



CITY OF BEND

MEMO

To: Affordable Housing Advisory Committee

From: Racheal Baker, Affordable Housing Manager

Date: 10/11/2023

Re: City of Bend Policy on Loans and Grants for Housing Funds

In 2004, the U.S. Housing and Urban Development Department (HUD) began funding affordable housing and community development for the City of Bend through its Community Development Block Grant (CDBG) program. At the time of implementing the program, the City created a Policy on Loans and Grants. Under the policy, public service organizations as explained under 24 CFR 570.201(e) are eligible to apply for CDBG funding as a grant and all other projects recommended for funding received those awards as loans.

The limited amount of CDBG funding Bend receives each year grows as the City receives loan repayments. On average the City receives approximately \$500,000 per year from HUD for its CDBG program and loan repayments regularly increase the funds available an additional \$100,000-\$200,000 per year. Recent projects that would have been partially funded or not funded without loan repayments include RootedHomes, purchase of the Simpson Avenue property, downpayment assistance to home purchasers at Bend-Redmond Habitat for Humanity's 27th Street Townhomes, downpayment assistance to home purchasers at RootedHomes' Cresita development, and RootedHomes purchase of the Poplar Street property.

Additionally, when the City receives CDBG loan payments, it increases the resources available to fund public services, such as services for homeless youth at Cascade Youth and Families and

case management at the Bethlehem Inn. HUD caps CDBG funding for public services up to 15 percent of the prior year's loan repayments plus 15 percent of the current year's award. The loan repayments Bend has received over the past two years have allowed an additional \$85,000 in CDBG awards for public services programs. This 15 percent is the only dedicated, consistent source of funding the City has for public services.

Loan repayments also increase the funding available for City staff to administer the CDBG program. Pursuant to the CDBG regulations, Bend applies up to 20 percent of the CDBG loan repayments toward its staff administration expenses each year. This still does not cover the full cost of administering the program.

Finally, the Affordable Housing Fee created in 2006 returns loan proceeds to the fund it creates. This grows the available resources for further affordable housing development.

In 2019, the City of Bend's Affordable Housing Advisory Committee (AHAC) revisited the policy and recommended loan terms for different types of proposals. AHAC recommended loan terms that could be revisited in year 20 for land trusts because the committee sought to incentivize land trust development.

When an AHAC member requests, City staff will revisit this policy. Because there are new committee members, staff wanted to provide each of you the history and basis of the City's Policy on Loans and Grants.

Often, the City policy is compared to other jurisdictions in Oregon, however, those jurisdictions may not have the same resources or Consolidated Plan goals. This committee may choose not to revisit the policy any further than refreshing its understanding. If this committee would like to explore the policy and comparisons further, City Staff can bring the information back to you for further discussions. Any policy changes the committee recommends would be brought forward to City Council.