

City of Bend
Affordable Housing Task Force
(AHTF)

Report to the Community – 2001

December 5, 2001

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Executive Summary

The City of Bend faces an increasingly serious problem due to a shortage of affordable housing. This problem expresses itself in home prices that are out of reach for many citizens who currently live and work in Bend, rents that are often too high for underlying wages, and an environment that is not fully supportive of housing for those who are homeless or have special needs (e.g. seniors or persons with disabilities).

A lack of affordable housing is not a particularly new problem in Bend, but it is one that has worsened significantly in recent years. From 1998 to the present:

- Housing sale price (median single family) ↗ 34% (\$125,000 to \$167,000)
- Housing sale price (average single family) ↗ 33% (\$153,000 to \$204,000)
- Rental rates (established 2BR units) ↗ 16% (\$455/month to \$530/month)
- Household median income (family of 4) ↗ 10% (\$40,300 to \$44,200)

This problem is complex due to increasing costs associated with construction (e.g. land, building materials, SDC's, building standards) coupled with inadequate wages (or sources of income) that, for a significant segment of the population, are not keeping pace in terms of purchasing power. The problem has gotten so severe that many first-time homeowners are forced to buy elsewhere and commute to Bend. Many renters face similar financial pressures.

Many agencies, non-profit organizations and dedicated individuals have been working on this issue for years (see Appendix for Resources). Bend Area Habitat for Humanity has been providing homes through its unique sweat equity program. Central Oregon Regional Housing Authority (CORHA) and Central Oregon Community Action Agency Network (COCAAN) have been instrumental in developing affordable rental units and/or providing Section 8 vouchers for low income households. Central Oregon Resources for Independent Living (CORIL), the Opportunity Foundation and Cascade Community Development (CCD) have built or provided housing for populations with special needs. Central Oregon Battering and Rape Alliance (COBRA) and the Salvation Army have been providing shelter for those who are homeless.

Over the years, the City of Bend (and Deschutes County) have made many contributions towards affordable housing. A sample of these contributions include:

- land contributions (e.g. 10 lots donated to Bend Area Habitat for Humanity in 1990, 5 acre 30-year land lease to CORHA for \$1 per year for Summit Park Apartments)
- grants and/or zero or low interest loans (e.g. \$20,000 to CORHA for Emma's Place in 1999, 0% interest \$60,000 loan to Cascade Community Development for Kearney Street Apts in 1998, \$150,000 loan to COCAAN for Healy Heights in 1994)
- reduced fees on numerous projects (SDC and permit waivers, property tax abatements)
- flexibility on zoning or infrastructure requirements (e.g. Eastlake Village CORHA in 2001)
- staff time dedicated towards grants (primarily for infrastructure and housing rehabilitation)

These noteworthy contributions have leveraged over \$20 million dollars in State, Federal and private resources for the development of affordable housing stock dedicated for years to come. In spite of these efforts, it has become increasingly evident that we need to attack the affordable housing crisis through long range strategic planning around this issue. With Bend surging past the 50,000 population mark, it is clear that more action is required.

To address the problem of affordable housing at a higher level, it was identified as a formal Council goal for 2001. In May, the Council's Housing and Redevelopment Committee created the "Affordable Housing Task Force" (AHTF) - a citizen panel charged with studying the problem, assessing options, and making formal recommendations to the full Council. The AHTF was instructed to address needs along the entire housing continuum from homeless to special needs to multi-family rental to single family homeownership.

The AHTF was comprised of nine local "experts" - the head of the regional housing authority, a non-profit developer, a for-profit developer, a realtor, two representatives from local financial institutions, the director of the local builders association, an appraiser, and a community leader/homeless advocate. The AHTF was assisted by four additional people who, though not formal members of the AHTF, played a significant staffing and support role: the City of Bend Community Development Director, a Regional Field Representative of Oregon Housing and Community Services (HCS), the Director of the local Community Action Agency and a City Council member who chaired the AHTF meetings.

Following six months of meeting every two weeks, the AHTF realized that the scope of the effort required a more comprehensive approach than just making recommendations to the City Council. The City of Bend, through its policies and funding decisions, would remain a critical player, but it could not be the only piece of the affordable housing puzzle. To address the affordable housing shortage required a comprehensive strategy that brought together local government (and longer term, will involve other Central Oregon communities), the building industry, businesses and private citizens, all working cooperatively to make a difference.

It was not easy – affordable housing is an incredibly complex issue with many inter-related forces that require significant tradeoffs and hard political choices. AHTF members brought to the table different philosophies, priorities, areas of expertise and approaches to the issues. Fortunately, the group worked well together, shared with one another openly and honestly, and was able to recognize a synergy between the public and private sector.

The AHTF recommendations cover a wide range of options: They call for changes in City policies and funding decisions (e.g. zoning and SDC flexibility, UGB expansion, and siting of shelters). They propose the establishment of new mechanisms to increase construction (e.g. housing trust fund and a community land trust). They emphasize the importance of increasing education and awareness, not only of those within the housing industry, but also among employers and the broader community. With many new, innovative financing and mortgage counseling programs available for homebuyers, we need to improve our methods of marketing and communication. Finally, our community needs to undertake a comprehensive effort to eliminate the stereotypes and reduce the barriers that persist around affordable housing.

The members of the AHTF recognize that the hard work of implementation lies ahead, but they are optimistic that the time is right for significant action on the part of the City and its residents. Affordable housing is being recognized as a critical community need, and Bend has a remarkable track record of stepping forward and finding innovative ways to meet its needs. The recommendations identified in this Report are an important start towards making housing in Bend more affordable and more available, now and for future generations.

AHTF Recommendations (Overview) – (detailed analysis starts on page 38)

The Recommendations of the AHTF fall into three broad categories:

- **Supply** (increasing capacity through new construction and preservation of housing stock)
- **Demand** (increasing affordability for households through financing programs and education)
- **Community Education** (helping Bend residents understand the need for affordable housing)

Supply: Construction (increasing and preserving capacity):

1. Adopt/Amend City and County policies and practices

- a. Zoning flexibility
- b. SDC flexibility
- c. Approval process flexibility
- d. Zoning change to facilitate siting of homeless/special needs shelters
- e. Property tax abatement
- f. Advocacy on housing issues at State and Federal level
- g. Preservation and rehabilitation of existing housing stock
- h. Policy on preserving land zoned for housing

2. Education of the building industry

- a. Open letter to the community encouraging the development of affordable housing
- b. Regular meetings/information sessions with industry representatives

3. Land

- a. Community Land Trust/Land Bank
- b. Urban Growth Boundary (UGB) expansion

4. Financing

- a. LIHTC (Low Income Housing Tax Credit through HCS)
- b. Housing Trust Fund (HTF)
- c. Bonding for housing finance
- d. Bend Development Board “Opportunity Fund”
- e. Loan Funds for: Pre-development, Land acquisition, Deferred long term financing

5. Construction

- a. Sweat equity (Habitat for Humanity and self-help programs)
- b. Green building/non-traditional construction methods

Demand: (increasing affordability and/or access for households)

1. Homebuyer Programs

- a. Lending programs
- b. Homeownership/mortgage counseling
- c. SAM's (shared appreciation mortgages)

2. Renter assistance programs

- a. Section 8 Rent Subsidy
- b. First and last month deposit assistance

3. Employer support programs

- a. IDA's (Individual Development Accounts)
- b. Employer assisted housing

Community Education and Involvement

1. Regional Clearinghouse/Homeownership Resource Center

2. Housing Commission

3. NIMBY reduction

- a. Neighborhood Association involvement/outreach
- b. Community Education plan

4. Staff person dedicated to affordable housing

Introduction –

Shelter is one of the most basic of human needs, and everyone needs a home. Despite the recent strength of Oregon’s economy as a whole, and that of Bend specifically, many families find it difficult (if not impossible) to obtain safe, decent, and affordable homes. A lack of sufficient affordable housing opportunities affects the community in a variety of ways, reducing overall livability and economic viability for all residents. Workers often have to commute long distances to work in areas where they cannot afford to live. Many low-income residents must forego other basic needs like health care and childcare due to the large percentage of their income that must be devoted to rent. The lack of affordable housing is also a major cause of homelessness. When housing costs continually outpace incomes, people will have to work harder just to make sure they do not lose ground – which can make it difficult to realize dreams like a college education for a child, or homeownership.

The livability of Bend’s community is directly affected by the availability of a sufficient amount of housing affordable to all residents. This is reflected in:

- Household stability
- A healthy and diverse economy
- Employees’ productivity
- Cost of doing business
- Strong tax base
- Complete communities that accommodate people of all ages, physical conditions and incomes

For Bend’s diverse population, a home can be found in many different types of structures. In addition to the traditional single-family house, Bend’s housing stock includes row houses, condominiums, manufactured houses, and apartments. The *2000 Central Oregon Housing Needs Assessment* provides a comprehensive look at many different aspects of housing (statistics, condition, attitudes towards housing, etc.) and it is used as an important source of information throughout this Report. The Northwest Area Foundation, through the Central Oregon Partnership, contributed the funds for this needs assessment with project management provided by the Central Oregon Regional Housing Authority (CORHA). The study was intended to provide a better understanding of housing trends, impacts on the region and the benchmarks by which the effectiveness of future housing efforts can be measured.

Bend Household and Housing Unit Characteristics (from *2000 Housing Needs Assessment* survey)

Number of Households (est.):	22,760	Average persons/Household (est.):	2.35
Unit Type:	%	Household composition	%
Apartment	8.7	Adult living alone	25.1
Condominium	.9	Couple, no kids at home	36.2
Duplex/triplex	7.9	Couple with child(ren)	25.7
Single-family house	69.2	Single parent with child(ren)	5.8
Mobile/Manufactured Home	11.3	Unrelated roommates	3.7
Other	2.0	Other	3.5

Bend Household and Housing Unit Characteristics (continued)

Monthly Rent/Mortgage Payment	%	Household Income	%
< \$300	6.9	<\$10,000	5.8
\$300 - \$399	5.4	\$10,000 - \$19,999	8.9
\$400 - \$499	9.8	\$20,000 - \$29,999	13.1
\$500 - \$599	12.1	\$30,000 - \$39,999	15.4
\$600 - \$699	14.9	\$40,000 - \$49,999	12.2
\$700 - \$799	12.3	\$50,000 - \$59,999	11.7
\$800 - \$899	9.1	\$60,000 - \$69,999	8.9
\$900 - \$999	5.4	\$70,000 - \$79,999	4.7
\$1,000 or more	24.1	\$80,000 or more	19.2

In the *Central Oregon Housing Needs Assessment* survey, renters represented 29.4% of respondents while homeowners represented 70.6% of respondents. This breakdown is slightly different from 2000 Census figures which show the actual Bend composition to be 62.9% owner occupied and 37.1% renter occupied.

Background –

Over the last 15 years, the city of Bend has experienced unprecedented growth in population and employment – growing from a town of 18,450 residents in 1985 to a metropolitan area of over 50,000 today. Some of this expansion has been the result of annexation, but the overwhelming majority of the growth has been fueled by new residents moving to the area. This growth has brought with it both challenges and opportunities, but perhaps none as pronounced as the shift in the local housing market. Throughout the 1990s, demand for housing in Bend has been exceptionally strong due primarily to the previously mentioned growth in population. In addition, national trends such as a decline in the number of people in a household (due to children leaving home, an aging population, and more single-parent households) places increased demands on housing. The recent economic prosperity has also led to an increase in the construction of second (“vacation”) homes in Bend.

Building permits issued by the City of Bend (1990 – 2000)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
New homes	351	234	284	565	615	523	686	662	752	944	1,530

The increase in demand of people wanting to move to Bend, and the relative affluence of this immigration, has sharply driven up the cost of housing at all levels (homeownership and rental). One might argue that if people are buying houses in Bend (which they most certainly are) then housing must be affordable (at least to someone!) But, for those who work in the field of affordable housing, the issue is about much more than just looking at sales data. The issue is about who is able to find housing in Bend – and who is not. From that perspective, demographics do matter and there has been a substantial shift in recent years.

Nancy Knoble, Director of the Central Oregon Partnership, a new effort spearheaded by the Northwest Area Foundation to reduce the root causes of poverty in Central Oregon, states, “What we find has happened is people who are affluent have become considerably more affluent. People in the middle class have actually stayed about the same. People in the lower end of the economic scale have actually grown much poorer during that time.”

Housing can be viewed as running along a continuum from homelessness (literally a complete lack of housing) to housing that meets the requirements of those with special needs (e.g. seniors, persons with disabilities or other significant barriers) to multi-family rental to single family homeownership. The sharp rise in housing costs in Bend is having an effect along the entire housing continuum, making it more difficult for households to progress from left to right, more difficult to move to greater stability and self-sufficiency.

homeless ⇄ special needs ⇄ rental (multi-family) ⇄ homeownership

What is happening in Bend is that the American Dream of homeownership is slipping out of reach for a significant segment of the population that actually works in Bend, powering the economic engine of the region. Although Bend cannot be cast in the same light as an Aspen or Jackson Hole, there are some disturbing similarities as many first-time homeowners are forced to buy elsewhere and commute to Bend. This same phenomenon is occurring in the rental market with rents spiraling above the underlying wages of many of the service sector and other minimum wage jobs in town. Complicating matters from the supply side, in some instances the rents are still too low for it to make financial sense for a developer to build new units (this is particularly true in the area of multi-family rental units). A growing number of persons with special needs are finding that with rising rents they have even fewer housing options to maintain their independence. Recent surveys that attempt to measure the homeless confirm that, in stark contrast to the stereotype of a single male, the fastest growing segment of this population is families (it is estimated that 40% of the homeless in Deschutes County are now children).

A lack of affordable housing is not a new problem in Bend, but it is one that has surely worsened in recent years. According to data collected from the MLS (Multiple Listing Service), the median sales price for a single family house in Bend increased from \$125,000 in 1998 to \$167,900 in 2001. During that same time period, the average sales price increased from \$153,000 to \$204,000. According to the Bend Apartment Survey, which tracks Central Oregon rental properties, average rents for established 2BR units (i.e. those built primarily before 1980) increased from \$455 to \$530 per month. This amount represents the highest recorded monthly rental rate since the Survey started in 1989. In contrast, from 1998 to the present, the household median income for a Deschutes County family of 4 rose only from \$40,300 to \$44,200.

The trend is ominous. From 1998 to the present:

- Housing sale price (median single family) ↗ 34% (\$125,000 to \$167,000)
- Housing sale price (average single family) ↗ 33% (\$153,000 to \$204,000)
- Rental rates (established 2BR units) ↗ 16% (\$455/month to \$530/month)
- Household median income (family of 4) ↗ 10% (\$40,300 to \$44,200)

The problem of affordable housing is complex and there is no easy answer. Communities that have made progress in affordable housing have often concurrently tackled the problem from two different perspectives.

The first approach looks at the many factors that have driven up the cost of housing (e.g. land, building materials, system development charges, building standards, basic economics of supply and demand) and tries to craft solutions to lower these costs.

The second approach looks at the purchasing power of households and tries to craft solutions that get more money into their hands (e.g. downpayment assistance, rental deposit assistance, housing benefit, better paying job) so that even if housing costs continue to rise, households will have the financial means to obtain adequate housing.

Existing Policies (and practices) -

Federal Policies

The federal government is a key player in providing affordable housing. The main agency involved in facilitating the provision of housing is the U.S. Department of Housing and Urban Development (HUD) which was created in 1965 as a cabinet level agency. HUD's mission reads: "a decent, safe, and sanitary home and suitable living environment for every American."

Federal government funding for affordable housing is mostly funneled through states, counties and cities. Some of the main housing funding programs include HOME, CDBG (Community Development Block Grant), homeless funding, and Section 8 project and tenant-based vouchers. In addition, HUD's Federal Housing Authority (FHA) loan program provides significant resources for homebuyers using private capital.

Local governments must develop a *Consolidated Plan* for addressing local housing needs every five years in order to receive federal funds for housing and other community revitalization programs (e.g. CDBG, HOME and Section 8 Voucher funding).

State Policies

There are several state mandates including state land use policies that guide local governments with regard to housing. Overseen by the Oregon Department of Land Conservation and Development (DLCD), these include: *Goal 10 (Housing)* and *Goal 14 (Urbanization)* of the Statewide Land Use Planning Program.

Goal 10 – Housing. To provide for the housing needs of citizens of the state.

- Buildable lands inventory by local governments must ensure that there is sufficient residential land available. *[20 year supply]*
- Comprehensive plans prepared by local governments shall encourage adequate numbers of housing units at price ranges and rent levels that are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type, and density.

Goal 14 – Urbanization. To provide for an orderly and efficient transition from rural to urban land use.

- Establishment and change of urban growth boundaries will be based on consideration of the need for housing, as well as jobs and other urban land uses inside urban growth boundaries.

The Oregon Legislature directs policy for housing through Oregon Housing and Community Services (HCS). There is acknowledgement that a serious need for safe, sanitary, affordable housing exists within the state and that private financing sources are unable to independently address this need. There is a clear public purpose in solving housing problems, and HCS has been directed to identify the problems and respond with appropriate solutions. The department's Consolidated Funding Cycle, the distribution tool for grant and tax credit resources, provides policy guidance for affordable housing developments through project evaluation criteria.

HCS is also Oregon's state housing finance agency and a major advocate for affordable housing. Its mission is "to reach out for opportunities to create partnerships that improve Oregonian's lives and the quality of our communities." Since 1977, OHCS has used bond financing to generate homeownership and multifamily rental housing opportunities for Oregonians. Grants, tax credits, and other incentives have also become critical tools for producing and maintaining rental housing and housing for persons with special supportive service needs. Public resources are leveraged with private capital through partnerships with non-profit and for-profit organizations across the state.

Local Policies

To date, the City of Bend (and Deschutes County) have made significant efforts to address affordable housing using their comprehensive plan, zoning codes, and resolutions. These include:

- land contributions (e.g. 10 lots donated to Bend Area Habitat for Humanity in 1990, 5 acre 30-year land lease to CORHA for \$1 per year for Summit Park Apartments)
- grants and/or zero or low interest loans (e.g. \$20,000 for Emma's Place (CORHA) in 1999, 0% interest \$60,000 loan to Cascade Community Development for Kearney Street Apts.)
- reduced fees on numerous projects (SDC and permit waivers, property tax abatements for CORHA, COCAAN, CDC, etc.)
- flexibility on zoning or infrastructure requirements (e.g. Eastlake Village CORHA in 2001)
- staff time dedicated toward numerous grants (primarily for infrastructure and housing rehabilitation)

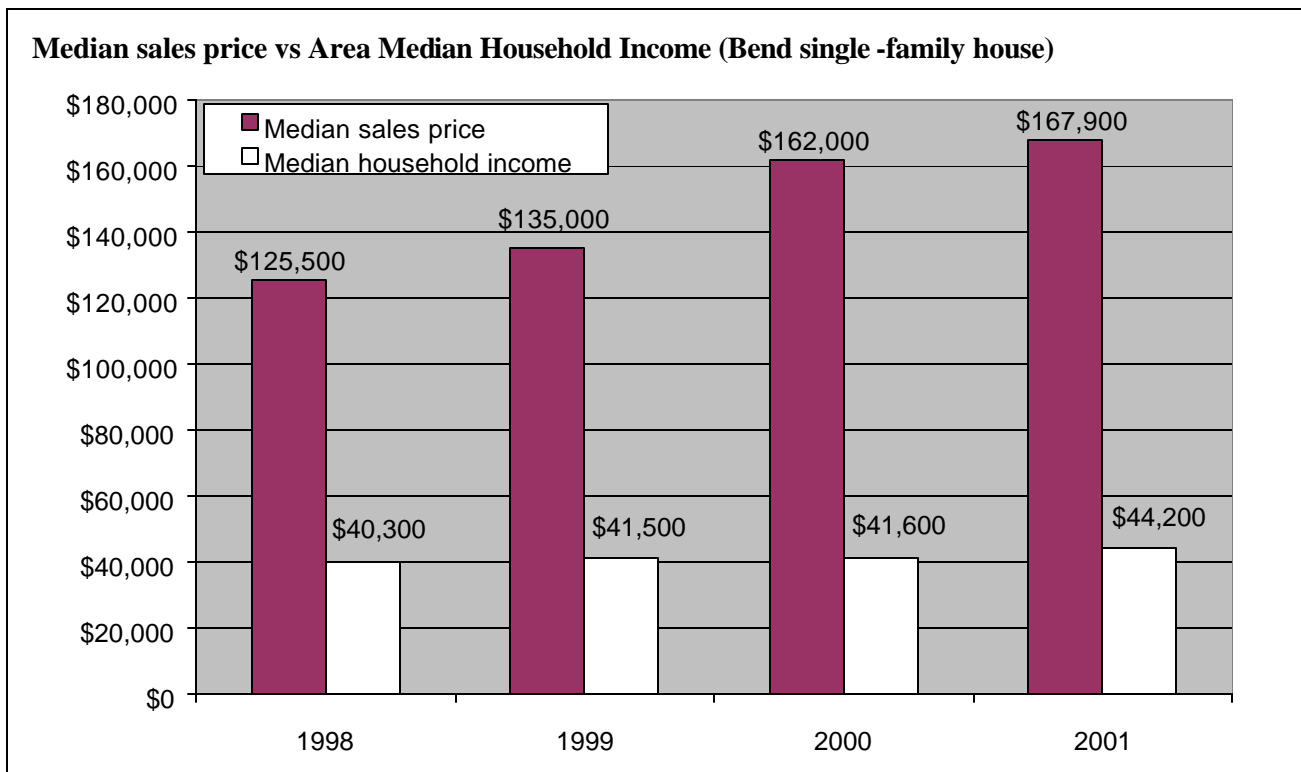
These noteworthy contributions have leveraged over \$20 million dollars in State, Federal and private resources for the development of affordable housing stock dedicated for years to come. In spite of these noteworthy efforts, it has become increasingly evident that we need to attack the affordable housing crisis through long range strategic planning around this issue. With Bend surging past the 50,000 population mark, it is clear that more action is required.

Homeownership Opportunities

One of the most serious concerns is that the cost of housing in Bend is continuing to outpace the growth of underlying wages/income. The chart below shows that from 1998 to the present the median sales price of a single-family house in Bend rose 34% while the Deschutes County Area Median Household Income (AMHI) rose only 10%.

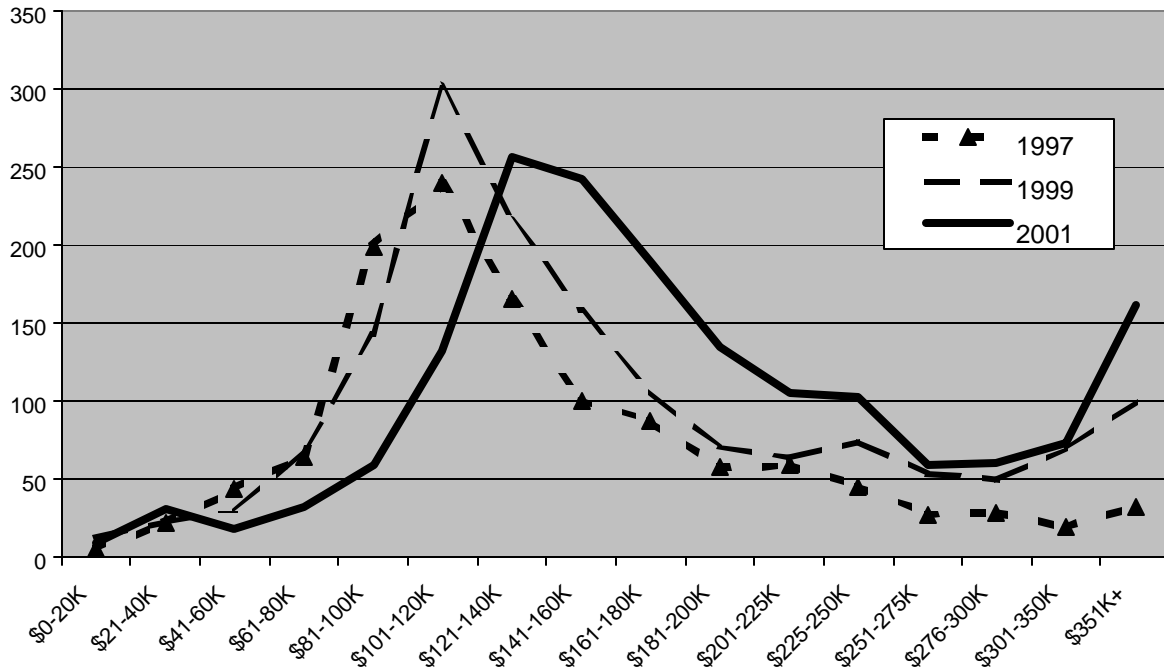
[Note: Deschutes County income data is used throughout this Report because data specific to Bend is simply not available (it will be in a few years when the Census 2000 data is released). Fortunately, the regional economist with the Employment Department estimates that there is a very high correlation between Deschutes County data and Bend data – not only is Bend the largest city in the county, but some of the higher-income locations in the county (e.g. Sunriver, Black Butte) are counter-balanced by lower-income locations like La Pine and Terrebonne.]

From a purchasing power perspective, in 1998 the ratio of area median income to median sales price was 32%. By 2001, this ratio had dropped to 26%. The cost of the typical house in Bend is becoming less and less affordable to the typical household.



The following chart shows another way of depicting how rapidly the cost of single-family housing in Bend has risen in recent years. Looking at the actual breakdown of single-family properties that sold in Bend from the years 1997, 1999 and 2001, the chart uses sales price increments of approximately \$20,000 at the lower end and \$25,00–\$50,000 increments at the higher end of the scale.

MLS Sales (1997, 1999, 2001) – total number of Bend single family sales by price range

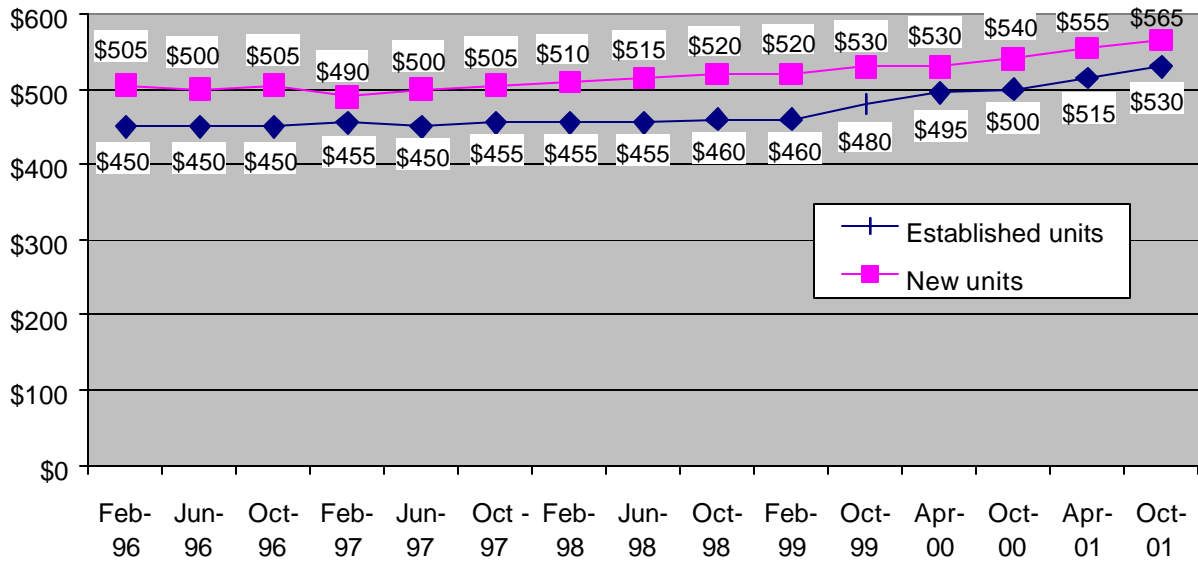


[Note: While there is a fairly similar bell shaped curve for each of the years, there is a significant shift to the right (i.e. the same number of houses are being purchased in the same relative proportion – they just cost \$20-50,000 more). Most, if not all, of the properties that sold for less than \$60,000 are either mobile homes or time-shares. Note also the large number of very high-end sales in 2001.]

Rental Opportunities

After staying relatively flat for many years, rents have risen 16% in the last three years. The chart below uses data collected by the Central Oregon Rental Survey, conducted twice a year by Bratton Appraisal. *[Established means primarily built <1980; New means primarily built >1990]*

Bend Rent Survey (average rent for 2BR apartment, established and new units)



The Central Oregon Regional Housing Authority (CORHA) is one of the primary sources of dedicated, affordable rental housing in Bend. Created by Deschutes and Jefferson County in 1976, CORHA is a municipal corporation organized under Oregon statutes. CORHA has entered into numerous contracts with federal, state and local governments to own, operate and manage housing facilities and programs. CORHA has developed 244 units of affordable housing and administers 823 Section 8 rental assistance vouchers within the community of Bend.

Bend Dedicated Affordable Housing

<u>Location</u>	<u># units</u>	<u>Target Population</u>	<u>% Area Median Income</u>
Ariel Glen (1700 SE Tempest Drive)	70	Family	50-60%
Awbrey House (2825 NE Neff Road)	46	Elderly	Elderly
Bear Creek	1	Disabled	Elderly/Disabled
Cedar West Apartments (825 Watt Way)	121	Family	30-60%
Emma's Place (335 NE Quimby Avenue)	11	Specialized	30-50%
Healy Heights	70	Family	30-50%
Pilot Butte Townhouses	8	Family	30-50%
Pine View Cottage	1	Disabled	Elderly/Disabled
Quimby Street Apartments (468 NE Penn Ave.)	52	Elderly	30-50%
Haven House	1	Specialized	30-80%
St. James Square	27	Family	30-50%
Summit Park (2017 NE Full Moon Drive)	88	Family	80%

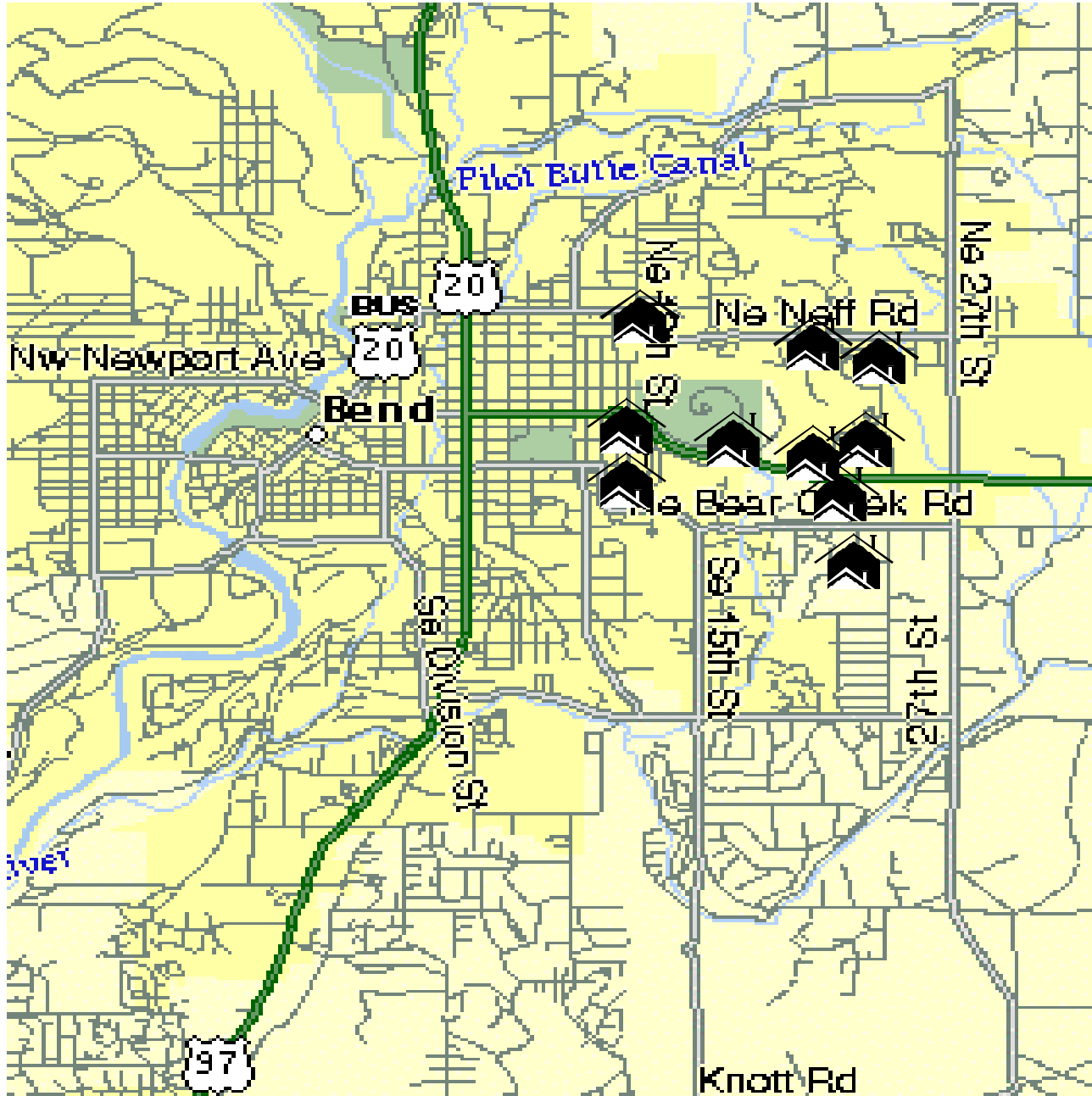
CORHA has been tracking the population demographics of the households they serve along with trends in the rental population. As this upcoming map demonstrates, Bend is experiencing a significant movement of the affordable housing development as well as the Section 8 voucher rental program into the northeast and central east quadrant of the city. This movement can be directly linked to the expansive growth in both retail and residential over the past 10 years in the quadrant including undeveloped land zoned RH (Residential Urban High Density) for multi-family housing. Coupled with both higher-end residential developments occurring on the west side of Bend and without available west side land zoned for higher density housing, this trend continues today.

In addition, as the cost of housing increases and fewer affordable housing choices remain outside of the north and central quadrant, lower income populations, particularly Section 8 voucher participants, are concentrating in multi-family communities within a mile and a half radius. This trend is disturbing as it fails to meet housing dispersal goals as identified under state law and provides diminished opportunity for housing choice for many households who cannot afford to live close to work centers within the community.

Dedicated Affordable Housing – location in Bend



<p>Ariel Glen (70 units) Awbrey House (46 units) Cedar West Apartments (121 units) Eastlake Village (under construction) (56 units) Emma's Place (11 units)</p>	<p>Healy Heights (70 units) Pilot Butte Townhouses (8 units) Quimby Street Apartments (52 units) St. James Square (27 units) Summit Park (88 units)</p>
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Special Needs Populations

The category of persons with special needs includes:

- Elderly
- Chronically mental ill
- Developmentally or physically disabled
- Persons with AIDS
- Battered women and their children
- Teen parents
- Troubled youth
- Seasonal workers

According to the *2000 Central Oregon Housing Needs Assessment*, among those who responded to the survey, the median income earned by those with special needs was \$8,400 with an average income of only \$11,797. Over half of these respondents (64%) earned less than 30% of Area Median Household Income (AMHI). The chart below shows how vulnerable this population is with such a high percentage of their limited income going towards housing, leaving little if anything for emergencies.

Percent of income paid for housing by those with special needs

<u>Ratio of housing cost to total income</u>	<u>% of Special Needs Clients</u>
10% and under	9%
10.1% -20%	13%
20.1% -30%	25%
30.1% -40%	11%
40.1% -50%	11%
>50% of income going to housing	31%

Elderly Population

Bend's elderly population is increasing rapidly. According to the 2000 Census, Bend residents age 60 years and older represent approximately 15.7% of the population (8,132 total). Nationally, the elderly population is projected to increase to 20 percent by 2020 and there is every indication that this figure will be even higher in Bend.

Most seniors typically live on fixed incomes, including Social Security, pensions, and retirement investments. Some seniors depend solely on Social Security, and receive approximately \$500 - \$800 per month. Seniors may also receive Supplemental Security Income (SSI) if they receive Social Security below \$520. According to Seniors and People with Disabilities, nearly half of elderly renters in Oregon spend over 35 percent of their income on rent, often making a choice between food, utility bills, and even medication to afford housing. The need for strategies to address issues seniors face in finding affordable housing will only grow as this population continues to increase over the next several years.

People with Disabilities

The household budgets of many people with disabilities are so low as to make apartment rental extremely difficult. A majority of people with disabilities are at 30% or less of the median household income. Many people with disabilities subsist on Supplemental Security Income (SSI) benefits of approximately \$500 per month. A study conducted in 1999 found that SSI in the Portland region was only 18.3% of the area median household income. In 1999, rent for an efficiency apartment took 86% of SSI and a one bedroom was not obtainable, coming in at 105.9 % of SSI.

This inability to afford rental payments contributes to many people with disabilities living in difficult conditions, such as in a friend or relative's home, or inaccessible apartments (e.g. on a second floor with no elevator when the person must use a wheelchair). People with disabilities may have functional limitations, vision impairments, difficulties with hearing, problems with mobility, or a combination of disabilities including substance abuse. Many people with disabilities have difficulty going outside alone, and may also be unable to work due to their disabilities. Accessible and affordable apartments available in the region for this population are simply not sufficient to meet the need. People with disabilities generally do not exist in isolation, as they may have families or be children themselves, exacerbating the difficulty in finding affordable housing that is suitably accessible.

One subset of people with disabilities includes those with "psychiatric disabilities," or people whose serious mental illness limits their ability to perform some activities of daily living. People with psychiatric disabilities may have special housing issues, including a lack of affordable housing. The prevalence of people with psychiatric disabilities is thought to range from one to three percent of the general adult population.

Another subset of people with disabilities includes those with "developmental disabilities," or people with mental retardation, autism, cerebral palsy, epilepsy, or other neurologically disabling conditions that have been attained before the age of 22.

Homeless Needs

The issue of homelessness has been identified as a community priority in numerous planning documents, most recently the *2001 Deschutes County Community Plan*, a comprehensive effort to identify community needs and marshal resources to find solutions.

2001 Deschutes County Community Plan: Homelessness and Affordable Housing

Goal: To strengthen community alliances and build a social support system that addresses the rising needs for emergency shelter services as well as implementing long-term, affordable housing solutions to combat homelessness in our community.

1. Develop community awareness and understanding of homeless issues with a focus on making homelessness and affordable housing a higher priority of community leaders.
2. Seek and secure more resources to provide services to homeless and at-risk households.
3. Expand efforts to prevent homelessness and promote stable housing.
4. Develop a broad-based citizen leadership group dedicated to improving the homeless situation.
5. Continually work on ways to improve coordination and efficiency of service providers.

In the *Year 2000 Deschutes County Housing Survey*, questionnaires were distributed at over 60 sites around Deschutes County including social service agencies, food banks and schools. The results of the *Year 2000 Deschutes County Housing Survey* indicate that increasing numbers of households are homeless and at-risk of homelessness in Deschutes County.

Number of Homeless/At Risk Households (from *Year 2000 Deschutes County Housing Survey*)

	Total	# of Homeless	# of At-Risk
Households	692	217	475
Individuals	2,064	548	1,516

[Note: Households were considered homeless if they indicated that their living situation was any of the following: car, shelter, motel, camping or transitional housing. Households were considered to be “at-risk” of homelessness if their income was less than 125% of the poverty level or if they paid more than 30% of their income on rent or mortgage.]

Fortunately, there is an existing network of local agencies and individuals who have been working on the problem of homelessness for several years. The Homeless Leadership Council (HLC) was established in 1995 as the primary planning group for the Central Oregon Continuum of Care system and to engage a broader cross-section of the community to address immediate homeless issues and to develop long-term planning strategies. The Continuum of Care system supports the region's efforts to alleviate homelessness, and to provide access and continuity of services to move persons through the system towards permanent housing solutions.

The Continuum of Care Vision is to have an economic and social support system that will promote each household's ability to successfully meet basic needs for food, shelter, clothing, health care and long-term stability. This Vision recognizes that long term solutions to the problems of homelessness and poverty require a comprehensive approach that addresses immediate needs, as well as underlying physical, economic and social factors. The Continuum of Care system consists of several coordinated components that include support services:

- 1) outreach, intake and assessment
- 2) prevention
- 3) emergency shelter
- 4) transitional housing
- 5) permanent supportive housing
- 6) permanent housing.

Recommendations that were developed in the *Continuum of Care* include the following components:

Facility Priorities:

- Emergency Shelter - Accessible emergency shelter with assessment services to identify an individual's or family's most urgent needs;
- Long-term Transitional Housing with Supportive Services - Subsidized housing that incorporates comprehensive support services to help stabilize a household's situation and transition to permanent housing;
- Affordable Permanent Housing - Safe, secure and affordable housing that creates a sense of stability and belonging which helps a person achieve goals and contribute to his or her community.

Supportive Services System Priorities:

- Coordinated system that assures that homeless persons and families do not "fall through the cracks" and return to homelessness;
- Intervention programs that provide shelter or other housing options for homeless individuals, families, youth and domestic violence victims;
- Prevention and supportive services that help all homeless individuals, families and youth to obtain permanent housing, economic, school and family stability;
- Safety net resources and supportive services that help individuals, families and youth meet basic needs for shelter, food, clothing, health care and child care during short and long term crises.

Household Income and Purchasing Power – who needs affordable housing in Bend?

The most common statistic that attempts to measure the overall economic prosperity of a community is *Area Median Household Income (AMHI)*. For FY 2001, the Deschutes County AMHI for a family of four was \$44,200. This means that half the households make more than \$44,200 and half the households make less.

FY 2001 Deschutes County Area Median Household Income (AMHI)	Size of Household					
	1	2	3	4	5	6
100% of AMHI	\$31,000	\$35,333	\$39,833	\$44,200	\$47,666	\$51,333
80% of AMHI (“low income”)	24,750	28,300	31,800	35,350	38,200	41,000
50% of AMHI (“very low income”)	15,450	17,700	19,900	22,100	23,850	25,650
30% of AMHI (“extremely low income”)	9,300	10,600	11,950	13,250	14,300	15,400

The *2000 Central Oregon Housing Needs Assessment* made the following estimates to determine how many households in Deschutes County could be considered low-income (<80% AMHI). The Bend numbers are estimated using straight proportion.

Number of total households (estimated):			
Deschutes County	47,694		
Bend	22,760	(Bend represents approximately 48% of Deschutes County households)	
Number of low-income households (estimated):			
	% of total	Deschutes County	Bend (est.)
30% AMHI and under	4.4	2,099	1,008
31% - 50% AMHI	8.2	3,911	1,877
51% - 80% AMHI	15.3	7,298	3,503
Total Low Income (<80% AMHI)	27.9	13,308	6,388

The Department of Housing and Urban Development (HUD) uses a figure of 30% of household income going to housing-related expenses as the threshold amount for housing to be considered “affordable” (i.e. if more than 30% of household income is going towards housing, then this is considered unaffordable to that household). In this instance, housing-related expenses include rent/mortgage and utilities such as electricity, gas and water. How far does this go in Bend’s hot housing and rental market?

Who needs affordable housing in Bend?

% of AMHI	Annual Income / (# in household)	Affordable monthly rent or mortgage	Sample occupation type and family composition
30% AMHI	\$9,300 / (1)	\$233	Part-time fast food worker, child monitor, service station attendant
	\$13,250 / (4)	\$331	Full-time pre-school teacher, janitor or laborer with 3 children

Who needs affordable housing in Bend? (continued)

% of AMHI	Annual Income / (# in household)	Affordable monthly rent or mortgage	Sample occupation type and family composition
50% AMHI	\$15,450 / (1)	\$386	Full-time data entry, nurse's aide, hairdresser, receptionist
	\$22,100 / (4)	\$553	Full-time dental assistant with 3 children or Fast food worker and service station attendant with 2 children
80% AMHI	\$24,750 / (1)	\$619	Full-time computer operator, EMT, truck driver
	\$35,350 / (4)	\$884	Full-time social worker with 3 children or teacher's aide and bank teller with 2 children

How does this compare with Bend's job market?

Salaries of typical jobs in Bend/Central Oregon* (figure used does not include benefits)

teacher (first year, BA degree)	\$27,800
bus driver (first year, 5 hrs/day x 172 days)	\$10,406
police officer (first year)	\$39,564
fire fighter (first year, \$12.29/hr x 56 hr/week)	\$36,012
retail salespersons	\$20,177
construction laborers	\$29,531
registered nurses	\$43,017
waiters and waitresses	\$15,941
maids and housekeeping cleaners	\$16,670
cooks	\$18,734

* Figures are from agency personnel wage charts or Oregon Employment Department Regional Wage projections

Populations in Need of Affordable Housing

Communities consist of individuals from a variety of populations, cultures and economic levels, each having various needs. Generally speaking, populations in need of some public assistance or services fall into three broad categories:

- Dependent
- Working Poor
- Primarily Self-Sufficient

The following chart outlines some of the typical population characteristics of each of the three groups and highlights their respective Social, Economic and Shelter needs. This chart is simply another way of representing Bend citizens who need assistance in finding affordable housing.

	Dependent	Working Poor	Primarily Self-Sufficient
Population Features	This population is totally dependent on public assistance for survival, due to either special needs or the inability to earn a decent living. They may include such groups as the homeless, mentally ill, unemployed or displaced workers, disabled workers, and drug and/or alcohol dependent individuals. With increased educational, training, and treatment services, many will be able to move up the economic ladder and become more self-sufficient.	Generally, the working poor have a great dependency on public services, but are contributing to their own support through low-paying jobs. This group needs public services to supplement their ability to survive. This population can include non-English-speaking workers, under-skilled workers, single parent families, entry level/minimum wage earners, military families, students and migrant labor, to name just a few.	Primarily self-sufficient workers can be identified as those who are earning living wages, but for whom affordable housing is not available within their income level. This group includes workers who are essential service providers to a community (i.e. police officers, fire fighters, teachers, retail, etc.) who cannot afford to live within close proximity to their job center, either due to a lack of affordable housing or insufficient transportation. This group can also include the retired or economically self-sufficient elderly.
Social Needs	Food and clothing assistance; health services (including free clinics, immunizations, well-baby care, dental, parenting courses, counseling services, substance treatment centers, AIDS treatment, elderly care, etc.); and educational services (such as English classes, and GED courses during hours that will let able recipients work during the day).	Food and clothing assistance; health services (including free clinics, immunizations, well-baby care, dental, parenting courses, some substance treatment centers, elderly care services, etc.); and educational services (such as English classes, and GED courses during hours that will let able recipients work during the day).	The majority of this population does not need to take advantage of the social services (food, clothing, free health services) that the other two populations need, as they usually have the financial means to provide for themselves and their workplace usually provides health insurance (not so, however, if they are self-employed). The other area of assistance needed is educational advancement, including continuing education, and financial assistance.

Economic Needs	Low level employment opportunities; trade training services; job preparation services; accessible public transportation that links low-income populations to the services they need; and day/after-school care services, allowing them the opportunity to work and support themselves.	Higher level employment opportunities; trade training services; small business development services; budget counseling services; job counseling services; accessible public transportation that links this population to the services they need; and, day/after-school care services, so they have the opportunity to continue to work and support themselves.	Higher level employment opportunities; training for trades; transportation services, such as reliable, accessible public transportation that links housing areas to job centers; and, affordable day/after-school care services.
Shelter Needs	Emergency, short-term and long-term shelter that is decent, safe, and readily available for: families; individuals; those with substance abuse problems; mentally and physically ill individuals; individuals and families with individuals who have AIDS; and others determined to be in the "dependent" population.	Affordable rental properties that are decent, safe, and readily available for families and individuals. Elderly and special needs populations need facilities that cater to their specific needs, including continuum of care, independent housing and supportive housing.	This population mainly needs affordable housing in desirable areas. Emphasis should be placed on encouraging homeownership opportunities and ensuring that the community's affordable housing stock matches the community's need. Starter houses for first-time homeowners should be in areas accessible to job centers, as well as mixed-use housing in commercial or retail districts.

While the individual goals for assisting each group will vary, the overall goal is to make each group more self-sufficient. It is also important to recognize that within each of these categories lies a sub-group of elderly/special needs populations who will always require specialized housing and services. They should be considered separately from those who have the potential to move up into the next economic level.

Building affordable housing along the housing continuum

Private home builders have provided the overwhelming majority of single-family homes available for homeownership. This is likely to continue although there may need to be some new private-public partnerships to keep housing affordable. Many other agencies, non-profit organizations and dedicated individuals have been working on the issue of affordable housing for years. Bend Area Habitat for Humanity has been providing homes through a unique sweat equity program. Central Oregon Regional Housing Authority (CORHA) has been instrumental in developing affordable rental units and providing Section 8 vouchers for low income households. Central Oregon Community Action Agency Network (COCAAN) has developed rental units including units for transitional housing. Central Oregon Resources for Independent Living (CORIL), the Opportunity Foundation and Cascade Community Development (CCD) have built or provided housing for populations with special needs. Central Oregon Battering and Rape Alliance (COBRA), the Salvation Army and recently Bethlehem Inn, a rotating church program, have been providing shelter beds for those who are homeless.

Formation of the AHTF –

Affordable housing (or more precisely, the lack thereof) was identified very early on as a formal Council goal. The Housing and Redevelopment Committee met several times in January and February to determine precisely how best to tackle the problem. It was ultimately decided to create a “blue-ribbon panel” of local experts to study the issue and make formal recommendations to the full Council.

There was certainly no shortage of qualified individuals and agencies from which to select potential applicants, but the Housing and Redevelopment Committee, rather than broadly solicit applications, decided instead to self-select members. One of the critical decisions made at that time was to get a wide cross-section of members within the housing industry, even if that meant this was at the expense of the formal participation of more traditional (i.e. non-profits) affordable housing advocates. The decision was made that it was critical to have a Task Force that would have absolute credibility, not only with the full Council, but the broader community as well once the recommendations were formulated.

Ultimately, the AHTF would include representatives from the public, private and non-profit sectors.

- **Tom Archey**, Shelter Resources, Inc.
- **Mike Caba**, Appraiser, Bratton Appraisal Group LLC
- **Cyndy Cook**, Director, Central Oregon Regional Housing Authority
- **Gary Everett**, Associate Broker, Steve Scott & Co. Realtors
- **John MacInnis**, Director, Cascade Community Development
- **Julie Nash**, Affordable Housing Specialist, Bank of the Cascades
- **Nancy Pope Schlangen**, State Housing Council
- **Laura Sutton**, Manager, Washington Mutual
- **Kevin Wing**, Executive Vice President, Central Oregon Builders Association

Additional staffing and support was provided by:

Darcy Strahan, Regional Field Representative, Oregon Housing and Community Services

Deborah McMahon, Director, Bend Community Development Department

Sharon Miller, Executive Director, COCAAN (Central Oregon Community Action Agency Network)

Bruce Abernethy, Bend City Council member who chaired the AHTF meetings

AHTF Goals, Roles and Responsibilities –

The following Goals, Roles and Responsibilities were proposed by the Housing and Redevelopment Committee and formally adopted by the AHTF on May 31, 2001.

AHTF Goals

1. To enlist the talents and expertise of local citizens to help the City of Bend in its efforts to better understand and address the complex problem of affordable housing.
2. To form a broad-based task force of 9 citizens who will gather information, elicit community input and develop formal recommendations to the City for an Affordable Housing Strategy (including addressing the needs of our homeless population)
3. To articulate the City of Bend's commitment to address housing needs (and by definition, identify roles and responsibilities that are beyond the scope of City responsibility and must be assumed by the private sector or broader community).

AHTF Roles and Responsibilities

- Review information on current housing need, including solicit additional information from other housing experts and/or schedule public hearings as needed
- Conduct analysis of hurdles to developing affordable housing
- Review all available information on affordable housing options (including, but not limited to: financing, zoning, ordinance regulation, subsidies, incentives, wage enhancement programs, construction techniques, etc.)
- Develop a “road map” for affordable housing, including a range of viable affordable housing options for the City Council to consider and increased coordination of community efforts
- Make formal recommendations for the City to pursue
- Develop a DRAFT City of Bend Statement of Commitment to Affordable Housing (articulating what the City of Bend will commit to in its efforts to address housing needs – this would include a definition of “affordable”, cash contributions, loans, staff time, etc.)
- Work with communications liaison on a public relations/communications effort around affordable housing
- Make recommendations for the City with respect to the role it could/should play in housing as it attains MSA (Metropolitan Statistical Area) status (>50,000 population)
- Begin looking at affordable housing from a regional perspective and work with other community leaders to determine if there are regional efforts that can be started

AHTF Process and Discussion –

Over a series of six months, meeting every two weeks, the AHTF members shared their expertise, philosophies and ideas, creating an environment conducive to change. Meetings were open to the public and participation by non-AHTF members was encouraged. Representatives from the following organizations attended one or more meetings: Bend Area Habitat for Humanity, COCAAN, Bend Resource Center for Public Awareness, and Friends of Bend. In addition, minutes were sent out to many organizations and individuals including developers, land use activists and homeless advocates.

Formal Presentations to the AHTF included:

- Regional Housing Authority - history and current demographics (Cyndy Cook)
- Private builder - industry perspective/actual project proformas (Vern Palmer)
- Appraiser – housing trends, multi-unit proformas (Mike Caba)
- Realtor - housing availability/Multiple Listing Service data (Gary Everett)
- Fannie Mae - land trusts, employer assisted housing (Susan Krake)
- COCAAN - Individual Development Accounts (Sharon Miller)
- Bend Area Habitat for Humanity (Chuck Tucker)
- Lending institutions – homebuyer financing programs (Julie Nash)

Major topics of discussion and/or decisions made by the AHTF included:

- The task of the AHTF was to identify housing solutions, not to document need
- Focus on the full housing continuum (homeless ⇒ special needs population ⇒ rental ⇒ home-ownership)
- No predetermined “product” (i.e. no recommendation that had to be included – nor any recommendation that could not be included - in the final Report)
- Development of the AHTF Vision and Mission Statement
- Definition of “affordable housing”
- What is currently available?
- Roles, responsibilities and synergy between the public and private sector
- Understanding the need to link housing with land use, transportation and other services
- City achieving MSA (Metropolitan Statistical Area) status – new source of \$\$\$ support through Community Development Block Grant allocation
- Coordinate efforts with the development of the Bend Consolidated Plan
- How things work – the bottom-line perspective of a private home builder
- Identification of hurdles to the development of “housing that is affordable”
- Emphasis on market driven tools (use of incentives, voluntary rather than mandatory)
- Land trust models (community vs. basic)
- IDA (Individual Development Account) Program
- Regional Clearinghouse/Homeownership Resource Center
- Homebuyer programs (including mortgage counseling)
- Habitat for Humanity
- Preservation of existing housing stock and of land presently zoned for housing
- Community education is needed to dispel stereotypes around affordable housing
- Institutionalizing the progress: formation of a Housing Commission and the possibility of a dedicated staff position

- **The task of the AHTF was to identify housing solutions, not to document need**

Several comprehensive studies (e.g. 2000 Central Oregon Housing Needs Assessment, the 1998 Deschutes County Human Needs Assessment and the 2000 Deschutes County Housing Survey) have been completed in recent years fully documenting the housing needs faced by City (and County) residents. Therefore, the charge given to the AHTF was to help the City take the next step - to utilize available information to create a “housing road map” which laid out practical strategies, funds and resources available, priorities and overall direction. The AHTF membership represented a broad cross-section of experts in the housing field. This was necessary to maintain an independent body to craft recommendations and develop the road map.

- **Focus on the full housing continuum (homeless, special needs population, rental, home-ownership)**

Because different people (households) have different housing needs, it was deemed neither practical nor productive to focus all energy and resources on a single element like homeownership opportunities or exclusively on the needs of low-income renters or the homeless. The AHTF was asked to look at needs along the entire housing continuum, assumed to run from those without stable shelter (homeless) up to those who are in a position to purchase their own home.

homeless ∅ **special needs (seniors, persons with disabilities)** ∅
rental (multi-family and single-family) ∅ **home-ownership**

It is important to recognize that there are many steps – some through direct funding, others with policy changes, and others with education and greater awareness - which can help households all along the continuum.

- **No predetermined “product” (i.e. no recommendation that had to be included – nor any recommendation that could not be included - in the final Report)**

Since the AHTF was charged with making recommendations to the Council, there was no guarantee that these recommendations would be adopted. But, in order to have maximum credibility with the Council (and the community), it was made clear from the beginning that the AHTF had the freedom to make whatever recommendations it felt were reasonable – a recommendation would rise or fall depending upon its merits and appropriateness for the community. Individual Council members were free to offer suggestions, but these carried no additional weight.

- **Development of the AHTF Vision and Mission Statement**

As an internal tool to keep the group focused, a Vision and Mission Statement were developed.

VISION: That “Affordable Housing” be available to all segments of the Bend / Deschutes County area population and that it not be segregated from the conventional rental and home ownership housing market.

MISSION: To implement the Vision through community involvement and effective communication with realtors, builders, developers, banks, and other segments of the market place.

ACTIONS:

1. Set achievable goals for the housing industry to follow
2. Take advantage of all federal, state and local housing programs that promote and fund affordable rental and home ownership
3. Develop model projects that foster the Vision and Mission Statements

The identification of the building industry (e.g. realtors, builders, developers, etc.) in the Mission Statement was not intended to signify that the lack of affordable housing was an industry problem and therefore their responsibility to solve. The building industry was identified only because they are the people/businesses that ultimately create and maintain the housing stock. Everybody agreed that the lack of affordable housing was a community-wide problem and we need to address it by working together and forming partnerships.

- **Definition of “affordable housing”**

There was a lot of discussion on this most subjective of topics. How do you (or even should you) define “affordable housing?” Establishing a formal definition can help to target limited resources, but targeting, by definition, leaves certain populations out of the equation. There is the federal definition of affordable (“households pay not more than 30% of their income on housing”), but, even HUD is moving up to 40% of income with its rental voucher program.

There was agreement that we don’t want to have Bend’s affordable housing solution be “buy a house in La Pine or Redmond” because then we would be abdicating our responsibility and trading our affordable housing problem for clogged roads and an increased burden on those who commute to work in Bend. Households that might not be able to afford to live in Bend would be spending at least some of their housing “savings” (from living in another community) on increased transportation costs. Darcy Strahan with HCS said that the State is exploring other alternatives to the word “affordable” (e.g. housing for persons with “modest means”). The group did not like this phrase and felt since the word affordable was in the name of the Task Force (AHTF) we should keep the phrase affordable.

Since the AHTF recommendations needed to address the entire housing continuum (homeless to home ownership), there seemed to be a consensus that focusing on just “30%” or “50%” or “80%” of median income was too restrictive. The group ultimately decided that the “primary focus” of the recommendations will be to assist those making 80% or less of median income, but that there will likely be some recommendations that

will positively impact those making up to 100% of median income. The AHTF agreed that we need to make sure that we have enough housing types (varieties) that we are not forcing people to live elsewhere.

FY 2001 Deschutes County Area Median Household Income (AMHI)	Size of Household					
	1	2	3	4	5	6
100% of median	31,000	35,333	39,833	44,200	47,666	51,333
80% of median (low income)*	\$24,750	\$28,300	\$31,800	\$35,350	\$38,200	\$41,000
50% of median (very low income)	15,450	17,700	19,900	22,100	23,850	25,650
30% of median (extremely low income)	9,300	10,600	11,950	13,250	14,300	15,400
* shaded area represents income level that is the primary focus of the affordable housing recommendations						

- **What is currently available?**

For the AHTF to feel comfortable in providing direction to the community, it was critical to know where they were starting – they needed to establish a baseline understanding of the current demographics and distribution of affordable housing in Bend. Cyndy Cook, Director of Central Oregon Regional Housing Authority (CORHA) provided information on housing authority properties and Section 8 housing (a federally-funded, voucher, rental assistance program) in Central Oregon. CORHA currently manages 326 family units and 40 elderly units in Bend. To no one’s surprise, the vast majority of CORHA’s properties and Section 8 voucher participants are located in the Northeast quadrant of the City with only minimal pockets scattered elsewhere. Many of the current affordable housing sites are located near medical facilities and on the east side where land is less expensive.

John MacInnis, Director Cascade Community Development presented a map which looked at developments “on the drawing board” or already under construction. Of these, only four are designated “affordable” (all located on the east side) while the rest are market based. The question was asked, does this match up with the need? Does our current availability of affordable housing match up with projected jobs and transportation infrastructure?

Looking at the gap in homeownership affordability, Gary Everett, Steve Scott and Co. Realtors gave a brief presentation in July using market statistics pulled from the MLS (Multiple Listing Service). Gary presented a list of “Available Homes for Sale in Bend Priced \$80,000 to \$110,000.” There were only 10 homes listed, an estimate of at best a 3-week supply. Gary also presented a list of “Available and Sold Condominiums in Bend priced \$80,000 to \$110,000.” There were only 16 listed and all but one was located in Mt Bachelor Village.

- **Roles, responsibilities and synergy between the public and private sector**

As the meetings progressed, an oft-repeated comment was how productive the discussions were, particularly between those from the public and private sector who brought different fears and/or perceptions to the table. From private developers and builders, there is an underlying fear that the public sector and non-profit agencies will suck up all the available public funds. From the public/non-profit sector, there is a fear that the private sector is motivated solely by profit and will not be as committed to serving those populations most in need.

The work of the AHTF was valuable in that the different players realized different strengths and recognized areas that they can work together for the benefit of the community. Cyndy Cook remarked that there seemed to be a synergy and this is important because the future of developing affordable housing lies in the public-private partnerships that will form.

- **Understanding the need to link housing with land use, transportation and other services**

Due to a lack of affordability, people may be forced to live in a part of Bend far from where they work or forced to live in another community altogether. This means that workers must drive from other parts of the region, using time and scarce resources while increasing congestion and pollution. The connection between housing and employment is very important to both employers and employees. Businesses will experience lower employee turnover costs when employees have affordable housing. A population that can rely upon access to adequate housing choices near employment and services will be less mobile and more aware of and involved with their immediate community.

The AHTF recognized that providing affordable housing is important, but it cannot be done in a vacuum without looking at many of the other needs of Bend's low-income residents. Ideally, affordable housing should be located close to (or at least be close to transportation that provides access to) employment opportunities and other critical services such as health care, education, and job placement services. Most of the current affordable housing in the community is clustered in the NE quadrant. This may not match up with demand, particularly if there are residents who work in other parts of the City.

- **City achieving MSA (Metropolitan Statistical Area) status – new sources of \$\$\$ support through Community Development Block Grant (CDBG) allocation**

When Bend's population reached 50,000, the City became eligible for direct entitlement funds (CDBG) instead of having to submit grants and compete with other jurisdictions. CDBG is a federal entitlement program that began in 1975. Administered by the Department of Housing and Urban Development's (HUD), over \$55 billion has been appropriated since the program began.

The purpose of CDBG funds is to improve communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income. In the CDBG program, low income is defined as 50% of the household median income, and moderate income is defined as 80% of the household median income.

The CDBG program is probably the most flexible federal funding available to cities and states. The money can be used for the following housing-related activities:

- housing rehabilitation (loans and grants to homeowners, landlords, nonprofits, developers) and the rehabilitation of commercial or industrial buildings
- new housing construction (only if completed by a nonprofit)
- water and sewer lines, new streets and gutters, parks and the improvement of street fronts in commercial districts
- purchasing land and buildings
- construction of public facilities such as shelters for the homeless and battered spouses
- support for social service programs that target low and moderate income persons, especially homeless populations
- making buildings accessible to the elderly and handicapped
- homeownership activities

CDBG grant amounts are determined by a formula based on the community's population, the number of persons in poverty, the extent of over-crowded housing, and the amount of housing built prior to 1940. The exact amount for Bend is still to be determined, and a significant portion will be tied to staff positions since there will be additional planning responsibilities in the area of housing and other social services.

- **Coordinate efforts with the development of the Bend Consolidated Plan**

Local jurisdictions receiving funds from HUD are required to develop a Five-Year Consolidated Plan - a formal structure/document to distribute funding and prioritize resources around housing and community services. The goal of the strategies incorporated into the plan is to benefit low- and very low-income people under the following mission statements:

- Provide decent housing;
- Provide a suitable living environment; and
- Expand economic opportunities.

The Consolidated Planning process blends four formula programs administered by HUD: the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), the Emergency Shelter Grant (ESG), and Housing for Persons with AIDS (HOPWA).

The City of Bend is currently in the process of preparing a Consolidated Plan. Deborah McMahon has already met with Darcy Strahan (HCS) and reviewed some of the blue-ribbon award-winning Consolidated Plans from other communities that should help us not to reinvent the wheel. Deborah prepared a 1-2 page bulleted overview of the Consolidated Plan process. Fortunately, the work and data collection that is presently being done is in close alignment with the work of the AHTF. The Consolidated Plan will likely be a topic for the (proposed) Housing Commission to consider in future years.

- **How things work – the bottom-line perspective of a private home builder**

In an effort to show how a typical local builder approaches construction/housing costs Kevin Wing, Vice President Central Oregon Builders Association, arranged for Vern Palmer (Palmer Homes) to give a presentation to the AHTF. Vern distributed a handout with estimates of line item costs associated with a house that would sell on the open market for approximately \$120,000. Somewhat surprisingly to the group, of that \$120,000 sale price only \$48,000 (roughly 40% of total costs) is associated with actual construction of the building (labor and materials). The rest goes into land, overhead, SDC's, profit, advertising, etc. Vern stressed that "hard costs" can vary based on specs desired and overhead can vary depending on volume. Sales price is also critical – it has to be the right "value" for the customer or there won't be any sale at all.

Properties in the \$120,000 - \$140,000 range are now considered entry-level for Bend. Often times, due to development and start-up expenses, a builder may not make any real profit until upwards of 60 houses have been built (or several months into a project). For a lower-priced house, SDC's can comprise a sizeable percentage of the sales price. One suggestion was to explore deferring the payment of the SDC until the house actually sold (currently it is paid upfront by the developer) – or – to finance the SDC payment over several years. Builders also benefit from obtaining financing on an annualized basis (as opposed to on a per project basis) since this money may "turn over" several times a year.

- **Identification of hurdles to the development of housing that is affordable**

Kevin Wing sought to draw a distinction between "affordable housing" which he defined as subsidized housing vs "housing that is affordable." Kevin felt there were many barriers that prevented developers and builders from bringing to market lower cost housing. These barriers include things both currently beyond the City's control (e.g. Oregon's Land Use Laws, State Building codes, etc.), as well as several items that the City did have some control over (e.g. expansion of the Urban Growth Boundary, level of SDC's, permit and approval process). Kevin encouraged the AHTF to focus on reducing the barriers to building lower cost housing and let the competitiveness of the free market drive down sale prices.

- **Emphasis on market driven tools (use of incentives, voluntary rather than mandatory)**

The group explored many different approaches to increasing the supply of affordable housing. Currently, many options utilized in other communities and other states are illegal (e.g. inclusionary zoning where developers can be required to set-aside a portion of the development for affordable housing). The AHTF decided to adopt an approach that relied primarily on market-driven tools and the use of incentives and voluntary contributions rather than ordinances with mandatory provisions.

- **Land trust models (community vs. basic)**

Susan Krake, Senior Deputy Director of FannieMae, gave a presentation to the AHTF on the community land trust (CLT). She has worked closely with many communities around the country (including most recently Ashland) to establish land trusts. The primary reason communities are turning to the land trust is their ability to keep a stock of permanently affordable housing. Because the land is separate from the building(s), it is not affected by market forces and does not appreciate as rapidly, if at all. Traditionally, lenders are reluctant to get involved with any loan that does not allow acquisition of property in the event of foreclosure, but FannieMae has recently produced a loan product specifically for the CLT.

A community land trust is a complex undertaking that involves difficult political and financial choices and must be tied to the specific needs and nature of the individual community. Land for the land trust would be comprised of City (or other public entity) holdings, private contributions and select purchases with a separate funding source. The primary questions/issues around a land trust are:

- what are the boundaries? (neighborhood? city? county?)
- single piece of land or can it be comprised of multiple pieces?
- single developer/builder for the land trust or multiple developers?
- who is going to administer/manage the land trust?
- how do you ensure that there is a supply of willing participants (buyers)?

There are two primary models of the land trust: a) Community land trust (a membership model which includes homeowners; issues addressed go beyond just affordable housing and frequently include empowerment); and b) Basic land trust (simple mechanism which focuses solely on the land).

Are land trusts competitive with other options? Will people buy into the land trust if they are not going to be able to capture the appreciation? Susan Krake said that for most people who buy into a CLT, this is the only option for them to purchase a house and they understand the restrictions. Not being able to capture land appreciation is the price they pay for being able to buy a house and enjoy the benefits of homeownership (i.e. tax benefits plus they are allowed to recapture any improvements made to the building). Purchasers also realize that the goal of the land trust is to make it permanently affordable

for the next person in line. In Burlington, VT there is such an active community land trust that there is a separate classified section for property in their land trust.

There are costs associated with setting up and running a land trust. Estimates are that it typically takes 150-175 housing “units” to reach the break-even point for managing the land trust. Management in a CLT means establishing lease fees, marketing and providing orientation to prospective buyers and new purchasers. There are currently only three lending institutions in Oregon who make loans to property in a land trust. Appraisers also need to be trained on how to value property in a land trust.

The group expressed a preference for the land trust boundaries to be the City of Bend, to use the community land trust model, to have the land trust be comprised of multiple pieces of property, and to have multiple developers building a mix of units (e.g. Habitat for Humanity, Cascade Community Development, private sector). Chuck Tucker expressed the view that as long as Habitat for Humanity would be able to access property on the land trust he didn’t see the benefit to Habitat establishing its own land trust.

The AHTF was optimistic that if the land trust could be worked out, a model could be developed where there was financing in place before ground breaking and the buildings could be pre-sold to people who had been pre-qualified. There would be both a debt service guarantee and a take out guarantee which would be very attractive to builders. This arrangement would only apply to ownership, not rental units.

- **IDA (Individual Development Account) Program**

Sharon Miller, Director of COCAAN, gave a presentation on the Individual Development Account (IDA) program. The IDA is an asset building concept that furthers economic stability by allowing households to establish a matching savings program that can be used for several purposes:

- 1) housing purchase (down payment)
- 2) education, or
- 3) self-employment (starting own business)

Through the support of a variety of public and private funding sources, COCAAN is operating an IDA program in Central Oregon, though only with part-time staff and no admin dollars. The IDA program consists of matched savings accounts coupled with economic literacy workshops. Eligibility is up to 200% of the Federal Poverty level, based on household size (e.g. 1 person = \$16,700; 2 persons = \$22,500; 3 persons = \$28,500; 4 persons = \$34,100).

Under the program, households open a COCAAN IDA account, agree to attend money management classes to learn to better manage their finances, and start saving (up to \$1,000 in 3 years). Every dollar deposited in the IDA earns \$2 (the deposit is matched 2:1 by COCAAN). Over the next five years, at least 85 individuals will participate in the IDA program’s economic literacy and savings programs.

Recent state legislation now offers corporations and individuals a 75% tax credit on their OR income taxes (originally this level was only 25%) for a donation to a non-profit organization (COCAAN) for distribution to individual development accounts. The AHTF felt this was a very promising way to encourage businesses to take a greater role in assisting their employees with housing needs.

- **Regional Clearinghouse/Homeownership Resource Center**

Sharon Miller, Director of COCAAN, announced that they have been working closely with Oregon Housing and Community Services (HCS) to create/fund a local Homeownership Resource Center (HRC). If funded, the HRC would be staffed by a full time Homeownership Specialist with mortgage lending and/or real estate experience, and a half-time support person. To maintain a HRC, COCAAN needs numerous partners, from the private sector to Federal, State and local government to help fund it on a continuous basis.

Initially the HRC would be solely for prospective homebuyers, but the hope is that over time the Resource Center would also provide information and services for those in the building industry who produce affordable housing (developers and home builders). Proposed Homeownership Resource Center services (and number to be served) include:

- Homebuyer Education and pre-purchase counseling 356 clients
- HOUSE Program*
- IDA - Individual Development Accounts 85 clients
- Reverse Mortgage Counseling* 104 clients
- Default Mortgage Counseling* 104 clients
- Home Rehabilitation Loans
- Home Weatherization Grants
- Referral to other community resources

* House Program - COCAAN administers the program from Oregon Housing and Community Service Department (HCS), which funds temporary interest rate buy-downs via a loan. The purpose of this program is to help families in the 60-80% range of the median income bracket get into homes. This is used in conjunction with the Oregon Bond Program, which is a subsidized interest rate.

* Reverse Mortgage Counseling - A Reverse Mortgage is a special type of mortgage that enables a homeowner to tap into the equity that has built up over the years while providing maximum flexibility to address particular financial needs. This could be a lump sum to pay for an unexpected bill or a stream of regular payments to supplement your monthly income. Unlike a traditional home equity loan, no repayment of a Reverse Mortgage is required until you no longer occupy the home as your principal residence.

Reverse Mortgage counseling provides a neutral third party counseling session to educate the participants about the pro's and con's of a reverse mortgage, and to give them information about other possible options. Areas covered include predatory lending practices and consumer protection. Each counseling session takes approximately 1 hour, with an additional hour for processing and follow-up with client /lender. Projections are for 2 sessions per week.

- * Default Mortgage Counseling - This responsibility requires one to be educated in the foreclosure process and to have information to give individuals who are in default or are close to default. The goal is to counsel them on options to get out of foreclosure and to prevent it from happening in the future.

- **Homebuyer programs (including mortgage counseling)**

Julie Nash, Bank of the Cascades and Laura Sutton, Washington Mutual presented to the AHTF a long list of available financing programs for homebuyers. Many first-time homebuyers often need thousands more dollars than they have in savings to close a loan, and this cash crunch can also prevent renters from becoming owners. Down payment assistance programs (DAP) may provide the missing link in the home buying process. Homebuyer financing programs are not necessarily complex, but it is best to visit a knowledgeable lender to help explain the different options available. Homebuyer programs include:

- Home\$tart — matching funds down payment grant money up to \$5,000 through Federal Home Loan Bank of Seattle.
- Oregon State Bond Fund — offers reduced interest rate (.5 to .75 points below market) for first-time borrowers with income of \$45,100 or less in non-targeted areas. Some targeted counties recognize higher incomes. Sales price limit \$127,167 for existing homes and \$185,902 for new construction.
- Rural Development loan programs offer 100% financing with a 2% funding fee to avoid mortgage insurance. There is a cap on the income to qualify and property must be outside the Bend Urban Growth Boundary.
- Ameridream — non-profit grants for low-income borrowers with need for down payment money. The seller contributes 4% of the sales price, 1% goes to the non-profit and 3% is credited to borrower. The borrower is really just borrowing the closing costs as the sales price is adjusted up to include the 4%..
- FannieMae Community Homebuyers Program — 97% LTV (loan-to-value), 100% and 3/2 programs.
- Home Purchase Assistance Program (HPAP) - administered by the Oregon Bankers Association (OBA) and the Oregon Mortgage Bankers Association (OMBA), it provides down payment and closing cost assistance for low-income first-time homebuyers through silent second mortgages of \$1,500 to close their loans
- Freddie Mac Affordable Gold and similar expanded programs as FannieMae
- FHA — 97.65% financing for borrowers, tougher credit permissible, but strict ratios.
- VA — 100% financing for veterans at going GNMA rates.
- ODVA — 95% financing for Oregon Veterans at a reduced interest rate

- First Time Homebuyers Education/Mortgage counseling and Certification
- Habitat for Humanity (sweat equity)
- Some stock brokerage firms are now doing loans below market rates (ARMS)

FannieMae and Freddie Mac have developed expanded guidelines, risk ratios and levels of approval to meet the under-served market of first-time homebuyers, low and moderate-income communities and those people needing special assistance to qualify for a home purchase. With the increased reliance on credit scoring and automated underwriting the ability to lend to a broader risk pool is now a possibility.

There was also discussion on mortgage counseling, a service which walks prospective homebuyers through the process and makes sure they are ready to assume the additional responsibilities (and benefits) of homeownership. Homebuyer Education/Mortgage counseling classes typically use volunteer instructors (bankers, realtors, and escrow officers contribute about 18 hours a month) and the ABC's of Homebuying curriculum, produced by the Homeowner Education Collaborative of Oregon. Class size ranges from 2-20 households with an average of 8 households. Classes are normally 6-7 hours in length. These programs are administered by COCAAN.

- **Habitat for Humanity**

Chuck Tucker, Director of Bend Area Habitat for Humanity, gave a presentation to the AHTF. Habitat for Humanity is a proven model for building affordable housing in Bend. Established in 1989, Habitat has built 40 homes, meaning that 120 kids and 58 adults have permanent homes in Bend. Bend Area Habitat is currently building at a rate of 5 to 6 houses per year, but it has the capacity to build 10 homes a year if they can find and afford enough land to build on.

Families are selected based on their income, their need for affordable housing, their ability to pay (house payment must be less than 30% of their income), and their willingness to partner (provide “sweat equity”). In preparation to becoming a homeowner, Habitat families are required to attend workshops that provide information on budgeting, home maintenance, energy conservation, and parenting. Families are also required to perform sweat equity on their homes or elsewhere in the program: a) 500 hours minimum for 2-parent family minimum; 400 hours minimum for single parent families. Families typically work on the actual construction of their home and on the homes of Habitat families that have been selected before them. This gives the family a sense of accomplishment in completing the house and a sense of connection with the community that provided the volunteers and donated the resources to build their home.

Once the Habitat house is complete, it is sold to the family for the cost of materials, administration and a designated amount for land. A Habitat house costs \$59,000, including \$47,100 for materials; \$9,000 for land, and \$3,000 for administration. There is no charge for the approximately 2,500 volunteer hours that go into each Habitat house and there is no interest on the mortgage. The family pays this mortgage amount in monthly payments (\$246) over 20 years. Habitat also carries the reserve account (\$140)

per month for each family from which insurance and taxes are paid. All total, payments for a typical 3 bedroom Habitat house for the year 2001 would be \$386 per month.

- **Preservation of existing housing stock and of land presently zoned for housing**

When existing older housing is redeveloped, especially in the central core of Bend, many lower income residents are often displaced in favor of a non-residential use. The major negative impact is to seniors and young families who need to be close to services and or jobs; or who enjoy the close-knit neighborhood environment that exists in some of the older areas of town. As more and more of the central City is redeveloped for business expansion or other non-residential use, this can lead to the less desirable condition of darkened streets after 5:00 pm. which can eventually lead to other public safety concerns.

According to John MacInnis, Cascade Community Development, compared to other cities such as Portland, Bend has a fairly small inventory of housing stock where rehabilitation might be feasible (\$10-15K projects). In recent years, there has been a transition among households that need rehabilitation from single/disabled to now more young couples. Housing rehabilitation has been a traditional source of City CDBG funds.

- **Community education is needed to dispel stereotypes around affordable housing**

A recurrent theme was that the term “affordable housing” has taken on an unfortunate negative connotation that has the risk of dividing the community. Bend is simply not aware how large a segment of the population already lives in “affordable housing” let alone how many additional people need it. As part of a broader effort to educate the public, there was some discussion around creating a “visual catalogue” of affordable housing projects that show how it can blend in nicely with market-rate properties.

- **Institutionalizing the progress: Formation of a Housing Commission and the possibility of a dedicated staff position**

Many other communities (e.g. Portland) have a formal Housing Commission that is charged with helping to establish policy and increase community awareness around housing-related issues. Because affordable housing is receiving more attention and will soon be receiving more resources, everybody agreed that the establishment of a Housing Commission was a good idea. To improve continuity (and institutional memory), it was suggested that some members of the AHTF might apply.

Several AHTF members felt it was critical that the City begin thinking about how to get a dedicated staff person that focuses exclusively on housing. Deborah McMahon did not necessarily think that hiring a City staff person is the right idea, fearing if we leave the position within government, we may not get the technical savvy that is in the private sector. The group agreed to look into some alternative/compromise that blends public dollars with private funds to create a staff person dedicated to housing (possibly for the Homeownership Resource Center).

Recommendations –

The Recommendations of the AHTF fall into three broad categories:

- **Supply** (increasing capacity through new construction and preservation of housing stock)
- **Demand** (increasing affordability for households through financing programs and education)
- **Community Education** (helping Bend residents understand the need for affordable housing)

Originally intended as a process to create recommendations for the City Council, what the AHTF realized is that the problem of affordable housing is one that affects the entire community and therefore is a problem that must involve all members of the community in crafting a solution. Therefore, this Report to the Community lays out the thinking around those options that have the most potential at this time to help move Bend closer to a sustainable mix of incomes. The City still plays a major role in addressing the problem of affordable housing, but there are other ways that institutions, businesses and individual households can play a role as well.

Supply: Construction (increasing and preserving capacity):

1. Adopt/Amend City and County policies and practices

a. Zoning flexibility

The City can create additional opportunities for the construction of new housing by increasing flexibility with respect to zoning. This is being done right now through the Land Use Codes Update/TGM grant which will recommend changes to the existing codes in order to provide design and development flexibility and thus encourage the development of more affordable housing. The move towards mixed-use development, which permits housing and commercial elements in the same area (typically commercial on ground floor and residential on higher floors or next door) is a major element of this flexibility. Density bonuses, density transfers, granny flats, cottage development, and other stimulus options (“SMART development” techniques) are additional ways of increasing options for builders.

Tradeoffs/issues:

- housing may be at a higher density than it would be otherwise
- granny flats or other techniques may change the character/feel of the neighborhood
- there may be some political/philosophical issues around mixed-use
- it may be difficult to guarantee that housing that is built as a result of zoning flexibility will actually be more affordable (may be no practical enforcement mechanism)

Recommendation: Draft and adopt ordinances that emphasize flexibility around mixed-use, granny flats, cottage development and other building methods to increase overall housing supply. Draft and adopt ordinances that emphasize incentives for builders/developers to build more affordable housing. Promote SMART development techniques as the basis for changes to the City’s land use ordinances. Other flexibility options should be considered as methods for encouraging the development of aesthetic affordable housing in line with need projections.

b. SDC flexibility

System Development Charges (SDC’s) are fees levied on new development to recover all or part of the cost of building certain infrastructure needed to serve that development. Oregon law only allows SDC's for five types of infrastructure: Water, Sewer, Streets, Parks and Storm Drainage. Cities are not allowed to levy SDC’s to recover costs of other infrastructure needed by new development such as schools, libraries and police and fire stations.

Municipalities develop individual methodologies to determine SDC costs per household and they are allowed to charge up to 100% of that amount (percentages in parentheses in the chart below represent examples where Cities have chosen not to levy the full allowable charge).

SDC rates (for single family homes)

	Bend	Redmond	Prineville	Sisters	Corvallis
Water	\$2,086 (75%)	\$1,248	\$509 (25%)	\$2,895	\$1,560
Sewer	\$972 (60%)	\$1,093	\$3,103	\$2,994	\$3,437
Streets	\$3,250	\$1,239	\$575 (25%)		\$1,842
Parks	\$878	\$456	\$446	\$613	\$1,754
Storm Drainage					\$75
Total	\$7,186	\$4,036	\$4,634	\$6,503	\$8,668

Commercial and residential properties pay different SDC rates and the amount depends upon expected impact. Single-family and multi-family units pay different SDC rates, but there is no distinction among different size single-family units (i.e. smaller houses pay the same SDC fee as larger houses). SDC’s are currently levied when the developer submits plans to the City. With increased flexibility around the timing and manner in which SDC’s are collected, the City can reduce the upfront expenses associated with new construction. For example, deferring SDC payments until actual occupancy (instead of when plans are submitted prior to construction) can reduce carrying costs for the developer of affordable housing. Taking it a step further, if the SDC payment can be collected over a period of several years, this action can significantly reduce upfront costs and theoretically increase housing supply. For example, Bend Area Habitat for Humanity has an arrangement with the City where SDC’s are paid back at 0% interest over 10 years.

The City of Bend currently provides financing options for SDC payments. These payments are financed using the Bancroft Bonding capability that the City is qualified to receive. The use of LID (local Improvement District) funding may also be explored for larger projects that include the development of public infrastructure. There are other potential funding sources through anticipated CDBG allotments and pursuit of special grants and loan mechanisms.

Mike Caba presented the concept of an SDC offset program where SDC’s could be deferred on the construction of new multi-family units in return for restrictions placed on the rents allowed. The trick he said is to find a number that makes a difference in meeting the need, but doesn’t overly disrupt the market. Mike estimated that up to 50 units per year (roughly 25% of an estimated 200 units of multi-family housing that are typically built each year) would be feasible. Because of prevailing market rents, the initial “ceiling” might be above what could be attained on the open market right now, but the rent cap would be helpful in

future years. Multi-family vacancy is currently around 2%. SDC's are less on multi-family units than on single-family houses.

In informal discussion, it was suggested that rents for those units might be capped at a level representing 30% of income for a household making 80% of area median income, but the final decision would be up to City staff after closer analysis. Longer term, City staff should pursue the possibility of a deferred SDC payment schedule that was applicable to a broader spectrum of housing, perhaps with different payment schedules depending upon the targeted population served.

This type of program should be attractive to developers, and we will need to set up a project use agreement. There was some concern that this may prove burdensome on the City (lots of administrative responsibilities). Darcy Strahan mentioned that in Prineville, they have an SDC offset program where the amount of City support for a project is tied to the level of State/Federal funding secured. That way, a lot of the oversight is assumed by these other entities.

Tradeoffs/issues:

- if SDC's come in over time rather than up-front, the City would have less funds available for public infrastructure projects (e.g. streets)
- depending upon the mechanism, there might not be any guarantee that the savings will be passed on to the buyer as opposed to simply pocketed by the builder/developer
- there is some debate around how "targeted" to make this program (e.g. should it be open to all new construction or only construction serving a particular income bracket?)

Recommendation: Pilot a multi-family SDC financing program with rent caps. Longer term, City staff should pursue the possibility of a deferred payment schedule or LID (Local Improvement District) program that was applicable to a broader spectrum of housing construction.

c. Approval process flexibility

Developers often state that the current land use process precludes flexibility for the development of affordable housing. Because the approval process for an application of 100 units can take the same amount of time as an application of 10 units, this can be particularly hard for the smaller developer. The margin of profit is often so thin on these affordable housing projects that every avenue of cost reduction needs to be explored.

The AHTF discussed the possibility of modifying the existing approval process to find ways to reduce the development costs for identified affordable housing projects. Currently, there may be ways to expedite approvals or pre-zone City owned or other publicly-owned lands for affordable housing projects. This inventory of public lands currently exists, through the work of the Deschutes County Community Development Department and is available for viewing on-line at

<ftp://ftp.deschutes.org/pub/publands.pdf>

Master planning certain areas of these parcels can also provide an expedited way to fast track the review process for qualified affordable housing projects.

Tradeoffs/issues:

- setting the criteria for what qualifies as “affordable” (who is eligible to use the fast-track process?) may prove difficult
- an expedited approval process might risk appropriate oversight and review by City staff

Recommendation: The City should inventory available publicly-owned lands in order to determine the feasibility/consideration for affordable housing projects. These parcels need to have a special master planning process developed so that the project can be expedited, if necessary, in order to conserve limited funding. Longer-term, City staff should explore possibility of expedited (“fast-track”) approval process for identified affordable housing projects.

d. Zoning change to facilitate siting of homeless/special needs shelters

One of the barriers to the provision of shelters for those who are homeless or have special needs is that City zoning is not specific with regard to actual affordable housing projects, homeless shelters, or special needs shelters. The lands needed for locating a halfway house or drug rehabilitation house are not readily available due to conflicts with public perceptions, land use code restrictions and other City ordinances. The City’s current land use code needs to be updated to reflect the need for a wider variety of housing types. Removal of these barriers and specific siting studies need to be completed.

Tradeoffs/issues:

- Since neighborhood opposition may result from new siting locations, these types of zoning changes would clearly involve a political decision
- Conflicts with the Fire Code may need to be resolved (i.e. locations for shelters in industrial areas (away from neighborhoods) may be too close to hazardous materials).

Recommendation: The City of Bend should review the land use codes and zoning map to locate suitable areas for homeless/special needs shelter developments. The use of existing public lands or those lands already designated for public facilities should be considered a priority as well as looking at other locations that meet the long term need for these facilities in the Bend community.

e. Property tax abatement

All property in Oregon is subject to assessment and taxation in equal and ratable proportion unless specifically exempted. Property tax is one of the factors affecting the supply of affordable housing, hence some jurisdictions allow property tax exemptions to owners of housing units targeted for low-income residents, which in turn allows the owners to reduce rents or allows homeowners to reduce monthly housing costs. Several local affordable

housing projects (e.g. Healy Heights) have benefited from a 20-year abatement of property taxes. This action allowed the tax savings to be passed on in the form of lower rents.

There are several types of property tax exemptions for affordable housing that are available in Oregon by law. Since property taxes are apportioned among many different taxing districts, the decision to grant an exemption is not one that the City can make on its own.

Tradeoffs/issues:

- It may be difficult for Bend to form partnerships with other taxing authorities in order to reach the 51% needed to provide a full property tax exemption for low-income housing
- Many jurisdictions are facing budget cuts and may not be interested in forgoing additional revenue, even for affordable housing

Recommendation: Work with Deschutes County (who already has criteria) to develop formal criteria for applying property tax abatement to selected affordable housing projects.

f. Advocacy on housing issues at State and Federal level

Policies and funding decisions that occur at the State and Federal level can have a huge impact on the availability of funds for affordable housing programs and services. The City of Bend has not traditionally been active in lobbying for or against particular programs. There are four programs that are of special importance to many of the local organizations that work to provide low cost housing and housing-related services. These are:

- National Housing Trust Fund (federal)
- Oregon Housing Trust Fund (state)
- \$ for homeless services (state)
- Lenders Tax Credit (state)

Tradeoffs/issues:

- Advocacy takes staff time (and funds)

Recommendation: The City should adopt a more proactive stance with respect to advocacy on housing issues at the State and Federal level. Particular emphasis should be on:
1) support for the Oregon Housing Trust Fund and the Federal Housing Trust Fund
2) support for State funding for homeless services
3) support for the extension (and expansion) of the Oregon Lenders tax credit.

g. Preservation and rehabilitation of existing housing stock

In addition to the construction of new housing stock, preserving what already exists (through rehabilitation and protection) is another way to maintain an adequate supply of affordable housing. Housing rehabilitation programs have been a vital resource to Central Oregon residents for essential and emergency home repairs. Over the past ten years, COCAAN has provided more than \$3.5 million in financing to low- and moderate-income single family

homeowners for essential, emergency and code-related repairs such as roofing, plumbing, heating, electrical and structural systems.

Tradeoffs/issues:

- political choice as to whether saving existing buildings is the best use of scarce land

Recommendation: The City Council is urged to adopt a statement emphasizing the importance of preserving existing affordable housing stock. The City is encouraged to continue to pursue grants and other funds for the rehabilitation of properties within City boundaries.

h. Policy on preserving land zoned for housing

The AHTF expressed some concern that it may be too easy to change the zoning from residential to commercial or other uses. Vacant land currently zoned RM (Medium Density Residential) or RH (High Density Residential) is often used for non-residential development as a “permitted use” or as a “conditional use.” Since the inventory of vacant RM or RH land is used as a planning gauge for multi-unit residential development, the actual residential development may be far less than the potential. There does not seem to be a valid database available. It is extremely difficult to downzone land so it may make more sense to keep what we already have.

Tradeoffs/issues:

- political choice since Bend currently has more land zoned for residential than for commercial or industrial

Recommendation: The land use code update should explore options for preserving land for a variety of affordable housing types rather than allowing potentially inappropriate conditional uses. An updated study of actual buildable residential land should be conducted and a database developed. Longer-term, City staff should explore options for developer exactions for the land trust or actual donation of land as a voluntary incentive.

2. Education of the building industry

a. Open letter to the community encouraging the development of affordable housing

There are many in the building industry who have a desire to build affordable housing, but they do not know where to start or fear that this may put them at a competitive disadvantage. There are others in the community who may have resources such as land or money who want to help in the area of affordable housing, but do not know where to turn. The creation of the

AHTF, the development of the Recommendations in this Report to the Community, and the City's increased commitment to developing affordable housing, all needs to be publicized. City staff was encouraged to develop a brochure or information sheet that signifies the City's new commitment to affordable housing and identifies programs and options to increase the construction of affordable housing.

Tradeoffs/issues:

- Any formal publication will take staff time and expenses

Recommendation: Develop a brochure or information sheet that signifies the City's new commitment to affordable housing and identifies specific programs and options to increase the construction of affordable housing.

b. Regular meetings/information sessions with industry representatives

The exchange of information between public and private sector representatives of the AHTF was invaluable and points to the need for ongoing methods of shared communication. There are grant and program opportunities that public sector organizations may be aware of that are not known by those in the private sector. Private sector representatives may have a better network and information on land availability and other assets.

Tradeoffs/issues:

- It is not clear how formal this process to be? Do we want to/need to create a new group?

Recommendation: Establish a regular community-wide meeting around affordable housing to share information and ideas. This may be through the Housing Commission.

3. Land

a. Community Land Trust/Land Bank

A community land trust is a private non-profit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents. Community land trusts can be comprised of a single, large piece of property or several smaller, non-contiguous pieces of property. Land trusts have been successfully developed in many different kinds of communities through a variety of models with different levels of citizen governance/control.

The basic premise behind a land trust is that they treat land and buildings differently. The land is held permanently – never sold – so that it can always be used in the community's best interest. The land trust essentially removes the land from "market" forces. Buildings (houses), on the other hand, can be purchased and owned by individual households. Land trusts typically have some form of resale restrictions to keep the property affordable to others, but homeowners are allowed to capture any appreciation due to improvements they have made to the house.

Community land trusts serve several valuable objectives:

- Provides affordable housing for lower income residents in the community - the cost of land in a land trust can be significantly lower than other land in the community
- Keeps housing affordable for future residents - because the land is not sold and therefore not subject to market forces
- Captures the value of public investment/subsidy for long-term community benefit - individual households are prohibited from reselling the house at market rate so the land trust ensures long-term affordability)

For additional information on land trusts, please refer to the discussion on page 31.

Tradeoffs/issues:

- The development of a land trust will take additional staff time
- There may be additional zoning issues that the City might need to address

Recommendation: The City of Bend should take a prominent role in developing a Community Land Trust. The City should update the inventory of all publicly-owned lands to determine the feasibility/consideration for affordable housing projects and consider contributions to the land trust. The City should take an active role in promoting the land trust and encouraging private contributions.

b. Urban growth boundary (UGB) expansion

The urban growth boundary delineates the area in which urban development can occur. Outside of the UGB, urban services such as sewer and water may not be provided, thus making more dense development difficult if not impossible. This has the impact of reducing overall land supply, thereby reducing the amount of land available for residential development and increasing the cost of land, unless more efficient (i.e. higher density) use of land within the UGB is allowed and marketable.

Studies as well as anecdotal evidence suggest that housing developers in Bend are currently having difficulty with the cost of land and scarcity of large pieces of land on which to build. These conditions reduce the opportunity for builders to develop economies of scale. These impacts are more likely to affect single-family units more than multi-family units, as a multi-family development is able to absorb the higher land costs by increasing density.

The City has already developed preliminary plans for where to expand the UGB when the time is right. The AHTF felt the City, as a part of this process, should carefully review current zoning and consider earmarking portions of this land for housing.

Tradeoffs/issues:

- highly political decision as expansion of the UGB is tied to issues of growth
- final decision on expansion rests with the State (Department of Land Conservation and Development)

Recommendation: As part of its ongoing study on when and where to expand the Urban Growth Boundary (UGB), the City should earmark and/or plan to acquire land set aside for housing.

4. Financing

a. LIHTC (Low Income Housing Tax Credit through HCS)

The Low Income Housing Tax Credit (LIHTC) Program was enacted by Congress in the early 1980's and it provides federal income tax credits to developers who construct, rehabilitate or acquire and rehabilitate qualified low-income rental housing. Development projects can be multi-family and single-family units. Eligible applicants include both for-profit and non-profit sponsors. The LIHTC program is run through the Oregon Housing and Community Services (HCS) Department which allocates available tax credits on a regional basis. Several local projects (e.g. Healy Heights and numerous projects of the housing authority) have successfully utilized LIHTC through a public-private partnership where tax credits are sold to investors who can use them as equity.

Tradeoffs/issues:

- LIHTC is a very competitive, time-consuming and complicated procedure
- Most of the local entities who would likely apply for LIHTC are already familiar with the program

Recommendation: The City should promote use of the LIHTC program, leveraging City and other available resources where possible.

b. Housing Trust Fund (HTF)

At its most basic level, a Housing Trust Fund is a dedicated source of funds to be used for housing-related purposes. Individual HTF's exist at the state and local level and there is a current effort to create a national housing trust fund. Projects typically eligible for HTF funding include, but are not limited to:

- Acquisition and rehabilitation of existing housing
- New construction (single family and multi-family)
- Special housing needs for the:
 - mentally ill
 - developmentally disabled
 - elderly
 - physically disabled
- Technical Assistance (for non-profit organizations only)

HTF's use a wide variety of funding mechanisms depending upon the jurisdiction's particular needs and what is politically feasible. Deschutes Housing Solutions attempted to create a local housing trust fund in the early 1990's, but it was unable to obtain sufficient political support as the proposed funding source (a real estate transfer tax) was perceived as unfairly targeting the building industry.

There are several current sources of funds that could be put into a HTF without necessarily imposing new taxes. These include CDBG loan funds that are repaid to the City and deobligated (i.e. federal strings have been removed after repayment). Other possible sources include foundations and private donations. The AHTF felt that it was critical to establish a formal housing trust fund to ensure that earmarked funds would go only for housing projects.

Tradeoffs/issues:

- do we need to create a new organization or vehicle?
- how might this tie in to national efforts? state efforts? regional efforts?
- what sources of funds would be included? CDBG \$, private contributions?
- how would project criteria be determined?
- will it provide sufficient resources without a dedicated funding source?

Recommendation: The City should take the lead in creating a Housing Trust Fund. City staff should explore whether it makes sense to keep it in Bend only or become part of a larger regional housing trust fund.

c. Bonding (for housing finance)

As a public corporation under Oregon law, CORHA is authorized and empowered, without a vote of the electorate, to issue and sell revenue bonds, refunding bonds, and advance refunding bonds for the purpose of financing housing and related services. CORHA has utilized this bonding authority to secure construction and permanent financing for three affordable housing communities.

CORHA will be seeking a Standard and Poors ranking to enhance their ability to provide lower interest rate financing for future housing developments and redevelopments. There may be economies of scale in joint efforts between CORHA and the City that would allow for a reduced issuing costs.

Tradeoffs/issues:

- this would take Staff time
- city credit capacity may be used/allocated for other purposes

Recommendation: Increase coordination with CORHA on bonding projects. Explore possibility of the City issuing a bond dedicated to the development of affordable housing.

d. Bend Development Board “Opportunity Fund”

The Downtown Opportunity Fund (DOF) is a new program of the Bend Development Board, an independent body charged with the renovation of Bend’s downtown core area. The DOF provides a way for local citizens, businesses and other entities to improve the livability of Bend’s urban renewal area for both residents and visitors.

The DOF is intended to be a flexible resource that can provide gap financing for development projects – it is not intended to replace other project financing from private or public sources. The DOF may be used for a combination of publicly- and privately-sponsored and owned improvement projects. DOF funds must be used for capital (“bricks and mortar”) costs and are not available for technical assistance, admin or operating costs.

Eligible projects include traditional redevelopment projects such as public open space, an infill sidewalk project and offsite utility improvements to help businesses relocate. Fortunately, for the first time, housing-related projects are now also eligible for DOF funds. Examples of eligible housing-related projects include (but are not limited to) the following:

- Rehabilitation of an historic, underutilized building that provides ground floor commercial space and offices or housing on upper floors
- A mixed-use development that provides affordable rental or ownership housing

Three main financing tools will be employed in administration of the DOF. Bend Development Board staff will work with sponsors to analyze project funding needs of approved projects to determine an appropriate level and mix of financial assistance.

- Grants for projects where repayment over time appears economically unfeasible or inappropriate.
- Loans most typically for private for-profit projects
- Credit enhancement or partial loan guarantees for commercial banks or other private funders to mitigate repayment or collateral risk.

Total DOF grants, loans or credit guarantees for any one project will not exceed \$200,000. The maximum percentage DOF will participate in a private, for-profit commercial project is 15%. The maximum percentage DOF will participate in any other project is 30%. Project proposals must meet specific criteria so prospective applicants are encouraged to contact the Bend Development Board for more information.

Tradeoffs/issues:

- There are limited DOF funds. Funds used for housing projects means that much less for other commercial-oriented projects.

Recommendation: Encourage Bend Development Board to set-aside or utilize a portion of the Opportunity Fund for affordable housing projects within the BDB geographic zone. This may include housing outright or mixed-use projects.

e. Loan Funds for: Pre-development, Land acquisition, deferred long term financing

The City of Bend in coordination with private housing groups and Oregon Housing and Community Services should develop a strategy for financing of certain affordable housing and special shelter projects.

Recommendation: The City and an ad hoc group (perhaps the proposed Housing Commission) should define all of the funding options and determine appropriate allocation for qualified projects. Expansion of the City policy for affordable housing funding is a start. A yearly review of selected projects should be explored and take the shape of a Capital Improvements/Expenditure Program.

5. Construction

a. Sweat equity (Habitat for Humanity and self-help programs)

During the last 12 years, Bend Area Habitat for Humanity has completed 40 homes, providing modest, affordable housing for 120 children and 58 adults. Habitat families are selected based on their income, their need for affordable housing, their ability to pay, and their willingness to provide “sweat equity” towards the construction of their house (400-500 hours depending upon family composition). Habitat families are also required to attend workshops that provide important information on budgeting, home maintenance and energy conservation.

Habitat houses currently sell for \$59,000 and this includes cost of materials, administration and a designated amount for land. There is no charge for the approximately 2,500 volunteer hours that go into each Habitat house and there is no interest on the mortgage. Total monthly payments (mortgage plus insurance and taxes) for a typical 3 bedroom Habitat house are \$386 per month. Bend Area Habitat is currently building at a rate of 5 to 6 houses per year, but it has the capacity to build 10 homes a year if they can find and afford enough land to build on.

For additional information on Habitat for Humanity, please refer to discussion on page 36. The USDA Mutual Self-Help Housing Program helps low and very-low income people to finance and build their homes. In the program, a group of 8-12 families and individuals work together under the guidance of a construction supervisor hired by a non-profit housing developer (self-help grantee). These groups perform at least 65 percent of the construction work. By working together for 8-10 months, they complete all of their homes simultaneously and no one moves in until all the homes within the group are completed.

The USDA mutual self-help program cannot serve jurisdictions with populations over 25,000, but through COCAAN, there is a self-help group that was completed in Prineville. COCAAN has been exploring ways to offer an urban self-help program which would be funded through traditional bank loans and grants.

Tradeoffs/issues:

- private builders have had a mixed experience with sweat equity (allowing purchasers to do some of the work themselves). Instances that have gone well have been where employees that had special skills worked on their own house.
- The greatest opportunity for sweat equity buyer participation is probably after the closing (e.g. exterior painting, landscaping).

Recommendation: Work with Bend Area Habitat for Humanity and other self-help programs to support and publicize their respective programs.

b. Green building/non-traditional construction methods

Green building (often called “sustainable construction”) refers to the practice and philosophy of building in an environmentally sensitive manner. From building design to construction to building operation, homes constructed using green building techniques typically use fewer materials, less energy consumption, less pollution and provide better indoor environmental conditions for occupants. But, according to industry representatives, green building is not necessarily cheaper, and although it may provide savings to the owner over the life of the building, in many respects it can be more expensive to construct. Builders already face the competitiveness of the marketplace and if there are techniques that can provide an edge, they are likely to try them.

Because green building is being promoted at the state level (through a Governor’s Executive Order on Sustainability), there are some new financing options available to builders and homebuyers that may make this option feasible in the future.

Tradeoffs/issues:

- although it may provide savings to the owner over the life of the building, in many respects green building can be more expensive to construct.

Recommendation: Work with the Central Oregon Builders Association and the Central Oregon Association of Realtors, where appropriate, to increase awareness of green-building techniques that enhance the overall value of the house. The City should explore both zoning and building code to determine if there are overly restrictive regulations that provide barriers to alternative building techniques that might produce housing at a lower cost.

Demand: (increasing affordability and/or access for households)

1. Homebuyer Programs

a. Lending programs

There are many innovative loan programs available to purchase affordable housing. Many of these programs have income limits and/or allow for grants or gifts to be used for a down payment.

For more information on homebuyer programs, please refer to the discussion on page 35.

Recommendation: Increase awareness of affordable lending programs and continue to work with local lending institutions to increase flexibility.

b. Homeownership/mortgage counseling

Homebuyer Education/Mortgage counseling classes, offered by COCAAN, typically use volunteer instructors (bankers, realtors, and escrow officers contribute about 18 hours a month) and the ABC's of Homebuying curriculum, produced by the Homeowner Education Collaborative of Oregon. Class size ranges from 2-20 households with an average of 8 households. Classes are normally 6-7 hours in length.

Tradeoffs/issues:

- classes require funding to develop and the donation of time from those within the building, banking and mortgage industries.

Recommendation: Increase community awareness of homeownership/mortgage counseling services.

c. SAM's (shared appreciation mortgages)

The idea of “sharing” in the appreciation of the value of a property is not new. SAM's are alternative financing arrangements that provide an up-front reduction of the required equity by the buyer for a part of the appreciation at a later date by the seller, bank, or agency. The SAM is essentially a second mortgage product designed to lower the first mortgage loan to an amount more affordable to the homebuyer. The funds would be restricted to approved, pre-selected housing developments.

SAM's can also be used as a vehicle for short term leveraging. The hope would be that a lower income buyer could qualify for a home with less of a down payment, but could buy back the SAM at a later date when funds are more available or when earning power is greater. Private and/or public agencies could be the source of that leveraging by underwriting some of the risk.

In any of the above Items, the City could adjust policy or provide some incentives to accomplish the goals of making affordable housing “pencil” for the developer or the prospective homeowner.

Tradeoffs/issues:

- The assumption for many years has been that property in Bend will always go up, but this scenario may not always be true. In a static (or declining) housing market, SAM’s are not as viable as in an inflationary or upward market.

Recommendation: The City should adjust policy or provide some incentives to accomplish the goals of making affordable housing “pencil” for the developer or the potential homeowner who is willing to purchase a SAM.

2. Renter assistance programs

a. Section 8 Rent Subsidy

CORHA, under contract with HUD, administers the Section 8 Rent Subsidy program for Crook, Deschutes and Jefferson counties. The Section 8 program consists of 823 certificates and vouchers which are issued to eligible persons or families. The person or family selects a rental unit from the open market and they pay approximately 30% of their Gross Annual Income towards rent. CORHA pays the landlord the difference between the fair market rent and the amount the person or family is able to pay. Rental units must pass a Housing Quality Standards inspection before the landlord is paid. Periodic inspections ensure both the tenants and landlord are maintaining the units.

Tradeoffs/issues:

- There is already a long waiting list for Section 8 vouchers so it is not clear whether capacity can be increased – the issue may be to keep current landlords involved and willing to accept Section 8 vouchers

Recommendation: Work with CORHA to promote the Section 8 voucher program within the rental market.

b. First and last month deposit assistance

For many households, coming up with sufficient funds for first and last month deposit is a significant hardship. One possibility is to develop a risk insurance pool to which eligible households could apply. Other details such as initial funding source, who manages, how to access, how to screen applicants, payback provisions and default provisions would all need to be developed.

Tradeoffs/issues:

- This project would take staff time as well as funding for start-up expenses
- Many questions/details would need to be developed

Recommendation: Work with the City, private businesses and other funding sources to develop a zero (or very low) interest source of funds that could be utilized by renters and paid back over an extended period of time. This is a lower priority at this time – City staff should study the concept.

3. Employer support programs

a. IDA's (Individual Development Accounts)

The IDA program is an asset-based, anti-poverty strategy that can be used to increase the provision of affordable housing by allowing households to save money for a down payment on a house. Households can earn up to 200% of the poverty level and still be eligible for the program. Participants attend economic literacy workshops and save up to \$1,000 over a three year period (savings are matched 2:1). Tax credits of 75% make this a promising avenue for increasing employer involvement.

For additional information on the IDA, please refer to the discussion on page 33.

Tradeoffs/issues:

- May be difficult to encourage employers to provide housing assistance as a new benefit to employees

Recommendation: Work with COCAAN to help promote the IDA Program, consider offering it to City employees, and work to encourage other employers to participate.

b. Employer-assisted housing

As employers search for ways to compete and succeed in today's marketplace, providing employer-assisted housing (EAH) is a benefit they may want to consider. EAH plans are gaining in popularity because they make a business really stand out from the crowd, enhance recruitment and retention efforts, and can have a positive impact on the company's bottom line. Each EAH plan involves a four-way partnership among an employer, FannieMae, an employee and a lender.

The employer offers the housing-related benefit, often in the form of a forgivable, deferred, or repayable second loan, a grant, a matched savings plan or home-buyer education. The employer can choose the amount of the benefit, the criteria to qualify such as how long someone needs to have worked for the company, the terms of repayment/forgiveness, etc. The employee participates by applying for the benefit, meeting the criteria set by the

employer, and fulfilling the necessary qualifications to become a homebuyer. The lender provides the first mortgage underwriting and origination. FannieMae works with the employer, helping them create a EAH plan and identify lenders and other partners.

Tradeoffs/issues:

- Would require staff time and/or expenses for start-up
- May be difficult to encourage employers to provide housing assistance as a new benefit to employees

Recommendation: Work with FannieMae and other interested partners to promote the employer-assisted housing program as a way of increasing homeownership in the community.

Community Education and Involvement

1. Regional Clearinghouse/Homeownership Resource Center

COCAAN has been working closely with Oregon Housing and Community Services (HCS) to create/fund a local Homeownership Resource Center (HRC) which would provide information for prospective homebuyers as well as provide a referral source to other housing-related needs. The hope is that over time the Resource Center would also provide information and services for those in the building industry who produce affordable housing (developers and home builders).

For more information on the Homeownership Resource Center, please refer to the discussion on page 34.

Tradeoffs/issues:
might be costs associated with facilities and/or staff

Recommendation: Work with COCAAN to support the development of the Homeownership Resource Center. This might take the form of publicity, donation of office space and/or financial contributions towards the work of the Center.

2. Housing Commission

Many cities have formal housing commissions as a way of institutionalizing the progress and focusing community attention on the issue of housing. The recommendations contained in this Report are a first start to move the City to a higher level of involvement and responsibility with affordable housing. A new Housing Commission will be a valuable resource to educating the community and advising the Council. Goals for the Housing Commission would include:

- Help the Council with the implementation of the recommendations contained in the Report to the Community
- Help the Council establish formal production goals, broken down by income level.
- Leverage local, state and federal resources for the development of affordable housing

Tradeoffs/issues:

- Would require additional staff support and training for Commission members
- Political decision – there may be other issues that would like a formal advisory committee

Recommendation: Establishment of a formal Housing Commission to continue the work of the AHTF and work with all stakeholders on affordable housing issues.

3. NIMBY reduction (“Not In My Backyard”)

a. Neighborhood Association involvement/outreach

Bend has established a Neighborhood Association to work on issues important to the respective neighborhoods. This is potentially a great vehicle to raise issues around housing affordability.

Recommendation: Work with Bend Neighborhood Association to increase awareness around the need for affordable housing.

b. Community Education plan

There is a need to educate the Bend community on what is affordable housing and just who needs it. Numerous studies, presentations and videos have already been developed, but there needs to be a coordinated effort to impact change.

Tradeoffs/issues:

- This effort will require significant staff time
- May be politically sensitive topic

Recommendation: Develop a comprehensive community education plan that begins to educate the public and dispel stereotypes around affordable housing.

4. Staff person dedicated to housing

Given the significant number of potential new projects devoted to affordable housing, many AHTF members felt it was critical that the City/community begin thinking about how to get a dedicated staff person that focuses exclusively on housing. The group agreed to look into some alternative/compromise that blends public dollars with private funds to create a staff person dedicated to housing (possibly for the Homeownership Resource Center).

Tradeoffs/issues:

- Affordable housing is just one of many important issues and City finances are tight

Recommendation: The City should assume a leading role in helping the community create a new staff person dedicated to affordable housing.

APPENDIX

Products

List of Recommendations for the City and the community
Map overlay of affordable housing units/Section 8 vouchers in Bend
Map of publicly owned property/land (<ftp://ftp.deschutes.org/pub/publands.pdf>)
Link on City of Bend web site
Formation of a new Housing Commission (proposed)

List of Resources

2000 Central Oregon Housing Needs Assessment (Northwest Area Foundation)
Year 2000 Deschutes County Housing Survey
Rent studies (CORHA)
Central Oregon Rent Survey (Bratton Appraisal Group)
State Consolidated Plan
Affordable Housing Resource Directory (COCAAN)
The Community Land Trust Handbook (Institute for Community Economics)
US Department of Housing and Urban Development (HUD) web site www.hud.gov
Oregon Housing and Community Services (HCS) web site www.hcs.state.or.us
FannieMae web site www.knowledgeplex.org
WA County paper on social implications of the lack of affordable housing (COBA)
numerous articles and newspaper clippings

Minutes of AHTF meetings

Available upon request

List of Acronyms

Federal Government:

CDBG	Community Development Block Grant
CRA	Community Reinvestment Act
ESG	Emergency Shelter Grant
FHA	Federal Housing Authority
HOME	HOME Investment Partnership
HOPWA	Housing Opportunities for Persons With AIDS
HUD	U.S. Department of Housing and Urban Development
LIHTC	Low Income Housing Tax Credit
SSB	Social Security Benefits
SSI	Supplemental Security Income

State Government

DLCD	Department of Land Conservation and Development
HCS	Oregon Housing and Community Services Department
LCDC	Land Conservation and Development Commission
OAHTC	Oregon Affordable Housing Tax Credit

Other Acronyms

AHTF	Affordable Housing Task Force
AMHI	Area Median Household Income
COBRA	Central Oregon Battering and Rape Alliance
COCAAN	Central Oregon Community Action Agency Network
CORHA	Central Oregon Regional Housing Authority
CCD	Cascade Community Development
CDC	Community Development Corporation
CLT	Community Land Trust
GIS	Geographic Information System
HLC	Homeless Leadership Council
HTF	Housing Trust Fund
NIMBY	Not-In-My-Back-Yard
SDC	System Development Charge
TIF	Tax Increment Financing
UGB	Urban Growth Boundary