

**MEMBERS PRESENT:**

Michael Preedin      Mayor  
Andrea Blum          Council President  
Jennifer Letz        Councilor  
Gary Ross            Councilor  
Susan Cobb          Councilor

**STAFF PRESENT:**

Jordan Wheeler      City Manager  
Kerry Prosser        Assistant City Manager  
Joe O'Neill           Finance Director  
Scott Woodford      CDD Director  
Paul Bertagna        PW Director  
Rebecca Green        Deputy Recorder

**GUESTS:**

Peter Hoover        Executive Director, Habitat for Humanity  
Joe Rambo           Board Chair, Habitat for Humanity  
Kevin Eckert        Build, LLC  
Chris Gonzalez      FCS Group

The meeting recording is available here:

<https://www.ci.sisters.or.us/bc-citycouncil/page/city-council-workshop-meeting-4>

Mayor Preedin called the workshop to order at 5:11 p.m.

**1. Affordable Housing Grant Review**

Community Development Director Woodford provided limited background, stating that the earlier Urban Renewal Agency meeting provided greater substance and discussion to this item (please see meeting [here](#)). Woodford noted his error in that discussion related to income caps for eligibility to participate in the program; he corrected the record by saying that homeowners making up to 120% of Area Median Income (AMI) and renters making up to 100% of AMI would still qualify.

Woodford stated that the project tentatively outlined by the sole applicant, Habitat for Humanity is titled Adams Commons, and includes 19 affordable housing units intermixed with five workforce housing units targeted towards those making 80% or less median income. Woodford was joined by applicants Peter Hoover and Joe Rambo of Habitat for Humanity, and Kevin Eckert of Build LLC.

Councilor Letz asked what the AMI thresholds are currently. The AMI is published by U.S. Department of Housing and Urban Development (HUD) each June. Executive Director Peter Hoover spoke to Deschutes County thresholds, stating that for a family of four, those in the 80% percentile of the AMI earn \$78,150; those in the 100% percentile of AMI earn \$95,200; those in the 120% percentile earn \$114,250, and those in the 150% percentile earn \$142,800. These numbers are also influenced by current interest rates and the Oregon Bond Residential Loan Program that Habitat is working with for mortgaging. Hoover outlined the process of setting the sales price and mortgage on affordable housing units.

Councilor Letz asked about the appreciation of affordable houses. Hoover explained that Oregon Housing Community Services requires a master lease which allows for shared appreciation upon the sale of a home. At the time of sale, the homeowner is guaranteed equity plus 25% of the appreciation of the appraised value of the house. Habitat would have the first right of refusal to buy a house back, ensuring the homeowner would not have to sell at a loss.

The expected timing is aggressive, with construction starting in spring 2025 with a winter 2025 opening. Alternatively, the project could be extended by six to nine months.

Manager Wheeler spoke to the city's funding: there is \$162,000 available for affordable housing, with \$20,000 additional reserve to be considered. Affordable housing funds would replenish at \$30,000 per year from the Transient Lodging Tax (TLT). Each councilor spoke to the details of funding and retaining reserves, with tentative support for allocating all funds, to be finalized during the budget approval process. The land-use process will start with a pre-application review between the applicant and city staff.

## **2. Water and Wastewater Rate and Policy Updates**

Manager Wheeler provided a brief introduction, stating that updating utility rates based on the 2023 Water System Master Plan is a 2023-24 Council Goal. Director Bertagna outlined the three areas under consideration: proposed rate increases, secure vs conservation financing approaches, and the implementation and outreach plans.

Chris Gonzalez of the FCS Group Consulting presented on these topics. Wastewater rates would increase 4%, and water rates would increase 12% per year through 2027, potentially continuing through 2030. Both increase needs would be reassessed in 2027. Gonzalez outlined the water rate structure alternatives: Secure Financing and Enhanced Conservation. Both methods recalibrate the base charge structure to spread the costs evenly to all customers, and to charge multifamily units the  $\frac{3}{4}$ " base charge per dwelling unit. However, the Secure Financing option roughly maintains the existing volume charges, while the Enhanced Conservation option results in lower increases to base charges, but higher increases to volume charges.

Council discussed the options, focusing on the value of the conservation option. It was noted that if water customers conserve more water, the recovery costs would be less. While this is a positive outcome, the rate structure would need to be revisited periodically in order to maintain recovery costs. Council requested the Conservation approach be brought back for approval.

Finance Director O'Neill outlined the proposed policy changes, including billing landlords rather than tenants, better control of the usage of bulk meters, and removing credit restrictions for maximizing the use of the low-income utility assistance program. Council agreed with all recommendations.

**3. Other Business – None.**

The meeting was adjourned at 6:50 p.m.



\_\_\_\_\_  
Rebecca Green, Deputy Recorder



\_\_\_\_\_  
Michael Preedin, Mayor