

Section 2 of Ordinance 2271

Exhibit B

New Chapter 5 of the Bend Comprehensive Plan, Housing



# Chapter 5: Housing





## Adopted Amendments

<b>EFFECTIVE DATE</b>	<b>ORD #</b>	<b>CHANGES</b>
7-17-96	Ordinance 2175	Amendment for provision of destination resorts
11-18-98	Resolution 2247	Major update and revisions to General Plan text and maps.
9-6-00	Ordinance NS 1753	General Plan text amendment to figure and policy in Chapter 5, added new appendices regarding Lava Ridge Plan.
9-3-03	Ordinance NS 1886	General Plan text amendment in Chapter 5, Figure 5-8 (or Figure #22) showing Destination Resort Siting.
5-16-07	Ordinance NS 2048	Chapter 5 of the General Plan amended to add new text regarding affordable housing and manufactured home parks, add two new policies regarding redevelopment standards for manufactured home parks and density bonuses.
2016	NS-2271	Significant update in response to 2010 Urban Growth Boundary Remand Order: format update, new background text, new and revised policies, deleted outdated policies



## BACKGROUND

### Context

**O**regon Statewide Planning Goal 10 (Housing) requires cities to “encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.” Goal 10 and the related Needed Housing Statute require Oregon cities to maintain adequate supplies of properly planned and zoned lands to meet their identified housing needs. The law recognizes that this may require expanding an urban growth boundary. That process is governed by other statutes and goals, and by the Growth Management chapter of this plan. Goal 10 and related statutes require the City to adopt and incorporate two important documents into the Comprehensive Plan.

The first document is a buildable lands inventory (BLI) that catalogues the development status (developed, vacant, etc.) and capacity (housing units) that can be accommodated on lands within the UGB. Bend’s BLI for both housing and employment lands is adopted and incorporated as Appendix I of the Comprehensive Plan.

The second document is a housing needs analysis (HNA) that includes an analysis of national, state, and local demographic and economic trends, and recommendations for a mix and density of needed housing types. Bend’s HNA for growth to 2028 is adopted and incorporated as Appendix J of the Comprehensive Plan. The HNA documents historical housing and demographic trends, the projection of population and housing growth, and an analysis of housing affordability.<sup>1</sup> Based on this analysis, the HNA presents an estimate of needed housing density and mix for growth to 2028.

The BLI and the HNA provide the factual base to support the housing goals and policies in this chapter of the Comprehensive Plan. A major objective of the Comprehensive Plan is to establish residential areas that are safe, convenient, healthful, and attractive places to live, and which will provide a maximum range of housing choices for the people in Bend. The City of Bend will face a variety of issues over the coming years in meeting these needs, including:

- Maintaining an adequate supply of land available and zoned appropriately to provide opportunities for a range of housing types needed in Bend in the face of rapid population growth.

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<sup>1</sup> A primary indicator of affordability is whether a household is paying more than 30% of its income, including utilities, rent, mortgage payments, interest and insurance, and is therefore experiencing housing “cost burden” under federal housing guidelines. Using cost burden as an indicator is consistent with the Goal 10 requirement of providing housing that is “commensurate with the financial capabilities” of all Oregon households.



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- Responding to a land and housing market that has appreciated significantly in recent years, driving the cost of housing up significantly and leaving relatively few market opportunities for low-cost owner-occupied housing.
- Affordable housing for service workers, both for individuals and families, is in short supply in Bend. Rapid increases in home and rental prices have combined with growth in the (low wage) service sector to make it difficult for much of Bend's workforce to live in the City.
- The increasing gap of housing affordable to low and moderate income households is resulting in many area workers living in other Central Oregon cities and commuting to Bend for work. This is exacerbating traffic congestion and it also affects the ability of area employers to attract workers for jobs at many income levels, including service and professional workers.
- The City is currently limited to some degree in what it can do by state and other regulations that restrict the ability to enact funding mechanisms or regulatory approaches to meeting housing needs.

As summarized in the HNA, Bend's population grew rapidly between 1990 and 2014, increasing from about 20,000 to 80,000 people during that period (in part due to significant annexations in 1998). At the same time, Bend's housing stock nearly tripled. Most new housing development during this time was single-family detached housing.

This rapid population growth increased the demand for all types of housing. During the same period, average wages were flat and the combined result was a decline in housing affordability. Housing sales prices more than doubled between 2000 and 2014, while household income levels increased by only about 18 percent. In addition to wage stagnation, several other factors contributed to a decline in affordability between 1990 and 2014, including:

- High demand for second homes in Bend
- Significant growth in the tourism/recreation economy and the associated jobs that tend to pay lower wages
- Demographic changes, as described in the Demographic Trends section below

As growth continues, Bend must carefully plan for new housing that meets the needs of its changing population. The Comprehensive Plan's goals and policies support a range of housing choices matched to Bend's needs. One of the challenges facing the community is how to plan for a variety of housing options in existing neighborhoods and new residential areas that support the changing demographics and lifestyles of Bend's current and future residents.

The need for housing correlates strongly to the need for land within Bend's urban growth boundary. The Urbanization Report provides a discussion about how land needs for housing and other uses are determined and how Bend will meet residential land needs over time.



## Demographic Trends

There are a number of factors that will increasingly affect the choices people make when it comes to housing type; three primary factors are a person's age, the number of people in the household and household income. In Bend, and across the country, the first two decades of the 21st century saw some key demographic changes that will impact the way communities plan for the housing needs of their existing and future populations.

- **Growth in Baby Boomers.** The number of people over age 65 is projected to increase significantly. Households over 65 tend to have less income than younger households and are more likely to choose lower-cost multifamily housing. Some baby boomers may also choose to downsize their housing, resulting in greater demand for small dwellings.
- **Growth in Millennials.** Millennials are people who will be between 31 and 44 years old in the year 2028. This segment of the population is also expected to increase in Bend. Younger millennials typically have lower incomes and may have higher debt. Growth in millennials will increase need for affordable housing rental and ownership options.
- **Growth in Hispanic and Latino population.** The Hispanic and Latino population in Bend more than doubled between 2000 and 2014, and growth is expected to continue. Many Hispanic and Latino residents in Bend are also within the Millennial age range. To the extent that Hispanic and Latino households currently have lower household incomes than the population as a whole, demand for more affordable housing, both rental and ownership options, will increase.

In 2016, Bend will also see the opening of its first dedicated four-year university campus, which will ultimately bring up to 5,000 students into the mix. While some of these students will live on campus, there will also be a need for affordable student housing off campus.

Based on these trends, the future housing mix in Bend will look different than it has in the past. There is a growing need to provide a wider range of housing sizes and prices to accommodate the shifting demographics. Evidence suggests that a substantial portion of Bend's residents will live in attached housing, such as townhouses, cottage housing, duplexes, garden apartments, or urban apartments. At the same time, Bend also has a continuing demand for single family detached housing, primarily on small or moderately sized lots (5,000 to 7,000 square feet). A growing share of households will be renters, either by choice (e.g., Baby Boomers who prefer to rent smaller units) or by economic necessity. Demand for these types of homes will be particularly high in areas close to Bend's commercial and recreational amenities. In planning for future housing, Bend must pay close attention to the following housing issues:

- **Widening demand for a range of housing types by retirees.** Older households tend to move less frequently than younger households, and a large majority would like to age in place. Being near family, friends, and social organizations in walkable neighborhoods also becomes increasingly important with age.



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- **Increasing demand for family housing.** Millennials and Hispanic households are poised to account for the largest percentages of growth in Bend over the next 20 years. Millennial will be entering the phase of life when they form families and have children. In addition, Hispanic households have larger than average household size because they often live in multi-generational households and have a larger average number of children. Growth in households with families will drive need for housing that is both affordable and has sufficient space.
- **Increasing demand for affordable housing.** A substantial proportion of Bend's households cannot afford housing in Bend. Many workers in Bend live in nearby communities because affordable housing is in short supply in Bend, and the demand for small-lot housing with nearby amenities is increasing. For two of the fastest growing demographics in Bend, the Millennials and Hispanic and Latino population, affordability is more likely to be a barrier to homeownership or higher-cost rental housing.
- **Location and design of housing.** The location of housing is becoming increasingly important, with increased demand for housing in walkable neighborhoods near retail and other amenities. Integrated multi-family and compact single-family homes located in neighborhoods can provide opportunities for a wider range of housing and transportation options.

### Vision for Neighborhood Livability in Bend

*While the range of housing types and prices in Bend will expand, Bend will continue to emphasize livability in all neighborhoods, old and new. What does a livable neighborhood look like?*

- Safe and convenient for travel by foot, car and bike
- Natural features, parks, open space
- Small-scale shops and places to eat and drink in the neighborhood or nearby
- Quality housing that provides diverse housing types and flexibility that meets market demand
- Comfortable integration and transitions between housing types and commercial uses



## RESIDENTIAL PLAN DISTRICTS

The Comprehensive Plan has five residential districts that are shown on the Comprehensive Plan Map and described in Table 5-1 below. These districts provide for variety and choice in housing types, lot sizes, and locations needed to serve the existing and future housing markets. In addition to these residential districts, some future housing will occur in the Plan’s mixed use districts and as secondary uses in some commercial areas.

Table 5-1. Residential Plan Districts

Plan Designation	Characteristics	Implementing Zone(s)*	Density Range (dwellings per gross acre)**
Urban Low Density	<p>The Urban Low Density designation is intended for low density urban residential development. It may be used in areas that are already developed with low density housing where minimal infill is appropriate or on vacant land as part of a “transect” from urban to rural densities where consistent with the Growth Management policies of this Plan.</p> <p>It is intended to provide for residential uses, with an emphasis on single family detached homes, although a broader mix of housing types is encouraged for new neighborhoods.</p>	Residential Low Density (RL)	Min: 1.1 Max: 4.0
Urban Standard Density	<p>The Urban Standard Density designation is intended to provide opportunities for a variety of residential housing types at the most common residential densities in places where sewer and water services are available. It is intended to provide for residential uses, with a mix of single family detached homes and other housing types at a scale compatible with single family homes. It also provides opportunities for supporting public and institutional uses on a case-by-case basis.</p>	Residential Standard Density (RS)	Min: 4.0 Max: 7.3
Urban Medium Density	<p>The Urban Medium Density designation is intended to provide for a mix of housing types, with an emphasis on multifamily residential and medium-scale attached housing types, and opportunities for limited neighborhood commercial uses. It also provides opportunities for supporting public and institutional uses on a case-by-case basis. It is suitable in areas where sewer and water service are available. It is most appropriate for areas in proximity to commercial areas and along or near major transportation and transit corridors.</p>	Residential Medium Density (RM)	Min: 7.3 Max: 21.7
		Medium–10 Density Residential (RM-10)	Min: 6.0 Max: 10.0





Plan Designation	Characteristics	Implementing Zone(s)*	Density Range (dwellings per gross acre)**
Urban High Density	The Urban High Density designation is intended to provide land for primarily high density multifamily residential, with opportunities for neighborhood commercial uses. It also provides opportunities for supporting public and institutional uses on a case-by-case basis. It is generally suitable for locations in proximity to downtown, commercial areas and/or transit corridors.	Residential High Density (RH)	Min: 21.7 Max: 43.0

\* Inside the Bend UGB, the Urban Area Reserve (UAR-10) and Suburban Residential (SR-2½) zoning districts are holding zones to preserve land for future urban development consistent with underlying urban plan designations. They are intended to provide limited opportunities for housing and limited other rural uses that will not interfere with future development of urban uses. Inside the Bend UGB, the SR-2½ district is intended for use only for areas with existing rural development patterns, and is generally not appropriate for large tracts of vacant land.

\*\* See Bend Development Code for methodology to calculate minimum and maximum densities.

## GOALS

The intent of the Comprehensive Plan is to provide and maintain sufficient residential land to accommodate needed housing units under Statewide Planning Goal 10 (Housing). The following goals set the context for the policies in this chapter. The citizens and elected officials of Bend wish to:

- Keep our neighborhoods livable by offering a variety of living styles and choices, creating attractive neighborhoods located close to schools, parks, shopping and employment.
- Accommodate the varied housing needs of citizens with particular concern for safety, affordability, open space, and a sense of community.
- Recognize the importance of transportation linkages (streets, bikeways, sidewalks and paths) in connecting neighborhoods and building and maintaining a sense of community.
- Promote more flexibility in development standards to balance the need for more efficient use of residential land and preservation of natural features.
- Zone adequate land in specific designations to allow for production of needed housing units.



## POLICIES

### *Population Forecasts*

- 5-1 The City will coordinate with and provide data to Portland State University for their preparation and regular update of a coordinated 50-year population forecast for the Urban Growth Boundary.
- 5-2 Using the new coordinated 50-year forecast, the City will, within 5 years after acknowledgment of the current update becomes final and no longer subject to appeal, initiate a supplemental legislative review of the UGB and/or urban reserve area planning to demonstrate continuing compliance with state needed housing laws for a new full 20-year planning period.
- 5-3 The City will use regular updates of population forecasts and Housing Needs Analyses to monitor housing trends relative to the planned housing mix, densities, location, and affordability assumed within the Urban Growth Boundary.

### *Housing Mix, Density, and Affordability*

- 5-4 The City will apply plan designations, zoning districts and development code regulations to implement the mix of housing indicated in the adopted Housing Needs Analysis.
- 5-5 The main purpose of maximum densities shown on the Plan Map is to maintain proper relationships between proposed public facilities and services and population distribution. One purpose of minimum densities is to assure efficiency of land use, particularly for larger sites. Another is to encourage development of housing in locations and at densities that support healthy, accessible, and affordable housing choices.
- 5-6 Upon application, the City shall zone residential lands within City's corporate limits in accordance with their plan designations, and without a separate showing of public need, subject only to conditions, if applicable, requiring availability of public sewer or public water before occupancy.
- 5-7 The City will continue to create incentives for and remove barriers to development of a variety of housing types in all residential zones, consistent with the density ranges and housing types allowed in the zones. This policy is intended to implement the City's obligation under the State Housing Goal to "encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type, and density".



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- 5-8 The City will apply innovative and flexible zoning tools to support a mix of housing types and densities.
- 5-9 The City and County will support public and private non-profit and for-profit entities that provide affordable housing in Central Oregon.
- 5-10 The City and County will coordinate with each other and other affected governments as required by the State Housing Goal to ensure that “the needs of the region are considered in arriving at a fair allocation of housing types and densities” and that “needed housing is provided on a regional basis through coordinated comprehensive plans”.
- 5-11 The City will continuously monitor the yield of efficiency measures as required by the state needed housing statute and publish the results on its Growth Management Documents website not less than once a year.
- 5-12 To promote complete neighborhoods and the integration of other supporting uses, the City will employ a master planning process for large development sites which are 20 acres or greater. The master plan process will offer two options for approval: 1) applying clear and objective standards or 2) applying discretionary standards for more flexibility.
- 5-13 Existing residentially-designated areas that are adjacent to commercial or mixed use designations may be re-designated for Residential Medium and High density development.
- 5-14 The City will support re-designation of suitable areas that are within a 1/4-mile walk to transit corridors from a lower density designation to a higher density designation, where plan amendment criteria are otherwise met.
- 5-15 The City shall employ special redevelopment standards and other strategies for manufactured home parks as an incentive to retain and redevelop existing affordable housing stocks at affordable prices and rent levels.
- 5-16 The City may consider density bonuses as an incentive to providing affordable housing.
- 5-17 The City will monitor parking needs for residential uses and set parking requirements to the lowest standards that will meet the community’s needs in order to reduce land utilized for parking, reduce the cost of housing development, and encourage a more walkable development pattern.
- 5-18 The City will assist in identifying, obtaining and leveraging funding sources for the development of new housing for very low, low, and moderate - income residents, as determined by appropriate



percentages of Area Median Family income in the Housing Needs Assessment.

- 5-19 The City will monitor the results of actions and programs funded through the use of the City’s Affordable Housing Fee Trust Fund.
- 5-20 When affordable housing development is required by City policy or code or to meet eligibility criteria for a City incentive program or a policy requirement, affordable housing means housing with a sales price or rental amount that is within the means of a household that may occupy moderate- and low-income housing. Unless otherwise specified, affordable housing must meet one of the thresholds defined below. Nothing in this policy prevents the city from providing support for housing at other levels of affordability.
  - o In the case of dwelling units for sale, affordable means housing in which the mortgage, amortized interest, taxes, insurance, and condominium or association fees, if any, constitute no more than 30 percent of such gross annual household income for a for a family at 80% of the area median income, based upon most recent HUD Income Limits for the Bend Metropolitan Statistical Area (Bend MSA).
  - o In the case of dwelling units for rent, affordable means housing for which the rent and utilities constitute no more than 30 percent of such gross annual household income for a family at 60% of the area median income, based upon most recent HUD Income Limits for the Bend MSA.
- 5-21 In order to ensure the continued affordability of affordable housing that has been committed by a property owner or required by the City, the City may:
  - o Specify a minimum number of years that affordability must be maintained;
  - o Require an applicant to demonstrate how affordability will be ensured throughout the specified period, including addressing how units will be made available to households meeting the targeted income level, resale/recapture for ownership units, and/or rent increases for rental units, as applicable;
  - o Establish phasing requirements for construction of affordable housing units;
  - o Condition land use approvals to implement affordable housing requirements;
  - o Require restrictive covenants, deed restrictions, and/or related instruments as deemed necessary by the City; and/or
  - o Require other measures deemed necessary by the City.



### *Residential Compatibility*

- 5-22 Private and public nonresidential uses are necessary and will be encouraged within residential areas for the convenience and safety of the residents. Such facilities shall be compatible with surrounding developments, and their appearance should enhance the area.
- 5-23 Of necessity, nonresidential uses may abut residentially planned and zoned areas in different parts of the community. In these instances, nonresidential uses will be subjected to special development standards such as setbacks, landscaping, sign regulations, and building design that harmonize and provide transitions consistent with the primary purposes of the adjacent zones.
- 5-24 Homes built to HUD Class A manufactured home standards will be permitted in manufactured home parks, or on individual lots. Non-Class A manufactured homes may be allowed in manufactured home parks or as replacement for non-conforming manufactured homes subject to conditional use approval standards that are clear and objective and that encourage retention and replacement of existing affordable housing stock.
- 5-25 Homes built to HUD manufactured home standards located on individual lots in areas already developed with conventional housing shall be subject to special siting standards as provided by state needed housing law.
- 5-26 Manufactured and modular homes meeting IRC Modular and CABO building code standards shall be permitted on the same basis as site-built homes.
- 5-27 Private covenants and deed restrictions recorded hereafter that support compact urban form, higher densities and better access to affordable housing are encouraged as supportive of City policy.
- 5-28 Neighborhood commercial shopping areas may be located within residential districts and have development standards that appropriately limit their scale and recognize their residential setting.
- 5-29 In many cases, small home-based businesses are a legitimate use within residential areas, and may be permitted subject to design and nuisance standards in the Development Code.
- 5-30 Certain private recreational uses, such as golf courses or tennis courts, may be successfully integrated into residential areas provided the location, design, and operation are compatible with surrounding residential developments and do not prevent development of lands inventoried for needed housing to minimum density standards.



- 5-31 Residential areas will offer a wide variety of housing types in locations best suited to a range of housing types, needs and preferences.

### *Neighborhood Appearance*

(See related policies in Chapter 9, Community Appearance.)

- 5-32 Above-ground installations, such as water and sewer pumping stations, power transformer substations or natural gas pumping stations, shall be screened and designed to blend with the character of the area in which they are located.
- 5-33 All new developments shall include trees in the road right of way, as practical, in the planter strip between the curb and sidewalk.
- 5-34 Walls and fences along arterial or collector streets shall be subject to special design standards. The area between the fence or wall and the curb or pavement shall be landscaped.
- 5-35 All residential development will respect the natural ground cover of the area and existing and mature trees within the community should be preserved where practicable.
- 5-36 The City encourages flexibility in design to promote safety, livability and preservation of natural features. To that end, the City will provide development code standards to allow flexibility on dimensional standards, such as lot size and setbacks, to achieve these objectives.
- 5-37 Hillside areas shall be given special consideration in site design by both the developer and local regulations. Building sites, streets, and other improvements shall be designed and permitted in a manner that will minimize excessive cuts and fills and other erosion-producing changes. (Note: see related policies in Chapter 10, Natural Forces.)

### *Transportation connectivity*

(See related policies in Chapter 7, Transportation Systems, and Chapter 3, Community Connections.)

- 5-38 Medium-and high-density residential developments should have good access to transit, K-12 public schools where possible, commercial services, employment and public open space to provide the maximum access to the highest concentrations of population.
- 5-39 Street widths on residential local streets shall be as narrow as reasonably possible to preserve safety, and limit the effects of surface runoff and excessive vehicle speed.



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- 5-40 The City may require adjustments to the street design in order to discourage high speed traffic on local residential streets.
- 5-41 In all residential areas the City shall encourage the use of open space amenities such as landscaped traffic islands or extra-width planting strips.
- 5-42 Schools and parks may be distributed throughout the residential sections of the community, and all types of dwelling units should have safe and convenient access to schools and parks.
- 5-43 The City will coordinate with the school and parks districts to ensure that the respective plans of each local government are coordinated and consistent with state law.
- 5-44 Sidewalks will be required in all new developments. Separated sidewalks will be required on all new streets. However, an alternative system of walkways that provide adequate pedestrian circulation may be approved.
- 5-45 Per the City's Transportation Systems Plan, the City will complete or connect priority walkways on routes to schools, parks, or commercial areas.
- 5-46 Bikeways shall be considered as a transportation element, and adequate facilities shall be provided as a part of new development.
- 5-47 Efforts will be made to extend trails, pedestrian ways, and bikeways through existing residential areas. Existing trails, pedestrian ways, and bikeways will be extended through new developments to allow further extension and promote alternative modes of travel.
- 5-48 The City will encourage pedestrian scale block length to encourage connectivity and pedestrian access. When existing conditions or topography prevent a cross street, a pedestrian accessway to connect the streets may be required.
- 5-49 Residential local streets shall be developed whenever practicable to increase connectivity within and between neighborhoods.
- 5-50 Cul-de-sac and "hammer-head" residential streets may be allowed only where existing development, steep slopes, open space, or natural features prevent connections, or when the objectives of connectivity are met within the neighborhood.
- 5-51 The City will consider the need for emergency equipment access for any new development.



### *Public utilities and services*

(See related policies in Chapter 1, Plan Management and Citizen Involvement and Chapter 8, Public Facilities and Services.)

- 5-52 All residential areas will be provided with community water and sewer services and other facilities necessary for safe, healthful, convenient urban living consistent with the density of development.
- 5-53 Residential development shall be coordinated with other land use elements and community facilities which are consistent with projected housing densities.
- 5-54 Electric power, telephone, and cable TV distribution and service lines shall be located underground in new developments.
- 5-55 New street names shall be unique within the County.

### *Destination Resorts*

- 5-56 A destination resort within the Urban Area Reserve may be served by municipal water and sewer service or an approved community water and sewer service for domestic use compliant with state law.
- 5-57 Properties that are eligible for destination resort development will lose that eligibility upon inclusion into the UGB.

### *Refinement Plan Areas*

(See related policies in Chapter 11, Growth Management and Chapter 1, Plan Management and Citizen Involvement.)

- 5-58 A refinement plan that includes residential areas may prescribe residential density limits on specific properties which differ from the density range provided for in the Comprehensive Plan. However, the average density of residential development allowed within a refinement plan area shall not be less than 80 percent or more than 100 percent of the maximum density, including applicable density bonuses or transfers, prescribed for the area by its pre-existing comprehensive plan map designations.