CITY OF BEND

City Hall
710 NW Wall Street
Bend, OR 97703

MEMORANDUM

To: Bend City Council
From: Sarah Hutson, City Manager's Office; Pauline Hardie, AICP, and Michelle Patrick, AICP, Community Development Department
Date: November 19, 2026
Re: Progress Update: Neighborhood Commercial Code Amendments

As part of the City Council's biennial goal to accelerate the development of complete neighborhoods, the City has been evaluating ways to spur more small-scale neighborhood-serving commercial uses within residential areas. 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 identified state legislative advocacy, local codes and policies, and financial incentives as the City's primary tools for action. Updates to the Bend Development Code (BDC) for **Neighborhood Commercial Sites** represents one of the short-term actions for advancing Council's complete neighborhood goals.

Neighborhood Commercial uses are intended to provide nearby residents with access to everyday services within walking or biking distance while maintaining the character and livability of surrounding neighborhoods. Existing regulations allow a limited range of small-scale uses, such as small restaurants, retail and service businesses, offices, clinics, and mixed-use buildings, while prohibiting larger or more intensive commercial activities. Current standards also regulate building size, location, hours of operation, signage, buffering, and operational impacts to ensure compatibility with adjacent residential development. While current regulations allow a variety of neighborhood-serving commercial uses, relatively few projects have been developed. This led to an effort to evaluate potential code amendments that could encourage and facilitate more neighborhood-scale commercial activity.

Community and Planning Commission Engagement

In June 2026, the Planning Commission convened a roundtable with Neighborhood District Land Use Chairs to gather feedback on neighborhood-serving commercial development. Discussion focused on appropriate scale, location, building types, outdoor activities, and how neighborhood-serving businesses should relate to surrounding residential areas. A key outcome was the creation of the Neighborhood Commercial Working Group consisting of two Planning Commissioners and three Neighborhood District representatives to help work through potential code amendments.

Proposed Code Amendments

Based on feedback received through the roundtable process and five subsequent working group meetings, staff are developing amendments to Neighborhood Commercial Site standards that would:

- Expand the range of permitted neighborhood-serving commercial uses.
- Introduce more flexible siting and location standards.
- Establish building size limits that vary based on street classification to better match context and neighborhood character.

In addition, the code package proposes allowing childcare centers as an outright permitted use in residential zones rather than requiring a Conditional Use Permit. This change is consistent with recommendations made for the City of Bend stemming from Oregon's HB 2727 (2023) implementation efforts and is intended to reduce barriers to childcare development by providing greater certainty during financing and project planning. BDC childcare definitions are also proposed to be updated to more closely match those in place with Oregon's Department of Early Learning and Care.

Next Steps

Staff are continuing to refine the amendments and balance this work with other Development Code priorities, including updates to tree regulations for industrially zoned lands. The Neighborhood Commercial code package is currently anticipated to be brought forward for Planning Commission and City Council consideration in Spring 2027.