



**CITY COUNCIL MEETING
STAFF REPORT**

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| Meeting Date: June 19, 2023 | | Subject: Town Center Urban Renewal Feasibility Study | |
| | | Staff Member: Matt Lorenzen, Economic Development Manager | |
| | | Department: Community Development | |
| Action Required | | Advisory Board/Commission Recommendation | |
| <input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input checked="" type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda | | <input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable | |
| | | Comments: N/A | |
| Staff Recommendation: Not applicable | | | |
| Recommended Language for Motion: Not applicable | | | |
| Project / Issue Relates To: | | | |
| <input checked="" type="checkbox"/> Council Goals/Priorities: 8. Prioritize and implement recommendations of the Urban Renewal Strategic Plan | | <input checked="" type="checkbox"/> Adopted Master Plan(s): <ul style="list-style-type: none"> • Town Center Plan (2019) • Town Center Infrastructure Funding Plan (2022) • Urban Renewal Strategic Plan (2022) | |
| | | <input type="checkbox"/> Not Applicable | |

ISSUE BEFORE COUNCIL:

Town Center Urban Renewal feasibility study information for City Council.

EXECUTIVE SUMMARY:

Urban Renewal (also known as Tax Increment Finance or “TIF”) is a public finance tool used by cities and counties to cure “blight” by supporting new development and redevelopment through the reinvestment of tax increment within a defined geographic area. When a new urban renewal area is established, a boundary is defined and the tax revenue derived from the assessed value of properties within that boundary is frozen in time. Taxing districts receive the same annual tax revenue from the properties within the boundary for the duration of the urban renewal plan that governs the urban renewal area—often 20-30+ years. As assessed value typically increases year to year, and as new development and redevelopment create new assessed value within the urban renewal area, those tax dollars (tax increment) are divided from the frozen base and set aside for Urban Renewal. The tax increment funds are used to pay for public projects and other programs that support new development and the overall revitalization of the urban renewal area.

Urban Renewal Feasibility Study:

Several adopted plans of the City have recommended the study of urban renewal feasibility as a funding mechanism to support the construction of public infrastructure and several economic development strategies found in the Town Center Plan (2019), including most recently the Urban Renewal Strategic Plan (2022) and the Town Center Infrastructure Finance Plan (2019).

Staff has procured the services of qualified consultants, Elaine Howard Consulting and Tiberius Solutions, to complete technical work and analysis as part of the study. The feasibility study process includes several important steps, which indicate whether or not urban renewal is a viable tool to be used in the target area. The study will explore and document several critical components which would be required as part of the adoption of a formal urban renewal plan, which would be done by ordinance if the program is deemed feasible:

1. Define boundary. The boundary must be right-sized, in order to generate sufficient tax increment over the life of the plan, while minimizing burden on affected overlapping taxing districts, including the City itself. There should be a nexus between the properties included within the boundary and the overarching purpose of the urban renewal plan. The boundary being studied at this point is included as Attachment 1.
2. Assess and document blight. Blight is defined statutorily, but common indicators of blight include vacant or underutilized buildings, declining values, and/or insufficient infrastructure to support redevelopment or new development.
3. Preliminary identification of projects and programs. The study will identify projects that may be completed. Projects being considered at this time include the infrastructure projects found in the Town Center Plan and the subsequent Town Center Infrastructure Funding Plan, and potentially economic development programs such as storefront improvement or tenant improvement grants or loans to support businesses that may experience displacement pressures. Funding may also be allocated to the strategic acquisition and disposition of high opportunity properties within the area.

4. Financial analysis. A potential urban renewal area is said to be feasible if/when there is parity between the cost of the intended projects to be completed and the forecasted tax increment over the life of the plan. Tax increment is forecasted by conservatively modeling the type, timing, and location of potential new development and redevelopment and what impact such development may have on assessed value growth within the area.
5. Political feasibility. Draft language will be developed as a component of this study, which may be used on the November 2023 ballot. Any such language will be presented for approval at the City Council meeting on August 7, 2023.

EXPECTED RESULTS:

The Feasibility Study will provide Council, staff, and residents with the information needed in order to make an informed decision regarding the creation and scope of a new urban renewal area in Town Center.

TIMELINE:

- May 30: Urban Renewal Task Force (URTF) - Meeting 1 (complete)
- June 14: URTF Meeting 2 – Review Preliminary Analysis (complete)
- June 19: Brief City Council
- Early July: URTF Meeting 3 – Analysis Update and Refinement
- July 17: Council Update
- Late July: URTF Meeting 4 – Review and make final recommendations
- August 7: Council presentation and potential referral for Advisory Vote
- November: Advisory Vote on Ballot (if so directed by Council)
- December-Early 2024: Prepare and adopt Urban Renewal Plan and accompanying Report (if so directed by Council)

CURRENT YEAR BUDGET IMPACTS:

The total cost of this study is \$51,348. The cost has been budgeted for and split between fiscal year (FY) 2022-23 and FY 2023-24. Similarly, costs will be divided between the Community Development Administration budget for technical services, and the Capital Improvement Project (CIP) for Town Center Plan implementation.

COMMUNITY INVOLVEMENT PROCESS:

This feasibility study is guided by the Urban Renewal Task Force (URTF), an ad hoc task force of the City, convened on an as-needed basis to act as the technical advisory committee for all matters pertinent to the use of urban renewal in the City.

The URTF is chaired by Council President Kristin Akervall and is comprised of roughly 15 members that represent several interest groups including residents, affected taxing districts, planning commission, real estate development experts, land/property owners, and business owners within Town Center.

The URTF plays a critical role in defining the boundary to be studied, identifying projects and programs to be funded by urban renewal, and ensuring the study is aligned with the values and priorities of the community and affected stakeholders.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The Town Center Plan is broadly supported in the community and by Council. Many anxiously await the realization of the Plan’s vision, goals, and projects. In order for this to occur, a flexible, substantive, and targeted funding source is needed. The Town Center Infrastructure Funding Plan has identified several funding sources, but ultimately finds that tax increment finance is needed in order to fill forecasted funding gaps. If an urban renewal plan is feasible and adopted in Town Center, the community benefits are many—a walkable, vibrant cultural and commercial district, hundreds of new residences, greater connectivity and safety for cyclists and pedestrians at Wilsonville Road and across I-5 (proposed bike/ped bridge), and a stronger, more efficient tax base that increases tax revenues per acre by making new use of underutilized land already within the City.

ALTERNATIVES:

When the Feasibility Study is complete, the Council may choose to adopt or reject the findings. Furthermore, the Council may choose to direct staff at the conclusion of the study to refer the creation of a new urban renewal area in Town Center to the electorate for an *advisory* vote on the November 2023 ballot. An advisory vote has been the tradition (but not required by City charter) in Wilsonville when the City has considered the use of urban renewal in other areas of the City previously.

CITY MANAGER COMMENT:

N/A

ATTACHMENT:

1. Initial boundary alignment for preliminary analysis