

McMinnville Affordable Housing Task Force
Aug 10th, 2016

Agenda

1. Chris Jones from Catholic Community Services Foundation
2. SDC / Building Permit Exemption Subcommittee
3. Follow up from discussions with community members

Attachments:

1. Minutes from Jun 8th Meeting
2. Catholic Community Services Foundation Overview
3. Draft exemption language from July 13th
4. SDC / Building Fee Background Paper

Catholic Community Services Foundation

Catholic Community Services is a non-profit, faith-based organization. Founded in Salem in 1938, today CCS offers 17 programs across 9 Oregon counties and serves more than 2,000 people each year.

We operate with fidelity to the Principles of Catholic Social Teaching, which call us to work for the common good and to serve our neighbors who are the poorest and most vulnerable.

Our vision: Children, families and adults have the knowledge, ability and desire to take control of their own lives and live responsibly with others in a just society.

We Serve: Our services are offered without regard for anything other than people's needs, dreams, and willingness to do everything they can for themselves:

- People with intellectual and/or developmental disabilities
- Children, youth, and families facing adversity.

Our values of love, justice, truth and freedom guide us to safeguard the dignity of all people, to embrace their giftedness, and to focus on their dreams and aspirations.

To achieve our mission our programs focus on four key outcomes: the people we serve enjoy safe, stable nurturing relationships; they enjoy good health; they possess the knowledge, skills and virtues they need to succeed at whatever is important to them in life; and they enjoy financial self-sufficiency.

Dedicated to providing the highest quality services, trauma-informed care and research-based practices, CCS is nationally accredited by the Council on Accreditation for Child and Family Services, Behavioral Health Services and Group Living Services.

Our Board of Directors | Support Our Work | Catholic Community Services Foundation

Our Service Commitments

- **Nonviolence** – helping to build safety skills and a commitment to a higher purpose.
- **Emotional Intelligence** – helping to teach emotional management skills.
- **Commitment to Social Learning** – helping to build cognitive skills and create a community of social justice for all.
- **Commitment to Open Communication** – helping to overcome barriers to healthy communication, learn conflict management, reduce acting-out, enhance self-protective and self-correcting skills, and teach healthy boundaries.

- **Democracy** – helping to create civic skills of self-control, self-discipline, and administration of healthy authority.
- **Social Responsibility** – helping to rebuild social connection skills, establish healthy attachment relationships, and establish sense of fair play and justice.
- **Growth and Change** – helping to work through loss and prepare for the future.
- **Self-Determination** – helping to exercise control over life decisions and the services wanted to meet needs.

RESOLUTION NO. 2016 - _____

A Resolution creating an Affordable Housing SDC Discount.

RECITALS:

Set as a practice in 199_, the City of McMinnville provided relief from 60% of SDC fees as well as permit fees to non-profit builders. As a continuation of this practice and to promote the building of affordable housing in the City of McMinnville, the McMinnville Affordable Housing Task has recommended to City Council to memorialize that practice and establish a policy promoting the construction of affordable housing.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON, as follows:

The City of McMinnville shall allow certain classes of housing to be exempted from having to pay the following System Development Charges, Sanitary Sewer SDC, Parks SDC, and Transportation SDC and building permit fees. The class of housing shall be defined as Affordable Housing.

Affordable Housing shall be defined as:

1. Housing constructed or renovated by a registered non-profit whose primary goal is to house individuals in or near poverty or those making less than the Area Median Family Income ("AMI").
2. Housing receiving local, state, or federal funds:
 - a. Rental housing that is affordable for households with an income at or below 60% of the AMI as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
 - b. Owner occupied or lease to purchase housing for households with an income at or below 80% of the AMO as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
 - c. Homeless Shelter developments.

SDC Exemption for Affordable Housing Projects

McMinnville has provided relief from system development charges and building permit fees in the past for affordable housing. The issue is whether the City should provide an exemption across the board and if so, at what levels.

Discussion of the Issue and Alternatives:

System development charges (SDCs) are fees that are collected when new development occurs in the city and are used to fund a portion of new streets, sanitary sewers, parks and water.

Single Family Development SDC's

	fee per unit	fees for 20 lot development
Transportation	\$ 2,288	\$ 45,760
Sanitary Sewer	\$ 2,870	\$ 57,400
Parks	\$ 2,118	\$ 42,360
TOTAL :	\$ 7,276	\$ 145,520

multi-family development SDC's

	fee per unit	fees for 20 unit apt complex
Transportation	\$ 1,198	\$ 23,960
Sanitary sewer	\$ 2,870	\$ 57,400
Parks	\$ 2,118	\$ 42,360
TOTAL :	\$ 6,186	\$ 123,720

Systems Development Charges may not be waived for projects. However, several cities in Oregon do allow for certain classes of housing to be exempted from having to pay Systems Development Charges. Affordable Housing is one such class and the City has provided 60% SDC and building permit fee relief in the past for non-profit affordable housing projects.

While generally, smaller cities do routinely exempt SDC and permit fees, there are examples to look at in larger metropolitan areas.

Portland: For the City of Portland, the SDC relief is intended to reduce the development costs for residential units that are made affordable to homeowners and low-income renter households by exempting developers from paying SDC fees levied by the City of Portland. These requirements are:

- Rental: 60% or below MFI (Median Family Income).
- Homeownership: 100% or below MFI adjusted by family size.
- If the project has units that do not qualify for the exemption or a commercial component, the exemption will be based on a percentage of the total SDC fee.
- Water Bureau: Single family projects will only qualify for a 5/8ths-inch water meter exemption.

Salem: For the City of Salem the exemption applies to any public use or development which is or by agreement will be undertaken by the City of Salem, the Housing Authority of the City of Salem, or the Urban Renewal Agency of the City of Salem and any housing unit which is located in a housing project of one or more housing units, if the project receives federal housing funds administered by the city and is affordable to families at or below the city's 80% median income level as defined by the US Department of Housing and Urban Development.

Eugene: The City of Eugene exempts SDC's for housing for low-income persons, subject to the following limitations:

- Commencing with the 1998 fiscal year, and continuing each fiscal year thereafter, the city manager or designee may waive a base amount annually of system development charges for housing for low-income persons.
- Each fiscal year that there is a change in the rates for the system development charges for residential development, the base amount for that fiscal year shall be adjusted in an amount proportionate to that change.
- If any portion of the authorized base amount remains unallocated at the end of a fiscal year, that portion shall be added to the authorized base amount for the next fiscal year.
- In the event the property for which an exemption is granted ceases to be utilized for housing for low-income persons or is sold or transferred for use other than housing for low-income persons within five years from the date the certificate of exemption is recorded, the person to whom the exemption was granted shall be required to pay to the city the amount of the exempted systems development charges, plus interest at the statutory rate for interest on a judgment from the date the certificate was recorded.
- Upon issuance of the certificate of occupancy, the city shall record the certificate of exemption documenting the date and amount of the exemption with the Lane County Recorder's office.
- 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.
- The exemption authorized herein does not include an exemption from the regional wastewater systems development charge.
- "Low-income persons" means:
 - With regard to rental housing, persons with an income at or below 60 percent of the area median income as determined by the State Housing Council based on information from the United States Department of

- Housing and Urban Development; and;
- With regard to home ownership housing and lease to purchase home ownership housing, persons with an income at or below 80 percent of the area median income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.

Eugene's amount that was exempted for this upcoming program year is \$1.4 million and will be done via an RFP process

Bend: Developments receiving local, state, or federal funds meant for affordable housing are fully exempted from water and sewer SDCs and 75% exempted from transportation SDCs. Eligible projects include rental housing for households making 60 percent or less of the area median income (AMI), owner-occupied or lease-to-purchase for households making 80 percent or less of the AMI, and homeless shelter developments. If the total annual exemption requests exceed \$1 million, priority will be given to projects meeting certain additional criteria, including but not limited to: utilization of outside funds and services, partnerships with other organizations and agencies, proximity to transit corridors, and provisions to increase public transit options. If the property that receives the exemption ceases to be affordable housing within the first five years, the developer will be required to pay back the exempted SDCs, plus interest.

Language from Bend's ordinance passed in August 2015:

"Development of affordable housing that receives local, state, or federal funds for 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 and sewer SDCs and 75% of transportation SDCs

- Rental housing that is affordable for households with an income at or below 60% 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.
- 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.
- Homeless shelter developments.

Exemption applications shall be submitted and considered annually through a Request for Proposal process. If the total requested exemptions in a fiscal biennium are \$1 million or less, exemptions shall be granted for all projects that meet the criteria above. If the total requested exemptions exceed \$1 million for the fiscal biennium, exemptions to the amount available shall be granted based on the following priorities:

- Projects that maximize utilization of outside funds and services.
- Projects that utilize partnerships with other organizations and agencies.

- Projects that can demonstrate that they have the staff capability and capacity to successfully and efficiently implement the proposed project.
- Projects that are clearly defined and realistic in scope, location, need, budget, and goals.
- Projects that demonstrate a clear plan for evaluating project progress toward addressing the identified need.
- Projects that utilize an effective strategy to improve conditions and solve problems.
- Projects that can be readily implemented in a timely manner once SDC exemptions are awarded.
- Projects that can provide sufficient evidence illustrating neighborhood and community support.
- Projects that will have a sustainable long-term impact, evidenced by secured deed restrictions, land trusts, or other mechanisms.
- Projects that do not result in the permanent displacement or relocation of current occupants of the project site.
- Projects that are constructed adjacent to transit corridors and have provisions to increase public transit and other alternative commuter options.

The proposals shall be evaluated by the Affordable Housing Advisory Committee, which shall make a recommendation to the City Council regarding the requested exemptions, and the City Council shall decide whether to allow the requested exemptions according to the standards set forth in this section. If the total number of exemptions requested exceed the maximum exemptions allowed for the year, the City Council may reduce the exemption to any or all of the applicants to a percentage of the total exemption that would otherwise be provided.

The City shall record documentation of the exemption with the Deschutes County Clerk's office at 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."

Bend SDC rates (per unit): Transportation - \$4,928; Sewer - \$3,058 for sewers; Water - \$4,868 for water on a single-family home, with slightly lower rates for apartment units and other forms of multifamily housing. Parks SDC is set at \$6,013 are not exempted.

McMinnville Building Fees

- System Development Charges
Collected to address growth needs such as new roads or parks based on residential or business growth. For residential growth, the McMinnville current fee structure is:
 - Sanitary Sewer SDC: \$2,870 per dwelling unit
 - Parks SDC: \$2118 per dwelling unit
 - Transportation SDC: \$2,287 per dwelling unit
- Lot charges (example - Aspire's lot development for first 8 homes)
 - City Permitting and Plan Review: \$11,800
 - City / Water and Light for sewer, water and power lines: \$20,000
 - Yamhill County Surveyor: \$2,200
 - Geological site assessment: \$2,300
- McMinnville School District: First 600 sq ft of the combined home/garage footprint is not assessed; remaining sq footage is assessed at \$1.20 per sq foot.
- Permit Fees

	PROCESSING FEES
<u>Administrative Variance</u>	\$145
<u>Annexation</u> Segment 1: Initial application fee Segment 2: For annexations upon approval by City Council Segment 3: For annexations set for non-primary or non-general election ballots (odd numbered years) (No Segment 3 costs associated with general or primary elections)	\$780 \$835 \$13,000
<u>Appeal from Planning Commission Decision</u>	\$600
<u>Appeal from Planning Director Decision</u>	\$200
<u>Bed & Breakfast Establishment (less than 3 bedrooms) Annual Renewal Fee:</u>	\$145 \$25
<u>Classification of an Unlisted Use</u>	\$410
<u>Comprehensive Plan Amendment</u>	\$1,390
<u>Conditional Use Permit</u>	\$1,055

	PROCESSING FEES
<u>Downtown Design Standards and Guidelines</u>	No Fee
Expedited Land Division Application: <ul style="list-style-type: none"> • <u>Partition</u> • <u>Subdivision</u> ≤ 10 lots • <u>Subdivision</u> (more than 10 lots) • Appeal Deposit 	\$430 + appeal deposit \$570 + \$15/lot + appeal deposit \$1,595 + \$15/lot + appeal deposit \$3,445
<u>Historic Landmark Clearance / Building Alteration</u>	No Fee
Historic Landmark Notice of Delay	No Fee
<u>Home Occupation</u> Annual renewal fee	\$145 \$25
<u>Landscape Review Plan</u> <u>Street Tree Removal</u>	\$140 No Fee
<u>Large Format Commercial Development (variance to standards)</u>	\$400
<u>Manufactured Home Park</u> *	\$1,595 + \$15 / lot
Model Home Permit	\$120
<u>Parking Variance for Historic Structure</u> *	\$145
<u>Partition of Land (tentative)</u> *	\$430
<u>Planned Development</u> <u>Planned Development Amendment</u>	\$870
Planned Development In addition to any applicable zone change fee: Residential Rate Commercial Rate Industrial Rate	\$15 per Dwelling Unit** \$25/1,000 sq ft of bldg \$10/1,000 sq ft of bldg
<u>Property Line Adjustment</u>	\$170

	PROCESSING FEES
<u>Recreational Vehicle Park Permit</u>	\$725
<u>Sign Standards Exception (variance)</u>	\$970
<u>Solar Collection System Variance</u>	\$970
<u>Street Vacation</u>	\$655
<u>Subdivision</u> (tentative) more than 10 lots <u>Subdivision</u> ≤ 10 lots *	\$1,595 + \$15/lot \$570 + \$15/lot
<u>Temporary Living Unit Permit</u> Semi-Annual Renewal Fee	\$415 \$25
<u>Three Mile Lane Development Review</u>	No Fee
<u>Transitional Parking Permit</u>	\$565
Urban Growth Boundary Amendment	\$1,955 + 50% of costs incurred in excess of base fee
<u>Vacation Home Rental</u> Annual Renewal Fee	\$145 \$25
<u>Variance (Land Division)</u>	\$970
<u>Variance (Zoning)</u>	\$970
<u>Zone Change</u>	\$1,595

Building Permit Review	PROCESSING FEES
Residential: Value less than \$100,000 Value \$100,000 + Multi-family residential (per project)	No Charge \$20 \$75
Commercial/Industrial: Value less than \$100,000 Value \$100,000 - \$500,000 Value greater than \$500,000	No Charge \$45 \$110

Affordable housing fee waiver information

- Phone surveys by Community Development Dept staff (Oct 2015)

CITY	POPULATION	OFFER SDC / PERMIT DISCOUNTS OR WAIVERS FOR AFFORDABLE HOUSING?	IF YES, WHAT?	OFFER ANY OTHER AFFORDABLE HOUSING INCENTIVES OR PROGRAMS?
Portland	605,510	SDC: Yes Permits: Yes	Permit: Average waiver is 50%; can waive up to 100%. SDC: 100%	No
Eugene	160,766	SDC: Yes Permits: No	Local SDC waivers (not wastewater) for approved low income projects. Large residential developers and habitat use the program. Fee waivers are covered by \$150,000 annual transfer from General Fund.	No
Salem	159,267	SDC: Yes Permits: No	SDC waivers to non-profits approved to receive HUD funding through the City. Waiver is approved each year.	No
Gresham	106,455	No	N/A	No
Hillsboro	95,318	No	N/A	No
Beaverton	93,399	No formal program for waivers / discounts.	The City will sometimes provide assistance, but in those cases the General Fund would pay the discounted / waived fees.	No
Bend	79,985	SDC: Yes Permits: No	There is a SDC exemption program (all SDC's except parks). Developers put together a RFP and take to the Council for approval. The Council determines what the waiver/discount will be. The City covers the waiver / discount amount (\$1.1-M available this year).	Density bonus; cottage code; Local affordable housing fund (Bend only)
Medford	76,650	No	N/A	No
Springfield	60,071	No	N/A	No
Corvallis	56,535	No	N/A	No
Albany	51,270	SDC: No Permits: Yes	For permits, the school district construction excise fee is waived.	HUD block grants
Tigard	49,140	No	N/A	No
Lake Oswego	37,105	No	N/A	No
Keizer	36,985	No	N/A	No
Grants Pass	36,398	No	N/A	No
Oregon City	33,760	No	N/A	No

Affordable housing fee waiver information

- Phone surveys by Community Development Dept staff (Oct 2015)

CITY	POPULATION	OFFER SDC / PERMIT DISCOUNTS OR WAIVERS FOR AFFORDABLE HOUSING?	IF YES, WHAT?	OFFER ANY OTHER AFFORDABLE HOUSING INCENTIVES OR PROGRAMS?
McMinnville	32,705	SDC: Yes Permits: Yes	60% discount of SDC's and building permit fees	
Tualatin	26,925	No	N/A	No
Redmond	26,770	SDC: Yes Permits: No	The SDC credit is City acquired residential properties that have been demolished. There were nine credits to start the program. Waive 50% of SDC's for non-profit. Deed restriction placed on property.	No
West Linn	25,546	No	N/A	No
Woodburn	24,455	No	N/A	No
Newberg	22,765	SDC: Yes Permits: No	One (1) complete SDC waiver per year to non-profit	Offer discount of SDC fees if residential construction is classified as efficiency dwelling (studio / 1 bedroom <600 sf)
Forest Grove	22,715	No	N/A	For Habitat, payment of some fees can be postponed until Certificate of Occupancy
Roseburg	22,510	No	N/A	No
Wilsonville	21,980	No	N/A	No
Klamath Falls	21,500	No	N/A	No
Milwaukie	20,491	SDC: No Permits: Yes	30% structural permit fee reduction	
Ashland	20,340	SDC: Yes Permits: No	SDC deferrals or waivers on new construction that provides affordable housing.	Mixed use parking credits; CDBG funds; density bonuses; Affordable housing trust fund.
Sherwood	18,955	No	N/A	No
Happy Valley	16,484	No	N/A	Provide a density bonus for affordable housing developments.
Canby	16,010	No	N/A	No