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Bend Oregon Extends Affordable Housing Fee Program Five Years

by Michael Anderson // 2014, Spring



On April 16, the Bend, Oregon City Council voted to extend the city's Affordable Housing Fee program through 2019. With a unanimous vote, Council passed the extension, citing the program's success providing needed housing and jobs to a community hit particularly hard by the crash of the housing market. The program requires the City to charge a fee equal to 1/5 of one percent of the valuation on a building permit. Funds generated by the fee are made available as loans to construct, rehabilitate or preserve rental and ownership housing affordable to low and moderate income households.

Established in 2006, and extended in 2011, the housing program has preserved or created 371 affordable homes and apartments for Bend residents earning less than 80% of area median income. The Affordable Housing Fee ordinance mandates that the goals identified in the City's five year Consolidated Plan dictate priorities for the funds generated from the fee. Bend is in the process of finalizing a new Consolidated Plan that will set the city's long term goals and strategies for addressing the needs of low and moderate income people through 2019. The timing of the Council vote to extend the Affordable Housing Fee program is intended to align the timeline of the review and extension of the fee with the Consolidated Plan on the same five year cycle.

Solidifying the Council's decision to extend the fee was the tacit support of the Central Oregon Builders Association (COBA). COBA opposed the establishment of the fee in 2006, and in 2011 participated in a successful advocacy effort to reduce the Fee from 1/3 to 1/5 of one percent of the permit valuation. But as the economy in Bend worsened, the value of the housing program as a job creator became a reality to COBA members. In 2007, the median home price in Bend was \$426,000. By 2012, the median dropped \$204,000. Although the housing prices have started rise again—the median home price is now \$277,000, with 18% increase in the past year—most people in Bend still feel the sting of the recession.

"During the downturn, investments from the Affordable Housing Fee program created hundreds of family wage jobs in construction for carpenters, drywallers, electricians and plumbers," said Jim

Long, Affordable Housing Manager for the City of Bend. *“It’s not a stretch to say the fee program fueled the construction industry for several years running. That is something COBA can appreciate.”*

To date, the housing program has loaned more than \$5.8 million to affordable housing developments. This funding leveraged an additional \$39.6 million in federal, state and private funds—a ratio of nearly 1:7. According to Jim Long, having a local source of funding allowed Bend to be very competitive securing Neighborhood Stabilization Program funds. Bend used NSP funds in conjunction with the Affordable Housing Fee Program to build or preserve 119 homes.

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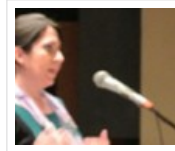


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