

Colin Stevens, Director
City of Bend
Community Development Department
Attn: Karen Swenson, Senior Planner
710 NW Wall Street
Bend, OR 97701

December 11, 2025

**RE: Code Amendment – Timber Yards Master Planned Development
BDC Chapter 2.7 / Article XXVIII**

Dear Director Stevens,

We are pleased to submit an application for proposed amendments that we believe are necessary and appropriate at this time to Chapter 2.7, Article XXVIII of the Bend Development Code governing the Timber Yards Master Planned Development. We believe the proposed amendments offer a pragmatic path forward to timely deliver critically needed housing to Bend, while maintaining the community-enhancing principles that have guided this project from the outset.

The Challenge of Market Realities

Since the adoption of the original Master Plan, the economic landscape for podium-style development has shifted dramatically. The preponderance of proposed six-story mixed-use buildings originally contemplated has faced compounding feasibility challenges that presented untenable risks.

Construction Cost Volatility: Well-substantiated, unprecedented cost escalations associated with specialized engineering, materials, and skilled trades required for mid-rise construction have roiled the industry, causing many to rethink project programming. Local subcontractors have limited experience with this building typology, creating significant bid uncertainty and risk premiums that contribute to making project proformas unworkable.

Capital Market Constraints: Interest rate volatility has fundamentally altered development financing. Higher construction costs, together with extended timelines associated with complex mixed-use projects require unacceptable equity commitments and debt service levels. These factors diminish projected returns to levels that no longer justify the risk.

Absorption and Market Risk: The Bend market has limited comparable rental product in this category, making lease-up projections highly speculative. Lenders and equity partners expect demonstrated market demand, which creates a particular challenge for spearheading development of significant amounts of this podium product type in a smaller market.

Having exhausted all reasonable avenues to make the original concept financially viable, we scrapped plans that were permit-ready, curtailed queuing-up of construction fencing, and we paused on imminent employee relocations to Bend. The notion of proceeding with an infeasible plan would only have resulted in further delay, or worse, a suspended project. As distasteful and costly as it was to do this, proceeding forward and ignoring these telling metrics would have served no one.

A Refined Vision That Delivers

Our revised proposal embraces a proven building typology—four-story garden-style apartments—that addresses financial constraints while preserving the fundamental goals of the Timber Yards Master Plan.

Meaningful Housing Production and Affordable Housing: The modified plan maintains substantial density and will deliver hundreds of much-needed housing units at a time when Bend faces a critical shortage. These units can be delivered with confidence and on a realistic timeline. Subject to successful enrollment in The Tax Increment Assistance for Housing Affordability Program (TIAHA), we are also prepared to ensure that 15% of the units within the first two phases are available to households making 90% area median income (AMI) or below. The present plan envisioned would provide 256 units in Phase 1 (parcels E/F/G), with 38 units at 90% of AMI. Phase 2 (parcels C/D) would provide 251 units, with 38 units at 90% of AMI.

Phased Implementation Strategy: By resequencing construction from east to west, we can begin delivering housing sooner while preserving future flexibility. This approach allows us to monitor construction costs and market conditions, and potentially incorporate mixed-use elements in later phases should conditions improve.

Enhanced Community Amenities: The revised site plan includes expanded linear open space and pedestrian-oriented design that reduces automobile dependence and creates gathering places for residents and neighbors. The bones of a walkable, connected neighborhood remain intact.

Infrastructure Investment: Our commitment to critical off-site improvements—including roundabouts, streets, and utilities—remains unchanged. These investments will benefit the entire Korpine Area and support the broader vision for this district.

Affordable Housing and a Proven Local Product: Additionally, four-story walk-up apartments are well-understood by the local construction industry, the property management community, and renter demographics. This familiarity reduces risk, accelerates delivery, and ensures quality execution.

Meeting Bend's Most Urgent Need

We recognize that the original vision for Timber Yards generated excitement about a new urban paradigm for this area. That excitement was warranted and shared by our team. However, we would respectfully suggest that Bend's most pressing challenge today is not the specific architectural form of new development, but rather the acute shortage of housing across all sectors and price points.

The revised Timber Yards plan directly addresses this need, while protecting the potential for the original mixed-use vision to be integrated through Parcels A and B along the western edge fronting Bond Street, and redevelopment of the Hooker Creek site. It represents development that holds better potential to break ground in the near term, create construction jobs, generate

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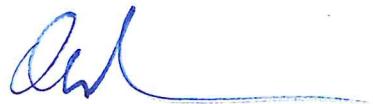
housing for Bend, and deliver new residents in close proximity to the existing commercial of the Old Mill and Arizona/Colorado Couplet—all while maintaining high-quality urban design standards and community connectivity.

Looking Forward

We remain deeply committed to the Korpine Area and to Bend's future. This application represents not a retreat from our vision, but rather a recalibration based on current realities. We believe it offers the best path to transforming this important site from a planning document into a thriving neighborhood.

Thank you for your consideration of this application. We look forward to moving Timber Yards from concept to construction and delivering this important project to Bend.

Sincerely,



Dave Eadie
Senior Vice President - Entitlement & Development