

# URBAN RENEWAL 101



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# ROADMAP

1. Why use Urban Renewal?
2. Crash Course – UR 101
3. Crash Course – UR 201
4. Project Examples
5. Next Steps

# WHY USE URBAN RENEWAL?



Provides funds to  
implement existing  
city plans



Provides \$\$ to pay  
for infrastructure to  
service housing,  
industry and  
commercial centers

Mechanism for  
stimulating economic  
growth and creating  
jobs



Urban Renewal  
provides a funding  
source to bridge the  
gap

# CRASH COURSE | UR 101





# CRASH COURSE | UR 101



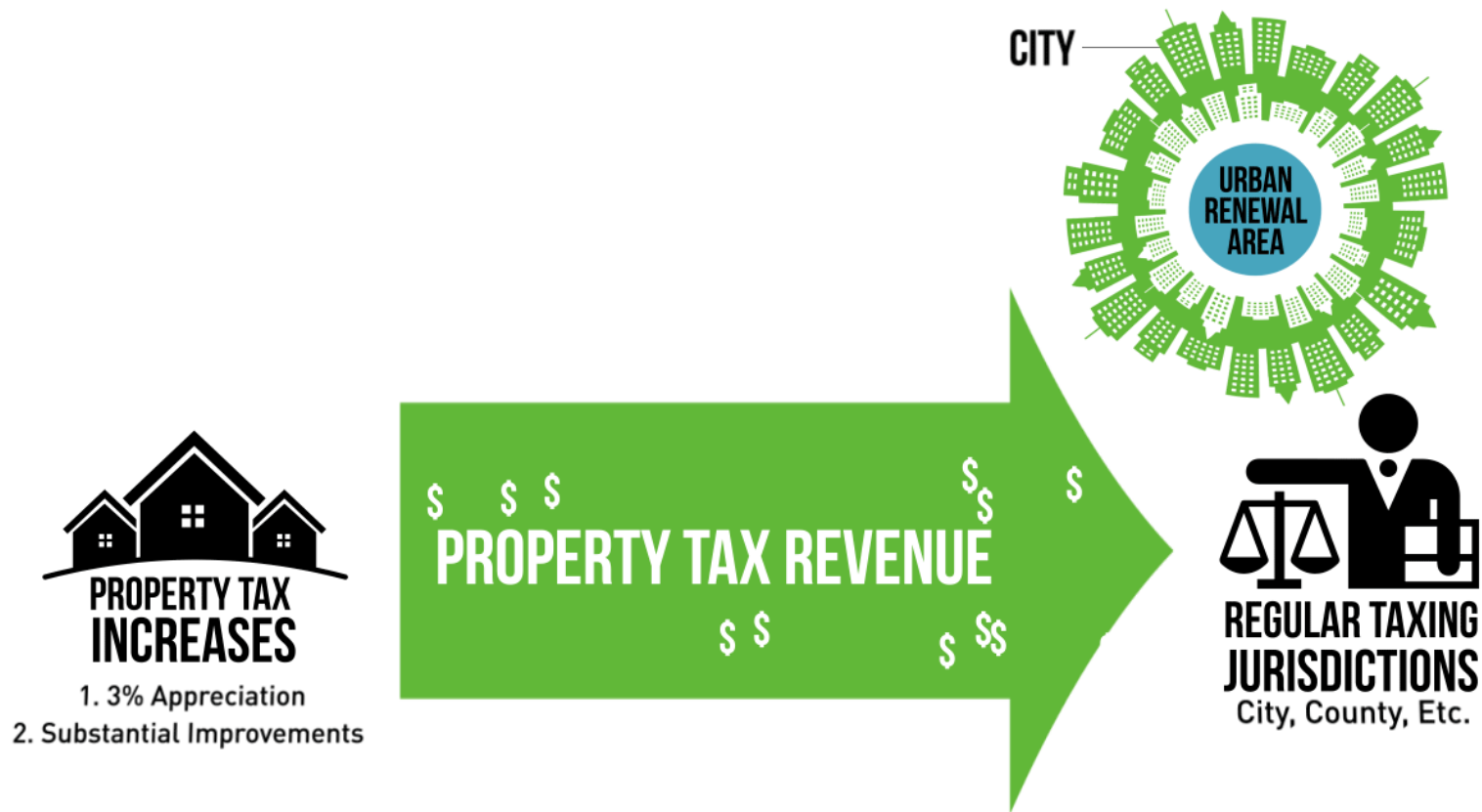
- PROPERTY TAX INCREASES**
1. 3% Appreciation
  2. Substantial Improvements

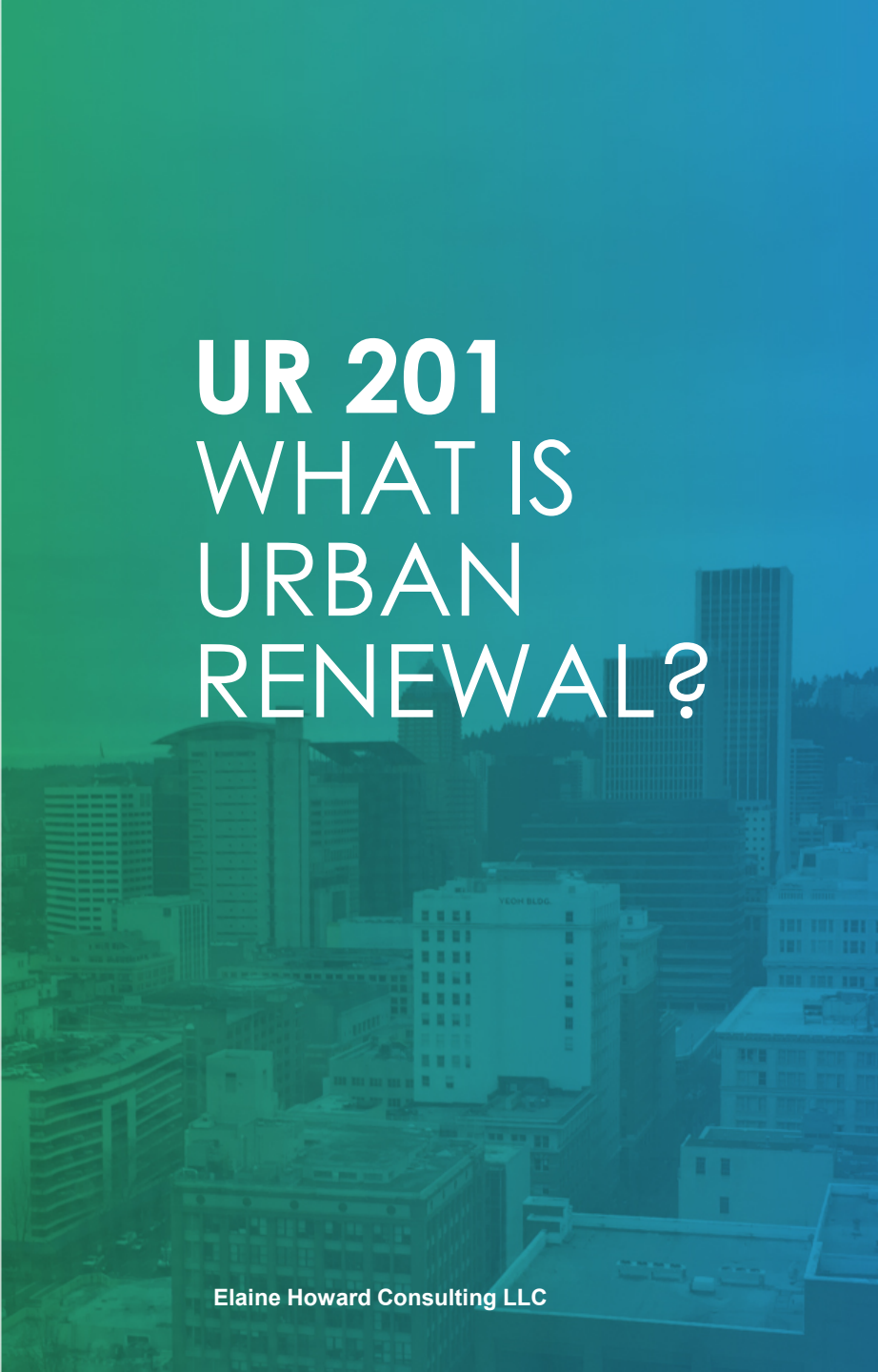
\$ \$  
**PROPERTY TAX REVENUE**  
\$ \$ \$ \$



**REGULAR TAXING JURISDICTIONS**  
City, County, Etc.

# CRASH COURSE | UR 101

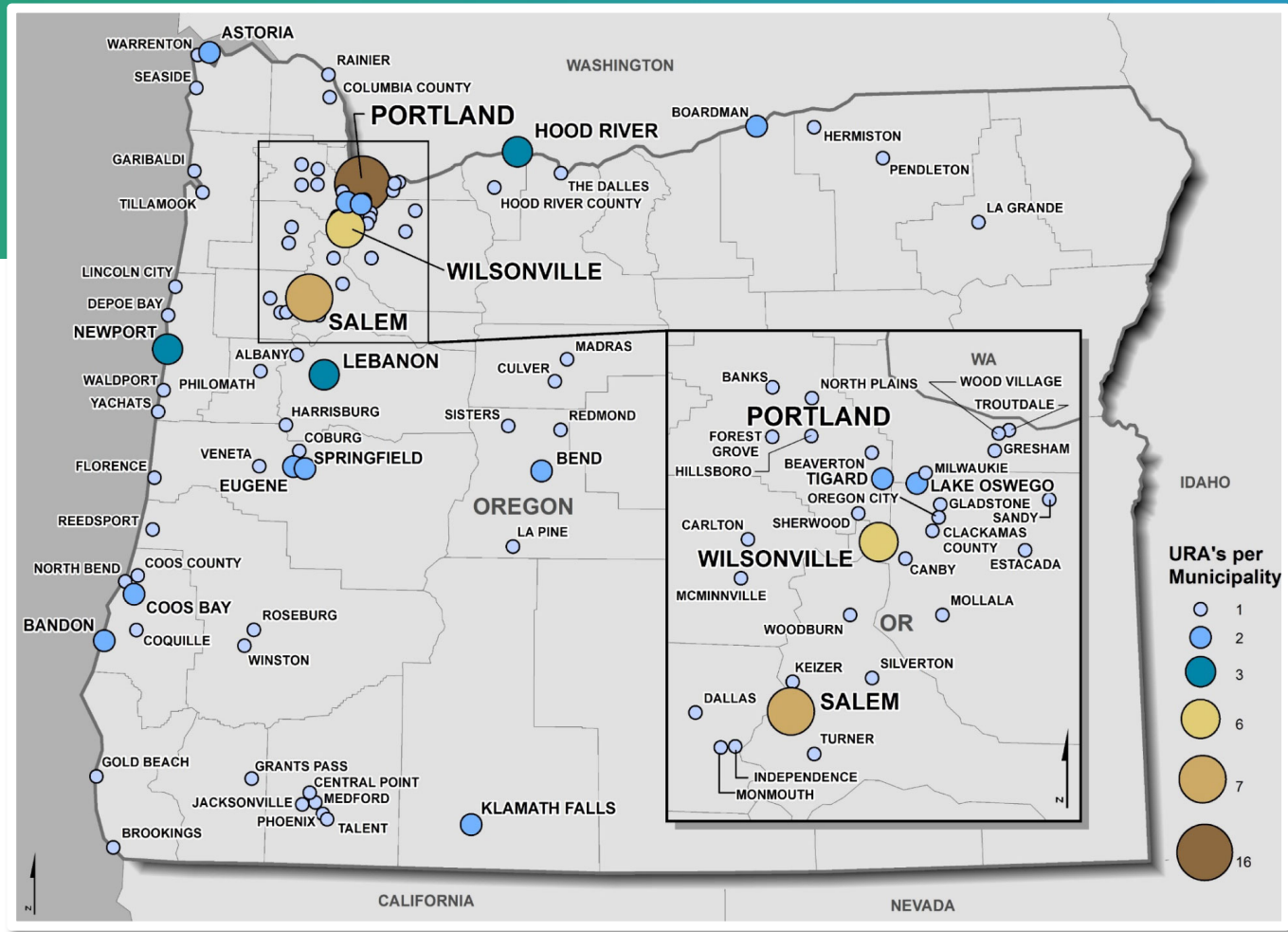




# UR 201 WHAT IS URBAN RENEWAL?

- Economic development tool
- Unique in that it is a financing tool, but also a plan with projects
- Used to address “blighting” influences in specific areas
- Functions on increases in property tax revenues in “Urban Renewal Areas”
- Used all over Oregon (Map on next slide)

# CITIES WITH URBAN RENEWAL





# WHAT IS BLIGHT?

- ❖ Blight is a precondition to any Urban Renewal Area
- ❖ Specific criteria defined by state statute, generally covers:
  - Underdevelopment or underutilization of property
  - Poor condition of buildings
  - Inadequacy of infrastructure including streets and utilities

# HOW DOES AN URBAN RENEWAL AREA FUNCTION?

## 1. Income Source

- ❖ Yearly property tax collections based on growth within Boundary (more detail on mechanism in later slide)

## 2. Expenses

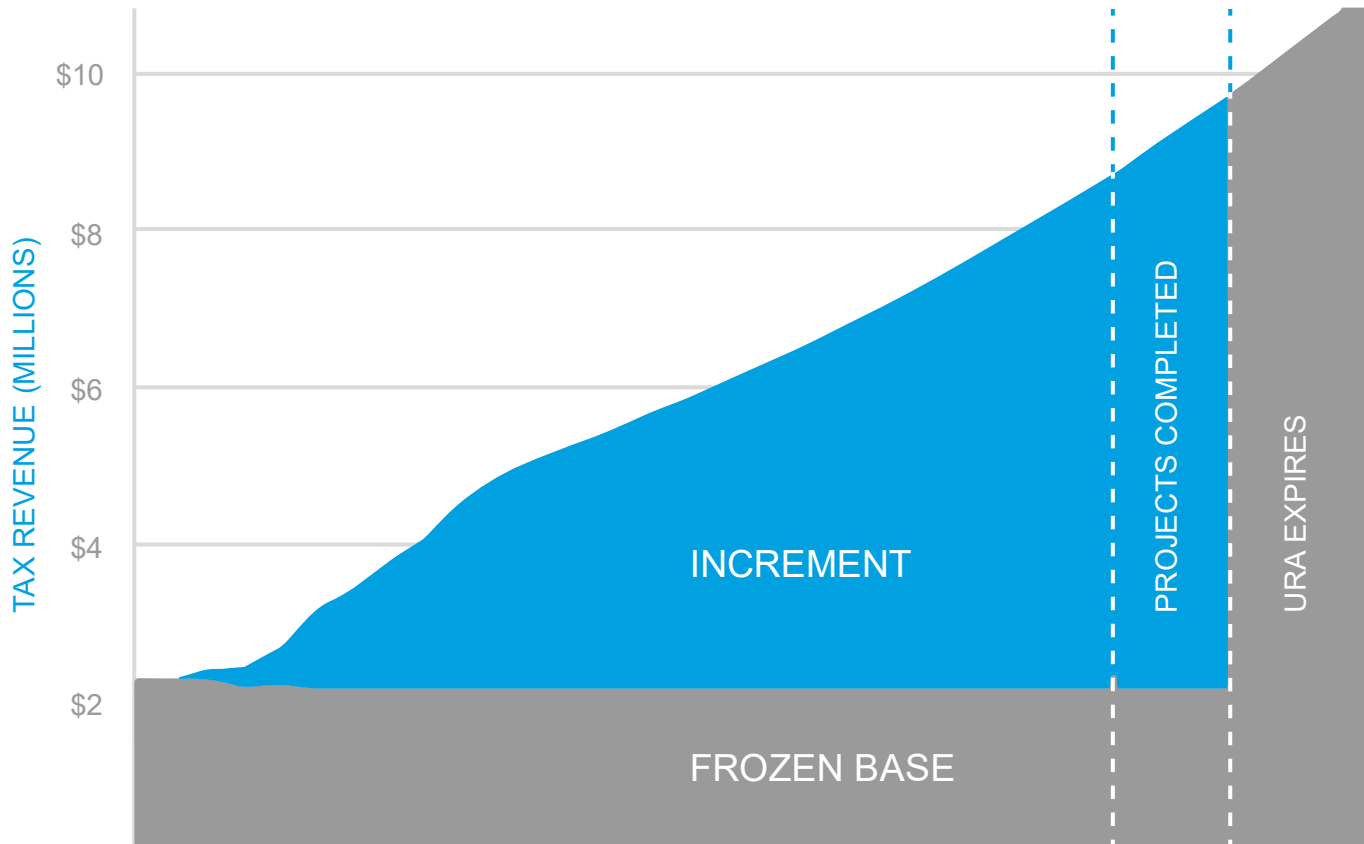
- ❖ Projects, programs, and administration

## 3. Spending Limit

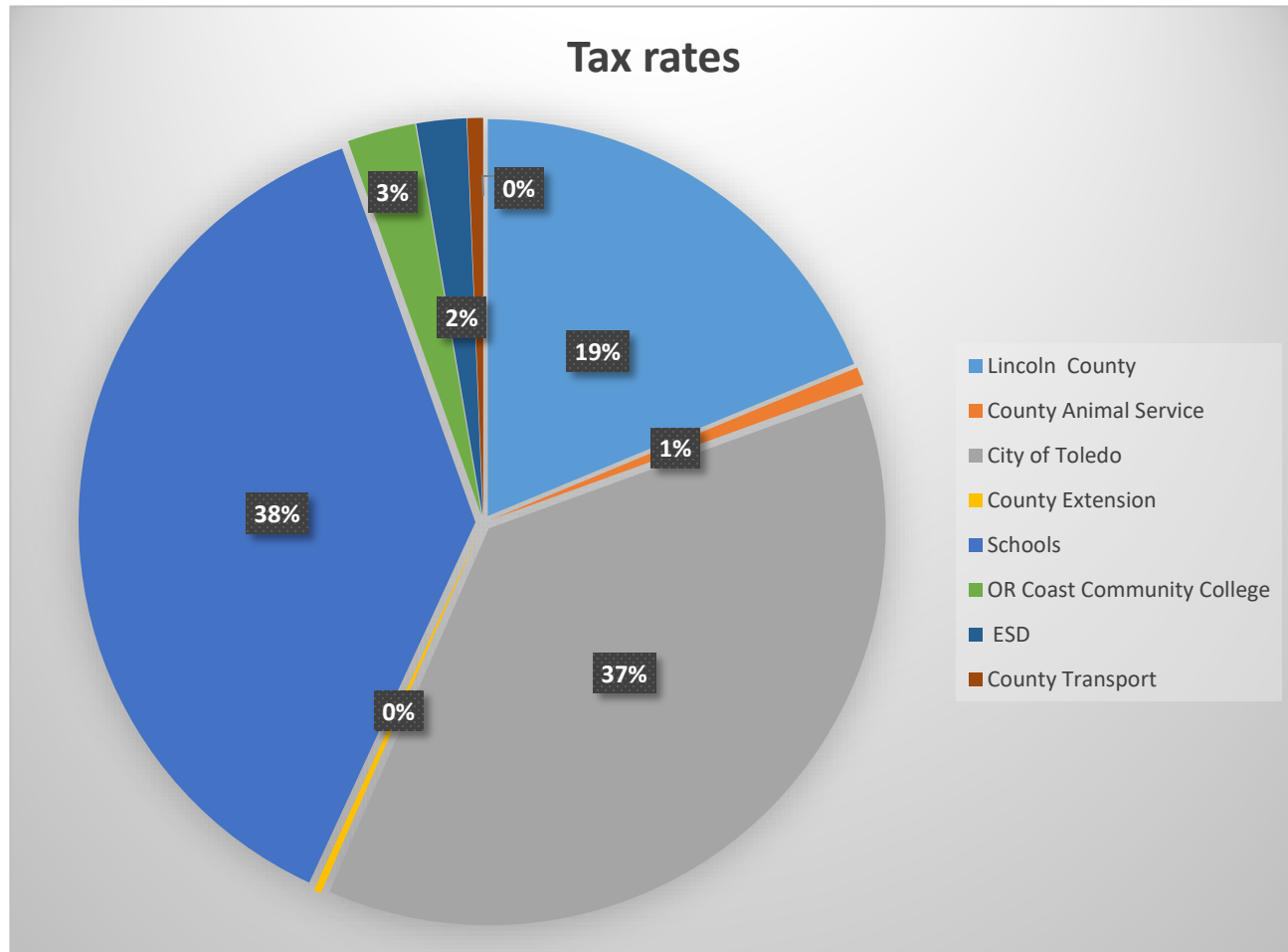
- ❖ Capped by Maximum Indebtedness (MI):
  - The total amount of money that can be spent over the life of the district on projects, programs, and administration.



# HOW DOES URBAN RENEWAL FINANCING WORK?



# LEVERAGING CITY TAX RATE





# A HYPOTHETICAL PROPERTY TAX BILL


Taxing District	Rate	Property Value
Property Value		\$100,000
Lincoln County	\$ 2.8202	\$282.02
County Animal Service	\$ 0.1100	\$11.00
City of Toledo	\$ 5.5868	\$558.68
County Extension	\$ 0.0451	\$4.51
Schools	\$ 5.6692	\$566.92
OR Coast Community College		
ESD	\$ 0.4193	\$41.93
County Transport	\$ 0.3049	\$30.49
County Transport	\$ 0.0974	\$9.74
Greater Toledo Pool	\$ 0.7700	\$77.00
Port of Toledo	\$ 0.2345	\$23.45
Urban Renewal		
Total	\$ 16.0574	\$1,605.74

# A HYPOTHETICAL PROPERTY TAX BILL

Taxing District	Rate	Property Value	Property Value without UR
Property Value		\$100,000	\$103,000.00
Lincoln County	\$ 2.8202	\$282.02	\$290.48
County Animal Service	\$ 0.1100	\$11.00	\$11.33
City of Toledo	\$ 5.5868	\$558.68	\$575.44
County Extension	\$ 0.0451	\$4.51	\$4.65
Schools	\$ 5.6692	\$566.92	\$583.93
OR Coast Comm. College	\$ 0.4193	\$41.93	\$43.19
ESD	\$ 0.3049	\$30.49	\$31.40
County Transport	\$ 0.0974	\$9.74	\$10.03
Greater Toledo Pool	\$ 0.7700	\$77.00	\$79.31
Port of Toledo	\$ 0.2345	\$23.45	\$24.15
Urban Renewal			
Total	\$ 16.0574	\$1,605.74	\$1,653.91

# A HYPOTHETICAL PROPERTY TAX BILL

Taxing District	Rate	Property Value	Property Value without UR	Property Value With UR
Property Value		\$100,000	\$103,000.00	\$103,000.00
Lincoln County	\$ 2.8202	\$282.02	\$290.48	\$282.02
County Animal Service	\$ 0.1100	\$11.00	\$11.33	\$11.00
City of Toledo	\$ 5.5868	\$558.68	\$575.44	\$558.68
County Extension	\$ 0.0451	\$4.51	\$4.65	\$4.51
Schools	\$ 5.6692	\$566.92	\$583.93	\$566.92
OR Coast Community College	\$ 0.4193	\$41.93	\$43.19	\$41.93
ESD	\$ 0.3049	\$30.49	\$31.40	\$30.49
County Transport	\$ 0.0974	\$9.74	\$10.03	\$9.74
Greater Toledo Pool	\$ 0.7700	\$77.00	\$79.31	\$77.00
Port of Toledo	\$ 0.2345	\$23.45	\$24.15	\$23.45
Urban Renewal				\$48.17
Total	\$ 16.0574	\$1,605.74	\$1,653.91	\$1,653.91



# PROPERTY TAXES AND URBAN RENEWAL

- Urban Renewals Division of Taxes does not increase property taxes, it uses increases in property taxes that were already happening
- Urban Renewal is a line item on your property tax bill
- The Assessor must go through the following steps when distributing Urban Renewal Taxes:
  1. “Calculation” of TIF to be collected
  2. “Distribution” of TIF Citywide to property tax payers
  3. “Collection” of property tax revenues



# URBAN RENEWAL UTOPIA

The following slides detail in a conceptual manner the steps an Assessor goes through to distribute TIF revenues to an Urban Renewal Agency:

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1. Calculation

2. Distribution

3. Collection

# HYPOTHETICAL CITY

Houses in City 40

Total AV 1st Year \$4,000,000



# FORMATION OF URA

Houses in City **40**  
Total AV 1st Year **\$4,000,000**

25% First Year **\$1,000,000**  
Houses in URA **10**



# “DISTRIBUTION”

Houses in City **40**  
Total AV 1st Year **\$4,000,000**

25% First Year **\$1,000,000**  
Houses in URA **10**





# “CALCULATION”

Houses in City **40**  
Total AV 1st Year **\$4,000,000**

25% First Year **\$1,000,000**  
Houses in URA **10**

Growth = **3%**

Total URA  
AV Growth = **\$30,000**

Tax Rate = **14.6672**

1<sup>st</sup> Year TIF = **\$440**



# “DISTRIBUTION”

Houses in City	40
Total AV 1st Year	\$4,000,000

25% First Year	\$1,000,000
Houses in URA	10



# “DISTRIBUTION” + “COLLECTION”

Houses in City	40
Total AV 1st Year	\$4,000,000

25% First Year	\$1,000,000
Houses in URA	10



# IMPACTS TO TAXING DISTRICTS

- ❖ Urban Renewal does not provide new money
  - Diverts funds that would go to other property tax districts
- ❖ Continue receiving taxes on frozen base
- ❖ Temporarily forego taxes on any growth in Urban Renewal area
- ❖ Growth may not have occurred but not for urban renewal



# URBAN RENEWAL AND LOCAL SCHOOL DISTRICTS

An Indirect Impact

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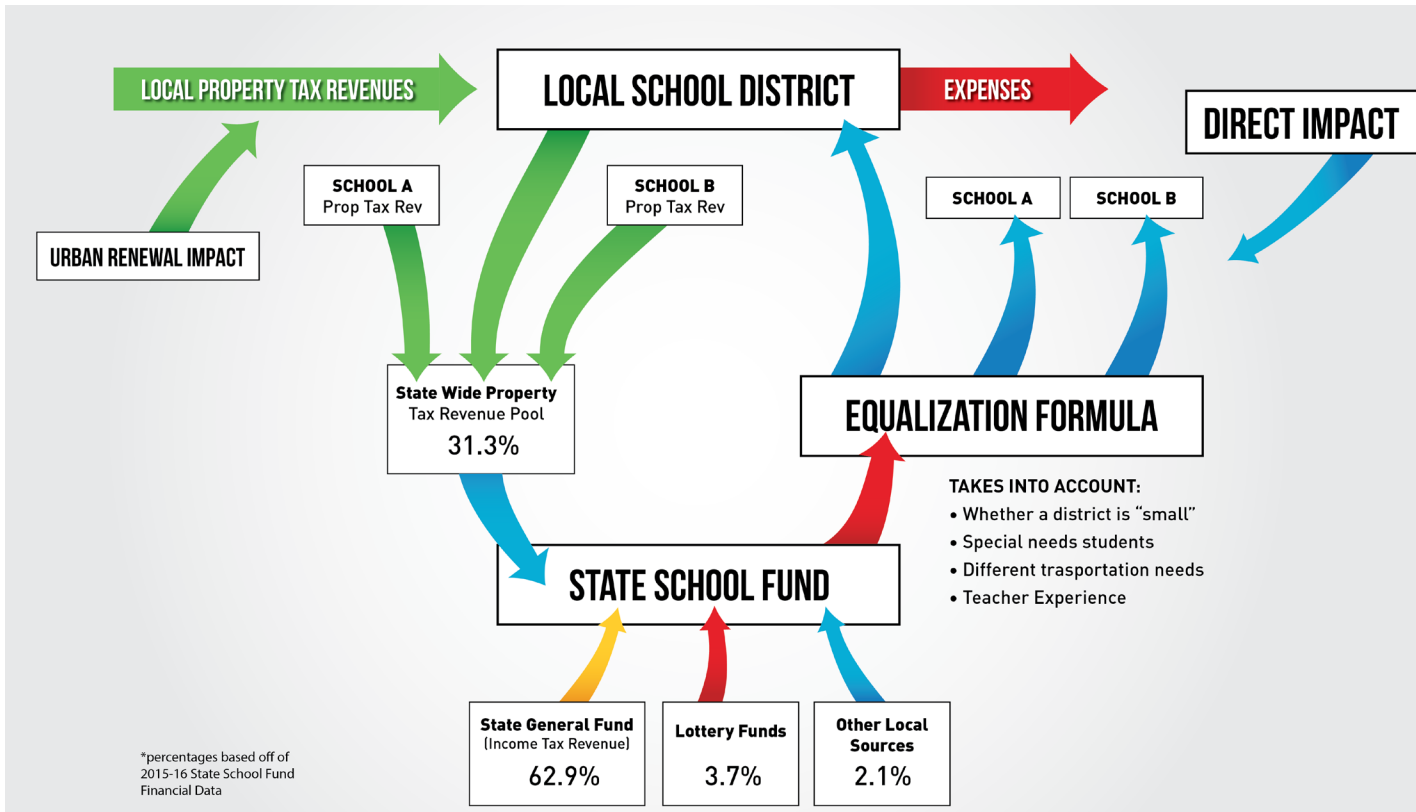
# URBAN RENEWAL IMPACT

## Regular Taxing District



# URBAN RENEWAL IMPACT

## Local Schools





The background of the slide is a photograph of a modern, two-story house with large windows and a green door. The image is overlaid with a semi-transparent green and blue gradient. The text 'UR 201 PROPERTY TAX SUMMARY' is written in large, white, bold, sans-serif capital letters on the left side of the image.

# UR 201 PROPERTY TAX SUMMARY

- No new taxes due to the division of taxes from Urban Renewal
- Schools are indirectly impacted by urban renewal
- There will be a line item for Urban Renewal on your property tax bill if this Plan is adopted
- There are no bonds or local option levies impacted by the proposed urban renewal plan





# STATE LIMITATIONS ON URBAN RENEWAL

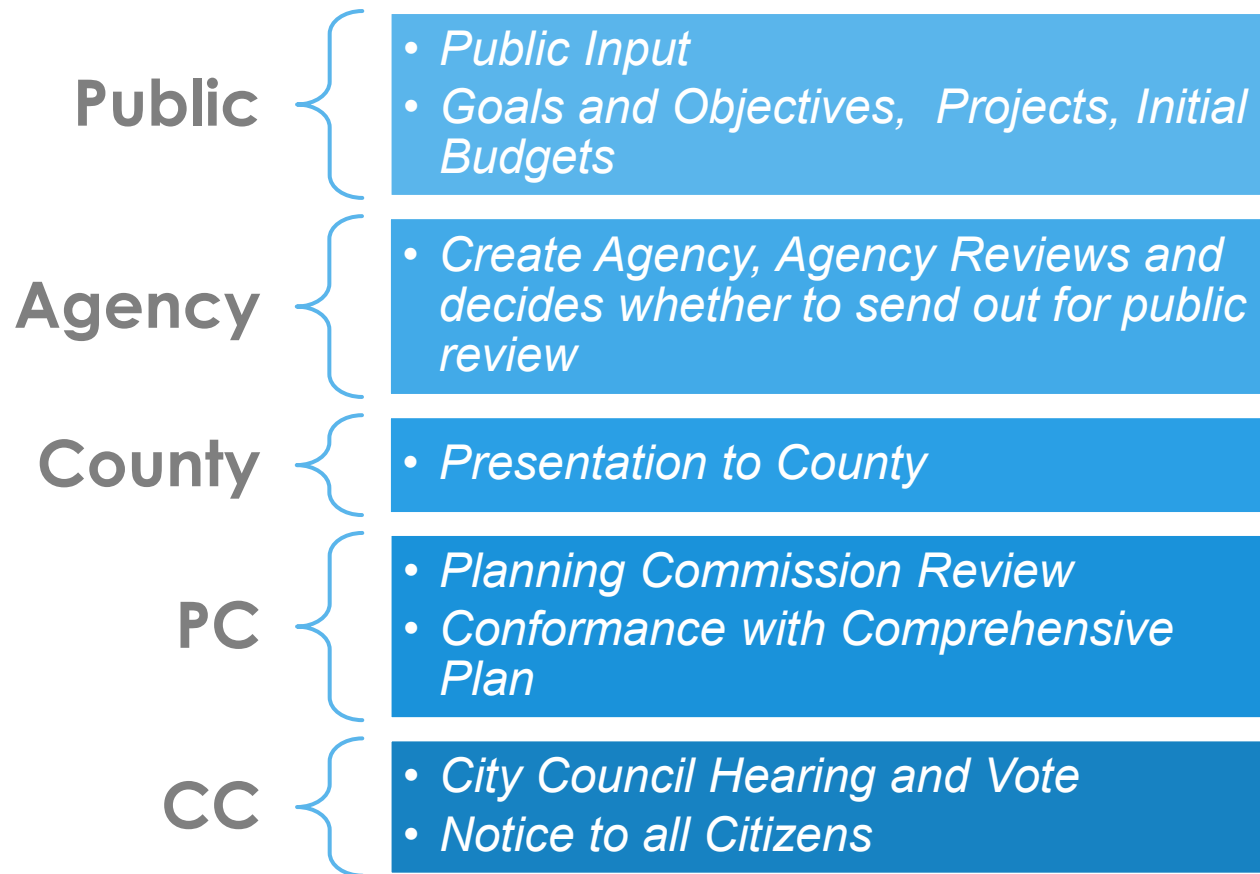
- ❖ Population under 50,000
  - 25% of Assessed Value of Property in City
  - 25% of Acreage of City
- ❖ Existing Plan limitations:
  - Can not be increased in size by more than 20% of original Plan acreage
  - Maximum Indebtedness (MI) can not increase by more than 20% of original MI, indexing
    - May increase MI above 20% as adjusted only with concurrence from 75% of other taxing districts

# DO YOU NEED A FEASIBILITY STUDY?

Technical in nature

- a) Identifies boundary
- b) Identifies potential projects
- c) Performs financial analysis

# HOW IS A PLAN ADOPTED?





# PROJECT PREVIEW

Development/Redevelopment Assistance

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# SISTERS



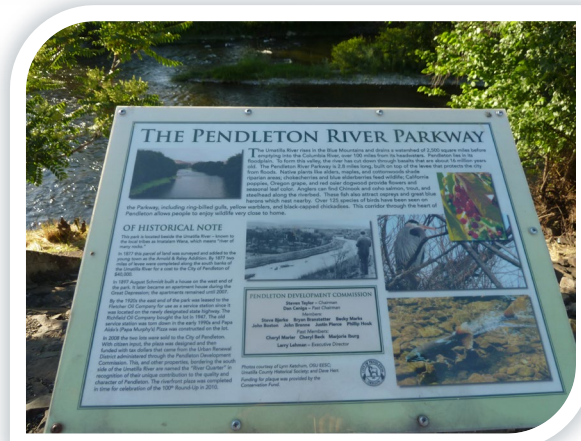
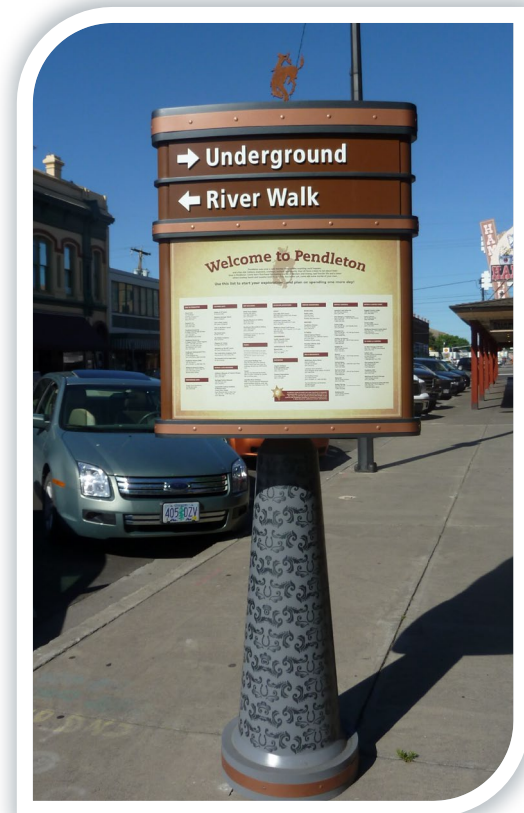
# ESTACADA





# ARCHES – LINCOLN CITY AND TROUTDALE





# PENDLETON SIGNAGE





# BUSINESS SIGNAGE

# PLACEMAKING





# PLACEMAKING



# ALBANY WOODWIND APARTMENTS 2015

- Total project cost: \$10.6 million
- Urban renewal contribution: \$1.45 million (14%)
- Number of units: 54





# FACE ROCK CREAMERY

- Funding/Leverage
- \$4.5 million total costs
- \$500,000 urban renewal purchase of property
- \$1.5 million from urban renewal for public infrastructure and restrooms
- Face Rock Creamery secured loans from the Port of Bandon Business Development Fund, Craft3 Bank, and Business Oregon as well as owner's capital, for a total private investment of \$2.5 million.
- In-kind contributions by Bandon Electric Department for off-site electric system improvements
- Cooperation for utility undergrounding
- Community Benefits
- 15 full time employees
- Other additional employment for delivery, transportation, milk truck drivers as well as the temporary employees during construction
- Tourist attraction that will impact entire community
- New market for local dairy farmers for their milk



# ROLE OF CONSULTANT/COSTS

- Consultant to assist?
- Role of consultant
  - ❖ Prepare feasibility study if one is desired
  - ❖ Facilitate advisory committee/public input
  - ❖ Prepare all documents: Agency formation, Plan, Report on Plan, staff reports to Agency and Planning Commission, taxing district letters, City Council report, notices, power points
  - ❖ Present at Agency, Planning Commission and City Council meetings
  - ❖ Depending on number of meetings in locality: \$35,000 to \$40,000
  - ❖ Costs for Plan development can be reimbursed to Agency once Plan is completed and tax increment revenues are received

# NEXT STEPS

- Decide whether urban renewal might be effective in your community
- Decide whether to hire a consultant to help with analysis
- Decide on Feasibility Study versus going straight to Urban Renewal Plan preparation
- Form advisory committee
- Select boundary
- Define projects
- Do financial analysis
- Start formal public review process

# TIMEFRAME

- Feasibility Study - 3 months
- Urban Renewal Plan - 6-8 Months depending on public input





# END OF FORMAL PRESENTATION

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