Dashboard.aspx>). Based on data through October 2021, there were 3,463 zero-energy vehicles (ZEVs) registered in Lane County and 9.14 registered ZEVs/1,000 residents in Lane County. Eugene zip codes 97401 through 97408 represented 2,738 of these registered ZEVs. For comparison, Multnomah and Washington counties have 15 ZEVs/1,000 people.

The number of electric and hybrid vehicles is growing rapidly as more electric vehicles are introduced into the market. The three MUPTE projects are projected

to be completed in 2023. Subsequent calculations assume a rate of 15 ZEVs/1,000 in estimates for Eugene ZEVs in 2023, which seems reasonable.

Home owners in low-density developments (R-1 and R-2 zones) can usually add a charging station at their residence for a ZEV. But renters, particularly in multifamily buildings, are constrained by what is provided by the developer. If easy charging isn't available, this increases the resistance to replace a gasoline-powered vehicle with an electric vehicle.

There are a total of 381 apartments in the three proposed MUPTE applications (91 studio units, 89 1-bedroom units, 186 2-bedroom units, and 15 3-bedroom units). This represents almost 600 bedrooms. Assuming low occupancy at 1 per bedroom represents about 600 occupants which at a rate of 15 ZEVs/1000 would suggest that 9 ZEVs might be parked at the complex. Assuming a higher occupancy rate of 1.5 per bedroom represents about 900 occupants which at a rate of 15 ZEVs/1000 gives 14 ZEVs. Based on these estimates, the installation of some electric vehicle charging stations as part of these MUPTE projects certainly seems justified.

Bicycle Parking

I served on the Eugene Planning Commission from 2010 until 2020. During my tenure on the Planning Commission, the original Eugene Riverfront Plan (S-DR Downtown Riverfront Special Area Zone) was discussed in great detail and ultimately recommended for adoption by the Eugene City Council (and approved by the City Council). In response to concerns from the developer selected for the Riverfront project, a revised S-DR Downtown Riverfront Special Area Zone was also discussed in detail and recommended for adoption by the Eugene City Council.

In the Mixed Use subdistrict where parcels 3BC, 6, and 7 are located, the S-DR Downtown Riverfront Special Area Zone requires for residential use a minimum of 1.5 bicycle parking spaces per dwelling with 90% long term and 10% short term.

None of the streetscapes, plans or other sketches presented during the review and adoption of the S-DR Downtown Riverfront Special Area Zone show any

bicycle parking in the public right-of-way. Plans included new buildings being built on a bare site. It was assumed that all bicycle parking would be provided by the developer on the development site. The public right-of-way was reserved for pedestrian circulation, trees, landscaping and other amenities such as benches.

The schematic plans for all three projects show short-term bicycle parking located in the public right-of-way. My understanding from my tenure on the Planning Commission during the deliberation of the Riverfront Special Area Zone is that this is not in conformance with S-DR zone.

I would recommend that the schematic plans be revised to show both short-term and long-term bicycle parking included only on the building site and not in the public right-of-way. The first floor plan for Parcel 3BC on page 43 of the PDF file shows an arrow to some typical long-term bicycle in setbacks and alcoves in the building on Mill St. These setbacks and alcoves would be ideal locations for some of the required short-term bicycle parking.

Minimum Bicycle Parking Spaces Required

Parcel	Total	Long-Term	Short-Term
3BC	234	211	23
7	143	128	14
9	234	210	23

The standards for short-term bicycle parking for these parcels would require 100% of these spaces to be sheltered (covered).

The bicycle parking standards in 9.6105 of the Eugene Land Use Code do allow short term bicycle parking to project into or be located within a public right-of-way with the city's approval of a revocable permit. However, I think it would be extremely problematic to approve a revocable permit for completely new buildings in the Riverfront.

The schematic plan for Parcel 3BC shows some long-term bicycle parking in setbacks and alcoves on Mill Street. This does not meet the requirements for

long-term bicycle parking set out in 9.6105 of the Eugene Land Use Code. The Eugene standards for long-term bicycle parking require a lockable enclosure, room or bicycle locker.

I also have concerns with the bicycle access and bicycle rooms on the upper floors (Parcel 3BC). I am assuming that almost all residents using bicycle rooms on the upper floor would take the elevator, not a stairway. It would be best if the bicycle rooms were located close to the elevators to minimize conflicts in hallways with others. Also, when bicycles are used in inclement weather, tires may be wet and be embedded with dirt and grime that will left on floors traversed. Wet floors can also be a safety hazard. However, bicycle storage rooms on upper floors are not located near the elevators.

Final Thoughts

Architects will argue that these MUPTE applications are preliminary design drawings and don't represent the final design. My university training was in architecture, land use planning, and engineering. I am familiar with the design process having worked for over 25 years in this field. I worked for 15 years at the Oregon Department of Energy where I managed energy design and conservation compliance in over 50 state building projects totaling more than three million sq. ft. of floor space. I worked with most of the major architecture firms in Oregon.

Architects start with a schematic design, which then leads to a preliminary design, design development, and finally to a final design and construction documents. Most of the time the decisions made in the preliminary design end up reflected in the final design in the construction documents. Based on my experience on state buildings, if you seriously want some feature to be included in the final design, it is best to get the feature into the preliminary design.

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

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

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

1. ERD Block 3B/3C LLC is the current owner of real property located on Lot 2 and Lot 3 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-32-22, tax lots 01800 and 01900), also known as Parcels 3B and 3C in the EWEB Riverfront Master Plan. Eugene Riverfront District LLC ("ERD LLC") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption ("MUPTE") Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.
2. As the City Manager's designee, I have reviewed the application and find that:
 - 2.1 The project will provide 19 studio units, 34 one-bedroom units, 73 two-bedroom units, and 4 three-bedroom units for a total of 130 residential units, none of which will be used for transient use or vacation occupancy. There is no commercial space in the building.
 - 2.2 The project is not designed to be student housing, meaning it will be leased by the unit (rather than by individual rooms or beds), the unit configuration does not include several bedrooms with individual bathrooms and sparse common space, it does not include amenities and location selected primarily for individuals attending college, and it does not offer limited viability as potential housing for the general population. Additionally, the project does not designate any of the units for transient use or vacation occupancy.
 - 2.3 Construction is expected to be complete on or before January 1, 2032.
 - 2.4 The project is located in the downtown area described in subsection (1) of Section 2.946 of the Eugene Code, 1971.
 - 2.5 The applicant submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the administrative rules adopted by Administrative Order No. 53-21-05-F.
 - 2.6 The applicant responded to the **Required Public Benefit** criteria as follows:
 - 2.6.1 Compact Urban Development. Rule R-2.945 requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The project will be built in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density. However, the site is governed

by an Agreement for Disposition and Development (Agreement) that stipulates a minimum of 14 units for Parcel 3B and 14 units for Parcel 3C. The proposed project includes 130 dwelling units distributed roughly equally between the two parcels. This proposal also meets the Agreement's requirements for maximum unit density.

- 2.6.2 Green Building Features. Consistent with the requirements of Administrative Rule R-2.945-C 1.2.2.2, the project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The entity applying for development permits will be required to submit an energy model with their development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption. The project's on-site parking will include installation of conduit for future electric vehicle charging stations.
- 2.6.3 Local Economic Impact Plan. The applicant has provided a Local Economic Impact Plan (Plan) demonstrating that more than 50% (the plan estimates 55%) of the project's dollar volume of professional services and construction contracts include businesses based in Lane County as required by Administrative Rule R-2.945-C 1.3.1. The applicant is committed to promoting open competitive opportunities for Minority, Women, and Emerging Small Businesses, and the Plan demonstrates that the applicant will ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts as required by Administrative Rule R-2.945-C 1.3.2. The Plan provides that the developer will post information about the City's Rights Assistance Program in English and Spanish on the job site. Finally, the Plan also demonstrates that the applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws as required by Administrative Rule R-2.945-C 1.3.4.
- 2.6.4 Moderate-Income Housing Contribution. Consistent with the requirements of Administrative Rule R-2.945-C 1.4, the owner will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total, 10-year exemption benefit, or approximately \$760,000. The applicant has chosen to pay this fee on an annual basis in years three through ten of the exemption period.
- 2.6.5 Project Design and Compatibility. The project will address basic design concepts in the context of the project location and will be designed and permitted for construction as shown in the resolution (should City Council approve the MUPTE). The basic design concepts include the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

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

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

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

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

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

- 2.6.6 Historic and Existing Housing Sensitivity. The project is adjacent to one historic locale, but the historic locale is not affected by the project. The project includes no direct structural impacts—such as alterations or demolitions—to any of the identified historic resources. No historic structures or existing housing were demolished or removed from the property in the 2 years prior to the date of application.

- 2.6.7 Project Need. The project's pro-forma and financial information were analyzed by Pacific Northwest Economics, an independent real estate economics consultant who found that the project as proposed could not be built but for the benefit of the tax exemption. The financial information ERD LLC submitted in their application is based on projections prior to finalizing financing, construction, and tenanting. It includes assumptions regarding rents, vacancy rates, operating costs, lender underwriting criteria, interest rates, and reasonable rate of return. Pacific Northwest Economics, the Review Panel, and staff reviewed the assumptions. Notably, the consultant determined that the rents proposed were likely significantly higher than the owner could hope to realistically charge. The analyses completed by Pacific Northwest Economics therefore were based on lower rents relative to the applicant's assumptions.

The Pacific Northwest Economics analysis concludes that the project would not be viable without the availability of the MUPTE using the reasonable assumptions outlined and concludes that MUPTE is critical to the success of the project from a financial feasibility perspective. See Section 4 below for the Review Panel's conclusions.

- 2.6.8 Public Benefit beyond Period of Exemption. The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

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

- 2.7.1 Future Neighborhood Engagement. Prior to completing final drawings, ERD LLC will hold another neighborhood engagement meeting. Before submitting for permits, ERD LLC will submit the design to staff to review conformance with the design attached to the MUPTE resolution (should City Council approve the MUPTE). Staff will also give interested parties an opportunity to review and comment on that final design.

3. A display ad soliciting recommendations or comments from the public regarding this project was published in the Register-Guard on November 23, 2021. The period for comment expired on December 23, 2021, and resulted in one written comment, which will be provided to City Council with the materials for the March 9, 2022, work session.
4. The community member MUPTE Review Panel considered the project application, including compliance with program criteria and the independent consultant's financial review, during three meetings held on January 5, January 26, and February 3, 2022. The Review Panel unanimously concluded that the project meets the Required Public Benefit criteria, that the project's financial need was demonstrated, and that a ten-year exemption was warranted. The Panel Conclusions document will be provided to the City Council with the materials for the March 9, 2022, work session.

Therefore, based upon the above findings, the project is, or will be at the time of completion, in conformance with all applicable local plans and provisions of the Eugene Code, 1971, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted administrative rules, and I recommend that the application be approved conditioned upon the project moving forward as proposed.

Dated this ____ day of 02/24/2022, 2022.



Denny Braud
Executive Director
Planning & Development Department

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

Riverfront Parcel 7 Application for Multiple-Unit Property Tax Exemption

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

1. ERD Block 7 LLC is the current owner of real property located on Lot 9 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-32-22, tax lot 02500), also known as Parcel 7 in the EWEB Riverfront Master Plan. Eugene Riverfront Development LLC ("ERD LLC") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption ("MUPTE") Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.
2. As the City Manager's designee, I have reviewed the application and find that:
 - 2.1 The project will provide 12 studio units, 38 one-bedroom units, and 45 two-bedroom units for a total of 95 residential units, none of which will be used for transient use or vacation occupancy. There is no commercial space proposed in the building. The applicant did not propose commercial uses as part of the project, nor did the applicant demonstrate that commercial property is a required design or public benefit element of the project. Consequently, any commercial property on the development site is not eligible for the tax exemption.
 - 2.2 The project is not designed to be student housing, meaning it will be leased by the unit (rather than by individual rooms or beds), the unit configuration does not include several bedrooms with individual bathrooms and sparse common space, it does not include amenities and location selected primarily for individuals attending college, and it does not offer limited viability as potential housing for the general population. Additionally, the project does not designate any of the units for transient use or vacation occupancy.
 - 2.3 Construction is expected to be complete on or before January 1, 2032.
 - 2.4 The project is located in the downtown area described in subsection (1) of Section 2.946 of the Eugene Code, 1971.
 - 2.5 The applicant submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the administrative rules adopted by Administrative Order No. 53-21-05-F.
 - 2.6 The applicant responded to the **Required Public Benefit** criteria as follows:
 - 2.6.1 Compact Urban Development. Rule R-2.945 requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton St. must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The project

will be built in the S-DR Downtown Riverfront Special Area Zone which does not include a minimum residential unit density. However, the site is governed by an Agreement for Disposition and Development that stipulates a minimum of 95 units for Parcel 7. The proposed building on Parcel 7 includes 95 units.

- 2.6.2 Green Building Features.** Consistent with the requirements of Administrative Rule R-2.945-C 1.2.2.2, the project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The entity that applies for development permits will be required to submit an energy model with their development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption. and a commissioning report due 18 months after certificate of occupancy is issued. The project's on-site parking will include installation of conduit for future electric vehicle charging stations.
- 2.6.3 Local Economic Impact Plan.** The applicant has provided a Local Economic Impact Plan (Plan) demonstrating that more than 50% (the plan estimates 55%) of the project's dollar volume of professional services and construction contracts include businesses based in Lane County as required by Administrative Rule R-2.945-C 1.3.1. The applicant is committed to promoting open competitive opportunities for Minority, Women, and Emerging Small Businesses and the Plan demonstrates that the applicant will ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts as required by Administrative Rule R-2.945-C 1.3.2. The Plan provides that the developer will post information about the City's Rights Assistance Program in English and Spanish on the job site. Finally, the Plan also demonstrates that the applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws as required by Administrative Rule R-2.945-C 1.3.4.
- 2.6.4 Moderate-Income Housing Contribution.** Consistent with the requirements of Administrative Rule R-2.945-C 1.4, the owner will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total, 10-year exemption benefit, or approximately \$546,000. The applicant has chosen to pay this fee on an annual basis in years three through ten of the exemption period.
- 2.6.5 Project Design and Compatibility.** The project will address basic design concepts in the context of the project location and will be designed and permitted for construction as shown in the resolution (should City Council approve the MUPTE). The basic design concepts include the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

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

In plan view, the building is configured as 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 two colors of brick, metal wall panels, fiber cement panels, and concrete. The project will use a storefront window system at the ground level and vinyl windows on the upper levels. These materials were selected to be compatible with the neighborhood and for permanence and durability. The façade evokes a brick warehouse aesthetic, inspired by the industrial legacy of the site. The arrangement of the large windows and brick piers establishes a consistent architectural rhythm that enriches the streetscape experience, a refined counterpoint to the colonnade of the Ferry Street Viaduct. The project includes space for an optional installation of a mural on the west façade. A mural would be considered like other design revisions and would be subject to City Manager review.

Large ground floor storefront 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.

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

- 2.6.6 Historic and Existing Housing Sensitivity. The project is adjacent to one historic locale, but the historic locale will not be affected by the project. The

project includes no direct structural impacts—such as alterations or demolitions—to any of the identified historic resources. No historic structures or existing housing were demolished or removed from the property in the two years prior to the date of application. A vacant and deteriorating industrial building occupied a portion of this site until it was demolished in 2019. Historic resource review processes were followed at that time.

- 2.6.7 Project Need. The project's pro-forma and financial information were analyzed by Pacific Northwest Economics, an independent real estate economics consultant, who found that the project as proposed could not be built but for the benefit of the tax exemption. The financial information ERD LLC submitted in their application is based on projections prior to finalizing financing, construction, and tenancing. It includes assumptions regarding rents, vacancy rates, operating costs, lender underwriting criteria, interest rates, and reasonable rate of return. Pacific Northwest Economics, the Review Panel, and staff reviewed the assumptions. Notably, the consultant determined that the rents proposed were likely significantly higher than the owner could hope to realistically charge. The analyses completed by Pacific Northwest Economics therefore were based on lower rents relative to the applicant's assumptions.

The Pacific Northwest Economics analysis concludes that the project would not be viable without the availability of the MUPTE using the reasonable assumptions outlined and concludes that MUPTE is critical to the success of the project from a financial feasibility perspective. See Section 4 below for the Review Panel's conclusions.

- 2.6.8 Public Benefit beyond Period of Exemption. The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

- 2.7 A neighborhood engagement meeting regarding Parcel 7 was held for the Downtown Neighborhood Association on September 22, 2021.

- 2.7.1 Future Neighborhood Engagement. Prior to completing final drawings, ERD LLC will hold another neighborhood engagement meeting. Before submitting for permits, ERD LLC will submit the design to staff to review conformance with the design attached to the MUPTE resolution (should City Council approve the MUPTE). Staff will also give interested parties an opportunity to review and comment on that final design.

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

4. The community member MUPTE Review Panel considered the project application, including compliance with program criteria and the independent consultant's financial review, during three meetings held on January 5, January 26, and February 3, 2022. The Review Panel unanimously concluded that the project meets the required Public Benefit criteria, that the project's financial need was demonstrated, and that a ten-year exemption was warranted. See the enclosed Panel Conclusions document for a full summary of their conclusions.

Therefore, based upon the above findings, the project is, or will be at the time of completion, in conformance with all applicable local plans and provisions of the Eugene Code, 1971, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted administrative rules, and I recommend that the application be approved conditioned upon the project moving forward as proposed.

Dated this ____ day of 02/24/2022, 2022.



Denny Braud
Executive Director
Planning & Development Department

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

Riverfront Parcel 9 Application for Multiple-Unit Property Tax Exemption

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

1. Urban Renewal Agency of the City of Eugene is the current owner of Lot 12 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-32-22, tax lot 02800), also known as Parcel 9 in the EWEB Riverfront Master Plan. Eugene Riverfront District LLC ("ERD LLC") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption ("MUPTE") Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.
2. As the City Manager's designee, I have reviewed the application and find that:
 - 2.1 The project will provide 60 studio units, 17 one-bedroom units, 68 two-bedroom units, and 11 three-bedroom units for a total of 156 residential units, none of which will be used for transient use or vacation occupancy. There is no commercial space proposed in the building. The applicant did not propose commercial uses as part of the project, nor did the applicant demonstrate that commercial property is a required design or public benefit element of the project. Consequently, any commercial property on the development site is not eligible for the tax exemption.
 - 2.2 The project is not designed to be student housing, meaning it will be leased by the unit (rather than by individual rooms or beds), the unit configuration does not include several bedrooms with individual bathrooms and sparse common space, it does not include amenities and location selected primarily for individuals attending college, and it does not offer limited viability as potential housing for the general population. Additionally, the project does not designate any of the units for transient use or vacation occupancy.
 - 2.3 Construction is expected to be complete on or before January 1, 2032.
 - 2.4 The project is located in the downtown area described in subsection (1) of Section 2.946 of the Eugene Code, 1971.
 - 2.5 The applicant submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the administrative rules adopted by Administrative Order No. 53-21-05-F.
 - 2.6 The applicant responded to the **Required Public Benefit** criteria as follows:
 - 2.6.1 Compact Urban Development. Rule R-2.945 requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton St. must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The project

will be built in the S-DR Downtown Riverfront Special Area Zone which does not include a minimum residential unit density. However, the site is governed by an Agreement for Disposition and Development that stipulates a minimum of 91 units for Parcel 9. The proposed building on Parcel 9 includes 156 dwelling units that would result in a density of 94 units per acre. This also meets the Agreement's requirement for maximum units on Parcel 9.

- 2.6.2 Green Building Features. Consistent with the requirements of Administrative Rule R-2.945-C 1.2.2.2, the project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The entity that applies for development permits will be required to submit an energy model with their development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption. and a commissioning report due 18 months after certificate of occupancy is issued. The project's on-site parking will include installation of conduit for future electric vehicle charging stations.
- 2.6.3 Local Economic Impact Plan. The applicant has provided a Local Economic Impact Plan (Plan) demonstrating that more than 50% (the plan estimates 55%) of the project's dollar volume of professional services and construction contracts include businesses based in Lane County as required by Administrative Rule R-2.945-C 1.3.1. The applicant is committed to promoting open competitive opportunities for Minority, Women, and Emerging Small Businesses and the Plan demonstrates that the applicant will ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts as required by Administrative Rule R-2.945-C 1.3.2. The Plan provides that the developer will post information about the City's Rights Assistance Program in English and Spanish on the job site. Finally, the Plan also demonstrates that the applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws as required by Administrative Rule R-2.945-C 1.3.4
- 2.6.4 Moderate-Income Housing Contribution. Consistent with the requirements of Administrative Rule R-2.945-C 1.4, the owner will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total, 10-year exemption benefit, or approximately \$546,000. The applicant has chosen to pay this fee on an annual basis in years three through ten of the exemption period.
- 2.6.5 Project Design and Compatibility. The project will address basic design concepts in the context of the project location and will be designed and permitted for construction as shown in the resolution (should City Council approve the MUPTE). The basic design concepts include the scale, form, and

quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

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

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 storefront window system at the ground level and vinyl windows on the upper levels. These materials were selected to be compatible with the neighborhood and for permanence and durability. The façade is configured to complement the brick warehouse aesthetic. 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 provide interesting shadows. The elevation design is further punctuated by details such as brick treatments around the windows.

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. The plans include 104 parking spaces in a surface level lot in the interior of the parcel, with the building wrapping the parking area on all sides. To meet City requirements for vehicle parking, the building will undergo special review through site and adjustment review processes. To achieve the necessary parking reductions, the site needs improved access to public transit, and the City is coordinating with the developer and Lane Transit District to provide appropriate transit service to the site. Bicycle parking and pedestrian accommodations are included throughout the building.

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

- 2.6.6 Historic and Existing Housing Sensitivity. The project is adjacent to one historic locale, but the historic locale will not be affected by the project. The

project includes no direct structural impacts—such as alterations or demolitions—to any of the identified historic resources. No historic structures or existing housing were demolished or removed from the property in the two years prior to the date of application. A vacant and deteriorating industrial building occupied a portion of this site until it was demolished in 2019. Historic resource review processes were followed at that time.

- 2.6.7 Project Need. The project's pro-forma and financial information were analyzed by Pacific Northwest Economics, an independent real estate economics consultant, who found that the project as proposed could not be built but for the benefit of the tax exemption. The financial information ERD LLC submitted in their application is based on projections prior to finalizing financing, construction, and tenanting. It includes assumptions regarding rents, vacancy rates, operating costs, lender underwriting criteria, interest rates, and reasonable rate of return. Pacific Northwest Economics, the Review Panel, and staff reviewed the assumptions. Notably, the consultant determined that the rents proposed for unfurnished units were likely significantly higher than the owner could hope to realistically charge. On the other hand, they determined the rents proposed for furnished units were likely lower than what the market might allow. The analyses completed by Pacific Northwest Economics therefore were based on lower rents for unfurnished units and higher rents for furnished units, relative to the applicant's assumptions. See Section 4 below for the Review Panel's conclusions.

The Pacific Northwest Economics analysis recommends that the project would not be viable without the availability of the MUPTE using the reasonable assumptions outlined and concludes that MUPTE is critical to the success of the project from a financial feasibility perspective.

- 2.6.8 Benefit Beyond Period of Exemption. The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

- 2.7 A neighborhood engagement meeting regarding Parcel 9 was held for the Downtown Neighborhood Association on September 22, 2021.

- 2.7.1 Future Neighborhood Engagement. Prior to completing final drawings, ERD LLC will hold another neighborhood engagement meeting. Before submitting for permits, ERD LLC will submit the design to staff to review conformance with the design attached to the MUPTE resolution (should City Council approve the MUPTE). Staff will also give interested parties an opportunity to review and comment on that final design.

3. A display ad soliciting recommendations or comments from the public regarding this project was published in the Register-Guard on November 23, 2021. The period for comment expired

on December 23, 2021, and resulted in one written comment, which will be provided to City Council with the materials for the March 9 work session.

4. The community member MUPTE Review Panel considered the project application, including compliance with program criteria and the independent consultant's financial review, during three meetings held on January 5, January 26, and February 3, 2022. The Review Panel unanimously concluded that the project meets the required Public Benefit criteria, that the project's financial need was demonstrated, and that a ten-year exemption was warranted. The Panel Conclusions document will be provided to the City Council with the materials for the March 9, 2022 work session.

Therefore, based upon the above findings, the project is, or will be at the time of completion, in conformance with all applicable local plans and provisions of the Eugene Code, 1971, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted administrative rules, and I recommend that the application be approved conditioned upon the project moving forward as proposed.

Dated this ____ day of 02/24/2022, 2022.



Denny Braud
Executive Director
Planning & Development Department

Written Comments on Riverfront MUPTE Applications Parcels 3BC, 7, and 9

Received through March 1, 2022
(Official 30-day public comment period was November 23 through
December 23, 2021)

GARFIELD Denora M

From: Ian Curtis <iancurtis.pnw@gmail.com>
Sent: Thursday, December 2, 2021 8:46 PM
To: GARFIELD Denora M
Subject: Downtown Riverfront MUPTE Application

[EXTERNAL 

Hi,
This email is regarding the proposals for paretls 3BC, 7, and 9.

My name is Ian and I am a 20 year-old college student who grew up in Eugene. I have a strong interest in planning and development in my hometown and have been following closely as plans for the riverfront development have proceeded.

I am strongly in favor of the higher density proposals in this application. This neighborhood is a large investment in our city's future, and I believe that the best way to make the development worthwhile is to not half-step on any of its implementation. Eugene has an extremely tight housing market, and I think that the even maximum proposals will fill up quickly, as there will be lots of interest in high-quality downtown apartments.

I appreciate the project's focus towards sustainability. This must be front and center during the development process. Eugene's CAP 2.0 sets out high goals, which we must achieve to effectively do our part in combating climate change.

Also, though this is not directly related to the developments of these parcels, I would like to express strong support for downtown projects to include more affordable housing. I know that there are 70 units planned for construction on one of the interior plots, but if we are going forward with a higher density proposal, there could be as many as about 1200 units built in the neighborhood. 70 units would represent a very small portion of this development, and I am concerned that it would not make much of a dent in solving our affordable housing crisis.

Overall, I am extremely in support of the project. A large investment in high-quality housing integrated with nature is something that downtown has lacked, and if we do it right, it could be the pride of our community.

Thanks and feel free to let me know if you have any questions regarding my feedback,
Ian Curtis

--

Ian Curtis (he/him/his)

MUPTE

Brian Obie <BObie@obie.com>

Fri 2/25/2022 3:03 PM

To: D'SOUZA Amanda M <ADSouza@eugene-or.gov>

Cc: MEDARY Sarah J <SMedary@eugene-or.gov>; BRAUD Denny <DBraud@eugene-or.gov>; DOWDY Will G <WDowdy@eugene-or.gov>; Casey Barrett <Casey@obie.com>; JENNY ULUM (julum@ulum.com) <julum@ulum.com>; ZELENKA Alan <AZelenka@eugene-or.gov>; SYRETT Claire M <CSyrett@eugene-or.gov>; SEMPLE Emily <ESemple@eugene-or.gov>; EVANS Greg A <GEvans@eugene-or.gov>; YEH Jennifer K <JYeh@eugene-or.gov>; VINIS Lucy K <LVinis@eugene-or.gov>; KEATING Matt <MKeating@eugene-or.gov>; CLARK Mike <MClark@eugene-or.gov>; GROVES Randy B <RGroves@Eugene-or.gov>; MEDARY Sarah J <SMedary@eugene-or.gov>

[EXTERNAL 

Amanda..

We have some real concerns about the parking ratios proposed in the riverfront apartment buildings. They are way below any standard and well below our experience in THE GORDON LOFTS. We have written proof of the same. Our tenants utilize on the average .9 spaces per unit. Nine parking spaces for every ten units.

We also have solid construction estimates, created in the last 30 days, with MUPTE help, structure parking is financially feasible.

We have great fear of increasing the negative impact already felt in The East Butte neighborhood and The Market District. I'm sure if you talk to any of the occupants in the neighborhood, residential or commercial, you will find they are currently under stress.

I have heard discussions that circumstances surrounding BOLY put an extra burden on the project. That is no longer true with today's wage scales.

We can attest, with paying more for the land, with the help of MUPTE, we can build 7 floors with two floors of attached and tuck under parking. This creates much greater density and helps accomplish the goals of this community. We would support the same if presented by the current developer. This is not a them and us issue, its about quality, livability and frankly the city getting the proper return on the investment made in infrastructure.

Please advise the best place for us to share these views and the documentation we have in both construction cost and real experience parking ratios.

Thank you...Brian Obie

Responses to Council's Questions at the February 22 Work Session

At the February 22, 2022 work session, City Council considered Multi-Unit Property Tax Exemption (MUPTe) applications for three Downtown Riverfront parcels. This attachment provides responses to information Council requested during this work session about the specific projects and the overall MUPTe program.

Project-Specific Information

1. Question: *Will these projects and others be impacted by the changes to setback and pedestrian improvement requirements for commercial zones?*

Answer: The recent Commercial Setback code amendments (July 2021) apply to parcels zoned C-2 Community Commercial and C-3 Major Commercial. These MUPTe proposals are within the S-DR Downtown Riverfront Special Area Zone, not C-2 or C-3 zones. However, development regulations in S-DR embody the same goals of making the Downtown Riverfront a walkable, comfortable, amenity-rich neighborhood. Features like wide sidewalks and attractive landscaping in the right-of-way were built into the Master Plan and code.

2. Question: *Will these projects pay Construction Excise Tax (CET)?*

Answer: No, MUPTe projects are specifically exempt from CET. In 2019, when the CET was implemented, Council considered this question and ultimately decided to exempt MUPTe projects from the CET. Council chose to exempt these projects because the program already incorporates a Moderate-Income Housing Contribution, through the provision of moderate-income units or the payment of a fee.

3. Question: *What is the estimated value of the property tax exemption should the MUPTes be approved?*

Answer: The projects are all located on property that was publicly owned until subsidiaries of Eugene Riverfront District, LLC (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 the purchase, the land will now generate property tax revenue, which ERD's subsidiaries 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. The total estimated exemption amount over the 10-year period for the three parcels sums to about \$20.7M. Table 1 summarizes estimates property taxes for the three parcels.

Table 1. Estimated Property Taxes and Exemptions for Proposed Riverfront Projects

	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 cumulative property tax paid on land during exemption period (Years 1-10)	\$222,000	\$309,000	\$300,000	\$831,000
Estimated property tax on land and structures in Year 11	\$923,000	\$676,000	\$926,000	\$2,525,000
Estimated cumulative exemption amount (Years 1-10)	\$7,652,000	\$5,457,000	\$7,600,000	\$20,710,000

Staff relayed questions 4 and 5 to representatives of ERD. The answers are their verbatim responses.

4. Question: Will the projects on 3BC, 7, and/or 9 be pet-friendly? If so, what amenities might be in place to accommodate pet owners, who make up a majority of our population?

Answer: Yes, the projects will welcome residents and their furry friends. Projects include durable floors for easy cleanup, a pet wash/grooming space, and a pet friendly work from home space. With close proximity to the riverfront park, taking pets on walks should be a very pleasant experience.

5. Question: Can you provide more information on ADA-accessible units in the development, specifically whether any of the projects exceed baseline ADA requirements in the provision of accessible units?

Answer: The projects are exceeding the 2% unit requirement for ANSI 117.1 Type A units (accessible) by pursuing 5% of units to meet Type A requirements. The increased count in accessible units allows the projects to have a greater variety of accessible unit types to serve the varying housing needs of the community. In addition to providing more accessible units than code minimum, the projects are reviewing age-in-place design features to foster safe and comfortable housing for people of all ages and prolong independent living.

General MUPTE Program Information

6. Tax impact of MUPTE projects

By exempting taxes in the first years of operations, the MUPTE lowers operating costs during the exemption period. This reduces the developer's uncertainty about the financial risk of the development. The lower operating costs are an incentive for the developer to invest in the site and to build something more capital intensive (i.e., higher quality or higher density) than what would make financial sense in the absence of the exemption. In the long term, this creates more taxable value on the site.

Council requested more information on the current property taxes generated by student-oriented housing that received MUPTEs. Table 2 provides a summary of tax information for projects that have aged out of the MUPTE exemption period.

Table 2. Tax Revenue for Expired MUPTE Projects

Expired MUPTEs Project type	Actual 2021 Property Taxes	2021 Property Taxes if project had not been built
Student-oriented housing projects ¹	\$434,000	\$175,000
Other projects	\$959,000	\$55,000
Total tax impacts	\$1,393,000	\$230,000

There are also housing developments still in their exemption period. Table 3 summarizes the estimated property tax revenue that will be generated in the first year that these projects come onto the tax rolls (Year 11).² The table estimates the property tax that will be generated by housing developments that are targeted to the student population and all other housing developments that received a MUPTE and are still in their exemption period.

Table 3. Active MUPTE Projects' Year 11 Property Tax Revenue Comparison

Active MUPTE Period Project type	Estimated Property Taxes in Year 11 for Active MUPTE projects	Estimated Property Taxes in Year 11 for Active MUPTE projects if project had not been built
Student-oriented housing projects	\$2,515,000	\$41,000
Other projects	\$604,000	\$129,000
Total tax impacts from projects with expired MUPTEs	\$3,119,000	\$170,000

Tables 2 and 3 show total tax revenue, to all affected taxing districts.

7. Local Economic Impact Data Analysis

Council had several questions pertaining to aspects of the Local Economic Impact public benefit. Below is a summary of the requirements and an explanation of how and when each requirement is fulfilled and who evaluates it.

¹ These projects include housing developments that fit the MUPTE definition of student housing (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) and projects located in the West University neighborhood. To provide the data in this table, staff assumed that housing in the West University neighborhood was student housing. These are projects that were approved prior to the program changes that Council put into effect in 2015, which reduced the MUPTE boundary within the West University neighborhood and excluded student housing from being an eligible project type.

² The projects all have different expiration dates, ranging from 2022 to 2030. The tax revenue will come onto the tax rolls incrementally, over that period of time. To estimate the tax revenue, we assumed the properties will pay the same tax rate that is applied to the properties in 2022.

Table 4. Summary of MUPTE Local Economic Impact Requirements

MUPTE program requirement	How/when the requirement is fulfilled and evaluated
Provide a plan providing that more than 50% of dollar volume of the combined professional services and construction contracts include local firms. ("Local firm" means a business that is based in Lane County.)	The plan is provided during the application process and reviewed by staff, the MUPTE Review Panel, and Council.
Ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts.	Once a MUPTE is approved, but before construction starts, developers and their general contractor have a consultation with the City's Equity in Contracting program coordinator to discuss available resources and methods of outreach to these business enterprises.
Ensure that the developer and its contractors and subcontractors comply with wage, tax and licensing laws	Before they begin work on the project, the developer provides a list of contractors working on the project and confirms each contractor has valid, current licensing, insurance, bonding, and workers compensation coverage. Each subcontractor provides a notarized affidavit stating they do not have unpaid judgments for construction debt including unpaid wages and the contractor is in compliance with Oregon tax laws. Staff and the MUPTE Review Panel confirm that affidavits are received.
Posts information about the City's rights assistance program	Information is posted during construction. City inspectors verify the information is posted.
Submit the home city or zip code of construction labor workers	After construction, the developer provides the list of zip codes for all workers.

Below is a brief analysis of data provided by the developers of Ferry St. Manor and Gordon Lofts, the two MUPTE projects that have been completed since the program was revised in 2015 and this public benefit was added.

Ferry St. Manor

Ferry St. Manor is a 50-unit housing project built by RNS Management located at 1040-1050 Ferry Street. Council approved a MUPTE for Ferry St. Manor on September 11, 2019. The project was completed in September 2020. See Tables 5 and 6 for an evaluation of the subcontractors and employees that were involved in the construction of the project.

Table 5. Ferry St. Manor Contractor Information

Contractor Location	Number	Percentage
Lane County	27	77%
Oregon (non-Lane)	6	17%
Outside of Oregon	2	6%
Total	35	

Table 6. Ferry St. Manor Labor Worker Information

Worker Location	Number	Percentage
Lane County	250	83%
Oregon (non-Lane)	48	16%
Outside of Oregon	3	1%
Total	301	

Of the 35 subcontractors, 1 was certified as an emerging small business enterprise.³

Gordon Lofts

Gordon Lofts is a 127-unit housing project built by Obie Companies located at 550 Pearl Street. Council approved a MUPTE for Gordon Lofts on October 17, 2018. The project was completed in December 2020. See Tables 7 and 8 for an evaluation of the subcontractors and employees that were involved in the construction of the project.

Table 7. Gordon Lofts Contractor Information

Contractor Location	Number	Percentage
Lane County	13	41%
Oregon (non-Lane)	18	56%
Outside of Oregon	1	3%
Total	32	

Table 8. Gordon Lofts Labor Worker Information

Worker Location	Number	Percentage
Lane County	234	47%
Oregon (non-Lane)	235	47%
Outside of Oregon	31	6%
Total	500	

Of the 32 subcontractors, 1 was certified as a women-owned business enterprise.³

³ Staff determined this by assessing whether each subcontractor was certified as a minority-owned, women-owned, small emerging or disadvantaged business with Oregon's [Certification Office for Business Inclusion and Diversity](#) (COBID). Certification is voluntary and at the option of the business owner. The MUPTE program does not collect information on the bids submitted as part of the contracting process.

RESOLUTION NO. _____

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

The City Council of the City of Eugene finds that:

A. ERD Block 3B/3C LLC (1255 NW 9th Ave., Suite 119, Portland, Oregon), is the owner of real property located on Lot 2 and Lot 3 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-32-22, Tax Lots 1800 and 1900) also identified as Parcels 3B and 3C in the EWEB Riverfront Master Plan ("the property").

B. Eugene Riverfront District LLC ("the applicant") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption Program (Sections 2.945 through 2.947 of the Eugene Code, 1971 ("EC")) with respect to residential units to be constructed on the property ("the project").

C. The project consists of the development of 19 studio units, 34 one-bedroom units, 73 two-bedroom units, and 4 three-bedroom units for a total of 130 residential units. As proposed, the project is not designed for the leasing of individual rooms or beds, for transient or vacation uses, or otherwise designed primarily for individuals attending college.

D. An independent outside professional consultant was retained and reviewed the project's financial pro-forma. A Review Panel was convened and reviewed the application as well as the independent consultant's conclusions in order to make a recommendation as to whether the application met the criteria in EC 2.946. The Review Panel's recommendation was submitted for the City Manager's review.

E. After considering the Review Panel's conclusions and recommendation, the Executive Director of the Planning and Development Department ("the Executive Director") as designee of the City Manager, prepared the Report and Recommendation attached to this Resolution as Exhibit A and incorporated herein by reference. The Report and Recommendation sets forth findings demonstrating that the project meets the criteria described in EC 2.946 and the conditions set forth in Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R-2.945").

F. Based on the findings in the Report and Recommendation, the Executive Director recommends that the application be approved and the exemption granted. In making that recommendation, the Executive Director found that the applicant submitted all materials, documents, and fees required by EC 2.945, EC 2.946, and Rule R-2.945, and the applicant is in compliance with the policies contained therein.

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

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Based upon the above findings which are adopted, and upon the City Council's review and adoption of the Report and Recommendation of the Executive Director of the Planning and Development Department attached to this Resolution as Exhibit A and incorporated herein by reference, the City Council approves the application of Eugene Riverfront District LLC for an ad valorem property tax exemption under the City's Multiple-Unit Property Tax Exemption (MUPTE) Program for the residential units to be constructed on Lot 2 and Lot 3 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-32-22, Tax Lots 1800 and 1900), subject to the following conditions:

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

Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R-2.945") requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The property on which the project will be built is located in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density. However, the property is governed by an Agreement for Disposition and Development (DDA) that stipulates a minimum of 14 units for Parcel 3B and 14 units for Parcel 3C. The project will include 130 dwelling units distributed roughly equally between the two parcels. The proposed number of units complies with the DDA's requirements for minimum and maximum unit density.

The project will be constructed in accordance with the schematic drawing showing the site plan and major features and dimensions of the proposed development, as well as schematic drawings showing side, front, and back elevations of the proposed development, all of which are attached to this Resolution as Exhibit B.

- 1.2 Green Building. The project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and will exceed the 10% energy efficiency threshold. The applicant will submit to the City of Eugene's Building and Permit Services an energy model with applicant's development permit application. Within 18 months after receiving a certificate of occupancy, the applicant will submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy

use data to the City's Building and Permit Services for the life of the MUPTE tax exemption.

The project's on-site parking will include installation of conduit for future electric vehicle charging stations.

- 1.3 Local Economic Impact Plan and Compliance with Laws. A plan is in place that demonstrates that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from business organizations or individuals residing or doing business primarily in Lane County.

Applicant will ensure that qualified minority and women business enterprises have been given an equitable opportunity to compete for development related contracts by: (1) accessing lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Oregon State Office of Minority, Women and Emerging Small Business; (2) search for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program website; and (3) advertise in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

The applicant will ensure that information about the City's Rights Assistance Program in English and Spanish is posted on the job site during construction of the project.

The applicant will ensure that the developer, its contractors and subcontractors comply with wage, tax and licensing laws.

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

The applicant will provide the City's Building and Permits Services Department with a list of all contractors performing work on the project. Prior to performing work on the project, contractors must have valid, current licensing, insurance, bonding, and workers compensation coverage, and must be on the list of contractors provided to the City.

The applicant will require that each contractor provide an affidavit attesting to the fact that (1) the contractor, owner, or responsible managing individual for the contractor does not have any unpaid judgments for construction debt, including unpaid wages; and (2) the contractor is in compliance with Oregon tax laws.

- 1.4 Moderate-Income Housing Contribution. The applicant will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total exemption benefit for the 10-year benefit.

- 1.5 Project Design and Compatibility. The applicant shall adhere to the following design elements, as well as the actual square footages included in Exhibit B unless the City Manager approves a deviation from the plan pursuant to EC 2.946(2)(e)2:

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

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

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

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

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

During the design process and before the final design drawings are completed, the owner shall hold at least one neighborhood engagement opportunity to allow members of the Downtown Neighborhood Association and others to provide comments on the proposal. At least one of the applicant’s principals shall attend that meeting.

After the final design is completed and before it is submitted for permits, the final design shall be submitted to the City to review for conformance with the design approved by this resolution. The neighborhood shall also have an opportunity to review and comment on the final design. After the comment period, the City shall determine if the design is consistent with the requirements of this Resolution, and if not, whether the City Manager will approve a deviation pursuant to EC 2.946.

- 1.6 At the time of completion, the project shall conform with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS Chapter 195, 196, 197, 215, and 227 that are applicable at the time the application is approved.
- 1.7 During all phases of development, the project shall comply with wage, tax and licensing laws.
- 1.8 The project shall not contain any units for transient use or vacation occupancy.
- 1.9 The project will be completed on or before January 1, 2032, unless an extension of the deadline is requested by the property owner and approved by Council resolution pursuant to EC 2.947(5).
- 1.10 The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

Section 2. Subject to the conditions in Section 1 of this Resolution, 100% of the residential units described in Section 1 are declared exempt from local ad valorem property taxation beginning July 1 of the year following issuance of a Certificate of Occupancy and continuing for a continuous period of ten years unless earlier terminated in accordance with the provisions of Section 2.947 of the Eugene Code, 1971.

Section 3. The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2022.

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

The foregoing Resolution adopted and effective the ____ day of _____, 2022.

City Recorder

Exhibit A

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

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

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

1. ERD Block 3B/3C LLC is the current owner of real property located on Lot 2 and Lot 3 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-32-22, tax lots 01800 and 01900), also known as Parcels 3B and 3C in the EWEB Riverfront Master Plan. Eugene Riverfront District LLC ("ERD LLC") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption ("MUPTE") Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.
2. As the City Manager's designee, I have reviewed the application and find that:
 - 2.1 The project will provide 19 studio units, 34 one-bedroom units, 73 two-bedroom units, and 4 three-bedroom units for a total of 130 residential units, none of which will be used for transient use or vacation occupancy. There is no commercial space in the building.
 - 2.2 The project is not designed to be student housing, meaning it will be leased by the unit (rather than by individual rooms or beds), the unit configuration does not include several bedrooms with individual bathrooms and sparse common space, it does not include amenities and location selected primarily for individuals attending college, and it does not offer limited viability as potential housing for the general population. Additionally, the project does not designate any of the units for transient use or vacation occupancy.
 - 2.3 Construction is expected to be complete on or before January 1, 2032.
 - 2.4 The project is located in the downtown area described in subsection (1) of Section 2.946 of the Eugene Code, 1971.
 - 2.5 The applicant submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the administrative rules adopted by Administrative Order No. 53-21-05-F.
 - 2.6 The applicant responded to the **Required Public Benefit** criteria as follows:
 - 2.6.1 Compact Urban Development. Rule R-2.945 requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The project will be built in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density. However, the site is governed

by an Agreement for Disposition and Development (Agreement) that stipulates a minimum of 14 units for Parcel 3B and 14 units for Parcel 3C. The proposed project includes 130 dwelling units distributed roughly equally between the two parcels. This proposal also meets the Agreement's requirements for maximum unit density.

- 2.6.2 Green Building Features. Consistent with the requirements of Administrative Rule R-2.945-C 1.2.2.2, the project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The entity applying for development permits will be required to submit an energy model with their development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption. The project's on-site parking will include installation of conduit for future electric vehicle charging stations.
- 2.6.3 Local Economic Impact Plan. The applicant has provided a Local Economic Impact Plan (Plan) demonstrating that more than 50% (the plan estimates 55%) of the project's dollar volume of professional services and construction contracts include businesses based in Lane County as required by Administrative Rule R-2.945-C 1.3.1. The applicant is committed to promoting open competitive opportunities for Minority, Women, and Emerging Small Businesses, and the Plan demonstrates that the applicant will ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts as required by Administrative Rule R-2.945-C 1.3.2. The Plan provides that the developer will post information about the City's Rights Assistance Program in English and Spanish on the job site. Finally, the Plan also demonstrates that the applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws as required by Administrative Rule R-2.945-C 1.3.4.
- 2.6.4 Moderate-Income Housing Contribution. Consistent with the requirements of Administrative Rule R-2.945-C 1.4, the owner will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total, 10-year exemption benefit, or approximately \$760,000. The applicant has chosen to pay this fee on an annual basis in years three through ten of the exemption period.
- 2.6.5 Project Design and Compatibility. The project will address basic design concepts in the context of the project location and will be designed and permitted for construction as shown in the resolution (should City Council approve the MUPTE). The basic design concepts include the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

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

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

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

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

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

- 2.6.6 Historic and Existing Housing Sensitivity. The project is adjacent to one historic locale, but the historic locale is not affected by the project. The project includes no direct structural impacts—such as alterations or demolitions—to any of the identified historic resources. No historic structures or existing housing were demolished or removed from the property in the 2 years prior to the date of application.

- 2.6.7 Project Need. The project's pro-forma and financial information were analyzed by Pacific Northwest Economics, an independent real estate economics consultant who found that the project as proposed could not be built but for the benefit of the tax exemption. The financial information ERD LLC submitted in their application is based on projections prior to finalizing financing, construction, and tenanting. It includes assumptions regarding rents, vacancy rates, operating costs, lender underwriting criteria, interest rates, and reasonable rate of return. Pacific Northwest Economics, the Review Panel, and staff reviewed the assumptions. Notably, the consultant determined that the rents proposed were likely significantly higher than the owner could hope to realistically charge. The analyses completed by Pacific Northwest Economics therefore were based on lower rents relative to the applicant's assumptions.

The Pacific Northwest Economics analysis concludes that the project would not be viable without the availability of the MUPTE using the reasonable assumptions outlined and concludes that MUPTE is critical to the success of the project from a financial feasibility perspective. See Section 4 below for the Review Panel's conclusions.

- 2.6.8 Public Benefit beyond Period of Exemption. The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

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

- 2.7.1 Future Neighborhood Engagement. Prior to completing final drawings, ERD LLC will hold another neighborhood engagement meeting. Before submitting for permits, ERD LLC will submit the design to staff to review conformance with the design attached to the MUPTE resolution (should City Council approve the MUPTE). Staff will also give interested parties an opportunity to review and comment on that final design.

3. A display ad soliciting recommendations or comments from the public regarding this project was published in the Register-Guard on November 23, 2021. The period for comment expired on December 23, 2021, and resulted in one written comment, which will be provided to City Council with the materials for the March 9, 2022, work session.
4. The community member MUPTE Review Panel considered the project application, including compliance with program criteria and the independent consultant's financial review, during three meetings held on January 5, January 26, and February 3, 2022. The Review Panel unanimously concluded that the project meets the Required Public Benefit criteria, that the project's financial need was demonstrated, and that a ten-year exemption was warranted. The Panel Conclusions document will be provided to the City Council with the materials for the March 9, 2022, work session.

Therefore, based upon the above findings, the project is, or will be at the time of completion, in conformance with all applicable local plans and provisions of the Eugene Code, 1971, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted administrative rules, and I recommend that the application be approved conditioned upon the project moving forward as proposed.

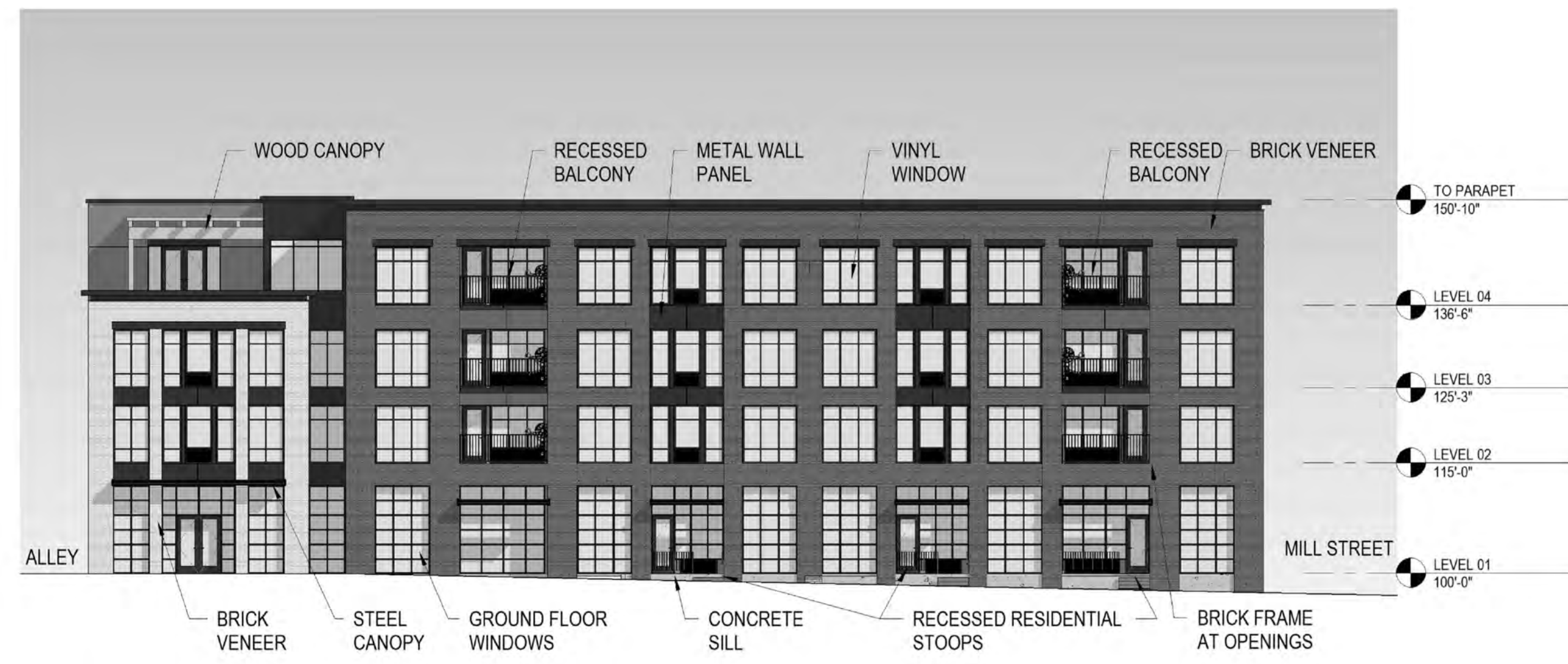
Dated this ____ day of 02/24/2022____, 2022.



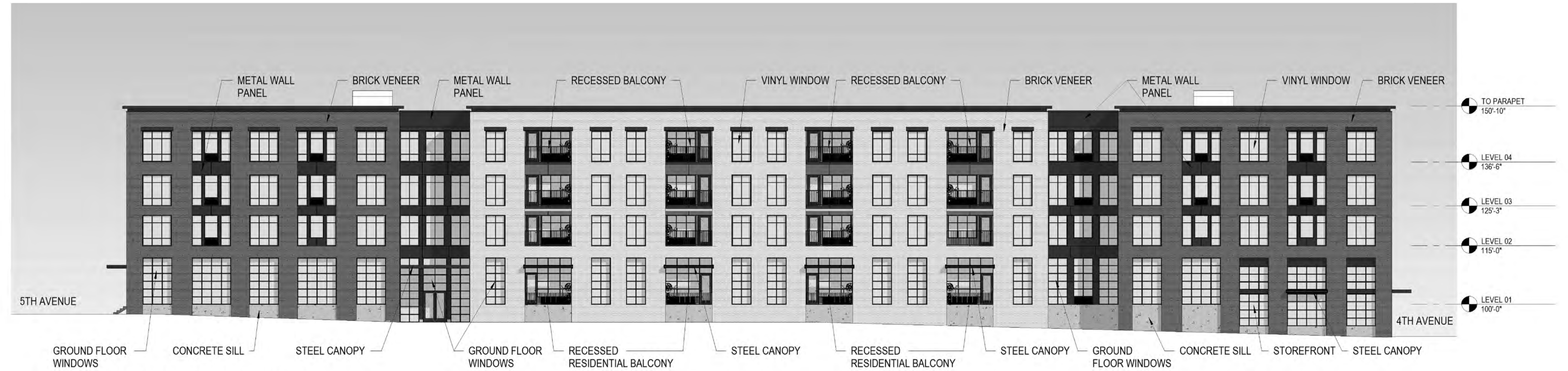
Denny Braud
Executive Director
Planning & Development Department



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



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



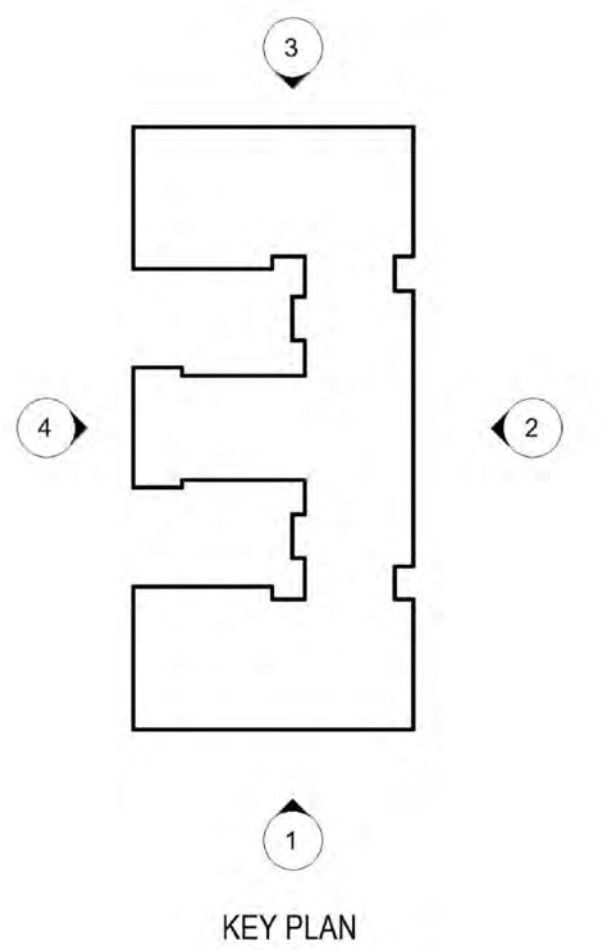
2 EAST ELEVATION
1/16" = 1'-0"



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



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



KEY PLAN

RESOLUTION NO. _____

A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED ON LOT 9 OF THE TOWN RUN PLAT IN EUGENE, OREGON (ASSESSOR'S MAP 17-03-32-22, TAX LOT 2500) (APPLICANT EUGENE RIVERFRONT DISTRICT LLC).

The City Council of the City of Eugene finds that:

A. ERD Block 7 LLC (1255 NW 9th Ave., Suite 119, Portland, Oregon), is the owner of real property located on Lot 9 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-32-22, Tax Lot 2500), also identified as Parcel 7 in the EWEB Riverfront Master Plan ("the property").

B. Eugene Riverfront District LLC ("the applicant") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption Program (Sections 2.945 through 2.947 of the Eugene Code, 1971 ("EC")) with respect to residential units to be constructed on the property ("the project").

C. The project consists of the development of 12 studio units, 38 one-bedroom units, and 45 two-bedroom units for a total of 95 residential units. As proposed, the project is not designed for the leasing of individual rooms or beds, for transient or vacation uses, or otherwise designed primarily for individuals attending college.

D. An independent outside professional consultant was retained and reviewed the project's financial pro-forma. A Review Panel was convened and reviewed application as well as the independent consultant's conclusions in order to make a recommendation as to whether the application met the criteria in EC 2.946. The Review Panel's recommendation was submitted for the City Manager's review.

E. After considering the Review Panel's conclusions and recommendation, the Executive Director of the Planning and Development Department ("the Executive Director") as designee of the City Manager, prepared the Report and Recommendation attached to this Resolution as Exhibit A and incorporated herein by reference. The Report and Recommendation sets forth findings demonstrating that the project meets the criteria described in EC 2.946 and the conditions set forth in Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R-2.945").

F. Based on the findings in the Report and Recommendation, the Executive Director recommends that the application be approved and the exemption granted. In making that recommendation, the Executive Director found that the applicant submitted all materials, documents, and fees required by EC 2.945, EC 2.946, and Rule R-2.945, and the applicant is in compliance with the policies contained therein.

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

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Based upon the above findings which are adopted, and upon the City Council's review and adoption of the Report and Recommendation of the Executive Director of the Planning and Development Department attached to this Resolution as Exhibit A and incorporated herein by reference, the City Council approves the application of Eugene Riverfront District LLC for an ad valorem property tax exemption under the City's Multiple-Unit Property Tax Exemption (MUPTE) Program for the residential units to be constructed on Lot 9 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-32-22, Tax Lot 2500), subject to the following conditions:

- 1.1 **Compact Urban Development.** The project will consist of 12 studio units, 38 one-bedroom units, and 45 two-bedroom units for a total of 95 residential units, none of which will be used for transient use, student housing, or vacation occupancy. There is no commercial space proposed in the building. The applicant did not propose commercial uses as part of the project nor did the applicant demonstrate that commercial property is a required design or public benefit element of the project. Consequently, any commercial property on the development site is not eligible for the tax exemption.

Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R-2.945") requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton St. must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The property on which the project will be built is located in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density. However, the property is governed by an Agreement for Disposition and Development that stipulates a minimum of 95 units for Parcel 7. The proposed project will include 95 units.

The project will be constructed in accordance with the schematic drawing showing the site plan and major features and dimensions of the proposed development, as well as schematic drawings showing side, front, and back elevations of the proposed development, all of which are attached to this Resolution as Exhibit B.

- 1.2 **Green Building Features.** The project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and will exceed the 10% energy efficiency threshold. The applicant will submit to the City of Eugene's Building and Permit Services an energy model with applicant's

development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption.

The project's on-site parking will include installation of conduit for future electric vehicle charging stations.

- 1.3 Local Economic Impact Plan and Compliance with Laws. A plan is in place that demonstrates that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from business organizations or individuals residing or doing business primarily in Lane County.

Applicant will ensure that qualified minority and women business enterprises have been given an equitable opportunity to compete for development related contracts by: (1) accessing lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Oregon State Office of Minority, Women and Emerging Small Business; (2) search for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program website; and (3) advertise in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

The applicant will ensure that information about the City's Rights Assistance Program in English and Spanish is posted on the job site during construction of the project.

The applicant will ensure that the developer, its contractors and subcontractors comply with wage, tax and licensing laws.

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

The applicant will provide the City's Building and Permits Services Department with a list of all contractors performing work on the project. Prior to performing work on the project, contractors must have valid, current licensing, insurance, bonding, and workers compensation coverage, and must be on the list of contractors provided to the City.

The applicant will require that each contractor provide an affidavit attesting to the fact that (1) the contractor, owner, or responsible managing individual for the contractor does not have any unpaid judgments for construction debt, including unpaid wages; and (2) the contractor is in compliance with Oregon tax laws.

- 1.4 Moderate-Income Housing Contribution. The applicant will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total exemption benefit for the 10-year benefit.
- 1.5 Project Design and Compatibility. The applicant shall adhere to the following design elements, as well as the actual square footages included in Exhibit B unless the City Manager approves a deviation from the plan pursuant to EC 2.946(2)(e)2:

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

In plan view, the building 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 a storefront window system at the ground level and vinyl windows on the upper levels. These materials were selected to be compatible with the neighborhood and for permanence and durability. The façade evokes a brick warehouse aesthetic, inspired by the industrial legacy of the site. The arrangement of the large windows and brick piers establishes a consistent architectural rhythm that enriches the streetscape experience, a refined counterpoint to the colonnade of the Ferry Street Viaduct. The project includes space for an optional installation of a mural on the west façade.

Large ground floor storefront 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.

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

During the design process and before the final design drawings are completed, the owner shall hold at least one neighborhood engagement opportunity to allow members of the Downtown Neighborhood Association and others to provide

comments on the proposal. At least one of the applicant's principals shall attend that meeting.

After the final design is completed and before it is submitted for permits, the final design shall be submitted to the City to review for conformance with the design approved by this resolution. The neighborhood shall also have an opportunity to review and comment on the final design. After the comment period, the City shall determine if the design is consistent with the requirements of this Resolution, and if not, whether the City Manager will approve a deviation pursuant to EC 2.946.

- 1.6 At the time of completion, the project shall conform with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS Chapter 195, 196, 197, 215, and 227 that are applicable at the time the application is approved.
- 1.7 During all phases of development, the project shall comply with wage, tax and licensing laws.
- 1.8 The project shall not contain any units for transient use or vacation occupancy.
- 1.9 The project will be completed on or before January 1, 2032, unless an extension of the deadline is requested by the property owner and approved by Council resolution pursuant to EC 2.947(5).
- 1.10 The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

Section 2. Subject to the conditions in Section 1 of this Resolution, 100% of the residential units described in Section 1 are declared exempt from local ad valorem property taxation beginning July 1 of the year following issuance of a Certificate of Occupancy and continuing for a continuous period of ten years unless earlier terminated in accordance with the provisions of Section 2.947 of the Eugene Code, 1971.

Section 3. The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2022.

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

The foregoing Resolution adopted and effective the ____ day of _____, 2022.

City Recorder

Exhibit A

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

Riverfront Parcel 7 Application for Multiple-Unit Property Tax Exemption

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

1. ERD Block 7 LLC is the current owner of real property located on Lot 9 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-32-22, tax lot 02500), also known as Parcel 7 in the EWEB Riverfront Master Plan. Eugene Riverfront Development LLC ("ERD LLC") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption ("MUPTE") Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.
2. As the City Manager's designee, I have reviewed the application and find that:
 - 2.1 The project will provide 12 studio units, 38 one-bedroom units, and 45 two-bedroom units for a total of 95 residential units, none of which will be used for transient use or vacation occupancy. There is no commercial space proposed in the building. The applicant did not propose commercial uses as part of the project, nor did the applicant demonstrate that commercial property is a required design or public benefit element of the project. Consequently, any commercial property on the development site is not eligible for the tax exemption.
 - 2.2 The project is not designed to be student housing, meaning it will be leased by the unit (rather than by individual rooms or beds), the unit configuration does not include several bedrooms with individual bathrooms and sparse common space, it does not include amenities and location selected primarily for individuals attending college, and it does not offer limited viability as potential housing for the general population. Additionally, the project does not designate any of the units for transient use or vacation occupancy.
 - 2.3 Construction is expected to be complete on or before January 1, 2032.
 - 2.4 The project is located in the downtown area described in subsection (1) of Section 2.946 of the Eugene Code, 1971.
 - 2.5 The applicant submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the administrative rules adopted by Administrative Order No. 53-21-05-F.
 - 2.6 The applicant responded to the **Required Public Benefit** criteria as follows:
 - 2.6.1 Compact Urban Development. Rule R-2.945 requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton St. must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The project

will be built in the S-DR Downtown Riverfront Special Area Zone which does not include a minimum residential unit density. However, the site is governed by an Agreement for Disposition and Development that stipulates a minimum of 95 units for Parcel 7. The proposed building on Parcel 7 includes 95 units.

- 2.6.2 Green Building Features. Consistent with the requirements of Administrative Rule R-2.945-C 1.2.2.2, the project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The entity that applies for development permits will be required to submit an energy model with their development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption. and a commissioning report due 18 months after certificate of occupancy is issued. The project's on-site parking will include installation of conduit for future electric vehicle charging stations.
- 2.6.3 Local Economic Impact Plan. The applicant has provided a Local Economic Impact Plan (Plan) demonstrating that more than 50% (the plan estimates 55%) of the project's dollar volume of professional services and construction contracts include businesses based in Lane County as required by Administrative Rule R-2.945-C 1.3.1. The applicant is committed to promoting open competitive opportunities for Minority, Women, and Emerging Small Businesses and the Plan demonstrates that the applicant will ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts as required by Administrative Rule R-2.945-C 1.3.2. The Plan provides that the developer will post information about the City's Rights Assistance Program in English and Spanish on the job site. Finally, the Plan also demonstrates that the applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws as required by Administrative Rule R-2.945-C 1.3.4.
- 2.6.4 Moderate-Income Housing Contribution. Consistent with the requirements of Administrative Rule R-2.945-C 1.4, the owner will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total, 10-year exemption benefit, or approximately \$546,000. The applicant has chosen to pay this fee on an annual basis in years three through ten of the exemption period.
- 2.6.5 Project Design and Compatibility. The project will address basic design concepts in the context of the project location and will be designed and permitted for construction as shown in the resolution (should City Council approve the MUPTE). The basic design concepts include the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

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

In plan view, the building is configured as 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 two colors of brick, metal wall panels, fiber cement panels, and concrete. The project will use a storefront window system at the ground level and vinyl windows on the upper levels. These materials were selected to be compatible with the neighborhood and for permanence and durability. The façade evokes a brick warehouse aesthetic, inspired by the industrial legacy of the site. The arrangement of the large windows and brick piers establishes a consistent architectural rhythm that enriches the streetscape experience, a refined counterpoint to the colonnade of the Ferry Street Viaduct. The project includes space for an optional installation of a mural on the west façade. A mural would be considered like other design revisions and would be subject to City Manager review.

Large ground floor storefront 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.

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

- 2.6.6 Historic and Existing Housing Sensitivity. The project is adjacent to one historic locale, but the historic locale will not be affected by the project. The

project includes no direct structural impacts—such as alterations or demolitions—to any of the identified historic resources. No historic structures or existing housing were demolished or removed from the property in the two years prior to the date of application. A vacant and deteriorating industrial building occupied a portion of this site until it was demolished in 2019. Historic resource review processes were followed at that time.

- 2.6.7 Project Need. The project's pro-forma and financial information were analyzed by Pacific Northwest Economics, an independent real estate economics consultant, who found that the project as proposed could not be built but for the benefit of the tax exemption. The financial information ERD LLC submitted in their application is based on projections prior to finalizing financing, construction, and tenanting. It includes assumptions regarding rents, vacancy rates, operating costs, lender underwriting criteria, interest rates, and reasonable rate of return. Pacific Northwest Economics, the Review Panel, and staff reviewed the assumptions. Notably, the consultant determined that the rents proposed were likely significantly higher than the owner could hope to realistically charge. The analyses completed by Pacific Northwest Economics therefore were based on lower rents relative to the applicant's assumptions.

The Pacific Northwest Economics analysis concludes that the project would not be viable without the availability of the MUPTE using the reasonable assumptions outlined and concludes that MUPTE is critical to the success of the project from a financial feasibility perspective. See Section 4 below for the Review Panel's conclusions.

- 2.6.8 Public Benefit beyond Period of Exemption. The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

- 2.7 A neighborhood engagement meeting regarding Parcel 7 was held for the Downtown Neighborhood Association on September 22, 2021.

- 2.7.1 Future Neighborhood Engagement. Prior to completing final drawings, ERD LLC will hold another neighborhood engagement meeting. Before submitting for permits, ERD LLC will submit the design to staff to review conformance with the design attached to the MUPTE resolution (should City Council approve the MUPTE). Staff will also give interested parties an opportunity to review and comment on that final design.

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

4. The community member MUPTE Review Panel considered the project application, including compliance with program criteria and the independent consultant's financial review, during three meetings held on January 5, January 26, and February 3, 2022. The Review Panel unanimously concluded that the project meets the required Public Benefit criteria, that the project's financial need was demonstrated, and that a ten-year exemption was warranted. See the enclosed Panel Conclusions document for a full summary of their conclusions.

Therefore, based upon the above findings, the project is, or will be at the time of completion, in conformance with all applicable local plans and provisions of the Eugene Code, 1971, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted administrative rules, and I recommend that the application be approved conditioned upon the project moving forward as proposed.

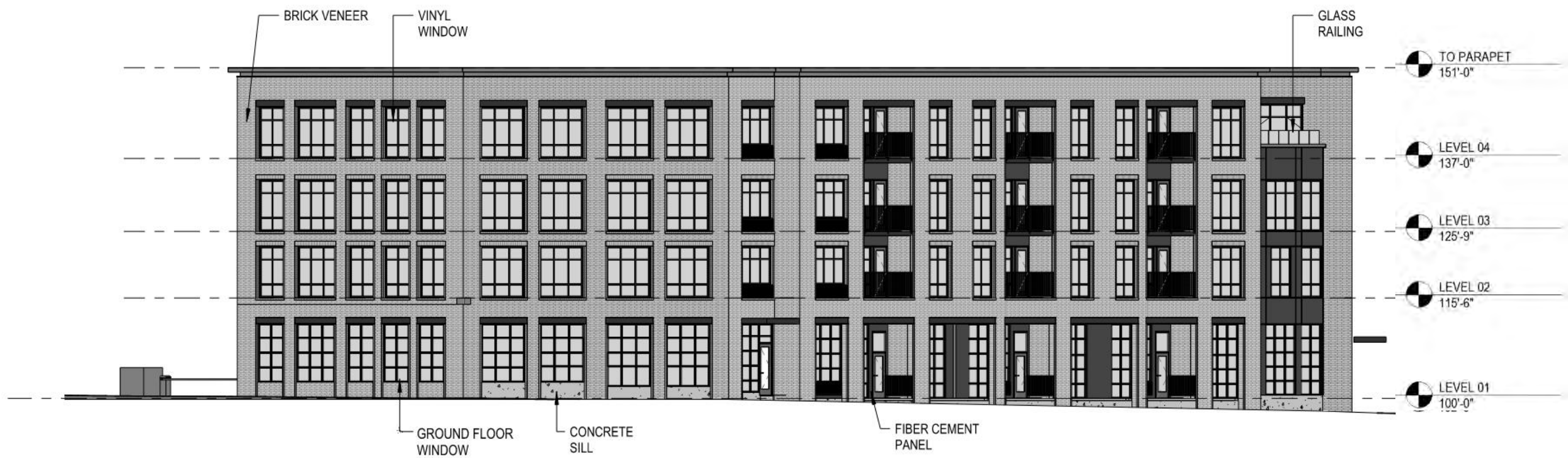
Dated this ____ day of 02/24/2022 __, 2022.



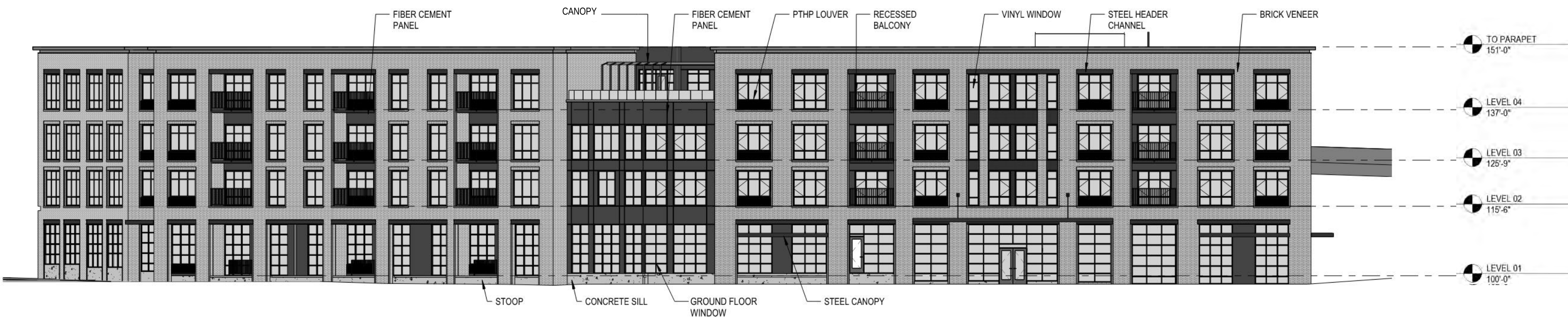
Denny Braud
Executive Director
Planning & Development Department



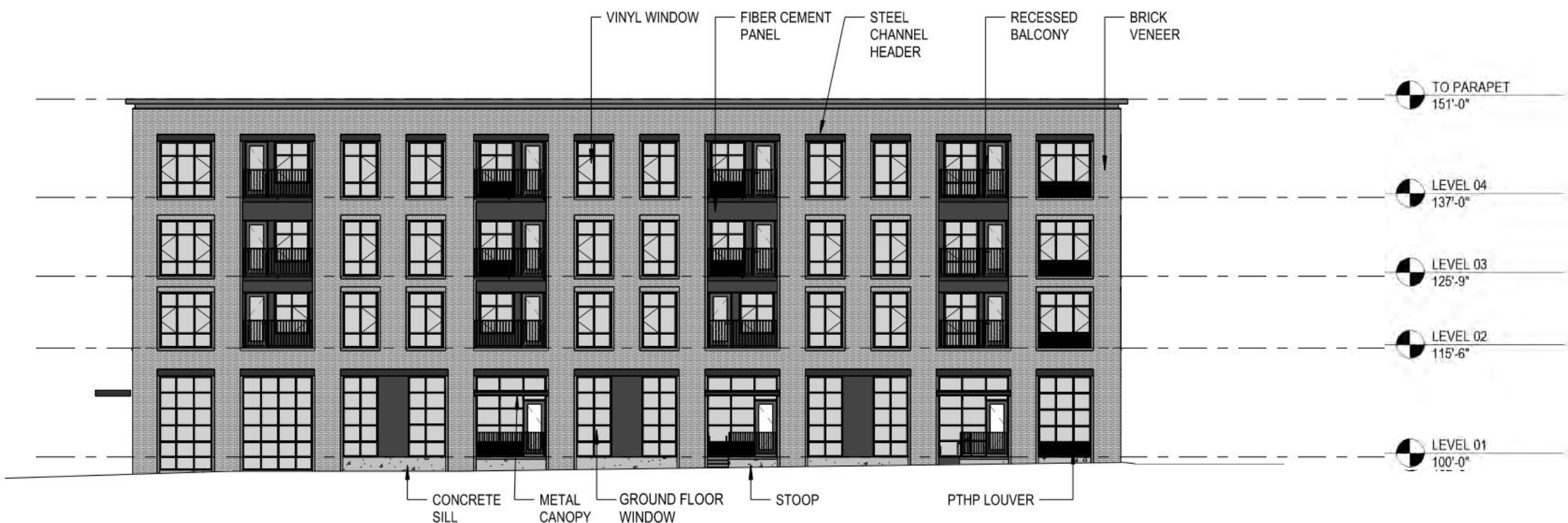
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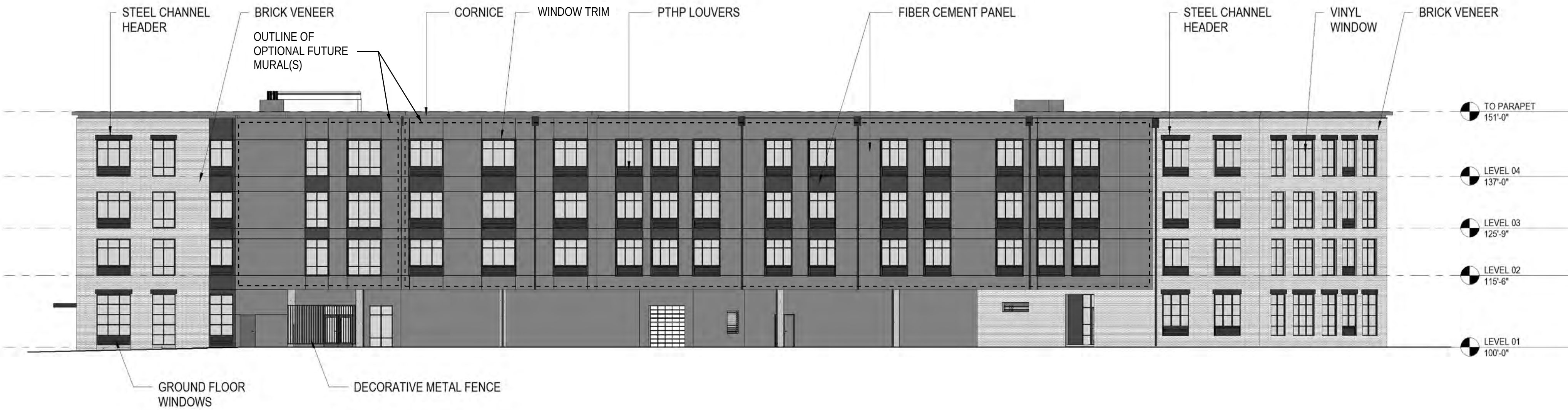
1 BUILDING ELEVATION - SOUTH
1/16" = 1'-0"



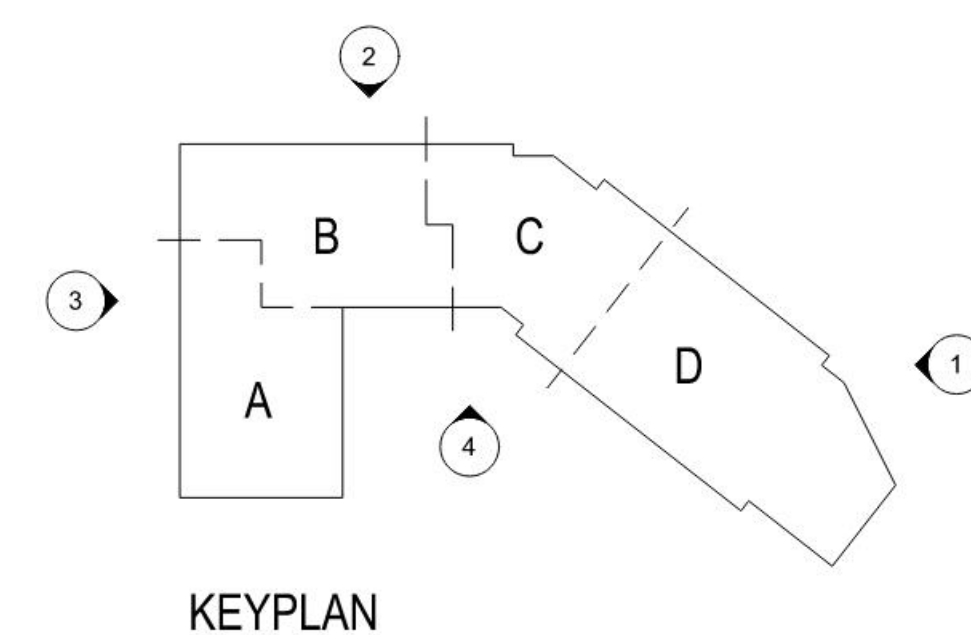
2 BUILDING ELEVATION - EAST
1/16" = 1'-0"



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



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



RESOLUTION NO. _____**A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED ON LOT 12 OF THE TOWN RUN PLAT IN EUGENE, OREGON (ASSESSOR'S MAP 17-03-32-22, TAX LOT 02800) (APPLICANT EUGENE RIVERFRONT DISTRICT LLC).****The City Council of the City of Eugene finds that:**

A. The Urban Renewal Agency of the City of Eugene is the owner of real property located on Lot 12 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-32-22, Tax Lot 02800), also identified as Parcel 9 in the EWEB Riverfront Master Plan ("the property"). The Urban Renewal Agency and Eugene Riverfront District LLC have entered into agreements for the sale of the property to Eugene Riverfront District LLC.

B. Eugene Riverfront District LLC ("the applicant") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption Program (Sections 2.945 through 2.947 of the Eugene Code, 1971 ("EC")) with respect to residential units to be constructed on the property ("the project").

C. The project consists of the development of 60 studio units, 17 one-bedroom units, 68 two-bedroom units, and 11 three-bedroom units for a total of 156 residential units. As proposed, the project is not designed for the leasing of individual rooms or beds, for transient or vacation uses, or otherwise designed primarily for individuals attending college.

D. An independent outside professional consultant was retained and reviewed the project's financial pro-forma. A Review Panel was convened and reviewed the application as well as the independent consultant's conclusions in order to make a recommendation as to whether the application met the criteria in EC 2.946. The Review Panel's recommendation was submitted for the City Manager's review.

E. After considering the Review Panel's conclusions and recommendation, the Executive Director of the Planning and Development Department ("the Executive Director") as designee of the City Manager, prepared the Report and Recommendation attached to this Resolution as Exhibit A and incorporated herein by reference. The Report and Recommendation sets forth findings demonstrating that the project meets the criteria described in EC 2.946 and the conditions set forth in Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R-2.945").

F. Based on the findings in the Report and Recommendation, the Executive Director recommends that the application be approved and the exemption granted. In making that recommendation, the Executive Director found that the applicant submitted all materials,

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

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

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Based upon the above findings which are adopted, and upon the City Council's review and adoption of the Report and Recommendation of the Executive Director of the Planning and Development Department attached to this Resolution as Exhibit A and incorporated herein by reference, the City Council approves the application of Eugene Riverfront District LLC for an ad valorem property tax exemption under the City's Multiple-Unit Property Tax Exemption (MUPTE) Program for the residential units to be constructed on Lot 12 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-32-22, Tax Lot 02800), subject to the following conditions:

- 1.1 **Compact Urban Development.** The project will consist of 60 studio units, 17 one-bedroom units, 68 two-bedroom units, and 11 three-bedroom units for a total of 156 residential units, none of which will be used for transient use, student housing, or vacation occupancy. There is no commercial space proposed in the building. The applicant did not propose commercial uses as part of the project nor did the applicant demonstrate that commercial property is a required design or public benefit element of the project. Consequently, any commercial property on the development site is not eligible for the tax exemption.

Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R-2.945") requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton St. must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The property on which the project will be built is located in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density. However, the property is governed by an Agreement for Disposition and Development (DDA) that stipulates a minimum of 91 units for Parcel 9. The project will include 156 dwelling units. The proposed number of units complies with the DDA's requirement for minimum units on Parcel 9.

The project will be constructed in accordance with the schematic drawing showing the site plan and major features and dimensions of the proposed development, as well as schematic drawings showing side, front, and back elevations of the proposed development, all of which are attached to this Resolution as Exhibit B.

- 1.2 Green Building Features. The project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The applicant will submit to the City of Eugene's Building and Permit Services an energy model with applicant's development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption.

The project's on-site parking will include installation of conduit for future electric vehicle charging stations.

- 1.3 Local Economic Impact Plan and Compliance with Laws. A plan is in place that demonstrates that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from business organizations or individuals residing or doing business primarily in Lane County.

Applicant will ensure that qualified minority and women business enterprises have been given an equitable opportunity to compete for development related contracts by: (1) accessing lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Oregon State Office of Minority, Women and Emerging Small Business; (2) search for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program website; and (3) advertise in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

The applicant will ensure that information about the City's Rights Assistance Program in English and Spanish is posted on the job site during construction of the project.

The applicant will ensure that the developer, its contractors and subcontractors comply with wage, tax and licensing laws.

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

The applicant will provide the City's Building and Permits Services Department with a list of all contractors performing work on the project. Prior to performing work on the project, contractors must have valid, current licensing, insurance, bonding, and workers compensation coverage, and must be on the list of contractors provided to the City.

The applicant will require that each contractor provide an affidavit attesting to the fact that (1) the contractor, owner, or responsible managing individual for the

contractor does not have any unpaid judgments for construction debt, including unpaid wages; and (2) the contractor is in compliance with Oregon tax laws.

- 1.4 Moderate-Income Housing Contribution. The applicant will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total exemption benefit for the 10-year benefit.
- 1.5 Project Design and Compatibility. The applicant shall adhere to the following design elements, as well as the actual square footages included in Exhibit B unless the City Manager approves a deviation from the plan pursuant to EC 2.946(2)(e)2:

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

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 storefront window system at the ground level and vinyl windows on the upper levels. These materials were selected to be compatible with the neighborhood and for permanence and durability. The façade is configured to complement the brick warehouse aesthetic. 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 provide interesting shadows. The elevation design is further punctuated by details such as brick treatments around the windows.

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. The plans include 104 parking spaces in a surface level lot in the interior of the parcel, with the building wrapping the parking area on all sides. To meet City requirements for vehicle parking, the building will undergo special review through site review and adjustment review processes. To achieve the necessary parking reductions, the site needs improved access to public transit, and the developer is coordinating with the City and Lane Transit District to provide appropriate transit service to the site. Bicycle parking and pedestrian accommodations are included throughout the building.

The project design is intended to harmonize with the scale, form, and quality of onsite and adjacent development. The project meets the design intent of designing for the human scale, is appropriate to the local climate and natural resiliency,

promotes transparency, helps define a sense of place, fits the neighborhood, and employs high-quality materials and color.

During the design process and before the final design drawings are completed, the owner shall hold at least one neighborhood engagement opportunity to allow members of the Downtown Neighborhood Association and others to provide comments on the proposal. At least one of the applicant's principals shall attend that meeting.

After the final design is completed and before it is submitted for permits, the final design shall be submitted to the City to review for conformance with the design approved by this resolution. The neighborhood shall also have an opportunity to review and comment on the final design. After the comment period, the City shall determine if the design is consistent with the requirements of this Resolution, and if not, whether the City Manager will approve a deviation pursuant to EC 2.946.

- 1.6 At the time of completion, the project shall conform with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS Chapter 195, 196, 197, 215, and 227 that are applicable at the time the application is approved.
- 1.7 During all phases of development, the project shall comply with wage, tax and licensing laws.
- 1.8 The project shall not contain any units for transient use or vacation occupancy.
- 1.9 The project will be completed on or before January 1, 2032, unless an extension of the deadline is requested by the property owner and approved by Council resolution pursuant to EC 2.947(5).
- 1.10 The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

Section 2. Subject to the conditions in Section 1 of this Resolution, 100% of the residential units described in Section 1 are declared exempt from local ad valorem property taxation beginning July 1 of the year following issuance of a Certificate of Occupancy and continuing for a continuous period of ten years unless earlier terminated in accordance with the provisions of Section 2.947 of the Eugene Code, 1971.

Section 3. Notwithstanding Section 2 above, the tax exemption will not take effect unless and until closing has occurred on the purchase of the property identified as Lot 12 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-32-22, tax lot 02800) by Eugene Riverfront District, LLC or an assignee approved or deemed approved by the Urban Renewal Agency of the City of Eugene in accordance with the DDA.

Section 4. The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2022.

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

The foregoing Resolution adopted and effective the ____ day of _____, 2022.

City Recorder

Exhibit A

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

Riverfront Parcel 9 Application for Multiple-Unit Property Tax Exemption

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

1. Urban Renewal Agency of the City of Eugene is the current owner of Lot 12 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-32-22, tax lot 02800), also known as Parcel 9 in the EWEB Riverfront Master Plan. Eugene Riverfront District LLC ("ERD LLC") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption ("MUPTE") Program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.
2. As the City Manager's designee, I have reviewed the application and find that:
 - 2.1 The project will provide 60 studio units, 17 one-bedroom units, 68 two-bedroom units, and 11 three-bedroom units for a total of 156 residential units, none of which will be used for transient use or vacation occupancy. There is no commercial space proposed in the building. The applicant did not propose commercial uses as part of the project, nor did the applicant demonstrate that commercial property is a required design or public benefit element of the project. Consequently, any commercial property on the development site is not eligible for the tax exemption.
 - 2.2 The project is not designed to be student housing, meaning it will be leased by the unit (rather than by individual rooms or beds), the unit configuration does not include several bedrooms with individual bathrooms and sparse common space, it does not include amenities and location selected primarily for individuals attending college, and it does not offer limited viability as potential housing for the general population. Additionally, the project does not designate any of the units for transient use or vacation occupancy.
 - 2.3 Construction is expected to be complete on or before January 1, 2032.
 - 2.4 The project is located in the downtown area described in subsection (1) of Section 2.946 of the Eugene Code, 1971.
 - 2.5 The applicant submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the administrative rules adopted by Administrative Order No. 53-21-05-F.
 - 2.6 The applicant responded to the **Required Public Benefit** criteria as follows:
 - 2.6.1 Compact Urban Development. Rule R-2.945 requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton St. must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The project

will be built in the S-DR Downtown Riverfront Special Area Zone which does not include a minimum residential unit density. However, the site is governed by an Agreement for Disposition and Development that stipulates a minimum of 91 units for Parcel 9. The proposed building on Parcel 9 includes 156 dwelling units that would result in a density of 94 units per acre. This also meets the Agreement's requirement for maximum units on Parcel 9.

- 2.6.2 Green Building Features. Consistent with the requirements of Administrative Rule R-2.945-C 1.2.2.2, the project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The entity that applies for development permits will be required to submit an energy model with their development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption. and a commissioning report due 18 months after certificate of occupancy is issued. The project's on-site parking will include installation of conduit for future electric vehicle charging stations.
- 2.6.3 Local Economic Impact Plan. The applicant has provided a Local Economic Impact Plan (Plan) demonstrating that more than 50% (the plan estimates 55%) of the project's dollar volume of professional services and construction contracts include businesses based in Lane County as required by Administrative Rule R-2.945-C 1.3.1. The applicant is committed to promoting open competitive opportunities for Minority, Women, and Emerging Small Businesses and the Plan demonstrates that the applicant will ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts as required by Administrative Rule R-2.945-C 1.3.2. The Plan provides that the developer will post information about the City's Rights Assistance Program in English and Spanish on the job site. Finally, the Plan also demonstrates that the applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws as required by Administrative Rule R-2.945-C 1.3.4
- 2.6.4 Moderate-Income Housing Contribution. Consistent with the requirements of Administrative Rule R-2.945-C 1.4, the owner will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total, 10-year exemption benefit, or approximately \$546,000. The applicant has chosen to pay this fee on an annual basis in years three through ten of the exemption period.
- 2.6.5 Project Design and Compatibility. The project will address basic design concepts in the context of the project location and will be designed and permitted for construction as shown in the resolution (should City Council approve the MUPTE). The basic design concepts include the scale, form, and

quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

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

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 storefront window system at the ground level and vinyl windows on the upper levels. These materials were selected to be compatible with the neighborhood and for permanence and durability. The façade is configured to complement the brick warehouse aesthetic. 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 provide interesting shadows. The elevation design is further punctuated by details such as brick treatments around the windows.

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. The plans include 104 parking spaces in a surface level lot in the interior of the parcel, with the building wrapping the parking area on all sides. To meet City requirements for vehicle parking, the building will undergo special review through site and adjustment review processes. To achieve the necessary parking reductions, the site needs improved access to public transit, and the City is coordinating with the developer and Lane Transit District to provide appropriate transit service to the site. Bicycle parking and pedestrian accommodations are included throughout the building.

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

- 2.6.6 Historic and Existing Housing Sensitivity. The project is adjacent to one historic locale, but the historic locale will not be affected by the project. The

project includes no direct structural impacts—such as alterations or demolitions—to any of the identified historic resources. No historic structures or existing housing were demolished or removed from the property in the two years prior to the date of application. A vacant and deteriorating industrial building occupied a portion of this site until it was demolished in 2019. Historic resource review processes were followed at that time.

- 2.6.7 Project Need. The project's pro-forma and financial information were analyzed by Pacific Northwest Economics, an independent real estate economics consultant, who found that the project as proposed could not be built but for the benefit of the tax exemption. The financial information ERD LLC submitted in their application is based on projections prior to finalizing financing, construction, and tenanting. It includes assumptions regarding rents, vacancy rates, operating costs, lender underwriting criteria, interest rates, and reasonable rate of return. Pacific Northwest Economics, the Review Panel, and staff reviewed the assumptions. Notably, the consultant determined that the rents proposed for unfurnished units were likely significantly higher than the owner could hope to realistically charge. On the other hand, they determined the rents proposed for furnished units were likely lower than what the market might allow. The analyses completed by Pacific Northwest Economics therefore were based on lower rents for unfurnished units and higher rents for furnished units, relative to the applicant's assumptions. See Section 4 below for the Review Panel's conclusions.

The Pacific Northwest Economics analysis recommends that the project would not be viable without the availability of the MUPTE using the reasonable assumptions outlined and concludes that MUPTE is critical to the success of the project from a financial feasibility perspective.

- 2.6.8 Benefit Beyond Period of Exemption. The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

- 2.7 A neighborhood engagement meeting regarding Parcel 9 was held for the Downtown Neighborhood Association on September 22, 2021.

- 2.7.1 Future Neighborhood Engagement. Prior to completing final drawings, ERD LLC will hold another neighborhood engagement meeting. Before submitting for permits, ERD LLC will submit the design to staff to review conformance with the design attached to the MUPTE resolution (should City Council approve the MUPTE). Staff will also give interested parties an opportunity to review and comment on that final design.

3. A display ad soliciting recommendations or comments from the public regarding this project was published in the Register-Guard on November 23, 2021. The period for comment expired

on December 23, 2021, and resulted in one written comment, which will be provided to City Council with the materials for the March 9 work session.

4. The community member MUPTE Review Panel considered the project application, including compliance with program criteria and the independent consultant's financial review, during three meetings held on January 5, January 26, and February 3, 2022. The Review Panel unanimously concluded that the project meets the required Public Benefit criteria, that the project's financial need was demonstrated, and that a ten-year exemption was warranted. The Panel Conclusions document will be provided to the City Council with the materials for the March 9, 2022 work session.

Therefore, based upon the above findings, the project is, or will be at the time of completion, in conformance with all applicable local plans and provisions of the Eugene Code, 1971, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted administrative rules, and I recommend that the application be approved conditioned upon the project moving forward as proposed.

Dated this ____ **day of** 02/24/2022 _____, 2022.

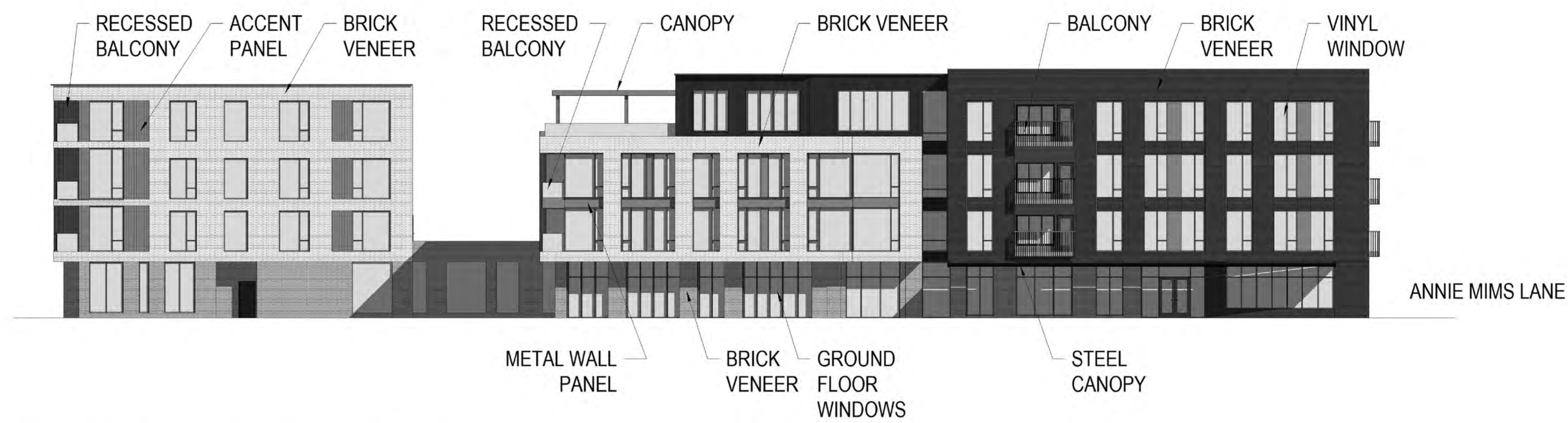


Denny Braud
Executive Director
Planning & Development Department



SITE PLAN

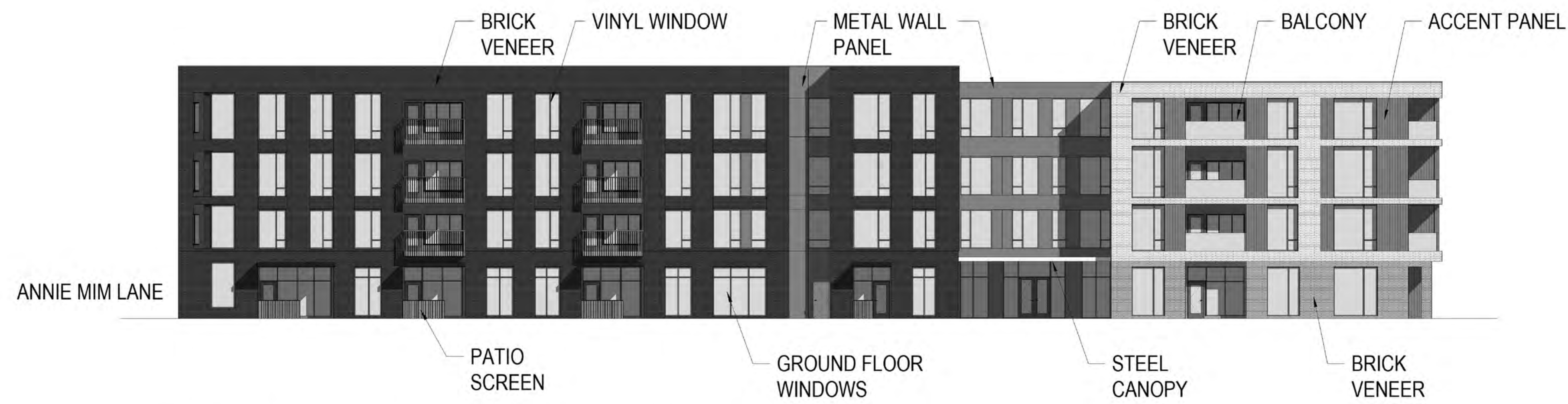
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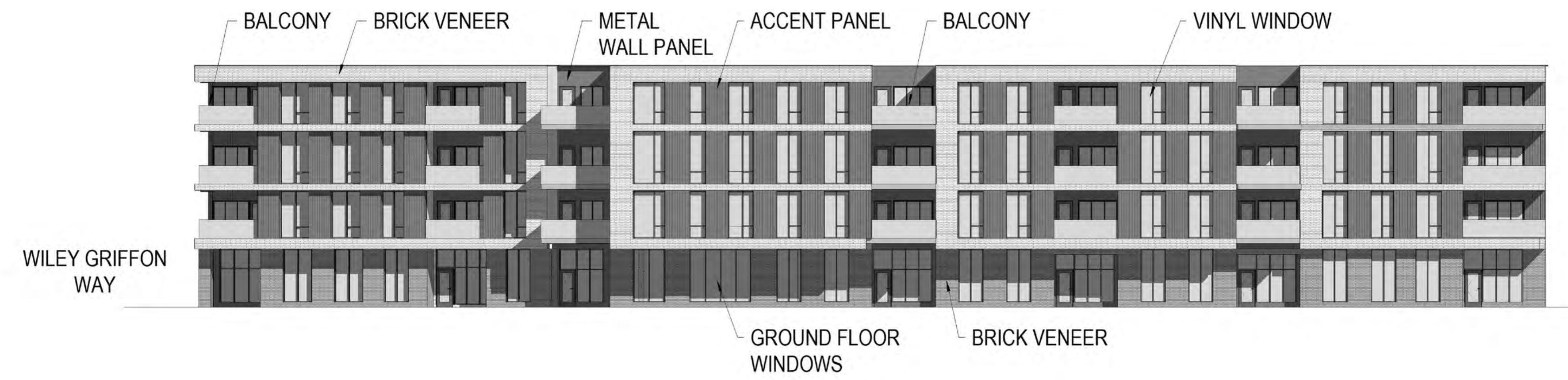
1 BUILDING ELEVATION - NORTH
1/16" = 1'-0"



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"

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Middle Housing Code Amendments (Implementation of House Bill 2001)

Meeting Date: March 9, 2022
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Terri Harding
Contact Telephone Number: 541-682-5635

ISSUE STATEMENT

This work session is an opportunity to learn about the Middle Housing Code Amendments that will be coming to the City Council for public hearing and action after the Council's spring break. The work session will include an overview of the public outreach and the Planning Commission review process, which resulted in a unanimous recommendation to Council to adopt a package of land use and plan amendments that both implement state law and respond to themes heard during public outreach. No action is requested.

BACKGROUND

Middle Housing Code Amendment Project

Like many other communities in Oregon and across the nation, the City of Eugene is experiencing a housing crisis. In addition, Eugene is identified as a severely rent-burdened community. Housing prices continue to rise at a rapid rate, and low vacancy rates and low wages are creating a dynamic that leaves people struggling to find housing that meets their basic needs. In recognition of this statewide issue, the Oregon legislature passed House Bill (HB) 2001 in 2019, with the goal of increasing housing choice and supply. Implementation of HB 2001 is an important component in the City's ongoing work related to housing and homelessness and aligns with recent Council action to approve the Housing Implementation Pipeline (HIP).

HB 2001 requires Eugene and other cities with a population of more than 25,000 to:

- Allow duplexes on all residentially zoned lots or parcels where detached single-family dwellings are allowed; and
- Allow triplexes, fourplexes, cottage clusters and townhouses in areas zoned for residential use.

HB 2001 allows cities to regulate siting and design of the various middle housing types as long as the regulations do not discourage the development of these housing types through unreasonable costs or delay. [Administrative rules](#) adopted by the state in December 2020 include a model code and minimum standards for compliance with House Bill 2001. The rules establish, at minimum, code standards cities need to implement to comply with the requirements of the bill and they also

allow the City to go beyond the state's minimum requirements to encourage middle housing. The City's land use code and plan amendments to implement HB 2001 must be in effect by June 30, 2022 or the City will be required to implement the state's adopted model code for middle housing.

The state's rules generally require that middle housing is allowed in as many places as possible, with areas excluded for a limited set of reasons, such as infrastructure constraints or natural hazards. While Eugene is required to meet the minimum standards across the community and allow housing types broadly in residentially zoned areas that allow for single family homes, we are also required to "consider ways to increase the affordability of middle housing by considering ordinances and policies." The City can also go beyond the requirements of the rules and encourage or incentivize additional middle housing in the community.

As a follow up to HB 2001, Senate Bill (SB) 458 was passed by the Oregon Legislature in 2021 to increase homeownership and wealth building opportunities. The legislation requires cities to allow land divisions for any HB 2001 middle housing type (duplexes, triplexes, fourplexes, rowhouses, and cottage clusters) built in accordance with the cities' middle housing code provisions, enabling dwelling units to be sold and owned individually without the need to go through the condominium conversion process. The result of such a "middle housing land division" will be exactly one dwelling on each resulting lot. Code provisions implementing SB 458 are included in the package of code amendments recommended by the Planning Commission.

The City Council discussed the project approach, public involvement plan, and state requirements at its [July 22, 2020](#), [January 25, 2021](#) and [May 24, 2021](#) meetings and met jointly with the Planning Commission on [October 18, 2021](#) to discuss the project status. The Planning Commission discussed the project over the course of 14 meetings between June 2020 and August 2021, including review and approval of the public involvement plan, state rulemaking, code concepts, outreach results, and code writing approach, before the start of the formal adoption process, which began with sending the first draft of the code to the state in September of 2021.

Public Outreach

The Middle Housing project's [Public Involvement Plan](#) outlines the outreach process from concept development through adoption of land use code and policy amendments. The plan includes opportunities for the community to engage in the planning process and information on how individuals and organizations can effectively participate and is consistent with the City's Public Participation Guidelines and Statewide Planning Goal 1. The Planning Commission approved the plan in August 2020 and has been regularly meeting to advise staff on the project approach.

The public involvement approach for the middle housing project included all of the outreach methods we normally use for planning projects, with additional strategies aimed at increasing equity and inclusion on top of that. Given the COVID-19 pandemic, staff emphasized online outreach methods that engage a broad spectrum of the community. The first phase of outreach in the fall of 2020 focused on opportunities to learn about the state law and inform the creation of [values and principles](#).

In support of inclusive public engagement, City staff collaborated with the Oregon non-profit [Healthy Democracy](#) to set up a new kind of deliberative process for Eugene. The creation of a

lottery-selected review panel designed to reflect the broad needs and interests of the community allowed us to really reach out and hear from all corners of Eugene. The demographics of the panel mirrored the school age population, in an effort to reflect our community's increasing diversity and to plan for the future.

In addition, staff convened an Equity RoundTable to specifically bring an equity lens to the project from representatives of local groups doing equity-based work. This work builds on the contributions of the Equity Panel for the Climate Action Plan.

Staff also worked with a Boards and Commissions RoundTable, and a Local Partners RoundTable, as well as providing information and feedback opportunities to the general public online and across three social media platforms. Staff continued to reach community members in new ways such as conducting University of Oregon student outreach and virtual interaction on [Instagram](#) and Facebook as well as with [Reddit](#), where the Eugene subpage has 30,000 users. Lastly, our planning interns developed an interactive [story map](#) to engage students and young adults in the middle housing conversation.

The February 2021 outreach gathered community-wide input on how to approach implementation of the house bill. The main opportunity for input centered on levels of implementation: we asked community members whether the City should Allow, Encourage, and/or Incentivize middle housing through the land use code requirements.

As part of the February outreach efforts, we received 741 surveys (730 in English and 11 in Spanish), held 15 meetings and events, and heard from renters and homeowners, community members in every ward and of every age category, and folks who had never been involved with City processes before. A [comprehensive report](#) on the February outreach is available on our website.

Additionally, to reach those who build housing in our community, two Developer Focus Group meetings were held with market rate and affordable housing developers to gather feedback on the code recommendations and affordability strategies. Results from these conversations were incorporated into the code recommendations from the project team.

Overall, people we heard from through the community engagement efforts were overwhelmingly supportive of going beyond the minimum standards required by the state and implementing a combination of the encourage and incentivize middle housing options.

In May 2021, the Planning Commission wrote and presented a [letter](#) to the City Council describing the middle housing outreach process and development of the code writing approach.

Middle Housing Draft Land Use Code and Metro Plan Amendments

Based on 10 months of community engagement, technical and legal analysis and work sessions with the Planning Commission, the project team developed a draft set of land use code and plan amendments to implement House Bill 2001. To reflect what the project team heard from the community outreach, the Planning Commission advised staff to prepare the draft amendments to:

- Focus on equity and inclusion as code choices are made.

- Encourage and incentivize middle housing across the community.
- Near transit routes, encourage compact development by reducing parking requirements.
- Pursue incentives and programs beyond the code as part of the City's ongoing housing work.

A major project milestone was met when staff submitted a set of [draft land use code and plan amendments](#) to the Oregon Department of Land Conservation and Development on September 21, 2021, kicking off the formal adoption process.

The draft code and plan amendments cover a broad range of topics including middle housing definitions, residential zone updates to allow the middle housing types, lot size, parking, and building height standards, tree preservation standards, middle housing land divisions, and affordability strategies and incentives. The package of code changes is intended to further the project goals, which are to implement House Bill 2001, further longstanding housing equity and affordability goals, and increase the diversity of housing types in Eugene.

Planning Commission Process

The Planning Commission held a work session on [September 28, 2021](#) to review the draft set of plan and code amendments. Continuing the commitment to robust public involvement for the project, staff held three [Information Sessions](#) in October to help people learn about the draft proposal, how it responds to the outreach completed in the first phase of the project, and prepare to participate in the formal adoption process. The Planning Commission's public hearing was held on [November 16, 2021](#). A total of 34 people provided verbal testimony at the hearing, including people from every outreach group convened by the City for this project, and 252 individuals provided written testimony through November 29, 2021. A staff summary of public testimony themes from the Planning Commission process is included as Attachment A to the Commission's [December 7, 2021 Agenda Packet](#).

Planning Commission deliberations occurred at the [November 30](#), [December 7](#), and [December 14](#) meetings in 2021, and completed on [January 11](#) and [January 25](#), 2022. The Commission carefully worked their way through the material, considering the options of meeting the state's minimum standards, going with the state's model code, or going beyond the minimum for each set of land use code regulations. At their last meeting on January 25, 2022, the Planning Commission unanimously voted to support a draft set of code and plan amendments that implement the law and respond to the themes heard in the public outreach process.

As summarized in this [letter to the Council](#), much of the Commission's recommended code simply meets the state's minimum standards. In cases where the proposed code exceeds them, it does so to *incentivize smaller housing types, lower-cost housing, income-qualified housing, transit-oriented development, and provide flexibility for already-developed sites*. While the changes may seem vast to some community members, in reality, they will contribute to incremental change over many years.

To accompany the proposed set of amendments, staff prepared a comprehensive [Guide to the Planning Commission Recommendation](#). The Guide includes the Planning Commission's letter to Council, links to background information, summaries of proposed code changes, middle housing code incentives, hot topics, and how to get involved. The Guide has been broadly distributed and

serves as a reference tool to compare choices for various code sections to meet the minimum standards, go with the state's model code, or go with a Eugene-specific standard that responds to local input.

Project staff has presented to community groups to answer questions about the proposal, and hosted information sessions again over zoom, on February 18 at noon, February 22 at 5:30 pm, and March 3 at 7 pm. Links are available on the [project website](#) and recordings will be posted after the sessions.

Hot Topics: Housing Affordability, Equity, and Displacement

Although not unique to middle housing, issues that have garnered significant attention from the public over the past 18 months include housing affordability, equity and access to housing for all community members, and displacement and gentrification concerns.

The middle housing code amendments cannot directly require affordability for new construction because this would conflict with state law. However, the City can take actions to *encourage* housing to be affordable. Strategies in the draft code amendments recommended by the Planning Commission that promote affordability include allowing smaller lots and more units, increased building heights and lot coverage, and decreasing parking requirements near transit, as well as opportunities for home ownership.

In addition, the Planning Commission included a code incentive for income qualified housing in their recommendations. For property owners who keep some of the middle housing units affordable to low income earners, lot size reductions and parking reductions are proposed to be offered as code incentives. These are the same code incentives that are recommended for smaller middle housing units and units near transit. Staff is actively seeking feedback on this proposal from affordable and market rate housing developers, as well as the general public.

Housing programs such as financial incentives, fee reductions, tax exemptions, and anti-displacement strategies are important components of the Housing Implementation Pipeline (HIP), which was recently approved by Council. Many of the programs and projects in the HIP emphasize equity and access to housing for low income community members, BIPOC communities, and people with disabilities. There is substantial overlap between the recommendations of the middle housing Equity RoundTable with regard to these populations and the Equity Panel convened to advise staff on the HIP process. Coordination between the HIP and middle housing code amendments is ongoing.

In summary, the middle housing code amendments are one piece of a complex system of housing rules, regulations, and programs that involve public, private and nonprofit partners around the community to move toward our collective goals.

City Council Process

Project staff will return to Council on April 11, 2022 for a pre-hearing work session. The public hearing is scheduled for April 18, 2022 at 7:30 pm. Additional work sessions for deliberations and action are scheduled for May 11, 18 23, 2022.

The City must have regulations in place by June 30, 2022 that comply with state law, or the state's model code will apply directly.

Ways to Get Involved

The project's [Engage Eugene](#) and web [page](#) are frequently updated with opportunities to engage community members and provide information about middle housing in Eugene. Recordings of the community information sessions will be posted after the events are held.

The project team has set up an email address for public comments about the middle housing project. Community members can send their comments to middlehousingtestimony@eugene-or.gov, and staff will compile the public testimony for sharing with the City Council.

ATTACHMENTS

A. Guide to the Planning Commission Recommendations on Middle Housing

FOR MORE INFORMATION

Staff Contact: Terri Harding, Principal Planner
Telephone: 541-682-5635
Staff E-Mail: THarding@eugene-or.gov



Planning Commission Recommendation Guide

February 2022



MIDDLE HOUSING CODE AMENDMENTS

Expanding housing options for Eugene

Thank you for your interest in the Middle Housing Code Amendments project. We hope you find this Guide to the Planning Commission Recommendation helpful. It includes: a letter from the Planning Commission, summary of proposed code standards, summary of incentives, summary of hot topics, and information for how to get involved and provide public comment. For even more information including technical documents and the full proposed code, visit the resources below or contact project staff.

Background information

- [Project Webpage](#)
- [Fact Sheet: Project Overview](#)
- [Fact sheet: Requirements of HB 2001](#)
- [Fact Sheet: The History of Residential Zoning](#)
- [Fact Sheet: Market Factors](#)
- [Project FAQ](#)
- [Middle Housing Land Division \(SB 458\) FAQ](#)
- [Affordability FAQ](#)
- [Sign up for emails and formal notice](#)

All Things Code

- [HB 2001 Minimum Standards](#)
- [House Bill 2001 Model Code](#)
- The Planning Commission's [Proposed Code Amendments](#) *(full text)*

Analysis

- [Evaluation of Middle Housing Development Potential in Eugene](#)
- [Impacts of Code Scenarios \(Allow/Encourage/Incentivize\) on Small Rental Units](#)
- [Middle Housing Code Concepts](#)
- [Middle Housing Massing Model](#)

Middle Housing Core Team

- **[Terri Harding](#)**: Project Manager
- **[Jennifer Knapp](#)**: Urban Design Lead
- **[Jeff Gepper](#)**: Land Use Code Lead
- **[Sophie McGinley](#)**: Public Engagement Lead

Save the Dates- details available on the [project webpage](#)

- **City Council Work Session:** Wednesday March 9, 12:00 pm and Monday April 11, 5:30 pm
- **City Council Public Hearing:** Monday April 18, 7:30 pm

MIDDLE HOUSING TYPES

Local examples from Eugene:



Duplexes



Triplexes and Quadplexes



Townhouses



Cottage Clusters



Memorandum

Date: January 25, 2022
To: Eugene Mayor and City Council
From: Eugene Planning Commission
Subject: Recommendation for Middle Housing Code Amendments

The members of the Eugene Planning Commission are pleased to present our formal recommendations for the City of Eugene's implementation of House Bill 2001 (2019) for middle housing. As Eugene's Planning Commission, we view this process as an opportunity to serve our community, effectively implement a new state law and seriously plan for our community's future. We have been committed to bringing you the best possible set of middle housing recommendations, based upon information learned through the technical analysis process of the last 18 months and through a constant commitment to what we heard in a robust public engagement process.

House Bill 2001 is a landmark zoning reform bill. This piece of legislation affords the opportunity for City officials, staff, and the community to invite current and future Eugeneans into all corners of our neighborhoods and to offer them housing choices of all shapes and sizes. A home is a home regardless of the number of dwelling units, and neighborhoods are made better when they encompass a diversity of neighbors. Although the land use code is, on its face quite technical—we all know that it's more than that. It's a manifestation of a community's values and a blueprint for the future. Zoning is not just a document or map; it is emotional, personal and it can become divisive. As a Commission, we have worked hard to both hear and carefully consider all the voices raised as we've crafted a recommendation for your consideration.

As the City of Eugene's Citizen Involvement Committee, early on in the process, we approved a Public Involvement Plan that aimed to elevate voices not usually heard during planning processes. The middle housing public engagement process exemplified excellence in reaching and informing a broad cross section of our community, not just the most vocal. The process demonstrated a commitment from City staff to raise the bar, elevate voices, reconcile our State's and local zoning code's history of exclusion, and implement amendments that center on equity. The Commission enthusiastically supports this robust and broad outreach process that was inclusive and representative of the interests of: renters, homeowners, Black, Indigenous, People of Color, people of all ages and abilities, and people from all Eugene neighborhoods. For many, this was their first time getting involved with a City process, much less a land use planning process. The Planning Commission urges you to assign the same value to all of these voices as to those you may hear more frequently.

Even though much of the proposed code is an implementation of state requirements, some community members have asked why Eugene is proposing to do more than the state's minimum standards required

to comply with House Bill 2001. While waiting for the finalization of State administrative rules for implementation, City staff worked with community members to establish the following eight Guiding Values and Principles:

- Equity and Access to Housing
- Broad Dispersal of Middle Housing
- House Options of All Shapes and Sizes
- Compact, Efficient Housing
- Sense of Belonging
- Opportunities to Build Wealth
- Interconnectedness of Housing Solutions
- Vibrant Neighborhoods

Every part of our recommendation has been informed by those foundational Guiding Values and Principles, resulting in a proposed code that treats the entire City equitably, encourages lower cost and Affordable housing, and takes steps to begin solving the housing crisis for the next generation. Our recommendation was not formed without context; we considered other plans and policies such as the Envision Eugene Pillars, Climate Action Plan 2.0, and the Eugene Transportation System Plan. We believe our recommendation honors the results of public engagement and public testimony, in addition to recognizing the importance of adopted City plans and policies.

As mentioned, much of the proposed code meets the minimum standards. In cases where the proposed code does exceed minimum standards, it does so to incentivize smaller housing types, lower-cost housing, income-qualified housing, transit-oriented development, and flexibility for already-developed sites. Eugene is not alone in proposing to exceed the minimum standards. We are joined by the Cities of Albany, Bend, Gresham, Milwaukie, Newberg, Portland, Salem, and Springfield. The minimum standards were intended to act as a floor, not a ceiling. While the changes may seem vast to some, in reality, they will result in incremental change over many years. Eugene must be bold and act with the foresight to take big steps now to even begin to see results in the coming decade. There is no doubt that this project will result in our neighborhoods looking a little different over time, but it will also result in welcoming more neighbors into our wonderful communities and effectively planning for future generations.

However, even with taking these important, necessary steps, the implementation of House Bill 2001 will not be enough. Our community must continue the work to end the housing crisis in other ways. While the proposed code encourages lower-cost dwellings and some income-qualified housing, it is only one piece of the puzzle. We strongly encourage you to build on this work through the Housing Implementation Pipeline, which recommends the establishment of an Anti-Displacement Plan, in addition to exploring additional incentives for much needed, income-qualified housing.

The Planning Commission also asks that the City Council commit to monitoring the results of these proposed code amendments to determine whether and how the amendments meet the goals of the middle housing project, whether as part of growth monitoring or some other process. This will better equip all of us with crucial knowledge about the kind of housing built after the code changes and incentives are in place. Together, we can implement a code that makes our community more accessible to everyone. This is a once-in-a-generation opportunity, and we are proud of the work of the community, staff, and Commission.

We look forward to following the community conversation about middle housing as it comes before the City Council. Thank you for the opportunity to provide policy guidance on this important project and its outcomes; as a Commission, we take very seriously our role as the City of Eugene's Citizen Involvement Committee. We appreciate and value collaborating with you on planning efforts that seek to remove barriers to housing affordability, availability, and diversity and increase equity across the community.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Beeson', with a long horizontal flourish extending to the right.

Ken Beeson, Chair & Middle Housing Resource Committee

Tiffany Edwards

Lisa Fragala, Middle Housing Resource Committee

Dan Isaacson, Vice Chair

Chris Ramey

Kristen Taylor, Middle Housing Resource Committee



Comparison Summary for Middle Housing Code Amendments

The summary tables provided below are intended to compare the Planning Commission's recommendation for the Middle Housing Code Amendments to the Minimum Standards of the State Law and the State's Model Code. The Minimum Standards are standards that cities need to meet to implement and comply with the requirements of House Bill 2001. The Model Code was developed by the State as an example and tool for a code that meets the minimum standards and is the code that will apply if the City doesn't adopt a Eugene-specific code that complies with the Minimum Standards by June 30, 2022.

Each of Eugene's proposed standards in the tables below has been categorized in accordance with the following three classifications, which illustrates where it falls on the spectrum of incentivizing Middle Housing development.

Allow	Encourage	Incentivize
Follow the Minimum Standards.	Remove some barriers to middle housing.	Do even more to remove barriers and lower the cost of middle housing.

As a summary, this information cannot fully capture the breadth of the changes proposed for the Eugene Code (Code Amendments) and cannot address every standard for every zone where middle housing is allowed. This handout focuses on the standards for the City's R-1 Low-Density Residential zone because it is by far the largest area of residentially zoned land in the City and the standards applicable in the R-1 zone are generally representative standards applicable in other residential zones. Please refer to the proposed draft code for the complete set of Code Amendments proposed as part of the Middle Housing Project. Contact Planning Division Staff if you have more specific questions about standards in these tables or standards applicable in other zones. More information and staff contacts are available at eugene-or.gov/middlehousing

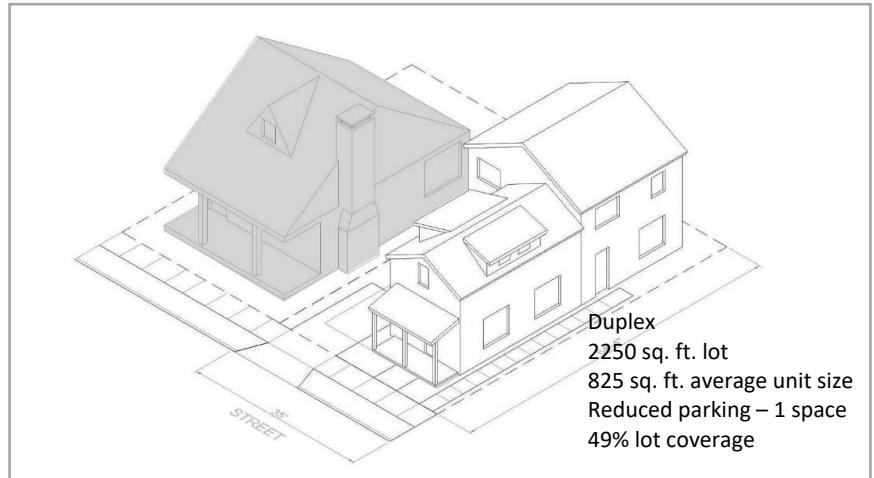
Definitions

	Minimum Required by State Law	Model Code	Planning Commission Recommendation
Duplex	Duplexes must be allowed in an attached configuration but may also be allowed in a detached configuration.	A duplex may be attached or detached.	A duplex may be attached or detached. If one of the dwellings on the lot or parcel is an accessory dwelling, the two dwellings on that lot or parcel are not considered a duplex.
Triplex	Triplexes must be allowed in an attached configuration but may also be allowed in a detached configuration.	Triplex units may be attached or detached.	Triplex units may be attached or detached.
Fourplex	Fourplexes must be allowed in an attached configuration but may also be allowed in a detached configuration.	Fourplex units may be attached or detached.	Fourplex units may be attached or detached.

Townhouse	A row of two or more attached dwelling units where each dwelling is located on an individual lot or parcel and shares at least one common wall with an adjacent dwelling.	A row of two or more attached dwelling units where each dwelling is located on an individual lot or parcel and shares at least one common wall with an adjacent dwelling.	Two or more attached dwellings where each dwelling is located on an individual lot or parcel and shares at least one common wall with an adjacent dwelling.
Cottage Cluster	A grouping of no fewer than four detached dwelling units per acre with a footprint of less than 900 square feet each that includes a common courtyard. Cottage Cluster units may be located on a single lot or parcel, or on individual lots or parcels.	A grouping of no fewer than four detached dwellings per acre, each with a footprint of less than 900 square feet, located on a single lot or parcel that includes a common courtyard.	A grouping of no fewer than four detached dwellings per acre with a footprint of less than 900 square feet each that includes a common courtyard. Cottage clusters are not fourplexes or multiple-unit dwellings.



Duplex in West University Neighborhood



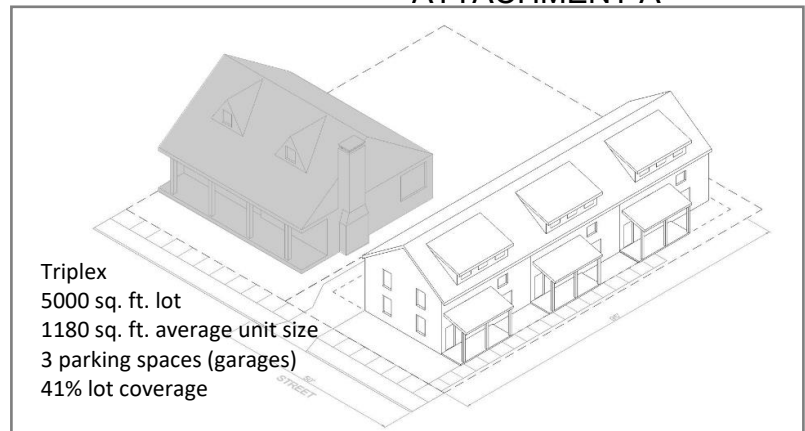
Duplex Standards

	Minimum Standard	Model Code	Planning Commission Recommendation	
Minimum Lot Size	Cannot be greater than the minimum lot size required for a single detached dwelling.	Cannot be greater than the minimum lot size required for a single detached dwelling.	2,250 square feet (less than the minimum lot size for a single detached dwelling, which is 4,500 square feet)	
			Encourage	Incentivize (lot size reduced by 25% if composed of small and/or income-qualified units)
Minimum Frontage	Cannot be greater than the minimum frontage required for a single detached dwelling.	Cannot be greater than the minimum frontage required for a single detached dwelling.	Interior lot: 20 feet (less than the 50 feet for single detached dwelling) Corner lot/Curved lot : 20 feet (less than the 50 feet for single detached dwelling) Curved lot/ Cul-de-sac bulb lot: 35 feet (same as single detached dwelling)	
			Allow	Encourage
Minimum Lot Width	Cannot be greater than the minimum lot width required for a single detached dwelling.	Cannot be greater than the minimum lot width required for a single detached dwelling.	Interior lot: 20 feet (less than the 50 feet for single detached dwelling) Corner lot: 20 feet (less than the 50 feet for single detached dwelling) Curved lot/Cul-de-Sal Bulb Lot: 35 feet (same as single detached dwelling) Flag lot: 50 feet (same as single detached dwelling)	
			Allow	Encourage
Minimum Front Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling.	Must be less than 20 feet, except those minimum setbacks applicable to garages and carports.	10 feet or 18 feet for garage doors and carports (same as single detached dwelling)	
			Allow	

Minimum Interior Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling.	Must be less than 15 feet, except those minimum setbacks applicable to garages and carports.	5 feet from the property line and minimum of 10 feet between buildings (same as a single detached dwelling).
			Allow
Maximum Height	Cannot be lower than the maximum height for a single detached dwelling.	Cannot be lower than the maximum height for a single detached dwelling.	35 feet (taller than the maximum height for a single detached dwelling, which is 30 feet)
			Encourage
Minimum Off-Street Parking	No more than 1 space per duplex dwelling unit	No off-street parking requirements.	1 space per duplex dwelling unit
			Allow
			Incentivize (No parking requirements if located near transit and/or has small units and/or income-qualified units)
Design Standards	Must be: 1) the same design standards applicable to single detached dwellings; 2) the design standards from the Model Code; or 3) design standards that are less restrictive than the design standards in the Model Code.	The same design standards applicable to single detached dwellings.	The same design standards applicable to single detached dwellings.
			Allow
Maximum Lot Coverage	May not be less than the maximum lot coverage applicable to a single detached dwelling.	May not be less than the maximum lot coverage applicable to a single detached dwelling.	75% of lot (more lot coverage allowed for a duplex than the 50% lot coverage allowed for a single detached dwelling)
			Encourage



Triplex – West Eugene



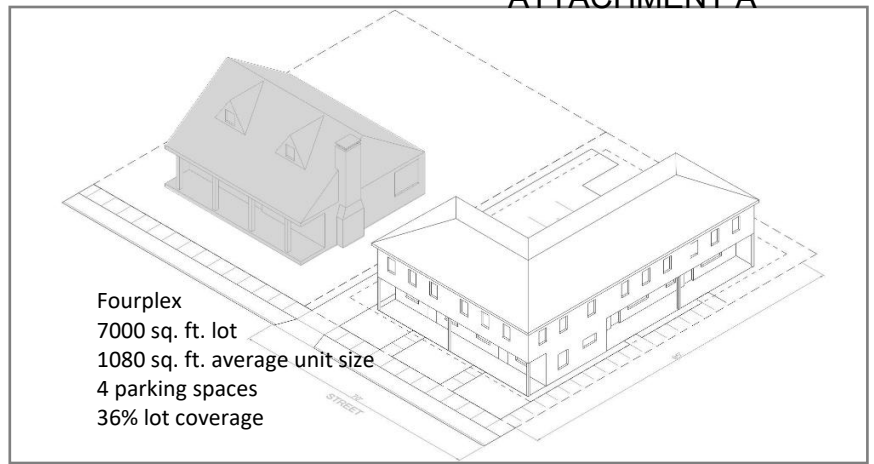
Triplex Standards

	Minimum Standard	Model Code	Planning Commission Recommendation	
Minimum Lot Size	If the minimum Lot or Parcel size in the zone for a detached single detached dwelling is 5,000 square feet or less, the minimum Lot or Parcel size for a Triplex may be no greater than 5,000 square feet.	Same as the minimum lot size that applies to single detached dwellings in the same zone	3,500 square feet (less than the minimum lot size for of 4,500 for single detached dwellings)	
			Encourage	Incentivize (lot size reduced by 25% if composed of small and/or income-qualified units)
Minimum Frontage	Cannot be greater than the minimum frontage required for a single detached dwelling	Cannot be greater than the minimum frontage required for a single detached dwelling	Interior & Corner lots: 35 feet (less than the 50 feet for single detached dwelling) Curved lot/Cul-de-sac bulb lot: 35 feet (same as a single detached dwelling) Flag lot: 50 feet (same as a single detached dwelling)	
			Allow	Encourage
Minimum Lot Width	Cannot be greater than the minimum lot width required for a single detached dwelling	Cannot be greater than the minimum lot width required for a single detached dwelling	Interior & Corner lots: 35 feet (less than the 50 feet for single detached dwelling) Curved lot/Cul-de-sac bulb lot: 35 feet (same as a single detached dwelling) Flag lot: 50 feet (same as a single detached dwelling)	
			Allow	Encourage
Minimum Front Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling.	Cannot be greater than 10 feet, except those minimum setbacks applicable to garages and carports	10 feet or 18 feet for garage doors and carports (same as a single detached dwelling)	
			Allow	
Minimum Interior Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling.	Cannot be greater than 10 feet, except those minimum setbacks applicable to garages and carports	5 feet from the property line and minimum of 10 feet between buildings (same as a single detached dwelling)	
			Allow	
Maximum Height	Cannot be lower than the maximum height for a single detached dwelling.	Cannot be lower than 35 feet or three (3) stories	35 feet (taller than the maximum height for a single detached dwelling, which is 30 feet)	
			Encourage	

Minimum Off-Street Parking	Lots under 3,000 square feet: 1 space per lot Lots 3,000 square feet to 4,999 square feet: 2 spaces per lot Lots 5,000 square feet to 6,999 square feet: 3 spaces per lot	In zones with a minimum lot size of less than 5,000 square feet, one (1) off-street parking space per development In zones with a minimum lot size of 5,000 square feet or more, two (2) off-street parking spaces per development	Lots under 3,000 square feet: 1 space per lot Lots 3,000 square feet to 4,999 square feet: 2 spaces per lot Lots 5,000 square feet to 6,999 square feet: 3 spaces per lot	
			Allow	Incentivize (No parking requirements if located near transit and/or has small units and/or income-qualified units)
Design Standards	Must be: 1) the same design standards applicable to single detached dwellings; 2) the design standards from the Model Code; or 3) design standards that are less restrictive than the design standards in the Model Code.	Entry orientation, windows, garages and off-street parking areas, driveway approach	Entry orientation, windows, garages and off-street parking areas, driveway approach	
			Allow	
Maximum Lot Coverage	May not be less than the maximum lot coverage applicable to a single detached dwelling.	Maximum lot coverage does not apply to Triplexes	75% of lot (more lot coverage allowed for a triplex than the 50% lot coverage allowed for a single detached dwelling)	
			Encourage	



Fourplex – Turtle Creek



Fourplex Standards

	Minimum Standard	Model Code	Planning Commission Recommendation	
Minimum Lot Size	If the minimum Lot or Parcel size in the zone for a detached single-family dwelling is 7,000 square feet or less, the minimum Lot or Parcel size for a Quadplex may be no greater than 7,000 square feet	Same as the minimum lot size that applies to single detached dwellings in the same zone	4,500 square feet (same as the minimum lot size of 4,500 for single detached dwellings)	
			Encourage	Incentivize (lot size reduced by 25% if composed of small and/or income-qualified units)
Minimum Frontage	Cannot be greater than the minimum frontage required for a single detached dwelling	Cannot be greater than the minimum frontage required for a single detached dwelling	Interior & Corner lots: 50 feet Curved Lot/Cul-de-sac bulb lot: 35 feet (same as a single detached dwelling)	
			Allow	
Minimum Lot Width	Cannot be greater than the minimum lot width required for a single detached dwelling.	Cannot be greater than the minimum lot width required for a single detached dwelling	Interior & Corner lots: 50 feet Curved lot/Cul-de-sac bulb lot: 35 feet Flag lot: 50 feet (same as a single detached dwelling)	
			Allow	
Minimum Front Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling.	Cannot be greater than 10 feet, except those minimum setbacks applicable to garages and carports	10 feet or 18 feet for garage doors and carports (same as a single detached dwelling)	
			Allow	
Minimum Interior Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling.	Cannot be greater than 10 feet, except those minimum setbacks applicable to garages and carports	5 feet from the property line and minimum of 10 feet between buildings (same as a single detached dwelling)	
			Allow	
Maximum Height	Cannot be lower than the maximum height for a single detached dwelling.	Cannot be lower than 35 feet or three (3) stories	35 feet (taller than the maximum height for a single detached dwelling, which is 30 feet)	
			Encourage	

Minimum Off-Street Parking	Lots 3,000 square feet to 4,999 square feet: 2 spaces per lot Lots 5,000 square feet to 6,999 square feet: 3 spaces per lot Lots 7,000 square feet and over: 4 spaces per lot	In zones with a minimum lot size of less than 5,000 square feet, one (1) off-street parking space per development In zones with a minimum lot size of 5,000 square feet or more, two (2) off-street parking spaces per development	Lots 3,000 square feet to 4,999 square feet: 2 spaces per lot Lots 5,000 square feet to 6,999 square feet: 3 spaces per lot Lots 7,000 square feet and over: 4 spaces per lot	
			Allow	Incentivize (No parking requirements if the fourplex is located near transit and/or has small units and/or income-qualified units)
Design Standards	Must be: 1) the same design standards applicable to single detached dwellings; 2) the design standards from the Model Code; or 3) design standards that are less restrictive than the design standards in the Model Code.	Entry orientation, windows, garages and off-street parking areas, driveway approach	Entry orientation, windows, garages and off-street parking areas, driveway approach	
			Allow	
Maximum Lot Coverage	May not be less than the maximum lot coverage applicable to a single detached dwelling.	Maximum lot coverage does not apply to fourplexes	75% of lot (more lot coverage allowed for a fourplex than the 50% lot coverage allowed for a single detached dwelling)	
			Encourage	



Lucia Townhouse – Friendly Neighborhood



Townhouse – River Road Neighborhood

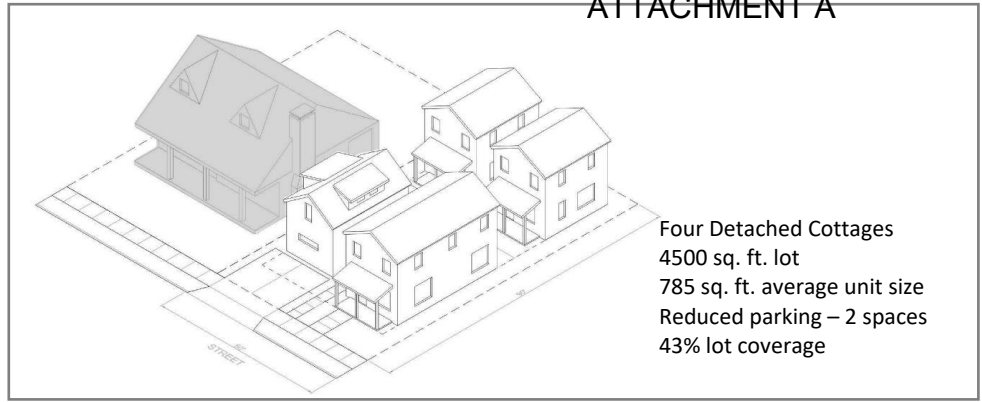
Townhouse Standards

	Minimum Standard	Model Code	Planning Commission Recommendation
Minimum Lot Size	Average minimum lot size cannot be greater than 1,500 square feet. A Large City may apply separate minimum Lot or Parcel sizes for internal, external, and corner Townhouse Lots or Parcels provided that they average 1,500 square feet or less.	No minimum lot size	No minimum lot size
			Encourage
Minimum Frontage	No more than 20 feet	No minimum frontage requirement.	No minimum frontage requirement
			Encourage
Minimum Lot Width	Not addressed.	No minimum lot width requirement.	10 feet
			Allow
Minimum Front Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling	Cannot be greater than 10 feet, except those minimum setbacks applicable to garages and carports	10 feet or 18 feet for garage doors and carports (same as a single detached dwelling)
			Allow
Minimum Interior Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling and must allow zero-foot side setbacks for lot lines where townhouse units are attached.	Setbacks from the property line cannot be greater than 10 feet, except those minimum setbacks applicable to garages and carports. No rear setbacks for lots with rear alley access. The minimum setback for a common wall lot line where units are attached is zero (0) feet. The minimum side setback for an exterior wall at the end of a townhouse structure is five (5) feet.	5 feet from the property line (same as a single detached dwelling). No interior setback along the side property lines is required if the buildings abut or share a common wall that conforms to adopted state building codes. A 5-foot setback is required at the end of the townhouse building, or a minimum of 10 feet between the townhouse building and any adjacent building. A 5-foot setback is also required along an alley.
			Allow

Maximum Height	Cannot be lower than the maximum height for a single detached dwelling. If covered or structured parking is required, the height standard must allow at least three stories. If no covered parking is required, the height standard must allow at least two stories.	Cannot be lower than 35 feet or three (3) stories.	35 feet (taller than the maximum height for a single detached dwelling, which is 30 feet)	
			Encourage	
Minimum Off-Street Parking	No more than 1 space per dwelling	One (1) space per unit. Spaces may be provided on individual lots or in a shared parking area on a common tract.	1 space per dwelling	
			Allow	Incentivize (off-street parking requirements are lifted if the townhouse is located near transit and/or has small units and/or income-qualified units)
Design Standards	Must be: 1) the same design standards applicable to single detached dwellings; 2) the design standards from the Model Code; or 3) design standards that are less restrictive than the design standards in the Model Code.	Entry orientation, unit definition, windows, driveway access and parking.	Entry orientation, unit definition, windows, driveway access and parking.	
			Allow	



Amazon Cottages – Southeast Neighborhood



Cottage Cluster Standards

	Minimum Standard	Model Code	Planning Commission Recommendation	
Minimum Lot Size	If the minimum Lot or Parcel size in the same zone for a detached single-family dwelling is 7,000 square feet or less, the minimum Lot or Parcel size for a Cottage Cluster may be no greater than 7,000 square feet.	Cannot be greater than the minimum lot size required for a single detached dwelling	4,500 square feet (same as the minimum lot of 4,500 for single detached dwellings)	
			Encourage	Incentivize (lot size reduced by 25% if composed of small and/or income-qualified units)
Minimum Frontage	Cannot be greater than the minimum frontage required for a single detached dwelling	No minimum frontage requirement.	Interior lot: 50 feet Corner lot: 50 feet Curved Lot/Cul-de-sac bulb lot: 35 feet (same as a single detached dwelling)	
			Allow	
Minimum Lot Width	Cannot be greater than the minimum lot width required for a single detached dwelling	No minimum lot width requirement.	Interior lot: 50 feet Corner lot: 50 feet Curved lot/Cul-de-sac bulb lot: 35 feet Flag lot: 50 feet (same as a single detached dwelling)	
			Allow	
Minimum Front Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling and cannot be greater than 10 feet.	Cannot be greater than the minimum front setbacks required for a single detached dwelling and cannot be greater than 10 feet.	10 feet (same as a single detached dwelling)	
			Allow	

Minimum Interior Yard Setbacks	Cannot be greater than the minimum setbacks required for a single detached dwelling. Additionally, perimeter setbacks applicable to Cottage Cluster dwelling units may not be greater than ten feet. Minimum of 10 feet or the distance required by the applicable building code.	Cannot be greater than the minimum interior setbacks required for a single detached dwelling, and side setbacks cannot be greater than 5 feet; rear setbacks cannot be greater than 10 feet. Minimum of 6 feet between cottages.	5 feet from the property line or minimum of 10 feet between buildings, except that the setbacks between cottages are a minimum of 6 feet	
			Allow	
Maximum Height	Not addressed.	25 feet or two (2) stories, whichever is greater.	25 feet	
			Allow	
Minimum Off-Street Parking	No more than 1 space per dwelling	The minimum number of required off-street parking spaces for a cottage cluster project is zero (0) spaces per unit with a floor area less than 1,000 square feet and one (1) space per unit with a floor area of 1,000 square feet or more.	1 space per dwelling	
			Allow	Incentivize (off-street parking requirements are lifted if the cottage cluster is located near transit and/or has small units and/or income-qualified units)
Design Standards	Must be: 1) the same design standards applicable to single detached dwellings; 2) the design standards from the Model Code; or 3) design standards that are less restrictive than the design standards in the Model Code.	Cottage orientation, common courtyard design standards, community buildings, pedestrian access, windows, parking design, screening, garages and carports, accessory structures, existing structures.	Cottage orientation, common courtyard design standards, community buildings, pedestrian access, windows, parking design, screening, garages and carports, accessory structures, existing structures.	
			Allow	

Middle Housing Incentives

In cases where the proposed Middle Housing code standards differ from the minimum standards and/or Model Code, the differences are intended to **lower cost**, increase **flexibility**, and **remove barriers** to the development of middle housing. In addition, the Planning Commission is recommending a set of standards that are specifically intended to **encourage the development of income-qualified Affordable housing**. *The proposed Land Use Code incentives¹ are as follows:*

Detached Units

The Planning Commission recommends allowing detached units for design flexibility and to encourage middle housing to be developed on lots that already have houses on them without displacing existing houses.

Proposed Incentive: Middle Housing Units may be attached or detached

Parking Reductions

The Planning Commission recommends off-street parking reductions to create design flexibility for sites, allow for more space to be dedicated to housing, and align with transit-oriented development and goals to reduce dependence on single-occupancy vehicles. Reduction in off-street parking requirements does not prohibit on-site parking from being built.

Proposed Incentive: No off-street parking is required if middle housing is within the buffer² of a Frequent Transit Route.

Proposed Incentive: On-street parking credits may contribute to minimum middle housing off-street parking requirements.

Proposed Incentive: No off-street parking is required for each middle housing dwelling unit with a dwelling size³ less than 900 square feet.

Proposed Incentive: No off street parking is required if at least 50% of middle housing units are for low-income⁴ occupants.

Small Unit Incentives

The Planning Commission would like to encourage smaller units due to their generally lower development and rental or acquisition costs as compared to larger units. This incentive is intended to encourage the development of smaller units on smaller lots to decrease the cost of new development.

Proposed Incentive: If middle housing units have a dwelling size of less than 900 square feet, the minimum lot size may be reduced by 25 percent.

Income-Qualified Incentives

Along with encouraging lower cost housing, the Planning Commission recommends encouraging housing that is affordable to certain income levels. This incentive would encourage a portion of middle housing units to be reserved for folks making 80% of area median income or below.

Proposed Incentive: If at least 50% of units within a middle housing development are for low-income occupants, the minimum lot size may be reduced by 25 percent.

Proposed Incentive: If at least 50% of units within a townhouse development are for low-income occupants, a density bonus may be applied.

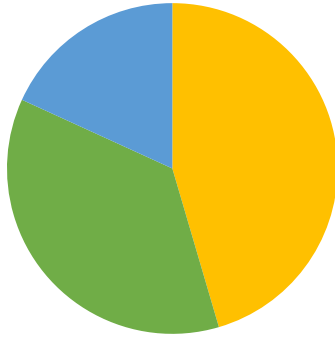
¹ These incentives are land use code incentives. Additional program and monetary incentives are being pursued through the *Housing Implementation Pipeline*.

² "Frequent Transit Route Buffer" means .25 miles from Frequent Transit Route and .5 miles from the EmX corridor

³ "dwelling size" means the total square footage of a dwelling unit in a duplex, triplex, fourplex, townhouse, or cottage cluster.

⁴ "low-income" means having an income at or below 80% of area median income.

Going Beyond the Minimum Standards



■ Allow ■ Encourage ■ Incentivize

Many of the proposed Middle Housing Code Amendments meet the minimum standards established by the state (“Allow”)⁵. Where the proposal exceeds minimum standards (“Encourage”, “Incentivize”), it does so to encourage lower cost housing, flexibility, and Affordable Housing. Examples of standards that encourage or incentivize development of middle housing are below:

Encourage

<i>Lot Size</i>	The proposed minimum lot size is less than the maximum allowed by the state’s minimum standards.
<i>Lot Width</i>	The proposed minimum lot width, in some cases, is less than the minimum requires by the state’s minimum standards.
<i>Height</i>	The proposed maximum height, in some cases, is greater than the minimum required by the state’s minimum standards.
<i>Lot Coverage</i>	The proposed maximum lot coverage percentage, in come cases, is greater than the minimum required by the state’s minimum standards.

Incentivize⁶

<i>Detached Middle Housing</i>	Middle housing may be attached or detached.
<i>Lot Size Reduction</i>	Minimum lot sizes can be decreased by 25 percent if middle housing units are small and/or for low-income occupants.
<i>Reduction of On-Site Parking Requirements</i>	Minimum on-site parking requirements can be decreased if middle housing is nearby a frequent transit route, through on-street parking credits, for small middle housing units, and/or for middle housing for low-income occupants.

⁵ This graph is representative of the standards included in the *Guide to the Planning Commission Recommendation* code summary section.

⁶ More information on incentives can be found on the prior page.

Middle Housing Hot Topics

Tree Preservation

Middle housing is treated the same as a single detached dwelling for purposes of Chapter 9 tree preservation standards.

Chapter 6 tree preservation standards are not proposed to be amended and will apply to all housing and other development.

Special Area Zones

Middle Housing located in a Special Area Zone will be subject to the middle housing standards applicable to the base zone, such as R-1, R-2, R-3 or R-4, consistent with the Special Area Zone's land use designation.

Single Detached Dwellings continue to be subject to Special Area Zone Standards.

Historic Districts

Middle Housing code standards will apply to all area of the city, including Historic Districts, however Historic District protections and standards will still apply.

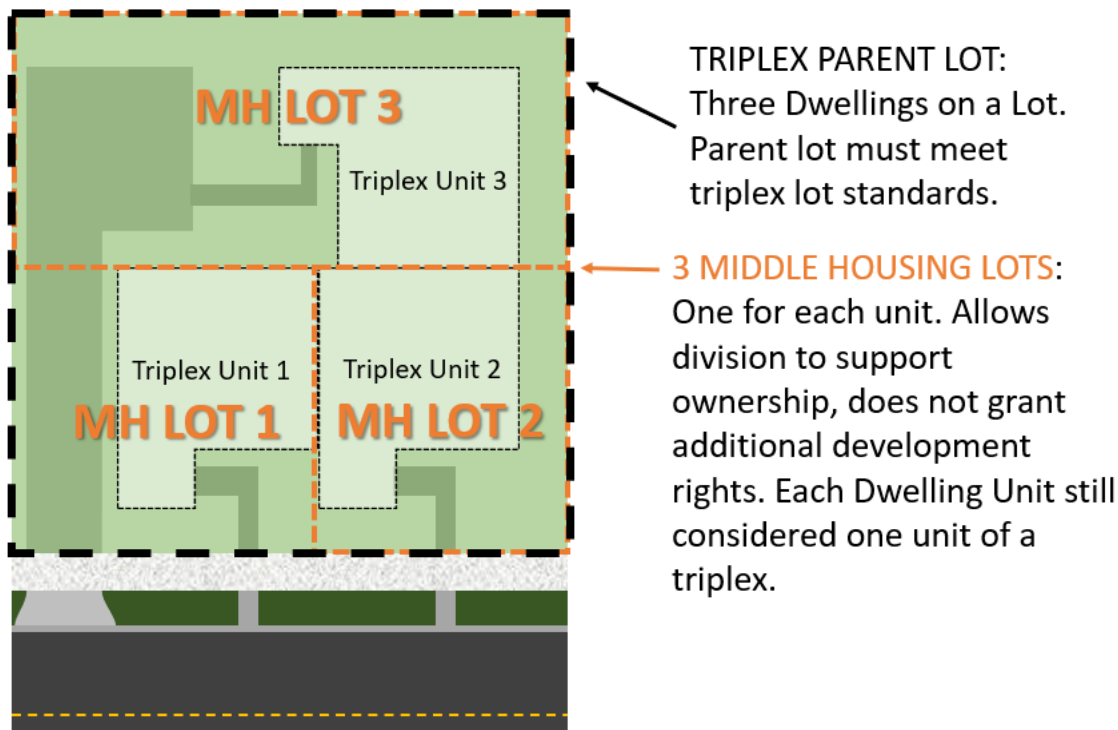
Covenants, Conditions, and Restrictions (CC&Rs)

While HB 2001 does prohibit the creation of new CC&Rs that conflict with HB 2001, it does not affect existing CC&Rs.

Middle Housing Land Division

Consistent with state law requirements, lots developed with middle housing can be divided so that each middle housing unit can be individually owned.

The "parent lot" must meet all applicable development standards (e.g. setbacks, lot coverage, height limits) and the "child lot" is solely for ownership purposes and does not allow further development.



We Want to Hear from EUG!

ATTACHMENT A

Attend Public Hearings

City Council

City Council meetings take place on the second, third, and fourth Mondays of each month at 7:30 p.m. These dates are subject to change -- check the [City webpage](#) for the most up to date information! The City Council also holds public work sessions at 5:30 p.m. on meeting days as well as most Wednesdays at noon. All City Council meetings are livestreamed **here** and on YouTube.

The Middle Housing City Council work sessions have been scheduled for [Wednesday March 9th at 12:00 pm](#) and [Monday April 11th at 5:30 pm](#).

Note: There is **no opportunity for comment at council work sessions**. There is typically an opportunity to comment (public forum) at the regular Council meetings held on the second and fourth Mondays of the month at 7:30. (Council typically doesn't meet the first Monday of the month and the third Monday is reserved for public hearings on specific issues so there is no public forum). Depending on the number of folks signed up to speak they may be given 2 or 3 minutes. No one is guaranteed three minutes.

The Middle Housing City Council public hearing has been scheduled for [Monday April 18th at 7:30pm](#).

Provide Public Comment

Public Testimony Over Zoom

1. Watch the meeting over Zoom (Zoom link is always on the meeting agendas, found on the [City webpage](#)) *Note:* You cannot provide testimony from the YouTube livestream
2. Use the "Raise Hand" feature to indicate that you'd like to speak
3. When called upon, unmute yourself
4. Begin your statement by giving your name and ward, if known and address if you wish to receive future notices
5. You will have three minutes to speak, unless otherwise instructed
6. You did it!

Written Public Testimony

Written public testimony can be sent to the City Council. There is no length limit for written public testimony and it does not have to be formal, although it is helpful to include your name and ward, if known. All written testimony is entered into the public record. Submit written testimony to **MiddleHousingTestimony@eugene-or.gov** or mail to: Planning Division, 99 W. 10th Avenue, Eugene OR 97401

We Want to Hear from EUG!

ATTACHMENT A

Contact City Council

Ward 1: Emily Semple

Ward 2: Matt Keating

Ward 3: Alan Zelenka

Ward 4: Jennifer Yeh

Ward 5: Mike Clark

Ward 6: Greg Evans

Ward 7: Claire Syrett

Ward 8: Randy Groves

The Mayor: Lucy Vinis

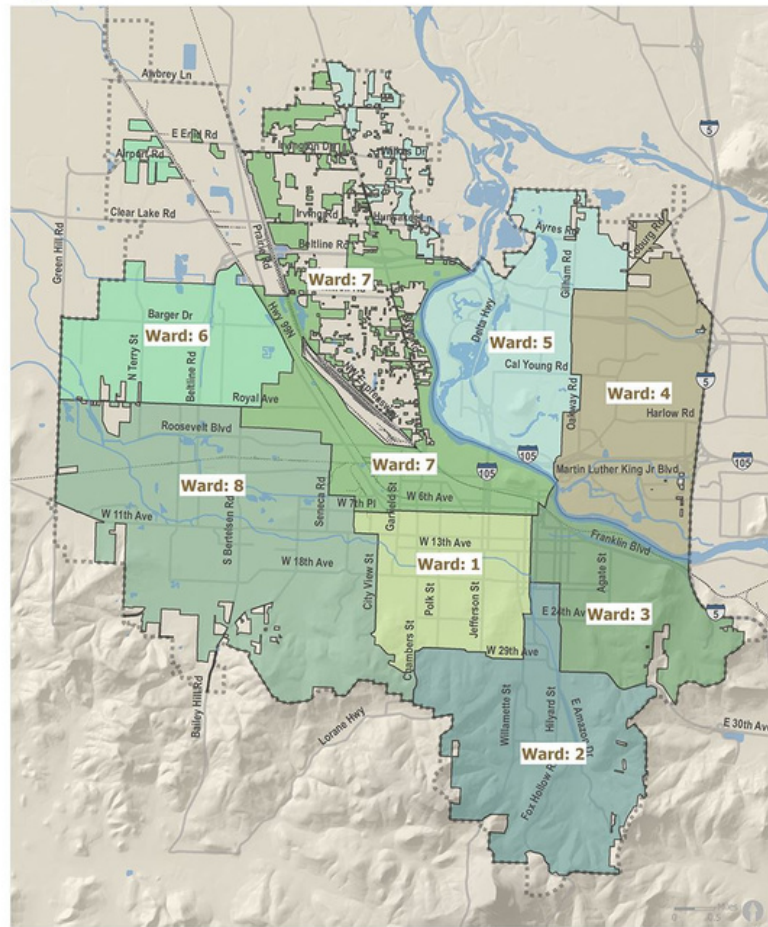
Did you know that you can send an email to the entire City Council ? Use the email below:

City Council

MayorCouncilandCityManager@eugene-or.gov



Eugene City Council Wards



Eugene UGB
Ward 1: Emily Semple
Ward 2: Matt Keating
Ward 3: Alan Zelenka
Ward 4: Jennifer Yeh
Ward 5: Mike Clark
Ward 6: Greg Evans
Ward 7: Claire Syrett
Ward 8: Randy Groves

Caution: This map is based on proprietary source data, subject to change, and for general reference only.

Send us an Email

The project team has set up an email address for public comments about the middle housing project! Community members can send their comments to middlehousingtestimony@eugene-or.gov, and staff will compile the public testimony for sharing with the Planning Commission and City Council at their respective points in the process.

You can also contact Project Manager Terri Harding at THarding@eugene-or.gov and Public Engagement Lead Sophie McGinley at SMcGinley@eugene-or.gov