AD HOC URBAN RENEWAL CITIZENS ADVISORY COMMITTEE AGENDA
January 23, 2020 6:00 PM
NEWBERG CITY HALL, PERMIT CENTER CONFERENCE ROOM
414 E FIRST STREET

I. CALL MEETING TO ORDER

II. ROLL CALL

III. PUBLIC COMMENTS (5-minute maximum per person – for items not on the agenda)

IV. ORIENTATION SESSION

V. ITEMS FROM COMMITTEE MEMBERS

VI. ADJOURNMENT

QUESTIONS? COME TO THE COMMUNITY DEVELOPMENT DEPT. AT 414 E FIRST STREET, OR CALL 503-537-1240

ACCOMMODATION OF PHYSICAL IMPAIRMENTS*: In order to accommodate persons with physical impairments, please notify the Community Development Department Office Assistant II of any special physical or language accommodations you may need as far in advance of the meeting as possible as and no later than 48 business hours prior to the meeting. To request these arrangements, please contact the Office Assistant at (503) 537-1240. For TTY services please dial 711.*

Community Development Department
P.O. Box 970 ▪ 414 E First Street ▪ Newberg, Oregon 97132
503-537-1240 ▪ Fax 503-537-1272 ▪ www.newbergoregon.gov

Ad Hoc Urban Renewal Citizens Advisory Committee Orientation

1. Email Accounts
2. Public Body
3. Urban Renewal 101 Presentation
4. CAC Meeting Dates and Open House Dates
5. Urban Renewal Best Practices Manual
6. Downtown Improvement Plan - https://www.newbergoregon.gov/planning/page/newberg-downtown-improvement-plan-0
7. Riverfront Master Plan - https://www.newbergoregon.gov/planning/page/riverfront-master-plan-0
8. Newberg Economic Development Strategy - https://www.newbergoregon.gov/sites/default/files/fileattachments/economic_development/page/5909/2019_newberg_economic_development_strategy_executive_summary_and_matrix.pdf
9. A NewBERG Community Visioning - https://www.newbergoregon.gov/sites/default/files/fileattachments/planning/page/20431/reso_and_exhibits.pdf
10. Questions

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Ad Hoc Urban Renewal Citizens Advisory Committee Membership

John Bridges, Chair

Francisco Stoller, Vice Chair

Patrick Johnson, Council Liaison

Rick Rogers, Ex-officio

Angel Aguiar

Shannon Buckmaster

Don Clements

Don Griswold

Joe Morelock

Molly Olson

Loni Parrish

Cassandra Ulven

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Ad Hoc Urban Renewal Citizens Advisory Committee

<u>Proposed CAC Meeting Dates 5:30 pm:</u>

CAC #1 - Feb 10, 2020

CAC #2 - Mar 9, 2020

CAC #3 - April 13, 2020

CAC #4 - June 8, 2020

CAC #5 - June 29, 2020

<u>Proposed Open Houses 7 pm:</u>

Open House #1 - April 13, 2020

Open House #2 - June 8, 2020

<u>Proposed City Council Briefings 7 pm:</u>

City Council Briefing #1 - May 4, 2020

City Council Briefing #2 - July 20, 2020

TAX INCREMENT FINANCING (TIF)

Ad Hoc Urban Renewal Citizens Advisory Committee

January 23, 2020

Orientation

Topics of Presentation

- What is Tax Increment Financing (aka urban renewal) – Does not increase property taxes, redistribution of existing taxes paid
- History of Tax Increment Financing in Oregon
- History of Tax Increment Financing in Newberg
- Why consider a Tax Increment Financing program in Newberg
- Steps and Process to creating a Tax Increment Financing program in Newberg

What is Tax Increment Financing?

- Tax Increment Financing (aka urban renewal) addresses the issue of blighted areas that impairs economic values and tax revenues through actions such as acquisition, conservation, rehabilitation, redevelopment, clearance, re-planning and preparation for rebuilding of blighted areas. Activities can include streets, sewer, water, housing, parks, sidewalks, façade programs, repair/rehabilitation of buildings, etc.

- Allows for the use of tax increment financing to finance improvement projects.

- Allows for special powers to buy and assemble sites for development or redevelopment, if that is desired.

- Allows for special flexibility in working with private parties to complete development projects.

History of Tax Increment Financing (TIF) In Oregon

1949 - U.S. Housing Act marked the beginning of what became known as “modern urban renewal”.

1950 - A California constitutional amendment authorizing TIF was approved.

1951 - California legislature enacted implementing legislation.

1951 - The Oregon legislature passed an urban renewal law. This enabling legislation authorized only housing authorities to act as urban renewal agencies, but was expanded in 1957 to include city councils, county commissions, or separate boards appointed by these governing bodies. Purpose was to access federal funds.

Source: Urban Renewal in Oregon 2002 , Tashman Johnson LLC

History of Tax Increment Financing In Oregon

1960 - Oregon voters approved a constitutional amendment on TIF.

1961 – The Oregon legislature enacted implementing legislation. (Modeled after CA)

1979 – Oregon legislature substantially rewrote Oregon urban renewal statutes. Expanded permissible uses of TIF, Expanded the definition of “blight”, Improved public scrutiny of renewal efforts with annual reports, Required approval of an urban renewal plan by non-emergency ordinance, Restricted the percentage of a municipality’s assessed value and land area.

1990 - Voters approved Measure 5. (impacted TIF statewide)

1997 - Voters passed Measure 47. (impacted TIF statewide)

Source: Urban Renewal in Oregon 2002 , Tashman Johnson LLC

History of Tax Increment Financing In Oregon

2001 – Oregon Supreme Court “Shilo Case”. (changed categorization of school taxes for TIF)

2003 - HB 2187 was passed at the request of the Oregon Department of Revenue (DOR) for statutory changes related to the implementation of the Supreme Court decision in the Shilo case.

2003 - HB 2589 was passed, adding urban renewal agencies to housing authorities as agencies that may choose to not disclose records that are submitted by applicants for loans, grants, and tax credits.

2006 - Voter approval of Ballot Measure 39, which, as stated in the official title, “Prohibits Public Body From Condemning Private Real Property if Intends to Convey to Private Party”.

Sources: Urban Renewal in Oregon 2002 , Tashman Johnson LLC; Urban Renewal in Oregon 2002-2012 Elaine Howard Consulting, LLC/Jeannette Launer, Attorney

History of Tax Increment Financing In Oregon

2007 - HB 2140 substantially changed the application of prevailing wage laws to public-private development projects.

2009 - HB 3056 significantly changed TIF law with, Initial Maximum Indebtedness Limits, Maximum Indebtedness Increases, Revenue Sharing, Concurrence, Underlevy, Indebtedness v. Maximum Indebtedness, Annual Reports.

2009 – Cooperation Agreement, good until 2017 (relates to HB 3056).

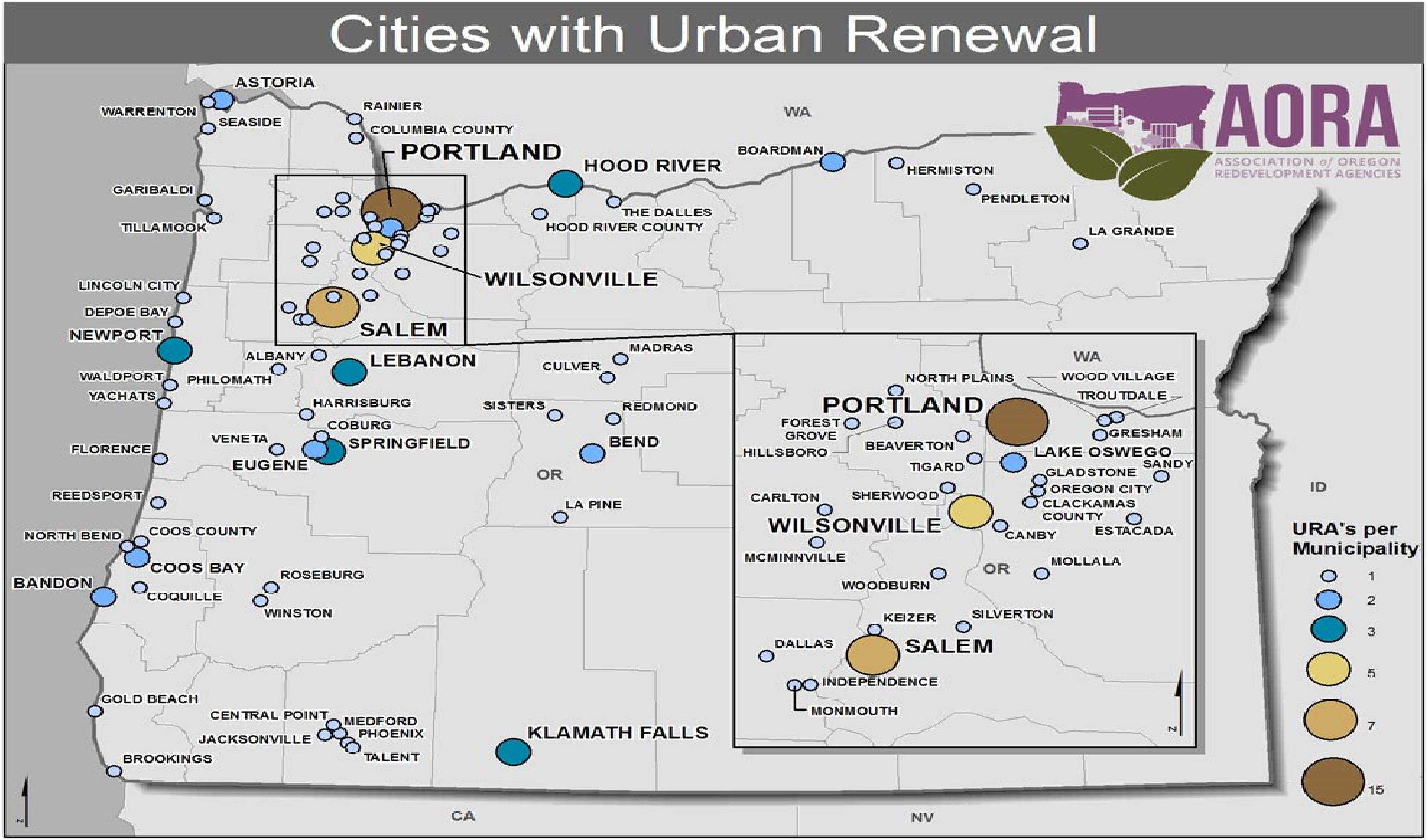
2019 – HB 2175 modified what constitutes a public building, clarified adding additional land to a district, modified what's to be included in a report, and modifications to standard and reduced rate plans.

Source: Urban Renewal in Oregon 2002-2012 Elaine Howard Consulting, LLC/Jeannette Launer, Attorney

TIF Programs Operating in Oregon?

175 Districts Statewide

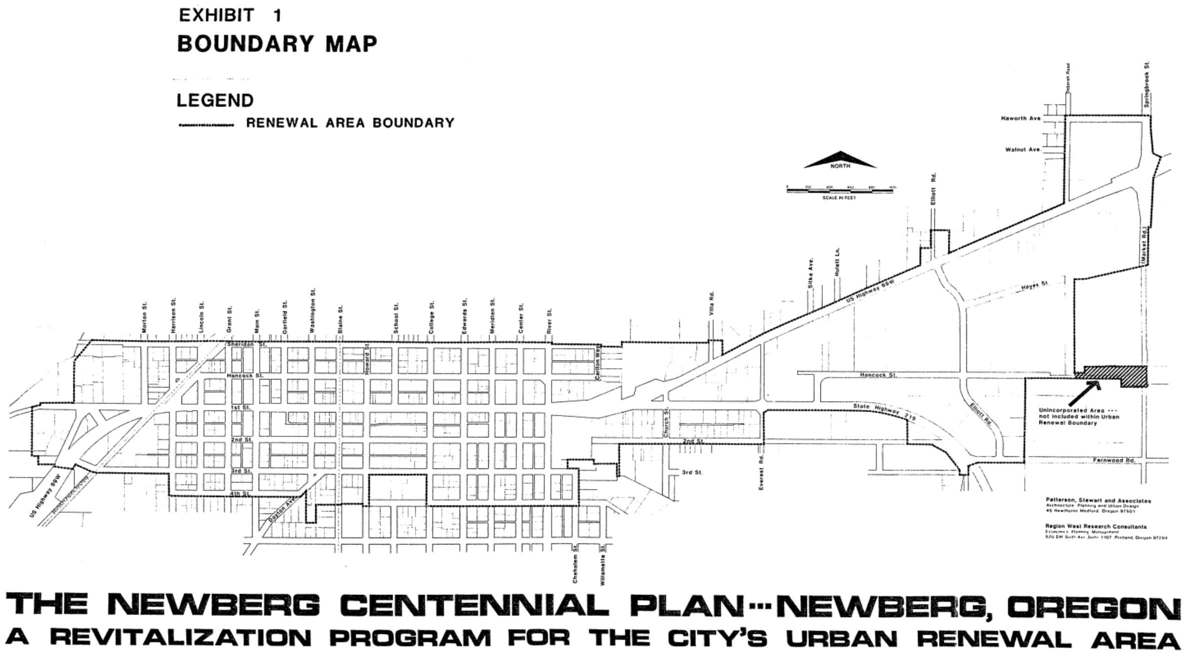
3 in Yamhill County



Source: AORA

Past Efforts for Tax Increment Financing (TIF) in Newberg

1982 – Centennial Redevelopment Agency & Plan approved by Ord. No. 1982-2090 & Ord. No. 1982-2107



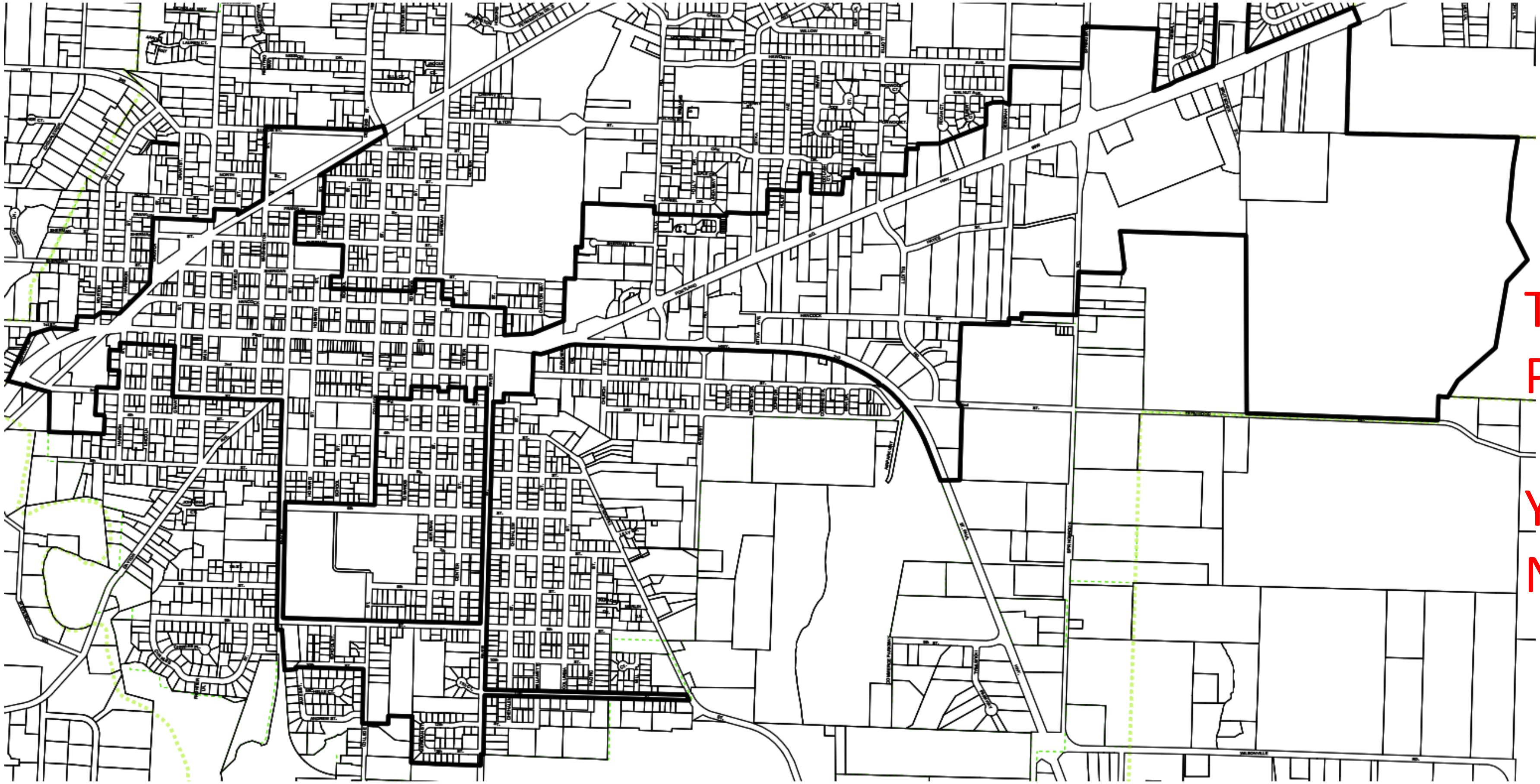
Terminated by Initiative Petition Ord. No. 1983-2172

Yes – 2397 (70.4%)

No – 1006 (29.6%)

Past Efforts for Tax Increment Financing (TIF) in Newberg

2001 Newberg Urban Renewal Agency and Plan approved by
Ord. No. 2001-2557 & Ord. No. 2001-2560

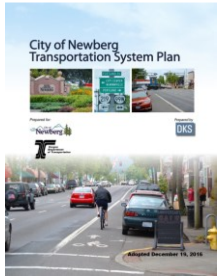


Terminated by Initiative Petition Ord. No. 2002-2575

Yes – 3092 (57.38%)
No – 2297 (46.62%)

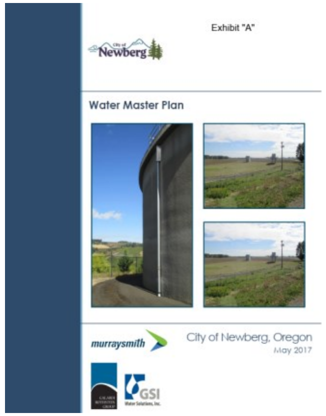
Why Consider a Tax Increment Financing (TIF) Program in Newberg Now?

- Newberg Economic Development Strategy (2016)
- Newberg Strategic Tourism Strategy (2016)
- Newberg Downtown Improvement Plan (2016)
- Newberg Transportation System Plan (2016)



Why Consider a Tax Increment Financing (TIF) Program in Newberg Now? (con't)

- Newberg Water Master Plan (2017)
- Newberg Wastewater Master Plan (2018)
- Newberg 2030 program – UGB Expansion (2016/20)
- Riverfront Master Plan (2019)
- Community Visioning (2019)



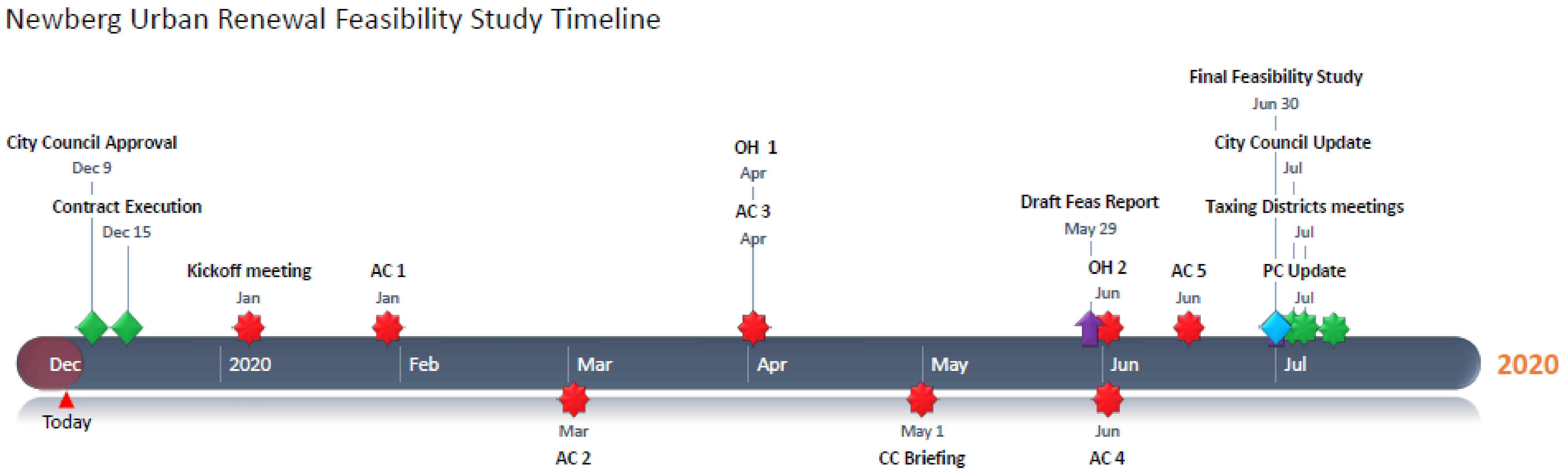
Steps/Time/Cost to Creating a TIF Program

- Preliminary Feasibility Study – Phase 1
- Creating an Urban Renewal Agency – Phase 2
- Urban Renewal Plan & Report – Phase 3

  - ➢ 15 - 16 months to work through the steps (may be longer)
  - ➢ Cost: approximately $100,000

Source: AORA Best Practices For Urban Renewal Agencies, January 2014

Timeline


Newberg Urban Renewal Feasibility Study Timeline
Final Feasibility Study
Jun 30
City Council Approval
Dec 9
OH 1
Apr
City Council Update
Jul
Contract Execution
Dec 15
AC 3
Apr
Draft Feas Report
May 29
Taxing Districts meetings
Jul
Kickoff meeting
Jan
AC 1
Jan
OH 2
Jun
AC 5
Jun
PC Update
Jul
Dec
2020
Feb
Mar
Apr
May
Jun
Jul
2020
Today
Mar
AC 2
May 1
CC Briefing
Jun
AC 4

Proposed Meeting Dates

UR CAC	Open Houses
February 10, 2020	April 13, 2020 - Open House #1
March 9, 2020	June 8, 2020 – Open House #2
April 13, 2020	
June 8, 2020	
June 29, 2020	

Preliminary Feasibility Studies

- Public Involvement – engage public in evaluation
- Area Boundary – maximum 25% of City limit area
- Blight – defined by ORS 457.010
- Preliminary Projects – draw from existing plans within the boundary
- Comprehensive Plan Review – review goals and policies
- Financial Analysis – maximum 25% City assessed value, there are limits on maximum indebtedness that can be established
- Impacts on Taxes Imposed by Overlapping Tax Districts

Source: AORA Best Practices For Urban Renewal Agencies, January 2014

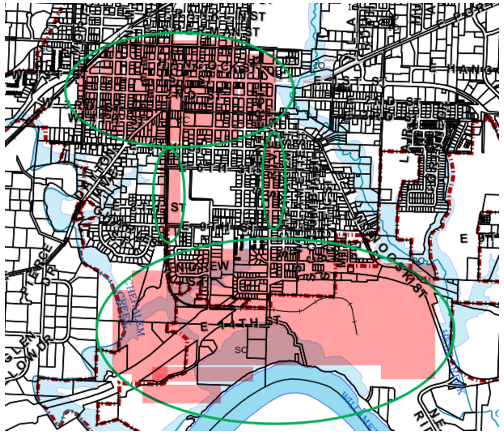
Creating an Urban Renewal Agency

- City Council activates agency by ordinance
- Establishing a Board – ORS 457.035 – can be either a governing body (City Council), Board or Commission, or Housing Authority
- Advisory Committee – not required but suggested

Source: AORA Best Practices For Urban Renewal Agencies, January 2014

Urban Renewal Plan

- Public Involvement
- Area Boundary
- Blight
- Goals & Objectives
- Projects to be Funded



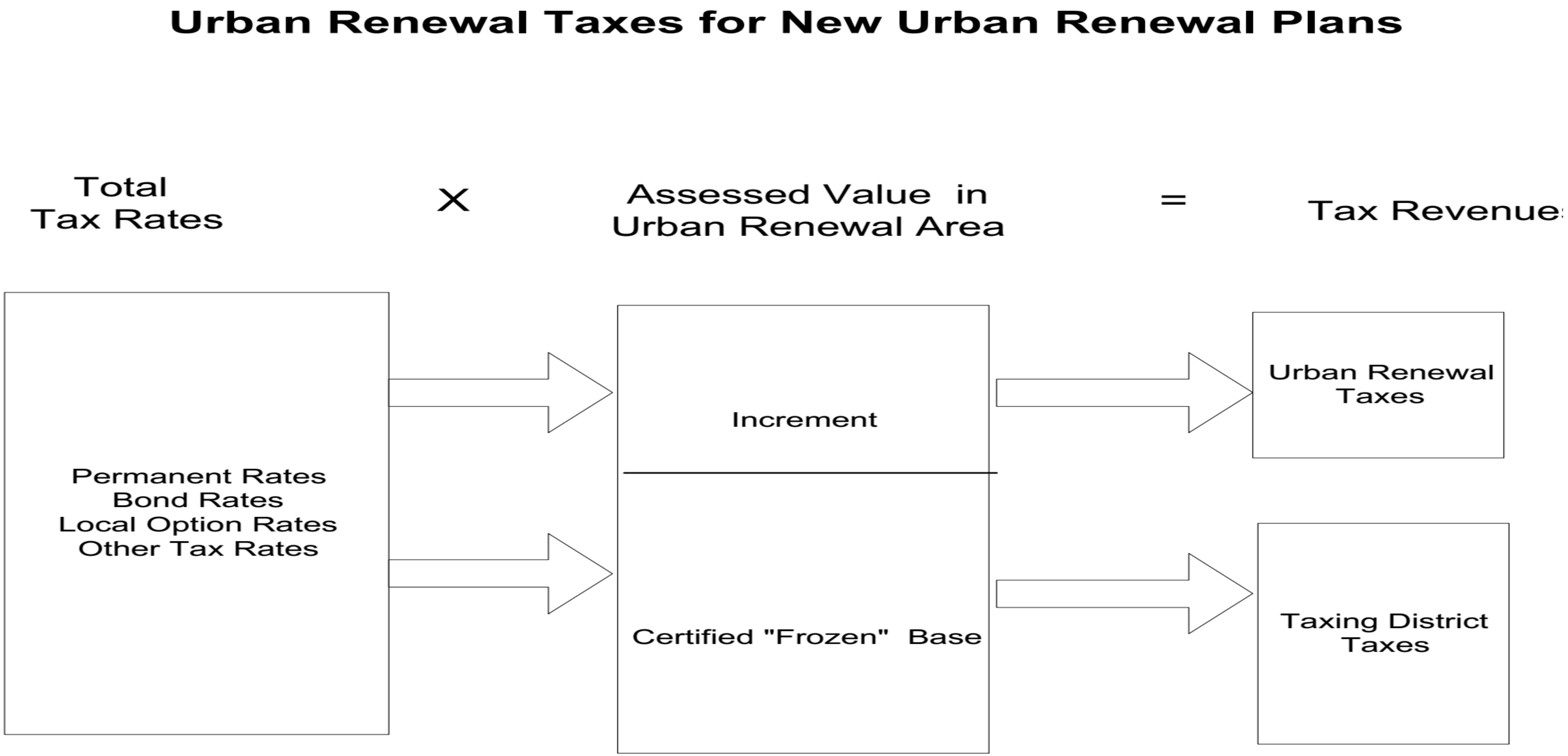
Source: AORA Best Practices For Urban Renewal Agencies, January 2014

Urban Renewal Plan (con’t)

- Comprehensive Plan and Economic Development Plan Review
- Procedural Requirements for Approval of a Plan
- Urban Renewal Report
- Finance

Source: AORA Best Practices For Urban Renewal Agencies, January 2014

Financing



Source: An Overview of Urban Renewal, Tashman Johnson LLC, 2000

Financing (con't)

- Maximum indebtedness (maximum amount of debt that can be incurred)
- Revenue sharing with Overlapping Taxing Districts (OTD's)
- Does not increase property taxes, redistribution of existing taxes paid
- How to fund the feasibility study & plan/report

Source: AORA Best Practices For Urban Renewal Agencies, January 2014

Financing (con't)

Figure 2. Revenue Sharing

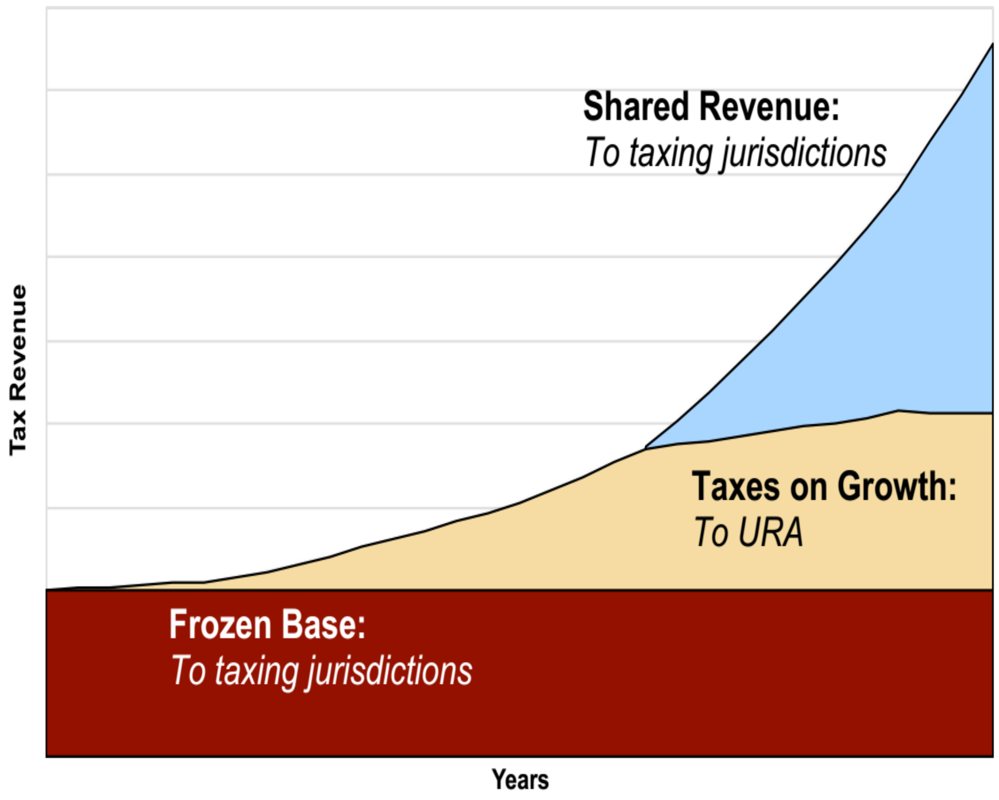
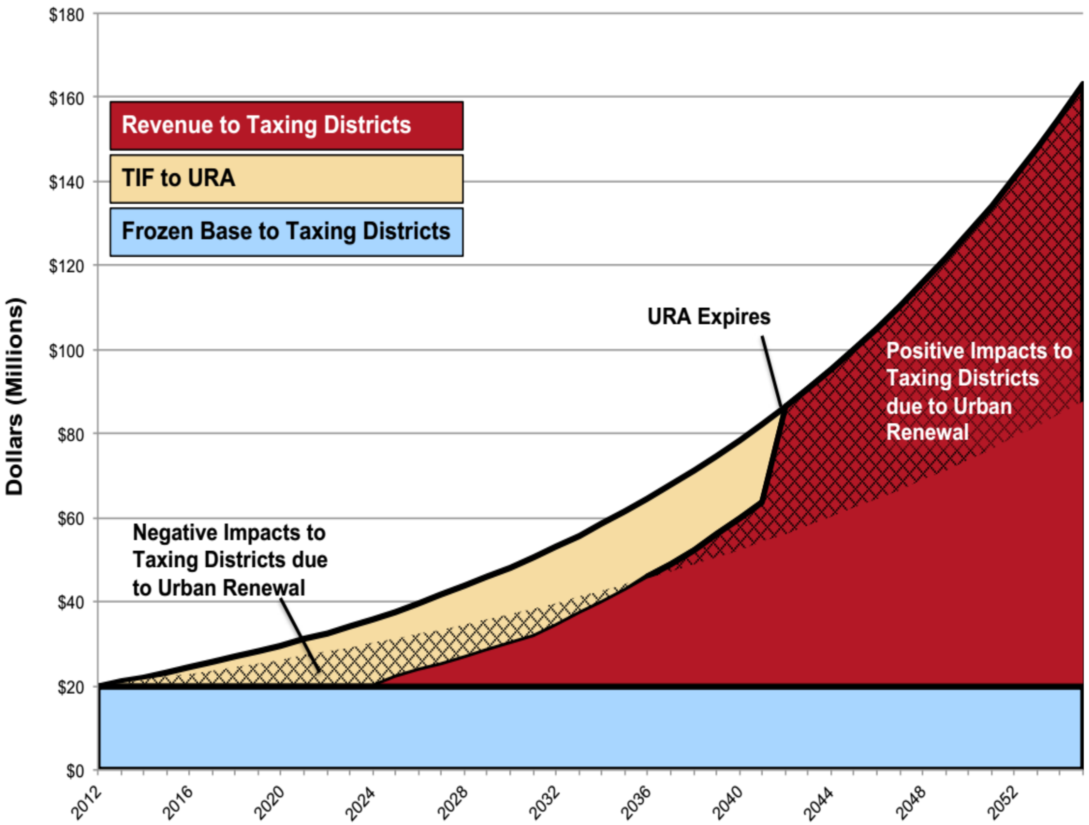


Figure 3. Impact on Taxing Districts



Source: AORA Best Practices For Urban Renewal Agencies, January 2014

Referendum Process

- An ordinance adopting an urban renewal plan is subject to referendum per ORS 457.120(3)(d)

- Referendums are subject to the requirements of ORS 250

- After October 3, 1979, any urban renewal plan purported to be adopted in conformance with applicable legal requirements shall be conclusively presumed valid for all purposes 90 days after adoption of the plan by ordinance of the governing body of the municipality. No direct or collateral attack on the action may thereafter be commenced (ORS 457.435)

Next Steps

- Urban Renewal Feasibility Study, CAC Meetings, Open Houses

Questions?

BEST PRACTICES

FOR TAX INCREMENT FINANCING AGENCIES IN OREGON

November 2019

oeda

OREGON ECONOMIC DEVELOPMENT ASSOCIATION

ABOUT THE OEDA TAX INCREMENT FINANCING COMMITTEE

The Association of Oregon Redevelopment Agencies (AORA) merged with the Oregon Economic Development Association (OEDA), in July of 2017. OEDA's Tax Increment Financing (TIF) Committee continues to represent established TIF agencies which may be initiated by cities or counties. Their boards can be comprised of the municipal governing body, a housing authority, or members may be appointed by the governing body.

Leadership of OEDA's TIF Committee is provided by a Chair and Vice Chair and exists under the general leadership of the OEDA Board of Directors.

OEDA's TIF Committee holds regular meetings and continues to innovate with new ways to share information and resources to public and private redevelopment professionals. This committee does the following;

- Promotes TIF 'best practices' among the state's TIF agencies;
- Provides a forum for discussion with professional colleagues throughout the state on issues pertinent to redevelopment;
- Provides education and information to the Legislature and state agencies on issues related to redevelopment and TIF;
- Evaluates and coordinates TIF agency responses to litigation on TIF and redevelopment; and
- Communicates with the League of Oregon Cities and other key partners.

2019 OEDA TAX INCREMENT FINANCING COMMITTEE LEADERSHIP

Kate Porsche	Chair	kate.porsche@corvallisoregon.gov
Rebecca Ziegler	Vice Chair	rziegler@cityofsalem.net
Justin Douglas	Past Chair	douglasj@prosperportland.us

2019 OEDA EXECUTIVE LEADERSHIP

Kate Porsche	President
Sarah Means	Past President
Matthew Miller	Vice President
Cindy Moore	Secretary
Kit Kamo	Treasurer

OEDA STAFF

Avery Pickard	Executive Director	director@oeda.biz

Cover photos (top left to bottom right). Redmond's Cook Crossing, Hermiston's Festival Street, Tillamook's Pelican Brewing, Tigard's Atwell Off Main.

Dear Practitioner,

It's hard to believe it's been more than five years since the publication of the original Best Practices document. This 2019 version adds updates from recent legislative changes, with a focus on the new language from this year's session. We have also added handy references and sample documents in the appendices.

A new chapter has been added to focus on diversity, equity, and inclusion, and the need for us practitioners, to always be working to ensure that underrepresented populations are a part of the conversations, part of the process. Interestingly, it was the drafting of that chapter, that led us to a conversation about nomenclature. For many, "urban renewal" is a term that evokes past practices of the 1950s and 60s wherein minorities and underrepresented populations were displaced to clear the way for redevelopment. I have long thought that the term does us no favors and misses highlighting the numerous ways in which the tool has helped so many communities, large and small, rural and urban, to revitalize, create jobs, and to create opportunities for their citizens.

To that end, the committee made the conscious decision to begin to shift from the term urban renewal to tax-increment financing or TIF, a term used consistently in other parts of the nation. Starting with the title and throughout the document, you will now see the use of TIF, though we leave language and references to ORS as urban renewal as stated in the statutes. We hope you can begin to make this shift in your own community as well.

Before you is an easy-to-navigate, consolidated reference about TIF Districts in Oregon. Whether you are considering a new district for your community, or if you are a seasoned practitioner, this document provides valuable information. Throughout the manual, you will find best-practice tips from experienced practitioners, consultants, and TIF attorneys and bond counsel (of course it is always recommended to check with your consultant or attorney when navigating new territory).

A letter from the Special Districts Association of Oregon, whose members are one group directly impacted by the use of TIF Districts, can be found in the appendices. Their letter and thoughts give real insight into the concerns and tensions surrounding TIF Districts but also provide recommendations for how communities can better partner with taxing districts to create successful TIF districts.

This document represents the energy of a great group of people committed to making TIF Districts a better tool for redevelopment and economic development in Oregon. We hope you find this to be a useful reference in your work, and that these best practices help to keep this tool strong in Oregon.

Kate Porsche

OEDA President & TIF Committee Chair

OREGON ECONOMIC DEVELOPMENT ASSOCIATION

OREGON ECONOMIC DEVELOPMENT ASSOCIATION

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Portland, OR 97218

(541) 623-0064

www.oeda.biz/committees/urban-renewal/

OEDA TAX INCREMENT FINANCING COMMITTEE LEADERSHIP

Kate Porsche, Chair
Economic Development Manager, Corvallis/Benton County Economic Development Office

Rebecca Ziegler, Vice Chair
Project Manager, City of Salem Urban Development Department

Justin Douglas, Past Chair
Manager, Governance, Learning & Outcomes, Prosper Portland

TABLE OF CONTENTS

1. Introduction and Overview

CHAPTER CONTENTS

This chapter contains the following sections:

1.1 INTRODUCTION

The Oregon Economic Development Agency (OEDA) represents Tax Increment Financing (TIF) agencies throughout the state of Oregon. A major part of OEDA's mission is to provide guidance and information to TIF agencies during the planning, administration, and implementation of their TIF programs. To fulfill part of its mission, OEDA has partnered with several consultants that have served Oregon's redevelopment agencies and its parent city and county entities, as well as with similar organizations in other states to review the Urban Renewal Administrative Guidelines and Procedures (2001) and to update the document.

This document and the best practices contained herein were reviewed and discussed with the OEDA Board, the OEDA TIF Committee, and experienced TIF bond counsel. This document addresses issues that commonly arise in the practice of urban redevelopment within the state of Oregon. The best practice tips will provide agencies and practitioners with guidance based on more than 250 years of combined experience with urban redevelopment.

The online version of this document is intended to be a living document, and will be reviewed and revised as appropriate. OEDA welcomes the comments and suggestions of TIF agencies at any time.

DISCLAIMER

The information in the *Best Practices for Tax Increment Financing in Oregon* is not intended to be legal advice and should not be relied upon by the user as a substitute for specific legal or other expert opinions. All users are responsible for determining the applicability of these materials for their particular issue.

ACKNOWLEDGEMENTS

Thank you to all members of the TIF Committee, in particular:

Charles Denight, Pendleton Development Commission

Justin Douglas, Prosper Portland

Sara Long, City of Salem Urban Development Department

Matt Perreault, Oregon State University, Master of Public Policy Candidate

Avery Pickard, OEDA

Kate Porsche, Corvallis/Benton County Economic Development

Kristin Retherford, City of Salem Urban Development Department

Rebecca Ziegler, City of Salem Urban Development Department

1.2 HOW TO USE THIS DOCUMENT

This document provides an update and expansion to the 2014 Best Practices Manual. The goal for this updated document is to provide Oregon's cities and counties with an easy-to-navigate, consolidated reference about the following information:

- Rules and regulations for TIF in Oregon.
- Background on how TIF works and its procedural steps.
- Best practices for TIF topics from practitioners who have been working in Oregon for many years.

The document is organized by major topic. For each topic, there is an introduction, the statutory provisions that pertain to the topic, a discussion, and best practice tips. Throughout the document, there are sidebars to assist the reader and/or to provide examples from communities around the state.

This document will be reviewed periodically to add updated information and note any changes to rules and regulations in Oregon.

The online document can be found at [www.oeda.biz.](http://www.oeda.biz)

1.3 SUMMARY OF CHANGES IN THIS EDITION

Statutory Changes

HB 2174 passed the Oregon Legislature in June of 2018 and can be referenced in Chapter 580 of the 2019 Oregon Laws edition. This bill was the product of months of collaborative negotiation between TIF agencies and taxing districts with the purpose of updating ORS 457, the section of Oregon law relating to TIF, to reflect the concerns of both parties and ensure responsible use of TIF funds. It is an omnibus package of statutory updates that clarify certain requirements related to public building projects, notification and approval from taxing districts, amendments to TIF land area, financial reporting, and other topics. The following is a brief outline of the changes to TIF law enacted by this bill.

The first topic addressed by HB 2174 is the use of urban renewal funds for public building projects. The bill specifically defines a public building as, "a fire station, police station, public library, public hospital, capitol building, school as defined in ORS 339.315, college, university, city hall, or the residence of any state official elected by the state at large." Additionally, land adjacent to these buildings, buildings owned and occupied by state or municipal agencies, and public art features (e.g., sculptures or clock towers) are subject to the same approval requirements as public buildings. The following are *not* public buildings, according to HB 2174: Property acquired by an urban renewal agency intended for redevelopment, transportation infrastructure, water and wastewater infrastructure, tourism-related facilities (see ORS 320.300), or parks and recreation facilities.

These definitions are important because HB 2174 strengthens the requirements of urban renewal agencies to gain the approval of taxing districts when considering projects that involve public buildings. While prior law simply required urban renewal agencies to consult and confer with taxing districts, HB 2174 imposes the following requirements;

- New urban renewal plans that include public building projects must be sent to all affected taxing districts, which have 45 days to respond. Three of the four taxing districts that are estimated to forego the most tax revenue must approve of the plan in order for the public building project to be included; if two of the four reject the proposal, the public building project cannot be included. If there is no response after 45 days, a taxing district will be assumed to have concurred on the plan. While this primarily applies to new urban renewal plans, it also applies to existing plans that add public building projects or an amendment that significantly increases the scope of work for a public building project and is funded primarily by urban renewal. These concurrence requirements do not apply if a public building project was already included in an existing urban renewal plan but do apply when a plan is amended to significantly increase the scope of an included public building project.

Another feature of HB 2174 is that the terms reduced rate plan and standard rate plan, already used in administrative law by the Department of Revenue, are now formally defined in statute. This was done to separate general obligation bonds from being included in consolidated tax rates for urban renewal plans moving forward, which has been a source of contention and confusion in the past. The following are defined as reduced rate plans in HB 2174: urban renewal plans that were adopted before December 6, 1996; urban renewal plans that were adopted before December 6, 1996 and substantially amended after October 6, 2001; urban renewal plans that were adopted after October 6, 2001 and before HB 2174 took effect; urban renewal plans adopted before December 6, 1996 that use a consolidated tax rate as outlined in ORS 457.445. A standard rate plan is any urban renewal plan that does not meet these criteria. This is necessary because HB 2174 significantly revises ORS 457.445, the statute that outlines the process for calculating consolidated tax rates, with the intention of streamlining the process and removing general obligation bonds from those calculations moving forward.

HB 2174 also includes several clarifying provisions related to notice requirements and land area amendments. Now that they are formally defined in statute, the bill specifies that only standard rate plans and certain reduced rate plans must issue public notice that property tax rates may be affected by amendments and changes to an urban renewal plan. The bill also specifies that adding land to an urban renewal area that *cumulatively* totals more than 1% of the land area will trigger a substantial amendment, a requirement that was previously ambiguous. Additionally, the bill clarifies that amendments to an urban renewal plan's land area may not total more than 20% of the total area *without regard to* any reductions in the land area.

The final major feature of HB 2174 relates to annual financial reporting requirements for urban renewal agencies. From now on, urban renewal agencies are required to include updates on maximum indebtedness and the amount of indebtedness that accrued during the previous fiscal year by January 31 of each year. These financial reports are to be distributed to each of the taxing districts that are affected by the urban renewal area, and a representative of the urban renewal agency shall be designated to consult with affected taxing districts and respond to questions. This is intended to improve public transparency and interparty communication between taxing districts and urban renewal agencies.

Aside from some minor form and style changes and some rearrangements to the ordering of statutes within ORS 457, the preceding description of the features of HB 2174 comprise the extent of the changes in law relating to urban renewal in Oregon. This is the first major change to urban renewal law since 2009. The 2019 edition of OEDA's Best Practices for Tax Increment Financing in Oregon manual has been updated to reflect these changes. Readers are encouraged to note these changes and to consult with fellow OEDA members regarding any clarifications needed.

Other Changes

- An essay on prioritizing equity and inclusion in TIF (**Chapter 1.4 Diversity, Equity, and Inclusion**)
- A chapter on public outreach for TIF agencies (**Appendix E: Marketing, Communications, and Outreach**)
- A revised chapter on TIF plan amendments, which includes example time lines and flowcharts to better explain the amendment process (**Chapter 5. Amendments to the TIF Plan**)

1.4 DIVERSITY, EQUITY, AND INCLUSION

As modern practitioners, we think of urban renewal, or TIF, as a flexible and useful tool that has helped cities around Oregon in their revitalization efforts. However, in using this tool, we need to acknowledge its history in reference to the 1950s and 60s, as a tool for displacing minority residents as well as its negative perception still prevalent today, especially among marginalized communities. Despite this history, TIF can be a powerful tool for responding to and overcoming barriers to opportunity in these communities. Therefore, this chapter seeks to develop awareness of the need for policies that focus on diversity, equity, and inclusion to ensure that TIF as a tool helps all community members and creates opportunity, especially for marginalized or minority populations in our communities.

The ideals of equity and inclusion do not refer exclusively to racial issues; they are broad concepts that emphasize the necessity to ensure representation of marginalized communities and to right past wrongs. A common metric for considering marginalized or vulnerable communities is the Title VI/Environmental Justice criteria outlined in federal law, which bans discrimination against people of color, immigrants, seniors, people with disabilities, and those living in poverty.[1] We acknowledge that the concepts of equity and inclusion are context-specific and vary significantly across jurisdictions. Communities throughout Oregon are incredibly diverse, in and among themselves and have different challenges and needs.

The US Census Bureau estimates that 75.3% of Oregon's population are non-Hispanic whites. While this is still significantly higher than the national average of 60.4%, it is important to recognize that nearly a quarter of Oregonians are nonwhite, and that nonwhite Oregonians may have drastically different experiences and perspectives than those of the majority population. In addition, nearly 10% of the population was born outside of the US, 15.2% speak a language other than English at home, 10.2% are disabled persons under the age of 65, 17.6% are seniors age 65 and over, 38.3% do not own their home, and 13.2% live in poverty. Since TIF is primarily designed to counteract blight, it is likely that residents in blighted areas identify as one or more of the marginalized populations.

1 U.S. Environmental Protection Agency. (2017). Title VI and Environmental Justice. Retrieved from https://www.epa.gov/environmentaljustice/title-vi-and-environmental-justice.

***Table 1: Selected Statistics from US Census Bureau*[2]**

	Oregon	United States
White, non-Hispanic	75.3%	60.4%
Foreign-born	9.9%	13.4%
Non-English speaker	15.2%	21.3%
Disabled, under 65	10.2%	8.7%
65 years old and over	17.6%	16%
Poverty rate	13.2%	12.3%
Homeowner	61.7%	63.8%

While practitioners of TIF may be enthusiastic about the tool's potential to spark economic development and alleviate conditions that cause blight and poverty, the topic of TIF can galvanize strong feelings among groups that may not view it in the same way. For many marginalized communities, the phrase "Tax Increment Financing" carries a litany of negative implications, such as demolition, displacement, gentrification and forced relocation. When viewed in the historical context of residential segregation, exacerbated by explicitly racist policies (such as redlining), it is understandable why some communities would view TIF with distrust and suspicion. In addition to acknowledging the validity of these concerns, practitioners of TIF must recognize its harmful history and its potential to inflict damage on vulnerable communities. Only then can we work to reverse those harms by working alongside those communities to foster a more equitable path for TIF and economic development.

One urgent task for practitioners is to clearly communicate to residents that the modern form of TIF authorized by Oregon law is wholly different from the large-scale, top-down federal projects of the mid-20th century. Oregon's system is organized and driven by local governments with community involvement, oftentimes even with voter approval. Practitioners should keep an open mind and approach the topic of TIF in their communities with a holistic view towards the history of TIF as well as the current public perception about the tool. Whether or not the affected communities are outspoken about a TIF plan, practitioners should actively reach out to and include members of those communities in all stages of the planning and execution of the TIF plan.

Because the discussions and policies on this topic are relatively new, there are fewer best practices than there are current practices. Some best practices

2 U.S. Department of Commerce. Census Bureau. (2018). QuickFacts Oregon; United States. Retrieved from https://www.census.gov/quickfacts/fact/table/OR,US/PST045218.

are included below. Prosper Portland, formerly the Portland Development Commission, has prioritized working on social equity, diversity, and inclusion as it relates directly to the use of TIF, while acknowledging its discriminatory practices in the past. Prosper Portland makes the following statement about Inclusive Innovation,

> *"Making our industries and economy more inclusive is not just good social policy, it's vital to the long-term economic success of our companies and our communities. Fostering a more equitable Portland will attract an increasingly diverse workforce who will see Portland as a place where everyone can succeed."* [3]

We believe there is an opportunity for the adoption of diversity, equity, and inclusion policies and practices by communities throughout Oregon, both for their internal organizations, as well as for their partnerships and project work. The incorporation of diversity, equity and inclusion (DEI) policies into TIF plans and projects should be a best practice for *every* TIF district in Oregon.

Best Practices

Modern TIF practitioners should ask and answer the following questions related to projects funded through TIF. These questions aren't a check-list for use at the end of a project, but a way of operating that should be conducted early and often when considering the merit of policies, projects,and the expenditure of TIF funds. We will discuss some specific suggestions and best practices following this list:

Equitable Community Engagement

- How do you create equitable engagement with diverse stakeholders?
- What accountability measures do you have in place throughout the TIF process?
- Are you conducting direct outreach to all community groups that will be impacted by the TIF process? Extensive focus on marginalized populations should be prioritized.
- How do you reach out to diverse populations? Are you partnering with nonprofits, service groups, or other organizations that have direct connections with these community members?

Benefits

- Who benefits? Who is impacted by the project or policy?

3 City of Portland. Prosper Portland. (2019). Inclusive innovation. Retrieved from https://prosperportland.us/for-businesses/inclusive-innovation/.

- What is the impact to current residents? This question should be also answered by the communities themselves not just from the policy makers or practitioners.

Disparities

- What are the disparities and how are they being addressed?
- How can inequitable outcomes, like gentrification and displacement, be avoided?
- How, and to what extent, can the use of public resources be used to achieve equitable outcomes?
- How can public funds, via the TIF process, be used to address current and past inequities to achieve better outcomes?

Ways to Promote Engagement

Considering a new TIF district? Healthy dialog within your community, and, specifically with the people in the area being considered is key. TIF works best when it is ground-up—government responding to the needs of people and groups- rather than top down. Perhaps you have an area your policy makers are considering for a district? Use the questions above to engage with all affected groups—get people involved, give them an opportunity to be a part of the discussion and planning, and to be heard. It is the responsibility of practitioners to go above and beyond to engage with those groups who may be marginalized.

Adopt DEI Policies. Create policies specific to your community's commitment to these ideals. These may include equity statements, funding policies, and/or minority and poverty assistance programs. You will want to draw upon and seek harmony with your jurisdiction's existing policies and priorities on this topic.

Outreach and engagement. Outreach is key, and this may look different for different groups or people. Ask yourself, are you effectively reaching different groups? If not, what's needed? Some communities have found it very helpful to provide public meetings at different times of day or evening. Are there working families in your community? Make sure you provide day care and snacks at your meetings. Are there people in your community who speak English as a second language? Bring in interpreters. Are attendance levels low? Cultivate an awareness around the idea that some marginalized groups may not be interested in attending a government event given the current political climate. It may be necessary for you to engage with community leaders or in small groups at locations such as churches, or local businesses. Engage local leaders to help spread the word and to get people engaged and involved.

- **Engage with the community and the organizations that support them.** Building meaningful partnerships with local nonprofits and community or business groups is a valuable way to create connections to a community. As a practitioner, it is important to build relationships with the people you are trying to engage with. This means circling back and communicating updates, letting them know how their feedback influenced policy and decision-making and how they can continue to be involved.
- **Tell your story.** Quantify and tell the story of who you engaged with and how you did that work. Work with local media and through your social media channels to spread the word about your programs and policies and continue to ask for stakeholder feedback and engagement.
- **Create an equity council or workgroup.** Even small communities can implement a workgroup, council, or committee who can work on furthering inclusiveness and equity in your work. Recruit stakeholders for these councils or workgroups from vulnerable communities, people of color, or groups that you are working to hear from. Give them a voice in your equity work.

Addressing Gentrification

Gentrification can be an unintended consequence of TIF investments in communities. Gentrification is defined as:

> *"The process of repairing and rebuilding homes and businesses in a deteriorating area (such as an urban neighborhood) accompanied by an influx of middle-class or affluent people and that often results in the displacement of earlier, usually poorer residents."* [4]

Practitioners should be aware of the potential for gentrification in their districts and apply a thoughtful and intentional focus on many of the questions outlined above. Will your district or project benefit those who already live or work in the area? If not, how can you change it so it will? Are there programs or policies you can create that will benefit and strengthen the fabric of the existing community?

Examples of programs in this realm include; business assistance for women, minority, or veteran-owned businesses, divers affordable housing types, and rehabilitation of historic buildings with rent subsidies for marginalized populations. If your community is looking at a larger-scale or new-construction project, seek to raise the bar—include requirements for a certain level of affordable housing units (i.e., Prosper Portland has committed

4 Gentrification. 2019. In *Merriam-Webster.com*. Retrieved from https://www.merriam-webster.com/dictionary/gentrification.

45% of their funds for affordable housing in their districts) or opportunities for local populations.

The underlying purpose of TIF is to eliminate blight and blighting influences, but this work needs to be done with a careful eye toward creating opportunities and prosperity for those already living in the areas, rather than excluding them or making these improvements to their detriment.

References, Examples, and Case Studies:

- **Government Alliance on Race and Equity (GARE)**
  A national network of governments working to address racial equity issues.
- **Prosper Portland's Neighborhood Prosperity Initiative: Cully Boulevard Alliance**
  A great example of one of Prosper Portland's innovative use of TIF funds to create equity, prosperity and engagement with local communities.
- **SW Corridor Equitable Housing Strategy (City of Tigard and Metro)**
  Built in cooperation with Metro, this strategy seeks to create equitable housing and economic development opportunities. While not specific to a TIF district, there are some good examples of how they are working to prevent displacement of vulnerable households and increase housing choices for all income levels over the next 10 years.

CHAPTER CONTENTS

This chapter contains the following sections:

2. Preliminary Feasibility Studies

Feasibility studies are used to evaluate the potential political and economic success of a TIF district. They typically entail less detail than a TIF plan and report, and allow a jurisdiction to take a relatively inexpensive look at the benefits and constraints of a proposed TIF district. There are no statutory requirements for a feasibility study. Feasibility are usually completed prior to writing a TIF plan. Exceptions to this may include, but are not limited to, response to an opportunity that has certain time constraints that would not allow for completion of a TIF feasibility study.

2.1 PUBLIC INVOLVEMENT

A. Background

Feasibility studies can either be an internal technical study to determine if TIF would be an effective tool, or they can be a more fully vetted study that incorporates input from stakeholders. Some jurisdictions prefer to examine the technical aspects of TIF before including stakeholder input, as they may decide not to proceed with a TIF plan depending on the outcome of the initial technical study.

B. Statutory Provisions

ORS 457.085(1): Requires public involvement in all stages of development of a TIF plan.

C. Discussion

Public involvement may include meetings with the jurisdiction's staff and elected/appointed officials (resulting in the creation of a technical advisory committee). Or, it may include business district participants, residents, and taxing jurisdictions (resulting in the creation of a community advisory committee).

The technical advisory committee can ensure that projects are consistent with the jurisdiction's plans and can provide valuable information about the cost of projects. They can also analyze a project in the context of other jurisdictional needs and look at the impact of TIF on the overall city or county budget.

The community advisory committee can provide important input on the viability of projects and the willingness of the taxing jurisdictions to support the effort.

For other ideas, refer to **Section 4.1 Public Involvement.**

D. Best Practices Tips

Stakeholder participation can assist a locality in adopting a TIF plan that has been fully vetted with both public officials and community stakeholders. The scope of the feasibility study should determine the amount of stakeholder involvement.

PARTNERSHIPS WITH ADVOCACY GROUPS

In 2010 and 2011, the Hood River City Council developed the Hood River Heights Business District Urban Renewal Plan with cooperative input from the Hood River Heights Business Association (HRHBA). During the feasibility stage, the HRHBA met monthly in open public meetings to review the boundary, establish goals and objectives, and establish and prioritize projects. Once the feasibility study was completed, the HRHBA reviewed the components of the proposed TIF plan and became an advocacy group for the preparation of it. This resulted in a widely supported TIF plan.

2.2 AREA BOUNDARY

A. Background

A TIF feasibility study must be predicated on specific boundaries and, if desired, specific alternative boundaries.

B. Statutory Provisions

ORS 457.420: Limits the percentage of acreage and assessed value that may included in a TIF district. Cities with a population of more than 50,000 (15%) and less than 50,000 (25%). The area must also be blighted in accordance with ORS 457.010.

C. Discussion

Area boundaries are meant to include the entire blighted area where the jurisdiction intends to undertake its projects and programs. For example, if a jurisdiction is considering a commercial district in the downtown, it makes sense to include all of the commercially-zoned properties in that district. There are a few special circumstances to consider when establishing boundaries:

- ***Cherry stems*:** There may be development opportunities or blighting conditions that are not directly adjacent to the area being studied, but which have a direct relationship to the main area. Those areas can be added to the study area through a "cherry stem" (a small section that connects one area to the other).
- ***Donuts*:** There may be an area within the potential boundary of a TIF district that is not included in the TIF district. This may be because it is a different land use, no projects are planned in that area, or because it may not relate to the TIF district in some other way. It is acceptable to establish a boundary and exclude that area, making a "donut."
- ***Non-contiguous areas:*** If a jurisdiction is considering adding an area to a TIF boundary that is non-contiguous to the majority of the TIF district, there should be a direct relationship between the two areas. An example of a direct relationship could be that two districts support one another in their activities, or that they are both commercial districts.

ADDING ADDITIONAL ACREAGE

Jurisdictions sometimes study the possibility of adding more acreage to a TIF district rather than the specific area where projects will be considered. This is done because the larger area typically benefits from the improvements and can use the overall growth to help establish the TIF district.

D. Best Practices Tips

The most logical boundary encompasses the area that is blighted and which will benefit from the use of TIF for projects and programs within the area. Larger TIF districts should be carefully reviewed to avoid controversy in a later stage of plan development.

A boundary including non-contiguous areas should be established only after legal counsel review and approval. A cherry stem is the most conservative method to address this situation and should be the first method explored.

2.3 BLIGHT

A. Background

Blighting conditions must be present in a TIF district. However, not every parcel in a TIF district has to be blighted. Blighting conditions are documented through an existing conditions analysis.

B. Statutory Provisions

ORS 457.010(1): Defines blight.

ORS 457.085 (3)(a): Identifies the requirements of a TIF report that identifies blight.

C. Discussion

The existing conditions analysis includes data on:

- Land use
- Zoning
- Comprehensive plan designations
- Platting (if pertinent)
- The conditions of utilities in the area, including water, sewer, and wastewater systems
- Conditions of the transportation system
- Economic analysis, including an investment to land ratio analysis, and
- An analysis of the social conditions of the area

It should be noted that if a master plan or capital improvement plan exists for public utilities, it can be analyzed for projects identified for the study area. This analysis should include a cross-check by the jurisdiction's engineer for projects that have been completed or are going to be added to the master plan.

Improvement to land ratio values is determined by analyzing the county assessor's data on properties within the area. The county assessor's data identifies the condition of vacant and underutilized land, the deficiencies in the jurisdiction's utility and transportation systems, and any issues in the present platting of the properties within the area. This is the same information that is required in the preparation of a report that accompanies a TIF plan.

D. Best Practices Tips

Blighting conditions must meet the statutory definitions of blight.

Before

After

FORT GEORGE BREWERY REMODEL

Remodeled in 2009, the Fort George Brewery has become a major attraction in Astoria. The project was funded through a variety of loans and grants, some of which were sourced through TIF.

2.4 PRELIMINARY PROJECTS AND PROGRAMS

A. Background

Projects and programs are meant to address the blighting conditions of the area and should help catalyze future developments.

B. Statutory Provisions

There are no statutory requirements for the identification of projects and programs during the feasibility phase. However, the projects and programs identified for a TIF plan ultimately need to comply with ORS 457.170.

C. Discussion

Ideally, projects are identified and prioritized based on their potential for improving blighted conditions and encouraging the private development that will provide the increment necessary to pay the TIF plan debt. Prioritization must also be flexible enough to react to opportunities to provide a match for grant programs and respond to development opportunities as they arise. Local preferences will also influence project choices.

Projected costs should come from the city engineer and/or master plans or capital improvement plans for infrastructure projects and other adopted plans on the study area. Costs may also come from input from consultants and/or other jurisdictions for projects and programs such as storefront grant and loan programs and redevelopment assistance. At the feasibility stage of review, the costs do not need to be detailed, but a general idea of the magnitude of costs associated with the projects will enable the locality to address the blighting conditions.

The types of projects and programs typically used in TIF are:

- Storefront grant and loan programs
- Redevelopment grant and loan programs
- Infrastructure projects, including streetscape, water, sewer, wastewater, and undergrounding utilities
- Developing parking to support downtown businesses
- Development of public buildings

The above list is not exhaustive; there are other types of projects and programs used in TIF.

D. Best Practices Tips

Projects should be identified that will address the blighting conditions in the area and help to catalyze development in the area, thereby increasing property values.

DEVELOP PARKING TO SUPPORT DOWNTOWN BUSINESSES

Lake Oswego worked under a redevelopment agreement with a private developer for an anchor project on the south end of the retail district in downtown Lake Oswego. The City paid for the construction of a structured parking facility that was integral to the development of the surrounding retail and office space. The City now owns and manages the parking facility, which is adjacent to the highly successful Millennium Park.

2.5 COMPREHENSIVE PLAN REVIEW

A. Background

A succinct review of the comprehensive plan and other plans and reports enables the jurisdiction to ensure that a future TIF plan will conform to the comprehensive plan and other local objectives.

B. Statutory Provisions

There are no statutory requirements for comprehensive plan review at the feasibility study phase. However, ORS 457.085 (1)(d) and ORS 457.095(3) address the need for a TIF plan to be in conformance with the comprehensive plan.

C. Discussion

The review of the comprehensive plan and other adopted plans does not require the full analysis that is required in the preparation of a TIF plan, but it can help to ensure that these issues will not interfere with the adoption of a plan. For example, if a jurisdiction would like to see a mixed-use development on a site that is presently designated as industrial land and does not allow for mixed-use development, that issue must be resolved before the adoption of a TIF plan.

D. Best Practices Tips

A comprehensive plan should be reviewed in a feasibility study to identify any issues that may need to be resolved before preparing a TIF plan.

Before

After

STOREFRONT IMPROVEMENT

Coos Bay has a façade improvement program that has contributed to its revitalized downtown.

STREET INFRASTRUCTURE

The Dalles TIF district provided redevelopment financing to assist in the redevelopment of the The Dalles Brewery Grade.

2.6 FINANCIAL ANALYSIS

A. Background

An initial assessment of the financial feasibility of a plan can determine if the anticipated revenue sources, including tax increment revenues, will be sufficient to cover the anticipated project costs. It is beneficial for estimates of tax increment revenues to be based on an informed judgment of the types and levels of development likely to occur within the TIF district.

B. Statutory Provisions

There are no statutory requirements for financial review at the feasibility study phase. However, ORS 457.085(3)(f) and (g) require financial analysis in a TIF plan.

C. Discussion

At the feasibility study phase, detailed cost estimates for specific projects may be unknown. Jurisdictions often find that it is helpful for the emphasis at this stage of analysis to be on understanding the order of magnitude of the financial resources available, and whether or not those revenues seem sufficient to cover estimated project costs in a reasonable time period. It is useful to look at long-term historical trends as a starting place for future growth assumptions. From there, adjust those projections to account for known taxable redevelopment that is planned or in progress, current market conditions, and anticipated projects that would stimulate additional redevelopment.

FORECASTED REVENUES

It is not always necessary (or ideal) to focus on one specific forecast of TIF revenues. Often, jurisdictions model multiple scenarios, presenting a range of forecasts and showing the TIF revenue potential under various assumptions.

It is valuable to consider the timing of revenues and expenditures. Timing can be particularly important when establishing the frozen base, and determining the first year to receive TIF. The frozen base is the total assessed value of the TIF district and is based on the most recent year of assessor's data. The first year to receive TIF is based on the first year that tax rolls are set after adoption of the plan. For more on how the timing of plan adoption can affect early year TIF revenues, see **Section 4.9 Finance.**

Other timing issues can arise when trying to finance projects early in the life of a TIF district. Many lenders look at historical tax collections when determining the terms of available financing. It may be difficult to obtain financing for expensive projects in the early years of a TIF district, even if preliminary projections show rapidly growing TIF revenues.

It is important to remember that TIF revenues do not equate to the dollars available for projects. TIF revenues are used to pay debt service on debt that pays for project costs. Thus, the financial feasibility analysis needs to make general assumptions on the type of debt that will be incurred by the

TIF district, and the terms associated with that debt (e.g., interest rates, coverage ratios, reserve requirements, issuance costs, and the amortization period). Again, during the feasibility stage, it is not necessary to have all of these assumptions nailed down, but it may be helpful to check with financial advisors to ensure that the analysis is grounded in appropriate assumptions.

D. Best Practices Tips

A jurisdiction should conduct a preliminary financial analysis to ensure that projected revenues are of an order of magnitude that is sufficient to cover its anticipated project costs. Forecasts of TIF revenues should be based on conservative assumptions of growth in assessed value.

A jurisdiction should account for inflation in its financial feasibility analysis. It may be a decade or more before some TIF projects are funded. Even with conservative inflation assumptions of 3% per year, project costs can increase by more than 33% in a decade. A jurisdiction should cite the source of its inflation assumptions (e.g., consumer price index, construction cost indices, etc.).

Also, a jurisdiction should include some funding for administrative costs throughout the life of the TIF plan. If, at the feasibility stage, a jurisdiction wants to recover the costs of conducting the feasibility study and development of the plan, it must identify those activities as a project of the plan.

2.7 IMPACTS ON TAXES IMPOSED BY OVERLAPPING TAXING DISTRICTS

A. Background

Taxing districts are understandably concerned about the impact of TIF on their future tax revenues. During the operation of a TIF plan, the taxing districts will forego any increase in property taxes within the TIF district. The reason for pursuing TIF is to increase the value of properties in the TIF district, thereby increasing the property tax revenues. At the termination of a TIF district, taxing districts will receive the benefit of the use of TIF, if the TIF district was successful at increasing the taxable assessed value.

B. Statutory Provisions

There are no statutory provisions for analyzing the impacts on taxing jurisdictions in a feasibility study. However, ORS 457.085(3)(h) requires the analysis of impacts on taxing jurisdictions in a TIF plan.

C. Discussion

Financial analysis of the revenues foregone by overlapping taxing districts is required in a TIF plan, and therefore it can be helpful to conduct this analysis during the preliminary feasibility study. The analysis can show the impact on other jurisdictions without new development, using the average annual appreciation rate in the area, and the impact of new development using projections developed within the feasibility study. A key factor to consider is whether the projected new development would occur regardless of TIF, and, therefore, whether those taxes should be considered as foregone, or whether the taxing district would not have seen that growth but for the establishment of the TIF district.

It can be beneficial to involve taxing districts in the information sharing about a potential new TIF district. The jurisdiction may benefit from the participation of special districts in the collaborative effort to design projects and programs to benefit the TIF district.

Analyzing the impact to taxing districts entails estimating the taxes that may be foregone by overlapping taxing districts from the division of taxes for the TIF plan. Again, these would be the taxes that would have been generated by growth, with or without the TIF plan. At the feasibility stage, estimating the order of magnitude of impacts is typically all that is necessary. This will help the governing body understand how a TIF plan would affect overlapping taxing districts before it proceeds with creating a plan.

To determine the impact to other taxing districts, a jurisdiction must first estimate what the future assessed value of the TIF district would be without TIF. Then the future assessed value without TIF must be multiplied by the permanent tax rates for all overlapping taxing districts.[1] If the TIF district is anticipated to experience revenue sharing, then the revenue sharing amount is added to calculate the total impact to taxing districts. It may also be helpful to calculate what the positive impact to taxing districts would be in the first year that the TIF district is scheduled to end. This will provide affected taxing districts with an estimate of the revenue they would forego in the early years, compared to the benefit they will receive in later years. **Table 1** (on the next page) shows an example of a table summarizing the impacts of an existing TIF district.

1. Local option levies are excluded from the consolidated tax rate for new TIF districts, as are general obligation bonds approved after 2001. Even if there are general obligation (GO) bonds approved prior to 2001, a new TIF district would affect the bond rate, but not the amount of the levy collected, and therefore would have no fiscal impact on a jurisdiction's GO bonds collection.

IMPACTS ON SCHOOL DISTRICTS

When considering the impact on taxes imposed by overlapping taxing districts, it should be noted that school districts are affected differently than other types of taxing districts.

Property taxes were once the primary funding source for K-12 schools, and tax rates varied by district. Today, the State "equalizes" school funding, using a formula that takes into account property tax revenue generated at the school district level and revenue from the State's coffers generated by the statewide income tax, Oregon Lottery, and intergovernmental revenues.

Allocation of State revenues to local school districts comes in the form of general purpose grants. The primary driver of State allocation is the number of students in each district. This means that local property taxes generated by a school district have no direct impact on school funding in that district. Thus, any impacts that a TIF district may have on local school district property tax revenues would have no direct impact on school funding in that district.

Table 1. Summary of impacts of an existing TIF district

Rate Type	Tax Rate	Included in TIF Consolidated Rate?	Incremental Value	Annual Foregone Revenue
Permanent	$4.0000	Yes	$ 10,000,000	$ 40,000
Local Option Levy	$1.0000	No	$ 10,000,000	$ -
General Obligation Bond				
Approved prior to Oct. 2001	$0.7500	Yes	$ 10,000,000	$ 7,500
Approved after Oct. 2001	$1.2500	No	$ 10,000,000	$ -
Total	**$7.0000**		**$ 10,000,000**	**$ 47,500**

D. Best Practices Tips

An analysis of the impacts on taxing jurisdictions should be an integral component of a feasibility study, and should be reviewed with the taxing jurisdictions if the jurisdiction intends on pursuing development of a TIF plan.

Taxing districts should be involved in the information sharing about a potential new TIF district and should participate in the collaborative effort of designing projects and programs that will benefit the TIF district. Although TIF does not have a direct impact on local school district funding, it is important for school districts to also be included in the information sharing process so that all stakeholders understand the extent of the potential impacts.

2.8 GAPS AND ISSUES

A. Background

A feasibility study is used to assess the preliminary viability of using TIF for redevelopment. It will identify the gaps and issues that could arise if the jurisdiction plans to proceed with the preparation of a TIF plan. These may be technical or political issues, which are elaborated on below.

B. Statutory Provisions

There are no specific statutory provisions for feasibility studies.

C. Discussion

The types of gaps and issues are generally either technical or political in nature. Technical issues often include:

- ***More project expenditures than projected TIF revenue.*** Once preliminary TIF district boundaries are identified, many jurisdictions will fold extensive projects outlined in their capital improvement plans and transportation systems plans into consideration for TIF assistance. Those projects, in addition to projects and programs targeted to directly promote redevelopment of the TIF district (e.g., rehabilitation loan programs, site assembly, and storefront improvements) can result in a very long list. If the total estimated cost of these projects exceeds the financial projections for tax increment funds, the projects will need to be prioritized and reduced to a level that can be reasonably funded through TIF. If the projects cannot be reduced, the jurisdiction will need to look for other sources of funding that can potentially be leveraged with TIF.
- ***Lack of funding in the early years.*** Most TIF districts have very small amounts of TIF cash flow in the early years, which limits their bonding capacity. This sometimes means that a jurisdiction may need to defer larger scale projects that rely on TIF for a period of time. A jurisdiction that chooses to initiate projects and programs earlier on can borrow from sources other tha TIF bonds (although some of these sources will have restrictions on how their monies can be used). Alternative sources can include: general fund, GO Bonds, enterprise funds from transportation, public works or other departments, private lenders, and tax anticipation notes based on TIF projections from the TIF district. All of these can be repaid by future TIF cash flow or by issuing a TIF bond once that becomes viable.
- ***Revenue sharing impacts length of the district.*** Revenue sharing needs to be planned for and TIF districts should accommodate projected changes in TIF revenue (i.e., adjusting project goals and/or securing non-TIF resources to complete projects). The options are either to lengthen the estimates for the time frame of the TIF district or to reduce the amount of money to be used.
- ***A comprehensive plan needs to be updated to conform with the present desires of the jurisdiction.*** When a jurisdiction is considering redevelopment, it will often require changes to the underlying zoning and comprehensive plan designations. The adoption of a TIF plan requires that the plan be in conformance with the comprehensive plan. There may be instances where the comprehensive plan should be updated before a TIF plan can be adopted.
- ***Compression impacts financial feasibility.*** The financial feasibility plan needs to take into account the impact of compression in the analysis, understanding that the analysis is an estimate and cannot account for unexpected changes in economic dynamics.

The major political issues identified are:

- ***Impacts on taxing jurisdictions, including the jurisdiction pursuing the TIF plan.*** Other taxing districts will forego revenues upon the adoption of a TIF plan. There are many instances where the taxing jurisdictions are aware of that impact and are supportive of the efforts of the jurisdiction to implement TIF. They understand the overall impact TIF can have on the community and feel that the overall benefit is positive. However, there are also taxing districts who feel they cannot forego tax revenues. The jurisdiction must decide how to balance the needs of the taxing jurisdictions with the needs of the community.
- ***Lack of support for the proposed redevelopment.*** The jurisdiction may be proposing redevelopment in an area where there is not support for the redevelopment. This is an issue that is best resolved by the jurisdiction prior to proceeding with the adoption of a TIF plan.
- ***Need to go to a public vote.*** Some jurisdictions require that voters approve new TIF plans or substantial amendments to existing plans. Such approvals could add time to the district formation process. There may also be extra work required to effectively and legally communicate the objectives of TIF to voters.
- ***Changing council before adoption.*** If the TIF feasibility process spans a council election, there is a risk that the composition of the council and support for TIF could change before the analysis is complete.

D. Best Practices Tips

It is helpful for governmental entities to perform feasibility studies, identifying issues and gaps, prior to creating a TIF agency.

3. Creating a Tax Increment Financing Agency

TIF agencies are separate and unique entities that may be activated by municipal entities (cities or counties) via authority of Oregon Revised Statutes (ORS 457.035).

As a separate entity, the elected municipal governing board must establish the governing structure of the TIF district, through appointment of a board. This decision may be influenced by a number of factors discussed in this section, as well as other components such as the various projects and programs that are considered for inclusion in the TIF district's Plan.

3.1 ESTABLISHING THE BOARD

A. Background

Urban renewal agencies are governed by a separate and distinct board from the municipality by which it was formed. The municipal entity that creates the TIF district is responsible for determining the structure of the board, as provided by ORS 457.045.

B. Statutory Provisions

ORS 457.045 provides that a municipality's governing body may choose to exercise the powers of a TIF agency by:

- The municipality's housing authority,
- A separate board or commission of no fewer than three members, or
- By the governing body itself, acting as a governing body separate from the municipality they were elected to represent.

A housing authority functioning as a TIF agency must appoint an advisory board, but otherwise, advisory committees are not required.

C. Discussion

Historically, in Oregon, elected municipal officials have generally desired substantial control over TIF decisions. Therefore, most TIF agency boards consist of the members of the city council or county commission. Of those TIF agencies where the municipality's governing board created boards consisting of non-elected officials, some require that at least one member of the board be an elected municipal official.

The governing bodies of municipalities just starting a TIF program can sometimes find it difficult to decide whether to establish a separate board or retain direct authority. There are examples where municipalities have created a separate board and later decided to return authority to the elected governing body. The agency board may also decide whether or not to designate one or more advisory committees, and if so, the board also determines what functions the committee(s) should serve.

The following two books have been suggested as a reference if additional information on governance guidance is needed. First, *Corporate Governance Best Practices: Strategies for Public, Private and Not-for-Profit Organizations,* by Frederick Lipman and Keith Lipman. Second*, Practitioner's Guide to Governance as Leadership: Building High-Performing Nonprofit Boards,* by Cathy Trower.

1. Relationship between board and staff

The success of the TIF district is very much dependent upon the staff and the support they receive from the TIF agency board. What often undermines the success of an organization are conflicts of interest, either actual or perceived.

Practically speaking, there are very few TIF agencies that have the staff resources to operate independently. Although the TIF agency may have staff dedicated to TIF projects and activities, the agency is generally supported by departments in the rest of the municipal organization, such as finance, planning, public works, and city or county management. This reality makes it very challenging for staff should there be two separate and distinct boards.

2. Duty of loyalty

The duty of loyalty to a distinct entity may be addressed through the recognition that the TIF agency is a component unit of its founding municipality. In other words, loyalty belongs to the parent entity (i.e., the municipality that created the TIF agency).

TIF functions and activities are generally specific and limited. The TIF agency's authority is controlled not only by state law but also by policy documents. The TIF plan specifies the projects and activities to be undertaken, the estimated cost of projects and activities, the maximum amount of funding, and the estimated timeline.

Each TIF plan is different, with various projects and activities of the TIF agency supporting the overall vision. Therefore, each TIF agency has different leadership and governing requirements, and these may vary from time to time during the life and implementation of a TIF plan.

3. Municipal governing board vs. appointed board configuration

There are advantages and disadvantages to each of the two options currently used in Oregon (no housing authorities currently exercise TIF powers).

Table 2. Overview of Board Structure

	ELECTED CITY OR COUNTY OFFICIALS	APPOINTED BOARD
Direct oversight of elected officials	Retained	Compromised
Perception of decision being final	Retained	Perception may be that decisions may be challenged
Public attendance at meetings	Improved attendance (other business)	Attendance may be reduced
Representation of board	Limited to elected officials	Board members with unique qualifications can be recruited
Accountability	Accountable to voters	Accountable to elected body
Stability	Potential to be less stable (subject to change with each election)	Generally more stable
Sufficient attention	Heavy demands of the primary entity may reduce attention—involvement with other related issues may offset	Generally more direct attention

4. City council or county commission as agency board

The advantages of designating the city council/commission or county commission as the TIF agency board include:

- Direct oversight is retained by the municipality's elected officials. Given the scope and importance of decisions regarding TIF in most communities, this degree of oversight is important.
- Decisions will be considered final, as opposed to the decisions of a separate board, which might be appealed to the governing body. (However, the decisions of a separate TIF agency board in undertaking an adopted TIF plan are not, strictly speaking, appealable to the municipal's governing body).
- The TIF agency's board meetings may be better attended if held concurrently with council or commission meetings.

The disadvantages of this form of governance include:

- Representation on the TIF agency board is limited to the elected municipal officials. Opportunities for other qualified or interested citizens (e.g., real estate developers, lenders, and other experts) to directly participate in agency governance are eliminated.
- Board membership can be unstable (i.e., subject to change with each election, potentially resulting in a lack of continuity in TIF agency governance and decision-making). This instability is often mitigated by continuity among staff, legal representation, and advisors.
- TIF agency decisions may be, in part, based on political agendas rather than sound development considerations.
- TIF agency issues may not receive sufficient attention from board members who often have heavy demands placed on them in their roles as city council or county commission members. This can be mitigated by the use of advisory committees (ad-hoc or otherwise).
- Actual or perceived conflicts between the TIF agency and the municipality may exist, making it more difficult for these interests to be kept separate.
- The TIF agency board may not be as willing to advocate for their interests when they conflict with municipal interests.
- In some cases, there may be confusion as to which legal body has the authority to make a particular decision.

5. Separate agency board

The advantages of designating a separate TIF agency board include:

- The board's full attention can be given to TIF matters.
- The board may be more likely to represent the interests of the TIF agency in those circumstances where there may be conflicts with the municipality.
- The potential conflict of interest is limited as the TIF agency is a component unit of the parent municipality.
- TIF agency decisions might be more likely to be made on the basis of sound development considerations.
- Board membership may include one or more elected officials in order to retain a measure of direct oversight by the municipal governing body.
- There may be other unintended consequences associated with appointing fewer than all elected officials to an advisory committee.

- Perception, real or not, that the appointed elected officials speak for the majority of the municipal governing board.
- Potential communication issues created by filtering information.
- Board membership may represent particular areas of expertise, interests in the community and/or within the TIF district.

The disadvantages of this form of governance include:

- The municipal governing body may be unwilling to truly delegate authority to a separate board, resulting in second guessing board decisions.
- The board is less accountable to the voters of the municipality.
- Board decisions may not be considered final by the public. They may be appealed to the governing body, causing delays or reversals of board decisions.
- In smaller organizations where the same staff that perform city or county functions also perform TIF functions, the potential for conflicting direction increases.

6. TIF boards in Oregon

In Oregon, a majority of TIF agencies are governed by the elected officials of the municipality by which it was created. Additionally, there are examples within the state of the elected body of the municipality changing the board composition to address changes in conditions within the community or the TIF plan.

Table 3. Elected boards vs. appointed boards

	ELECTED CITY OR COUNTY OFFICIALS	APPOINTED BOARD
Number of agencies	Retained	Compromised
Advisory boards	Retained	Perception may be that decisions may be challenged
Change in board composition	Improved attendance – other business	Attendance may be reduced

D. Best Practices Tips

Elected officials of the municipal governing board are encouraged to give serious consideration to the issues presented above. They should also consider public comments about the various options for board composition, given their specific plan, community, and other issues, prior to forming the TIF agency and/or making changes to an existing agency board.

If the municipal governing board chooses to appoint a separate group, whether that group includes one or more elected municipal governing board members or not, the municipal governing board is encouraged to document desired board member profiles, roles and responsibilities for the board, its members, and the governing body.

3.2 ADVISORY COMMITTEES

A. Background

Any TIF agency board may appoint an advisory committee, although advisory committees are more frequently appointed by boards that consist of the municipal governing body. Advising committees can be either long-standing or ad-hoc to respond to specific issues.

B. Statutory Provisions

There are no statutory provisions for advisory committees.

C. Discussion

Appointing an advisory committee(s) can help mitigate some of the disadvantages of having the city council or county commission serve as the TIF agency board.

- Advisory committees can devote their full attention to TIF issues, and the TIF agency board can choose to heavily rely on their advice.
- Advisory committees can also broaden participation in TIF decisions and can represent varying interests and expertise in the community.
- Municipalities should be aware that advisory committees may have a tendency to desire direct decision-making authority when it is not desired by the TIF agency board, which can lead to conflicts with the TIF agency board.

- The TIF agency board can also decide whether the committee is to advise on all TIF issues, or only on certain types of issues.
- Ad-hoc committees may serve the TIF agency board best because they have a limited scope and time frame. This may serve to:
    - Increase the efficiency of an organization
    - Reduce potential conflicts in authority with elected boards
    - Increase ability to recruit experts for a given project or program
    - Expand the field of potential committee members due to reduced length of time commitment
- A TIF agency board can give consistent and substantial weight to advisory committee recommendations.
- Though the TIF agency board is not bound by advisory committee recommendations, if such recommendations are not given a prominent place in board decisions, the advisory committee will lose its effectiveness.
- Ad-hoc committees can be assigned to specific projects or programs.

Table 4. Ad-hoc committees vs. standing committees

	AD-HOC COMMITTEE	STANDING COMMITTEE
Dedicate full attention to agency activities	Yes	Yes
Broaden participation in agency activities	Yes	Yes
May desire direct decision authority	Less likely	More likely
Limited scope and time line	Generally	Generally no
Increase efficiency of staff	Generally	Possibly, but less often
Reduce potential conflicts of authority with elected officials	Generally	Possibly, but less often
Increase potential to recruit experts	Yes	More so than elected bodies, less so than ad-hoc committee
Expanded pool of potential members due to reduced time commitment	Yes	More so than elected bodies, less so than ad-hoc committee

D. Best Practices Tips

If the board consists of the municipal governing board, AORA encourages the use of ad-hoc committees to advise the municipal governing board on various projects and/or programs.

If jurisdictions decide to create continuing advisory committees, then these committees should have clear and defined parameters, and those parameters should include topics like: purpose, composition, term-limits, staffing costs, etc.

CHAPTER CONTENTS

This chapter contains the following sections:

4. Tax Increment Financing Plan

A TIF plan sets out the parameters of the actions to be undertaken in a TIF district by a TIF agency. It is important to consider all issues in preparation of a TIF plan because implementing substantial amendments to a TIF plan is very time-consuming and expensive.

TIF plans must be proposed by a TIF agency (ORS 457.085)(2). Therefore, if a jurisdiction is considering adopting a TIF plan, they must first establish a TIF agency.

The statute requires a TIF agency to provide opportunities for public involvement in all development stages of a the development of a TIF plan.

URBAN RENEWAL PLAN COMPONENTS

1. A description of each TIF project to be undertaken
2. An outline of the major project activities planned for the TIF district or areas.
3. A map and legal description of the TIF districts of the plan.
4. An explanation of how the plan relates to local objectives.
5. The relevant objectives of the local comprehensive plan and other council adopted related plans are discussed.
6. An indication (map and text) of proposed land uses, maximum densities, and building requirements for each TIF district.
7. TIF plans no longer regulate land uses, and this section of the statute is obsolete, but has not been repealed. Therefore, the plan should consist of a reference to the jurisdiction's comprehensive plan and implementing ordinances.
8. A description of relocation methods for residents or businesses that must move because of TIF agency projects.
9. A description of property to be acquired by the TIF agency (if any) and how it will be disposed of (e.g., sale or lease), along with a schedule for acquisition and disposition.
10. If the plan calls for the use of TIF, the maximum amount of indebtedness to be issued or incurred.
11. A description of which types of changes to the plan are to be considered substantial amendments (See **Section 5.3 Substantial Amendments**). Duration provisions of TIF plans are not required by statute. Localities may want to impose durations, and if they do, they become another provision of the plan. If imposed, the plan should specify how those provisions might be amended, if at all. Typically, jurisdictions want TIF districts to be active for a period of 20 to 30 years, though it is not uncommon for a TIF agency to take longer than 30 years to repay the debt.
12. If the plan calls for the development of a public building (e.g., a fire station), an explanation of how the building serves or benefits the TIF district.

BEAVERTON TIF PLAN

The City of Beaverton met extensively with the general public, key stakeholders and the affected taxing districts when it was creating its Downtown TIF Plan. During this public outreach, a key concern was the duration of the Plan. At first, there was a desire to have a hard stop date in the Plan for the last year to issue debt, but the community realized the potential danger of limiting their Plan from accomplishing all of the desired projects. After reviewing the detailed TIF estimates and projections of borrowing capacity, the TIF Advisory Committee felt comfortable that the maximum indebtedness could be repaid in a 30-year timeline, which lessened the need to include a hard end date.

Ultimately, a compromise was reached, and the Plan includes a provision that calls for all affected taxing districts to reconvene in 20 years to review the history of the TIF district, evaluate the remaining projects, maximum indebtedness, and TIF projections, and make a recommendation to the TIF Advisory Committee as to whether the Plan should continue, or if amendments are needed to ensure that the TIF district repays all debt in a reasonable timeframe.

4.1 PUBLIC INVOLVEMENT

A. Background

Public involvement is a key component of all phases of TIF planning, from the inception of a TIF district to the ongoing administration of the TIF plan. Involvement needs range from including the public as a whole to including the specific affected local taxing jurisdictions. Adoption of a TIF plan goes much more smoothly when there is significant public support for the plan.

Some localities have included a public vote for establishing TIF agencies, approving TIF plans, and making substantial amendments as a component of their public involvement.

B. Statutory Provisions

- ORS 457.085 (1) requires that a TIF agency shall provide for public involvement in all stages of the development of a TIF plan.
- ORS 457.085(4) and ORS 457.085(5) require that new plans or substantial amendments must be presented to the planning commission of the jurisdiction and to the governing bodies of taxing districts affected by the plan.
- ORS 457.437 requires that the TIF agency meet with the governing body of any jurisdiction affected by the plan.
- ORS 457.095 and ORS 457.120 require that direct notice be sent (by the jurisdiction) to individuals or households within certain areas in addition to the normal notice provisions of a jurisdiction for a public hearing on a new plan or substantial amendments.
- ORS 457.460 requires annual reports be prepared and published in the newspaper at least two times a year. HB 2174 (2019) mandated these annual reports include an update on maximum indebtedness. In addition, the report must be distributed to each affected taxing district, and those districts must offer a representative to be available to consult with the TIF agency and answer questions.
- ORS 457.095 requires notice of adoption of a TIF plan.

The statutory requirements are for public involvement in all stages of the development of a TIF plan. The ranges of involvement are shown on the next page.

C. Discussion

The minimum required by statute: Two opportunities for general public review and input are required by statute: the TIF plan and accompanying report are forwarded to the planning commission prior to presenting it to the governing body (city council or county commission) (ORS 457.095). The planning commission meetings are open to the public, so therefore, the public has an opportunity for comment at this point in the preparation of a plan.

Approval of a TIF plan by a city council is by non-emergency ordinance (ORS 457.095). In most localities, this means two readings of the ordinance. The first reading is a public hearing that has been noticed by mail to the public group required in ORS 457.120. The second reading does not typically include public testimony, but testimony can be accepted at the discretion of the city council.

The TIF plan must also be sent to the governing body of all affected taxing jurisdictions. The TIF agency should consult and confer with the taxing jurisdictions prior to presenting the plan to the governing body for approval. (ORS 457.085)(5). In addition to sending the plan by mail, the TIF agency may also contact the taxing jurisdictions personally and may agree to present the plan to the taxing jurisdictions' boards if requested.

The jurisdiction must publish notice of the adoption of a TIF plan within four days of adoption.

Other options for review:

- Forming an advisory committee for the development of the TIF plan. The advisory committee can be a combination of residents, business owners, city or county staff, affected taxing jurisdictions, and elected officials. The committee can meet a few times or meet and provide input on all key portions of a TIF plan.
- Holding a public hearing specifically to provide information on TIF and the proposed plan.
- Establishing a web presence by both posting the proposed plan and posting information about the opportunities for public input.
- Having one or more public open houses where the public is invited to participate actively in planning (e.g., putting dots on specific ideas for projects and voting for key concepts).
- Using social networking tools such as Twitter and Facebook to broadcast meetings and solicit feedback.
- Working with the local business district to provide input to TIF decisions.

PROSPER PORTLAND PUBLIC INVOLVEMENT

In 2010-2012 the Portland Development Commission (now Prosper Portland) worked with a diverse advisory committee to make recommendations for the amendment of the Interstate Corridor Urban Renewal Plan. Staff averaged 30 tweets per meeting for the monthly meetings from August 2009 to May 2010. Between 60-75 citizens came to each of the planning meetings, all of which were open for public testimony.

PHILOMATH PARTNERSHIPS

In 2010 the Philomath Downtown Association's input was the key force in the decision to amend the existing TIF plan to increase the acreage, designate new projects which would support the downtown business core, and increase the maximum indebtedness.

- Mailing to households within the TIF district to provide information or invite them to public meetings.
- Some communities require a public vote prior to establishing a TIF agency.
- Some communities require a public vote on adoption of an ordinance implementing a TIF plan

D. Best Practices Tips

The jurisdiction should create a public involvement plan suitable for local conditions prior to embarking on the TIF creation process. The public involvement plan should be reviewed periodically to ensure it is meeting the needs of the community.

Community input should be considered when determining the targeted duration of a TIF plan. However, best practice is to let the maximum indebtedness serve as the limiting factor on plan duration, rather than including a provision in the plan that defines a final date for either issuing or repaying debt. The financial analysis that accompanies a TIF plan ***(described in Section 4.9)*** will show the likely timeline necessary to incur and repay the maximum indebtedness of the plan.

4.2 AREA BOUNDARY

A. Background

A TIF plan must be predicated on specific boundaries.

B. Statutory Provisions

ORS 457.420:Limits the percentage of acreage and assessed value that may included in a TIF district. Cities with a population of more than 50,000 (15%) and less than 50,000 (25%). The area must also be blighted in accordance with ORS 457.010.

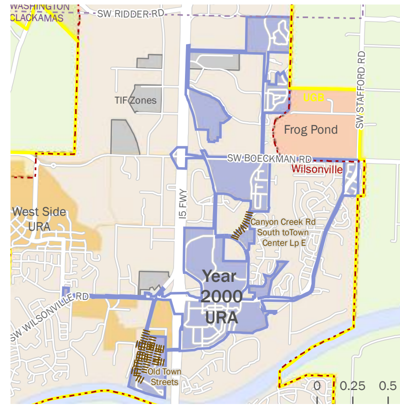
C. Discussion

Area boundaries are meant to include the entire blighted area where the jurisdiction intends to undertake its projects and programs. For example, if a jurisdiction is considering a commercial district in the downtown, it makes sense to include all of the commercially-zoned properties in that district. There are a few special circumstances to consider when establishing boundaries:

- ***Cherry stems:*** There may be development opportunities or blighting conditions that are not directly adjacent to the area being studied, but which have a direct relationship to the area. Those areas can be added to the study area through a "cherry stem," a small section that connects one area to the other.
- ***Donuts:*** There may be an area within the potential boundary of a TIF district that is not included in the TIF district. This may be because it is a different land use, no projects are planned in that area, or may not relate to the TIF district. It is acceptable to establish a boundary and exclude that area, making a "donut."
- ***Non-contiguous areas:*** If a jurisdiction is considering adding an area to a TIF boundary that is non-contiguous to the majority of the TIF district, it should only be done when there is a direct relationship between the two areas. An example of a direct relationship could be two districts that support one another in their activities, or are both commercial districts.

Jurisdictions sometimes study the possibility of adding more acreage to a TIF district than the specific area where projects are going to be considered. This is done because the larger area typically benefits from the improvements and can use the overall growth to help establish the TIF district. This potential boundary adjustment should be carefully reviewed, as the constituents from the added areas often request to be removed from the TIF boundary in later stages of the process, especially if the main area is a commercial area and the added area is residential.

It can be challenging to determine exactly how much property to include in a TIF district. The TIF district needs to be blighted, and property in the TIF district should have a clear connection to projects in the TIF plan. Drawing a boundary that is too small, and includes only severely blighted properties, could generate insufficient TIF. On the other hand, drawing a boundary that is very large and has less blight is likely to generate more TIF, but can be viewed as a value grab, and could open up the TIF district to criticism.



CHERRY STEMS

The Wilsonville Year 2000 Plan has multiple cherry stems due to releasing accessed value from the district.

D. Best Practices Tips

The most logical boundary encompasses the area that is blighted and which will benefit from the use of TIF for projects and programs within the TIF district.

Any non-contiguous boundary should be established only after having legal counsel review and approval.

A cherry stem is the most conservative method to address this situation and should be the first method explored.

When determining the boundary for a TIF district, jurisdictions should balance the need to generate sufficient TIF to implement the projects defined in the TIF plan, and the need for property in the TIF district to be blighted and have a clear connection to the projects in the plan.

4.3 GOALS/OBJECTIVES

A. Background

Urban renewal plans typically begin by stating the goals and objectives for the TIF district.

B. Statutory Provisions

There are no statutory requirements for goals and objectives.

C. Discussion

The basis for the goals and objectives of a TIF plan usually comes from the comprehensive plan and other adopted plans for the TIF district. Many jurisdictions will have specific planning activities that will spur the desire for TIF as an implementation tool (e.g., an action plan for realizing comprehensive plan goals, area plans for downtown commercial districts, Main Street actions, economic development plans, and other planning activities). These documents may be used as a basis for drafting goals and objectives for a TIF district.

The draft goals and objectives may then be reviewed by city or county staff and by stakeholders. The input from staff and stakeholders helps refine the goals and objectives and prioritizes them. Identifying the goals for the TIF district makes the project prioritization process easier, as those projects that help to fulfill the goals and objectives become priorities.

Well-written goals and objectives will help a TIF agency keep its focus as it begins accruing sufficient revenues to actually start working on projects. There is always a multitude of ways to spend funds, and it takes discipline to stick to the goals and objectives of a TIF district.

D. Best Practices Tips

Goals and objectives should provide a clear identification of the desire to address the blight in a TIF district and make the area function at a higher level. Well-written goals and objectives will help an agency keep its focus on activities that will improve the area. If the primary goals and objectives for the area change, the goals and objectives for the TIF plan should be revised to appropriately reflect those changes.

4.4 PROJECTS FUNDED WITH TIF

A. Background

When proposing a TIF plan, the TIF agency must determine the scope and types of projects that are appropriate for inclusion in TIF plan and the use of tax increment funds.[2]

B. Constitutional and Statutory Provisions

The Oregon Constitution, Article IX, Section 1c requires that tax increment funds be used only to pay any indebtedness incurred for the redevelopment or TIF project.

ORS 457.010(15) defines a TIF project as: Urban renewal project or 'project' means any work or undertaking carried out under ORS 457.170 in a TIF area.

ORS 457.170 lists the projects that may be undertaken in a TIF plan.

ORS 457.010(15) establishes the definition of a TIF project.

ORS 457.170 lists types of projects that may be funded with tax increment revenues.

ORS 457.085 (2)(a) requires that the TIF plan include a description of each project.

ORS 457.085 (3)(d) requires that the TIF report include the cost of each project and the source of monies to pay such costs.

ORS 457.085(3)(e) requires that the TIF report include the anticipated completion date for each project.[3]

ORS 457.085 (2)(j) describes additional TIF plan requirements when projects include public buildings.

HB 2174 (2019) outlines the requirements for TIF agencies to gain approval from taxing districts.

C. Discussion

Statutory provisions govern the types of projects that may be funded with tax increment funds. ORS 457.170 lists the following types of projects:

Before

After

STOREFRONT GRANT AND LOAN PROGRAMS

Florence has a façade improvement program that has contributed to successfully revitalizing its downtown area.

SEWER INFRASTRUCTURE

In 2007, Hood River County developed a TIF district to assist in the financing of a sanitary sewer system for an unincorporated area of the county. The area was classified as a health hazard because of failing septic tanks. The County established a sewer service district to assess property owners for a part of the system, but reduced the costs to the property owners through a TIF program.

2. For purposes of this section, "tax increment funds" means the proceeds of debt issued or incurred by a TIF district, for which the TIF district has pledged its collection of taxes allowed by ORS 457.440 - 457.470 for repayment.

3 This statute was rearranged as part of HB 2174 (2019)

CITY OF FLORENCE WATER LINE INFRASTRUCTURE

In 2010 the City of Florence decided that the most important project for the redevelopment of their TIF district was the provision of a water line sufficient to support new redevelopment of major portions of vacant, underutilized properties.

REDMOND INDUSTRIAL PROPERTIES

The Redmond South Airport TIF district was formed to provide infrastructure improvements to the industrial properties surrounding the Redmond Airport. The provision of this infrastructure promoted significant development and allowed the City of Redmond to close out the TIF district ahead of initial projections.

- Housing authority powers
- Rehabilitation or conservation work in a TIF district
- Acquisition of property
- Clearance or rehabilitation of property that is acquired by the TIF agency
- Construction or improvement of streets, utilities, and site improvements in accordance with the TIF plan
- Carry out plans for voluntary repair and rehabilitation of buildings or other improvements in accordance with the plan
- Relocation of persons and property displaced by TIF projects
- Sell or lease property
- Neighborhood development programs

All of these types of projects may be included in a TIF plan and may be funded with tax increment funds. However, a TIF agency needs to be aware of the allowed fund uses if the tax increment funds are the proceeds of bonded debt. Use of bonded debt proceeds are limited by the bond covenants. For example, if a bond is tax-exempt, the bond proceeds cannot be used to pay staff costs.

Some TIF agencies include paying all or a portion of local improvement district assessments, system development charges, or building permit fees for private or non-profit development as a TIF project in a plan. These are acceptable projects because they are part of the costs of site improvements, which are an allowed project under a TIF plan. ORS 457.170(5).

1. General description of projects

Urban renewal project descriptions have evolved through the years and largely depend on the purpose and politics of a TIF plan. When describing the projects that will be in the TIF plan, typically a balance must be struck between specificity and flexibility. Overly specific project descriptions can be problematic because they require the TIF agency to make plan amendments when even small changes to projects are needed, such as adjusting for changing physical conditions, market conditions, policy goals, and other constantly evolving factors. Therefore, many plans use broad categories to describe projects, which allows for the flexibility to fund a range of projects throughout the project area, while still staying within the overall guidelines of each project category. This flexibility, however, cannot ignore that projects must be sufficiently specific to allow a finding of economic feasibility in the ordinance approving the plan, and to establish the project cost estimates necessary to determine maximum indebtedness.

For example, rather than calling for a streetscape improvement at a specific location consisting of a pre-determined design (e.g., width, materials, amenities), many plans will simply include a project called streetscape improvements that describes a range of streetscape improvements anywhere in the TIF district (or possibly within a specified sub-area). Within that definition would be language that authorizes different types of improvements, but does not obligate any particular form or location (unless desired). The identification of the broader categories, however, is generally accompanied by more detailed studies, reports, or plans that clearly articulate the need for such projects and can provide justification for the recommended project budgets in the TIF plan and the finding of economic feasibility required to approve the overall plan. These studies may already be in place through recent planning efforts that preceded the TIF discussion.

In addition to the legal requirements that require some level of specificity, this flexibility must be balanced with a community's desire for certainty that the TIF plan will be used to fund projects that are of community importance. However, a plan does not need to use specific project definitions to provide this certainty, and public involvement is still key. Regular agency meetings where major expenses are authorized, annual budgeting is processed, and the preparation of other plans such as downtown plans, development strategies, and comprehensive plans, still provide ongoing opportunities for public input into the projects that will be funded by TIF. To this end, projects to be included in the TIF plan should be inspired by these other plans and documents.

In addition to deciding which projects to include in a TIF plan, a jurisdiction also needs to determine what level of funding for each project should come from TIF. For example, if a plan includes a project to provide financial assistance to private developers for vacant properties in downtown, how much assistance should the TIF agency contribute? If total development costs for this vacant lot are $10 million, should the agency contribute $500,000 or $5 million? There is no hard and fast rule for determining the share of TIF funding that should go to each TIF project.

In general, a TIF agency may want to consider several factors when deciding the appropriate level of funding for various projects. Those factors can include:

- ***Impact on blight:*** The primary goal of TIF is to alleviate blight. Therefore, when deciding how to spend TIF funds, it makes sense that the impact a project has on curing blight in the area would be a major consideration.
- ***Return on investment***: Another basic goal of TIF is to increase property values, generating the TIF revenues necessary to carry out TIF activities. Therefore, another consideration should be how much TIF a project will generate, or how much additional funding will be leveraged by investment of TIF dollars.

ASTORIA ASTOR HOTEL

Astoria used tax increment funds in conjunction with other funding sources to renovate the Astor Hotel in their downtown core. The renovation has enlivened the ground floor retail spaces of the building, provided low income housing units on the upper floors and has helped retain a historic building.

TIF FUND SHARES

There is no hard and fast rule for determining the share of TIF funding that should go to each TIF project.
For example, if a plan includes a project to provide financial assistance to private developers for vacant properties in downtown, how much funding should TIF contribute? If total development costs for this vacant lot were $10 million, should the TIF district contribute $500,000? $5 million?

DETERMINING PROPORTIONALITY

Examples of formulas that have been used to determine proportionality are:

- Percent of land inside/outside the TIF district benefited.
- Percent of linear feet of a utility line or street inside/ outside the TIF district benefitted.
- Percent of users of a facility originating from inside/ outside the TIF district.
- Percent of growth of property value that a project is estimated to encourage inside/ outside the TIF district.
- Return on investment in the TIF district.

DEVELOPMENT OF PUBLIC BUILDINGS

The City of Sherwood made a strategic decision to develop their city hall and library in a blighted section of their TIF district. This decision has spurred adjacent redevelopment in the millions of dollars. The library is heavily used and each visit to the city hall provides an opportunity for spill over traffic to the nearby retailers.

- ***Proportionality:*** Although proportionality is not a concept defined in statute, it resonates with many communities because it appeals to common sense. Some projects in a TIF district may have benefits that extend far beyond that area. Many jurisdictions consider the relative benefits of a project when determining the portion of the total project that should be funded by TIF.

While these factors for evaluating the appropriate level of funding for projects are applicable to all TIF projects, they have proven to be particularly helpful when addressing certain types of projects: projects with citywide or regional benefit, projects outside of a TIF district, and public buildings. These projects are discussed in greater detail below.

2. Projects with citywide or regional benefit

Some projects located within TIF districts provide benefits on a much broader scale. One such project would be a city hall, main library, or a public convention center. These public buildings are discussed in a separate section below.

Other examples of projects with broad benefits include a main trunk sanitary sewer or storm sewer or water lines that connect major parts of the system to a source or outfall. Similarly, transportation projects that range from freeway interchange improvements to transit facilities can often benefit the whole city or region. These projects are allowed under TIF and can be paid for with tax increment funds.

3. Projects outside of the TIF district

There is no express legal authority for a TIF agency to fund projects that are located outside of TIF district boundaries with tax increment funds. A TIF agency should always look to expand the TIF district (using a plan amendment, if necessary) to include the proposed project area. Areas in one TIF plan do not have to be contiguous. In the past, some agencies have, with a supporting legal opinion, included projects outside the plan area because the projects were necessary to complete another project inside the plan area.

4. Public buildings with focused use

Public buildings, such as local fire stations and police precinct offices and substations that directly and primarily serve the TIF district, are relatively common projects. Public buildings are specifically defined in ORS 457.010.[4] Note that the following are not considered to be public buildings: buildings

4 This was added by HB 2174 (2019).

intended to return to private use (and taxation) after being acquired by TIF agency, transportation or water infrastructure, tourism facilities, or parks. When a TIF plan includes a public building project as defined in statute, affected taxing districts must be notified and provide concurrence, as described below.

5. Tax increment funding of public buildings

For projects that benefit an area larger than the TIF district, the benefit of the public building to the TIF district may not be as clear. But, for example, publicly funded buildings, such as conference centers, can directly stimulate the development of private facilities (such as hotels) within a TIF district. Other public facilities may also directly stimulate private development within the TIF district.

The statutes neither allow for nor prohibit contributing a certain level of tax increment funds to public building projects that cure blight in the TIF district but that also have an impact outside the TIF district. However, many jurisdictions have funded public buildings using a proportionality approach. The specific statutes governing TIF are found in ORS Chapter 457 and are referred to in this document as 'the statutes.'

In 1987, the legislature considered several proposals limiting the use of tax increment funds. The TIF agencies argued that additional state prohibitions on the scope of TIF projects would restrict a jurisdiction's decision-making in relation to its local circumstances and its ability to address specific blighting conditions in each community. A particular legislative target was one city's main library that was funded entirely with tax increment funds. After much discussion, a compromise was reached; it requires a jurisdiction to, at a minimum, justify including a public building project in its TIF plan.

However, in 2019, further negotiations between TIF agencies and taxing districts produced HB 2174, which established a framework for gaining concurrence from affected taxing districts for public building projects within TIF districts. The bill narrowly defined public buildings as "a fire station, police station, public library, public hospital, capitol building, school (as defined in ORS 339.315), college, university, city hall, or the residence of any state official elected by the state at large;" as well as adjacent public land and public art features such as clock towers. Importantly, the law now requires TIF agencies to forward proposed TIF plans to all overlapping taxing districts that will be impacted by the plan. Of the four districts that are estimated to forego the most tax revenue, three must offer concurrence on public building projects (as defined in statute) contained within the plan within 45 days.

Although it is not formally required in statute, many practitioners believe that the scope of the connection between a public building and the wider area should govern the size of the TIF contribution to the cost of the public building.

HB 2174: CONCURRENCE WITH TAXING DISTRICTS

In 2019, the Oregon Legislature passed HB 2174 following a multi-year negotiation process with taxing districts. The resulting legislation produced a new framework for gaining concurrence from taxing districts when TIF agencies include public building projects in their TIF plans. Three of the four districts most affected by the plan must provide concurrence within 45 days.

In addition, there is an argument that public buildings that serve a larger area than the TIF district should not be constructed entirely using funds that are fundamentally meant to cure blight in the defined area; rather the cost should be borne proportionally. Tax increment funds are funds limited by the amount of taxes divided in a TIF district to repay the debt that produced the funds, and that debt is limited by the required statement of maximum indebtedness in a TIF plan. Many agencies have found that they have greater success investing in projects that clearly cure blighting conditions and/or encourage private development that cures blight. Investment in citywide or regional facilities may not have the same impact on conditions within the TIF district as these other targeted investments.

In some cases, the proportionate share of benefits enjoyed by the TIF district can be quantified, but in other cases the determination of the share of benefit of a project to the TIF district will be qualitative and will require a judgment call.

6. Local improvement district assessments/system development charges/building permit fees

Some TIF agencies include paying all or a portion of local improvement district (LID) assessments, system development charges (SDC), or building permit fees for private development as a TIF project in a TIF plan. These are acceptable projects because they are part of the costs of site improvements, which are allowed projects in a TIF plan. ORS 457.170(5).

D. Best Practices Tips

Though a TIF agency should consult counsel on many issues, this consultation is especially necessary in regards to decisions about what types of projects may be included in a TIF plan and if they can be funded with tax increment revenues. There are, however, some general principles that can help guide these decisions.

1. General project scope

The best practice is to prepare project descriptions that are as broad as possible while still providing an adequate basis for finding economic feasibility, guiding policy makers, and assuring the community. As this is an inherently political benchmark, definitions will vary from community to community. Amending a TIF plan is a difficult process, so it is important to make sure the project descriptions are included in the plan, and the estimated project costs are accurate and clear when the plan is first adopted.

2. Projects with citywide or regional benefit

A TIF plan should demonstrate the particular benefits to the TIF district, of a project with citywide or regional benefit, focusing on the project's ability to cure blight in the TIF district. Although it is not specifically laid out in statute, there is a proportional funding concept in best practices. If a public infrastructure project is planned as part of the TIF plan, but will have benefits beyond the TIF district, it must be funded proportionally using both TIF and non-TIF funds.

3. Projects outside TIF district boundaries

A TIF district should avoid including projects outside the TIF district.

4. Public buildings

- As the statutes have recently changed to clarify the definition of "public building" and require concurrence from affected taxing districts, make sure that the TIF plan reflects this.
- The TIF district should demonstrate clear connections between a public building and the particular objectives of the TIF plan.
- The findings in the TIF plan and TIF report should provide a solid basis for the undertaking of a public building project and explain how the public building serves or benefits the TIF district.

5. Funding public buildings

Tax increment funds may be used for public buildings or infrastructure projects that benefit or serve an area greater than the TIF district, but those projects should be funded proportionally based on their relationship to the TIF district.

6. LIDs/SDCs/building permit fees

Payment of Local Improvement Districts, Systems Development Charges, and building permit fees may be a project in the TIF plan.

7. Tracking maximum indebtedness

For all projects carried out by a TIF agency, it is important to track the impact of these projects on the maximum indebtedness of the TIF plan. Annual financial reports that include updates on maximum indebtedness are mandated by statute.[5] The recommended method for tracking maximum indebtedness is described in greater detail in ***Section 6.8, Debt and Maximum Indebtedness Reporting.***

STREETSCAPE IMPROVEMENTS

Downtown Lake Oswego installed extensive streetscape features to catalyze development in the downtown. These features included angled parking, brick pavers, decorative bollards, public art, benches, planter boxes, lighting, and signage.

5 This was mandated by HB 2174 (2019).

4.5 COMPREHENSIVE PLAN AND ECONOMIC DEVELOPMENT PLAN REVIEW

A. Background

An analysis of the comprehensive plan and other plans and reports, including an economic development plan, will enable a jurisdiction to ensure that a future TIF plan will conform to the adopted planning documents.

B. Statutory Provisions

ORS 457.085 (1)(d) and ORS 457.095(3) address the need for a TIF plan to be in conformance with the comprehensive plan and economic development plan.

C. Discussion

The review should identify each major goal and supporting policies in the comprehensive plan and economic development plan that are relevant to the established boundary and then state how the TIF plan conforms to that goal. It is not anticipated that the TIF plan will conform to every goal in a comprehensive or economic development plan, but it should conform to the intent of those documents.

D. Best Practices Tips

The TIF plan must be analyzed for its conformance with the comprehensive plan and economic development plan. This documentation can sometimes be lengthy; it may be better to make the statement that the TIF plan conforms in the body of the text, and then refer to an appendix in the plan for the full analysis.

4.6 PROCEDURAL REQUIREMENTS FOR APPROVAL OF A PLAN

A. Background

There are specific steps identified in ORS 457 for the adoption of a TIF plan. These steps vary slightly depending on whether the jurisdiction is a city or a county.

B. Statutory Provisions

The following statutory provisions apply:

HB 2174 (2019) covers the requirements for the content of a TIF plan and specifies to whom it must go for recommendations and consulting and conferring with taxing jurisdictions.

ORS 457.095 covers approval of a plan.

ORS 457.105 details the additional provisions if any part of the TIF district is in another jurisdiction.

ORS 457.115 and 457.120 cover notice of the adoption of a plan.

ORS 457.120 covers the notice procedures of the city council hearing.

ORS 457.125 details recording of a plan.

ORS 457.437 requires meetings with affected jurisdictions.

ORS 457.470 requires consultation with affected taxing jurisdictions.[6]

C. Discussion

1. Activation of a TIF agency

Section 3 describes establishing a TIF agency.

2. Establishing an area boundary

Section 2.2 Area Boundary describes establishing an area boundary.

3. Referral of the proposed plan to the planning commission for their review

If the jurisdiction has a planning commission, the plan and report must be

6 This statute was rearranged as part of HB 2174 (2019)

In this section of the document, "municipality" is used to define any county or city in Oregon, as that is the term used in the statues. The municipality means the municipality for which a particular agency is created.

presented to the commission for its recommendation before the plan may be presented to the city council or county commission for adoption. The planning commission review is best done at a public hearing.

ORS 457.085 and 457.095 require planning commission recommendations. ORS 457.095(3) requires that the TIF plan conform with the comprehensive plan and economic development plan. However, the planning commission's recommendations are not further defined in the statutes. The planning commission is generally advised that their role should be to determine the conformance of the TIF plan with the jurisdiction's comprehensive plan, as planning is the purview of the planning commission. Some planning commissions prefer to just review and make recommendations on the conformance issue while others like to encourage the jurisdiction to approve the plan.

Notice: Notice of the planning commission review is the same as for any planning commission meeting. No other notice provisions are required.

4. Consult and confer with the affected taxing districts

The level of interaction with the affected taxing districts is set out in the statutes and was strengthened by HB 2174 in 2019. Both the TIF plan and the TIF report must be sent to the governing body of any taxing district that is affected by the plan with an offer to consult and confer. (Taxing districts that levy taxes within the TIF district are affected taxing districts.) Any written recommendations made by these taxing districts must be accepted, rejected, or modified by the city council or county commission when approving the plan. ***Section 4.1: Public Involvement*** and ***Section 2.7 Impacts on Taxes Imposed by Overlapping Taxing Districts*** of this document details other ideas about working with taxing districts. The requirements under this section are different if the TIF district is requesting concurrence, as described in ORS 457.470. If the plan contains a public building project as defined in ORS 457.010, three of the four taxing districts that will forego the most revenue must provide concurrence within 45 days.[7]

5. Meeting with affected municipalities

Prior to the establishment of a maximum amount of indebtedness for a TIF plan, the TIF agency that is carrying out the plan shall meet with the governing bodies of the municipality that activated the agency and other municipalities affected by the TIF plan to review the proposed maximum amount of indebtedness. No formal action is required by the affected municipalities (ORS 457.085(5)). The meaning of this section is that a "city" TIF plan must be presented to the county commission for their information. Their vote is not required.

7 This new process was outlined by HB 2174 (2019).

However, when any portion of the area of a proposed TIF plan extends beyond the boundaries of the into any other municipality and, in the case of a proposed plan by a county agency, when any portion of the TIF district is within the boundaries of a city, the governing body of the other municipality jurisdiction may approve the plan and may do so by resolution, rather than by ordinance (ORS 457.105).

6. Municipality public hearing/notice of hearing

Under the provisions of ORS 457.120(3), notice of a proposed plan must include the following specific information:

- That the governing body, on a specified date, will hold a public hearing and consider an ordinance adopting a TIF plan;
- That the adoption of the plan may impact property tax rates (if the plan meets the qualifications specified in ORS 457.120(3)(b));[8]
- Statement of the maximum indebtedness that can be issued or incurred under the plan;
- That the ordinance, if approved, is subject to referendum; and
- That a copy of the ordinance, plan, and report can be obtained by contacting a designated person.

7. Notice requirements for plan approval

The statutory requirements for supernotice are stated in ORS 457.120. Notice of the city council public hearing on approval of the TIF plan must be sent to individuals or households in one of the following groups:

- Owners of real property that is located in the municipality;
- Electors registered in the municipality;
- Sewer, water, electric, or other utility customers in the municipality; or
- Postal patrons in the municipality and parts of the TIF district that extend beyond the municipality.

For county plans, the individual notice must be provided within the boundaries of any K-12 school district that levies taxes within the TIF district. Counties must also provide notice in the paper of general circulation throughout the county in an advertisement not less than three inches in height and three inches in width in the general interest section of the newspaper (ORS 457.120(4)(b)). It must contain language identified in ORS 457.120(3)(a-e).

8 This was clarified in HB 2174 (2019).

If a plan is both in a city and in a county, notice must not only be sent to the requirements stated for a city above, but also be sent to each individual in the selected group that is located in the TIF district (ORS 457.120 (2)). This supernotice must contain specific language, as defined in ORS 457.120(3)(a-e).

8. Approval of the plan by the municipality

A TIF plan is approved by the governing body of the municipality (city council or county commission) by the adoption of an ordinance. The ordinance must be a non-emergency ordinance. There specific requirements for the contents of the ordinance (ORS 457.095)(1-7) are as follows:

- Each TIF district is blighted;
- The rehabilitation and redevelopment of the TIF district(s) is necessary to protect public health, safety, or welfare;
- The plan conforms to the comprehensive plan and economic development plan, if any, of the municipality and the TIF plan provides an outline of planned TIF projects;
- Relocation requirements have been met;
- Any property acquisition called for in the TIF plan is necessary to achieve the objectives of the plan. ***(See Section 6.12 Acquisition/Disposition of Real Property)***
- The plan is economically sound and feasible; and
- The city or county will assume any responsibilities given to it under the plan.

There are no state statutory requirements for a citywide or district-wide vote on approval of a TIF plan, but a city council or county commission (as the case may be) may decide to refer the decision to the voters. There are some local laws requiring a vote on establishing a TIF agency, adopting a TIF plan, and amending a plan.

9. Hearing

At the public hearing on the ordinance, the jurisdiction (city council or county commission) should hear the report and recommendations of the TIF agency and take public testimony and consider the recommendations, if any, of the planning commission and affected taxing districts. Any written recommendations from the affected taxing districts must be formally accepted, rejected, or modified.

10. Recording

A TIF plan, along with a copy of the ordinance approving the TIF plan, must be recorded with the recording officer of each county in which any portion of a TIF district within the plan is situated. A copy of the plan should also be sent to the county assessor.

11. Notices

Notice of adoption of a TIF plan shall be published within four days of adoption of the plan in a newspaper that has the greatest circulation in the municipality and which is published within the municipality no later than four days following the adoption of the ordinance. If no newspaper is published in the municipality, the notice may be published in the newspaper having greatest circulation within the municipality, published nearest to the municipality. The notice must say that the ordinance has been adopted, and that 90 days after adoption of the TIF plan, the plan will be conclusively presumed to be valid. (ORS 457.095 and ORS 457.115)

D. Best Practices Tips

Writing a TIF plan is technical and complicated. Jurisdictions should use a TIF professional or have staff with extensive TIF experience assist in the preparation of a TIF plan. If internal staff prepares the TIF plan, seasoned TIF counsel should review the plan prior to adoption.

Staff should make sure the county assessor has accurately identified the boundaries of the TIF district.

4.7 TIF REPORT

A. Background

A TIF report shall accompany a TIF plan. Its purpose is to identify the existing conditions of the proposed TIF district (including proposed projects) and the estimated costs of projects and sources of funding, and perform the financial feasibility analysis.

B. Statutory Provisions

ORS 457.085 (3)(a-i)[9] identifies the required components of a TIF report. These components are detailed in the discussion section below.

9 This statute was rearranged by HB 2174 (2019).

NORTHEAST GATEWAY IN MCMINNVILLE

McMinnville adapted a TIF plan in 2013 to implement the Northeast Gateway Plan and resulted in comprehensive plan overlays.

C. Discussion

The components of a TIF report accompanying a TIF plan are:

- A description of the physical, social, and economic conditions within the TIF district and the impact of the plan, including fiscal impacts, in light of added services or increased population.
    - This includes data that describes the current land use, zoning, and comprehensive plan designations, as well as a review of the capital improvement plans (water, sewer, stormwater) and the transportation systems plan to identify those projects that are scheduled for the TIF district and to identify the existing conditions of the infrastructure within the TIF district. ***(Section 2.3 Blight)***
- The reasons why the TIF district was selected.
    - The primary reason any TIF district is selected is to cure blight. The secondary reasons will relate to any adopted plans for the TIF district or projects that are designated for the TIF district.
- The relationship between each TIF project and the conditions within the TIF district
- A description of any projects and a detailed description of the present condition of that specific project. See Union Avenue example, below.
    - Project: Union Avenue will be constructed from Astor Street to Benton Street.
    - Union Avenue is in poor condition and does not have adequate sidewalks or adequate streetscape.
- The estimated costs of the projects and the sources of project funding
    - Project: Union Avenue from Astor Street to Benton Street $1,200,000
    - Tax Increment Financing: $1,000,000, Local Improvement District: $200,000
- The estimated completion date for each project (all projects in a table)
    - Project: Union Avenue from Astor Street to Benton Street Estimated Completion: 2014
- The amount of tax increment funds that are estimated to be required and the year in which the TIF agency plans to pay off all outstanding tax increment indebtedness. ***(Section 2.6 Financial Analysis)***
- A financial analysis that shows the financial feasibility of the TIF plan. ***(Section 2.6 Financial Analysis)***

- An analysis of the impact on the tax rates and/or revenues of the taxing districts that overlap the TIF district. ***(Section 2.6 Financial Analysis)***
- A relocation report that includes:
    - An analysis of businesses or residents that may be required to relocate;
    - A description of the methods to be used in the relocation program; and
    - An analysis (number and cost range) of the existing housing units that may be destroyed or altered and the housing units that may be added.

If the TIF plan does not include acquisition or projects that would require relocation, then this that can address general relocation requirements. If specific actions are being taken which will require relocation, then the section needs to contain the explicit information required by ORS 457.085(3)(i)(A-C).

A TIF report should also cover the compliance with acreage and assessed value limitations of ORS 457.420.

D. Best Practices Tips

Writing a TIF report is technical and complicated. Jurisdictions should use a TIF professional or have staff with extensive TIF experience assist in the preparation of a TIF plan and report. If internal staff prepares the TIF report, it should also be reviewed by seasoned TIF counsel prior to adoption.

4.8 BLIGHT

A. Background

The purpose of TIF is to cure existing blight and prevent future blight. Blight is defined in the statutes (ORS 457.010(1)(a-i). The jurisdiction must find that an area is blighted and therefore eligible for TIF. ORS Chapter 457 clearly defines the components of a TIF plan and report, and sections of those documents must include information on the existing conditions of the area being studied. In addition, in order to approve a TIF plan, the jurisdiction is required to find that blight exists in the TIF district that is included in the TIF plan. The actual findings and determinations of blight occur in the municipal ordinance that adopts the TIF plan, but those findings and determinations are based on the information compiled in an existing conditions analysis. The

DEFINING BLIGHT

Oregon statutes define blighted areas as areas characterized by one or more of the following conditions:

- Unfit or unsafe structures
- Economic deterioration resulting from faulty planning
- Poor platting
- Disregard of physical characteristics
- Inadequate streets, open spaces, and utilities
- Flooding
- Property value depreciation
- Underutilized property
- Loss of population and assessed value

BOUNDARIES OF BLIGHT

Blight is a condition that pertains to the TIF district as a whole. TIF district boundaries may include specific properties that are not individually blighted, but which are geographically or functionally inseparable from the blighted area.

methods used to document blight may vary by jurisdiction depending on the conditions in the TIF district. Some areas may have buildings that are unfit or unsafe whereas other areas may lack development and have infrastructure needs.

TIF districts must be found to be blighted areas by the governing body.

B. Statutory Provisions

ORS 457.095(1) requires that the municipal governing body find conditions of blight within the TIF district.

ORS 457.085(3)(a) requires that a TIF report accompanying a TIF plan describe the physical, social, and economic conditions in the TIF areas of the plan.

ORS 457.010(1) defines blighted areas.

C. Discussion

Examples of blight analyses include the following:

- Building surveys, using an explicit coding system to classify buildings
- Building surveys, including upgrading to meet seismic requirements.
- Improvement value to land value ratios, based on assessed value data. (Different ratios may be established as representing a healthy level of development, considering the planned land use and the characteristics of property values on similar properties in other locations.)
- Analysis of platting patterns and comparison of lot sizes and configurations that exist in the TIF district with typical lot sizes and configurations that are desirable for particular land uses.
- Documentation of physical and environmental characteristics and the inadequate response to these conditions in such areas as comprehensive plan designations, zoning, platting, and capital improvement plans.
- Environmental characteristics may include the presence of wetlands, contaminated soils, air quality issues, water quality issues, and other environmental constraints to development.
- Analysis of the transportation and utility requirements of the planned land uses and development and comparison of these requirements with the existing level of such facilities. This analysis includes review of the utility master plans and projects identified in the capital improvement plan.
- Analysis of flooding problems, including delineation of 100-year flood plains and floodways and analysis of development restrictions

imposed in such areas either by local ordinance or Federal Flood Insurance Program requirements.

- Analysis of population, income, and housing characteristics of the TIF district, using data from the US Census, local housing plans, local community development plans, and other sources.

Not all of these surveys and documentation must be completed; the minimum requirements are those stated in the statute (ORS457.085(3)(a). Circumstances may require a more full documentation of blight, which would involve a more thorough analysis.

D. Best Practices Tips

It is a good idea to connect blight findings in the analysis to specific conditions within the TIF district.

4.9 FINANCE

A. Background

New TIF plans must include an analysis of the timing and sources of funding for projects described in the TIF plan. This includes estimating when TIF revenues would be available to finance projects (and prioritizing projects accordingly), determining what share of total project costs should be reasonably expected to be covered by TIF, and estimating the overall impact of the TIF on affected taxing districts.

B. Statutory Provisions

ORS 457.420 to ORS 457.470 describes tax increment financing of TIF indebtedness.

ORS 457.445 was amended by HB 2174 in 2019 to clarify how the consolidated property tax billing rate is calculated.

C. Discussion

Forecasting TIF revenues is a relatively straightforward process, and involves five steps:

1. Determining the frozen base.
2. Estimating future growth in assessed value.

3. Determining the applicable tax rate.
4. Calculating increment and total TIF.
5. Accounting for revenue sharing.

1. Determining the frozen base

The frozen base is the total assessed value of all property in a TIF district in the most recent fiscal year for which data was available before adoption of the TIF plan. The local county assessor's office can provide this assessed value data. The frozen base needs to include all four property types: real, personal, manufactured, and utility. Records for utility property are not site specific and will need to be estimated for the purposes of the TIF plan. Typically, the assessor will determine the amount of utility value to be included in the frozen base by looking at the ratio of utility property assessed value to real property assessed value in the tax code area(s) that overlap the proposed TIF district, and by applying the same ratio to property within the TIF district.

Sometimes the planning process for a new TIF district can be long, and new assessment data may become available during this process. It is important to update any preliminary analysis with new data when it becomes available, as this will be the data that the assessor uses to establish the actual frozen base.

2. Estimating future growth in assessed value

A prudent approach is for forecasts of TIF revenues to be based on conservative assumptions of growth in assessed value. It is often useful to look at long-term historical trends as a starting place for future growth assumptions, then adjust these assumptions to account for known taxable redevelopment that is planned or in progress, current market conditions, and anticipated TIF projects that would stimulate additional redevelopment in the future.

3. Determining the applicable tax rate

All new TIF plans are reduced rate plans. This means that the applicable tax rates include permanent property tax rates, as well as any GO bonds approved prior to 2001. The local county assessor's office will have information on applicable tax rates.

Jurisdictions that already have one or more TIF districts may report TIF adjusted tax rates in addition to their full permanent rates. It is important to use the full permanent rates and not TIF adjusted rates.

4. Calculating increment and total TIF

Calculating the incremental value (or increment) is straightforward. Subtract the frozen base value from the forecast future value to determine the increment in any given year.

To calculate TIF revenues, multiply the increment by the total applicable tax rate.

The first year to receive TIF is based on the first year that tax rolls are set after adoption of the TIF plan. In many cases, there is a year gap when the plan has been adopted but no TIF revenue is collected. Figure 1 shows how the timing of adopting a TIF district can affect TIF revenues in the early years.

Figure 1. Timing of TIF district adoption

2011			**2012**											
10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
A			**B**									**C**		

Period	Frozen Base Year	First Year to Collect TIF
A	**2011-12**	**2012-13**
B	**2011-12**	**2013-14**
C	**2012-13**	**2013-14**

Assessment and Taxation Milestones

Date	*Milestone*
Oct. 2011	Tax roll released for FY 2011-12
Jan. 1, 2012	Tax roll set for FY 2012-13
Oct. 2012	Tax roll released for FY 2012-13
Jan. 1, 2013	Tax roll set for FY 2013-14

5. Accounting for revenue sharing

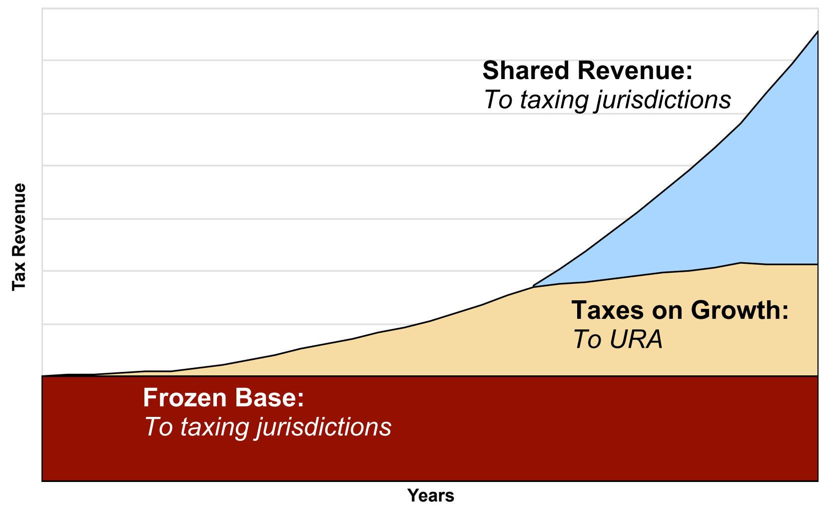
Not all TIF revenue will accrue to the TIF agency. Some TIF revenue is shared with other taxing districts. The amount of sharing depends on the prior year's total TIF revenues as a percentage of the TIF district's maximum indebtedness.

REVENUE SHARING

Figure 2 illustrates how revenue sharing works for a hypothetical TIF district. If the prior year's TIF collections exceeded 10% of maximum indebtedness, then the TIF district receives TIF equal to 10% of maximum indebtedness, plus 25% of the amount of TIF that exceeds 10% of maximum indebtedness.

If the prior year's TIF collections exceeded 12.5% of maximum indebtedness, then the TIF district receives 12.5% of maximum indebtedness, and all additional TIF revenue is shared with other taxing districts. Essentially, TIF revenues for a TIF districts are capped at 12.5% of maximum indebtedness.

Figure 2. Revenue Sharing



6. Financing

It is important to remember that TIF revenues do not equal the dollars available for projects. TIF revenues are used to pay debt service on debt that pays for project costs. Thus, the financial analysis needs to make assumptions on the type of debt that will be incurred by the TIF agency, and the terms associated with that debt (for example, interest rates, coverage ratios, reserve requirements, issuance costs, and amortization period). It may be helpful to check with financial advisors to ensure that the analysis is grounded in reasonable assumptions.

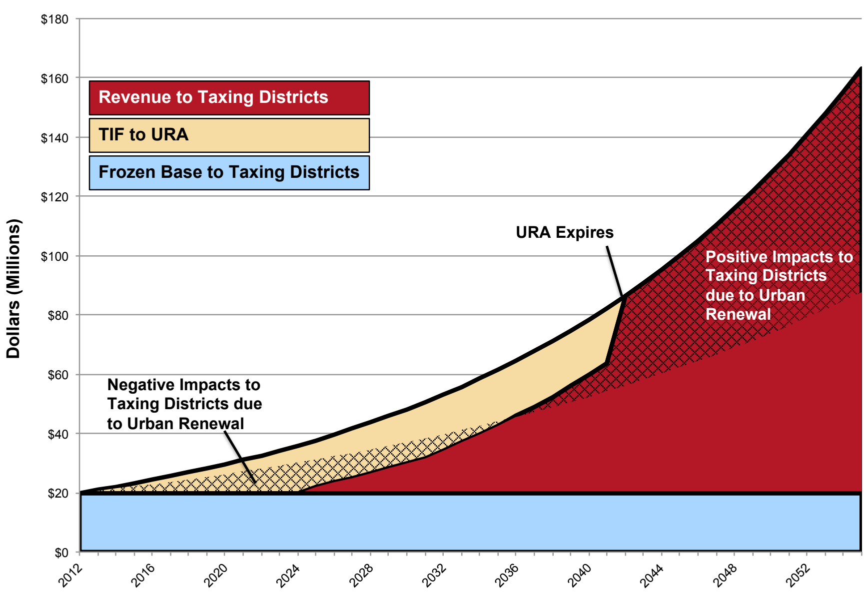
7. Impact to overlapping taxing districts

Calculating the impact to overlapping taxing districts is relatively straightforward. The impact is equal to the lost revenues that would have been received by the taxing districts plus the shared revenue (if any) generated by the TIF district for the taxing districts.

The forgone revenues that would have been received by the taxing district are calculated by multiplying a jurisdiction's applicable tax rate by the assessed value that would have been in the area without TIF investment. The applicable tax rate for most TIF districts will be equal to the permanent rate. GO bonds should not be included in the impact to taxing districts because tax increment revenues do not decrease the taxes levied for GO bonds. Local option levies should also not be included in the impact to taxing districts, as they are not included in the consolidated tax rate used by the TIF district to calculate division of taxes revenues.

The assessed value that would have been in the area without TIF investment can be tricky to measure, and ultimately requires a judgment call. On one extreme, it is possible that none of the new development in a TIF district could have occurred without TIF, which would mean that the assessed value that would have been in the area without TIF would be limited to 3% growth per year. On the other extreme, all of the new development in a TIF district could have occurred without TIF. Figure 3 shows a graph of the impact of a hypothetical TIF district on overlapping taxing districts.

Figure 3. Impact on Taxing Districts



8. Fiscal Impacts

The fiscal impacts of TIF include more than the tax rate impacts. Urban renewal plans commonly result in the acceleration or intensification of development that may have otherwise occurred without a TIF program. This development requires public facilities and services and will have impacts on the community's economic, social, and physical environment.

Broader fiscal impacts should be analyzed in light of the community's comprehensive plan. That plan is required to demonstrate how the community will provide public facilities and services to serve the development called for in the plan, and show how the impacts of such development are to be addressed.

The property tax revenue impacts to overlapping taxing districts are especially important if implementation of the TIF plan is projected to increase the demand for the services provided by the taxing districts. On the other

IMPACT ON TAXING DISTRICTS

Figure 3 shows that, in early years, the district has a negative impact on overlapping taxing districts. When revenue sharing begins, the annual negative impact begins to shrink. Over a long enough period of time, the revenue sharing has a larger impact, and could eventually result in a positive annual impact for overlapping taxing districts. Figure 3 only shows the impacts on overlapping taxing districts while a TIF district is collecting tax increment revenues. If the graph were to show years after the TIF district stops collecting tax increment revenues, then there would be a dramatic surge in the positive impact to overlapping taxing districts.

hand, the projects undertaken under the TIF plan can also result in service improvements. For example, older buildings may be brought up to fire and life safety codes, and so, alleviating blight, in a case like this, can result in reduced need for police services. Utility projects commonly include looped water lines that allow for better and more reliable fire service.

In discussing these impacts, the TIF report should balance the negative impacts of loss of revenue with the positive impacts of implementing the TIF plan. The detail with which this is analyzed should depend on the degree of the impacts.

Attempting to calculate the full fiscal impact of any proposed development is an exercise fraught with challenges. One challenge is distinguishing between gross and net impacts. See the sidebar for one example.

Another challenge of calculating the fiscal impacts of development in TIF districts is determining the portion of public costs that should be attributed to the TIF district, and the portion that stems from demand from outside of the TIF district. Considering the example of the business park discussed above, what happens if a new police station is built to provide public safety services to the business park? Certainly the police station serves a population larger than just the business park. The addition of the business park is likely just one of many factors that determined the timing, size, and location of the public investment in a new police station. In short, when new infrastructure is needed to serve development in TIF districts, it can be difficult to determine exactly what portion of those infrastructure costs can be attributed to the TIF district versus other factors.

In general, it is best to recognize that there are many challenges to calculating the fiscal impact of TIF districts, and any attempt to do so should recognize the limitations of such an analysis.

ESTIMATING THE PORTION OF PUBLIC COSTS ATTRIBUTED TO THE TIF DISTRICT

If development of a new business park occurs within a TIF district, then it may have gross impacts from the jobs it provides, the assessed value it adds to the tax rolls, and the infrastructure needed to serve the building. But, one cannot calculate the net impact of new development without making assumptions on what would have happened without TIF.

- Would the businesses located in the business park cease to exist?
- Would they locate in existing buildings in the TIF district or elsewhere in the jurisdiction?
- Would a similar business park have developed elsewhere in the jurisdiction?

Major assumptions are required to determine what would have happened without TIF, and whatever assumptions are used, they would be difficult to defend with any certainty.

D. Best Practices Tips

It is prudent for jurisdictions to prepare a comprehensive financial analysis that considers all relevant assumptions to ensure that decisions made relative to the establishment of maximum indebtedness are appropriately informed. Financial analysis for a TIF plan and report is both important and complex, and jurisdictions should ensure that they have adequate expertise to complete this analysis. Jurisdictions are encouraged to work with legal counsel, professional consultants, or experienced TIF practitioners when they conduct this analysis.

In addition, take care to review the updated provisions for calculating the consolidated property tax billing rate that was updated by HB 2174 in 2019.

5. Amendments to the Tax Increment Financing Plan

CHAPTER CONTENTS

This chapter contains the following sections:

TIF agencies may need to amend TIF plans to adjust to current issues and opportunities, as communities and their priorities change over time.

Before starting down the path of any type of amendment, consult the adopted TIF plan as all plans are required to contain a section regarding types of amendments and specific processes adopted by the governing body (city council or county commission). Your own plan will contain the best information on requirements for amendments. Please note these processes are in addition to those which are outlined in Oregon Revised Statute (ORS).

There are several types of TIF plan amendments, each providing a specific path for completion which are outlined within the document:

1. Substantial Amendment
2. Minor Amendment
3. Major/Council-Approved Amendment

A municipality should determine the type of plan it has, and the specific impacts associated with amending that plan, before undertaking the amendment process.

ORS defines the amendments that must be considered as substantial. In general, amendments that are not substantial amendments are defined as minor amendments.

If the amendment under consideration involves a land-use decision, municipal counsel should be consulted to determine the appropriate procedures to be followed. However, it may be wise to consult with your agency counsel on any plan amendment.

This section outlines an overview of procedures and policies. Best practices, sample steps, and timelines are included along with examples of materials and public outreach strategies. Please note these are not all-encompassing lists and may not be completely applicable to all situations, but will provide a guide for those embarking on an amendment process.

5.1 SUBSTANTIAL AMENDMENTS

A. Background

A substantial amendment must be adopted in the same manner as adoption of a new TIF district plan. This is the highest-level review of amendments. In general, a new report to accompany the TIF district plan is required to both re-document the existence of blight within the TIF district and provide the information required in a report for the change being proposed. If the TIF district plan has been recently adopted and existing conditions have not changed, a re-documentation of blight for the existing are may not be necessary.

A jurisdiction should use a TIF professional or have staff with extensive TIF experience assist in the preparation of a TIF plan or a substantial amendment. If internal staff prepares the amendment to the TIF plan, it should also be reviewed by seasoned TIF counsel prior to adoption.

B. Statutory Provisions

The statutes define the two types of amendments that are considered substantial. These must be adopted in the same manner as the adoption of the original plan.

1. Increasing the cumulative land area of the TIF district by more than 1%.
2. Increasing the maximum amount of indebtedness that may be issued or incurred under the TIF plan.

ORS 457.085 (2)(i)(a) and (b) define amendments.

ORS 457.010 (5)(a) and (b) define existing TIF plans.

There are also statutory requirements for public involvement in all stages of the development of a TIF plan. Since statute requires substantial amendments to follow same procedure as new plan adoption, these requirements are all applicable:

ORS 457.085(1) requires that a TIF agency shall provide for public involvement in all stages of development of a TIF plan.

ORS 457.085(2) requires that substantial amendments provide the same notice, hearing, and approval procedure requirement of the original TIF plan.

ORS 457.085(4) and ORS 457.085(5) require that substantial amendments be presented to the planning commission of the jurisdiction and to the governing bodies of taxing districts affected by the plan.

PROVISIONS TO TIF

The 2009 Oregon Legislature enacted new provisions to TIF, some of which come into effect for amendments to a TIF plan. These provisions allowed for:

- The requirement of revenue sharing when tax increment revenues hit certain trigger points
- Limitations on maximum indebtedness increases without concurrence from taxing jurisdictions (ORS 457.470)

In 2019, the Legislature further amended the statutes to clarify the following provisions:

- Adding land to a TIF district that increases the overall land area by a *cumulative* total of 1% will trigger a substantial amendment.
- The restriction on increasing the land area of a TIF district by more than 20% applies regardless of any subsequent reductions in land area.

ORS 457.437 requires that, if the TIF district is in both city limits and extends into county jurisdiction, then the county's governing body must also be met with.

ORS 457.095 and ORS 457.120 require that direct notice (super notice) be sent by jurisdiction to individuals or households, city and or county-wide, in addition to jurisdiction specific outreach provisions as outlined in local plan documents.

ORS 457.095 requires published notice of adoption of a substantial amendment no more than four days after ordinance is adopted.

C. Discussion

Determining the type of plan

There are three types of plans and they are based upon the time frame of adoption and the adoption of maximum indebtedness prior to December 6, 1996. Financial impacts are different depending on the type of plan.

1. Existing Plans: reduced rate or standard rate.
2. Window Plans: standard rate.
3. New Plans: reduced rate.

D. Best Practices

See **Appendix A** for more information on determining the type of plan.

INCREASING LAND BY MORE THAN 1%

The increase of land by more than 1% refers to the original plan acreage. This 1% is irrespective of any removals of land from the area. This was clarified in statute by HB 2174 (2019).

5.1.1 FINANCIAL ANALYSIS FOR SUBSTANTIAL AMENDMENTS

A. Background

When a plan is substantially amended, it requires additional financial analysis. The required analysis follows the same requirements as described in **Section 4.9** for writing a TIF plan and report.

B. Statutory Provisions

ORS 457.420 to ORS 457.470 describe tax increment financing of TIF district indebtedness.

CONCURRENCE OF TAXING JURISDICTIONS

Concurrence is defined as written concurrence of taxing jurisdictions imposing at least 75% of the amount of taxes levied under permanent rate limits in the TIF district.

Relevant distinctions:

- Concurrence refers to taxes, not tax rate.
- Only taxes imposed under permanent rates are counted, not bonds or local option levies.

C. Discussion

Amendments to TIF plans cannot increase maximum indebtedness by more than 20% of the original maximum indebtedness without obtaining concurrence. Additional information on concurrence is outlined in the public outreach section. Per ORS 457.220, maximum indebtedness can also be increased one time during the life of the TIF district to account for inflation, there is not a set definition of what factor to use in determining the appropriate inflation rate. Several examples utilized include; average CPI or the factor used by municipality to determine inflation rate for permit fees.

All TIF plans adopted prior to January 1, 2010 that have not been amended to increase maximum indebtedness since that date are not subject to revenue sharing. When these plans are amended, they will be subject to revenue sharing provisions. Amended plans will obey the same revenue sharing limits described in Section 2.7, with one exception. The amount of TIF revenues collected by the TIF district in the first year in which the plan is substantially amended is known as the transition amount. If the transition amount is greater than the amount of TIF revenue that the TIF district would be able to collect under revenue sharing limits, then the TIF district receives annual TIF revenues equal to the transition amount. In short, the transition amount ensures that municipalities with amended plans that trigger revenue sharing will not see TIF revenues decline below their previous year's TIF collections due to revenue sharing.

D. Best Practices

A jurisdiction should determine the type of plan it has, and the specific impacts associated with amending that plan, before undertaking the amendment process.

5.1.2 PUBLIC OUTREACH FOR SUBSTANTIAL AMENDMENTS

A. Background

Public involvement is a key component of all phases of TIF planning, from the inception of a TIF district to the ongoing administration of the TIF plan, including the adoption of a substantial amendment. Involvement needs range from including the public as a whole to including the specific affected local taxing jurisdictions. Adoption of a TIF plan amendment goes more smoothly when there is public support for the plan.

B. Statutory Provisions

ORS 457.095 describes the notice requirements for TIF agencies.

C. Discussion

The minimum public outreach required by statute is that the agency provide two opportunities for citizen review and input.

1. TIF district substantial amendments and the accompanying report are provided to the planning commission prior to presenting it to the governing body to ensure the plan aligns with the city's comprehensive plan. Planning commission meetings are open to the public and therefore, citizens have an opportunity for comment.
2. Approval of a substantial amendment by a governing body is by non-emergency ordinance. In the majority of jurisdictions, this involves two readings of the ordinance. The first reading is a public hearing that has been noticed to all citizens of the municipality (super notice). The second reading does not typically include public testimony, but can at the discretion of the governing body.

The substantial amendment must also be sent to the governing body of all affected taxing jurisdictions and the TIF agency shall consult and confer with the taxing jurisdictions prior to presenting the substantial amendment to the governing body for approval.

D. Best Practices

What is listed above are the minimum requirements of the statute. Best practice is to conduct considerable outreach to affected groups, neighborhoods, and to maintain close communication with the taxing districts. Please refer to **Appendix E: Marketing, Communications and Outreach** for best practices on this topic.

OPTIONS FOR PUBLIC REVIEW:

- Review of the substantial amendment by an advisory committee.
- Holding a public hearing specifically to provide information on TIF and the proposed amendment.
- Establishing a web presence by both posting the proposed amendment and posting information about the opportunities for public input.
- Having one or more public open houses where the public is invited to participate actively in planning: putting dots on specific ideas for projects, voting for key concepts.
- Using social networking tools, such as Twitter, to broadcast meetings.
- Working with the local business district to provide input to TIF decisions.
- Designing a Facebook page for the TIF district.
- Mailing to households within the TIF district to provide information or invite them to public meetings.
- Presenting information at other public forums such as a farmer's market or other public gathering spaces/events.
- Streaming the public meetings on public television.
- Some localities may require public vote of substantial amendments.

5.1.3 PROCEDURAL REQUIREMENTS FOR APPROVAL OF SUBSTANTIAL AMENDMENTS

A. Background

To approve substantial amendments, a jurisdiction must go through a series of procedural requirements, which are listed on the next page.

B. Statutory Provisions

The statutory requirements for this section are listed after each relevant step in the process below.

C. Discussion

1. Meeting by TIF agency

The TIF agency has the power to create a TIF plan and as a substantial amendment follows the procedures of plan approval, the agency also authorizes a substantial amendment.

ORS 457.085(2) and ORS 457.085 (2)(i)

2. Meeting with affected municipalities

Prior to the establishment of a maximum amount of indebtedness , the TIF agency that is carrying out the plan shall meet with the governing bodies of the municipality that activated the TIF agency, and other municipalities affected by the TIF plan, to review the proposed maximum amount of indebtedness for the plan. No formal action is required by the affected municipalities. The meaning of this section is that a substantial amendment must not only be presented to the enacting municipality, but also must be presented to the county commission for their information. Their vote is not required. However, when any portion of the area of a proposed TIF plan extends beyond the boundaries of a city into any other municipality (city or county) and, in the case of a proposed plan by a county agency, when any portion of the TIF district is within the boundaries of a city, the governing body of the other municipality may approve the substantial amendment, and may do so by resolution rather than by ordinance.

ORS 457.085(5), ORS 457.437 and ORS 457.105

3. Consult and Confer with the affected taxing districts

The minimum level of interaction of the affected taxing districts is set out in the statutes. At a minimum, an agency must consult and confer with the affected taxing districts. The substantial amendment and TIF report must be sent to the governing body of any taxing district that is affected by the TIF plan with an offer to consult and confer. These documents are to be sent via certified mail to be received by taxing districts no less than 60 days prior to City Council advertised public hearing. Affected taxing districts are those which levy taxes within the TIF district. Any written recommendations of these taxing districts must be accepted, rejected, or modified by the jurisdiction in order to proceed with the substantial amendment.

As a matter of best practices, engaging taxing district representatives early in the process to discuss potential changes and how it impacts/benefits the community along with potential needs of the taxing districts can help for a smoother process.

The requirements under this section are different if the TIF agency is requesting concurrence, which is defined as written approval from at least 75% of the affected taxing districts as associated with taxes levied under permanent rate limits in the TIF district. Votes are applicable in situations where a proposal to increase maximum indebtedness goes above 20% of the original amount. Concurrence is also applicable if a municipality is adding a public building project to a plan.

ORS 457.470

4. Referral of the proposed plan to the planning commission for their review

If the jurisdiction has a planning commission, the substantial amendment and report must be presented to the commission for its recommendation before the substantial amendment may be presented to the jurisdiction for approval.

The planning commission review is best done at a public hearing. The planning commission's formal role is not specified in the statutes. They generally are advised that their role should be to determine the conformance of the substantial amendment with the jurisdiction's comprehensive plan, as planning is the purview of the planning commission. Two separate motions may be presented to the planning commission, one that finds the TIF plan substantial amendment in conformance with the comprehensive plan, and the other that finds the TIF plan substantial amendment in conformance with the comprehensive plan.

Some planning commissions prefer to take the action to find conformance with the comprehensive plan while others will refer the matter to the city council for further approval.

Notice of the planning commission review should be done as for any planning commission meeting. No other notice provisions are required.

5. Municipality public hearing/notice of hearing

Notice of a proposed substantial amendment must include the following specific provisions:

1. The governing body, on a specified date, will hold a public hearing and consider an ordinance substantially amending a TIF plan;

WORKING WITH TAXING DISTRICTS

Sections **2.1 Public Involvement**, **4.1 Public Involvement** and **Appendix E: Marketing, Communications and Outreach** detail other ideas about working with taxing districts.

2. The adoption of the substantial amendment may impact property tax rates;
3. States the maximum indebtedness that can be issued or incurred under the substantial amendment;
4. The ordinance, if approved, is subject to referendum; and
5. A copy of the ordinance, TIF plan amendment, and TIF report can be obtained by contacting a designated person.

ORS 457.120(3)

6. Notice requirements for a substantial amendment

Notice of the public hearing on adoption of the TIF plan amendment must be sent to individuals or households in one of the following groups:

1. Owners of real property that is located in the municipality;
2. Electors registered in the municipality;
3. Sewer, water, electric, or other utility customers in the municipality; or
4. Postal patrons in the municipality and any parts of the TIF district that extend beyond the municipality.

ORS 457.120(1)

For county plans, the individual notice must be provided to one of the same groups within the boundaries of any K-12 school district that levies taxes within the TIF district. Counties must also provide notice in the paper of general circulation throughout the county in an advertisement not less than three inches in height and three inches in width in the general interest section of the newspaper (**ORS 457.120(4)(b)**). It must contain language identified in **ORS 457.120(3)(a-e)**.

If a plan is both in a city and in a county, notice must not only be sent to the requirements stated for a city above, but also be sent to each individual in the selected group that is located in the TIF district (**ORS 457.120(2)**). This super notice must contain specific language, as defined in **ORS 457.120(3)(a-e)** and stated in sub-paragraph 5 above.

7. Approval of a substantial amendment by the municipality

A substantial amendment is adopted by the governing body of the municipality by ordinance. The ordinance must be a non-emergency ordinance. There are specific requirements for the contents of the ordinance (**ORS 457.095(1)-(7)**):

- Each TIF area is blighted.
- The rehabilitation and redevelopment of the TIF area(s) is necessary to protect the public health, safety, or welfare of the community.
- The TIF plan conforms to the comprehensive plan and economic development plan, if any, of the municipality. The plan must also provide an outline of planned TIF projects.
- Relocation requirements must be met.
- That any property acquisition called for in the TIF plan is necessary to achieve the objectives of the plan.
- That the plan is economically sound and feasible.
- That the city or county will assume any responsibilities given to it under the plan.

8. Hearing

At the public hearing on the ordinance, the governing body should hear the report and recommendations of the TIF agency, take public testimony, and consider the recommendations, if any, of the planning commission and of affected taxing districts. Any written recommendations of the affected taxing districts must be formally accepted, rejected, or modified.

Presumed valid: Any plan adopted in conformance with all legal requirements shall be conclusively presumed valid 90 days after adoption of the TIFI plan amendment by ordinance of the governing body of the municipality. No direct or collateral attack on the action may thereafter be commenced.

9. Recording

A substantial amendment, along with a copy of the ordinance approving the substantial amendment, must be recorded with the recording officer of each county in which any portion of a TIF district within the TIF plan is situated. A copy of the plan should also be sent to the county assessor.

10. Notices

Notice of adoption of an ordinance approving a substantial amendment shall be published within four days of adoption of the ordinance approving the amendment in a newspaper having the greatest circulation in the municipality. If no newspaper is published in the municipality the notice may be published in the newspaper of the closest published paper. The notice must say that the ordinance has been adopted and that 90 days after adoption of the plan amendment the amendment will be conclusively presumed to be valid. **ORS 457.095 and ORS 457.115**

D. Best Practices

Below are some examples of procedural requirements.

Example of Notice

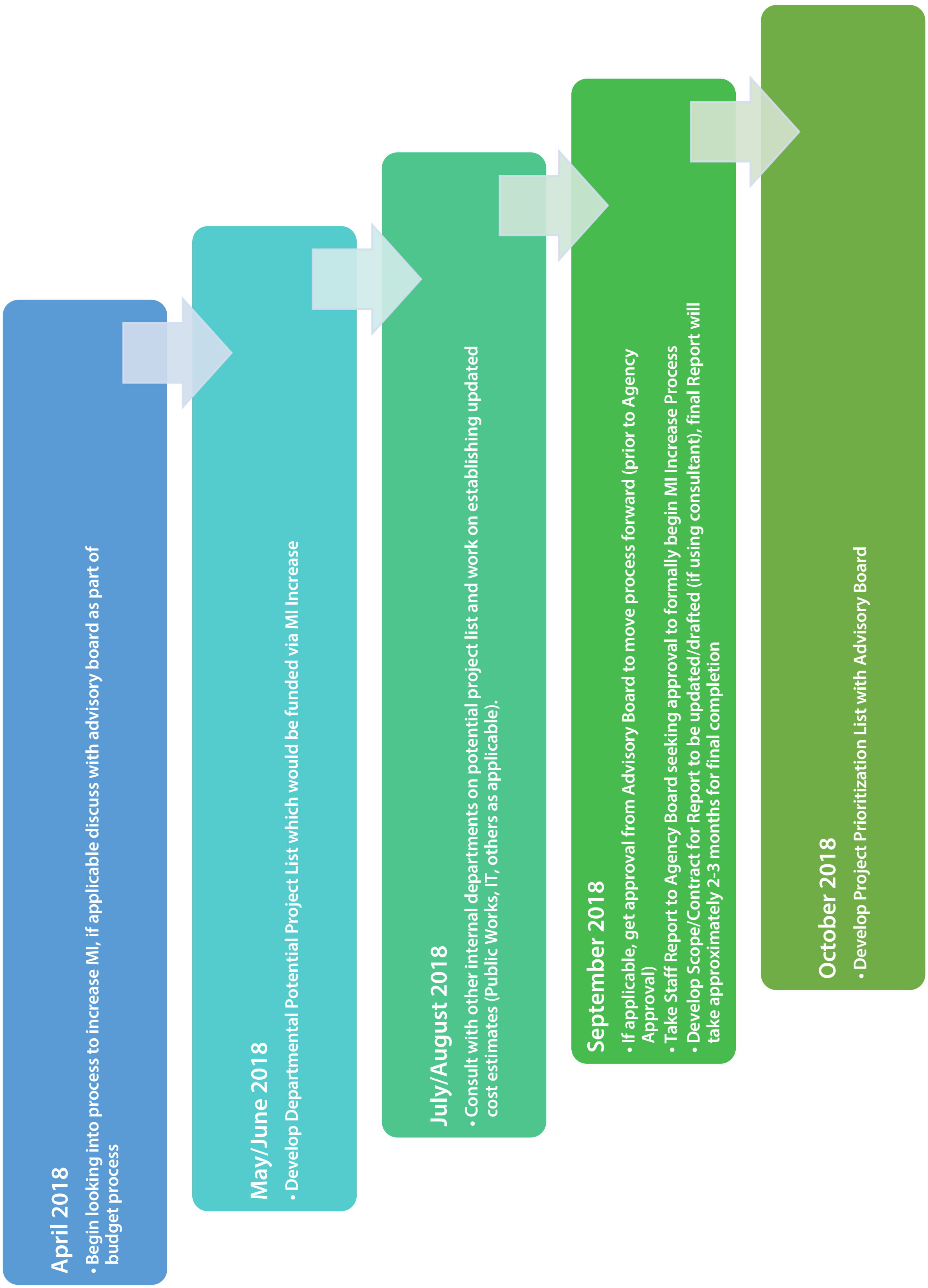
NOTICE OF ADOPTION OF THE AMENDED (MUNICIPALITY) TIF PLAN

The City Council of (municipality) has adopted Ordinance No. X on April 22, 2019 approving an amendment to the X TIF Plan. The X TIF Plan as amended has been adopted in conformance with the applicable legal requirements and shall be conclusively presumed valid for all purposes 30 days after the adoption of the ordinance.

This notice is to be published within 4 days of adoption of the Amendment in the newspaper having the greatest circulation in the municipality and which is published in the municipality.

Example Substantial Amendment Process

On the next few pages is a comprehensive example of the process for undergoing a substantial amendment for increasing maximum indebtedness that requires the agency to consult and confer with taxing jurisdictions. It is based on the 2018/2019 calendar and procedure.


April 2018
• Begin looking into process to increase MI, if applicable discuss with advisory board as part of budget process
May/June 2018
• Develop Departmental Potential Project List which would be funded via MI Increase
July/August 2018
• Consult with other internal departments on potential project list and work on establishing updated cost estimates (Public Works, IT, others as applicable).
September 2018
• If applicable, get approval from Advisory Board to move process forward (prior to Agency Approval)
• Take Staff Report to Agency Board seeking approval to formally begin MI Increase Process
• Develop Scope/Contract for Report to be updated/drafted (if using consultant), final Report will take approximately 2-3 months for final completion
October 2018
• Develop Project Prioritization List with Advisory Board

November 2018

- Conduct Outreach Meetings and share following: Project Prioritization List, Estimated Increase and impact, accomplishments of URA to date.
  - 1. Largest Taxing Districts
  - 2. Internal Development Department Head Meeting
  - 3. Neighborhood Association
  - 4. Other Relevant Meetings which occur during the time period

December 2018

- Draft Plan Amendments in track changes mode
- Finalize Report
- Receive final recommendation of approval from URA Advisory Board (if applicable)

January 2019

- Prepare all final outreach materials associated with super notice.
- Draft City Council Staff Report/Ordinance and provide to legal for review.
- Work with IT on development of city-wide address list for super notice.
- Work with Public Works on including notice in utility mailers (determine lead time necessary)
- Develop website specific to MI Increase with Plan and Report for super notice- direct all to site.

February 2019

- Mail (via certified) Amended Plan, Report and cover letter to affected taxing districts. Must be done 60 days prior to scheduled Council Public Hearing.
- Mail notice to all citizens using direct mail for those who do not receive utility mailers, include notice in utility mailers, per super notice requirement. Complete 60-30 days prior to Council scheduled Public Hearing.
- Have website go live when mailings begin.
- Email notification to neighborhood chairs.

March 2019

- Present at 1st Planning Commission Meeting of month, purpose is to receive a recommendation that the projects in plan meet the goals of the Comprehensive Plan.

April 2019

- City Council 1st Meeting of the Month: Staff Report, with Ordinance and Public Hearing
- City Council 2nd Meeting of the Month: Staff Report, with Ordinance 2nd Reading
- Following Council 2nd Meeting, URA Agency Meeting: Staff Report, with Resolution
- Publish Public Notice of adoption of Plan Amendments within 3 days of formal adoption.

May 2019

- Record Amendment of Plan and Report with County 30 days following final Council Approval.

5.2 MINOR AMENDMENTS

A. Background

A minor amendment may include any action of the TIF agency to change the existing TIF plan in a way other than that which is defined as a substantial amendment.

B. Statutory Provisions

ORS 457.085 (2)(i) describes the qualifications for substantial amendments. There are no statutory requirements for amendments that do not meet these qualifications.

C. Discussion

Minor amendments typically include the following:

- Changes to projects, programs, goals or objectives such as adding or removing.
- Modification to TIF area boundary, which does not exceed the addition of 1% of the total land area of the TIF area. The 1% is in reference to the area adopted in the original plan.
- Acquisition of land or buildings.

Minor amendments are typically approved by action of the TIF agency, and commonly via resolutions; as opposed to ordinances of the governing body.

TIF plans are not required to set specific processes for minor amendments. In addition, ORS does not provide regulations for minor amendments. Minor amendments should cover all TIF plan amendments that the locality is comfortable having made at the TIF agency level. These minor amendments are typically affected through a resolution of the agency.

Steps/Timeline/Process

A new TIF Plan and Report is not required, additional and/or revised documentation can be incorporated into the existing TIF Report.

If there is a boundary amendment, i.e. property added to the TIF district, an existing conditions analysis of the property should be completed. This includes an updated survey to incorporate the new parcels into the TIF district legal description.

A staff report would be drafted in order to get approval for minor amendment which should include the following:

1. **Type: Project Addition**

   If projects are being added to the plan, document that there is sufficient funding in the TIF district to pay for the project or outline how it would be completed. Also, outline the purpose for adding the project to the plan and what public input or outreach contributed to the recommendation. **ORS 457.085 (3)(a-i)**

   When adding a project, state the project and how it aligns with the established goals and objectives of the applicable TIF district.

   If known, state the estimated timeline for implementation or completion for each project.

2. **Boundary Amendment/Property Addition (less than 1%)**

   Per ORS the geographical boundary of a TIF district can only increase by 1% (based on the original size of the TIF district at creation of the plan) to be considered a minor amendment, anything more is considered substantial. Therefore, first check to ensure the proposed parcel increase does not trigger more than 1% of land increase. Please note, removing parcels from a TIF district does not allow for additional increases, as specified in HB 2174 that was passed in 2019.

   Boundary amendments require survey work in order to amend the legal description of the TIF district. Allow for additional time and costs in your process to complete this work plan to engage municipalities engineering team or bring on an engineering consultant to assist with survey work.

BANDON AREA TWO AMENDMENT

Bandon Area Two Amendment was designed around the Bandon Parks Committee recommendations on projects. The projects in Area Two are mostly parks and trail projects. Pictured above are two of the Bandon Area Two projects: the Barn Community Center and pedestrian bridge.

D. Best Practices

Public Involvement

Because minor amendments are not guided by statutes, the required outreach for communities should be determined based on the affected TIF district plan and community/political dynamics. If the affected TIF district has an advisory board the amendment should be presented to them and feedback request to take back to the governing body.

Below are some examples of procedures for minor amendments.

Example Process of Adding Project to the Plan

1. Ensure the addition of project meets the goals and objectives of the TIF district plan.
2. Discuss with advisory board and/or affected stakeholders to determine inclusion and get feedback.

3. Amend projects section of TIF district plan (show via track changes for purposes of staff report, clean version for purposes of recording document with the county).
4. Draft associated resolution as attachment to staff report (work with legal).
5. Draft Staff Report incorporating items necessary as outlined prior.
6. Upon approval, record with the county.

Example Process of Boundary Amendment/Adding Parcel to TIF district (less than 1%)

1. Discuss potential boundary amendment with internal staff and/or with stakeholders and identify the purpose/goals of adding the land.
2. Engage engineering for updated legal description and map.
3. Advisory Board feedback/recommendation.
4. Staff Report outlining items above, including a resolution and edited TIF district Plan as attachments.
5. Record final approved Plan with the County.

5.3 COUNCIL-APPROVED/MAJOR AMENDMENTS

A. Background

If the jurisdiction wishes to have city council review and approval of some amendments to certain provisions of a TIF plan, but wishes to avoid the full substantial amendment process, those amendments should be identified as council-approved or major amendments.

B. Statutory Provisions

There are no statutory requirements for public involvement in amendments that are not substantial amendments.

C. Discussion

In light of the individual mailed notice requirements for substantial amendments, some municipalities may want to have a higher level of review for a decision but feel that the cost of a super notice is not warranted. These

TIF plans contain a third category of amendment and require a process in between the processes for minor and substantial amendments. Commonly called a council-approved or major amendment (because, for a city agency, it may require the approval of the city council by ordinance). Amendments of this type are processed in the same manner as substantial amendments, except there is no super notice requirement. Many plans use this category for amendments that were formerly, or would otherwise be, substantial amendments. These are generally an addition or change of a project that exceeds a specified dollar amount or acquisition of property.

D. Best Practices

Council-approved or major amendments should be presented to the jurisdiction by the TIF agency and approved by either an ordinance or a resolution of the governing body. If this tool is used at the local level, they should be termed council-approved amendments as the term major amendment is often confused with substantial amendment, which is a statutorily defined term.

Public Outreach

As with minor amendments, a council-approved amendment will be defined in most TIF plans. The amendment can be done with the approval of the TIF agency and does not have any statutory public outreach required.

The public involvement process should reflect the impact of the change, a change with more impact should have more involvement. If the change is a major change in a project and there is a stakeholder committee with a vital interest in the proposed change, the affected group should be given the opportunity to review and provide feedback before the plan is amended.

6. Running an Urban Renewal Agency

CHAPTER CONTENTS

This chapter contains the following sections:

TIF agencies vary in their organizational structure, from single individuals assigned responsibility to run the TIF program, to portions of various individuals assigned other responsibilities within the organization that created the TIF agency collaborating to perform TIF projects and programs, to agencies that operate as purely separate entities, complete with staffing and separate boards. Irrespective of how the TIF agency is staffed or governed, as a separate entity, it is necessary for staff and the governing board to ensure they each fulfill the various legal requirements for the TIF agency on an ongoing basis.

6.1 ESTABLISHING BYLAWS

A. Background

As a separate and distinct entity, establishing bylaws is a requisite organizing function.

B. Statutory Provisions

ORS 457.035 provides for the creation; ordinance to exercise power; and jurisdiction for TIF activities. ORS 457.170 and 457.180 further addresses specific powers of TIF agencies. No statute requires the adoption of TIF agency bylaws.

C. Discussion

An organization's bylaws are legally binding and detail how the organization is structured and governed. State law does not determine the content of bylaws for a TIF agency. However, many agencies find that bylaws assist in the orderly conduct of business. Urban renewal agencies are encouraged to review the bylaws on a periodic basis, or at least every three years, to ensure that they are consistent with the organization's operations.

D. Best Practices Tips

Best practices suggest that TIF agencies should establish bylaws that address general information, governing board information, officers, and fiscal matters. A complete list can be found in Appendix X.

ANNUAL FINANCIAL REPORTING

HB 2174, passed in 2019, updated the requirements for annual financial reporting from TIF agencies.

Updates on maximum indebtedness must be included in these reports. Additionally, the reports are to be distributed to all affected taxing districts, and the agency shall appoint a representative to answer questions.

6.2 CHANGING THE FORM OF AGENCY GOVERNANCE

A. Background

The municipality that sponsors a TIF agency may decide that the initial choice of governance body is undesirable. The governance body may be changed.

B. Statutory Provisions

ORS 457.055 allows the municipality to change the form of the agency's governance body to any form allowed by statute.

C. Discussion

The governing body of the municipality may, by ordinance, transfer the authority of the TIF agency to any other body that may have been initially appointed to exercise the agency powers. These are: the governing body itself, the housing authority of the municipality, or a separate board consisting of at least three members. Examples influencing a change of governance could include a consistent lack of quorum, a practice of inability to make program or project decisions, or actions that are contrary to the objectives of the TIF plan.

D. Best Practices Tips

Changing the form of the TIF agency's governance body should be a carefully considered decision, taken only when in the best interest of completing the TIF plan.

6.3 PUBLIC INVOLVEMENT

A. Background

Public involvement is a key component of the ongoing administration of a TIF plan. Involvement needs range from providing transparency on the activities of the TIF agency to providing an opportunity for citizens to serve on a citizens' advisory committee to allowing the broader public to interact with the agency on a Facebook page. There is significant incentive for a TIF agency to establish an effort to engage the public. For example, the adoption of a TIF plan amendment goes much more smoothly when there is significant public support for the plan.

B. Statutory Provisions

There is one statutory requirement for public information in the ongoing administration of a TIF agency. The agency must file an annual report (ORS 457. 460). This report must be on file at the city or county (depending on the governing jurisdiction) to allow for public viewing, and portions must be published in the newspaper at two separate times.

C. Discussion

Options for involvement while running a TIF agency include:

- A citizens' advisory committee to review decisions on the administration of the TIF plan, from input on the annual budgeting process to making recommendations to the TIF agency on policy issues such as potential amendments to the plan.

- Publishing more information in the annual report than is strictly required by the statute. Summarizing the projects of the previous year and identifying the public benefit, leverage of funding, private investment, and/or projected return on investment.
- Working with an established Main Street or business organization to review plan priorities.
- Publishing information about the TIF agency on the city webpage, including the adopted TIF plan and report and any current activities.
- Social media activities, including a Facebook and/or Twitter page for the activities of the TIF agency.
- Work with local newspaper to document success stories, giving credit to TIF.

D. Best Practices Tips

When the TIF district is established, it should adopt a public involvement policy. The public involvement plan should be reviewed periodically to ensure it is meeting the needs of the community.

ASTORIA PUBLIC INVOLVEMENT WITH ADHDA

The City of Astoria works directly with the Astoria Downtown Historic District Association on determining projects and priorities for TIF spending. Member of the city staff are on the ADHDA board and ADHDA board members are on City committees dealing with specific projects such as the planning for the Garden of Surging Waves as a cornerstone to the downtown.

6.4 FINANCIAL REPORTING

A. Background

One of the key roles of the TIF agency board is its fiduciary responsibilities. A key component of ensuring the financial integrity of the organization is regular and timely financial reporting, including management discussion and analysis of the agency's programs and projects.

There are three groups responsible for the quality of financial reporting: the governing board, financial management and staff, and the independent auditor. First among these groups is the governing board, due to its unique position as the ultimate responsibility for oversight of financial reporting processes.

TIF agencies are component units of jurisdictions, and the financial reporting function is generally performed by city (or county) staff. Also, a jurisdiction's auditor generally performs the audit function. Lastly, since the agency is a component unit of the jurisdiction, the jurisdiction's governing board has the ultimate responsibility for oversight.

B. Statutory Provisions

ORS 297.405 – 297.555 provide the various statutory requirements for financial reporting of Oregon municipalities, including annual audits by independent auditors (297.425).

ORS 457.460 requires limited duplication of annual financial reporting and budgeting, and additionally requires reporting on the analysis of the impacts, if any, of carrying out the TIF plan on the tax collections for the proceeding year of the overlapping taxing jurisdictions. Updates on maximum indebtedness must be included in annual reports. Reports are to be distributed to all affected taxing districts and TIF agencies are to designate a representative to consult with the districts and answer questions.

The City of Wilsonville specifically identifies project activity from the previous year in their annual report.

C. Discussion

Presently, TIF agencies are preparing a separate report to meet the specific requirements of each statute noted above, although there is no requirement to do so. Additionally, most TIF agencies in Oregon do not provide management analysis and discussion of the agency's performance during the reporting period or projected activity during the ensuring period(s).

Also, many TIF agencies, like their jurisdictions, struggle to complete their audits and file their reports by December 31. As a result, the information from these valuable reports is not timely for decision-making and may be viewed by decision makers as mere compliance work rather than an integral element of strategic planning.

D. Best Practices Tips

Consistent with the Government Finance Officers Association recommended best practice for governmental accounting, auditing, and financial reporting practices, OEDA urges each TIF agency to do the following to fulfill its financial reporting responsibilities:

- Maintain an accounting system adequate to provide all of the data needed to allow for the timely preparation of financial statements for the entire financial reporting entity in conformity with generally accepted accounting principles (GAAP);
- Issue timely financial statements for the entire financial reporting entity in conformity with GAAP as part of a comprehensive annual financial report (CAFR); and
- Have those financial statements independently audited in accordance with either generally accepted auditing standards (GAAS) or Government Auditing Standards (GAS), as appropriate.

Suggested financial reporting includes the following:

Monthly financial reports should be prepared and distributed in a timely fashion. The reports should be prepared at an appropriate level for the intended audience,(e.g., board reports should be at high level, with detail available as needed), while reports to management should provide greater detail. Board members, managers, and staff should review reports in a timely fashion and provide timely feedback on any discrepancies. The reports should provide explanations for significant variations to budget.

Quarterly financial reports should be prepared and distributed in a timely fashion. These reports should include an update on the TIF agency's activities, including, but not limited to, explanation of any significant variances, both financially and operationally. Reports should be prepared for the intended audience and recipients should provide timely feedback on any discrepancies.

Annual financial reports should be prepared, audited, and distributed in a timely fashion. The reports should include management discussion and analysis of activities in the reporting period and upcoming period(s). Although statutes require audited financial reports be submitted by December 31 each year, reports should be completed and distributed to users much earlier. Additionally, consistent with the Government Finance Officers Association Best Practice recommendation, the municipality's governing board should appoint an audit committee to provide much needed independent review and oversight of the TIF agency's financial reporting processes, internal controls, and independent auditors. The audit committee should be the same committee that serves the municipality. Further details regarding this best practice is available at GFOA Best Practice - Audit Committees.[10]

OEDA also suggests that TIF agencies consider consolidating the required reporting of ORS 457.460 with the annual audited financial report, or, in the absence of the ability to prepare and distribute, in a timely manner, annual audited financial statements, OEDA suggests agencies consider participation in the Government Finance Officers Association (GFOA) Popular Annual Financial Reports program. These financial reports are more readable and usable by non-financial and regulatory readers. The required elements of ORS 457.460 may also be considered for consolidation in this report.

10 http://www.gfoa.org/index.php?option=com_content&task=view&id=1451

6.5 BUDGET

A. Background

The National Advisory Council on State and Local Budgeting (NACSLB) has identified four essential principles of effective budgeting. The specific principles include:

- Set broad goals to guide decisions;
- Develop strategies and financial policies;
- Design a budget supportive of strategies and goals; and
- Focus on the necessity of continually evaluating a government's success at achieving the goals that it has set for itself (i.e., performance).

B. Statutory Provisions

ORS 294.305 – 294.565 provide the various statutory requirements for budgeting of Oregon jurisdictions.

C. Discussion

The Government Finance Officers Association has officially adopted the recommendations of the NACSLB. GFOA has also issued separate recommended practices on strategic planning and performance measurement. All of these documents underscore GFOA's long-standing support of strategic planning and performance measurement as part of the budget process.

Consistent with the NACSLB principles, a growing number of governments use the budgeting for results and outcomes approach. Rather than starting with the prior period's budgeted programs and activities, they begin with available revenues, continue by considering desired results and strategies, and then end by deciding which activities and programs can best achieve desired results.

This approach is a departure from the incrementalism often characteristic of budgeting. Budgeting for results and outcomes links strategic planning, long-range financial planning, performance measures, budgeting, and evaluation. It also links resources to objectives at the beginning of the budgetary process, so that the primary focus is on outcomes rather than organizational structure.

D. Best Practices Tips

Consistent with the GFOA, OEDA recommends TIF agencies consider budgeting for results and outcomes as a practical way to achieve the NACSLB objective of integrating performance into the budgetary process. OEDA believes that the steps below should help an agency make a successful transition:

1. Determine how much money is available. The budget should be built on expected resources. This would include existing revenue, any new revenue sources, and the potential use of fund balance and/or debt.
2. Prioritize projects. The results or outcomes that matter most to the success of the agency fulfilling its mission should be prioritized.
3. Allocate resources among high priority projects. The allocations should be made in a fair and objective manner.
4. Conduct analysis to determine which strategies, programs, and activities will best achieve desired results.
5. Budget available dollars to the most significant programs and projects. The objective is to maximize the benefit of the available resources.
6. Set measures of annual progress, monitor, and close the feedback loop. These measures should spell out the expected results and outcomes and how they will be measured.
7. Check what actually happened. This involves using performance measures to compare actual versus budgeted results.
8. Communicate performance results. Internal and external stakeholders should be informed of the results in an understandable format.

Budgeting for results and outcomes is not just a one-year exercise, but instead a multi-year effort that should improve the budget process.

6.6 AUXILIARY USES OF TIF

A. Background

Use of tax increment funds is limited to projects listed in ORS 457.170. In all cases, activities to be funded with tax increment funds must be included in the TIF plan. Even with the liberal interpretation of these projects that has evolved over the years, the project definitions are not infinitely expandable.

Jurisdictions sometimes ask TIF agencies to finance operating and maintenance costs associated with capital improvements financed by the agency or even to finance regular ongoing municipal service costs.

Another issue is whether tax increment funds can be spent for TIF agency staff. These questions include whether staff costs can be funded from tax increment bond proceeds and whether tax increment funds can pay staff for work not related to TIF. Questions sometimes arise regarding the expenditure of tax increment revenues generated within one TIF district for the benefit of another TIF district within the same jurisdiction. Finally, funds that a TIF agency may receive that are not tax increment funds should be considered.

B. Statutory Provisions

ORS 457.170 describes the projects allowed in a TIF plan.

C. Discussion

Expenditures on operation and maintenance

Expenditures of tax increment revenues on operation and maintenance of capital facilities and expenditures on municipal services (e.g., police) are not allowed. This generally applies to capital facilities that have been developed with tax increment funds. There are two distinct considerations. First, from a legal standpoint, redevelopment attorneys have stated that such expenditures are not authorized by statute, and the powers cited above from ORS 457.170 do not specifically include operation and maintenance. Second, as a matter of practice, tax increment revenues are not an ongoing revenue source and should not be used to fund ongoing expenses. Such a practice, like fully funding citywide projects with tax increments funds, diverts the tax increment funds from other projects in the TIF district that will cure blighted conditions.

Exceptions however, may include expenditures for start-up operational costs of a capital facility developed with tax increment funds, because these costs are considered part of the capital budget. Property management costs relating to property acquired by the TIF agency prior to its disposition for development or redevelopment are allowed to preserve the property value.

Decisions about what constitutes a capital project and what constitutes a maintenance activity are often difficult to make. For example, is the overlaying of street pavement maintenance or a capital improvement? The TIF agency should use its best judgment to make these determinations and whether to include them as projects in the TIF plan.

Expenditures on TIF agency staff

The administrative costs of operating a TIF agency are appropriately funded from tax increment funds. Tax-exempt bond proceeds cannot be used for these administrative expenditures. Alternatively, expenditures may be made from annual tax increment revenues, provided that such expenditures are used to repay debt incurred in paying staff and administrative costs. It is common that the staff of the sponsoring jurisdiction administer the TIF agency.

Costs include staff (salary and benefits), office space, office equipment and supplies, consultants' and attorneys' fees, and other miscellaneous costs of implementing the TIF plan.

Expenditure of tax increment funds for another TIF district

Tax increment revenues generated within one TIF district of a jurisdiction may not be expended for projects within another TIF district of the jurisdiction (ORS 457.440(6)(b)). Likewise, tax increment funds generated by debt in one TIF district may not be loaned to another TIF district. The proceeds of bonds are restricted to expenditure for projects in the TIF district that is generating revenue to pay the bonds.

D. Best Practices Tips

1. Expenditures of tax increment revenues on operation and maintenance of capital facilities (except as are included in a capital investment) and expenditures on municipal services (e.g., police) must be avoided.
2. When staff performs a mix of duties, including some unrelated to the TIF district, other funds should pay for the non-TIF duties.
3. If the TIF agency does not have exclusive staff or exclusive consultants/contractors dedicated to agency administration, then the agency should enter into an intergovernmental agreement (IGA) with the sponsoring jurisdiction that specifies the TIF duties, the percentage of time and costs that will be allocated to the TIF district, and the basis and time for payment of these costs. This allocation must be done on a reasonable basis, and should take into account the actual or estimated percentages of the services or supplies used by the TIF agency. The IGA becomes a debt instrument and the costs can be paid directly from tax increment revenue collections.
4. A TIF agency should not grant or loan tax increment funds from one TIF plan to another.

6.7 PROGRAM INCOME

A. Background

From time to time, as a result of its TIF project activities, a TIF agency may acquire funds that are not the proceeds of debt and are not tax increment revenue distributed from the tax collector. These funds are called program income. Examples are proceeds from the sale of real property the TIF agency acquired and funds repaid by borrowers from a TIF plan loan program, such as a façade improvement program or a private property rehabilitation loan. Interest paid on tax collections paid into a TIF district's special fund under ORS 457.440(6) is not program income. The acquisition or expenditure of program income is not included when calculating maximum indebtedness.

B. Statutory Provisions

ORS 457.190 limits the use of grants or loans received by the TIF agency from third parties.

ORS 457.180 lists activities that a TIF agency may perform outside the projects in a TIF plan.

C. Discussion

Proceeds of grants or loans received by a TIF agency from third parties must be the undertaking and carrying out of TIF projects.

Use of program income will be limited in the first instance by the covenants of any debt that produced the tax increment funds for the original TIF activity. Determining the limits is a case-by-case inquiry and bond counsel must be consulted.

Use of program income may also be limited by the terms of a TIF plan itself. A plan may provide that all income generated by the plan activities will be dedicated to debt repayment.

Finally, if not limited as stated above, program income may only be used for activities described either in ORS 457.170 (designated TIF projects in the plan) or ORS 457.180. The latter section gives a TIF agency the power to:

"457.180 Powers of TIF agencies in general. A TIF agency, in addition to its other powers, may:

(1) Make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements.

(2) Make plans for the enforcement of laws, codes and regulations relating to:

(a) The use of land.

(b) The use and occupancy of buildings and improvements.

(c) The repair, rehabilitation, demolition or removal of buildings and improvements.

(3) Make plans for the relocation of persons and property displaced by a TIF project.

(4) Make preliminary plans outlining TIF activities for neighborhoods to embrace two or more TIF districts.

(5) Conduct preliminary surveys to determine if the undertaking and carrying out of a TIF project is feasible.

(6) Develop, test and report methods and techniques and carry out demonstrations and other activities for the prevention and the elimination of urban blight.

(7) Engage in any other housing or community development activities specifically delegated to it by the governing body of the municipality including but not limited to land acquisition and disposition, conservation and rehabilitation, residential or business relocation, construction, leasing or management of housing, and the making of grants and loans from any available source."

Subsection (7) is the most interesting—it allows some funds of the TIF agency to be directed by the governing body of the jurisdiction for specific purposes.

D. Best Practices Tips

1. Use of program income is a case-by-case inquiry and TIF agency counsel and bond counsel must be consulted.
2. A TIF agency should use program income for non-plan related activities only pursuant to official action to spend such funds within the agency budget.
3. Using program income for housing or community development activities specifically delegated to a TIF agency by the governing body of the jurisdiction should be based only on official governing body action expressing delegation.

6.8 DEBT AND MAXIMUM INDEBTEDNESS REPORTING

A. Background

Every TIF plan must include a statement of maximum indebtedness. Additionally, limitations related to future TIF plan amendments to increase maximum indebtedness and future potential revenue sharing with the affected taxing districts necessitate periodic review of the status of remaining maximum indebtedness relative to the remaining projects and activities to implement and complete the plan.

B. Statutory Provisions

ORS 457.450 (2) states that tax increment funds are to be collected until the TIF agency's maximum indebtedness is fully paid or sufficient tax increment funds have been collected to retire the maximum debt.

ORS 457.460 requires annual financial reports issued by TIF agencies to include updates on maximum indebtedness.

C. Discussion

Additional considerations relative to maximum indebtedness for TIF agencies include:

Maximum indebtedness is stated in actual dollars at the time debt is issued; therefore, the timing to incur indebtedness and make expenditures becomes more important. In other words, as a result of inflation, dollars spent today likely will accomplish more than the same dollar spent at a later date.

To more effectively manage available resources including debt, a TIF agency must understand its debt capacity at any given time to better plan capital investment.

D. Best Practices Tips

A TIF agency should annually track and report the status of its maximum indebtedness and its expenditures relative to its TIF plan. Maximum Indebtedness includes all money spent on projects, programs, and administration of the plan. It does not include indebtedness incurred to refund or refinance existing indebtedness, nor does it include interest payments.

6.9 PERFORMANCE MEASURES

A. Background

Measuring the impact of a TIF district should be an integral part of a TIF agency's annual reporting process, as well as the jurisdiction's overall communications program. TIF, by definition, should help attract and retain jobs, build housing, grow businesses, remove blight, and accomplish many other positive things. Identifying and quantifying these impacts should be a part of each TIF agency's mission. This section of the document discusses potential conditions that could be measured and suggests several strategies for conducting that analysis.

B. Statutory Provisions

There are no statutory requirements for performance measures.

C. Discussion

Before attempting to measure a project's impact, it is important to understand the distinction between direct and indirect impacts and which of these should be measured and reported. Direct impacts are those that are directly connected to the TIF investment itself, such as the number of apartments built as part of a project supported by TIF funding. Indirect impacts could include a range of benefits, such as the increased retail activity that might take place within a district due to the new residents that live in the apartment building.

There is no best practice for whether direct or indirect impact analysis is the most appropriate—it will depend on local circumstances. Direct impacts tend to be the easiest to measure (and explain), but may significantly understate the value of an investment to a community. Likewise, indirect impacts may present a fuller picture of the benefits of a project, but are harder to measure.

In addition to measuring the impacts from specific TIF investments, it is useful to catalog all new investments in the TIF district in order to ensure that indirect impacts are captured. By identifying these projects, and even mapping them, patterns of investment momentum can be demonstrated, which can often help tell the story of how TIF facilitates revitalization and private sector development.

Some specific areas that are good indicators of a TIF district's performance, and might be included in a performance measurement process, include:

- ***Tax base growth:*** This is the most fundamental assessment of the success of a TIF district, and should be included in every annual report.
- ***Leverage ratio:*** See Section 5.2.3.

- ***New housing units***: Measure and map the location of new housing built in the TIF district. In smaller districts, project staff will likely be aware of all new projects, but in larger districts, reviewing building permit data might be necessary.
- ***New businesses and employment:*** Jobs are one of the most important indicators of a community's health. Identify new businesses that have located in the TIF district, especially those that are the direct result of a TIF project.
- ***Retail activity:*** For downtown and business district-based TIF districts, increasing retail activity and reducing storefront vacancies is an important measure of success. Since Oregon does not have a sales tax, it is difficult to directly measure retail sales activity. While it can be estimated from some proprietary economic databases, similar information can be attained from a survey of building vacancies, interviews with merchants, and partnering with business associations
- ***Major projects:*** Identifying and mapping the location of major projects, both public and private, can be instrumental in telling the big picture story of a TIF plan's success. From an analytical point of view, mapping can also highlight patterns of investment that might indicate the catalytic effect that certain TIF investments have had on private investment in the TIF district.

The specific methodology for measuring each element will vary from community to community, where the availability of data will range from robust to minimal. While there can be no standard methodology that will work for all communities, the best practice is to clearly document what is being counted and from where the data has come. This helps to answer questions from stakeholders, the media, and elected officials, and it also helps to document for future TIF agency staff how to update the information over time.

D. Best Practices Tips

Measuring the performance of a TIF district should be done integrally with the annual reporting process. Maintaining templates and other types of standardization will help in the measuring of performance across years and over the life of the TIF plan. In all cases, information sources should be clearly documented in order to answer possible questions and assist others in updating the information over time.

Finally, the presentation format should be such that it is easily readable and can serve as a communications tool—telling the story of the TIF district's success. For examples of potential performance measures, see Section 6.9 (C).

6.10 LEVERAGING TIF

A. Background

Leveraging TIF means increasing the impact of TIF dollars by attracting a matching amount of private investment. Indeed, the financial model of tax increment financing requires new private investment in order to generate the new taxes over the frozen base. Leverage can be measured in terms of a leverage ratio—the ratio of private investment (in a project, in a district, or in any other defined area) to public investment. While there are no hard and fast rules for an appropriate leverage ratio, many districts have been able to achieve ratios of five or ten to one or higher. That is, for every dollar of public investment, the jurisdiction has seen five or ten dollars of private investment.

B. Statutory Provisions

There are no statutory requirements for leveraging TIF.

C. Discussion

Leveraging Private Financing

TIF can help leverage private funding by being the gap financing that completes a financing package for a project. In an era of increasingly challenging financial markets, the need for gap financing to make innovative projects possible is increasing. These types of contributions can be structured as grants, loans, and guarantees. Public-private partnerships and development agreements can be structured so as to manage the amount of risk that the TIF agency is willing to take.

Leveraging Public Funding Tools

TIF can be most effective when it is paired with other funding tools. Particularly for grants, TIF can represent a critical local match that can bring in outside resources several times the size of the local contribution. In addition to grants, TIF can leverage other public funding tools such as Housing and Urban Development Sec. 108 tax credits (Housing Tax Credits, New Market Tax Credits, Low Income Housing Tax Credits, etc.).

Leveraging Property Acquisitions

A TIF agency can leverage TIF by acquiring properties and then writing down the value of the land when selling to a private developer. This can leverage private investment by reducing the holding costs for a developer (they don't have to buy the land until they are ready for development) and by reducing the cost of the land, which reduces the overall project costs.

PUBLIC AND PRIVATE PARTNERSHIPS

Lake Oswego's Lake View Village was a joint partnership of the Agency and a private developer. The Agency provided funding for the parking garage while the developer funded the building construction.

Leveraging Shared Infrastructure

TIF is leveraged when a particular investment can be used to support multiple private investments around it. A shared parking garage, a public plaza, and utility upgrades are investments that can have benefits for multiple adjacent and nearby properties for many years to come. Conversely, leverage will be limited when the TIF investment is in a project or location that has little opportunity to benefit other projects in the future.

Strategic Planning

PRIORITIZING TIF SPENDING

There are many factors that will change over the course of a plan that may influence the spending and action priorities of a TIF agency. Changing market conditions, the departure of a major employer, economic cycles, new zoning and other policies, demographic shifts, and many, many other factors will affect the specific projects a TIF agency will pursue in any given year.

Strategic planning is a process where a TIF agency (or its city or county) works with stakeholders to analyze conditions and update its priorities. The resulting strategic plan can then feed into the TIF agency's annual budgeting process to prioritize investments. In some cases, the strategic plan may even lead to recommended plan amendments.

Since a TIF plan identifies projects to be implemented over the life of a TIF district (sometimes longer than 20 years), it usually cannot provide the type of specificity to guide annual priorities, budgeting, and actions on a year-to-year basis, especially in the later years of a district.

The benefits of a strategic plan are that it allows an agency to adjust to changing conditions, provides an avenue for ongoing community input and the cultivation of project champions, and reflects a proactive rather than reactive approach to project identification and prioritization.

D. Best Practices Tips

Through strategic planning and individual project analysis, a TIF agency can leverage TIF in order to maximize its return on investment.

6.11 RELOCATION

A. Background

A TIF agency that undertakes projects that displace residents or businesses is obligated to temporarily or permanently relocate those residents and/or businesses. Though requirements for relocation programs are set out in some detail in the Oregon Revised Statutes, a TIF agency is sometimes faced with situations in which it is unclear whether residents and businesses are displaced by agency projects or by the anticipation of possible agency projects in the future.

B. Statutory Provisions

ORS 457.085(3)(i) requires a relocation report in the TIF report accompanying the approval of the TIF plan.

ORS 35.500 to 35.530 sets out the state mandated procedures for relocation.

C. Discussion

A TIF agency is required to include a relocation report in the TIF report accompanying the approval of the TIF plan. The report must analyze the need for relocation of residents and businesses, describe the methods to be used in relocation, which must conform with ORS 35.500 to 35.530, and enumerate by cost range the existing housing units that are to be demolished, altered, and/or new units to be added. Sometimes, a property owner or tenant moves before the TIF agency acquires a property.

Relocation considerations should be part of all acquisition negotiations. In some cases, the TIF plan does not contemplate property acquisition or the need for resident or business relocation. A property owner has the right to relocation benefits whether the transaction is voluntary or involuntary. Relocation benefits may not be waived except in writing.

RELOCATION CONSIDERATIONS

The Oregon Department of Transportation has adopted a set of such regulations that several TIF agencies have used as a model. In addition, there are expert consultants who will assist in relocation matters.

D. Best Practices Tips

- For plans that include acquisition and relocation, a TIF agency should adopt formal and complete relocation regulations that conform to statutory requirements and the Uniform Relocation Act.
- For plans with no acquisition, a TIF report may include a statement that, if property acquisition is later included in a plan by amendment, then relocation regulations will be adopted before acquisition activities begin.
- A TIF agency should use reasonable efforts to determine whether residents or businesses have been displaced as a result of a property owner anticipating possible future acquisition of the property by the agency. In such cases, the agency should determine to what extent, if any, relocation benefits should be provided to the residents or businesses.

6.12 ACQUISITION/DISPOSITION OF REAL PROPERTY

A. Background

Some of the more significant powers of TIF agencies are their ability to acquire land for redevelopment and their ability to dispose of such property for its fair reuse value. TIF agencies can sell or lease property for less than fair market value under certain circumstances. Fair market value is based on "highest and best use" of a property. Fair reuse value takes into consideration restrictions on the use or type of uses that may be developed or redeveloped on the property, and other limitations imposed by the TIF plan that may affect the property's value. The fair reuse value of a particular property may be $0 if the TIF plan provisions warrant.

B. Statutory Provisions

ORS 457.170(3) allows the TIF plan to include the acquisition of real property as a project if it is necessary to carry out the plan.

ORS 457.230(1) allows the TIF agency to dispose of real property for fair reuse value.

ORS 457.230(2) requires that a TIF agency, upon sale or lease of land for redevelopment, require that the purchaser use the land for purposes called for in the TIF plan and begin the improvements within a reasonable period of time.

C. Discussion

A TIF agency may acquire land when needed to carry out the TIF plan. However, an agency may not acquire property by condemnation (involuntarily) if the property is to be transferred to another private party for redevelopment. There are no limitations on the purchase price for property, either minimum or maximum, with purchase price being determined by negotiation. Note that a TIF agency may still use condemnation for public improvement projects and to cure certain blighted conditions within the TIF district.

A TIF agency will make land available for redevelopment at its fair reuse value, "which represents the value, whether expressed in terms of rental or capital price, at which the TIF agency in its discretion determines such land should be made available in order that it may be developed, redeveloped, cleared, conserved, or rehabilitated for the purposes specified in such plan" (ORS 457.230). The fair reuse value of a property is determined by the TIF agency in its discretion, but is based on an analysis of the value of the property as encumbered by the requirements of the TIF plan. The use of an independent expert to determine fair reuse value will assist the TIF agency in understanding and defending a fair reuse value determination during the public discussion.

Because of statutory requirements noted above, the TIF agency must have a contract with the property purchaser to comply with the statute. Urban renewal agencies commonly use a Disposition and Development Agreement (DDA) for the transaction, which may include other conditions for redevelopment in the discretion of the agency.

The particular process used for disposition by a TIF agency is a matter to be determined by the agency. An agency may consider competitive processes, in which any interested party is invited to submit either a proposal or letter of interest are desirable. Such processes can result in a wider range and higher quality of development proposals and higher economic returns for the TIF district. Competitive processes also help ensure that the TIF agency is treating all potential purchasers or lessees of agency-owned property in a fair and equitable manner.

Often TIF agencies offer land for sale or lease using solicitation processes such as a Request for Proposals (RFP) or Request for Qualifications (RFQ), whereby interested purchasers or lessees propose development plans and schedules for the property, which are in turn evaluated by the TIF agency according to criteria it has established. Such proposals may or may not include a proposed purchase price for the property.

A RFQ can have several benefits over a RFP. A RFQ, properly designed, is a method whereby the TIF agency would solicit interest from qualified parties. Those parties would be responding to an informational package that outlines the TIF agency's expectations and goals for the project while requesting detailed documentation of the development team's experience and financial capabilities. It is far more important to select the right partner with whom the agency can work to design and implement the right project. With an RFP, the process is often nothing more than a beauty contest where submittals are designed to win, but haven't received the scrutiny of detailed planning. Therefore, the final product rarely looks like what was initially promised. An RFQ, on the other hand, directly addresses the need to select the right people with a demonstrated history of success to become the TIF agency's partner. With the right team in hand, the agency and developer can confidently work through the many complex details of a physical and business plan to reach a deal and break ground on construction.

In some cases, TIF agencies solicit statements of qualifications or letters of interest, and based on subsequent evaluation, enter into exclusive negotiating agreements with one party to negotiate a Disposition and Development Agreement for the property.

TIF agencies can also achieve their redevelopment goals in cases where a private or non-profit entity owns land adjacent to an agency-owned parcel. In these cases, it can be beneficial to enter into a direct development agreement with that entity and avoid a formal solicitation process.

D. Best Practices Tips

Acquisition procedures

A TIF agency should obtain an appraisal of property before undertaking negotiations for property acquisition. An appraisal is required if the property is to be condemned. Condemnation can only take place if reuse of the property is for public purposes.

The TIF agency acquisition procedures (including relocation rules) should be in writing to inform the agency and the public of the process and support its integrity.

Fair reuse value

For properties of substantial value, such determination should be based upon an independent appraisal of the property. The appraiser should be instructed to determine the property's fair reuse value and should be asked to thoroughly investigate and take into account any and all restrictions imposed on the property by the TIF plan and the DDA.

Offering property for purchase

In general, a competitive process of some kind should be used to dispose of property.

If TIF agency property is specially related in some way to property controlled by a potential purchaser, the agency should consider the benefits of an exclusive negotiation for sale of the property.

When possible, a TIF agency should utilize an RFQ process to select developers for property that is being disposed. With proper criteria to evaluate bidders, the agency can be assured that the design process will result in a project that meets its goals, financial objectives, and community aspirations.

7. Closing an Urban Renewal District

The presence of termination or expiration dates in TIF plans reflects the concern of citizens and the governing body that the TIF plan should have a finite duration. Though termination dates commonly exist in older plans, the specific meaning of the termination or expiration date (i.e., what exactly ends on the termination date?) is not generally clear. It could refer to the retirement of debt and corresponding termination of collection of tax increment funds, the completion of all projects and/or the expiration of other provisions in the plan.

CHAPTER CONTENTS

This chapter contains the following sections:

7.1 PLAN TERMINATION

A. Background

Many TIF plans have termination or expiration dates. Some mature plans have a date after which no debt will be issued, which is a likely holdover from a former statutory requirement for such dates.

B. Statutory Provisions

There are no statutory provisions for plan termination.

C. Discussion

The fact that some mature plans have a date after which no debt will be issued is a likely holdover from a former statutory requirement for such dates. There are no longer statutory requirements for TIF plans to have termination dates. ORS 457.085(3) requires that TIF reports contain the anticipated completion dates for each project and the anticipated year in which debt will be retired, however, this is not considered a termination date for a plan.

The concept of maximum indebtedness as a limit on plan duration has generally replaced termination dates in TIF plans. See **Section 7.2** below.

D. Best Practices Tips

Although establishing a termination date for a TIF plan is optional, it is an important consideration for some citizens. If it is included, a TIF plan should specify which actions would end at the termination date. Options include:

- All projects will be completed, but tax increment revenue collection will continue.
- No new projects will be undertaken, but tax increment revenue collection will continue.
- No new debt will be issued, but tax increment revenue collection will continue.
- Tax increment debt will be retired and tax increment collections will cease. This limit should be used cautiously, given the predictability of tax increment revenue collection, and it is not necessary since maximum indebtedness already determines when tax increment revenue collections will cease.

- Land use restrictions and special design guidelines will expire. However, it is uncommon now for TIF plans to contain either type of provision, relying instead on zoning and comprehensive plan provisions or private covenants, conditions, and restrictions (CC&R's). Note that a TIF agency can cause covenants and conditions on the use of land purchased from the agency for redevelopment to run with the land. These may continue in effect after the termination date of a plan.
- The TIF agency having disposed of real and other property owned by the agency.

Terminating a TIF plan should be done by express action of the TIF agency through a resolution. The resolution should be accompanied by a closing report summarizing the effects that the plan had in terms of projects and finance.

7.2 TERMINATION OF TAX INCREMENT COLLECTIONS

A. Background

Collection of tax increment funds for every TIF plan is limited by the plan's stated maximum indebtedness.

B. Statutory Provisions

ORS 457.450(2) requires the TIF agency to notify the assessor to terminate the collection of tax increment revenues when the TIF plan's maximum debt is, or can be, retired.

C. Discussion

A TIF agency is required to notify the assessor when the principal and interest on the maximum indebtedness of a TIF plan to which tax increment collection is pledged is fully paid, or it is found that deposits in the special fund for tax collections for that plan are sufficient to fully pay principal and interest on the maximum indebtedness, either through direct payment of the indebtedness or by payment of principal and interest on bonds or notes issued to finance the indebtedness. Upon notification, the assessor will discontinue dividing the taxes for tax increment purposes in all future tax years. The tax increment collections will be terminated permanently, and all taxes collected on the full assessed value of the property in the TIF district will be collected by the overlapping taxing districts.

The TIF plan may continue after tax increment collections are terminated. The TIF agency may continue the projects under the plan with the funds available after the tax collections cease, or, the TIF agency may terminate the plan if all activities are complete, or if the agency determines it will not complete some plan activities. See Section 7.1 above.

After the TIF plan itself is discontinued, and if any tax increment proceeds remain in the special fund of the plan and all maximum debt is provided for, those proceeds are distributed pro rata to the overlapping taxing districts.

D. Best Practices Tips

The analysis to determine whether or not the deposits in the special fund holding tax increment collections are sufficient to pay the maximum indebtedness should be made annually, within the agency's budget process.

Written notification to the assessor should be made as soon as the budget process is complete, or at the end of the fiscal year, but in no event later than the date required for filing of the UR-50 form by which the TIF agency would have requested tax increment division amounts from the assessor in the following fiscal year.

7.3 TERMINATION OF AN URBAN RENEWAL AGENCY

A. Background

If the governing body of a jurisdiction with a TIF agency decides that there no longer exists a need for a agency in the jurisdiction, the governing body shall provide, by ordinance, for a termination of the agency and a transfer of the agency's facilities, files, and personnel to the jurisdiction.

B. Statutory Provisions

ORS 457.075 allows the municipality that activated its TIF agency to terminate the agency.

C. Discussion

The termination of a TIF agency does not affect any outstanding legal actions, contracts, or obligations of the agency. The jurisdiction shall be substituted for the agency and, for the purpose of those legal actions, contracts, or obligations, shall be considered a continuation of the agency and not a new entity.

However, no TIF agency may be terminated unless all indebtedness secured by tax increment collections is fully paid.

D. Best Practices Tips

A TIF agency and its governing body should inventory all the assets and liabilities of the agency and the jurisdiction should be confident that it has the resources to satisfy any continuing obligations of the agency.

The ordinance terminating the TIF agency should include reference to the inventory described above.

If there is outstanding tax increment debt, the TIF agency cannot be terminated.

Appendices

CHAPTER CONTENTS

This chapter contains the following sections:

Appendix A:
Determining the Type of Plan

Oregon state statutes pertaining to TIF provide for several different types of TIF plans, depending on the date on which the district was formed or amended. The impacts of a substantial amendment are different depending on the type of plan. The statutes allow for a variety of TIF plans: Existing: Option One, Two, or Three, standard rate, and reduced rate plans. The provisions for collection of taxes under Option One, Two, and Three plans may not be changed. Existing plans are plans that provide for a division of ad valorem property taxes under ORS 457.420 to 457.460 adopted by ordinance before December 6, 1996.

Table A-1. Types of Plans

TYPE OF PLAN	ADOPTION DATES	FUNDS FROM	CONSEQUENCE OF SUBSTANTIAL AMENDMENT
Reduced Rate Plan	On or after October 6, 2001	Permanent rate levies only	May be subject to revenue sharing, MI caps
Reduced Rate: Existing Plan Option 1	Prior to December 6, 1996	Full amount of Divide the Tax revenue plus Special Levy	Loses right to Special Levy. May not collect Local Option or Bond approved after October 6, 2001 and may be subject to revenue sharing, MI caps
Existing Plan Option 2 (none in existence as of Jan 2012)	Prior to December 6, 1996	Special Levy	May be subject to revenue sharing, MI caps
Existing Plan Option 3	Prior to December 6, 1996	Fixed amount of Divide the Taxes plus Special Levy	May be subject to revenue sharing, MI caps
Standard Rate Plan	On or after December 6, 1996, before October 6, 2001	Permanent rate plus rates for GO bonds and local option levies	May be subject to revenue sharing, MI caps
Standard Rate	Adopted before December 6, 1996	Permanent rate plus rates for GO bonds and local option levies	City or county may make irrevocable request to Assessor to become a Reduced Rate Plan

Option One: TIF plans must be existing plans that were formed prior to December 6, 1996 and must have chosen Option One prior to July 1, 1998. Option One allows for the collection of funds from ORS 457.440 (Divide the Taxes Revenue). If the amount is not sufficient to meet the budgeted obligations of the plan for the tax or fiscal year, the agency must make a special levy in the amount of the remainder upon all taxable property of the jurisdiction that activated the TIF agency, and all property outside the jurisdiction, but included in the boundary of the area of the plan.

Option Two: must be existing TIF plans that were formed prior to December 6, 1996 and must have chosen Option Two prior to July 1, 1998. Option Two plans allow for the making of a special levy in the amount stated in the notice in ORS 457.440 upon all taxable property of the jurisdiction that activated the TIF district, and all property outside the jurisdiction, but included in the boundary of the area of the plan.

Option Three: must be existing plans that were formed prior to December 6, 1996 and must have chosen Option Three prior to July 1, 1998. These TIF areas may collect a fixed amount of Divide the Taxes Revenues and may receive an allocation of a citywide special levy. The amount of this levy may not be changed.

Substantial amendments will cause a TIF plan to lose its existing plan status, resulting in the loss of the special levy in accordance with ORS 457.010(5)(a)(A). Therefore, if an existing plan is amended, it will then be changed to a reduced rate plan.

Standard Rate plans must have been formed or amended on or after December 6, 1996 but before October 6, 2001. The applicable tax rate used to calculate the Divide the Taxes Revenues is comprised of the permanent rates of the taxing jurisdictions overlapping the TIF district, the local option levies, and general obligation bond levies.

Reduced Rate plans are those formed or amended on or after October 6, 2001. The applicable consolidated tax rate for Reduced Rate plans is comprised of only the permanent rates of the taxing jurisdictions overlapping the TIF districts, and local option and general obligation bond levies approved prior to October 6, 2001. Local option and general obligation bond levies approved by the voters on or after October 6, 2001 are excluded from the applicable tax rate.

Additionally, there are some limitations on TIF plans first adopted or amended after January 1, 2010, that can only be exceeded with concurrence (i.e., approval) from affected taxing districts. Specifically, a jurisdiction must obtain written concurrence of taxing districts imposing at least 75% of the amount of taxes imposed under permanent rate limits in the TIF district area.

Actions that require concurrence include:

- Establishing a TIF plan with maximum indebtedness exceeding the limits established in ORS 457.470.
- Computing the division of taxes for a TIF district area that exceeds the limits imposed by revenue sharing legislation described in ORS 457.470(2) and ORS 457.470 (4).
- Amending a TIF plan to increase maximum indebtedness beyond the limits established in ORS 457.420(3) and ORS 457.470(5).

Appendix B: Suggested Bylaw Contents for Urban Renewal Agencies

General Information

- Official name of the organization
- Primary office location
- Agency's purpose(s)
- Procedures for amending the bylaws

Governing Board Information

- General powers of the governing board
- Number of board members
    - Members' backgrounds (e.g., real estate, development, finance, two outside directors, etc.)
- Terms and term limits of members
- Nomination and election of members
- Resignation of members
- Removal of a member (e.g., with or without notice, failure to attend three consecutive meetings, etc.)
- Process for filling vacancies
- Notice required for board of members' meetings

- Frequency of meetings and meeting procedures (e.g., four per year)
- Quorum requirements
- Descriptions and powers of standing committees (if any)
- Meeting procedures (e.g., actions without a meeting, meeting by telephone, etc.)
- Action taken without a meeting (e.g., consent in writing to waive a meeting, vote, etc.)

Officers

- Qualifications for holding office
- Duties of officers (e.g., chair, vice-chair, secretary, and treasurer)
- Process for selecting or appointing officers
- Terms and term limits (if any)
- Provision for a executive director (if not an officer)
- Circumstances under which officers may be removed

  Fiscal Matters
- Audit (only needed if different from the statutory requirement)
- Indemnification and insurance
- Purchasing (contracting)
  - Should be consistent with municipal organization
- Investments (only needed if different from the jurisdiction entity or statutory requirements)

Special Note: It is not necessary for an organization's bylaws to specify rules of order. However, if they do specify rules of order (e.g., Robert's Rules of Order), then the organization should be very careful to follow those procedures. Any action taken by the board that does not follow those rules of order may be vulnerable if challenged.

Appendix C: Barriers to Development

In the operation of a TIF district, many unforeseen issues can arise that complicate the TIF plan and require course corrections and changes along the way. This is inevitable given that most TIF plans require 20 or more years to complete. This section highlights several of the most common types of barriers to implementation that can arise, and it provides some strategies that a TIF agency can use to avoid the barriers, or mitigate them if they cannot be avoided.

The potential barriers are organized into several categories: Political/Policy, Physical, Economic, Financial:

A. Changing board political/policy or council priorities. Over the life of an TIF district, a city council or TIF board will change, and along with that change, their priorities as to the types of projects that they want to fund may also change. This is inevitable. Sometimes these changes will be for very good reasons (new economic conditions, community aspirations, or other factors) and at times they may seem capricious and merely based on opinions or special interests. In either case, the best strategy for TIF agency staff is to provide the board with good information on which to base its decisions. This means being able to point to existing plans and policies that support the desired investments, financial and economic analyses to demonstrate the positive impacts that the projects will have, and producing annual reports that clearly communicate the pattern of success and interconnectedness of the projects identified in the original plan.

B. Community opposition. Despite the public involvement that goes into the formation of an TIF district, new opposition may arise from the community when it comes time to implement specific projects. As with changing board or council priorities, the reasons for opposition to projects may be well-grounded or they may be very narrow or self-serving. There are no silver bullets to avoiding community opposition to projects, but it is always advisable to conduct outreach early and often in order to understand where potential opposition might lie. In this way, the community will be informed about the reasons for (and benefits of) the proposed project, educated about the policy support for the project, and ensured that there are no surprises when the project is brought to the board. Likewise, many staff seek out project advocates in the community who can support the TIF agency in communicating the project's benefits to others.

C. Outdated regulations. Do not overlook that TIF projects must meet zoning and building codes like every other type of project. Often times, especially in an older downtown, issues related to historic buildings, parking codes, mixed-uses (allowances or prohibitions), and numerous other issues can add additional hurdles to making projects possible. Coordinating TIF planning with other planning efforts is essential.

Physical

Environmental remediation. Sometimes the costs of environmental remediation needed to implement a project are higher than anticipated during the planning process (or such remediation was not even anticipated). Better project analysis in the planning stage can help avoid these situations, but particularly as it pertains to environmentally contaminated sites, such surprises cannot always be avoided. If this occurs, options can include re-scoping the project to reduce overall costs or pursuing brownfield remediation grants and other sources of project funding.

Off-site impacts. As with environmental remediation, some project costs may not be known until project implementation has already begun. These can often include off-site impacts such as traffic impacts (and associated mitigation costs), wetlands mitigations, historical impacts, view corridors, and other factors. Again, there is no single solution to avoiding this situation, but it speaks to a need to plan for project costs beyond the direct costs of the project construction itself.

Building barriers. Many buildings within TIF districts that need rehabilitation are plagued with challenging and expensive obstacles, such as seismic and asbestos problems. Often the extent of these maladies in older buildings isn't clear until after work on them has already begun. This can create situations where private and public (TIF) resources that were committed to the project are no longer sufficient to complete it. While establishing a contingency fund in advance can help mitigate the financial impact, this is sometimes still insufficient. These circumstances usually bring the public and private partners back to the table to work out viable solutions.

Economic

Changing Market Conditions. Regardless of the financial boost given to a project by TIF, it will not be successful if there is not market demand for the target users of the project upon completion – be they apartment tenants, office users, or industrial businesses. Without demonstrated demand for the type of space to be built, the space will stay empty or perform below financial targets, and it may compete with nearby properties, diluting the overall economic impact. Successful TIF projects should be based on a sound market analysis and TIF agencies should be ready to delay (or accelerate) timelines to address evolving market conditions. Likewise, public-private partnerships should have provisions to relieve developers of certain obligations if market conditions do not support ongoing investment.

Property Ownership. Blighted properties that a TIF agency is targeting for redevelopment may be owned by an entity that is unwilling or unable to sell it to the agency or a developer. Since TIF agencies can no longer condemn properties for private reuse, agencies are left with three options:

- Try to work with the existing owner on rehabbing the target property so that it is not as great of a detriment to the TIF district.
- If viable, work around the blighted property, and continue trying to address it in the future.
- Explore whether the blighted property can be redeveloped for public use (e.g., plaza, parks, public parking, etc.), in which case it could be acquired through condemnation.

Financial

Slow TIF Growth. Particularly in the early years of a TIF district, there may be little increment created, meaning that there is little capacity to fund projects. This is a common situation that cannot be avoided. Financial projections should be carefully reviewed to ensure that they are realistic about the types of projects that may be built in the early years and the amount of new increment that they will generate. If growth is slow, the TIF district or the jurisdiction may want to find other sources of funding to ensure that projects can move forward early, starting the momentum that will create greater increment over the long term.

- It may be necessary or desirable to utilize other funding sources, such as utility resources (existing or debt), to stimulate activity within a TIF district, with subsequent repayment of those resources from future tax increment.

Demolitions. An often-overlooked problem is the demolition of structures in a district or the departure of a major user. When a TIF district has a relatively large portion of its taxable value based in just a handful of properties, it becomes vulnerable to negative growth if one or more of those users should go away and there is no commensurate development with which it can be replaced.

Tax abatements. The State of Oregon authorizes a number of tax abatement programs as incentives for development, including affordable housing and multi-family housing tax abatements and enterprise zones, where property taxes are waived on new, qualifying development for a typical period of five to ten years. While these abatements can serve as an important financial incentive that can make the difference on whether a project gets built, the abatement of taxes means that the investment will generate no increment to support the TIF district for the life of the plan. This is not to say that such abatements should not be used, but that their financial impact should be discussed by policy makers and must be accounted for in the TIF plan's financial analysis.

Declining values. Prior to the recession that began in 2007, it was not anticipated that real property values would decline below taxable assessed value, particularly a TIF plan's base year assessment. However, it is now known that such declines are possible and TIF agencies should carefully monitor economic conditions to anticipate such declines and adjust accordingly.

Debt capacity. There are many external factors that will affect the TIF agency's debt capacity, including, but not limited to, revenue and revenue projections, interest rate and other terms, the city's or county's bond rating, and fluctuations in national and international bond markets overall. While many of these issues are largely outside the control of the TIF district, financial plans and projections should be updated to reflect the most current rates and terms. Additionally, an individual entity's risk tolerance needs to be factored into financial modeling.

Utilities and equipment. In some districts, a sizable portion of tax revenues come from private property (equipment) and utilities. The valuation of these utilities has been volatile, particularly with changes in valuation methodologies. Additionally, if major utility infrastructure is abandoned and/or relocated outside the TIF district, significant impacts to tax increment revenue can result. Likewise, if significant utility infrastructure is constructed in the TIF district, significant tax increment can result.

TIF districts that include significant equipment valuations face similar considerations. The relocation in or out of a TIF district can have significant immediate positive and negative impacts to tax increment. In addition, depreciation schedules for expensive equipment will impact TIF.

Appendix D:
A Letter from Taxing Districts

S|D|A|O Special Districts Association of Oregon

Thank you for the opportunity to provide input on the Best Practices for Urban Renewal in Oregon document. The Special Districts Association of Oregon (SDAO) represents approximately 930 member districts. Our membership is diverse with approximately 32 different types of districts ranging from cemetery districts, drainage, emergency communications, hospitals, fire protection, irrigation, library, parks & recreation, Public Utility Districts (water/electricity), ports, sanitary, domestic drinking water, road, transportation, and soil and water conservation districts to name a few. Many of our districts are run exclusively by volunteers and there are just over 350 districts with annual budgets that are below $100k. Most of our districts serve rural communities but our members can be found in the most densely populated areas of the state as well.

SDAO believes that the use of urban renewal can be a powerful tool when establishing economic development plans for a municipality. Ultimately, city and county planners desire that urban renewal will produce benefits not only within the urban renewal district, but also the surrounding areas. We are overlapping taxing jurisdictions want the same things.

Never-the-less, we are also trying to serve our citizens to the best of our ability with the limited resources that are permitted under our current property tax system. And the use of tax increment financing does have an impact on our ability to serve our citizenry.

As a result of this impact we believe that a reasoned and balanced perspective should be used when determining whether to use urban renewal. Simply put, from our perspective, urban renewal should be used to increase assessed value and return the increment to the tax roles as quickly as possible. In order to achieve our shared desires to achieve those outcomes, our members believe that four core criteria must be considered prior to initiating an urban renewal plan for it to be successful:

1. That cities and counties recognize the value of partnerships with overlapping districts as a method to become more successful
2. The "but-for" rule
3. That the use of smaller, focused urban renewal projects are likely to be more successful than large ambiguous ones, especially when those projects return value to the tax rolls while eliminating blight
4. That the work of urban renewal is accomplished quickly and the value returned to the tax rolls as soon as possible

Partnerships with Overlapping Districts

The first core path to success in creating an urban renewal plan is to engage the overlapping taxing districts early in the process. Early engagement allows time to adjust the plans, projects, timelines and deliverables to accommodate specific needs of overlapping taxing districts. Early engagement also provides the opportunity for cities and counties to explain the project list and to describe desired objectives and outcomes.

Most districts are concerned about a number of issues—specifically, loss of future income, increased workload, and the effect that urban renewal has on cannibalizing investment in adjacent areas (thereby lowering values). As just one example, commercial development increased substantially at Clackamas Town Center after an urban renewal plan was implemented, while during those same years the McLoughlin area suffered from disinvestment. When these issues are not addressed early in the process, special districts (along with school districts and community groups) have later actively campaigned against urban renewal plans.

In some situations, the local resistance has been successful in derailing urban renewal plans or, in cases such as in Clackamas County, virtually eliminating urban renewal altogether through the initiative process.

Securing community support should be a primary goal of economic development agencies and that support is best gained through early, honest, and thorough conversations with the overlapping taxing district partners. We believe that one of the best ways to accomplish this is to identify clearly defined projects to be undertaken rather than ambiguous projects.

The "But For" Rule

A long-held argument used by supporters of tax increment financing is that TIF actually causes development to happen. In other words, supporters are quick to tout, "but-for" TIF, this project would not have happened. In some cases, this might be true, but overlapping taxing districts are concerned that data supporting these claims has not yet been substantiated. In fact, the opposite may be true—a TIF plan in one area may actually pirate development intended for other areas in the community, the region, or the state. That halo disinvestment can be seen around many TIF districts – McLoughlin being one example.

To garner the support of those impacted by TIF, the TIF agencies must be prepared to show how the money will be invested and must be prepared to demonstrate how that investment will return value to the tax rolls over the long term. There is often some level of support among districts for infrastructure projects that provide subsurface or transportation infrastructure. But that support wanes when the projects include beautification efforts, tax incentives, system development charge waivers or other taxpayer-funded inducements.

Projects

Special districts and school districts are probably most concerned about the nature of the projects that are frequently proposed under TIF plans. In general, many TIF agencies fail to consider the impacts on overlapping districts when they elect to pursue projects that may really do nothing to increase property values. A city hall, police station, or a civic building may create public resistance when projects do not clearly and directly contribute to increased value.

Advocates argue that these civic projects create value and that investment wouldn't happen without them. Seldom (or rather never) do we hear from developers or builders that they would be willing to invest if only there were a brand-new city hall nearby. Further, municipal buildings funded with increment dollars are subsidized by overlapping districts that don't receive the municipal services throughout their respective areas. These types of subsidies generally do not receive the support of the overlapping agencies. Instead, when confronted with projects that support a build out of sewer, water, and transportation infrastructure--especially when that infrastructure is designed to support industrial and commercial development—special districts are more supportive. Projects that are supported only by some ambiguous future need are unlikely to garner that support.

Scope and Scale

In addition to helping districts understand how the proposed projects will ultimately increase the tax base and effect workload, overlapping agencies are concerned about the size of projects and the scheduled timing for return of value.

Districts understand the limits on funding availability during the first few years of the plan and the complexity of bonding during those times. We also understand municipal agencies' desires to have plans that have 1) extensive and ambiguous project lists, 2) last for decades, and 3) have high maximum indebtedness structures. Plans that meet one or more of these criteria are likely to ensure the most amount of resistance by TIF opponents.

Instead, overlapping districts will be more interested in and more likely to support plans that are focused to a few important projects, that limit the maximum indebtedness, and that resolve blight then go away. These plans are likely to build trust in the community, return value to the roles more quickly, and could ensure a long-term relationship between agencies that will lead to more focused development in the future.

Appendix E: Marketing, Communications and Outreach

Public involvement in the TIF process is increasingly essential as communities continue to evolve alongside new methods of communication. This section will offer suggestions for adopting strategies for communicating and engaging with the public. In addition, with the passage of HB 2174 in 2019, additional requirements for reporting to and communicating with taxing districts is now required for agencies that are developing or amending their TIF plans.

Much of these recommendations intersect with the principles outlined in the Equity and Inclusion section of this guide. Practitioners of TIF should be taking a critical eye toward the traditional set of stakeholders of the TIF process and reevaluate whether those stakeholders represent a holistic and inclusive cohort of the beneficiaries and participants of the TIF process. Outreach to groups and communities that deserve to be at the table needs to be actively pursued by the TIF agency by adopting strategies beyond traditional efforts like public hearings, newspaper notices and mailers.

Public Hearings and Other Events

Many TIF practitioners have noted that public hearings, despite being a mainstay of public land use decision-making, do not have the value that they once did in attracting engagement with the community. This may be due to scheduling constraints, lack of interest in or knowledge of the event, language hurdles, or other challenges. Whatever the reason, it is clear that holding a public hearing for a TIF decision is no longer sufficient for gauging the community's mood with regard to the revitalization plans that affect them. Practitioners should therefore consider additional efforts to reach the public by seeking opportunities to attend popular, well-attended local events. For example, some cities hold "Coffee with the Mayor" events, farmer's markets, downtown festivals, street fairs, or summer concerts where representatives of the TIF agency can set up an information table or booth. It is important to proactively inform the public of the TIF agency's plans for revitalization and development in the area early and often so as to build trust within the community. This can help prevent opposition and misinformation from taking root in the future.

Alternative Outreach Strategies

In addition to holding and attending community events, TIF agencies should pursue multi-pronged public information campaigns. This means having an active online presence, including a dedicated website for big projects with publicly available documentation and options to connect with staff. A social media presence on platforms such as Facebook and Twitter is also recommended. Face-to-face communication such as door-knocking campaigns are still a valuable tool for reaching community members who are less connected or mobile. Also, although neighborhood associations are important stakeholders, TIF practitioners should consider connecting with other groups within neighborhoods that are not necessarily traditional neighborhood associations: school parent groups, business associations, tenant groups, community development organizations, and minority cultural groups are valuable representatives with strong voices and influence in the community. For many of these groups, translation services for disabled or non-English speakers will be necessary. Fostering strong connections with these groups early on can make the TIF process easier when a particular project becomes salient in the public's attention.

The important thing is to know the particular characteristics and demographics of a neighborhood and its residents and adjust public engagement accordingly. In other words, TIF practitioners should resist the temptation to adopt a one-size-fits-all public outreach strategy. The statutory requirements for public notice on plan amendments are relatively vague – this can be a good thing because it allows practitioners to use creative and outside-the-box approaches to meet those requirements. For example, one practitioner suggested including a postcard mailer with residents' utility bills.

Engaging with Stakeholders

Urban renewal agencies are overseen by an advisory board. Sometimes this is the city council, but often it is an independently organized board of stakeholders. Ideally, the TIF agency will rely on an advisory board made up of true stakeholders in the community that includes broad representation: neighborhood associations, financial stakeholders such as businesses and taxing districts, residents, minority groups, etc. Residents may become confused or upset without inclusion in the process early on, so inclusion of neighborhood associations and other resident groups is essential.

One suggestion is to maintain a list of stakeholder groups (e.g., institutional, nonprofit, developers, commercial brokers, property owners, renters, and homeowners) to facilitate collaborative meetings and consult them for input on strategic plans. This list can be assembled from email addresses collected at public events or from other records. Regular email communication using a service like Mailchimp is useful for notifying the community about upcoming construction work and other pertinent information.

In addition, annual outreach to affected taxing districts is now mandated by HB 2174. In the interest of improving transparency and communication between agencies and taxing districts, financial reports on maximum indebtedness are to be sent to all affected taxing districts within the TIF district and a representative of the TIF agency is to be selected to consult with affected taxing districts and respond to questions. This new requirement is an opportunity to build relationships and regular communication between affected parties.

Sample Documents

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7335

ADOPTING CHANGES TO THE PROSPER PORTLAND SOCIAL EQUITY POLICY

WHEREAS, the Prosper Portland Board of Commissioners ("Board") is committed to ensuring that Prosper Portland's strategic goals, outcomes, programs, and initiatives advance social and economic equity;

WHEREAS, Prosper Portland is committed to increasing economic opportunity and income for all Portland residents and historically disadvantaged Portlanders and communities of color in particular;

WHEREAS, on January 9, 2013 the Prosper Portland Board adopted the Prosper Portland Equity Policy through Resolution No. 6988, demonstrating a commitment to and leadership in social equity through internal business practices, robust community partnerships, and accountability measures;

WHEREAS, the Prosper Portland 2015-2020 Strategic Plan ("Strategic Plan") prioritizes equity as one of Prosper Portland's fundamental values and the Prosper Portland Equity Policy should align with the Strategic Plan;

WHEREAS, on April 20, 2016 the Prosper Portland Board through Resolution No. 7175 adopted changes to the Prosper Portland Equity Policy to affirm its commitment to becoming an anti-racist organization and to establish the Equity Council as the Prosper Portland staff body that will drive implementation of the Equity Policy;

WHEREAS, on November 8, 2016 the Prosper Portland Board through Resolution No. 7256 adopted changes to the Prosper Portland Equity Policy rename it the Social Equity Policy, acknowledged the agency's new name, and retitled objectives for clarity and succinctness;

WHEREAS, staff have created an agency Equity Framework to support the implementation of Prosper Portland's Strategic Plan by providing clarity to staff, ensuring alignment on internal equity efforts, creating shared language and definitions, increasing access to existing resources, and providing on-going learning opportunities; and

WHEREAS, staff is proposing further changes to the Social Equity Policy to rename it the Equity Policy, align it with the agency's Equity Framework, and retitle objectives for clarity and succinctness.

NOW, THEREFORE, BE IT RESOLVED, that the changes to the Prosper Portland Social Equity Policy in Exhibit A are adopted; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

Adopted by the Prosper Portland Commission on August 14, 2019

Pam Feigenbutz

Pam Feigenbutz, Recording Secretary

PROSPER PORTLAND EQUITY POLICY

Prosper Portland creates economic growth and opportunity and envisions Portland as one of the most globally competitive, healthy, and equitable cities in the world. It stimulates job creation, encourages broad economic prosperity, and fosters healthy neighborhoods on behalf of the City of Portland.

I. OBJECTIVES

The objective of Prosper Portland's Equity Policy ("this policy") is to ensure Prosper Portland delivers on its strategic priorities of increasing access to quality employment; supporting equitable wealth creation; creating healthy, complete neighborhoods; fostering partnerships; and becoming a multicultural Anti-Racist Organization. Prosper Portland aims to achieve these objectives by:

1. Demonstrating Prosper Portland's leadership in racial equity through anti-racist internal practices focused on Human Resources, staff development and support, and employee management that leads to a healthy internal culture centered in learning;
2. Advancing racial and economic equity through programs and investments that promote inclusive growth and address persistent disparities;
3. Leveraging investments that support Minority, Disadvantaged, and Women Business Enterprise firms, People of Color, and women in contracting opportunities; and,
4. Prioritizing accountability and collaboration with underrepresented communities.

II. ORGANIZATIONAL SCOPE

The policy applies to all levels of Prosper Portland.

III. POLICY GUIDELINES

The objectives outlined in this policy will be delivered in three primary ways:

1. **Ensuring Prosper Portland's internal practices embody anti-racist strategies to support organizational culture change, strengthen cultural competence, and increase diversity.** This will be achieved by:
   a. Developing, implementing, and measuring inclusive human resource practices for staff development.
   b. Creating internal structures and support systems that advance learning on racial equity and anti-racist strategies.
2. **Managing all programs and investments in a manner that explicitly considers beneficiaries, addresses disparities, and supports equitable outcomes.** Prosper Portland's programs and investments that impact the community shall center racial and social equity in program development, community engagement, and implementation and be considered from a racial equity perspective to understand who benefits, who is burdened, and who influences decisions.
   a. **Programs:** Program or initiatives, the recipients thereof, and the processes that govern such activities will be designed to address disparities in access or outcomes and reduce unintended consequences.

b. **Investments:** Financial investments, including loans and grants, shall be developed in alignment with Prosper Portland's *Financial Sustainability Plan* by optimizing community benefits and financial returns. As applicable, investments should ensure the delivery of community benefits that broaden economic opportunities and promote wealth creation to People of Color and historically underrepresented and disadvantaged Portlanders.

3. **Prioritizing external accountability and collaboration through inclusive and equitable community engagement.** This shall be achieved by:

   a. Creating advisory bodies that provide guidance and help advance racial equity efforts;

   b. Ensuring community engagement practices are effective in engaging and including People of Color and historically underrepresented and disadvantaged Portlanders;

   c. Providing staff training on developing culturally responsive approaches for engagement and representation; and

   d. Developing ongoing mechanisms that increase transparency, learning, and trust with the community.

IV. IMPLEMENTATION

The Executive Director is hereby authorized to create and periodically update administrative policies or procedures to guide implementation of this policy.

CITY OF NEWPORT

RESOLUTION NO. 3708

A RESOLUTION ESTABLISHING AN
ADVISORY COMMITTEE TO ASSIST IN THE
PREPARATION OF A NEW URBAN RENEWAL PLAN

WHEREAS, the Newport Urban Renewal Agency desires to move forward with preparing an urban renewal plan for certain areas in the vicinity of US 101, US 20 and Agate Beach as outlined in Resolution No. 3707; and

WHEREAS, ORS 457.085(1), requires opportunities for public involvement at all stages in the development of an urban renewal plan; and

WHEREAS, establishing an advisory committee to help develop the urban renewal plan provides such an opportunity for public involvement and allows the Urban Renewal Agency to leverage the expertise and experience of stakeholders within the community; and

WHEREAS, having a citizen advisory committee provides an opportunity for affected taxing districts to directly participate in the development of the plan.

THE NEWPORT URBAN RENEWAL AGENCY RESOLVES AS FOLLOWS:

Section 1. The Newport Urban Renewal Agency establishes an Urban Renewal Advisory Committee with the following composition:

2 Lincoln County representatives;
1 Pacific Communities Hospital District representative;
1 Lincoln County School District representative;
1 Port of Newport representative;
1 Oregon Coast Community College representative;
1 Representative from the Greater Newport Chamber of Commerce;
1 Representative from the City Center Newport Association;
1 Representative of the Central Lincoln Public Utility District;
1 Representative from the Yaquina Bay Economic Foundation;
1 Planning Commission member and resident of Agate Beach;
1 Budget Committee member;
2 Citizens at-large;
1 City Council member.

Section 2. The Executive Director shall obtain from each of the listed organizations or entities the names of the individual or individuals that will serve on the committee on their behalf.

Section 3. The Urban Renewal Advisory Committee will provide oversight and guidance to city staff and the city's consultant in the preparation of the urban renewal plan, and will provide a recommendation to the Newport Urban Renewal Agency that will then be presented to the Planning Commission and City Council relating to its adoption.

Section 4. The Urban Renewal Advisory Committee shall be empanelled until such time as an ordinance is presented to the City Council for adoption.

Section 5. This resolution shall be effective immediately upon passage.

Adopted by the Newport Urban Renewal Agency on March 16, 2015.

David N. Allen
David N. Allen, Chair
Newport Urban Renewal Agency

ATTEST:

Margaret M. Hawker
Margaret M. Hawker, City Recorder

Approved as to form:

Steven E. Rich, City Attorney

Sample Timeline

Schedule for Development and Potential Adoption of an Urban Renewal Plan

Council / Planning Commission Work Session

January 12, 2015

- Review progress to date
- Discuss essential plan components and working parameters
- Identify make-up of taskforce and potential need for urban renewal advisory body to the Council

City Council Meeting to Initiate Process to Create an Urban Renewal District

March 16, 2015

- Opportunity for affected taxing entities to formally weigh in on alternatives outlined in feasibility study
- A resolution could be proposed to establish working parameters for the new district (e.g. general boundary, maximum debt limit, etc.)
- A second resolution can be used to establish a taskforce to develop the plan

Hire Consultant to assist Taskforce in developing Urban Renewal Plan

March – April 2015

- Consultant to perform detailed mapping, financial analysis, and plan preparation at direction of the taskforce
- $30,000 budget should be sufficient provided agreed upon boundary and conceptual project lists do not deviate substantially from Feasibility Study

Taskforce develops an Urban Renewal Plan consistent with ORS 457.085

May - August 2015

- Taskforce to refine district boundary, complete required socio-economic analysis, refine project lists/phasing plan, and complete financial analysis and fiscal impact statements consistent with Council's general direction
- A minimum of two public outreach meetings to be conducted during this phase
- Anticipate Taskforce meeting 6 to 8 times over a 4 month time period

Public hearings before Planning Commission and City Council

August – October 2015

- Plan adoption must occur by Ordinance
- Agency to provide copy of plan to affected taxing entities and offer consultation prior to final adoption
- Public hearings required before Planning Commission and City Council
- Plan must conform to City Comprehensive Plan

Sample Packet of
Outreach Materials
Provided to Affected
Taxing Districts

CITY OF NEWPORT
169 SW COAST HWY
NEWPORT, OREGON 97365

COAST GUARD CITY, USA

NEWPORT OREGON

mombetsu, japan, sister city

February 27, 2015

David Bigelow
Chief Executive Officer
Samaritan Pacific Community Hospital
930 SW Abbey Street
Newport, OR, 97365

RE: Creation of a New Urban Renewal District in Newport

Dear Mr. Bigelow,

The Newport City Council will meet on March 16, 2015 at 6:00 pm or soon thereafter in the Council Chambers of Newport City Hall (169 SW Coast Highway) to consider a resolution initiating the process outlined in ORS Chapter457 for forming a new Urban Renewal District.

Enclosed is a tentative adoption schedule should the City Council choose to proceed. Also, attached are copies of maps showing three alternative boundaries for the new urban renewal district, a conceptual project list, revenue projections, and fiscal impact assessments for each boundary scenario. The fiscal analysis, prepared by ECONorthwest, builds upon the 2014 feasibility study and should provide you with a more complete picture of the likely impacts to Health District tax revenues.

The City Council is interested in any feedback the District would like to share about the urban renewal options the City is weighing. It is possible that the City Council will select a preferred boundary and set a "not to exceed" maximum level of indebtedness as part of the resolution it will consider on March 16th, so any comments the District may have to offer on those two issues would be much appreciated. Lastly, the Council will establish a taskforce to develop the plan, including the specific projects or project types that are to be funded. It would be helpful for us to know if the District would like to have a representative serve on the taskforce and, if so, who would be the best individual or individuals to serve in that capacity.

I hope that this information is helpful. Please don't hesitate to contact me if you have any questions.

Thank you,

Derrick I, Tokos, AICP
Community Development Director
City of Newport
ph: 541-574-0626
d.tokos@newportoregon.gov

Attachments

BEFORE THE BOARD OF COMMISSIONERS

FOR LINCOLN COUNTY, OREGON

In the Matter of:	)	**RESOLUTION #** 18-12-9A
	)	
THE THIRTEENTH AMENDMENT TO THE	)	
SOUTH BEACH URBAN RENEWAL	)	
PLAN AND REPORT FOR THE	)	
NEWPORT URBAN RENEWAL AGENCY	)	

WHEREAS the City of Newport Urban Renewal Agency (Agency), having created and administering the South Beach Urban Renewal District and Plan (Plan) in 1983, and having amended the plan twelve times since then (eight minor and four major amendments), now desires to implement a thirteenth amendment (Amendment) to the plan extending the deadline for awarding projects from December 31, 2020 to December 31, 2025. This is defined as a major amendment in the Plan. The Plan identifies 2027 as the year by which all debt is to be retired, allowing the District to be closed. This Amendment does not change that closing date; and

WHEREAS following the Agency's review for compliance with urban renewal laws, ORS Chapter 457, and the Plan, Agency staff met with the Lincoln County Board of Commissioners to review the Amendment on August 29, 2018. The Board noted that the Lincoln County General Fund and Countywide Districts governed by the Board of Commissioners have forgone and will forgo an estimated over $8.3 million in county tax dollars to fund the City's projects in the Plan.[1] This is an example of the cooperative and collaborative nature of urban renewal financing. The Board noted the cooperation the City had shown in the Newport Northside Urban Renewal Plan which identifies funding for the County's Commons project as another example of the collaboration between the entities; and

WHEREAS under ORS 457.105, the Lincoln County Board of Commissioners must approve a substantial plan amendment in addition to the City Council because the Plan extends beyond the Newport city limits. This approval may occur by resolution; and

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[1] This is for the period 2009 through 2026 for the South Beach Urban Renewal Plan District only. Another estimated $11.964 million in county tax dollars is estimated to be foregone by Lincoln County Board of Commissioners' governed taxing entities in the Newport Northside Urban Renewal Plan.

Office of Lincoln County Legal Counsel
225 West Olive Street, Room 110
Newport, Oregon 97365
(503) 265-4108

WHEREAS, the Board of Commissioners of Lincoln County is also the governing body of the following affected taxing districts within the South Beach Urban Renewal District: Lincoln County Extension Service District; Lincoln County Transportation District; and Lincoln County Animal Services District;[2] and

WHEREAS, the Board of Commissioners of Lincoln County supports the Thirteenth Amendment to the Plan as consistent with and beneficial to the South Beach Urban Renewal District area;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF LINCOLN COUNTY, AS FOLLOWS:

1. That the Lincoln County Board of Commissioners, acting on behalf of Lincoln County and as the governing body of the Lincoln County Extension Service District, Lincoln County Transportation District and Lincoln County Animal Services District has duly conferred and consulted with the Newport Urban Renewal Agency with respect to the Thirteenth Amendment to the South Beach Urban Renewal District Plan, pursuant to ORS 457.085(5).

2. That the Lincoln County Board of Commissioners, acting on behalf of Lincoln County, and Lincoln County Extension Service District, Lincoln County Transportation District and Lincoln County Animal Services District hereby approves the Thirteenth Amendment to the South Beach Urban Renewal District Plan as proposed by the Newport Urban Renewal Agency.

3. That a copy of this resolution be provided to Steve Rich, attorney for the Newport Urban Renewal Agency.

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[2] The Board is also the governing body of the Lincoln County Solid Waste Disposal Service District. That District does not currently levy taxes impacted by the Plan.

Office of Lincoln County Legal Counsel
225 West Olive Street, Room 110
Newport, Oregon 97365
(503) 265-4108

DATED this 12th day of September, 2018.

LINCOLN COUNTY BOARD OF COMMISSIONERS

Doug Hunt, Chair

Claire Hall, Commissioner

Terry N. Thompson, Commissioner

Office of Lincoln County Legal Counsel
225 West Olive Street, Room 110
Newport, Oregon 97365
(503) 265-4108

RESOLUTION NO. 3800

A RESOLUTION INITIATING SUBSTANTIAL AMENDMENT 13 TO THE SOUTH BEACH URBAN RENEWAL PLAN IN NEWPORT

WHEREAS, City of Newport established an Urban Renewal Agency pursuant to ORS Chapter 457 with Resolution No. 1647, effective June 5, 1972; and

WHEREAS, the Urban Renewal Agency has been responsible for the preparation and implementation of the "South Beach Urban Renewal Plan," established with Ordinance No. 1341, adopted September 12, 1983; and

WHEREAS, the South Beach Urban Renewal Plan has been amended twelve times since it was initially adopted, with the last substantial amendment occurring on February 2, 2009 with Ordinance No. 1972; and

WHEREAS, with that 2009 substantial amendment, the effective period for initiating projects within the South Beach Urban Renewal Plan was extended from 2010 to 2020 and three phases of "conceptual projects" where identified to address blighted conditions within the plan area. The amendment further established 2027 as the date by which debt incurred to construct the projects would be retired; and

WHEREAS, while significant progress has been made in implementing identified projects, it has become evident that the 10-year timeframe for completing the three project phases is inadequate considering the time required to undertake additional planning and community engagement in order to refine the conceptual projects into tangible plans; identify funding partnerships and secure financing; acquire needed rights-of-way; obtain federal, state and local permits; negotiate contracts; complete design and bid documents; and construct projects; and

WHEREAS, extending the deadline for initiating projects from 2020 to 2025 will provide the Urban Renewal Agency an opportunity to initiate its remaining Phase 2 and Phase 3 projects; and

WHEREAS, projected tax increment revenues, debt service, and other expenditures are such that the extension can occur without changing the 2027 deadline for retiring debt so that the Plan can be closed and increment released to the affected taxing entities; and

WHEREAS, other minor revisions to the South Beach Urban Renewal Plan are included with this substantial amendment relating to project descriptions, project funding, and updated tax increment revenue and debt projections; and

WHEREAS, Urban Renewal Agency desires to move forward with preparing Substantial Amendment No. 13 to the South Beach Urban Renewal Plan as provided in ORS Chapter 457 and to provide general direction for how the amendment is to be prepared.

THE NEWPORT URBAN RENEWAL AGENCY RESOLVES AS FOLLOWS:

Section 1. Substantial Amendment No. 13 to the South Beach Urban Renewal Plan is hereby initiated pursuant to authority granted the Urban Renewal Agency under Chapter 457 of the Oregon Revised Statutes.

Section 2. A draft copy of Substantial Amendment No. 13 to the South Beach Urban Renewal Plan shall be forwarded to the Planning Commission for recommendation and to the governing body of each taxing district affected by the proposed amendment before it is presented for approval to the Urban Renewal Agency and Newport City Council.

Section 3. Urban Renewal Agency authorizes its Executive Director, or designee, to consult and confer with the affected taxing districts, with any written recommendations from the governing bodies of those taxing districts being presented and accepted, rejected, or modified by the Newport City Council prior to approval of the amendment.

Section 4. Adoption of Substantial Amendment No. 13 to the South Beach Urban Renewal Plan may only occur by non-emergency ordinance with concurrence from the Lincoln County Board of Commissioners for unincorporated lands within the plan area.

Section 5. Notice of a Newport City Council hearing on the proposed amendment shall be provided as outlined in ORS 457.120.

Section 6. This resolution shall be effective immediately upon passage.

Adopted by the Newport Urban Renewal Agency on May 7, 2018.

Signed on May 8, 2018.

Dean H Sawyer

Dean Sawyer, Chair

ATTEST:

Margaret M Hawker

Margaret M. Hawker, City Recorder

Sample Communication to Districts

CITY OF NEWPORT
169 SW COAST HWY
NEWPORT, OREGON 97365

COAST GUARD CITY, USA

NEWPORT OREGON

phone: 541.574.0629
fax: 541.574.0644
http://newportoregon.gov

mombetsu, japan, sister city

July 13, 2018

Adam Denlinger, General Manager
Seal Rock Water District
P.O. Box 190
1037 NW Grebe Street
Seal Rock, Oregon 97376

Re: Substantial Amendment to the South Beach Urban Renewal Plan

Dear Mr. Denlinger,

With Resolution No. 3800, the Newport Urban Renewal Agency initiated Substantial Amendment No. 13 to the South Beach Urban Renewal Plan that will, among other things, extend the deadline for initiating projects from 2020 to 2025 to provide an opportunity for the remaining planned projects to be implemented. Projected tax increment revenues, debt service, and other expenditures are such that this extension can occur without changing the 2027 deadline for retiring debt so that the Plan can be closed and increment released to the affected taxing entities. Substantial Amendment No. 13 also addresses the following:

- Documents the current level of funding for the US 101 SE 32nd Street – SE 35th Street Improvement project.
- Reflects the final reconciliation of the Safe Haven, SW Abalone, SW 30th, SW Brant, SW 27th and SE Ferry Slip Road projects, all of which are now complete.
- Shows additional funding for line undergrounding along SE Ferry Slip Road/US 101.
- Provides funding for a refinement plan to map out future use of the Agency owned property at the NE corner of the future 35th/101 intersection.
- Updates tax increment revenue and debt projections.

The legal requirements for the adoption of a substantial amendment to an urban renewal plan stipulate that the proposed amendment be sent to representatives of overlapping taxing districts. Because this particular plan includes unincorporated lands, the Lincoln County Board of Commissioners must consent to the changes. Approval from other overlapping taxing districts is not required; however, the City is obligated to respond to any written recommendations from the districts. This letter is the official transmission of Substantial Amendment No. 13 to the South Beach Urban Renewal Plan. The Newport Planning Commission and City Council will hold public hearings on the proposed amendment, as follows:

- Planning Commission – August 13, 2018, 7:00 pm, Council Chambers, Newport City Hall (169 SW Coast Hwy)
- City Council – September 4, 2018, 6:00 pm, Council Chambers, Newport City Hall (169 SW Coast Hwy)

Draft copies of Resolution No. 3800 and Substantial Amendment No. 13 to the South Beach Urban Renewal Plan are enclosed with this letter. If you would like to provide written comments, they will be considered by the Planning Commission and responded to by the Newport City Council. **Please provide any written comments by 5:00 pm, Wednesday, August 8, 2018**. For more information, please contact Derrick Tokos, d.tokos@newportoregon.gov or 541.574.0626.

Sincerely,

Derrick Tokos
Community Development Director

Attachments
A: City of Newport Resolution No. 3800
B: Draft Major Amendment 13 to the South Beach Urban Renewal Plan

Sample Hearing Notice

CITY OF NEWPORT
169 SW COAST HWY
NEWPORT, OREGON 97365

COAST GUARD CITY, USA

phone: 541.574.0629
fax: 541.574.0644
http://newportoregon.gov

mombetsu, japan, sister city

NOTICE OF PUBLIC HEARINGS
REGARDING PROPOSED
SUBSTANTIAL AMENDMENT NO. 13
TO THE SOUTH BEACH URBAN RENEWAL PLAN

The Newport Planning Commission and City Council will conduct public hearings to consider Substantial Amendment No. 13 to the South Beach Urban Renewal Plan that will, among other things, extend the deadline for initiating projects from 2020 to 2025 to provide an opportunity for the remaining planned projects to be implemented. A map showing the boundary of the urban renewal plan is attached. The South Beach Urban Renewal Plan is scheduled to sunset at the end of 2027 and that deadline is not being changed. Both public hearings will be held in the Newport City Hall Council Chambers at 169 SW Coast Highway. The date and time for each hearing, along with a brief description of the actions that can be taken, is listed below.

1. Planning Commission

At 7:00 p.m. on August 13, 2018 the Newport Planning Commission will review the proposed substantial amendment, including the relationship to the City Comprehensive Plan, and make a recommendation to the Newport City Council. The public will be afforded an opportunity to provide testimony, and the Commission will consider the testimony before providing a recommendation.

2. City Council

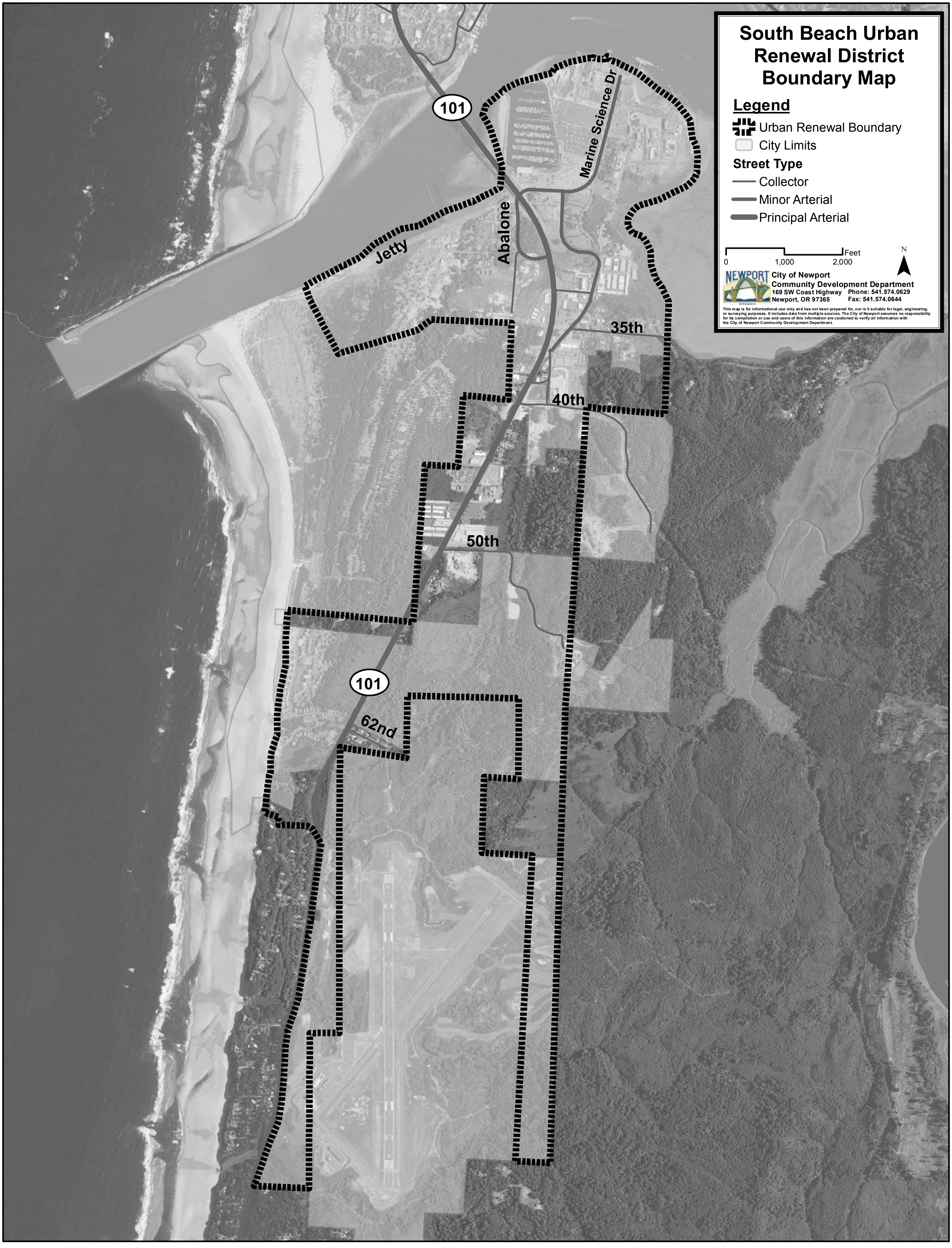
At 6:00 p.m. on September 4, 2018 the Newport City Council will hold a public hearing to consider an ordinance for the adoption of Substantial Amendment No. 13 to the Urban Renewal Plan. The City Council will take public testimony and, at the close of the hearing, may elect to adopt the plan.

The proposed maximum amount of indebtedness that can be issued or incurred under the South Beach Urban Renewal Plan is $38,750,000. This amount was established in 1998, and will not be changed by the proposed substantial amendment. The ordinance, if approved, is subject to referendum. The adoption of the plan may impact property tax rates for general obligation bonds issued prior to 2001; however, there are none of record in Lincoln County from that time period.

Copies of the ordinance, Substantial Amendment No. 13 to the South Beach Urban Renewal Plan, and accompanying reports can be obtained by contacting Derrick Tokos, Community Development Director, City of Newport ,169 Coast Highway, d.tokos@newportoregon.gov 541.574.0626.

A copy of Substantial Amendment No. 13 is available on the City of Newport website at: http://newportoregon.gov under the heading "Latest News". Comments may be submitted via the web under the heading "Public Meeting Comments," by mail, or in person. The draft ordinance will be available and posted to the website at least 7 days prior to the Council hearing.

Note: State law requires notice of the City Council hearing be provided city wide. Including the notice with utility bills satisfies this requirement. Notice is also being sent to landowners in the unincorporated portions of the plan area that may or may not receive city utility service, meaning that in some cases an individual or entity will receive two copies of the notice.


South Beach Urban Renewal District Boundary Map
Legend
Urban Renewal Boundary
City Limits
Street Type
Collector
Minor Arterial
Principal Arterial
0
1,000
2,000
Feet
N
NEWPORT
City of Newport
Community Development Department
169 SW Coast Highway
Newport, OR 97365
Phone: 541.574.0629
Fax: 541.574.0644
This map is for informational use only and has not been prepared for, nor is it suitable for legal, engineering, or surveying purposes. It includes data from multiple sources. The City of Newport assumes no responsibility for its compilation or use and users of this information are cautioned to verify all information with the City of Newport Community Development Department.
101
Marine Science Dr
Jetty
Abalone
35th
40th
50th
101
62nd

Sample Resolution Closing District

RESOLUTION NO. 3651

A RESOLUTION CLOSING THE NEWPORT URBAN RENEWAL PLAN

FINDINGS:

1. City of Newport adopted the Newport Urban Renewal Plan ("Plan") in May of 1973 by Resolution No. 1685 to provide tax increment funding and urban renewal authority to foster the redevelopment of real property within the Project Area as identified in Exhibit A to this resolution, and the Newport City Council ("City Council") and the Newport Urban Renewal Agency ("Agency") have thereafter approved eleven amendments to the Plan.

2. The Plan authorizes Agency to undertake the installation of project site improvements, as provided for in the Plan, and specifies that the Plan shall remain in full force and effect for so long as the principal and interest on the indebtedness incurred to finance or refinance the projects remains unpaid.

3. All real property owned by Agency within the Plan District was transferred to the City in 2009.

4. On December 8, 2010, Agency entered into an Intergovernmental Agreement (IGA) with the City of Newport to fund the repair, maintenance, and improvement of buildings originally constructed with urban renewal district funds. The IGA was entered into before the final debt service payment was paid on previously issued borrowings to fund projects specified in the Plan, and is the only remaining indebtedness attributable to the Plan.

5. The IGA further specified that Agency would no longer collect a tax increment within the Project Area and that Agency would only make payments to the City from revenues available following the final debt service payment on previously issued borrowings, plus delinquent taxes that posted after the execution of the IGA.

6. On December 16, 2013, Agency made the final reimbursement payment of $280,610 to City, which concludes the repair, maintenance, and improvement of buildings envisioned in the IGA. All debt, including all accrued interest, has therefore been paid off for indebtedness incurred under the Plan.

7. The City Council and Agency have decided not to further amend or issue any additional indebtedness under the Newport Urban Renewal Plan.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. The Newport Urban Renewal Plan is terminated. No further debt will be issued, no further expenditures will be made, and no new projects will be initiated as part of the Newport Urban Renewal Plan that require additional Urban Renewal Funds.

Section 2. The Executive Director of the Newport Urban Renewal Agency is hereby directed to: (1) Record this resolution with the Lincoln County Clerk; (2) Distribute a copy of this Resolution to the governing bodies of the taxing entities located in whole or in part within the Newport Urban Renewal District; (3) Inform the County Assessor that Agency will turnover any unexpended funds to the County Treasurer, and that such funds, along with any additional tax revenue collected which otherwise would have been used to fund the Newport Urban Renewal Plan, including receipt of delinquent taxes, shall be prorated by the County Treasurer back to the taxing districts within the Urban Renewal District area, in conformance with ORS 457.450(3); and (4) take any additional steps needed to terminate the Plan or tax increment financing in the Plan area, including, but not limited to, further coordination with the Lincoln County Assessor, Tax Collector and Treasurer.

Section 3. While this resolution officially closes the Newport Urban Renewal Plan, dated May of 1973, the City of Newport South Beach Urban Renewal Plan and Report remains in full force and effect, and the City of Newport Urban Renewal Agency remains viable and will continue to operate into the indefinite future.

Section 4. This resolution shall be effective immediately upon passage.

Adopted by the Newport City Council on December 16, 2013.

Sandra Roumagoux

Sandra Roumagoux, Mayor

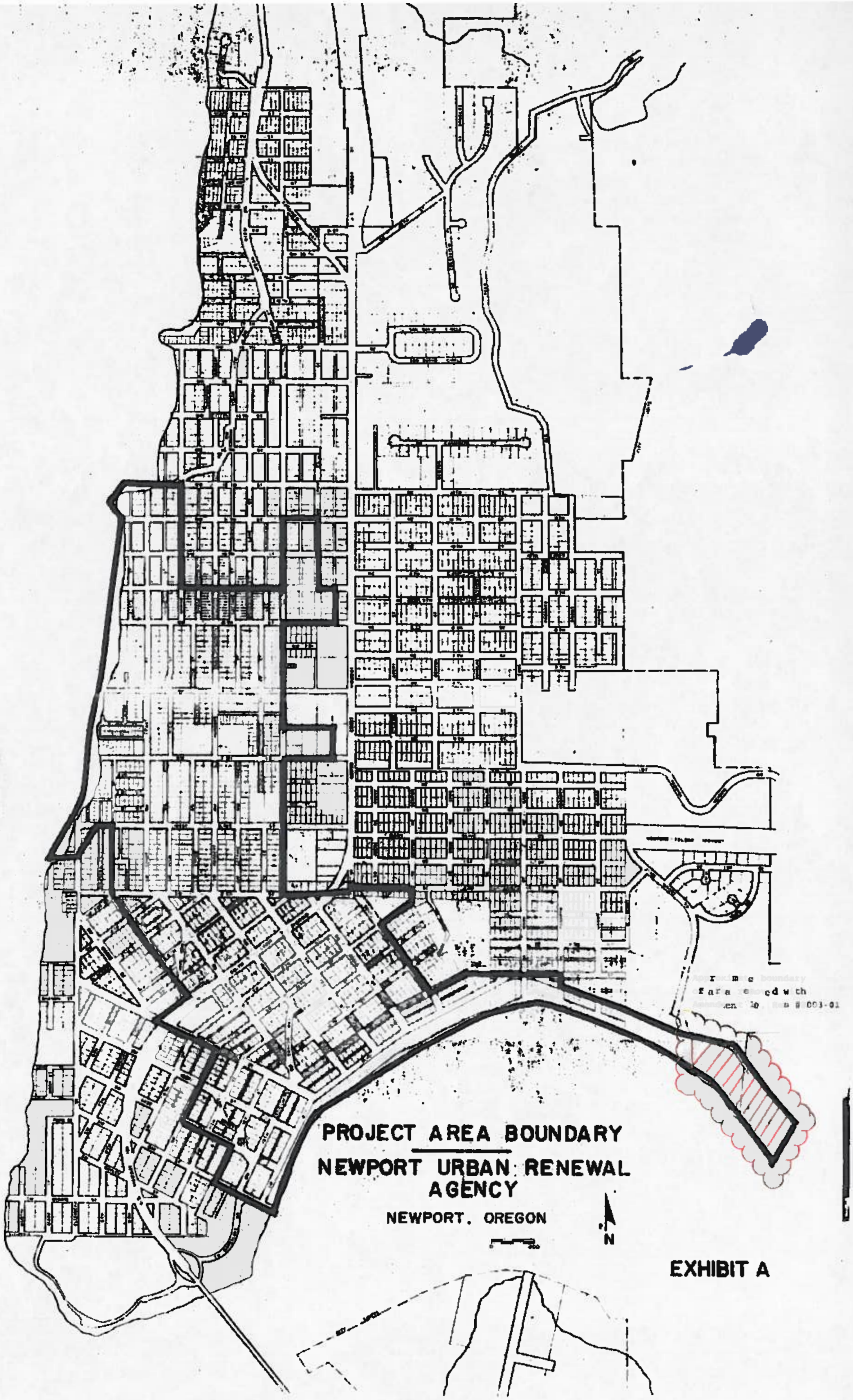
ATTEST:

Margaret M. Hawker

Margaret M. Hawker, City Recorder

Approved as to form:

City Attorney



PROJECT AREA BOUNDARY
NEWPORT URBAN RENEWAL AGENCY
NEWPORT, OREGON
N
Approximate boundary
of area removed with
Amendment No. , Res #2003-01

EXHIBIT A

Case Studies

CASE	COMMUNITY	P.	Adaptive Re-Use	Brownfields	Commercial Job Creation		Creative Approaches to TIF		Financial Incentive Layering	Industrial	Main Street Project	Mixed Use Development	Redevelopment	Renovation of Historic Building	Residential	Technological Advancement	Transit Oriented Development	Transportation
SandCreek Dental	Tillamook	213			X		X											
Pelican Brewing	Tillamook	210			X		X											
OBB Partners V, LLC	Tillamook	205										X		X				
Flavors on 1st	Tillamook	202							X									
de Garde Brewing	Tillamook	199		X									X					
City Sidewalks	Tillamook	196															X	X
Attwell off Main	Tigard	194					X		X			X						
Gateway	Talent	192										X						
North Broadway	Salem	190																
Ochoa Expansion	Salem	188			X													
Cook Crossing	Redmond	186													X		X	
Bowman Building	Pendleton																	
Bond Building	Pendleton	181												X				
Directional Signage	Pendleton	179																
Arena Intersection	Pendleton	177																
St. George Plaza	Pendleton	175										X	X		X			
Riverfront Plaza	Pendleton	174																
Amphitheater	Monmouth	172									X							
Glass Center	Lincoln City	169		X	X					X	X			X				
4th Main	Hillsboro	167										X					X	
Festival Street	Hermiston	164									X							
Jessie Quinn	Forest Grove	160										X					X	
Broadband Fiber	Eugene	157														X		
4th and Main	Estacada	154	X															
Edgewater Village	Albany	150		X											X			

CASE STUDY: Edgewater Village

Project Name: Edgewater Village

Submitted By: Seth Sherry, Economic Development Manager, City of Albany Oregon

Location: Downtown Albany, Oregon

Development Type: Residential Development on Former Brownfield

Project Overview:

The Edgewater Village project is located on a 6.37-acre site bordered by the southern bank of the Willamette river, Main Street, and a rail line along Water Avenue.

This site was formerly the Stokely-VanCamp cannery; in 1988 it was purchased by Inland Quick Freeze, a seafood processing company. The company eventually vacated the site, which burned down in 2006.

In 2007, Edgewater Village, LLC requested $2,400,000 in a developer partnership from the Albany Revitalization Agency (ARA) to complete $22,000,000 in project work in five tax lots along Water Avenue in downtown Albany. When this request was analyzed by staff in 2007, they estimated a new flow of $324,500 in Central Albany Revitalization Area (CARA) income and a return on investment to occur in seven years from project completion.

The project included demolition and cleanup, construction of residential for-sale units of varying building styles- all equipped with automatic fire suppression systems due to limited e-vehicle access, enhancement of the Willamette riverfront trail system, installation of rail crossings, buffer plantings, and fencing along Water Avenue frontage, development of three pedestrian connections and view corridors to the existing trail system, and removal of invasive and non-native species plants along the Willamette riverbank.

This project met many of the goals, objectives, and projects integral to the Central Albany Revitalization Area (CARA) Plan: reduce blight, increase housing density, create an east area anchor, encourage new forms of housing and home ownership, enhance and protect the community and environment values of waterway corridors, provide a safe transportation network that encourages pedestrian and bicycle access, and partner on riverfront housing infrastructure.

The project has encountered many delays over the last 12 years since the relationship formally began between the developers and the urban renewal agency, including a recession, change of ownership, and financing challenges. The initial application included condominiums for a total of 146 units. Due to several factors including changes in the market, the original contract was replaced with a new one utilizing forgivable loan and subordination agreements and settling on 60 townhome and single-family units instead of 146 condo units.

Website Link: https://www.theedgewatervillage.com/

Financing/TIF details:

Balance of TIF at beginning of project: the project was approved at the very beginning of our fiscal year in July 2007. The fund balance at that time was $1,250,126. In October 2007, the agency procured a line of credit which would more than cover the costs of the ARA's contribution to this project.

Initial contract (2008): $2,400,000 total in a developer partnership grant funding contract out of CARA TIF. $900,000 labeled "clean-up" funds were initially available for immediate use toward cleanup on specific lots. This $900,000 was placed on deposit in a loan fund account with a bank and the bank was to release funds after work had been completed. $500,000 was designated for railroad crossing improvements if required. $1,000,000 was designated for public improvements including waterfront path enhancement, park improvements, water, sewer, street, and park SDCs (this money was paid directly from CARA TIF to the City of Albany as these chargers incurred).

Replacement of Grant Contract (2010): $900,000 in "clean-up" funds had been disbursed to Edgewater, and a promissory note in favor of Albany Revitalization Agency (ARA) was executed for $900,000 with 4.85% per annum interest rate and due payable on the same terms as the Forgivable Loan Contract listed below. This replaced and superseded the previous Developer Partnership Grant Funding Contract. At this time, the ARA and Edgewater entered into a Forgivable Loan agreement (secured with a Promissory Note and First Trust Deed recorded against the property) not to exceed $1,500,000 with 4.85% per annum interest rate. The term of the ARA Contract Note was seven years and eight months, maturing October 31, 2017. The ARA subordinated the lien of its Trust Deed to construction funding lenders with provisions. This new contract required a total of 60 units (5-15 unites per year) successfully complete land use approvals by end of October 2017.

Loan Modification Agreements: September 2013 and July 2014 Loan Modification Agreements modified timeline and unit specifications. July 2014 Loan Modification Agreement also amended Section 5 of the contract to establish $40,000 debt forgiveness on a per lot basis once the certificate of occupancy was issued. The timeline for units completed now goes from August 2015 to August 2018 with a total of 60 units. 2016 Loan Modification Agreement pushes timeline for completion of 60 units to years 2015-2020. The 2017 Loan Modification Agreement increased the maximum subordination limit from $1,000,000 to $6,000,000. At this time the ARA also agreed to pay $315,600 to Edgewater Village at the start of their work on certain street improvements in order to pay for frontage of the City-owned property within the development. The 2018 Loan Modification Agreement increased maximum subordination limit from $6,000,000 to $11,000,000, shifted elements within the timeline for number of units completed in each year, and amended elements of the loan forgiveness terms. At this time, two parties were no longer associated with Edgewater Village LLC, so they were released from continuing liability under existing ARA notes and a new Promissory Note and Deed of Trust were issued.

Current Status: In March 2019, Edgewater and QOZB entered into a Purchase Agreement for real property which will consist of approximately 28 townhomes. At this time, the ARA, QOZB and Edgewater Village entered into a Loan Modification Agreement changing the cumulative number of units to 58 total and modifying the timeline. The remaining 43 units are to be built by December 31, 2020.

Timeline:

2008: ARA loans $2,400,000 to RCM Homes for development on the old Inland Quick Freeze site.

2010: Replacement of $900,000 development partnership agreement with new contract and addition of $1,500,000 forgivable loan agreement.

2013: Loan Modification Agreement modifying timeline and unit specifications.

2014: Loan Modification Agreement modifying timeline and unit specifications, subordination considerations, and loan forgiveness.

2016: Loan Modification Agreement modifying timeline and unit specifications.

2017: Loan Modification Agreement increasing subordination limit and ARA agrees to pay for City's share of new streets.

2018: Loan Modification Agreement increasing subordination limit, modifying timeline and unit specifications, releasing previous parties from liability under existing ARA notes, replacing the Promissory Note and Deed of Trust, and amending loan forgiveness terms.

2019: Loan Modification Agreement acknowledging sale of real property and modifying timeline and unit specifications.

2020: All units are to be completed.

Challenges, Results, & Lessons Learned:

Striking a balance between flexibility of loan terms and holding developers to initial contracts is difficult. On the one hand, flexibility to adapt to changing conditions that favor all parties involved is important. However, undue flexibility and willingness to undergo loan modifications can allow projects to change enough in nature that important original project elements are lost. Furthermore, the administrative burden of loan modifications can be very time consuming.

We anticipate the Edgewater Village housing project to be complete in 2020 and ultimately see it as a significant contribution to the positive energy, livability and reduction in blight in our URD.

ADDITIONAL INFORMATION

Year TIF District was established: 2001

Original Size: 986 acres; 9.7% of the City's total acreage

Maximum Indebtedness: $56,000,000

Remaining to be issued: approximately $20,000,000

Frozen Base in Established Year ($): $218,887,653; 11.45% of the total assessed value in Albany

Assessed Value in FY 2018/2019: $3,349,050,580

CASE STUDY: 4th and Main Redevelopment

Project Name: 4th and Main Redevelopment

Submitted By: Estacada Urban Renewal Agency/City of Estacada

Location: Downtown Estacada

Development Type: Adaptive Re-Use

Project Overview:

This 2000 square foot building, adjacent to City Hall and highly visible, was in a state of decay after being vacated three years previously. When two viable prospective businesses approached the City's economic development department expressing their difficulty finding suitable lease space in Downtown Estacada, City staff set about trying to identify a willing and capable partner to purchase the building, renovate it, and lease to these two businesses with the assistance of urban renewal grant programming. After several months of searching no such partner could be secured. After many phone calls and emails, two local investors took a close look at the project, deemed the financial risk to be outside their comfort zone, and gratefully declined.

It was at this point staff approached the urban renewal agency board with a project pro forma in hand and proposed that the Agency acquire and renovate the property, acting itself as developer, and when completed, landlord. After a minor amendment to the urban renewal plan, a round of conceptual design, and several rounds of number-crunching and bidding, the Agency board approved staff to purchase and renovate the property to suit Clackamas River Outfitters and Yo Treats—a river-oriented rental and retail outdoor outfitter, and a frozen yogurt shop—with Yo Treats contributing $30,000 toward tenant improvements.

The Agency will hold and manage the property for approximately 2 years, after which the building will be sold. All rent revenue as well as sale proceeds will come back to the urban renewal agency in order to repay the majority of the project costs. Such program income will be redeployed toward other urban renewal projects. While the structure of this project was uncommon, the Agency is proud of it and the impact it is having on Main Street.

Continues on next page >>

Financing/TIF details:

NOTE: Some of these figures are approximations (such as the sale proceeds and broker fees) and will not be known with accuracy until the sale of the building is complete in 2020.

Project Summary		
Costs		
Property Acquisition	$	(171,400)
Development Soft Costs	$	(19,869)
Hard Construction	$	(246,325)
Loan Interest (paid)	$	(2,400)
Broker fees (at time of resale)	$	(14,103)
Taxes, Ins., Maintenance	$	(9,444)
Total Costs	**$**	**(463,541)**
Income		
Rent Revenue	$	44,000
Loan Interest (received)	$	1,587
Sale Proceeds	$	282,069
Earned Tax Increment	$	9,503
Tenant Contributions	$	30,000
Total Income	**$**	**367,159**
Net Subsidy from URA fully realized @ 10 yrs	**$**	**(96,382)**

Timeline:

August ‘17 – EURA amends UR Plan to allow for agency acquisition and redevelopment

Sept ‘17 – April ’18 – Lease LOIs signed, Project Vetting, Design, and Bidding

May ’18 – EURA Acquires Property

June ’18 – Aug ’18 – Construction and Lease Signing

Sept ’18 – Yo Treats opens for business

Oct ’18 – Clackamas River Outfitters opens for business

Oct ‘2020 – EURA to market and sell property – Yo Treats enjoys right of first refusal

Challenges, Results, & Lessons Learned:

- Make sure your UR plan authorizes this type of activity
- Do not try something like this without pre-identified tenants
- Exhaust all possibility of partnering with a private investor/developer before the URA takes on the role – it can be tricky politically depending on the community dynamics, and it requires significant staff time to develop and manage a project from concept to lease-up

- Have an exit strategy
- Conventional UR programs like storefront improvement grants are likely insufficient to catalyze redevelopment and/or fill stubborn vacancies in rural/depressed environments
- Unlike the private development community, Redevelopment Agencies are in a unique position to bear risk and even absorb a loss on a redevelopment project.
- Priming the pump, in one form or another, will be required in order to start the flow of revitalization in most redevelopment districts—infrastructure and beautification projects may not be sufficient in challenging areas.

BEFORE

AFTER

CASE STUDY: EUGNet High Speed Broadband Fiber

Project Name: EUGNet High Speed Broadband Fiber

Submitted By: City of Eugene Urban Renewal Agency

Location: Downtown Eugene stretching from Mill Street to Lincoln Street and Shelton McMurphy Boulevard to 13th Avenue.

Development Type: Technological advancement for economic development

EUGNET
Community. Connectivity. Accessibility.

Project Overview:

The City worked in partnership with Eugene Water & Electric Board (EWEB) and Lane Council of Governments (LCOG) to construct a high-speed telecommunications network in the downtown area. Known as EUGNet, the municipally owned fiber network has created a competitive landscape for telecommunications.

The fiber network includes fiber-optic cables that connect individual buildings to a central interconnect site, the Willamette Internet Exchange (WIX). The City, EWEB, and LCOG identified a low-cost method to connect buildings by running fiberoptic cables through existing underground electrical conduit. EWEB owns the fiber strands, and private Internet Service Providers (ISPs) lease the strands and provide telecommunications services to businesses inside connected buildings.

LCOG owns and operates the WIX which now offers a large-capacity backhaul connection to major peering points in Portland and San Jose, California. This expanded connection offers high-volume backhaul capacity to ISPs connected to the WIX, at a relatively low price. It has enabled local ISPs to offer faster and lower cost service to their customers beyond the downtown area. The project includes a physical expansion of the WIX to accommodate increased demand.

Website Link: http://eugnet.org/

Financing/TIF details:

The Agency Board budgeted $3M for the construction of the EUGNet fiber network and expansion of the WIX. The project received a $1.9M grant from the federal Economic Development Administration. The project also used about $200,000 in private funds collected as a connection fee from property owners.

Timeline:

The City, EWEB, LCOG, and the Technology Association of Oregon kicked off the EUGNet high speed fiber project in March of 2017. The project team finished design and preparation work in the spring of 2018. From July through September 2018 the main infrastructure for the in-street microduct, also referred to as the backhaul. Shortly after, beginning in October 2018 EWEB began providing lateral connections to individual buildings. The snowstorm in early 2019 led to a delay in fiber lateral installations due to need for storm damage repairs. EWEB continues offering lateral connections through 2019. EWEB will finish constructing the underground fiber network in 2019. The expansion of the WIX is scheduled to be completed by the end of 2020.

Challenges, Results, & Lessons Learned:

This project is providing telecommunications infrastructure to support the needs of the growing technology sector and other businesses in the downtown area. The expanded telecommunications capacity has helped existing businesses expand and has attracted new businesses to downtown. The EUGNet network has attracted new businesses to downtown, leading to historically low vacancy rates in downtown office buildings. In addition, the fiber network's assets have enabled other communities and organizations to access higher speed telecommunications at lower costs. For example, Eugene School District 4J has a new contract for telecommunications service that is 10 times faster and half the price of its previous contract. As of summer 2019, 79 buildings are connected to EUGNet. Construction of the network is expected to be completed in 2019.

ADDITIONAL INFORMATION

Year TIF District was established:
The Downtown Urban Renewal District was established in 1968 and has been updated and adopted in 1982, 1989, 1998, 2004, 2010, and 2016.

For the most recent adoption in 2016, City Council acting as the Agency Board amended the Downtown Urban Renewal Plan to add four specified projects eligible for tax increment financing. The high-speed fiber network was one of the four eligible projects.

Original Size: Approx. 70 acres

Maximum Indebtedness: $19,400,000 (note: this is the amount of the increase in the 2016 plan amendment, total cumulative amount is $66,000,000)

Remaining to be issued: $11,300,000

Frozen Base in Established Year ($): $33,736,746 (note: this amount includes the 5-acre boundary expansion included in the 2016 plan amendment)

Assessed Value in FY 2019/2019: $220,174,073 (note: this is the total for the Downtown District including the frozen base above, so the incremental value would be the difference)

Photos on next page >>


FIBER PROJECT
LAUNCH CELEBRATION
PEAK

CASE STUDY: Jesse Quinn Mixed Use Development

Project Name: Jesse Quinn Mixed Use Development

Submitted By: City of Forest Grove: Daniel Riordan, Senior Planner

Location: Downtown Forest Grove

Development Type: Transit-Oriented Mixed Use Development

Project Overview:

In 2012, the City purchased a former two-acre industrial property located at a prominent location in downtown Forest Grove for. Prior to redevelopment, the site was the location of a commercial printing company that ceased operations in 2008. The site was ultimately abandoned and became a bank owned asset in 2012. The City purchased the property from the bank as part of an effort to attract new development to the city's downtown.

A hotel developer was under contract to purchase the property in 2014 but that deal was canceled after the developer's due diligence showed that the hospitality use was not viable. The City began exploring other development options for the site through a request for proposals process. The City received no responses to the RFP. After the initial RFP was released three developers including Tokola Properties LLC, approached the City with redevelopment proposals. Tokola Properties LLC was selected as the most qualified firm to redevelop the property. Tokola recently completed similar downtown mixed use development projects in Gresham and Hillsboro.

In 2014, the City of Forest Grove activated its urban renewal agency and the City approved an urban renewal plan that includes the project site. The Urban Renewal Agency's redevelopment objectives for the site included:

- A landmark transit-oriented development with complementary mixed uses;
- Integration of a publicly accessible plaza;
- A building design that enhances downtown Forest Grove; and
- Incorporation of sustainable site and building features.

The project proposed and constructed by Tokola includes a four story, 86,000 square foot transit-oriented mixed use project with 73 apartments, 5 live/work units along the sites primary street frontage and 2,500 square feet of retail space. The apartments range in size from studios to three bedroom units. Resident amenities include an exercise room, bicycle storage and repair area, community garden, children's play area and community room on the fourth floor. Sustainable building features incorporated into the design of the project include rain gardens and green roof covering a portion of the on-site parking area.

Website: https://jessequinn.tokolaproperties.com/

Financing/TIF Details:

Private debt/equity: $13,700,000

Public participation by the City and Urban Renewal Agency:

- Land purchased by Urban Renewal Agency based on appraised land value ($1.1 million):
- Land sold to developer based on fair reuse value appraisal. The appraisal showed a negative residual land value due to redevelopment requirements. The developer purchased the property for $10.00.
- System development charge and building permits fee offsets ($830,000).
- Pre-development costs: building demolition, environmental assessments and remediation, pre-development consulting assistance ($390,000).
- Public site improvements including replacing street trees, sidewalk replacement, installation of decorative street lights, sanitary and storm sewer improvements ($200,000).

Other public participation included:

- Metro Transit Oriented Development grant ($250,000).
- Ten-year Vertical Housing Development Zone tax exemption on 60% of the improvement taxable assessed value.

Total project cost: Approximately $15.5 million

Timeline:

- Site purchased by City: December 2012
- City activates Urban Renewal Agency and adopts urban renewal plan: May 2014
- Complete land use application submitted by developer: November 2015
- Land use approval granted by City: January 2016
- Project disposition and development agreement approved: April 2016
- Property Transferred to Developer: October 2016
- Project Ground Breaking: December 2016
- Temporary Certificate of Occupancy Issued: November 2018
- Final Certificate of Occupancy Issued: January 2019

Challenges, Results & Lessons Learned:

- Challenges included:
    - Lack of initial private sector interest in redeveloping the site.
    - The project was an ambitious undertaking for the first Urban Renewal Agency project.
    - The downtown apartment market was largely untested.
    - Limited tax increment revenue required City participation and support.
- Lessons learned
    - A transparent process for selection of the development team is critical to success.
    - A high profile catalytic project can be done early in the urban renewal program. This early success quelled skepticism about the urban renewal program.

- Leadership was key. This project demonstrates what can be done when a visionary City Council/Urban Renewal Agency Board and City administration is willing to seize an opportunity quickly.

- Results
    - The project was completed as proposed.
    - Apartments leased quickly.
    - Retail space leased faster than anticipated.

Year TIF District was established: 2014

Years Collecting TIF: 5 years

Original Size: 250 acres

Maximum Indebtedness: $15 million

Frozen Base: $125,959,534

AV in FY 2018/2019: $144,434,718

CASE STUDY: Festival Street Project

Project Name: Festival Street Project

Submitted By: Clinton Spencer, Planning Director, City of Hermiston

Location: Hermiston, Oregon

Development Type: Main Street Project

Project Specifications:

- Create new public space for Main Street and historic downtown.
- Rehabilitate one block of city street to incorporate streetscape improvements, utilities, and seating, while remaining open for vehicular traffic when not programmed.
- $1,100,000 investment in street improvements to encourage public gatherings downtown in a location least likely to negatively impact vehicular traffic to downtown businesses.

Project Overview:

Hermiston is a small, rural community in eastern Oregon with a population of 18,200 as of 2018. The city is divided by two state highways and sits near the intersection of two interstate freeways. The overall development pattern of the city consists of a small commercial core which was constructed in the first half of the twentieth century and a larger, outlying commercial strip. As automobile traffic increased on the state highways, commercial development followed the highway growth and left the downtown core with small retail and professional businesses and larger “box” retail stores along the state highways and beyond walking distance of the older downtown.

The Hermiston Urban Renewal Agency was formed in 2013 with the expressed intent of revitalizing an underutilized downtown commercial core. Stakeholder workgroups identified potential projects to encourage commercial development. One of the ideas generated by stakeholders was a place for pedestrian gathering and seating, small festivals, street dances, and other items that would entice motorists to leave their cars and linger in the downtown. The underlying concept is to create a small streetscape which is open to traffic the majority of the year, but can be easily closed down and converted to gathering space for small downtown events. Public right-of-way adjacent to the Hermiston City Hall was identified early in the process as the optimal location due to the minimal impact to businesses during construction and festival times.

The festival street project is a complete rebuild of approximately 270 feet of city street to create a continuous height sidewalk/parking/travel lane improvement. Safety improvements in the form of new street trees and bollards were installed to prevent the intrusion of any vehicle into a pedestrian area. Numerous electrical outlets and water connections were installed to create easy set-ups for street vendors and public address equipment. Permanent mountings were installed at each end of the festival street for removable bollards to completely close the street during events. Seat walls were installed at numerous locations to provide seating during festivals. Decorative street lighting was also installed. The overall effect creates a unified, urban streetscape which accomplishes the underlying goal of creating an inviting area utilized for downtown events.

Website: https://hermiston.or.us/ura

Financing:

The festival street was intended as an early “front-load” of improvements to maximize the district’s impact. However, as it was intended as an early improvement, the tax increment within the district is not yet large enough to fully fund the project. Within the first five years of the district the tax increment grew to the point that bonding the $1.1 million necessary for construction was possible. The City of Hermiston obtained a bond for the necessary amount and loaned the money to the district. The City was chosen as the bonding agency as it has a larger tax base and longer credit history, leading to a more favorable interest rate for the bond. The urban renewal agency is responsible for a $100,000 payment each year to the City of Hermiston over an 11-year period to repay the construction costs.

Timeline:

The festival street was designed by a committee of stakeholders from the urban renewal agency and merchants within the district. Design began in late 2016 with the final design being bid for construction in late 2017. Construction was completed in approximately six months with a ribbon cutting and downtown festival in July of 2018.

Lessons Learned:

Although the festival street has only been in use for 14 months as of this writing, it is proving to be a popular outdoor event center for the city. In its first year of operations it has been used for outdoor movies, a downtown Christmas light festival, and numerous downtown events. Private interest in renting the festival street is growing. Two businesses have chosen to locate along Main Street specifically to take advantage of the festival street. One of these businesses is a new restaurant which chose to construct new large doors and outdoor seating to take advantage of the streetscape provided by the festival street.

- Public investment in infrastructure is not sufficient. There must be a concerted effort and budget appropriation necessary for programming and promotion of new public spaces.
- Involving stakeholders and end-users is essential in the design process for a new public event area. Knowing who is likely to use an area and listening to their needs early in the process ensures that interest in the final project is high.
- Good outreach is important at all phases of the project. The urban renewal agency utilized targeted mailings, social media, traditional media, and even hand delivered meeting invitations to generate as much participation in the design and construction as possible. This helped to minimize conflicts during the construction phase.

Year TIF District was established: 2013

Years Collecting TIF: 6 years

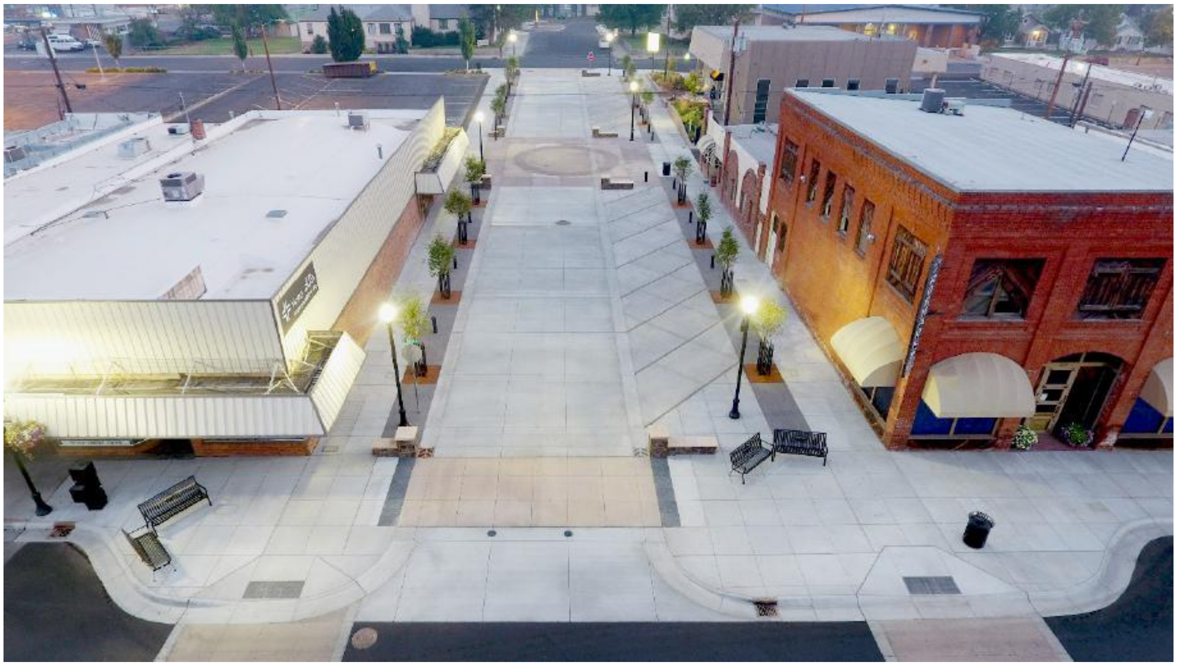
Original Size: 125 acres

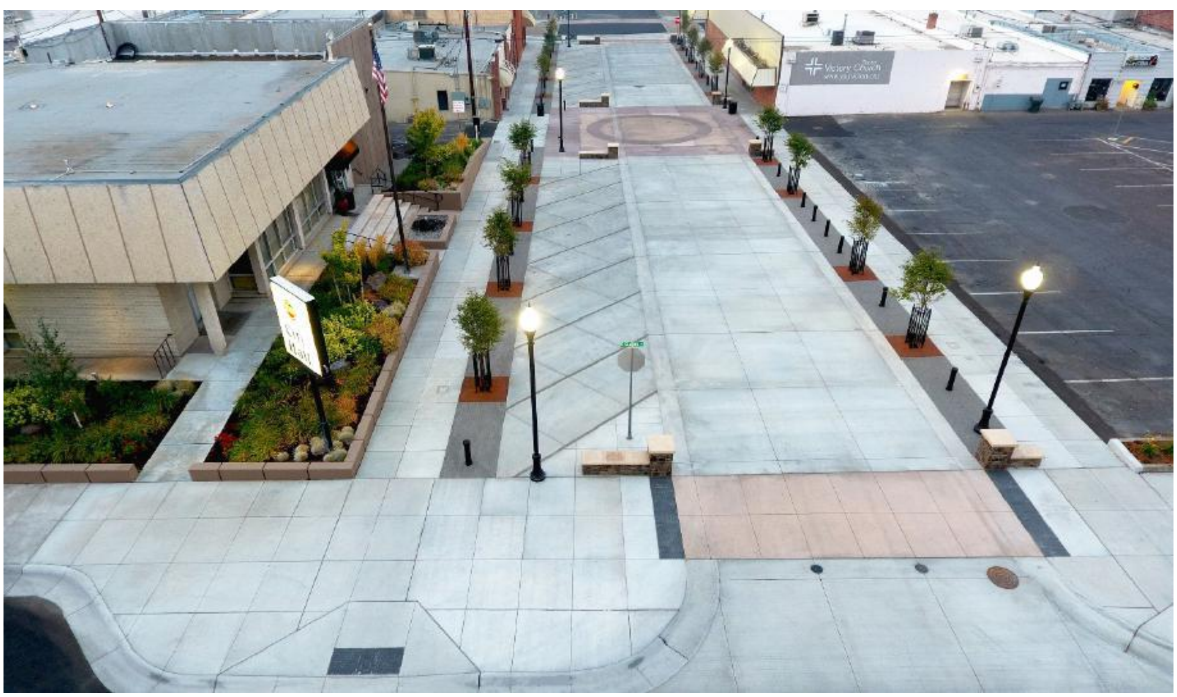
Maximum Indebtedness: $4,000,000

Remaining Indebtedness: $2,900,000

Frozen Base: $42,000,000

AV in FY 2018/2019: $53,000,000





CASE STUDY: 4th Main

Project Name: 4th Main

Submitted By: City of Hillsboro

Location: Downtown Hillsboro

Development Type: Transit Supportive Mixed Use Project

Background

The City of Hillsboro and Metro jointly owned a premier redevelopment site at 350 East Main in the heart of the historic downtown retail district. The two agencies were looking for an experienced development team to create a transit supportive mixed use project which contributes to the City's Downtown revitalization efforts. The 48,414-sq.ft. site is located within the Hillsboro Regional Center in close proximity to the Hillsboro Transit Center. The City of Hillsboro in partnership with Metro purchased the mostly-vacant parcel in 1998 while plans for the Westside MAX light rail line began to take shape. The intent was to hold the property until the time – and the market – was right for a project like 4th Main. The project broke ground in 2012 and was completed May 2014.

Work included remediation of three underground storage tanks at the same time the underground parking garage was being built; construction of 71 market rate housing units; 3,850 sq ft retail (half leased to a taproom); and remodeling a former bank building to house a local professional theatre company.

Funding/Leverage

Funding for this project was provided by the Downtown Hillsboro Urban Renewal Area, Metro Transit Oriented Development (TOD) program, Vertical Housing Development Zone, and the State's Brownfield Loan program. Metro TOD funds of $540,000 were combined with additional City and Metro funding for a total of $2.2 million in public investments.

- Urban renewal participation - $948,625
- Private investment - $15,325,000
- The site was remediated concurrent with development using a Business Oregon Brownfield Loan (urban renewal funds will pay back the loan over 10 years).
- TOD easement, land write down and SDC assistance
- Vertical Housing Development Zone – 60% tax abatement for the building for 10 years

Community Benefits

- 71 units of much needed downtown housing - approximately 125 new residents
- Creation of 52 permanent jobs
- Construction estimated to create 140 jobs and $25 million in new spending
- Now complete, the property returns to the tax rolls generating more funds that may be invested in other development projects.

- New residents support local restaurants, shops and the arts and culture scene Downtown

CASE STUDY: Lincoln City Glass Center

Project Name: Lincoln City Glass Center

Submitted By: Alison Robertson, Director, City of Lincoln City Urban Renewal Agency

Location: Taft Area of Lincoln City, Oregon

Development Type: Commercial, Industrial, Historic Building (not designated), Main Street Project, Brownfield, Job creation

Project Overview

In 2001, the Urban Renewal Agency proposed improvements to the S. 48th Street intersection at Highway 101, including extending the street to the west and adding a traffic signal. The Agency paid $426,300 for vacant parcels needed to construct the street and the required ODOT right of way.

At the sellers' request, the Agency purchased the remaining building and property for $52,200. The purchase agreement included a $20,000 business relocation payment and a lease to the existing business for 6 months at $1/month as they relocated. The City waived system development fees for the sellers' proposed new location and provided a "Threat of Condemnation" letter which allowed the seller enhanced tax benefits.

The total amount paid by the Urban Renewal Agency for the glass studio was the difference in the right of way acquisition and the entire parcel plus the relocation payment amounting to $72,200.

The idea for a Glass Studio was brought forth and we went to work making it happen.

The Agency remodeled the building and brought it up to code, especially for the electric kiln furnaces. Explore Lincoln City (Visitor & Convention Bureau) bought the equipment necessary for the undertaking and issued a Request for Proposals to operate the business.

As it turns out, the idea had all the elements for success, involving:

1) a form of "Edu-tainment",

2) Glass Floats,

3) Public Participation, and

4) Fire!

5) Priceless return on Investment

The Glass Studio, now open for nearly 15 years, is experiencing 80,000 visitors each year and employs a staff of up to 23 people, 11 of which are Glass Blowers. This year the Studio produced its 50,000th visitor-blown glass float, and they are currently averaging about 6,500 per year. It has become one of Lincoln City's top attractions.

Finances In Brief

$52,000 for Building (URA)

$30,000 for Relocation of Business (URA)

$30,000 for Brownfield Remediation (URA)

$15,000 for Remodel (URA)

$12,000 for Equipment (Explore Lincoln City)

$139,000 TOTAL INVESTMENT

Website Link: www.LincolnCityGlassCenter.com

Financing/TIF Details: All Urban Renewal funds for this project were traditional, tax-exempt bond financing.

Timeline: Property purchase 2001; Contract with Operator 2005

Challenges, Results & Lessons Learned:

- Finding the right partners, private and public, was key to the success of this project;
- When acquiring buildings that will remain in public ownership, it is important to consider long-range funding for building revitalization;
- If the lease specifies that maintenance is the responsibility of the building owner rather than the business owner, City or grant funding is the only mechanism for building maintenance (not capital) while the building is in public ownership;
- Lease considerations for tenant/operators should include a win/win exit strategy;
- Clearly delineate maintenance responsibilities in the lease agreement;
- Determine alternate uses should concept fail;
- Patience is required during brownfield remediation;
- This public/private partnership has been vital to the economic stability of the surrounding businesses through a recession due in part to the City's lease requirements for operating hours that other businesses did not need to adhere to but maintained a level of business activity throughout each day until economic recovery.
- In effect, this is a business incubator model, in that other glass art businesses have opened nearby.

ADDITIONAL INFORMATION

Year TIF District was established - 1988

Years Collecting TIF – 31 years

Original Size – 619.47 acres

Maximum Indebtedness - $43M

Remaining to be issued - $0

Frozen Base in Established Year ($) - $47,608,455

Assessed Value in FY 2018/2019 - $61,289,773

CASE STUDY: Main Street Park Amphitheater And Restroom

Project Name: Main Street Park Amphitheater and Restroom

Submitted By: Scott McClure, City Manager, City of Monmouth, Oregon

Location: City of Monmouth, Oregon

Development Type: Main Street Project

Urban Renewal District Background

- District established in 2005
- Collecting revenue for 13 years
- Size of district is 307.62 acres
- Maximum indebtedness is $12,000,000
- $11,500,000 is available for new issuance
- Frozen base at inception was $35,081,530
- First year district revenue was $33,792; 2019-20 budgeted revenues are $326,640
-

Project Overview

Early on, the Urban Renewal District (URD) envisioned a three-pronged approach to revitalizing its downtown area. This started with a very successful façade grant program that resulted in renovations to a majority of buildings in the target area. This was followed by a streetscape project that matched a prior effort and finished this work in the downtown.

The third prong was improvements to Main Street Park, which is located on Main Street and in the heart of downtown. These improvements were aimed at improving the visual character of downtown and driving more people into the downtown area.

The first park improvement was replacement of a beloved City fountain with a new fountain that featured a splash play area. The second improvement was building an amphitheater and a matching bathroom that would serve the entire park.

Design of the amphitheater went through a very extensive citizen involvement process. This was led by the Park and Recreation Commission. The amphitheater was considered a legacy project. Extra care and attention was paid to the theater's functionality and aesthetics.

The amphitheater was designed to be highly used in the summer months, but attractive year round. The amphitheater anchors the community's annual Music in the Park and 4th of July festivals, which bring in thousands of residents and visitors for entertainment and to frequent nearby businesses. Multiple local groups and Western Oregon University have used the theater stage.

In addition to serving as a wonderful icon in the downtown, the project included a water capture feature that takes run off from the fountain/splash play area and stores it for irrigating the park.

Financing/TIF Details: The total project cost was $1,260,000. $422,000 came from the City Parks System Development Charge funds, with $838,000 coming from the Urban Renewal District. A portion of the URD funds were financed with loan from the City's Power and Light Fund.

Timeline: The amphitheater was identified as a key project in the 2008 Parks Master Plan. The project was authorized in July 2015. Construction occurred from January to July 2016.

Challenges, Results & Lessons Learned:

The project had the usual issues of translating designs to reality and controlling costs. A key lesson learned was not just relying on urban renewal funds to complete the project. The amphitheater project benefitted the urban renewal district and the City's parks system, so it was appropriate for funding to come from each entity.

CASE STUDY: Riverfront Plaza

Project Name: Riverfront Plaza

Submitted By: Pendleton Development Commission

Location: Pendleton, Oregon

Background

The Umatilla River runs through Pendleton and creates a perfect place for residents to approach nature within the city. The river is home to a variety of birds, water animals such as beaver and river otter, under a canopy of woodland. The signature bird for the river is the blue heron, seen often catching fish in the river. The Riverfront Plaza park is only the first of what are envisioned as places to increase the connections to the river from streets nearby. The one-block park provides immediate access to the River Parkway, a paved path along the river running from one end of Pendleton to the other.

Although most of the expenditures for urban renewal by the Pendleton Development Commission have funded private development partnerships, there have been several purely public projects, including the Riverfront Plaza. A quiet retreat for much of the year, it is jammed with spectators during Pendleton's annual Round-Up rodeo, as two parades during Round-Up week wind their way by this park.

Funding:
Total project: $475,070

Pendleton Development Commission: $475,070

Community Benefits

The Riverfront Plaza provides access to the Umatilla River Parkway, improves the environment of the immediate neighborhood and attracts residents and visitors to sit and relax. It will also serve the projected development of mixed residential and commercial buildings, called for in the Development Commission's River Quarter Enhancement Plan.

The Riverfront Plaza was part of a 10-block section along the Umatilla River that received attention in 2009-2010, resulting in the design of several access points to the river and to the River Walk, a paved path along the top of a 4-mile long levee paralleling the river. Urban renewal funding paid for the small park.

CASE STUDY: St. George Plaza

Project Name: St. George Plaza

Submitted By: Pendleton Development Commission

Location: Pendleton, Oregon

Background

As the tallest building in downtown Pendleton, the St. George Plaza dominates Main Street. Built in 1900 as the two-story St. George Hotel, owners changed its Italianate style to art deco in the 1930s and added more stories. The now six-story structure was purchased in by a private developer who proceeded to refurbish the building from top to bottom as a downtown apartment complex. Improvements included removal of walls, then reconfiguration of living units, installation of new kitchens, bathrooms and building technology, a new external fire escape and façade renovation. A restaurant and lounge opened on the ground floor.

Funding:
Total project cost: $1,557,921
Pendleton Development Commission: $443,723
Owner: $1,114,198

Community Benefits

Not only does the St. George provide 36 newly refurbished living units for Pendleton, but it enhances the livability of downtown, the major focus of Pendleton's downtown urban renewal program. With more residents living in downtown, commercial enterprises thrive, raising storefront occupancies to over 90% as of 2015.

Prior to the project the building's value in 2005 was assessed at $419,070 and as of 2014 was at $1,055,790.

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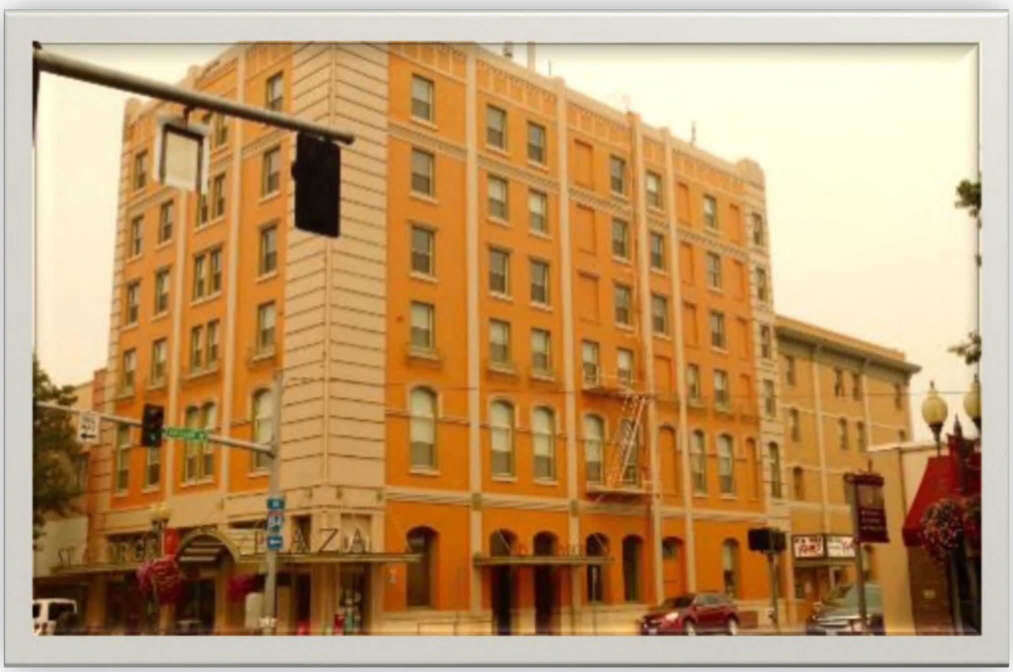
The St. George Plaza in 1996, then known as the Temple Hotel, before urban renewal support was available, was seen as a low-rent eyesore.



The St. George Plaza, with its new name and new look, including 36 new apartments.

CASE STUDY: Round-Up Arena Intersection Re-Design

Project Name: Round-Up Arena Intersection Re-Design

Submitted By: Pendleton Development Commission

Location: Pendleton, Oregon

Background

As the Pendleton Round-Up approached its 2010 centennial celebration, the Round-Up Association and supporters had raised millions of dollars to refurbish the Round-Up arena, including replacing old, uncovered grandstands with new covered grandstands and the design and construction of the Round-Up Centennial Plaza, with its dominant bronze statue of a bronc rider in front of the arena's new gates. Nearby is a complicated intersection of several roads and the railroad. In conjunction with other preparations for the centennial, this intersection was re-designed to both change the traffic pattern and increase its attractiveness. New landscaping, paving, fencing and structural designs were included in a cooperative effort of the city of Pendleton, the Pendleton Development Commission, the Oregon Department of Transportation and the Union Pacific Railroad.

Funding:
Total Project: $1,004,000

Pendleton Development Commission: $384,000

Other: (ODOT, Union Pacific, City of Pendleton) $620,000

Community Benefits

This intersection is the busiest in Pendleton, a crossroads of highway and railroad dividing downtown Pendleton from the busy shopping area on I-84. Prior to the improvements it had no design appeal, with cracked concrete dividers and chain link fence to keep pedestrians off the railroad tracks. The new design includes plenty of plant landscaping and fencing with the appearance of wrought iron, to match the new wrought iron fencing around the Round-Up arena. The construction also improved pedestrian and traffic safety through the new design.

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In the background is the Round-Up arena, site of Pendleton’s famous rodeo. This intersection was redesigned with new crossings over the railroad and lots of landscaping. It was completed just prior to the 2010 Round-Up centennial. Partners were the City of Pendleton, the Pendleton urban renewal program, ODOT and Union Pacific Railroad.

CASE STUDY: Pendleton Directional Signage

Project Name: Pendleton Directional Signage

Submitted By: Pendleton Development Commission

Location: Pendleton, Oregon

Background

One of the first recommendations from a tourism promotion consultant, hired by the Pendleton Chamber of Commerce, was that the city install a well-designed directional signage program, one that enhanced the Rodeo City's brand. The Chamber's Tourism Promotion Committee set a goal of designing, producing and installing the new signage prior to the 100^{th} anniversary staging of the Pendleton Round-Up.

The process took two years, including multiple presentations to the Pendleton Development Commission, asking for urban renewal funding for the signs. Other sources included Travel Pendleton, the tourism promotion arm of the City, and the Wildhorse Foundation, the charitable giving arm of the Confederated Tribes of the Umatilla Indian Reservation.

Funding:
Total project: $95,000
Pendleton Development Commission: $70,000
Travel Pendleton: $5,000
Wildhorse Foundation: $20,000

Community Benefits

The new signs were installed the month before the 2010 Centennial Round-Up, just in time to serve the thousands of visitors for this special event. The signs have continued to serve as handsome directional devices for both traffic and pedestrians. In addition to the signs along the roadways, the program included two informational kiosks downtown. When the Riverfront Plaza opened, a third kiosk, following the design of the first two, was installed at this new park.

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Throughout Pendleton, directional signs feature historic photos and the bronc rider, symbol of the Pendleton Round-Up rodeo. The sign program was completed just prior to the 2010 centennial of Pendleton's famous event.

Information kiosks were part of the signage program, including this one in downtown Pendleton.

CASE STUDY: Bond Building

Project Name: Bond Building

Submitted By: Pendleton Development Commission

Location: Pendleton, Oregon

Background

Located in Pendleton's Main Street Commercial Historic District, the 1904 Bond building was designated as "non-contributing" when the district was registered. But thanks to an owner passionate about her historic building and with financial support from the Pendleton Development Commission, the building now resembles its historic design.

Brothers Charlie and Willard Bond operated the Bond Brothers Department store in this location for many years after its construction, until they moved in 1926. Subsequently, it hosted a variety of retail outlets when downtown Pendleton was the mainstay shopping center for Umatilla County. The upper story later hosted professional offices but as of 2019 had been empty for decades. The owner plans to apply for an upper story grant from the PDC and restore her upper story as a boutique hotel, beginning in 2020.

The façade restoration project included removing all stucco, brick repair and replacement, repairing and replacing all windows on the upper story and awnings.

To date, the 14-year-old façade restoration program has supported the façade restorations of 42 downtown Pendleton buildings.

Funding:
<u>Façade Restoration Project, 2018-2019</u>
Total Project: $315,492
Pendleton Development Commission: $126,167 (40%)
Owner: $189,325 (60%)

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The Bond building opened in 1904 as a department store. Here in the 1940s retail remained on the ground floor and professional offices now occupied the second story.

The building was “modernized” sometime post WW II and looked like this until 2018.

With a façade restoration grant from the Pendleton Development Commission, the building begins to return to its historic appearance. The upper windows were framed with tile to cover damaged brick. The arched window openings were still in place, hidden behind the stucco that covered the brick.

The restored building in 2019. The upper story will be restored as a boutique hotel, beginning in 2020.

CASE STUDY: Bowman Building

Project Name: Bowman Building

Submitted By: Pendleton Development Commission

Location: Pendleton, Oregon

Background

When Pendleton had passenger trains, the Bowman Hotel, a three-story brick building across from the railroad depot, was the place to stay. Completed in 1905 by rancher and sheep man O.P. Bowman, this hotel replaced an earlier wood hotel, also called the Bowman Hotel. With the decline in rail traffic the building evolved to an office building, its current use. A local developer bought the building and completed a façade restoration while retaining much of the historic interior design and finish. The Pendleton Development Commission supported the project with a façade restoration grant.

Subsequent to the façade project, the owner approached the PDC in 2018 for an additional façade restoration grant and an upper story program grant. The grants enabled the completion of 18 apartments on the third floor, with plans to continue the development on the second floor pending the successful renting of the first phase. As of summer, 2019, all of the first phase apartments were rented and the owner was applying for an additional upper story grant for the second floor of the building.

The second façade project primarily covered the cost of new windows throughout the third floor and partially on the second floor, as well as smaller exterior structural repairs and new awnings. The upper story project included all costs of constructing 18 new apartments, including new electrical and plumbing service, new HVAC, new roof covering and all structural work. As much as possible, original materials were retained, including wood floors, wainscoting, skylights, doors, and hardware.

Funding:
<u>First Façade Restoration Project, 2006</u>
Total project: $16,000
Pendleton Development Commission: $10,000
Owner funds: $6,000

<u>Second Façade Restoration Project, 2018</u>
Total project: $146,100
Pendleton Development Commission: $58,440 (40%)
Owner funds: $87,660

<u>Upper Story Restoration Project, 2018-2019</u>
Total Project: $1,129,952
Pendleton Development Commission: $282,488 (25%)
Owner funds: $847,464 (75%)

Community Benefit

The façade restoration program has been the primary funding mechanism for Pendleton's Downtown Riverfront Urban Renewal Plan, with 41 buildings receiving a careful, historically relevant new exterior look. The Bowman is one of the more prominent such buildings, occupying an entire block facing the former railroad depot, now the Umatilla County Historical Society's museum known as Heritage Station. With a much-improved look downtown, more commercial enterprises have filled the storefronts, increasing occupancy to over 90% and attracting new and refurbished residential development.

The upper story restoration program, a focus of Pendleton's urban renewal program, has targeted 18 historic buildings that have empty upper stories—the sites of former boarding houses, fraternal lodges and offices. With restoration, the building's assessed value more than doubles. With apartments, the project brings more people to live in downtown, supporting a lively dining and shopping district.

The Bowman building in 2019.

CASE STUDY: Cook Crossing

Project Name: Cook Crossing

Submitted By: Chuck Arnold, Redmond Urban Renewal Agency

Location: Redmond, Oregon

Development Type: Residential, Transit Oriented Development

Project Overview

Cook Crossing is a 48-unit senior (income qualifying) housing development with three stories of residences over a medical clinic and community space. The $12MM project was developed by Housing Works (the Central Oregon Regional Housing Authority) with various funding sources including $150,000 of Urban Renewal resources.

Website: http://www.cookcrossingapartments.com/

Financing/TIF Details: Housing Works utilized a number of local, state, and federal resources for project financing. The Urban Renewal contribution of $150,000 was in the form of a Systems Development Charge Buydown-effectively a grant.

Timeline: A little under 2 years from conception to completion.

Challenges, Results & Lessons Learned:

The project was built on a narrow, remnant lot with a number of constraints surrounding access. The project was also developed near a newly established transit hub.

ADDITIONAL INFORMATION

Year TIF District was established - 1995

Original Size – 585 acres

Maximum Indebtedness - $120MM

Remaining to be issued - $76MM

Frozen Base in Established Year ($) - $72.8MM

Assessed Value in FY 2018/2019 - $278MM

CASE STUDY: Ochoa Quesería Expansion

Project Name: Ochoa Quesería Expansion

Submitted By: City of Salem

Location: 3350 Portland Road, Salem, OR

Development Type: Job Creation

Project Overview

Francisco Ochoa, owner of Ochoa's Quesería, approached the City in 2017 regarding his interest in relocating his cheese factory to Salem. He was interested in being on Portland Road in North Salem, close to Interstate 5 and where more than 42 percent of the neighborhood was Latino or Hispanic. His vision was to collocate his cheese manufacturing facility with a retail shop and small tasting room where he could offer yogurt, ice cream, and quesadillas. The property he purchased had been vacant for more than 10 years. A new 180-unit affordable housing development had just been constructed on the acreage adjacent to his parcel. Through outreach for the Portland Road Action Plan the City heard from businesses and residents in the area their desire for more food options and places to gather in the neighborhood. Francisco hopes to open his new facility in Salem in late 2020.

Funding

Francisco qualified for a $300,000 grant from the North Gateway URA. The Urban Renewal Agency authorized an exception from the North Gateway URA grant guidelines to allow commitment of 50 percent of the grant as down payment for Francisco's loan, rather than at the time of construction. Construction costs were escalating significant and without this exception Francisco's project may not have moved forward. Construction costs were escalating and there was a shortfall of cash to meet the lenders closing requirements.

Lessons learned - sometimes it is necessary to be flexible to be able to help small businesses grow. The Urban Renewal Agency was excited about the Ochoa project, adding jobs and activity to a long vacant site, so they were willing to grant this policy exception.

Website Link: https://oregoncheeseguild.org/cheesetrail/ochoas-queseria/

Timeline: Facility plans to open in late 2020.

Challenges, Results & Lessons Learned:

Sometimes it is necessary to be flexible to be able to help small businesses grow. The Urban Renewal Agency was excited about the Ochoa project, adding jobs and activity to a long vacant site, so they were willing to grant this policy exception.

CASE STUDY: North Broadway Redevelopment

Project Name: North Broadway Redevelopment

Submitted By: Annie Gorski, Economic Development Manager, City of Salem

Location: Salem, OR

Development Type: Property Assembly, Environmental Clean-Up, Residential, Commercial, Infrastructure, private/public partnership

Project Overview

Preparation for the North Broadway development occurred in stages, beginning with a neighborhood plan and zoning that allowed for higher density development. This project included property assembly and purchase of about five acres (+ ROW vacation), environmental cleanup, site work, and then an RFP for developers. Following multiple rounds of negotiations with prospective developers, the City sold to Telos Development Company and Salem Alliance Church.

This new north downtown neighborhood includes 18,000 SF retail and office, including

An independent theatre, and 21 market rate apartments, 55 units of affordable housing, and the 47,000 SF Broadway Commons, operated by Salem Alliance Church. The building includes a coffee house, restaurants, and community meeting space.

The majority of the development was constructed in 2008-2009, just following an economic downturn. Townhomes were later built on the backside of the property.

Timeline: North Downtown Plan (1997), Zoning to allow higher density (1998), City assembles/purchases property and completes environmental cleanup (2000-2005), Urban Renewal Agency sells off parcels of land for development (2005-06), construction of new uses (2007-10).

Challenges, Results & Lessons Learned:

At the time of this development the City did not complete environmental due diligence and/or secure Prospective Purchaser Agreements (PPA) from DEQ, protecting the City's liability if environmental contamination is found. We do that now to protect us. What a City or community envisions for development is not always feasible for a developer. The City went through a couple different iterations, likely also due to the economic downturn.


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CASE STUDY: Gateway

Project Name: Gateway

Submitted By: City of Talent, Oregon

Location: Hwy. 99 and West Valley View, Talent

Development Type: Mixed use residential and commercial

Project Overview – The Talent Urban Renewal Agency (TURA) has been attempting to develop an agency-owned 4+ acre parcel that is located on a major transportation route (Hwy 99) and is adjacent to downtown Talent. The parcel is currently vacant, although it has contained some commercial buildings over the years. The parcel was subject to Phase I and Phase II environmental assessment, and some removal of underground storage tanks and soil was required because of the presence of petroleum-based contaminants in the soil. A portion of the environmental work was covered by grant proceeds from the Department of Environmental Quality; TURA bore the remainder of the costs.

The development of the project is intended to be through a public/private partnership. TURA has twice issued RFEI/RFPs to developers to find a partner for the project. The first solicitation garnered two responses, and a developer was selected for further negotiation to reach a disposition and development agreement. The developer and the agency mutually withdrew from the negotiations before a final DDA was signed. A second RFP was issued this past spring, and one response was received. The TURA Board has not yet taken action on the latest response to the RFP.

TURA received a Transportation Growth Management grant from the state to hire a consultant to undertake a design process for the property. This occurred at the same time that the agency was in negotiations with the first developer for a development and disposition agreement. There was a great deal of community involvement in the design process, but it was also heavily influenced by the original developer for the project. The design process ended with a concept plan that called for 60 units of affordable senior housing in a multi-story building, 20 units of for sale market-rate townhomes, two commercial lots, a site for a non-profit maker space, and central courtyard greenspace for the project.

Following the completion of the conceptual plan, a consultant was hired to do an economic feasibility study for the proposed project. The study determined that there was a feasibility gap for all types uses the that the plan was proposing.

Link to website: http://www.cityoftalent.org/Page.asp?NavID=178

Financing/TIF details: The property was purchased with agency funds raised through the agency's taxing authority. The assumption is and has been that ultimate financing would be by the developer, but that the agency would support the project through land write-downs, SDS subsidies or deferments, equity investments, etc.

Timeline: The property was originally purchased by the agency as three separate parcels during 2016 and 2017. The hope was that build-out would be completed by late 2020. As there is currently not a developer for the project, the new timeline is unknown.

Challenges, Results & Lessons Learned: The property purchases for this project were made at a time when the agency was nearing its close-out date according to its urban renewal plan. They were also made at a time when the longtime executive director had just retired and the City Manager had taken over as the new ED, and the City Council had taken over from what has always been an independent board. This lack of experience on the part of both the ED and the board led to some early missteps with the project and the likelihood that the agency overpaid for the property. There was not proper due diligence before the property purchases, and the appropriate environmental assessment had not been completed, which led to additional costs to the agency later in the process.

The TGM process that led to the conceptual plan created community expectations that could not be met by economic reality. There was a lot of community excitement regarding the conceptual plan, but much less emphasis was placed on the economic feasibility analysis that showed that the conceptual plan wasn’t realistically aligned with the market.

Talent is a small town in what is still basically rural southern Oregon. This is an aspirational project, but nothing of its scale has been built even in the larger cities of the Rogue Valley. Labor costs are high here because of a lack of skilled labor, but housing prices are lower than in the Metro area and Willamette Valley, which makes for a difficult construction environment. Neither of the two solicitations for proposals garnered any interest from developers outside the Rogue Valley, which severely limits the pool of available partners for the agency. The original developer for the project made some major missteps with the Bureau of Labor and Industry (BOLI), culminating in a declaration the project subject to prevailing wage laws. That error caused the agency to lose valuable time on the project and eventually the termination of the agreement with the original developer.

CASE STUDY: Attwell off Main

Project Name: Attwell off Main

Submitted By: Dylan Dekay-Bemis, Economic Development Coordinator, City of Tigard

Location: 12790 SW Ash Ave, Tigard, OR 97223

Development Type: Mixed-Use Development, Financial Incentive Layering, Creative Approaches to TIF

Project Overview: Completed in 2017, Attwell off Main brought over 300 residents to downtown Tigard. Attracting new residents to downtown is a goal of urban renewal and the City of Tigard's strategic plan. Attwell off Main would not have occurred without urban renewal.

In 2015, the Tigard City Center Development Agency (TCDA, Tigard's urban renewal agency) signed a developer agreement with Capstone Greenlight LLC and DIG Tigard LLC. The developer's proposal called for the construction of 165 market-rate apartments and 1,819 square feet of commercial space.

Through the agreement, the developer team purchased the TCDA-owned development site for its appraised value of $1.65 million. The TCDA invested the $1.65 million purchase price into partially offsetting the nearly $2.8 million in system development charges incurred by the project's construction. This public investment resulted in private investment of over $30 million into the mixed-use project. Attwell off Main also qualified for a partial 10-year property tax reduction under the state's Vertical Housing Development (VHDZ) program.

The project should generate $7.8 million in property taxes over 20 years, although some of these taxes are expected to be forgone under the VHDZ program. The remainder of the taxes will be reinvested in additional downtown projects to further revitalize the downtown as long as the urban renewal area is in place.

Link to website (project site): https://www.tigard-or.gov/community/project_history.php

Timeline: Started 2015, completed 2017

ADDITIONAL INFORMATION

Year TIF District was established: 2006

Years Collecting TIF: 20 year duration

Original Size: 228.96 acres

Maximum Indebtedness: $22 Million

Frozen Base in Established Year ($): $69,207,378

Assessed Value in FY 2017/2018: $109,737,996

CASE STUDY: Tillamook City Sidewalk Projects

Project Name: Tillamook City Sidewalk Projects

Submitted By: Debbi Reeves, City of Tillamook, Executive Assistant to the Tillamook Urban Renewal Agency

Location: 1st Street to Front Street, 12th Street, and Meadow Avenue, Tillamook OR

Development Type: Transportation and Transit Oriented Development

Project Overview

The 2006 Tillamook Urban Renewal Plan and 2012 Substantial Amendment deemed sidewalks within the City as a priority. In 2015 and 2016, the agency spent over $130,000 on city sidewalk improvements. In 2018, the City and TURA partnered to move forward with further sidewalk improvements and replacements. The three project areas included two school areas and one area, which had increasing pedestrian activity due to a large number of commercial renovation and construction projects that were taking place. Both of the school areas provided sidewalks where there had been no previous sidewalks and have always been used by children walking to and from school. The Meadow area has one elementary school and the Junior High School with one large apartment complex in the vicinity therefore the children range in ages from 5 years old to 13 years old. The 12th Street area is near the Tillamook High School with a large lumber mill across the street. For years, children have been walking where log trucks enter and exit the mill property. For decades both of these school project areas have been used heavily by students. Without urban renewal assistance, the new sidewalks would not have been constructed anytime soon. All three sidewalk construction projects were completed in the fall of 2018.

Financing/TIF Details:

Total TURA project funding was $575,000. In 2015, the Tillamook Urban Renewal Agency (TURA) had established a line of credit for public project with Oregon Coast Bank and given 3 years to draw down the funds. The 3 year deadline was approaching in August of 2018 therefore the agency board decided that since sidewalks were a top priority in the UR Plan to commit funds to the city sidewalk plans and use the balance of the credit line.

Website Link:
(1) 1st to Front Sidewalk Project: http://tillamookor.gov/request-for-proposals-for-the-city-of-tillamook-first-to-front-connection-streetscapes-project/

(2) 12th Street Safe Route to School Project: http://tillamookor.gov/request-for-proposals-for-the-city-of-tillamook-12th-street-safe-route-to-school-project/

(3) Meadow Area Sidewalk Project: http://tillamookor.gov/request-for-proposals-for-the-meadow-area-safe-route-to-schools-sidewalk-project/

Timeline: The City approached TURA in January 2018 for sidewalk financial assistance. The TURA Board committed close to $575,000 for the sidewalk projects, which were completed in the fall of 2018.

Challenges, Results & Lessons Learned:

All sidewalks required ADA compliance and the new sidewalk on 12th Street also contained a Railroad compliant section. The total time from release of the project bid request to the completion of the sidewalks in the three project areas were about 9 months. Everything for these three projects went smoothly and quickly.

CASE STUDY: de Garde Brewing Inc.

Project Name: de Garde Brewing Inc.

Submitted By: Debbi Reeves, City of Tillamook, Executive Assistant to the Tillamook Urban Renewal Agency

Location: 114 Ivy Avenue, Tillamook OR

Development Type: Brownfields Cleanup and Redevelopment

Project Overview

In early 2016, the new owners of the building and property located at 114 Ivy Avenue, in the core area of the City of Tillamook, applied for urban renewal assistance with their project. The project included partial demolition of the 86 year-old building, renovations, and construction of a tasting room for a new brewery of wild, soured, aged beer. The approximate budget of the project was $1.5 million. During demolition, an unknown, old, underground oil storage tank was discovered therefore the project came to a halt while the owners and DEQ resolved the tank and contaminated land issues. After nearly a year of cleanup, the project continued and the brewery opened in December 2017. This new brewery has become a favorite destination for beer connoisseurs from all over the world! It is located in one of the most “happening” areas of Tillamook and is one block from center of the city with a large urban renewal owned parking lot right next to it!

Financing/TIF Details:

TURA committed $100,000 in the form of a grant and forgivable loan for employment targets being met within 6-month of business open.

Website Link: http://www.degardebrewing.com/

Timeline: Property purchased in late 2015, project on hold while Brownfields cleanup was done in 2016, construction completed in late 2017 for the $1.5 million project.

Challenges, Results & Lessons Learned:

This project was a challenge when the unknown oil tank stopped the project for almost one year. TURA had committed $100,000 to the project and had to make sure funds were retained for the year while the Brownfield cleanup took place. Because of this lengthy stop order, the agency implemented a Project Commitment and Funds Report to make sure each separate project commitment was monitored for future funding. In this case, the owners were also receiving funding from the Small Business Association loan program which required TURA to take a subordinate lien position for the loan portion of the funding. Since the amount of TURA funding was less than the SBA loan the board agreed to this.


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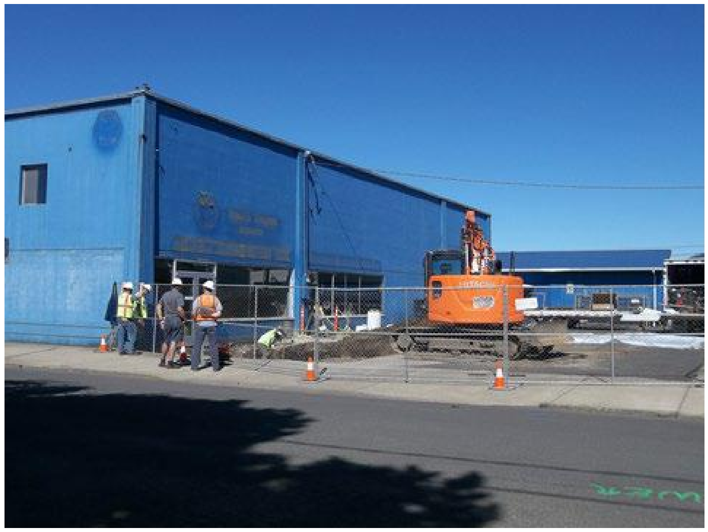



CASE STUDY: Flavors on 1st

Project Name: Flavors on 1st

Submitted By: Debbi Reeves, City of Tillamook, Executive Assistant to the Tillamook Urban Renewal Agency

Location: 1812 1st Street, Tillamook OR

Development Type: Financial Incentive Layering

Project Overview

Properties in this 1st Street area of Tillamook has been receiving upgrades since 2010 when TURA purchased two vacant parcels of land across the street from this location to construct a public parking lot. From 2015 until today, renovation and restoration to several buildings directly east were being done. To the west, an existing brewing facility relocated from the southern area of the county into a vacant warehouse which was completely renovated and including the construction of a Tap Room and restaurant. To the south, another dilapidated building was renovated to accommodate a new brewery facility and tasting room. With all of these ongoing renovations around them, the owners of this property had a vision for a food court as the property had sat vacant from a fire in 2004. The plans for electrical hookups, a pavilion to provide an undercover eating area, and a restroom were completed. The spaces were leased to food cart vendors and the food court is now a favorite of locals and visitors. The City and TURA partnered to replace the sidewalks with street lamps in front of the property due to all of the new pedestrian activity on this block.

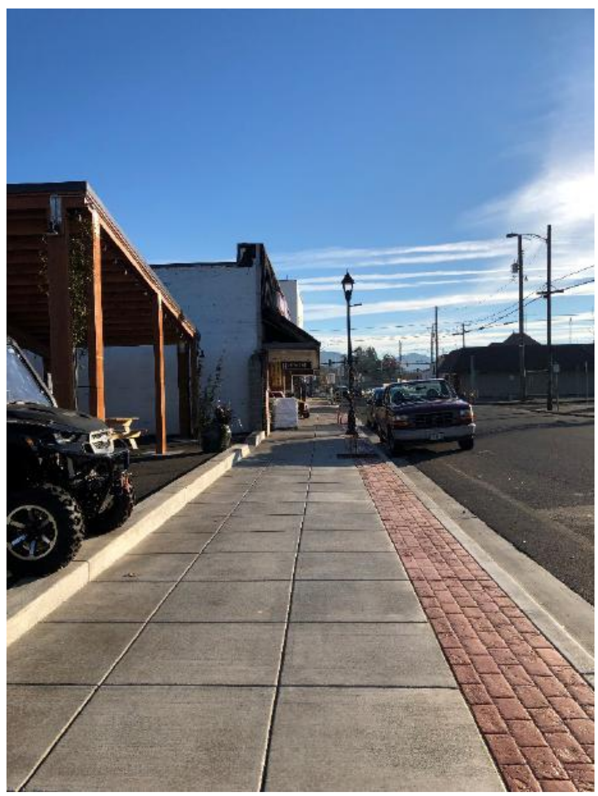
Financing/TIF Details:

TURA committed $100,000 in the form of a grant and forgivable loan for with food cart space leasing target met within 2 years from business opening.

Website Link: https://www.facebook.com/pages/category/Restaurant/Flavors-on-1st-2194940800784747/

Timeline: TURA was approached by the property owners in the fall of 2017 with plans for a six to seven space food cart court on the vacant property next their current business. Within one year, the project was completed and five of the spaces were leased and in operation.


NATIONAL CRANE



CASE STUDY: OBB Partners V, LLC

Project Name: OBB Partners V, LLC

Submitted By: Debbi Reeves, City of Tillamook, Executive Assistant to the Tillamook Urban Renewal Agency

Location: 1902 – 1908 1st Street, Tillamook OR 97141

Development Type: Mixed Use Development and Renovation of a historical building.

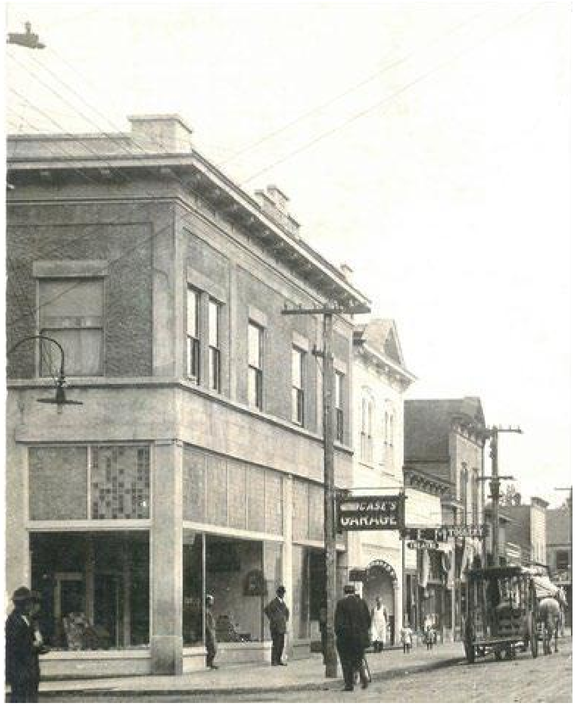
Project Overview

New developers to the city, OBB Partners V, LLC, approached the Tillamook Urban Renewal Agency in 2014 to ask for assistance with renovations to one of the historic buildings in downtown Tillamook they had recently purchased. The property is located in an area of the city that had not received any substantial improvements for decades. The building is not listed on a Federal or State Historic Registry but is one of the few remaining original buildings from the early 1900's in this part of the city. The building had been covered with corrugated metal in the 1970's to protect it from the coastal weather and the renovation plans included taking the metal down and restoring the façade of the building which had deteriorated over time. The TURA Board approved a combination loan and grant for $100,000 to assist with the renovation budget of approximately $500,000 not including the purchase of the property. Façade renovations and a new roof were the first phase of the project after which the interior renovations began. This property includes three building with shared common walls. In 2017, OBB Partners V came back to the agency asking for a $250,000 short-term bridge loan, which was also awarded. Once the renovations were completed, the unsightly and often vacant building became the new business location for 4 new tenants. There are currently no further renovation plans for the top floor or the 2nd story buildings except for installing new windows but we anticipate this developer will do something wonderful with this floor of the building. This developer also purchased the property directly east of this location, demolished the old building on that property, and built a new building making the entire frontage of this block visually beautiful, striking, and useful.

Financing/TIF Details:
Since 2009 the agency has borrowed approximately $5 million to fund new projects in the urban renewal district of the city. The TIF is used to repay the debt on these loans.

Timeline: Construction began in early 2015 and continued into 2018. As each separate part of renovations were completed the owner leased out the location. The final renovations to the bottom floor of 2-story part of the building were completed in 2018 and leased. The owner is currently working on renovations to the 2nd floor of the building.

Challenges, Results & Lessons Learned: All required loan payments have been repaid by the borrower as agreed upon. The results have been very impressive when you look at the before and after photos of this block of the city. A building that once was vacant at various times and an eyesore at times has been restored into a prime business location for several tenants.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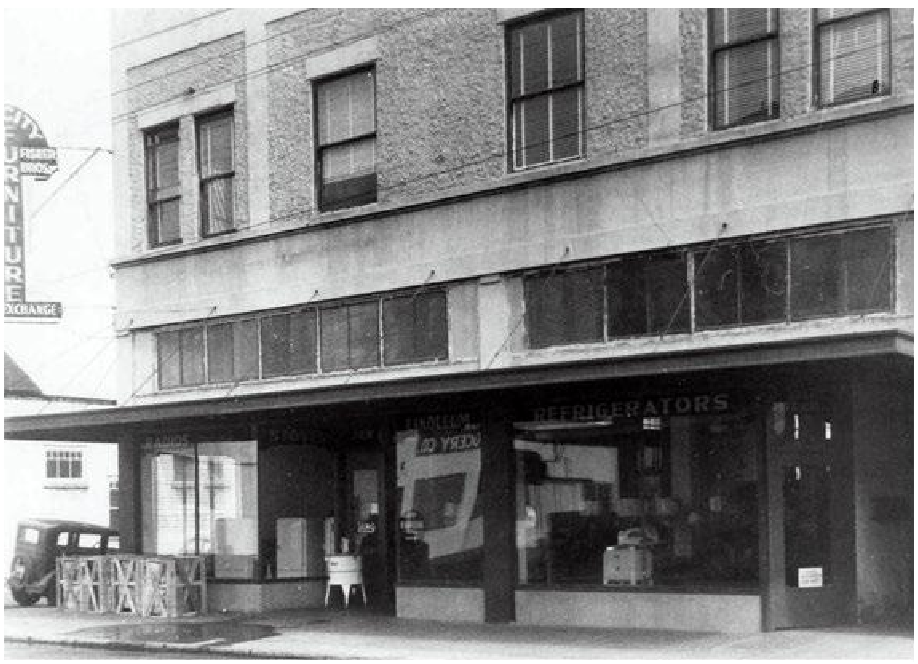
FURNITURE
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Ivy Av
First St
07/17/2013


PRE - LEASING
Office / Retail Space
300 to 4,500 Sq. Ft.
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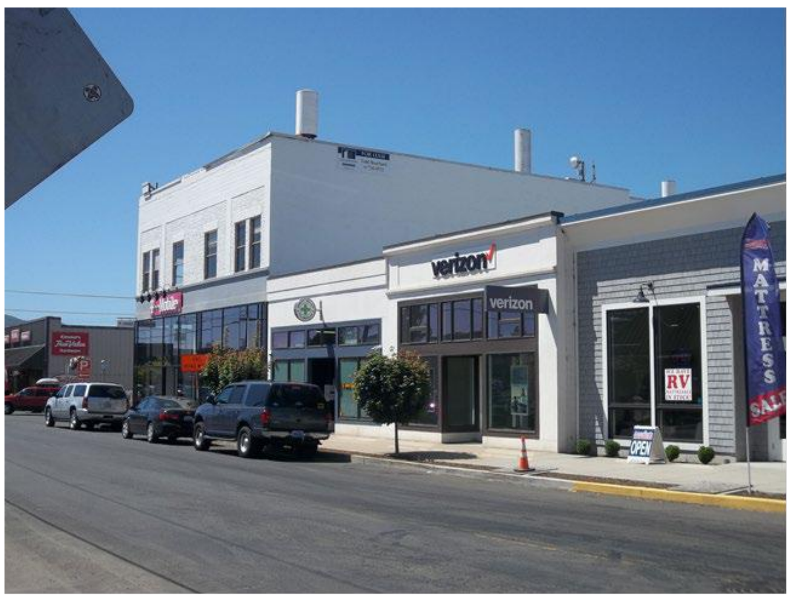
verizon
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MATTRESS
SALE
RV
OPEN


HUGE
SALE

CASE STUDY: Pelican Brewing Company

Project Name: Pelican Brewing Company

Submitted By: Debbi Reeves, City of Tillamook, Executive Assistant to the Tillamook Urban Renewal Agency

Location: 4 Stillwell Avenue (Brewery and Distribution Center) and 1708 1st Street (Tap Room and Restaurant)

Development Type: Creative Approaches to TIF and Commercial Job creation

Project Overview

In December 2012, the Pelican Brewing Company located in Pacific City, Oregon approached TURA for assistance in relocation of their brewing facility to Tillamook. They found a dilapidated warehouse located blocks from of the downtown area and the rest is now history. Over a period of 5 years, the agency assisted in the renovations and construction of a new brewing facility, distribution center, taproom, and restaurant within a few blocks of the downtown core area of the city. The agency financially assisted with long-term loans, short-term loans, and a forgivable loan for employment targets met within 3 years. During that 3-year period Pelican Brewing Company brought over 30 full time positions into Tillamook. The total amount of agency assistance was over $565,000 over a period of 3 years. The facility is continually growing and increasing production as well as providing employment for over 35 people today. Every year Pelican beer is recognized nationally and internationally, receiving awards for their products.

Link to website: https://pelicanbrewing.com/pubs/tillamook/

Financing/TIF Details:
TURA borrowed $1.5 million in 2012 and used a portion of the funds in 2012 and 2013 for the Pelican Brewing Company financial assistance. In 2015, the agency debt consolidated and borrowed additional project money for assistance in 2015 and 2017.

Timeline: Project commenced in early 2013 and is still on-going as brewing production continues to grow.

Challenges, Results & Lessons Learned: The project ran smoothly each time the agency was approached for assistance. Employment target were exceeded, loans were paid on time and some in advance. Balloon payments were made on time and early. The agency could not have been happier with the results from this business relationship with the Pelican Brewing Company.


Pelican
Brewing Company
Future home of
Pelican Brewing Co.
PRODUCTION BREWERY &
TASTING ROOM
Opening Summer of 2013
Thank you to Tillamook Urban Renewal Agency for providing a portion of the funding for the building renovation.
S|E A


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CASE STUDY: SandCreek Dental

Project Name: SandCreek Dental

Submitted By: Debbi Reeves, City of Tillamook, Executive Assistant to the Tillamook Urban Renewal Agency

Location: 1010 Main Avenue, Tillamook OR

Development Type: Creative Approaches to TIF and Commercial Job creation

Project Overview

Prior to the new construction of this beautiful state-of-the-art dental office, this property held three single story apartment buildings that were built in the 1920's as best we can determine. For almost a decade before demolition in 2005 the buildings sat vacant and condemned. After demolition, the land was vacant until the new owner purchased it in 2016. The new owner was a local dentist who found he had outgrown his location and was looking for a place to construct a new office and bring in one or more new dentists to our city. There are very few vacant parcels of land within the core area of the City of Tillamook. The 1010 Main Avenue property was only a block away from his current location so the process of land purchase and construction planning began. In 2017, the owner applied to TURA for financial assistance and an award of $100,000 was made available with conditions that the loan would be forgiven in its entirety providing new employment terms were met over a 24-month period. This south area of the city has been improving year upon year and this is another fine example of the creative endeavors between a business owner, a city, an urban renewal agency, and a community willing to see dreams come to fruition.

Link to website: https://www.tillamooksmiles.com/

Financing/TIF Details:
The Tillamook Urban Renewal Agency (TURA) has borrowed money for the financing of future projects from local banks since 2009 and repay the debt from the TIF funds received. The agency offered the owner of SandCreek Dental a $100,000 forgivable loan based on 6 additional full time employees added to the staff within 24 months of opening at the new location.

Timeline: The $2 million new construction began in 2017 and completed in 2018.

Challenges, Results & Lessons Learned: This project required an extra bit of financial attention since the owner received funding from the Small Business Association loan program. Their restrictions require that SBA hold a first place position on the lienholder list. The agency agreed to take a subordinate lien position to assist the owner who was also obtaining a bank loan.


1010 Main Ave


SPEED
30