



# Meeting Summary

## Park System Development Charge (SDC) Methodology Update Stakeholder Introductory Meeting

Thursday, December 6, 2018, 3:00 p.m. – 5:00 p.m.

Bend Park & Recreation District Office

799 SW Columbia St., Bend, OR 97702

### Purpose of Meeting

- Provide information about the park SDC methodology update process
- Engage community members and seek feedback on key issues, with a focus on discussion of a potential nonresidential SDC
- Identify additional issues for consideration in the SDC update

### Welcome and Introductions

Michelle Healy and Sarah Bodo, Bend Parks & Recreation District (BPRD), welcomed participants and thanked them for their engagement. Sarah explained that the main objective of the Parks System Development Charge (SDC) Methodology Update is to consider funding needs in the context of the recently completed Comprehensive Plan, and then to evaluate how best to spread costs across different development types based on system impacts.

Sylvia Ciborowski, Kearns & West, introduced herself as meeting facilitator and reviewed the agenda and purpose of this meeting. She explained that the group is gathered as a sounding board to provide feedback and will continue to be engaged as the process moves forward.

Meeting participants introduced themselves.

### Project Background and Key Issues

Sarah gave a brief introduction on the update. She noted that policy and ordinance suggest that BPRD conduct regular updates and the last update was completed in 2009. The Bend community has grown tremendously since then.

The SDC update will consider a number of components, and four key issues proposed for discussion with stakeholders today include:

1. **Changes to SDC-eligible project types** in the context of the Comprehensive Plan

2. **Affordable housing:** ways the park SDC could align with community affordable housing goals and potential limitations
3. **Potential nonresidential SDC:** basis and how it could be assessed
4. **Administrative issues:** how SDCs are administered today, and options for changes in timing of collection, deferrals, etc.

Many of these issues were raised during the recent Comprehensive Planning process and in other forums as issues that could be addressed in conjunction with an SDC update.

## Overview of SDC Methodology Update Project

Deb Galardi, Galardi Rothstein Group, presented a high-level overview of the methodology update and provided context for the four key issues.

Sylvia provided an overview of the stakeholder engagement process. Three stakeholder meetings are planned (October 2018, December 2018, and January 2019), and additional conversations will occur as needed to understand concerns and gather input.

## Group Discussion on the Four Key Issues

Deb presented a PowerPoint presentation to provide greater context around the four key issues, and participants discussed and asked questions. Key themes from their questions and discussion are included below.

### 1. Changes to SDC-eligible project types

- Participants asked about the definition of a park and whether it includes indoor facilities. Deb Galardi replied that most communities do include indoor facilities in their project lists for SDCs.
- Participants asked clarifying questions around how the program measures to what extent parks and indoor facilities are used by existing residents versus new residents.
- Participants shared that including indoor facilities as SDC-eligible is a good approach.
- Participants noted that an indoor facility is more expensive than a park to develop and suggested using a mix of funds for indoor facilities, not just SDCs.
- Participants asked whether there is a current deficiency in funding for parks from SDC sources. The project team responded that this SDC update process will determine whether the SDC is sufficient. The team made some clarifying points about how past parks and indoor facility projects were paid for using a mix of general funds and SDC funding.
- Participants expressed concern about passing too high a fee on to new developers. Developers then pass that cost on to commercial lease-holders and to homeowners, which leads to affordability concerns.

## 2. Potential Nonresidential SDC

- Overall, participants wanted to be assured that there would be no “double dipping” on residents who work in the district. The non-residential SDC should be assessed in a way that captures out-of-district employees and visitors only.
- Participants asked if there is any data on *actual* park usage by non-residents, rather than the theoretical hours of opportunity data proposed. Staff replied that Eugene conducted intercept surveys to gather actual park use data, and the data showed that actual nonresidential park use was higher than estimated nonresidential park use that was developed using theoretical data and a nonresidential equivalency calculation. Gathering actual data is very cost and labor intensive, so it is common to use an estimated nonresidential equivalency factor.
- A participant expressed that the proposed 0.14 equivalency for the BPRD SDC seems too high. There is concern about increasing the cost of employment by adding too high of an SDC to commercial buildings, noting that it might make Bend a less desirable place to work and play.
- Participants asked how and what part of parks non-residents use, referencing Eugene’s study that found usage throughout all park types. Some noted that Eugene is a lot like Bend with the type of parks it has.
- Participants asked if SDCs are charged when a development changes to a different use, such as when an ADU changes from a long-term to short-term rental. Staff replied that this does not occur.
- A participant noted that it is more equitable to use property taxes to pay for parks because it distributes the cost evenly, rather than putting a higher burden on developers.
- Participants questioned the assumptions around how much out-of-district employees use Bend parks. For example, many if not most of Bend’s out-of-district employees travel from Redmond. Redmond has its own parks system and it is likely that those employees use Redmond parks, not Bend parks.
- One participant suggested that the SDC project team determine what the current shortfall is in SDC revenue, and then determine whether a nonresidential SDC is needed to fill the funding gap.
- Overall, participants wanted to ensure that any nonresidential SDC be equitably assessed, so that it does not create too much of a burden on developers and considers impacts on housing affordability and the cost of employment. Any SDC increases will ultimately be passed on to the end user (i.e., homebuyers and businesses).

## 3. Affordable Housing

- Participants supported the idea of assessing the SDC based on expected number of bedrooms. A participant suggested tiering the SDCs based on number of bedrooms vs. square feet to better reflect the number of people in the home. Staff noted that when number of bedrooms is used as the basis for assessing SDCs, buildings and developers often find creative ways to re-characterize rooms so that they do not count as bedrooms, for example, but identifying them as studios or dens.

- Some participants questioned whether there is a nexus between size of house and number of people that live in the home.
- Overall, participants supported using a progressive approach to offset other regressive parts of charges in the park system. They would support a square-footage basis for assessing SDCs on residential units.

#### 4. Administrative Issues

- A participant noted that it would be helpful to delay SDC collection to the certificate of occupancy (by around 6-18 months), to delay payment of interest.
- Participants suggested that homebuyers be provided with two different costs: the cost of the home separate from the SDC. This way, the homebuyer could pay the SDC over time with potentially a different interest rate. Under this suggested approach, the builder would not have to finance the SDC during construction. BPRD could then borrow money off future SDC income streams. A participant noted that this would create a higher SDC because BPRD will then be paying off debt service.
- Participants agreed that deferring SDC payments on multi-family housing developments is helpful.
- A participant noted that the only way to truly guarantee housing price for affordable housing is through deed restriction.
- Participants discussed whether there is away to smooth out volatility in revenue stream.

#### Next Steps and Action Items

Staff noted that it will be important to engage developers, lenders, and smaller homeowners as the SDC update process moves forward. They asked participants for suggestions on other stakeholders to reach out to.

Staff thanked participants for their engagement and noted that the next stakeholder meeting will be held on January 16, 2019.

## Meeting Attendance

The following individuals participated in the meeting:

### Participants

- Steve Buettner – Sunwest Builders
- Karna Gustafson – Oregon Home Builders Association
- Josh Lehner – Oregon Office of Economic Analysis
- Jay Lyons – Compass Commercial Real Estate Services
- Lynne McConnell – City of Bend
- Damon Runberg – Oregon Employment Department
- Jennifer Stevens – Bend Chamber of Commerce

### BPRD Staff and Consultant Team

- Don Horton – Bend Park and Recreation District
- Julie Brown – Bend Park and Recreation District
- Lindsey Lombard – Bend Park and Recreation District
- Michelle Healy – Bend Park and Recreation District
- Sarah Bodo – Bend Park and Recreation District
- Betsy Tucker, Bend Park and Recreation District
- Sylvia Ciborowski – Kearns & West
- Deb Galardi – Galardi Rothstein Group