CITY OF BEND

City Hall
710 NW Wall Street
Bend, OR 97703

MEMORANDUM

To: City Council
From: Chris Ogren – City Manager's Office; Matt Stuart & Racheal Baker – Real Estate, Facilities, Housing
Date: August 12, 2026
Re: Housing Options Made for Everyone (HOME) Committee Recommendations

Introduction

The following memorandum provides a summary of the Housing Options Made of Everyone (HOME) Committee's work, including its membership, an overview of the Committee's process, and the final recommendations of the Committee to the Bend City Council to help stimulate and facilitate housing development in Bend.

The report is organized with an executive summary at the beginning and additional details about all of the programs that were considered in the appendices. Additional details include:

- A visual summary of the Committee's recommendations
- A comparison matrix tool considering strengths and differences of each program that was informed by staff, committee member feedback, and subject matter expert contributions and
- Original information packets that were provided to Committee members to provide base-line knowledge about each topic.

Background

Bend City Council directed staff to create the HOME Committee, when they passed **Resolution #3448** in May 2025. The stated purpose for the Committee was to evaluate and prioritize potential programs the City of Bend could create or expand to help address Bend's housing affordability crisis, as well as make progress towards Oregon Housing Needs Analysis (OHNA) targets. OHNA indicates a need for 33,763 additional units affordable to households earning under 120% of the area median income by 2045. During the 2025-2027 Bend City Council goal setting process, the Council set a goal for the City to permit 3,942 housing units by the end of the biennium, including 1,818 deed-restricted affordable units and 826 middle-income units.

The Resolution adopted by Council included a list of twelve (12) programs for the Committee to provide feedback on and to compare which programs would have the most impact on increasing housing development in Bend. The programs included, but were not limited to:

- Property Tax Exemptions
- SDC Methodologies (Exemptions)
- Long Term Lease Incentives
- Deed Restricted Purchase Program
- Vacancy Tax
- Land Value Tax
- Rental Housing Fee (later referred to as Rental Registration Fee)
- Changes to Affordable Housing Fund (AHF) and Commercial & Industrial Construction Tax (CICT)
- Dedicated Revenue Streams
- General Obligation Bonds
- 501(c)3 Tax Exempt Bonds
- Credit Enhancement (later referred to as Rate Buydown)

In addition to the programs identified in the Council resolution, the Committee also considered:

- Revolving Loan Funds
- Infrastructure Revolving Loan Funds
- Moderate Income Revolving Loan (MIRL) Funds
- Site-Specific Tax Increment Assistance for Housing Affordability (TIAHA)
- Tax Increment Finance (TIF)/TIAHA for homeownership
- Additional support for Land Trusts

The Committee was comprised of nine (9) local subject matter experts, representing various viewpoints from across the housing development spectrum. The City hired a neutral facilitator, Jen Rusk, to support the meeting process.

HOME Committee Composition:

- Sara Odendahl, Chair, Bend Chamber of Commerce
- Carly Colgan, Vice-Chair, Bend-Redmond Habitat for Humanity
- Eliza Wilson, Rooted Homes
- Keith Wooden, Housing Works
- Ryan Starr, Starr Designs & Architecture
- Garrett Mosher, Central Oregon Builders Association
- Matt Martino, Columbia Bank
- Todd Prior, First Interstate Bank
- Ben Pray, Home First Development

The Committee's first task was to learn about each of the topics listed above, and provide recommendations to the Bend City Council on which programs would have the most impact on increasing housing development in Bend. Committee members reviewed both programs the City could implement and revenue generating mechanisms to support new or expanded programs. Committee members also were informed by their own experiences, Oregon Housing Needs Analysis (OHNA) production targets, and feedback from peers and others in the community over the course of the year.

The Committee met approximately every six (6) weeks and typically reviewed three (3) topics per meeting. Staff prepared information packets in advance of each meeting to assist in providing each committee member with a baseline level of understanding of each of the topics prior to being discussed. These information packets served as a starting point for discussion, and they are included in Appendix XXX for informational and reference purposes. The informational packets contributed to the comparison matrix included in Appendix XXX, which is also informed by group discussion and subject matter expert information.

Committee meetings were primarily informational, with time included for discussion of each topic. City staff introduced each topic, and if available, a regional subject matter expert was invited to present in partnership to share another perspective and answer committee questions. Pre- and post-meeting surveys were provided to gather information and feedback on topics and the process generally throughout the duration.

The Committee concluded the process in July 2026, by voting on a set of final recommendations. The process to agree on the final recommendations began in May 2026, with a Ranked Choice Preferences survey, where Committee members were asked to rank 1) a set of scenarios, 2) all programs discussed, and 3) all revenue generating mechanisms discussed. Committee members were also encouraged to provide specific feedback about each of the programs and revenue generating mechanisms discussed or ask questions. Committee members ranked their priorities on their own following the May meeting, and reconvened in June to discuss the results of the exercise. Staff shared the results of the exercise with the group, and asked Committee members specific questions about program implementation. The Committee had an opportunity to provide further feedback and answer staff questions. Staff utilized the initial Ranked Choice Preferences to inform the Committee's draft recommendations, and included program-specific feedback in the final recommendations listed below.

Process/Timeline

Date	Topics Covered
June 18, 2025	Council Resolution #3448
August 27, 2025	Initial Committee Meeting – Introductions & Expectations
October 2, 2025	Revolving Loan Funds, Infrastructure Revolving Loan Funds, and Credit Enhancement (Rate Buydown)
November 13, 2025	Property Tax Exemptions, Site Specific TIF/TIAHA, & MIRL
December 10, 2025	Recommendations to Council on "quickly implementable" programs
February 12, 2026	Changes to AHF & CICT, Deed Restricted Purchase Program, Rental Registration fee, Rental Registry, & Vacancy Tax
April 2, 2026	GO Bonds, 501(c)3 Bonds & Land Value Tax
May 14, 2026	Long Term Lease Incentives, SDC Exemption Program, TIF for Homeownership, & Support for Community Land Trusts
June 3, 2026	Prioritization Exercise Results & Discussion
July 9, 2026	Final Recommendations Approval & Discussion
August 12, 2026	Council review of HOME Committee's Final Recommendations

HOME Committee Recommendations

The Committee has coalesced on a list of favored programs that they recommend Bend City Council evaluate further for implementation in Bend to stimulate housing development over the next several years. The list includes both programs the City should consider and ways the City could pay for new or expanded programs. The Committee came to these recommendations via a Ranked Choice Preferences process, where each member completed a survey to prioritize the programs that would have the most impact for the public, their development interests (if applicable), or any prospective clients' future developments they may represent (if applicable). In June 2026, the Committee came together to review the results of the ranking process and provide additional feedback and direction to staff. The results of the process and the subsequent recommendations are listed below:

Staff grouped various policy options for Committee consideration, based on programs that would assist at varying levels of affordability, based on Committee discussion during the informational meetings. The Committee members were first asked to choose the scenario that resonated with them the most:

- Scenario 1 – Support for Market Rate Households (80-120% AMI):
    - This Scenario would potentially require less subsidy per unit due to the area median income (AMI) percentages being close to market housing conditions, and

therefore the potential to support more units with less subsidy. Programs under this scenario would be likely most supportive for market rate multifamily developments. Committee members supportive of this scenario highlighted that this scenario would primarily support dense developments and would be more conducive towards rental housing than home ownership. This scenario could potentially be the least costly to the City, because less subsidy per-unit would require less revenue generation, while still subsidizing a large number of units (based on market demand). This scenario would need the least additional revenue generation.

- Scenario 2 - Support for Low Income Households (30-80% AMI):
    - This Scenario would require the most subsidy per unit and would require the most funds to be raised to support the programs on a consistent basis. Programs under this scenario would be likely most supportive of the full spectrum of housing types, from rental to ownership, and single family homes to multifamily. Committee members supportive of this scenario expect a wide range of housing types, but recognize the substantial local subsidy per unit of housing that would be needed. This scenario could be the most costly for the City on a per unit basis and would subsequently require substantial, consistent revenue generation to succeed. Revenue generation would be required before most of the recommended programs could be implemented or expanded.
- Scenario 3 – Support for Middle Income Households (60%-100% AMI):
    - This Scenario meets scenarios 1 and 2 in the middle. Costs and required subsidy per unit would be higher than scenario 1 but lower than scenario 2. Programs under this scenario would likely support the full range of housing types, from rental to ownership and from single family to multi-family. Committee members supportive of this scenario anticipate support would be established on a sliding scale, with greater support and subsidy provided to developments willing to commit to serving lower AMI households or willing to provide covenants for longer durations, with benefits tapering off as target AMIs increase up to 100%. This scenario would fall between scenarios 1 and 2 in terms of cost and needed revenue generation. Revenue generation would be required before most of the recommended programs could be implemented or expanded.

The Committee ranked Scenario 3 the highest, indicating support for Middle Income Households between 60% and 100% of the Area Median Income. The purpose of the scenario ranking was to help the Committee come to consensus on the target households the preferred programs should impact. The recommended programs and revenue generating mechanisms below are described through the lens of the preferred scenario along with feedback from Committee members.

Based on the preferred scenario identified above, the Committee ranked the following programs the highest: Rate Buydown (Credit Enhancement), Infrastructure Revolving Loan Fund, Property Tax Exemptions, SDC Exemptions, and City Support for Land Trusts. The

Committee ranked the following programs the lowest: Long Term Lease Incentives and Deed Restricted Purchase Program.

The Committee ranked the following Revenue Generating Mechanisms the highest: Affordable Housing Bond, Moderate Income Revolving Loan (MIRL) Fund, and Rental Registration Fee & Rental Registry. The Committee ranked the following Revenue Generating Mechanisms the lowest: Land Value Tax, Increases to the Commercial & Industrial Construction Tax (CICT), and a new Residential Construction Excise Tax (RCET).

**If implemented as recommended above, the Affordable Housing Bond could serve as the primary source of funding to support the majority of the recommended programs and developments within the recommended AMI range. Council should be aware of the Constitutional limitations on how the Affordable Housing Bond proceeds may be spent, and therefore the Bond may not be able to fully support every recommended program. Additionally, an Affordable Housing Bond would require voter approval. If a Bond were not supported by City Council or failed on the ballot, the City would need to identify other funding sources to support these recommended programs if so desired.*

Recommendation Context

Committee members have provided additional feedback on how programs could be designed and implemented to maximize utilization and ensure the intended effect of stimulating further housing development.

Programs:

Rate Buydown (Credit Enhancement) - With this program, the City would reserve a specific amount of non-property tax revenue or GO Bond Funds, if passed, to provide a "credit enhancement", such as a letter of credit, partial loan guarantee, or other financial backing for qualifying housing developments.[1] By assuming a portion of the lender's risk, the City could help developers secure more favorable financing terms, including lower interest rates and reduced borrowing costs. This program is intended to improve project feasibility, leverage private investment, and support the delivery of housing that may otherwise be delayed or unable to proceed. Given the relationship between loan size and financing costs, this tool is likely to have the greatest impact on larger multifamily and mixed-use housing developments.

[1] The Oregon constitution prohibits a local government from lending its credit, backed by property tax revenues, in support of a private endeavor. This means the City cannot use its property tax revenues to back the credit enhancement program, and a non-tax revenue source would need to be identified to support this program. A constitutional amendment was adopted in 2018 that allows voters to approve a general obligation bond, whose revenues could be used to directly support private housing developments, including through credit enhancement.

Staff Note: There is no comparable housing-focused rate buydown or credit enhancement program currently being operated by an Oregon local government. As a result, program design, risk management, and underwriting standards would require additional evaluation prior to implementation. Unlike traditional City programs, this type of tool would require the City to assess the financial strength and feasibility of individual development projects and lending assumptions – activities that are typically outside the City's areas of expertise. Staff anticipates that specialized financial and underwriting support may be needed to evaluate applications, monitor project performance, and mitigate potential risk to public funds. Opportunities to partner with lending institutions, housing finance organizations, regional partners, or third-party underwriting professionals should be explored as part of any future program development.

Infrastructure Revolving Loan Fund – With this program, the City would reserve a specific amount of non-property tax revenue or GO Bond Funds, if passed, to provide zero- or low-interest loans for infrastructure improvements required to support housing development, such as water, sewer, stormwater, transportation, and utility upgrades. By reducing upfront infrastructure costs, the program is intended to improve project feasibility, encourage infill development, and accelerate the delivery of new housing opportunities. Loan repayments would replenish the fund, creating an ongoing source of capital for future projects. This program is likely to have the greatest impact on smaller infill and middle housing developments where infrastructure costs can represent a significant barrier to development. Committee members emphasized that for this program to be utilized, it would need to be as simple and flexible as possible.

Staff Note: Several HOME Committee members expressed interest in structuring this program using a tax increment financing-like approach, where increases in future property tax revenue generated by development help offset infrastructure costs. Staff noted that previous experience with BURA's Tax Increment for Affordable Housing Assistance (TIAHA) program demonstrated that the administrative cost and complexity of establishing urban renewal areas around smaller infill projects can limit the practicality of this approach.

Property Tax Exemptions - With this program, the City would expand or modify existing local property tax exemption tools to reduce ongoing operating costs for qualifying housing developments. Property tax exemptions can be structured to support affordable rental housing, homeownership opportunities, or middle-income workforce housing by temporarily exempting a portion or all of a property's assessed value from taxation in exchange for income-restricted or space efficient housing commitments. This program is intended to improve project feasibility, increase investor and lender confidence, and create additional housing units that may not otherwise be financially viable. Depending on the final program design, this tool is likely to have the greatest impact on multi-family and mixed-income housing developments where long-term operating costs significantly influence project feasibility. The Committee also noted the importance of providing developers with greater certainty earlier in the development process, as predictability is often critical to underwriting and financing decisions, and obtaining programmatic approval for tax exemptions from necessary taxing districts.

SDC Exemptions - With this program, the City would continue or expand the use of System Development Charge (SDC) exemptions to reduce upfront development costs for qualifying housing projects. SDCs are fees assessed on new development to fund transportation, water, sewer, and other infrastructure improvements needed to support growth. By exempting some or all of these fees for projects that provide affordable or workforce housing, the City can directly reduce development costs and improve project feasibility. Since 2016, the City's SDC exemption program has provided over $14 million in fee relief and supported the development of more than 1,000 deed restricted housing units representing 80% AMI or less. The Committee supported tiering SDC exemptions based on project affordability, providing partial exemptions for higher-affordability projects and greater or full exemptions for projects providing deeper affordability. This program is intended to incentivize the production of deed-restricted affordable housing and is likely to benefit both rental and ownership projects, with the greatest impact on developments where SDCs represent a significant portion of total project costs. A key consideration is the corresponding reduction in SDC revenue available to support capital infrastructure improvements needed to support growth and new development.

City Support for Land Trusts - With this program, the City would provide financial, land, or policy support to community land trusts and similar nonprofit housing organizations that create and preserve long-term affordable homeownership opportunities. Community land trusts typically separate ownership of the land from the home itself, allowing homes to remain permanently affordable for future buyers while providing opportunities for wealth creation and housing stability. Potential City support could include direct funding, discounted or prioritized land acquisition opportunities, infrastructure assistance, fee reductions, or other partnership tools intended to increase the number of permanently affordable homes available to Bend residents. This program is intended to create lasting affordability, preserve community ownership opportunities, and support households that may earn too much to qualify for traditional affordable housing programs but still face barriers to homeownership. It is likely to have the greatest impact on ownership-focused housing developments and long-term affordability strategies.

Revenue Generating Mechanisms:

Affordable Housing Bond – With this program, the City would seek voter approval to issue general obligation bonds dedicated to supporting housing development and preservation activities that advance community housing goals. Bond proceeds could be used for a variety of purposes, including land acquisition, infrastructure, gap financing, permanent affordability strategies, homeownership opportunities, workforce housing, and affordable rental housing, depending on the final program design, and subject to Oregon constitutional and statutory limitations on the use of bond revenues for capital costs. The Committee discussed a potential bond measure in the range of $50–$100 million over approximately 10 years, which, based on the outcomes of the Portland Housing Bond and the Metro Affordable Housing Bond, could support 350--1,000 housing units, depending on project type, target requirements, leverage from other funding sources, and market conditions. The Committee also generally supported maintaining flexibility within the ballot measure to allow the City to respond to changing market conditions and housing needs over time, while providing voters with clear direction on the intended uses of the funds. The Committee recommended additional policy work to further define housing eligibility criteria, program priorities, bond governance, ballot language, and election timing before advancing a measure for Council consideration.

Staff Note: Based on publicly reported outcomes Portland's Housing Bond invested approximately $258.4 million and has produced or is producing approximately 1,859 affordable homes, equating to roughly $139,000 in bond funding per unit. The Metro Affordable Housing Bond allocated approximately $211 million and has supported more than 2,154 units, equating to roughly $98,000 in bond funding per unit[2].

Moderate Income Revolving Loan Fund (MIRL) – With this program, the City would participate in the State-authorized Moderate Income Revolving Loan (MIRL) program, which provides financing to support housing production serving moderate-income households that may not qualify for traditional affordable housing programs but still face significant housing cost burdens. The program is intended to address financing gaps, improve project feasibility, and increase the supply of workforce and middle-income housing, by providing a loan from the State to a local government, with funds then granted to a developer, who receives a tax exemption and pays back the grant in lieu of paying property taxes. The local government guarantees repayment of the loan with local revenues, which may include property tax revenue. The Committee generally supported pursuing the program, recognizing its potential to support housing production while emphasizing the importance of strong local underwriting standards, project evaluation criteria, and risk-management practices to protect public funds in the event of project underperformance or developer default. The Committee also expressed support for exploring partnerships with regional organizations, such as COIC and Deschutes County, to assist with program administration and loan servicing, while continuing to advocate for legislative and programmatic changes at the state level to improve the tool's effectiveness and reduce local implementation risks.

Staff Note: While the MIRL program offers a potentially valuable financing tool for workforce and moderate-income housing, participation by local jurisdictions has been limited to date. During HOME Committee discussions, concerns were raised regarding the allocation of financial risk between the State and participating local governments, particularly in situations involving loan repayment challenges or developer default. Staff also noted that prevailing wage requirements associated with the program may increase overall development costs and reduce the program's attractiveness for some housing projects, potentially limiting its utilization and effectiveness.

[2] Portland Housing Bureau. (2024). *2024 Housing Bond Annual Progress Report*. City of Portland. https://portlandhousingbond.com/news/2025/8/22/progress-report-2024

Rental Registration Fee and Rental Registry – With this program, the City would require landlords to register rental units and provide basic information about each property. The program is intended to improve the City's understanding of local housing inventory and market conditions, create a reliable source of housing-related data, and establish an ongoing funding source to support housing programs without relying on property tax revenues. Registration fees collected through the program could be used to fund housing-related services and programs, such as tenant education, landlord engagement, rental market analysis, code compliance activities, housing preservation efforts, or other housing initiatives identified by the City. The Committee discussed utilizing a rental registry as both a data collection tool and a potential revenue source that could be directed toward housing production, preservation, or stabilization programs. The program would have the broadest impact across the City's rental housing market, as participation would generally apply to all rental units regardless of affordability level.

Staff Note: Committee discussions highlighted that the effectiveness of a rental registry depends on program design, including registration requirements, fee structure, compliance mechanisms, and the intended use of collected revenues. Members generally supported ensuring that any fees are proportional to administrative costs and clearly connected to housing-related outcomes, while recognizing that additional stakeholder engagement with landlords, tenants, and property managers would likely be necessary before implementation.

Next Steps

At the August 12, 2026, Council work session, the HOME Committee Chair and Vice-Chair, along with staff, will present the Committee's recommendations and key findings. The discussion will give Council an opportunity to provide feedback on the Committee's priorities, identify which housing tools warrant further exploration, and discuss other housing strategies Council would like staff to consider, if any.

Following the August work session, staff will use Council's feedback to develop a Housing Workplan outlining recommended next steps, anticipated timelines, and assumptions about the staff and financial resources required to implement priority programs. The proposed workplan will be brought back to Council for review and consideration at a future meeting.

Once Council has identified its priorities and adopted the workplan, staff will begin evaluating and developing the selected programs, including any necessary policy, financial, legal, or implementation considerations. Depending on the programs pursued, Council may also consider establishing a future advisory group or committee to assist with development and implementation efforts.