



HOUSING PRODUCTION STRATEGY

MAY 2023



OREGON
Department of
Land Conservation
& Development

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EXECUTIVE SUMMARY

OVERVIEW

Cities with a population over 10,000 are required to adopt a Housing Production Strategy (HPS). The HPS outlines a list of tools, actions, and policies the City of North Bend plans to take to address housing needs within the City. The HPS prioritizes current and future housing needs and outlines equitable and actionable policies, strategies, and implementation steps needed to encourage the production of housing.

The HPS report summarizes recommendations for adoption of a range of housing strategies or tools to study further and potentially implement — these include regulatory changes, incentives, fundings sources, programs, and partnerships.

ENGAGEMENT SUMMARY

The City of North Bend is committed to reaching a broad range of community members to consider all perspectives related to housing, including households who are challenged with finding safe, affordable, and adequate housing. The City values openness and transparency, recognizing that successful public engagement leads to more sustainable decisions.

The public engagement for the North Bend HPS allowed community members and interested parties to share their perspectives and input. This project was developed through a collaborative process among the community, the City, various public agencies, stakeholders, and consultants to ensure that multiple points of view were considered and understood.

The process included meetings with a public advisory committee (PAC). The PAC provided input and offered recommendations to the project team. The committee was comprised of stakeholders who represent a variety of housing interests. The committee met five times at key milestones over the course of the planning process to review and share feedback.

Project team members conducted one-on-one and small group interviews with advisory committee members and other selected stakeholders. Participants in the stakeholder interviews shared feedback around their specialized interests.

The project team developed an online open house to provide the general public with an opportunity to learn about the HPS and share their feedback to inform the planning process and conducted a community meeting in March, 2023 to solicit comments on the draft HPS Report. The team also conducted work sessions and public hearings with the North Bend Planning Commission and City Council as part of the adoption process.

The results of these efforts guided preparation of the HPS and development, review and prioritization of strategies in the Report in the following ways:

- Stakeholder interviews with housing producers and providers, as well as social service agency representatives and other were instrumental in identifying and prioritizing strategies. For example, stakeholders emphasized the need for support for and partnerships with affordable housing providers, potential increases in density for multi-family housing, and coordination with local property owners to help unlock opportunities for additional residential development. The results of those meetings informed many of the findings of the Contextualized Housing Needs Assessment, particularly related to underserved communities and others with specific unmet housing needs (e.g., houseless individuals, people with low incomes, and Tribal members).
- Meetings of the Project Advisory Committee (PAC) were used to review, refine, and prioritize specific strategies included in the HPS. PAC members reviewed, commented on and provided guidance on initial priorities and refinements to them. PAC members also served as resources for obtaining and evaluating information included in the Contextualized Housing Needs Assessment.

- The online survey conducted in the latter stages of the project was used to gauge community support for strategies identified in the HPS, and the priorities identified for them. In general, results of the survey aligned with HPS priorities.

2022

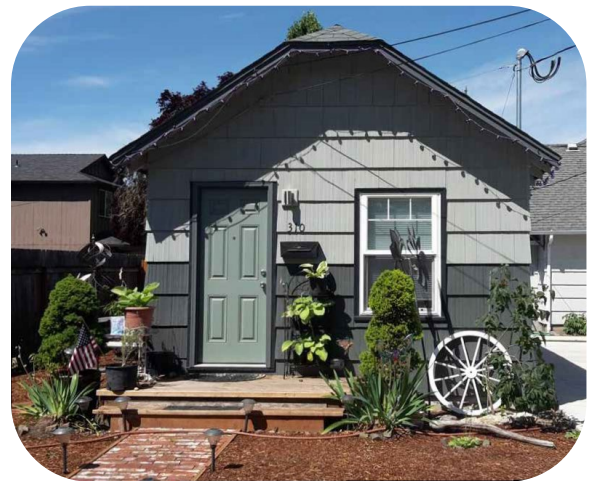


2023



HOUSING NEEDS IN NORTH BEND

North Bend residents and workers face a variety of current and future housing needs to ensure that communities are able to obtain the types of housing they need and can afford. Information in this section comes from the Housing Needs Analysis conducted for the City, as well as the Contextualized Housing Needs Assessment prepared as part of the HPS process. Housing Needs are described in more detail in the following section of this Report and in both of those documents. Summary findings related to housing needs include:



Current Housing Needs and Conditions

- North Bend has a greater share of homeowner households than renter households. The 2019 American Community Survey estimates that 56% of occupied units were owner occupied, and 44% renter occupied.
- Households with lower incomes tend to spend more than 30% of their income on housing (a standard benchmark for housing affordability), while incrementally fewer of those in higher income groups spend more than 30% of their incomes on housing costs. Of those earning less than \$20,000, it is estimated that most owner and renter households spend more than 30% of their income on housing costs. For renters, 36% spend more than 30% of their income on gross rent, but an estimated 13% are spending 50% or more of their income on housing and are considered severely rent-burdened.
- North Bend is home to 156 subsidized affordable units in seven separate properties. Most units are for families (141), with smaller share for the disabled (2), veterans (11), or those in recovery from substance abuse (8). These are properties that are funded through HUD programs, tax credits and other programs which guarantee subsidized rents for qualified households.
- The one-night homeless count conducted in 2019 found 613 total unsheltered homeless individuals in Coos County, a rate of over 9 persons per 1,000. The count found 483 unsheltered individuals, or 79% of the homeless, and 130 individuals who were in some form of temporary shelter.

- In general, the middle portion of the housing market in North Bend is generally well supplied for ownership households. Upper income households in North Bend could perhaps support some more expensive housing supply, though new housing built in recent years is filling this niche. The largest supply is found around the middle price points, near the median home price, while income is more broadly distributed.
- The current market rates for most rental units are in the \$800 to \$1,200/month range. Therefore, this is where most of the rental unit supply is currently clustered. There is support for more rental housing appropriate for the lowest income households. Rentals at the most expensive levels generally represent single family homes for rent.
- In general, estimated incomes in the city have outpaced the estimated value of available housing for some owners. There is support for rentals for the lowest income households, as well as some rentals for higher-income households.
- Roughly 17% of households in North Bend earn less than \$40,000 per year, meaning that the bulk of housing supply on the current for-sale market is likely too expensive for most of these households.

Future Housing Needs

- The results show a need for roughly 260 new housing units by 2042.
- Of the new units needed, roughly 48% are projected to be ownership units, while 52% are projected to be rental units. This represents more renters than the estimated tenure split, but it is projected that more rental units will need to be added to balance the disproportionate share of ownership units in the current inventory, and the projection for a slightly decline in ownership rate.
- There is some need for new ownership housing at the lower-middle portion of the pricing spectrum. But income trends suggest that the greatest demand will remain in the middle and higher price ranges (\$200k to \$500k).
- The greatest need for rental units is found at the lowest and some higher price points. Market rents are currently clustered in the \$800 to \$1,200 range in current dollars. Therefore, most units are to be found in this range.
- 60% of the new units are projected to be single family detached homes, while 38% is projected to be some form of attached housing, and 2% are projected to be new manufactured homes.
- Single family attached units (townhomes on individual lots) are projected to meet 9% of future needs. These are defined as units on separate tax lots, attached by a wall but separately metered, the most common example being townhome units.
- Duplex, triplex, and four-plex units are projected to represent 7% of the total need. Duplex units would include a detached single-family home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)
- 22% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 2% of new needed units are projected to be manufactured home units, which meet the needs of some low-income households for both ownership and rental.
- Of ownership units, 94% are projected to be detached single-family homes or manufactured homes, and 6% projected to be attached forms.
- About 69% of new rental units are projected to be found in new attached buildings, with 42% projected in rental properties of 5 or more units, and 27% in other attached housing forms. 31% of new rental units are projected to be detached homes, including manufactured homes.

- The supply at the lowest end of the spectrum will be insufficient due to the prevalence of newer homes most of which are detached houses. (This reflects the estimated value of the total housing stock, and not necessarily the average pricing for housing currently for sale.) Ownership options and lower and middle price points are often manufactured homes, older or substandard homes, townhomes, condos, and small detached homes, often on smaller lots.
- There is an existing and on-going need for households with low and very-low incomes, based on income levels specified by Oregon Housing and Community Services for Coos County. An estimated 40% of households qualify as at least “low income” or lower on the income scale, while 13% of household qualify as “extremely low income.”

Housing Needs of Vulnerable and Underserved Populations

- **Foster youth** include youth and their families that are involved with child welfare services. They tend to face reduced opportunities for access to education and higher paying jobs and a higher risk of experiencing homelessness or unstable housing conditions.
- **The LGBTQ+ Community** faces pervasive housing discrimination based on their sexual or gender identity. For transgender persons experiencing homelessness, they are more likely to avoid staying in a shelter out of fear of mistreatment or harassment.
- **Persons with mental illness** face significant barriers to obtaining safe and affordable housing. People with severe and persistent mental illnesses rely on Supplemental Social Security income, which is often not enough to cover rent and other living expenses.
- **Persons with physical disabilities** also face barriers in finding housing that meets their needs. A relatively limited supply of housing units have features that make units accessible to people with disabilities, particularly in independent housing units.
- **People released from incarceration face a number of barriers to finding housing.** Newly released offenders can have difficulty securing work and stable incomes. Furthermore, parole condition may prevent them from living with friends and family, and property owners may refuse to rent based on their criminal background.
- **Survivors of domestic violence** have unique housing needs. In many areas, housing costs are high enough that it requires two income-earners. As a result, women experiencing domestic violence may stay with their perpetrator to avoid homelessness.



FAIR AND EQUITABLE HOUSING OUTCOMES

The majority of strategies described in this report are intended to achieve fair and equitable outcomes. They do this in the following ways:

- Increasing the supply of housing to reduce costs overall.
- Expanding the range of housing choices, particularly those housing types that have the potential to be less costly to produce.
- Increasing production of housing affordable to people with low or moderate incomes and/or other underserved populations.
- Increasing housing opportunities for tribal residents.

STRATEGIES AND ACTIONS

The following tables summarize the housing strategies recommended for the City of North Bend to pursue. Details about these strategies can be found later in this report. Additional information and examples specific to each strategy is provided in Appendix B.

Land Use and Zoning Strategies

Land use and zoning strategies include those that would potentially increase the supply of residential land available for the development of future housing.

	Strategy	Priority
I.1	Rezone Land	Long-term
I.2	Property Owner Coordination	Near-term



Policy and Development Code Strategies

Policy and incentive strategies include potential changes to the City's housing policies and development code to allow more housing or incentivize certain types of housing and affordable housing.

	Strategy	Priority
2.1	Increase Allowed Density in Existing Zones	Near-term
2.2	Code Updates to Support a Variety of Housing Types	Near-term
2.3	Promote Accessory Dwelling Units (ADU's)	Near-term
2.4	Regulatory Incentives for Affordable and Workforce Housing	Near-term
2.5	Reduce Unnecessary Barriers to Housing	Long-term



Incentives

Incentive strategies are intended to make the development of housing – particularly affordable housing – more feasible or financially viable by reducing fees or other costs and by reducing procedural barriers.

	Strategy	Priority
3.1	System Development Charge Reductions, Exemptions, or Deferrals	Long-term
3.2	Tax Exemptions or Abatements to Housing	Near-term
3.3	Land Use Permit Fee Reductions	Long-term
3.4	Expedited Development Review	Long-term



Funding Sources and Programs

Funding sources and programs are programmatic strategies that could help increase housing supply (particularly affordable housing), support existing affordable housing, and/or leverage partnerships to catalyze housing development.

	Strategy	Priority
4.1	Tax Increment Financing	Near-term
4.2	Subsidized Affordable Housing	Near-term
4.3	Land Acquisition and Banking	Long-term
4.4	Construction Excise Tax (CET)	Long-term
4.5	Public-Private Partnerships and Community Land Trusts	Near-term
4.6	Financial Assistance and Homebuyer Education Programs	Near-term (education)
4.7	Tenant Protection Programs and Policies	Long-term
4.8	Dedicated Revenue Sources for Affordable Housing	Long-term
4.9	Flexible Use of Housing Choice Vouchers	Long-term
4..10	General Obligation Bonds – for Affordable Housing	Long-term
4.11	Indian Housing Block Grants (IHBG)	Near-term
4.12	Local Innovation and Fast Track (LIFT) Program for Affordable Rental Housing Development	Near-term



NORTH BEND HOUSING NEEDS

This section summarizes current housing needs and conditions, future housing needs, and the needs of underserved and vulnerable populations. It relies on information from the Housing Needs Analysis conducted for the City as part of a parallel effort, as well as the Contextualized Housing Needs Assessment prepared as part of the HPS process. Both of those documents provide more detailed information about this topic.

SOCIO-ECONOMIC AND DEMOGRAPHIC TRENDS AFFECTING HOUSING NEEDS

This section highlights information about current and forecasted population and household growth, key demographic trends affecting future housing needs, housing affordability, and homelessness.

Population and Forecasted Growth

North Bend is a city of over 10,000 residents within its Urban Growth Boundary. The recently completed HNA estimates that this population resides in an estimated 4,300 households with an average of 2.4 people each. There is also a small group quarters population of roughly 90 people.

North Bend has grown by 330 households since 2000, or an average of 15 net new households per year. The estimated number of housing units has grown at a similar rate, adding an estimated 340 units in that period. This is growth of 8% over the past two decades (details in Figure 1).



Figure 1: North Bend Demographic Profile (2000 – 2022)

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS					
	2000	2020	Growth	2022	Growth
	(Census)	(Census)	00-20	(PSU)	20-22
Population ¹	9,577	10,353	8%	10,436	1%
Households ²	3,983	4,309	8%	4,312	0%
Families ³	2,564	2,840	11%	2,841	0%
Housing Units ⁴	4,313	4,624	7%	4,651	1%
Group Quarters Population ⁵	200	88	-56%	88	0%
<i>Household Size (non-group)</i>	2.35	2.40	2%	2.40	0%
<i>Avg. Family Size</i>	2.95	2.69	-9%	2.69	0%
PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000	2020	Growth	2022	Growth
	(Census)	(Census)	00-20	(Proj.)	10-22
Per Capita (\$)	\$16,703	\$33,549	na	\$35,972	7%
Median HH (\$)	\$33,333	\$59,577	na	\$63,139	6%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901; S19301

1 From US Census, growth rate 2000-2020 extended to 2022

2 2022 Households = (2022 population - Group Quarters Population)/2022 HH Size

3 Ratio of 2022 Families to total HH is based on 2019 ACS 5-year Estimates

4 2022 housing units are the '20 Census total plus new units permitted from '20 through '21 (source: Census, City)

5 Ratio of 2022 Group Quarters Population to Total Population is kept constant from 2020.

Source: North Bend Housing Needs Analysis (2022)

North Bend’s population is forecast to grow at an average rate of 0.3% per year over the 20-year period studied in the HNA. This is similar to the average growth of 0.4% per year experienced since 2000.

The forecasted growth amounts to an estimated 580 new residents, living in 240 new households. Once vacancy is factored in, there is a projected need for 260 new housing units by 2042, or roughly 15 units per year, the average rate that has persisted since 2000.

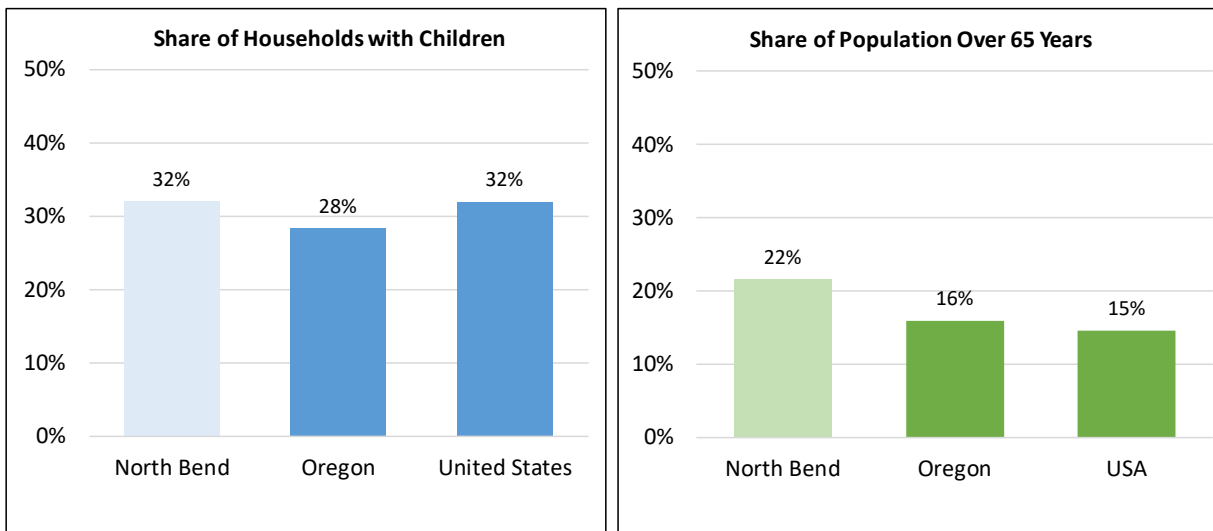
Demographic Trends

Several demographic trends have a significant impact on the type of housing needed now and in the future. These include age of residents, household size and income. Ethnicity and the presence of physical disabilities also impacts housing availability and potential barriers to obtaining needed housing. Key indicators and trends in North Bend include:

- Despite the general aging of the population, an estimated 83% of the population is under 65 years of age.
- In the 2019 ACS, the local median age was an estimated 43 years, higher than the median of 39 years across Oregon.
- Compared to the state, North Bend has a higher share of households with children, and a similar share to the US.
- North Bend’s average household size of 2.4 people, with 66% family households, is higher than the average across Coos County.

- North Bend’s estimated median household income was over \$63,000 in 2022. This is 20% higher than the Coos County median of \$49,500, and roughly 6% lower than the statewide median of \$67,000. North Bend’s per capita income is roughly \$36,000.
- Median income has grown an estimated 89% since 2000, in real dollars. Inflation was an estimated 56% over this period, so the local median income has well exceeded inflation. This is not the case in many regions and nationally, where income growth has not kept pace with inflation.
- North Bend grew more diverse between the 2010 and 2020 Census, with the white share of the population falling from 89% to 83%. The share of population in any other individual racial category remains low, generally at 1% to 2%. The exception is those who identify as two or more races, which grew in share of population from 5% to 9%.
- The share of the population in North Bend identifying as Hispanic or Latino (who may also fall under any of the racial categories) has grown from 3% to 6% of the population.
- Of the non-institutionalized population in North Bend, an estimated 17% or 1,650 people report having some form of disability. This is higher than the statewide rate of 14%, but significantly lower than the Coos County rate of 24% of people with a disability.

Figure 2: Share of Households with Children/Population over 65 Years (North Bend and Comparisons)

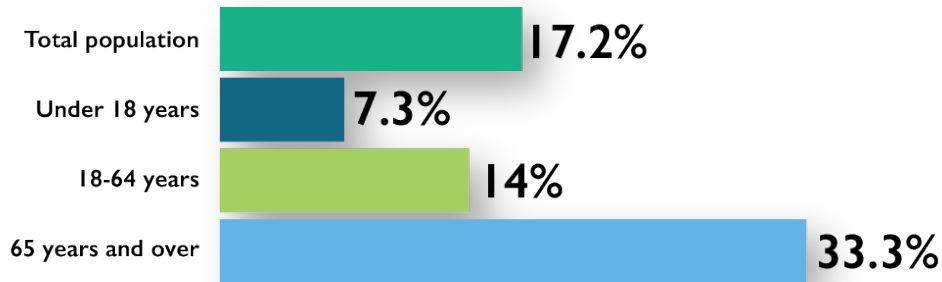


SOURCE: North Bend Housing Needs Analysis (2022), US Census, JOHNSON ECONOMICS LLC
 Census Tables: B11005; S0101 (2019 ACS 5-yr Estimates)

Figure 3: North Bend Population with a Disability, by Age (2020)

Socio-economic & Demographic Information
Population with a Disability, by Age (2020)

Share of Population with Disability by Age

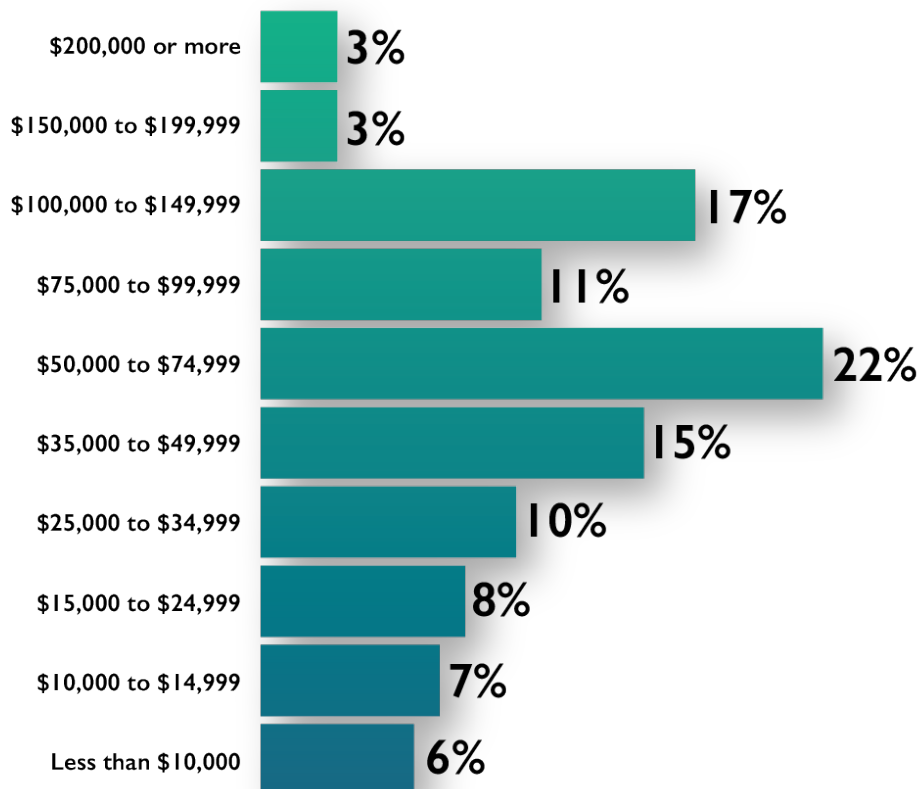


SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: DP02, (2020 ACS 5-year)

Figure 4: North Bend Household Income Cohorts

Household Income Cohorts

Household Income Groups



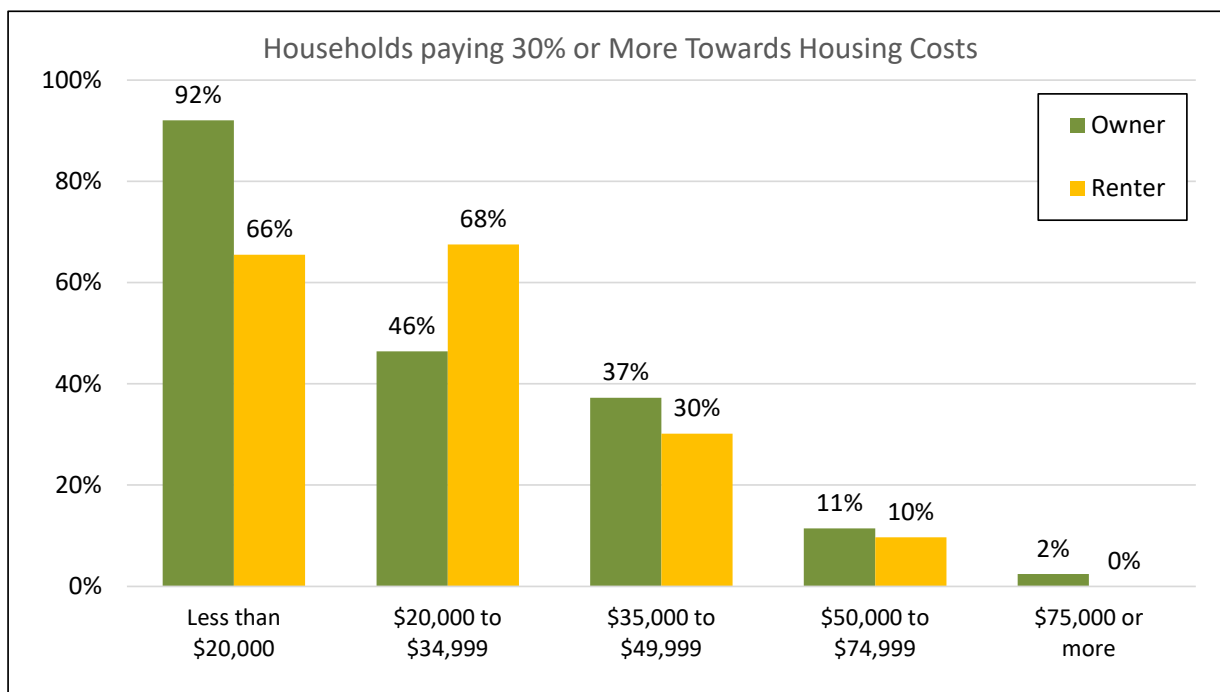
SOURCE: US Census, Census Tables: S1901 (2019 ACS 5-yr Est.)

Housing Affordability

The ability to afford housing essentially depends on a comparison of housing costs and incomes and the percentage of income spent on housing. Following are findings related to housing affordability in North Bend:

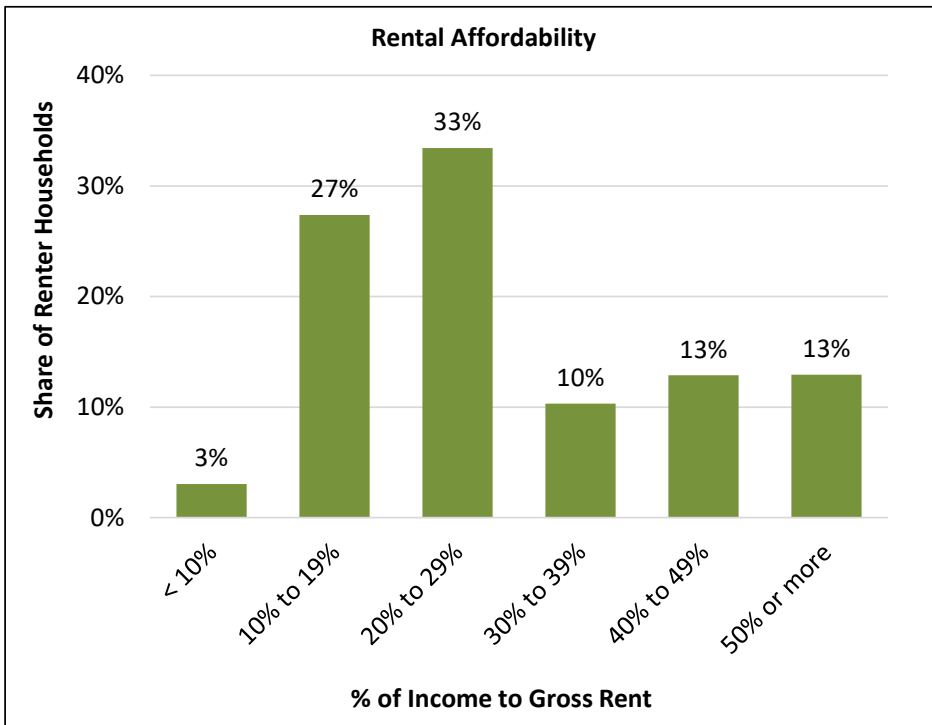
- Households with lower incomes tend to spend more than 30% of their income on housing (a standard benchmark for housing affordability), while incrementally fewer of those in higher income groups spend more than 30% of their incomes on housing costs. Of those earning less than \$20,000, it is estimated that most owner and renter households spend more than 30% of their income on housing costs. For renters, 36% spend more than 30% of their income on gross rent, but an estimated 13% are spending 50% or more of their income on housing and are considered severely rent-burdened.
- In general, estimated incomes in the city have outpaced the estimated value of available housing for some owners. There is support for rentals for the lowest income households, as well as some rentals for higher-income households.
- Roughly 17% of households in North Bend earn less than \$40,000 per year, meaning that the bulk of housing supply on the current for-sale market is likely too expensive for most of these households.

Figure 5: Share of Households Spending More than 30% on Housing Costs, by Income Group



Sources: US Census, JOHNSON ECONOMICS
Census Table: B25106 (2019 ACS 5-yr Estimates)

Figure 6: Percentage of Household Income Spent on Gross Rent, North Bend Renter Households



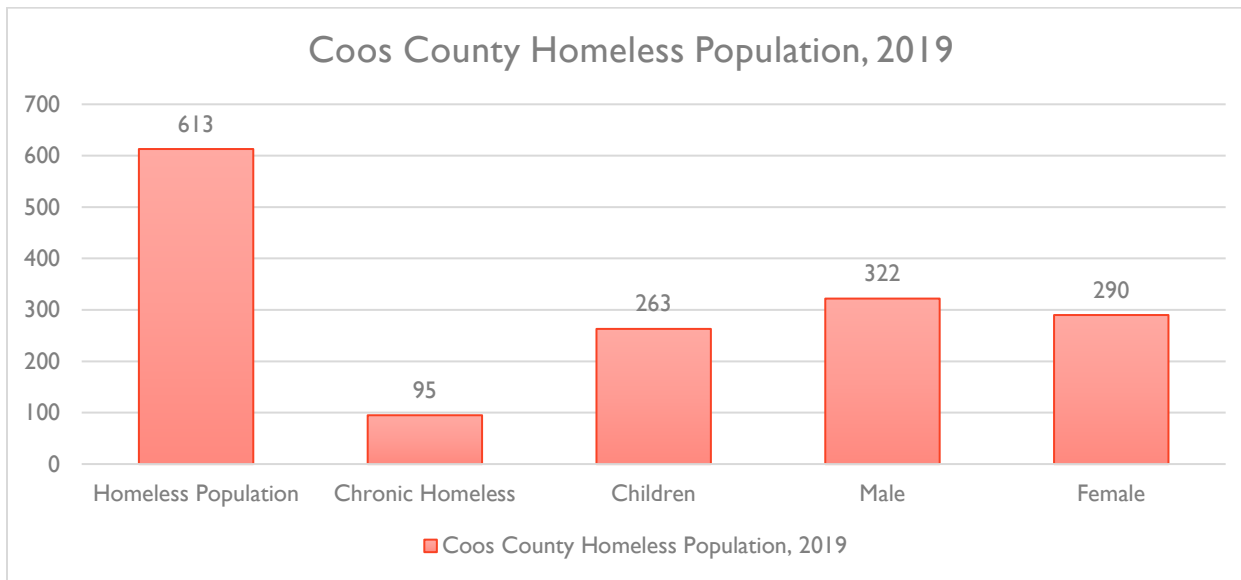
Sources: US Census, JOHNSON ECONOMICS
Census Table: B25070 (2019 ACS 5-yr Estimates)

Homelessness

Readily available information on homeless populations is limited in nature. It requires gathering data and information from multiple sources to understand homelessness in an area. Data for this project is primarily gathered from two data sources and supplemented with information shared by people involved with providing housing support in the region. The data sources include the annual point-in-time (PIT) counts and McKinney-Vento data.

In Coos County, PIT data indicates that there was an estimated 613 people homelessness as of 2019. Just under one hundred of those were persons who are chronically homeless. Chronically homeless individuals are people with a disabling condition who have been continually experiencing homelessness for a year or more or a cumulative period of 12 months over the last three years. Over one-third of the persons experiencing homelessness in Coos County are children. This includes children who are either unaccompanied by an adult or living with a family member or other adult. Just over half of the persons experiencing homelessness identified as male. Conversely, just under half of the persons identified as female. Nobody identified as transgender.

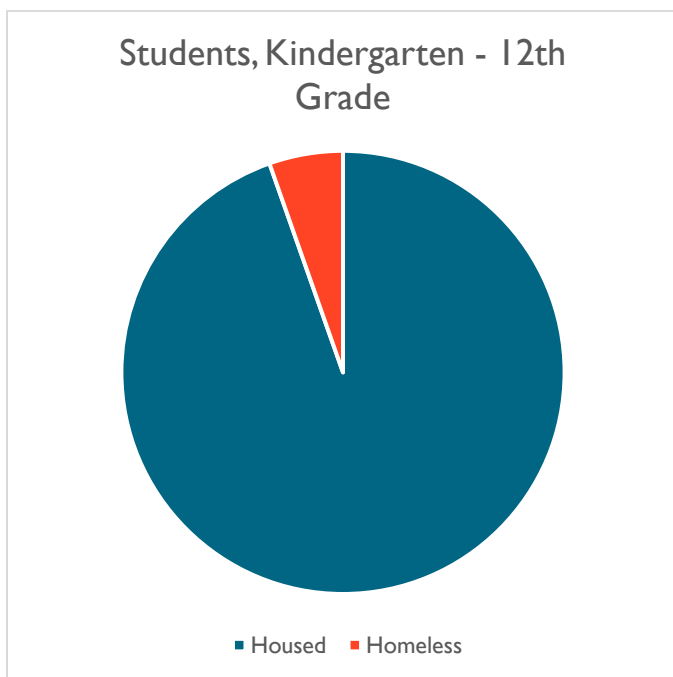
Figure 7: Coos County Homeless Population, 2019



Source: 2019 Point in Time Count

According to available McKinney-Vento data, just over five percent of students enrolled in the North Bend School District meet the McKinney-Vento definition for homeless. The homeless student population in the school district is higher than the average for all school districts in the state (4%) and lower than the overall average of school districts in Coos County (7%). According to information shared from North Bend School District representatives, there are currently about 170 students in the McKinney-Vento program between North Bend and Coos Bay. This would roughly equate to about 100 families.

Figure 8: North Bend School District Homeless Population



Source: McKinney-Vento, North Bend School District

MARKET CONDITIONS

Current Conditions

This section includes a summary of key housing market data, including information about the current mix of different types of housing, recent development trends, home prices, and rental housing vacancy rates and prices.

Housing development in North Bend has traditionally been skewed towards single-family homes. Such units make up an estimated 72% of units in the city, and a similar share of new permits since 2000.

Figure 9 presents the estimated breakdown of units from Census data. Most units are single-family detached homes, while an additional 11% are in smaller attached forms. Multi-family properties of five or more units make up 15% of all units, and mobile homes make up just 1%.

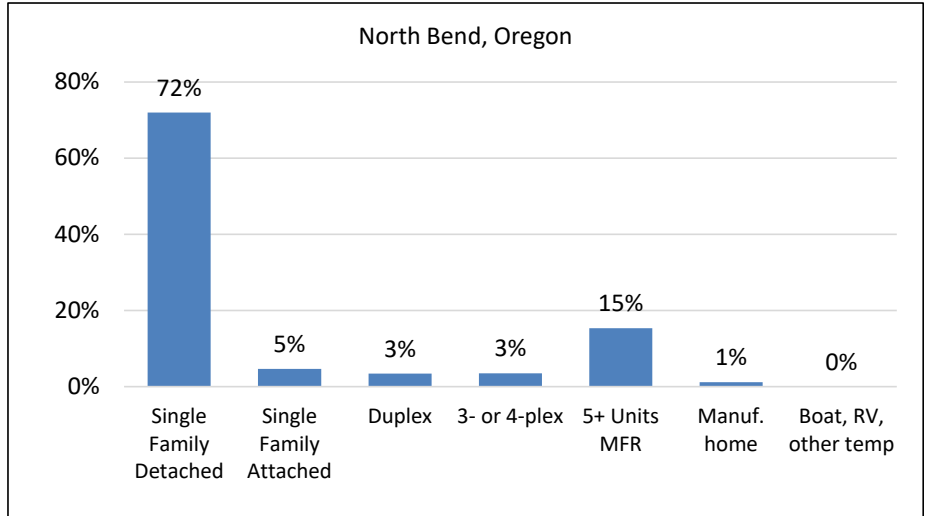


Figure 9: Type and Number of Units in Structure, North Bend

Source: US Census, 2020 ACS 5-Year estimate, Table DP04

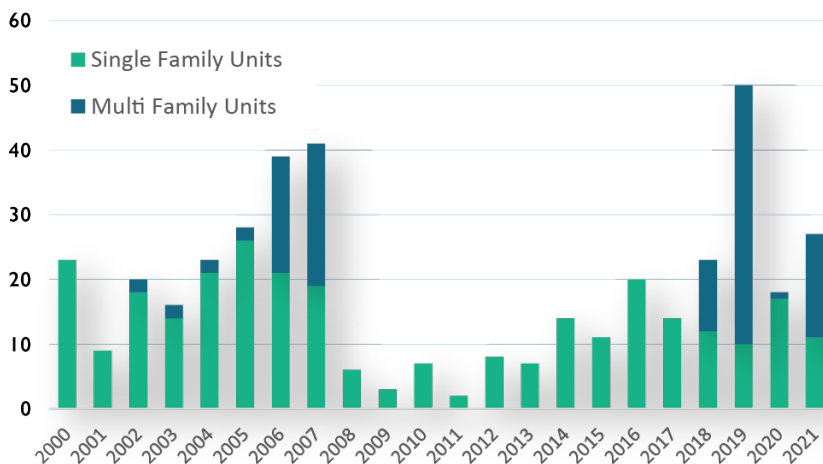
The next figure shows historic permitting activity in North Bend, where the prevalence of development of single-family homes during the last two decades is apparent. There has been a steady increase in housing production in North Bend coming out of the post-recession period of 2009/2010. In recent years there has also been an acceleration in the amount of multi-family housing permitted.

Figure 10: Permits by Type, North Bend (2000 – 2021)

Market Conditions

Permits by Type (2000 – 2021)

Housing Permits



Source: City of North Bend, Census

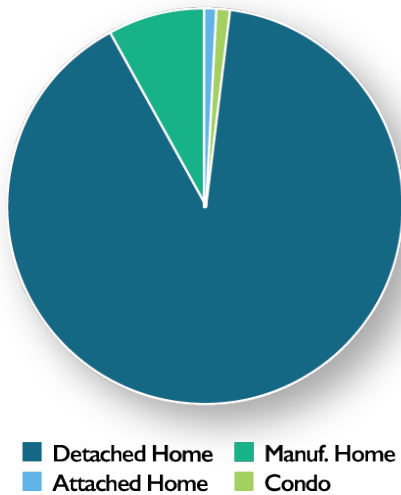
The following chart presents data on home sales in North Bend over the last 12 months from the Regional Multiple Listing Service (RMLS).

- The median sale price was \$348,000.
- The average (mean) sale price was a similar \$366,000.
- The average price per square foot was \$217/s.f.
- The median square footage was 1,592 s.f.

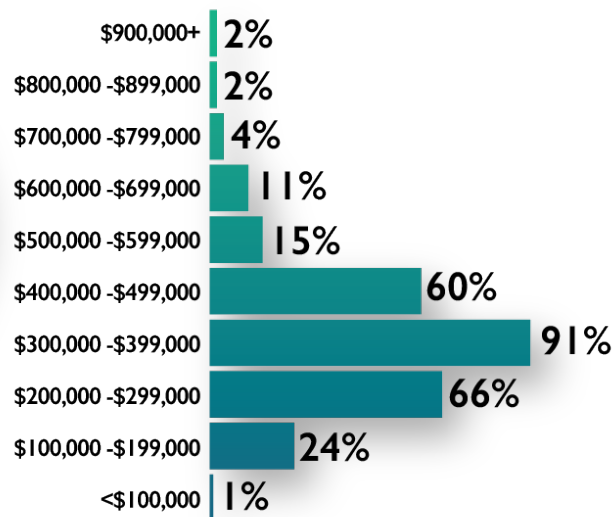
Figure 11: RMLS Tracked Home Sales, Prior 12 Months

RMLS Tracked Home Sales, Prior 12 mo.

Home Sales by Unit Type



Home Sales by Price Level

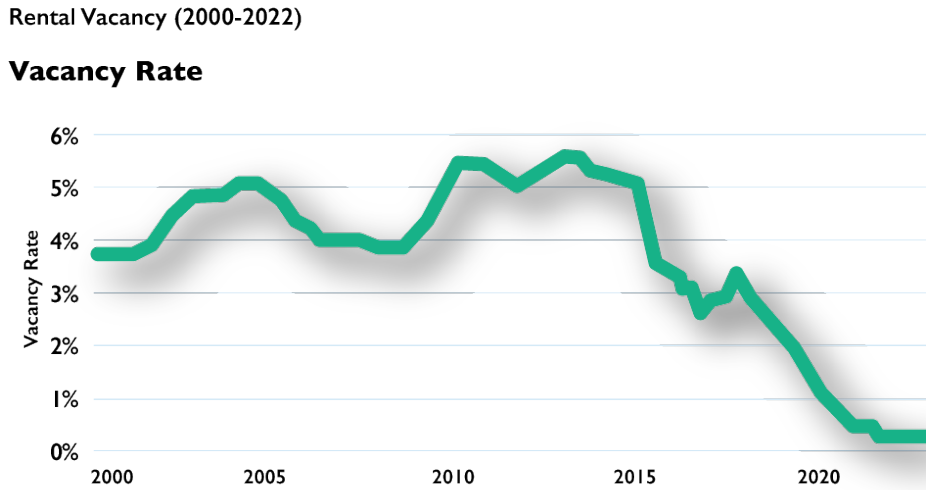


Source: RMLS, Johnson Economics

Sales Volume: The prior twelve months saw a total of 276 sales, or an average of 23 sales per month. As of the time of this analysis, RMLS tracks 18 available units for sale in North Bend, indicating that for-sale inventory is very low, at less than a one month supply of housing.

Rental Apartments: North Bend has experienced very low rental vacancies for most of the last two decades, only climbing above 5% vacancy briefly according to data from CoStar. (Statistics are for the greater Coos Bay area, including the city of Coos Bay, and smaller communities to the north and east of the bay.) The following figure shows that rental vacancies in the area have been very low for many years, falling sharply in 2014 to the point where there is functionally no vacancy among rental units tracked. Tracked vacancies are now below 1%, meaning that there is essentially no vacancy and units that become available are absorbed very quickly.

Figure 12: Rental Vacancy in North Bend (2000 – 2022)



Source: CoStar, Johnson Economics

This is an indication that rental supply in North Bend is very tight. Average rents have climbed steadily since 2011. The average rent in North Bend has increased to roughly \$1.00/square foot.

The annual rent increase in North Bend since 2016 has averaged 2%-3% per year.

Figure 13: Average Rent per Square Foot, North Bend (2000 – 2022)

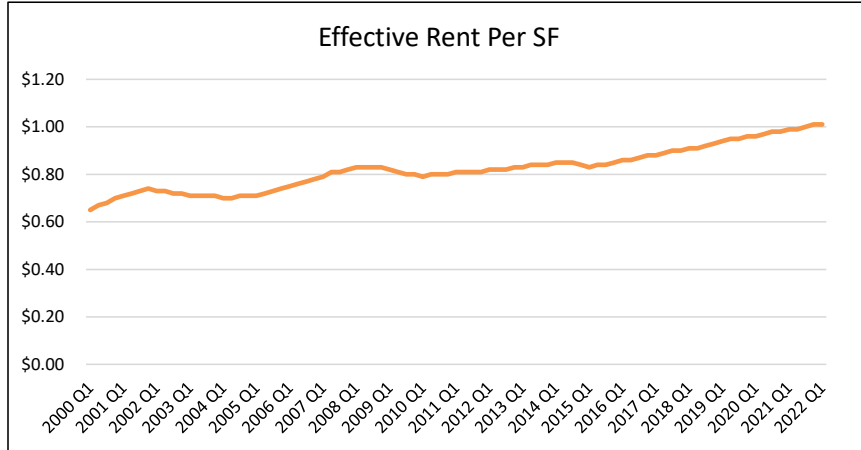
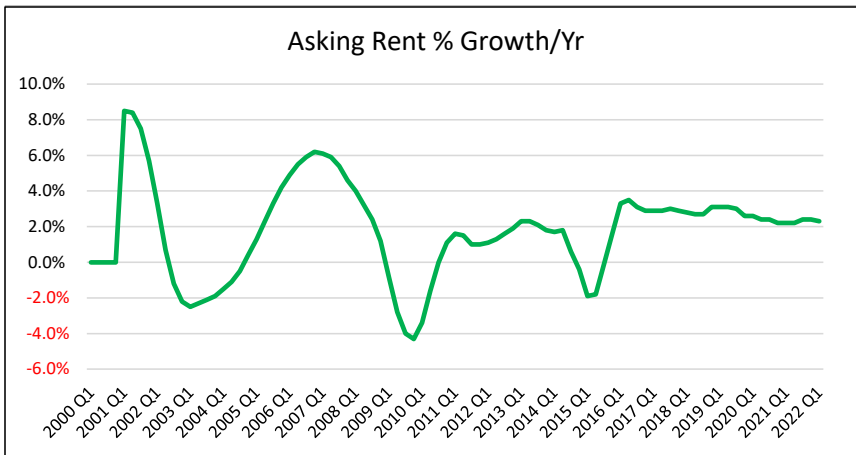


Figure 14: Average Rent per Square Foot Growth Rate, North Bend (2000 – 2022)



Source: CoStar, Johnson Economics

The greatest constraint to lowering rental pricing will be housing production. Without sufficient development of new rental housing to allow for some vacancy (5% is a typical target), there is no moderating force on rent increases, as property owners have the pricing power.

Forecasted Needs

The projected future (20-year) housing profile (Figure 14) in the UGB study area is based on the current housing profile (2022), multiplied by an assumed projected future household growth rate. The projected future growth is the forecasted 2042 population for the City of North Bend UGB included in the most recent forecast from the PSU Population Forecast program (2022). This forecast estimates that the North Bend population will grow at a slow rate of 0.3% annually between 2022 and 2042. (This 0.3% annual growth rate would be slower than the annual rate experienced since 2010, which is estimated at 0.6%.)

Figure 15: Future Housing Profile (2042)

PROJECTED FUTURE HOUSING CONDITIONS (2022 - 2042)		SOURCE
2022 Population (Minus Group Pop.)	10,348	PSU
Projected Annual Growth Rate	0.3% PSU Forecast Program	PSU
2042 Population (Minus Group Pop.)	10,922 (Total 2042 Population - Group Housing Pop.)	
Estimated group housing population:	93 Share of total pop. (0.8%)	US Census
Total Estimated 2042 Population:	11,015	
Estimated Non-Group 2042 Households:	4,551 (2042 Non-Group Pop./Avg. Household Size)	
New Households 2022 to 2042	239	
Avg. Household Size:	2.40 Projected household size	US Census
Total Housing Units:	4,909 Occupied Units plus Vacant	
Occupied Housing Units:	4,551 (= Number of Non-Group Households)	
Vacant Housing Units:	358 (= Total Units - Occupied Units)	
Projected Market Vacancy Rate:	7.3% (Vacant Units/ Total Units)	

Sources: PSU Population Research Center, Census, JOHNSON ECONOMICS LLC

*Projections are applied to estimates of 2021 population, household and housing units shown in Figure 2.1

The model projects growth in the number of non-group households over 20 years of roughly 240 households, with accompanying population growth of 580 new residents. (The number of households differs from the number of housing units, because the total number of housing units includes a percentage of vacancies. Projected housing unit needs are discussed below.) More information about this analysis is found in the City’s Housing Needs Analysis Report.

The following figure presents the projected occupied future housing demand (current and new households, without vacancy) in 2042.

Figure 16: Project Occupied Future Housing Demand (2042)

Ownership				
Price Range	# of Households	Income Range	% of Total	Cumulative
\$0k - \$80k	114	Less than \$15,000	4.6%	4.6%
\$80k - \$130k	113	\$15,000 - \$24,999	4.6%	9.3%
\$130k - \$180k	130	\$25,000 - \$34,999	5.3%	14.6%
\$180k - \$240k	217	\$35,000 - \$49,999	8.9%	23.5%
\$240k - \$320k	419	\$50,000 - \$74,999	17.1%	40.6%
\$320k - \$370k	404	\$75,000 - \$99,999	16.5%	57.2%
\$370k - \$440k	291	\$100,000 - \$124,999	11.9%	69.1%
\$440k - \$510k	238	\$125,000 - \$149,999	9.7%	78.8%
\$510k - \$680k	307	\$150,000 - \$199,999	12.6%	91.4%
\$680k +	211	\$200,000+	8.6%	100.0%
Totals:	2,444		% of All:	53.7%

Rental				
Rent Level	# of Households	Income Range	% of Total	Cumulative
\$0 - \$400	341	Less than \$15,000	16.2%	16.2%
\$400 - \$700	235	\$15,000 - \$24,999	11.1%	27.3%
\$700 - \$900	255	\$25,000 - \$34,999	12.1%	39.4%
\$900 - \$1200	383	\$35,000 - \$49,999	18.2%	57.6%
\$1200 - \$1600	481	\$50,000 - \$74,999	22.8%	80.5%
\$1600 - \$1900	186	\$75,000 - \$99,999	8.8%	89.3%
\$1900 - \$2200	121	\$100,000 - \$124,999	5.7%	95.0%
\$2200 - \$2500	88	\$125,000 - \$149,999	4.2%	99.2%
\$2500 - \$3400	11	\$150,000 - \$199,999	0.5%	99.7%
\$3400 +	7	\$200,000+	0.3%	100.0%
Totals:	2,107		% of All:	46.3%

All Units	4,551
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Sources: Census, Envirionics Analytics, JOHNSON ECONOMICS

The number of households across the income spectrum seeking a range of both ownership and rental housing is anticipated to grow. It is projected that the homeownership rate in North Bend will fall slightly over the next 20 years from 56% to 54% due to income and age changes.

BARRIERS TO DEVELOPING NEEDED HOUSING

There are a variety of barriers to developing, providing, and obtaining needed housing in North Bend. A number of these barriers were identified or highlighted in the previous sections. Additional barriers were described by local housing providers and stakeholders and are summarized here and described in more detail in the City's Contextualized Housing Needs Assessment.

Land Supply

The availability of developable land can be a critical barrier for developing new housing. Several stakeholders commented that the available land supply in North Bend is a major barrier for development. The supply of undeveloped land that is truly available for development within the City is relatively low, particularly when considered in the longer term. The City is bounded by Coos Bay city to the south and west and by the Coos Bay to the north and west. These barriers limit the City's ability to expand the UGB in the future. The buildable land inventory conducted for the City indicates that there is an adequate supply of buildable land to meet long-term (20-year) housing needs. However, not all of the land found in the inventory is currently available to develop due to a number of factors such as the willingness or desire of current owners to develop housing; the potential presence of significant cultural resources that require careful mitigation or avoidance altogether; and other factors.

It is important to distinguish the nuance between people's experience with land supply as a barrier to housing and the findings from the Housing Needs Assessment (HNA) report. The HNA report concludes that there is enough available land to meet the anticipated demand for housing over a 20-year planning horizon, which seems at odds with the land supply barrier. The HNA report's findings are based on a technical analysis that represents the theoretical potential to develop new housing based on the size and zoning of property throughout the City. However, it does not guarantee that identified areas are currently available for sale or development, or that all sites will be available during the short term, within the longer planning period or even further into the future.

Labor and Supply Shortage

Several stakeholders pointed to shortages in the local supply of labor, the supply and cost of building materials, and barriers to obtaining financial capital as contributing factors towards the ability to develop new housing. Based on anecdotal evidence, there are similar shortages across the region and in many other parts of the state. One stakeholder commented that the lead time to complete an emergency repair for a rental was approximately three months. Another stakeholder commented that contractors in the area are booked ahead a year or more. They mentioned part of the contributing factors among the labor shortage may be a lack of competitive wages among trade specializations. Other examples of the shortage include the cost of materials and the ability to build housing at affordable costs or rents.

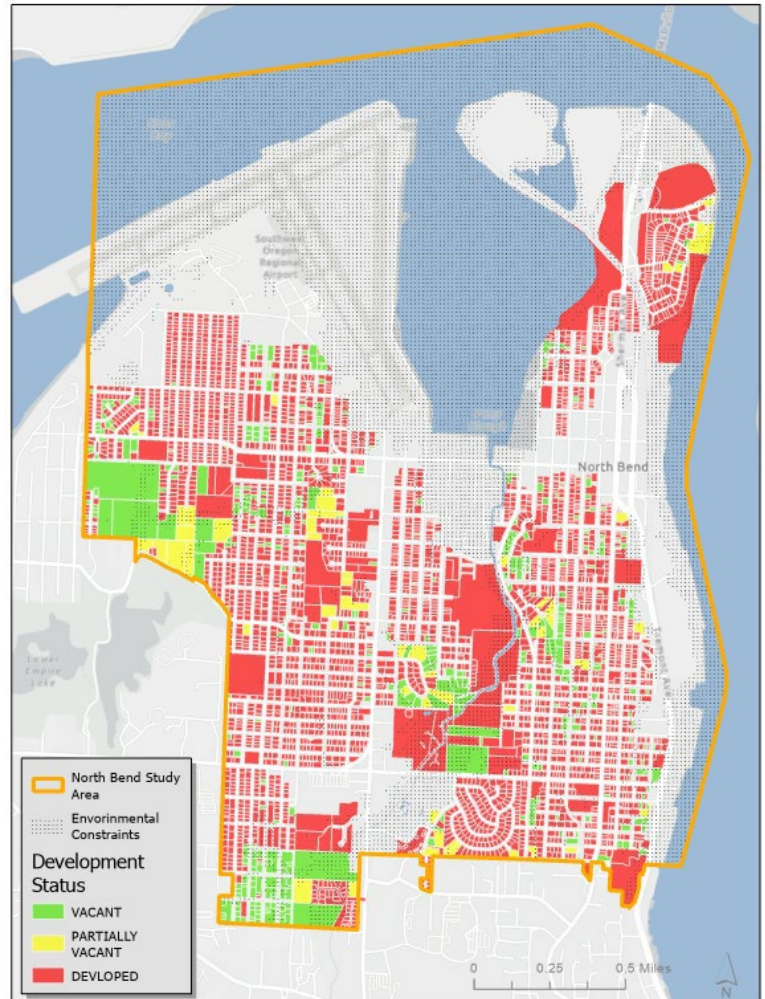


Figure 17: North Bend Buildable Land Inventory (2022)

Existing Housing Supply

As noted in the HNA report, North Bend's housing stock reflects a pattern of development over time. The period between the 1980's through the 2000's saw a lower rate of new housing construction compared to the prior 50 years. In other words, more than half of the City's residential housing is over 50 years old. Several stakeholders noted that North Bend's housing stock is aging and that many houses have not been adequately maintained. They report that the availability of a starter home or move-in ready home that's not new construction is rare in the City.

This is further complicated as current homeowners are disincentivized from moving elsewhere within the City. The cost to move to another home that might better fit their housing needs is prohibitive, particularly compared to their current housing and other costs of living. Other available homes would be either new construction which carries a cost premium or would require improvements in addition to the purchase cost.



Regulated Affordable Housing

Regulated affordable housing includes housing that is made affordable through public subsidies and/or agreements or statutory regulations that restrict or limit resident income levels or rents. There is currently a lack of housing available for people using housing vouchers based on stakeholder feedback. Moratoriums that were put in place in response to COVID-19 have limited the supply of housing. Normally, there would be a steady transition of people out of these homes, but it has been occurring less frequently compared to before the pandemic.

There also appears to be a mismatch between available housing types and the housing needs of local residents, including those with access to housing vouchers. Most of the people looking to utilize housing vouchers are single individuals who would only need a single-bedroom unit. But the supply of one-bedroom units in the City is limited, leading to a mismatch between housing needs and availability.

STRATEGIES AND ACTIONS

The Housing Production Strategy identifies strategies and actions that the City of North Bend and community partners can take to promote housing development that meets the needs of the community, with a focus on more equitable and affordable housing options for a wider range of incomes, needs, and preferences.

The HPS report summarizes key information for each of the recommended strategies and identifies steps needed for implementation. The report goes into greater detail for those strategies identified as higher priority.

For each housing strategy, the HPS report provides the following information:

PRIORITY	Each strategy is assigned a “near-term” or “long-term” priority to indicate which strategies may be more applicable in addressing the City of North Bend’s more immediate housing needs. Near-term strategies are those that are recommended to be implemented within one to four years. Long-term strategies are those that are recommended for implementation within five to eight years or as needed to respond to changes in housing demand or population growth. Ultimately, it likely will take longer to fully implement some of the long-term strategies.
DESCRIPTION	The strategy description provides an overview of the strategy and how the strategy can work towards increasing the availability and/or affordability of housing in North Bend. The description describes the potential outcomes of what the strategy is attempting to achieve.
RECOMMENDATION	What specific approach is recommended for the strategy?
CONSIDERATIONS	What options, funding needs, potential challenges, etc. are applicable to the strategy?
IMPACT	What populations, income levels, and housing types are supported? Anticipated impact on the relative cost, financial feasibility, and affordability of housing are discussed.
IMPLEMENTATION ACTIONS	What actions will North Bend and other stakeholders need to implement the strategy?
LEAD AND PARTNERS	Who will lead implementation, and what partnerships are necessary? The City of North Bend will be the lead agency for most actions because this is a City-led effort.

The strategies are organized into four general categories:



1. Land Use and Zoning Strategies

Strategies that would potentially increase the supply of residential land available for the development of future housing.



2. Development Incentives and Policies

Policy and incentive strategies intended to make development of housing – particularly affordable housing – more feasible or financially viable by reducing fees or other costs and by reducing process barriers.



3. Incentives

Potential new revenue sources that could be used to support affordable housing development. Several of the other housing strategies are dependent on new funding sources.



4. Programs and Partnerships

Programmatic strategies that could help North Bend increase its housing supply (particularly affordable housing), support existing affordable housing, and/or leverage partnerships to catalyze housing development. The programmatic strategies would typically depend on partnerships with other organizations to implement or rely on additional funding sources.



CATEGORY I: LAND USE & ZONING STRATEGIES

The following set of strategies includes potential ways to increase the supply of residential land available for the development of future housing. While this section does not address expansion of the City’s urban growth boundary (UGB) as a formal HPS strategy, that issue was assessed in the City’s recent Housing Needs Analysis (HNA) process. While the HNA process did not provide the basis for a UGB expansion at this time, city officials and stakeholders questioned the basis and accuracy of the population projections that form part of the basis of the HNA findings. As a result, the City will want to continue to monitor population growth and development trends, as well as the sufficiency of its land supply and the City may revisit this issue during the HPS planning period.

1.1 REZONE LAND

PRIORITY	Long-term (5-8 years or as needed, pending further evaluation of land supply and need)
DESCRIPTION	<p>Re-designate land from other residential designations and/or from commercial, industrial, or institutional designations to meet specific housing needs, assuming there is an adequate supply of land available to meet non-residential needs.</p> <p>To reduce or address concerns related to compatibility of adjacent lower and higher density areas, the City would most likely want to target higher-density single-family zones (rather than the lowest-density areas) for potential rezoning.</p> <p>A variation on this approach can be applied in areas within the City’s UGB which have not yet been annexed to the City. As part of the annexation process, medium and higher density residential zones or mixed use zones may be applied to these areas which will increase the capacity for higher density housing in these areas.</p> <p>This strategy typically needs to be undertaken if a City’s Housing Needs Analysis (HNA) indicates a deficit of land to meet future housing needs, in total or for specific housing types.</p> <p>To the extent this strategy becomes more important in the future, the City should use the following criteria or factors in considering the most appropriate locations for City-initiated rezoning of land:</p> <ul style="list-style-type: none"> • Proximity to transit and services. Ideally, higher-density areas should be close to transit and to supporting commercial and other services (schools, parks, etc.) to help ensure that residents can easily access these services and daily needs by all kinds of transportation modes including walking and biking. Proximity to arterial or collector streets could be a consideration, and would improve access to services. • Size and ownership. The City should prioritize relatively large sites for rezoning, but could prioritize smaller sites adjacent to services. Larger sites will be more attractive for development and provide more flexibility for site design. • Proximity to existing high-density areas. Extending an existing area of high-density land would reduce impacts on the transition between lower- and higher-density areas and could increase the level or potential for support from surrounding property owners. However, this criterion would not support broader distribution of higher-density zoning in the City and would contribute to more concentration of multi-family housing.

RECOMMENDATION	<p>The City of North Bend has an adequate supply of land to accommodate needed housing over a 20-year period according to the Housing Capacity Analysis. Based on the forecasted supply and demand for new housing, there is expected to be close to 260 additional new housing units built. Most of this is expected to be single-family detached or other low-density housing types with the rest comprised of middle-housing and multi-family housing. The City is able to potentially accommodate over 750 additional housing units based on the buildable land inventory.</p> <p>Given this information, rezoning land is considered a long-term priority. The City should consider other strategies to support and increase the viability of developing existing vacant or partially vacant land within the City.</p>
CONSIDERATIONS	<p>There may be moderate legal risk associated with this strategy, depending on the willingness of landowners to rezone their properties. As with any review of existing policies, there may be a moderate administrative burden and a low cost associated with zoning and land use designation updates. General community support for rezoning may be low or moderate. The changes need to make sense to residents, be amendable to property owners, and be consistent with overall land needs in the City.</p> <p>The strategy could require the City to undertake a Measure 56 noticing process because a change in zoning or the allowed uses within a zone has the potential to impact property values. In most cases, the change would likely increase property values. The City should confirm with legal counsel.</p>
IMPACT	<p>Population Served: All income levels</p> <p>Housing Types: For rent or sale</p>
IMPLEMENTATION ACTIONS	<p>Rezoning land will require adoption by the City Council through a Zone Map Amendment. Rezoning land may also require amendments to the City’s zoning ordinance.</p>
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Property owners and development community.</p>



I.2 COORDINATION WITH LOCAL PROPERTY OWNERS

PRIORITY	Short-term (1-4 years and ongoing)
DESCRIPTION	<p>Communicate and coordinate with property owners about opportunities for development of vacant or underutilized land.</p> <p>There is an adequate supply of land in North Bend that is vacant or potentially vacant and can physically accommodate needed residential growth. However, community stakeholders report that much of this property is owned by people who are either uninterested in or unwilling to develop it in the present time or possibly in the future. The City could take a more active role in communicating and coordinating with these property owners about potential development opportunities to better understand their intentions and the possibilities for future development in these areas. An economic development or planning manager may be a good staff person to keep track of key opportunity sites over time. The City also could help connect prospective developers or builders with these property owners, including by providing information related to the City’s buildable lands inventory (BLI).</p>
RECOMMENDATION	<p>Conduct communication and coordination with property owners about potential development opportunities.</p> <p>Connect prospective developers or builders with owners of developable property.</p>
CONSIDERATIONS	This coordination or matchmaking system start up would require a moderate level of administrative burden and relatively low cost for the City. Ongoing participation by the landowners, developers and organizations providing funding may be a constraint to a successful program.
IMPACT	<p>Population Served: All income levels</p> <p>Housing Types: For rent or sale</p>
IMPLEMENTATION ACTIONS	Coordination with partners; preparation and distribution of needed informational materials.
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Property owners, housing developers</p>



CATEGORY 2: POLICY & DEVELOPMENT CODE STRATEGIES

The following set of strategies includes potential changes to the North Bend Development Code related to development review processes or other regulations that the City could consider undertaking to help meet North Bend’s housing needs and goals. These strategies are described in more detail in a separate memo associated with the companion Housing Needs Analysis project also currently being conducted for the City.

2.1 INCREASE ALLOWED DENSITY IN EXISTING ZONES

PRIORITY

Short-term (1-4 years; part of Development Code amendments to be adopted with HPS)

DESCRIPTION



The City of North Bend’s development code regulates density primarily through minimum lot size requirements in residential zones. The City can effectively increase the allowed density in existing zones by reducing the minimum lot size standards. The minimum lot width, lot depth, or setback standards may also need to be modified to ensure they are consistent with (i.e., sized appropriately or proportionately to) any changes to

minimum lot size standards.

For the City of North Bend, this would entail increasing the allowed density in the City’s medium and/or Low-density zones, as well as the RM zone. Modest changes to the code requirements could provide more flexibility and more potential to build missing middle and other housing types in more zones.

An initial starting point for considering an expansion of allowed uses would include the following in conjunction with possible changes noted under Strategy 2.2:

- Reduce minimum lot sizes for duplexes, triplexes, quadplexes and townhomes in the residential zones. Lot sizes typically are recommended to be about 2,500-3,500 sf per unit for these housing types to put them on an equal development feasibility footing with single-family detached homes.
- Use density, rather than lot size as a measure for the potential density of multi-family housing in the RM zone and increase allowed densities to at least 25-30 dwelling units per acre.

RECOMMENDATION

Reduce minimum lot sizes for duplexes, triplexes, quadplexes and townhomes in the residential zones.



Convert lot size standard to density standard for multi-family development.

Reduce lot coverage and setback requirements in selected zones.

<p>CONSIDERATIONS</p>	<p>There is low to moderate risk involved in adopting a zoning code that allows for greater range of housing types and Lower minimum lot sizes. The City will have to ensure compliance with all applicable state statutes. The administrative burden for updating the code is also expected to be moderate, given the availability of state Model Code requirements and examples from other communities. However, the scope of code changes will be more significant than for other development standard revisions. Community support for middle housing may be mixed. There could be challenges with community opposition to decreasing the minimum lot sizes and allowing for denser housing types in existing developed neighborhoods.</p>
<p>IMPACT</p>	<p>Population Served: All income levels</p> <p>Housing Types: For rent or sale</p> <p>Special Housing Need Addressed: Low-income households, Seniors, Students, People of Color, People with Disabilities.</p>
<p>IMPLEMENTATION ACTIONS</p>	<p>Proposal for an amendment to the text of the zoning ordinance is initiated by city council, the planning commission, the planning director, or by application from a property owner. The final action to a text amendment is taken after public hearings before the city council with a report containing findings from the planning commission.</p> <p>Any standards applicable to middle housing would need to maintain compliance with the Oregon Administrative Rules (OAR 660-046) once the City's population reaches the threshold for applicability of these rules.</p>
<p>LEAD AND PARTNERS</p>	<p>Lead: City of North Bend</p> <p>Partners: Development community and housing advocates for supporting amendments; property owners and residents in affected zones.</p>



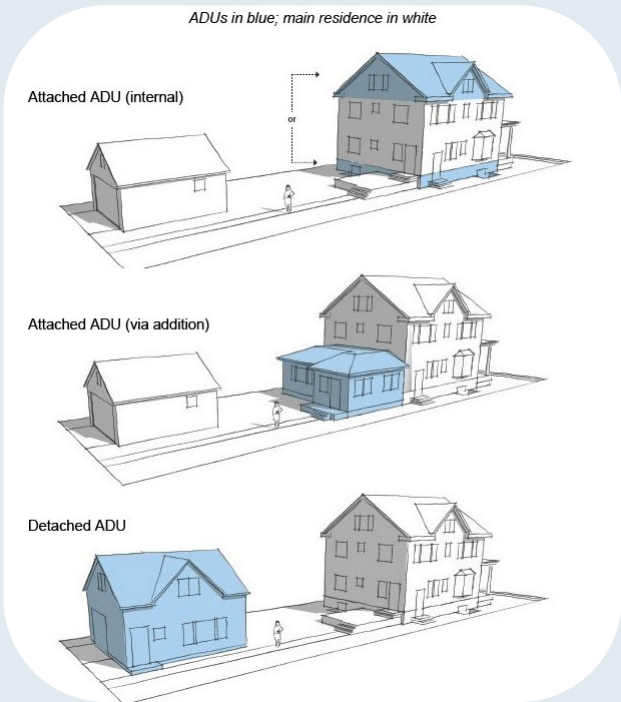
2.2 CODE UPDATES TO SUPPORT VARIETY OF HOUSING TYPES

<p>PRIORITY</p>	<p>Short-term (1-4 years; part of Development Code amendments to be adopted with HPS)</p>
<p>DESCRIPTION</p>	<p>In addition to duplexes, other middle housing types or other forms of housing are currently defined as multi-family uses in a broader range of zones. This strategy would be essential to implementing Strategy 2.1 as well.</p> <p>This code update strategy could open up significantly increased opportunities for housing variety in residential areas, which provides more supply for meeting different housing needs. Amendments to development standards may be required to offer greater flexibility to sites and address impediments such as minimum lot size, maximum density, etc. (Strategy already partially implemented)</p> 
<p>RECOMMENDATION</p>	<p>An initial starting point for considering an expansion of allowed uses would include the following:</p> <ul style="list-style-type: none"> • Consider allowing triplexes, quadplexes, and townhomes outright in the R-5, R-6 and possibly R-7 residential zones. • Allow cottage cluster housing outright in all residential zones. • Reduce minimum lot sizes for duplexes, triplexes, quadplexes and townhomes in the residential zones. 
<p>CONSIDERATIONS</p>	<p>There may be community concerns about allowing a variety of housing types due to concerns about impacts to traffic and parking. However, others may welcome increased density in their neighborhoods. These considerations should be evaluated as part of the City's implementation of this strategy. The administrative burden for updating the code also is expected to be moderate, given the availability of state Model Code requirements and examples from other communities.</p>
<p>IMPACT</p>	<p>Population Served: Low-income to moderate-income households</p> <p>Housing Types: For rent or sale; multi-family housing</p> <p>Special Housing Need Addressed: Low-income households, Seniors, Students, People of Color, People with Disabilities.</p>

IMPLEMENTATION ACTIONS	Proposal for an amendment to the text of the zoning ordinance is initiated by city council, the planning commission, the planning director, or by application from a property owner. The final action to a text amendment is taken after public hearings before the city council with a report containing findings from the planning commission.
LEAD AND PARTNERS	Lead: City of North Bend Partners: Development community and housing advocates for supporting amendments; property owners and residents in affected zones.

2.3 PROMOTE ACCESSORY DWELLING UNITS (ADU)

PRIORITY	Short-term (1-4 years; part of Development Code amendments to be adopted with HPS)
DESCRIPTION	<p>ADUs are smaller, ancillary dwelling units located on the same lot as a primary residence. They are typically complete dwellings with their own kitchen, bathroom and sleeping area.</p> <p>ADUs are a viable housing option with several benefits:</p> <ul style="list-style-type: none"> • ADUs offer flexibility for homeowners to either rent the unit or to host a family member. • Building and renting an ADU can raise income for a homeowner and help offset the homeowner’s mortgage and housing costs. • ADUs can add to the local supply of rental units and can provide a relatively affordable rental option for a person or household that prefers living in a small detached unit rather than an apartment or other attached housing. <p>This strategy involves adjusting standards for accessory dwelling units to allow more flexibility for their sitting on single-family lots. In addition, the City also can encourage ADU development through reduced fees, exemptions from selected planning requirements, use of pre-approved site or building plans, or other measures.</p> <p>Given that ADUs are usually built by individual homeowners with limited experience or financial resources, code provisions can have a significant influence on the feasibility of their development and enable more widespread production (i.e., easing occupancy requirements, allowing more ADUs on a lot, and expanding maximum size requirements).</p> <p>More flexibility in siting, design, construction, and lower fees are also needed to achieve feasibility in many cases. (Strategy already partially implemented)</p>



RECOMMENDATION

The City already allows ADUs in all of its residential zones. Standards for the size and siting of ADUs are generally consistent with state guidelines and best practices. Some additional development code amendments could provide additional flexibility to build ADUs, including the following:

- Allow more than one ADU on a lot if the second ADU is internal or attached to the primary dwelling.
- Reduce allowed rear yard setbacks for ADUs that are below a specific height.
- Reduce front yard setbacks for ADUs.
- Increase the allowed lot coverage for a lot with an ADU.

CONSIDERATIONS

There is low legal risk involved in adopting a zoning code that promotes Accessory Dwelling Units. The City will have to ensure compliance with all applicable state statutes.

IMPACT

Population Served: Workforce, market rate

Housing Types: For rent or sale; smaller units

Special Housing Need Addressed: Seniors, Students, People of Color, People with Disabilities.

IMPLEMENTATION ACTIONS

Proposal for an amendment to the text of the zoning ordinance is initiated by city council, the planning commission, the planning director, or by application from a property owner. The final action to a text amendment is taken after public hearings before the city council with a report containing findings from the planning commission.

LEAD AND PARTNERS

Lead: City of North Bend

Partners: Development community and affordable housing providers; property and homeowners interested in building ADUs.



2.4 REGULATORY INCENTIVES FOR AFFORDABLE AND WORKFORCE HOUSING

PRIORITY	Short-term and long-term (1-4 and 5-8 years, depending on the incentive)
DESCRIPTION	<p>Create incentives for developers to provide a community benefit (such as affordable housing), in exchange for the ability to build a project that would not otherwise be allowed by the development code. Examples of these types of regulatory incentives include density or height bonuses, parking reductions, or other incentives for affordable housing.</p> <p>Some development regulations can present obstacles or add costs to housing developments. In addition to or in lieu of financial incentives, the City can offer concessions on regulatory standards that provide meaningful economic value. The concessions should be offered in exchange for the development dedicating a minimum proportion of the units to be regulated as affordable to people with Low-income or Moderate-income, including “workforce” housing. The incentives typically include relief from certain development standards such as parking, setbacks, or density. Examples include the following:</p> <ul style="list-style-type: none"> • Parking reductions. In general, research shows that households with lower incomes tend to have lower car ownership and driving rates, particularly when residents have ready access to shopping and other opportunities and services. A number of jurisdictions in Oregon provide reductions in off-street parking requirements for developments that are affordable to households with Low-income or Moderate-income. Typically, developments must commit to providing affordable units over a significant length of time (20-60 years). • Height or density bonuses. Some cities allow higher density or greater height in exchange for a commitment to provide housing units that are affordable to households with Low-income or Moderate-income. Height bonuses are typically defined in terms of number of stories (e.g., one story in an area with an existing height limit of 35 or 45 feet). Density bonuses are typically stated in terms of a percentage of units (e.g., 10-20% is a common threshold). The amount of the bonus can be tied to the affordability levels provided and/or to the number of affordable units. Additionally, setback and bulk standards may be allowed to vary to accommodate the added density or to reduce development costs. <p>For affordable housing developments to be feasible, a number of programs, funding, and incentives must be stacked on top of one another. Any assistance available to these developers or non-profit agencies helps to reach that threshold. Regulatory incentives can have a large impact by increasing the amount of leasable space on the site, and/or reducing cost factors such as the cost to build and maintain free parking.</p>
RECOMMENDATION	<p>Incorporate modest reductions in off-street parking requirements and/or allow on-street parking to meet a portion of off-street parking requirements.</p> <p>Craft and consider density and height bonuses for qualifying affordable housing projects in the longer term.</p>

<p>CONSIDERATIONS</p>	<p>The legal risk associated with implementing zoning incentives for affordable housing is relatively low. The City must ensure that incentive programs follow the applicable Oregon Revised Statutes (ORS) and establish clear and objective standards for implementing the incentive program, but these types of incentives have had significant application in other communities in Oregon. The City should also ensure that any density or height bonuses offered as incentives meet the fire and life-safety capacity of the City. The City could consider using an incentive program in place in another community as a model in order to reduce the initial administrative burden.</p>
<p>IMPACT</p>	<p>Population Served: Very low- to moderate-income levels</p> <p>Housing Types: For rent or sale; income restricted units</p>
<p>IMPLEMENTATION ACTIONS</p>	<p>Proposal for an amendment to the text of the zoning ordinance is initiated by city council, the planning commission, the planning director, or by application from a property owner. The final action to a text amendment is taken after public hearings before the city council with a report containing findings from the planning commission.</p> <p>Prior to initiating a zoning ordinance amendment, the City should work with housing providers who specialize in affordable and/or workforce housing. The goal of this process would be to identify the type and extent of regulatory incentives that would successfully incentivize the desired type of development.</p>
<p>LEAD AND PARTNERS</p>	<p>Lead: City of North Bend</p> <p>Partners: Affordable and/or workforce housing providers</p>



2.5 REDUCE UNNECESSARY BARRIERS TO HOUSING

PRIORITY	Long-term (5-8 years or as needed, pending further staff evaluation)
DESCRIPTION	<p>Some development standards or requirements can pose barriers to providing housing. The regulations that artificially raise the cost of housing development and/or can make development of specific types of housing physically or financially infeasible can include density limitations, maximum height restrictions, minimum parking requirements, architectural design standards, etc. This strategy is related to strategies 2.1 and 2.2 and is also described in more detail in the City’s HNA Housing Measures Memo.</p> <p>According to the American Planning Association, excessively burdensome zoning laws and regulations restrict the development of multifamily housing structures such as condos and apartments. This can reduce the supply of housing units, and lead to higher prices. A study conducted by the National Association of Home Builders and the National Multifamily Housing Council claims that more than 30% of multifamily housing development costs result from regulations imposed by all levels of government. Another study has found that those regulations account for nearly 25% of the cost of new single-family home construction and development on average.</p> <p>The City should consider updating standards that pose barriers to housing development. This strategy also may include ensuring that housing to address the needs of people who are homeless or facing homelessness can be developed in North Bend (e.g., temporary shelters, or transitional or supportive housing). (Strategy already partially implemented)</p>
RECOMMENDATION	<p>Short-term recommendations are described under other, related housing strategies.</p> <p>Long-term recommendations include a more detailed review of the City’s code to address potential barriers to uses such as temporary shelters, or transitional or supportive housing to the extent barriers remain.</p>
CONSIDERATIONS	Changing zoning laws is desirable, but it may not be sufficient to solve issues such as potential neighborhood opposition.
IMPACT	<p>Population Served:: All income levels</p> <p>Housing Types: For rent or sale</p>
IMPLEMENTATION ACTIONS	Proposal for an amendment to the text of the zoning ordinance is initiated by city council, the planning commission, the planning director, or by application from a property owner. The final action to a text amendment is taken after public hearings before the city council with a report containing findings from the planning commission.
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Development community and affordable housing providers; property owners and homeowners in affected zones.</p>

CATEGORY 3: INCENTIVES



Potential new revenue sources that could be used to support affordable housing development. Several of the other housing strategies are dependent on new funding sources.

3.1 SYSTEM DEVELOPMENT CHARGE (SDC) REDUCTIONS, EXEMPTIONS, OR DEFERRALS

PRIORITY	Long-term (5-8 years for further evaluation, if the City adopts SDCs during that time)
DESCRIPTION	Reduction, exemption, or deferral of SDC assists developers by reducing their development costs when building affordable residential housing. The City could choose to waive, reduce or defer all or a portion of SDCs for qualifying housing types if it adopts SDCs in the future.
RECOMMENDATION	The City of North Bend currently does not have SDCs so this strategy is not directly applicable in North Bend at this time. To the extent North Bend considers adoption of SDCs in the future, the City could incorporate a SDC deferrals, reductions or exemptions into the SDC collection process as described in more detail in Appendix B.
CONSIDERATIONS	If the City adopts SDCs in the future, there may be legal limitations of the City’s ability to exempt, waive, or reduce SDCs and there are specific requirements for how to implement an SDC fee reduction. However, the City would have the ability to factor these requirements into development of new SDC methodologies.
IMPACT	<p>Population Served: Ver low- to moderate-income levels</p> <p>Housing Types: For rent or sale</p> <p>Special Housing Need Addressed: Low-income households, seniors, students, people of color, people with disabilities.</p>
IMPLEMENTATION ACTIONS	SDC’s must be established by ordinance or resolution in conformance with ORS 223. 297 to 223.314. SDC’s can be established to support a variety of infrastructure improvements, including sewers, stormwater, transportation, parks, and water. The Planning Department will need to coordinate with the Department responsible for developing and administering the SDC program to ensure the program incorporates the appropriate aspects of this strategy.
LEAD AND PARTNERS	Lead: City of North Bend

3.2 TAX EXEMPTIONS OR ABATEMENTS TO HOUSING


PRIORITY	Short-term (1-4 years for project-specific abatements)
DESCRIPTION	<p>Tax abatements are reductions in property taxes for housing and may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or to private developers in exchange for developing affordable or other desired housing types.</p> <p>This strategy offers an additional financial incentive to developers which can improve the long-term economic performance of a property and improve its viability. They can have a significant impact on the financial feasibility of an affordable housing development. However, the city will forego taxes on the property, generally for ten years.</p> <p>Tax exemptions can be a strong tool to incentivize affordable housing and make proposed projects more viable depending on how they are structured. However, because of the trade-off in revenue, the City should carefully consider which tax exemption programs to use, and what the desired outcomes are. In general, market-rate developers will use the program that maximizes benefits while requiring the fewest changes to their development plans. Specific programs authorized in Oregon include the following. Among others. (Strategy in progress now)</p> <ul style="list-style-type: none"> • Vertical Housing Tax Exemption. This program is meant to encourage vertical mixed-use buildings in areas where they might be viable, typically downtowns or town centers. The program allows for a partial tax exemption for the built space above the ground floor. Affordable housing is not required, but inclusion of affordable units can increase the tax benefits. The city must adopt a defined Vertical Housing Development Zone in which the exemption will apply. • Low-income Rental Housing (or Non-Profit). This program is aimed at encouraging subsidized affordable housing development and can be more broadly applied geographically. Units must be affordable at 60% of Area Median Income to be eligible. One program applies to all owners of Low-income rental properties, and another program applies to non-profit agencies that are often one the few sources of subsidized housing in many communities. • Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to 307.687). The tax exemption for rehabilitation and construction of residences in “distressed urban areas.” • Residential Rehabilitation Tax Freeze (ORS 308.450 to 308.481). Freeze on the assessed value of residential properties to encourage rehabilitation of existing “substandard” structures (in violation of state or local code.
RECOMMENDATION	<p>Further evaluate the City’s ability to authorize tax abatements based on its share of the local tax burden and determine which abatements might best meet future housing needs or projects.</p> <p>Pending further analysis and support from City Council, authorize one or more tax abatements for specific qualifying projects and consider broader future implementation.</p>

CONSIDERATIONS	<p>Tax abatement programs do not require new direct investments, as they rely on foregone tax revenue from the general fund, but the City could use other funding sources, such as a construction excise tax, to replace the lost revenue. The City must seek agreement by resolution from other overlapping taxing jurisdictions to expand the size of the exemption. The annual benefit to the property owner from a city tax exemption can amount to tens of thousands of dollars, making this a strong financial incentive.</p>
IMPACT	<p>Population Served: Very low- to moderate-income levels</p> <p>Housing Types: For rent</p> <p>Special Housing Need Addressed: Low-income households, people experiencing homelessness, seniors, students, people of color, people with disabilities.</p>
IMPLEMENTATION ACTIONS	<p>The City Council will need to establish program goals and policies through passing an ordinance. The Planning Department would be responsible for convening and coordinating with affected stakeholders such as other taxing districts and affordable housing developers prior to passing the ordinance.</p> <p>Depending on the type of exemption or abatement, the Planning Department may need to amend to include a proposal for an amendment to the text of the zoning ordinance after city council has established program goals and policies. Proposal for an amendment to the text of the zoning ordinance is initiated by city council, the planning commission, the planning director, or by application from a property owner. The final action to a text amendment is taken after public hearings before the city council with a report containing findings from the planning commission.</p>
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Other taxing districts, affordable housing developers.</p>

3.3 LAND USE PERMIT FEE REDUCTIONS

PRIORITY	Long-term/relatively low priority (5-8 years, pending demonstrated need)
DESCRIPTION	<p>In areas with high fees and/or a large number of special assessment districts, the cumulative cost can erode the financial viability of affordable housing projects. Local jurisdictions can encourage the development of new affordable housing or other desired types of housing (e.g., ADUs or other potentially more affordable housing types) by reducing or waiving these fees for qualifying projects. This incentive is likely to have the greatest impact when there's a robust level of construction activity (or where new development is anticipated) and where impact and permitting fees are relatively high.</p> <p>Considering permitting or impact fee reductions or waivers for qualifying affordable developments, the city should aim to structure the program in a way that makes affordable housing more cost-effective to develop while avoiding adverse impacts on funding levels for key expenses that serve other community goals.</p>
RECOMMENDATION	<p>Assess relative costs, affordability benefits, potential off-setting funding sources, and eligibility criteria.</p> <p>If a funding source is available and/or benefits outweigh costs, move forward with implementation, including establishing exemption or reduction levels and eligibility criteria.</p>
CONSIDERATIONS	Waiving fees would impact funds that the City has available for public projects. The amount could largely depend on the size of the property and number of properties receiving waivers. A large number of properties receiving a waiver could amount to a significant loss of funding for the City.
IMPACT	<p>Population Served: All income levels</p> <p>Housing Types: For rent or sale, high-density multi-family housing.</p> <p>Special Housing Need Addressed: Low-income households, people experiencing homelessness, seniors, students, people of color, people with disabilities.</p>
IMPLEMENTATION ACTIONS	The City Council may need to pass an ordinance or it is possible that this could be an administrative decision made by the Planning Director. The Planning Department would be responsible for convening and coordinating with affected stakeholders such as other taxing districts and affordable housing developers prior to passing the ordinance.
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Affordable housing developers</p>

3.4 EXPEDITED DEVELOPMENT REVIEW

<p>PRIORITY</p>	<p>Long-term for broader implementation than current practices (5-8 years)</p>
<p>DESCRIPTION</p>	<p>Reduce review and processing times for affordable housing development by formally adopting shortened review timelines for applications or giving priority in scheduling hearings and meetings with staff. (Strategy already partially implemented)</p> <p>Expedited permitting will help to reduce the costs of development of needed housing as identified. The City may consider projects with direct or indirect funding from local government as essential and projects with long term affordability covenants through tax abatement or inclusionary requirements as high priority and/or only expedite housing according to the identified needed housing types. The City might also consider assigning a designating staff person to shepherd projects through the land use and/or building permitting processes in order to expedite the permitting process. However, given the limited size of the City’s staff, this may not be a practical approach.</p> 
<p>RECOMMENDATION</p>	<p>Determine whether staffing resources are expected to be available to implement the strategy now or in the future; pending availability of staffing, develop criteria, processes, and timelines for an expedited review process that goes beyond current practices.</p>
<p>CONSIDERATIONS</p>	<p>Creating an expedited review process for affordable and high need housing development has low legal risk and relatively low cost burden. The administrative burden would be moderate, due in part to the need for focused resources to quickly review applications as they come in. Other entities involved in permitting would need to agree to have the capability of expedited review. Community support for this strategy may be high as permitting often is seen as a barrier to development.</p>
<p>IMPACT</p>	<p>Population Served: All income levels</p> <p>Housing Types: For rent or sale</p>
<p>IMPLEMENTATION ACTIONS</p>	<p>The City Council will need to pass an ordinance. The Planning Department would be responsible for convening and coordinating with affected stakeholders such as other taxing districts and affordable housing developers prior to passing the ordinance.</p>
<p>LEAD AND PARTNERS</p>	<p>Lead: City of North Bend</p> <p>Partners: Affordable housing developers</p>

CATEGORY 4: PROGRAMS & PARTNERSHIPS



Programmatic strategies that could help North Bend increase its housing supply (particularly affordable housing), support existing affordable housing, and/or leverage partnerships to catalyze housing development. The programmatic strategies would typically depend on partnerships with other organizations to implement or rely on additional funding sources.

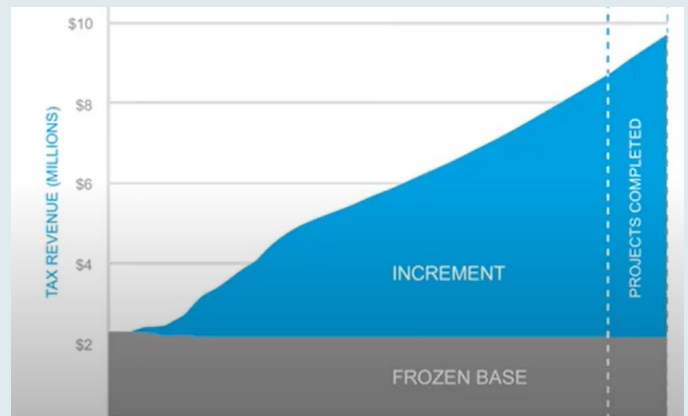
4.1 TAX INCREMENT FINANCING (TIF)

PRIORITY

Short Term (1-4 years for further evaluation); Long-term (5-8 years for broader implementation, pending results of short-term evaluation)

DESCRIPTION

The City could use tax increment financing (TIF) revenue for one-off projects, a pilot program, or possibly other efforts. TIF is a funding mechanism in which future tax revenues in targeted development or redevelopment areas are diverted to finance infrastructure improvements and/or development—potentially including affordable and/or market-rate housing. A benefit of TIF is that, if successful, it is one source that can help build relatively substantial funds for a City to contribute to development projects. A successful TIF district should have greater revenue generating potential than a CET program for instance. A TIF district also provides an opportunity to explain why the City is participating in types of projects it might not otherwise fund, and why it is important to a certain area or corridor.



TIF is one of the few mechanisms that allow a city to participate more directly in development, most often with a private or non-profit partner. This can be done through helping to secure land, partially subsidizing projects in return for meeting public goals, helping with off-site improvements, offering on-going programs for rehabilitation, and other tools. Use of TIF would limit the program to Urban Renewal Areas.

In North Bend, the City has an Urban Renewal Area (URA) which is funded by TIF, and it has acquired land that can be used to develop needed housing in the future. The original URA Plan was adopted in 1994 and has since been reviewed and updated multiple times. The Plan includes a list of public infrastructure and streetscape projects as well as programs to facilitate private development in the Downtown and the Waterfront. A redevelopment assistance program and façade improvement program have been implemented with TIF funds.

RECOMMENDATION	<p>The North Bend URA has not maximized the full urban renewal capacity permitted under state statute. This means that the City could consider expanding the existing district by extending it into other target areas, or by creating another district. Any new urban renewal areas should try to identify key development opportunities that TIF can facilitate, including opportunities to develop needed housing. (Strategy already partially implemented)</p>
CONSIDERATIONS	<p>TIF results in foregone tax revenue for the City and other overlapping taxing districts for several decades, although it can grow the tax base in the long-term by supporting development that would not otherwise have occurred.</p> <p>If a new TIF district were established, it would likely be several years before there would be sufficient revenue in the district to make significant investment in housing. In addition, the hurdles to expanding the use of TIF in North Bend are the need for an additional TIF planning project similar to the original adoption process, including feasibility analysis and a new TIF Plan. Using TIF includes freezing the new growth in tax revenue to existing taxing districts within the TIF area in order to direct that revenue to the district, so coordination and agreement with other taxing districts also is important.</p>
IMPACT	<p>Population Served: Very low- to low-income levels</p> <p>Housing Types: For rent or sale</p> <p>Special Housing Need Addressed: Low-income households, people experiencing homelessness, seniors, students, people of color, people with disabilities.</p>
IMPLEMENTATION ACTIONS	<p>Evaluate the potential for creation of one or more new TIF districts or to modify or expand the existing URA utilizing TIF. Part of this evaluation should consider whether a housing set-aside would be an appropriate expenditure for the district(s) and to estimate how much could be allocated while balancing the need for infrastructure investments.</p>
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Urban Renewal Agency; property owners with an existing or proposed new TIF area boundary</p>

4.2 SUBSIDIZED AFFORDABLE HOUSING

PRIORITY	Near-term (1-4 years)
DESCRIPTION	<p>Subsidized affordable housing is most often offered through a government or non-profit agency that has established the provision of housing to low-income households, the elderly and disabled as part of their stated mission. The tenant pays no more than 30% of their monthly income toward rent while HUD pays the remaining amount. Subsidized housing can be obtained through vouchers, where the subsidy is used by a tenant to find rental housing in the private market and is paid to a private property owner. (Strategy in process now)</p> <p>A number of the other strategies described in this report are examples of or can be used in tandem with this strategy (see Strategies 3.1,3.2, 3.3, 4.1 and 4.3).</p>
RECOMMENDATION	Continue to support subsidized affordable housing projects through a combination of other strategies described in this report, as well as through technical assistance to applicants and a generally supportive policy and approach towards such projects.
CONSIDERATIONS	This strategy has low legal risk. The administrative burden may be low to moderate, working to develop partner relationships with affordable housing developers, and administer ongoing projects. Providing funding represents a moderate to high cost, depending on the scale and number of projects to which the City provides financial contributions. Those contributions can come from one of the funding sources described in this memo (e.g., Housing Trust Fund, General Obligation Bonds, or Construction Excise Tax) or from general fund revenues.
IMPACT	<p>Population Served: Very low- to low-income levels</p> <p>Housing Types: For rent; income-restricted units</p> <p>Special Housing Need Addressed: Low-income, people experiencing homelessness, seniors, students, people of color, people with disabilities</p>
IMPLEMENTATION ACTIONS	<p>The City Council will need to make a decision.</p> <p>Continued staff level coordination with project developers and sponsors.</p>
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Affordable housing developers</p>




4.3 LAND ACQUISITION AND BANKING

PRIORITY	Long-term (5-8 years as opportunities for acquisition or disposition arise)
DESCRIPTION	<p>Land banking is the acquisition and holding of properties for extended periods without immediate plans for development, but with the intent that properties eventually be used for affordable housing. Land banking can be used as an anti-displacement strategy. Land banks can acquire land in high-opportunity areas where prices are going up and develop affordable housing before the market becomes too competitive.</p> <p>Most land banks rely on property tax-related revenue streams, although some have relied on private foundation or federal grants. Tax exemptions can be applied to land held for the purpose of developing low-income housing. Therefore, tax exemptions can help make land banking more financially feasible as an affordable housing strategy.</p>
RECOMMENDATION	<p>Considerations for the City of North Bend:</p> <ul style="list-style-type: none"> • The City could manage its own land bank or acquisition strategy or work in concert with a non-profit or non-governmental entity at a larger, regional scale that manages a portfolio of properties to support affordable housing development over many years. Ideally, the land bank would be set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. • The land bank would purchase vacant land in high-opportunity areas, schools, and other important amenities and require that the land be used for the development of affordable housing. • In most cases, land banking programs have focused on properties in tax foreclosure, but North Bend’s program could explore voluntary donation or purchase on the open market. <p>One way the City could support a land bank is to assist with creating an inventory of suitable sites for housing development, based on infrastructure conditions, location, and other factors. (Strategy in process)</p>
CONSIDERATIONS	<p>Land banking requires political commitment over time and across market cycles. Purchasing new land requires agencies to find and secure the property and fund land acquisition and due diligence. Administering a land bank can be costly. The City should evaluate the use of existing GIS tools to inventory publicly and privately owned properties in areas well suited for a land bank purpose. The City can consider contributing funds or land to an existing non-profit land bank or participating in the formation of a new non-profit land bank if one does not exist with sufficient capacity to serve North Bend.</p> <p>The City could form a Land Bank Authority (LBA), using statutory authority provided by the Oregon Land Bank Authorities Bill. LBAs are boards that purchase and acquire environmentally contaminated properties and promote their rehabilitation and development.</p>

IMPACT	<p>Population Served: Very low- to low-income levels</p> <p>Housing Types: For rent or sale; income-restricted units</p> <p>Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities</p>
IMPLEMENTATION ACTIONS	<p>Should the City choose to develop a city-run affordable housing land bank, the City would need to develop a program mission with supportive policies that will guide program actions.</p> <p>Cities can also partner with or contribute funds to existing non-profits who specialize in land banking, or support the formation of a new non-profit land bank if one does not exist.</p>
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Land bank entity; partnering developers</p>

4.4 CONSTRUCTION EXCISE TAX (CET)

PRIORITY	Long-term (5-8 years for further evaluation)	
DESCRIPTION	<p>Adopt a tax on construction projects that can be used to fund affordable housing. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. Cities and counties may levy a CET on residential construction for up to 1% of the permit value; or on commercial and industrial construction, with no cap on the rate of the CET. State law requires it to be spent on specific types of programs and activities.</p>	
	<p>The City may retain 4% of the funds to cover administrative costs. If the City uses a residential CET, The funds remaining must be allocated as follows:</p> <ul style="list-style-type: none"> • 50% must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.) • 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. • 15% flows to Oregon Housing and Community Services (OHCS) for homeowner programs. 	

	<p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. It also should be noted that the City's current charter does not allow it to implement a new or increased fee without a vote of the people. This has served as a barrier to implementing new fees in the past and likely will continue to represent a barrier. Any attempts to adopt a CET or other new fee (including SDCs described previously), likely would entail extensive community education efforts to help people understand the relative costs, benefits, and needs for adopting the new fee. Coordinating with local organizations and community groups that would support such efforts would also be important.</p> <p>The efficacy of a CET in raising funding for affordable housing will depend greatly on the amount of development in a given year. A rough estimate based on average residential permitting activity over the last ten years indicates that a 1% CET might generate between \$50k to \$100k in funding annually. Though these funds might be modest on an annual basis, they might build a useful fund over multiple years, and help fund some of the other developer incentive tools discussed in this memo.</p>
RECOMMENDATION	<p>This housing strategy can provide several benefits to supporting the development of new housing while also providing the City with a source of revenue. However, several stakeholders mentioned the cost of fees for utility connection and public improvements as a barrier to new development. Implementing a CET would add an additional cost to the development of new housing. The City should first consider ways to reduce the costs associated with housing development prior to instituting a CET</p>
CONSIDERATIONS	<p>A constraint is that CET increases development costs in an environment where many developers are already seeking relief from systems development charges, so it could impact development feasibility and increase the costs of housing more generally. However, by structuring the policy with offsetting incentives or tools to reduce development barriers, the City could potentially limit the impact on feasibility for certain projects. As noted above, the City's charter limitation on establishment of new fees also is a significant barrier.</p>
IMPACT	<p>Population Served: Very low- and low-income</p> <p>Housing Types: For rent or sale</p> <p>Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities</p>
IMPLEMENTATION ACTIONS	<p>City Council would need to pass an ordinance to adopt the use of a CET. City staff would then develop a program to administer the CET.</p>
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Development community, affordable housing advocates</p>

4.5 PUBLIC-PRIVATE PARTNERSHIPS (PPP) & COMMUNITY LAND TRUSTS

PRIORITY

Short-term (1-4 years)

DESCRIPTION

Arrangements between public and private entities to create more and/or affordable housing. Cities can engage in PPPs in a variety of ways, such as providing flexibility in development standards and helping leverage public funding. The City can implement arrangements between public and private entities to create more and/or affordable housing. These PPPs can promote a variety of affordable housing programs or projects and include partnerships from multiple public, private, and non-profit entities such as the Community Land Trusts. These efforts typically involve utilization of a variety of other housing measures or strategies, including those described in this report.

The most common partnership model is for the City to provide financial assistance to a partner organization, but partnerships can include other activities such as providing administrative capacity, donating land, etc. Often the comprehensive funding of affordable housing development requires numerous funding

sources, and the City's financial contribution can help supplement funding from the state, federal, and other sources. Strategies 3.1-3.4 and 4.1-4.4 are more specific examples of the use of PPPs.

One model that has been successful in local jurisdictions is the Community Land Trust (CLT) model, explored in detail below. Supporting an existing organization would likely provide a greater impact than supporting the startup of a new organization in this regard although the City should be open to multiple possibilities and approaches.


A Community Land Trust (CLT) is a model wherein a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture some equity as the home appreciates but ensures that the home remains affordable for future homebuyers. CLTs may also lease land to affordable housing developers for the development of rental housing or may develop and manage rental housing themselves. Land trusts are typically run as non-profits, with support from the public sector and philanthropy, and could be linked to a land bank. Land trusts can be focused on homeownership or rental units.

A community land trust (CLT) is an independent, nonprofit corporation chartered in the state where it is located. Most operate within the boundaries of a targeted area, though some serve entire cities, multiple cities, or even entire states. There are various types of CLTs which have varying funding mechanisms, structures, etc. Examples include conventional CLTs, development oriented CLTs, and land bank stewards. Throughout the various CLTs, even those not sponsored by a government entity often receive local government support in the form of seed funding, on-going administrative and operational funding support, or land donations and grants. (Strategy in process now)



RECOMMENDATION	<p>Coordinate and communicate with CLTs or similar organizations which propose projects in North Bend. Similar to Strategy 4.2, the City can support CLT-sponsored projects through a combination of other strategies described in this report, as well as through technical assistance to applicants and a generally supportive policy and approach towards such projects. To the extent funding or land are available, the City also could provide financial support and/or donate or sell property at a low price.</p>
CONSIDERATIONS	<p>Community land trusts require a relatively high level of effort to implement but result in long-lasting affordability for the homes they develop and manage. That said, the efforts are primarily borne by the land trust, with low to moderate work by the City to provide financial or technical assistance to support those efforts. Land trusts have many legal considerations and have a high start-up cost (also borne by the land trust, rather than the City). Cities typically are asked to provide land, financial assistance, and or technical assistance, with potentially moderate costs. The City also must ensure that the CLT aligns with funding sources and housing policies.</p>
IMPACT	<p>Population Served: Very low- to moderate-income levels</p> <p>Housing Types: For rent or sale</p> <p>Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities</p>
IMPLEMENTATION ACTIONS	<p>Staff level coordination with project developers and sponsors.</p> <p>Technical and permitting assistance for qualifying projects.</p> <p>Evaluation of land donation and/or funding opportunities for specific proposed projects.</p> <p>Council decision regarding funding and/or City property disposition.</p>
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Community land trust partners</p>

4.6 FINANCIAL ASSISTANCE & HOMEBUYER EDUCATION PROGRAMS

PRIORITY	Short-term (1-4 years for education efforts); Long-term (5-8 years for City program implementation, pending capacity and feasibility)
DESCRIPTION	<p>Rental assistance programs can help eligible low-income households with their past due rent and protect them from eviction risk. Alternatively, the City can promote stable homeownership opportunities with a range of tools such as foreclosure prevention guidance, down payment assistance loans, Homebuyer Opportunity Limited Tax Exemption, etc. A homebuyer education program helps homebuyers have a better understanding of what's involved in the home-buying process, what is needed from the borrower to be approved for a mortgage loan, the benefits / challenges of homeownership, and mortgage and lending terms, etc.</p> 
RECOMMENDATION	Support local lending institutions in providing such information and/or provide links to information provided by partnering organizations. If staffing and financial resources allow, consider implementation of a homebuyer assistance program in the long-term, possibly targeted to City or other local government workers.
CONSIDERATIONS	In addition to the cost of program administration, both types of programs require relatively significant administrative time and resources to efficiently reach tenants and potential homebuyers in the area.
IMPACT	<p>Population Served: Low- and moderate- income levels</p> <p>Housing Types: For rent or sale</p> <p>Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities</p>
IMPLEMENTATION ACTIONS	A financial assistance or homebuyer education program must be established by the City Council through an ordinance or resolution. Establishment of a new program will require identifying a source of funding to cover program administration and policies to guide program decisions, The Planning Department will need to coordinate with the Department responsible for developing and administering the program to ensure current policies related to housing are incorporated into the new program.
LEAD AND PARTNERS	<p>Lead: City of North Bend</p> <p>Partners: Program beneficiaries</p>

4.7 TENANT PROTECTION PROGRAMS & POLICIES

PRIORITY

Long-term (5-8 years, pending further evaluation or demonstration of need)

DESCRIPTION

Tenant protection programs and policies help protect existing renters against evictions, excessive rent increases, discrimination, and health and safety violations. These programs and policies can also provide various types of assistance to renters. Homeowner protection programs could include education as well as financial and technical assistance to stabilize and combat predation of Low- and Moderate-income homeowners.



Rent stabilization legislation was adopted by the State of Oregon during the 2019 legislative session and the state will essentially administer associated programs.¹ The remainder of this section focuses on other types of tenant protection programs.

- Renter Relocation Assistance. These programs require property owners to pay a set amount to assist tenants when lease conditions change—such as substantial rent increase or not receiving the option to renew a lease.
- Rental Registration. These programs allow jurisdictions to keep an accurate inventory of residential rentals. A well-maintained inventory can help improve notification of changes to local landlord-tenant laws. Also, the program helps monitor and protect tenants while requiring more responsibility and accountability from landlords.
- Rental Inspection Program. Rental inspection programs monitor rentals to protect tenants and require more accountability from property owners. Inspection programs can be combined with a registration program or stand-alone. Also, the types of housing or dwellings that are required to register for the program can vary to all housing, affordable housing, multi-family housing, or other criteria.

RECOMMENDATION

If there is increased support for these types of programs, develop implementation plan; carefully consider potential unintended consequences and relative level of benefits.

¹ <https://www.orcities.org/application/files/9915/6470/3542/FAQ-SB-608-Rent-Control.pdf>

CONSIDERATIONS	Tenant protections to keep people in existing low-cost rental housing often are less costly to implement than new construction from a capital cost perspective but they require more administrative effort from the City. Several of the programs for tenant protection require relatively significant administrative time and resources and may not be appropriate for the City at this time but could be considered for implementation in the future. Partnering organizations that specialize in tenant protection throughout the state may be able to support the City.
IMPACT	Population Served: Very low- to moderate-income levels Housing Types: For rent Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities
IMPLEMENTATION ACTIONS	Dependent on program.
LEAD AND PARTNERS	Lead: City of North Bend Partners: Non-profit housing organizations, affordable housing providers.

4.8 DEDICATED REVENUE SOURCES FOR AFFORDABLE HOUSING

PRIORITY	Long-term (5-8 years)
DESCRIPTION	A dedicated revenue source for affordable housing provides an ongoing committed stream of revenue for affordable housing, often deposited into a Housing Trust Fund. Sources for the fund can include Transient Lodging Taxes collected from Short Term Rentals and developer fees.
RECOMMENDATION	Consider in coordination with other funding strategies (e.g., CET, TIF, General Obligation Bonds, or similar sources of funding). If feasible to pursue, consider partnering with another organization to establish and administer the Housing Trust Fund.
CONSIDERATIONS	This strategy relies on identifying a sustainable funding source with sufficient revenue to have impactful contributions. Sources of funding will fluctuate with the strength of the economy and construction. There is potentially a high cost to seed the program, such as with a Housing Trust Fund.
IMPACT	Population Served: Very low- and low-income levels Housing Types: For rent or sale Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

IMPLEMENTATION ACTIONS	Identify a potential funding source for affordable housing; design and implement the activities needed to establish and administer the funding program.
LEAD AND PARTNERS	Lead: City of North Bend Partners: Non-profit housing organizations, affordable housing providers

4.9 FLEXIBLE USE OF HOUSING CHOICE VOUCHERS

PRIORITY	Long-term (5-8 years)
DESCRIPTION	Public Housing Authorities have the ability to attach up to 20% of their voucher assistance to specific housing units for each low income housing project. Project-based Rental Assistance (PBRA) vouchers provide rental assistance for eligible occupants who occupy specific housing units managed by private owners who have entered into agreements with a housing agency. The household pays an established amount to the owner each month (typically approximately 30% of monthly income) and the housing agency pays the balance of the rent due. If public housing authorities include homeownership in their administrative plan, housing vouchers may also be used to facilitate low income homeownership. (Strategy in process now via local housing authority)
RECOMMENDATION	Work with housing authority to investigate state funding or other sources of support for expanding outreach to and coordination with voucher recipients and local property owners and other rental property owners or managers to identify ways to increase the percentage of vouchers that are used locally.
CONSIDERATIONS	The biggest challenge to this strategy is to find enough affordable units and landlords willing to participate in the program, which has been among the many challenges housing authorities have faced. A secondary source of impediments is the ability for landlords to impose additional requirements for renters that limit their ability to use their vouchers (e.g., limitations on pets, high security or other deposits, etc.).
IMPACT	Population Served: Very low- to low-income levels Housing Types: For rent Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities
IMPLEMENTATION ACTIONS	Research programs conducted in other jurisdictions (Polk County if a good candidate). Investigate potential state or other funding sources to enhance outreach and coordination efforts. Partner with the housing authority for implementation.

LEAD AND PARTNERS

Lead: City of North Bend

Partners: Non-profit housing organizations, affordable housing providers, local housing authority

4.10 GENERAL OBLIGATION BONDS FOR AFFORDABLE HOUSING

PRIORITY	Long-term (5-8 years, depending on potential for voter support and approval)
DESCRIPTION	<p>The City of North Bend can issue voter-approved general obligation bonds to provide direct funding for construction and other capital costs associated with the development and construction of affordable housing. Funds can be loaned or granted to public and privately owned affordable housing projects.</p> <p>Following the passage of Measure 102, Oregon local governments, including cities and counties, can now issue voter approved general obligation bonds to provide direct funding for construction and other capital costs associated with the development and construction of affordable housing. These funds can be loaned or granted to both public and privately owned affordable housing projects. “Affordability” is required to be determined by voters and each jurisdiction and can be above or below minimum affordability levels established for the federal LIHTC program and other established federal and State affordable housing finance programs, defining affordability by reference to Area Median Income (AMI) as established by HUD. The bonds could be paired with other financing such as LIHTC or could be used for homeownership opportunities.</p>
RECOMMENDATION	This is a long-term strategy that will take extensive research and planning if it is to move forward. Primary factors to evaluate include potential tax rates and associated revenues; capacity of the City and partnering organizations to further evaluate and implement; and willingness of voters to support increased taxes to fund the GO bonds.
CONSIDERATIONS	<p>A primary downside of general obligation bonds is that they require voter approval to increase property taxes, which may not receive adequate community support. As such, it may not be the most politically feasible funding strategy.</p> <p>If successful, the administration of this funding may require additional staffing and skillsets if the City is unfamiliar with undertaking these types of projects on this scale.</p> <p>General obligation bonds can only be used for capital projects and cannot be used for supportive services or for operations. However, if the City issues a bond to build new affordable housing, it may free up resources from other funding sources for services linked to affordable housing.</p>
IMPACT	<p>Population Served: Very low- to low-income levels</p> <p>Housing Types: For rent</p>

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

IMPLEMENTATION ACTIONS	The City would need to evaluate the types of projects and their general costs that would be included on the ballot to determine the bond rate. General obligation bonds are issued with long-term, fixed rates. The City would need to evaluate the type of bond it would pursue (20-year or 30-year).
LEAD AND PARTNERS	Lead: City of North Bend Partners: City of North Bend Finance Department, Legal Department, North Bend residents.

4.11 INDIAN HOUSING BLOCK GRANTS

PRIORITY	Short-term (1-4 years)
DESCRIPTION	<p>The Indian Housing Block Grant (IHBG) Program provides grants to develop, maintain, and operate affordable housing in safe and healthy environments on American Indian reservations and in other American Indian areas, and to carry out other affordable housing activities that benefit low-income American Indian families. Mixing IHBG with other traditional affordable housing funding sources allows preference for Native members in urban affordable housing projects.</p> <p>The grant program is a formula grant that provides a range of affordable housing activities on Indian reservations and Indian areas. Eligible IHBG recipients are Federally recognized Indian tribes or their tribally designated housing entity, and a limited number of state recognized tribes who were funded under the Indian Housing Program authorized by the United States Housing Act of 1937.</p> <p>Eligible activities include housing development, assistance to housing developed under the Indian Housing Program, housing services to eligible families and individuals, crime prevention and safety, and model activities that provide creative approaches to solving affordable housing problems.</p>
RECOMMENDATION	The Confederated Tribes of Coos, Lower Umpqua and Siuslaw (CTLUSI) as well as the Coquille Indian Tribe are eligible for grants through the IHBG program. The City can support tribal efforts as a partner in securing grants for constructing affordable housing for tribal members in the City.
CONSIDERATIONS	Institutional capacity and size are important factors when it comes to leveraging and administering IHBG funds as well as running housing programs. Limited administrative capacity is one of the most commonly identified internal problems.
IMPACT	Population Served: Very low- to low-income levels Housing Types: For rent or sale

Special Housing Need Addressed: Low-income households, People of Color, People with Disabilities

IMPLEMENTATION ACTIONS

No actions specific to the City of North Bend except for general policy support for these programs.

LEAD AND PARTNERS

Lead: City of North Bend
Partners: CTCLUSI and Coquille Tribes

4.12 LOCAL INNOVATION AND FAST TRACK (LIFT) PROGRAM FOR AFFORDABLE RENTAL HOUSING

PRIORITY

Short-term (1-4 years)

DESCRIPTION

The Local Innovation and Fast Track (LIFT) Housing Program’s objective is to build new affordable housing for low income households, especially families. It is available for units affordable to households earning below 60% AMI, for a period of at least 20 years. In response to the growing housing crisis, the State made available General Obligation Bonds to create the Local Innovation and Fast Track (LIFT) housing program in 2015 with a charge to rural communities and communities of color. Oregon Housing and Community Services (OHCS) designed LIFT with the intent of leveraging it with 4% Low Income Housing Tax Credits (LIHTC) and multifamily conduit bonds to spur rural housing supply.

All projects must demonstrate efforts to serve communities of color to be eligible for LIFT funding. Service to communities of color can be achieved in a number of ways and should be relevant to the community in which the project is located, and the focus population anticipated to be served.

LIFT funds are most likely to be used by agencies and developers experienced in building affordable housing. Because of the deep affordability level (60% AMI for all units) it is most likely to be pursued by non-profit housing agencies. The City can assist through offering additional incentives or partnering through the urban renewal program or similar tools.

RECOMMENDATION

The City’s primary role in this strategy is to support the use of this funding mechanism by affordable housing developers. They can do this by passing resolutions of support, providing information about the program to developers, and using other tools to support projects that qualify for this funding.

CONSIDERATIONS

The City generally will be a supporting or sponsoring entity in projects that utilize LIFT funds, with housing developers taking the lead in applying for funding. Primary barriers include maintaining knowledge of changing program priorities and finding affordable housing developers who are interested in implementing projects in North Bend. Administrative costs for this strategy are considered to be low to moderate.

IMPACT

Population Served: Very low- to low-income levels

Housing Types: For rent or sale

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

IMPLEMENTATION
ACTIONS

Identify potential housing developers and sites for specific projects; support coordination with OHCS programs and staff; monitor current funding priorities.

LEAD AND
PARTNERS

Lead: Affordable housing developers

Partners: Oregon Housing and Community Services Department

FAIR AND EQUITABLE HOUSING OUTCOMES

Housing measures can have a direct or indirect equitable impact on people. Housing strategies that have a direct impact on housing equity include those that contribute to increasing the supply of all housing or housing targeted to groups of people that are vulnerable in the housing market. Indirect housing strategies are those that allow for more housing overall, but do not have a direct influence on increasing the supply of housing.

The City of North Bend currently employs eight strategies that have an equitable housing impact. Many of these are primarily focused on improving the zoning and development code as well as reducing other regulatory impediments. These include the following and are described in more detail in Appendix E.

- Allow ADUs and two-family dwellings in all residential zones.
- Allow ADUs subject to clear and objective standards without design review and no required parking. Prohibit ADUs from being used as short-term rentals.
- Established a cap on the number of short-term rentals in North Bend. The intent is to limit their impact on housing affordability.
- Adopted changes to requirements for residential uses in commercial zones to allow residential outright in the ground floor space based on clear and objective building design standards that are intended to maintain the look and feel of a walkable commercial area and allow for easier transition to commercial space if/when desired.
- North Bend does not set a minimum building floor area for dwellings, except as required by state law for manufactured homes and as per the Building Code. The City recently adopted changes that better facilitate the development of lots that do not meet current lot size standards for building.
- Reduced required off-street parking for one- and two-family dwellings. Provide an administrative avenue by which applicants can request a parking adjustment from the minimum required off-street parking standards.
- Expedite needed housing land use applications.



- Provide for pre-application meetings and allow concurrent processing of applications needed for development (land use, building permit, etc.) to expediate and streamline permit processing.

In addition, the City is also using the following measures to facilitate housing production.

- North Bend actively participates in the Coos County Housing Action Team meetings, which includes an annual housing summit. The Coos County Housing Action Team is a group of nonprofit organizations, municipalities, and private companies working towards reducing the County’s housing shortage.
- North Bend is acquiring property for future housing through its Urban Renewal Agency.
- The City is working with the North Bend City/Coos-Curry Housing on its low-income housing tax credit before the state.
- The City is working directly with Senator Wyden’s Office on a taskforce geared at increasing housing in the City and the region.

These strategies have direct and indirect impacts on increasing the supply of housing in the City.

Following is a summary of the potential impacts on vulnerable populations, including people with disabilities, BIPOC, low income, and houseless individuals of the strategies described in this report. These include positive impacts as well as negative impacts (i.e., costs and burdens).

	Strategy	Positive Impact on Equity and Stability for Vulnerable Populations	Potential Negative Impact	Cumulative Impact (+/-)
1.1	Rezone Land to Higher Densities	Increase opportunities to development of lower-cost housing	Potential displacement of existing small low-cost units	Positive
1.2	Property Owner Coordination	Increase the overall supply of housing to reduce costs	May create some higher priced units	Positive
2.1	Increase Allowed Density in Existing Zones	Promote less costly forms of housing	Potential for displacement	Positive
2.2	Code Updates to Support a Variety of Housing Types	Promote smaller, less costly units to expand housing choices	Potential for displacement	Positive
2.3	Promote Accessory Dwelling Units (ADU’s)	Promote smaller, less costly units to expand housing choices	NA	Positive
2.4	Regulatory Incentives for Affordable and Workforce Housing	Expand opportunities for housing affordable to low income/underserved households	NA	Positive
2.5	Reduce unnecessary barriers to housing	Improve financial feasibility for all housing development	Potential for displacement	Positive
3.1	SDC Reductions, Exemptions or Waivers	Reduce cost for smaller or more affordable housing units	NA	Positive
3.2	Tax Exemptions or Abatements to Housing	Expand opportunities for housing affordable to low income/underserved households	Potential reduction in funds for city-wide services	Positive

	Strategy	Positive Impact on Equity and Stability for Vulnerable Populations	Potential Negative Impact	Cumulative Impact (+/-)
3.3	Land Use Permit Fee Reductions	Reduce development costs for housing affordable to low income/underserved households	Potential reduction in funds for city-wide services	Positive
3.4	Expedited Development Review	Reduce development costs for housing affordable to low income/underserved households	NA	Positive
4.1	Tax Increment Financing	Promote housing in areas with access to amenities & services	Reduction in funds for city-wide services	Positive
4.2	Subsidized Affordable Housing	Expand opportunities for housing affordable to low income/underserved households	NA	Positive
4.3	Land Acquisition and Banking	Create opportunities to develop housing affordable to low income/underserved households	NA	Positive
4.4	Construction Excise Tax	Provide funding to develop housing affordable to low income/underserved households	Potential increase in cost of market rate housing	Positive
4.5	Public-Private Partnerships and Community Land Trusts	Expand opportunities for housing affordable to low income/underserved households	NA	Positive
4.6	Financial Assistance and Homebuyer Education Programs	Increase awareness of housing assistance for underserved populations	NA	Positive
4.7	Tenant Protection Programs and Policies	Improves housing stability for existing residents	Discourages some landlords from providing housing	Neutral
4.8	Dedicated Revenue Source for Affordable Housing	Provide funding to develop housing affordable to low income/underserved households	NA	Neutral
4.9	Flexible Use of Housing Choice Vouchers	Improve accessibility and use of vouchers; expand housing options	NA	Positive
4.10	General Obligation Bond for Affordable Housing	Provide funding to develop more affordable housing	NA	Positive
4.11	Indian Housing Block Grants (IHBG)	Support partnering efforts that benefit indigenous peoples	NA	Positive
4.12	Local Innovation and Fast Track (LIFT) Program for Affordable Rental Housing Development	Expand opportunities for housing affordable to low income/underserved households	NA	Positive

The following table provides more detailed information related to how each strategy addresses specific impacts for vulnerable or targeted populations.

	Strategy	Impact on Equity						
		Affordable Homeownership	Affordable Rental Housing	Housing Stability	Housing Options	Housing Choice	Location of Housing	Fair Housing
1.1	Rezone Land Rezone Land from Low or Medium Density to High Density	x	x		x	x	x	x
1.2	Coordination with Property Owners	x	x		x	x	x	
2.1	Increase Allowed Densities	x	x		x	x	x	
2.2	Code Updates to Support a Variety of Housing Types	x	x		x	x	x	
2.3	Promote ADUs		x	x	x	x	x	x
2.4	Zoning Incentives for Affordable/Needed Housing	x	x		x	x	x	x
2.5	Expedite Permitting for Affordable/Needed Housing	x	x		x	x		x
3.1	System Development Charge (SDC) Deferrals, Exemptions or Reductions	x	x			x	x	x
3.2	Tax Abatements	x	x		x	x		x
3.3	Land Use Permit Fee Reductions		x		x	x		
3.4	Permit Fee Reductions		x		x	x		
4.1	Tax Increment Financing		x	x	x	x	x	
4.2	Subsidized Affordable Housing	x	x	x	x	x	x	x
4.3	Land Acquisition and Banking	x	x		x	x	x	x
4.4	Construction Excise Tax (CET)	x	x		x	x		x
4.5	Public-Private Partnerships (PPPs)	x	x	x	x	x	x	x
4.6	Financial Assistance and Homebuyer Education Programs	x		x		x		x
4.7	Tenant Protection Programs and Policies			x	x			x
4.8	Dedicated Revenue Source for Affordable Housing	x	x	x	x	x	x	x
4.9	Flexible Use of Housing Vouchers		x	x		x	x	x
4.10	General Obligation Bond for Affordable Housing	x	x	x	x	x	x	x
4.11	Indian Housing Block Grants	x	x	x	x	x	x	x
4.12	LIFT Program	x	x	x	x	x	x	x

MONITORING PROGRESS AND OUTCOMES

The City of North Bend is required to describe how it will measure the implementation and progress of the strategies recommended in the HPS. North Bend is required to report the progress of the HPS to DLCD four (4) years after adoption. The report must include:

- A summary of the actions already taken by the City to implement the strategies and actions adopted in the City's most recent HPS Report. If the City has not implemented strategies and actions when the progress report is required, the City must provide an explanation of the circumstances or factors that posed a barrier to implementation and a plan for addressing the identified need that the strategy addressed;
- A reflection of the relative efficacy of implemented strategies and actions adopted in the City's most recent HPS Report; and
- A reflection of the efficiency of the actions taken in response to the Fair and Equitable Housing Outcomes described in the previously in this report.

North Bend proposes the following measures to monitor the process and impact of the HPS implementation. Implementation of a number of the monitoring approaches will depend on the ability of the City to collect and evaluate readily available data related to development of specific types of housing. The City may update or modify these strategies based on that and other factors over time. North Bend staff will provide periodic briefings to the City Council on the progress of the HPS implementation.

- Monitor and track development applications and building permits by housing type, location and density. Use this information to estimate the potential change in the mix and range of different types of housing developed over time.
- Track the number of new regulated affordable housing units and loss of regulated affordable housing units through coordination with non-profit or other developers, including those that receive public subsidies.
- Track the number of accessible housing units constructed and/or rehabilitated to enhance accessibility, particularly housing constructed for seniors or targeted to people with disabilities.
- Identify successful partnership projects that resulted in housing production or housing stability for identified groups in the HPS; include number of units built, preserved, or rehabilitated and the number of people served by the partnership(s).
- Successful adoption of Code Amendments related to the strategies identified in the HPS.
- City Council Ordinances related to the HPS strategies (e.g., SDC reductions, tax abatement, etc.).

- Rezoning applications (legislative or owner-initiated) to higher-density residential or mixed use.
- Documented coordination with property owners in efforts to produce needed housing identified in the HPS.
- Achievement of annual City Council or staff work plan items related to strategies in the HPS.

APPENDIX A: NORTH BEND CONTEXTUALIZED HOUSING NEEDS





MEMORANDUM

North Bend Contextualized Housing Needs

North Bend Housing Needs Analysis & Housing Production Strategy

DATE June 8, 2022
TO Chelsea Schnabel
FROM Matt Hastie, MIG | APG
Clinton "CJ" Doxsee, MIG | APG
Brendan Buckley, Johnson Economics
CC FILE

INTRODUCTION

House Bill 2003 (2019) requires cities over 10,000 population to adopt a Housing Production Strategy (HPS). The HPS will outline a list of tools, actions, and policies that the City of North Bend plans to take to address housing needs within the City, consistent with the City's Housing Needs Analysis (HNA).¹ Part of the process in developing an HPS involves preparation of a Contextualized Housing Needs Assessment (CHNA). This assessment is intended to build on previous or concurrent work conducted for the HNA to describe demographic, housing, and market conditions; project future housing needs; housing affordability; barriers to meeting identified housing needs; and existing or previous programs implemented to address housing needs. The CHNA also is intended to emphasize the needs of traditionally underserved and disadvantaged populations. The remainder of this memo summarizes information about these topics. It relies heavily on similar information included in the City's draft HNA report.

SOCIO-ECONOMIC AND DEMOGRAPHIC TRENDS

Population and Forecasted Growth

North Bend is a city of over 10,000 residents within its Urban Growth Boundary. The recently completed HNA estimates that this population resides in an estimated 4,300 households with an average of 2.4 people each. There is also a small group quarters population of roughly 90 people.

¹ The City of North Bend is currently developing an HNA concurrently with the HPS.

North Bend has grown by 330 households since 2000, or an average of 15 net new households per year. The estimated number of housing units has grown at a similar rate, adding an estimated 340 units in that period. This is growth of 8% over the past two decades (details in Figure 1).

Figure 1: North Bend Demographic Profile (2000 – 2022)

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS					
	2000	2020	Growth	2022	Growth
	(Census)	(Census)	00-20	(PSU)	20-22
Population ¹	9,577	10,353	8%	10,436	1%
Households ²	3,983	4,309	8%	4,312	0%
Families ³	2,564	2,840	11%	2,841	0%
Housing Units ⁴	4,313	4,624	7%	4,651	1%
Group Quarters Population ⁵	200	88	-56%	88	0%
<i>Household Size (non-group)</i>	2.35	2.40	2%	2.40	0%
<i>Avg. Family Size</i>	2.95	2.69	-9%	2.69	0%
PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000	2020	Growth	2022	Growth
	(Census)	(Census)	00-20	(Proj.)	10-22
Per Capita (\$)	\$16,703	\$33,549	na	\$35,972	7%
Median HH (\$)	\$33,333	\$59,577	na	\$63,139	6%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901; S19301

1 From US Census, growth rate 2000-2020 extended to 2022

2 2022 Households = (2022 population - Group Quarters Population)/2022 HH Size

3 Ratio of 2022 Families to total HH is based on 2019 ACS 5-year Estimates

4 2022 housing units are the '20 Census total plus new units permitted from '20 through '21 (source: Census, City)

5 Ratio of 2022 Group Quarters Population to Total Population is kept constant from 2020.

Source: North Bend Housing Needs Analysis (2022)

Forecasted growth: North Bend's population is forecast to grow at an average rate of 0.3% per year over the 20-year period studied in the HNA. This is similar to the average growth of 0.4% per year experienced since 2000.

The forecasted growth amounts to an estimated 580 new residents, living in 240 new households. Once vacancy is factored in, there is a projected need for 260 new housing units by 2042, or roughly 15 units per year, the average rate that has persisted since 2000.

Figure 2 presents the estimated breakdown of housing types needed to meet the 20-year need. It is forecast that the city will need to accommodate a greater mix of housing types than seen in the past, while a majority of new housing will still be single family detached homes.

Figure 2: North Bend Projected Needed Housing Types (2022 – 2042)

OWNERSHIP HOUSING								
Unit Type:	Single Family Detached	Single Family Attached	Multi-Family			Manuf. home	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR			
Totals:	112	8	0	0	0	5	125	48.3%
Percentage:	89.6%	6.2%	0.0%	0.0%	0.0%	4.2%	100%	

RENTAL HOUSING								
Unit Type:	Single Family Detached	Single Family Attached	Multi-Family			Manuf. home	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR			
Totals:	42	16	10	9	57	0	134	51.7%
Percentage:	31.5%	11.6%	7.2%	7.1%	42.6%	0.0%	100%	

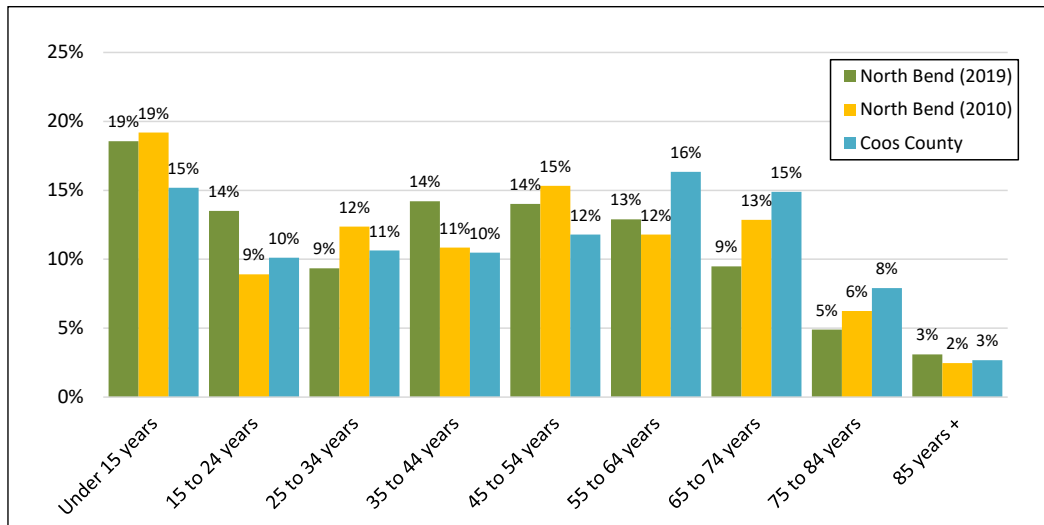
TOTAL HOUSING UNITS								
Unit Type:	Single Family Detached	Single Family Attached	Multi-Family			Manuf. home	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR			
Totals:	154	23	10	9	57	5	258	100%
Percentage:	59.6%	9.0%	3.7%	3.7%	22.1%	2.0%	100%	

Source: North Bend Housing Needs Analysis (2022)

Age Trends

The following figure shows the share of the population falling in different age cohorts between the 2010 Census and the most recent 5-year American Community Survey estimates. As the chart shows, the retirement or near-retirement generations of those 65 and older have grown as a share of the population. The youngest cohort of children, and those aged 25 to 35 years, and 45 to 55 years grew in share of the population, while other young and middle age segments fell as an overall share. Overall, North Bend has a younger population than the county, which has a relatively greater share of the countywide population aged 55 or older.

Figure 3: North Bend Age Cohort Trends (2010 – 2020)

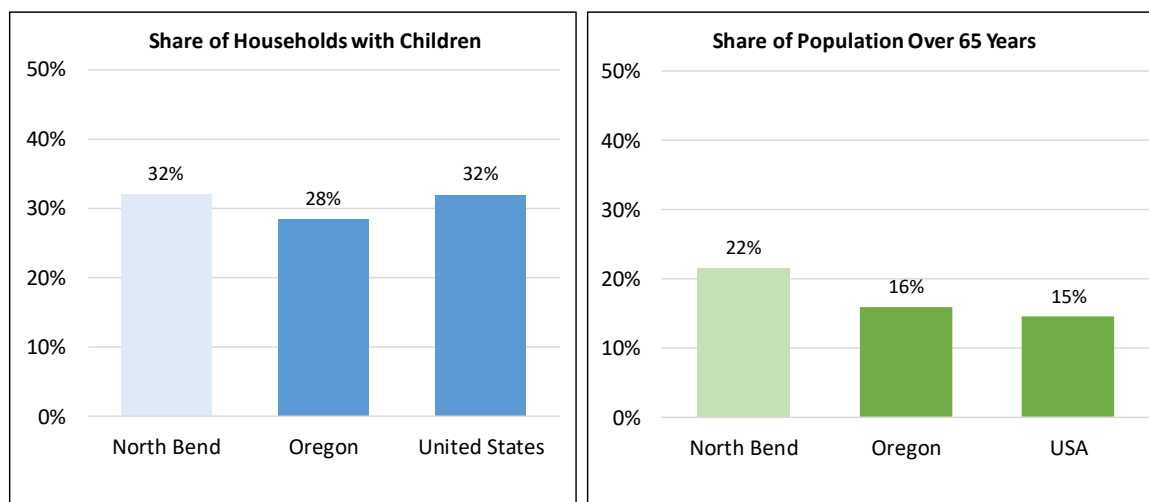


SOURCE: North Bend Housing Needs Analysis (2022), US Census, JOHNSON ECONOMICS LLC
 Census Figures: QT-P1 (2000); S0101 (2019 ACS 5-yr Estimates)

- Despite the general aging of the population, an estimated 83% of the population is under 65 years of age.
- In the 2019 ACS, the local median age was an estimated 43 years, higher than the median of 39 years across Oregon.

Figure 4 presents the share of households with children, and the share of population over 65 years for comparison. Compared to the state, North Bend has a higher share of households with children, and a similar share to the US. At 22%, the share of population over 65 is significantly higher than the state and national figures.

Figure 4: Share of Households with Children/Population over 65 Years (North Bend and Comparisons)



SOURCE: North Bend Housing Needs Analysis (2022), US Census, JOHNSON ECONOMICS LLC
 Census Tables: B11005; S0101 (2019 ACS 5-yr Estimates)

Race and Ethnicity

The following figure presents the distribution of North Bend’s population by race and Hispanic ethnicity. The community grew more diverse between the 2010 and 2020 Census, with the white share of the population falling from 89% to 83%. The share of population in any other individual racial category remains low, generally at 1% to 2%. The exception is those who identify as two or more races, which grew in share of population from 5% to 9%.

In comparison, the share of the non-white population is roughly equivalent at 17% statewide.

Figure 5: North Bend Racial and Ethnic Diversity (2010-2020)



SOURCE: US Census, JOHNSON ECONOMICS LLC

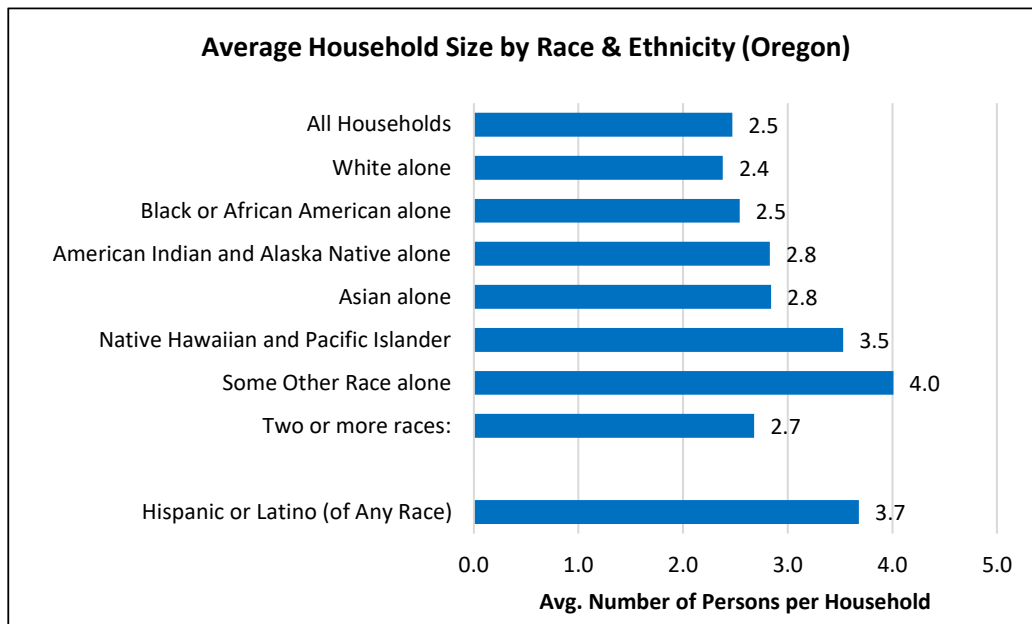
Census Tables: P1, P2 (2010, 2020)

* Census data is for the population within the City limits, not within the UGB.

The share of the population identifying as Hispanic or Latino (who may also fall under any of the racial categories) has grown from 3% to 6% of the population, indicating roughly 600 people as of the 2020 census (within the city boundary, not UGB).

Minority households tend to have larger average household size than the average of all households (Figure 6). This indicates a need for larger housing units on average among minority households. (Data is presented for Oregon, as local data feature unusually large margins of error due to small sample size.)

Figure 6: Average Household Size by Race and Ethnicity, Oregon (2010)



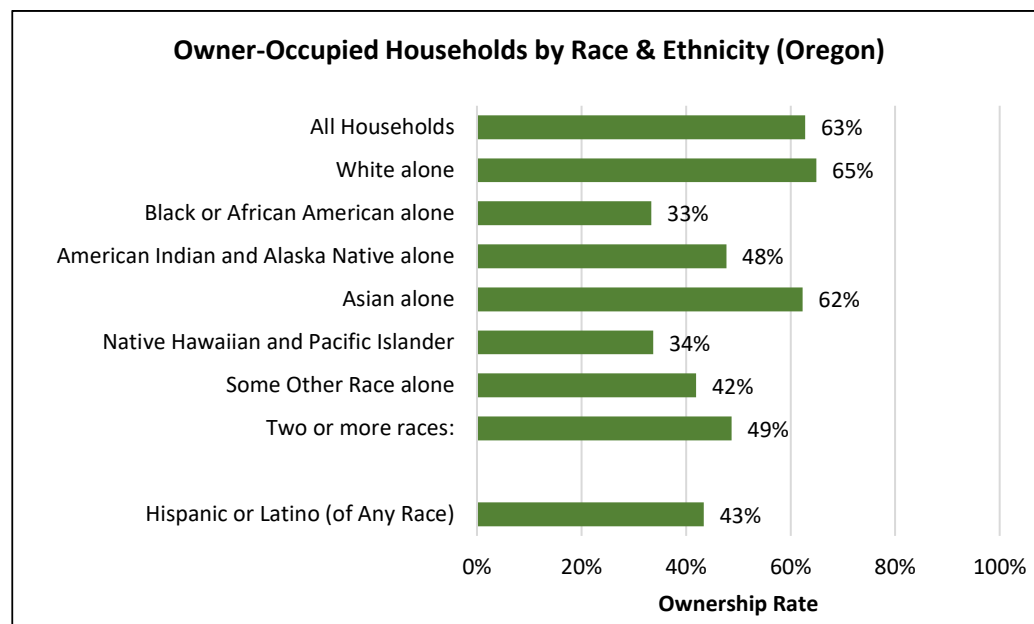
SOURCE: US Census, JOHNSON ECONOMICS LLC

Census Tables: P17A-H, (State of Oregon, 2010)

* This data is presented on a statewide basis using the most recent Census data available (2010). The data for the North Bend or Coos County geographies feature unusually large margins of error due to small sample size.

Racial and ethnic minorities are less likely to own the homes they occupy based on statewide data (Figure 2.8) meaning that they tend to have a greater need for rental units. (Data again presented at statewide level for greater reliability.)

Figure 7: Home Ownership by Racial and Ethnic Category, Oregon (2020)



SOURCE: US Census, JOHNSON ECONOMICS LLC

Census Tables: B25003A-H, (State of Oregon, 2020 ACS 5-year)

* This data is presented on a statewide basis using the most recent Census data available (2010). The data for the North Bend or Coos County geographies feature unusually large margins of error due to small sample size.

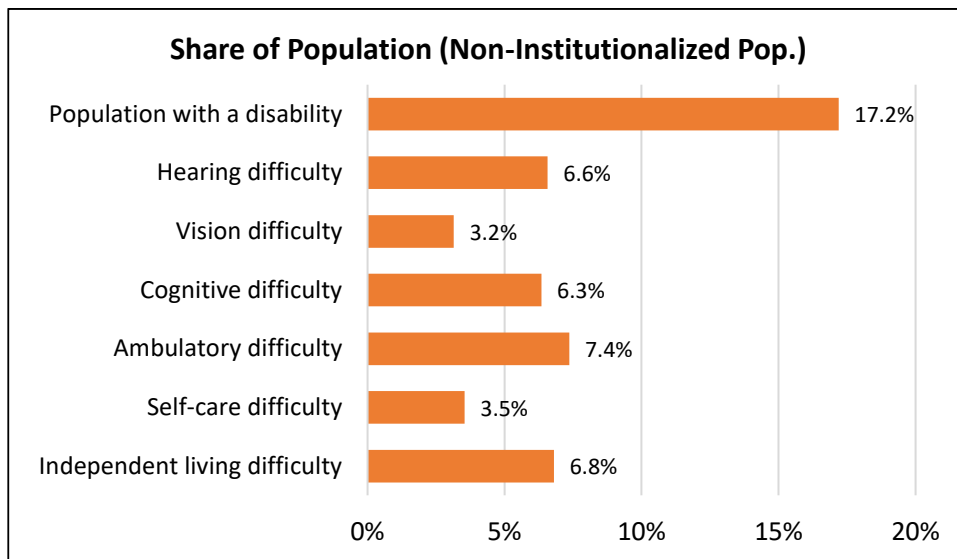
Populations from racial and ethnic minority groups also have lower average incomes and are more likely to have income below the official poverty level compared to the total population. This is correlated with their greater share of renter households and will also impact the types of housing they consume, as discussed more below.

People with a Disability

Of the non-institutionalized population in North Bend, an estimated 17% or 1,650 people report having some form of disability. This is higher than the statewide rate of 14%, but significantly lower than the Coos County rate of 24% of people with a disability.

The following figure presents Census estimates of the types of disability reported among North Bend residents. Any type of disability impacts the type of housing that may be appropriate for a resident, but those with the greatest impact on needed unit type are generally an ambulatory, self-care, or independent living disability. Those with an ambulatory disability often need units with expanded access for wheelchair, walker, or scooter. Those with self-care or independent living disabilities may require additional safety precautions around the home to protect a resident who cannot always be directly monitored. Over half of people with a disability in North Bend have one of these forms of disability.

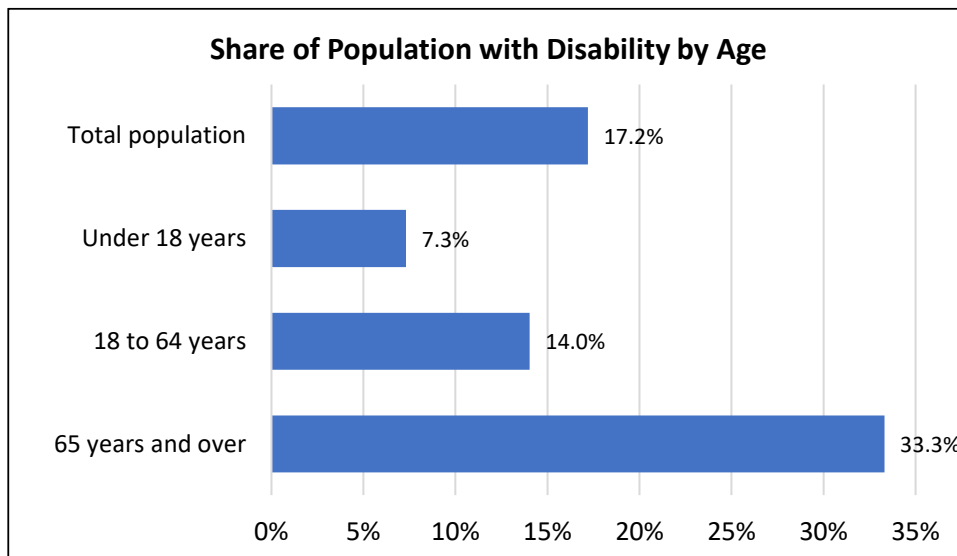
Figure 8: North Bend Population with a Disability, by Type (2020)



SOURCE: US Census, JOHNSON ECONOMICS LLC
 Census Tables: DP02, (2020 ACS 5-year)

Older residents are more likely to report a disability, including a third of those over 65 of years. Of those in prime working years, 14% of the local population reports a disability, and 7% of children.

Figure 9: North Bend Population with a Disability, by Age (2020)



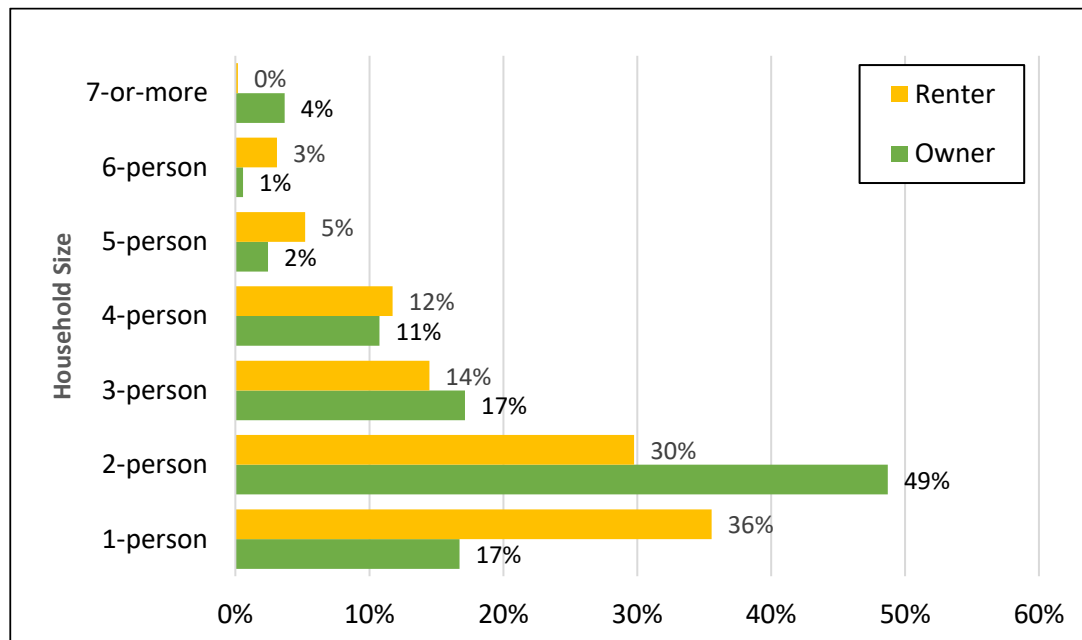
SOURCE: US Census, JOHNSON ECONOMICS LLC
 Census Tables: DP02, (2020 ACS 5-year)

Household Size and Composition

North Bend’s average household size of 2.4 people, with 66% family households, is higher than the average across Coos County. There has been a general trend in Oregon and nationwide towards declining household size as birth rates have fallen, more people have chosen to live alone, and the Baby Boomers have become “empty nesters.” While this trend of diminishing household size is expected to continue nationwide, there are limits to how far the average can fall.

The following figure shows the share of households by the number of people for renter and owner households according to the Census. Renter households are more likely to have one person. Owner households are more likely to have two or three persons. Household size correlates to the need for specific types of housing.

Figure 10: North Bend Number of People per Household



SOURCE: US Census, JOHNSON ECONOMICS LLC
 Census Tables: B25009 (2019 ACS 5-yr Estimates)

Family Households: As of the 2022, an estimated 66% of North Bend households were family households, up slightly from 64% of households in 2000. The total number of family households in North Bend is estimated to have grown by over 275 since 2000. The Census defines family households as two or more persons, related by marriage, birth or adoption and living together.

In 2022, family households in North Bend have an estimated average size of 2.7 people. As noted above, 32% of North Bend households are estimated to have a child present, roughly equal to the nationwide average, and higher than the state average.

Group Quarters Population: The City of North Bend has an estimated group quarters population of 0.8% of the total population, or roughly 88 persons. Group quarters include such shared housing situations as nursing homes, prisons, dorms, group residences, military housing, or shelters. For the purposes of the HNA forecast, these residents were removed from the estimated population total,

before determining the amount of other types of housing that are needed for non-group households.

Household Income

The following figure presents data on North Bend's income trends.

Figure 11: North Bend Income Trends (2000 – 2022)

PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000	2020	Growth	2022	Growth
	(Census)	(Census)	00-20	(Proj.)	10-22
Per Capita (\$)	\$16,703	\$33,549	na	\$35,972	7%
Median HH (\$)	\$33,333	\$59,577	na	\$63,139	6%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2020); DP-3 (2000); S1901; S19301

North Bend's estimated median household income was over \$63,000 in 2022. This is 20% higher than the Coos County median of \$49,500, and roughly 6% lower than the statewide median of \$67,000.

North Bend's per capita income is roughly \$36,000.

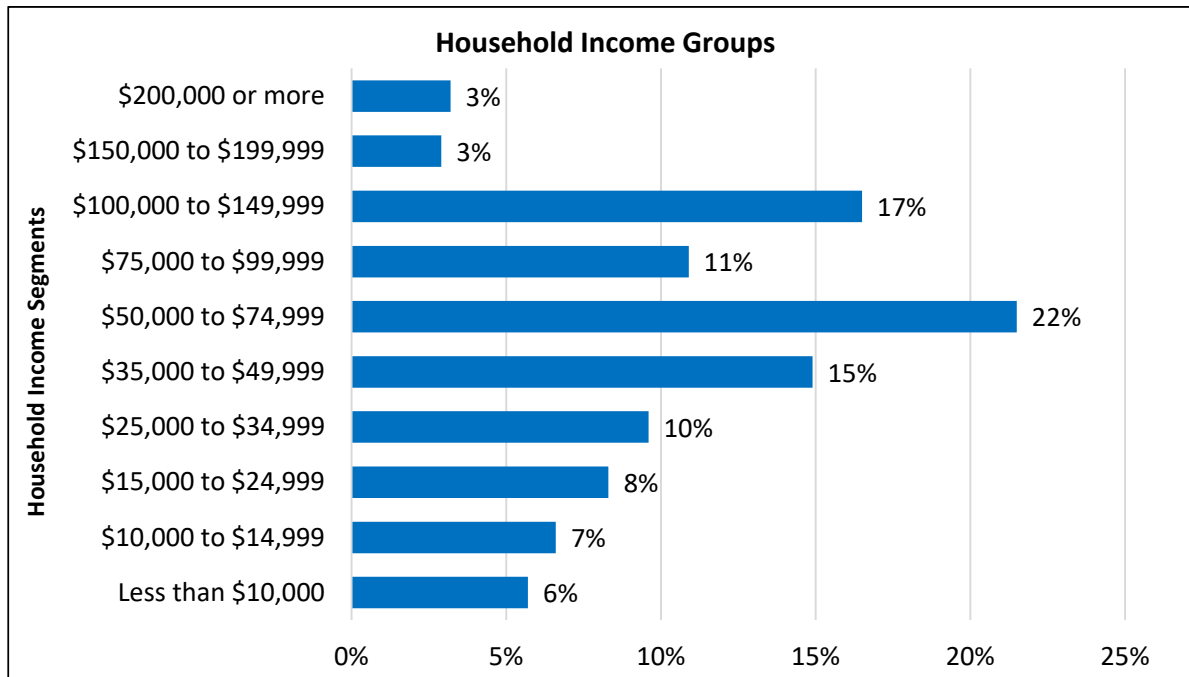
Median income has grown an estimated 89% since 2000, in real dollars. Inflation was an estimated 56% over this period, so the local median income has well exceeded inflation. This is not the case in many regions and nationally, where income growth has not kept pace with inflation.

The following figure presents the estimated distribution of households by income as of 2019. The largest income cohorts are those households earning between \$50k and \$75k, followed by households earning between \$100,000 and \$150,000. Twenty-three percent of households earn more than \$100,000.

45% of households earn less than \$50k per year, while 55% of households earn \$50k or more.

21% of households earn less than \$25k per year.

Figure 12: North Bend Household Income Cohorts



SOURCE: US Census, Census Tables: S1901 (2019 ACS 5-yr Est.)

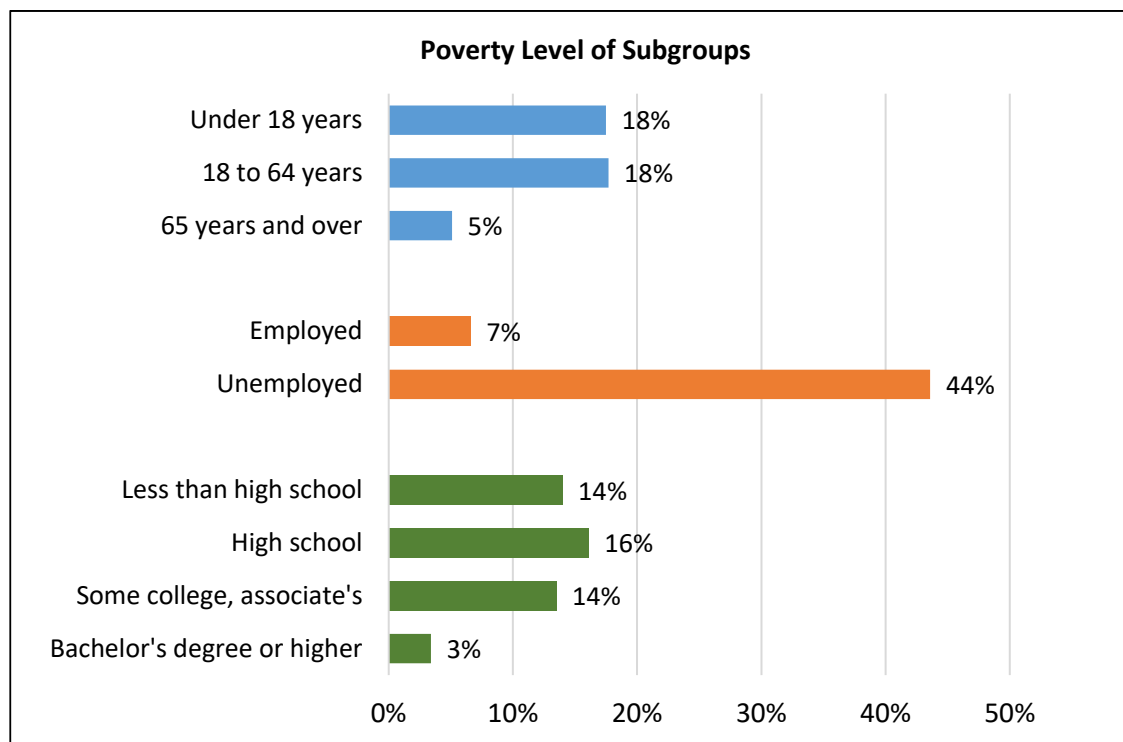
Poverty Statistics

According to the US Census, the official poverty rate in North Bend is an estimated 14.7% over the most recent period reported (2020 5-year estimates). This is roughly 1,400 individuals in North Bend. In comparison, the official poverty rate in Coos County is 16%, and at the state level is 17%. In the 2016-20 period:

- The North Bend poverty rate is highest among children and those of prime working age, at 18%. The estimated rate for those 65 years of age and older is a lower 5%.
- For those with only a high school diploma, the poverty rate is 16%. For those with higher rates of education, that rate falls.
- Among those who are unemployed the poverty rate is a high 44%, while it is 7% for those who are employed.

Information on affordable housing is presented in Section III of this report.

Figure 13: North Bend Poverty Status by Category



SOURCE: US Census
 Census Tables: S1701 (2020 ACS 5-yr Est.)

Homeless Population

Populations experiencing homelessness are generally not captured in foundational datasets derived from the Census and so are not generally included in the projections of housing need. Accounting for homeless persons is a new area of focus that HNAs and HPSs are beginning to address.

Sources

Readily available information on homeless populations is limited in nature. It requires gathering data and information from multiple sources to understand homelessness in an area. Data for this project is primarily gathered from two data sources and supplemented with information shared by people involved with providing housing support in the region. The data sources include the annual point-in-time (PIT) counts and McKinney-Vento data.

The PIT count is a snapshot of persons experiencing homelessness on a single night. These counts are conducted on a bi-annual basis and include people sleeping in sheltered and unsheltered conditions. Unsheltered conditions include places not meant for human habitation such as cars, parks, sidewalks, or abandoned buildings. Sheltered conditions include emergency shelters, transitional housing, and hotels/motels paid for by an agency. The most recent PIT count data for Coos County is from 2019.

The McKinney-Vento data is a dataset from the McKinney-Vento Act’s Education of Homeless Children and Youth Program that ensure homeless children and youth are provided free public

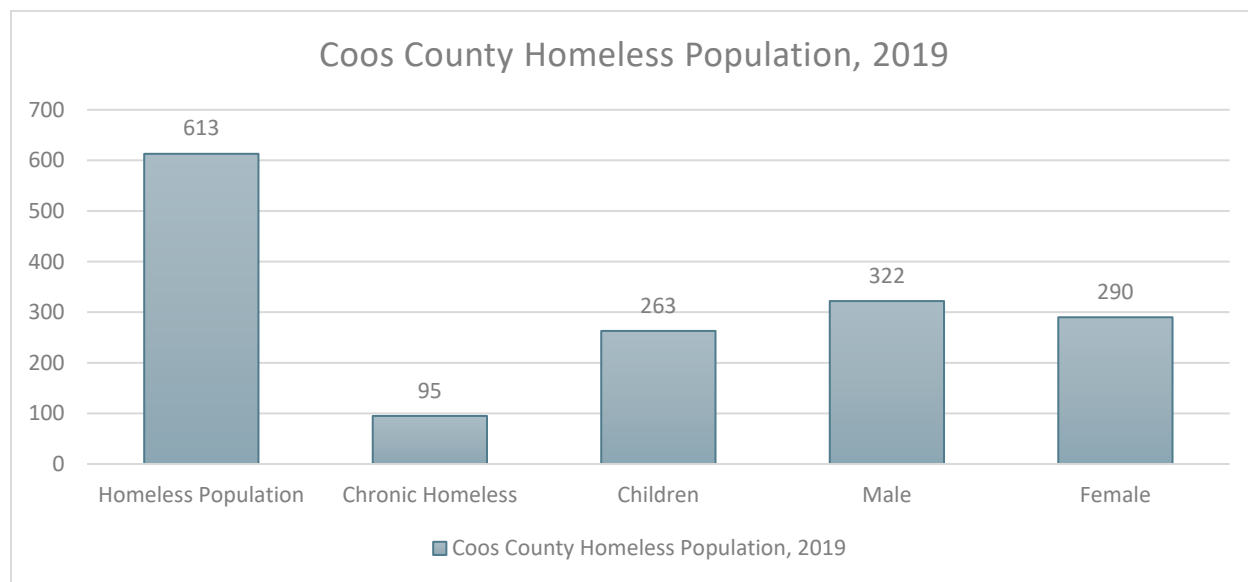
education despite lack of a fixed place a residence. Every school district in Oregon has at least one Homeless Student Liaison who provides direct assistance to homeless families.

It’s important to understand that PIT and McKinney Vento estimates do not provide a full picture of everyone experiencing homelessness. The methodology used for each data source likely undercounts the actual number of persons by a large margin.

Data

In Coos County, PIT data indicates that there was an estimated 613 people homeless as of 2019. Just under one hundred of those were persons who are chronically homeless. Chronically homeless individuals are people with a disabling condition who have been continually experiencing homelessness for year or more or a cumulative period of 12 months over the last three years. Over one-third of the persons experiencing homelessness in Coos County are children. This includes children who are either unaccompanied by an adult or living with a family member or other adult. Just over half of the persons experiencing homelessness identified as male. Conversely, just under half of the persons identified as female. Nobody identified as transgender.

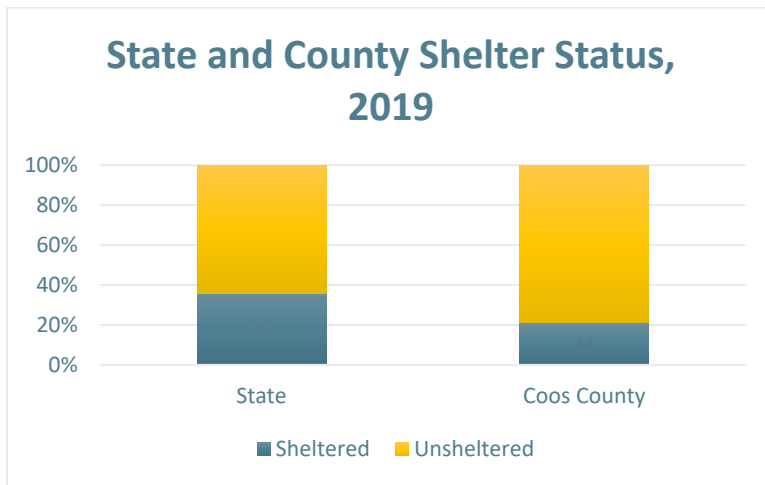
Figure 14: Coos County Homeless Population, 2019



SOURCE: 2019 Point in Time Count

Persons experiencing homelessness in Coos County are more likely to be unsheltered compared to the overall state. In 2019, nearly one in five homeless persons were in some form of shelter during the PIT count. The remaining persons counted in 2019 were experiencing unsheltered homelessness. For the State as a whole, just over one in three persons experiencing homelessness were in some form of shelter during the PIT count.

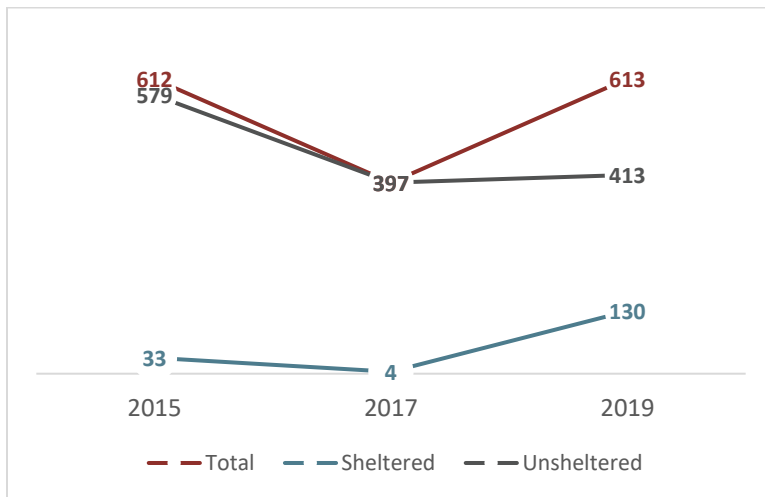
Figure 15: Shelter Status, 2019



SOURCE: 2019 Point in Time Count

Between 2015 and 2019, the estimated number of people experiencing homelessness increased by 19% across the state. Within Coos County, the estimated homeless population increased from an estimated 612 people in 2015 to 613 people in 2019; there was virtually no increase in the total homeless population in the State as a whole during this period according to the PIT data. The amount has stayed relatively unchanged over that period of time; however, the amount of that population in sheltered conditions has increased from 33 to 133; a fourfold increase.

Figure 16: Homelessness Over Time, 2015-2019, Coos County



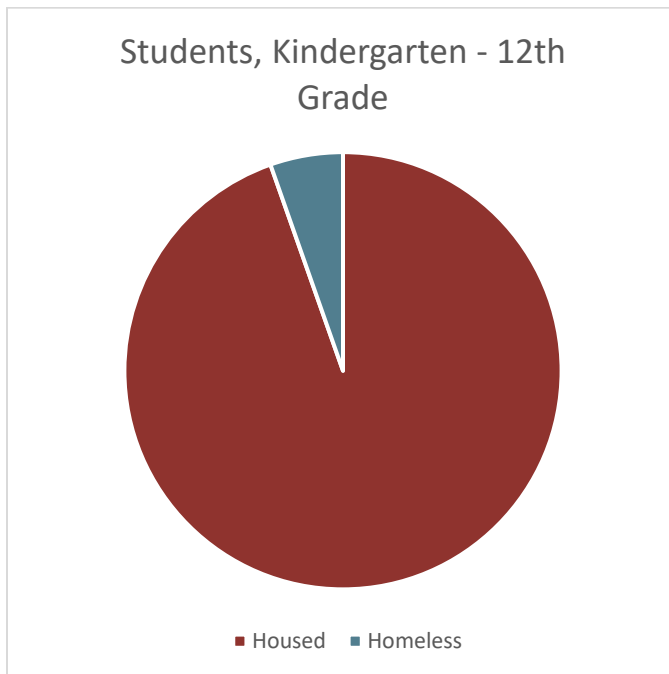
SOURCE: 2019 Point in Time Count

According to available McKinney-Vento data, just over five percent of students enrolled in the North Bend School District meet the McKinney-Vento definition for homeless. The North Bend School District provides primary education in the City of North Bend and the surrounding rural areas

to the north. The homeless student population in the school district is higher than the average for all school districts in the state (4%) and lower than the overall average of school districts in Coos County (7%).

According to information shared from North Bend School District representatives, there are currently about 170 students in the McKinney-Vento program between North Bend and Coos Bay. This would roughly equate to about 100 families.

Figure 17: North Bend School District Homeless Population



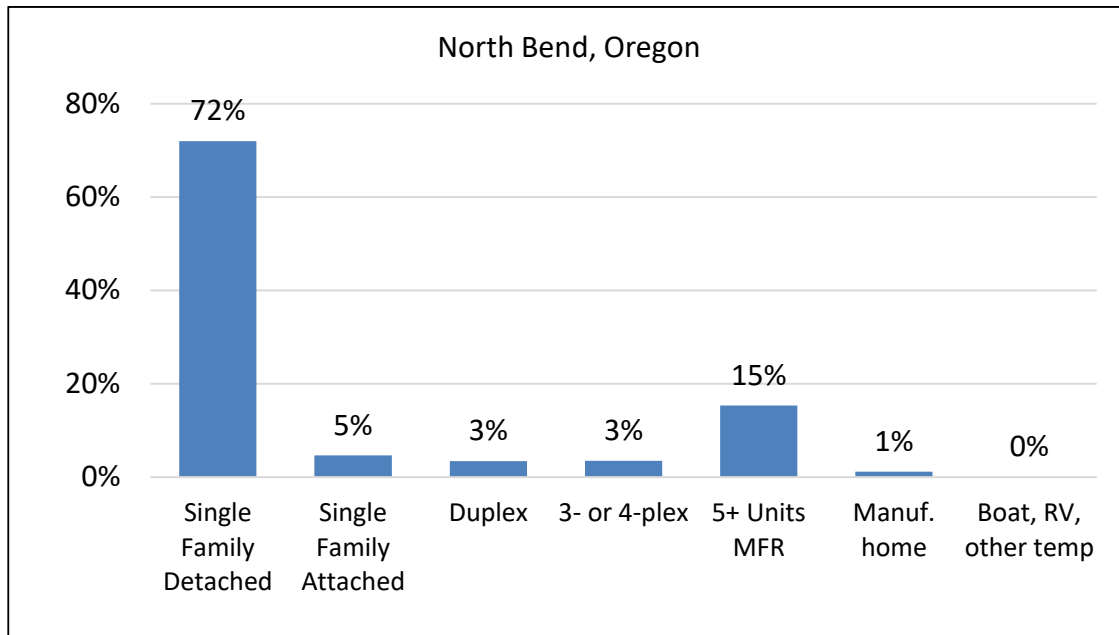
SOURCE: McKinney-Vento, North Bend School District

MARKET CONDITIONS

Housing development in North Bend has traditionally been skewed towards single-family homes. Such units make up an estimated 72% of units in the city, and a similar share of new permits since 2000.

The following figure presents the estimated breakdown of units from Census data. Most units are single-family detached homes, while an additional 11% are in smaller attached forms. Multi-family properties of five or more units make up 15% of all units, and mobile homes make up just 1%.

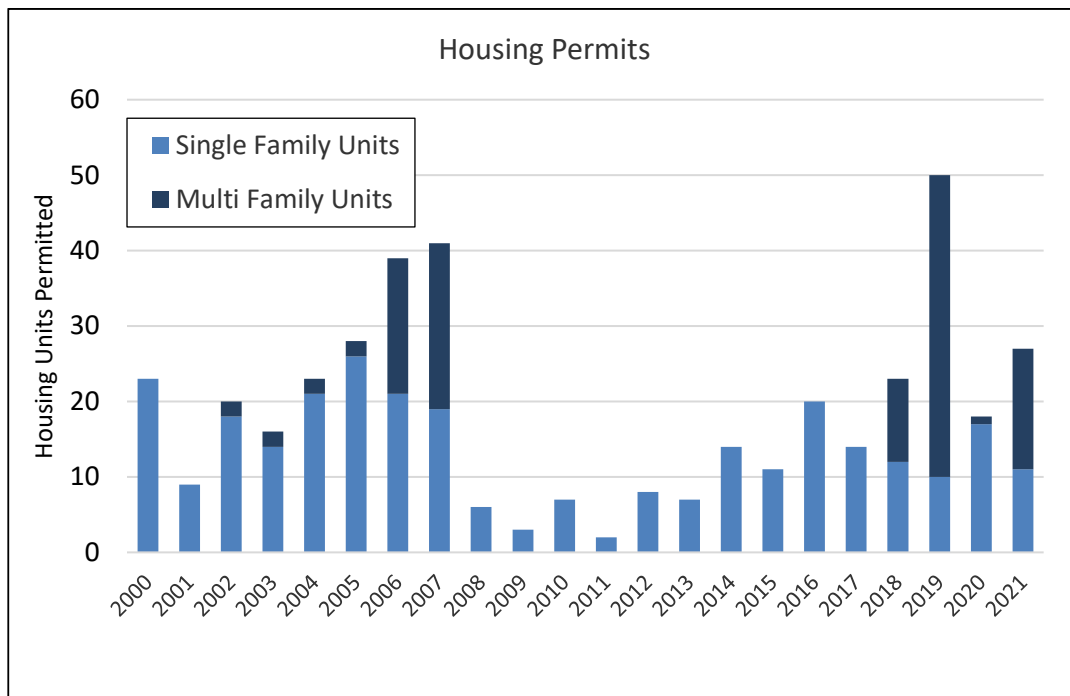
Figure 18: Type and Number of Units in Structure, North Bend



Source: US Census, 2020 ACS 5-Year estimate, Table DP04

The next figure shows historic permitting activity in North Bend, where the prevalence of development of single-family homes during the last two decades is apparent. There has been a steady increase in housing production in North Bend coming out of the post-recession period of 2009/2010. In recent years there also has been an acceleration in the amount of multi-family housing permitted.

Figure 19: Permits by Type, North Bend (2000 – 2021)

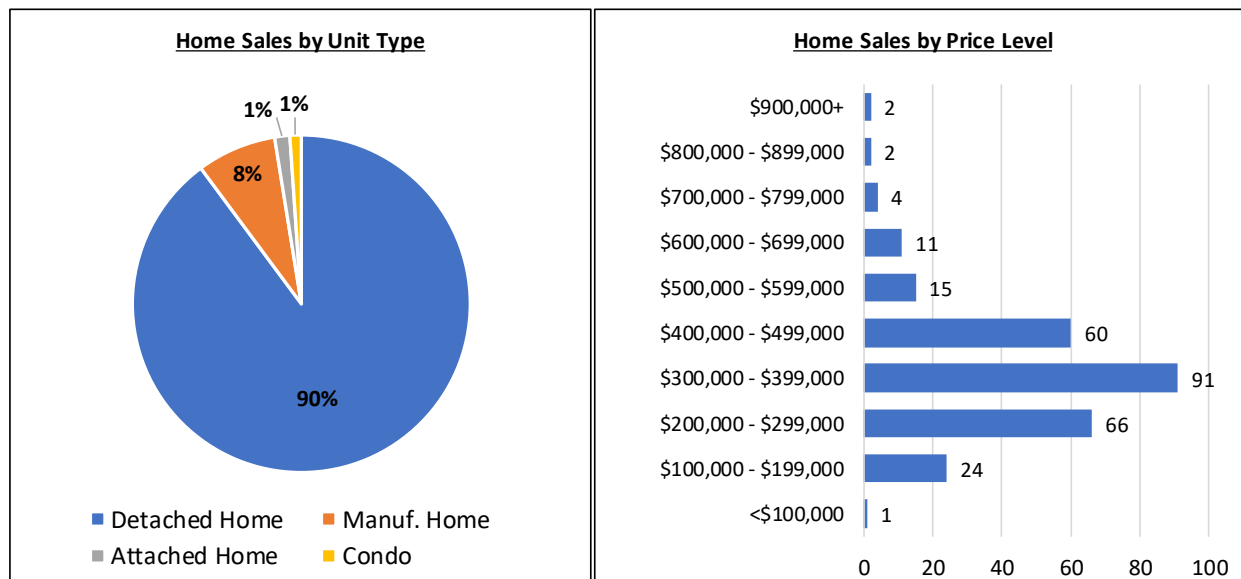


Source: City of North Bend, Census

Home Prices: The following chart presents data on home sales in North Bend over the last 12 months from the Regional Multiple Listing Service (RMLS).

- The median sale price was \$348,000.
- The average (mean) sale price was a similar \$366,000.
- The average price per square foot was \$217/s.f.
- The median square footage was 1,592 s.f.

Figure 20: RMLS Tracked Home Sales, Prior 12 mo.



Source: RMLS, Johnson Economics

- 24% of sales were priced between \$200,000 and \$299,000.
- 33% of sales were priced between \$300,000 and \$399,000.
- 22% of sales were priced between \$400,000 and \$499,000.
- 12% of sales were priced at \$500,000 or more.
- 9% of sales were priced below \$200,000.

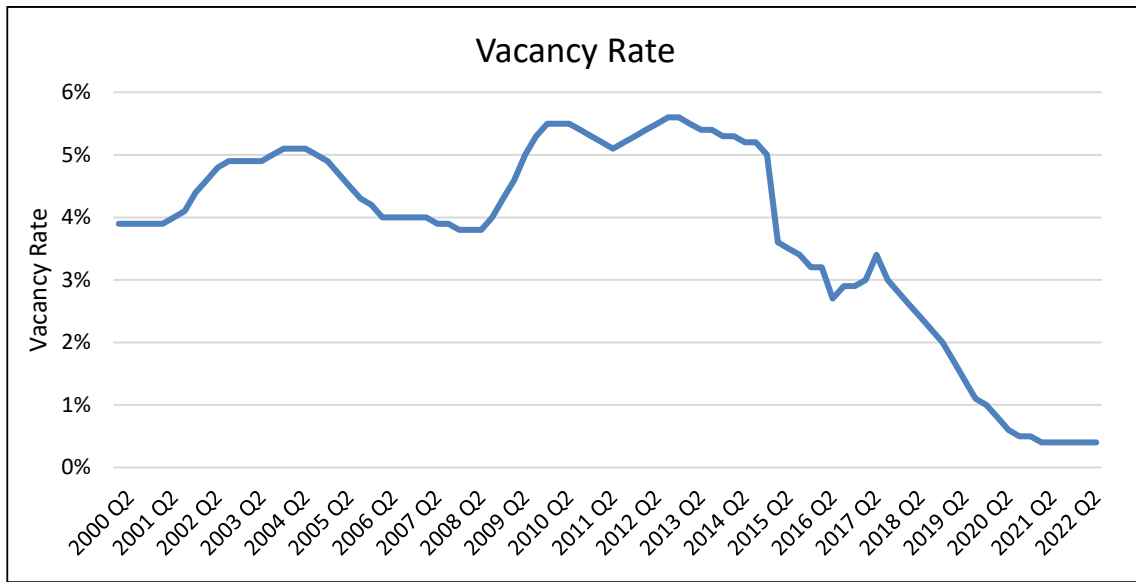
Affordability: As indicated, 57% of recent sales in North Bend took place within the \$200,000 to \$400,000 price range. Homes in this range should be mostly affordable to households earning between roughly \$40,000 and \$75,000. An estimated 24% of local households fall within these income segments.

Roughly 17% of households earn less than \$40,000 per year, meaning that the bulk of housing supply on the current for-sale market is likely too expensive for most of these households. More information related to this topic is found in the following section of the memo.

Sales Volume: The prior twelve months saw a total of 276 sales, or an average of 23 sales per month. As of the time of this analysis, RMLS tracks 18 available units for sale in North Bend, indicating that for-sale inventory is very low, at less than a one month supply of housing.

Rental Apartments: North Bend has experienced very low rental vacancy for most of the last two decades, only climbing above 5% vacancy briefly according to data from CoStar. (Statistics are for the greater Coos Bay area, including the city of Coos Bay, and smaller communities to north and east of the bay.) The following figure shows that rental vacancy in the area has been very low for many years, falling sharply in 2014 to the point where there is functionally no vacancy among rental units tracked. Tracked vacancy is now below 1%, meaning that there is essentially no vacancy and units that become available are absorbed very quickly.

Figure 21: Rental Vacancy in North Bend (2000 - 2022)

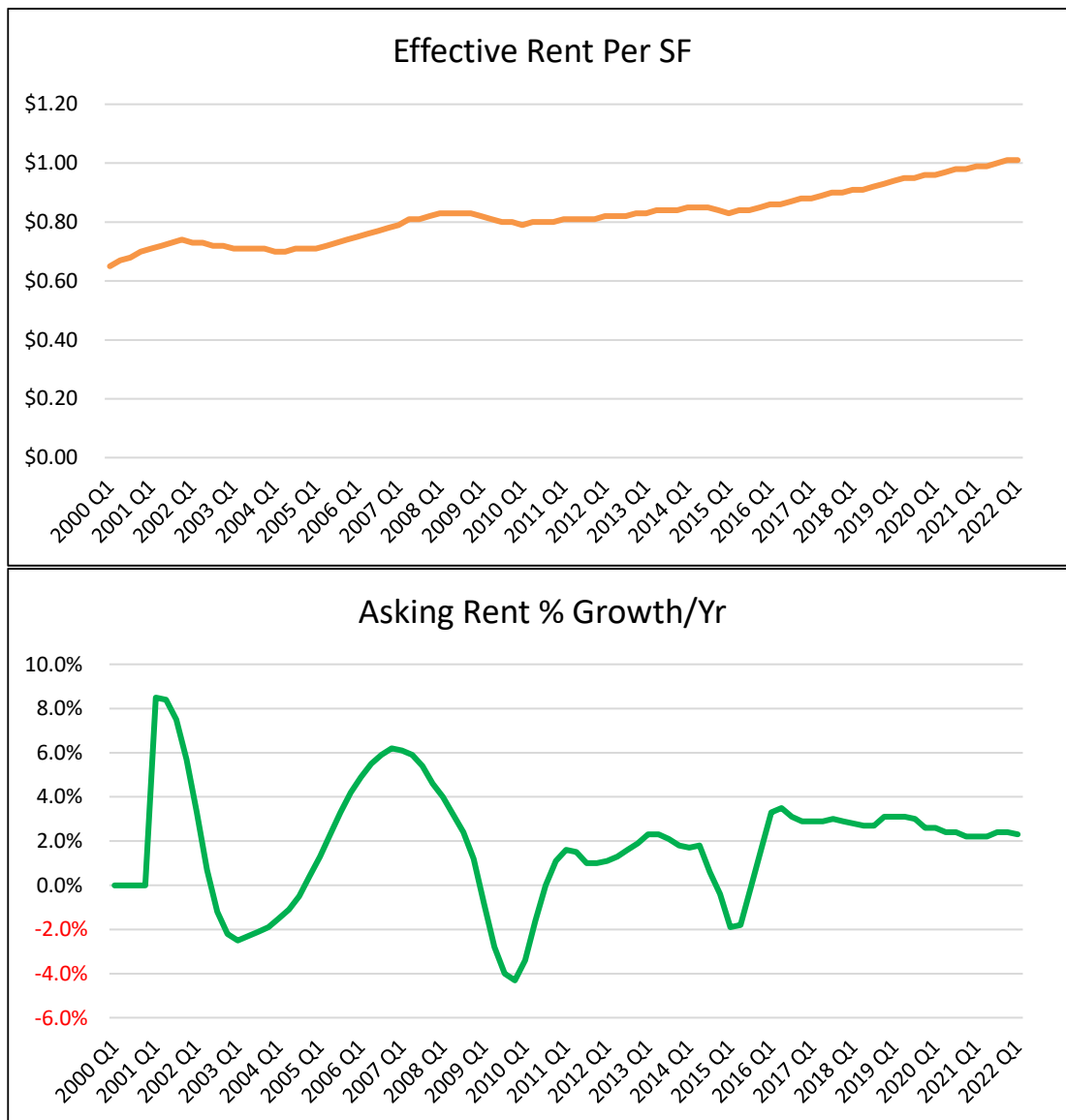


Source: CoStar, Johnson Economics

This is an indication that rental supply in North Bend is very tight. Average rents have climbed steadily since 2011. The average rent in North Bend has increased to roughly \$1.00/square foot.

The annual rent increase in North Bend since 2016 has averaged 2%-3% per year.

Figure 22: Average Rent/Sq8are Foot & Growth Rate, North Bend (2000 – 2022)



Source: CoStar, Johnson Economics

The greatest constraint to lowering rental pricing will be housing production. Without sufficient development of new rental housing to allow for some vacancy (5% is a typical target), there is no moderating force on rent increases, as landlords have the pricing power.

HOUSING AFFORDABILITY

The following figure summarizes the estimated 20-year need for housing (260 units) by affordability level and provides examples of what housing types typically fit in those affordability levels. The income bands listed on the left (Extremely Low Income, Very Low Income, etc.) match the income categories commonly used by many federal and state low-income housing programs.

- 14% of the need is anticipated for the Extremely Low Category (<30% Area Median Income), while a cumulative 42% of need is for those who are at least considered low income (<50% AMI).
- 20% of the need is from households near median income (Middle Income).
- 38% of the need is from those earning 120% of the AMI or above.
- There is some demand for both owner and renter housing at all levels.
- The table shows the typical affordable rent and price range for these households based on the assumption of paying 30% of gross income on housing costs.

Figure 23: Needed Housing Units by Affordability Range and Type, North Bend

Household Income Segment	Income Level (Rounded)*	Afford. Rent Range	Afford. Price Range	Owner Units	Renter Units	Total	Share	Common Housing Product
Extremely Low Income < 30% AMI	< \$19,300	<\$550	<\$100k	8	28	36	14%	Govt-subsidized; Voucher; Manuf. Homes
Very Low Income 30% - 50% AMI	\$19k - \$32k	\$550-\$850	\$100k-\$160k	8	20	28	11%	Aging rentals; Govt-subsidized; Voucher; M.H.
Low Income 50% - 80% AMI	\$32k - \$51.5k	\$850-\$1,200	\$160k-\$240k	14	31	45	17%	Market apts; Manuf. homes; Plexes; Aging SFR
Middle Income 80% - 120% AMI	\$51.5k - \$77k	\$1,200-\$1,700	\$240k-\$330k	22	30	52	20%	Single-family detached; Townhomes; Small homes; New apts
Upper Income > 120% AMI	> \$77,000	\$1,700+	\$330k+	72	25	97	38%	Single-family detached
TOTAL:				125	134	258	100%	

* Adjusted to 2022 dollars.

Source: City of North Bend Housing Needs Analysis 2022

As indicated, most of recent sales in North Bend took place within the \$200,000 to \$400,000 price range. Homes in this range should be mostly affordable to households earning between roughly \$40,000 and \$75,000. An estimated 24% of local households fall within these income segments.

When rental units become available, they typically fall in the \$900 to \$2,000 range, meaning market rate rental units will not tend to be affordable to households categorized as “low income” or those with even fewer resources.

EXISTING ADOPTED MEASURES

The City of North Bend currently uses a mix of housing strategies intended to enable or facilitate the production of housing. Housing production measures are intended to encourage needed housing, increase affordability, and reduce rent burden on renters.

The City submitted a pre-HPS Survey to DLCD in 2021 that summarizes existing measures the City currently uses. According to the Pre-HPS Survey, the City is implementing the measures listed below. Current adopted measures are primarily focused on improving the zoning and development code as well as reducing other regulatory impediments.

- Allow ADUs and two-family dwellings in all residential zones.
- Allow ADUs subject to clear and objective standards without design review and no required parking. Prohibit ADUs from being used as short-term rentals.
- Established a cap on the number of short-term rentals in North Bend. The intent is to limit their impact on housing affordability.
- Adopted changes to requirements for residential uses in commercial zones to allow residential outright in the ground floor space based on clear and objective building design standards that are intended to maintain the look and feel of a walkable commercial area and allow for easier transition to commercial space if/when desired.
- Reduced required off-street parking for one- and two-family dwellings. Provide an administrative avenue by which applicants can request a parking adjustment from the minimum required off-street parking standards.
- Expedite needed housing land use applications.
- Provide for pre-application meetings and allow concurrent processing of applications needed for development (land use, building permit, etc.) to expediate and streamline permit processing.

Based on communication with City staff, the City also is using the following measures to facilitate housing production.

- North Bend actively participates in the Coos County Housing Action Team meetings, which includes an annual housing summit. The Coos County Housing Action Team is a group of nonprofit organizations, municipalities, and private companies working towards reducing the County's housing shortage.
- North Bend is acquiring property for future housing through its Urban Renewal Agency.
- The City is working with the North Bend City/Coos-Curry Housing on its low-income housing tax credit before the state.
- The City is working directly with Senator Wyden's Office on a taskforce geared at increasing housing in the City and the region.

The existing strategies the City employs are primarily focused on improving the efficiency of the City's Zoning Code (Title 18). The City allows for a variety of housing types and arrangements increases the flexibility and ability for the market to produce housing. The City adopted ordinances in 2021 to allow single-family and two-family units in all residential zones. It increases the efficiency of existing land through allowing additional units as an option towards meeting housing demand.

Other Zoning Code measures include limitations on short-term rentals and limitations, which reduces the potential for displacement of current residents as a result of converting a home for visitor accommodations. In 2020, the City adopted an ordinance to limit the total number of short-term rentals within the City and a requirement for short-term rental uses to apply for a business license

The City also is implementing some measures for reducing regulatory impediments. According to the pre-HPS survey, these include reduction to minimum parking requirements for single-family and two-family dwellings; allowing adjustments to parking requirements; expediting land use applications; and streamlining the permitting process. The City's current minimum parking requirements for single-family and two-family/duplex housing types are currently one space per dwelling unit. Removing or reducing parking requirements for residential uses provides the opportunity to reduce the amount of lot area used for pavement and provides more space for housing or open spaces.

The City also is actively advocating for affordable housing through its participation with organizations that specialize in producing or regulating housing. These organizations include the Coos County Housing Action Team, North Bend City/Coos-Curry Housing Authority, and Senator Wyden's Office. The Housing Action Team is a group of nonprofit organizations, municipalities, and private companies collaboratively working to reduce the County's housing shortage. The Housing Authority specializes in coordinating and managing affordable housing in the region. Senator Wyden's office helps to develop national policies that are intended to support housing in cities such as North Bend.

The City's Urban Renewal Agency (URA) has the authority to acquire land, allowing the organization to have a direct influence with developing it in ways that help achieve the City's goals. According to City staff, the URA has acquired land that can be used to develop needed housing in the future.

The North Bend City/Coos-Curry Housing Authority is currently partnering with DCM Communities, LLC to develop an affordable housing complex in North Bend. The complex will feature a total of 174 units with a mix a one-, two-, and three-bedroom units. Construction of the project is anticipated to begin in August of 2023, once funding is secured. The complex will be entirely affordable as a Low Income Housing Tax Credit (LIHTC) property. It will have a mix of units that are affordable at 30% and 60% average median income (AMI) levels.

Housing Equity Impact

Housing measures can have a direct or indirect equitable impact on people. Housing strategies that have a direct impact on housing equity include those that contribute to increasing the supply of all housing or housing targeted to groups of people that are vulnerable in the housing market. Indirect housing strategies are those that allow for more housing overall.

The City currently employs three direct measures that have an equitable housing impact. They include:

- Allowing lower cost housing types
- Allowing two-family/duplex housing types on all residentially zoned lots.
- Capping short-term rentals

These strategies have a direct impact on increasing the supply of housing in the City.² Allowing for lower cost housing types, coupled in part with allowing more units on a property, enables new housing to be more inclusive overall. Lower cost housing generally includes smaller units such as ADUs, duplexes, and cottage clusters. As noted above, limitations on short-term rentals reduces the displacement risk associated with converting existing housing to rental units.

The remaining strategies currently used by the City all have indirect impacts towards creating new housing.

BARRIERS TO DEVELOPING NEEDED HOUSING

In North Bend, the availability of housing, both existing and new construction, is a function of a variety of factors. Any number of factors can serve as barriers in terms of matching the housing needs of residents with the supply of housing.

There are several barriers to housing in North Bend based on discussion with key stakeholders. These include:

- Land and materials supply
- Labor and wage supply
- Existing housing mix
- Affordable housing needs

Land Supply

The availability of developable land can be a critical barrier for developing new housing. Several stakeholders commented that the available land supply in North Bend is a major barrier for development.

The supply of undeveloped land that is truly available for development within the City is relatively low, particularly when considered in the longer term. The City is bounded by the Coos Bay city to the south and west and by the Coos Bay to the north and west. These barriers limit the City's ability to expand the UGB in the future. The buildable land inventory conducted for the City indicates that there is an adequate supply of buildable land to meet long-term (20-year) housing needs. However, not all of the land found in the inventory is currently available to develop due to a number of factors. For example, in some cases vacant sites within the City may not be zoned for housing. In other cases, the land is privately owned with no current plans or desire to develop it. In addition, vacant sites may have significant cultural resources that require careful mitigation or avoidance altogether. New residential development on vacant land needs to proceed cautiously in order to preserve any potential cultural resources.

Land that is already developed also presents a hurdle for new housing. Sites that are currently underdeveloped relative to what current zoning allows would require demolition or site

² Note these strategies do not specifically target affordable housing.

reconfiguration in order to accommodate additional housing. Home demolitions add additional cost and could potentially result in displacement of current residents depending on when the demolition would occur. Site reconfigurations include adding housing to undeveloped portions of a lot. Oftentimes, site reconfigurations require new utility connections and access, which also adds to the cost of housing. Many existing homeowners do not see an adequate financial incentive to proceed with this type of development.

It is important to distinguish the nuance between people's experience with land supply as a barrier to housing and the findings from the Housing Needs Assessment (HNA) report. The HNA report concludes that there is enough available land to meet the anticipated demand for housing over a 20-year planning horizon, which seems at odds with the land supply barrier. The HNA report's findings are based on a technical analysis that represents the theoretical potential to develop new housing based on the size and zoning of property throughout the City. However, it does not guarantee that identified areas are currently available for sale or development, or that all sites will be available during the short term, within the longer the planning period or even further into the future.

Labor and Supply Shortage

Several stakeholders pointed to shortages in the local supply of labor, the supply and cost building materials, and barriers to obtaining financial capital as contributing factors towards the ability to develop new housing. Based on anecdotal evidence, there are similar shortages across the region and in many other parts of the state. One stakeholder commented that the lead time to complete an emergency repair for a rental was approximately three months. Another stakeholder commented that contractors in the area are booked ahead a year or more. They mentioned part of the contributing factors among the labor shortage may be a lack of competitive wages among trade specializations.

Other examples of the shortage include the cost of supplies. The cost of materials for new construction may preclude some types of affordable housing. New market rate construction needs to recover the cost of materials used to construct housing. As a result, some projects need to target higher end housing types. For example, a new housing development in North Bend shifted from constructing manufactured dwellings to building typical site-built homes to ensure it could achieve an acceptable financial return.

Existing Housing Supply

As noted in the HNA report, North Bend's housing stock reflects a pattern of development over time. The period between the 1980's through the 2000's saw a lower rate of new housing construction compared to the prior 50 years. In other words, more than half of the City's residential housing is over 50 years old. Several stakeholders noted that North Bend's housing stock is aging and that many houses have not been adequately maintained. They report that the availability of a starter home or move-in ready home that's not new construction is rare in the City.

This is further complicated as current homeowners are disincentivized from moving elsewhere within the City. The cost to move to another home that might better fit their housing needs is prohibitive, particularly compared to their current housing and other costs of living. Other available

homes would be either new construction which carries a cost premium or would require improvements in addition to the purchase cost.

There also may be a mismatch between the current supply of housing and people's housing needs. Several stakeholders commented that housing that is suitable and available for families or retirees is limited. Three- or four-bedroom housing are typically most suitable for families. Conversely, smaller housing with adequate accessibility for people with physical disabilities or mobility limitations is desirable for retirees. These groups have unique housing needs that may not be readily present in the City, requiring them to look outside the City for housing as a result.

Regulated Affordable Housing

Regulated affordable housing includes housing that is made affordable through public subsidies and/or agreements or statutory regulations that restrict or limit resident income levels or rents.

There is currently a lack of housing available for people using housing vouchers based on stakeholder feedback. Moratoriums that were put in place in response to COVID-19 have limited the supply of housing. Normally, there would be a steady transition of people out of these homes, but it has been occurring less frequently compared to before the pandemic.

There also appears to be a mismatch between available housing types and the housing needs of local residents, including those with access to housing vouchers. Most of the people looking to utilize housing vouchers are single individuals who would only need a single-bedroom unit. But the supply of one-bedroom units in the City is limited, leading to a mismatch between housing needs and availability.

HOUSING NEEDS OF UNDERREPRESENTED COMMUNITIES

Available data sources do not capture all types of demographics or housing profiles. Additional consideration should be taken to account for the housing needs of underrepresented households and/or communities. The Oregon Statewide Housing Plan identifies several groups who have additional or unique housing needs that are not typically represented.

Understanding the needs of these populations also should be taken into account in formulating strategies to address housing needs.

Foster Youth

Foster youth include youth and their families that are involved with child welfare services. Persons involved with child welfare services are likely to discontinue education or obtain employment as they age out of foster services. As a result, most child welfare services alumni have taken jobs with low education requirements that are less likely to pay a living wage. Similarly, the risk is high for alumni to experience homelessness or unstable housing conditions.

LGBTQ+ Community

Housing discrimination is pervasive for the Lesbian Gay, Bisexual, Transgender, Queer Plus (LGBTQ+) community. Same-sex couples and transgender people experience housing discrimination

based on their sexual or gender identity. For transgender persons experiencing homelessness, they are more likely to avoid staying in a shelter out of fear of mistreatment or harassment.

Persons with Mental Illness

As of 2018, an estimated 666,000 Oregonians suffer from some type of mental illness. A number of studies have shown a correlation between decreasing the availability of psychiatric hospital beds and a corresponding increase in homelessness. Safe and affordable housing is essential for the recovery process and stabilization. People with severe and persistent mental illnesses rely on Supplemental Social Security income, which is often not enough to cover rent and other living expenses.

People Released from Incarceration

People released from incarceration face a number of barriers to finding housing. Newly released offenders can have difficulty securing work and stable incomes. Furthermore, parole condition may prevent them from living with friends and family, and landlords may refuse to rent based on their criminal backgrounds. According to the Oregon Department of Correction (DOC), nearly half of people released from custody have not identified housing accommodations prior to or at the time of release.

Survivors of Domestic Violence

An estimated 600,000 Oregon women have experienced sexual violence, physical violence, or stalking at some point in their lifetime. Domestic violence survivors have unique housing needs. In many areas, housing costs are high enough that it requires two income-earners. As a result, women experiencing domestic violence may stay with their perpetrator to avoid homelessness.

CONCLUSION

This memorandum summarizes several current demographic, market, and housing conditions in North Bend. Information provided here covers a range of unique characteristics that will inform policy and program decisions the City can undertake to address identified housing needs.

The following conclusions are provided based on the information gathered and presented in this memorandum:

- There is a need for new housing supply and good land/sites to construct residential housing on in North Bend.
- There is a need for housing that is broadly affordable in North Bend. Broadly affordable includes housing affordable across the whole income spectrum
- There is a particular need for suitable workforce housing. There are presently challenges with recruiting and retaining a range of employees, from service workers to professionals.
- There is a need to house a growing homeless population across the region.
- There has been a focus on improving efficiency measures for the City's zoning and development code regulations. There is additional opportunities for additional zoning and development code efficiency measures to address housing needs.

APPENDIX B: NORTH BEND HOUSING STRATEGIES





MEMORANDUM

North Bend Housing Needs Analysis & Housing Production Strategy

DATE September 20, 2022
TO Chelsea Schnabel
FROM Matt Hastie, MIG | APG
Sun-Gyo Lee, MIG | APG
CC Hui Rodomsky and Mari Valencia-Aguilar, Oregon Department of Land Conservation and Development

I. INTRODUCTION

The purpose of the North Bend Housing Production Strategy (HPS) project is to identify strategies and a set of actions that the City of North Bend will take to facilitate housing development that achieve the provision of equitable and affordable housing for the community. The focus of the HPS is on how to fill the gaps in North Bend's housing need and supply, particularly housing available to low- and moderate-income households—and more particularly low-cost rental housing. This report provides an opportunity for the City to understand a range of policies and strategies it can use in the coming years to address inclusive and equitable housing practices.

II. HOUSING STRATEGIES OVERVIEW

This document describes a variety of strategies that can be undertaken to address current and future housing needs. Most of these strategies represent additional strategies that the City can undertake, although a number of them are related to and build on the initiatives already being undertaken by the City. In researching these housing strategies, the consultant team relied on work done in North Bend; on the team's own research conducted for other jurisdictions in Oregon; and on the master list of housing Tools, Actions, and Policies that the Oregon Department of Land Conservation and Development (DLCD) assembled as a resource for local governments in preparing Housing Production Strategies.

The strategies discussed in this report are grouped into four categories: 1) Land Supply Strategies; 2) Policy and Development Code Strategies; 3) Incentives; and 4) Funding Sources and Programs. Many of the strategies described in this memo are aimed at improving opportunities to build housing affordable to low-income residents because the private housing market is least able to address that type of housing and more public intervention is needed to create it. However, a number of the strategies described here also can be used to help encourage development of housing affordable to moderate-income households

(often referred to as “workforce housing”). A number of the strategies described in this memo already are being implemented in North Bend, as noted in the following strategy descriptions and described in more detail in a previous memo (*Memo 3.1 Existing and Previously Identified Housing Measures*).

The summary of each housing strategy includes the following:

Description	What is the strategy? How can the strategy work to increase housing availability and affordability in North Bend? What are potential outcomes?
Identified Housing Need Addressed	Identified Housing Need being fulfilled (tenure and income) and an assessment of the income and demographic populations that will receive benefit from and/or be burdened by the strategy. This includes communities with special housing needs identified in the Contextualized Housing Needs such as “extremely Low” and Low-income households, communities of color, homeless populations, seniors, people with disabilities, and the student population.
Issues or Constraints	Constraints or negative issues associated with adoption of the housing policy or strategy.
Implementation Actions	Actions necessary for the local government and other stakeholders to take to implement the strategy.

This memo builds on a similar earlier memo by adding information related to the last two items above, including any legal issues or constraints associated with specific strategies. The set of strategies addressed in the memo is summarized in Table 1 below.

TABLE 1. SUMMARY OF HOUSING STRATEGIES

Strategy
1. LAND SUPPLY STRATEGIES
1.1 Rezone Land
1.2 Urban Growth Boundary (UGB) Amendment
1.3 Property Owner Coordination
2. POLICY AND DEVELOPMENT CODE STRATEGIES
2.1 Increase Allowed Density in Existing Zones
2.2 Code Updates to Support a Variety of Housing Types
2.3 Promote Accessory Dwelling Units (ADUs)
2.4 Regulatory Incentives for Affordable and Workforce Housing
2.5 Reduce Unnecessary Barriers to Housing
3. INCENTIVES
3.1 System Development Charge Reductions, Exemptions, or Deferrals
3.2 Tax Exemptions or Abatements to Housing
3.3 Land Use Permit Fee Reductions

Strategy
3.4 Expedited Development Review
4. FUNDING SOURCES AND PROGRAMS
4.1 Tax Increment Financing (TIF)
4.2 Subsidized Affordable Housing
4.3 Land Acquisition and Banking
4.4 Construction Excise Tax (CET)
4.5 Public-Private Partnerships (PPPs) and Community Land Trusts
4.6 Financial Assistance and Homebuyer Education Programs
4.7 Tenant Protection Programs and Policies
4.8 Dedicated Revenue Sources for Affordable Housing
4.9 Flexible Use of Housing Choice Vouchers
4.10 General Obligation Bonds – for Affordable Housing
4.11 Indian Housing Block Grants (IHBG)
4.12 Local Innovation and Fast Track (LIFT) Program for Affordable Rental Housing Development

III. HOUSING STRATEGY SUMMARIES & EVALUATION

CATEGORY 1. LAND SUPPLY STRATEGIES

The following set of strategies includes potential ways to increase the supply of residential land available for the development of future housing.

1.1 Rezone Land

Description Re-designate land from other residential designations and/or from commercial, industrial, or institutional designations to meet specific housing needs, assuming there is an adequate supply of land available to meet non-residential needs.

To reduce or address concerns related to compatibility of adjacent lower and higher density areas, the City would most likely want to target higher-density single-family zones (rather than the lowest-density areas) for potential rezoning.

A variation on this approach can be applied in areas within the City's UGB which have not yet been annexed to the City. As part of the annexation process, medium and higher density residential zones or mixed use zones may be applied to these areas which will increase the capacity for higher density housing in these areas.

This strategy typically needs to be undertaken if a City's Housing Needs Analysis (HNA)

indicates a deficit of land to meet future housing needs, either in total or for specific types of housing. Results of the HNA being conducted as a companion effort to this HPS project indicate that the City has an adequate supply of land to meet future housing needs both overall and for specific types of housing, making this strategy a relatively low priority for the City at least in the short- to medium-term. The City also is conducting an Economic Opportunities Analysis concurrently with the HNA and HPS projects. That process will help inform the City about the relative supply of land needed for employment purposes which also will impact the viability of rezoning land from employment to residential uses.

To the extent this strategy becomes more important in the future, the City should use the following criteria or factors in considering the most appropriate locations for City-initiated rezoning of land:

- **Proximity to transit and services.** Ideally, higher-density areas should be close to transit and to supporting commercial and other services (schools, parks, etc.) to help ensure that residents can easily access these services and daily needs by all kinds of transportation modes including walking and biking. Proximity to arterial or collector streets could also be a consideration, and would support greater access to services.
- **Size and ownership.** The City should prioritize relatively large sites for rezoning, but could prioritize smaller sites adjacent to services. Larger sites will be more attractive for development and provide more flexibility for site design.
- **Proximity to existing high-density areas.** Extending an existing area of high-density land would reduce impacts on the transition between lower- and higher-density areas and could increase the level or potential for support from surrounding property owners. However, this criterion would not support broader distribution of higher-density zoning in the city, and would contribute to more concentration of multi-family housing.

This strategy could require the City to undertake a “Measure 56” noticing process because a change in zoning or the allowed uses within a zone has the potential to impact property values. In most cases, the changes would likely increase property values. The City should confirm this with their legal counsel.

**Identified
Housing Need
Addressed**

Affordability target: All income levels

Income: 0 to 120+% AMI

Housing tenure/type: For rent or sale

Special Housing Need Addressed: NA

**Issues or
Constraints**

There may be moderate legal risk associated with this strategy, depending on the willingness of landowners to rezone their properties. As with any review of existing policies, there may be a moderate administrative burden and a low cost associated with zoning and land use designation updates. General community support for rezoning may be low or moderate. The changes need to make sense to residents, be amenable to property owners, and be consistent with overall land needs in the City.

Implementation	Lead: City of North Bend
Actions	Actions: Adoption by City Council, Zone Map Amendment. Possible zoning ordinance amendments
	Partners: Property owners and development community

1.2 Urban Growth Boundary Amendment

Description Adjust the city’s UGB to make up for a deficit of land within the boundary, if needed.

This strategy typically needs to be undertaken if a City’s HNA indicates a deficit of land to meet future housing needs. In North Bend, the City’s HNA indicates that there is an adequate supply of land to meet future housing needs. In addition, North Bend has significant constraints on its ability to expand its UGB. It is bordered by water to the east and to the north, making expansion in that area impossible. To both the south and west, it is directly adjacent to the City of Coos Bay, making expansion in those directions also essentially infeasible. However, to the extent this strategy is considered in the future, the City would need to show that more land is needed to meet housing needs to justify an expansion of the City’s UGB. The City also would first have to consider and evaluate strategies for using land within the existing boundary more efficiently.

Identified Housing Need Addressed

Affordability target: All income levels
Income: 0 to 120+% AMI
Housing tenure/type: For rent or sale
Special Housing Need Addressed: NA

Issues or Constraints The administrative and cost burdens associated with implementing this strategy are relatively high. It would be a long and expensive undertaking by the City (or consultants) to prepare the applications and supporting documents and work through the hearing process. Community support for adjusting the land in the UGB may be mixed. In addition, the location of the City’s UGB in relation to the City of Coos Bay and to surrounding water bodies also creates a potential barrier to UGB expansions.

Implementation	Lead: City of North Bend
Actions	Actions: UGB Adjustment guided by Oregon Revised Statutes (ORS) 197.764; De-annexations and Annexations; Comprehensive Plan and Zoning Map Amendments; Public Facilities Plan Amendments
	Partners: Property owners, Coos County, Oregon Department of Land Conservation and Development (DLCD)

1.3 Coordination with Local Property Owners

Description Communicate and coordinate with property owners about opportunities for development of vacant or underutilized land.

There is an adequate supply of land in North Bend that is vacant or potentially vacant and physically can accommodate needed residential growth. However, community stakeholders report that much of this property is owned by people who are either uninterested in or unwilling to develop it the present time or possibly in the future. The City could take a more active role in communicating and coordinating with these property owners about potential development opportunities to better understand their intentions and the possibilities for future development in these areas. An economic development or planning manager may be a good staff person to keep track of key opportunity sites over time. The City also could help connect prospective developers or builders with these property owners, including by providing information related to the City's buildable lands inventory (BLI).

Identified Housing Need Addressed

Affordability target: All income levels
Income: 0 to 120+% AMI
Housing tenure/type: For rent or sale
Special Housing Need Addressed: NA

Issues or Constraints This coordination or matchmaking system start up would require a moderate level of administrative burden and relatively low cost for the City. Ongoing participation by the landowners, developers and organizations providing funding may be a constraint to a successful program.

Implementation Actions

Lead: City of North Bend
Actions: Coordination with partners; preparation and distribution of needed informational materials
Partners: Property owners, housing developers

CATEGORY 2. POLICY AND DEVELOPMENT CODE STRATEGIES

The following set of strategies includes potential changes to the North Bend Development Code related to development review processes or other regulations that the City could consider undertaking to help meet North Bend's housing needs and goals. These strategies are described in more detail in a separate memo associated with the companion Housing Needs Analysis project also currently being conducted for the City.

2.1 Increase Allowed Density in Existing Zones

Description Allow for ; expand the range of housing types allowed in one or more zones and increase

the allowed density or reduce the minimum allowed size of lots these zones to allow for more compact development and/or a wider range of housing types in specific areas.

An alternative or complementary action to rezoning land to address the city's housing needs would be to increase the allowed density in the City's medium and/or Low-density zones, as well as the RM zone. Modest changes to the code requirements could provide more flexibility and more potential to build missing middle and other housing types in more zones.

An initial starting point for considering an expansion of allowed uses would include the following in conjunction with possible changes noted under Strategy 2.2:

- Reduce minimum lot sizes for duplexes, triplexes, quadplexes and townhomes in the residential zones. Lot sizes typically are recommended to be about 2,500-3,500 sf per unit for these housing types to put them on an equal development feasibility footing with single-family detached homes.
- Use density, rather than lot size as a measure for the potential density of multi-family housing in the RM zone and increase allowed densities to at least 25-30 dwelling units per acre

**Identified
Housing Need
Addressed**

Affordability target: All income levels

Income: 0 to 120% AMI

Housing tenure/type: For rent or sale;

Special Housing Need Addressed: Low-income households, Seniors, Students, People of Color, People with Disabilities

**Issues or
Constraints**

There is low to moderate risk involved in adopting a zoning code that allows for greater range of housing types and Lower minimum lot sizes. The City will have to ensure compliance with all applicable state statutes. The administrative burden for updating the code also is expected to be moderate, given the availability of state Model Code requirements and examples from other communities. However, the scope of code changes will be more significant than for other development standard revisions. Community support for middle housing may be mixed. There could be challenges with community opposition to decreasing the minimum lot sizes and allowing for denser housing types in existing developed neighborhoods.

**Implementation
Actions**

Lead: City of North Bend

Actions: Development Code Amendments. Any standards applicable to middle housing would need to maintain compliance with the Oregon Administrative Rules (OAR 660-046) once the City's population reaches the threshold for applicability of these rules.

Partners: Development community and housing advocates for supporting amendments; property owners and residents in affected zones.

2.2 Code Updates to Support a Variety of Housing Types

Description In addition to duplexes, allow other middle housing types or other forms of housing currently defined as multi-family uses in a broader range of zones. This strategy would be essential to implementing Strategy 2.1 as well.

This code update strategy could open up significantly increased opportunities for housing variety in residential areas, which provides more supply for different housing needs. Amendments to development standards may be required to offer greater flexibility to sites and address impediments such as minimum lot size, maximum density, etc. (*Strategy already partially implemented*)

An initial starting point for considering an expansion of allowed uses would include the following:

- Consider allowing triplexes, quadplexes, and townhomes outright in the R-5, R-6 and possibly R-7 residential zones.
- Allow cottage cluster housing outright in all residential zones.
- Reduce minimum lot sizes for duplexes, triplexes, quadplexes and townhomes in the residential zones.

Identified Housing Need Addressed **Affordability target:** Low-income to Moderate-income households
Income: 30 to 120% AMI
Housing tenure/type: For rent or sale; multi-family housing

Special Housing Need Addressed: Low-income households, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints There may be community concerns about allowing a variety of housing types due to concerns about impacts to traffic and parking. However, others may welcome increased density in their neighborhoods. These considerations should be evaluated as part of the City's implementation of this strategy. The administrative burden for updating the code also is expected to be moderate, given the availability of state Model Code requirements and examples from other communities.

Implementation Actions **Lead:** City of North Bend
Actions: Zoning Code Amendment
Partners: Development community and affordable housing providers

2.3 Promote Accessory Dwelling Units (ADUs)

Description ADUs are smaller, ancillary dwelling units located on the same lot as a primary residence. They are typically complete dwellings with their own kitchen, bathroom and sleeping area.

ADUs are a viable housing option with several benefits:

- ADUs offer flexibility for homeowners to either rent the unit or to host a family member.
- Building and renting an ADU can raise income for a homeowner and help offset the homeowner’s mortgage and housing costs.
- ADUs can add to the local supply of rental units and can provide a relatively affordable rental option for a person or household that prefers living in a small detached unit rather than an apartment or other attached housing.

This strategy involves adjusting standards for accessory dwelling units to allow more flexibility for their siting on single-family lots. In addition, the City also can encourage ADU development through reduced fees, exemptions from selected planning requirements, use of pre-approved site or building plans, or other measures.

Given that ADUs are usually built by individual homeowners with limited experience or financial resources, code provisions can have a significant influence on the feasibility of their development and enable more widespread production (i.e., easing occupancy requirements, allowing more ADUs on a lot, and expanding maximum size requirements).

More flexibility in siting, design, construction, and lower fees are also needed to achieve feasibility in many cases. *(Strategy already partially implemented)*

The City already allows ADUs in all of its residential zones. Standards for the size and siting of ADUs are generally consistent with state guidelines and best practices. Some additional development code amendments could provide additional flexibility to build ADUs, including the following:

- Allow more than one ADU on a lot if the second ADU is internal or attached to the primary dwelling.
- Reduce allowed rear yard setbacks for ADUs that are below a specific height.
- Reduce front yard setbacks for ADUs.
- Increase the allowed lot coverage for a lot with an ADU.

Identified Housing Need Addressed

Affordability target: Workforce, Market Rate

Income: 80 to 120% AMI

Housing tenure/type: For rent; smaller units

Special Housing Need Addressed: Seniors, Students, People of Color, People with Disabilities

Issues or Constraints

There is low legal risk involved in adopting a zoning code that promotes Accessory Dwelling Units. The City will have to ensure compliance with all applicable state statutes.

Implementation Actions

Lead: City of North Bend

Actions: Zoning Code Amendment

Partners: Development community and affordable housing providers; property and homeowners interested in building ADUs.

2.4 Regulatory Incentives for Affordable and Workforce Housing

Description Create incentives for developers to provide a community benefit (such as affordable housing), in exchange for the ability to build a project that would not otherwise be allowed by the development code. Examples of these types of regulatory incentives include density or height bonuses, parking reductions, or other incentives for affordable housing.

Some development regulations can present obstacles or add costs to housing developments. In addition to or in lieu of financial incentives, the City can offer concessions on regulatory standards that provide meaningful economic value. The concessions should be offered in exchange for the development dedicating a minimum proportion of the units to be regulated as affordable to people with Low-income or Moderate-income, including “workforce” housing. The incentives typically include relief from certain development standards such as parking, setbacks, or density. Examples include the following:

- **Parking reductions.** In general, research shows that households with lower incomes tend to have lower car ownerships and driving rates, particularly when residents have ready access to shopping and other opportunities and services. A number of jurisdictions in Oregon provide reductions in off-street parking requirements for developments that are affordable to households with Low-income or Moderate-income. Typically, developments must commit to providing affordable units over a significant length of time (20-60 years).
- **Height or density bonuses.** Some cities allow higher density or greater height in exchange for a commitment to provide housing units that are affordable to households with Low-income or Moderate-income. Height bonuses are typically defined in terms of number of stories (e.g., one story in an area with an existing height limit of 35 or 45 feet). Density bonuses are typically stated in terms of a percentage of units (e.g., 10-20% is a common threshold). The amount of the bonus can be tied to the affordability levels provided and/or to the number of affordable units. Additionally, setback and bulk standards may be allowed to vary to accommodate the added density or to reduce development costs.

For affordable housing developments to be feasible, a number of programs, funding, and incentives must be stacked on top of one another. Any assistance available to these developers or non-profit agencies helps to reach that threshold. Regulatory incentives can have a large impact by increasing the amount of leasable space on the site, and/or reducing cost factors such as the cost to build and maintain free parking.

**Identified
Housing Need
Addressed**

Affordability target: Very Low- to Moderate-Income levels

Income: 0 to 120% AMI

Housing tenure/type: For rent or sale; income-restricted units

Special Housing Need Addressed: Low-income households, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints The legal risk associated with implementing zoning incentives for affordable housing is relatively low. The City must ensure that incentive programs follow the applicable Oregon Revised Statutes (ORS) and establish clear and objective standards for implementing the incentive program, but these types of incentives have had significant application in other communities in Oregon. The City should also ensure that any density or height bonuses offered as incentives meet the fire and life-safety capacity of the City. The City could consider using an incentive program in place in another community as a model in order to reduce the initial administrative burden.

Implementation **Lead:** City of North Bend
Actions **Actions:** Zoning Code Amendment
Partners: Affordable and/or workforce housing providers

2.5 Reduce Unnecessary Barriers to Housing

Description Some development standards or requirements can pose barriers to providing housing. The regulations that artificially raise the cost of housing development and/or can make development of specific types of housing physically or financially infeasible can include density limitations, maximum height restrictions, minimum parking requirements, architectural design standards, etc. This strategy is directly related to strategies 2.1 and 2.2 and also is described in more detail in the City's HNA Housing Measures Memo.

According to the American Planning Association, excessively burdensome zoning laws and regulations restrict the development of multifamily housing structures such as condos and apartments. This can reduce the supply of housing units, and lead to higher prices. A study conducted by the National Association of Home Builders and the National Multifamily Housing Council claims that more than 30% of multifamily housing development costs result from regulations imposed by all levels of government. Another study has found that those regulations account for nearly 25% of the cost of new single-family home construction and development on average.

The City should consider updating standards that pose barriers to housing development. This strategy also may include ensuring that housing to address the needs of people who are homeless or facing homelessness can be developed in North Bend (e.g., temporary shelters, or transitional or supportive housing). *(Strategy already partially implemented)*

Identified Housing Need Addressed **Affordability target:** All income levels
Income: 0 to 120% AMI
Housing tenure/type: For rent or sale
Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints Changing zoning laws is desirable, but it may not be sufficient to solve issues. For example, residents in existing neighborhoods may not want more dense housing in their neighborhoods.

Implementation Actions **Lead:** City of North Bend
Actions: Zoning Code Amendment
Partners: Development community and affordable housing providers; property owners and homeowners in affected zones

CATEGORY 3. INCENTIVES

3.1 System Development Charge (SDC) Reductions, Exemptions, or Deferrals

Description The City of North Bend currently does not have SDCs so this strategy is not directly applicable in North Bend at this time. To the extent North Bend considers adoption of SDCs in the future, the City could incorporate a SDC deferrals, reductions or exemptions into the SDC collection process as described here. Deferral of SDCs for affordable housing. This strategy can be applied to regulated affordable housing and/or specific housing types. SDCs are one-time charges assessed on new development to pay for the costs of expanding public facilities. Reduction, exemption, or deferral of SDC assists developers by reducing their development costs when building affordable residential housing. The City could choose to waive, reduce or defer all or a portion of SDCs for qualifying housing types if it adopts SDCs in the future. Developers benefit from this strategy levied by the City only when their projects meet assistance program requirements.

SDC deferrals typically allow a development to delay payment of the fees for a specified period of time or until the certificate of occupancy is issued, rather than at the time the building permit is issued. SDC deferral can be combined with SDC financing so that payments begin after one year and continue for a certain number of years. The City could offer a lower interest rate (e.g., 0.25% above the Oregon Prime rate) and/or allow the lien to be in second position for affordable housing developments. The City could work with other service providers to such an SDC deferral and financing program for certain types of housing developments.

With deferral or financing for SDCs, the fiscal impacts to the City and its partners is significantly reduced since charges are eventually paid. The period of repayment should not be a detriment to public agencies that operate on indefinite timelines. A financing program can be more beneficial to the property owner because SDCs are paid gradually, rather than in a lump sum soon after the completion of the project.

In addition to considering SDC deferrals, reductions or exemptions, the City also could consider tying SDC rates to housing types or sizes if it pursues adoption of SDCs in the future. A number of cities in Oregon have taken this approach to help reduce the cost of SDCs for smaller housing units. This approach is consistent with the fact that SDCs typically

are intended to capture the impact of housing on the need for more capital facilities and smaller units tend to use less water, wastewater, stormwater, and parks services since few people live in them on average.

Identified Housing Need Addressed

Affordability target: Very Low-income to Moderate-income levels

Income: 0 to 120% AMI

Housing tenure/type: For rent or sale

Special Housing Need Addressed: Low-income households, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints

As noted above, the lack of existing SDCs makes this strategy essentially moot in the short term.

If the City adopts SDCs in the future, there may be legal limitations of the City's ability to exempt, waive, or reduce SDCs and there are specific requirements for how to implement an SDC fee reduction. However, the City would have the ability to factor these requirements into development of new SDC methodologies.

As reported in the Metro ADU study, SDC reductions or waivers alone may not be sufficient in reducing barriers to ADU construction. The study noted that even cities with reduced or eliminated SDCs did not necessarily report a significant boost in ADU permits.

Implementation Actions

Lead: City of North Bend

Actions: Coordination with housing stakeholder and City Council to determine what housing types to target with SDC deferrals, reductions, or exemptions as part of new SDC methodologies if the City decides to adopt SDCs at some point in the future.

Partners: Service providers

3.2 Tax Exemptions or Abatements to Housing

Description

Tax abatements are reductions in property taxes for housing and may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or to private developers in exchange for developing affordable or other desired housing types.

This strategy offers an additional financial incentive to developers which can improve the long-term economic performance of a property and improve its viability. They can have a significant impact on the financial feasibility of an affordable housing development. However, the city will forego taxes on the property, generally for ten years.

Tax exemptions can be a strong tool to incentivize affordable housing and make proposed projects more viable depending on how they are structured. However, because of the trade-off in revenue, the City should carefully consider which tax exemption programs to use, and what the desired outcomes are. In general, market-rate developers will use the program that maximizes benefits while requiring the fewest changes to their development plans. Specific programs authorized in Oregon include the following, Among others. (Strategy in progress now)

- **Vertical Housing Tax Exemption.** This program is meant to encourage vertical mixed-use buildings in areas where they might be viable, typically downtowns or town centers. The program allows for a partial tax exemption for the built space, above the ground floor. Affordable housing is not required, but inclusion of affordable units can increase the tax benefits. The city must adopt a defined Vertical Housing Development Zone in which the exemption will apply.
- **Low-income Rental Housing (or Non-Profit).** This program is aimed at encouraging subsidized affordable housing development and can be more broadly applied geographically. Units must be affordable at 60% of Area Median Income to be eligible. One program applies to all owners of Low-income rental properties, and another program applies to non-profit agencies that are often one the few sources of subsidized housing in many communities.
- **Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to 307.687)**
The tax exemption for rehabilitation and construction of residences in “distressed urban areas.”
- **Residential Rehabilitation Tax Freeze (ORS 308.450 to 308.481)**
Freeze on the assessed value of residential properties to encourage rehabilitation of existing “substandard” structures (in violation of state or local code).

Identified Housing Need Addressed

Affordability target: Very Low-income to Moderate-income levels

Income: 0 to 120% AMI

Housing tenure/type: For rent

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints

Tax abatement programs do not require new direct investments, as they rely on foregone tax revenue from the general fund, but the City could use other funding sources, such as a construction excise tax, to replace the lost revenue. The City must seek agreement by resolution from other overlapping taxing jurisdictions to expand the size of the exemption. The annual benefit to the property owner from a city tax exemption can amount to tens of thousands of dollars, making this a strong financial incentive.

Implementation Actions

Lead: City of North Bend

Actions: Adoption by City Council and establishment of program goals and policies. Possible zoning ordinance amendments.

Partners: Other taxing districts, Affordable housing developers

3.3 Land Use Permit Fee Reductions

Description

In areas with high fees and/or a large number of special assessment districts, the cumulative cost can erode the financial viability of affordable housing projects. Local jurisdictions can encourage the development of new affordable housing or other desired

types of housing (e.g., ADUs or other potentially more affordable housing types) by reducing or waiving these fees for qualifying projects. This incentive is likely to have the greatest impact when there’s a robust level of construction activity (or where new development is anticipated) and where impact and permitting fees are relatively high. Considering permitting or impact fee reductions or waivers for qualifying affordable developments, the city should aim to structure the program in a way that makes affordable housing more cost-effective to develop while avoiding adverse impacts on funding levels for key expenses that serve other community goals.

Identified Housing Need Addressed

Affordability target: All income levels
Income: 0 to 120+% AMI
Housing tenure/type: For rent or sale; high-density multi-family housing
Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints

The downside of waiving fees is that it would impact the funds that the City has available for public projects. The amount could largely depend on the size of the property and number of properties receiving waivers. If a large number of properties receive waivers, that could amount to significant loss of funding for the City.

Implementation Actions

Lead: City of North Bend
Actions: City Council decision
Partners: Affordable housing developers

3.4 Expedited Development Review

Description

Reduce review and processing times for affordable housing development by formally adopting shortened review timelines for applications or giving priority in scheduling hearings and meetings with staff. *(Strategy already partially implemented)*

Expedited permitting will help to reduce costs of development of needed housing as identified. The City may consider projects with direct or indirect funding from local government as essential and projects with long term affordability covenants through tax abatement or inclusionary requirements as high priority and/or only expedite housing according to the identified needed housing types. The City might also consider assigning a designating staff person to shepherd projects through the land use and/or building permitting processes in order to expedite the permitting process. However, given the limited size of the City’s staff, this may not be a practical approach.

Identified Housing Need Addressed

Affordability target: All income levels
Income: 0 to 120% AMI
Housing tenure/type: For rent or sale

Special Housing Need Addressed: Low-income households, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints Creating an expedited review process for affordable and high need housing development has Low legal risk and relatively low cost burden. The administrative burden would be moderate, due in part to the need for focused resources to quickly review applications as they come in. Other entities involved in permitting (i.e., building, utilities, roads) either by jurisdiction or contract would need to agree and have capability of expedited review. Community support for this strategy may be high as permitting often is seen as a barrier to development.

Implementation Actions
Lead: City of North Bend
Actions: City Council decision
Partners: Affordable housing developers

CATEGORY 4. FUNDING SOURCES AND PROGRAMS

4.1 Tax Increment Financing (TIF)

Description The City could use tax increment financing (TIF) revenue for one-off projects, a pilot program, or possibly other efforts. TIF is a funding mechanism in which future tax revenues in targeted development or redevelopment areas are diverted to finance infrastructure improvements and/or development—potentially including affordable and/or market-rate housing. A benefit of TIF is that, if successful, it is one source that can help build relatively substantial funds for a City to contribute to development projects. A successful TIF district should have greater revenue generating potential than a CET program for instance. A TIF district also provides an opportunity to explain why the City is participating in types of projects it might not otherwise fund, and why it is important to a certain area or corridor.

TIF is one of the few mechanisms that allow a city to participate more directly in development, most often with a private or non-profit partner. This can be done through helping to secure land, partially subsidizing projects in return for meeting public goals, helping with off-site improvements, offering on-going programs for rehabilitation, and other tools. Use of TIF would limit the program to Urban Renewal Areas.

In North Bend, the City has an Urban Renewal Area which is funded by TIF, and it has acquired land that can be used to develop needed housing in the future. The original UR Plan was adopted in 1994 and has since been reviewed and updated multiple times. The Plan includes a list of public infrastructure and streetscape projects as well as programs to facilitate private development in the Downtown and the Waterfront. A redevelopment assistance program and façade improvement program have been implemented with TIF funds. The North Bend URA has not maximized the full urban renewal capacity permitted under state statute. This means that the City could consider expanding the existing district by extending it into other target areas, or be creating another district. Any new urban renewal areas should try to identify key development opportunities, that TIF can facilitate,

including opportunities to develop needed housing. (*Strategy already partially implemented*)

**Identified
Housing Need
Addressed**

Affordability target: Very Low-income to Low-income levels

Income: 0 to 80% AMI

Housing tenure/type: For rent or sale;

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

**Issues or
Constraints**

TIF results in foregone tax revenue for the City and other overlapping taxing districts for several decades, although it can grow the tax base in the long-term by supporting development that would not otherwise have occurred.

If a new TIF district were established, it would likely be several years before there were sufficient revenue in the district to make significant investment in housing. In addition, the hurdles to expanding the use of TIF in North Bend are the need for an additional TIF planning project similar to the original adoption process, including feasibility analysis and a new TIF Plan. Using TIF includes freezing the new growth in tax revenue to existing taxing districts within the TIF area in order to direct that revenue to the district, so coordination and agreement with other taxing districts also is important.

**Implementation
Actions**

Lead: City of North Bend

Actions: Evaluate the potential for creation of one or more new TIF districts and whether a housing set-aside would be an appropriate expenditure for the new district(s). Also, estimate how much could be allocated while balancing the need for infrastructure investments.

Partners: Urban Renewal Agency; property owners with an existing or proposed new TIF area boundary

4.2 Subsidized Affordable Housing

Description

Subsidized affordable housing is most often offered through a government or non-profit agency that has established the provision of housing to low-income households, the elderly and disabled as part of their stated mission. The tenant pays no more than 30% of their monthly income toward rent while HUD pays the remaining amount. Subsidized housing can be obtained through vouchers, where the subsidy is used by a tenant to find rental housing in the private market and is paid to a private landlord. (*Strategy in process now*)

A number of the other strategies described in this report are examples of or can be used in tandem with this strategy (see Strategies 3.1,3.2, 3.3, 4.1 and 4.3).

Identified Housing Need Addressed	<p>Affordability target: Very Low-income to Low-income levels</p> <p>Income: 0 - 80% AMI</p> <p>Housing tenure/type: For rent;</p> <p>Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities</p>
Issues or Constraints	<p>This strategy has low legal risk. The administrative burden may be low to moderate, working to develop partner relationships with affordable housing developers, and administer ongoing projects. Providing funding represents a moderate to high cost, depending on the scale and number of projects where the City provides financial contributions. Those contributions can come from one of the funding sources described in this memo (e.g., Housing Trust Fund, General Obligation Bonds, or Construction Excise Tax) or from general fund revenues.</p>
Implementation Actions	<p>Lead: City of North Bend</p> <p>Actions: City Council decision(s); continued staff level coordination with project developers and sponsors</p> <p>Partners: Affordable housing developers</p>

4.3 Land Acquisition and Banking

- Description** Secure vacant/under-utilized sites for affordable housing development. Land banking is the acquisition and holding of properties for extended periods without immediate plans for development, but with the intent that properties eventually be used for affordable housing. Public agencies or larger non-profits may be better equipped than small community development corporations to do both land acquisition and banking.
- Land banking can be used as an anti-displacement strategy. Land banks can acquire land in high-opportunity areas where prices are going up and develop affordable housing before the market becomes too competitive.
- Most land banks rely on property tax-related revenue streams, although some have relied on private foundation or federal grants. Tax Exemptions can be applied to land held for the purpose of developing Low-income housing. Therefore, tax exemptions can help make land banking more financially feasible as an affordable housing strategy.
- House Bill 2003, section 15 supports land banking:
- **SECTION 15. (1)** As used in this section, “public property” means all real property of the state, counties, cities, incorporated towns or villages, school districts, irrigation districts, drainage districts, ports, water districts, service districts, metropolitan service districts, housing authorities, public universities listed in ORS 352.002 or all other public or municipal corporations in this state.
- Considerations for the City of North Bend:
- The City could manage its own land bank or acquisition strategy, or work in concert with a non-profit or non-governmental entity at a larger, regional scale

that manages a portfolio of properties to support affordable housing development over many years. Ideally, the land bank would be set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development.

- The land bank would purchase vacant land in high-opportunity areas, schools, and other important amenities and require that the land be used for the development of affordable housing.
- In most cases, land banking programs have focused on properties in tax foreclosure, but North Bend’s program could explore voluntary donation or purchase on the open market.

One way the City could support a land bank is to assist with creating an inventory of suitable sites for housing development, based on infrastructure conditions, location, and other factors. (*Strategy in process*)

Identified Housing Need Addressed

Affordability target: Very Low-income to Low-income levels

Income: 0 to 80% AMI

Housing tenure/type: For rent or sale; income-restricted units

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints

Land banking requires political commitment over time and across market cycles. Purchasing new land requires agencies to find and secure the property and fund land acquisition and due diligence. Administering a land bank can be costly. The City should evaluate use of existing GIS tools to inventory publicly and privately owned properties in areas well suited for a land bank purpose. The City can consider contributing funds or land to an existing non-profit land bank or participating in the formation of a new non-profit land bank if one does not exist with sufficient capacity to serve North Bend.

Implementation Actions

Lead: City of North Bend

Actions: Incorporate publicly owned land into a bank or acquire new land to incorporate.

Partners: Land Bank entity; partnering developers

4.4 Construction Excise Tax (CET)

Description

Adopt a tax on construction projects that can be used to fund affordable housing. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. Cities and counties may levy a CET on residential construction for up to 1% of the permit value; or on commercial and industrial construction, with no cap on the rate of the CET. State law requires it to be spent on specific types of programs and activities.

The City may retain 4% of funds to cover administrative costs. If the City uses a residential CET, The funds remaining must be allocated as follows:

- 50% must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.)

- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services (OHCS) for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. It also should be noted that the City’s current charter does not allow it to implement a new or increased fee without a vote of the people. This has served as a barrier to implementing new fees in the past and likely will continue to represent a barrier. Any attempts to adopt a CET or other new fee (including SDCs described previously), likely would entail extensive community education efforts to help people understand the relative costs, benefits, and needs for adopting the new fee. Coordinating with local organizations and community groups that would support such efforts also would be important.

The efficacy of a CET in raising funding for affordable housing will depend greatly on the amount of development in a given year. A rough estimate based on average residential permitting activity over the last ten years, indicates that a 1% CET might generate between \$50k to \$100k in funding annually. Though these funds might be modest on an annual basis, they might build a useful fund over multiple years, and help fund some of the other developer incentive tools discussed in this memo.

Identified Housing Need Addressed

Affordability target: Very Low-income to Low-income

Income: 0 to 80% AMI

Housing tenure/type: For rent or sale

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints

A constraint is that CET increases development costs in an environment where many developers are already seeking relief from systems development charges, so it could impact development feasibility and increase the costs of housing more generally. However, by structuring the policy with offsetting incentives or tools to reduce development barriers, the City could potentially limit the impact on feasibility for certain projects. As noted above, the City’s charter limitation on establishment of new fees also is a significant barrier.

Implementation Actions

Lead: City of North Bend

Actions: Incorporate publicly owned land into a bank or acquire new land to incorporate.

Partners: Development community; affordable housing advocates

4.5 Public-Private Partnership (PPPs) and Community Land Trusts

Description

Arrangements between public and private entities to create more and/or affordable housing. Cities can engage in PPPs in a variety of ways, such as providing flexibility in development standards and helping leverage public funding. The City can implement arrangements between public and private entities to create more and/or affordable

housing. These PPPs can promote a variety of affordable housing programs or projects and include partnerships from multiple public, private, and non-profit entities such as the Community Land Trusts. These efforts typically involve utilization of a variety of other housing measures or strategies, including those described in this report.

The most common partnership model is for the City to provide financial assistance to a partner organization, but partnerships can include other activities such as providing administrative capacity, donating land, etc. Often the comprehensive funding of affordable housing development requires numerous funding sources, and the City’s financial contribution can help supplement funding from the state, federal, and other sources. Strategies 3.1-3.4 and 4.1-4.4 are more specific examples of the use of PPPs.

One model that has been successful in local jurisdictions is the Community Land Trust (CLT) model, explored in detail below. Supporting an existing organization would likely provide a greater impact than supporting the startup of a new organization in this regard although the City should be open to multiple possibilities and approaches.

A Community Land Trust (CLT) is a model wherein a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture some equity as the home appreciates but ensures that the home remains affordable for future homebuyers. CLTs may also lease land to affordable housing developers for the development of rental housing or may develop and manage rental housing themselves. Land trusts are typically run as non-profits, with support from the public sector and philanthropy, and could be linked to a land bank. Land trusts can be focused on homeownership or rental units.

A community land trust (CLT) is an independent, nonprofit corporation chartered in the state where it is located. Most operate within the boundaries of a targeted area, though some serve entire cities, multiple cities, or even entire states. There are various types of CLTs which have varying funding mechanisms, structures, etc. Examples include conventional CLTs, development-oriented CLTs, and land bank stewards. Throughout the various CLTs, even those not sponsored by a government entity often receive local government support in the form of seed funding, on-going administrative and operational funding support, or land donations and grants. *(Strategy in process now)*

Identified Housing Need Addressed

Affordability target: Very Low-income to Moderate-income levels

Income: 0 to 120% AMI

Housing tenure/type: For rent or sale

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints

Community land trusts require a relatively high level of effort to implement but result in long-lasting affordability for the homes they develop and manage. That said, the efforts are primarily borne by the land trust, with low to moderate work by the City to provide financial or technical assistance to support those efforts. Land trusts have many legal

considerations and have a high start-up cost (also borne by the land trust, rather than the City). Cities typically are asked to provide land, financial assistance, and or technical assistance, with potentially moderate costs. The City also must ensure that the CLT aligns with funding sources and housing policies.

Implementation **Lead:** City of North Bend
Actions **Actions:** City Council Ordinance
Partners: Community Land Trust partners

4.6 Financial Assistance and Homebuyer Education Programs

Description Rental assistance program can help eligible low-income households with their past due rent and protect them from eviction risk. On the other hand, city can promote stable homeownership opportunities with a range of tools such as foreclosure prevention guidance, down payment assistance loans, Homebuyer Opportunity Limited Tax Exemption, etc. City can also provide services to help homeowners or fund community organizations to help homeowners repair and retain their homes.

A homebuyer education program helps homebuyers have a better understanding of what’s involved in the home-buying process, what is needed from the borrower to be approved for a mortgage loan, the benefits / challenges of homeownership, and mortgage and lending terms, etc.

Identified Housing Need Addressed **Affordability target:** Low- and Moderate-income levels
Income: 30 to 120+% AMI
Housing tenure/type: For rent or sale;
Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints Both programs require relatively significant administrative time and resource to efficiently reach out to potential homebuyers and tenants in the area and to administer the programs themselves.

Implementation **Lead:** City of North Bend
Actions **Actions:** City Council Ordinance
Partners: Local employers and program beneficiaries

4.7 Tenant Protection Programs and Policies

Description Tenant protections include local regulations and enforcement programs that provide protections for tenants of existing affordable housing and Low-cost market rate (LCMR) housing against evictions, excessive rent increases, discrimination, and health and safety

violations. Tenant protections can also provide various types of assistance to renters. The purpose of these protections is help tenants of affordable units to access and retain their housing, particularly for Very Low-income and other vulnerable community members. Tenant protections can be implemented through policies and/or programs. The Oregon State Legislature is currently in the process of reviewing Senate Bill 608, which would regulate some tenant protection policies statewide. With the exception of rent regulation, local jurisdictions have the ability create tenant protection regulations that go beyond state requirements as long as they do not conflict with them. Homeowner protection programs could include education as well as financial and technical assistance to stabilize and combat predation of Low- and Moderate-income homeowners. Rent stabilization legislation was adopted by the State of Oregon during the 2019 legislative session and the state will essentially administer associated programs. The remainder of this section focuses on other types of tenant protection programs.

- **Notification for No-Cause Evictions.** Under the provisions of ORS 90.427, landlords are required to give 30- or 60-day notification of no-cause evictions. Previously, some jurisdictions, including Portland and Milwaukie, increased the no-cause eviction notice to 90 days. However, Senate Bill 608, mandates a 90-day notice for no-cause eviction statewide. Senate Bill 608 was passed on February 28, 2019 and was effective immediately.
- **Renter Relocation Assistance.** These programs require landlords to pay a set amount to assist tenants when lease conditions change—such as no-cause eviction, substantial rent increase, or not receiving the option to renew a lease. Relocation assistance programs have been implemented by the cities of Portland, OR and Vancouver, BC during the last several years. Recent state legislation also addresses these programs.
- **Rental Registration.** These programs allow jurisdictions to keep an accurate inventory of residential rentals. A well-maintained inventory can help improve notification of changes to local landlord-tenant laws. Also, the program helps monitor and protect tenants while requiring more responsibility and accountability from landlords.
- **Rental Inspection Program.** Rental inspection programs monitor rentals to protect tenants and require more accountability from landlords. Inspection programs can be combined with a registration program or stand-alone. Also, the types of housing or dwellings that a required to register for the program can vary to all housing, affordable housing, multi-family housing, or other criteria. Several Oregon jurisdictions have rental inspection programs, including the cities of Gresham and Salem.

Several of these programs require relatively significant administrative time and resources and may not be appropriate for the City at this time but could be considered for implementation in the future.

**Identified
Housing Need
Addressed**

Affordability target: Very Low-income to Moderate-income levels

Income: 0 to 120% AMI

Housing tenure/type: For rent

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints Tenant protections to keep people in existing low-cost rental housing often are less costly to implement than new construction from a capital cost perspective but they require more administrative effort from the City. Several of the programs for tenant protection require relatively significant administrative time and resources and may not be appropriate for the City as this time but could be considered for implementation in the future. Partnering organizations that specialize in tenant protection throughout the state may be able to support the City.

Implementation Actions **Lead:** City of North Bend
Actions: Dependent on program
Partners: Non-profit housing organizations, affordable housing providers

4.8 Dedicated Revenue Sources for Affordable Housing

Description A dedicated revenue source for affordable housing that provides an ongoing committed stream of revenue for affordable housing, often deposited into a Housing Trust Fund. Sources for the fund can include Transient Lodging Taxes collected from Short Term Rentals and developer fees.

Identified Housing Need Addressed **Affordability target:** Very Low-income and Low-income levels
Income: 0 to 80% AMI
Housing tenure/type: For rent or sale

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints This strategy relies on identifying a sustainable funding source with sufficient revenue to have impactful contributions. Sources of funding will fluctuate with the strength of the economy and construction. There is potentially a high cost to seed the program, such as with a Housing Trust Fund.

Implementation Actions **Lead:** City of North Bend
Actions: Identify a potential funding source for affordable housing; design and implement the activities needed to establish and administer the funding program
Partners: Non-profit housing organizations, affordable housing providers

4.9 Flexible Use of Housing Choice Vouchers

Description Public Housing Authorities have the ability to attach up to 20% of their voucher assistance to specific housing units for each low income housing project. Project-based Rental Assistance (PBRA) vouchers provide rental assistance for eligible occupants who occupy

specific housing units managed by private owners who have entered into agreements with a housing agency. The household pays an established amount to the owner each month (typically approximately 30% of monthly income) and the housing agency pays the balance of the rent due. If public housing authorities include homeownership in their administrative plan, housing vouchers may also be used to facilitate low income homeownership. *(Strategy in process now via local housing authority)*

Identified Housing Need Addressed

Affordability target: Very Low- to Low income levels

Income: 0 to 80% AMI

Housing tenure/type: For rent

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

Issues or Constraints

The biggest challenge to this strategy is to find enough affordable units and landlords willing to participate in the program, which has been among the many challenges housing authorities have faced. A secondary source of impediments is the ability for landlords to impose additional requirements for renters that limit their ability to use their vouchers (e.g., limitations on pets, high security or other deposits, etc.).

Implementation Actions

Lead: City of North Bend

Actions:

Partners: Non-profit housing organizations, affordable housing providers; local housing authority

4.10 General Obligation Bonds – for Affordable Housing

Description

Cities and counties can issue voter-approved general obligation bonds to provide direct funding for construction and other capital costs associated with the development and construction of affordable housing. Funds can be loaned or granted to public and privately owned affordable housing projects.

Following the passage of Measure 102, Oregon local governments, including cities and counties, can now issue voter approved general obligation bonds to provide direct funding for construction and other capital costs associated with the development and construction of affordable housing. These funds can be loaned or granted to both public and privately owned affordable housing projects. “Affordability” is required to be determined by voters and each jurisdiction and can be above or below minimum affordability levels established for the federal LIHTC program and other established federal and State affordable housing finance programs, defining affordability by reference to Area Median Income (AMI) as established by HUD. The bonds could be paired with other financing such as Low Income Housing Tax Credits, or could be used for homeownership opportunities.

Identified Housing Need Addressed	<p>Affordability target: Very Low- to Low income levels</p> <p>Income: 0 to 80% AMI</p> <p>Housing tenure/type: For rent</p> <p>Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities</p>
Issues or Constraints	<p>A primary downside of General Obligation bonds is that they require voter approval to increase property taxes, which may not receive adequate community support. As such, it may not be the most politically feasible funding strategy.</p> <p>If successful, the administration of this funding may require additional staffing and skillsets if the City is unfamiliar with undertaking these types of projects on this scale.</p> <p>GO bonds can only be used for capital projects and cannot be used for supportive services or for operations. However, if the City issues a bond to build new affordable housing, it may free up resources from other funding sources for services linked to affordable housing. Examples of supportive services linked to affordable housing include rapid rehousing or permanent supportive housing.</p>
Implementation Actions	<p>Lead: City of North Bend</p> <p>Actions: Evaluate the types of projects the City wishes to include on the ballot (and their costs) to determine a bond rate. GO bonds are issued with long-term, fixed rates. The City should evaluate the type of bond it will pursue (20-year or 30-year).</p> <p>Partners: City of North Bend Finance Department, Legal Department, North Bend residents</p>

4.11 Indian Housing Block Grants (IHBG)

Description	<p>The Indian Housing Block Grant (IHBG) Program provides grants to develop, maintain, and operate affordable housing in safe and healthy environments on American Indian reservations and in other American Indian areas, and to carry out other affordable housing activities that benefit low-income American Indian families. Mixing of Indian Housing Block Grants (IHBG), with other traditional affordable housing funding sources allows preference for Native members in urban affordable housing projects.</p> <p>The grant program is a formula grant that provides a range of affordable housing activities on Indian reservations and Indian areas. The block grant approach to housing for Native Americans was enabled by the Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA).</p> <p>Eligible IHBG recipients are Federally recognized Indian tribes or their tribally designated housing entity, and a limited number of state recognized tribes who were funded under the Indian Housing Program authorized by the United States Housing Act of 1937 (USHA). With the enactment of NAHASDA, Indian tribes are no longer eligible for assistance under the USHA.</p> <p>Eligible activities include housing development, assistance to housing developed under the</p>
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Indian Housing Program, housing services to eligible families and individuals, crime prevention and safety, and model activities that provide creative approaches to solving affordable housing problems.

Examples of outcomes may include, but are not limited to:

- Reduction in the number of families living in substandard housing
- Reduction in overcrowding
- Increase in homeownership rates
- Reduction of drug-related crime or health-related hazards
- Accessibility for persons with disabilities

Identified Housing Need Addressed

Affordability target: Very Low- to Low-income levels

Income: 0 to 80% AMI

Housing tenure/type: For rent

Special Housing Need Addressed: Low-income households, People of Color, People with Disabilities

Issues or Constraints

The tribes' use of IHBG development funds indicates a preference for homeownership units over rental units. In its 2016 budget justification, HUD estimated that tribes constructed, acquired, or rehabilitated 4,415 homeownership units compared with 1,380 rental units; from 2003 to 2008, tribes built, acquired, or rehabilitated 3.5 times more homeownership units than rental units. Institutional capacity, size is an important factor when it comes to leveraging, administering IHBG funds, and running housing programs. Limited administrative capacity is one of the most commonly identified internal problems.

Implementation Actions

Lead: City of North Bend

Actions: No actions specific to the City of North Bend beyond general policy support for these programs

Partners: CTCLUSI and Coquille Tribes

4.12 Local Innovation and Fast Track (LIFT) Program for Affordable Rental Housing Development

Description

The Local Innovation and Fast Track (LIFT) Housing Program's objective is to build new affordable housing for low income households, especially families. It is available for units affordable to households earning below 60% AMI, for a period of at least 20 years. In response to the growing housing crisis, the State made available General Obligation Bonds to create the Local Innovation and Fast Track (LIFT) housing program in 2015 with a charge to rural communities and communities of color. Oregon Housing and Community Services (OHCS) designed LIFT with the intent of leveraging it with 4% Low Income Housing Tax Credits (LIHTC) and multifamily conduit bonds to spur rural housing supply.

All projects must demonstrate efforts to serve communities of color to be eligible for LIFT

funding. Service to communities of color can be achieved in a number of ways and should be relevant to the community in which the project is located, and the focus population anticipated to be served.

LIFT funds are most likely to be used by agencies and developers experienced in building affordable housing. Because the deep affordability level (60% AMI for all units) it is most likely to be pursued by non-profit housing agencies. The City can assist through offering additional incentives or partnering through the urban renewal program or similar tools.

**Identified
Housing Need
Addressed**

Affordability target: Very Low- to Low income levels

Income: 0 to 80% AMI with a state policy preference for units affordable to households at or below 60% AMI

Housing tenure/type: For rent or sale

Special Housing Need Addressed: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities

**Issues or
Constraints**

The City generally will be a supporting or sponsoring entity in projects that utilize LIFT funds, with housing developers taking the lead in applying for funding. Primary barriers include maintaining knowledge of changing program priorities and finding affordable housing developers who are interested in implementing project in North Bend. Administrative costs for this strategy are considered to be low to moderate.

**Implementation
Actions**

Lead: City of North Bend

Actions: Identify potential housing developers and sites for specific projects; support coordination with OHCS programs and staff; monitor current funding priorities

Partners: Affordable housing developers

APPENDIX C: ONLINE SURVEY AND OPEN HOUSE SUMMARY OF RESULTS





MEMORANDUM

Community Meeting/Online Open House and Survey (Task 3.6) North Bend Housing Needs Analysis & Housing Production Strategy

DATE April 3, 2023
TO Derek Payne, City of North Bend
FROM Matt Hastie, MIG | APG
CC Hui Rodomsky and Mari Valencia-Aguilar, Oregon Department of Land Conservation and Development

INTRODUCTION

The purpose of the North Bend Housing Needs Analysis (HNA) and North Bend Housing Production Strategy (HPS) project is to evaluate current and future housing needs in North Bend and to identify strategies and a set of actions that the City of North Bend will take to facilitate housing development that achieve the provision of equitable and affordable housing for the community.

As part of this process, the City's consulting team conducted an online survey to assess support for different overarching housing objectives, as well as specific housing strategies. This survey represented the Community Meeting identified in HNA Task 3.6. The City used a variety of methods to encourage participation in the survey, including announcements on the City's Webpage, emails to members of the Project Advisory Committee and other interested parties, and an article in the City's monthly newsletter. About 170 people viewed the survey which was prepared using the ArcGIS StoryMap platform and 25 people completed the full survey. The remainder of this memo provides a summary of survey results.

A full summary of online results can be found here: <https://arcg.is/0W4OmH>

SUMMARY OF RESULTS

Participation and High-Level Summary

Item Views this Period

169

Avg Item Views Per Day

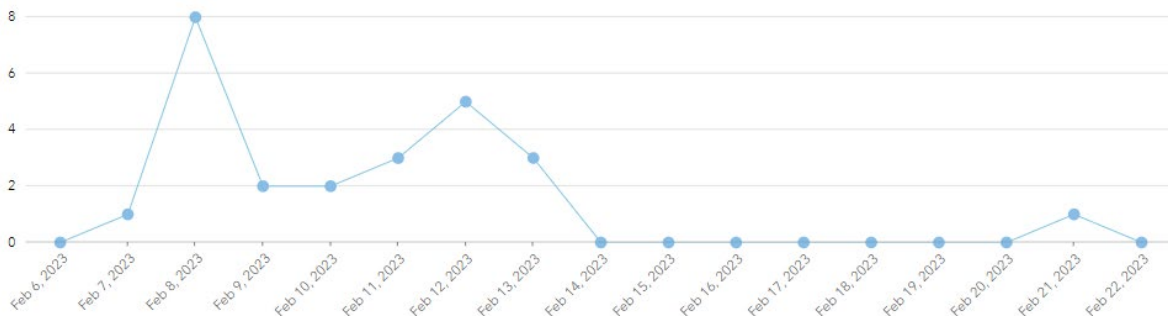
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Usage Time Series



Surveys count: 25 (total: 25)

2/6/23 - 2/22/23

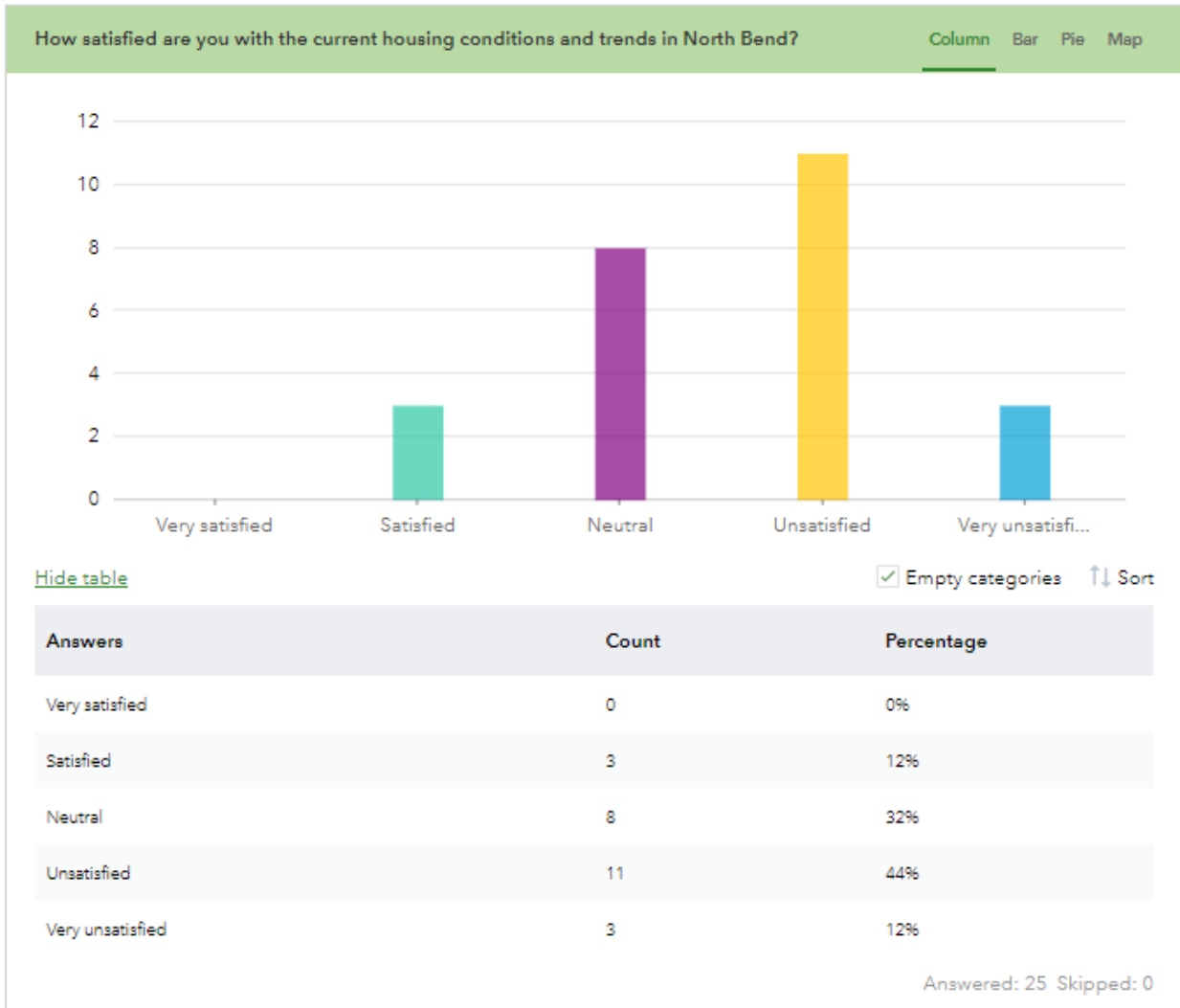


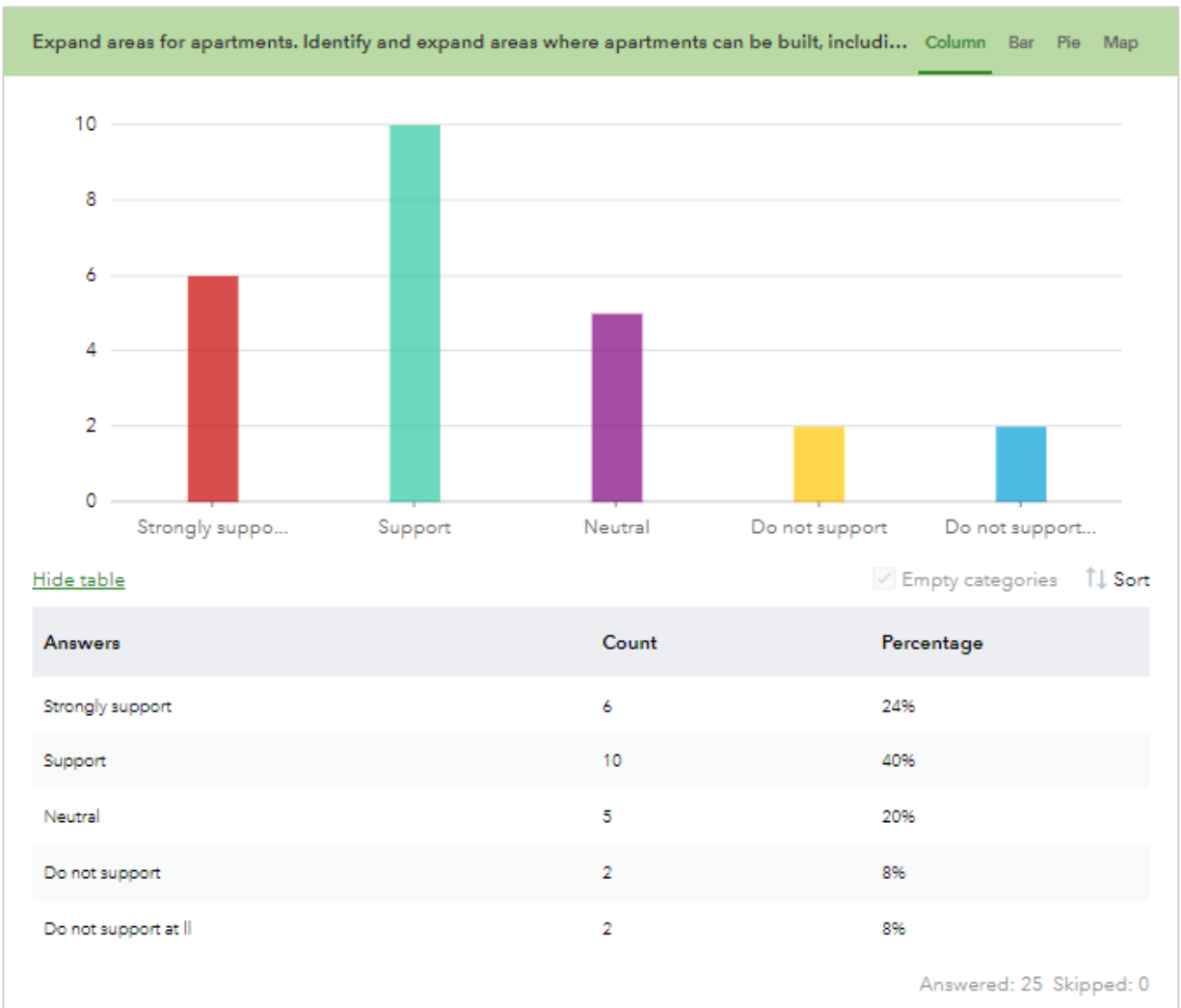
- Total **169** visits (February 1 – present)
- 25 survey responses (none since Feb 21)
- Most respondents live in North Bend (92%)
- About half the respondents have lived in N Bend 5+ years
- 84% of respondents are homeowners
- About 25% of respondents spend over 30% of household income on housing expenses
- 80% of respondents live in single fam homes. 12% live in apartments
- “Increase supply of affordable housing to all city residents” rated most important objective.
 - “create more opportunities for renting homes” least important – see chart/table
- Over half of respondents are unsatisfied or very unsatisfied with current housing conditions – see chart/table
- Approximately 75% support expansion of areas for apartments to be built – see table/chart
- 68% support or strongly support variety of housing types – see chart/table
- 72% support or strongly support incentives to increase financial viability

- 76% support or strongly support incentives to build on small lots
- Nearly half (48%) oppose incentives to allow less parking
- 50% support or strongly support incentives for greater density or taller buildings
- About 44% support allowing more shared housing. 24% neutral
- No opposition to promoting accessible design. 52% support for accessible design for publicly supported housing
- 52% support for reducing taxes or gov fees to support affordable housing production.
- 64% support for expediting permitting housing
- 64% opposition to taxing all housing with proceeds supporting housing affordability
- 40% support for financial assistance to help offset cost of housing expenses. 32% neutral
- 64% support for community partnerships to support homelessness and affordable housing services
- 72% support informing people about housing needs and programs
- 56% heard about survey from city website

Responses to Specific Questions

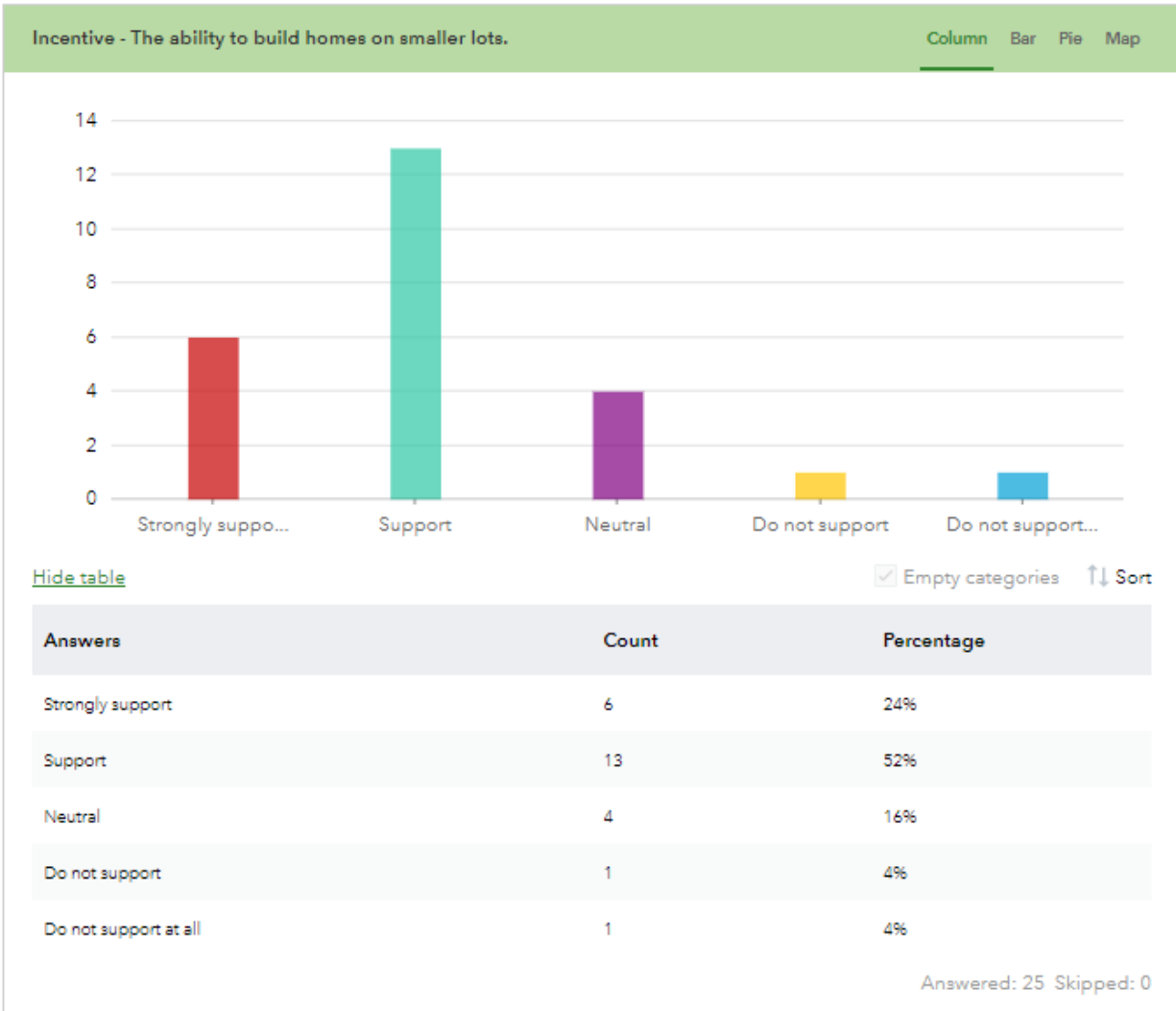








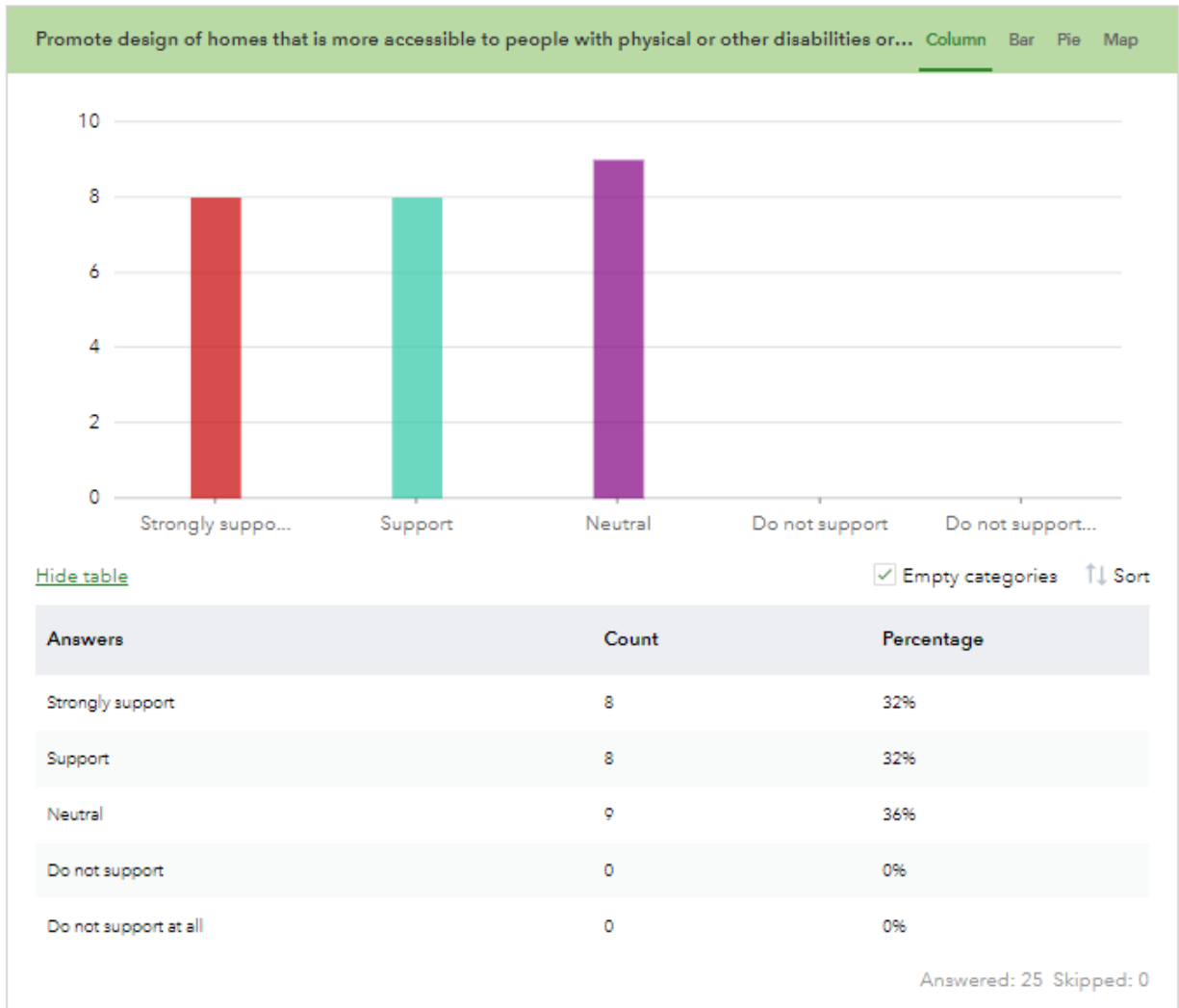




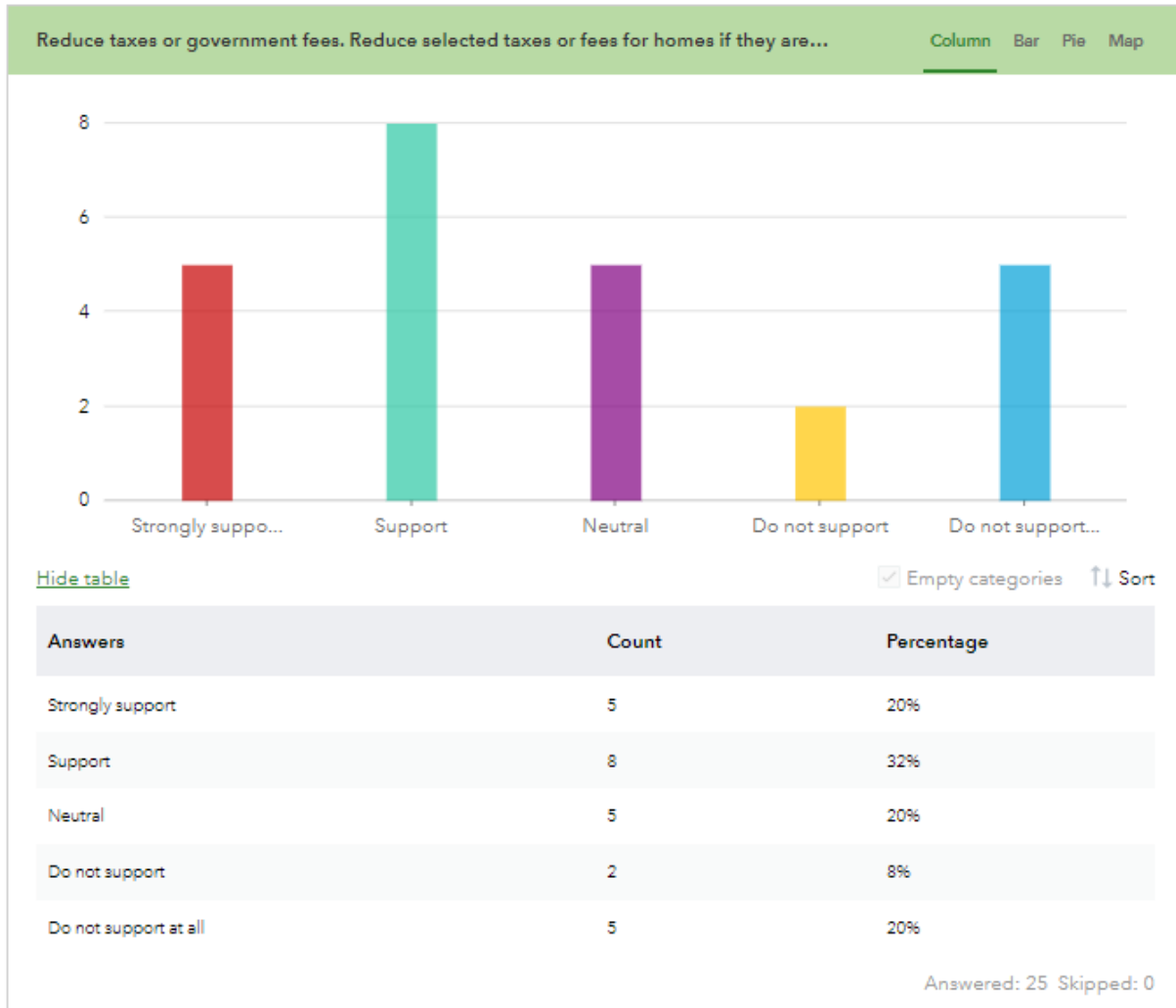


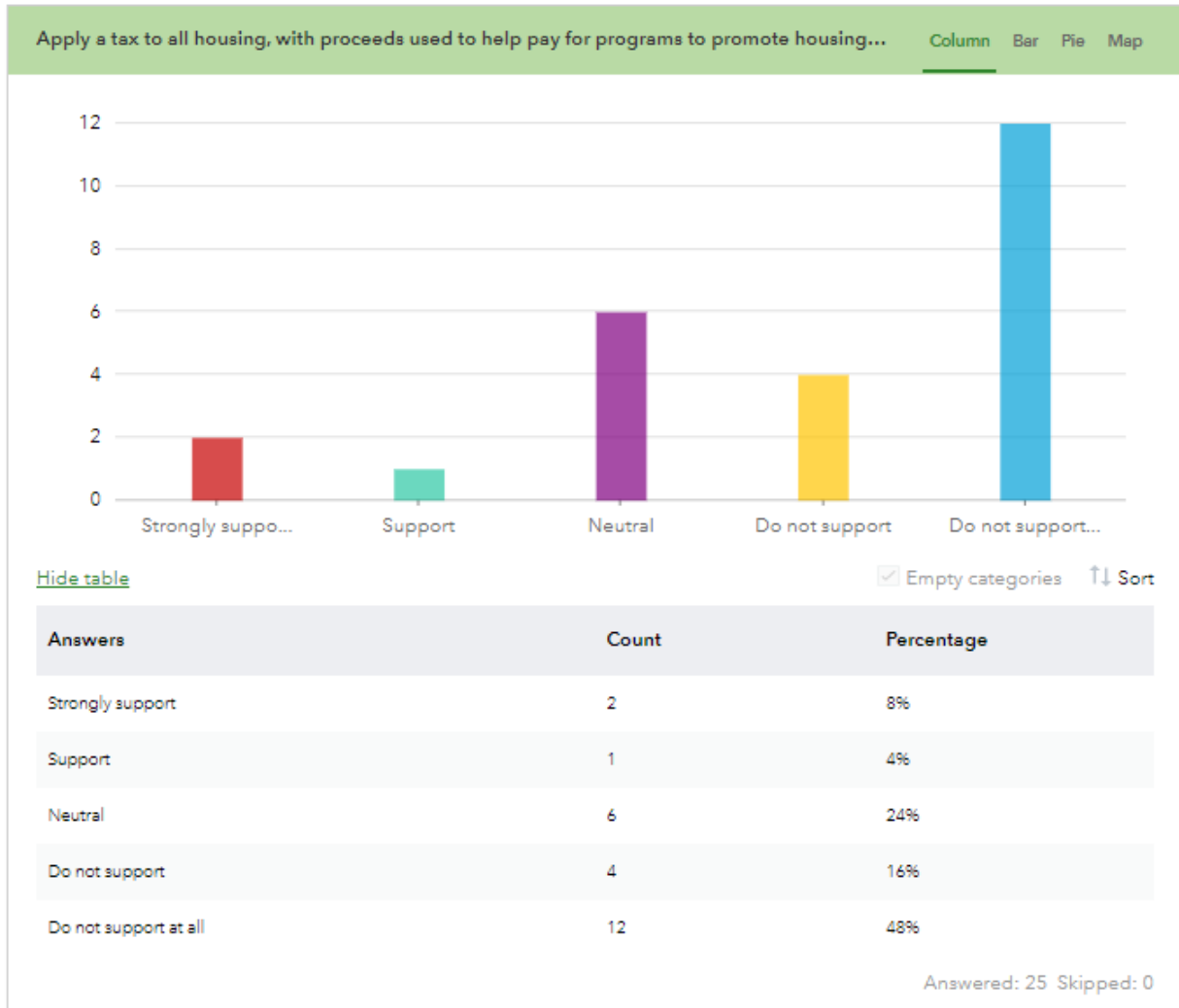


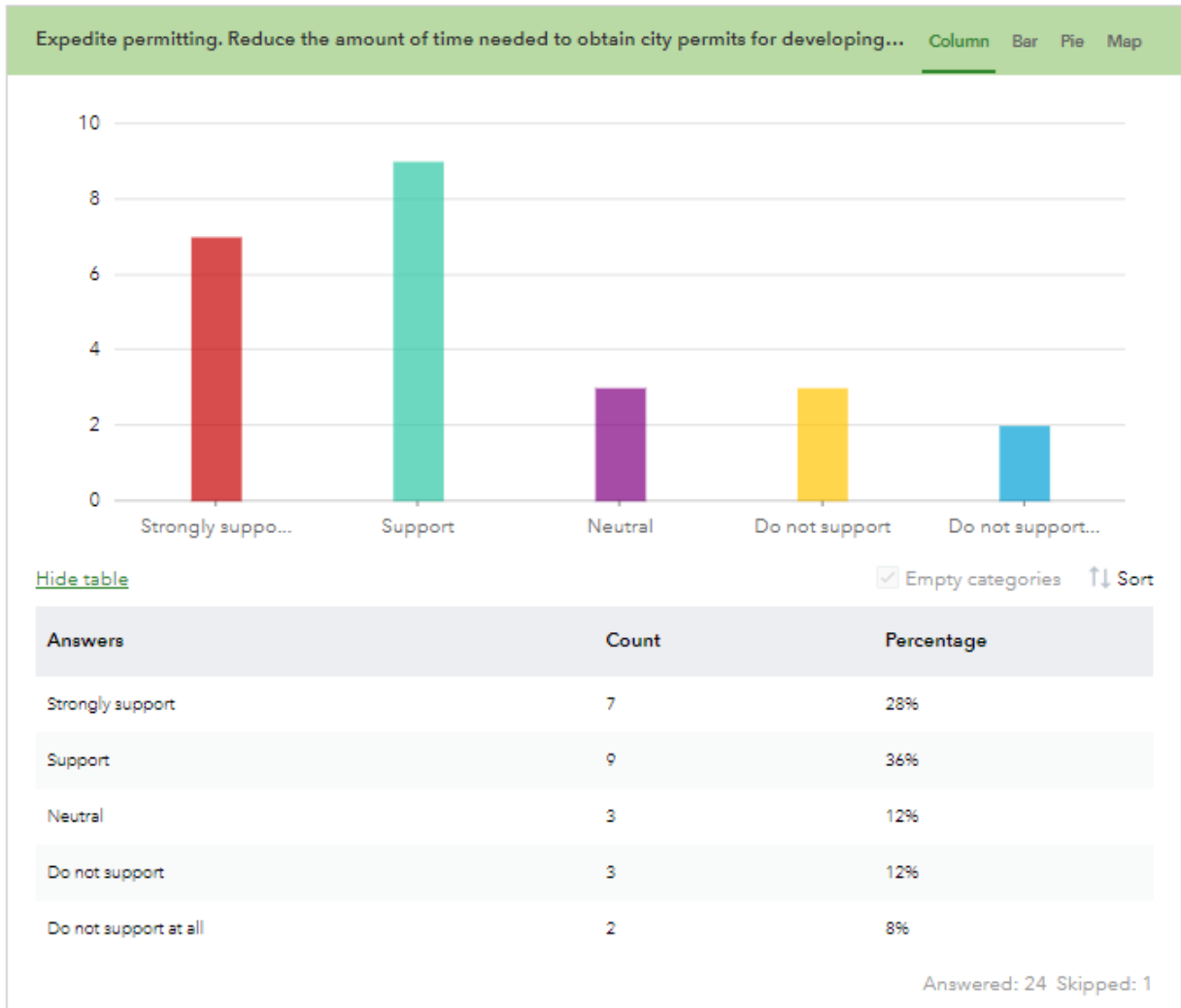




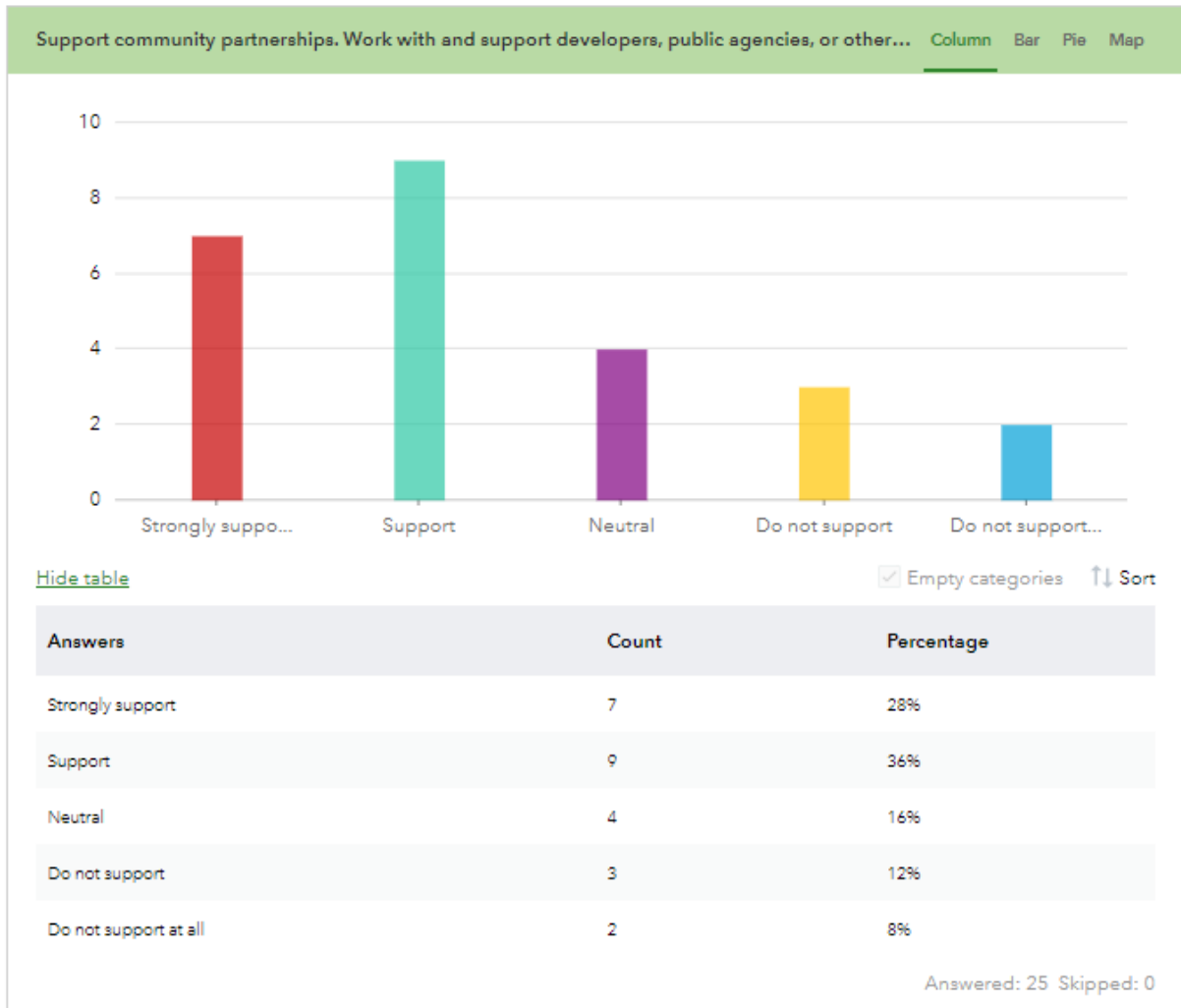


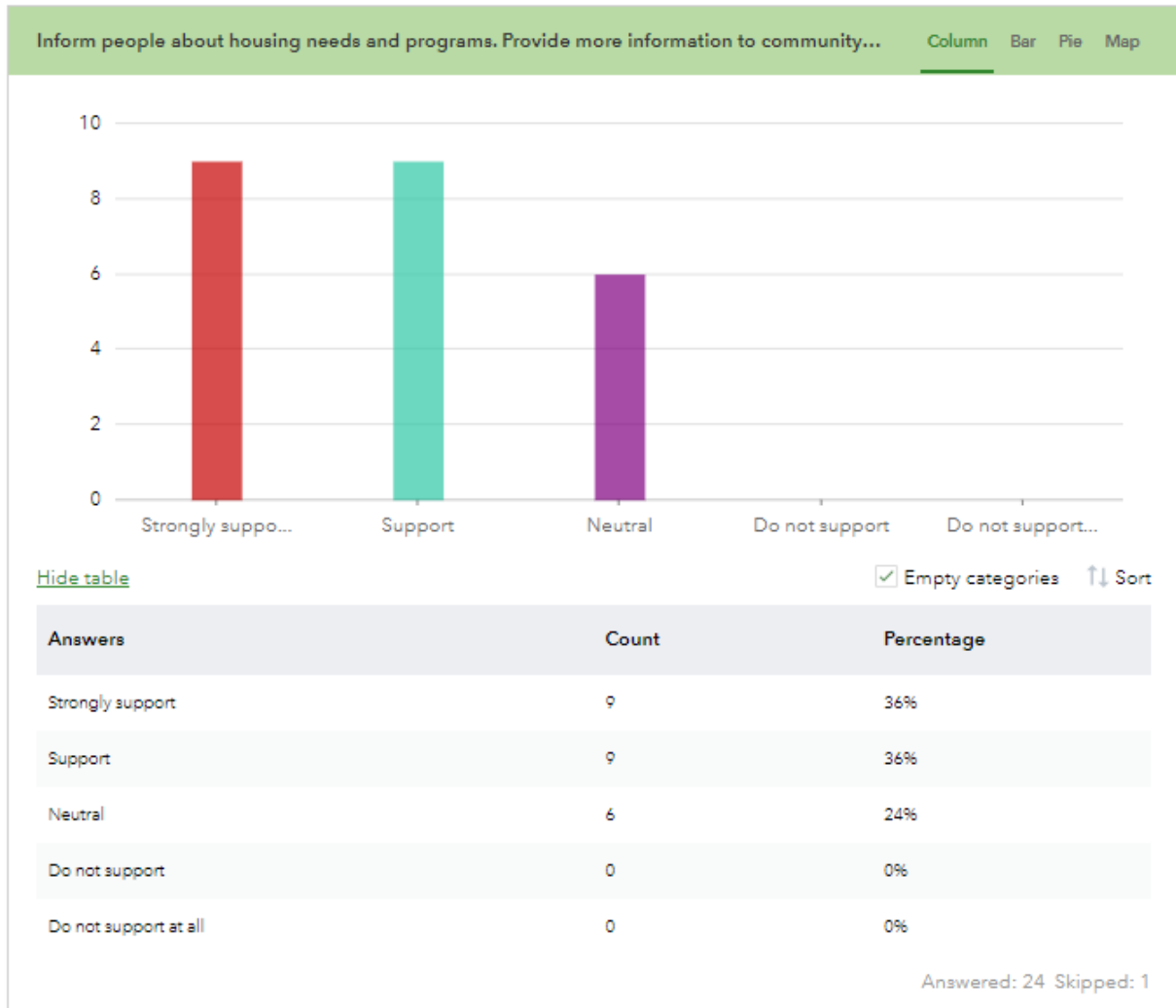


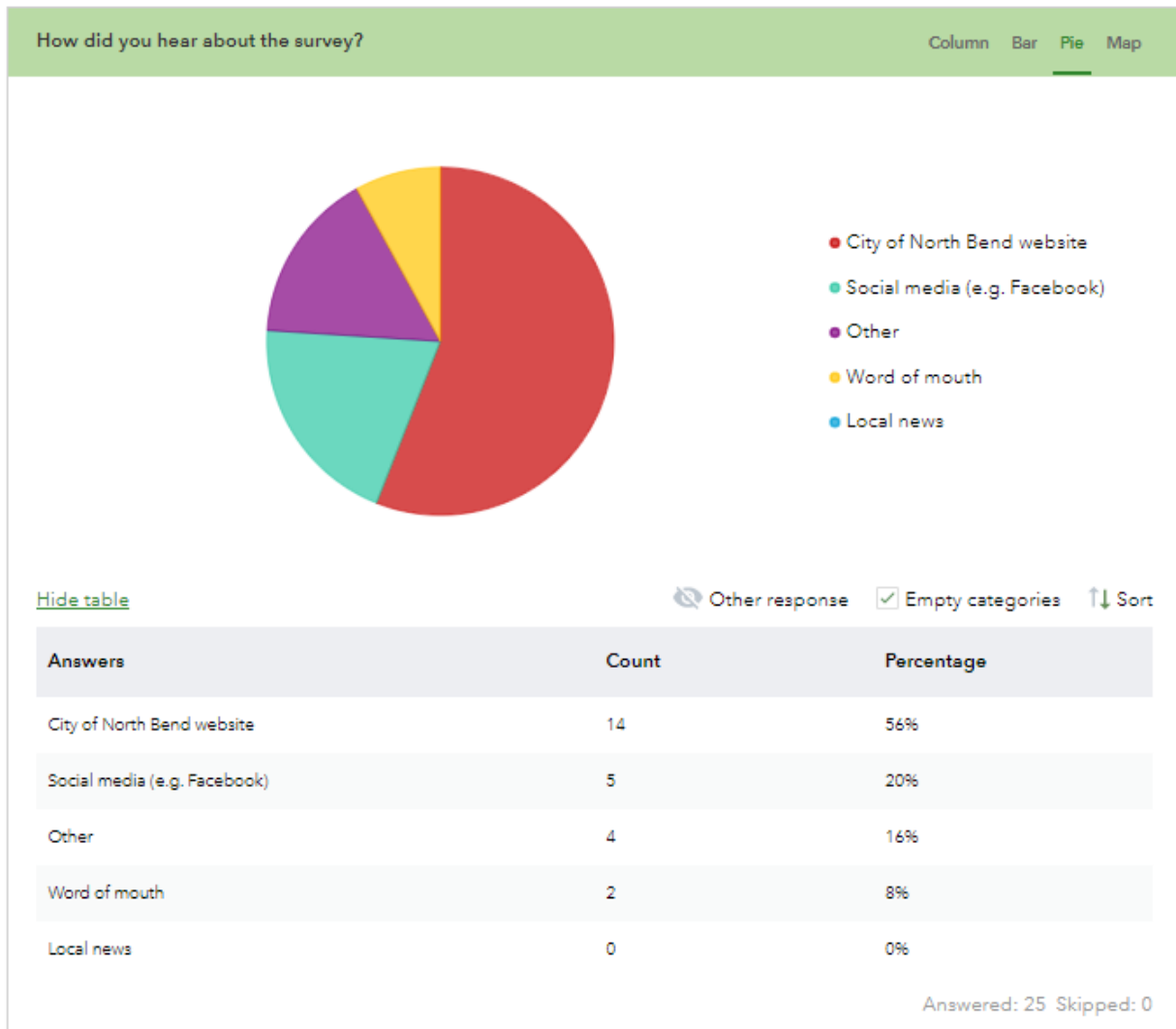












Do you think there are other housing strategies the City should consider?

yes - there are other possibilities for housing concerns without imposing added burdens to a larger part of the population by assessing taxes and fees to those who live here. That is creating further hardship instead of alleviating them

take into consideration traffic issues

SMALL local sales tax on non-food items that could be used for supporting housing incentives. This would spread out the financial burden on our general population and capture out of town visitors dollars.

No parking overnight in neighborhoods, driveways of all new home long enough to park off street.

No

It is really hard to get a landlord to rent to you if you have any ding on your rental history. Perhaps a "second chance" program for those who want to overcome past rental issues. This was a huge problem that I faced in the past.

Incentives for creating in-law quarters or ADU's on existing properties/homes

Homeless housing needs to be a stepping stone or helping hand that requires action on the part of the homeless individual. Enabling must stop! If a home is provided, to a no income family or individual, they must be required to work their way out

Give more attention to current homeowners looking for roommates, especially retired/elderly.

Expediting a process based upon income levels, high or low, is plainly biasing a system. Permit fee offsets based up on income could be in character with current federal and state focus. Longer term financing, or preferred rates are also incentives.

Designated place for RV's that are up to date on permits and license etc.

Is there anything else you would like to tell us about the housing conditions, availability, or needs in North Bend?

we need a place off of our public streets for the homeless. It is a traffic accident waiting to happen when the park on our narrow residential streets.

There needs to be effort put into finding a solution to the homeless situation before further building not applicable to that moves forward. But there needs to be specific regulations set and followed concerning those solutions.

The RV's illegally parked on side streets in neighborhoods need to be enforced to follow rules.

Stop enabling homelessness by to holding able bodied individuals accountable, require rehabilitation for those that receive assistance, make it temporary not permanent, and they must be required to take steps toward independence

Needs to happen soon!

It's shameful that many low income houses are not taken care of. It takes effort to keep it clean. Unless there are standards set and monitored, low income housing should not be allowed.

If the state is regulating and providing vouchers for affordability, they also should provide inspections routine inspections for conditions of property. I believe they do at initiation, but some units poorly maintained..

I wish you would leave things as they are!

houses cost too much and some of them are all moldy

Filling every available space with housing will make this town undesirable for living in. We can have either a small town atmosphere or big city density, we can not have both.

APPENDIX D: SUMMARY OF STAKEHOLDER MEETINGS





DATE June 17, 2022
TO Chelsea Schnabel
FROM Matt Hastie, MIG | APG
Clinton "CJ" Doxsee, MIG | APG
RE North Bend HNA+HPS – Summary of Stakeholder Interviews

INTRODUCTION

Matt Hastie and Clinton "CJ" Doxsee from MIG conducted focus group interviews with a variety of key stakeholders involved with the provision of needed housing the Coos Bay area. These interviews were conducted by MIG | APG via five small group or individual meetings. Meetings were held either in-person or online using Zoom. The list of interviewees is listed below:

- Joe Bollig, Land Specialist/Real Estate Broker
- Tara Johnson, Executive Director, the Devereux Center
- Michelle Brix, School District Attendance Liaison, Coos Bay/North Bend School District
- Andrew Brainard, Housing Coordinator, Confederated Tribes of the Coos, Lower Umpqua, and Siuslaw Indians (CTCLUSI)
- Marka Turner, North Bend Housing Authority
- Karen Rau, NeighborWorks Umpqua
- Courtney Krossman, CTCLUSI
- Fauna Larkin, Coquille Tribe

DISCUSSION QUESTIONS

The following questions were used for structuring and/or guiding stakeholder interviews and group discussions. Some questions were specific to target audiences. The small group interviews typically included a mix of stakeholder representing varied interested. Interview questions were adapted to some degree for each interview as a result.

1. What types of projects or programs does your organization offer to address housing needs in North Bend? If you are developing or providing housing, what type of housing is being developed and who are the intended residents?
2. What is the greatest need in terms of housing in North Bend? What types of housing are needed that aren't being developed? What do you see as the most significant housing gap in the city, either in terms of income levels or types of households not being served or types of housing not available or being built? What kinds of housing would you like to see more of in North Bend?

3. What do you see as some of the primary sources of these gaps or the most significant barriers to addressing them?
4. What tools or strategies do you think would be effective in creating more desired housing in North Bend? Which tools or strategies are a poor fit for this community?
5. How could the City strengthen their relationships with your organization and best assist you in the housing related work you are doing?
6. Does the development review process lead to good outcomes in your experience?
7. Do you have anything else to say on this general topic?

KEY THEMES

Following is a summary of recurring themes and comments from the interviews.

- Lack of buildable land supply zoned at cost-effective densities to support affordable housing development
- Location of buildable land supply in the correct locations in the City.
- High cost of land
- Need for housing options for the housing insecure and houseless populations.
- Neighborhoods could allow a broader mix of housing types and a spectrum of densities to increase opportunities for housing.

- **There is a housing crisis throughout the region, not just in North Bend.** However, North Bend is particularly challenging to build housing in compared to other areas due to limited land supply. In way of comparison, Coos Bay has hundreds of acres of land within it's UGB, whereas North Bend has less land and the potentially buildable land located there is owned by people who either are not interested in developing it or likely do not plan to develop it to its full capacity.

- **Housing costs and availability is not just a problem for the housing insecure and houseless population.** The price of housing is challenging for young adults in professional fields. Young adults with decent-paying jobs and no kids are not in a position to buy a house in the area. This also includes tribal elders and tribal members who are supported by HUD housing. There is a need for small, transitional housing that are inexpensive to manage/maintain.

- **There is a mismatch between housing supply and housing needs.** The mismatch is not limited to particular groups. Families move to North Bend for a limited time but do not stay because of the difficulty with family-friendly housing that they can afford. People looking for retirement housing will wind up looking outside of North Bend due to lack of availability. People who qualify for Section 8 vouchers typically need one-bedroom units, but most Section 8 housing are larger houses which are too expensive to rent using a voucher.

- **The costs of supplies and labor shortage serve as barriers to new housing construction.** The cost of housing materials encourages developers to target higher-socioeconomic groups in order to recoup costs. For example, the Lindy Lane project, a public-private partnership changed development plans from manufactured homes to conventional site-built homes. Rising project costs were cited as the need to change construction types.
- **There is a labor shortage.** There is a lack of contractors and workers who can build on available land in North Bend. The limited number of contractors who do work in North Bend are booked out by a year or more. The availability of workers to construct housing is also limited. This may likely be a result of competitive wages in other fields; for example, retail jobs provide competitive wages and safer working conditions.
- **The supply and availability of Section 8 housing is problematic.** The availability of Section 8 Housing vouchers is fairly limited; Coos County received 50 emergency vouchers to distribute recently. Of that, only one was successfully used because there are essentially no housing units that are available to rent using Section 8 vouchers. The limited availability is compounded by eviction moratoriums during the pandemic; there is limited housing turnover.
- **There is a need for incentives and strategies to attract outside investment.** Some focus group participants stated that bringing in money from outside investors would help support City goals. Potential incentives/strategies include tax breaks, write-downs on city-owned property, or gap funding for local developers.
- **Supportive housing essentially doesn't exist in the County.** Supportive housing programs are those where people would receive support to maintain and stay in their current housing. This can be accomplished through partnerships with OHCS for example. There are a limited number of such programs operating in North Bend.
- **Vacant land may have cultural resources that create challenges to developing housing.** Undeveloped areas in North Bend and the region may have cultural resources buried there. Developers need to conduct additional due diligence and proceed cautiously where cultural resources may be located or are identified. This increases the costs and uncertainty associated with new development.
- **The current housing stock is aging and not well maintained.** Most of the housing in North Bend is typically older and many units have not been well maintained. A lot of housing that isn't newly constructed is not "turnkey" ready. These houses require investment and improvements, increasing the overall cost beyond the ability for many local residents to purchase them.
- **Middle housing types and ADU's are viewed as viable solutions to addressing some of the City's current housing issues.** ADU's are viewed favorably for being able to provide transitional housing for people. Middle housing and generally smaller units would provide more opportunities for starter homes. Relatively few newer middle housing units are being constructed in North Bend although some older middle housing units exist.

- **Communication and relationship with tribal representatives is important.** Relationship building between City staff and tribal representatives is an ongoing and iterative process. There is a need to involve tribal representatives early and often in the planning process for there to be meaningful input. There is a need for regular training or education with City employees on tribal cultures, organizations, programs, and issues.
- **There is a need for workforce housing.** The City and Port of Coos Bay are expanding economic opportunities (i.e., a proposed new large shipping container facility) that will exacerbate the limited supply of housing. Additional jobs will bring working-families who need affordable housing.
- **There is a need for multi-family rentals, but available sites are limited.** The location and availability of sites that can accommodate medium or large multi-family developments is limited.



DATE February 3, 2023

TO Derek Payne and Ralph Dunham, City of North Bend
Mari Valencia-Aguilar and Hui Rodomsky, Oregon Department of Land Conservation and Development

FROM Matt Hastie, MIG | APG
Clinton "CJ" Doxsee, MIG | APG

RE North Bend HNA+HPS – Summary of Housing Provider Interviews (Task 3.5)

INTRODUCTION

Matt Hastie and Clinton "CJ" Doxsee from MIG conducted stakeholder interviews with key stakeholders involved with the provision of needed housing the Coos Bay area. These interviews were conducted by MIG | APG online using Zoom or on a phone call with each individual. The list of interviewees is listed below:

- Fauna Larkin, Coquille Tribe
- Joe Bollig, Land Specialist/Real Estate Broker
- Michelle Brix, School District Attendance Liaison, Coos Bay/North Bend School District
- Stephen McMurtrey, Principal at DCM Communities LLC
- Brian Carleton, DCM Communities LLC

The purpose of the interviews was to gather additional information and insight from people who have close involvement with housing or homelessness in the region. The information gathered during the interviews are intended to further refine the preliminary housing strategies that the City should consider. Ultimately, this information will be a contributing factor towards finalizing the Housing Production Strategy, which will provide the City with a number of prioritized strategies for addressing housing in North Bend.

KEY THEMES

Following is a summary of recurring themes and comments from the interviews.

- **Vacant land that can support housing development on a large scale is no longer available.**
The former Bangor elementary school may be the last relatively flat and vacant property that is oriented to surrounding services. There are now plans to develop this site with more than 170 affordable housing units (60% or less AMI) across multiple buildings.
- **There are usually multiple funding sources needed to construct affordable housing.**
Funding sources for the Bangor elementary school housing plan comes from a variety of

sources including private activity bonds and dedicated vouchers from the Housing Authority. Some funding sources are not successful for a given project. For example, the Bangor elementary housing plan scored well for LIFT funds but the request was above what the program was capable of financially supporting. Grant funding are particularly necessary for constructing very low or extremely low income housing projects.

- **North Bend staff's pro-development approach is seen as not getting in the way of development, but also not being helpful.** Not getting in the way of development is appreciated. The reasoning for not being helpful with development is staff are trying to be impartial and not show favor to specific applicants or groups. The hands-off approach poses challenges to building houses for people without institutional knowledge or extensive experience.
- **Land or right-of-way donations from the City would be a helpful strategy.** Surplus land under the City's jurisdiction can be used to facilitate housing development. The City is currently planning to liquidate some properties under their ownership. Most of this land that is adjacent to undeveloped right-of-way and would require street and utility improvements. Requirements for full build-out of the street is a barrier to building houses. Alternatives to full build-out of the street such as a local improvement district (LID) agreement may help this issue.
- **The combination of off-street, height, and lot coverage code requirements have an impact on the development of affordable housing.** These code requirements reduce the number of potential affordable and market rate units that can be constructed. Affordable housing projects try to target 85 or more total units in order to qualify for the 4% tax credit program. Projects usually need a density of at least approximately 20 units per acre to be feasible. A density of 40 units per acre is ideal. Parking requirements are seen as the biggest barrier to constructing market rate housing, followed by minimum lot sizes.
- **Public hearings and the review process for conditional use permits creates barriers to constructing affordable housing.** Vacation of public right-of-way and some types of conditional use reviews require a public hearing and opportunity for public comment. These review processes add additional time and uncertainty with developing affordable housing. Having a review process that permits affordable housing outright would be helpful (i.e., Portland and Tigard have process to permit affordable housing without public hearings).
- **Support programs in North Bend and Coos County exist and provide services, however their success depends on partnership and resources.** Programs like the ARK Project which is a school-based program that provides crisis intervention, advocacy, and support services to houseless and at-risk children. The program is supported by McKinney Vento and partners with other organizations to provide services. However, their resources are limited and additional grant funding or other program resources would help increase their capacity to provide support.
- **There is a need to allow and incentivize the efficient use of land for housing, particularly for affordable housing.** Some affordable housing exists in North Bend and has been in use

for a long time. Increasing the opportunity for these sites to increase the number of affordable units provided would be helpful.

- **Water and power connections are prohibitively expensive for housing development.** A standard water meter for a single-family home is approximately \$8,000. The rehabilitation center under construction will have minimal water use, but the water connection fee alone is approximately \$40,000. Reductions to these fees or programs to offset cost would support the development of housing. Allowing bonding or developing a payment plan for these fees was cited as an option for addressing this issue.
- **Funding to support due diligence for larger projects would be helpful.** This could be in the form of grant funding, rebates, or other financial resources to complete initial surveys and technical reports for larger developments. New standards such as the City's compacting standards have become more stringent over time and require technical review and solutions. The cost associated with these studies is expensive in part due to the small number of technical experts available in the area to complete them.
- **Demolition costs in North Bend are expensive.** Several properties have fallen into disrepair from lack of maintenance. Some of these properties have unpaid back taxes. These aspects add additional cost to demolition in order to construct new and additional housing.

APPENDIX E: PRE-HPS SURVEY RESULTS



Category	Strategy	Encourage Needed Housing	Increase Affordability	Reduce Rent Burden
A - Zoning and Code Changes	A02 - Zoning Changes to Facilitate the Use of Lower-Cost Housing Types	Yes	Yes	Yes
	Comments: Allow ADUs and Two-Family Dwellings in all residential zones. Unsure of whether this strategy does all three of the above, but the long-term intent is that it would.			
A - Zoning and Code Changes	A05 - Code Provisions for ADUs	Yes	Yes	Yes
	Comments: Allow ADUs subject to clear and objective standards without design review, and no required parking. Prohibit ADUs from being used as short-term rentals.			
A - Zoning and Code Changes	A09 - Short-Term Rentals Regulations	No	Yes	No
	Comments: Established a cap on the number of STR permitted in North Bend. The intent is to limit STR impact on housing affordability.			
A - Zoning and Code Changes	A14 - Re-examine Requirements for Ground-floor Retail/Commercial	Yes	Yes	Yes
	Comments: Adopted changes to requirements for residential use in commercial zones to allow residential outright in the ground floor space based on clear and objective building design standards intended to maintain the look and feel of a walkable commercial area and allow for easier transition to commercial space if/when desired.			
A - Zoning and Code Changes	A17 - Small Dwelling Unit Developments	Yes	Yes	Yes
	Comments: North Bend does not set a minimum building floor area for dwellings, except as is required for manufactured homes and as per the Building Code. Recently adopted changes that better facilitate the development of lots that do not meet current lot size standards for building.			
B - Reduce Regulatory Impediments	B01 - Remove or Reduce Minimum Parking Requirements	No	Yes	No
	Comments: Reduced required off-street parking for one and two family dwellings. Provide an administrative avenue by which applicant can request a parking adjustment from the minimum required off-street parking standards.			
B - Reduce Regulatory Impediments	B03 - Expedite Permitting for Needed Housing Types	Yes	No	No
	Comments: Expediate needed housing land use applications.			
B - Reduce Regulatory Impediments	B06 - Streamline Permitting Process	Yes	No	No
	Comments: Provide for pre-application meetings and allow concurrent processing of applications needed for development (land use, building permit, etc.) to expediate and streamline permit processing.			

C - Financial Incentives	C07 - Reconsider Applying Park SDCs	No	Yes	No
Comments:	North Bend does not have SDCs.			
D - Financial Resources	D01 - Community Development Block Grant (CDBG)	Yes	Yes	Yes
Comments:				
F - Land, Acquisition, Lease, and Partnerships	F04 - Public/Private Partnerships (P3)	Yes	No	No
Comments:	City is working to create public/private partnerships.			