

Case Study - Bend, Oregon



Population: 102,059
Median Household Income: \$74,253
Median Value of Housing Units: \$462,400
Median Gross Rent: \$1,531
Households: 40,158
Person Per Household: 2.4

Problem/Need/Opportunity

Bend offers the amenities of a city combined with natural beauty and recreation, creating a hub for business and talent. The population in Bend grew 25.7 percent between 2010-2020 and net migration into Deschutes County is projected to hover around 4,000-5,000 people annually. However, the high cost of housing in the region has driven a high share of households into cost-burdened status. As households spend more on housing, they substitute away from purchasing goods and services that help bolster the economy and the economic growth of local businesses. Without housing that is affordable for the workforce in Bend, employers struggle to attract and retain workers, and often their operations bear the consequences.

Programs

The City of Bend does not operate housing. They partner with developers of housing to help meet the housing needs of their rapidly growing city. The City of Bend works to support the development of deed-restricted affordable housing units in a variety of types. They support the acquisition and development of single-family, multi-family, land trusts, mixed-income, rehabilitation projects, and shelters. They have implemented a variety of tools to help create and retain units that are referenced below. The sources of funding come from an Affordable Housing Fee and Community Development Block Grant (CDBG) program funding. As of December 1, 2017, all City system development charges (SDCs) were exempted for qualified affordable housing developments. In addition, development code incentives have been instituted and are listed in greater detail below.

Program Funding & Impact:

- » **Affordable Housing Fee-** 1/3 of 1% of the total valuation on all building permits submitted.
- » The Affordable Housing Fund has generated approximately \$7 million. The Fund has loaned over \$14 million, leveraging over \$77.6 million in State and Federal funding and \$28.4 million in private equity.
- » 770 units have been funded.

City Surplus Property

The City periodically sells city-owned land for development as affordable housing. In the last ten years, the City has sold over ten acres of land for development as affordable housing. Properties are usually sold for the cost of titling. Requests for Proposals are issued.

Case Study - Bend, Oregon

Low-Income Rental Property Tax Exemptions

Qualifying low-income rental housing projects are also eligible to receive an exemption from City property taxes for a 20-year period. With agreement from other taxing jurisdictions, projects receiving an exemption from City property taxes may also be eligible to receive an exemption from their entire property tax bill for the 20-year exemption period. An application must be submitted to the City.

The City is still exploring the future adoption of a Middle-Income Exemption (Newly Rehabilitated or Recently Constructed Housing), pending future legislative changes.

Multi-family Developments must also be supported by state or federal affordable housing funding. ORS 307.515 authorizes exemptions to low-income households earning no more than 60% of the Area Median Income. Any savings incurred by a developer must be passed through to the residents in the form of reduced rents.

Multiple Unit Property Tax Exemption (MUPTE)

A 10-year tax exemption on improvements (typically only residential) for multi-unit residential projects in Core and transit-oriented areas that meet certain public benefit requirements.

System Development Charges (SDC) Exemptions

As of December 1, 2017, all City (does not include Parks & Rec) system development charges (SDCs) were exempted for housing for which the developer or property owner agrees to record a deed restriction to maintain the property as affordable housing for households. Homes for rent or sale must be deed restricted to those making 80% of Area Median Income (AMI) and below.

Development Code Tools/Programs

Density bonus

Projects that are providing up to 50% of the units as affordable (targeting 80% of Area Median Income for ownership projects, and 60% of AMI for rental projects) are allowed to go to 1.5 of the base density for that zone. It has a decreasing scale of 1.4 for 40% affordable, 1.3 for 30%, etc.

Parking bonus

For all multi-family developments at 60% AMI or under, the requirement is 1 space per unit instead of 1.5.

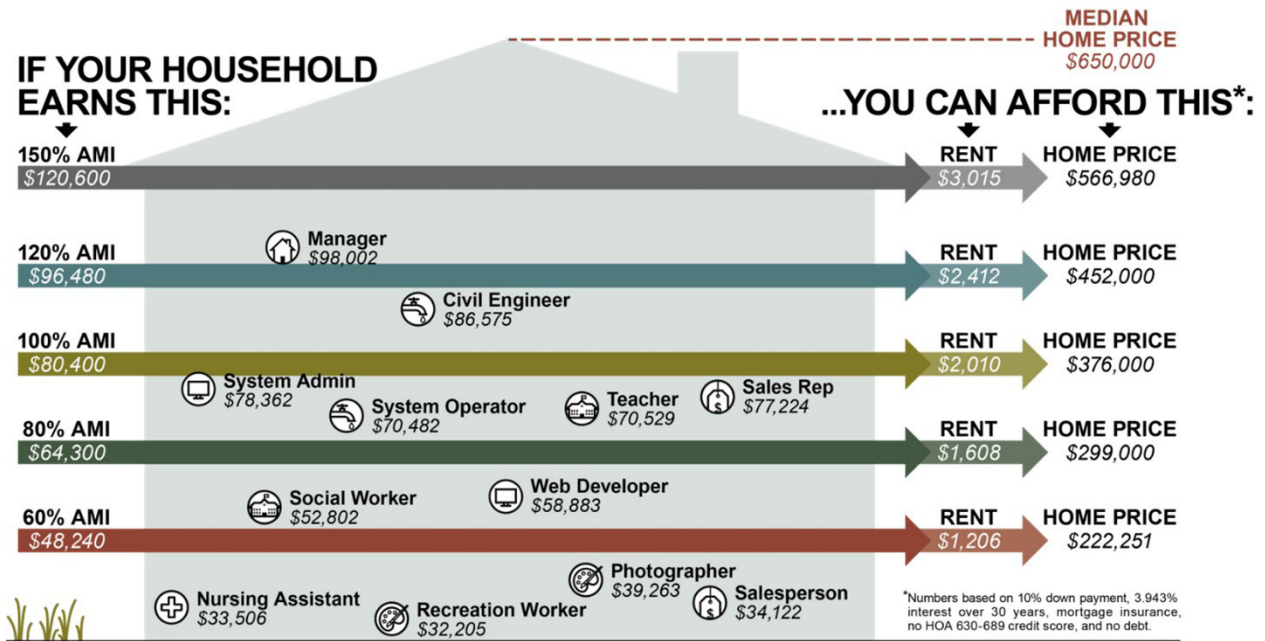
Cottage Code

A Cottage Code provides a housing type that responds to changing household sizes and ages (e.g., retirees, small families, single-person households); provide opportunities for ownership of small, single-family detached units within residential zoning districts; encourages the creation of more usable space for residents of the development through flexibility in density and lot standards; and support growth management through efficient use of urban residential land. ->Small units (<1000 sq ft) sharing open space.

Case Study - Bend, Oregon

Qualifications

Affordable housing in Bend is typically restricted to 80% of the Area Median Income for home ownership, and 60% of the Area Median Income for rentals.



Best Practices/Lessons Learned

Affordable Housing Advisory Committee

An Affordable Housing Advisory Committee (AHAC) has been established to make recommendations to the City Council on issues relating to Affordable Housing. Affordable Housing Funding is typically allocated once per year through a competitive RFP process. Project applications are ranked by committee members in accordance with the City of Bend's Consolidated Plan. Recommendations by the committee are then made to the City Council, which approves or changes the funding recommendations. Funding decisions are typically made within 2 months of RFP submission. Affordable Housing Funding can be used for rentals, ownership, land trusts, and shelters and can fund the acquisition, rehabilitation, pre-development, construction, and preservation. The funding also provides "the first money in to help developers qualify for additional leveraged funding. Funded properties are subject to deed restrictions, covenants, or other mechanisms that help ensure the funded properties remain affordable to our residents. Typically, developers have 2 years from contract signing to draw down the awarded funds. If the project is delayed for circumstances beyond the developers' control, extensions may be granted. Any funds that have not been disbursed within 2 years after the award will be returned to the loan pool to be used for projects that will develop in a timely manner.