



CITY OF ASTORIA

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COMMUNITY DEVELOPMENT

October 3, 2016

TO: ASTORIA DEVELOPMENT COMMISSION

FROM: BRETT ESTES, CITY MANAGER

SUBJECT: FIRST AMENDMENT TO THE ASTOR-WEST URBAN RENEWAL PLAN –
EXPAND BOUNDARY AND ADD PROJECTS

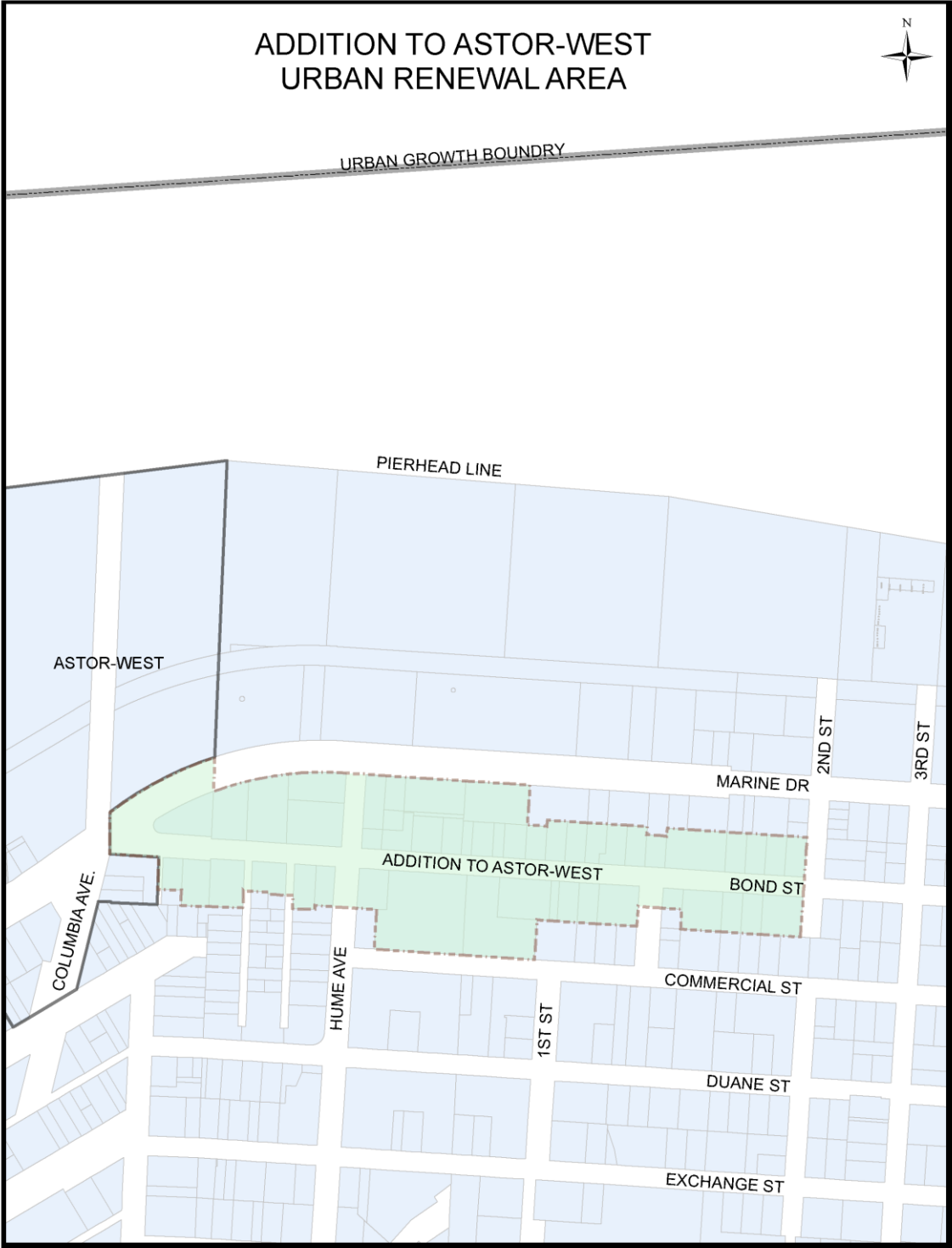
BACKGROUND

The City of Astoria adopted an urban renewal plan (the “Plan”) in December 2002, (Ordinance #02-18). The Plan contains projects which were and are intended to assist in stimulating growth in the Urban Renewal Area (the “Area”).

As a result of a landslide in 2007, Bond Street has been closed to two way traffic. Only one westbound lane of traffic is allowed limiting east west traffic to Marine Drive. In addition, water and sewer lines have been rerouted above the street. The Public Works Department commissioned a geotechnical analysis completed in August 2015 to study the feasibility of adding a retaining wall. The results of the study concluded that is indeed feasible. Based on the results, the Public Works Department prepared an “order of magnitude” cost estimate of \$395,000 to construct a retaining wall, repair Bond Street for two way traffic, and include low cost traffic calming measures to mitigate potential speeding along a narrow street in a dense neighborhood of residential buildings. In addition to the street aspect, there are underinvested residential properties that potentially need assistance (i.e., grants/loans/technical assistance) to renovate and preserve as affordable housing, which is another FY 15-16 Council Goal. Staff has met with the Community Action Team about a targeted pilot program that would offer some form of assistance to qualified property owners to renovate multi-family buildings while still meeting Development Code design requirements.

The Area does not currently include the land necessary to construct the Bond Street improvements nor adjacent properties that could be improved for affordable housing. The proposed amendment to the Plan would expand the Area to include this right of way and tax lots shown in Figure 1 and permit the use of tax increment financing for the Bond Street reconstruction project as well as for affordable housing development, and a Storefront Improvement Program. The proposed amendment is attached as Exhibit A. The Report on the Amendment is shown in Exhibit B.

Figure 1 – Proposed Amendment Area



PROCESS

The Plan stipulates that an amendment which increases the size of the Urban Renewal Area by more than one percent of the existing area is a substantial amendment, which, under State law, must be adopted in the same manner as the original Plan. This includes:

- Review and forwarding on to formal review by the Astoria Development Commission. (on October 3, prior to City Council meeting on November 7.)
- Review and recommendation by the Planning Commission. (Planning Commission review is scheduled for October 25 with a recommendation of approval.)
- Open House scheduled for October 25, prior to the Planning Commission meeting.
- Notice to all citizens of Astoria of a hearing before the City Council. (Notice was provided by mailing to utility customers in the City of Astoria in August 2016.)
- Forwarding a copy of the proposed Amendment and the report on the Amendment (the "Report") to the governing body of each taxing district. Staff provided an advanced courtesy notice on September 21. (The formal taxing districts letters will be sent out on October 4.)
- Clatsop County briefing on October 26.
- Hearing by City Council and adoption of the proposed Amendment by a non-emergency ordinance. The Hearing by City Council is scheduled for November 7 with a second reading scheduled for November 21. The ordinance must be a non-emergency ordinance, which means that the ordinance does not take effect until 30 days after its approval and during that period of time may be referred to Astoria voters if a sufficient number of signatures are obtained on a referral petition.

IMPACTS TO TAXING DISTRICTS

There is **no proposed increase to the maximum indebtedness** in the Area. Because of this, there are no overall added impacts to taxing districts other than the small positive impact in the final year of tax collections that shows additional funds to be returned to the taxing districts.

The impacts on an annual basis are due to the property being added into the Area. The new property will be added in to the Area at the value established in October 2016 by the county assessor. The taxing districts will continue receiving taxes off of that assessed value. The urban renewal agency will receive taxes off any future increase in value of these properties. Absent urban renewal assistance that increased value will be a nominal amount. With potential urban renewal assistance, there may be re/development that could increase the values in the Area. The taxing districts would not have received this increase in taxes but for the assistance provided with urban renewal.

The assessed value of the added properties will be added to the urban renewal area in FYE 2018. The urban renewal area is projected to meet its maximum indebtedness in FYE 2021. The impact of the foregone taxes to the taxing districts off the growth in assessed value is shown in the attached Report on Table 14.

The amendment has a **very small negative impact** to taxing district permanent rate collections for a few years, and then a small positive impact in the last year (as the accelerated tax increment revenues, result in the urban renewal area needing to collect less tax increment revenues in the final year to reach the maximum indebtedness and close

down). The net result is positive, but negligible (a few hundred dollars total) as reported in nominal dollars.

The Astoria School District #1 and the Northwest Regional Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the charts. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes that are foregone because of the use of Tax Increment Financing are replaced (as determined by a funding formula at the State level) with State School Fund revenues.

IV. RECOMMENDATION

It is recommended that the Astoria Development Commission forward the proposed Plan Amendment to the Planning Commission for their review of conformance to the Astoria Comprehensive Plan and to City Council for hearing and first reading.

By:

Kevin A. Cronin, Community Development Director

Attachments:

Exhibit A: Astor-West Plan First Amendment

Exhibit B: Astor-west Report on Plan First Amendment