

**ORDINANCE NO. NS - 2298**

**AN ORDINANCE AMENDING BEND CODE CHAPTER 12.10 SYSTEM DEVELOPMENT CHARGES BY EXPANDING AN EXEMPTION FOR QUALIFIED AFFORDABLE HOUSING PROJECTS**

Findings

- A. The high demand and limited supply for housing in Bend has led to an increase in the cost of housing for both owner-occupied and rental units. Most new housing being developed is affordable only for those with above-median income.
- B. The cost to develop housing includes not only the cost of land and construction, but also the cost of associated permits and fees, including System Development Charges (SDCs). Development of affordable housing is also impacted by multiple other factors beyond the City's authority.
- C. A City Council Goal is to incentivize economic health and diversity, with a major objective to increase affordable housing options. To further this objective, Council wishes to exempt qualified affordable housing projects from payment of SDCs.
- D. The Affordable Housing Advisory Committee (AHAC) studied multiple concepts intended to encourage and incentivize the development of affordable housing units in Bend. AHAC endorsed this ordinance as one element intended to help meet this goal.
- E. In evaluating exemption applications, the Council intends the AHAC to apply its expertise by considering the circumstances of each project, including but not limited to the form of the deed restriction or affordable housing covenant, and the duration thereof.
- F. The Council finds that a report summarizing the affordable housing exemption program should be provided as part of the biennial budget process, including all information necessary to monitor the status, success, and impacts of the program.
- G. The Council intends that the affordable housing exemption program be reviewed in 2022 in order to determine whether the program should be continued, modified, adjusted, or allowed to expire as of January 1, 2023.

Based on these findings,

THE CITY OF BEND ORDAINS AS FOLLOWS:

Section 1. Bend Code Section 12.10.040(B) is amended to read as follows:

- B. Unless exempted in Section 12.10.120, SDCs for water, wastewater, stormwater, and transportation are imposed on all development within the City, on all development outside the City that connects to the water and/or sewer facilities of the City, and on all other

development that increases the usage of the water and/or sewer system or that contributes to the need for additional or enlarged capital improvements. This includes new construction and the alteration, expansion or replacement of a building or development if the alteration, expansion or replacement results in a change in any of the components of the formula for determining the amount of SDCs to be paid.

Section 2. Bend Code 12.10.120 Subsections C through F are amended and replaced as follows:

C. Development of housing for which the developer or property owner agrees to record a deed restriction to maintain the property as affordable housing, are within any of the categories in this section and are approved through the process set forth in Subsections D and E, are exempt from 100% of water, sewer and transportation SDCs:

1. Rental housing that is affordable for households with an income at or below 80% of the area median income ("AMI") as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.

2. Owner-occupied or lease-to-purchase housing for households with an income at or below 80% of the AMI as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.

3. Homeless shelter developments.

D. Exemption applications shall be evaluated by the Affordable Housing Advisory Committee to decide whether requested exemptions meet the standards set forth in this section.

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 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.

F. The affordable housing exemption authorized by Section 12.10.120.C.-E. will automatically sunset and cease to be effective as of January 1, 2023.

Section 3. All other provisions of BC Chapter 12.10 remain in effect.

First reading: October 18, 2017

Second reading and adoption by roll call vote: November 1, 2017

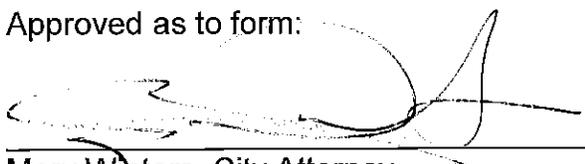
YES: Casey Roats, Mayor Bill Moseley Bruce Abernethy Nathan Boddie Justin Livingston Barb Campbell	NO: NONE	Abstain: Sally Russell
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Casey Roats, Mayor

Attest:

  
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Robyn Christie, City Recorder

Approved as to form:

  
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Mary Winters, City Attorney

