



Oregon

Kate Brown, Governor

Department of Land Conservation and Development

635 Capitol Street NE, Suite 150

Salem, Oregon 97301-2540

Phone: (503) 373-0050

Fax: (503) 378-5518

www.oregon.gov/LCD



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TO: Senator Shemia Fagan, Chair, Senate Committee on Housing
Senator Michael Dembrow, Chair, Senate Committee on Environment and Natural Resources
Representative Alissa Keny-Guyer, Chair, House Committee on Human Services and Housing
Representative Brian Clem, Chair, House Committee on Agriculture and Land Use

FROM: Jim Rue, Director, Oregon Department of Land Conservation and Development

RE: Report on Implementation of HB 4079 (2016) – Affordable Housing Pilot Program¹

Summary

The 2016 Legislative Assembly adopted HB 4079, a pilot program which authorized the Land Conservation and Development Commission (LCDC) to select two cities in Oregon for an urban growth boundary expansion to promote affordable housing, without going through the normal urban growth boundary expansion process. Specifically, HB 4079 authorized LCDC to select two cities for the program, one with population greater than 25,000, and the other with population up to 25,000. The law excludes cities in the three Portland Metro area counties, Marion County, Polk County, and (effectively) cities in Jefferson County from eligibility for the program. This pilot program authorizes a city to expand its urban growth boundary through an expedited process if the city dedicates at least at least 30 percent of the newly built housing as affordable, and protects the newly added land for continued use as affordable housing for 50 years.

The department's outreach efforts reached almost 50 cities directly, and engaged other interested parties, including homebuilders, affordable housing providers, foundation staff, and consultants.² The department received five pre-applications for the program. Three of these pre-applications were from cities with population greater than 25,000 (Bend, Eugene, Redmond) and two are from cities with population up to 25,000 (Sisters, Wheeler). Ultimately, two cities – Bend and Redmond – submitted final applications.

Department staff evaluated the two proposals, obtaining additional input to assess the development feasibility and expertise of the two applications. In November 2018, after hearing presentations from the local governments and staff, the Land Conservation and Development Commission selected the City of Bend for the pilot program. The department is now working with the city to implement the pilot program.

¹ Section 9 of HB 4079 requires the department to report to the 2019 Legislative Assembly committees relating to housing and human services during the legislative session. This memo constitutes that report.

² The department's report to the 2018 Legislature summarizes the reasons cities reported for not applying for the pilot program. That report can be found here:

<https://digital.osl.state.or.us/islandora/object/osl:139017>

Project Summaries

1. City of Bend

The City of Bend proposed a 35-acre project on the eastern side of Bend’s UGB. The proposed project included 394 units, 185 of which would be for households making less than 60 percent of Area Median Income (AMI), 175 for households making less than 120 percent AMI,³ and the 34 remaining units were not income restricted. With the exception of 38 units (which appear to be market rate), all of the units are proposed as rentals. In terms of structure type, Bend proposed 19 multi-family buildings and 63 single-family attached buildings. In addition, the proposal included 23,000 square feet of neighborhood commercial space. Overall, proposed residential density for the site is 11 units per gross acre and 16 units per net acre. The site contains six acres of potential wetland area, which proposed to be included in a park.

“Bend has a severe shortage of housing for our teachers, fire fighters and service industry employees. This development will have a huge impact on the lives of those who are struggling to make ends meet in Bend.”

*- Bend Affordable Housing Manager,
Lynne McConnell*

As stated above, the project includes neighborhood commercial space, which is not committed, but stated as possibly including space for a non-profit service provider or childcare business. Other identified amenities include a community building, community room in a residential building, common restrooms, a playground, and community garden plots. Secure bike parking/storage will be provided along with 499 surface parking spaces.

The subject property is currently zoned MUA-10, which is a rural residential exception area. The land to the west is inside the UGB, and primarily developed with residential uses. The remainder of the surrounding property is zoned exclusive farm use (EFU), though the property to the east is proposed to be rezoned to rural “exception” land.

2. City of Redmond

The City of Redmond proposed a 40-acre project on the east side of Redmond, in an area covered by Redmond’s Eastside Framework Plan. The proposed development includes 485 units with a mix of low-rise apartments, 4-plexes, townhomes, and cottages. The city proposed that half of the units (243) be reserved as affordable housing, with 10 of these units reserved for households with incomes less than 30 percent AMI, 10 units reserved for households with incomes between 30-60 percent AMI, and 223 units reserved for households between 60-80 percent AMI. The remaining 242 would be reserved for households with incomes between 80-120 percent AMI (while the city did not provide confirmation within the application that these units would be contractually deed-restricted, it appears that was their intent).

Redmond also proposed two mixed-use buildings, with a small amount of community uses and a small convenience store. The plan also includes parks and greenway areas totaling 3.9 acres. The site is part of the city’s Eastside Framework Plan, a “complete community” concept plan for the city’s urban reserve

³ Bend uses the phrase “submarket” to describe units provided at 80-120 percent AMI. For purposes of this pilot, such units are counted as “market rate housing units” unless the unit is in a space in a manufactured dwelling park. See OAR 660-039-0010(1).

area to the east of the existing urban growth boundary. Overall, residential density for the site is 12 units per gross acre.

With respect to amenities, Redmond’s proposal included a community room in a residential building, a common laundry room, a playground, garden plots, and both in-unit and secure outdoor storage. Redmond described that additional amenities including vegetated alleys and linear parks, park areas (including a dog park), transit plaza, and learning room will be developed, and the site has access to trails. Secure bike storage/parking was proposed along with an undetermined number of surface parking spaces.

The subject property is currently zoned EFU, but is not high-value farmland. It is also within the city’s acknowledged urban reserve area. The land to the north, east, and west is also zoned EFU, but is in the city’s urban reserve. The land to the south is inside the Redmond UGB, and is zoned and developed for industrial and employment uses.

“This is not an easy choice. We know both cities are committed to providing more and better housing options for the people who live there.”

- Commission Chair, Jerry Lidz

Commission Selection & Next Steps

With the exception of transit,⁴ both projects met – and in many cases exceeded – the minimum approval requirements for the pilot program. Both cities invested considerable time, effort, and commitment in the pilot applications specifically, and in the provision of affordable housing more generally. Ultimately, the commission selected the City of Bend, placing a priority on development feasibility and infrastructure.

The City of Bend is now working on implementation, which includes finalizing the development code and the provision of public facilities and services.

⁴ The availability of transit is critical for access to employment, schools, and other services.