



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

File #: 24-176

Version: 1

Date: 5/13/2024

Item #: 7.1a.

TO: Mayor and City Council
THROUGH: Keith Stahley, City Manager
FROM: Brian Martin, PE, Public Works Director

SUBJECT:

Amending *Salem Revised Code* Chapter 41 (System Development Charges) Relating to Accessory Dwelling Units Exemptions

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Safe and Reliable Infrastructure

ISSUE:

Shall City Council conduct first reading of Ordinance Bill No. 5-24 amending Chapter 41 (System Development Charges) of the *Salem Revised Code* and advance it to second reading?

RECOMMENDATION:

Conduct first reading of Ordinance Bill No. 5-24 amending Chapter 41 (System Development Charges) of the *Salem Revised Code* and advance it to second reading.

SUMMARY:

Ordinance Bill No. 5-24 (Attachment 1) amends Chapter 41 of the *Salem Revised Code* (SRC) in order to extend an exemption to System Development Charges for accessory dwelling units.

FACTS AND FINDINGS:

Proposed Amendments

1. The complete text of the proposed amendments is included as Exhibit A to Ordinance Bill No. 5-24 (See Attachment 2).
2. Amendments proposed in Ordinance Bill No. 5-24 are described below:

- a. Payment of System Development Charges is exempted for construction of Accessory Dwelling Units occurring between June 30, 2019 and July 1, 2024 per SRC 41.150(a) (9). The proposed amendment will remove the sunset clause and exempt Accessory Dwelling Units from paying System Development Charges in perpetuity.

Alternatives

City Council may:

- A. Advance the Ordinance Bill to second reading for enactment;
- B. Decline to advance Ordinance Bill.

BACKGROUND:

In 2019, Chapter 41 (System Development Charges) of the *Salem Revised Code (SRC)* was amended to exempt construction of accessory dwelling units from System Development Charges (SDCs) for a period of five years (Ordinance Bill No.1-19). This was based on recommendations from the System Development Charges Methodology Committee (Committee) and updates to policies within the *System Development Charges Methodology*. The code was amended to implement this recommended exemption and has a sunset clause of July 1, 2024. If the City Council does not take action, the exemption would no longer apply to accessory dwelling units constructed after July 1, 2024.

During the 5-year exemption period, 189 accessory dwelling units have been permitted. The overall total of SDC's exempted based on the assumption of full SDC credits for water, sewer, stormwater, transportation, and parks is equal to \$3,641,546.00.

SDC's paid to the City of Salem as part of development are collected and placed into the *Extra Capacity Facilities Fund (260)* which contributes to future capital project needs that result from City growth and development. SDC's paid to the City of Salem as part of development are not a funding mechanism for the *General Fund (101)*.

Since adoption of the *2019 System Development Charges Methodology Report*, new housing options such as middle-housing and cottage clusters, have become available to the Community. The *System Development Charges Methodology* will be updated within the next three years to address changes to development patterns and costs. During the next update, staff intends to review policies relating to SDCs for various housing types and may recommend additional changes to SRC Chapter 41 (System Development Charges) at that time. The proposed code amendment is intended to allow the current exemption to continue until the methodology has been updated and new policies and recommendations are provided to City Council.

Laurel Christian, Infrastructure Planner II
Community Planning and Development Department

Attachments:

1. Ordinance Bill No. 5-24
2. Exhibit A to Ordinance Bill No. 5-24