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BURA RESOLUTION NO. 120

RESOLUTION INITIATING AN URBAN RENEWAL FEASIBILITY STUDY FOR THE AREA DESCRIBED AS THE BEND CENTRAL AREA

Findings

- A. The City of Bend's 2016 Urban Growth Boundary (UGB) expansion identified nine opportunity areas within the existing City boundary. The opportunity areas were identified as locations suitable for development and/or redevelopment to help meet some of the City's needs for housing and employment. The opportunity areas have varying levels of existing infrastructure, and require a mix of private and public investments. Chapter 11 of the Bend Comprehensive Plan applies to the opportunity areas.
- B. A pre-feasibility study was conducted by ECONorthwest and presented to the Bend City Council on March 21, 2018. This study focused on the areas shown in Exhibit A, which is attached and incorporated by this reference.
- C. Bend Urban Renewal Agency (BURA), by resolution on December 6, 2017, approved budget for staffing and consultant work for the Urban Renewal Feasibility Study and requested that approval for staffing be brought after the presentation of the full UGB implementation plan.
- D. The Bend City Council, by resolution dated May 2, 2018, directed BURA to take all actions necessary for development and adoption of a new Urban Renewal plan and district for some of all of the area described above as the Bend central area, beginning with a feasibility study assessing all of these areas.
- E. ORS 457.085 regulates urban renewal plans and adoption processes.
- F. A feasibility study is intended to evaluate the potential economic success of a potential urban renewal area. An urban renewal area can take advantage of tax increment financing, which allows, within limits, the property tax revenues on the growth in assessed value to be used to fund urban renewal projects identified in an adopted urban renewal plan.
- G. The feasibility study will be presented to BURA, which will use the feasibility study to determine whether to recommend to Bend City Council the creation of an urban renewal area and urban renewal plan in the Bend central area.
- H. Pursuant to Bend City Council Ordinance No. NS-1869, dated May 21, 2003, the rules of conduct and procedure applicable to the Bend City Council are also applicable to the City Council acting as BURA. Bend Code section 1.20.015(H) gives City Council authority to create temporary advisory committees by resolution to address specific issues or engage in specific tasks, within identified time frames, to make recommendations to

Council. Pursuant to ordinance no. NS-1869, BURA has the authority to appoint temporary committees under this same procedure.

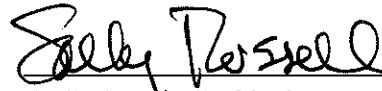
Based on these findings,

THE URBAN RENEWAL AGENCY OF THE CITY OF BEND RESOLVES AS FOLLOWS:

1. BURA directs staff to initiate a feasibility study to determine whether and how urban renewal might be a viable and appropriate tool for redeveloping the central area of Bend.
2. BURA directs staff to ensure that the feasibility study evaluates the potential economic success of a potential urban renewal area in the Bend central area. The feasibility study should include a description of physical, social and economic conditions in the urban renewal areas of the Bend central area to determine if conditions of "blight" as defined in ORS chapter 457 are present in the area, a projection of what tax increment revenues might result from additional appropriate development of the area, and a projection of the likely costs of the investments necessary to promote that development, in addition to other elements to be developed by staff. The feasibility study should also consider the area's size and current assessed value, to assess the impact of creating an urban renewal area in the Bend central area on the statutory limitations for acreage and assessed value that may be included in urban renewal areas.
3. BURA directs the Economic Development Director to proceed with the hiring of staff to accomplish the objectives listed in sections 1 and 2.
4. BURA directs staff to bring forward a resolution creating an advisory committee to make recommendations to BURA on the feasibility study and subsequent urban renewal plan and district, if indicated by the feasibility study, as described in sections 1 and 2. This will be a temporary advisory committee formed under Bend Municipal Code Section 1.20.015(H).

Adopted by the Bend Urban Renewal Agency on May 16, 2018.

YES: Sally Russell, Chair NO: none
Casey Roats
Bruce Abernethy
Bill Moseley
Nathan Boddie
Justin Livingston
Barb Campbell



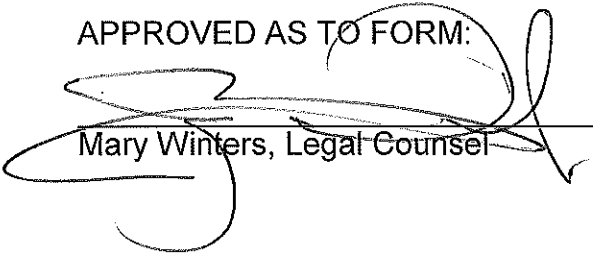
Sally Russell, Chair

ATTEST:



Robyn Christie, City Recorder

APPROVED AS TO FORM:



Mary Winters, Legal Counsel

RESOLUTION NO. 123

A RESOLUTION ESTABLISHING A BURA ADVISORY BOARD FOR THE URBAN RENEWAL PLAN FOR THE CENTRAL AREA OF BEND

Findings

- A. BURA has initiated an Urban Renewal Feasibility Study for the central area of Bend by Resolution 120.
- B. BURA wishes that the central area of Bend be developed in accordance with the vision outlined in the Comprehensive Plan and Bend Development Code.
- C. BURA has asked for input on the development of a Feasibility Study and Urban Renewal Plan and report to create a new urban renewal district in the central area of Bend. In addition to obtaining input from consultants and staff, BURA wants to obtain input from stakeholder who will be directly impacted by the decisions and projects in the final adopted plan. BURA will also obtain input from the general public when it adopts any measures that affect the central area of Bend.
- D. The feasibility study area is the area identified in Exhibit A to BURA Resolution No. 120.
- E. Bend Code 1.20.015 (H) and City Council Ordinance No. NS-1869 authorize the City Council acting as BURA to establish temporary committees by resolution to address specific issues or engage in specific tasks, and to establish the scope of the authority and responsibilities of the temporary committee. Members of the committee are appointed by the BURA Chair with confirmation by BURA.
- F. BURA wishes to appoint an Urban Renewal Advisory Board as a temporary committee to provide a recommendation to BURA relating to the potential use of urban renewal for the central area of Bend to accomplish the goals and policies outlined in the Bend Comprehensive Plan.

Based on these findings, BEND URBAN RENEWAL AGENCY OF THE CITY OF BEND RESOLVES AS FOLLOWS:

Section 1. The Urban Renewal Advisory Board ("the committee") is established to consist of 13 members and up to five ex-officio members. The membership shall consist of the following:

- Local developer with long term interest in the central area of Bend
- A (former) member of the UGB Steering committee
- Multi-modal transportation professional
- Business owner inside the feasibility study area
- Resident inside the feasibility study area or a representative nominated by a Neighborhood Association
- Builder – Multi-family and/or Mixed Use
- Residential and commercial financing professional
- Social Service organization representative
- Cascades East Transit representative or a transit dependent resident
- Four at-large community members

Ex-Officio appointees from any of the following Taxing Districts

- Bend Parks and Recreation District
- Library District
- Bend La-Pine School District
- Bend Rural Fire District
- Central Oregon Community College

Section 2. The representative of Cascade East Transit, Bend Parks and Recreation District, Bend Fire District, Library District, and Central Oregon Community College shall be selected by those organizations and approved by BURA as described in Finding E.

Section 3. While Bend Code 1.20.015 provide the BURA chair may appoint a chair and vice-chair for a temporary committee, the committee shall instead elect a chair and vice-chair by motion at one of its first meetings.

Section 4. The committee shall meet during the development and creation of the Feasibility Study, the development and creation of the Urban Renewal Plan and Report, adoption of the new district and if needed, may continue to meet for the time needed to complete additional work identified in the study as authorized by BURA. The additional work may include but is not limited to recommendations for incentives and programs that will assist with the redevelopment of the future district.

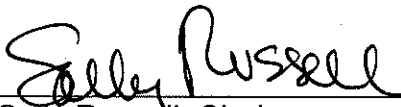
Section 5. The committee may make recommendations to BURA and, if necessary, directly to the Bend City Council.

Section 6. This resolution takes effect immediately on passage.

Adopted by the Bend Urban Renewal Agency on June 20, 2018.

YES: Sally Russell, Chair
Casey Roats
Nathan Boddie
Justin Livingston

NO: Bill Moseley



Sally Russell, Chair

ATTEST:



Robyn Christie, City Recorder

Approved as to form:



Mary Winters, City Attorney



Chapter 11: Growth Management





Adopted Amendments

EFFECTIVE DATE	ORD #	CHANGES
2016	NS-2271	Adopted chapter



BACKGROUND

Legal Context and Supporting Documents

Statewide Planning Goal 14 requires that cities establish and maintain Urban Growth Boundaries (UGBs) to provide land for urban development needs and to identify and separate urban and urbanizable land from rural land. The goal's purpose is: "To provide for an orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside UGBs, to ensure efficient use of land, and to provide for livable communities".¹

Like the statewide goal, Bend's growth management planning, goals and policies are comprehensive. The City plans for how much and what types of land are needed for future growth and what the form of new development should be to ensure a livable community and enhance Bend's high quality of life.

Bend's Urbanization Report documents: (1) the capacity of land inside the UGB to accommodate growth, including measures intended to result in efficient use of land; and (2) the City's evaluation of potential locations for UGB expansions and the consideration of the four Goal 14 factors in reaching a proposed UGB expansion. The Urbanization Report is focused primarily on the legal and technical aspects of growth management in Bend. The Urbanization Report for growth to 2028 is adopted and incorporated as Appendix L of the Comprehensive Plan.

Bend's Urban Form Report describes the physical form of the city. Urban form provides a way to understand the relationships between land uses and between the natural and built environments that give meaning to the legal exercise of planning for growth within and expansions of the city. Urban form encompasses the physical shape and design of the city. The layout of Bend's streets, the location and design of homes and businesses, and the distances between destinations all affect the quality of life for residents and visitors. Urban form influences land values; where residents live, work, shop and relax; everyday travel choices; and whether commute trips can be made by walking or biking, using transit, or driving. Bend's urban form also directly affects natural systems such as air and water quality, wildfire risk, health, and diversity of plants and wildlife. The Urban Form Report is a non-regulatory document that supports the goals and policies in this chapter of the Comprehensive Plan. It is adopted as Appendix M of the Comprehensive Plan.

Community Context

Bend's identity and unique urban form stem from the city's regional context, beautiful natural setting, and growth over approximately 100 years. Bend is the largest urban area in Oregon east of the Cascade Mountains. The city is uniquely situated between the Cascade Mountain Range and Deschutes National Forest to the west, and high desert plains to the east. Bend's varied topography and abundant natural features are major influences in its existing urban form and identity as a city. In many ways, the city's

¹ OAR 660-015-0000(14)



rapid growth is a direct result of its natural and scenic resources and proximity to the outdoors. The city's physical and visual access to Mt. Bachelor, the Three Sisters, the buttes within the city (such as Awbrey Butte and Pilot Butte), Deschutes River, and Tumalo Creek provide defining contextual elements of the city's urban environment and community identity.

Bend's location in the high desert also means that the community is susceptible to wildfires. While wildfire risk and hazard have had only a modest impact on the city's urban form historically, as the city expands further into the Wildland-Urban Interface, strategies to minimize and mitigate wildfire hazard will become increasingly important (see Chapter 10 for more about wildfire risk and hazard).

In the built environment, key transportation facilities such as Highway 97 and Highway 20 as well as freight rail lines connect Bend with other major regional destinations but also create barriers to pedestrian and habitat connectivity, and shape an auto-oriented urban form along the adjacent land. Bend's trail system, on the other hand, is essential to creating connected neighborhoods because it provides recreation opportunities and active transportation options, and contributes to the economic vitality of the community. Its parks provide places to play, connect, and socialize; access to nature; and natural system functions.

The city's historic development patterns, including the historic downtown and adjacent neighborhoods, which were developed in the late 19th and early 20th centuries, create a vibrant core with a gridded street system and short block lengths that provide a pedestrian-oriented setting as well as iconic public spaces such as Drake Park. Later development through the mid- to late-20th century produced quiet, generally low-density suburban neighborhoods with winding streets, and busy commercial corridors along major roads. As the lumber and farming industries waned in importance and tourism and recreation grew, the nature of employment areas shifted, with the beginnings of redevelopment within the city's urban core, such as the Old Mill District.

Today, Bend is a city in transition. In the first two decades since 2000, Bend is increasingly becoming less of a town and more of a small *city*, as evidenced by:

- A 2016 resident population of over 80,000, expected to grow to over 115,000 by 2028;
- A growing role as the regional economic center for Central Oregon;
- Recent rapid growth - the 7th fastest growing metro area in the country in 2015;
- A resident plus visitor population that swells the city's population to over 100,000 (2016) at the height of the summer tourism season;
- A prosperous downtown with 3-4 story mixed use development and structured parking;
- The success of Northwest Crossing, where traditional neighborhood development, convenient access to shops, parks, schools, and trails, as well as pedestrian friendly streetscapes are central to the development concept;



- New development, redevelopment, and adaptive re-use in the Mill District, employment lands north of Century Drive, and other industrial and mixed-employment lands throughout the City;
- A significant growth in transit ridership since fixed route service was established in 2007;
- Oregon State University's decision to establish the 4-year Cascades Campus in Bend;
- Public planning and investments in key infrastructure (e.g. the citywide sewer system) and urban amenities (e.g. Drake and Shevlin Parks, recreational amenities such as the Ice Skating Pavilion and reconstructed white water park on the Deschutes River, and Healy Bridge, to name a few);
- Housing affordability challenges; and
- The growth of the “makers” economy, such as craft brewing.

Bend's growth management strategies are intended to help make the transition described above from small town to city and contribute to maintaining Bend's livability and desirability as the city grows and evolves.

Complete Communities

Key Ingredients

Complete communities have varied housing options and many of the essential services and amenities needed for daily living, including quality public schools, parks and open spaces, shops and services, all within a convenient walking or biking distance. Complete communities should also have convenient access to public transportation and employment areas.

Community Priorities

In Bend, and across the nation, residents and local officials are increasingly making walkability, mixed use and access to amenities a high priority. This trend will spur the growth and redevelopment of areas within Bend that are walkable and have many amenities and services close by. Research indicates that walkable and mixed use communities have higher property values, more opportunities for affordable housing, and also encourage greater bike, pedestrian, and transit use. An increased interest in complete communities is also expected to heighten demand for thoughtfully planned neighborhoods and employment districts in expansion areas where uses are knit together and accessible by a variety of travel modes. As land prices increase and demographic shifts increase demand and need for a greater variety of housing options, densities are expected to increase in newly-built neighborhoods and through modest amounts of infill and redevelopment in existing neighborhoods.



Bend's Central Core

Bend Central Core is a uniquely livable part of the city. The central core offers proximity to downtown, the Deschutes River, Mirror Pond, Juniper Park, many other smaller parks, and a variety of regional destinations; a walkable street grid; neighborhoods with historic character; successful small neighborhood centers and corridors (2nd and 4th Streets, 8th and 9th Streets, Newport Avenue, Galveston Avenue, SW 14th Street); access to a high concentration of jobs by a variety of modes; and transit service. This blend of the “D” Variables (Density, Diversity, Design, and Destinations) is the foundation of the area’s livability and an important influence on travel behavior.



Rendering of 2nd Street and Greenwood Avenue. Redevelopment of the area results in walkable streets and 3- to 5-story commercial and mixed use buildings.

As described in Bend’s Integrated Land Use and Transportation Plan, national research has shown that the “D” variables are highly influential on how much walking, biking, transit use, and linking of trips occurs – which reduces the need to drive.² This is important because the availability of transportation choices contributes to Bend’s overall livability. It is also important because state law requires the City to reduce the reliance of the automobile. During the UGB Remand process (2014-2016), the City modeled vehicle miles traveled (VMT) per capita throughout the urban area under different growth scenarios as in indicator (required by the state) of reliance on the automobile. Predictably, the Central Core showed the lowest levels of VMT per capita, and the highest potential for “moving the needle” toward relatively less VMT per capita through infill and redevelopment to focus growth and further increase the density and diversity of uses in this area.

² See Bend Integrated Land Use and Transportation Plan, which is an appendix to the Bend Transportation System Plan.



For all of the reasons described above, the Central Core is considered a particularly important part of the City’s growth management efforts. The success of Bend’s transition to more of an urban community will follow the continued growth, in appropriate areas, of the Central Core. It is important to note that placing a priority on growth within the Central Core does not mean that all areas should redevelop. In this context, “appropriate areas” means development and redevelopment on vacant lands, underutilized lands, and where development is designed to be compatible with adjacent, stable areas.



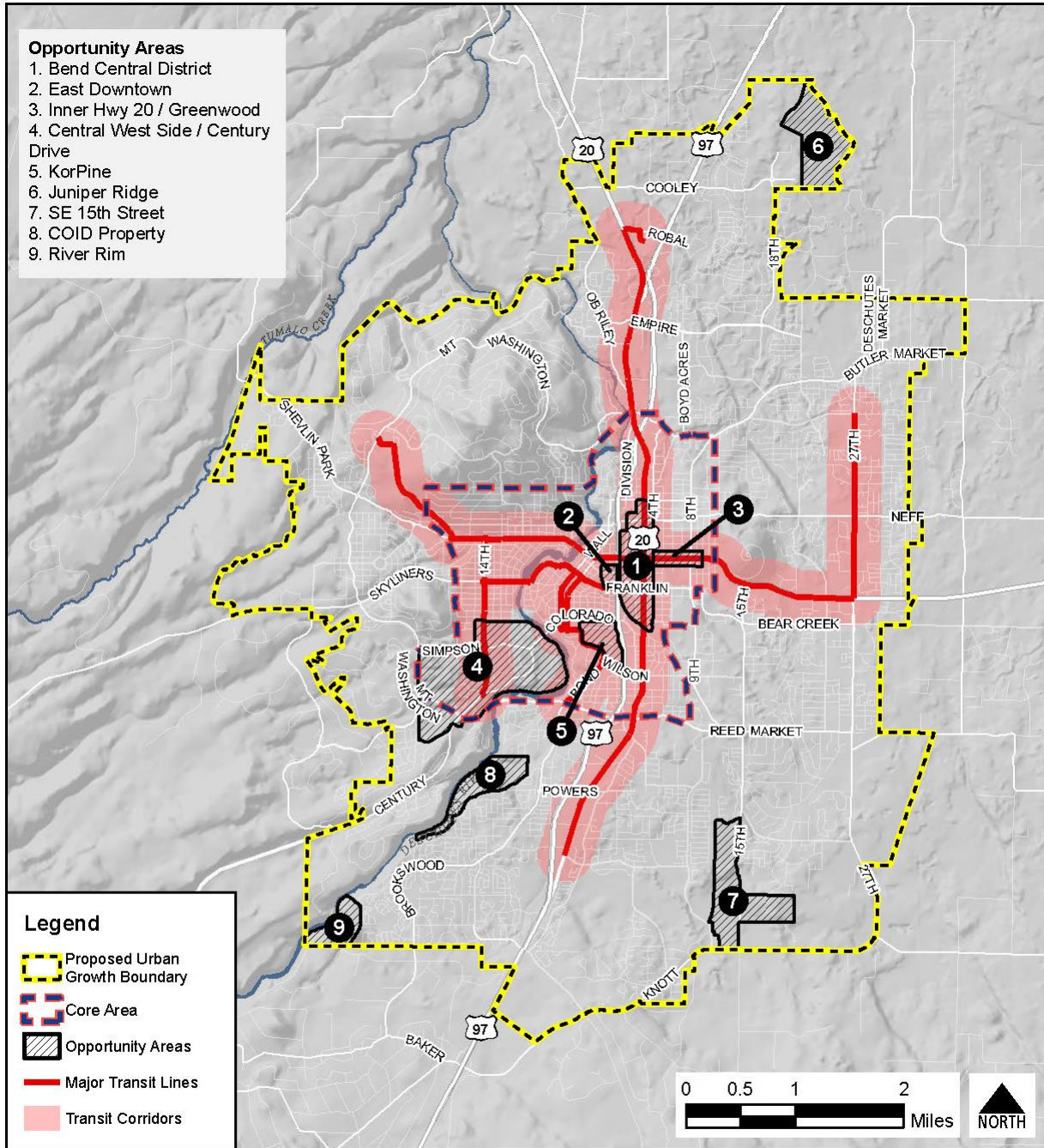
Aerial rendering of the Bend Central District with mixed use redevelopment and transitions to adjacent neighborhoods.

The Central Core area is shown on Figure 11-1. The “boundary” on this figure is illustrative only. The Central Core is a planning concept – its applicability to specific development and policy implementation needs to be interpreted on a case-by-case basis.

“Growing up” in appropriate areas within the Central Core, as well as transit corridors and opportunity areas, is a goal for Bend because these areas already have (or will have) the base infrastructure, population density, and urban amenity “completeness” that is needed for their success. They offer the best opportunities to reverse the growth of vehicle miles traveled per capita and increase walking, biking, transit, and linked trips by automobiles.



Figure 11-1: Core Area, Transit Corridors, and Opportunity Areas



Data Source: Deschutes County GIS (2014)





Opportunity Areas

During the UGB Remand planning process (2014 to 2016), the City evaluated the efficient use of existing urban land through the lens of “opportunity areas”. Opportunity areas are locations within the City that are appropriate to focus new growth due to their location, zoning (existing or planned), amount of vacant or underdeveloped land, and/or proximity to urban services. Each opportunity area will serve a unique role in the City’s future – some are vacant land and will develop primarily through private sector initiative; others are redevelopment opportunities and will require a partnership of private sector investment and City support or investment.

Bend’s opportunity areas are summarized below – please see the Urbanization Report for more detailed descriptions of the opportunity areas. The Opportunity Areas are shown on Figure 11-1.

- Bend Central District – opportunity for the 3rd Street commercial strip to transition to a mixed use corridor



Rendering of 3rd Street in the Bend Central District. Public and private investments in streetscape improvements support all modes of travel. New commercial and mixed use buildings revitalize the district.

- East Downtown – long-term opportunity for an extension of the downtown
- Inner Highway 20 – long-term opportunity for a walkable, mixed use corridor



Growth Management

- Century Drive Area – a key part of the Central Westside Plan, the siting of OSU’s new four-year Cascades campus offers an opportunity to create a new mixed use center anchored and supported by the new institutional employment district.



Rendering of 14th Street / Century Drive near Commerce Avenue. Public and private investments will create a new mixed use center with “complete” streets.

- KorPine – opportunity to transform an industrial area into a vibrant urban mixed use district
- Inner Highway 20 / Greenwood Ave – opportunity to shift to a more walkable mixed use corridor
- Juniper Ridge – opportunity for a future industrial and professional office employment district



- 15th Street Ward Property – As the largest vacant residentially-designated property in Bend, this area offers an opportunity to create a new complete neighborhood including a local commercial center, a variety of housing options, parks and a school



Rendering of 15th Street north of Knott Road. New development provides local commercial services, a variety of housing opportunities, and “complete” streets.

- COID Property – long term opportunity for a new neighborhood adjacent to the Deschutes River
- River Rim – opportunity for an environmentally-sensitive new neighborhood adjacent to the Deschutes River



Bend’s Urban Form

Urban form encompasses the physical shape and design of a city, comprising both natural and built environments. The layout of Bend’s streets, location and design of homes and businesses, and distances between destinations all inform the city’s urban form and directly affect the quality of life for residents. Urban form influences land values; where residents live, work, shop and relax; everyday travel choices; and whether commute trips can be made by walking or biking, using transit, or driving. Urban form “typologies” are used in Bend’s growth management planning to provide a standardized system for organizing and classifying different development patterns around the city. The typologies help capture the current mixture of land uses and create a palette to describe the desired future urban form of Bend; however, they are intended to be descriptive rather than regulatory.

The typologies are broadly organized into Centers and Corridors, Employment and Mixed Use Districts, and Neighborhoods. These are summarized in brief below, along with diagrams for each category. These are followed by a combined diagram illustrating Bend’s future urban form (Figure 11-5). The diagrams are not regulatory – they are visual tools that capture the City’s growth concept and intentions for expansion areas as well as infill and redevelopment areas. For additional description of the typologies and how they were developed, see the Urban Form Report in Appendix Y.

Centers and Corridors

Bend’s commercial areas take the form of one of two general shapes: (1) Centers, which are focal areas of commercial or mixed uses at an intersection, or contained within one to three blocks; or (2) Corridors, which follow a distinctly linear shape of commercial uses, typically along a busy street. The Centers and Corridor typologies vary in the intensity of commercial development and also the scale of area they serve. There are four different types of commercial centers and corridor typologies in Bend, summarized below. Centers and corridors include pedestrian-oriented and transit-supportive design within the Central Core, Opportunity Areas, and transit corridors.

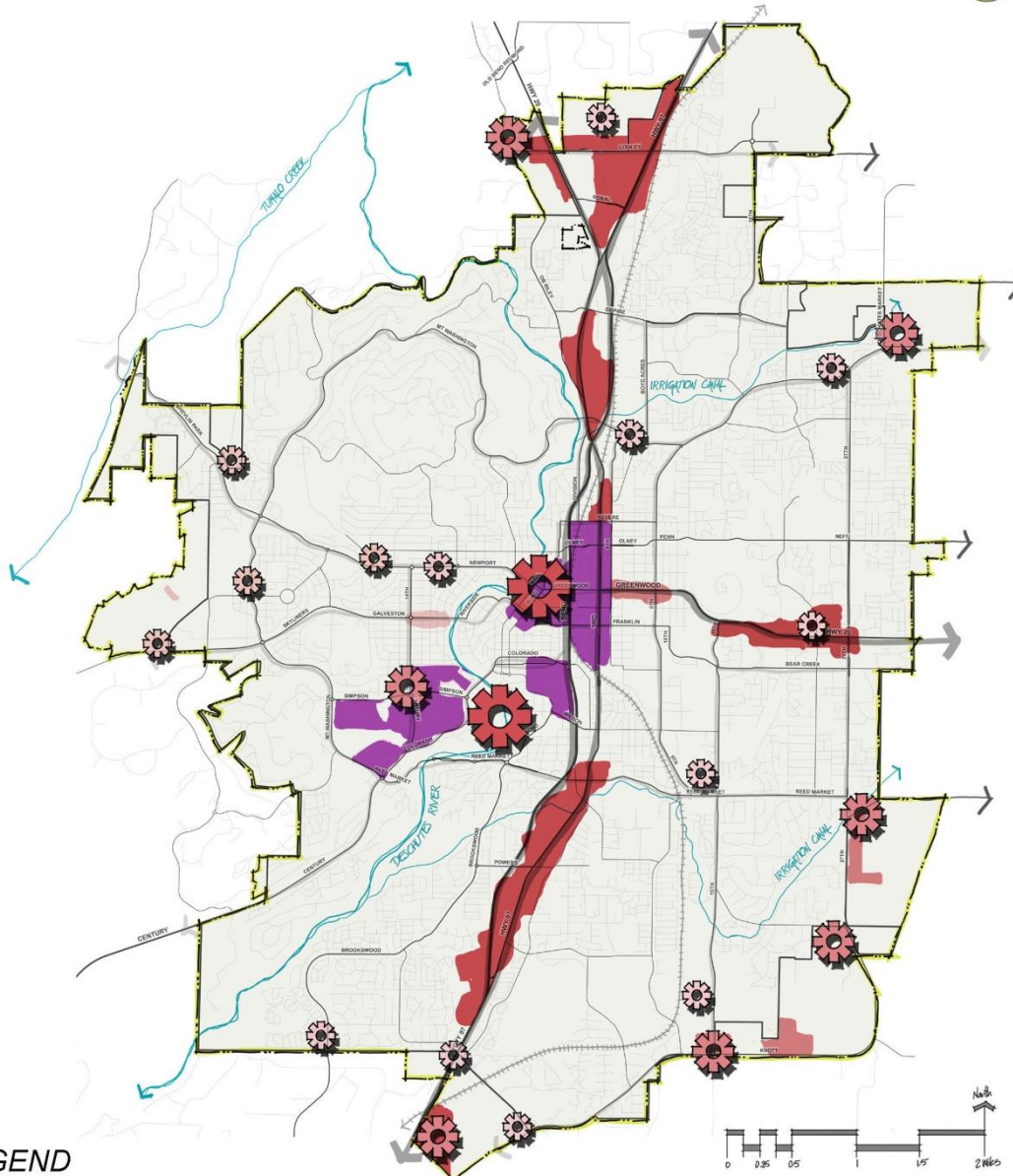
Center or Corridor Type	Characteristics
Urban Mixed Use Center or District	Serve the entire city/region. Hubs of commercial, employment, and community services. Relatively high development densities. Often include mixed use development.
Major Commercial Corridor	Located along major transportation routes. Primarily commercial uses that thrive on high visibility and accessibility. May include mixed-use development.
Community Commercial Center or Corridor	Serve surrounding neighborhoods. Provide a range of retail, service, and/or office uses, and may include mixed-use development.
Local Community Center or Corridor	Smaller centers or corridors with small-scale retail and local services. Generally surrounded by neighborhoods. May include mixed-use development.



Figure 11-2: Centers and Corridors Future Urban Form Diagram

BEND FUTURE URBAN FORM DIAGRAM CENTERS AND CORRIDORS

This diagram is conceptual, non-regulatory, and subject to change.

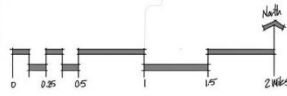


LEGEND

- City Limits
- Urban Growth Boundary
- River/Stream
- Rail Road
- Major Arterial/Highway
- Minor Arterial
- Street Network
- Non-Centers and Corridors

Centers and Corridors

- Urban Mixed Use Center
- Major Commercial Corridor
- Mixed Use District
- Community Comm. Center
- Community Comm. Corridor
- Local Commercial Center
- Local Commercial Corridor





Employment Districts

Employment Districts are areas where the predominant uses are offices, industrial uses, or major institutions. Retail may be present but is a relatively minor use. Bend's Employment Districts support a diverse range of jobs and industries, and vary mainly in their primary function and the mix of employment uses. There are four different typologies of Employment Districts in Bend, summarized below. Employment Districts include pedestrian-oriented and transit-supportive design within the Central Core, Opportunity Areas, and transit corridors, and where noted below.

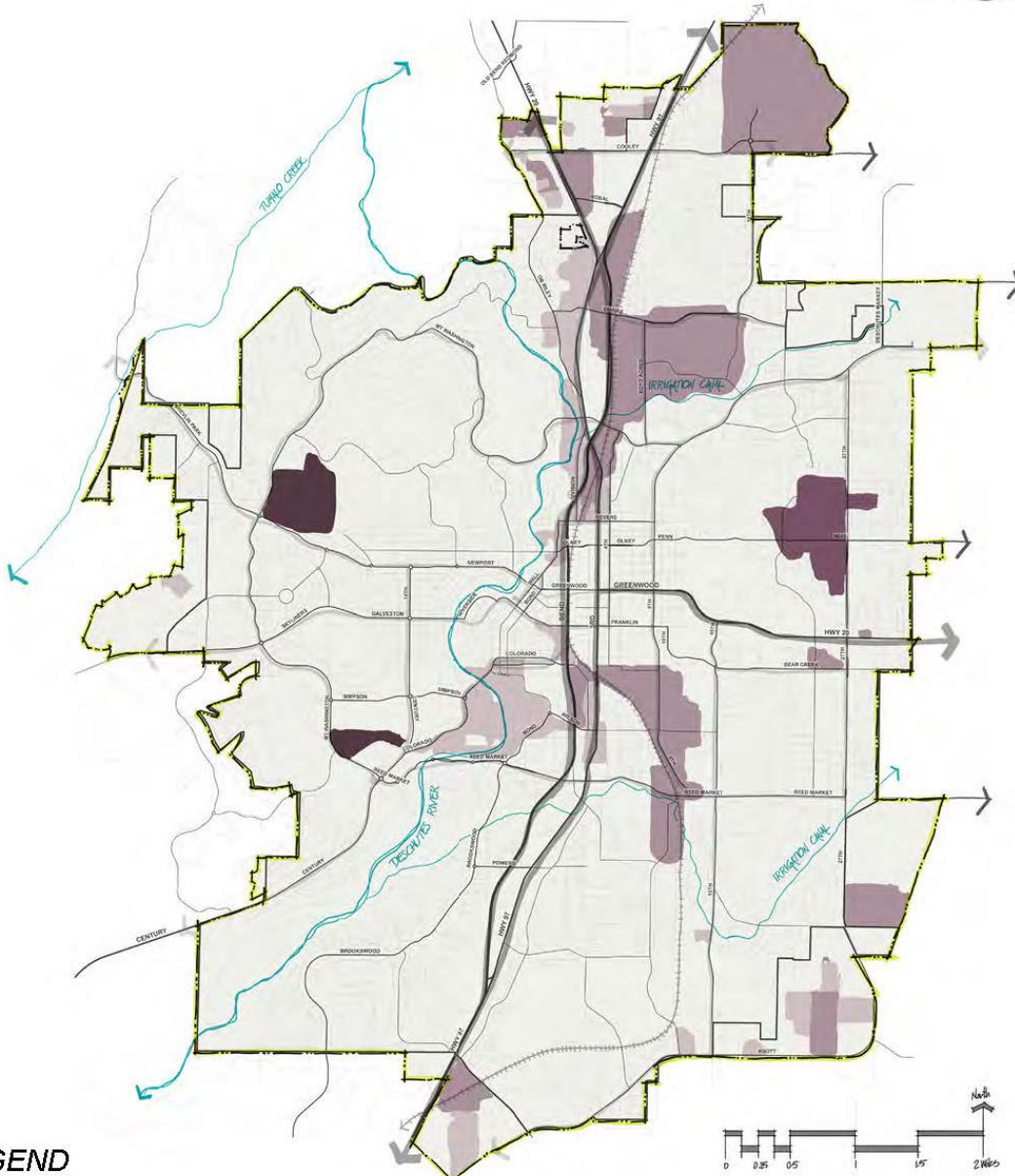
Employment District Type	Characteristics
Higher Education	Educational institutions and campuses such as Central Oregon Community College and Oregon State University. May include on-campus housing. Typically pedestrian-oriented and transit-supportive.
Medical	Focused on uses including hospitals, medical offices, and other related facilities, such as St. Charles Medical Center and the surrounding uses. Residential uses are generally limited to group homes with some multi-family development (e.g. senior living).
Industrial or Professional Office	Uses include manufacturing, industrial and office uses. Typically depend on automobile and truck access. Few or no residential uses.
Mixed Employment	Mix of office uses, manufacturing and light industrial uses such as creative and flexible work spaces, as well as some retail and community services. May include mixed-use development.



Figure 11-3: Employment Districts Future Urban Form Diagram

BEND FUTURE URBAN FORM DIAGRAM EMPLOYMENT DISTRICTS

This diagram is conceptual, non-regulatory, and subject to change.



LEGEND

- City Limits
- Urban Growth Boundary
- River/Stream
- ==== Rail Road
- Major Arterial/Highway
- Minor Arterial
- Street Network
- Non-Centers and Corridors

- #### Employment Districts
- Higher Education
 - Medical
 - Industrial/Professional Off.
 - Mixed Employment



Neighborhoods

Neighborhood typologies are based on a range of factors including mix of housing types, permitted density (dwelling units per acre), block layout, connectivity and proximity to amenities such as parks and schools. Bend has a wide variety of neighborhoods. Five existing neighborhood typologies have been identified, and are summarized below. Neighborhoods may include pedestrian-oriented design, and can be transit-supportive where transit is available or planned.

Neighborhood Type	Characteristics
Early Bend	These neighborhoods have a close association with the early development of Bend, such as Drake Park Historic District and other neighborhoods platted early in Bend's history that may not have a historic designation. Historic buildings and architecture that may have unique cultural or historic value. Neighborhood streets form a tight grid pattern.
Traditional	Typically developed with a grid street pattern. Some mix of housing types, but moderate overall densities. Often have commercial nodes or corridors within walking distance. May be older neighborhoods such as Bend's "Midtown" and inner west neighborhoods or new development such as Northwest Crossing.
Mixed Suburban	Moderate residential densities with a mix of housing types, including some multifamily, duplex/triplex and/or single family attached housing. Local street patterns may be meandering rather than a grid layout.
Single Family Suburban	Largely single family detached homes at low to moderate densities. Local street patterns may be meandering rather than a grid layout.
Large Lot	Primarily single family detached homes on large lots. Local streets often curve to follow natural features, with long driveways or private drives.
Transect	This typology provides a transitional residential development pattern from urban to rural using a variety of housing types integrated with the surrounding natural landscape to minimize the impact on sensitive eco-systems, wildlife and to reduce the risk of wildfire.



Figure 11-4: Neighborhoods Future Urban Form Diagram

BEND FUTURE URBAN FORM DIAGRAM NEIGHBORHOODS

This diagram is conceptual, non-regulatory, and subject to change.

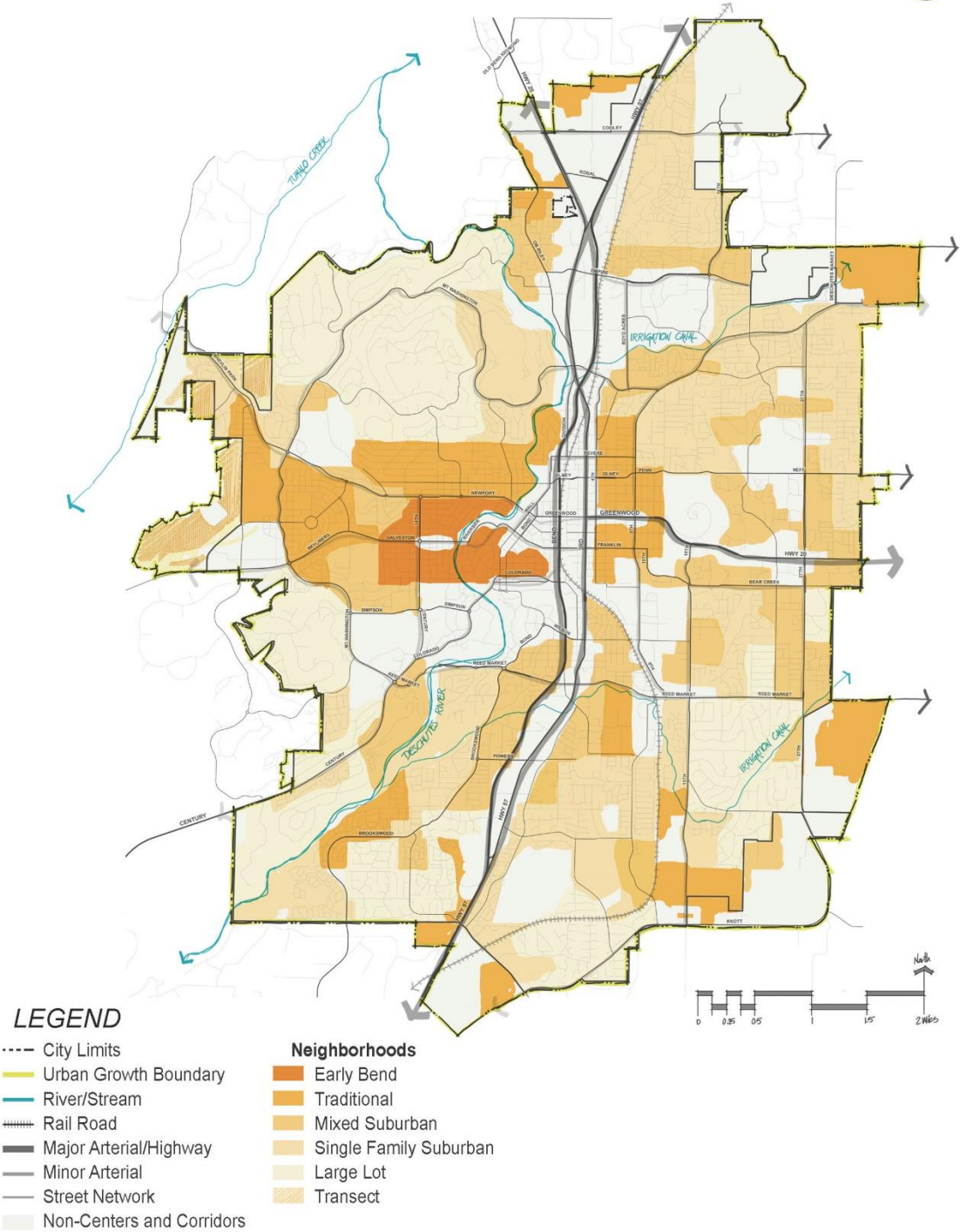
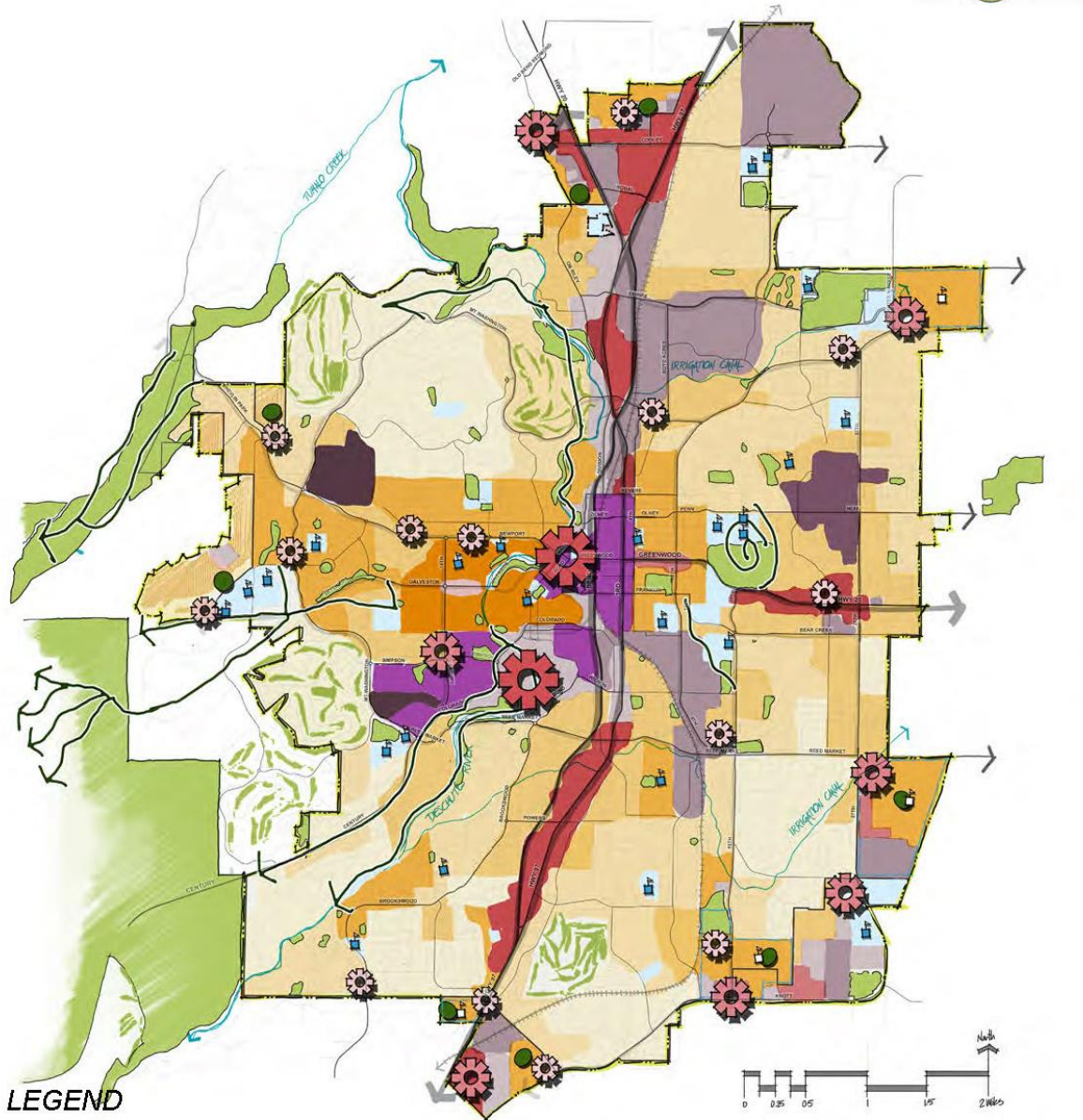




Figure 11-5: Combined Illustrative Diagram of Future Urban Form

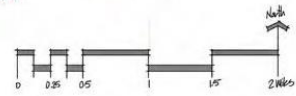
BEND FUTURE URBAN FORM DIAGRAM

This diagram is conceptual, non-regulatory, and subject to change.



LEGEND

- | | | | |
|--|--|---|--|
| <ul style="list-style-type: none"> --- City Limits — Urban Growth Boundary — River/Stream ==== Rail Road — Principal Arterial / Expressway — Arterial — Park/Open Space — Deschutes National Forest — Trails ● Potential Future Park/Open Space Area | <p>Neighborhoods</p> <ul style="list-style-type: none"> ■ Early Bend ■ Traditional ■ Mixed Suburban ■ Single Family Suburban ■ Large Lot ■ Transect | <p>Centers and Corridors</p> <ul style="list-style-type: none"> ⚙ Urban Mixed Use Center ⚙ Major Commercial Corridor ⚙ Community Comm. Center ⚙ Community Comm. Corridor ⚙ Local Commercial Center ⚙ Local Commercial Corridor ⚙ Mixed Use District | <p>Employment Districts</p> <ul style="list-style-type: none"> ■ Higher Education ■ Medical ■ Industrial/Professional Off. ■ Mixed Employment <p>Public Facilities</p> <ul style="list-style-type: none"> ■ Public Facilities ■ Existing Schools ■ Potential Future Schools |
|--|--|---|--|





Providing for Forecast Growth

The City is required to provide enough suitable land to accommodate 20-year land needs each time the UGB is evaluated in order to meet the requirements of Goals 9 and 10 for Employment and Housing land, respectively. As noted at the beginning of this Chapter, Bend's Urbanization Report presents an analysis of where and how Bend's future growth will be accommodated through growth on vacant land, infill/redevelopment, and UGB expansion. In order to ensure that the City's available land can accommodate the growth projected, the City has adopted "efficiency measures" in the Development Code, which are supported by policies in this Chapter as well as the Housing and Employment Chapters. Key components of the efficiency measures include minimum densities for each urban residential plan designation (and the corresponding zoning district), increased minimum densities for large master plan sites, and eliminating barriers to efficient development, such as overly restrictive lot size requirements in medium- and high-density zones.

Area Planning Tools

The City has a number of tools and processes available to refine planning for specific areas. They include master plans, a development review tool used to guide the development of larger properties; and City-initiated planning efforts for specific geographic areas, such as refinement plans and special planned districts. Master plans are requested by property owners and approved as quasi-judicial land use decisions. City-initiated Area Plans are initiated by the City Council (sometimes at the request of property owners) and are adopted as legislative land use decisions. Additional area planning tools may be developed in the future to respond to specific needs.

In this chapter, the term "Area Plans" is used to encompass the full range of tools available for refinement of land uses, infrastructure and public facilities, and development regulations for specific geographic areas. Area planning can also be used as a tool for new growth in expansion areas to ensure that development is coordinated and efficient. Several types of area planning tools are described in the development code. Policies guiding area planning generally and master plans in particular are provided in the policy section of this Chapter.



Goals

The following goal statements describe the future urban form and growth aspirations of the community and serve as the foundation for policy statements in this chapter. The citizens and elected officials of Bend wish to:

- Encourage the city’s evolution from small town to livable city, with urban scale development, amenities, and services in appropriate locations, while preserving and enhancing the natural environment and history of the community;
- Use Bend’s existing urban land wisely, making efficient use of land inside the boundary, with infill and redevelopment focused in appropriate areas within the Central Core, along transit corridors, and in key opportunity areas (see Figure 11-1);
- Create new walkable, mixed use and complete communities by leveraging and complementing land use patterns inside the existing boundary and using expansion to create more complete communities;
- Locate jobs in suitable locations, where there is access to transportation corridors, larger parcels, and good visibility for commercial uses;
- Plan Bend’s infrastructure investments for the long term;
- Meet state requirements for growth management and the UGB while achieving local goals;
- Lay the groundwork for the future growth of Bend by taking into consideration the context of lands beyond the UGB;
- Utilize best practices (e.g. cluster development, transect planning) in appropriate locations to reinforce the City’s urban form, reduce risk of wildfire, and recognize natural features that present “hard edges” for urbanization; and
- Implement an overall strategy to “*Wisely grow up and out*”.

Policies

General Growth Management Policies

(See related policies in Chapter 1, *Plan Management and Citizen Involvement* and Chapter 10, *Natural Forces*.)

- 11-1** The City will encourage compact development and the integration of land uses within the Urban Growth Boundary to reduce trips, vehicle miles traveled, and facilitate non-automobile travel.
- 11-2** The City will encourage infill and redevelopment of appropriate areas within Bend’s Central Core, Opportunity Areas and transit corridors (shown on Figure 11-1).



- 11-3** The City will ensure that development of large blocks of vacant land makes efficient use of land, meets the city's housing and employment needs, and enhances the community.
- 11-4** Streets in the Centers and Corridors, Employment Districts, Neighborhoods, and Opportunity Sites will have the appropriate types of pedestrian, biking, and transit scale amenities to ensure safety, access, and mobility.
- 11-5** The City will adopt strategies to reduce wildfire hazard to lands inside the City and included in the Urban Growth Boundary. These strategies may, among others, include the application of the International Wildland-Urban Interface Code with modifications to allow buffers of aggregated defensible space or similar tools, as appropriate, to the land included in the UGB and annexed to the City of Bend.

Policies for Centers and Corridors

(See related policies in Chapter 6, *Economy*.)

- 11-6** The City will encourage vertical mixed use development in commercial and mixed use zones, especially where those occur within the Central Core, Opportunity Areas and along transit corridors.
- 11-7** The existing pattern of commercial plan designations shown on the Comprehensive Plan Map along arterial and collector streets including Newport Avenue and Galveston Avenue will not be extended into residentially designated areas unless approved through an Area Plan.
- 11-8** New commercially designated areas are encouraged to develop with mixed-use centers to include housing, open space, commercial development, and other employment uses.
- 11-9** The City will encourage development and redevelopment in commercial corridors that is transit-supportive and offers safe and convenient access and connections for all modes.
- 11-10** The City will encourage the development of Neighborhood Commercial centers. Such centers should be scaled to serve the frequent needs of the residents of the neighborhood.
- 11-11** Unless otherwise approved through an Area Plan, new Convenience Commercial Comprehensive Plan designations should be limited to five acres and should be one mile from another commercial Comprehensive Plan designation.

Policies for Employment Districts

(See related policies in Chapter 6, *Economy*.)

- 11-12** New employment districts with a mix of Plan designations such as commercial, industrial, and mixed employment may be created along Highway 97, Highway 20, and O.B. Riley Road.
- 11-13** The City will periodically review existing development and use patterns on industrial and commercial lands. The City may consider modifying



Comprehensive Plan designations and Zoning to better respond to opportunities for redevelopment and revitalization of employment lands in underutilized areas.

Policies for Residential Areas and Neighborhoods

(See related policies in Chapter 5, *Housing*.)

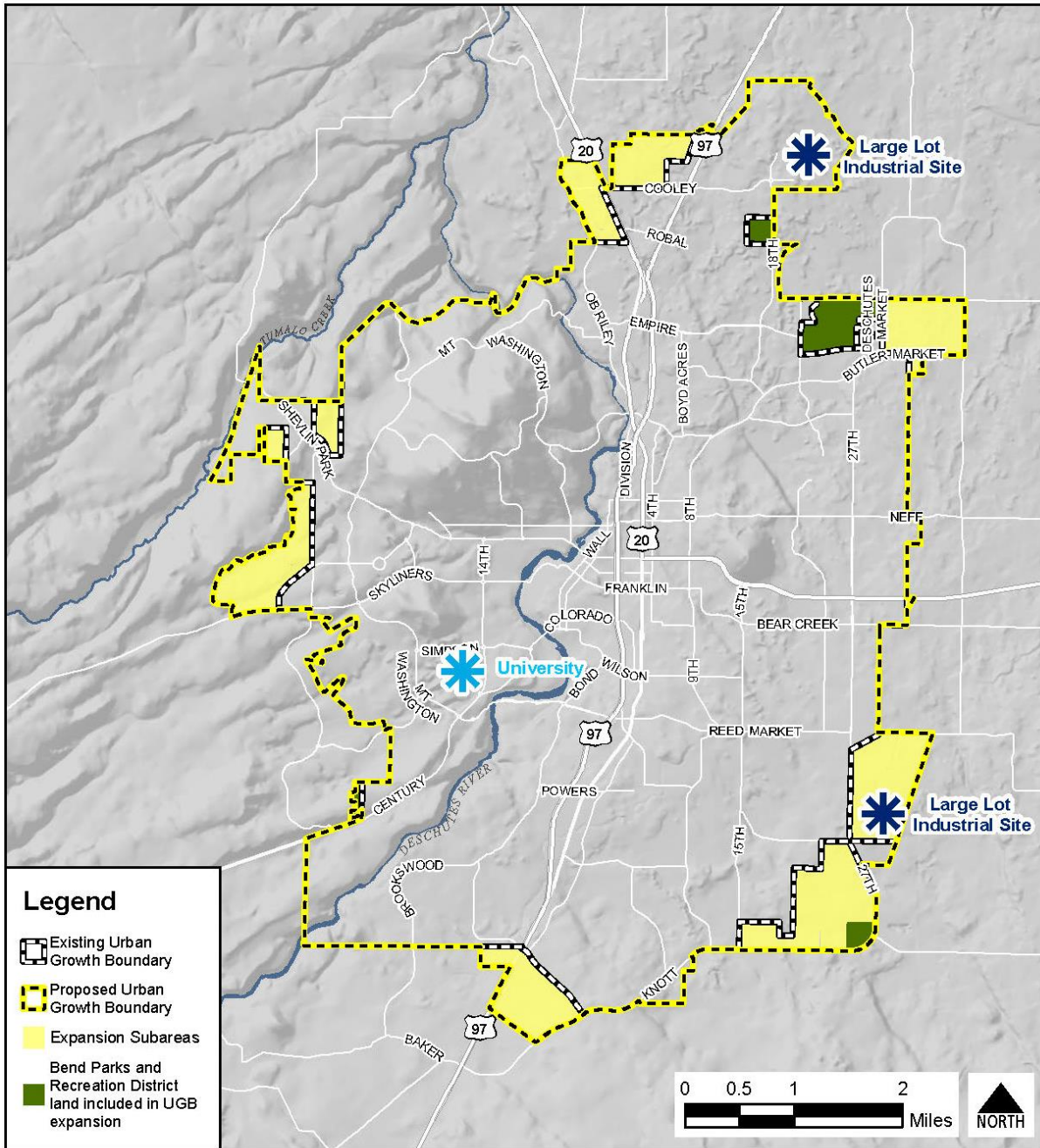
- 11-14** The City will support re-designation of suitable areas that are within a 1/4 mile walk to transit corridors from a lower density designation to a higher density designation, where plan amendment criteria are otherwise met.
- 11-15** Neighborhood Commercial shopping areas may be located within residential districts and have development standards that appropriately limit their scale and recognize their residential setting.
- 11-16** Medium-and high-density residential developments should have good access to transit, K-12 public schools where possible, commercial services, employment, and public open space to provide the maximum access to the highest concentrations of population.
- 11-17** Schools and parks may be distributed throughout the residential sections of the community, and all types of dwelling units should have safe and convenient access to schools and parks. The School District and Park District facilities plans will determine the location and size of needed schools and parks.

Policies for Special Site Needs

- 11-18** The City has identified a need for a special site for a university as part of the Urban Growth Boundary Process. At this time, Oregon State University is developing plans for a Bend campus. If OSU's plans are approved by the City, their campus will meet this identified need. The campus site currently being developed is between Century Drive, Mt. Washington Drive and Simpson Avenue (see Figure 11-3). Further expansions of the university within this area of the City are also being considered. Such a designation for this area does not preclude land uses other than institutional.
- 11-19** The City has identified a need for two large lot (at least 50-acre) industrial sites for targeted industries specified in the EOA. This need will be met through the opportunity for one large lot industrial site in the eastern portion of Juniper Ridge and one large lot industrial site on the DSL property (see Figure 11-3).
- 11-20** Subsequent area planning for properties that are identified as meeting a special site need shall include regulations to protect the site for the identified use. The regulations will be consistent with the Regional Large Lot Industrial Land provisions for Crook, Deschutes and Jefferson Counties in Oregon Administrative Rules, Chapter 660, Division 24. The regulations will be consistent with the model code prepared as part of the 2011 Regional Economic Opportunities Analysis.



Figure 11-3: Special Sites



Legend

- Existing Urban Growth Boundary
- Proposed Urban Growth Boundary
- Expansion Subareas
- Bend Parks and Recreation District land included in UGB expansion



Disclaimer: Site specific location of special sites is subject to refinement through area planning and land use review.

Data source: Deschutes County GIS (2014)

- Streams/Rivers
- Roads/Highways



General Area Planning Policies

- 11-21** Area Plans are intended to coordinate development and provide flexibility to tailor land use regulations and/or transportation and infrastructure plans to respond to area- or site-specific conditions.
- 11-22** The city will establish development codes to provide a variety of approaches to area planning in order to further the development of complete communities, unique developments which implement comprehensive plan policies, and provide for adequate public infrastructure.
- 11-23** The City may require Area Plans prior to development in UGB expansion areas.
- 11-24** Where Area Plans propose land uses that are inconsistent with the adopted plan designation(s), a plan amendment must be approved prior to or concurrent with adoption of the Area Plan.
- 11-25** An Area Plan that includes residentially designated land may prescribe residential density limits on specific properties that differ from the density range provided for in the Comprehensive Plan. However, the average density of housing within each residential plan designation in the plan area must remain within the range established by the adopted comprehensive plan map designations and applicable Comprehensive Plan policies, including applicable density bonuses or transfers. Deviation from this range requires approval of a plan amendment prior to or concurrent with the Area Plan that creates consistency between the plan designations and the average densities within each plan designation in the area plan. Certain areas, including large master plan sites and UGB expansion areas are subject to additional policies in this Chapter and/or additional standards in the development code regarding residential densities.
- 11-26** Area Plans for land within UGB expansion areas shall comply with the policies of this chapter. There is flexibility to refine the spatial arrangement of plan map designations provided that identified land and housing needs are still met. Where specific expansion area policies identify acreages of specific plan designations or general categories of plan designations (e.g. commercial) are identified, compliance is defined as providing the required acreages of gross buildable land to the nearest acre. Where expansion area policies identify a required minimum housing capacity and mix, compliance is defined as providing no less than the required number of units and providing the housing mix specified to the nearest percentage point (e.g. 37%).
- 11-27** Where changes are proposed to the arrangement of plan designations, the proposed arrangement must comply with the relevant policies of this Chapter.
- 11-28** Some UGB expansion areas have identified preliminary needs for schools and parks. The need and location for schools and parks is determined by the facility planning of the School District and Park



District. The School Attendance Areas and Park Service Areas may change and the Area Plans for the UGB expansion areas should take into account any updated school and park needs when the plan is prepared.

Master Planning Policies

- 11-29** The City will provide a mechanism in the development code for property owner-initiated master plans. The development code shall specify approval criteria and procedures for such master plans.
- 11-30** Master plans in expansion areas are subject to policies 11-56 to 11-131 of this chapter.
- 11-31** The purposes of master plans are to:
 - o promote and facilitate coordinated development and efficient use of land;
 - o provide a process to consider future development on larger sites and to analyze future demand on public facilities; and
 - o provide an opportunity for innovative and creative development while providing long-term predictability for the applicants, surrounding neighborhoods, and the entire community.
- 11-32** The City will provide the opportunity for master plans to proceed under clear and objective standards where the applicant does not seek to deviate from the standards of the development code, the adopted zoning map, or Comprehensive Plan map.
- 11-33** Residentially designated land within master plans must meet higher minimum density standards than established for the residential plan designations generally and must provide for a variety of housing types. The City will set appropriate standards in the Development Code for housing mix and density for master plans in each residential zone/plan designation. Such standards will ensure minimum densities and minimum housing mix that are no less than those listed in Table 11-1.



Table 11-1. Residential Master Plan Minimum Density and Housing Mix

Residential District	Implementing Zone(s)	General Density Range*	Master Plan Minimum Density *	Master Plan Minimum Housing Mix**
Urban Low Density	Residential Low Density (RL)	Min: 1.1 Max: 4.0	2.0	10%
Urban Standard Density	Residential Standard Density (RS)	Min: 4.0 Max: 7.3	5.11	10%
Urban Medium Density	Residential Medium Density (RM)	Min: 7.3 Max: 21.7	13.02	67%
	Medium-10 Density Residential (RM-10)	Min: 6.0 Max: 10.0	6.0	67%
Urban High Density	Residential High Density (RH)	Min: 21.7 Max: 43.0	21.7	90%

* Density is expressed as dwellings per gross acre. See Bend Development Code for methodology to calculate minimum and maximum densities.

** Housing mix is expressed as the minimum percent of units that must be single-family attached townhome, duplex/triplex and/or multifamily residential units. See Bend Development Code for definitions of housing types.

- 11-34** Where a specific expansion area policy specifies a required overall housing mix for a given area, the total housing mix specified in policy shall apply in addition to the mix by plan designation listed in Table 11-1.
- 11-35** Master plans are required for developments over 20 acres unless otherwise specified in the Development Code. Properties in UGB expansion areas where a master plan is required are shown on Figure 11-4.
- 11-36** Where an approved City-initiated Area Plan exists, the City may find that some or all elements of a required master plan have been addressed and satisfied if they are already addressed by the Area Plan.
- 11-37** Approval of a City-initiated Area Plan that encompasses one or more properties over 20 acres (including abutting land in common ownership) does not exempt such properties from master plan requirements.

City-Initiated Area Plan Policies

- 11-38** The City may initiate Area Plans for neighborhoods, UGB expansion areas, opportunity areas within the city, or other discrete geographic areas.



- 11-39** Area Plans may be initiated by the City Council at its own initiative or at the request of property owners, if the owners agree to bear the cost of creating the plan. The City may, at its discretion, assist with some or all of the cost of creating an Area Plan initiated at the request of property owners.
- 11-40** The area to be included in a City-initiated Area Plan, and the scope, shall be approved by the City Council by resolution.

Annexation Policies

- 11-41** Annexations will follow the procedural requirements of state law.
- 11-42** Annexations will be consistent with the Comprehensive Plan and applicable annexation procedures and approval criteria.
- 11-43** Requests for annexation must demonstrate how the annexed land is capable of being served by urban services for sanitary sewer collection, domestic water, transportation, schools and parks, consistent with applicable district facility plans and the City's adopted public facility plans.
- 11-44** Annexations will be consistent with an approved Area Plan where applicable. The Area Plan may be reviewed and approved concurrent with an annexation application.
- 11-45** The City may, where appropriate in a specific area, allow annexation and require area planning prior to development approval.
- 11-46** Land to be annexed must be contiguous to the existing City limits unless the property owners requesting annexation show and the City Council finds that a "cherry-stem" annexation will both satisfy a public need and provide a public benefit.
- 11-47** Compliance with specific expansion area policies and/or Area Plans will be implemented through master plan approval or binding annexation agreement that will control subsequent development approvals.
- 11-48** Existing rural infrastructure systems and urban systems (water, sewer, transportation, stormwater) serving annexed areas may be required to be modernized and constructed to the City's standards and specifications, as determined by the City.
- 11-49** The City may consider funding mechanisms and agreements to address on- and off-site improvements, modernization of existing infrastructure to the City's standards and specifications, and impacts to infrastructure inside the current City limits.
- 11-50** Properties over 20 acres (including adjacent property in common ownership) as of the adoption of the UGB expansion (shown on Figure 11-4) are subject to master plan requirements, regardless of property acreage upon annexation.



General UGB Expansion Policies

The following policies are intended as local policy guidance to evaluating alternative future UGB expansions in the context of meeting state laws and administrative rules and balancing the factors established in state regulations. The emphasis on “guidance” above recognizes that the City will define goals and evaluation criteria to be applied for each unique UGB expansion process.

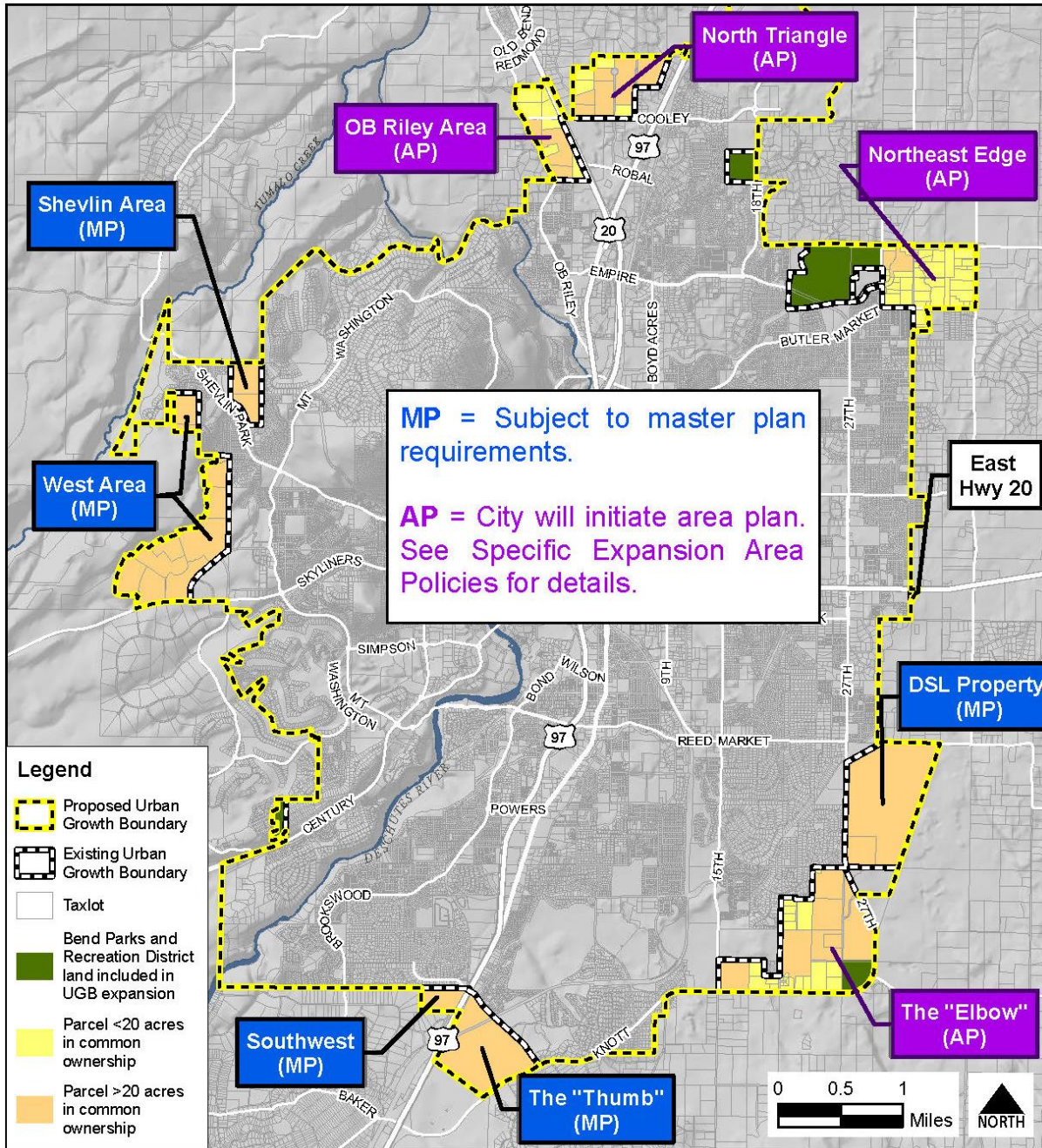
- 11-51** The City will consider the value of balancing and distributing UGB expansions geographically around the city consistent with State of Oregon laws and rules to distribute the benefits (and impacts) of growth and to provide more options for new neighborhoods.
- 11-52** The City will utilize new growth in expansion areas as a strategy to help make existing neighborhoods, centers, corridors, and employment districts inside the boundary more “complete” by: diversifying the housing mix; providing local commercial services and jobs; increasing transportation connectivity; and providing needed public facilities such as parks and schools.
- 11-53** The City will take into consideration the context of land beyond a single UGB expansion to inform the type and intensity of uses that are appropriate in each potential expansion area.
- 11-54** The City will consider applying the concept of a “transect” to appropriate areas. The transect is a series of zones that transition from urban to rural which can reduce the risk of wildfire and provide an appropriate transition from urban uses to national forest lands and other resource areas, such as wildlife habitat, that will not be urbanized within the long-range future.
- 11-55** The City will consider the relative ability of proposed expansion areas to address the city’s affordable housing needs in balancing the social and economic consequences of bringing alternative expansion areas into its urban growth boundary.

Specific Expansion Area Policies

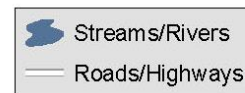
Area-specific policies for land added to the UGB established in 2016 are intended to guide the development of Area Plans (including Master Plans) for expansion areas (see Figure 11-4). These areas are also subject to policies in this Chapter regarding urbanization and annexation.



Figure 11-4: UGB Expansion Subareas and Area Planning Requirements



Data source: Deschutes County GIS (2014)





Northeast – Butler Market Village:

- 11-56** The City will initiate an Area Plan for the Northeast – Butler Market Village area. The Area Plan will address policies 11-57 through 11-63. Prior to completion of the Area Plan, annexations in this area must be a minimum of 40 contiguous acres and be the subject of a master plan application, which includes a framework level Area Plan for the rest of the subarea. Following adoption of the Area Plan, annexation and development of individual properties or groups of properties of any size, consistent with the Area Plan, may be approved.
- 11-57** Within the area identified on Figure 11-4, the central planning concepts are to: create a new, complete community as a node that sets the stage for additional urban growth in the future; and increase the mix of housing and land uses in the area to increase the completeness of the existing neighborhoods inside the UGB.



Rendering of Butler Market Road at Deschutes Market Road. Adjacent residential uses (existing and new) will be served by a new commercial center and improved streetscapes along Butler Market Road and Deschutes Market Road.



- 11-58** This area shall provide for a mix of residential and commercial uses, including 222 gross acres of residential plan designations and 22 gross acres of commercial plan designations (excluding existing right of way).
- 11-59** In order to provide sufficient housing capacity and mix, the residential plan designations shall include 178 gross acres of RS, 21 gross acres of RM, and 16 gross acres of RH. Acreages exclude existing right of way. The acreage of RS includes roughly 14 acres for an elementary school site, which may be designated PF if a site has been acquired by the School District prior to completion of the Area Plan. Alternatively, the Area Plan may demonstrate that this area will provide capacity for a minimum of 1100 housing units, including at least 10% single family attached housing and at least 40% multifamily and duplex/triplex housing types. The Area Plan may include and rely on plan designations, zones, special plan districts, and/or other binding development regulations to demonstrate compliance with the specified mix and capacity.
- 11-60** The street, path and bikeway network shall provide connectivity throughout this area, connect to existing abutting local roads, and provide opportunities for connections to adjacent undeveloped land both inside and outside the UGB. The transportation network shall be consistent with the Bend Transportation System Plan.
- 11-61** Coordination with the Bend-LaPine School District is required in order to identify a suitable site for an elementary school within this area.
- 11-62** Coordination with Bend Park and Recreation District is required in order to address provision of parks and/or trails within this area.
- 11-63** Coordination with Central Oregon Irrigation District is required in order to address circulation and access issues related to the existing canals in this area and to identify opportunities for trails to be co-located with canal easements or right of way.

East Highway 20:

- 11-64** This area (identified on Figure 11-4) shall provide for affordable housing, consistent with policies 5-20 and 5-21 of the Housing Chapter of the Comprehensive Plan, as follows:
 - o The minimum number of affordable housing units shall be 100% of the housing units developed on the portion of the property shown on Figure 11-4.
 - o Guarantees, in a form acceptable to the City, shall be in place to ensure that affordable housing units will meet the affordability requirements for not less than 50 years.
 - o Planning and phasing requirements for affordable housing units shall be established, in a form acceptable to the City.



DSL Property:

- 11-65** Master planning is required for this area. The master plan must be consistent with both master plan standards in the development code and policies 11-66 through 11-74, below.
- 11-66** The overall planning concept for the DSL property as identified in Figure 11-4 is for a new complete community that accommodates a diverse mix of housing and employment uses, including the potential for a large-lot industrial site.
- 11-67** This area shall provide for a mix of residential and commercial uses, including 163 gross acres of residential plan designations, 60 gross acres of residential and/or public facility plan designations, 46 gross acres of commercial plan designations, and 93 gross acres of industrial plan designations, including one large-lot industrial site. (Gross acreages exclude existing right of way.)
- 11-68** In order to provide sufficient housing capacity and mix, the residential plan designations shall include 196 gross acres of RS, 9 gross acres of RM, and 19 gross acres of RH. Acreages exclude existing right of way. The acreage of RS includes roughly 21 acres for an elementary school site and up to 35 acres of parks and public open space, which may be designated PF if land has been acquired by the school or park district at the time of the master plan. Alternatively, the master plan may demonstrate that this area will provide capacity for a minimum of 1,000 housing units, including at least 11% single family attached housing and at least 41% multifamily and duplex/triplex housing types.
- 11-69** Subsequent planning for this area shall address preservation of at least 50 acres for a large lot industrial site in compliance with the policies in Chapter 6.
- 11-70** Coordination with the Bend-La Pine School District is required in order to identify a suitable site for an elementary school within this area.
- 11-71** Coordination with Bend Park and Recreation district is required in order to address provision of parks and/or trails within this area.
- 11-72** Coordination with other special districts and utility providers is required within this area.
- 11-73** Bat habitat shall be mapped and potentially added to the City of Bend's Goal 5 inventory. An Environmental, Social, Economic and Energy (ESEE) analysis shall be conducted to determine the significance of the resource and a management plan shall be provided as appropriate to protect the resource.
- 11-74** Trails should be provided along canal easements and through other open space wherever feasible.

**The Elbow:**

- 11-75** The City will initiate an Area Plan for the Elbow area. The Area Plan will address policies 11-76 through 11-84. Prior to completion of the Area Plan, annexations in this area must be a minimum of 40 contiguous acres and be the subject of a master plan application which includes a framework level Area Plan for the rest of the subarea. Following adoption of the Area Plan, annexation and development of individual properties or groups of properties of any size, consistent with the Area Plan, may be approved.
- 11-76** This area, as identified in Figure 11-4, is intended to provide for employment uses to take advantage of good transportation access on Knott Road and 27th and existing city streets (and future improved access with the Murphy Extension) with a mix of residential uses providing a compatible transition from the employment lands to existing neighborhoods to the west. This mix of uses is also intended to increase the completeness of the existing low density neighborhoods.
- 11-77** This area shall provide for a mix of residential, commercial and industrial uses, including 122 gross acres of residential plan designations, 67 gross acres of commercial plan designations, 76 gross acres of industrial designations, 103 gross acres of mixed employment plan designations, and 75 gross acres of public facilities (excluding existing right of way).
- 11-78** In order to provide sufficient housing capacity and mix, the residential plan designations shall include 77 acres of RS, 36 acres of RM, and 9 acres of RH (excluding existing right of way). Alternatively, the Area Plan may demonstrate that this area will provide capacity for a minimum of 820 housing units, including at least 17% single family attached housing and at least 47% multifamily and duplex/triplex housing types. The Area Plan may include and rely on plan designations, zones, special plan districts, and/or other binding development regulations to demonstrate compliance with the specified mix and capacity.
- 11-79** The alignment of a new collector street between 15th Avenue and 27th Avenue / Knott Road shall be determined in coordination with the City, consistent with the Transportation System Plan.
- 11-80** Subsequent planning for this subarea shall address funding for the Murphy Road extension from Brosterhous to 15th Avenue.
- 11-81** The street, path and bikeway network shall provide connectivity throughout this area, connect to existing abutting local roads, and provide opportunities for connections to adjacent undeveloped land inside the UGB. The transportation network shall be consistent with the Bend Transportation System Plan.
- 11-82** Coordination with Bend Park and Recreation district is required in order to address provision of parks and/or trails within this area.
- 11-83** Coordination with the Bend-La Pine School District will occur during area planning within this subarea.



- 11-84** Coordination with other special districts and utility providers is required within this area.

The Thumb:

- 11-85** Master planning is required for this area. The master plan must be consistent with both master plan standards in the development code and policies 11-86 through 11-91, below.
- 11-86** The planning concepts for the Thumb, which is depicted in Figure 11-4, include: a new complete community; provision of needed local commercial services to serve the Thumb and existing neighborhoods to the north; inclusion of industrial and other employment uses near the railroad line to take advantage of good proximity to Highway 97 and Knott Road, and, creation of an attractive southern gateway to Bend.
- 11-87** This area shall provide for a mix of residential and commercial uses, including 44 gross acres of residential plan designations, 86 gross acres of commercial plan designations, 60 gross acres of industrial designations, and 31 acres of mixed employment plan designations (excluding existing right of way).
- 11-88** In order to provide sufficient housing capacity, the residential plan designations shall include 35 gross acres of RS, 7 gross acres of RM, and 2 gross acres of RH (excluding existing right of way). Alternatively, the master plan may demonstrate that this area will provide capacity for a minimum of 270 housing units, including at least 15% single family attached housing and at least 37% multifamily and duplex/triplex housing types.
- 11-89** Coordination with Bend Park and Recreation district is required in order to address provision of parks and/or trails within this area.
- 11-90** Coordination with the Bend-La Pine Schools District is required during area planning for this subarea.
- 11-91** Coordination with other special districts and utility providers is required within this area.

Southwest:

- 11-92** Master planning is required for this area. The master plan(s) must be consistent with both master plan standards in the development code and policies 11-93 through 11-99 below.
- 11-93** Within the area identified on Figure 11-4, the central planning concepts are to: provide affordable housing opportunities; increase the mix of housing and land uses in the area to increase the completeness of the existing neighborhoods inside the UGB; and provide compatible transitions to adjacent development.
- 11-94** This area shall provide for a mix of residential and commercial uses, including 26 gross acres of residential plan designations, 8 gross acres of residential and/or public facility plan designations, 3 gross acres of



commercial plan designations, and 2 gross acres of mixed use plan designations (excluding existing right of way).

- 11-95** In order to provide sufficient housing capacity and mix, the residential plan designations shall include 14 gross acres of RS, 14 gross acres of RM, and 5 gross acres of RH. Acreages exclude existing right of way. The acreage of RM includes roughly 8 acres for an elementary school site, which may be designated PF if land has been acquired by the school district at the time of the master plan. Alternatively, the master plan may demonstrate that this area will provide capacity for a minimum of 240 housing units, including at least 16% single family attached housing and at least 60% multifamily and duplex/triplex housing types.
- 11-96** This area (identified on Figure 11-4) shall provide for affordable housing, consistent with policies 5-20 and 5-21 of the Housing Chapter of the Comprehensive Plan, as follows:
- o The minimum number of affordable housing units shall be 125 housing units or 25% of all housing units approved by the City, whichever is greater.
 - o Affordable housing units shall be affordable to households earning up to 30% of the area median income.
 - o Guarantees, in a form acceptable to the City, shall be in place to ensure that affordable housing units will meet the affordability requirements for not less than 50 years.
 - o Planning and phasing requirements for affordable housing units shall be established, in a form acceptable to the City.
- 11-97** Coordination with Bend Park and Recreation district is required in order to address provision of parks and/or trails within this area.
- 11-98** Coordination with the Bend-La Pine Schools District is required during area planning for this subarea.
- 11-99** Coordination with other special districts and utility providers is required within this area.

West Area:

- 11-100** Master planning is required for this area. The master plan(s) must be consistent with both master plan standards in the development code and policies 11-101 through 11-108, below.
- 11-101** For the West Area, shown on Figure 11-4, the central planning concepts are to: provide a limited westward expansion that complements the pattern of complete communities that has begun with Northwest Crossing due to the existing concentration of schools, parks, commercial and employment lands; and create a transect from higher densities along Skyline Ranch Road to lower density and open space along the western edge in this area which approaches National Forest land and park open spaces, in order to provide buffers for wildlife and wildfire.

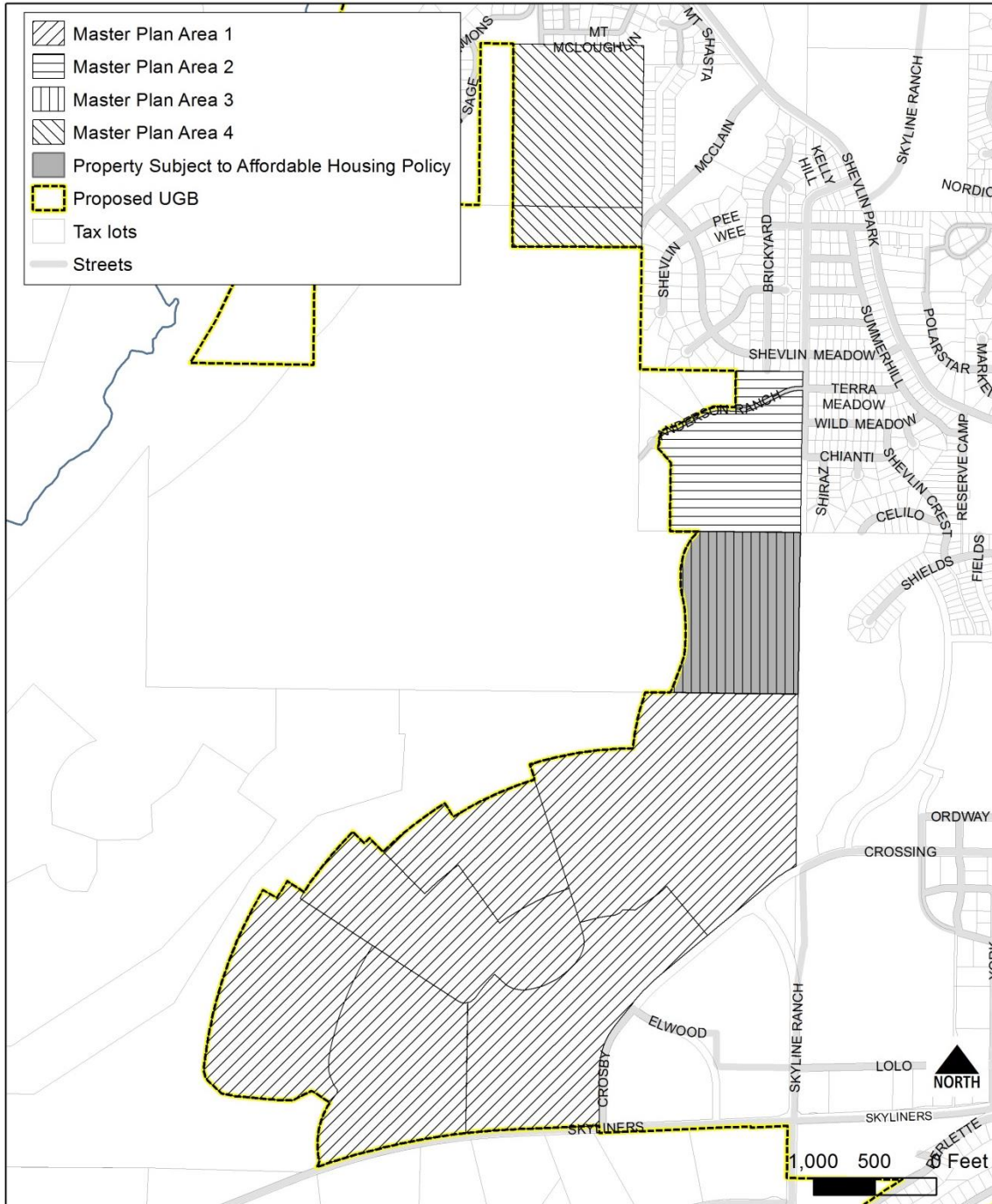


Growth Management

- 11-102** This area shall provide for a mix of residential and commercial uses, including 321 gross acres of residential plan designations, 7 acres of commercial plan designations, and 14 gross acres of mixed employment plan designations (excluding existing right of way).
- 11-103** This area shall provide capacity for a minimum of 870 housing units and a maximum of 967 housing units, including at least 9% single family attached housing and at least 21% multifamily housing types (including duplex and triplex). The required minimum of 870 housing units represents 90% of the maximum allowed number of units.
- 11-104** In the absence of an approved Area Plan for this subarea as a whole, each property included in the 2016 UGB expansion in this subarea (see Figure 11-5 below) shall provide the maximum number and mix of units specified below. The minimum required units (total and by housing type) is 90% of the specified maximum.
- o Master Plan Area 1: 650 housing units, including at least 60 single family attached units and at least 142 multifamily and duplex/triplex units.
 - o Master Plan Area 2: 65 housing units, including at least 12 single family attached units.
 - o Master Plan Area 3: 136 housing units, including at least 16 single family attached units and at least 59 multifamily and/or duplex/triplex units.
 - o Master Plan Area 4: 116 housing units.



Figure 11-5: West Area Master Plan Areas and Affordable Housing Policy Applicability



11-105 Master Plan Area 3, identified on Figure 11-5, shall provide for affordable housing, consistent with policies 5-20 and 5-21 of the Housing Chapter of the Comprehensive Plan, as follows:

- o The minimum number of affordable housing units shall be 20% of all multifamily and duplex/triplex housing units approved by the City.



- o Guarantees, in a form acceptable to the City, shall be in place to ensure that affordable housing units will meet the affordability requirements for not less than 50 years.
 - o Planning and phasing requirements for affordable housing units shall be established, in a form acceptable to the City.
- 11-106** The master plan process shall be used to establish appropriate development regulations to implement the transect concept, measures to make the development and structures fire resistant, and RL plan designation densities within this area while providing for a mix of housing types and clustering developed areas to provide for open space preservation.
- 11-107** Coordination with Bend Park and Recreation district is required in order to address provision of parks and trails within this area.
- 11-108** Coordination with the Bend-La Pine Schools District is required during area planning for this subarea.

Shevlin Area:

- 11-109** Master planning is required for this area. The master plan must be consistent with both master plan standards in the development code and policies 11-110 through 11-115, below.
- 11-110** The concepts for the Shevlin area, shown on Figure 11-4, are to promote efficient land use and neighborhood connectivity by filling in a “notch” in the prior UGB with compatible residential development; help complete adjacent neighborhoods with small, neighborhood-scale commercial services; and avoid development in sensitive areas nearer to Tumalo Creek.
- 11-111** The master plan process shall be used to establish appropriate development regulations to implement the transect concept, measures to make the development and structures fire resistant, and RL plan designation densities within this area while providing for a mix of housing types and clustering developed areas to provide for open space preservation.
- 11-112** This area shall provide for a mix of residential and commercial uses, including 60 gross acres of residential plan designations and 8 gross acres of commercial plan designations (excluding existing right of way).
- 11-113** This area shall provide capacity for a minimum of 162 housing units and a maximum of 200 housing units, including at least 10% single family attached housing and at least 21% multifamily and duplex/triplex housing types.
- 11-114** Coordination with Bend Park and Recreation district is required in order to address provision of parks and/or trails within this area.
- 11-115** Coordination will occur with the Bend-La Pine School District during area planning for this area.

**OB Riley area:**

- 11-116** The City will initiate an Area Plan for the OB Riley area. The Area Plan will address policies 11-117 through 11-121. Prior to completion of the Area Plan, annexations in this area must be a minimum of 40 contiguous acres and be the subject of a master plan application which includes a framework level Area Plan for the rest of the subarea. Following adoption of the Area Plan, annexation and development of individual properties or groups of properties of any size, consistent with the Area Plan, may be approved.
- 11-117** The OB Riley area, shown on Figure 11-4, is intended to provide for a mix of employment uses to take advantage of good transportation access, while also including residential uses to ensure a complete community and provide a transition to existing urban residential areas to the south. The OB Riley area will also provide an attractive northern gateway into Bend.
- 11-118** This area shall provide for a mix of residential and commercial uses, including 28 gross acres of residential plan designations, 47 gross acres of commercial plan designations, 41 gross acres of industrial designations, and 21 gross acres of mixed employment plan designations (excluding existing right of way).
- 11-119** In order to provide sufficient housing capacity and mix, the residential plan designations shall include 27 gross acres of RS and 3 gross acres of RM. Alternatively, the Area Plan may demonstrate that this area will provide capacity for a minimum of 125 housing units, including at least 10% single family attached housing and at least 20% multifamily and duplex/triplex housing types. The Area Plan may include and rely on plan designations, zones, special plan districts, and/or other binding development regulations to demonstrate compliance with the specified mix and capacity.
- 11-120** The street, path and bikeway network shall provide connectivity throughout this area and connect to existing abutting local roads.
- 11-121** Coordination with Bend Park and Recreation district is required in order to address provision of parks and/or trails within this area.

North Triangle:

- 11-122** The City will initiate an Area Plan for the North Triangle area. The Area Plan will address policies 11-123 through 11-131. Prior to completion of the Area Plan, annexations in this area must be a minimum of 40 contiguous acres and be the subject of a master plan application. Following adoption of the Area Plan which includes a framework level Area Plan for the rest of the subarea, annexation and development of individual properties or groups of properties of any size, consistent with the Area Plan, may be approved.
- 11-123** The concept for this area, shown on Figure 11-4, is to provide for a mix of uses, including residential development to balance the mix of



employment uses in this area and provide a transition to existing rural residential areas to the north.

- 11-124** This area shall provide for a mix of residential and commercial uses, including 86 gross acres of residential plan designations, 40 gross acres of commercial plan designations, and 22 gross acres of industrial designations, and 26 gross acres of mixed employment plan designations (excluding existing right of way).
- 11-125** In order to provide sufficient housing capacity and mix, the residential plan designations shall include 60 gross acres of RS, 21 gross acres of RM, and 5 gross acres of RH. The acreage of RM includes 3 to 4 acres for a neighborhood park site, which may be designated PF if a site has been acquired by the Bend Park and Recreation District prior to completion of the Area Plan. Alternatively, the Area Plan may demonstrate that this area will provide capacity for a minimum of 510 housing units, including at least 13% single family attached housing and at least 42% multifamily and duplex/triplex housing types. The Area Plan may include and rely on plan designations, zones, special plan districts, and/or other binding development regulations to demonstrate compliance with the specified mix and capacity.
- 11-126** The properties identified on Figure 11-6, below, shall provide for affordable housing, consistent with policies 5-20 and 5-21 of the Housing Chapter of the Comprehensive Plan, as follows:
- o The minimum number of affordable housing units shall be 25% of all housing units approved by the City on each property.
 - o The minimum required number of affordable housing units is satisfied when 77 units of affordable housing (in total on the properties identified on Figure 11-6) have been approved in land use applications, subject to phasing requirement acceptable to the City.
 - o Guarantees, in a form acceptable to the City, shall be in place to ensure that affordable housing units will meet the affordability requirements for not less than 50 years.
 - o Planning and phasing requirements for affordable housing units shall be established, in a form acceptable to the City.
- 11-127** As an alternative to meeting the requirements of Policy 11-126, affordable housing, consistent with policies 5-20 and 5-21 of the Housing Chapter of the Comprehensive Plan and the requirements below, may be implemented within the North Triangle as a whole through an area plan, with prior written consent of affected property owners and guarantees in a form acceptable to the City.
- o The minimum number of affordable housing units shall be 77.



- o Guarantees, in a form acceptable to the City, shall be in place to ensure that affordable housing units will meet the affordability requirements for not less than 50 years.

Figure 11-6: Properties subject to policy 11-126



11-128 Buffering measures are required between industrial uses and abutting residential within and adjacent to this area.



Growth Management

- 11-129** The street, path and bikeway network shall provide connectivity throughout this area and connect to existing abutting local roads. Circulation plans for this area shall be coordinated with ODOT.
- 11-130** Coordination with the Bend Park and Recreation District is required to identify a suitable site for a neighborhood park within this area.
- 11-131** Coordination with other special districts and utility providers is required within this area.

Appendix A

SDC and Property Tax Revenue Potential Maps and Tables

Bend UGB Remand

Growth Area Revenue Potential



Executive Summary: Key Assumptions

- Important differences between Expansion and Opportunity Areas development assumptions from UGB Process:
 - The redevelopment assumed in the Opportunity Areas is modest because they are based on past redevelopment and infill trends, so the estimates for these areas included here should be considered conservative and could be higher, particularly over the longer term.
 - Conversely, the development in the Expansion Areas are assumed to be “build out” (fully developed) based on common development patterns. While additional intensity is possible in most cases, the potential increase is less than in Opportunity Areas
- Opportunity Areas have existing infrastructure in place and the City is already paying for ongoing maintenance, so one could assume the marginal additional infrastructure costs in these areas would be lower compared to expansion areas. Further analysis is required to quantify this.

Executive Summary: Key Findings

High Level

- Significant property tax and SDC revenue exists in both the expansion and opportunity areas
 - At build-out, the **expansion areas** could generate more than **\$7.5 million in annual tax revenue** and **\$154 million in SDC revenue** for the City of Bend
 - At assumed modest redevelopment levels, the **opportunity areas** could generate more than **\$2 million in annual tax revenue** and nearly **\$74 million in SDC revenue** for the City of Bend
 - Note: a full accounting of infrastructure needs and costs is still required to know whether these areas have net positive revenue benefit to the City

NOTE: Property tax revenue estimates are City of Bend ONLY (excluding County, School District, etc.)

Executive Summary: Key Findings

Opportunity Areas

- **Value:**
- Even with modest redevelopment assumptions within the Opportunity Areas, the potential increase in value is significant.
 - Increases in value from 50% to over 200% are anticipated in several areas.
- Not surprisingly, increases in value are highest in areas that have very low or no values today.
 - Juniper Ridge, River Rim and the Central West Side see the highest percentage increase in value
- **New Property Taxes:**
 - The Ward Property, if developed at the assumed levels, has the highest potential new property tax revenue potential.
 - The Ward Property, River Rim and KorPine have the highest property tax revenue per acre.
- **SDC Revenue:**
 - The Central Westside and Ward Properties have the highest total estimated SDC revenue potential, while the Ward and KorPine have the highest SDC revenue per acre.

Executive Summary: Key Findings

Expansion Areas

- **New Property Taxes:**

- Several of the areas have several million dollars of anticipated future annual property taxes at build-out
- The West and North area, and the East HWY 20 area, have the highest projected property tax revenue per acre

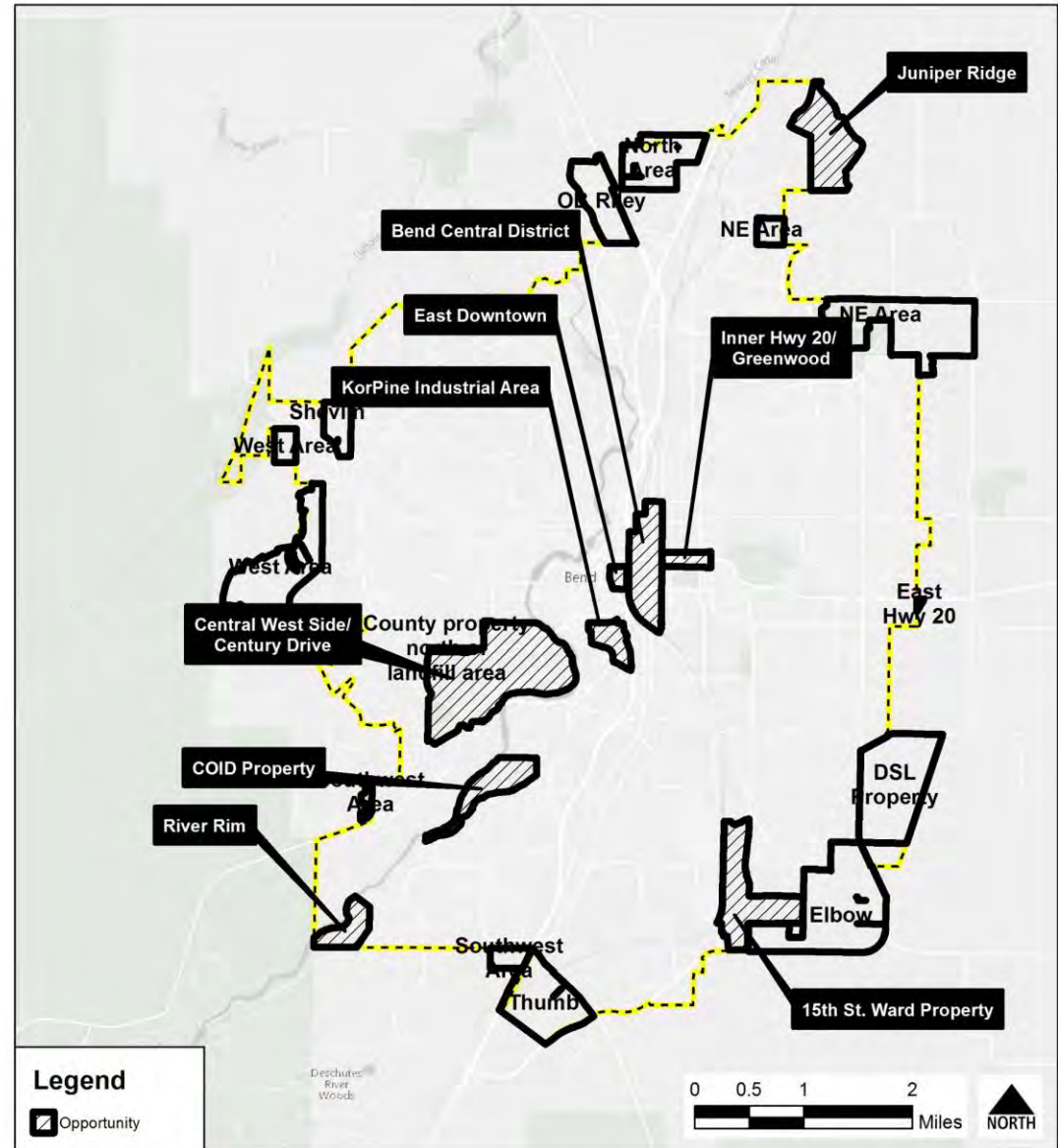
- **SDC Revenue:**

- The Elbow, the West Area, DSL Property, NE Area, the Thumb and the North Area have the highest total SDC revenue at build-out
- The North Area, OB Riley, and Shevlin have the highest SDC revenue per acre at build-out

Goal: Estimate Value and Revenue in Expansion and Opportunity Areas

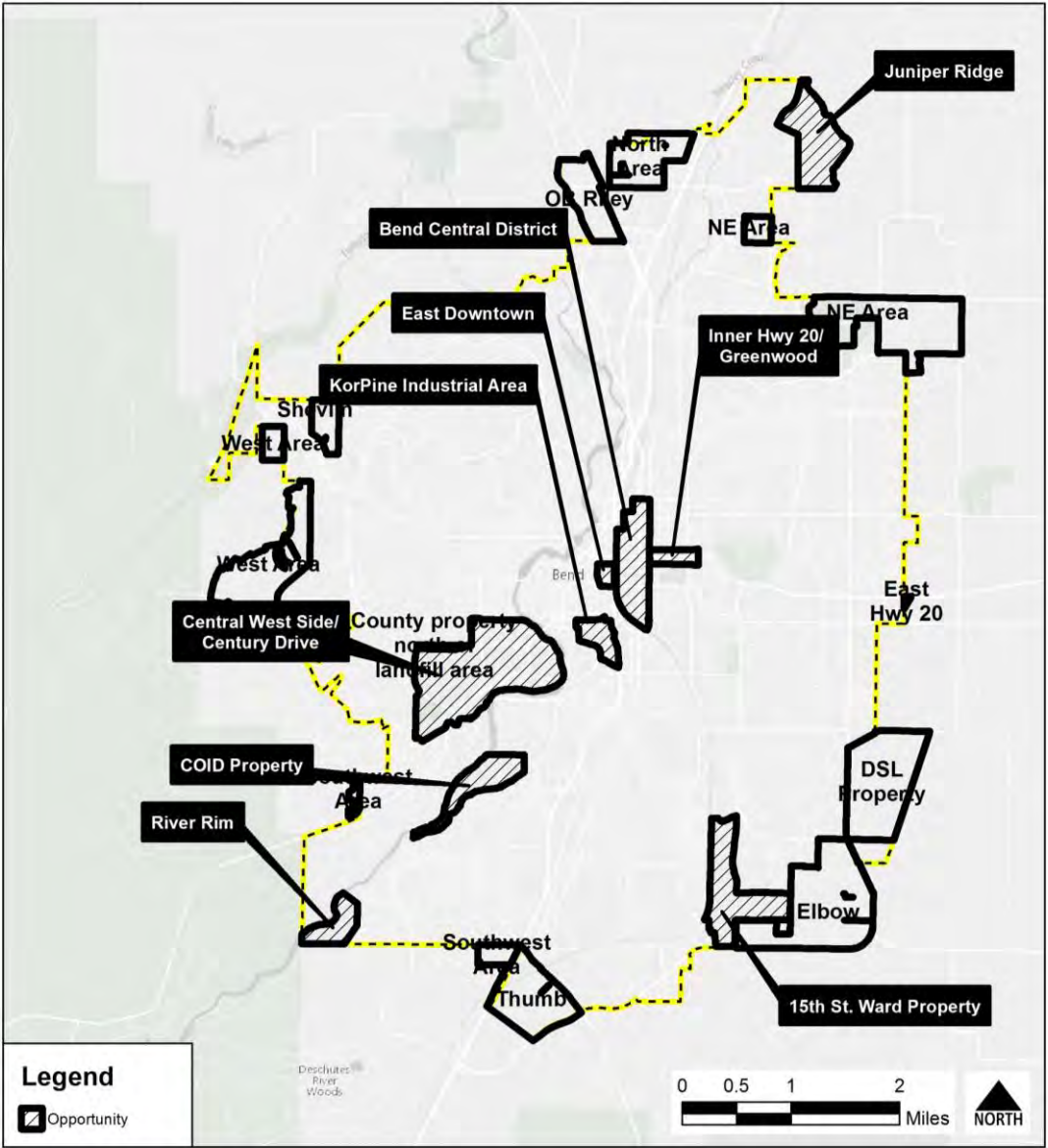
- Summarize the potential private sector value and revenue within key growth areas
- Help the team begin to understand the municipal revenue potential of these areas
- Estimate total SDC revenue based on current rates and calculation formulas and Envision Tomorrow building prototypes

Expansion & Opportunity Areas



OPPORTUNITY AREAS – HOUSING AND JOBS

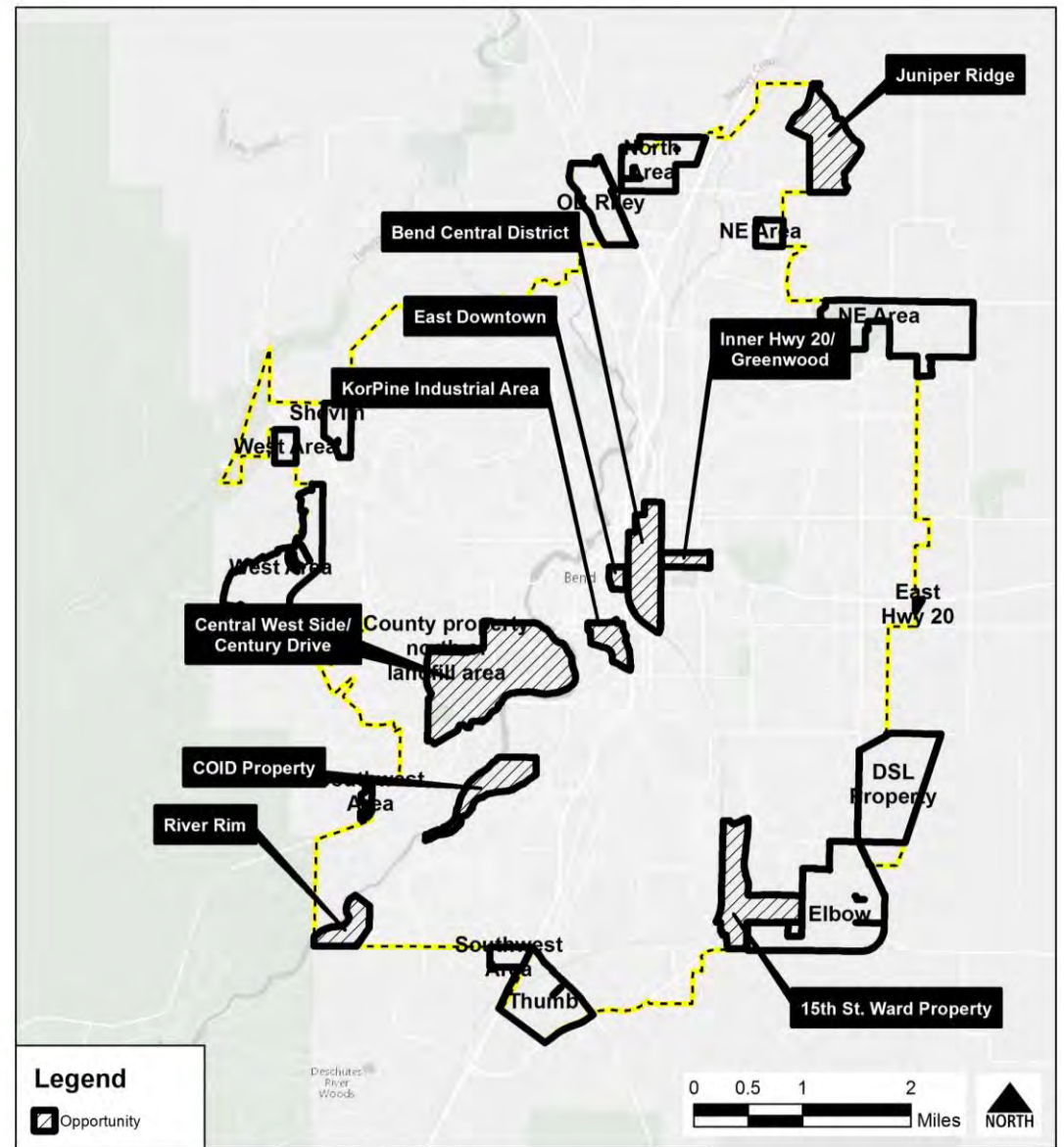
OPPORTUNITY AREAS	INCREMENTAL HU GROWTH	INCREMENTAL JOB GROWTH
Central West Side/Century Drive	909	1,629
15th St. Ward Property	862	386
Bend Central District	238	347
KorPine Industrial Area	148	215
River Rim	120	6
East Downtown	4	6
Inner Hwy 20/Greenwood	1	0
Juniper Ridge	0	1,491
COID Property	0	0



Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on conservative rates of redevelopment.

EXPANSION AREAS – HOUSING AND JOBS

OPPORTUNITY AREAS	INCREMENTAL HU GROWTH	INCREMENTAL JOB GROWTH
NE Area	1,098	214
DSL Property	1,001	880
West Area	983	261
Elbow	821	2,286
North Area	505	835
Thumb	266	1,444
Southwest Area	240	80
Shevlin	171	74
OB Riley	125	992
East Hwy 20	69	1



Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on typical development patterns and adopted land use designations.

OPPORTUNITY AREAS – DEVELOPMENT & VALUE

OPPORTUNITY AREAS	ACRES	INCREMENTAL HU GROWTH	INCREMENTAL JOB GROWTH	TOTAL SQFT NEW DEVELOPMENT	EXISTING RMV	UNCHANGED EXISTING VALUE (PARCELS NOT REDEVELOPED)	NEW VALUE (LAND & IMPROVEMENT)	TOTAL VALUE (EXISTING UNCHANGED + NEW)	% CHANGE	IMPROVEMENT VALUE / SQFT	
Central West Side/Century Drive	583	909	1,629	3,734,472	\$ 325,139,096	\$ 315,510,157	\$ 628,117,444	\$ 943,627,601	190.22%	\$ 157.72	
15th St. Ward Property	250	862	386	2,232,039	\$ 250,148,080	\$ 246,762,995	\$ 360,363,514	\$ 607,126,508	142.71%	\$ 142.67	
Bend Central District	196	238	347	529,129	\$ 162,410,605	\$ 154,871,824	\$ 90,077,178	\$ 244,949,002	50.82%	\$ 157.91	
Juniper Ridge *	219	0	1,491	1,538,430	\$ 20,580,800	\$ 20,580,800	\$ 212,604,758	\$ 233,185,558	1033.02%	\$ 126.99	
KorPine Industrial Area	65	148	215	428,847	\$ 72,381,074	\$ 66,722,373	\$ 70,536,963	\$ 137,259,336	89.63%	\$ 152.96	
River Rim	81	120	6	316,987	\$ 19,326,600	\$ 19,326,600	\$ 50,150,329	\$ 69,476,929	259.49%	\$ 138.89	
Inner Hwy 20/Greenwood	38	1	0	1,441	\$ 36,563,780	\$ 36,552,254	\$ 228,156	\$ 36,780,410	0.59%	\$ 141.66	
East Downtown	19	4	6	11,701	\$ 22,258,568	\$ 22,097,834	\$ 1,924,559	\$ 24,022,393	7.92%	\$ 152.96	
COID Property	14	0	0	0	\$ 33,871,580	\$ 33,871,580	\$ -	\$ 33,871,580	0.00%	-	
Total:	Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on conservative rates of redevelopment.							\$1,414,002,900	\$2,330,299,316		

* Does not include an assumed large lot industrial user.

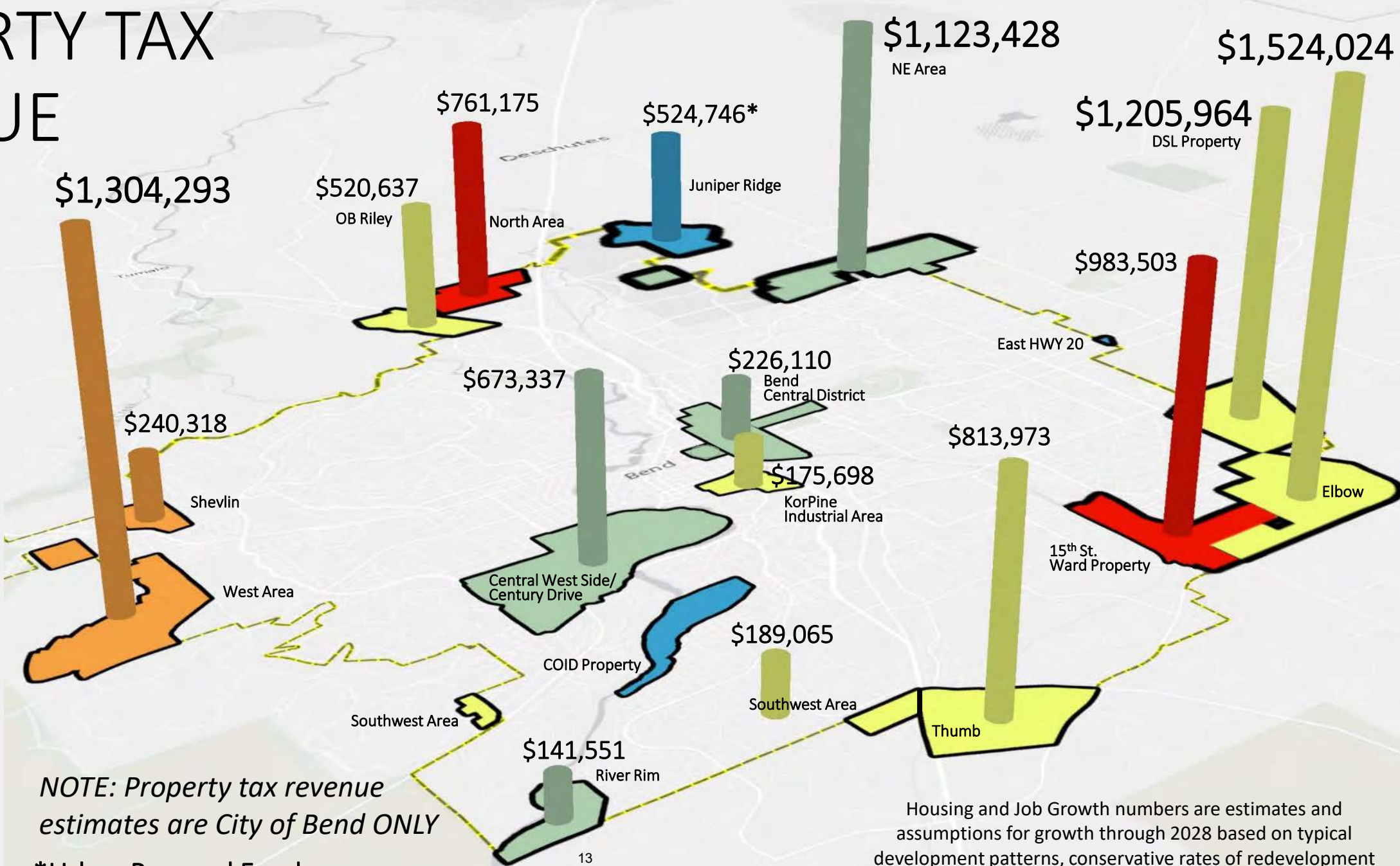
EXPANSION AREAS – DEVELOPMENT & VALUE

EXPANSION AREAS	ACRES	INCREMENTAL HU GROWTH	INCREMENTAL JOB GROWTH	TOTAL SQFT NEW DEVELOPMENT	NEW VALUE (LAND & IMPROVEMENT)	IMPROVEMENT VALUE / SQFT
Elbow	479	821	2,286	3,805,984	\$ 609,584,876	\$ 143.33
West Area	347	983	261	3,063,134	\$ 475,399,419	\$ 133.48
DSL Property *	368	1,001	880	2,854,911	\$ 458,436,701	\$ 143.17
NE Area	471	1,098	214	2,611,112	\$ 413,519,112	\$ 139.90
Thumb	245	266	1,444	2,027,216	\$ 331,460,559	\$ 145.64
North Area	188	505	835	1,822,608	\$ 297,045,108	\$ 144.86
OB Riley	154	125	992	1,307,565	\$ 212,402,036	\$ 144.84
Shevlin	68	171	74	556,312	\$ 88,354,440	\$ 136.42
Southwest Area	57	240	80	435,778	\$ 71,744,986	\$ 148.36
East Hwy 20	2	69	1	78,779	\$ 13,138,729	\$ 153.96
Total New Value:	Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on typical development patterns and adopted land use designations.				\$2,971,085,965	

* Does not include an assumed large lot industrial user.

PROPERTY TAX REVENUE

Bend Property Tax Revenue Per Acre



NOTE: Property tax revenue estimates are City of Bend ONLY

***Urban Renewal Funds**

Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on typical development patterns, conservative rates of redevelopment and adopted land use designations.

Property Tax Revenue: Key Findings

- **Opportunity Areas: more than \$2 million in annual tax revenue**
 - The Ward Property, if developed at the assumed levels, has the highest potential new property tax revenue potential.
 - The Ward Property, River Rim and KorPine have the highest property tax revenue per acre.
- **Expansion Areas: more than \$7.5 million in NEW annual tax revenue**
 - Multiple areas have several million dollars of anticipated future annual property taxes at build-out
 - The West and North area, and the East HWY 20 area, have the highest projected property tax revenue per acre

OPPORTUNITY AREAS: Property Tax Revenue

NOTE: Property tax revenue estimates are total tax revenue, inclusive of County, City, Schools etc.

OPPORTUNITY AREAS	ACRES	INCREMENTAL HU GROWTH	INCREMENTAL JOB GROWTH	TOTAL NEW ANNUAL PROPERTY TAX REVENUE	BEND ONLY NEW ANNUAL PROPERTY TAX REVENUE (20.8% OF TOTAL WITH 95% COLLECTION RATE)	NEW BEND URBAN RENEWAL FUNDS (0.9%)	PROPERTY TAX / ACRE
15th St. Ward Property	250	862	386	\$ 4,977,240	\$ 983,503	\$ 44,795	\$ 3,940
Central West Side/Century Drive	583	909	1,629	\$ 3,407,575	\$ 673,337	\$ 30,668	\$ 1,156
Juniper Ridge *	219	0	1,491	\$ 2,522,819	\$ -	\$ 524,746	\$ -
Bend Central District	196	238	347	\$ 1,144,282	\$ 226,110	\$ 10,299	\$ 1,155
KorPine Industrial Area	65	148	215	\$ 889,158	\$ 175,698	\$ 8,002	\$ 2,694
River Rim	81	120	6	\$ 716,349	\$ 141,551	\$ 6,447	\$ 1,739
East Downtown	19	4	6	\$ 24,260	\$ 4,794	\$ 218	\$ 247
Inner Hwy 20/Greenwood	38	1	0	\$ 3,110	\$ 614	\$ 28	\$ 16
COID Property	14	0	0	\$ -	\$ -	\$ -	\$ -

Total New Tax Revenue Potential:

Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on conservative rates of redevelopment.
* Does not include an assumed large lot industrial user.

\$13,684,794	\$2,205,606	\$625,204	
<div style="border: 1px solid red; display: inline-block; width: 15px; height: 15px; vertical-align: middle;"></div> Juniper Ridge Urban Renewal District NEW tax revenue is used as Urban Renewal Funds in its entirety			

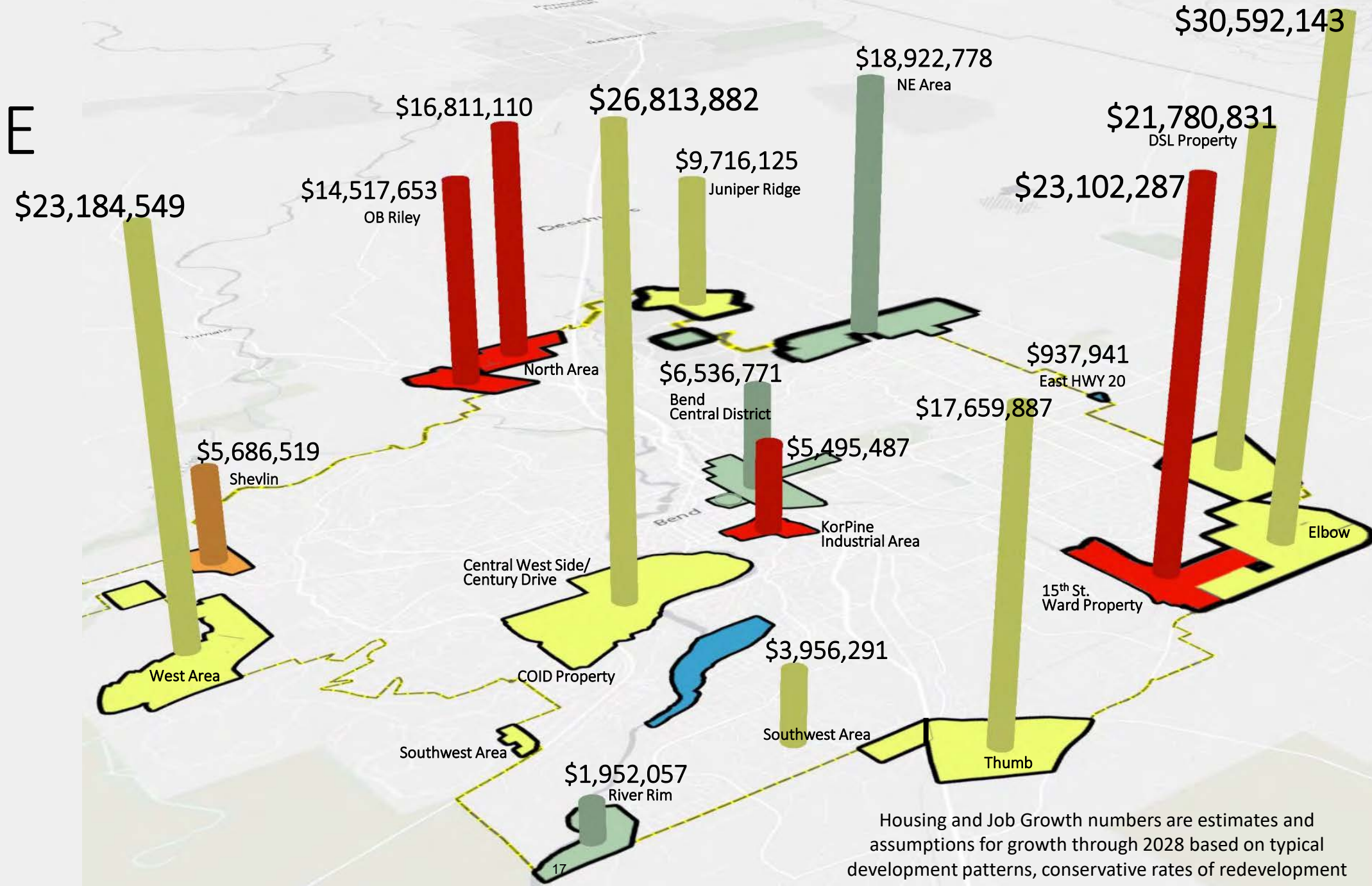
Expansion Areas: Property Tax Revenue

NOTE: Property tax revenue estimates are total tax revenue, inclusive of County, City, Schools etc.

EXPANSION AREAS	ACRES	INCREMENTAL HU GROWTH	INCREMENTAL JOB GROWTH	TOTAL NEW ANNUAL PROPERTY TAX REVENUE	BEND ONLY NEW ANNUAL PROPERTY TAX REVENUE (20.8% OF TOTAL WITH 95% COLLECTION RATE)	NEW BEND URBAN RENEWAL FUNDS (0.9%)	PROPERTY TAX / ACRE
Elbow	479	821	2,286	\$ 7,712,674	\$ 1,524,024	\$ 69,414.07	\$ 3,182.66
West Area	347	983	261	\$ 6,600,671	\$ 1,304,293	\$ 59,406.04	\$ 3,755.85
DSL Property *	368	1,001	880	\$ 6,103,054	\$ 1,205,964	\$ 54,927.49	\$ 3,274.81
NE Area	471	1,098	214	\$ 5,685,367	\$ 1,123,428	\$ 51,168.30	\$ 2,385.56
Thumb	245	266	1,444	\$ 4,119,296	\$ 813,973	\$ 37,073.66	\$ 3,323.06
North Area	188	505	835	\$ 3,852,100	\$ 761,175	\$ 34,668.90	\$ 4,055.41
OB Riley	154	125	992	\$ 2,634,804	\$ 520,637	\$ 23,713.24	\$ 3,374.90
Shevlin	68	171	74	\$ 1,216,187	\$ 240,318	\$ 10,945.68	\$ 3,522.33
Southwest Area	57	240	80	\$ 956,807	\$ 189,065	\$ 8,611.27	\$ 3,334.85
East Hwy 20	2	69	1	\$ 169,075	\$ 33,409	\$ 1,521.67	\$ 14,277.44
Total New Tax Revenue Potential:	Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on typical development patterns and adopted land use designations. * Does not include an assumed large lot industrial user.			\$39,050,035	\$7,716,287	\$351,450	

SDC REVENUE

Bend SDC Revenue Per Acre



Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on typical development patterns, conservative rates of redevelopment and adopted land use designations.

SDC Revenue: Key Findings

- **Opportunity Areas: \$74 million in SDC revenue**

- The Central Westside and Ward Properties have the highest total estimated SDC revenue potential, while the Ward and KorPine have the highest SDC revenue per acre.

- **Expansion Areas: \$154 million in SDC revenue**

- The Elbow, the West Area, DSL Property, NE Area, the Thumb and the North Area have the highest total SDC revenue at build-out
- The North Area, OB Riley, and Shevlin have the highest SDC revenue per acre at build-out

OPPORTUNITY AREAS – SDC REVENUE

* Does not include an assumed large lot industrial user.

OPPORTUNITY AREAS	ACRES	INCREMENTAL HU GROWTH	INCREMENTAL JOB GROWTH	TOTAL SDCs from NEW DEVELOPMENT	TOTAL SDCs / ACRE	SEWER SDCs	WATER SDCs	TRANSPORTATION SDCs	PARKS SDCs
Central West Side/Century Drive	583	909	1,629	\$ 26,813,882	\$ 46,022	\$ 7,229,946	\$ 8,024,879	\$ 6,323,854	\$ 5,235,203
15th St. Ward Property	250	862	386	\$ 23,102,287	\$ 92,546	\$ 4,340,357	\$ 7,128,133	\$ 5,811,105	\$ 5,822,691
Juniper Ridge *	219	0	1,491	\$ 9,716,125	\$ 44,291	\$ 1,014,118	\$ 3,532,724	\$ 5,169,284	\$ -
Bend Central District	196	238	347	\$ 6,536,771	\$ 33,388	\$ 1,368,729	\$ 1,537,171	\$ 1,931,070	\$ 1,699,802
KorPine Industrial Area	65	148	215	\$ 5,495,487	\$ 84,260	\$ 1,089,772	\$ 1,460,868	\$ 1,531,830	\$ 1,413,017
River Rim	81	120	6	\$ 1,952,057	\$ 23,981	\$ 544,125	\$ -	\$ 597,870	\$ 810,062
East Downtown	19	4	6	\$ 149,941	\$ 7,740	\$ 29,734	\$ 39,859	\$ 41,795	\$ 38,553
Inner Hwy 20/Greenwood	38	1	0	\$ 15,504	\$ 410	\$ 3,308	\$ 3,772	\$ 2,970	\$ 5,455
COID Property	14	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total SDC Revenue: \$73,782,055

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Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on conservative rates of redevelopment.

EXPANSION AREAS – SDC REVENUE

* Does not include an assumed large lot industrial user.

EXPANSION AREAS	ACRES	INCREMENTAL HU GROWTH	INCREMENTAL JOB GROWTH	TOTAL SDCs from NEW DEVELOPMENT	TOTAL SDCs / ACRE	SEWER SDCs	WATER SDCs	TRANSPORTATION SDCs	PARKS SDCs
Elbow	479	821	2,286	\$ 30,592,143	\$ 63,886.69	\$ 6,679,670	\$ -	\$ 17,549,048	\$ 6,363,425
West Area	347	983	261	\$ 23,184,549	\$ 66,762.31	\$ 4,593,229	\$ 5,849,891	\$ 5,970,281	\$ 6,771,148
DSL Property *	368	1,001	880	\$ 21,780,831	\$ 59,146.86	\$ 5,478,208	\$ -	\$ 9,300,931	\$ 7,001,693
NE Area	471	1,098	214	\$ 18,922,778	\$ 40,182.57	\$ 5,113,394	\$ -	\$ 6,206,997	\$ 7,602,387
Thumb	245	266	1,444	\$ 17,659,887	\$ 72,098.83	\$ 3,386,388	\$ -	\$ 11,921,192	\$ 2,352,308
North Area	188	505	835	\$ 16,811,110	\$ 89,568.49	\$ 3,452,410	\$ 1,513,373	\$ 8,066,877	\$ 3,778,451
OB Riley	154	125	992	\$ 14,517,653	\$ 94,111.58	\$ 2,078,197	\$ 4,198,843	\$ 6,915,419	\$ 1,325,193
Shevlin	68	171	74	\$ 5,686,519	\$ 83,355.59	\$ 900,961	\$ 2,259,626	\$ 1,359,454	\$ 1,166,477
Southwest Area	57	240	80	\$ 3,956,291	\$ 69,788.16	\$ 1,099,725	\$ -	\$ 1,245,695	\$ 1,610,870
East Hwy 20	2	69	1	\$ 937,941	\$ 400,829.52	\$ 266,890	\$ -	\$ 214,827	\$ 456,224

Total SDC Revenue: **\$154,049,703**

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Housing and Job Growth numbers are estimates and assumptions for growth through 2028 based on typical development patterns and adopted land use designations.

Follow up: Estimate Infrastructure Costs by area and compare to revenues

- Major infrastructure costs for each expansion and opportunity area need to be organized, and estimated.
- A high-level comparison of the infrastructure costs and municipal development revenue estimates for each area can then be completed.
- This comparison could begin to provide clarity on which areas have the greatest ability to cover substantial infrastructure costs through private development. The comparison matrix will also begin to detail how much planned growth can be “unlocked” through investments in infrastructure, and which areas appear to yield the most for the least public cost.

APPENDIX: Municipal Revenue Assumptions

- All values reflect NEW DEVELOPMENT within the final Preferred Scenario (2.1G)
- All values derived from Envision Tomorrow scenario model
- All SDC calculations derived from Bend CDD Master SDC Calculator 2016-2017 July 1st 2016 Update

APPENDIX: Municipal Revenue Assumptions

- TOTAL new property tax revenue is inclusive of city, county, schools etc., and is calculated based on 2015-16 Deschutes County tax and assessment ratios
 - Property tax rate – 1.5%
 - Assessment ratios -
 - Residential (single family): 68.4%
 - Multifamily: 84.4%
 - Commercial & Industrial: 80.8%
- BEND ONLY new property tax revenue is calculated by multiplying the TOTAL by 20.8% (2015-16 City of Bend percentage of taxes received), and then multiplied by 95% based on the approximate tax collection rate
- URBAN RENEWAL funds were calculated by multiplying the TOTAL by 0.9% (2015-16 Urban Renewal percentage of taxes received)
 - 100% of the Juniper Ridge BEND ONLY new property tax revenue was included as URBAN RENEWAL funds based on its status as an Urban Renewal District

Appendix D

Urban Renewal Supporting Information – Definitions and Impacts to Overlapping Taxing Districts

Appendix A.

Definition of Blight, from Oregon Statute 457.010

“Blighted areas” means areas that, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community. A blighted area is characterized by the existence of one or more of the following conditions:

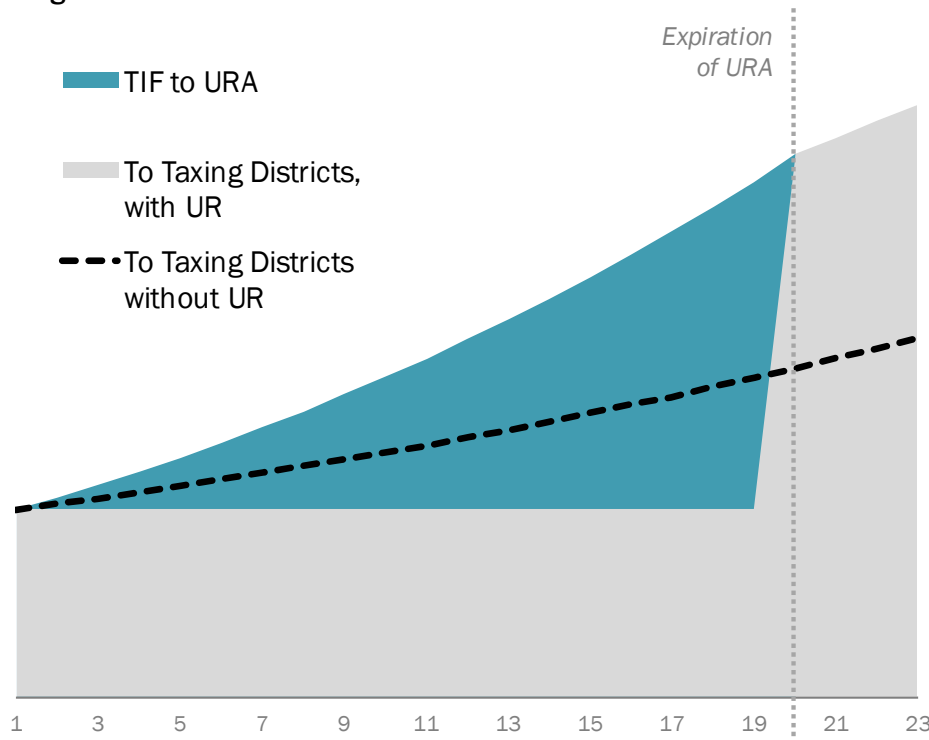
- a) The existence of buildings and structures, used or intended to be used for living, commercial, industrial or other purposes, or any combination of those uses, that are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:
 - a. Defective design and quality of physical construction;
 - b. Faulty interior arrangement and exterior spacing;
 - c. Overcrowding and a high density of population;
 - d. Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities; **or**
 - e. Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;
- b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;
- c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;
- d) The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;
- e) The existence of inadequate streets and other rights of way, open spaces and utilities;
- f) The existence of property or lots or other areas that are subject to inundation by water;
- g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;
- h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare; **or**
- i) A loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.”

Appendix B. Impacts to Overlapping Taxing Districts

Taxing districts are often concerned about the impact of urban renewal on their future tax revenues.¹⁵ During the operation of an urban renewal plan, the taxing districts will forego any increase in property taxes within the URA. The motivation for pursuing urban renewal is to increase the value of properties in the URA, thereby increasing the property tax revenues in the long-term. At the termination of an URA, taxing districts will benefit from increased property tax revenues if the URA was successful at increasing the taxable assessed value.

Error! Reference source not found. shows an illustration of how urban renewal affects property tax revenue to taxing districts during and after the URA. Overlapping taxing districts do not see any increase in property tax revenue for the life of the URA (because that increment goes to the URA), but they see a large positive impact in first year that the URA ends.

Exhibit 10. Hypothetical Illustration of Tax Revenue to Overlapping Taxing Jurisdictions With and Without Urban Renewal



A key factor to consider when evaluating impacts to overlapping taxing districts is whether the projected new development would occur regardless of urban renewal, and, therefore, whether those taxes should be considered as foregone or whether the taxing district would not have seen that growth without urban renewal. Taxing jurisdictions are more likely to support use of urban renewal in places where investment is needed in order to stimulate growth.

¹⁵ Some of the content in this section is based on *Best Practices for Urban Renewal Agencies in Oregon*, January 2014, prepared by ECONorthwest for Association of Oregon Redevelopment Agencies (AORA).

Exhibit 11 through Exhibit 14 **Error! Reference source not found.** show estimated annual foregone revenue at several points in time for each URSA, in nominal (year of expenditure) dollars. The numbers presented here are preliminary, order-of-magnitude estimates and will be refined if the City decides to pursue the use of urban renewal. These tables likely *overestimate* revenue foregone by overlapping districts, because they assume that urban renewal did not stimulate any growth above what would have occurred anyway.

Exhibit 11. North URSA, Estimated Annual Impacts to Taxing Districts, Year of Expenditure Dollars

	2020	2030	2040
<i>General Government</i>			
Deschutes County	-\$8,200	-\$175,000	-\$440,000
County Library	-\$3,500	-\$75,000	-\$189,000
Countywide Law Enforcement	-\$6,600	-\$140,000	-\$351,000
County Extension/4H	-\$100	-\$3,000	-\$8,000
9-1-1	-\$1,000	-\$22,000	-\$56,000
City of Bend	-\$18,000	-\$384,000	-\$965,000
Bend Metro Parks & Rec	-\$9,400	-\$200,000	-\$503,000
<i>Education</i>			
School District #1	-\$30,600	-\$652,000	-\$1,639,000
High Desert ESD	-\$600	-\$13,000	-\$33,000
Central Oregon Community College	-\$4,000	-\$85,000	-\$213,000

Source: ECONorthwest

Note: the levels of maximum indebtedness assumed for this analysis (\$50 M) mean that revenue sharing does not kick in until after the expiration of the URA. Smaller levels of maximum indebtedness mean that revenue sharing happens sooner.

Exhibit 12. Central District Plus URSA, Estimated Annual Impacts to Taxing Districts, Year of Expenditure Dollars

	2020	2030	2040
<i>General Government</i>			
Deschutes County	-\$26,700	-\$371,000	-\$901,000
County Library	-\$11,500	-\$160,000	-\$388,000
Countywide Law Enforcement	-\$21,300	-\$296,000	-\$719,000
County Extension/4H	-\$500	-\$7,000	-\$16,000
9-1-1	-\$3,400	-\$47,000	-\$114,000
City of Bend	-\$58,600	-\$814,000	-\$1,977,000
Bend Metro Parks & Rec	-\$30,500	-\$424,000	-\$1,030,000
<i>Education</i>			
School District #1	-\$99,500	-\$1,383,000	-\$3,360,000
High Desert ESD	-\$2,000	-\$28,000	-\$68,000
Central Oregon Community College	-\$13,000	-\$180,000	-\$438,000

Source: ECONorthwest

Note: the levels of maximum indebtedness assumed for this analysis (\$100 M) mean that revenue sharing does not kick in until after the expiration of the URA. Smaller levels of maximum indebtedness mean that revenue sharing happens sooner.

Exhibit 13. KorPine Plus URSA, Estimated Annual Impacts to Taxing Districts, Year of Expenditure Dollars

	2020	2030	2040
<i>General Government</i>			
Deschutes County	-\$13,300	-\$188,000	-\$462,000
County Library	-\$5,700	-\$81,000	-\$199,000
Countywide Law Enforcement	-\$10,600	-\$150,000	-\$369,000
County Extension/4H	-\$200	-\$3,000	-\$8,000
9-1-1	-\$1,700	-\$24,000	-\$59,000
City of Bend	-\$29,200	-\$412,000	-\$1,014,000
Bend Metro Parks & Rec	-\$15,200	-\$215,000	-\$529,000
<i>Education</i>			
School District #1	-\$49,700	-\$700,000	-\$1,724,000
High Desert ESD	-\$1,000	-\$14,000	-\$35,000
Central Oregon Community College	-\$6,500	-\$91,000	-\$224,000

Source: ECONorthwest

Note: the levels of maximum indebtedness assumed for this analysis (\$50 M) mean that revenue sharing does not kick in until after the expiration of the URA. Smaller levels of maximum indebtedness mean that revenue sharing happens sooner.

Exhibit 14. Central Westside URSA, Estimated Annual Impacts to Taxing Districts, Year of Expenditure Dollars

	2020	2030	2040
<i>General Government</i>			
Deschutes County	-\$26,300	-\$366,000	-\$891,000
County Library	-\$11,300	-\$158,000	-\$383,000
Countywide Law Enforcement	-\$21,000	-\$292,000	-\$711,000
County Extension/4H	-\$500	-\$6,000	-\$16,000
9-1-1	-\$3,300	-\$46,000	-\$113,000
City of Bend	-\$57,800	-\$803,000	-\$1,953,000
Bend Metro Parks & Rec	-\$30,100	-\$419,000	-\$1,018,000
<i>Education</i>			
School District #1	-\$98,200	-\$1,365,000	-\$3,319,000
High Desert ESD	-\$2,000	-\$28,000	-\$67,000
Central Oregon Community College	-\$12,800	-\$178,000	-\$432,000

Source: ECONorthwest

Note: the levels of maximum indebtedness assumed for this analysis (\$100 M) mean that revenue sharing does not kick in until after the expiration of the URA. Smaller levels of maximum indebtedness mean that revenue sharing happens sooner.

Impact to Local School District Funding

Although Exhibits 11-14 include the Bend school district, it is important to note that urban renewal does not have a direct impact on local school district funding. Property taxes were once the primary funding source for K-12 schools, and tax rates varied by district. Today, the State of Oregon “equalizes” school funding, using a formula that takes into account property tax revenue generated at the school district level and revenue from the State’s coffers generated by the statewide income tax, Oregon Lottery, and intergovernmental revenues.

Appendix E

Development Incentives Examples

URBAN GROWTH BOUNDARY REMAND

MAKING BEND EVEN BETTER



Development Incentives Sensitivity Testing

Alex Joyce

Fregonese Associates

June 2017

Goal



- Test the financial impact of several development incentives on prototypical building types within several submarkets of Bend
- Understand the impact of layering these incentives
- Make recommendations on the locations where the tools will be most beneficial

Tools and Their Practical Impact



- Vertical Housing Development Zones (VHDZs) and Multiunit Property Tax Exemptions (MUPTE): reduce operating costs through limited duration and partial property tax exemptions
- SDC Financing: converts otherwise large, upfront costs to an ongoing operating cost and defers first payment to after stabilization (12 months) – SDC costs are paid when project is generating revenue (from rent or sales)

Market Today and Assumptions



- **Existing comparables for new, mixed-use multifamily are limited**
 - Costar has few newer, urban comparables
 - Most from last cycle or older, or suburban garden style – would not qualify for Vertical Housing Development Zone (VHDZ) tax abatement
- **Rents are being tested in Bend, slowly – hopefully more soon**
 - Tom Cody’s “Range” Apartments at NW Crossing - \$2 / sq ft

Key Assumptions



- **“5-over-1” building type**
 - Mix of mostly 1 bedrooms and studios with a few 2 bedrooms
 - Avg. unit size: 790 (bigger than Range)
 - Avg. rent / sq ft: \$1.96 (lower than Range)
- **“4-over-1” and “3-over-1” building type**
 - Mix of mostly 1 and 2 bedroom with a few studios
 - Avg. unit size: 790 (bigger than Range)
 - Avg. rent / sq ft: \$1.81-1.84 (lower than Range)
- **All Suburban Types: “4-over-2”, wrap and walk-up**
 - Mix of mostly 1 and 2 bedroom with a few studios
 - Avg. unit size: 750-785 (bigger than Range)
 - Avg. rent / sq ft: \$1.74 (lower than Range)
- **Incentive Assumptions (details in pro forma model)**
 - SDC financing:
 - Current financing method: 10 yrs @ 7% without Park SDC
 - Improved method: 10 yrs @ 7% including Park SDC and 1 year deferral with interest (during stabilization)
 - Vertical Housing Development Zone (VHDZ):
 - 4 Equalized floors = 80% property tax exemption on residential
 - 3 Equalized Floors = 60% property tax exemption on residential
 - 20% property tax exemption on land for project with 1 qualifying floor of workforce housing (80% AMI)
 - Multiple Unit Property Tax Exemption (MUPTE)
 - 100% property tax exemption for 10 years on residential portion of improvement value for multifamily housing developments
 - Assumed locational criteria applied

Key Assumptions



- **Return Rate Targets**

- **Cash-on-Cash Return Rate = 10%**

- The ratio of annual before-tax cash flow to the total amount of equity/cash invested, expressed as a percentage.

- **Leveraged Internal Rate of Return (IRR) = 20%**

- A leveraged IRR calculation uses discounted cash flow and takes into account the amount and timing of equity invested; the amount and timing of returns/revenue; the debt service (loan payments) over the holding period; and the repayment of the remaining loan balance upon the sale of the property.

- Targets are based on what investors expect to earn on their investment, based on the level of risk and the returns available from other forms of investment (e.g. bonds, stocks).

- Expected returns vary from project to project and investor to investor, but the thresholds used here are an estimate of what would be considered “typical” in the current market.

- If a potential development won't generate enough return, it won't be able to attract investors, and won't get built.

Pushing the Market: Range at NW Crossing

- ProjectPDX, Tom Cody
- High end, garden style apartments
- 3 stories, avoids elevator costs
- Surface parking
- 1 and 2 bedroom units
- \$2 / sq ft
- Pre-leasing currently

ZOOM



Prototypes Tested



- 5-over-1 Prototype: High Rent Central Submarket
- 4-over-1 Prototype: High Rent Central Submarket
- 3-over-1 Prototype: Moderate Rent Inner Submarket
- 4-over-2 Prototype: Higher Rent Suburban Submarket
- 4 story “wrap” apartment: Higher Rent Suburban Submarket
- 3 story walk-up apartment: Higher Rent Suburban Submarket

5-over-1 Prototype Standards

Highest Rent Central Submarkets



Standard	Ranges
Height (Stories)	70 - 75 feet (6)
FAR	2.5 - 3.5
Density	85 – 115 DU / Acre (varies significantly based on unit mix and parking)
Parking	1 / unit 2 / 1000 sq ft commercial
Lot Coverage	80 - 100%
Landscaping	0 – 15%



*5-over-1 Example:
Hoyt 20, GreenLight Development, Portland*

5-over-1 Prototype

Highest Rent Central Submarkets

- “5-Over-1” Typology
- Internal, structured and/or tuck-under parking

The Tax Trade-Off
24 new workforce units
for a 10 year abatement
of \$1.7 million

That’s only \$77,000 /
unit – less than half
what a unit costs to
build



	Target	No Incentives	+ SDC Financing (current*)	+ SDC Financing (improved*)	+ Vertical Housing (4 floors = 80% exemption)	+ 25% affordable @ 80% AMI
Average Res. Rent			\$1.98 / sq ft			\$1.88 / sq ft
Cash-on-Cash	10%	7.2%	8.7%	9.3%	12.1%	10.3%
Levered IRR (IRR on Before Tax Cash Flows)	20%	14.6%	16.4%	17.3%	20.6%	18.6%



5-over-1 Example:
Hoyt 20, GreenLight Development, Portland

4-over-1 Prototype Standards

Higher Rent Central Submarkets

Standard	Ranges
Height (Stories)	60 - 65 feet (5)
FAR	1.5 – 2.5
Density	55 – 65 DU / Acre (varies significantly based on unit mix and parking)
Parking	1.3 / unit 2 / 1000 sq ft commercial
Lot Coverage	80 - 100%
Landscaping	0 – 15%



*4-over-1 Example: 28th and Belmont
GreenLight Development, Portland*

4-over-1 Prototype

Higher Rent Central Submarkets

- “4-Over-1” Typology
- Combination of surface and tuck-under parking – very efficient & cost effective

	Target	No Incentives	+ SDC Financing (current*)	+ SDC Financing (improved*)	+ Vertical Housing
Average Res. Rent	\$1.81 / sq ft				
Cash-on-Cash	10%	6.5%	8.1%	9.0%	10.9%
Levered IRR (IRR on Before Tax Cash Flows)	20%	13.7%	15.8%	17.0%	19.0%



4-over-1 Example: 28th and Belmont GreenLight Development, Portland

Current vs. Improved SDC Financing Method – and Impact



- Impact assessment on a 4-over-1 building type
- Park SDCs are significant: ~1/3rd of total SDC cost
- Current financing method: 10 yrs @ 7% without Park SDC
- Improved method: 10 yrs @ 7% including Park SDC and 1 year deferral with interest (during stabilization)

	Target	No Incentives	+ SDC Financing (current*)	+ SDC Financing (improved*)	+ Vertical Housing
Average Res. Rent	\$1.81 / sq ft				
Cash-on-Cash	10%	6.5%	8.1%	9.0%	10.9%
Levered IRR (IRR on Before Tax Cash Flows)	20%	13.7%	15.8%	17.0%	19.0%



4-over-1 Example: 28th and Belmont GreenLight Development, Portland

* Current: 10 yrs @ 7% without Park SDC; Improved: 10 yrs @ 7% including Park SDC and 1 year deferral with interest

3-over-1 Prototype Standards

Moderate Rent Inner Submarket



Standard	Ranges
Height (Stories)	45 – 55 feet (4 – 4.5)
FAR	1.8 – 2.5 (lower parking ratios allow for increased non-parking building area, which increases FAR)
Density	55 – 65 DU / Acre (varies significantly based on unit mix and parking)
Parking	1 / unit 1 / 1000 sq ft commercial (50% surface parking / 50% tuck under)
Lot Coverage	80 - 100%
Landscaping	0 – 15%



*3-over-1 Example:
Jack Menashe,
N Williams, Portland OR*

3-over-1 Prototype

Moderate Rent Inner Submarkets



- “3-over-1” Typology – rear surface and tuck under parking
- Needs urban parking ratios to be successful – because relies on mostly rear surface and tuck under parking.

	Target	No Incentives	+ SDC Financing (current*)	+ SDC Financing (improved*)	+ Vertical Housing (3 floors = 60% exemption)	+ 25% affordable @ 80% AMI
Average Res. Rent			\$1.84 / sq ft			\$1.68
Cash-on-Cash	10%	7.9%	9.7%	10.7%	12.5%	10.4%
Levered IRR (IRR on Before Tax Cash Flows)	20%	15.6%	17.7%	19.0%	20.8%	18.5%



*3-over-1 Example:
Jack Menashe,
N Williams, Portland OR*

* Current: 10 yrs @ 7% without Park SDC; Improved: 10 yrs @ 7% **including Park SDC** and 1 year deferral with interest

Suburban Mixed-Use Podium (4-over-2) Prototype Standards

Higher Rent Suburban Submarket



Standard	Ranges
Height (Stories)	65 - 75 feet (5)
FAR	2.5 – 3.5
Density	70 – 80 DU / Acre (varies significantly based on unit mix and parking)
Parking	1.5 / unit 3 / 1000 sq ft commercial
Lot Coverage	80 - 100%
Landscaping	0 – 15%



*Suburban 4-over-2 Example:
Vector, Holland Partners,
Orenco Station, Hillsboro*

Suburban Mixed-Use Podium (4-over-2) Prototype

Higher Rent Suburban Submarket



- “4-Over-2” Typology – with 2 levels of internal parking
 - Suburban areas require higher parking ratios
- Higher cost structured parking makes this particular building type challenging outside of the core, higher rent areas

	Target	No Incentives	+ SDC Financing (current*)	+ SDC Financing (improved*)	+ Vertical Housing (4 floors = 80% exemption)	+ 23% affordable @ 80% AMI
Average Res. Rent			\$1.74 / sq ft			\$1.59 / sq ft
Cash-on-Cash	10%	1.9%	2.6%	3.1%	5.8%	5.9%
Levered IRR (IRR on Cash Before Tax Flows)	20%	6.2%	7.6%	8.6%	12.8%	12.8%



Suburban 4-over-2 Example: Vector, Holland Partners, Orenco Station, Hillsboro

Suburban “Wrap” Apartment Prototype Standards

Higher Rent Suburban Submarket



Standard	Ranges
Height (Stories)	45 – 50 feet (5)
FAR	2.0 – 3.0
Density	65 – 75 DU / Acre (varies significantly based on unit mix and parking)
Parking	1.5 / unit
Lot Coverage	75 - 90%
Landscaping	0 – 20%



*4 Story Wood-frame Example:
Nexus, Simpson Housing,
Orenco Station, Hillsboro*

Suburban “Wrap” Apartment Prototype

Higher Rent Suburban Submarket



- Not mixed use building, so only MUPTTE would be possible – suitable for a horizontally mixed-use area
- 4 story “Wrap style” – wood-framed building wrapped around a parking structure

	Target	No Incentives	+ SDC Financing (current*)	+ SDC Financing (improved*)	+ MUPTTE **	+ 25% affordable @ 80% AMI
Average Res. Rent			\$1.74 / sq ft			\$1.61
Cash-on-Cash	10%	3.2%	4.1%	4.8%	8.8%	6.7%
Levered IRR (IRR on Cash Before Tax Flows)	20%	8.8%	10.3%	11.4%	16.8%	14.1%



*4 Story Wood-frame Example:
Nexus, Simpson Housing,
Orenco Station, Hillsboro*

* Current: 10 yrs @ 7% without Park SDC; Improved: 10 yrs @ 7% **including Park SDC**⁷ and 1 year deferral with interest
 ** MUPTTE assumptions are a 10 year tax abatement on residential improvement value (not exempting land value)

Suburban Walk-Up Apartment Prototype

Higher Rent Suburban Submarket



Standard	Ranges
Height (Stories)	32 – 40 feet (5)
FAR	0.8 – 1.5
Density	35 – 45 DU / Acre (varies significantly based on unit mix and parking)
Parking	2.0 / unit
Lot Coverage	75 - 90%
Landscaping	0 – 20%



*Suburban Walk Up Example:
Nexus, Simpson Housing,
Orenco Station, Hillsboro*

Suburban Walk-Up Apartment Prototype

Higher Rent Suburban Submarket

- **NOTE: Alt 1 @ \$125/ft in hard costs - \$195/ sq ft total cost**
- 3 story, walk up - with adjacent surface parking and garages (potentially)
- Not mixed use building, so only MUPTTE would be possible – suitable for a horizontally mixed-use area
- Efficient, wood-only construction
- No elevators required to comply with ADA

NOTE: Bend has seen garden style apartments delivered without subsidy this real estate cycle. However, using current land cost comparables, construction costs, and rents, achieving financial feasibility at a 10% cash-on-cash return rate appears challenging. This would suggest that the projects completed in Bend may have A) had unusually low land costs, B) been constructed when construction costs were lower earlier in the cycle, or C) the investors required a below average return rate on equity. (Equity return rates have been declining rapidly as this cycle has heated up.)



	Target	No Incentives	+ SDC Financing (current*)	+ SDC Financing (improved*)	+ MUPTTE **	+ 25% affordable @ 80% AMI
Average Res. Rent	\$1.74 / sq ft					\$1.61
Cash-on-Cash	10%	5.2%	6.5%	7.4%	11.2%	8.8%
Levered IRR (IRR on Cash Before Tax Flows)	20%	12.0%	13.8%	15.0%	19.6%	16.9%

*Suburban Walk Up Example:
Nexus, Simpson Housing,
Orencia Station, Hillsboro*

* Current: 10 yrs @ 7% without Park SDC; Improved: 10 yrs @ 7% **including Park SDC**⁷⁸ and 1 year deferral with interest
 ** MUPTTE assumptions are a 10 year tax abatement on residential improvement value (not exempting land value)

Suburban Walk-Up Apartment Prototype

Higher Rent Suburban Submarket

- **NOTE: Alt 2 @ \$100/ft in hard costs - \$165/ sq ft total cost**
- 3 story, walk up - with adjacent surface parking and garages (potentially)
- Not mixed use building, so only MUPTE would be possible – suitable for a horizontally mixed-use area
- Efficient, wood-only construction
- No elevators required to comply with ADA

NOTE: Bend has seen garden style apartments delivered without subsidy this real estate cycle. However, using current land cost comparables, construction costs, and rents, achieving financial feasibility at a 10% cash-on-cash return rate appears challenging. This would suggest that the projects completed in Bend may have A) had unusually low land costs, B) been constructed when construction costs were lower earlier in the cycle, or C) the investors required a below average return rate on equity. (Equity return rates have been declining rapidly as this cycle has heated up.)



	Target	No Incentives	+ SDC Financing (current*)	+ SDC Financing (improved*)	+ MUPTE **	+ 25% affordable @ 80% AMI
Average Res. Rent			\$1.74 / sq ft			\$1.61
Cash-on-Cash	10%	9.9%	11.7%	13.0%	17.4%	14.7%
Levered IRR (IRR on Cash Before Tax Flows)	20%	18.0%	20.1%	21.4%	26.0%	23.4%

Woody Walk Up Example: Nexus, Simpson Housing, Orenco Station, Hillsboro

* Current: 10 yrs @ 7% without Park SDC; Improved: 10 yrs @ 7% **including Park SDC**⁸⁹ and 1 year deferral with interest
 ** MUPTE assumptions are a 10 year tax abatement on residential improvement value (not exempting land value)

Key Findings



- **Current rents make vertical development a challenge without additional incentives**
 - Structured parking costs and high construction costs are a big driver
- **Incentives can make desired development types “pencil” – but multiple, layered tools are required (no silver bullet)**
 - At no direct, out-of-pocket costs to City
- **VHDZ and MUPTE can enable income restricted housing production at no direct “cost” to city**
 - Potential to leverage market to achieve income restricted units at ~50% less than the cost to build otherwise
 - Cost = deferred tax collection, so no direct out of pocket costs, i.e.: only deferred revenue
- **VHDZ has narrower applicability than MUPTE – only on mixed-use buildings fronting main streets**
 - Requires ground floor retail with public road frontage
 - Property tax exemption incentivizes 4 full floors of residential – needed to get full 80% property tax exemption
- **Flexibility of MUPTE could be good fit for horizontal mixed-use areas where multifamily can support a walkable commercial area**
 - No ground floor retail is required and efficient 3 and 4 story apartments can be fully abated
- **SDC financing has significant benefit – but needs full taxing district participation**
 - Park SDCs comprise ~1/3rd of project SDC costs
 - Need intergovernmental agreements to enable full property tax exemption

Tool Applicability Recommendations



- **SDC Financing**

- **Most suitable locations:** In areas with high quality existing infrastructure, including good street connectivity, multimodal travel options, parks. To be most effective, the current program needs to include Parks SDCs and a 1 year deferral option.
- *Candidate locations: Entire city*

- **Vertical Housing Development Zones (VHDZ)**

- **Most suitable locations:** In areas with moderate to strong market strength where the city wants 4-over-1 style mixed use buildings and opportunities for privately-funded workforce housing (80% AMI). Specifically on parcels with commercial frontage where vertical mixed-use (residential over retail) is desired. 4 floors of residential above ground floor retail achieves the highest possible tax exemption (80%).
- *Candidate locations: commercial streets within CWP, KorPine, Central District*

- **Multiple Unit Property Tax Exemptions (MUPTE)**

- **Most suitable locations:** In areas where multifamily is desired or required but where market strength is challenging. In areas where horizontal rather than vertical mixed-use is acceptable. The eligibility can be crafted to achieve public benefits, such as walkability, in submarkets where that pattern is not the norm.
- For instance, in areas that have (or will have) retail and services as well as a variety of housing types, locating multifamily adjacent to and walkable to the commercial areas has benefits for both household travel costs as well as reducing regional auto congestion and vehicle miles traveled compared to highly segregated, disconnected suburban uses.
- *Candidate locations: Areas adjacent to commercial streets, but not on commercial streets, in East Downtown, Central District, and possibly in or adjacent to commercial centers within UGB Expansion areas. Potential future use in residential portions of transit corridors as an Integrated Land Use and Transportation Plan (ILUTP) implementation strategy.*

Property Tax Exemption Programs – The Counter-intuitive Impact to Long Term Tax Revenues

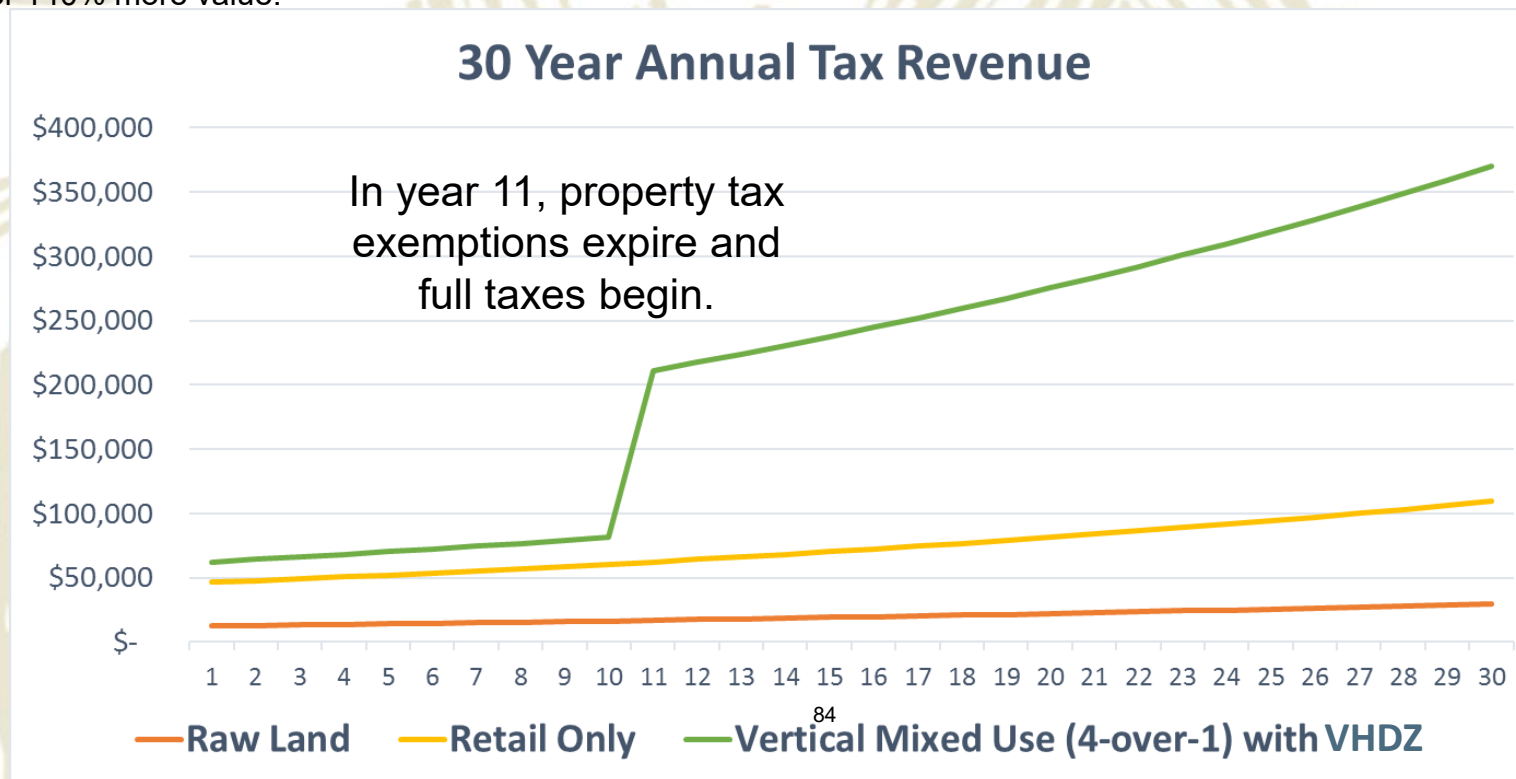


- Illustrate 3 separate development scenarios for a single piece of commercial land in Bend and the associated tax revenue.
 - Scenario 1: Raw land goes undeveloped because it is financially infeasible to develop anything
 - Scenario 2: Land gets developed into stand-alone retail shopping center
 - Scenario 3: Land gets developed as a 4-over-1 mixed-use development and takes advantage of a Vertical Housing Development Zone (VHDZ)
- *Note: Scenario 3 is only financially feasible with VHDZ in place. A vertical mixed-use project would not happen without that incentive.*

How Limited Tax Property Exemptions Can Actually Result in More Tax Revenue



- Between years 1-10, the stand-alone retail and the vertical mixed-use project have similar tax revenue, but looking over 30 years, the tax revenue is much higher for the vertical mixed-use building.
 - Even with a 10 year, 80% property tax exemption on the residential portion of the vertical mixed-use building.
- The net present value of revenues over 30 years from the vertical mixed-use building are \$2,000,000 compared to \$790,000 for the stand-alone retail (assuming a 7% discount rate).
 - That is over 140% more value.



Section 5: Planning & Implementation

Need for Follow-Up Planning Actions

The following explains implementation actions the Council can consider for the Areas of Analysis. Infrastructure funding tools are described since they apply broadly, and to some or all Areas of Analysis.

A URD Pre-feasibility study is provided to explain considerations, opportunities, suitability, next steps, and relative merits of applying an URD in one or more areas. This implementation strategy is most suitable for the Core Areas.

Vertical Housing Development Zones (VHDZs) and MUPTE program elements and effectiveness are discussed which can suit both Core Areas and UGB expansion areas. A fiscal analysis in Appendix E, highlights discussed in this section, provide an analysis of these programs to illustrate the effectiveness of their use and applicability.

The Evaluation Summary Matrix makes initial conclusions regarding where these implementation programs may be most effective and suitable.

Infrastructure Funding Tools

Overview

This section provides a high-level description of the most commonly used funding tools for infrastructure, affordable housing, and development incentives, along with discussion of what makes them useful in particular situations or geographies. The list is not exhaustive; it is provided to initiate more detailed conversations and analysis to determine a funding strategy for each area.

Infrastructure Funding

Urban Renewal & Tax Increment Financing

UR provides funding from property taxes with a built-in financing tool, tax increment financing (TIF). It can generate substantial revenue for capital projects, and can act as one of the most flexible financial incentives for furthering development. Tax increment revenue is generated from property values within a Urban Renewal Area (URA) above the frozen base. Any new taxes generated within that URA through either property appreciation or new taxable investment becomes the *excess value*, or *tax increment revenue*. Taxing jurisdictions continue to collect taxes from the frozen base, but the UR agency collects the tax increment revenue. The UR agency then can issue long-term bonds and other forms of debt (such as lines of credit) to pay for identified public improvements and/or investments in private projects included in the UR plan. The tax increment revenue is used to repay the bonds.

Bend has two URAs, managed by the Bend Urban Renewal Agency (BURA). The two URAs are Murphy Crossing and Juniper Ridge. Bend previously had a successful downtown URD, which was retired in 2010.

- Agency: Oregon Department of Revenue
- Legal Authority: ORS 457
- Program Website: http://www.oregon.gov/DOR/forms/FormsPubs/urban-renewal-circular_504-623.pdf

Considerations:

- Oregon’s state statutes define the necessary characteristics for a URA. The statutes must be carefully followed to ensure that UR plans meet all legal requirements. Statutes also limit the percentage of a jurisdiction’s acreage and assessed value that can be in a URA, what its spending capacity (or *maximum indebtedness*) might be, and how TIF dollars can be spent. URAs must comply with these statutes.
- UR can be politically contentious in part because it defers property tax accumulation by the city, county, and other taxing districts until the URA expires or pays off the bonds. It is most likely to be implemented successfully where there is widespread consensus on a vision for development and desire for change, and where overlapping taxing districts benefit from the proposed changes in the area.
- Achieving consensus, especially given the impacts to other taxing districts, is critically important. The process for establishing a URA is complex and requires extensive public involvement as well as interaction with the affected property tax districts.
- UR and TIF work best in areas where assessed values are likely to grow quickly with investment in infrastructure. Without rapid assessed value growth, UR can sometimes take years to produce meaningful levels of revenue to allow investment to occur.
- It can be significantly easier to expand an existing URA than to create a new one, both from a financial perspective and a process / stakeholder involvement perspective.

Implementation steps:

- Most jurisdictions begin the process by completing a feasibility study, which may evaluate alternative boundaries, confirm compliance with state statutes, preliminarily identify projects, and preliminarily evaluate the financial feasibility of a potential new URA. A feasibility study provides a foundation for community conversations.
- To create a new URA, a city must adopt an UR plan that complies with state statute as specified in ORS 457.085, and form an “urban renewal agency”, the public body that will oversee plan implementation. The plan identifies the boundary, the projects in which the agency may invest, and the limitations on UR spending. This planning process typically involves substantial public and stakeholder outreach, as well as financial and legal analysis.
- A Best Practices guide, produced by the Association of Oregon Redevelopment Agencies, provides excellent input and advice regarding the process of forming and administering a URA.²⁶

²⁶This Guide is available online at: <http://www.oregonurbanrenewal.org/urban-renewal-best-practices/>

- Once a new URA is formed, agency staff implement the plan over a number of years, collecting TIF and making investments in the projects specified in the plan.

Local Improvement District

A local improvement district (LID) is an area assessed to pay for a specific local improvement that it is determined to benefit from. LIDs organize property owners around a common goal and allow property owners to make payments over time to bring about improvements quickly that benefit them individually. A LID may be initiated by the City Council or by property owners themselves. At least 51% of the abutting properties must agree to the assessment and to the project investment for a LID to be formed. There must be a public hearing by the City Council.

- Legal Authority: ORS 174.116

Considerations:

- Because LIDs require the consent of property owners, they are much more easily formed and effective in areas with few property owners who are each equally motivated to invest in a given piece of infrastructure. For example, if several large property owners all need a particular piece of transportation infrastructure before they can develop their property, a LID is an effective tool.
- The process for setting up fair LID payments for property owners who benefit differently from the improvement is challenging. LIDs may have to be repaid when properties are transferred, and small geographical areas may have difficulty generating sufficient revenues to support bonds for the desired improvements.
- LIDs can be attractive for property owners developing for-sale product or otherwise preparing for land transactions, as the encumbrance of the LID passes with the property to future owners.

Implementation Steps:

As authorized by Oregon Revised Statutes (ORS) 223.001, the City of Bend has already established guidelines for creating a new LID. These are described in detail on the City's website and in relevant adopting ordinances.²⁷ A brief summary of the steps follows:

- While LIDs may be initiated by the City, in most cases, property owners initiate the process by assessing interest from their neighbors in forming an LID for a specific project. If there is sufficient interest, City staff will evaluate alternatives, identify a boundary, and conduct other feasibility assessments.
- A formal petition is circulated among neighbors and affected property owners. If a majority (50%+) sign, City staff submit a resolution for Council vote.
- Notice of intent to create a LID will be mailed to all affected property owners and a Remonstrance Hearing will be held by City Council. If approved by City Council, all benefitted property owners will be included in the LID and assessed.

²⁷ A summary is here: <http://www.bendoregon.gov/Home/ShowDocument?id=6067>

- From this point, the project moves forward with engineering, design and construction as overseen by the local government. Once a project is completed, the government assesses final costs and sends notice to all property owners. A lien is placed on each property in the boundary in the amount of the assessment.
- A hearing is scheduled so that any objections to the proposed assessments are heard. After the hearing, final assessment billings are sent to the property owners.

Sole Source and Supplemental SDCs

SDCs are fees charged on new development to cover the incremental impact of that new development on the affected systems. The City of Bend charges SDCs for transportation, water, sewer, and parks, and presumably continue to charge those SDCs on all new development in the subareas. **Sole Source SDCs** would allow the City to retain SDCs paid by developers within the limited geographic area that directly benefits from new development, rather than being available for use citywide. **Supplemental SDCs** are additional SDCs charged on top of the existing SDCs for a particular piece of infrastructure. In some cases, the City may be able to implement a supplemental SDC that is also a sole source SDC.

- Legal Authority: Locally determined

Considerations:

- Since Sole Source SDCs enable eligible improvements within the area that generates those SDC funds, by necessity this will reduce resources for SDC-funded projects in a broader geography. For this reason, the two are often used in concert.
- Supplemental sole source SDCs are often used in UGB expansion areas around the state where infrastructure costs are often higher than in other parts of the City and those infrastructure investments directly benefit only the expansion area. They are less commonly used for infill development.
- Additional fees on development can affect development feasibility, and, in certain circumstances, and affect unit pricing and rents. These impacts must be carefully weighed, or the process of funding infrastructure can work as cross-purposes with other City goals of supporting new housing development in expansion areas.

Implementation Steps:

Any new SDCs in Bend must be established in accordance with new ORS 223.302 and Bend Ordinance NS-2161²⁸, per the specifications in City Code 12.10.040. To establish a new sole source SDC, first the City must prepare a capital improvement plan that includes a list of the improvements the jurisdiction intends to fund with the revenues of the new SDC and the estimated costs and timing. The cost of capital improvements for the projected need of future users must also be determined.

²⁸ Ordinance No. NS-2161 amending Bend code to add Chapter 12.10 <http://www.bendoregon.gov/home/showdocument?id=4281>

- The ordinance or resolution establishing a new SDC must include the methodology behind determining the projected cost of the capital improvements identified in the plan, and the need for increased capacity in the system to which the fee is related.
- Written notice must be mailed to any person who has requested to be kept informed of potential new SDCs at least 90 days prior to the first hearing to establish or modify an SDC, and the methodology supporting the SDC must be available at least 60 days before the first hearing.

Urban Renewal Pre-Feasibility Study

The following is an analysis by EcoNorthwest (ECO). Like the DKS transportation analysis, it analyzes different geographies than the Areas of Analysis because not all are suitable for a new URD for reasons described below.

Purpose

As described in the Comprehensive Plan chapter on Growth Management, “opportunity areas are locations within the City that are appropriate to focus new growth due to their location, zoning (existing or planned), amount of vacant or underdeveloped land, and/or proximity to urban services.” Now that the UGB Remand process is complete, the City’s next step is to create the policy and infrastructure foundation to support new development to occur in expansion areas and opportunity areas.

Several of the opportunity areas and UGB expansion areas face barriers to development, including lack of infrastructure, deteriorated buildings, and underutilized land. Under State statute, these conditions are considered indicators of “blight” and qualify the areas for use of UR. The purpose of this memorandum is to advance the conversation about the potential use of UR as an implementation tool for advancing the development goals that arose from the UGB Remand process. This analysis provides initial, high-level analysis about if and where UR could be used as part of a broader implementation toolkit for opportunity areas and expansion areas in Bend.

This section is organized as follows:

- UR in Bend describes how UR works and how it is currently used in Bend.
- Methods describes the steps used in our analysis and documents key assumptions used.
- Results presents the preliminary revenue estimates for each of the four URSAs.
- Implications summarizes the most important key findings, comparing the four boundary options. It is intended to help the City make an informed decision on which boundary option(s) should be focused on.

Urban Renewal and Tax Incremental Financing 101

UR is a state-sanctioned program used by more than 60 cities and counties in Oregon to revitalize specified areas within their jurisdictions. UR can provide a funding source for capital improvements such as sewer systems, streets, parks, parking garages, and transit capital improvements that stimulate private investment and attract new businesses, jobs, and residents.

It can also be used to assist with private development activities, such as financing for affordable housing or mixed-use, transit-oriented development.

TIF is the primary finance vehicle used within URA. When a URA is established, the current assessed value (AV) of all property in the area forms a “frozen base.” Over time, the total in the area increases above the frozen base, from appreciation of existing property and from new taxable investment. The AV in the area above the frozen base is called the *incremental assessed value (IAV)*.

The taxing jurisdictions that overlap the URA continue to collect tax revenue from the frozen base, but tax revenue generated from the IAV is used to pay for projects that benefit the URA. The UR agency can then issue long term bonds and other forms of debt (such as lines of credit) to pay for identified public improvements and/or investments in private projects that are in the public interest. The TIF revenues are used to repay this indebtedness.

In short, an URA does not raise taxes. Rather, the increase in taxes due to rising AVs is set aside for the URA. The URA then uses the TIF revenues to pay off bonds that were issued to support revitalization projects. In this way, the URA can fund projects ahead of receiving all TIF revenue. When the bonds are paid off, the IAV is no longer set aside for the URA and is returned to the general property tax rolls.

State statute defines eligibility requirements for forming a URA. The area must contain documented instances of blight, typified by conditions such as deteriorated buildings, low improvement to land value ratios, and lack of adequate infrastructure. (See Appendix A for all definitions of blight per Oregon Statute 457.010.) The UR Plan must contain a list of goals and eligible projects. The plan must also have a limit on the *maximum indebtedness* of the URA, which is the total amount that can be spent from tax increment proceeds for projects, programs and administration. Table 13 summarizes the qualities of an URA.

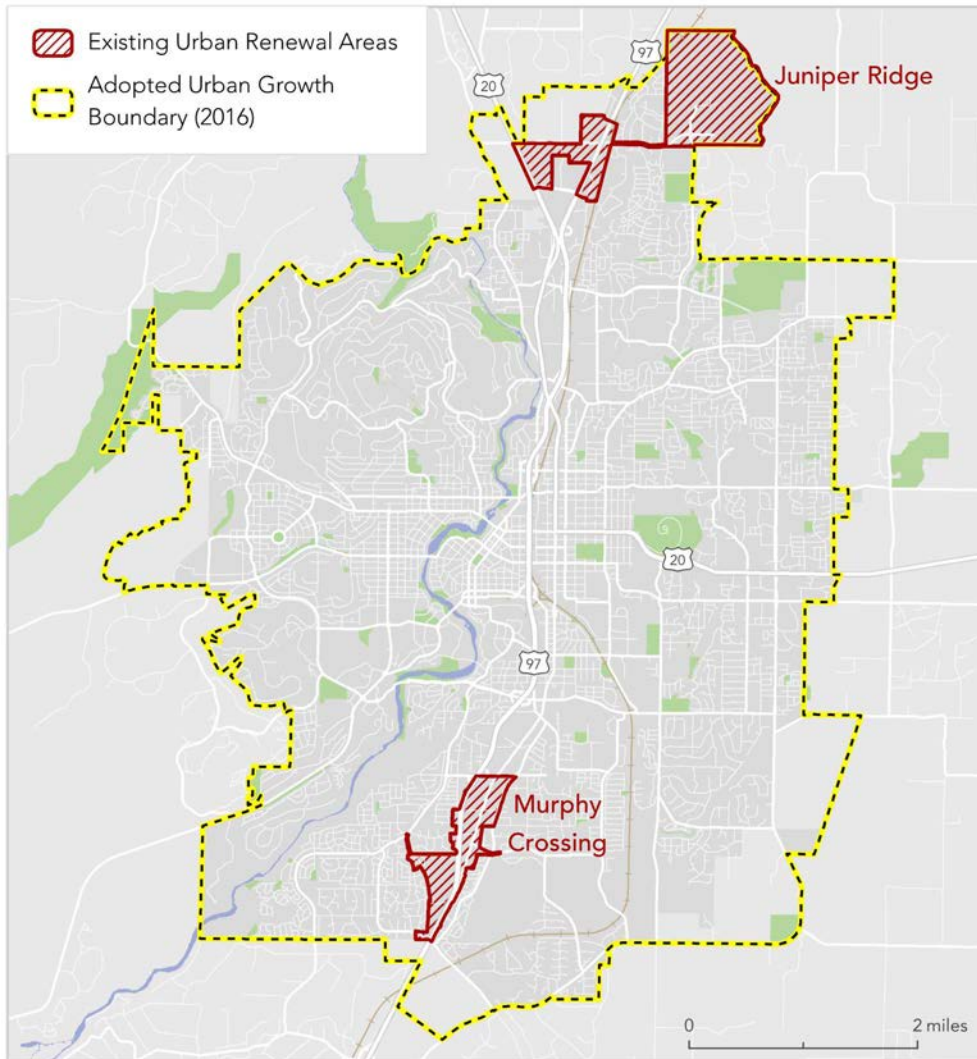
Table 13: URA Summary

Attributes of an Urban Renewal District	
Examples of Capital Investments Funded by a URA	<ul style="list-style-type: none"> - Redevelopment projects, such as mixed-use or infill housing developments. - Economic development strategies, such as capital improvement loans for small or startup businesses that can be linked to family-wage jobs. - Streetscape improvements, including new lighting, trees and sidewalks. - Land assembly for public as well as private re-use. - Transportation enhancements, including intersection improvements. - Historic preservation projects. - Parks and open spaces.
Benefits of a URA	<ul style="list-style-type: none"> - Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. - Large amount of flexibility in spending and projects. - Does not raise taxes; “feeds into itself” where projects can increase the general AV.
Drawbacks of a URA	<ul style="list-style-type: none"> - Overlapping taxing jurisdictions (including city, county, parks, and schools) do not see an increase in property tax revenue until the UR district expires or pays off bonds. - Due to the sometimes slow or indirect nature of property tax growth, UR can often take five or more years to produce meaningful levels of revenue. This can affect the timing of implementation of projects identified in the UR plan. - Complex process: the City would need to explore options with county officials and elected leadership, go through a public involvement process, and meet with overlapping taxing entities. - Use of UR can be politically contentious because of its impact on funds available to overlapping taxing districts, and because of the perception that the school districts are adversely impacted.

Urban Renewal in Bend

Bend currently has two established URAs: Murphy Crossing and Juniper Ridge, shown in Figure 11.

Figure 11: Map of Murphy Crossing & Juniper Ridge



Source: City of Bend GIS data; mapping by ECONorthwest

Juniper Ridge

The Juniper Ridge URA was adopted in 2005 and has a maximum indebtedness of \$41.25 million, of which \$6.1 million has been issued. The purpose of the URA is to support development of necessary urban services infrastructure for Juniper Ridge, including water, sewer, storm water, and transportation systems. Examples of projects funded through the URA include a sewer pump station and a road extension with roundabout. Various companies have purchased industrial land in the area since the adoption of the URA and are building headquarters or centers in the area. Per the UR Plan, the Juniper Ridge URA is 701 acres.

Capacity for Additional URAs within Bend

Oregon statute (ORS 457.420) limits the percent of a city's land area and AV that can be inside URAs. For a city of Bend's size, no more than 15% of acreage and no more than 15% of AV

can be inside URAs.²⁹ Each of these limits is calculated separately. Before evaluating the potential for additional URAs within Bend, the first step is to determine how much acreage and AV remains under the 15% cap.

Table 14 shows the current acreage and AV within Murphy Crossing and Juniper Ridge relative to statutory limits on UR. In summary, the City could add more than \$1.4 billion in AV and 2,200 acres to URAs before hitting statutory limits.

Table 14: URA Acreage and AV Relative to Statutory Limits

	Acreage	Assessed Value for Capacity Calculation
Murphy Crossing	230	\$72,685,192
Juniper Ridge	701	\$13,752,658
Total in existing URAs	931	\$86,437,850
City of Bend	21,082	\$10,331,349,879
Percent of City total within existing URAs	4.4%	0.8%
Amount available for new/expanded URAs	2,231	\$1,463,264,632

Source: Murphy Crossing Urban Renewal Plan, Juniper Ridge Urban Renewal Plan, GIS area calculations by ECONorthwest, Deschutes County Assessor, SAL 4a FYE 2017

Notes: 1) Assessed value used for capacity calculation is the total assessed value minus the urban renewal excess value. 2) Acreage for existing URAs comes from the Urban Renewal Plans for each area this reported acreage may differ slightly from the acreage as calculated in GIS.

It is important to note that if a URA extends beyond City limits, the URA plan must be adopted by both the City and the County, and governance of the UR agency will be shared between the two entities. For this reason, if Bend wanted to adopt a new URA (or expand an existing URA) to include UGB expansion areas, we would recommend that the City first incorporate that land into City limits.³⁰ This would increase the city's total land area, and decrease the percent of the City's acreage contained within existing URAs.

Allowable Expansions to Current URAs

State statutes limit opportunities to expand a URA once it has been approved. First, the land area of a URA cannot be increased by more than 20%. Second, the maximum indebtedness may not be increased by more than 20% over the plan's initial maximum indebtedness, unless the agency receives concurrence from overlapping taxing jurisdictions.

Increases in acreage larger than 1% and any increases to maximum indebtedness are considered substantial amendments. Substantial amendments require that the agency go through similar public involvement, analytic, and approval procedures as required in adopting a new URA plan.

Table 15 shows the allowable acreage and maximum indebtedness expansions for the Murphy Crossing and Juniper Ridge URAs. If both Murphy Crossing and Juniper Ridge were expanded

²⁹ The acreage limit is calculated by dividing the acreage within URAs by the total land area of the City. The assessed value limit is calculated by dividing the frozen base of URAs by the total assessed value of the City less urban renewal increment.

³⁰ In order to incorporate new land into city limits, the City of Bend must comply with State and City regulations on annexation. These regulations include pre-conditions on annexation, including further planning refinements and infrastructure funding plans.

to the maximum allowed area (which would require substantial amendments), Bend would still have 2,044 acres available for new UR areas.

Table 15: Allowable Expansions of Existing URAs

	Murphy Crossing	Juniper Ridge
Acreage		
Existing acreage	230 acres	701 acres
Threshold for substantial amendment (1%)	2.3 acres	7 acres
Maximum allowed increase (20%)	46 acres	140.3 acres
Maximum indebtedness		
Existing maximum indebtedness	\$52,600,000	\$41,250,000
Threshold for substantial amendment	\$0	\$0
Maximum allowed increase (20% of inflation-adjusted MI)	\$13,326,421	\$11,419,929

Source: ECONorthwest calculations.

Note: Maximum allowed increase in MI assumes that a 3% inflation rate was used to compute future project costs for the original Urban Renewal Plans.

UR Methods

This work provides a preliminary, high-level analysis of the potential use of UR in four areas of Bend. It is **not** a feasibility study of any new URA(s). If the City decides to purpose use of UR in these areas, additional analysis will be required.

The methods used in our analysis included the following key steps:

- Step 1. Define boundary options
- Step 2. Determine applicable tax rates.
- Step 3. Estimate growth in assessed value.
- Step 4. Calculate TIF and revenue sharing.

Step 1: Define Boundary Options

This analysis evaluates four different URSAs. These areas were chosen based on 2017 Council goals. The URSAs include both opportunity areas and UGB expansion areas. Several of the URSAs also include land that is outside of the opportunity and expansion areas because it faces similar redevelopment challenges and opportunities, or because it includes the locations of projects that are needed to spur development in the rest of the URSA.³¹ These areas are not proposals for new URDs. They are illustrative in nature and provide some context to inform future discussions on this topic.

The four URSAs are:

1. **North URSA** comprises the North Triangle and OB Riley expansion areas and adjacent land to the south, adjacent to the existing Juniper Ridge URA.
2. **Central District Plus URSA** comprises three opportunity areas (Bend Central District, East Downtown, and Inner Highway 20/Greenwood) and adjacent commercial land.
3. **KorPine Plus URSA** comprises the KorPine opportunity area and adjacent land.

³¹ Projects funded with urban renewal must be physically located within the URA.

4. **Central Westside URSA** uses the same boundary as the Central Westside/Century Drive opportunity area.

Figure 12 shows the URSAs in relation to opportunity areas, UGB expansion areas, and existing URAs. Figure 13 shows URSAs and comprehensive plan designations. This memorandum examines each of the URSAs independently. Moving forward, the City could choose to move forward to a detailed feasibility study (or studies) for one, several, or all the URSAs. As part of a more detailed study, these boundaries could be adjusted, and several URSAs could be combined into a larger URA.

Step 2: Determine Applicable Tax Rates

The consolidated tax rate is the sum of all eligible tax rates for taxing districts with boundaries that overlap the URSA boundary. The consolidated tax rate is multiplied by the IAV (estimated in Step 3) to calculate TIF revenues. All property in the four URSAs can be analyzed using the tax rates for one tax code area, 1001.³²

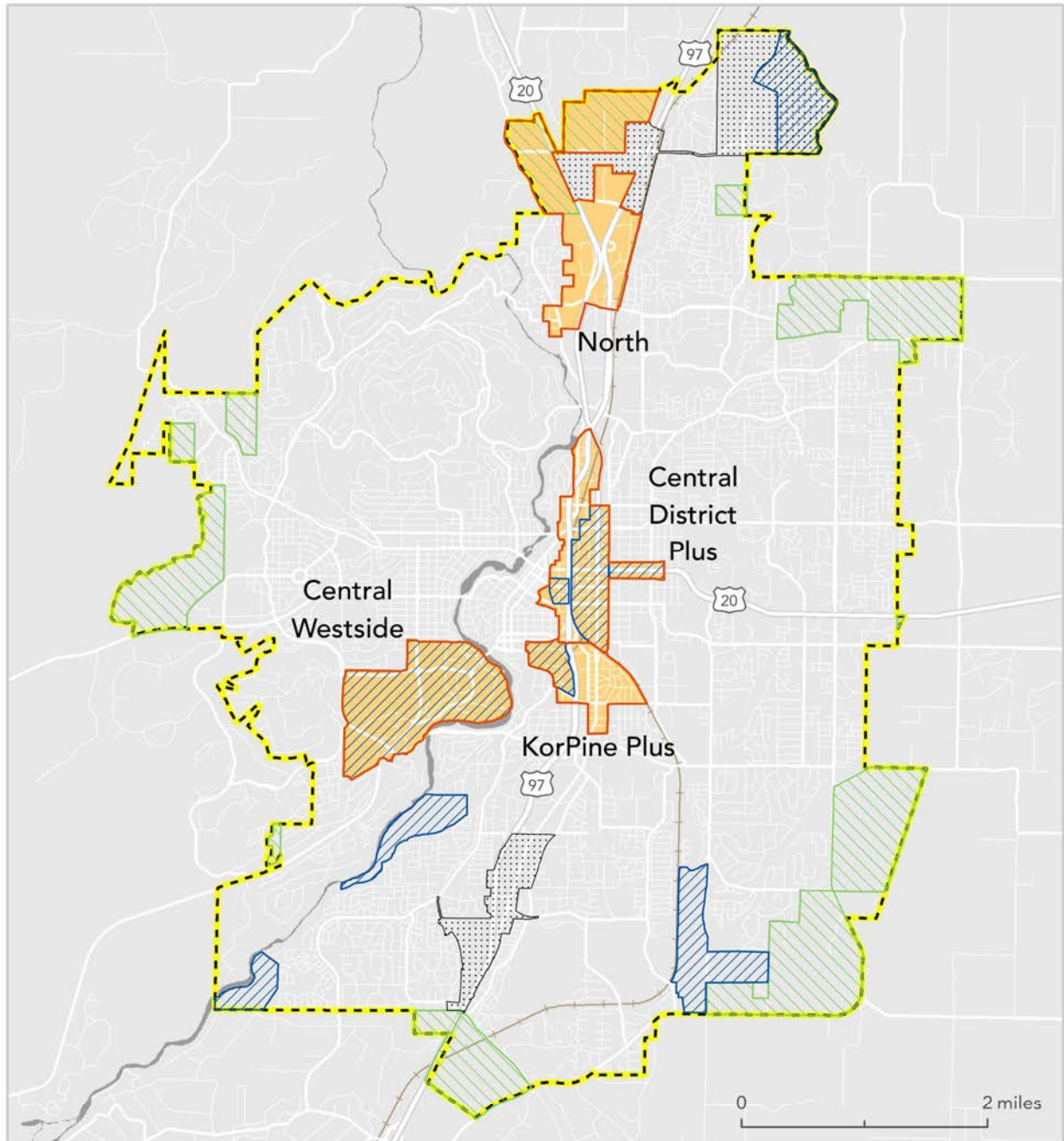
1. North URSA includes property in three tax code areas: 1001, 1003, and 1114. However, 1003 and 1114 are outside Bend city limits, and these tax code areas pay rural fire district and law enforcement property taxes. It was assumed that these areas would be incorporated before becoming part of an URA and would pay tax rates consistent with tax code area 1001. This approach assumes forward planning efforts such as the City completing an Area Plan for both expansion areas is complete prior to, or concurrent with, establishment of a URA.
2. Central District Plus includes property in two tax code areas: 1001 and 1061. The tax rates in those two code areas are identical.
3. KorPine Plus URSA is entirely within tax code area 1001.
4. Central Westside URSA is entirely within tax code area 1001.






Eligible tax rates for new URAs include only permanent tax rates, local option levies or general obligation bonds that were approved prior to October 6, 2001. There are no eligible general obligation bonds or local option levies in Bend, which means that only permanent rate levies are used for calculating the consolidated tax rate for the duration of the UR analysis. The consolidated tax rate for tax code area 1001 for the purposes of calculating TIF is \$12.778 per \$1,000 of assessed value. This tax rate, including the individual rates for each overlapping taxing district is shown in Table 16. Because these are permanent tax rates, we do not estimate any change in the tax rates in future years.³³

³² A tax code area is a geography that defines which taxing jurisdictions a property is located within. The tax code area of each taxlot determines the consolidated property tax rate. Tax code areas are determined by the county assessor.

³³ Once established, permanent tax rates cannot be changed by voters or by the district itself. Changes to permanent tax rates can only happen if: 1) the state legislature establishes new, lower statutory limits; or 2) voters approve the establishment of a new taxing district with its own permanent rate.

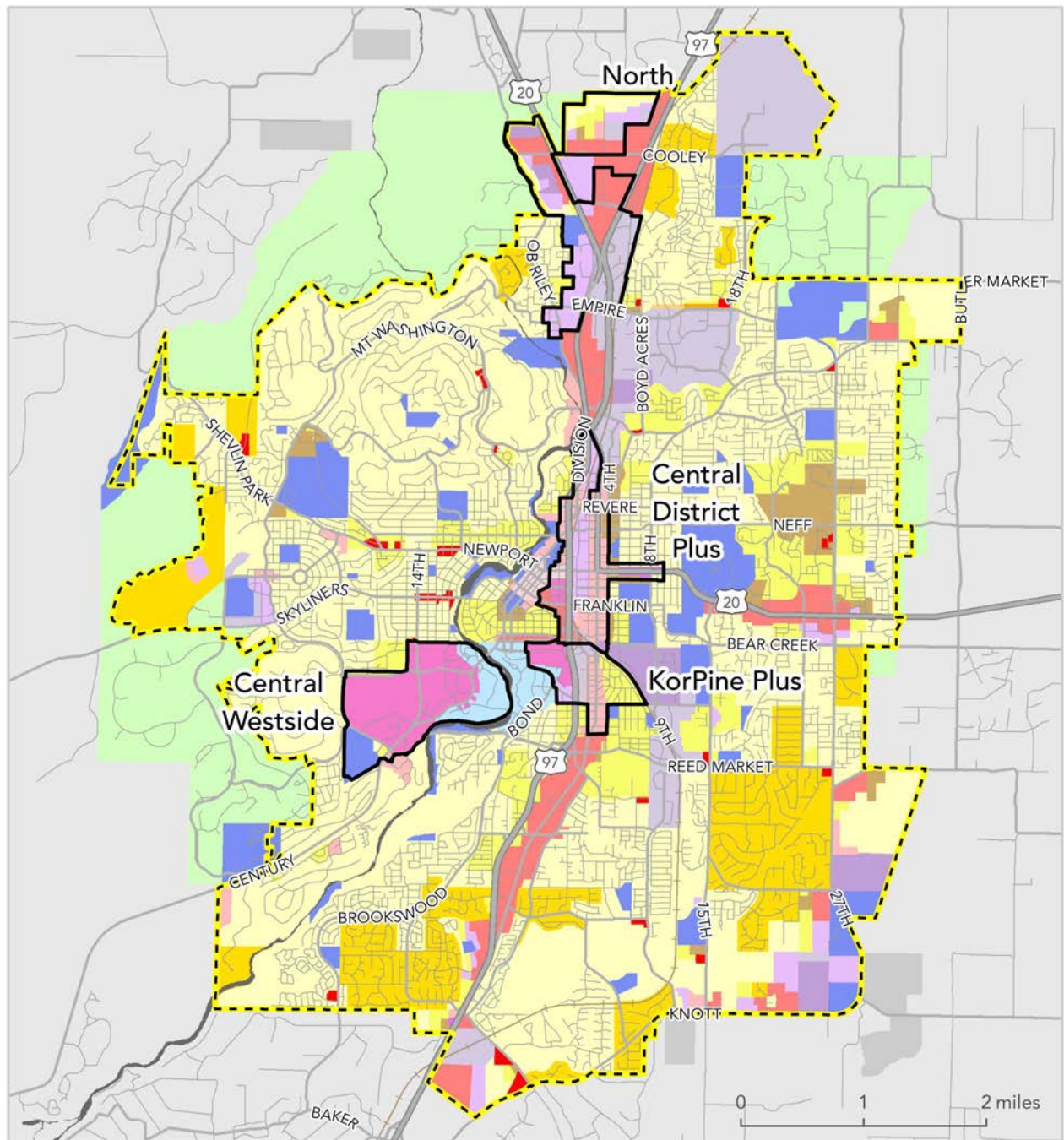
Figure 12: URSAs, Opportunity Areas, 2016 UGB Expansion Areas, & Existing URAs



- | | |
|---|--|
|  Urban Renewal Study Areas |  Existing Urban Renewal Areas |
|  Opportunity Areas |  Adopted Urban Growth Boundary (2016) |
|  2016 Expansion Areas | |

Data from City of Bend.
Map by ECONorthwest. 7/6/2017

Figure 13: Map of URSA with Comprehensive Plan Designations



Urban Renewal Study Areas	Comprehensive Plan	IG	PF	RS
Adopted Urban Growth Boundary (2016)	CB	IL	PO	SM
	CC	ME	PO/RM/RS	UAR10
	CG	MN	RH	URA
	CL	MR	RL	
		MU	RM	

Data from City of Bend.
Map by ECONorthwest.
7/6/2017

Table 16: Consolidated tax rate for tax code area 1001 (FYE 2017)

Tax Code Area 1001	Permanent Rate (per \$1000 AV)
<i>General Government: Permanent Rates</i>	
Deschutes County	1.2783
County Library	0.5500
Countywide Law Enforcement	1.0200
County Extension/4H	0.0224
9-1-1	0.1618
City of Bend	2.8035
Bend Parks and Rec	1.4610
General Government Subtotal	7.2970
<i>Education: Permanent Rates</i>	
School District #1	4.7641
High Desert ESD	0.0964
Central Oregon Community College	0.6204
Education Subtotal	5.4809
TOTAL	12.7779

Calculated by ECONorthwest with data from Deschutes County Assessor, FY 2016-2017.

Step 3: Estimate Growth in Assessed Value

The consolidated tax rate is multiplied by the assessed value of the *increment* to calculate annual TIF revenues. The increment-assessed value is the difference between the total assessed value in each year and the assessed value in the first year of the URA (known as the *frozen base*).

Determine frozen base inside each URSA

Using spatial analysis, we determined the frozen base of property in each of the URSAs. Using Deschutes County Assessor data from FY 2013-2014 data and the potential boundary for the URA, we calculated the FY 2013-2014 assessed value of tax lots physically located within the four URSA.

To adjust to the FY 2013-2014 data to FY 2018-2019 (the assumed first year of any new URA for purposes of this analysis), we applied the following assumptions:

- Between FY 2013-2014 and FY 2016-2017, assessed value in the URSAs grew at the same rate as assessed value in the City of Bend over the same period (5.99%)
- Between FY 2016-2017 and FY 2018-2019, assessed value in the URSAs will continue to grow at 5.99% per year.

Using this methodology, we estimated FY 2018-2019 assessed value for each of the URSAs, which becomes the frozen base. Table 17 shows the FY 2013-2014 assessed value and the frozen base for each URSA.

Table 17: FY 2013-2014 Assessed Value & Frozen Base for each URSA

URSA	FY 2013-2014 AV	Frozen Base AV (FY 2018-2019)
North	\$132,360,939	\$177,045,258
Central District Plus	\$247,147,045	\$330,582,518
KorPine Plus	\$95,809,889	\$128,154,777
Central Westside	\$240,797,902	\$322,089,939

Source: ECONorthwest with data from Deschutes County Assessor, FY 2016-2017

Estimate Incremental Assessed Value

Over time, the AV in the area will increase above the frozen base value. The difference between the total assessed value and the frozen base is the increment value. Thus, to calculate the increment value, we need to estimate the future growth in property values in each of the URSA's.

Growth rates for assessed value vary over time, depending on market cycles and new development. The two components of AV growth are appreciation of existing property and new construction.

a. Appreciation of existing property

Under Measure 50, growth in assessed value for existing properties is capped at 3% per year. We assume that assessed value for existing properties will grow at 3% per year for the life of the URA. Actual growth may vary, and some years may be lower than this assumption. Note that the State of Oregon classifies property tax accounts into four separate categories:

1. **Real** property consists of land and buildings, and is what most people typically think of as taxable property. In FY 2013-2014 (the date of our assessed value data), real property accounted for 95% of assessed value in Deschutes County.
2. **Personal** property consists of machinery and equipment. The assessed value of personal property within an area can vary significantly from year to year. When looking at assessed value trends over time for broad geographic areas, investment in new equipment is more or less canceled out by depreciation of existing property, resulting in little or no growth. In FY 2013-2014, personal property accounted for 2% of assessed value in Deschutes County.
3. **Manufactured** property consists of mobile homes. Manufactured property loses value over time. In FY 2013-2014, manufactured property accounted for less than 1% of assessed value in Deschutes County.
4. **Utility** property includes the value of any property owned by utility companies. Unlike the other three property types, utility property is not location specific. Instead, the total value of each utility company is determined by the State of Oregon and then allocated to individual tax code areas across the State. In FY 2013-2014, utility property accounted for 2% of assessed value in Deschutes County.

When analyzing change in assessed value over time, ECONorthwest's preferred methodology is to use different appreciation assumptions for different property categories. For example, we may assume that real property will appreciate at 3% per year, while personal, manufactured, and utility property will grow at 0% per year. However, the Deschutes County GIS data used to determine frozen base does not break out assessed value by property type. Because real

property accounts for about 95% of total assessed value in Deschutes County, it was assumed that most of the assessed value within our GIS dataset is real property, and thus, that an appreciation rate of 3% per year is reasonable.

b. Assessed value of new development

For an area to experience AV growth above 3.0% per year, it generally requires new development to occur.³⁴ For this preliminary analysis, the assumptions about the value of new development in the URSA's come from long-range scenario planning conducted in Envision Tomorrow as part of the Bend UGB Remand planning process. One of the Envision Tomorrow scenarios— ILUTP Scenario B— provided the net new improvement value on each parcel by 2040.³⁵ This new development scenario has also been used by the Bend MPO in long-range regional transportation modeling. Angelo Planning Group calculated net new improvement value based on the projected construction value of improvements, minus a loss of existing improvement value on redevelopment sites.³⁶ The project team made several refinements to ILUTP Scenario B for this UR analysis:

- A redevelopment rate for industrial development types of 5% rather than 40% as used in ILUTP Scenario B. We chose the 40% redevelopment rate to reflect “refill” of jobs into existing buildings. The 5% redevelopment rate for this UR analysis is a more realistic rate of redevelopment for existing buildings and excludes employment infill.
- Development occurring in University, Institutional, PF, School, or Park development types will be entirely tax-exempt. This is a conservative assumption; in reality, some of the development associated with OSU in the Central Westside may be taxable.

Figure 14 shows the growth forecast used for the purposes of this analysis.

To incorporate the Envision Tomorrow data into our TIF analysis, we need to make assumptions about the timing of development between 2016 and 2040 (the forecast period of ILUTP Scenario B). For the Central District Plus, KorPine Plus, and Central Westside URSA's, we assume for purposes of this analysis that the development is distributed evenly over the 2016-2040 period. For the North URSA, we assume a lower share of development in the first three years (to allow for necessary infrastructure improvements and an assumed time lag for an Area Plan), and then even distribution in the following years.

When new development occurs, the County Assessor will apply a “changed property ratio” to convert the real market value of the property into the initial maximum assessed value. The changed property ratio varies by property type. In Deschutes County for FY 2016-2017, the

³⁴ Oregon law allows for several exceptions to the 3% limitation on growth in maximum assessed value. Other “exception events” include improvements to existing structures, additions of new structures, subdivisions, and partitions.

³⁵ For more information about the methodology of ILUTP Scenario B, see “Land Use Assumptions for 2040 Integrated Land Use and Transportation Plan “Medium” Scenario” (March 31, 2017 memorandum from Angelo Planning Group and Fregonese Associates to the City of Bend).

³⁶ In a more detailed feasibility analysis, we would recommend a more detailed analysis of the potential real market value in the URSA's; however, for the purposes of this initial look at financial capacity, net construction value of improvements is a reasonable proxy. For the ADU Infill development type (which models the addition of accessory dwelling units to existing single-family zones), it is not appropriate to assume that part of the home value is removed when an ADU is added. For this development type, the net new improvement value is the same as the new improvement value (with no subtraction of value for redevelopment of existing structures).

changed property ratio was 63.3 for single-family residential development and 75.9 for multi-family, commercial, and industrial development. In other words, a new multiple development with a real market value of \$1,000,000 would receive an initial maximum assessed value of \$759,000. For this analysis, we use the 75.9 changed property ratio for all new development. It is also important to note that Envision Tomorrow gives the construction value of new development, which is not the same as the assessed real market value. The Deschutes County Assessor determines real market value of new development based on real market value of comparable properties. The assessed real market value may be higher or lower than the construction value. However, for this preliminary analysis, we assume that the construction value is the same as the real market value.

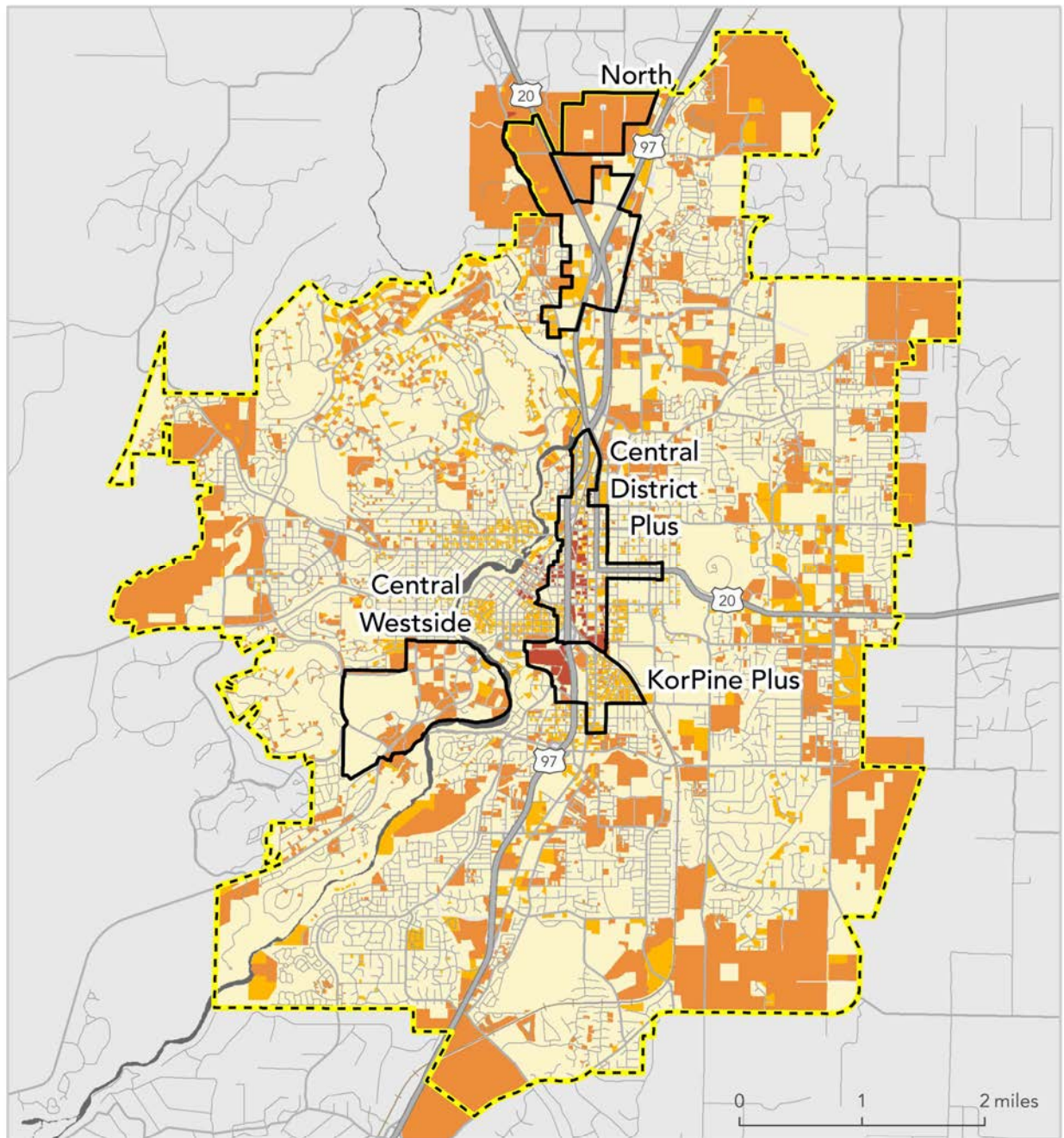
Step 4: Calculate TIF

Multiplying the consolidated tax rate (Step 2) by the estimated IAV (Step 3) results in an estimate of annual TIF revenues in nominal (i.e., year-of-expenditure) dollars. To be conservative, we assume a 5% reduction from gross to net TIF revenues to account for discounts, delinquencies, and compression losses. The first year the URA would receive TIF revenue is fiscal year ending (FYE) 2020, due to the timing of the annual assessment process.

For this analysis, we assumed that the last year of TIF collection would be FYE 2042, which is the last assessment year in the Envision Tomorrow forecast period and is consistent with other planning work in the City.³⁷ The duration of the URA is another assumption that can be adjusted; a 30-year duration would yield higher TIF revenues and more bonding capacity. Table 16 and Figure 15 show the annual net TIF revenues for each URSA for the FYE 2019-2042 period, in 2017 inflation-adjusted dollars. As shown below, this preliminary analysis indicates that annual TIF revenue would be low in the initial years and steadily increase over the life of the URA. In addition, because URAs typically issue debt, and use TIF revenue to repay that debt, including payments of both principal and interest, the amounts shown in Table 18 and Figure 15 are not equal to the funding capacity of the URSAs.

³⁷ The last year of the Envision Tomorrow forecast is 2040. Development that occurs in 2040 does not fully come onto the tax rolls until FYE 2042 due to the timing of the assessment process.

Figure 14: Net New Improvement Value Per Acre, 2016-2040



- Urban Renewal Study Areas
- Adopted Urban Growth Boundary (2016)

- ILUTP Scenario B, 2016-2040
- Net new improvement value per acre
- < \$100,000
 - \$100,001 - \$1,000,000
 - \$1,000,001 - \$5,000,000
 - > \$5,000,000

Data from City of Bend, Angelo Planning Group, and Fregonese Associates. Map by ECONorthwest. 7/6/2017

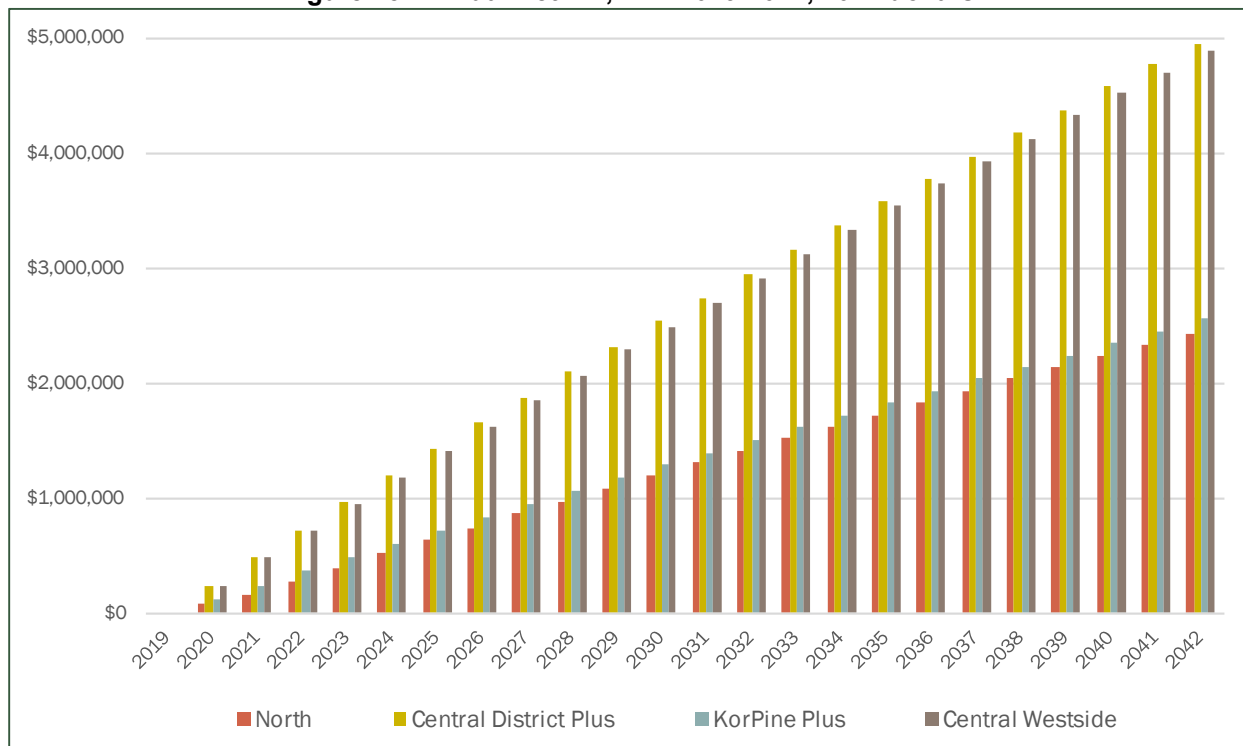
Table 18: Annual Net TIF, FYE 2019-2042, 2017 Dollars

FYE	North	Central District Plus	KorPine Plus	Central Westside
2019	\$0	\$0	\$0	\$0
2020	\$80,000	\$240,000	\$120,000	\$240,000
2021	\$150,000	\$490,000	\$240,000	\$480,000
2022	\$270,000	\$720,000	\$360,000	\$710,000
2023	\$390,000	\$960,000	\$480,000	\$950,000
2024	\$510,000	\$1,190,000	\$600,000	\$1,170,000
2025	\$630,000	\$1,420,000	\$710,000	\$1,400,000
2026	\$740,000	\$1,650,000	\$830,000	\$1,620,000
2027	\$860,000	\$1,870,000	\$940,000	\$1,850,000
2028	\$970,000	\$2,090,000	\$1,060,000	\$2,060,000
2029	\$1,080,000	\$2,310,000	\$1,170,000	\$2,280,000
2030	\$1,190,000	\$2,530,000	\$1,280,000	\$2,490,000
2031	\$1,300,000	\$2,740,000	\$1,390,000	\$2,700,000
2032	\$1,410,000	\$2,950,000	\$1,500,000	\$2,910,000
2033	\$1,510,000	\$3,160,000	\$1,610,000	\$3,120,000
2034	\$1,620,000	\$3,370,000	\$1,710,000	\$3,320,000
2035	\$1,720,000	\$3,570,000	\$1,820,000	\$3,530,000
2036	\$1,830,000	\$3,770,000	\$1,930,000	\$3,730,000
2037	\$1,930,000	\$3,970,000	\$2,030,000	\$3,930,000
2038	\$2,030,000	\$4,170,000	\$2,140,000	\$4,120,000
2039	\$2,130,000	\$4,370,000	\$2,240,000	\$4,320,000
2040	\$2,230,000	\$4,570,000	\$2,340,000	\$4,510,000
2041	\$2,330,000	\$4,760,000	\$2,440,000	\$4,700,000
2042	\$2,420,000	\$4,950,000	\$2,550,000	\$4,890,000
Cumulative Net TIF	\$29,330,000	\$61,820,000	\$32,490,000	\$61,030,000

Source: ECONorthwest.

Note: These TIF estimates exclude any revenue sharing with overlapping taxing jurisdictions. Revenue sharing begins when TIF revenues in a single year exceed 10% of maximum indebtedness. These are inflation-adjusted, 2017 dollars using an assumed 3% annual inflation rate.

Figure 15: Annual Net TIF, FYE 2019-2042, 2017 dollars



Step 5: Estimate Total Borrowing Capacity based on TIF Revenue

To determine borrowing capacity, the annual cash flow of TIF revenue is translated into the principal amount of debt that could be repaid by that cash flow. That principal amount is adjusted for inflation and reported in constant 2017 dollars to provide an accurate estimate of the total dollar amount of projects that could be funded with UR.

The calculation of borrowing capacity depends upon assumptions about the type and timing of indebtedness incurred. This analysis assumed long-term debt would be incurred beginning in the second year of TIF collections, with an amortization period of 20 years, and an interest rate of 5.0%.³⁸ In interim years, the annual TIF revenue in excess of scheduled debt service amounts would be available to fund projects directly, using a “pay as you go” approach to TIF revenue. After FYE 2022, the assumed duration of the URA limits the ability to incur new debt with a 20-year amortization period. Therefore, subsequent debt series are assumed to have shorter amortization periods that terminate in FYE 2042 (the 23th year of TIF collection). After FYE 2033, we assumed no additional long-term debt would be incurred, due to the short period remaining to repay that debt.

Note that the calculation of borrowing capacity depends on a number of key assumptions used in the analysis. The URA could have more borrowing capacity if the assessed value of new construction is more than estimated, or occurs earlier in the life of the URA than estimated. Additionally, the borrowing capacity would be higher if lower interest rates are achieved on

³⁸ The interest rate assumption of 5.0% was chosen in consultation with City finance staff. Future interest rates may be higher or lower.

future indebtedness. Conversely, assumptions that are more conservative would yield a lower borrowing capacity.

Summary of Urban Renewal Study Areas

North

The North URSA comprises the North Triangle and OB Riley expansion areas and adjacent land to the south. It is adjacent to the existing Juniper Ridge URA. Current development patterns in this area are characterized by low density rural development in North Triangle and OB Riley; big box commercial shopping center in the Triangle area between I-97 and Route 20 south of Cooley Road; and low-density light industrial and auto-oriented commercial businesses south of the interchange. Table 19 provides a summary of the forecast for net new housing units and new jobs for the North Area.

Table 19: North Area Summary

Total Acreage	711
Acreage within tax lots	585
Net new housing units by 2040	690
Net new jobs by 2040	2,702

Vision for Development

With more than 2,700 new jobs forecasted by 2040, the North URSA is envisioned as a major employment center for the Central Oregon region.³⁹ Development in North URSA will also complete communities, including residential development, in the UGB expansion areas. The vision for the area calls for infrastructure improvements to support planned development, improve connectivity to the rest of Bend, and integrate with planned improvements to Highway 97.

Preliminary Evidence of Blight⁴⁰

The following conditions of blight are present in the North URSA:

- **Inadequate infrastructure.** Lack of infrastructure in the area limits connectivity and hinders development. Specifically, the area lacks sewer capacity and requires a new major sewer interceptor. Transportation investments are needed to provide access to land locked parcels, restore east-west connectivity across the parkway, and accommodate future employment and residential growth.
- **Underutilized land.** The URSA contains vacant tax lots and tax lots with low improvement to land value ratios.
- **Inefficient parcel configuration.** The construction of the Parkway created a number of land-locked industrial parcels in the area.

³⁹ Estimates of net new jobs housing units for all URSAs come from Envision Tomorrow ILUTP Scenario B.

⁴⁰ The descriptions of blight included in this memorandum are preliminary and illustrative. If the City decides to pursue use of urban renewal, additional documentation of conditions of blight will be necessary.

Major Projects Needed

Potential projects that might be funded in whole or in part through an URA include:

- Extension of North Sewer Interceptor to serve the area
- Transportation improvements in coordination with Highway 97 project
- Local service roads in UGB expansion areas and to serve landlocked industrial tax lots

TIF/Bonding Capacity (2017 dollars)

- Total funding capacity: \$26-27 million

Central District Plus

The Central District Plus URSA includes three opportunity areas—Bend Central District, East Downtown, and Inner Highway 20/Greenwood—and adjacent commercial land to the north and west. This URSA contains Bend’s primary commercial strip and surrounding areas. Currently the area is characterized by auto-oriented businesses, high traffic volumes, and low-intensity land uses.

Table 20: Central District Plus Summary

Total Acreage	432
Acreage within tax lots	248
Net new housing units by 2040	690
Net new jobs by 2040	1.392

Vision for Development

Plans for this area envision a new urban mixed-use center with a vibrant mix of residential, commercial, office, and light industrial uses. Investments in bicycle, pedestrian, and transit infrastructure will create strong multimodal connections to surrounding neighborhoods, downtown Bend to the west, and KorPine to the south. Improved east-west connectivity across the Parkway will allow these areas to connect with downtown to the west and unify these areas.

Preliminary Evidence of Blight

- **Inadequate infrastructure.** The area lacks safe, multimodal transportation connections across the Bend Parkway and railroad tracks. The Bend Central District Multimodal Mixed-Use Area Plan identified a number of transportation improvements that are needed to support redevelopment. This area contains major transportation facilities such as 3rd Street, Highway 20, the Bend Parkway, Franklin Avenue, and Greenwood Avenue, which may also require investments to address issues of safety, connectivity, and capacity.
- **Underutilized land.** The area contains a large number of surface parking lots and underutilized land. Many of the older industrial buildings on 1st and 2nd Streets have low improvement to land value ratios.

Major Projects Needed

Potential projects that might be funded in whole or in part through an URA include:

- Placemaking and streetscape improvements
- Bicycle/pedestrian improvements
- Water infrastructure improvements to support denser development

TIF/Bonding Capacity

- Total funding capacity: \$56-57 million (2017 dollars)

KorPine Plus

Background Statistics

This URSA comprises the KorPine opportunity area and adjacent commercial and residential land to the east. The area includes a 22-acre former mill site that has been used for storage and other low intensity uses since 2004.

Table 21: KorPine Plus Summary

Total Acreage	235
Acreage within tax lots	169
Net new housing units by 2040	884
Net new jobs by 2040	850

Vision for Development

Similar to the Central District Plus URSA, this area is envisioned as a vibrant mixed-use center with strong multimodal connections to downtown, the Old Mill District, and the rest of the city. The development vision also includes bicycle and pedestrian friendly transportation improvements east-west across the Parkway to connect planned urban amenities to southeast Larkspur neighborhood. Additional road connectivity projects between the Old Mill, downtown, and 3rd Street will also be required.

Preliminary Evidence of Blight

- **Inadequate infrastructure:** The Parkway and railroad form a barrier that impedes access between the east and west parts of the city, particularly for bicyclists and pedestrians. Much of the area was planned for large-scale industrial uses and lacks local streets.
- **Concentrations of poverty:** The residential area of this USRA has concentrations of poverty, which reduces the capacity for taxes and public services.
- **Deteriorated or unsafe buildings and underutilized land:** The old KorPine mill site was recently damaged and demolished. Surrounding areas are vacant or in lower intensity land uses such as storage units. Low improvement to land value ratios are common throughout the area.
- **Inefficient parcel configuration.** Large parcels at the KorPine site may need to be subdivided to support redevelopment.

Major Projects Needed

Potential projects that might be funded in whole or in part through an URA include:

- Drake sewer improvements
- Placemaking and streetscape improvements
- Bicycle/pedestrian improvements
- Local service roads to serve subdivided tax lots

TIF/Bonding Capacity

- Total funding capacity: \$28-29 million (2017 dollars)

Central Westside

The Central Westside URSA has the same boundaries as the Central Westside opportunity area. The area contains a number of large vacant parcels, including the former Deschutes County landfill site and an old mine. The OSU Cascades Campus is located within this URSA, and OSU is planning a larger expansion beyond the current 10-acre campus.

Table 22: Central Westside Summary

Total Acreage	583
Acreage within tax lots	515
Net new housing units by 2040	1,615 incl. OSU 1,083 excl. OSU
Net new jobs by 2040	1,723 including OSU 1,284 excluding OSU

Vision for Development

Development in the Central Westside area has the opportunity to create a walkable mixed-use district anchored by the OSU Cascades campus. The 2016 Central Westside Plan calls for the creation of livable neighborhoods with a small-town feel and the transformation of 14th Avenue from an old state highway to a walkable corridor.

Preliminary Evidence of Blight

- **Deteriorated or unsafe buildings and underutilized land:** There are multiple brownfields in the URSA including a pumice mine, a former landfill, and old mill sites. The area contains deteriorated, underused buildings and lands which will require environmental remediation before redevelopment. Much of the area has low improvement to land value ratios.
- **Inadequate infrastructure:** The area has a number of infrastructure and transportation challenges, particularly a lack of local street connectivity.

Major Projects Needed

Potential projects that might be funded in whole or in part through an URA include:

- Local service roads to serve subdivided tax lots
- Environmental remediation
- Streetscape improvements

TIF/Bonding Capacity

- Total funding capacity: \$55-56 million (2017 dollars)

Implications

This section summarizes the implications of ECONorthwest's analysis of potential URAs in Bend.

General Considerations

- **Bend has plenty of capacity to add new URAs.** Statutory limits on the amount of acreage and assessed value that can be within URAs are not likely to be a limiting factor in the near term. The City could add more than \$1.4 billion in AV and 2,200 acres to URAs. If desired, Bend could adopt all four URSAs examined in this memorandum and remain under the statutory limits.
- **Expansion of existing URAs would provide limited project funding for new projects.** The Murphy Crossing URA could be expanded to include a maximum of 46 more acres and \$13.3 million in maximum indebtedness. The Juniper Ridge URA could be expanded to include a maximum of 140 more acres and 11.4 million in maximum indebtedness. Expansions of that size are considered "substantial amendments" and require the same public process as creating a new URA. However, funding in an expanded URA may be available more quickly than in a new URA, as there is demonstrated evidence of tax increment growth to support new bonds, as well as (potentially) existing reserves to support debt coverage ratios necessary for borrowing. For funding lower-cost projects that are needed in the near-term, expanding an existing URA may prove more efficient than creating a new one, despite the required process for the expansion.
- **UR could provide funding to support implementation of Bend's development goals for the four URSAs, but it is not a silver bullet.** Based on this preliminary analysis, the North URSA and KorPine Plus URSA could each generate about \$26-29 million in funding capacity (in present-day dollars), and the Central District Plus URSA and Central Westside URSA could each generate about \$55-57 million. While substantial, these amounts are not likely to pay for all the necessary infrastructure improvements in each area. Full implementation will require coordination with other funding and financing tools.
- **Bend should carefully consider how UR would affect future revenues for overlapping taxing districts, including the City of Bend.** Because UR works by capturing the increase in property values above the frozen base, overlapping taxing jurisdictions (including the city, county, parks, and schools) do not see the increase in property tax revenue from new

development until the URD expires or pays off its bonds. The taxing jurisdictions that overlap the URA continue to collect tax revenue from the frozen base, but most or all of the tax revenue generated from the IAV goes to the URA.⁴¹ Generally speaking, overlapping taxing districts are more likely to support UR if 1) the URA stimulates development that would not occur “but for” the investments funded by TIF, and 2) if the URA is relatively short-lived. Appendix B provides more information about impacts to overlapping taxing districts.

- **Tools that offer property tax abatements for new development decrease the funding potential of UR.** Tools like the MUPTE and VHDZs provide a partial property tax abatement to qualifying new developments for a certain number of years. These incentives reduce the amount of TIF generated by the URA, because there is less taxable value above the frozen base. While TIF and property tax abatements can work together, their interaction requires care in design.
 - With MUPTE, the property tax exemption applies only to the City’s portion of property taxes (unless other taxing jurisdictions agree by resolution to participate). In Bend, the City’s permanent tax rate of \$2.8035 per \$1,000 of assessed value accounts for about 22% of the consolidated property tax rate used for UR. Thus, a property that qualifies for MUPTE would generate about 22% less TIF revenue for the URA for the 10-year length of the MUPTE exemption than an identical property without a MUPTE exemption.
 - VHDZ provides a property tax exemption of up to 80% of the improvement value of the residential portions of the project for 10 years. (The percent of property tax abated depends on the number of qualifying residential floors). Overlapping taxing districts may elect not to participate in a VHDZ, but they must take action in order to opt-out. Thus, a property that qualifies for VHDZ would generate up to 80% less TIF revenue for the URA for the 10 years of the MUPTE exemption than an identical property not receiving a VHDZ exemption.

When designing an implementation strategy for areas that may be candidates for UR and property tax exemptions, the City should analyze how different tools work together in order to ensure maximum efficacy.

- While the City has discretion in establishing URAs, there are several important considerations that should inform the City’s decisions:
 - The City is required to ‘consult and confer’ with affected taxing districts in the process of forming a new URA, and must consider the potential degree of support or opposition from these districts. Outreach to and coordination with overlapping taxing districts will be a key next step for any areas identified for more detailed exploration and a feasibility study.

⁴¹ Urban renewals created or amended after 2009 must share TIF revenue with other taxing districts when they attain certain thresholds of annual tax revenue. When tax revenues reach 10% of the URD’s maximum indebtedness, then a portion of the TIF above that level is shared with overlapping taxing districts. (Specifically, 25% of the TIF above this threshold remains with the URD, and the remaining 75% of TIF is returned to taxing districts). Additionally, when TIF revenues for the URD reach 12.5% of the maximum indebtedness, TIF revenues for the URD are capped at the amount, with all TIF revenues above 12.5% of maximum indebtedness going to overlapping taxing districts.

- The City should be cautious about designating URAs in UGB expansion areas, for several reasons. First, the City should avoid including any area in a new URA until it has been annexed into City limits. While it is possible to create a new URA that crosses municipal boundaries, it is administratively cumbersome; both the City and the County would have to adopt the plan and administer the URA. Further, greenfield URAs can create financial challenges for overlapping taxing districts, because they have very little “frozen base” that they continue to collect revenue from, especially relative to future growth. The districts would need to serve future development, with most of the tax revenue diverted to UR uses.
- Selecting areas that align with the original intended purpose of UR – to overcome “blight” conditions in urban areas through public investments – may increase support for the designation.

URSA-Specific Highlights & Considerations

1. **North:** A new or expanded URA in the north could generate funding to contribute to major transportation and/or sewer improvements, but would likely not be enough to fully fund the City’s portion of needed infrastructure for the area. There are several reasons to be cautious about UR in this area. First, the City should wait until the new UGB expansion areas are annexed to the City to establish a URA here, since the County would need to participate in the UR designation if it pre-dates annexation. Another consideration is that ROW acquisition for Highway 97 improvements would reduce the taxable base, which creates the potential for a negative increment growth. If UR is pursued in this area, the boundary should be drawn carefully so that any projects related to Highway 97 that will be funded (in full or in part) by the URA are included, but areas where significant ROW acquisition is needed and little redevelopment is expected are excluded. Project lists would need to be coordinated with the Juniper Ridge URA to ensure that they complement one another. Another consideration for this area is that the existing Juniper Ridge URA can be expanded by up to 140 acres. This would be enough to pick up a portion of the area included in URSA 1 (e.g. most, but not all, of the North Triangle UGB expansion area, or nearly all of the OB Riley UGB expansion area) if a smaller area were ultimately selected as appropriate for UR.
2. **Bend Central District Plus:** A new URA centered around the Bend Central District and adjacent areas could potentially generate enough bonding capacity to pay for many of the streetscape improvements, bike/pedestrian improvements, and other projects identified as needed for the Bend Central District, as well as potentially funding projects like storefront improvements and affordable housing development. These improvements could make the area much more desirable for housing and mixed-use development. There has also been strong interest from a variety of stakeholders in the City to support and advance redevelopment in this area, which could smooth the path to approval of an URA. The precise boundaries of the area would need additional evaluation and refinement as part of a feasibility study.
3. **KorPine Plus:** A new URA including the KorPine opportunity area and adjacent areas to the east could generate a reasonable amount of funding capacity considering the small size

of the area. This area could also be combined with the Bend Central District. The need for public investments in this area may be less than in some other URSAs. However, UR in the KorPine area could support connectivity improvements that would help link the area to neighborhoods to the east and might go beyond what the City could condition a developer to build. Timing would be important in this area, since there has been interest in development in a portion of the area in the near-term. If significant redevelopment begins in the area prior to establishment of an URA, the City will have missed the chance to capture the increment of increase in property value. It may also weaken the case for UR if the public and other taxing jurisdictions perceive that the market does not need public support in that area.

4. **Central Westside:** A new URA for the Central Westside / Century Drive opportunity area could potentially generate significant bonding capacity to help with streetscape improvements and other needed transportation projects, to address brownfield issues, and potentially also support affordable housing development. The planned Oregon State University (OSU) Cascades campus is a consideration as well, because much of the early redevelopment in the area could end up being tax-exempt if owned by the University.

Next Steps

If the City wishes to pursue use of UR as a funding tool for one or more of the URSAs, next steps include:

- Continue to refine lists of potential projects (and costs) for each area. The June 2017 DKS memorandum to the City of Bend provides a starting place for this analysis, but more detail will be needed.⁴² Because URAs can only fund projects that are physically within their boundaries, major projects may need to be broken out by the portion inside the URSA.
- Begin a series of conversations with City of Bend finance staff and overlapping taxing districts about potential use of UR.
- Determine which URSA(s) alone or in combination are most promising, and develop a scope for formal UR feasibility study. A feasibility study will include the following refinements from this memorandum:
 - Boundary adjustments as necessary
 - Updated financial analysis using current (e.g., FY 2017-18) Assessor's data and more detailed analysis to support projections of likely tax increment revenue growth
 - Preliminary project list, with information about costs and phasing
 - Further analysis of maximum indebtedness and revenue sharing
 - Public, stakeholder, and taxing district input into project priorities and agency governance issues

Note that if the City decides to pursue the use of UR in the North URSA (or other UGB expansion areas), we would recommend that the City annex that land before adoption of the URA in order to simplify governance of the UR agency. Because state and city annexation rules

⁴² See "Area Plan Readiness Assessment: Transportation Evaluation," June 2017 memorandum from DKS to City of Bend.

require a number of pre-conditions to annexation (including development of Area Plans and infrastructure funding plans), planning for annexation and UR should be done in close coordination.

Creation of new URAs will require two primary Council actions. The first action required is for Council to identify the general part(s) of the City where UR Feasibility Studies will be conducted. The second action is to allocate staff resources. Council allocated money to the UR General Fund in the fall of 2017, but did not assign staff.

With the two-abovementioned decisions made, URSAs require a two-pronged planning approach. The visioning and urban design work is undertaken by the Growth Management Department while the required Feasibility Study is directed by the Economic Development Department. Oversight and decision-making authority will be assigned to a BURA appointed Advisory Board with significant input from designated stakeholder or working groups. Stakeholder of working groups will be created for each part of the City where UR is considered.

Final adoption of the new URA(s) will occur 18 to 24 months after the plans are initiated. As shown above in the bar graph on page 86, it will take a year or two after adoption for the City to collect TIF revenue and will take several years after that before money is available to fund projects inside the URA boundary.

Development Incentives

Property Tax Abatement

Creation and adoption of new housing incentive programs, or property tax abatement programs, is a relatively simple act for the City Council. The following table provides a summary of the various incentive programs that can be used to increase housing supply, although it is not a full evaluation of all affordable housing incentives or programs. Additional affordable housing incentives such as density bonuses, height bonuses, fast tacking, and parking reductions are not included in the table, but are available through the Bend Development Code for qualifying projects. The existing Low Income Rental Housing program is included solely for comparison purposes.

Table 23: Summary of Development Incentives

Program & Authorizing Statute	Vertical Housing Development Zones (VHDZs) (ORS 307.841 to 307.867 ⁴³)	Multiple-Unit Property Tax Exemptions (MUPTE) (ORS 307.600 to 307.637)	Low Income Rental Housing (ORS 307.515 to 307.523)
Designation Process	City designates via ordinance or resolution. Notice to overlapping taxing districts required. Must consider potential for displacement of households in the zone.	City designates via ordinance or resolution. Public hearing required to determine whether qualifying housing would or would not be built without the benefit of the program.	Already in place in Bend

⁴³ The recently passed Senate Bill 310 makes significant amendments to the applicable statutes. This summary is based on the revised language, which is not yet effective or incorporated into statute, but will be within a matter of months.

		City must establish standards and guidelines with requirements for eligibility. ⁴⁴	
Eligible Areas	Anywhere in the city	Core areas ⁴⁵ , light rail station areas or transit oriented areas (within a quarter-mile of fixed-route transit service per a local transportation plan). Alternatively, the city can designate the entire City and limit the program to affordable housing. ⁴⁶ URAs are also eligible. ⁴⁷	Anywhere in the city
Eligible Projects	Must include at least one “equalized floor” of residential; at least 50% of the street-facing ground floor area must be committed to non-residential use. Can be new construction or rehabilitation. City can add other criteria.	Housing subject to a housing assistance contract with a public agency (must show that the exemption is necessary to preserve or establish the low-income units, but no max income); <u>OR</u> housing that meets City criteria for number of units and design elements benefitting the public. If transit-oriented, must support the transit system. May be new construction, addition of units, or conversion of an existing building to residential use. ⁴⁸	Rental housing exclusively for low-income households (generally at or below 60% AMI, though sometimes up to 80% AMI). City can add other criteria.

⁴⁴ ORS 307.606(1)-(4)

⁴⁵ “Core area” is not defined in statute. The legislative findings in ORS 307.600 suggest that the intent is for areas around a downtown, but definitions for the Vertical Housing Development Zone program (in OAR 813-013-0005) that pre-date the SB 310 amendments included a range of other walkable commercial areas. Those definitions will likely be removed based on the amendments to the statute. There seems to be discretion for the City to interpret this broadly if desired.

⁴⁶ ORS 307.606(2)

⁴⁷ ORS 307.609

⁴⁸ ORS 307.603(5)

Tax Exemption / Abatement	Improvements exempt based on number of “equalized floors” of residential use: 20% for 1 floor, 40% for 2 floors, 60% for 3 floors, 80% for 4 floors. Land partially exempt for low-income housing (up to 80% AMI) – same % per floor as above. Exemption good for 10 years.	Improvements exempt. May not include commercial property unless required as a public benefit element. ⁴⁹ Exemption good for 10 years, but for low-income housing, exemption can be extended for as long as the housing is subject to the public assistance contract. ⁵⁰	Land and improvements exempt. Exemption lasts as long as property meets the criteria.
Participation by Other Taxing Districts	Can elect not to participate within 30 days from City notice	None, unless districts representing at least 51% of combined levy agree by board resolution to participate, in which case all districts are included. ⁵¹	None, unless the boards of districts representing at least 51% of combined levy agree to the exemption for a given property, in which case all districts are included. ⁵²
Timing considerations	Can’t qualify until project is under construction – creates uncertainty for developer & lenders	Property owner can apply by the February before first assessment year of requested exemption. ⁵³ Construction need not be complete. Program appears to sunset in 2022 for new applications. ⁵⁴	Can be used when property is held for future low-income rental housing development. No requirement that construction be complete prior to application.

These incentives are typically adopted by ordinance into the City’s municipal code. The code language outlines the criteria for approval and the process for approving individual tax exemptions. Like UR, these incentives require a high degree of cooperation from other taxing districts in order for housing development projects to take full advantage of the allowed tax exemption. Therefore, coordination and agreement among the taxing districts is important to configure prior to City Council adoption

⁴⁹ ORS 307.612(2)
⁵⁰ ORS 307.612(3)
⁵¹ ORS 307.606(1)
⁵² ORS 307.519
⁵³ ORS 307.615
⁵⁴ ORS 307.637

SDC Financing

SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternatively, SDC credits allow developers to construct system level improvements required as part of their development proposal in return for credits towards their required SDC assessments.

Deferral contracts are a variation on SDC financing and allow the applicant to defer SDC payments for a specified time, typically up to one year.

SDC financing is typically provided through installment loans or a deferral contract secured by a lien on the benefited property. Loan requirements could include:

- All property owners of records must sign an installment contract
- The SDC financing installment contract creates a lien on the property
- For installment loans, applicants may select monthly payments for a specified term. Cities EcoNorthwest reviewed typically used 5- or 10-year periods
- Applicants pay a nonrefundable finance fee
- The terms have no prepayment penalty
- Installment billings begin 30 to 60 days after the loan contract is received
- Interest is charged through the bill due date. Late payments are subject to penalties and collection charges as provided by City Code
- **Considerations:**
 - Allowing SDC financing reduces up-front costs for developers, which can enable a quicker development timeframe and increase assessed value.
 - One drawback is that this reduces the availability of SDC funds over the short term for the City.
- **Implementation Steps**
 - To use the Bancroft Bonding Act a city in Oregon that has charter or ordinances provisions for bonding SDCs and selling bonds may follow those protocols.

Potential Impacts

Initial findings explained in Appendix E suggest that incentives can make desired developments “pencil,” but it may take multiple incentives to be in place for some building types to be built in Bend. Current rents make vertical development a challenge without these incentives.

VHTE and MUPTE can enable income-restricted housing at a low “cost” to the city in that deferred tax collection requires no direct out of pocket costs but does require deferred revenues. These tools are far more cost effective than direct subsidy for the construction of new affordable units because of their ability to leverage private development projects.

VHTE has narrower applicability and is most suitable for Core Areas on mixed-use main streets since the exemption requires ground floor retail and tax exemptions are highest for buildings with four full floors of residential to receive an 80% tax exemption. MUPTE could be good fit for more suburban areas not in URDs to incentivize apartments of 3-4 stories.

SDC financing has benefits, but needs agreement with other taxing districts. While forming new URDs, it will be important to coordinate with taxing districts to find the right balance between these programs.

Area Plans

Area Plans are a planning tool to coordinate development in a subarea of the city. Once adopted, they guide and regulate incremental development so that it knits together, over time, to achieve public objectives such as creating complete communities. Area plans are typically prepared for areas where there are many different parcels and ownerships, because coordinated planning can prevent disconnected development and support the efficient delivery of public infrastructure and services.

Area plans are comprehensive and context-sensitive. Typical components include the following:

- Vision and planning principles for the area
- Land use map – refinements of existing plan designations, or new plan designations needed to achieve the vision
- Transportation –maps of streets, bikeways, pedestrian paths, coupled with cross-sections and other designs. Transit, if applicable, is integrated
- Parks, schools and other civic uses – guidance for the type and general location for these key public uses
- Open space and natural resources – maps and implementation strategies
- Area-specific public amenities – ideas for special uses such as gateways, plazas, viewpoints
- Water, sanitary sewer and storm water infrastructure plans and cost estimates
- Infrastructure funding strategies
- Plan policies and zoning code implementation, often including tailored regulations and design guidelines

Areas Plans create a common vision for an area and strategies for how to implement that vision. They focus on the long term and affect many parties, so community participation is important. This helps build support for the plan, taps into the local knowledge of residents and property owners, and tailors the outcomes to the needs of the local community and future investors.

In addition, Area Plans answer practical questions that make subsequent development more feasible and predictable. Examples include:

- What refinements to existing land use designations are needed for the area, and how should those be applied at a parcel-specific level?
- What type of commercial development is appropriate to the area and is there a realistic opportunity for neighborhood-scale commercial uses?
- What strategies for transitions between land uses should be included in the plan?
- Where should new collector-level streets be located, and what is the intended pattern of local streets between the collectors.
- How many parks and schools are needed, and what types?

Article XIV. Bend Central District

2.7.3200 Bend Central District (BCD)

The Bend Central District is intended to implement the goals and objectives for the creative redevelopment of the central Third Street Corridor and surrounding areas west to the Parkway and east to and including 4th Street as indicated below:

- A. Provide for a wide range of mixed residential, commercial and office uses throughout the area and, depending on the parcel and its surroundings, vertical mixed use (i.e., a mix of uses within the same building), with an emphasis on retail and entertainment uses at the street level.
- B. Provide a variety of residential development types and greater density of development, with a transition area adjacent to the existing residential neighborhood east of 4th Street.
- C. Provide for development that is supportive of transit by encouraging a pedestrian-friendly environment.
- D. Provide development and design standards that support the goals of the Plan.
- E. Limit development of low-intensity uses while allowing continuation of existing industrial and manufacturing uses.
- F. Provide reduced parking standards and encourage alternative parking arrangements.

The Bend Central District has distinctly different characteristics within the Bend Central District boundary. Subdistricts that recognize and support these characteristics are established as follows:

1. 1st/2nd Street Subdistrict. Applies to properties in the vicinity of 1st and 2nd Streets within the BCD and is intended to provide for a mix of office, higher density residential, live/work and small-scale retail uses while also allowing for continuation of existing light industrial/manufacturing uses in the area.
2. 3rd Street Subdistrict. Applies to properties in the vicinity of 3rd Street between Revere and Franklin Streets and is intended to provide a range of mixed uses including large-scale commercial, retail and limited residential uses.
3. 4th Street Subdistrict. Applies to properties in the vicinity of 4th Street within the BCD and is intended to provide a transition between the more intense central area and existing residential neighborhoods to the east.
4. South Subdistrict. Applies to properties south of Franklin Avenue along and between 2nd and 3rd Streets and is intended to provide a range of mixed uses including high density multifamily and office space above ground floor retail/service uses.

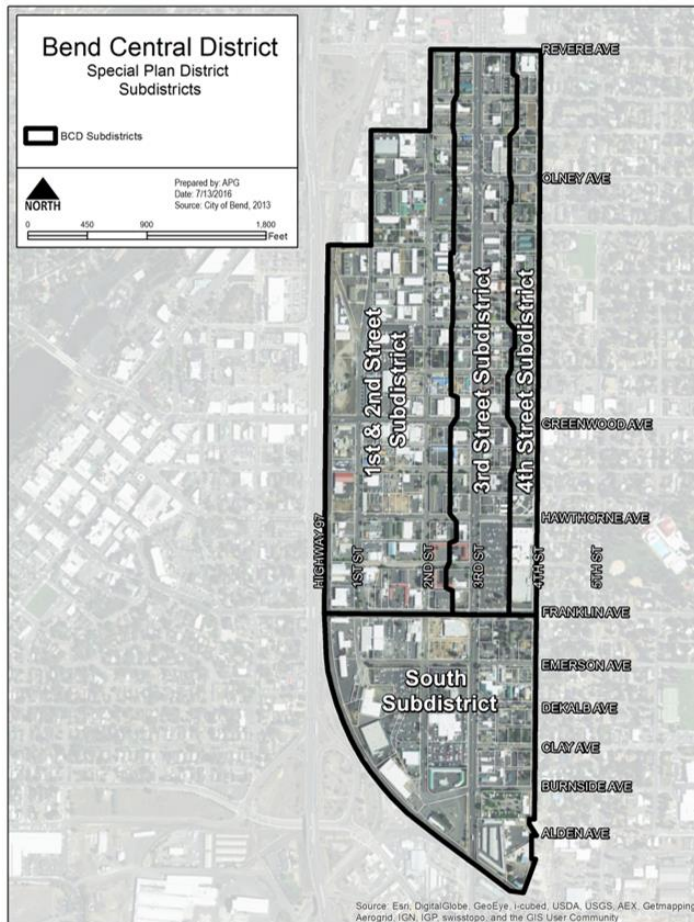


Figure 2.7.3210 Subdistrict Map

[Ord. NS-2271, 2016]

2.7.3210 Applicability. Revised 3/18   

A. Applicability. In addition to the provisions of the underlying zone, the standards and requirements of this section apply to lands within the BCD boundary as depicted on Figure 2.7.3210. These provisions modify existing standards of the Bend Development Code by applying requirements, limiting allowable uses, or allowing exceptions to general regulations. Where there is a conflict between the provisions of the BCD and those of the underlying zone or other portions of the Development Code, the provisions of this district will control. [Ord. NS-2303, 2018; Ord. NS-2271, 2016]

2.7.3220 Land Uses. Revised 3/18   

A. Permitted and Conditional Uses. The land uses listed in Table 2.7.3220 are allowed in BCD subdistricts, subject to the provisions of this chapter. Only land uses that are listed in Table 2.7.3220 and land uses that are approved as “similar” to those in Table 2.7.3220 may be permitted or conditionally allowed. The land uses identified with a “C” in Table 2.7.3220 require Conditional Use Permit approval prior to development, in accordance with [BDC Chapter 4.4](#). Land uses identified with an “L” in Table 2.7.3220 are allowed with limitations in accordance with subsection (D) of this section.

B. Existing Uses. Uses and structures that are not in conformance with the provisions in this section but that were lawfully established within the BCD prior to the adoption of this code are considered a permitted use. Expansion or enlargement 25 percent or less of the above referenced uses or structures that are nonresidential will be subject to the provisions of [BDC](#)

[Chapter 4.2](#), Minimum Development Standards Review, Site Plan Review and Design Review. For expansion or enlargement greater than 25 percent, the conditional use criteria, standards and conditions within [BDC Chapter 4.4](#), Conditional Use Permits, will also apply. Conditions of prior approvals will continue to apply unless modified in conformance with [BDC 4.1.1325](#), Modification of Approval.

C. Determination of Similar Land Use. Similar land use determinations shall be made in conformance with the procedures in [BDC 4.1.1400](#), Declaratory Ruling.

Table 2.7.3220

Permitted Uses in the Bend Central District by Subdistrict

Land Use	1st/2nd Street	3rd Street	4th Street	South
Residential				
Single-Family Detached Dwelling	N	N	N	N
Attached Single-Family Townhomes	N	L (see subsection (D)(1) of this section)	P	P
Multifamily Residential	L (see subsection (D)(1) of this section)	L (see subsection (D)(1) of this section)	P	P
Residential as Part of Mixed-Use Development	P	P	P	P
Commercial				
Retail Sales and Service	L (see subsection (D)(2) of this section)	P	L (see subsection (D)(2) of this section)	P
Retail Sales and Service (Auto Dependent*)	N	N	N	N
Retail Sales and Service (Auto Oriented*)	N	C	N	N
*Medical Marijuana Dispensary and Marijuana Retailer	L (see subsection (D)(2) of this section)	P	L (see subsection (D)(2) of this section)	P

Table 2.7.3220

Permitted Uses in the Bend Central District by Subdistrict

Land Use	1st/2nd Street	3rd Street	4th Street	South
	(D)(2) of this section)		(D)(2) of this section)	
*Marijuana Wholesale (more than 75% of sales are wholesale)	P	P	C	C
*Marijuana Testing, Research and Development Facilities	P	P	L (see subsection (D)(3) of this section)	P
Restaurants/Food and Beverage Services				
– with drive-through*	N	C	N	N
– without drive-through	P	P	P	P
Offices and Clinics	P	P	L (see subsection (D)(3) of this section)	P
Production Businesses (e.g., IT support centers, biotechnology, software/hardware development, broadcast and production studios)	P	P	L (see subsection (D)(3) of this section)	P
Conference Centers/Meeting Facility Associated with a Hotel/Motel	C	P	N	C
Lodging (bed and breakfast inns, vacation rentals, boarding houses, timeshare)	P	P	P	P
Hotel/Motels	P	P	C	C
Commercial and Public Parking, structure	P	P	C	P
Commercial and Public Parking, surface lot	P	P	P	P
Commercial Storage				

Table 2.7.3220

Permitted Uses in the Bend Central District by Subdistrict

Land Use	1st/2nd Street	3rd Street	4th Street	South
– enclosed in building and on an upper story	C	C	P	N
– not enclosed in building	N	N	N	N
– enclosed in building on ground floor (i.e., mini-storage)	N	N	N	N
Entertainment and Recreation				
– enclosed in building (e.g., theater)	L/C (see subsection (D)(6) of this section)	L/C (see subsection (D)(6) of this section)	N	L/C (see subsection (D)(6) of this section)
– not enclosed (e.g., amusement)	C	C	N	C
Wholesale Sales (more than 75% of sales are wholesale)	P	P	C	C
Hospital	C	C	C	C
Public and Institutional				
Government – point of service intended to serve the entire City (e.g., City Hall, main library, main post office, main Department of Motor Vehicles service center)	P	P	P	P
Government – branch service intended to serve a portion of the City	P	P	P	P
Government – limited point of service (e.g., public works yards, vehicle storage, etc.)	N	N	N	N
Parks and Open Space	P	P	P	P
Schools	P	P	P	P
Institutions of Higher Education	P	P	P	P
Child Care Facility	P	P	P	P

Table 2.7.3220

Permitted Uses in the Bend Central District by Subdistrict

Land Use	1st/2nd Street	3rd Street	4th Street	South
Clubs and Places of Worship	P	P	P	P
*Utilities (above ground)	P	P	P	P
Industrial				
Manufacturing and Production	L (see subsection (D)(4) of this section)	N	N	N
Warehouse	L (see subsection (D)(5) of this section)	N	N	N
Transportation, Freight and Distribution	C	N	N	N
Production businesses (e.g., IT support centers, biotechnology, software/hardware development, broadcast and production studios)	P	C	C	C
Industrial Service (e.g., cleaning, repair)	L (see subsection (D)(3) of this section)	N	N	N
Marijuana Grow Sites And Marijuana Producing when Designated as Mixed-Employment, Industrial General or Industrial Light on the Bend Comprehensive Plan	L (see subsection (D)(4) of this section)	N	N	L (see subsection (D)(4) of this section)
*Marijuana Processing of Cannabinoid Concentrates and Cannabinoid Products When Designated as Commercial Limited, Mixed-Employment, Industrial General or Industrial Light on the Bend Comprehensive Plan	L (see subsection (D)(4) of this section)	L (see subsection (D)(4) of this section)	L (see subsection (D)(4) of this section)	L (see subsection (D)(4) of this section)

Table 2.7.3220

Permitted Uses in the Bend Central District by Subdistrict

Land Use	1st/2nd Street	3rd Street	4th Street	South
*Marijuana Processing of Cannabinoid Extracts When Designated as Mixed-Employment, Industrial General or Industrial Light on the Bend Comprehensive Plan	L (see subsection (D)(4) of this section)	N	N	L (see subsection (D)(4) of this section)
Miscellaneous				
Small Scale Alternative Energy Systems (i.e., rooftop wind turbine or solar panels)	P	P	P	P
*Small Hydroelectric Facility	P	P	P	P
Wireless and Broadcast Communication Facilities	See BDC Chapter 3.7			

Key to Permitted Uses

P = Permitted

N = Not Permitted

C = Conditional Use

L = Permitted with limitations, subject to subsection (D) of this section.

* Special standards for certain uses subject to Chapter 3.6 BDC.

D. Limitations. The following limitations apply to those uses identified as “L” in Table 2.7.3220:

1. New Residential Uses. In order to ensure that the subdistricts retain their established employment focused character, new residential uses in the 1st/2nd St and 3rd St subdistricts are limited as follows:
 - a. Residential uses that are part of a mixed-use development in which nonresidential uses occupy at least the floor area equivalent to the entire ground floor area of the development area permitted.
 - b. Residential uses that are part of a mixed-use development in which nonresidential uses occupy less than the floor area equivalent to the entire ground floor area of the development area are conditional.
 - c. Residential uses that are not part of a mixed-use development are prohibited.

2. Retail Sales and Service. Retail sales and service uses must not exceed 30,000 square feet per business. Total area of retail sales and service uses combined must not exceed 50,000 square feet per building.
3. Offices and Clinics and Production Businesses. Offices and clinics and production businesses must not exceed 15,000 square feet per business.
4. Manufacturing, Production and Industrial Services. Uses must not exceed 20,000 square feet per business and must minimize potential external effects as follows:
 - a. All operations must be conducted entirely within an enclosed building.
 - b. Potential nuisances such as noise, odor, electrical disturbances and other public health nuisances are subject to [BC Chapter 13.45](#).
 - c. Roof-mounted mechanical equipment, such as ventilators and ducts, must be contained within a completely enclosed structure that may include louvers, latticework, or other similar features. This screening requirement does not apply to roof-mounted solar energy systems or wind energy systems.
5. Warehousing. Warehousing must be accessory/secondary to a primary permitted use (it may not be a single use) and must not exceed 15,000 square feet per building.
6. Entertainment and Recreation. Entertainment and Recreation uses in all subzones of the BCD that are enclosed in a building shall not exceed 50,000 square feet without a conditional use permit. [Ord. NS-2303, 2018; Ord. NS-2271, 2016]

2.7.3230 Development Standards. Revised 3/18  

A. The following table provides numerical development standards within the BCD:

Building setback standards apply to any new buildings and any building expansion, including primary structures and accessory structures. Setbacks provide opportunity for pedestrian amenities; building separation for fire protection and building maintenance; sunlight and air circulation; noise buffering; and visual separation.

Table 2.7.3230

Development Standards in the Bend Central District by Subdistrict

Standards	1st/2nd Street	3rd Street	4th Street	South
Minimum lot area	No minimum	No minimum	No minimum	No minimum
Lot width	30 feet	30 feet	30 feet	30 feet

Table 2.7.3230

Development Standards in the Bend Central District by Subdistrict

Standards	1st/2nd Street	3rd Street	4th Street	South
Minimum front yard setback	5 feet'	10 feet'	5 feet'	5 feet'
Maximum front yard setback	10 feet	15 feet	10 feet	10 feet
Rear and side yard setback	None	None	None or 10 feet (see subsection (C) of this section)	None
Maximum building height	65 feet to 85 feet (see subsections (B) and (E) of this section)	65 feet or 85 feet (see subsection (E) of this section)	45 feet	65 feet to 85 feet (see subsections (B) and (E) of this section)

Notes:

1. In all subdistricts, the first five feet of setback will be a dedicated public access easement and will be developed according to the applicable cross-section for the fronting street.
 2. Equipment used for small-scale alternative energy production does not count towards maximum building heights.
- B. In the 1st/2nd Street, 3rd Street and South Subdistricts, buildings may be a maximum of 85 feet in height that:
1. Provide at least 10 percent of any residential units at affordable rates in conformance with [BDC 3.6.200\(C\)](#); or
 2. For buildings that do not have a residential component, provide at least 75 percent of required parking within the building footprint of structures. Parking on the ground floor shall have a pedestrian-oriented active facade facing the primary street (see subsection (E)(2) of this section for examples).
- C. Rear and Side Yard Setback.
1. There is no rear or side yard setback required, except when abutting a Residential Zone that is located outside of the BCD. In such cases, the rear or side yard setback is 10 feet for all portions of the building 35 feet in height or less. Step-backs or other architectural features such as vertical breaks, balconies, bays or stories within gable roofs are required for portions of a building that exceeds 35 feet in height or the height limit of the abutting residentially designated district, whichever is greater.

2. When a public alley abuts a side or rear yard of property, the width of the alley can be included in the additional step-back calculation as described in subsection (C)(1) of this section for the purpose of offsetting the impacts of the building height over 35 feet. The alley does not eliminate the required 10-foot building setback if applicable.

D. Multiple Frontage Lots. For buildings on sites with more than one frontage or through lots, the maximum front setbacks in Table 2.7.3230 apply as follows.

1. For corner lots with two frontages, the maximum setback applies to both street frontages.
2. For through lots with two frontages, the maximum setback applies to only one of the frontages; provided, that where the abutting streets are of different street classification, the maximum setback applies to the street with the higher classification.
3. For properties with three or more frontages, the maximum setback applies to two contiguous frontages. Where the streets are of different street classifications, one of the maximum setbacks must apply to the street with the highest classification.

E. Buildings exceeding 65 feet in height are allowed subject to the following provisions:

1. Buildings shall be constructed using a combination of architectural features and a variety of building materials. Landscaping should be planted adjacent to the curb line to create a streetscape as illustrated in Figures 2.7.3230 and 2.7.3260. Ground story walls that can be viewed from public streets shall be designed with nonreflective windows totaling a minimum of 25 percent of the wall area and using architectural features (see subsection (E)(2) of this section). For new buildings, the front building facade must be at the minimum setback for at least 50 percent of the lot frontage; outdoor public gathering spaces such as plazas are encouraged and count toward the setback requirement; off-street parking is not allowed between the front building facade and the street.
2. Architectural features include, but are not limited to, the following: recesses, projections, wall insets, arcades, window display areas, awnings, balconies, window projections, landscape structures or other features that complement the design intent of the structure and are acceptable to the Review Authority.

Figure 2.7.3230

Illustration of Use of Architectural Features



F. Buffering. A 10-foot-wide landscape buffer is required along the side and rear property lines between nonresidential uses and any adjacent Residential Zones that are located outside of the BCD. The buffer is not in addition to (may overlap with) the side and rear setbacks required in subsection (B) of this section. The buffer shall provide landscaping to screen parking, service and delivery areas and walls without windows or entries. The buffer may contain passive outdoor seating but must not contain trash receptacles or storage of equipment, materials, vehicles, etc. The landscaping standards in [BDC Chapter 3.2](#), Landscaping, Street Trees, Fences and Walls, provide other buffering requirements where applicable. [Ord. NS-2303, 2018; Ord. NS-2271, 2016]

2.7.3240 Design Standards. Revised 3/18 + SHARE ✉

A. All Development. Development in the BCD is subject to the design guidelines in [BDC 2.2.800\(I\)](#) except as established below. The standards of this section are in addition to the regulations of [BDC Chapter 4.2](#), Minimum Development Standards Review, Site Plan Review and Design Review. The standards of this section are in lieu of the [BDC 2.2.600](#), Commercial Design Review Standards.

1. [BDC 2.2.800\(I\)\(3\)](#) – Physical, Visual and Experiential Connections. The intent and general approach of this section apply. However, the language referring to traditional business zones and traditional storefront buildings does not apply here.
2. [BDC 2.2.800\(I\)\(5\)](#) – Integrate Building Parapets and Rooftops. The intent and general approach of this section apply. However, the language referring to ornamentation on traditional CB Zone buildings does not apply here. In addition, rooftop solar panels and wind turbines are exempt from the screening requirement.
3. [BDC 2.2.800\(I\)\(10\)](#) – Urban Materials. Does not apply.

B. Single-Use Residential Buildings. Single-use residential buildings including duplexes, triplexes and multifamily are also subject to the provisions in [BDC 2.1.900](#) and [2.1.1000](#), with the following exception:

1. The common open space requirement in [BDC 2.1.1000\(B\)\(1\)](#) does not apply to any property with a residential building located within one-quarter mile of a public park.

C. Awnings, marquees, balconies, overhangs, fabric tensile structures, building appendages, or other projections may extend into the front setback and public access easement.

[Ord. NS-2303, 2018; Ord. NS-2271, 2016]

2.7.3250 Parking. Revised 3/18

A. In the BCD, the following parking requirements supersede parking requirements in BDC Table 3.3.300, Required Off-Street Vehicle Parking Spaces. Unless otherwise noted here, other sections of [BDC Chapter 3.3](#), Vehicle Parking, Loading and Bicycle Parking, apply.

1. The minimum number of required off-street vehicle parking spaces is established below. Unless otherwise provided below, the number of parking spaces provided by any particular use in ground surface parking lots must not exceed the required minimum number of spaces provided by this section by more than 50 percent. Off-street parking spaces may include spaces in garages, carports, parking lots, and/or driveways if vehicles are not parked in a vehicle travel lane (including emergency or fire access lanes).

- a. Residential uses: one space per unit. Tandem parking is permitted when the spaces are assigned to the same unit.
- b. Commercial uses:
 - i. Retail or restaurant uses totaling less than 5,000 square feet of floor area: none.
 - ii. Retail or restaurant uses in excess of 5,000 square feet or more of floor area: one space per 1,000 square feet of gross floor area in excess of 5,000 square feet.
 - iii. The maximum for retail or restaurants is 150 percent of one per 1,000 square feet of gross floor area.
- c. Entertainment uses: determined by conditional use.
- d. Hotel/motel: one space per room.
- e. Office uses: one and one-half spaces per 1,000 square feet of floor area.
- f. Light industrial/manufacturing uses: 0.7 spaces per 1,000 square feet of floor area.

g. Public and institutional uses, government uses: one and one-half spaces per 1,000 square feet of floor area.

2. Mixed-Use Developments. If more than one type of land use occupies a single structure or property with no single use occupying more than 80 percent of the total square feet of the building, the minimum off-street parking is 75 percent of the sum of the requirements for all uses.

3. The total number of required vehicle parking spaces for an industrial, commercial, or office use may be reduced by up to 10 percent in exchange for providing on-site public open space/green space at the following ratio: one vehicle parking space per 500 square feet of public open space/green space. This reduction is in addition to any reductions taken under [BDC 3.3.300\(D\)](#).

4. The amount of off-street parking required may be reduced by one off-street parking space for every on-street parking space abutting the development, up to 100 percent of the requirement. [Ord. NS-2303, 2018; Ord. NS-2271, 2016]

2.7.3260 Special Street Standards. Revised 3/18 SHARE

A. The BCD considered special street standards for streets inside the district. The intent of the special street standards is to develop complete streets that enable safe travel for all modes of travel including transit, motorists, pedestrians, cyclists and freight users. On-street parking, bicycle facilities and wider sidewalks were identified as elements necessary for safe travel. The following special street standards supersede the standards in [BDC 3.4.200\(F\)](#):

1. Figure 2.7.3260.A applies to 2nd Street north and south of Greenwood Avenue, 4th Street south of Greenwood Avenue and to all local streets in the BCD. Any of these blocks that are currently narrower than 36 feet wide must be widened to 36 feet.

Exception: Any block of 2nd Street that is currently 40 feet wide may remain 40 feet wide and use the 40-foot-wide cross-section provided for in Figure 2.7.3260.B.

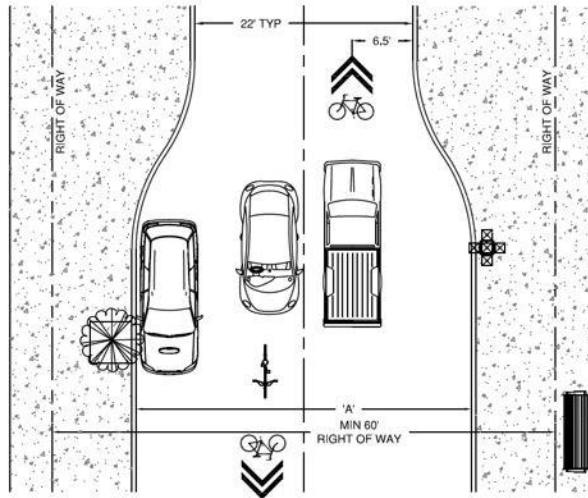
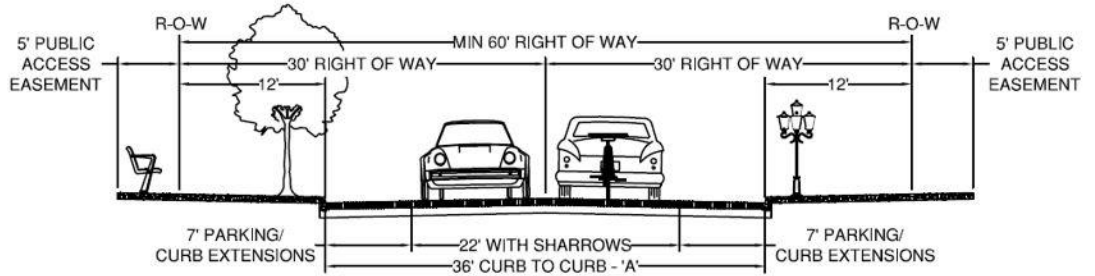


Figure 2.7.3260.A

Note: Sharrows are not required on local streets.

2. Figure 2.7.3260.B applies to 4th Street north of Greenwood Avenue.

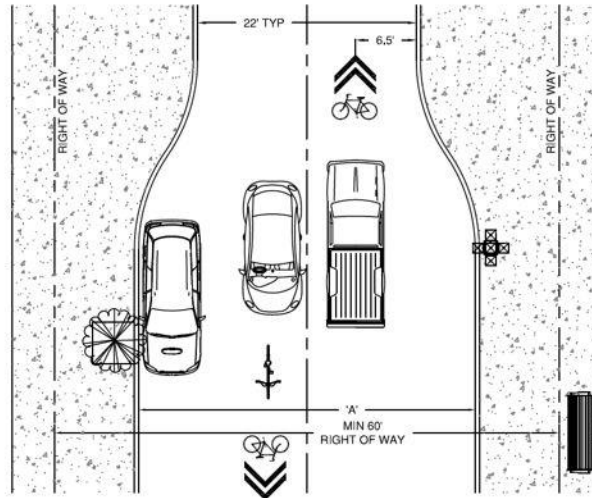
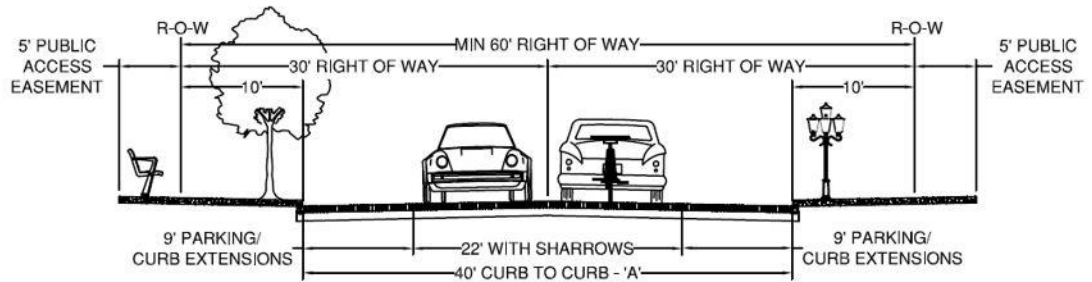


Figure 2.7.3260.B

B. To accomplish new streets, additional street widths and street improvements envisioned for the BCD the following requirements apply:

1. The required five-foot front setback along all street frontages must be dedicated as a public access easement with site plan approval. This is in addition to any additional right-of-way that may be required by [BDC Chapter 3.4](#). [Ord. NS-2303, 2018; Ord. NS-2271, 2016]

2.7.3270 Low Impact Stormwater Management.

A. The use of low impact development (LID) techniques to manage stormwater on site is encouraged consistent with the City's Central Oregon Stormwater Manual. Techniques can include, but are not limited to, the following:

1. Use of on-site pervious paving materials to minimize impervious surfaces allowed within off-street and on-street parking areas and other areas within a development site.
2. Provision of an eco-roof or rooftop garden.
3. Use of drought tolerant species in landscaping.
4. Provision of parking integrated into building footprint (above or below grade).
5. Provision of rain gardens and bioretention areas on site to filter stormwater runoff.

6. Shared stormwater facilities between adjacent properties. [Ord. NS-2271, 2016]

2.7.3280 Landscaping.

- A. The landscaping standards of [BDC Chapter 3.2](#) apply to the BCD except as noted in this section.
- B. The minimum required landscaping shall equal 10 percent of the gross lot area for the following uses:
 - 1. Residential – duplex and triplex units and multiple-family developments.
 - 2. Commercial and office developments.
 - 3. Industrial developments. Seventy-five percent of the required 10 percent site landscaping shall be located within the front yard setbacks and parking areas or other areas visible to the public, unless otherwise required as a condition of approval.
 - 4. Mixed-use developments.
- C. Green roofs and rooftop gardens may be counted toward meeting up to 100 percent of the landscaping requirement.
- D. Landscaping in the public right-of-way (for example, street trees and bioswales) may be counted toward meeting the landscaping requirement. [Ord. NS-2271, 2016]