



City of Bend

Housing Capacity Analysis 2025 to 2045 (DRAFT) 06/22/2023



CITY OF BEND

Acknowledgements

MIG and ECONorthwest prepared this report for the City of Bend. MIG, ECONorthwest, and the City of Bend thank those who helped develop the Bend Housing Capacity Analysis.

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This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.



Table of Contents

Executive Summary	i
1. Introduction	1
Framework for a Housing Capacity Analysis.....	4
Organization of This Report	5
2. Demographic and Other Factors Affecting Residential Development in Bend	7
Data Used in This Analysis	7
Demographic and Socioeconomic Factors Affecting Housing Choice	9
Regional and Local Trends Affecting Affordability in Bend	32
Summary of the Factors Affecting Bend’s Housing Needs	51
3. Historical and Recent Development Trends	54
Trends in Housing Mix	56
Housing Mix	56
Building Permits	59
Trends in Housing Density	60
Trends in Tenure	62
Vacancy Rates	65
Income-Restricted Affordable Housing	66
Manufactured Homes	68
4. Projected New Housing Units Needed in the Next 20 Years	70
Forecast for Housing Growth.....	70
Housing Units Needed Over the Next 20 Years	71
Other Housing Needs.....	78
5. Residential Buildable Lands Inventory: Results	81
Land Base	81



Acreage and Base-Case Capacity	89
Summary of Results	96
6. Development Scenarios.....	99
Overview	99
Assumptions.....	100
Changes to Capacity.....	102
7. Residential Land Sufficiency	105
Land Sufficiency Based on 2022 Capacity.....	105
Estimated Land Sufficiency Based in 2025.....	108
Conclusions	111
Appendix A: National and State Trends Affecting Residential Development in Bend	113
National Trends.....	113
State Trends	121
Appendix B: Details on Capacity for Special Cases	126
Appendix C: Scenario Planning Methods and Assumptions.....	130
Introduction and Scenario Model.....	130
Use of Land Use Scenarios in Bend.....	131
Model Results	132
Development Types	132
Land Use Scenarios Summary	135
Appendix D: Summary of Input from Developer Interviews on Mixed-Use Development Potential	139
Current and Future Multiunit Housing Development Trends	139



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Executive Summary

Context

Over the past decade, Bend has become both increasingly urban and increasingly unaffordable as demand for housing in the City has soared, with housing costs increasing faster than household income. When the City expanded the Urban Growth Boundary (UGB) in 2016, it also put in place a range of policies that encouraged multiunit infill and redevelopment within centrally located “Opportunity Areas” and ensured a mix of housing types in new “Expansion Areas.” In the years since, the City has gone further by allowing middle housing throughout lower-density residential zones, investing in the Core Area to encourage additional development, and eliminating minimum parking requirements Citywide. The City has also approved smaller UGB expansions for housing and affordable housing since 2016. These policies and actions have created broad development and redevelopment opportunities for multiunit housing and middle housing. The City also increased its investments in and policy support for affordable housing development. Despite these efforts, housing supply has not kept up with demand—particularly the recent surge in demand that began with the COVID-19 pandemic and the nationwide shift to outlying, highly livable communities like Bend—and housing affordability is a bigger challenge than ever.

Purpose

This document provides data on Bend’s growth, demographic, housing market, and development trends to inform an assessment of future housing needs to accommodate population growth; summarizes estimates of the City’s existing capacity for housing development; and highlights anticipated gaps between the supply of land for housing and the need for additional housing. This document is a draft intended to support stakeholder and policymaker discussions of policy choices to meet Bend’s housing needs. Those policy choices will be reflected in a final version of this document that expresses how Bend intends to meet its anticipated housing needs over the next 20 years.

Key Findings

Drivers of Housing Needs

- **Housing affordability is a continuing and growing challenge in Bend.** Housing affordability is a challenge in most of the Central Oregon region in general, and Bend is affected by these regional

trends. Housing prices are increasing faster than incomes in Bend and Deschutes County, which is consistent with state and national challenges. Since 2014, rental costs increased by about 47% and sales prices increased by about 179%. But incomes in Bend (and the Central Oregon region) have only increased by 23% (not adjusted for inflation) since 2014. In addition, over half of renter households are cost burdened (52%).

- **Key demographic and economic trends that will affect Bend’s future housing needs are (1) the aging of baby boomers, (2) the aging of millennials and Generation Z, and (3) the continued growth in the Hispanic and Latino/a/x population.**
 - *The baby boomer population is continuing to age.* As this population ages, household sizes will decrease and the demand for specialized senior housing, such as age-restricted housing or housing in a Continuum of Care from independent living to nursing home care, may grow in Bend.
 - *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2025 and 2045, millennials and Generation Z will be a key driver in demand for housing for families with children—specifically, relatively affordable renter and ownership housing large enough to accommodate families and located in more urban and walkable environments.¹
 - *Hispanic and Latino/a/x population will continue to grow.* Hispanic and Latino/a/x population growth will be an important driver in demand for owner and renter-occupied housing as well as housing for families with children. Given the average lower income for Hispanic and Latino/a/x households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting.

Bend’s Housing Stock

- **Bend’s housing stock is predominantly single-unit detached housing units.** Seventy-four percent of Bend’s housing stock is single-unit detached; 13% is multiunit (with five or more units per structure); 8% is duplexes, triplexes, or quadplexes; and 5% is single-unit attached (e.g., townhomes).
- **Single-unit detached housing accounted for the majority of new housing permitted in Bend between 2014 and 2022, but the mix is shifting.** About 58% of permits were for single-unit detached, 10% for middle housing (including single-unit attached), and 32% for multiunit housing (including multiunit housing in mixed-use buildings). While the housing type categories have shifted to better encompass middle housing types, this represents a shift from the 2008-2014 period when 83% of permitted units were single-unit detached.

¹ Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Stochak, Sarah. (2018). Millennial Homeownership, Why Is It So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

- **New housing is being built at higher densities than in the past.** Between 2014 and 2022, Bend’s newly permitted housing was developed at a net density of 8.8 dwelling units per net acre overall. For comparison, in the 1998-2008 period, the average was 5.7 dwelling units per net acre.
- **There has been an investment in affordable housing in Bend.** There were 19 income-restricted government-assisted rental housing developments in Bend with a total of 1,021 dwelling units as of 2019; since then, Bend has added its largest affordable housing development to date with 240 units, along with several other smaller projects. The City also has 83 deed-restricted homeownership units as of March 2023. In addition, Bend has 578 beds for people experiencing homelessness, including year-round emergency shelters and permanent supportive housing.
- **Bend’s manufactured homes provide a rare source of unregulated affordable housing and a form of homeownership that can be made available to low- and moderate-income households.** Bend has 17 manufactured home parks within its city limits. Within these parks, there are a total of 1,517 spaces (of which 48 were vacant as of March 2022).

Projected Housing Needs

- **Bend will need 19,255 new dwelling units to accommodate growth from 2025 to 2045** with an annual average of 963 dwelling units, based on forecasted population growth, the current average household size, and a normal market vacancy rate. After accounting for additional demand for second homes at roughly 5% of new housing units, this brings the City’s projected total housing need to 20,218 dwelling units from 2025 to 2045.

If the City were to account for historic underproduction and housing for those experiencing homelessness, this would increase the total further (by roughly 4,500 units based on early estimates under a pilot methodology), but changes to state law to incorporate these factors into the Housing Capacity Analysis have not yet taken effect.

- Based on the drivers of housing needs summarized above, **Bend will need to continue its shift toward a broader range of housing types with a wider range of price points compared to the existing housing stock.** At a minimum, this suggests a continuation of recent trends toward a greater mix of housing types. However, to further increase affordability, the City may need to plan for future housing mix that not only continues recent trends but continues to shift further over time. This could mean a bigger shift toward middle housing development and/or a greater increase in multiunit housing. This range of future mixes is discussed in detail in Chapter 4.

Buildable Lands Inventory

- **There is overall capacity for roughly 22,900 units within the existing Urban Growth Boundary** under Base Case assumptions (continuation of recent trends).
 - **The majority of capacity in the City of Bend lies in areas with some form of existing approval or specific housing target (master plans, Expansion Areas, or legislative**

additions). UGB Expansion Areas and subsequent legislative additions² that have adopted policies that specify minimum housing unit targets and mixes provide capacity for over 10,000 units. Other approved master plans will provide capacity for over 2,500 units. “Opportunity Areas” that were identified for mixed-use or housing at the time of the 2016 UGB Expansions are expected to provide capacity for over 2,900 units.

- A significant amount of additional capacity (roughly 1,400 units) is in platted lots, which are in the process of building out.
- Of the City’s unplatted land without current approvals, the majority of the capacity lies in the Standard Density Residential District (RS), which is expected to develop primarily as single detached units in the Base Case based on historical trends but now allows for middle housing development as well.
- **There are several policy and market variables that could alter housing capacity in Bend that are not reflected in the Base Case assumptions,** including elimination of minimum parking requirements Citywide, designation of Climate Friendly Areas (CFAs)³ under the Climate Friendly and Equitable Communities (CFEC) rules, potential for a greater market response to expanding options for middle housing pursuant to HB 2001 (2019) and the associated administrative rules, and additional potential changes to zoning (density, height limits, etc.) that the City could consider as potential efficiency measures. These variables are not expected to change the outcomes for areas with platted lots, master plan approvals, or policy targets for housing mix. These factors could increase housing capacity by roughly 3,500 dwelling units—roughly a 12-15% increase in capacity. Most of the increase comes from additional housing development in commercial and mixed-use areas and some increase to middle housing development in existing neighborhoods.
- **Housing continues to be built, and there is a gap between the date of the BLI (start of Q3 2022) and the start date for the 20-year forecast (start of Q3 2025).** In the three intervening years, Bend can expect to continue to see housing development, which will reduce the remaining land supply. This development is expected to consume roughly 3,700 units’ worth of capacity prior to the start of the 20-year forecast period.

Residential Land Sufficiency

- Comparing the range of housing needs and the range of housing capacity explored through this analysis, and accounting for the additional capacity that will be consumed prior to the start of the 20-year planning period, suggests that Bend will likely have:

² Specific state legislation added or will add areas such as the Stevens Road Tract and Parkside Place property.

³ According to the Department of Land Conservation and Development’s Climate-Friendly Area Methods Guide, “a CFA is an area where residents, workers, and visitors can meet most of their daily needs without having to drive. They are urban mixed-use areas that contain, or are planned to contain, a greater mix and supply of housing, jobs, businesses, and services. These areas are served, or planned to be served, by high quality pedestrian, bicycle, and transit infrastructure to provide frequent, comfortable, and convenient connections to key destinations within the city and region. CFAs typically do not require large parking lots and are provided with abundant tree canopy.”

- **Deficit of capacity for single-unit housing**, even if the needed mix shifts more heavily toward middle housing and multiunit housing compared to recent trends. This deficit is estimated at between 200 and 700 acres of land need, depending on the selected mix and capacity scenarios.
- **Small surplus or deficit of capacity for middle housing**, depending on how much middle housing is built and how much of the City’s needs are assumed to be met through middle housing. This reflects the uncertainty about how much middle housing will be built in areas where it is newly allowed and how well it can meet the City’s housing needs.
- **Some surplus capacity for multiunit housing**. In all scenarios, there is more capacity for multiunit housing development than is expected to be needed over the 20-year planning period, even if the needed mix shifts more heavily toward multiunit housing.

Policy Implications and Next Steps

The City faces important policy choices as it considers what types and amount of housing will likely be needed over the next 20 years to accommodate further growth (and, potentially, to make up for past underproduction and meet existing needs for housing for the houseless⁴). There is a need for more market-produced housing that is comparatively more affordable. There is a need for still greater investment in deeply affordable housing and to ensure there are ample opportunities for it to be built in appropriate and equitable locations. There is also a compelling argument to allow the market to deliver housing that meets demand from higher-income households, who would otherwise drive up the prices of existing housing. The City must also weigh climate goals (and state requirements) that suggest a continued focus on density and growth in locations that support walkability and transit use over single-occupancy vehicle trips.

This analysis suggests that the City may not have enough land planned for single-unit detached development to accommodate 20 years of growth (once near-term development is accounted for), regardless of the specific housing mix. At the same time, Bend likely has adequate land planned to allow for multiunit development in a range of locations. There may be more land planned for multiunit development than is needed over the 20-year planning horizon, but because some of this capacity is based on redevelopment potential, which has much greater uncertainties, some “excess” capacity for multiunit housing may be desirable. Middle housing need and production are harder to predict because the full impact of recent policy changes is not yet clear, but this also means that it may be too

⁴ Note that state law does not yet allow Bend to count these needs in making UGB expansion decisions, but they are a qualitative consideration in evaluating mix, affordability, and appropriate policy responses.

soon to suggest changing course on these regulations, regardless of whether the numbers ultimately show a small deficit or a small surplus.

There are substantial portions of the 2016 UGB Expansion Areas that are not yet developed or fully entitled, and there may be opportunities to adjust policy requirements in those areas to better align with the balance of housing needed going forward while still maintaining a focus on complete communities with a range of housing options. This issue is a central focus of the City's next steps in assessing its future housing need.

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1. Introduction

This report presents Bend’s Housing Capacity Analysis (HCA) for the 2025 to 2045 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Bend grew from 52,029 people in 2000 to 100,922 people in 2021, an increase of 48,893 people or 94% growth. Between 2000 and 2019, Bend added 19,498 new housing units, which is growth of 86%.

Housing affordability has decreased in Bend over the last two decades. In 2000, the median home value was 3.4 times the median household income in Bend. By 2019, the median home value was 5.9 times the median household income, showing that housing values grew faster than incomes.

In 2019, 19% of Bend’s households were cost burdened.⁵ Cost burden was higher for renter households, with 52% of renters cost burdened, including 27% severely cost burdened (and spending 50% or more of their incomes on housing costs). Since 2014, rental costs increased by about 47% and sales prices increased by about 179%. But incomes in Bend (and the Central Oregon region) have only increased marginally or remained flat over the last two decades.

Since the completion of the 2016 Housing Needs Analysis, the City has taken many actions, including a wide variety of zoning and policy changes, to support the development of housing—especially affordable housing. These adopted zoning and policy changes include density bonuses, increases in maximum densities in the Low Density Residential (RL) and Standard Density Residential (RS) districts, decreases to minimum lot sizes across all residential zones, and removing minimum lot sizes entirely for multiunit development in the Medium Density Residential (RM) and High Density Residential (RH) districts. Zoning changes also included changing single-unit attached units from a conditional use to a permitted use in the RS district and permitting duplexes and triplexes as a permitted use in the RS District. At the same time, single-unit detached units became prohibited in the RH district. New requirements were put in place for 50% of units in developments between 3 and 20 acres in the RM zone to be 50% to be single-unit attached housing, duplexes, triplexes, or multiunit developments. All

⁵ The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.”

of these changes to the development code resulted in higher proportions of single-unit attached housing, middle housing, and multiunit developments than seen previously in Bend.

Additional policy and code amendments that have been made to support affordable and needed housing include:

- Removing conditional use permit and parking requirements for Accessory Dwelling Units (ADUs), increasing ADU unit size to 800 sq. ft.
- Reduced System Development Charges (SDCs) for ADUs
- Exempting duplexes and triplexes from density maximums
- Allowing for townhomes in low-density zones
- Allowing for residential uses as part of a mixed-use development in all commercial zones
- Establishing new middle housing types, including cottage housing, small dwelling unit development, micro-units, and shared courts
- Increased lot coverages for middle and multifamily in RM
- Expedited review (beyond state requirement)
- Creation of an Urban Renewal TIF to contribute to development of new housing
- Updating Comprehensive Plan definitions for Affordable Housing
- Including requirements for dedicated Affordable Housing in Annexation agreements
- Area planning for annexation areas
- System Development Charge Exemptions
- Low-income property tax exemption (ORS 307.515)
- Affordable Housing Fund
- SDC financing & deferral
- Manufactured Home Park Closure Ordinance
- Surplus land at cost for AH
- All middle housing exempt from density maximums and allowed in all residential zones
- Adopting standards for Urban Dwelling Sites (HB 3450) to allow for additional housing in commercial zones
- Affordable Housing Pilot (HB 4079)
- Stevens Road, state land – (HB 3318)
- Streamlined the permitting process
- Removed minimum parking requirements for all uses, including housing.

- Removed all maximum density restrictions for deed-restricted affordable housing in RM or RH zones
- Created a pre-approved plan program for ADUs and other housing

In addition, Bend expanded its UGB twice since it last completed a Housing Needs Analysis in 2016. The first expansion included about 1,140 acres of residential land. Of that, about 162 acres were added to accommodate attached and multiunit housing (in the RM and RH zones), as well 187 acres added in mixed-use zones. Most recently the City expanded its UGB to include about 38 acres of land for market-rate and affordable housing for the HB 4079 affordable housing project. The City is also pursuing a separate UGB expansion under 2021 HB 3318 to include about 262 acres in the Stevens Road Tract for residential uses, as well as land for employment, open space, and parks. These expansions were intended to provide additional opportunities for residential development, especially affordable housing.

The changes in Bend's housing market, as well as that of other communities in Deschutes County, make this a good time to update Bend's Housing Capacity Analysis (HCA) and to plan to meet the housing needs of residents over the next 20 years. This report provides Bend with a factual basis to update the Housing Element of the City's Comprehensive Plan and Development Code, support future planning efforts related to housing, and implement options for addressing unmet housing needs in Bend. It provides the city with newer information about the housing market in Bend and describes the factors that will affect future housing demand in the city, such as changing demographics.

This analysis will help decision-makers understand whether Bend has enough land to accommodate growth over the next 20 years and inform future recommendations for changes to Bend's development code and other housing policies intended to support the development of needed housing in Bend.

Framework for a Housing Capacity Analysis

For context, in this report “housing” refers to a bundle of services for which people are willing to pay. This includes shelter but also proximity to other amenities (employment, shopping, recreation) and access to public services (schools, parks, libraries). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make trade-offs. What they can get for their money is influenced both by economic forces and government policy. Moreover, individual households will value these trade-offs differently. They will have unique preferences, which in turn are a function of many factors like income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Most of the housing in the United States is built by the private market and, therefore, responds to economic and market factors. These economic and market forces have resulted in the production of units that have housed most of our nation’s households. But they have consistently left lower- and middle-income communities and communities of color with fewer housing options and competition for a limited supply of affordable housing units. The last two decades have seen significant increases in housing costs and much slower growth in household income, resulting in increasing unmet need for affordable housing.

This report provides information about how the choices of individual households and the housing market in Deschutes County and Bend have interacted, focusing on implications for future housing need in Bend over the 2025 to 2045 period.

Statewide Planning Goal 10

Oregon has long been a national leader in planning to accommodate growth. The state mandates local government compliance with 19 statewide planning goals, which include public engagement, planning for natural areas, planning for housing, and planning for adequate land to support economic development and industry growth, among others. Oregon’s Goal 10 requires each city to develop a housing capacity analysis, which must tie twenty years of projected household growth to units of varying densities and then determine whether there is adequate land inside the city’s urban growth boundary to accommodate those units. Goal 10 directs cities to plan for “housing that meets the housing needs of households of all income levels.” Oregon’s statewide land use planning system requires one of the most comprehensive approaches to planning for housing in the country.

Goal 10 provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies. At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008). Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low-incomes, very low-incomes and extremely low-incomes.” ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiunit housing for both owner and renter occupancy.*
- (b) Government-assisted housing.⁶*
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.*
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.*
- (e) Housing for farmworkers.*

Bend must identify needs for all the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This Housing Capacity Analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Demographic and Other Factors Affecting Residential Development in Bend** presents factors that affect housing need in Bend, focusing on the key determinants of

⁶ Government-assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

housing need: age, income, and household composition. This chapter also describes housing affordability in Bend relative to the larger region.

- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Bend’s housing market.
- **Chapter 4. Projected New Housing Units Needed in the Next 20 Years** presents the forecast for housing growth in Bend, describing housing need by density ranges and income levels.
- **Chapter 5. Residential Buildable Lands Inventory: Results** summarizes the methodology and results of Bend’s inventory of residential land.
- **Chapter 6. Development Scenarios** describes how recent and potential changes to development regulations and policy could impact residential land capacity in Bend.
- **Chapter 7. Residential Land Sufficiency** estimates Bend’s residential land sufficiency to accommodate expected growth over the planning period.
- Appendix A: National and State Trends Affecting Residential Development in Bend
- Appendix B: Details on Capacity for Special Cases
- Appendix C: Scenario Planning Methods and Assumptions
- Appendix D: Summary of Input from Developer Interviews on Mixed-Use Development Potential

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2. Demographic and Other Factors Affecting Residential Development in Bend

Demographic trends are important for a thorough understanding of the dynamics of the Bend housing market. Bend exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Bend at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, Bend is compared to Deschutes County and Oregon. Bend is also compared to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

Data Used in This Analysis

Throughout this analysis (including the subsequent section) we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from three Census sources:⁷

- The **Decennial Census** is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census collects detailed household information, such as number of people, household size, race and ethnicity, and age.
- The **American Community Survey (ACS)** is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g.,

⁷ It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as “sampling error” and is expressed as a band or “margin of error” (MOE) around the estimate. This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics. The most up-to-date ACS data available for this report was for the 2015-2019 period.

- **Comprehensive Housing Affordability Strategy (CHAS)** is a custom tabulation of American Community Survey (ACS) data from the US Census Bureau for the US Department of Housing and Urban Development (HUD). CHAS data show the extent of housing problems and housing needs, particularly for low-income households. CHAS data are typically used by local governments as part of their consolidated planning work to plan how to spend HUD funds and for HUD to distribute grant funds. The most up-to-date CHAS data covers the 2015-2019 period.
- **Central Oregon Association of REALTORS (COAR)** provides real estate sales data.

This report primarily uses data from the 2015-2019 ACS for Bend and comparison areas. Where information is available and relevant, this information is reported from the 2000 and 2010 Decennial Census. Among other data points, this report also includes data from Oregon’s Housing and Community Services Department, the US Department of Housing and Urban Development, and the City of Bend.

Through this report, data about Black, Indigenous, and people of color (BIPOC) was included where the information was available, to better explain disproportionate housing burdens for historically underrepresented groups. While this report attempts to make good use of the available data from the Census, it is important to acknowledge that the Census consistently undercounts BIPOC and low-income people.

Note to reviewers: This report uses information available from multiple sources, including the U.S. Census’ American Community Survey. Prior to adoption of the final HCA, additional information from the newly completed *City of Bend 2023-2027 Consolidated Plan* should be included to provide additional context to housing needs in Bend. In developing the *City of Bend 2023-2027 Consolidated Plan*, the City evaluated data trends over time and worked with stakeholders, including people from underrepresented groups such as People of Color, to better understand unmet housing needs.

Demographic and Socioeconomic Factors Affecting Housing Choice⁸

Analysts typically describe housing demand as the preferences for different types of housing (e.g., single-unit detached or multiunit) and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice. An individual's housing needs change throughout their life, with changes in income, household composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Bend's population changes, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Bend.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of baby boomers (people born from about 1946 to 1964), millennials (people born from about 1980 to 2000), and Generation Z (people born after 1997).
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiperson households (often with children).
- **Household income** is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-unit detached housing, duplexes, or buildings with more than five units) and to household tenure (e.g., rent or own).
- **Racial exclusion, neighborhood segregation, and exclusionary zoning** shaped development of Oregon's communities. The results of these policies are still seen in patterns of development and where people live.

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Bend over the planning horizon.

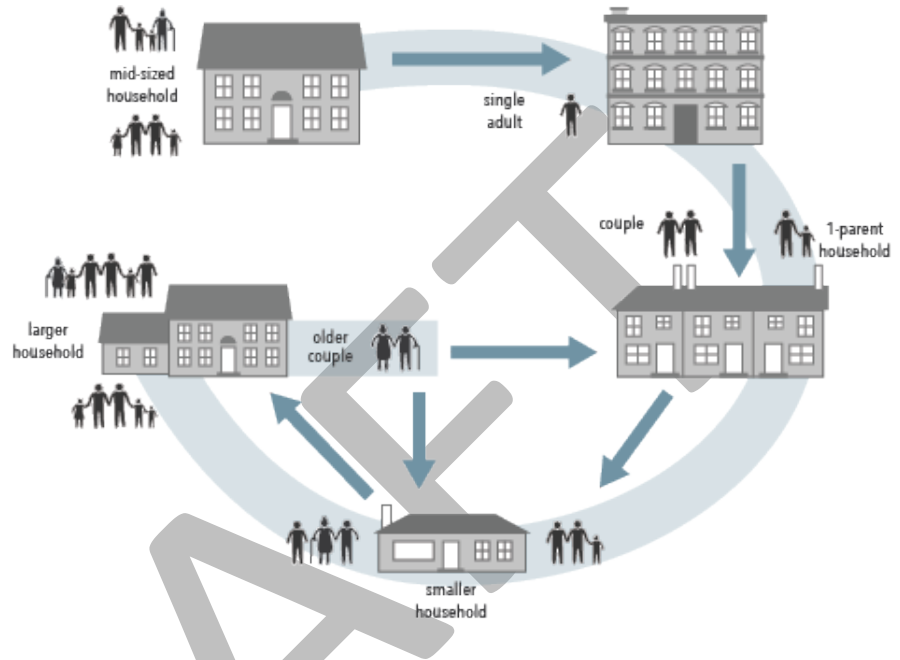
⁸ The research in this chapter is based on numerous articles and sources of information about housing and adapted to Bend's unique circumstances from prior housing capacity analyses. Additional information about National and State Trends is provided in Appendix A.

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of household.

Households of different sizes need different types of housing.

EXHIBIT 1. EFFECT OF DEMOGRAPHIC CHANGES ON HOUSING NEED

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

Bend's population growth will drive future demand for housing in the City over the planning period. Bend must use this forecast as the basis for forecasting housing growth over the 2025 to 2045 period. Exhibit 2 shows that Bend's population grew by 94% between 2000 and 2021. Bend added 48,893 new residents, at an average annual growth rate of 3.2%. This is nearly triple the rate of growth in Oregon overall.

EXHIBIT 2. POPULATION, BEND (CITY LIMITS), DESCHUTES COUNTY, OREGON, U.S., 2000, 2010, 2021

Source: US Decennial Census 2000 and 2010, and Portland State University, Population Research Center.

Geography	2000	2010	2021	Number Change 2000 to 2021	Percent Change 2000 to 2021	Average Annual Growth Rate
U.S.	281,421,906	308,745,538	331,893,745	50,471,839	18%	0.8%
Oregon	3,421,399	3,831,074	4,266,560	845,161	25%	1.1%
Deschutes County	115,367	157,733	203,390	88,023	76%	2.7%
Bend	52,029	76,639	100,922	48,893	94%	3.2%

Exhibit 3 presents Bend’s official forecast for population growth for the 2025 to 2045 period. It shows that Bend is forecast to grow by 44,744 people over the 20-year period.

EXHIBIT 3. POPULATION FORECAST, BEND (URBAN GROWTH BOUNDARY), 2025 TO 2045

Source: Portland State University, Population Research Center, Deschutes County Population Forecast, June 2022.

Year	Population
2025	111,062
2045	155,806
Change 2025 to 2045	
Number	44,744
Percent	40%
AAGR	1.71%

Aging Population

This section shows two key characteristics of Bend’s population, with implications for future housing demand in Bend:

- **Bend’s senior population grew between 2010 and 2019 and is expected to continue to increase.** The Deschutes County forecast share of residents aged 60 years and older will account for 33% of its population in 2045, compared to 29% in 2025 period. It is reasonable to expect that Bend’s senior population will grow consistent with regional trends, which will increase demand for housing that is suitable for seniors.

The impact of growth in seniors in Bend will depend, in part, on whether older people already living in Bend continue to reside there as they retire. National surveys show that, in general,

most retirees prefer to age in place by continuing to live in their current home and community as long as possible.⁹

- **Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments.** Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-unit homes (detached and attached) or multiunit homes, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in health-care needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.¹⁰
- **Bend has a larger proportion of younger working-aged people than Deschutes County and the same proportion as Oregon.** About 28% of Bend’s population is between 20 and 39 years old, compared to 24% of Deschutes County and 28% of Oregon.

People aged roughly 20 to 40 now are referred to as the millennial generation and account for the largest share of population in Oregon. By 2045, they will be about 45 to 65 years of age. Generation Z (those aged roughly 10 to 19 now) will be between 35 and 45 years old. The forecast for Deschutes County shows growth across both of these age groups through 2045, with 37% growth for people 40 to 59 years old by 2045.

Bend is currently attracting millennials. The community’s ability to continue to attract and retain people in this age group will depend, in large part, on whether housing is developed that both appeals to and is affordable to millennials and Generation Z, as well as jobs that allow younger people to live and work in Bend.

In the near term, millennials and Generation Z may increase demand for rental units. Research suggests that millennial housing preferences may be similar to those of baby boomers, with a preference for smaller, less-costly units. Recent growth in homeownership among millennials shows that the millennial homeownership rate increased from 33% in 2009 to 43% in 2019.¹¹

⁹ A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See <http://www.aarp.org/research>.

¹⁰ “Aging in Place: A toolkit for Local Governments” by M. Scott Ball.

¹¹ “Millennials and Housing: Homeownership Demographic Research.” Freddie Mac Single-Family, 2021.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.¹²

A survey of people living in the Portland region shows that millennials prefer single-unit detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.¹³ The survey results suggest millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey was conducted in 2014 and for the entire Portland region, it shows similar results to national surveys and studies about housing preference for millennials.

Growth in millennials and Generation Z in Bend will result in increased demand for both affordable single-unit detached housing (such as small single-unit detached units like cottages), as well as increased demand for affordable single-unit attached and multiunit housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. There is potential for attracting new residents to housing in Bend's commercial areas, especially if the housing is relatively affordable and located in proximity to services.

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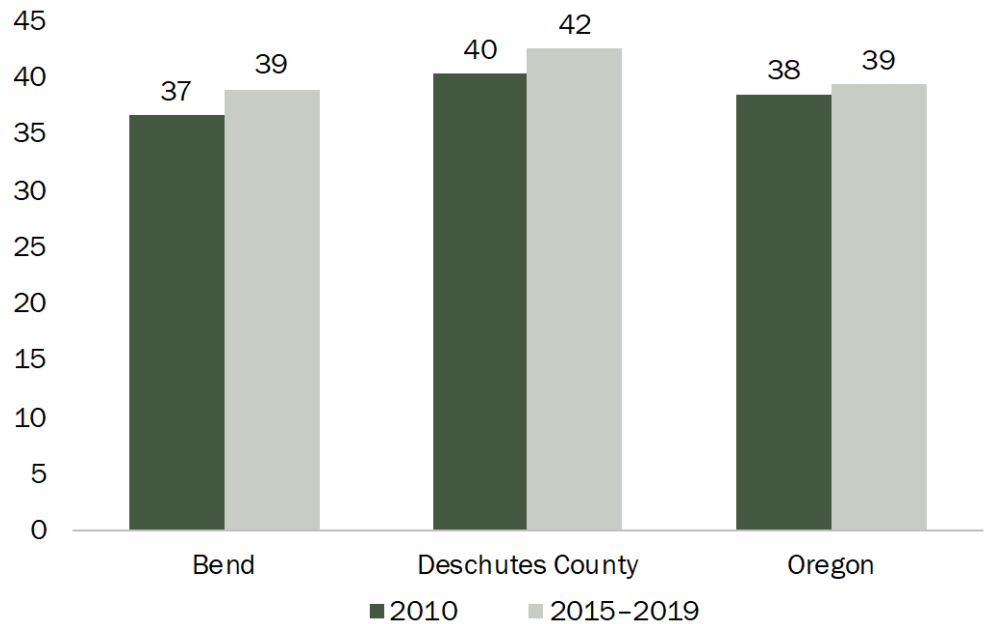
¹² "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021. <https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

¹³ Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2010 to 2015-2019, the median age in Bend increased from 37 to 39. Over this time period, the median age in Deschutes County also increased by two years, from 40 to 42.

EXHIBIT 4. MEDIAN AGE, BEND, DESCHUTES COUNTY, AND OREGON, 2010 TO 2015-2019

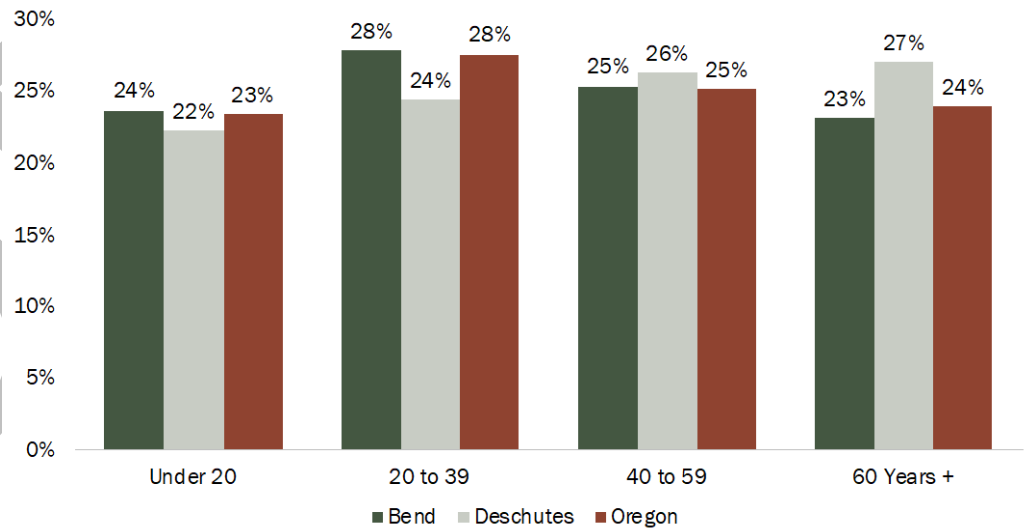
Source: US Census Bureau, 2010 Decennial Census Table P013001, 2015-2019 ACS, Table B01002.



52% of Bend's residents were under the age of 39 years. Bend had a smaller share of people over the age of 60 than the county and state and a slightly larger share of residents under the age of 20.

EXHIBIT 5. POPULATION DISTRIBUTION BY AGE, BEND, DESCHUTES COUNTY, AND OREGON, 2015-2019

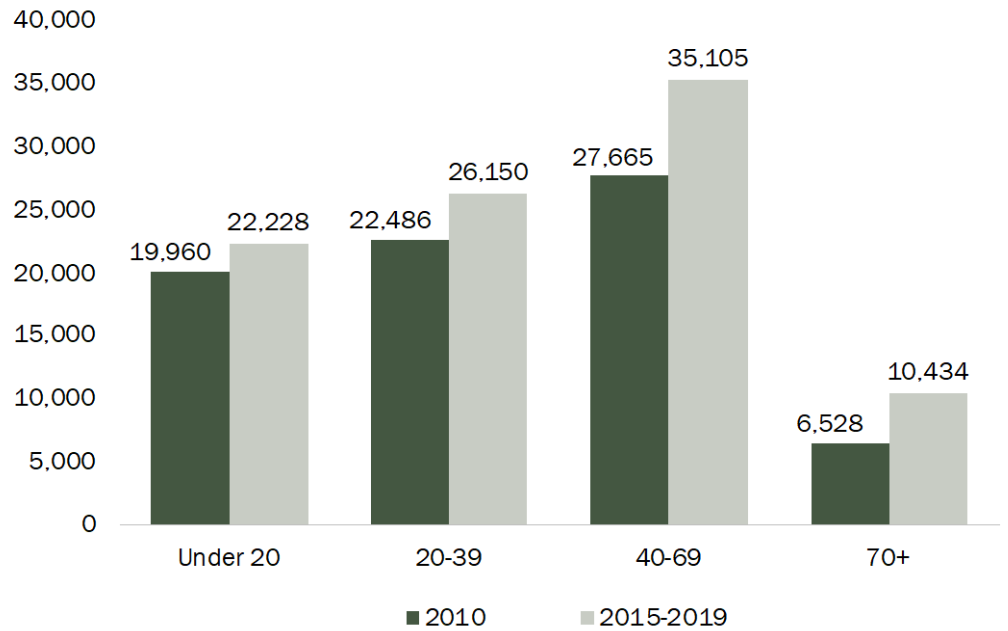
Source: US Census Bureau, 2015-2019 ACS, Table B01001.



Between 2010 and 2015-2019, the population of people aged 40-69 grew the most, increasing by 7,440 (from 27,665 in 2010 to 35,105 in 2015-2019).

EXHIBIT 6. POPULATION GROWTH BY AGE, BEND, 2010, 2015–2019

Source: US Census Bureau, 2010 Decennial Census Table P012001 and 2015–2019 ACS, Table B01001.



Between 2025 and 2045, people aged 60+ are expected to have the largest increase in population. In that time period, the number of Deschutes County residents ages 60+ are forecast to increase by 31,841.

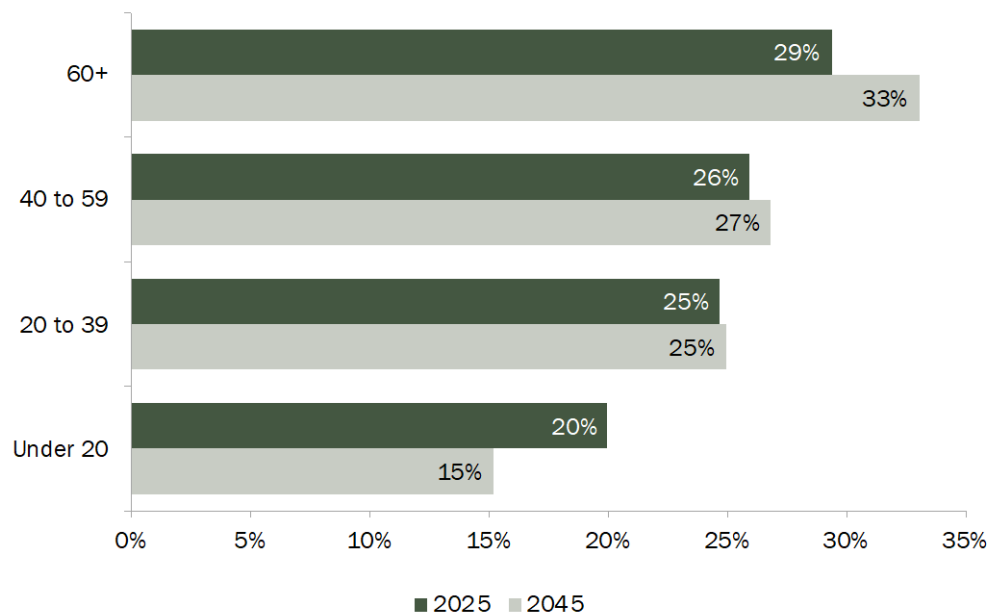
EXHIBIT 7. FASTEST-GROWING AGE GROUPS, DESCHUTES COUNTY, 2025 TO 2045

Source: PSU Population Research Center, Deschutes County Forecast, June 2022

1%	34%	37%	49%
273	18,437	21,214	31,841
People	People	People	People
Under 20	20-39 Yrs	40-59 Yrs	60+ Yrs

In Deschutes County, the age group projected to have the largest growth in population from 2025 to 2045 is people aged 60 and older. By 2045, residents who are 60 years and older are expected to make up 33% of Deschutes County's population.

EXHIBIT 8. POPULATION GROWTH BY AGE GROUP, DESCHUTES COUNTY, 2025 AND 2045
 Source: PSU Population Research Center, Deschutes County Forecast, June 2022.



Ethnic Diversity

The number of residents that identified as Latino/a/x increased in Bend by 2,411 people, from 6,256 people in 2010 to 8,667 people in the 2015-2019 period. The US Census Bureau forecasts that at the national level, the Latino/a/x population will continue growing faster than most other non-Latino/a/x populations between 2025 and 2045. The Census forecasts that the Latino/a/x population will increase 93%, from 2016 to 2060, and foreign-born Latino/a/x populations will increase by about 40% in that same time.¹⁴

Continued growth in the Latino/a/x population will affect Bend's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third-generation Latino/a/x immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that Latino/a/x households are twice as likely to include multigenerational households than the general populace.¹⁵ As Latino/a/x households change over generations, household size typically decreases and housing needs become similar to housing needs for all households.

¹⁴ US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*.

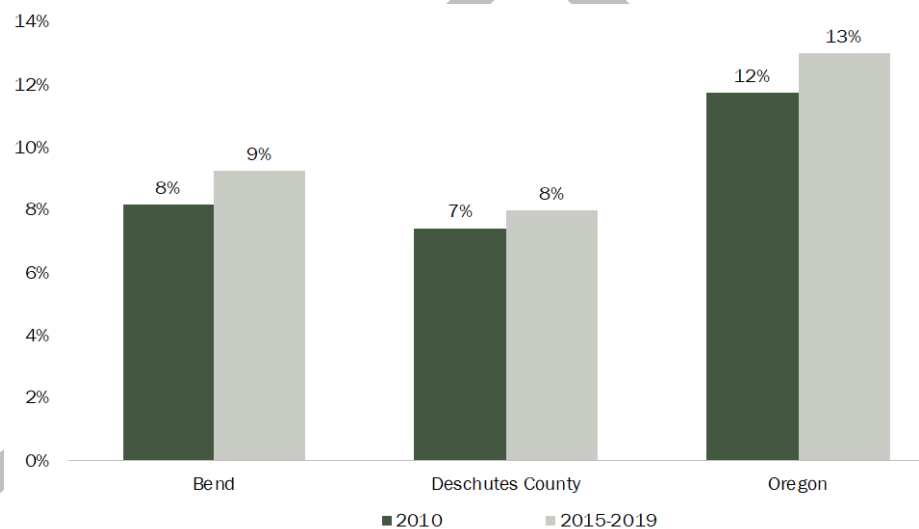
¹⁵ Pew Research Center. (2013). *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*. National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals, the Latino/a/x population accounted for 29.2% of the nation’s new household formation between 2017 and 2021.¹⁶ The rate of homeownership for Latino/a/x households increased from 45.6% in 2015 to 48.4% in 2021, compared to the statewide average of 61% in 2015 and 64% in 2021 for all households. Latino/a/x homeownership growth has remained steady over the last decade and is at its highest rates since 2009.

The share of Bend’s households that identified as Latino/a/x (of any race) increased by 1% between 2010 and 2015-2019, consistent with county and state trends.

EXHIBIT 9. LATINO/A/X POPULATION AS PERCENT OF TOTAL POPULATION, BEND, DESCHUTES COUNTY, OREGON, 2010 AND 2015-2019

Source: US Census Bureau, 2010 Decennial Census Tables P003001 and P005001, 2015-2019 ACS Tables B02001 and B03002.



¹⁶ National Association of Hispanic Real Estate Professionals (2021). *2021 State of Hispanic Homeownership Report*.

Racial Diversity

While the majority of Bend’s population is White, Bend has residents of many races, as shown in Exhibit 10, consistent with Deschutes County’s population.

EXHIBIT 10. POPULATION BY RACE/ETHNICITY AS A PERCENT OF TOTAL POPULATION, BEND, DESCHUTES COUNTY, OREGON, 2015–2019

Source: US Census Bureau, 2015–2019 ACS Table B02001 and B03002.

	Bend	Deschutes County	Oregon
Non-Hispanic or Latino/a/x	91%	92%	87%
White	85%	87%	76%
Two or More Races	3%	2%	4%
Asian Alone	2%	1%	4%
Black or African American Alone	1%	1%	2%
Native Hawaiian and Other Pacific Islander Alone	0%	0%	0%
Some Other Race Alone	0%	0%	0%
American Indian and Alaska Native Alone	0%	1%	1%
Hispanic or Latino/a/x (of any race)	9%	8%	13%

Household Size and Composition

Bend’s household composition shows that Bend had a smaller percentage of households with children than Deschutes County and the state. On average, Bend’s households are smaller than both Deschutes County’s households and Oregon’s.

The average household size in Bend was slightly smaller than in the County or State.

EXHIBIT 11. AVERAGE HOUSEHOLD SIZE, BEND, DESCHUTES COUNTY, OREGON, 2015-2019

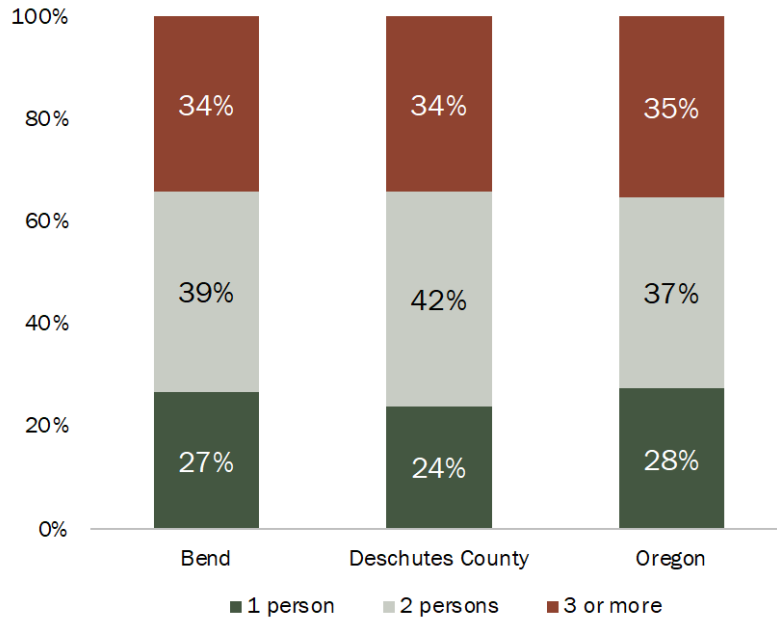
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B2

2.44 Persons	2.49 Persons	2.51 Persons
Bend	Deschutes County	Oregon

Bend has a slightly larger share of one-person households compared to the County and a slightly smaller share compared to the State.

EXHIBIT 12. HOUSEHOLD SIZE, BEND, DESCHUTES COUNTY, OREGON, 2015-2019

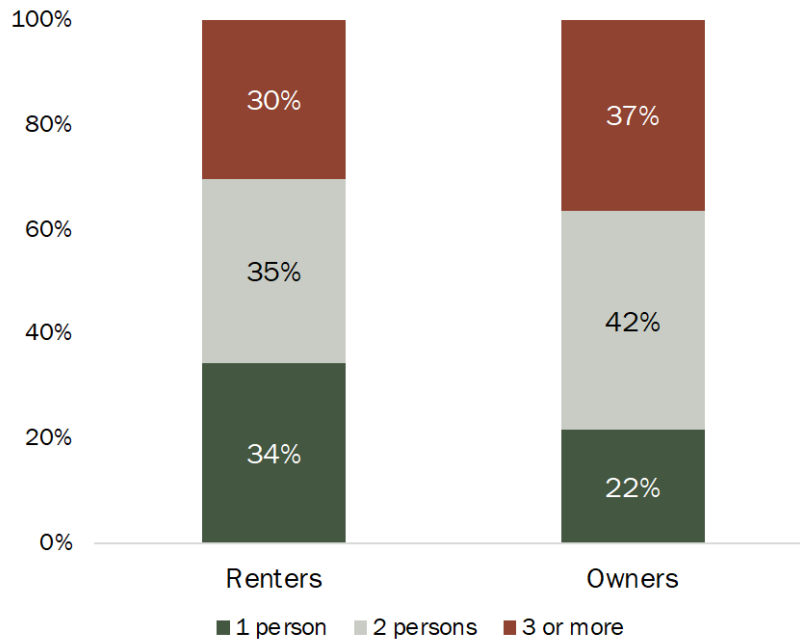
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.



Bend has a larger share of one-person households among renter-occupied households than owner-occupied households. Owner-occupied households have a larger share of households with two or more people.

EXHIBIT 13. TENURE BY HOUSEHOLD SIZE, BEND, 2015-2019

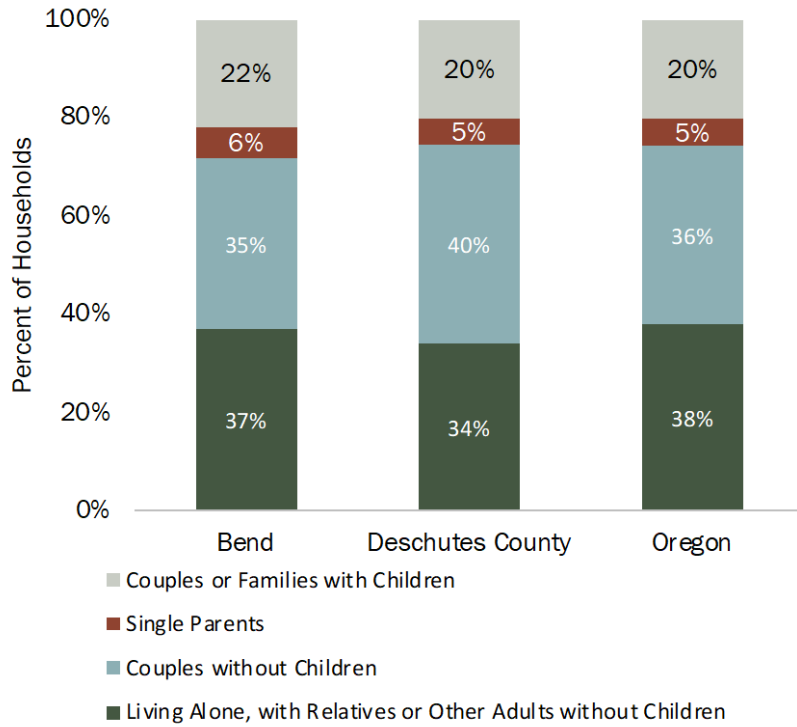
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25009



Bend has a larger share of households with adults that live alone or with others (non-couples) than Deschutes County and a slightly smaller share than Oregon.

EXHIBIT 14. HOUSEHOLD COMPOSITION, BEND, DESCHUTES COUNTY, OREGON, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table DP02.



Income of Bend Residents

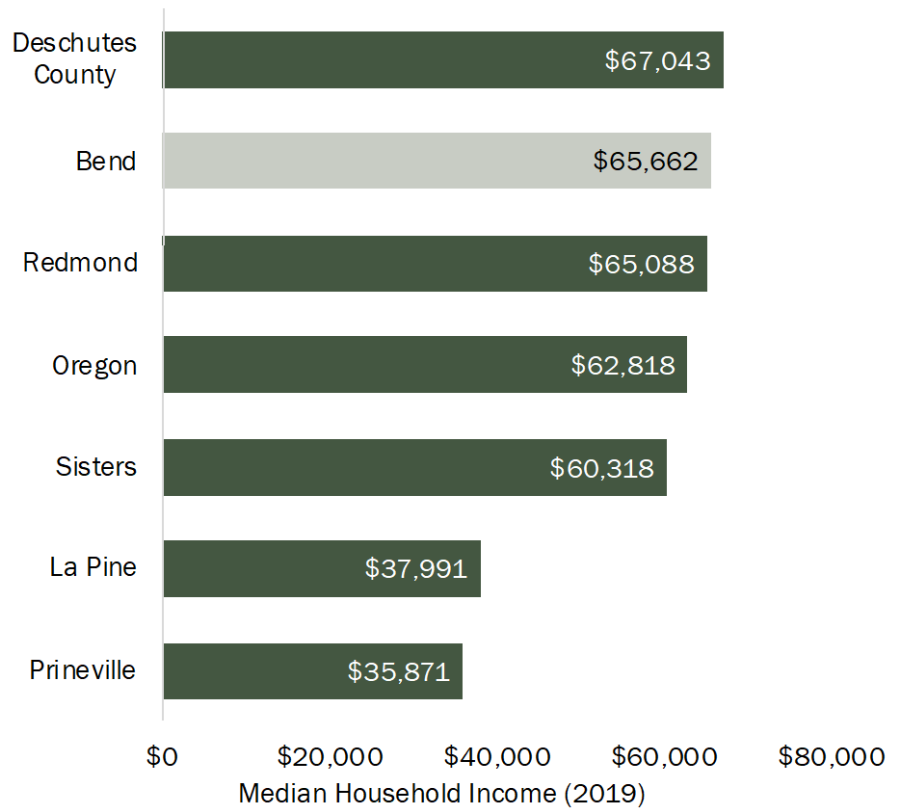
Income is a key determinant in housing choice and households’ ability to afford housing. Bend’s median household income was slightly lower than the Deschutes County median (nearly \$1,400 lower), but higher than many of the other cities in Deschutes County. Bend’s household income increased by roughly 16% from 2014 to 2019 after adjusting for inflation.¹⁷ However, rent and housing prices in Bend (and the whole region) have increased substantially faster, as discussed later in this section, resulting in decreasing affordability of housing in Bend. Housing affordability is discussed in more detail in upcoming sections of this report.

¹⁷ Based on 2009-2014 and 2015-2019 5-Year American Community Survey data for Bend.

Over the 2015-2019 period, Bend had a slightly lower median household income compared to Deschutes County.

EXHIBIT 15. MEDIAN HOUSEHOLD INCOME, BEND, DESCHUTES COUNTY, OREGON, COMPARISON CITIES, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25119.



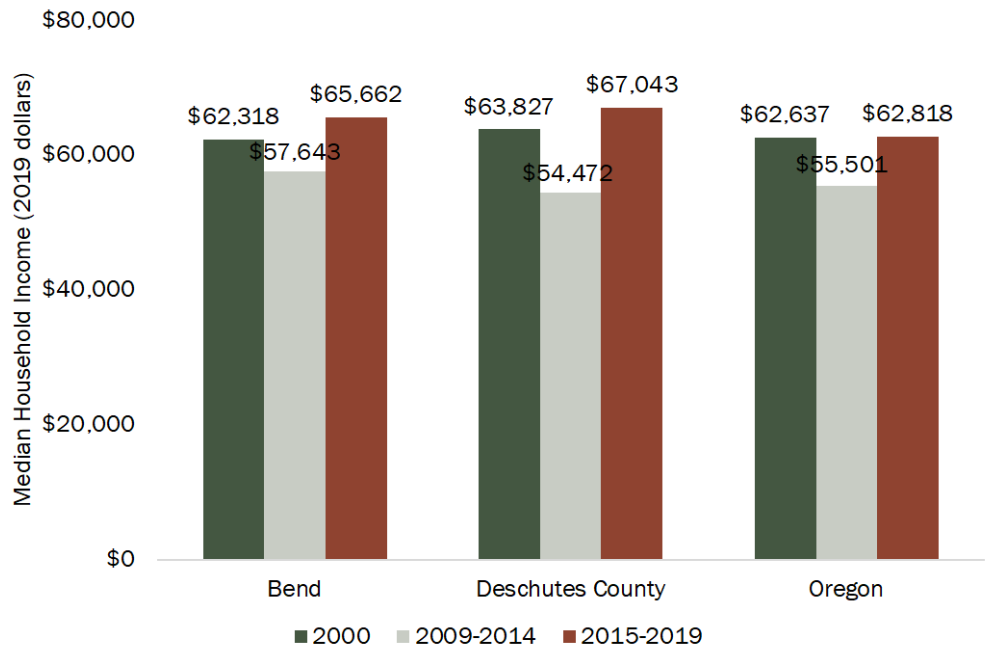
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Between 2000 and 2015-2019, median household income in Bend increased by roughly \$3,000 as measured in 2019 dollars (about 5%). Over the same time period, median household income increased by a similar amount in Deschutes County and remained nearly constant in the State (in inflation-adjusted dollars).

However, as of 2009-2014, the median income (in 2019 dollars) was lower in real terms (in inflation-adjusted 2019 dollars) than it had been in 2000 in Bend, Deschutes County, and the state overall. The income increase (in 2019 dollars) from 2009-2014 to 2015-2019 was roughly 16% in Bend, 25% in Deschutes County, and 15% in the state overall.

EXHIBIT 16. CHANGE IN MEDIAN HOUSEHOLD INCOME, BEND, DESCHUTES COUNTY, OREGON, 2000, 2009-2014, AND 2015-2019, INFLATION-ADJUSTED

Source: US Census Bureau, 2000 Decennial Census, Table HCT012; 2015-2019 and 2009-2014 ACS 5-Year Estimates, Table B25119.



Note to reviewers: Prior to adoption of this draft HCA, information from the newly completed *City of Bend 2023-2027 Consolidated Plan* should be included to provide additional context to housing needs for People of Color in Bend. This document utilizes the American Community Survey and other data sources to evaluate trends and their impacts on populations over time.

Households that identified as Latino/a/x (of any race), Some Other Race Alone, or Two or More Races had median incomes below that of the City’s overall.

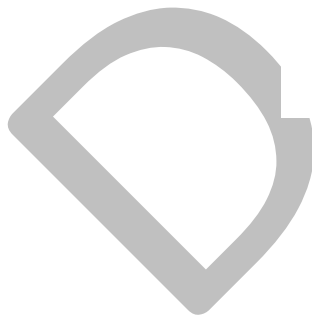
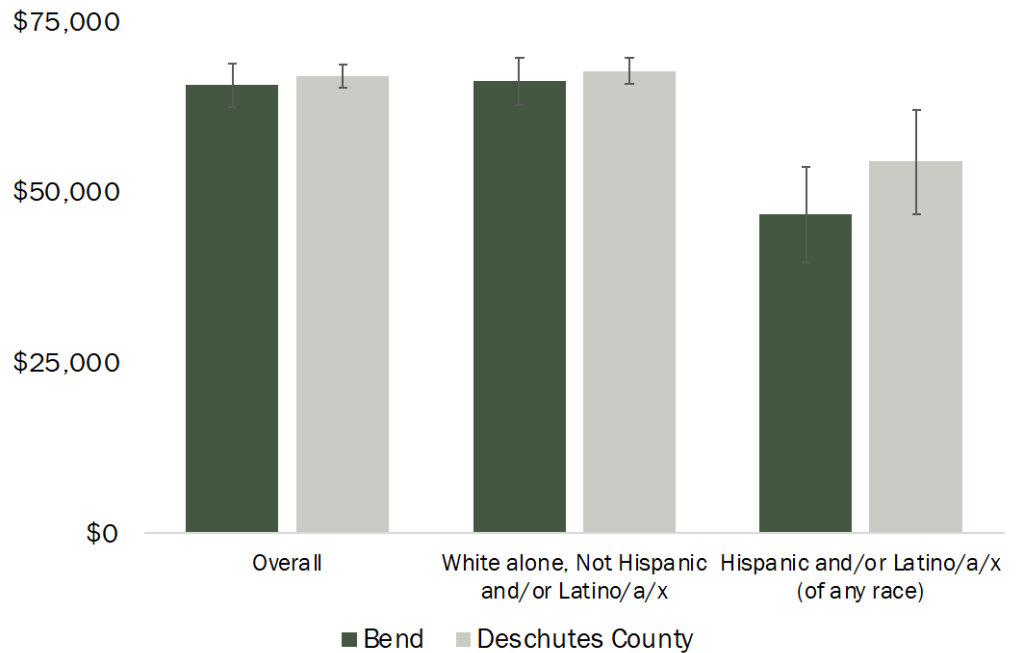
When looking at BIPOC population all together in Bend, on average, BIPOC households have lower household income than the City average. For example, 27% of BIPOC households have income below \$25,000, compared with 15% of white households.

EXHIBIT 17. MEDIAN HOUSEHOLD INCOME BY RACE/ETHNICITY OF THE HEAD OF HOUSEHOLD, BEND, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table S1901.

Note: This graph shows “whiskers” that indicate margin of error for this data. Median family income in 2019 for the Bend-Redmond, OR (MSA), was \$78,600 (US Department of Housing and Urban Development).

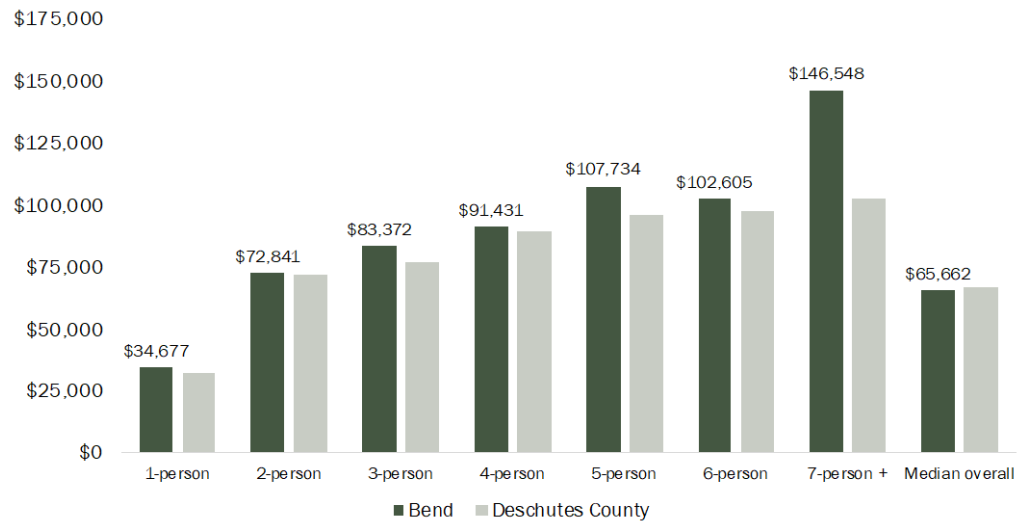
Note: The following groups are not shown on the graph because the margin of error in the data is too high, indicating very high uncertainty in the data: American Indian/Alaska Native Alone, Black/African American Alone, Asian Alone, Some Other Race Alone, and Two or More Races.



Median household income in Bend tended to increase with household size, peaking at households with seven or more persons.

EXHIBIT 18. HOUSEHOLD INCOME BY HOUSEHOLD SIZE, BEND, 2015-2019

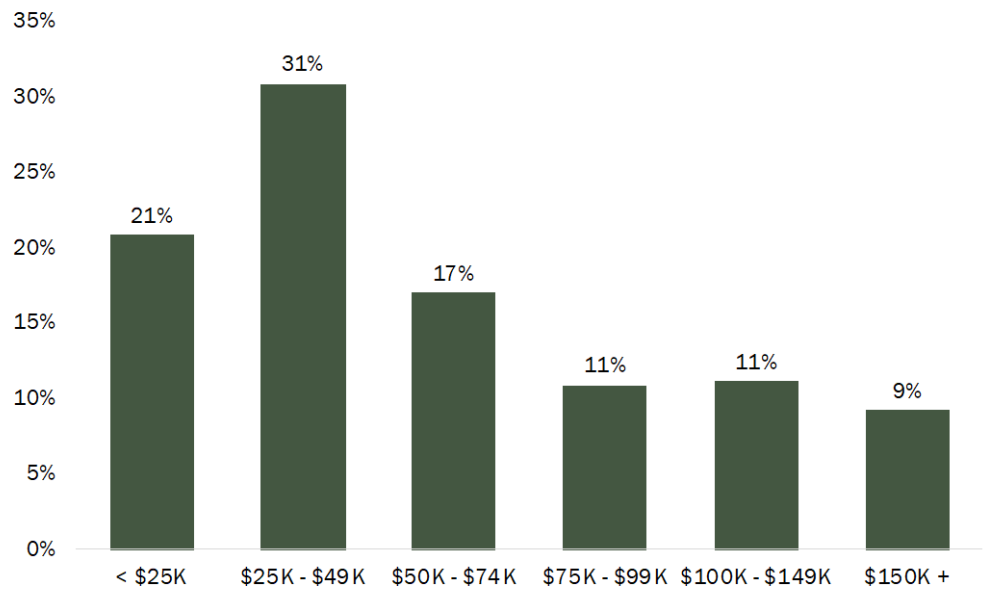
Source: US Census Bureau, 2015-2018 ACS 5-Year Estimate, Table B19019



Fifty-two percent of households with a head of household aged 65 or older earned less than \$50,000.

EXHIBIT 19. HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER (AGED 65 YEARS AND OLDER), BEND, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19037.



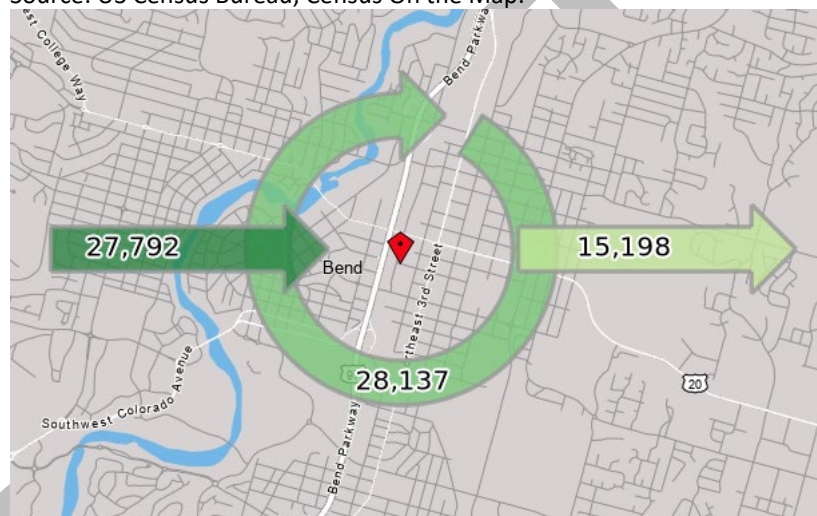
Commuting Trends

Bend is part of the complex, interconnected economy within the Central Oregon region. Of the more than 55,000 jobs in Bend, 50% of workers commute into Bend from other areas, most notably from unincorporated parts of Deschutes and Crook Counties, as well as from Redmond, Portland, Prineville, and Eugene. More than 15,000 residents of Bend commute out of the city for work, many of them to Redmond, Portland, Salem, and Eugene.

About 55,900 people are employed at businesses in Bend. About 50% of these workers (roughly 27,800) commute into Bend from other areas, including Redmond, Portland, and other parts of Oregon. The other half (roughly 28,100 workers) live and work in Bend.

EXHIBIT 20. COMMUTING FLOWS, BEND, 2019

Source: US Census Bureau, Census On the Map.



About 43,000 Bend residents are employed in total. In addition to the roughly 28,100 residents who live and work in Bend (roughly 65% of Bend’s employed residents), about 15,200 Bend residents commute outside of the city for work, to Redmond, Portland, and other areas in Oregon.

EXHIBIT 21. PLACES WHERE WORKERS AT BUSINESSES IN BEND LIVED, 2019

Source: US Census Bureau, Census On the Map.

50%	7%	2%	1%	40%
Bend	Redmond	Portland	Prineville	Other places

EXHIBIT 22. PLACES WHERE BEND RESIDENTS WERE EMPLOYED, 2019

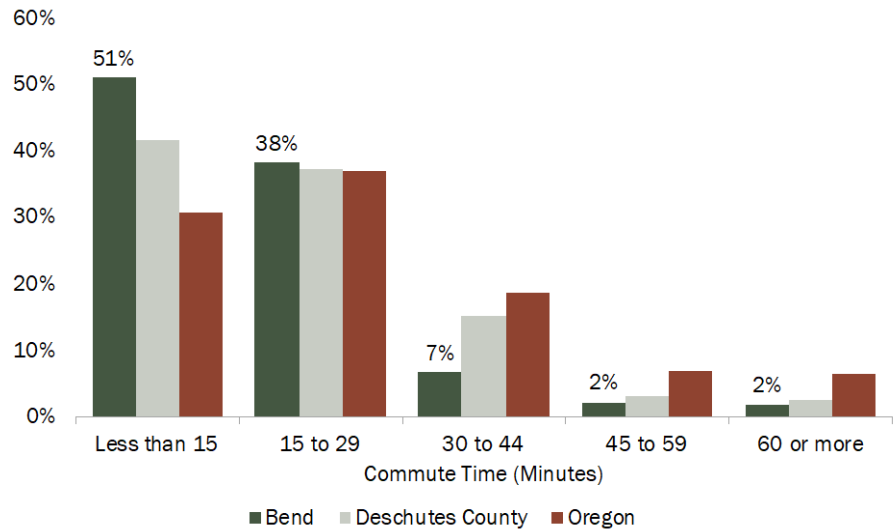
Source: US Census Bureau, Census On the Map.

65%	5%	4%	1%	25%
Bend	Redmond	Portland	Salem	Other places

About half of Bend residents (51%) had a commute time that took less than 15 minutes.

EXHIBIT 23. COMMUTE TIME BY PLACE OF RESIDENCE, BEND, DESCHUTES COUNTY, OREGON, 2015-2019

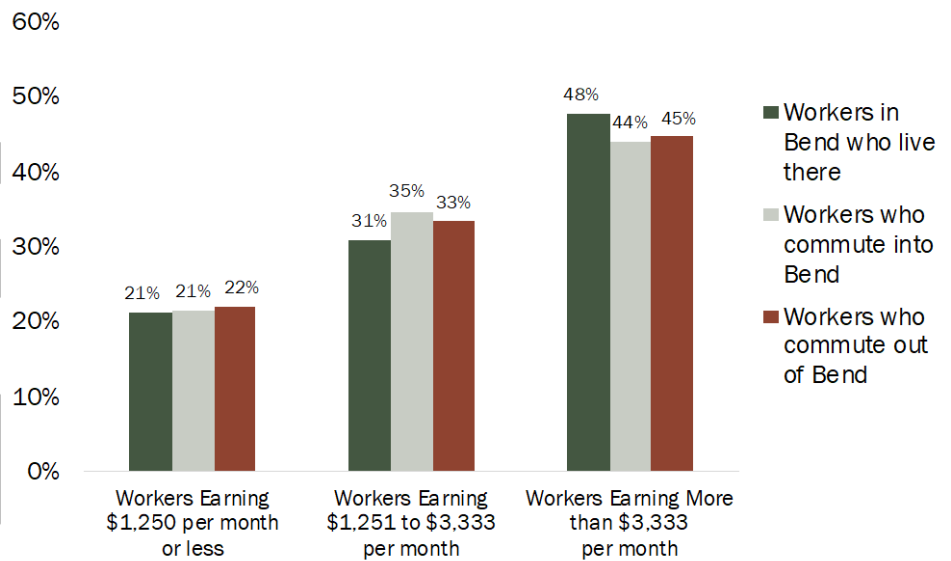
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B08303.



Workers who live and work in Bend tended to have higher wages on average than those who commuted into Bend or those who lived in Bend but commuted out to work.

EXHIBIT 24. AVERAGE WAGES FOR COMMUTERS, BEND, 2015-2019

Source: US Census Bureau, Census on the Map.

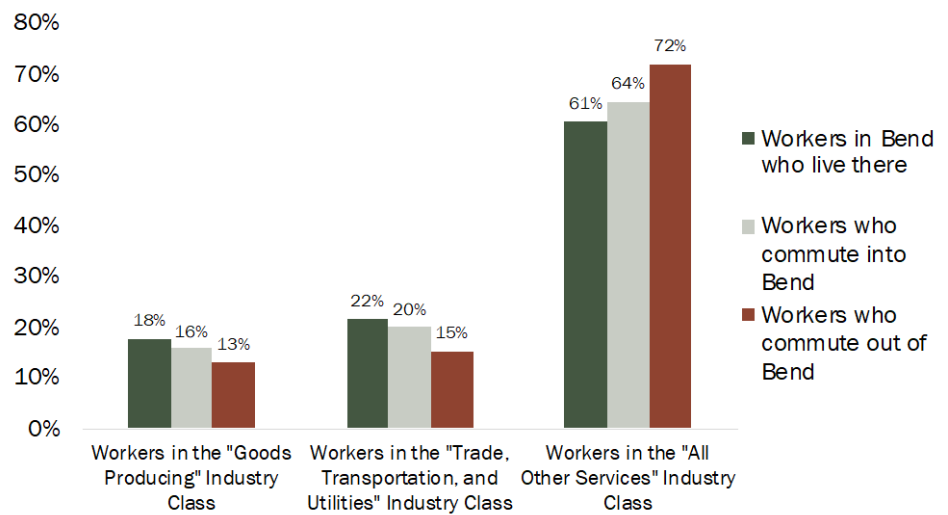


Forty-eight percent of workers who live and work in Bend were earning more than \$3,333 per month.

Workers who live and work in Bend had a higher percentage of workers in the “Good Producing” and “Trade, Transportation, and Utilities” Industry Classes than workers in Bend who commuted in or those who lived in Bend but commuted out to work.

EXHIBIT 25. COMMUTERS BY INDUSTRY, BEND, 2015-2019

Source: US Census Bureau, Census on the Map.



While the information presented in this section is the best available information currently, commuting patterns changed (and continue to change) as a result of the COVID-19 Pandemic and increased remote work or work-from-home options. In the 2015-2019 period, about 11.7% of workers in Bend worked from home (compared with 7.0% of Oregon and 5.2% of US workers). In the 2017-2021 period, about 16.4% of Bend worked from home (compared with 12.5% of Oregon and 9.7% of US workers). As newer information becomes available, it is likely that the percentage of people working from home is substantially higher than these amounts.

Bend had (and continues to have) higher rates of people working from home than the state or federal averages. Assuming that working from home continues to be very common, demand for commercial space will change in Bend (and across the state and nation), shifting from a need for commercial office spaces to a need for commercial services that are integrated into or nearby neighborhoods.

Populations with Other Types of Housing Needs

People Experiencing Houselessness

Gathering reliable data from individuals experiencing houselessness is difficult for a number of reasons, in particular because they are unstably housed. People can cycle in and out of houselessness and move around communities and shelters. Moreover, the definition of houselessness can vary between communities. Individuals and families temporarily living with relatives or friends are insecurely housed, but they are often omitted from houselessness data. Even if an individual is identified as lacking sufficient housing, they may be reluctant to share information. As a result, information about people experiencing houselessness in Bend is not readily available or accurate.

According to HUD’s 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.¹⁸ It is likely that some of this decline is due to COVID-related precautions that resulted in fewer beds available (due to the need to have more space between beds). Other factors include people being unwilling to use shelter beds due to health risks as well as eviction moratoria and stimulus payments, which may have prevented people from needing emergency shelter, and reluctance for households to remain doubled up. Pandemic-related disruptions to *unsheltered* houselessness counts made it difficult to determine if this population is increasing or decreasing in communities. Many communities chose not to conduct unsheltered PIT counts due to the risk of increasing

This section uses the following sources of information about people experiencing houselessness. Although these sources of information are known to undercount people experiencing houselessness, they are consistently available for counties in Oregon.

Point-in-Time (PIT) Count: The PIT count is a snapshot of individuals experiencing houselessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid rehousing, Safe Havens, or Permanent Supportive Housing—as well as recording those who are unsheltered. HUD requires that communities and Continuums of Care (CoC) perform the PIT count during the last ten days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. Though the PIT count is not a comprehensive survey, it serves as a measure of houselessness at a given point in time and is used for policy and funding decisions.

McKinney Vento Data: The McKinney Vento Homeless Assistance Act authorized, among other programs, the Education for Homeless Children and Youth (EHCY) Program to support the academic progress of children and youths experiencing houselessness. The US Department of Education works with state coordinators and local liaisons to collect performance data on students experiencing houselessness. The data records the number of school-aged children who live in shelters or hotels/motels and those who are doubled up, unsheltered, or unaccompanied. This is a broader definition of houselessness than that used in the PIT.

¹⁸ The U.S. Department of Housing and Urban Development (2021). The 2021 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.

COVID-19 transmission. While the communities that conducted unsheltered counts seem to indicate that this population did not increase, trends on unsheltered houselessness are known for only half of communities. In addition, Central Oregon has one of the highest rates of unsheltered homelessness in the nation.

Between 2015 and 2022, the number of persons houseless in the Central Oregon Continuum of Care has more than doubled.

EXHIBIT 26. NUMBER OF PERSONS HOUSELESS, SHELTERED AND UNSHELTERED, CENTRAL OREGON CONTINUUM OF CARE, POINT-IN-TIME COUNT, 2015, 2019, AND 2022

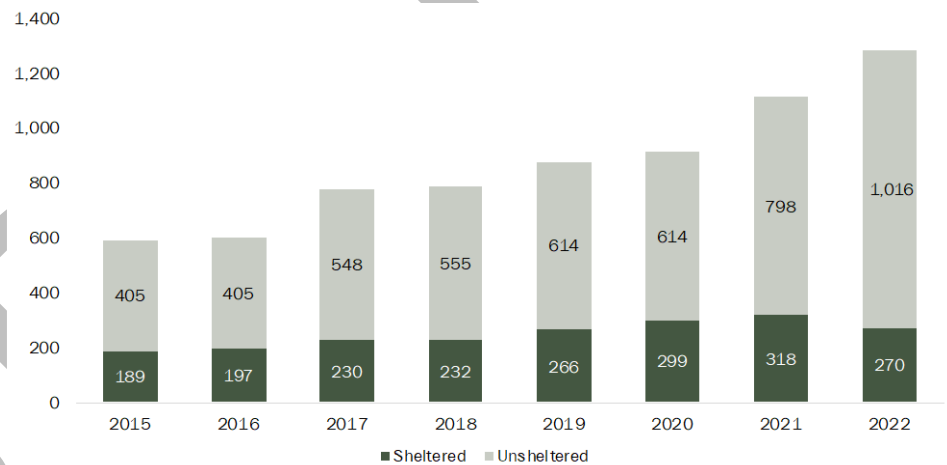
Source: Oregon Housing and Community Services and Community Services and Central Oregon Continuum of Care.

594 Persons 2015 **880 Persons** 2019 **1,286 Persons** 2022

Between 2015 and 2022, the number of sheltered and unsheltered houseless persons increased.

EXHIBIT 27. NUMBER OF PERSONS HOUSELESS BY LIVING SITUATION, CENTRAL OREGON CONTINUUM OF CARE, POINT-IN-TIME COUNT, 2015 TO 2021

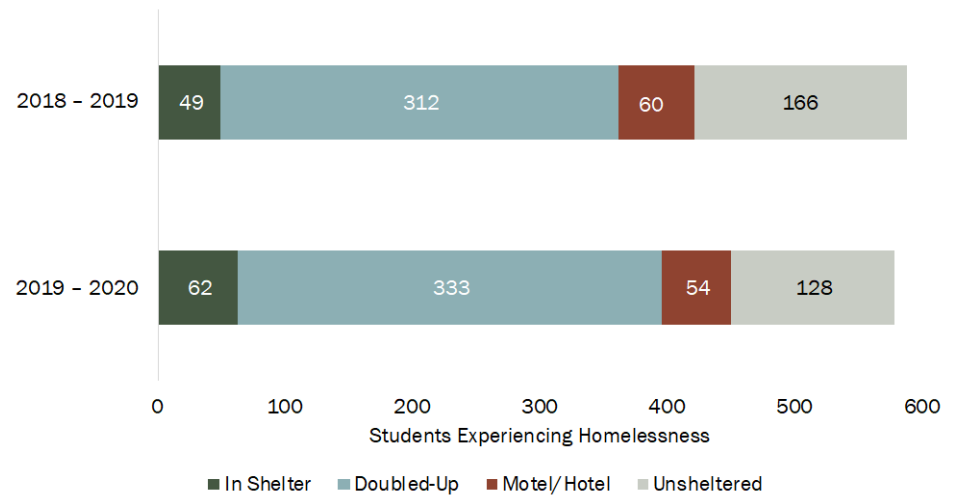
Source: Oregon Housing and Community Services and Central Oregon Continuum of Care.



Between the 2018-2019 school year and the 2019-2020 school year, the number of students houseless in Deschutes County who were in shelter or doubled up¹⁹ increased.

EXHIBIT 28. STUDENTS HOUSELESS BY LIVING SITUATION, DESCHUTES COUNTY, 2018 – 2019 AND 2019 – 2020

Source: McKinney Vento, Houseless Student Data.



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¹⁹ Doubling up is sharing living arrangements, such as two families living in one unit or staying temporarily with family.



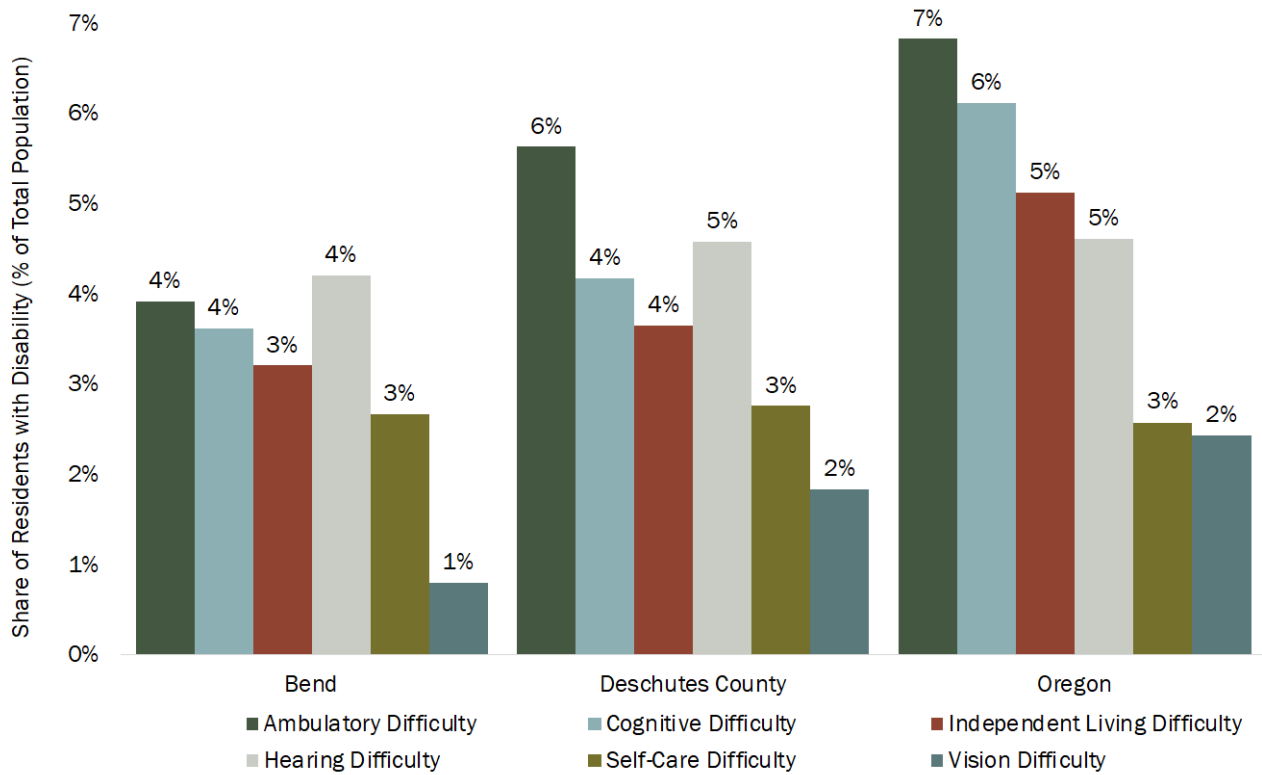
People with Disabilities

Persons with disabilities may require housing accommodations such as single-story homes or ground-floor dwelling units, unit entrances with no steps, and housing options that allow for a service animal, wheel-in showers, and other accessibility features. Limited supply of these housing options creates additional barriers to housing access for these groups.

EXHIBIT 29. PERSONS LIVING WITH A DISABILITY BY TYPE AND AS A PERCENT OF TOTAL POPULATION: BEND, DESCHUTES COUNTY, OREGON, 2015-2019

Source: US Census Bureau 2015-2019 ACS, Table K201803.

Note: People may have more than one form of disability.



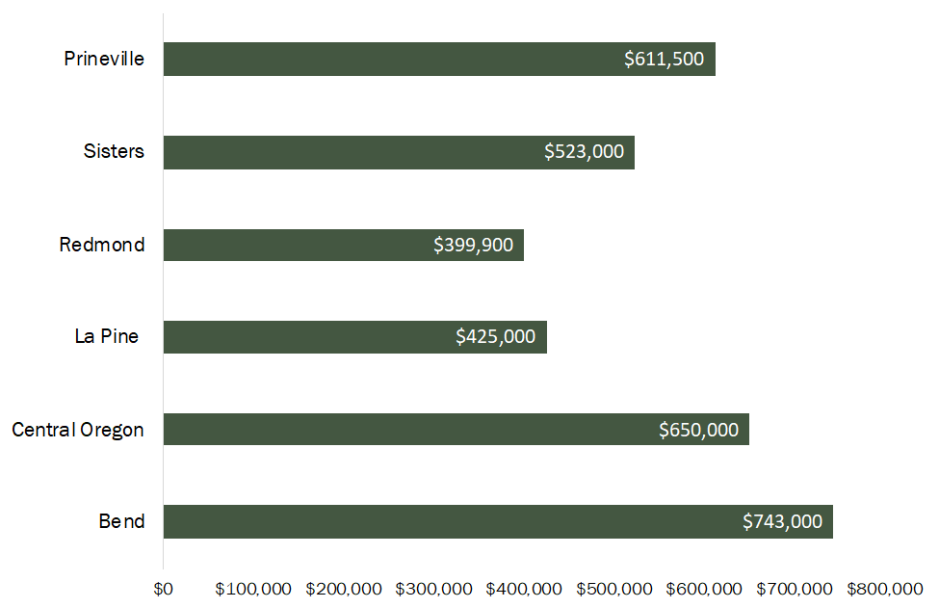
Regional and Local Trends Affecting Affordability in Bend

This section describes changes in sales prices, rents, and housing affordability in Bend, compared to geographies in the region.

Changes in Housing Costs

In the second quarter of 2022, the median home sales price in Bend was significantly higher than other cities in the region.

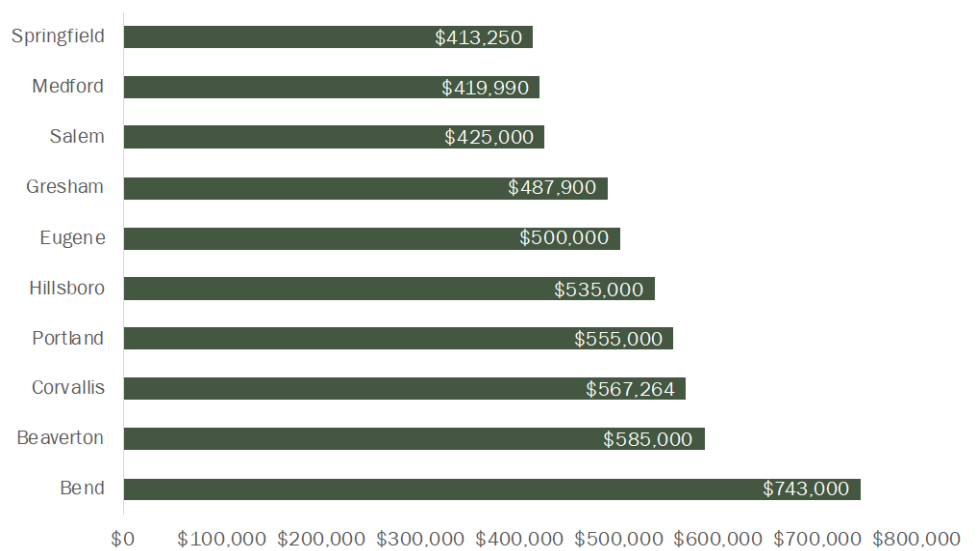
EXHIBIT 30. MEDIAN HOME SALES PRICE, BEND AND COMPARISON CITIES, Q2 2022
Source: COAR, 2022.



In the second quarter of 2022, the median home sales price in Bend was significantly higher than the other largest cities in Oregon.

EXHIBIT 31. MEDIAN HOME SALES PRICE, OREGON'S TEN LARGEST CITIES, Q2 2022

Source: Redfin, COAR, 2022.

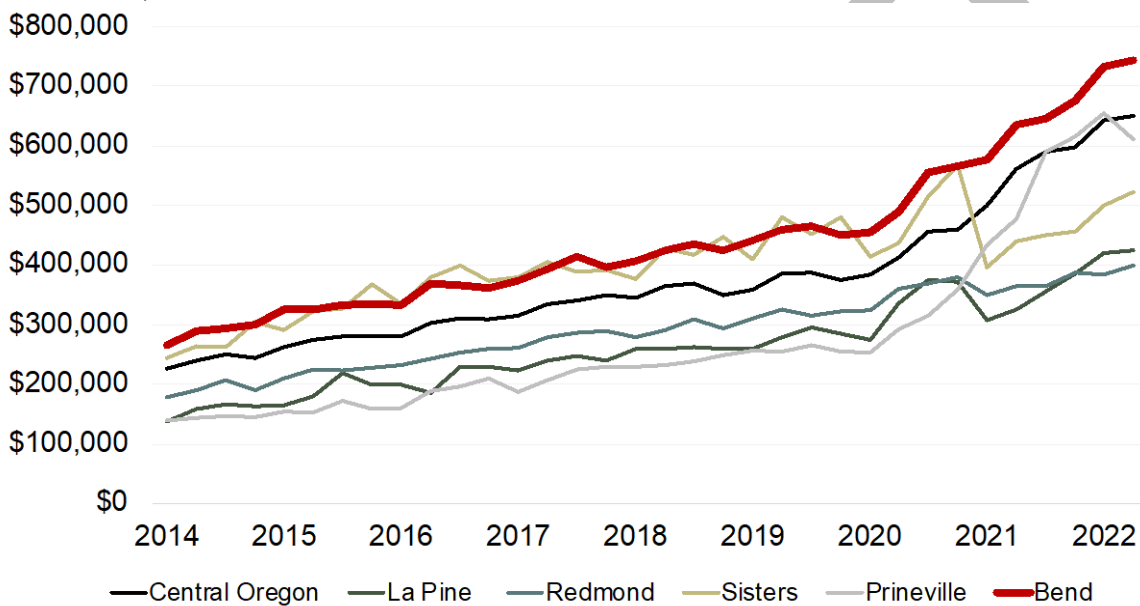


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Bend’s median home sales price was higher than that of other cities in the region. Bend’s median home sales price changed from \$265,500 in 2014 to \$743,000 in 2022, growth of about \$477,500 or 179% (roughly 13% per year). Even after accounting for inflation during this period, this is roughly a 121% increase in real dollars.²⁰ This change in price is higher compared to other cities in the Central Oregon region (Exhibit 33). Housing prices have been increasing in Bend over time, both before and after the City expanded its UGB in 2016, but the pace of increase has escalated since the onset of the COVID-19 pandemic in 2020. From the second quarter of 2020 through the second quarter of 2022, the median sales price in Bend increased by 23% per year (not adjusting for inflation).

EXHIBIT 32. MEDIAN SALES PRICE, BEND AND COMPARISON CITIES, 2014 THROUGH 2022

Source: COAR, 2022.

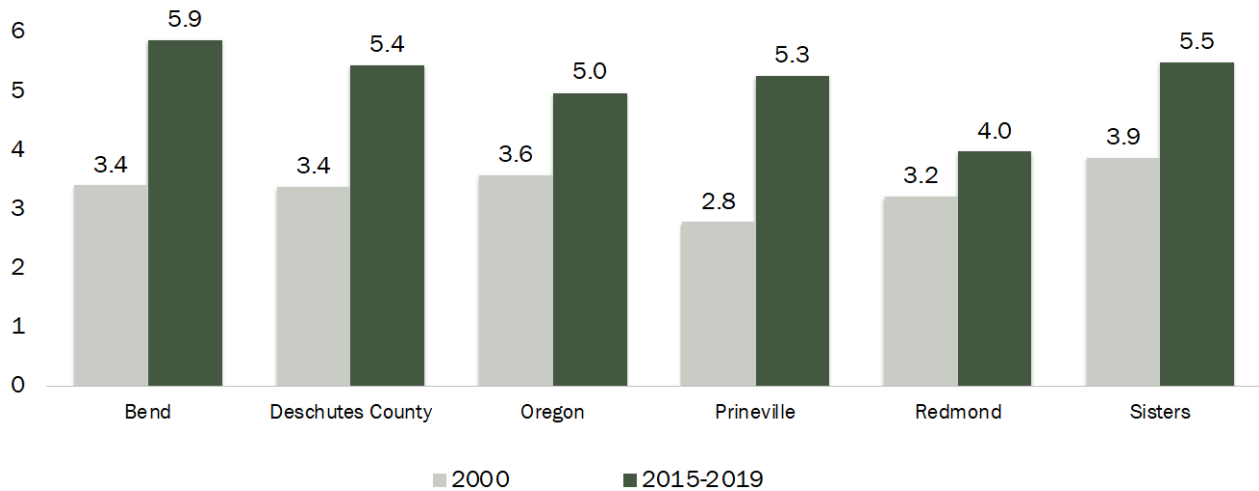


²⁰ This adjustment uses the same inflation index applied to adjust household income (the CPI for All Urban Consumers) for consistency.

Exhibit 33 shows that, since 2000, housing costs in Bend increased faster than incomes. The household-reported median value of a house in Bend was 3.4 times the median household income in 2000 and 5.9 times the median household income in the 2015-2019 period.

EXHIBIT 33. RATIO OF MEDIAN HOUSING VALUE TO MEDIAN HOUSEHOLD INCOME, BEND, DESCHUTES COUNTY, OREGON, AND COMPARISON CITIES, 2000 TO 2015-2019²¹

Source: US Census Bureau, 2000 Decennial Census (Table HCT012, H085); 2015-2019 ACS (Table B19013, B25077).



One possible explanation for some of the recent rapid escalation in home prices, particularly relative to incomes, is if buyers have home equity from selling a home in another high-cost region. According to Redfin’s estimates of net migration between regions (based on homebuyer searches) as of early 2023, the top five regions where households are considering moving to Bend are all high-cost regions: Portland, Seattle, San Francisco, Los Angeles, and San Diego.²²

²¹ This ratio compares the median value of housing in Bend (and other places) to the median household income.

²² Redfin.com, “Bend Migration & Relocation Trends,” February-April 2023.

<https://www.redfin.com/city/1543/OR/Bend/housing-market#migration>

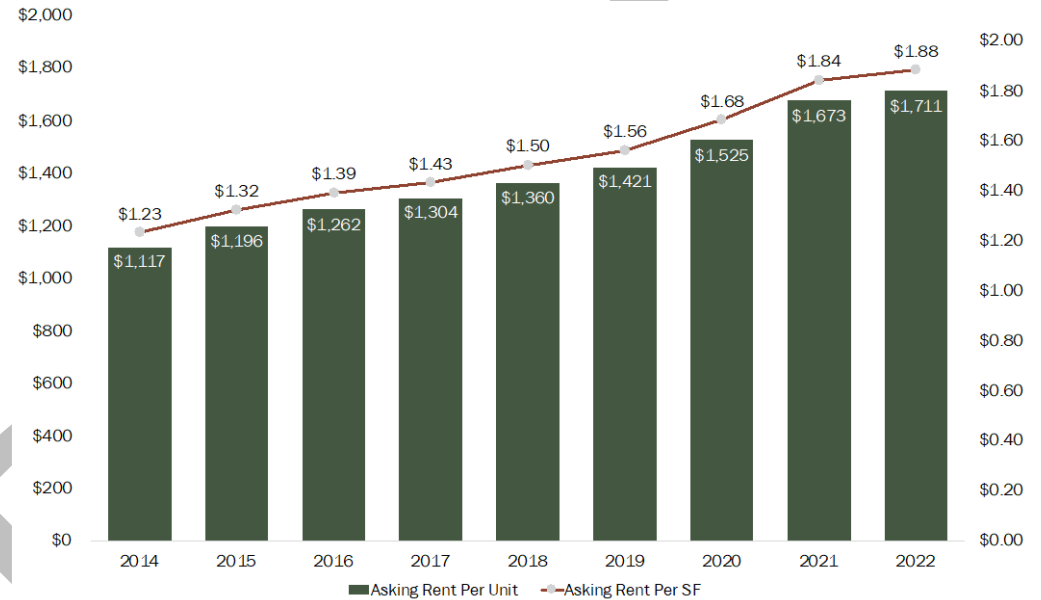
Rental Costs

Over the last seven years, rental costs for multiunit dwellings have increased steadily in Bend on a per-unit basis. Multiunit average asking rents were \$1,711 per unit in 2022, not including costs of utilities. The 2022 asking rents varied from \$1,587 for units with one bedroom to \$2,000 for units with three bedrooms. Rent costs have been steadily increasing in Bend, both before and after the City expanded its UGB in 2016. Since 2014, Bend permitted nearly 2,850 multiunit dwellings, accounting for 29% of units permitted between 2014 and 2022 (Exhibit 57).

Average multiunit asking rent per unit has increased consistently over the past 7 years, from \$1,117 in 2014 to \$1,711 in 2022, an increase of \$594 or 43%. Even after accounting for inflation, this represents roughly a 24% increase in real dollars.

EXHIBIT 34. AVERAGE MULTIUNIT ASKING RENT PER UNIT, BEND, 2014-2022

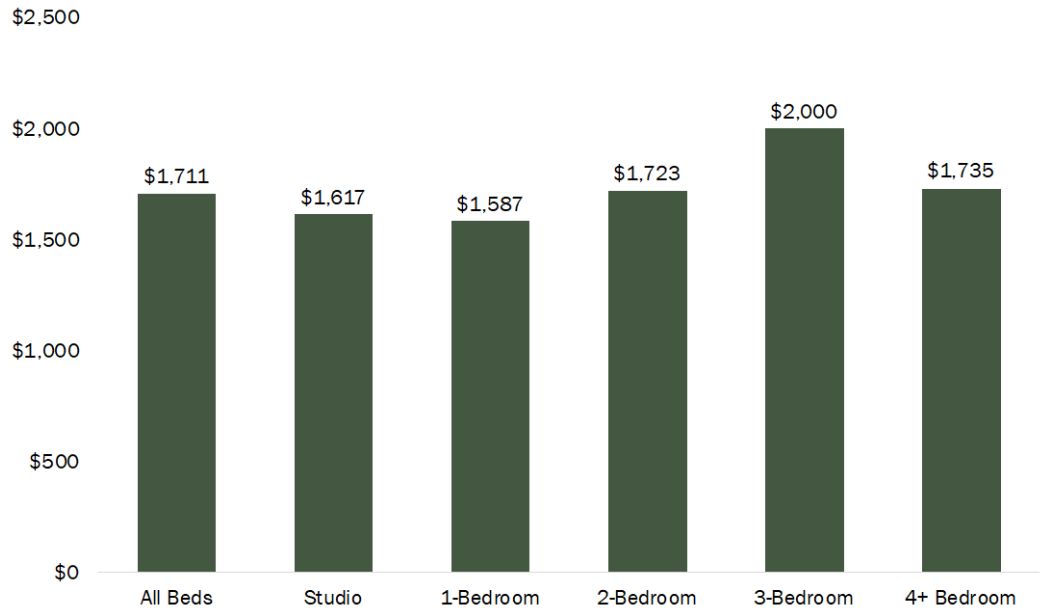
Source: ECONorthwest analysis of data from CoStar.



In 2022, the average multiunit asking rent per unit in Bend varied from \$1,587 for units with one bedroom to \$2,000 for units with three bedrooms.

EXHIBIT 35. 2022 AVERAGE MULTIUNIT ASKING RENT PER UNIT BY NUMBER OF BEDROOMS, BEND

Source: ECONorthwest analysis of data from CoStar.
\$2,500



Disaggregating average rents based on year built (recent construction built since 2015 compared to older apartments built before 2015) and location (east side vs. west side of Bend, based on location relative to US 97), as in Exhibit 36, shows a consistent premium for newer construction on both sides of the City, which is typical for multiunit development. It also shows that after roughly controlling for this premium associated with newer buildings, the rents are relatively similar between the east and west sides of Bend, with differences for individual unit types but no clear pattern overall. On a per-square-foot basis, though, there is a somewhat stronger pattern of higher rents on the west side of Bend, for both newer buildings and older apartments, as shown in Exhibit 37. This reflects a difference in unit sizes, which is partly due to the smaller unit sizes associated with some of the new, higher-density apartments built on the west side of Bend. Higher-cost development (due to higher land costs, higher-cost types of buildings, or both) tends to require higher rents per square foot to be financially feasible, which is often accomplished by offering smaller units at a similar price.

EXHIBIT 36. 2022 AVERAGE MULTIUNIT ASKING RENT PER UNIT BY NUMBER OF BEDROOMS, EAST AND WEST, BY YEAR BUILT, BEND

Source: ECONorthwest analysis of data from CoStar, 2022

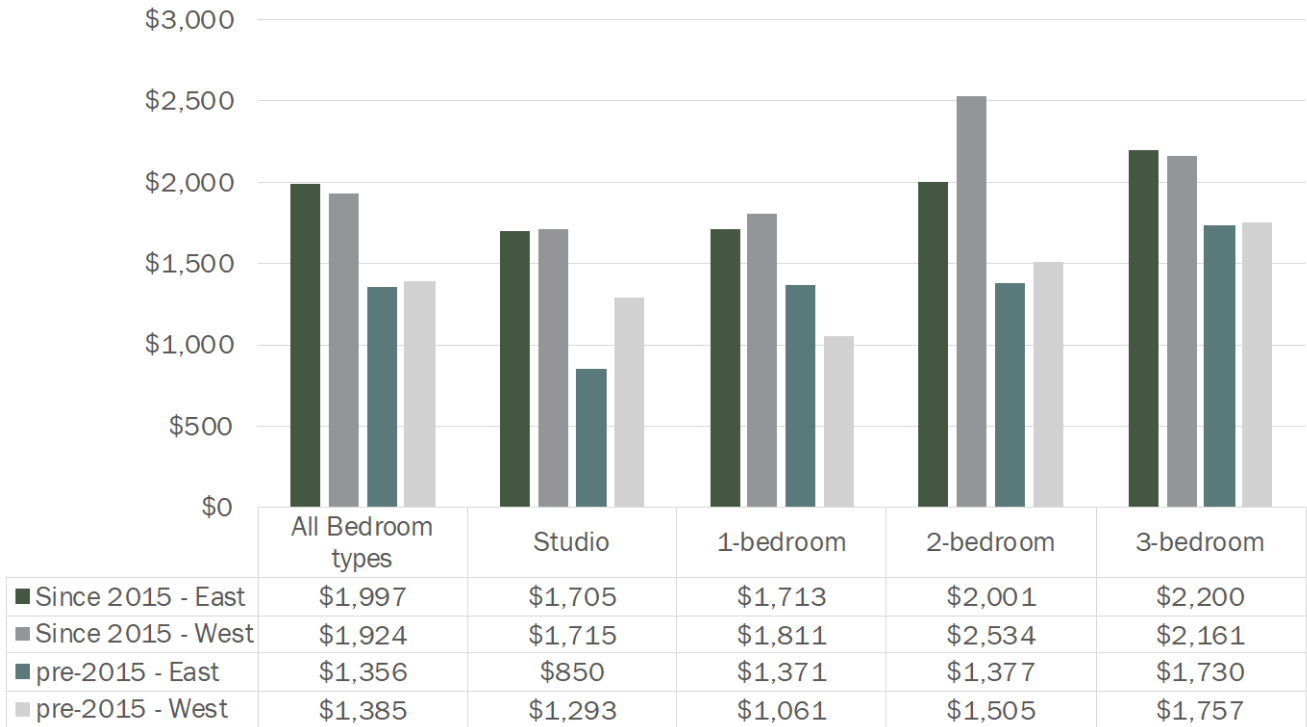
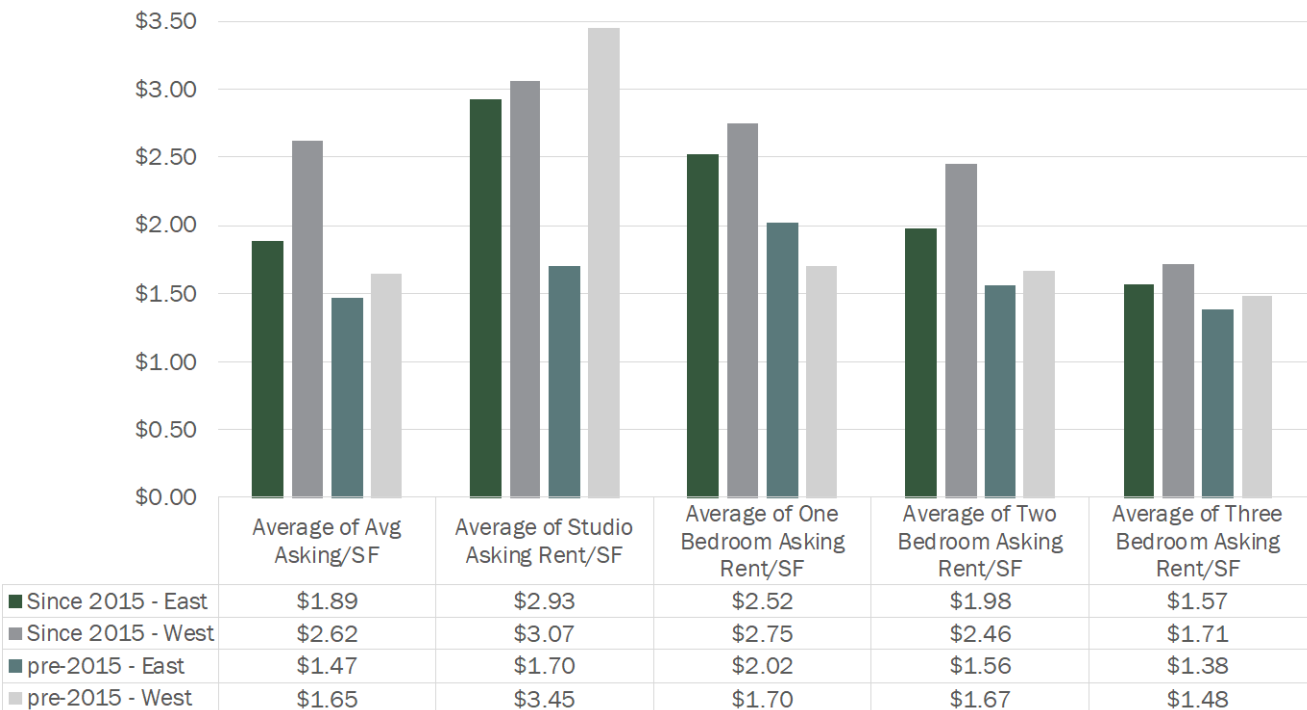


EXHIBIT 37. 2022 AVERAGE MULTIUNIT ASKING RENT PER SQUARE FOOT BY NUMBER OF BEDROOMS, EAST AND WEST, BY YEAR BUILT, BEND

Source: ECONorthwest analysis of data from CoStar, 2022



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.” Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

Note to reviewers: Cost burden and other housing cost data (as well as other data in the report) will be updated based on the newest available data in the final HCA, prior to adoption. Housing costs have changed rapidly in the last few years, making housing less affordable.

About 19% of Bend’s households were cost burdened in the 2015-2019 period and another 18% were severely cost burdened. In this period, about 25% of *renter* households were cost burdened or severely cost burdened, compared with 16% of homeowners. Overall, a larger share of households in Bend experienced severe cost burden, compared to households in Deschutes County and Oregon.

While cost burden is a common measure of housing affordability, it does have some limitations, including:

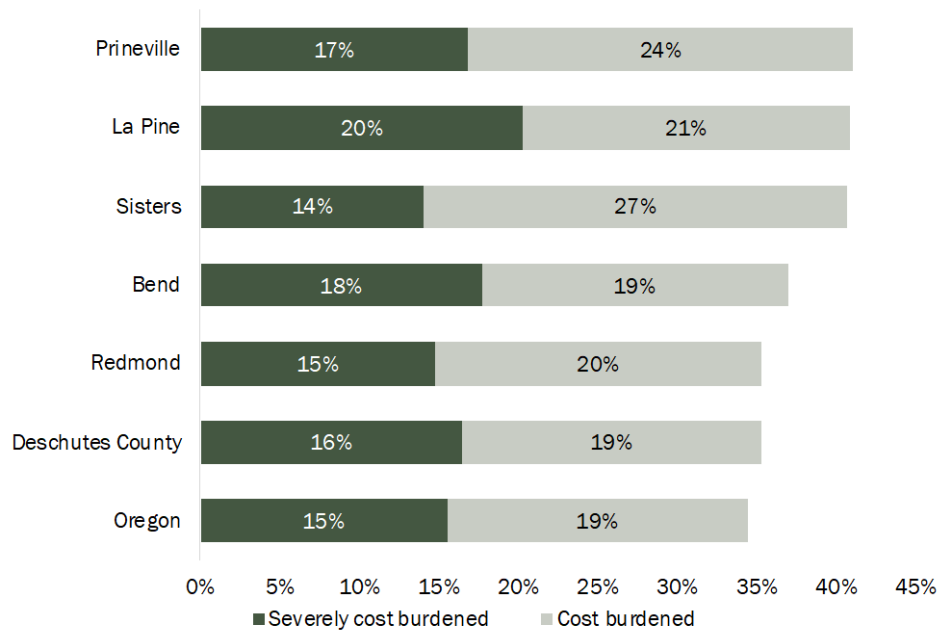
- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household’s ability to pay for necessary nondiscretionary expenses. For a low-income or moderate-income household, even 70% of their income may be insufficient to cover other basic necessities, forcing decisions of whether to pay rent or purchase food, pay medical bills, make car payments, and pay for other necessities.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household’s accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as home equity from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost-burden indicator. Data from the Central Oregon Association of Realtors suggests that roughly a quarter of home purchases in Bend in 2022 were by cash buyers without a mortgage. These buyers may have been using accumulated wealth and home equity to afford the purchase price rather than relying on their income to cover mortgage payments.
- Cost burden does not account for debts, such as college loans, credit card debt, or other debts. As a result, households with high levels of debt may be less able to pay up to 30% of their income for housing costs.



Overall, about 37% of all households in Bend had some level of cost burden, with 18% of households severely cost burdened. Bend had a similar share of households that were cost burdened as Deschutes County and Oregon. Bend had a larger share of severely cost burdened households than the County and State.

EXHIBIT 38. HOUSING COST BURDEN, BEND, DESCHUTES COUNTY, OREGON, OTHER COMPARISON CITIES, 2015-2019

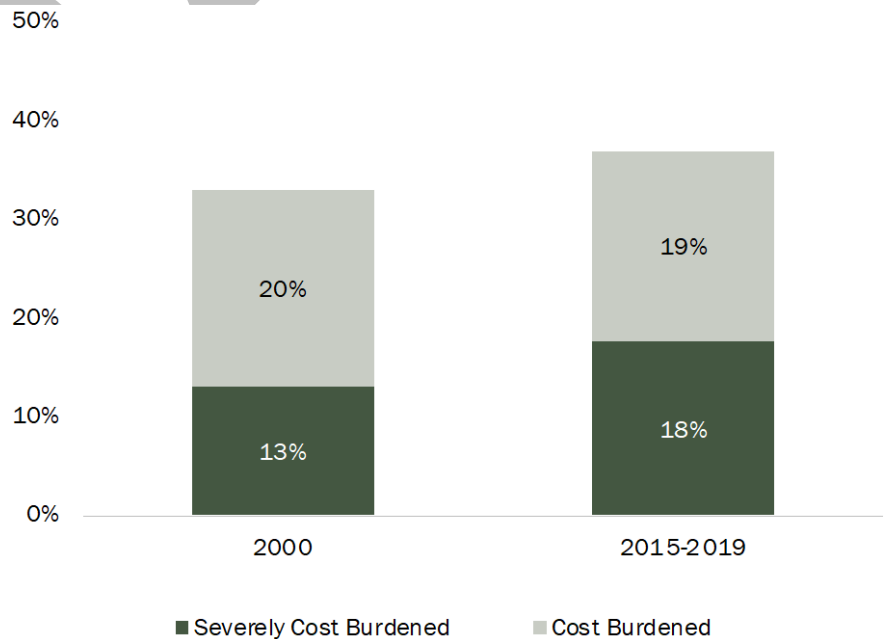
Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households grew by 4% in Bend.

EXHIBIT 39. CHANGE IN HOUSING COST BURDEN, BEND, 2000 TO 2015-2019

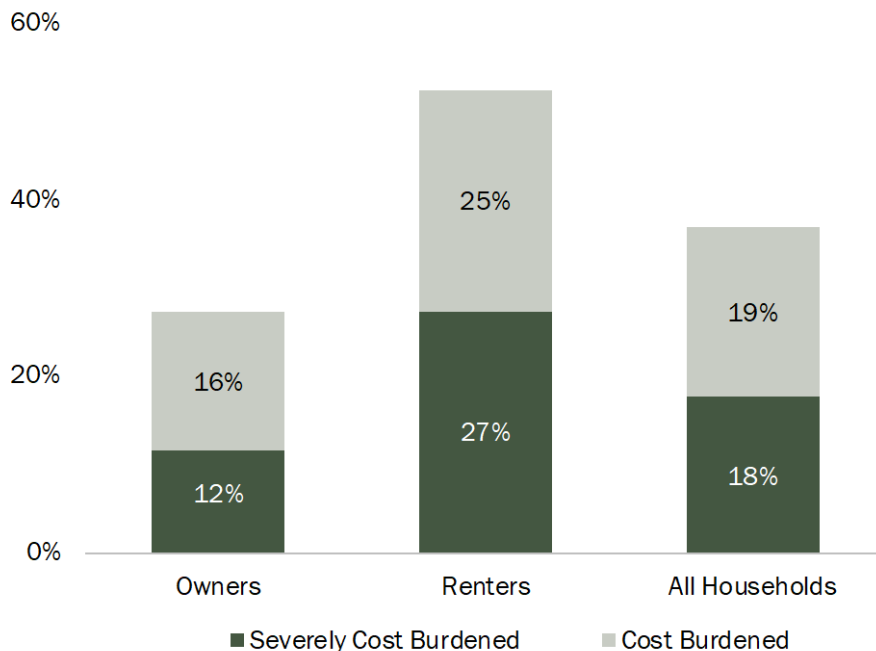
Source: US Census Bureau, 2000 Decennial Census, Tables H069 and H094 and 2015-2019 ACS Tables B25091 and B25070.



Renters are much more likely to be cost burdened than homeowners. In the 2015-2019 period, over half of all renter-occupied households were cost burdened or severely cost burdened, compared to 28% of owner-occupied households.

EXHIBIT 40. HOUSING COST BURDEN BY TENURE, BEND, 2015-2019

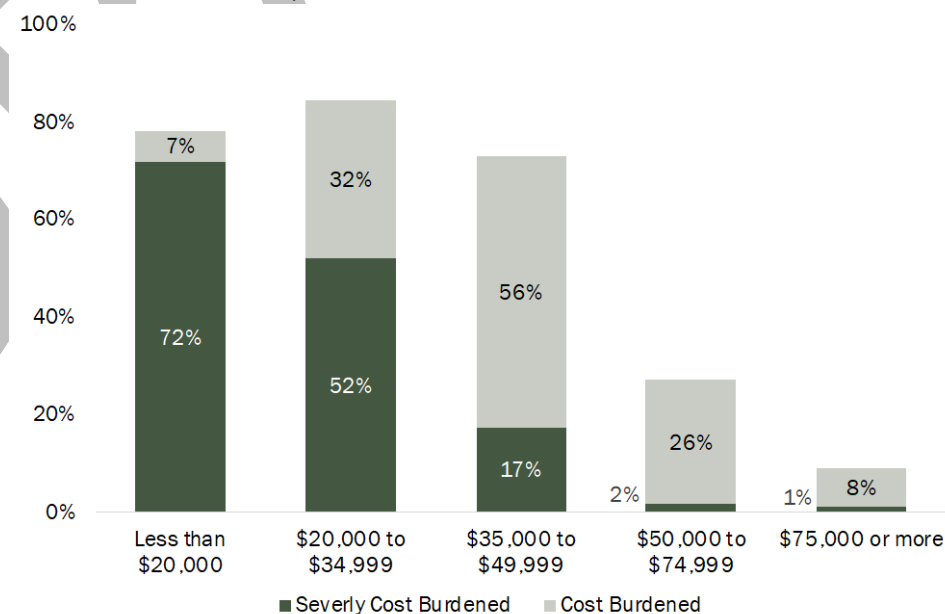
Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



Cost burden is highest for the households with the lowest incomes. Nearly four in five households with income of less than \$20,000 were cost burdened or severely cost burdened.

EXHIBIT 41. COST-BURDENED RENTER HOUSEHOLDS, BY HOUSEHOLD INCOME, BEND, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25074.



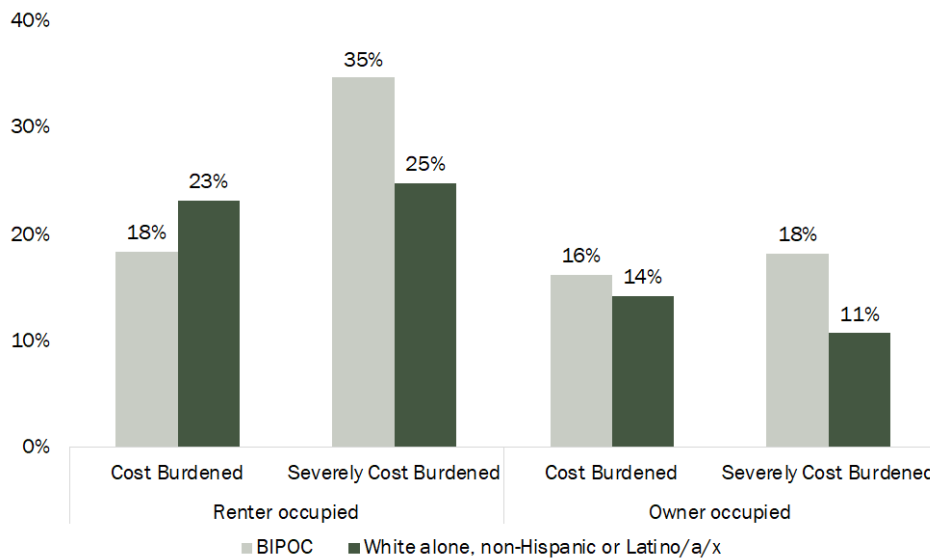
In comparison, less than one in two households with income of \$75,000 or more were cost burdened or severely cost burdened.

Generally, BIPOC households tend to be more likely to be cost burdened, with 35% of BIPOC renters severely cost burdened and 18% cost burdened.

BIPOC owners were also more likely to be severely cost burdened or cost burdened, 18% and 16% respectively.

EXHIBIT 42. COST BURDEN, BY TENURE FOR BIPOC AND WHITE POPULATIONS, BEND, 2015-2019

Source: CHAS, 2015-2019, Table 9



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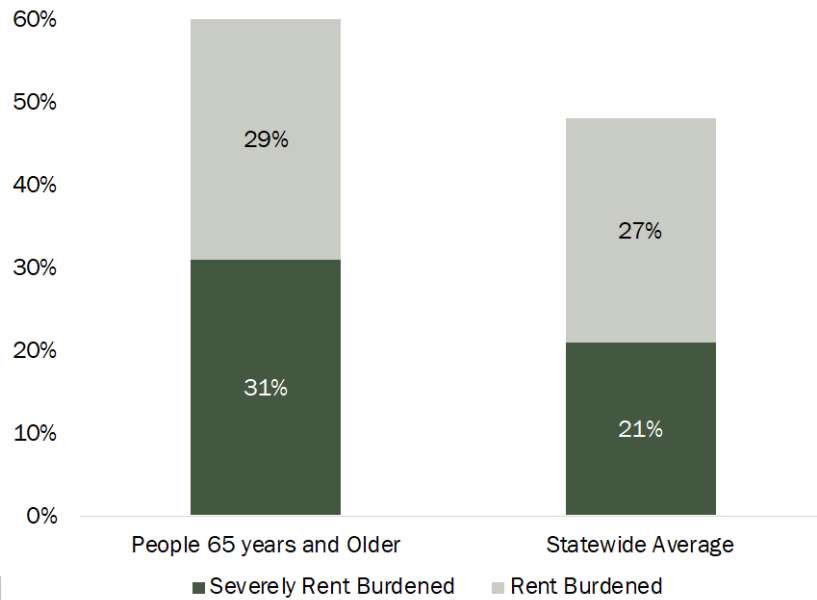
Exhibit 43 through Exhibit 45 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.²³ This information is not readily available for a city with a population as small as Bend, which is why we present statewide information. These exhibits show that these groups experience cost burden at higher rates than the overall statewide average.

Renters 65 years of age and older were disproportionately rent burdened compared to the state average.

About 60% of renters aged 65 years and older were rent burdened, compared with the statewide average of 48% of renters.

EXHIBIT 43. COST-BURDENED RENTER HOUSEHOLDS, FOR PEOPLE 65 YEARS OF AGE AND OLDER, OREGON, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



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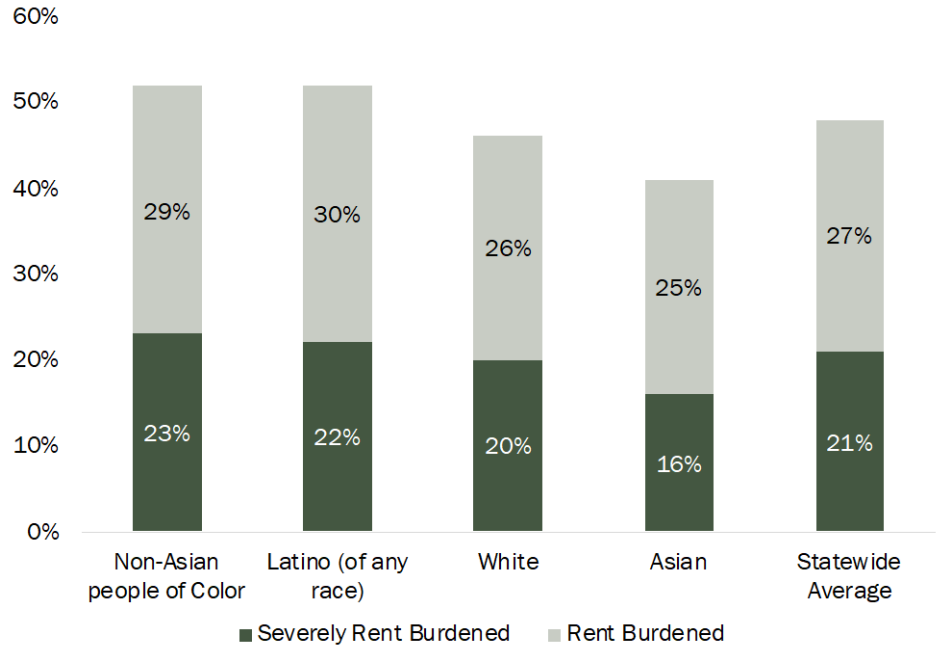
²³ From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

Compared to the average renter household in Oregon, those that identified as a non-Asian person of color or as Latino/a/x were disproportionately rent burdened.

Based on information from the recently completed *Bend Consolidated Plan*, housing disparities for People of Color are more substantial than those shown by the American Community Survey.

EXHIBIT 44. COST-BURDENED RENTER HOUSEHOLDS, BY RACE AND ETHNICITY, OREGON, 2018

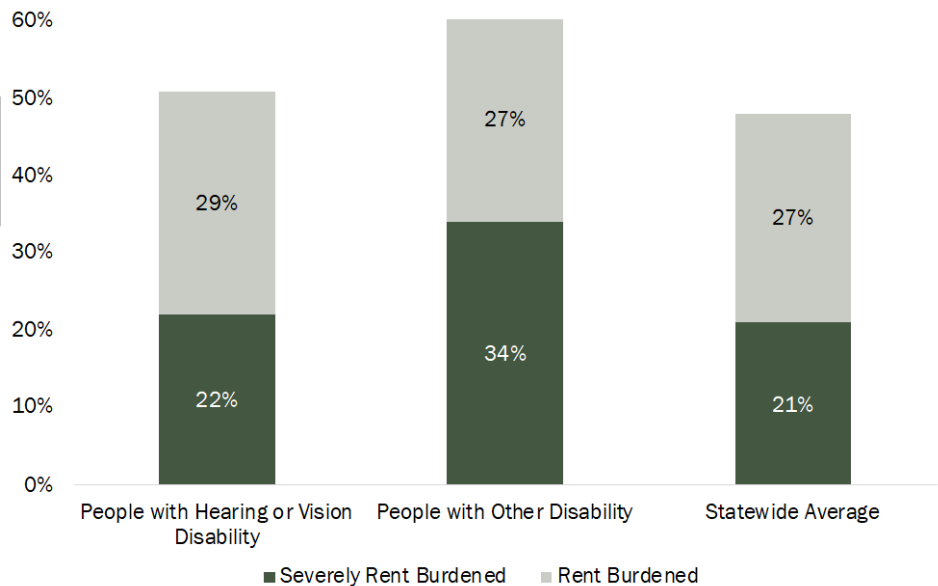
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



Renters with a disability in Oregon were disproportionately cost burdened.

EXHIBIT 45. COST-BURDENED RENTER HOUSEHOLDS, FOR PEOPLE WITH DISABILITIES, OREGON, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

The Department of Housing and Urban Development regularly publishes the Fair Market Rent (FMR) for an area. The FMR represents the average cost minus 10% to rent a moderately priced dwelling unit in a local area. The FMR for a 2-bedroom apartment in the Bend-Redmond Metropolitan Statistical Area (MSA) is \$1,303.

A household must earn at least \$22.55 per hour to afford a two-bedroom unit at Fair Market Rent (\$1,303) in the Bend-Redmond MSA.

That is about \$47,000 for a full-time job. About 38% of Bend's households had income below \$49,000 per year in 2019.

EXHIBIT 46. HUD FAIR MARKET RENT (FMR) BY UNIT TYPE, BEND-REDMOND MSA, 2022

Source: US Department of Housing and Urban Development.

\$866	\$1,048	\$1,303	\$1,851	\$2,230
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

EXHIBIT 47. AFFORDABLE HOUSING WAGE, BEND-REDMOND MSA, 2022

Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

\$22.55 per hour

Affordable housing wage for two-bedroom unit in Bend-Redmond MSA

The Median Family Income (MFI) in the Bend-Redmond MSA and Deschutes County in 2022 is \$97,700. MFI is a standard used (and defined) by US Department of Housing and Urban Development (HUD) on a county-by-county basis. It is used to estimate affordable rental costs for income-restricted housing based on household size. Exhibit 48 shows that a household earning 100% of MFI (\$97,700 for a household of four people) can afford a monthly rent of about \$2,440 or a home roughly valued between \$260,000 and \$315,000. As Exhibit 49 shows, about 35% of Bend's households have an income less than \$44,950 (50% or less of MFI) and cannot afford a two-bedroom apartment at the Fair Market Rent (FMR) of \$1,303 for Bend-Redmond MSA.

To afford the average asking rent of \$1,711, a household would need to earn about \$68,440 or 70% of MFI. About 38% of Bend's households earn less than \$50,000 and cannot afford these rents. In addition, about 19% of Bend's households have incomes of less than \$27,750 (30% of MFI) and are at risk of becoming houseless.

To afford the median home sales price of \$743,000 (as of Q2 2022), a household would need to earn about \$245,000 or 251% of MFI. Very few of Bend's households have income sufficient to afford this median home sales price in the absence of accumulated wealth to lower the mortgage payments.

Note to Reviewers: A future version of this report may include additional information about housing affordability from *The City of Bend 2023-2027 Consolidated Plan*.

EXHIBIT 48. FINANCIALLY ATTAINABLE HOUSING, BY MEDIAN FAMILY INCOME (MFI) FOR BEND-REDMOND MSA, (\$97,700 FOR A HOUSEHOLD OF FOUR PEOPLE), 2022

Source: US Department of Housing and Urban Development, 2022. Oregon Employment Department.

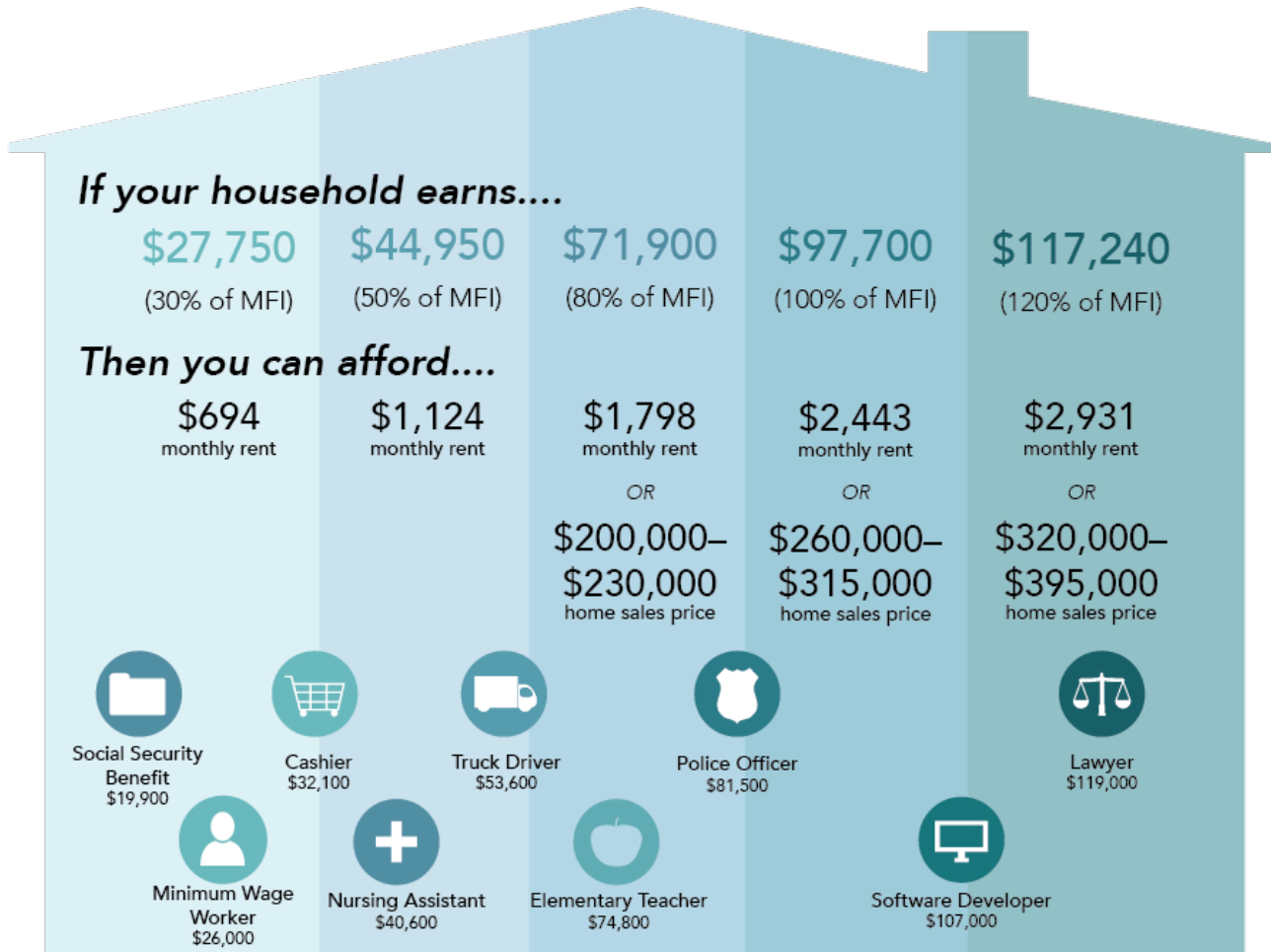


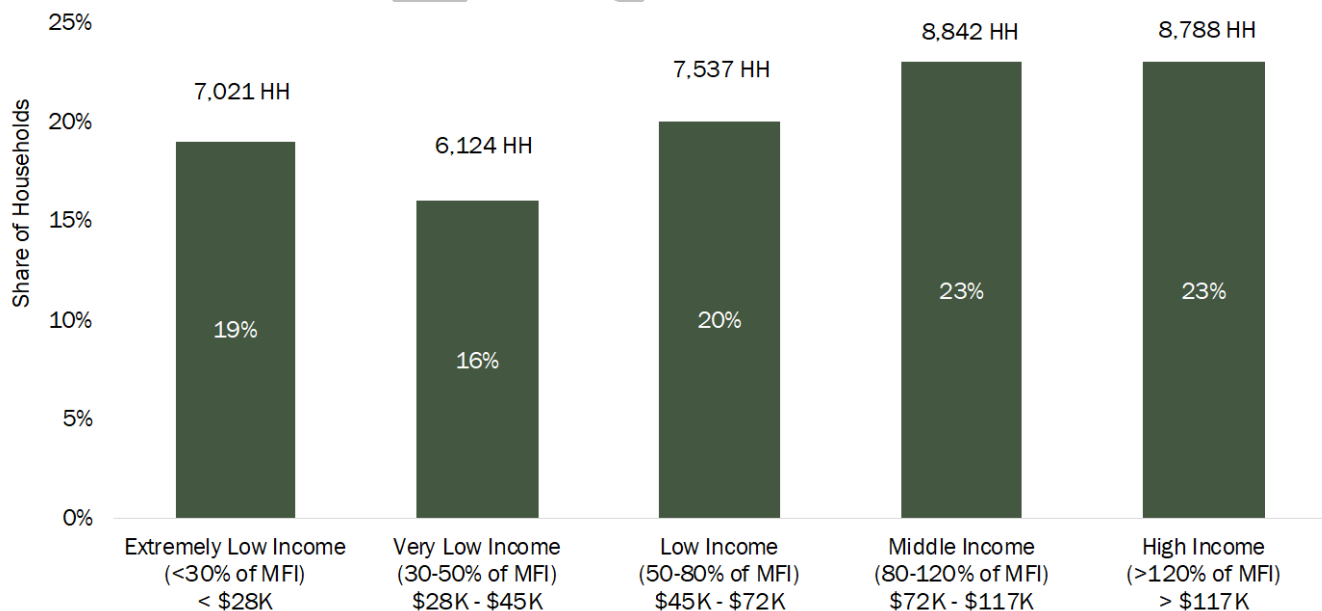
Exhibit 49 shows that 35% of Bend’s households are extremely low or very low income, with incomes below \$44,950. These households can afford monthly rent of \$1,124 or less, which is below the HUD Fair Market Rent of \$1,303 and below the market rent of \$1,670 for a two-bedroom unit. Private housing developers generally cannot build housing affordable to households in these income groups because the rents are too low to pay for the cost of development. Newly built housing for households with these incomes is generally income-restricted affordable housing, built with government subsidy.

About 20% of Bend households are moderate income, with incomes between \$44,950 and \$71,900. Assuming they do not spend more than 30% of their income on housing costs, these households can afford rents of up to \$1,798. These households can afford rental housing in Bend (if they can find housing at that rental cost) but cannot afford the cost of homeownership at current market rates. Private housing developers often have trouble building housing affordable to households in this income group because the rents are too low to pay for the cost of development. Newly built housing for households in this income group is less commonly built and often has some form of government subsidy (and other subsidies, as available) to make development financially feasible.

About 23% of Bend’s households are middle income (with incomes between \$71,900 and \$117,240) and 23% are high income (with incomes above \$117,240). These households can afford rental housing in Bend, and some can afford the cost of homeownership (generally households with incomes above \$117,240). Private housing developers can build most types of housing affordable to these middle and high-income groups without government subsidy.

EXHIBIT 49. SHARE OF HOUSEHOLDS BY MEDIAN FAMILY INCOME (MFI) FOR BEND-REDMOND MSA, 2022

Source: US Department of HUD. US Census Bureau, 2015-2019 ACS Table 19001.



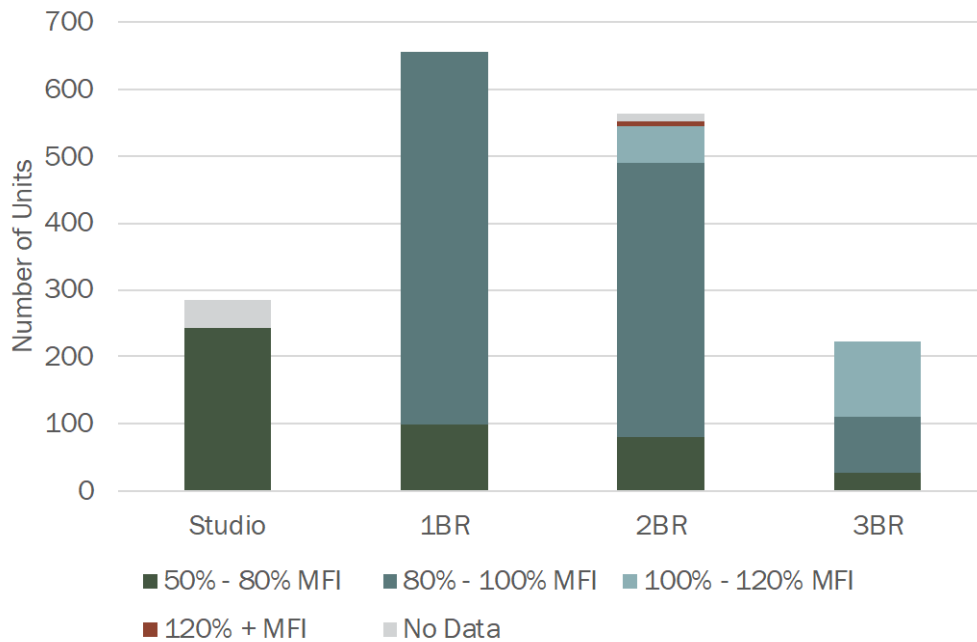
Anticipated Affordability of New Housing in Bend

New construction is typically more expensive than older housing stock due to depreciation and the rising cost of construction.

Exhibit 50 shows how rents for newer market-rate apartment buildings in Bend (built since 2015) compare to the rents affordable to various income levels shown in Exhibit 48. Note that this analysis does not adjust for household size or bedroom count. While smaller units such as studios are more likely to be affordable to lower-income households, their small size makes them less suitable for larger households.²⁴

EXHIBIT 50: AFFORDABILITY OF RENTS FOR MARKET-RATE APARTMENTS BUILT SINCE 2015, BEND, 2022

Source: ECONorthwest analysis of data from CoStar; excludes regulated affordable housing development and senior housing.



Note: Affordability level is based on average rents for a given unit type at a given property—all units at that property are categorized based on the average rent, but there may be variation within properties that is not reflected in this data. Affordability level is not adjusted for unit size or household size and does not account for utility allowances.

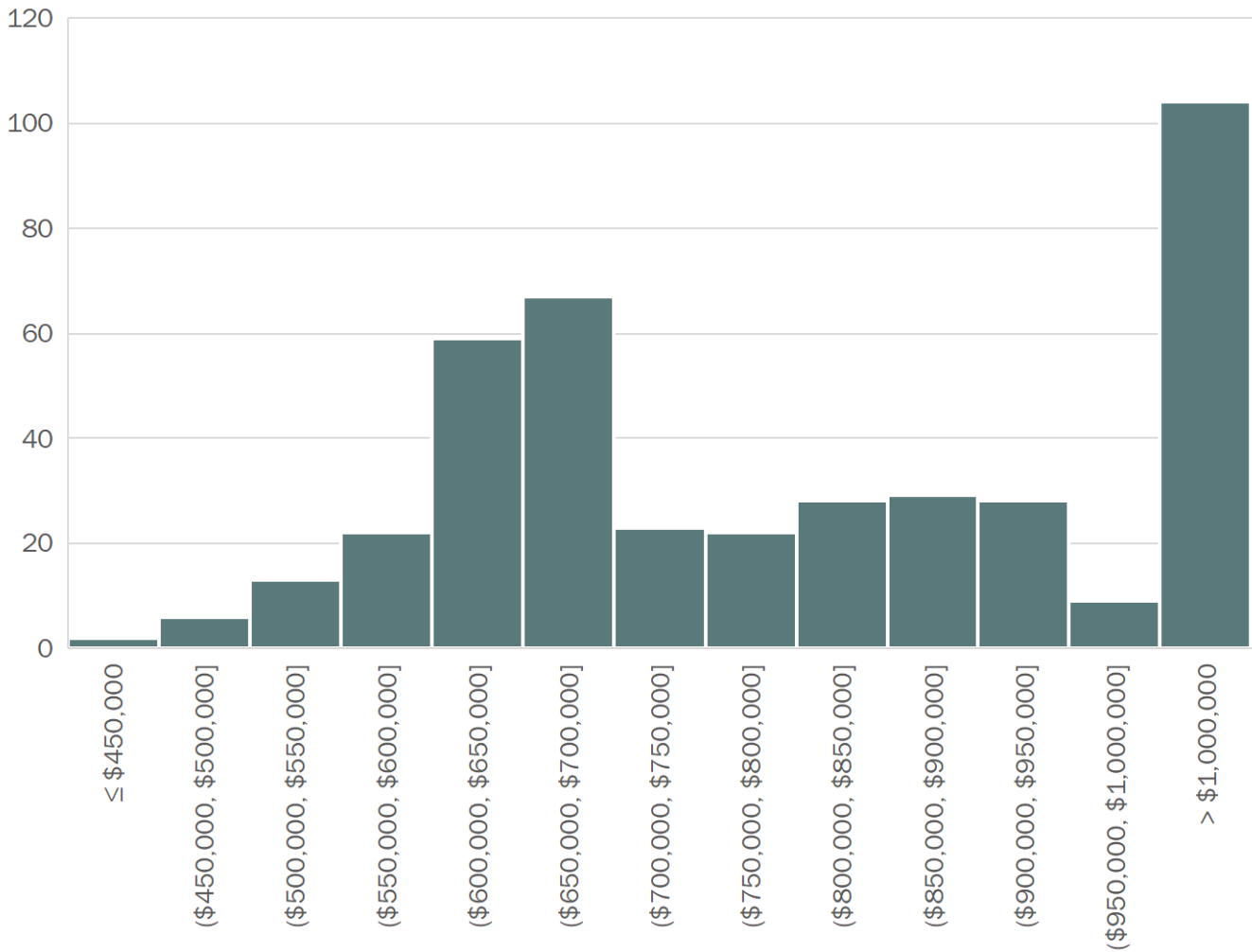
In contrast, data from the Central Oregon Association of Realtors (COAR) shows that all new construction homes (those sold directly from the home builder) sold in 2022 cost more than the upper end of the estimated affordability range for households at 120% of MFI. The lowest-priced new construction home sold in 2022 had a sale price of just over \$400,000, while the median price of new

²⁴ HUD affordable housing programs use rent and income limits that are adjusted for household size and bedroom count to account for this.

construction homes in Bend was nearly \$800,000 that year. Exhibit 51 shows the distribution of new construction sales prices in Bend in 2022. Over 100 units sold for more than \$1,000,000, though there were also many sales of homes priced between \$600,000 and \$700,000. These sales prices are unaffordable to many households unless they have substantial equity from a prior home or other forms of wealth.

EXHIBIT 51: DISTRIBUTION OF NEW CONSTRUCTION HOME SALES PRICES, BEND, 2022

Source: Central Oregon Association of Realtors



While the data from COAR does not include information regarding housing type, a review of sales transactions over the past year for newer homes (built since 2019) using listings on Redfin suggests that the lower-priced homes are primarily small single detached homes (mostly under 1,500 square feet), townhouses, and cottage cluster homes.

Summary of the Factors Affecting Bend's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than people who are older, and they are less likely to have children. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multiunit housing.

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate, age of the household head is correlated with household size and income, household size and age of household head affect housing preferences, and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual income, no kids), and the "empty nesters." Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Bend over the next 20 years:

- **Housing affordability is a continuing and growing challenge in Bend.** Housing affordability is a challenge in most of the Central Oregon region in general, and Bend is affected by these regional trends. Housing prices are increasing faster than incomes in Bend and Deschutes County, which is consistent with state and national challenges. Since 2014, rental costs in Bend have increased by about 47% and sales prices increased by about 179%. But incomes in Bend (and the Central Oregon region) have only increased by 23% (not adjusted for inflation) since 2014.

In addition, Bend has a modest supply of multiunit housing (about 25% of the city's housing stock), but over half of renter households are cost burdened (52%). Bend's key challenge over the next 20 years is providing opportunities for the development of relatively affordable housing of all types, such as lower-cost single-unit housing, townhomes, cottage housing, duplexes, triplexes,

quadplexes, market-rate multiunit housing, and income-restricted affordable housing. The implementation of zoning code changes in recent years to allow for development of many of these housing types in more areas in Bend (the Missing Middle code update) will provide more opportunity for development of these “middle” housing types.

- **Bend has made substantial changes in housing policy since 2016, which will continue to change Bend’s housing market.** The City’s residential policies can impact the amount of change in Bend’s housing market to some degree. The City has adopted policies to allow for development of middle housing types, such as townhouses, cottage housing, duplexes, triplexes, and quadplexes. If the City adopts policies to increase opportunities to build multiunit housing types (particularly multiunit housing that is affordable to low and moderate-income households), a larger percentage of new housing developed over the next 20 years in Bend may begin to address the City’s needs. The City has robust existing housing affordability policies, with the purpose of supporting development of more affordable housing types.
- **Where the future differs from the past, it is likely to move in the direction of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-unit housing. This includes providing opportunities for the development of smaller single-unit detached homes, townhomes, and multiunit housing.

Key demographic and economic trends that will affect Bend’s future housing needs are (1) the aging of baby boomers, (2) the aging of millennials and Generation Z, and (3) the continued growth in the Hispanic and Latino/a/x population.

- *The baby boomer population is continuing to age.* Household sizes decrease as this population ages. The majority of baby boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Bend.
- *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2025 and 2045, millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract millennials and Generation Z will depend on the City’s availability of renter and ownership housing that is large enough to accommodate families while still being relatively affordable. It will also depend on the location of new housing in Bend, as many millennials prefer to live in more urban or walkable environments.²⁵

Homeownership is becoming increasingly common among millennials, but financial barriers to homeownership remain for some millennials and Generation Z, resulting in need to rent housing, even if they prefer to become homeowners. Housing preferences for Generation Z are not yet known but are expected to be similar to millennials, meaning they will also need

²⁵ Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Strochak, Sarah. (2018). Millennial Homeownership, Why Is It So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

affordable housing, both for rental units and for ownership later in life. Some millennials and Generation Z households will occupy housing that, while currently occupied, will become available over the planning period, such as housing that is currently owned or occupied by baby boomers. The need for housing large enough for families may be partially accommodated by these existing units.

- *Hispanic and Latino/a/x population will continue to grow.* Hispanic and Latino/a/x population growth will be an important driver in growth of housing demand, both for owner and renter-occupied housing. Growth in the Hispanic and Latino/a/x population will drive demand for housing for families with children. Given the average lower income for Hispanic and Latino/a/x households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting.
- **Bend's housing market is impacted by an influx of homebuyers with accumulated wealth moving to Bend. Bend attracts households from high-cost regions,** such as Portland, Seattle, San Francisco, Los Angeles, and San Diego. These households may bring accumulated wealth and higher-than-average (for Bend) incomes, especially if homebuyers have home equity from selling a home in another high-cost region.

In summary, an aging population; increasing housing costs; housing affordability concerns for seniors, millennials, Generation Z, and Latino/a/x populations; and other variables are factors that support the need for smaller, less expensive units and a broader array of housing choices.

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3. Historical and Recent Development Trends

Historical development trends provide information about how Bend grew over time, offer information about how Bend has changed, and provide insight into potential future development patterns in the absence of policy change. We know that the City of Bend has made substantial policy changes in recent years that are already resulting in changes to the types of housing being built and proposed in Bend. For example, the number of middle housing units built, including townhomes, duplexes, triplexes, quadplexes, and cottage units, increased since 2014. Similarly, 32% of all units constructed since 2014 were multiunit development units, as compared to 18% between 1999 and 2014.²⁶

The historical development trends, combined with an understanding of the potential impacts of recent policy changes, provide the basis for forecasting future housing development. This information is used to develop the scenarios for growth presented in Chapter 6. The mix of housing types and densities in particular are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need.

This Housing Capacity Analysis examines changes in Bend’s housing market from 2000 to 2019, as well as residential development from 2010 to 2022. We selected this time period because the period provides long-term information about Bend’s housing market, including several economic cycles and changes in the housing market. In addition, data about Bend’s housing market during this period is readily available from sources such as the Census and the City building permit database.

For the purposes of this study, housing types were categorized into three categories based on (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303²⁷ and Bend Development Code. The groupings of housing types reflect recent changes to the Bend Development Code to allow Missing Middle Housing units throughout

²⁶ Prior to 2014, duplex, triplex, and quadplex units were classified as multifamily units.

²⁷ ORS 197.303 (2021) defines needed housing as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes.”

residential areas and differentiates between middle housing types and multiunit structures with 5 or more units per structure.

- Single-Unit Detached Dwellings (with and without an Accessory Dwelling Unit [ADU])
 - Single-Unit Detached Dwelling Units (“Traditional Single-Family” Units)
 - Detached Small Dwelling Units
 - Manufactured Homes
- Middle Housing Units (attached and detached)
 - Townhome Dwellings (with and without an ADU) (“Attached Single-Unit Dwelling”)
 - Cottage Cluster Development Units
 - Cottage Housing Development Units
 - Duplex, Triplex, Quadplex Units (including SB 458 – when located on own lot or parcel)
- Multiunit Residential Dwellings Units (5 or more units on one lot or parcel, including Micro-Units/Developments)

In Bend, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. Analysis within this report discusses housing affordability at a variety of incomes, as required in ORS 197.303.

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Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Bend and compares Bend to Deschutes County and to Oregon. These trends demonstrate the types of housing developed in Bend historically. Unless otherwise noted, this section uses data from the 2000 and 2010 Decennial Census and the 2015-2019 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in Bend:

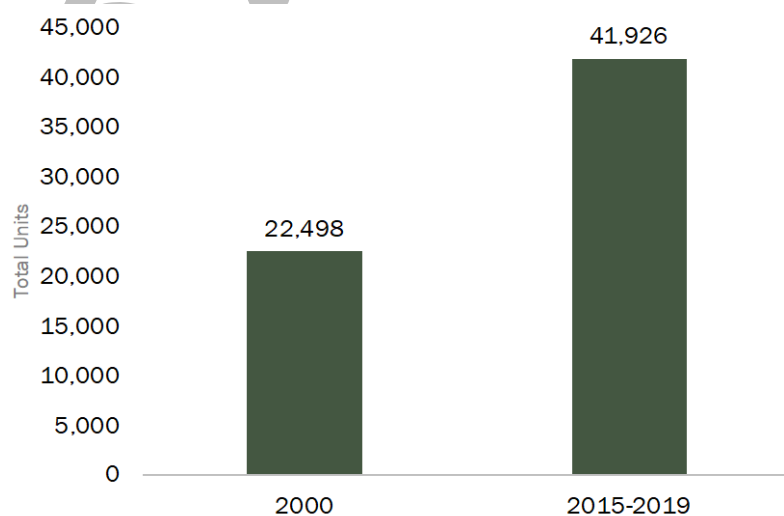
- **Bend’s housing stock is predominantly single-unit detached housing units.** Seventy-four percent of Bend’s housing stock is single-unit detached; 13% is multiunit (with five or more units per structure); 8% is duplexes, triplexes, or quadplexes; and 5% is single-unit attached (e.g., townhomes).
- **Single-unit detached housing accounted for the majority of new housing permitted in Bend between 2014 and 2022.** About 58% of permits were for single-unit detached, 10% for middle housing (including single-unit attached), and 32% for multiunit housing (including mixed-use buildings).

Housing Mix

The number of housing units in Bend grew by 19,428 from 2000 to 2019, an increase of 86%.

EXHIBIT 52. TOTAL DWELLING UNITS, BEND, 2000 AND 2015-2019

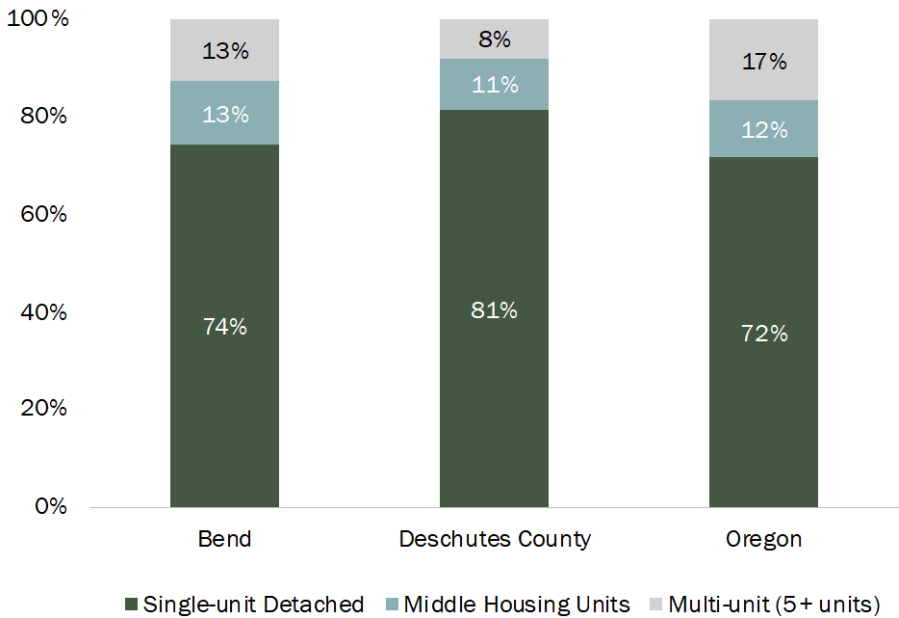
Source: US Census Bureau, 2000 Decennial Census Table H030, and 2015-2019 ACS Table B25024.



Based on the ACS data, about 74% of Bend's housing stock was single-unit detached housing. Bend had a larger share of multiunit housing (with 5+ units per structure) than Deschutes County, as well as a larger share of duplex, triplex, and quadplex housing than the county and state.

EXHIBIT 53. HOUSING MIX, BEND, DESCHUTES COUNTY, AND OREGON, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25024



The share of Bend's housing stock that is single-unit detached housing has decreased slightly from 77% in 2000 to 74% in 2019. During that period, the share of housing that was single-unit attached and multiunit increased one percentage point each.

EXHIBIT 54. CHANGE IN HOUSING MIX, BEND, 2000 AND 2015-2019

Source: US Census Bureau, 2000 Decennial Census Table H030, 2015-2019 ACS Table B25024.

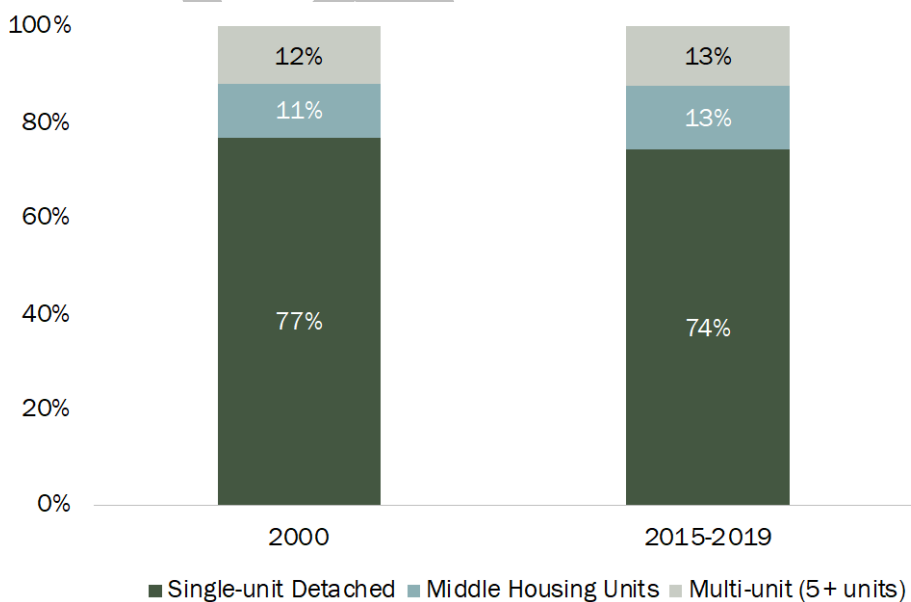
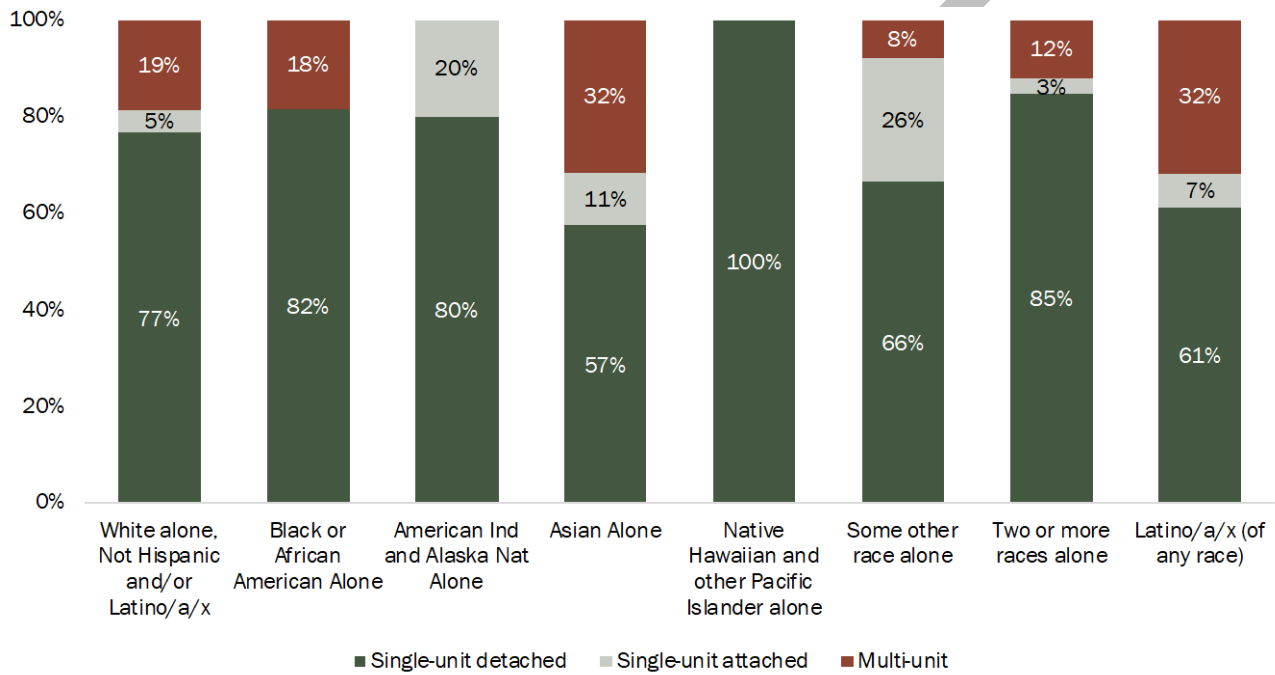


Exhibit 55 shows that householders that identified as Native Hawaiian and Other Pacific Islander Alone, Two or More Races Alone, and Black or African American Alone were most likely to live in single-unit detached housing (100%, 85%, and 82%, respectively). Over half that identified as Latino/a/x lived in single-unit detached units (61%). While the majority of Asian Alone, Latino/a/x, and White Alone households lived in single-unit detached housing, they were more likely to live in multiunit units (32%, 32%, and 19%) as compared to the other groups.

EXHIBIT 55. OCCUPIED HOUSING STRUCTURE BY RACE AND ETHNICITY, BEND, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25032 A-I.



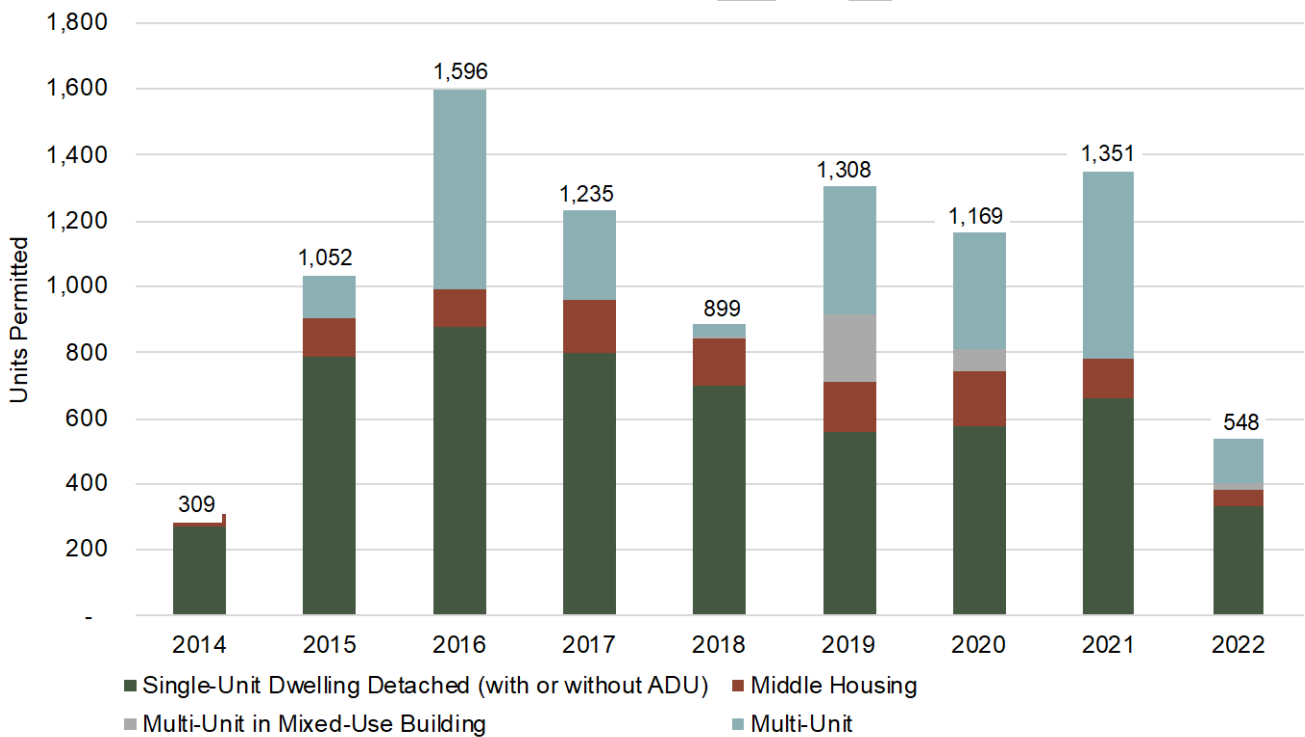
Building Permits

Over the time period from August 2014 through June 2022, Bend issued 9,467 building permits for new residential construction (not including Accessory Dwelling Units [ADUs]). Of these units, about 58% were for single-unit dwellings, 32% were for units in multiunit buildings, and 10% were for middle housing.

Over this period, Bend permitted 535 accessory dwelling units (accounted for in Exhibit 56). The majority (508 ADUs) were associated with Single-Unit Dwelling Detached, with a few (27 ADUs) associated with townhouse development, included under Middle Housing.

EXHIBIT 56. BUILDING UNITS FOR NEW RESIDENTIAL CONSTRUCTION BY STRUCTURE TYPE, BEND AUGUST 2014 THROUGH JUNE 2022

Source: City of Bend, Permit Database.



While the housing type categories have shifted to better encompass middle housing types, this represents a shift from the 2008-2014 period when 83% of permitted units were single-unit detached.²⁸

²⁸ Bend Housing Needs Analysis, 2016, page 16.

Trends in Housing Density

Housing density is the density of residential structures by structure type, expressed in dwelling units per net or gross acre.²⁹ The US Census does not track residential development density; thus, this study analyzes housing density based on Bend’s development database between August 2014 and June 2022.

Exhibit 57 shows that between 2014 and 2022, Bend’s newly permitted housing was developed at a net density of 8.8 dwelling units per net acre. Exhibit 57 shows average net residential density by structure type for the historical analysis period. Single-unit housing developed at 6.2 dwelling units per net acre, middle housing units developed at 14.8 units per acre, multiunit housing developed at 28.8 dwelling units per net acre and multiunit housing in mixed-use buildings developed at 38.2 units per acre.

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²⁹ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net buildable acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.



EXHIBIT 57. NET DENSITY BY STRUCTURE TYPE AND BY ZONING DISTRICT, BEND 2014 THROUGH JUNE 2022

Source: City of Bend.

Zoning District	Single-Unit Detached with/out ADU			Middle Housing			Multi-Unit			Multi-Unit in Mixed-Use Building			Total, Combined		
	Total Units	Net Acres	Net Density	Total Units	Net Acres	Net Density	Total Units	Net Acres	Net Density	Total Units	Net Acres	Net Density	Total Units	Net Acres	Net Density
Residential Urban Low	200	69	2.9	-	-	-	-	-	-	-	-	-	200	69	2.9
Residential Urban Standard	4,848	799	6.1	273	25	10.8	132	5	26.6	-	-	-	5,253	829	6.3
Residential Urban Medium	818	74	11.1	671	41	16.4	1,145	46	25.0	-	-	-	2,634	161	16.4
Residential Urban High Density	13	1	11.1	69	2	29.7	836	26	32.6	47	1	31.7	965	31	31.5
Mixed Riverfront	5	1	6.4	46	1	35.7	150	3	44.6	15	0	34.9	216	6	36.9
Mixed Use	-	0	-	-	-	-	67	1	59.5	203	4	47.8	270	5	50.3
Professional Office	-	0	-	-	-	-	136	5	27.6	-	-	-	136	5	27.6
PR/RM/RS	11	3	3.9	-	-	-	-	-	-	-	-	-	11	3	3.9
Comercial Convenience	-	0	-	-	-	-	-	-	-	4	0	26.2	4	0	26.2
Commercial General	1	0	13.6	-	-	-	-	-	-	24	1	26.1	25	1	25.2
Commercial Limited	11	2	6.8	19	3	6.3	82	3	29.5	8	1	12.2	120	8	14.8
UA	7	7	1.1	-	-	-	-	-	-	-	-	-	7	7	1.1
Grand Total	5,914	954	6.2	1,078	73	14.8	2,548	89	28.8	301	8	38.2	9,841	1,124	8.8

For comparison, in the 1998-2008 period, the average was 5.7 dwelling units per net acre.³⁰

³⁰ Bend Housing Needs Analysis, 2016, page 22.

Trends in Tenure

Housing tenure describes whether a dwelling is owner or renter occupied. This section shows:

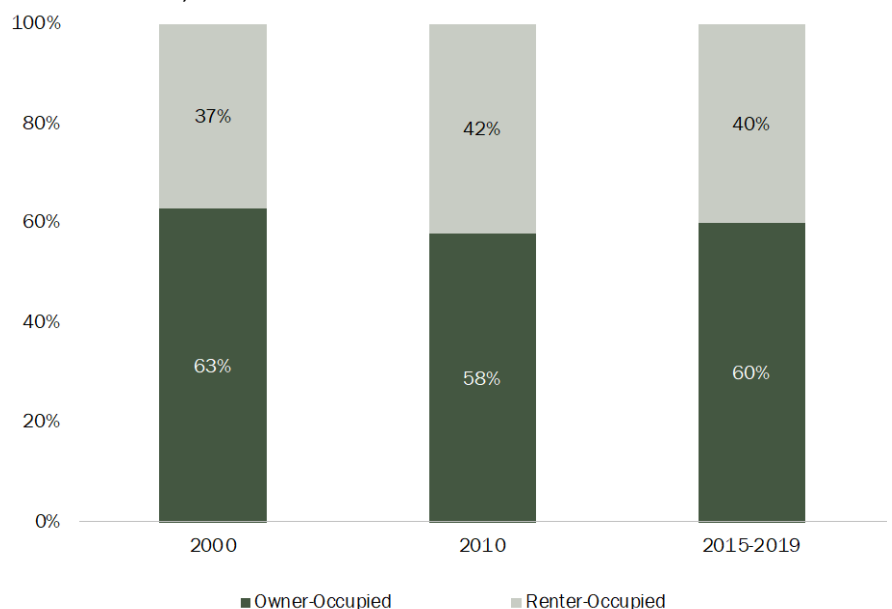
- **Homeownership rates in Bend were slightly lower than Deschutes County's and Oregon's rates.** About 60% of Bend's households own their home. In comparison, 67% of Deschutes County's households and 62% of Oregon households are homeowners.
- **Homeownership rates in Bend decreased slightly between 2000 and 2015-2019.** In 2000, 63% of households were homeowners. This decreased to 58% in 2010 and then rose to 60% in 2015-2019.
- **Nearly all of Bend's homeowners (96%) live in single-unit detached housing, while over half of renters (56%) lived in multiunit housing** (including units in duplexes, triplexes, quadplexes, and housing with five or more units per structure).

The implications for the forecast of new housing are that Bend has a balance of opportunities for homeownership and for renting. Relatively few attached housing types (including middle housing and multiunit housing types) were owner occupied, which, combined with information about housing affordability in Chapter 4, may suggest opportunity for development of homeownership opportunities in a wider range of housing types, such as townhouses, cottage housing, and duplexes, triplexes, quadplexes, and possibly multiunit condominiums. The changes in Bend's development code in 2022 to allow more middle housing types may result in more development of these housing types, both for ownership and rental.

The share of housing units in Bend that are renter-occupied increased three percentage points from 2000 to 2015-2019.

EXHIBIT 58. TENURE, OCCUPIED UNITS, BEND, 2000, 2010, 2015-2019

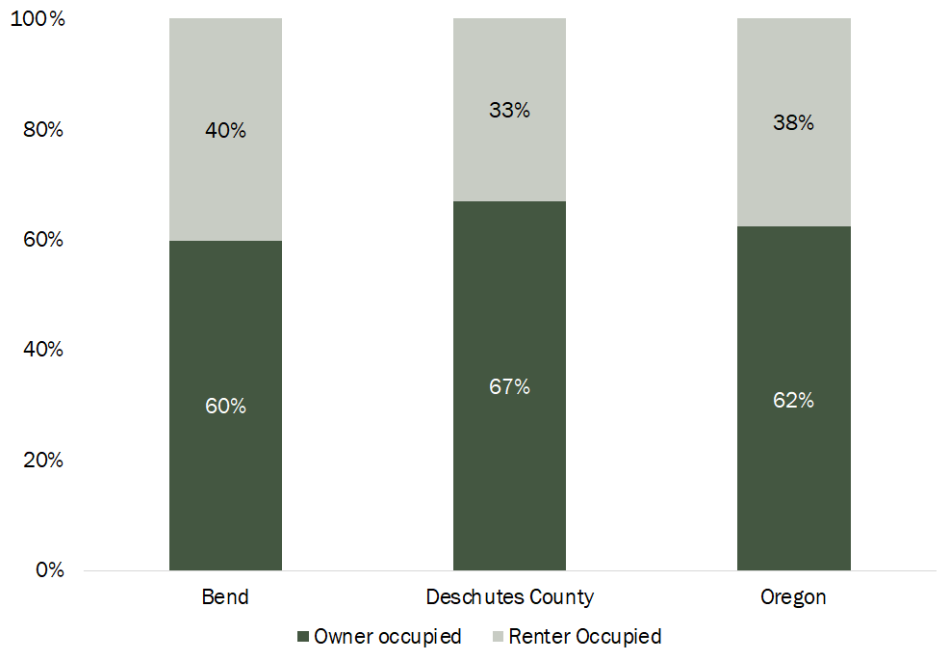
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2015-2019 ACS Table B25003.



Bend had a lower homeownership rate than Deschutes County and Oregon.

EXHIBIT 59. TENURE, OCCUPIED UNITS, BEND, DESCHUTES COUNTY, AND OREGON, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.



Nearly all of Bend’s homeowners (96%) lived in single-unit detached housing. In comparison, over half (56%) of Bend’s renters lived in middle or multiunit housing.

EXHIBIT 60. HOUSING UNITS BY TYPE AND TENURE, BEND, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25032.

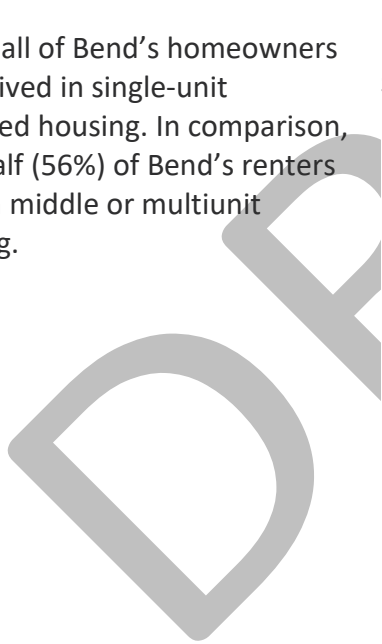
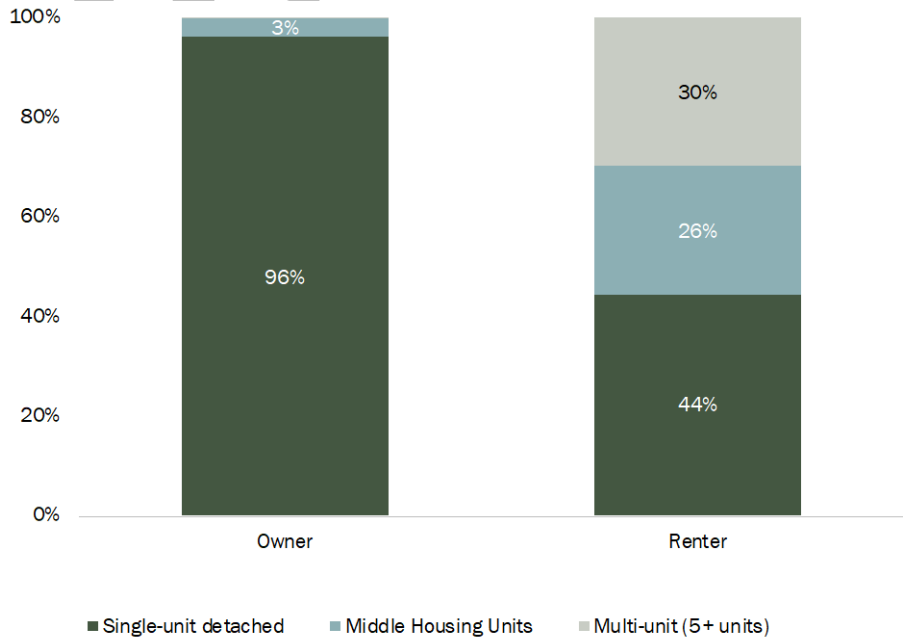
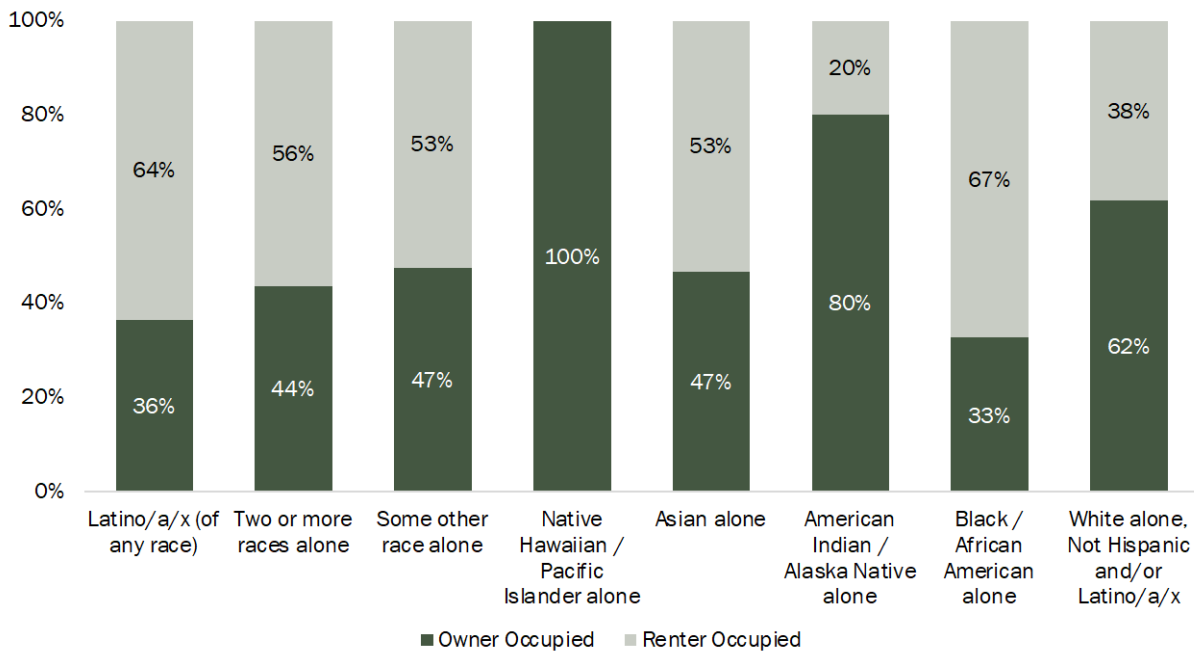


Exhibit 61 shows housing tenure by race and ethnicity for Bend’s households. Households that identified as Black/African American Alone, Latino/a/x (of Any Race), Two or More Races Alone, Some Other Race Alone, and Asian Alone had the lowest rates of homeownership (33%, 36%, 44%, 47%, and 47%, respectively). In comparison, households with high rates of homeownership were those that identified as Native Hawaiian or Other Pacific Islander Alone, American Indian or Alaska Native Alone, or as White Alone.

EXHIBIT 61. TENURE BY RACE AND BY ETHNICITY, BEND, 2015-2019

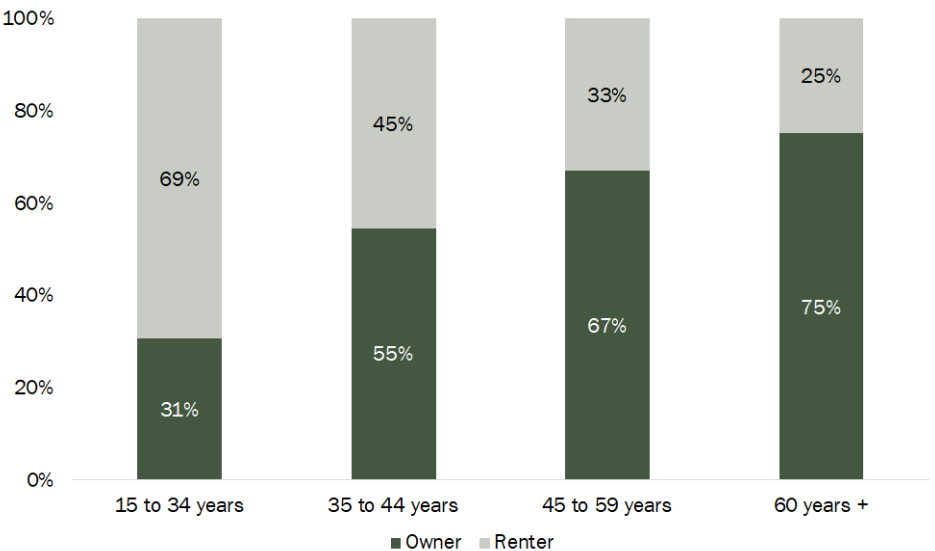
Source: US Census Bureau, 2015-2019 ACS Table B25003A-I.



Bend’s homeownership rate increased with the age of the head of household. In Bend, 75% of householders aged 60 and older owned their homes.

EXHIBIT 62. TENURE BY AGE OF THE HEAD OF HOUSEHOLD, BEND, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25007.



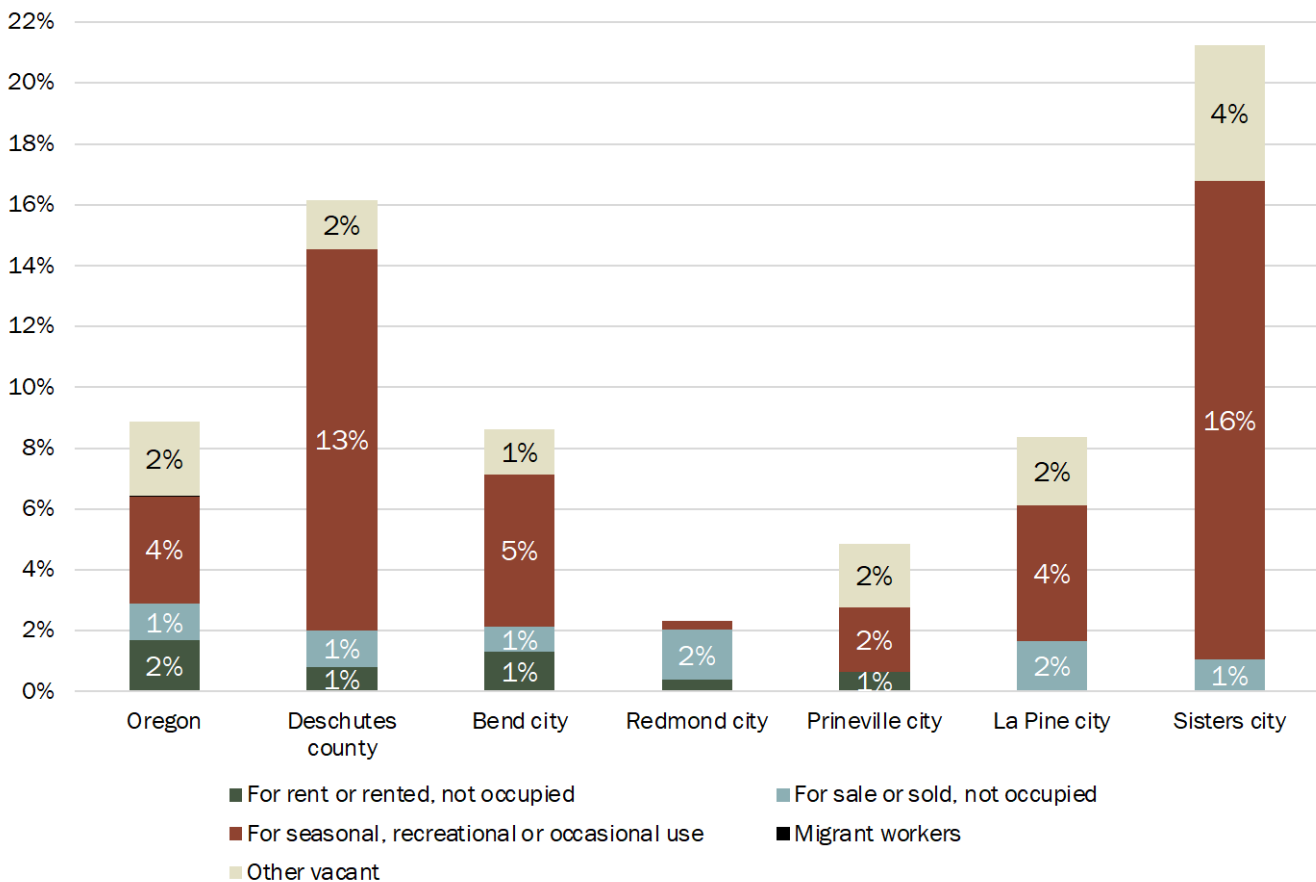
Vacancy Rates

Housing vacancy is a measure of housing available to prospective renters and buyers. It also measures unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only."

According to the 2015-2019 American Community Survey, the vacancy rate in Bend was 8.6%, compared to 16.1% in Deschutes County and 8.9% for Oregon. When excluding vacancies due to seasonal use, the vacancy rate in Bend was about 3.6%.³¹

EXHIBIT 63. VACANCY BY REASON AS SHARE OF ALL UNITS, BEND, DESCHUTES COUNTY, OREGON, AND COMPARISON CITIES, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25004.



³¹ The 2015-2019 ACS reported that Bend had 2,095 units vacant for seasonal, recreational, or occasional use. That is 5% of Bend's approximately 41,926 dwelling units.

Income-Restricted Affordable Housing

Governmental agencies and nonprofit organizations offer a range of housing assistance to low and moderate-income households in renting or purchasing a home. There are 19 income-restricted government-assisted rental housing developments in Bend with a total of 1,021 dwelling units.

EXHIBIT 64. GOVERNMENT-ASSISTED RENTAL HOUSING, BEND, 2019

Source: Oregon Department of Health and Human Services, Affordable Housing Inventory in Oregon, November 2019.

Development Name	Total Units	SRO	Studio	1-bd	2-bd	3-bd	4-bd	Unknown
Ariel Glen Apartments	70	0	0	0	35	35	0	0
Ariel South Apartments	97	0	0	0	97	0	0	0
Cedarwest Apartments	121	0	0	81	40	0	0	0
Crest Butte Apartments	52	0	0	16	36	0	0	0
Daggett Townhouses	24	0	0	0	10	14	0	0
Discovery Park Lodge	53	0	0	42	11	0	0	0
Eastlake Village	56	0	0	0	28	28	0	0
Emma's Place	11	0	0	11	0	0	0	0
Fifth Street Commons	15	0	0	0	12	3	0	0
Greenwood Manor	40	0	20	16	4	0	0	0
Healy Heights	70	0	0	4	32	30	4	0
Moonlight Townhouses	29	0	0	0	16	13	0	0
Mountain Laurel Lodge	54	0	0	42	12	0	0	0
Pilot Butte Village	40	0	0	0	0	0	0	40
Putnam Lofts	10	0	0	9	1	0	0	0
Putnam Pointe	33	0	0	27	6	0	0	0
Quimby Street Apartments	52	0	0	52	0	0	0	0
Summit Park	88	0	0	28	44	16	0	0
Vintage at Bend	106	0	0	47	59	0	0	0
Total	1,021	-	20	375	443	139	4	40

Since 2019, Bend has added its largest affordable housing development to date with 240 units, along with several other smaller projects.

Bend also has 83 units of deed-restricted homeownership units as of March 2023. The units are the following types:

- **Single-unit detached: 52 units**
- **Townhomes: 13 units**
- **Cottages: 18 units**

The Central Oregon Continuum of Care (CoC) region has 232 emergency shelter beds, 131 transitional shelter beds, and 669 permanently supportive housing beds supporting persons experiencing homelessness in the Central Oregon region.

EXHIBIT 65. FACILITIES AND HOUSING FOR HOUSEHOLDS EXPERIENCING HOMELESSNESS, CENTRAL OREGON CONTINUUM OF CARE REGION, 2021

Source: HUD 2021 Continuum of Care Homeless Assistance Programs, Housing Inventory Report, Central Oregon CoC.

Population Served	Emergency and Safe Haven Shelter ³²	Transitional Housing ³³	Permanent Housing Beds ³⁴
Family Units	25	9	37
Family Beds	59	27	111
Adult-Only Beds	99	62	178
Child-Only Beds	14	21	0
Total Year-Round Beds	172	110	289
Chronic Beds	n/a	n/a	169
Veteran Beds	0	0	174
Youth Beds	49	33	0
Total	418	262	958

Exhibit 66 shows that Bend has 578 beds for people experiencing homelessness. The majority of these beds are in existing year-round emergency shelters or permanent supportive housing.

EXHIBIT 66. FACILITIES AND HOUSING TARGETED TO HOMELESS HOUSEHOLDS, CITY OF BEND, 2022

Source: Annual Homeless Assessment Report (AHAR) Housing Inventory Count by Continuum of Care 2022.

	Emergency Shelter Beds		Transitional Housing Beds	Permanent Supportive Housing Beds	
	Year-Round Beds (Current & New)	Voucher / Seasonal / Overflow Beds	Current & New	Current & New	Under Development
Households with Adult(s) and Child(ren)	80	0	24	18	0
Households with Only Adults	169	0	50	111	0
Chronically Homeless Households	0	0	0	0	6
Veterans	0	0	0	100	0
Unaccompanied Youth	3	0	17	0	0
Total	252	0	91	229	6

³² Emergency shelter is intended to provide temporary shelter for people experiencing homelessness. Safe haven is a form of supportive housing that serves hard-to-reach people experiencing homelessness, such as people with severe mental illness.

³³ Transitional housing is a type of housing for people experiencing homelessness that is intended to facilitate movement of people into permanent housing within 24 months.

³⁴ Permanent housing is community-based housing without a designated length of stay, intended for people who were experiencing homelessness or who may have become homeless without this housing option.

Manufactured Homes

Manufactured homes provide a source of affordable housing in Bend. They provide a form of homeownership that can be made available to low and moderate-income households. Cities must plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities. OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.

Exhibit 63 presents the inventory of mobile and manufactured home parks within Bend as of 2022. Bend has 17 manufactured home parks within its city limits. Within these parks, there are a total of 1,517 spaces (of which 48 were vacant as of March 2022).

EXHIBIT 13. INVENTORY OF MOBILE/MANUFACTURED HOME PARKS, BEND UGB, 2022

Source: Oregon Manufactured Dwelling Park Directory, 2022.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone
Bend Trailer Park - DES0003	335 SE Roosevelt	Family	7	0	
Cascade Village MHC - DES0006	63700 Cascade Village Dr	55+	118	13	
Country Sunset - DES0009	61445 SE 27th	Family	148	0	
Deschutes Mobile Home Park - DES0010	60311 Cheyenne Rd	Family	28	0	
Four Seasons Mobile Home Park - DES0012	64100 N Hwy 97	55+	37	0	
Fox Hills Mobile Home Court - DES0014	61058 Alopex Ln	Family	62	5	
Golfside Park - DES0050	61055 Parrell Rd	Family	94	0	
High Desert Mobile Home Park - DES0048	64815 Deschutes Market Rd	Family	8	0	
Juniper Hilltop MHP, LLC - Collective Parks - - DES0021	63930 N Hwy 97	Family	53	3	
Mountain Vista Mobile Home Park - DES0024	64900 Hunnell Rd	Family	52	0	
Parrell/Sisters Mobile Home Park - DES0028	61310 & 61292 Parrell Road	Family	87	2	
Rock Arbor Villa, LLC - DES0034	2200 NE Hwy 20	55+	77	0	
Romaine Village Country Estates - DES0035	19940 Mahogany St.	Family	176	13	

Name	Location	Type	Total Spaces	Vacant Spaces	Zone
Snowberry Village - DES0042	1188 NE 27th	55+	132	0	
Suntree Village Mobile Home Park - DES0046	1001 SE 15th St	55+	214	0	
The Pines - DES0047	61000 Brosterhaus Rd	Family	217	11	
Tumalo Mobile Home Park - DES0049	19825 5th St	Family	7	1	
Total			1,517	48	

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4. Projected New Housing Units Needed in the Next 20 Years

The results of the Housing Capacity Analysis are based on (1) the official household forecast for growth in Bend over the 20-year planning period, (2) information about Bend's housing market relative to Deschutes County, Oregon, and nearby cities, and (3) the demographic composition of Bend's existing population and expected long-term changes in the demographics of Deschutes County.

Forecast for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in Bend between 2025 and 2045. The key assumptions are based on the best available data.

- **Population.** A 20-year population forecast (in this instance, 2025 to 2045) is the foundation for estimating needed new dwelling units. Bend's UGB will grow from 111,062 persons in 2025 to 155,806 persons in 2045, an increase of 44,744 people.³⁵
- **Household Size.** According to the 2015-2019 American Community Survey, the average household size in Bend was 2.44 people. **Thus, for the 2025 to 2045 period, we assume an average household size of 2.44 persons.**
- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units [that] are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

Vacancy rates are cyclical and represent a lag between demand and market response to demand for additional dwelling units. According to the 2015-2019 American Community Survey, Bend's vacancy rate was 3.6%. This vacancy rate is below the vacancy rate of a well-functioning housing market. **For the 2025 to 2045 period, we assume a vacancy rate of 5.0%**, which is more consistent with a healthy housing market.

³⁵ This forecast is based on Bend's UGB's official forecast from the Oregon Population Forecast Program for the 2025 to 2045 period. The forecast is presented in Exhibit 3.

Bend will have demand for 19,255 new dwelling units over the 20-year period, with an annual average of 963 dwelling units.

EXHIBIT 67. FORECAST OF DEMAND FOR NEW DWELLING UNITS, BEND UGB, 2025 TO 2045

Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2025-2045)
Change in persons	44,744
Average household size	2.44
New occupied DU	18,338
<i>times</i> Vacancy rate	5%
<i>equals</i> Vacant dwelling units	917
Total needed new dwelling units (2025-2045)	19,255
Annual average of new dwelling units	963

Housing Units Needed Over the Next 20 Years

Needed Housing by Income Level

The forecast of need by income level requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on secondary data from the Census and analysis by ECONorthwest.

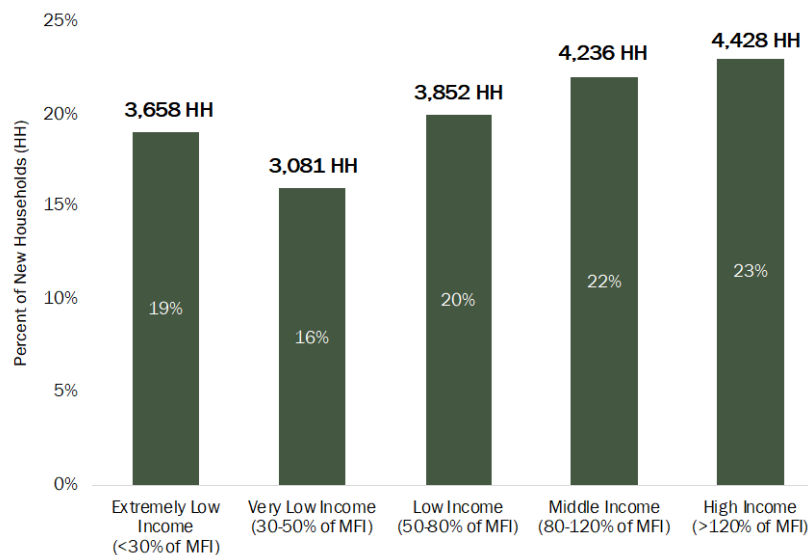
The analysis in Exhibit 68 is based on Census data about household income levels for existing households in Bend (Exhibit 49). Income is distributed into market segments consistent with HUD income level categories, using Deschutes County’s 2022 median family income (MFI) of \$97,700 for a family of four. The exhibit assumes that approximately the same percentage of households will be in each market segment in the future.

About 35% of Bend’s future households will have income below 50% of Deschutes County’s median family income (less than \$44,950).

About 42% will have incomes between 50% and 120% of the county’s MFI (between \$44,950 and \$117,240).

This graph shows that, as Bend’s population grows, Bend will continue to have demand for housing across the affordability spectrum.

EXHIBIT 68. FUTURE (NEW) HOUSEHOLDS, BY MEDIAN FAMILY INCOME (MFI) FOR DESCHUTES COUNTY (\$97,700), BEND UGB, 2025 TO 2045
 Source: US Department of HUD, Deschutes County, 2022, US Census Bureau, 2015-2019 ACS Table 19001.



Needed Housing Mix

Exhibit 67 presents a forecast of new housing in Bend’s UGB for the 2025 to 2045 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Bend.

Over the next 20 years, the need for new housing developed in Bend will generally include more smaller units that are more affordable. This conclusion is based on the following information, found in the previous sections:

- Bend’s existing housing mix is predominately single-dwelling detached. In the 2015-2019 period, 74% of Bend’s housing was single-dwelling detached, 13% was middle housing types, and 13% was multiunit housing (with five or more units per structure). Between 2014 and 2022, Bend issued building permits for 9,467 building permits for new residential construction. Of these units, about 58% were for single-unit dwellings, 32% were for multiunit housing, and 10% were for middle housing.
- Demographic changes across Bend suggest increases in demand for middle housing types and multiunit housing. The key demographic and socioeconomic trends that will affect Bend’s future housing needs are an aging population, increasing housing costs, and housing affordability concerns for millennials, Generation Z, and Latino populations. The implications of these trends are increased demand from younger and family households and increased demand for affordable housing for families, both for ownership and rent.

- Bend's median household income was \$65,662 in 2015-2019. Adjusted for inflation, Bend's median household income increased by about \$2,000 since 2000. Not adjusted for inflation, median household income increased by 23% between 2009-2014 and 2015-2019. Median household income for Latino/a/x population was below the median for all households in Bend.
- Housing costs in Bend increased faster than incomes. The median value of a house in Bend was 3.4 times the median household income in 2000 and 5.9 times the median household income in the 2015-2019 period. Since 2014, median home sales prices increased by 179% and average multiunit asking rent increased by 43%. This increase in housing costs outpaced the increase in household income. Bend needs more affordable housing for both renters and homeowners.
- About 37% of Bend's households are cost burdened (paying 30% or more of their household income on housing costs). About 52% of Bend's **renters** are cost burdened and about 18% of Bend's **homeowners** are cost burdened.
- New construction housing tends to be relatively expensive; however, middle housing, multiunit housing, and small detached homes are generally the less expensive than other new construction.
- To afford the average asking rent of \$1,711, a household would need to earn about \$68,440 or 70% of MFI. About 38% of Bend's households earn less than \$50,000 and cannot afford these rents. In addition, about 19% of Bend's households have incomes of less than \$27,750 (30% of MFI) and are at risk of becoming houseless.
- To afford the median home sales price of \$743,000 (as of Q2 2022), a household would need to earn about \$245,000 or 251% of MFI. Very few of Bend's households have income sufficient to afford this median home sales price.

These factors suggest that Bend needs a broader range of housing types with a wider range of price points than are currently available in Bend housing stock.

Exhibit 69 shows three forecasts for housing need for the Bend UGB for the 2025 to 2045 period. The projection is based on the following assumptions:

- **Mix A is similar to recent trends in development.** The amount of middle housing forecast (15%) is reflective of development since 2014 and increased interest in middle housing development since implementation of the City's middle housing code in 2022. Multiunit permits issued since 2014 accounted for about 29% of new housing. The percentage of single-unit detached housing is consistent with the forecast of that housing type from the 2016 Housing Needs Analysis (55% of new housing). Mix A assumes continuation of development patterns that the City has been planning for and achieving since 2016.
- **Mix B assumes an increase in middle housing development.** The City implemented code changes in 2022 that allowed middle housing throughout residential areas within the City. Inquiries and pre-application interest in middle housing development are increasing. Middle housing provides for homeownership opportunities that are somewhat more affordable than most single-unit detached housing.

- **Mix C assumes an increase in multiunit housing.** The buildable lands inventory and capacity analysis show that the City is planning for a considerable amount of multiunit housing, in response to need for more housing that is comparatively affordable. Mix C assumes that interest in middle housing continues as in Mix B and that a larger percentage of new housing is multiunit housing.

EXHIBIT 69. FORECAST OF NEED FOR NEW DWELLING UNITS, BEND UGB, 2025 TO 2045

Source: Calculations by ECONorthwest.

Variable	Mix A: Similar to Recent Trends	Mix B: Increase Middle Housing	Mix C: Increase Multiunit
Needed new dwelling units (2025-2045)	19,255	19,255	19,255
Dwelling units by structure type			
Single-unit detached			
Percent single-unit detached DU	55%	50%	40%
Total new single-unit detached DU	10,590	9,628	7,702
Middle Housing Units			
Percent Middle Housing DU	15%	20%	20%
Total new Middle Housing DU	2,889	3,851	3,851
Multiunit (5+ units)			
Percent multiunit DU	30%	30%	40%
Total new multiunit DU	5,776	5,776	7,702
Total needed new dwelling units (2025-2045)	19,255	19,255	19,255

Second homes

Second homes are common in Bend. Exhibit 63 shows that about 5% of Bend’s existing housing stock is vacant for seasonal, recreational, or occasional use. This is the best available estimate of second homes in Bend.³⁶ Continuing the assumption that 5% of new housing will be in second homes, Bend will have an additional demand for 963 second homes. Exhibit 70 shows the forecast for second homes for the 2025-2045 period by type of unit. It assumes that most second homes will be in single-unit detached housing but that some will be in middle and multiunit housing types. The mix of housing types in Exhibit 70 is based on Bend’s existing housing stock mix.

³⁶ Second homes and short-term rentals are often discussed together. While second homes may be used for short-term rentals, not all short-term rentals are in second homes.

EXHIBIT 70. FORECAST OF DEMAND FOR NEW SECOND HOMES, BEND UGB, 2025 TO 2045

Source: Calculations by ECONorthwest.

Variable	Second Homes	Mix B: Increase Middle Housing	Mix C: Increase Multiunit
New second homes (2025-2045)	963	963	963
Single-unit detached			
Percent of second homes	74%	74%	74%
New single-unit detached second homes	713	713	713
Middle Housing Units			
Percent of second homes	13%	13%	13%
New Middle Housing second homes	125	125	125
Multiunit (5+ units)			
Percent of second homes	13%	13%	13%
New multiunit second homes	125	125	125
Total new second homes (2025-2045)	963	963	963

Exhibit 71 summarizes the forecast of needed housing (Exhibit 69) and the forecast of growth of second homes (Exhibit 70). It shows that Bend is forecast to add 20,218 new dwelling units between 2025 and 2045.

EXHIBIT 71. SUMMARY OF THE FORECASTS OF NEEDED HOUSING AND SECOND HOMES, BEND UGB, 2025 TO 2045

Source: Calculations by ECONorthwest.

Variable	Mix A: Similar to Recent Trends	Mix B: Increase Middle Housing	Mix C: Increase Multiunit
Total new single-unit detached DU	11,303	10,341	8,415
Total new Middle Housing DU	3,014	3,976	3,976
Total new multiunit DU	5,901	5,901	7,827
Total needed and second homes DU (2025-2045)	20,218	20,218	20,218

Exhibit 72 and Exhibit 73 show how the addition of needed housing and second homes between 2025 and 2045 would shift Bend’s overall housing stock by the end of the planning period for Housing Mix A and Housing Mix C, respectively. In both cases, the dominant housing type continues to be single-unit detached housing. This is true even in Scenario C, which includes greater growth of middle housing and multiunit housing by 2045.

EXHIBIT 72. CHANGE IN MIX OF HOUSING STOCK BASED ON MIX A, BEND UGB, BY 2045

Source: Calculations by ECONorthwest.

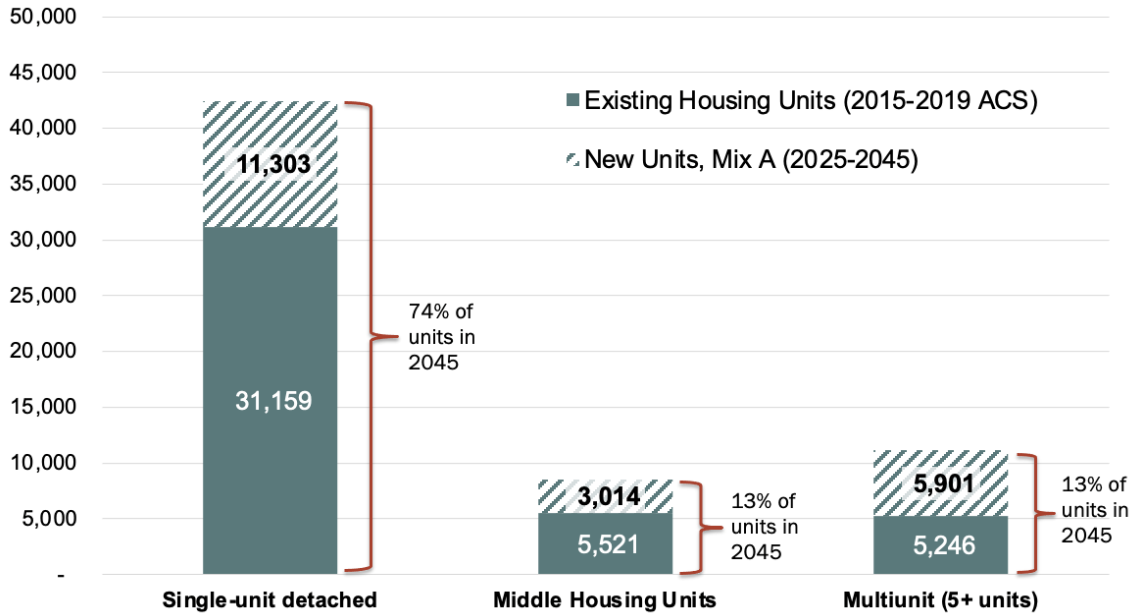
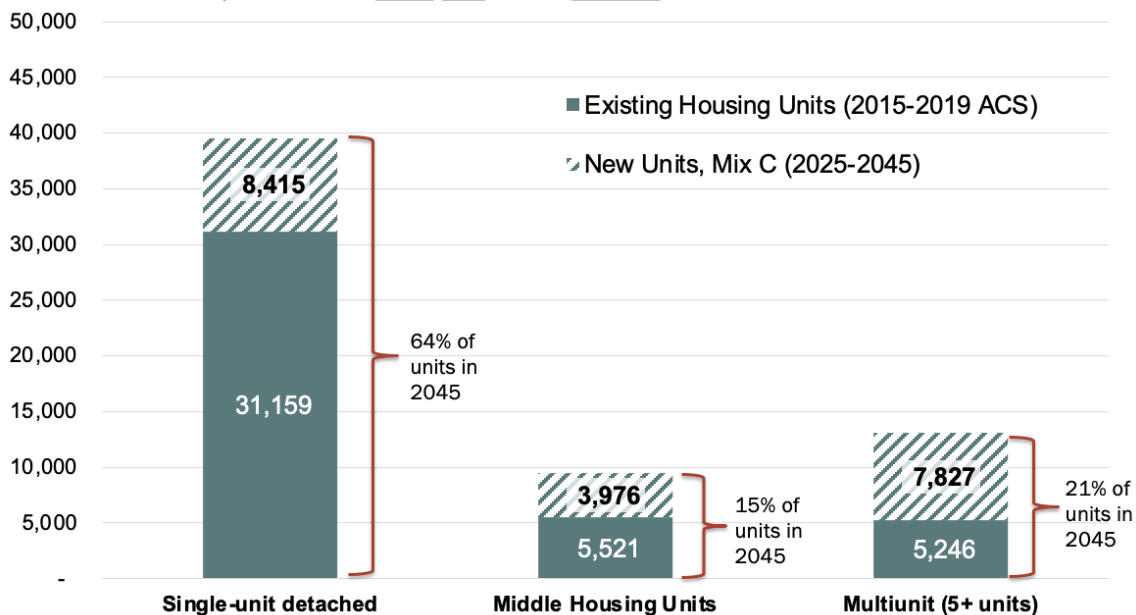


EXHIBIT 73. CHANGE IN MIX OF HOUSING STOCK BASED ON MIX C, BEND UGB, BY 2045

Source: Calculations by ECONorthwest.



Underproduction and Housing for People Experiencing Houselessness

In 2023, House Bill 2001 was passed and adopted into law. This bill will result in substantial changes to the ways that cities forecast housing need in the future; however, the requirements in the bill will not be implemented until 2025 or later.

Among the changes in HB 2001 are accounting for underproduction of housing and need for housing for people experiencing houselessness. Underproduction is a way to account for the fact that development of housing over the last few decades has not kept pace with household formation. These housing needs are not accounted for in the population forecasts by Portland State University's Population Research Center nor allowed to be added to forecasted housing needs under existing Goal 10 regulations.

Official estimates of underproduction or housing needed to address houselessness are not currently available. A draft estimate is available for these housing needs from the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon* (March 2021). While this estimate is unofficial and the official estimates (which will be available in 2025) will be different, it is useful to understand the draft estimate.³⁷

- **Underproduction.** The draft estimate of underproduction of housing is **3,632 dwelling units**. Two-thirds of these units will need to be affordable to households with incomes below 80% of MFI. The report *Implementing a Regional Housing Needs Analysis Methodology in Oregon* documents that underproduction of housing was greatest for more affordable housing types.
- **Housing for people experiencing houselessness.** The report *Implementing a Regional Housing Needs Analysis Methodology in Oregon* estimates that Bend will need an additional **897 dwelling units** for people experiencing houselessness, 89% of which is for housing affordable to households with incomes below 30% of MFI.

³⁷ The draft estimates are from *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, Appendix D, Exhibit 166.

Other Housing Needs

ORS 197.303, 197.307, 197.312, and 197.314 require cities to plan for government-assisted housing, farmworker housing, manufactured housing on lots and in parks, and housing for people with disabilities and people experiencing homelessness.

- **Income-restricted and government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-dwelling detached, apartments, etc.). Bend allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Bend will continue to allow government housing in all of its residential plan designations. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones, with the same development standards as market-rate housing. This analysis assumes that Bend will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured and prefabricated housing on lots.** Bend allows manufactured homes and prefabricated housing in all of its residential plan designations and zoning districts.
 - Bend's development code (section 3.6.200) requires that a manufactured dwelling unit include skirting and may not be located within a designated historic district. Bend may need to revise requirements for skirting so that manufactured housing is not subject to standards that are different from single-unit structures, consistent with the requirements of ORS 197.314.
 - Prefabricated housing is housing built piece-by-piece (generally in a factory) that is transported to the building site and assembled on-site. Prefabricated housing includes housing built in panels or modules (called modular housing). Bend's development code does not delineate prefabricated housing from on-site, stick-built housing nor does it explicitly mention prefabricated housing. While prefabricated housing is an allowed building type, it is recommended that the City update its

development code to ensure clarity and consistency with the requirements of ORS 197.314.

- **Manufactured housing in parks.** Bend allows manufactured homes in parks within the RM-10 and RM zones and prohibits new manufactured home parks in commercial or industrial zones. OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,³⁸ Bend has 17 manufactured home parks within the city, with 1,517 spaces. Four of the manufactured home parks are located in commercial zones.
 - ORS 197.480(2) requires Bend to project need for mobile homes or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.
 - **Exhibit 67** shows that Bend will grow by 19,255 dwelling units over the 2025 to 2045 period.
 - Analysis of housing affordability shows that about 35% of Bend's new households will be considered very low or extremely low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing. The households most likely to live in manufactured homes in parks are those with incomes between \$27,750 and \$44,950 (30% to 50% of MFI), which includes 16% of Bend's households. However, households in other income categories may live in manufactured homes in parks.
 - Manufactured home parks provide an important opportunity for affordable housing for homeownership. Preserving existing manufactured home parks and allowing smaller manufactured units in manufactured home parks are important ways to provide opportunities for affordable, lower-cost homeownership opportunities.
 - Manufactured housing accounts for about 5.5% of Bend's current housing stock.

³⁸ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp>

- If the City has additional need for a new manufactured home park over the 2025-2045 period, it would be for about 1,055 new units (5.5% of new units) on about 130 acres of land at a density of 8 dwelling units per acre. If an additional new manufactured home park were developed in Bend, the City would need to consider how to accommodate new manufactured housing, given that much of Bend's vacant land is already entitled for development of other housing types, many of which are denser than what a new manufactured home park would likely be.
- Over the next 20 years (or longer), one or more manufactured home parks may close in Bend. This may be a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership. The closure of manufactured home parks may be especially difficult in terms of availability of affordable housing, given the large need for affordable homeownership opportunities in Central Oregon and Bend.
- While there is statewide regulation of manufactured home parks closures designed to lessen the financial difficulties of closures for park residents,³⁹ the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multiunit housing and to reduce barriers to residential development to allow for the development of new, relatively affordable housing.

³⁹ ORS 90.645 regulates rules about the closure of manufactured dwelling parks. It requires that the landlord must give at least one year's notice of park closure and pay tenants between \$5,000 and \$9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

5. Residential Buildable Lands Inventory: Results

This report summarizes the results of the 2022-2023 Residential Buildable Lands Inventory (BLI) for the City of Bend. The BLI provides a base estimate of land, unit capacity, and unit mix on residential land in the City. The study area for this analysis is the adopted Urban Growth Boundary and other areas identified for future residential capacity adjacent to the City, as shown Exhibit 74.

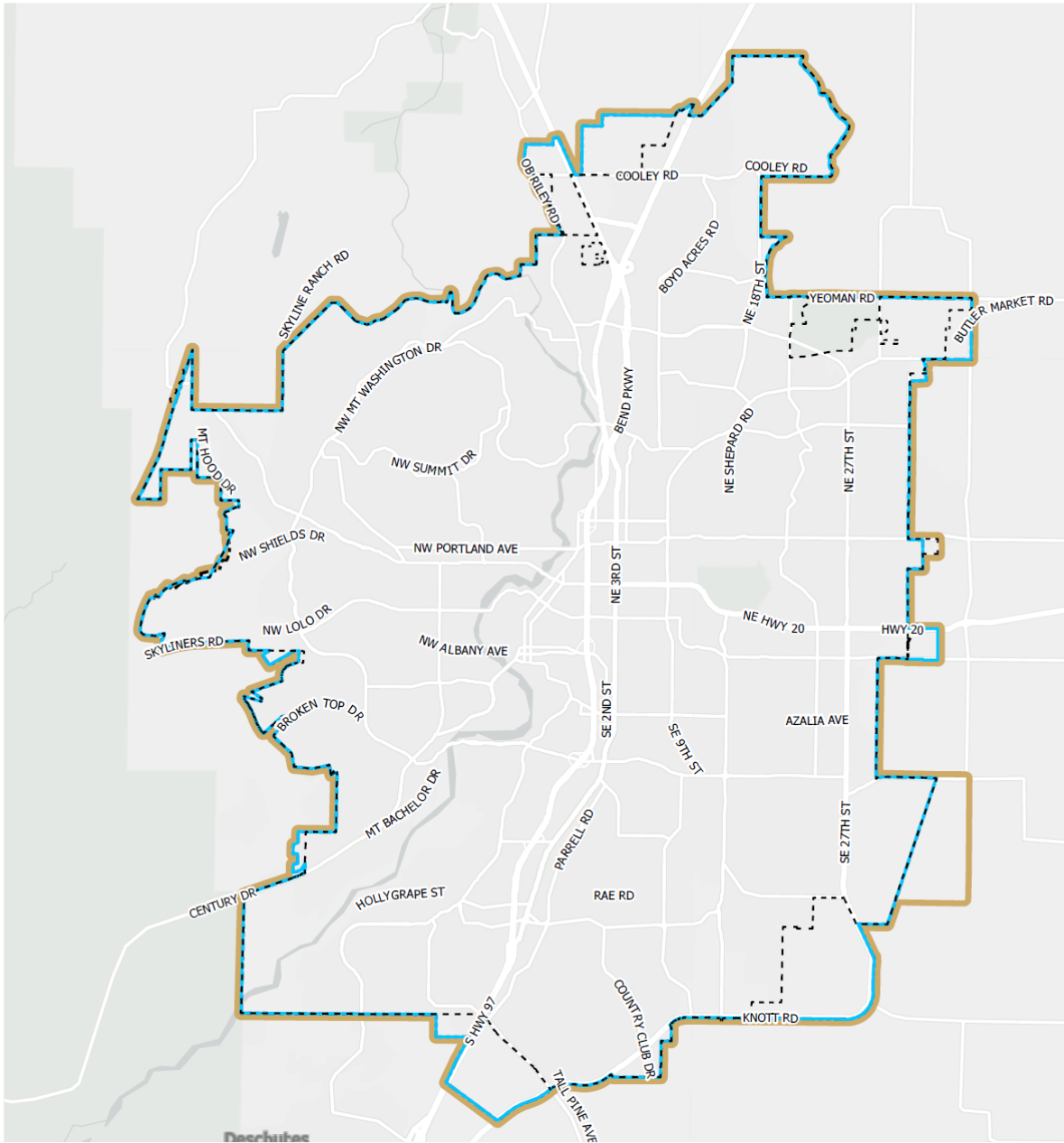
The BLI is based on the Q2 2022 Bend Land Inventory System (BLIS) data published by the City of Bend. The data has been augmented with additional information about received and potential development applications as identified in Table 2. The City is undertaking additional work to examine development scenarios that may change the amount and distribution of residential capacity through the broader Housing Needs Analysis effort.

Land Base

Development Constraints

Constraints to development are shown on Exhibit 75. Land within these areas is assumed to be undevelopable, though the remaining portions of land impacted by these constraints are generally assumed to be developable in line with their Comprehensive Plan/Zoning designation.




EXHIBIT 74: BLI STUDY AREA



BEND BUILDABLE
LANDS INVENTORY
Study Area

3/23/2023



-  City Limits
-  Urban Growth Boundary
-  HCA Study Area

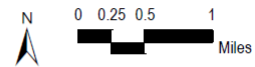
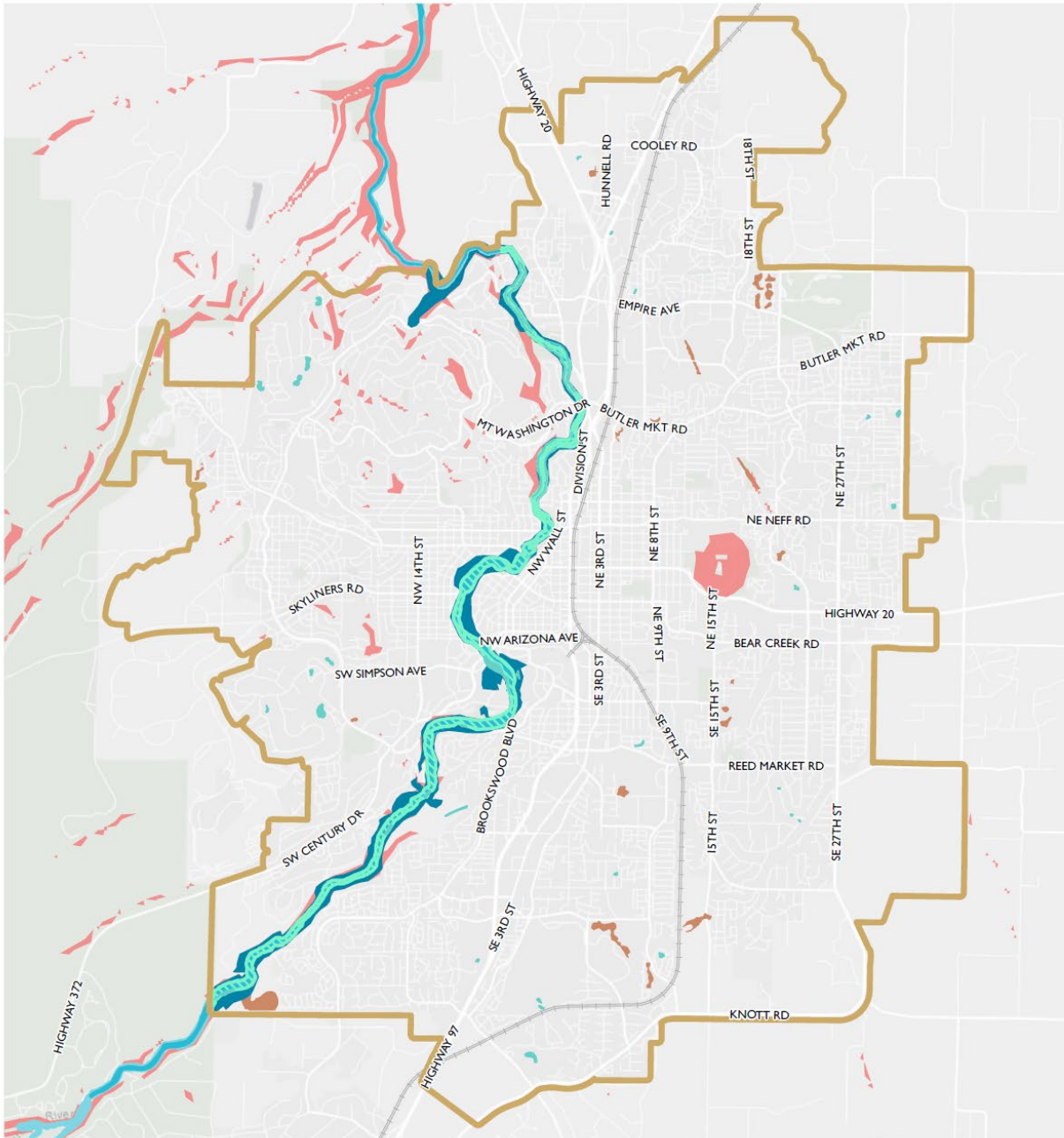


EXHIBIT 75: CONSTRAINTS TO DEVELOPMENT

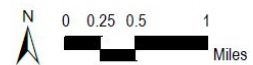


**BEND BUILDABLE
LANDS INVENTORY
Environmental
Constraints**

3/23/2023



- LWI Wetlands
- Riparian Corridor Overlay
- FEMA Floodplain
- Deschutes River 100' Buffer
- Waterway Overlay Zone
- Slopes 25% or greater
- River Corridor Area of Special Interest
- Upland Area of Special Interest
- HCA Study Area



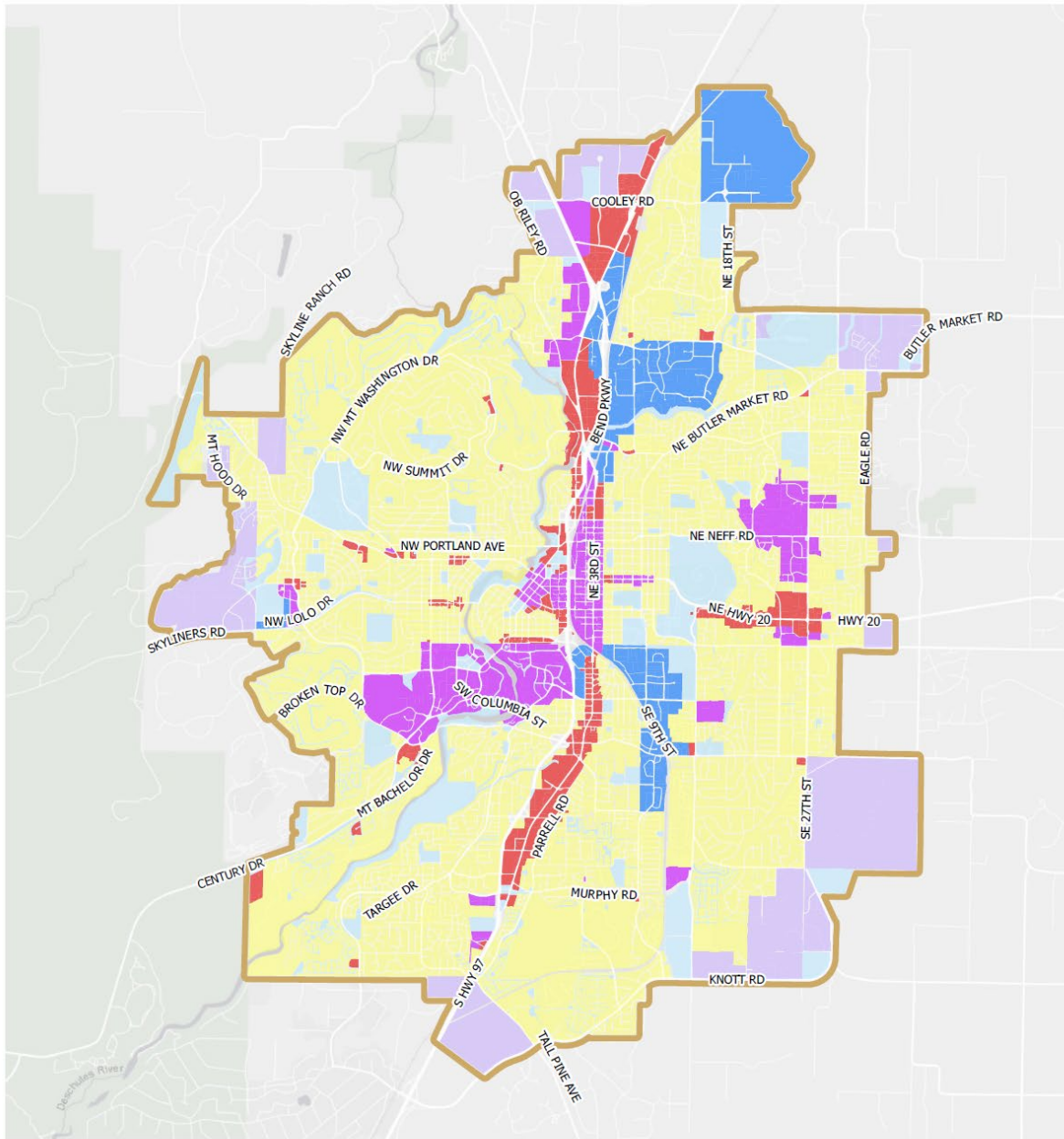
Land Type and Development Status

The following “development status” rules are applied to residential land in the UGB in order to determine the “vacant acreage” and “developed acreage” of each tax lot. Land is categorized based on the City’s plan designation, zoning, and ownership characteristics. Land type is shown in Exhibit 76.

DRAFT



EXHIBIT 76: LAND TYPE



BEND BUILDABLE
LANDS INVENTORY
Land Type

3/23/2023



Land Type

- Commercial
- Expansion Area
- Industrial
- Mixed Use
- Public
- Residential

HCA Study Area



Residential Land

Residential land includes tax lots with a Residential plan designation (Residential Low Density, Residential Standard Density, Residential Medium Density, and Residential High Density) and land with a residential zone designation (RL, RS, RM, RH, and SR2.5), unless it is within a mixed-use Special Planned District (such as the Medical District Overlay Zone) or has characteristics that warrant its removal from the inventory (such as public or religious ownership with no information suggesting future residential use).

Residential land is categorized as follows:

- **Vacant land** is assumed to be fully developable. These tax lots have an improvement value less than \$10,000, are not publicly owned, and do not fall into other categories. The vacant acreage of the tax lot is equal to its unconstrained acreage.
- **Partially Vacant land** includes tax lots planned or zoned for residential use that are currently developed (defined as having greater than \$10,000 in improvement value), but where the lot is large enough and zoned for additional housing units. Due to recent middle housing rules, nearly every lot can theoretically add new units, so this category focuses on larger parcels where more substantial amounts of infill are possible. The following criteria are used to determine whether a lot is “partially vacant”:
 - Lot is between $\frac{1}{2}$ and 1 acre in size and with an improvement value under \$200,000.
 - Lot is greater than 1 acre in size and with an improvement value under \$350,000.
 - Lot is greater than 2 acres in size, regardless of improvement value.On these lots, $\frac{1}{4}$ acre is assumed to remain for the existing structure (“Developed Acres”) and the remainder of the lot is considered vacant.
- **Developed land** includes tax lots planned or zoned for residential use that have greater than \$10,000 in improvement value and do not meet the criteria of “partially vacant.” In some cases, developed residential land may be considered redevelopable. “Developed Acres” is equal to the site’s unconstrained acreage.

In addition to the primary categories above, the BLI includes the following “Special Cases”:

- **Platted Land:** These parcels are in the process of being developed and are assumed to have capacity for one single detached unit each unless other information is available about housing type/capacity.
- **Entitled Land:** These parcels have land use approval for something other than a single detached dwelling. Where information is available, these properties are assumed to have capacity equal to what is approved or proposed by landowners.
- **Land with Conditions, Covenants, and Restrictions (CC&Rs):** Several neighborhoods in Bend have CC&Rs prohibiting further subdivision of lots and creation of new middle housing. These properties

are exempt from the “Partially Vacant” classification and are not assumed to develop new middle housing types.

Exhibit 77 shows the development status of residential land.

Commercial and Mixed-Use Land

Mixed-Use Land allows for both residential and employment uses. The City’s commercial designations also allow for residential uses and are included in this category.

Commercial and Mixed-Use Land is categorized as follows:

- **Vacant land** either does not contain permanent buildings or improvements, or is at least five acres in size where less than ½ acre is occupied by permanent buildings or improvements.
- All other commercial and mixed-use land is identified as **developed**. A portion of this land may be identified as redevelopable.
- **Entitled Land** has specific land use approvals or other information that dictates its estimated capacity, addressed in later steps.

Development status of Mixed-Use and Commercial Land is also shown on Exhibit 77.

Industrial Land and Public Land

Industrial designations are not assumed to have capacity for future residential units. Similarly, land in public use designations or with public ownership are generally not assumed to have capacity for future residential units.

Expansion Areas

The Expansion Areas adopted as part of Bend’s 2016 Urban Growth Boundary and subsequent planning areas have requirements established through comprehensive plan policy for a specific number and mix of residential units. Master plan approval has occurred for several areas (such as the Petrosa master plan in the “Northeast Edge” Expansion Area), and additional information is provided as available.

Acreage and Base-Case Capacity

The results of this BLI are part of a broader look at development scenarios for Bend. The results presented below represent a conservative “Base Case” of capacity based on historical densities and estimates of capacity based on existing policies. This provides the basis for the HCA as required by the State of Oregon. The potential impacts of recently enacted policy changes, possible upcoming policy decisions, and other potential efficiency measures are evaluated through development scenarios and documented in Chapter 6.

Capacity on Vacant Land

Capacity on vacant acreage within the City’s UGB is calculated using density assumptions based on the City’s development code and a historical density analysis conducted by City staff. Exhibit 78 describes the relevant assumptions for land in Bend.

EXHIBIT 78. RESIDENTIAL DENSITY ASSUMPTIONS

Zone	Residential Density Assumption	Notes
RESIDENTIAL ZONES		
RL	2.9 units/net acre	The Low Density Residential District (RL) tends to have larger lots and be primarily single detached housing units.
RS	6.3 units/net acre	The Standard Density Residential District (RS) provides opportunities for a wide range of single detached and middle housing types.
RM	16.4 units/net acre	The Medium Density Residential District (RM) is intended to provide primarily for the development of multiunit residential in areas where sewer and water service are available.
RH	31.5 units/net acre	The High Density Residential District (RH) is intended to provide land for primarily high-density multiunit residential in locations close to shopping and services, transportation, and public open space.
COMMERCIAL ZONES		
CC, CL, CG, CB	N/A	Residential uses are allowed as part of mixed-use development. For purposes of this BLI, residential development is not generally assumed on commercial land.

Zone	Residential Density Assumption	Notes
MIXED-USE ZONES		
MR	36.9 units/net acre	The Mixed-Use Riverfront District (MR) is intended to implement the Comprehensive Plan policies for the creative redevelopment of mill site properties adjacent to the Deschutes River.
PO	N/A	Residential development is generally not assumed in the Professional Office District (PO) zone.
MU	50.3 units/net acre	Mixed-Use Urban (MU) zone includes urban-scale mixed-use and a university master plan for OSU Cascades. Minimum residential density standards for the RM zone apply on areas with ground floor residential.
ME	N/A	The Mixed Employment (ME) zone focuses on employment uses, residential allowed. Residential development is generally not assumed in this zone.
MN	30 units/net acre	The Mixed-Use Neighborhood (MN) zone has minimum residential density standards for the RM zone, apply on areas with ground floor residential.
BCD	N/A	The Bend Central District (BCD) allows urban-scale mixed-use and commercial development. The residential density allowed across zones in the BCD varies widely – an overall assumption for the area is identified in Exhibit 80.
OTHER ZONES		
UA/UAR	Specific assumptions for each subarea.	Holding zone for future master planning in Expansion Areas; these areas have specific requirements for total units and mix of units, addressed in Step 4 of the analysis.

Special Cases

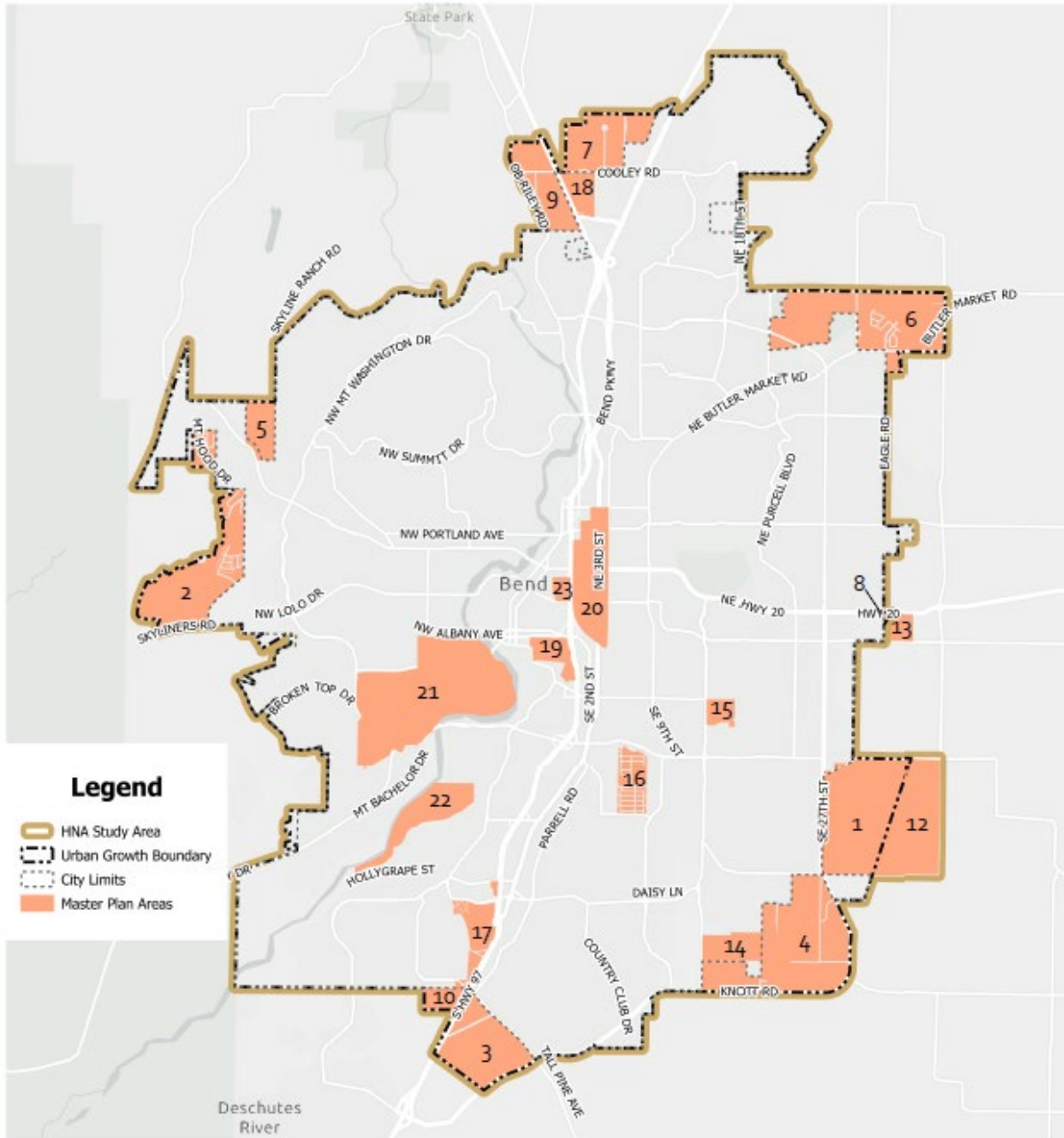
This BLI aims to use the most up-to-date information available, and there are many situations in the City that warrant a deviation from the general assumptions for vacant land listed above. These are described briefly below and accounted for in Exhibit 82.

- **Development Approvals and Prior Planning Studies.** Much of the land within the City of Bend that is identified as vacant, partially vacant, or developed with infill potential is in some stage of development approval. The initial results of this BLI were discussed with the City's Growth Management Department and Community Development Department to identify larger sites with known development approvals. In these cases, the capacity and unit mix of the site is assumed to match approvals. Other opportunity areas have been the subject of prior planning study (either as part of the 2016 Urban Growth Boundary adoption or subsequent analysis), and this BLI also relies on those efforts for assumed capacity. As shown on Exhibit 79, most of the larger vacant parcels in the City of Bend have some form of development approval today. Details of these "special cases" are provided in Exhibit 80.
- **UAR Land (Expansion Areas) and Legislative Additions.** As mentioned previously, the expansion areas adopted as part of Bend's 2016 UGB have requirements established through comprehensive plan policy for a specific minimum number and mix of residential units. Master plan approval is completed or underway for several areas (such as the Petrosa master plan in the "Northeast Edge" expansion area), and additional information is provided as available. Similarly, the Stevens Road Tract Area (to be added to the City through House Bill 3318⁴⁰) and the Parkside Place property (to be added to the City through House Bill 4079⁴¹) will be subject to specific housing and affordability requirements through comprehensive plan policy. The specified amount and type of units for each area are captured in Exhibit 80 (development that has already taken place in each area has been deducted from the housing targets).
- **Publicly owned land.** Regardless of underlying zoning designation, publicly owned land is considered unavailable for future residential uses unless there is specific information available to the contrary.
- **Covenants, Conditions, and Restrictions (CC&Rs).** Land with CC&Rs that restrict further subdivision of lots and creation of new middle housing is shown in Exhibit 81. These areas are assumed to have a maximum build-out of 1 unit per tax lot, regardless of tax lot size.

⁴⁰ House Bill 2218 (HB 3318) was passed by the Oregon Legislature in June of 2021. HB 3318 provides a unique approach to add 261 acres to Bend's UGB. It outlines a process and directs the type of eventual development of a "complete community." It includes requirements for deed-restricted affordable, workforce, and market-rate housing, as well as parks, mixed uses, and employment uses. It also includes requirements for transportation options that support walking, biking, and transit.

⁴¹ House Bill 4079 (HB 4079) was passed by the Oregon Legislature in 2016, which formed a pilot program aimed to help cities build affordable housing. The program allows Bend to add new housing units on lands outside of the urban growth boundary without going through the normal UGB expansion process.

EXHIBIT 79. APPROVED DEVELOPMENTS AND SPECIAL CASES



**BEND BUILDABLE
LANDS INVENTORY
Special Cases**

* Urban Dwelling Sites pursuant to HB 3450 allow up to 40 cumulative acres of commercially zoned land within a quarter mile of transit to be developed with standalone residential uses (townhomes, duplexes, triplexes, or multi-unit residential). Specific locations not mapped.

- | | | |
|-------------------|-------------------------|--|
| 1. Steven's Ranch | 11. Urban Dwelling* | |
| 2. Westside Area | 12. Steven's Road Tract | |
| 3. Thumb | 13. Parkside Place | |
| 4. Elbow | 14. Easton | |
| 5. Shevlin | 15. Wildflower | |
| 6. NE Edge | 16. Stone Creek | |
| 7. North Triangle | 17. Murphy Road | |
| 8. E Highway 20 | 18. Gateway North | |
| 9. OB Riley | 19. TimberYards | |
| 10. SW Area | 20. Bend Central | |
| | 21. Century Drive | |
| | 22. COID Property | |
| | 23. East Downtown | |

EXHIBIT 80: DEVELOPMENT APPROVALS CONTRIBUTING TO FUTURE CAPACITY

Development	Notes	Single Detached	Middle Housing	Multiunit	Total Units
1. Stevens Ranch (a.k.a. DSL Property)	Expansion Area (2016); Approved Master Plan	650	70	990	1,710
2. Westside Area	Expansion Area (2016); Approved Master Plan	357	82	187	626
3. Thumb	Expansion Area (2016)	130	40	96	266
4. Elbow	Expansion Area (2016); Subject to Southeast Area Plan	443	209	579	1,231
5. Shevlin	Expansion Area (2016); Approved Master Plan	176	48	42	266
6. NE Edge	Expansion Area (2016); Approved Master Plan	774	191	400	1,365
7. North Triangle	Expansion Area (2016)	230	66	214	510
8. E Hwy 20	Expansion Area (2016)	0	10	60	70
9. OB Riley	Expansion Area (2016)	87	13	25	125
10. SW Area	Expansion Area (2016)	58	38	144	240
11. Urban Dwelling Sites ⁴²	Legislative Addition	0	0	938	938
12. Stevens Road Tract (a.k.a. East DSL)	Legislative Addition	984	177	1,326	2,487
13. HB4079 (a.k.a. Parkside Place)	Legislative Addition; Approved Master Plan	181	57	108	346
14. Easton	Approved Master Plan	221	100	0	321

⁴² Urban Dwelling Sites pursuant to HB 3450 allow up to 40 cumulative acres of commercially zoned land within a quarter mile of transit to be developed with stand-alone residential uses (townhomes, duplexes, triplexes, or multiunit residential).

Development	Notes	Single Detached	Middle Housing	Multiunit	Total Units
15. Wildflower	Approved Master Plan	76	0	510	586
16. Stone Creek	Approved Master Plan	135	0	169	304
17. Murphy Road	Approved Master Plan	716	80	0	796
18. Gateway North	Approved Master Plan	0	0	422	422
19. Timber Yards (a.k.a. Korpine)	Opportunity Area (Redevelopment); Master Plan submitted	0	0	1,180	1,180
20. Bend Central District	Opportunity Area (Redevelopment)	0	0	400	400
21. Century Drive area	Opportunity Area (Redevelopment)	0	200	640	840
22. COID Property	Opportunity Area	250	250		500
23. East Downtown	Opportunity Area (Redevelopment)	0	10	5	15
Sum of Approved and Pending Plans (including Expansion Areas/Legislative Additions and Opportunity Areas)		3,286	628	4,946	8,860
Sum of areas with Plan Policies but not Approved/Pending Plans		1,932	553	2,444	4,929
Sum of other estimates		250	460	1,045	1,755
Areas tested as potential CFAs (Base Case capacity)		0	200	1,040	1,240
All other areas		5,468	1,441	7,395	14,304
Total Expected Capacity		5,468	1,641	8,435	15,544

Redevelopment

Because so much of the City’s potentially redevelopable land is encompassed within the “Special Cases” documented above, the Base Case generally does not assume additional redevelopment outside these areas, except for middle housing infill, as discussed below. (The potential for additional residential units through redevelopment outside of known Opportunity Areas, including an examination of proposed “Climate Friendly Areas” required by recent statewide legislation, is discussed in Section 6.)

Middle Housing Infill

Recent statewide legislation (House Bill 2001 from 2019) and City policy have allowed a greater variety of “middle housing” (duplexes, triplexes, quadplexes, townhouses, and cottage clusters) to be developed on lots that previously only allowed single detached units. This additional infill is estimated at a 3% increase in the number of units on land currently occupied by single detached dwellings in neighborhoods without capacity-restrictive CC&Rs citywide.⁴³ This is calculated using the number of tax lots categorized as “Developed” with an assessor’s property code of “101” (Single Detached Housing on residentially zoned land), exclusive of properties with known capacity-restrictive CC&Rs, as shown in Exhibit 81.

Summary of Results

The following tables describe the results of the BLI. Exhibit 82 is an overall summary of the capacity of land in the City, while Exhibit 83 provides further detail about capacity in the City’s residential and mixed-use zoning designations (excluding special cases and platted lots). Key takeaways from this analysis include:

- The majority of capacity in Bend lies in areas with some form of existing approval or specific minimum housing unit and/or mix requirements (master plans, expansion areas, or legislative additions detailed in Exhibit 80).
- A significant amount of additional capacity (roughly 1,400 units) is in platted lots, which are currently in the process of building out.
- Of the City’s unplatted land without current approvals, the majority of the capacity lies in RS land, which is expected to develop primarily as single detached units in the Base Case based on historical trends and now allows for middle housing development as well.
- This analysis shows that as of July 1, 2022, there is overall capacity for roughly 23,250 units within the existing Urban Growth Boundary.

⁴³ ORS 197.296 (6)(b)

EXHIBIT 82. SUMMARY OF BUILDABLE LAND AND UNIT CAPACITY

Development Category	Tax lots	Gross acres	Unbuildable Acres	Vacant Acres	Net Acres (75% of gross)	Single Detached	UNIT CAPACITY Middle Housing	Multi-Dwelling	Total	Notes
						3,733	314	537	4,584	Excludes Approved Developments and Master Plan Areas
Residential Land	2,259	1347.1	110.6	1236.5	927.4	81%	7%	12%	100%	
Vacant		511.9	30.2	481.7	361.3	976	204	424	1,604	
Partially Vacant	219	428.0	63.8	364.2	273.2	1,360	110	113	1,583	
Platted	1,397	407.3	16.7	390.6	293.0	1,397	0	0	1,397	Assumed to be Single Detached.
Commercial and Mixed Use Land						55	179	1,205	1,439	
Vacant	410	281.6	12.8	269.0	201.7	4%	12%	84%	100%	
	381	281.6	12.8	269.0	201.7	55	179	1,205	1,439	
Approved Developments and Master Plans						5,468	1,641	8,435	15,543	See Detailed Tables for Approved Developments and Master Plan Areas.
						35%	11%	54%	100%	
Middle Housing Infill						-	744	-	744	3% of developed single detached dwellings in the City.
Accessory Dwelling Units						-	940	-	940	Assumed to continue to develop based on recent trends.
Total						9,255	3,818	10,177	23,250	
						40%	16%	44%	100%	



EXHIBIT 83. DEVELOPMENT CAPACITY – ZONING DETAIL FOR UNPLATTED LAND AND LAND WITHOUT DEVELOPMENT APPROVALS

Development Category	Tax lots	Gross acres	Unbuildable Acres	Vacant Acres	Net Acres (75% of gross)	Unit Capacity			Notes	
						Single Detached	Middle Housing	Multi-Dwelling		Total
Residential Land (Unplatted)	474	695.4	35.0	609.7	457.2	2,338	314	537	3,189	
						73%	10%	17%	100%	
RL	73	139.5	8.3	118.7	89.0	258	-	-	258	Housing mix of each zone based on historical density analysis conducted by City staff.
RS	300	480.9	26.8	420.4	315.3	1,833	103	50	1,986	
RM	53	68.4	0.0	63.9	47.9	244	200	342	786	
RH	48	6.7	0.0	6.7	5.0	2	11	145	159	
Commercial and Mixed Use Land	103.0	64.6	2.2	62.4	46.8	55	177	1,203	1,435	
						4%	12%	84%	100%	
MR	51.0	16.5	2.2	14.3	10.7	9	84	302	396	RM and RH land in the "Mixed Use" category is associated with the Medical District Overlay Zone (MDOZ)
MU	2.0	0.2	0.0	0.2	0.1	-	-	7	7	
RH	43.0	39.2	0.0	39.2	29.4	12	66	848	925	
RM	7.0	8.8	0.0	8.8	6.6	34	27	47	108	
Total						2,393	491	1,740	4,624	
						52%	11%	38%	100%	

DRAFT



6. Development Scenarios

Overview

The previous chapter summarized the capacity of Bend’s buildable land under the “Base Case,” which reflects current zoning and plan designations and recent historical trends in housing density and mix. However, there are several policy and market variables that could alter housing capacity in Bend that are not reflected in the Base Case assumptions. These include:

- Elimination of parking requirements Citywide (adopted February 1, 2023)
- Designation of Climate Friendly Areas (CFAs)⁴⁴ under the Climate Friendly and Equitable Communities rules (CFA study and evaluation of options is ongoing as of March 2023)
- Potential for a greater market response to expanding options for middle housing pursuant to HB 2001 (2019) and the associated administrative rules
- Additional potential changes to zoning (density, height limits, etc.) that the City could consider as potential efficiency measures

To explore how these variables could impact housing capacity and mix, the City evaluated two additional scenarios (in addition to the “Base Case,” referred to as Scenario 1 here, reflected in the BLI) that incorporate the impact of these shifts to varying degrees. Overall, the Scenarios are intended to reflect the following:

- Base Case (Scenario 1) is a relatively conservative estimate of capacity based largely on recent trends and assumes little change to currently adopted policies or zone designations. It provides a reasonable lower bound of housing capacity.
- Scenario 2 is intended to capture the impacts of very recent policy changes (including eliminating minimum parking requirements and designating CFAs), tempered by an assumption that current market conditions (e.g., demand for parking) remain roughly as they are today. It provides a midlevel estimate of capacity that accounts for the most recent policy changes, but remains relatively conservative on market response, and does not assume any additional efficiency measures or policy changes are put in place. It also includes an assumed increase in share of middle

⁴⁴ According to the Department of Land Conservation and Development’s Climate-Friendly Area Methods Guide: “a CFA is an area where residents, workers, and visitors can meet most of their daily needs without having to drive. They are urban mixed-use areas that contain, or are planned to contain, a greater mix and supply of housing, jobs, businesses, and services. These areas are served, or planned to be served, by high quality pedestrian, bicycle, and transit infrastructure to provide frequent, comfortable, and convenient connections to key destinations within the city and region. CFAs typically do not require large parking lots and are provided with abundant tree canopy.”

housing on vacant land in low-density residential zones relative to Scenario 1, but it does not include an assumed increase in middle housing redevelopment in existing neighborhoods (because of state regulatory requirements related to assumptions on middle housing capacity increases).⁴⁵

- Scenario 3 is intended to build on Scenario 2 by layering in additional possible changes to zoning (e.g., changing some commercial areas to mixed use, increasing density limits in some zones) and assuming more potential shift in the market toward reduced parking demand and increased infill and redevelopment where it is allowed under current (but recently implemented) regulations. It also tests an increase in middle housing redevelopment in existing neighborhoods as a way to estimate the magnitude of the impact to capacity if more middle housing infill and redevelopment takes place. It provides a reasonable upper bound of housing capacity given known and anticipated policy and market conditions.

Assumptions

Key assumptions for the scenarios are summarized in Exhibit 84, below. See Appendix B for additional details.

EXHIBIT 84: SUMMARY OF KEY SCENARIO ASSUMPTIONS

Variable	Scenario 1 (Base Case/BLI)	Scenario 2	Scenario 3
Elimination of Parking Requirements	No change to historic density, mix, or expected redevelopment rates	<p>Limited impact given current market demand for parking⁴⁶</p> <ul style="list-style-type: none"> • Small increase to density assumed in higher-density residential zones due to some developments building less parking 	<p>Moderate impact, assuming more tolerance for reduced vehicle parking among developers, lenders, and tenants/buyers, combined with impact of other potential zoning changes (see below)</p> <ul style="list-style-type: none"> • Small increase in redevelopment assumed in higher-density residential zones where smaller sites could become viable for redevelopment with small multiunit developments

⁴⁵ ORS 197.296(6)(b) states that local governments may not assume more than a 3% increase in residential capacity above achieved density based on implementation of middle housing regulations without quantifiable validation.

⁴⁶ Developers interviewed to inform the scenarios largely noted that they felt a need to provide off-street parking to serve their developments based on resident expectations and vehicle ownership. Some noted willingness to build with less or no parking, but this was primarily for small to medium-size development where lenders and investors may be more willing to take a risk on how the market will respond to a building with little or no dedicated parking.

Variable	Scenario 1 (Base Case/BLI)	Scenario 2	Scenario 3
Designation of CFAs	Not reflected	Assumes the City designates existing Mixed-Use Urban (MU) land within opportunity areas as CFAs, where regulations are largely already consistent with CFA requirements, resulting in only a modest increase to density and redevelopment potential ⁴⁷	Assumes the City designates areas that are currently zoned commercial as additional Mixed-Use areas or CFAs, ⁴⁸ resulting in a greater increase in the scale and amount of housing allowed
Market Response to Middle Housing	<ul style="list-style-type: none"> • Infill/redevelopment: 3% increase in units on developed single-unit properties⁴⁹ • Vacant land: No change to density or mix on vacant land 	<ul style="list-style-type: none"> • Infill/redevelopment: 3% increase in units on developed single-unit properties (same as Base Case) • Vacant land: 5% increase in share of middle housing on vacant land in low-density residential zones 	<ul style="list-style-type: none"> • Infill/redevelopment: 5% increase in units on developed single-unit properties • Vacant land: 10% increase in share of middle housing on vacant land in low-density residential zones
Other Potential Policy Changes	None assumed	None assumed	Assumes increases to maximum density in higher-density residential zones.

Note that none of the scenarios assume changes to unit mix or count in the areas identified as “Special Cases” (see page 91), except the few opportunity areas that are under consideration as CFAs where development is not yet fully entitled.

The analysis of the impacts of those changes on housing capacity uses a scenario modeling tool called Envision Tomorrow, which is described in Appendix B.

⁴⁷ See Appendix D for additional context of how CFA designation would impact the development regulations in these areas and additional analysis of anticipated market response to those changes.

⁴⁸ These areas may ultimately not be designated as CFAs but could have MU zoning applied, which would have a similar impact.

⁴⁹ As noted on page 78, this is calculated as a 3% increase in the number of units on land currently occupied by single detached dwellings in neighborhoods without CC&Rs citywide.

Changes to Capacity

The resulting estimated capacity under each of the scenarios is summarized below.

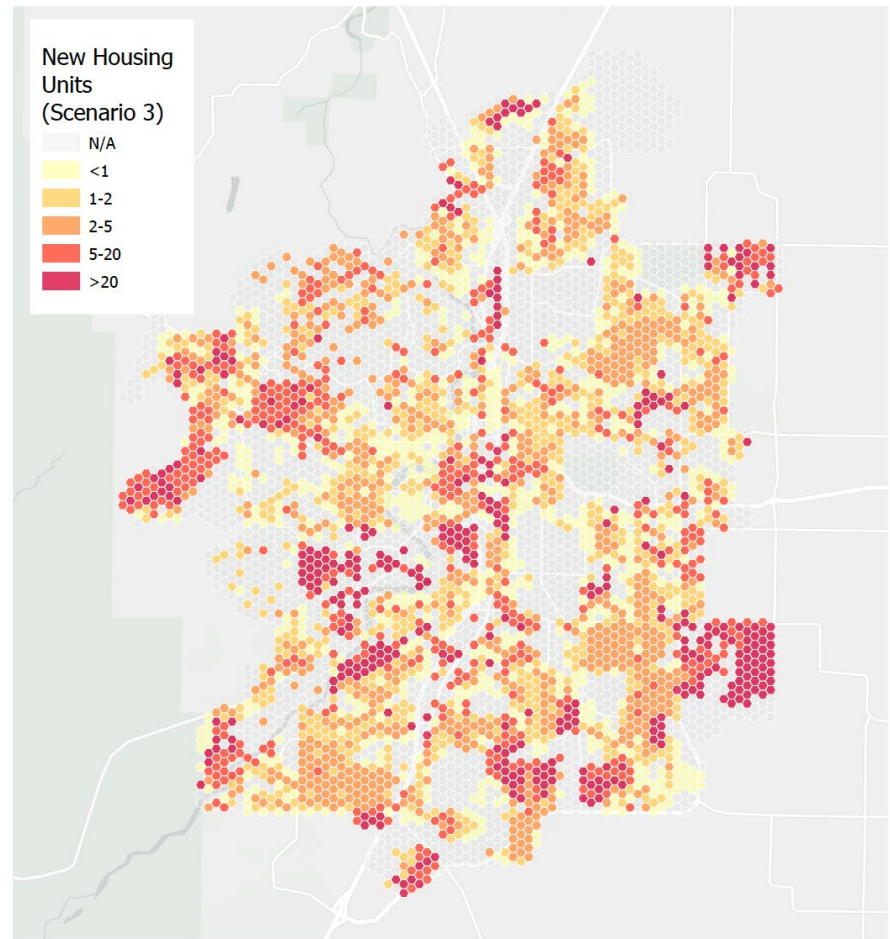
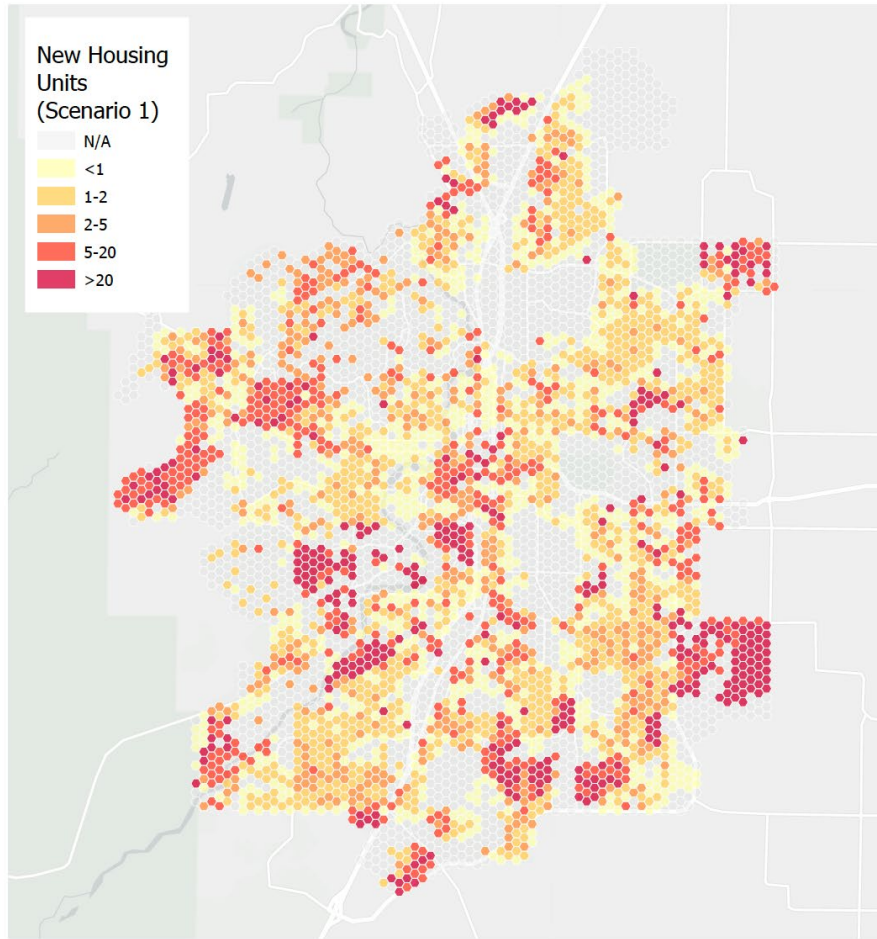
EXHIBIT 85: SUMMARY OF SCENARIO HOUSING CAPACITY AND MIX

Type of Development Capacity	Scenario 1				Scenario 2				Scenario 3				
	Single Detached	Middle Housing	Multi Dwelling	Total	Single Detached	Middle Housing	Multi Dwelling	Total	Single Detached	Middle Housing	Multi Dwelling	Total	
Approved/Planned Developments (see separate list)	5,468	1,641	7,195	14,304	5,468	1,641	7,195	14,304	5,468	1,641	7,195	14,304	
Platted Lots	1,397	-	-	1,397	1,397	-	-	1,397	1,397	-	-	1,397	
Vacant/Partially Vacant Residential Land	2,338	314	536	3,188	2,221	548	553	3,322	2,104	782	553	3,439	
Vacant/Partially Vacant Mixed Use Land	55	179	1,205	1,439	55	179	1,205	1,439	55	179	1,205	1,439	
Development/ Redevelopment	Bend Central District	-	-	400	400	-	31	674	705	-	-	986	986
	Century Drive	-	-	840	840	-	50	1,520	1,570	-	53	1,857	1,910
	North Hwy 97	-	-	-	-	-	-	-	-	-	24	451	475
	South 3rd	-	-	-	-	-	-	-	-	-	22	408	430
	Redevelopment of RH	-	-	-	-	-	-	-	-	2	4	52	58
	Redevelopment of CG/CC/CL	-	-	-	-	-	-	-	-	4	36	151	191
	ADUs	-	940	-	940	-	940	-	940	-	940	-	940
Middle Housing Infill	-	744	-	744	-	744	-	744	-	1,240	-	1,240	
Mid - 2023 Totals	9,258	3,818	10,176	23,252	9,141	4,133	11,147	24,421	9,030	4,921	12,858	26,809	
	40%	16%	44%	100%	37%	17%	46%	100%	34%	18%	48%	100%	
Estimated Consumption through Q2 2025	2,101	375	1,214	3,690	2,101	375	1,214	3,690	2,101	375	1,214	3,690	
Estimated Capacity in Q3 2025	7,157	3,443	8,962	19,562	7,040	3,758	9,933	20,731	6,929	4,546	11,644	23,119	
	37%	18%	46%	100%	34%	18%	48%	100%	30%	20%	50%	100%	

The spatial distribution of this housing capacity is illustrated for Scenarios 1 and 3 in Exhibit 86. (Because differences in the spatial distributions are relatively subtle, a separate map for Scenario 2 is not included.) A map highlighting the areas where Scenario 3 results in increased housing capacity is provided in Exhibit 87.

As shown in these exhibits, the differences in housing capacity between the three scenarios amount to less than 4,000 units—some in the potential CFAs and mixed-use areas and some as an increase in middle housing infill and redevelopment within neighborhoods without CC&Rs.

EXHIBIT 86: CONCENTRATIONS OF NEW HOUSING CAPACITY, SCENARIOS 1 AND 3



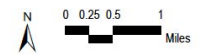
BEND HOUSING CAPACITY ANALYSIS
Scenario Visualizations

Generalized results of Envision Tomorrow scenarios, visualized on hexagonal grids within the Housing Capacity Analysis study area.



BEND HOUSING CAPACITY ANALYSIS
Scenario Visualizations

Generalized results of Envision Tomorrow scenarios, visualized on hexagonal grids within the Housing Capacity Analysis study area.



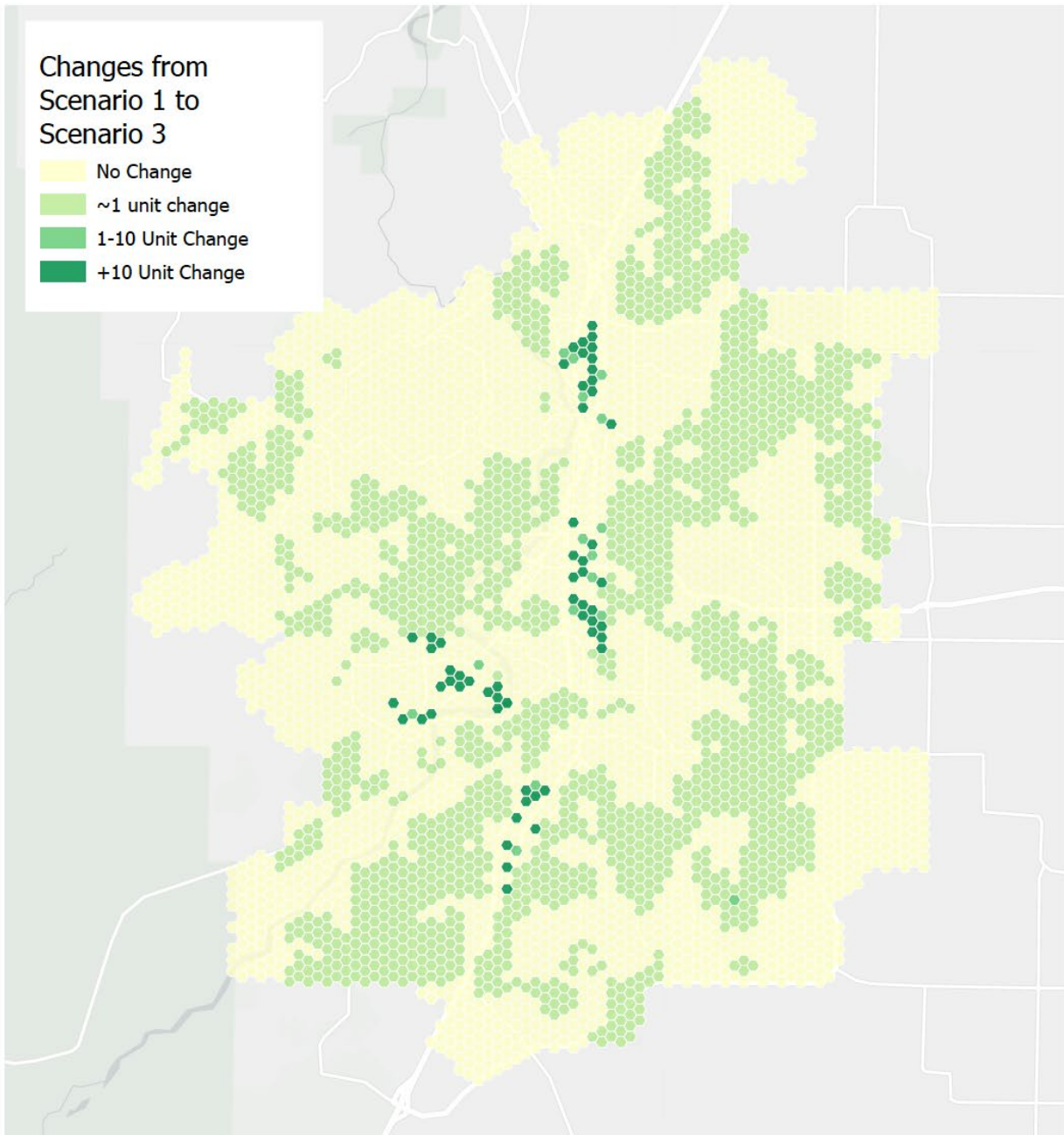
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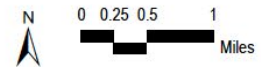


EXHIBIT 87: SPATIAL DISTRIBUTION OF DIFFERENCES IN CAPACITY BETWEEN SCENARIOS 1 AND 3



BEND HOUSING CAPACITY ANALYSIS
Scenario Visualizations

Generalized results of Envision Tomorrow scenarios, visualized on hexagonal grids within the Housing Capacity Analysis study area.



5/3/2023



7. Residential Land Sufficiency

Land Sufficiency Based on 2022 Capacity

Estimating whether Bend has enough land to accommodate expected development requires a comparison of the estimates of housing capacity with the forecast for new housing and second homes. Exhibit 88 summarizes the estimate of current housing capacity in Bend, as of Q2 2022 (from Exhibit 82). Exhibit 88 shows the forecast of needed housing and second homes (from Exhibit 71) for 2025 to 2045.

For the sake of discussion in this version of the Bend HCA, the project team considers Mix A as the selected housing mix. This may change as discussions with the public, stakeholders, and decision-makers occur and as the City considers policy changes related to Climate Friendly Equitable Communities state requirements.

EXHIBIT 88. SUMMARY OF HOUSING CAPACITY, BEND UGB, Q2 2022

Source: Calculations by MIG.

	Scenario 1	Scenario 2	Scenario 3
Single-unit detached	9,258	9,141	9,030
Middle Housing Units	3,818	4,031	4,819
Multiunit (5+ units)	10,176	11,145	12,856
Total	23,252	24,317	26,705

EXHIBIT 89. SUMMARY OF THE FORECASTS OF NEEDED HOUSING AND SECOND HOMES, BEND UGB, 2025 TO 2045

Source: Calculations by ECONorthwest.

Variable	Mix A: Similar to Recent Trends		Mix B: Increase Middle Housing		Mix C: Increase Multiunit	
	Units	Percent	Units	Percent	Units	Percent
Total new single-unit detached DU	11,303	56%	10,341	51%	8,415	42%
Total new Middle Housing DU	3,014	15%	3,976	20%	3,976	20%
Total new multiunit DU	5,901	29%	5,901	29%	7,827	39%
Total needed and second homes DU (2025-2045)	20,218	100%	20,218	100%	20,218	100%

Exhibit 90 compares the capacity on each land capacity scenario with the forecast of housing in each mix. Broadly, Exhibit 90 shows that Bend will likely have:

- **Deficit of capacity for single-unit housing in most instances.** In Mix A and Mix B, where single-unit housing accounts for at least half of new housing need, Bend has a deficit of capacity for

new single-unit housing, ranging from a deficit of 1,083 dwelling units to 2,273 dwelling units. In Scenarios 2 and 3, an assumed shift in housing mix on vacant low-density residential land toward more middle housing results in less capacity for single-unit detached housing and widens the deficit. In Mix C, where single-unit housing accounts for 40% of new housing, Bend has enough capacity (as of July 1, 2022) to accommodate expected growth.

- Few of Bend’s existing residents can afford the median home sales price of \$743,000. Newly built single-unit housing is likely to be at the higher end of sales price (unless deliberate measures are taken to build affordable single-unit housing). However, Bend’s housing market is well equipped to deliver new single-unit housing, and ensuring adequate opportunities for housing that is in high demand from higher-income households can limit price escalation for existing homes.
- **Surplus of capacity for middle housing types in most instances.** Bend currently has a surplus of capacity for middle housing types (as of Q2 2022), except for in Scenario 1 where it has a deficit of 158 dwelling units. This reflects the recent expansions of middle housing development opportunities throughout the lower-density residential zones (except in areas where prohibited by CC&Rs).
 - New middle housing tends to be less expensive than new single-unit housing, and because it can integrate into existing and new neighborhoods, it increases opportunities for economic inclusion. Because much of the capacity for middle housing (about 740 to 1,240 units, or 20-25% of the citywide capacity for middle housing⁵⁰) comes from estimated potential for infill and redevelopment within existing neighborhoods where it is difficult to accurately predict development potential at this point, neither a small surplus nor a small deficit of land for middle housing is necessarily a cause for concern. A small surplus indicates that there are more opportunities for middle housing infill/redevelopment than may be needed within 20 years; a small deficit suggests that the City would need to see slightly more than three percent conversion to middle housing within existing neighborhoods to meet the need for middle housing, and it may wish to monitor middle housing production closely to determine whether further action is warranted.
- **Surplus of capacity for multiunit housing.** In each of the housing mix and capacity estimates, Bend has a surplus of capacity for multiunit housing. This surplus reflects substantial opportunities for multiunit or mixed-use development within mixed-use areas in Bend’s core area (e.g., Timber Yards/Korpine, Century Drive) along with many master-planned areas and

⁵⁰ Estimated based on three percent of the existing homes in Bend converting to middle housing, consistent with ORS 197.296(6)(b), as described in Exhibit 84.

recent UGB expansion areas where multiunit development is required to be a substantial part of the housing mix (e.g., Wildflower Master Plan, Stevens Ranch and Stevens Road Tract, etc.).

- New multiunit housing tends to be more affordable than new single-unit housing and sometimes more affordable than new middle housing. It can also support walkable commercial areas and transit service. Most regulated affordable housing development takes the form of multiunit housing, so ensuring there are ample opportunities to build multiunit housing helps reduce barriers to producing regulated affordable housing. Because of the greater uncertainty associated with redevelopment, having some surplus of land for multiunit housing ensures that the City is not overly reliant on redevelopment to provide opportunities for multiunit development.

EXHIBIT 90. COMPARISON OF HOUSING CAPACITY AND FORECAST, BEND UGB, 2025 TO 2045

Source: Calculations by ECONorthwest.

Housing Need: Mix	Housing Capacity, 2023		
	Scenario 1	Scenario 2	Scenario 3
Mix A: Similar to Recent Trends			
Single-unit detached	(2,045)	(2,162)	(2,273)
Middle Housing Units	804	1,017	1,805
Multiunit (5+ units)	4,275	5,244	6,955
Mix B: Increase Middle Housing			
Single-unit detached	(1,083)	(1,200)	(1,311)
Middle Housing Units	(158)	55	843
Multiunit (5+ units)	4,275	5,244	6,955
Mix C: Increase Multiunit			
Single-unit detached	843	726	615
Middle Housing Units	(158)	55	843
Multiunit (5+ units)	2,349	3,318	5,029

Estimated Land Sufficiency Based in 2025

The estimate of capacity in Exhibit 88 (and in Chapter 6) is based on a July 1, 2022 (Q3 2022), buildable lands inventory. The forecast of housing is for the 2025-2045 period. The City expects to adopt the HNA in 2025 and may update the buildable lands inventory and capacity prior to adoption.

Exhibit 91 estimates the amount of housing (shown in Exhibit 88) that is likely to have been developed between the start of Q3 2022 (the basis for the BLI capacity estimated) and the end of Q2 2025 (June 30, 2025), the beginning of the identified need period. This estimate is based on recent permitting trends and assumes a similar pace of development over these three years, as occurred on an average annual basis between 2015 and 2022.⁵¹ Exhibit 91 shows that 3,690 dwelling units are likely to develop by Q2 2025. These units may include homes built on already platted lots, larger projects that are in the development pipeline, or straightforward, smaller projects that can be completed within three years.

EXHIBIT 91. ESTIMATE OF HOUSING LIKELY TO BE DEVELOPED BY Q2 2025, BEND UGB

Source: Calculations by MIG, based on data from City of Bend.

	Dwelling Units
Single-unit detached	2,101
Middle Housing Units	375
Multiunit (5+ units)	1,214
Total	3,690

⁵¹ "Recent trends" are based on the Historical Density Analysis and actual new housing units permitted between August 1, 2014, and June 30, 2022.

Exhibit 92 shows an estimate of how much housing capacity is likely to remain for the period from the beginning of Q3 2025 (July 1, 2025) through the end of Q2 2045 (June 30, 2045), accounting for development likely to be completed by the end of Q2 2025 (June 30, 2025). It shows a decrease of 3,690 dwelling units in each of the three scenarios.

EXHIBIT 92. REVISED SUMMARY OF HOUSING CAPACITY, BEND UGB, AS OF Q2 2025

Source: Calculations by MIG.

	Scenario 1	Scenario 2	Scenario 3
Single-unit detached	7,157	7,040	6,929
Middle Housing Units	3,443	3,656	4,444
Multiunit (5+ units)	8,962	9,931	11,642
Total	19,562	20,627	23,015

Based on the revised capacity estimate as of Q3 2025 in Exhibit 92 and the forecast of needed housing and second homes in Exhibit 89, Exhibit 93 shows a comparison of whether Bend has enough capacity to accommodate growth between 2025 and 2045. The results show that, after accounting for development that is likely to be completed by the end of Q2 2025, Bend is likely have a deficit of land for single-unit housing and that Bend may have a deficit of land for middle housing. Bend is likely to have enough capacity for multiunit housing.

If the City proceeds with Housing Mix A, then the City will need to address the deficit of more than 4,000 units of single-unit detached dwellings and second homes. Housing Mix B and C show potential results if the City implements land use efficiency measures to decrease the deficit of land for single-unit detached dwellings and second homes.

EXHIBIT 93. COMPARISON OF HOUSING CAPACITY (AS OF Q3 2025) AND FORECAST, BEND UGB, 2025 TO 2045

Source: Calculations by ECONorthwest.

Housing Need: Mix	Housing Capacity, 2025		
	Scenario 1	Scenario 2	Scenario 3
Mix A: Similar to Recent Trends			
Single-unit detached	(4,146)	(4,263)	(4,374)
Middle Housing Units	429	642	1,430
Multiunit (5+ units)	3,061	4,030	5,741
Mix B: Increase Middle Housing			
Single-unit detached	(3,184)	(3,301)	(3,412)
Middle Housing Units	(533)	(320)	468
Multiunit (5+ units)	3,061	4,030	5,741
Mix C: Increase Multiunit			
Single-unit detached	(1,258)	(1,375)	(1,486)
Middle Housing Units	(533)	(320)	468
Multiunit (5+ units)	1,135	2,104	3,815

Exhibit 94 estimates the land surplus or deficit by 2025 based on the surplus or deficit of dwelling units in Exhibit 93, using the historical development densities of each unit type in Exhibit 57. If the City proceeds with Housing Mix A, then the City will need to address the deficit of more than 670 net acres of land for single-unit detached dwellings and second homes. Housing Mixes B and C show potential results if the City implements land use efficiency measures to decrease the deficit of land for single-unit detached dwellings and second homes.

EXHIBIT 94. ESTIMATED LAND SURPLUS OR DEFICIT (AS OF Q3 2025), NET ACRES, BEND UGB, 2025 TO 2045

Source: Calculations by ECONorthwest.

Land Surplus/Deficit, 2025 Net Acres			
Housing Need: Mix	Scenario 1	Scenario 2	Scenario 3
Mix A: Similar to Recent Trends			
Single-unit detached	(668.7)	(687.6)	(705.5)
Middle Housing Units	29.0	43.4	96.7
Multiunit (5+ units)	103.6	136.4	194.3
Mix B: Increase Middle Housing			
Single-unit detached	(513.5)	(532.4)	(550.3)
Middle Housing Units	(36.0)	(21.6)	31.6
Multiunit (5+ units)	103.6	136.4	194.3
Mix C: Increase Multiunit			
Single-unit detached	(202.9)	(221.8)	(239.6)
Middle Housing Units	(36.0)	(21.6)	31.6
Multiunit (5+ units)	38.4	71.2	129.1

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Conclusions

Over the past decade, Bend has become both increasingly urban and increasingly unaffordable as demand for housing in the City has soared, with housing costs increasing faster than household income. When the City expanded the UGB in 2016, it also put in place a range of policies that encouraged multiunit infill development and redevelopment within centrally located opportunity areas and also ensured a mix of housing types in new Expansion Areas. In the years since, the City has gone further by adopting a number of different zoning amendments and policies, including increasing density maximums, decreasing lot sizes, allowing middle housing throughout lower-density residential zones, investing in the Core Area to encourage additional development, eliminating minimum parking requirements Citywide, and creating new housing types including micro-units and small dwelling units. The City has also approved several smaller UGB expansions for housing and affordable housing since 2016.

These policies and actions have created broad development and redevelopment opportunities for multiunit housing and middle housing. The City also increased its investments in and policy support for affordable housing development. Despite these efforts, housing supply has not kept up with demand—particularly the most recent surge in demand that began with the COVID-19 pandemic and a nationwide shift to outlying, highly livable communities like Bend—and housing affordability is a bigger challenge than ever.

The City faces important policy choices as it considers what types and amount of housing will likely be needed over the next 20 years to accommodate further growth (and, potentially, to make up for past underproduction and meet existing needs for housing for the houseless⁵²). There is a need for more market-produced housing that is comparatively more affordable. There is a need for still greater investment in deeply affordable housing and to ensure there are ample opportunities for it to be built in appropriate and equitable locations. There is also a compelling argument to allow the market to deliver housing that meets demand from higher-income households, who would otherwise drive up the prices of existing housing. The City must also weigh climate goals (and state requirements) that suggest a continued focus on density and growth to transportation-efficient locations.

This analysis suggests that the City may not have enough land planned for single-unit detached development to accommodate 20 years of growth (once near-term development is accounted for),

⁵² Note that state law does not yet allow Bend to count these needs in making UGB expansion decisions, but they are a qualitative consideration in evaluating mix, affordability, and appropriate policy responses.

regardless of the specific housing mix. At the same time, Bend likely has adequate land planned to allow for multiunit development in a range of locations. There may be more land planned for multiunit development than is needed over the 20-year planning horizon, but because some of this capacity is based on redevelopment potential, which has greater uncertainties, some “excess” capacity for multiunit housing may be desirable. Middle housing need and production are harder to predict because the full impact of recent policy changes is not yet clear, but this also means that it may be too soon to suggest changing course on these regulations, regardless of whether the numbers ultimately show a small deficit or a small surplus.

There are substantial portions of the 2016 UGB expansion areas that are not yet developed or fully entitled, and there may be opportunities to adjust policy requirements in those areas to better align with the balance of housing needed going forward while still maintaining a focus on complete communities with a range of housing options. This issue is a central focus of the City’s next steps in assessing its future housing need.

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Appendix A: National and State Trends Affecting Residential Development in Bend

This appendix presents national and state housing and demographic trends that may affect housing development in Bend.

National Trends⁵³

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports, conclusions from *The State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University, and other research cited in this section. *The State of the Nation's Housing* report (2021) summarizes the national housing outlook as follows:

Even as the US economy continues to recover, the inequalities amplified by the COVID-19 pandemic remain front and center. Households that weathered the crisis without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership. At the same time, millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure. A disproportionately large share of these at-risk households are renters with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.

The domestic housing market sees many, interlocking challenges remaining as the world transitions from the COVID-19 pandemic. An extremely limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger ones. However, the conditions for homebuying are ripe for many, resulting in strong demand in the market and increasing home sales prices to record levels. Furthermore, the costs of labor and materials to build new homes increased steeply. While

⁵³ These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2021," (2) Urban Land Institute, "2022 Emerging Trends in Real Estate," and (3) the US Census.

current amount of new housing starts is robust, newly built homes will not make up the shortfall in residential housing in the near term, especially for single-dwelling homes. The challenges and trends shaping the housing market are summarized below.

- **A continued bounce back in residential construction was led by an increase in single-dwelling and multiunit housing starts.** After a sharp comeback in summer 2020 led by single-dwelling construction, single-dwelling housing starts fell below a 700,000-unit annual rate in April 2020 due to the COVID-19 pandemic. Following that dip, housing starts nearly doubled to a high of 1,315,000 new housing units in December 2020—marking it as the strongest month for single-dwelling homebuilding in over 13 years—with a consistent annual rate of production since then ranging from 1,061,000 to 1,255,000 units: most recently hitting 1,215,000 in February 2022. Multiunit housing starts followed similar trends, reaching a 33-year high in January 2020 of more than half a million buildings with 5 units or more, then hitting a 6-year low in April 2020 of a quarter million. Since that low, multiunit housing starts have increased 47%, reaching 501,000 units in February 2022.
- **Strong construction numbers did not alleviate the shortage of existing homes for sale.** Inventories fell from three months in December 2019 to just under two months in December 2020, well below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. While *The State of the Nation's Housing* report cited the COVID-19 pandemic as sharing some blame for these tight conditions, the larger cause was the result of underproduction of new homes since the mid-2000s. Restrictive land use regulations, the cost and availability of labor, and the cost of building materials were also cited as constraints on residential development.
- **Homeownership rates slowly, but consistently, increased.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 65.5% in late 2021. Trends suggest the recent homeownership increases are among householders of all age groups, with households under age 35 making up the largest proportions of this increase. About 88% of net new growth (2013 to 2019) was among households with incomes of \$150,000 or more. Significant disparities also still exist between households of color and white households, with the Black-white homeownership gap being 28.1 percentage points in early 2021 and the Hispanic-white gap at 23.8 percentage points (a 1.8 percentage point decrease from 2019).
- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing (Industry standard used for assessing affordability) in 2019, which is 5.6 million more households than in 2001. Renter households experienced cost burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges were most likely to affect households with low incomes, as 60% of renters and nearly half of homeowners earning less than \$25,000 were reported to be severely cost burdened⁵⁴ in 2019, as well as one in six renters and one in eight homeowners

⁵⁴ A household is considered cost burdened if they spent 30% or more of their gross income on housing costs. They are severely cost burdened if they spent 50% or more of their gross income on housing costs.

earning between \$25,000 and \$49,999. Households under the age of 25 and over the age of 85 had the highest rates of housing cost burden, as well as households of color.

The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is providing housing that is affordable to all households in a community.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 10 million units between 2018 and 2028 if current low immigration levels continue. Much of the demand will come from baby boomers, millennials, Generation Z,⁵⁵ and immigrants. The Urban Land Institute cites an increased acceptance of working from home as increasing demand in more suburban or rural environments over closer-in markets.
- **Growth in rehabilitation market.**⁵⁶ Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With the median age of the US housing stock rising to 41 years in 2019 from 34 years in 2009, Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the primary solution to address housing conditions, the home remodeling market has grown nearly \$20 billion in 2017, topping out at \$433 billion in 2021.

Despite trends showing growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households (who are more likely to live in older housing than higher-income households), or households on fixed incomes, may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment. Regardless, there is a rising urgency with the aging housing stock, particularly in regard to increased disaster events caused by climate change. In 2019, spending on disaster repairs hit a record high of 10% of total rehabilitation spending, and 2020 saw a record number of billion-dollar climate-related disasters.

⁵⁵ According to the Pew Research Center, millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 and 2012 (inclusive). Read more about generations and their definitions here:

<http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

⁵⁶ These findings are copied from the Joint Center for Housing Studies. (2021). Improving America's Housing, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

- **Declining residential mobility.**⁵⁷ Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While residential mobility took a further dip in the initial stages of the COVID-19 pandemic, soon conditions emerged that encouraged homebuying, such as historically low mortgage rates, moves toward and the ensuing normalization of working from home, and a growing number of first-time millennial buyers. Due to such conditions, existing home sales rose by more than 20% year-over-year from September 2020 through January 2021. These optimal buying conditions have created competition that puts an additional squeeze on the nationwide housing shortage, likely further dampening residential mobility.

Other reasons for decline in residential mobility include factors such as demographic, housing affordability, and labor-related changes. For instance, as baby boomers and millennials age, mobility rates are expected to fall, as people typically move less as they age. Harvard University’s Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.

- **Changes in housing demand.** Housing demand will be affected by changes in demographics, most notably the aging of baby boomers, housing preferences of millennials and Generation Z, and growth of immigrants.
 - *Baby boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the baby boomer generation will affect the housing market. In particular, baby boomers will influence housing preference and homeownership trends. Preferences (and needs) will vary for boomers moving through their sixties, seventies, and eighties (and beyond). They will require a range of housing opportunities. For example, “aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities.”⁵⁸ Many seniors are also moving to planned retirement destinations earlier than expected, as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

⁵⁷ Frost, R. (2020). “Are Americans stuck in place? Declining residential mobility in the US.” Joint Center for Housing Studies of Harvard University’s Research Brief.

⁵⁸ Urban Land Institute. *Emerging Trends in Real Estate, United States and Canada.* 2019.

Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.⁵⁹ A broader definition exists, which explains that aging in place means “remaining in the current community and living in the residence of one’s choice.”⁶⁰ Some boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multiunit housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, “the aging of the US population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”⁶¹

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.⁶² However, as millennials move into their early to midthirties, postponement of family formation is ending, and millennials are more frequently becoming homeowners, frequently of detached, single-dwelling homes.

At the beginning of the 2007–2009 recession, millennials only started forming their own households. The number of millennial homeowners has seen an uptick over the past few years. While the overall U.S. homeownership rate slowly decreased from 2009 to 2019, the millennial homeownership rate increased from 33% in 2009 to 43% in 2019, with 6% of that growth since 2016. The age group of people 35 years old and younger accounted for about 15% of the annual household growth in 2019, up from about 10% in 2018. Older millennials (those age 35-44) also accounted for a growing share of growth in homeownership.⁶³ However, racial disparities also exist in millennial homeownership rates, with Non-Hispanic White homeowners accounting for 53%, Hispanic homeowners for 35%, and Black homeowners for 21%.⁶⁴

As this generation continues to progress into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level single-dwelling homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, it only represented 24% of single-dwelling units.

Millennials’ average wealth may remain far below boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2022, millennials comprised 43% of homebuyers, while Gen Xers comprised 22% and boomers

⁵⁹ Vanleerberghe, Patricia, et al. (2017). The quality of life of older people aging in place: a literature review.

⁶⁰ *Ibid.*

⁶¹ American Planning Association. Making Space for Tiny Houses, Quick Notes.

⁶² According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household, and by 2008, 20% did (18% change).

⁶³ The Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2021”

⁶⁴ “Millennials and Housing: Homeownership Demographic Research.” Freddie Mac Single-Family, 2021.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

29%.⁶⁵ “By the year 2061, it is estimated that \$59 trillion will be passed down from boomers to their beneficiaries,” presenting new opportunities for millennials (as well as Gen Xers).⁶⁶

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early twenties and the youngest in their early childhood years. By 2040, Generation Z will be between 20 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues, they look very much like millennials. Generation Z enters into adulthood with a strong economy and record-low unemployment, despite the uncertainties of the long-term impacts of COVID-19 Pandemic.⁶⁷

Gen Z individuals have only just started entering the housing market in the past few years, and with a maximum age of 23 as of 2022, this age cohort is the smallest so far in terms of homebuyers and sellers, accounting for 2% of each type. While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.⁶⁸ A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close proximity). However, this cohort is smaller than millennials (67 million vs. 72 million), which may lead to slowing real estate demand in city centers.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stanchied by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite decline in immigration rates in 2019. The Census Bureau’s estimates of net immigration in 2021 indicate that just 247,000 immigrants moved to the United States from abroad, down from a previous high of 1,049,000 between 2015 and 2016.⁶⁹ As noted in *The State of the Nation’s Housing 2020* report, “because the majority of immigrants do not

⁶⁵ National Association of Realtors. (2020). 2020 Home Buyers and Sellers Generational Trends Report, March 2020. Retrieved from: <https://www.nar.realtor/research-and-statistics/research-reports/home-buyer-and-seller-generational-trends>

⁶⁶ PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: <https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html>

⁶⁷ Parker, K. & Igielnik, R. (2020). On the cusp of adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: <https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/>

⁶⁸ “2021 Home Buyers and Sellers Generational Trends Report.” National Association of Realtors, 2021. <https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

⁶⁹ Jason Schachter, Pete Borsella, and Anthony Knapp (US Census, December 21, 2021), <https://www.census.gov/library/stories/2021/12/net-international-migration-at-lowest-levels-in-decades.html>.

immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time.”

- **Diversity.** The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between White and Black/African American households, as well as the larger share of minority households that are cost burdened, warrants consideration. White households had a 74.4% homeownership rate in 2021 compared to a 43.1% rate for Black households⁷⁰. This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic, and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to white households, leads to higher rates of cost burden for some groups of people. For example, of renters in arrears, Black renters account for 29% and Hispanic renters for 21%, compared to white renters at 11%. Additionally, for low-income renters earning less than \$25,000, Hispanic and Black renters faced higher cost burden rates (86% and 8%, respectively) than white renters at 80%. For low-income homeowners, 72% of Hispanics, 74% of Blacks, and 84% of Asians faced cost burdens, compared to 68% of white households. As noted in *The State of the Nation’s Housing (2020)* report, “the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation’s haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy.”
- **Changes in housing characteristics.** The US Census Bureau’s Characteristics of New Housing data shows trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident:⁷¹
 - **Larger single-dwelling units on smaller lots.** Between 2000 and 2020, the median size of new single-dwelling units increased by nearly 10% nationally, from 2,057 sq. ft. to 2,261 sq. ft., and 14% in the western region from 2,014 sq. ft. in 2000 to 2,242 sq. ft. in 2020. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by a half, from 14% in 2000 to 7% in 2020. The percentage of units greater than 3,000 sq. ft. increased from 18% in 2000 to 23% of new single-dwelling homes completed in 2020. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2010 and 2020, the percentage of lots less than 7,000 sq. ft. increased from 25.5% to 34.8% of lots.

Based on a national study about homebuying preferences that differ by race/ethnicity, African American homebuyers wanted a median unit size of 2,664 sq. ft. compared to 2,347

⁷⁰ “Federal Reserve Economic Data: Fred: St. Louis Fed,” Federal Reserve Economic Data (Federal Reserve Bank of St. Louis), accessed April 18, 2022, <https://fred.stlouisfed.org/>.

⁷¹ US Census Bureau, Characteristics of New Housing, Annual Data. Retrieved from: <https://www.census.gov/construction/chars/index.html>

sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197 sq. ft. for white buyers.⁷² This same study found that minorities were less likely to want large lots.

- *Larger multiunit dwelling units.* Between 2000 and 2020, the median size of new multiunit dwelling units increased by 4.6% nationally. In the western region, the median size increased by 3.6%. Nationally, the percentage of new multiunit dwelling units with more than 1,200 sq. ft. increased from 29.5% in 2000 to 32.8% in 2020 and increased from 23.3% to 25.2% in the western region.
- *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-dwelling and multiunit dwelling units). In 2000, 93% of new single-dwelling houses had two or more bathrooms, compared to 96.8% in 2020. The share of new multiunit dwelling units with two or more bathrooms decreased from 55% of new multiunit dwelling units to 42.6%. As of 2020, 92% of new single-dwelling houses in the United States had garages for one or more vehicles (from 88% in 2000). Additionally, if work-from-home dynamics remain a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.
- *Shared amenities.* Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs),⁷³ cottage clusters, cohousing developments, and multiunit products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.⁷⁴

⁷² Quint, Rose. (April 2014). *What Home Buyers Really Want: Ethnic Preferences*. National Association of Home Builders.

⁷³ Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

⁷⁴ Urbsworks. (n.d.). *Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon*. Retrieved from: https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). *Real Trends: The Future of Real Estate in the United States*. Center for Real Estate, Urban Economics Lab.

State Trends

In August 2019, the State of Oregon passed statewide legislation—Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. “Medium cities”—those with 10,000 to 25,000 residents outside the Portland metro area—are required to allow duplexes on each lot or parcel where a single-family home is allowed. “Large cities”—those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB)—must meet the same duplex requirement, in addition to allowing single-family homes and triplexes, fourplexes, townhomes, and cottage clusters in all areas that are zoned for residential use. Note that the middle housing types (other than duplexes) do not have to be allowed on *every* lot or parcel that allows single-family homes, which means that larger cities maintain some discretion.

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

House Bill 2003 (HB2003) envisions reforming Oregon’s housing planning system from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves these critical goals: (1) support and enable the construction of sufficient units to accommodate current populations and projected household growth and (2) reduce geographic disparities in access to housing (especially affordable and publicly supported housing). In that, HB 2003 required the development of a methodology for projecting *regional* housing need and required allocating that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt housing production strategies.

Oregon developed its *2021-2025 Consolidated Plan*, which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that the “state’s performance in accomplishing past goals has been very strong, and project areas of focus remain consistent with the current needs identified in this new five-year plan. Tenant based rental assistance, in particular, has demonstrated strong demand, as has the ongoing need for rental units (including those newly developed) which meet fair market rent standards, and community facilities. The unusual events during 2020—the COVID-19 pandemic and historical wildfire activity—tilt current needs and

priorities toward housing stability efforts, as well as community health care projects and access to telehealth services.” It identified the following top needs in its Needs Assessment:⁷⁵

- The most common housing problem in Oregon is cost burden. Nearly 390,000 households pay more than 30% of their incomes in housing costs, up by 7% since the last five-year Consolidated Plan. Renters are more likely to be cost burdened. About 27% of Oregon renters households were found to be severely cost burdened. This proportion increased significantly from 2000 (19%) and disproportionate falls on persons of color in the state: more than 50% of households with persons of color are cost burdened compared to 34% of white households.
- Cost burden largely affects those with lower incomes—especially extremely low and very low-income renters, who have cost burden rates of 70% and 76%, respectively.
- According to Oregon’s Statewide Housing Plan for 2019-2023, more than 85,000 units affordable to extremely low-income households (making less than 30% AMI) are needed to meet demand and more than 26,000 units affordable to moderate-income households (making 50% to 80% AMI) are needed to meet demand. This is down from the previous gap of 102,500 units in the 2016-2021 Plan.

By income range and special need, the estimated needs of Oregon households include the following:

- Extremely low-income families—those earning incomes below the poverty level—total nearly 182,000 households in Oregon. Those with unmet housing needs will grow by 10,000 over the next five years.
- Low-income families—those earning incomes between the poverty level and the median income—total 261,000 in Oregon. Their needs will grow by much less (8,300 additional households) over the next five years.
- Elderly households (62+) total 526,675 households. Of these households, 23% have unmet housing needs. Those with unmet housing needs are expected to grow by 7,000 households by 2025. Many of these needs will take the form of home accessibility modifications, home repairs, and home health care, as seniors make up a large share of residents who live alone and who have disabilities. Frail elderly (defined as an elderly person who requires assistance with three or more activities of daily living) total 61,518 residents.
- Oregon residents with disabilities total 581,000 and occupy 428,000 households. By 2025, these households with needs will grow by nearly 12,000.
- More than 300,000 persons in Oregon struggled with substance abuse challenges before the COVID-19 pandemic occurred, and these needs have grown during the pandemic. Oregonians who have ever had mental health challenges total 757,000, with 172,000 having serious mental health challenges.

⁷⁵ These conclusions are copied directly from the report, Oregon’s 2021–2025 Consolidated Plan. Retrieved from: <https://www.oregon.gov/ohcs/development/Documents/conplan/2021-2025%20Action%20Plan/State-of-Oregon-2021-2025-Consolidated-Plan-Final-with-appendices.pdf>.

- Approximately 178,000 residents 18 and older in Oregon have experienced some type of domestic violence, dating violence, sexual assault, and/or stalking by an intimate partner in the previous year. In the most severe cases, these victims must leave their homes—an estimated 4,200 residents who are victims of domestic violence in Oregon require housing services each year.
- Nearly 16,000 people were identified as experiencing houselessness in Oregon in 2019, an increase of 13% since 2017. Two in three are unsheltered.
- Nearly 17,000 households live in substandard housing, based on Census surveys of housing units lacking complete plumbing or kitchen facilities. The number of households in substandard housing decreased by 4% compared to the 2021-2025 plan.
- Approximately 29,000 households live in units that are either overcrowded or severely overcrowded. The number of households in overcrowded conditions increased by 19% since the last plan. For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities.

As part of the Consolidated Plan’s Stakeholder perspective, activities to address urgent housing needs selected by the greatest number of respondents were:

- Housing activities that result in more rental units for households with income below 60% of AMI and households with incomes between 60% and 80% of AMI; emergency shelters for people who are houseless; and transitional housing for people moving out of houselessness;
- Repurposing vacant buildings for affordable housing; and
- Affordable and accessible housing for people with disabilities.
- In 2022, minimum wage in Oregon⁷⁶ was \$12.75, compared to \$14.00 in the Portland metro and \$12.00 for nonurban counties.

Oregon developed its *Statewide Housing Plan 2019-2023* in 2019.⁷⁷ The Plan identified six housing priorities to address in communities across the state over the 2019 to 2023 period (summarized below). In January 2022, Oregon Housing and Community Services (OHCS) released a summary of their progress.⁷⁸ The following section includes summaries and excerpts from their status report:

⁷⁶ The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from: <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

⁷⁷ This section uses many direct excerpts from the OHCS Statewide Housing Plan 2019-2023. Oregon Statewide Housing Plan. <https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf>

⁷⁸ This section uses many direct excerpts from the OHCS Statewide Housing Plan, Year 3 Quarter 1 Update September 2021 Report to HSC. Oregon Statewide Housing Plan, Status Reports. <https://www.oregon.gov/ohcs/Documents/swhp/01-07-2022-JAN-SWHP-Quarterly-Summary.pdf>

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*

OHCS continued to build relationships, tools, and connections to further its equity and racial justice focus. OHCS continued to gather and update Culturally Specific Organization (CSO) list, tracking funding received by CSOs. OHCS developed customized tools for equity and racial analysis and got ready to start equity and inclusion training for OHCS staff and committee chairs.

- **Houselessness.** *Build a coordinated and concerted statewide effort to prevent and end houselessness, with a focus on ending unsheltered houselessness of Oregon's children and veterans.*

The Homeless Services Section (HSS) made progress in demonstrating increased Housing Stability with 26,940 households paid out via the Oregon Emergency Rental Assistance Program. Additional staffing and funding (\$100 million) were secured in order to build a program of eviction prevention. OHCS developed a dashboard to provide transparency into processing, equity, and capacity issues related to houselessness. OHCS executed grant agreements with HSS providers to deliver strategic housing stability services for those that have not been able to access supports. Work is ongoing to enter more partnerships with new investments in eviction prevention.

- **Permanent Supportive Housing.** *Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic houselessness and reduce barriers to housing stability.*

OHCS funded and/or created 915 of their 1,000 PSH-unit targets. In addition, 416 of the 916 supportive home units were funded with PSH resource. Other accomplishments were developing a compliance and monitoring plan for PSH, distribution of service funds, outreach to partners to ensure PSH resource information is reaching tribal and rural partners, and a hiring staff to support the PSH program.

- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*

OHCS funded and/or created 18,329 affordable rental homes of their 25,000-home target. OHCS developed internal tools, such as a reporting matrix for analysis of subcontracts and an incorporated Compliance Policy, and conducted community outreach with a tribal housing workgroup rules committee. OHCS also conducted a survey to get initial feedback on key program topics and projected changes, along with additional outreach on related issues.

- **Homeownership.** *Provide more low and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

OHCS assisted 1,187 households in becoming successful homeowners, part of its target to assist a total of 6,500 homes. OHCS made strides in doubling the number of homeowners of colors in its homeownership programs. OHCS launched new programs to support homeownership, including lending programs. In order to align programs with the needs of communities of color, OHCS developed relationships with underrepresented organizations, maintained addressing the needs of Communities of Color as a focus in its programmatic frameworks, and regularly shared and encouraged training opportunities with its team.

- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a program manager for rural communities and delivered funding for multiple direct awards, increased funding for CSOs, and updated its Land Acquisition Program to include new funding amounts and set-asides. OHCS funded and/or created 2,158 units in rural communities out of a total of 2,543 units in the 5-year goal, or 85% of its target.

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Appendix B: Details on Capacity for Special Cases

Data compiled May 2023 by Bend Growth Management Division

Basis for Unit Count Categories, by level of entitlement as of June 30, 2022, unless otherwise noted:

- Approved Master Plan, partially platted and/or developed
- Approved Master Plan, no plats
- Pending Master Plan Application
- Comprehensive Plan Policy. *Note: This is for Expansion Areas or remaining portions of Expansion Areas with no adopted Master Plan(s). The basis for the Unit Count is the adopted Comprehensive Plan Policies, which require specific unit minimums to be included in future Master Plans.*

*Additional entitlement (i.e., subdivision platting and/or development) has occurred since June 30, 2022 (as of March 20, 2023), and is not reflected in the counts below.

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DEVELOPMENT APPROVALS CONTRIBUTING TO FUTURE CAPACITY

Development	Type of Area	Basis for Capacity Estimates	Single Detached	Middle Housing	Multiunit	Total Units	Source(s) for Unit Count (as of end of Q2 2022)
1. Stevens Ranch (a.k.a. DSL Property)	Expansion Area (2016)	Approved Plans	650	70	990	1,710	Approved Master Plan* Ordinance 2420 for PLSPD20210316, Table 4 on Page 73.
2. Westside Area	Expansion Area (2016)	Approved Plans	357	82	187	626	Approved Master Plan, partially platted and developed*
3. Thumb	Expansion Area (2016)	Plan Policies	130	40	96	266	Comprehensive Plan Policy Policy 11-108 (270 units) and Urbanization Report, Table 22 on Page 83.
4. Elbow (a.k.a. Southeast Area Plan a.k.a. SEAP)	Expansion Area (2016)	Plan Policies	443	209	579	1,231	Southeast Area Plan* (page ES-2) Urbanization Report, Table 22 on page 83.
5. Talline Master Plan (Shevlin Expansion Area)	Expansion Area (2016)	Approved Plans	176	48	42	266	Approved Master Plan Ordinance 2440 for PLSPD20211096, Table 2 on Page 41
6. Northeast Edge	Expansion Area (2016)	Approved Plans	774	191	400	1,365	Includes Petrosa Master Plan and assumptions about remaining areas. 70 SD units are considered “developed” as of this analysis and subtracted from the total.
7. North Triangle	Expansion Area (2016)	Plan Policies	230	66	214	510	Comprehensive Plan Policy* Policy 11-145. Note, policy and percentage shares reflect 2016 housing mix categories.
8. E Hwy 20	Expansion Area (2016)	Plan Policies	0	10	60	70	Urbanization Report, Table 22 on Page 86.
9. OB Riley	Expansion Area (2016)	Plan Policies	87	13	25	125	Comprehensive Plan Policy 11-139 and Urbanization Report, Table 22 on Page 83. Note, policy and percentage shares reflect 2016 housing mix categories.
10. SW Area	Expansion Area (2016)	Plan Policies	58	38	144	240	Comprehensive Plan Policy 11-115 and Urbanization Report, Table 22 on Page 83. Note, policy and percentage shares reflect 2016 housing mix categories.

Development	Type of Area	Basis for Capacity Estimates	Single Detached	Middle Housing	Multiunit	Total Units	Source(s) for Unit Count (as of end of Q2 2022)
11. Urban Dwelling Sites	Legislative Addition	Approved Plans	0	0	938	938	Approved Site Plan and Development Code Entitlement – 3.8.800: Urban Dwelling Sites. Unit count is based on the approved Britta Ridge Site Plan (PLSPR20211127, 4.95 acres, 178 units) with the remaining 35.05 acres calculated at the minimum RH density (21.7 du/gross acre) per BDC 3.8.800.
12. Stevens Road Tract (a.k.a. East DSL)	Legislative Addition	Plan Policies	984	177	1,326	2,487	(Pending) Comprehensive Plan Policy Unit based on approved Stevens Road Tract Concept Plan Option 3, Table 4 on page 43.
13. HB4079 (a.k.a. Parkside Place)	Legislative Addition	Approved Plans	181	57	108	346	Approved Master Plan (pending appeal period as of 3.20.23) PLSPD20220717. Ordinance 2466.
14. Easton	Master Plan within pre-2016 UGB	Approved Plans	221	100	0	321	Approved Master Plan, partially platted and/or developed* Ordinance 2391 planning application PZ20-477.
15. Wildflower	Master Plan within pre-2016 UGB	Approved Plans	76	0	510	586	Approved Master Plan Unit count is based on pending Modification/Text Amendment PLTEXT20220269, PLCPMA20220263. Single detached units (76) are identified in pending application as “Single-family attached and detached single-story cottages.”
16. Stone Creek	Master Plan within pre-2016 UGB	Approved Plans	135	0	169	304	Approved Master Plan, partially platted and developed.* 253 units developed as of 2022. Future capacity for 2 multifamily developments approved. MP - PZ-19-0862.
17. Murphy Road	Master Plan within pre-2016 UGB	Approved Plans	716	80	0	796	Approved Master Plan, partially platted. 10% of total units to be townhomes.* PZ 19-0517

Development	Type of Area	Basis for Capacity Estimates	Single Detached	Middle Housing	Multiunit	Total Units	Source(s) for Unit Count (as of end of Q2 2022)
18. Gateway North	Master Plan within pre-2016 UGB	Approved Plans	0	0	422	422	Approved Master Plan. Ordinance for PLSPD20220167, page 20.
19. Timber Yards (a.k.a. Korpine)	Opportunity Area (Redevelopment)	Pending Plans	0	0	1,180	1,180	Pending Master Plan Application PLSPD20230065
20. Bend Central District	Opportunity Area (Redevelopment)	Estimated; tested in scenarios	0	0	400	400	Increase from 2016 Urbanization Report assumptions of 240 housing units to reflect recent policy initiatives. Scenarios 2 and 3 evaluate higher levels of development in this area.
21. Century Drive area	Opportunity Area (Redevelopment)	Estimated; tested in scenarios	0	200	640	840	Central Westside Plan (2016) assumption of 42 units/year, multiplied by a planning horizon of 20 years. Scenarios 2 and 3 evaluate higher levels of development in this area.
22. COID Property	Opportunity Area	2016 estimates	250	250		500	Envision Tomorrow assumptions used in 2016 UGB analysis
23. East Downtown	Opportunity Area (Redevelopment)	2016 estimates	0	10	5	15	Envision Tomorrow assumptions used in 2016 UGB analysis
Sum of Approved and Pending Plans (including Expansion Areas/Legislative Additions and Opportunity Areas)			3,286	628	4,946	8,860	
Sum of areas with Plan Policies but not Approved/Pending Plans			1,932	553	2,444	4,929	
Sum of other estimates			250	460	1,045	1,755	
Areas tested as potential CFAs (Base Case capacity)			0	200	1,040	1,240	
All other areas			5,468	1,441	7,395	14,304	
Total Expected Capacity			5,468	1,641	8,435	15,544	

Appendix C: Scenario Planning Methods and Assumptions

Introduction and Scenario Model

The Bend 2023 Housing Capacity Analysis (HCA) evaluated multiple land use scenarios to estimate potential future housing capacity. Portions of these land use scenarios were created using the open-source software “Envision Tomorrow” (ET).⁷⁹ ET is a suite of planning tools that allows users to analyze aspects of their current community using commonly accessible GIS data, such as tax assessor parcel data and Census data. The scenario painting tool allows users to “paint” alternative future development scenarios on the landscape and compare scenario outcomes. The tool itself consists of an ArcGIS plug-in for manipulating spatial data and a Microsoft Excel spreadsheet containing assumptions and results. Use of ET involves several distinct components:

- **Buildable Land Inventory (BLI).** Identifies vacant, developed, and constrained acreage of each tax lot within the study area. See the separate BLI memorandum for more detail.
- **Building Types.** A library of building types (such as single detached dwelling, duplex, three-story office, etc.) modeled on allowable/expected development in the City of Bend.
- **Development Types.** Aggregation of various building types with assumptions about future streets, park and open space set-asides, expected rates of redevelopment, and other features to form the equivalent of zoning designations, special overlay districts, etc.
- **Painted Land Use Scenarios.** Application of development types on parcels in the study area, resulting in a land use scenario that describes the amount and location of future households, jobs, and other characteristics.

This appendix summarizes the prior use of ET scenarios in the City’s long-range planning efforts and provides details about the land use model used for the 2023 HCA.

⁷⁹ <http://envisiontomorrow.org/>

Use of Land Use Scenarios in Bend

The City of Bend began using ET to model citywide land use projections during the Urban Growth Boundary (UGB) Remand Project, which led to an updated UGB amendment adopted in 2016. Since that time, the City has been building upon and revising the ET land use model for various citywide and subarea planning efforts. Updates to the model have included:

1. Citywide update for the Transportation System Plan (adopted 2020)
2. Specific area update for the Southeast Area Plan (adopted 2021)
3. Infrastructure planning scenario for the Collection System Master Plan (draft completed 2021)
4. Specific area update for the Stevens Road Tract Master Plan (adopted 2022)

The current HCA project has included the following updates to this model:

- An update of the BLI to account for development that has occurred since the last citywide update.
- Addition of six new building types to model smaller apartment buildings and larger mixed-use buildings that may be more likely to develop due to recent changes in City code.
- Addition of new development types for Climate Friendly Areas and Mixed-Use areas that the City is considering for Climate Friendly Area designation, which would entail increased residential density in more mixed-use, transit-oriented areas.
- Updated middle housing infill development/redevelopment to match citywide ADU and middle housing assumptions.

Three scenarios were created using the ET model:

1. A conservative “base case” scenario that depicts a continuation of current trends.
2. An additional scenario evaluating increased development in the Bend Central District and the Century Drive area that could result from designation as “Climate Friendly Areas” and corresponding adjustments to development standards, plus some impact from the elimination of parking requirements.
3. A third scenario evaluating even greater development/redevelopment in the Bend Central District and Century Drive area, as well as new redevelopment opportunities in South 3rd Street and North Highway 97, plus increased middle housing and increased impact from the elimination of parking requirements.

Model Results

This section briefly summarizes the details of the model’s development types, spatial application of development types (“painting”), and results.

Development Types

Development types consist of various street, set-aside, and building type assumptions in order to approximate a certain typology of new development. The rate of redevelopment that occurs when a development type is applied to a parcel that is not vacant is also part of these assumptions. Development Type attributes are summarized in Exhibit 95.

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EXHIBIT 95. DEVELOPMENT TYPE SUMMARY

Development Type	Description	Street Set-Aside	Civic Set-Aside	Open Space Set-Aside	Total Set-Asides	Housing Units/ Gross Acre	Jobs/Gross Acre	Mixed-Use Score	Residential	Commercial	Public / Institutional	Redevelopment Rate
CB	Central Business	0%	5%		5%	43.4	63.1	70%	30%	66%	4%	20%
MU 1	Lower Intensity Mixed Use	29%	5%		34%	15.2	19.0	64%	52%	48%	0%	10%
MDOZ	Medical District Overlay Zone	25%	5%		30%	7.6	30.8	59%	33%	67%	0%	10%
MR	Mixed Residential	29%	5%		34%	7.6	18.3	54%	27%	73%	0%	10%
ME-EM	Mixed Employment	20%	5%		25%	20.6	20.1	15%	3%	96%	0%	11%
CL	Limited Commercial	20%	5%		25%	1.9	16.6	33%	5%	91%	4%	11%
CC2	Higher Intensity Community Commercial	29%	5%		34%	1.5	18.6	35%	12%	87%	0%	11%
University	OSU Cascades	12%	10%	15%	37%	12.4	11.5	73%	51%	3%	46%	0%
Institutional	Hospitals, etc.	12%			12%	3.2	12.8	60%	23%	2%	74%	0%
RL-2022	Low Density Residential	23%	5%		28%	3.6	-	0%	100%	0%	0%	0%
RS-2022	Standard Residential	23%	8%	0%	31%	6.5	-	0%	100%	0%	0%	5%
RS Masterplan - 2022	Standard Residential subject to master planning requirements	27%	8%	10%	45%	5.4	0.2	7%	99%	1%	0%	100%
RM-2022	Medium Residential	23%	8%	5%	36%	9.6	0.2	6%	99%	1%	0%	5%
RM Masterplan - 2022	Medium Residential - Subject to master planning requirements	27%	5%	10%	42%	15.8	0.2	5%	99%	1%	0%	100%
RH-2022	High Density Residential	23%	8%	0%	31%	21.2	0.3	5%	99%	1%	0%	1%
Bend Central District	Bend Central District (base case)	29%	5%	0%	34%	15.3	31.7	67%	46%	53%	1%	22%
West Side Residential	Contains assumptions related to specific West Side developments	23%	2%	0%	25%	3.6	-	0%	100%	0%	0%	100%

Development Type	Description	Street Set-Aside	Civic Set-Aside	Open Space Set-Aside	Total Set-Asides	Housing Units/ Gross Acre	Jobs/Gross Acre	Mixed-Use Score	Residential	Commercial	Public / Institutional	Redevelopment Rate
CG-CL Higher Intensity	Higher Intensity Commercial	29%	5%	0%	34%	8.7	29.3	53%	23%	76%	1%	25%
Middle Housing Infill	Low-redevelopment middle housing infill assumed broadly in the city	0%			0%	26.8	-	0%	100%	0%	0%	1.90%
East DSL	Stevens Road Tract	23%	5%	10%	38%	8.8	6.8	55%	72%	28%	0%	20%
KorPIne	Korpine Area	23%	0%	10%	33%	25.5	10.9	53%	73%	27%	0%	50%
CenturyDriveMU	Century Drive area – Scenario 1	23%	0%	0%	23%	50.9	16.3	51%	75%	25%	0%	30%
Century Drive2	Century Drive Area – Scenario 2	23%	0%	0%	23%	71.8	29.9	55%	72%	28%	0%	30%
CenturyDrive3	Century Drive Area – Scenario 3	23%	0%	0%	23%	81.6	30.2	53%	74%	25%	0%	30%
Bend Central District 2	Bend Central District – Scenario 2	5%	5%		10%	55.9	23.0	55%	72%	27%	0%	30%
Bend Central District 3	Bend Central District – Scenario 3	5%	5%		10%	76.0	23.5	50%	77%	23%	0%	30%
Platted-1 per	Calibrated to approximate the number of platted units citywide	0%	0%	0%	0%	3.5	-	0%	100%	0%	0%	3%
Middle Housing Infill 2	Calibrated to match the amount of middle housing + ADUs in Scenario 3.	0%			0%	26.8	-	0%	100%	0%	0%	2.20%

Land Use Scenarios Summary

The following maps depict the painted land use scenarios used in the HCA. The pieces of the scenario that rely on the ET model are shown in Exhibit 98 under the heading “Development and Redevelopment.” All other ET data is an approximation of the Buildable Lands Inventory for visualization and spatial analysis purposes. Envision scenarios include only residential/mixed-use land without a development approval/master plan/policy direction in the City’s comprehensive plan – those “special cases” are addressed elsewhere.

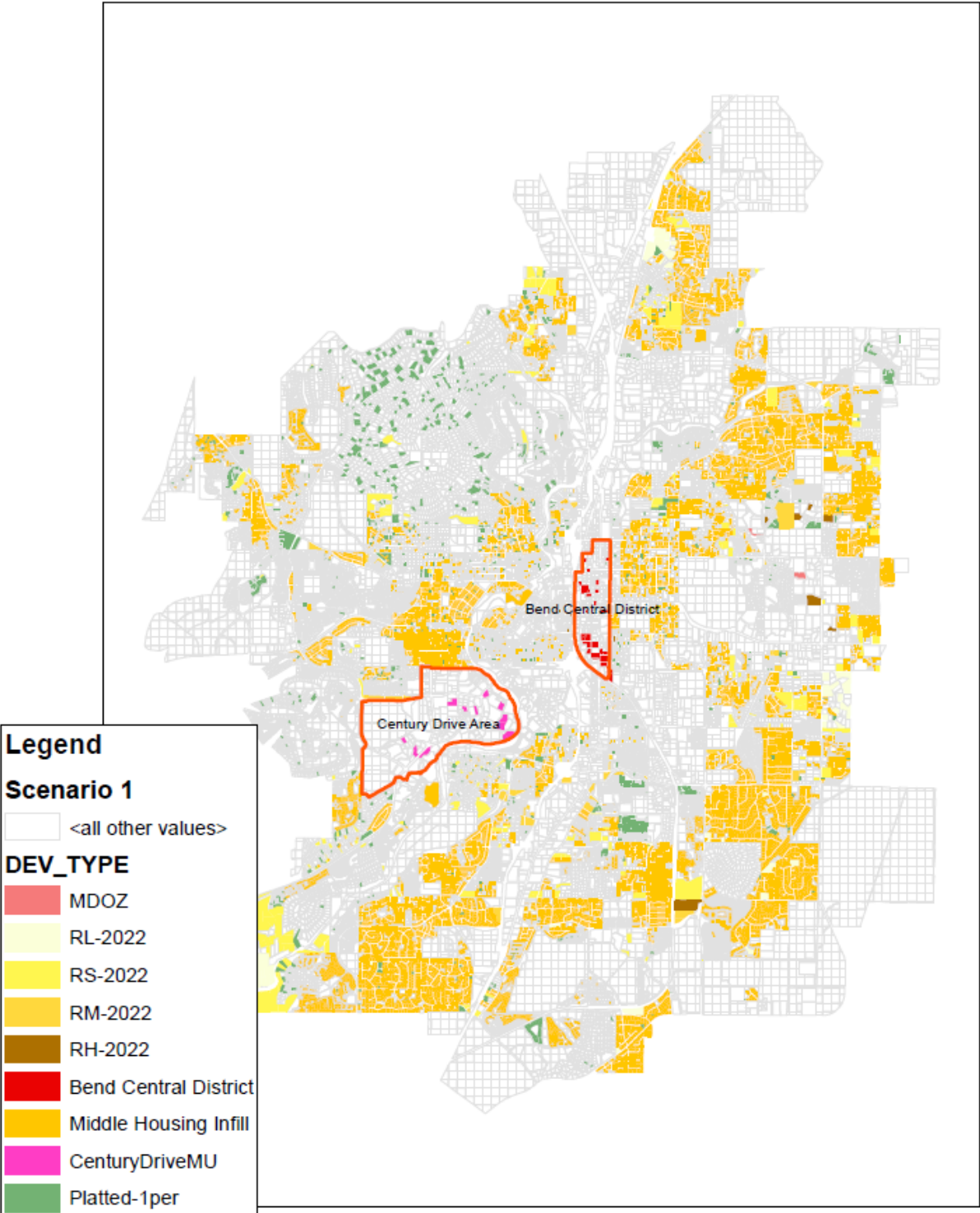
EXHIBIT 96. SUMMARY OF SCENARIOS

Type of Development Capacity	Scenario 1				Scenario 2				Scenario 3			
	Single Detached	Middle Housing	Multi Dwelling	Total	Single Detached	Middle Housing	Multi Dwelling	Total	Single Detached	Middle Housing	Multi Dwelling	Total
Approved/Planned Developments (see separate list)	5,468	1,641	7,195	14,304	5,468	1,641	7,195	14,304	5,468	1,641	7,195	14,304
Platted Lots	1,397	-	-	1,397	1,397	-	-	1,397	1,397	-	-	1,397
Vacant/Partially Vacant Residential Land	2,338	314	536	3,188	2,221	548	553	3,322	2,104	782	553	3,439
Vacant/Partially Vacant Mixed Use Land	55	179	1,205	1,439	55	179	1,205	1,439	55	179	1,205	1,439
Development/ Redevelopment	Bend Central District	-	-	400	-	31	674	705	-	-	986	986
	Century Drive	-	-	840	-	50	1,520	1,570	-	53	1,857	1,910
	North Hwy 97	-	-	-	-	-	-	-	-	24	451	475
	South 3rd	-	-	-	-	-	-	-	-	22	408	430
	Redevelopment of RH	-	-	-	-	-	-	-	-	2	4	52
	Redevelopment of CG/CC/CL	-	-	-	-	-	-	-	-	4	36	151
ADUs	-	940	-	940	-	940	-	940	-	940	-	940
Middle Housing Infill	-	744	-	744	-	744	-	744	-	1,240	-	1,240
Mid - 2023 Totals	9,258	3,818	10,176	23,252	9,141	4,133	11,147	24,421	9,030	4,921	12,858	26,809
	40%	16%	44%	100%	37%	17%	46%	100%	34%	18%	48%	100%
Estimated Consumption through Q2 2025	2,101	375	1,214	3,690	2,101	375	1,214	3,690	2,101	375	1,214	3,690
Estimated Capacity in Q3 2025	7,157	3,443	8,962	19,562	7,040	3,758	9,933	20,731	6,929	4,546	11,644	23,119
	37%	18%	46%	100%	34%	18%	48%	100%	30%	20%	50%	100%

Additional detail about the policy intent and assumptions behind scenarios can be found in Section 6 of the HCA. A brief summary follows.

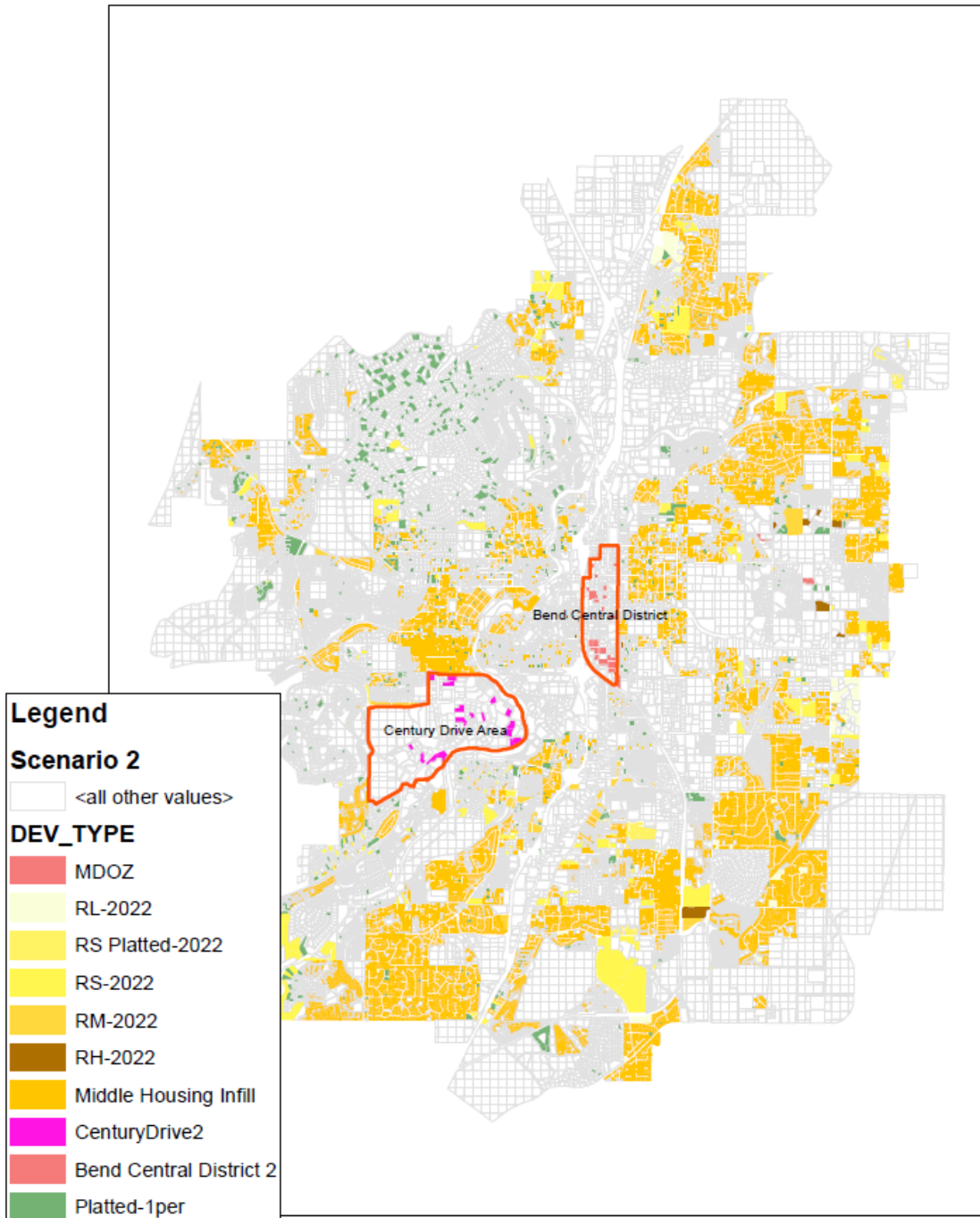
Scenario 1 – Base Case

Conservative estimate of capacity based on historical trends and known development approvals.



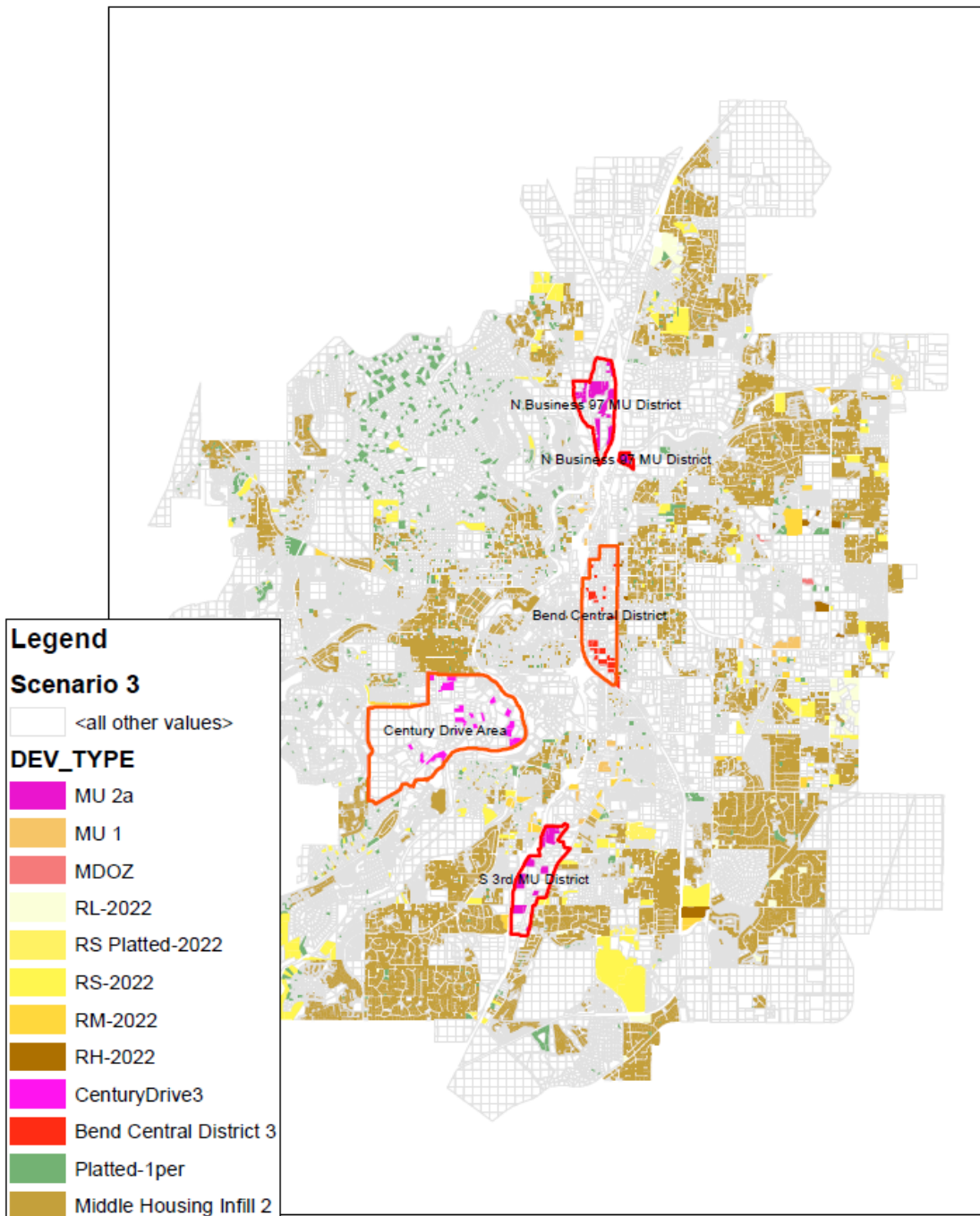
Scenario 2 – Climate Friendly Areas (conservative)

Adds to Base Case assumptions by incorporating additional development/redevelopment of the Bend Central District and Central Westside Area using the “Scenario 2” version of these development types and painting additional lower-value properties.



Scenario 3 – Climate Friendly Areas (ambitious)

Adds to Scenario 2 assumptions by incorporating two additional areas of redevelopment in the North Highway 97 Area and South 3rd Street Area. “Scenario 3” development types for Bend Central District and Century West areas used with additional properties painted. Additional middle housing is assumed as through a “Middle Housing Infill 2” development type with a higher redevelopment rate.



Appendix D: Summary of Input from Developer Interviews on Mixed-Use Development Potential

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Date: 2/1/2023

Current and Future Multiunit Housing Development Trends

The purpose of this memo is to summarize trends in multiunit development (both stand-alone residential and mixed-use) observed in recent and near-term anticipated future (a.k.a. “pipeline”) development applications, along with input from the local development community about anticipated trends and opportunities looking ahead. For the purposes of this memo, “recent” is defined as projects permitted since 2021 and “pipeline” is defined as pre-application and pre-pre application developer inquiries. Note, this includes many of the Site Plan applications for multiunit and mixed-use development since that time, but not all applications. Research was primarily focused on the Bend Central District, KorPine Opportunity Area, and the Central Westside Opportunity Area with the inclusion of some observations of multiunit development projects outside of that area.¹

On December 14, 2022, GMD staff reached out to current planning staff and the Core Area Project Manager to gain insight on observed trends, and anticipated future trends, in multiunit development currently in the pipeline (including inquiries/pre-pre application phase). The objective was to gain a better understanding of what is reasonable to expect for current and future (20-year) multiunit development trends related to:

- Parking Ratios and Types (i.e., surface parking, structured parking, tuck-under parking)
- Building Form (including building heights and construction types - i.e., wood frame vs. podium construction)
- Commercial Use

- Other Obstacles, Observations, and Trends
- Middle Housing

In addition, GMD staff and ECONorthwest conducted five interviews with the local development industry focused on developers and designers active in mixed-use areas of Bend. The interviews took place between January 12 and January 17, 2023, and addressed the same topics listed above.

The following is a summary of research and feedback on recent, current, and potential future multiunit development trends, organized by topic.

Parking

For almost all projects observed, more than the minimum number of code-required parking spaces were provided. The majority of projects included a parking ratio of at least 1.1 parking space per unit, with some projects providing notably more. Generally, smaller projects (those near or under 100 units) provided parking at or just above the minimum required. For larger projects, more than the minimum number of parking spaces were provided. For projects outside of the opportunity areas, including those to the north and east, parking ratios were notably higher, likely due to code requirements in those residential zones as well as the greater distance to downtown and mixed-use districts, therefore resulting in more auto dependency.

Current planning staff observed that, in general, larger developers were building the amount of parking to meet the market demand, which was generally at or above the minimum parking required. Generally, planners agreed that if developers were allowed to build less or no parking, they may build slightly less than the current minimums, but not significantly less, and would continue to build parking in response to market demands. Additionally, current planning staff noted that on small lots, less parking was and would likely be provided because of the challenges with providing parking (surface or structured) on small lots – a project’s ability to “pencil” (be financially feasible) can often come down to one or two parking spaces.

Development industry interviews reinforced staff observations that most development still sees a need for or value in providing parking. Participants also offered additional observations related to parking:

- Smaller developments can sometimes build with less or no parking at all because they are not tied to larger institutional investors, which tend to be more risk averse. Smaller projects (with lower total development costs) can more easily be funded in other ways (e.g., friends and family) that may offer more flexibility.

- Developers focusing on providing higher-end market-rate units are also more likely to build at higher parking ratios, whereas those focusing on less-affluent and/or younger demographic groups were more likely to feel comfortable with reduced parking ratios.
- The Century West area already has ample existing parking in some commercial developments, and if parking requirements were reduced or eliminated, this could allow some of the existing parking lots to be converted to other uses.
- Providing “secure” parking has value, particularly in the Bend Central District where houselessness is more prevalent. This means either gated surface parking or structured parking, but structured parking is far more expensive.
- Parking requirements that are higher for larger units make it difficult to build those larger units because it becomes challenging to fit the parking on the site. This skews development toward studio and 1-bedroom units relative to what the market would demand.

Building Form/Scale (including heights and podium construction)

Structured vs. Surface Parking

Of the projects reviewed, structured/podium parking was only provided in the KorPine, downtown, and Central Westside areas. In those areas, at least some surface parking was also proposed for all projects (with the exception of Timber Yards). The majority of large projects in the Central Westside Opportunity Area had surface parking as their primary parking type (including the Hixon, Eddy, Nest, Emkay, and Bulletin developments). Outside of those areas, including the BCD, north, and eastside developments, all parking proposed was surface with some smaller number of tuck-under parking also included in a minority of the projects.

Current planning staff observed more podium-style development and structured parking as an emerging trend but also noted the challenges and negative impacts of structured parking on the pedestrian environment and street-level design requirements on the 1st and 2nd floor street facing facades (noting 515 Century and pre-app projects as examples).

Development industry interviews reinforced staff’s observations. Participants also offered additional observations related to surface vs. structured parking:

- Some developers/designers noted using surface parking as a land-banking/interim strategy for its flexibility to easily convert to an alternate use as future market demands change, whereas structured parking costs more and is more difficult to repurpose in the future.

- Developers discussed the risk and disinclination to being the first to not have parking, as it would put them at a competitive disadvantage relative to other projects that did include parking.
- Some developers noted that City-owned shared parking could help developers to maximize site use for density without feeling pressured to include on-site parking.
- To support the cost of building structured parking in a podium, development must be able to command top-of-market rents for Bend’s market, which is why that form is currently limited to KorPine, downtown, and Central Westside areas.
- One participant noted using parking stackers in a project to accommodate more parking in a small footprint.

Building Form and Height

The majority of the developments in the Central Westside and KorPine Opportunity Areas were podium construction (5 over 1, 5 over 2, and 4 over 2). Outside of those areas, the development type was almost exclusively wood frame construction in a multibuilding walk-up configuration with surface parking. This is likely attributed (at least in part) to the maximum building heights outside of those areas. Development in or adjacent to the BCD was primarily wood frame construction with surface or tuck-under parking, with some future potential developments expressing interest in possible podium construction.

Generally, most of the multiunit development reviewed was at or very close to the maximum allowable building height. Two variances for additional height were observed:

Project	Zone	Height Limit (at time of application)	Proposed Height
Britta Hills	RM	30'	37'3"
Penn Avenue	RH	45'	49'6"

Current planning staff observed that there is generally a desire to go higher where feasible, with a number of developer inquiries about height variances at the pre-application stage (but only a few being followed through and requested as variances). There were some instances in the Central Westside Opportunity of projects maximizing height through available bonuses – including by incorporating commercial uses (for a vertical mixed-use height bonus) into their sites.

Development industry interviews generally reinforced staff’s observations. Participants noted the importance of building code in driving height decisions. Building code limits the number of floors of wood frame construction as well as the maximum height of a wood frame building. Multiple participants noted that reaching 85’ would require a change to construction type (concrete and steel

vs. wood frame or podium), which would be much more expensive. In addition, because of the cost of building underground parking given Bend's geology, the additional height is primarily used for structured parking, though it is often wrapped with commercial and/or residential uses on the ground floor.

Commercial/Mixed-Use

For a majority of the multiunit development projects in commercial and mixed-use zones, minimal or no commercial was included/proposed, with the exception of Timber Yards, Killian Pacific-Box Factory, the Hixon, and a small amount of commercial in two other sites. In general, ground-floor commercial was more viable in the Bend Central District, with less of a desire to provide residential at the ground floor in that location. Note, a number of the projects researched were located in residential zones.

Development industry interviews generally reinforced staff's observations. Participants also noted:

- Larger mixed-use developments that are moving forward now are taking a focused approach to ground-floor retail to concentrate energy in one area and are looking at it largely as an amenity to add vibrancy that makes the residential development more desirable.
- A preference for ground-floor retail in the Bend Central District is due in part to the fact that residential development on the ground floor is undesirable in that area, and the commercial space creates a street-level space that the developer controls and can try to make more of an amenity for the residential development.
- Mixed-use buildings require more fire separations and make the building more complicated.
- Longer term, there may be potential for additional office development in the mixed-use opportunity areas, though it is unlikely near term.

Market Conditions and Differences by Area

All development industry interviewees expressed confidence in continued growth and demand in Bend. Developers discussed the desirability of continuing to develop in Bend, comparing it to other opportune secondary/tertiary housing markets such as Boise and Bozeman. However, participants pointed to differences in the likely development outcomes in different areas, even if they were subject to the same development regulations:

- **Bend Central District:** Several participants noted that this area does not command premium rents due to the higher prevalence of street houselessness and distance from core attractions. This will make it harder to build taller buildings with vertical mixed use, given the higher construction costs. The Bend Central District has been and will likely continue to be more attractive to smaller developers without institutional financing, who have more flexibility to work with smaller property

sizes and less parking. It does not yet warrant full podium construction (vs. wood frame with tuck-under and surface parking). However, the Hawthorne bike/pedestrian bridge is anticipated to increase the desirability of the area, and the relocation of Spoken Moto to the area may help as a catalyst project.

- **Central Westside/Century Drive:** Several developers noted the Century Drive area as a stronger development opportunity, given its adjacency to higher-income neighborhoods and proximity to the Central Oregon Community College and local amenities. One participant noted potential for redevelopment of existing surface parking lots serving office and commercial properties over time if parking requirements are eliminated in the area.
- **North and South General Commercial Areas:** Most of the participants had not considered development in the North or South commercial areas. Some noted the highway commercial feel in both areas, without a gridded street network or urban amenities and in more car-dependent locations, as a challenge for redevelopment. The South District was described as the lowest development opportunity because of its narrow area along the highway.

Middle Housing

In general, for new greenfield master plan developments, middle housing is almost exclusively in the form of townhomes, with a very small number of triplexes and almost no duplexes or quadplexes. In these areas, “housing mix” requirements for master plan and comprehensive plan policy requirements are generally being met with a combination of townhomes and/or multiunit developments – with very little or no duplexes, triplexes, or quadplexes.

For middle housing outside of master-planned areas, current planning staff noted some new inquiries and applications for small infill sites with a variety of middle housing types, including cottage clusters, cottage housing, and several small dwelling lots. Because many of the middle housing types are newly permitted, it is reasonable that significant trends have not yet materialized.

Some newer midsize and larger subdivisions are maximizing for-sale stand-alone unit options, utilizing SB 458’s allowance for detached plexes on their own lots.

In general, larger sites are being developed as more traditional attached multiunit dwellings, whereas middle housing is being observed on more modest-size infill lots and medium-size undeveloped or underdeveloped lots.

Some development industry interviewees noted working on cottage cluster and townhouse developments, though most specialized in larger-scale developments and had little to add about middle housing.

Other Development Obstacles/Opportunities and Trends

Landscaping Requirements

Current planning observed challenges with developers being able to meet the 15% landscaping requirement on the more urban sites that are not zoned MU and noted the 10% common open space requirement is generally being met, but barely.

New Requests for “woonerfs”

There have been new requests for “woonerfs” to allow developers to create their own unique streetscape. However, it is worth noting “woonerf” has been interpreted many different ways by different developers.

Short-Term Rental (STR)/Hospitality Use

A number of current planning staff noted developers expressing interest in short-term rental use of proposed multiunit developments. In the development industry interviews, short-term rentals were also mentioned. One developer observed demand for additional hotel space if it could offer something different than the existing options in Bend, but this would be mostly for a high-end hotel in a premium location.