



ROADMAP

1. Why use Urban Renewal?
2. Crash Course – UR 101
3. Why Urban Renewal for Happy Valley
4. Crash Course – UR 201
5. Project Examples

WHY USE URBAN RENEWAL?



Many opportunities for improvements and redevelopment in cities that need funding



City general funds typically lack the funds to contribute to these opportunities or has needs for funding for infrastructure



Urban Renewal provides a funding source

CRASH COURSE | UR 101

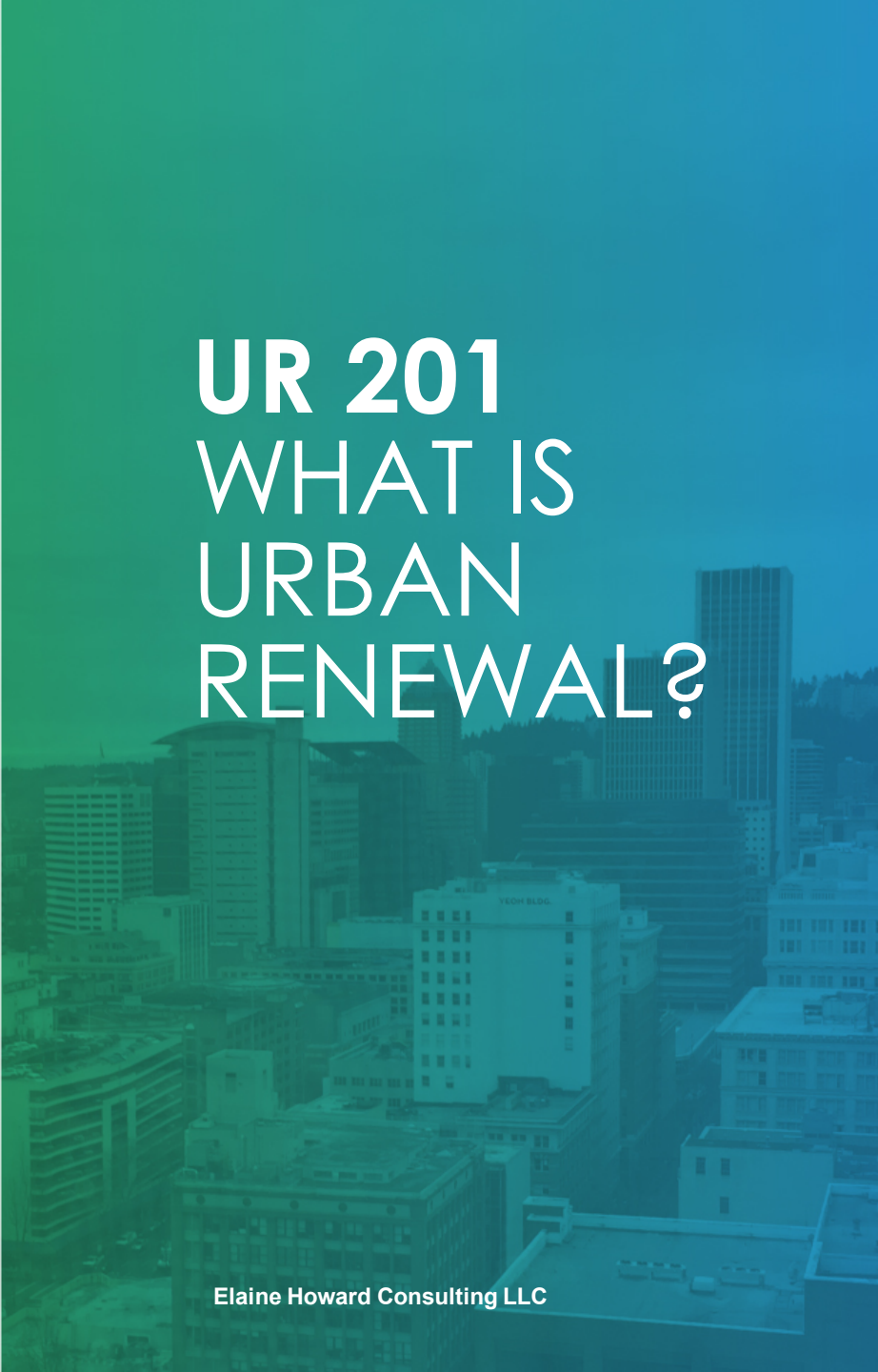


CRASH COURSE | UR 101



CRASH COURSE | UR 101

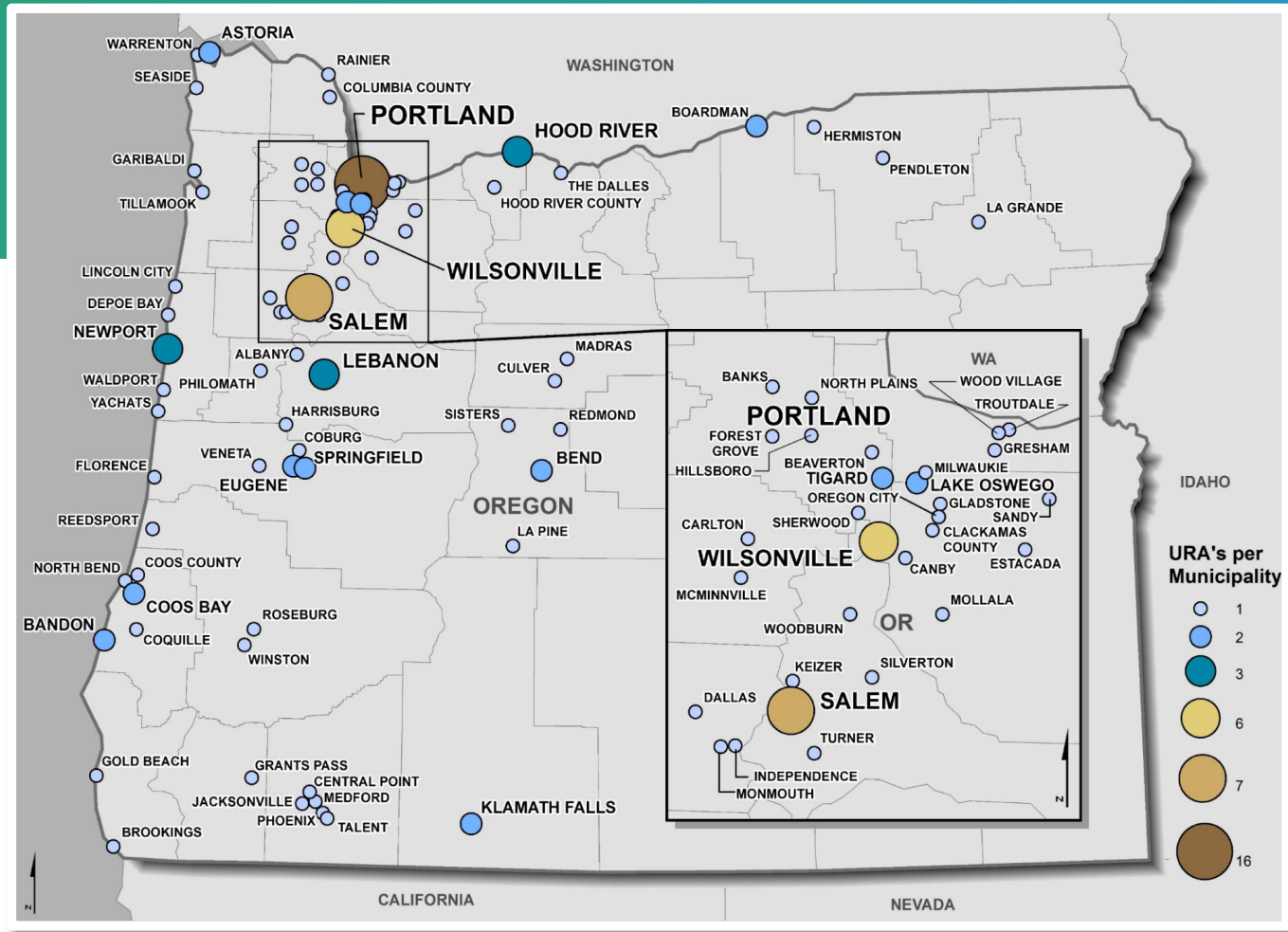




UR 201 WHAT IS URBAN RENEWAL?

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

CITIES WITH URBAN RENEWAL



WHAT IS BLIGHT?

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

HOW DOES AN URBAN RENEWAL AREA FUNCTION?

1. Income Source

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

2. Expenses

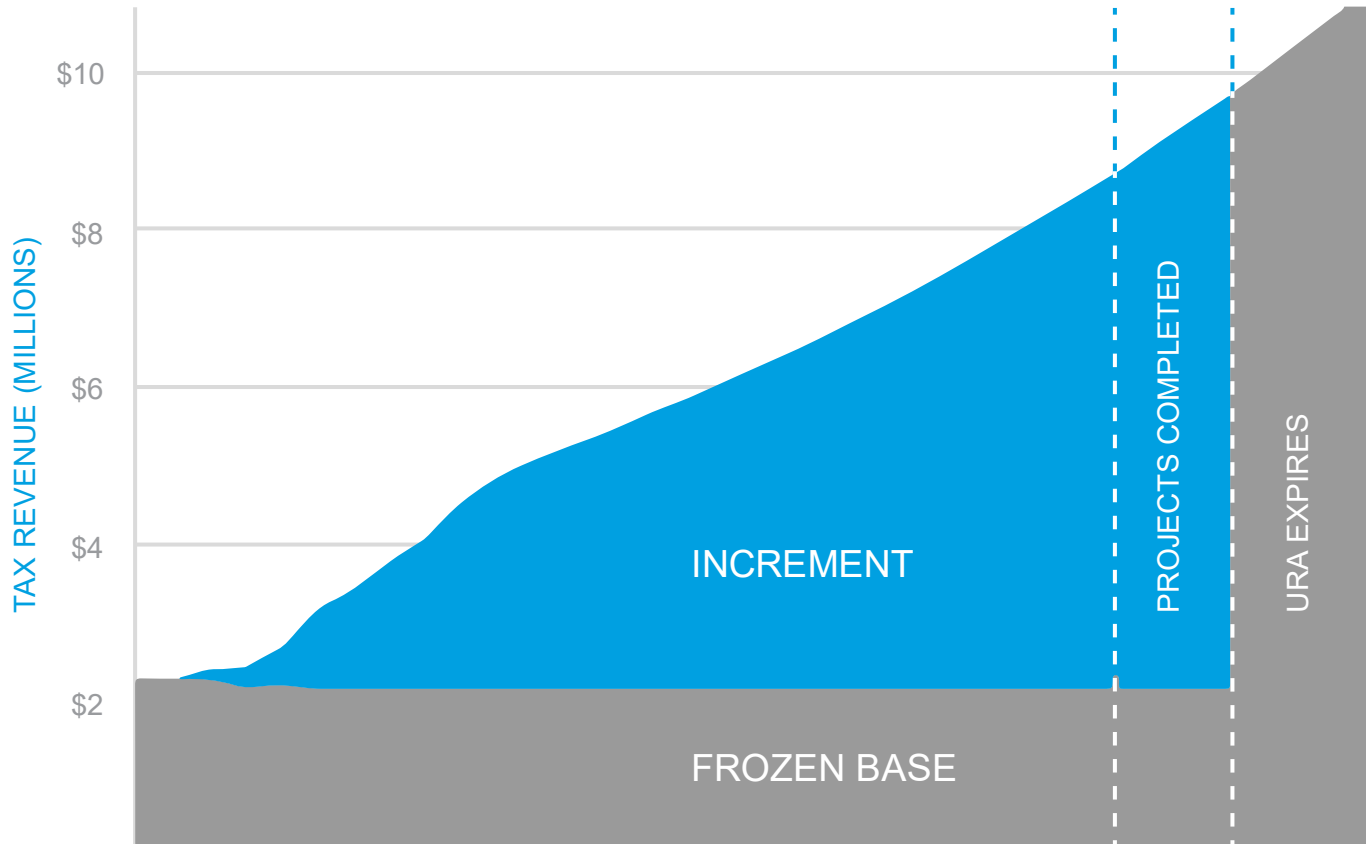
- ❖ Projects, programs, and administration

3. Spending Limit

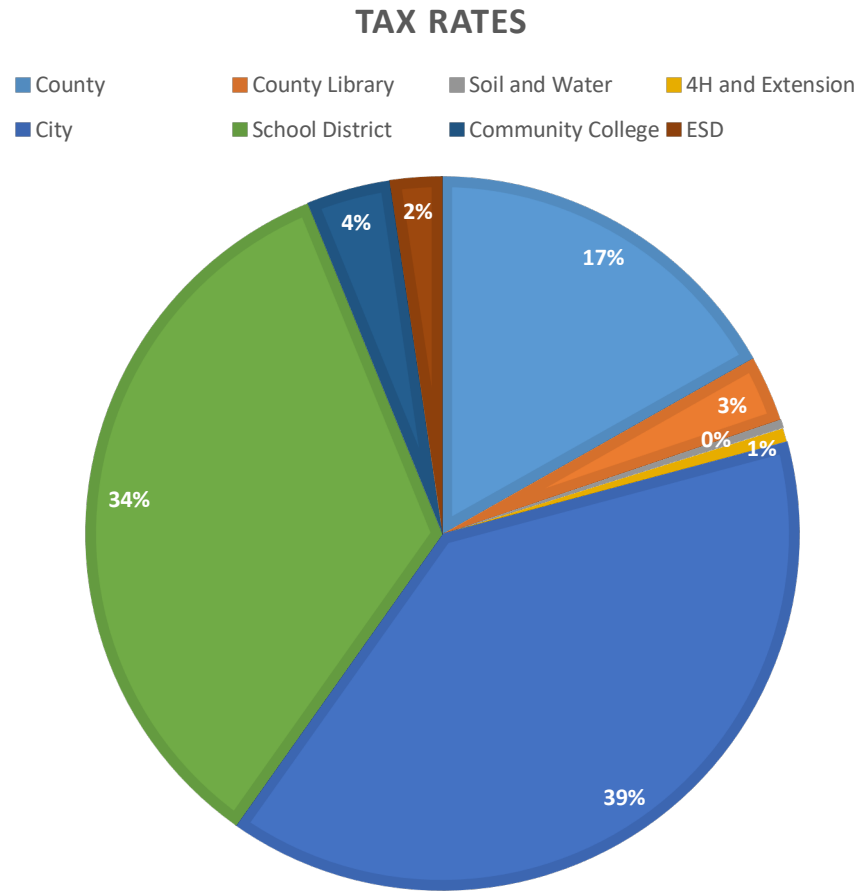
- ❖ Capped by Maximum Indebtedness (MI):
 - The total amount of money that can be spent over the life of the district on projects, programs, and administration.



HOW DOES URBAN RENEWAL FINANCING WORK?



LEVERAGING CITY TAX RATE



A HYPOTHETICAL PROPERTY TAX BILL

Taxing District	Rate	Property Value
Property Value		\$100,000
County	\$ 3.5000	\$350.00
County Library	\$ 0.3947	\$39.47
Soil and Water	\$ 0.0500	\$5.00
4H and Extension	\$ 0.0800	\$8.00
City	\$ 5.1067	\$510.67
School District	\$ 4.4614	\$446.14
Community College	\$ 0.5019	\$50.19
ESD	\$ 0.3049	\$30.49
Port	\$ 0.6004	\$60.04
Urban Renewal		
Total	\$ 15.0000	\$1,500.00

A HYPOTHETICAL PROPERTY TAX BILL

Taxing District	Rate	Property Value	Property Value without UR
Property Value		\$100,000	\$103,000.00
County	\$ 3.5000	\$350.00	\$360.50
County Library	\$ 0.3947	\$39.47	\$40.65
Soil and Water	\$ 0.0500	\$5.00	\$5.15
4H and Extension	\$ 0.0800	\$8.00	\$8.24
City	\$ 5.1067	\$510.67	\$525.99
School District	\$ 4.4614	\$446.14	\$459.52
Community College	\$ 0.5019	\$50.19	\$51.70
ESD	\$ 0.3049	\$30.49	\$31.40
Port	\$ 0.6004	\$60.04	\$61.84
Urban Renewal			
Total	\$ 15.0000	\$1,500.00	\$1,545.00

A HYPOTHETICAL PROPERTY TAX BILL

Taxing District	Rate	Property Value	Property Value without UR	Property Value With UR
Property Value		\$100,000	\$103,000.00	\$103,000.00
County	\$ 3.5000	\$350.00	\$360.50	\$350.00
County Library	\$ 0.3947	\$39.47	\$40.65	\$39.47
Soil and Water	\$ 0.0500	\$5.00	\$5.15	\$5.00
4H and Extension	\$ 0.0800	\$8.00	\$8.24	\$8.00
City	\$ 5.1067	\$510.67	\$525.99	\$510.67
School District	\$ 4.4614	\$446.14	\$459.52	\$446.14
Community College	\$ 0.5019	\$50.19	\$51.70	\$50.19
ESD	\$ 0.3049	\$30.49	\$31.40	\$30.49
Port	\$ 0.6004	\$60.04	\$61.84	\$60.04
Urban Renewal				\$45.00
Total	\$ 15.0000	\$1,500.00	\$1,545.00	\$1,545.00

PROPERTY TAXES AND URBAN RENEWAL

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

URBAN RENEWAL UTOPIA

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

1. Calculation

2. Distribution

3. Collection

HYPOTHETICAL CITY

Houses in City 40

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



FORMATION OF URA

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

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



“CALCULATION”

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

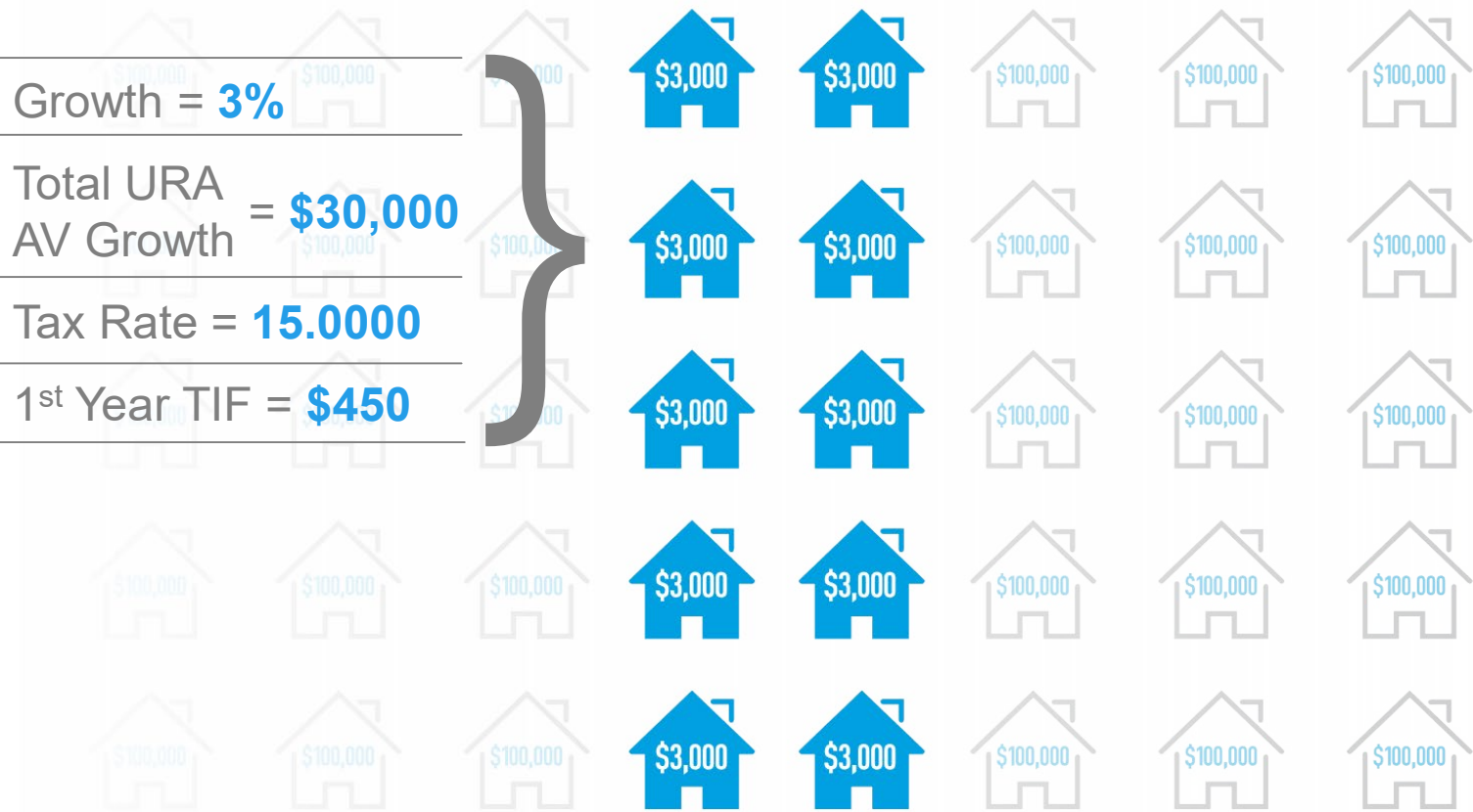
25% First Year **\$1,000,000**
Houses in URA **10**

Growth = **3%**

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

Tax Rate = **15.0000**

1st Year TIF = **\$450**



“DISTRIBUTION”

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

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



“DISTRIBUTION”

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

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



“DISTRIBUTION” + “COLLECTION”

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

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



WHERE DOES THE MONEY GO?

- Each home in the city has \$45 in new property tax revenue
- Each home, in or out of URA, pays \$12.25 to Urban Renewal Agency of the new property tax revenue that would have otherwise gone to regular property tax jurisdictions
- Regular property taxing jurisdictions receive \$32.75 in new revenue plus \$1,466 from the frozen base from each home

\$1500

Frozen Base Revenue to
Regular Property Taxing Districts

\$32.75

New Revenue to Regular
Property Taxing Districts

\$12.25

New Revenue
to URA





UR 201 PROPERTY TAX SUMMARY

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

IMPACTS TO TAXING DISTRICTS

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

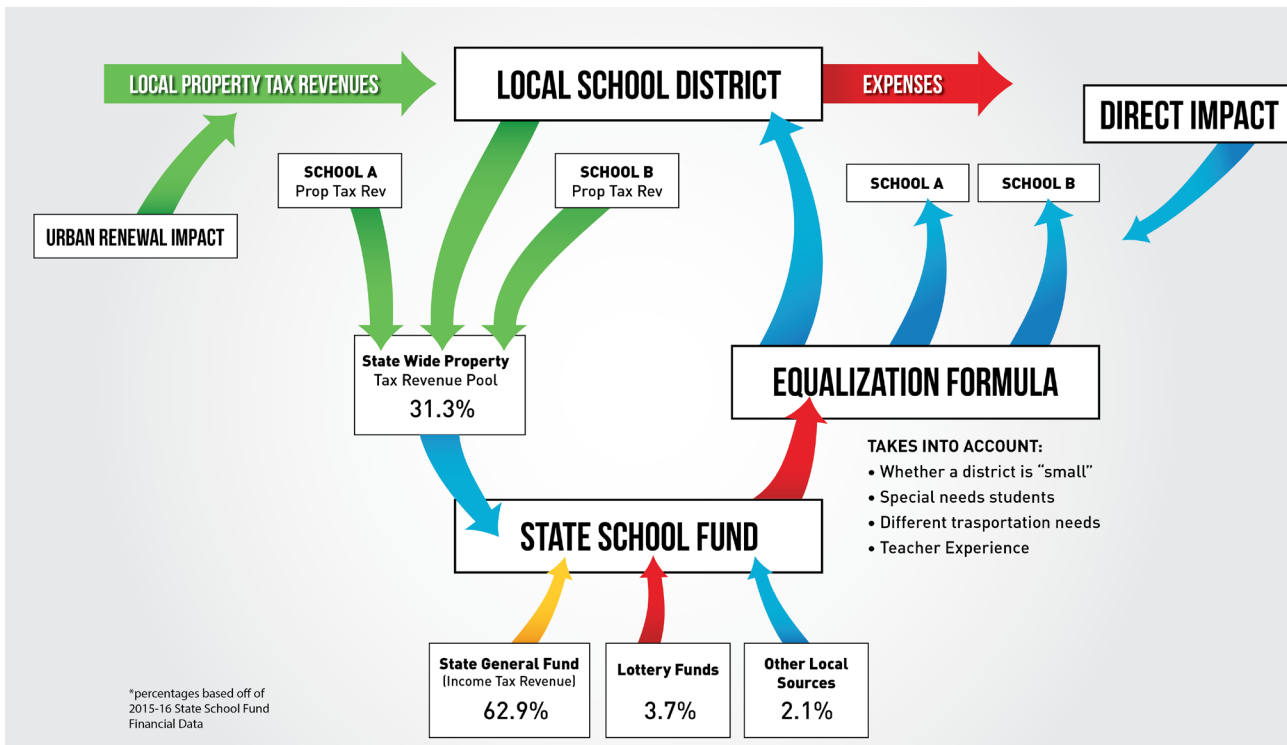


URBAN RENEWAL AND LOCAL SCHOOL DISTRICTS

An Indirect Impact

URBAN RENEWAL IMPACT

Local Schools





STATE LIMITATIONS ON URBAN RENEWAL

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

HOW IS A PLAN ADOPTED?

