



## BOARD OF COMMISSIONERS

# AGENDA REQUEST & STAFF REPORT

**MEETING DATE:** April 24, 2024

**SUBJECT:** Multiple Unit Property Tax Exemption application for Penn Avenue development at 445 NE Penn Avenue, Bend

**RECOMMENDED MOTION:**

Consider the application from Hiatus Homes for a Multiple Unit Property Tax Exemption relating to property at 445 NE Penn Avenue in Bend.

**BACKGROUND AND POLICY IMPLICATIONS:**

In August 2022, the Bend City Council adopted a Multiple Unit Property Tax Exemption (MUPTe) program to support development and redevelopment goals in Bend's core and transit-oriented areas. The program is available for multi-story residential projects in certain areas of Bend that provide three or more units, provide at least three defined public benefits, and that demonstrate that they are not financially viable but for the tax exemption

The Penn Avenue project proposes one 3-story micro-unit building with 59 dwelling units outside the Core Tax Increment Finance (TIF) Area. The applicant would be required to deed-restrict 18 of the units to middle income levels (i.e., available to those making 120% Area Median Income or less) for the 10-year exemption period. The other two required public benefits that the applicant is using to qualify for MUPTe include stormwater facilities designed to retain and treat stormwater from more than a 25-year storm event, and at least 50% of parking spaces to be provided with EV charging infrastructure (see staff report for more details).

***This application is a revised application for a property tax exemption that was previously approved by the Board.*** The primary differences between the current application in comparison to the initial one are the addition of 19 residential units (six of these additional units would be deed restricted to those making 120% AMI or less) and a 50% reduction of total parking spaces, including one less space to be served with EV charging infrastructure.

The applicant has not begun construction and has communicated that it cannot proceed with construction without this tax exemption. For this project to qualify for the tax exemption, it must be approved by the boards which represent at least 51% of the

combined levy of taxing districts. This project was reviewed by the Bend City Council on April 17, 2024 and will be considered by the School Board on May 14, 2024.

**BUDGET IMPACTS:**

The City has not provided estimated impacts to Deschutes County and the 911 Service District over the ten years of the tax exemption period, if granted, because the project is not financially possible without the exemption and thus will not be built unless the exemption is approved.

The City does note that the project is estimated to receive a total 10-year tax exemption of approximately \$1.28 million on residential and parking improvements based on an estimated building value of \$15,424,128—see Table 1 in the staff report which projects the amount of property tax that would be collected in year 11 after the exemption expires.

**ATTENDANCE:**

Nick Lelack, County Administrator

Allison Platt, Core Area Project Manager, City of Bend