



HOME COMMITTEE REVIEW

TIF (Tax Increment Financing) Homeownership Models

Rubric

Project Specific Information

AMI/population targets	80 – 120% Area Median Income (AMI)
Unit Creation Potential	Low
Type of Housing	Single Family, Attached and Detached

Partnership Opportunities

Private partnerships	Yes (Developer and BURA)
Community partnerships	Yes (CLTs, CDFIs, BURA)

Considerations For Implementation

Program readiness timeline	6-12 months
Additional staff required	High
Magnitude of initial investment	\$450,000 to \$550,000 per home
Risks	Acquisition and Timing, Mortgage Recovery, Fund Depletion, Administrative Capacity
Proven track record in Oregon	No
Notes	First round focused on undeveloped and underutilized land.



Packet

Description of Models:

Model 1: Purchase Land Predevelopment

The Urban Renewal Agency (“Agency”) acquires residential property in an urban renewal area through two models: properties held or optioned by market-rate developers, and those not yet subject to market-rate development. During the predevelopment phase, it purchases at a price reflecting a reasonable return rather than speculative value. This distinction clarifies its model: facilitating reliable, efficient transactions, removing developer risk, and redirecting assets toward affordable homeownership before appreciation occurs.

The Agency permanently owns the land while the developer builds the housing unit. An income-qualified household purchases the home at a reduced price—due to exclusion of land cost—and signs a long-term ground lease. Resale restrictions ensure lasting affordability for all future buyers, preserving the community’s investment.

Model 2: Purchase Existing Homes

The Urban Renewal Agency acquires residential property in an urban renewal area by targeting homes on the open market, making competitive offers, and closing standard transactions. The Agency would monitor prices and attempt to keep ahead of market-rate buyers and investors, acquiring modest homes before appreciation reduces affordability. After purchase, the Agency may rent, rehab, or sell the property based on property condition.

When ready for disposition, the Agency keeps the land and sells the improvements to an income-qualified household at a reduced price by omitting land cost. This promotes generational wealth building through equity on improvements. The buyer uses a conventional mortgage, signs a long-term ground lease, and attains full homeownership rights. A deed restriction upholds ongoing affordability, making the home a permanent community asset.

Model 3: Provide Low-Interest Loans

Instead of purchasing properties or working with a lender, the Agency gives loans directly to income-qualified homebuyers at below-market rates, which can mitigate barriers in conventional lending. The Agency sets qualification criteria, secures the asset, protects its investment, and enforces affordability through the mortgage.

Model 4: Permanent Buy-Down of Mortgage Rate Basis Points



The Agency permanently reduces the interest rate on a household’s conventional first mortgage by making an upfront payment to the lender at closing, for properties within an urban renewal area. This lowers the mortgage rate and reduces payments for the loan’s full term.

This model eliminates the need for the Agency to act as a lender, hold property, or manage loans. The Agency deploys capital at closing and withdraws, making this the most operationally efficient approach available.

Model 5: Agency as Social Housing Developer

Under this model, the Agency would acquire land in urban renewal areas, finance, and directly construct condominium developments. It sells units to income-qualified households at cost, removing the private market’s developer profit margin. Each sale recycles revenue to the Agency’s revolving fund and underwrites new developments, eliminating the need for ongoing TIF appropriations. The Agency would impose affordability covenants and resale restrictions to guarantee permanent access for future buyers. This model follows social housing frameworks from Vienna, Singapore, and Montgomery County, Maryland, where public developers build and sell at cost, achieving permanent affordability at scale. This is the most ambitious and scalable model. Each completed project funds the next, reducing dependence on subsidies. The Agency must build internal capacity or contract with a public partner to implement.

Implementation Option 1 – Utilize Existing (Expand) Core Area Tax Increment Finance Area

The most actionable option is to launch a program within the existing Core Area Tax Increment Finance District, which has a 30-year duration and \$195 million indebtedness, providing authority and capital. This could allow a faster operational launch balanced against BURA’s other existing work, focuses resources on high-displacement risk areas, and lets BURA demonstrate success in a politically supported district before seeking expansion.

Implementation Option 2 – Establish New Greenfield Housing Urban Renewal District

BURA would create a housing-focused urban renewal district in Bend’s greenfield expansion areas, capturing TIF revenue from new residential construction for affordable homeownership. A greenfield district generates revenue quickly from new homes assessed on a low base, is insulated from other priorities, and allows a focused project list: predevelopment acquisition, developer negotiation, land trust structuring, and interest rate buydown. The establishment follows a multi-step ORS 457 process—feasibility study, blight determination, taxing district negotiation, and Council adoption—with an approximate one-year timeline.

Benefits to the Community:

1. Permanent affordability compounds overtime
2. Displacement prevention for existing residents and workforce households



3. Wealth building for households
4. Capital efficiency and revolving public investment

Risks:

1. Insufficient scale to match displacement pressures
2. Covenant vulnerability
3. Household default risk and program reputation
4. Sustainability risk
5. Opportunity cost of capital deployment
6. BURA, City staff capacity

Utilization of This Tool in Oregon or Similar Community:

The Madras Housing Urban Renewal District (HURD) was established by the City of Madras in 2020 to address housing shortages, affordability challenges, and infrastructure needs that hinder residential development. The district spans over 700 acres of largely undeveloped or underutilized land planned for future housing growth and is administered by the Madras Redevelopment Commission (MRC). HURD uses tax increment financing (TIF), reinvesting a portion of future property tax growth generated within the district to support housing development without increasing existing tax rates.

HURD’s primary purpose is to increase housing supply and affordability by supporting a range of housing types, including single-family homes, townhomes, and multifamily developments. Program incentives may include property tax rebates, direct financial assistance, and public infrastructure investments to reduce development costs and improve project feasibility. The district implements key strategies from the City’s Housing Action Plan, helping align housing production with population growth, workforce needs, and long-term infrastructure planning in Madras.

Key Takeaways:

- No single model is sufficient – tools will work best as a layered strategy
- Program depends on market partnerships and administrative capacity and available funds
- Funds or creates more affordable units within market rate developments

Additional Resources:

- **Madras Housing Urban Renewal District (HURD)**



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