

Urban Renewal 101 – 2016 Frequently Asked Questions (FAQ)

What is Urban Renewal?

Urban renewal is a financing program authorized under state law and implemented locally that allows for the concentrated use of property tax revenues to facilitate economic growth in certain designated areas of a city or county. These areas are called “blighted” by state statute (ORS 457) and typically contain sections of a city which are underdeveloped and not contributing fully to the local economy. They can have buildings which are in need of renovation, property which should be developed or redeveloped, and utilities and street systems in poor repair or needing upgrades.

The theory of urban renewal is that if these properties and the surrounding infrastructure are upgraded, they will contribute more substantially to the local economy and to the property taxes which support all of the taxing jurisdictions. In Astoria there are two urban renewal areas, Astor West Urban Renewal Area (Astor-West URA) in Uniontown and Astor East Urban Renewal Area in downtown.

Who manages the Urban Renewal Program?

The Astoria Development Commission (ADC) oversees the urban renewal program. The ADC is made up of members of the Astoria City Council. The Community Development Department administers the urban renewal program on behalf of the City Manager and ADC.

What changes is the Astoria Development Commission planning for in Astor West?

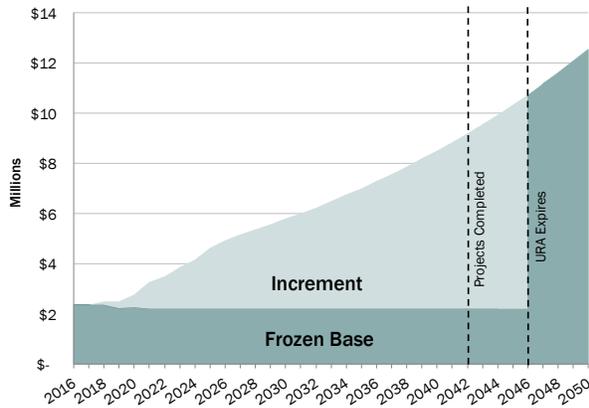
The ADC is reconsidering the future of the Astor West URA and how it can be a more effective tool for community revitalization, economic development, and redevelopment. This would include adding property to the current boundary and specific projects that could be completed in the Astor West URA. The boundary area is east of Columbia Blvd on Bond Street to 2nd St. The projects include transportation improvements on Bond Street and the ability to work with property owners to improve residential properties in the area, focusing on renovating and preserving affordable housing. These actions constitute a substantial amendment to the urban renewal plan (2002).

What is the adoption process for an Urban Renewal Plan Amendment?

Once an amendment is prepared, it must be circulated to the impacted taxing jurisdictions for their review and comment. The amendment must be presented to the Astoria Development Commission, Planning Commission, Clatsop County Commission, and to the City Council. Any action by the City Council must be by non-emergency ordinance, after a public hearing is held. Notice of the public hearing must be sent to each individual household in the city.

How are Urban Renewal Plans financed?

Urban renewal is one of the few remaining tools for encouraging local economic development. It is unique in that it has its own funding source, tax increment financing. At the time an urban renewal plan is adopted, the county assessor calculates the total assessed value of the area and establishes this value as the “frozen base” for the area. Taxes off the frozen base continue going to all of the taxing jurisdictions. Growth above the base is called the “increment”. Taxes from the increment, called tax increment revenue, go to the urban renewal agency for projects within the urban renewal area. This concept is shown in the chart below.



How does “Tax Increment Financing” affect overlapping taxing districts?

Taxing jurisdictions gain revenues through the collection of property taxes. Property tax increases come through new development and the statutory limit of 3% increase in assessed values on existing real property. During the use of tax increment financing, the permanent rate property taxes on the **growth** in assessed value in the urban renewal area are allocated to the Urban Renewal Agency and not the taxing districts. The taxing jurisdictions are still able to collect the property tax revenues from the assessed value of the frozen base, but increases in revenues are allocated to the Urban Renewal Agency for use within the urban renewal area. In many urban renewal areas, that growth from new investment would not have occurred but for the use of urban renewal which has stimulated the growth.

The Astoria School District 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 following tables. 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 foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the State level.

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

How does “Tax Increment Financing” affect property taxpayers?

Taxpayers within the city will see a line item on their property tax statements for urban renewal. This can be quite confusing because even if you are not physically located in the area, you will see an

indication of the impact of urban renewal on your property tax bill. Your overall tax bill **does not increase**, but the allocation of revenues received from your payment is changed as a portion of that payment now goes to urban renewal. This is called “division of taxes” and is the administrative way that assessors must show the calculation of the tax increment revenue.

What is the timeline for adoption of the Astor West Urban Renewal Plan Amendment?

The scheduled dates for reviewing the urban renewal plan amendment are:

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| Open House | July 28, 2016 |
| Astoria Development Commission meeting | August 1, 2016 |
| Mailed Notice to Property Owners | Week of August 15 |
| Clatsop County Commission briefing | October 2016 |
| Planning Commission hearing | October 25, 2016 |
| City Council hearing | November 7, 2016 |
| City Council vote | November 21, 2016 |