

CITY OF REDMOND, OREGON

SUBMITTAL - HB4079 OAR 660-039-0000 THROUGH 100

AFFORDABLE HOUSING PILOT PROJECT

A new neighborhood containing
mixed-income affordable and market rate
housing

Skyline Village



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CITY OF REDMOND

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August 17, 2018

Gordon Howard
Community Services Division Manager
Oregon Dept. of Land Conservation and Development
635 Capitol St. NE, #250
Salem, OR 97301

Proposed Affordable Housing Pilot Project: Skyline Village – 485 units

Dear Mr. Howard:

It is our pleasure to submit the City of Redmond proposal for the HB 4079 OAR 660-039-0000 through 0100 affordable housing pilot program. Initiatives such as these will help Redmond and the Central Oregon region provide an adequate supply of land within urban growth boundaries - dedicated to long-term affordable housing.

We believe our proposal best advances the state's objectives based on the following:

- *Redmond is classified by the State of Oregon as a "Distressed Community" where a significant number of the population lives poverty and has great difficulty getting access to affordable housing.*
- *Redmond, on a per capita basis, has a poverty rate of 36% which is among the highest in Central Oregon poverty (according to the American Community Survey – ACS, Poverty Hot Spots). Redmond suffers from poor housing choices and limited access to affordable housing.*
- *Redmond's proposed pilot project site is within the adopted Urban Area Reserve and Eastside Framework Plan. The site location is well within the planned area of Redmond and not on the extreme periphery of the community.*
- *Redmond's proposal includes a variety of housing products at a range of affordability levels; and the creation of a new 485-unit neighborhood. This provides the opportunity for a multiple development partners to participate in the buildout of the project. Redmond has assembled a broad list of developers with good depth and enough diversity in experience to ensure success.*

- *Redmond has collaborated with Deschutes County on the siting of the project which is on former Federal land. Deschutes County received this land at no cost. Since land value contributes to the high cost of housing, Redmond is seeking ways to write down the value of the land in a manner that results in more affordable housing prices. Deschutes County has agreed to support the Redmond proposal and kickstart the Eastside Framework Plan with a mixed-income neighborhood. Together, Redmond and Deschutes County as a land owner and partner create a strong foundation for success of the project.*

Ongoing Affordable Housing Efforts in Redmond:

Across Central Oregon the price of housing continues to escalate at levels that far outpace wages. Over the last few years housing prices have increased more than 52% and over that same timespan wages have only grown by an average of 2 to 3 percent per year. The average sales price of a single-family home in Redmond is approximately \$298,000.00. The average annual wage in Redmond is around \$40,000.00 (the average median family income for a family of four is \$69,900). The City's poverty level is around 36%. Currently, residential land costs in Redmond is \$40,000 per acre to \$100,000 per acre. This fact, by far, is the biggest barrier to developing affordable housing.

In addition to this initiative, the City is actively taking steps to address housing/job trends on multiple fronts by:

- Deploying Redmond's Housing and Community Development Committee and the Planning Commission to examine opportunities for expanding our financing tools to decrease costs of affordable housing while also examining ways to reduce the regulatory barriers.
- Investing more than \$110,000 annually in organizations such as Redmond Economic Development, Inc. to help increase the number of family-wage jobs through traded sector business development and recruitment.
- Actively using urban renewal and tax increment financing to partner with developers to increase the supply of housing within the urban renewal area; as well as using the tool to recruit companies.
- Conducting monthly meetings with the Central Oregon Builders Association to identify regulatory efficiencies in the development of housing.

These efforts all advance existing City Council goals for increasing the availability of affordable housing while investing in the growth of family wage jobs. Tangible results will take time. Meanwhile the expansion of the economy continues to leave people behind and therefore the City must seize other opportunities as they arise. The 4079 initiative provides another important tool for the City toolkit.

The 40-Acre Site/Existing Characteristics:

Redmond has developed a strategic partnership by identifying a 40-acre County-owned property within Deschutes County's Eastside Framework Plan.

Defining characteristics include:

- *The property is currently zoned EFU (Exclusive Farm Use). The property will be rezoned to the R4, Medium Density Zone.*
- *The property is in the Redmond Urban Area Reserve, has never been farmed and is not within any irrigation district.*
- *Public utilities exist along its frontage and expansion will benefit future development of the Eastside Framework Plan.*
- *The property is adjacent to the High Desert Sports Complex, Missing Link Family Golf Center and more than 10 miles of public trails.*
- *The site abuts developed employment lands and is a short distance from shopping.*
- *Views from this site include the Cascades, Smith Rock, and other terrain.*
- *The site is accessed from both Kingwood and Maple/Negus Streets. The design of the Kingwood Street entry plaza anchors the project and defines its character.*
- *All City requirements for urban design, street trees, active modes of transportation, public utility construction, and land use requirements will be met.*
- *Redmond requires all new neighborhoods to develop as complete neighborhoods following the Great Neighborhood Principles which are contained in the Redmond Comprehensive Plan and Development Code. Redmond currently utilizes a Design Review process for residential structures and this will be implemented on the subject property.*

Alignment with DLCD Application Objectives:

The Redmond proposal both meets and exceeds the minimum DLCD objectives by providing 50% affordable housing and 50% market rate housing in a mixed-income, mixed-use setting. This means the housing will not be separated by income but rather designed for a range of incomes. This strategy is proven to lead to socially interconnected and healthy neighborhoods consistent with Redmond's Great Neighborhood Principles (a guiding set of development requirements unique to Redmond).

In addition to providing 40 acres of new mixed-income housing with half being affordable to 80% AMI or less, this project's location benefits both the City and the County by serving as a catalyst to kick-off development in the Eastside Framework Plan. This meets Redmond's Comprehensive Plan's objectives by accommodating future growth patterns as planned.

The DLCD program requires a minimum of 50 years of affordability. The use of profit caps on the non-market rate housing to retain appreciation for long-term affordable housing and site maintenance requirements will help maintain the quality and integrity of the neighborhood. The City will also use rent controls and tools such as deed restrictions, and HOA/CCR's.

Development Partnerships:

The City has received expressions of interest from the following list of experienced developers: Creations Northwest, Hayden Homes, Hunter Renaissance, HousingWorks, Lawnae Hunter Investments, Pahlisch Homes, and The Wasserman Group. We are confident from this group a capable team can be assembled to deliver on the City's and County's expectations for Skyline Village.

Master Developer

If selected for the pilot project the City plans to pursue a master developer approach to build out Skyline Village. A formal RFP process will be used to select both development partners and an overall master developer/project manager to carry out the vision for the constructing the neighborhood.

Project Goals and Objectives:

In addition to the positive impact of developing more affordable housing, Skyline Village will bring the following benefits:

- *Provides taxable value on land that is currently tax exempt.*
- *Increases the overall number of affordable homes and rental properties in Redmond.*
- *Provides workforce housing needed to support the region's Large Lot Industrial properties.*
- *Offers a new, unique housing alternative to east Redmond.*
- *Jump-starts the Eastside Framework Plan Neighborhood.*
- *Provides additional housing diversity that complements the eclectic make-up of the existing area.*
- *Creates both construction jobs and long-term employment opportunities.*
- *Encourages use of multi-modal transportation options and a healthier lifestyle.*

Residential Unit Mix:

The 485-unit (12+ units per acre) Skyline Village neighborhood anticipates attracting families, singles, professionals, empty nesters and active seniors. The units will include a variety of features and amenities, access to a primary multi-modal transportation corridor and trails and existing recreational opportunities abutting the site. The unit type and count may vary due to the flexibility needed in this type of development and at this early stage.

Skyline Village Unit Types

Units	Bedrooms and Baths	Low Rise Apt.	4-Plex 56 units	Townhome	Cottage	Studio above Commercial	Mixed-Income
10	1/1					Yes	Yes
50	1/1	Yes					Yes
75	2/1	Yes					Yes
40	2/2	Yes					Yes
30	3/2	Yes					Yes
75	2/1				Yes		Yes
14 (x4)	2/1.5		Yes				Yes
149	2/2			Yes			Yes

Figure 1.

Area Median Income (AMI)

The area median income of \$69,600 is based on data from HousingWorks, the local housing authority. This figure is used to determine the maximum rent a family of four can afford (rent burden occurs when housing costs exceed 30% of net income). Many Redmond households experience rent burden.

AMI served – median is 69,600K

80% \$55,680.00 x 30% = \$16,704/12 = \$1,392 for rent per month

60% \$41,760.00 x 30% = \$12,528/12 = \$1,044 for rent per month

50% \$34,800.00 x 30% = \$10,440/12 = \$870 for rent per month

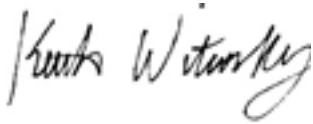
30% \$20,880.00 x 30% = \$6,264/12 = \$522 for rent per month

Redmond's application contains a series of partnership resolutions which demonstrate support for the project, this includes:

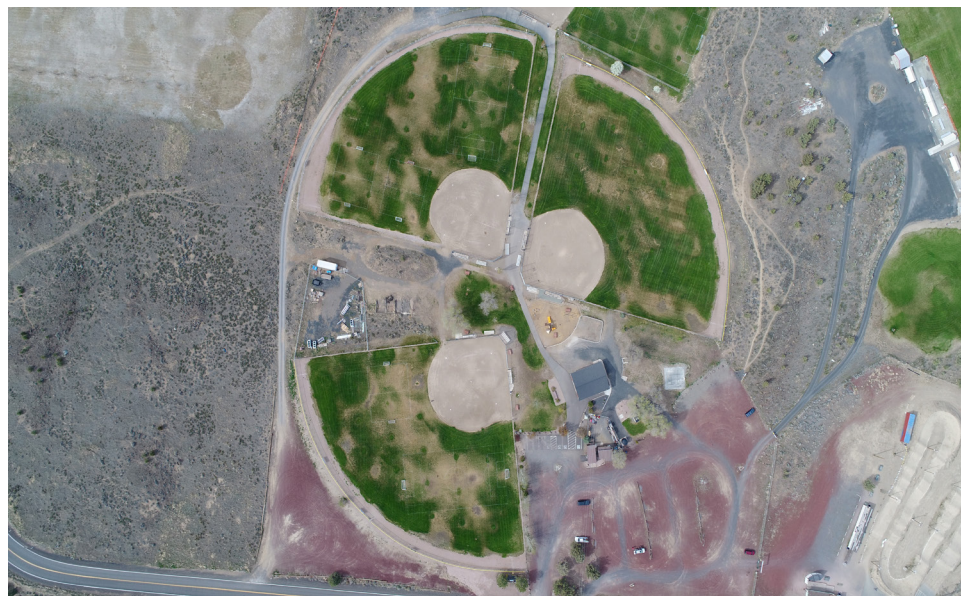
- *The governing body of the qualifying city (the City of Redmond) stating that if the pilot project is selected, the city shall: Implement the proposed concept plan; and annex the pilot project site within two years of an acknowledged urban growth boundary amendment which includes the site.*
- *Resolution of support for the pilot project adopted by the governing body of the county (Deschutes County) in which the pilot project site is located.*
- *Resolutions of support from entities such as the Central Oregon Intergovernmental Council/Cascades East Transit, Redmond Fire, and Redmond Parks and Recreation confirming levels of service should the project be selected and developed.*

Thank you for this opportunity and your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Witcosky". The signature is written in a cursive, flowing style.

Keith Witcosky
City Manager



Findings to Show Compliance with Oregon Administrative Rules

660-039-0000

Purpose

The affordable housing pilot program is intended to:

- (1) Encourage local governments to provide an adequate supply of land within urban growth boundaries that is dedicated to affordable housing;*
- (2) Encourage the development of affordable housing on land dedicated to affordable housing;*
- (3) Protect land dedicated to affordable housing from conversion to other uses before or after the development of affordable housing;*
- (4) Enhance public understanding of the relationship of land supply to the development of affordable and needed housing; and*
- (5) Enhance public understanding of how cities can increase the amount of affordable and needed housing.*

CITY OF REDMOND RESPONSE AND FINDING

Across Central Oregon the price of housing continues to escalate at levels that far outpace wages. Over the last few years housing prices have increased more than 52% and over that same timespan wages have only grown by an average of 2 to 3 percent per year. The average sales price of single family home in Redmond is currently approximately \$298,000.00 and the average annual wage in Redmond is around \$40,000.00 (the average median family income for a family of four is \$69,900). The City's poverty levels hovers around 30 percent. Currently, residential land costs in Redmond range from \$40,000 per acre to over \$100,000 per acre – this fact, by far, is the biggest barrier to developing affordable housing. To that end, Redmond has collaborated with Deschutes County on the siting of the pilot project which is on former Federal land.

Deschutes County received this land at no cost and Redmond is seeking ways to pass on these savings on and reduce land costs for the project since land costs are the biggest barrier to affordable housing. Deschutes County has agreed to support the Redmond proposal and kickstart the Eastside Framework Plan with a mixed-income neighborhood. Together, Redmond and Deschutes County as a land owner and partner create a strong foundation for success of the project.

The Redmond proposal both meets and exceeds the minimum DLCD objectives by providing 50% affordable housing and 50% market rate housing in a mixed-income, mixed-use setting. This means the housing will not be separated by income but rather designed for a range of incomes. This strategy is proven to lead to socially interconnected and healthy neighborhoods consistent with Redmond's Great Neighborhood Principles (a guiding set of development requirements unique to Redmond).

In addition to providing 40 acres of new mixed-income housing with half being affordable to 80 % AMI or less, this project's location benefits both the City and the County by serving as a catalyst to kick-off development in the Eastside Framework Plan. This meets Redmond's Comprehensive Plan's objectives by accommodating future growth patterns as planned.

The DLCD program requires a minimum of 50 years of affordability. The use of profit caps on the non-market rate housing to retain appreciation for long-term affordable housing and site maintenance requirements will help maintain the quality and integrity of the neighborhood. The City will also use rent controls and tools such as deed restrictions, and HOA/CCR's.

Development Partnerships:

The City has assembled a team of experienced developers who have expressed interest in all or portions of the project. We are confident a team of capable developers can be assembled to deliver on the City's and County's expectations for Skyline Village. To date, we have received eight letters of interest from housing developers who wish to pursue various development concepts. Our partners include: Creations Northwest, Hayden Homes, Hunter Renaissance, HousingWorks, Lawnae Hunter Investments, Pahlisch Homes, and The Wasserman Group.

Master Developer

If selected for the pilot project the City plans to pursue a master developer approach to building out Skyline Village. A formal RFP process will be used to select both development partners and an overall master developer/project manager to carry out the City's vision for the constructing the neighborhood. As a key stakeholder in this effort, the involvement of a Deschutes County representative in the selection process would be welcomed.

Project Goals and Objectives:

In addition to the positive impact of developing more affordable housing, Skyline Village will bring the following benefits:

- Provides taxable value on land that is currently tax exempt.
- Increases the overall number of affordable homes and rental properties in Redmond.
- Provides workforce housing needed to support the region's Large Lot Industrial properties.
- Offers a new, unique housing alternative to east Redmond.
- Jump-starts the Eastside Framework Plan Neighborhood.
- Provides additional housing diversity that complements the eclectic make-up of the existing area.
- Creates both construction jobs and long-term employment opportunities.
- Encourages use of multi-modal transportation options and a healthier lifestyle.



660-039-0020

Preliminary Application and Final Application Requirements

- (1) The director shall set deadlines for qualifying cities to submit:
 - (a) A preliminary application for a pilot project site; and*
 - (b) A final application for a pilot project site.**
- (2) The director may revise either deadline under section (1) as the director determines is appropriate to accomplish the purpose of the pilot program.*
- (3) To participate in the pilot program, a qualifying city must submit a preliminary application for a pilot project site to the department. A preliminary application must include:
 - (a) A map of the pilot project site;*
 - (b) The total acreage of the pilot project site;*
 - (c) The existing land use designation and zoning of the pilot project site, and surrounding land within a minimum one-half mile radius;*
 - (d) Demonstration that the pilot project site does not include high-value farmland;*
 - (e) The number and type of affordable housing units, and, if the pilot project is a mixed income project, the number and type of market rate housing units, to be developed on the pilot project site;*
 - (f) The identity of entities that may partner with the qualifying city in development of the pilot project site; and*
 - (g) A brief statement of how the pilot project site will be provided with public facilities and services.**
- (4) The department will review a preliminary application submitted under section (3) to determine whether the preliminary application is complete. If the preliminary application is not complete, the department shall notify the applicant in writing of what information is missing within 30 days of receipt of the application and allow the applicant to submit the missing information. The department will contact each pre-applicant to discuss the proposed pilot project.*
- (5) An applicant may revise information included in a preliminary application as part of a final application submitted pursuant to section (6).*

CITY OF REDMOND RESPONSE AND FINDING

The city submitted the preliminary application and it was deemed complete. See Exhibit ___. A follow-up questionnaire for determining affordable housing points was also deemed complete and acceptable. The final application refines the data provided in the preliminary application; this was deemed necessary after additional dialog with interested developers.

- (6) In order to be selected as a pilot project, a qualifying city that submitted a complete preliminary application must submit a final application to the department that includes:
 - (a) A map of the pilot project site;*
 - (b) The total acreage of the pilot project site;*
 - (c) The existing land use designation and zoning of the pilot project site, and surrounding land within a minimum one-half mile radius, including demonstration that the pilot project site does not include high-value farmland;**

CITY OF REDMOND RESPONSE AND FINDING

The city has submitted a final application for Skyline Village that includes:

- a map of the of the pilot project site – See Exhibit 2;
 - the total acreage of the pilot project site – 40 acres;
 - the existing land use designation and zoning of the pilot project site – currently EFU, and surrounding land within a minimum one-half mile radius – See Exhibit 1; and,
 - data that the pilot project site does not include high-value farmland. See Exhibit 1.
- (d) A concept plan narrative and map showing generalized land uses and public facilities that includes:
- (A) The number and type of affordable housing units;
 - (B) If the project is a mixed income project, the number and type of market rate housing units;

CITY OF REDMOND RESPONSE AND FINDING

The City has submitted a concept plan map for Skyline Village (Exhibit B) showing:

- Land use zones;
- General housing types;
- Streets and street layout consistent with Redmond's connectivity requirements;
- Vicinity map showing current UGB and current UAR
- Parks and alley greenway links;
- Extension of public facilities; and,
- Transit hub and plazas.

Skyline Village contains **a minimum of 485 units** with at least 50% being affordable at 80% AMI or less. The range and style of unit types is shown below in Figure 1.

Units	Bedrooms and Baths	Low Rise Apt.	4-Plex 56 units	Townhome	Cottage	Studio above Commercial	Mixed-Income
10	1/1					Yes	Yes
50	1/1	Yes					Yes
75	2/1	Yes					Yes
40	2/2	Yes					Yes
30	3/2	Yes					Yes
75	2/1				Yes		Yes
14 (x4)	2/1.5		Yes				Yes
149	2/2			Yes			Yes

Figure 1.

As shown on the previous page, Skyline Village includes diverse types of housing units, such as apartments, town homes, 4-plexes, and single-family cottages for people with a range of income levels. Skyline Village will also include housing designed with mixed-incomes to eliminate neighborhoods of concentrated poverty, combat residential segregation, and avoid the building of public housing that only offers its housing units to those living in poverty. Thus, Skyline Village will closely meet Redmond's Comprehensive Plan objectives as well as the objectives of HB4079 and its related statutes.

Mixed-income Proposed for Skyline Village

Mixed-income development to encourage a full range of housing options is advocated by the Redmond Comprehensive Plan through its Great Neighborhood Principles. See Exhibit 1. Redmond believes mixed-income strategies help to avoid separation based on income and reduce barriers to Fair Housing. Mixed-income developments provide more security, better maintenance, and investment appreciation. To achieve the mixed-income approach, the proposal will include 94 market rate units placed throughout the cottage, 4-plex and apartment buildings. This equates to 28% of the units in those areas. The final location and footprint of mixing and unit type locations will be refined at final design of the actual units. The market-rate townhome area will accommodate 149 units with potential for subsidized housing and units priced for 80% AMI to be mixed in.

Density

485 units on 40 Acres yields 12.12 units per acre. It should be noted that it is possible to increase density through final design refinements and other efficiencies. Any increases will likely be determined at the time of final design prior to construction and after land use approval for each phase.

As noted above, 243 of the 485 units will be affordable at 80% AMI or less. The design of the project is novel in that it does not rely upon traditional single-family detached home development. In fact, Skyline Village is designed to provide a mix of efficiently designed housing choices with a variety of amenity options encouraging healthy active lifestyles. Access to biking and walking trails, golfing, sports facilities, and on-site amenities such as parks and respite areas developed with each phase will complete the neighborhood.

- (C) *The development phasing of affordable housing and any market rate housing included on the pilot project site, including a phasing timeline for the entire project;*

CITY OF REDMOND RESPONSE AND FINDING

The proposed phasing will occur first in the areas closest to Kingwood Avenue where utilities currently exist and support up to 150 residential units with the current infrastructure capacity. Phase 1 will include up to 150 units consisting of affordable housing for those earning 80 % or less AMI and 23 – 50% market rate housing above 80% AMI. Phase 2 will include 186 affordable housing for those earning 80 % or less AMI and 23 – 50% market rate housing above 80% AMI. Phase 3 will include 149 market rate townhomes for those earning over 80% AMI. Phase 2 and 3 may occur simultaneously but rely upon off-site sewer improvements as described in the exhibit appendix.

- (D) *The applicable maximum income limits of households eligible to rent or purchase affordable housing within the pilot project site, expressed as a percentage of the area median income, adjusted for family size;*

CITY OF REDMOND RESPONSE AND FINDING

As described above, the Redmond Area Median Income (AMI) is \$69,600.00

This is based on supplied data from US Department of Housing and Urban Development, HUD. This figure is used to determine the maximum rent a family of four can afford (rent burden occurs when housing costs exceed 30% of net income). Many Redmond households experience rent burden and Redmond is classified as an Economically Distressed Community¹ as prescribed by Oregon Law by Business Oregon based on data from the U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis and [Oregon Employment Department](#).

When calculating housing costs at 80% AMI or less the following rents are derived:

AMI served – median is \$69,600K for a family of four

80% $\$55,680.00 \times 30\% = \$16,704/12 = \$1,392$ for rent per month

60% $\$41,760.00 \times 30\% = \$12,528/12 = \$1,044$ for rent per month

50% $\$34,800.00 \times 30\% = \$10,440/12 = \$870$ for rent per month

30% $\$20,880.00 \times 30\% = \$6,264/12 = \$522$ for rent per month

The above rates may be adjusted dependent on family size using the HUD calculator. Thus, the applicable maximum income limits of households eligible to rent or purchase affordable housing within housing rents or purchases in Skyline Village should be close to these guidelines to avoid excessive rent burden. The 2018 Fair Market Rent table shows that the Bend-Redmond MSA has determined specific rents for various unit sizes. Note that a 3-bedroom unit is determined to be \$1,385.00 and the 80% AMI for a family of 4 is roughly the same.

Final FY2018 Rents for All Bedroom Sizes for Bend-Redmond, OR MSA

The following table shows the Final FY 2018 FMRs by bedroom sizes.

Final FY 2018 FMRs By Unit Bedrooms					
	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Final FY 2018 FMR	\$710	\$806	\$965	\$1,385	\$1,700

The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four bedroom FMR, for each extra bedroom. For example, the FMR for a five bedroom unit is 1.15 times the four bedroom FMR, and the FMR for a six bedroom unit is 1.30 times the four bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero bedroom (efficiency) FMR.

Permanent link to this page: http://www.huduser.gov/portal/data_sets/fmr/fmrs/FY2018_code/2018summary.odn?&year=2018&fmrtype=Final&selection_type=county&fips=4101799999

- (E) *The prices at which affordable housing units within the pilot project site will be rented or sold to eligible tenants or homebuyers;*

¹ For purposes of comparison, it is important to note that Bend, Oregon is not an Economically Distressed Community.

CITY OF REDMOND RESPONSE AND FINDING

As noted above, the desired rents should not create a situation where families are paying more than 30% of income on rent. The guidelines are adjusted fiscally, and the final numbers will likely be modified per HUD data. Nonetheless, the desired rent structure will need to follow the HUD data sets for the appropriate year and adjusted with HUD data for CPI and other factors. Skyline Village is primarily a renter development with market rate sales for townhomes. The primary goal is to provide quality housing with affordable rents in a neighborhood containing a variety of housing choices. Sales will be targeted for the townhomes, and a portion of the 4 plexes and cottages to not exceed 50% of the development. Sales prices will be “market-rate” and these properties will be required to be part of the Skyline Village HOA. The mixed buildins will contain a small area for a meeting room and learning (computer access) area, and a small cafe with sundries available. The maximum size of these areas is 3000 square feet total. A local bank (First Interstate) has expressed interest in sponsoringthe learning area.

- (F) *Draft language of the amendments to the qualifying city’s comprehensive plan and land use regulations that would be required to implement the final application;*

CITY OF REDMOND RESPONSE AND FINDING

Redmond has been successful removing barriers to affordable housing. The development code has been upgraded and greater flexibility to develop affordable housing has been achieved. Thus, the land use regulations, particularly zoning, are in place and will accommodate the expansion of the UGB, utilizing a portion of the UAR (first priority lands for UGB expansion) and Eastside Framework Plan. The anticipated zoning will be RM, Medium Density Residential. The rezoning will require a zone change/comp plan amendment from the UAR zoning of EFU (combining zone) to the existing urban zone of RM. This requires not only a change to the Redmond Comprehensive Plan but also a Deschutes County Comprehensive Plan amendment. The City will apply RM zoning to the parcel once the UGB expansion has been approved. Sample ordinances can be found on the city website at <http://www.ci.redmond.or.us/government/city-news-library>.

No other changes to land use regulations are required since the current RM zoning and master planning requirements for new neighborhoods are already in place within the current Redmond Development Code to accommodate the proposed uses.

- (G) *Information about how the pilot project site will be provided with public facilities and services, including:*
 - (i) *the proposed network of streets and other transportation facilities designed to connect with existing street facilities and serve all modes of personal transportation, including mass transit; and*
 - (ii) *the location of parks and recreational facilities;*

CITY OF REDMOND RESPONSE AND FINDING

Skyline Village will extend a grid of streets, sidewalks, trails, and transit consistent with Redmond requirements. The Kingwood Avenue entrance contains mixed-use buildings (small coffee shop and computer room) that frame two small plazas that support public gathering areas, bicycle parking, and a transit hub. A supportive transportation network with short distance loops will make for easy transit ingress and egress. The network of transportation choices is shown in Exhibit 2. A resolution of support for transit services is found at Exhibit Appendix. Active mode development is required for each phase of development consistent with Redmond code requirements. Thus, sidewalks, trails, bicycle parking, and active mode crossings will be developed prior to final occupancy.

The subject property is directly across employment lands which have a full range of utilities from the Kingwood Avenue. Each phase of Skyline Village will be required to extend utilities to and through the site pursuant to city code. A letter going over the details of the utilities has been supplied by City Engineer Mike Caccavano and can be found at Exhibit appendix.

Parks and Recreation Facilities

Exhibit 2 shows the master plan layout with a variety of park areas, plazas, pedestrian connections and landscaped alleys. Each apartment, townhome, 4 plex or cottage area will have additional amenities designed into the grounds or structures. Two large park complexes abutting Skyline Village from Maple/Negus Avenue. Smith Rock Golf Course and the High Desert Sports Complex/Radlands are approximately 100 acres in size and provide a wide range of activities. 10 miles of trails can be accessed, and sports fields are available to the public. Views of Smith Rocks, foothills, and the Cascades are impressive as are the views from Skyline Village. See Exhibits appendix.

(H) *Proposed buffering from adjacent and nearby farm and forest uses on farm and forest lands;*

CITY OF REDMOND RESPONSE AND FINDING

Property to the west of Skyline Village is zoned EFUTRB, Exclusive Farm Use and contains an executive home. The property is separated by the ROW of NE 13th Street and front yard setbacks of future residential development. The property owners do not practice farm uses or receive farm deferral taxation credits. The soils on this site are not irrigated, have no water rights, and are not classified as high value farmland. Exhibit 1 from the preliminary submittal explains this further.

Property to the north of Skyline Village is zoned RR-10, Rural Residential, does not receive farm deferral and separated from the subject property by the Maple Avenue, a 60-foot ROW. The eastern property line abuts land zoned EFUTRB, Exclusive Farm Use. This property is owned by Deschutes County and is not farmed. This property is also part of the adopted Urban Area Reserve and adopted Eastside Framework Plan which anticipates urban uses, not farm uses. Moreover, the County has endorsed this HB4079 application as shown on Exhibit appendix.

(I) *Location of any natural resources on the pilot project site requiring analysis and protection under Statewide Planning Goal 5, or mitigation of hazards under Statewide Planning Goal 7; and*

CITY OF REDMOND RESPONSE AND FINDING

As shown in the pre-submittal application there are no natural resources on the subject property and no hazards exist. See Exhibit 1.

- (J) If the pilot project is a mixed income project, a description of how the mixed income portion supports the development of affordable housing;

CITY OF REDMOND RESPONSE AND FINDING

According to HUD, Housing and Urban Development Department-

“The meaning of the term mixed-income and about the question of whether the mix is a planned effort to integrate a development or a neighborhood economically is of fundamental importance to a discussion of mixed-income housing. In a very basic sense, mixed-income housing is not a new phenomenon.... mixed-income housing means a deliberate effort to construct and/or own a multifamily development that has the mixing of income groups as a fundamental part of its financial and operating plans. The ratio of income levels and the developer’s reasons for seeking to create a mixed-income development will vary. In general, however, a mix of incomes is planned because of the juncture of community desire and need, housing market conditions in the surrounding area, and the availability of financing and/or subsidies.”

Redmond has master planned Skyline Village to avoid concentrations of poverty and/or subsidized housing. The mixed-income percentage is approximately 28% market rate within the apartments, fourplexes, cottages and mixed-use structures. This approaches a split into thirds of low-income, moderate-income, and market-rate rentals. Amenities are scattered throughout the development and an HOA will serve to manage these for all users. The HOA will also manage the design, aesthetics, and maintenance of the development to assure that there is cohesiveness. Skyline Village is close to employment areas, recreation, and shopping. This venue will give developers an opportunity to create an interesting and viable mixed-income development. Emphasis will be placed on making the units attractive, the community safe, and the amenity package sufficient to attract market-rate tenants. With a choice of trails, biking, walking, golf, and a variety of park experiences the new neighborhood will be a very livable community for all income groups and better retain property values. The community spaces in and around the mixed-use buildings will provide areas where residents can access transit, meet with a variety of social networks/support groups, use computers, and attend meetings. This will help lower income individuals receive services and/or access technology they might not otherwise have access to.





The conditions for success of a mixed-income neighborhood is described below:

- 1. To ensure day-to-day needs are taken care of and the development is well-maintained, good management is critical.*
- 2. To support the upward mobility of the low-income residents, income-mixing and good management needs to be coupled with other support services to assist low-income residents in their professional life.*
- 3. To meet the goals of mixed income housing - specifically to deconcentrate poverty - a sufficient number of units must be aimed at the higher income population to create a critical mass.*
- 4. Mixed-income housing works best when the income mix is not emphasized in marketing. Additionally, all units should have the same amenities and be of the same quality.*
- 6. Attention to not only income mix but also tenure mix is important. The mix of owners and renters, and the range of incomes in different type of rental units matters to effective management and integration.*

Skyline Village with its HOA, housing mix, thoughtful design, amenities, and attention to long-term maintenance addresses all the above conditions for success.

- (e) A resolution adopted by the governing body of the qualifying city stating if the pilot project is selected, the qualifying city will:

 - (A) Implement the concept plan; and*
 - (B) Annex the pilot project site within two years of an acknowledged urban growth boundary amendment to include the site;**

CITY OF REDMOND RESPONSE AND FINDING

The City of Redmond City Council supports and endorses the pilot project as shown in Exhibit appendix.

- (f) A resolution of support for the pilot project adopted by the governing body of the county in which the pilot project site is located;*
- (g) A resolution of support for the pilot project adopted by the governing body of any special district providing urban services to the pilot project site for sanitary sewer, domestic water, fire protection, parks, recreation, streets and roads, or mass transit;*
- (h) A signed and notarized statement from all owners of the pilot project site consenting to all aspects of the final application and agreeing to designation of the site as a pilot project;*

CITY OF REDMOND RESPONSE AND FINDING

Deschutes County is the governing body of the county in which the pilot project is located. Deschutes County also owns the Skyline Village property (at this time) and has supplied the city of Redmond with a signed and notarized resolution supporting the project and consenting to all aspects of the application. See Exhibit appendix.

Special Districts include the Redmond Fire District, Redmond Parks and Recreation District, and Cascades East Transit. All have provided resolutions of support as shown in Exhibit appendix. Other urban services listed above are provided by the City of Redmond, which grants its support to the project.

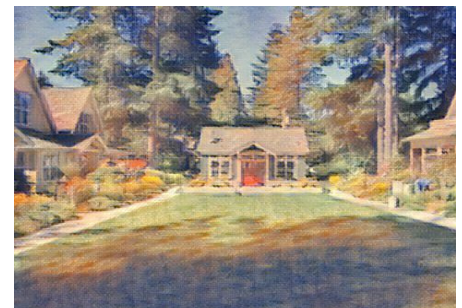
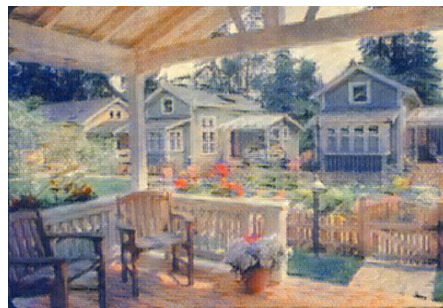
(i) Citations for any code or ordinance provisions the qualifying city has adopted that implement housing measures described in OAR 660-039-0060, or any additional housing measures the qualifying city has adopted that accommodate and encourage the development of affordable or needed housing within its existing urban growth boundary;

CITY OF REDMOND RESPONSE AND FINDING

Adopted Measures to Encourage Affordable and Needed Housing, contains a listing submitted to DLCD earlier this year. It contains data showing that Redmond has removed barriers to developing ADU's, duplexes, cottages, and high density. Fee waivers and fee reductions are also implemented currently. In addition, annexation of lands includes inclusionary zoning elements and unique strategies to refine neighborhood development.

(j) Data on how the pilot project will serve identified populations in need of affordable housing, including:

- (A) Household cost burden in the region, as determined using information from the United States Department of Housing and Urban Development;*
- (B) Conversion of manufactured home parks in the region;*
- (C) Availability of government assisted housing in the region; and*
- (D) Other data the qualifying city determines to be relevant.*



CITY OF REDMOND RESPONSE AND FINDING

Redmond has significant challenges providing housing for those with incomes at 80% AMI or less. The table below shows that nearly 50% of all renters are rent burdened (paying more than 30% of income on housing costs) and the percent share of renters that are severely burdened is 25.9%. Vacancy rates hover near 2%. Only 1,200 HUD Section 8 housing vouchers are available for applicants in the Tri-County area. Currently, demand exceeds 3,000 applicants per HousingWorks (our Regional Housing Authority <https://housing-works.org/>). Redmond has not experienced conversion of manufactured home parks; demand for such is high but land is too expensive. The city is a recipient of CDBG funds and has an adopted consolidated plan which is found at <http://www.ci.redmond.or.us/home/showdocument?id=4726>. This plan contains relevant information about the quantity and quality of local housing and various strategies to enable additional housing throughout the community. The overall theme is that we need to find creative ways to develop quality mixed-income neighborhoods to supply a broader range, density, and quantity of affordable housing. The pilot project will serve those with incomes at 80% AMI or less and is mixed with a range of market rate housing.

RENTER COST BURDENS, METROPOLITAN AND MICROPOLITAN AREAS

	Metropolitan Area	Cost Burdened Renter Share (%)	Severely Burdened Renter Share (%)	Moderately Burdened Renter Households	Severely Burdened Renter Households	Median Income of Renter Households	Median Monthly Housing Cost of Renter Households	Median Cost to Income Ratio
68	Batesville, AR	34.7	13.7	730	477	22,700	580	27.9
69	Baton Rouge, LA	46.1	27.8	18,311	27,735	30,200	860	29.5
70	Battle Creek, MI	40.0	20.8	2,966	3,217	27,200	730	26.7
71	Bay City, MI	45.6	20.9	2,250	1,911	27,000	680	29.4
72	Bay City, TX	38.8	22.6	668	932	30,000	733	26.4
73	Beatrice, NE	29.6	16.8	320	421	29,100	590	22.9
74	Beaumont-Port Arthur, TX	45.1	22.1	12,333	11,848	30,800	810	29.4
75	Beaver Dam, WI	38.6	17.9	2,311	1,994	33,500	790	26.9
76	Beckley, WV	40.0	17.3	2,988	2,272	25,200	590	29.1
77	Bedford, IN	42.4	24.6	718	999	20,000	580	29.3
78	Beeville, TX	41.9	16.6	853	560	29,700	833	29.1
79	Bellefontaine, OH	26.5	11.3	652	485	33,750	644	19.4
80	Bellingham, WA	46.2	27.8	6,293	9,530	38,400	940	29.4
81	Bemidji, MN	40.6	18.6	856	728	26,500	660	28.9
82	Bend-Redmond, OR	48.1	25.9	5,254	6,152	45,400	1,190	31.3

Note: Moderately cost-burdened households pay more than 30 percent of income for housing, including utilities; severely cost-burdened households pay more than 50 percent.

Source: US Census Bureau, 2016 American Community Survey 1-Year Estimates.

Occupants with a Housing Cost Burden in 2012-2016

	Percent
Owners with mortgage	36.4
Owners without mortgage	15.6
Renters	54.5

(k) An explanation of why the development of a project similar to the proposed pilot project is unlikely to be developed within the existing urban growth boundary. The explanation may include, but is not limited to: land costs, redevelopment or remediation costs, site availability, or physical constraints;

CITY OF REDMOND RESPONSE AND FINDING

The local housing authority, HousingWorks, has described to the City how it is impossible to develop affordable housing given the cost of land on Redmond. Redmond's median home price is \$300,000.00 with recent data showing ready to build lots at \$290,000.00 - \$500,000.00 an acre or more depending upon zoning. Redmond has vacant land upon which to develop homes, but it is simply not available at prices that enable the development of affordable housing and is being used to develop homes in the \$300,000.00 - \$500,000.00 range. These are selling well given factors related to better employment opportunities in nearby Bend, and these houses do not stay on the market very long. However, this segment of the Redmond market does not cover the housing need for people in the lower income levels. As a verified "Distressed" community Redmond contains many people living in poverty with heavy rent burdens as described earlier in this document. People who wish to work in Redmond in jobs that do not pay higher wages must go further afield to search for affordable housing in cities like Prineville, Madras, and La Pine - over an hour away. This is not a sustainable situation.

(l) (L) The identity and prior experience with the development of affordable or market-rate housing, of any other entity, public or private, that will be developing the pilot project site.

CITY OF REDMOND RESPONSE AND FINDING

Redmond has collected the names and bios of seven different entities who wish to develop within Skyline Village. Each of these groups has experience with developing housing and affordable housing. All but one has experience developing residential properties in Redmond. The complete set of data on these developers can be found at Exhibit appendix.

(m) An explanation of how the qualifying city will ensure affordable housing developed on the pilot project site will continue to be used as provided in the concept plan for a minimum of 50 years after selection of the pilot project site through one or more of the following:

- (A) Zoning restrictions;*
- (B) Guaranteed rental rates or sales prices;*
- (C) Incentives, contract commitments, density bonuses or other voluntary regulations, provisions or conditions designed to increase the supply of moderate or lower cost housing units;*
- (D) Restrictive agreements entered into with sources of affordable housing funding; or*
- (E) Other regulations, provisions or conditions determined by the local government to be effective in maintaining the affordability of housing on the pilot project site.*

CITY OF REDMOND RESPONSE AND FINDING

The Skyline Village site will require annexation to receive urban zoning and authorization to develop. The Redmond Development Code requires master planning as a condition of annexation. The annexation process is routinely used to customize the terms of annexation. Redmond intends to restrict annexation upon the terms of guaranteed performance for at least 50 years using a recorded deed restriction; other restrictions to ensure affordability for the units serving 80% AMI and less; and, deed restrictions recorded against the property to ensure compliance for Homeowner's Association responsibilities. Annexation also requires that the property be master planned according to Redmond's land use regulations. No rezoning can occur unless the annexation requirements are met, including master planning of the entire site. Master planning is an intensive review and design process that ensures the City's Great Neighborhood Principles are met through a recorded Improvement Agreement. Thus, all aspects of the development are carefully crafted before development can occur ensuring the development and housing objectives will be met. The City of Redmond web homepage provides examples of various Redmond annexation agreements and master plan reviews. Each master plan is unique, and annexations customized for each project.

(7) The department will review a final application submitted under section (6) to determine whether the final application is complete. If the final application is not complete, the department shall notify the applicant in writing of what information is missing within 30 days of receipt of the application and allow the applicant to submit the missing information.

CITY OF REDMOND RESPONSE AND FINDING

Redmond has deemed this application to be complete, but should something be missing or require further explanation we will be happy to provide the data.

(8) A final complete application must demonstrate the following to be considered for selection as a pilot project by the commission:

- (a) The pilot project site is adjacent to the existing urban growth boundary of the applicant qualifying city;*
- (b) No tract within the pilot project site is high-value farmland;*
- (c) The total acreage of the pilot project site does not exceed 50 acres;*
- (d) The proposed gross residential density on the pilot project site is:*
 - (A) At least seven housing units per acre for areas of the pilot project site proposed for affordable housing; and*
 - (B) At least seven housing units per acre for areas of the pilot project site proposed for market rate housing;*
- (e) The pilot project site can be provided with public facilities and services as provided in OAR 660-039-0040(1) to (3);*
- (f) The pilot project avoids or minimizes adverse effects on natural resources and nearby farm and forest uses as provided in OAR 660-039-0050(1), (2), and (4);*
- (g) The qualifying city has adopted the required number of housing measures into its development code as provided in OAR 660-039-0060;*
- (h) The pilot project satisfies the housing requirements as provided in OAR 660-039-0070(1) to (6);*
- (i) The project will serve identified populations in need of affordable housing;*
- (j) The qualifying city has explained why the development of a project similar to the proposed pilot project is unlikely to be developed within the existing urban growth boundary; and*
- (k) The qualifying city has demonstrated that the entity developing the pilot project will be able to complete the development.*

CITY OF REDMOND RESPONSE AND FINDING

- The pilot project site is adjacent to the existing Redmond Urban Growth Boundary and within the Urban Area Reserve as shown on Exhibit 1.
- No tract within the pilot project site is high-value farmland as determined by the data presented in Exhibit 1.
- The total acreage of the site is 40 acres.
- The proposed gross residential density on the pilot project site is 12.2 units per acre.
- The areas of the pilot project site proposed for affordable housing are at least 8 units per acre and at least seven housing units per acre for areas of the pilot project site proposed for market rate housing.
- Skyline Village can be provided with public facilities and services as provided in OAR 660- 039-0040(1) to (3);

Skyline Village has access to sanitary sewers, domestic water, fire protection, parks or recreation, and streets and roads. Exhibits ppendix contains various resolutions from various districts verify service. Thus, the pilot project site can be reasonably provided with public facilities and services and the provider(s) of the public facilities and services have the capacity and financial resources to serve development on the site as proposed in the concept plan.

Trails, and open space linkages will be part of the site design. Fire Hydrants are in Kingwood Avenue – buildings may go up to 75 feet in height. Fire Protection is provided by the Redmond Fire District. Recreation Services are provided by Redmond Area Parks and Recreation District. Power is provided by Pacific Power or Central Electric Cooperative. Natural Gas is provided by Cascade Natural Gas. Cable is provided by Bend Broadband. Phone/Internet is provided by CenturyLink. Waste Collection/Recycling is provided by High Country Disposal. Redmond School District offers public education.

Redmond's population on June 30th, 2018 is 28,267 as verified by Portland State University. See https://www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Supplement_3_June_30_2018_2.pdf

Redmond's transit service is supplied by Cascades East Transit. This is verified by the resolution found at Exhibit appendix. If Redmond is selected, the affordable housing units within the pilot project site can be made accessible to a transit stop served by a fixed transit corridor with at least eight weekday trips in each direction, or eight weekday trips at the terminus of a fixed transit corridor, within a threequarters mile distance via sidewalk or pedestrian walkway and will be provided concurrently with development of the affordable housing units. Cascades East Transit accommodates bicyclists and the disabled.

- Skyline Village does not contain any natural resources or farm and forest uses as provided in OAR 660-039-0050(1), (2), and (4) nor does it impact any farm or forest lands as described earlier in this document. See Exhibit 1.
- Redmond has adopted the required number of housing measures into its development code as provided in OAR 660-039-0060 and these include, but are not limited to:
 1. Accessory Dwelling Units (ADU's) allowed as outright permitted uses in all residential zones.
 2. Code changes have been implemented to provide greater flexibility to setbacks for ADU's.
 3. SDC waivers for ADU's that hook up to the main house sewer and water system.
 4. Reduced review processes for duplex, tri-plex, and four-plexes – this new program reduces the time, process, and fees for these units. Design review no longer requires site plan approval.
 5. System Development Charge (SDC) Waivers for non-profits
 6. Deferred SDC payment options
 7. High Density Overlay programs have been implemented for various residential districts throughout the city.
 8. Annexation requirements are used to help provide needed housing – Each new annexation request is evaluated to determine key housing needs and verify a mix of housing.
 9. Cottage Development and other techniques are allowed to reduce lot size. Clustering of housing units is allowed in the Development Code.
 10. Planned Unit Development flexibility can be used to provide a full range of housing options and increased densities.
 11. Continual Improvements to Community Development Block Grant (CDBG) Programs and better cohesion between CDBG planning efforts are underway.
 12. Great Neighborhood Principles requiring a mix of housing types and amenity planning are used for new master plans and new development.
 13. Public Amenities Planning to recognize needed housing and growth patterns is closely aligned.
 14. Redmond requires minimum densities per the Redmond Development Code and Redmond Comprehensive Plan.
 15. Redmond allows reduced parking on a case by case basis to ensure proper design and logistics. We use the latest ITE data to support reductions – we have not permitted < 1 space given our early stage transit development and small population. We are generally allowing 1.5 spaces per unit currently.
 16. Duplexes and attached units are allowed in low density zones.
 17. Residential uses are allowed in commercial zones.

- The pilot project satisfies the housing requirements as provided in OAR 660-039-0070(1) to (6) by:

Allowing the following types of affordable housing on the pilot project site:

- (a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;
- (b) Government assisted housing;
- (c) Manufactured dwelling parks as provided in ORS 197.475 to 197.490; and
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

At least 50 percent of the total housing units proposed and developed on a pilot project site must be affordable housing units – this exceeds the required minimum of 30%. In addition, 242 affordable housing will be developed, exceeding the minimum required.

The phasing for Skyline Village will ensure all affordable housing units have been issued permanent certificates of occupancy prior to issuance of permanent certificates of occupancy to the last 50 percent of any market rate housing units included as part of the pilot project – this will be made part of the master plan approval and deed restrictions for the project. The master plan approval and deed restrictions will also ensure that phased development of affordable housing units and market-rate housing units are issued permanent certificates of occupancy over time in a ratio similar to the ratio of affordable and market-rate housing units within the pilot project as a whole. The master plan will ensure that all common areas and amenities accessible to residents of market-rate housing units within the pilot project site are equally accessible to residents of affordable housing units.

Redmond will ensure all affordable housing units within the pilot project site are rented or sold exclusively to households described in OAR 660-039-0010(1) and this will be via deed restrictions and other agreements to ensure compliance for at least 50 years. Redmond will ensure by deed restriction and specific agreements that housing units within Skyline Village will not be used as vacation or short-term rentals for any significant period during any calendar year.

Residential Unit Mix and AMI served:

The 485-unit (12 units per acre) Skyline Village development anticipates attracting families, singles, professionals, empty nesters and active seniors. The units will include a variety of features and amenities, access to a primary multi-modal transportation corridor and trails and existing recreational opportunities abutting the site.

The unit type and count may vary due to the flexibility needed in this type of development, and at this early stage. At least 50 % of the units will be affordable and generally fall into the housing categories below.

Units	Bedrooms and Baths	Low Rise Apt.	4-Plex 56 units	Townhome	Cottage	Studio above Commercial	Mixed-Income
10	1/1					Yes	Yes
50	1/1	Yes					Yes
75	2/1	Yes					Yes
40	2/2	Yes					Yes
30	3/2	Yes					Yes
75	2/1				Yes		Yes
14 (x4)	2/1.5		Yes				Yes
149	2/2			Yes			Yes

Area Median Income (AMI)

The area median income of \$69,600 is based on data from HousingWorks (see Exhibit 7). This figure is used to determine the maximum rent a family of four can afford (rent burden occurs when housing costs exceed 30% of net income). Many Redmond households experience rent burden.

AMI served – median is 69,600K

80% 55,680 x 30% = \$16,704/12 = \$1,392 for rent per mo.

60% 41,760 x 30% = \$12,528/12 = \$1,044 for rent per mo.

50% 34,800 x 30% = \$10,440/12 = \$870 for rent per mo.

30% 20,880 x 30% = \$6,264/12 = \$522 for rent per mo.

Skyline Village will serve the AMI groups listed above and will advance affordable housing in the city. Knowledge about affordable housing will be enhanced and documented for every step of the development. Populations in need of affordable housing have been identified as those in the 80% AMI or lower categories. Skyline Village is geared to primarily a mix of rentals and 4-plex, townhome and cottage opportunities for purchase. This unique and affordable housing mixed-use neighborhood would be very difficult to develop within the City (city limits and UGB are the same line) due to current land prices and development costs as described above. The goal is to obtain the County property for no or little cost and allow Skyline Village to develop with as few barriers as possible. The city plans to hire a master developer and solicit a developer(s) for the project. Each of the entities has the background and experience to complete the project and through the solicitation process verification of financials and references will be finalized.



660-039-0030

Compliance with Goals, Statutes, Administrative Rules

- (1) *Regarding the pilot project site, a qualifying city submitting a pilot project nomination is exempt from compliance, and the commission is not required to select a pilot project that complies, with: (a) ORS 197A.320; (b) The Land Need or Boundary Location provisions of Goal 14; (c) Goals 3, 4, 6, 8, 9, 10, 12, 13, and 19; (d) Goal 11, except that portion applicable to the impact of development of the pilot project site upon existing and planned public facilities within the qualifying city's urban growth boundary; (e) Goal 15, unless the land is within the Willamette River Greenway Boundary; (f) Goals 16, 17, and 18, unless the land is within a coastal shorelands boundary; or (g) Any administrative rules implementing, clarifying, or interpreting these goals.*
- (2) *A qualifying city submitting a pilot project nomination is required to make findings showing compliance, and the commission is required to select a pilot project that complies with:*
- (a) *Goal 5, regarding resources located on the project site; and*
- (b) *Goal 7*

CITY OF REDMOND RESPONSE AND FINDING

Goal 5 - To protect natural resources and conserve scenic and historic areas and open spaces.

The purpose of identifying Goal 5 related lands is to effectively manage Deschutes County's natural and cultural resources to meet the needs of today while retaining their value for future generations. However, the location of Skyline Village is within the adopted Urban Area Reserve of Redmond's Comprehensive Plan. While owned by the County and zoned EFU, the land is intended to be developed and currently is part of the Eastside Framework Master Plan as shown on Exhibit 1. The master plan shows the Skyline Village property as residential. Deschutes County has supplied documentation supporting Skyline Village. In any event it is important to point out the following features regarding the subject property:

Attachment 3 of the preliminary HB4079 submittal (found at Exhibit 1) provides data showing the project site:

- soils are not classified as High Value Farm Land;
- has never been used for growing crops or perennials;
- is east of the Coast Range;
- has never been within an irrigation district boundary or decree for water by the Water Resources Department;
- has never had wine grapes grown on the property;
- is greater than 3,000 feet above sea level;
- does not contain water resources, rivers, or riparian habitat;
- does not contain mining or aggregate resources;
- does not contain historic or cultural areas or resources; and,
- does not contain approved Oregon Recreation Trails or inventoried scenic areas.

For these reasons, the City of Redmond believes all relevant portions of Goal 5 have been addressed and that no conflict exists between the proposed Skyline Village and the protected Goal 5 resources of Deschutes County.

Goal 7 - To protect people and property from natural hazards.

Natural hazards for purposes of this goal are: floods (coastal and riverine), landslides, earthquakes and related hazards, tsunamis, coastal erosion, and wildfires. None of these hazards are relevant to the Skyline Village property except for wildfires. However, once developed and watermain lines are extended to and through the property the likelihood of wildfire is reduced. The Redmond Fire District has supplied a resolution stating they will protect this area as it is within their fire district. See Exhibit appendix. As noted above, Skyline Village lies within the adopted Urban Area Reserve and is planned for urban development as noted on the adopted Eastside Framework Plan.

660-039-0040

Provision of Public Facilities and Services

- (1) A qualifying city submitting a pilot project nomination shall demonstrate that, for sanitary sewers, domestic water, fire protection, parks or recreation, and streets and roads the pilot project site can be reasonably provided with public facilities and services and the provider(s) of the public facilities and services have the capacity and financial resources to serve development on the site as proposed in the concept plan.*
- (2) The commission may consider the following aspects of the nomination when determining the strength of the public facilities and services committed to serving the pilot project site pursuant to OAR 660-039-0080(2)(b)(B):*
 - (a) The proximity of the pilot project site to adequate existing public facilities and services;*
 - (b) The projected expense of providing necessary public facilities and services to the pilot project site; and*
 - (c) The availability and quality of the proposed transportation facilities and services provided for bicyclists, pedestrians, and mass transit users within the pilot project site and connecting to the pilot project site from other areas within the qualifying city.*

CITY OF REDMOND RESPONSE AND FINDING

As noted above and summarized here, Redmond has access to urban infrastructure needed to serve Skyline Village. As in most developments there are on-site and off-site costs to extend facilities to any urban development site. The letter from City Engineer Mike Caccavano indicates that with the water/sewer mains in Kingwood Avenue up to 150 units can be accommodated. Offsite extensions of sewer mains will be needed for this project a short distance away. Grants and low-interest loans may be available to reduce extension costs further. If Deschutes County provides the property at no cost, then the feasibility greatly improves. Streets, trails, and sidewalks will provide connectivity to and through the site which is bordered on the north and south boundaries with Kingwood Avenue and Maple Avenue, respectively. Mass transit will serve the site as described above and supported by the resolution in the appendix.

- (1) The pilot project site shall be buffered from adjacent lands in an exclusive farm use zone, forest zone, or mixed farm and forest zone, by a minimum 100-foot-wide buffer on the pilot project site. The buffer shall include features, such as terrain differential, natural or introduced vegetation, and constructed berms, designed to provide additional buffering quality within the buffer area.*
- (2) In lieu of the buffer required under section (1), a qualifying city may propose an alternative method to avoid or minimize adverse effects on adjacent lands in an exclusive farm use zone, forest zone, or mixed farm and forest zone that would provide greater protection to land zoned farm, forest or mixed farm and forest than would otherwise be provided through the buffer.*
- (3) The commission shall consider the following when determining the strength of buffers pursuant to OAR 660-039-0080(2)(b)(C):*
 - (a) The amount and percentage of the pilot project site perimeter that is not adjacent to lands in an exclusive farm use zone, forest zone, or mixed farm and forest zone;*
 - (b) A proposed buffer that is wider than 100 feet, or that uses more thorough techniques within the buffer area to reduce impacts to farm and forest lands;*
 - (c) The type and characteristics of farm and forest practices on the pilot project site over the past 20 years;*
 - (d) The type and characteristics of farm and forest practices on lands adjacent to the pilot project site;*
 - (e) The impact of the pilot project development on adjacent farm and forest practices including movement of farm and forest vehicles and equipment; and*
 - (f) The impact of the pilot project development on fire protection, if adjacent to forest practices.*
- (4) If a qualifying city submits factual information demonstrating a Goal 5 resource site, or the impact areas of such a site, is included in the pilot project site to be added to the urban growth boundary, the qualifying city shall apply the requirements of OAR chapter 660, division 23. For purposes of this section, "impact area" is a geographic area within which conflicting uses could adversely affect a significant Goal 5 resource, as described in OAR 660-023-0040(3).*

CITY OF REDMOND RESPONSE AND FINDING

Property to the west of Skyline Village is zoned EFUTRB, Exclusive Farm Use and contains an executive home – no farm products are produced on this parcel. The property is separated from Skyline Village by the ROW of NE 13th Street and front yard setbacks of future residential development for an additional 10-20 feet. The property owners have never utilized farming practices or received farm deferral taxation credits. The soils on this site are not irrigated, have no water rights, and are not classified as high value farmland. Exhibit 1 from the preliminary submittal explains this further.

Property to the north of Skyline Village is zoned RR-10, Rural Residential, does not receive farm deferral and separated from the subject property by the Maple Avenue, a 60-foot ROW. The eastern property line of Skyline Village abuts land zoned EFUTRB, Exclusive Farm Use. This property is owned by Deschutes County and is not farmed, irrigated, or classified as high-value farmland. This property is also part of the adopted Urban Area Reserve and adopted Eastside Framework Plan which anticipates urban uses, not farm uses. Moreover, the County has endorsed this HB4079 application as shown in the Exhibit appendix.

660-039-0060

Measures to Accommodate and Encourage Needed and Affordable Housing within Existing Urban Growth Boundary

(1) *A qualifying city submitting a pilot project nomination must demonstrate that its acknowledged comprehensive plan, acknowledged development code, or other relevant adopted city codes or other governing documents include:*

(a) *Affordable housing measures from the list in subsection (3)(a) equaling at least three points; and*

(b) *Affordable housing measures from the list in subsection (3)(a) or needed housing measures from the list in subsection (3)(b) equaling at least twelve points combined.*

(2) *For up to six of the twelve points required under subsection (1)(b), the qualifying city may demonstrate that its acknowledged comprehensive plan, acknowledged development code, or other relevant adopted city codes or other governing documents include an alternative housing measure not on the list of measures in section (3) that the qualifying city demonstrates, with appropriate findings, have a positive effect upon needed or affordable housing equal to or greater than an equivalent measure in section (3).*

(3) *A qualifying city may satisfy section (1) through adoption of the following measures, or alternative measures pursuant to section (2), to accommodate and encourage the development of needed housing and affordable housing within its existing urban growth boundary:*

(a) *Affordable housing measures*

(A) *Density bonus for affordable housing (three points maximum):*

(i) *Three points if code has a density bonus provision for affordable housing of at least 20 percent with no additional development review standards than required for development applications that do not include a density bonus, with reservation of affordable housing units for at least 50 years; or*

(ii) *One point if code has a density bonus provision for affordable housing of at least 20 percent, with additional development review standards required for development applications that do not include a density bonus.*

(B) *Systems development charges (three points maximum):*

(i) *Three points for code provisions that eliminate systems development charges for affordable housing units described in subparagraph (3)(a)(A)(i), or reduce systems development charges for such units by at least 75 percent when compared to similar units that are not reserved for affordable housing; or*

(ii) *One point for code provisions deferring systems development charges for affordable housing units described in subparagraph (3)(a)(A)(i), to the date of occupancy of the housing unit.*

(C) Property tax exemptions (Nine points maximum):

- (i) Three points for code provision authorizing property tax exemptions under ORS 307.515 to 307.535 for low income housing development, under criteria in both ORS 307.517 and 307.518, with no additional development review standards;*
- (ii) Three points for code provisions authorizing property tax exemptions under ORS 307.540 to 307.548 for non-profit corporation low-income housing development, with no additional development review standards; and*
- (iii) Three points for code provision authorizing property tax exemptions under ORS 307.600 to 307.637 for multiple unit housing, with no additional restrictions on location of such housing in addition to those contained within ORS 307.600 to 307.637, and with required benefits pursuant to ORS 307.618 that are clear and objective and do not have the effect of discouraging the use of the property tax exemption through imposition of unreasonable cost or delay.*

(D) Other property tax exemptions or assessment freezes (two points maximum):

- (i) One point for code provision authorizing property tax exemptions for ORS 307.651 to 307.687 – single-unit housing in distressed areas – with clear and objective design standards that do not have the effect of discouraging use of the property tax exemption through unreasonable cost or delay; and*
- (ii) One point for code provision authorizing property tax freezes under ORS 308.450 to 308.481 – rehabilitated residential property – if the boundaries of the distressed area consist of at least 10 percent of the qualifying city’s total land area, and clear and objective standards that do not have the effect of discouraging use of the program through unreasonable cost and delay.*

(E) Inclusionary Zoning: Three points for code provision imposing inclusionary zoning requirements consistent with the provisions of ORS 197.309.

(F) Construction Excise Tax: Three points for code provision imposing construction taxes consistent with the provisions of Oregon Laws 2016, chapter 59, sections 8 and 9.

(b) Needed Housing Measures

(A) Accessory dwelling units (three points maximum):

- (i) Three points for allowing accessory dwelling units in any zoning district that allows detached single family housing units, with no off-street parking requirement, any structure type allowed, allowing owner to live in either the primary or accessory dwelling unit, with no systems development charges for water, sewer, or transportation, and with clear and objective review standards; or*
- (ii) One point for allowing accessory dwelling units, but one or more of the attributes in subparagraph (3)(b)(A)(i) missing.*

- (B) *Minimum density standard (three points maximum):*
- (i) *Three points if all residential zoning districts have a minimum density standard of at least 70 percent of the maximum density allowed, with optional exemptions for lands that do not qualify as buildable lands under OAR 660-008-0005(2) and lands that are being partitioned as defined by ORS 92.010(7); or*
 - (ii) *One point if all residential zoning districts have a minimum density standard of at least 50 percent of maximum density allowed, with optional exemptions for lands that do not qualify as buildable lands under OAR 660-008-0005(2) and lands that are being partitioned as defined by ORS 92.010(7).*
- (C) *Limitations on low density housing types (five points maximum):*
- (i) *Three points for code provision that allows no more than 25 percent of residences in medium density residential zoning districts to be detached single family housing units, unless the detached single family housing unit is on a lot less than or equal to 3,000 square feet, with exemptions for lands that are being partitioned as defined by ORS 92.010(7);*
 - (ii) *One point for code provision that prohibits detached single family housing units in high density residential zoning districts; and*
 - (iii) *One point for code provision establishing maximum lot size for detached single family housing units in medium and high density residential zoning districts as less than or equal to 5,000 square feet.*
- (D) *Off-street parking requirements for multiple family housing with four or more units (three points maximum):*
- (i) *Three points if off-street parking requirement is no more than one space per housing unit in multiple family housing developments of four or more units, and no more than 0.75 spaces per housing unit in multiple family housing developments of four or more units within one-quarter mile of transit service with weekday peak hour service headway of 20 minutes or less; or*
 - (ii) *One point if off-street parking requirement is no more than one space per housing unit in multiple family housing developments of four or more units, without additional reductions in subparagraph (3)(b)(D)(i).*
- (E) *Off-street parking requirements for single family housing, duplexes, and triplexes (one point maximum): One point if off-street parking requirement for detached single family housing units, attached single family housing units, duplexes, and triplexes is no more than one space per housing unit.*
- (F) *Amount of land in high density residential zoning districts (three points maximum):*
- (i) *Three points if at least 15 percent of all residentially-zoned land in the qualifying city is zoned for high density residential development; or*
 - (ii) *One point if at least eight percent of all residentially-zoned land in the qualifying city is zoned for high density residential development.*

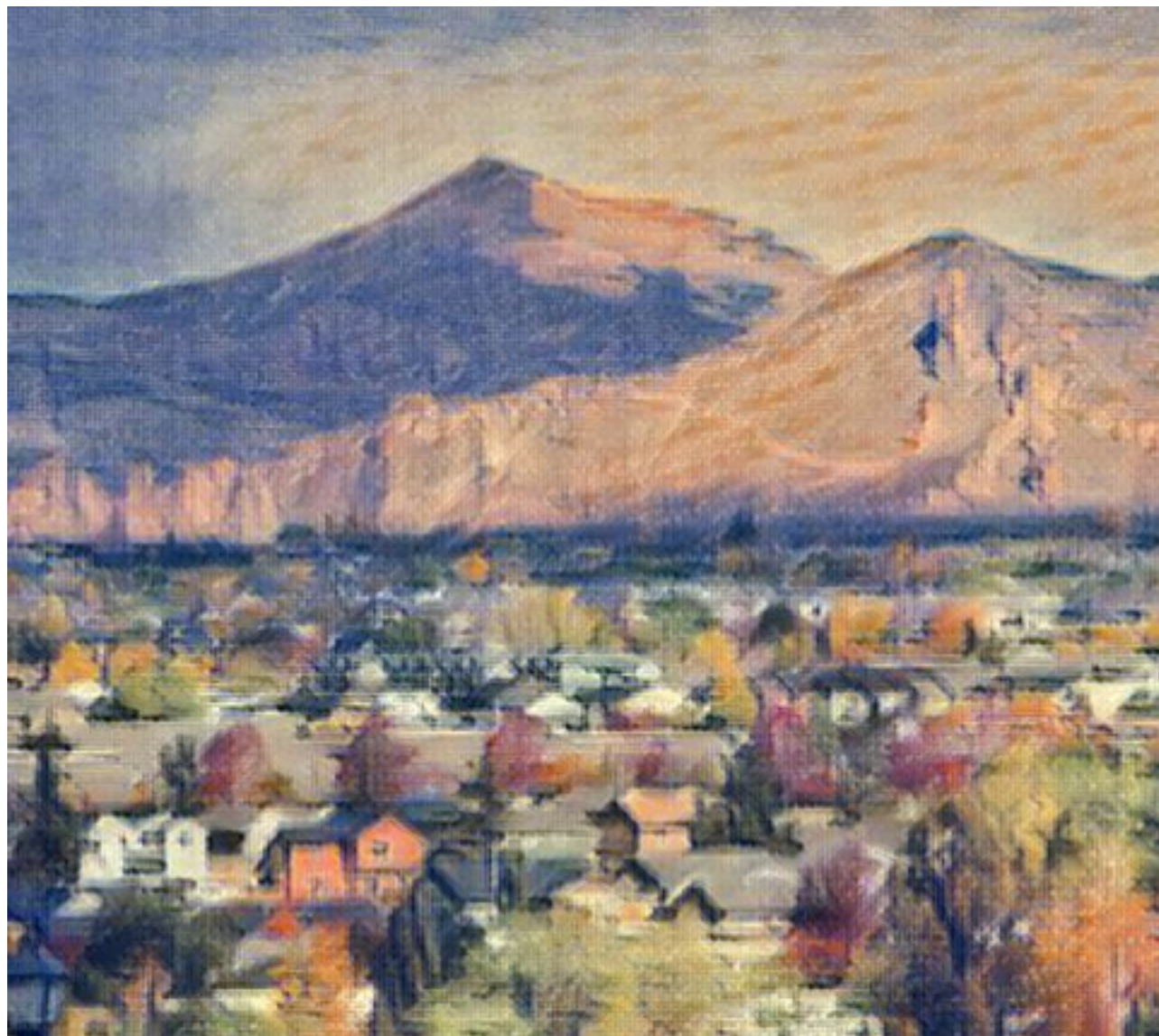
- (G) *Duplexes in low density residential zoning districts (three points maximum):*
- (i) *Three points if duplexes are allowed in low density residential zoning districts on any lot with no additional development review standards than required for detached single family dwellings; or*
 - (ii) *One point if duplexes are allowed on corner lots in low density residential zoning districts with no additional development review standards than required for detached single family housing units.*
- (H) *Attached single-family residential housing units in low density residential zoning districts (one point maximum): One point if attached single-family residential housing units are allowed in low density residential zoning districts, with attached single-family residential lots having a minimum lot size no greater than 5,000 square feet.*
- (I) *Residential street standards (three points maximum): Three points for allowance of local residential street pavement minimum widths of 28 feet or less with parking on both sides, 24 feet or less with parking on one side, or 20 feet or less with no parking.*
- (J) *Mixed-use housing (three points maximum): Three points if at least 50 percent of land within commercial zoning districts in the qualifying city permits residential development with off-street parking requirement no greater than one space per housing unit and provisions for additional parking reductions for shared commercial and residential uses and in areas with approved parking management districts.*
- (K) *Low density residential flexible lot sizes (one point maximum): One point if minimum lot size in low density residential zoning districts is at least 25 percent less than the minimum lot size that would correspond to the maximum density allowed in that zoning district.*
- (L) *Cottage housing provisions (one point maximum): One point if development code has cottage housing code provision authorizing development at a maximum of at least 12 housing units per acre.*
- (M) *Vertical housing provisions (one point maximum): One point if the Housing and Community Services Department has approved a vertical housing development zone under ORS 307.841 to 307.867 for the qualifying city;*

CITY OF REDMOND RESPONSE AND FINDING

Redmond supplied the needed housing measures form and received a response that the minimum number of points needed was exceeded. See Exhibit appendix 1.

CONCLUSION SUMMARY

Redmond meets all of the required criteria and should be selected as the location for the Pilot Project. Thank you for your consideration.



HB 4079 Pilot Program Complete Application Form



Background

The HB 4079 Pilot Program aims to boost affordable housing by allowing cities to develop affordable and market rate housing on lands currently outside urban growth boundaries (UGBs) without going through the normal UGB expansion process.

Official program rules and more materials are available at
<https://www.oregon.gov/LCD/Pages/HB4079pilotprogram.aspx>

Application Instructions

To submit a complete HB 4079 application, fill out this form and attach the attachments listed on the final page.

Submit the documents in PDF form (ideally, as a single PDF) to gordon.howard@state.or.us by 11:59 PM, June 1, 2018.
If you wish to confirm receipt by the deadline, please submit your application no later than noon on June 1, 2018.

The department will review this application for completeness and may request additional information.

Note: During project selection, certain project elements may receive extra consideration by the commission; see OAR 660-039-0080(2)(b).

If you have questions, please contact us – we are eager to help you apply.

Questions/Contact

Gordon Howard
Community Services Division Manager
gordon.howard@state.or.us
(503) 394-0034

Section 1 – Project Summary**Applicant Information****City Name (Applicant)**

Redmond

Contact Phone

541 923 7724

Contact Person (Name and Title)

Deborah McMahon

Contact E-Mail

deborah.mcmahon@ci.or.us

Proposed Housing Numbers, Affordability and Density

Total number of units (per OAR 660-039-0010(4))	485+
Number of affordable housing units (per OAR 660-039-0010(1) and (2))	242
Number of units for households below 30% of Area Median Income, adjusted for family size	10
Number of units for households at 30-60% of Area Median Income, adjusted for family size	36
Number of units for households at 60-80% of Area Median Income, adjusted for family size	121
Number of units for households at 80-100% of Area Median Income, adjusted for family size	75
Number of units for households at 100-120% of Area Median Income, adjusted for family size	80
Number of units for households above 120% of Area Median Income, adjusted for family size	87

Site acreage	40 acres
Dwelling units per gross acre	12+/acre

Existing City Efforts to Provide Affordable and Needed Housing

Housing Measures Adopted by City (from totals in Section 3)	Points Claimed
For affordable housing measures adopted	19
For needed housing measures adopted	20
For alternative housing measures adopted	3
Total Points Claimed	42

Section 2 – Project Details

Housing Provided

Unit Type, Tenure, and Percent of Median Income Designation

In the table below, insert the following information:

- List the unit type (e.g., single-family, multi-family, townhome, duplex, triplex, manufactured dwelling, etc.)
- List the total number of buildings of each type (example, 1 townhome building may have 4 units, 1 single-family dwelling will have 1 unit)
- Indicate the tenure type (rent or own). If there are a mix of tenure types, but the same building type, enter the information on separate rows (*see example below for townhomes*)
- Indicate the income limitations of the proposed units (see OAR 660-049-0010(1) for requirements)

Unit Type*	Number of Buildings*	Total Number of Units*	Tenure Type		Available to households at percent of area median income as adjusted for family size					
			Rent	Own	Below 30% AMI	30% to 60% AMI	60% to 80% AMI	80% to 120% AMI	Other Market Rate	Other
<i>Example: townhome</i>	8	32	32			16	16			
<i>townhome</i>	8	32	0					16	16	
<i>multifamily</i>	2	20	20			10	10			
Low-rise Apt including studio above Commercial	10	205	148	56	10	10	80	105		
4-plex	14	56	40	16			10	46		
Townhome	19	149		149				149		
Cottage	75	75	54	21				75		
Manager's Unit(s)	1 included above									
Total by Column	118	485	243	242	10	10	90	375		

Property Characteristics**Location****Street Address:** Not assigned – Kingwood Avenue**Township:** 15 **Range:** 13 **Section:** 00 **Taxlot(s):** Portion of 103**Property Size and Zoning****Acres:** 40 acres **Number of Lots/Parcels:** Not assigned yet
(not to exceed 50 acres)**Comprehensive Plan Designation:** RM/Medium Density Residential **Zoning Designation:** RM/Medium Density Residential**Adjacent Land Uses/Zoning**

North of site: Executive Homesite on non- High Value Farm EFU and RR10 uses, Park, Public Facility

South of site: Industrial Employment Lands

East of site: EFU – Vacant – non High Value Farm

West of site: Executive Homesite on non- High Value Farm EFU

No farm uses, no resources and additional details in findings as attached

Project Elements**Dwelling units per gross acre (must be at least 7 – see OAR 660-039-0020(8))**

Number of residential buildings	118	Number of non-residential buildings	0
Number of residential units	485+	Number of mixed-use buildings	2
Developable acres	40	Constrained acres	0

Explanation of development constraints (e.g., wetlands, steep slopes, buffer from adjacent and nearby farm and forest uses on farm and forestlands) **note: development constraints will also be shown on the concept plan*

Density is 12 units minimum per acre, no development constraints – see findings for explanation of buffers

Public Facilities and Services (see requirements in OAR 660-039-0040)

	Yes	No
Is sanitary sewer presently at site?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Is domestic water presently at site?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Is the site within a fire protection district?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Is the site served by streets and roads?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Is the site served by mass transit?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

HB 4079 Application

City Name: **Redmond**

Is the site served by parks and recreation?

☒☐

If no, what is the proximity of existing sewer to the site?

If no, what is the proximity of domestic water to the site?

If no, what is the proximity of fire protection to the site?

If no, what is the proximity of streets/roads to the site?

If no, what is the proximity of mass transit to the site?

If no, what is the proximity of parks and recreation?

For any public facilities not currently at the site, describe how the public facilities and services will be provided to the site, including capacity and financial resources. Please note the requirements and considerations in OAR 660-039-0040, especially for transit.

Please see Cascades East Transit Resolution providing services, and City Engineer letter for utility analysis

Project Amenities

**all common areas and amenities accessible to residents of market rate units must be equally accessible to residents of affordable housing units*

☐ Separate Community Building

☒ Community Room in Residential Building

☐ Structured Car Parking # Spaces

☒ Surface Car Parking # Spaces

☐ Underground Car Parking # Spaces

TBD

☒ Common Laundry Room

☐ Common Kitchen

☐ Common Restrooms (other than Community Room)

☒ Playground

☒ Garden Plots

☒ In-Unit Storage

☒ Secure Outdoor Storage Space

☒ Secure Bicycle Storage/Parking

☒ Other: vegetated alleys and linear parks, parks areas (dog park too), transit plaza, learning room, and access to trails.

Will there be a use or rental fee for these spaces? *If yes, explain below*

☐☒

[Click here to enter text.](#)

Are there other amenities that will be developed as part of the project? *If yes, explain below.*

☐☒

vegetated alleys and linear parks, parks areas (dog park too), transit plaza, learning room, and access to trails.

Provision of Affordable Housing

Yes

No

Is the project a mixed income project?

☒☐

Number of market rate units:

Number of affordable housing units:

Rental/Sale Price of Housing Units

Describe the prices at which the affordable housing units will be rented or sold to eligible tenants and buyers.

Area Median Income (AMI)

The area median income of \$69,600 is based on data from HousingWorks, the local housing authority. This figure is used to determine the maximum rent a family of four can afford (rent burden occurs when housing costs exceed 30% of net income).

AMI served – median is 69,600K

80% \$55,680.00 x 30% = \$16,704/12 = \$1,392 for rent per month

60% \$41,760.00 x 30% = \$12,528/12 = \$1,044 for rent per month

50% \$34,800.00 x 30% = \$10,440/12 = \$870 for rent per month

30% \$20,880.00 x 30% = \$6,264/12 = \$522 for rent per month

Describe the prices at which the market rate housing units will be rented or sold to eligible tenants and buyers.

Market rate rentals are estimated to be between \$1,392 per month and \$1,700 per month depending upon unit type.

As shown above, 80% AMI and above allows for market rate units to be sold at \$240,000.00 and up. Expected market rate prices for units are estimated to vary between \$240,000 to \$400,000.

Describe how the market rate housing supports the development of affordable housing. This may include financial, political, or other information.

A blend of housing will help stabilize new neighborhoods in terms of enduring value. A mix of incomes not only provides depth and variety as Redmond's regulations require but help to create complete neighborhoods rather than concentrated poverty or concentrated wealth. Federal, state, and local governments provide direct financial assistance— typically tax credits, grants, or low-cost loans—to housing developers for the construction of rental housing. In exchange, developers reserve a portion of units for lower-income households. By far the largest of these programs is the federal and state Low Income Housing Tax Credit (LIHTC), which provides tax credits to affordable housing developers to cover a portion of their building costs.

New market-rate housing typically is targeted at higher-income households. Building new market-rate housing, however, indirectly increases the supply of housing available to low-income households in multiple ways

New housing generally becomes less desirable as it ages and, as a result, becomes less expensive over time. Market-rate housing constructed now will therefore add to a community's stock of lower-cost housing in the future as these new homes age and become more affordable.

When new construction is abundant, middle-income households looking to upgrade the quality of their housing often move from older, more affordable housing to new housing. As these middle-income households move out of older housing it becomes available for lower income households. This is less likely to occur in communities where new housing construction is limited. Faced with heightened competition for scarce housing, middle-income households may live longer in aging housing. Instead of upgrading by moving to a new home, owners of aging homes may choose to remodel their existing homes. Similarly, landlords of aging rental housing may elect to update their properties so that they can continue to market them to middle-income households. As a result, less housing transitions to the lower-end of the housing market over time. Thus, a new neighborhood with a mix of housing choices is preferred and allows people to live in their neighborhoods ;long term as housing needs change with time and age of householder.

Another result of too little housing construction is that more affluent households, faced with limited housing choices, may choose to live in neighborhoods and housing units that historically have been occupied by low-income households. This reduces the amount of housing available for low-income households. Other research shows that at low-income neighborhoods are more likely to experience an influx of higher-income households when they are in close proximity to affluent neighborhoods with tight housing markets. When the number of housing units available at the lower end of a community's housing market increases, growth in prices and rents slows. As market-rate housing construction tends to slow the growth in prices and rents, it can make it easier for low-income households to afford their existing homes. This can help to lessen the displacement of low-income households.

Explain why the development of a project similar to the proposed pilot is unlikely to be developed within the existing urban growth boundary. This may include, but is not limited to, land costs, redevelopment or remediation costs, site availability, or physical constraints.

The local housing authority, HousingWorks, has described to the City how it is impossible to develop affordable housing given the cost of land on Redmond. Redmond's median home price is \$300,000.00 with recent data showing ready to build lots at \$290,000.00 - \$500,000.00 an acre or more depending upon zoning. Redmond has vacant land upon which to develop homes, but it is simply not available at prices that enable the development of affordable housing and is being used to develop homes in the \$300,000.00 - \$500,000.00 range. These are selling well given factors related to better employment opportunities in nearby Bend, and these houses do not stay on the market very long. However, this segment of the Redmond market does not cover the housing need for people in the lower income levels. As a verified "Distressed" community Redmond contains many people living in poverty with heavy rent burdens as described earlier in this document. People who wish to work in Redmond in jobs that do not pay higher wages must go further afield to search for affordable housing in cities like Prineville, Madras, and La Pine - over an hour away. This is not a sustainable situation. It forces families to give up essential needs such as medical, insurances, and food to pay for housing and travel expenses.

Phasing

Describe how the project will be phased (see requirements in OAR 660-039-0070). The proposed phasing will occur first in the areas closest to Kingwood Avenue where utilities currently exist and support up to 150 residential units with the current infrastructure capacity. Phase 1 will include up to 150 units consisting of affordable housing for those earning 80 % or less AMI and 23 – 50% market rate housing above 80% AMI. Phase 2 will include 186 affordable housing for those earning 80 % or less AMI and 23 – 50% market rate housing above 80% AMI. Phase 3 will include 149 market rate townhomes for those earning over 80% AMI. Phase 2 and 3 may occur simultaneously but rely upon off-site sewer improvements as described by the City Engineer – see Findings and exhibits describing sewer improvements and funding.

If the project will not be phased, enter n/a.

[Click here to enter text.](#)

Availability of Affordable Housing for 50 Years

Explain how the City shall ensure all affordable housing units are rented/sold to qualifying households, and how the affordable housing on the site will continue to be available as affordable housing for 50 years. Examples are in the rule at OAR 660-039-0020(6)(m). The Department believes a deed restriction is the option most likely to succeed.

As described in the attached findings - the pilot program requires a minimum of 50 years of affordability. The use of profit caps on the non-market rate housing to retain appreciation for long-term affordable housing and site maintenance requirements will help maintain the quality and integrity of the neighborhood. The City will also use rent controls and tools such as deed restrictions, and HOA/CCR's. The Skyline Village site will require annexation to receive urban zoning and authorization to develop. The Redmond Development Code requires master planning as a condition of annexation. The annexation process is routinely used to customize the terms of annexation. Redmond intends to restrict annexation upon the terms of guaranteed performance for at least 50 years using a recorded deed restriction; other restrictions to ensure affordability for the units serving 80% AMI and less; and, deed restrictions recorded against the property to ensure compliance for Homeowner's Association responsibilities. Annexation also requires that the property be master planned according to Redmond's land use regulations. No rezoning can occur unless the annexation requirements are met, including master planning of the entire site. Master planning is an intensive review and design process that ensures the City's Great Neighborhood Principles are met through a

recorded Improvement Agreement. Thus, all aspects of the development are carefully crafted before development can occur ensuring the development and housing objectives will be met. The phasing for Skyline Village will ensure all affordable housing units have been issued permanent certificates of occupancy prior to issuance of permanent certificates of occupancy to the last 50 percent of any market rate housing units included as part of the pilot project – this will be made part of the master plan approval and deed restrictions for the project. The master plan approval and deed restrictions will also ensure that phased development of affordable housing units and market-rate housing units are issued permanent certificates of occupancy over time in a ratio similar to the ratio of affordable and market-rate housing units within the pilot project as a whole. The master plan will ensure that all common areas and amenities accessible to residents of market-rate housing units within the pilot project site are equally accessible to residents of affordable housing units.

Redmond will ensure all affordable housing units within the pilot project site are rented or sold exclusively to households described in OAR 660-039-0010(1) and this will be via deed restrictions and other agreements to ensure compliance for at least 50 years. Redmond will ensure by deed restriction and specific agreements that housing units within Skyline Village will not be used as vacation or short-term rentals for any significant period during any calendar year.

Management of Site and Adjacent Uses

Describe how the City will enforce the prohibition on vacation and short term rentals on the site (see OAR 660-039-0070(6)).

Redmond will ensure by deed restriction and specific agreements that housing units within Skyline Village will not be used as vacation or short-term rentals for any significant period during any calendar year.

Describe buffering from adjacent and nearby farm and forest uses on lands zoned for farm and forest use (see OAR 660-039-0050 for requirements), and any impacts on adjacent farm and forest practices, and impact on fire protection, if adjacent to forest practices.

There are no farms or forest lands abutting the site. However, property to the west of Skyline Village is zoned EFUTRB, Exclusive Farm Use and contains an executive home. The property is separated by the ROW of NE 13th Street and front yard setbacks of future residential development. The property owners do not practice farm uses or receive farm deferral taxation credits. The soils on this site are not irrigated, have no water rights, and are not classified as high value farmland. Exhibits from the preliminary submittal explain this further.

Property to the north of Skyline Village is zoned RR-10, Rural Residential, does not receive farm deferral and is separated from the subject property by the Maple Avenue, a 60-foot ROW.

The eastern property line abuts land zoned EFUTRB, Exclusive Farm Use. This property is owned by Deschutes County and is not farmed. This property is also part of the adopted Urban Area Reserve and adopted Eastside

Framework Plan which anticipates urban uses, not farm uses. Moreover, the County has endorsed this HB4079 application.

Describe how any Goal 5 or Goal 7 requirements will be met (see OAR 660-039-0050 for requirements; show locations on concept map in Section 6).

As described in the submitted findings -

Goal 5 - To protect natural resources and conserve scenic and historic areas and open spaces.

The purpose of identifying Goal 5 related lands is to effectively manage Deschutes County's natural and cultural resources to meet the needs of today while retaining their value for future generations. However, the location of Skyline Village is within the adopted Urban Area Reserve of Redmond's Comprehensive Plan. While owned by the County and zoned EFU, the land is intended to be developed and currently is part of the Eastside Framework Master Plan. The master plan shows the Skyline Village property as residential. Deschutes County has supplied documentation supporting Skyline Village. In any event it is important to point out the following features regarding the subject property:

Attachment 3 of the preliminary HB4079 submittal provides data showing the project site:

- soils are not classified as High Value Farm Land;
- has never been used for growing crops or perennials;
- is east of the Coast Range;
- has never been within an irrigation district boundary or decree for water by the Water Resources Department;
- has never had wine grapes grown on the property;
- is greater than 3,000 feet above sea level;
- does not contain water resources, rivers, or riparian habitat;
- does not contain mining or aggregate resources;
- does not contain historic or cultural areas or resources; and,
- does not contain approved Oregon Recreation Trails or inventoried scenic areas.

For these reasons, the City of Redmond believes all relevant portions of Goal 5 have been addressed and that no conflict exists between the proposed Skyline Village and the protected Goal 5 resources of Deschutes County.

Goal 7 - To protect people and property from natural hazards.

Natural hazards for purposes of this goal are: floods (coastal and riverine), landslides, earthquakes and related hazards, tsunamis, coastal erosion, and wildfires. None of these hazards are relevant to the Skyline Village property except for wildfires. However, once developed and watermain lines are extended to and through the property the likelihood of wildfire is reduced. The Redmond Fire District has supplied a resolution stating they will protect this

area as it is within their fire district. As noted above, Skyline Village lies within the adopted Urban Area Reserve and is planned for urban development as noted on the adopted Eastside Framework Plan.

Section 3 – Housing Measures Adopted by City

For measures you have adopted, insert a web link to the pertinent parts of your city's code and the number of points you are claiming. Cities must have adopted measures totaling at least 3 points of affordable housing measures, and at least 12 points overall. Cities may apply for up to 6 points of credit for alternative measures.

Affordable Housing Measures

refer to OAR 660-039-0060(3)(a) for details

Measure	Citation and Link(s) to Code or Documentation http://www.ci.redmond.or.us/home/showdocument?id=3426	Points Claimed
Density Bonus (max 3 points) 3 points – Density bonus of at least 20%, no additional design review 1 point – Density bonus with additional design review	Redmond allows increases in density via Annexation, Master Planning, waivers, and PUD's. Ref: Redmond Comprehensive Plan and Redmond Development Code.	3
Systems Development Charges (max 3 points) 3 points – At least 75% reduction on SDCs for affordable housing 1 point – Defer SDCs to date of occupancy for affordable housing	Redmond does not require any water or sewer SDC on ADU's – Public Works Policy. Redmond allows deferred SDC's to date of occupancy per Redmond City Code	1 1
Property Tax Exemptions 3 points – Property tax exemption for low income housing 3 points – Property tax exemption for non-profit corp. low income housing 3 points – Property tax exemption for multi-unit housing	Deschutes County (our tax assessor) offers Redmond's Seniors tax deferral programs and Veterans Tax exemptions, Tax exemptions for non-profits, and for non-profit owned multi-family housing Assessor's Office inferred this addressed a portion of low income since seniors and Vet's are in that bracket.	9
Other Property Tax Exemptions/Freeze 1 point – Property tax exemption for housing in distressed areas 1 point – Property tax freezes for rehabilitated housing	Deschutes County (our tax assessor) offers Redmond tax exemptions for distressed areas and for Low Income rehabilitated housing.	2

HB 4079 Application

City Name: **Redmond**

Inclusionary Zoning 3 points – Code imposing inclusionary zoning	Redmond requires a full mix of housing via compliance with the GNP's, and Annexation – Redmond Development Code	3
Construction Excise Tax 3 points – Code imposing construction excise tax	Under very early discussion, no council direction yet on this.	0
Total Points Claimed for Affordable Housing Measures (must be at least 3)		19

Needed Housing Measures

refer to OAR 660-039-0060(3)(b) for details

Measure	Citation and Link(s) to Code or Documentation	Points Claimed
Accessory Dwelling Units (max 3 points) 3 points – ADUs allowed in any zone without many constraints 1 point – ADUs with more constraints	Redmond allows ADU's in all residential zones and in the Mixed-use Live Work Zone.	3
Minimum Density Standard (max 3 points) 3 points – Minimum density standard at least 70% of maximum 1 point – Minimum density standard at least 50% of maximum	Redmond requires minimum densities per the Redmond Development Code and Redmond Comprehensive Plan. Our minimum densities are listed in several areas of the Comp Plan and Code. Here are a few. See on next page and in attachment. Our Plan and Code are a bit of a Frankenstein having been patched over the years, but we clearly require compliance with minimum densities.	3

RESIDENTIAL ZONES

The Comprehensive Plan has five residential land use categories that are described in Table 16 and are shown on the Comprehensive Plan Map. These categories provide for the variety and choice in housing types, lot sizes, and locations to meet the existing and future housing markets.

Comprehensive Plan Addendum
Adopted by City Council May 22, 2001

Page 32

Table 16

HOUSING TYPES AND DENSITIES ALLOWED				
Land Use Category	Zone	Minimum Lot Requirements	Gross Minimum Density	Uses Allowed Outright (O) Conditionally (C)
Limited Residential Zone	R-1	No changes	1.1 to 2.2 units per gross acre	To be completed
Limited Residential Zone	R-2	SF 8,000 sf Duplex 9,000 sf MF 4,000 sf	3.5 to 10 units per gross acre	To be completed
Limited Residential Zone	R-3	SF 6,500 sf Duplex 7,500 sf MF 3,500 sf	4 to 12 units per gross acre	To be completed
General Residential Zone	R-4	SF 5,000 sf Duplex 6,000 sf MF 2,500 sf	6.5 to 15 units per gross acre	To be completed
High Density Residential Zone	R-5	SF Not Permitted Duplex 5,000 sf MF 2,000 sf	10 to 40 units per gross acre	To be completed

Limitations on Low Density Housing Types

3 points – No more than 25% of residences in medium density to be detached

1 point – No detached residences in high density zones

We are moving in this direction but have not put these limitations in the code yet.

0

1 point – Maximum lots for detached homes medium/high zones ≤5,000 sq ft														
Multifamily Off-street Parking Requirements (max 3 points) 3 points – ≤1 parking space/unit for multi-unit dwelling and ≤0.75 spaces/unit for units within one-quarter mile of high frequency transit 1 point – ≤ 1 parking space/unit in multi-unit dwellings	Redmond allows reduced parking on a case by case basis to ensure proper logistics. We use the latest ITE data to support reductions – we have not permitted ≤ 1 space given our early stage transit development and small population.	0												
Under Four Unit Off-street Parking Requirements 1 point – ≤ 1 space/unit required for detached, attached, duplex, triplexes	Redmond allows reduced parking on a case by case basis to ensure proper logistics. We use the latest ITE data to support reductions – we have not permitted ≤ 1 space given our early stage transit development and small population.	0												
Amount of High Density Zoning Districts (max 3 points) 3 points – At least 15% of all residential land is zoned for high density 1 point – At least 8% of all residential land is zoned for high density	Redmond’s R4, R5, and High-Density Overlay Zones exceed 15% of inventory – high density account for 54.2 % of residential areas. <table><tr><td>R1</td><td>412.876</td></tr><tr><td>R2</td><td>874.438</td></tr><tr><td>R3</td><td>676.11</td></tr><tr><td>R3A</td><td>1.168</td></tr><tr><td>R4</td><td>1765.843</td></tr><tr><td>R5</td><td>557.713</td></tr></table> Total Acres Residential = 4288.15 Total R4 & R5 = 2323.56 Percent of total residential zoned R4 & R5 = 54.2%	R1	412.876	R2	874.438	R3	676.11	R3A	1.168	R4	1765.843	R5	557.713	3
R1	412.876													
R2	874.438													
R3	676.11													
R3A	1.168													
R4	1765.843													
R5	557.713													

<p>Duplexes in Low Density Zones (max 3 points)</p> <p>3 points – Duplexes are allowed in low density zones</p> <p>1 point – Duplexes are allowed on corner lots in low density zones</p>	<p>Redmond allows Duplexes in low density zones. This will be expanded in the April 16 Development Code update.</p> <p>Currently: Duplexes not allowed on R-2 lots unless they were platted prior to Nov. 9, 2006. Lots created before this date desiring duplexes are subject to conditional use review and approval and shall be on lots of 10,000+ s.f.</p> <p>Duplexes in the R-3 zone are permitted on corner lots of 10,000 s.f. or more / with conditional use approval.</p> <p>Note: The Planning Commission is reviewing expansion of Duplexes outright on April 16th the ordinance will be complete by August 5th.</p>	3														
<p>Attached Units Allowed in Low Density Zones</p> <p>1 point – Attached residential units allowed in low density zones</p>	<p>Redmond’s April 16 Development code update will allow attached units in the lower density zones.</p>	0														
<p>Residential Street Standards</p> <p>3 points – Allowed minimum local residential street width 28 feet or less</p>	<p>Redmond allows this width of street.</p> <p>Standard street width is 36’, 30’ for cul-de-sac and 20’ for flag lot.</p> <p>Page 257 of the Code shows that 28 feet is allowed and that we can go to 24.</p> <table><tr><td></td><td><u>Pavement</u></td></tr><tr><td><u>Functional Class</u></td><td><u>Standard</u></td></tr><tr><td>Residential Alley</td><td>16 ft</td></tr><tr><td>Commercial Alley</td><td>20 ft</td></tr><tr><td>Local Residential*****</td><td>36 ft</td></tr><tr><td></td><td>28 ft*</td></tr><tr><td></td><td>24 ft*</td></tr></table>		<u>Pavement</u>	<u>Functional Class</u>	<u>Standard</u>	Residential Alley	16 ft	Commercial Alley	20 ft	Local Residential*****	36 ft		28 ft*		24 ft*	3
	<u>Pavement</u>															
<u>Functional Class</u>	<u>Standard</u>															
Residential Alley	16 ft															
Commercial Alley	20 ft															
Local Residential*****	36 ft															
	28 ft*															
	24 ft*															

Needed Housing Measures, continued

Mixed-Use Housing 3 points – At least 50% of commercial zoned land allows residential	Redmond allows residential uses in all Commercial zones.	3
Low Density Residential Flexible Lot Sizes 1 point – Minimum lot size in low density zones is 25%+ less than the minimum lot size corresponding to maximum density		0
Cottage Housing 1 point – Allows cottage housing	Redmond allows cottage developments.	1

HB 4079 Application

City Name: **Redmond**

Vertical Housing 1 point – Allows vertical housing	Redmond allows vertical housing.	1
Total Points Claimed for Needed Housing Measures		20

Alternative measures promoting needed or affordable housing per OAR 660-039-0060(2)

Measure	Citation and Link(s) to Code or Documentation	Points Claimed
Describe Measure(s): Redmond offers SDC waivers resulting from demolished housing bank for affordable housing projects. CDBG programs per adopted Consolidated Plan Objectives Redmond offers a SDC loan program for SDC payments	Redmond City Policy Redmond Consolidated Plan Redmond City Code 4.725	3

Total Points Claimed

Affordable (at least 3)	19
Needed	20
Alternative (up to 6)	3
Total (must be at least 12)	42

Section 4 – Development Team

Development Team Members - Please see attached Exhibit with all developer team's data

City Name (Applicant)

Click here to enter text.

Contact Phone

Click here to enter text.

HB 4079 Application

City Name: **Redmond**

Contact Person (Name and Title)

Click here to enter text.

Contact E-Mail

Click here to enter text.

Property Owner(s)

Click here to enter text.

Contact Phone

Click here to enter text.

Contact Person (Name and Title)

Click here to enter text.

Contact E-Mail

Click here to enter text.

Developer(s)

Click here to enter text.

Contact Phone

Click here to enter text.

Contact Person (Name and Title)

Click here to enter text.

Contact E-Mail

Click here to enter text.

Contractor(s)

Click here to enter text.

Contact Phone

Click here to enter text.

Contact Person (Name and Title)

Click here to enter text.

Contact E-Mail

Click here to enter text.

Project Owner (rental portion/post-completion)

Click here to enter text.

Contact Phone

Click here to enter text.

Contact Person (Name and Title)

Click here to enter text.

Contact E-Mail

Click here to enter text.

Property Manager (post-completion)

Click here to enter text.

Contact Phone

Click here to enter text.

Contact Person (Name and Title)

Click here to enter text.

Contact E-Mail

Click here to enter text.

Other Role (describe)

Click here to enter text.

Contact Phone

Click here to enter text.

Contact Person (Name and Title)

Click here to enter text.

Contact E-Mail

Click here to enter text.

Other Role (describe)

Click here to enter text.

Contact Phone

Click here to enter text.

Contact Person (Name and Title)

Contact E-Mail

Click here to enter text.

Click here to enter text.

Development Team Capacity **Please see attached Exhibit with all developer team’s data**

1. List the most recent projects (a maximum of ten) undertaken by *members* of the development team (it is not expected the complete team will have worked on a project together).

Project Name	Name of Development Team Member and Role in Project	Project Description (sale/rent, target population, affordable/market, etc).	Status (e.g. occupied, constructed, permitted, terminated)

2. Is there any aspect of any member of the Development Team’s financial condition that would indicate any adverse conditions that might materially impair the completion of the pilot project?

Click here to enter text.

3. Has the City or designated Development Team Lead managed similarly comprised development teams? Explain.

Click here to enter text.

4. Explain the Development Team’s experience with projects of this type, scale and scope. If the team’s experience is limited, explain how other partners will be engaged to mitigate the limitation.

Click here to enter text.

5. Describe the Development Team's history of leading construction development projects of a similar or larger size and scope (such as single-family versus multi-family, new construction versus rehabilitative construction)? Describe. If the team's experience is limited, explain how other partners will be engaged to mitigate the limitation.

[Click here to enter text.](#)

Section 5 – Project Need and Financing

Project Need

Provide a one to two page narrative on how the pilot project will serve identified populations in need of affordable housing, including:

- (a) household cost burden in the region (as determined by HUD);
- (b) conversion of manufactured home parks in the region; and
- (c) availability of government-assisted housing in the region. Support the narrative with relevant data.

City of Redmond Response and Finding:

Redmond has significant challenges providing housing for those with incomes at 80% AMI or less. The table below shows that nearly 50% of all renters are rent burdened (paying more than 30% of income on housing costs) and the percent share of renters that are severely burdened is 25.9%. Vacancy rates hover near 2%. Only 1,200 HUD Section 8 housing vouchers are available for applicants in the Tri-County area. Currently, demand exceeds 3,000 applicants per HousingWorks (our Regional Housing Authority <https://housing-works.org/>). Redmond has not experienced conversion of manufactured home parks; demand for such is high but land is too expensive. The city is a recipient of CDBG funds and has an adopted consolidated plan which is found at Exhibit____. This plan contains relevant information about the quantity and quality of local housing and various strategies to enable additional housing throughout the community. The overall theme is that we need to find creative ways to develop quality mixed-income neighborhoods to supply a broader range, density, and quantity of affordable housing. The pilot project will serve those with incomes at 80% AMI or less and is mixed with a range of market rate housing.

RENTER COST BURDENS, METROPOLITAN AND MICROPOLITAN AREAS

	Metropolitan Area	Cost Burdened Renter Share (%)	Severely Burdened Renter Share (%)	Moderately Burdened Renter Households	Severely Burdened Renter Households	Median Income of Renter Households	Median Monthly Housing Cost of Renter Households	Median Cost to Income Ratio	
68	Batesville, AR	34.7	13.7	730	477	22,700	580	27.9	
69	Baton Rouge, LA	46.1	27.8	18,311	27,735	30,200	860	29.5	
70	Battle Creek, MI	40.0	20.8	2,966	3,217	27,200	730	26.7	
71	Bay City, MI	45.6	20.9	2,250	1,911	27,000	680	29.4	
72	Bay City, TX	38.8	22.6	668	932	30,000	733	26.4	
73	Beatrice, NE	29.6	16.8	320	421	29,100	590	22.9	
74	Beaumont-Port Arthur, TX	45.1	22.1	12,333	11,848	30,800	810	29.4	
75	Beaver Dam, WI	38.6	17.9	2,311	1,994	33,500	790	26.9	
76	Beckley, WV	40.0	17.3	2,988	2,272	25,200	590	29.1	
77	Bedford, IN	42.4	24.6	718	999	20,000	580	29.3	
78	Beeville, TX	41.9	16.6	853	560	29,700	833	29.1	
79	Bellefontaine, OH	26.5	11.3	652	485	33,750	644	19.4	
80	Bellingham, WA	46.2	27.8	6,293	9,530	38,400	940	29.4	
81	Bemidji, MN	40.6	18.6	856	728	26,500	660	28.9	
82	Bend-Redmond, OR	48.1	25.9	5,254	6,152	45,400	1,190	31.3	

Note: Moderately cost-burdened households pay more than 30 percent of income for housing, including utilities; severely cost-burdened households pay more than 50 percent.

Source: US Census Bureau, 2016 American Community Survey 1-Year Estimates.

Occupants with a Housing Cost Burden in 2012-2016

	Percent
Owners with mortgage	36.4
Owners without mortgage	15.6
Renters	54.5

Please refer to submitted findings which cover additional material.

Project Financing

Provide a one to four page narrative and/or spreadsheet explaining the proposed sources and likelihood of project financing, including the extension of public facilities and services to the project.

The City Engineer, Mike Caccavano has supplied evidence describing availability and capacity of services and the costs required for any offsite improvements. Here is an excerpt:

The 40-acre site proposed for affordable housing located between NE 13th St., NE 17th St., NE Kingwood Ave. and NE Negus Way is served by city sewer and water as well as the transportation network. There are existing 12-inch diameter water and sewer lines in NE Kingwood along the south boundary that can be extended into the site.

Water: A hydrant test in 2010 showed a static pressure of 77 psi with 2,221 gallons per minute (gpm) flow at 74 psi from a 4½-inch port. The system will easily provide flow exceeding the 1,500 gpm residential fire flow standard.

Sewer: The 12-inch sewer line in NE Kingwood is deep enough to serve most of the site with gravity sewer. A pump station is needed to serve the northeast corner of the site until the master planned Far East Sewer Interceptor is constructed. In accordance with City of Redmond policy, the pump station would be operated and maintained by a homeowner's association.

The 12-inch sewer in NE Kingwood connects to an 8-inch sewer in NE 5th Street which runs north to NE Negus. The 12-inch sewer has sufficient capacity to serve its' sewer basin at buildout along with the proposed 40-acre affordable housing development. The 8-inch sewer does not have sufficient capacity. Approximately 750 feet of 12-inch sewer line will need to be installed to extend the line to the Eastside Sewer Interceptor.

A second option for sewer is in the City's Wastewater Collection System Master Plan. A 12-inch line is proposed for NE Negus Avenue that would have the capacity and depth to serve the entire affordable housing site with gravity sewer.

In summary, the existing sewer in NE Kingwood can provide service to initial phases totaling 150 units of housing. The full development can be served either with:

- Construction of 750 feet of 12-inch sewer in NE Kingwood between NE 5th and the Eastside Sewer Interceptor at a cost of approximately \$150,000 and a pump station to serve the northeast portion of the site at a cost of approximately \$250,000.
- Construction of the master planned sewer in NE Negus Way at a cost of approximately \$850,000. Although this is the more expensive option, it provides a better long term gravity sewer solution and is possible to be funded with the existing loan from the DEQ Clean Water State Revolving Fund Loan.

Transportation: The street network in this area will provide good access to the site. On the south side of the site, NE 15th, 17th and Kingwood connect to NE Hemlock which provides direct access to Highway 97 and connects to NE 9th Street, an arterial which provides access to Highway 126 to the south and Highway 97 to the north. On the north side, streets will connect to NE Negus which is a direct connection to shopping, the medical district and the central part of Redmond.

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Development cost will be borne by each developer through traditional financing and/or use of tax credits.

Section 6 – Concept Plan/Map Please see attached Exhibit with all data listed

Please attach the following in PDF format.

1. A map of the site
2. Current land use designations and zoning of site and surrounding land within a minimum half-mile radius
3. Generalized land uses and public facilities on the site, including:
 - a. the number, type, and location of affordable housing units;
 - b. the number, type, and location of market rate units, if any;
 - c. the development phasing of the housing, and the entire project;
 - d. the proposed network of streets and other transportation facilities designed to connect with existing street facilities and serve all modes of personal transportation, including mass transit;
 - e. the location of parks, open space, and recreational facilities, if any;
 - f. a map of public facilities, including sanitary sewers, domestic water, and fire protection;
 - g. a topographic map showing any areas with slopes of greater than 25%, if any;
 - h. buffering from adjacent and nearby farm and forest uses on farm and forest lands; and
 - i. the location of any natural resources on the pilot project site requiring analysis and protection under Statewide Planning Goal 5, or mitigation of hazards under Statewide Planning Goal 7.

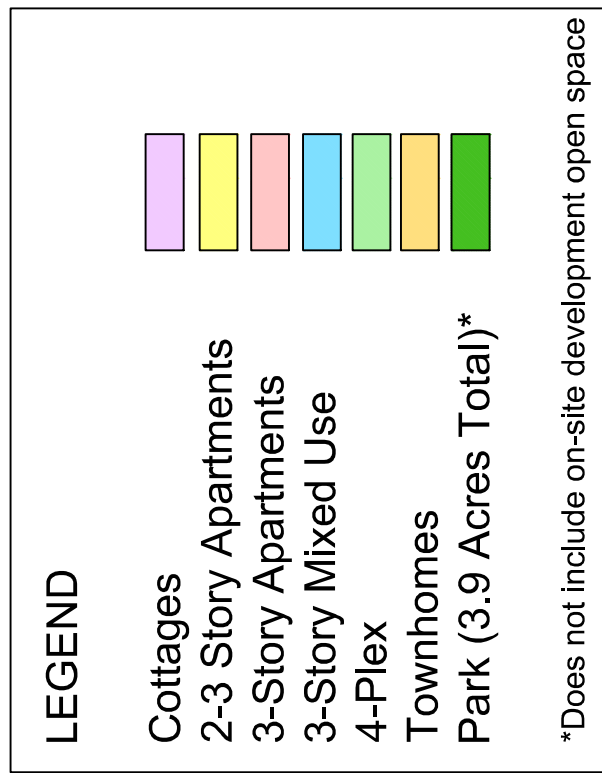
Note: for an example of the level of detail sought, see maps on pages ES-9, ES-11, and ES-14 of the Cooper Mountain plan here: <https://www.beavertonoregon.gov/DocumentCenter/View/8289>

Section 7 – Supporting Documents **Please see attached Exhibit with all data listed**

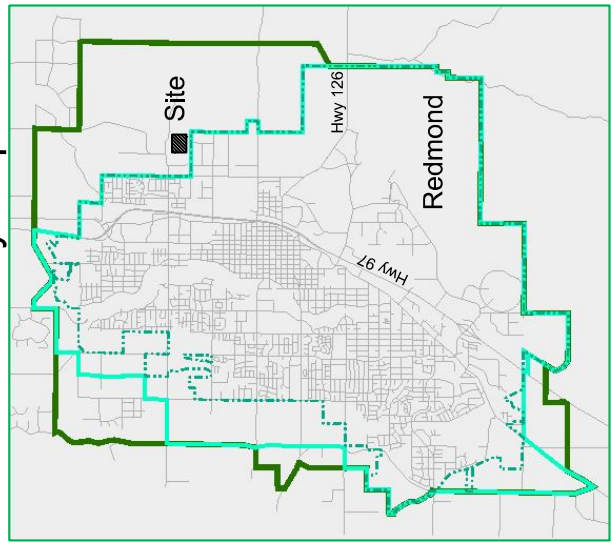
Please attach the following in PDF format.

1. Documentation the site does not include high-value farmland. (Attach the information submitted with your accepted final pre-application, supplemented if necessary.)
2. Draft language of amendments to the city's comprehensive plan and regulations that would be required to implement the final application.
3. A resolution of support adopted by the city stating if the pilot project is selected, the city will implement the concept plan and annex the site within two years of an acknowledged Urban Growth Boundary amendment to include the site.
4. A resolution of support for the pilot project from the county government.
5. A resolution of support for the pilot project from any special district providing urban services to the site for sewer, water, fire protection, parks, recreation, streets and roads, or mass transit.
6. A signed and notarized statement from all owners of the site consenting to all aspects of the final application and agreeing to designation of the site as a pilot project.
7. A signed statement from all members of the development team, acknowledging their commitment to participate in the project

Skyline Village
HB 4079 Affordable Housing Concept Plan
Redmond, Oregon
1/2 80% AMI or less - 1/2 Market Rate



485 UNITS
12.12 Units/Acre



Scale 1"=150' (When printed on 11"x17" paper)

Drawn By: MPC
Date: 5-26-18
Revised: 8-14-18



HB 4079 Pilot Project Submittal by City of Redmond

October 31, 2017

City of Redmond 411 SW 9th Street Redmond, Oregon 97756

Attachment C - 064



Submittal Materials

1. Executive Summary
2. HB 4079 Pre-Application
3. Attachments
 - a. Attachment 1 – Site Map
 - b. Attachment 2 – Land Use Map
 - c. Attachment 3 – EFU Documentation
4. Letters of Support



Executive Summary

October 31st, 2017

Mr. Gordon Howard, Principal Urban Planner
Department of Land Conservation and Development
(971) 673-0964 gordon.howard@state.or.us

Dear Mr. Howard:

The City of Redmond respectfully submits its application for the HB 4079 Pilot Project. The proposed 40-acre development parcel is currently owned by Deschutes County and they fully support the City in this endeavor – See attached support letter.

Figure 1 below shows a portion of Redmond's *Urban Area Reserve* area, known as the *Eastside Framework Plan*. This adopted (2008) Framework Plan is designed as a complete community and is compliant with our Comprehensive Plan's *Great Neighborhood Planning Principles*. Through a collaborative agreement with the County, approximately 40 acres abutting the current Urban Growth Boundary will be transferred to Redmond for use in the HB 4079 program. Current zoning for the parcel is EFU, Exclusive Farm Use, but has poor soils, never farmed, and is located outside of the Central Oregon Irrigation District service area. The planned zoning for the land is Residential according to the *Eastside Framework Plan*.

The 40-acre site will meet all HB 4079 requirements. It can be served by all utilities and residential services, parks, schools, and transportation choices. The new neighborhood will be a complete neighborhood with safe and convenient access to the goods and services needed in daily life. This includes a variety of affordable housing choices, commercial services, access to quality public schools, public open spaces and recreational facilities, transit, active transportation options, and civic amenities. An important element of this complete neighborhood is that it will be designed at a walkable and bikeable human scale to meet the needs of people of all ages and abilities. Figure 2 shows the vicinity near the site.

The HB 4079 Pilot Project will allow Redmond to address unmet affordable housing needs, and implement necessary protections from conversion to other uses. The site is ideally located adjacent to employment lands where job growth is anticipated to further increase demand for affordable housing.



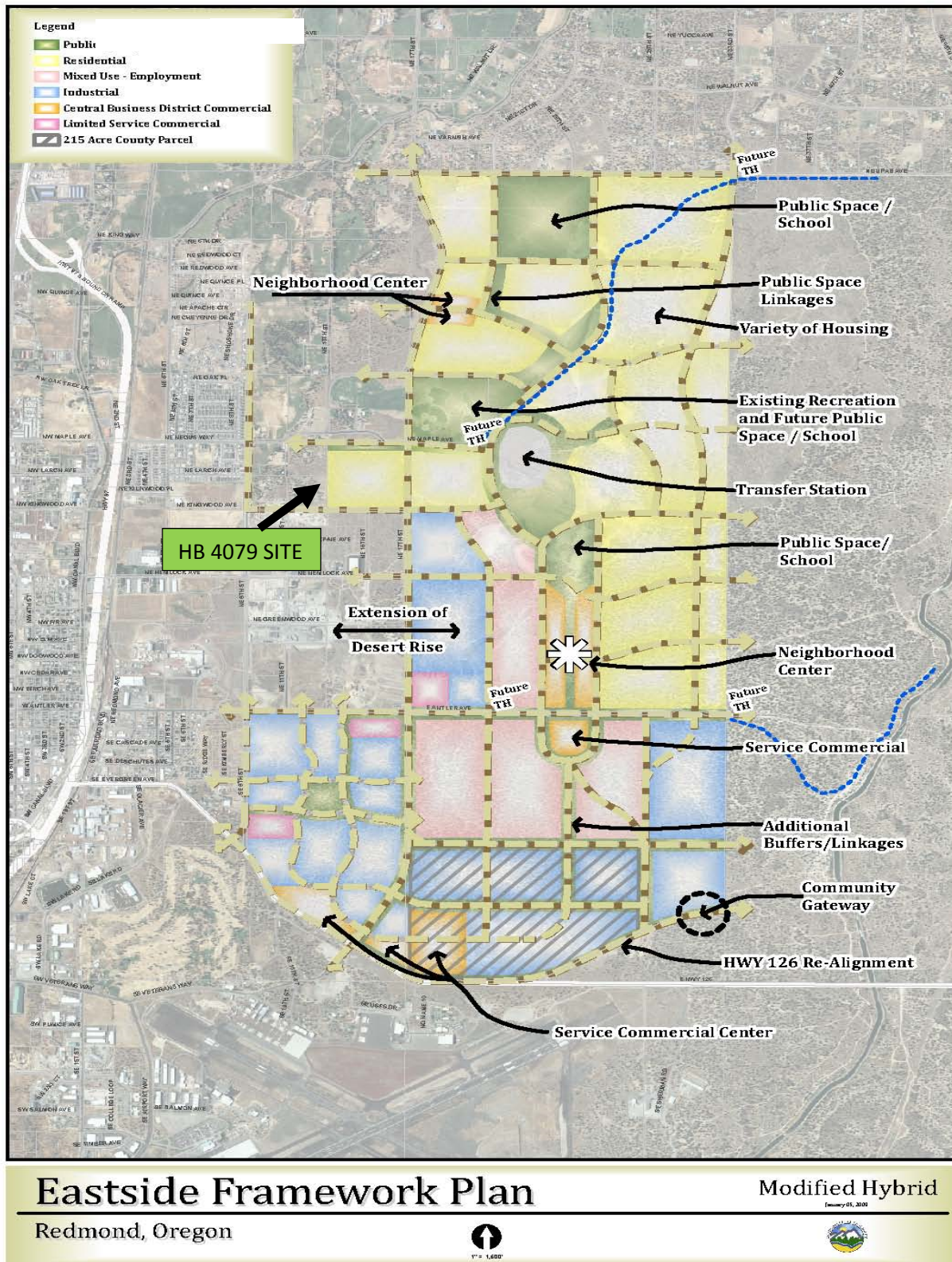


Figure 1.





Figure 2.

Thank you for the opportunity to submit our Pre-Application for the HB 4079 Pilot Program. We look forward to working with you.

Deborah McMahon

Deborah McMahon, Planning Manager



HB 4079 Pilot Program Pre-Application Form



Background

In 2016, the Oregon Legislature passed House Bill 4079 (HB 4079). HB 4079 aims to boost affordable housing by allowing two cities to develop affordable and market rate housing on lands currently outside urban growth boundaries (UGBs) without going through the normal UGB expansion process. LCDC has adopted rules to implement HB 4079.

The rules, a webinar explaining the program, and more materials are available at <https://www.oregon.gov/LCD/Pages/HB4079pilotprogram.aspx>

Please review the on-line materials carefully before completing this pre-application.

If you have questions, please contact us – we are eager to help you apply.

To be eligible for the program, you must submit a pre-application. After receiving pre-applications, DLCDC staff will contact each applicant to request any missing information and to provide advice on submitting a complete and competitive final application.

The pre-application process is a chance for cities to indicate interest in the program and to obtain input from the Department. We understand proposals may change between the pre-application and full application.

Note: At least 30% of the total proposed housing units must be affordable. Affordable housing units must be affordable to households earning no more than 80% of the area median income, or no more than 100% of area median income for spaces in manufactured dwelling parks.

To Pre-Apply

To pre-apply, fill out the form below and attach the three attachments listed on page 3, creating a single PDF.

Submit that PDF to gordon.howard@state.or.us by 11:59 PM, ~~Tuesday, September 5, 2017~~ **November 1, 2017 (new deadline)**.

Questions/Contact

Gordon Howard
Principal Urban Planner
gordon.howard@state.or.us
(971) 673-0964

Pre-Application

The answer fields will expand as you type; it is fine for this form to expand to multiple pages.

City applying Redmond	Contact phone 541 923-7724
Contact person name and title Deborah McMahon, Planning Manager	Contact e-mail deborah.mcmahon@ci.redmond.or.us

Site

General description of site location (attach site map) and name of site owner Response: 40-acre parcel due north of NE Kingwood Avenue – Portion of large property currently owned by Deschutes County addressed as 1002 NE 17 th Street.	Total acreage (must be 50 or less): 40 Acres
---	---

Project

Housing units

Proposed number and type of affordable housing units (at least 30% of total units). Estimated, with the information known at this time. Response: At least 50% of the units will be affordable housing units. This equates to roughly 400 units where at least 200 would be affordable under the goals of the Pilot Project plus special emphasis on serving the 0-50% AMI needs. The units will be organized and mixed with other housing types on the site to create a complete neighborhood, including transportation choices and neighborhood amenities, etc.
Proposed number and type of market rate units, if any. Estimated, with the information known at this time. Response: Redmond's most significant need is for housing affordable to those earning no more than 50% area median income – AMI. Our goal is to have a full range of affordable housing choices on the site with a density of 8 – 30 units per acre. On this 40-acre parcel, we propose housing units from 400 square feet to no more than 1500 square feet in size. This equates to roughly 400 units where at least 200 would be affordable under the goals of the Pilot Project with special emphasis on serving the 0-50% AMI needs. Again, special care in the design of the site will be required. We currently require new developments to address a full range of housing choices and this project will also address this goal, including market rate products. Housing choices will include detached cottages/small homes, accessory dwelling units, multi-plexes, townhomes, and apartments. Market rate units will be mixed with other units to produce an affordable age-in-place type of neighborhood – consistent with the City's Great Neighborhood Principles. We believe leveraging costs can provide active mode support and transit passes to each household to encourage increased usage, including on-site bus stop with covered waiting shelters.

Potential development partner(s)

Name(s) of company and contact information for developer(s), housing sponsors, and other project partners, if known at this time (please contact potential partners prior to submitting this pre-application).

Response:

These entities have been contacted about the Pilot Program and have agreed to be potential partners:

HousingWorks – Tom Kemper, Executive Director tkemper@housing-works.org

Renaissance Companies - Nancy Kapp, President/CEO NJKapp@renaissancecos.us

Hayden Homes – Geoff Harris, Regional Director gharris@Hayden-Homes.com

Public facilities and services

Explain briefly how the pilot project site will be provided with public facilities and services, including fire protection, streets and roads, mass transit, domestic water, sanitary sewers, parks, and recreation. List utility providers and any special districts who would provide service.

Response:

The City of Redmond provides water, sewer, park systems, emergency services, and transportation facilities to the site. Capacity is verified and available in all areas. Trails, and open space linkages will be part of the site design.

Fire Hydrants are in Kingwood Avenue – buildings may go up to 75 feet in height.

Fire Protection is provided by the Redmond Fire District.

Mass Transit/Dial a Ride is provided by Cascades East Transit via COIC Central Oregon Intergovernmental Council.

Recreation Services are provided by Redmond Area Parks and Recreation District.

Power is provided by Pacific Power or Central Electric Cooperative.

Natural Gas is provided by Cascade Natural Gas.

Cable is provided by BendBroadband.

Phone/Internet is provided by CenturyLink.

Waste Collection/Recycling is provided by High Country Disposal.

Redmond School District offers public education.

Attachments – please attach the following documents in PDF form

1. Map of site
2. Map of current land use designations and zoning of site and surrounding land within a minimum half-mile radius.
3. If the land is zoned EFU or mixed farm/forest, documentation that the site does not include high-value farmland under ORS 195.300. Some of the data is available on [Oregon Explorer](#).

Should you require assistance with this documentation, DLCD staff can assist you.

This should include:

- a. A soils map from the USDA Natural Resources Conservation Service or Soils Conservation Service and corresponding soils capability class. Information from the Web Soils Survey should not be submitted unless maps published before December 6, 2007 are unavailable.

Response: Attachment 3 provides data showing the project site soils are not classified as High Value Farm Land.

- b. If outside the Willamette Valley, documentation the land does not include land growing specified perennials in the most recent aerial photography of the Agricultural Stabilization and Conservation Service of the United States Department of Agriculture taken prior to December 6, 2007. Specified perennials means those grown for market or research purposes including, but not limited to, nursery stock, berries, fruits, nuts, Christmas trees or vineyards but not including seed crops, hay, pasture or alfalfa.

Response: Attachment 3 provides data showing the project site has never been used for growing perennials.

- c. If west of the summit of the Coast Range, documentation on whether the tract was used in conjunction with a dairy operation on December 6, 2007.

Response: N/A because the site is east of the Coast Range

- d. Documentation the site does not include land in an exclusive farm use zone or mixed farm and forest zone that on June 28, 2007, was:
 - (A) Within the place of use for a permit, certificate or decree for the use of water for irrigation issued by the Water Resources Department;
 - (B) Within the boundaries of a district, as defined in ORS 540.505; or
 - (C) Within the boundaries of a diking district formed under ORS chapter 551.

Response: Attachment 3 provides data showing the project site has never been within an irrigation district boundary or decree for water by the Water Resources Department.

- e. Documentation the land contains less than five acres planted in wine grapes.

Response: Attachment 3 provides data showing there have never been wine grapes grown on the property.

- f. Documentation the land is not in an exclusive farm use zone at an elevation between 200 and 1,000 feet above mean sea level, with an aspect between 67.5 and 292.5 degrees and a slope between zero and 15 percent, and located within:
 - (A) The Southern Oregon viticultural area as described in 27 C.F.R. 9.179;
 - (B) The Umpqua Valley viticultural area as described in 27 C.F.R. 9.89; or
 - (C) The Willamette Valley viticultural area as described in 27 C.F.R. 9.90.
- g. Documentation the land is not in an exclusive farm use zone and no more than 3,000 feet above mean sea level, with an aspect between 67.5 and 292.5 degrees and a slope between zero and 15 percent, and located within:
 - (A) The portion of the Columbia Gorge viticultural area as described in 27 C.F.R. 9.178 that is within the State of Oregon;
 - (B) The Rogue Valley viticultural area as described in 27 C.F.R. 9.132;

- (C) The portion of the Columbia Valley viticultural area as described in 27 C.F.R. 9.74 that is within the State of Oregon;
- (D) The portion of the Walla Walla Valley viticultural area as described in 27 C.F.R. 9.91 that is within the State of Oregon; or
- (E) The portion of the Snake River Valley viticultural area as described in 27 C.F.R. 9.208 that is within the State of Oregon.

Response: Attachment 3 provides data showing the project site is greater than 3,000 feet above sea level.

4. **Optional:** Any additional materials required for [final qualification for the program](#) (under the full application) that you wish the Department to review at this time. For example, local measures adopted to encourage affordable and needed housing within its existing urban growth boundary.

Response:

Redmond seeks to boost its supply of affordable housing to address a dramatic need. Redmond's citizens have great difficulty finding housing with less than 80% of Area Median Income. This imbalance can also negatively affect business owner decisions to locate in Redmond further compounding the housing crisis as it relates to workforce housing. Redmond is approved to be the location for large lot industrial lands so the ability to provide affordable housing for workers is a key planning goal. The City's ability to participate in the Pilot Program will reduce time to market for needed housing and ensure that all other program goals will be met. This is further supported by Deschutes County, economic development experts, and an array of housing professionals in our community.

Redmond stands out as a city that can meet all the basic requirements described in the Pilot Project Selection Overview. As compared to other cities, Redmond has access to a site uniquely located in an area zoned EFU but also within the Eastside Framework Plan. Public facilities about the proposed project site and other services are within walking distance. Redmond plans to exceed the minimum requirements for housing on the project site with at least 50% affordable units. Most of these units will be for families earning 0-50% AMI. The proposed 40-acre project outcomes will provide a substantial increase in opportunities for affordable housing and our collaboration with Deschutes County will help to ensure affordability for many years.





Our final application will describe, in full detail, our current and proposed affordable and needed housing measures. However, here are a few of the programs and processes we have in place:

- Accessory Dwelling Units as outright permitted uses
- Reduced review processes for duplex, tri-plex, and four-plexes
- System Development Charge (SDC) Waivers for non-profits
- Deferred SDC payment options
- High Density Overlay programs
- Annexation requirements to provide needed housing
- Cottage Development and other techniques to allow reduced lot size
- Planned Unit Development Flexibility
- Continual Improvements to Community Development Block Grant Programs
- Great Neighborhood Principles requiring a mix of housing types
- Public Amenities Planning

Attachment 1

PRE-SUBMITTAL EXHIBIT 1

Legend

-  Taxlots
-  Urban Growth Boundary
-  City Limits
-  Application Site

NE NEGUS WAY

NE MAPLE AVE

NE 11TH ST

NE KINGWOOD AVE

NE JACKPINE AVE

NE 11TH ST

NE 15TH ST

NE 17TH ST

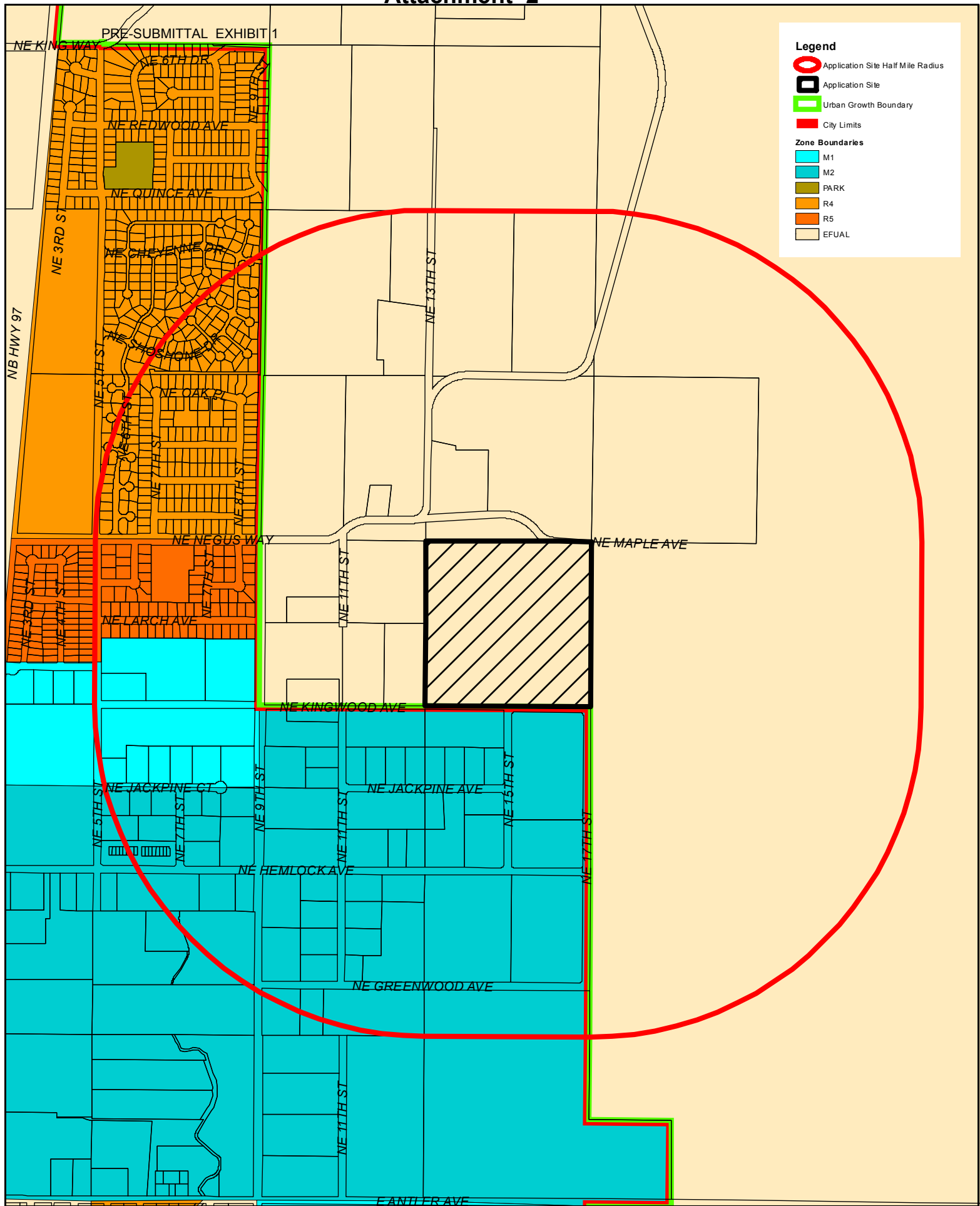


SITE MAP NE1/4, NE 1/4 OF SEC 15, T15S, R10E

CITY OF REDMOND 716 SW EVERGREEN AVENUE REDMOND OREGON 97756 PH. 541.923.7710

Attachment C - 076	REVIEWED BY KIM	SCALE 1" = 50'	EXHIBIT 1
	DATE 10/26/2017		

Attachment 2



1/2 MILE RADIUS ZONE/LAND USE MAP
NE1/4, NE 1/4 OF SEC 15, T15S, R10E

CITY OF REDMOND 716 SW EVERGREEN AVENUE REDMOND OREGON 97756 PH. 541.923.7710

Attachment C - 076

EXHIBIT
1



CITY OF REDMOND
Community Development Department

411 SW 9th St.
Redmond, OR 97756
(541) 923-7721
Fax: (541) 548-0706
www.ci.redmond.or.us

Attachment 3:

Documentation- land is zoned EFU or mixed farm/forest, documentation that the site does not include high-value farmland under ORS 195.300.










- a. **Exhibit A:** map shows the site is Redmond Sandy Loam soil which is not classified as high value farmland. A soils map from the USDA Natural Resources Conservation Service or Soils Conservation Service and corresponding soils capability class. Information from the Web Soils Survey should not be submitted unless maps published before December 6, 2007 are unavailable.
- b. **Exhibit B:** If outside the Willamette Valley, documentation the land does not include land growing specified perennials in the most recent aerial photography of the Agricultural Stabilization and Conservation Service of the United States Department of Agriculture taken prior to December 6, 2007. Specified perennials means those grown for market or research purposes including, but not limited to, nursery stock, berries, fruits, nuts, Christmas trees or vineyards but not including seed crops, hay, pasture or alfalfa.
- c. **NA:** If west of the summit of the Coast Range, documentation on whether the tract was used in conjunction with a dairy operation on December 6, 2007.
- d. **Exhibit D:** Documentation the site does not include land in an exclusive farm use zone or mixed farm and forest zone that on June 28, 2007, was:
 - (A) Within the place of use for a permit, certificate or decree for the use of water for irrigation issued by the Water Resources Department;
 - (B) Within the boundaries of a district, as defined in ORS 540.505; or
 - (C) **NA** Within the boundaries of a diking district formed under ORS chapter 551.
- e. **Exhibit E:** Documentation the land contains less than five acres planted in wine grapes.
- f. **Exhibit F & G:** Documentation the land is not in an exclusive farm use zone at an elevation between 200 and 1,000 feet above mean sea level, with an aspect between 67.5 and 292.5 degrees and a slope between zero and 15 percent, and located within:
 - (A) The Southern Oregon viticultural area as described in 27 C.F.R. 9.179;
 - (B) The Umpqua Valley viticultural area as described in 27 C.F.R. 9.89; or
 - (C) The Willamette Valley viticultural area as described in 27 C.F.R. 9.90.
- g. **Exhibit F & G:** Documentation the land is not in an exclusive farm use zone and no more than 3,000 feet above mean sea level, with an aspect between 67.5 and 292.5 degrees and a slope between zero and 15 percent, and located within:
 - (A) The portion of the Columbia Gorge viticultural area as described in 27 C.F.R. 9.178 that is within the State of Oregon;
 - (B) The Rogue Valley viticultural area as described in 27 C.F.R. 9.132;
 - (C) The portion of the Columbia Valley viticultural area as described in 27 C.F.R. 9.74 that is within the State of Oregon;
 - (D) The portion of the Walla Walla Valley viticultural area as described in 27 C.F.R. 9.91 that is within the State of Oregon; or
 - (E) The portion of the Snake River Valley viticultural area as described in 27 C.F.R. 9.208 that is within the State of Oregon.

Exhibit A

PRE-SUBMITTAL EXHIBIT 1

Legend

Application Site Soils Map

-  Deschutes sandy loam, dry, 0 to 3 percent slopes
-  Deschutes-Stukel complex, dry, 0 to 8 percent slope
-  Houstake sandy loam, dry, 0 to 3 percent slopes
-  Pits
-  Redmond sandy loam, 0 to 3 percent slopes
-  Stukel-Rock outcrop-Deschutes complex, dry, 0 to 8 percent slopes
-  Application Site
-  Urban Growth Boundary
-  City Limits

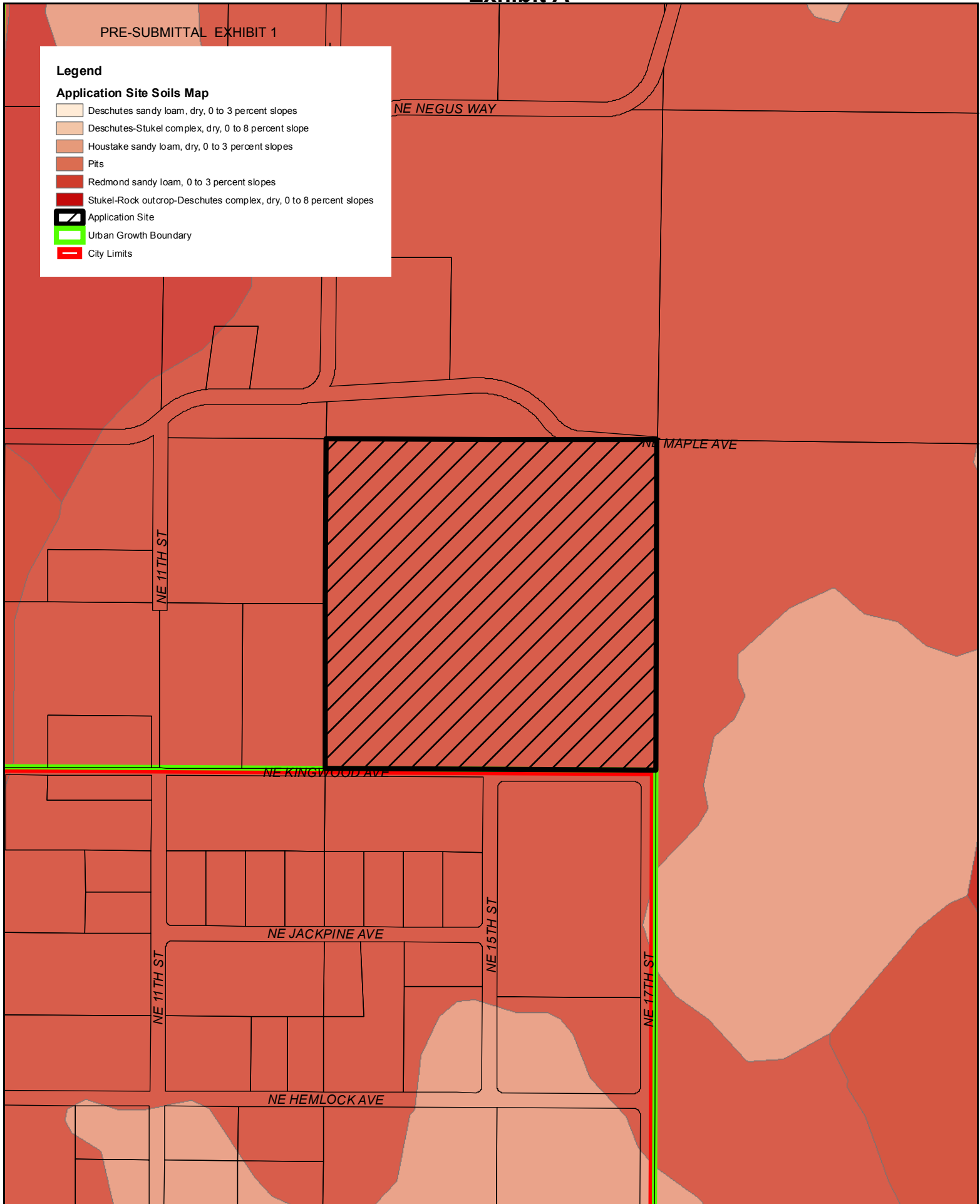


Exhibit B (a)

PRE-SUBMITTAL EXHIBIT 1

From: Willett, Kent - FSA, Tualatin, OR
To: [Katie McDonald](#)
Cc: [Willett, Kent - FSA, Tualatin, OR](#); [Bell, Amy - FSA, Redmond, OR](#); [Kirsch, Cameron - FSA, Redmond, OR](#)
Subject: RE: Documentation for HB4079
Date: Thursday, October 26, 2017 5:19:55 PM
Attachments: [image001.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[TRS Map as of 10262017.pdf](#)

Katie,

The Farm Service Agency has no established records for the NE quarter of the NE quarter of T15 R13 S10 (see attached map). Since there are no established records for the 40 acre parcel we have no acreage reporting data.

If you have any questions please feel free to give me a call.

Kent

Kent Willett

State Specialist
Farm Service Agency - Oregon State Office
7620 SW Mohawk St.
Tualatin, OR 97062-8121
Voice: (503) 404-1121
FAX: (855) 824-6185
kent.willett@or.usda.gov

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From: Katie McDonald [<mailto:Katie.McDonald@ci.redmond.or.us>]
Sent: Thursday, October 26, 2017 3:59 PM
To: Willett, Kent - FSA, Tualatin, OR <Kent.Willett@or.usda.gov>
Subject: RE: Documentation for HB4079

Hello Kent,

Thank you for assisting. The property is in the NENE section of 151310 and is a part of the larger taxlot of 1513000000103.



Best,
Katie

Katie McDonald | City of Redmond

Community Development Department Grant Coordinator/Assistant Planner

phone 541.923.7762

411 SW 9th Street Redmond, Oregon 97756

Online at [WWW.CI.REDMOND.OR.US](http://www.ci.redmond.or.us)

<http://www.ci.redmond.or.us/government/departments/community-development/community-block-grant-program>

From: Willett, Kent - FSA, Tualatin, OR [<mailto:Kent.Willett@or.usda.gov>]

Sent: Thursday, October 26, 2017 3:50 PM

To: Katie McDonald <Katie.McDonald@ci.redmond.or.us>

Cc: Willett, Kent - FSA, Tualatin, OR <Kent.Willett@or.usda.gov>; Bell, Amy - FSA, Redmond, OR <amy.bell@or.usda.gov>; Kirsch, Cameron - FSA, Redmond, OR <cameron.kirsch@or.usda.gov>

Subject: RE: Documentation for HB4079

Hi Katie,

I will be assisting the Central Oregon FSA Office with your request. Could you give us a legal description (township, range, section) of the land you are interested in.

Looking at the illustration below we hope to be able assist you. We need the additional information

to be certain.

Call if you have any questions.

Kent

Kent Willett

State Specialist

Farm Service Agency - Oregon State Office

7620 SW Mohawk St.

Tualatin, OR 97062-8121

Voice: (503) 404-1121

FAX: (855) 824-6185

kent.willett@or.usda.gov

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From: Bell, Amy - FSA, Redmond, OR

Sent: Thursday, October 26, 2017 3:10 PM

To: Willett, Kent - FSA, Tualatin, OR <Kent.Willett@or.usda.gov>

Cc: Kirsch, Cameron - FSA, Redmond, OR <cameron.kirsch@or.usda.gov>

Subject: FW: Documentation for HB4079

Kent

Here is what the city of Redmond sent that I just called you on the request of information. Let me know if you want me to ask her for anything additional before I respond.

/s/

Amy Bell

Program Technician

Central Oregon FSA

amy.bell@or.usda.gov

541-923-4358 ext. 2

541-699-3171 direct line

855-824-6183 fax

"USDA is an equal opportunity provider, employer, and lender."

From: Katie McDonald [<mailto:Katie.McDonald@ci.redmond.or.us>]

Sent: Thursday, October 26, 2017 2:52 PM

To: Bell, Amy - FSA, Redmond, OR <amy.bell@or.usda.gov>

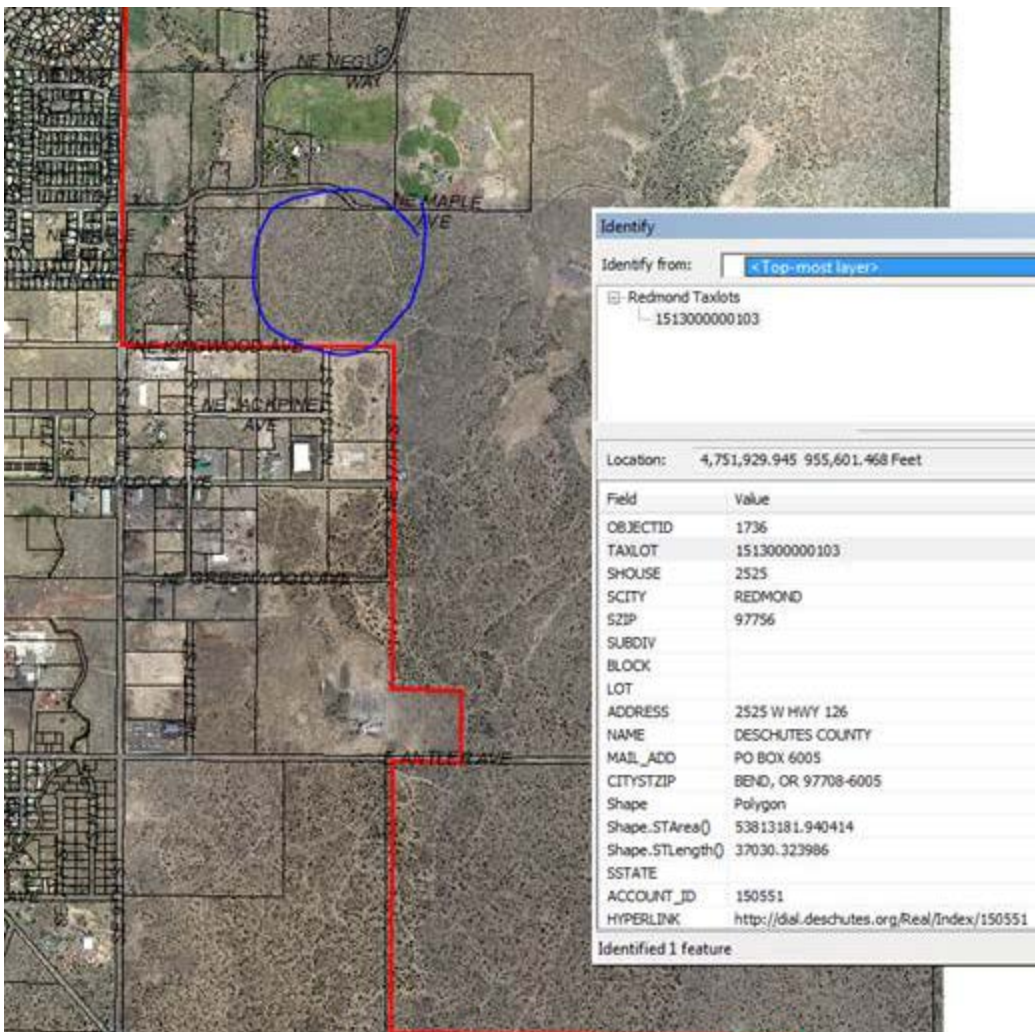
Subject: Documentation for HB4079

Hello Amy,

We are working on the EFU documentation required for preapplication submittal for HB4079 and need documentation for the following requirement:

b. If outside the Willamette Valley, documentation the land does not include land growing specified perennials in the most recent aerial photography of the Agricultural Stabilization and Conservation Service of the United States Department of Agriculture taken prior to December 6, 2007. Specified perennials means those grown for market or research purposes including, but not limited to, nursery stock, berries, fruits, nuts, Christmas trees or vineyards but not including seed crops, hay, pasture or alfalfa.

Any assistance you can provide for documentation is greatly appreciated. Here is a map of the property (blue circle):



Thank you,
Katie



Katie McDonald | City of Redmond

Community Development Department Grant Coordinator / Assistant Planner

phone 541.923.7762

email katie.mcdonald@ci.redmond.or.us

411 SW 9th St. Redmond, Oregon 97756



[WWW.CI.REDMOND.OR.US](http://www.ci.redmond.or.us)

Please consider the environment before printing this email.

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Exhibit B (b)



Map Created October 26, 2017

Township 15 Range 13 Section 10



October 26, 2017

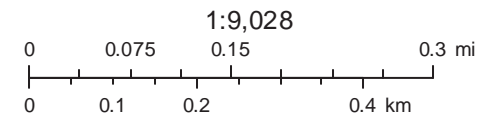
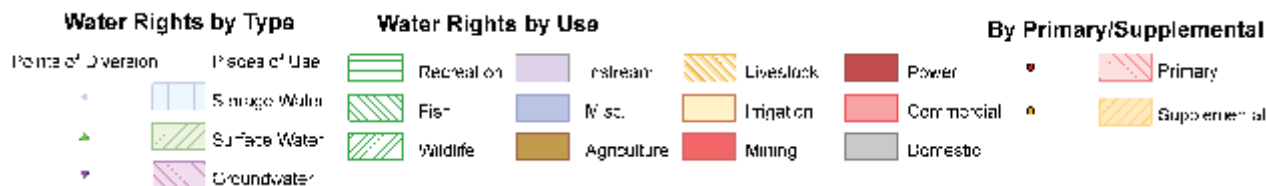
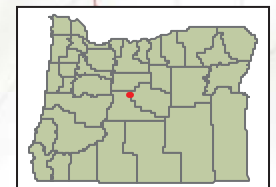
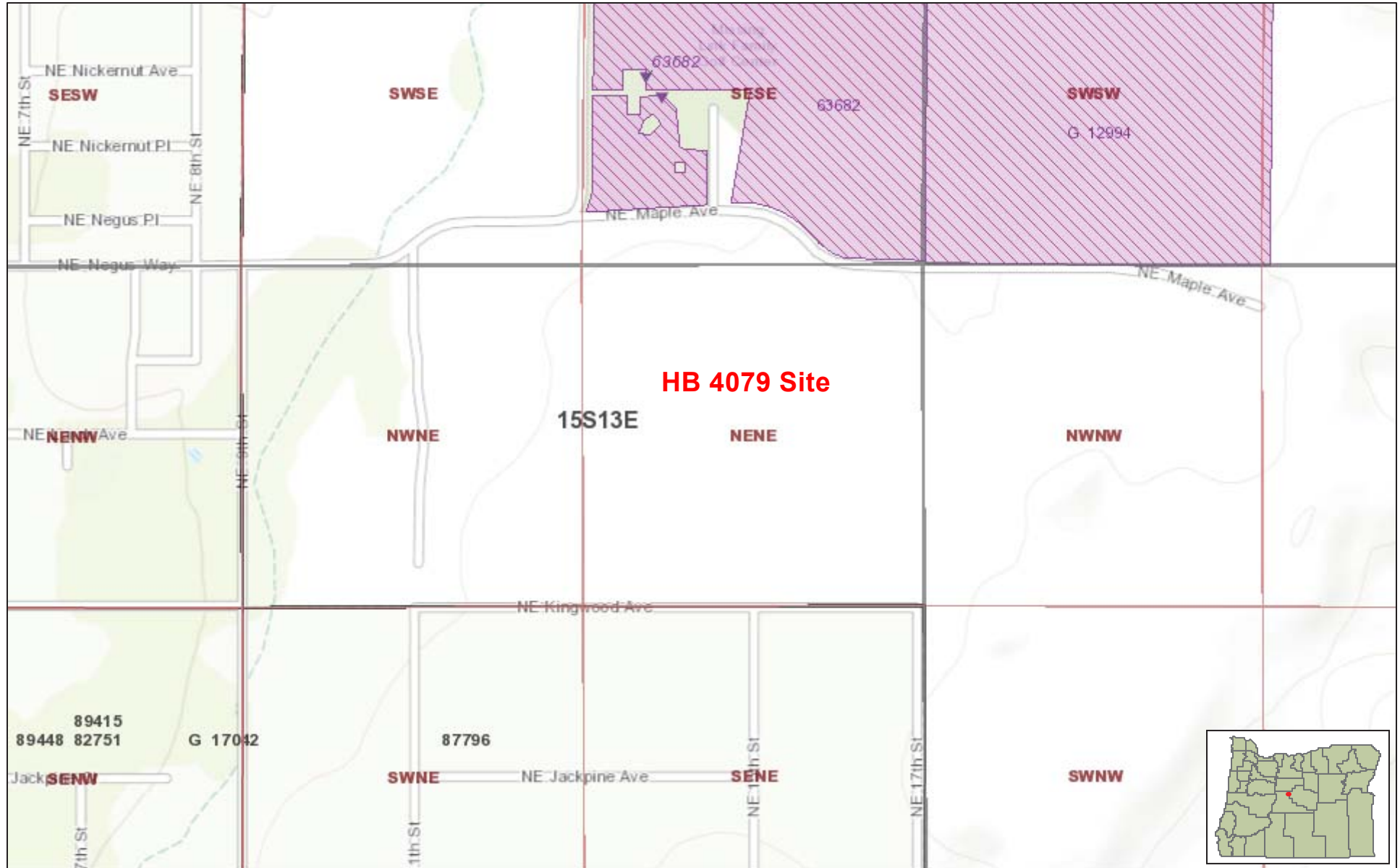




Exhibit D (b)



PRE-SUBMITTAL EXHIBIT 1 **Exhibit E: 2016 Aerial**



LIMITATION OF LIABILITY
There are no warranties that accompany this product. In no event shall the City of Redmond be liable to the customer or any third party for errors, omissions or positional accuracy of this product, regardless of the form of claim or action.



Scale

1 inch = 176 feet



City of Redmond
Public Works Infrastructure Map

Attachment C - 087

PRE-SUBMITTAL EXHIBIT 1 **Exhibit F & G: Elevation**



LIMITATION OF LIABILITY
There are no warranties that accompany this product. In no event shall the City of Redmond be liable to the customer or any third party for errors, omissions or positional accuracy of this product, regardless of the form of claim or action.



Scale

1 inch = 176 feet



City of Redmond
Public Works Infrastructure Map

Attachment C - 088



DEPARTMENT OF ADMINISTRATIVE SERVICES
Tom Anderson, County Administrator

P. O. Box 6005 ▪ Bend, Oregon 97708-6005
1300 NW Wall Street, Suite 206 ▪ Bend, Oregon 97708
(541) 388-6565 ▪ FAX (541) 385-3202
www.deschutes.org

October 31, 2017

Keith Witcosky, City Manager
City of Redmond
411 SW 9th Street
Redmond, OR 97756

**RE: Response to City of Redmond Requests Regarding Affordable Housing
Development - Oregon House Bill 4079.**

Dear Keith:

This response is on behalf of the Deschutes County Board of Commissioners to the City of Redmond's request for an endorsement of the City's pre-application submittal under State of Oregon HB 4079, and the request for a donation of 40-acres of County owned land for the same purpose – to develop affordable housing under the HB 4079 pilot program.

Upon reviewing your letter of October 21st and reviewing the aforementioned Bill, the Commissioners discussed the requests at a work session yesterday. While acknowledging the need and rationale for more affordable housing in Redmond (as described in your letter), and offering full support for the City's pre-application submittal for the HB 4079 pilot program, there has not been ample opportunity to discuss how the land ownership would transfer from the County to another party (possibly the City or a private developer). Factors such as the land transfer being either a donation or discounted sale have not yet been fully explored. The degree of affordable housing that would ultimately be developed (a minimum of 30% is required) has not been discussed either. For example, if this were to be a donation of land or discounted sale for such purposes (rather than a market rate sale), it may be appropriate to require a higher threshold of affordable housing to be developed as part of the resulting project (possibly 40% to 50%). Additional factors, such as the suitability of the requested land for such development and the possibility of adjacent privately owned properties also being considered or included, have not been fully explored. We believe such factors need to be discussed by the County and City in greater detail with regard to the factors listed herein and the application requirements listed in the Bill. However, we have not had the opportunity to have such in depth discussions between the time we got your letter and the pre-application deadline.

Please be assured that Deschutes County is fully supportive of the City's pre-application submittal to the State under the affordable housing pilot program. We further endorse and encourage the development of new affordable housing in the City of Redmond through the allowances provided within HB 4079. If Redmond is ultimately chosen as the recipient under the program, Deschutes County will continue to be supportive of the required UGB expansion

and the development of an affordable housing project as an important component of the escalating positive growth Redmond has experienced over the past few years. As further indication of such, we wish to continue discussions about the proposition of County owned land being utilized for an affordable housing project, including specific parameters about the land transfer (donation or sale), whether such transfer is to the City or a private party, and the amount of affordable housing that will ultimately be developed (we encourage the development of the greatest amount of affordable housing that is practical given design and infrastructure considerations).

Please feel free to utilize this letter as part of your pre-application submittal for HB 4079. We hope that this letter signifies to the State that Redmond has the full support of Deschutes County in seeking approval under the pilot program, and stands ready to assist in any way, including further discussions regarding possibly utilizing County owned property as described herein.

Please feel free to contact me to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Anderson", written in a cursive style.

Tom Anderson
County Administrator

Cc: Board of County Commissioners



October 30, 2017

Deborah McMahon, Planning Manager
City of Redmond
411 SW 9th Street
Redmond, OR 97756

RE: Pilot Project – HB 4079

Dear Deborah,

I am writing in support of the City of Redmond's application for a Pilot Project created by the passage of Oregon House Bill 4079 to boost affordable housing by allowing Redmond to develop affordable and market rate housing on lands currently outside urban growth boundary (UGB) without going through the normal UGB expansion process.

The Bend-Redmond MSA is the top performing economy in the nation. The area is ranked 6th in the country for population growth. Job growth has ranked 2nd and our 8.1% year-over-year GDP growth was tied for 1st. More than 500 people are moving per month into the Central Oregon region today. Redmond is at the geographic center of this activity.

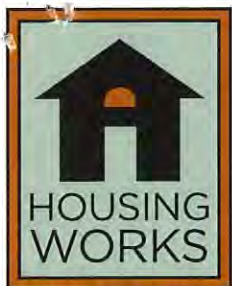
This growth creates significant demand for housing which has escalated median prices at more 12% per year for the last several years. Keeping housing affordable is a recurring challenge in Redmond. The program established under HB 4079 is a perfect fit to help establish a new built environment of affordable housing through a multi-jurisdictional (City of Redmond and Deschutes County) partnership to offer land at below market rate. Redmond Economic Development, Inc. (REDI) is in support of this opportunity as the land being considered under the pilot is immediately proximate to employment lands where a number of jobs in the area require more affordable residential options.

REDI has been involved in business, workforce and community development in Central Oregon for over 25 years. In addition to its traded sector business recruitment efforts, REDI has provided technical support and resources to many of Redmond's existing employers that account for a large percentage of the community's family wage jobs and taxable investment.

We thank you for the opportunity to share our perspective. If you have any questions regarding our support or our remarks, please feel free to reach out to me directly.

Signature,

Jon Stark
Sr. Director
Redmond Economic Development, Inc.



We know the way home.

May 7, 2018

Deborah McMahon
City of Redmond
Community Development Department
716 SW Evergreen Avenue
Redmond, OR 97756

Re: Letter of Interest to Partner with City of Redmond to Develop Affordable Housing through the HB4079 Affordable Housing Pilot Program

Dear Ms. McMahon,

It is with pleasure that we submit this letter of interest to the City of Redmond to be considered a potential partner in the development of affordable housing under the HB4079 Affordable Housing Pilot Program. As you know, Housing Works is the most experienced affordable housing developer and operator in Central Oregon. With 28 properties and over 900 affordable units in our portfolio, we have the experience, stability and reputation needed to help make the Redmond Affordable Housing Pilot Program a success.

Established over 40 years ago as Central Oregon Regional Housing Authority, rebranded Housing Works is known for the quality and upkeep of its portfolio and partnering with experienced players in development and management to create affordable housing opportunities for the communities we serve. Housing Works' has an experienced team that has built a whole spectrum of affordable housing types throughout Central Oregon, including 1-3 story garden type apartments, 4-5 story mixed use buildings, townhomes, single family homes, and duplexes, triplexes and 4-plexes. This impressive portfolio serves people with incomes ranging from 30% AMI to 80% AMI and has been financed with an extensive list of complicated funding sources.


Currently, Housing Works owns and operates 194 units of affordable housing within the Redmond UGB. The City of Redmond has been a strong partner in the development of these units. Most recently, Housing Works constructed a four-story, mixed-use building housing 48 low-income senior households and providing space for non-profit Mosaic Medical to construct a new, state-of-the-art medical facility. The City of Redmond was supportive, responsive and adaptive to the special circumstances of the construction of this new development on an urban-infill site.


We are confident that, if the City of Redmond's HB4079 Affordable Housing Pilot Program is selected, we will garner our expertise, experience, resources and financial knowledge and pursue the development of affordable housing units on the pilot project site.


Very truly yours,

Geoff Wall
CFO & Interim Executive Director

405 SW 6th Street
Redmond, OR 97756

 (541) 923-1018

 (541) 923-6441

 www.housing-works.org

Development Experience

Housing Works is one of the most experienced affordable housing developers and operators in the State of Oregon. Established in 1977 as Central Oregon Regional Housing Authority and rebranded as Housing Works in 2006, we currently have 28 properties in operation, with over 900 units, and 3 properties under construction (119 new units). Housing Works is the largest affordable rental housing operator in Central Oregon. Housing Works is known for the quality and upkeep of its portfolio and partnering with experienced players in development and management. Housing Works' staff has over 20 years of combined experience in single and multi-family affordable development. Most important, Housing Works is about the mission of providing more than just housing to the residents of its properties: Housing Works provides extensive services to its resident populations both directly and through service partners such as Mosaic Medical, Cascade East Transit, OSU Extension and the Boys and Girls Club.

Housing Works leads the affordable housing market in Central Oregon and has been an active player in the development and operations of affordable housing since its inception in 1977. The following list of affordable housing communities were either developed or acquired and recapitalized by Housing Works and are currently operated by our organization:

- **Ariel Glen, Bend** – Three-story, garden-type apartments: 70 units, family, 50-60% of area median income (AMI)
- **Ariel South, Bend** – Two-story, garden-type apartments: 96 units, family, 60% AMI
- **Aspen Villas, Redmond** – Two-story, garden-type apartments: 40 units, family, 50-60% AMI
- **Barbara's Place, Redmond** – Two-story, garden-type: 6 units, special needs adults/homeless, 50% AMI
- **Brentwood Manor, Redmond** – One-story, garden-type apartments: 8 units, senior housing with project-based vouchers
- **Canyon East, Madras** – Two-story, garden-type apartments: 24 units, agricultural workers, fully subsidized
- **Casa Soñada, Madras** – 5 single-family homes: agricultural workers, 80% AMI
- **Centennial Point, Bend** – Duplex: 4 units, homeless, 50% AMI
- **Chennai Landing, Madras** – Two-story, garden-type apartments: 24 units, family, 50-60% AMI
- **Cook Crossing, Redmond** – Mixed use: 48 units, Senior, 50% AMI, over 9,875 sf Mosaic Medical Redmond Clinic
- **Daggett Townhomes, Bend** – Townhomes: 24 units, family, 60% AMI
- **Eastlake Village, Bend** – Two-story, garden-type apartments: 56 units, family, 30-60% AMI
(Building a Better Central Oregon 2005 Outstanding Multi-Family Housing Project, Central Oregon Association of Realtors; National Award: 2004 NAHRO, Merit Award–Project Design; 2004 Bend Beautification Award, Arts Beautification and Culture Commission of Bend)
- **Emma's Place, Bend** – Two-story, garden style: 11 units, special-needs adults, 50-60% AMI
(Building a Better Central Oregon 2001 Special Community Outreach Development, Central Oregon Association of Realtors; Featured in Design Cost Data Magazine (May-June, 2001))

- **Fairhaven Vista, Redmond** – Two-story townhomes: 19 units, family, 50-80% AMI
- **Ground Lease Homes** – 16 single family homes for homeownership by families below 80% AMI
- **Healy Heights, Bend** – Two-story, garden-type apartments: 70 units, family, 40-60% AMI
- **Horizon House, Bend** – Two-story, garden-type: 14 units, transitional, special needs adults, 50-60% AMI
- **Independence Place, Redmond** – Duplex: 2 units, homeless/veterans preference, 50% AMI
- **Menta Park, Madras** – Single family and plexes: 20 units, Agricultural Workers, fully subsidized
- **Moonlight Townhomes, Bend** – Townhomes: 29 units, family, 60% AMI
- **Prairie House, Prineville** – Two-story, garden type: 8 units, special needs adults, 50% of median income
- **Putnam Pointe, Bend** – Five-story, mixed-use, elevator building: 44 units, family, 50-60% AMI, over 9,000 sf of retail and underground parking facility
- **Reindeer Meadows, Redmond** – Three-story elevator building: 50 units, Seniors, 50-60% AMI
- **Riverside Apartments, Prineville** – One-story, garden-type apartments: 40 units, seniors, 50-60% AMI
- **Spencer Court, Redmond** – One-story, garden-type apartments: 16 units, seniors & disabled, 80% AMI
- **Summit Park, Bend** – Two-story garden type: 88 units, family, 80% AMI
(National Award: 1994 NAHRO, Merit Award–Program Innovation–Economic Impact)
- **Tamarack Village, Sisters** – Three-story, garden-type apartments: 33 units, family, 40-60% AMI
(2005 NAHRO, Merit Award–Project Design)
- **The Parks at Eastlake, Bend** – Two-story, garden-type apartments: 40 units, family, 50%-60% AMI
- **Quartz Apartments, Redmond** – Two-story, garden-type apartments: 5 units, intellectually developmentally disabled (IDD), 50% AMI

Financing Experience:

The Housing Works development team has managed development projects of a broad scope - from smaller 20-unit garden apartments to large, 90-unit, two-story garden properties to mid-rise, mixed-use buildings with complex building and finance structures, with retail and housing over subterranean parking, to rehabs of multifamily properties, with a financial range from \$3 million to \$13 million. Housing Works is expert at financing. It has a depth in construction expertise with hands-on oversight of the contractors and building process and a proven track record successfully deploying state resources for affordable housing.

The Housing Works development team has considerable experience in LIHTC (both 4% and 9%), HOME funds, Weatherization grants, mortgage financing, and other state and local gap

- **Fairhaven Vista, Redmond** – Two-story townhomes: 19 units, family, 50-80% AMI
- **Ground Lease Homes** – 16 single family homes for homeownership by families below 80% AMI
- **Healy Heights, Bend** – Two-story, garden-type apartments: 70 units, family, 40-60% AMI
- **Horizon House, Bend** – Two-story, garden-type: 14 units, transitional, special needs adults, 50-60% AMI
- **Independence Place, Redmond** – Duplex: 2 units, homeless/veterans preference, 50% AMI
- **Menta Park, Madras** – Single family and plexes: 20 units, Agricultural Workers, fully subsidized
- **Moonlight Townhomes, Bend** – Townhomes: 29 units, family, 60% AMI)
- **Prairie House, Prineville** – Two-story, garden type: 8 units, special needs adults, 50% of median income
- **Putnam Pointe, Bend** – Five-story, mixed-use, elevator building: 44 units, family, 50-60% AMI, over 9,000 sf of retail and underground parking facility
- **Reindeer Meadows, Redmond** – Three-story elevator building: 50 units, Seniors, 50-60% AMI
- **Riverside Apartments, Prineville** – One-story, garden-type apartments: 40 units, seniors, 50-60% AMI
- **Spencer Court, Redmond** – One-story, garden-type apartments: 16 units, seniors & disabled, 80% AMI
- **Summit Park, Bend** – Two-story garden type: 88 units, family, 80% AMI
(National Award: 1994 NAHRO, Merit Award–Program Innovation–Economic Impact)
- **Tamarack Village, Sisters** – Three-story, garden-type apartments: 33 units, family, 40-60% AMI
(2005 NAHRO, Merit Award–Project Design)
- **The Parks at Eastlake, Bend** – Two-story, garden-type apartments: 40 units, family, 50%-60% AMI
- **Quartz Apartments, Redmond** – Two-story, garden-type apartments: 5 units, intellectually developmentally disabled (IDD), 50% AMI

Financing Experience:

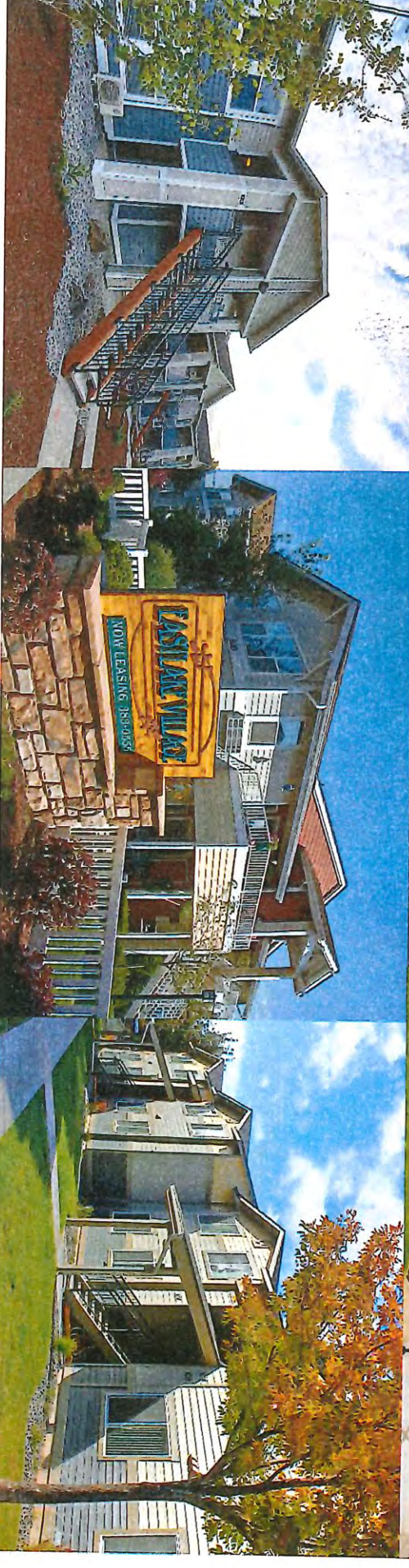
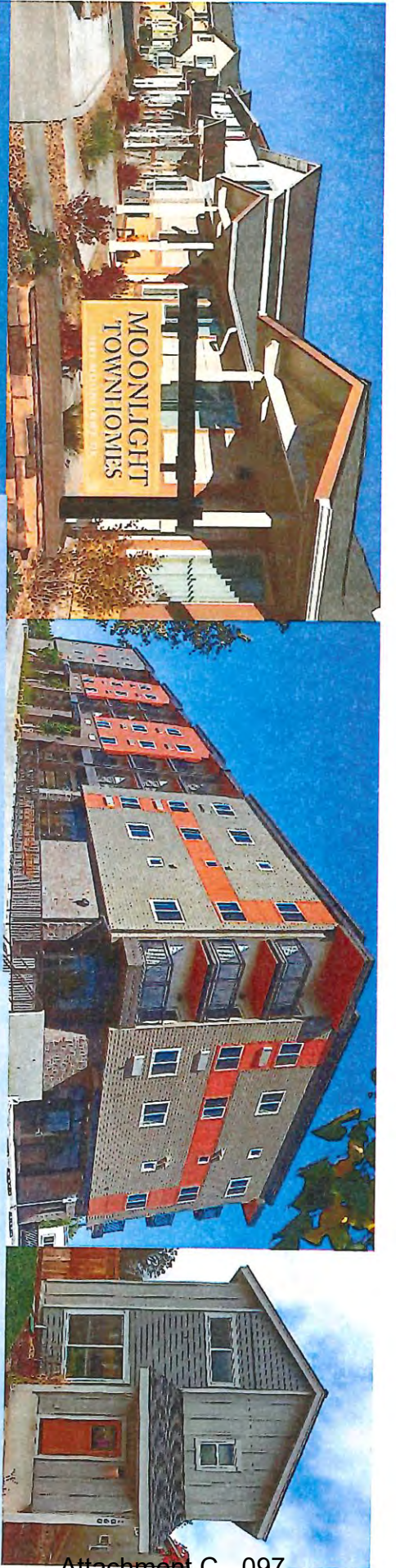
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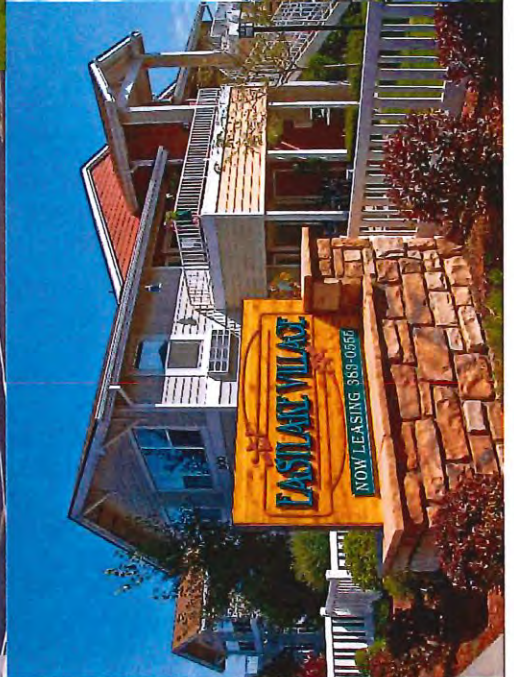
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funding including GHAP, OHCS LIFT, Trust Fund, SDC exemptions, CDBG, RD funding, and private investment capital. Housing Works was the first developer in Oregon to use short-term bonds with HUD financing to recapitalize Ariel Glen and Healy Heights. Putnam Pointe involved three partnerships (two involving LIHTC LLCs) with multiple sources of financing, including two layers of LIHTC equity, a city grant, HOME funds, Weatherization funding, three layers of first mortgage financing, Sponsor loan, deferred developer fee, nonprofit loan funding and commercial investment equity capital on a \$13.2 million project in downtown Bend. In 2017, Housing Works successfully completed Cook Crossing, another mixed use development of a 4 story building, with a condominium involving the new construction of 48 units of senior housing along with a full service medical clinic in the ground floor, and an additional 8 units of acquisition rehab down the street. Year after year, this experienced team has continued to navigate some of the most complex and financially complicated deals to the finish line.

Photos on next page:

Clockwise: **Moonlight Townhomes**, Bend; **Cook Crossing**, Redmond; **Skygate Homes**, Sisters; **The Parks at Eastlake**, Bend; **Ariel Glen**, Bend; **Eastlake Village**, Bend; **Aspen Villas**, Redmond; **Tamarack Village**, Sisters. Center: **Putnam Pointe**, Bend.







May 8, 2018

Gordon Howard
Community Services Division Manager
Oregon Dept. of Land Conservation and Development
635 Capitol St. NE, #250, Salem OR 97301
Direct: (503)-934-0034
gordon.howard@state.or.us | www.oregon.gov/LCD

Dear Mr. Howard,

For nearly 35 years, Pahlisch Homes has provided the Pacific Northwest with quality homes and lasting communities. Since 2003, Pahlisch has called Central Oregon home and continues to provide a level of excellence and value for the community. Our company is a multifaceted development company, specializing in land development, home building, along with multifamily development and construction. Our building experience includes single-family homes, townhomes, multifamily apartments, and mixed-use commercial. Along with this, our development team has a broad experience base for developing and executing large-scale master planned communities.

Pahlisch Homes is known for producing high-end communities at a variety of price points. Calling the Pacific Northwest home for over 35 years, we have seen the ebbs and flows of the market and understand that in each of our markets, particularly Central Oregon, there is a great need for attainable and affordable housing. In 2018, our company is working to establish new building criteria to offer the community more affordable homes. Our home building and production teams are currently working with local trades to find innovative ways to save money on construction and labor costs that will allow us to produce Pahlisch quality homes at a more attainable price.

It is no secret that most Oregon cities are experiencing an affordability crisis. The amount of developable land within the Urban Growth Boundaries is limited, prices for land is climbing, making it difficult for developers to make both market rate and affordable development feasible. Oregon's House Bill 4079 Pilot Program is essential to allow communities, such as Redmond, boost affordable housing development.

Redmond is conveniently located between Prineville, Madras, Bend, and Sisters, and is a hub for workforce level families to access work in surrounding cities. As the area becomes more desirable for singles, growing families, and retirees, home prices continue to soar as developers and builders cannot keep up with the pent-up demand. This is creating an even tighter market for families that cannot afford market-rate housing, pushing these families to cities further from employment and services, dampening Redmond's local economy.

Pahlisch Homes is currently building a subdivision on the southern portion of Redmond, Triple Ridge. The subdivision is a four-phase master planned development consisting of single-family homes, detached cottage-style homes, attached townhomes, and multifamily. Pahlisch is currently completing home building in the first phase of this development and will commence infrastructure construction on the second phase this Summer. Though homes are discounted \$50,000+ from homes in nearby Bend, our sales team is still seeing a need for more affordable housing in Redmond, particularly with access to Highway 97 so families can easily access other Central Oregon cities.

Pahlisch Homes, Inc. | 210 SW Wilson Ave. Suite 100 | Bend, OR 97702
o: 541.385.6762 | f: 541.385.6742 | pahlischhomes.com



The City of Redmond is currently working diligently to find ways to accommodate this need for affordable housing, both for-sale and for-rent. The Skyline Masterplan concept would offer local developers the opportunity to add to the supply of both single-family and multifamily housing in Central Oregon without the large price tag on the land. By providing a mix of housing types and services near a major thoroughfare, the Skyline Masterplan will undoubtedly become a desirable location and ideal for households in search of a more affordable way of living.

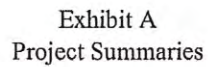
Pahlisch Homes supports the City of Redmond in their efforts to obtain acceptance into the HB 4079 Pilot Program. By accepting the City of Redmond, the Oregon Department of Land Conservation and Development will be helping the Central Oregon housing market and offering local families the opportunity to obtain housing out a more affordable price in a centrally located area, close to major highways and services.

Please see attached for project summaries of a few of our recent projects that illustrate the type of work we do. If you have any questions or would like to discuss Pahlisch Homes' stance of support further, please contact me by phone at 541-385-6762 x 166 or by email at chadb@pahlisch.com.

Sincerely,

Chad Bettsworth

Director of Land Development and Acquisitions
Pahlisch Homes, Inc.





2. The Bridges – Planned Unit Development - Bend, OR – 78.66 acres – 387 units

Single-Family	387 units
Amenities	Community pools, basketball court, fitness center, walking trails, clubhouse
Community Features	Across from 39-acre park and site of new Bend high school (coming 2021)



May 10, 2018

Ms. Deborah McMahon
Planning Manager
City of Redmond
City Hall
411 SW 9th Street
Redmond, Oregon 97756



Re: Memorandum of Interest
Skyline Affordable Housing Project

Dear Ms. McMahon:

On behalf of The Wasserman Group, LLC, (“**TWG**”) I am pleased to provide the City of Redmond, Oregon (together with its affiliates, “**Redmond**”) with this non-binding memorandum of interest (“**MOI**”), which outlines the high-level and general terms and conditions of a proposed public/private partnership with Redmond for the HB 4079 OAR 660-039-0000 through 0100 affordable housing pilot program (the “**Project**”).

This MOI does not constitute or create, and shall not be deemed to constitute or create, a legally binding or enforceable obligation, joint venture, partnership, or other business relationship on the part of any of the parties hereto, and should not be construed as a commitment to provide an equity investment in, or a loan to, the Project.

Project Description The Project will be located in Redmond on approximately 40 acres of currently undeveloped land. TWG will work with Redmond to develop a master development plan, which shall include such items as the Project concept and design, financing and tax-credit options, construction, and management and operations of a mixed-income residential community (with an emphasis, for a minimum of 30% of the units created, on residents who earn no more than 80% of AMI).

Project Costs While the Project’s total costs cannot be determined at this time, we believe that as the master development plan evolves we will be in a position to provide an accurate budget and estimate of costs. To accomplish this we anticipate that TWG and Redmond will work together to create a scope of work that will allow us to produce an accurate budget.

Proposed Public Private Partnership Notwithstanding other provisions of this MOI, Redmond and TWG will work cooperatively in a quasi-public/private partnership (“**PPP**”), whereby Redmond will contribute the land at no cost as well as other potential subsidies, including, but not limited to, water, sewer, streets, and other components needed to build-out the Project infrastructure. TWG will provide its expertise, capital sources, overhead, and development knowledge to coordinate and complete all aspects of the Project, as well as pre-development costs needed to bring the Project to fruition.


Timing To-be-determined and mutually agreed upon by both parties. The overall development will likely be completed in phases and developed as the parties hereto may agree. While the phases may be arbitrarily set by Redmond and TWG, they may also be influenced by data collected in a 3rd party market/feasibility analysis.

Tax Credits and Permanent Debt TWG will be responsible for sourcing all debt and/or tax credit equity required to develop and support the Project.

***Predevelopment/
Due Diligence Ex-
penses***

Subject to a mutually agreed upon budget and limitation, TWG shall be responsible for all predevelopment costs relative to the buildout of the Project.

THE WASSERMAN GROUP, LLC

By: 
Stephen M Wasserman, Managing Member

**AGREED AND ACCEPTED:
CITY OF REDMOND, OREGON**

By: _____
Its _____

The Wasserman Group, LLC
Management Team and Experience

THE WASSERMAN GROUP, LLC & AFFILIATES:

Stephen M. Wasserman Over his business career Steve Wasserman has been involved in virtually every aspect of real estate. A Certified Public Accountant and graduate of the University of Illinois (Urbana), he came to the real estate industry after serving as an auditor and tax accountant for PricewaterhouseCoopers (then Price Waterhouse & Co.) and having completed one of the country's most rigorous and prestigious corporate management development programs at Illinois Bell (now AT&T). He later served as Executive Vice President/Controller of the real estate division of a Wheelabrator/Frye, a then NYSE company, where he was responsible for a multi-family development and property management company with approximately 50,000 apartment units and a significant number of commercial properties under management. During the REIT crisis of the mid-to-late 1970's Steve was an officer of First Wisconsin National Bank (now US BANK), where he managed a diverse multi-hundred million dollar (1970's dollars) "work-out" portfolio of troubled real estate and loans. As a bank officer he was directly involved in borrower negotiations, bank swaps, construction completion, asset and property management, and virtually every other real estate/banking related activity on properties throughout the U.S. He moved from Denver to Atlanta to finalize the Bank's asset completion and disposition process in the Southeast and remained with the Bank until late 1977, when he formed The Wasserman Group, Inc. (TWG). It is a specialist in government financed programs and has completed numerous tax-exempt bond transactions as a consultant and fee developer.

In addition to asset and property management (including contracted development relationships with MGIC and AMBAC), over its 40+ year existence TWG developed offices (award winning), apartments, condominiums (award winning), and single-family houses nationally. In recent years TWG has concentrated on tax credit housing and other affordable housing. Steve is a founder of two not-for-profit housing companies whose missions are the acquisition and long-term preservation of affordable housing nationally – Affordable Housing America, Inc. and American Covenant Senior Housing Foundation, Inc.

Over his career Steve has been the developer, owner, consultant, and/or asset or property manager of over 8,500 multi-family units and single family homes nationally.

Peter H. Wasserman Peter has been involved in the development, construction, brokerage, and asset management of low and moderate-income multifamily real estate since 2002.

Between 2002 and 2005 Peter managed approximately \$65mm in new construction tax exempt bond transactions as a fee-based developer with The Wasserman Group, Inc. The rated bonds on these transactions utilized a government loan guarantee program as credit enhancement to the debt. The six projects involved in these transactions consisted of a blend of seniors housing (age/income restricted congregate care) and income restricted (non-LIHTC) family developments. These projects utilized §501(c)(3) sponsors with whom TWG had no previous relationship. During the development of these projects Peter formed two §501(c)(3)'s that would be utilized as future sponsors of similar transactions. Those §501(c)(3)'s remained dormant for several years as the rules affecting various loan programs used by TWG slowly changed but are now quite active.

In 2005 Peter switched his focus to the acquisition/rehab (or "preservation") of aged USDA Section 515 (formerly "Farmers Home") and other rural properties. Between 2005 and 2010 Peter was involved with fifteen LIHTC transactions all of which received either 9% LIHTC awards or some other form of subsidized funding.

Following the credit debacle of 2008, in 2009 Peter shifted his focus to growing the non-profit organizations he co-created and managed. Since 2009 Affordable Housing America, Inc. ("AHA") has closed on 13 multifamily properties geographically scattered across the country. The properties AHA

owns have been financed with a variety of diverse capital stacks which include a combination of tax credits, HUD/USDA debt, tax-exempt bonds, and soft money/grants. Peter was heavily involved in all aspects of the acquisition, finance, and development of AHA's projects.

Prior to entering the real estate industry Peter spent five years with the Atlanta Symphony Orchestra as Program Coordinator for the Chastain Park Amphitheater and the Symphony Hall "Super POPS!" concert series. During this time, he produced over 200 live concert events (ranging from pop acts such as Hootie and the Blowfish to classical performances featuring the Atlanta Symphony Orchestra).

Peter is a graduate of Georgia State University with a degree in Economics.

David M. Perloe Through TWG, David works with qualified §501(c)(3) designated organizations, for-profit developers, brokers, and property management companies to assemble transactions that meet TWG's financing criteria. David is also an asset manager for Affordable Housing America, Inc. ("AHA"), a Georgia based non-profit affordable housing owner and developer. David's responsibilities at AHA parallel those at The Wasserman Group, leveraging his ability to bridge public §501(c)(3)'s with for profit developers. David is responsible for asset management and due diligence coordination of property acquisitions as well as asset management of existing properties in the AHA portfolio. Prior to joining AHA, David was the Off-Premise VP of Sales and Marketing for regional beverage company Whynatte Latte. David graduated from Colorado State University with a degree in Finance.

David E. Wasserman Since 2010 David has been involved in the development, construction and asset management of low and moderate-income multifamily real estate as well as multiple low income housing tax credit ("LIHTC"), HUD/USDA-financed, unenhanced affordable housing and Affordable Housing Program – Federal Home Loan Bank transactions since 2010. David is the Executive Director of Social Housing, Inc, a Georgia nonprofit organization recognized by the IRS as a 501(c)(3) organization under the Code with the charitable purpose of owning and operating affordable multifamily housing, and asset manages a portfolio of 14 affordable multifamily properties for both Social Housing as well as Affordable Housing America, Inc. ("AHA"), another Georgia based non-profit affordable housing owner and developer. Since 2009, AHA and Social Housing have acquired 16 multifamily properties containing approximately 900 units. These properties have been financed with combinations of low income housing tax credits, HUD/USDA debt, tax-exempt bonds, and soft money or grants. As Chairman and Executive Director of the Sole Member, Mr. Wasserman oversees the day to day operations of the Sole Member and acts as a point of contact to the wide net of industry players who participate in the Sole Member's operational activity. Mr. Wasserman is a graduate of Hunter College in New York.

John S. Gumpert John offers construction and real estate development-related expertise to clients and partners within the multifamily industry. With over 30 years experience, his diverse and comprehensive project range includes: development, design and construction of high end condominiums, large tract garden apartments, Historic loft conversions, townhouse developments and subsidized government housing projects. John applies economic value added analysis to the design, development and production phase for new or renovated projects. John focuses on goal alignment, relational structure and cost containment to ensure optimum project results.

John's firm, Camden Management Partners, LLC, has evolved from its origins as a service provider to a full service development company with full development and general contracting capabilities. Camden is currently performing development construction and construction management services on a variety of project types including the recent historic preservation and conversion of Loray Mill in Gaston, North Carolina.

James D. Miller, Architect Mr. Miller established the Miller Architecture in July, 1968, as James D. Miller, A.I.A., Architect, Ltd. Prior to opening his own office, he worked for five years for other firms in the area. Mr. Miller obtained his professional education at Clemson University, specializing in architectural design and receiving a Bachelor of Architecture Degree in 1964. He also did post graduate work toward a Master of Architecture Degree at Clemson from 1966 to 1969. Mr. Miller has been

registered to practice architecture in the State of South Carolina since October of 1967. He presently has NCARB certification and is registered to practice architecture in fifteen states.

Miller Architecture, LLC is a full-service medium-size architectural firm that has designed a broad range of projects including but not limited to apartment and dormitory complexes, assisted living facilities, medical offices, shopping centers, hotels, industrial plants, warehouses, and professional office buildings. Over half of Miller Architect's experience has been in the broad area of multi-family residential facilities. Miller Architecture has designed in excess of 150,000 living units consisting of conventional apartments, independent living apartments, assisted living facilities, timeshare condominiums, resort condominiums, HUD apartments, government family housing, condominiums, town homes, college dormitories, single-family housing, public housing, and government subsidy apartments. These units have been in buildings from one to nine stories in height using many types of materials. Presently Miller Architecture has work in South Carolina, Georgia, Florida, and Kentucky. Construction cost range from \$47,000 per unit to over \$100,000 per unit.

Miller Architecture also has significant experience in the area of health care and retirement elderly living facilities. These projects include medical offices and clinics, nursing homes and assisted living centers, housing for the elderly and the mentally challenged, and retirement communities containing patio homes, apartment buildings, and clubhouse/recreational facilities.

Miller Architecture provides full architectural services, land planning, landscape and has a full range of consultants for structural, mechanical, plumbing, electrical, and civil engineering.

**PROPERTIES DEVELOPED, OWNED OR ASSET MANAGED BY THE WASSERMAN
GROUP, CAMDEN MANAGEMENT PARTNERS, AND ITS AFFILIATES**

COMPLETED DEVELOPMENTS:

LORAY MILL LOFTS PHASE I, GASTONIA, NC, - 190 unit apartment community, 100,000 sq ft of commercial, historic mill conversion/ adaptive reuse (FHA financing, federal/state mill and historic credits).

STERCHI LOFTS, KNOXVILLE, TN – 100 unit apartment community, historic mill conversion of 13 story high rise (FHA financing, historic federal tax credits)

CJ MCLIN APARTMENTS, DAYTON, OH, - 46 unit age restricted community, acquisition with significant rehab (Tax exempt bond transaction/ 100% Project Based Section 8)

GROVE HOUSE APARTMENTS, EAST ORANGE, NJ – 33 unit family apartment community, acquisition with light rehab (Tax exempt bond transaction/ 97% Project Based Section 8)

PARK TERRACE APARTMENTS, EAST ORANGE, NJ – 39 unit family apartment community, acquisition with light rehab (Tax exempt bond transaction/ 97% Project Based Section 8)

ATHENS GARDEN APARTMENTS, ATHENS, OH – 44 unit family apartment community, acquisition with light rehab (Tax exempt bond transaction/ 100% HAP, Anticipated Closing December 2015)

COLONIAL VILLAGE, CINCINNATI, OH – 66 unit family apartment community, acquisition with light rehab to perm (Bridge to Perm, 100% Project Based Section 8)

CREEKSTONE PINES APARTMENTS, GREENVILLE, AL – 76 unit family apartment community, acquisition with light rehab (Tax exempt bond transaction)

MAGNOLIA TERRACE APARTMENTS, Tallahassee, FL- 108 unit family apartment community, acquisition with light rehab (Tax exempt bond transaction, 100% Project Based Section 8)

MALCOLM KENNER APARTMENTS, Kenner, LA - 65 unit family apartment community, acquisition with light rehab (Tax exempt bond transaction, 100% Project Based Section 8)

WASHINGTON GARDENS APARTMENTS, Grenada, MS - 100 unit family apartment community, acquisition with substantial rehab (HUD 221(d)(4), 9% LIHTC, 100% Project Based Section 8)

THE WOODBRIDGE APARTMENTS, Nashville, TN - 220 unit apartment community (HUD 221(d)(4))

THE PINERY, Alpharetta (Atlanta), GA - 230 lot single family subdivision with additional 230 acres of vacant land (Conventional)

EAGLERIDGE, Pueblo, CO - 1,000± acre, 500+ home planned community (Conventional)

STRAWBERRY HILL APARTMENTS, Colorado Springs, CO - 312 unit apartment community

BERKSHIRE APARTMENTS, Colorado Springs, CO - 540 unit apt. community and 100± acres of land

KENSINGTON APARTMENTS, Boulder, CO - 140 unit apartment community

RAMADA INN WEST, Denver, CO - 150 room motel

BARCELONA APARTMENTS, Tucson, AZ - 240 unit apartment community

CHANDLER APARTMENTS, Chandler (Phoenix), AZ - 180 unit apartment community

LA PALMA APARTMENTS, San Antonio, TX - 180 unit apartment community

THE HERMITAGE, Houston, TX - 130 unit Senior luxury high rise apartment building

ALABAMA STREET CONDOMINIUMS, Houston, TX - 65 unit condominium community

GARDEN HAUS APARTMENTS, Oklahoma City, Oklahoma - 252 unit apartment community

CAVALIER OFFICE BUILDING, Oklahoma City, OK - Approximately 150,000 square feet office tower – INCLUDED BUREAU OF INDIAN AFFAIRS (GSA) AS TENANT

LARGE LAND TRACT, Tulsa, OK - 700± acre land tract

LARGE LAND TRACT, Raleigh, NC - 1,000± acre multi-use land tract

COUNTRY PLACE APARTMENTS, Nashville, TN - 240 unit apartment community

SUTTON PLACE APARTMENTS, Nashville, TN - 320 unit apartment community

CAMELOT CONDOMINIUMS, Atlanta, GA - 330 unit condominium community

3200 CLAIRMONT ROAD CONDOMINIUMS, Atlanta, GA - 90 condominium units

CEDAR CANYON CONDOMINIUMS, Atlanta, GA - 120 condominium units

318 WEST ADAMS STREET, Chicago, IL - 150,000 square foot 18 story office building –

221 E. ERIE STREET, Chicago, IL - 80,000 square foot office building, 80 condominium units

TURTLE CREEK CONDOMINIUMS, Dallas, Texas - 100 unit luxury condominium project

DESERT PALMS CONDOMINIUMS, Palm Springs, CA - 140 unit condominium project

BITTERBRUSH CONDOMINIUMS, Incline Village (Lake Tahoe), CA - 90 unit luxury condominium

FREMONT COURT APARTMENTS, Fremont, CA (San Francisco area) - 490 unit apartment community

PROPERTIES DESIGNED BY MILLER ARCHITECTURE

Acorn Park - 300 units - Jacksonville, FL

Addison Place - 160 units - Crestview, Florida

AHEPA 242 - 48 Units - Greenville, SC

Anderson Village (Rehab) - 98 units - Anderson, SC

Appian Way - 204 Units - N. Charleston, SC

Arbors At Fairview - 168 units - Simpsonville, SC

Ashley Park Apartments - 172 units - Myrtle Beach, SC

Ashley Park Townhomes - 65 Units - Charleston, SC

Ashton Court Apartments - 70 units - LeGrange, GA

Ashton Cove - 57 Units in Kingsland, GA.

Austin Woods Apartments - 168 units - Pensacola, FL

Auston Grove - 320 units - Raleigh, NC - d4d

Auston Woods - 288 units - Charlotte, NC
 Autumn Woods Apartments - 144 units - Mauldin, SC d4d
 Bailey Gardens - 24 Units - Lake City, SC
 Beechwood Commons - 182 units - Athens, GA - d4d
 Berry Shoals - 192 units - Spartanburg, SC
 Butler Terrace - 56 units in Mauldin, SC
 Calhoun Gardens - 76 units - Calhoun, GA
 Cambridge Court - 64 units - Florence, SC - Tax Credit
 Cambridge Hills Assisted Living - Roxboro, NC
 Cameron at Clarkesville - 60 units - Clarkesville, GA
 Cameron Crossing - 134 units - Moonville, SC - USDA
 Cameron Crossing, II - 64 units - Moonville, SC - USDA
 Carolina Crossing - 216 units - Columbia, SC
 Center Pointe Apartments - 132 units - Greenwood, SC - d4d
 Clam Farm - 62 units - Folly Beach, SC
 Clarion Crossing II - 32 Units in Raleigh, N.C.
 Cliffs @ Walnut Cove - 17 Units - Asheville, NC –
 Village Townhomes Companion @ Carter Mill - 144 units - Sumter, SC - d4d
 Country Wood at Blue Angel - 108 units - Pensacola, FL
 Cross Creek Apts. - 144 Units - Beaufort, SC
 Cypress Pond @ Porter's Neck - 264 units - Wilmington, NC
 Eastwood Village - 140 units - Asheville, NC - d4d
 Enclave at Deep River Plantation - 220 units - High Point, NC
 Forest Oaks Apartments - 168 Units, Rock Hill, SC - d4d
 Forest Oaks Apartments, II - 120 units, Rock Hill, S.C. - d4d
 Forest Pointe - 120 units - Walterboro, SC - d4d
 Fox Run Apartments - 120 units - Camden, SC - d4d
 Glen Eagles II - 144 Units in Winston-Salem, N.C.
 Greenbrier Apartments II - 168 units in Columbia, SC
 Greer Gardens - 168 Units in Greer, S.C.
 Greystone Loch - 192 Units in Hilton Head, S.C.
 Hard Scrabble Apartments - 120 units - Columbia, SC
 Haven at Boiling Springs - 264 units - Boiling Springs, SC
 Haven at Mountain Oaks - 24 units - Sylva, NC –
 Housing for the elderly Huntington Place - 192 Units in Columbia, S.C.
 Huntsville-Summit - 101 units - Huntsville, AL
 Jasmine Cove - 184 Units - Simpsonville, SC
 Lake Shadow @ Limestone - 96 Units - Gainesville, GA
 Laurel Crest - Pigeon Forge, TN - Timeshare
 Laurel Hill Apts. - Port Royal, SC
 Leafstone Apartments - 232 units - Covington, GA
 Legacy at Anderson - 100 units - Anderson, SC - Independent Living - USDA
 Legacy at Dallas - 105 units - 93 units - Dallas, GA - Independent Living - USDA
 Legacy at Lehigh - Lehigh, FL -93 Units - Independent Living - USDA
 Lexington Place- 144 units - Centerville, GA
 Magnolia Lane - 48 units in Conway, SC
 Magnolia Manor (Rehab) - 48 units - Sumter, SC
 Manning Gardens (Rehab) - 50 units - Manning, SC
 Meadows, Phase III - 48 units - Asheville, NC
 Merchants Court - 192 Units in Dallas, GA.
 Meridian Place Townhomes - 100 units - Rock Hill, SC
 Meridian Place, II - 100 units - Rock Hill, SC
 Midland Terrace Apartments - 120 units - Summerville, SC d4d
 Mill Creek Apartments - 290 Units in Atlanta, GA
 Mosteller Mansion Apts. - 168 units - Hickory, NC
 Mountain Loft, Phase IV - 55 Units in Gatlinburg, TN - Timeshare
 Oak Forest III Apartments - 192 Units in Spartanburg, S.C.
 Osprey Place - Tax Credit - 108 units - Charleston, SC

Osprey Pointe - 72 units - Tax Credit - North Charleston, SC
Parks At River's Edge - Condos - N. Charleston, SC
Park @ River's Edge - 168 Units - N. Charleston, SC
Peaks at Conyers - 260 units - Conyers, GA - Tax Credit
Peaks @ West Atlanta - 214 units - Atlanta, GA - Tax Credit
Pelican Pointe - Charleston, SC
Pine Terrace Villas - 24 units - Swainsboro, GA
Pinnacle Ridge (renovations) - Asheville, N.C.
Preston Creek Apartments - 260 units - McDonough, GA
Preston Creek II - 74 units - McDonough, GA
Preston Glenn @ Bridgemill - 300 Units in Cherokee County, GA.
Preston Hills at Mill Creek - 464 units - Gwinnett County, GA
Preston Mills @ Gwinnett - 464 Units in Gwinnett County, GA.
Preston Pointe Apts. -48 Units - Clemson, SC
Preston Pointe at Windermere - 346 units - Forsythe County, GA
Puller Place Apartments - Jacksonville, NC
Riverbirch Townhomes - 74 units - Greenville, SC
Seven Farms Apartments - Daniel Island
Shady Grove Apts. - Charleston, SC
Shires Apartments - West Ashley, SC - 72 units South
Tryon Apartments - 216 units - Charlotte, NC
Stonegate @ Spring Lake - 264 units - Spring Lake, NC
University Center - 156 Units - Charlotte, NC
Village @ Auston Woods II - 204 Units - Charlotte, NC
Village at Lake Wylie - 392 units - Lake Wylie, SC
Village on the Lake - 156 Units - Fayetteville, NC
Village on the Lake II - 144 units - Fayetteville, NC
Vinings @ Duncan Chapel - 196 units - Greenville County, SC
Vinings at ICAR - Greenville, SC
Vinings at Matthews - 240 units - Matthews, SC
Vinings at Roper Mountain - 208 units - Greenville, SC
Vinings at Westcott - 192 units - North Charleston, SC
Vinings at Wildwood - 168 units - Morehead City, NC
Walden Glen Apartments - 240 Units in Augusta, GA.
Walker's Crossing, Phase II - 72 units - Knoxville, TN
The Woods @ Georgetown - 72 Units in Savannah, GA.

Team Contact information

Peter H. Wasserman
 p. 770.874.8800 x100
phw@wassermangroup.com

Stephen M. Wasserman
 p. 770.874.8800 x110
smw@wassermangroup.com

David M. Perloe
 p. 770.874.8800 x102
dmp@wassermangroup.com

David E. Wasserman
 p. 770.874.8800 x108
dew@wassermangroup.com

CREATIONS NORTHWEST, LLC

CCB 181981

2500 Willamette Falls Drive Suite 207

West Linn, OR 97068

503.908.0563

Ms. Deborah McMahon
Planning Manager
City of Redmond
411 SW 9th Street
Redmond, OR 97756

Re: City of Redmond's HB 4079 Affordable Housing Proposal

Dear Ms. McMahon,

On behalf of Creations Northwest, LLC, I am pleased to confirm our interest in partnering with the City of Redmond on your bid for an affordable housing pilot program under HB 4079 OAR 660-039-000 through 0100. Please find attached our conformation affidavit of interest along with our company background information and development experience you requested.

Creations Northwest develops and owns apartment communities, self-storage facility and assisted living and memory care facilities. Creations Northwest also develops and constructs townhomes and single family lots for sale in our master plan communities. We are currently developing projects in Redmond, Bend, Albany, Salem, Milwaukie, Portland and Gresham. A list of our current and past projects is attached.

We are currently constructing the first phase of a 31-acre master plan development in Redmond called The Crossings. When completed, the project will have 49 single family homes (Residences at The Crossings), 57 townhomes (Townhomes at The Crossings), 180 attached apartments (Heights at The Crossings), and a mixed-use community with commercial on the first floor and 21 apartments above. I have included the Crossings conceptual master plan layout and renderings of some of the buildings in this letter.

I have also enclosed plans, renderings, photos and a video of some of our completed projects. Thank you for the opportunity to be included in your HB 4079 proposal.

Sincerely,



Hans Thygeson
Manager, Creations Northwest



CITY OF REDMOND
Community Development Department

716 SW Evergreen Avenue
Redmond, OR 97756
(541) 923-7721
Fax: (541) 548-0706
www.ci.redmond.or.us

Gordon Howard
Community Services Division Manager
Oregon Dept. of Land Conservation and Development
635 Capitol St. NE, #250, Salem OR 97301
Direct: (503)-934-0034
gordon.howard@state.or.us | www.oregon.gov/LCD

Dear Mr. Howard:

It is our pleasure to submit the City of Redmond proposal for the HB 4079 OAR 660-039-0000 through 0100 affordable housing pilot program. Programs such as these will help Redmond and the Central Oregon region provide an adequate supply of land within urban growth boundaries – with 50% of the 40-acre site dedicated to long-term affordable housing.

HB4079, as implemented by OAR 660-039-0000, describes how the affordable housing pilot program is intended to: (1) Encourage local governments to provide an adequate supply of land within urban growth boundaries that is dedicated to affordable housing; (2) Encourage the development of affordable housing on land dedicated to affordable housing; (3) Protect land dedicated to affordable housing from conversion to other uses before or after the development of affordable housing; (4) Enhance public understanding of the relationship of land supply to the development of affordable and needed housing; and (5) Enhance public understanding of how cities can increase the amount of affordable and needed housing. Moreover, OAR 660-039-0000 requires cities to identify:

The identity of entities that may partner with the qualifying city in development of the pilot project site and the prior experience with the development of affordable or market-rate housing, and that of any other entity, public or private, that will be developing the pilot project site.

The City of Redmond submits Creations Northwest LLC as a potential partner and supplies data from this partner showing interest and experience with affordable and/or market rate housing as shown on Exhibit A of this document. Exhibit A provides background information and development examples of projects similar to the housing proposed on Exhibit B.

CREATIONS NORTHWEST, LLC CONSTRUCTION RESUME

Commercial, Offices:

- 2003 Completed extensive remodel of 8,500 square foot office building.
- 2004 Purchase and remodeled 3,000 square foot office

Commercial, Self-Storage:

- 2006 Built 70,000 square feet of self-storage, Albany, Oregon
- 2009 Built RV storage, Albany, Oregon
- 2015 Built 12,000 square feet of enclosed self-storage, Albany, Oregon
- 2017 Built 27,000 square feet of self-storage, Albany, Oregon
- 2018 Building 80,000 square feet of multi-story self-storage, Milwaukie, Oregon

Residential, Multi-Family (Apartments):

- 2001 Rehab of existing apartment community, Gladstone, Oregon
- 2003 Rehab of existing apartment community, Salem, Oregon
- 2006-2007 Built 126-unit apartment community, Salem, Oregon
- 2008-2009 Built 78-unit apartment community, Salem, Oregon
- 2012-2013 Built 102-unit apartment community, Salem, Oregon
- 2014-2014 Built 81-unit apartment community, Albany, Oregon
- 2015-2016 Built 72-unit memory care facility, Happy Valley, Oregon
- 2016-2017 Built 122-unit apartment community, Gladstone, Oregon
- 2017-2018 Built 121-unit apartment community, Salem, Oregon
- 2018-2019 Building 60 units of apartments, Gresham, Oregon

Residential, Single Family:

- 1999-2009 Land development and construction of subdivisions from 2 to 16 lots.
- 1999-2009 Built approximately 30 homes in various subdivisions.
- 1996-2013 Remodeled and sold 10-15 single family homes
- 2018 Building 17 townhomes, Redmond, Oregon
- 2018-2019 Building 12 townhomes, Gresham, Oregon
- 2018-2019 Building 12 cottages, Gresham, Oregon
- 2018-2019 Land development and construction of 49 lot subdivision, Redmond, Oregon

Assisted Living Facilities:

- 2002 -2005 Partnered in development of three Assisted Living Facilities in the Northwest
- 2014-2015 Remodel of 64-bed assisted living & 17 bed memory care, Idaho
- 2001-2015 Developed two Residential Care Facilities from existing properties
- 2016 Built 72-unit memory care facility, Happy Valley, Oregon

RV Park:

- 2001-2003 Partner in Development of 400- unit Senior RV Resort with 9 Hole Golf Course

PRELIMINARY LANDSCAPE MASTER PLAN
HTI PROPERTIES, LLC
REDMOND, OREGON



05/02/2015	05/02/2015
05/02/2015	05/02/2015
05/02/2015	05/02/2015
05/02/2015	05/02/2015

R E V I S I O N S		
DATE	NO.	DESCRIPTION

JOB NO.	HT1-01
P7.0	



**Letter of Interest
Skyline Affordable Housing Project**

REF: The City of Redmond's proposal for the
HB 4079 OAR 660-039-0000 through 0100 affordable housing program

Prepared for:

Ms. Deborah McMahon

Planning Manager
City of Redmond
City Hall
411 SW 9th Street
Redmond, OR 97756

Presented by:

Lawnae Hunter, CRB, GRI

Lawnae Hunter Investments
695 SW Mill View Way
Bend, Oregon 97702
541-389-2486 (o)
541-389-2449 (Fax)
lhunter@plusmanagement.net

11th May 2018

By Hand

11th May 2018

Ms. Deborah McMahon
Planning Manager
City of Redmond
City Hall
411 SW 9th Street
Redmond, OR 97756

By Hand

Re: Letter of Interest – Skyline Affordable Housing Project

Dear Ms. McMahon:

We are pleased to respond to the City of Redmond's proposal for the HB 4079 OAR 660-039-0000 through 0100 affordable housing program (the "Project").

Lawnae Hunter Investments (together with all affiliates, collectively "Hunter") offers the City of Redmond, Oregon (together with its affiliates, "Redmond") this non-binding letter of interest ("LOI"), which outlines the very general terms and conditions of a proposed public-private partnership with Redmond.

This LOI does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation, joint venture, partnership, or other business relationship on the part of any party hereto and should not be construed as a commitment to provide an equity investment in, or a loan to, the Project.

Project Description

The 40 acre Project site is located at the end of Kingwood Avenue in Redmond, Oregon on currently undeveloped land. Hunter will work with Redmond to refine the proposed Project concept to design, finance, construct and operate a mixed income community with an emphasis on targeting residents making 80% of AMI for 30% of units created.

Project Costs

The total projects costs are yet to be determined. However, it is anticipated that Hunter and Redmond will work together to come to some reasonable final conclusion on project costs once the final scope of work is complete.

Proposed Public Private Partnership

Notwithstanding the conditions of this LOI stated above, Redmond and Hunter will work together in a quasi public private partnership ("PPP") whereby Redmond will contribute the land and make other possible contributions including, but not limited to, water, sewer, streets and other components relative to the build out of the Project infrastructure. Hunter

will provide its expertise, capital and other sources, and development knowledge to coordinate and complete all aspects of the Project, as well as predevelopment costs needed to bring the Project to fruition.

Timing

To-be-determined and mutually agreed upon by both parties. The overall development will likely be completed in phases and developed as the parties hereto may agree. The phases may arbitrarily agree upon between Redmond and Hunter, and/or be influenced by data collected in a 3rd party market feasibility analysis.

Predevelopment/ Due Diligence Expenses

Subject to a mutually agreed upon limit, Hunter shall be responsible for its own predevelopment costs relative to the build out of the Project.

Tax Credits and Permanent Debt

Hunter will be responsible for sourcing any and all debt and/or tax credit equity required to support the Project.

Attached are various supporting Exhibits:

- | | |
|------------------|---|
| EXHIBIT A | Lawnae Hunter - CV |
| EXHIBIT B | Lawnae Hunter Investments, LLC - Sample Projects |
| EXHIBIT C | Recent letter of support from Alice M. Patino, Mayor of Santa Maria, CA sent to Redmond Oregon City Manager Keith Witcosky |
| EXHIBIT D | Recent letter of support from Robert A. Ogden, CPA, CFP sent to Redmond Oregon City Manager Keith Witcosky |
| EXHIBIT E | Keysite 30/ Bradley Village - Santa Maria, CA - Conceptual Site Plan 80-acre site approved for 352 units. |
| EXHIBIT F | Betteravia Business Plaza - Santa Maria, CA - Conceptual Site Plan 32,000 SF Class A Office Building |

Thank you for your consideration.

Lawnae Hunter Investments

By: 

Lawnae Hunter

EXHIBIT A

Lawnae Hunter
695 SW Mill View Way
Bend, OR 97702
(541) 388-0404

Lawnae is former Principal Broker/Co-Owner of Windermere Central Oregon Real Estate in Bend, Oregon and Prudential Hunter Realty in Santa Barbara, CA. She has over thirty-five years' experience in general real estate brokerage including land development, new home sales, property management and general resale. She is knowledgeable in all phases of real estate. Lawnae thrives in a dynamic and competitive sales environment with a strong understanding of the market forces affecting Central Oregon. In addition to her development activities she is currently Principal Broker/Owner of PLUS Property Management of two offices in Central Oregon managing over 900 units and four offices in Santa Barbara County, California, managing well over 1,100 units.

Qualifications & Summary of Experience

- Sold in excess of 300 million dollars in land, lots, and subdivisions. A total of 59 projects and subdivisions.
- Residential Resale, Commercial Sales/Leasing.
- Consulting on Troubled Assets.
- Consulting with Builder/Developers in the planning & marketing of new communities.
- Managed & owned multi-office regional real estate firm, recognized for numerous sales awards.
- Creative, problem solving thinking.

Selected Accomplishments

- Developed and owned the largest regional real estate company on the Central Coast, consisting of six offices and 170 sales staff D.B.A. Prudential Hunter Realty. This company was acquired by a Berkshire Hathaway affiliate in 2003.
- Founded Central Oregon Economic Forecast Project in 2009.
- Conference Co-Chair of Center for Economic Forecasting (CERF) Annual Business Meeting Featuring noted economic speakers Andrew Sorkan and Bill Watkins.
- Central Oregon Rental Owners Association- 2009/2010 President.
- Woman of the Year - 2009, 33rd Assembly District.
- 2004 Entrepreneur of the Year, Santa Maria Sun.
- 2011 Woman of the Year, Bend Oregon; The Source Weekly
- Honorary Professor- Kazakh American Free University (Kazakhstan) -Invited to speak to women graduate students at Kazak American University in 2014.
- Founding Chair of Woman's Fund of Santa Barbara County – Raised over a million dollars to date
- Founding Chair of North Santa Barbara Economic Alliance. Emphasizing job creation in the local community and education on vibrant job markets.

Organizations & Boards of Directors

- Rotary International, Past President/Board of Directors of the Santa Maria Rotary South in 2004, current member Greater Bend Rotary.
- 2009/2010 President, Central Oregon Rental Owners Association.
- Secretary & Board Member, Innovation Theatre Works (non-profit, Bend).
- Central Oregon Economic Forecast Project (co-chair) 2009 and 2010.
- City of Santa Maria Planning Commission – 2003 to 2006.
- Board Member and Vice-Chair 2018 of Oregon Real Estate Agency (OREA) – Governor appointed position.
- Co-Founder and Treasurer of Stroke Awareness Oregon (SAO) – 2018

Education & Training

- Graduate Realtor's Institute (GRI)
- Certified Residential Brokerage Manager (CRB)
- California Real Estate Brokers License
- Oregon Real Estate Principal Brokers License

EXHIBIT B

Lawnae Hunter Investments, LLC Sample Projects

Keysite 30/ Bradley Village - Santa Maria, CA

80-acre site approved for 352 units.

A planned community including senior housing, apartments, and single-family homes.

Old Mill Run - Santa Maria, CA

48 lots

Casa Serena - Lompoc, CA

48 unit tax credit senior apartments

Copperleaf Village- Bend, OR

28 unit lot, multi-family units

Mira Oaks – Lompoc, CA

19 single family custom homes

Sandalwood – Bend OR

40 lot subdivision

Hillside Park – Solvang, CA

Custom homes

Betteravia Business Plaza – Santa Maria, CA

32,000 class A office building

Hunter Commercial Center – Santa Maria, CA

17,000 sq. ft. Hacienda style office building

EXHIBIT C

**Recent letter of support from Alice M. Patino, Mayor of Santa Maria, CA
sent to Redmond Oregon City Manager Keith Witcosky**



CITY OF SANTA MARIA
OFFICE OF THE MAYOR
AND CITY COUNCIL

110 EAST COOK STREET, ROOM 1 • SANTA MARIA, CA 93454-5190 • 305-925-0951 • FAX 805-349-0657 • www.cityofsantamaria.org

October 16, 2017

Keith Witcosky
City Manager
411 SW 9th Street
Redmond, Oregon 97756

Re: Letter of Reference for Lawnae Hunter

Dear Mr. Witcosky:

Lawnae Hunter was very civic-minded and did a lot for our community of Santa Maria during her 30 years here. Beyond being active with civic groups, she developed real estate projects and her buildings are an asset to Santa Maria.

She served four years as an excellent appointee to the City of Santa Maria Planning Commission. Her reputation here was that of including the community in decision-making and working together to find common ground.

Lawnae has an eye for architecture and landscaping. As she branched out from real estate and began to develop her own projects, she built them to high standards.

Sincerely,

ALICE M. PATINO
Mayor of Santa Maria

EXHIBIT D

Recent letter of support from Robert A. Ogden, CPA, CFP
sent to Redmond Oregon City Manager Keith Witcosky



Ogden Wealth

MANAGEMENT & PLANNING SERVICES, LLC

A REGISTERED INVESTMENT ADVISOR

411 East Betteravia Road, Suite 101
Santa Maria, CA 93454
Phone: (805) 739-0455
Toll Free: (866) 533-0455
Fax: (805) 739-5509
www.OgdenWealth.com

Robert A. Ogden, CPA, CFP®
LPL Registered Principal
CA Insurance Lic. #0C58057
David M. Ogden
Financial Advisor
CA Insurance Lic. #0L04761
Steven R. McCone
Financial Advisor

October 10, 2017

Keith Witcosky
City Manager
Redmond Oregon

I am writing this letter in behalf of Lawnae Hunter at her request.

Lawnae has been a friend of mine for nearly twenty years. She was also a fellow Rotarian in my club in Santa Maria, CA.

Lawnae has been an exceptional business person for as long as I have known her. She has owned multiple real estate offices, continues to own real estate management businesses and continues to own rental properties. In fact, I have been a tenant in a prime office complex owned by Lawnae in Santa Maria for the last fifteen years. This building has been one of the best located and best run complexes in Santa Maria for some time. Lawnae and her management staff have done an exceptional job over the years of maintaining my offices in the property. In addition, the complex as a whole is well maintained and I have always been pleased to be a tenant. I would say that I know of no one who has a greater knowledge of real estate than Lawnae. This comment relates to real estate management, development, sales as well as any other aspect of the real estate business I can think of.

I want to also make an important additional comment regarding Lawnae as a person. For as long as I have known her she has been a very community minded person. One excellent example of this that immediately comes to mind is the primary role she played in the construction of Rotary Park, a very nice public park in Santa Maria. This is only one example.

I will conclude by saying that I have the highest regard for Lawnae, both as a business person and as a person actively involved in her community.

Sincerely,

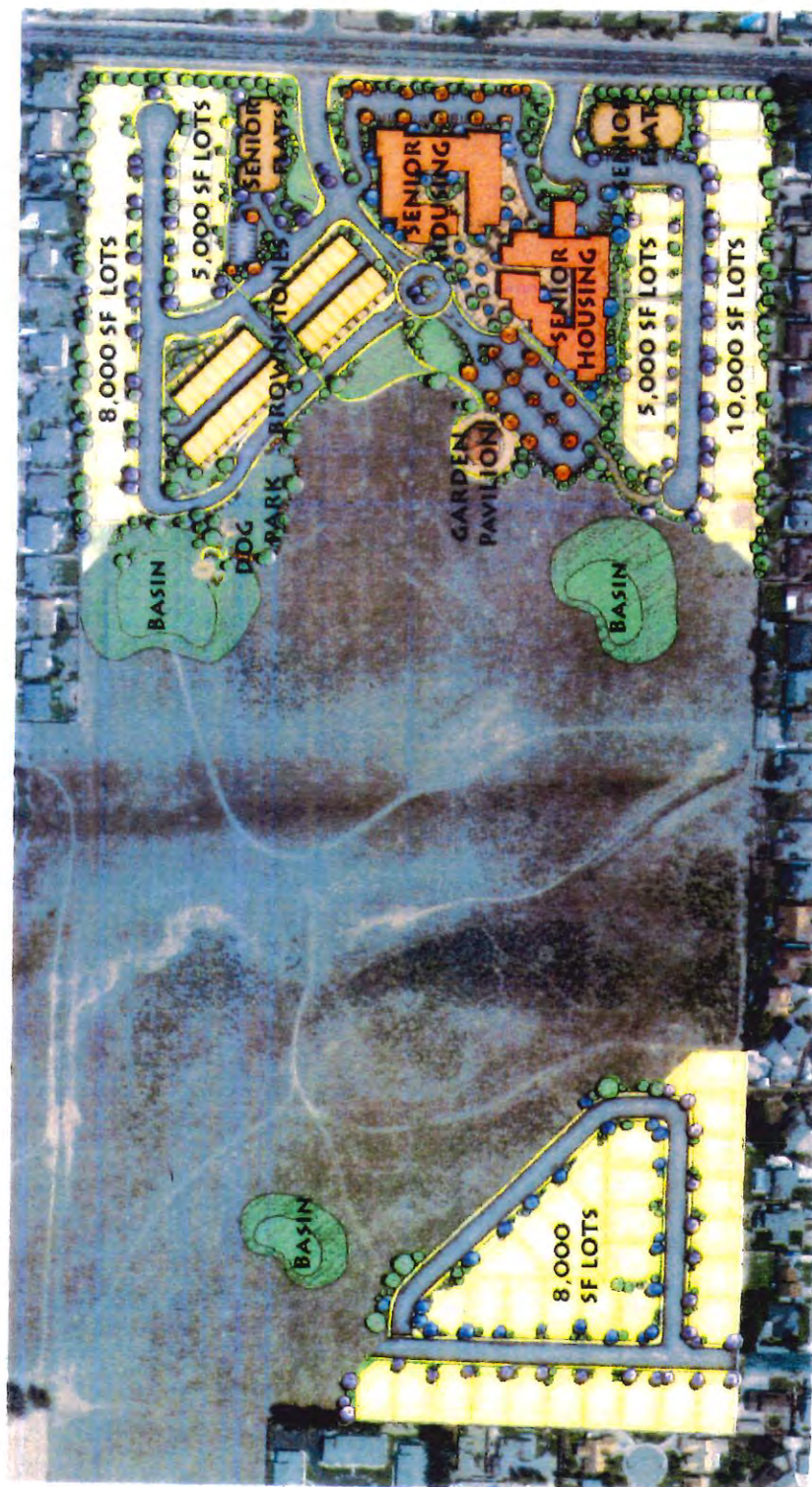
Robert A Ogden, CPA, CFP®

EXHIBIT E

Keysite 30/ Bradley Village - Santa Maria, CA - Conceptual Site Plan

80-acre site approved for 352 units.

A planned community including senior housing, apartments, and single-family homes.



CONCEPTUAL SITE PLAN
JUNE 2007

EXHIBIT F

**Betteravia Business Plaza - Santa Maria, CA - Conceptual Site Plan
32,000 SF Class A Office Building**



Deborah McMahon

From: Geoff Harris <gharris@Hayden-Homes.com>
Sent: Sunday, May 06, 2018 12:16 PM
To: Deborah McMahon
Cc: Deb Flagan
Subject: Hayden Homes HB 4079 draft
Attachments: Acadia slick GH 5-6-18.pdf; Argent slick GH 5-6-18.pdf; Austin slick GH 5-6-18.pdf
Importance: High

Hi Deborah,

Here is our brief statement draft (text below), and I've attached 3 glossy examples of our cottage product with interior photos, floorplans and exterior renderings of each. Please let me know what you think!

I'm happy to hear feedback on the narrative below from both of you; then I can email the Word doc & PDFs again to Deborah for assembly early in the week.

Sound good?

Thanks!

Geoff

Proposed Exhibit A narrative:

Attachment C - 126

EXHIBIT A

Developer supplied letter of interest and experience samples

Hayden Homes, founded in 1989 in Redmond, OR, is now the largest private homebuilder in the Pacific Northwest. We operate in underserved, secondary markets across Oregon, Washington & Idaho. Our primary buyer focus is the “middle market”; that is, homes largely affordable by families earning from 80-120% of Area Median Income.

Considering the high cost of housing in Oregon, we are delighted to partner with the City of Redmond on this application. We have direct experience in cottage-style communities, examples of which are attached here in Exhibit A. We offer 400, 600, 880 and 1064 square-foot homes that can be built detached or attached & with or without garages.

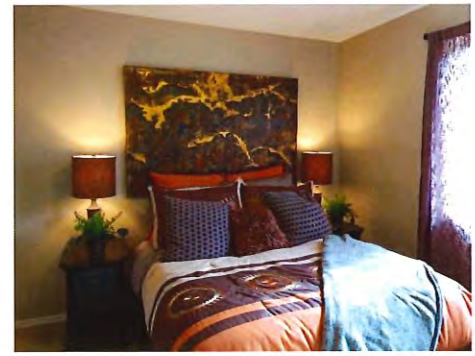
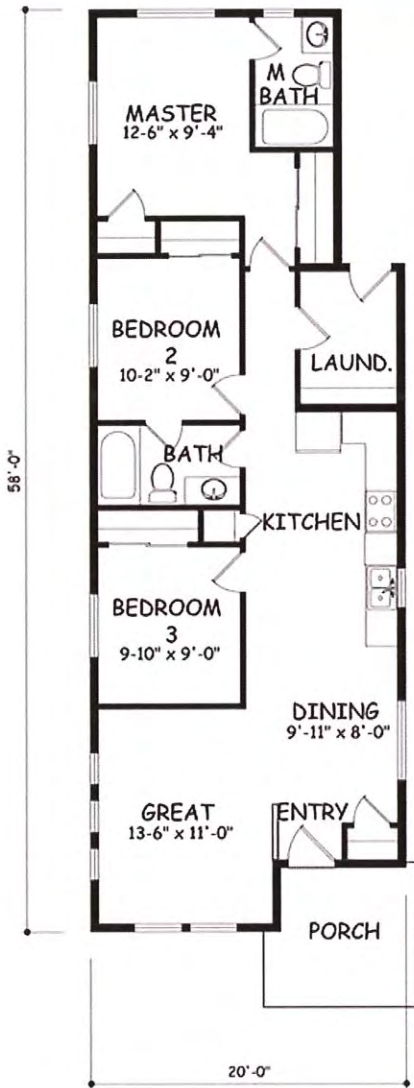
Hayden Homes & Simplicity by Hayden Homes are proud to express interest in partnering with the City of Redmond to build the cottage-style portions of the proposed project, and potentially the attached townhomes or “plexes” that can accommodate versions of this unique and affordable product.

Geoff Harris | Regional Director

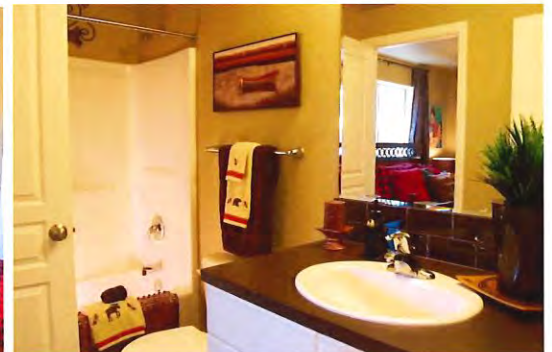
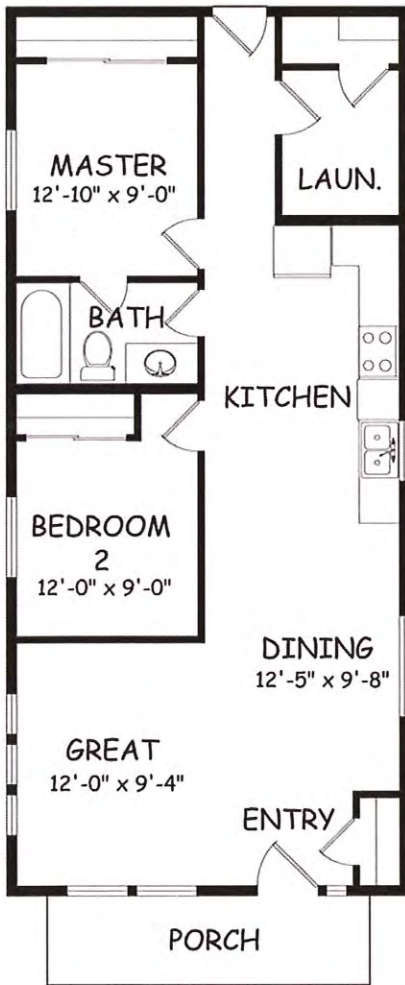
C: 541-749-0184



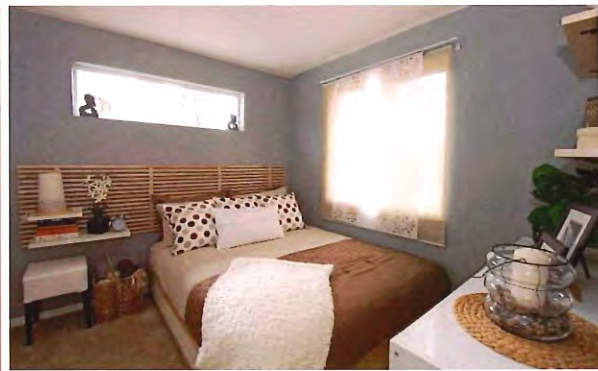
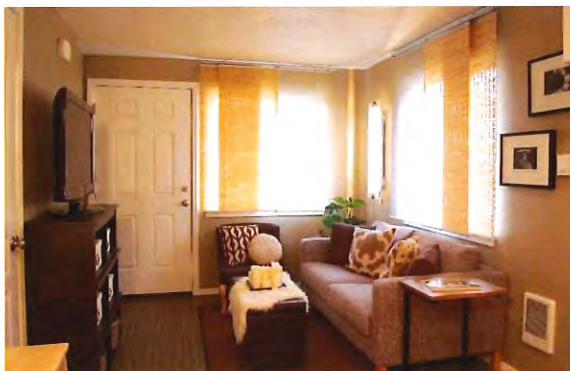
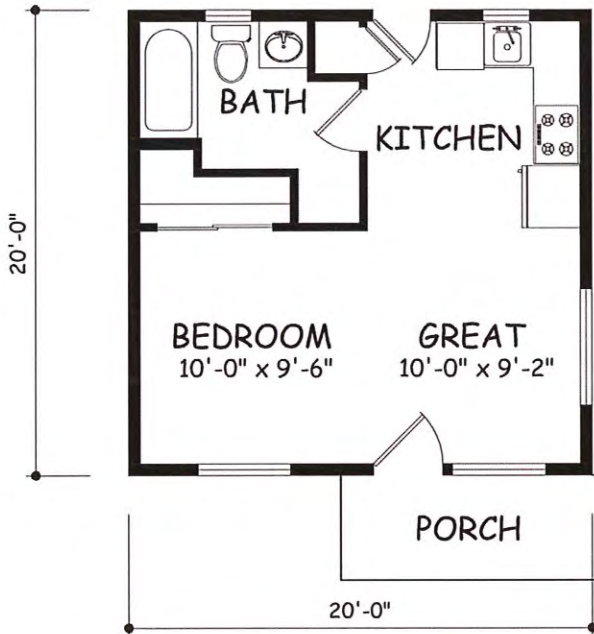
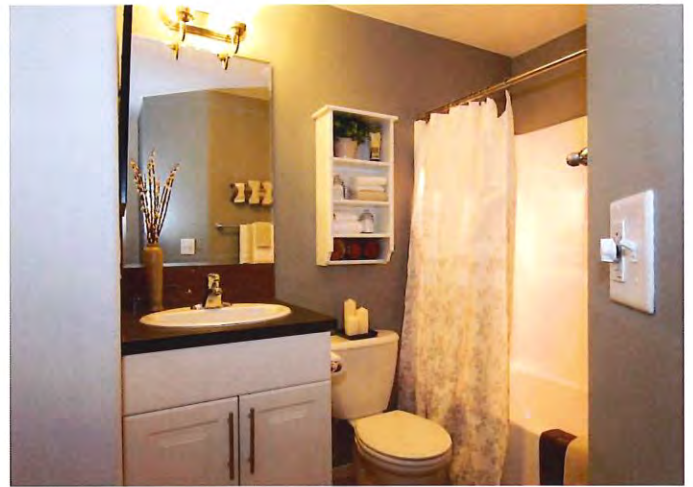
The Austin
1064 SF



The Argent
880 SF



The Acadia
400 SF



HUNTER RENAISSANCE DEVELOPMENT LLC

May 30, 2018

Deborah McMahon
Planning Manager
City of Redmond
City Hall 411 SW 9th Street
Redmond, Oregon, 97756

Re: HB4079, Redmond, Oregon

Dear Ms. McMahon:

As the Managing Member of Hunter Renaissance Development, LLC (HRD), I wish to express our interest in participating with the City of Redmond in providing the most essential market segment of housing; middle income, workforce, multi-family housing. As experienced residential and mixed used developers for the past thirty (30) years, we feel very comfortable that we have the necessary qualifications as well as company structure to be a reliable city partner in creating Redmond's vision.

We have included information on the partners of HRD as well as information on our current townhouse development at 2650 NW Elm Street in Redmond, which is our prototype for a new and exciting workforce rental housing option. We look forward to this exciting and visionary city plan as we continue to work toward addressing the dearth of reasonably priced housing.

Sincerely,


Nancy J Kapp

HUNTER RENAISSANCE DEVELOPMENT LLC



The 27 Elm Townhomes * Redmond, OR



HUNTER RENAISSANCE



DEVELOPMENT LLC

HRD Design is a creative concept presented by Hunter Renaissance Development LLC. It marries a creative, fresh approach to housing design and construction with a fundamental belief in containing costs and delivering returns to investors.

It is readily adaptable to market forces, allowing us to provide affordable essential worker developments, mid-priced options, and customized high-end products, as well as focusing on 55+ consumers.

Hunter Renaissance Development LLC is a venture between the principals of Hunter Investments, LLC and The Renaissance Companies, whose combined experiences range from urban infill to small town Main Street resurgence to industrial rail projects. With developments across the Midwest and in the Pacific Northwest, the members bring a depth and variety of knowledge and expertise to HRD Design that is exciting and new. We believe we create neighborhoods, grow communities, and act as the catalyst for a renaissance of design and construction.

All images are representative of design intent; finishes and floor plans are subject to change and adjustment.

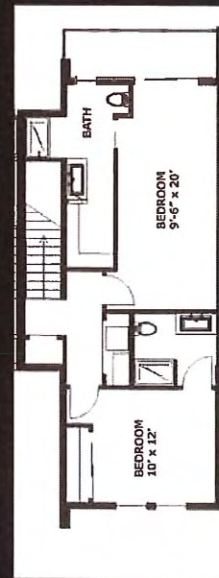
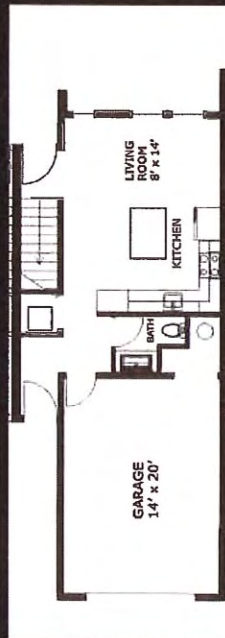
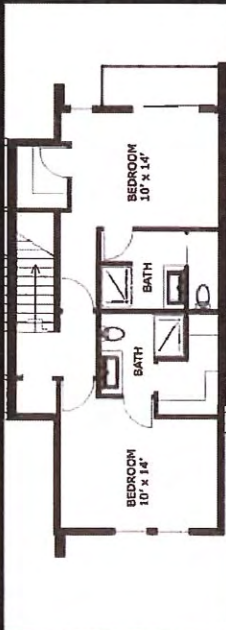
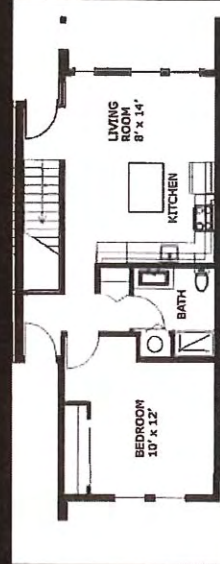
THE MATERIALS CONTAINED HEREIN ARE CONFIDENTIAL
AND FOR PRELIMINARY INFORMATION PURPOSES ONLY.
NOTHING CONTAINED HEREIN CONSTITUTES AN OFFER TO
SELL OR A SOLICITATION OF AN OFFER TO BUY SECURITIES.



The 27 Elm Townhomes Interiors







PROJECT SUMMARY

Redmond, Oregon

**A total of 58 rental townhomes in fifteen 4-unit buildings,
conveniently located just minutes from Redmond city center,
just north of Hwy 126,
with easy access to the tri-county area**

FEATURES & AMENITIES

Three different 2-story floor plans

two bedroom/two bath

two bedroom/two & half bath/garage

three bedroom/three bath

Private patios and decks

Fully-applianced stainless steel kitchens with quartz tops

Matching cabinetry & quartz tops in bathrooms

Vinyl plank flooring in living/dining/kitchen; carpeted bedrooms

In-unit washer/dryer

Energy-efficient design utilizing best practices

High-efficiency individual heat/cool (heat pumps)

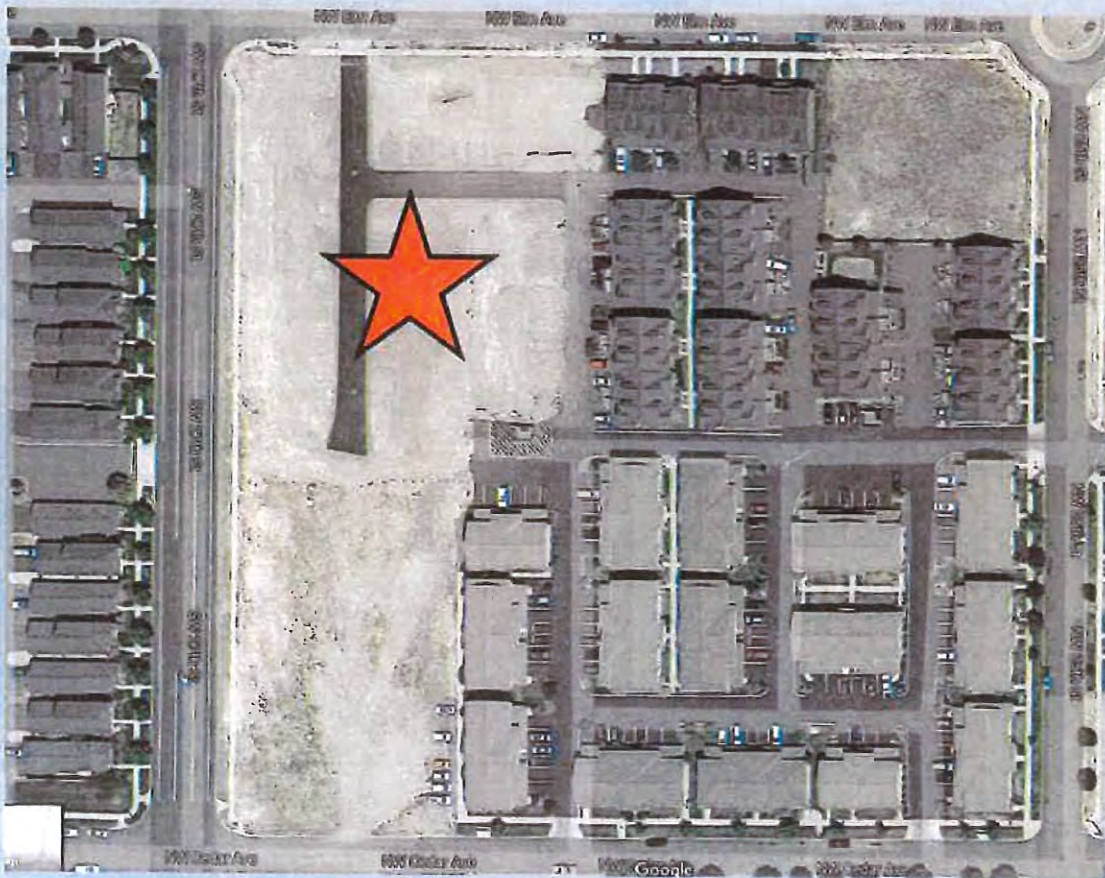
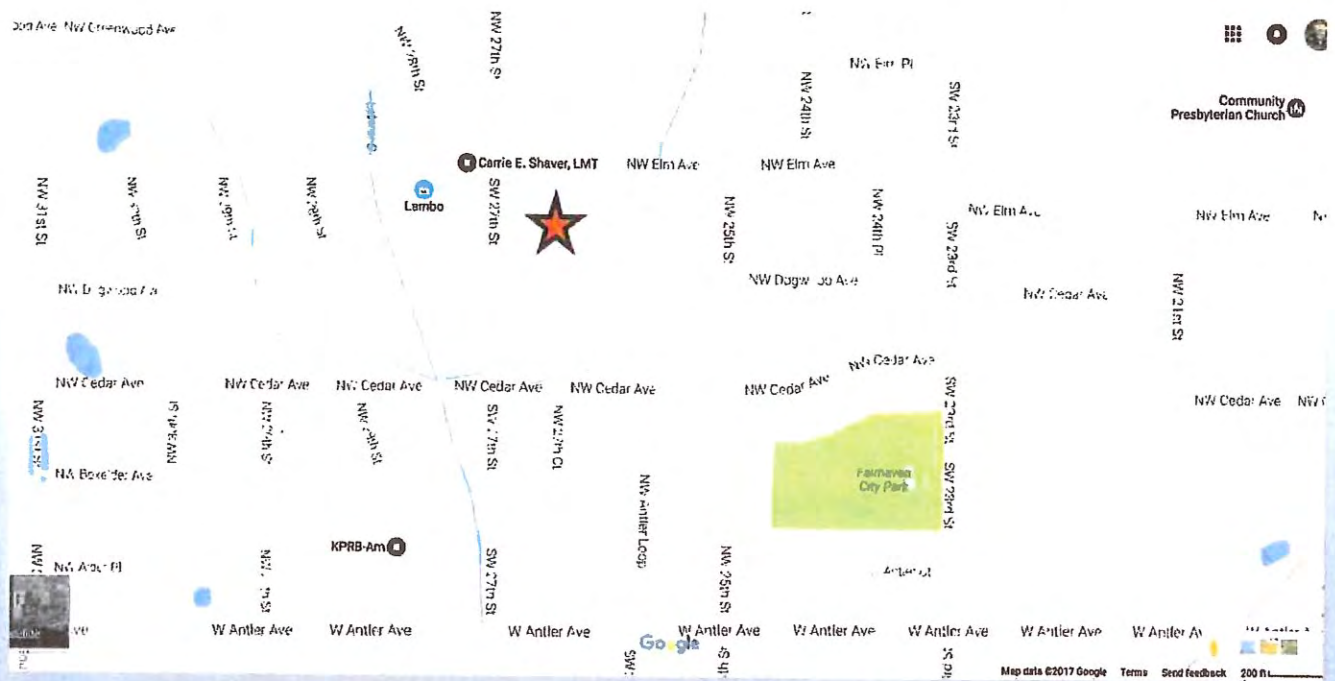
Large windows including blinds throughout

Private off-street driveway parking (in addition to garage units)

Pre-wired with Ethernet cable for phone/data

Water/sewer/trash included in rent

Close to downtown Redmond, and near the Dry Canyon



The Renaissance Companies

We Can Make A Difference In Your Neighborhood

What We Do

We foster the creation of sustainable neighborhoods. Each Renaissance property has an impact that goes well beyond the individual building or site.

We raise the bar with every property we develop. Each one stands apart; it becomes the yardstick against which others are measured.

Our name on a project means quality & professionalism

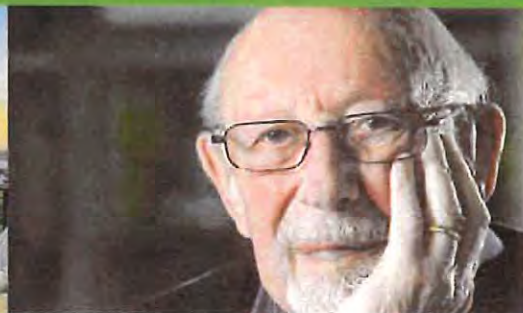
"Nancy & Jeanmarie built in Williston, a place where dreamers and planners can gather and plan for the future of our town. They built this place in the heart of the Bakken. They invested in our town and we have to partner with them to see that their investment succeeds."

*Howard Klug, Mayor
Williston, North Dakota*



"The Renaissance Companies stay closely in touch with the Chicago real estate apartment market; they are on top of trends and the changing requirements of tenants and react quickly when they see those changes happening."

Bill Hassett, RSM US



Our rich history includes

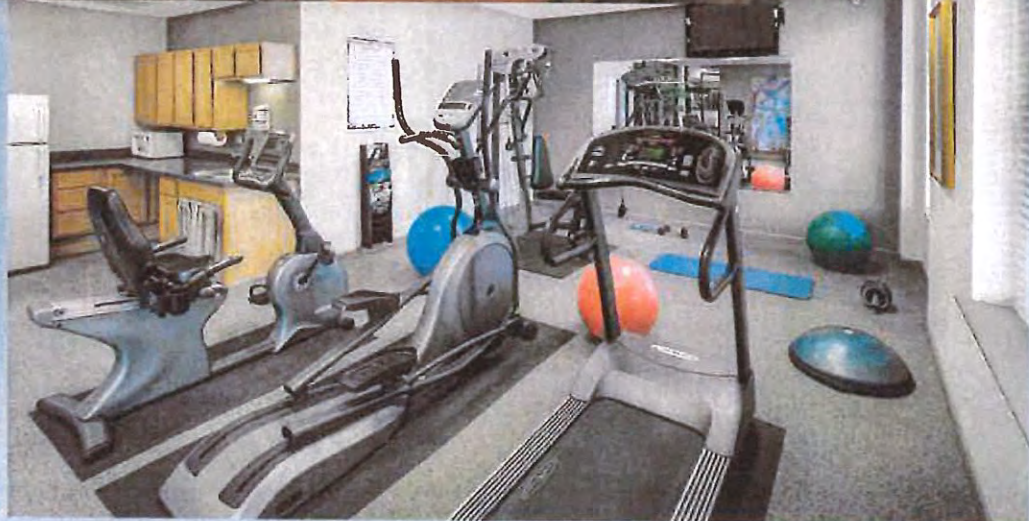
- section 42 affordable housing
- condominium conversion
- condo/townhouse new construction
- mixed-use projects
- property management
- multi-state development

We create our own developments, and we also provide turnkey services for those entities seeking development guidance.

We inspire collaboration and promote individual creativity in the development process, and we bring together our team of experts in architecture and construction to strategize from the moment the spark of an idea hits.

PORTFOLIO SAMPLE







The Renaissance Companies

We Can Make A Difference In Your Neighborhood

Who We Are

Two generations of Kapp women, Nancy and Jeanmarie, lead a diverse team of dedicated people who enjoy being part of the Renaissance family.

"I worked with Nancy and Renaissance for several years. Always no-nonsense, always professional, she was a pleasure to work with. Most importantly, she delivered on time and on budget "

*Bill Eager, former Deputy Commissioner,
City of Chicago
Dept. of Housing*



"I have had the pleasure of working with Jeanmarie for over 20 years. Her determination to provide a first class real estate product that maximizes quality and function is unsurpassed in this industry. Her attention to detail makes it extremely easy to work together and create a project that everyone will be proud of."

*Bruce Sterling, EVP,
Sterling General Corporation*

We have employees who've been with us 15-20 years and longer, helping us build, create and operate housing and commercial projects that define neighborhoods.



Kathy
Kleisch



Paul
Russo



Sherry
Fickenscher



Carri
Nickel



Kathy
Hagen



Paul
Domalik



Jamie
Basso

Hunter Investments,

Delivering Solutions To A Challenging Marketplace

What We Do

We focus on the unique challenges within the real estate development environment. By mitigating market demands with environmental and regulatory policies, equities in the development decisions are created to provide beneficial results.

Services include land assembly, master planning, entitlement management, and more.

Developing Equity In Your Vision

"Something that has always impressed me about Neil is his endless energy and work ethic. He might be wearing several different hats but I always felt that mine was the only one."

WD Kurz, DDS



The Bakken Magazine profiled Neil Amondson and Hunter Investments, in 2014.

"Neil Amondson has the eye of a developer, of someone with the ability to envision future large-scale projects on the huge flat wheat fields of North Dakota that exist today."

"His immersion into the local Bakken scene of Williston and the surrounding communities helped him understand what it would take to build a massive project."

<http://tinyurl.com/qp64vn2>

With a hands-on understanding of the land-use arena from both a regulatory and developer perspective, we work with business to develop and manage various types of ventures.

Dedicated to positive outcomes, and maximizing investor dollars, we pursue projects that bring value and creative opportunities to corporate, individual and municipal entities.

We move the deal forward.



Our portfolio of success

- industrial park and rail development
- medical/professional buildings
- retail/commercial plazas
- RV park development

We're a regional developer of industrial and commercial real estate properties. Whether you have a project idea or specific land use need, we can help you entitle property for a successful business venture.

We will assist you in developing your vision to garner project equity financing.

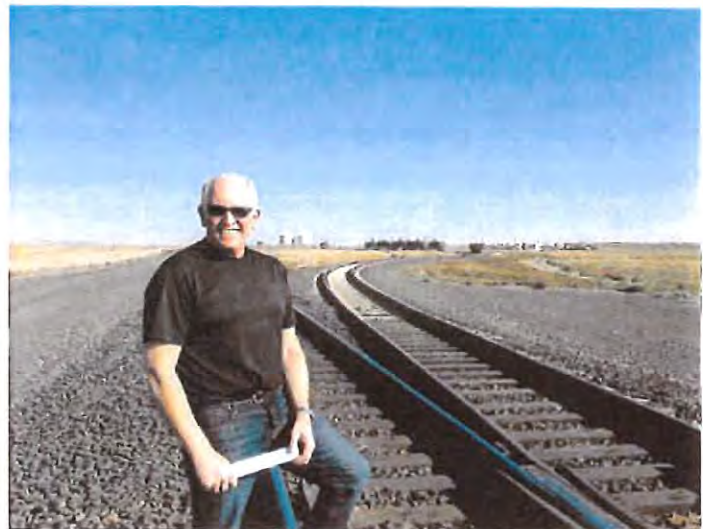
Hunter Investments,

Delivering Solutions To A Challenging Marketplace

Who We Are

"As a result of the catastrophic December 2007 flood event, the city of Chehalis was impacted in many ways, and the community's can-do spirit was evidenced in a development project proposed by Mr. Amondson as Chehalis and the surrounding communities began to recover."

*Merlin G MacReynold
Chehalis City Manager*



Neil Amondson, principal and founder of aka Developers and Hunter Investments,, has been involved in all aspects of the real estate development spectrum for more than two decades.

Amondson is a former Washington state senator (1987-1994) and works to bring people together to share in opportunities from the first meeting.

"Because of his knowledge, persistence and positive attitude, he was able to overcome major obstacles in getting shoreline and other permits approved at the county, state and federal level. He's a great tutor and was incredibly patient with my lack of understanding of technical subjects and how to get large scale projects done from bidding to filing the final paperwork. "

*Bonnie Knight
Executive Director, Port of Allyn*

BRUCE STERLING, Construction Manager



Bruce Sterling studied at University of Illinois—Chicago, graduating with a Bachelor of Science in Structural Engineering. He's been in construction since he was a teenager, and has had his own family-run contracting and construction management firm since 1977.

In 2005, Bruce and his family transitioned the firm into an LLC, now called Sterling Renaissance Inc., specializing in multi-family, mixed-use and commercial building projects. With a solid core team working with him, Bruce divides his time between project management and estimating, along with business development and customer relations. The family approach is to ensure each and every Sterling project is successful and exceeds client expectations.

As a trained engineer, Bruce capably integrates his technical abilities with an attention to detail, resulting in an impressive portfolio of success—commercial, industrial and residential. His high level of integrity and vast knowledge add incalculable value, most especially on plan review and in the bidding process. Regardless of the project size, Bruce immerses himself in the job, takes his commitment to everyone on the team very seriously, and conducts himself in a manner that lends credibility to his construction management skills and his firm.

Bruce and his wife, Debbie, co-owners at Sterling, have built systems allowing them to specialize in government-financed projects (requiring certified payrolls, Davis-Bacon wage



rules, etc.), as well as privately-financed commercial and residential deals. They're adept at satisfying the various layers of financing requirements, no matter the source.

RRG Development, Inc. (a Renaissance company) is certified as a woman-owned business enterprise in the state of Illinois, Cook County and city of Chicago. Renaissance properties are models for mixed-income, mixed-profile housing developments. The rental portfolio serves people within 30-60% of area median income, and also serves market-rate income levels. One of the Renaissance properties also includes public housing replacement units, side-by-side with market rental units.

Renaissance has successfully worked with housing, zoning and planning departments in Chicago, Davenport, Iowa and Williston, North Dakota, along with the states of Illinois, Iowa and North Dakota. Renaissance has established solid, long-term relationships with regional and national lenders and are long-time clients of well-recognized attorneys and financial advisors.

References

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Neil Amondson (Hunter Investments, LLC) has been involved in all aspects of the real estate development spectrum, with a hands-on understanding of the land use arena from both developer and regulatory perspectives.

Experienced in civil construction throughout the western United States, Amondson also served as manager for Sovran Development Group in providing one of the largest Urban Growth Area expansions in Washington state history.

References

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www.ci.redmond.or.us

Affordable Housing Site – Availability of Utilities

TO: Deborah McMahon, Planning Manager
FROM: Mike Caccavano, City Engineer
DATE: May 18, 2018

The 40-acre site proposed for affordable housing located between NE 13th St., NE 17th St., NE Kingwood Ave. and NE Negus Way is served by city sewer and water as well as the transportation network. There are existing 12-inch diameter water and sewer lines in NE Kingwood along the south boundary that can be extended into the site.

Water: A hydrant test in 2010 showed a static pressure of 77 psi with 2,221 gallons per minute (gpm) flow at 74 psi from a 4½-inch port. The system will easily provide flow exceeding the 1,500 gpm residential fire flow standard.

Sewer: The 12-inch sewer line in NE Kingwood is deep enough to serve most of the site with gravity sewer. A pump station is needed to serve the northeast corner of the site until the master planned Far East Sewer Interceptor is constructed. In accordance with City of Redmond policy, the pump station would be operated and maintained by a homeowner's association.

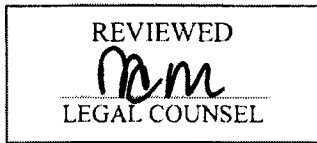
The 12-inch sewer in NE Kingwood connects to an 8-inch sewer in NE 5th Street which runs north to NE Negus. The 12-inch sewer has sufficient capacity to serve its' sewer basin at buildout along with the proposed 40-acre affordable housing development. The 8-inch sewer does not have sufficient capacity. Approximately 750 feet of 12-inch sewer line will need to be installed to extend the line to the Eastside Sewer Interceptor.

A second option for sewer is in the City's Wastewater Collection System Master Plan. A 12-inch line is proposed for NE Negus Avenue that would have the capacity and depth to serve the entire affordable housing site with gravity sewer.

In summary, the existing sewer in NE Kingwood can provide service to initial phases totaling 150 units of housing. The full development can be served either with:

- Construction of 750 feet of 12-inch sewer in NE Kingwood between NE 5th and the Eastside Sewer Interceptor at a cost of approximately \$150,000 and a pump station to serve the northeast portion of the site at a cost of approximately \$250,000.
- Construction of the master planned sewer in NE Negus Way at a cost of approximately \$850,000. Although this is the more expensive option, it provides a better long term gravity sewer solution and is possible to funded with the existing loan from the DEQ Clean Water State Revolving Fund Loan.

Transportation: The street network in this area will provide good access to the site. On the south side of the site, NE 15th, 17th and Kingwood connect to NE Hemlock which provides direct access to Highway 97 and connects to NE 9th Street, an arterial which provides access to Highway 126 to the south and Highway 97 to the north. On the north side, streets will connect to NE Negus which is a direct connection to shopping, the medical district and the central part of Redmond.



For Recording Stamp Only

BEFORE THE BOARD OF COUNTY COMMISSIONERS OF DESCHUTES COUNTY, OREGON

A Resolution of Support for the City of
Redmond's Application to DLCD Affordable
Housing Pilot Project Initiative

*
*
*

RESOLUTION NO. 2018-029

WHEREAS, in 2016, the Oregon Legislature passed House Bill (HB 4079). The intent of HB 4079 is to increase the development of affordable housing by allowing two cities, one of which can have a population over 25,000, to develop affordable and market rate housing on lands up to 50 acres currently outside urban growth boundaries (UGBs) without going through the normal UGB expansion process; and

WHEREAS, among the State's public policy goals are ensuring that affordable housing developed through the initiative continues to be affordable for a period of at least 50 years; and

WHEREAS, this program is being managed by the Oregon Department of Land Conservation and Development (DLCD); and

WHEREAS, increasing affordable housing is regional priority for Deschutes County and Central Oregon, as well as being a goal of the Redmond City Council; and

WHEREAS, in October 2017, the City of Redmond (City) submitted a pre-application for the development of affordable housing on a 40-acre parcel east of Redmond which is owned by Deschutes County; and

WHEREAS, the City was subsequently invited to submit a full application to DLCD which is due in August 2018; and

WHEREAS, the City has assembled a development proposal which intended to meet and exceed the affordability and other public policy requirements of the program and furthermore entered into partnership agreements with housing developers who have expressed interest in various development concepts for the 40-acre parcel; and

WHEREAS, the City has named this proposed housing development pilot project Skyline Village; and

WHEREAS, the application requires the governing body of the qualifying city (the City of Redmond) to affirmatively state that if its pilot project is selected, the qualifying city shall: Implement the proposed concept plan; and annex the pilot project site within two years of an acknowledged urban growth boundary amendment which includes the site; and

WHEREAS, the application also requires a resolution of support for the pilot project adopted by the governing body of the county (Deschutes County) and other special districts which provide services on the land in which the pilot project site is located, including fire, parks and transit; and

WHEREAS, the City has represented that it intends to submit the application for Skyline Village to DLCD by August 1, 2018; and

WHEREAS, a decision by the State is expected to occur in fall 2018; and

WHEREAS, if selected for the pilot project the City plans to pursue a master developer approach to building out Skyline Village in a manner consistent with the application requirements and as prescribed in the City's application; and

WHEREAS, County Staff shall be invited to participate in the selection of the master developer and any subsequent partnerships shall be done through any required public solicitation processes; now therefore,

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF DESCHUTES COUNTY AS FOLLOWS:

SECTION 1. Consistent with Oregon Administrative Rules 660-039, Deschutes County directly supports the submission of the Skyline Village application by the City of Redmond to DLCD.


SECTION 2. Effective Date. This Resolution shall be effective upon adoption.

Dated this 11 of July, 2018

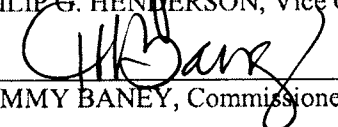
BOARD OF COUNTY COMMISSIONERS
OF DESCHUTES COUNTY, OREGON



ANTHONY DEBONE, Chair



PHILIP G. HENDERSON, Vice Chair



TAMMY BANEY, Commissioner

ATTEST:



Recording Secretary

**REDMOND FIRE & RESCUE
RESOLUTION NO. 2018-06**

**RESOLUTION IN SUPPORT OF CITY OF REDMOND HOUSING APPLICATION TO THE
DLCD AFFORDABLE HOUSING PILOT PROJECT INITIATIVE.**

WHEREAS, in 2016, the Oregon Legislature passed House Bill (HB 4079). The intent of HB 4079 is to increase the development of affordable housing by allowing two cities to develop affordable and market rate housing on lands currently outside urban growth boundaries (UGBs) without going through the normal UGB expansion process.

WHEREAS, among the State's public policy goals are ensuring that affordable housing developed through the initiative continues to be affordable for a period of at least 50 years.

WHEREAS, this program is being managed by the Oregon Department of Land Conservation and Development (DLCD).

WHEREAS, increasing affordable housing is regional priority as well as being a goal of the Redmond City Council.

WHEREAS, in October 2017, the City of Redmond (City) submitted a pre-application for the development of affordable housing on a 40-acre parcel east of Redmond which is owned by Deschutes County.

WHEREAS, the City was subsequently invited to submit a full application to DLCD which is due in August 2018.

WHEREAS, the City assembled a development proposal to reflect the affordability and other public policy requirements of the program and furthermore entered into partnership agreements with housing developers who have expressed interest in various development concepts for the 40-acre parcel.

WHEREAS, the City has named this proposed housing development pilot project Skyline Village.

WHEREAS, the application requires the governing body of the qualifying city (the City of Redmond) to affirmatively state that if its pilot project is selected, the qualifying city shall: Implement the proposed concept plan; and annex the pilot project site within two years of an acknowledged urban growth boundary amendment which includes the site.

WHEREAS, the application also requires a resolution of support for the pilot project adopted by the governing body of the county (Deschutes County) and governing bodies of other special districts which provide services on the land where the pilot project is located including fire, parks, mass transit and others.

WHEREAS, the City intends to submit the application for Skyline Village to DLCD by August 1, 2018.

WHEREAS, a decision by the State is expected to occur in fall 2018.

WHEREAS, if selected for the pilot project the City plans to pursue a master developer approach to building out Skyline Village in a manner consistent with the application requirements and as prescribed in the City's application.

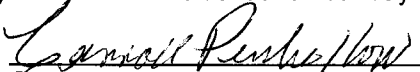
WHEREAS, the selection of the master developer and any subsequent partnerships shall be done through any required public solicitation processes;

NOW THEREFORE, BE IT RESOLVED BY REDMOND FIRE & RESCUE:

SECTION 1. Supports the submission of the Skyline Village application by the City of Redmond to DLCD.

SECTION 2. This Resolution shall be effective upon adoption.

ADOPTED by the District Board and **SIGNED** by the Board President this 13th day of June 2018.


Carroll Penhollow, Board President

ATTEST: 
Diane Cox, District Recorder

**Redmond Area Park & Recreation District
Resolution #12 2017/18**

**Resolution in Support of City of Redmond Housing Application to the
DLCD Affordable Housing Pilot Project Initiative**

WHEREAS, in 2016, the Oregon Legislature passed House Bill (HB 4079). The intent of HB 4079 is to increase the development of affordable housing by allowing two cities to develop affordable and market rate housing on lands currently outside urban growth boundaries (UGBs) without going through the normal UGB expansion process.

WHEREAS, among the State's public policy goals are ensuring that affordable housing developed through the initiative continues to be affordable for a period of at least 50 years.

WHEREAS, this program is being managed by the Oregon Department of Land Conservation and Development (DLCD).

WHEREAS, increasing affordable housing is regional priority as well as being a goal of the Redmond City Council.

WHEREAS, in October 2017, the City of Redmond (City) submitted a pre-application for the development of affordable housing on a 40-acre parcel east of Redmond which is owned by Deschutes County.

WHEREAS, the City was subsequently invited to submit a full application to DLCD which is due in August 2018.

WHEREAS, the City assembled a development proposal to reflect the affordability and other public policy requirements of the program and furthermore entered into partnership agreements with housing developers who have expressed interest in various development concepts for the 40-acre parcel.

WHEREAS, the City has named this proposed housing development pilot project Skyline Village.

WHEREAS, the application requires the governing body of the qualifying city (the City of Redmond) to affirmatively state that if its pilot project is selected, the qualifying city shall: Implement the proposed concept plan; and annex the pilot project site within two years of an acknowledged urban growth boundary amendment which includes the site.

WHEREAS, the application also requires a resolution of support for the pilot project adopted by the governing body of the county (Deschutes County) and governing bodies of other special districts which provide services on the land where the pilot project is located including fire, parks, mass transit and others.

WHEREAS, the City intends to submit the application for Skyline Village to DLCD by August 1, 2018.

WHEREAS, a decision by the State is expected to occur in fall 2018.

WHEREAS, if selected for the pilot project the City plans to pursue a master developer approach to building out Skyline Village in a manner consistent with the application requirements and as prescribed in the City's application.

WHEREAS, the selection of the master developer and any subsequent partnerships shall be done through any required public solicitation processes; now therefore,

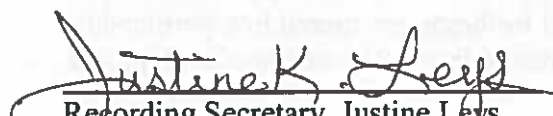
BE IT RESOLVED BY THE REDMOND AREA PARKS AND RECREATION DISTRICT:

SECTION 1. Supports the submission of the Skyline Village application by the City of Redmond to DLCD.

SECTION 2. **Effective Date.** This Resolution shall be effective upon adoption.

Dated this 12th day of June 2018 by the Redmond Area Park and Recreation District Board of Directors.


Chairman, Hayes McCoy


Recording Secretary, Justine Leys

**CITY OF REDMOND
RESOLUTION NO. 2018-20**

A RESOLUTION OF SUPPORT FOR THE CITY OF REDMOND'S APPLICATION TO THE OREGON DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT FOR SKYLINE VILLAGE – AN AFFORDABLE HOUSING PILOT PROJECT.

WHEREAS, in 2016, the Oregon Legislature passed House Bill 4079 (HB 4079). The intent of HB 4079 is to increase the development of affordable housing by allowing two cities to develop affordable and market rate housing on lands currently outside urban growth boundaries (UGBs) without going through the normal UGB expansion process; and

WHEREAS, among the State's public policy goals are ensuring that affordable housing developed through the initiative continues to be affordable for a period of at least 50 years; and

WHEREAS, this program is being managed by the Oregon Department of Land Conservation and Development (DLCD); and

WHEREAS, increasing affordable housing is a regional priority as well as being a goal of the Redmond City Council; and

WHEREAS, in October 2017, the City of Redmond (City) submitted a pre-application for the development of affordable housing on a 40-acre parcel east of Redmond which is owned by Deschutes County; and

WHEREAS, the City was subsequently invited to submit a full application to DLCD which is due in August 2018; and

WHEREAS, the City has assembled a development proposal which is intended to meet and exceed the affordability and other public policy requirements of the program and furthermore entered into partnership agreements with housing developers who have expressed interest in various development concepts for the 40-acre parcel; and

WHEREAS, the City has named this proposed 485-unit housing development pilot project Skyline Village; and

WHEREAS, the application requires the governing body of the qualifying city (the City of Redmond) to affirmatively state that if its pilot project is selected, the qualifying city shall: (A) Implement the proposed concept plan; and (B) Annex the pilot project site within two years of an acknowledged urban growth boundary amendment which includes the site; and

WHEREAS, the application also requires a resolution of support for the pilot project adopted by the governing body of the county (Deschutes County) and other special districts which provide services on the land in which the pilot project site is located including fire, parks, and transit; and

WHEREAS, applications are due to DLCD by August 18, 2018; and

WHEREAS, a decision by the State is expected to occur in fall 2018; and

WHEREAS, if selected for the pilot project the City plans to pursue a master developer approach to building out Skyline Village in a manner consistent with the application requirements and as prescribed in the City's application; and

WHEREAS, County staff shall be invited to participate in the selection of the master developer and subsequent development partnerships for this land shall be done through any required public solicitation processes.

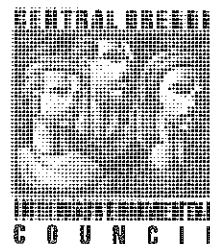
NOW THEREFORE, BE IT RESOLVED THAT the Redmond City Council authorizes the submission of the Skyline Village application to DLCD; and if Redmond's pilot project is selected, the City of Redmond will: (A) Implement the concept plan; and (B) Annex the pilot project site within two years of an acknowledged urban growth boundary amendment to include the site.

ADOPTED by the City Council and **SIGNED** by the Mayor this 10th day of July 2018.

/s/George Endicott
George Endicott, Mayor

ATTEST:

/s/Trish Pinkerton
Trish Pinkerton, Assistant to the City Recorder



*Everywhere
Central Oregon
Works*

Council Board Resolution # 295

A resolution recognizing a partnership between Cascades East Transit and the City of Redmond to work towards providing transit service to a proposed Affordable Housing Pilot Project being submitted by the City of Redmond to the Oregon Department of Land Conversation and Development (DLCD)

WHEREAS, Cascades East Transit (CET) provides transportation services across Central Oregon;

WHEREAS, CET connects people to places through high-quality bus service which include fixed-routes within Bend, city connectors throughout Central Oregon, recreational shuttles, and rural Dial-a-Ride service for the public and Dial-a-Ride service for qualifying persons with disabilities and seniors who qualify as low-income;

WHEREAS, CET services in Redmond, Oregon include the Community Connector fixed-schedule service to Bend, Terrebonne, Prineville, Madras, Culver, Metolius, Warm Springs, La Pine and Sisters; a dial-a-ride service (5 days per week, etc.) and the capital investment of a new transit hub/bus transfer center;

WHEREAS, access to reliable and affordable transit is an important choice for commuters and Central Oregonians to have;

WHEREAS, the City of Redmond is competing to be selected for an Affordable Housing Pilot Project program managed by DLCD;

WHEREAS, the land specified in the City proposal is a 40-acre parcel on Redmond's eastern border just outside the City limits, owned by Deschutes County;

WHEREAS, the application requires the City to provide an official resolution or other action of the governing body providing mass transit stating that, if selected, mass transit service with at least eight weekday trips in each direction within three-quarters of a mile of the project site, will be provided concurrently with the development of affordable housing units;

WHEREAS, the application is due June 1, 2018 and a decision by the State is expected to occur in late summer 2018;

WHEREAS, if selected for the pilot project the City shall have two years to annex the proposed property into the Urban Growth Boundary;

WHEREAS, CET and the City agree to work towards meeting the transit service requirements required for the Redmond Pilot Project application;


WHEREAS, furthermore, should a fixed-route system become a part of the Redmond transit system then a stop on the route will meet the frequency and distance requirements identified in the Pilot Project application;

NOW, THEREFORE BE IT RESOLVED:


1. Central Oregon Intergovernmental Council in its role as the transportation service provider for Redmond, operating as Cascades East Transit, resolves to work with the City in assuring the provision of public dial-a-ride service to the proposed 40 acre parcel and align with the current level of service, upon the City annexing the parcel into the urban growth boundary and additionally work with the City to assure required levels of service are met should a fixed route system be created in Redmond.

This Resolution adopted this 3rd day of May, 2018.

Signed:


Wayne Fording, Chairman
Central Oregon Intergovernmental Council

Attest:


Karen Friend, Executive Director
Central Oregon Intergovernmental Council

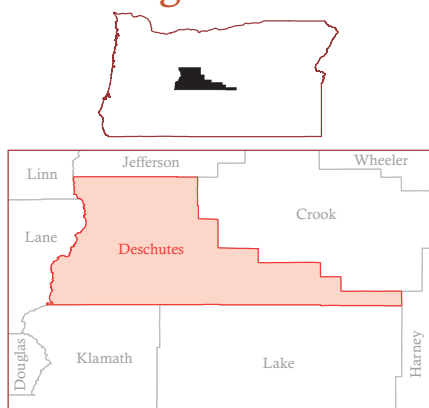


Bend-Redmond, Oregon

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2015

PD&R

Housing Market Area



The Bend-Redmond Housing Market Area (hereafter, the Bend HMA) comprises Deschutes County, Oregon, and is coterminous with the Bend-Redmond, OR Metropolitan Statistical Area. The HMA is the largest metropolitan area in central Oregon and a hub for education and health services. The principal city, Bend, is bisected by the Deschutes River and is approximately 20 miles east of Mt. Bachelor, making the HMA a regional destination for outdoor recreation and tourism.

Market Details

Economic Conditions	2
Population and Households	6
Housing Market Trends	8
Data Profile	13

Summary

Economy

The 12-month average, year-over-year nonfarm payroll growth has exceeded 3.5 percent every month since June 2013, contributing to very strong economic conditions in the Bend HMA. Nonfarm payroll growth accelerated during the 12 months ending June 2015, increasing by 3,800 jobs, or 5.7 percent, compared with an increase of 3,500 jobs, or 5.4 percent, during the 12 months ending June 2014. Nonfarm payrolls are expected to grow an average of 3.8 percent, or 2,675 jobs, each year during the 3-year forecast period. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

The sales housing market in the HMA is slightly tight, with an estimated 2.0-percent vacancy rate, down from 4.2 percent in April 2010. New and existing home sales were up 16 and 5 percent, respectively, during the 12 months ending May 2015 (CoreLogic, Inc., with adjustments by the analyst). Demand is estimated for 3,325 new homes during the next 3 years (Table 1). The 440 homes currently under construction and a portion of the estimated 11,800 other vacant housing units that will likely enter the market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are tight, with an estimated 7.0-percent vacancy rate compared with 10.9 percent in April 2010. Apartment market conditions are very tight, with an estimated vacancy rate of 2.6 percent, while average asking rents increased 5 percent from the second quarter of 2014 to the second quarter of 2015 (Reis, Inc.). Demand is estimated for 1,100 new market-rate rental units during the forecast period (Table 1). The 50 units currently under construction and the 95 units that will begin construction shortly will meet a portion of the forecast demand.

Table 1. Housing Demand in the Bend-Redmond HMA During the Forecast Period

	Bend-Redmond HMA	
	Sales Units	Rental Units
Total demand	3,325	1,100
Under construction	440	50

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2015. A portion of the estimated 11,800 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is July 1, 2015, to July 1, 2018.

Source: Estimates by analyst

Economic Conditions

Economic conditions in the Bend HMA are very strong, continuing the economic recovery that began in the beginning of 2012, and the rate of job growth is approaching the pace of growth observed before the national recession that began in December 2007. From the end of 2002 through 2007, the HMA had a strong economic expansion, with nonfarm payrolls increasing by an average of 3,400 jobs, or 5.6 percent, annually, while the unemployment rate averaged 6.3 percent. All sectors of the economy were growing at a healthy rate, but a few key sectors contributed most to the economic expansion. The influx of new residents resulted in a sharp increase in the demand for residential construction, increasing the demand for construction labor and wood products and for healthcare services and retail trade. Job growth was strong in the leisure and hospitality sector as well, largely a result of increased recreational tourism to the HMA.

The effects of the subsequent national recession and housing market collapse were severe in the HMA, and, from

the beginning of 2008 through 2010, nonfarm payrolls declined by an average of 3,500 jobs, or 5.1 percent, annually, and the unemployment rate spiked to an average of 12.3 percent. Job losses were greatest in the mining, logging, and construction sector as new home construction slowed dramatically, causing the demand for construction labor to fall. The struggling housing markets caused the demand for wood products manufacturing to plummet, which was largely responsible for significant job losses in the manufacturing sector. In addition, the national recession put substantial strain on household finances, causing tourism to slow, which negatively impacted the leisure and hospitality sector.

After a year of stagnation during 2011, economic conditions began to improve, and modest job gains in several nonfarm payroll sectors led to a total increase of 1,000 jobs, or 1.6 percent, in 2012. The economic recovery strengthened in 2013, and payrolls increased by 3,000 jobs, or 4.8 percent. The mining, logging, and construction sector led job growth because of increased demand for construction labor to meet the growth in the demand for new homes. Notable job growth occurred in the professional and business services sector, mainly because of hiring at call centers, and in the leisure and hospitality sector as the tourism industry started to recover. Economic conditions remained strong and job growth accelerated during the 12 months ending June 2015, and nonfarm payrolls increased by an average of 3,800 jobs, or 5.7 percent, to 70,900 jobs, compared with an increase of 3,500 jobs, or 5.4 percent, during the 12 months ending June 2014 (Table 2). The unemployment

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Bend-Redmond HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	June 2014	June 2015		
Total nonfarm payroll jobs	67,100	70,900	3,800	5.7
Goods-producing sectors	8,500	9,400	900	10.6
Mining, logging, & construction	4,200	4,800	600	14.3
Manufacturing	4,300	4,600	300	7.0
Service-providing sectors	58,600	61,600	3,000	5.1
Wholesale & retail trade	11,500	12,200	700	6.1
Transportation & utilities	1,400	1,600	200	14.3
Information	1,500	1,500	0	0.0
Financial activities	4,300	4,400	100	2.3
Professional & business services	7,500	8,200	700	9.3
Education & health services	10,700	11,400	700	6.5
Leisure & hospitality	10,300	10,700	400	3.9
Other services	2,400	2,400	0	0.0
Government	9,000	9,200	200	2.2

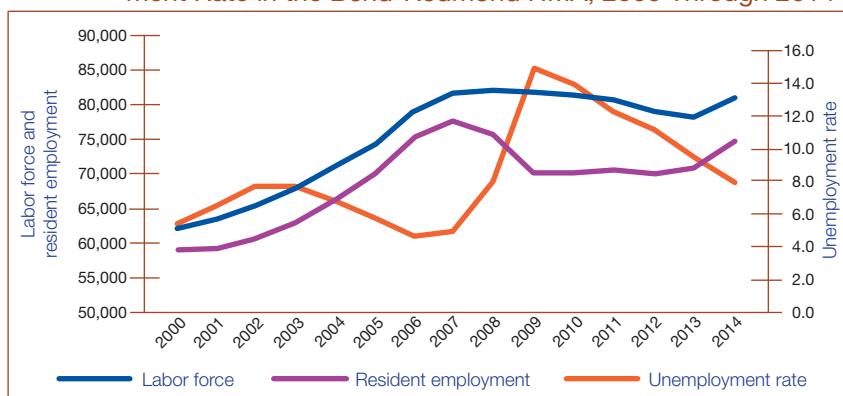
Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through June 2014 and June 2015.

Source: U.S. Bureau of Labor Statistics

rate averaged 6.7 percent during the 12 months ending June 2015 compared with 8.6 percent a year ago. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2014.

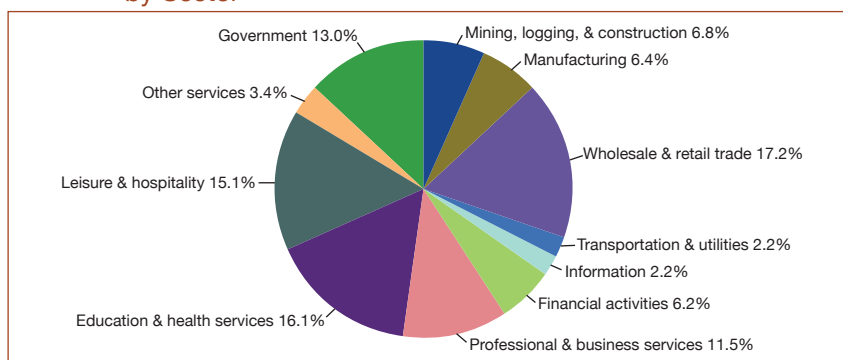
The HMA is a popular destination for outdoor recreation and tourism

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Bend-Redmond HMA, 2000 Through 2014



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Bend-Redmond HMA, by Sector



Note: Based on 12-month averages through June 2015.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Bend-Redmond HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Charles Medical Center	Education & health services	2,018
Sunriver Resort	Leisure & hospitality	900
Mt. Bachelor Inc.	Leisure & hospitality	756
IBEX Global	Professional & business services	650
Central Oregon Community College	Government	650
Bend Memorial Clinic	Education & health services	619
Eagle Crest (Northview Hotel Group)	Leisure & hospitality	530
Bright Wood Corp.	Manufacturing	494
Les Schwab Tire Centers	Wholesale & retail trade	482
JELD-WEN Development, Inc.	Manufacturing	480

Note: Excludes local school districts.

Source: Moody's

in the Pacific Northwest because of its close proximity to Mt. Bachelor and the Deschutes River, high desert climate, and growing beer industry. The leisure and hospitality sector is the third largest sector in the economy, accounting for 10,700 jobs, or 15.1 percent of total nonfarm payrolls (Figure 2), and includes two of the largest employers in the HMA: Sunriver Resort, with 900 employees, and Mt. Bachelor, with 756 employees (Table 3). After losing an average of 600 jobs, or 5.6 percent, annually from the beginning of 2008 through 2009, the leisure and hospitality sector added an average of 300 jobs a year, or 2.7 percent, from the beginning of 2010 through 2013, when recreation and tourism slowly began to return. In the city of Bend, transient room tax revenue declined more than 14 percent from 2008 to 2009 (data available back to fiscal year 2006–2007) and increased only 1 percent in 2010 (Visit Bend). From 2011 through 2013, transient room taxes increased an average of 10 percent annually. Tourism strengthened further in 2014, and transient room tax revenue has reached record highs each month since June 2014. In May 2015, transient room taxes totaled \$550,843, reflecting a 30-percent increase compared with taxes collected in May 2014 (Visit Bend). Summer is the peak season for tourism, with an estimated average of 18,000 visitors on any given day compared with 12,000 during the winter months (RRC Associates, Inc. 2015 study). During the 12 months ending June 2015, the increase in tourism in the HMA contributed to the addition of 400 jobs, an increase of 3.9 percent, in the leisure and hospitality sector compared with an increase of 500 jobs, or 5.0 percent, during the

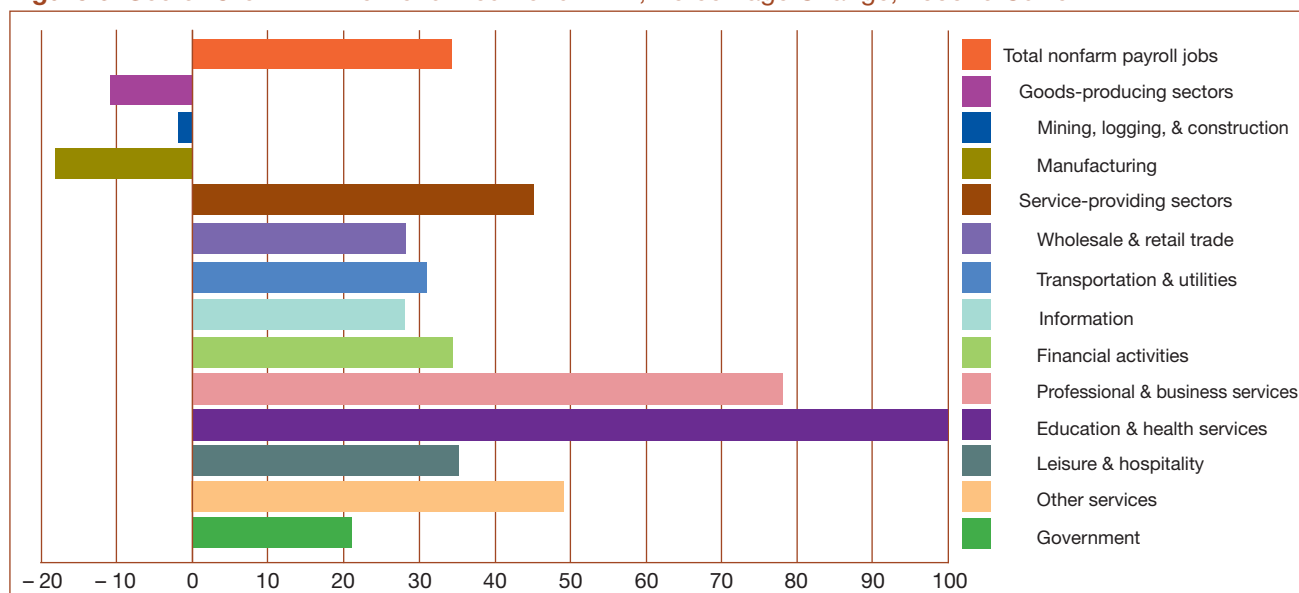
12 months ending June 2014. Growth in this sector is expected to continue as tourism increases. Furthermore, multiple companies have plans to build hotels in the near future, including My Place Hotels of America, which applied to build a \$2.7 million, four-story hotel in the city of Bend in January 2016, and Braxton Development, which plans to build a four-story Springhill Suites, with construction slated to begin in the spring of 2016.

The professional and business services sector added 700 jobs, or 9.3 percent, during the 12 months ending June 2015, tying with the education and health services and the wholesale and retail trade sectors for greatest gains in nonfarm payrolls. Much of the job growth in the professional and business services sector can be attributed to hiring at call centers in the HMA. The sector was a source of job growth during the 2002-to-2007 period of economic expansion, adding an average of 500 jobs, or 8.1 percent, annually; however, the national recession caused sector payrolls to decline by an average

of 500 jobs, or 6.6 percent, each year in 2008 and 2009. Sector payrolls stagnated in 2011 and declined again in 2012 by 100 jobs, or 1.5 percent. The sector recorded modest growth in 2013, adding 400 jobs, or 6.0 percent, followed by an increase of 800 jobs, or 11.3 percent, in 2014. Job growth in the sector is expected to continue during the forecast period, because IBEX Global, the fourth largest employer in the HMA, announced plans to hire 450 employees at its call center by the fall of 2015.

The HMA is the largest metropolitan area in central Oregon, making it a regional center for education and healthcare services. The education and health services sector has doubled in size since 2000, growing more than any other nonfarm payroll sector (Figure 3), and currently accounts for slightly more than 16 percent of total nonfarm payrolls in the HMA. During the 12 months ending June 2015, sector payrolls increased by 700 jobs, or 6.5 percent, compared with an increase of 500 jobs, or 4.9 percent,

Figure 3. Sector Growth in the Bend-Redmond HMA, Percentage Change, 2000 to Current



Note: Current is based on 12-month averages through June 2015.

Source: U.S. Bureau of Labor Statistics

during the previous 12 months. Most of the growth can be attributed to hiring at local hospitals and healthcare clinics and to an increase in ambulatory services, because of increased demand from strong population growth. The education and health services sector is the only sector that did not lose jobs during the most recent economic downturn. From 2000 through 2013, sector payrolls increased by an average of 400 jobs, or 5.1 percent, annually. Growth in this sector is projected to continue during the forecast period as the population continues to grow and age and as the demand for healthcare services increases.

Wholesale and retail trade is the largest nonfarm payroll sector in the economy, comprising 12,200 jobs, or 17.2 percent of total nonfarm payrolls in the HMA. During the 12 months ending June 2015, sector payrolls gained 700 jobs, or 6.1 percent, compared with an increase of 300 jobs, or 2.9 percent, during the 12 months ending June 2014. Employment in this sector is affected by improvements in other core industries of the economy, because it depends heavily on consumer confidence and spending habits, which have improved greatly since 2011. From the beginning of 2002 through 2007, the wholesale and retail trade sector increased by an average of 400 jobs, or 4.0 percent, annually; however, the economic recession caused consumer spending and population growth to slow dramatically, and sector payrolls declined by an average of 600 jobs, or 4.8 percent, annually from the beginning of 2008 through 2010. Job gains in the wholesale and retail trade sector are anticipated to continue during the forecast period as economic conditions and population growth remain strong.

The mining, logging, and construction sector has been one of the fastest growing sectors since the economic recovery began in 2011, despite being one of the most significantly affected sectors during the recent economic recession. During the 12 months ending June 2015, the mining, logging, and construction sector increased by 600 jobs, or 14.3 percent, compared with an increase of 700 jobs, or 18.8 percent, during the previous 12 months; 90 percent of sector payrolls are attributed to the construction subsector. Strong population and economic growth led to a sharp increase in the demand for new homes and construction labor from the beginning of 2002 through 2006, and, during that time, sector payrolls increased by an average of 800 jobs, or 12.8 percent, annually, nearly doubling in size to a peak of 8,400 jobs in 2006. As the HMA subsequently began to feel the effects of the national recession, residential construction slowed significantly, as did the demand for construction labor, and sector payrolls fell by 200 jobs, or 2.4 percent, in 2007, before declining by an average of 2,100 jobs, or 29.3 percent, each year in 2008 and 2009. Sector payrolls continued to decline in 2010 and 2011, but at a slower rate, averaging a loss of 500 jobs, or 11.7 percent, annually. Sector payrolls remained unchanged in 2012, before adding 600 jobs in 2013. Job growth in the mining, logging, and construction sector is expected to continue during the forecast period because of increased demand for new homes.

During the forecast period, nonfarm payrolls are expected to increase by an average of 2,675 jobs, or 3.8 percent, annually, with the growth rate slowing during the forecast period to a more sustainable level, because,

although economic conditions are strong, job growth is not expected to return to prerecession levels. The leisure and hospitality and the mining,

logging, and construction sectors are expected to lead job growth during the next 3 years.

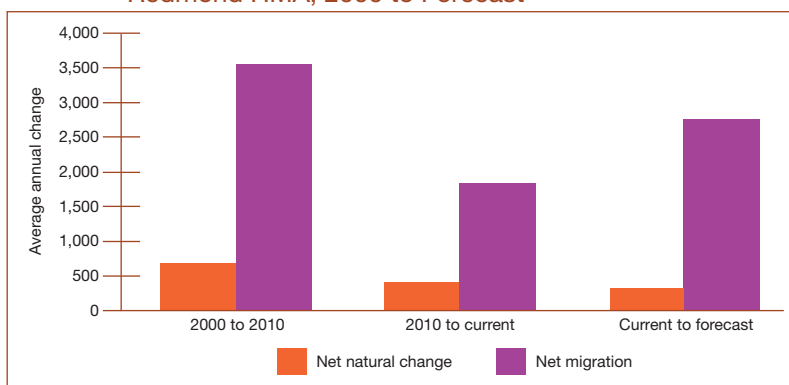
Population and Households

The population of the Bend HMA is estimated at 169,600, reflecting an average annual growth rate of 1.4 percent, or 2,250, since 2010, with net in-migration accounting for slightly more than 80 percent of the growth, or 1,850 people each year (Figure 4). From July 2000 to July 2008, population growth in the HMA averaged 3.7 percent, or 4,825 people, annually (Census Bureau population estimates, as of July 1). During this time, net in-migration averaged 4,225 people each year and comprised 88 percent of overall population growth. As the rate of homebuilding activity accelerated during this time to meet the increased demand, which resulted from strong population growth, job growth in the construction industry attracted new households to the HMA, which, in turn, encouraged further new home construction. The HMA is also

a popular destination for retirees because of its relatively low cost of living, outdoor recreation, and other quality-of-life factors. As a result, service-related industries in the HMA, such as healthcare services and retail trade, expanded to serve the increase in population, which resulted in even stronger labor market conditions, inducing further net in-migration from jobseekers.

The effects of the national recession were severe in the HMA, and population growth decreased to 2,300 people, or 1.5 percent, from July 2008 to July 2009. Rapidly declining home prices and homebuilding activity led to a quick downturn in construction industry payrolls and in the number of new people moving to the HMA who had been attracted to strong hiring in the industry. The recession had similar, but milder, effects on other service-providing sectors, including the leisure and hospitality sector and retail trade subsector. Economic and housing market conditions subsequently worsened further, and, from July 2009 to July 2012, population growth fell to an average of 980 people a year, or 0.6 percent; only 45 percent of the growth resulted from net in-migration. Population growth rebounded in 2012, when labor market conditions improved and tourism began to recover, boosting net in-migration and population growth.

Figure 4. Components of Population Change in the Bend-Redmond HMA, 2000 to Forecast



Notes: The current date is July 1, 2015. The forecast date is July 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

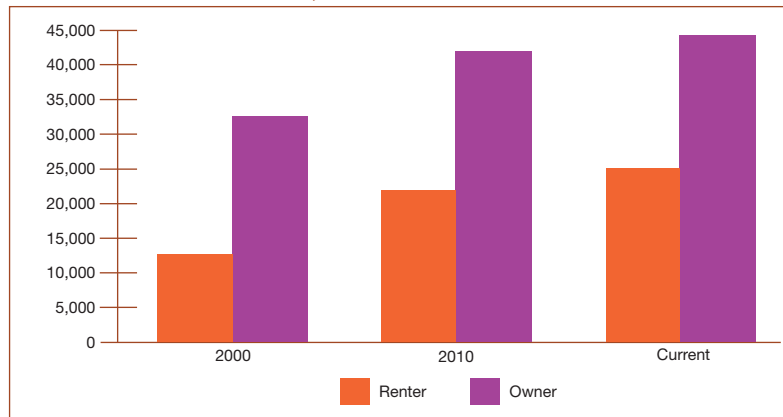
Population and Households *Continued*

From July 2012 to July 2014, the population increased by an average of 3,125, or 1.9 percent, a year; close to 90 percent of the growth was attributable to net in-migration. The population of the HMA is forecast to reach 179,000 by July 1, 2018, increasing by

an average of 3,125, or 1.8 percent, annually. Net in-migration is expected to account for 90 percent of the total estimated growth.

An estimated 69,550 households reside in the HMA, reflecting an average annual increase of 1,050 households, or 1.6 percent, since 2010. By comparison, from 2000 to 2010, when population growth was stronger as a result of strong economic conditions and increased net in-migration, especially from retirees, the number of households in the HMA increased by an average of 1,850 households, or 3.5 percent. An estimated 63.7 percent of current households, or 44,300 households, are homeowners and the remaining 25,250 are renter households. The homeownership rate has declined since 2010, when 65.8 percent of households were homeowners; the decline is the result of weaker sales housing market conditions, stricter lending practices, and a shift in household preferences toward renting. Figure 5 shows the distribution of households in the HMA by tenure for 2000, 2010, and the current date. As employment and financial conditions improve and net in-migration increases, household growth is expected to increase by an average of 1,375 households, or 1.9 percent, a year during the 3-year forecast period, reaching 73,650 households by July 1, 2018. Figure 6 shows population and household growth trends from 2000 to the forecast date.

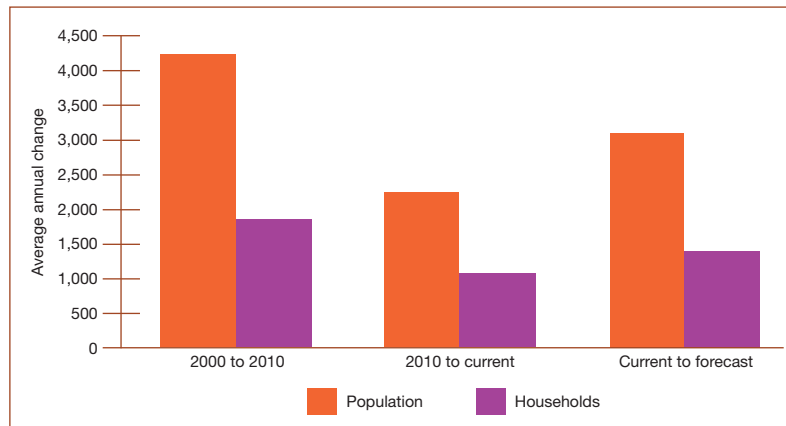
Figure 5. Number of Households by Tenure in the Bend-Redmond HMA, 2000 to Current



Note: The current date is July 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Bend-Redmond HMA, 2000 to Forecast



Notes: The current date is July 1, 2015. The forecast date is July 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Bend HMA is slightly tight, with an estimated 2.0-percent vacancy rate as of July 1, 2015, down from 4.2 in April 2010. The decline in vacancies reflects a significant increase in the demand for homes and a decline in the available inventory of homes for sale. In June 2015, the inventory of for-sale homes ranged from a 1.3-month supply of entry level homes with a sales price of less than \$200,000 up to a 3.7-month supply of homes priced between \$650,000 and \$1 million compared with a 1.3- and 6.7-month supply of for-sale inventory in June 2014, respectively (Sotheby's International Realty).

During the 12 months ending May 2015 (the most recent data available), sales of existing single-family homes, townhomes, and condominiums (hereafter, existing homes) totaled 5,150, up 5 percent compared with sales during the 12 months ending May 2014, marking the most existing home sales since 2006 (CoreLogic, Inc., with adjustments by the analyst). Existing home sales peaked from the beginning of 2002 through 2005, when an average of 7,175 homes sold annually. Sales began to decline in 2006 when the demand for homes slowed, and, from the beginning of 2006 through 2008, existing home sales declined at an average annual rate of 22 percent, to a low of 2,075 home sales in 2008. The market for existing home sales began to recover in 2009 and 2010, and sales increased at an average annual rate of 16 percent, to 3,800 sales. Sales declined 5 percent in 2011, to 3,600 existing homes sold, but improved quickly, increasing an average of 18 percent each year in 2012 and 2013, to 5,050 homes sold. Despite the

declining sales volume in 2006 and 2007, the average sales price of an existing home continued to increase an average of 16 percent, to a high of \$357,200, but subsequently dropped 14 percent in 2008, to \$308,400, when the demand for homes fell substantially as a result of the national economic downturn and housing market crisis. Market conditions continued to worsen, and the decline in sales prices accelerated to an average annual rate of 16 percent from the beginning of 2008 through 2010, to a record low of \$208,400, nearly 40 percent lower than the peak sales price in 2007. The average sales price stabilized in 2011, when economic condition began to improve, increasing 1.0 percent to \$210,300. The average sales price increased further in 2012 and 2013, by an average of 12 percent each year, to \$263,400, as the demand for homes continued to increase, and the available inventory of homes for sale declined.

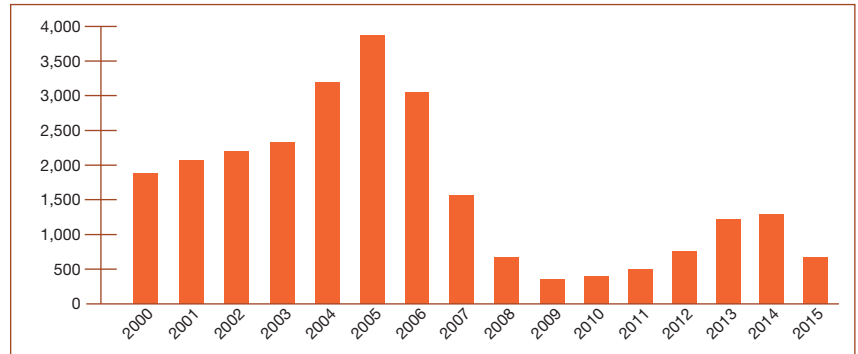
The foreclosure crisis significantly impacted the HMA, causing a sharp increase in the number of seriously delinquent loans (loans 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties, but conditions improved recently. The delinquency rate peaked in April 2010, when a total of 33,750 loans, or 10.9 percent of all home loans, were seriously delinquent or transitioned into REO status compared with a low of 1.4 percent in January 2008 (data available beginning in 2008; Black Knight Financial Services, Inc.). The rate of home loans that were seriously delinquent or had transitioned into REO status declined to 2.7 percent in June 2015, down from 3.8 percent in June 2014. By comparison, during

the same time, the state delinquency rate declined from 4.1 to 3.5 percent, and the national rate declined from 4.9 to 4.1 percent. REO home sales averaged 1,425 annually from 2009 through 2011, accounting for 42 percent of all existing home sales (CoreLogic, Inc., with adjustments by the analyst). By contrast, from 2000 through 2008, approximately 95 REO homes sold annually, accounting for only 1 percent of existing home sales. As the economy and sales market conditions began to improve, REO home sales declined, averaging 600 sales a year in 2013 and 2014. During the 12 months ending May 2015, approximately 320 REO homes sold compared with 250 during the previous 12 months, accounting for 6 percent of all existing home sales. Although REO sales have generally declined, they still put significant downward pressure on the average sales price of existing homes. By comparison, during the 12 months ending May 2015, the average sales price of an REO home was \$194,100, approximately 33 percent less than a regular resale home.

The market for new single-family homes, townhomes, and condominiums (hereafter, new homes) has improved since 2011, after 6 consecutive years of decline, in response to improving economic conditions and increased population growth. During the 12 months ending May 2015, new home sales increased 26 percent, to 840 homes, the most new homes sold since 2007. New home sales peaked from the beginning of 2002 through 2006, when economic and population growth was strongest and an average of 2,000 new homes sold annually. Although 2006 was a strong year for new home sales, it marked the beginning of the decline, down 30 percent

from the volume of new home sales in 2005. New home sales declined rapidly as the economy began to weaken, falling by an average of 37 percent a year from the beginning of 2007 through 2011, to a low of 200 homes sold. The market for new homes followed a similar trend to the market for existing homes, and, as economic conditions began to improve in 2011, new homes sales increased; during 2012 and 2013, an average of 540 new homes sold each year, reflecting an average annual increase of 230 new home sales, or 34 percent, each year. The average sales price for a new home during the 12 months ending May 2015 increased 6 percent, to \$304,300. By contrast, prices increased an average of 15 percent a year from the beginning of 2002 through 2007, peaking in 2007 at approximately \$393,300. Prices began to decrease with the onset of the national recession, and, from the beginning of 2008 through 2010, the average price declined an average of 21 percent annually, reaching a low of \$243,100. As the economy began to improve, an increase in demand, coupled with a limited supply of new homes, caused prices to increase; from the beginning of 2011 through 2013, the average sales price increased an average of 5 percent annually, to \$277,200 (CoreLogic, Inc., with adjustments by the analyst).

Although single-family home construction activity, as measured by the number of single-family homes permitted, remains significantly below prerecession levels, building activity has improved significantly since 2012 as a result of improving economic conditions and access to mortgage credit (Figure 7). During the 12 months ending June 2015, approximately 1,350 single-family

Figure 7. Single-Family Homes Permitted in the Bend-Redmond HMA, 2000 to Current

Notes: Includes townhomes. Current includes data through June 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

homes were permitted, up 6 percent from the number of homes permitted during the 12 months ending June 2014 (preliminary data). Single-family construction activity was strong from 2003 through 2005, when builders responded to rapidly increasing sales prices and increased demand, and an average of 3,875 single-family homes were permitted annually. Single-family permitting remained elevated in 2006, when 3,325 permits were issued, although the level of permitting was down 21 percent from 2007, marking the beginning of the downward trend that preceded the housing market crisis. As a consequence, new home construction fell further, and single-family permitting declined almost 50 percent, to 1,575 homes permitted in 2007. As the effects of the national recession worsened, permitting dropped further, and an average of 500 single-family homes were permitted a year from 2008 through 2011, declining at an average annual rate of 29 percent. As the economy continued to recover, new home construction rebounded increasing by 62 percent in 2012, to 790 single-family homes permitted, and increasing by another 62 percent in 2013, when 1,350 single-family homes were permitted.

Numerous subdivisions in the HMA have new homes for sale, and nearly all new construction is concentrated in the city of Bend. Some of the subdivisions with the most new home sales in 2015 include Mirada, with 20 new home sales at an average sales price of \$307,300; The Bridges at Shadow Glen, with 19 new home sales and an average sales price of \$358,900; and Tetherow, which has sold 15 new homes since the beginning of 2015, with an average sales price of \$368,600. In addition, NorthWest Crossing is a large, planned community that includes an elementary and high school; since 2005, this development has sold more than 460 new homes, 22 of which have been sold since the beginning of 2015, with an average sales price of \$514,500.

During the 3-year forecast period, demand is expected for 3,325 new homes, with demand evenly distributed annually during the 3-year forecast period. The 440 homes currently estimated to be under construction and a portion of the 11,800 other vacant units that may reenter the market will satisfy some of the demand (Table 1). Demand is expected to be greatest in the \$200,000-to-\$349,999 price range (Table 4).

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Bend-Redmond HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	500	15.0
200,000	249,999	660	20.0
250,000	299,999	830	25.0
300,000	349,999	660	20.0
350,000	399,999	330	10.0
400,000	499,999	170	5.0
500,000	and higher	170	5.0

Notes: The 440 homes currently under construction and a portion of the estimated 11,800 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is July 1, 2015, to July 1, 2018.

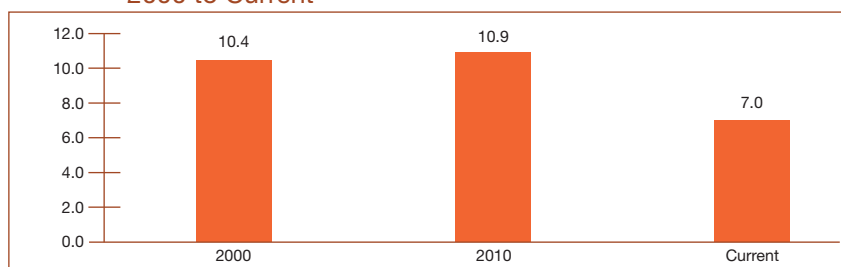
Source: Estimates by analyst

Rental Market

Rental housing market conditions in the Bend HMA are currently tight, with an estimated vacancy rate of 7.0 percent, down from 10.9 percent in April 2010 (Figure 8). Although a 7.0-percent vacancy rate typically suggests a balanced or slightly soft market, the Bend HMA rental market is neither balanced nor slightly soft. The HMA has a relatively high number of vacation rentals, which have a tendency to result in a higher-than-average balanced market vacancy rate. The market tightened rapidly in 2010 and 2011 because of weak labor market conditions, stricter lending standards, and a shift in household preferences toward renting brought on by the foreclosure crisis, all of which contributed to a decrease in the homeownership rate and an increase in the demand for

rental units. Conditions continued to tighten from 2012 through 2014, despite an increase in the inventory of rental units from the conversion of REO homes to rental units. Approximately 49 percent of the rental market consisted of single-family units in 2013, up from 45 percent in 2010 (Census Bureau); because some of these units are seasonal, they are not in direct competition with the apartment market. The rental market for single-family homes is very tight, with an estimated vacancy rate of 1.9 percent in 2014 compared with 2.6 percent in 2013 (Central Oregon Rental Owners Association Annual survey).

The apartment vacancy rate in the HMA was estimated at 2.6 percent in the second quarter of 2015, relatively unchanged from the second quarter of 2014 (Reis, Inc.). By comparison, the apartment vacancy rate was 3.8 percent in 2012 (data available only since 2012). From the second quarter of 2014 to the second quarter of 2015, the average asking rent increased 5 percent, to \$767, and rents averaged \$667 for one-bedroom units, \$774 for two-bedroom units, and \$898 for three-bedroom units. By comparison,

Figure 8. Rental Vacancy Rates in the Bend-Redmond HMA, 2000 to Current


Note: The current date is July 1, 2015.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

from the second quarter of 2013 to the second quarter of 2014, the average asking rent increased 4 percent.

Multifamily construction, as measured by the number of multifamily units permitted, has generally improved since the 2009-through-2011 period (Figure 9) in which multifamily permitting was lower than during any other 3-year period since the late 1980s. Approximately 80 multifamily units were permitted in the HMA during the 12 months ending June 2015 compared with 110 units during the previous 12 months (preliminary data). Multifamily construction activity peaked from the beginning of 2003 through 2005, when an average of 700 multifamily units were permitted annually. Although multifamily construction activity remained elevated, 2004 was the start of the slowdown, and, from the beginning of 2006 through 2011, multifamily permitting declined at an average annual rate of 55 percent to a low of only two multifamily units permitted in 2011. Condominiums accounted for approximately 17 percent of all multifamily construction from the beginning of 2000 through 2007, or an average of 45 units each year. As a result of the housing market crisis and the shift in household preferences

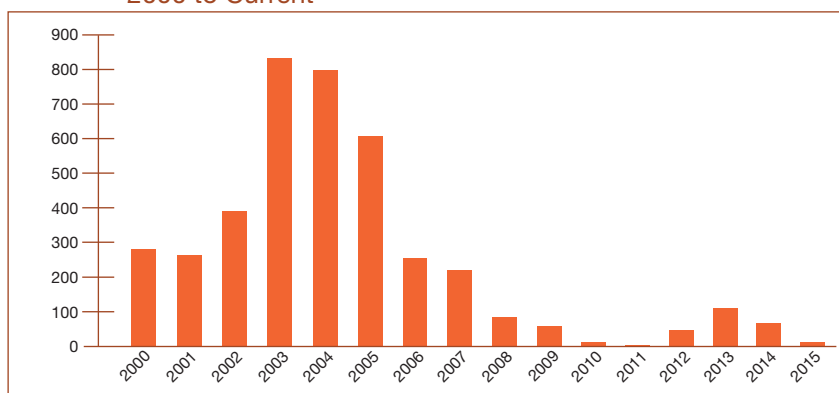
toward renting, condominium construction halted; none have been built since 2007.

An estimated 50 multifamily units are currently under construction, and a 95-unit project, Boulder Pointe, will begin construction in the fall of 2015. Some of the financial constraints that kept developers from building in the HMA have subsided, making the market more attractive.

Nearly all multifamily construction in the HMA is concentrated in the city of Bend. The most recently completed market-rate rental project in the HMA was the 104-unit Sage Springs in 2014, comprising all two-bedroom units, which were entirely leased before the building was complete (asking rents were not publically available). The Parks at Eastlake, a 40-unit apartment complex with rents affordable to households earning 50 to 60 percent of the Area Median Income, began preleasing in mid-June 2015 and received more than 150 applications within a day for the 16 units that will be complete by the beginning of July.

During the 3-year forecast period, demand is estimated for 1,100 market-rate rental units in the HMA (Table 1). Demand is expected to be strongest in the first and second years of the forecast period because very limited new construction has resulted in pent-up demand, and then moderate in the third year, when supply and demand become more balanced. The 50 units currently under construction and the 95 units that will begin construction shortly will likely meet a portion of that demand. Table 5 shows the demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

Figure 9. Multifamily Units Permitted in the Bend-Redmond HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued***Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Bend-Redmond HMA During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
760 to 959	400	950 to 1,149	500	1,350 to 1,549	100
960 or more	45	1,150 or more	55	1,550 or more	10
Total	440	Total	550	Total	110

Notes: Numbers may not add to totals because of rounding. The 50 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2015, to July 1, 2018.

Source: Estimates by analyst

Data Profile

Table DP-1. Bend-Redmond HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	58,778	69,995	76,150	1.8	1.9
Unemployment rate	5.3%	13.8%	6.7%		
Nonfarm payroll jobs	53,000	61,200	70,900	1.4	3.3
Total population	115,367	157,733	169,600	3.2	1.4
Total households	45,595	64,090	69,550	3.5	1.6
Owner households	32,971	42,160	44,300	2.5	0.9
Percent owner	72.3%	65.8%	63.7%		
Renter households	12,624	21,930	25,250	5.7	2.7
Percent renter	27.7%	34.2%	36.3%		
Total housing units	54,583	80,139	84,200	3.9	0.9
Owner vacancy rate	2.3%	4.2%	2.0%		
Rental vacancy rate	10.4%	10.9%	7.0%		
Median Family Income	\$41,500	\$63,500	\$59,700	4.3	- 1.5

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2015. Median Family Incomes are for 1999, 2009, and 2013. The current date is July 1, 2015.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 7/1/2015—Analyst's estimates
 Forecast period: 7/1/2015–7/1/2018—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork,

makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Bend-RedmondOR_15.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.

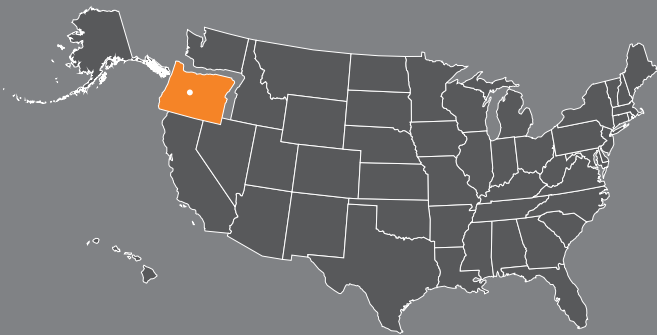
HUD PD&R Housing Market Profiles

Bend-Redmond, Oregon



Quick Facts About Bend-Redmond

- **Current sales market conditions: slightly tight.**
- **Current apartment market conditions: very tight.**
- **The city of Bend has more breweries per capita than any other city in Oregon, including Deschutes Brewery, which ranked seventh on the 2014 list of 50 largest U.S. craft breweries by sales volume (Brewers Association).**



By [Holi Weaver](#) | As of May 1, 2015

Overview

The Bend-Redmond metropolitan area, which is conterminous with Deschutes County, Oregon, is the largest metropolitan area in central Oregon and a regional hub for education and health services. The principal city, Bend, is bisected by the Deschutes River and is approximately 20 miles east of Mt. Bachelor, making the area a regional destination for outdoor recreation and tourism. From July 2013 to July 2014, the population in the Bend-Redmond metropolitan area increased 2.7 percent, making it the seventh fastest growing metropolitan area in the nation (U.S. Census Bureau).

- Population growth in the metropolitan area was strongest from July 2004 to July 2006, averaging 7,200 people, or 5.2 percent, a year because of strong economic conditions and an influx of retirees to the area. Net in-migration accounted for an average of 6,450 people a year, or 90 percent of the growth during that time.
- As the effects of the 2007-to-2009 national recession began to affect the local construction and tourism industries, net in-migration slowed, causing population growth to decrease to an average of 4,325 people, or 2.9 percent, a year from July 2006 to July 2008. Subsequently, economic conditions worsened further, and from July 2008 to July 2012 population growth slowed to an average of 1,225 people, or 0.8 percent, a year; only 60 percent of the growth resulted from net in-migration.

continued on page 2



PD&R

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- Population growth rebounded sharply in 2012 as economic and housing market conditions improved, boosting net in-migration. From July 2012 through July 2014, the population increased by an average of 4,321, or 2.6 percent, a year; nearly 91 percent of the growth was attributed to net in-migration.
- As of May 1, 2015, the population in the Bend-Redmond metropolitan area was estimated at 174,600, reflecting an average annual increase of 5,100 people, or 3.0 percent, since July 2014. An estimated 4,700 people, or 92 percent of the growth, resulted from net in-migration.

Economic Conditions

Nonfarm payroll growth has exceeded 3.0 percent annually since the first quarter of 2012, contributing to strong economic conditions in the Bend-Redmond metropolitan area, although nonfarm payrolls remain 3.0 percent below the peak level of jobs recorded in 2007.

During the 3 months ending April 2015—

- Nonfarm payrolls increased by 3,800 jobs, or 5.7 percent, to 70,500 jobs compared with the number of jobs a year earlier. During the 3 months ending April 2014, nonfarm payrolls increased by 3,800 jobs, or 6.1 percent, from the same period in 2013.
- Increased residential construction was largely responsible for payroll gains in the mining, logging, and construction sector of 500 jobs, or 12.2 percent, the highest rate of job growth in the metropolitan area. In terms of growth rates, the sector has been
- the fastest growing sector since the economic recovery began, adding an average of 800 jobs, or 20.0 percent, a year in 2013 and 2014. By contrast, the sector was the worst hit during the national recession, losing an average of 1,000 jobs, or 21.0 percent, annually from 2007 through 2011 and stagnating in 2012, mainly because of a sharp decline in new home construction.
- Strong economic conditions and population growth in the metropolitan area led to an increase in consumer confidence, leading to more spending on goods and services. The wholesale and retail trade sector led job growth, increasing 8.0 percent, or by 900 jobs, 800 of which were in the retail trade subsector. The education and health services sector followed, increasing by 700 jobs, or 6.4 percent.

continued on page 3

Year-over-year nonfarm payroll growth has exceeded 5 percent since January 2014 in the Bend-Redmond area.

	3 Months Ending		Year-Over-Year Change	
	April 2014 (thousands)	April 2015 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	66.7	70.5	3.8	5.7
Goods-producing sectors	8.4	9.1	0.7	8.3
Mining, logging, and construction	4.1	4.6	0.5	12.2
Manufacturing	4.3	4.5	0.2	4.7
Service-providing sectors	58.3	61.4	3.1	5.3
Wholesale and retail trade	11.3	12.2	0.9	8.0
Transportation and utilities	1.4	1.6	0.2	14.3
Information	1.5	1.6	0.1	6.7
Financial activities	4.2	4.3	0.1	2.4
Professional and business services	7.5	8.1	0.6	8.0
Education and health services	10.9	11.6	0.7	6.4
Leisure and hospitality	9.9	10.1	0.2	2.0
Other services	2.3	2.4	0.1	4.3
Government	9.4	9.5	0.1	1.1
	(percent)	(percent)		
Unemployment rate	9.2	6.3		

Note: Numbers may not add to totals because of rounding.

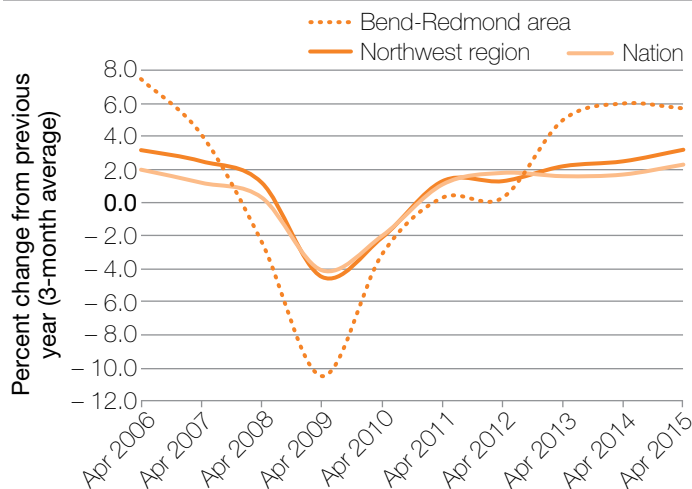
Source: U.S. Bureau of Labor Statistics

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- The unemployment rate declined to 6.3 percent, down from 9.2 percent during the same period a year ago because resident employment growth of 3,825, or 5.3 percent, significantly outweighed labor force growth of 1,625, or 2.1 percent.

The metropolitan area is a regional destination for outdoor recreation and tourism in the Pacific Northwest because of its proximity to Mt. Bachelor and the Deschutes River, high desert climate, and growing beer industry. After declining from 2007 through 2009, the leisure and hospitality sector added an average of 300 jobs a year from 2010 through 2014 and, during the 3 months ending April 2015, sector payrolls increased further, adding 200 jobs, an increase of 2.0 percent from the 3 months ending April 2014. Currently, the leisure and hospitality sector is the third largest sector in the economy, accounting for 10,100 jobs, or 14.3 percent of total nonfarm payrolls, and includes two of the largest employers in the metropolitan area—Sunriver Resort, with 900 employees, and Mt. Bachelor Inc., with 756 employees. Tourism has strengthened in the metropolitan area in the past year, with record high transient room tax revenue (data available back to fiscal year 2006–07) each month since April 2014. In March 2015, transient room taxes totaled \$478,850, reflecting an increase of 37 percent compared with taxes collected in March 2014 (Visit Bend). Summer is the peak season for tourism, with an estimated average of 18,000 visitors on any given day, compared with 12,000 during the winter months (RRC Associates, Inc. 2015 study).

The Bend-Redmond area has recovered faster than the Northwest region and the nation despite suffering a much steeper decline in nonfarm payrolls during the recession.



Note: Nonfarm payroll jobs.

Source: U.S. Bureau of Labor Statistics

Largest employers in the Bend-Redmond area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Charles Medical Center	Education and health services	2,018
Sunriver Resort	Leisure and hospitality	900
Mt. Bachelor Inc.	Leisure and hospitality	756

Note: Excludes local school districts.

Source: Moody's economy.com

Sales Market Conditions

Sales housing market conditions in the Bend-Redmond metropolitan area are currently slightly tight with an estimated sales vacancy rate of 2.0 percent, down from 4.2 percent in April 2010. Strong employment and population growth during the past 3 years contributed to increased demand for single-family homes that led to a decline in the inventory of homes for sale. Combined, these two factors put substantial upward pressure on sales prices. From March 2012 to March 2015 (most recent data available), the average sales price of an existing single-family home, townhome, or condominium (hereafter, existing home) increased 17 percent, and the average sales price of a new single-family home, townhome, or condominium (hereafter, new home) increased 37 percent. In April 2015, a 2.4-month supply of homes was available for sale, down from a 2.8-month supply in April 2014 (Central Oregon Association of Realtors®).

- During the 12 months ending March 2015, approximately 5,025 existing homes sold, up 1 percent from the same period a year earlier. By comparison, existing home sales peaked from 2003

through 2006 at an average of 7,275 homes sold each year. The foreclosure crisis had a significant effect on the metropolitan area and, from 2006 through 2009, existing home sales fell an average of 34 percent each year before reaching a low in 2009 of 2,500 homes sold (CoreLogic, Inc., with adjustments by the analyst).

- Approximately 850 new homes sold during the 12 months ending March 2015, up 25 percent from the same period a year ago. By comparison, new home sales peaked in 2005 and 2006, when an average of 2,625 homes sold each year.
- During the 12 months ending March 2015, the average sales price of an existing home increased nearly 8 percent, to \$286,600, and the average sales price of a new home was up 4 percent, to \$297,000, the highest average sales prices recorded since 2009.
- The percentage of seriously delinquent loans (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties declined steadily from a high of 10.9 percent in April 2010 to 2.9 percent in April 2015 (Black Knight Financial Services, Inc.).

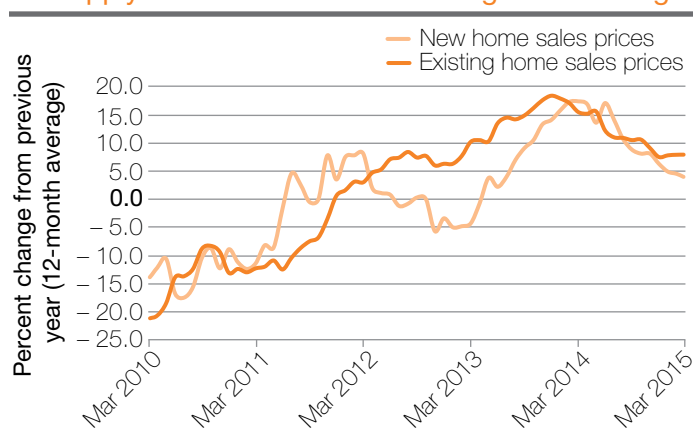
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Although single-family home construction activity, as measured by the number of single-family homes permitted, remains significantly below prerecession levels, building activity has increased since 2009 as a result of improving economic conditions and access to mortgage credit.

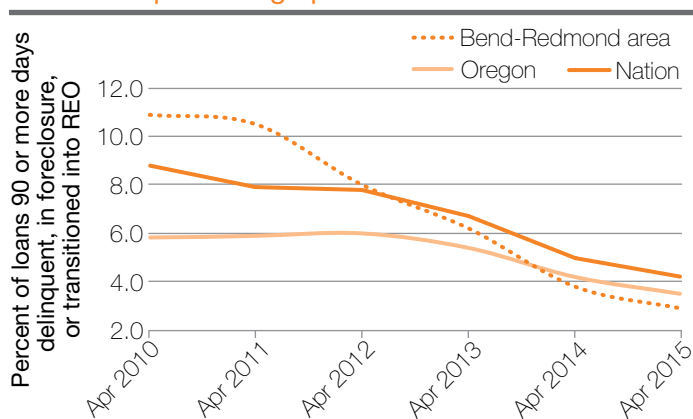
- During the 3 months ending April 2015, 330 single-family homes were permitted, a 3-percent decline compared with the 340 homes permitted during the 3 months ending April 2014 but a 20-percent increase from the number of homes permitted during the 3 months ending April 2013 (preliminary data).

The rate of growth in sales prices for new and existing homes in the Bend-Redmond area has slowed as the supply and demand for homes began to converge.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

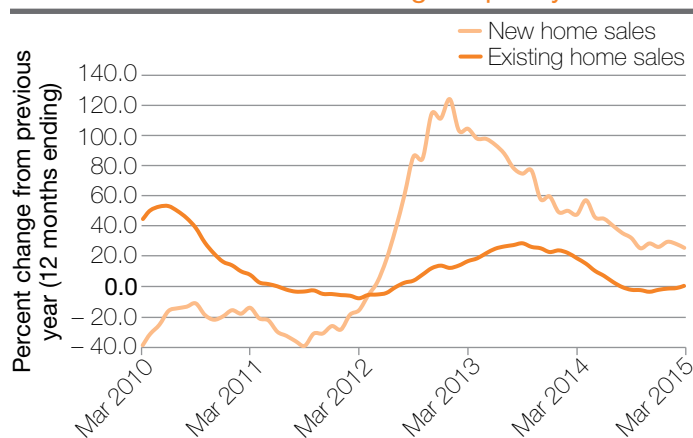
The percentage of seriously delinquent loans and REO properties in the Bend-Redmond area has declined 8 percentage points since 2010.



REO = real estate owned.
Source: Black Knight Financial Services, Inc.

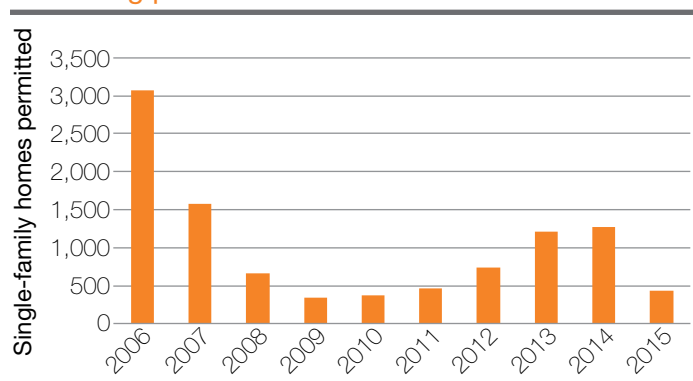
- Single-family construction activity was strongest from 2004 through 2006, when builders responded to rapidly increasing sales prices and increased demand and an average of 3,375 single-family homes were permitted annually. Subsequently, single-family permitting declined nearly 50 percent, to 1,575 single-family homes permitted in 2007. As the effects of the national recession worsened, single-family permitting dropped further, and an average of 515 single-family homes a year were permitted from 2008 through 2012.

The rate of growth in home sales in the Bend-Redmond area stabilized during the past year.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Single-family building activity in the Bend-Redmond area has increased as builders have responded to increasing prices and sales volume.



Note: Includes preliminary data from January 2015 through April 2015.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

The apartment market in the Bend-Redmond metropolitan area is currently very tight. Demand for apartments and other rental units has increased steadily since 2010 because the effects of the foreclosure crisis caused a shift in household preferences towards renting.

During the first quarter of 2015—

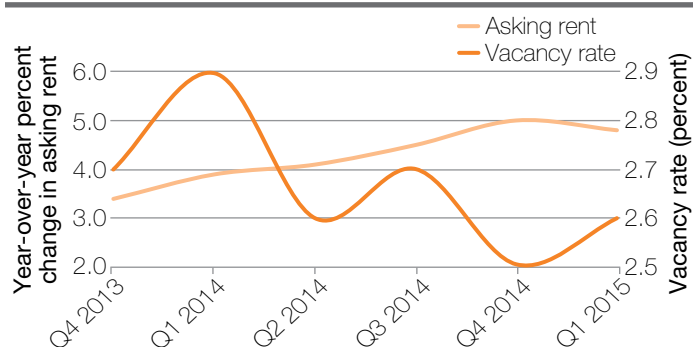
- The apartment vacancy rate was estimated at 2.6, down from 2.9 percent during the first quarter of 2014 (Reis, Inc.).
- The average asking rent was \$762, reflecting a 5-percent increase from a year earlier, and rents averaged \$664 for one-bedroom units, \$767 for two-bedroom units, and \$915 for three-bedroom units (Reis, Inc.). By comparison, from the first quarter of 2013 to the first quarter of 2014, the average asking rent increased 4 percent, to \$727 (Reis, Inc.).
- The market is tightest for units built since 2000, which have no vacancies and an average asking rent of \$816, nearly 7 percent higher than the overall market average. Conversely, units built from 1980 to 1989 have the highest vacancy rate, estimated at 5.1 percent, with an average asking rent of \$690, nearly 10 percent less than in the overall market (Reis, Inc.).

Multifamily construction activity, as measured by the number of units permitted, has generally improved since the 2009-through-2011 period, when permitting was lower than during any other 3-year period since the late 1980s.

- Approximately 70 multifamily units were permitted in the Bend-Redmond metropolitan area during the 12 months ending April 2015 compared with 110 units permitted during the previous 12 months (preliminary data).
- Multifamily construction activity peaked from 2003 through 2005, when an average of 700 multifamily units were permitted annually. Although multifamily construction activity remained elevated, 2004 was the start of the slowdown and, from 2006 through 2011, multifamily permitting declined at an average annual rate of 55 percent to a low of only 2 multifamily units permitted in 2011.
- Nearly all the multifamily construction in the metropolitan area is concentrated in the city of Bend.

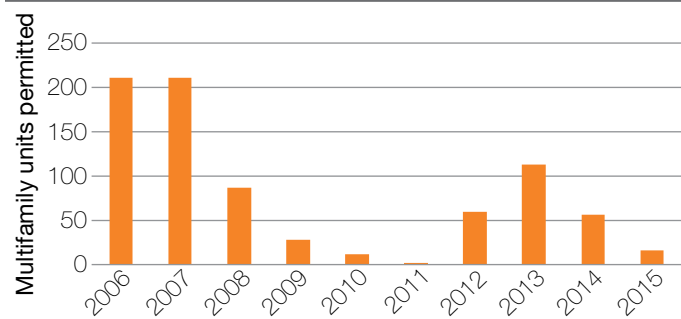
- The Parks at Eastlake Village, a 40-unit apartment complex with rents affordable to households earning 50 to 60 percent of the Area Median Income, began preleasing in mid-June and received more than 150 applications within a day for the 16 units that will be finished by the beginning of July 2015.
- More than 1,000 multifamily units are in various stages of planning and development in the metropolitan area, all proposed in the city of Bend.

In the Bend-Redmond area, increased demand for rental units, coupled with very limited new construction, has caused apartment market conditions to tighten.



Source: Reis, Inc.

Multifamily construction in the Bend-Redmond area has fluctuated greatly during the past 10 years but increased compared with the record-low levels from 2009 through 2011.



Note: Includes preliminary data from January 2015 through April 2015.
Source: U.S. Census Bureau, Building Permits Survey



FEBRUARY 2017

Regional Performance Over Time

Case Study: The Bend-Redmond, Ore.,
Metropolitan Statistical Area

Jessica Jackson, Joe Lee, Michael C.Y. Lin,
and Minoli Ratnatunga



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Regional Performance Over Time

Case Study: The Bend-Redmond, Ore., Metropolitan Statistical Area

Jessica Jackson, Joe Lee, Michael C.Y. Lin, and Minoli Ratnatunga

1 Introduction

How a region copes with economic challenges is as important to its long-term prosperity as how it grows in good times. These challenges come in many forms—a drop in demand for a region’s core export, increased competition from abroad, or the loss of a major employer, for example. Although local leaders may anticipate some of them, regions cannot prevent or prepare for every potential risk to their economic base. Certain regions, such as the Bend-Redmond metropolitan statistical area (MSA) in Oregon, have been able to rebound more quickly from an economic downturn than their peers. What factors contributed to this revival, and are they unique to the region? Or are there approaches that could be adopted in peer cities? Examining the shared characteristics and strategies of resilient economies may offer insight into the practices that support sustained prosperity.

The Milken Institute has tracked and evaluated the success of metropolitan areas in its annual Best-Performing Cities (BPC) index since 1999, highlighting the urban regions that are outperforming peers on key measures of economic health, including total employment and wage growth.¹ Our scale includes a mix of one- and five-year indicators to capture recent momentum as well as achievement in the medium term. Building on the Best-Performing Cities index, the “Regional Performance Over Time” series of reports examines what sets resilient cities apart.

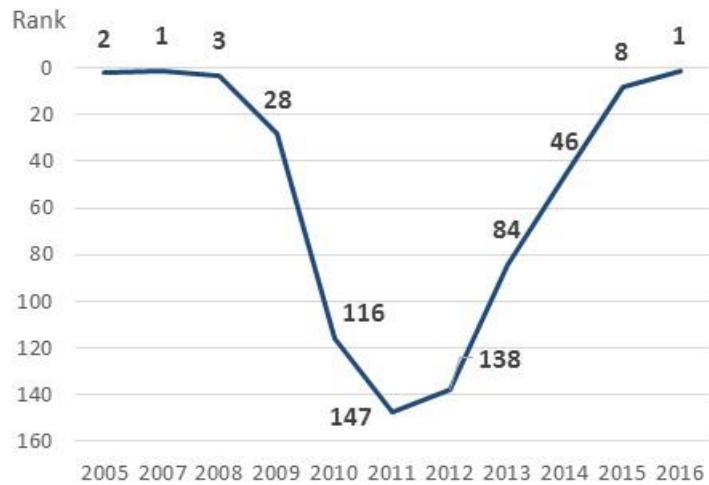
In an earlier paper,² we grouped cities with similar industrial profiles using a cluster analysis and evaluated performance over time on the Best-Performing Cities index within groups. This approach unveiled trends within each group and identified cities that outperformed their peers through the business cycle. These regions were noted as being worthy of further investigation to understand what enabled them to weather the same external shocks more effectively.

The Bend-Redmond MSA was grouped with other Retreats, our term for bedroom communities, travel destinations, and retirement havens characterized by concentrations in the leisure, hospitality, retail, and, to a lesser extent, construction industries. Like its peers, the Bend-Redmond MSA has benefited from the natural beauty of its setting, attracting tourists and residents interested in outdoor recreation to the region. Situated in central Oregon, east of the Cascade mountain range, its high desert location yields more dry days than the Oregon coast,³ drawing in vacationers from Portland and beyond. A portion of these visitors choose to make a permanent move, citing the lifestyle, the landscape, schools, and home prices as reasons for leaving more expensive coastal metros. The Bend-Redmond region has seen significant net in-migration, with its population growing by 50 percent between 2000 and 2015, although the pace slowed during the Great Recession.⁴ As in other Retreats, the housing market declined significantly between 2007 and 2011,⁵ and employment in the construction industry waned—driving down the metro’s rankings in the BPC index.

Unlike its peers, the Bend-Redmond MSA recovered quickly. The precipitous drop from placing in the top three best-performing small cities between 2005 and 2008 to its low of 147 in 2011 (Figure 1) was

mirrored by St. George, Utah, and Naples-Marco Island, Fla. But by 2015, the Bend-Redmond MSA was back in the top 10, and in 2016 it ranked first in our small cities index. The unemployment rate, once at 16.3 percent, is now down to 5.2 percent.⁶ Home prices have almost completed their rise back to levels reached during the pre-recession boom, and construction employment is rising as activity in the sector picks up the pace.⁷ The region is back to managing growth rather than managing decline.

Figure 1 Milken Institute Best-Performing Cities ranking for Bend-Redmond MSA (2005-2016)



Source: Milken Institute.

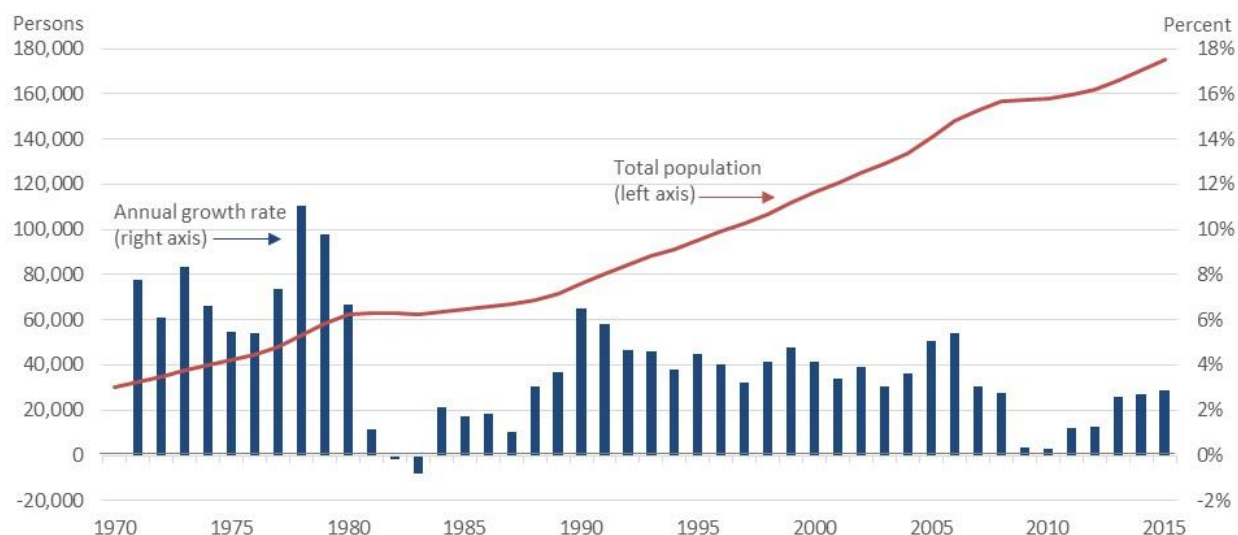
Based on the Bend-Redmond MSA's ability to recover faster than its peers, and indeed outperform every other small metro on our most recent index, this case study aims to illuminate the characteristics, choices, and strategies that contributed to its revival. While some of the strategies might be applicable only to a subset of U.S. metros—fellow Retreats with similar assets or smaller locales—others might be relevant to a broader set of cities. This case study, based on interviews, site visits, and independent research, is the first in a series by the Milken Institute examining the resilience of cities. The “Regional Performance Over Time” research aims to use the experiences behind the numbers to offer decision-makers in peer regions a suite of best practices to consider as they pursue robust, sustained prosperity for their communities.

2 Population, In-Migration, and Growth

One of the defining characteristics of the Bend-Redmond MSA is its population growth of recent decades, fueled primarily by in-migration. The composition of the community has changed as it has expanded, as have the core industries. Understanding the scale of this growth is necessary to appreciate the opportunities and risks the region faces as it tries to manage its effects.

The long-term population trend in the Bend-Redmond MSA is upward. Growth slowed in the 1980s, but the population has increased rapidly since the early 1990s, though it stalled during the last recession. Starting in 2011, the region gradually regained momentum, and the population reached 175,268 in 2015 (Figure 2).

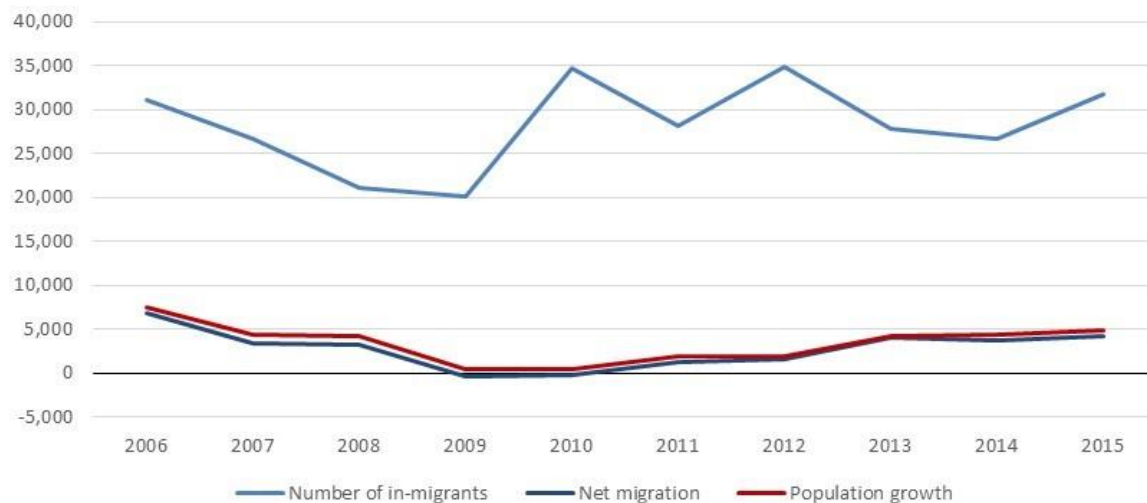
Figure 2 Total population and population growth in Bend-Redmond MSA, 1970-2015



Sources: U.S. Census Bureau, Milken Institute.

An examination of the migration statistics from the past decade (Figure 3) reveals that the net migration pattern is largely in line with population growth, confirming that the growth of this region can be primarily attributed to the inflow of migrants.

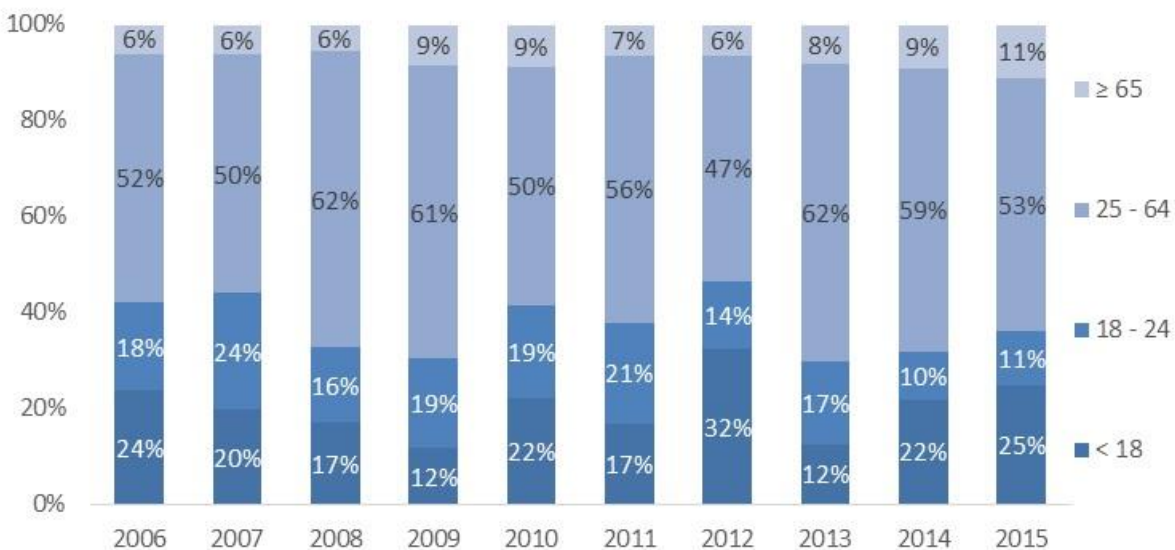
Figure 3 Migration and net migration to the Bend-Redmond MSA, 2006-2015



Sources: IPUMS USA ACS, U.S. Census Bureau, Moody's Analytics, Milken Institute.

Over the last decade, the majority of in-migrants to the Bend-Redmond region have been of working age, belonging to the 25-to-64 age bracket (Figure 4). The percentage of in-migrants under 18 peaked in 2012 at 32 percent, plummeting to 12 percent in 2013 and steadily climbing back since then. The fact that the in-migrant cohort consists mainly of children under 18 and working-age people suggests that this region serves as a solid base for raising families. Older adults (65-plus) accounted for 6 percent to 11 percent of in-migrants to this metro during the decade. Although the share of college-age (18 to 24) in-migrants shrank in 2014 and 2015, accounting for approximately 10 percent of in-migrants, the Oregon State University (OSU) Cascades campus, which began offering a four-year degree in late 2015, may attract more college-age people to the region.

Figure 4 Age profile of in-migrants to Bend-Redmond MSA, 2006-2015

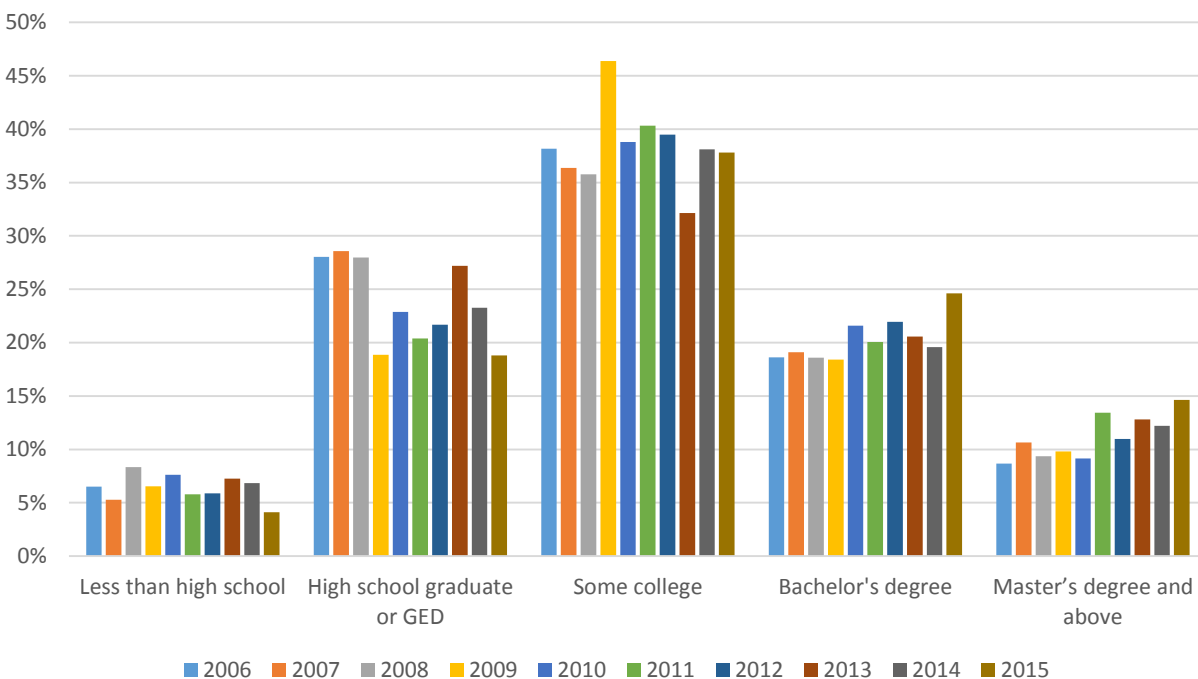


Sources: IPUMS USA ACS, Milken Institute.

Note: Figures may not sum to 100 percent due to rounding

When it comes to educational attainment among in-migrants, few have arrived with less than a high school diploma in the last decade and more possessed bachelor's or master's degrees (Figure 5). In addition, the proportion of in-migrants with at least a bachelor's degree surpassed that of the total population in 2015. Overall, the educational level of people who moved to this region has risen.

Figure 5 Educational attainment of in-migrants aged 25 and above in Bend-Redmond MSA



Sources: IPUMS USA ACS, Milken Institute.

2.1 Key findings: population, in-migration, and growth

Regional characteristics	Potential impact on resilience
Significant in-migration driving population growth	<ul style="list-style-type: none"> • Growing workforce • Increasing strain on infrastructure • Need to manage growth to maintain assets
Higher educational attainment among migrants	<ul style="list-style-type: none"> • Talent to staff high-skill industries

3 Building on Strengths: Key Industries

Characterized as a Retreat economy, the Bend-Redmond MSA was booming leading up to the recession and hit hard once the national economy took a turn for the worse. Retreat-based industries are often thought to be made up of luxury goods and services, suggesting that it should be difficult to recover when consumer confidence is low and disposable incomes are hurting. However, the Bend-Redmond area's regionally unique characteristics and efforts to diversify its economy pulled the metro out of its decline quickly relative to peers.

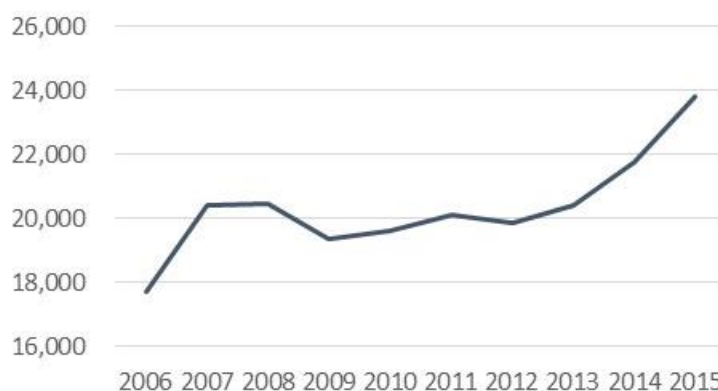
3.1 Tourism

Bend-Redmond is exceptional, even in Oregon, in that its natural geography lends itself to a multitude of recreational activities that attract tourism while the MSA remains isolated from larger cities. Home to Mount Bachelor, Deschutes National Forest, and a handful of golf courses, the region offers skiing, snowboarding, hiking, golfing, cycling, rock climbing, and even white-water rafting. This means even during a downturn Oregonians might trade in their plans for out-of-state or out-of-country vacations for a trip to Bend. Then when the economy improves, Bend is able to attract more interstate and international travelers again. For this reason, the MSA's tourism-related industries boom in the good times and are less affected during downturns. Even in recession years, employment in the arts, entertainment, and recreation industry grew 3.67 percent, putting it in the top five most recession-proof industries for employment.⁸ During recovery years Bend's accommodation and food services industry saw 32.49 percent employment growth, evidencing speedy gains.⁹

Bend's concentration in the tourism-related industries has remained extremely steady for 25 years. In 1981, tourism-related GDP accounted for 6.01 percent of the Bend-Redmond MSA's GDP and today that share is 6.11 percent, and those years in between have seen little variation.

Maintaining this share of GDP designates tourism as a stable component of the changing Bend-Redmond economy. Further evidence of the recession's lessened effects on Bend tourism is the 2006-2015 annual deplanement trend (Figure 6) at the Redmond Municipal Airport, the primary passenger facility for the metro. Deplanements maintained enough growth during the 2007 and 2008 recession years to afford a 5.41 percent drop in 2009 and still yield 9.34 percent growth from 17,717 deplanements in 2006 to 19,355 in 2009. After the recession, deplanements boomed with a 22.92 percent rise from 2009 to 2015. The final year of that period saw 23,792 deplanements.¹⁰

Figure 6 Redmond Municipal Airport deplanements, 2006-2015



Sources: Redmond Municipal Airport, Milken Institute.

3.2 Construction

Tourism in this MSA also has a catalytic effect on the housing market. Some current residents report visiting the area as tourists before relocating permanently. In the years leading up to the Great Recession, the population of central Oregon was booming and housing prices were inflating amid robust demand. Construction was following suit, and in 2006 the construction industry accounted for 11.66 percent of Bend-Redmond employment. Once the housing bubble burst and the recession intensified, the housing market plummeted. By 2012, the construction industry accounted for only 4.93 percent of the area's employment.¹¹ GDP from construction took a massive hit, sliding from close to \$710 million in 2006 to approximately \$265 million in 2011.¹²

The housing market recovered, and then the construction industry, but construction employment data suggest more caution this time. In 2015, construction accounted for 7.06 percent of the MSA's employment, and the industry's GDP was \$404.5 million.¹³ The construction industry's downfall during the recession and employment rebound afterward put it among Bend's top five for being worst hit and for post-recession growth (shown in Table 1 and Table 2).

Table 1 Five Bend industries hit worst by recession

Industry	2009 Non-farm employment	Percent change in employment 2006-2009
Mining, quarrying, and oil and gas extraction	61	-57.17
Construction	3,938	-51.75
Manufacturing	3,958	-35.49
Real estate and rental and leasing	1,779	-19.50
Logging	98	-16.49

Sources: U.S. Bureau of Labor Statistics (BLS): Current Employment Statistics (CES), Quarterly Census of Employment and Wages (QCEW); Moody's Analytics.

Table 2 Five Bend industries with largest post-recession growth

Industry	2015 Non-farm employment	Percent change in employment 2009-2015
Warehousing, storage, and transportation	1,378	64.67
Accommodation and food services	9,555	32.49
Construction	5,210	32.30
Educational services	877	28.39
Health care and social assistance	10,863	27.75

Sources: U.S. Bureau of Labor Statistics (BLS): Current Employment Statistics (CES), Quarterly Census of Employment and Wages (QCEW); Moody's Analytics.

3.3 Health care

Located in the center of the state, Deschutes County serves as the health-care hub for much of rural Oregon as well as the more populated Bend-Redmond MSA. The health-care and social assistance industry has long been a major employer in the area. The industry continued to grow, though at a slower rate, during the recession years, proving to be more resistant than many other fields. After the recession, the industry's job growth landed it in the top five for post-recession expansion, as Table 2 shows. In 2015 the industry was responsible for 14.72 percent of the metro's employment, making it

vital to central Oregon's economy as well as the health of the region's people.¹⁴ Health-care and social assistance GDP has been on an upswing since 2010 and accounted for 12.72 percent of the Bend-Redmond MSA's GDP.¹⁵

3.4 Manufacturing

Mirroring national trends, manufacturing's share of the area's overall employment declined from the 1980s through the Great Recession. However, that metric seemed to bottom out in 2010 and has made gains through 2015. After losing 35.49 percent of its jobs from 2006 to 2009, manufacturing has seen a significant rebound from 2009 to 2015. The industry was responsible for 6.64 percent of the Bend-Redmond MSA's employment in 2015.¹⁶ Real GDP for manufacturing related to metals has done particularly well since 2010 and maintained a steady growth rate.¹⁷ This corroborates information that many locals shared about new and growing plants in the city of Redmond. Though advanced metals-related production seems to be in a nascent stage where employment is concerned, this part of the manufacturing industry seems poised for more growth with Redmond's relative abundance of available developable land and emerging industry cluster. Leaders such as BasX and PCC Schlosser are likely to attract more knowledge, funding, and companies to the area.

3.5 Beverage manufacturing

Home to Deschutes Brewery, central Oregon has created a stronghold for beer-making. Though the beverage industry suffered a severe drop in employment in 2007 and 2008, the industry saw dramatic growth in 2009 and after.¹⁸ Beverage manufacturing GDP has also been booming since 2010, growing a massive 77.27 percent in 2013 and remaining in the double digits since.¹⁹ In parallel, local job growth in the field far surpassed that at the state and national levels from 2011 to 2015. The industry's share of overall employment during those years burgeoned 159.2 percent, while beverage jobs in Oregon and the nation expanded their shares by 46.77 percent and 16.34 percent, respectively.²⁰

3.6 Technology

Industry rooted in technology found a new home in Bend after the recession as well. Ranking second in the number of high-tech industries in the [Milken Institute's 2016 "Best-Performing Cities"](#) small city index, Bend offers a wide range of services related to the field. Focusing on energy, there is H2 PowerTech, with more than 200 patents so far. Bend Research works in pharmaceutical delivery and development and boasts many patents as well, while G5 concentrates on data-driven marketing. Many Bendites attribute the area's speedy economic recovery to the entrepreneurial initiative of its people. Out of that inventive and resourceful culture came a startup ecosystem with many tech-based firms. Though not all tech labor needs are currently met by the local workforce, the new four-year OSU Cascades is making strides to satisfy this demand. Meanwhile, startups attract tech talent from outside the region by offering a rewarding life-work balance (Section 6).

3.7 Biotechnology

The newest focus of tech sector development is biotechnology. Having already attracted a planned Grace Labs location, the area hopes to create a biotech stronghold by connecting academic research from OSU Cascades with the private sector. With a strong medical industry operating in the MSA and favorable business conditions, we expect growth in this field.

3.8 Outdoor gear and apparel

Considering the natural playground that Bend-Redmond offers, which makes it so attractive to tourists, it is not surprising that outdoor gear and apparel companies would find a home here. Though employment in the category took a dip in 2009, employment in 2010 and onward has grown steadily.²¹ Real GDP in the sporting goods industry surpassed 10 percent annual growth from 2013 through 2015.²² The industry is still very small, which means that rate should be taken with a grain of salt. However, new outdoor companies seem to find ample advice and cooperation from more established peers in Bend's supportive environment to help with expansion. Organizations like Bend Outdoor Worx are dedicated to connecting companies and enabling them to learn from one another's successes and missteps. Though most Bend startups are not shy to tell you about the cooperative and friendly business environment, the outdoor gear and apparel business has arguably the most supportive environment. For example, industry newcomer Cairn obtained its office space from Ruff Wear, the outdoor gear and apparel company that owned the space, after the previous renter, outdoor company Hydro Flask, outgrew it.

3.9 Aerospace

With a Federal Aviation Administration-authorized drone testing area in the MSA²³ and an aviation program at Central Oregon Community College (COCC), aerospace has garnered attention as well. In two years at COCC, a student can earn a commercial pilot certificate. Aerospace product and parts manufacturing GDP was hit extremely hard during the recession, contracting more than 30 percent each year from 2008 to 2010. The Bend-Redmond aviation sector also has an experimental aircraft subset, adding to the innovation base within the industry. In Redmond, RDD is working on the research, design, and development side while Lancair in Redmond and Epic Aircraft in Bend manufacture experimental aircraft kits.²⁴ As fast as the industry's GDP dropped, it rebounded, expanding almost 27 percent annually in 2011 through 2015.²⁵

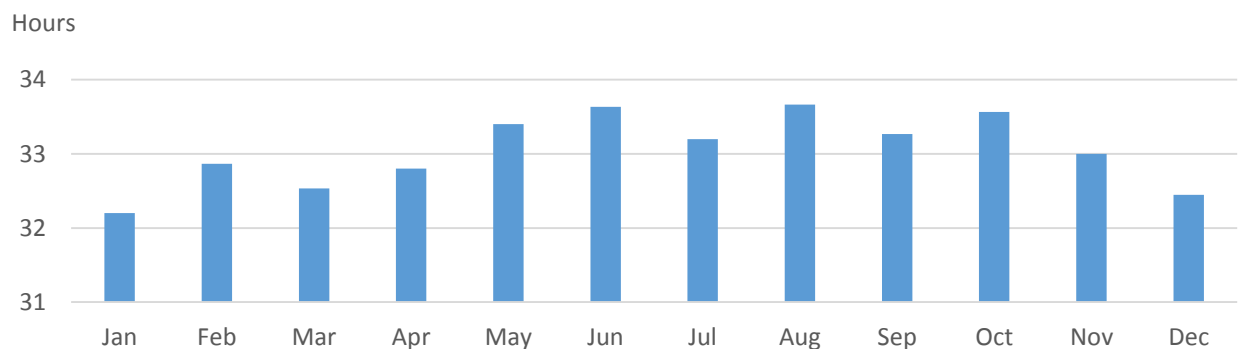
3.10 Key findings: key industries

Regional characteristics	Potential impact on resilience
Several key industries are cyclical	<ul style="list-style-type: none">• Diversification needed to avoid crashes
Emerging industries serve different markets	<ul style="list-style-type: none">• Lower risk of coinciding downturns
Attractive natural setting and remote location	<ul style="list-style-type: none">• Transportation to market challenging for some products• Attracts visitors, new residents, and businesses that value outdoor recreation• In the absence of neighboring metros to draw from, workforce must either be local residents or relocate
Collaborative culture	<ul style="list-style-type: none">• Avoids duplication of effort and reduces conflict• Speeds technology adoption and human capital accumulation

4 Employment and Opportunity

Dramatic job growth coming out of the recession was a large part of what propelled the Bend-Redmond MSA to the top of our index in 2016, but the seasonality of work in tourism and tourism-related industries remains a challenge. The area has seen the jobless rate drop to 5.2 percent in September 2016, far from its Great Recession high of 16.3 percent.²⁶ Previously, the economy was focused on tourism and real estate, and these sectors have enjoyed a resurgence amid regional growth after the downturn. A hint of central Oregon's power of attraction as a lifestyle choice can be seen in average hours worked data. The labor force works one fewer hour per month than Portland residents and almost 1.5 hours less than the national average.

Figure 7 Average hours worked in Bend-Redmond, weekly, 2014-2016



Sources: U.S. Bureau of Labor Statistics Current Employment Statistics, Milken Institute.

Currently, tourism and related services are expanding, with construction underway on four new hotels and 12.9 percent of the working population employed in hospitality services.²⁷ One issue associated with this business is that the metro's employment growth has not been matched by wage growth. Most of the region's service-sector jobs pay low wages, providing less income than jobs in manufacturing in Redmond or the high-tech sector developing in Bend. In the accommodations subsector, the wage per worker is \$29,642, just over \$9,000 more than the average in the other industries that support tourism. Wage per worker in food and drink services is \$20,233, and it is \$20,326 in the recreation business.²⁸ This difference is most likely attributable to the seasonal nature of the Bend economy.

The construction and real estate sectors also recovered from 2010 through 2015. During this time the metro has seen a 79 percent increase in employment in the construction of buildings.²⁹ The real estate sector employed 1,270 people in 2015, 100 fewer than in 2010 and 140 fewer than in 2008. In construction, the wage per worker is \$28,756. Wages in real estate lag slightly behind that at \$27,562. Employment in that field grew 27 percent from 2010 through 2015.³⁰

The last pillar of the metro's traditional industries health care and social assistance, which employed 10,860 people in 2015, a 24 percent increase since 2009. The regional hospital, St. Charles Medical Center, is the largest employer in the area.³¹ Wages per worker in this sector have grown 19.5 percent over five years starting in 2010, to \$54,357 in 2015. The health-care industry has been a source of higher-wage employment, which has been more stable than jobs in the region's two other major sectors. Together, these industries have contributed substantially to the metro's growth.

Broadly speaking, Bend’s population growth is based on place rather than employment opportunities. New residents who relocated during the beginning of the recovery have faced the challenge of finding employment, but that dynamic has driven a wave of entrepreneurship,³² with collaboration a central aspect of how people do business. Interpersonal networks allow people to point talent to others, even competitors, who are interested in hiring. This network is a strength, but scalability may be a challenge as more people migrate to the area. Yet the business community is motivated to maintain the cycle of collaboration. The phrase “paying it forward” describes the network and how the community operates in general.

Wage cuts have been common and generally accepted by those relocating to Bend-Redmond, according to people interviewed for this report. While quality of life can prove a potent draw for some, Bend-Redmond’s ability to recruit talent is sometimes hindered by the scarcity of fallback options should an employer fail. That in turn can hinder the expansion of higher-wage jobs if talent remains wary of relocation, which could stem from a spouse’s need for employment. Median wages in the metro are \$36,298 per worker while the average is \$54,286, indicating that the larger portion of the metro’s population receives lower wages.³³ However, employment in the higher-wage professional, scientific, and technical services category grew 26 percent from 2010 to 2015, which will reduce this gap.³⁴ The wage differential between Bend-Redmond and other metros with similar concentrations of professional and scientific employment will continue to hinder the recruitment of highly skilled workers (Table 3).

Table 3 Professional, scientific, and technical services wages per worker, 2015

Wages per worker	
Bend-Redmond	\$63,730
Portland	\$79,173
Seattle	\$99,878
Denver	\$102,561
San Jose	\$156,371

Sources: Moody’s Analytics, Quarterly Census of Employment and Wages, Milken Institute.

4.1 Key findings: employment and opportunity

Regional characteristics	Potential impact on resilience
Seasonal employment in tourism industry	<ul style="list-style-type: none"> • Lower, less stable earnings for service employees
Collaborative culture	<ul style="list-style-type: none"> • Open networks make incorporating new residents easier
Attractive natural setting and remote location	<ul style="list-style-type: none"> • In-migrants attracted by high quality of life • Willingness to accept lower pay for desirable lifestyle

5 Business Climate

A region's business climate can substantially affect whether it is able to realize the opportunities afforded by its comparative advantages. While taxes and regulations are the typical focus of discussions about business climate, these do not fully address private sector concerns. The availability of suitable real estate and the quality of the workforce factor in, as does access to markets and the supply chain. But culture, attitudes, and support organizations also form vital parts of the business climate, though they may be harder to change (and measure) than taxes and regulations. However, the pain of the last recession crystallized the need for economic change in the region and brought business concerns into the foreground.

5.1 Business taxes

Oregon is one of five states with no sales tax and uses single sales factor apportionment for state corporate taxes. Its corporate income tax has two brackets: 6.6 percent on profits below \$1 million and 7.6 percent above this threshold. Business contributes 37.6 percent of state and local tax revenue in Oregon, equivalent to \$4,300 in business taxes per employee per year.³⁵ The state provided \$6.3 billion in expenditures for fiscal year 2014 that benefit businesses, including incentives and 11 other state economic development programs.³⁶ Two of the largest state programs fund infrastructure and special industry assistance.³⁷ Measure 97, the state's effort to expand funding for government services with a tax on corporate sales, was rejected by Oregon voters in November 2016, with 66 percent opposing the measure in the Bend-Redmond MSA.³⁸

5.2 Property taxes and bonds

In 2014 the Deschutes County permanent property tax, which applies to land, buildings, improvements, machinery, and office furniture and equipment, was \$1.28 per \$1,000 in assessed value, and the county bond rate was \$0.18 per \$1,000.³⁹ The revenue collected from property taxes was \$26.8 million in fiscal year 2014.⁴⁰ Efforts to increase taxes in the metro have had mixed results, and the bonds that succeed with voters presumably indicate what the region values. An example of its priorities can be seen in the Bend Parks and Recreation District's ability to effectively pass bonds. Taxes that benefit schools have also succeeded, but the fortunes of taxes for water, transportation, and public safety have been mixed. This has made it more difficult for the city of Bend to secure funding for investments to support its long-term growth.

5.3 Commercial and industrial space

The expansion of new industries and the associated growth have caused two increasingly common side effects: the limited availability of space and higher living costs (Section 2 & 7).

For the eight quarters starting in the fourth quarter of 2014, there was a decrease in Bend's available office space (down 51.6 percent), retail space (down 33.2 percent), and industrial space (down 14.8 percent). Redmond saw a 56.2 percent decrease in industrial space over that period. Total industrial square footage in the Bend-Redmond MSA has increased 2.1 percent and 3.7 percent respectively, as commercial and residential stock decline.⁴¹

As companies continue to grow, space becomes a more pressing issue. Expansions of the urban growth boundaries (UGBs) in Redmond and Bend, planned with each city's economic makeup in mind, should provide more space for developers to meet commercial demand. State regulations and the pace of growth are likely to continue to pressure the supply of commercial space, in part by design. Redmond

has the capacity to meet industrial demand despite an industry trend toward purchasing larger parcels of land. Bend is looking to balance land use to support expanding businesses while increasing density in some areas to boost the supply of affordable housing. The residential rental vacancy rate in town is under 2 percent (Figure 10).

Table 4 Vacancy rates for commercial and industrial space

Place and space type	2014 Q4 vacancy rates (percent)	2016 Q3 vacancy rates (percent)	2-year average vacancy rates (percent)
Bend office	10.5	5.1	7.3
Bend retail	6.7	4.5	5.4
Bend industrial	6.7	5.5	5.7
Redmond industrial	10.5	4.6	6.3

Source: Compass Commercial.

5.4 The role of economic development and civic organizations

As discussed earlier, cooperation is a hallmark of the regional economy. Agencies work in tandem to raise the efficiency of their development efforts. The best example of such a partnership is Economic Development for Central Oregon, or EDCO. The organization is based in Bend but has offices in six surrounding municipalities that provide points of contact for businesses interested in the region. The coordination between EDCO and local governments allows for clear roles in development efforts. Recruitment of businesses is run through EDCO until contact is made with the relevant public office.

EDCO's recruitment efforts are a driver of the region's economic diversification, and the organization is credited with connecting and convening the right people in productive discussion. It has tried to develop a well-rounded high-tech sector and promote the beer and cider industry while facilitating the growth of the outdoor goods sector. Each municipality in central Oregon is represented on its board of directors. The rest of the board is composed of business stakeholders from education, finance, utilities, employment services, and real estate.

EDCO's focus on traded sectors leaves local chambers of commerce free to support other businesses and tackle issues like workforce training or street revitalization that are relevant to their communities. Such cooperation does not exist in a vacuum. VisitBend, the Central Oregon Visitor Association (COVA), and Travel Oregon have clearly defined roles and targets. These organizations represent Bend, central Oregon and the state's efforts to promote tourism. VisitBend focuses on in-state tourism, COVA targets interstate tourism, and Travel Oregon handles international promotion. The city of Bend has taken steps to provide a direct line of communication by setting up a full-time business advocate position.

Clearly, local leaders are motivated to facilitate communication, define roles, and effectively delegate resources and responsibilities. In this collaborative atmosphere, EDCO plays a defining role in shaping the overall business climate.

5.5 Business culture

The region's business culture is often attributed to the mindset of the people who have moved to the region over the decades and the commitment to active engagement. After the decline of the logging industry, employment in central Oregon relied largely on tourism and services for retirees and visitors. Other new residents, still in the workforce but either able to commute or unrestrained by location, chose to move to the region for the quality of life. Still others arrived, then looked for employment or

created opportunities for themselves. This community of choice has been manifested in several ways. One is an emphasis on entrepreneurship. The second is an observable camaraderie gained through common experience and similar goals. The accountability that the size of the community brings causes people to care more about how they are viewed, helping to enforce norms. Together, this has helped focus the business community on shared goals and increased its influence. This represents a new state of affairs—before the Great Recession, there was a lower level of connection and communication within the business community as well as between it and others in the region.

5.6 Entrepreneurial culture

The enthusiasm for entrepreneurship in the Bend-Redmond MSA since the recession grew out of both choice and necessity. Compared with the previous five years, Bend saw a 42 percent increase in the number of businesses started between 2010 and 2014. First-year failure rates have stayed relatively constant over that period at around 27 percent, an indicator of the region's ability to sustain new businesses.⁴² Of the 2,521 businesses started since 2008, 705 failed in the first year.⁴³

At an aggregate level, the implications of the failure rate are open to interpretation. A high rate might indicate poor support structures for startups or an intrepid willingness to take on high-risk, high-reward ventures. The failure of a business might mean the idea was unsustainable, and its closure might enable resources to be directed toward an idea that can succeed. Alternatively, such a failure can increase an entrepreneur's human capital through the experience of trying and failing, making him or her more effective in the next enterprise.

The centralized nature of the network in this metro speeds up these effects. As the metro economy grows, so will the size of the network, and scaling up the current entrepreneurial infrastructure to include more people may prove challenging. However, as more companies and entrepreneurs recognize the region as a potential location, firms could expand their access to expertise in the network. Despite the benefits of this environment, the region's first-year failure rate is still 1.23 percent higher than the national average over the same period.⁴⁴

5.7 Entrepreneurial capital

An issue for the metro's continued development is access to capital. Bend has a well-developed traditional financial sector that largely serves the real estate market. It includes large banks and regional institutions, totaling 16. This sector has supported area breweries as well, but as the metro economy has diversified, the financial industry has been hesitant to invest. There are two venture funds in the area, Cascade Angels and Seven Peak Ventures, but the startup sector has expressed a desire for more sources of venture funding.

The region has taken action to address this issue. EDCO hosts the Bend Venture Conference, which awarded \$3.7 million to Oregon startups in 2016. Organizers hope that this event, at which tech firms compete for funding, helps to establish Bend as a place for innovation. A social startup category was recently added to its lineup. The Tech Alliance hosts a precursor event, the Unconference, which is designed to be more inclusive of entrepreneurs and offers another opportunity for business networking. The metro recently started to host the Venture Out Festival, which focuses on funding the emerging outdoor products and services sector.

Beyond funding events, organized networking opportunities like PubTalk, mentoring programs through groups like EDCO, Opportunity Knocks, and the Outdoor Roundtable also provide support for businesses

and entrepreneurs. These programs and events amplify the benefits of the metro's small size, supporting a collaborative environment that is atypical of the private sector. Reinforcing the networking opportunities is access to expert knowledge facilitated by these organizations. These experts provide intellectual resources and solutions to tangible problems faced by businesses as they develop. Mentorship programs run by EDCO and other groups allow for these networks to be formalized and facilitate access (Section 6).

5.8 Key findings: business climate

Regional characteristics	Potential impact on resilience
Collaborative culture	<ul style="list-style-type: none"> • Reduces duplication of effort and conflicts • Speeds technology adoption and human capital accumulation • Organizations spur economic diversification • Open networks make incorporating new residents easier • Common goals
Entrepreneurial attitude	<ul style="list-style-type: none"> • Generates new ideas and new companies
Supportive business climate	<ul style="list-style-type: none"> • Resources available to aid business development • Attractive to relocating businesses
Constrained real estate supply	<ul style="list-style-type: none"> • Difficulty finding appropriate/appealing space • Firms' geographic dispersal possibly diminishes clustering benefits as region grows • Higher operating costs

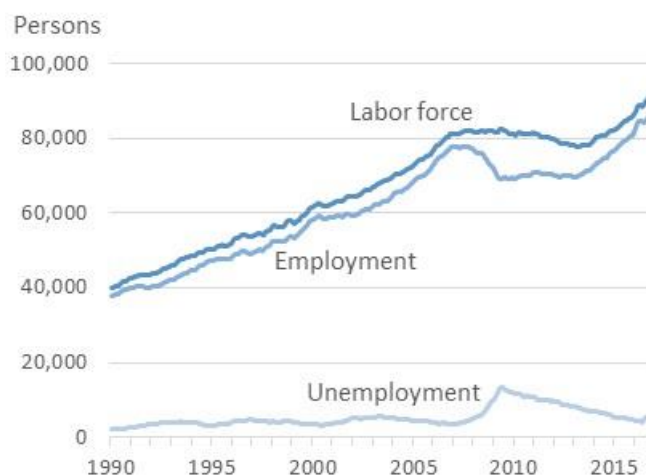
6 Cultivating Talent: Education, Workforce, and Skill Development

6.1 Need for a labor force to fuel growth

As the regional economy diversifies and expands beyond its traditional strengths, the availability of a local workforce with the skills needed to staff target industries becomes increasingly important. While firms might recruit nationally for top positions, local workers—who do not need to be relocated or helped to find housing in a tight market—are preferred for entry-level skilled jobs. In the technology sector, for example, software engineers in West Coast hubs command much higher wages than those in the Bend-Redmond area, and while many are eager to trade off a lower wage against a higher quality of life, a more collaborative environment, and easy access to outdoor recreation, others are wary of moving to a smaller city with fewer opportunities for future jobs. Educating residents with the skills that local firms need would broaden the region's appeal to businesses and expand opportunities for residents.

The size of the Bend-Redmond labor force has doubled since 1990, with growth plateauing only during the period around the recession. The region had a labor force of approximately 91,000 in October 2016 and a 5.4 percent unemployment rate.⁴⁵ This workforce growth has been fueled largely by in-migration, which has swelled the population of the region over the same period (Section 2).

Figure 8 Labor force growth in the Bend-Redmond MSA, 1990-2016



Sources: U.S. Bureau of Labor Statistics, Milken Institute.

6.2 Educational institutions as a partner in workforce development

The region's two major institutions of higher learning are Central Oregon Community College (COCC) and the Oregon State University (OSU) branch in Bend, OSU Cascades, which was co-located with COCC before moving to a campus of its own in 2016.

OSU Cascades expanded to a four-year university in 2015 and now serves more than 1,100 undergraduate and graduate students.⁴⁶ With plans to expand to as many as 5,000 students, the school is considered crucial to expanding the skill set of the local labor force, attracting companies that seek educated workers, and bolstering the region's innovation economy.⁴⁷

Serving six counties in the region, COCC enrolled almost 17,000 students in the 2014-15 academic year, with about two-thirds pursuing courses for credit.⁴⁸ These students pursue multiple objectives at the college, with 40 percent aiming to transfer to a four-year program and 32 percent participating in career technical education (CTE) courses.⁴⁹ The CTE courses prepare graduates for employment based on the skills they acquire during their course work at COCC.

As with other goals, the needs of business and regional economic development are aligned with the contributions of educators through partnership. EDCO aims to link both COCC and OSU's curricula with private-sector workforce needs, and leaders from both institutions serve on EDCO's board.⁵⁰ The recent addition of a computer science degree at OSU-Cascades is a result of these efforts and was developed

with input from local software firms.⁵¹ Another is the equipment that local manufacturers donated to COCC, whose Manufacturing and Applied Technology Center at the Redmond campus helps students acquire real-world skills on industry-appropriate machines so they're ready to work on day one of their employment upon graduation.

The community has expressed its support for education through voter-approved bond measures and private donations. When OSU Cascades needed to demonstrate the community's desire for its continuing presence in Bend, it was able to obtain more than \$1.5 million in commitments from more than 50 donors within two months. At COCC, the Jungers Culinary Center, which opened in 2011, was funded mainly by private donations, and the Health Careers Center and Science Center were funded by voter-approved bond measure.⁵²

This support for education is also evident at the primary and secondary level. A \$96 million school bond was approved by voters in 2013, while other proposals were unsuccessful—for example, a vehicle fuel tax increase to fund infrastructure failed in Bend in 2016.⁵³ High-quality schools⁵⁴ were cited among the reasons that moving to the Bend-Redmond metro appealed to professionals with young families, and immigration has fueled demand for increased classroom capacity and new schools.⁵⁵ In Redmond, both high schools offer CTE courses, providing training for skilled professions.⁵⁶ The CTE courses span a range of subjects, including culinary arts, engineering, robotics, and manufacturing technology. The latter program covers welding and computer-aided design, preparing students for entry-level positions at manufacturing firms.⁵⁷

In addition to training the future workforce, the area's educational institutions contribute indirectly to broader economic gains. Research has shown that wage increases associated with a more educated population also accrue to less educated workers due to the positive externalities of human capital.⁵⁸ Author and urban studies theorist Richard Florida, who has long argued that jobs will follow the creative class and that quality places that can attract people will succeed in the innovation economy, identifies the university as a creative hub and a facilitator of the technology, talent, and tolerance essential for a creative community.

6.3 Educational institutions as facilitators of innovation and entrepreneurship

One of the reasons businesses and people value regions with universities is that they can stimulate innovation and entrepreneurship, generating patents and creating companies in addition to educating the workforce of the future. OSU Cascades is embracing this role, developing the Innovation Center for Excellence, which will house startup firms and give student interns the opportunity to learn about entrepreneurship firsthand. Local leaders are supporting the effort, sharing their expertise and offering funding to firms. To aid entrepreneurship, the Small Business Development Center at COCC provides training, advice, and services, including market research to startups and small firms.⁵⁹ The business administration department also offers an Entrepreneurship Certificate.⁶⁰

Longer-term aspirations include building an innovation campus adjacent to OSU Cascades that would allow innovative firms to co-locate, collaborating more easily with the university and one another. This would also make small industry clusters—such as biotech—more visible, and could help maintain the current collaborative and supportive business culture as the region continues to grow. Preserving the advantages created by regional connections, information flow, and trust among firms is an important goal.

6.4 Community efforts to build human capital

In addition to the contributions of formal education, informal community efforts to share information and know-how support the region's entrepreneurial culture. They span networking events—like EDCO's monthly Pub Talk, where companies network, pitch, and present, to Opportunity Knocks, a membership organization that supports peer-learning groups.⁶¹ These can speed the dissemination of expertise in a business culture where poaching employees from other local firms is frowned upon and job hopping is less common than elsewhere. The sense that all companies in the region would benefit from their cluster's gaining in size and recognition results in sharing information to accelerate growth. The visibility of these networking events online, in addition to high-profile events like the Bend Venture Conference, also may assure potential residents that they can join an active business community upon arrival.

The region also tries to involve residents who may have retired or work elsewhere but are willing to share their business acumen to assist local firms. EDCO has a Stable of Experts, partly drawn from this community, who are willing to advise entrepreneurs pro bono. Retired residents who have had successful careers are a potential asset not just as mentors, but as investors, board members, and executives. Together, these efforts support the dissemination of the region's business culture to new entrants, who can integrate relatively quickly and are then encouraged to offer the same support to the next wave of in-migrants.

Research into the benefits of large clusters indicates that the concentration of firms in a geographic region spurs innovation and the adoption of new skills and technologies.⁶² However, the archetype of a person who moves to the Bend-Redmond region—entrepreneurial, seeking work-life balance, and willing to engage with his or her community—was presented by many of our interviewees as a competitive advantage that mitigates the downside of smaller-size industries. Because they have these values in common, participants are willing to share information and develop solutions together.

6.5 Key findings: education, workforce, and skill development

Regional characteristics	Potential impact on resilience
In-migration fuels population growth	<ul style="list-style-type: none">• Larger, more educated labor force available
Collaborative culture	<ul style="list-style-type: none">• Willingness to support higher education institutions• Alignment between education providers and workforce needs
OSU Cascades and COCC offer local higher education opportunities	<ul style="list-style-type: none">• Increased opportunities for residents• Innovation and entrepreneurship anchored by institutions of higher education• Businesses and residents attracted by regions with four-year universities• Potential facilitators of cluster development
Strong community and networking organizations supportive of continuing learning	<ul style="list-style-type: none">• Faster dissemination of expertise in the network• Simulation of a larger cluster's benefits• Faster growth of more stable companies• Reinforcement of collaborative norms

7 Housing Affordability

Thanks largely to the consistent population growth in the Bend-Redmond metro, home prices have risen for most of the past few decades (Figure 9). Those attracted to the region from higher-cost metropolitan areas typically are able to pay more for housing than residents of less vibrant parts of Oregon. Between 2013 and the first half of 2016, the median home price in the metro climbed at a roughly 10 percent annual rate. For single-family homes, the median reached \$331,475 in the first half of 2016.

Figure 9 Median sales price and growth of single-family homes in Bend-Redmond MSA



Notes: Data are seasonally adjusted; data for second half of 2016 unavailable.

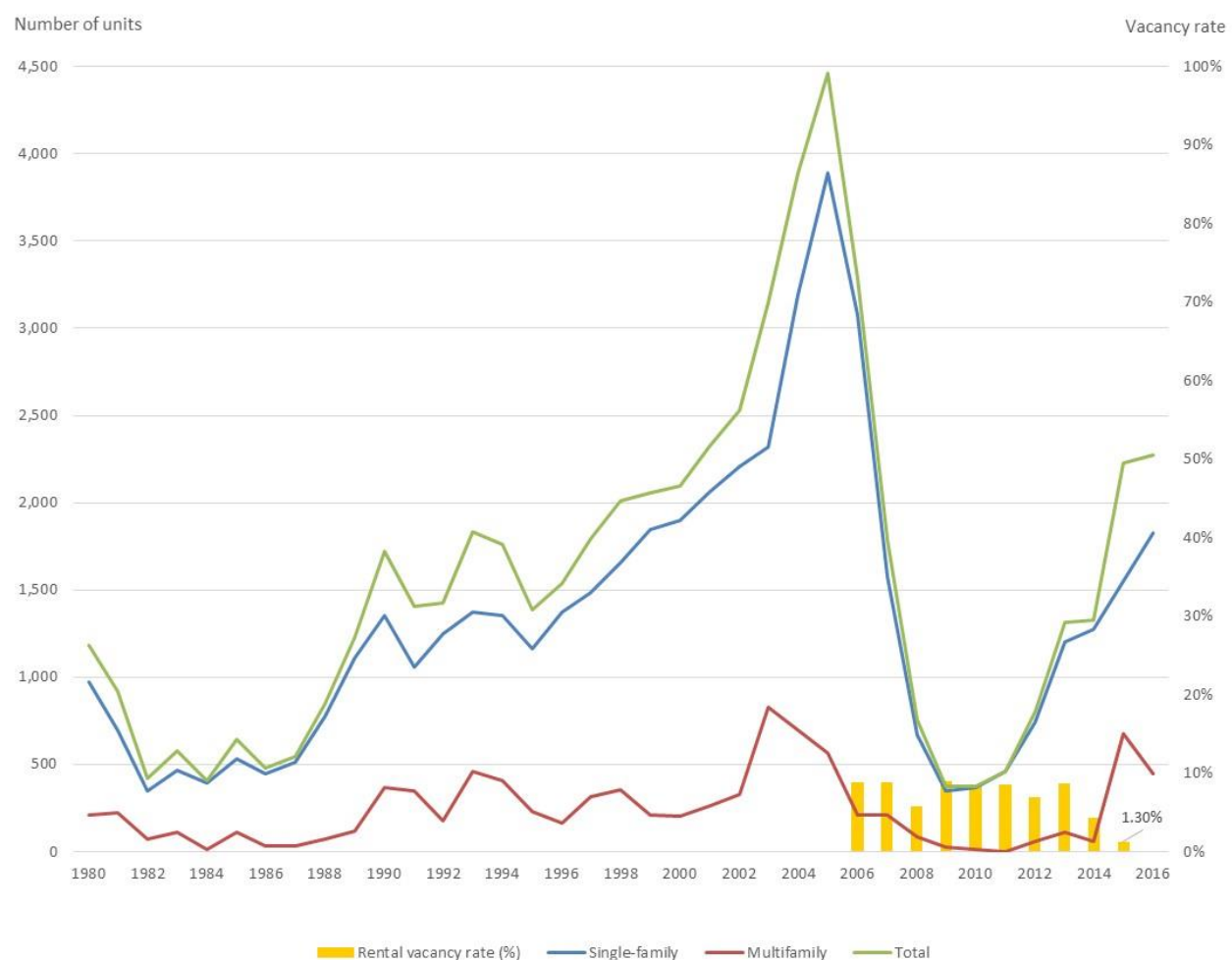
Sources: National Association of Realtors, Moody's Analytics Estimated, Milken Institute.

As more people move to the Bend-Redmond area, the supply of housing is not keeping up with demand. Shortly after the Great Recession, the rental vacancy rate stood between 7 percent and 9 percent, then plummeted. The current rate is around 1 percent (Figure 10).⁶³

Rising home prices coupled with the low rental vacancy rates mark housing affordability as an emerging issue of public concern. It has contributed to a worsening of homelessness, even though the displaced population seems to have contracted slightly in 2015.⁶⁴ Overall, the number of residential unit permits issued has climbed since 2009, but the single-family home segment comprises most of the new housing supply. Despite an uptick in 2015 with 677 permits, the supply of multifamily units in the region has been limited since the recession (Figure 10).

Quite a few interviewees suggested that the region needs a wider variety of housing options. Recently there have been efforts to address this shortfall, such as the First Place project in southeast Bend, which will provide more affordable housing as it is built over the next five years.⁶⁵ Without the creation of substantially more multifamily units, however, affordability may become a more critical problem for people who would like to continue living in or relocate to this metro.

Figure 10 Residential permits and rental vacancy rate in Bend-Redmond MSA



Notes: Data for residential permits are seasonally adjusted; November and December 2016 data unavailable.
Sources: U.S. Census Bureau, Moody's Analytics Estimated, Milken Institute.

Figure 11 shows the housing affordability index, which illustrates whether a median-income family can afford the principal and interest on a median-priced home. A value of 100 indicates that a typical household has enough income to qualify for an 80 percent mortgage in the median-priced category.⁶⁶ The larger the index value, the more affordable a home is. As the exhibit indicates, housing in the Bend-Redmond MSA became more affordable starting in 2007. That measure peaked in 2012, and affordability has declined since then.

Figure 11 Housing affordability index for Bend-Redmond MSA



Sources: National Association of Realtors, U.S. Census Bureau, Moody's Analytics Estimated, Milken Institute.

7.1 Key findings: housing affordability

Regional characteristics	Potential impact on resilience
Significant in-migration	<ul style="list-style-type: none"> • Rising strain on existing infrastructure • Need to manage growth to maintain assets
Low rental vacancy rate	<ul style="list-style-type: none"> • Difficulty obtaining housing for residents and in-migrants
Home prices close to historic peaks	<ul style="list-style-type: none"> • Speculation attracts external capital • Dropping affordability puts low- and middle-wage earners at risk • Homeowners able to obtain credit for entrepreneurial activity • Construction activity increasing

8 Land use and infrastructure

Managing development and funding infrastructure while maintaining the qualities that residents value and visitors seek out is the subject of ongoing discussion in the Bend-Redmond region. Economic and population growth creates demand for additional development. In part, the area's affordable housing shortage has been attributed to urban growth boundary regulations. UGBs, as they're called, aim to curb urban sprawl to preserve agricultural or rural lands, forests, open spaces, and natural resources. Although Redmond and Bend have expanded their UGBs, the expansion process can be long, and by design, limit the possible types of growth.

UGBs are a tool used in managing urban growth. They encourage infill, mixed-use, and denser development, with less dependence on cars and more public transit systems. In addition to facilitating sustainability, the goals include spurring economic development and encouraging affordable housing close to jobs.

This tool has been used both internationally (e.g., Melbourne, Australia) and in the United States. A number of U.S. localities and three states—Oregon, Washington, and Tennessee—have adopted UGBs. In 1973, Oregon approved the Land Conservation and Development Act, which set statewide UGB requirements. UGBs fixed the growth trajectories of Oregon cities for the next 20 years. Though their boundaries can be expanded to accommodate growth, many people argue that expansion approvals typically take too long to keep up with the demand.

The city of Bend established its UGB in 1981.⁶⁷ Since then, there have been several amendments. It was not until December 2016 that Bend's first major UGB expansion was approved by the Oregon Department of Land Conservation and Development, as the result of a planning process started in 2004.⁶⁸ Due to Bend's fast population and economic growth, the restriction of land supply has contributed to its high housing costs and low rental vacancy rate. On the other hand, Redmond's UGB expansion process was shorter than that of Bend, taking around 18 months. The ability to supply more land gives Redmond a competitive advantage in attracting businesses that require space for expansion.

Bend's population growth and the recent expansion of UGBs are likely to pose a series of challenges and opportunities. Securing sufficient investment in infrastructure for new developments will be an ongoing difficulty, given the scale of the need. The local match of 20 percent of the cost of any infrastructure project required to obtain federal money is a significant obstacle. For Bend, the expansion of the public transit and water/waste systems are likely to be the costliest projects. Redmond will be focused on the road and water infrastructure necessary to connect more industrial land as the city develops. That city's need for a larger transportation network may become a more pressing concern as the workforce grows, but it is not a current priority for the municipality.

State laws that allow for every step of public projects to be litigated if there is a concern over private property rights can act as a meaningful brake on development. A potential source of volatility for Bend is that a large portion of construction and housing development is owned and funded by non-residents. Another factor contributing to uncertainty is a vocal community with varied agendas, both social and economic, which makes land development a controversial issue. Typically, taxes for infrastructure expansion in the metro do not get approved, making further public investment impossible. Revenue bonds and fees have had some success with voters but cannot fill funding gaps alone. Finding the revenue to expand water, sewer, and transportation systems at the necessary scale will clearly be an

uphill battle. The current Bend budget sets aside slightly more than \$60 million for all infrastructure projects between 2015 and 2017.⁶⁹

Beyond obtaining community buy-in, another challenge to infrastructure expansion is geology. The ground is mainly basalt rock, raising the costs of development and slowing its pace. This is a major problem for investment in water systems to connect in new real estate developments. Raising sufficient funding has been a constraint on development in general, but a clear example is Juniper Ridge. This public-private project was meant to house a research park but stalled due to the inability to find money. The city of Bend has raised \$3.7 million in urban renewal bonds for the project and has a \$6 million line of credit, but that still leaves a funding gap. The remaining cost is slated to be covered by land sales.⁷⁰ Without the funding, the Oregon Department of Transportation would not allow the city to rezone the area and overhaul U.S. Route 97.⁷¹

The Redmond airport is controlled by the city, not a port authority. This focuses local leaders' agenda on making the airport both a commercial and passenger transportation hub (Section 3.1). The facility has helped to make up for the lack of a major interstate highway connecting central Oregon to the West Coast and other points, which has limited the scalability of industries like beer and outdoor apparel. Consequently, companies have to expand outside the area or choose more costly methods of transporting goods. Deschutes Brewery is opening its second location in Roanoke, Va., to reduce shipping costs to East Coast markets. Ruffwear originally did its warehousing in Bend but has been forced to move that operation to Portland. Sudara has maintained split shipping because other options are not cost-effective. As the region's companies and population increase in size, the problem of logistical inefficiency is likely to worsen. The increasing scale of operations boosts demand for a locally based third-party logistics provider to serve businesses that want to ship products.

8.1 Key findings: land use and infrastructure

Regional characteristics	Potential impact on resilience
Significant in-migration driving population growth	<ul style="list-style-type: none"> • Growing workforce available • Rising strain on existing infrastructure • Need to manage growth to maintain assets
Urban Growth Boundaries define development patterns	<ul style="list-style-type: none"> • Cities have to plan for growth • Lower flexibility to adapt to new opportunities • Requires increased density to address growth • Requires discussions that aid community alignment and understanding of future
Attractive natural setting and remote location	<ul style="list-style-type: none"> • Transportation to market challenging for some products • Good air service given size of local market

9 Quality of Life

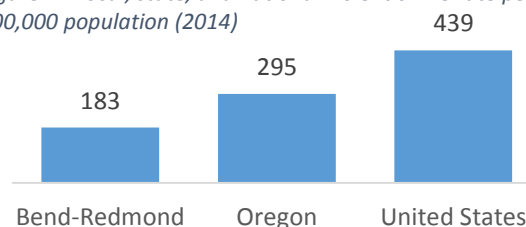
Many of the attractions that draw tourists to the Bend-Redmond MSA also improve the quality of life for residents. Bendites can get through workweeks knowing they can enjoy many outdoor activities during their weekends. Some companies even allow employees to work longer hours some days followed by several days off so they can do the things that brought them to Bend-Redmond. This work/life balance is difficult to achieve elsewhere. However, partly because Bend attracts like-minded people who envision a particular lifestyle, ethnic diversity remains an issue, as it does for most of Oregon.

There is a familial aura about the area that makes it seem as though everybody knows everybody, and newcomers often find a warm reception. This adds to the cooperative, helping-hand character of the region, which reverberates into the business climate. Many people cherish this aspect of Bend-Redmond and fear that its growth may lead to the loss of that friendly, small-town feel. In a highly engaged community, expansion efforts can meet resistance at times.

The area is blessed with a rare mix of city amenities and restful isolation that may prove difficult to hold on to. Most residents will say there are several communities in the region, each with its own distinct atmosphere. People are able to choose a location based on the environment they prefer. People who like downtown areas can choose downtown Bend and enjoy the charming center with eateries and shops or downtown Redmond for its rustic feel. Others might seek the convenience of being near large stores like Costco on Bend's east side. Golfers may choose the Awbrey Butte neighborhood, which is home to several country clubs, while those who favor an Old West ambience or want to be closer to the elements can choose Sisters. The community has a Western-themed downtown and hosts the headquarters for a portion of the Deschutes National Forest. In sum, the Bend-Redmond MSA offers a variety of locales that people can choose from to suit their pace of life.⁷²

People, especially those of retirement age, can be hesitant to locate in small cities because they need access to high-quality, plentiful medical care. Bend-Redmond offers the slower speed of a small town but has the medical centers necessary for an aging population. For families, the area's very low violent crime rate⁷³ (Figure 12) and highly regarded school system are important advantages. Though low crime rates are common in small cities, high-quality health care and education are not as prevalent, making Bend-Redmond well-equipped to attract and retain residents who will contribute to its community and economy.

Figure 12 Local, state, and national violent crime rate per 100,000 population (2014)



Sources: Federal Bureau of Investigation, Milken Institute.

9.1 Key findings: quality of life

Regional characteristics	Potential impact on resilience
Significant in-migration driving population growth	<ul style="list-style-type: none">• Growing workforce available• Rising strain on existing infrastructure• Need to manage growth to maintain assets
Attractive natural setting and remote location	<ul style="list-style-type: none">• Attracts visitors, new residents, and businesses that value outdoor recreation

10 Lessons from Bend-Redmond

The MSA suffered substantial losses in employment and property values during the last recession. As it emerged from the downturn, gains came quickly, faster than in peer regions. But amid the recovery, Bend-Redmond has not simply returned to previous form. The economy has changed, and there are signs that the MSA may be better prepared for the next economic challenge and other cities may be able to learn from its experience. Some of the strategies that build resilience are relevant only to metros that have similar assets—natural beauty, for example. Other lessons have wider applicability and could benefit metros with strong industry specialization.

Diversification comes in many forms, but successful efforts build on existing strengths. In the Bend-Redmond region, ongoing efforts to expand the industrial base have focused on areas where a small concentration has substantial growth potential or where the relevant expertise exists in a closely related industry. The ability to attract entrepreneurial professionals drawn to a high quality of life also factors into the choice of target industries. In the tourism field, branching out to broader geographies and coordinating marketing efforts among agencies have increased visitor numbers during the shoulder season and aided resilience during the downturn. Overall, the clear assignment of responsibilities among development and marketing organizations has helped the region maximize the impact of these efforts.

Effective collaboration can help a small region achieve big things. Despite the large proportion of transplants in the population, a shared sense of community and strong organizational partnerships have yielded a united effort to build on the region's assets. This has led to the establishment of a four-year program at the university branch campus, created the largest angel investment conference in the Pacific Northwest, and narrowed the gap between education and business—creating more opportunity for graduates entering the workforce. Networking and mentoring programs have spread expertise that might otherwise be hard to find in a smaller metro, supporting the growth and robustness of new businesses. The small size and connectedness of the business community helps to enforce norms and integrate in-migrants, but this may become difficult to maintain as the metro grows.

There is more to an attractive business climate than competitive tax rates and limited regulations. The combination of a collaborative culture, a supportive attitude among government and economic development agencies, and a location that attracts talent at a discount all help the area compete. Bend-Redmond's entrepreneurial environment encourages firms to learn from one another. Local business owners recognize that expanding their sectors benefits all constituents by reassuring investors that the region is a solid headquarters location and by attracting a larger talent pool with the assurance that prospective residents can find a career, not just a single job. Keeping pace with the demand for infrastructure and real estate remains a challenge. A willingness to address issues and work together toward common goals generates a sense of purpose for all stakeholders.

Quality of place can be leveraged to yield more than tourists and holiday homes. Economic growth in the region has been fueled in part by the in-migration of people who use their capital, skills, and entrepreneurial energy to create an opportunity for themselves. Their purchasing power and patronage have supported the construction and year-round service industries, and their human capital enriches the workforce. For new as well as longtime residents, quality of life and quality of place are assets that must be preserved even as more people move to the region. There is a shared understanding, therefore, that growth must be managed carefully, despite varying views of the correct approach.

While the attributes of the MSA that create a high quality of life may not be easily replicated in other regions, the policies and strategies we identified in this report have strengthened its economic resilience. To establish whether these are broadly applicable, we will conduct additional case studies in the coming year as part of our “Regional Performance Over Time” research.

11 About the Authors

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