

PRO Housing Grant – Approved Action Plan

Grantee: Bend, OR
Grant: B-23-PH-41-0002

LOCCS Authorized Amount: \$ 5,000,000.00

Grant Award Amount: \$ 5,000,000.00

Status: Reviewed and Approved

Estimated PI/RL Funds: \$ 0.00

Total Budget: \$ 5,000,000.00

Funding Sources

No Funding Sources Found

Narratives

Action Plan Summary:

- *Provide a narrative summary of the Need and the Use of Funds section of your plan, including needs and specific goals for PRO Housing Funds.*

In 2024, the City of Bend was awarded \$5,000,000 in Pathways to Removing Obstacles to Housing (PRO Housing) funding from the U.S. Department of Housing and Urban Development (HUD). The City's Action Plan (the Grant) identifies and addresses barriers that have resulted in historic underproduction of affordable housing and widespread housing cost burden in Bend, Oregon. The City of Bend has a long history of attempting to remove barriers to construction of affordable housing with the limited tools available. Bend's exponential growth has necessitated bold solutions to address a lack of housing supply. Bend's focus on allowing new housing types, affordability, and on engaging technical advisors to assist in the code development, has allowed significant steps forward to alleviate barriers in code and process within the City's control. However, Bend's continued ingenuity is hampered by a lack of funds available to pilot concepts and incentivize development to keep up with our growing population.



The City's vision for the Grant is three-fold; remove systemic barriers through planning within the city's control, increase housing production through streamlined processes and incentives that are within the City's control while still operating within Oregon's land use system, and fund the construction of new units. The Grant includes four projects to realize this vision:

- Project 1: Assessment of planning, programs, and policy that impact housing production and availability in Bend.
- Project 2: Collaborate with the engagement and creation of the Contextualized Housing Need analysis and Housing Production Strategy.
- Project 3: Increase housing production through the establishment of funding for land acquisition, infrastructure, homebuyer assistance, new housing construction, and other housing-related costs.
- Project 4: Create processes to streamline and simplify housing production.

➤ *Describe the entity(ies) or agency(ies) that will administer the program including contact information, and a summary of entity(ies) or agency(ies) role(s).*

The City of Bend's Housing Division will lead the implementation of the planned activities, as directed by Racheal Baker, Affordable Housing Manager, rbaker@bendoregon.gov. Grant administration is managed by Mellissa Kamanya, Affordable Housing Coordinator, mkamanya@bendoregon.gov.

The Grant is a collaborative effort led by the City of Bend and includes multiple affordable housing developers and services providers, governmental agencies, and community members for the five-year period of 2025 – 2029. Bend has committed partners in part due to our history in working to alleviate barriers and will use the funding in ways that will help us alleviate the housing undersupply.

The total project cost is \$6,847,900. The City will utilize \$5,000,000 from HUD, of which approximately \$1,000,000 is for planning and program administration, and approximately \$4,000,000 is to create a new fund for affordable housing development. The remaining amount of \$1,847,900 will be funded by the City's Affordable Housing Fee, other City sources, and relevant supplemental grants.

The City of Bend submitted its PRO Housing application in October 2023 in alignment with the FY2023 PRO Housing authorizing statute, the Consolidated Appropriations Act, 2023 (Public Law 117-328, approved December 29, 2022). FY23 PRO Housing requirements can be found in the PRO Housing Notice of Funding Opportunity (NOFO) (FR-6700-N-98, issued November 06, 2023).



Resources and Budget:

- *Provide a budget summary including the PRO Housing funds (grant award amount and estimated program income, if applicable), the total leveraged funding (if applicable), and the total budget (total of PRO Housing funds plus any leveraged funding) in table format.*
- *Note: If you will use PRO Housing funds for administration and/or technical assistance costs, the budget should reflect that no more than 10 percent of the PRO Housing grant will be used for such costs. If you will use PRO Housing funds for public services, the budget should reflect that no more than 15 percent of the PRO Housing grant will be used for such costs.*

Receiving \$5,000,000, or 50 percent of what was requested in the grant application, the City intends to spend funds as follows:

- approximately \$1,000,000 will be allocated for planning and program administration. This includes, but is not limited to, the hiring of a consultant to complete internal review of planning and procedural areas that may be creating barriers to housing production, as well as funding the staff needed to complete grant activities.
- approximately \$4,000,000 for the new Fund, which will be offered through competitive funding applications. Funds will be available to applicants for land acquisition, infrastructure, homebuyer assistance, and new housing construction, and other housing-related costs.

Staff time and fringe benefits are projected using itemized rates combined with fixed costs to create a total cost. The total cost estimate is attributed to the hours worked for each employee on this project. While the hours worked for each employee may fluctuate over the duration of the Grant, costs are based on the following estimated percentage of time spent on Grant Projects and Activities over the entire duration of the grant:

- Affordable Housing Manager: 65%
- Middle Income Housing Coordinator: 85%
- Affordable Housing Coordinator: 80%

Of the \$1,000,000 budgeted for planning and program administration, no more than 10 percent of the PRO Housing grant, or \$500,000, will be used for activities related to program administration. The remaining \$500,000 budgeted relates to planning activities for the Grant, Projects, and Activities.

- *Describe any non-financial contributions (if applicable):* Not applicable.
- *Describe how you determined the budget and how it will ensure the proposed project(s) will be cost-effective, in line with industry standards, and appropriate for the scope of the project.*

Both the original and realigned budget were determined through the collaborative efforts of the Finance and Housing Departments, with oversight from the City Attorney's Office. Cost estimates are based on experiential data, including budgets submitted with recent funding applications, market review as included in the 2023-2027 Consolidated Plan, and other city business references. By using these as references for building the budget, the City has determined that the project will be cost effective, in line with industry standards, and appropriate for the scope of the project.



➤ *Describe how you intend to expend 100 percent of the PRO Housing funds before the end of the period of performance of September 30th, 2029.*

Each activity has been mapped with significant plans and milestones required for completing the planning and implementation process. Planned start and completion dates of all items range from January 2025 – September 2029. 100 percent of the PRO Housing funds will be expended by the end of the period of performance of September 30, 2029.

Need:

➤ *Describe your efforts prior to this award to identify, address, mitigate, or remove barriers to affordable housing production and preservation.*

Example #1 – land use zoning and regulations.

In November 2021, the City of Bend (City) became the first large city in the State of Oregon to adopt by ordinance new development code standards for middle housing, defined as duplexes, triplexes, quadplexes, townhomes and cottage cluster developments in response to new state law requirements. The law, passed by the 2019 Oregon legislature as House Bill (HB) 2001, aims to provide more housing choices, especially of missing middle housing types, by requiring cities of 10,000 or more in population to allow duplexes in any residential zone that also allows single-family detached dwellings. In cities with a population greater than 25,000, the law requires that triplexes, quadplexes, townhouses, and cottage clusters also be allowed in all areas zoned for residential use that allow the development of detached single-family dwellings.

In response to the bill, the City formed the HB 2001 Stakeholder Advisory Group to draft development code amendments in order to implement the law and allow for a diversity of housing types to be built in Bend. The advisory group was comprised of members from Bend City Council, Planning Commission, Affordable Housing Advisory Committee, Neighborhood Leadership Alliance and local developers, architects, neighborhood association members, representatives from the Central Oregon Builders Association and two land-use and environmental watchdog organizations (Central Oregon Landwatch and 1,000 Friends of Oregon).

This group worked on a series of amendments to the City's Development Code for middle housing. Amendments to the development code included:

- No maximum densities for duplexes, triplexes, quadplexes, townhomes and cottage cluster developments
- Reduced lot sizes for duplexes, triplexes, quadplexes and townhomes
- Reduced parking requirements including no minimum parking for duplexes and triplexes
- Significantly reduced floor area ratios (FARs)
- Revised design standards
- Cottage cluster development standards

The City also worked with the HB 2001 Stakeholder Advisory Group on several other development code changes to help remove barriers to housing development of all types:



- Small Dwelling Unit Development: A land division where small lots or parcels are created for small dwelling units.
- Zero Lot Line Developments: Dwelling units are constructed with a zero-side setback.
- Micro-Unit Development: A building containing multiple micro-units and a shared kitchen(s), typically consisting of one room used for living and sleeping purposes, a food preparation area, and permanent provisions for sanitation.

The City implemented HB 3450 which allows 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). This is known as Urban Dwelling Sites.

Bend's plan for future growth is to slowly transform its residential housing mix from primarily single-family detached housing to a mix of housing types, including middle-income and multi-family housing. US Census and ACS (American Community Survey) data from 2010 – 2021 shows that Bend's single-family detached buildings have consistently represented 69 percent of the city's residential properties. However, the aforementioned policy changes have altered the landscape of housing in Bend. Since 2021, 5,202 residential units have either been completed or are currently under construction, and only 46 percent of these represent single-family detached dwellings. Multifamily dwellings and commercial properties with residential units comprise the other 54 percent.

Example #2: infrastructure limitations.

The City's 2019 Analysis of Impediments to Fair Housing identified a lack of connectivity from affordable housing developments and low-income residents to public transportation, sidewalks, and bike lanes. This lack of connectivity limits access between essential community services to these populations thus concentrating areas of poverty and racial/ethnic populations. The City proposed and voters approved a Transportation Bond Measure 9-135 to provide street and sidewalk improvements in these areas through 2031. A Transportation Bond Oversight Committee was formed to monitor, track and report on project expenses, schedule, progress and benchmarks for bond-funded developments. For project transparency, City staff created an equity mapping tool known as the GO Bond dashboard to update residents quarterly on the status and progress of GO Bond Projects. As of December 2024, with 27 percent of the project time elapsed 26 of 110 Enhanced Pedestrian Crossing projects have been completed, and 21 of 28 planned projects are either complete or in progress.

In Oregon, affordable housing financing sources will not cover off-site infrastructure costs that are required for system functionality, such as the looping of a water line or a nearby road improvement. Without securing outside funding for these offsite infrastructure costs, many affordable housing projects cannot proceed. Currently available infrastructure funding sources in Oregon are not designed to intersect with affordable housing financing and are offered at interest rates that are prohibitive to affordable development.

Example #3: Community Development Block Grants (CDBG) funding procedural issues.

The City's annual allocation of less than \$600,000 in CDBG funding is not enough to incentivize and aid developers and social service providers to meet Bend City Council goals for expanding housing production. Increased funds are needed to aid in land acquisition, rent and mortgage assistance, homebuyer assistance, and staff capacity building.



Several years ago, the City began offering CDBG funds as a loan, rather than a grant, for all funded activities other than Public Services. This change supported the City's goal of growing its loan funds over time in order to have a greater long-term impact on the community's housing and community development needs. Repayments of loans are refunneled into future application cycles, allowing an upwards of \$100,000 of additional CDBG funds to be available to awardees each application cycle. However, even with this procedural change, available CDBG funds are dramatically less than what is requested.

To address this funding shortfall, the City was the first in Oregon to implement an Affordable Housing Fee (AHF). The fee is assessed as one-third of one percent of the total valuation on all building permits submitted to the City. Proceeds from this fund have been deployed to develop a wide variety of housing throughout Bend, including land acquisition for deed restricted affordable housing, land development, construction, or rehabilitation of homes. All funded developments are required to undertake a deed restriction, guaranteeing the homes will be affordable to lower income residents well into the future. According to the ordinance, priorities for this funding are based upon the goals identified in the five-year Community Development Block Grant Program Consolidated Plan.

Regular feedback from providers, in addition to repeated application cycles where requests for funds far exceeded what was available, suggested that CDBG and AHF funds were still insufficient to incentivize and support housing production at the pace needed. With this in mind, City Council adopted a blanket exemption of System Development Charges (SDCs) for affordable housing developments in 2017. Incentives currently offered, in addition to expedited processing and SDC fee exemptions, include a density bonus, cottage code, and surplus land sales.

Likewise, to assist developers of affordable housing, the City adopted a policy to provide property tax exemption for multi-family housing developments that are affordable to households earning up to sixty percent of Area Median Income (AMI). The exemptions are provided for twenty years, after Council approval. Recently the City implemented a tax exemption for non-profits providing affordable housing as well as a ten-year property tax exemption for market rate multiple-unit properties that offer ten percent of the units as affordable housing. This exemption program is temporary and will sunset in 2030.

Even with all these measures and programs, requests for funds in annual competitive application cycles far exceed the amount of available funds.

- *Describe your acute demand and remaining need for affordable housing within the geographic scope.*

Bend has an acute demand for affordable housing at every affordability level. Historic underproduction means Bend's housing market is limited, expensive, and pushing out the lowest income earners. Bend's population is growing, attracting wealthy retirees and educated higher-income earners. As they move to Bend, they compete with other community members in a tight housing market that has been underbuilt for years. At the same time, housing costs have risen dramatically, increasing cost burdens on the lowest income earners. Many of these low-income households have exited the market altogether as living becomes unaffordable.



Acute demand #1 - Affordable housing not keeping pace.

The City of Bend's Offspace threshold calculation provided by HUD in relation to this Notice of Funding Opportunity (NOFO) is 0.256625, higher than the national Offspace factor of 0.107911. The City's recently approved 2023-2027 HUD Consolidated Plan focuses extensively on the acute demand for housing, in particular, in relation to a historical underproduction to meet population growth. Up For Growth's 2022 Housing Underproduction report shows that in the United States, Bend's Metropolitan Statistical Area (MSA) is ranked 9th for inadequate production of housing, with a shortage of over 6,000 units. Combine this with an economy that has a significant percentage of employment in the services and leisure industry with a low wage structure, and Bend has significant challenges to meet the demand for housing to serve low-to-moderate wage earners. The lack of buildable land affordable development has increased land prices, which in turn is also pricing many low and moderate-income individuals out of the homeownership market.

- **Shelter for the houseless:** Bend's houseless population has increased 22 percent since 2022. The population's age, living situations, and household make-up varies greatly. According to Bend's 2024 Point in Time (PIT) Count, 959 persons identified as unsheltered and currently, Bend shelters only have the capacity to shelter 506 persons per night.
- **Permanent Supportive Housing (PSH):** The major gap in the Institutional Delivery System is in the limited PSH available in Bend. There are several entities providing housing support services, however, it has been difficult for them to expand the physical capacity of their facilities or provide robust PSH supportive services. Most service providers, and the few that provide housing, focus any increased resources on strengthening service delivery.
- **Affordable rental units, utilizing Housing Choice Vouchers:** Less than half of the available Housing Choice Vouchers (HCV) utilized in the Central Oregon Region are in Bend. Those with financial assistance from Housing Works cannot find units in Bend at the Fair Market Rent level that HUD determines, and furthermore cannot afford to pay the difference between their voucher and the total amount of rent. More affordable rental units are needed, specifically those planned to have rents that are low enough to be completely covered by HUD's Fair Market Rent levels.
- **Affordable rental units:** Wait lists for new or naturally occurring affordable housing can be as short as 3 months, but income-restricted wait lists average 2-3 years, and most are capped at 5 years. In addition, if one is able to find an apartment to rent, average Bend wages do not support the average cost of rent. Purchasing a home has become out of reach for most of the workforce, further increasing the demand for rentals as potential buyers are priced out and compete for the limited number of available rental units.
- **Affordable homeownership:** According to the November 2024 Beacon Report, the median home sale price has increased 146 percent since 2015. In addition to the barriers of high prices, higher mortgage rates raise mortgage payments, limiting what homebuyers can afford. Without an available and affordable home to purchase,



they must choose between residing in unaffordable rentals, doubling up, or leaving the area altogether.

- Naturally occurring affordable housing: A historical loss of naturally occurring affordable housing further exacerbates the housing crisis. When comparing HUD's Comprehensive Housing Affordability Strategy (CHAS) data from 2011-2015 with the CHAS data from 2013-2017, Bend lost 1,600 affordable rental units and 678 affordable homeownership units. Because affordable housing development increased in the area during this time, this indicates a decline of naturally occurring affordable housing.

Acute need #2 - Widespread housing cost burden or substandard housing.

The City of Bend's Housing Problems Factor (HPF) threshold calculation provided by HUD in relation to this NOFO is 0.378681, which is slightly lower than the national HPF of 0.428937. The City addressed cost burden in the 2023-2027 Consolidated Plan, concluding that correlating statistics do not represent need, but rather highlight economic displacement and communal gentrification. Data also suggests that several racial and ethnic populations bear the greatest impact of this economic displacement.

Home sale prices have increased 146 percent since 2015, yet wages have only increased 66 percent. Data trends show low-income households are shifting away from spending more than 30 percent of their income on housing to spending more than 50 percent of their income on housing, both renters and owners. This trend is also seen in the elderly population (defined by HUD as age 62 and older, suggesting that the elderly have greater cost burden as their fixed incomes now cover less of rising housing costs.

Cost burden data show a 28 percent decrease in the total number of households experiencing cost burden over time (comparing CHAS averages from 2013-2017 and 2015-2019). Specifically, there is a 53 percent decrease of households with cost burden less than 30 percent, but only a 14 percent increase in households with cost burden less than 50 percent. In 2018, Josh Lehner with the Oregon Office of Economic Analysis reported that new households in Bend were predominately wealthy and from out of the state – retirees, moderate/higher income, college graduates. These new community members enter the limited housing market, leaving even fewer affordable options for lower income persons. At the same time, according to the 2024's PIT Count, the total number of houseless community members in Bend has increased 22 percent since 2022, and a majority of these resided in Central Oregon before becoming houseless. Lowest income earners are not becoming more cost burdened as housing costs continue to rise; they are being pushed out of Bend's housing market as higher income earners are moving to the area.

The subpopulations experiencing a disproportionate greater need regarding housing cost burden include community members who identify as Asian, Hispanic, Black, and American Indian / Alaska Native. In general, when comparing these results with calculations from historic CHAS data, more racial groups identified as having disproportionately greater need with this current evaluation, and groups that did not have disproportionately greater needs identified previously now appear.

Considering all these factors, the decrease in the number of cost burdened households over time is most likely due to the influx of educated middle-income earners combined with



lower-income earners leaving the area, choosing alternative living arrangements, or entering homelessness. The City considers cost burden to be a critical issue in need of urgent attention, resources, and community collaboration.

- *Describe what key barrier(s) still exist and need to be addressed to produce and preserve more affordable accessible housing within the geographic scope of the Action Plan.*

Remaining barrier #1 - Permitting procedures and approval timing and predictability.

The City prioritized reducing permitting turnaround times starting in 2023, in partnership with development and building stakeholders resulting in an multi-year action plan that is producing positive results. The City now publishes a dashboard to provide visibility of permit times and gives staff the ability to monitor and respond to trends in real time. After an internal evaluation of the permitting processes, several gaps were identified and it was determined that the volume of permits, staffing, new permit software and project complexity impacted permit review times. The City streamlined processes and removed many of the traditional planning elements to make development of these units more comparable to the process with a single unit home. As noted in previous sections, the City also made it easier to get permits for housing types like duplexes, cottage clusters or other multi-unit options as required by HB 2001 and published a dashboard to provide visibility of permit times.

Since the City of Bend's PRO Housing application was submitted in October 2023, the work on permit improvements continued and additional progress has been made. For example, data dashboards track the number of days for City staff to complete the first review cycle for residential new construction permits. In December 2024, the 12-month average was 34.5 days, which is under the goal of 35 calendar days. Prior to these concerted efforts, averages ranged between 44 and 58 days.

For the sake of the PRO Housing grant, tracked metrics for both Single Family Dwelling permits and Multifamily permits show consistent improvements: the average number of days for first review and average number of days with City staff. However, variation is still seen in metrics that track permit milestones outside City staff control, including the average number of days with the customer and average number of days waiting for final fees.

Between December 2023 and November 2024, data showed:

- The average number of days with the customer ranged between 11 and 59 days, with a 12-month average of 24.5 days.
- The average number of days waiting for final fees ranged between 21 and 95 days, with a 12-month average of 35.4 days.

While data shows a marked improvement in timelines and visibility of data with City staff efforts since the submission of the grant application, utilizing a consultant to review the extensive body of work on permit improvements is still a valuable effort with the PRO Housing grant funds. There may be additional opportunities for improvement to consider, such as:

- Establishing common protocols shared by city staff reviewers and development partners to ensure sufficient information is contained in all applications.
- Evaluating processes from other jurisdictions that have a demonstrated positive effect on permit review that may be incorporated in Bend.



Remaining barrier #2 - Availability of financing and subsidies for affordable housing.

The City regularly receives requests for funds that far exceed the total funding available. The barrier of limited availability of funding is seen across all levels of affordability: Shelter for people experiencing houselessness: Significant efforts have been made in the last five years to support homeless shelters and services. The City has prioritized supporting local nonprofit partners in capacity building and outreach, as well as with the acquisition and conversion of three existing properties for shelter use. The City directly supported the addition of 216 low-barrier beds and 20 units of high-barrier shelter, and 16 safe parking spaces. The need remains high and additional programs, units, and partnering agencies will be required.

- Permanent Supportive Housing (PSH): While some construction funding is available in Oregon, funding for long-term, clinical level services is limited and does not "cross" biennia. This means contracts with providers are written in two-year terms, leading to constant underfunding. The City has funded one standalone PSH project in its history, which is anticipated to serve just 33 residents beginning in early 2025.
- Affordable rental units: Rental projects require large parcels of land for development, and with limited availability driving demand, land acquisition costs are exorbitant and can exceed \$1M. Land is often paired with infrastructure and development challenges, adding time and cost to the project's budget. These funding requests often exceed the total amount available in a competitive application cycle.
- Affordable homeownership: Affordable housing developers in Bend report that it is becoming increasingly difficult to finance their projects. Mortgage interest rates rose to a 21-year high, reaching 7.79 percent in October 2023, and after dropping to 6.06 percent in September 2024, have risen again to 6.84 percent as of November 2024. Each percentage point increase in a mortgage rate adds tens of thousands to the homebuyer's mortgage, which affordable developers absorb with financial subsidy to ensure affordability for their homebuyers. Without available funds, affordable developers cannot build at the scale or capacity needed to meet the needs of the community.

Similarly, affordable housing developers often apply for Homebuyer Assistance (down-payment assistance) for their clients. In previous years, homeownership developers were building small-scale projects, applying for up to five families in one project. However, local developers have scaled up operations, now regularly building more than 10 units at a time. Presently, there is not enough available funding to fund upcoming Homebuyer Assistance requests in their entirety.

- Affordable Housing for up to 100 percent AMI. Traditional affordable housing no longer bridges the gap between market rate housing and what households earning at or just above the area median income can afford. In reference to HUD's Fiscal Year (FY) 2024 Median Family Income for Bend-Redmond Metropolitan Statistical Area (MSA), a household of four earning 100 percent AMI can afford a home price of \$379,100. However, with the median home price recently reaching \$800,000, a household would have to earn nearly 250 percent AMI to afford it. Homebuyers between 81- 100 percent AMI will need significant subsidy to purchase a home, but there are few, if any, grant or loan subsidies available for earners in this range. Most



subsidy programs are capped at 80 percent AMI. Affordable housing developers struggle to finance projects without available subsidies, and as a result, generally do not build homes for this income range.

Remaining barrier #3 - the unavailability of Bend-specific data:

The City has identified barriers to affordable housing development in relation to the availability of outdated, underrepresented data sources. In addition, the City does not have robust data of its own to draw conclusions from, nor dedicated staff to collect, interpret, and publish it. Available data from CHAS or ACS is not recent, and some data sets are as many as 8 years old, thereby not reflecting Bend's rapid growth in the same period. This results in a frustrating dichotomy between what is being experienced, and thus critical to address, and what is available in data sets to interpret. Between 2020-2022, impacts from the COVID-19 pandemic were widespread. Rent and home purchase costs rose to all-time highs at the same time as record numbers of residents experienced lost employment or reduced wages, and available data does not yet reflect this.

Data equity is the principle to guiding how we collect, analyze, interpret and distribute information. The lack of data equity standards reinforces harmful narratives that can perpetuate stereotypes, exacerbate racial and gender bias, undermine community trust, and continue harmful stigma against indigenous and LGBTQIA+ communities. Barriers to goal setting and decision making are evident when access is limited to accurate data that reflects current conditions and represents all populations. Local data that is recent, relevant, appropriately collected and interpreted is key to not only understanding our housing barriers, but also for making relevant and tangible plans to address them.

Use of Funds - Soundness of Approach:

Vision

The City's vision is three-fold; remove systemic barriers through planning within the City's control, increase housing production through streamlined processes and incentives that are within the City's control while still operating within Oregon's land use system, and fund the construction of new units. In this application, four projects will realize this vision:

Project 1: Assessment of planning, programs, and policy that impact housing production and availability in Bend.

Project 2: Collaborate with the engagement and creation of the Contextualized Housing Need analysis and Housing Production Strategy.

Project 3: Increase housing production through the establishment of funding for land acquisition, infrastructure, homebuyer assistance, new housing construction, and other housing-related costs.

Project 4: Create processes to streamline and simplify housing production.



- *Describe an overview of the use of funds, including types of activities, expected performance outcomes, and expected timeframes for expected benefit.*
- *Describe how your plan will seek to enable increased production and preservation of affordable housing across a broad geographic area over a sustained timeframe.*
- *For each activity, provide the activity budget that documents all projected sources of funds and estimates all applicable costs.*
- *Provide a schedule for completion. The schedule should identify each activity and milestone required for completing the planning process as well as relevant sub-tasks and should list the planned start and completion dates of all items, in table format.*
- *Describe how your plan will remove the identified key barrier(s) in the Need Section to affordable housing production and preservation. If you are not aware of the extent of barriers to affordable housing production and preservation, you should describe how the PRO Housing activities will identify barriers and facilitate removal of such barriers.*
- *You may also discuss how your plan aligns with existing planning initiatives, services, and other community assets, as well as explain how the plan compares to similar efforts and how lessons learned from those efforts have shaped the plan.*

Project 1: Assessment of permitting processes that potentially impact housing production and availability in Bend.

Budget:

- Up to \$175,000 of planning costs for consultant fees.
- \$50,000 for employee costs related to planning activities.
- In collaboration with Projects 2, 3, and 4, employee costs will not exceed \$500,000 for program administration.

Since the grant application was submitted, the City has worked hard to identify and address key barriers in Bend's permitting processes. Significant improvement is evident, but there may be additional opportunities for improvement. This Project will identify barriers the City has influence or control over and determine what steps the City can take to address them. A review of the recently implemented improvements to the permitting process related to infrastructure requirements, land development, and the construction of new housing units, will be completed through a consultant. The consult will research other jurisdictions to identify best practices that may be effective to institute in Bend. Efforts will be made to identify remaining opportunities for improvement and make recommendations to address identified issues within the City's control or influence. Solutions should first improve City processes, and secondarily improve the rate and/or ease of housing production.

- Step 1: Utilize a consultant to review city of bend processes and best practices for municipal permit review that have been effective for other jurisdictions.
- Step 2: Using the consultant's report, make recommendations for additional process improvements. Estimated timeline: September - November 2025
- Step 3: Re-evaluate. Analyze permit data for the time period of January 2026 – December 2026, determine any changes in the magnitude or types of impacts on customers. Estimated timeline: January - May 2027.



Project 2: Collaborate with the engagement and creation of the Housing Production Strategy.

Budget:

- \$25,000 for employee costs related to planning activities.
- In collaboration with Projects 1, 3, and 4, employee costs will not exceed \$500,000 for program administration.

In 2019, the Oregon Legislature passed House Bill 2003, which aims to help communities meet the housing needs of Oregonians. The law requires Oregon's cities over 10,000 population to study the future housing needs of their residents and to develop strategies that encourage the production of housing their residents need, of which the City of Bend is included. The City must develop and adopt a Contextualized Housing Need analysis, Housing Capacity Analysis, and Housing Production Strategy (HPS) report that includes a list of specific actions, including the adoption of measures and policies that the City shall undertake to promote development within the City to address a housing need identified under ORS 197.296(3) or (10) for the most recent 20-year period described in the City's Housing Capacity Analysis.

The City's Growth Management Department is in the process of soliciting a consultant to interpret requirements, research, and draft the report, which is intended to be an eight-year document. The Housing staff recognizes that any consultant selected will have access to the same outdated, incomplete, and non-Bend-specific data as we have identified as being a key barrier to equitable housing production. Specifically, this refers to US Census data, ACS and CHAS data. Population, employment, economy, and housing costs in Bend fluctuate dramatically, and available data does not reflect present conditions or challenges. Available data is limited and does not address housing-related equity demographics in the community.

The Housing Division will collaborate with the Growth Management Division on the drafting, analysis, and engagement associated with the Contextualized Housing Need Analysis and the Housing Production Strategy report and engagement plans, focusing on housing-specific goals and data needs. When appropriate, the data and recommendations in the City of Bend's 2024 Analysis of Impediments to Fair Housing may be used as support. The City's Equity Department will focus on supporting the development of new community engagement methods to ensure that housing-related equity demographics are thoughtfully and intentionally addressed.

- Step 1: Support Bend's Growth Management Division with engagement, analysis, data and housing-related expertise as they draft the Contextualized Housing Needs Analysis. Estimated timeline June 2025-July 2026.
- Step 2: Support Bend's Growth Management Division with the engagement, analysis, and data associated with the Housing Production Strategy. Estimated timeline: January 2027-December 2027.
- Step 3: Reevaluation, with the option to reset, reframe, or realign goals with new data or changing market conditions. Estimated timeline: January - December 2029.



Project 3: Increase housing production through the establishment of funding for land acquisition, infrastructure, homebuyer assistance, new housing construction, and other housing-related costs.

Budget:

- Approximately \$4,000,000 of the Grant will be used for the Fund
- \$100,000 for employee costs related to planning activities.
- In collaboration with Projects 1, 2, and 4, employee costs will not exceed \$500,000 for program administration.

A \$4,000,000 fund will be developed for funding land acquisition, infrastructure, homebuyer assistance, new housing construction, and other housing-related costs. Developers who build affordable housing require significant funding subsidies, and currently, City funding sources for affordable housing developers are insufficient for the level of demand from developers. In addition, CDBG funding limits the types of activities that can be awarded. Home construction is excluded as an allowed activity under CDBG guidelines, resulting in affordable housing developers needing to find subsidies elsewhere. Creating a new Fund with fewer restrictions than current funding sources will allow developers to quickly reach funding goals, fund more of their project budget, or expand the scope of their project. 2025 City funding sources (CDBG and AHF) limit the amount of homebuyer assistance to \$50,000, and with increasingly rising development and construction costs, this amount of assistance is not sufficient to support all homebuyers. It is also important to consider that national historic barriers have limited some racial groups' equitable access to wealth, credit, and financial status. These groups need additional homebuyer assistance funds to help bridge the gap caused by years of inequity, and OHCS has modeled this effort through the development of equitable downpayment assistance funding set-asides. The City plans to work with OHCS' team to utilize their expertise and knowledge in defining equitable criteria and legal guidelines.

The City presently offers incentives to affordable housing developers. This includes System Development Charge (SDC) exemptions, expedited permitting, and deferred loan repayments linked to affordability covenants and deed restrictions. This Project could fund the evaluation, assessment, and implementation of expanded or new incentives to impact efficient housing production. This may include expanding programs and pilot efforts to offer additional free pre-approved plans.

Evaluation and planning will direct the terms and conditions of the fund, including whether to offer the funds, or a portion of the funds, as a grant, and affordability periods and deed restriction requirements will be determined. If loans are utilized, interest rates and repayment terms will be determined. By offering loans, as opposed to grants, repayments of loans are refunneled into future application cycles, resulting in a long-term impact on the community's housing and community development needs. This new Fund is intended to be offered in competitive application cycles along with annual CDBG and AHF offerings. Applicants may choose to apply for any/all the funding sources, greatly amplifying the amount of funding available for affordable housing development. Funds will be targeted to developments with high feasibility of success, low risk, and near-term deadlines, who, without additional funding will be unable to proceed in the near term.



- Step 1: Create a new Fund by December 2025.
- Step 2: Upon authorization, staff will implement an existing public process by which funds will be deployed to development. Estimated timeline: January – December 2026.
- Step 3: First Request for Proposals (RFP) offered for land acquisition and construction costs. Estimated timeline: January - December 2026.
- Step 4: Completed construction of qualified project(s), offer additional application cycles. Estimated timeline: January 2027 - December 2029.

Project 4: Create processes to streamline and simplify housing production

Budget:

- \$50,000 for the purchase of sets of housing plans, to be used in a pre-approved plan library.
- \$100,000 for employee costs related to planning activities.
- In collaboration with Projects 1, 2, and 3, employee costs will not exceed \$500,000 for program administration.

The City has continued to streamline processes that simplify housing production. Since the grant application was submitted in October 2023, the proposed Project of building a robust master-permit approval process has been started and is currently in pilot with selected local developers. Prior to October 2023, processes required each plan set submitted under the Master Re-Issue program to be identical, not allowing for any options in the master plan set or revision for site-specific unanticipated needs. These limits rendered the program largely unusable by our housing production builders as most floorplan sets include standard options such as mirrored plans and alternate room designation. In addition, if during construction site-specific needs arose, developers did not have an option to revise their master plan permit with the City and the entire plan set had to be resubmitted for plan review. When this happens, there is potential for differences of opinion within the review processes, resulting in some units being approved and others being held up despite all plans being largely the same. Developing an options-based master plan program with allowances for options and necessary revisions for housing production could streamline approvals for the developers, reduces workload on City staff, and create efficiencies for future projects when plans are reused.

Focusing on increasing housing at all levels of affordability in Bend has been difficult. To meet the demand of the community and maximize available land and subsidies available, community members must participate in developing affordable housing. However, the City recognizes that permitting processes, interpretation of code and zoning regulations, and access to funding are not only barriers to experienced affordable housing developers; they can be prohibitive for community members to navigate. The City plans to develop a series of toolkits to aid community members in navigating and interpreting City code, zoning, permitting processes, and any possible incentives. The toolkits may include such elements as frequently asked questions, submission specifications, commonly needed forms, fee schedules, applications for exemptions, and training resources, packaged together in a user-friendly and easy to understand guide. In early 2025 city will be recruiting a new staff member into the Community and Economic Development Department to act as a facilitator and liaison between property owners, developers and collaborates with various City departments on housing and job growth in alignment with Council goals and priorities, In addition, expanding the type or number of pre-approved plans for community members may



increase participation in the development of affordable housing. This may include expanded ADU options, duplex, triplex, or tiny home plans, depending on interest from architects, designers, and community members. The City has piloted a single free ADU plan with the intent to expand the program to include more plan options as a resource the community could use in expediting housing permitting and production.

- Step 1: Create a pre-approved free plan-set program, implement, and reevaluate as needed. Estimated timeline: January 2025 – June 2026
- Step 2: Create developer toolkits, release to the public, and reevaluate as needed. Estimated timeline: June 2025 – December 2026
- Step 3: Create a more robust and user-friendly master-plan program, implement, and reevaluate as needed. Estimated timeline: January 2025 - June 2025

Geographic Scope:

➤ *Describe the activities' geographic scope including targeted locations, neighborhoods, cities, or other geographies*

All Activities must be completed within Bend city limits, otherwise there are no targeted locations, neighborhoods, or other geographies.

Fair Housing:

➤ *Describe how your plan aligns with requirements to affirmatively further fair housing.*

➤ *Describe how proposed activities will create new housing opportunities without inviting displacement.*

As an entitlement, the City has been engaged and invested in affirmatively furthering fair housing for many years. Since the grant application was submitted in October 2023, the 2024 Analysis of Impediments to Fair Housing (AI) was completed. This document, drafted with input from the 2019 Analysis of Impediments to Fair Housing, identified and laid the foundation for much of the work that is described in this document.

The City is an active member in the organizations and initiatives listed below.

- Concentrations are defined where the racial or ethnic populations within a census tract are 50 percent greater than the proportion of population of the city. Bend's 2024 AI identified possible racial and ethnic concentrations in all but one census tract. Because possible racial concentrations represent small percentages of the total population, an aggregate review of racial minorities for each census tract is needed to provide a different perspective. Potential concentrations of minorities may exist, such as the small pockets of housing where the community members are predominately Hispanic, including several mobile home parks and a small apartment complex. However, the overall increase in minority populations in most census tracts demonstrates the growing diversity within Bend.
- There is some data available to show that racial disparities in homeownership rates in Deschutes County have a greater magnitude than the nation and Oregon. Bend-specific data is not available. White homeownership rates are relatively consistent (75 percent nationwide, 67 percent in Oregon, 71.8 percent in Deschutes County), and in 2021, made up 80 percent of Bend's new mortgages. Contrastingly, Black households have



marked disparity (45 percent nationwide, 36 percent in Oregon, 24.3 percent in Deschutes County) and only made up 0.1 percent of Deschutes County's new mortgages in 2021. Project 3 will include homebuyer assistance funds, and partnerships with OHCS and other local agencies will help to identify and implement strategies to support these protected classes with subsidy.

- One of the goals of this application is to evaluate ways to promote accessible housing. The City has a full-time Accessibility Manager who reports to the Equity Director. Both staff are engaged in planning and implementation of this grant. In 2023, AHAC recommended adding bonus scoring points for applications that include more than the minimum number of accessible units as required in the Fair Housing Act, referencing Universal Design Standards and standards from the Kelsey. A surplus land RFP in August 2023 included the first iteration of these bonus points in scoring criteria. As a result, 100% of applications received included plans to build more than the minimum number of required accessible units.
- While the scope of this proposal does not include unique activities to engage and support minority-, women-, and veteran-owned businesses during your proposed housing production process, this could be an indirect outcome if the new Fund is created with specifications and requirements for subrecipients to engage and support these businesses, and if Housing staff include this review in monitoring activities.
- The City's proposal will not cause displacement, and in fact may assist in alleviating displacement.

Use of Funds - Method of Distribution (State grantees only): N/A

Grantee and Partner Capacity:

- *For each agency(ies) or entity(ies) that will administer your program, describe the capacity.*
- *For each administering agency(ies) and entity(ies), describe existing management structure and staff roles, including any gaps, vacancies, or positions contingent on PRO Housing grant.*
- *For any partners, describe the partners and the partners' capacity.*

The City's Housing Division will lead the implementation of the proposed activities, and is directed by Racheal Baker, Affordable Housing Manager. Racheal currently oversees a pipeline of 525 affordable units and 20 middle-income dwelling units. For 17 years prior to joining the City, she was a staff attorney for Legal Aid Services of Oregon, where she assisted households with incomes below federal poverty guidelines in a wide range of legal issues. She holds a BS in both Political Science and Economics from Willamette University and a JD from the University of Oregon School of Law. Racheal practiced a wide spectrum of housing work including oversight and management of HUD CPD programs, administering foreclosure prevention programs, implementing legal services for fair housing claims, and engaging in eviction prevention services. Two additional dedicated staff members will carry out the Projects, with three additional Housing staff providing support.



Two dedicated staff members will carry out the Projects, with three additional Housing staff providing support.

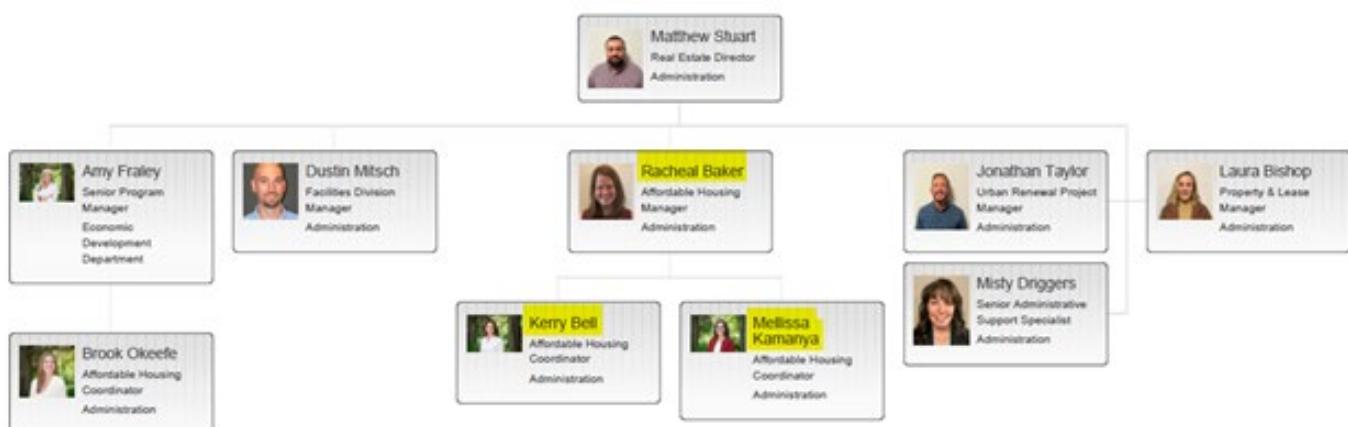
While the City has received and managed HUD funds since the 1970s, the City has been a CDBG Entitlement since 2004. The City's CDBG program carries out a wide range of activities to benefit low- and moderate-income persons, funding and monitoring subrecipients in their work of preserving and/or producing affordable housing, as well as providing vital community services. At times, the City has funded subrecipient work for urgent community needs that other financial resources were not available to support. Management of the CDBG program, in addition to programs related to other City funds, means that City staff are experienced and proficient in the coordination of funding sources, subrecipients, community stakeholders, and other government agencies. This includes developing and managing competitive applications, managing subrecipient awards and legal documents, drawing and distributing funds, accounting of funds and program income, program and subrecipient monitoring, reporting to HUD and other entities as appropriate, and updating City staff, committees, and Council on progress.

Established systems are already in place to ensure that program and project management for a grant of this magnitude will be implemented with ease:

- City of Bend: the City provides over 20 different operations and programs to the citizens of Bend, supporting each with taxes, fees and charges, grants and other miscellaneous revenues. The 2023-2025 Adopted Biennial Budget is in the amount of \$1.29 billion.
- City Council: Six Bend City Councilors and a Mayor are elected by the voters in Bend to serve four-year terms. Council Goals and supporting objectives are set biannually and drive staff work plans. A new reporting tool recently launched to communicate progress made on Council goals. This proposal aligns with all five areas of Council goals.
- The Housing Division is structured within the Real Estate Department, and works to support the development of deed restricted affordable housing units in a variety of types through acquisition and development of single family, multi-family, land trusts, mixed income, rehabilitation projects, and shelters. The City's Affordable Housing Advisory Committee (AHAC) makes recommendations to City Council on issues relating to Affordable Housing, including funding awards and policy review, as needed. The Housing Division is a team of five housing specialists, three of which will have work assignments within the scope of this grant. The proposed budget shows that staffing will be partially funded, depending on the estimated percentage of time each employee will dedicate to the grant tasks and responsibilities. Staff funding is also proposed on a tapering scale, generally with greater magnitude at the start of the grant and declining as tasks are completed and moving into implementation, monitoring, or routing reporting.



- The Community and Economic Development Department: The proposal includes funding to hire a limited-duration consultant, who will independently review some of the Community Development Department's processes related to permitting.
- The Finance Department consists of 30 employees, which includes three that are dedicated to the work of the Housing Department. City Housing and Finance Departments work in collaboration to manage the CDBG and other funds for subrecipients. In the last three years, the City has successfully awarded and administered over \$5 million in CDBG, AHF, and other City funds to subrecipients.
- The Equity Department is the hub of Diversity, Equity, Inclusion and Accessibility initiatives, working closely with internal and external partners to ensure access to equitable and inclusive services, policies, and practices. The Equity Department consists of four employees. The Equity Director formerly worked with Southwest Fair Housing Council and the Pima County Health Department in the Office of Health Equity, bringing invaluable fair housing and HUD knowledge and expertise to the City.
- The Growth Management Division: Their purpose is to partner with Bend's residents to shape the future of Bend through policy and consists of ten employees. In the scope of this proposal, Growth Management is a critical partner to the Housing Department and the proposed activities. Growth Management is leading efforts in the Climate-Friendly and Equitable Communities project (Project 3 in Exhibit D) and drafting the Housing Capacity Analysis (Project 2).
- The City Attorney's Office helps the City achieve its policy goals and serves the public interest by providing excellent, objective, timely and economical legal advice and advocacy to the City Council, City Manager and all City departments, irrespective of politics or self-interest. City attorneys regularly support the Housing Department in many areas. This includes, but is not limited to, review of subrecipient agreements, loan terms and documents, policy and procedural changes related to City planning, code, and zoning changes or updates.



Stakeholder Engagement and Public Participation Summary:

- *Provide a summary of the public participation process you completed as part of the application.*

The grant application was available in draft format for public review and comment from Tuesday, October 3, 2023, through Wednesday, October 18, 2023. The Bend City Council held a public hearing on the application on October 18, 2023. Meeting information is available at <https://www.bendoregon.gov/government/city-council>.

- *Describe key stakeholders and strategy for continued outreach during the grant's period of performance.*

Affordable housing developers and agencies that provide funding or technical assistance for housing and social services:

The City interacts regularly with affordable housing developers. The following agencies have provided feedback to the City in public meetings, made presentations to the Affordable Housing Advisory Committee (AHAC), and some have served on technical advisory committees.

- Bend-Redmond Habitat for Humanity and RootedHomes are non-profit affordable homeownership developers. Both are experienced with land trusts and navigating government funding sources, and both regularly apply for and receive funding from the City.
- Hayden Homes builds as both a non-profit and for-profit housing developer. They have worked with the City for several years on a pilot site for House Bill 4079, which allows a streamline of urban growth boundary expansion for the purposes of developing affordable housing. The project will include 346 units of housing, 40 percent of which are designated for affordable housing.
- Housing Works is the Central Oregon Regional Housing Authority and works closely with the City. Housing Works has the largest portfolio of affordable housing in Bend and has utilized City funding for various projects. Housing Works staff have served on and given presentations to the City's Affordable Housing Advisory Committee (AHAC), providing invaluable input regarding subsidy, market conditions, and community needs.
- Shepherd's House Ministries operates the only low-barrier overnight emergency shelter in the City, which also provides critical support services 5 days a week. Started as warming shelter during the winter of 2020, Shepherd's House has worked closely with the City to expand their services to serve Bend's houseless community.

City of Bend Affordable Housing Advisory Committee (AHAC):

The Affordable Housing Advisory Committee makes recommendations to City Council on issues relating to Affordable Housing. The public is invited to attend committee meetings monthly in person in Council Chambers at City Hall, or virtually through Zoom or YouTube live streams. Regular updates on PRO Housing grant activities, progress, or challenges will be presented to AHAC by staff.



City of Bend Accessibility Advisory Committee (COBAAC):

COBAAC's purpose is to assist and advise the City on the most efficient and responsible means by which to make its programs, services, activities, and facilities accessible to all of Bend's residents and visitors. City staff regularly engage with COBAAC at meetings and public events. In addition, COBAAC members have provided public comment regarding accessibility-related needs and the limited available accessible housing in Bend to AHAC and in surveys.

General public community members:

Regular input is received from the public during City Council and Affordable Housing Advisory Committee meetings, engagement at public events, email submissions and phone calls, and annual engagement with CDBG activities such as the Annual Action Plan and Consolidated Annual Performance and Evaluation Report.

Nonprofit agencies, representing protected classes under the Fair Housing Act:

Many local nonprofit agencies that represent protected classes under the Fair Housing Act engage with City staff in meetings, community events, and Fair Housing outreach. This includes, but is not limited to, nonprofits focusing on racial groups, LGBTQIA+, disability status, immigration, survivors of domestic violence, and the elderly.

- *Describe your strategies to encourage public participation, building support, and engage community members, including those most likely to benefit from your proposed activity(ies).*

To encourage public participation, build support, and engage with community members, the City intends to utilize the following tools:

- The development of a City of Bend PRO-Housing specific webpage. The page will provide the public with Project descriptions, timelines, and annual action plans for review and transparency.
- Annual updates at public meetings, including Bend City Council and the Affordable Housing Advisory Committee
- Media interviews, when appropriate, to share important updates, announce funding availability, or other relevant engagement opportunities.

- *Describe how you will follow public participation requirements for any substantial amendments, including compliance with web posting requirements.*

The City of Bend's Citizen Participation Plan meets the requirements of 24 CFR 91.105 for public participation requirements for substantial amendments and compliance with web posting requirements. The policy, originally drafted to comply with requirements as a Community Development Block Grant entitlement, is fully applicable for the PRO Housing grant. The policy is available for review on Affordable Housing | City of Bend.



Long-Term Effect:

- *Describe what the anticipated permanent, long-term effects your plan will have.*

This Grant has many goals. The main specific deliverables and their long-term impacts:

- Internal changes to policy, and procedures, as appropriate, that impact housing production. The anticipated long-term effect is to reduce the time it takes to navigate city processes thereby speeding up housing production of projects in queue.
- Collaboration on the Contextualized Housing Need analysis and Housing Production Strategy to comprehensively identify and address infrastructure limitations, the limited availability of financing and subsidies for affordable housing, capacity issues in local affordable housing managers, and the unavailability of recent, relevant Bend-specific data. The anticipated long-term impact is increased housing production with equitable access to classes protected under the Fair Housing Act. In addition, cost burden is impacted as people have expanded housing choices.
- New Fund created, offering up to \$4M in funds to developers in competitive application cycles. The anticipated long-term impacts are increased housing production with long-term affordability requirements and deed restrictions and reduced cost-burden on community members who are accessing homebuyer assistance. In addition, with more affordable housing choices, cost burden should also be impacted as people have expanded options.
- New or expanded incentives for affordable housing developers, such as tax exemptions. The anticipated long-term impact is increased housing production as developers have access to incentives and subsidy.
- Streamlined housing production processes, such as pre-approved plans for ADUs or other housing types. The anticipated long-term impact is increased housing production as approvals are faster and easier to navigate.
- A Toolkit to assist community members in building affordable housing on their property, with frequently asked questions, submission specifications, commonly needed forms, fee schedules, applications for exemptions, and training resources. The anticipated long-term impact is increased housing production as community members have support and guidance in navigating City processes.



➤ *Describe how your plan seeks to permanently remove key barriers to producing and preserving affordable housing and the measurable outcomes you expect to achieve.*

A potential roadblock that this may face is unpredictable cost variations in the housing market. Costs for construction, land acquisition, infrastructure, and mortgage rates have fluctuated wildly in the last 4 years in Bend. If market costs continue to rise at the current rate, or worse, increase even more steeply, the amount of funding proposed to be available to developers in each application cycle may not be enough to meet the demand or need. To address this potential barrier, the City intends to offer the new funding source in tandem with CDBG, AHF, and other City program funds.

Adding affordability covenants, deed restrictions, and possible repayments of loans ensures that the efforts of this proposal are long-lasting and impact Bend for generations to come. In addition, several aspects of the project will result in reducing housing cost burden for residents. Development of housing is expected to be citywide with typical access to public transportation, amenities, education, and employment, thereby not increasing other living costs to residents living in the housing developed.

Measurable Outcomes:

The City of Bend staff have established four (4) measurable outcomes using metrics provided by HUD in the PRO Housing NOFO, American Community Survey (ACS) and US Census data, and local data sources. Planned outcomes and metrics will be shared with the public on the City of Bend's PRO Housing website page, which will be set up in early 2025. Annual updates to the metrics will not only allow the public to track our progress, but it will also provide staff opportunity to pivot or redirect efforts when appropriate. To measure impacts on affordable housing not keeping pace:

Goal #1: decrease Offpace factor by 10%.

This translates to an Offpace factor of 0.230 by late 2029.

- The City of Bend staff have replicated HUD's Offpace calculation, using ACS table DP05 Demographic and Housing 1-year estimates for total population and total housing units.
- Presently, the City's Offpace threshold calculation provided by HUD in relation to this grant is 0.256625, higher than the national Offpace factor of 0.107911. Because housing production is a long process, changes to this metric may take several years to change and reflect impacts made with this grant.

Goal #2: Increase affordable housing unit production by 10%

This translates to the production of 618 additional units by late 2029.

- Metrics will come from the City of Bend Housing Data Hub.
- Because housing production is a long process, the total of units produced from 2018-2023 will be compared against the total of units produced during the terms of this grant, 2024-2029.

Goal #3: Reduce specific single-family dwelling and multifamily permit times by 10%.



The goal varies depending on permit milestone and type and assumes a baseline date of July 2023. Metrics tracked will include:

- Single Family Development, days to complete first review
- Single Family Development, days with City Staff
- Multifamily, days to complete first review
- Multifamily, days with City Staff

Additional metrics may be added, depending on guidance from the consultant in Project 1. This may include days with customers and days waiting for final payment.

While it is important to recognize that some barriers in permitting are not within the City's control or purview to rectify, addressing internal barriers is expected to quicken the overall timeline. For barriers that are outside the City's control to address, the Community Toolkit and resources made to support applicants may help eliminate common mistakes or errors that slow the customer process.

To measure widespread housing cost burden or substandard housing:

Goal #4: Reduce cost burden by 10% for both 30% and 50% cost burden.

This translates to a reduction of 30% cost burden to 27.2% and 50% cost burden to 27.0% by late 2029.

- The City of Bend was not identified by HUD as having an acute need related to cost burden or substandard housing (Housing Problems Factor, or HPF). However, the City of Bend considers cost burden to be a critical issue in need of urgent attention, resources, and community collaboration
- City of Bend staff will rely on ACS estimates for cost burden metrics, and thus will not utilize HUD's HPF metric or calculation. Staff will reference ACS table B25070 Gross Rent as a Percentage of Household Income in the Past 12 Months, 1-year averages.

Substantial and Non-substantial Amendments (if applicable): N/A



Project Summary

Project #	Project Title	Grantee Activity #	Activity Title	Grantee Program
1	Internal Assessment of existing	1.1	Planning Activities for Internal Assessment	
		1.2	Consultant review	
2	Contextualized Housing Need	2.1	Planning activities for Contextualized Housing Need Analysis / Housing Production Strategy	
3	PRO Housing Fund	3.1	Planning for PRO Housing Fund	
4	Toolkit Creation	4.1	Planning activities for toolkit creation	
		4.2	Purchase of sets of housing plans	
5	Administration	5.1	Administration	
9999	Restricted Balance		<i>No activities in this project</i>	



Activities

Project # / 1 / Internal Assessment of existing processes

Grantee Activity Number: 1.1

Activity Title: Planning Activities for Internal Assessment

Activity Type:

PRO - Planning

Project Number:

1

Projected Start Date:

03/01/2025

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Low/Mod-Income Housing: Any assisted activity that involves the acquisition/rehabilitation of property to provide housing considered to benefit persons of LMI-only to the extent such housing will, upon completion, be occupied by such persons

Activity Status:

Under Way

Project Title:

Internal Assessment of existing processes

Projected End Date:

06/01/2027

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 50,000.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 50,000.00

Benefit Report Type:

Area Benefit (Census)

Ancillary Activities

None

LMI%:

Proposed budgets for organizations carrying out Activity:

Responsible Organization

Bend, OR

Organization Type

Unknown

Proposed Budget

\$ 50,000.00

Location Description:



Activity Description:

Since the grant application was submitted, the City has worked hard to identify and address key barriers in Bend's permitting processes. Significant improvement is evident, but there may be additional opportunities for improvement. This Project will identify barriers the City has influence or control over and determine what steps the City can take to address them.

A review of the recently implemented improvements to the permitting process related to infrastructure requirements, land development, and the construction of new housing units, will be completed through a consultant. The consult will research other jurisdictions to identify best practices that may be effective to institute in Bend. Efforts will be made to identify remaining opportunities for improvement and make recommendations to address identified issues within the City's control or influence. Solutions should first improve City processes, and secondarily improve the rate and/or ease of housing production.

- Step 1: Utilize a consultant to review city of bend processes and best practices for municipal permit review that have been effective for other jurisdictions.
- Step 2: Using the consultant's report, make recommendations for additional process improvements.

Estimated timeline: September - November 2025

- Step 3: Re-evaluate. Analyze permit data for the time period of January 2026 – December 2026, determine any changes in the magnitude or types of impacts on customers. Estimated timeline: January - May 2027.

A planned measurable for this activity is not listed as an option in DRGR. It is mentioned here in detail and will be tracked on City of Bend's PRO Housing website and also reported to DRGR in narrative format. Measurable goal: Reduce specific single-family dwelling and multifamily permit times by 10%.

- The goal varies depending on permit milestone and type and assumes a baseline date of July 2023.
- Metrics tracked will include:
 - Single Family Development, days to complete first review
 - Single Family Development, days with City Staff
 - Multifamily, days to complete first review
 - Multifamily, days with City Staff
 - Additional metrics may be added, depending on guidance from the consultant in Project 1. This may include days with customer and days waiting for final payment.
- While it is important to recognize that some barriers in permitting are not within the City's control or purview to rectify, addressing internal barriers is expected to quicken the overall timeline. For barriers that are outside the City's control to address, the Community Toolkit and resources made to support applicants may help eliminate common mistakes or errors that slow the customer process.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None



Environmental Reviews: None

Activity Supporting Documents: None



Grantee Activity Number: 1.2**Activity Title:****Consultant review****Activity Type:**

PRO - Planning

Project Number:

1

Projected Start Date:

06/01/2025

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Low/Mod-Income Housing: Any assisted activity that involves the acquisition/rehabilitation of property to provide housing considered to benefit persons of LMI-only to the extent such housing will, upon completion, be occupied by such persons

Benefit Report Type:

NA

Ancillary Activities**None****Proposed budgets for organizations carrying out Activity:****Responsible Organization**

Bend, OR

Organization Type

Unknown

Proposed Budget

\$ 175,000.00

Location Description:**Activity Description:**

A consultant will be selected to review of the recently implemented improvements to the permitting process related to infrastructure requirements, land development, and the construction of new housing units. The consult will research other jurisdictions to identify best practices that may be effective to institute in



Bend. Efforts will be made to identify remaining opportunities for improvement and make recommendations to address identified issues within the City's control or influence. Solutions should first improve City processes, and secondarily improve the rate and/or ease of housing production.

Environmental Assessment: EXEMPT

Environmental Reviews:

Program	ER ID	Year of	Project Name	Review Type	Responsible	Partner	ER Status	Level of Review	Completed Date	City	State
Other CPD Program	90000001045 1534	2025	PRO-Housing-Activity-1.2-Consultant-Review	Part 58	BEND		Completed	EXEMPT	02/04/2025	Bend	Oregon

Activity Attributes: None

Activity Supporting Documents: None

Project # / 2 / Contextualized Housing Need Analysis / Housing Production



Grantee Activity Number: 2.1**Activity Title:**

Planning activities for Contextualized Housing Need Analysis / Housing Production Strategy

Activity Type:

PRO - Planning

Project Number:

2

Projected Start Date:

06/01/2025

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Low/Mod-Income Housing: Any assisted activity that involves the acquisition/rehabilitation of property to provide housing considered to benefit persons of LMI-only to the extent such housing will, upon completion, be occupied by such persons

Activity Status:

Under Way

Project Title:

Contextualized Housing Need Analysis /

Projected End Date:

12/01/2029

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:****Total Budget:** \$ 25,000.00**Most Impacted and Distressed Budget:** \$ 0.00**Other Funds:** \$ 0.00**Total Funds:** \$ 25,000.00**Benefit Report Type:**

NA

Ancillary Activities**None****Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed Budget
Bend, OR	Unknown	\$ 25,000.00

Location Description:**Activity Description:**

Employee costs related to planning activities to collaborate with the engagement and creation of the Contextualized Housing Need analysis and Housing Production Strategy.

- Step 1: Support Bend's Growth Management Division with engagement, analysis, data and housing-related expertise as they draft the Contextualized Housing Needs Analysis. Estimated timeline June 2025-July 2026.

- Step 2: Support Bend's Growth Management Division with the engagement, analysis, and data associated with the Housing Production Strategy. Estimated timeline: January 2027-December 2027.

- Step 3: Reevaluation, with the option to reset, reframe, or realign goals with new data or changing market conditions. Estimated timeline: January - December 2029.

Planned measurables for this activity are not listed as an option in DRGR, and the impact of this activity is embedded in the outcomes of Projects 3 and 4. The measurables for Activities 2, 3, and 4 are mentioned here in detail and will be tracked on City of Bend's PRO Housing website and also reported to DRGR in narrative format.

Measurable: decrease Offspace factor by 10%.

- This translates to an Offspace factor of 0.230 by late 2029.

- The City of Bend staff have replicated HUD's Offspace calculation, using ACS table DP05

Demographic and Housing 1-year estimates for total population and total housing units.

- Presently, the City's Offspace threshold calculation provided by HUD in relation to this grant is 0.256625, higher than the national Offspace factor of 0.107911. Because housing production is a long process, changes to this metric may take several years to change and reflect impacts made with this grant.

Measurable : Increase affordable housing unit production by 10%.

- This translates to the production of 618 additional units by late 2029.

- Metrics will come from the City of Bend Housing Data Hub.

- Because housing production is a long process, the total of units produced from 2018-2023 will be compared against the total of units produced during the terms of this grant, 2024-2029.

Measurable: Reduce cost burden by 10% for both 30% and 50% cost burden.

- This translates to a reduction of 30% cost burden to 27.2% and 50% cost burden to 27.0% by late 2029.

- The City of Bend was not identified by HUD as having an acute need related to cost burden or substandard housing (Housing Problems Factor, or HPF). However, the City of Bend considers cost burden to be a critical issue in need of urgent attention, resources, and community collaboration

- City of Bend staff will rely on ACS estimates for cost burden metrics, and thus will not utilize HUD's HPF metric or calculation. Staff will reference ACS table B25070 Gross Rent as a Percentage of Household Income in the Past 12 Months, 1-year averages.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None



Environmental Reviews: None

Activity Supporting Documents: None

Project # / 3 / PRO Housing Fund



Grantee Activity Number: 3.1**Activity Title:****Planning for PRO Housing Fund****Activity Type:**

PRO - Planning

Project Number:

3

Projected Start Date:

03/01/2025

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Not Applicable (for Planning/Administration or Unprogrammed Funds only)

Activity Status:

Under Way

Project Title:

PRO Housing Fund

Projected End Date:

09/30/2025

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:****Total Budget:** \$ 100,000.00**Most Impacted and Distressed Budget:** \$ 0.00**Other Funds:** \$ 0.00**Total Funds:** \$ 100,000.00**Benefit Report Type:**

NA

Ancillary Activities**None****Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed Budget
Bend, OR	Unknown	\$ 100,000.00

Location Description:**Activity Description:**

Step 1: Create a new Fund by December 2025.

Step 2: Upon authorization, staff will implement an existing public process by which funds will be deployed to development.

Estimated timeline: January – December 2026.

Step 3: First Request for Proposals (RFP) offered for land acquisition and construction costs. Estimated timeline: January - December 2026.

Step 4: Completed construction of qualified project(s), offer additional application cycles. Estimated timeline:



January 2027 - December 2029.

Planned measurables for this activity are not listed as an option in DRGR, and the impact of this activity is embedded in the outcomes of Projects 3 and 4. The measurables for Activities 2, 3, and 4 are mentioned here in detail and will be tracked on City of Bend's PRO Housing website and also reported to DRGR in narrative format.

Measurable: decrease Offspace factor by 10%.

- This translates to an Offspace factor of 0.230 by late 2029.
- The City of Bend staff have replicated HUD's Offspace calculation, using ACS table DP05 Demographic and Housing 1-year estimates for total population and total housing units.

• Presently, the City's Offspace threshold calculation provided by HUD in relation to this grant is 0.256625, higher than the national Offspace factor of 0.107911. Because housing production is a long process, changes to this metric may take several years to change and reflect impacts made with this grant.

Measurable : Increase affordable housing unit production by 10%.

- This translates to the production of 618 additional units by late 2029.
- Metrics will come from the City of Bend Housing Data Hub.
- Because housing production is a long process, the total of units produced from 2018-2023 will be compared against the total of units produced during the terms of this grant, 2024-2029.

Measurable: Reduce cost burden by 10% for both 30% and 50% cost burden.

- This translates to a reduction of 30% cost burden to 27.2% and 50% cost burden to 27.0% by late 2029.
- The City of Bend was not identified by HUD as having an acute need related to cost burden or substandard housing (Housing Problems Factor, or HPF). However, the City of Bend considers cost burden to be a critical issue in need of urgent attention, resources, and community collaboration

• City of Bend staff will rely on ACS estimates for cost burden metrics, and thus will not utilize HUD's HPF metric or calculation. Staff will reference ACS table B25070 Gross Rent as a Percentage of Household Income in the Past 12 Months, 1-year averages.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Project # / 4 / Toolkit Creation



Grantee Activity Number: 4.1**Activity Title:****Planning activities for toolkit creation****Activity Type:**

PRO - Planning

Project Number:

4

Projected Start Date:

06/01/2025

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Low/Mod-Income Housing: Any assisted activity that involves the acquisition/rehabilitation of property to provide housing considered to benefit persons of LMI-only to the extent such housing will, upon completion, be occupied by such persons

Activity Status:

Under Way

Project Title:

Toolkit Creation

Projected End Date:

12/31/2026

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:**

Total Budget: \$ 100,000.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 100,000.00

Benefit Report Type:

Area Benefit (Census)

Ancillary Activities**None****LMI%:****Proposed budgets for organizations carrying out Activity:****Responsible Organization**

Bend, OR

Organization Type

Unknown

Proposed Budget

\$ 100,000.00

Location Description:**Activity Description:**

Focusing on increasing housing at all levels of affordability in Bend has been difficult. To meet the demand of the community and maximize available land and subsidies available,



community members must participate in developing affordable housing. However, the City recognizes that permitting processes, interpretation of code and zoning regulations, and access to funding are not only barriers to experienced affordable housing developers; they can be prohibitive for community members to navigate. The City plans to develop a series of toolkits to aid community members in navigating and interpreting City code, zoning, permitting processes, and any possible incentives. The toolkits may include such elements as frequently asked questions, submission specifications, commonly needed forms, fee schedules, applications for exemptions, and training resources, packaged together in a user-friendly and easy to understand guide. In early 2025 city will be recruiting a new staff member into the Community and Economic Development Department to act as a facilitator and liaison between property owners, developers and collaborates with various City departments on housing and job growth in alignment with Council goals and priorities. In addition, expanding the type or number of pre-approved plans for community members may increase participation in the development of affordable housing. This may include expanded ADU options, duplex, triplex, or tiny home plans, depending on interest from architects, designers, and community members. The City has piloted a single free ADU plan with the intent to expand the program to include more plan options as a resource the community could use in expediting housing permitting and production.

- Step 1: Create a pre-approved free plan-set program, implement, and reevaluate as needed.

Estimated timeline: June 2025 – June 2026

- Step 2: Create developer toolkits, release to the public, and reevaluate as needed. Estimated timeline: June 2025 – December 2026

- Step 3: Create a more robust and user-friendly master-plan program, implement, and reevaluate as needed. Estimated timeline: January 2025 - June 2025

Planned measurables for this activity are not listed as an option in DRGR, and the impact of this activity is embedded in the outcomes of Projects 2 and 3. The measurables for Activities 2, 3, and 4 are mentioned here in detail and will be tracked on City of Bend's PRO Housing website and also reported to DRGR in narrative format.

Measurable: decrease Offspace factor by 10%.

- This translates to an Offspace factor of 0.230 by late 2029.

• The City of Bend staff have replicated HUD's Offspace calculation, using ACS table DP05 Demographic and Housing 1-year estimates for total population and total housing units.

• Presently, the City's Offspace threshold calculation provided by HUD in relation to this grant is 0.256625, higher than the national Offspace factor of 0.107911. Because housing production is a long process, changes to this metric may take several years to change and reflect impacts made with this grant.

Measurable : Increase affordable housing unit production by 10%.

- This translates to the production of 618 additional units by late 2029.

- Metrics will come from the City of Bend Housing Data Hub.

• Because housing production is a long process, the total of units produced from 2018-2023 will be compared against the total of units produced during the terms of this grant, 2024-2029.

Measurable: Reduce cost burden by 10% for both 30% and 50% cost burden.

- This translates to a reduction of 30% cost burden to 27.2% and 50% cost burden to 27.0% by late 2029.

• The City of Bend was not identified by HUD as having an acute need related to cost burden or substandard housing (Housing Problems Factor, or HPF). However, the City of Bend considers cost burden to be a critical issue in need of urgent attention, resources, and community collaboration

• City of Bend staff will rely on ACS estimates for cost burden metrics, and thus will not utilize HUD's HPF metric or calculation. Staff will reference ACS table B25070 Gross Rent as a Percentage of Household Income in the Past 12 Months, 1-year averages.



Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None



Grantee Activity Number: 4.2**Activity Title:****Purchase of sets of housing plans****Activity Type:**

PRO - Planning

Project Number:

4

Projected Start Date:

06/01/2025

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Low/Mod-Income Housing: Any assisted activity that involves the acquisition/rehabilitation of property to provide housing considered to benefit persons of LMI-only to the extent such housing will, upon completion, be occupied by such persons

Benefit Report Type:

Area Benefit (Census)

Ancillary Activities**None****Projected Accomplishments**

of zoning code amendments adopted
of pre-approved housing plans created
of land use amendments adopted
of parcels with expanded by-right zoning
of parcels with reduced parking minimum
of parcels up-zoned
of diversity and equity plan completed
of infrastructure study plans completed
of parking study plans completed
of transit study plans completed
of housing study plans completed
of zoning studies completed

Total

4



of affordable housing development plans completed

of plans created

of plans adopted

LMI%:

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
Bend, OR	Unknown	\$ 50,000.00

Location Description:

Activity Description:

Expanding the type or number of pre-approved plans for community members may increase participation in the development of affordable housing. This may include expanded ADU options, duplex, triplex, or tiny home plans, depending on interest from architects, designers, and community members. The City has piloted a single free ADU plan with the intent to expand the program to include more plan options as a resource the community could use in expediting housing permitting and production.

Funds will be used for the purchase of sets of housing plans, to be used in a pre-approved plan library.

Environmental Assessment:

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Project # / 5 / Administration



Grantee Activity Number: 5.1**Activity Title:****Administration****Activity Type:**

Administration

Project Number:

5

Projected Start Date:

08/23/2024

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Not Applicable (for Planning/Administration or Unprogrammed Funds only)

Activity Status:

Under Way

Project Title:

Administration

Projected End Date:

09/30/2029

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:****Total Budget:** \$ 500,000.00**Most Impacted and Distressed Budget:** \$ 0.00**Other Funds:** \$ 0.00**Total Funds:** \$ 500,000.00**Benefit Report Type:**

NA

Ancillary Activities**None****Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed Budget
Bend, OR	Unknown	\$ 500,000.00

Location Description:**Activity Description:**

staff related costs for program administration.

Environmental Assessment:**Environmental Reviews:** None**Activity Attributes:** None

Environmental Reviews: None

Activity Supporting Documents: None

Action Plan History

Version	Date
B-23-PH-41-0002 AP#2	02/26/2025
B-23-PH-41-0002 AP#1	02/04/2025

