

APA OR

Oregon Chapter American Planning Association Planning Commissioner Training Series





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Urban Renewal and Tax Increment Financing 101

What Planning Commissioners Should Know

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What is Urban Renewal?

- Local government program to prevent and cure “blight” in target areas.
- Essence of blight: lack of private investment in real estate development due to specific obstacles.

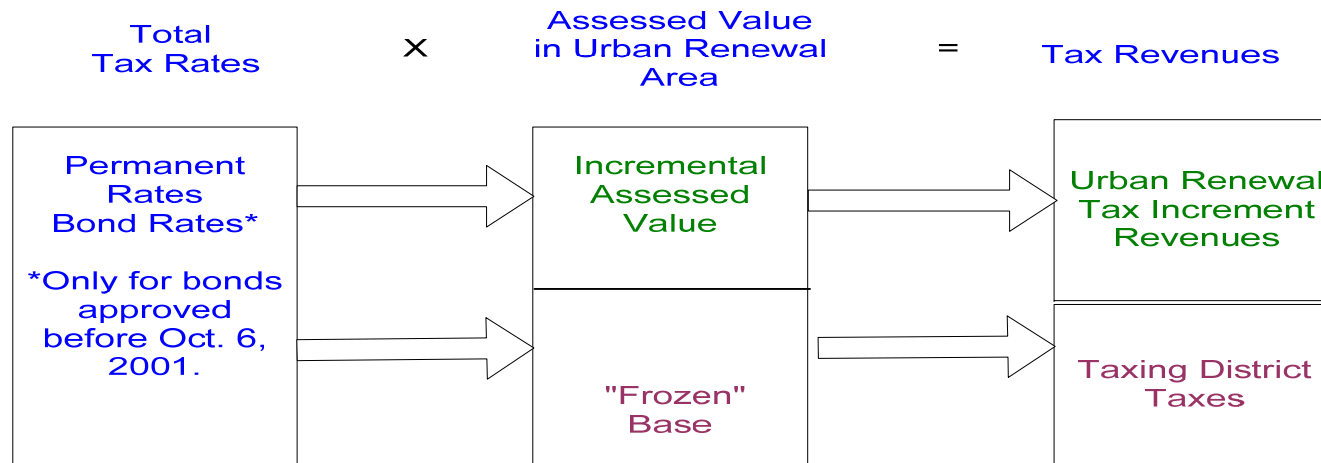


What is Tax Increment Financing?

- Use of property taxes on growth in assessed value in urban renewal area to pay for urban renewal projects.
- Growth in assessed value is “incremental assessed value”. Initial assessed value is “frozen base”.



Assessed Value in Urban Renewal Area





Starting Urban Renewal

- Governing body adopts urban renewal plan which:
 - Defines urban renewal area
 - Authorizes urban renewal projects
 - States “maximum indebtedness”



Urban Renewal Area

- Must be “blighted” – inadequate infrastructure, buildings unsafe or unfit, lack of public facilities.
- Can’t be more than 25% of land area or assessed value for municipalities under 50,000 population, 15% if over 50,000.



Urban Renewal Projects

- Infrastructure.
- Development assistance.
- Public facilities that promote private investment.
- Land acquisition for redevelopment from willing sellers.



Limits to Plan

- Maximum indebtedness equals tax increment revenue expenditures for projects and administration, everything except interest on debt.
- No duration limit required by law, but commonly is included.



Role of Planning Commission

- Must make a recommendation to governing body regarding the Urban Renewal Plan.
- Most important issue: how UR Plan conforms to Comprehensive Plan and implementing ordinances



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Comprehensive Plan Conformance Issues

- Is development projected in UR Plan permitted under Comp. Plan?
- Does municipality have a policy supporting public investment to promote private development?



Current Issues in Urban Renewal

- Duration of urban renewal plans – “do they ever go away?”
- Impact of property tax revenues foregone on taxing districts.
- Use of urban renewal for public facilities that do not directly promote private development, and that could be financed by GO Bonds or other



For Further Information

- Association of Oregon
Redevelopment Agencies (AORA)
<http://www.orurbanrenewal.org/Resources/tabid/4074/language/en-US/Default.aspx>
- Oregon Dept. of Revenue
http://www.oregon.gov/DOR/PTD/IC_504_623.shtml
- ORS 457



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Information on this series is available on the OAPA web site at:
<http://www.oregonapa.org/pageview.aspx?id=18208>

Email questions or comments to:
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