



Systems Development Charge (SDC) Guidelines for Accessory Dwelling Unit Exemptions

OVERVIEW

Tigard Municipal Code (TMC) Subsection 3.24.100.F. allows for exemption of city transportation and park Systems Development Charges (SDCs) for accessory dwelling units (ADUs) of 1,000 square feet or less.

The Accessory Dwelling Unit SDC Exemption Program is managed jointly by the Community Development Department and Finance and Information Services Department. The program allows for the exemption of only City transportation and park SDCs for accessory dwelling units located within the City of Tigard. Other SDCs for water, sanitary sewer, and stormwater systems, if the ADU is subject to these charges, are NOT exempt under this program.

Accessory dwelling units are defined in TMC Section 3.24.030 as a second or third dwelling unit on the same lot as a primary dwelling unit, either attached to or detached from the primary dwelling unit, and with separate facilities for sleeping, cooking, and sanitation.

ELIGIBILITY REQUIREMENTS

To be eligible for the Accessory Dwelling Unit SDC Exemption Program, the proposed ADU must:

- Be located within the City of Tigard;
- Qualify as an accessory dwelling unit as defined in TMC Section 3.24.030 and be 1,000 square feet or less in size;
- Have submitted a building permit application;
- Be subject to a recorded restrictive covenant that states that the unit will not be rented as a short-term rental for a period of 10 years; and
- Submit a complete System Development Charge (SDC) Exemption Application for Accessory Dwelling Units.

APPLICATION SUBMITTAL REQUIREMENTS

To apply for exemption, prior to the City's issuance of the building permit, the applicant must submit the following:

- Completed [System Development Charge \(SDC\) Exemption Application for Accessory Dwelling Units](#)
- Proof of property ownership (copy of property deed or title report)
- Legal description of the property
- Site plan
- A separate application must be submitted for each building permit

It is the applicant's sole responsibility to ensure that the application for the SDC exemption is submitted and approved before the payment of all SDCs is due to the City, pursuant to TMC Section 3.24.080. In accordance with TMC Subsection 3.24.080.B, the City may not issue a building permit or allow

connection to the City's systems until either all SDCs have been paid in full or an exemption has been granted.

All materials must be submitted before the application will be reviewed. Contact the SDC Administrator at 503-718-2662 or SDC@tigard-or.gov with any questions regarding the application process.

CITY PROCESS

Approval

Once an application is approved, the City will provide the property owner with a *Compliance Agreement, Declaration of Restrictive Covenants and Equitable Servitude* that will include the amount of the SDC exemption(s) and a restriction that the ADU will not be used as a short-term rental for a period of 10 years, pursuant to TMC Section 3.24.180. This document must be executed by both parties. The applicant must record this document with Washington County prior to the City's issuance of a building permit. A copy of the recorded document must be submitted to the City. This restriction will bind the property through transfers of ownership.

Denial

If the application is not approved, the applicant will receive a denial letter stating the reason the application was denied. The denial letter will also list any remedies that the applicant may take to allow the application to be resubmitted for another review.

Disqualifying Event

Should the exempted unit be rented or advertised as a short-term rental (any rental period less than 30 days) at any point within 10 years from the date of approval of final inspection of the building permit, the SDC Exemption will automatically be revoked, and the exempted SDCs will be immediately due and payable, plus interest. Interest will be charged from the date of final approval of final inspection of the building permit to the payment date at the rate stated in the City's fees and charges schedule. If no rate is set, then the interest on the exempted amount will default to prime rate as published by the Wall Street Journal at the date of final inspection plus four percent. The City may also withhold issuance of building or development permits for the applicant until all repayments for a revoked exemption have been made in full.

Compliance

The City of Tigard reserves the right to request copies of materials that show the applicant continues to comply with the 10-year deed restriction requirement.

Program Duration

In accordance with TMC Subsection 3.24.180.B, the SDC exemption allowance for ADUs is repealed on July 31, 2027. Restrictive covenants recorded prior to this date will remain in full force and effect.