

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
JUNE 09, 2016

MEMBERS PRESENT:

Chris Frye Mayor
Nancy Connolly Council President
David Asson Councilor
Amy Burgstahler Councilor
Andrea Blum Councilor

STAFF PRESENT:

Rick Allen City Manager
Paul Bertagna PW Director
Joe O'Neill Finance Officer
Kathy Nelson City Recorder

GUEST:

Jim Long Bend Affordable Housing Manager
Roger Detweiler Sisters Planning Commissioner

ABSENT:

Patrick Davenport CDD Director

The workshop was called to order by Mayor Frye at 6:00 p.m.

1. Affordable Housing Discussion

Jim Long, City of Bend Affordable Housing Manager introduced himself informing the Council he had been an affordable housing advocate for 29 years. He provided a PowerPoint presentation on how the issue of affordable housing was effecting the City of Bend and steps the City has taken to off-set those issues. He noted the huge population growth in Bend over the previous 30 years; Bend has grown from under 19,000 residents to over 84,000 residents. He reported Bend has a higher percentage of detached single family housing than either the state or nation as a whole and was 16% higher than the Oregon average which, considering the cost of land in the area, contributed to the lack of affordable housing. He noted while the cost of housing has skyrocketed, incomes have remained flat. He stated in 2005 the median rent in Bend had been \$936 but by 2015 had risen to \$1672. He noted the cost of housing was becoming increasingly challenging for people with jobs that, in the past, would have been able to afford home ownership.

Mr. Long provided an overview of Federal Housing Programs which included HOME, an investment partnership program and the Community Development Block Grant (CDBG) program. He reported there were no HOME units in Bend but the City had taken advantage of the CDBG program. He stated the HOME program provided formula grants and CDBG relied on the age and condition of housing, not population.

Mr. Long stated the City of Bend had an Affordable Housing Fund, the only city in the state to have one. He reported revenue for the fund came from a Construction Excise Tax (CET), a fee of 1/3 of 1% of the total building permit valuation the City charges. He remarked it had made a huge difference and the fund had capitalized \$6.2 million and loaned out over \$12 million since its inception in 2006. He stated 539 multi-family units had been funded and 76 single family homes had been funded. He stated if a builder applying for state funds could show a local match of non-federal funds, that builder would score significantly higher as a local funding source projected a local commitment to a project. He noted both non-profit and for-profit developers had utilized the

affordable housing fund and to date, the affordable housing fee had leveraged over \$62.6 million in state and federal funding and over \$14.2 million in private equity.

Mr. Long reported Bend's Development Code had been amended to allow cottage housing, an easier permitting process for accessory dwelling units and to allow a density bonus for projects providing affordable housing. He stated waiving SDC's was not allowed but certain classes of housing, such as affordable housing could be exempted from paying SDC's.

Mayor Frye asked how Bend budgeted for SDC exemptions. **Mr. Long** replied that most of Bend's projects were in-fill. He stated since higher SDC's fees were not charged to other developers, it could take a little longer to accumulate the amount needed for a SDC funded project. **City Manager Allen** noted that Sisters, which might only built 100 homes in a year, was proportionality so much smaller, that the method described would have a much larger effect and make it more difficult for Sisters to incorporate.

Mr. Long described how each year a budgeted amount was identified and once those funds were used, there were no additional finds to draw from. He explained Bend uses a request for proposal (RFP) process where developers apply to the City. He discussed how the terms low-income, affordable and work force housing had evolved over the years but in reality were just different names for the same type of housing.

Roger Detweiler, Planning Commission member, questioned why realtors couldn't be charged a transfer tax when selling homes. **Mr. Long** replied that would be a legislative decision and not one that could be made on the local level.

Mayor Frye asked how Sisters could take advantage of the CDBG program. **Mr. Long** explained Sisters was too small as a population of 25,000 was needed to apply. **City Manager Allen** added Sisters could apply to the state as part of a pool and compete with all the other small cities. He stated it was important to remember the City would not be building the projects and would be partnering with an agency such as Housing Works or Pacific Crest. **City Manager Allen** asked if **Mr. Long** felt the City should concentrate on multi-family rental units or single family units. **Mr. Long** replied the City should try for both but if the City only had capacity to do one or the other, he would recommend rental units.

Mayor Frye thanked **Mr. Long** for his time and providing valuable information.

2. Other Business

City Manager Allen distributed a handout outlining the process necessary for a Charter amendment election. He stressed a Charter amendment election should be used when the entire Charter was being reviewed as a whole and not to just address a few items currently under discussion. He stated it was a process that should not be rushed and should include a Charter Review Commission to review the document as a whole. The handout included a list of the tasks

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a Charter Review Commission would undertake and stated a realistic timeline would be a minimum of six months. He stated the goal would be to identify those portions of the Charter that limited the functionality of the government process and recommend amendments to the Council before going to a vote of the people. He stated Council had asked about the possibility of putting the Charter amendment on the November ballot and asked if that was still a priority given the short timeframe available. The **Council** discussed the situation and agreed it would be better to proceed slowly and thoroughly review the Charter as opposed to putting it on the November ballot.

Mayor Frye stated the main reason the Council had pursued the idea of a Charter Amendment was due to the limitations set with the current Charter with regard to the affordability period required in order to have system development charges (SDC) waived. He requested the City ask the interim legal team to interpret the SDC provision

Mayor Frye stated another constriction of the Charter was the issue that an Interim City Manager was only permitted for a timeframe of six months or less. He stated he felt the City could get around that issue if it arose during the process of finding a permanent City Manager by hiring interim City Manager Allen on a short term contract.

The meeting was adjourned at 7:10 p.m.

Kathy Nelson, City Recorder

Chris Frye, Mayor