



## **CORE AREA TIF PLAN & REPORT COUNCIL – AUGUST 5, 2020**

Matt Stuart – Urban Renewal Manager  
Elaine Howard – Elaine Howard Consulting, LLC



- Staff received >40 phone calls
  - Returned each call and either spoke to or left voicemail
- 6 hardcopies of the TIF Plan & Report were requested and mailed
- 182 written comments
  - 108 in support
  - 66 against
    - Increase in property taxes
    - Impact on taxing districts & redistribution of funds
    - Outreach regarding project
    - Poor historical performance w/TIF



- Core Area Project Public Outreach
- TIF in Bend
- TIF Background
- Boundary Map
- TIF Plan & Report
- Impact to Taxing Districts
- URAB Recommendation
- BURR Resolution
- Taxing District Recommendations
- Staff Recommendation

# PUBLIC OUTREACH

# CORE AREA PROJECT – PUBLIC OUTREACH



## COMMUNITY ENGAGEMENT BY THE NUMBERS

3,000+ community members engaged, including:

**8** Urban Renewal Advisory Board Meetings

**4** Taxing District Board Meetings

**7** Neighborhood Association Meetings

**4** Community Group Meetings

**6** Pop Up Outreach Events

**2** In-Person & Online Open Houses

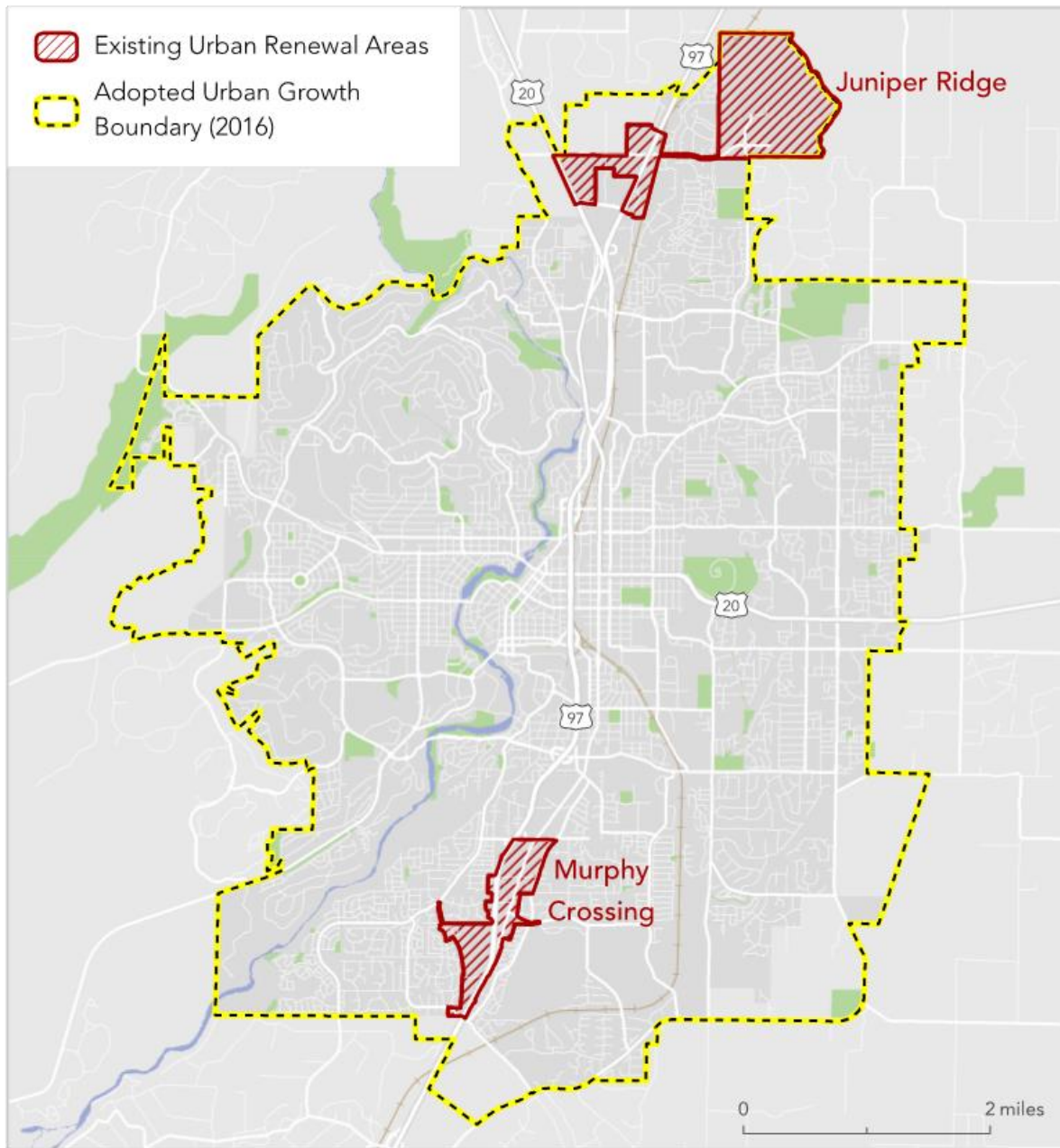
**5** Citizen Advisory Committee Meetings

**1** Guest Speaker Event

**1,500** Direct Mailers

# TIF IN BEND

- Existing Urban Renewal Areas
- Adopted Urban Growth Boundary (2016)

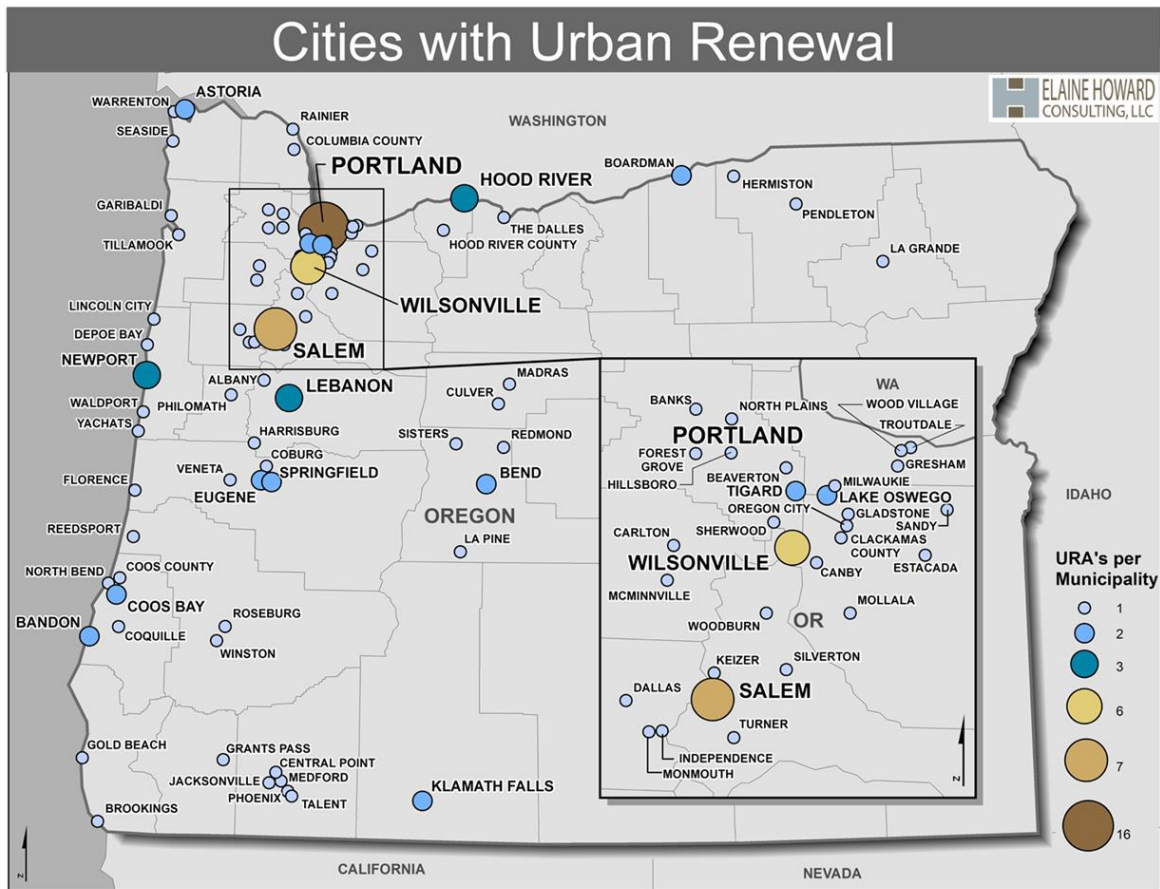


## TIF IN BEND



- Juniper Ridge
  - Adopted by BURA in 2005 (Amended 2019)
  - 721 acres
  - Maximum Indebtedness: \$41M
  - Existing debt: ~\$5M
  - Annual Revenue (2019): \$1.3M
  - End date: 2035
- Murphy Crossing
  - Adopted by BURA in 2008
  - 275 acres
  - Maximum Indebtedness: \$52.6M
  - Existing debt: ~\$2.6M
  - Annual revenue (2019): ~\$600,000
  - Plan end date: 2034

# TIF BACKGROUND



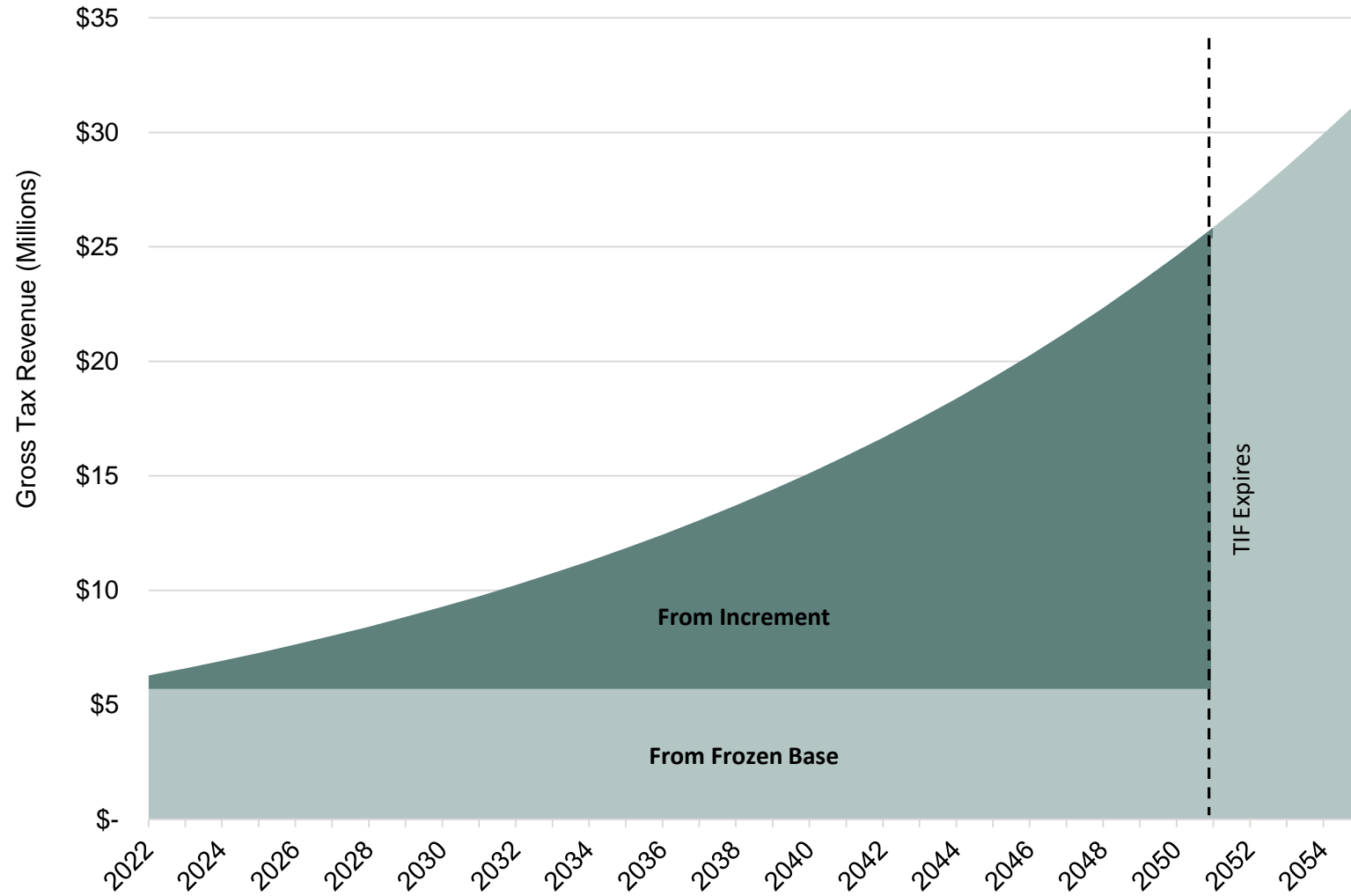
Source: Elaine Howard Consulting, LLC

- Tax Increment Financing (TIF)
  - Authorized through Housing Act of 1949
  - Enacted in 49 out of 50 States
- Oregon:
  - Authorized through State Statutes (ORS 457)
  - 53 Municipalities w/TIF
  - 85 Total TIF Areas



- Purpose:
  - Provide financing mechanisms to implement plans
    - *By utilizing increases in Property Taxes to fund projects*
  - Address 'blighting' influences in designated areas
    - *Defined by ORS 457 as:*
      - *Underdevelopment or underutilization of property*
      - *Poor conditions of buildings*
      - *Inadequacy of infrastructure (streets, utilities, etc.)*
  - Increase tax base

## TIF OVER TIME



- First Year TIF revenues: ~\$550,000
- Last Year TIF revenues: ~\$19,400,000



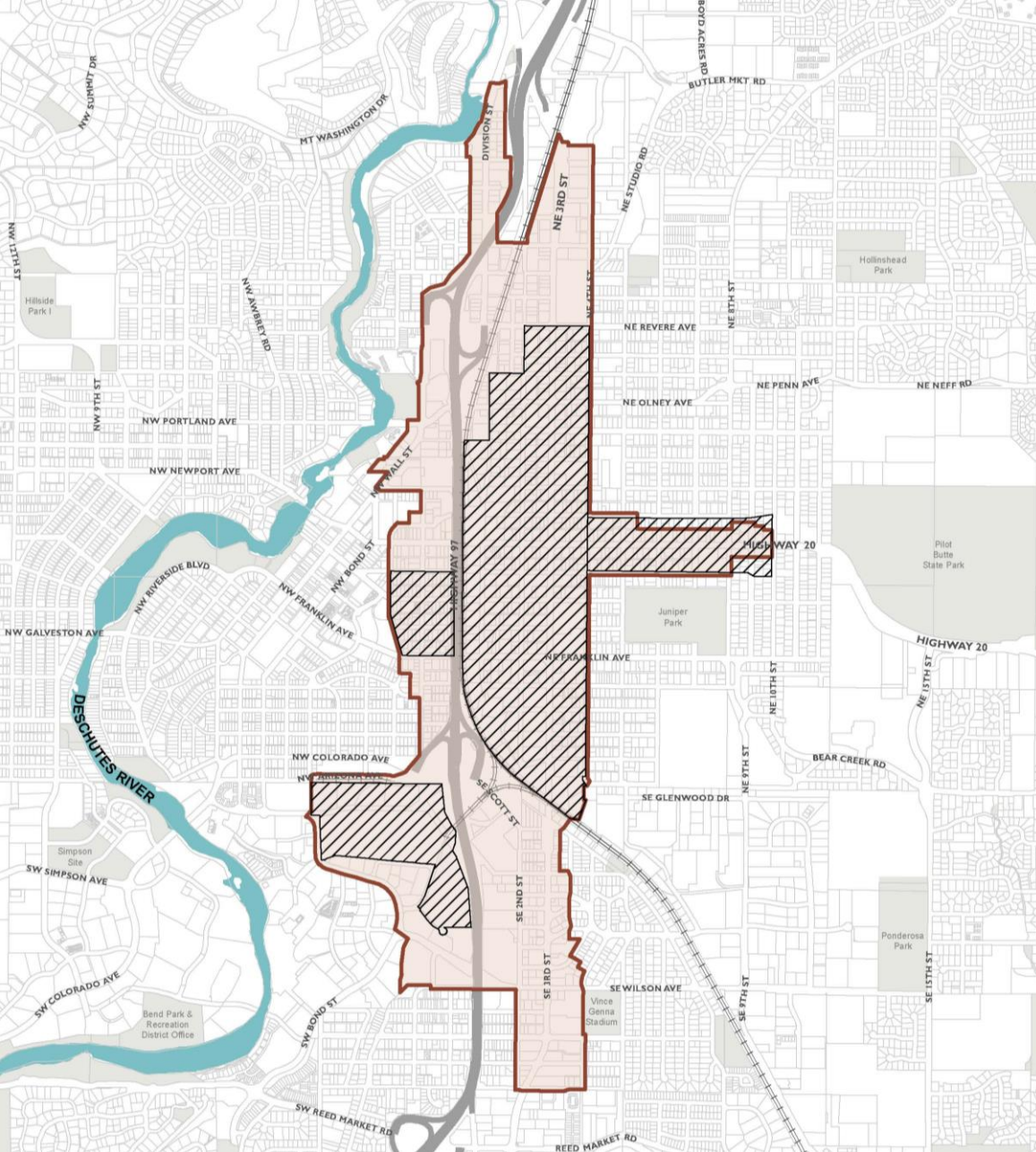
- Calculation:
  - The annual amount to be collected is from tax increment finance area boundary
- Distribution:
  - Total amount of TIF is distributed city-wide to all property tax bills
- Collection:
  - From all property tax bills within the city
- Property taxes do NOT increase due to a new tax increment area

# BOUNDARY MAP

# BOUNDARY



- 637.15 Acres
- Opportunity Areas
  - East Downtown
  - KorPine
  - Inner Highway 20/Greenwood
  - Bend Central District



# TIF PLAN & REPORT



- \$195,000,000
  - Total amount to be spent on projects, programs and administration over the estimated 30-year life of Plan
  - Does not include interest paid on debt
- Duration
  - BURAs intends not to collect tax increment revenues after FYE 2051
  - No Projects will be initiated unless proceeds can be paid on or before FYE 2051
  - BURAs shall structure all indebtedness to be paid in full on or before FYE 2051
- Under-Levy
  - Pursuant to ORS 457.455, BURAs may elect to collect less TIF generated on an annual basis



- Compliance with statutory acreage and assessed value (AV) restrictions - 15%
  - 4.3% of AV
  - 7.67% of acreage
- Net TIF (YOE \$'s) = \$237,334,824
- Maximum Indebtedness (YOE \$'s) = \$195,000,000
- Capacity (2020 \$'s) = \$111,876,107

\*YOE \$'s (Year of Expenditure)

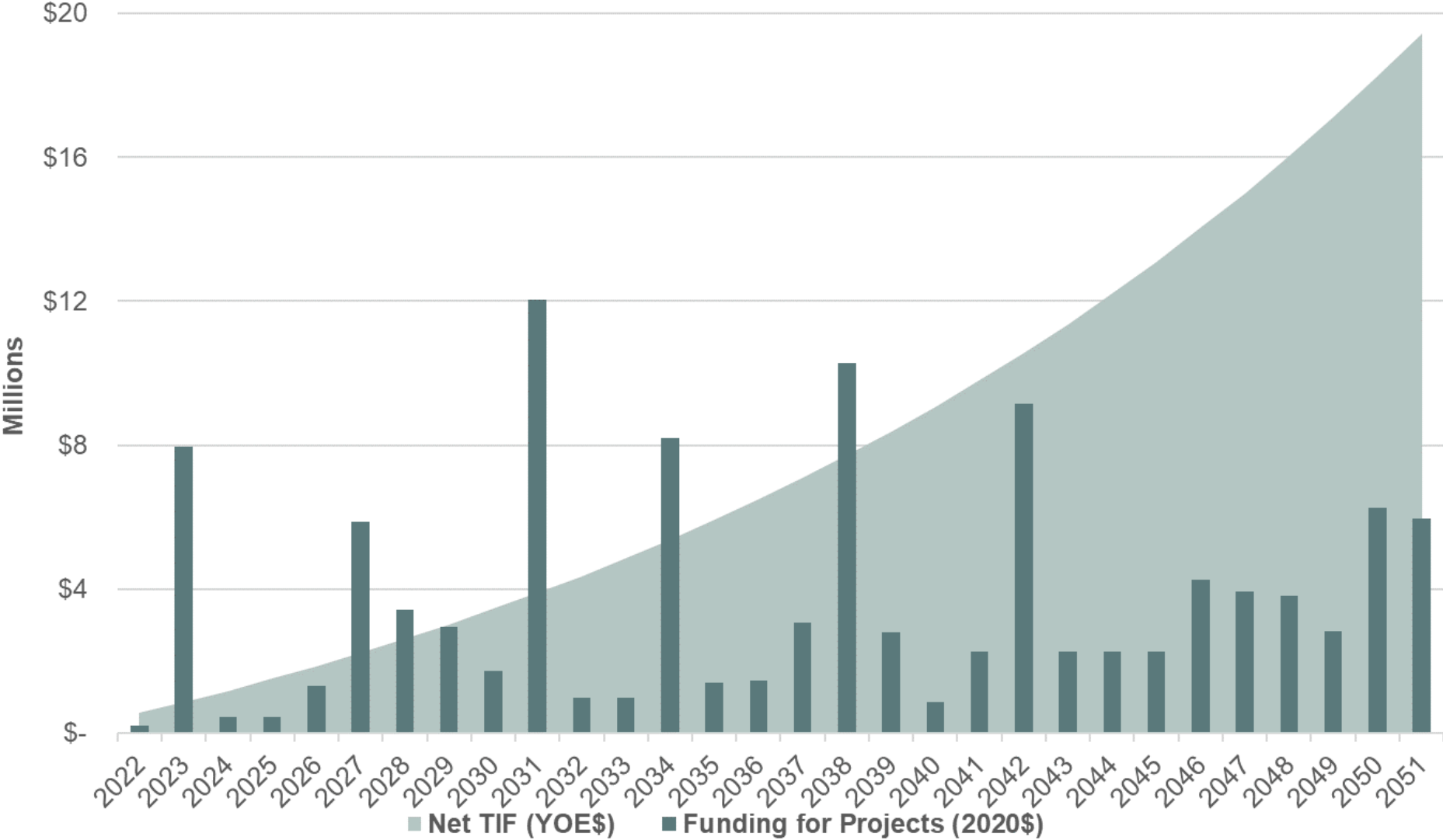
# PROJECT CATEGORY COST ESTIMATES



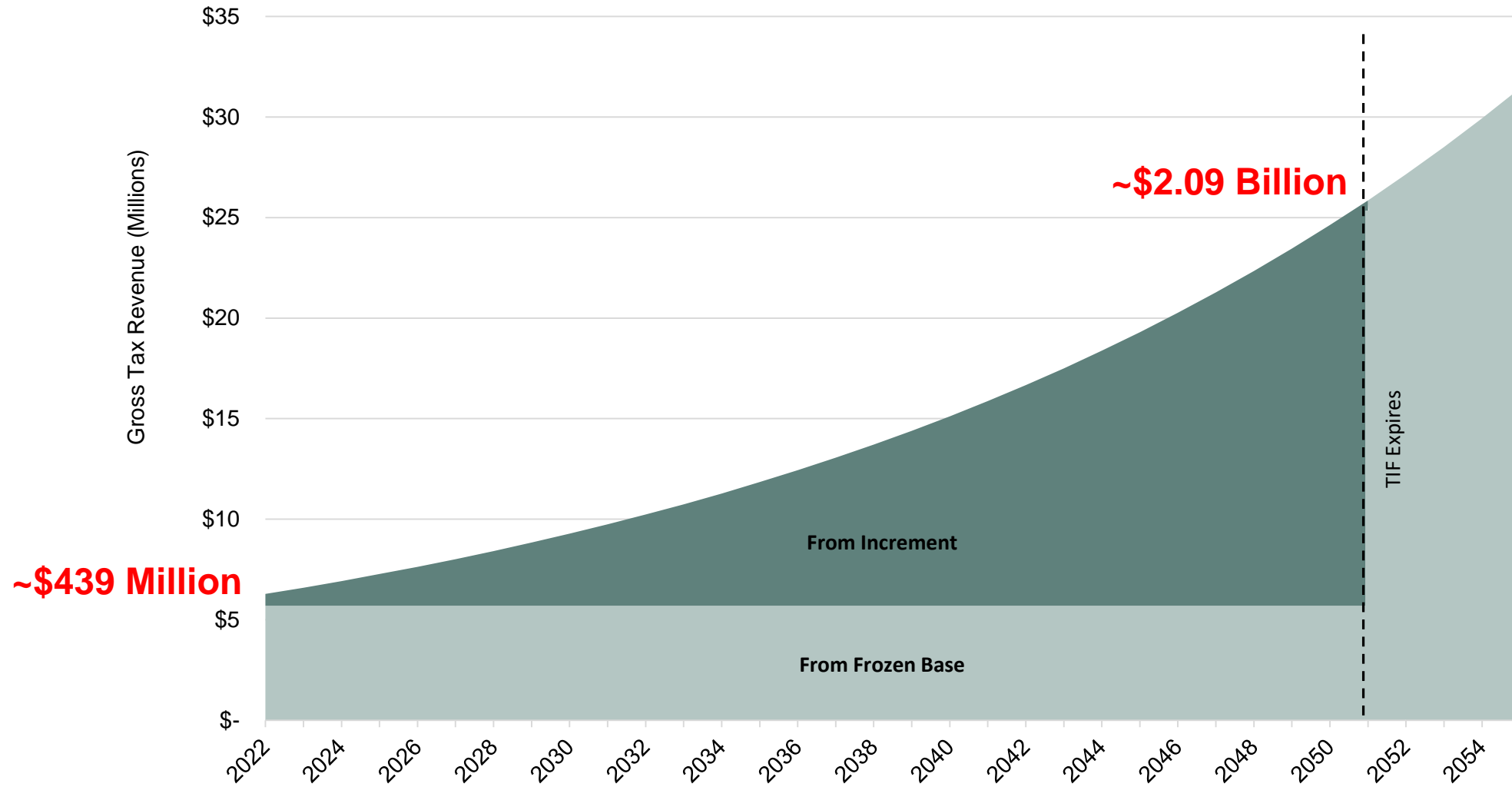
| Project Category   | UR Funding Allocation | Project Cost (Approx.)* |
|--|-----------------------|-------------------------|
| Transportation, Streetscape, & Utility Infrastructure                | 52%                   | ~\$100.5 million        |
| Affordable Housing Re/Development Assistance, Partnership, & Support | 18%                   | ~\$36.4 million         |
| Business & Re/Development Assistance, Partnership, & Support         | 15%                   | ~\$28.6 million         |
| Open Space, Facilities, Amenities, & Wayfinding                      | 10%                   | ~\$18.8 million         |
| Plan Administration, Implementation, Reporting, & Support            | 5%                    | ~\$9.7 million          |
|  | 100%                  | ~\$194 million          |

\*YOE \$'s (Year of Expenditure)

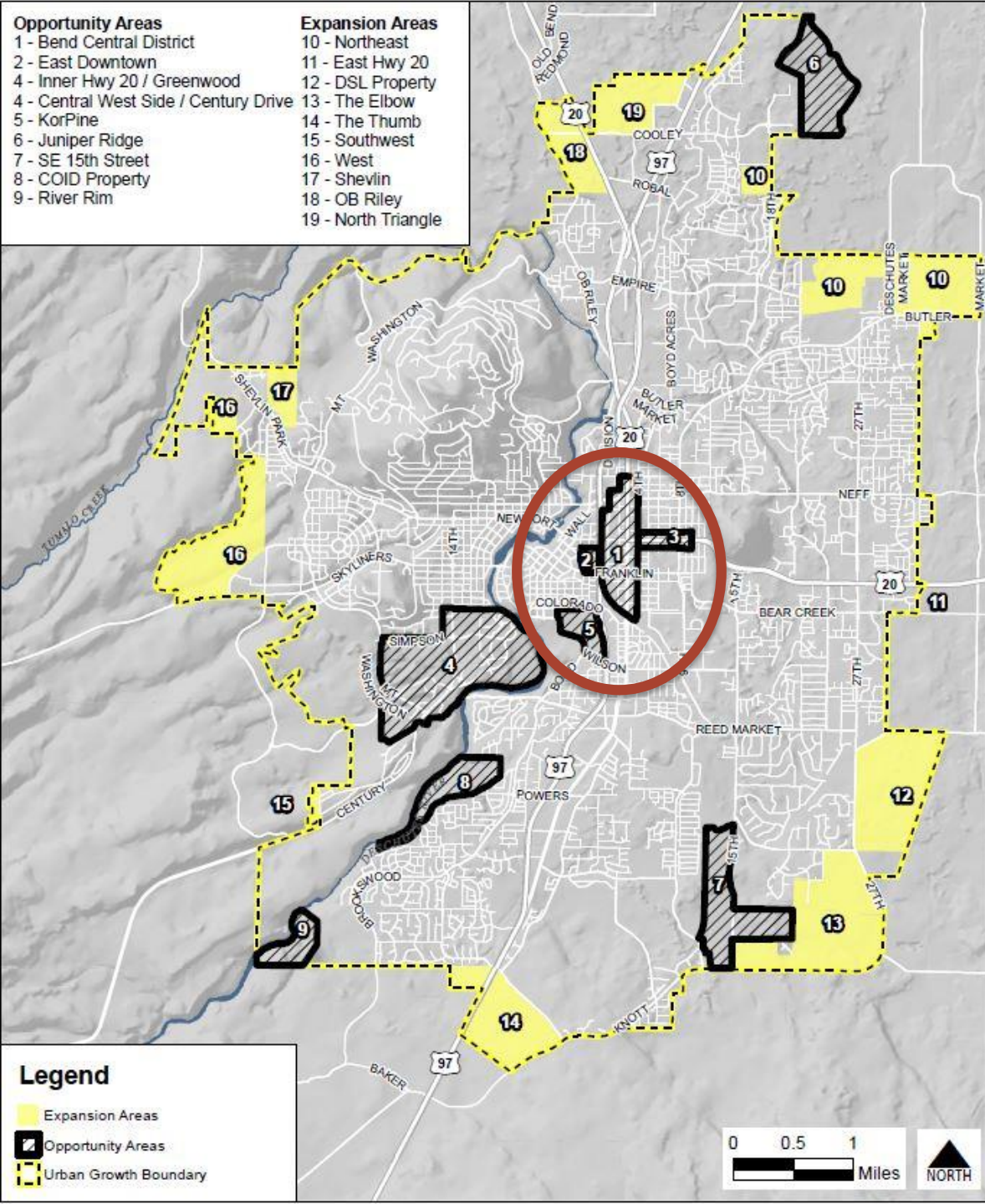
# ESTIMATED FUNDING OVER TIME



# TIF OVER TIME



# IMPACT TO TAXING DISTRICTS



## 2016 UGB & COMP PLAN



- 2016: Identified Expansion & Opportunity Areas to meet state-mandated housing & employment goals
- 2018: Council directed staff to pursue urban renewal feasibility and other implementation incentives for the Core area

### Core Area Overall Housing & Employment Goals

**2028:** ~400 new housing units & 500 new jobs

**2040:** ~1,900 new housing units & 1,700 new jobs

# IMPACT TO TAXING DISTRICTS



| Taxing District                    | Total Impact – 30 years | Category Subtotal    |
|------------------------------------|-------------------------|----------------------|
| Deschutes County                   | \$22,279,800            |                      |
| County Library                     | \$10,058,188            |                      |
| Countywide Law Enforcement         | \$19,750,623            |                      |
| County Extension                   | \$409,643               |                      |
| 911                                | \$6,616,459             |                      |
| City of Bend                       | \$51,269,325            |                      |
| Bend Metro Parks & Rec             | \$26,718,204            |                      |
| <b>Subtotal General Government</b> |                         | <b>\$137,102,241</b> |
| Bend/La Pine School District       | \$87,124,021            |                      |
| High Desert ESD                    | \$1,762,926             |                      |
| Central Oregon Comm College        | \$11,345,636            |                      |
| <b>Subtotal Education</b>          |                         | <b>\$100,232,583</b> |
| <b>Total</b>                       |                         | <b>\$237,334,824</b> |

*\*Permanent rate property tax collections do not have a direct impact on school district budgets. The Bend-La Pine School District is funded through per pupil allocations from the State School Fund which is comprised of many sources, including property tax revenues. The State Legislature sets the per pupil allocations and funds the State School Fund accordingly.*

ASSESSED VALUE



| AAGV | Approx. Assessed Value<br>(Beginning) | Approx. Assessed Value<br>(Expiration) |
|------|---------------------------------------|--|
| 3%   | \$439,050,000                         | \$1,130,000,000                        |
| 4%   | \$439,050,000                         | \$1,540,000,000                        |
| 5%   | <b>\$439,050,000</b>                  | <b>\$2,092,000,000</b>                 |

# IMPACT TO TAXING DISTRICTS



| Taxing District              | Total Impact – 3%    | Total Impact – 4%    | Total Impact – 5%    |
|------------------------------|----------------------|----------------------|----------------------|
| Deschutes County             | \$10,547,952         | \$15,795,403         | \$22,279,800         |
| County Library               | \$4,761,859          | \$7,131,266          | \$10,058,188         |
| Countywide Law Enforcement   | \$9,350,560          | \$14,003,214         | \$19,750,623         |
| County Extension             | \$193,938            | \$290,437            | \$409,643            |
| 911                          | \$3,132,438          | \$4,691,077          | \$6,616,459          |
| City of Bend                 | \$24,272,496         | \$36,350,009         | \$51,269,325         |
| Bend Metro Parks & Rec       | \$12,649,230         | \$18,943,236         | \$26,718,204         |
| Bend/La Pine School District | \$41,247,226         | \$61,771,028         | \$87,124,021         |
| High Desert ESD              | \$834,624            | \$1,249,917          | \$1,762,926          |
| Central Oregon Comm College  | \$5,371,377          | \$8,044,068          | \$11,345,636         |
| <b>Total</b>                 | <b>\$112,361,701</b> | <b>\$168,270,655</b> | <b>\$237,334,824</b> |

# URAB RECOMMENDATION



- Meeting #8 – April 14, 2020
  - Recommended the TIF Plan & Report for BURA consideration and future Council adoption
  - 3 issues for BURA to consider during TIF Plan implementation
    - “No net loss” housing policy
    - Future advisory committee composition and compensation
    - Prioritize affordable housing projects

# BURA RESOLUTION



- Approved TIF Plan and Report by Resolution to forward and conduct the the formal public review process, which included:
  - Transmittal to taxing districts
    - Consult & Confer
  - County Commission briefing
    - June 17, 2020
  - Planning Commission review & recommendation
    - June 8, 2020
  - City Council hearing and vote on non-emergency Ordinance
    - August 5, 2020 – 1<sup>st</sup> Reading
    - August 19, 2020 – 2<sup>nd</sup> Reading

# **TAXING DISTRICT RECOMMENDATIONS**



- Comment & Recommendation:
  - Economic impacts associated with COVID-19 are still emerging and unknown....Core Area TIF be delayed for at least 24 months.
- Staff Response:
  - TIF can aide in economic recovery
  - Business Assistance grants/loans can be administered to assist in adapting buildings to changing service climate
  - NO impact to 2020/2021 Tax District Revenues/Budgets
  - BURAs ability to implement “under-levy” for 2021/2022



- Comment & Recommendation:
  - ...reduce cost and scope...focus on traditional municipal infrastructure such as streets, sewer, and water...
- Staff Response:
  - ~52% of project funding allocated to the project category “Transportation, Streetscape, and Utility Infrastructure”
  - Affordable Housing Redevelopment and Development Assistance, Partnership, and Support, and the Business Redevelopment and Development Assistance, Partnership, and Support project categories can support off-site infrastructure improvements with TIF funding



- Comment & Recommendation:
  - Reduce the geographic size of the proposed boundary
  
- Staff Response:
  - URAB evaluated the following when considering the proposed boundary:
    - All identified projects must be within the proposed boundary
    - Area includes 4 of the “opportunity areas” identified in the 2016 Comprehensive Plan
    - Core Area Urban Design Framework identified improved connectivity between the “opportunity areas” within the proposed boundary and with existing attractors, if strategic improvements to public realm and space are made.



- Comment & Recommendation:
  - Reduce duration of district from thirty to twenty years...
  
- Staff Response:
  - URAB evaluated the following when considering the proposed duration:
    - 2016 UGB & Comprehensive Plan new housing and job goals
    - Average annual construction values to meet the 2016 Comprehensive Plan goals
    - Total eligible project cost estimates and funding capacity
    - Other Urban Renewal/TIF areas both inside and outside of Bend
    - Feedback from affected taxing districts representatives



- Comment & Recommendation:
  - Provision of a park and other open spaces to serve future area residents remain in the plan and be implemented.
- Staff Response:
  - Any changes to the projects identified in the TIF Plan or the allocation of funds within a project category will require an amendment by BURAs



- Comment & Recommendation:
  - BPRD does not support additional tax exemptions...
- Staff Response:
  - Any additional tax exemption programs, whether in the Core Area or citywide, require further Council action and opportunity to coordinate and consult with the affected taxing districts prior to implementation

# STAFF RECOMMENDATION

## STAFF RECOMMENDATION



- Staff recommends that no amendments are necessary to the TIF Plan and as such recommends Council reject the recommendations provided by the affected taxing districts as required by ORS 457.085(5)

# NEXT STEPS



- Questions for staff regarding TIF Plan and recommendations
- Public Hearing
- Review/discussion regarding affected taxing district recommendations
  - Accept
  - Reject
  - Modify
- 1<sup>st</sup> Reading

# CONCLUSION / INFORMATION



- Questions?
- More Information:
  - <https://www.bendoregon.gov/core-area-tif>
- Contact:
  - Matt Stuart – Urban Renewal Manager
    - (541) 323-5992
    - [mstuart@bendoregon.gov](mailto:mstuart@bendoregon.gov)