City *of* Tigard
City Center Development Agency
Meeting Minutes for June 4, 2013

CITY CENTER DEVELOPMENT AGENCY MEETING

1. A. At 6:32 pm Chair Cook called the meeting of the Tigard City Center Development Agency to order.

B. Deputy City Recorder Krager called the roll.

	Present	Absent
CCDA Director Henderson	✓	
CCDA Director Snider	✓	
CCDA Director Woodard	✓	
CCDA Chair Cook	✓	
CCDA Director Buehner	✓	

Staff present: CCDA Executive Director Wine, Assistant City Manager Newton, Community Development Director Asher, Redevelopment Project Manager Farrelly, and Deputy City Recorder Krager.

Planning Commissioners present: Richard Shavey and Calista Fitzgerald
City Center Advisory Commissioners present: Elise Shearer and Thomas Murphy

C. Pledge of Allegiance

D. Call to Council and Staff for Non-Agenda Items - None

2. APPROVE CCDA MINUTES FOR –

May 7, 2013

TIGARD CITY CENTER DEVELOPMENT AGENCY MINUTES – JUNE 4, 2013

Director Buehner made a motion to approve the May 7, 2013 minutes. Director Woodard seconded and the motion passed unanimously.

	Yes	No
CCDA Director Henderson	✓	
CCDA Director Snider	✓	
CCDA Director Woodard	✓	
CCDA Chair Cook	✓	
CCDA Director Buehner	✓	

3. PRESENTATION AND DISCUSSION ON OREGON URBAN RENEWAL BEST PRACTICES

Community Development Director Asher introduced Elaine Howard of Elaine Howard Consulting, LLC. He said Consultant Howard and Nick Popenuk of ECONorthwest have teamed up with staff on an on-call basis to offer expertise in two areas. Ms. Howard's experience is in writing and implementing urban renewal plans which she has done throughout Oregon, giving Tigard a means to compare and contrast its urban renewal program with what is being done in other cities. Mr. Popenuk of ECONorthwest is assisting the agency in building a financial model.

Consultant Howard presented a PowerPoint which is included in the packet for this meeting.

She discussed the history of urban renewal in Oregon and showed of map of urban renewal districts. She said urban renewal provides cities with a financing mechanism to help implement plans and address blight. The increase in property taxes funds projects in a specific urban renewal area. In order to establish an urban renewal area a city must have blight, defined by ORS 457 generally as underdeveloped or underutilized property, poor condition of buildings, and inadequate infrastructure, including streets and utilities. Cities under 50,000 in population may have 25 percent of assessed value in urban renewal on 25 percent of their acreage. Tigard is well below that, with 1.47 percent of total assessed value and 2.6 percent of total acreage in its urban renewal district.

In response to a question from Chair Cook about would happen if the state plan limitations are exceeded, Consultant Howard said she was not sure but perhaps cities that are very near the limit would form no new districts until some were closed.

Consultant Howard said cities may not increase original indebtedness by 20 percent of the original plan's Maximum Indebtedness (MI) as indexed. Legislation in 2009 allows use of the initial inflation factor in the original urban renewal report as a way to adjust what the 20 percent might be. She said this is a hard and fast rule about MI unless 75 percent of the tax and jurisdictional partners concur with increasing it above that rate. She said she has seen partners agree to this when they could see potential benefits to the entire community, but

she has also seen situations where a potential increase was not approved. She said another limitation is on acreage, which cannot increase by over 20 percent of the original amount.

Chair Cook clarified that an urban renewal area could be increased without getting the approval of 75 percent of the partners as long as it does not exceed 20 percent, Consultant Howard said that is true but the city would have to go through the same process as was used in the original plan, which in Tigard's case would mean putting it to a vote.

Chair Cook inquired about a current bill in Salem relating to giving back deferrals to taxing districts. Consultant Howard said only plans adopted before 2001 would be affected so it would not impact Tigard.

Consultant Howard said Tigard's MI is $22 million over 20 years. Approximately $1 million has already been collected in tax increment financing. MI is the total amount of money that can be spent on projects, programs and administration over the life of the plan. Paying staff with tax increment financing reduces the amount available for projects.

Consultant Howard said urban renewal agencies can be set up in a variety of ways and a city council decides the makeup of their board. It can be made up of citizens, city council, planning commission members or a combination. When an agency is made up of city council, there is often an advisory board to give them support. The balance becomes how much power the advisory committees think they have over what they actually have. Director Henderson asked about a requirement to have a citizen advisory board and Consultant Howard said ORS 457 does not require it. Director Buehner said that requirement is found in Tigard's city charter.

Consultant Howard discussed urban renewal financing and legislation. Changes effective in 2009 will impact Tigard only if a substantial amendment is done to the current plan or if a new area is formed. A city can front the money for projects and pledge future tax increment revenues to pay it off, or can keep all tax increment financing and not spend any of it on administrative costs until there is enough saved for a project. The direction a city chooses depends on the level of security they feel about potential revenue.

If a city has bonds issued prior to 2001, urban renewal agencies receive a share of those bonds. Tigard has four bonds - Washington County, Metro, Portland Community College, and Tigard-Tualatin School District. In this case an individual taxpayer would see their property taxes increase a minute amount. The tax assessor cannot give the bonding agencies less money so the taxpayers have to come up with the difference. Analyses usually reveal that amount to be less than $1 per $100,000 of house value because of the age of the bonds.

Consultant Howard said cities now have the ability to under-levy, which means if an agency does not want to take the full amount of tax increment revenues, they can notify the county assessor of this and less will be taken. If an agency decides to under-levy it must notify all taxing jurisdictions. Some of that money goes back to the schools but it can cause an unintended consequence of compression for the schools.

Revenue sharing is another change brought about by legislation. A substantial amendment or a new urban renewal area would trigger revenue sharing with taxing jurisdictions.

Consultant Howard recommended projects that catalyze development and make a big difference. She said urban renewal projects typically include infrastructure, streetscapes, catalyzed development, façade grants, plazas and parks. She showed slides of successful urban renewal projects in Oregon.

- The Dalles Brewery Grade project was created from a mix of private, urban and federal dollars.
- In Lake Oswego, First and A Street became Lake View Village. Gramar invested $22 million. Lake Oswego spent $6 million for sidewalks and a parking garage. Developers were attracted to it and the block is worth over $25 million while the block next door is worth under $1 million.
- Sherwood made major improvements in their downtown, building their city hall and streetscapes. Consultant Howard said there is controversy when building a city building with urban renewal money. She noted that the library is incorporated into City Hall, which brings in people and restaurants and shops get business from the activity. A community center is being developed in the Old Machine Shop building.
- The City of Bandon purchased the former Bandon Cheese factory site and was able to attract a new cheese factory. The city owns the factory and constructed the roundabout and street. They hope to develop an ecotourism center next door.
- In LaGrande the city worked with a medical center to develop the LaGrande Medical Clinic. $1 million in private investment and a $75,000 loan from the urban renewal agency was a good ratio of public/private funding that turned a vacant lot into a clinic. 20 good-paying jobs in the medical field were created. The city is currently working on historical buildings in their downtown, removing environmental hazards that prevented any interest in private investment. When the buildings are cleaned up (with help from state funds) the city plans to resell them. The buildings are in the middle of downtown and this change will have a big impact.
- In Astoria there are two urban renewal areas and 55 percent of their urban renewal properties are non-profit businesses. Consultant Howard commented that Astoria will not see benefits from the non-profit businesses, but nearby businesses will. The city purchased the Liberty Theater, transferred it to a non-profit and issued a challenge grant. Many community events occur there including weddings and graduations. They are booked 300 days a year.
- Astor Hotel used urban renewal for rehabbing the storefront in the building. Low income housing, achieved through a state program is on the upper floor. It enlivened the retail shops but also brought in residents, who will use the amenities in the city.
- Astoria's Garden of Surging Waves commemorates Chinese history in Astoria. The urban renewal district issued matching grants. Most of the fundraising is being done by Asian groups in the Portland area. It is located one block away from the Liberty Theater and puts another feature in their downtown that may attract people who perhaps would never have visited Astoria.
- Fort George Brewery in Astoria was built from a public/private partnership that included an SBA loan, a State of Oregon forgivable loan based on number of employees, urban renewal agency money and private dollars. The brewery is in a

historic building built on a former car dealership site. It employs local people, and purchases ingredients from local suppliers, when possible.

Consultant Howard said the CCDA Board submitted questions prior to this meeting and she read the questions and responded to them:

Could we add more land? *Yes, you can add up to 37.4 additional acres, but Tigard will need to do that through a substantial amendment, which involves a vote of the people.*

Can Tigard increase its maximum indebtedness? *Yes, I estimate the amount that could be added is $5.5 million and again would take a vote of the citizens to increase indebtedness.*

Executive Director Wine asked for the definition of a substantial amendment. *The state statute and Tigard's urban renewal plan both define this. The statute has two things that comprise a substantial amendment, increasing maximum indebtedness and adding land over one percent of the original acreage. A substantial amendment must be done in the same manner as the original urban renewal plan. A resolution must be passed. The Planning Commission must find if it is in conformance with the comprehensive plan. Every citizen must be notified and a city council hearing held. If there is an adoption it must be a non-emergency ordinance which has 30 days to go into effect. Tigard's particular plan also has council approved amendments which are material changes to the objectives of the plan, a project over $500,000, or extending the duration of the urban renewal plan. Maximum Indebtedness is the controlling feature of a plan but Tigard has an additional controlling feature which is the duration.*

Director Snider asked for clarification that there are restrictions on increasing existing urban renewal areas, but if the same procedure is followed, the city could establish a new urban renewal district. *Consultant Howard said the only restriction is the acreage limit and a vote is required.*

Director Henderson asked about other tools available to cities with urban renewal districts. Consultant Howard said she finished a project working with ECONorthwest for Lake Oswego which involved looking at the foothills district and the Lake Grove area. They examined other tools such as system development charges (SDCs), local improvement districts (LIDs), general obligation bonds, and revenue bonds. They explored ways a variety of tools could be partnered with tax increment financing to make a project work. Their city council approved the Boones Ferry Road project but made it contingent on voter approval of a general obligation bond, which they did in November. She commented that the business owners on Boones Ferry Road did a great job of lobbying for themselves and telling their story.

Community Development Director Asher clarified that there is a unique relationship between urban renewal and tax increment financing, because you have to pass the one to get the other. He said the other tools are available outside of the district but the reverse is not true. Director Henderson noted that in the past an urban renewal area was identified but it did not pass so there was no tax increment financing available. Consultant Howard said the city can still allocate other resources to a blighted district that needs improvement. She also noted that once a district expires, the agency can continue to do projects in it through public/private partnerships.

Consultant Howard said the typical timing for plans is a 20- to 25- year period. She reminded the CCDA that the city's plan says new indebtedness cannot be incurred after 20 years. She said a bond could be issued at the end of the time period and paid off later. Plans can be closed out earlier if all projects are completed and financing paid off.

Chair Cook said he is intrigued by the Astoria projects and their relationship with non-profits. He asked if there is a way to attract businesses to develop on their own without the agency having to partner with them on things as minor as a streetscape or as large a project as a non-profit building, such as a library. Consultant Howard advised that partnering in a project that is on the edge of an urban renewal district may not be a good idea, but bringing a project into the center of a district that will bring people in to help the businesses in the area succeed may be a good decision.

Director Snider commented that this takes a lot of evaluation and there was deliberate thought put into Astoria's involvement with non-profits. Consultant Howard said that sometimes that can work well. Bringing housing, tourists and shoppers into a downtown always helps. She suggested finding projects that increase activity in the area.

Director Buehner mentioned that Tigard helped build senior/veteran affordable housing. She said this was the first new building built on Hall Boulevard in the urban renewal district. It does not bring in tax increment financing but is attractive and will be a good neighbor to other private projects. Consultant Howard said she agreed that even without tax increment financing, this project can bring in families to visit the residents and shop or eat with them nearby, creating a benefit to area businesses.

Director Henderson asked if there are studies on benefits received by areas outside of a core urban renewal area. Consultant Howard said she is a member of a statewide redevelopment association and one thing they do not do well is track metrics. She said they are attempting to do a better job of this. She said anecdotal information indicates there is a spin-off benefit but there are no studies out there proving this. She noted that Tigard's CCDA is tracking the leveraged investment ratio from the façade improvement program. She reminded the CCDA that urban renewal works, it just requires some patience.

In response to a question from Director Henderson, Consultant Howard said a new urban renewal area would have its own MI and would not reduce the amount of the existing urban renewal area's MI. Director Snider commented that the acreage and assessed value limitations have a lot of room left in them.

Director Buehner offered a hypothetical situation where acres of land have been designated for future employment land and asked if urban renewal was an appropriate vehicle for the purpose of adding infrastructure. Chair Cook questioned whether farmland could be designated as blight. Consultant Howard clarified that blight can include underutilized farmland. She said Salem and Wilsonville have such areas now and more are under consideration in Tualatin and Corvallis.

Director Henderson asked for a synopsis of changes in urban renewal regulations since 2005, when Tigard reactivated their urban renewal agency. Consultant Howard replied that the biggest changes occurred in 2009:

- Substantial amendments trigger revenue sharing.
- Cities can now under-levy.
- Increases to maximum indebtedness over a certain amount require approval from taxing jurisdictions.

Director Buehner asked if revenue sharing is based on dollar amount or a percentage. Consultant Howard said when an agency starts earning 10 percent of their original maximum indebtedness they begin sharing with the taxing jurisdictions. At the point where they start earning 12.5 percent the shared portion increases by a small amount. Director Buehner commented that this would realistically be during the last few years of an urban renewal plan.

Community Development Director Asher mentioned that legislation was the result of several years of scrutiny and challenge to ORS 457 and asked Consultant Howard about the current political climate. She replied that the 2009 legislation came from the Special Districts Association of Oregon which wanted more of a say in things. She said she now advises clients to work with their taxing and jurisdiction partners, whether there is revenue sharing yet or not. She suggested talking to other partners because it is their money the urban renewal district is using. She advised making sure they know what you are doing and invite them to the table through participation on an advisory board.

Chair Cook thanked Consultant Howard and Community Development Director Asher for the informative presentation.

4. RECEIVE UPDATE ON BROWNFIELDS INITIATIVE

Redevelopment Project Manager Farrelly said the CCDA was briefed in April on the idea that there should be a proactive, coordinated program to address the issue of potential environmental contamination in the downtown, referred to as brownfields. He defined brownfields as properties where potential contamination is impacting redevelopment, expansion or improvement. He said staff has been researching this issue and interviewing developers and consulting firms. He attended the National Brownfields Conference in Atlanta. He said formal notice should be received soon on a $25,000 Business Oregon grant received for this program.

Redevelopment Project Manager Farrelly said staff is proposing a downtown brownfields strategy for the CCDA. He said brownfields are important because they complicate redevelopment. A three-part strategy provides and coordinates resources. The first step is working with property owners on assessment. The Business Oregon grant scope of work covers creation of a potential properties database and will include outreach to discuss issues with property owners. It will also fund up to three Phase I environmental site assessments. The information developed will assist with future grant applications for additional federal and state resources. The Environmental Protection Agency (EPA) offers up to $400,000 for assessing petroleum contamination and other hazardous materials.

Redevelopment Project Manager Farrelly said the second part of the strategy is cleanup. Once the hazards are identified, the goal will be to go after state and federal money available to subsidize clean up. The EPA brownfield cleanup program awards grants up to $200,000 to help with cleanup and the only limitation is that they are owned by the government or a non-profit, as long as they did not contribute to the contamination.

He said the third part of the program is redevelopment improvement. We will work with partners to assess cleanup and redevelop these properties.

Redevelopment Project Manager Farrelly shared some interesting information:

1. Competition for EPA grants is tougher due to sequestration
2. Connecting brownfields and cleanup to community health outcomes is important. Very often low income areas bear an unfair share of exposure to contamination and making this explicit connection in grant applications is important.
3. Successful grant applications demonstrate a broad base of community involvement – not just letters of support, but communicating how community organizations will be involved.
4. Key to having a successful program is engaging the property owners. Receiving grant money, "but not having any takers will not do us any good." Trust needs to be built with property owners and the agency and owners need to be educated about how they will benefit by identifying and cleaning up their property. He said the newly-formed downtown property owner group will be a good forum for these conversations.

In response to a question from Director Woodard about grant timelines, Redevelopment Project Manager Farrelly said federal EPA grants are usually due in the fall. Other state programs are available on a rolling basis. Director Snider asked a process question about the order of grant application, suggesting that an assessment grant would need to be applied for first and then a cleanup grant. Redevelopment Project Manager Farrelly said a pilot program last year allowed application for an assessment and cleanup grant at the same time. A limitation is that the property must be under government ownership. Community Development Director Asher said the funding is often flexible and is program-specific, not necessarily site-specific.

Director Woodard asked about applying for grants for the third step - redevelopment. Community Development Director Asher said once a property is cleaned up it is somewhat outside of pure brownfields funding and the Agency can use the tools talked about in the previous discussion with Consultant Elaine Howard to fund improvements.

Community Development Director Asher said the brownfield funding agencies are very outcome-based. He said the better you can convince your funders of the outcome, the more likely you are to be funded. He said a contaminated property could just be cleaned up and left in place, but it would be better to clean it up and redevelop, and even better still, to redevelop it into something the community already supports. He said Tigard's established downtown development plan is a positive factor with regulators.

Director Henderson asked if the brownfield program is citywide or just for the downtown area. Community Development Director Asher said it is a city-wide program and if there are important properties outside the urban renewal area they will be considered. Director Henderson said he raised that issue because of potential relocation of downtown businesses into other areas of Tigard that may need cleanup.

At 8:09 pm Chair Cook announced that the City Center Development Agency was entering into an executive session to discuss real property transaction negotiations under ORS 192.660 (2) (e). He announced that the CCDA would adjourn after the executive session.

5. Non-Agenda Items – None

6. ADJOURNMENT

At 9:02 pm Director Buehner moved for adjournment and Director Snider seconded the motion. All voted in favor.

	Yes	No
CCDA Director Henderson	✓	
CCDA Director Snider	✓	
CCDA Director Woodard	✓	
CCDA Chair Cook	✓	
CCDA Director Buehner	✓	

Carol A Krager

Carol A. Krager, Deputy City Recorder

Attest:

Chair, Tigard City Center Development Agency

Date: July 9, 2013