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Exhibit A: Executive Summary
Applicant: City of Bend

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The City of Bend is requesting \$10,000,000 in Pathways to Removing Obstacles to Housing (PRO Housing) funding from the U.S. Department of Housing and Urban Development (HUD). The City's proposal identifies and addresses barriers that have resulted in historic underproduction of affordable housing and widespread housing cost burden in Bend, Oregon (the Project). The City of Bend has a long history of attempting to remove barriers to construction of affordable housing with the limited tools we have. 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 Project 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 Project includes five activities to realize this vision:

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

Activity 2: Develop a Housing Production Implementation Plan, with equity and accessibility at the forefront.

Activity 3: Increase housing production through the establishment of funding for land acquisition and construction.

Activity 4: Expand or establish various incentives and subsidies to support affordable housing development and homebuyer assistance.

Activity 5: Create processes to streamline and simplify housing production.

The Project is a collaborative effort of multiple affordable housing developers and services providers, governmental agencies, City of Bend departments, and community members for the six-year period of 2024 – 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 \$19,268,520. The City is requesting \$10M from HUD, of which \$2,077,980 is for planning, program administration, and planning costs, and \$7,922,020 is to create a new fund for affordable housing development. The remaining amount of \$9,268,520 will be funded by the City's Affordable Housing Fee, annual CDBG grants, and other City sources.

The City of Bend, a HUD Entitlement since 2004, is committed to continued partnership with HUD to benefit low- to moderate-income persons through the production of affordable housing. The City of Bend greatly appreciates HUD's consideration of this request for PRO Housing grant funding.

Exhibit B: Threshold Requirements and Other Submission Requirements

Applicant: City of Bend

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1. Resolution of Civil Rights Matters: the City of Bend has no outstanding or unresolved civil rights matters as of October 3, 2023.

2. Timely Submission of Applications: This proposal draft is available from Tuesday, October 3, 2023, through Wednesday, October 18, 2023. Written comments regarding the application must be submitted on or before Wednesday, October 18, 2023 at 5:00 p.m., to the Affordable Housing Program at housing@bendoregon.gov or at P.O. Box 431, Bend, Oregon 97709. The City Council will hold a public hearing on the application at 7:00 p.m., Wednesday, October 18, 2023. Meeting information is available on the [City website](#).

3. Eligible Applicant: The City of Bend is a City government, eligible with Section III.A as 02.

4. Number of Applications: The City of Bend is preparing one application.

Eligibility Requirements for Applicants of HUD's Financial Assistance Programs

- Universal Identifier and System for Award Management (SAM.gov) Requirements: The City of Bend has an active registration in SAM.gov, and the initial registration date is Apr 17, 2009. The City of Bend UEI is MUE7 YSS1 44U1.
- Outstanding Delinquent Federal Debts: N/A. the City of Bend does not have any outstanding delinquent federal debt as of October 3, 2023.
- Debarments or Suspensions, or both: N/A, the City of Bend does not have any debarments or suspensions as of October 3, 2023.
- Mandatory Disclosure Requirement – to be completed at application submission.
- Pre-selection Review of Performance: The City of Bend does not have delinquent federal debt of the type described in 31 U.S.C. 3720.
- Sufficiency of Financial Management System: the City of Bend has been a Community Development Block Grant Program (CDBG) Entitlement since 2004. The most recent HUD On-Site Monitoring of the CDBG Program, dated 10/09/2019, had no findings or concerns related to the sufficiency of financial management systems at the City of Bend.
- False Statements: to be completed at application submission.
- Prohibition Against Lobbying Activities: to be completed at application submission.

Exhibit C: Need

Applicant: City of Bend

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a. NEED (Maximum 35 points)

i. Describe your efforts so far to identify, address, mitigate, or remove barriers to affordable housing production and preservation. (12 points)

Key barrier addressed: land use and zoning regulations. In November 2021, Bend 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 people 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, Bend 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 Bend'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

Bend has 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.

Bend also 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.

Plans for Bend's future growth is to slowly transform its residential housing mix from primarily single-family detached housing to a mix of housing types including missing middle and multi-family housing. US Census and ACS (American Community Survey) data from 2010 – 2021 shows that Bend's single-family detached dwellings 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, 4,457 residential units have either been completed or are currently under construction, and only 38 percent of these represent single-family detached dwellings. Multifamily dwellings and commercial properties with residential units comprise the other 62 percent.

Key barrier addressed: infrastructure limitations. Bend'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 a Transportation Bond Measure 9-135 to provide street and sidewalk improvements in these areas through 2031 and community members approved it in November 2020.

The Transportation Bond Oversight Committee monitors, tracks and reports 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](#). It was created to update residents on the status and progress of GO Bond Projects. Updates to the dashboard are scheduled quarterly in January, April, July, and October.

Presently, with 15 percent of the project time elapsed, two Enhanced Pedestrian Crossing projects have been completed, and 15 out of 24 pending projects are underway. In Oregon, affordable housing financing sources will not cover offsite 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, affordable housing development 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.

Key barrier addressed: Community Development Block Grants (CDBG) funding procedural issues. The City of Bend'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 in the community. Increased funds are needed to aid in

land acquisition, rent and mortgage assistance, homebuyer assistance, and staff capacity building.

Several years ago, the City of Bend pivoted, offering CDBG funds as a loan, rather than a grant, for all funded activities other than Public Services. This supported the City of Bend'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. However, even with this procedural change, available CDBG funds are dramatically less than what is requested in application cycles.

To address this funding shortfall, the City of Bend was the first city in Oregon to implement an Affordable Housing Fee (AHF). The fee is one-third of one percent of the total valuation on all building permits submitted to the City of Bend. 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, and considering the success of the City's deferral and loan program to facilitate affordable developments, City Council adopted a blanket exemption of System Development Charges (SDCs) for affordable housing developments in 2017. The City of Bend has a robust Developer Incentive Program to assist affordable housing developers by removing some of the obstacles to creating affordable housing. 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 of Bend 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 additional property tax exemptions to foster and maintain affordable housing with City Council approval: a tax exemption for non-profits providing affordable housing and a ten-year property tax exemption for market rate multiple unit properties offering ten percent of the units as affordable housing. This exemption program is temporary and will sunset in 2030. As it relates to fostering affordable housing through homeownership, the City supports multiple organizations with land acquisitions, site planning, and down payment assistance.

Even with all of these measures and programs, requests for funds in annual competitive application cycles far exceed the amount of available funds. For reference, in 2022, The City of Bend received \$3.75M in requests, which is 629 percent more than the amount of CDBG funds available and 221 percent more than the total funds available, including various City of Bend funding sources mentioned above. Due to this disparity in available funding, two housing-related projects were declined, one received only partial funding, and a houseless shelter project received \$750,000 less than requested.

ii. Do you have acute demand for affordable housing? What are your remaining affordable housing needs and how do you know? (13 points)

The City of Bend has an acute demand for affordable housing at every affordability level. The focus of this grant request encompasses 0-100 percent AMI, which relates to houseless / shelter, Permanent Supportive Housing (PSH), affordable rental, and affordable homeownership. The lack of buildable land within Bend city limits for development has increased land prices. 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. Some may have moved out of the area, but an increase in crowding and homelessness suggests many have either moved in with others or transitioned into homelessness.

Acute demand - 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 of Bend'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 for 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 is diverse, and has increased 17 percent since 2022, and 274 percent since 2018. The population range in age, living situations, and household make up varies greatly. According to Bend's 2022 Point in Time (PIT) Count, 766 persons identified as unsheltered and currently, Bend shelters only have the capacity to shelter 382 persons per night. The Bend region has one of the highest rates of unsheltered homelessness in the country.

Houseless individuals consistently report to City staff that there is a lack of shelter beds and types. Multiple people advocated for campgrounds geared to tent and Recreational Vehicle (RV) camping with basic services. Bend has multiple emergency shelters for persons experiencing houselessness, but the emergency shelters that exist in Bend are typically over capacity. The City of Bend identifies the shortage of available beds for the unsheltered as a major priority, with more beds becoming available in 2023. The City of Bend is presently working to address the need for more shelter beds, relying on various partners and funding sources, and thus are not included in the plans or goals of this grant application.

- 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. Limited clinical-level services in the region have hindered the ability to construct PSH, as these services are necessary to secure prior to construction start. While the City of Bend acknowledges the need for additional PSH units and providers, this is not included in the plans or goals of this grant application.
- Affordable rental units, utilizing Housing Choice Vouchers: The Central Oregon Regional Housing Authority reported that are 1,060 applicants on the 2023 Housing Choice Voucher wait list that identify as disabled. Housing Works has identified the need for one- and two-bedroom units as the top need for disabled tenants or applicants. Less than half of the available Housing Choice Vouchers (HCV) utilized in the Central Oregon Region are in Bend. There are 2,447 applicants that applied for an HCV in January 2023 and await the opportunity on a list. All these applicants will need to reapply in January 2024. Those with financial assistance from Housing Works cannot find units in Bend at the Fair Market Rent level that HUD determines and 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: Bend has a lack of affordable and available rentals for families and for individuals. 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 find an apartment to rent, average Bend wages do not support the average cost of rent. Oregon Housing and Community Services (OHCS) reports that an average renter in Bend must work sixty-four hours per week at minimum wage to afford a two-bedroom apartment. In fact, since 2009, rent has increased by 91 percent, while wages have only increased by 40 percent. Home purchase has become out of reach for most of the workforce. This further increases 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 January 2023 Beacon Report, housing prices have increased 111 percent since 2015, and the market continues to be competitive with low inventories. It is projected that while housing prices will moderate, they will not decrease significantly in the next 12 months. In addition to the barriers of high prices and limited housing supply, higher mortgage rates require raising 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. Not only has Bend not kept pace with the need for 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, the total number of housing units available decreased for low- and moderate-income households. According to the CHAS information, 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. Increased deed restricted affordable housing is necessary for greater housing choice and to replace the lost naturally occurring affordable housing.

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 of Bend 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.

Housing costs have increased 111 percent since 2015, yet wages have only increased 40 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, 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 2023's PIT Count, the total number of houseless community members in Bend has increased 109 percent

since 2018, 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 houselessness. The City of Bend considers cost burden to be a critical issue in need of urgent attention, resources, and community collaboration.

iii. What key barriers still exist and need to be addressed to produce and preserve more affordable housing? (10 points)

Permitting procedures and approval timing and predictability –

In January 2023, The Bend Bulletin, a local newspaper and media outlet, published an article called [“Where is all the affordable housing in Bend?”](#), and it highlighted delays in permitting processes and its impacts on affordable housing production. The article states that delays for developers, funders and organizations looking to build leaves residents without affordable housing options. Affordable housing developers are often working to complete construction in alignment with grantor deadlines. Permitting delays and difficulties creates barriers for developers with missed deadlines and potentially the loss or return of awarded funds. Similarly, affordable housing developers may find that contractor bids are no longer valid when permits are unpredictably issued and/or delayed (many bids are valid for 90 days). Rising costs of construction and availability of subcontractors means affordable housing developers experience a domino effect of project delays and cost increases when permitting timelines are excessive or unpredictable.

While not all delays in permitting are within the City's control or are the result of City action, the City made permitting times a focus of concerted effort in 2023 and has had success in reducing overall review time. Lengthy permitting times were a result of a combination of factors including an increase/no slowdown in construction demand over the COVID pandemic and difficulties encountered implementing a new software system. The City is committed to continuous improvement and is continuing to focus on ways permit times can be reduced, including through this grant application, seeking funds to increase capacity and resources to identify and address

barriers within the City's control or influence.

At the time of the article, the City of Bend was averaging 70.6 days for City staff to complete the first review of Residential New Construction permits, which is significantly higher than the City's goal of 35 calendar days for this review. 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 of Bend streamlined the front end of that process and removed many of the traditional planning elements to make development of these units more comparable to the process with a single unit home. For instance, middle housing can now skip land use permitting and go directly to building permits. 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.

It is important to note that data dashboards do show a decline in the average number of days for City staff to complete the first review. Since March 2023, the average number of days for first review has dropped 57 percent and are now consistently under the goal of 35 days. However, data suggests that problems in permitting processes continue and need to be evaluated in depth to understand causes of extended total review time and possible solutions within the City's control. Data points of concern:

- The average number of days with the customer (non-City staff) has increased 102% since March 2023, and September 2023 was the highest to date (142 days).
- The average number of days for total review has increased 29% since March 2023. September 2023 was 207 days, also an all-time high.

Availability of financing and subsidies for affordable housing: Limited availability of subsidies for affordable housing has been identified by the City of Bend and affordable housing developers as a sizeable barrier to housing production. As mentioned in Section a.i. of this Exhibit, in 2022, The City of Bend received \$3.75M in funding requests, which is 629 percent more than the amount of CDBG funds available and 221 percent more than the total funds available, including various City of Bend funding sources mentioned above. Due to this disparity in available funding, two housing-related projects were declined, one received only partial funding, and a houseless shelter project received \$750,000 less than requested. It is important to note that while the City of Bend is requesting housing to be developed at all levels of affordability, this is not possible without access to a significant increase in available funding.

The barrier of limited availability of funding is seen across all levels of affordability:

- **Shelter for the houseless:** The City of Bend has identified the need for additional shelters. Significant efforts have been made in the last five years to support the growing homeless population, both in supporting local nonprofit partners in their growth and outreach as

well as with the acquisition and rehabilitation of three existing properties for shelter use, ultimately to add 178 beds to the houseless community. The need remains great and additional programs, units, and partnering agencies will be needed to meet the need appropriately.

- Permanent Supportive Housing (PSH): The shortage of PSH in Bend has been discussed in section a.i of this Exhibit. Limited and expensive land, paired with high construction costs, have resulted in an excessive underproduction of 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 and juggling. The City of Bend has funded one standalone PSH project in its history, and that is anticipated to welcome just 33 residents home in 2024. Land acquisition for Phase Two of this important project will cost upwards of \$1M.
- Affordable rental units: Developers who build affordable rental units require significant funding subsidies, including funding for land acquisition and predevelopment costs. Rental projects require large parcels of land for development, and with limited availability driving demand, land acquisition costs are exorbitant and can reach \$1M or greater. When land is available, it is often paired with infrastructure and development challenges, which add time and costs to the project's budget. As a result, these funding requests are so large that they often exceed the amount of funding available in a competitive application cycle. For reference, in 2021, seven applications were received for affordable rental projects. Due to funding limitations, two applicants withdrew their requests, two were declined, and three were only partially funded. This strongly highlights that limited funding is a barrier to rental housing production.
- Affordable homeownership: There are several affordable housing developers in Bend who focus on building homes for households earning up to 100 percent AMI. All report that it is becoming increasingly difficult to finance their projects. The cost of construction rose dramatically during the COVID-19 pandemic, and resettling or stabilizing of costs has not yet occurred. In addition, [mortgage interest rates have also risen to a 21-year high](#), reaching 7.72 percent in October 2023. 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. Bend-Redmond Habitat for Humanity, a developer in Bend since 1989, reported to the City of Bend that their subsidy has increased from \$100,000 *per homebuyer* in 2020 to over \$300,000 *per homebuyer* in 2023. 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 homebuyers. There are two developers in Bend who regularly apply for this assistance. In previous years, both developers were building small-scale projects, applying for up to five families in one project. However, both

developers have scaled up operations, one now regularly building more than 10 units at a time, and the other is in the process of developing a 40-unit property. Presently, there simply is not enough available funding to fund upcoming Homebuyer Assistance requests at this time using the HUD scale.

- Affordable Housing for up to 100 percent AMI. Due to the high cost of Bend's market rate housing, 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) 2023 Median Family Income for Bend-Redmond Metropolitan Statistical Area (MSA), a household of four earning 100 percent AMI can afford a home price of \$393,900. 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.

Using the same HUD income guidelines as mentioned above, a household of four earning 80 percent AMI can afford to rent an apartment for \$1,904. Presently, available 3-bedroom apartments in Bend rent for \$2,200 - \$3,000. Available 2-bedroom apartments rent for \$1,895 - \$2,700, which is still at the top range of what a household at 80 percent AMI could afford, but this assumes that family members are able/willing to share a bedroom or sleep in alternate spaces within the apartment. Subsidies are needed to manage rents above affordability, but there are no regular subsidies available to households earning 61 – 100 percent AMI.

Capacity of local affordable housing developers and managers.

In 2023, as a HUD Entitlement, the City of Bend engaged with the community while preparing to update the Analysis of Impediments to Fair Housing document. As of 9/25/23, 341 people have provided feedback to the City of Bend. through public events, focus groups, an anonymous Fair Housing Survey, or submitted public comment. A total of 48 individuals reported that they felt they have experienced housing discrimination, and 69 percent identified property management companies as the source of their discriminatory issue or concern. Responses included the following issues:

- Eviction or retaliation for domestic violence victims,
- Spanish-speaking applicants report that their applications become lost or their position on the waitlist is altered or removed entirely,
- Rents raised at different rates for neighbors,
- Income-recertifications requested, at random intervals,
- Requests for reasonable accommodations ignored, barriers exist for requesting maintenance or repair, including a digital-only submittal system, no on-site management, and no alternatives or accommodations are available,

- Residents are repairing or maintaining their own units due to lack of response.
- A citizen reported that she had no working shower for one year.

The City of Bend's CDBG and AHF funds support the development of projects that ultimately rely on property management companies, but the City does not have authority or oversight over these companies. However, feedback gathered suggests a need for the property management companies to complete Fair Housing Training, racial sensitivity training, and trauma-informed training.

Other relevant barriers unique to Bend's community – the unavailability of Bend-specific data and equity: The City of Bend has identified barriers to affordable housing development in relation to the availability of outdated, underrepresented data sources. In addition, the City of Bend does not have robust data of its own to draw conclusions from, nor dedicated staff to collect, interpret, and publish it.

Data is relied upon to identify trends and disparities, and to make recommendations and plans to address the issues identified. Accurate and representative data is necessary to advocate for and justify funding allocations and project development. 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 addressing equity in housing is either inconsistent, incomplete, or too general to draw conclusions from. As an example, when attempting to compare homeownership rates by race between Bend, the State of Oregon, and the United States, the available data was not comparable and likely incomplete. The US Census collected and published this data in collaboration with the 2010 Census, but not the 2020 Census. Likewise, the State of Oregon publishes data annually, comparing the State of Oregon with Deschutes County as a whole, and thus not specific to Bend. 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 the trust we have with community, and continue harmful stigma against indigenous and LGBTQIA+ communities. Data equity in relationship to housing considers aggregated and disaggregated along with composite and spatial data.

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.

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Exhibit D: Soundness of Approach

Applicant: City of Bend

SOUNDNESS OF APPROACH (Maximum 35 points)

i. What is your vision? (15 points)

The City of Bend'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, we are proposing five activities to realize this vision:

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

Activity 2: Develop a Housing Production Implementation Plan, with equity and accessibility at the forefront.

Activity 3: Increase housing production through the establishment of funding for land acquisition and construction.

Activity 4: Expand or establish various incentives and subsidies to support affordable housing development and homebuyer assistance.

Activity 5: Create processes to streamline and simplify housing production.

The details of each activity are as follows:

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

As mentioned in Appendix C, Need, the City of Bend has worked with the intention to identify and address key barriers with respect to City of Bend Development code, permitting processes, funding programs, and access and review of available data. Some improvement is evident with respect to the permitting process as a whole, code and zoning changes and/or revisions, and the creation and implementation of additional funding sources and programs. However, feedback received from affordable housing developers, market rate developers, and community members, paired with data, suggests that barriers to the development of affordable housing still exist, and this needs to be addressed in order to identify barriers the City has influence or control over, and what steps the City can take to address those while also meeting other goals of obtaining appropriate infrastructure needed to support & serve new development.

The [Oregon Housing Needs Analysis Legislative Recommendations Report: Leading with Production](#), published in November 2022, identifies the importance of evaluating code, zoning, and permitting impacts on housing production, including staffing levels, permitting fees, general processes, and the need to quickly identify and implement policy or funding interventions where needed. By aligning this activity with HUD PRO Housing Grant goals as well the Oregon Housing Needs Analysis, the City of Bend ensures that this proposal is comprehensive and balanced with neighboring jurisdictions. This alignment also extends the reach of the work, allowing the City of Bend to share housing production and barrier removal ideas, progress, and

successes with local and state jurisdictions. Likewise, the City of Bend has learned from the planning and housing examples of various government agencies in Oregon, including Oregon Housing and Community Services, the City of Portland, and the City of Eugene.

A complete and thorough review of City of Bend processes related to, or impacting, land acquisition, infrastructure and land development, construction of new housing units, access to fair and equitable housing, and the availability of subsidy will be completed over 12 months. Efforts will be made to not only evaluate barriers, but to use data to quantify the impact on developers and housing production 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 collect and evaluate data for the time period of January 2022 – December 2023. This includes quantitative data as well as qualitative data from surveys and/or interviews with City staff, affordable and market rate housing developers, and community members. Estimated timeline: January – May 2024.

Step 2: using the results of the data review, quantify the impacts on customers with respect to funding, project timelines, subcontractor availability, etc. Estimated timeline: May - September 2024

Step 3: make recommendations for process improvement and addressing identified barriers. Estimated timeline: September - November 2024

Step 4: re-evaluate. Collect and evaluate data for the time period of January 2023 – December 2024, determine any changes in the magnitude or types of impacts on customers. Estimated timeline: January- May 2025.

Activity alignments:

- Identified Need (Exhibit C): Acute demand - Affordable housing not keeping pace (offspace).
- National objective (Section III.F.1): benefiting low- and moderate-income persons.
- Eligible activities (per Section III.F.2.b): (i) Further develop, evaluate, and implement housing policy plans, and (ii) improve housing strategies, AND (per Section III.F.2.c.i): A, C, F, H, I, J, K, L, N, W, X

Activity 2: Develop a Housing Production Implementation Plan, with equity and accessibility at the forefront.

The City of Bend recognizes that there are many components that go into addressing the critical offspace production of affordable housing and rising cost burden impacts on low- to moderate-income earning Bend community members. Evaluating City processes that relate to and impact

housing production, as defined in Activity 1 above, allows the City of Bend to build a platform of solid data and tangible responses. This information will be used to develop the City of Bend Housing Department's Housing Production Implementation Plan, with equity and accessibility at the forefront. This Activity will comprehensively address barriers identified in Activity 1, as well as addressing 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 equity data.

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 of Bend must develop and adopt a Housing Production Strategy 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 of Bend's Growth Management Department is in the process of soliciting a consultant to interpret House Bill 2003's requirements, research, and draft the report, which is intended to be an eight-year document. The Housing Department recognizes that any consultant selected will have access to 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. In addition, available data is limited and does not address housing-related equity demographics in the community. As discussed in Exhibit C, an example of this disparity - US Census' data in 2010 provided information regarding race and homeownership rates, but the 2020 US Census did not. Available data is not appropriate to make timely decisions or recommendations.

In 2023, Andrés Portela, Equity and Inclusion Director, began working with the City of Bend. Under his leadership, the Equity Department intends to hire a data and policy analyst in late 2023, whose primary role will be to create accurate, relevant, and inclusive data sets. Data from this department will be used to create accurate baselining and will be used in decision-making data analysis, of which the Housing Department will incorporate into the Housing Production Implementation Plan. In addition, we expect some potential solutions identified in the plan will require more work to implement beyond the concept stage. The Housing Department will use these funds to provide an equity lens to the implementation of the potential solutions. The Housing Production Implementation Plan will help support development or refinement of a new method of community engagement.

Using the Housing Production Strategy Report from the City of Bend's Growth Management Department as a baseline, data and strategies gathered from Activity 1 of this proposal, and Bend-specific relevant data from the Equity Department, the Housing Department will create a five-year Housing Production Implementation Plan. This plan will make informed, equity- and data-driven plans on how to strategically increase and maintain affordable housing production

and increase local match or local funds available for leverage to affordable housing developers and low-to-moderate income homebuyers. By creating this document with a five-year goal, rather than the eight-year goal mandated by House Bill 2003's Housing Production Strategy Report, the Housing Department will be able to take into account data fluctuations and rapidly changing market trends. In addition, at the end of year three into the five-year term of the document, the Housing Department will collaborate with the Equity Department to undergo a short reevaluation, with the option to reset, reframe, or realign goals with new data or changing market conditions, going well beyond the state requirements in this area.

Step 1: Support Bend's Growth Management Department with data and expertise as they draft the Housing Production Strategy. Estimated timeline: January - December 2024.

Step 2: Support the Equity Department's data and policy analyst in identifying types of data that are lacking, and therefore needed, in relation to Bend. Baseline data and Housing Department-specific goal setting. Estimated timeline: January - December 2024.

Step 3: Draft and finalize the Housing Production Implementation Plan. Estimated timeline: January - December 2025.

Step 4: The Housing Department will collaborate with the Equity Department to undergo a short reevaluation, with the option to reset, reframe, or realign goals with new data or changing market conditions. Estimated timeline: January - December 2028.

Activity alignments:

- Identified Need (Exhibit C): Acute demand - Affordable housing not keeping pace (offspace), Widespread housing cost burden or substandard housing (HPF).
- National objective (Section III.F.1): benefiting low- and moderate-income persons.
- Eligible activities (per Section III.F.2.b): (ii) improve housing strategies, (iii) Facilitate affordable housing production AND (per Section III.F.2.c.i): A, C, D, E, F, G, H, I, J, K, L, M, N, W, X, (Section III.F.2.ii) A, B, (Section III.F.2.c.iii) A, B, C, E.

Activity 3: Increase housing production through the establishment of funding for land acquisition and construction.

The challenges of developing affordable housing in the City cannot be overstated. The lack of available and buildable land, high costs of purchasing available land and/or serving land with infrastructure, cost of materials, and supply chain disruptions combined with an influx of second home purchasers, remote work purchasers, and a 10.3 percent year-over-year appreciation rate has curtailed affordable housing production. Key barriers addressed in this Activity are the limited availability of financing and subsidies for affordable housing.

Relying on the data, plans, and outcomes of Activities 1 and 2, a fund will be developed for the acquisition of land and construction of new units. Evaluation and planning within this activity 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 the RLF is utilized, interest rates and repayment terms will be determined. In Exhibit C, Need, the City of Bend's utilization of a Revolving Loan Fund (RLF) was explained in relation to CDBG and AHF funding. With an RLF, as opposed to a grant, the amount of available loan funds over time will grow, resulting in a greater long-term impact on the community's housing and community development needs. Repayments of loans are refunneled into future application cycles. This new RLF / grant funding 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.

As the City of Bend has limited land available for new construction due to the State of Oregon's comprehensive land use and urban growth boundary system, planned projects are becoming increasingly creative to maximize lot size and focus on density, in addition to intentionally reducing impacts on the environment. Climate Friendly and Equitable Communities, (CFEC) are a set of new and amended rules from the State Land Conservation and Development Commission (LCDC) that regulate how development and transportation infrastructure are built into the future. The rules intend to change how cities build to reduce greenhouse gas emissions as one way to address climate change. The rules are wide-ranging, but in general, aim to change rules for cities over 50,000 in population to develop more densely and with a greater focus on safer options for people to make daily trips through walking, bicycling, and riding public transit. This kind of development helps reach the state's climate goals to reduce carbon emissions. Dense, well-connected, and walkable communities mean less sprawl, and thus fewer carbon emissions from car travel.

The City is working over the next several years to follow new State rules when planning communities and building transportation infrastructure. These changes can be grouped broadly into the following categories: [parking](#), [Climate Friendly Areas](#), transportation, but the first set of changes will affect parking. The [Bend City Council voted](#) to remove parking minimum requirements for new residential development in early 2023. The code also includes rules related to facilities for electric vehicles that were outlined in the Climate Friendly and Equitable Communities rules. New rules for electrical facilities generally require new multi-unit developments or certain new mixed-use developments to provide enough electrical capacity to support vehicle charging for a certain percentage of parking spaces provided on-site. These rules generally align with the [Council's Community Climate Action Plan](#), which calls for the City to expand its electric vehicle charging infrastructure.

Because the CFEC project is part of new and amended rules from the State Land Conservation and Development Commission (LCDC), the City of Bend is not the only entity navigating the rules and implementing the program. This is important to note, as while the project will zone land to allow for a substantial number of units into Bend's housing continuum, it is a new model and has some development requirements that will need time and shared expertise to implement. Funding is critical for developers to be able to make projects of this magnitude happen, and developing a RLF and/or grant funds to assist with land acquisition and / or construction costs

will be critical to their success.

Step 1: City will refine grant and/or RLF concepts with developers facing barriers related to affordable housing development. City will seek permission from City Council, in collaboration with the City's Finance Department, to create a new fund(s). Upon authorization, staff will implement an existing public process, shaped by years of feedback, by which funds will be deployed to 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. Estimated timeline: January – December 2024.

Step 2: City Council Decision and Adoption of CFA Areas. Estimated timeline: January - December 2025.

Step 3: Request for Proposals (RFP) offered for land acquisition and construction costs. The intent is to offer the new RLF/grant at the same time as annual CDBG and AHF competitive application cycles, thereby giving applicants the choice to receive multiple subsidies and amplifying the impact of the funds. Estimated timeline: January - December 2025.

Step 4: Completed construction of CFA or other qualified project(s). Estimated timeline: January 2026 - December 2029.

Activity alignments:

- Identified Need (Exhibit C): Acute demand - Affordable housing not keeping pace (offspace), Widespread housing cost burden or substandard housing (HPF).
- National objective (Section III.F.1): benefiting low- and moderate-income persons.
- Eligible activities (per Section III.F.2.b): (iii) Facilitate affordable housing production AND (Section III.F.2.c.iii) A, B, E.

Activity 4: Expand or establish various incentives and subsidies to support affordable housing development and homebuyer assistance.

As mentioned in Appendix C, Need, key barriers that have contributed to Bend's Offspace housing production and widespread Cost Burden (HPF) have been identified as the unavailability of financing and subsidies for affordable housing, CDBG funding procedural issues, infrastructure limitations, and the limited availability and reliability of equitable data. The barrier of limited availability of funding is seen across all levels of affordability and housing types in Bend, but this Activity only addresses affordable rental, affordable homeownership, and housing for income earners over HUD-defined affordability limits, but under 100 percent AMI ('middle' income housing).

Developers who build affordable housing require significant funding subsidies, including funding for land acquisition, predevelopment and construction costs. Currently, City of Bend

funding sources for affordable housing developers include CDBG funds and AHF funds, which were extensively discussed in Exhibit C, Need, as being insufficient for the level of demand from developers. The City of Bend regularly receives more applications and funding requests than the amount of available funding, resulting in unfunded or partially funded projects, thereby limiting project schedules or proposed scopes. 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 RLF 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. As mentioned, the intent is to offer these new RLF/grants at the same time as annual CDBG and AHF application cycles, giving applicants the choice to apply for any/all funding sources. This amplifies the amount of funding available to developers, directly impact housing production.

Creating new funding sources will also allow affordable housing developers to access State funding sources that have sponsorship requirements. Oregon Housing and Community Services (OHCS) facilitates the [LIHTC Program](#), which provides tax credits for developers to construct, rehabilitate, or acquire and rehabilitate qualified low-income rental housing. These development projects include multi-family and single-family rental housing units, which Bend is in desperate need of. OHCS has set aside a minimum of 10 percent of the credit authority for each calendar year, known as [Carryover Allocations](#), along with the requirement of a [Project Sponsor's certification of costs](#). Affordable housing developers could potentially use this new funding source to satisfy a portion of the 10 percent Carryover Allocation. This will not only increase the number of affordable units in Bend, but it will also extend the reach of the LIHTC program in Oregon, which has been very limited in Bend to date.

Presently, City of Bend funding sources (CDBG and AHF) limit the amount of homebuyer assistance to \$30,000, 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 of Bend will work with OHCS' team to utilize their expertise and knowledge in defining equitable criteria and legal guidelines. This is discussed in detail in the Fair Housing section of Exhibit D, below. In addition, as affordable developers have increased their scale of development, there is not enough funding available to meet the correlating influx of applications for Homebuyer Assistance. Creating a new RLF / grant funds will allow the City of Bend to thoughtfully and intentionally address the various needs for greater homebuyer assistance funds.

The City of Bend presently offers incentives to affordable housing developers, several of which were described in Exhibit C, Need. This includes SDC exemptions, expedited permitting, and deferred loan repayments linked to affordability covenants and deed restrictions. This Activity would also fund the evaluation, assessment, and implementation of expanded or new incentives to impact efficient housing production. Examples of new incentives are tax credits for homeowners who choose to deed-restrict their home and rent to low-income persons, and an infrastructure RLF / grant funds or incentive package. Funding and incentives will not only

quicken development timelines, they will also reduce the amount of subsidy needed for projects.

Step 1: tied to Activity 3, create new RLF and/or grant funds. Estimated timeline: January – December 2024.

Step 2: Collaborate with OHCS to determine expanded homebuyer assistance guidelines Estimated timeline: January – June 2024.

Step 3: Research, quantify, and evaluate possible new and/or expanded developer incentives. Estimated timeline: January – June 2024.

Step 4: Launch incentives and make funding available. The intent is to offer the new RLF/grant at the same time as annual CDBG and AHF competitive application cycles, thereby giving applicants the option to apply for/receive multiple subsidies and amplifying the impact of the funds. Estimated timeline: June 2024 – May 2025.

Activity alignments:

- Identified Need (Exhibit C): Acute demand - Affordable housing not keeping pace (offspace), Widespread housing cost burden or substandard housing (HPF).
- National objective (Section III.F.1): benefiting low- and moderate-income persons.
- Eligible activities (per Section III.F.2.b): (iii) Facilitate affordable housing production AND (Section III.F.2.c.iii) A, B, E.

Activity 5: Create processes to streamline and simplify housing production

The City of Bend has been working to streamline processes that simplify housing production. 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.

In late 2022 the city of Bend hired its first Middle Housing Coordinator, whose primary role is to simplify, streamline, and incentivize housing production for middle income housing. Previously discussed, middle income housing focuses outside of HUD-defined affordability limits, up to 100 percent AMI. Regarding rental projects this relates to 61 to 100 percent AMI, for homeownership, this relates to 81 to 100 percent AMI. Rapid progress has been made:

- The City of Bend created a one-time \$500,000 grant fund for middle income housing development. An RFP was released and four developers applied, requesting in total \$1,068,312.00, which is more than two times the amount of available funds. Only one project was fully funded, two were partially funded, and one was rejected. This shows the need for support and services to support income and housing development for this range.

- The development of Accessory Dwelling Units (ADUs) is an important method of expanding housing access to lower income ranges. Affordable housing developers may choose to build ADUs within the scope of their upcoming developments, but this is not common in Bend. Community members who own large lots have expressed interest in developing ADUs on their property. To streamline this process, the City recently launched a free, pre-approved ADU plan. This was based on modeling from the City of Eugene who launched their plan several years ago, with moderate success.
- The City of Eugene also launched a pre-approved ADU plan library, of which three plans have completed approval processes. Residents choosing these designs are required to pay for them. Bend's Middle Housing Coordinator is currently developing the prepaid plan program for ADUs, and is in the stage of engaging interested designers.

Based on the feedback gathered from affordable housing developers, community members, and designers, there are significant barriers to expanding middle-income housing development. The barriers identified are permitting procedures and approval timing and predictability, as well as the limited availability of financing and subsidies for middle-income housing. This activity will address these barriers through the following work:

- Expand pre-approved plans for community members to participate 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.
- Evaluate and implement a robust master-permit approval process for middle housing types. Focusing on producing more units via density, many affordable housing developers are building multiple copies of the same plan, such as five identical townhomes or ten identical cottages. Current processes require that each of those units complete unique permitting and review processes. 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 the same. Developing a master plan program for middle housing could streamline approvals for the developers, reduce workload on City staff, and create efficiencies for future projects when plans are reused.
- Inviting community members to build affordable housing on their property has the potential to be daunting and cumbersome. The City plans to develop a toolkit to aid community members in navigating and interpreting city code, zoning, permitting processes, and any possible incentives. This toolkit may include such elements as frequently asked questions, submission specifications, commonly needed forms, fee schedules, applications for exemptions, and training resources.

Step 1: Developer roundtable, survey, or other communication on specifics of program.
Estimated timeline: January - March 2024

Step 2: Related to establishing new RLF and/or grant funds Activity 3, acquire Council

approval of fund creation. Estimated date of completion: Estimated timeline: January - December 2024

Step 3: Launch of initial public funding process and funding awards approved by Council. Estimated timeline: – January - December 2025.

Step 4: Loan agreements and financing ready for deployment Estimated timeline: January - June 2026.

Activity alignments:

- Identified Need (Exhibit C): Acute demand - Affordable housing not keeping pace (offspace), Widespread housing cost burden or substandard housing (HPF).
- National objective (Section III.F.1): benefiting low- and moderate-income persons.
- Eligible activities (per Section III.F.2.b): (iii) Facilitate affordable housing production AND (Section III.F.2.c.iii) A, B, E

ii. **What is your geographic scope? (5 points)**

Bend has limited land available for affordable housing development. State land use laws restrict urban levels of development and city annexation to certain, pre-defined areas and limit the City's ability to expand. Historically, developers have maximized any land that becomes available, and this has been an opportunistic approach to development, rather than a targeted approach based on locations or neighborhoods. However, this proposal highlights the City of Bend's targeted approach of creating, incentivizing, and funding affordable housing development in targeted locations and areas.

Bend's Opportunity Areas relate to federal tax incentives aimed at spurring new investment in low-income census tracts. Formed via the Tax Cuts and Jobs Act of 2017, these areas allow for investors to defer payment on unrealized capital gains using "Opportunity Funds" which may then invest in businesses or real estate within the zone. Bend has three census tracts that received approval for Opportunity Area designation in 2018, and they remain in effect through December 31, 2028. The Opportunity Areas that were identified for mixed-use or housing at the time of the 2016 UGB expansions are expected to provide capacity for over 2,900 units. A significant amount of additional capacity (roughly 1,400 units) is in platted lots, which are in the process of building out.

Presently, the City of Bend is in the midst of a three-year planning process for the designation and implementation of CFEC communities. Phase One, continuing through 2023, involves community outreach and geographic analysis. Phase two, encompassing 2024 to 2025, and involves designation of the CFEC area, and at the end of 2025, City Council will approve and adopt the CFEC area. Development will begin sometime thereafter. Other factors of consideration are walkability and access to critical resources, employment and education, economic mobility opportunities, and displacement mitigations and avoidance strategies. An

infusion of affordable housing units in these targeted areas, will ensure that Bend not only meets the needs of today's residents, but addresses the needs of the future community as well.

The City of Bend's [Housing Capacity Analysis](#) for 2025 to 2045, which is presently in draft format, shows the broad geographic range scope for housing development. The Housing Capacity Analysis identifies that most of the capacity in the City of Bend lies in areas with some form of existing approval or specific housing target (master plans, Expansion Areas, or legislative additions). Urban Growth Boundary (UGB) Expansion Areas and subsequent legislative additions that have adopted policies that specify minimum housing unit targets and mixes provide capacity for over 10,000 units. Other approved master plans will provide capacity for over 2,500 units.

There are several policy and market variables that could alter housing capacity in Bend, including elimination of minimum parking requirements Citywide, designation of Climate Friendly Areas (CFAs) under the Climate Friendly and Equitable Communities (CFEC) rules, potential for a greater market response to expanding options for middle housing pursuant to HB 2001 (2019) and the associated administrative rules, and additional potential changes to zoning (density, height limits, etc.) that the City could consider as potential efficiency measures. These variables are expected to change the outcomes for areas with platted lots, master plan approvals, or policy targets for housing mix. These factors could increase housing capacity by roughly 3,500 dwelling units—roughly a 12-15 percent increase in capacity. Most of the increase comes from additional housing development in commercial and mixed-use areas and some increase to middle housing development in existing neighborhoods.

iii. Who are your key stakeholders? How are you engaging them? (5 points)

The City of Bend researched, drafted, and submitted its [2023-2027 Consolidated Plan](#) to HUD in mid-2023. It may be assumed that all agencies and partners included in the Consultation Section of the Consolidated Plan were incorporated into the planning of this proposal. However, for the sake of page limits, only the stakeholders who provided new or amplified input to the City after the submission of the Consolidated Plan are listed below.

Affordable housing developers and agencies that provide funding or technical assistance for housing and social services: The City of Bend 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 have received funding from the City for many years. Interactions and input from these partners regarding barriers experienced in permitting, limitations in funding programs, cost burden, and the unavailability of sufficient funds. Their input informed barriers and needs in Exhibit C, and strategies in Activities 1, 2, 4, and 5 in Exhibit D.

- Hayden Homes builds as both a non-profit and for-profit housing developer. Hayden Homes has been working 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% of which are designated for affordable housing. Along with this pilot project and partnership with the City, Hayden Homes has provided vital feedback regarding barriers with infrastructure, funding, and middle income housing needs. Input informed barriers and needs in Exhibit C, and strategies in Activities 1, 2, 4, and 5.
- 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. Input informed barriers and needs in Exhibit C, and strategies in Activities 1, 2, 3, and 4.
- Shepherd's House Ministries operates only low-barrier overnight emergency shelter in the City, which also provides critical support services 5 days a week. Starting 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. Their regular input and feedback regarding houseless conditions and the need for subsidy directed needs in Exhibit C, and strategies in Activity 2.
- Middle Housing Technical Advisory Committee (TAC) was formed in 2023 to support the City's work in building its middle housing program. Members include an attorney, architect, affordable housing developer, housing-related service provider, a lender, and a real estate finance expert. Their feedback and input regarding subsidy, code and permitting barriers informed needs in Exhibit C, and strategies in Activities 1, 2, and 5.

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, informing Activity 2 and the Fair Housing aspects of Exhibit D.

General public community members: Bend's public provided feedback to AHAC and City staff during a public meeting regarding rent burden in August 2023. In 2018, the Oregon legislature passed HB 4006, which mandated cities conduct a public meeting and discuss rent burden causes and potential solutions when 25 percent or more households of cities with populations greater than 10,000 experience severe rent burden. Recent data showed that 25.5 percent of Bend's renters were severely rent burdened, and the public was invited to submit written comments, or to present comments live to the committee. Input from the community supported Exhibit C, Need, for affordable housing production and efforts to address cost burden. In addition, input

directed plans for Activities 2 and 4.

In addition, the City has been engaging in Fair Housing outreach with the public while revising the Analysis of Impediments to Fair Housing. Feedback has been gathered at community events and through an anonymous [Community Fair Housing Survey](#). Input regarding the lack of available, affordable, or accessible housing, limited homebuyer assistance funds, cost burden, capacity limitations with property management companies, and Fair Housing concerns directs every barrier and need in Exhibit C, and every Activity planned in Exhibit D.

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, LGBTQ+, disability status, immigration, survivors of domestic violence, and the elderly. Input regarding the lack of available, affordable, or accessible housing, limited homebuyer assistance funds, cost burden, capacity limitations with property management companies, and Fair Housing concerns directs every barrier and need in Exhibit C, and every Activity planned in Exhibit D.

**iv. How does your proposal align with requirements to affirmatively further fair housing?
(5 points)**

As an entitlement, the City of Bend has been engaged and invested in affirmatively furthering fair housing for many years. The Analysis of Impediments to Fair Housing (AI) was most recently submitted to HUD in 2019, and identified and laid the foundation for much of the work that is described in this document. The City's Housing Department is presently in the process of revising the AI, and has been engaging with the community to listen to housing experiences and concerns. Information gathered from the community will provide direction for the Housing Department to create goals for the City to address the causes of housing discrimination and milestones for the City to create greater access and housing choice for Bend's community members.

The Equity Department is committed to working alongside the Housing Department in affirmatively furthering fair housing. As mentioned previously in Exhibits C and D, the need for recent, relevant, Bend-specific data is critical to understanding the scope and magnitude of fair housing concerns. Before this can begin, the Equity Department will identify local historic legacies barriers to fair housing, identify historic practices in the area, and quantify how it can be identified and diverted in the present and future. A baseline metric will then be established to determine how equity is embedded across all city work, and then guidelines set up to establish how to make forward progress in equity and fair housing.

- The City of Bend is committed to investing and building our work and focus on diversity, equity and inclusion (DEI). In 2019, City Council established a specific DEI goal, "Embed a commitment to diversity, equity and inclusion within the City Of Bend and publish DEI statistics to the public by 6/30/20," and created four key strategies:

DEI Training Program: The City of Bend offers training opportunities for City Council,

staff, and volunteers to build awareness and understanding on a wide range of DEI topics. Trainings are tailored to meet teams' specific needs and offered through a variety of platforms. As part of the commitment to DEI training, the City partners with the COCC Public Sector Employee Training Program.

Organizational Assessment: The City hired a consultant to conduct an internal survey and organizational assessment to help identify strengths and opportunities for supporting employees and community members from underrepresented and marginalized groups. The final report and summary will be used as a baseline to develop action plans and build resources over the coming year.

Short-term Task Force: Community members from diverse backgrounds worked with City staff to provide recommendations to improve services to underrepresented or marginalized community members. The task force also made recommendations for establishing the Human Rights and Equity Commission. For more information about the task force's recommendations, please see the Allyship in Action Report to City Council.

Human Rights and Equity Commission: On October 17, 2020, City Council had its first reading of an ordinance to establish the Human Rights and Equity Commission (HREC). The commission ensures historically marginalized and underrepresented people and communities in Bend have equal access to City programs and services, representation in City decision-making, and a venue to raise concerns and complaints about discrimination.

In addition to the DEI Council goal, the City of Bend is an active member in the organizations and initiatives listed below. The City also partners with a number of community organizations engaged in local diversity, equity and inclusion efforts through participation in their events and programs, and formal sponsorships.

- Targeted Universalism (TU) is a framework designed with the understanding that general policies, practices, or investments that do not consider how people are situated differently will exacerbate inequities even when they achieve positive aggregate results. Staff will work in tandem with nonprofit partners to focus specifically on policy programs to reduce disparities.
- 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 2019 Analysis of Impediments to Fair Housing identified possible racial and ethnic concentrations in all but two census tracts. Bend has made strides in increasing racial diversity in most of its census tracts. Potential concentrations of minorities may exist, such as the small pockets of housing discussed in the 2023-2027 Consolidated Plan 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. In some cases, the concentration may be the result of a few families comprised of people of color relocating within Bend.
- Regarding homeownership and racial disparities, there is some data available to show that Racial disparities in homeownership (HO) rates in Bend have a greater magnitude than the USA

and Oregon. White homeownership rates are relatively consistent (75 percent nationwide, 67 percent in Oregon, 71.8 percent in Bend), and in 2021, made up 80 percent of Bend's new mortgages in 2021. Contrastingly, Black households have marked disparity (45 percent nationwide, 36 percent in Oregon, 24.3 percent in Bend) and only made up 0.1 percent of Bend's new mortgages in 2021. Activity 4 will include homebuyer assistance funds, and partnerships with OHCS and the Fair Housing Council of Oregon will help to identify and implement strategies to support these protected classes with subsidy. However, data regarding renting and other economic disparities is limited and not conclusive to make determinations regarding Bend's market at this time. Activity 2 includes the Equity Department's plan to gather data and evaluate local conditions or disparities in these areas.

- The Housing Department is in the process of updating and revising the Analysis of Impediments to Fair Housing, with plans to submit to HUD in early 2024. Presently, staff have engaged with the community in multiple events and launched a Community Fair Housing Survey. While this work is ongoing and not yet exhaustive, feedback received has been discussed in Exhibit C, Need. Community concerns with various property management companies will be addressed through the creation of the Housing Production Implementation Plan in Activity 2, along with any other commonalities identified fair housing concerns upon the completion of outreach activities.
- In light of Fair Housing considerations and public survey comments, affordable housing development proposals in areas of greatest opportunity could receive greater weight in funding determinations in the future. Those areas of opportunity were identified in the 2019 Analysis of Fair Housing Impediments and are outside of the areas of greater low-moderate income households. Maintaining this balance is the reason Bend does not currently prioritize allocations to geographic areas.
- The City of Bend's proposal will not cause displacement, and in fact may assist in alleviating displacement if fully funded. One goal of the grant proposal is development, particularly in areas adjacent to those shown as most likely to face displacement in Bend.
- One of the goals of this application is to evaluate ways to promote accessible housing. City of Bend has a full-time Accessibility Coordinator who reports to the Equity Director. Both staff are engaged in planning and implementation of this grant. In addition, the Housing Department and AHAC are evaluating funding scoring criteria to add bonus points for proposals 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.
- The City of Bend has previously faced resistance to change related to codes and procedures. We expect to dedicate time to educate the community on potential changes, and provide opportunity for feedback and comment. Programming time for this education is pivotal to our success, and tying that education to structural barriers that our residents understand is helpful. For instance, as the first large city in Oregon to implement HB 2001, we ensured that our

community understood the racist history in exclusionary zoning, and how that was a motivating factor in the State's decision to enact this law. In addition, we are fortunate that many forms of affordable housing construction in Oregon are protected by by-right zoning standards that award attorney's fees when a suit is brought without merit in opposition to development. If those statutes do not apply, our City Attorney's office will defend the cases as they would any other against the City.

- 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 RLF and/or grant funds are created with specifications and requirements for subrecipients to engage and support these businesses, and if Housing staff include this review in monitoring activities.
- Activities 3 and 4 will potentially fund land acquisition, the construction of affordable housing, infrastructure, or homebuyer assistance. The City of Bend requires applicants and awarded subrecipients to submit an Affirmative Marketing Plan, outlining their agency's activities and outreach to protected classes. When staff performs monitoring activities of subrecipients, this is reviewed and activities confirmed.

What are your budget and timeline proposals? (5 points)

- Please refer to (form) for the proposed budget. The budget was 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.
- With \$10M (full request), the City is proposing to complete all Activities in Exhibit D. Funding will be allocated in the following way:
 - \$2,077,980 for planning, program administration, and planning costs,
 - \$7,922,020 for the RLF/grant funds. Funds will be offered through competitive funding applications over 4 years, and will be available for land acquisition, infrastructure, homebuyer assistance, and new housing construction:
 - 2025 - \$3,922,020
 - 2026 - \$2M
 - 2027 - \$1M
 - 2028 - \$1M

The minimum amount of funding that will allow the City to carry out the proposal in some form is \$3M. With this amount, the project scope will change in the following way:

- Activity 1 - The City will not hire a consultant to complete internal review of planning and procedural areas that may be creating barriers to housing production, and the potential hiring of additional staff will not occur. Current strategies will remain in place.
- Activity 2 – The City will not complete this activity, and will rely only on the document

created by Growth Management Department, acknowledging that it will be limited in scope and lack equitable Bend-specific data.

- \$600,000 will be allocated for planning, program administration, and planning costs,
- \$2.4M for the RLF/grant funds. The funds will be offered through competitive funding applications over 4 years. This scaling will not be appropriate to fund projects for home buyer assistance and new construction, thus the RLF will be focused on land acquisition or infrastructure only.
 - 2025 - \$1M
 - 2026 - \$800,000
 - 2027 - \$600,000
 - 2028 – no offering

Receiving \$5M, or 50% of the request, the City will carry out the proposal in the following way:

- Activity 1 - The City will hire a consultant to complete internal review of planning and procedural areas that may be creating barriers to housing production, and the potential hiring of additional staff will occur.
- Activity 2 – The City will not complete this activity, and will rely only on the document created by Growth Management Department, acknowledging that it will be limited in scope and lack equitable Bend-specific data.
- \$1M will be allocated for planning, program administration, and planning costs,
- \$4M for the RLF / grant fund. Funds will be offered through competitive funding applications over 4 years. This scaling may not be appropriate to fund projects for land acquisition or infrastructure, but the funds will be available to applicants for land acquisition, infrastructure, homebuyer assistance, and new housing construction, with the expectation that some will likely be declined or only partially funded:
 - 2025 - \$2M
 - 2026 - \$1M
 - 2027 - \$1M
 - 2028 – no offering

• Please refer to Exhibit D for project schedules for completing all proposed activities in advance of the expenditure deadline at the end of FY 2029. Each activity in Exhibit D identifies significant plans and milestones required for completing the planning and implementation process. Planned start and completion dates of all items are also included in Exhibit D.

Exhibit E: Capacity

Applicant: City of Bend

DRAFT

c. CAPACITY (Maximum 10 points)

i. What capacity do you and your Partner(s) have? What is your staffing plan? (10 points)

- The City of Bend's Housing Department will lead the implementation of the proposed activities. The Housing Department is led by Lynne McConnell, Housing Director. Lynne currently oversees a pipeline of nearly 900 affordable units, 3 shelters, and middle-income housing programming. Prior to joining the City, she was NeighborImpact's Deputy Director of Community Services, overseeing 5 major community action programs that serve 50,000 individuals annually. She holds a BA in Sociology from the University of Oregon and a JD from Lewis and Clark. Lynne has accrued a wide spectrum of housing experience including oversight and management of HUD CPD programs including CDBG, CDBG-CV, ESG, HOME, HUD FHA programs including HECM, HUD office of housing counseling and extensive coordination with HUD multifamily, Public Housing, and FHEO, and served as a NeighborWorks America home ownership center manager. In addition, Lynne has background in landlord-tenant and public benefits law, grant administration, and operations. She has an extensive volunteer history and has amassed a variety of awards including work in mentoring, serving her clients with enthusiasm, and business accomplishment.
- 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 of Bend 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](#) was recently launched for the City to communicate progress made on Council goals, and it is important to note that this proposal aligns with all five areas of Council goals.
 - The Housing Department 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 Department is a team of seven (7) housing specialists, five (5) of which will have work assignments and alignments with the scope of this grant. The proposed budget shows that staffing costs 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 Housing Director, Affordable Housing Manager, Middle Income Housing Coordinator, Affordable Housing Coordinator, and Executive Assistant will all be responsible for various planning and

program activities.

- The Community and Economic Development Department encompasses multiple departments, not all of which are included in the scope of this grant. The proposal includes funding to hire a limited-duration consultant, who will be tasked with independently reviewing some of the Community Development Department's processes related to barriers discussed in Exhibit C, primarily permitting, City codes and standards, and zoning. The proposed budget also includes funding for additional staff in this department, should the consultant recommend expanded staffing as a means to address or reduce barriers.
- The Finance Department consists of 28 employees, which includes 3 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 4 employees and is in the process of creating a new position, to be filled in late 2023. 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 plans for the future of Bend. 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 (Activity 3 in Exhibit D) and drafting the Housing Capacity Analysis (Activity 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. Related to the scope of this grant, 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.

• While the City of Bend 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, most recently during the COVID-19 pandemic, 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.

- Mellissa Kamanya, Affordable Housing Coordinator at the City of Bend, wrote this application on behalf of the Housing Department. Coordination with the City Manager's Office, City Attorney's Office, and the City of Bend's Equity, Finance, and Growth Management Departments ensured that the problems, barriers, and activities proposed are in alignment with current and future City Council goals, City staffing, departmental workplans, as well as key stakeholder and subrecipient plans and capacity.
- As a CDBG Entitlement, the City of Bend has consistently been committed to affirmatively furthering fair housing. As a routine part of this work, data is analyzed and reviewed to identify and present potential racial or economic disparities. Discussed extensively in Exhibits C and D, in the recent process of drafting and submission of the 2023-2027 Consolidated Plan, racial and economic disparities were identified using the limited data available through US Census, CHAS, and ACS.

The Equity Department is in the process of hiring a data specialist, and Activity 2 in Exhibit D explains the plan to expand this scope. The Housing Department will support the Equity Department's data and policy analyst in identifying types of data that are lacking, and therefore needed, in relation to Bend. Baseline data and Housing Department-specific goal setting will occur through December 2024. This data will not only be used to draft and finalize the Housing Production Implementation Plan, it will also be used to supply the Housing Department with critical data to inform fair housing efforts and goals.

In addition, Rachel Baker, Affordable Housing Manager, is an attorney whose career has predominantly focused on Fair Housing. Ms. Baker worked for several years with Legal Aid Services of Oregon (LASO), an agency that provides civil legal help to low-income at no cost.

See next page for City of Bend's Organizational Chart.

Housing Department Organizational Chart - 2023

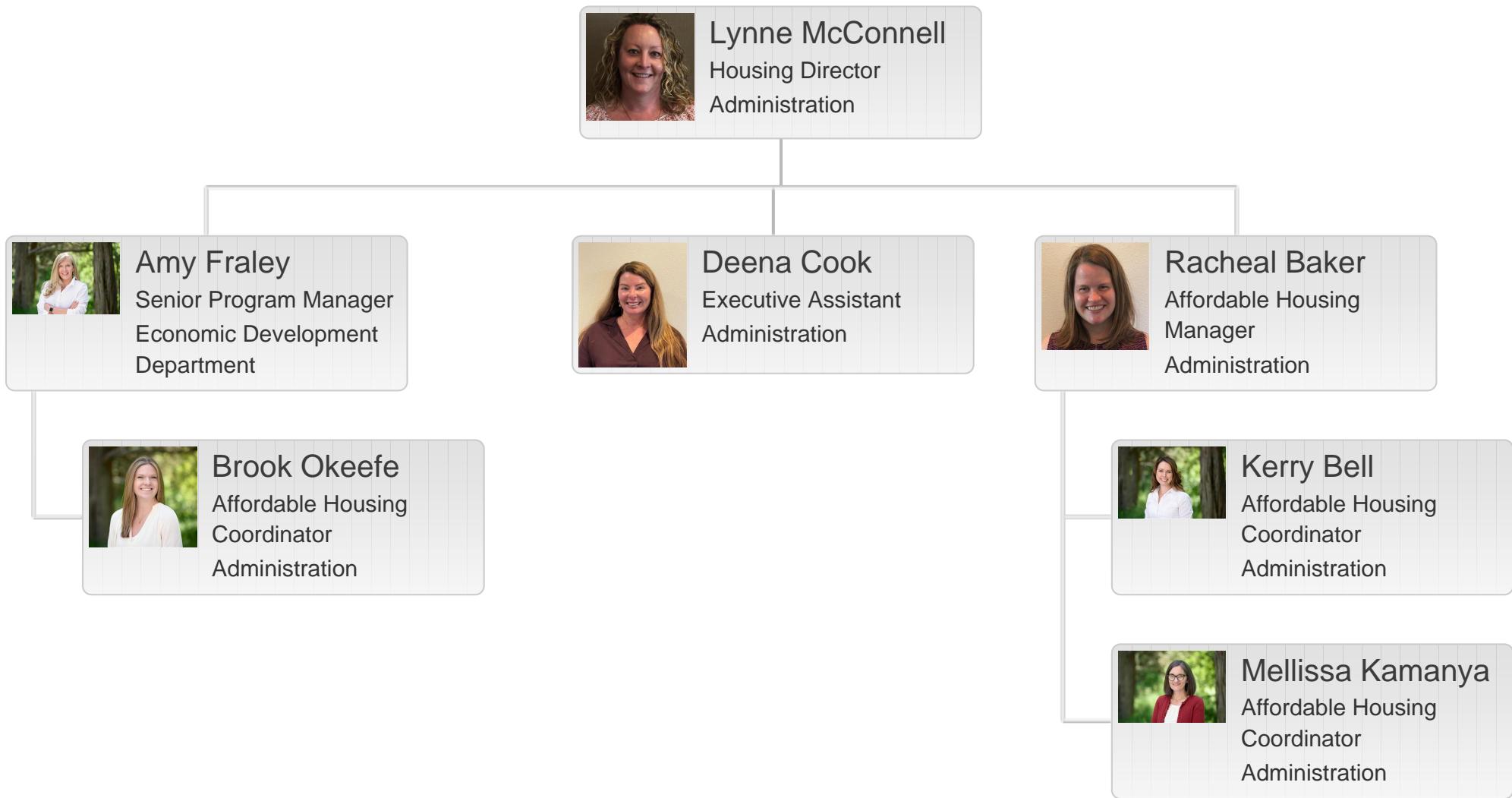


Exhibit F: Leverage
Applicant: City of Bend

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d. LEVERAGE (Maximum 10 points)

i. Are you leveraging other funding or non-financial contributions? (10 points)

The total project cost is \$19,268,520. The City is requesting \$10M from HUD, of which \$2,077,980 is for planning, program administration, and planning costs, and \$7,922,020 is for a new fund for affordable housing. The remaining amount of \$9,268,520 will be funded by the City's Affordable Housing Fee, annual CDBG grants, and other City sources.

Please refer to the attached budget spreadsheets for further details.

City of Bend leverage documents and commitment letters are in process and will be finalized before submission on 10/30/2023.

Table 1: Scoring for Leveraged Funding
Leverage commitments as percent of grant funds requested

	Points awarded
50 percent and above	10
Between 40.00 and 49.99 percent	8
Between 30.00 and 39.99 percent	6
Between 20.00 and 29.99 percent	4
Between 10.00 and 19.99 percent	2
Below 10.00 percent	0

Exhibit G: Long-term Effect

Applicant: City of Bend

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e. LONG-TERM EFFECT (Maximum 10 points)

i. What permanent, long-term effects will your proposal have? What outcomes do you expect? (10 points)

- This proposal has many goals. The main specific deliverables and their long-term impacts:
 - Internal changes to planning, 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.
 - A Housing Production Implementation Plan, using recent and relevant Bend-specific data to comprehensively 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 equity 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 funding RLF and/or grant funds created, offering up to \$8M in funds to developers in as many as four 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, and master-plans for large projects. The anticipated long-term impact is increased housing production as approvals are faster and easier to navigate.
 - A Toolkit for community members who want to build 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.
- A significant roadblock that this proposal might be facing 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. Offering the largest amounts of funding in the first application cycle, and tapering to lower amounts for each subsequent cycle, will allow projects in need of large subsidy to begin their projects at current market costs. The intention of tapering funds in applications is also to give the City time to increase or add alternative funding streams, thereby not relying solely on this funding source.

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.

- Several aspects of the proposal, as explained above, 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.
- Bend's top two natural hazards are drought and wildfire hazards. Activity 3 in Exhibit D is an example of how this proposal is addressing these hazards and changing climate. Climate-Friendly Areas, which aim to be constructed in areas with walkability to critical and desirable amenities, encourage utilization of public transportation and electric transportation options to reduce carbon emissions.
- Success at the end of the period of performance will be:
 - a. Regarding Exhibit C, a.(ii), Acute demand - Affordable housing not keeping pace, success will be increased housing production, as evidenced by a declining Offspace factor. Presently, the City's Offspace threshold calculation provided by HUD (Housing and Urban Development) in relation to this NOFO (Notice of Funding Opportunity) is 0.256625, higher than the national Off Pace factor of 0.107911. Because housing production is a long process, changes to this metric may take several years. Considering that while this grant will result in an increase in housing units developed, the population in Bend is rapidly growing. A tangible goal is a 15% decrease in the Offspace factor by 2029. This relates to an Offspace factor of 0.218131.

Secondary metrics that may indicate success in impacting offspace production:

- Increased affordable housing unit production by 15%. 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. Data will be compared on an annual basis as well as a 5-year average to address variations in the housing market and the timing of fund availability.
- A 20% reduction in the overall amount of time in permitting. 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.

- b. Regarding Exhibit C, a.(ii), Widespread housing cost burden or substandard housing, success will be evidenced by a declining Housing Problems Factor (HPF). The City of Bend's HPF threshold calculation provided by HUD in relation to this NOFO is 0.378681, which is slightly lower than the national HAF of 0.428937. Multiple sections of this application address the cost burden, and concludes that while the number of cost burdened households have declined over time, it 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 houselessness. The City of Bend considers cost burden to be a critical issue in need of urgent attention, resources, and community collaboration. A tangible goal is not related to reducing the HAF that HUD has published, but rather collecting baseline data to establish the true cost burden in Bend residents, with extra effort to identify cost burden on classes protected by the Fair Housing Act.

Secondary metrics that may indicate success in identifying and impacting HPF:

- Establish a baseline for 2023-2024 cost burden, relying on the Equity Department's data analyst which will be hired in late 2023.
- As housing choice increases and the RLF / grant fund offers more available homebuyer subsidy, reduce the baseline cost burden by 10% by 2029.

Attachments

Applicant: City of Bend

(not included in page count)

- (proposed) Budget Summary
- (proposed) Budget Worksheet
- Partnership Letters

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Grant Application Detailed Budget Worksheet

Detailed Description of Budget		
Analysis of Total Estimated Costs	Estimated Cost	Percent of Total
1 Personnel (Direct Labor)	2,738,100.00	14.2%
2 Fringe Benefits	1,668,400.00	8.7%
3 Travel	0.00	0.0%
4 Equipment	0.00	0.0%
5 Supplies and Materials	0.00	0.0%
6 Consultants	150,000.00	0.8%
7 Contracts and Sub-Grantees	12,522,020.00	65.0%
8 Construction	0.00	0.0%
9 Other Direct Costs	17,108,520.00	88.8%
10 Indirect Costs	2,160,000.00	11.2%
Total:	19,268,520.00	100.0%
Federal Share:		
Match		
(Expressed as a percentage of the Federal Share):		

Previous versions of HUD-424-CBW are obsolete.

Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026

Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026

Applicant Name:		City of Bend										
Subtotal - Transportation - Airfare												
3c. Transportation - Other		Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
Subtotal - Transportation - Other												
3d. Per Diem or Subsistence (indicate location)		Days	Rate per Day	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
Subtotal - Per Diem or Subsistence												
Total Travel Cost												
4. Equipment (Only items over \$5,000 Depreciated value)		Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
Subtotal - Equipment												
Total Equipment Cost												
5. Supplies and Materials (Items under \$5,000 Depreciated Value)												
5a. Consumable Supplies		Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
Subtotal - Consumable Supplies												
5b. Non-Consumable Materials		Quantity	Unit Cost	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
Subtotal - Non-Consumable Materials												
Total Supplies and Materials Cost												
6. Consultants (Type)		Days	Rate per Day	Estimated Cost	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income
Versions of HUD-424-CBW are obsolete. Banner Removal Consultant				\$150,000	2 \$150,000							
Form HUD-424-CBW (2/2003)												
<i>DO NOT TYPE OR FAX IN THIS AREA</i>												

Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026

Grant Application Detailed Budget Worksheet

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Grant Application Detailed Budget Worksheet

OMB Approval No. 2501-0017
Expiration: 1/31/2026



September 29, 2023

Deborah Flagan
Hayden Homes
2464 SW Glacier Place, Suite 110
Redmond, OR 97756

RE: Pathways to Removing Obstacles to Housing (PRO Housing) Grant

To the U.S. Department of Housing and Urban Development;

It is my pleasure to submit an Evidence of Partnership letter for the City of Bend.

Hayden Homes is the largest private homebuilder in the Pacific Northwest building over 24,000 homes since 1989. Our focus is to develop and deliver homes to each of the 65 cities we serve that meets the area medium wage earner so the hardworking families can achieve homeownership.

Over the past 20 years we have partnered with the City of Bend and have constructed 1200 homes within the City. In the past three years we have embarked in bringing affordable and transitional housing to the market. In turn, we have utilized various City of Bend funding sources to offset infrastructure and construction costs/fees resulting in 175 deed restricted affordable units and 95 transitional units which is much need to the market.

The City of Bend has been a leader in the State of Oregon and the Northwest for taking steps to address barriers, formulating policies and programs that support and encourage housing development. ***Due to their forefront leadership and commitment to housing they are primed and ready for this grant.***

Hayden Homes supports the efforts of the City of Bend as they seek grant funding for Pathways to Removing Obstacles to Housing. We plan to continue to work with the City of Bend through our established and trusted partnership. This critical funding will support our work and allow us to focus on the development of affordable units through 2029.

I highly recommend the City of Bend and encourage support for this grant request.

Sincerely,

Deborah Flagan

Deborah Flagan
VP of Community Engagement
dflagan@hayden-homes.com

2464 SW Glacier Place, Suite 110 | Redmond, Oregon 97756
800-923-6607

CCB# OR-172526 | WA-HAYDEHL937BH | ID RCE 29 144 

RE: Pathways to Removing Obstacles to Housing (PRO Housing) Grant

To the U.S. Department of Housing and Urban Development;

It is our pleasure to submit an Evidence of Partnership letter for the City of Bend.

The Yes In My Back Yard (YIMBY) movement is a national movement to promote the exact solutions the HUD PRO Housing Grant intends to promote, and we are pleased to support these efforts in partnership. The City of Bend has been a tremendous partner to our local YIMBY chapter and we wholeheartedly support their application for this grant.

Bend has a demonstrated history in pursuing barrier removal work that promotes affordable housing, and is seen as a leader in Oregon for this work. We strongly recommend they are funded by the HUD PRO Housing Grant and can help demonstrate how small and medium sized cities can tackle this work in partnership with HUD. Bend YIMBY is enthusiastic to support this work locally in partnership with the City.

I highly recommend the City of Bend and encourage support for this grant request.

Sincerely,

John Heylin, Kathryn Olney, Jim Roberts, David Welton

On behalf of Bend YIMBY,

A chapter of YIMBY Action a 501(c)(4) nonprofit organization



www.bendyimby.com



405 SW 6th Street
Redmond, OR 97756
p: 541.923.1018
f: 541.923.6441
www.housing-works.org

To the U.S. Department of Housing and Urban Development:

It is my pleasure to submit an Evidence of Partnership letter for the City of Bend. Housing Works is the regional Housing Authority for Central Oregon. We serve six communities including the City of Bend, the region's largest city. Housing Works focuses on developing affordable rental housing and Permanent Supportive Housing (PSH) for chronically homeless. Housing Works has built over 1,300 units since 1977 with over 600 in the City of Bend. Housing Works has partnered with the City of Bend since the 1980's, utilizing various City of Bend funding sources to purchase more than a dozen parcels of land and construct 616 units.

Housing Works supports the efforts of the City of Bend as they seek grant funding for Pathways to Removing Obstacles to Housing. With the established and trusted partnership between the City of Bend and Housing Works, we plan to continue to work with the City of Bend. This critical funding will support our work and allow us to develop an additional 500 more units in Bend through 2029. We are eager to continue to address this severe housing shortage in partnership with Bend and HUD.

I highly recommend the City of Bend and encourage support for this grant request.

Sincerely,



David Brandt
Executive Director

WISHCAMPER

Development Partners

oregon 503.819.3521
montana 406.728.3040
wishcamperpartners.com

Justin Metcalf
Wishcamper Development Partners
7412 SW Beaverton-Hillsdale Highway
Suite 104, Portland, OR 97225

9/27/23

RE: Pathways to Removing Obstacles to Housing (PRO Housing) Grant

To the U.S. Department of Housing and Urban Development;

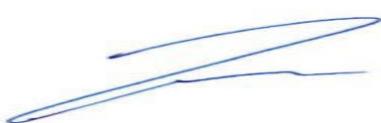
It is my pleasure to submit an Evidence of Partnership letter for the City of Bend. We have been impressed with Bend's pursuit of pro-housing strategies and hope to continue helping implement housing production and affordability.

Wishcamper Development Partners focuses on developing affordable rental housing and has built or redeveloped over 16,500 units nationwide since the early 1970's. Wishcamper Development Partners has partnered with the City of Bend since 2021, utilizing various City of Bend funding sources to construct 240-units.

Wishcamper Development Partners supports the efforts of the City of Bend as they seek grant funding for Pathways to Removing Obstacles to Housing. With the established and trusted partnership between the City of Bend and Wishcamper Development Partners, we plan to continue to work with the City of Bend. This critical funding will support our work and allow us to develop 400 more units in Bend through 2029.

In my opinion, having worked all over the country, the staff at the City of Bend are very talented and easy to work with. I highly recommend them and encourage support for this grant request.

Sincerely,



Justin metcalf
Co-Managing Partner, Wishcamper Development Partners
Cell: 406.550.1244 | jmetcalf@wishcamperpartners.com



Jackie Keogh

RootedHomes

150 NE Hawthorne Ave.

Bend, OR 97702

9/15/23

RE: Pathways to Removing Obstacles to Housing (PRO Housing) Grant

To the U.S. Department of Housing and Urban Development;

It is my pleasure to submit an Evidence of Partnership letter for the City of Bend.

RootedHomes focuses on developing homes for affordable homeownership in Bend and has built 10 homes and has 47 in construction since 2014. RootedHomes has partnered with the City of Bend since 2018 utilizing Community Development and Block Grant (CDBG) funds and various City of Bend funding sources to purchase four parcels of land for affordable homeownership, the construction of 57 homes, and the provision of Homebuyer Financial Assistance to seven homebuyers.

RootedHomes supports the efforts of the City of Bend as they seek grant funding for Pathways to Removing Obstacles to Housing. This critical funding will support our work and allow us to overcome impediments to affordable housing, including homebuyer assistance structured as grants, analysis and improvement of equitable policies, infrastructure support, and more.

RootedHomes is committed to working with the City to ensure equitable access to high quality affordable housing in the City of Bend. I highly recommend the City of Bend and encourage support for this grant request.

Sincerely,

Jackie Keogh



September 28, 2023

To: the U.S. Department of Housing and Urban Development

RE: Pathways to Removing Obstacles to Housing (PRO Housing) Grant

It is my pleasure to submit an Evidence of Partnership letter for the City of Bend.

Bethlehem Inn focuses on providing social services and shelter to adults and children who are currently experiencing homelessness. Since opening in 1999, our organization has helped on average more than 1,000 people per year with more than 405,000 nights of shelter. Since our partnership with the City of Bend in 2005, the Inn has utilized Community Development and Block Grant (CDBG) funds to provide social services and shelter to an average of 85 persons per night.

Bethlehem Inn supports the efforts of the City of Bend as they seek grant funding for Pathways to Removing Obstacles to Housing. With the established and trusted partnership between the City of Bend and Bethlehem Inn, we plan to continue to work with the City of Bend. This critical funding will support our work and allow us to provide up to 140 houseless persons each night with shelter and social services through 2029.

On behalf the people we serve, our staff and Board of Directors, we are grateful for the ongoing support and partnership in being part of the solution of end homelessness in our community. I highly recommend the City of Bend and encourage support for this grant request.

Sincerely,

Gwenn Wysling
Executive Director

Transforming Lives Together Through Shelter, Help and Hope



P.O. Box 8540 • Bend, OR 97708 • ph 541.322.8768 • fax 541.318.7336 • www.bethleheminn.org



United Way
Central Oregon



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CHIEF EXECUTIVE OFFICER

Carly Colgan, Chief Executive Offer
Bend-Redmond Habitat for Humanity
224 NE Thurston Ave.
Bend, OR 97701
September 28, 2023

RE: Pathways to Removing Obstacles to Housing (PRO Housing) Grant

To the U.S. Department of Housing and Urban Development;

It is my pleasure to submit an Evidence of Partnership letter for the City of Bend.

Bend-Redmond Habitat for Humanity focuses on changing lives through affordable homeownership, and has served 218 families with affordable homeownership since 1989. Bend-Redmond Habitat for Humanity has partnered with the City of Bend since 2008, utilizing Community Development and Block Grant (CDBG) funds and various City of Bend funding sources totaling more than \$2.1 million. This funding has enabled Bend-Redmond Habitat for Humanity to purchase 19 parcels of land for affordable homeownership, and provide Homebuyer Financial Assistance to 65 homebuyers.

Bend-Redmond Habitat for Humanity supports the efforts of the City of Bend as they seek grant funding for Pathways to Removing Obstacles to Housing. With the established and trusted partnership between the City of Bend and Bend-Redmond Habitat for Humanity, we plan to continue to work with the City of Bend. This critical funding will support our work and allow us to develop 50 units in Bend and provide those homebuyers with Homebuyer Financial Assistance through 2029.

Bend-Redmond Habitat for Humanity would not be able to provide significant opportunities for affordable homeownership without support from the City of Bend. I highly recommend the City of Bend and encourage support for this grant request.

Sincerely,

A handwritten signature in blue ink that reads "Carly Colgan".

Carly Colgan, Chief Executive Offer

We build strength, stability, and self-reliance through affordable homeownership

224 NE Thurston Ave. Bend OR 97701
541-385-5387 / bendredmondhabitat.org
Tax ID #93-1004012 OCCB #83516





Shepherd's House Ministries

Curt Floski
Shepherd's House Ministries
1854 NE Division St.
Bend, OR 97701
September 26th, 2023

To the U.S. Department of Housing and Urban Development;

It is my pleasure to submit an Evidence of Partnership letter for the City of Bend.

Shepherd's House Ministries focuses on providing social services and shelter to people who are currently experiencing homelessness. We have provided 82,585 people 949 nights of shelter since 11/23/20. Shepherd's House Ministries has partnered with the City of Bend since October of 2020, utilizing Community Development and Block Grant (CDBG) funds to open a Warming Shelter in 2020, and then the Lighthouse Navigation Center, which provides social services and shelter to an average of 106 persons daily.

Shepherd's House Ministries supports the efforts of the City of Bend as they seek grant funding for Pathways to Removing Obstacles to Housing. With the established and trusted partnership between the City of Bend and Shepherd's House Ministries, we plan to continue to work with the City of Bend. This critical funding will support our work and allow us to provide 223,820 homeless persons with shelter and social services through 2029.

I highly recommend the City of Bend and encourage support for this grant request.

Sincerely,

Curt Floski
Executive Director

Shepherd's House Ministries is a 501(c)(3) organization | Tax ID 75-3207723

PO Box 5484
Bend, OR 97708
541-388-2096

shministries.org
[@shepherdshouseministries](https://www.twitter.com/shepherdshouseministries)

Grace Changes
Everything.