



CITY OF BEND

To: Core Area Advisory Board

From: Allison Platt, Core Area Project Manager

Date: 9/9/2022

Re: Development Partnership Programs- Best Practices

The Core Area Tax Increment Finance (TIF) Plan allows the Bend Urban Renewal Agency (BURA) the ability to fund a variety of activities to partner, support, and assist Business Redevelopment and Development in the Core Area. This memo is intended to inform the development of future partnership programs by providing an overview of best practices, eligible uses of funds according to the Core Area TIF Plan, and review of similar programs from other cities.

While this memo is intended to give an overview of Best Practices to help inform policy, Core Area TIF partnership programs should ultimately be structured to overcome major barriers to development by addressing conditions unique to the Core Area itself. Programs should also incorporate City of Bend financial policies and levels of risk tolerance.

There are various ways that a TIF agency can partner with or support private development and businesses within the Core Area such as helping to provide a source of gap financing for a project through a grant or loan. A TIF agency can also acquire land that can be used to achieve goals in a TIF Plan. Agency-owned land can be used to directly build projects identified in the TIF Plan, or the TIF Agency can then transfer the land to a private developer to leverage private investment by reducing the holding costs for a developer or the cost of the land thereby reducing the overall project costs. (Note that transfers for less than fair market value, taking into account requirements or limitations on development, can trigger prevailing wage, as discussed below.)



TIF Best Practices

Staff reviewed several resource documents¹ to identify best practices to keep in mind when developing a development partnership program:

- Statutory compliance, including Bureau of Labor and Industries (BOLI) requirements around prevailing wage
- Prioritize community and public benefits
- Ensure program is consistent with the adopted Tax Increment Finance Plan and relevant Community Plans
- Capped participation (within and typically below anticipated income collections of tax increment generated by the project)
- Due diligence for larger projects (evaluate risks, financing, issues, conflicts, partners, capacity, experience, stakeholders)
- Transparency (all agreements are approved in public meetings and may include opportunity for advance public comment on the project)
- Accountability (financial analysis, identifiable community needs, assess potential project impact)
- Eligibility requirements are clearly identified and scoring criteria uses clear, objective standards and a standardized approach
- Eligible expenses are clearly defined and emphasize public benefits
- Administer program consistently, ensure the program is accessible (broadly available), and actively promote the program
- Incorporate Diversity, Equity, and Inclusion in program administration, ensuring that programs provided are accessible to a wide-range of diverse property owners and businesses
- Maintain open records on program utilization and awards

TIF can help leverage private funding by being the gap financing that completes a financing package for a project. In an era of increasingly challenging financial markets, the need for gap financing to make innovative projects possible is increasing. These types of contributions can be structured as grants, loans, and guarantees. Public-private partnerships and development agreements should be structured to manage the amount of risk that the TIF agency is willing to take.

-Best Practices for Tax Increment Financing Agencies in Oregon (2019, p. 101)

¹ List largely derived from list noted in the Capital City Development Commission (CCDC) Participation Program (2021, p. 5) that summarizes generally accepted best practices described by professional associations that were incorporated into their program.



Eligible Uses of Funds (Core Area TIF Plan)

The Core Area TIF Plan includes the following eligible uses of Core Area TIF to support Business Redevelopment and Development Assistance, Partnership, and Support.

- 1. Business Development and Redevelopment:** Provide funds to partner with and offer funds to support redevelopment and new development projects that support businesses, including housing providers and transit operators within the Area.

Examples of eligible project activities include:

- Land acquisition and assembly
- Environmental review, mitigation and remediation
- Pre-development assistance including contracting with design professionals
- Payment of fees
- Frontage improvements including utility undergrounding
- Off-site infrastructure improvements required by project conditions of development
- Funding for commercial and residential building rehabilitation and renovation programs and projects, including energy efficiency and accessibility upgrades, through public/private partnerships
- Market-rate housing and mixed-use commercial/residential development projects
- Contracting with design professionals
- Other direct support for programming and projects

- 2. Business Support and Enhancement:** Provide and administer loans and grant programs to assist start-ups, existing local business owners, and property owners in developing, redeveloping, or rehabilitating property. Examples of eligible project activities include:

- Improve older buildings to meet current code standards
- Assist in assessment and permitting
- Environmental review, mitigation, and remediation
- Feasibility assessment of development or redevelopment
- Assist in other improvements to allow for intensification of under-utilized sites
- Building façade improvements
- Building utilization assistance
- Landscaping enhancements and pedestrian amenities
- Professional engineering, architecture, landscaping, and other building and site design assistance
- Mechanical, electrical, and other building upgrades that will reduce emissions, support energy efficiency.
- Seismic, fire suppression, and other public safety improvements



- Other direct support for programming and projects

Lessons Learned from Other Programs

City staff reviewed various programs from Boise, Idaho as well as several Oregon cities including Salem, Redmond, Astoria, Madras, and Wilsonville. In addition, staff reviewed various programs of Prosper Portland, the Portland Development Commission. Prosper Portland is considered a leader in the industry particularly in their program commitment to Diversity, Equity, and Inclusion; however, the agency oversees 11 Urban Renewal Areas and therefore has staff and program budgets that far outpace any program that Bend could likely ever develop.

Key themes that emerged from review of various programs included the following:

- One-time development assistance **grants** should generally **not exceed a maximum contribution of \$200,000-\$300,000** per development project and are usually scaled to the level of investment by the applicant (developer/business) by requiring a match. It is important to note that specific dollar thresholds in other communities may not be the right thresholds for the Bend Core Area.
- Assistance that exceeds this amount is typically **required to provide a significant public benefit**, such as the construction of a major public facility or an Affordable Housing project. In these cases, other communities generally structure programs so that there is a required **private to public investment ratio**. For example, Boise requires that private to public ratio to be 6:1. However, there may be cases where affordable housing or childcare facilities are in such a dire need, that structuring the ratio to 3:1 may be acceptable. The ability to fund larger sums towards major projects may also be limited by two factors:
 - **Lack of available funds**, particularly in the early years of a TIF area.
 - Contribution of public funds to a private development of **\$750,000 or more** can trigger requirements for the entire project to offer **prevailing wages** per Oregon laws, which can increase private development costs for the entire project. “Public funds” includes grants and loans, as well as



subsidizing costs of construction that would normally be born by the contractor, and the value of public property used as payment for all or part of a project. Additionally, no more than 25% of the project may be occupied by a public agency, or prevailing wage may apply to the entire project. For contribution of public funds to infrastructure or off-site improvement costs, those improvements should be part of required conditions of development, or prevailing wage rules may apply as well.

- Larger assistance can also be structured as a rebate program and/or annual reimbursement, after the Agency has verified completion of the project such as certificate of occupancy or cost documentation for the completion of an infrastructure improvement. Annual reimbursements should again be scaled with the level of the TIF the project will generate (see Boise's General Assistance or Salem's partnership programs as examples).
- For **business assistance, grants and loans** generally **do not exceed \$50,000 for any one project**. Many grant programs range between \$4,000-\$10,000 grants with at least a 20-50% match requirement. When larger dollars are invested, match requirements increase and/or the Urban Renewal Agency can be a lender for the remaining match however this can increase staff administration time due to its complexity. Some cities offer reimbursement for a number of hours (15-20 hours) on predevelopment costs associated with design, architecture, and engineering work.
- Some programs focus more on housing goals and offer specific programs to offer revolving loans for housing project finance gaps or provide assistance to cover System Development Charges (SDC) costs for housing developments (see Redmond's Housing SDC Buy-Down Program).
- While TIF agencies can serve as a lending agency, lending adds significant complexity and therefore increases staff time and costs to administer loan programs.
- Some programs structure the **eligibility criteria**, project **evaluation scoring**, and/or **level of assistance** to help incentivize community benefits including:
 - Diversity, Equity, and Inclusion considerations

- Housing goals
- Economic development goals

Example Programs

The following is a summary of the business and development partnership programs reviewed to inform this memo including:

- Bend Urban Renewal Agency Juniper Ridge Development Assistance Program
- Capital City Development Corporation Participation Program (Boise, Idaho)
- Salem's Riverfront Downtown Capital Improvement Grant Program
- Salem's West Salem Urban Renewal Area (URA) Grant Program
- Redmond Downtown Property Assistance Programs
- Astoria Development Commission Storefront Improvement Program
- Madras Business Assistance Programs
- Prosper Portland
 - Property improvement program
 - Business Finance Program
- Wilsonville Investment Now (WIN Program)



Bend Urban Renewal Agency Juniper Ridge Development Assistance Program

Bend Urban Renewal Agency has an existing Development Partnership Program that allows for up to 10% of the total development/project cost to be reimbursed on an annual basis. Annual reimbursements are capped at 75% of the yearly increased property tax increment value, as certified by the County Assessor. Reimbursement is offered for the following development related tasks:

- Acquisition
- Construction
- Rehabilitation
- Grading/Clearing of land
- Infrastructure (On & Off-Site as required)

Projects must be commercial and/or industrial, located within the Juniper Ridge Urban Renewal Area boundary to be eligible. Projects are not eligible for assistance if they have been granted Enterprise Zone assistance. Reimbursement is not eligible for disbursement until Certificate of Occupancy is received and new development activity has been certified by the County Assessor unless total amount of reimbursement is below \$50,000. Prevailing wage requirements (ORS 279C.838C) apply.

Capital City Development Corporation Participation Program (Boise, Idaho)

Boise's redevelopment agency, Capital City Development Corporation (CCDC), has a development assistance policy designed to advance the aims of urban renewal and economic development in Downtown Boise. The program identifies five approaches to anticipated participation with development interests called "Types".

Type 1- One-time Assistance

Allows for assistance with public improvements in the right of way (ROW) or an easement area. Reimbursement not to exceed \$200,000 and will be based upon matching funds invested by private developer.

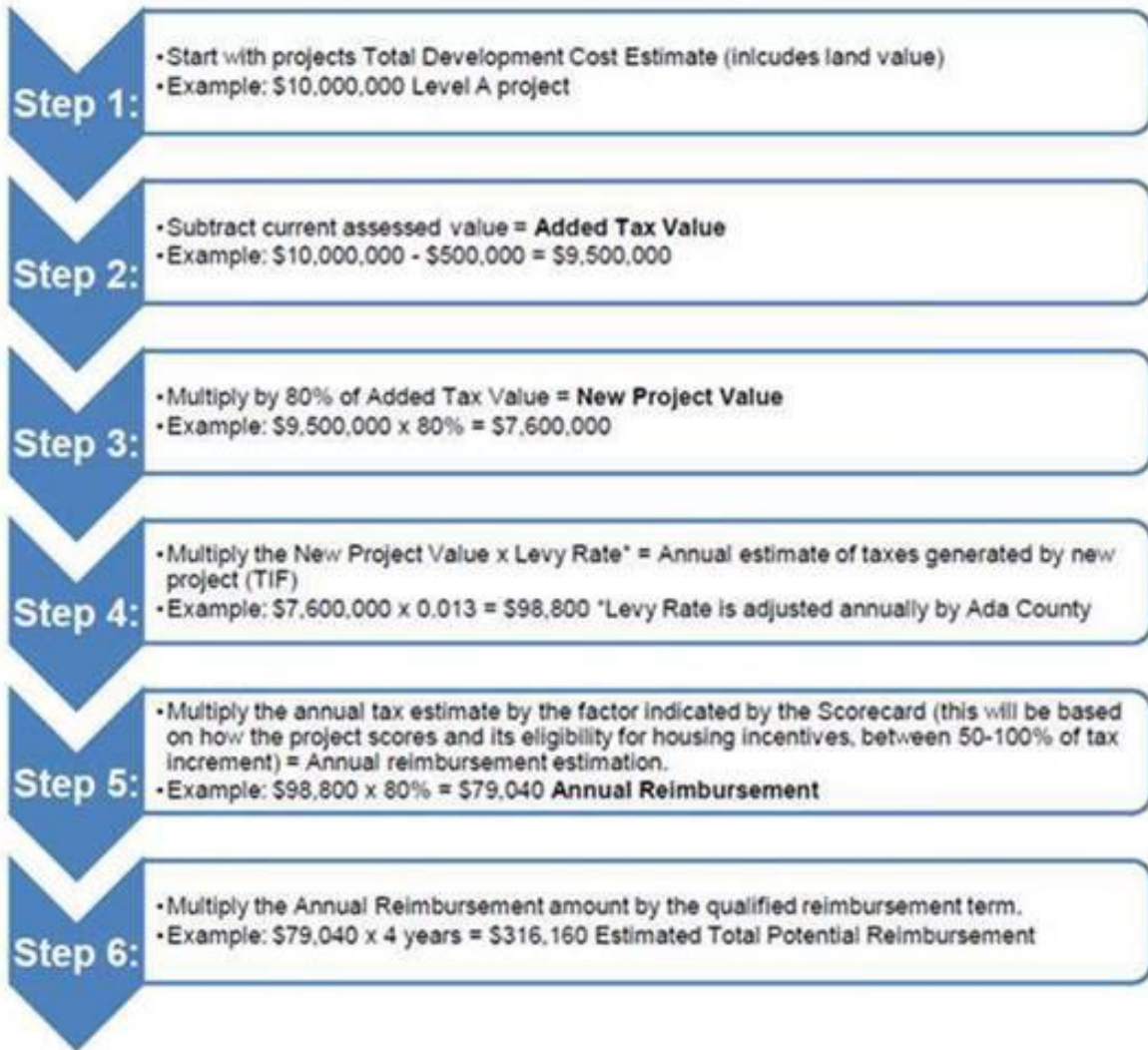


Example	Private Improvement	Public Improvements	Total Budget	CCDC Reimbursement
New Construction Housing Project	\$1.2 million	\$300,000	\$1.5 million	\$200,000
Exterior Remodel (includes awnings and streetscapes)	\$800,000	\$150,000	\$950,000	\$150,000 (can only reimburse for public improvements)
Public Improvements Only (i.e. Awnings)	\$0	\$150,000	\$150,000	\$75,000
Awnings and Exterior Paint	\$50,000	\$150,000	\$200,000	\$100,000

Type 2- General Assistance

Allows for public improvements in the ROW or easement area. Assistance is limited by agreed upon eligible expenses or a portion of tax increment value as determined by its scorecard ranking, ie “Development scorecard”. Assistance is offered in annual reimbursements. Assistance can be applied for anytime prior to obtaining building permits but preferably before or during project design.





Project Type	Qualification	Reimbursement %	Maximum Reimbursement Term
SCORECARD			
Level A	Score: 140 + points	80% of Tax Increment	4 years
Level B	Score: 120 – 139 pts	50% of Tax Increment	4 years
Level C	Score: 119 and below	0% of Tax Increment	n/a
RENTAL HOUSING DEVELOPMENTS			
Affordable Housing <i>(Low Income Housing Tax Credit project or equivalent)</i>	Serving 60% and below Area Median Income (AMI) on average	Based on Scoring Level + 20% of Tax Increment	8 years
Mixed-Income/ Workforce Housing	Serving 100% AMI and below	Based on Scoring Level	6 years
All Other Housing	Serving 101% AMI and above	Based on Scoring Level	4 years

Type 3- Transformative Assistance



This partnership type offers a customized opportunity for transformative projects (projects with large public benefit such as the construction of a significant public facility). Private to public ratio should generally be 6:1 or higher.

For example, a \$6 Million project would qualify for a maximum contribution of \$1 Million from the Urban Renewal agency.

Type 4- Capital Improvement Program (CIP) Project Coordination

Adjusting, co-timing, and/or accelerating capital improvement project (CIP) projects in coordination with private development can be beneficial and can create efficiencies in construction of physical improvements. This partnership type allows for the development agency to design, bid, and build a CIP project independently of private project or in certain circumstances & subject to applicable law, sub-contract construction with a private development on a public project element.

- Private projects are reimbursed upon completion of the project after Agency has verified cost documentation.

Type 5- Property Disposition

This partnership allows for the disposition of property owned by the development agency for a redevelopment purpose using the following process and requirements:

- Will use competitive process, typically Request for Proposals (RFP) or Request for Qualification (RFQ) process
- Will provide conditions & requirements of development project as determined by the Urban Renewal agency.
- Property proposed for acquisition would need to meet all of these requirements:
 - i. Property is located within an Urban Renewal District
 - ii. Staff may provide findings that acquisition is likely to advance the Urban Renewal Plan
 - iii. Potential redevelopment opportunities are identified in support of acquisition
 - iv. Acquisition and/or disposition does not/will not displace decent housing or thriving business



Salem’s Riverfront Downtown Capital Improvement Grant Program

Requirements

To be eligible for a small or large project grant, all projects must meet at least one of the following Strategic Action Plan Objectives:

- New construction
- Mixed-use, including housing
- Alley improvements
- Historic preservation projects that require Historic Landmarks Review
- Expansion of existing business, retention or recruitment of a new business that results in creating new jobs
- Upper floor renovation - improvements that make current space which is not leased, ready for tenants to occupy
- Exterior beautification projects

Small Project Grant

Total Project Cost	Grant Amount
\$10,000-\$100,000	50% of eligible costs

Large Project Grant

Total Project Cost	Grant Amount
\$100,001-\$300,000	\$50,000 + 25% of eligible project cost over \$100,000
\$300,001-\$600,000	\$100,000 + 20% of eligible project cost over \$300,000
\$600,000+	\$160,000 + 15% of eligible project cost over \$600,000

Maximum Grant: \$300,000

Eligibility

- Property owners who show fee title
- Tax-exempt properties are not eligible
- Property must be located within the Riverfront-Downtown Urban Renewal Area
- Properties that are 100% residential are excluded

Examples of Eligible Activities (Conditions Apply)

- Plumbing



- Storefronts
- Fire sprinklers
- Electrical
- Elevators
- Alley improvements
- Seismic
- Skylights
- Windows

Roof work is not grant eligible.

Salem’s West Salem URA Grant Program

Salem offers a matching grant program in the **West Salem URA** to help finance the construction of a new building, or building additions, or investments in permanent manufacturing equipment and associated building improvements to aid in business operations.

Maximum Grant Amount: \$300,000

Grant requirements:

- 20% matching grant toward eligible projects
- Must increase usable space through a new building addition, construction of a new building, or an increase in building utility through a building remodel for manufacturing purposes
- Investment must remain in the district for at least 10 years
- Interested applicants must provide a demonstrated financial need
- Grant funds may not be applied to costs incurred prior to the grant award.

* Grant requirements may vary based on the grant amount

Eligible Recipient:

- Fee title property owners
- Business owner tenants with written authorization from the building owner to conduct building improvements
- Tax-exempt property and businesses are not eligible for grant funds

Eligible Projects:

- New building additions, new building construction, or remodeling for new manufacturing equipment that increases the utility of the building
- Building site must be located in the West Salem URA and the building uses must be industrial, commercial, or mixed-use multi-family residential



- Permanent interior and exterior building construction (grant funds may not be used for demolition or the installation of items of a non-permanent nature that could be removed from the building or URA)
- Trade fixtures or equipment that is large and affixed to the grounds or building to improve manufacturing productivity and increase jobs in the area
- Environmental cleanup, environmental assessment and remediation of hazardous substances

Redmond's Downtown Property Assistance Programs

The Downtown Urban Renewal District in Redmond offers a variety of programs to support repair and renovation of Redmond's Downtown buildings. The following is a list of these programs:

FREE DESIGN ASSISTANCE PROGRAM

The Free Design Assistance Program provides **up to 15 hours of architectural, engineering, or other design work** to help business owners and property managers visualize and investigate the feasibility of a project within the Urban Renewal District. For more information, please click on the [Free Design Assistance Program Application](#).

FACADE REHABILITATION GRANT PROGRAM

The Facade Rehabilitation Program provides **up to \$4,000** in grant assistance for exterior rehabilitation projects that show significant aesthetic improvement to an existing property and are compatible with the downtown streetscape. *All paint colors must be chosen from the [Downtown Redmond Color Palette](#)*. For more information, including further guidelines, eligible projects and an application, please click on the [Façade Rehabilitation Grant Program Application](#).

SMALL PROJECTS GRANT PROGRAM

The Small Projects program provides **up to \$5,000** of funding for a variety of exterior rehabilitation projects. They must show significant aesthetic improvement to the property and be compatible with the downtown streetscape. *All paint colors must be chosen from the [Downtown Redmond Color Palette found here](#)*. Interior work does not qualify for these grants. For more information, including further guidelines, eligible projects and an application, please click on the [Small Projects Grant Program Application](#).

FIRE, LIFE SAFETY & ACCESSIBILITY GRANT PROGRAM

This program provides **up to \$7,500** in a 50% matching grant assistance opportunity to improve safety or accessibility to business property in the Urban Renewal District. For more information, please click on the [Fire, Life Safety & Accessibility Application](#).



PROPERTY REHABILITATION LOAN PROGRAM

The Urban Renewal Agency provides a low-interest loan of **up to \$100,000** for the renovation of commercial buildings and multi-unit housing. Eligible projects must comply with the Architectural Design Standards of the Downtown Action Plan. For more information, including eligible projects, interest rates and an application, please click on the [Property Rehabilitation Loan Program Application](#).

RESTAURANT CAPITAL IMPROVEMENTS PROGRAM

This program is intended to support the development and expansion of restaurants within the downtown core that will help draw residents and out-of-town visitors downtown. Projects are eligible for **up to \$50,000** of loan funding. For more information, please click on the [Restaurant Capital Improvements Program Application](#).

HOUSING OPPORTUNITY REVOLVING LOAN PROGRAM

The goals of this program are to strengthen the residential presence in downtown by attracting new residents and private housing development. The program is structured to stimulate housing redevelopment in the Redmond Downtown Urban Renewal District by providing an ongoing source of gap financing for **new** housing construction. The program requires **4:1 ratio of private investment to public (urban renewal investment). Loan to not exceed 20% of construction costs.** The borrowing entity must have 10% equity in the project. For more information, please click on the [Housing Opportunity Revolving Loan Program Application](#).

HOUSING SYSTEMS DEVELOPMENT CHARGE (SDC) BUY-DOWN PROGRAM

The City of Redmond administers the Housing Systems Development Charge (SDC) Buy-Down Program to promote the development of new affordable, high-density housing investments within the Downtown Urban Renewal District. The program approves the reduction of SDC fees to qualified developers or projects during the building permitting process. Buydowns include **\$5,000/unit for development of 3 or more units on a single property up to a maximum of 30 units (\$150,000).** \$3,000 buy down per unit for single family and ADUs is also available if certain conditions are met. For more information, please click on the [Housing Systems Development Charge \(SDC\) Buy-Down Program Application](#).

INDUSTRIAL OPPORTUNITY FUND LOAN PROGRAM

The Industrial Opportunity Fund provides **forgivable, zero-interest loans** to support new construction or expansion of industrial buildings or purchase of manufacturing equipment within the Redmond Urban Renewal District. Eligible work includes: new construction or expansion of buildings supporting an industrial use, public improvements, or fixed, taxable manufacturing equipment. Please click on the [Industrial Opportunity Fund Loan Program](#).



Astoria Development Commission Storefront Improvement Program

The purpose of this program is to revitalize designated commercial districts and corridors that are home to many inventoried historic commercial buildings. Grants and/or loans are offered for exterior improvements that improve visibility for the business, increase sales, address public safety concerns, and catalyze other property owners to make investments in their buildings and tenant spaces. The program is administered as a grant or loan depending on the amount that is requested. The program is funded with an expected planned expenditure from the Astor West Urban Renewal District budget of \$250,000 per fiscal year.

Grant/Loan Structure

- For the first \$10,000, it would be a 50/50 matching grant administered by city staff.
- For \$10,000-\$50,000 of assistance, 25% assistance available, requires Astoria Development Commission (ADC) review and approval and requires 75% match for the grant.
- If the amount exceeds \$50,000, requires ADC approval and must be underwritten as a loan through Craft3.

Madras Business Assistance Programs

With an eye towards enhancing the vibrancy of our downtown commercial core, the Madras Redevelopment Commission has developed programs to assist in the renovation, preservation, and rehabilitation of commercial properties. These grants and loans are designed to be used to upgrade the physical characteristics of the City and improve the value of buildings by reinvigorating the character of Downtown Madras.

DESIGN ASSISTANCE GRANT PROGRAM

The Design Assistance Program provides up to 20 hours of architectural design work to help business owners and property owners visualize and investigate the feasibility of a project within the Madras Urban Renewal District. Design services will develop conceptual designs that are consistent with the 2019 Revitalization Toolkit, 2016 Urban Renewal Action Plan, and the City's Development Code. For more information, please click on the [Design Assistance Grant Program Application](#).

PAINT IMPROVEMENT GRANT PROGRAM

The Paint Improvement Program provides up to \$4,000 of funding to businesses just for painting the exterior of buildings so that they attract the attention of customers. This includes color consultation services, all prep/painting supplies, and wood and masonry



preparation/preservation materials. For more information, please click on the [**Paint Improvement Grant Program Application**](#).

BUILDING IMPROVEMENT GRANT PROGRAM

The Building Improvement Program provides up to \$50,000 of funding for exterior and interior rehabilitation projects that show significant aesthetic improvement to property in the Urban Renewal District. All building improvements shall be designed, constructed, and maintained to complement and accept the architectural features of the building. All projects must comply with the Madras Development Code and be permitted appropriately through the Building Department. For more information, please click on the [**Building Improvement Grant Program Application**](#).

WINDOW IMPROVEMENT GRANT PROGRAM

The Madras Redevelopment Commission provides up to \$4,000 of grant assistance to businesses for the development of better window displays and making those displays more visible. All window fronts shall be designed, constructed, and maintained to compliment and accept the architectural features of the building. All accessories, lighting, displays, etc. shall likewise compliment the overall character of the building. For more information, please click on the [**Window Improvement Grant Program Application**](#).

ADAPTIVE REUSE GRANT PROGRAM

Adaptive Reuse Program provides up to \$150,000 of funding to transform an under-utilized, dated building that would involve complex engineering, storefront systems, building additions/modifications, or a change of use. Funding for this program may be used for larger projects and can be applied to interior or exterior improvements. For more information, click on the [**Adaptive Reuse Grant Program Application**](#).

PROPERTY ACQUISITION AND REMEDIATION

The MRC has purchased and remediated several properties with known development challenges and remediated the issues that prevented private development. Examples of this assistance includes the Harriman Building and Mid Oregon Credit Union properties.

SIDEWALK GRANT PROGRAM

The City of Madras and the Madras Redevelopment Commission understand the burden to businesses to repair their adjacent sidewalks due to damage caused by street trees and wants to provide relief to the property owner by providing assistance through the Downtown Sidewalk Repair Grant.



Prosper Portland

PROSPERITY INVESTMENT PROGRAM (PIP)

Prosper Portland offers a matching grant that assists businesses and property owners to make tenant improvements, and small- and large-scale improvements to new and existing buildings.

The program provides 50 percent matching funds for approved project hard and soft costs in certain TIF Districts. Total grant may not exceed \$50,000.

BUSINESS FINANCE PROGRAM

Prosper Portland works with businesses and offers the following opportunities to create economic growth and more jobs for Portland

- A variety of flexible loans to meet your unique business or property needs
- Flexible repayment terms tailored to help you ramp up and stabilize your business or commercial property
- Business support through Prosper Portland's Inclusive Business Resource Network (IBRN)
- The ability to combine Prosper Portland loans and grants to make your project a reality
- Potential partnership with your primary lender to bridge a financing gap



Wilsonville Investment Now (WIN) Program

WIN incentivizes businesses to operate in Wilsonville by providing urban renewal tax rebates for qualifying development projects. The program aims to attract high-value investments from a wide range of businesses. The program's flexible evaluation criteria provides multiple tiers of benefit, including rewards for Wilsonville-owned business and those prioritizing diversity, equity and inclusion initiatives. The Council's action allows staff to promote the program, and to bring back site-specific applications for City Council consideration upon receipt. This program offers either 4- or 7-year tax rebates for up to 100% of the property tax revenue increment, less the costs to the City to administer the program. Qualified business must achieve a minimum score based on the following criteria:

- New capital investment
 - More points for higher levels of investment
- New employment
 - More points for higher paying jobs
- Local business tenure
 - More points the longer the business has operated locally
- Diversity, Equity, and Inclusion (DEI)
 - More points if business is certified as a minority, woman owned, disadvantaged or service disables veteran business or a Certified B Corporation, has a DEI Procurement Plan, implements a Workforce Development Plan, implements a DEI Company Program, and or provides on-site employer provided childcare

