



CITY OF BEND

# MEMO

**To:** Council Stewardship Subcommittee

**From:** Jonathan Taylor, Urban Renewal

**Date:** 7/29/2024

**Re:** Lowering Rents and Encouraging Good Paying Jobs: Incentivizing livability through tax increment financing.

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## **Subcommittee Action Requested:**

To recommend that the Bend Urban Renewal Agency (BURA) consider the proposed policy for tax increment assistance for housing affordability and employment growth.

## **Discussion Points**

Urban renewal staff is seeking final input from the Council Stewardship Subcommittee on the proposed policy to incentivize more affordable housing options and higher-wage employment opportunities. The policy is intended synchronize efforts of encouraging more attainable housing and quality employment by wholistically integrating economic and housing incentives to promote overall livability. The policy is aimed at being simple, adaptable, and stable.

## **Subcommittee Follow Up**

Staff recommends for Program Year 2025: at least 15% of new units constructed dedicated to rents at or below 90% AMI based on housing market data presented in Attachment A. Staff recognizes there may be a desire for flexibility in the percentage of units dedicated and the AMI criteria used; therefore, seeks additional input from the Subcommittee to determine to what



extent flexibility is desired. Below is a chart detailing unit rent limits at 1.5 persons per bedroom at 120%, 100%, 90%, and 80% AMI in comparison to recent development rents (2021-2023).

		RENT LIMIT – HUD 2024 Numbers			
	New Development Effective Rent (2021-2023)	120%	100%	90% (proposed)	80%
Studio	\$ 1,800	\$ 2,199	\$ 1,832	\$ 1,649	\$ 1,466
1-Bed	\$ 1,833	\$ 2,356	\$ 1,963	\$ 1,767	\$ 1,571
2-Bed	\$ 2,213	\$ 2,199	\$ 2,094	\$ 1,885	\$ 1,675
3-Bedroom	\$ 2,523	\$ 2,670	\$ 2,225	\$ 2,002	\$ 1,780

**Background**

Overall rent in Bend has increased by 22% with the current rent average of \$2,504. Single-family home rentals are currently the most expensive (\$3,100) and apartments being the cheapest (\$1,800.) An individual or household would need to make \$100,000 to rent a home and \$72,000 to rent an apartment. Currently, 78% of the Bend-Redmond Metropolitan wage-earners make less than \$72,000 with the average median wage of \$48,480. Due to market conditions, developments constructed since 2021 have 14% higher rents than the overall market average further increasing area housing cost-burdens. The number of financially capable households renting an apartment without being cost-burdened is 55%. For more policy data, please reference Attachment A.

BURA has expressed a desire to be a valuable partner in addressing this community need. The proposed policy (Attachment B) centers on using the tax increment generated (primary tool of urban renewal) from new development as an annual rebate for projects who comply with the housing and economic policies. There are two paths proposed, one for development in existing tax increment areas and one for those where new tax increment areas are established. Each process will take a minimum of three months.

Oregon Revised Statute 457 authorizes the ability for BURA to encourage the development of housing and employment opportunities on land that is stagnant and/or unproductive that could potentially be valuable for contributing to increasing the public health, safety, and welfare.

**Budget and Financial Impact**

None

**Community Outreach and Process and Potential Impacts:**

Since February 2024, staff has consulted with relevant stakeholders eighteen times on the development of the housing and employment tax increment policies. Those consulted ranged from local employers, housing developers, the Bend Economic Development Advisory Board (BEDAB), the Affordable Housing Advisory Board (AHAC), a Developer’s Round Table, and individual developer consultations and pro-forma reviews.

Public involvement will continue to be a requirement of all new plan adoptions for new tax increment areas (site specific) created per ORS 457. During the administrative process formation, staff will detail how public involvement will be utilized in this process.

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**Attachments:**

- Attachment A: Policy Justification for the Bend Urban Renewal Agency’s Tax Increment Assistance Policy for Housing Affordability and Employment Growth.
- Attachment B: The Bend Urban Renewal Agency Policy for Tax Increment Assistance for Housing Affordability and Employment Growth.