

May 6, 2026

Development Assistance Loan Development



Development Assistance Programming

A 6-month structured approach for developing development assistance (incentives) programs that support BURA's 5-Year Mission and 2030 Targeted Community Returns.

Project Emblem – 275 Units



Five-Year Mission 2026-2030

"Implement the Urban Renewal Investment Strategy as a local tool to support housing, neighborhood commercial, entrepreneurial development, business and land development and beautification with a target of 500 jobs created and 1,000 multifamily housing units constructed by 2030."



Targeted Community Returns

1. Build 1,000 multifamily housing units
2. Assist with the creation of 500 jobs
3. Develop 20-acres of land
4. Create at least 4-acres of parks, trails, open space
5. Assist 20 new small businesses
6. Improve 5,000 sqft. 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 an incentive?



Rino District
Denver,
Colorado

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**.

Usually takes **premium pricing** to spur desired community benefits.

Important Principals

These principals should guide the development of the Bend Urban Renewal Agency's development assistance program that uses tax increment financing.



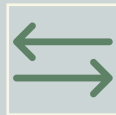
Targeted and strategically used



Performance-based and accountable



Financial stewardship

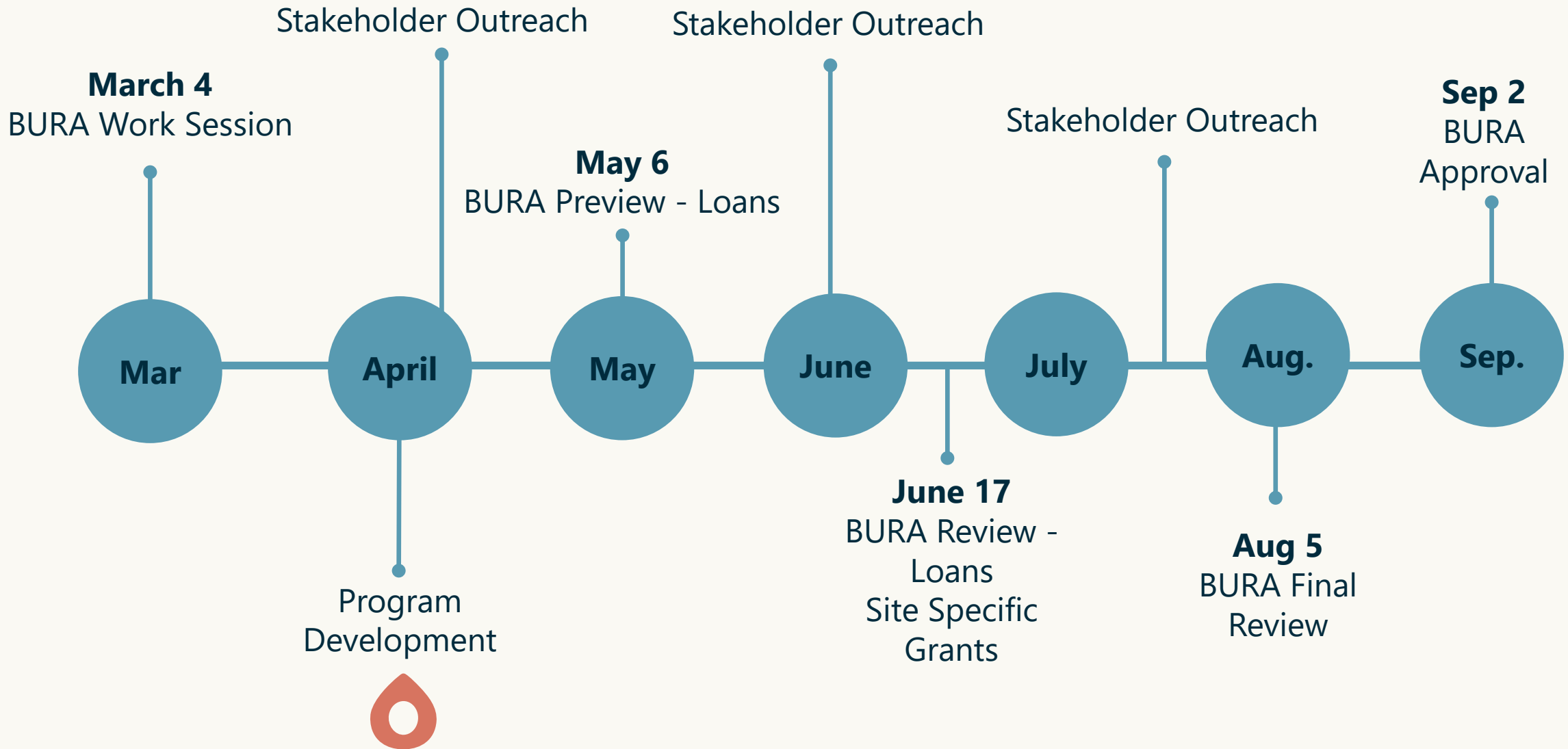


Flexible and adaptable



Sustainable

Timeline



Background

- **Plans Allow Loan Programs**
 - Core Area - VI. TIF Projects, C2
 - Juniper Ridge – IV. Urban Renewal Projects, B1
 - Murphy Crossing – IV. Urban Renewal Projects, F1
- **BURA Strategic Investment Plan – 2026-2030**
 - Authorized development assistance (grants, loans)
 - Core Area - \$5.3 million
 - Juniper Ridge – \$6 million
 - Murphy Crossing - \$1.5 million
- **BURA Development Assistance Work Session – March 4, 2026**
 - Direction to provide data, justification, and broad criteria for loans

Loans

A financial agreement in which a lender provides funds to a borrower under agreed repayment terms.

Current BURA Program:

Affordable Housing Loan Program

Best Used:

- A project is fundamentally viable but requires flexible, below-market financing to close a gap.

Key Attributes:

- Below-market, more favorable terms.

Pros:

- Recyclable
- Lower Risk
- Improves Feasibility
- Leverages

Cons:

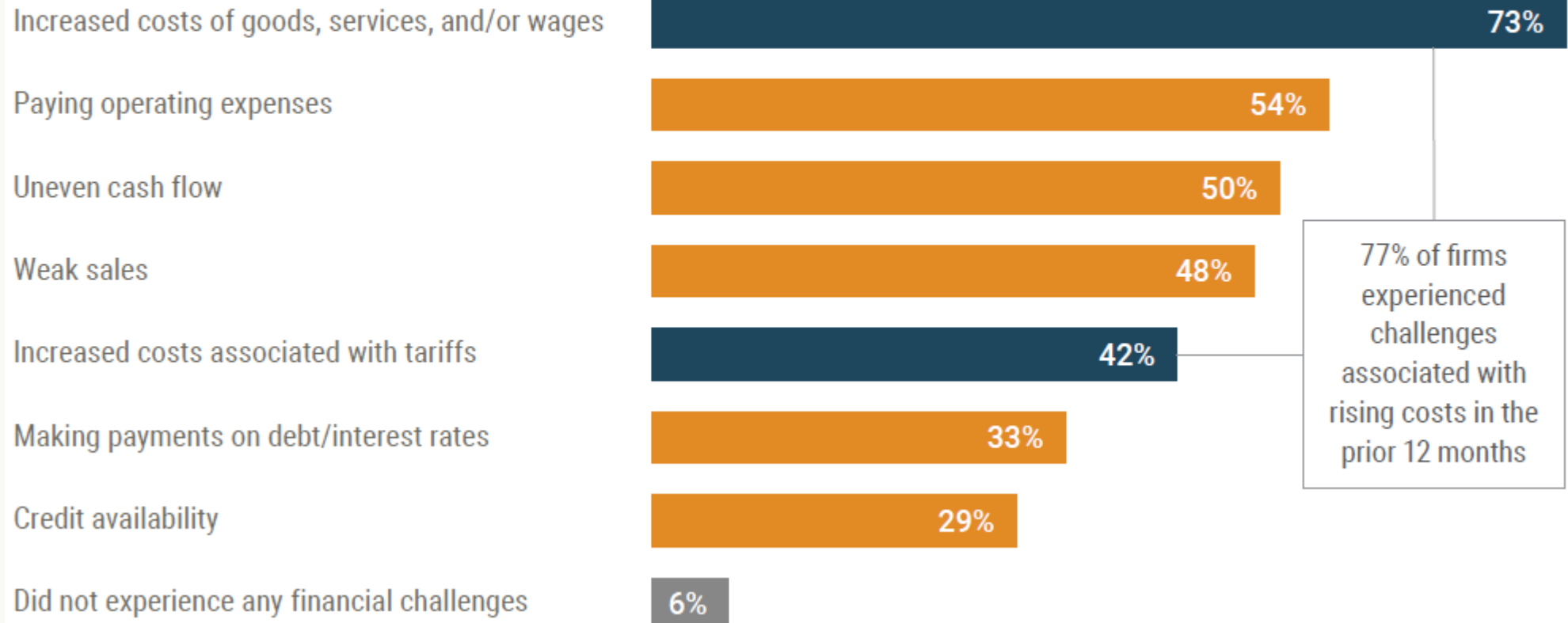
- Risk of Default
- Less Effective for High-Risk Projects
- Limited Accessibility

2026 Small Business Credit Survey

FINANCIAL CHALLENGES, *Prior 12 Months*^{1,3}

(% of employer firms)

N=6,500

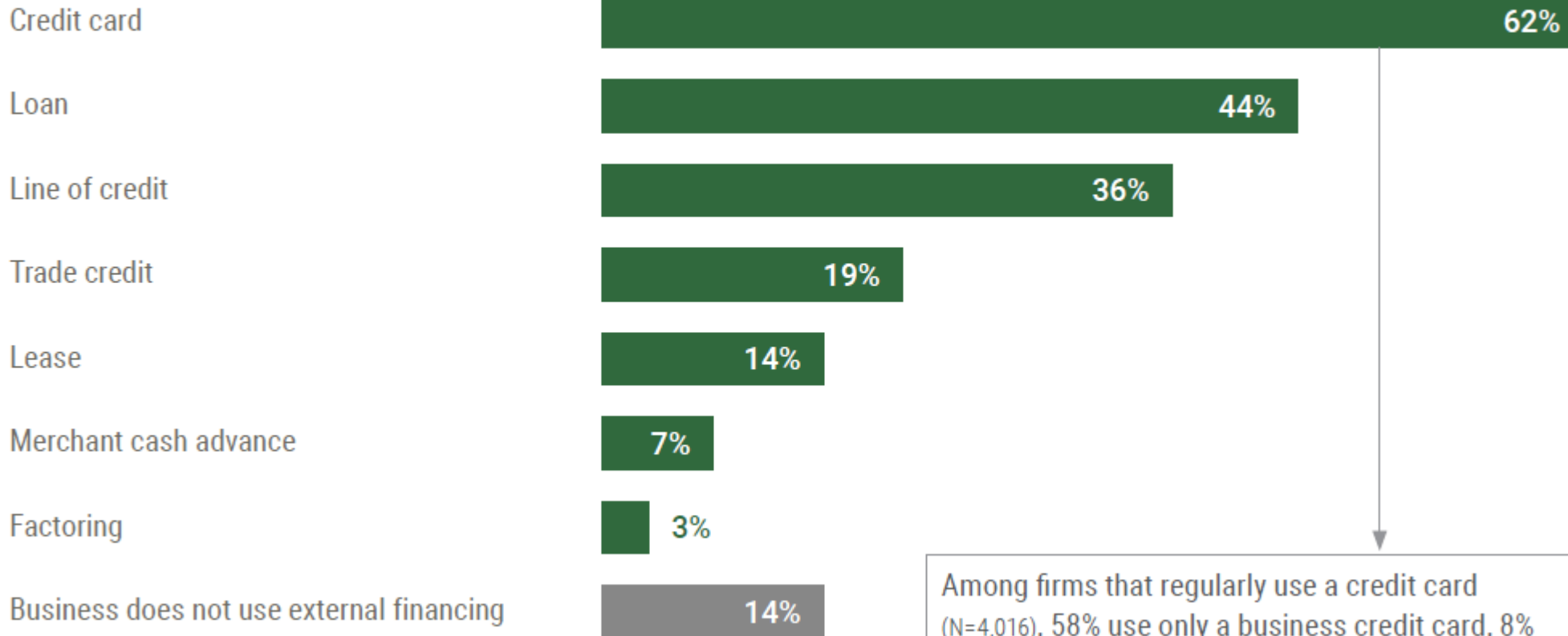


Source: Federal Reserve Banks

2026 Small Business Credit Survey

USE OF FINANCING AND CREDIT, *Products Used on a Regular Basis*^{1,3} (% of employer firms)

N=6,525



**Interest Rate:
16.74%-30%**

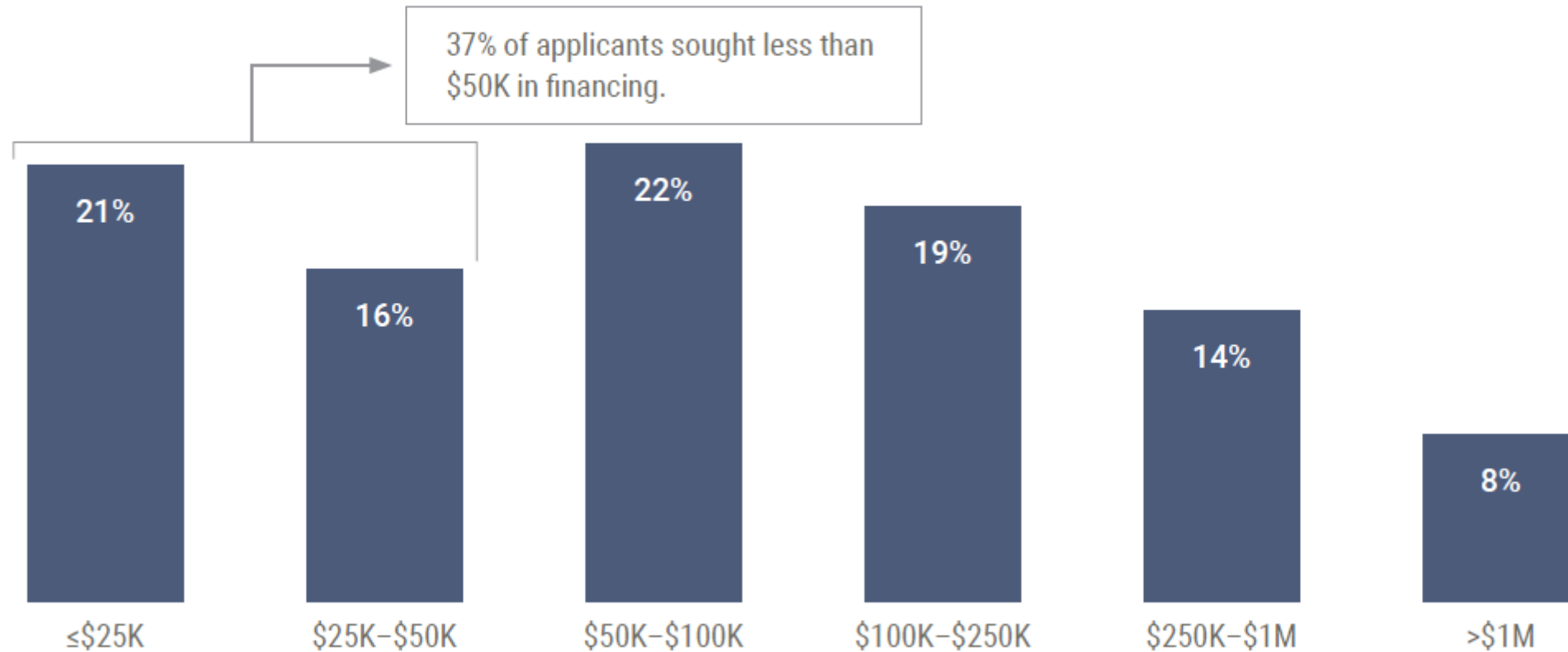
Among firms that regularly use a credit card (N=4,016), 58% use only a business credit card, 8% use only a personal credit card, and 34% use both.

2026 Small Business Credit Survey

AMOUNT OF FINANCING SOUGHT, *Prior 12 Months*²

(% of applicants)

N=3,688



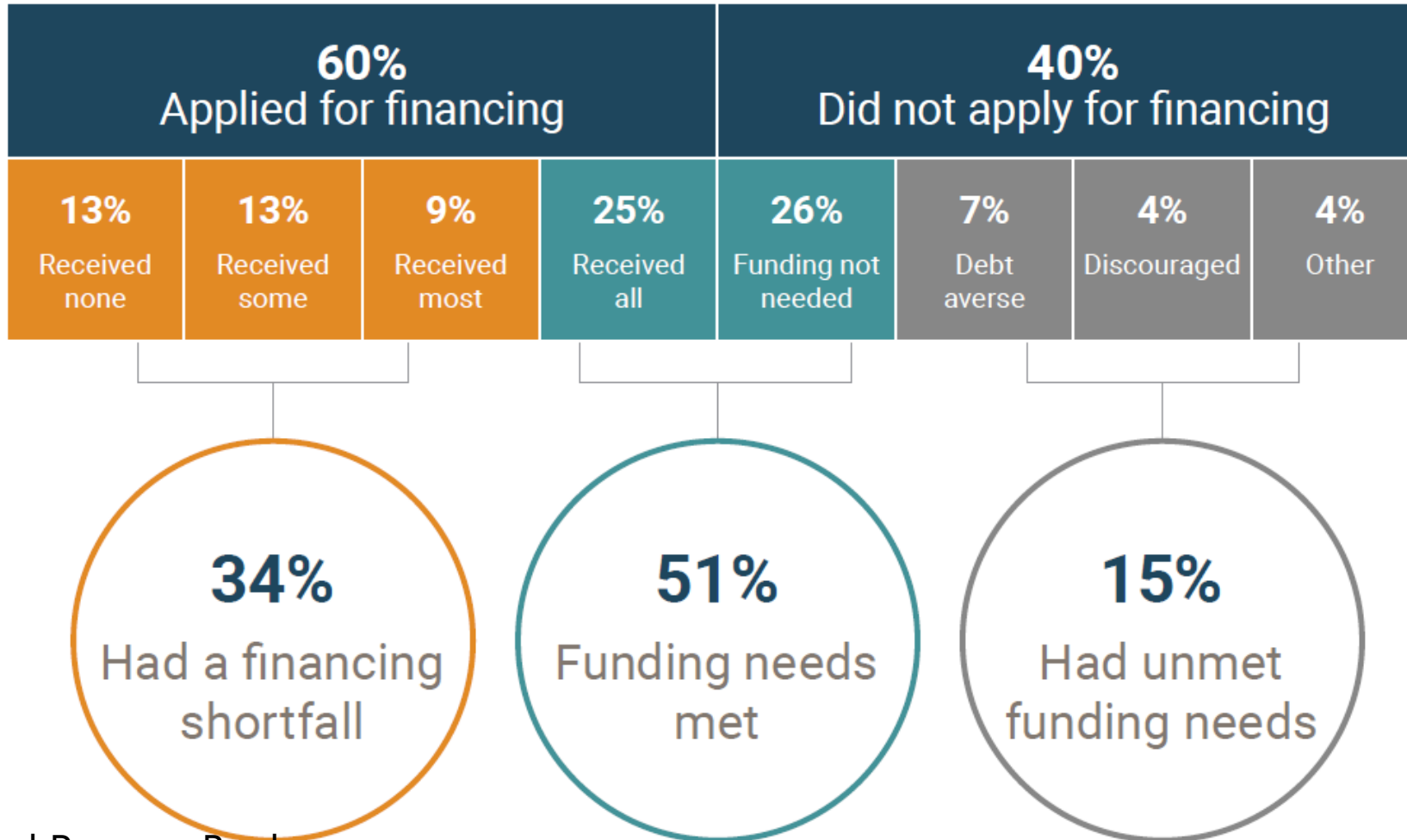
Source: Federal Reserve Banks

2026 Small Business Credit Survey

FUNDING NEEDS AND OUTCOMES¹

(% of employer firms)

N=6,525



Source: Federal Reserve Banks

2026 Small Business Credit Survey

Older and larger firms were more likely than younger and smaller ones to be fully approved for the financing they sought.

SHARE OF APPLICANTS THAT WERE FULLY APPROVED, *Prior 12 Months*¹

(% of loan, line of credit, and cash advance applicants)

By age of firm



By race/ethnicity of owner(s)



Source: Federal Reserve Banks

Value 1: Closing Financial Gaps, Not Compete

The program should establish a clear "but-for" standard — **loans should only be made when conventional financing is unavailable or insufficient**. This requires a lender review or declination letter as part of the application process. The advisory body should define a financing gap threshold (e.g., a percentage of the project the private market won't cover) and position the program explicitly as gap financing or subordinate debt. Building formal referral relationships with local banks and credit unions also reinforces the complementary — rather than competitive — role. Consider co-lending structures where local lenders take the senior position and the program fills the gap, keeping private lenders engaged.

“We want businesses to stay and grow their relationships with their banks”

Value 2: Bring in Historically Underfunded

Eligibility criteria should be designed around documented market failures — targeting borrowers by geography (low-income census tracts, underserved corridors), business type (minority-owned, women-owned, veteran-owned), or financial profile (thin credit history, insufficient collateral). Rather than using conventional credit scoring as a hard cutoff, the program should use alternative underwriting criteria that assess repayment capacity more holistically — cash flow analysis, character references, business plan viability. Outreach and application support should be built into program operations, not treated as optional, since the hardest-to-reach borrowers often need the most navigation help.

Value 3: Creating Business Self-Sufficiency

The goal isn't just repayment; it's graduation to conventional credit markets. Loan terms can be structured to reward progress: for example, interest rate reductions tied to completing milestones, or refinancing pathways once a borrower establishes a track record.

Value 4: Leverage TIF Revenues

Future TIF increment revenues can be pledged or assigned to capitalize or backstop the revolving fund, allowing the program to deploy capital ahead of full TIF maturation. As loans are repaid, principal and interest re-enter the fund, extending the program's reach without requiring continuous new appropriations. Over time the fund becomes largely self-sustaining, which also insulates it from annual budget pressures or low-TIF generation years.

Value 5: Efficiency and Speed

Streamlined underwriting is essential — the application should ask only for what's necessary to make a sound credit decision, nothing more. Define a maximum decision timeline (30 days or less is a reasonable target) and hold the program to it. Digital application intake, clear checklists, and proactive communication with applicants reduce back-and-forth delays.

Speed is itself is also an equity feature — borrowers without cash reserves can't wait months for a decision. ← This should also be a feature in every BURA incentive decision.

Proposed Loan Examples

Micro Loan Program

Support newer, higher-risk, and non-bankable small businesses that face barriers to accessing traditional financing.

Small Business Loan

Support businesses to complete projects that may not be fully financed through conventional lending sources.

Predevelopment Loan

Support early-stage project ready activities that advance redevelopment within designated urban renewal areas.

Additional Considerations?

Are there additional items BURA and/or staff should consider in developing loan programs utilizing urban renewal dollars?

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Accommodation Information for People with Disabilities & Language Assistance Services

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