



**CITY COUNCIL MEETING
STAFF REPORT**

Meeting Date: December 4, 2023		Subject: Town Center Urban Renewal Feasibility Study (Update)	
		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 type="checkbox"/> Information Only <input checked="" 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: N/A			
Recommended Language for Motion: N/A			
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:

Does the Council support the proposed slate of projects, presented herein, for inclusion in a prospective urban renewal plan to support implementation of the Town Center Plan?

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

Background

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 Funding Plan (2022).

Staff has procured the services of qualified consultants, Elaine Howard Consulting and Tiberius Solutions, to complete technical work and analysis as part of the feasibility study.

Staff and consultants have briefed the Council several times throughout the summer and fall with project updates. The Urban Renewal Task Force (URTF) is acting as the technical advisory committee for this project. Staff and consultants have held 5 meetings with the URTF and they have completed their role for this project. Staff will brief the Council once more after this evening’s meeting. Tonight’s briefing will cover proposed projects to be funded in part by tax increment generated through a prospective urban renewal plan, as recommended by the URTF. At the final briefing, on December 18, 2023, staff will present draft ballot language, ask Council to formally adopt the findings of the urban renewal feasibility study, and refer the question of urban renewal in Town Center for an advisory vote by residents in May 2024, by resolution. Finally, staff will present the framework plan for community outreach and communications to be executed in the coming months leading up to the May 2024 vote.

Proposed Slate of Projects

At a previous briefing, staff and consultants demonstrated, through thorough land-use analysis, reasonable development projections, and the application of sound revenue forecasting methodology, a prospective urban renewal area in Town Center, would support roughly \$101.1 million in projects (stated in 2023 dollars).

Attachment 1 sets forth the working names, estimated costs, and cost-sharing allocations for a proposed slate of projects to be funded in part by tax increment revenues, which total \$101.1 million. **Attachment 2** illustrates the locations of the proposed projects, where relevant. **Attachment 3** identifies the projects by name and provides a brief description for each.

The projects presented herein have been vetted and discussed by the URTF. On the whole, the URTF is supportive of this slate of projects. Tualatin Valley Fire & Rescue (TVF&R) did express some concern about the bike/ped bridge project but ultimately did not object outright to its inclusion. Their perspective, as expressed during URTF meetings, was that the project was not critical in order to spur private development in the plan area. Other URTF members expressed the contrary, including two (2) members of the URTF from the private development community.

The projects included in Attachment 1 are those identified in the adopted 2019 Town Center Plan, and vetted by the URTF to ensure they, collectively, demonstrate:

- The private development envisioned for the area will not occur (or will not occur as quickly and with as much value) without public intervention from the City.
- The projects on the proposed list are all necessary to stimulate *or support* private development feasibility in the area.
- The City is planning to commit significant other resources to fund these projects, without relying exclusively on tax increment/urban renewal.
- The duration of the proposed URA is limited and appropriate.

While no universal concerns were identified by the URTF, to either the collective slate or projects or the projects individually, TVF&R did make the following recommendations for consideration in the future review of the urban renewal area:

- A time certain end date of the urban renewal area
- Performance metrics and expectations
- Encourages the city to pursue grants or other funding opportunities in order to minimize the public sector financial burden of the proposed projects

Understanding and Interpreting Attachment 1

What Attachment 1 is:

- *A good faith demonstration* that between three (3) main funding sources— 1) City system development charges funds 2) private development exactions and dedications, and 3) urban renewal/tax increment—the projects identified in the Town Center Plan can be completed, provided all forecasting assumptions become future reality.

Because it is a near certainty that all forecasting assumptions will not become reality, Attachment 1 is NOT a hard and fast commitment to:

- precise project costs
- exact cost-sharing allocations; other funding sources may be pursued and utilized (e.g. grants)
- the completion of the entire slate of projects throughout the duration of any Town Center urban renewal plan

Attachment 1 also does not speak to project prioritization. Because many of the proposed projects would be completed in conjunction with private development, the timing of which the City does not decide, any attempt to prioritize or order the completion of the projects would be unhelpful. The list of projects should be thought of as a “menu” of sorts. When funding allows and opportunity dictates, projects will be completed with input from the City Council and URTF, as needed or appropriate to the given situation.

Next Steps

If, at the December 18 work session, the Council adopts the findings of the feasibility study, and directs staff to take the necessary steps to include the question of Town Center urban renewal as an advisory vote on the May 2024 ballot, the following steps will need to be completed:

1. City Council to adopt a ballot title for the formation of an urban renewal area for the Wilsonville Town Center. This will likely occur at the January 18, 2024 City Council meeting.
2. Determine whether to hire a consultant to assist in the urban renewal plan preparation and adoption process.
3. Prepare an Urban Renewal Plan (Plan) pursuant to ORS 457.085 including goals and objectives and projects to pursue.
4. Complete the Report that Accompanies the Plan (Report). The Report must comply with ORS 457.087, both identifying existing conditions and establishing financial feasibility. There is generally a large amount of city staff input in this document, as existing conditions must be identified and projects must be defined.
5. Consider the voters’ input on a ballot measure.
6. If the vote is positive and City Council so directs, present the draft Plan and Report to the Urban Renewal Task Force for their input and review.
7. Present the draft Plan and Report to the Agency.
8. Complete a legal description of the urban renewal area that is typically done outside of the urban renewal plan consultant’s contract. This legal description must be complete by the final action in front of City Council.
9. Agency, if desired, to pass a motion to start the public review process.
10. Transmit the Plan and Report to all impacted taxing districts.
11. Present the Plan and Report to the Wilsonville Planning Commission for their finding of conformance of the Wilsonville Urban Renewal Plan with the Wilsonville Comprehensive Plan.
12. Present the Plan and Report to the Clackamas County Commission. No action on their behalf is required.
13. Conduct a public hearing in front of Wilsonville City Council, advertised to a specific group as identified in 457.120. Review a non-emergency ordinance.
14. Publish notice if the ordinance for the Plan is adopted.

Steps 6-14, delineated above, would take place during the months of June, July, and August of 2024, if Council so directs.

EXPECTED RESULTS:

The Feasibility Study provides 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.

If a new urban renewal plan is adopted for Town Center before October 2024, the Urban Renewal Agency (URA) will collect its first deposit of tax increment in 2026, based on a January 2024 tax roll.

CURRENT YEAR BUDGET IMPACTS:

The total cost of this study is \$51,348. The cost has been budgeted for and split between Fiscal Year 2023 and Fiscal Year 2024. Similarly, costs will be divided between the CD Admin 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, 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, especially taxing districts.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

If the Council and Urban Renewal Agency adopt an urban renewal plan 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.

Our working forecasts demonstrate the assessed value within Town Center can be increased from roughly \$200 million to nearly \$2 BILLION over the course of the life of a Town Center urban renewal plan: 25-30 years.

ALTERNATIVES:

On December 18, 2023, the Council may choose to adopt or reject the findings of the Town Center Urban Renewal Feasibility Study. 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 May 21, 2024 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

ATTACHMENTS:

1. Town Center URA – DRAFT Project List
2. Map of Project Locations
3. Project Descriptions