



## Public Comments on UGB Implementation

The Bend Neighborhood Coalition is concerned that the recommended next steps in the staff report being considered by the Council this month may not actually achieve the Council's goals related to affordable housing without additional work. But, we believe the Council can move forward with UGB implementation AND address the concerns at the same time and we suggest some ways to do so below.

While the idea of prioritizing the investment of public resources in a few expansion and opportunity areas would seem to make sense, the facts about the City's projected population growth and urgent need for housing, especially affordable housing, argue for a plan that includes all targeted areas.

It is particularly important that any plan support Council Goal 3 to meet identified housing needs — especially needs for a better mix of housing types and for more affordable housing units — using a data-driven approach. The current plan is unlikely to help achieve this goal, partly due to missing data, and the Council needs to require more analysis and better ideas to overcome gaps in the plan.

Of particular concern is the critique presented in a recent white paper and letter-to-the-editor in the Bend Bulletin by local developer Mike Walker, about a need for more rigor in the staff models and analysis. The Council should take seriously Mr. Walker's assertions that focusing on the Core Opportunity Areas may result in ZERO affordable housing units and may not even produce many market-rate units. The following criticisms deserve the Council's attention:

- The economic models use aggressive assumptions about variables like rent and land costs and fail to examine the results if those assumptions aren't met. This prevents the Council from properly weighing potential outcomes and considering contingency plans if economic conditions vary from the models.
- The staff report completely lacks a market-demand analysis regarding housing unit types and sizes that reflects known demographics. Changes to city code over the last two years create an incentive to build lots of studios and 1-BR units, but data indicates that 80% of demand is from retirees, empty-nesters, and young families, for whom these housing types are likely to be unappealing.
- In a similar vein, the staff report ignores data indicating that nearly half of those working in Bend commute into the city. Would some of those people move into Bend if they had more choice in housing types and prices? Or, will the number of commuters increase regardless of changes in Bend? The answers to questions like these have serious implications for infrastructure investments.
- "Incentives" appear to be necessary even for market-rate units, with the benefits of subsidies going largely to developers, rather than residents. The cost of these subsidies to a funding-challenged city is not examined.
- There is no specific plan for affordable units. It seems to be assumed that if more market-rate units are built, eventually supply and demand will balance out and there will be less-expensive choices available somewhere. This is wishful thinking that contradicts actual experience in most American cities — especially popular cities with significant in-migration — over the last 50 years.

BNC believes that local residents want a city where people can live, work, and play without the hassles, inefficiencies, and environmental impacts found in large urban areas, like long commutes, and cramped living spaces in large buildings or complexes that isolate them from their neighbors and the outdoors.

Toward that end, we offer the following suggestions for the Council's consideration in addressing the issues listed above:

1. The Council should direct the staff to go back to the consultants who did the economic modeling and require that they conduct sensitivity analyses. This involves varying the values in assumptions, in order to understand where the risks are and how results will be affected by changes in key variables.
2. Demographic analyses and classic market research methods (both statistically-valid quantitative studies and qualitative interviews, not online surveys or crowdsourcing) should be used to document market demand for various housing types and sizes. Separate studies to understand which factors are likely to influence more or less commuting into Bend in the future should also be undertaken.
3. The results of steps 1 and 2 should inform a fine-tuning of the general implementation plan the Council endorses. This second phase of planning should include contingency plans with checkpoints tied to major milestones and options outlined, so mid-course corrections can be made if the plan isn't working out for any reason, such as a recession or the failure of some projects.
4. This new data should also be the basis for a re-look at the Comprehensive Plan map, prior to doing a city-wide rezone to eliminate conflicts with the zoning map. For example, why aren't there more Mixed Neighborhood zones offering more housing variety, with larger units in smaller buildings?
5. The Council should also take a second look at some of the specifics in the development code that now favor studio and 1-bedroom apartments over more diverse housing types and sizes. For example, having no unit-density maximums or unit-mix requirements for mixed-use zones creates an economic incentive to build mostly small units, which is likely not to match market demand in Bend. Another approach would be to use tools like height bonuses when a certain percentage mix of units is included, or when an entire bonus floor offers more bedrooms or other features that contribute to affordability. (Sharing housing is perhaps the most common approach to making market-rate housing more affordable, and that requires 2-4 bedroom units.)
6. Development incentives that involve foregoing tax revenue to subsidize developers should be deemphasized in favor of incentives that focus on residents, especially in areas or projects where market-rate units predominate. For example, many cities have used tax abatement and mortgage-interest-rate buy-down programs to help buyers move into homes and condos in redevelopment areas. Any developer-focused incentives should be attached to affordable housing projects. If market-rate developments can't stand on their own, something is wrong with the fundamentals.
7. The staff should be directed to develop a specific plan to increase the inventory of affordable housing options, of various types and sizes. If factors unique to the recommended opportunity areas preclude significant numbers of affordable units in those areas, this additional plan focused on affordable housing should identify alternative areas and methods to accomplish the Council's Goal 3.

Thank you for your consideration,

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