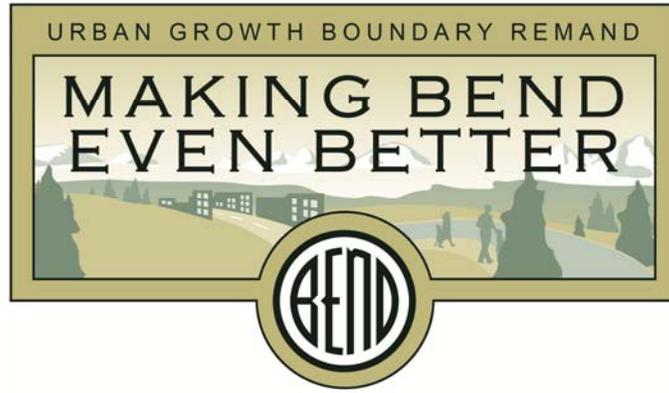


Section 8 of Ordinance 2271

Exhibit H

New Housing Needs Analysis, Appendix K of the Bend Comprehensive Plan



Bend Housing Needs Analysis

Bend's Growth to 2028
July 19, 2016



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EXECUTIVE SUMMARY

Bend's population grew from about 20,000 people in 1990 to 78,000 people in 2013, nearly tripling. Over the same period, Bend's housing stock grew from about 9,000 dwelling units to nearly 34,000 dwelling units, also nearly tripling. Most new housing development in Bend was single-family detached housing.

As Bend has grown, housing has become less affordable, especially since 2000. Housing sales prices more than doubled between 2000 and 2013, while household income (not adjusted for inflation) increased by 18%. Rental costs also increased in Bend, with the percentage of households paying \$1,000 or more in monthly rent increasing from 9% of households in 2000 to more than 40% of households in 2013.

Bend is planning for growth of about 38,500 people between 2008 and 2028, requiring nearly 16,700 new dwelling units. Bend's housing needs are changing, based the following key demographic changes occurring in Bend and across the nation:

- **Growth in Baby Boomers (Age in 2014: 48 to 67 years old; Age in 2028: 62 to 81 years old).** The number of people over age 65 years old is projected to grow by more than 37,000 over the planning period. Given that Bend's population accounts for about half of the County's population, about half of this growth will be in Bend. Households with a householder over the age of 65 typically have lower income than younger households. Those without accumulated wealth (e.g., housing equity or investments) may choose lower-cost multifamily housing. Some Baby Boomers may choose to downsize their housing, resulting in greater demand for small single-family dwellings, cottages, accessory dwelling units, townhomes, apartments, and condominiums.
- **Growth in Millennials (Age in 2014: 17 to 30 years old; Age in 2028: 31 to 44 years old).** The number of Millennials is expected to grow by about 14,000 in Deschutes County over the planning period. Given that Bend's population accounts for about half of the County's population, about half of this growth will be in Bend. Younger Millennials typically have lower income and may have higher debt. Growth in Millennial households will increase the need for affordable housing for renters and homeowners such as: small single-family dwellings, cottages, accessory dwelling units, duplexes, townhomes, garden apartments, and apartments.
- **Growth in Hispanic and Latino population.** The Hispanic and Latino population more than doubled between 2000 and 2013, growing by nearly 6,000 people. The Hispanic and Latino population is expected to continue to grow throughout the State, including in Bend, through 2028. To the extent that in-migrating Hispanic and Latino households have lower than average income, then in-migration of ethnic groups will increase demand for housing affordable to low- and moderate-income households relative to demand for other types of housing. Growth in Hispanic and Latino households will increase the need for affordable housing for renters and homeowners such as: single-family dwellings (both smaller and larger sized dwellings), duplexes, larger townhomes, garden apartments, and apartments. Ownership opportunities for Hispanic and Latino

households will focus on moderate-cost ownership opportunities, such as single-family dwellings on a small lot or in a more suburban location, duplexes, and townhomes.

These demographic changes, combined with the existing and growing need for affordable housing, shows a growing need for single-family attached housing (such as townhomes) and multifamily housing. While the majority of new housing will continue to be single-family detached housing, the type of single-family detached dwellings may change, with more emphasis on smaller and more affordable new single-family detached housing and a decrease in demand for large-lot single-family detached housing.

Bend's current housing policies and regulations support the development of a mix of housing that is not consistent with Bend's needed mix for a larger percentage of single-family attached and multifamily housing types (relative to past trends) and a higher percentage of more affordable single-family detached housing types. The City will need to enact policy and regulatory changes in order to move from the observed trend of building approximately 75% single-family detached units (between 1998 and 2014) to a rate of 55% single-family detached (SFD), 10% single-family attached (SFA) and 35% multifamily (MF) units going forward from 2014 to 2028. This housing mix (55% SFD, 10% SFA and 35% MF) is the basis for determining residential land needs for the remainder of the planning period (2014-2028). Using this needed mix will ensure that a greater supply of land is available for needed types of housing. In addition, the City is proposing a package of efficiency measures to maximize the capacity of buildable residential lands within the existing Urban Growth Boundary, enable development of multifamily and attached housing in mixed use opportunity areas, and make it more feasible and likely that the market will achieve the needed housing mix and densities. Doing so will have the effect of increasing the supply of needed types of housing at the needed mix that will be affordable to households in Bend in 2028.

CHAPTER 1. INTRODUCTION

Role of the HNA

This report presents a housing needs analysis (HNA) for the City of Bend. The purpose of this analysis is to address the requirements for planning for needed housing in urban areas with a population of 25,000 or more under Oregon Revised Statutes (ORS) 197.296(3) and (5). These requirements include, but are not limited to, an inventory of buildable lands for housing, an analysis of national, state, and local demographic and economic trends, and recommendations for a mix and density of needed housing types.

The HNA is a supporting document of the City of Bend Comprehensive Plan. The HNA documents historical housing and demographic trends, the projection of population and housing growth, and analysis of housing affordability. Based on this analysis, the HNA estimates needed housing density and mix for the 2008 to 2028 period. The HNA compares the forecast of needed housing with the capacity of Bend's land base to accommodate new housing from the Bend Buildable Lands Inventory Report (BLI). The BLI is one of four inter-related documents that are central in the City's planning related to the UGB. The major components of each are summarized below in Table 1.

Table 1: Four Key Documents for Bend's Urban Growth Boundary Planning

Document	Buildable Land Inventory (BLI)	Housing Needs Analysis (HNA)	Economic Opportunities Analysis (EOA)	Urbanization Report (UR)
Purpose	Identify buildable residential & employment land by category	Address the requirements for planning for needed housing, including analysis of national, state, and local demographic and economic trends, and recommendations for a mix and density of needed housing types	Document historical housing and demographic trends, the projection of employment growth, identification of target industries, and evaluation of site characteristics needed to accommodate target industries	Analysis of where and how Bend's future growth will be accommodated, both inside the existing Urban Growth Boundary (UGB) and in expansion areas
Primary Legal Standards¹	ORS 197.296 OAR 660, Divisions 8 and 9	Statewide Planning Goal 10: Housing ORS 197.296 and 197.303 OAR 660, Division 8	Statewide Planning Goal 9: Economic Development OAR 660, Division 9	Statewide Planning Goal 14: Urbanization ORS 197.298 OAR 660, Division 24
Key Subject Matter	Development status categories and definitions Methodology for assigning categories and conducting inventory Inventory results: acres by plan designation and development status	Projection of population and total housing growth Housing market and development trends Demographic characteristics and trends Analysis of affordability Estimate of needed housing (mix and density) Comparison of housing capacity to need	Existing policy and vision National, state, local trends Employment projections Target industries Site needs and characteristics Special site needs Redevelopment analysis Comparison of employment capacity to need and characteristics	Methodology for capacity estimates Pre-policy ("base case") capacity estimate for current UGB Efficiency measures (EMs) proposed Current UGB capacity with EMs UGB alternatives evaluation methodology and results Proposed UGB expansion and summary of Goal 14 evaluation results

¹ OAR = Oregon Administrative Rules; ORS = Oregon Revised Statutes

This HNA uses the 2008 HNA adopted by the City of Bend as a foundation. The information and conclusions of the updated HNA are the basis for determination of residential land sufficiency for the 2008-2028 period. This HNA collects the most recent works on residential land need for the City of Bend, addresses issues identified in the 2010 Remand Order, and incorporates direction from the Remand Task Force (RTF) and the Bend Urban Growth Boundary (UGB) Remand project's Residential Technical Advisory Committee (Residential TAC) and Urban Growth Boundary Steering Committee (USC).

An important consideration for the HNA update is that it must address issues identified in the Remand and partial acknowledgement of a decision made in December 2008. A key issue is the planning horizon for the project. The HNA uses the 2008-2028 timeframe, but updates key elements of the HNA to reflect changes that have occurred since 2008. This updated HNA relies on the 2008-2028 population and housing forecasts that were acknowledged by the Land Conservation and Development Commission's (LCDC) 2010 remand order.² The HNA presents data from the updated buildable land inventory, which was updated to reflect development that occurred in Bend between 2008 and 2014. The HNA also analyzes changes in Bend's housing market between 2008 and 2013 to account for housing from the 2008-2028 forecast that already occurred.

Framework for a Housing Needs Analysis

The following section describes the state requirements for a housing needs analysis and some key concepts necessary for understanding the housing needs analysis. This section concludes with a discussion of the steps in completing a housing needs analysis, based on a 1997 guidebook, "Planning for Residential Growth."

State Statutes and Administrative Rules

In an effort to address all requirements in statutes and administrative rules for an HNA, this document follows the suggested framework of "Planning for Residential Growth," a guide book prepared in 1997 by the Oregon Transportation and Growth Management (TGM) Program to assist local governments in developing an HNA that complies fully with applicable portions of ORS 197.296 and 197.303, as well as OAR 660-008.³

Statewide Planning Goal 10, Housing, is to provide for the housing needs of the citizens of the state.⁴ Goal 10 requires cities to inventory lands for residential use and to develop plans that encourage the development of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.

ORS 197.296 provides further requirements for complying with Goal 10. ORS197.296 requires the city to conduct an analysis of housing need by type and density range in accordance with

² The Commission's Remand Order is available on-line at:
<http://bendoregon.gov/modules/showdocument.aspx?documentid=5343>.

³ The guidebook is available on-line at
http://www.oregon.gov/LCD/docs/publications/planning_for_residential_growth.pdf.

⁴ See OAR 660-0015-0000(10)

ORS 197.303 and statewide planning goals and rules relating to housing. The purpose of this is to determine the amount of land needed for each needed housing type for the next 20 years.

ORS 197.296 requires cities to inventory buildable residential lands and determine the capacity of that land. It requires cities to determine housing capacity and housing need based on: (1) analysis of residential development, (2) trends in residential density and mix, and (3) demographic and economic trends.

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.⁵ Bend completed periodic review in 1998. The City had relatively little development over the 2008 to 2014 period, resulting in little change in development densities since 1998. However, the 2007-2009 recession resulted in substantial and long-lasting changes in the housing market, including changes that will affect future housing mix in Bend. As a result, the analysis of housing density is based on analysis of data from 1998 to 2008 but this HNA presents an update the analysis of trends affecting housing mix to include changes in the housing market, demographics, and other factors over the 2008 to 2014 period. These changes will affect Bend's housing market throughout the HNA's planning period.

ORS 197.303 defines needed housing as: single-family detached housing, single-family attached housing, multifamily housing, government assisted housing, and mobile or manufactured homes on lots or in parks.

Appendix B provides the text of key sections of ORS 197.296 and 197.303.

LCDC has adopted an administrative rule at OAR 660-008 to ensure opportunity for the provision of adequate numbers of needed housing units, the efficient use of buildable land within urban growth boundaries and to provide greater certainty in the development process so as to reduce housing costs⁶. This rule is intended to define standards for compliance with Goal 10 and to implement ORS 197.303 through 197.307.

Key definitions for the Housing Needs Analysis

This section defines key terms used in the HNA: housing need, housing market demand, and affordable housing.

The language of Goal 10 and ORS 197.296 refers to housing *need*: it requires communities to provide needed housing types for households at all income levels. Put another way, a city's comprehensive plan must show that an adequate supply of land has been planned and zoned for all types of needed housing. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. State policy does not make a clear distinction between need and demand. Following is the definition commonly used in housing needs analysis, which is consistent with definitions in state policy:

⁵ Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

⁶ See OAR 660-008-0000, Purpose

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household will be affected by the housing market over a 20-year period. Public agencies that provide housing assistance (primarily the Department of Housing and Urban Development – HUD, and the Oregon Housing and Community Services Department - HCS) define housing need more narrowly. For them, households in need do not include most of the households that can purchase or rent housing at an “affordable” price, consistent with the requirements of their household characteristics. Households that cannot find and afford such housing have need: they are either unhoused, in housing of substandard condition, overcrowded, or spending more of their monthly income on housing than their income and federal standards say they can afford.
- *Housing market demand* is what households demonstrate they are willing to purchase in the market place. Growth in population means growth in the number of households and implies an increase in demand for housing units. That demand is met, to the extent it is, primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market demand component: buildable land needs analyses must consider the density and mix of housing developed over the previous five years or since their most recent periodic review, whichever is greater. In concept, what got built in that period was the effective demand for new housing: it is the local equilibrium of demand factors, supply factors, and price.

In short, a housing needs analysis should make a distinction between housing that people might need (a normative, social judgment) and what the market will produce (an observable outcome).

Another term using in the housing needs analysis is “affordable housing.” The terms “affordable” and “low-income” housing are often used interchangeably. These terms, however, have different meanings:

- *Affordable housing* refers to a household’s ability to find housing within its financial means. This term does not refer to either the development or the occupancy of housing through a public subsidy. A number of indicators exist that can be used to determine whether housing is affordable. One indicator is cost burden: households that spend more than 30% of their income on housing and certain utilities are considered to experience cost burden.⁷ Any household that pays more than 30% experiences cost burden and does not have affordable housing. Thus, affordable housing applies to all households in the community.

⁷ Cost burden is a concept used by HUD. Utilities included with housing cost include electricity, gas, and water, but do not include telephone expenses. All of the indicators ECO has reviewed, including cost burden, have limitations that can distort results. Cost burden does not consider the impact of household size or accumulated assets. As a result a single-person household with an annual income of \$20,000 and accumulated assets of \$500,000 would be in the same category as a family of seven with an annual income of \$20,000 and no accumulated assets.

- *Low-income housing* refers to housing for “low-income” households. HUD considers a household low-income if it earns 80% or less of median family income. In short, low-income housing is targeted at households that earn 80% or less of median family income, which equated to an annual household income of \$47,760 or less in 2013. Low-income households may include those that need some type of financial assistance to close the gap between what they can afford to spend on housing and the prices of housing available in the market.
- *Workforce housing* generally refers to housing that is affordable to households that earn between 60% and 120% of the median family income, which was an annual household income of between \$35,800 and \$71,640 in 2013.

Steps in the Housing Needs Analysis

The methodology used in the HNA is consistent with the DLCD guidebook, “Planning for Residential Growth,” that outlined what steps to perform to complete a housing needs analysis that satisfies state law.⁸ These six steps are:

Step 1 – Project the number of new housing units needed in the next 20 years,

Step 2 – Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.

Step 3 – Describe the demographic characteristics of the population, and, if possible, household trends that relate to demand for different types of housing.

Step 4 – Determine the types of housing that are likely to be affordable to the projected households based on household income.

Step 5 – Estimate the number of additional needed units by structure type.

Step 6 – Determine the needed density ranges for each plan designation and the average needed net density for all structure types.

To summarize, the City is required to consider its needs for future housing based on type and density over a 20-year planning period. This analysis of housing must examine current and future demographic and economic trends that will influence the types of housing produced and purchased or rented. In addition, this analysis must consider the types of housing needed at various price ranges and rent levels. One of the final steps in this process is an estimate of the number of additional units that will be needed by structure type. Once the City has done this, the City must show that an adequate supply of land for needed housing has been or will be planned and zoned within the existing UGB, and if necessary any area added through an expansion, to demonstrate that the General Plan satisfies Goal 10.

The housing needs analysis is organized by these steps. The next section of the report presents residential development trends, which forms the basis for the housing needs analysis.

⁸ See pages 25 through 33, Planning for Residential Growth: A Workbook for Oregon’s Urban Areas, Transportation and Growth Management Program, Lane Council of Governments, and ECO-Northwest (1997) -: http://www.oregon.gov/LCD/docs/publications/planning_for_residential_growth.pdf.

Prior Housing Needs Analyses and Remand Issues

The purpose of this section is to provide a brief review of the city's past work on completing a housing needs analysis consistent with Goal 10. The City provided this information to the Department of Land Conservation and Development (DLCD) and LCDC in January of 2010 as a component of the City's Appeal of the Director's January 8, 2010 Order and Report on the City's Proposed UGB Expansion.

In 2005, the City completed a buildable lands inventory (2005 BLI) (Supp. Rec. 1987) and a housing needs analysis (2005 HNA) (Rec. 2046). The City followed DLCD's Goal 10 guidebook to develop both products. After further work with a technical advisory committee (TAC), the City updated the 2005 HNA in April 2006 (Supp. Rec. 2157).

In 2007, consultant Angelo Planning Group (APG) prepared a final report that presented land need estimates for housing, schools, parks, and institutional uses (Rec. 2137). This 2007 report also presented a series of forecasts for residential land needs, following Oregon Revised Statutes (ORS) 197.296 and DLCD's Goal 10 workbook. Another consultant, Cogan Owens, prepared a draft General Plan housing element that, along with the 2007 APG land need report, were submitted to DLCD with a 45-day notice on June 11, 2007. (Supp. Rec. 1587, 1789.) Following the initial public hearings in July and August of 2007, the City, working in public work sessions of the Bend Planning Commission and with liaisons of the Deschutes County Planning Commission, reviewed and amended the proposed elements of the UGB expansion, including the work that supported the housing element.

From September 2007 through October 2008, the Bend Planning Commission held 35 public work sessions on the UGB expansion. Through these work sessions, which included extensive public input, the City revised its draft buildable lands inventory, housing needs analysis, and residential land need estimate. This work resulted in 2008 versions of the buildable lands inventory, housing needs analysis (Rec. 1280, 1728), and residential land needs analysis that were incorporated in the 2008 version of the housing element submitted to DLCD in 2009.

On November 2, 2010, LCDC issued its final order of remand and partial acknowledgement on the UGB expansion and its components. The final order was not appealed, and became final in January 2011. With respect to the HNA adopted as part of the UGB expansion, the Commission's order remands the city's decision for it to revise its findings and chapter 5 of its comprehensive plan consistent with a detailed analysis contained in the order.⁹ That analysis is based on the January 2010 Director's Report and Order which specifies those tasks the City must complete, described in Appendix B.

Time Periods and Data used in the Housing Needs Analysis

This housing needs analysis uses three periods of time for historical analysis and for the forecast of housing need:

- **Planning Period**, ORS 197.296(2) further requires the City to ensure a 20-year supply of buildable land for needed housing. The statute states that the 20-year period shall

⁹ See Remand and Partial Acknowledgment Order ACKNOW-001795, LCDC, November 2, 2010, Sub-Issue 2.3, p. 33.

commence on the date initially scheduled for completion of the legislative review. For this HNA, the 20-year period begins in 2008 and ends in 2028.

- **Trend Period**, ORS 197.296(3)(b) requires the HNA to be based on data relating to land within the City's UGB that has been collected since the last periodic review or five years, whichever is greater. In Bend's situation, the last periodic review ended in 1998 with the adoption of the City of Bend Comprehensive Plan. This HNA relies on data collected from 1998 to 2008.
- **Extended Trend Period**. The HNA was originally developed with data available up to 2008. This HNA extends the trend data to include data available between 2008 and 2013. This additional data provides information about changes in Bend's housing market since 2008.

This analysis uses data from multiple well-recognized and reliable data sources. One of the key sources for data about housing and household data is the U.S. Census. This report primarily uses data from two Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition); household characteristics (e.g., household size and composition); and housing occupancy characteristics. As of the 2010 Decennial Census, it does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. The HNA uses Decennial Census data from 1990, 2000, and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the U.S. The ACS collects detailed information about households, such as demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment); household characteristics (e.g., household size and composition); housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms); housing costs (e.g., rent, mortgage, utility, and insurance); housing value; income; and other characteristics. This report uses three types of data from the 2013 ACS: (1) one-year ACS data for 2013, (2) three-year ACS data for 2011-2013, and (3) five-year ACS data for 2009-2013. In some cases, one-year data from the 2013 ACS is not available in Bend (as a result of sampling and statistical reasons). In those instances, this report uses 3-year estimates for 2011-2013 data or 5-year estimates for 2009-2013 for Bend.

The housing needs analysis incorporates key information from the 2008 adopted Housing Needs Analysis, such as the forecast of new housing for the 2008-2028 period. This analysis addresses the issues identified in the 2008 Housing Needs Analysis, described in Appendix B.

CHAPTER 2. HISTORICAL AND RECENT DEVELOPMENT TRENDS

Analysis of historical development trends in Bend provides insights into how the local housing market functions. The housing type mix and density are also key variables in forecasting future land need. Moreover, such an analysis is required by ORS 197.296. The specific steps are described in Task 2 of the Transportation Growth Management's *Planning for Residential Lands* Workbook:

1. Determine the time period for which the data must be gathered
2. Identify types of housing to address (all needed housing types)
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.¹⁰ Bend's last periodic review was completed in 1998. The period used in the analysis of housing mix is 1999 to 2013, to account for trends in housing mix beyond 2008. The period used in the analysis of housing density was 1999 to 2008, from the adopted 2008 housing needs analysis.

The HNA presents information about residential development by housing types. There are multiple ways that housing types could be grouped. For example, housing types could be grouped by:

1. Structure type (e.g., single-family detached, apartments, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., units affordable at given income levels)
4. Some combination of these categories

LCDC's November 2010 order identifies the types of housing the City must consider through this housing needs analysis. The Commission's disposition of this matter was based, in part, on ORS 197.303(3)(a), which identifies "needed housing:"

¹⁰ Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

(a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490; and

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

The Commission’s rules further define the three types of housing that must be considered in the housing needs analysis. The following table lists these three types of housing and how they are classified under the Bend Development Code.

Table 2. Comparison of OAR 660, Division 8 Definitions with Types of Housing Allowed under the Bend Development Code

OAR 660-008-005, Definitions	Bend Development Code (See BDC Chapter 1.2)
“Attached Single Family Housing” means common-wall dwellings or rowhouses where each dwelling unit occupies a separate lot. OAR 660-008-0005(1).	Dwelling, single family attached
“Detached Single Family Housing” means a housing unit that is free standing and separate from other housing units. OAR 660-008-0005(3).	Courtyard housing Dwelling, single family detached Accessory dwelling units Manufactured home on individual lot Manufactured homes in parks
“Multiple Family Housing” means attached housing where each dwelling unit is not located on a separate lot. OAR 660-008-0005(5).	Condominium Two and three family housing (duplex and triplex) Multi-family housing (more than 3 units)

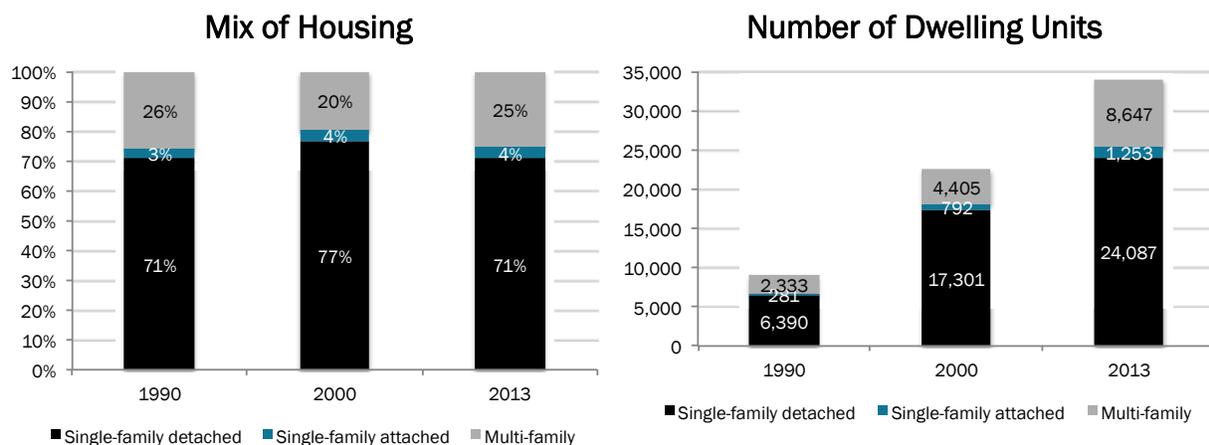
Residential Development Trends

Trends in Housing Mix

Housing mix is the mixture of housing (structure) types (e.g., single-family detached, single-family attached, or multi-family housing) within a city. This section presents data on the distribution of housing by type, or the number of units in each structure. The purpose for considering this data is to see whether the distribution of housing has changed, thereby reflecting different housing choices among Bend households. Figure 1 shows changes in units by structure type from 1990 to 2013 in Bend. Since 1990:

- The supply of housing units in Bend grew by 150% (about 13,500 units) between 1990 and 2000 because of housing construction and annexation. Growth of housing between 2000 and 2013 (nearly 11,700 units) was primarily the result of new construction; no additional units were added through annexation.
- The distribution of units by type did not change significantly over the 23 year period; single family detached dwellings represented 71% to 77% of the supply of housing units.
- Single family attached units increased slightly from 3% to 4% of the housing units.
- Multi-family attached units (all other units), decreased slightly, from 26% to 25%, of all units. Between 2000 and 2013, more than 4,000 multi-family dwellings were built in Bend. As of July 2015, more than 1,300 multifamily units were in the permitting process (not shown in Figure 2).

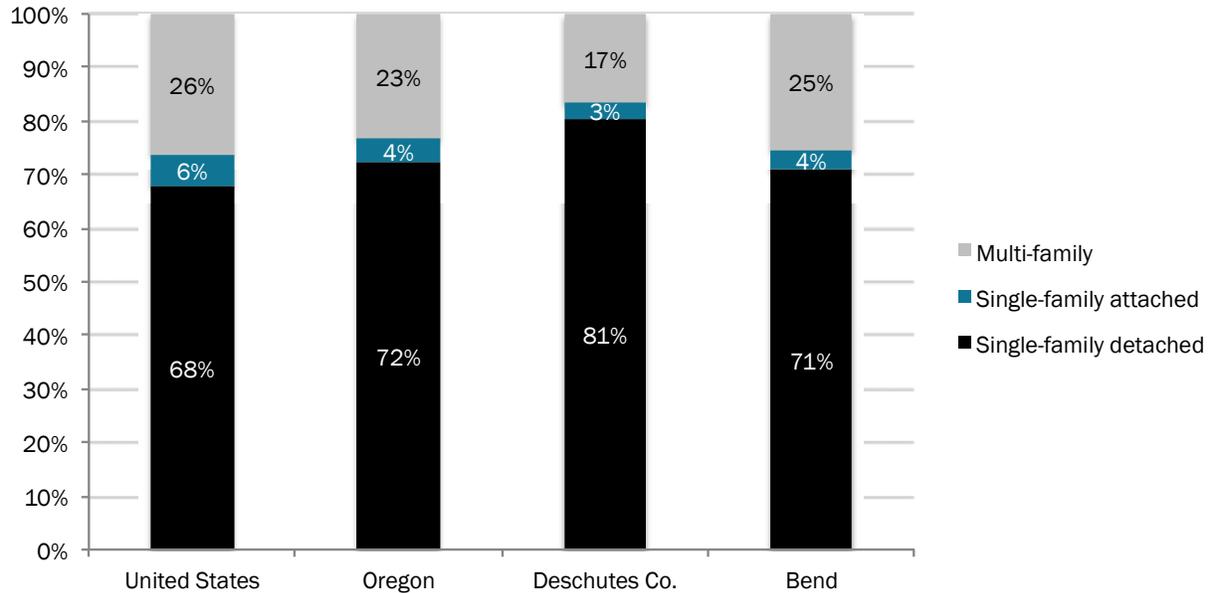
Figure 1. Mix of Housing and Number of Dwelling Units by Housing Type, Bend, 1990, 2000, and 2013



Source: 1990 and 2000 Census SF3, 2013 American Community Survey 1-Year Estimates

Figure 2 shows the mix of housing by unit type (for all housing units in the housing stock) at the national, state, and local levels in 2013. About 71% of Bend's housing was single-family-detached, compared to the state average of 72% and the national average of 68%.

Figure 2. Mix of Housing by Type for all Dwelling Units, US, Oregon, Deschutes Co. and Bend, 2013

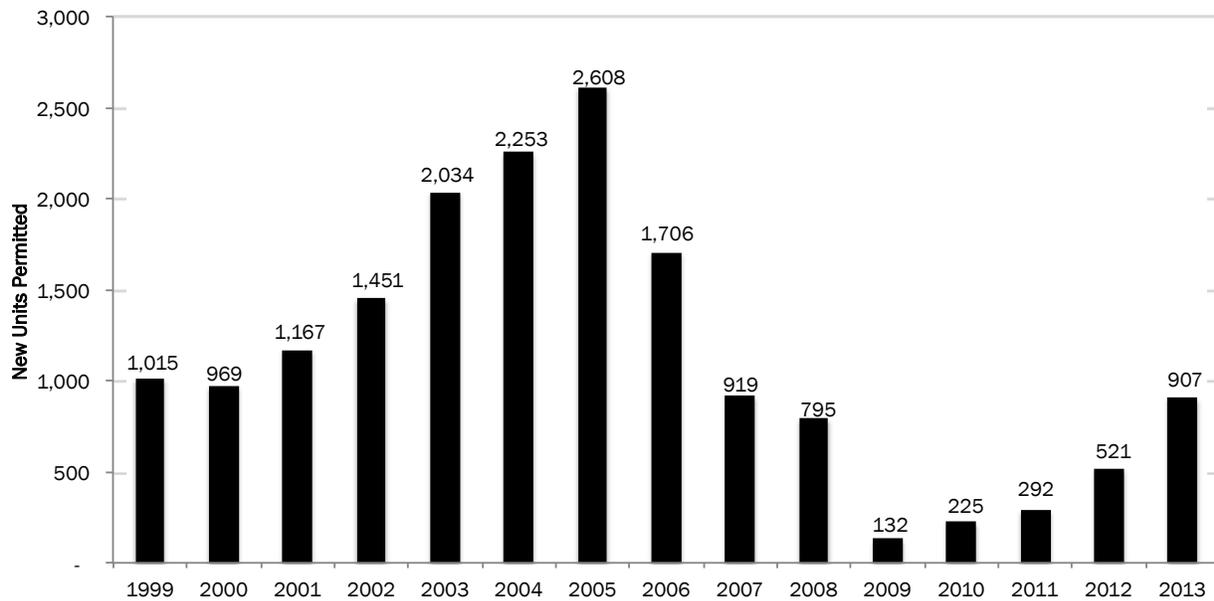


Source: 2013 American Community Survey 1-Year Estimates

Building permit activity

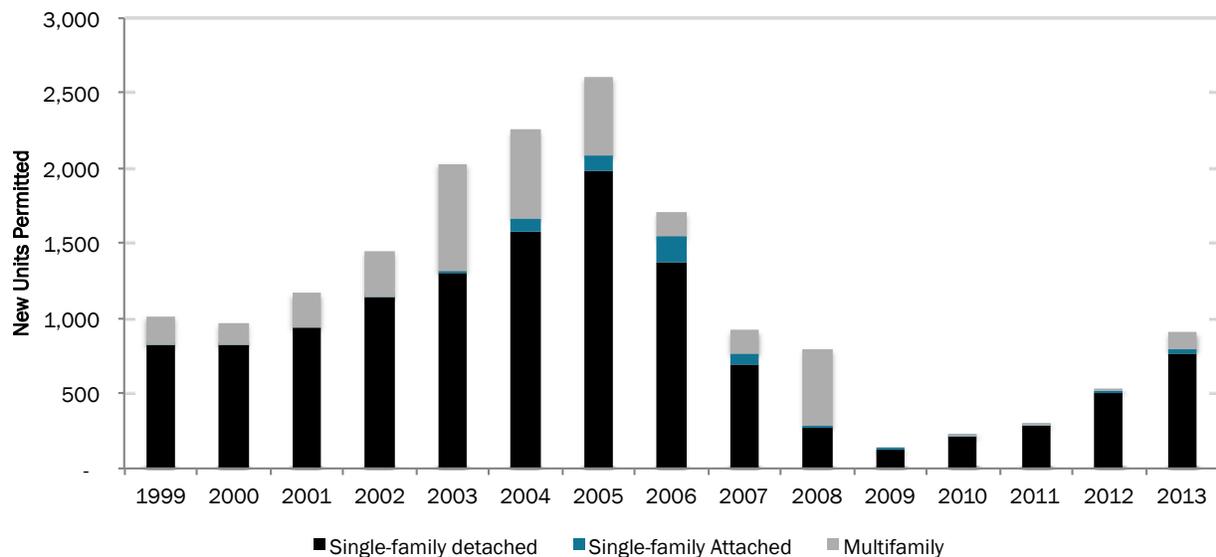
Figure 3 shows total number of dwelling units permitted for housing of all types in Bend between 1999 and 2013. The data show growth of building permit activity between 2001 and 2005 and a significant decline in residential development activity between 2006 and 2009, which corresponds with the national growth and decline of the housing market bubble. Development has steadily increased since 2009 to a total of 907 permits issued for 2013 and 512 permits issued through the first six months of 2014.

Figure 3. Total Permits Issued for New Residential Development (in dwelling units) by Year, 1999 through July 2014, Bend



Source: City of Bend building permit data; analysis by ECONorthwest

Figure 4. Total Permits Issued by Type of Unit for New Residential Development (in dwelling units) by Year, 1999 through July 2014, Bend



Source: City of Bend building permit data; analysis by ECONorthwest

Table 3 shows new dwellings permitted in Bend for the January 1999 and June 2008, between July 2008 and 2008 through 2013 periods by housing type. The data shows that the majority (about 3/4) of housing development in Bend during these periods was single-family detached housing.

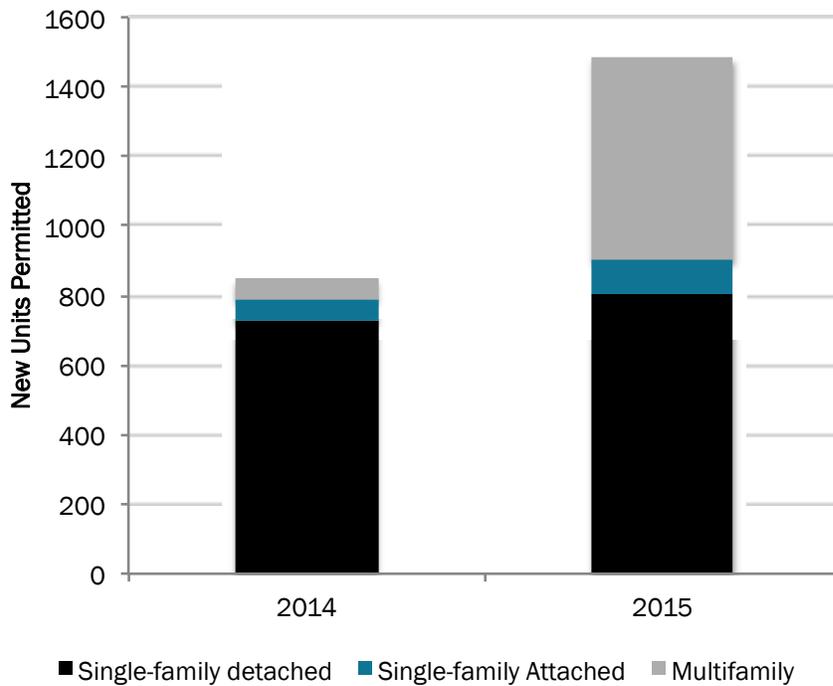
Table 3. Total Permits Issued for New Residential Development (in dwelling units) by Housing Type and Year, 1999 through July 2014, Bend

Housing Type	1999-June 2008		July 2008-June 2014		Total Units		Annual Average (1999-July 2014)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Single-family detached	10,875	77%	2,411	83%	13,286	78%	949	78%
Single-family Attached	463	3%	112	4%	575	3%	41	3%
Multifamily	2,741	19%	389	13%	3,130	18%	224	18%
Total	14,079	100%	2,912	100%	16,991	100%	1,214	100%

Source: City of Bend building permit data; analysis by ECONorthwest

Between January 2014 and December 2015, the City issued permits for 2,330 additional units, 66% of which were single-family detached. During this 2 year period, the City issued building permits for 565 multifamily units. By April 2016, the City has nearly 1,960 multifamily units either under construction or in the planning and permitting stages, including the multifamily units permitted in 2014 and 2015. If all or most of these units are built, the City will have added in a few years more than half as many multifamily units as the City permitted over the entire 1999 to 2014 period.

Figure 5. Total Permits Issued by Type of Unit for New Residential Development (in dwelling units) by Year, 2014 and 2015, Bend



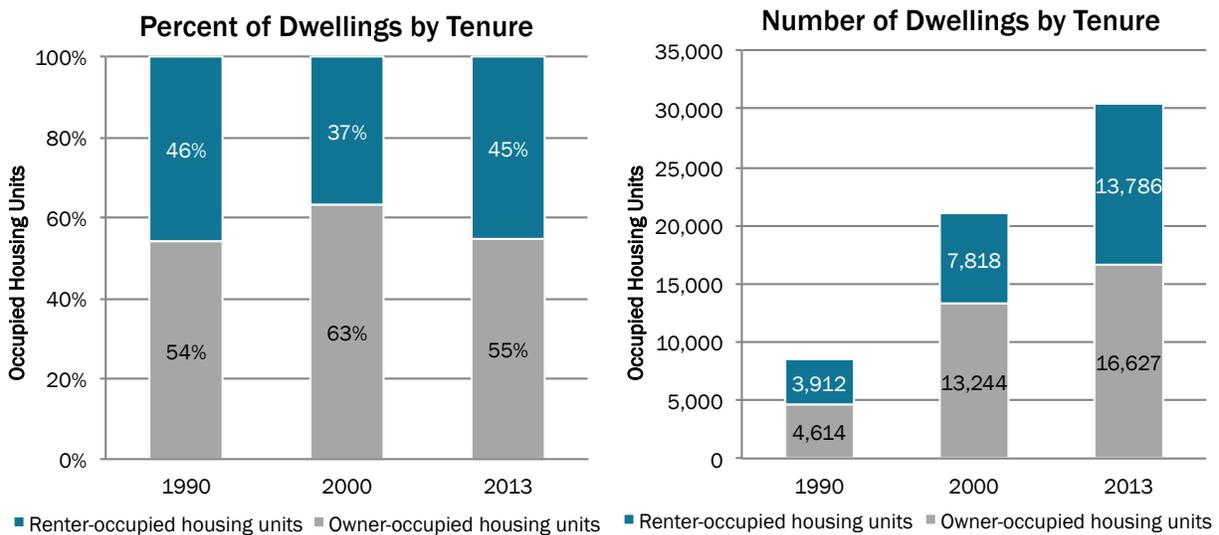
Source: City of Bend building permit data; analysis by ECONorthwest

Trends in Tenure

Figure 6 and Figure 7 present data on occupancy and tenure trends for Bend between 1990 and 2013. The data on occupancy presents the numbers of housing units either occupied or vacant. The data on tenure informs the analysis by describing the numbers of units that are either owner-occupied or renter occupied. Please note that the number of units described by tenure are occupied and also describe household choices on whether to purchase or rent housing.

Figure 6 shows that homeownership rates increased from 1990 to 2000 (from 54% to 63%) but returned to roughly 1990 levels by 2013 (55%).

Figure 6. Occupied Housing and Number of Occupied Dwellings by Tenure, Bend, 1990, 2000, and 2013



Source: 1990 and 2000 Census SF3, 2013 American Community Survey 1-Year Estimates

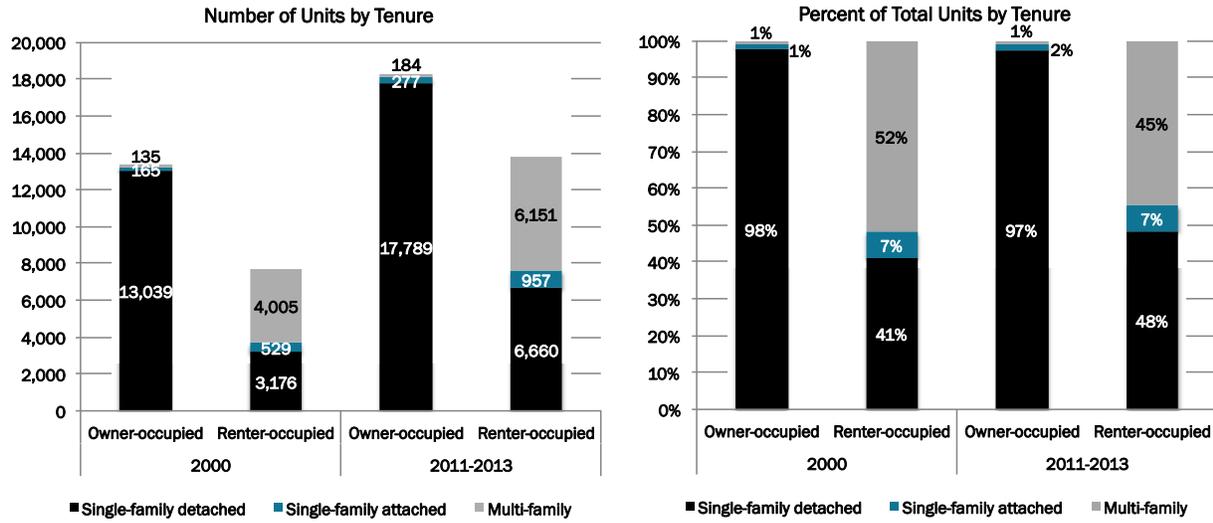
Figure 7 presents data on tenure by housing type for 2000 and 2011-2013.¹¹

- The number of dwelling units of all types and tenure increased between 2000 and 2011-2013.
- Nearly all owner-occupied housing was and remains in single-family detached housing types, with a 1% increase in the percentage of owner-occupied single-family attached housing between 2000 and 2011-2013.
- The number and percentage of single-family detached units that were renter-occupied increased over this period, with single-family detached units accounting for 41% of renter-occupied units in 2000 and 48% in 2011-2013. This change may, in part, be the continued effects of the recent recession and housing market downturn, where some single-family detached units that were foreclosed on were used for rental units.

¹¹ This figure presents data from the American Community Survey for the 2011 to 2013 period, known as a 3-year estimate from the American Community Survey, because data was not available in Bend for a 1-year estimate for 2013.

Compared to other Oregon cities, Bend has a relatively large percentage of rental housing that is single-family detached housing. In 2011-2013, single-family detached housing accounted for the following percentages of rental housing: 26% in Portland, 29% in Eugene, 32% in Salem, and 40% in Medford.

Figure 7. Occupied Units by Tenure and Type, Bend, 2000 and 2011-2013

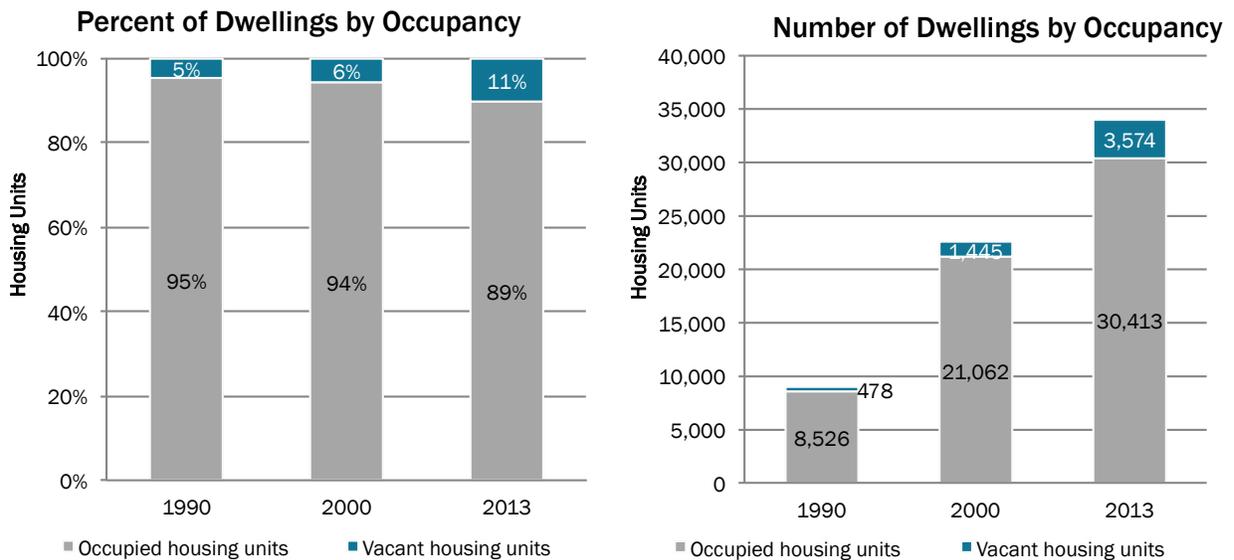


Source: 2000 Census SF3, 2013 American Community Survey 3-Year Estimates

Vacancy Rates

Vacancy rates are cyclical and represent the lag between housing demand and the market's response to that demand by producing additional dwelling units. Figure 8 shows that housing vacancies were about 5% in 1990 and 6% in 2000. In 2013, Bend vacancies were 11%. While vacancy rates were relatively high in 2013 when compared to 1990 and 2000, it is reasonable to expect Bend's vacancy rates to decrease to historical averages (e.g., 5%) with changes in the housing market. In 2015, a survey of rental properties showed that rental vacancy rates were below 2% in Bend, demonstrating a sharp decrease in vacancy rates in Bend since 2013.^{12 13} By 2016, anecdotal evidence suggests that vacancy rates continue to be extremely low, below 1%.

Figure 8. Percentage and Number of Units by Occupancy, Bend, 1990, 2000, and 2013



Source: 1990 and 2000 Census SF3, 2013 American Community Survey 1-Year Estimates

¹² Article in the Bend Bulletin; Survey of rental properties by the Central Oregon Rental Owners Association <http://www.bendbulletin.com/business/3176538-151/apartment-complex-slated-for-bend>

¹³ The residential vacancy rate was not a subject questioned in the Remand. As a result, this analysis uses the vacancy rate from the 2008 HNA. The additional information presented in this section simply shows that assuming a 6% vacancy rate is reasonable, given changes in vacancy rate between 2008 and 2015.

Residential Development Densities

Table 4 shows allowed densities by zone in Bend by gross and net acres¹⁴. OAR 660-024-0010(6) defines Net Buildable Acres as follows: “Net Buildable Acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. A gross acre does not exclude land for future rights-of-way for streets and roads.

Table 4. Range of Allowed Densities, Dwelling Units per Acre, Bend

Density	Low Density Residential (RL)	Standard Density Residential (RS)	Medium Density Residential (RM)	High Density Residential (RH)
Dwelling Units per Gross Acres	1.1 - 2.2	2.0 - 7.3	7.3 - 21.7	21.7 - 43.0
Dwelling Units per Net Acres	1.4 - 2.8	2.5 - 9.1	9.1 - 23.9	23.9 - 47.3

Source: City of Bend

Note: The net densities shown in Table 4 are an approximation based on gross densities, accounting for land needed for rights of way. Bend’s development code only regulates density based on gross densities.

Table 5 shows historical development trends in residential zones for three periods: (1) units built before 1998, (2) units built during the 1998-2008 period, and (3) all units in Bend by 2008. Table 5 shows that average net densities increased over time in most zones. Note that Bend adopted minimum densities for each zone for the first time in 2006.

- **Single-family detached densities.**
 - The overall density in the low-density RL zone remained around 2.1 units/net acre (the RL zone contains less than 10% of total housing units).
 - Density in the RS, RM, and RH zones increased from the pre-1998 period to 2008.
 - The majority of housing built in Bend was single-family detached, most of which was developed in the RS zone. Average net densities in the RS zone increased from 3.1 units/acre overall as of 1998 to 3.8 units/acre as of 2008.
 - The average density for single-family detached units increased by 24%, from 2.9 units/net acre as of 1998 to 3.6 units/net acre by 2008.
- **Single-family attached densities.**
 - Single-family attached units were relatively new to Bend’s housing inventory, Only 48 units (less than 1% of total housing units) existed prior to 1998. During 1998-2008 they made up 9.5% (610) of total new housing units permitted. Most of those (71%) were built in the RS zone, with the rest built in the RM zone.
 - Table 5 shows that the average net density for single-family attached units built in the RS zone during 1998-2008 was 71% above the overall average for that

¹⁴ The net densities shown in Table 4 are an approximation based on gross densities, accounting for land needed for rights of way. Bend’s development code only regulates density based on gross densities.

type existing prior to 1998. Overall, the average density of single-family attached units in all zones increased from 7.8 units/net acre prior to 1998 to 9.4 units/net acre in 2008.

- The average density for single-family attached units across all zones was 21% higher for units built over the 1998-2008 period than for those existing in 1998.

- **Multi-family densities.**

- The average net density for multi-family units in the RM zone held steady at 16.6 units/net acre from 1998 to 2008, and decreased slightly in the RH zone from 20.9 to 18.8 units/net acre.
- At the same time, multi-family density in the RS zone (consisting primarily of duplex units) increased from 9.7 to 11.3 units per net acre during that period.¹⁵
- The average density for multi-family attached units across all zones increased by 2% from 15.5 units/net acre before 1998 to 15.8 units/net acre as of 2008.

- **All housing types and zones.**

- The average net density for development in the 1998 to 2008 period was 5.7 dwelling units per net acre.
- The average density for the 1998-2008 period for all housing types in the RH zone is lower than the current allowed density in the RH zone, based on the minimum densities implemented in 2006.

Table 5. Historical Average Net Density by Zone, Dwelling Units per Net Acre, Bend

	RL			RS			RM			RH			All Res. Zones		
	Pre-1998	1998-2008	2008	Pre-1998	1998-2008	2008									
Single-family detached	2.0	2.1	2.0	3.1	4.6	3.8	4.7	8.6	5.6	6.6	13.4	7.2	2.9	4.7	3.6
Single-family attached	-	-	-	5.1	8.7	8.4	21.5	12.5	13.1	-	-	-	7.8	9.5	9.4
Multi-family attached	8.8	-	8.8	9.7	14.2	11.3	16.6	16.1	16.6	20.9	17.1	18.8	15.5	16.0	15.8
Manufactured homes in parks	2.7	-	2.7	3.4	-	3.4	6.5	-	6.5	-	-	-	4.1	-	4.1
Manufactured homes on lots	2.9	3.1	2.9	3.2	6.6	3.6	5.8	7.0	6.2	-	-	-	3.1	5.1	3.4
Average Density – All Housing Types	2.1	2.1	2.1	3.2	4.9	3.9	8.5	13.4	9.9	14.4	16.9	15.5	3.7	5.7	4.4

Source: City of Bend memorandum: “Bend Buildable Lands Inventory – Sub-Issue 2.2” revised January 9, 2014

¹⁵ This density of development for duplexes exceeds the maximum density of the RS Zone.

Summary of Key Findings about Historical Residential Development in Bend

The majority of housing in Bend is single-family detached housing.

- The mix of housing stock in Bend was relatively consistent over the past two decades, with about 70% of Bend's housing stock in single-family detached housing in 1990 and in 2013.

Building activity has varied substantially over the 1999 to 2013 period.

- Bend permitted an average of about 1,200 units per year between 1999 and 2014, the majority of which were single-family detached units.
- Building permit activity peaked in 2005 with 2,600 units permitted. In 2009 to 2011, fewer than 300 units were permitted per year. The number of units permitted exceeded 900 in 2013, showing that development activity in Bend is returning to historical levels.
- More than three-quarters of units permitted between 1999 and 2013 were single-family detached units.
- Permits issued for multi-family housing averaged about 225 units per year, peaking in number in 2003. Between 2009 and 2012, very few multi-family units were permitted. Between 2010 and 2012, the only multi-family attached units permitted in Bend were duplexes.

Bend's housing tenure remained stable between 1990 and 2013.

- About 55% of dwellings were owner-occupied in 1990 and 2013.
- Nearly all owner-occupied units were single-family detached housing, with a small number of owner-occupied single-family attached and multi-family units.
- Renter-occupied units were generally divided among single-family detached and multi-family, with single-family attached units accounting for about 7% of renter-occupied units.

Housing density generally increased for housing built between 1998 and 2008, compared to housing built before 1998.

- Single-family detached densities in the RS, RM, and RH zones increased, with densities in the RL remaining flat.
- Multi-family densities increased in the RS zone and decreased slightly in the RM and RH zones.

CHAPTER 3. HOUSING NEEDS ANALYSIS

Step 1 – Project the number of new housing units needed in the next 20 years

The first step in the HNA process is to forecast the number of housing units that will be needed to house the projected population growth over the planning period. In 2008, the City developed and relied on a 2028 population forecast for Bend of 115,063, reflecting an increase in population of 38,512 people between 2008 and 2028.¹⁶ The January 2010 DLCD Director's Report and Order on the UGB Expansion concluded that the forecast complied with applicable law.¹⁷ The 2028 population forecast for Bend was prepared using the 2004 Coordinated Population Forecast for Bend as a base. The Coordinated Population Forecast for Bend is 109,389 people by 2025.¹⁸ Staff extended the forecast out another three (3) years to 2028 using the same growth rate used to forecast population beyond 2025 in the Housing Needs Analysis.¹⁹

The City relied on this 2028 population forecast to develop a housing unit forecast for Bend from 2008 to 2028.

The forecast of housing units is based on data from the 2000 Census results for Bend.²⁰ The steps in the forecast are:²¹

- Determine the amount of new population growth by subtracting Bend's population in 2008 (76,551 people) from the 2028 population forecast (115,063 people). The result shows that Bend's population will grow by 38,512 between 2008 and 2028.
- Remove population in group quarters (2.3% or 886 people) to determine the amount of new population in households (37,626 people) over 2008 and 2028.
- Identify the number of new occupied housing units by dividing the population by average household size (2.4 persons per household), which results in growth of 15,678 new households and new occupied housing units in Bend between 2008 and 2028.
- Account for vacant units, with a vacancy rate of 6.4%, which results in 1,003 more housing units, the vacancy rate in Bend in 2000 (Figure 8).

The DLCD Director also concluded that the housing unit forecast of 16,681 new units between 2008 and 2028 complied with the applicable law in his January 2010 Report and Order.²² Table 6 presents the 2008 to 2028 housing unit forecast for the City of Bend.

¹⁶ See September 2, 2011 memorandum to the Remand Task Force, presented at the RTF's September 8, 2011 meeting.

¹⁷ See page 25 of 156, January 8, 2010 Director's Report and Order

¹⁸ See Exhibit L-2, Deschutes County Coordinated Population Forecast 2000-2025 (2004) to 45-Day notice

¹⁹ See Exhibit L-3, City of Bend Housing Needs Analysis (2005) to 45-day notice, pages 7-8.

²⁰ See the 2000 Demographic profile for Bend at: <http://censtats.census.gov/data/OR/1604105800.pdf>.

²¹ These steps are consistent with the Residential Land Needs 2005-2030 Memorandum (April 25, 2007); Table 3, Page 5.

Table 6. Housing Unit Forecast, 2008 to 2028

Variable	Housing Need 2008-2028
Population forecast for 2028	115,063
(-) Less Population on 7/1/08	76,551
(=) New population 2008 to 2028	38,512
(-) Less population in group quarters (2.3%)	886
(=) New population in households	37,626
(/) Divided by household size (2.4)	
(=) Equals new occupied housing units	15,678
(+) Plus vacancy factor (6.4%)	1,003
= New housing units 2008 to 2028	16,681

Between 2009 and the end of July 2014, Bend issued building permits for 2,912 new dwelling units, shown in Table 3. As a result, **the number of additional units that Bend will need to accommodate over the 2014-2028 period is 13,770 units.**

Summary of Key Findings about Needed Housing Units

Step 1 of the housing needs analysis shows that:

- Bend is projected to grow by 16,681 dwelling units over the 2008 to 2028 period.
- Bend issued building permits for 2,912 units between 2009 and July 2014.
- Bend will need to accommodate an additional 13,770 units over the 2014 to 2028 period.

Step 2 – Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix

ORS 197.296(5) requires communities to examine demographic and economic trends that will inform the city’s analysis of what types of housing will be needed in the future. This section presents an examination of relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of the types and mix of housing.²³ The analysis of trends focuses on the period following the acknowledgement of the 1998 City of Bend Comprehensive Plan to 2013. For many variables, this analysis will include data from 1998 or 1999 to 2013; for others, two periods will be presented to look at trends. These periods will include 1990 to 2000, between the two Censuses, and from 2000 to 2013. For 2013, the City is relying on data collected about the State of Oregon and Bend from the American Community Survey.²⁴ In addition, this analysis incorporates previous work from the 2005 Housing Needs Analysis and the 2007 Residential Land Need Analysis.²⁵ Most of this data and background was shared with the Residential technical advisory committee (TAC) during their August 5, 2014 meeting.²⁶

National Housing Market Trends

This section briefly summarizes national housing trends and builds on previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from *The State of the Nation’s Housing, 2014* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

“With promising increases in home construction, sales, and prices, the housing market gained steam in early 2013. But when interest rates notched up at mid-year, momentum slowed. This moderation is likely to persist until job growth manages to lift household incomes. Even amid a broader recovery, though, many hard-hit communities still struggle and millions of households continue to pay excessive shares of income for housing.”

Several challenges to a strong domestic housing market remain. Demand for housing is closely tied to jobs and incomes, which are taking longer to recover than in previous cycles. While trending downward, the number of underwater homeowners, delinquent loans, and vacancies remains high. *The State of the Nation’s Housing* report projects that it will take several years for market conditions to return to normal and, until then, the housing recovery will likely unfold at a moderate pace.

²³ See September 2, 2011 memorandum to the UGB Remand Task Force, presented at their September 8, 2011 meeting.

²⁴ For more information about the American Community Survey (ACS), See <http://www.census.gov/acs/www/>. The ACS data can be accessed from the Census Bureau’s American Factfinder website at http://factfinder.census.gov/home/saff/main.html?_lang=en.

²⁵ See 2005 Housing Needs Analysis at Rec p 2046 and 2007 Residential Land Need Analysis at Rec. P. 2114,

²⁶ See meeting packet for Residential TAC meeting #1 - <http://bendoregon.gov/Modules/ShowDocument.aspx?documentid=17619>.

National housing market trends include:²⁷

- **Post-recession recovery slows down.** Despite strong growth in the housing market in 2012 and the first half of 2013, by the first quarter of 2014, housing starts and existing home sales were both down by 3% from the same time a year before, while existing home sales were down 7% from the year before. Increases in mortgage interest rates and meager job growth contributed to the stall in the housing market.
- **Continued declines in homeownership.** After 13 successive years of increases, the national homeownership rate declined each year from 2005 to 2013, and is currently at about 65%. The Urban Land Institute projects that homeownership will continue to decline to somewhere in the low 60% range.
- **Housing affordability.** In 2012, more than one-third of American households spent more than 30% of income on housing. Low-income households face an especially dire hurdle to afford housing. Among those earning less than \$15,000, more than 80% paid over 30% of their income and almost 70% of households paid more than half of their income. For households earning \$15,000 to \$29,000, more than 60% were cost burdened, with about 30% paying more than half of their income on housing.
- **Changes in housing characteristics.** National trends show that the size of single-family and multi-family units, and the number of household amenities (e.g., fireplace or two or more bathrooms) has increased since the early 1990s. Between 1990 and 2013 the median size of new single-family dwellings increased 25% nationally from 1,905 square feet to 2,384 square feet and 18% in the western region from 1,985 square feet to 2,359 square feet. Moreover, the percentage of units smaller than 1,400 square feet nationally decreased from 15% in 1999 to 8% in 2013. The percentage of units greater than 3,000 square feet increased from 17% in 1999 to 29% of new one-family homes completed in 2013. In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 2009 and 2013, the percentage of lots less than 7,000 square feet increased from 26% of lots to 30% of lots. Similarly, in the western region, the share of lots less than 7,000 square feet increased from 43% to 48% of lots.
- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes could total as many as 13.2 million units nationally between 2015 and 2025. Much of the demand will come from Baby Boomers, Millennials,²⁸ and immigrants.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably the aging of the Baby Boomers, housing demand from the Millennials, and growth of foreign-born immigrants. Baby Boomers' housing choices will affect housing preference and homeownership, with some boomers likely to stay in their

²⁷ These trends are based on information from: (1) The Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2013," (2) Urban Land Institute, "2011 Emerging Trends in Real Estate," and (3) the U.S. Census.

²⁸ Millennials are, broadly speaking, the children of Baby Boomers, born from the early 1980's through the early 2000's.

home as long as they are able and some preferring other housing products, such as multi-family housing or age-restricted housing developments.

In the near-term, Millennials and new immigrants may increase demand for rental units. The long-term housing preference of Millennials and new immigrants is uncertain. They may have different housing preferences as a result of the current housing market turmoil and may prefer smaller, owner-occupied units or rental units. On the other hand, their housing preferences may be similar to the Baby Boomers, with a preference for larger units with more amenities. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.²⁹

State Economic Trends and Cycles

Oregon's 2011-2015 Consolidated Plan includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide.³⁰ The plan concludes that, "Oregon's changing population demographics are having a significant impact on its housing market." It identified the following population and demographic trends that influence housing need statewide.

- Oregon's households have higher rates of cost burden, with increases due to higher unemployment and lower wages, when compared to the nation.
- Oregon's foreclosure rates have been at a historical high since 2005, compared with the previous two decades.
- Oregon, like other states, is continuing to lose federal housing subsidies, with losses of about 8% of federally subsidized Section 8 housing units.
- Oregon's communities are losing manufactured housing parks over time, with a 25% decrease in the number of manufactured home parks between 2003 and 2010.
- Oregon's population is increasingly older, more diverse, and, has less affluent households.³¹

²⁹ The American Planning Association, "Investing in Place; Two generations' view on the future of communities." 2014. "Survey Says: Home Trends and Buyer Preferences," National Association of Home Builders International Builders Show, accessed January, 2015, <http://www.buildersshow.com/Search/isesProgram.aspx?id=17889&fromGSA=1>. "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," Transportation for America, accessed January 2015, http://t4america.org/wp-content/uploads/2014/04/Press-Release_Millennials-Survey-Results-FINAL-with-embargo.pdf.

³⁰ http://www.ohcs.oregon.gov/OHCS/HRS_Consolidated_Plan_5yearplan.shtml

³¹ State of Oregon *Consolidated Plan 2011 to 2015*. http://www.oregon.gov/ohcs/hd/hrs/consplan/2011_2015_consolidated_plan.pdf

Step 3 – Describe the demographic characteristics of the population, and, if possible, household trends that relate to demand for different types of housing³²

Regional and local demographic trends largely follow the statewide trends and provide additional insight into how demographic trends might affect housing in Bend. National and state demographic trends that might affect the key assumptions used in the baseline analysis of housing need are: (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity. This section describes how those trends are playing out at the local level. Most of this data and background was shared with the Residential technical advisory committee (TAC) during their August 5, 2014 meeting³³.

Demographic and socioeconomic factors affecting housing choice

In the context of housing markets, past and current housing conditions demonstrate *the intersection of the forces of housing supply and demand at a price of housing*. Housing demand is derived from the characteristics of households that create or are correlated with *preferences* for different types of housing, and *the ability to pay* (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

One way to forecast housing demand is with detailed analysis of demographic and socioeconomic variables. If one could measure housing demand for each household, one might find that every household has a unique set of preferences for housing. But no city-wide housing analysis can expect to build from the preferences of individual households.³⁴ Most housing market analyses that get to this level of detail describe *categories* of households on the assumption that households in each category will share characteristics that will make their preferences similar.

The main demographic and socioeconomic variables that may affect housing choice include: age of householder, household composition (e.g., married couple with children or single-person household), size of household, ethnicity, race, household income, or accumulated wealth (e.g., real estate or stocks). The literature about housing markets identify the following household characteristics as those most strongly correlated with housing choice: age of the householder, size of the household, and income.³⁵

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. For example, a person may choose to live in an apartment when they are just out of high

³² The Residential TAC reviewed the information in this section during the August 5, 2014 meeting.

³³ See meeting packet for Residential TAC meeting #1 - <http://bendoregon.gov/Modules/ShowDocument.aspx?documentid=17619>.

³⁴ Not only could one not measure the preferences of all existing households (now and in the future); one could not know what specific households would be migrating to the region.

³⁵ The research in this section is based on numerous articles and sources of information about housing. The memorandum “Demographic Characteristics and Trends that will Affect Housing Demand in Bend for the 2008-2028 period” to the Residential Lands Technical Advisory Committee (July 23, 2014) presents an analysis of our research of the academic literature about the relationship between demographics and housing demand.

school or college but if they have children, they may choose to live in a single-family detached house.

- **Size of household** is the number of people living in the household. Household size is related to household composition, which describes the age and relationships of people living within the household. Younger and older people are more likely to live in single-person households and people in their middle years are more likely to live in multiple person households (often with children).
- **Income** is the income from all people in the household who have income. Income is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own). A review of census data that analyzes housing types by income in most cities will show that as income increases, households are more likely to choose single-family detached housing types. Consistent with the relationship between income and housing type, higher income households are also more likely to own than rent.

Growing Population

Bend has a rapidly growing population. Population growth figures for Oregon, Deschutes County, and Bend, between 1990 and 2013, are shown in Figure 9.

Deschutes County's 2013 population was an estimated 162,525.

- Between 2000 and 2013, the county's population grew by 53%, or 61,475. Of this growth, net migration accounted for 53,163 in population growth, or 87% of the population growth between 2000 and 2013. In comparison, net migration accounted for 60% of Oregon's growth over the 13-year period.
- Natural increase accounted for 13% of the county's population growth between 2000 and 2013.
- Deschutes County's estimated population growth of 61,475 represents 12% of the state's population growth between 2000 and 2013.

Bend's population has grown significantly since 1990.

- Between 1990 and 2000, Bend's population grew from 20,469 to 52,029, an increase of 31,560 people. About 17,060 of this growth was the result of annexations to the city between 1990 and 1998. Actual population growth accounted for an increase of 14,500 people, representing a 71% increase over the city's 1990 population.
- The city's population grew by 26,251 over between 2000 and 2013. This growth occurred during a period where the City did not annex new housing with population. This new growth in population occurred through natural increase and positive net migration.
- Bend's population grew at an average annual rate of 6.3% over the 1990 to 2013 period, compared to the state average of 1.5%. Bend's average annual growth rate between 2000 and 2013 was 3.5% per year, compared to 1.1% statewide. This growth includes annexations that occurred over the 1990 to 1999 period.

Figure 9. Population Growth, Oregon, Deschutes County, Bend, 1990 through 2013

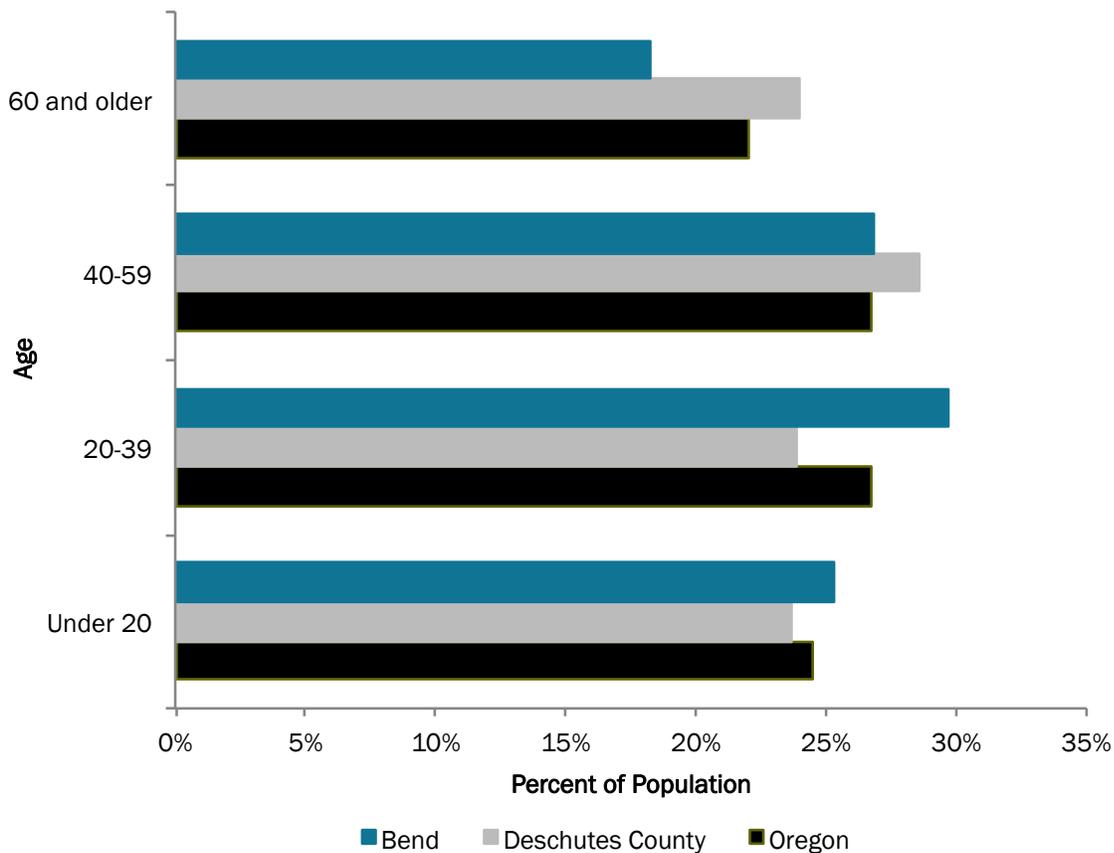
	1990	2000	2013	1990 - 2013 Change		
				Change	% Change	Average Annual Growth Rate
Oregon	2,842,321	3,421,399	3,919,020	1,076,699	38%	1.5%
Deschutes County	74,958	115,367	162,525	87,567	117%	3.6%
Bend	20,469	52,029	78,280	57,811	282%	6.3%

Source: Population Research Center, Portland State University

Aging Population

In 2013, the median age in Bend was 36.6, compared to the median of 42.3 in Deschutes County and 39.1 across the State. Figure 10 shows that Bend had a larger share of population between age 20 and 39 than either the county or state averages.

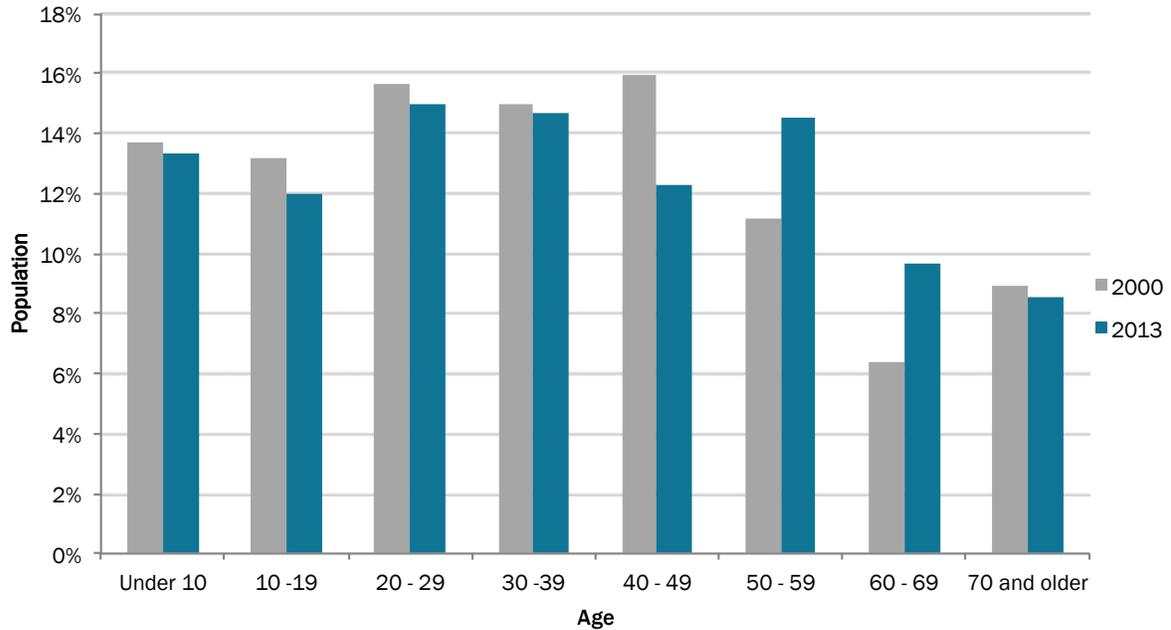
Figure 10. Population by Age, Bend, Deschutes County, and Oregon, 2013



Source: 2013 American Community Survey 1-Year Estimates

Figure 11 shows the age change in Bend's population between 2000 and 2013. While all age groups grew over the 13-year period, people between the ages of 50 and 59 years added the largest number of people, followed by people aged 60 to 69 years. Together, people aged 50 to 69 accounted for growth of more than 10,000 people or one-third of Bend's growth. People 20 to 39 years old accounted for growth of about 8,000 people over the 13-year period.

Figure 11. Age of Population, Bend, 2000 and 2013

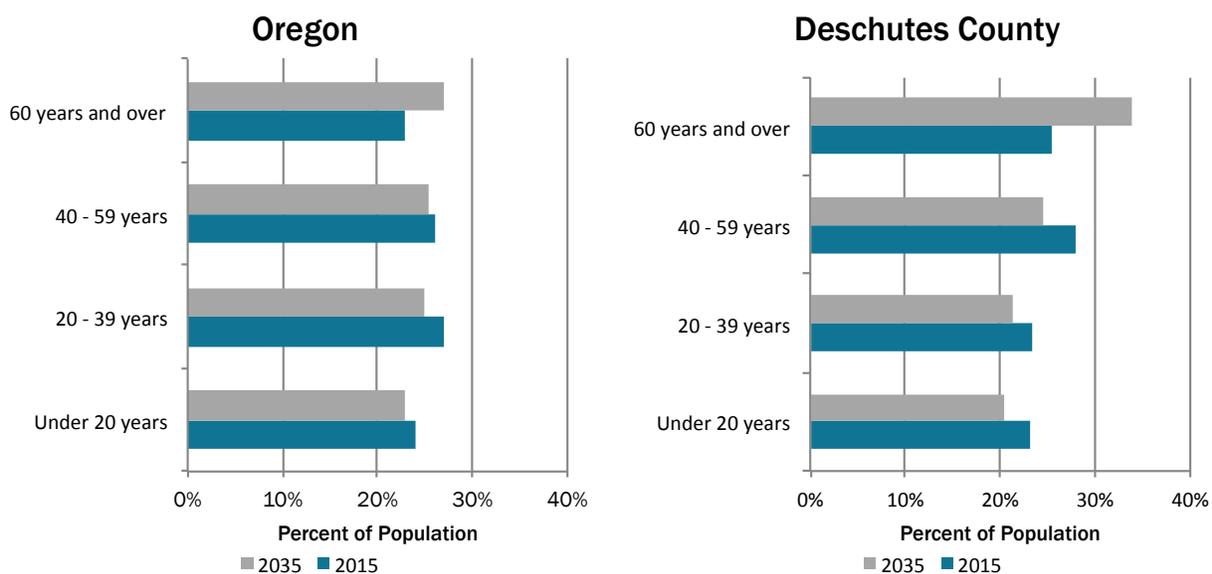


Source: 2000 Census SF3, 2013 American Community Survey 1-Year Estimates

Figure 12 shows a comparison of the current and 2035 projected population for Oregon and Deschutes County by age.³⁶

- The entire population of Deschutes County is projected to increase by 37%, compared to a total population increase of 25% across the state.
- Oregon and Deschutes County are projected to see an increase in the share of the population over 60 years of age. 56% of the population growth in Deschutes County through 2035 is projected to come from this age group.
- The Deschutes County population between 20 and 59 years of age are projected to increase by roughly 15%, at a slower rate than across the state.
- While the age distribution of Bend's population is different from the County average (Figure 10), Bend accounts for nearly half of Deschutes County's population. The growth in people over 60 years old in Deschutes County (Figure 12) will be reflected in growth in the percentage of population over 60 years old in Bend.

Figure 12. Forecast of Population by Age, Oregon and Deschutes County, 2015 and 2035



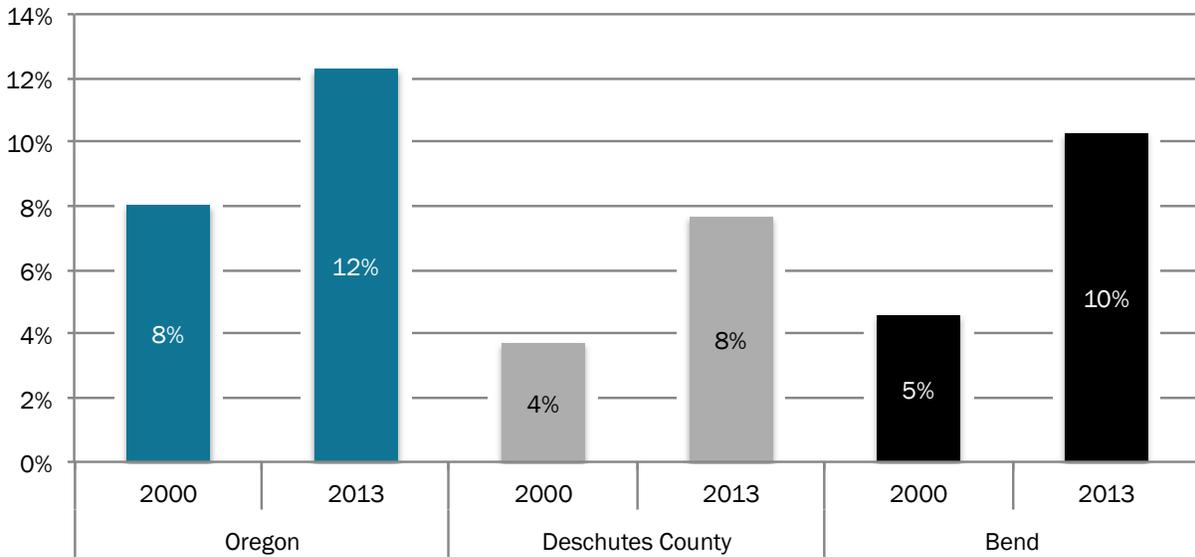
Source: Oregon Office of Economic Analysis.
 See the Long-Term County Forecast "2013 Release" through the OEA website:
<http://www.oregon.gov/DAS/OEA/Pages/demographic.aspx>

³⁶ See the Long-Term County Forecast "2013 Release" through the OEA website:
<http://www.oregon.gov/DAS/OEA/Pages/demographic.aspx>

Increased ethnic diversity

Figure 13 shows the percentage of the total population that is of Hispanic or Latino origin for Oregon, Deschutes County, and Bend, in 2000 and 2013. Between 2000 and 2013, Hispanic or Latino population increased from 5% of the population to 10% of the population, adding nearly 6,000 additional Hispanic or Latino residents. Bend has a greater percentage of Hispanic or Latino population than the county average, but a smaller percentage than the state average.

Figure 13. Hispanic or Latino Population by Percentage, Oregon, Deschutes County, Bend, in 2000 and 2013



Source: U.S. Census 2000 SF1, American Community Survey 2013 1-year Estimates

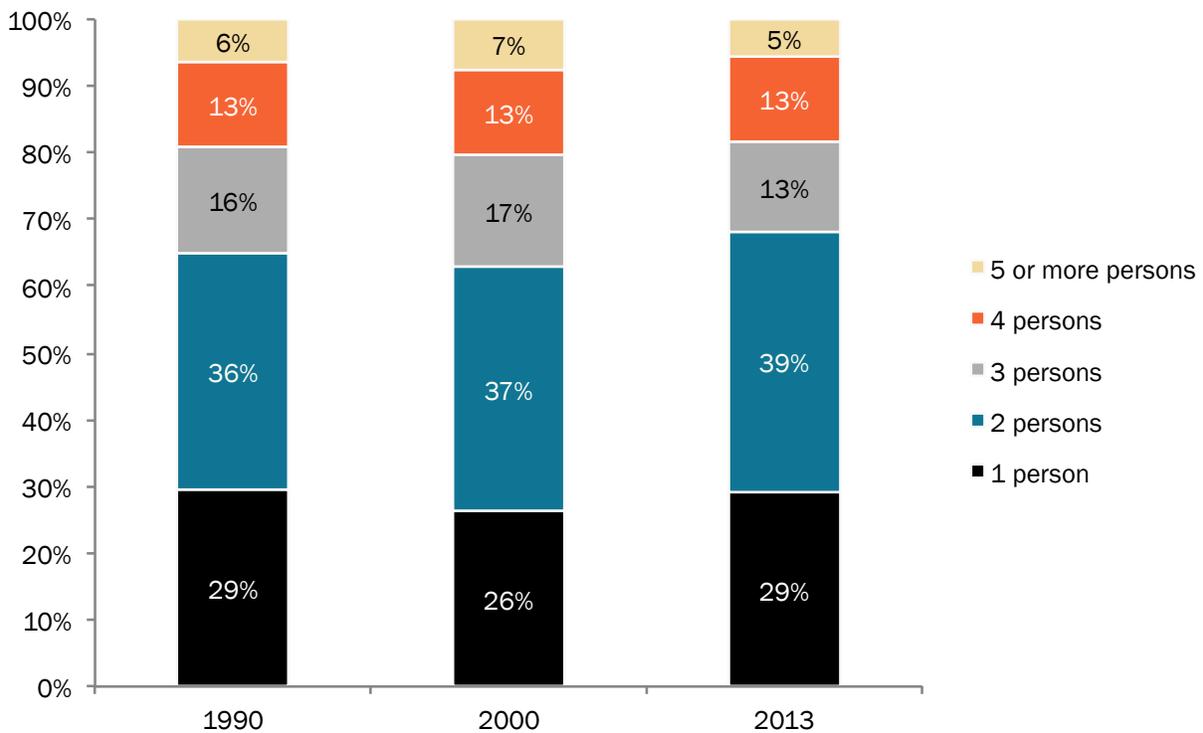
Household Size and Composition

This section of the report considers household types (family or nonfamily) by size and how this information relates to household-level decisions to purchase or rent housing.

Household Size

Figure 14 shows change in household size in Bend between 1990, 2000, and 2013. The percentage of one-person households held stable at about 29% of households. The percent of two-person household increased from 36% to 39%. The percentage of households with three or more persons decreased slightly between 1990 and 2013. The trend towards an increase in single-person households between 2000 and 2013 is consistent with national and statewide trends.

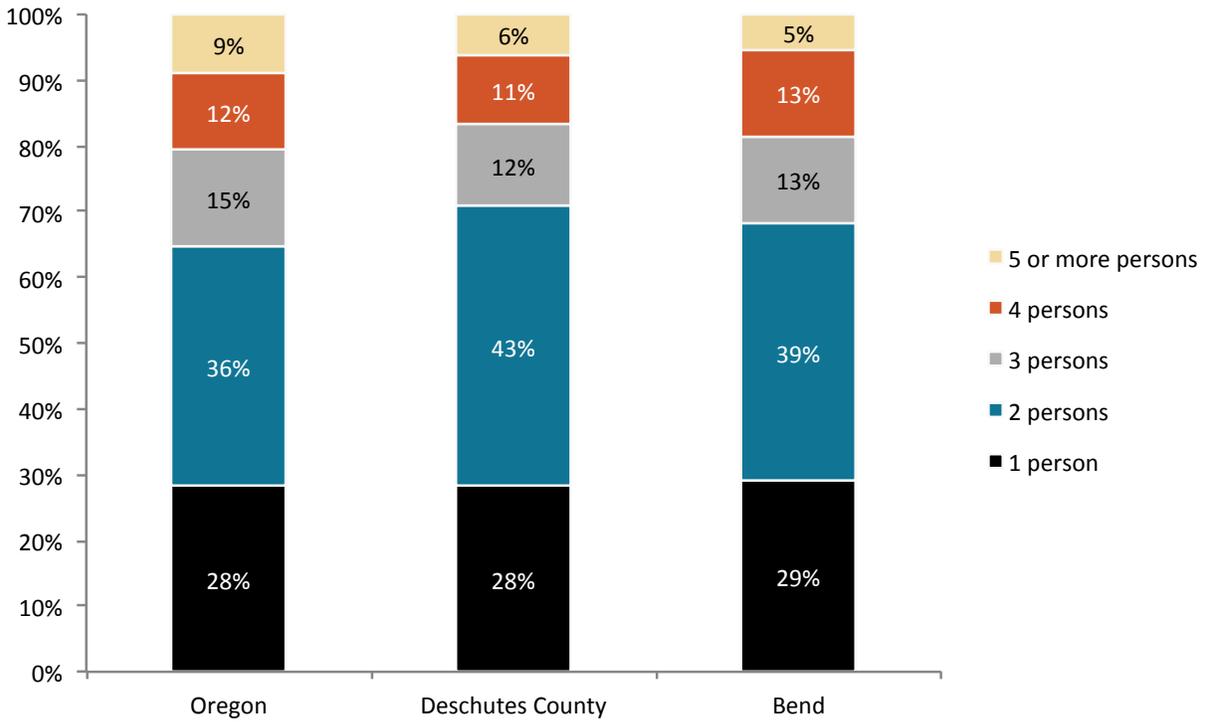
Figure 14. Households by Household Size, Bend, 1990, 2000, and 2013



Source: 1990 and 2000 Census SF3, 2013 American Community Survey 1-Year Estimates

Figure 15 compares household size in Bend with the state and county averages. Bend has a slightly larger share of single-person and two person households than the state average. Bend has a smaller percentage of households with four or more people than the state average. Over the next 20 years, households with one or two persons per household are expected to represent the largest category of households by size.

Figure 15. Households by Household Size, Oregon, Deschutes County, Bend, 2013

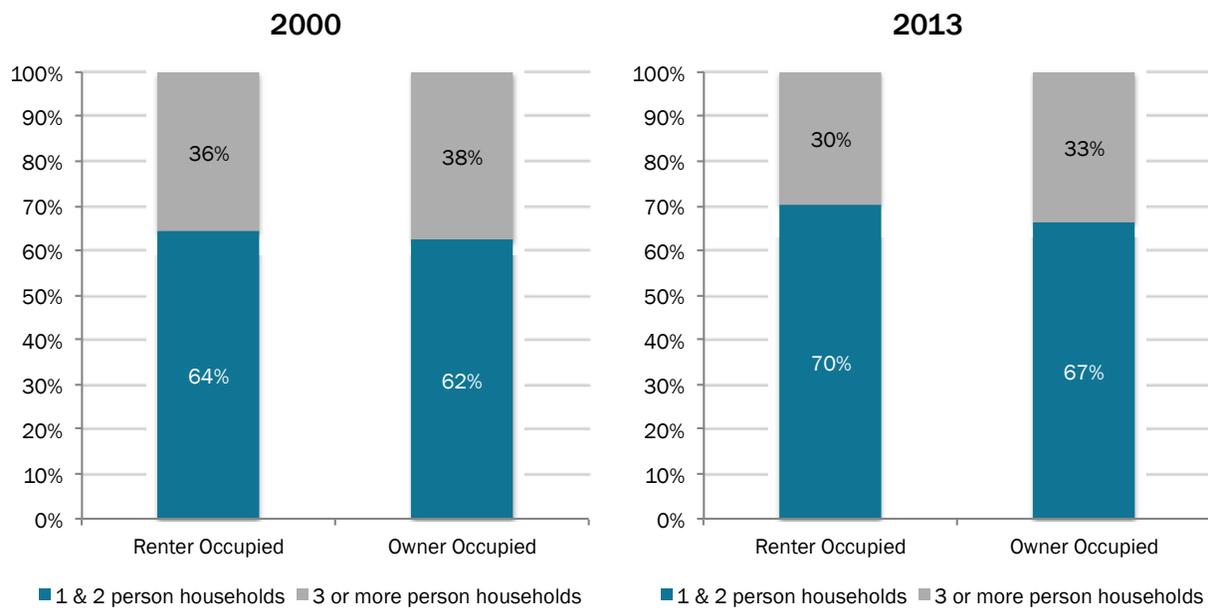


Source: 2013 American Community Survey 1-Year Estimates

Figure 16 shows Bend households by size, and the proportions that were owner-occupied and renter-occupied in 2000 and 2013.

- The share of households with one or two persons increased between 2000 and 2013 for both owner occupied and renter occupied households.
- Between 2000 and 2013, 1-person households saw the most growth (43%) among owner occupied households and 2-person and 4-person households saw the most growth (105% and 92%, respectively) among renter occupied households.

Figure 16. Mix of Households by Tenure and Household Size, Bend, 2000 and 2013



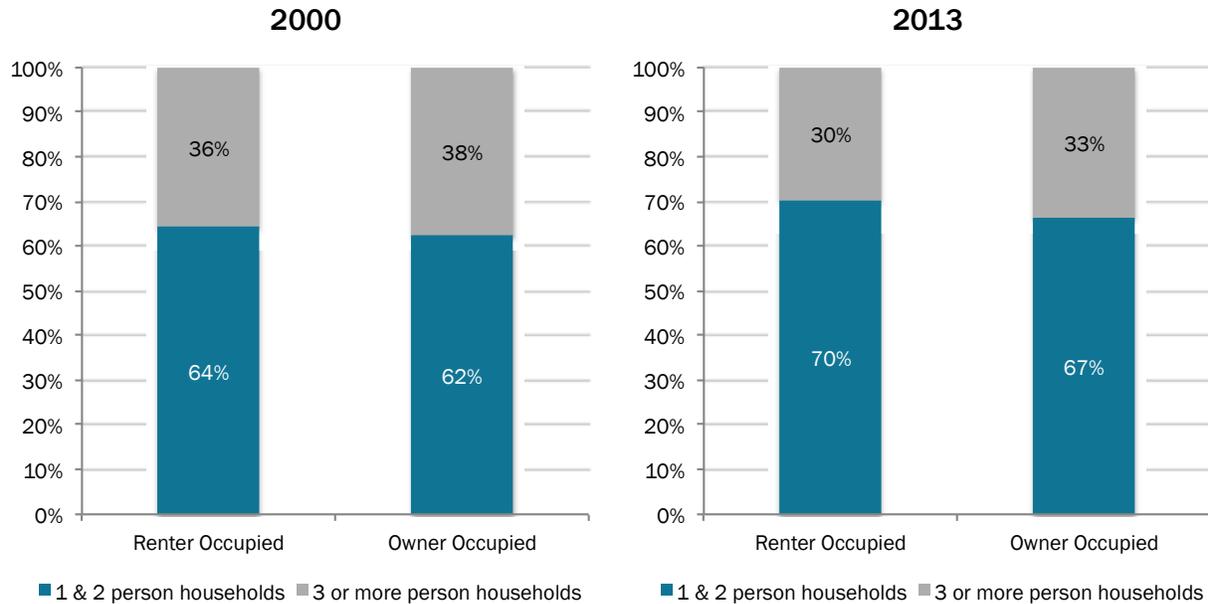
Source: 2000 Census SF3, 2013 American Community Survey 1-Year Estimates

Household Composition

Figure 17 shows household composition in Oregon, Deschutes County, and Bend in 2013.

- A larger share of Bend's housing composition is family households with children (30%) compared to that of Deschutes County (24%) and Oregon (27%).
- Bend also has a larger share of non-family households (e.g., unrelated people living in the same house) than compared to the county and state.

Figure 17. Household Composition of Oregon, Deschutes County, and Bend, 2013

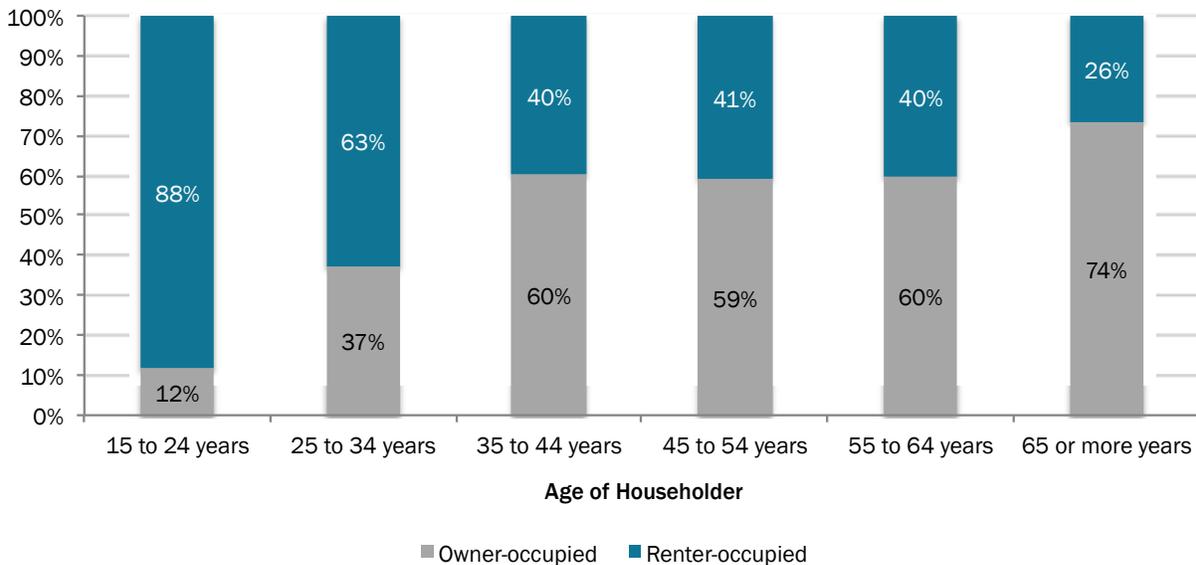


Source: American Community Survey 2013 1-year Estimates

Householder Age

Figure 18 shows the distribution of owner-occupied and renter-occupied housing by age groups in Bend in 2013. The majority of householders younger than 35 years old were renters. Homeownership increased with age. Two-thirds of householders aged 45 to 54 were homeowners. Homeownership rates typically remain stable until age 65 or older, when they begin to decline; however, in Bend, households 55 to 64 years had lower homeownership rates than people 65 years or older.

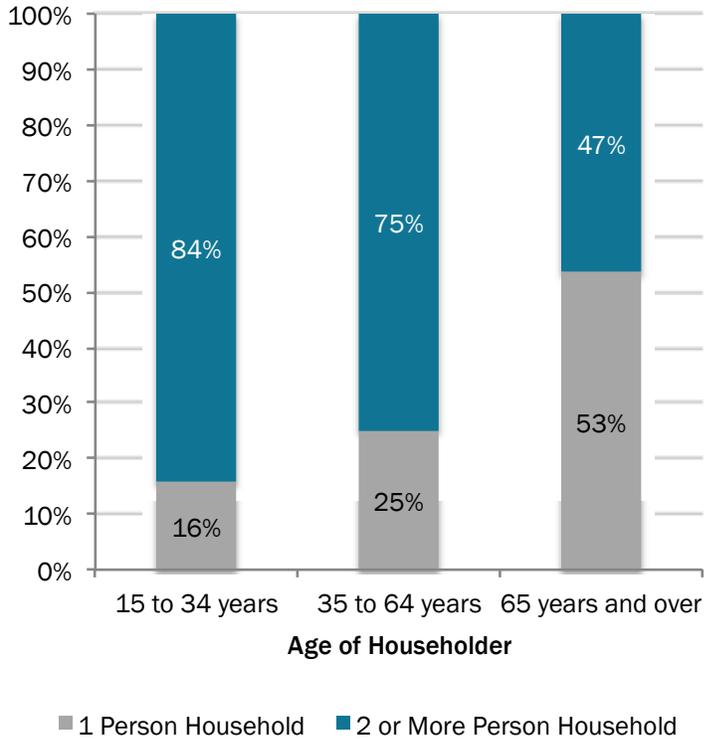
Figure 18. Households by Age of Householder and Tenure, Bend, 2011-2013



Source: 2013 American Community Survey 3-Year Estimates

Figure 19 shows that the percentage of single-person households increases with age. For householders under age 64, 25% or fewer households are single person households. By age 65, 53% of households are single-person households.

Figure 19. Households by Age of Householder and Household Size, Bend, 2013



Source: 2013 American Community Survey 1-Year Estimates

Summary of demographic and socioeconomic factors effect on housing choice in Bend

The prior sections described key demographic and socioeconomic factors that affect housing choice in Bend based on historical data.

Over the next decades, the national demographic trends that will affect housing demand across the U.S., as well as Oregon and Bend are:

- **Aging of the baby boomers.** By 2030, the youngest baby boomers will be over 65 years old. By 2030, people 65 years and older are projected to account for about 20% of the U.S. population, up from about 12% of the population in 2000.
- **Growth in Millennials.** Millennials are a large group of people (i.e., Echo Boomers or Generation Y) born from the early 1980's to early 2000's, with the largest concentration born between 1982 and 1995. By 2030, Millennials will all be older than 35 years old, with the oldest Millennials over 50 years old. The Millennials will form households and enter their prime earnings years during the 20-year planning period.
- **Growth of Hispanic and Latino population.** One of the fastest growing groups in the U.S. will be the Hispanic and Latino population. By 2030, Hispanic and Latino population is projected to account for about 20% of the U.S. population, an increase from about 13% of the U.S. population in 2000. Growth in the Hispanic population will be the result of natural increase (more births than deaths) and immigration from other countries.

Table 7 through Table 9 describe the changes in these demographic and socioeconomic trends and their potential effect on housing choice in Bend over the next 20 years. These tables discuss the characteristics of the householder, which is the person identified (by the household) as the head of household on the Census. The tables combine past trends (documented in the prior sections) with future demographic projections and information about housing preferences for these key demographic groups. Appendix A provides the background research that forms the basis for the conclusions in these tables.³⁷

³⁷ The data presented in Tables 7 through 9 were reviewed with the Residential TAC during their August 5, 2014 meeting. Some of the data has been updated since this meeting.

Table 7. Baby boomers (Age in 2014: 48 to 67 years old; Age in 2028: 62 to 81 years old)

<p>Demographic trends</p>	<p>Baby boomers are the fastest growing segment of Deschutes County's population.</p> <ul style="list-style-type: none"> • People over 65 years are forecast to grow from 15% of Deschutes County's population in 2010 to 27% in 2035.³⁸ • Growth in people over 65 years old in Deschutes County will result in growth of more than 37,000 people in this age group in Deschutes County or 24% of population growth over the 2010 to 2035 period.³⁹ <p>Bend's population accounts for about half of the population in Deschutes County. As population over 65 grows in the County over time, this age group will grow in Bend as well.</p>
<p>Effect of trends on household choice</p>	<p>Age of household head</p> <p>Bend's older householders are more likely to own their home.</p> <ul style="list-style-type: none"> • Homeownership peaks for householders 65 years and older. Nearly 75% of householders 65 years and older in Bend are homeowners. <p>National studies about the housing preferences of older residents show that the majority express an interest in remaining in their home or in their community as long as possible, a trend that increases with age.⁴⁰</p> <ul style="list-style-type: none"> • Between about 65% and 80% of people over 65 would like to stay in their homes as long as possible.⁴¹ • The Baby Boomers who want to move generally want to live in a typical community setting, with a mixture of people of different ages, and in a setting where recreational amenities are available.⁴² • Of people over 65 who expect to move in the next five years, a smaller proportion of these households expect to live in a single-family home and to be homeowners, compared with households of all ages who expect to move in the next 5 years.⁴³ • Seniors who moved recently were much more likely to have moved into a smaller home, compared to households of all ages who moved recently.⁴⁴
	<p>Household size and composition</p> <p>Household size decreases with age after age 65 in Bend.</p> <ul style="list-style-type: none"> • More than 54% of households 65 years and older were single-person households in Bend. • Growth in households 65 years and older will result in growth in single-person households.
	<p>Household income</p> <p>Bend's household income peaks around age 45.</p> <ul style="list-style-type: none"> • Household income decreases after age 65. About 65% of Bend's households over 65 had income of less than \$50,000, compared with 49% of households 45 to 64.

³⁸ Oregon Office of Economic Analysis, *Forecasts of Oregon's County Populations by Age and Sex, 2010 – 2050*, [Excel Workbook] (March 2013).

³⁹ Ibid.

⁴⁰ Ada-Helen Bayer, Ph.D. and Leon Harper, *Fixing to Stay: A National Survey of Housing and Home Modification Issues* (Washington, D.C.: AARP, 2000).

William H. Frey, *Mapping the Growth of Older America: Seniors and Boomers in the Early 21st Century*, (Conducted for the Metropolitan Policy Program at the Brookings Institution, May 2007).

Teresa A. Keenan, *Home and Community Preferences of the 45+ Population*, (Conducted for AARP, November 2010).

⁴¹ Ada-Helen Bayer, Ph.D. and Leon Harper, *Fixing to Stay: A National Survey of Housing and Home Modification Issues* (Washington, D.C.: AARP, 2000).

Andrew Kochera, Audrey Straight, and Thomas Guterbock, *Beyond 50: A Report to the Nation on Livable Communities: Creating Environments for Successful Aging*, (Washington, D.C.: AARP, 2005).

Stephen Engblom, Greg Ault, and Lisa Fisher, *Boomer Residential Preferences*, (Conducted for the Urban Land Institution, Multi-family Trends, May/June 2007).

Teresa A. Keenan, *Home and Community Preferences of the 45+ Population*, (Conducted for AARP, November 2010).

⁴² Stephen Engblom, Greg Ault, and Lisa Fisher, *Boomer Residential Preferences*, (Conducted for the Urban Land Institution, Multi-family Trends, May/June 2007).

⁴³ Teresa A. Keenan, *Home and Community Preferences of the 45+ Population*, (Conducted for AARP, November 2010).

⁴⁴ Ibid.

		<ul style="list-style-type: none"> • Households with householders over 65 years have a lower than average household income, at about 70% of Bend's median household income, compared with ages 45 to 64 years with 107% of Bend's median household income. • Lower income does not necessarily result in greater problems with housing affordability or lower homeownership rates for people over 65 years because: <ul style="list-style-type: none"> • Some householders over 65 have paid off their mortgage. For households who have paid off their mortgage, lower income does not necessarily result in lower disposable income or affect their ability to continue to own their home. • Older households may have more accumulated wealth, which could include assets like the value of their house or investments.
	<p>Potential effect on housing demand</p>	<p>The major impact of the aging of the baby boomers on demand for new housing will be through demand for housing types specific to seniors, such as assisted living facilities. Baby boomers will make a range of housing choices in Bend:</p> <ul style="list-style-type: none"> • Many will choose to remain in their houses as long as they are able. • Those that do move are more likely to move into smaller homes, attached homes, or apartments and are more likely to rent than other households headed by other generations. • Some may downsize to smaller single-family homes (detached and attached) or multi-family units. These will be a mixture of owner and renter units. Nationally, of the 20% Baby Boomers that expect to move, 11% plan to move to an apartment, 16% to attached housing, 65% to single family housing, and 6% to a mobile home.⁴⁵ • Baby Boomers who move are likely to choose housing in areas with nearby shopping and other services, such as neighborhoods with integrated services or in downtown Bend. • As their health fails, some will choose to move to group housing, such as assisted living facilities or nursing homes.

⁴⁵ Ibid.

Table 8. Millennials (Age in 2014: 17 to 30 years old; Age in 2028: 31 to 44 years old)

Demographic trends	<p>Millennials are one of the fastest growing segments of Deschutes County's population</p> <ul style="list-style-type: none"> • By 2035, the State projects that there will be nearly 67,000 people 25 to 49 years in Deschutes County, up from more than 52,000 people in 2010.⁴⁶ • There will be an increase of about 14,000 people between the ages of 25 to 49 years. This group will account for 20% of total population growth over the 2010 to 2035 period.⁴⁷ <p>Bend's population accounts for about half of the population in Deschutes County. As Millennials grow in the County, this age group will grow in Bend as well.</p>	
Effect of trends on household choice	Age of household head	<p>Housing preferences shift for householders as they get older.</p> <ul style="list-style-type: none"> • Under 25 years old: 88% were renters in Bend • 25 to 34 years old: 76% were renters in Bend • 35 to 44 years old: 44% were renters in Bend
	Household size and composition	<p>Household size increases until householder age 35 in Bend.</p> <ul style="list-style-type: none"> • 84% of householders in Bend between ages 15-34 years live in households with two or more persons. • About 16% of Bend's householders between 15 to 34 years live in single-person households, compared with 25% of householders 35 to 64 years and 53% of householders over 65 years old.
	Household income	<p>Younger households have lower income and homeownership rates on average.</p> <ul style="list-style-type: none"> • Younger households generally had less accumulated wealth, such as housing equity. • About 33% of households under 25 years had an income of less than \$25,000 in Bend. About 40% of households between 25 and 44 had income of less than \$50,000. • Households between 25 and 44 years had higher than average income, at about 129% of Bend's median household income. Higher incomes in this age group suggest greater opportunities for homeownership among people in this age group. • Higher incomes generally correlate with homeownership. The median income for homeowners in Bend was \$67,755 (in 2013), compared with \$33,121 for renters.
	Potential effect on housing demand	<p>Growth in Millennials will result in increased demand for all housing types in Bend.</p> <p>Recent research hypothesizes that Millennials may make different housing choices than their parents as a result of the on-going recession and housing crisis. Some studies suggest that Millennials will prefer to rent and will prefer to live in multi-family housing, especially in large cities. Other studies suggest that the majority of Millennials' housing preference is to own a single-family home. Recent surveys suggest that as Millennials age and form families, they will increasingly prefer to live in single-family homes in suburban locations or in walkable communities with alternatives to driving.</p> <p>Based on review of recent research it seems unlikely that the majority of Millennials will make fundamentally different housing choices than previous generations as they age and have families, but their housing choices may be constrained by what they can afford due to student loan debt, and prolonged entry into higher paying positions due to the Baby Boomers putting off retirement. These trends are consistent with national housing trends, such as decreased homeownership rates and increases in housing affordability issues.</p> <ul style="list-style-type: none"> • Millennials are more interested in living within a city (including in a downtown area) or a suburb closer to a city than prior generations.⁴⁸ • Millennials are more willing than other age groups to choose to live in a community with a wider range of housing and denser housing, where it is easier to talk to work or nearby urban amenities, and where transportation by automobile is less common.⁴⁹

⁴⁶ Oregon Office of Economic Analysis, Forecasts of Oregon's County Populations and Components of Change, 2010 – 2050, [Excel Workbook] (March 2013).

⁴⁷ Ibid.

⁴⁸ American in 2013 Focus on Housing and Community, Urban Land Institute
 Belden Russonello & Stewart Research and Communications, 2004 National Community Preference Survey,(Conducted for Smart Growth America and National Association of Realtors, 2004).
 Eugenia L. Birch, Who Lives Downtown, Living Cities Census Series(Washington, D.C.: The Brookings Institute, November 2005).

		<ul style="list-style-type: none"> • Millennials are likely to choose to rent and are more likely to rent a multi-family unit than older households. This choice may be made from preference but is likely to be necessitated by lower income. • Millennials who prefer single-family units may prefer, or only be able to afford, smaller single-family units.⁵⁰ • As they establish their careers, their incomes increase, and they form families, it seems likely that a large share of Millennials in Bend will choose to live in an owner-occupied single family house. Some Millennials may prefer to rent or own a multi-family unit in or near Bend's downtown. • Bend is a suburban market, with urban amenities that may appeal to Millennials who prefer to live in a smaller city but in an area with a wide range of access to outdoor recreational activities. Bend itself does not have distant suburbs but nearby smaller cities have filled the role of distant suburbs for Bend. Millennials may choose to live in Bend's suburban neighborhoods, rather than in nearby smaller cities, if housing in Bend is affordable.
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⁴⁹ *American in 2013 Focus on Housing and Community*, Urban Land Institute
 Belden Russonello & Stewart Research and Communications, *2004 National Community Preference Survey*, (Conducted for Smart Growth America and National Association of Realtors, 2004).

⁵⁰ Joint Center For Housing Studies of Harvard University, *State of the Nation's Housing*, (Cambridge, MA: President and Fellows of Harvard College, 2013).

Table 9. Growth of immigrants and change in ethnic composition⁵¹

<p>Demographic trends</p>	<p>Bend is becoming more ethnically diverse, with growth in the Hispanic and Latino population (both from immigration and from current residents in Bend).</p> <ul style="list-style-type: none"> • Bend became more ethnically diverse, with Hispanic and Latino population growing by almost 250% between 2000 and 2013, an addition of 5,963 Hispanic or Latino residents. • Nationally, growth in Hispanics is driving population growth, both from immigration and from natural increase of Hispanics living in the U.S.⁵²
<p>Effect of trends on household choice</p>	<p>Age of household head</p> <p>The Hispanic population in Bend has a different age structure than Bend's overall population.</p> <ul style="list-style-type: none"> • In 2013, median age for Hispanics (23.0 years) was lower with the median age for the total population (36.6 years) in Bend. <p>Nationally, growth in Hispanic population between 2013 and 2023 will help off-set decreases in white householders between the ages of 30 and 49.⁵³</p>
	<p>Household size and composition</p> <p>Nationally, Hispanic households with children grew at a faster rate than other minority populations between 1995 and 2005, resulting in increased demand for housing to accommodate families.⁵⁴</p> <ul style="list-style-type: none"> • In 1999, 51% of Hispanic households had children, compared with 33% of all households.⁵⁵ <p>Hispanic households in Bend are more likely to be larger and less likely to be homeowners.</p> <ul style="list-style-type: none"> • In 2010, the average size of Hispanic households in Bend was 3.4 persons per household, compared with an average of 2.4 persons per household for all households in Bend.⁵⁶ • Hispanic households in Bend live in single-family houses (detached and attached) less often than non-Hispanic households. About one-third of Hispanic households live in single-family dwellings, as compared to about 75% of non-Hispanic households. • About one-third of Hispanic households are homeowners, compared with an ownership rate of almost 60% for all households in Bend. <p>In 2013, Oregon's Hispanic households were more likely to be younger homeowners. Nearly three-quarters of Hispanic homeowners in Oregon were younger than 45 years old. In comparison, about one-third of non-Hispanic homeowners were younger than 45 years old.⁵⁷</p>
	<p>Household income</p> <p>Hispanic households in Bend have lower than average income.</p> <ul style="list-style-type: none"> • Hispanic households in Bend have lower than average income, with household income at 78% of Bend's median (\$37,586) and family income at 81% of Bend's median (\$39,052).⁵⁸ <p>Immigrants generally have lower income than U.S.-born workers but income increases for immigrants the longer they have been in the U.S. and through successive generations.</p> <ul style="list-style-type: none"> • First generation immigrants may take several decades to earn sufficient incomes to become homeowners⁵⁹ and to have income comparable to a person born in the U.S., of a similar age and education. This is true of Hispanic immigrants.⁶⁰

⁵¹ This table contains information from the U.S. Census 2010 and 2011 American Community Survey. Information at the national (U.S.) level about Hispanics in this section is from the Pew Research Center report *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Martha F. Riche, *The Implications of Changing U.S. Demographics for Housing Choice and Location in Cities*, (Washington, D.C.: The Brookings Institution Center on Urban and Metropolitan Policy, March 2001).

⁵⁶ U.S. Census, 2000 Decennial Census.

⁵⁷ U.S. Census, 2013 American Community Survey

⁵⁸ U.S. Census, 2013 American Community Survey, 3-year estimates

⁵⁹ James P. Allen, How Successful Are Recent Immigrants to the United States and Their Children? Presidential Address delivered to the Association of Pacific Coast Geographers, 68th annual meeting, Phoenix, Arizona, October 22, 2005 (Los Angeles: The Association of Pacific Coast Geographers, 2006)

		<ul style="list-style-type: none"> Income generally increases for second-generation immigrants, who have higher educational attainment.⁶¹ This is true of recent Hispanic immigrants.⁶² In 2012, the national median household income for first generation Hispanic households was \$34,600, compared to \$48,400 for second-generation Hispanic households, compared with the U.S. average of \$58,200.⁶³ <p>Hispanic households suffered steeper drops in household wealth than non-Hispanic white households during the recession, which may affect their ability to own homes, although the desire for homeownership remains strong.⁶⁴</p>
	<p>Potential effect on housing demand</p>	<p>Growth in Hispanic and Latino households may result in increased demand for multi-family and single-family housing in Bend. Growth in Hispanic and Latino households will increase need for affordable housing for renters and homeowners such as: single-family dwellings (both smaller and larger sized dwellings), duplexes, larger townhomes, garden apartments, and apartments. Ownership opportunities for Hispanic and Latino households will focus on moderate-cost ownership opportunities, such as single-family dwellings on a small lot or in a more suburban location, duplexes, and townhomes.</p> <ul style="list-style-type: none"> Affordability is likely to be a more common problem for Hispanic and Latino households, especially recent immigrants, because they have lower income on average. Homeownership increases the longer immigrants stay in the U.S. Longer-term first generation immigrants and second-generation immigrants may become home owners, depending on their ability to afford owning a home.⁶⁵ Hispanic population with lower income is more likely to choose lower-cost housing, such as multi-family housing because that is what they can afford. Hispanics are more likely to rent but when they are homeowners, they are more likely to live in a more urban area, compared with white households.⁶⁶ Growth in Hispanics will increase demand for smaller “starter homes” and entry-level apartments.⁶⁷

⁶⁰ Pew Research Center report Second-Generation Americans: A Portrait of the Adult Children of Immigrants, 2013.

⁶¹ Allen, James P. “How Successful Are Recent Immigrants to the United States and Their Children?” Presidential Address delivered to the Association of Pacific Coast Geographers, 68th annual meeting, Phoenix, Arizona, October 22, 2005.

⁶² Pew Research Center report Second-Generation Americans: A Portrait of the Adult Children of Immigrants, 2013.

⁶³ Pew Research Center report Second-Generation Americans: A Portrait of the Adult Children of Immigrants, 2013.

⁶⁴ Joint Center for Housing Studies of Harvard University, *The State of the Nation’s Housing*, 2013.

⁶⁵ Gregory Rodriguez, *Immigrants Today: Where they Come From, Where They Live in the US*, Emergences, Volume 9, Number 2 (Washington, D.C.: Taylor & Francis Ltd 1999).

⁶⁶ Martha F. Riche, *The Implications of Changing U.S. Demographics for Housing Choice and Location in Cities*, (Washington, D.C.: The Brookings Institution Center on Urban and Metropolitan Policy, March 2001).

⁶⁷ Joint Center For Housing Studies of Harvard University, *State of the Nation’s Housing*, (Cambridge, MA: President and Fellows of Harvard College, 2007).

Summary of key findings about how demographic trends may affect housing choice

Identifying future housing needs based on expected demographic changes requires making qualitative assessments of the future housing market. Demographic changes are likely to affect housing in Bend's housing market in the following ways over the next 20 years. The future housing mix will look different than the recent past. Based on the future demographic trends, the most pressing need is to increase the range (both in size and in pricing) of housing products in walkable neighborhoods.

- **Recession may have delayed some effects of demographic shifts.** The impacts of major demographics shifts are being delayed due to the financial effects of the recession, however, substantial housing demand shifts are underway that will change land use patterns. Baby Boomers are working longer and may not be moving because of a loss of home equity. Millennials have taken on college debt, are having a hard time getting a foothold in the workforce, and are therefore delaying household formation. The extended effects of the recession will mean that more households are renting for an extended period of time before being able to make a home purchase, or will only be financially capable of purchasing a smaller, less-expensive home. In summary, this delay means more near-term demand for rental housing or smaller less-expensive ownership housing.
- **Continued but slower demand for large-lot single-family housing.** In Bend, demand for large-lot single-family housing is likely to take the form of three or four bedroom houses on a lot of about 8,000 to 10,000 square feet. Generation X (the generation born after the Baby Boomers and before the Millennials), is currently in its prime family raising years, and the demographic group most likely to need larger single family homes. Generation X is much smaller than either the Baby Boomer or Echo Boomer generations. As the Baby Boomers move out of their existing single-family homes, there will be fewer households to take them over in the short-term. In recent years, Bend has been attracting retirees who are purchasing (and, in some cases, renting) available single-family dwellings.

In the future, growth of Millennials and shrinking of the Baby Boomer generation may slow demand for new large-lot single-family housing. The Echo Boomer's preferences are generally for more walkable communities and they are willing to accept smaller homes in closer proximity to amenities. In addition, Millennials have lower income and higher debt.

However, much of Bend's growth results from in-migration of people from outside of Central Oregon, many of whom are attracted to Bend's access to outdoor amenities, open space, and rural quality of life that Bend offers. Interviews with Bend's development community noted that demand for single-family housing that offers ample parking and storage for outdoor equipment is strong.

All of these factors contribute to continued demand for large-lot single-family detached

housing but suggest that demand for this type of housing is likely to slow between the 2008 to 2028 period. Demand for this type of housing is likely to be driven by migration of people to Bend with wealth, as well as increase in income overtime from people living in Bend, especially households with growing families.

- **Demand will increase for a wider range of housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-family housing. An aging population, increase in single-person households, increasing housing costs, and other variables are factors that support the conclusion that the future housing supply will include smaller and less expensive units and a broader array of housing choices. A substantial portion of Bend’s residents will live in attached housing, such as townhouses, cottage housing, duplexes, garden apartments, or urban apartments. While most households may prefer to own their home, a growing share of households will be renters, either from choice (e.g., Baby Boomers who prefer to rent smaller units) or by economic necessity. Demand for these units will be particularly high in close-in areas near Bend’s commercial and recreational amenities.
 - **Demand for a wider range of housing types by retirees.** Older households tend to move less frequently than younger households, and a large majority would like to age in place—a desire that grows stronger with age. Being near family, friends, and social organizations in walkable neighborhoods also becomes increasingly important with age. Of those that have moved recently, a third of Baby Boomers and half of the generation older than Baby Boomers have moved to smaller housing units. Those Baby Boomers who do move may be more likely than they were earlier in their lives to choose smaller homes (both smaller lots and smaller dwellings) and homes in locations with more amenities located near friends and family. These choices apply to both older households already living in Bend who choose to move and to older households who move to Bend from other communities. Interviews with members of Bend’s development community indicated that small lot, cluster, or cottage housing might be appropriate housing types to meet this need.
 - **Housing for families will be in demand.** Millennials and Hispanic households are poised to account for the largest percentages of growth in Bend over the next 20 years. Millennials will be entering the phase of life when they form families and have children. In addition, Hispanic households have larger than average household size because they live in multi-generational households and have a larger number of children on average. Growth in households with families will drive need for housing that is both affordable and has sufficient space for a family.
 - **Housing affordability will continue to be an issue.** More than one-third of Bend’s households were cost burdened in 2013.⁶⁸ This shows that a substantial proportion of Bend’s households cannot afford housing in Bend. Interviews with

⁶⁸ A household is considered “cost-burdened” if they pay 30% or more of their gross household income on housing costs. Bend’s rate of cost burden was comparable to the State average in 2013.

members of Bend's development community suggest a shortage of homes priced for first-time homebuyers. Many workers in Bend live in nearby communities because affordable housing is in short supply in Bend, and that the demand for small-lot housing with nearby amenities is increasing. The interviewees also indicate that, while there is demand for urban housing products (particularly rental apartments), the wages in Bend's service and tourism economy may not allow workers to afford rents sufficient to pay for units in newly-constructed buildings, which may inhibit further development of these types of housing. For two of the fastest growing demographics in Bend, the Millennials and Hispanic and Latino population, affordability is more likely to be a barrier to homeownership or higher-cost rental housing.

- **Location of housing will be increasingly important.** The location of housing is becoming increasingly important, with increased demand for housing in walkable neighborhoods near retail and other amenities. Where they can afford it, the Millennials generally prefer housing in walkable areas with retail and other amenities nearby, rather than housing in more suburban areas or in outlying cities. Some Baby Boomers who are downsizing are also choosing to live in similar walkable areas.
- **Design of housing and neighborhoods is important.** Well-designed multi-family and compact single-family located in a desirable neighborhood can provide opportunities for a wider range of housing options. Consumers are more likely to make the tradeoff of a smaller lot and home size when neighborhood parks, schools, and retail amenities are within walking distance. Therefore, there will be steady demand for multi-family and small-lot or attached single family housing in close-in locations proximate to Bend's downtown amenities and jobs.

Step 4 – Determine the types of housing that are likely to be affordable to the projected households based on household income

This section summarizes regional and local income, and housing cost trends. Income is a key determinant in housing choice and a household’s ability to afford housing. A review of historical income and housing price trends provides insight into the local and regional housing markets. This section presents information about changes in income, housing costs, and housing affordability, including:

- Identifying the types of housing that are likely to be affordable to the projected population based on household income.
- Organizing data gathered on household incomes by income range categories (e.g., high, medium, and low) and calculating the percent of total households that fall into each category.
- Considering local housing prices for the same timeframe as the income data, identifying the structure types financially attainable by each income.⁶⁹

Income

As of 2013, median household income in Bend was about \$48,000, compared to \$46,800 in Deschutes County and \$50,250 for Oregon. Between 1999 and 2013, income in Bend decreased by 16% in inflation adjusted dollars, consistent with state and county trends.

Table 10. Median Household Income (2013 dollars), Oregon, Deschutes County, Bend, 1999 and 2013, Inflation-adjusted

	1999	2013	Change, 1999 to 2013	% Change, 1999 to 2013
Oregon	\$57,282	\$50,251	-\$7,031	-12.3%
Deschutes County	\$58,230	\$46,791	-\$11,439	-19.6%
Bend	\$57,200	\$48,014	-\$9,186	-16.1%

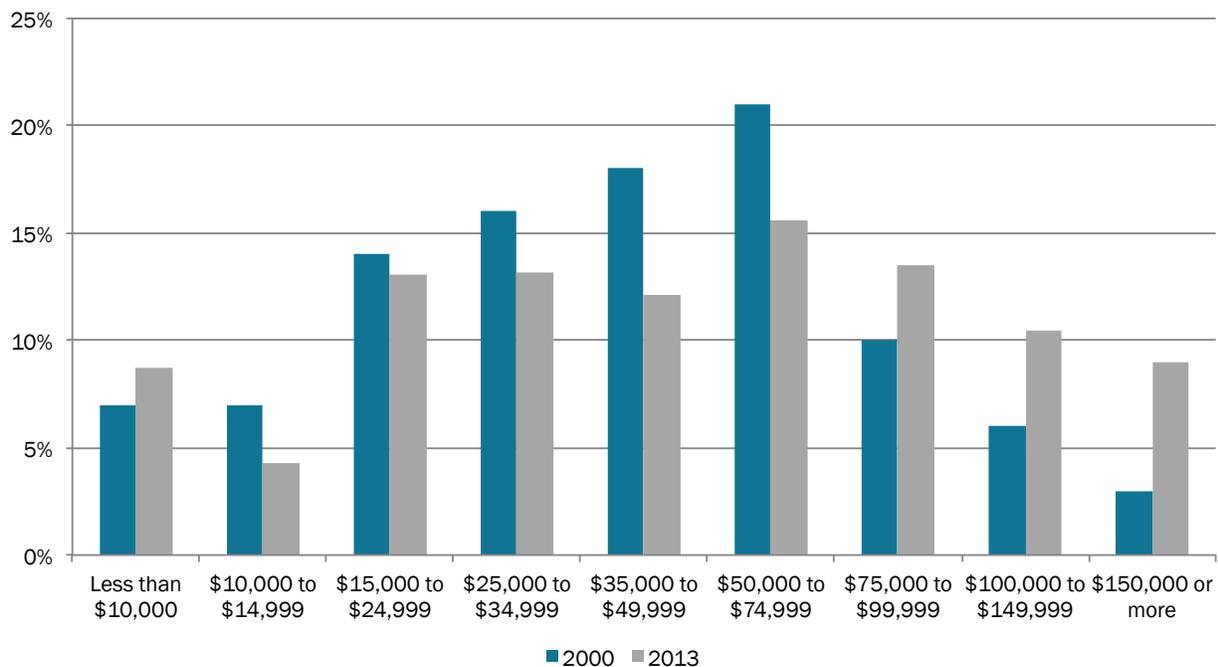
Source: 2000 Census and American Community Survey 2013 1-year Estimates

⁶⁹ Please note that the 1997 guidebook directs the reader to consider structure types and tenure, For the purpose of this analysis, LCDC concluded that the city is not required to consider tenure in this HNA because the City does not regulate housing by tenure, See LCDC’s Order pages 26-33.

Figure 20 summarizes data from the 2000 Census and 2013 ACS for household income in Bend.

- Note that, by 2000, 62% of Bend’s households had household incomes less than \$50,000. A total of 31% of households had incomes between \$50,000 and \$99,999. The remaining 9% of households had incomes of \$100,000 or more. The median household income in 2000 was \$40,857.
- In 2013, the median household income had increased to \$48,014, representing an 18% increase over 2000 levels.

Figure 20. Share of Households by Household Income (in nominal dollars), Bend, 2000 and 2013



Source: 2000 Census SF3, 2013 ACS 1-Year Estimates

Note: Household income is shown in 1999 dollars for 2000 Census data and in 2013 dollars for 2013 Census data.

Figure 21 divides Bend’s income data into one of four categories of Median Family Income (MFI): lower, lower middle, upper middle, and higher. These categories correspond to households that make less than 50%, 50% to 80%, 80% to 120%, and greater than 120% of the 2013 Deschutes County median family income (\$59,700).⁷⁰ The purpose for this organization of the data is to better estimate the types of housing that will be affordable to each group based on household income.

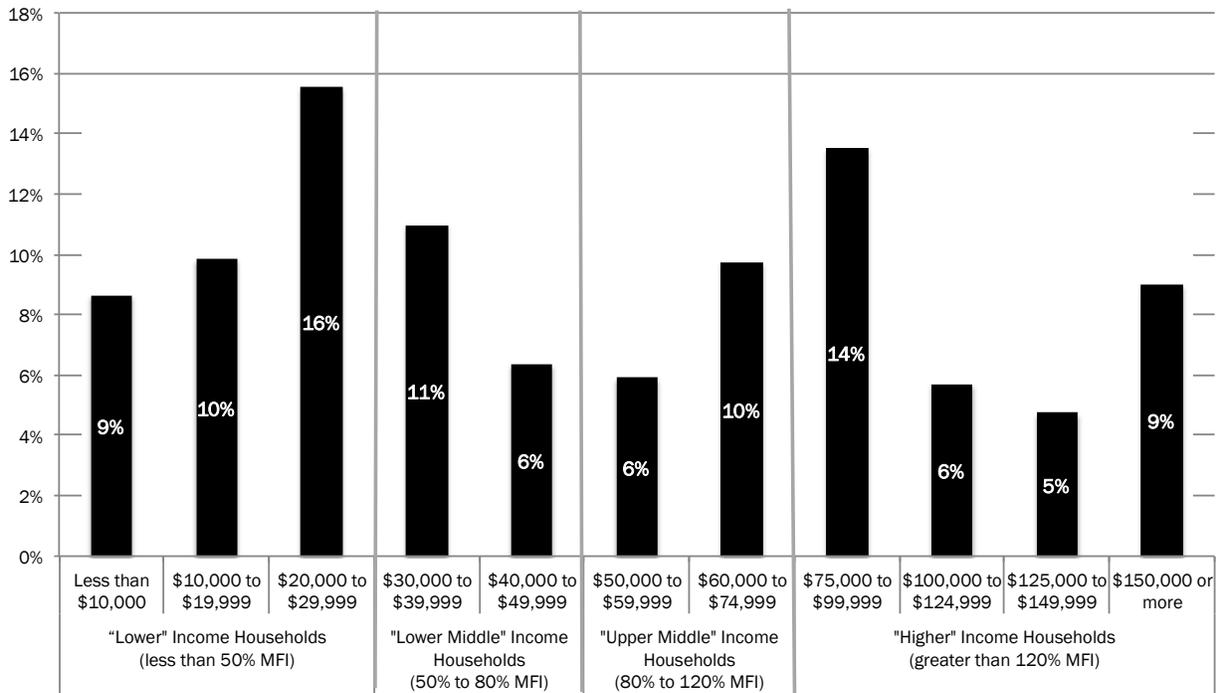
- Households in the “lower” category are those that have household incomes of less than \$29,850 (50% of MFI); these households represent 34% of all households in 2013. These households are generally considered “low-income” and may be eligible for government-subsidized housing. The types of housing that these households can afford

⁷⁰ HUD publishes Median Family Income by county each year. <http://www.huduser.org/portal/datasets/il/il13/index.html>

are generally rental housing, such as older apartments, duplexes, or manufactured housing in parks (which could be either owner- or renter-occupied).

- Households in the “lower middle” category are those that have household incomes between \$29,850 and \$47,760 (50% to 80% of MFI); these households represent 17% of all households in 2013. These households are in the lower-earnings category of “workforce housing.” While they can generally afford market-rate rents, they are more likely to be renters than homeowners. The types of housing households in this category can generally afford include smaller single-family detached houses, manufactured homes on lots or in parks, townhouses, duplexes, and apartments.
- Households in the “upper middle” category are those that have household incomes between \$47,760 and \$71,640 (80% to 120% of MFI); these households represent 16% of all households in 2013. These households are in the higher-earnings category of “workforce housing.” These households are a mixture of renters and homeowners. The types of housing households in this category can generally afford include single-family detached houses, manufactured homes on lots or in parks, townhouses, duplexes, and apartments.
- Households in the “higher” category have household incomes of \$71,640 or more (120% or more of MFI); these households represent 33% of all households in 2013. These households can afford most types of housing, with the majority of these households living in owner-occupied single-family detached housing.

Figure 21. Distribution of Households by Income Level, Bend, 2013

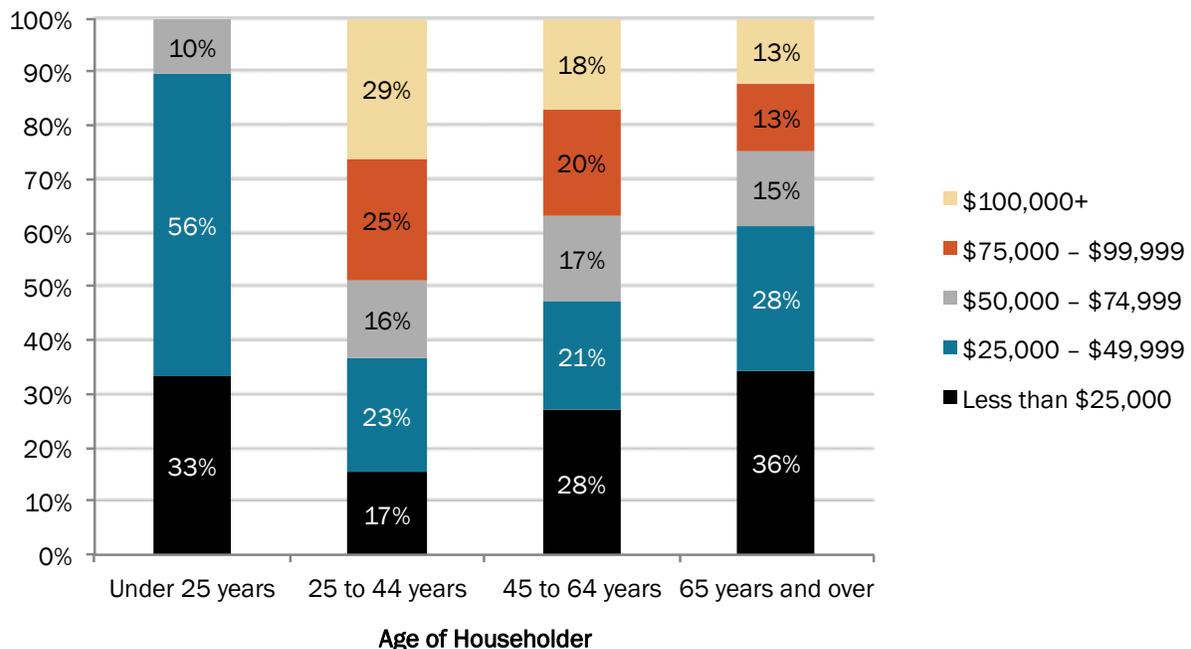


Source: 2013 American Community Survey 1-Year Estimates

Figure 22 presents data on age of householder by household income. These two variables are valuable indicators for identifying the housing choices that households make at different points in life, based on what they can afford.

- 33% of households with a householder under 25 years of age had household incomes under \$25,000; 56% of these households had incomes between \$25,000 and \$49,999.
- 69% of households with a householder between 25 and 44 years of age had incomes between \$50,000 and \$100,000 or more.
- 55% of households with a householder between 45 and 64 years of age had incomes between \$50,000 and \$100,000 or more.
- 36% of households with a householder that was 65 years of age and over had incomes less than \$25,000.

Figure 22. Distribution of Households by Household Income and Age of Householder, Bend, 2013

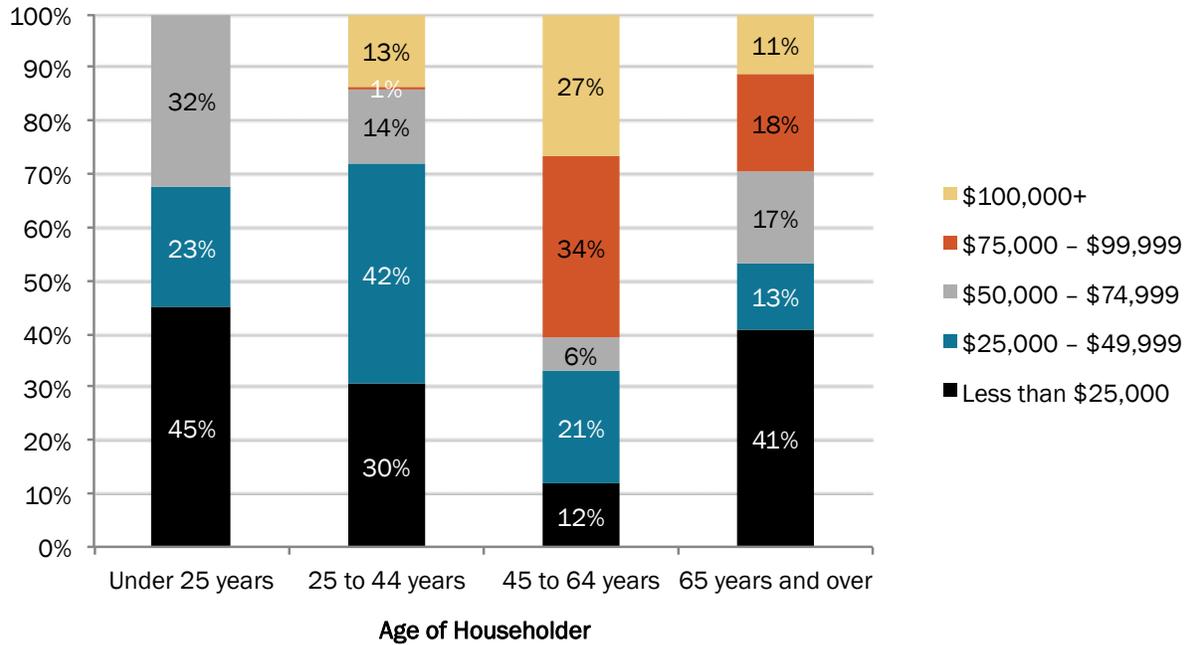


Source: 2013 American Community Survey 1-Year Estimates

Figure 23 shows this same information for Hispanic households in 2009 through 2013.

- 45% of households with a householder under 25 and 41% of households with a householder 65 years of age or older had incomes of less than \$25,000.
- Households with householders between the age of 45 and 65 had the greatest share of incomes over \$75,000 (61%).

Figure 23. Distribution of Hispanic Households by Household Income and Age of Householder, Bend, 2009-2013

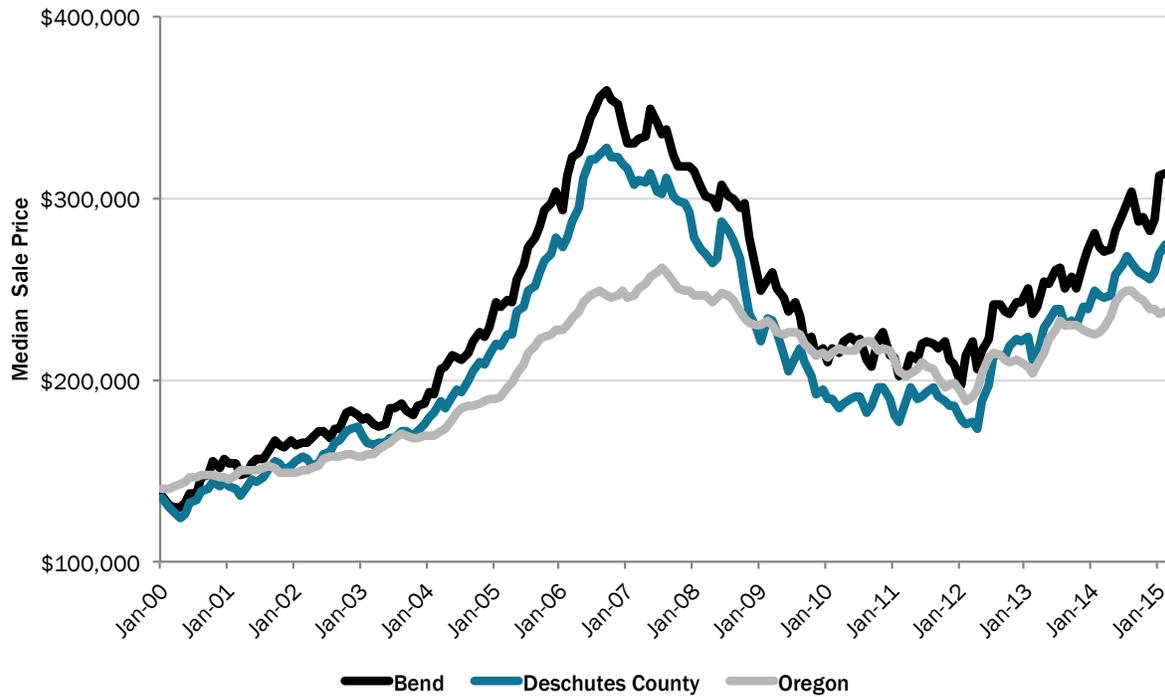


Source: 2013 American Community Survey 5-Year Estimates

Housing values

Figure 24 shows the median sales price in Oregon, Deschutes County, and Bend between 2000 and February 2015. As of February 2015, median sales prices in Bend were \$314,000, higher than in Deschutes County (\$274,400) and Oregon (\$238,250).

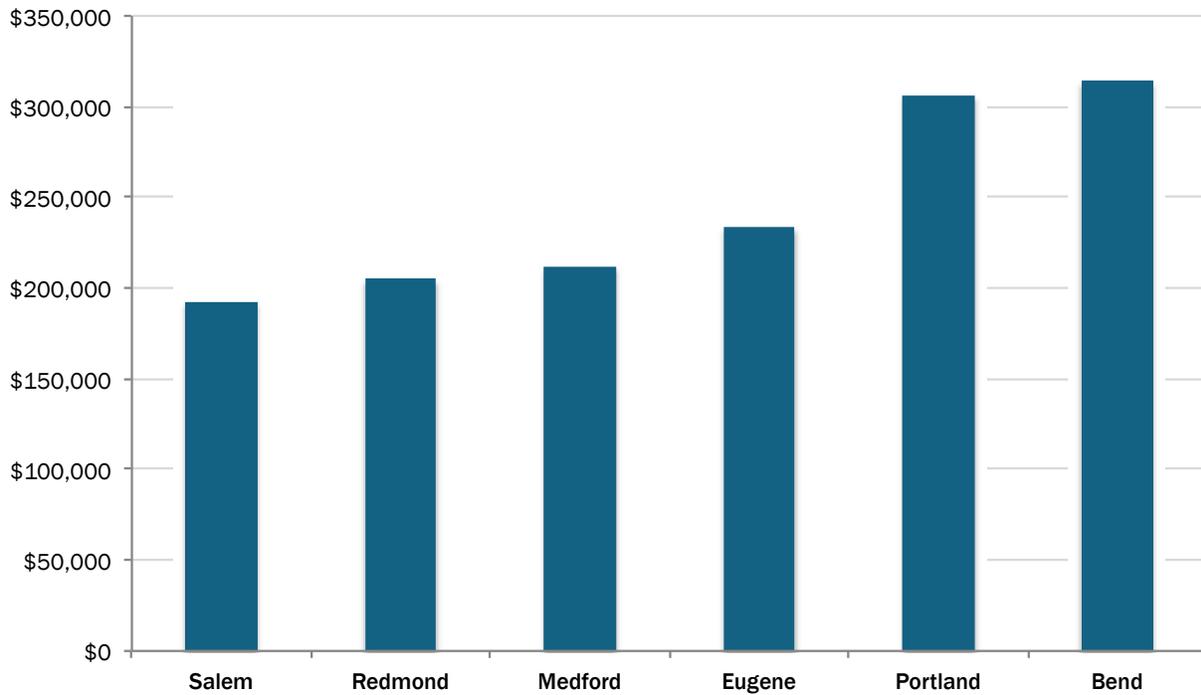
Figure 24. Median Sales Price, Oregon, Deschutes County, Bend, Jan 2000 through Feb 2015



Source: Zillow Real Estate Research

Figure 25 shows median home sales prices for Bend and regional cities in February 2015. In that month, median home sale prices in Bend were about \$314,000, above sales prices in Oregon’s largest cities, like Eugene, Salem, and Portland, and other central and southern Oregon communities, such as Redmond, and Medford. Between February 2015 and April 2016, median home sales prices in Bend increased an additional 8% (\$24,600) to a median of \$347,975.

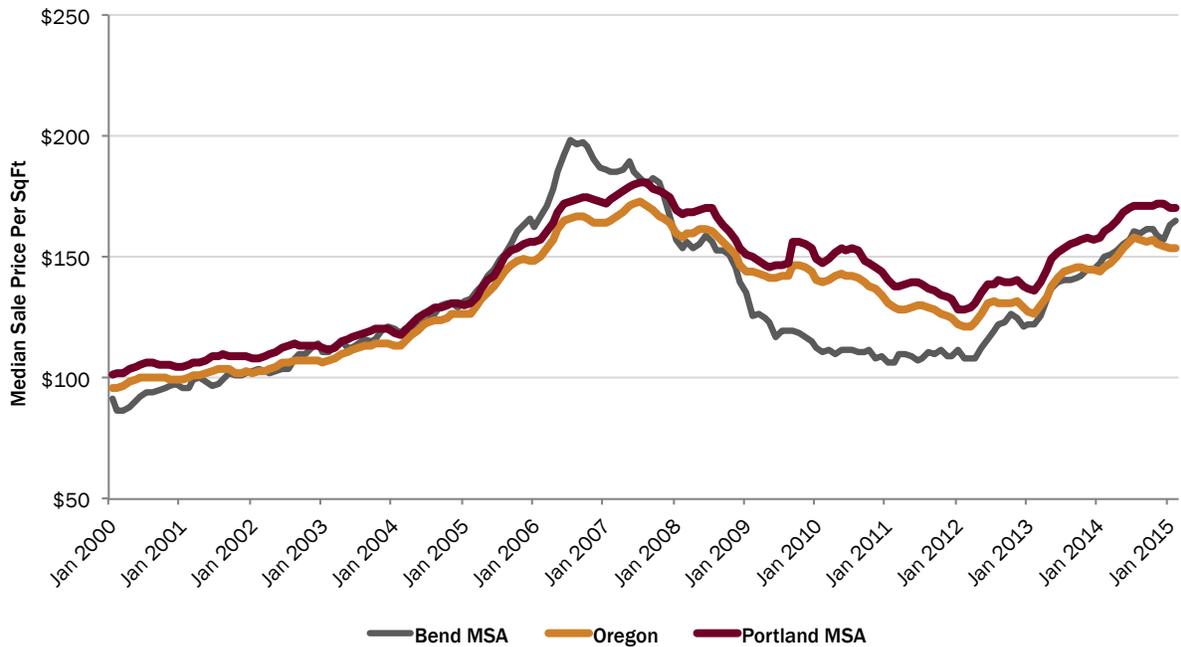
Figure 25. Median Home Sales Price, Bend, Portland, Eugene, Medford, Redmond, Salem, February 2015



Source: Zillow Real Estate Research.

Figure 26 shows median home sales price per square foot for Oregon, Portland MSA, and Bend MSA from January 2000 through February 2015. Prices per square foot rose in Bend from \$91 per square foot in January 2000 to \$199 in July 2006. Prices fell after 2007 and rose again starting in 2012. In February 2015, the median price per square foot in Bend was about \$165 dollars, comparable to the price in the Portland Region (about \$170) and above that of the state as a whole (\$154 per square foot).

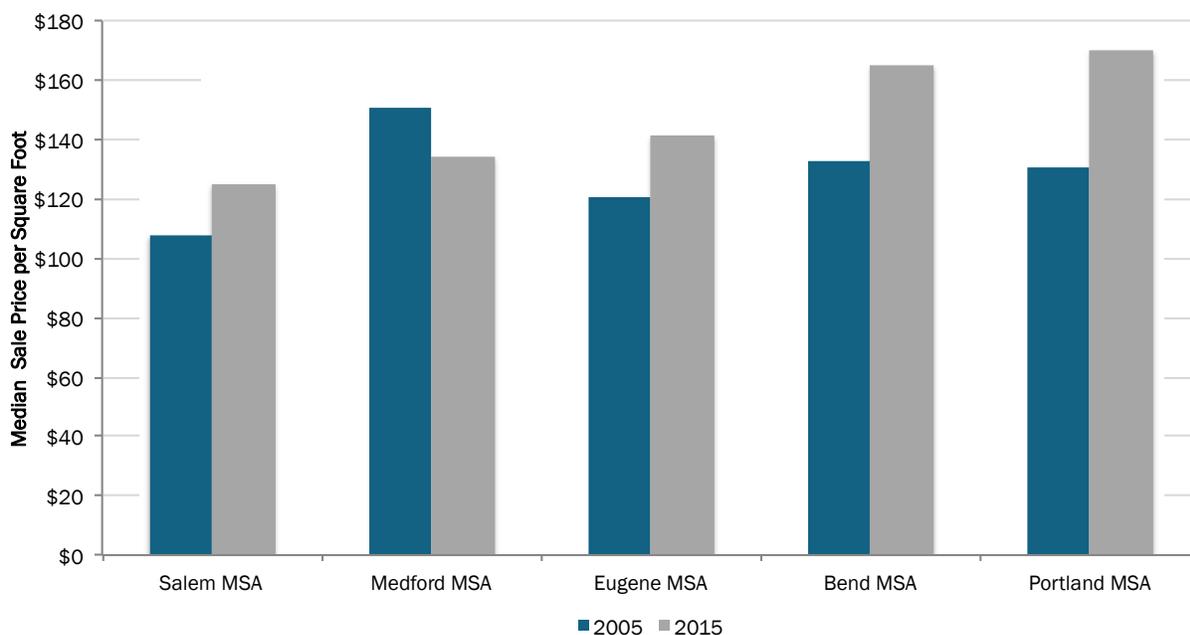
Figure 26. Median Sales Price per Square Foot, Bend, Oregon, and Portland, Jan 2000 - Feb 2015



Source: Zillow Real Estate Research
MSA is metropolitan statistical area. The Bend MSA is Deschutes County.

Figure 27 shows median home sales price per square foot for the Bend MSA and other large urban areas in Oregon in February 2005 and February 2015. Of the area sampled, Bend had the second-highest price per square foot, at \$165 per square foot. Bend also saw the second highest growth in price per square foot (\$32), with Portland just ahead at an increase of \$39 per square foot and Eugene just behind at an increase of \$21 per square foot.

Figure 27. Median Sales Price Per Square Foot, Salem, Medford, Eugene, Bend, Portland, Feb 2005 and Feb 2015



Source: Zillow Real Estate Research.
MSA is metropolitan statistical area.

Table 11 shows median household income and owner value (the estimated value of owner-occupied housing) in Bend between 1999 and 2013. During this period, housing costs increased faster than incomes, with an 18% increase observed in median household income, compared to an 81% increase in median owner value. Results show that the median owner value was 3.4 times the median household income in 1999—a figure that had increased to 5.2 by 2013.

Table 11. Comparison of Household Income and Housing Value Trends, Bend, 1999 to 2013

Indicator	1999	2013	% Change 1999 to 2013
Median Household Income	\$40,857	\$48,014	18%
Median Owner Value	\$138,100	\$250,300	81%
Ratio of Housing Value to Income	3.4	5.2	

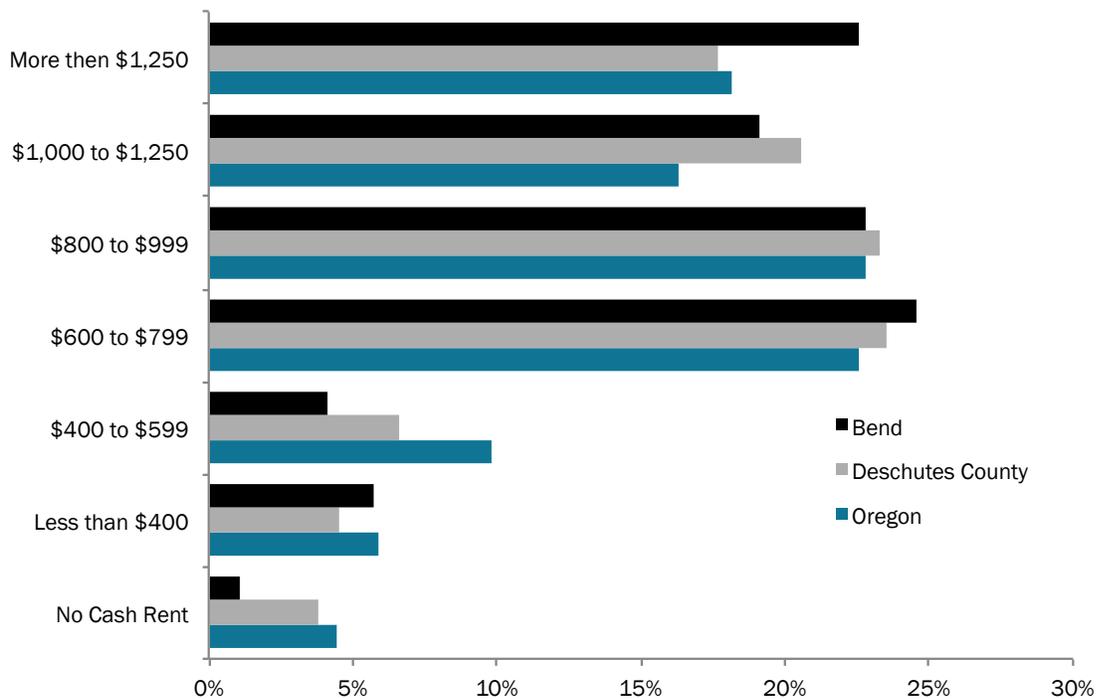
Source: 2000 Census SF3, 2013 ACS 1-Year Estimates

Housing rental costs

Figure 28 shows gross rent for renter-occupied units in Oregon, Deschutes County, and Bend, for 2011-2013.

- Almost 23% of all renter occupied dwellings in Bend had gross rent of more than \$1,250, compared to roughly 18% of county and state renter occupied dwellings.
- About 10% of renter occupied dwellings in Bend had gross rent of less the \$600, compared to 11% for Deschutes County and 15% for Oregon.

Figure 28. Gross Rent for Renter-Occupied Units, Oregon, Deschutes County, and Bend, 2011-13



Source: 2013 American Community Survey 3-Year Estimates

Table 10 shows median gross rent for Oregon, Deschutes County, and Bend from 2000 to 2013, adjusted for inflation. Rent increased in Bend by 6%, comparable to increases in Deschutes County, and the state. Over roughly the same period, median household income fell by 16% in Bend (See Table 11), showing that the cost of rent grew faster than incomes.

Table 12. Median Gross Rent, Oregon, Deschutes County, Bend, 2000 and 2013, Inflation-adjusted

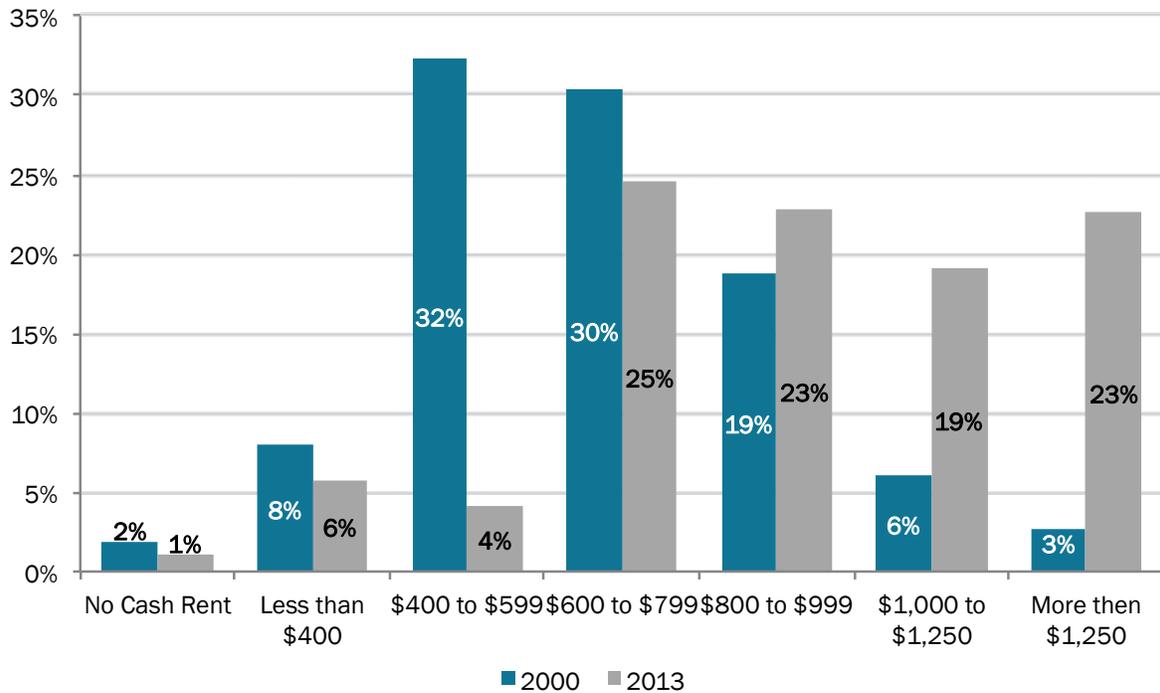
	2000	2013	Change, 2000 to 2013	% Change, 2000 to 2013
Oregon	\$837	\$877	\$40	4.8%
Deschutes County	\$869	\$918	\$49	5.6%
Bend	\$876	\$928	\$52	5.9%

Source: 2000 Census American Community Survey 2013 1-year Estimates

Figure 29 describes changes in gross rent in Bend in between 2000 and 2013. Units with gross rent of \$1,000 or more accounted for 84% of the growth in units available to rent between 2000 and 2013.

- The number of rental units that cost \$499 or less decreased between 2000 and 2013.
- Conversely, the proportion of units available for rent for \$600 or more increased between 2000 and 2013. By 2007, units renting for \$600 or more represented 89% of the units rented.

Figure 29. Gross Rent in Bend, 2000 and 2013



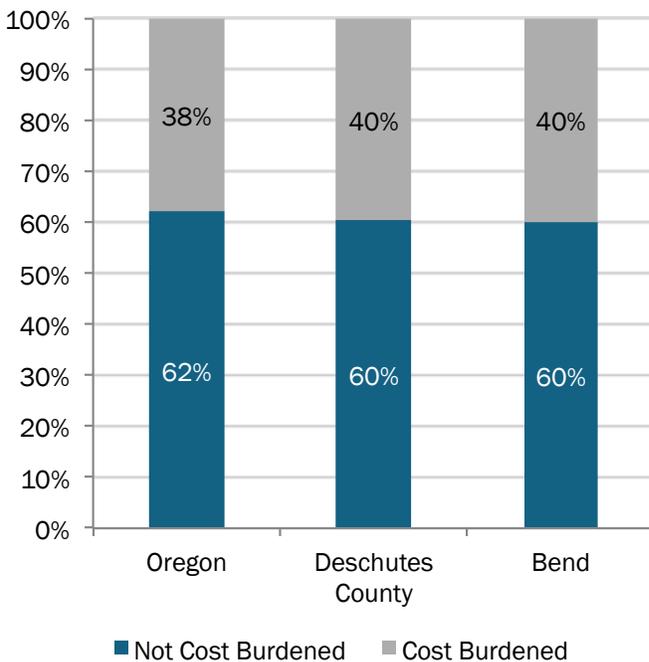
Note: The number of units included in this table includes all types of units available for rent in Bend in 2000 and 2013.
 Source: 2000 Census SF3, 2013 American Community Survey 1-Year Estimates

Housing Affordability

As noted previously, a widely used standard for determining housing affordability is that a household should pay no more than a certain percentage of household income for housing (including payments, interest, rent, utilities, and insurance). HUD guidelines place this percentage at 30%, indicating that households paying more than 30% of their income on housing experience “cost burden”. Households paying more than 50% of their income on housing, meanwhile, experience “severe cost burden.”

Figure 30 shows the share of households that were cost burdened in 2013 in Oregon, Deschutes County, and Bend. In Deschutes County as a whole, roughly the same percentage of all households – 40% – were cost burdened in 2013, with about 54% of renter households and 31% of owners experiencing cost burden. For comparison, 38% of Oregon’s households were cost burdened in 2013, corresponding to 50% of renter households and 29% of owner households.

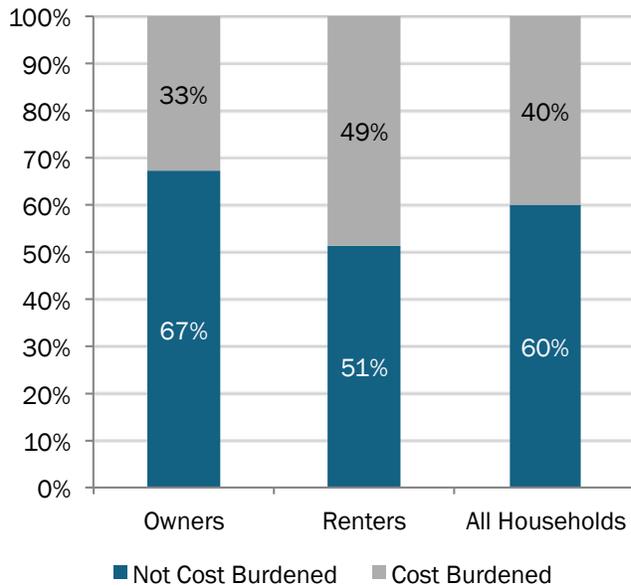
Figure 30. Cost Burdened, Oregon, Deschutes County, Bend, 2013



Source: American Community Survey 2013 1-year Estimates

Figure 31 shows the share of Bend households by tenure that were cost burdened in 2013. According to the U.S. Census, approximately 12,119 households in Bend—40% of all households—paid more than 30% of their income for housing expenses in 2013. About 49% of renter households in Bend were cost burdened, compared with 33% of owner households. In 2000, 42% of renter households and 26% of owner households in Bend were cost burdened.

Figure 31. Cost Burden by Tenure, Bend, 2013



Source: 2013 American Community Survey 1-Year Estimates

Cost burden is only one indicator of housing affordability. Another way of exploring the issue of financial need is through analysis of wages relative to housing affordability. Table 13 shows an illustration of the affordable housing wage and rent gap for households in Bend at several different percentages of median family income (MFI).

Table 13 uses HUD's estimate of fair market rent for a two-bedroom dwelling in Deschutes County. Fair market rent is estimated as the 40th percentile of gross rents for typical, non-substandard rental units occupied by recent movers in a local housing market. Incomes are based on household income for all wage-earners in the household.

Table 13 shows that a typical family of four must earn \$15.44 an hour to be able to afford a two-bedroom unit. While Table 13 illustrates housing affordability as one wage, the income necessary to afford a two-bedroom unit (i.e., \$15.44 per hour or about \$32,000 per year) could be earned by any number and combination of workers in the household (i.e., a full-time worker earning \$9.50 per hour and a part-time worker earning minimum wage).

Table 13. Affordable Housing Wage and Rent Gap for Households based on Household Income, Bend, 2013

Value	Minimum Wage	30% MFI	50% MFI	80% MFI	100% MFI	120% MFI
Annual Hours	2088	2088	2088	2088	2088	2088
Derived Hourly Wage	\$8.95	\$8.58	\$14.30	\$22.87	\$28.59	\$34.31
Annual Wage At Minimum Wage	\$18,688	\$17,910	\$29,850	\$47,760	\$59,700	\$71,640
Annual Affordable Rent	\$5,606	\$5,373	\$8,955	\$14,328	\$17,910	\$21,492
Monthly Affordable Rent	\$467	\$448	\$746	\$1,194	\$1,493	\$1,791
HUD Fair Market Rent (2 Bedroom)	\$803	\$803	\$803	\$803	\$803	\$803
Is HUD Fair Market Rent Higher Than The Monthly Affordable Rent?	Yes	Yes	Yes	No	No	No
Rent Paid Monthly OVER 30% of Income	\$336	\$355	\$57	na	na	na
Rent Paid Annually OVER 30% of Income	\$4,030	\$4,263	\$681	na	na	na
Percentage of Income Paid OVER 30% of Income for Rent	22%	24%	2%	na	na	na
Total Spent on Housing	52%	54%	32%	20%	16%	13%
For this area what would the "Affordable Housing Wage" be?	\$15.38	\$15.38	\$15.38	\$15.38	\$15.38	\$15.38
The Affordable Housing Wage Gap IS:	\$6.43	\$6.81	\$1.09	na	na	na

Source: US Department of Housing and Urban Development 2013 Fair Market Rents , HUD 2013 MFI
 HUD sets fair market rents based on an of market rent costs within a county, based on gross rent.

The values in Table 13 are:

Annual hours are the number of hours per year worked at a year-round, 40-hour per week job.

Derived hourly wage is the average annual wage divided by 2,080. For a household earning 80% of MFI, the hourly wage is \$22.96.

Annual wage is the average wage made per year. For example, a household earning 80% of MFI has an annual wage of \$47,760 (80% of \$59,700 (Median Family Income)).

Annual affordable rent is 30% of the annual wage. For a household earning 80% of MFI, this is \$14,328 (30% times \$47,760).

Monthly affordable rent is the annual affordable rent divided by 12 months.

HUD Fair Market Rent (2 Bedrooms) is the fair market rent in Deschutes County in 2013.

Is HUD Fair Market Rent Higher Than The Monthly Affordable Rent? says whether the fair market rent is greater than the monthly affordable rent.

Rent Paid Monthly OVER 30% of Income is the difference between fair market rent and monthly affordable rent, if fair market rent is greater than monthly affordable rent.

Rent Paid Annually OVER 30% of Income is rent paid monthly over 30% of income multiplied by 12 months.

Percentage of Income Paid OVER 30% of Income for Rent is the annual percentage of the household's rent paid over the amount of rent that is affordable (30% of gross income).

Total Spent on Housing is the percentage of income spent on fair market rent per year.

For this area what would the "Affordable Housing Wage" be? is the wage that a household has to earn to afford a two-bedroom dwelling at fair market rent. This is the same amount for all households, regardless of income.

The Affordable Housing Wage Gap IS: is the difference between the derived hourly wage and the Affordable Housing Wage.

Table 14 shows a rough estimate of affordable housing cost and units by income levels for Bend in 2013 based on Census data about household income, the value of owner occupied housing, and rental costs in the city. The table shows the number and percentage of households in each income level in Bend (e.g., Bend has about 2,631 households (9% of households) with income less than \$10,000) based on Census data about income. The table shows the affordable monthly housing costs and affordable housing price, using HUD's standards for affordability. The Table shows the estimated number of owner and renter units in Bend based on Census data about the housing costs of people in Bend. The column "surplus (deficit)" subtracts the estimated number of owner and renter units from the number of households, showing whether Bend has enough housing to meet demand at each income level.

The data indicate that, in 2013:

- About one-fifth of Bend's households could not afford a studio apartment according to HUD's estimate of \$557 as fair market rent;
- Almost 40% of households in Bend could not afford a two-bedroom apartment at HUD's fair market rent level of \$803;
- A household earning median family income (\$59,700) could afford a home valued up to around \$149,250.

Based on the data presented in Table 14, in 2013 Bend had a deficit of approximately 5,243 affordable housing units for households that earn less than \$25,000 annually (26% of households in the city earn this amount or less).⁷¹

Table 14. Affordable Housing Costs and Units by Income Level, Bend, 2011-2013

Income Level	Number of HH	Percent	Affordable Monthly Housing Cost	Crude Estimate of Affordable Purchase Owner-Occupied Unit	Est. Number of Owner Units	Est. Number of Renter Units	Surplus (Deficit)	HUD Fair Market Rent (FMR) in 2013
Less than \$10,000	2,631	9%	\$0 to \$250	\$0 to \$25,000	509	360	(1,763)	
\$10,000 to \$14,999	1,299	4%	\$250 to \$375	\$25,000 to \$37,000	254	364	(681)	
\$15,000 to \$24,999	3,996	13%	\$375 to \$625	\$37,500 to \$62,500	176	1,021	(2,800)	Studio: \$557
\$25,000 to \$34,999	4,028	13%	\$625 to \$875	\$62,500 to \$87,500	226	4,262	460	1 bdrm: \$645 2 bdrm: \$803
\$35,000 to \$49,999	3,676	12%	\$875 to \$1,250	\$87,500 to \$125,000	959	4,556	1,839	3 bdrm: \$1,147
\$50,000 to \$74,999	4,753	16%	\$1,250 to \$1,875	\$125,000 to \$187,500	4,004	2,015	1,265	4 bdrm: \$1,373
Deschutes County 2013 MFI: \$59,700			\$1,493	\$149,250				
\$75,000 to \$99,999	4,107	14%	\$1,875 to \$2,450	\$187,500 to \$245,000	2,434	904	(769)	
\$100,000 to \$149,999	3,181	10%	\$2,450 to \$3,750	\$245,000 to \$375,000	4,289	154	1,262	
\$150,000 or more	2,742	9%	More than \$3,750	More than \$375,000	3,877	51	1,186	
Total	30,413	100%			16,727	13,686	0	

Source: American Community Survey 2013 3-year Estimates, HUD 2013 Fair Market Rents, HUD 2013 MFI

⁷¹ The Surplus or deficit in Table 14 is calculated by subtracting the estimated number of owner units and renter units from the number of households in the income category. For example, for households with an income of \$10,000 to \$14,999, the math is 1,299 households minus 254 owner units minus 364 renter units equals a deficit of 681 units.

Based on the forgoing analysis of household and economic trends, the City concludes that the following types of housing will be those types that are needed and financially attainable by each income group listed above in Table 13 and Table 14.

Table 15 shows the type of housing that is attainable at different household income categories (relative to the 2013 Deschutes County MFI), and the distribution of these households in Bend in 2013. The analysis in Table 14 and Table 15 show that Bend has unmet demand for lower-cost housing types, such as multifamily housing.

Table 15. Housing Attainability, Bend, 2013

Market Segment by Income	Income Range	Number of households	Percent of Households	Financially Attainable Products		
				Owner-occupied	Renter-occupied	
High (120% or more of MFI)	\$71,640 or more	10,622	35%	All housing types; higher prices	All housing types; higher prices	
Upper Middle (80%-120% of MFI)	\$71,640 to \$47,760	4,618	15%	All housing types; lower values	All housing types; lower values	Primarily New Housing
Lower Middle (50%-80% of MFI)	\$47,760 to \$29,850	4,817	16%	Manufactured on lots; single-family attached; duplexes	Single-family attached; detached; manufactured on lots; apartments	Primarily Existing Housing
Lower (30%-50% of less of MFI)	\$29,850 to \$17,910	5,068	17%	Manufactured in parks	Apartments; manufactured in parks; duplexes	
Very Low (Less than 30% of MFI)	Less than \$17,910	5,288	17%	None	Apartments; new and used government assisted housing	

Source: American Community Survey 2013 1-year Estimates

Manufactured homes

Manufactured homes are and will be an important source of affordable housing in Bend. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Owners of manufactured homes in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of an owner of a manufactured home to relocate the home to escape rent increases. Living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Table 16 presents the inventory of mobile and manufactured home parks within Bend in 2015. The results show that there are 12 manufactured home parks with 1,348 spaces and 27 vacant spaces in or adjacent to Bend. Table 16 shows that two manufactured home parks are in commercial zones and none are in industrial or high-density residential zones (although two parks are in a medium density zone).

In response to dwindling numbers of affordable mobile home units, City Council has adopted a program to promote re-zoning of closed manufactured home parks to higher-density zoning to provide an incentive for park owners to replace those units with affordable rental housing.⁷²

Table 16. Inventory of Mobile/Manufactured Home Parks, City of Bend, 2014

Name	Location	Park Type	Total Spaces	Vacant Spaces	Zone
Bend Trailer Park	335 SE Roosevelt	Family	7	0	Commercial Limited
Cascade Village - Bend	63700 Cascade Village Dr	55+	89	0	Residential Standard Density
Country Sunse	61445 SE 27th St	Family	148	0	Residential Low Density
Fox Hills Mobile Home Court	61058 Alopex Ln	Family	62	5	Residential Standard Density
Golfside Park	61055 Parrell Rd	Family	94	0	Residential Standard Density
Parrell/Sisters Mobile Home Park	61310 & 61292 Parrell Road	Family	87	6	Residential Standard Density
Rock Arbor Villa Mobile Home Park	2200 NE Hwy 20	55+	77	0	General Commercial
Romaine Village Country Estates	19940 Mahogany St	Family	177	5	Residential Low Density
Snowberry Village	1188 NE 27th	55+	132	0	Residential Standard Density
Suntree Village Mobile Home Park	1001 SE 15th St	55+	214	0	Residential Medium Density
The Pines	61000 Brosterhous Rd	Family	191	11	Residential Standard Density
West Side Pines Cooperative	141 SW 15th St	Family	71	0	Residential Medium Density
Total			1,349	27	

Source: Oregon Manufactured Dwelling Park Directory; <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

Note: Several of these mobile/manufactured home parks are located on Bend's periphery, outside of the city and UGB.

⁷² The manufactured home park density bonus program is part of the Manufactured Home Park Redevelopment Overlay in Bend Development Code 2.7.900. Bend's General Plan includes a policy (number 3) that says "Density bonuses may be considered as an incentive to providing affordable housing."

Summary of Key Findings about Housing Affordability

The analysis of housing affordability shows the following trends that will result in increased need for a broader range of housing in Bend:

- **Housing sales prices for owner-occupied units grew substantially faster than incomes over the 2000 to 2013 period.** Since 2000, household income increased by 18% (\$7,200 per year) and median sales price increased by 110% (\$151,600). Between February 2015 and April 2016, median home sales prices in Bend increased an additional 8% (\$24,600). The median owner value increased from 3.4 times the median household income in 1999 to 5.2 by 2013. Cost burden for owners increased from 26% of owner-occupied households being cost burdened in 2000 to 33% of owners in 2013.

The decreases in housing affordability for homeowners shows an increased need for less costly smaller single-family detached housing, both smaller lots and smaller units, such as cottages or cluster housing, and for townhouses. Demand for owner-occupied multifamily housing, such as garden apartments or urban condominiums, may increase, especially in walkable areas with access to services. These types of more affordable owner-occupied units are the types likely to be preferred by some downsizing Baby Boomers and Millennials, especially as the first houses for Millennials.

- **Bend has a substantial level of demand for rental housing affordable to low- and moderate-income households.** The share of renter households paying \$1,000 or more in rent per month increased from 9% of households in 2000 to 42% in 2013. Cost burden for renters increased from 42% in 2000 to 49% of owners in 2013.

The increase in rent costs, combined with expected growth of households who will need affordable rental housing, such as young Millennials and some Hispanic and Latino households, suggest that Bend will have increased need for affordable types of housing such as townhouses, duplexes, garden apartments, urban apartments, and other multifamily housing types.

Step 5 – Estimate the number of additional needed units by structure type and Step 6 – Determine the needed density ranges for each plan designation and the average needed net density for all structure types

This section summarizes the most important facts and conclusions presented in previous sections, focusing on the specific requirements of ORS 197.296. Cities are required to determine the average density and mix of *needed* housing over the 20-year planning period (ORS 197.296(5)). The statute requires the determination of the Housing Needs Projection (e.g., needed density and mix) consider the following factors that may affect future housing need:

- A. The number, density and average mix of housing types of urban residential development that have actually occurred;
- B. Trends in density and average mix of housing types of urban residential development;
- C. Demographic and population trends;
- D. Economic trends and cycles; and
- E. The number, density and average mix of housing types that have occurred on the buildable lands.

Thus, the HNA must consider a range of factors, and they do not lend themselves to an empirical formula. The data and analysis are intended to inform the community's discussion of what types of housing will be needed. The remainder of this section presents the estimate of additional needed units by structure type and the rationale for the estimate.

The needed housing density and mix for the 2008 to 2028 period in Bend is different than actual housing density and mix, based on the following factors:

Housing mix (ORS 197.296(5)(A) and (E)). The most common type of housing developed in Bend was single-family housing types.

- While the mix of housing types in Bend has varied over time, single-family detached housing has historically accounted for the majority of housing in Bend. In 2013, about 71% of Bend's total housing stock was single-family detached, 4% was single-family attached, and 25% was multifamily.
- Bend permitted an average of about 1,200 units per year between 1999 and 2014, 78% of which were single-family detached units.
- Fifty-five percent of housing in Bend was owner-occupied in 2013, a changed from 63% in 2000 and 54% in 1990.

Housing Density (ORS 197.296(5)(A), (B) and (E)). The average density of single-family housing was 4.7 dwelling units per net acre and for multi-family housing was 15.8 dwelling units per acre over the 1998 to 2008 period.⁷³

- The average density for residential development in Bend was 5.7 dwelling units per net acre during the 1998 to 2008 period, compared to an average for Bend's housing stock before 1998 of 3.7 dwelling units per net acre.
- The average density by zone during the 1998 to 2008 period was: 2.1 dwelling units per net acre (du/net acre) in RL, 4.9 du/net acre in RS, 13.4 du/net acre in RM, and 16.9 du/net acre in RH.
- The average density for single-family detached housing developed over the 1998 to 2008 period was 4.7 du/net acre and 5.1 du/net acre for manufactured homes on lots.
- The average density for single-family attached housing developed over the 1998 to 2008 period was 9.5 du/net acre and 16.0 du/net acre for manufactured homes on lots.

Regional Growth (ORS 197.296(5)(C)). Bend's existing mix of housing is a result of a range of historical factors, related to both local and regional growth.

- The City grew rapidly from a small city in 1990 to a city of more than 78,000 people by 2013. The largest source of pressure for housing over this period was the Baby Boomers (especially younger Baby Boomers), who needed housing to accommodate children.
- Between 1990 and 20013, Bend's growth accounted for two-thirds of population growth in Deschutes County. Population and economic growth in Bend drives regional growth in Deschutes County and Central Oregon.
- The predominant type of housing built in many of Oregon's communities during the 1990's and early 2000's was single-family housing. In particular, single-family housing types dominated residential development during the high growth "boom" period from 2004 to 2007.⁷⁴
- Between 1990 and 2013, about 85% of Deschutes County's population growth was from positive net migration (in-migration exceeded out migration) from other parts of Oregon or from outside of Oregon. Interviews with real estate professionals suggest Bend attracts in-migrants who have sufficient capital and income to afford higher-cost housing in Bend. In addition, Bend is attracting Millennials, many of whom prefer to live in an area with easy access to outdoor recreation.
- Bend annexed more than 17,000 people between 1990 and 1999. The majority of areas annexed were developed with relatively low-density single-family housing. All of Bend's population growth since 2000 has been due to natural increase (# births > # deaths) and positive net migration.

⁷³ The analysis about historical housing density used the density analysis from the 2008 housing needs analysis, for the 1998 to 2008 period, because the majority of residential development took place over that period and the majority of new housing developed between 2009 and 2013 was single-family detached. There was no reason to expect that development densities over the 2009 to 2013 period would have been substantially different from the 1998 to 2008 period, given the fact that Bend's development policies did not change over that period.

⁷⁴ This statement is based on ECONorthwest's experience developing housing needs analysis since 2007 for cities across Oregon, such as Salem, Eugene, Madras, Newport, Harrisburg, as well as other cities.

Economic Trends (ORS 197.296(5)(D). The economy in Bend grew over the last two decades. A separate analysis of economic opportunities shows that employment in Bend will continue to grow over the 20-year period.

- Between 2001 and 2013, Deschutes County added nearly 10,800 jobs. The majority of new jobs were in commercial sectors, such as health care and professional services, accommodations and food services, and administrative support.
- The per capita income (accounting for inflation), in Deschutes County increased by about 20% (\$7,100 in 2014 dollars) between 1990 and 2013.
- Between 2008 and 2028, Bend is forecast to add 22,891 jobs, mostly in office and service sectors. While the economy and the housing market recently experienced a severe downturn in growth, Bend can expect to experience one to two complete economic cycles (from faster growth to little or no growth) over the planning period.

Demographic trends (ORS 197.296(5)(C). The population is aging and household sizes are generally decreasing within the region, with small increase in the share of single-person households.

- Future housing demand will be driven by in-migration, changes in age-demographics, and changes in household composition, with an increase in single-person households. New households and existing households are likely to undergo similar changes in age-demographics.
- Baby Boomers are the fastest growing segment of Deschutes County's population. People over 65 years old are projected to grow from 13% of the County's population in 2000 to 24% in 2030. These households will make a variety of housing choices. The major impact of the aging of the Baby-Boomers on demand for new housing will be through demand for housing types specific to seniors, such as assisted living facilities.

In 2013, about 36% of householders over 65 years old in Bend had incomes of \$25,000 or below. While people over 65 years old may have financial reserves (beyond income) or may own their home outright, the large share of households with incomes below \$25,000 suggest that many older households will need access housing costing about \$600 per month or less. About 28% of householders over 65 years old had incomes between \$25,000 to \$50,000 (near or below the median family income), suggesting that this group will need access to housing costing between \$600 and \$1,200 per month.

Implications for Housing Product Types. Baby Boomers will make a range of housing choices as they age, from continuing to remain in their homes as long as possible, to downsizing to smaller dwellings, to moving into group housing (e.g., assisted living facilities or nursing homes) as their health fails. The aging of the Baby Boomers will increase need for: small single-family dwellings, cottages, accessory dwelling units, townhomes, apartments, and condominiums. Baby Boomers who move are likely to choose housing in areas with nearby shopping, health care and other services, such as neighborhoods with integrated services or in downtown Bend.

- Millennials are the second fastest growing segment of Deschutes County population. People aged 25 to 49 years old are projected grow by nearly 27,500 people between 2000 and 2030, an increase of 64%. This will result in between 2,200 to 2,600 more households in Bend with a head of household who is between 30 and 45 years old.

In 2013, about 17% of householders 25 to 45 years old in Bend had incomes of \$25,000 or below and could afford \$600 in housing costs per month. About 23% of householders in this age grouping had incomes between \$25,000 to \$50,000 (near or below the median family income), and could afford housing costing between \$600 and \$1,200 per month. About 16% of households in this age group had incomes of \$50,000 to \$75,000 and could afford monthly housing costs of about \$1,200 to \$1,900, which is the range when homeownership begins to be financially feasible in Bend. As Millennials age, the amount that they can afford to spend on housing may be lower than people in this age range in 2013 because of increases in debt, as discussed in the prior section about demographic characteristics and trends affecting housing demand in Bend.

Implications for Housing Product Types. Growth in Millennials will increase need for affordable housing for renters and homeowners such as: small single-family dwellings, cottages, accessory dwelling units, duplexes, townhomes, garden apartments, and apartments. The size of dwelling units will vary depending on household size, from single-person households to households with children. Millennials who move are likely to choose housing in areas closer to services and activities, such as downtown Bend and nearby neighborhoods, as discussed previously.

- Hispanic and Latino population grew by more than 200% in Bend between 2000 and 2013, growing from about 2,400 people to about 8,400 people. The U.S. Census projects that Hispanic and Latino population will grow from about 16% of the nation's population in 2010 to 22% of the population in 2030, with growth fastest in the western U.S., as discussed in the prior section about demographic characteristics and trends affecting housing demand in Bend. This will result in between 2,000 to 3,000 new households in Bend with a Hispanic or Latino head of household.

In the previous period from 2009 to 2013, 28% of Hispanic and Latino households in Bend had incomes of \$25,000 or below and could afford rents of \$600 or less. About 30% of Hispanic and Latino households had incomes between \$25,000 and \$50,000, (near or below the median family income), and could afford housing costing between \$600 and \$1,200 per month. About 15% of Hispanic and Latino households had incomes of \$50,000 to \$75,000 and could afford monthly housing costs of about \$1,200 to \$1,900, which is within the range of when homeownership begins to be financially feasible in Bend.

Implications for Housing Product Types. Hispanic and Latino households will need affordable housing that can accommodate larger households, including multi-generational households. Growth in Hispanic and Latino households will increase need for affordable housing for renters and homeowners such as: single-family dwellings (both smaller and larger sized dwellings), duplexes, larger townhomes, garden apartments, and apartments. Ownership opportunities for Hispanic and Latino households will focus on moderate-cost ownership opportunities, such as single-family dwellings on a small lot or in a more suburban location, duplexes, and townhomes.

- In addition to these large-scale demographic changes affecting Bend, development of the OSU Cascades Campus will impact housing need in Bend. OSU projects that the campus will grow to 5,000 students by 2025. The City recently approved a site plan for

development of 10 acres of OSU's campus. This approval included some on-site student housing in a dormitory for 300 students.⁷⁵

Some students may live on campus in dormitories, may already live in Bend, or may commute to the campus from a nearby community. Some students, however, will move to Bend specifically to attend the University and will need student housing. Demand for off-campus student housing may significantly affect Bend's housing market, depending on how many students need off-campus housing and how soon they need it.⁷⁶ This analysis assumes that dormitory-style student housing will be accommodated on OSU's campus and is not accounted for in the land need estimate. Demand for off-campus student housing is not accounted for in the projection of population growth. As the timing of OSU's growth becomes more certain, the City should update its policies to address this need.

Housing Affordability (ORS 197.296(5)(C) and (D)). Bend's housing became less affordable for both renting and owning over the last decade.

- Between 1999 and 2013, growth in homeownership costs outpaced growth in income. In Bend, median owner value increased by 81% between 1999 and 2013, while median household income grew by 18%.
- Between 2000 and 2014, average sales price more than doubled, increasing from \$137,000 to \$288,000.
- Forty percent of Bend's households were cost burdened in 2013, with renters cost burdened more frequently than owners (49% compared to 33%). In comparison, 40% of households in Deschutes County and 38% of State households were cost burdened in 2013.
- In 2013, Bend had a gap in affordable housing for households that earn less \$25,000.
 - Bend had a deficit of about 5,200 dwelling units that would be affordable to households earning \$25,000 or less based on the U.S. Department of Housing and Urban Development's (HUD) affordability guidelines.
 - More than 13% of Bend's households could not afford a studio apartment at HUD's fair market rent level of \$557, and just under one-third of households could not afford a two-bedroom apartment at HUD's fair market rent level of \$803.
 - A household earning median family income (\$59,700) could afford a home valued up to about \$149,250, about half of the median sales price in Bend in 2014.
- Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing or smaller single-family housing) or locating outside of Bend. To the extent that denser housing types are more affordable than larger housing types, continued increases in regional housing cost will increase demand for denser housing.

When the balance of factors required by ORS 197.296(5) are considered, we conclude that the needed density and mix for the 20-year planning period is different than the actual density and mix achieved between 1999 and 2013. This is in part because the analysis period largely covers

⁷⁵ See Final Decision of the City of Bend Hearings Officer on PZ-14-0210.

⁷⁶ Final Recommendations (2014) OSU Cascades Housing Task Force

the housing boom period between 2004 and 2007—a period when an extraordinary number of higher cost single-family detached dwellings were built. It is also reflective of the fact that the data suggest the region has a significant affordability gap. This gap suggests that the region needs more lower cost housing, which in turn may be addressed through higher densities of certain types of housing and smaller housing types. The large increase in multifamily building permits issued since 2013 (Figure 5) supports this conclusion.

Table 17 presents the assessment of needed mix for housing built in Bend over the 2008 to 2028 period. The analysis in Table 17 is based on the following information and assumptions:

- The number of new dwelling units is based on the forecast for new dwelling units in Table 6.⁷⁷
- The majority of new housing will continue to be single-family detached housing. The type of single-family detached dwellings may change, with more emphasis on smaller and more affordable new single-family detached housing and a decrease in demand for large-lot single-family detached housing.
- Bend's housing need will change, with an increase in demand for single-family attached housing and multifamily housing. The forecast concludes that the needed mix of new housing is different from the mix of existing housing stock (Figure 1) and the mix of housing produced over the last decade (Table 3). The following demographic trends will result in an increase in demand for multifamily and single-family attached housing:
 - Growth in Baby Boomers. Households over 65 typically have lower income than younger households. Those without accumulated wealth (e.g., housing equity or investments) may choose lower-cost multifamily housing. Some Baby Boomers may choose to downsize their housing, resulting in greater demand for small single-family dwellings, cottages, accessory dwelling units, townhomes, apartments, and condominiums.
 - Growth Millennials. Younger Millennials typically have lower income and may have higher debt. Growth in Millennials will increase need for affordable housing for renters and homeowners such as: small single-family dwellings, cottages, accessory dwelling units, duplexes, townhomes, garden apartments, and apartments.
 - Growth in Hispanic and Latino population. To the extent that in-migrating Hispanic and Latino households have lower than average income, then in-migration of ethnic groups will increase demand for housing affordable to low- and moderate-income households relative to demand for other types of housing. Growth in Hispanic and Latino households will increase need for affordable housing for renters and homeowners such as: single-family dwellings (both smaller and larger sized dwellings), duplexes, larger townhomes, garden apartments, and apartments. Ownership opportunities for Hispanic and Latino households will focus on moderate-cost ownership

⁷⁷ The population forecast that is the basis of the forecast of new dwelling units in Table 6 was developed before OSU's plans for 5,000 students in Bend. However, when compared with the new population forecast for Bend by Portland State University in 2015, the forecast used as the basis of Table 6 and the new forecast (which includes OSU's plans) show very similar rates of growth. In this analysis, we assume substantial growth in Millennials as a result of OSU expansion, with the implications for housing need described above. As a result, it is reasonable to conclude that the population and housing forecast in this analysis account for housing needs of new students at OSU.

opportunities, such as single-family dwellings on a small lot or in a more suburban location, duplexes, and townhomes.

- The growing need for affordable housing in the Bend, much of which is likely to be located in Bend, the largest metropolitan area in the region.
- The current deficit of housing units (5,244) affordable to households earning \$25,000 or less a year (See Table 14).

Table 17. Needed mix for housing built in Bend, 2008 to 2028

	Units	Percent of New Units
Single-family detached	9,175	55%
Single-family attached	1,668	10%
Multi-family	5,838	35%
Total	16,681	100%

Source: ECONorthwest

Table 18 shows that, between 2009 and the end of June 2014, 2,912 new units were developed in Bend. The City is considering policy options to achieve the needed mix shown in Table 17. Those policies were not in place between 2008 and 2014. Because the City had not adopted any policies to help achieve the needed mix, the mix of housing developed between 2009 and July 2014 did not show substantial changes in the development pattern from housing developed in Bend between 1999 and 2008.

As a result, Table 18 applies the needed mix (Table 17) to the remaining need. Table 18 shows that Bend has a need for 13,770 additional dwellings for the remainder of the 2008-2028 forecast period, between 2014 and 2028⁷⁸.

Table 18. Needed housing by needed mix, Bend, 2014-2028

	Needed Units (2008 - 2014)	Units permitted 2009 to end of July 2014	Remaining Need (Mix applied to remaining total)	
			Units	Percent of New Units
Single-family detached	9,175	2,411	7,574	55%
Single-family attached	1,668	112	1,377	10%
Multi-family	5,838	389	4,819	35%
Total	16,681	2,912	13,770	100%

Source: ECONorthwest

Note: The numbers do not balance going across because the needed mix was applied to the first and third columns, while the units permitted column reflects the actual percentage of what was permitted from 2009-2014.

⁷⁸ See meeting packets for the Residential TAC dated August 25, 2014 and January 26, 2015

Based on the analysis above, we come to the following conclusions about Bend's needed densities:

- **Average development densities increased over time in most zones.** The densities in the RS, RM, and RH zones increased for development over the 1998-2008 period, when compared with the densities before 1998 (Table 5). Density in the RL zone did not change over the 1998-2008 period, compared to densities before 1998. The reasons for this increase in density include the historically high levels of residential development during the 1998-2008 period, with an emphasis on high demand for single-family detached housing.
- **Bend's average development density will change with a shift in the type of housing developed in Bend over the 2014-2028 period.** The conclusion of the housing needs analysis is that Bend will have increased demand for a wider range of housing types, especially more affordable housing types. These housing types include: small lot single-family detached, smaller single-family detached units such as cottages, townhouses (aka rowhouses), duplexes, tri-plexes and quad-plexes, garden apartments, and urban apartments and condominiums. Development of these housing types will generally be at higher densities than Bend's historical densities. These housing types will be developed primarily in the RS and RM zones, with some denser multifamily housing in the RH zone.

The starting point for discussion of needed future densities in Bend is the historical development densities for the 1998-2008 period (Table 5). These densities serve as the basis for the base case capacity analysis, presented in the *Bend Urbanization Report*.

Bend's needed density for development over the 2014-2028 period was determined through additional analysis of future development patterns. The *Bend Urbanization Report* (in Chapter 4 of the Report) provides information and analysis of efficiency measures that will increase housing density in Bend over the 2014-2028 period. **Bend's needed density on residential land for the 2014-2028 period is 7.2 dwelling units per net acre, just over a 25% increase over Bend's historical residential densities over the 1998-2008 period of 5.7 dwelling units per acre (Table 5).**

Bend's future housing densities will increase, in part, as a result of an increase in the percentage of single-family attached and multifamily housing developed over the 2014-2028 period. These are higher density residential housing types, which will increase overall average housing density. However, Bend will need to increase densities developed in the RL and RH zones. The historical densities in the RL zone (2.1 dwelling units per net acre) were low for residential development in an urban area. In addition, the historical density of development in the RH zone (16.9 dwelling units per net acre) was low for the densities that Bend currently allows in the RH zones. The *Bend Urbanization Report* describes the efficiency measures that the City is proposing that will increase development densities in the RL zone and in the RH zones.

In addition, an increase in housing in commercial and mixed use zones at high densities (close to 50 units per net residential acre, including land developed with vertical mixed use buildings) will increase future housing densities overall. The *Bend Urbanization Report* describes the

areas where new mixed use zones, plan designations, and special plan districts are proposed as part of the set of efficiency measures proposed for adoption with the UGB.

The next step in estimating units by structure type is to evaluate income as it relates to housing affordability. Table 19 shows an estimate of needed dwelling units by income level for the 2014-2028 period. The analysis uses market segments consistent with HUD income level categories, based on the income distribution in Bend in 2013 (See Table 15).

The analysis shows that about 50% of households in Bend could be considered high or upper-middle income in 2013 and that about half of the housing need in the 2014-2028 period will derive from households in these categories. These households can afford to live in any of Bend's needed housing types: single-family detached housing, townhouse, and multifamily housing. Their choice of what type of housing will depend on their preference. Some, perhaps most, will choose to live in single-family detached housing. However, as discussed previously, some of these households may prefer to live in single-family attached or multifamily housing (e.g., a household that prefers to have little or no yard or a household that prefers to live close to services).

The analysis also shows that 50% of Bend's households could be considered lower-middle, low, or very low income in 2013 and that about half of the housing need in the 2014-2028 period will derive from households in these categories. Housing that is affordable to these households will generally be existing housing. While many households may prefer to live in single-family detached housing, they may be able to afford to live in single-family attached or multifamily housing.

While the housing needs analysis focuses on housing that will be built in the future, many households in Bend (as in other Oregon cities) will be able to afford existing housing and newly built housing will be too expensive. In most cities, the stock of housing affordable to low-income households increases through the addition of new subsidized units, smaller market rate units, and older market rate units that become more affordable over time. Most new market rate development is affordable to moderate and high income households. Through the market filtering process, these stocks become affordable to lower-income households over time, as the housing stock ages.⁷⁹

As a result, we conclude that Bend will continue to have demand for single-family detached housing and increased demand for single-family attached and multifamily housing. These conclusions support for needed mix shown in Table 17 and shift from the historical mix in Bend (Table 3). The large increase in multifamily building permits issued since 2013 (Figure 5) supports this conclusion.

⁷⁹ Based on analysis presented in the ECONorthwest report "Seattle Housing Affordability Policy Framework and Recommendations," March 2015.

Table 19. Estimate of needed dwelling units by income level, Bend, 2014-2028

Market Segment by Income	Income Range	New Households 2014-2028		Financially Attainable Products		
		Number of households	Percent of Households	Owner-occupied	Renter-occupied	
High (120% or more of MFI)	\$71,640 or more	4,809	35%	All housing types; higher prices	All housing types; higher prices	↑
Upper Middle (80%-120% of MFI)	\$71,640 to \$47,760	2,092	15%	All housing types; lower values	All housing types; lower values	Primarily New Housing
Lower Middle (50%-80% of MFI)	\$47,760 to \$29,850	2,181	16%	Manufactured on lots; single-family attached; duplexes	Single-family attached; detached; manufactured on lots; apartments	Primarily Existing Housing
Lower (30%-50% of less of MFI)	\$29,850 to \$17,910	2,295	17%	Manufactured in parks	Apartments; manufactured in parks; duplexes	
Very Low (Less than 30% of MFI)	Less than \$17,910	2,393	17%	None	Apartments; new and used government assisted housing	↓

Source: Analysis by ECONorthwest;
 Number of households by income range from the 2011-2013 American Community Survey, Table B19001
 Income range based on HUD's 2013 Median Family Income of \$59,700 for the Bend MSA

Additional Residential Housing Needs

This section presents estimates of residential land needs for: (1) second homes; (2) persons in group quarters; (3) government assisted housing, and; (4) manufactured housing.

Second Homes

The 2008 Housing Needs Analysis identified a land need of 500 acres for second homes.⁸⁰ In a 2011 memorandum to the Remand Task Force, staff summarized the issue as follows:

“Findings adopted with the 2009 UGB amendment estimated that second homes could be expected to absorb 500 acres of residential land during the 2008-28 planning period. This estimate was based on evidence in the record that the number of second homes forecasted to develop in the future could be expressed as a proportion of total housing units for permanent residents. Specifically, the City estimated that new second homes, equivalent to 18% of needed housing units, could be expected to be built in Bend during 2008-28. This would amount to slightly over 3,000 units. Based on an average density assumption of 6 units per acre, these second homes would occupy 500 residential acres that would otherwise be available for permanent residents (see Record p. 7692). The total amount of residential acres needed for the planning period was adjusted to include these 500 acres (see Record p. 1058).”

In summary, LCDC accepted the City’s findings on this issue, and the factual base which supports them. LCDC added:

“If during the remand process the density assumption of 6 units/acre for second homes is revised, the 500-acre estimate adopted in 2009 will be revised upward or downward accordingly.”

Second homes can be any type of housing, such as single-family detached housing, townhouses, or condominiums in a multifamily structure. The mix of housing types for second homes is similar to the mix of housing for needed units, with 55% of secondary housing in single-family detached, 10% in single-family attached, and 35% in multifamily housing types⁸¹.

⁸⁰ The memorandum titled *Rationale for Second Homes Land Absorption Estimate*, April 24, 2008, documented the analysis for second homes.

⁸¹ See meeting packet for January 26, 2015 Residential TAC meeting – <http://bendoregon.gov/Modules/ShowDocument.aspx?documentid=20303>.

Persons in Group Quarters

The forecast of new housing (Table 6) assumes that the percentage of persons in group quarters in Bend would remain the same as reported in the 2000 Census (2.3%), resulting in 886 persons who would require group housing for the 2008-2028 period. People in group quarters will need housing, beyond the forecast for new housing (Table 6). This housing will be located in group quarters, such as assisted living facilities, nursing homes, or jails and will require land.

For the purposes of determining land needs, we will assume that group quarters are similar to multifamily housing with a similar amount of space per individual. In 2000, Bend had an average of 1.92 persons per household in multifamily dwellings.⁸² Based on this analysis, Bend will need the equivalent of 461 additional multifamily units to provide adequate capacity for group quarters.

Government assisted housing

ORS 197.303 requires cities to plan for government-assisted housing. Government-subsidies can apply to all housing types (e.g., single family detached, apartments, etc.). Bend allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Bend will continue to allow government housing in all of its residential plan designations. Because government assisted housing is similar in character to other housing (with the exception the subsidies), it is not necessary to develop separate estimates of land needed for government-assisted housing.

The City has taken several actions to encourage the development of needed government assisted housing. In June 2006, the City Council passed Ordinance NS 2012 through which the City established a fee to provide funding for affordable housing and dedicating that fee to the development of affordable housing units within the City of Bend. The fee is one-third of 1% of permit valuation for all building permits, and assessed at the time of application of a building permit. In addition to the affordable housing fee, the City has established an incentives program for developers of affordable housing, including: expedited review and permitting and systems development charges (SDCs) exemptions for affordable housing projects. Since the start of the program in 2006, the City has used the revenues from the building permit fee to fund the construction of over 600 units of affordable housing.

In addition to the Affordable Housing Program, the City is an entitlement community under the Federal Community Development Block Grant (CDBG) program. One of the requirements for participating is the development and approval of a Consolidated Plan. The most recent Consolidated Plan for Bend was adopted in 2014 for the 2014-2019 period⁸³. One of the purposes of developing the plan is to demonstrate where CDBG funds will be spent and what outcomes will be pursued with these funds. In the current Consolidated Plan (See Pages 98, 121), the City established a goal of the construction of 200 rental units and 50 ownership units of housing.

⁸² 2000 Decennial Census

⁸³ Official Notice – 2014-2019 City of Bend Consolidated Plan, available online through this link: <http://www.bendoregon.gov/modules/showdocument.aspx?documentid=16442>.

Manufactured housing

ORS 197.303 also requires cities to plan for manufactured housing on lots and manufactured housing in parks.

Bend allows manufactured housing on lots as a permitted use in the following zones: Urban Area Reserve (UAR10), Suburban Low Density Residential (SR 2 ½), Low Density Residential (RL), Standard Density Residential (RS), Medium-10 Density Residential (RM-10), and Medium Density Residential (RM)⁸⁴. These zones allow for a range of densities, from 1 to 2.5 dwelling units per gross acre in SR 2 ½ to 7.3 to 21.7 dwelling units per gross acre in in RM. As a result, Bend is not required to estimate the need for manufactured dwellings on individual lots per OAR 660-024-0040(8)(c).

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high density residential development. Bend allows manufactured home parks in Medium-10 Density Residential (RM-10), and Medium Density Residential (RM), and the High Density Residential (RH) zones. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,⁸⁵ Bend has 12 manufactured home parks with 1,349 spaces and 27 vacant spaces (Table 16). These parks are either located within the city or adjacent to it.

ORS 197.480(2) requires Bend to project need for mobile home or manufactured dwelling parks based on: (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high density residential.

- Table 18 shows that the Bend planning area will need another 16,681 dwelling units over the 2008 to 2028 period to house the forecasted growth in population of 38,512 new people. Between 2014 and 2028, an additional 13,770 dwelling units will be needed to house the forecasted growth in population.
- Analysis of housing affordability (in Table 15) shows that about 34% of Bend's existing households are low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 4% (about 1,349 dwelling units) of Bend's current housing stock.
- National, state, and regional trends during the 2000 to 2010 period showed that manufactured housing parks were closing, rather than being created. For example, between 2003 and 2010, Oregon had a statewide decrease of 25% in the number of manufactured home parks. Before the housing market crash in 2008, there were discussions in Bend about the potential closing of several manufactured home parks.
- The longer-term trend for closing manufactured home parks is the result of manufactured home park landowners selling or redeveloping their land for uses with

⁸⁴ See Bend Development Code (BDC) Table 2.1.200 – Permitted Land Uses

⁸⁵ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of lower-cost affordable housing options, especially for affordable homeownership. The concurrent trends of manufactured home parks closing and no development new of manufactured home parks will exacerbate the shortage of affordable manufactured home park spaces. . Without some form of public investment to encourage continued operation of existing manufactured home parks and construction of new manufactured home parks, this shortage will continue.

The households most likely to live in manufactured homes in parks (shown in Table 15) are those with incomes between \$18,000 and \$30,000 (30% to 50% of median family income).

Assuming that about 5% of Bend's new single-family detached households (13,770 new dwellings) choose to live in manufactured housing parks, the City may need about 690 new manufactured home spaces. The City allows development of manufactured housing parks in residential zones, except the RH. This need for land for manufactured home parks is included in the projection of need for land for single-family detached housing.

However, development of a new manufactured home park in Bend over the planning period may be unlikely, given the trend towards closing manufactured home parks. If manufactured home parks are not developed in Bend in the future, demand will increase for other types of smaller, affordable owner-occupied housing, such as affordable cottage housing or single-family attached housing. Development of new manufactured parks and denser affordable housing are supported by Bend's existing development policies.⁸⁶

⁸⁶ The density bonus program for redevelopment in manufactured homes in parks is part of Bend Development Code in section 2.7.900. Bend's General Plan includes a policy in the Housing Chapter (number 3) that says "Density bonuses may be considered as an incentive to providing affordable housing."

Summary of All New Housing Units

Table 20 builds from Table 18 to show all new housing units forecast in Bend, including needed housing, units for group quarters, and second homes. Table 20 shows housing demand for the following types of housing:

- Needed housing for 2014-2028 (Table 18)
- Second homes (assumed the needed housing mix of 55% single-family detached, 10% single-family attached, and 35% multifamily).
- Group quarters, all of which is assumed to be accommodated through additional equivalent multifamily units

Table 20. Summary of All New Housing Units by Type and Category, Bend, 2014-2028

	2014-2028 Needed Housing Units		2014-2028 Needed Group Quarter Units	2014-2028 Second Homes	2014-2028 Total New Housing Units	
	Units	Mix	Units	Units	Units	% of Total Units
Single-family detached (including mobile homes)	7,574	55%		1,652	9,225	54%
Single-family attached	1,377	10%		300	1,677	10%
Multi-family	4,819	35%	461	1,051	6,331	37%
Total	13,770	100%	461	3,003	17,234	100%

Source: ECONorthwest

CHAPTER 5. RESIDENTIAL LAND SUFFICIENCY AND CONCLUSIONS

This chapter provides a brief summary of the implications of the housing needs analysis for Bend. This chapter begins with an estimate of Bend’s residential capacity within the current UGB. This chapter includes a general comparison of land supply and demand for housing, including second homes and group quarters.

Residential Land Capacity

Pre-policy Base Case Capacity

The *Bend Urbanization Report* provides an explanation of the assumptions used in the Base Case analysis. Table 21 presents the “Base Case” housing capacity estimate before changes to housing policies (referred to as land use efficiency measures) are applied. Refer to the *Bend Urbanization Report* for more detail on the analysis of residential land capacity.

The “Base Case” is a spatial projection of housing and employment growth through 2028 within the current UGB based on past trends and current policies. The Base Case represents the current UGB’s remaining capacity **prior** to applying assumptions regarding new residential efficiency measures. It does not identify housing need; rather, it provides an estimate of how much of the identified need can be met within the current UGB if no policy changes are made. The Base Case generally assumes development builds out according to current plan designations and uses the results of the *Bend Buildable Lands Inventory Report*, applying the historical densities observed for development over the 1998-2008 period (Table 4).

Table 21. Base Case Housing Capacity

Housing Type	New Units	Mix Based on Capacity
Single-family detached	6,496	65%
Single-family attached	498	5%
Multi-family	3,045	30%
	10,039	100%

Source: “Draft Analysis of Current Urban Growth Boundary – Base Case and Scenarios” memorandum to the Residential and Employment Technical Advisory Committees, dated January 21, 2015. Table 3.

Residential Land Sufficiency

Table 22 compares the Base Case capacity with demand for housing. Table 22 shows:

- Capacity of Bend's residential land under the Base Case scenario (Table 21)
- Housing demand for the following types of housing:
 - Needed housing for 2014-2028 (Table 18)
 - Second homes (assumed the needed housing mix of 55% single-family detached, 10% single-family attached, and 35% multifamily).
 - Group quarters, all of which is assumed to be accommodated through additional equivalent multifamily units
- Comparison of the Base Case capacity and the total demand.

Under the Base Case capacity estimate, Bend has a deficit for land to accommodate 7,194 new dwelling units. Each category of housing shows a deficit in the Base Case capacity estimate.

Table 22. Base Case Residential Land Sufficiency, Bend, 2014-2028

	Net New Housing Units Capacity (Base Case)	Total Housing Demand	Comparison (Capacity minus Total Demand)	
			Residual Housing Need	% of Housing Need Met
Single-family detached	6,496	9,225	2,729	70%
Single-family attached	498	1,677	1,179	30%
Multi-family	3,045	6,331	3,286	48%
Total	10,039	17,233	7,194	58%

Source: ECONorthwest

Efficiency Measures (Post-Policy Capacity)

The Bend Urbanization Report provides an overview of amendments to the Bend Development Code that are being updated as part of the Bend UGB process to ensure efficient use of land within the current UGB prior to expanding the boundary. The package of land use efficiency measures that will be adopted with the HNA include: increasing the maximum density in the RL zone and increasing the minimum density in the RS zone, allowing a wider range of housing types in the RS zone, reducing minimum lot sizes for some housing types in certain zones, providing new mixed-use zones, targeted revisions to parking standards, and other policy changes.

Table 23 shows the increase in housing capacity as a result of the efficiency measures. Even with this additional capacity, Bend has a residual housing need that cannot reasonably be met within the UGB.

Table 23. Housing Capacity with Efficiency Measures Compared to Housing Needs by Housing Type, Bend, 2014-2028

Housing Type	Housing Unit Capacity			Total Housing Need	Residual Housing Need	Percent of Housing Need Met
	New Housing Units (Base Case)	New Housing from Efficiency Measures	Total New Housing Units			
Single Family Detached	6,496	103	6,599	9,225	2,626	72%
Single Family Attached	498	541	1,039	1,677	638	62%
Multi-Family	3,045	1,267	4,312	6,331	2,019	68%
Total	10,039	1,911	11,950	17,233	5,283	69%

Source: ECONorthwest

Employment Land Needs in Residential Areas

The *Bend Urbanization Report* provides details about employment land needs in residential areas. In the Base Case, approximately 98 jobs are expected to be accommodated in the following zones: RS, RM, and RH. See the *Bend Urbanization Report* for more information.

Conclusions

The conclusions of the housing needs analysis are:

- **Bend's needed housing mix shows an increase in need for denser housing types, such as single-family attached and multifamily housing.** The type of housing that is affordable (currently and in the future) to about half of Bend's households is single-family attached or multifamily housing types, with some households able to afford lower-cost single-family detached housing types.
- **Bend's current policies result in a housing mix (in the Base Case scenario) that is not consistent with needed mix.** Bend's land base, under current policies, would result in a mix of housing similar to the historical mix, with 70% of new housing in single-family housing types.
- **Bend's needed density is higher than historical densities.** Bend's needed residential density for the 2014-2028 period is 7.2 dwelling units per net acre, a 26% increase over Bend's historical densities over the 1998-2008 period of 5.7 dwelling units per acre. The increase in average density is partially the result of change in the mix of housing, with an increase in the share of denser housing types, and partially the result of policy changes to increase development densities.
- **With efficiency measures, nearly 70% of the total housing growth can be accommodated inside the existing UGB.** With efficiency measures, the housing mix inside the UGB is closely aligned with the overall needed housing mix.
- **Even with efficiency measures, Bend has a residual need for land to accommodate 5,201 housing units outside the UGB.** The proposed UGB expansion has been calibrated to accommodate the needed housing units and housing mix to 2028.

APPENDIX A. RESEARCH ABOUT DEMOGRAPHIC CHANGES AND IMPLICATIONS FOR FUTURE HOUSING MIX

This appendix provides greater detail on the research conducted on the demographic trends that are summarized in the Table 7 through Table 9 in the HNA. This appendix is extracted from the memorandum to the Residential Lands Technical Advisory Committee called “Demographic Characteristics and Trends that will Affect Housing Demand in Bend for the 2008-2028 period” and dated July 23, 2014.

Key Findings by Topic

Aging Boomers

Question: Are aging Baby Boomers downsizing or staying put?

- Some are downsizing.** “Thirty-two percent of Americans have moved in the past five years. More than half of the gen Yers report moving, and 31 percent of gen Xers have moved. Baby boomers and the oldest Americans are the least likely to have moved...Baby boomers and war babies/members of the silent generation are the most likely to have downsized in their most recent move. In fact, 50 percent of the oldest Americans report that their new home is smaller than their old one. One-third of baby boomers report moving into a smaller home, and 44 percent say they have moved into a larger home.”⁸⁷

Table A-24. Recent Movers Change in Home Size

	Recently moved?		Recent Change in Home Size			Expected Homeownership Status	
	Yes	No	Larger	Smaller	Same	Own	Rent
All Adults	32%	67%	48%	27%	25%	73%	25%
Gen Y	53%	47%	48%	25%	27%	69%	31%
Gen X	31%	69%	59%	20%	20%	81%	16%
Baby Boomers	20%	80%	44%	33%	22%	79%	20%
War babies/silent generation	19%	80%	24%	50%	25%	55%	36%

Source: ULI America in 2013, Leland Consulting Group

- Preference for staying put increases with age.** The AARP conducted a housing preference survey of people age 45 or older and found that 73 percent of them strongly agreed with the statement, “*what I’d really like to do is stay in my current residence for as long as possible*”. This preference increases with age. Seventy-eight percent of the respondents over 65 strongly agreed with the statement, whereas only 72 percent of those 50-64 and 60 percent of those age 45-49 strongly agreed with the statement.⁸⁸

⁸⁷ American in 2013 Focus on Housing and Community, Urban Land Institute

⁸⁸ “Home and Community Preferences of the 45+ Population” November 2010, AARP, Keenan Teresa A.

“The aging of the population poses a different policy challenge. Most seniors prefer to age in place. While many of these households are currently well housed, their needs will change over time. Meeting those needs will require modifications to existing homes, the expansion of transportation networks and supportive services, and additions to the housing stock aimed specifically at the senior population. Many older Americans are also heading into their retirement years with little financial cushion and may find it difficult to find suitable housing that fits within their budgets. Expanding the range of housing options available to the country’s growing senior population will require concerted efforts from both the public and private sectors.”⁸⁹

“Despite their shrinking households and declining labor force participation, Boomers do not appear to be altering their housing consumption by abandoning their detached single-family homes...In fact, contrary to the downsizing perception, the percent of Baby Boomers residing in single-family detached homes was at least as high in 2012 as at any time since the onset of the housing crisis. Even the oldest members of the Boomer generation, who have largely exited the childrearing stage and begun to retire in large numbers, show no major shift away from single-family residency....One likely mobility constraint is the substantial decline in Boomers’ home values during the housing bust. Between 2006 and 2012, the average value of an owner-occupied single-family detached home with a Boomer householder declined by 13 percent.”⁹⁰

- **Being near friends, family, and social organizations grows increasingly important with age.** An AARP Housing Preference survey of householders 45 years and older, found that “Roughly two-thirds of respondents agreed that they want to stay in their home because *I like what my community has to offer me.*” In contrast, roughly one-quarter agreed with the statement that they want to stay in their home because *“I cannot afford to move.”*...When asked about seven different community aspects and the level of importance they have for them, two-thirds of respondents said that being near friends/and or family and being near where one wants to go (i.e., grocery stores, doctor’s offices, the library) is *extremely or very important* to them. Roughly half noted that being near church or social organizations or being somewhere where it’s easy to walk are *extremely or very important* to them, while somewhat fewer said the same thing about being near good schools or being near work. Only about one-fifth of respondents report that being near transit (bus or rail) was *extremely or very important* to them.”⁹¹

⁸⁹ Joint Center for Housing Studies of Harvard University, *The State of the Nation’s Housing*, 2013

⁹⁰ “Are Aging Baby Boomers Abandoning the Single-Family Nest?” June 12, 2014. Fannie Mae Housing Insights, Volume 4, Issue 3.

⁹¹ “Home and Community Preferences of the 45+ Population,” Keenan Teresa A. November 2010, AARP

Table A-25. Importance of Community Aspects for Staying in One's Community

Extremely or Very Important	Age		
	45-49	50-64	65+
Being near friends and/or family	60%	64%	71%
Being near where you want to go	68%	62%	70%
Being near church or social organizations	42%	43%	57%
It's easy to walk	46%	43%	51%
Being near good schools	64%	38%	31%
Being near work	43%	36%	21%
Being near transit	16%	22%	21%

Source: AARP

- Retiring later.** “To put these trends in perspective, incomes among households under age 35 are back to 1990s levels. The recession had an even bigger impact on households between the ages of 35 and 54, whose incomes are now lower than those of similarly aged households in 1971. Now in what are typically the peak earning years, 45–54 year-olds have instead seen their real median incomes fall 6.0 percent from what they made ten years earlier (when they were aged 35–44). Over the next ten years, these households will be approaching typical retirement age, but the loss of income at such a critical point in their careers will make it difficult for many to save enough to stop working.”⁹²
- Affordability for seniors.** “Affordability is a serious problem for seniors, especially for renters. According to a U.S. Department of Housing and Urban Development (HUD) report to Congress earlier this year, 1.33 million elderly renters (where the householder or spouse is age 62 or over, with no children under 18 present) had “worst case” housing needs in 2009. This meant that they earned less than half their metropolitan area’s median income, received no government housing assistance and either paid more than half their income for rent, lived in severely inadequate housing, or both. Compared to 2007, the number of older renters in this category had increased by 120,000 (10 percent) – a change that the HUD report attributes to fallout from the foreclosure crisis and recession, as shrinking incomes drove increased competition for already scarce affordable housing. Seventy percent of senior renters spend at least 30 percent of their income on housing costs. Senior homeowners are not immune from affordability problems either: about three in 10 senior homeowners spend at least 30 percent of their income on housing and 17 percent pay at least half their income. Even seniors who own their houses free and clear face rising energy costs and, in some locations, rising property taxes.”⁹³
- Housing released by seniors.** “Some seniors occupy newly constructed housing (so the total release of housing exceeds the net release). In 2009, for example, housing built since 2000 accounted for about seven percent of owner-occupied dwellings occupied by seniors

⁹² Joint Center for Housing Studies of Harvard University, *The State of the Nation’s Housing*, 2013

⁹³ Demographic Challenges and Opportunities for U.S. Housing Markets, March 2012, Bipartisan Policy Center

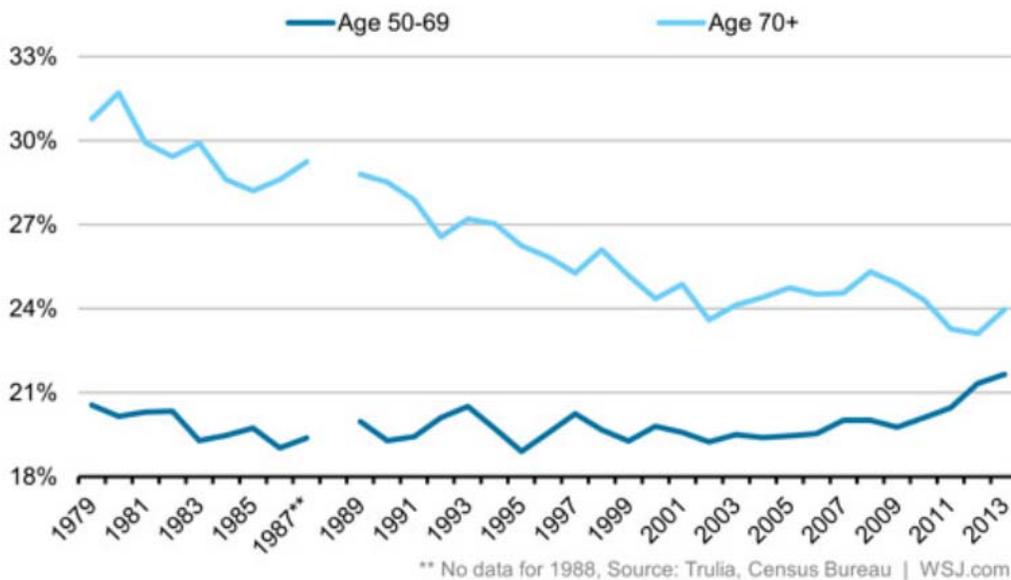
and 10 percent of rentals. Seniors' consumption of new housing may rise in the next two decades as Baby Boomers – whose wealth and income are higher than that of today's retirees and who are entering retirement in vastly larger numbers – seek new options to downsize, accommodate disabilities or live in different types of neighborhoods. Just as demand created by Baby Boomers spurred new apartment construction in the 1970s, the sheer size of the Baby Boom generation could cause a dramatic increase in the construction of senior-accessible housing over the coming decades. Baby Boomers' ability to move into new housing, however, will depend on where, when and for how much they will seek to sell their current residences.....Despite potential increases in new construction, most of the houses that seniors will release in coming years were built when energy was inexpensive, nuclear families were the rule, incomes were increasing for most Americans, and mortgages were generally predictable and easy to obtain. Most observers expect the next 20 to 30 years to depart from this historic picture, with more expensive energy, growing diversity in race, ethnicity and in household structure, and more intense international economic competition. All of these factors will likely reduce demand for large single-family homes on large lots far away from established centers of employment and entertainment."⁹⁴

- **Fewer elderly living alone in multifamily buildings.** The percent of people 70 years or older that head households in multifamily buildings has been in decline since 1979.⁹⁵

Table A-26. Aging Alone

Aging Alone

Share of households living in multi-unit buildings, by age of head of household



Source: The Wall Street Journal, Trulia, Census Bureau

⁹⁴ Demographic Challenges and Opportunities for U.S. Housing Markets, March 2012, Bipartisan Policy Center

⁹⁵ "Baby Boomers Aren't (Yet) Downsizing in Droves", Nick Timiraos, June 27, 2014, The Wall Street Journal

Delayed Millennial Household Formation

Are Millennials putting off housing formation as a short-term response to the recession or are there other underlying factors that will impact their housing decisions much farther into the future?

- **Student debt.** “For today’s younger households, student loan debt may make the transition to homeownership more difficult. According to the Federal Reserve Bank of New York, the number of young adults under age 30 with student loan debt outstanding increased by 39 percent between the start of 2005 and the end of 2012, with the average amount rising from \$13,300 to \$21,400. However, concerns over rising student loan debt often overlook the fact that the trend also affects older households. The increase was even larger among adults in their 30s, with the number of borrowers up 76 percent and average debt climbing from \$20,000 to \$29,400. Moreover, of the \$600 billion increase in student loans outstanding in 2005–12, fully 38 percent was among households over age 40. Since many of these older households already own homes, the sharp rise in student loan debt could affect their ability to meet their mortgage obligations.”⁹⁶
- **Diversity and household formation.** “To estimate the magnitude of the demand that Millennials may (or may not) bring to housing markets in the next 20 years, we developed three scenarios. We began with the 1990, 2000 and 2010 Census results and the Census Bureau’s national population projections assuming a constant net rate of immigration at 975,000 people per year. Using the observed and projected population series, we computed national rates of household formation and homeownership for people grouped by age cohort (10-year groups starting at age 15) and by race/ethnicity (white non-Hispanic, black non-Hispanic, other non-Hispanic and Hispanic)...The range of estimates in these scenarios can be attributed to different rates of household formation for Millennials. Under the low scenario, people between 15 and 34 years old in 2010 (a span that includes Millennials plus five years of the Baby Bust generation) would form 15.6 million new households between 2010 and 2020. Other cohorts would account for the formation of an additional 5.4 million households over the same time period. The medium scenario would result in 17.1 million new Echo Boomer households and 6.1 million other households. The high scenario, finally, yields 18.8 million new Echo Boomer households and 6.7 million new households from other generations. Because changes in the number of older households are less sensitive to differences in economic assumptions, the decline in older households is more consistent across the three scenarios, ranging from 10.6 million fewer old households in the high scenario to 11.6 million fewer old households in the low scenario.”⁹⁷
- **Education.** “Compared to previous generations at the same age, Millennials are more likely to have completed high school, and more than half (54 percent) have at least some college education, compared to 49 percent of people in the Baby Bust generation and 36 percent of Baby Boomers when they were 18 to 28 years old. In terms of educational achievement, women of the Echo Boom generation have vaulted far above women of previous generations; in fact, among Millennials, more women than men and more women than in

⁹⁶ Joint Center for Housing Studies of Harvard University, *The State of the Nation’s Housing*, 2013

⁹⁷ *Demographic Challenges and Opportunities for U.S. Housing Markets*, March 2012, Bipartisan Policy Center

any previous generation have attained a college education...The growth in female educational attainment may also portend higher levels of household formation if it results in greater gender equity and gives women more financial independence. Other factors, however, could inhibit household formation and homeownership. Young adults carry high levels of credit card and student loan debt; even young people who already had formed households had higher debt loads in 2009 than people of the same age 10 years earlier.³¹ Rates of marriage declined in the 2000s from 8.2 per thousand to 6.8 per thousand.³² Finally, while all households lost wealth during the recession, average household wealth fell well below \$10,000 for Hispanic and black households. Considering the diversity of the young population, this reduction in wealth among older adults will reduce the purchasing power of a significant fraction of young people who can no longer count on their parents' housing wealth."⁹⁸

- **Household formation.** "At a basic level, changes in the number of adults and the rates at which adults head independent households determine household growth. On the plus side, the number of adults aged 18 and older rose by 18.1 million from 2005 to 2012 and fully 2.4 million in the past year alone. The echo-boom generation (born after 1985) fueled much of this growth, helping to boost the number of adults in their mid-20s—the group most likely to form new households. But while the young adult population has been growing, the rate at which members of this age group head their own households has declined. As a result, household growth has not kept pace with population growth. Going forward, though, even if today's low household formation rates persist, the aging of the large echo-boom cohort into their 30s will raise household headship rates because of lifecycle effects. Indeed, one out of every two 30–34 year-olds heads an independent household, compared with just one in four 20–24 year-olds. Since household headship rates continue to rise (albeit more slowly) through older adulthood, the rates for the Millennials will likely increase for years to come."⁹⁹
- **Mobility and homeownership.** "While mobility rates have fallen for nearly all household types, the decline was particularly steep for homeowners that have mortgages. Mobility rates for this group fell from 7.1 percent in 2007 to only 4.9 percent in 2011. The reasons for this short-term drop are numerous and include the lock-in effect of home price declines, falling incomes, fewer new employment opportunities, and tightened credit standards making it more difficult to qualify for a new mortgage. Mobility rates are highest among renters and young adults. In 2011, fully 28.8 percent of renter households changed residences, compared with just 4.4 percent of homeowners. Young householders are also more mobile, with rates at 52.7 percent for those under age 25—significantly higher than the 19.7 percent for household heads in the next older age group...The oldest Millennials are just beginning to swell the ranks of young adult movers. Having more young adults in the population may thus change the composition of housing demand in the coming years, given that younger households are more likely than older households to move into rentals (82

⁹⁸ Demographic Challenges and Opportunities for U.S. Housing Markets, March 2012, Bipartisan Policy Center

⁹⁹ Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing*, 2013

percent vs. 67 percent) and less likely to move into single-family homes (42 percent vs. 50 percent).”¹⁰⁰

- **Gen Y has more urban community characteristic preferences.** “Gen Y expresses preferences that differ from those of the other generations in interesting ways. Gen Y is the least likely to value neighborhood safety or space between neighbors, but the most likely to want high-quality public schools, a short distance to work or school, walkability, and proximity to amenities like shopping and transit...Among gen Yers, 54 percent—representing nearly 39 million people—would trade a larger home for a shorter commute. Among all generations, gen Y is the most attracted to living in a neighborhood close to a mix of shops, restaurants, and offices. Sixty-two percent of gen Yers (representing more than 44 million people) prefer this type of mixed-use community over one where shops, restaurants, and offices are farther away. Gen Y is also the only age cohort that shows a preference for living in a neighborhood where there is a mix of housing types. Fifty-nine percent of gen Yers—representing more than 42 million people—would like to live in a community where there is a range of housing. Similarly, 52 percent of gen Yers (representing more than 37 million people) would like to live in a community where there is a range of incomes.”¹⁰¹

¹⁰⁰ Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing*, 2013

¹⁰¹ American in 2013 Focus on Housing and Community, Urban Land Institute

Table A-27. Community Characteristics

Importance of Community Characteristics Percentage ranking each characteristic 6 or higher in importance on a scale of 1 to 10	Homeownership status		By Generation				
	Owners	Renters	All Adults	Gen Y	Gen X	Baby boomers	War babies/silent generation
Neighborhood safety	94%	88%	92%	88%	97%	92%	92%
Quality of local public schools	77%	83%	79%	87%	82%	74%	68%
Space between neighbors	75%	68%	72%	69%	79%	70%	70%
Short distance to work or school	66%	76%	71%	82%	71%	67%	57%
Distance to medical care	68%	65%	71%	73%	63%	72%	78%
Walkability	75%	79%	70%	76%	67%	67%	69%
Distance to shopping/entertainment	63%	71%	66%	71%	58%	67%	69%
Distance to family/friends	59%	70%	63%	69%	57%	60%	66%
Distance to parks/recreational areas	63%	64%	64%	68%	62%	63%	60%
Convenience of public transportation	44%	67%	52%	57%	45%	50%	56%

Source: Urban Land Institute

Housing choices of Hispanic and Latino households

Does the growing Hispanic population have different housing needs/preferences than the average household and how will this impact Bend's housing supply in the future?

- Growth in home ownership.** “U.S. Census data over the past 12 years shows that despite suffering significant losses during the recent foreclosure crisis, Hispanics have achieved homeownership gains in all but two of those years. During the same 12-year period, the number of Hispanic homeowners grew from 4.24 million in 2000 to 6.69 million in 2012, a remarkable increase of 58 percent at a time when the rest of the U.S. population saw a net increase of only 5 percent. In 2012, home prices increased significantly in most markets across the country for the first time in half a decade. Hispanic household growth and home purchases were arguably the most important drivers of the housing recover.”¹⁰²
- Recession and home value drop.** “Between 1995 and 2004, rates of homeownership among blacks rose by seven percentage points; among Hispanics, homeownership grew even more quickly – from about 40 percent in 1993 to 50 percent in 2005–2006. Between 2004–2006 and 2010, however, homeownership rates dropped sharply, and more so for Hispanic and black households than for white non-Hispanics. The overall homeownership rate of 65.1 percent in April 2010 was 1.1 percentage points lower than 10 years earlier. While the housing crisis has hurt people of all races and ethnicities, it has been devastating for many Hispanic and black families, reducing their median wealth by one half to two-thirds

and significantly increasing the number of households with negative net worth.”¹⁰³

“The recession-induced drop in home values has been especially damaging to minority and low-income households. On average, real home values for Hispanic owners plummeted nearly \$100,000 (35 percent) between 2007 and 2010, while the decline for black owners was nearly \$69,000 (31 percent). By comparison, average values for white homeowners fell just 15 percent over this period...Moreover, white homeowners still had \$166,800 in home equity on average in 2010—about twice the amount that blacks and Hispanics held...Over the next decade, minorities will make up an increasing share of young households and represent an important source of demand for both rental housing and starter homes. While their housing aspirations are similar to those of whites, minorities face greater constraints in pursuing those goals because of their lower incomes and wealth.”¹⁰⁴

- **Hispanic population is younger.** “Hispanics are also a much younger demographic averaging a full 10 years younger than the overall population...Every month 50,000 young Hispanics reach the age of 18...With a median age of 27, the Hispanic population is 10 years younger than the total U.S. median age of 37 years. In particular, Hispanics are heavily represented in the 26 to 46 age range involved in most home sales.”¹⁰⁵
- **Hispanic households are larger.** Hispanic households are typically larger than the households of non-Hispanic Whites....Sixty-one percent of all Hispanic households consist of a married couple with children younger than 18.”¹⁰⁶
- **Hispanics believe that home ownership is a good investment.** “Despite being hit hard by the housing market downturn, three-in-four (75%) Latinos agree that buying a home is the best long-term investment a person can make in the U.S. This compares with 81% of the general population who say the same....Fully 83% of Latino homeowners say owing a home is the best long-term investment, while 70% of renters say the same. All of these demographic and cultural characteristics make Hispanics ideal homebuyers in the housing market. In fact, Hispanics are expected to comprise half of all new homebuyers by 2020”¹⁰⁷
- **First-time homebuyers.** “Forward thinking companies are already changing their strategy to reflect this shift. Case in point: D.R. Horton, the nation’s largest residential homebuilder, achieved huge profits in 2012 by constructing low-priced homes. Rather than focus on the move-up market, Horton cornered the entry-level market—the market most heavily represented by minority Hispanic and Asian first-time homebuyers...By virtue of their

¹⁰³ Demographic Challenges and Opportunities for U.S. Housing Markets, March 2012, Bipartisan Policy Center

¹⁰⁴ Joint Center for Housing Studies of Harvard University, The State of the Nation’s Housing, 2013

¹⁰⁵ State of Hispanic Homeownership Report, National Association of Hispanic Real Estate Professionals (NAHREP), 2012

¹⁰⁶ State of Hispanic Homeownership Report, National Association of Hispanic Real Estate Professionals (NAHREP), 2012

¹⁰⁷ Pew Research Hispanic Trends Project, “III. Latinos and Homeownership”, January 26, 2012.

population growth, rate of household formation and purchasing power, Hispanics are expected to drive demand for small starter homes in vibrant, high-density communities.”¹⁰⁸

- **Multigenerational.** “Indeed, as the Hispanic share of the U.S. population continues to grow, a substantial increase in demand is being created for building new homes that meet the structural housing needs of large and multi-generational Hispanic families...Some builders are already creating products that meet the shifting demand and needs of these consumer segments who want home with enough space to accommodate parents, adult children or tenants. These new floor plans feature a second, self-contained unit with its own entrance, bathroom and kitchenette—a development that meets both the short- and long-term needs of many Hispanic households.”¹⁰⁹
- **Demand for smaller units.** “Hispanics, in particular, will stimulate demand for condominiums, smaller starter homes, first trade-up homes and the estimated 11 million housing units that will become available between 2010 and 2020 as baby boomers retire.”¹¹⁰
- **Preference for walkable neighborhoods.** According to the Pew Research Center, Hispanics prefer to live in neighborhoods where houses are smaller and closer together, but schools/stores are within walking distance by 60 percent compared to 44 percent of non-Hispanic Whites.¹¹¹

Opportunities to provide housing development through infill and redevelopment
Are Bend residents really willing to trade single-family homes on larger lots for urban walkable neighborhoods?

- **Shorter commute for a smaller home.** According to the ULI, “among older Americans, many of whom have spent substantial time in the workforce and may continue working beyond the traditional retirement age, the preference for a shorter commute is very strong, even if it means living in a smaller home. Seventy-two percent of baby boomers, or nearly 53 million people, would make that tradeoff. Similarly, 65 percent of war babies and members of the silent generation—nearly 23 million people—would trade a larger home for a shorter commute. Almost 51 percent of these older Americans (representing 18 million people) also show a slight preference for living in areas close to a mix of shops, restaurants, and offices, reinforcing their preference, particularly as they age, for walkable communities near amenities.”¹¹²

¹⁰⁸ State of Hispanic Homeownership Report, National Association of Hispanic Real Estate Professionals (NAHREP), 2012

¹⁰⁹ State of Hispanic Homeownership Report, National Association of Hispanic Real Estate Professionals (NAHREP), 2012

¹¹⁰ State of Hispanic Homeownership Report, National Association of Hispanic Real Estate Professionals (NAHREP), 2012

¹¹¹ 2014 Political Polarization Survey, Table 3.1 Preferred Community, Pew Research Center for the People and the Press, June 12, 2014

¹¹² American in 2013 Focus on Housing and Community, Urban Land Institute

Table A-28. Community Attribute Preferences

Community Attribute Preferences	Homeownership status		By Generation				
	Owners	Renters	All Adults	Gen Y	Gen X	Baby boomers	War babies/silent generation
Shorter commute/smaller home	63%	56%	61%	54%	54%	72%	65%
Close to mix of shops, restaurants, and offices	49%	60%	53%	62%	50%	49%	51%
Mix of incomes	50%	53%	52%	52%	53%	53%	47%
Public transportation options	44%	62%	51%	55%	45%	52%	48%
Mix of homes	43%	57%	48%	59%	47%	42%	44%
<i>Percentage choosing three or more of these compact development attributes</i>	-	-	54%	59%	49%	57%	51%

Source: Urban Land Institute

- Likelihood of moving and anticipated new housing.** “Many Americans report that they are likely to change homes during the next five years. *“America in 2013”* found that 42 percent of Americans—representing 98 million people—are likely movers. Making up that 42 percent are 25 percent who are very likely to move and 17 percent who are somewhat likely. Gen Yers are the most likely to move: 63 percent say they expect to move during the next five years. America’s oldest generations are the least likely to move. Lower-income people are more likely to move than those with higher incomes. Fifty-one percent of the people making less than \$25,000 report that they are likely to move in the next five years, compared with 43 percent of those making more than \$75,000. Most movers—73 percent—believe they will own the primary residence they move into; one-quarter expect to rent. Gen Yers and the oldest Americans are the most likely to expect to rent their new home, and gen Xers are the least likely to expect to rent. Just 20 percent of the baby boomers expect to rent...Most movers in Generation X—87 percent—expect to live in a single-family home. For the oldest generations, 30 percent of movers expect to move to apartments or compact homes like townhouses or rowhouses.”¹¹³

¹¹³ *American in 2013 Focus on Housing and Community*, Urban Land Institute

Table A-29. Recently Moved and Change in Home Size

	Recently moved?		Recent Change in Home Size		
	Yes	No	Larger	Smaller	Same
All Adults	32%	67%	48%	27%	25%
Gen Y	53%	47%	48%	25%	27%
Gen X	31%	69%	59%	20%	20%
Baby Boomers	20%	80%	44%	33%	22%
War babies/silent generation	19%	80%	24%	50%	25%

Source: Urban Land Institute

Table A-30. Likelihood of Moving and Expected Type of New Home

	Likely to Move		Expected Homeownership Status		Movers' Expected Type of Home			
	Likely to move	Not likely to move	Expect to own	Expect to rent	Single-family	Apartment	Duplex, townhouse, rowhouse	Manufactured/mobile home
All Adults	42%	57%	73%	25%	65%	15%	14%	2%
Gen Y	63%	36%	69%	31%	60%	21%	17%	1%
Gen X	41%	59%	81%	16%	87%	6%	4%	1%
Baby Boomers	31%	68%	79%	20%	65%	11%	16%	6%
War babies/silent generation	22%	76%	55%	36%	58%	17%	13%	0%

Source: Urban Land Institute

- **Community preference.** “Americans prefer walkable communities, but only to a point. In most comparisons tested, a majority prefers the community where it is easier to walk or the commute is shorter. But when comparing a detached single-family house to an apartment or townhouse, the detached home wins out—even with a longer commute and more driving.
 - A majority prefers houses with small yards and easy walks to schools, stores and restaurants over houses with large yards but where you have to drive to get to schools, stores and restaurants (55 percent to 40 percent).
 - An even larger majority prefers houses with smaller yards but a shorter commute to work over houses with larger yards but a longer commute to work (57 percent to 36 percent).

- A neighborhood with a mix of houses, stores and businesses that are easy to walk to is preferred over a neighborhood with houses only that requires driving to stores and businesses (60 percent to 35 percent).
- Nevertheless, when given a choice between a detached, single family house that requires driving to shops and a longer commute to work and an apartment or condominium with an easy walk to shops and a shorter commute to work, a strong majority prefers the single family home –even with the longer commute (57 percent to 39 percent).¹¹⁴

Table A-31. Current Community Versus Preferred Community

	Where You Live Now	Where you Prefer to Live
City -Near mix of offices, apartments, and shops	16%	15%
City - Mostly residential neighborhood	19%	13%
Suburban neighborhood with a mix of houses, shops, and businesses	27%	30%
Suburban neighborhood with houses only	15%	11%
Small Town	11%	14%
Rural Area	11%	16%

Source: National Association of Realtors, 2013 Survey

- **Housing demand will shift.** According to the Director of the Metropolitan Research Center at the University of Utah, Arthur Nelson, housing demand is shifting from large lot homes to small lot, townhomes and attached housing and the current supply of housing will not meet future needs.¹¹⁵

¹¹⁴ National Association of Realtors, National Community Preference Survey, 2013

¹¹⁵ “Reshaping America’s Built Environment”, Arthur C. Nelson

Table A-32. US Housing Demand Shift 2010-2030

House Type	2010 Supply 2030 Demand	2030 Demand	Difference
Attached/Other	26%	34%	8%
Townhome	6%	18%	12%
Small Lot	11%	50%	39%
Large Lot	69%	34%	-35%

Source: Arthur C. Nelson, Presidential Professor & Director, Metropolitan Research Center, University of Utah

- **Political influence on housing preference.** “Given the choice, three-quarters (75%) of consistent conservatives say they would opt to live in a community where “the houses are larger and farther apart, but schools, stores and restaurants are several miles away,” and just 22% say they’d choose to live where “the houses are smaller and closer to each other, but schools, stores and restaurants are within walking distance.” The preferences of consistent liberals are almost the exact inverse, with 77% preferring the smaller house closer to amenities, and just 21% opting for more square footage farther away.”¹¹⁶
- **Fewer households with children.** “Currently, only one third of U.S. households have children, and over the next two decades only 12% of new households being formed will have children. Childfree households are prime candidates for locating in denser areas of cities, within walking range of commercial services and entertainment. Households with two working parents are also increasingly seeking to live in urban areas to simplify their lives, taking advantage of child-care services and after-school educational opportunities available in urban areas.”¹¹⁷
- **Recent movers prefer walkable communities.** “There is a wider divide among those who have moved in the last three years or are planning to move in the next three years. Recent movers prefer the walkable community by 20 points (58 to 38 percent), almost identical to the walkable community preference expressed by those who plan to move in the next three years (+18 points, 57 to 39 percent).”¹¹⁸

¹¹⁶ Pew Research, Center for the People and the Press, Political Polarization in the American Public, Section 3: Political Polarization and Personal Life. June 12, 2014

¹¹⁷ Business Performance in Walkable Shopping Areas, November 2013, Robert Wood Johnson Foundation.

¹¹⁸ National Association of Realtors, National Community Preference Survey, 2013

Sources

The following list provides examples of key articles used in the research for this memorandum.

American Association of Retired Persons (AARP)

Multiple studies show that people over age 45 prefer to stay in their home or community as long as possible, including multiple surveys by AARP.

The AARP survey *Home and Community Preferences of the 45+ Population* shows that 85% of respondents want to stay in their current residence and community as long as possible.

The AARP survey *Approaching 65: A Survey of Baby Boomers Turning 65 Years Old* of people 65 years old shows that about 15% of responding households are planning to downsize to smaller homes over the next few years.

<http://www.aarp.org/research/surveys>

Bipartisan Policy Center

The *Demographic Challenges and Opportunities for U.S. Housing Markets* report discusses the housing implications of demographic trends and change including the growing senior population, the Millennials, the setbacks suffered by minorities during the recession, and the increasing demand for rental housing.

<http://www.urban.org/UploadedPDF/412520-Demographic-Challenges-and-Opportunities-for-US-Housing-Markets.pdf>

Fannie Mae

The report *Are Aging Baby Boomers Abandoning the Single-Family Nest?* by Fannie Mae notes that Baby Boomers are becoming empty-nesters, but they have not been giving up single family homes as once expected.

<http://www.fanniemae.com/resources/file/research/datanotes/pdf/housing-insights-061214.pdf>

Joint Center for Housing Studies of Harvard University

The State of the Nation's Housing is an annual report by Harvard University discussing national demographic trends, the housing recovery from the recession, mortgage markets and the implications for the ownership and rental housing.

http://www.jchs.harvard.edu/research/state_nations_housing

Metropolitan Research Center, University of Utah

Arthur C. Nelson, Presidential Professor & Director of the Metropolitan Research Center at the University of Utah, is well regarded for his research on the changing nature of housing in the US. He frequently posts research and presentations on his findings. The *Reshaping America's Built Environment* presentation in particular was referenced in this research.

http://faculty.utah.edu/u0621068-ARTHUR_C_NELSON/bibliography/index.html

National Association of Hispanic Real Estate Professionals (NAHREP)

The *State of Hispanic Homeownership Report*, delves into the demand and drivers behind Hispanic homeownership.

<http://nahrep.org/downloads/state-of-homeownership.pdf>

National Association of Realtors (NAR)

The *National Community Preference Survey* asks residents about specific housing preferences. According to their 2013 survey, 60 percent of respondents prefer to live in mixed-use, walkable communities, and are willing to trade a shorter commute for a smaller house.

<http://www.realtor.org/reports/nar-2013-community-preference-survey>

Pew Research Center

The Pew Research Center is well-known for producing surveys and reports on a variety of topics, one report researched in this effort includes the *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, which compares first generation immigrants to their children and to the general population.

<http://www.pewsocialtrends.org/2013/02/07/second-generation-americans/>

The Hispanic Trends Project produced a report "*Latinos and Homeownership*" which looked specifically at the growing Hispanic population and the implications for homeownership, and noted that Hispanics were particularly hard hit during the recession.

<http://www.pewhispanic.org/2012/01/26/iii-latinos-and-homeownership/>

Another report looks at the correlation between a person's political preferences and housing and community preferences. *Political Polarization in the American Public, Section 3: Political Polarization and Personal Life*. June 12, 2014

<http://www.people-press.org/2014/06/12/political-polarization-detailed-tables/>

Robert Wood Johnson Foundation

The report, *Business Performance in Walkable Shopping Areas*, quantifies the performance of walkable places compared to suburban locations in the same market area.

Urban Land Institute (ULI)

The ULI is well known for its expertise on land use issues. Examples of research include *Housing in America: The New Decade*, and the *Generation Y: America's New Housing Wave*. A national survey of Millennials in 2010 showing that: two-thirds of Millennials expect to own their home by 2015, that nearly two-thirds expect to live in a single-family home, one-quarter expects to live in an apartment or condominium. Another report, *America in 2013 Focus on Housing and Community*,

http://uli.org/wp-content/uploads/ULI-Documents/America-in-2013-Compendium_web.pdf

APPENDIX B. REMAND DIRECTIVES AND STATUTORY REQUIREMENTS

Remand Directives

Table B-1 lists the directives to the City from the Remand. Each of the directives is addressed in the housing needs analysis. Other remand directives about land use efficiency measures are addressed in the *Bend Urbanization Report*.

Table B-1. Policy Direction on BLI Issues to Date

HNA Issue	Directives to City on Remand	Where the HNA addresses the issue
Categories of housing used in the Housing Needs Analysis Section 2.3, Pages 26-33	While the City is free to <i>separate</i> the three basic housing types required to be analyzed by statute into subcategories, it may not <i>combine</i> categories as this effectively makes it impossible to do the analysis required by statute. ¹¹⁹ Goal 10, the Goal 10 implementing rule, and the needed housing statutes also require that the City analyze needed housing types at particular price ranges and rent levels commensurate with the financial capabilities of present and future area residents. ¹²⁰	Table 6
Comply with the analysis required in ORS 197.296, ORS 197.303 Section 2.3, Pages 26-33	Revise the Housing Needs Analysis to comply with ORS 197.296, OAR 660-008-0020, and ORS 197.303. The Housing Needs Analysis must include an evaluation of the need for at least three housing types at particular price ranges (owner occupancy) and rent levels (renter occupancy), and commensurate with the financial capabilities of current and future residents. Those housing types include: (a) attached single family housing (common-wall dwellings or rowhouses where each dwelling unit occupies a separate lot pursuant to OAR 660-008-0005(1)); (b) detached single family housing (a housing unit that is free standing and separate from other housing units pursuant to OAR 660-008-0005(3); and (c) multiple family housing (attached housing where each dwelling unit is not located on a separate lot pursuant to OAR 660-008-0005(5)). ¹²¹	Table 6 Table 19

¹¹⁹ Remand and Partial Acknowledgment Order ACKNOW-001795, LCDC, November 2, 2010, Sub-Issue 2.3 d, p. 31

¹²⁰ Remand and Partial Acknowledgment Order ACKNOW-001795, LCDC, November 2, 2010, Sub-Issue 2.3 d, p. 31

¹²¹ Report on Bend and Deschutes County's Amendment to the Bend Urban Growth Boundary, DLCD Order 001775, January 8, 2010, p. 46

HNA Issue	Directives to City on Remand	Where the HNA addresses the issue
Future Housing Needs Section 2.3, Pages 26-33	<p>...under Goals 10 and 14 the City also must consider the <i>future</i> housing needs of area residents during the (twenty-year) planning period. The purpose of the analysis of both past trends and future needs is that -- if there is a difference – the local government must show how it is planning to alter those past trends in order to meet the future needs.¹²²</p>	Table 19
Adequate supply of buildable lands for affordable housing Section 2.4, Pages 33-36	<p>The City must (under Goal 10 and the needed housing statutes) plan for an adequate supply of buildable land for affordable housing, including workforce housing (whether that land is inside the prior UGB, on lands in a UGB expansion area, or both).¹²³</p>	Table 19
Future housing mix Section 2.4, Pages 33-36	<p>The City must plan lands within its existing UGB and any expansion area so that there are sufficient buildable lands in each plan district to meet the city's anticipated needs for particular needed housing types. If the City continues to project a future housing mix of 65% single-family and 35% multi-family, it must explain why that housing mix will provide sufficient buildable lands to meet its projected future housing needs over the planning period, and that projection and explanation must be supported by an adequate factual base.¹²⁴</p>	The City is planning for a different housing mix, shown in Table 17.
HNA and Efficiency Measures		

¹²² Remand and Partial Acknowledgment Order ACKNOW-001795, LCDC, November 2, 2010, Sub-Issue 2.3 d, p. 32

¹²³ Remand and Partial Acknowledgment Order ACKNOW-001795, LCDC, November 2, 2010, Sub-Issue 2.3 d, p. 35

¹²⁴ Remand and Partial Acknowledgment Order ACKNOW-001795, LCDC, November 2, 2010, Sub-Issue 2.3 d, p. 35-36

HNA Issue	Directives to City on Remand	Where the HNA addresses the issue
<p>Residential development density assumptions</p> <p>Section 3.1, Pages 48-54</p>	<p>LCDC concluded that the City’s densities for housing were, in their view, low, resulting in land use that is not sufficiently efficient to meet Bend’s needed housing.</p> <p>Need to determine if raising the minimum densities of the residential zones is necessary to encourage the development of needed housing</p> <p>On remand, the City must address both prior trends (as required by ORS 197.296(5)) and recent existing steps it already has taken to increase density and meet its housing needs. The requirement of Goal 14 to reasonably accommodate future land needs within its UGB does not allow the city to use an unreasonably conservative projection of future development capacity</p> <p>Nevertheless, given the apparent market demand for increasing density relative to existing planning and zoning designations, the City must explain why increasing the density allowed, particularly for large blocks of vacant land outside of existing established neighborhoods, is not reasonable during the 20-year planning period.¹²⁵</p>	<p>HNA Chapter 3, Step 5.</p>
HNA and Employment Land Needs		
<p>Using residentially designated land for employment uses</p> <p>Section 5.8 Pages 82-</p>	<p>The City identified 119 gross acres of land as being necessary to accommodate employment on residentially zoned land. The analysis was presented in the City’s economic opportunities analysis (EOA), not HNA. LCDC required the City’s revised HNA to include analysis of land needed for employment uses within residential zones.</p>	<p>HNA Chapter 5 and Urbanization Report.</p>

¹²⁵ Remand and Partial Acknowledgment Order ACKNOW-001795, LCDC, November 2, 2010, Sub-Issue 3.1 d, p. 50-53

Statutory Requirements

This section provides the full text of the key Oregon Revised Statutes that describe the requirements of a housing needs analysis.

ORS 197.296

(2) At periodic review pursuant to ORS 197.628 to 197.651 or at any other legislative review of the comprehensive plan or regional plan that concerns the urban growth boundary and requires the application of a statewide planning goal relating to buildable lands for residential use, a local government shall demonstrate that its comprehensive plan or regional plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years. The 20-year period shall commence on the date initially scheduled for completion of the periodic or legislative review.

(3) In performing the duties under subsection (2) of this section, a local government shall:

(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands; and

(b) Conduct an analysis of housing need by type and density range, in accordance with ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.

(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, “buildable lands” includes:

(A) Vacant lands planned or zoned for residential use;

(B) Partially vacant lands planned or zoned for residential use;

(C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and

(D) Lands that may be used for residential infill or redevelopment.

(b) For the purpose of the inventory and determination of housing capacity described in subsection (3)(a) of this section, the local government must demonstrate consideration of:

(A) The extent that residential development is prohibited or restricted by local regulation and ordinance, state law and rule or federal statute and regulation;

(B) A written long term contract or easement for radio, telecommunications or electrical facilities, if the written contract or easement is provided to the local government; and

(C) The presence of a single family dwelling or other structure on a lot or parcel.

(c) Except for land that may be used for residential infill or redevelopment, a local government shall create a map or document that may be used to verify and identify specific lots or parcels that have been determined to be buildable lands.

(5)(a) Except as provided in paragraphs (b) and (c) of this subsection, the determination of housing capacity and need pursuant to subsection (3) of this section must be based on data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater. The data shall include:

(A) The number, density and average mix of housing types of urban residential development that have actually occurred;

(B) Trends in density and average mix of housing types of urban residential development;

(C) Demographic and population trends;

(D) Economic trends and cycles; and

(E) The number, density and average mix of housing types that have occurred on the buildable lands described in subsection (4)(a) of this section.

(b) A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years.

(c) A local government shall use data from a wider geographic area or use a time period for economic cycles and trends longer than the time period described in paragraph (a) of this subsection if the analysis of a wider geographic area or the use of a longer time period will provide more accurate, complete and reliable data relating to trends affecting housing need than an analysis performed pursuant to paragraph (a) of this subsection. The local government must clearly describe the geographic area, time frame and source of data used in a determination performed under this paragraph.

In addition, ORS 197.303 and 197.307 define needed housing and what actions a local government must take to ensure an adequate supply of land is available for the development of needed housing. The pertinent sections of these statutes are:

197.303 “Needed housing” defined. *(1) As used in ORS 197.307, until the beginning of the first periodic review of a local government’s acknowledged comprehensive plan, “needed housing” means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels. On and after the beginning of the first periodic review of a local government’s acknowledged comprehensive plan, “needed housing” also means:*

(a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490; and

(d) Manufactured homes on individual lots planned and zoned for single-family

residential use that are in addition to lots within designated manufactured dwelling subdivisions.

197.307 Effect of need for certain housing in urban growth areas; approval standards for certain residential development; placement standards for approval of manufactured dwellings.

(3)(a) When a need has been shown for housing within an urban growth boundary at particular price ranges and rent levels, needed housing, including housing for farmworkers, shall be permitted in one or more zoning districts or in zones described by some comprehensive plans as overlay zones with sufficient buildable land to satisfy that need.