

BURA RESOLUTION NO. 158

A RESOLUTION RECOGNIZING THE ESTABLISHMENT OF THE BEND URBAN RENEWAL AGENCY'S POLICY ON TAX INCREMENT ASSISTANCE FOR HOUSING AFFORDABILITY AND EMPLOYMENT GROWTH

Recitals:

- A. The Bend Urban Renewal Agency ("BURA"), as the duly authorized and acting urban renewal agency of the City of Bend, Oregon, is established to undertake certain redevelopment activities within the City of Bend pursuant to ORS Chapter 457.
- B. The provisions of ORS Chapter 457 consider housing production and employment development as allowable redevelopment activities that contribute to the public health, safety, and welfare of the community.
- C. Housing affordability is becoming increasingly out of reach for a growing share of Bend households and local wages are not growing comparatively to the annual cost of housing.
- D. On January 17, 2024, BURA and City Council held a joint work session to review tax incentive programs. At the conclusion of the work session, Council directed staff to indefinitely pause the Multi-Unit Property Tax Exemption program ("MUPTE"), and BURA directed staff to develop an alternative incentive policy to encourage residential unit construction and affordability utilizing tax increment financing.
- E. In response to BURA and Council direction, staff conducted research into existing market conditions utilizing publicly available data and other commercially available analytics, as well as interviews with local housing developers, housing advocates, and business leaders to help develop an alternative incentive policy, attached hereto as Exhibit A (the "Policy").
- F. Between January 2024 and September 2024, City staff held work sessions with BURA, City Council, Stewardship Subcommittee, the Affordable Housing Advisory Committee, Bend Economic Development Advisory Board, Core Area Advisory Board, Economic Development of Central Oregon, and Bend Chamber of Commerce. In addition, staff consulted individually with local housing and economic developers and held a developer's round table to garner additional feedback on the Policy.

G. URA finds that providing incentives for housing affordability starting at 90% area median income for multifamily rental units, with additional incentives for developments meeting certain energy efficiency and supplier diversity criteria, will assist in meeting the City of Bend's affordable housing and other Council goals. BURA further finds that providing incentives for employment growth, with annual salaries starting at \$72,000, and childcare facilities can effectively assist the City of Bend in promoting economic vitality and overall livability.

H. On September 18, 2024, BURA adopted the Tax Increment Assistance for Housing Affordability and Employment Growth by motion, not by resolution, and now wishes to adopt the Policy by resolution.

Now, therefore, based on these findings,

THE BEND URBAN RENEWAL AGENCY OF THE CITY OF BEND RESOLVES AS FOLLOWS:

1. The BURA recognizes the establishment of the Bend Urban Renewal Agency's Policy on Tax Increment Assistance for Housing Affordability and Employment Growth as set forth in the attached Exhibit A.
2. The Bend Urban Renewal Agency's Policy on Tax Increment Assistance for Housing Affordability and Employment Growth will become effective on January 1, 2025.
3. BURA directs staff to develop the administrative policy and procedures for the implementation of the Policy on Tax Increment Assistance for Housing Affordability and Employment Growth.

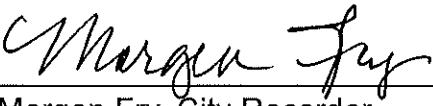
Adopted by the Bend Urban Renewal Agency on October 16, 2024.

YES: Chair Barb Campbell
 Member Ariel Méndez
 Member Anthony Broadman
 Member Melanie Kebler
 Member Megan Perkins
 Member Mike Riley
 Member Megan Norris

NO: none

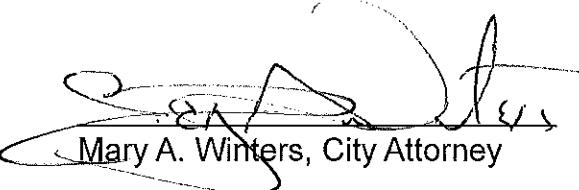

Barb Campbell, Chair

Attest:


Morgen Fry

Morgen Fry, City Recorder

Approved as to form:


Mary A. Winters

Mary A. Winters, City Attorney

EXHIBIT A TO BURA RESOLUTION NO. 158

THE BEND URBAN RENEWAL AGENCY POLICY FOR TAX INCREMENT ASSISTANCE FOR HOUSING AFFORDABILITY AND EMPLOYMENT GROWTH

SECTION 1: PURPOSE

The purpose of this policy is to establish a Bend Urban Renewal Agency (“BURA”) tax increment reimbursement program (the “Program”) to support income attainable residential options and living-wage employment developments within new and established tax increment finance (“TIF”) areas.

This policy sets forth the rules of the Program consistent with requirements for urban renewal projects as outlined by Oregon Revised Statute (“ORS”) chapter 457.

SECTION 2: PROGRAM

A. Housing Affordability Policy

BURA may provide Program assistance in the form of either an annual tax increment reimbursement payment over a specified period of time and/or payment of City development fees associated with the proposed development project (e.g., SDC’s) (“Assistance”) for projects and sites that meet the following criteria:

- i. Fifteen percent (15%) of dwelling units are restricted for rent to households earning at ninety percent (90 %) AMI¹;
- ii. For such rent-restricted units, rent increases must be lower than those allowed under ORS 90.323, 90.324, and 90.600.

Developments that meet these criteria for at least twelve (12) years may be eligible in BURA’s sole discretion for an amount of Assistance equivalent to BURA’s proportion of property tax revenue for that same 12-year period. If the amount of the 12-year program Assistance is not sufficient to offset the cost to the developer of participating in this Program, BURA may provide Assistance in additional amounts at its sole discretion.

BURA may award an amount of Assistance in excess of the amount equivalent to BURA’s proportion of property tax revenue for that same 12-year period if it finds that a development exceeds the above minimum criteria and in doing so helps the City meets its identified housing goals based on the following additional criteria:

- iii. More than fifteen percent (15%) of dwelling units are restricted for rent to households earning less than or equal to ninety percent (90 %) AMI
- iv. Rent increases are lower than allowed under ORS 90.323, 90.324, and 90.600 for more than fifteen percent (15%) of rent-restricted units.

¹ Affordability rates are the area median income (AMI) based upon most recent HUD Income Limits for the Bend-Redmond Metropolitan Statistical Area (Bend-Redmond MSA) by eligible household size.

- v. Meets established energy efficiency standards (e.g., LEED Silver, Energy Trust of Oregon New Building Whole Building Program, Energy Trust Multifamily Market Solutions Best, Earth Advantage Silver, Energy Star).
- vi. Award twenty-three percent (23%) of its prime contractors to small businesses; including five percent (5%) for small, disadvantaged businesses and minority-owned businesses, and five percent (5%) for women-owned small businesses.

Such additional Assistance must be reasonably proportional to the demonstrated cost to the Developer to provide such additional criteria, but in no event shall the additional Assistance be provided if the overall tax benefit to the taxing districts is not able to demonstrate a 2:1 return on the amount of program assistance offered at a time period equal to double the period during which Assistance is given (e.g., 14-year program Assistance; \$2M in Assistance; at year 28, new tax revenue generated as a result of improvements between years 15-28 exceeds \$4m).

B. Employment Development Policy

BURA may provide Assistance for projects that increase local employment and commit to wages by meeting the following criteria:

- i. Eligible businesses include headquarter operations and/or headquarter-type facilities, manufacturing and suppliers, warehouse & distribution, fabrication, research & development (R&D), and other employers engaging in business-to-business or intrafirm distribution.
- ii. Increase the full-time, permanent employment of the businesses in the development by at least 5 new jobs.
- iii. Average annual wage of new employment must be at least \$72,000.
- iv. Childcare facilities, as defined by the Bend Development Code, Chapter 1.2, with improvements that meet the minimum taxable value (as described in Section 4 below) may still be eligible for the Tax Income Reimbursement at BURA's sole discretion even if they are unable to meet the criteria outlined in (i), (ii), (iii).

Businesses that meet these criteria for at least twelve (12) years may be eligible in BURA's sole discretion for an amount of Assistance equivalent to BURA's proportion of property tax revenue for that same 12-year period. If the amount of the 12-year program Assistance is not sufficient to offset the cost to the developer of participating in this Program, BURA may provide Assistance in additional amounts at its sole discretion.

SECTION 3: STAFF REVIEW

BURA staff will review proposed project applications for program eligibility. All eligible projects will be presented to BURA in a public meeting, during which, staff will make recommendations to BURA on whether to grant assistance and in what amount(s); and as to whether a new TIF District will need to be recommended to City Council for creation (if a proposed project is not within an existing TIF district). BURA approval of a

project for the Program is discretionary and is subject to BURA review of projects and determination that the project meets the objectives for the Program and provides a satisfactory financial outcome for BURA and the Bend community.

SECTION 4: REVIEW PROCESS

The following review criteria shall be used by staff during pre-consideration to determine if a proposed project is eligible. At a minimum, projects must demonstrate the following:

Site Review

- Property must be located within the municipal boundaries of the City of Bend.
- Property meets the *blighted* definition under Oregon Revised Statute (ORS) 457.010 (if outside an existing TIF district).
- Property must be smaller than twenty (20) acres if outside an existing TIF district (*no acreage limit within existing TIF areas*).

Financial Review

- The proposed development or eligible business will increase the taxable value of the property by at least \$500,000.
- For projects exceeding the minimum criteria, determination that Assistance is reasonably proportional to the cost to the developer of providing the additional benefit and that the return on investment for the taxing district meets Program requirements.

Project Review

- The proposed project will remediate the condition that causes the property to be blighted under ORS 457.010.
- The applicant has held a pre-application meeting with the City's Community and Economic Development Department ("CEDD") and has provided a pre-application summary.

Staff will review and make recommendations to BURA based on conformance with existing TIF plan projects and criteria (for projects in existing TIF areas, as well as the ability of proposed projects to meet BURA objectives set out in this Policy, BURA's best interests and overall financial solvency, and requirements for urban renewal plans and projects under ORS chapter 457 (for projects outside existing TIF areas. BURA may in its discretion award Assistance under this Program to all, some, or none of the projects. Meeting each of the objectives above does not guarantee recommendation for participation in the Program by staff.

SECTION 5: CONSIDERATION PROCESS

- A. Projects outside established TIF areas will follow the process as laid out by Oregon Revised Statute Chapter 457 for the establishment of a new TIF district as listed below. This process is anticipated to take a minimum of three months from BURA recommendation to adoption of the new TIF district by City Council.

Neither BURA nor Council are required to provide tax increment assistance or create a new TIF district under this policy.

1. Staff Review for Minimum Eligibility
2. Staff Recommendation and BURA Consideration of proposed TIF Plan (public meeting with public comments)
3. 45-Day Plan Consult and Confer
 - a. Planning Commission Comprehensive Plan Review
 - b. Taxing District Plan Notification
 - c. Plan Presentation to Deschutes County Commission (no approval required)
 - d. Public Involvement Process and Input
4. City Council Public Hearing and Consideration of Plan Adoption and Development Agreement.

B. Projects inside established TIF areas will follow process listed below. The process is anticipated to take a minimum of three months from staff review and recommendation for BURA to adopt a new development agreement. BURA is not required to provide tax increment assistance under this policy.

1. Staff Review for Minimum Eligibility
2. Staff Recommendation and BURA Consideration for Adoption

SECTION 6: DEVELOPMENT AGREEMENTS

If the project is approved for participation in the Program by BURA (for projects in existing TIF areas or if a new TIF area and plan are adopted by the Bend City Council, a development agreement will be required between BURA and the approved project developer that will delineate the requirements of the project's participation in the Program, including meeting Program elements detailed above for the duration of the reimbursement. Failing to meet Program requirements may include a claw back provision for tax increment assistance provided under this Program.

All proposed developments will be required to obtain a certificate of occupancy within three years of Plan approval or within another time period as otherwise accepted by BURA.

SECTION 7: RELOCATION

New developments proposed for occupied properties will be required to provide a plan for relocation and assistance prior to approval of a plan document or development agreement as required by state and federal law.

SECTION 8: ANNUAL COMPLIANCE

Program participants must submit to BURA certification of compliance with all Program elements no later than November 15 of the year prior to receiving the annual tax reimbursement.

SECTION 9: ADMINISTRATIVE POLICY

BURA staff will create an administrative policy for this Program that will provide additional information and resources for implementation, review, and compliance with policy requirements.