Urban Renewal: An Overview

Elaine Howard Consulting, LLC
What is Urban Renewal?

- Program to address blighting influences in specifically designated areas
- Authorized through Federal 1949 Housing Act, State Statute in 1951, authorized for cities in 1957
- Used throughout Oregon
- Provides Financing Mechanism to Implement City Plans:
  Uses increases in Property Taxes to Fund Projects in Area
What is Blight?

- Defined by the State Statute ORS 457
- Generally covers:
  - Underdevelopment or underutilization of property
  - Poor condition of buildings
  - Inadequacy of infrastructure including streets and utilities
Foothills District in Lake Oswego
How is an Urban Renewal Area Established?

- Locality determines need for assistance in redevelopment of an area

- Feasibility Study, Plan and Report
  - Identifies Study Area
  - Determines the Existence of Blight in the Area
  - Analyzes the Economic Viability of Urban Renewal
  - Identifies other Tools
  - Provides Opportunity for Public Input
  - Presented to Advisory Committee and City Council
State Limitations on Urban Renewal

- Population under 50,000
  - 25% of Assessed Value of Property in City
  - 25% of Acreage of City

- Existing Plan limitations:
  - Can not be increased in size by more than 20% of original Plan acreage
  - Maximum Indebtedness is controlling factor of a Plan
  - Maximum Indebtedness (MI) can not increase by more than 20% of original MI, indexing
How is a Plan Adopted?

Public
- Public Input
- Goals and Objectives, Projects, Initial Budgets

PC
- Planning Commission Review
- Conformance with Comprehensive Plan

CC
- City Council Hearing and Vote
- Notice to all Citizens
How Does Financing in Urban Renewal Work?

- An area is designated as an urban renewal area
- The tax assessed value of properties within the area is frozen
- Taxes from that “frozen base” go to all taxing jurisdictions
- Increases in taxes over the “frozen base” go to the urban renewal agency for use in the Area
Property Tax Increases: Base Case

Tax Base Through Life of URA

Years after Formation of URA

- Frozen Base
- Incremental Growth
- New Taxable Value after URA Expiration
Bond Issued in Year 5

Tax Base Through Life of URA

Year 20: Last year to issue debt

Captured Increment

Bond issued in year 5

Bond paid off in year 2025

$100m Frozen Base

New Taxable Value

Years after Formation of URA

Frozen Base  Incremental Growth  New Taxable Value after URA Expiration
Senate Bill 3056: TIF Revenue Sharing

3056 TIF Revenue Sharing

![Diagram showing TIF Revenue Sharing]

- TIF Revenue Capped at 12.5% of Maximum Indebtedness (12.5m)
- Revenue Sharing Kicks in When TIF Revenue Reaches 10% of Maximum Indebtedness (12.5m)
- Tax Revenue Going to Taxing Districts
- Frozen Tax Base
- TIF Revenue
- Post-URA Tax Revenue

Legend:
- Red: Tax Revenue to Continue to Taxing Districts
- Blue: TIF Revenue
- Green: TIF Sharing
- Purple: Post URA Tax Revenue
Impacts on Taxing Jurisdictions

- Continue Receiving Taxes on Frozen Base
- Forego taxes on growth in Area
- “But For Urban Renewal”
- Local Options Impact
- Increased Tax Revenues After UR
How is Urban Renewal Administered?

A city must establish an urban renewal agency prior to adoption of an UR Plan

- City Council: Philomath, Astoria, Bandon
- Hood River: City Council/Port Commissioner/Planning Commissioner
- Tillamook/Phoenix: Citizens
- The Dalles: City Council, County Commissioner, Fire District, Citizens
- Wood Village: City, Local Developers, Planning Commissioner
What Types of Projects are Typically Completed?

• Infrastructure: Streets and Utilities
• Streetscape
• Catalyze development
• Storefront loans
• Parks, plazas
Parks and Plazas
Redevelopment/Infrastructure: The Dalles Brewery Grade
Redevelopment: The Dalles Commodore Hotel
Storefront Loans/Redevelopment: Coos Bay

Rifkin Building Façade Grant: Constructed exterior wall, refurbished the interior walls and flooring, 2010
Storefront Loans/Redevelopment: Coos Bay

Star of Hope Building Façade Grant, 2010
Storefront Loans/Redevelopment: Coos Bay

South Coast Office Supply, 2007
Storefront Loans/Redevelopment: Coos Bay

First Call Resolution: New business with an additional 50 employees
Storefront Loans/Redevelopment: Coos Bay

Coos Bay National Bank: Vacant, historic register building, 2011
Storefront Loans/Redevelopment: Florence
Storefront Loans/Redevelopment: Florence
Florence Infrastructure Project
Lake Oswego Redevelopment
Lake Oswego Redevelopment: Parking Garage
Lake Oswego Redevelopment: Streetscape
How Long Does Urban Renewal Last?

- Typical plans are designed for a 20 year period, time period is not a requirement
  - Impacts may last a few years longer to pay off the debt
- Plans can be closed out if all projects are completed earlier:
  
  Redmond Industrial Area and Airport
  Proposed Wilsonville Plan
What Happens After Urban Renewal?

- Increased value of the Area is returned to the tax rolls and all taxing jurisdictions gain the benefit of increased taxes.
- Area of the City has been improved, better serving the citizens of the community.

**Tax Base Through Life of URA**

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<th>Years after Formation of URA</th>
<th>Frozen Base</th>
<th>Incremental Growth</th>
<th>New Taxable Value after URA Expiration</th>
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$300,000,000 $250,000,000 $200,000,000 $150,000,000 $100,000,000 $50,000,000 $0
How Does UR work With Main Street?

• 3 Transforming Main Street Communities

• Philomath
• Astoria
• Bandon
Philomath: Urban Renewal Amendment 2010
Philomath: Streetscape Program, Redevelopment Loans
Bandon: Plan Adopted in 1987, Proposed Amendment in 2011
Bandon: Crabbing Dock Near Old Town
Bandon: Purchase of Museum Site, Traffic Light to Old Town
Astoria: Liberty Theater

Theater acquired by City of Astoria for $1,455,000, transferred to non-profit

Built in 1925, reopened after renovations in 2005

Urban renewal funding totaling $150,000 in Phase 1, $386,000 matching grant in Phase II

Operates as a premier performing arts theater
Astoria: Astor Hotel

Built in 1922 and under renovation since 2008

Urban Renewal Provided:
• Low interest loan $346,000 with a 9-year maturity date
• Grant of $45,000

Community Benefits include:
• 56 low income housing units
• Street level visual improvements
• 380% (25%-95%) increase in ground floor occupancy in building
Astoria: Garden of Surging Waves

Commemorating Chinese History in Astoria
Located where Chinese immigrants resided in the 1800’s

Urban Renewal Provided:
• Design Grant of $325,000

Community Benefits include:
• Historical and cultural education
• Provide outdoor space to complement downtown businesses
• Enhances destination tourism
Astoria: Garden of Surging Waves
Astoria: Fort George Brewery and Pub

Historic building re-constructed in 1923, remodeled over 80 years later in 2006

Urban Renewal provided:
• Low interest loan for $120,039 with an 8-year maturity date
• Storefront Improvement Grant of $30,000

Leverage:
• SBA Loan
• State of Oregon (forgivable loan)
Astoria: Fort George Brewery and Pub

Old use: Abandoned auto dealership

New use: 10-hectoliter Fort George brewery and public house, Blue Scorcher bakery

Community Benefits:
• Job Creation
• Demand for local goods
• Support for local artists
• Support community events
• Provide craft beer to over 45 establishments along the Oregon Coast alone
Thank you to the following people who provided input to this presentation:

- Joyce Jansen, Economic Revitalization Administrator, City of Coos Bay
- Nola Xavier, Florence Urban Renewal Agency
- Jacque Betz, Finance Director, City of Florence
- Matt Winkel, City Manager, City of Bandon
- Harvey Schubothe, Greater Bandon Association
- Randy Kugler, City Manager, City of Philomath
- David Zielinski, Philomath Downtown Association
- Rosemary Johnson, Planner, City of Astoria
- Blaire Buergler, Astoria Downtown Historic District Association
- Brett Estes, Community Development Director, City of Astoria
- Dan Durow, City of The Dalles
- Kathy Fong Stephens, Garden of Surging Waves
- City of Lake Oswego Redevelopment Agency
- Fort George Brewery, Astoria