

**REVISED
RESOLUTION 3325**

**A RESOLUTION OF THE BEND CITY COUNCIL ESTABLISHING
THE MIDDLE-INCOME HOUSING PILOT PROGRAM**

Findings

- A. In accordance with the Bend City Council 2021-2023 biennium goals, the Council directed staff to pursue incentives for middle-income housing on July 21, 2021.
- B. On August 18, 2021, Bend City Council allocated \$500,000 of the general fund to create incentives for developers and builders to build more housing units available to the middle-income households.
- C. For the purposes of this resolution, "Middle-Income Housing" refers to home ownership and rental units affordable to households earning above 60% and up to 120% AMI (Area Median Income), based upon most recent HUD (United States Department of Housing and Urban Development) Income Limits for the Bend MSA (Metropolitan Statistical Area). For 2022, 120% AMI is approximately \$107,900 for a household of four, translating to a home purchase price of \$400,000. According to the Beacon Report, the median home purchase price in Bend for March was \$685,000. For 2022, 80% AMI is approximately \$71,900 for a household of four, translating to affordable rent of \$1,798. Based on Housing staff market research, the average rate of available rentals in Bend for March was \$2,677 for a two-bedroom.
- D. The City Council allocated \$500,000 to a program to support projects providing middle-income housing units in the 2021-2023 biennial budget.
- E. The City now desires to put a process in place by which the City can award funds to projects providing housing units to middle-income households, to help increase the supply of housing units affordable to households earning above 60% AMI and up to 120% AMI.
- F. This Revised Resolution 3325 completely amends, replaces, and supersedes the previously executed Resolution 3325, which was an incorrect copy of the resolution and was erroneously signed. This Revised Resolution is the correct copy of Resolution 3325 adopted by Council on May 17, 2023.

Now, therefore, based on the above findings,

THE CITY OF BEND RESOLVES AS FOLLOWS:

- Section 1. The purpose of the Middle-Income Housing Pilot Program is to provide a process to respond to the middle-income housing needs of the community quickly and efficiently. Council therefore adopts the attached Exhibit A, Middle-Income Housing Pilot Program (Program).
- Section 2. The current amount allocated by Council for Middle-Income Housing incentives is \$500,000 of General Funds. Council may allocate additional funds to this Program, and this Program will be extended to include those additional funds under this adopted process, or as modified by Council in the future.
- Section 3. The Affordable Housing Advisory Committee shall make funding recommendations on award of funds, with final approval from Council. Housing staff shall allocate and distribute Program funds consistent with the decisions of the City Council.
- Section 4. All Program funding recipients and subrecipients will follow the guidelines issued by City staff in consultation with a Technical Advisory Committee (TAC) and AHAC, which shall be consistent with the Program.

Adopted by motion of the Bend City Council on May 17, 2023.


YES: Mayor Melanie Kebler
Councilor Barb Campbell
Councilor Megan Perkins
Councilor Ariel Méndez
Councilor Megan Norris
Councilor Mike Riley

NO: none



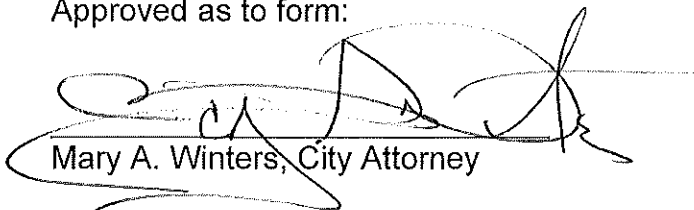
Melanie Kebler, Mayor

Attest:



Robyn Christie, City Recorder

Approved as to form:



Mary A. Winters, City Attorney



Middle-Income Housing Pilot Program Exhibit A – Program Overview

BACKGROUND

On August 18, 2021, the Bend City Council adopted a supplemental budget allocating \$500,000 to support Middle-Income Housing. Bend community members experience intense and increasing pressure to find affordable housing within the community where they work because of the exponentially rising home prices and rental rates. The market fails to meet the need for middle-income housing solutions and assistance. This program shall apply to housing for households with income ranges from above 60% Area Median Income (AMI) to 120% AMI.

The Council-appointed Affordable Housing Advisory Committee (AHAC) considers applications for Affordable Housing Fund (AHF) resources. While Bend Code 9.40.040 allows AHF resources be applied toward affordable housing developments that serve households up to 100% AMI, the little amount available each year is regularly applied to projects that serve households at or below 80% AMI. Because developments for households at or below 80% AMI require a greater amount of subsidy, proposals for households above 80% AMI rarely apply for funds or are not recommended for funding.

With there being no other federal or state funding sources or incentives for housing affordable to the middle-income household of 80%-120% AMI, many community members and households within that income range are still unable to afford housing in Bend. Due to high cost of the market rate housing within the City of Bend, traditional affordable housing no longer bridges the gap between that market rate and what households earning at or just above the area median income can afford. Thus, the City of Bend is exploring all options to assist the efforts in the production or preservation of middle-income housing units.

The Bend City Council set ambitious goals for the 2021- 2023 biennium and allocated \$500,000 from the General Fund to find meaningful and viable solutions for assisting the development and/or preservation of middle-income housing in Bend. Council goals for the next biennium will continue to support this work.

These funds alone are not meant to be the single solution, nor could one entity provide enough resources to develop enough housing affordably. Rather the intent is for the City to partner with others in this effort.

A Middle-Income Technical Advisory Committee (TAC) was assembled in February 2023, to advise staff on viable solutions and potential use of the available funds. City staff determined that more information from potential partners would be needed to move forward with any Request For Proposal (RFP) process. The goal is to have interested partners present information on what they would need and/or what they might be able to

provide along with ideas on how they might partner with others and/or use the available funds to develop or preserve existing middle-income housing.

This document describes the Middle-Income Housing Pilot Program (the “Program”), including purpose, application process, and process for moving forward with defining the criteria for selection. The Program funds will be used to support the community by allocating financial assistance specific to the creation or preservation of middle-income housing.

For the purposes of this program, middle-income housing is defined as dwellings for households with incomes from above 60% AMI to up to 120% of Bend’s Area median Income (AMI).

PURPOSE

The purpose of the Program is to provide funding for projects that create or preserve housing units which middle-income households can afford. In order to determine the best use of these funds, the City seeks to understand from potential applicants exactly what the barriers are to building affordably for these income ranges and what are the proposed solutions. For this reason, this process is being proposed in phases with the first phase being exploratory, to help the City determine what types of projects or needs it wishes to fund.

APPLICATION PROCESS

One intent of the Program is to make the grant application process as simple as possible, while also gathering enough information to verify funding eligibility and to allow reviewers to make informed funding decisions. The application process shall be as follows:

1. **Workshop** –Staff will host a workshop for all interested parties. The purpose of the workshop is for potential applicants to meet and discuss ideas and partnership opportunities with others, and to help the City refine the types of projects it is interested in funding through the request for proposals.
2. **Written Funding Suggestions** – Potential applicants to provide suggestions for eligible project types.
3. **Review** – Funding suggestions will be reviewed by staff prior to the RFP phase of the program. Staff will use the funding suggestions to finalize requirements and define opportunities in the RFP.
4. **RFP**- Staff will put out an RFP for final proposals.
5. **Eligibility Review** – Staff to review proposals for demonstrated eligibility. Proposals will be evaluated based on required criteria described below.
6. **Review** – Eligible proposals will be reviewed by AHAC. Funding awards will be considered and awarded on a nondiscriminatory basis in accordance with state, federal, and local law, as well as the criteria described below.
7. **Award** – AHAC will recommend funding awards to City Council for approval.
8. **Contractual Agreement, Funding, & Reporting** – The grant agreement will outline general grant obligations and reporting requirements, and will include, but is not limited to: general legal principles, reporting, access to

financial records, audit provisions, and federal single audit compliance, as appropriate.

PROJECTED PROGRAM TIMELINE

May 17, 2023 – Council Presentation to Approve Process & Authorize Pilot Program
May 18, 2023 – Notice of Program (Public Announcement, Promotion, and Preliminary Application)
June 20, 2023 – Applicant Workshop
July 10, 2023 – Written Funding Suggestions Accepted
July 19, 2023 – Staff Reviews Written Funding Suggestions in Council Work Session
July 28, 2023 – RFP Released
August 25, 2023 – Proposal Deadline
September 13, 2023 – AHAC Hears Proposal Presentations and Deliberates Award Recommendations for Council
October 4, 2023, Council Considers Award Recommendations

PROPOSAL REQUIREMENTS

All requirements set forth in the request for proposals must be included in submitted proposals, and one copy submitted with all the required supporting documentation. A copy of the Request for Proposal will be available on the City's website.

All proposals must clearly and concisely identify the community need for the proposed project and how the need will be addressed by the proposal. Example activities that funds could be utilized for include, but are not limited to, the following: land acquisition expenses, permit fees, pre-development costs, construction expenses, down-payment assistance, and property rehabilitation.

Proposals must be returned to the City, care of housing@bendoregon.gov.

REQUESTS FOR PROPOSAL ELIGIBILITY

Proposals will first be reviewed by City staff to ensure they are complete and meet eligibility requirements, as set forth in the request for proposals. At a minimum, projects must be aimed at creating or preserving housing units for households above 60% AMI to 120% AMI. The City reserves the right to reject proposals not meeting City requirements before their presentation to AHAC, or to request additional documentation showing eligibility, or if a proposal is not complete. The proposals will be reviewed as follows:

1. Proposal organization's background, mission, and history.
2. A brief description of the proposal organization's financial stability as it pertains to successfully completing a project.

AFFORDABLE HOUSING COMMITTEE EVALUATION CRITERIA

Proposals that meet eligibility requirements will then be reviewed by AHAC. The committee will rank eligible proposals and award funding for middle-income housing projects. The evaluation criteria will be as follows:

Potential Points 20	Criteria	Scoring 0 – Unsatisfactory 1 – Some Deficiencies Evident 3 – Satisfactory 5 – Exceptional
<p>5</p>	<p>Project Evaluation</p> <ul style="list-style-type: none"> • How will the applicant use the funding to house middle-income households? • Demonstrates addressing the community need for middle-income housing. 	<p>0 – Missing or unclear 1 – Limited or minimal explanation 3 – Adequate explanation 5 – Exceeds our expectations of housing middle-income households</p>
<p>5</p>	<p>Funding/Budget</p> <ul style="list-style-type: none"> • The budget narrative details why the funding budget is appropriate and cost-effective. • Demonstrates financial support from other funding sources. • If the proposal does not receive the full amount requested, how will it scale its budget or impact? 	<p>0 – Missing or unclear explanation 1 – Questionable explanation. Funding source from the City is 76% or more of total budget project 3 – Reflects that budget is appropriate and cost-effective as well as demonstrates financial support from other funding sources. Funding source from the City between 26% to 75%. 5 – More than adequately explains. Funding source from the City is 25% of total project budget.</p>
<p>5</p>	<p>Middle-Income Compliance</p> <ul style="list-style-type: none"> • How will the program sustain a long-term impact through a deed restriction, land trust, or other mechanism? • How will the program monitor the project for the time proposed to be a sustained middle-income housing benefit? 	<p>0 – Missing or unclear 1 – Limited or minimal explanation 3 – Adequate explanation 5 – Exceeds expectations of housing middle-income households</p>

5	<p>Project Feasibility</p> <ul style="list-style-type: none"> • Is the project ready to be implemented timely once the funding from the pilot program is received? • Does the proposal organization(s) have capacity to complete the proposal? 	<p>0 – Missing or unclear 1 – Limited or minimal explanation 3 – Adequate explanation 5 – Exceeds expectations of housing middle-income households</p>
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AWARDS

Award recommendations will be made by the Affordable Housing Advisory Committee to City Council for approval. All awards will be made in the form of grants.

CONTRACTUAL AGREEMENT

Proposals approved for funding will be required to enter into a contractual agreement with the City that outlines general obligations and reporting requirements. Recipients are expected to be familiar with these requirements and willing and able to comply with all terms.