CITY OF BEND

City Hall
710 NW Wall Street
Bend, OR 97703

MEMORANDUM

To: City of Bend – City Council
From: Sarah Hutson, Senior Policy Analyst
Date: May 8, 2026
Re: Neighborhood Commercial Approaches: Status Update

Introduction

As part of Council goal work plan for the biennium, the City is focused on advancing work that supports accelerating complete neighborhoods. This focus is further articulated through the following actions:

- Adopt elements of a 20-year plan for housing and jobs (Bend's Growth Plan), emphasizing policies that create walkable and complete neighborhoods and transition Bend to form-based development codes
- Adopt development code and entitlement process improvements that remove barriers and speed up missing middle-income, affordable housing, and infill development

During the January 14, 2026 Council work session, Council discussed how to balance the need to preserve commercial land with the City's housing goals, as well as what types of commercial activity to support and where. That discussion highlighted the areas where the City has the most direct influence: state legislative advocacy, local codes and policies, and financial incentives. This led to the identification of short-, medium-, and long-term strategies. The following is a status update on work underway and forthcoming to advance those strategies.

Status Update on Recommended Approaches

Short-Term (2026)

Legislative Advocacy

- **HB 4037 passed.** For affordable housing proposed on commercial land within a planned mixed-use development larger than 10 acres:
    - If the project reduces the commercial area to less than 80% of what was originally designated, the applicant must seek an amendment to add new commercial land equal in size to the proposed housing area.
    - This supports complete community planning, preserving space for neighborhood commercial services, while still allowing the development of affordable housing under SB 8.

- **Effective date:** June 5, 2026. Applies to projects submitted for development approval (e.g., Site Plan Review) after that date.

Market Analysis & Small Business Support (Economic Development Work Plan)

- Consultant work is underway.
- Site tour completed with participation from large developers, small businesses, real estate brokers, a small group of Councilors, and staff from Central Oregon Landwatch.
- Tour locations included: NWX, Brookswood Plaza, On Tap, Jackson's Corner, and all three Urban Renewal Areas (URAs)
- Project is moving into the data development phase.
- Upcoming: Second site tour in June, focused on Neighborhood Districts and business engagement informed by preliminary data. Coordination planned with the Neighborhood Commercial Roundtable on June 22.
- Final report anticipated this summer, with a Council update in August.
- Findings will inform incentive development and may also guide future code cleanup efforts.

Code Cleanup for Neighborhood-Scale Commercial Uses (i.e., siting standards, change of use process, exploring protections for newly annexed areas)

- Preparations underway for a Roundtable with Neighborhood District Land Use Chairs at the June 22, 2026 Planning Commission meeting.
- Work will:
  - Evaluate existing code standards and allowed uses.
  - Identify potential amendments to make neighborhood-scale commercial uses more feasible in residential districts.
- Land Use Chairs will gather neighborhood input for the Commission. Staff currently finalizing questions to guide information gathering.
- Staff will synthesize feedback and facilitate follow-up discussions with Planning Commission, with the goal of advancing code amendments for Council consideration later this year.

Medium-Term (2026–2027)

Conversations with Stakeholders to Identify Barriers

- Much of this work is being advanced through the market analysis and Neighborhood Commercial Roundtable. We are beginning to plan another roundtable for later this year to facilitate a direct conversation between Council and the development community, focused on incorporating findings from the market feasibility study and hearing directly from developers about how the City, through its regulatory role and potential financial incentives, can help realize Council's stated vision.

Exploring incentive options (e.g., Urban Renewal, SDCs)

- Initial rollout planned within URAs, followed by Phase 2 expansion to targeted areas within the City.
- Tenant improvement strategies under discussion at CAAB and BEDAB.
- Small business loan concepts discussed with Council during May 6, 2026 Business Meeting.
- Programs will continue to be refined and expanded based on feedback and performance.

Infrastructure Standards for Infill Development

- Council work session scheduled for June 24, 2026

Long-Term (2027+)

Growth Plan: Concepts for integrating commercial uses into residential zones (e.g., Accessory Commercial Units, live-work units, Climate Friendly Area designations)

- Growth Plan work is beginning now:
  - 2026: Technical data gathering and analysis
  - Late 2026–2027: Expanded public outreach and engagement



Legislative Action - 2027 Session

- Early groundwork underway to set priorities for the next legislative session.
- Prevailing wage impacts on affordable housing with mixed-use components identified as a priority item moving forward.