CITY OF BEND

City Hall
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Bend, OR 97703

# MEMORANDUM

**To:** Bend City Council and Developer Roundtable Attendees
**From:** Cyrus Mooney, Business Development Manager & Sarah Hutson, Senior Policy Analyst
**Date:** August 25, 2026
**Re:** Developer Roundtable Agenda Topics and Discussion Questions

The City of Bend is hosting a Developer Roundtable meeting on August 31, 2026, at 4 pm in the Prowell Springs room at the City of Bend Public Works Campus, 21051 NE Talus Pl, Bend, OR 97701. The purpose of the Developer Roundtable is to discuss the following topics and to gather input from the development community prior to future Council consideration of potential policy actions. Items that will be covered include:

1) Employment Site Readiness;
2) System Development Charge (SDC) Relief Programs;
3) Neighborhood-Serving Commercial;
4) Review Times, Ombudsman, and Communication

This memorandum provides background and context on the Employment Site Readiness and SDC Relief Program policy topics.

## Employment Site Readiness

### Background

Employment land readiness has emerged as a key economic development priority for the City of Bend, the Bend Economic Development Advisory Board (BEDAB), and regional economic development partners. Recent analysis indicates that while Bend maintains an inventory of industrially zoned lands, a significant portion of those lands are not development-ready due to site preparation requirements, infrastructure needs, grading constraints, tree mitigation obligations, and permitting timelines. These factors can delay industrial development by months or years and reduce Bend's competitiveness when employers evaluate locations for expansion or relocation.

The City's Economic Development Strategic Plan identifies industrial and traded-sector employment as critical to Bend's long-term economic resilience. Industrial employers often provide wages substantially higher than retail and service-sector jobs, supporting household incomes that are better aligned with Bend's housing costs. According to information provided to BEDAB, jobs located within industrial areas can pay approximately 20% to 70% more than jobs commonly associated with commercial and retail land uses. These businesses frequently align with Bend's targeted industry sectors, including advanced manufacturing, specialty and outdoor products, and bio- and health-science industries.

BEDAB has expressed concern that the limited supply of build-ready industrial land is increasingly becoming a constraint on wage growth and economic diversification. As industrial development opportunities become more difficult and time-consuming to deliver, Bend risks losing potential job-generating investments to competing communities that can provide sites with greater certainty and shorter development timelines. This dynamic contributes to continued reliance on lower-wage employment sectors and can exacerbate regional workforce and housing affordability challenges.

**Why Site Readiness Matters**

Economic development organizations and site selection consultants consistently emphasize that "speed-to-market" is one of the most important considerations in corporate location decisions. Employers evaluating potential industrial sites often prioritize locations that are graded, permit-ready, and equipped with predictable development requirements. Sites requiring extensive environmental mitigation, lengthy entitlement processes, or substantial pre-development work are frequently removed from consideration early in the selection process.

Staff has heard from developers and economic development partners that this challenge is particularly evident in areas such as Juniper Ridge, where industrial parcels may be theoretically developable but require significant time and investment before construction can begin. As a result, otherwise desirable sites may struggle to compete against locations elsewhere in Oregon and the Pacific Northwest that offer greater certainty regarding timelines and costs.

The State of Oregon has similarly prioritized industrial site readiness through programs focused on site preparation, grading, infrastructure investment, and Regionally Significant Industrial Site (RSIS) designations. State economic development policy increasingly recognizes that communities that can deliver shovel-ready industrial sites are more likely to attract traded-sector employers and family-wage jobs.

**Existing Challenges**

Several factors affect the City's ability to bring industrial land online efficiently:

- Industrial lands often require significant upfront investment in site preparation and infrastructure before development can occur.
- Current tree mitigation requirements may create substantial costs and uncertainty for large industrial sites where grading and site preparation are essential components of development.
- Site grading and site plan review processes are generally sequential, extending overall project delivery timelines.
- Building permits and site plan approvals are typically processed separately, which may further delay project readiness.

- Bend's timeline for delivering development-ready industrial sites is perceived by some stakeholders as longer and less predictable than peer communities.

**Potential Policy Approaches**

Staff has been evaluating several strategies intended to improve industrial site readiness while balancing economic development, environmental, and community objectives.

**Tree Mitigation Code Amendments**

One area under consideration involves modifications to tree preservation and mitigation requirements on industrially zoned land. BEDAB's recommendation framework suggests that industrial lands may warrant a different approach than residential or pedestrian-oriented areas because of their intended economic function and site design needs. Potential options include:

- Eliminating tree mitigation requirements on industrially zoned lands.
- Implementing a reduced or fixed mitigation fee structure for industrial projects.
- Creating a tiered mitigation framework based on tree density.
- Establishing a mitigation banking program to create greater predictability for larger industrial developments.

**Site Preparation and Mass Grading**

Another concept would recognize grading, clearing, and other pre-development activities as economic infrastructure investments. Under this approach, through code modifications, mass grading could potentially occur prior to individual site plan approvals through development agreements or grading permits covering multiple industrial lots. The objective would be to create more shovel-ready sites and reduce overall development timelines.

**Permitting Efficiencies**

Additional opportunities include:

- Allowing for site planning and building permit reviews to occur concurrently.
- Exploring development review process improvements that reduce time to market.
- Aligning local regulations more closely with the State's industrial site readiness and economic development strategies.

**Anticipated Outcomes**

The overarching goal of the Employment Site Readiness Initiative is to increase the availability of development-ready industrial land and improve Bend's ability to attract and retain traded-sector employers. BEDAB has identified several desired outcomes:

- Increase the supply of shovel-ready industrial land.
- Support the recruitment and expansion of living-wage employers.
- Reduce development timelines by allowing proactive site preparation.

- Create a more predictable and context-sensitive approach to industrial tree mitigation.
- Streamline permitting processes to improve competitiveness with peer communities.

BEDAB's preliminary analysis suggests that targeted policy changes could reduce industrial development timelines by approximately four to six months while also lowering site preparation costs. The August 31, 2026 Developer Roundtable is intended to gather information that will help the City Council better understand whether these concepts would meaningfully influence investment decisions and what additional actions could improve employment land competitiveness in Bend.

Additionally, at the September 9 Council Work Session, City staff will be providing information on the following topics based on Council direction:

- Whether street trees should count toward on-site tree mitigation requirements.
- Whether Regulated Trees located within a proposed future public right-of-way should be exempt from tree preservation requirements.
- Whether Western Juniper trees should be subject to different preservation requirements than other tree species.

While not all of the topics pertain directly to the Employment Site Readiness Program, they are worth noting as they are other possible amendments to the current Tree Preservation Code.

**Developer Roundtable Discussion**

As Council evaluates potential approaches to improving employment site readiness, the Roundtable discussion will help identify the barriers that most affect the availability of development-ready employment land and whether the potential policy options could meaningfully accelerate site development. Feedback will help the City better understand market conditions, project economics, and the role that site readiness plays in attracting employers and supporting economic growth.

Key items for discussion include:

- What are the most significant barriers to bringing employment land online?
- Which site readiness approaches would be most effective in accelerating industrial development?
- How important is development-ready land for business attraction, expansion, and economic development efforts?
- Are there additional site readiness challenges or opportunities the City should consider?

# SDC Relief Programs

**Background**

System Development Charges (SDCs) are one-time fees assessed on development projects to fund the infrastructure needed to serve growth, including transportation, water, and sewer systems. While SDCs are an important tool for ensuring growth contributes to infrastructure costs, they may also represent a considerable upfront expense for development projects, which may be particularly challenging for those operating with narrow financial margins.

In recent years, the City has heard from developers, property owners, retailers, and economic development partners that project feasibility is increasingly challenged by a combination of rising construction costs, high interest rates, labor constraints, and softening market conditions. As a result, projects that align with community goals may struggle to move forward because the total development costs exceed anticipated returns.

For this reason, the City is exploring the strategic use of targeted SDC relief as an economic development tool. Rather than broadly reducing SDCs across all development types, the policy concepts under consideration focus on project categories and locations that may generate significant community benefits but face unique financial obstacles. At the same time, SDCs fund the transportation, water, and sewer infrastructure needed to support growth and are among the City's most important sources of capital funding outside the voter-approved General Obligation Bond, particularly for transportation infrastructure. Therefore, any benefits associated with targeted SDC relief must be weighed against the tradeoff of reduced SDC revenue available for growth-related capital projects.

**Why the City Is Exploring SDC Relief**

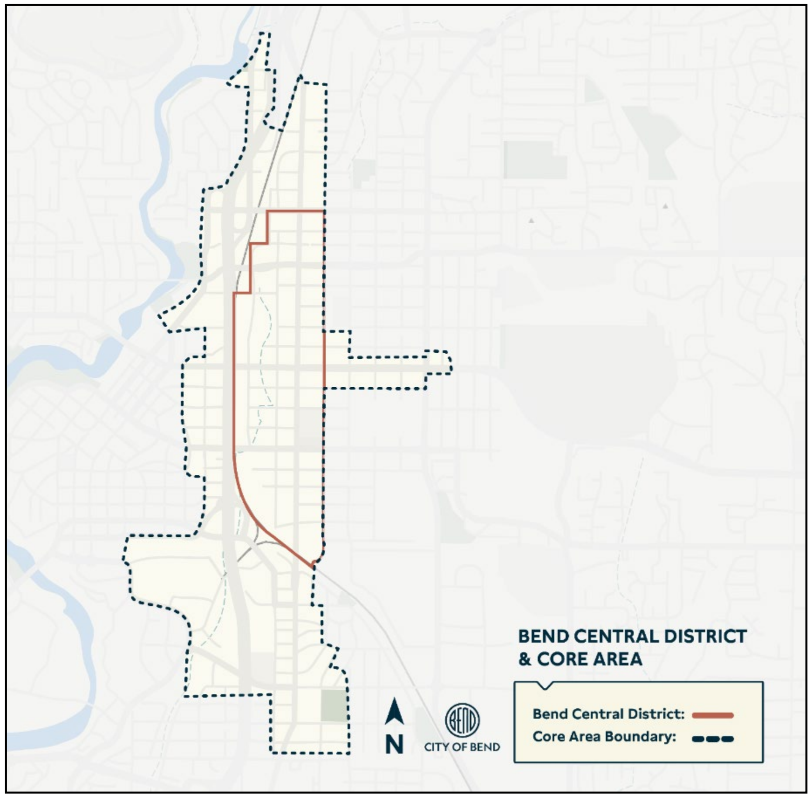
The City is exploring targeted SDC relief as a tool to advance redevelopment, support community-serving commercial uses, reduce barriers to investment in strategic areas, and advance economic development and urban renewal objectives. Depending on the program design, SDC relief could help activate underutilized properties, improve access to neighborhood services, encourage private investment, and support growth in the City's tax base. A central policy question is whether reducing SDC obligations could meaningfully close financing gaps that currently prevent these types of projects from moving forward. Two SDC relief policy concepts are being brought forward for discussion: SDC exemptions for adaptive reuse projects in the Core Area, and for grocery store development on the east side of the City.

## *Adaptive Reuse SDC Relief in the Core Area*

**Background**

Adaptive reuse involves converting or modernizing an existing building for a new use rather than building a new structure or demolishing and constructing a replacement structure. Examples may include converting former office or retail space into new commercial uses or renovating underutilized properties to accommodate restaurants, professional services, makerspaces, or other employment-generating uses. For purposes of this policy discussion, the term *adaptive reuse* is used more broadly than the definition contained the City's Historic

Preservation Code (Bend Municipal Code 10.20.040). While future policy direction may result in a different program name or definition, the term *adaptive reuse* is used in this memo for consistency when describing this policy concept.




Adaptive reuse projects may support several City priorities simultaneously. They can revitalize aging properties, increase economic activity, preserve existing building stock, and improve neighborhood aesthetics. Additionally, adaptive reuse projects can be an early development catalyst to larger redevelopment projects that are envisioned for the Core TIF Area over the long-term.

However, adaptive reuse projects can be financially challenging because developers must simultaneously address modernization costs, building code upgrades, utility improvements, and other regulatory requirements. In some cases, SDCs associated with a change in use may create an additional financial hurdle that affects project feasibility.

The concept currently under discussion would eliminate or reduce adaptive reuse-related SDCs within the Core Area for a limited period to generate activity and catalyze larger development activity in the Core Area Urban Renewal Area.

**Why the Core Area**

The Core Area Advisory Board oversees implementation of the Core Area Tax Increment Finance (TIF) Plan and advises on actions that support investment and redevelopment in the Core Area, to both the Bend Urban Renewal Agency and City Council. The TIF Plan identifies projects and funding through tax increment revenue to guide investment over the next 30 years as the area evolves into a vibrant, mixed-use area where people can live, work, and play.

CAAB recommendations to City Council include the development of time-limited incentives within the Bend Central District (BCD), including SDC assistance, to catalyze redevelopment and encourage private investment. CAAB is generally most interested in supporting development that increases assessed value and generates property tax revenue to support tax increment financing objectives (i.e., not tax-exempt uses). At their August 20, 2026 meeting, CAAB recommended that SDC relief be focused on the BCD, rather than the entire Core Area. They also indicated that this area will be most impacted by the construction of the Hawthorne Bridge and Franklin Avenue improvements, and suggested that the SDC relief timeline last until completion of the Hawthorne Bridge.

The policy under consideration would apply only to SDCs and would not address other development costs and fees that developers have identified as cumulative financial barriers to project feasibility. If Council wishes to address infrastructure requirements associated with adaptive reuse projects more broadly, it could direct additional work to explore another CAAB recommendation: evaluating alternative development standards for certain redevelopment, renovation, and business operation activities within the Core Area.

**Who Would Qualify**

Council will ultimately determine which uses would qualify for an exemption, the geographic area in which it would apply, and the duration of any SDC relief. The option presented for Roundtable discussion is intended to provide a potential framework to gather feedback on policy choices.

Under consideration is a time-limited SDC exemption (e.g., 2-5 years) for non-residential adaptive reuse projects within the Core Area. If a site redevelops after the exemption period, no SDC credits would be provided based on the exempted use. Instead, SDCs would be assessed using the most recent use that existed prior to the exemption.

CAAB specifically recommended SDC assistance in the BCD to support activation and redevelopment. However, expanding eligibility to the entire Core TIF Area could be considered to help maximize redevelopment opportunities and increase the long-term benefits of urban renewal investments.

To simplify administration, eligibility could be limited to projects that are either exempt from or subject only to Minimum Development Standards (MDS) review. Projects requiring Site Plan Review would not be eligible.

Under Bend Development Code Section 4.2.400(B), this would generally include smaller-scale redevelopment projects that remain within the existing development pattern, such as:

- Building expansions of up to 50 percent of the existing building area or 5,000 square feet, whichever is less;
- Outdoor use or parking expansions of up to 50 percent of the existing area or 5,000 square feet, whichever is less;
- Limited changes in use that do not substantially increase demand on public facilities; and
- Other minor site and building modifications eligible for MDS review.

In general, eligible projects would be those that remain relatively small in scale and do not significantly increase transportation, water, or sewer system demands.

Using existing review thresholds as the basis for eligibility would provide a simple and administratively efficient program. While Council could establish more specific eligibility criteria to better target desired outcomes, doing so would require additional policy development, staff resources, and ongoing administration, likely extending the timeline for implementation. Council will need to balance the benefits of a more targeted approach against the desire for a straightforward program that can be implemented quickly.

**Potential Benefits of an Adaptive Reuse Incentive**

- Encourages reinvestment in existing buildings and underutilized properties.
- Reduces barriers to redevelopment and business expansion.
- Activates vacant or underutilized commercial spaces more quickly.
- Makes more efficient use of existing infrastructure.
- Preserves and modernizes existing buildings.
- Supports small business growth and entrepreneurship.
- Can increase taxable assessed value and economic activity over time.

**Policy Considerations**

The Roundtable discussion raises several policy considerations for Council's evaluation:

- Whether SDCs are a primary barrier to adaptive reuse projects.
- Which geographic areas should qualify.
- Whether project eligibility should be tied to specific uses or community objectives.
- How long incentives should be offered to meaningfully achieve City goals.
- Whether project eligibility should be tied to specific community outcomes.
- Infrastructure funding impacts associated with reduced fee collections.
- The extent of the relief given the tradeoffs (e.g., full or partial SDC exemption).

## *Grocery Store SDC Relief*

**Background**

Access to grocery stores is increasingly viewed as a critical element of complete neighborhoods, where community members can meet most of their daily needs within close proximity to their homes. Grocery stores provide essential services, support neighborhood vitality, reduce vehicle trips, and often serve as anchor tenants that attract additional commercial investment.

During previous development discussions, stakeholders have noted the difficulty of attracting grocery stores to emerging growth areas and newly developing neighborhoods. While residents often expect these services to accompany housing growth, retailers generally make location decisions based on market fundamentals including:

- Population thresholds.
- Household income levels.
- Traffic counts.
- Workforce availability.
- Construction costs.
- Land prices.
- Long-term profitability projections.

As a result, grocery stores frequently arrive later than residents would prefer because housing development must reach critical mass before retailers determine that market conditions support investment.

The proposed SDC relief concept is intended to test whether reducing upfront development costs could improve the business case for grocery stores and accelerate delivery of neighborhood-serving retail.

**Potential Benefits of a Grocery Store Incentive**

- Improve access to fresh food and daily needs.
- Support complete neighborhood objectives.
- Increase commercial services in growing residential areas.
- Reduce vehicle trips for routine shopping needs.
- Enhance neighborhood livability and convenience.
- Create local employment opportunities.

- Can serve as an anchor investment that attracts complementary businesses and services.

**Policy Considerations**

The discussion raises several policy considerations for Council's evaluation, including:

- Whether SDCs are a primary barrier to grocery store development.
- Which geographic areas should qualify.
- How long incentives should be offered to meaningfully achieve City goals.
- Infrastructure funding impacts associated with reduced fee collections.
- The extent of the relief given the tradeoffs (e.g., full or partial SDC exemption).

**Who Would Qualify**

Council will need to determine the appropriate eligibility criteria, duration, and geographic focus of any grocery store incentive. Staff is exploring a time-limited SDC exemption (e.g., 2-5 years) for grocery stores in east Bend, where population growth and new residential development are increasing demand for neighborhood-serving services. Staff is also evaluating whether the incentive should be further targeted to areas outside major commercial corridors, such as US 20 and Business 97, so that this incentive could more specifically support the goal of attracting anchor tenants to other commercially zoned areas. Under the current concept, the exemption would apply only to grocery stores and would not include convenience stores or other retail uses.

**Developer Roundtable Discussion**

As Council evaluates potential future SDC relief policies, the Developer Roundtable discussion will provide important insight into whether and under what circumstances these incentives could influence market behavior, improve project feasibility, or result in development outcomes that may not otherwise occur without City support. Understanding where incentives are most likely to affect investment decisions will help the City assess whether the proposed approaches are appropriately structured and targeted to achieve their intended objectives.

Feedback gathered through the Roundtable discussion will help inform future staff recommendations and provide Council with additional information as it considers whether to pursue, modify, or expand these policy concepts.

**Core Area Adaptive Reuse SDC Relief**

- Would SDC relief meaningfully influence investment decisions?
- Should eligibility be broad or targeted?

- What project characteristics should determine eligibility?
- What role can temporary uses play in activating properties?

**Grocery Store SDC Relief**

- Would SDC relief meaningfully influence grocery store investment decisions?
- What are the most significant barriers to grocery store development?
- Where would this type of incentive be most effective?
- What factors influence delivery of neighborhood-serving commercial uses?
- How broadly or narrowly should eligibility be defined?

**Cross-Cutting Considerations**

The Roundtable discussion is also intended to explore several considerations that apply to both policy concepts:

- **Additionality:** Would the incentive lead to projects or investments that would not otherwise occur?
- **Public Benefit:** Does the incentive advance community goals such as complete neighborhoods, economic vitality, redevelopment, or improved access to services?
- **Return on Investment:** Does the long-term economic activity generated by the project outweigh the short-term reduction in SDC revenue?
- **Targeting:** Should incentives be broadly available or focused on specific geographies, uses, or outcomes?
- **Implementation Timeline:** How should the duration and timing of an incentive align with typical development, financing, and leasing cycles?