

ORDINANCE NO. 2457

AN ORDINANCE AMENDING BEND MUNICIPAL CODE 12.10.120, SYSTEM DEVELOPMENT CHARGE EXEMPTIONS

Findings:

- A. Bend Municipal Code section 12.10.120 governs actions that are exempt from payment of the City's System Development Charges (SDC).
- B. Rental, owner-occupied, and lease-to-own housing affordable to households with an income at or below 80 percent of area median income (AMI) and homeless shelter developments are exempt from 100 percent of water, sewer, and transportation SDCs. These exemptions presently sunset January 1, 2023.
- C. Development of new day care facilities or expansion of existing day care facilities is exempt from 100 percent of transportation SDCs. This exemption presently automatically sunsets December 31, 2022.
- D. The need for both affordable housing and childcare in Bend is critical. Market rate housing prices continue to climb, leading to increased demand for affordable housing, without a commensurate increase in AMI. Construction costs continue to climb, which also puts upward pressure on the sale and rental rates for new homes, making the cost of housing further out of reach for households earning 80% AMI and below. The number of people experiencing houselessness grew by 17% between 2021 and 2022, and the City continues to need additional shelter beds for people experiencing houselessness. In addition, the COVID-19 pandemic led to closures of existing childcare facilities and few new facilities opening in the City, exacerbating a pre-existing shortfall in childcare spaces.
- E. The affordable housing exemption code requires the exempted SDC payment to be paid to the City if the housing is sold or transferred for use other than affordable housing within five years from the date the project is completed. When no other funding subsidy is received by the housing development, housing receiving only an SDC exemption may convert to market-rate after only five years. To make the most efficient use of the SDC exemption program, and to ensure housing supported by this exemption remains affordable for a longer period of time for the value provided, the City wishes to extend the affordability period from five to twenty years.
- F. The City has engaged a contractor and is beginning a public engagement process to update the methodologies for assessing SDCs for the transportation, water, and sewer systems and anticipates new methodologies and new SDCs rates to be adopted by Council in 2023.
- G. As directed by Council, the SDC methodology update project will include consideration of what exemptions are needed and appropriate to balance increased demands on City systems with cost impacts on critically needed development types.

Any recommended changes to exemptions will be presented to Council for discussion and approval during the SDC methodology update study.

H. The City therefore desires to extend the existing SDC exemptions through the methodology update project, to allow for consistency in the system until the adoption of new methodologies. The extension will be for two years to accommodate potential changes to the methodology update project without requiring additional Council action for further extension.

Based on these findings, THE CITY OF BEND ORDAINS AS FOLLOWS:

Section 1. The Bend Municipal Code Section 12.10.120.E. is amended as follows:

E. The City shall record documentation of the exemption with the Deschutes County Clerk's office by the time the project receives a certificate of occupancy or final inspection. In the event the property for which an exemption is granted ceases to qualify for the exemption or is sold or transferred for use other than affordable housing within ~~five~~ twenty years from the date the project is completed, the person or entity to whom the exemption was granted shall be required to pay the City the amount of the exempted SDCs, plus interest at the statutory rate for interest on a judgment from the date the exemption was recorded. A transfer from an owner to whom an exemption was granted to the initial lessee under a lease to purchase agreement shall not be deemed a transfer of ownership for purposes of this subsection.

Section 2. The Bend Municipal Code Section 12.10.120.F. is amended as follows:

F. The affordable housing exemption authorized by subsections (C) through (E) of this section will automatically sunset and cease to be effective as of ~~January 1, 2023~~ December 31, 2024.

Section 3. The Bend Municipal Code Section 12.10.120.G. is amended as follows:

G. Development of new day care facilities or expansion of existing day care facilities is exempt from 100 percent of transportation SDCs. The exemption authorized by this subsection (G) will automatically sunset and cease to be effective as of December 31, ~~2022~~ 2024.

Section 4. All other provisions of Bend Municipal Code Chapter 12.10 remain unchanged and in full effect.

Section 5. If any provision, section, phrase or word of this ordinance or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions that can be given effect without the invalid provision or application.

First reading: November 2, 2022

Second reading and adoption by roll call vote: November 16, 2022

YES: Mayor Gena Goodman-Campbell
Councilor Anthony Broadman
Councilor Barb Campbell
Councilor Melanie Kebler
Councilor Megan Perkins
Councilor Stephen Sehgal
Councilor Mo Mitchell

NO: none



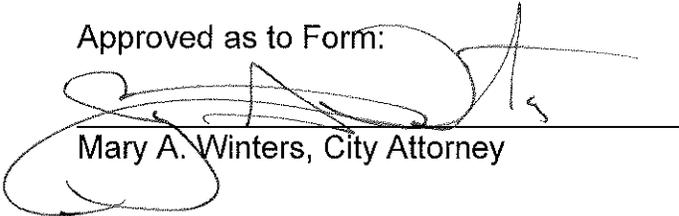
Gena Goodman-Campbell, Mayor

ATTEST:



Robyn Christie, City Recorder

Approved as to Form:



Mary A. Winters, City Attorney

