

Annexation Agreement Amendment

Summary & Rationale

The Annexation Agreement (Agreement) between the City of Sisters (City) and McKenzie Meadow Village, LLC (MMV) was entered into to identify water mitigations needs, infrastructure commitments, and to ensure the property was developed to address specific needs of the City. At the time of approval, the City had a specific need for “senior housing” and “affordable housing” for seniors and non-seniors. To address the community needs, MMV established a prescriptive plan and components of their plan were memorialized in the Agreement. Through attempted development, including a Master Plan, a phased subdivision, and two Site Plan approvals, the applicant has realized that original plan and Agreement were too prescriptive and the way the Agreement was drafted has resulted in the inability to develop the site and the resulting inability to provide housing units in Sisters.

Since the time of Annexation circumstances within, and the needs of the community have changed. The applicant is submitting the amendments to the Agreement because, since drafting the Original Agreement, market conditions have changed, the ability to provide senior housing in the City is limited, and a number of items referenced in the Agreement have been memorialized in the City’s adopted functional plans, including Comprehensive Plan and Designation, Zoning Map, Park Master Plan and Development Code provisions. A summary of and rationale for the proposed changes are included below.

Affordable Housing (Agreement Item #2) – Retain a requirement that the Owner provide affordable housing at a minimum rate of 1 unit per 10 dwelling units, but remove the prescriptive elements of how the units are provided.

The Affordable Housing provisions were intended to address specific affordable housing needs that existed in 2009. The affordable housing provisions are overly prescriptive and may not address the most pressing needs of the current market. One affordable housing element of the Agreement includes Affordable Senior Housing. A second feature of the Agreement is that Affordable Housing units be “evenly distributed” throughout the property. A third element relates to housing sizes, styles and design type. Since annexation, affordable housing needs in Sisters have continued to increase, affordable housing providers and funding sources have changed, and the ability to provide “Senior Housing” (affordable or standard market rate) has proven to be extremely challenging.

The applicant has consulted with multiple affordable housing providers and understands that housing for all age categories is desperately needed. Furthermore, while the applicant understands the potential benefit of disbursing affordable housing projects around the site, some affordable housing providers

can more efficiently secure funding and provide housing, when economies of scale are realized from adequately sized projects.

To ensure flexibility in design and to ensure that housing is provided as quickly and efficiently as possible, the applicant proposes to remove the prescriptive affordable housing elements of the Agreement. It is anticipated that the "one in ten" requirement will be conceptually planned through the Master Planning Process, which is required of the Site.

Senior Living Facility (Agreement Item #4) – Remove the requirement for a Senior Living Facility.

As currently written, the Agreement requires that a Senior Living Facility be developed prior to any additional development on the property. The Owner has made multiple attempts at accomplishing this item. However, another developer (who appears to be focused on capturing and monopolizing the Senior/Assisting Living market in Sisters) has both underperformed in developing an Assisted Living Facility on the subject property and has also created multiple, repeated legal challenges and roadblocks to a different application to develop a Senior/Assisted Living Facility on the subject property. Furthermore, the referenced opponent has received land use approval to build an Assisted Living Facility on another site in Sisters, and the Owner believes that party will continue to create legal obstacles to the development of a Senior Living Facility on the McKenzie Meadow Village property.

Furthermore, since entering into the Agreement, the City of Sisters has continued to grow, housing prices have continued to escalate, and the housing supply for all demographics continues to diminish. The rental vacancy in Sister is extremely low and the availability of residential lands is decreasing, which increases the demand for housing. The need for Senior Housing, while important, is not classified as a higher need than any other demographic in the Housing Plan or any other adopted document.

Ultimately developing housing overall should not be hindered by a requirement to provide senior housing first.

Infrastructure (Agreement Item #5) – Revise to recognize sewer upsize contribution by the Owner and clearly reserve of capacity.

As currently written, this provision establishes that 131 EDUs can be built on the property and it notes that development of more than 131 EDUs requires additional analyses. This section does not explicitly exclude development from Development Code submittal requirements (which include analyses) and it does not specify that SDC or other improvement credits have been granted to the site. Because the Development Code requires that Master Plan and Subdivision applications submit facility analyses, and because development is required to be

provided with adequate capacity, as written this section does not appear to be directed at any purpose or intent. The Owner believes that this provision was written to recognize a financial contribution that was made by the Owner for sewer upgrades to the sewer system in 1997, and to reserve capacity in the system because of the contribution. The applicant suggests revisions the provision that recognize the contribution and reserve capacity.

Public Park (Agreement Item #7) – Remove the requirement to “designate” and “dedicate” a “public” park.

Applicant Response: The City of Sisters has adopted a Comprehensive Plan, Park Master Plan, and Development Code that identify zoning districts, recreational uses, and policies for collaboration and/or land acquisition, ultimately ensuring that park needs are adequately met in Sisters. Since annexation, the subject property has been rezoned to include an approximately 1.8 acre Open Space (OS) zoned area, and the Park Master Plan has been revised to identify a park in the OS zoned area. While the proposed Agreement amendment will remove a section that was written to require the owner to “designate” and “dedicate” at least 1.8 acres of contiguous property as a “public park”, removal of this section of the Agreement will not eliminate or decrease the amount of open space / park space that is available for citizens in the City of Sister. Rather the proposed Agreement amendment will remove the rigidity of a “designated” and “dedicated” “public park” established in the Agreement, and instead provide the option of a park/open space that is publicly available, but maintained via a different mechanism, such as an owners association.

Based upon correspondence with City Staff, the applicant understands that the City does not currently have the financial resources to maintain a “dedicated” “public” park in the area, and would prefer that the “public” park requirement be removed. Development of the property will require a Master Plan, and Master Plan Sections 4.5.400.H and I, require minimum amounts of Park / Open Space (and that amenities be provided). Unlike the current Agreement language, which specifically requires a “public” park to be “designated” and “dedicated to the City”, removing the language and allowing it to be provided and addressed through the Master Plan process, will adequately accommodate the needs of the City, it will provide the owner flexibility in design, and it will provide the opportunity for maintenance of the future park/open space by an entity other than the City.

Summary and Conclusion –

Overall the proposed amendments are intended to recognize changes in the community and to lessen the encumbrances on the property, so that development can efficiently occur and so that housing can be provided as intended by the Comprehensive Plan and required by the Development Code.