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Housing complex wins tax exemption

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The West University Neighbors community group has given its blessing to a proposed apartment project on East 14th Avenue between Hilyard and Patterson streets. And the Eugene City Council has bestowed its own approval by voting 5-3 to grant a Multiple-Unit Property Tax Exemption to help make it financially feasible.

Plans submitted for the Coho Townhouses by developer Dan Neal and architect Richard Shugar of Waterbury Shugar Architecture will include many "green" building features, such as landscaping with natural species, reliance on natural light, paints free of volatile organic compounds, formaldehyde-free fiberboard and photovoltaic cells to generate electricity for the project, with excess power flowing into the larger power grid.

With the exemptions in place, the \$2 million project is ready to go forward, Neal said.

"We actually submitted for (building) permits last week, on Feb. 1. If we get the permits back in time, we hope to break ground in March."

Ideally, the project will be ready for move-in by the fall of 2008, he said.

Plans for the Coho development include nine units in two buildings, each three stories tall. Each apartment has four bedrooms. The project replaces a small, 1940s house containing two units that was moved to the site in the 1960s.

The building design includes sloped roofs, porches, covered bicycle parking and preservation of 60 percent of the lot as open space.

Under state law, the tax exemption program - commonly known by the acronym MUPTE - waives property taxes for 10 years on approved residential construction in downtown areas of cities. However, developers continue to pay property taxes on the land. In cases where commercial development is mixed with residential development, taxes also accrue on the commercial portion of the improvements.

Richie Weinman, Eugene's urban services manager, said the purpose of the MUPTE program "is to encourage housing in the core area of cities, to encourage higher densities and encourage compact growth instead of urban sprawl."

"Appraisers say (the program) levels the playing field for developers willing to build or redevelop near downtown areas," Weinman said. "They say it can make the difference between breaking even and losing money," largely because of the difference in land and construction costs between close-in and outlying areas.

The Coho Townhouses is the 15th MUPTE project to win approval in Eugene since 1978, when the Broadway Center at Washington and Broadway streets won approval for 12 studio, 71 one-bedroom and 24 two-bedroom apartments.

Other early projects included the low-income Lawrence Court project and the Washington Abbey and Olive Terrace retirement projects.

Recently, The Tate condominiums and two complexes near the Coho Townhouses - Patterson House and Parkside Place - have been added to the list.

In total, Eugene has extended the property tax exemption to developments that have added 675 housing units in an area bounded roughly by Lincoln Street on the west, the railroad tracks on the north, Kincaid Street on the east and 17th Avenue on the south.

Of those, the 47 units at The Tate are high-priced condominiums, selling for hundreds of thousands of dollars. The rest include 119 studio apartments, 311 one-bedrooms, 171 two-bedrooms, three three-bedrooms, 18 four-bedrooms, and five six-bedrooms.

But not everyone supports the idea of extending property tax exemptions to downtown area developers. City councilors Bonny Bettman, Andrea Ortiz and Betty Taylor voted against the Coho Townhouse request. While the West University neighborhood group supported it, the city received three letters from city residents who objected to offering tax breaks to encourage housing development.

"Some people say we're losing too much tax revenue by writing it off for 10 years," Weinman said. "But if it wouldn't be built otherwise - or if it replaces (dilapidated) low-density property that doesn't generate much tax income - in the long run it brings in a lot more tax revenue after the exemption ends."

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