



Memorandum

To: Bend Urban Renewal Agency

From: Jonathan Taylor, Urban Renewal Manager

Date: 3/4/2026

Re: Development Assistance Program(s) Development

Purpose

In 2025, the Bend Urban Renewal Agency (BURA) requested that all current development assistance programs be evaluated for potential updates and explore the creation of additional programs to maximize the redevelopment of existing urban renewal districts. Beginning tonight, staff will provide an educational foundation for the types of incentives that use tax increment financing to support redevelopment.

No BURA action is requested at this time. Staff will return periodically through 2026 to develop development assistance programs with anticipated BURA adoption in August.

Overview

Urban renewal development assistance programs, often referred to as incentives, are instruments employed by municipalities and redevelopment agencies to stimulate investment, address physical and economic barriers to development, and advance established community objectives within designated urban renewal areas. These programs are structured to overcome market obstacles, promote desired development outcomes, leverage private investment in accordance with long-term plans, and achieve results within specified timeframes.

Background

BURA Strategic Investment Plan

On December 17, 2025, BURA adopted the 2026-2030 Strategic Investment Plan (SIP), which allocates \$41.2 million over five years across three urban renewal districts to achieve its *Five-Year Mission* and *2030 Targeted Community Returns*.

Five-Year Mission

Implement the Urban Renewal Strategic Investment Plan as a local tool to support housing, neighborhood commercial, entrepreneurial development, business and land development, and beautification to achieve:

2030 Targeted Community Returns



1. Incentivize 1,000 multifamily units
2. Assist with the creation of 500 jobs
3. Develop 20 acres of land
4. Create at least 4 acres of parks, trails, and open space
5. Assist 20 new small businesses
6. Improve 5,000 square foot of business frontage
7. Construct 2,000 linear feet of public infrastructure
8. Generate \$1.50 in economic impact for every \$1 invested

What is Development Assistance (Incentives)?

A tool that offers something of value (financial or otherwise) to motivate an investment or outcome (community benefit) that would not have occurred naturally in the private market or within a desired timeframe.

Key Point

Development assistance programs have gained significance in a globalized economy, as businesses possess increased flexibility in determining investment and operational locations. Municipalities, states, and nations now compete internationally to attract capital, talent, and industries that drive employment, tax revenue, and innovation. Incentives such as tax breaks, grants, streamlined permitting, and infrastructure support enhance a location's competitiveness, enabling governments to offset disadvantages relative to regions with lower costs or more favorable conditions. In an environment where industries can relocate rapidly and supply chains are interconnected, strategic incentives help regions retain or expand key sectors, support workforce development, and foster long-term economic resilience. These incentives are therefore essential for regions seeking to retain competitiveness and relevance in a highly mobile and interconnected market.

Key Facts

1. About 95% of United States cities/towns offer at least one economic development incentive.
2. Developments take 3-6+ years from planning to completed development.

Important Principles of Development Assistance

The following principles should inform the design of development assistance programs.

Targeted and Strategic Use

Incentives should be directed toward areas or projects unlikely to attract adequate private investment without public intervention. Resources must prioritize catalytic projects or locations that maximize community impact and efficiently advance urban renewal objectives.

Performance-Based and Accountable



Incentives should be linked to measurable outcomes, milestones, or conditions to ensure public funds generate tangible benefits. Mechanisms like reimbursement, default provisions, or milestone-based payments enforce accountability and reduce public risk.

Financial Stewardship and Risk Management

Programs should minimize public risk, ensure sustainable use of funds, and leverage private investment. Effective underwriting, monitoring, and reporting are essential to maintain financial discipline and achieve redevelopment goals.

Flexibility and Adaptability

Programs should respond to changing market conditions or unforeseen challenges while remaining aligned with public goals. Flexibility ensures that incentives remain effective as circumstances evolve.

Sustainability and Long-Term Impact

Incentives should generate lasting economic, social, and physical benefits rather than short-term gains. Programs must support ongoing private investment and encourage long-term community revitalization.

Proposed Types of Development Assistance Programs

Grants

A grant is a direct, non-repayable financial contribution that enhances project feasibility by covering eligible costs. Funding is contingent upon specific outcomes, timelines, and adherence to adopted policies, and is typically approved before or during a project for defined redevelopment activities and public benefits.

Best Used:

The project would not proceed or would be significantly delayed without public assistance and doesn't have the financial capacity to repay or doesn't generate an immediate return to support repayment, or the agency desires simpler administration of the program.

Pros:

1. **Faster Development Than Complex Financing**
Grants are less complex to administer than loans or large tax increment financing (TIF) projects and can produce visible results in a shorter timeframe.
2. **Catalyze Private Development**
Grants can unlock larger amounts of private capital and encourage early or higher-risk projects.
3. **Support Small, Local, or New Businesses**



Grant programs are frequently accessible to small businesses that lack access to traditional financing, thereby supporting active commercial areas and preserving local character.

Cons:

1. No Direct Financial Return
As grants are not repaid, they do not provide a revolving funding benefit, which may constrain long-term funding capacity.
2. Opportunity Cost
Funds allocated to grants are unavailable for alternative tools such as infrastructure, land acquisition, or loan programs.
3. Limited Scalability
Grants are most effective for smaller-scale or targeted projects.

Current BURA Grant Programs:

The Core Area Revitalization Effort Grant Program (CARE for our Core)

The CARE Program provides matching grants up to \$50,000 for projects that improve customer and pedestrian experience and enhance aesthetics through building facade and frontage upgrades.

Loans

A loan is a financial agreement in which a lender (in this case, BURA) provides funds to a borrower under specified repayment terms. Urban renewal loans offer below-market, gap financing to advance projects aligned with urban renewal objectives that encounter financial or market barriers.

Best Used:

When a project is fundamentally viable but requires flexible, below-market financing to address a specific funding gap.

Pros

1. Recyclable Public Dollars
Loan repayments return to the program, allowing funds to revolve and support multiple projects over time.
2. Leverages Private Investment
Public loans often unlock larger private financing commitments.
3. Supports Small and Local Projects
Loan programs can support borrowers who encounter obstacles to traditional lending, particularly for modest-scale redevelopment projects.

Cons



1. Risk of Default
If a project fails, repayment may be delayed or incomplete, necessitating enforcement actions or loan restructuring.
2. Less Effective for High-Risk Projects
Early stage, catalytic, or marginal projects may not be viable with debt, even on favorable terms.
3. Limited Accessibility for Some Applicants
Certain small businesses or nonprofit organizations may be unwilling or unable to assume debt obligations.

Current BURA Loan Programs:

Loans for Affordable Housing Development

A flexible loan program for eligible developments that provide affordable housing in tax increment finance areas.

Rebates

A rebate is a form of financial assistance in which a portion of taxes paid is returned to the recipient after eligibility criteria or performance measures are verified. Rebates are typically formula-based or fixed-amount rewards designed to encourage ongoing behaviors or outcomes, shaping behavior rather than providing upfront financing.

Best Used:

When rebates are precisely targeted to influence decision-making or accelerate desired impacts.

Pros:

1. Low Financial Risk to the City
Rebates are disbursed only after costs or outcomes are verified, ensuring that public funds are not at risk if a project fails.
2. Encourages Performance-Based Outcomes
Recipients are required to complete a project or meet program criteria prior to receiving funds, thereby increasing accountability.
3. Simple and Transparent Administration
Rebates utilize a transparent, formula-based structure, which facilitates explanation and auditing.
4. Specific Actions
Rebates incentivize specific, desired behaviors.

Cons:

1. Appropriate Rebate Assistance
Determine the acceptable level of rebate assistance relative to the pursuit of identified community benefits.
2. Requires Upfront Investment by the Recipient



Applicants must possess adequate cash flow or financing to complete the project prior to receiving the rebate, which may limit participation by smaller or financially constrained entities.

3. Less Effective for High-Risk Projects

Projects that require upfront support are unlikely to benefit from a rebate program.

4. Administrative Verification

Staff must review receipts, invoices, or other documentation to verify eligibility, a process that requires additional time and resources.

Current BURA Rebate Programs:

Tax Increment Assistance for Housing Affordability and Employment Growth (TIAHA/TIAEG, or Site Specific TIF)

A tax increment reimbursement program that supports income-attainable residential options and living-wage employment developments within new and established tax increment finance areas.

Property Acquisition and Land Write-Downs

This approach involves acquiring underutilized, blighted, or strategic property and selling or leasing it to a developer at a price below market value. The write-down represents the difference between the property’s market value and the discounted sale or lease price.

Best Used:

When a redevelopment agency seeks to strategically catalyze redevelopment efforts.

Pros

1. Reduces Development Costs

This approach enhances project financial viability by reducing land acquisition costs, which is often one of the largest upfront expenses for development projects.

2. Aligns Development with Public Goals

Conditional agreements enable municipalities to control land use, design, and project timing.

3. Accelerates Redevelopment

Eliminating land acquisition barriers can accelerate project timelines in priority areas.

4. Flexible Tool

This tool can be combined with grants, loans, or tax incentives to support more complex development projects.

Cons

1. Upfront Public Cost and Risk

The municipality must purchase property, potentially utilizing tax increment financing or other public funds, and assumes market risk until the property is resold.

2. Opportunity Cost



Public funds used for land write-downs could have been invested in infrastructure, grants, or other incentives.

3. Perceived Subsidy Concerns

Selling land at below-market value may be perceived as a transfer of public assets without adequate public return.

4. Market Dependence

Success is contingent upon developer interest and project feasibility, as even discounted land does not guarantee successful redevelopment.

Development Assistance Programs Schedule

January – February 2026

Staff Research

Review common tools and best practices used by urban renewal agencies to encourage private investment and achieve public goals in redevelopment areas.

March 2026

Bend Urban Renewal Agency Work Session to review development assistance program types, their purposes, and typical outcomes, and provide direction on developing new programs.

April 2026

Program Formation

Based on the March BURA Work Session, staff will use identified objectives for each urban renewal district alignment with the 2026-2030 BURA Strategic Investment Plan. This includes establishing eligibility criteria, funding limits, performance requirements, and default and performance guarantee provisions. Staff will engage stakeholders to propose programs that are practical, responsive, and informed by local needs.

May 2026

Bend Urban Renewal Agency Work Session to review proposed programs and stakeholder feedback, and provide additional direction on program creation.

July 2026

Bend Urban Renewal Agency Work Session

BURA will conduct a final review of proposed development assistance programs.

August 2026

Bend Urban Renewal Agency Business Meeting

BURA will adopt some or all of the proposed development assistance programs, including grants, loans, and rebates.

September 2026

Administrative Planning



For adopted programs, staff will establish the systems, processes, and organizational structures required to implement and manage BURA development assistance programs effectively.

Staff will develop clear application procedures, review protocols, and approval workflows to promote transparency, consistency, and operational efficiency.

Launch Programs

Upon adoption of policies and establishment of administrative procedures, BURA will initiate all approved development assistance programs.