



# PROPERTY TAX EXEMPTION PROGRAMS

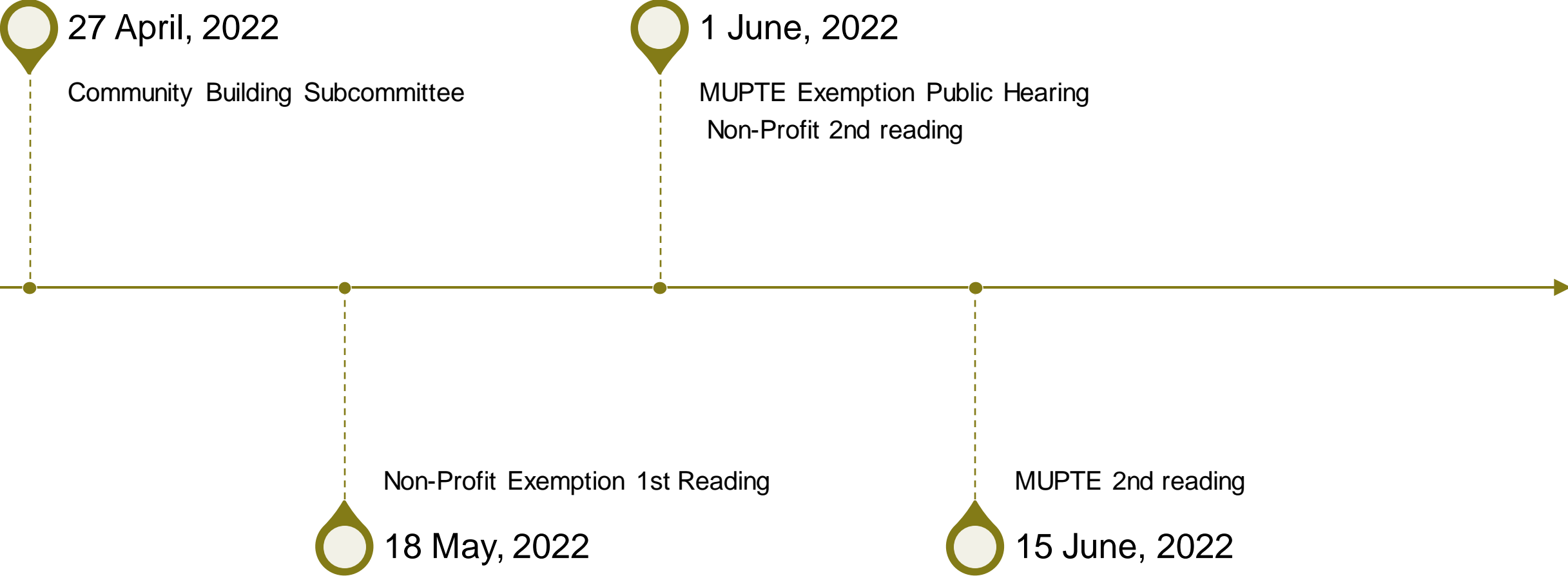
Community Building Subcommittee  
April 27, 2022

## QUESTIONS WE WILL ASK AT END



- Do you have changes to proposed program parameters (eligibility requirements, applicable areas, etc.)?
  - Non-Profit
  - MUPTE
- Are you supportive of the proposed program caps and monitoring recommendations?
- Application fee check-in

# ADOPTION & PROGRAM SCHEDULE



# 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



# 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





CENTRAL OR VETERAN & COMM OUTREACH INC  
 61510 S HIGHWAY 97 100  
 BEND OR 97702

# COVO DUPLEX



### PROPERTY DESCRIPTION

CODE: 1001 MAP: 171233-CC-00601 CLASS: 101

SITUS ADDRESS: 476 NE DEKALB AVE 1 BEND

LEGAL: KEYSTONE TERRACE 3 9

| VALUES:                | LAST YEAR | THIS YEAR |
|------------------------|-----------|-----------|
| REAL MARKET (RMV)      |           |           |
| LAND                   | 164,020   | 213,100   |
| STRUCTURES             | 0         | 262,080   |
| TOTAL RMV              | 164,020   | 475,180   |
| MAXIMUM ASSESSED VALUE | 95,260    | 229,880   |
| TOTAL ASSESSED VALUE   | 95,260    | 229,880   |
| VETERAN'S EXEMPTION    | 0         | 0         |
| NET TAXABLE:           | 95,260    | 229,880   |
| TOTAL PROPERTY TAX:    | 1,475.11  | 3,643.03  |

| District        | Tax rate (% of every \$1) | 20-year total Impact | Average Annual Impact |
|-----------------|---------------------------|----------------------|-----------------------|
| School          | 42.6%                     | \$44,504             | \$2,225               |
| City            | 21.2%                     | \$22,147             | \$1,107               |
| County          | 14.8%                     | \$15,461             | \$773                 |
| BPRD            | 10.3%                     | \$10,760             | \$538                 |
| COCC            | 4.7%                      | \$4,910              | \$246                 |
| Library         | 3.5%                      | \$3,656              | \$183                 |
| 911             | 2.3%                      | \$2,403              | \$120                 |
| High Desert ESD | 0.6%                      | \$627                | \$31                  |
| <b>Total</b>    | <b>100.0%</b>             | <b>\$104,469</b>     | <b>\$5,223</b>        |

Exemption would last for the period of affordability, this is intended to show a 20-year snapshot.

# 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.
-

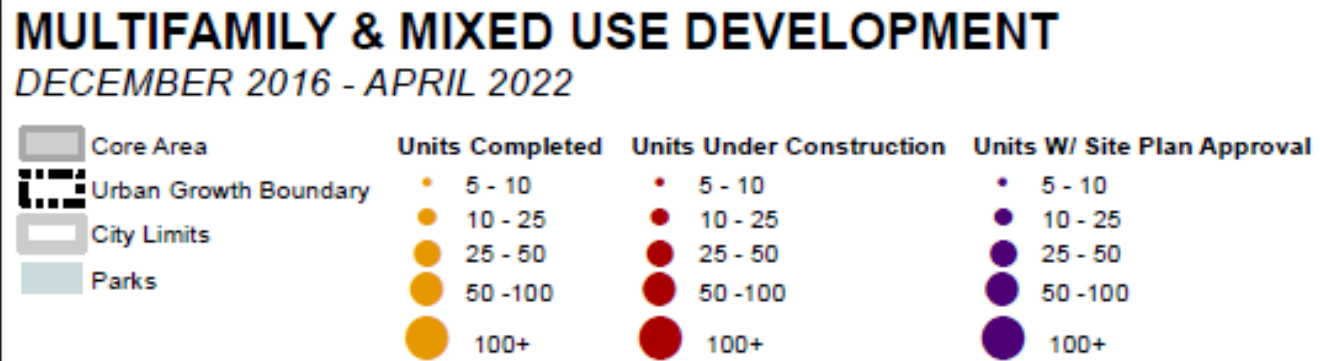
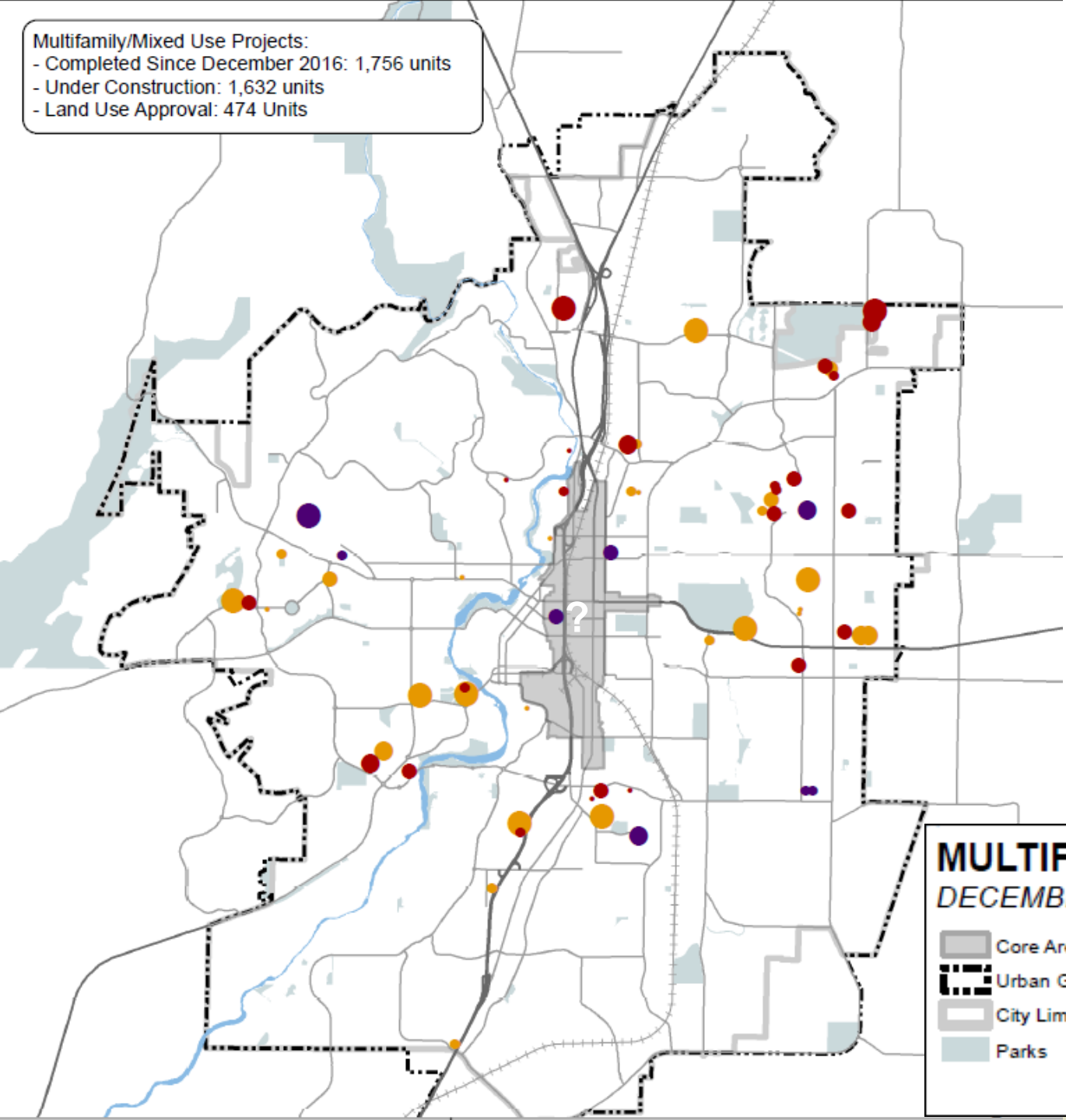
Multifamily/Mixed Use Projects:  
 - Completed Since December 2016: 1,756 units  
 - Under Construction: 1,632 units  
 - Land Use Approval: 474 Units

# 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.

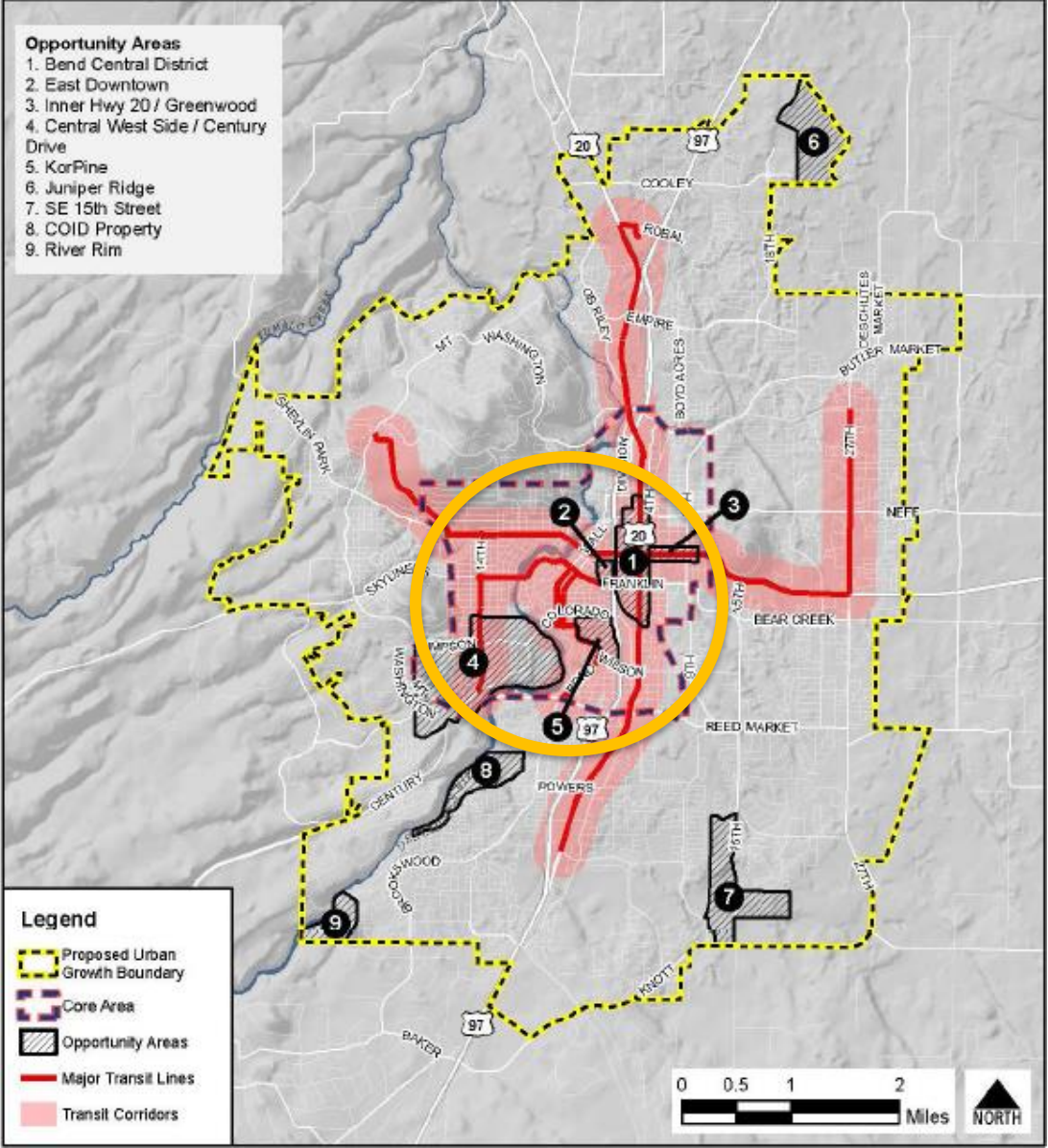




- MUPTE

- Are you ready to move forward with public hearing to adopt this program?
  - What data or information do you need to help you determine the need for a MUPTE program?
- Do you agree to the zone/areas proposed to include in a program? Are we missing any? Should any be removed?
- Do you have proposed changes to the proposed public benefit requirements?
- Do you have a preference on whether there is a requirement for a 3rd party review of proformas (to demonstrate financial need for exemption)?
- Do you support 3 story requirement for projects on lots >10,000 s.f. in size?

# MUPTA ELIGIBILITY: PRELIMINARY RECOMMENDATIONS



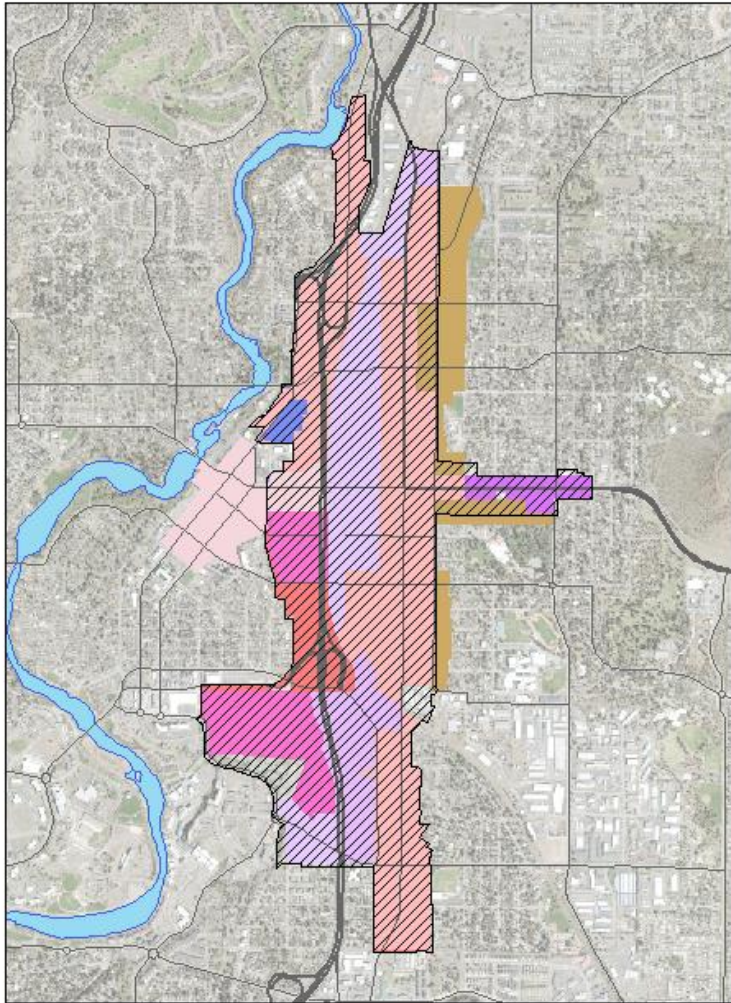
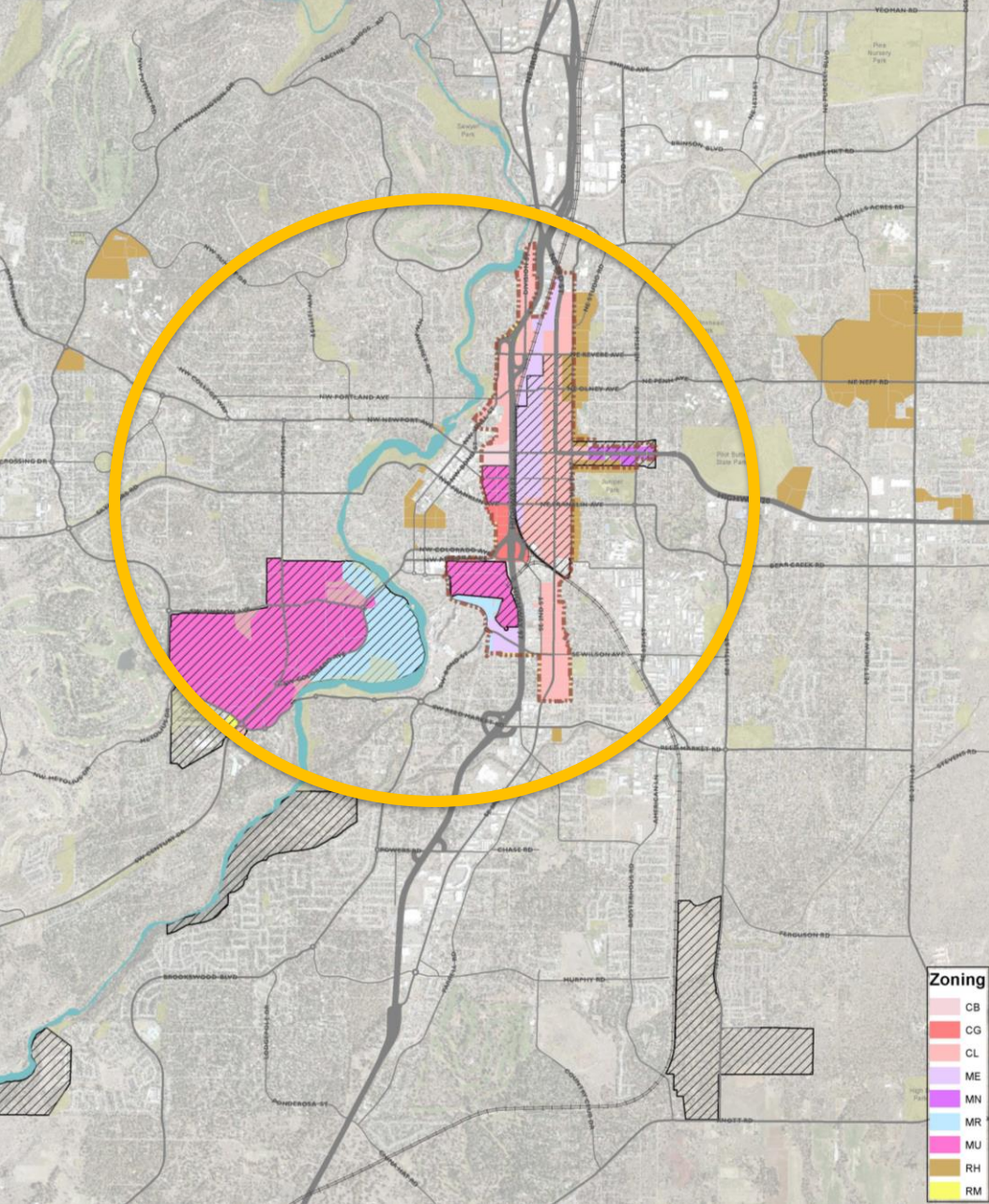
- 3+ units
- Hotels, Motels, and Short-term Vacation Rentals (STRs) would be prohibited
- Multi-story requirement
- Public benefit as well as choose from a list of other potential public benefits requirements
- Require **(3rd party)** pro-forma review to demonstrate financial need
- Commercial portion 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





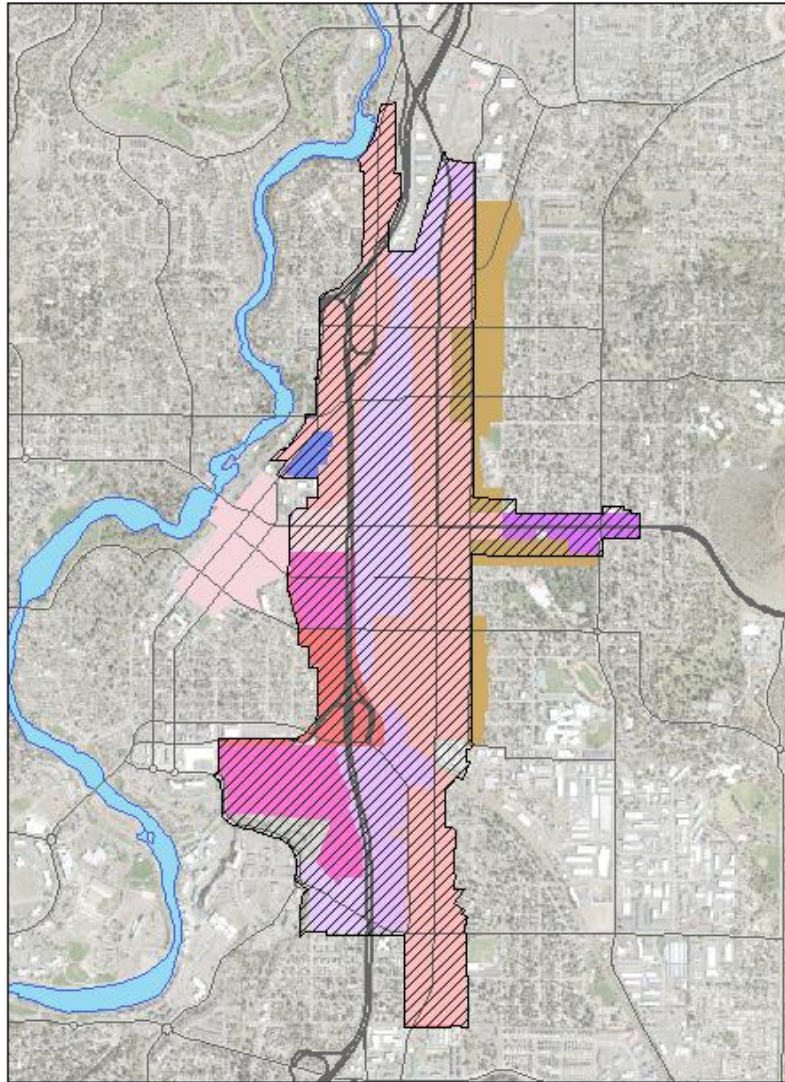
# RECOMMENDED ZONES/AREAS TO INCLUDE

## Legend

- Deschutes River
- Core Area TIF Boundary

## Zones

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

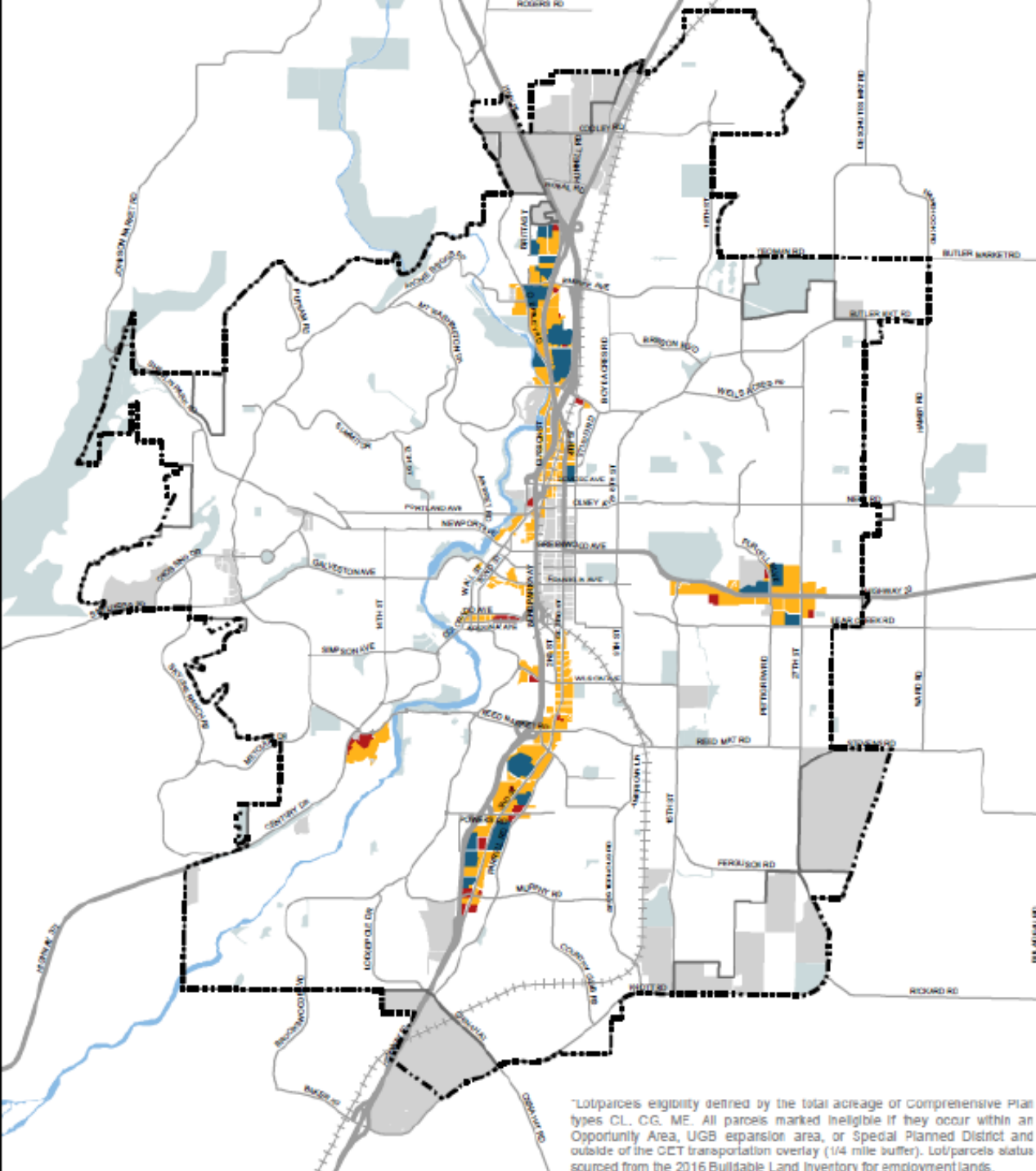


- Entire Core Area TIF district, except MR zoning
- Central Business District (CB) - Downtown
- High Density Residential (HR)
  - Limited to RH zone adjacent to Core Area TIF district (along 4th Street, Irving Ave)
- Urban Dwelling Sites (HB3450) projects
  - Allows up to 40 acres commercially zoned 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.



\*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.

## HOUSE BILL 3450

### LOT/PARCELS ELIGIBILITY & STATUS

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



Map prepared by T. Stevens, 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.



# PUBLIC BENEFITS



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

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

\* 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



# LARGE PROJECT IN CORE TIF AREA



## Project Overview:

- KorPine area
- 6-story vertical mixed-use
- 312 units
- 12,000 SF retail
- SDC estimate: \$4.5 Million
- Residential improvements account for 86.5% of forecasted taxes

| Taxing District                              | Total (10 year) Impact/Exemption | Annual impact |
|--|----------------------------------|---------------|
| Core Area TIF                                | \$11,900,000                     | \$119,000     |
| BLPSD (Schools)                              | -                                | -             |
| City of Bend                                 | -                                | -             |
| Deschutes County                             | -                                | -             |
| BPRD (Parks)                                 | -                                | -             |
| COCC   | -                                | -             |
| Library                                      | -                                | -             |
| 911  | -                                | -             |
| High Desert Education Service District (ESD) | -                                | -             |
| <b>Total</b>                                 | <b>\$11.9 Million</b>            | <b>\$119K</b> |

*For exemptions granted within Core TIF Area, Taxing Districts continue to receive frozen base and only the Core Area Increment is impacted.*

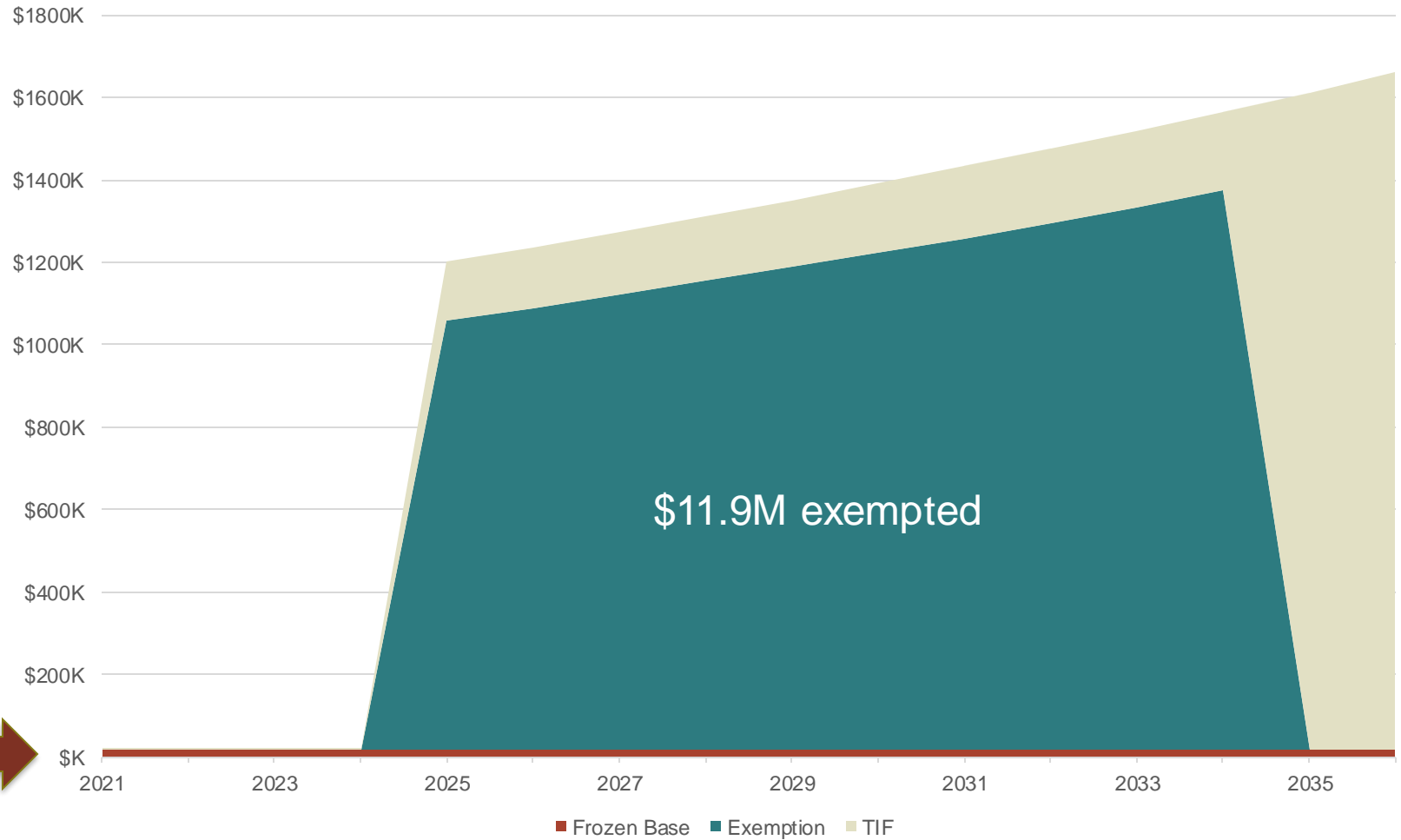
# FROZEN BASE



*For exemptions granted within Core TIF Area, Taxing Districts continue to receive frozen base and only the Core Area Increment is impacted.*



### Build with Exemption Scenario



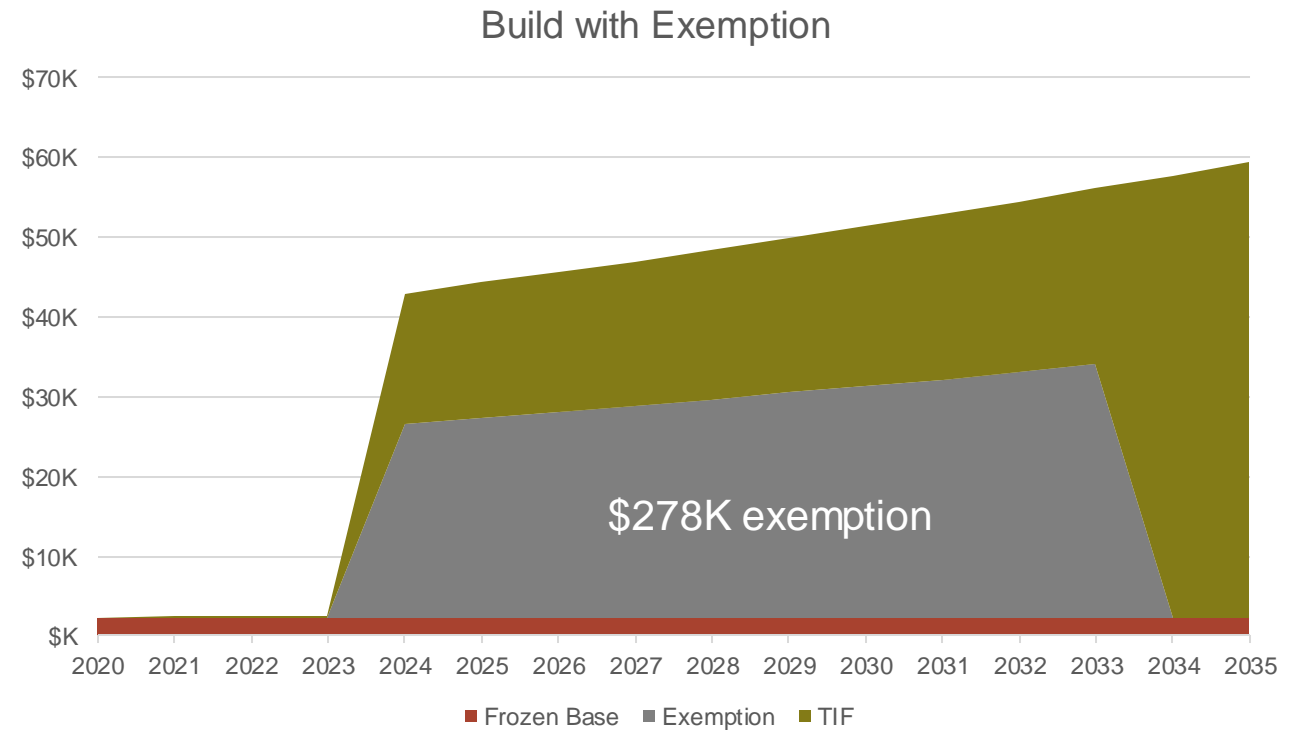


# MUPTI EXAMPLE IN BCD/CORE AREA



- 2 story mixed-use
- 10 units, office space
- SDC Estimate: \$275K
- \$5.5M investment

| District        | 10-year Impact   | Annual Impact   |
|-----------------|------------------|-----------------|
| Core Area TIF   | \$278,091        | \$27,809        |
| City            | -                | -               |
| County          | -                | -               |
| BPRD            | -                | -               |
| COCC            | -                | -               |
| Library         | -                | -               |
| 911             | -                | -               |
| High Desert ESD | -                | -               |
| <b>Total</b>    | <b>\$278,091</b> | <b>\$27,809</b> |



*Assumes exemption on residential only portion which results in 56% exemption on total project*

# APARTMENT EXAMPLE OUTSIDE CORE AREA



- 5 units
- Small lot (6,500 sf)
- Built in 2020
- Exemption on improvements only
- Example of a project that could likely fall in RH zone adjacent to Core Area

| District         | Tax rate<br>(% of every \$1) | 10-year Impact of<br>Exemption | Annual Impact of<br>Exemption |
|------------------|------------------------------|--------------------------------|-------------------------------|
| BLPSD (Schools)* | 42.60%                       | \$43,709                       | \$4,371                       |
| City of Bend     | 21.20%                       | \$21,752                       | \$2,175                       |
| Deschutes County | 14.80%                       | \$15,185                       | \$1,519                       |
| BPRD (Parks)     | 10.30%                       | \$10,568                       | \$1,057                       |
| COCC             | 4.70%                        | \$4,822                        | \$482                         |
| Library          | 3.50%                        | \$3,591                        | \$359                         |
| 911              | 2.30%                        | \$2,360                        | \$236                         |
| High Desert ESD  | 0.60%                        | \$616                          | \$62                          |
| <b>Total</b>     | <b>100%</b>                  | <b>\$102,604</b>               | <b>\$10,260</b>               |

*\*Permanent rate property tax collections do not have a direct impact on school district budgets. The Bend-La Pine School District is funded through per pupil allocations from the State School Fund which is comprised of many sources, including property tax revenues. The State Legislature sets the per pupil allocations and funds the State School Fund accordingly.*

# EXAMPLE LARGE PROJECT OUTSIDE TIF AREA



- 5 story vertical mixed-use
- 140 units, ground floor commercial
- SDC Estimate: \$2.3M
- \$38M+ investment
- Exemption on residential improvements only
- Residential improvements account for 85% of forecasted taxes

| District         | Tax Rate (% of every \$1) | 10-year Impact     | Annual Impact  |
|------------------|---------------------------|--------------------|----------------|
| BLPSD (Schools)* | 42.6%                     | \$1,525,773        | \$152,577      |
| City of Bend     | 21.2%                     | \$759,305          | \$75,931       |
| Deschutes County | 14.8%                     | \$530,081          | \$53,008       |
| BPRD (Parks)     | 10.3%                     | \$368,908          | \$36,891       |
| COCC             | 4.7%                      | \$168,337          | \$16,834       |
| Library          | 3.5%                      | \$125,357          | \$12,536       |
| 911              | 2.3%                      | \$82,377           | \$8,238        |
| High Desert ESD  | 0.6%                      | \$21,490           | \$2,149        |
| <b>Total</b>     | <b>100%</b>               | <b>\$3,581,628</b> | <b>358,163</b> |

*Intended to serve as an example of a large mixed-use project that could fall under the HB3450 Urban Dwelling Site code outside of Core TIF Area.*

## MUPTE QUESTIONS FOR COUNCIL



- Are you ready to move forward with public hearing on May 18 to adopt this program?
  - What data or information do you need to help you determine the need for a MUPTE program?
- Do you agree to the zone/areas proposed to include in a program? Are we missing any? Should any be removed?
- Do you have proposed changes to the proposed public benefit requirements?
- Do you have a preference on whether there is a requirement for a 3rd party review of proformas (to demonstrate financial need for exemption)?
- Do you support 3 story requirement for projects on lots >10,000 s.f. in size?

# 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.*



# APPLICATIONS FEES/COSTS



| Jurisdiction        | Non-Profit   | MUPTE   |
|---------------------|--|---|
| Bend Recommendation | <b>\$306-816</b><br>Match existing Low-Income Fee<br>(scaled based on units) | <b>\$1,200 &amp; assessor costs</b> for base fee<br><b>\$3,000- \$4,000</b> for independent consultant to review proforma   |
| Eugene              |  | <b>\$3,720</b><br>\$800 base fee plus \$2,920 for independent financial consultant to review project's financial pro-forma. |
| Newport             |  | <b>\$4,500</b><br>\$500 base fee plus \$4,000 for an independent financial consultant.                                      |
| Cottage Grove       |  | <b>\$840</b><br>No independent review.  |
| Salem               | <b>\$250</b> annually (\$50 application, \$200 inspection)                   | <b>\$1,200</b><br>No independent review.  |
| Forest Grove        | <b>\$0</b><br>No application fee.  |   |
| Portland            | <b>\$525</b> (per organization)  |   |

# EXISTING AFFORDABLE RENTAL HOUSING TAX EXEMPTION



| 2.19     | Affordable Rental Housing Tax Exemption Application |            |             |
|----------|---|------------|-------------|
|          | <i>Description</i>                                  | <i>Fee</i> | <i>Unit</i> |
| 2.19.01a | Up to 15 units                                      | \$ 306.00  | Each        |
| 2.19.01b | 16 to 30 units                                      | \$ 612.00  | Each        |
| 2.19.01c | 31 or more units                                    | \$ 816.00  | Each        |
| 2.20     | Community Development General Administration        |            |             |

Recommend matching the Non-Profit Tax Exemption to this exemption.

# ADOPTION & PROGRAM SCHEDULE

