

17.14.070 System Development Charge Exemptions.

(Added by Ordinance No. 189050; amended by Ordinance Nos. 189323 and 190381, effective August 1, 2021.)

- A.** Affordable housing developments are exempt from all system development charges as provided by Section 30.01.095 of this Code.
- B.** Certain developments and uses are exempt from parks and recreation system development charges as provided by Section 17.13.060 of this Code.
- C.** Certain developments and uses are exempt from transportation system development charges as provided by Section 17.15.050 of this Code.
- D.** Temporary uses are exempt from sanitary sewer system development charges as provided by Section 17.36.040 of this Code.
- E.** Certain developments and uses are exempt from water service system development charges as provided by Section 21.16.170 of this Code.
- F.** An accessory dwelling unit, as that term is defined in Chapter 33.910 of this Code, is exempt from all system development charges under the following conditions:
 - 1.** The building permit application for the accessory dwelling unit must have an intake date of August 1, 2018 or later.
 - 2.** Prior to issuance of a building permit for the accessory dwelling unit, the applicant must submit a recorded covenant on a form provided by the Revenue Division of the Bureau of Revenue and Financial Services. The covenant will prohibit the use of the accessory dwelling unit or any other structure on the property as an accessory short-term rental, as that term is defined in Chapter 33.207 of this Code, for a period of 10 years from the date of permit final inspection. The covenant must be recorded in the deed records for the property before the City will issue the building permit.
 - 3.** The Revenue Division will enforce the requirements of this Section and may:
 - a.** Adopt, amend, and repeal administrative rules, establish procedures, and prepare forms for the implementation, administration, and enforcement thereof;
 - b.** In the event of a violation, use any reasonable means to collect debt, including but not limited to private collection agencies, liens, or lawsuits;
 - c.** Delegate functions under this Section as deemed appropriate by the Revenue Division;

Exhibit A

- d. Impose a civil penalty of up to \$500 for failure to pay an application fee within 60 days of the approval of an SDC fee waiver;
 - e. Impose a civil penalty of up to \$500 per violation for failure to provide requested information to the Division; and
 - f. Waive or reduce for good cause any civil penalty assessed under this Section.
 - 4. If an applicant for an exemption under this section or a successor-in-interest thereof violates the covenant for an accessory dwelling unit or any requirement of this section, or if the covenant is terminated according to its terms:
 - a. The exemption will be terminated and all previously exempt portions of system development charges will become immediately due and payable by the then-owner of the property. The amount owing will be 150 percent of the rates in effect at the time the violation is identified or the covenant is terminated, whichever is later.
 - b. For the purpose of applying any previous use credits, SDC Bureaus will use the timeframe of the ADU building permit intake date. If credits are applicable, SDC Bureaus will apply credits using the rates in effect at the time the violation is identified, or the covenant terminated, whichever is later.
 - c. A processing fee of \$400 per waiver application shall apply from August 1, 2018 through June 30, 2019. Thereafter the Revenue Division Director shall publish a fee schedule based on cost recovery.
 - d. The City may collect reinstated system development charges, processing fees, carrying charges, and the actual costs of collections by recording a property lien pursuant to Title 22 of this Code.
- G. Mass, outdoor and short term shelters are exempt from all system development charges as provided by Portland City Code Section 30.01.096.
- H. Occupied recreational vehicles as allowed by Portland City Code Sections 29.50.050 A.2. and A.5. are exempt from all system development charges.
- I. Office-to-residential conversion projects are exempt from all system development charges under the following conditions:
 - 1. The applicant applies before July 1, 2027, for a permit to change the occupancy of a building to Oregon Structural Specialty Code (OSSC) occupancy group R-2 (Residential) for the purpose of establishing residential units, and issuance requires a full seismic upgrade to the

building, pursuant to Section 24.85.040 or Subsection 24.85.065 B. of this Code, if applicable.

2. The building was not previously retrofitted under a finalized permit to meet or exceed the Life Safety standard of the 1993 or later editions of the OSSC, ASCE 41, FEMA-178 or ASCE 31 where A_v and $A_a = 0.3$ or higher was used.
3. The building is on a lot any portion of which is located within an area rated with an opportunity score of "5" according to the Opportunity Map published by the City.
4. Within 30 days of issuance by the Bureau of Development Services of a Final Certificate of Occupancy, the applicant provides to the Responsible Bureau all of the following:
 - a. Documentation from the Bureau of Development Services attesting that permit applications have been reviewed that collectively will result in:
 - (1) The building occupancy changing to OSSC occupancy group R-2; and
 - (2) A full seismic upgrade that meets or exceeds the Seismic Improvement Standards specified in Section 24.85.040 or Subsection 24.85.065 B. of this Code, if applicable, or documentation demonstrating that the seismic upgrade work has been completed.
 - b. Documentation reflecting the total costs incurred to complete the required seismic upgrades.
5. The applicant submits a recorded covenant on a form provided by the City.
 - a. The covenant must restrict to residential occupancy for a period of 10 years from the date of permit final inspection those portions of the building indicated as residential units on the permit application.
 - b. The covenant must be recorded in the deed records for the property before the City will issue the building permit.
 - c. The Revenue Division of the Bureau of Revenue and Financial Services may enforce the requirements of this Subsection 5. in the same manner as for system development charge exemptions for accessory dwelling units under Subsection 17.14.070 F.3. of this Code. Initially, a processing fee of \$600 per application will apply. Thereafter, the Revenue Division Director will publish a fee schedule based on cost recovery.

Exhibit A

- d. Violations and terminations of a covenant will be addressed in the same manner as for system development charge exemptions for accessory dwelling units under Subsection 17.14.070 F.4. of this Code.
6. This exemption applies only to the building undergoing seismic upgrades in accordance with this Subsection and does not apply to other buildings on the same lot that do not individually meet such requirements.
7. The City will calculate exemption amounts in the manner authorized for calculating system development charges for properties with residential units. The exemption will apply to all residential units, including on-site manager units and shared space, including but not limited to restrooms, community rooms, kitchens, and laundry facilities.
8. The total exemption amount for all system development charges for a building is subject to adjustment by the City and may not exceed the actual costs incurred to complete the required seismic retrofit or \$3 million, whichever is less.