

Deschutes County

Rural Housing Profile



Photo: Hawks View Estates / La Pine Affordable Housing



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Vacant Rural Residential Land Maps

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Conventional Housing Zone (CHC) Map

PURPOSE

Housing is consistently identified by Deschutes County residents as an issue of concern. What does this actually mean, however? Is it the cost, availability, quality, location, or some combination of these factors? This report provides and presents background and existing conditions in unincorporated Deschutes County as they relate to population, demographics, and vacant residential lands. It is intended to provide context for further discussion of the scope of a housing strategies project. Section 1 explores existing conditions in Deschutes County, including demographics, vacant lands, market analyses, and residential development opportunities currently available. Section 2 examines options to move forward with respect to housing, from opportunities currently afforded by state or local code to those that require further action or lobbying.

SECTION 1: DESCHUTES COUNTY TODAY

This section provides a snapshot of the County, summarizing numerous elements that have the potential to affect housing—whether directly or indirectly. While the information provided is just a starting point, it strives to illustrate some of the contrasts that exist between availability and affordability, between geographic regions, and some of the tools that currently exist to help manage these issues.

EXISTING POPULATION / HOUSING PROFILE

The following subsections provide an overview of the population of Deschutes County with respect to the number of residents, household income, and housing units. In some cases, information is provided for the incorporated cities separately as well as the unincorporated rural county; unless otherwise noted, however, data is for the entirety of Deschutes County, including its cities. Full methodology and explanations of source data are found in the footnoted links provided. Much of the data comes from the American Community Survey (ACS), which is a yearly survey produced by the U.S. Census that is sent to a subset of approximately 3.5 million people in the United States. It is important to reiterate that the statistics included in this profile are intended to provide context for initial discussion, while recognizing that new 2020 census data offers the best opportunity to determine how the County’s growth might be shaped in the future.

Population

Table 1 below illustrates Deschutes County’s total population estimates for 2019 for its cities and the unincorporated area. The population of the unincorporated area represents approximately 30 percent of Deschutes County.

Table 1, Deschutes County Population Estimate (2019)	
Deschutes County (including cities)¹	197,692
City of Bend ²	100,421
City of Redmond ³	32,421
City of La Pine ⁴	1,929
City of Sisters ⁵	2,781
Unincorporated County	60,140

Median Household Income

Table 2 illustrates the median household income for the same geographies, with the exception of the unincorporated county, for which data is not provided by the American Community Survey.

Table 2, Deschutes County Median Household Income (2018)	
Deschutes County (including cities)⁶	\$63,680
City of Bend ⁷	\$63,468
City of Redmond ⁸	\$55,679
City of La Pine ⁹	\$37,760
City of Sisters ¹⁰	\$56,429

The median household income for Deschutes County (including cities), is only marginally higher than that of the State of Oregon (\$63,426). Income is a critical factor when examining the potential affordability of housing. A commonly-used metric by financial and housing analysts is that the cost burden of housing (whether rent or mortgage) should be no more than approximately one-third of household income.

Median Value of Owner-Occupied Housing Units

As shown in Table 3, the median value of owner-occupied housing units in Deschutes County (including cities), is significantly higher than that of the State of Oregon (\$287,300). Given that median income is on par with the state yet housing value is not could be an indicator of a

¹ <https://www.census.gov/quickfacts/deschutescountyoregon>

² <https://www.census.gov/quickfacts/bendcityoregon>

³ <https://www.census.gov/quickfacts/fact/table/redmondcityoregon,US/PST045219>

⁴ <https://www2.census.gov/programs-surveys/popest/tables/2010-2019/cities/totals/SUB-IP-EST2019-ANNRES-41.xlsx>

⁵ Ibid.

⁶ <https://www.census.gov/quickfacts/deschutescountyoregon>

⁷ <https://www.census.gov/quickfacts/bendcityoregon>

⁸ <https://www.census.gov/quickfacts/fact/table/redmondcityoregon,US/PST045219>

⁹ <https://data.census.gov/cedsci/table?q=La%20Pine%20city,%20Oregon%20Income%20and%20Poverty&tid=ACSST5Y2018.S1901&vintage=2018>

¹⁰ https://data.census.gov/cedsci/table?q=Sisters%20city,%20Oregon&g=1600000US4167950&tid=ACSST5Y2018.S1901&layer=VT_2018_160_00_PY_D1&vintage=2018

potential imbalance. It is also important to note that second and vacation homes are not included in this figure, which is intended to capture the value of housing units used as primary residences.

Table 3, Median value of owner-occupied housing units (2014-2018)	
Deschutes County (including cities) ¹¹	\$336,400
City of Bend ¹²	\$363,200
City of Redmond ¹³	\$242,200
City of La Pine ¹⁴	\$180,600
City of Sisters ¹⁵	\$300,400

Owner and Renter Occupied Housing Units

The data in Table 4 below illustrates the breakdown of owner-occupied versus renter-occupied homes in Deschutes County as a whole as well as its incorporated cities and the unincorporated county. The U.S. Census defines “owner occupied” as: “... the owner or co-owner lives in the unit, even if it is mortgaged or not fully paid for. The owner or co-owner must live in the unit and usually is Person 1 on the [Census] questionnaire.”

Table 4, Housing Tenure	Deschutes County¹⁶	City of Bend¹⁷	City of Redmond¹⁸	City of La Pine¹⁹	City of Sisters²⁰	Unincorporated County
Total Housing Units	86,875	40,686	11,639	990	1,214	32,346
Owner Occupied	47,606	21,953	6,454	392	519	18,288
Owner Occupied (Percent of Total Housing Units)	54.8%	54.0%	55.5%	39.6%	42.8%	56.5%
Renter Occupied	24,864	15,386	4,838	462	461	3,717

¹¹ <https://www.census.gov/quickfacts/deschutescountyoregon>

¹² <https://www.census.gov/quickfacts/bendcityoregon>

¹³ <https://www.census.gov/quickfacts/fact/table/redmondcityoregon,US/PST045219>

¹⁴ https://data.census.gov/cedsci/table?q=La%20Pine%20city,%20Oregon%20Housing&g=1600000US4141050&tid=ACSDP5Y2018.DP04&t=Housing&layer=VT_2018_160_00_PY_D1

¹⁵ https://data.census.gov/cedsci/table?q=Sisters%20city,%20Oregon%20Housing&g=1600000US4167950&tid=ACSDP5Y2018.DP04&t=Housing&layer=VT_2018_160_00_PY_D1

¹⁶ https://data.census.gov/cedsci/table?d=ACS%205-Year%20Estimates%20Data%20Profiles&table=DP04&tid=ACSDP5Y2018.DP04&g=0400000US41_0500000US41017

¹⁷ https://data.census.gov/cedsci/table?d=ACS%205-Year%20Estimates%20Data%20Profiles&table=DP04&tid=ACSDP5Y2018.DP04&g=0400000US41_1600000US4105800

¹⁸ https://data.census.gov/cedsci/table?d=ACS%205-Year%20Estimates%20Data%20Profiles&table=DP04&tid=ACSDP5Y2018.DP04&g=0400000US41_1600000US4161200

¹⁹ https://data.census.gov/cedsci/table?d=ACS%205-Year%20Estimates%20Data%20Profiles&table=DP04&tid=ACSDP5Y2018.DP04&g=0400000US41_1600000US4141050

²⁰ https://data.census.gov/cedsci/table?d=ACS%205-Year%20Estimates%20Data%20Profiles&table=DP04&tid=ACSDP5Y2018.DP04&g=0400000US41_1600000US4167950

Renter Occupied (Percent of Total Housing Units)	28.6%	37.8%	41.6%	46.7%	38.0%	11.5%
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While the owner- and renter-occupancy rate varies significantly among the cities, it is worth noting that in all jurisdictions, the sum of owner-occupied and renter-occupied housing units does not add up to the total number of housing units. This is likely primarily attributable to second homes, vacation homes, or homes used for short-term rentals—all of which are common in tourism-oriented areas. In the unincorporated county, which is home to a significant number of destination resorts and resort communities, a full 32 percent of homes are neither owner- or renter-occupied.

POPULATION PROJECTIONS

Understanding the future population of Deschutes County can inform rural housing strategy goals. Since the enactment of state legislation in 2013 to centralize population forecasts with consistent methodology across Oregon, population forecasts have been conducted by the Population Research Center (PRC) at Portland State University. Population forecasts are performed on a four-year cycle by region; the most recent forecast for Deschutes County was published in 2018.²¹ It is important to note that these population figures for 2018 and beyond may differ slightly from estimates provided by the United States Census due to different base year estimates and forecast methodology; for cities' geography, PRC uses Urban Growth Boundaries (UGBs) rather than city limits, which can differ slightly.

The PRC 2018 Final Forecast Report notes that the total population of Deschutes County will likely grow at a faster pace in the near-term (2018-2043) compared to the long-term (2043-2068). This is largely due to an eventual decrease in birth rates versus death rates—owing to an aging population as well as a smaller population of women in their childbearing years—despite increases from in-migration. As shown in Tables 4 and 5, Deschutes County's total population (including cities) is forecast to increase by more than 114,000 over the next 25 years (2018-2043) and by more than 245,000 over the entire 50 year forecast period (2018-2068).

Table 5, Deschutes County and Sub-Area Population Forecasts²²	2018	2043	2068	Average Annual Growth Rate 2018 - 2043	Average Annual Growth Rate 2043 - 2068
Deschutes County	187,621	301,999	432,930	1.9%	1.5%
Bend UGB	91,373	162,362	255,291	2.3%	1.8%
Redmond UGB	29,364	51,625	82,575	2.3%	1.9%
Sisters UGB	2,691	5,169	8,431	2.6%	2.0%

²¹ <https://www.pdx.edu/prc/current-documents-and-presentations>

²² https://www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Deschutes_Report_Final.pdf

La Pine UGB	1,833	3,594	5,894	2.7%	2.0%
Outside UGB (Unincorporated County)	62,360	79,248	80,739	1.0%	0.1%

The growth rate for unincorporated Deschutes County, however, does not directly mirror that of the county as a whole or its cities. While the growth rates for the county as well as its cities are all projected to slow down between 2043 and 2068, the growth rate slows more dramatically for the unincorporated county as shown in Table 6. As a result, the population of the unincorporated county becomes a smaller proportion of the county as a whole by 2043 and 2068.

Table 6, Deschutes County and Sub-Areas Share of County Forecasts²³	Share of County 2018	Share of County 2043	Share of County 2068
Deschutes County	n/a	n/a	n/a
Bend UGB	48.7%	53.8%	59.0%
Redmond UGB	15.7%	17.1%	19.1%
Sisters UGB	1.4%	1.7%	1.9%
La Pine UGB	1.0%	1.2%	1.4%
Outside UGB (Unincorporated County)	33.2%	26.2%	18.6%

HOUSING NEED

While not intended to replace an in-depth housing needs analysis that takes into account elements such as geography, income, and price point, some basic calculations can give a general feel for housing needs in the County with respect to population growth.

Average Number of Persons Per Household

The average number of persons per household in Deschutes County, including its cities, is 2.47.²⁴

Estimated Housing Need

Utilizing the population projections provided in Table 5 above, Deschutes County outside of its UGBs is expected to grow from 62,360 people in 2018 to 79,248 in 2043—an addition of 16,888 residents. Dividing this number by average household size indicates that approximately 6,837 housing units may be required to accommodate this growth. Of note, this number does not take into account mortality rates, out-migration and related factors that could make existing housing available.

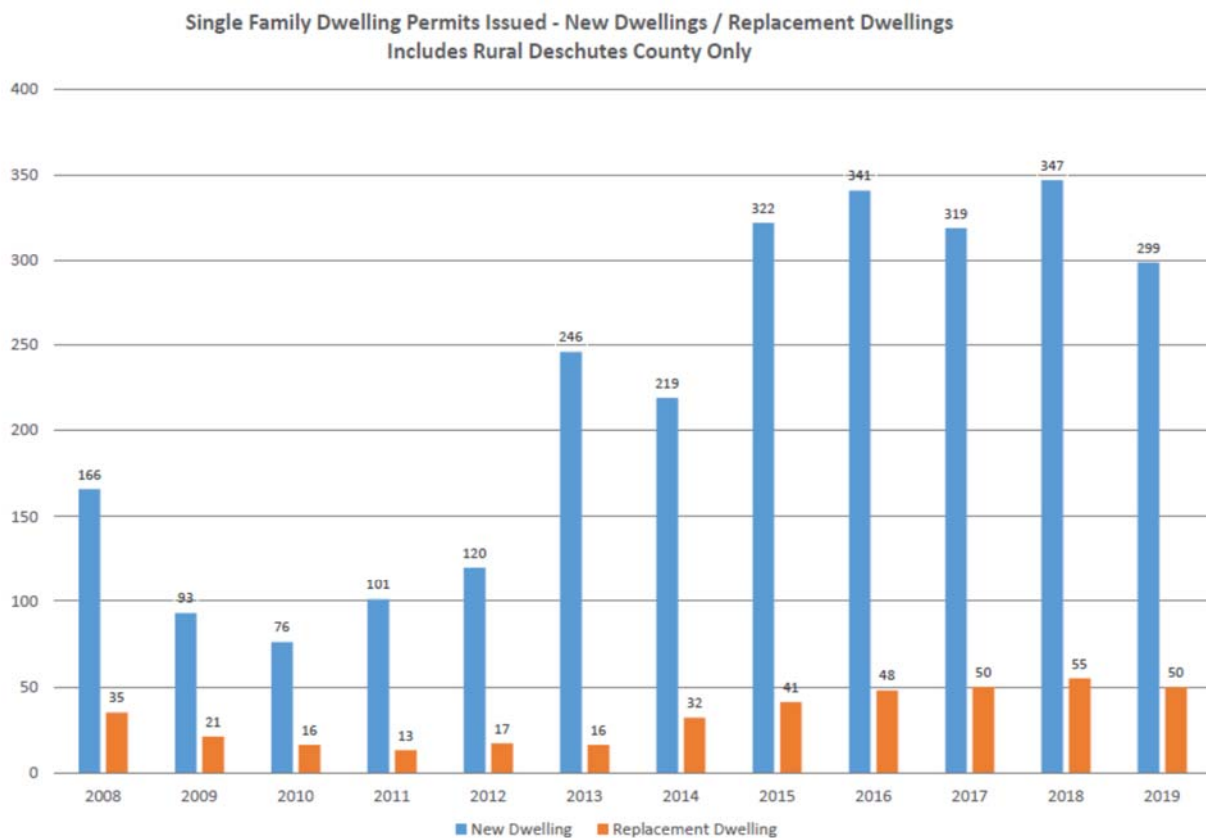
²³ Ibid.

²⁴ <https://www.census.gov/quickfacts/deschutescountyoregon>

Building Permits Issued

Table 7 below illustrates the number of new and replacement single-family building permits issued each year by the Deschutes County Community Development Department. The most recent five years of data show an average yearly total of 326 new dwelling building permits issued. This annual addition to the housing stock is the first step towards meeting the County's housing needs, but does not take into account factors such as price, type of home, or whether the homes are primary residences or second homes.

Table 7, Single Family Dwelling Permits Issued



VACANT RURAL RESIDENTIAL LAND SUPPLY

What does the housing landscape in Deschutes County look like right now? Often, housing affordability is affected by housing availability; that is, if availability of a resource (in this case, homes for sale or buildable land) is low, and desire for that resource is high, that pressure generally causes the price of that resource to rise. Low housing inventory is not the only factor that affects affordability, particularly in a location like Deschutes County, with its high draws from tourism, its second homes, Goal 8 resorts and resort communities.

The following maps illustrate the location and number of vacant residential lands throughout the county. First, it is important to distinguish between vacant residential lands and a buildable lands analysis. **Vacant residential land** is a general summary of parcels or lots in areas zoned for rural residential use that are designated in the county database as vacant; that is, no existing structure currently exists on the lot or parcel, and therefore a single-family home could theoretically be built there as an outright permitted use. A **buildable lands analysis** takes this several steps further, utilizing a more complex and labor-intensive analysis, taking into account site-specific data such as setbacks, flood plains, steep slopes, environmental soils, existing structures, and other constraints that could render a lot or parcel undevelopable. In addition, a buildable lands analysis could incorporate non-farm dwellings on land zoned for Exclusive Farm Use (EFU) and template dwellings on land zoned Forest Use (F1 / F2), which require a conditional use permit. For the purposes of this report, which examines general patterns and trends, just a vacant residential land analysis was conducted.

Methodology

The following methodology was utilized to create the vacant residential lands maps using Geographic Information System (GIS). As outlined below, the analysis began with all properties in zoning districts that allow single-family dwellings outright. Tax lots were subsequently reduced by several factors to thereby be categorized as “vacant,” outlined below.

1. All tax lots were selected that fell within the following zoning districts:
 - a. RR10 – Rural Residential
 - b. MUA10 – Multiple Use Agricultural
 - c. TER – Terrebonne Residential
 - d. TER5 – Terrebonne Residential 5-Acre
 - e. TUR – Tumalo Residential
 - f. TUR5 – Tumalo Residential 5-Acre
 - g. SR 2 ½ - Suburban Low Density Residential
 - h. UAR 10 – Urban Area Reserve
 - i. Resort Communities and Destination Resorts – Black Butte Ranch, Caldera Springs, Eagle Crest, Pronghorn, Inn of the Seventh Mountain/Widgi Creek, Tetherow
 - j. Sunriver Urban Unincorporated Community
2. From those selected tax lots, any tax lot that had the following structures already present using the Assessor Data - Stat Class Codes were removed:
 - a. 1 & 2 family home
 - b. Tri-/du-/fourplex
 - c. Condominiums
 - d. MAHO/mobile Accessory Dwelling Unit (ADU)
 - e. Nursing homes
 - f. RV park
 - g. Mobile home park

Note: Specific Stat Class Codes used to exclude tax lots in analysis: 110 – 254, 13A, 14A, 441 – 472, and 511 – 873

3. From the previous list, any tax lot that fell within designated High Ground Water was removed from the list.
4. From the previous results, any tax lot that had the following constraints rendering them unfit for single-family residential homes using the Assessor Data - Property Class Codes were removed:

PROPERTY CLASS #	DESCRIPTION
000	UNBUILDABLE
003	CENTRALLY ASSESSED
030	INDUSTRIAL UNBUILDABLE
831	RESORT COMMERCIAL IMPROVED
416	TRACT LAND IMPROVED - WATERFRONT
300	INDUSTRIAL VACANT LAND
921	SCHOOL - IMPROVED
821	IMPROVED GOLF COURSE
820	VACANT GOLF COURSE
26	WATER COMPANY
712	CONDOMINIUMS - LEASED LAND
549	IMPROVED WITH MANF. HOME RECEIVING FUV, NON EFU
191	IMPROVED POTENTIAL DIVIDABLE
991	OTHER MUNICIPAL PROPERTIES - IMPROVED
818	RESORT IMPROVED - GOLF COURSE FRONTAGE
80	RECREATIONAL UNBUILDABLE

5. Finally, staff planners and Geographical Information Systems (GIS) analysts reviewed the maps to remove any known anomalies in the data, such as known undevelopable lots that weren't captured by the assessor data.

The final results are captured in the maps in Appendix A, organized by sub-area (Bend/Alfalfa, Redmond, Sisters, Sunriver, La Pine, and destination resorts/resort communities).

Map Overview

The Index Map provides a general location guide. Sub-area maps are separated into three sets:

- Vacant lots in Destination Resorts, Resort Communities, and Sunriver Urban Unincorporated Community

- Vacant lots in sub-areas and underlying zoning (“A” maps) – these maps illustrate the boundaries of zoning districts, which is useful when examining neighboring development constraints, such as land zoned for EFU
- Vacant lots in sub-areas and public land ownership (“B” maps) –these maps illustrate lands that are publicly owned, which is useful when examining neighboring development constraints and opportunities, particularly considering that the land in Deschutes County is 80 percent publicly owned.

Taken together, these maps are intended to provide a general snapshot of where vacancies exist today and how they are distributed across the county.

Data Summary

A summary of the number of vacant parcels is provided in Tables 8 and 9 below.

Table 8, Resort Areas	Number of Vacant Lots
Destination Resorts	
Caldera Springs	101
Eagle Crest	139
Pronghorn	285
Tetherow	200
Resort Communities	
Black Butte	27
Inn of the 7th Mountain/Widgi Creek	12
Urban Unincorporated Area	
Sunriver	118
Total Vacancies, Resort Areas	882

Table 9, Rural Residential Areas	Number of Vacant Lots
Rural Residential Zones	
Rural Residential	2439
Multiple Use Agriculture	518
Suburban Low Density Rural Residential	32
Urban Area Reserve	292
Rural Communities	
Tumalo (TUR/TUR5)	32
Terrebonne (TER/TER5)	134
Total Vacancies, Rural Residential Areas	3447

Looking at the maps, it appears that the amount of vacant residential land varies greatly among destination resorts and resort communities. For instance, Pronghorn has approximately 285 vacant lots out of 464 total, whereas Black Butte Ranch has 27 vacant lots of its 1,346 total. Vacant residential lots in destination resorts can potentially be attributed to a number of factors, including price point, target demographic, amenities, and location. Despite the complexity of these factors, each vacant lot nevertheless represents a potential unit of housing.

Looking at residential subdivisions in the Bend and Alfalfa area, it appears that vacant residential lots are fairly evenly distributed around the periphery of the City of Bend’s UGB, with opportunities slightly concentrated to the north and east. Map 3b, which shows public land ownership in the area, illustrates the development constraints to the south and southwest (Forest Service ownership) and further east (BLM ownership).

La Pine’s vacant residential lands are fairly evenly distributed in one general area to the north and west of the city, even when accounting for high ground water lots that are undevelopable; development constraints due to Forest Service and BLM land lie to the south and east.

In Redmond, residential development is constrained in the southeast by BLM land and to the east, adjacent to their UGB by Deschutes County-owned land; vacant parcels of varying sizes are scattered around the remaining periphery, with a cluster of vacancies in Terrebonne to the north. There are few vacant parcels adjacent or nearly adjacent to the Redmond UGB.

Vacant residential lands in the Sisters area are largely found to the northeast in areas zoned Rural Residential (RR10). While Forest Service land restricts development to the west, south, and northwest, there is also a loose cluster of vacant parcels along U.S. 20 between Tumalo and the City of Sisters.

In the residential subdivision areas south of Sunriver, development areas, which are zoned RR-10, are largely surrounded by public lands owned by the Forest Service and BLM, but areas of vacant residential land extend in clusters down to La Pine.

Anticipated Residential Lots

Table 10 lists potential opportunities for future residential development; that is, areas not yet platted but slated for applications or approval in the future.

Table 10, Future Opportunities for Rural Residential Lots	Count
Thornburgh Destination Resort	950
Caldera Springs Destination Resort Phase 2	340
West Side Transect	187
Tumalo Irrigation District Rezoned Parcel	72
Gopher Gulch (North of Bend)	10
Future Opportunities, Rural Residential Lots	1,559

Conclusion

The number of vacant residential tax lots provides one aspect of the housing picture in rural Deschutes County, indicating simply that currently it is possible to locate a property on which a single family home might be built. A more in-depth buildable lands analysis would likely remove some of the mapped vacancies from the list due to individual site constraints, but the potential for nonfarm and template dwellings could provide a counterbalance to this reduction.

TWELVE-MONTH MARKET ANALYSIS

Thus far, this report has summarized several factors that affect housing supply and demand in the county: population trends and vacant land. However, the existence of vacant land does not necessarily mean it will be affordable. This section summarizes recent county sales data provided by the Central Oregon Association of Realtors (COAR) in an effort to better understand housing cost in various areas of Deschutes County over the last year. Tables 11 and 12 summarize single-family and manufactured home sale prices over the last 12 months (September 2019 - August 2020). Sale prices are separated by geographic sub-region, including resort communities; they largely correspond to the areas utilized in the Vacant Residential Lands Analysis.

Table 11, 12-Month Average Sale Prices in Rural Residential Areas

Bend Unincorporated	Average price
382 Homes	\$762,134.55
56 Manufactured Homes	\$342,381.70
Redmond Unincorporated	Average price
190 Homes	\$502,766.16
37 Manufactured Homes	\$291,755.84
Sisters Unincorporated	Average price
104 Homes	\$659,359.20
11 Manufactured Homes	\$361,086.09
La Pine Unincorporated	Average price
160 Homes	\$337,876.72
100 Manufactured Homes	\$234,156.50
Between Tumalo & Sisters	Average price
21 Homes	\$779,514.29
5 Manufactured Homes	\$365,000.00
Three Rivers South	Average price
150 Homes	\$499,118.51
43 Manufactured Homes	\$269,341.86

Table 12, 12-Month Average Sale Prices in Resort Areas

Sunriver	Average price
184 Homes	\$579,958.67
Black Butte	Average price
68 Homes	\$700,765.31
Inn of 7th Mt.	Average price
14 Condo	\$199,200.00
5 Timeshare	\$13,700.00
Widgi Creek	Average price
3 Homes	\$756,666.67
Caldera Springs	Average price
25 Homes	\$1,139,859.00
Tetherow	Average price
66 Homes	\$1,384,302.89
Eagle Crest	Average price
93 Homes	\$535,929.03
Pronghorn	Average price
8 Homes	\$1,199,125.00

Key Points

The most real estate activity in non-resort communities occurred in South County and near Bend. Newer destination resorts are experiencing higher real estate values compared to the other older

resorts. South County has the lowest relative real estate values, especially for manufactured homes. Manufactured homes remain a more affordable option than traditional single-family homes, with a County-wide average sale price of \$280,804.

It is important to note that since the COVID-19 outbreak began in the spring of 2020 in the United States and the region, the real estate market has become more unpredictable. In the second and third quarters of 2020, it has been apparent that market pressure is increasing as people from more populated areas seek homes in Central Oregon. With the uncertainty surrounding the virus—and the larger economy—it is difficult to predict if this trend will continue, but there is no doubt that COVID will continue to impact the real estate market in some fashion going forward as reported by several news sources and a recent Central Oregon Realtors Association Quarter 3 Report.²⁵ Similarly, the historic wildfires of September 2020 have resulted in significant displacement of residents of portions of the state. It is possible that this will have an effect on market demand in Central Oregon, including the need for manufactured homes as a housing solution that is quicker and cheaper to establish than traditional single-family dwellings.

EXISTING RESIDENTIAL OPPORTUNITIES

Rural Deschutes County possesses numerous types of residential development options currently available to residents, assuming criteria outlined in Deschutes County Code are met. Many listed below (*) are exclusive to Deschutes County.

- Cluster Development: Miller Tree Farm, Westgate i.e. Westside Transect Zone (WTZ)
- Destination Resorts: Caldera Springs, Eagle Crest, Pronghorn, Tetherow, Thornburgh – proposed *
- Destination Resort Map Amendment: Caldera Springs Expansion; other areas remain eligible until the Bend UGB reaches a population of 100,000 *
- Dwellings in Exclusive Farm Use zone: farm dwelling, accessory farm dwelling, relative-help dwelling, non-farm dwelling, lot-of-record dwelling, replacement dwelling, and temporary hardship dwelling
- Dwellings in Forest Use zone: lot-of-record dwelling, large tract dwelling, template dwelling, temporary hardship dwelling, and caretaker dwelling for fish hatchery or park
- Exclusive Farm Use Subzones *
- Measure 37 and 49: Property rights claims – the right to land divide and/or build homes as compensation for land use regulations imposed after owners acquired their properties. A map of Measures 37 and 49 claims appears in Appendix A.
- Resort Communities: Black Butte, Inn of 7th Mountain, Widgi Creek *
- Rural Residential Exception Areas: RR-10, MUA-10, UAR-10, SR 2.5, WTZ *
- UGB Amendments – Affordable Housing Pilot Projects: Housing Bill (HB) 4079 and HB 2336 *
- Unincorporated Communities: Terrebonne, Tumalo, Sunriver *

²⁵ https://www.coar.com/files/2020_Market_Stats/ECONW_COAR_2020_Q3_Report.pdf

- Historic Accessory Dwelling Units: Dwellings built before 1945 in MUA, RR-10, SR 2 ½, and UAR-10 zones on parcels larger than two acres are permitted to be converted to accessory dwelling units and one additional housing unit may be developed on a property subject to certain criteria.

Nonfarm Dwelling Approvals

As noted above, nonfarm dwellings are one type of residential development currently available to Deschutes County residents in EFU zones. According to the 2016-2017 Farm and Forest Report issued by the Department of Land Conservation and Development (DLCD) to the Legislature in January 2019, Deschutes County issued the most nonfarm dwelling approvals in Oregon between 1994 and 2017. In 2016 and 2017, Deschutes County issued 19 and 17 nonfarm dwelling approvals respectively.²⁶ Subsequently, there were 12 nonfarm dwelling approvals in 2018, 17 in 2019, and 9 to date in 2020 according to County records.

Key Points

Deschutes County offers the most rural residential housing opportunities in Oregon along with Clackamas, Lane and Jackson counties based on population outside of UGBs. It has the most resort communities and destination resorts as well as one of the largest urban unincorporated communities, Sunriver. It is also the only county with EFU subzones that allow for the smallest EFU parcel sizes in Oregon. The County rates in the top third annually for the number of approved nonfarm dwellings. It appears to have the largest number of lots located in rural residential exception areas, leading to notable cluster developments. Lastly, the Cities of Bend and Redmond are the only two municipalities taking advantage of HB 4079 and HB 2336, which allow for expedited UGBs amendments to address affordable housing.

CURRENT HOUSING INITIATIVES

Below is a sampling of recent initiatives/programs of Deschutes County’s commitment to address housing. Some of these projects are underway and some have recently begun, but all have the potential to affect housing in varying capacities.

Cities of Bend / Redmond Affordable Housing Projects

The Board of County Commissioners (Board) currently supports the Cities of Bend and Redmond with their affordable housing pilot projects. In 2016, the Oregon Legislature passed HB 4079 which formed a pilot program aimed to help cities build affordable housing. The program allows two cities to add new housing units on lands currently outside their UGBs without going through the normal UGB expansion process. The law directed the Land Conservation and Development Commission (LCDC) to set up a process to select two pilot projects: one for a city with a

²⁶ [https://www.oregonlegislature.gov/committees/senr/Reports/2016%20-%202017%20Oregon%20Farm%20and%20Forest%20\(report\).pdf](https://www.oregonlegislature.gov/committees/senr/Reports/2016%20-%202017%20Oregon%20Farm%20and%20Forest%20(report).pdf)

population up to 25,000, and one for a city with a population greater than 25,000. The selected cities can use an expedited UGB process if at least 30 percent of the newly built housing is affordable and the newly added land is protected for this use for at least 50 years. LCDR adopted rules, OAR 660-039 that provided the details on the pilot program process and project requirements. In November 2018, DLCD selected the City of Bend over the City of Redmond for the state's pilot program. On April 16, 2019, the Governor signed House Bill 2336, amending HB 4079 to allow the City of Redmond to take advantage of the second pilot program since no other jurisdictions up to 25,000 submitted proposals.

The City of Bend continues to explore annexing 35 acres on the east side of Bend. The City of Redmond recently submitting a UGB amendment application for 40 acres east of Redmond. This land was donated by Deschutes County last November. The project, Skyline Village, anticipates having 485 housing units, along with parks, trails, and a day care facility. Half of those units are anticipated for affordable housing, intended for families who earn 80% of Redmond's average median income or less.

Housing Consortium Partnerships

Deschutes County partners with NeighborImpact, Housing Works, Veterans Village, and other organizations to address affordable housing. Notable initiatives in recent years include:

- In 2008, the County collaborated on a project in La Pine that provided for the development of 26 units of affordable housing to residents 55-years or older, known as the Little Deschutes Lodge. The project was primarily funded through Oregon Housing and Community Services; the County contributed approximately 4.5 acres.
- In 2018, the County donated 1.85 acres to La Pine/Sunriver Habitat for Humanity for the purpose of developing 19 units of affordable multi-family townhomes/housing called Putney Place in La Pine. To date, approximately 6 units have been completed.
- In 2018, the County donated 2 parcels to Redmond Habitat for Humanity for the purpose of developing affordable housing. The two properties had some challenges in terms of cost to bring in infrastructure, so Habitat inquired whether the County would support them selling the properties and reinvesting proceeds in other viable property. The Board supported the request and Habitat has listed them for sale.
- In 2017, the County donated 2.5 acres to Housing Works for the purpose of developing 45 units of affordable multi-family housing. The Hawks View Estates opened in 2019 and provides a mix of one-, two- and three bedroom units in La Pine. The affordable property is income-restricted to households making at or below 60% of the area median income with rents starting at \$596.
- In 2019 the City of Redmond was selected by the State for a pilot affordable housing program as provided by House Bills 2336 and 4079. In December 2019, the City and

County entered into a land donation agreement outlining the County's commitment to donate 40 acres in east Redmond to the City for the development of 485 housing units; half will be affordable housing. Once the City has completed the partition process for the 40 acres (approximately January 2021) and the partition plat has been recorded, the County will proceed with the process of conveying the property to the City. The City then will proceed with master planning the property with a goal to begin construction of initial phases in Spring 2023.

- In 2019, Bend Heroes Foundation approached the County concerning a project to provide housing to homeless veterans. When House Bill 4212 passed, County-owned property located on the Public Safety Campus in the City of Bend was considered for the project and subsequently, the County committed to providing the 1.25 acres and limited funding to capitalize and operate the program. Bend Heroes is in the final design stages that will ultimately provide 15 units of "tiny" housing along with a supportive modular unit, parking and infrastructure. It is anticipated the first units will come online end of 2020/early 2021.

Transportation Growth Management Grant

Deschutes County applied for and was awarded a Transportation Growth Management (TGM) grant from DLCD for \$75,000 for two projects, one being an update to the Tumalo Community Plan. The Tumalo Community Plan will address housing in an unincorporated community, one of the potential elements of a housing strategy in the County.

DLCD Technical Assistance Grant

Deschutes County was awarded a Technical Assistance (TA) Grant by DLCD to perform work on 1) Wildfire mitigation strategies and 2) Goal 5 wildlife inventory updates. These tasks both contribute to the overall framework of development constraints and opportunities in terms of developable land on a large scale as well as parcel-specific guidelines. The outcomes of both of these grant tasks, which are anticipated to be complete by late Spring 2021, will directly inform potential housing strategies, and specifically the location and mitigation measures of potential new housing.

Non-Prime Resource Lands

According to a DLCD Rural Resource Lands Report, from 2008 to 2018, 24 zone changes to non-resource designations occurred in Oregon. More than 25% took place in Deschutes County. The Board is currently focusing on legislative policy amendments that address six rural residential areas platted or conveyed prior to State enabling planning legislation taking effect in Deschutes County. These areas are subject to strict EFU or Forest Use zoning requirements established in State law that affect the siting of new dwellings, remodels, additions and accessory structures.

Upon acknowledgment of the Non-Prime Resource Lands policies, Deschutes County will propose a new zone that allows rural residential uses to be permitted outright rather than conditionally.

Terrebonne Wastewater Feasibility Study

Terrebonne is served by a water district but does not have a community sanitary sewer system or utility. With the exception of two small, private systems serving two relatively new residential subdivisions, properties rely upon on-site sanitary sewer systems. Sanitary sewer system feasibility has previously been explored in Terrebonne, most recently in 1999 and prior to that in 1982. Although a community sanitary sewer system was deemed feasible in the 1999 study, the system was not pursued for a variety of reasons. According to data provided by the Environmental Soils Division, the number of malfunctioning septic systems appears to be increasing. Providing Terrebonne with sanitary sewer would preserve existing housing by providing a wastewater treatment option in the event a septic cannot be replaced—a health and safety improvement for existing properties—and provide potential for additional development in the area. The feasibility study is currently underway; the website for the project is below, and includes an overview of the project, a link to a survey as part of community conversations, and frequently asked questions.

<https://online-voice.net/terrebonne/>

SECTION 2: LOOKING FORWARD

In addition to the existing options for residential development listed in Section 1, staff has identified additional paths forward to further pursue housing strategies. Some efforts have the tools in place and are poised to be initiated if desired; others require additional action or exploratory work prior to initiating.

EMERGING OPPORTUNITIES

2020 Census

The 2020 Census concluded its count in October 2020. The data emerging from the census in 2021 will provide the best available snapshot of the County and surrounding areas, and will allow deeper and more precise analysis of existing conditions. The data utilized in the Draft Housing Profile largely came from the American Community Survey, which is an interim product that provides estimates of certain geographies, usually limited to cities of a certain size. The 2020 Census data will allow a more fine-grained approach, drilling down into census tracts and block groups for analysis of sub-areas within the County.

The Census Bureau is expected to announce new population counts by December 31, 2020. Other census data is expected beginning in Spring 2021 for Deschutes County, Cities of Bend, La Pine, Redmond and Sisters, and census tracts and block groups. The Community Development Department will analyze and summarize the data for the Planning Commission and the Board. Noteworthy statistics worth revisiting include but are not limited to:

- Sex and age
 - Total population
 - Male / Female
- Race
- Total housing units
 - Occupied housing units
 - Vacant housing units
 - Homeowner vacancy rate
 - Rental vacancy rate
- Selected monthly owner costs as a percentage of household income
- Gross rent
 - Gross rent as a percentage of household income
- Household income

- Monthly household costs as a percentage household income over the last 12 months
- Total households
 - Average household size
- Housing tenure
 - Owner occupied housing units
 - Rental occupied housing units

County-Owned Property Audit

Some of the land owned by the County could present opportunities for residential development depending on a number of factors. Staff—Property Management and Facilities, with assistance from the Planning Division and Information Technology—could audit County-owned land by size (removing parcels less than 0.75 acre, for example), zoning designation, groundwater constraints and related factors to determine development potential.

Plan/Text Amendments

- **Conventional Housing Combining Zone:** The CHC zone (DCC Chapter 18.92) was created by petition prior to the adoption of PL-15, Deschutes County Zoning Ordinance in 1979. It requires homes to be “conventional or modular housing permanently attached to real property.” The “permanent attachment” requirement precludes people from living out of mobile homes on CHC properties. This zoning district applies to three large areas near Bend to the north, northwest, and east. Repealing the CHC would give those properties the potential to provide affordable housing in the form of mobile or manufactured homes, which are less expensive alternatives to stick-built or modular housing. A map of the Conventional Housing Zone appears in Appendix A.
- **Rural Accessory Dwelling Units in Unincorporated Communities:** Rural ADUs may be allowed in unincorporated communities under state law, but not under County Code. The County could amend Code to allow ADUs in some or all unincorporated community with siting and infrastructure standards.

La Pine Neighborhood Planning Area

If initiated, this project would create area plans for the 368 acres of County-owned property in the Newberry Neighborhood in La Pine—a unique and timely opportunity to add to the housing supply in the region and increase the available mix of housing types. The current comprehensive plan and development code are a mix of legacy zoning from when the County was the land use authority prior to La Pine’s 2006 incorporation and the City’s first comprehensive plan and development code. By delineating the allowable densities, this project could provide a range of housing types from single-family to multi-family; lay out a network of convenient pedestrian and

bicycle facilities; identify neighborhood commercial nodes to reduce travel outside the neighborhood; identify open spaces to increase livability; and provide general directions on residential designs to encourage visual cohesion. If initiated, the project would review and amend as necessary the City's comprehensive plan and development code to implement the area plans. The County applied for a TGM grant to update this neighborhood plan, but was not awarded the grant.

OREGON LAND USE LIMITATIONS / COORDINATION

Institutional Challenges

Although Deschutes County has numerous prospects to expand residential development as noted in the sections above, it is important to emphasize before committing to any specific initiative that some of these opportunities face challenges with respect to state law. The Oregon land use system is designed to concentrate the majority of growth within UGBs; the following laws could potentially affect certain initiatives.

- Goal 3, Agricultural Lands and OAR 660, Division 33 contains rigorous standards for siting a dwelling on EFU lands. Recent case law may limit nonresource lands opportunities (*DLCD et al vs. Douglas County*).
- ORS 215.264 and OAR 660-033-0145 restrict land dividing EFU and Forest Use lands.
- Goal 4, Forest Lands and OAR 660, Division 6 contains rigorous standards for siting a dwelling on Forest Use lands. Recent case law may limit nonresource lands opportunities (*DLCD et al vs. Douglas County*).
- OAR 660, Division 4: Prohibits new rural residential areas from having a minimum lot size lower than 10 acres without taking an exception to Goal 14 (Urbanization).
- ORS 197.455: New destination resorts are prohibited in Deschutes County once the City of Bend's UGB reaches 100,000 (24 air miles).²⁷
- Goal 11 exception to allow sewer systems in South County regionally was remanded by the Land Use Board of Appeals (LUBA) in 2015.

²⁷ Portland State University's Population Research Center certified estimate for the City of Bend for July 1, 2019 was 91,385.

Initiatives Requiring Legislative Action

Given the challenges noted above, the following housing opportunities would require action by the Legislature in order to pursue.

- **Rural Accessory Dwelling Unit Legislation:** State law does not currently allow ADUs on rural properties. The Board continues to support legislation that would allow them. Deschutes County Comprehensive Plan Policy 3.3.5 (Rural Housing) supports initiating discussions with the State to permit ADUs in the Exclusive Farm Use, Forest and Rural Residential Zones. While a bill allowing rural ADUs failed to pass in the 2019 and 2020 legislative sessions, the concept appears to have bi-partisan leading into the 2021 session. The allowance of rural ADUs could dramatically affect the housing landscape in Deschutes County, providing smaller-scale housing opportunities throughout rural residential exception areas.
- **Remove “pilot” from HB 4079 (large cities) and HB 2336 (small cities)** to allow UGB expansions for mixed market rate and affordable housing neighborhoods.
- **Other**

Destination Resorts:

- Allow ADUs by not counting them as separate dwellings in the 2:1 or 2.5:1 residential to overnight lodging ratio requirements.
- Allow affordable housing onsite for employees.

Manufactured Home Parks:

- Allow new and expanded manufactured home parks.
- Allow manufactured home park lots to be subdivided and allow tiny homes rather than just manufactured homes.

Other