



Council Study Session

June 5, 2023

Agenda Item	Croman Mill Redevelopment Update	
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Item Type	Requested by Council <input type="checkbox"/> Update <input checked="" type="checkbox"/> Request for Direction <input type="checkbox"/> Presentation <input checked="" type="checkbox"/>	

SUMMARY

The Council had previously requested that [Townmakers, LLC](#), the firm looking at redevelopment of the former Croman Mill site provide regular updates as their plans to redevelop the property move forward. The Council last heard from Townmakers at the February 7, 2023 regular meeting.

POLICIES, PLANS & GOALS SUPPORTED

The Croman Mill District: CMD currently includes five zones, Compatible Industrial (CM-CI), Mixed Use (CM-MU), Neighborhood Center (CM-NC), Office Employment (CM-OE), and Open Space/Conservation (CM-OS) and is regulated as a special district within Ashland’s Land Use Ordinance ([chapter 18.3.2](#)).

2023–2031 Housing Production Strategy: *Strategic Action – Evaluate using Urban Renewal – “The City will evaluate the potential to use Urban Renewal to support infrastructure and affordable housing. The City would need to develop and implement an Urban Renewal Plan, establish an Urban Renewal Agency, and select projects to fund through Urban Renewal.”*

Adopted Implementation Timeline: Evaluate approach – 2026; Develop plans – 2027; Adopt – 2028

BACKGROUND AND ADDITIONAL INFORMATION

In September of 2021, the owners of the former Croman Mill site, and the development team named Townmakers LLC, began conceptualizing the future development of the property for a mixed-use development incorporating commercial, employment, light industrial and residential uses. The changes envisioned by Townmakers LLC would require amendments to the adopted standards and allowable use, which would require legislative action by the City Council. Upon presenting an update to the City Council on October 3, 2022, the Council requested intermittent updates from Townmakers LLC regarding the project’s progress. Townmakers LLC presented to the City Council on February 7th, 2023, regarding their future development proposal, and are returning this evening with further updates.

The property is comprised of multiple parcels totaling 60.92 acres in size and is currently within the Croman Mill District. All but 6 acres of the property are currently within the City Limits. The 6-acre portion of the property outside the City Limits is located along Siskiyou Blvd., is within the Urban Growth Boundary, and would be annexed as part of the development proposal. Townmakers LLC. has created a draft conceptual plan for the site’s future development and has presented the general concept to the Planning Commission, the City Council, and in January of 2022 held an open house to share the concept and take





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feedback from the public. Revisions to this plan including research on Transportation impacts, Economic Land Needs, and infrastructure needs and financing are ongoing.

As the Council is aware, the former Mill site is undergoing testing for environmental contaminants to determine the degree of clean up required as a preliminary action to Townmakers LLC's purchase of the property. This investigation, and any subsequent cleanup activity, is being undertaken by the current property owner, Dwain and Bud LLC, under the oversight of the Oregon Department of Environmental Quality (DEQ). DEQ was on site to oversee sampling by the property owners' environmental consultant on May 2, 2023. At that time, DEQ representatives spoke with City Councilors, staff and interested citizens in attendance. Testing of the sampled materials will occur over this summer (there is a backlog of tests nationwide due to testing related to spills from the recent train derailments) and will ultimately aid in developing a plan for clean-up of the property under DEQ's voluntary clean-up program. DEQ representatives are tentatively scheduled to discuss the preliminary test results at the July 31, 2023, study session to help inform the City of the result.

This agenda item does not relate to the site clean-up. This Study Session item will provide Townmakers LLC with the opportunity to discuss progress in their planning for the project. Specific discussion items are likely to include the appropriate phasing of commercial and employment uses relative to housing construction, and Townmakers LLC hopes to gauge the Council's interest in establishing an Urban Renewal District and using tax increment financing (TIF) as a tool to aid in providing needed public infrastructure to support redevelopment of the site. The applicants have indicated that their municipal finance consultants will be available at the meeting to respond to questions relating to the potential use of tax increment financing.

Tax Increment Financing Overview

Tax Increment Financing (TIF) is a financing mechanism that allows municipalities to fund redevelopment or infrastructure projects using future increases in property tax revenue within a designated area. In the case of the City of Ashland, Oregon, partnering with a private developer, the TIF process would involve the following general steps:

1. **Creation of an Urban Renewal District:** The City of Ashland would delineate a blighted or underdeveloped area within its jurisdiction and designate it as a TIF district. The district boundaries would be established, and a plan for redevelopment or infrastructure improvement would be formulated.
2. **Baseline Property Assessment:** The current assessed value of properties within the Urban Renewal District is determined. This value represents the baseline property tax revenue that the city currently receives from the district.
3. **Analysis of Impacted Taxing Districts:** To determine which taxing authorities would participate in the requested TIF, an analysis of other impacted taxing districts would be necessary. This analysis would involve assessing the potential participation and effects of the TIF on entities such as the Ashland School District, Jackson County, and other relevant taxing authorities. It is important to understand the potential impact on their tax revenue and whether they would agree to participate in the Urban Renewal District TIF.



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4. **Project Development:** The City of Ashland, in partnership with the private developer, would collaborate to identify specific redevelopment or infrastructure projects that align with the goals of the TIF district which are in the public interest and would not otherwise be provided by the private developer. These projects could include improving public infrastructure, promoting economic development, constructing affordable housing, among others.
5. **Implementation and Property Tax Collection:** As the redevelopment projects are implemented, property values within the TIF district are expected to increase. The difference between the new property tax revenue and the baseline revenue is referred to as the "tax increment."
6. **Allocation of Tax Increment Revenue:** The tax increment revenue is typically used to repay the bonds issued for the project financing. The revenue can also be used for additional infrastructure improvements within the Urban Renewal District or other economic development initiatives. These "tax increments" collected over time are invested to pay off the improvements within the district funded by the TIF program.
7. **Value to the City:**
 - a. **Funding for Development:** TIF allows the city to finance projects that may otherwise be financially unfeasible. By leveraging the future increase in property tax revenue, the city can undertake redevelopment initiatives without relying solely on its existing budget.
 - b. **Stimulating Economic Growth:** TIF promotes economic growth by attracting private investment and revitalizing blighted areas. The partnership with a private developer brings additional resources, expertise, and potential job creation to the city.
 - c. **Increased Tax Base:** As the TIF district undergoes redevelopment, property values rise, resulting in an expanded tax base. This increase in property tax revenue benefits the city beyond the Urban Renewal District, contributing to overall municipal revenues.
 - d. **Community Development:** Urban Renewal District TIF enables the city to address community needs by funding public infrastructure improvements, affordable housing, and other community-oriented projects. It can help transform neglected areas into vibrant, livable spaces, enhancing the quality of life for residents.

FISCAL IMPACTS

The fiscal impacts related to the Zoning Amendment project fall into two categories – City staff time and specialized analysis requiring outside expertise. Review of a proposal to amend the Croman Mill District implementing ordinances will require the dedication of Staff time from the Community Development, Public Works, and Legal departments to review proposed amendments to the land use ordinances and proposed infrastructure development plans. Approval of amendments to the Land Use Ordinance amendments and Transportation System Plan (TSP) relating to a Croman Mill District Redevelopment plan will be necessary. Consideration of the formal development proposal would be a legislative decision with public hearings before the Planning Commission and City Council.

A City supported Urban Renewal District TIF to support the development of facilities or uses in the public interest would have additional Fiscal Impacts for the City which would require careful evaluation and consideration. The City of Ashland would need to follow Oregon's TIF laws and



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regulations, including conducting an analysis of other impacted taxing districts, to determine which taxing authorities would participate in the requested TIF and the revenue that could be realized.

DISCUSSION QUESTIONS

Townmakers LLC is available at this Council study session to address questions the Council may have prior to formalizing a development proposal to submit for consideration.

- What site related infrastructure would the Urban Renewal District TIF provide for vs. the developer and what are its estimated costs?
- What sort of businesses and corresponding job-creating uses does the applicant envision will be attracted to the project (retail, restaurant, maker, light industrial/core employment uses)?
- What would be the process and timeline for implementing Urban Renewal District TIF here?
 - What would be the public benefits and costs to the city of implementing tax increment financing?
- How will affordable housing be incorporated into the project? (i.e. affordability level, number of units, partners)
- How will core employment uses be ensured within the district given the proposed flexibility in zoning?

REFERENCES & ATTACHMENTS

Attachment #1: Materials provided by Townmakers LLC

Attachment #2: League of Oregon Cities handout on Tax Increment Financing

Attachment #3: Current CMD map



PARTNER PROPOSAL TO UNLOCK THE CROMAN MILL SITE *Background document on a potential development strategy for “world class development”*

Summary

Many Ashland citizens are eager to see the site of the former Croman Mill cleaned up and developed into a beneficial new district for the city. Townmakers LLC and its team also sees an opportunity for an innovative and successful new development on the site, and they intend to move forward on acquisition and redevelopment. However, if the site is to be more than simply another form of conventional development, careful strategy and collaboration will be needed.

In a recent report on economic diversification of the City, the economics consulting firm ECONorthwest describe the Croman Mill site as “Perhaps the property with the most potential to redefine its area,” with a mixed-use development that provides family-wage jobs, employment and needed housing.¹

Accordingly, the Townmakers team’s draft master plan features a walkable, mixed, livable, sustainable form of urbanization that will exploit climate-friendly strategies, seek to add core employment and family wage jobs, and provide much-needed housing supply, including affordable and workforce housing.



Left: the site. Right: the current master plan showing potential use areas.

¹ <https://www.ashlandchamber.com/files/2022AshlandEconDiversificationStrategy.pdf>

Broadly speaking, we plan to pursue two complementary strategies. One strategy is to try to capture existing markets for employment-generating industries, including agriculture-related products, technology businesses, and the like. Another, complementary strategy, which we feel could be more appropriate for Ashland, would be to build on the unique qualities, assets and local culture of the city, generating more businesses at a smaller and more local scale – including a diverse range of pay scales. Examples might include craft-based and value-added food and beverage products, specialty technologies, recreation-related businesses, businesses related to sustainability and climate change, fire resilience expertise, research and consulting expertise, and lifestyle-related health and wellness innovations, as well as other emerging opportunities.

Such an “ecosystem” of smaller businesses and so-called “makerspaces,” could be highly complementary to the more sustainable development model of a walkable, mixed-use, live-work-play district – and crucially, one that is complementary to, and not competitive with, other areas and established businesses of the city.

Accelerating Success with a Tax Increment Finance District

Townmakers believes that this development model can be successful. However, the project can better deliver on addressing city-wide needs, and do it more promptly, with the use of certain public finance tools. These tools include tax increment finance (TIF), which allows a city, often in partnership with a land developer, to support a desired redevelopment plan. Specifically, tax increment finance creates a mechanism for the funding of public improvements necessary for a development project through the direct use of incremental real property taxes that the development generates over a period of time. Importantly, the use of tax increment finance does not create an encumbrance on existing tax revenues of a public entity. Tax increment finance is a well-established tool that has been used successfully by a great many municipalities and counties throughout the US, including widespread use in Oregon (in Oregon, TIF is sometimes also referred to as “urban renewal”). For example, the Oregon Economic Development Agency has published a guide on “Best Practices for Tax Increment Financing Agencies in Oregon,” which outlines how this tool can be used successfully to achieve wider community benefits, including economic diversification and opportunity.²

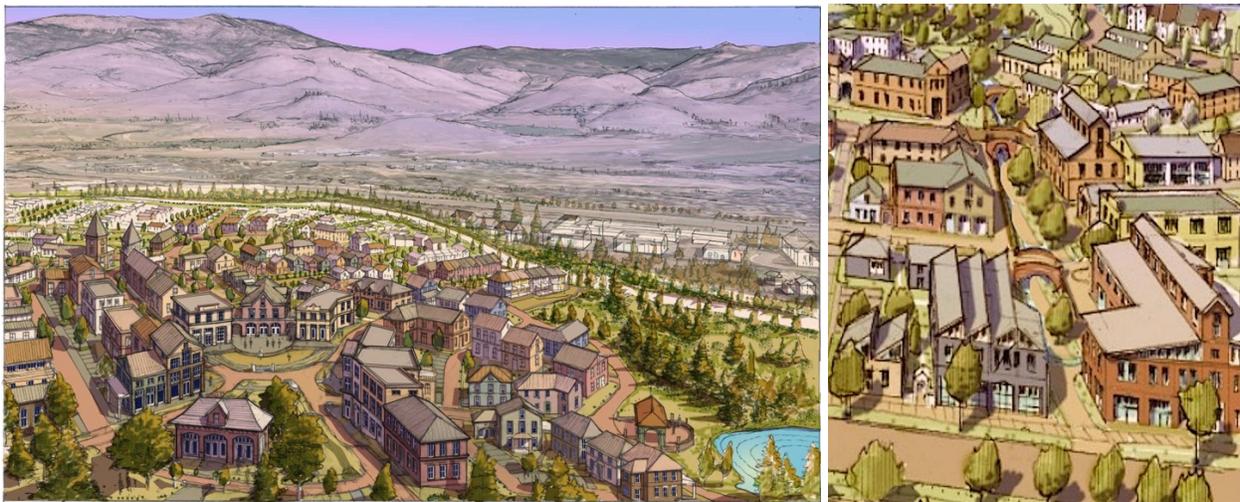
Similarly, ECONorthwest, in their report on Ashland’s economic diversification strategy, also recommended that the City “develop public financing tools to invest in public infrastructure that can help unlock sites and achieve world class developments.” It is important to stress that the Townmakers’ team does not believe any encumbrance on existing public revenues would be appropriate or necessary. Rather, through the use of tax increment finance, the incremental tax revenues from the redevelopment of the site (measured annually off the current level of tax revenue from the site) would generate the necessary funding to finance significant investments in public improvements, including extensive parks, bike and pedestrian paths, primary / commercial streets, infrastructure to support affordable housing and other public amenities, all built for the benefit and direct use of the entire City, and all in support of the recruitment of new businesses and home-grown startups.

Accordingly, Townmakers LLC has retained Thad Wilson of MuniCap Inc., a nationally known and respected public finance consulting firm which focuses on the creation and use of tax increment finance

² <https://oeda.biz/wp-content/uploads/2019/11/2019-Tax-Increment-Financing-in-Oregon-Best-Practices-Manual-Public-Edition.pdf>).

districts. Townmakers would like to introduce Thad to the Ashland City Council, and invite a conversation about the broad outlines of this development approach. In addition, Townmakers has retained Jerry Johnson of Johnson Economics, to analyze the market demand for industrial and commercial lands in Ashland in general, and Croman Mill in particular. His data will inform us about a broader strategy to raise the Croman Mill district to a new level of success.

A tax increment finance district, involving the City and other partners, could greatly facilitate such an entrepreneurial opportunity for the entire development site, and potentially assist with incubator businesses and the infrastructure such businesses need. In today's competitive environment, the best employers are looking for the best qualified employees, at a range of pay scales including family-wage jobs. They in turn are looking for the most livable, diverse, affordable, live-work-play neighborhoods and homes, offering the highest possible quality of life. Ashland is certainly poised to offer such a combination, although as noted, it will take careful collaboration. A tax increment finance district could greatly enhance the appeal of such a neighborhood, aiding in the recruitment of highly qualified employees, and the new and existing employers that seek them.



Left: Bird's-eye view of "civic core" looking north from Siskiyou Boulevard. Right: The compatible industrial or "makerspace" district, integrated with nearby housing. Illustrations by Laurence Qamar for Townmakers LLC.



LEAGUE OF OREGON CITIES

FAQ on Urban Renewal

APRIL 2018



FAQ: Urban Renewal

1. What is “Urban Renewal”?

Urban renewal is a financing mechanism used to improve the economic viability of specified areas. Specifically, ORS chapter 457 gives cities and counties the authority to activate an urban renewal agency, with the power to propose and act on plans and projects to address “blight” in identified areas.¹ Examples of “blight” include buildings that are unsafe or unfit for occupancy, inadequate infrastructure, or population loss.² The area subject to urban renewal is called the “plan area.”

2. How does My City Determine if Urban Renewal is Necessary?

The best way to determine if urban renewal is right for your city is to engage in preliminary feasibility studies. State law does not require cities or counties to conduct preliminary feasibility studies, but they can greatly help a city determine if blight exists in an area, how large a plan area should be, and what projects will successfully address the blight. Preliminary feasibility studies are often drafted by a technical advisory committee, ideally with input from residents, business owners, and other stakeholders.

3. How Does My City Create an Urban Renewal Agency?

A city or county can activate an urban renewal agency by declaring, via ordinance, that a blighted area exists in the city or county and there is a need for an urban renewal agency to function in the area.³

4. Is an Urban Renewal Agency Part of the City or County?

No. The new urban renewal agency is a separate entity from the city or county that created it. Thus, when the city or county activates an urban renewal agency, it must also establish a governing structure for the agency and appoint a board. An urban renewal agency board can take one of three forms: (1) the governing body of the municipality (*e.g.*, the city council) acts as the agency board; (2) a separate group—appointed by the municipal governing body—acts as the board; or (3) the city housing authority acts as the board.⁴ The urban renewal agency board may also appoint an advisory committee, although state law does not require one.

5. Are There any Limits on the Size of an Urban Renewal Area?

Yes. State law⁵ limits the amount of acreage and assessed value that may be under the jurisdiction of an urban renewal agency. For cities with a population greater than 50,000, that limit is 15 percent, and for cities with a population less than 50,000, that limit is 25 percent. The 15 percent and 25 percent for maximum acreage and assessed value includes both the proposed urban renewal area *and* all other areas in the city already under an urban renewal plan.

¹ Article 9 of the Oregon Constitution gives the Legislature authority to provide for urban renewal throughout the state. ORS chapter 457 sets out the state laws that govern urban renewal areas and agencies.

² See ORS 457.010(1) (statutory definition of blight).

³ ORS 457.035.

⁴ ORS 457.045.

⁵ ORS 457.420.

6. What Must be Included in an Urban Renewal Plan?

After being activated by the city or county, an urban renewal agency is tasked with drafting an urban renewal plan.⁶ State law identifies the components that must be included in an urban renewal plan.

Urban renewal plans must include the following components:

- a. A description of each urban renewal project to be undertaken.
- b. An outline of the major project activities planned for the urban renewal area(s).
- c. A map and legal description of the urban renewal area(s).
- d. An explanation of how the plan relates to local objectives.
- e. An indication of proposed land uses, maximum densities, and building requirements for each urban renewal area.
- f. A description of relocation methods for residents or businesses that must move because of urban renewal agency projects.
- g. A description of property to be acquired by the urban renewal agency (if any) and how it will be disposed (*e.g.*, sale or lease), along with a schedule for acquisition and disposition.
- h. If the plan calls for use of tax increment financing, the maximum amount of indebtedness to be issued or incurred.
- i. A description of which changes to the urban renewal plan are to be considered “substantial amendments.”
- j. If the plan calls for the development of a public building (*e.g.*, police station), an explanation of how the building serves or benefits the urban renewal area.

7. How does Urban Renewal Relate to my City’s Comprehensive Plan?

State law mandates that an urban renewal plan conform with a city’s acknowledged comprehensive plan.⁷ However, if a city council certifies that an area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm or other catastrophe respecting which the governor has certified the need for disaster assistance under federal law, the city council may approve an urban renewal plan and project for such area without having the urban renewal plan and project conform to the city’s comprehensive plan.⁸

8. Does the Public have the Right to Participate in Urban Renewal Planning?

Yes. State law requires that an urban renewal agency provides for public involvement in all stages of the development of an urban renewal plan.⁹ Public involvement can take different forms, including: meetings between agency staff and elected officials; meetings with business owners and chambers of commerce; public hearings and information sessions for residents; and outreach with other taxing jurisdictions (*e.g.*, school districts and special districts).

⁶ ORS 457.085(2).

⁷ ORS 457.095(3).

⁸ ORS 457.160.

⁹ ORS 457.085(1).

9. How is Urban Renewal Funded?

Urban renewal may be funded in a variety of manners, including, but not necessarily limited to: tax increment financing (TIF), selling property, loans, grants and bonds.

Tax increment financing, perhaps the primary way urban renewal is funded, is used to fund projects within urban renewal areas by earmarking property tax revenue from increases in assessed property value within an urban renewal area. Essentially, the tax increment financing process splits tax revenue from properties within the urban renewal area into two components: base revenue and incremental revenue. Base revenue is the level of property tax revenue available before the urban renewal area is established and is unaffected by urban renewal. Incremental revenue is the revenue that exceeds base revenue and is (ideally) generated by development projects in the urban renewal area. Incremental revenues are allocated to the urban renewal agency to finance urban renewal projects.

10. Where Can I Find More Information on Urban Renewal?

- The Oregon Department of Revenue (DOR) publishes the annual *Oregon Property Tax Statistics*, which contain property tax information for each urban renewal agency and urban renewal plan.
 - DOR Property Tax Statistics: <http://www.oregon.gov/DOR/programs/gov-research/Pages/research-property.aspx>.
- The Association of Oregon Redevelopment Agencies (AORA), now a part of the Oregon Economic Development Association as an urban renewal committee, advocates for local redevelopment throughout Oregon. AORA published a helpful guide on urban renewal, entitled *Best Practices for Urban Renewal Agencies in Oregon* (January 2014).
 - AORA website: <http://www.oregonurbanrenewal.org/>.
 - OEDA website: <https://oeda.biz/committees/urban-renewal>
- The Legal Research Department at the League of Oregon Cities can assist members with questions about urban renewal in their cities.

ASK LOC

Q: How does a city create an urban renewal agency, and how is that agency funded?

A: Under Oregon law, every city has an urban renewal agency that is dormant until the city council passes a non-emergency ordinance to activate it. The role of an urban renewal agency is to improve areas in the city that are “blighted”—areas that are detrimental to the public health, safety or welfare of the community due to deterioration, obsolescence, unsafe structures, inadequate streets or utilities, or areas that are otherwise underdeveloped, unproductive or lack open space.

Activating the Agency

To activate a city’s urban renewal agency, the city council must pass a non-emergency ordinance stating that blighted areas exist in the city and that the city needs an urban renewal agency. The urban renewal agency is a separate legal entity, so the ordinance must specify the governing body of the agency. Often, the city council will designate itself to serve as the governing body of the urban renewal agency although a council could create a separate board or agency to serve as the governing body.

Once activated, an urban renewal agency carries out its purpose by creating an urban renewal plan to improve the blighted areas in the city using the financing mechanism described below. The urban renewal plan will identify the urban renewal district, and authorize projects within that district on which money can be spent. The urban renewal plan will include details regarding the cost, schedule and funding for urban renewal projects. An annual financial report shall be provided by the urban renewal agency to the city on or before January 31 each year thereafter.

The public has opportunities to be involved in developing the urban renewal plan as the plan must be presented to the planning commission, the county commissioners and, in some cases, other local governing bodies. Ultimately, the city council will hold a hearing on the plan, and if the council decides to adopt it, the council will do so using a non-emergency ordinance.

Funding Urban Renewal Projects

Urban renewal projects are funded through a public financing tool known as Tax Increment Financing. When an urban renewal district is established, the county assessor determines the current assessed value of all property in the district and freezes that tax base. Whatever local revenue a

local jurisdiction received from the frozen base will remain the same until the urban renewal area is terminated. As tax values increase above this frozen base, however, the tax revenues resulting from the increase in permanent rates above the frozen base are directed to projects in the urban renewal district. Assessed values can increase yearly at the 3% maximum allowed by Oregon law or by more than this if new development occurs within the area. The revenues generated above the frozen tax base are called the “increment.” When the urban renewal area expires, the frozen base also expires, and the local taxing jurisdictions resume receiving taxes on the full assessed value of the area. In 2009, the Oregon Legislature established a formula for maximum indebtedness of an urban renewal plan, added restrictions on plan amendments which increase maximum indebtedness, and required the concurrence of overlapping taxing districts for substantial plan amendments.

The statutory authority for activating and operating an urban renewal agency can be found in ORS chapter 457. A city considering activating its urban renewal agency and adopting an urban renewal plan should work closely with its city attorney.

For more information on this and other urban renewal or public financing issues, consult these League resources online:

- **City Handbook:** Chapter 4, section D: Financing Public Facilities (urban renewal is discussed at page 14-19 and a host of other financing tools are described in the pages which follow)
 - The Handbook is an electronic reference for city officials providing information on city operations, policy setting, and governance.
 - To access, click on the blue “City Handbook” button on the League homepage (www.orcities.org).
- **A-Z Index:** Urban Renewal
 - An online repository of information, including a page devoted to urban renewal with links to sample ordinances and plans.
 - To access, click on the blue “A-Z Index” button on the League homepage (www.orcities.org) and then on “U” for Urban Renewal. ■

Tax Increment Financing and Urban Renewal

By Elaine Howard

Tax increment financing, which follows the creation of an urban renewal area by a city or county, is an invaluable tool for helping create economic vitality in communities throughout Oregon. This type of financing is authorized under state law, implemented locally, and allows for the concentrated use of property tax revenues to facilitate economic growth in certain designated areas of a city or county. These areas can have a variety of deficient conditions, including infrastructure that is in need of upgrading; buildings that could benefit from storefront improvements or more full renovation; or low property values, which indicate the necessity of additional efforts to facilitate development.

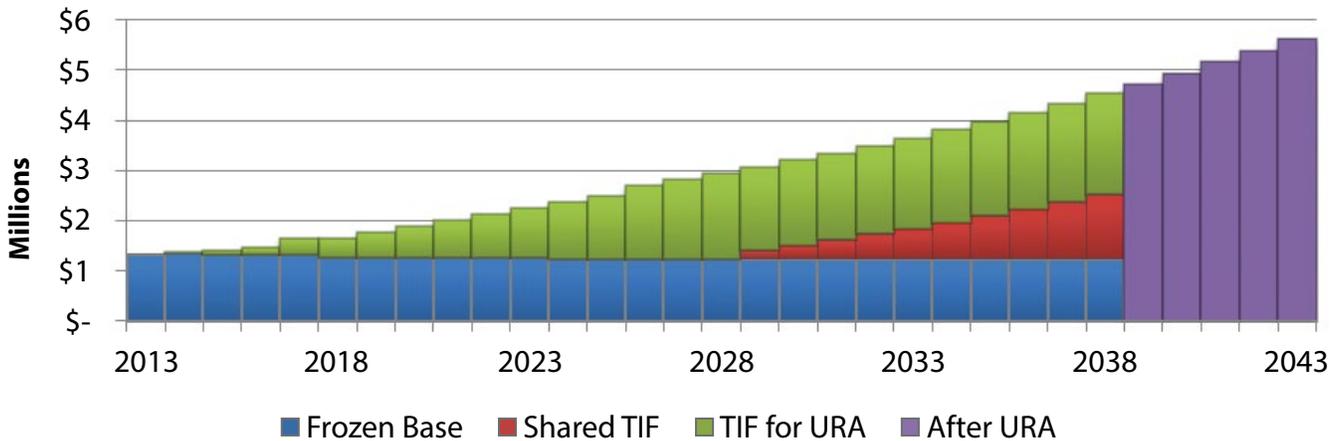
The underpinning theory of urban renewal is that if these properties and the surrounding infrastructure are upgraded, they will contribute more substantially to the local economy and to the property taxes which support all of the taxing jurisdictions.

How Does Tax Increment Financing Work?

Urban renewal is unique in that it has its own funding source: tax increment financing (TIF). At the time an urban renewal plan is adopted, a county assessor calculates the total tax assessed value of the area and establishes this value as the “frozen base” for the area. Growth above the base is called the “increment.” Tax increment revenues are the property tax revenues generated off the increase in the assessed values over the frozen base. These taxes from the growth in the urban renewal area go to the urban renewal agency for use within the urban renewal area. Taxes off the frozen base continue going to all of the taxing jurisdictions.

The amount of funds an urban renewal area may use is determined by setting a maximum indebtedness. This is the total amount of money that can be used on projects, programs and administration of the urban renewal area. It is based on

Urban Renewal Tax Revenues



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“ Tax increment revenues are the property tax revenues generated off the increase in the assessed values over the frozen base. ”

balancing the project needs in the area with the timeframe desired for use of the tax increment tool. Typical new urban renewal plans are for 20-25 years. Interest on any borrowing (bonds, lines of credit) is not counted towards the maximum indebtedness. Urban renewal plans adopted after 2009 have the potential for revenue sharing when certain thresholds of tax increment generation are met. This potential is indicated in the chart on the previous page.

What Types of Programs or Projects are Eligible Under Urban Renewal?

Urban renewal agencies can do certain projects or activities under an adopted urban renewal plan. These activities generally include:

- Construction or improvement of public facilities including streets and utilities.



The Barber Street extension project in Wilsonville bridges the Coffee Creek wetlands and connects approximately 2,500 planned units of new residential development in the Villebois neighborhood of Wilsonville to transit services at South Metro Area Rapid Transit's (SMART) Central station and the Westside Express Service commuter rail station, located on the east side of the wetlands. By providing alternative routes for vehicle traffic, this urban renewal-funded project will improve fire department access to Villebois, school bus access to Lowrie Primary School, and reduce traffic congestion on Wilsonville Road. Additionally, this connection improves bike and pedestrian connectivity within the city and will tie into a future phase of the Tonquin Trail.

- Development of parks, way-finding signage and other public uses.



The Garden of Surging Waves in Astoria, a park that commemorates Chinese heritage in the community, was funded through a variety of sources, including tax increment financing. It is directly adjacent to the downtown core and within blocks of the recently renovated Liberty Theater, both projects key in bringing economic vitality and livability to Astoria.

- Participation with developers for property improvement, or the creation of jobs and housing.



The Face Rock Creamery was a project of the Bandon Urban Renewal Agency and a private developer. At present they have 15 new permanent full-time employees and four

(continued on page 24)

seasonal employees plus additional work for delivery transportation and milk truck drivers as well as the temporary jobs for construction. The business serves as a key tourist attraction at the north portal to Bandon.



The La Grande McLean Family Dental property was partially funded through an urban renewal grant. The project added jobs in the urban renewal area and services to the community.

- **Rehabilitation of existing buildings**



Sandy has an innovative storefront program, bringing in an architect to design the new exterior façade in keeping with a theme established for the downtown core.

How Does Tax Increment Financing Affect Overlapping Taxing Districts?

Financially and through improvements.

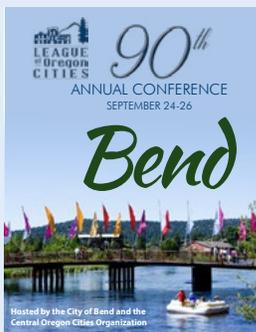
Taxing jurisdictions are impacted by tax increment financing both directly through the division of taxes for the urban renewal agency, but also impacted due to the positive impacts of urban renewal projects. Urban renewal agencies gain revenues through the collection of property taxes. Property tax increases come through new development and the statutory limit of 3 percent increase in assessed values on existing real property. During the use of tax increment financing, the permanent rate property taxes on the growth in assessed value in the urban renewal area are allocated to the Urban Renewal Agency and not the taxing district. The taxing jurisdictions still are able to collect the property tax revenues from the assessed value of the frozen base, but increases in revenues are allocated to the Urban Renewal Agency for use within the urban renewal area. In many urban renewal areas, that growth from new investment would not have occurred but for the use of urban renewal which has stimulated the growth. Shared TIF as shown in the chart above refers to meeting thresholds as defined in ORS 457 where TIF revenues must be shared with overlapping taxing jurisdictions. The impacts on schools and education serviced districts are more indirect, as they are funded through the State School Fund that is comprised of other sources of revenues including property taxes.

Once an urban renewal area is terminated, there generally will be an increase in property tax revenues to all taxing jurisdictions. This increase of property tax revenue is a result of the ability to concentrate funding in a specific area, encouraging the area to develop properly.

Many urban renewal projects improve infrastructure to allow for new development, both creating new jobs and housing

Registration Opens July 1

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Includes information on speakers, tours, program and lodging.

for the community. These infrastructure projects are often helpful to the local fire districts as they provide water service or improved roads. This infrastructure also encourages business growth, and encouraging the growth of local businesses supports surrounding neighborhoods as well as provides job opportunities within the community. Other projects help increase the livability in a city by developing much needed public facilities. Employment opportunities and livability are key in families making decisions to move to or remain in communities, providing students for the schools. Since schools are funded on a per-pupil basis, the retention and growth of families in a community is a vital component to supporting schools. The improvement of buildings in a community help in the visual appearance but often help in addressing fire and life safety issues, key issues for fire districts.

How Does Tax Increment Financing Affect Property Tax Payers' Tax Bills?

Most property tax payers will not see an increase in property taxes as a result of a new urban renewal area. If there is an increase, it is due to bond or local option levies which were adopted prior to October of 2001 and are still collecting revenues. There are very few local option levies still in existence that were issued prior to October 2001. These impacts are typically VERY small. However, once an urban renewal plan is adopted in an urban renewal area, tax payers within that area will see a line item on their property tax statements for urban renewal. This can be quite confusing because even if you are not physically located in the area, you will see an indication of the impact of urban renewal on your property tax bill. Your overall tax bill does not increase, but the allocation of revenues received from your payment is changed as a portion of that payment now goes to urban renewal. This is called "division of taxes" and is the administrative way that assessors must show the calculation of the tax increment revenue.

For More Information

The Association of Oregon Redevelopment Agencies (AORA) has a website, www.orurbanrenewal.org, that contains additional information and publications on urban renewal, including a Best Practices Manual for AORA members. AORA is presently working on a video presentation to tell the stories of successful projects. Check back on the website in the fall. ■

Learn more about urban renewal at the 90th LOC Conference, September 24-26 in Bend.

Consultant Elaine Howard will be presenting a concurrent session on urban renewal and enterprise zones, followed by a tour of the city of Redmond's downtown revitalization efforts.

For more information, check out the conference guide contained in this issue of *Local Focus*.



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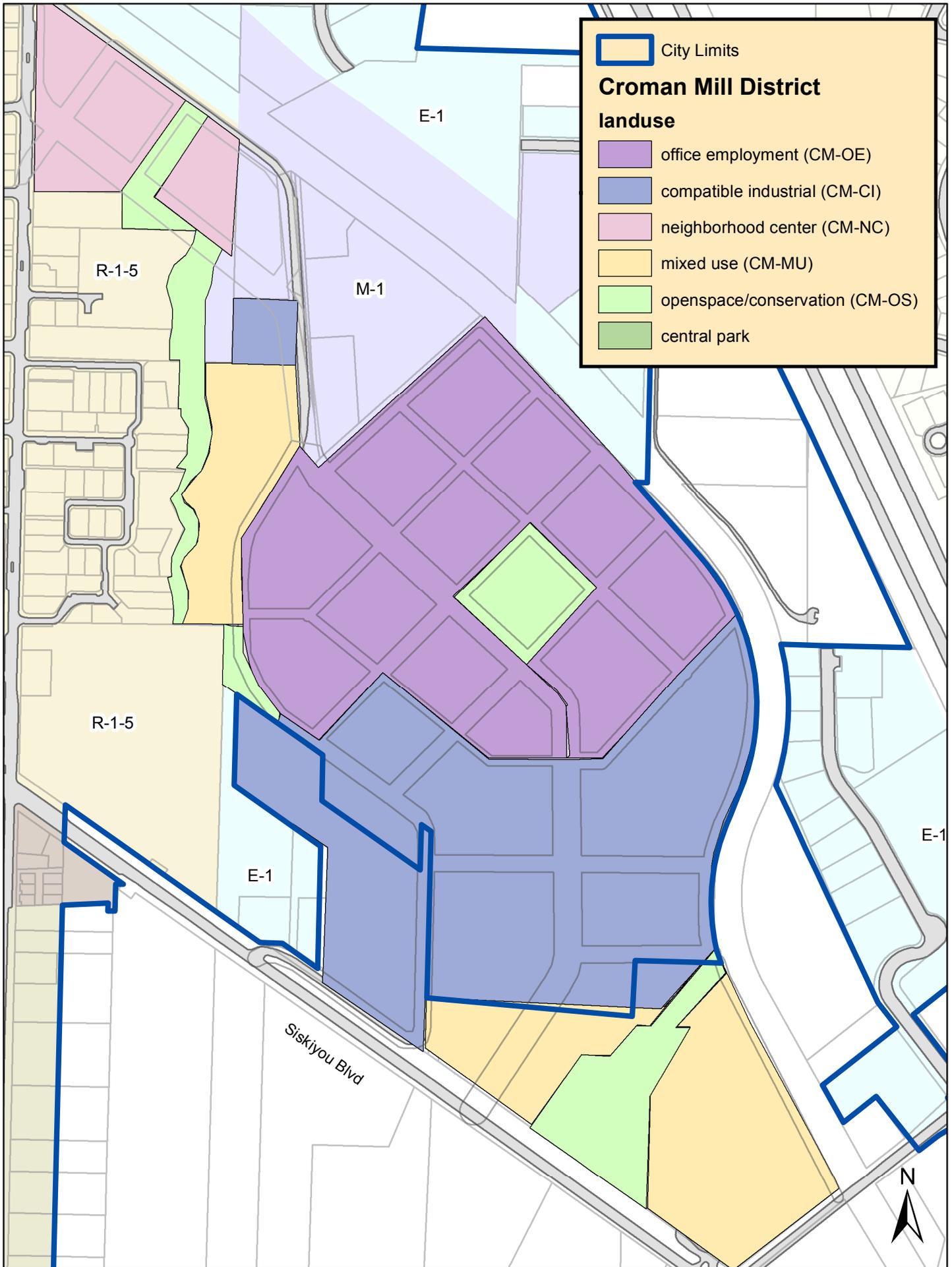
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Existing Land Use



Croman Mill District Aerial (photo 2012)



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