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

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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

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

PROPERTY TAX REVENUE

CITY
URBAN RENEWAL AREA

REGULAR TAXING JURISDICTIONS
City, County, Etc.

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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?

- **INCREMENT**
- **FROZEN BASE**
- **PROJECTS COMPLETED**
- **URA EXPIRES**

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LEVERAGING CITY TAX RATE

![Pie chart showing tax rates for different entities: 38% for Lincoln County, 37% for OR Coast Community College, 19% for County Animal Service, 0% for City of Toledo, 0% for County Extension, 1% for Schools, and 2% for ESD.](image-url)
## A HYPOTHETICAL PROPERTY TAX BILL

<table>
<thead>
<tr>
<th>Taxing District</th>
<th>Rate</th>
<th>Property Value</th>
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<tbody>
<tr>
<td>Property Value</td>
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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
The following slides detail in a conceptual manner the steps an Assessor goes through to distribute TIF revenues to an Urban Renewal Agency:

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”

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25% First Year

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“CALCULATION”

Growth = 3%
Total URA AV Growth = $30,000
Tax Rate = 14.6672
1st 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

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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
URBAN RENEWAL IMPACT
Regular Taxing District

LOCAL PROPERTY TAX REVENUES

REGULAR TAXING JURISDICTION
- Budgetary Process

EXPENDITURES
URBAN RENEWAL IMPACT

Local Schools

Local Property Tax Revenues

Local School District

Expenses

Direct Impact

Urban Renewal Impact

School A
Prop Tax Rev

School B
Prop Tax Rev

State Wide Property
Tax Revenue Pool
31.3%

Equalization Formula

Takes into account:
- Whether a district is “small”
- Special needs students
- Different transportation needs
- Teacher Experience

State School Fund

State General Fund
(Income Tax Revenue)
62.9%

Lottery Funds
3.7%

Other Local Sources
2.1%

*Percentages based off of 2015-16 State School Fund Financial Data
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?

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

Agency
- Create Agency, Agency Reviews and decides whether to send out for public review

County
- Presentation to County

PC
- Planning Commission Review
- Conformance with Comprehensive Plan

CC
- City Council Hearing and Vote
- Notice to all Citizens
Development/Redevelopment Assistance
SISTERS
ARCHES – LINCOLN CITY AND TROUTDALE
BUSINESS SIGNAGE
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