



January 17, 2024

Bend City Council
710 NW Wall St
Bend, OR 97701

Re: Proposed System Development Charge Methodology Updates

Dear Mayor Kebler and Council,

We are writing on behalf of the Bend Chamber, the Central Oregon Association of REALTORS®, the Central Oregon Builders Association, and more than 60 members of the Bend community comprising commercial building owners, businesses, commercial tenants, and others to provide input on the City’s proposed system development charge methodology updates.

Our organizations appreciate the opportunity to provide input on the proposed changes and we are pleased to support the recommendation to allow for the deferral of SDCs, provided that the amount due is the rate at the time of application. This will provide significant needed flexibility to developers, particularly in the current climate of increased interest rates which has jeopardized financing for many developments. Finally, we support the recommendation to exempt affordable housing projects; childcare centers; and houseless shelters from SDCs – we recognize the profound need for all three development types in our community.

However, we are concerned with the impact of changes to commercial SDCs, such as an increase of more than 150% in transportation SDCs for commercial buildings outlined in the current proposal.

COAR, the Bend Chamber, COBA, and the many businesses and community members who have joined us as co-signers are strong and outspoken advocates for affordable housing. But we are highly concerned by the potential impact of such a significant increase to commercial SDCs. The cost of affordable housing initiatives should not be borne solely by Bend’s businesses and commercial property owners and tenants.

Outlined below is our specific feedback and recommendations pertaining to the methodology updates. We ask that you carefully consider this feedback as part of your deliberations.

Residential SDCs

- We strongly support discounting SDC rates for both micro unit developments and encourage Council to explore SDC discounts for cottage clusters.

- We respectfully recommend that the proposed tiers for Residential Water and Sewer SDCs match the tiers that Bend Parks & Recreation District uses to assess SDCs for parks. Doing so would ensure predictability for developers, and would increase the efficiency of SDC processing for staff – as city staff are responsible for collecting BPRD’s SDCs, using the same tiers would make the process twice as efficient.
- We request that the proposed Residential Transportation SDCs be revised downward in recognition that all new homes will contribute towards the Transportation GO bond. The average new home will pay over \$200/year towards the Transportation GO bond, which comes to well over \$5000 dollars until the city’s expected pay-off date in 2050. We respectfully request that Residential Transportations SDCs be recalculated to reflect this ongoing fee.
- We request that the Urban Rate Area SDCs apply to middle housing, in recognition of our current housing crisis. Doing so will help to catalyze the redevelopment of the core area by allowing people to live where they work and play, as well as facilitating the development of additional middle housing units, which is a goal of this Council.

Commercial SDCs

- We are concerned by the proposal to assess Commercial Transportation, Water, and Sewer SDCs on the basis of square feet. The impact of a business on the city’s transportation and utility systems rarely corresponds neatly to the square foot of the building – rather, we encourage Council to base Commercial Water and Sewer SDCs on the meter size of the development.
- We are concerned that the proposed consolidated land use categories for transportation SDCs obscure the nuances of Bend’s current and desired future development, as does direct application of trip rates from the current Institute of Transportation Engineers manual: as one example, “shopping centers” are defined in the ITE manual as a development that contains retail, office space, restaurants, health clubs, and/or recreational facilities. However, the methodology proposed indicates that each separate use would be classified and assessed separately – this is a contradiction in the proposed application of the ITE manual. It will also dissuade new businesses from moving into vacated suites – most will assume that SDCs were assessed at time of construction, and a business-specific SDC assessment at time of tenant move-in will deter new tenants. We strongly encourage Council not to consolidate land use categories.
- We recommend that, rather than creating categories that may be too prescriptive, developers be permitted to conduct a transportation study if a proposed land use does not adequately fit into a land use category.



- We respectfully request that Commercial Transportation SDCs are based on the values assessed in the traffic study at time of development. These are site-specific data that have already been reviewed and approved by staff.
- The proposed land use category consolidation creates significant “winners” and “losers” (see Attachment A). In many cases, Commercial Transportation SDCs would increase by more than one hundred percent, and more than three hundred percent in some cases. For projects in the early stages of the development process, these increases will result in the termination of the project, and deter future development of those types. We request that any Commercial Transportation SDC assessment that is increasing more than twenty percent be phased in on an annual basis of no more than twenty percent per year.

We appreciate the opportunity to engage and provide input throughout the SDC methodology update process, and we kindly request that you take our concerns into consideration.

We look forward to working with the City as partners toward the successful implementation of changes that take into account both the current housing environment and the long-term viability of Bend’s businesses and the commercial spaces they occupy.

Should you have any questions, please feel free to contact the Bend Chamber (sara@bendchamber.org), COAR (Tyler Neese, tyler@coar.com), or COBA (Morgan Greenwood, morgang@coba.org).

Sincerely,

Bend Chamber
Central Oregon Association of REALTORS®
Central Oregon Builders Association
Robert Savage, Crux Fermentation Project
Michele Barinaga DeLisi, Village Office Court Building, LLC
Corey Charon, PE, The Green Consultant
Dennis Carter, Central Oregon Radiology Associates
Kathy Temple, Ed Staub & Sons
Brian Trottier, San Simón, The Flamingo Room
William H Wheir III, MD, Central Oregon Radiology Associates
Tim Bollom, The Center for Orthopedics And Neurosurgery
Danielle Sanchez, Juniper Dermatology, LLC
Kelly Ritz, Stone Bridge Homes NW
Holly Lemaire, ResDogsHoldings, LLC
Jim Inkster, Inkster Commercial, LLC

Jim Ruce, Auto Network Group
Ben English, Central Oregon Radiology
Brian Fratzke, Fratzke Commercial Real Estate Advisors Inc.
Jennifer Limoges, NAI Cascade
Jay Campbell, Woodhill Homes
Luke Pickerill, MonteVista Homes
Randall Arnett, Courtney VA, LLC and Courtney, LLC
Tammy Wisco, Dermatology Health Specialists
Tom Tapia, Fratzke Commercial Real Estate Advisors
Tim O'Brien, Urban Asset Advisors
Kurt Alexander, Petrich Properties
Bruce Eriksen, Eriksen Properties
David Hill, Century Center
Peter Carlson, Carlson Sign
Keith Clayton, Cuppa Yo Frozen Yogurt
Chad Bettsworth, Empire Construction and Development
Jen Dorsey, Pahlisch Real Estate
John Baker, Windermere Central Oregon
Heather Lowrie, Pahlisch Real Estate Inc.
Fred Johnson
Christina Tsutsui-Tharp, TnT Real Estate LLC
Danielle Powell, Powell Real Estate Company
Paula Van Vleck, Coldwell Banker Commercial
Louie Hoffman, John L Scott Real Estate/Louis R Hoffman PC
Katy Haines, NAI Cascade
Brent Landels, RE/MAX Key Properties
Chris Piper, BBSI
Michael Kozak, Kozak Company
Natalka Palmer, Harcourts The Garner Group Real Estate
Lynnea Miller, Bend Premier Real Estate
Mike Reinemer, RCI Real Estate Services LLC
Angie Mombert, RE/MAX Key Properties
Walt Ramage, NAI Cascade Commercial Real Estate
Lester Friedman, Friedman & Friedman Brokers, PC
Holly Molloy
Jerry Jones, Macher
Ana Bozich, Pahlisch Homes
Jenn Schaake, Cascade Hasson Sotheby's International Realty
Brian Meece
Charles Bonnett, Bonnett Properties
Jeff Payne, Panterra Homes
Susanna Abrahamson, Susanna Abrahamson LLC
Eric Wilson, RE/MAX Key Properties
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Thomas Koehler, Central Oregon Radiology Associates
Steven Michel, Central Oregon Radiology Associates
Ryan Berecky, Central Oregon Radiology Associates
Garrett Schroeder, Central Oregon radiology associates



Alyssa McNamara, Central Oregon Radiology Associates
 Stephen Carroll, Central Oregon Radiology Associates
 Jozef Brozyna, Central Oregon Radiology Associates
 Daymen Tuscano, Central Oregon Radiology Associates
 Rob Kelleher, Kellcon

Attachment A. Current Versus Proposed (Non-Residential) SDC Rate

Land Use	Current SDC Rate (2023/2024)	Proposed SDC Classification	Proposed SDC Rate	% Change
Light Industrial	\$9,198/KSF	Lt. Ind/ Manufacturing	\$6,964/KSF	76%
Manufacturing	\$8,126/KSF	Lt. Ind/ Manufacturing	\$6,964/KSF	86%
Warehousing	\$4,408/KSF	Warehouse/Storage/ Distribution Center	\$1,063/KSF	24%
Hotel	\$5,526/Room	Hotel/Motel/RV Park	\$5,912/Room	107%
Athletic Club	\$10,083/KSF	Indoor Fitness/Recreation	\$29,812/KSF	295%
Recreational Community Center	\$7,700/KSF	Indoor Fitness/Recreation	\$29,812/KSF	387%
Movie Theater	\$22,802/KSF	Movie Theater	\$61,828/KSF	271%
Childcare	\$25,964/Student (Currently Exempt)	Childcare	\$7,916/Child	30% (Exempt)
Elementary School	\$1,119/Student	Schools K-12	\$1,503/Student	134%
Middle School	\$1,119/Student	Schools K-12	\$1,503/Student	134%
High School	\$1,056/Student	Schools K-12	\$1,503/Student	142%
Medical – Dental Office	\$15,060/KSF	Medical – Dental- Vet Office	\$39,382/KSF	262%
Hospital	\$7,973/KSF	Hospital	\$8,618/KSF	108%
General Office	\$6,853/KSF	General Office	\$14,430/KSF	211%
Business Park	\$10,888/KSF	Discontinued	Discontinued	n/a

Specialty Retail	\$8,902/KSF	Integrated & Standalone Retail <40KSF	\$31,693/KSF	356%
Hardware Store	\$14,301/KSF	Integrated & Standalone Retail <40KSF	\$31,693/KSF	222%
Retail Center <100KSF 100 to 300KSF >300KSF	\$23,099/KSF \$18,628/KSF \$8,902/KSF	Int. & Standalone Retail <40KSF 40-150KSF >150KSF	\$31,693 \$26,362 \$14,650	137% (+) 142% (+) 165% (+)
New Car Sales	\$14,220/KSF	Car Sales	\$37,578/KSF	264%
Tire Store	\$22,273/KSF	Integrated & Standalone Retail <40KSF	\$31,693/KSF	142%
Supermarket	\$31,007/KSF	Integrated & Standalone Retail 40 - 150KSF	\$26,362/KSF	85%
Convenience Market	\$74,518/KSF	Integrated & Standalone Retail <40KSF	\$31,693/KSF	43%
Furniture Store	\$1,393/KSF	Integrated & Standalone Retail <40KSF	\$31,693/KSF	2275%
Drive-in Bank	\$39,783/KSF	Integrated & Standalone Retail <40KSF	\$31,693/KSF	80%
Quality Restaurant	\$6,897/KSF	Restaurant (Table Service)	\$23,449/KSF	340%
Sit-Down Restaurant	\$24,432/KSF	Restaurant (Table Service)	\$23,449/KSF	96%
Fast Food w/DT	\$81,860/KSF	Quick Counter Service Restaurant	\$86,525/KSF	106%
Fast Food w/o DT	\$54,712/KSF	Quick Counter Service Restaurant	\$86,525/KSF	158%
Drive Through Espresso Stand	\$141,779/KSF	Quick Counter Service Restaurant	\$86,525/KSF	61%
Gas Station	\$30,628/Fuel Position	Gas Sales	\$16,727/Bay [?]	55%



Building | CENTRAL OREGON

Gas w/Convenience Market	\$106,477/KSF	Gas Sales + Integrated & Standalone Retail	\$16,727/Bay [?] \$31,693/KSF	~84%
Automated Carwash	\$46,807/Bay	Car Wash (Manual and Automated)	\$55,515/Bay	119%
Self-Service Carwash	\$18,350/Stall	Car Wash (Manual and Automated)	\$55,515/Bay	303%