

Infrastructure Financing Options

- **System Development Charges** – Can be used to fund projects on the City’s Capital Improvement List. May also be used for projects that oversize public infrastructure (i.e. SDC credits to the developer that oversizes the infrastructure for future capacity).
- **Local Improvement District** – City finances the improvements to be paid back by adjacent property owners or other identified property owners that benefit from the improvements.
- **Developer Dedications** – Improvements funded and built by the developer of the property (i.e. extend water, sewer, storm; full street improvements). Required improvements must meet the impact of the proposed development (i.e. be roughly proportional). If developer is oversizing public infrastructure, they may be eligible for SDC credits.
- **Advanced Financing Agreements** – Individual property owner finances improvements and is then reimbursed by other property owners that tap into or use the improvements in the future.
- **Urban Renewal & Tax Increment Financing** - The purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped. These areas can have old deteriorated buildings and bad streets and utilities or the areas can lack streets and utilities altogether. Urban renewal provides three types of authority that are not otherwise available to local governments: first, it allows for the use of tax increment financing to finance improvement projects; second, it allows for special powers to buy and assemble sites for development or redevelopment, if that is desired; and third, it allows for special flexibility in working with private parties to complete development projects. For a city to use urban renewal it must establish an urban renewal agency and it must adopt an urban renewal plan. Urban renewal agencies can do certain projects or activities under an adopted urban renewal plan. These activities include:
 1. Construction or improvement of streets, utilities and other public uses. The most common type of urban renewal project is infrastructure development, including streets and utilities. Urban renewal also commonly funds parks, plazas and pedestrian facilities.
 2. Rehabilitation or conservation of existing buildings. An urban renewal agency can assist in rehab projects of any type (residential, commercial, industrial) typically through loans and grants to private property owners.
 3. Acquisition and improvement of property. An urban renewal agency can acquire property, typically for re-sale for private or a combination of public/private development. The agency has the power of eminent domain (condemnation) for redevelopment purposes, which is not a clear power of cities or counties themselves. The agency must identify properties to be acquired in the urban renewal plan. Properties must be acquired at fair market value. Once acquired, urban renewal agencies can clear and improve the properties prior to resale or lease. Any persons or businesses displaced by agency acquisition are entitled to relocation assistance.
 4. Re-sale or lease of property. An urban renewal agency can sell or lease property it owns for redevelopment. Unlike cities and counties, the agency can legally sell for less than fair market value. Property can be sold for its “fair re-use value” which is the value for a specified use required in the urban renewal plan.

Urban renewal is unique in that it can be financed by urban renewal taxes or tax increment financing. Urban renewal taxes are the taxes generated by the *increase* in total assessed values in the urban renewal area from

the time the urban renewal area is first established. The assessed value of an urban renewal area at the time the plan is adopted is called the “frozen base”. Growth above the base is called the “increment.”

- **Oregon Statewide Transportation Improvement Program (STIP)** - The Statewide Transportation Improvement Program, known as the STIP, is Oregon’s four-year transportation capital improvement program. It is the document that identifies the funding for, and scheduling of, transportation projects and programs. It includes projects on the federal, state, city, and county transportation systems, multimodal projects (highway, passenger rail, freight, public transit, bicycle and pedestrian), and projects in the National Parks, National Forests, and Indian tribal lands. Federal regulations require that all federally funded transportation projects and all “regionally significant” transportation projects be identified in the STIP. Regionally significant refers to projects with air quality impacts, such as adding more lanes, building a bypass, or installing a new signal. Regionally significant also refers to projects that are of significant interest to the local community. Regionally significant local government projects in the STIP are identified and prioritized utilizing system management data and public involvement at the local government level. ODOT is included in the process as directed by federal law.
- **Oregon Immediate Opportunity Fund Program** - Provides grant funding needed for street or road improvements to influence the location, relocation or retention of a firm in Oregon, revitalize business or industrial centers, and prepare Oregon Certified Project Ready Industrial Sites. Three types of projects can be funded at the following maximum grants per project: Type A: Specific economic development projects that affirm job retention and job creation opportunities. Maximum grant: \$1,000,000; Type B: Revitalization of business or industrial centers to support economic development. Maximum grant: \$250,000; Type C: Preparation of Oregon Certified Project Ready Industrial Sites. Maximum grant: \$500,000.
- **Oregon Industrial Development Revenue Bond Program** – The Oregon Economic and Community Development Commission is authorized by statute to issue industrial development bonds for qualified projects throughout Oregon. Bonds can be issued on a tax-exempt basis if federal requirements are met, or on a taxable basis for projects that do not meet these requirements. Industrial development bonds are not direct obligations of the state of Oregon. The entity on whose behalf they are issued is legally obligated to repay them. Eligible activities include manufacturing, processing, warehousing, research and development, natural resource utilization and certain tourism-related facilities. Projects must be cost effective and must produce goods or services that are sold in markets for which national or international competition exists.
- **Oregon Transportation Infrastructure Bank (OTIB)** – A statewide revolving loan fund designed to promote innovative financing solutions for transportation needs. Eligible projects include: highway projects such as roads, signals, intersection improvements, and bridges; transit capital projects such as buses, equipment, and maintenance or passenger facilities; and bikeway or pedestrian access projects on highway right-of-way.
- **OECD Special Public Works Fund** – Primarily a loan program with some grant provisions. Eligible entities include cities, counties, county service districts, tribes, ports & districts, airport districts. Eligible projects/activities (projects must be public-owned): can be used to finance construction of airport facilities; buildings and associated equipment; port facilities, wharves and docks; telecommunications infrastructure; roadways, bridges, etc.; solid waste disposal sites; wastewater system improvements; renewable energy projects. Provides for activities such as: conduct of feasibility and other preliminary studies and engineering necessary as part of the development of a construction project; mitigation of environmental conditions on industrial lands; purchase of land, rights of way and easement necessary for public infrastructure.