

Bend, Oregon

Population 1987: 18,450
 Population 1997: 32,220
 Population 2007: 75,290



Growth Factors

- Bend is ranked the 6th fastest-growing Metropolitan area in the nation.
US Census Bureau
- Inc. Magazine ranks Bend in Top 10 Cities for Doing Business, moving up 7 places from 2006
Inc. Magazine, May 2007
- Job Growth: Bend was listed as # 2 in the nation for job growth in 2005 for cities under 229,000
Milken Institute.



Median Home Price	Median Income
• 1997 -- \$122,000	• 1997 -- \$38,900
• 1998 -- \$128,000	• 1998 -- \$40,300
• 1999 -- \$136,430	• 1999 -- \$41,500
• 2000 -- \$162,950	• 2000 -- \$41,600
• 2001 -- \$168,950	• 2001 -- \$44,200
• 2002 -- \$183,500	• 2002 -- \$45,000
• 2003 -- \$195,000	• 2003 -- \$54,200
• 2004 -- \$227,500	• 2004 -- \$57,800
• 2005 -- \$279,900	• 2005 -- \$57,800
• 2006 -- \$351,978	• 2006 -- \$58,800
• 2007 -- \$396,400	• 2007 -- \$58,700



The Housing Market (Classical Economic Version)

- Supply will adjust to equal demand
- If the supply of housing gets out of balance with demand, i.e. not enough housing, builders will adjust and make more housing available

What really happened

- Supply could not adjust to meet demand
- External factors adversely affected the supply and the demand for housing

External Factors

- Retirees and vacation/second home purchasers
 - External wealth, money not derived locally
- Urban Growth Boundary, Land Use, Zoning
 - Timing
 - Speed of Growth
- Natural and Unnatural Factors
 - Mountains, Rivers, Forest Service, BLM

Retirees and Vacation Homes

- Buyer's whose wealth is derived from another economy (imported money)
 - Tend to be from a wealthier economy or have more disposable income
- Different type of resident
 - Don't work locally, not here all the time, not as active in local affairs
- Houses that are too expensive for locals are considered a bargain

Comparative Housing Prices

- Aspen, CO \$1,195,000
- Sun Valley, ID \$585,000
- Vail, CO \$2,600,000
- Lake Tahoe \$1,400,000
- Park City, UT \$795,000
- Flagstaff, AZ \$599,900
- Boulder, CO \$549,000
- St. George, UT \$334,900

Starting Salaries

Police Officer	\$48,000 (81% Median income)
Utility Worker, City of Bend	\$30,336 (51% Median Income)
Teacher, Bend – La Pine School District	\$31,700 (54% Median Income)
Registered Nurse	\$48,152 (82% Median Income)
Fire Fighter	\$47,184 (80% Median Income)

Who can buy what.....

- Half of Median House Price would be \$198,000
- Assume 5.99% interest
- 33% to 38% of income and State Bond \$10,000 deferred loan
- Buyer invests \$3,000 to \$5,000
- 33% of income for family at 80% can purchase a \$167,000 home, or 42% of median home price.
- 38% of Income for family at 80% can purchase a \$190,250 home, or 47% of median home price.

Issues with Housing Supply

- Gentrification of older, established neighborhoods of worker/mill housing
- Apartment projects are limited (not traditional housing in Central Oregon)
- Condominium Conversions of existing apartments
- Most Affordable Housing is actually newer, with some old FmHA on outskirts
- Mobile Home Park Closures

Service Industry

- Tourist Based Economy with Minimum Wage of \$7.80, or \$16,224 per year.
- 30% of that income is \$450 per month TOTAL housing expenses
- Non-housing essentials cost people at 27% median income the same as those at 270% median income: both pay the same for gas and milk

Solutions?

- CDBG – Bend became an entitlement community in 2004. Funding is very limited (gone down each year while population has increased)
- State Funding – Is available but has limitations, particularly for use in entitlement communities
- Local

Affordable Housing Fee

- Collaborative solution with Developers, Chamber, Housing Providers and advocates
- One third of one percent of Building Permit Valuation (value of amount of construction on project; land values are not considered)
- Includes all construction, residential, industrial and commercial
- Anticipated to raise \$2 million annually

Advantages of Local Funds

- Non-federal – less restrictions
- Incredible source of match for local developers accessing other funds
- Additional funding for housing projects targeted at 80% of median or below frees up CDBG for more social service projects
- Local buy-in for affordable housing development

Affordable Housing Advisory Committee

- Brings the best people for a solution
 - A representative from the Central Oregon Builders Association
 - A representative from the Chamber of Commerce
 - A representative from a local lending institution
 - A representative from an affordable housing provider
 - A representative from a tenant organization
 - A representative from the Central Oregon Realtors Association
 - A representative from Oregon Housing and Community Services
 - Two at-large representatives

First Round of Funding Preliminarily Awarded


- Applications for a variety of Affordable Housing Projects
 - Rehabilitation of apartment for permanent low income and transitional housing
 - New construction of 54 units senior assisted living apartment
 - Construction financing for low-income homebuyer project
 - Direct homebuyer assistance loans
- Over \$600,000 awarded in first cycle
- Expect to have two cycles per year ahead of State Funding Cycle

Developer Incentives

- Expedited permit processing
- System Development Charge (SDC) Loans
- System Development Charge (SDC) Deferrals
- Property Tax Exemption (for Low-Income Rental Housing)


Mobile Home Park Closure Ordinance

- Provides protections to tenants in parks that will close
 - Owner to pay to relocate units to new park
 - For units that cannot be moved owner to pay either the higher of State of Oregon mandated amount or Real Market Value as determined by county
 - OR
 - Owner can utilize density bonus program




Density Bonus for Re-Developing Manufactured Home Park

- Utilization of new overlay zone
- Owners may “bump” up one zone, either from RS to RM or RM to RH
- Number of Affordable Units must equal those that cannot be moved
- Rents/mortgages are the higher of:
 - One third of income of tenants
 - What mortgage and rent currently is on site
 - Mortgage or rent affordable to family at 50% of median income
- One third of new units to be affordable to family at 25% of median income



Park Example

- 10 Acre Park, zoned RM (7.3 units per acre)
- Currently occupied at seven units per acre (State of Oregon allows all parks to go up to nine units per acre)
- Assume park has 70 units in site
 - Half of units are pre-1976
 - All of un-movable units are low income



Density Bonus Benefit

- 10 Acre site can build up to 21.7 units per acre
 - Assume 80% of density at build out for 173 units
- Net increase of 100 additional units on site
- 35 units will be required to be affordable
 - 4 units will be required to be extremely low income

CENTURY MOBILE PARK

10.8 Acres

State Required Costs	City Required Costs	Difference
\$150,000	\$ 228,840	+\$78,840
# of Units Allowed with RM Zoning	# of Units Allowed with RH Zoning (-20%)	# of Additional Units Allowed w/ Zoning Upgrade
234	371	137

of Affordable Units Required

(based on number of owner/occupied units 1976 & older)

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SISTERS/PARRELL PARK

9.2 Acres

State Required Costs	City Required Costs	Difference
\$130,000	\$162,2600	+\$32,260
# of Units Allowed with RS Zoning	# of Units Allowed with RH Zoning (-20%)	# of Additional Units Allowed w/ Zoning Upgrade
67	159	92

of Affordable Units Required

(based on number of owner/occupied units 1976 & older)

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Surplus Property Disposition

- City has sold over seven acres of land in last two years for development as affordable housing
- Has completed inventory of surplus property, mostly on Roundabouts for sale as affordable
- Make purchasing fund whole and sell at set price with criteria related to best project.

Proposed Annexation Amendment

- If Developer makes 15% of the newly created units as affordable, 25% of the property may have a density increase.
- For each full percentage point of affordable units (rounded up for actual unit numbers) the amount of land that may have increased density shall increase by two and one half full percentage points (i.e.: 16% of units affordable would equate to 26.5% of land receiving a density bonus) up to a maximum of 50% of land receiving up-zoning (**which would equate to 25% of units being affordable**).

Other Programs in Process

- SDC Exemptions (with Green Building Bonus)
- Construction Loan Program
 - Short term financing
 - Deferred payments, low interest rates
- Density bonus for other areas in City of Bend

Questions?