



CITY OF BEND

BEND ECONOMIC DEVELOPMENT ADVISORY BOARD

Subject: MINUTES

Meeting date: January 6, 2017

The Bend Economic Development Advisory Board held its regular meeting on Friday, January 6, 2017 in the Council Chambers at 710 NW Wall, Bend, OR. The meeting was called to order at 10:00 AM by Chair Schultz.

Those present included:

Committee: Erich Schultz
Dale VanValkenburg
Stephanie Senner
Wendy McGrane
Jamie Klopp
Will Warne
Tom Rowley
Jamie Christman
Kevney Dugan

Staff: Carolyn Eagan, Economic Development Director; Ben Hemson, Bend Business Advocate; Jim Long, Affordable Housing Manager; Kathy Montgomery, Administrative Specialist

Public Input

Justin Gottlieb commented that official statistics on homelessness would be coming out between January 25-27.

Approve December Meeting Minutes

Minutes approved as written.

Enterprise Zone Expansion | Tom Rowley

Census tract 13. Meets requirements. Process includes public notice and Council approval. Looking for recommendation from BEDAB. EDCO talking to some interesting recruitment possibilities. Must be traded sector (not retail and lodging), light manufacturing or professional services; however not just local services (local CPA). Commitment to hire 1 person or 10% increase in staffing if already in zone. Doesn't take off tax role. 3-5 year abatement. EDCO is making the request.

Will- what is reason to subsidize if companies coming anyway. Ones EDCO talking to likely wouldn't come. Dale – how does this qualify and NWX doesn't. Is whole census tract not just COCC? Tom will get clarification if whole tract or block. Created in 2010. Stephanie- why should city give up tax for several years since seems like a desirable location. Tom- 400 jobs at

average 100,000 salary. Erich stated decision should be based on long run not these specific companies. Wendy- do we want service industries or long term sustainable service sector jobs? Tom – do we want to incentivize traded sector. This is pretty much only means of doing so. Will – can a zoning change accomplish that? Now zoned for mixed use. College wants tenants connected to mission of college. Ben – what are taxes that will be abated? Tom- Property tax on new investment. Not on land. But offset by income taxes. Council makes final call. Allow EDCO to make application. Erich – wants more clarification before make decision. Block or tract only. Stephanie suggested to present both sides. Goal of high wage traded sector jobs but may not be necessary. Dale – how long does enterprise zone go for? 10 years. All zones are considered as one so need to be reapproved in 2020. Jamie – what is college’s goal? Revenue stream as enrollment declines (as economy improves less go to college).

Questions: Block or tract? Should city be incentivizing at all? Stephanie stated that an agreed upon goal is traded sector and higher wages. Wage requirements: average wage has to be higher than city. Damon – doesn’t understand why qualifies. Dale - thinks that should do regardless. **Motion: Dale and Wendy motioned to recommend. Stephanie abstained. Five in favor.**

Technology Industry Coordinator | Teri Hockett

Technology and Bio Sciences organizations. Teri outlined the various workforce trainings that have been set up. Nineteen classes between now and June.

2017 Legislative Priorities | Erik Kancler

Due to defeat of measure 97, there will be a fight over budget. Question asked as to who sets his priorities for lobbying. He receives direction from City Manager who in turn receives from Council.

Issues watching:

Transportation package: Desire to pass statewide transportation package (fees, license, registration, taxes). His assignment is to make sure that Bend’s (and Central Oregon’s) priorities and needs are made known. Specifically working with City and COIC. Want to have bill passed that modifies COIC’s taxing authority. Allow individual cities to scale up. Not clear that state statute currently allows. Draft bill being vetted through Chambers of Commerce, EDCO, others.

Property tax reform: Currently very convoluted and inequitable to many. Will likely be part of conversation. Not necessarily about raising more but how to make more equitable. City of course would like to receive more.

Right of Way management: Collections are one of biggest source of revenue behind tourism taxes. May be limited and that concerns Bend. Make sure hands aren’t further tied. Utility companies are pushing change. How do cities recover cost of coordinating right of way? Part of problem is that all cities do business differently. Hard on utilities. Likely wouldn’t affect special event permits.

Sewer and infrastructure: Bend has high costs. Lots of failing septic. Active conversation in Salem. State can help finance solutions but only small amount set aside (1.5 million versus billions). Difficult to provide capacity if can't afford. State needs to do something. Local cities have had to do all. Can state leverage private philanthropic interests to help? Want neighborhood level solutions.

Lodging taxes: Want increasing flexibility. What is a tourism oriented facility? What does this community want? Would like local definition that nobody appeals and then show as a success story. City code does not have tourism related facility in their code either. Traditionally refers to a convention center, sports complex, airport. Current statute created 2003. Could downtown be defined as tourism district? Could TRT dollars be used to make improvements? Hasn't been tested. How do we support tourism with flexibility we need? Strike balance with other communities and their needs. Need idea of what project we want. Need metrics. How going to be perceived and set precedents.

Urban renewal, enterprise zones, affordable housing:

Tax abatement programs will be under scrutiny. Need to make case in defense of these incentives.

Brownfield cleanup and redevelopment

Affordable Housing

Water supply, basin level water resource management

Emergency services, collective bargaining etc.

Ben mentioned that Erik, Damon and Jim are on agenda to provide additional information to guide and focus goals BEDAB wants to bring forward to Council

Implications of Full Employment | Damon Runberg

In a funny spot. 2016 recovered but never plateaued. Rate of job growth didn't slow down until fall. No more available labor in market at some point. Concept of full employment is being reached maybe already exceeded. Unemployment rate at level that no longer shows cyclical weakness yet has not created wage inflation. Natural rate of unemployment concept based on a specific area. Bend has higher rate due to seasonality and retail. When rates drop below natural rate of unemployment, creates wage pressure and rates go up. Full employment is an equilibrium point.

Currently below 5% in county. Bend less than 4%. Below state and national numbers which is abnormal for Bend. Rate says nothing about what you wish your economy looks like. If change type of economy, then would change natural rate. Inflationary pressure is real at local level.

Is full employment a good thing? In general, better productivity. Reduces inequality and poverty. Improves consumer confidence. Stephanie stated she sees inequality. More related to housing inequality. Bend – economy based on lower wage workers who can't afford housing prices. Bad – labor shortage. Unfilled vacancies. Inflation. Reached in boomy way. Boom bust not good. Want more gradual. Growth rates not sustainable. Clusters good in long run as there would be more of same type of employees.

Are we there? Labor demand stalled out. Measured by job vacancies has stalled out in beginning of 2016. Feels we surpassed full employment. Taking a hit on job growth. Challenges ahead.

Bend Affordable Housing Program Primer | Jim Long

Boom bust cycle hurts affordable housing each time. 50% of renters in Deschutes County are spending more than 30 % on housing. 30% are spending 50% of income on housing. Someone making up to \$28/hour who is sole bread winner with family of four would qualify. These people are working. We have low wage jobs and high prices. 78% of Bend's housing stock is single family housing which is way higher than state average. Don't have a lot of multifamily. How do we address? Feds: 2 main ways. HOME and CDBG. Bend has CDBG. There are issues. Bend is twice size of Corvallis and they have higher per capita income but they get more. Programs are based on age of housing which hurts communities like Bend.

Bend was first City in Oregon with local affordable housing fee. Adopted in 2006. 1/3 of 1% of building fee. Have done a lot of construction financing here. 770 units: 139 single, 631 multiple family. Because of tax credits. Only a few builders exist. Housing Works and Pacific Crest are in Central Oregon. Number 2 to Portland in affordable housing. Leverage over \$62.2 million in state/federal. This year, \$15 million state and fed, \$18 million private.

Can't buy way out of problem so doing other things. Implemented cottage code. Eased up ADU rules. Created a density bonus if affordable units. Incentivize for profit builders to add more units. SDC exemptions. There is no silver bullet.

Business community must understand that lots of their employees are housed in affordable housing. Keep plugging away. People's impression about affordable housing tends to be incorrect. These are employed people.

Will – why Bend when lower housing costs nearby?

BEDAB Council Setting Input | Group

How does BEDAB weigh in with Council on their goal setting? Eric King – transportation and affordable housing focus. BEDAB has a 10 minute presentation to Council.

Growth in business and employment.

Erich – support UGB expansion. Zone changes. Transportation, affordable housing. What do we want to rally around?

Steph – transportation including park and ride type. Keep in mind shift work. Continued focus on city service levels to businesses including turn-around times for permits, etc.

Dale – continue to move UGB to reality. Infrastructure costs must be dealt with and invested in or is theoretical land only.

Wendy – generally speaking: Council to continue to acknowledge businesses are important to Bend. Be able to survive and thrive.

Jamie C. – Goals around workforce. All businesses, small to large. Transit. Training. Also livability. Katy Brooks - Grow own workforce. Transportation, livability, infrastructure, training.

Kevney- transportation. Business friendly concept. Target where we have skills already here like outdoor industry.

Jaime K. – Transportation for workers (including airport). Manufacturing workers commute. Can't afford to be transitory employer. Can't afford to retrain all the time. Housing too.

Tom – workforce housing. Lack of multifamily. Employment lands must be developable. Need infrastructure. CDD process.

Will – Bend has outgrown governance structure. Districts/elected mayor. Change in City Charter. Bend Chamber has presented this and will follow up.

Path forward:

UGB

Infrastructure

Affordable Housing

Transportation

Get concepts out to broader business community for their input. Bring feedback back to this group.

It was decided that future meetings will be held on first Monday of month from 12 – 2 pm.

Adjournment

Vice Chair Schultz adjourned the meeting at 12:02 PM.