



Bend, Oregon: Housing Unaffordability Jeopardizes Economic Vitality

by Katy Brooks

CEO, BEND CHAMBER OF
COMMERCE

There is much to love about Bend, Oregon: Maybe too much.

Skirted by the Cascade Mountain Range to the west and the high desert to the east, Bend is a gorgeous place to explore trails, ride hundreds of miles of mountain bike paths, ski, paddle or float on the Deschutes River or a mountain lake, and to enjoy nature.

Bend is also ranked the fifth best-performing small city in the U.S. by the Milken Institute (Switek et al., 2023), not bad for a former sleepy lumber mill town. It enjoys a surprisingly robust and diverse economy, attracting biopharmacy, technology, outdoor product companies, tourism-related businesses, and other industries to Oregon's high desert.

Bend's amenities and economic vibrancy sound irresistible until you try to find a place to live. Bend has grown from a town of about 25,000 people in 1990 to more than 105,000 today, with expected population growth to 156,000 by 2045.

This growth has put tremendous strain on the city and its residents, and affordable housing is at the top of the list of its challenges.

Bend may be the Milken Institute's number five in economic performance among small cities, but it is ranked 179th out of 203 in the number of households with affordable housing costs (Switek et al., 2023). Bend's median home price hovers close to \$800,000, while the area median household income (AMI) is about \$74,000. This puts housing, particularly home ownership, so far out of reach for most people that only 8% of the local workforce can afford a home in the area.

In polling conducted as part of the Bend Chamber of Commerce Workforce Housing Initiative, 78% of Bend residents surveyed said the city was growing too fast, and 67% knew someone who had to leave Bend or couldn't move to the area due to the unaffordability of housing, both for purchase and rent (2021). Most Bend residents acknowledge the need to densify housing to accommodate its population

growth but are concerned about how denser development will impact living in a small mountain city. The housing situation in Bend has led to a labor shortage with far-reaching impacts. The growing deficit of teachers, firefighters, restaurant staff, public employees, health care workers, and others who can't afford to live in Bend threatens the delivery of needed services and the quality of life that makes Bend desirable.

From an employer's standpoint, the lack of affordable housing in the Bend area has become a determining factor in whether their business thrives or withers. Of regional employers responding to a recent Chamber poll, 91% said the high cost of housing limits their growth and strains their existing workforce (Bend Chamber of Commerce, 2022).

To attract and retain employees, 43% of employers reported that they've considered subsidizing housing costs by offering land for residential development, buying rental units for their workforce, or offering mortgage and down payment assistance. They have increased wages and created flexible work schedules, allowed their employees to work remotely from other states where the cost of living is lower, offered relocation bonuses, loaned company vehicles for transportation, and provided annual memberships to community-supported agriculture (CSA) programs.

Even with these efforts, the high cost of housing continues to dampen the recruitment and retention of workers. Two-thirds of employers reported that the inability to hire had decreased

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Negatives: Housing & Traffic

Regardless of whether you think Bend is growing too fast or about right, what would you say is the one, biggest problem as a result of Bend’s recent growth?

| | Overall | Party | | |
|--|---------|-------|------|-----|
| | | Dem | Indy | GOP |
| Rising housing costs | 37% | 35 | 35 | 38 |
| Traffic and congestion | 30% | 21 | 29 | 41 |
| Rising economic inequality | 14% | 19 | 10 | 10 |
| Labor and workforce problems and shortages | 8% | 10 | 10 | 6 |
| Lack of affordable childcare | 4% | 6 | 6 | 0 |



their revenues, with almost a quarter of businesses experiencing losses greater than 10%. Small businesses are particularly hard hit. Furthermore, since decreased business revenue translates directly into less tax revenue, the City and County experience greater pressure in funding needed infrastructure and services that provide the community with a high quality of life.

As dire as Bend’s housing situation is, there are signs of hope. The City has deployed various tools to lower building costs and incentivize lower- to mid-income construction. For years, the City has had a development fee that helps pay for affordable housing projects. More recently, they created a system development charge exemption for developments that make housing available to residents earning 80% of AMI or lower, and they have annexed urban reserve land on which to build affordable homes. Parking minimums have been eliminated to decrease building costs, as well. Bend’s building code now allows higher-density development in residential zones. The City also passed a nonprofit and multi-unit property tax exemption recently and streamlined permitting for accessory dwelling units to build inventory on existing properties.

The Oregon state legislature is also working on the issue of housing. Oregon Governor Tina Kotek set a goal at the beginning of this year’s session of building 36,000 housing units annually. To that end, new legislation injected \$2.5 billion into Oregon Housing & Community Services to address the growing population of unhoused individuals and the lack of affordable housing inventory. It included nearly \$10 million to help build attainable bridge financing for permits and other pre-development costs to lower the overall cost of a home. The legislature also invested \$7.5 million for down payment assistance for people without the means to accumulate enough cash for a down payment. Another bill will provide \$20 million to develop alternative homeownership models, including co-ops and community land trusts.

The private sector is also stepping up efforts to increase housing inventory. In collaboration with RootedHomes, a community land trust that builds affordable housing on deed-restricted property, the Bend Chamber of Commerce and other private sector businesses invested in an employer-subsidized housing pilot. The pilot demonstrated that employers could support a path to homeownership for their employees by subsidizing the construction of cottage homes, which effectively lowered the cost to purchase from \$500,000 to about \$190,000.

RootedHomes offered a lottery system to area employers that were willing to contribute to closing costs and that had employees who were first-time home buyers, earned less than 80% of AMI, and had worked in Bend for at least one year. The pilot was so successful that another 50 homes will be similarly sold in collaboration with employers in the coming year.

Other pilot projects in Bend include shared equity models, on-site childcare, cottage clusters, and different types of creative development. Deschutes County,

which includes Bend and several other cities, appropriated \$1 million to fund an incentive program for builders to offer homes priced to be attainable to residents earning 80–120% of AMI.

Bend cannot remain in the top ten of the Milken Institute’s best-performing small cities if it can’t climb out of the bottom of the list for housing affordability. The gains in employment and wage growth cannot be sustained without affordable housing for the workforce, particularly in the tourism, service, and hospitality sectors. The very quality of life that makes Bend so desirable will begin to erode without the housing needed to maintain its character. Moving the needle on housing affordability in Bend—and communities like it across the country—requires intentionality, creativity, commitment, and the openness to use available tools, policies, and models to build housing for a sustained, diverse, and healthy economy now and well into the future.



AUTHOR BIO
Katy Brooks

Katy Brooks is the CEO of the Bend Chamber of Commerce. With more than 25 years of experience in public affairs, economic development, and government relations, she brings both a public- and private-sector perspective to her work. As the leader of the Bend Chamber, Brooks supports businesses and their employees by identifying and providing solutions to barriers to success. Her recent initiatives include addressing a lack of affordable housing, workforce shortages, infrastructure development, childcare services for workers, economic development, and other issues directly affecting businesses in Central Oregon.