



PROPERTY TAX EXEMPTION PROGRAMS

City Council
April 20, 2022



Multiple Unit
Property Tax
Exemption
(MUPTE)

Nonprofit
Corporation Low
Income Housing
Exemption (NPTE)

*Middle Income
Housing Exemption*

- Updates on staff/work group recommendations & taxing district outreach
- Middle Income Exemption update
- Program Recommendations
 - Non-Profit
 - MUPTE
 - Program Caps
- Next Steps- Community Building Subcommittee

OUTREACH TO DATE



Council Check-Ins

- Work Sessions
- Community Building Subcommittee



Taxing District Outreach

- Staff Coordination/Meetings
- Presentations to Boards



4 Work Group meetings

- Affordable Housing Advisory Committee
- Neighborhood Leadership Alliance
- Bend Economic Development Advisory Board
- Core Area Advisory Board



Presentation to Advisory Boards

- Environment & Climate Committee

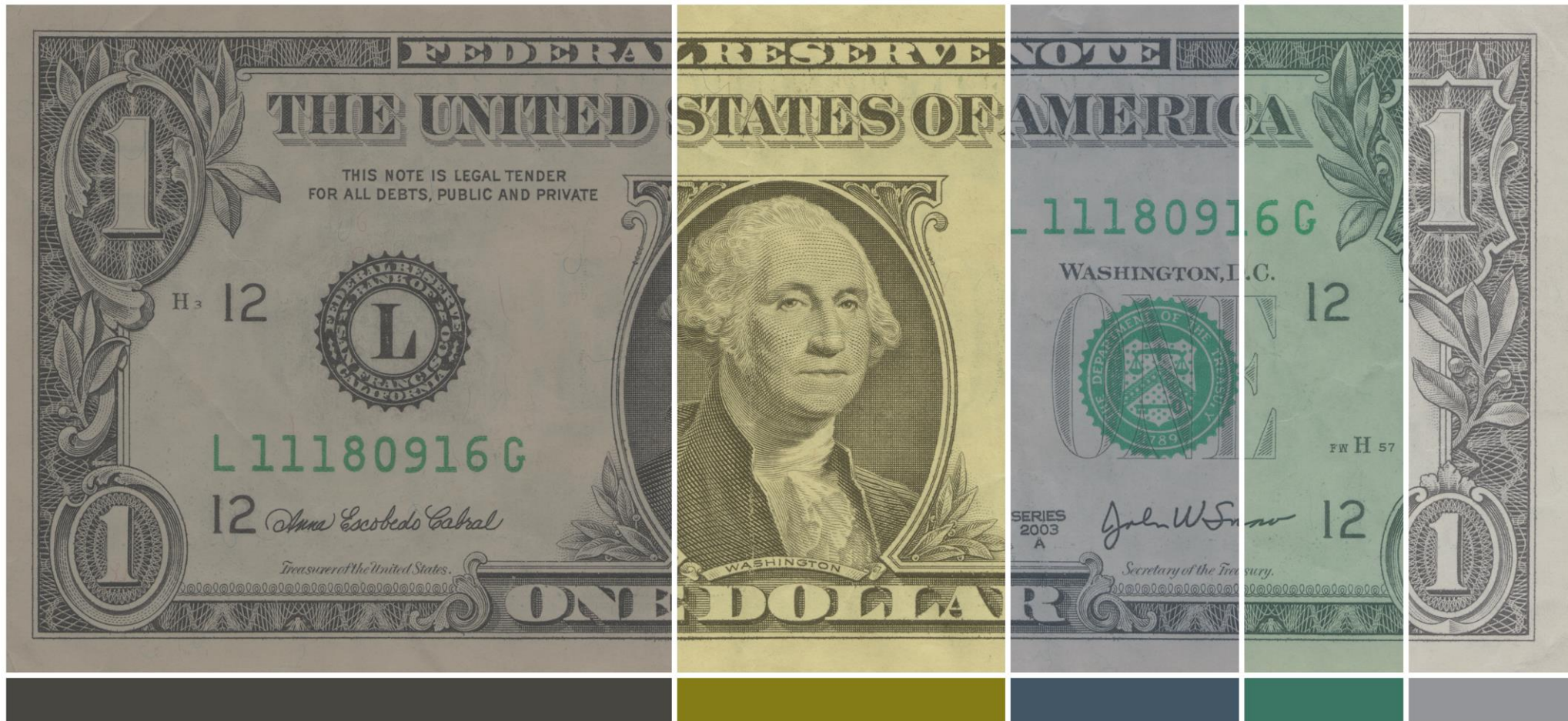


Coordination with Equity Office

QUESTIONS WE WILL ASK AT END



- How do you want to proceed with Middle Income?
- Do you want staff to bring both MUPTE and Non-Profit forward for adoption?
- Questions we'd like to work with Community Building Subcommittee on:
 - Do you have changes to proposed program parameters (eligibility requirements, applicable areas, etc.)?
 - Are you supportive of the proposed program caps and monitoring recommendations?



42.6%
Bend-La Pine
Schools

21.2%
City of
Bend

14.8%
Deschutes
County

10.3%
Park
& Rec

11.1%
Other*

*COCC 4.7%, Library 3.5%,
911 2.3%, High Desert ESD 0.6%



**MIDDLE INCOME TAX EXEMPTION
(NEWLY REHABILITATED OR CONSTRUCTED
MULTIUNIT RENTAL HOUSING)**

MIDDLE INCOME TAX EXEMPTION



Program Requirements

Local option, 100% of taxes exempted if 51% of combined levy of taxing districts approve

Income ranges of future tenants can be defined by local agency, up to 120% AMI (currently \$96,480 for 4 person household)

Available for newly constructed or rehabilitated **multi-unit rental housing** only

Can only qualify for the exemption based on rehabilitation once

Length of exemption is tied to the number of units rented to eligible households, per a formula created by the local government, up to ten years

MIDDLE-INCOME OPTIONS



Work Group recommendation:

Hold-off on implementing this exemption until changes are made to legislation to allow flexibility in how formula is written to make this program more effective

State statute requires that number of consecutive property tax years for which the exemption is granted must increase directly with the % of units constituting the eligible rental property

Tillamook County

Length of exemption tied to % of middle-income units:

10% of units = 1 year

50% of units = 5 year

100% of units = 10 year

Work Group Proposal

(not allowed by state statute)

Maximize length of deed restriction to 10 years for all:

25% of units = 10% exemption

50% of units = 20% exemption

75% of units = 30% exemption

100% of units = 40% exemption



NON-PROFIT TAX EXEMPTION FOR AFFORDABLE HOUSING DEVELOPMENT

NON-PROFIT TAX EXEMPTION RECOMMENDATIONS



Program Requirements

Adopted by Ordinance

Must be leased or owned by a 501(c) (3) or (4) charitable corporation, including tax credit partnerships

Annual application required for review and approval by local government

Exemption length is determined by City and can be for the length of affordability

Can be allowed anywhere in City, can be partial, and there is no unit minimum

Limited to persons at 60% AMI or less: local governments may choose to allow eligible income to rise to 80% after first year of occupancy

100% exemption if approved by jurisdictions representing at least 51% of tax levy



CONSIDERATIONS AND DECISION POINTS



Limits/Caps

- Work Group recommends - No limits or caps on the number of units or projects

Eligible Area

- Work Group recommends - Exemption be allowed City wide

Exemption Length

- Staff and Work Group recommend – The exemption lasts the period of affordability

Bare land holding limit

- Staff recommends – Not to have a limit. Some cities limit how long bare land can be held for development and receive the exemption.

Permitting households to reach 80% of AMI in the second year of occupancy

- Staff recommends – Go to 80% in year two

Proxy review of application for exemption

- Staff recommends – Bring potential exemptions before Council for consideration verses proxy

MULTIPLE UNIT PROPERTY TAX EXEMPTION



MUPTTE

MULTI-UNIT PROPERTY TAX EXEMPTION (MUPTTE)



Program Requirements

- Program adopted by Ordinance
 - Each project approved by Resolution
 - Core Areas, Transit Oriented Areas
 - Not intended for transient oriented uses (hotels/motels)
-
- Improvements exempt (not land) for up to 10 years
 - Affordable/Low Income exemption can be extended beyond 10 years
 - Exemptions can include associated parking and/or ground floor commercial space if required as part of development
-
- Taxing District participation not required
 - If 51% of combined levy Taxing Districts agree by Board resolution to participate, all districts are included.
-

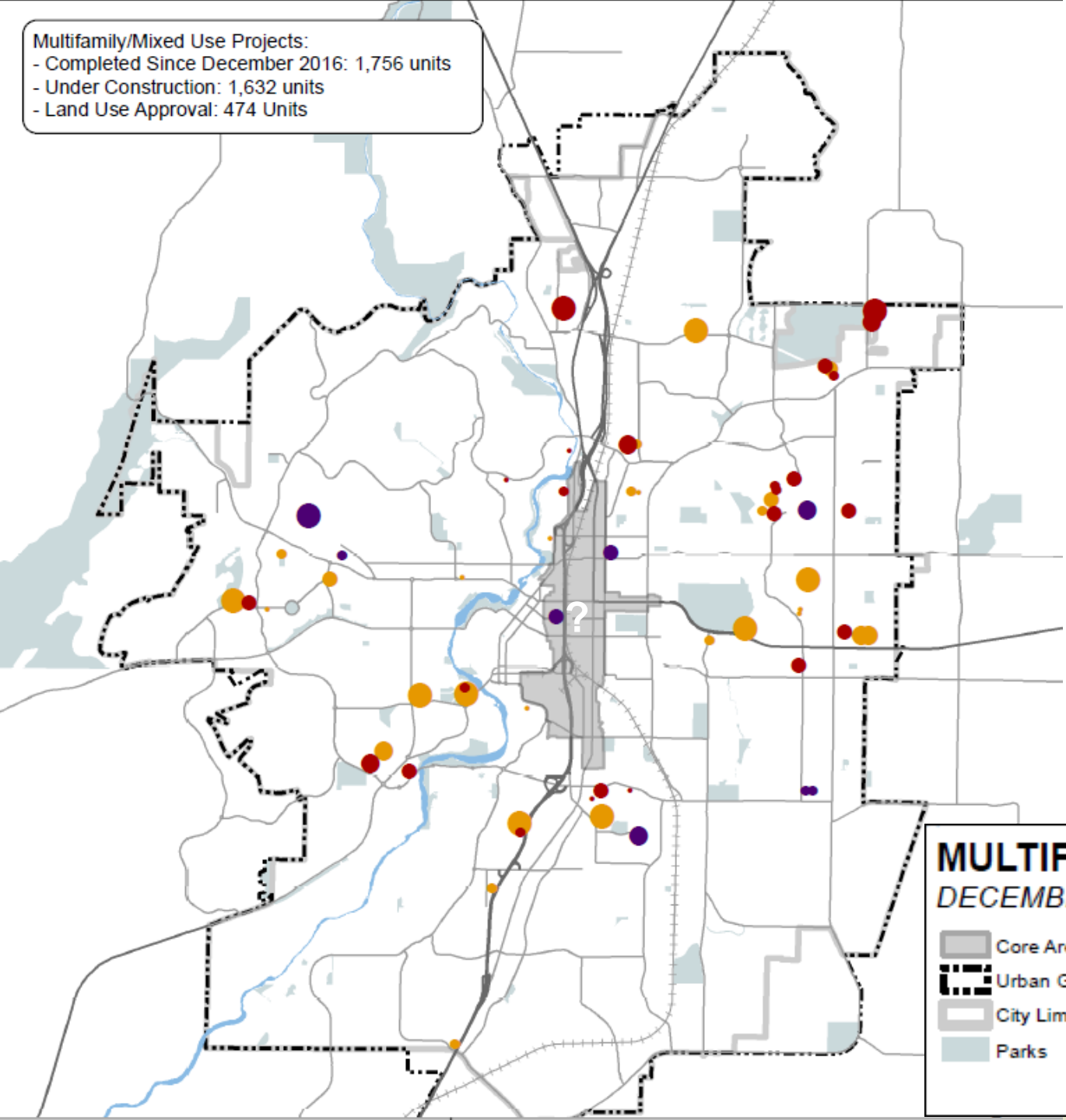
Multifamily/Mixed Use Projects:
 - Completed Since December 2016: 1,756 units
 - Under Construction: 1,632 units
 - Land Use Approval: 474 Units

ORS REQUIREMENTS: PUBLIC HEARING



City shall hold a public hearing to determine whether multiple-unit housing meeting the qualifications (public benefits) would not otherwise be built in the designated "Core Area" without the proposed exemption program.

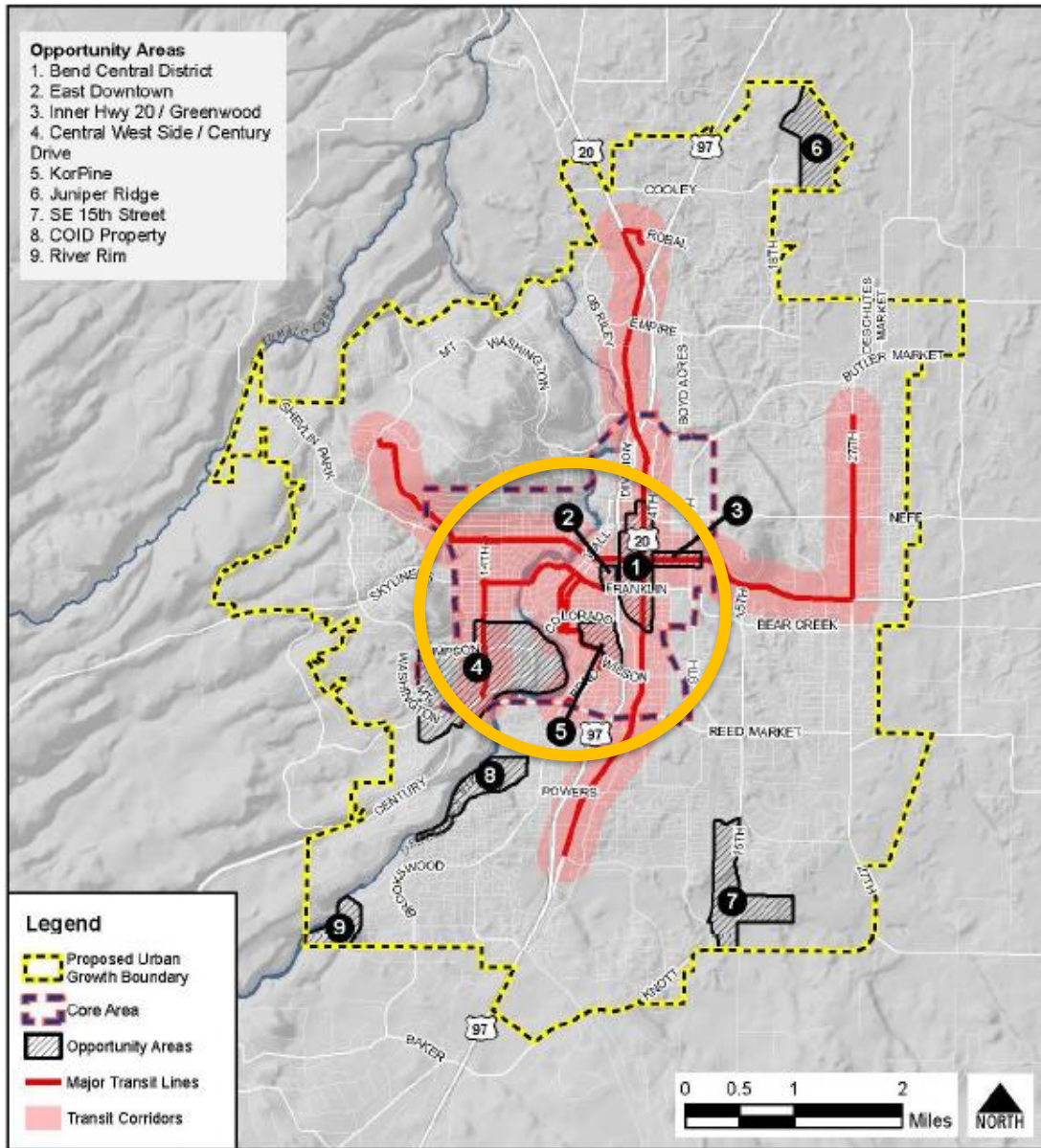
Minimal multi-family and mixed-use development activity has taken place in Bend's Core Area despite upzoning in 2016.



MULTIFAMILY & MIXED USE DEVELOPMENT
 DECEMBER 2016 - APRIL 2022

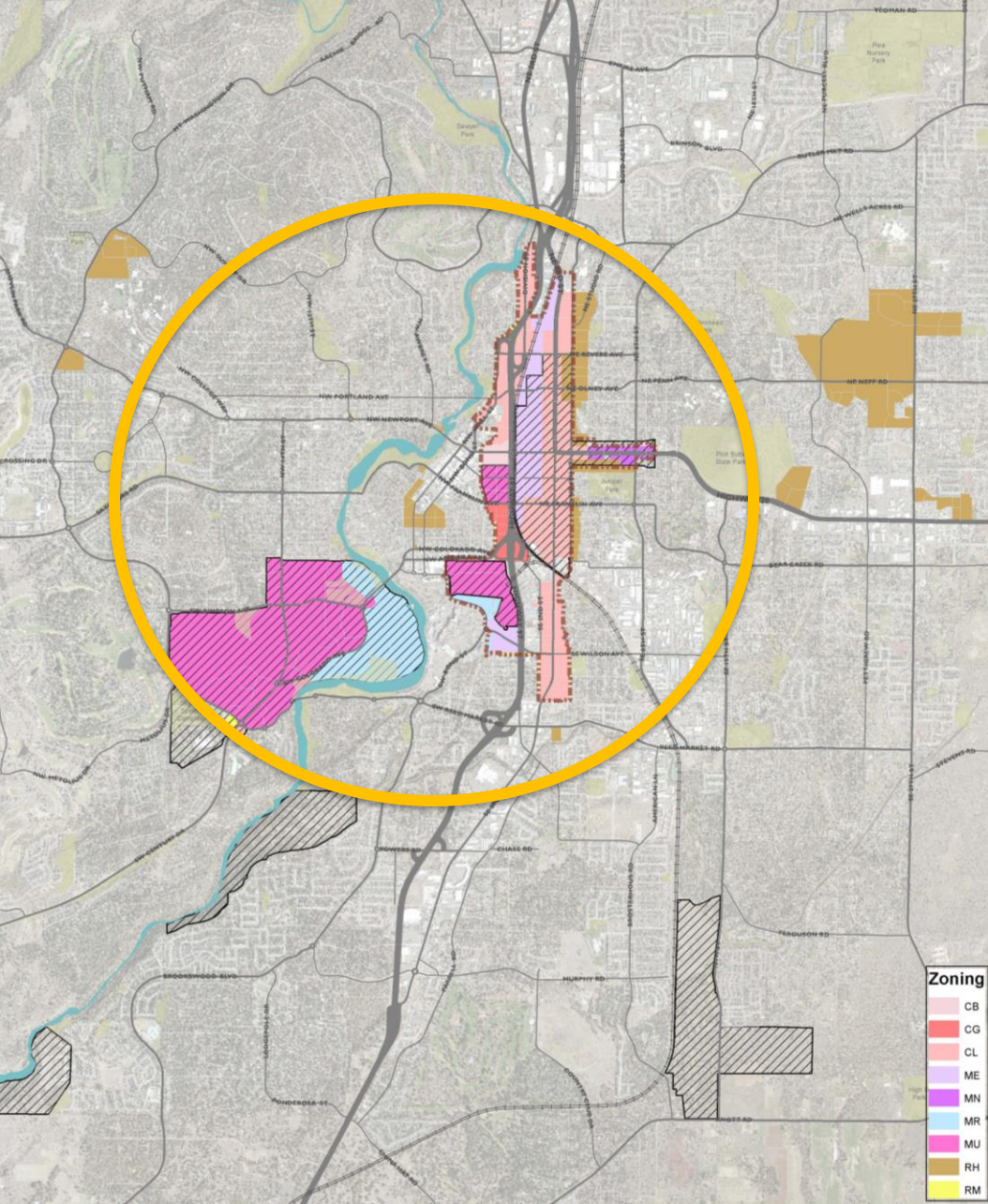
	Units Completed	Units Under Construction	Units W/ Site Plan Approval
Core Area	• 5 - 10	• 5 - 10	• 5 - 10
Urban Growth Boundary	• 10 - 25	• 10 - 25	• 10 - 25
City Limits	• 25 - 50	• 25 - 50	• 25 - 50
Parks	• 50 - 100	• 50 - 100	• 50 - 100
	• 100+	• 100+	• 100+

MUPTA ELIGIBILITY: PRELIMINARY RECOMMENDATIONS



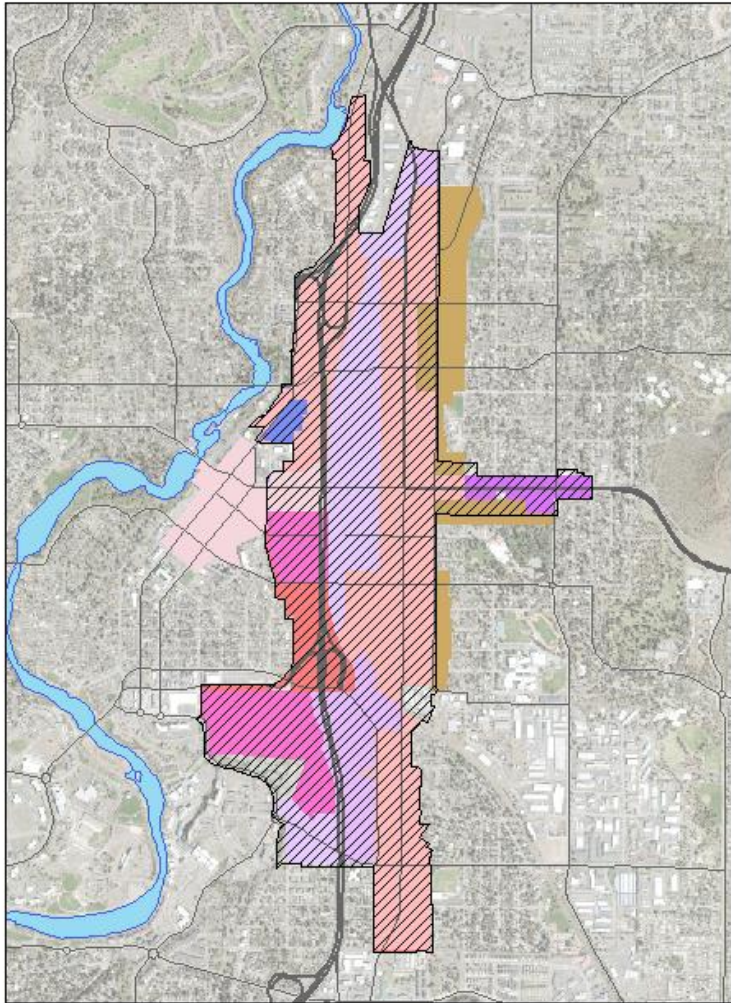
- 3+ units
- Hotels, Motels, and Short-term Vacation Rentals (STRs) would be prohibited
- Require eligible projects to be multi-story (2+ stories) as a public benefit as well as choose from a list of other potential public benefits requirements
- Require **(3rd party)** pro-forma review to demonstrate financial need
- Commercial portion only eligible for exemption if required as part of development or used to meet public benefit requirements

RECOMMENDED MUPTA AREA/ZONES



Zoning

- Mixed Neighborhood
- Mixed Riverfront
- Mixed Urban
- Residential High Density
- Central Business District
- Commercial General
- Commercial Limited
- Industrial Limited
- Mixed Employment





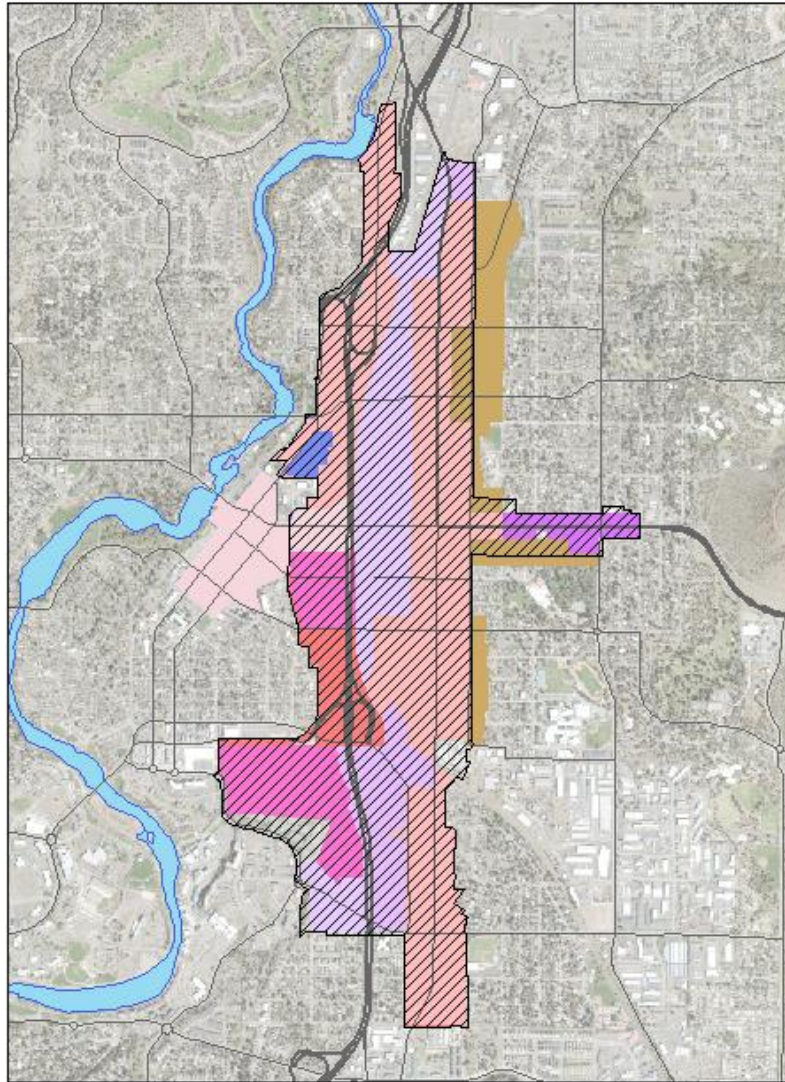
RECOMMENDED ZONES/AREAS TO INCLUDE

Legend

- Deschutes River
- Core Area TIF Boundary

Zones

- CB
- CG
- CL
- IL
- ME
- MN
- MU
- PF
- RH

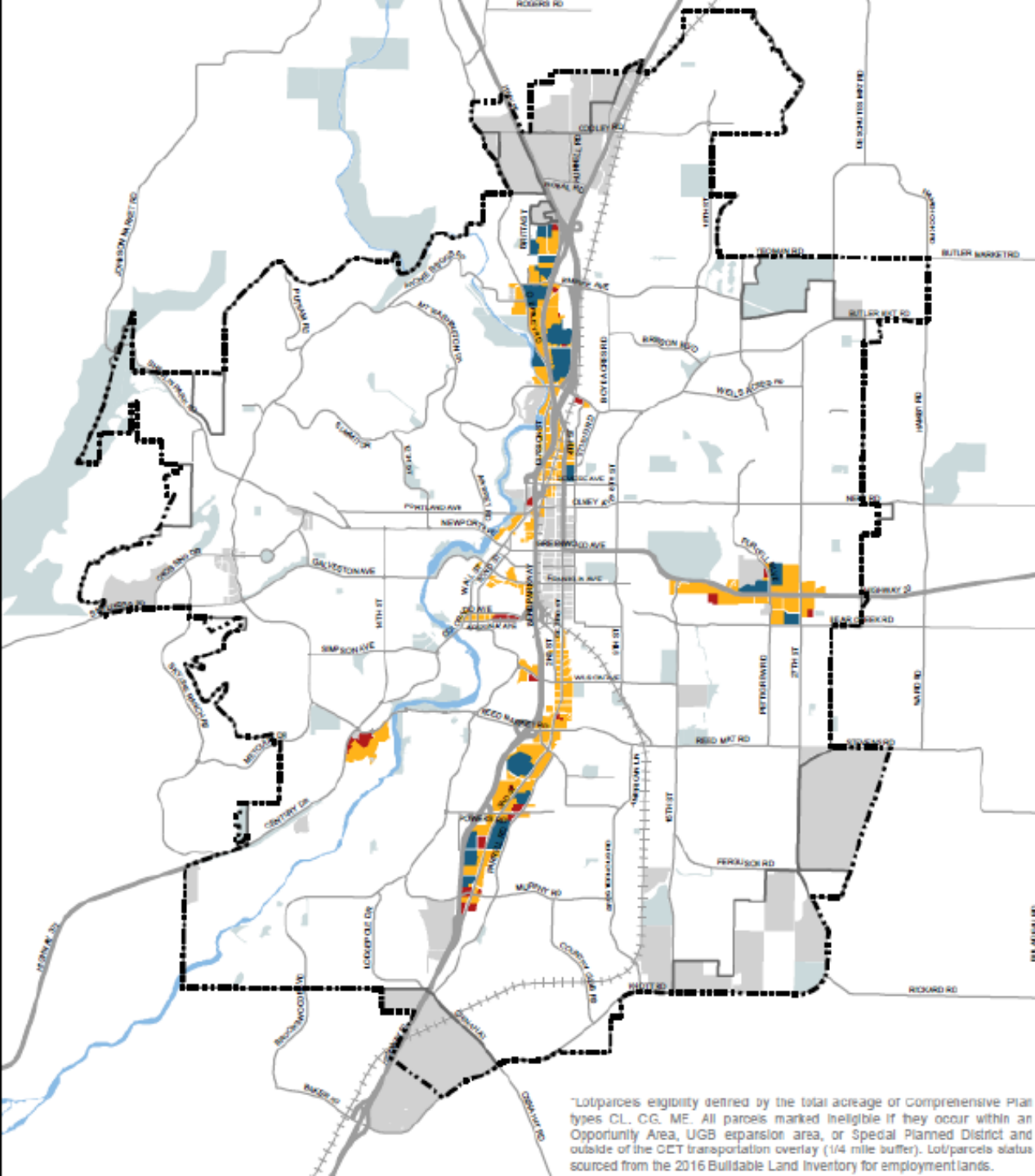


- Entire Core Area TIF district, except MR zoning
- Central Business District (CB) - Downtown
- High Density Residential (HR)
 - Limited to RH zone adjacent to Core Area TIF district (along 4th Street, Irving Ave)
- Urban Dwelling Sites (HB3450) projects
 - Allows up to 40 acres commercially zoned land within a ¼ mile of a transit route to be developed as standalone residential

HB3450 ELIGIBLE PROPERTIES



Allows up to 40 acres commercially zoned land within a ¼ mile of a transit route to be developed as standalone residential under the Urban Dwelling Sites code.



HOUSE BILL 3450

LOT/PARCELS ELIGIBILITY & STATUS

- | | |
|-----------------------------|--------------------------------------|
| — Major Roads | ■ Lots/Parcels Eligibility & Status* |
| +++ Railroad | ■ Eligible (Vacant) |
| ■ Parks | ■ Eligible (Developed/No Status) |
| - - - Urban Growth Boundary | ■ Eligible (>5 Acres) |
| □ City Limits | ■ Ineligible (Due to Location) |



0 0.25 0.5
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Map prepared by T. Scrivens, City of Bend
Print Date: May 14, 2023
Sources: City of Bend, Deschutes County



CITY OF BEND

This map is for reference purposes only. Care was taken in the creation of the map, but it is provided "AS IS." Please contact the City of Bend to verify map information or to report any errors.

*Lot/parcels eligibility defined by the total acreage or Comprehensive Plan types CL, C.G, ME. All parcels marked Ineligible if they occur within an Opportunity Area, UGB expansion area, or Special Planned District and outside of the CET transportation overlay (1/4 mile buffer). Lot/parcels status sourced from the 2016 Buildable Land Inventory for employment lands.

PUBLIC BENEFITS



Developments would need to provide a minimum of 3 of benefits from the following lists:

Priority Public Benefits (must meet at least 1)	Additional public benefits (must meet 2)	
<ul style="list-style-type: none"> • At least 10% of units Affordable Housing (<60% AMI for rent; <80% AMI for sale)* • At least 30% of units are Middle-Income (<120% AMI)* • Childcare facilities** • Open space dedication or public** accessible park/plaza space • Energy efficiency/Green Building <ul style="list-style-type: none"> • Net-zero building; or • LEED or Earth Advantage Platinum or higher 	<ul style="list-style-type: none"> • Transit and/or mobility supportive amenities • Ground floor commercial (≥35%) • Displacement plan for existing businesses and residents impacted by project (if applicable) • Energy efficiency/Green Building <ul style="list-style-type: none"> • 10% more efficient than code, • Earth Advantage Silver, or • LEED Silver 	<ul style="list-style-type: none"> • Complete environmental remediation of site • Provide parking within a wrapped-structure (if applicable) • Common meeting rooms open to the public • Recreation or art supportive facilities • Stormwater: site developed to treat more than a 25-year storm event • Provide electric car charging stations • Native, pollinator-friendly, and water-wise landscaping

* Units would be deed-restricted for the length of the exemption (10 years)

**Work Group/Taxing Districts were supportive of the City pursuing in lieu of fees for both childcare facilities and open space dedication which would require significant research and staff time to implement

PROGRAM CAPS/MONITORING



- All Exemption Programs
 - Annual reporting on # of units and exemptions approved
 - Mandatory review of program/program requirements every 3 years (2025, 2028, 2031, etc)
- Non-Profit: State statute expires in 2027; no staff recommendation for termination or limitations

- MUPTE
 - Mandatory review after every 500 units that are approved
 - Terminate program in 2030 (state statute expires in 2032)

Core Opportunity Areas (KorPine, Bend Central District, East Downtown, Inner Highway 20/Greenwood)

2028 Net New Housing needed (units)	2040 Net New Housing forecast (units)
385	1,819

**These areas will likely need to accommodate more housing following adoption of Climate Friendly & Equitable Community Rules.*



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ADOPTION & PROGRAM SCHEDULE

