Milwaukie Urban Renewal Advisory Committee

Meeting #4 – Agenda

May 18, 2016

4:30 to 6:30 PM

Milwaukie Public Safety Building: 3200 SE Harrison Street

4:30	Welcome/Updates	Councilor Lisa Batey
4:40	Financials	Nick Popenuk
5:00	Plan and Report - review documents Review specifically: Affordable Housing language Future Amendments Duration Report: Financial projections/duration	Elaine Howard
6:20	Wrap-Up	Dennis Egner

Enclosures:

- Notes from April 20, 2016 Meeting 3
- Draft Milwaukie Urban Renewal Plan*(to be sent under separate cover)*
- Draft Report Accompanying the Milwaukie Urban Renewal Plan *(to be sent under separate cover)*

Milwaukie Urban Renewal Advisory Group
April 20, 2016
Meeting #3 Notes

Group Attendees: Chair Lisa Batey, Casey Camors, Sine Adams, Ray Bryan, Kim Travis, Zac Perry, Kathy Lyle, Neil Hankerson, Troy Reichlein, DJ Heffernan, Fire Chief Fred Charlton, Gary Barth, Christa Bosserman Wolfe

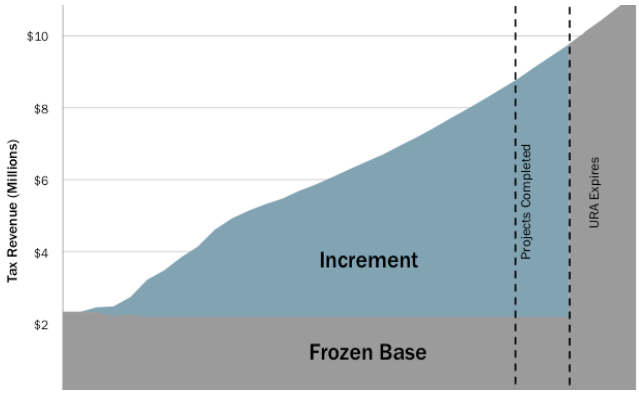
Other Attendees: Mayor Mark Gamba, Jerry Craig, Bernie Stout

Consultant Team: Elaine Howard, Nick Popenuk

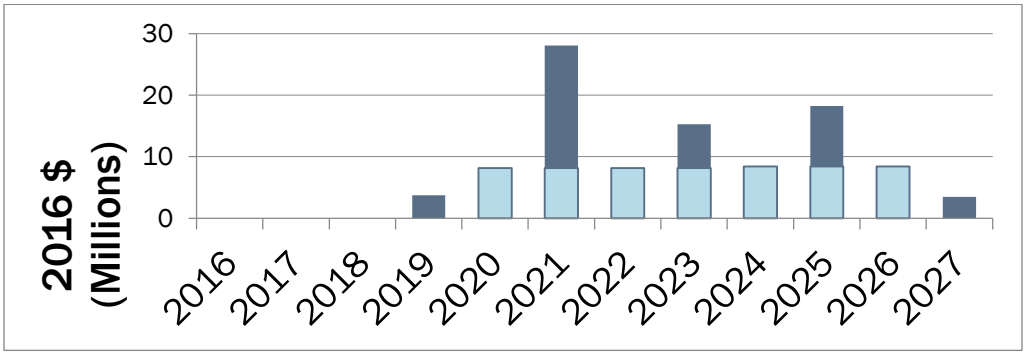
Chair Lisa Batey convened the meeting.

Nick Popenuk and Elaine Howard, Consultants, facilitated the remainder of the meeting and covered the following points:

- **Financials**
  - **Mr. Popenuk** reviewed the financial information, detailing how tax increment projections were made.
  - The following key terms were defined:
    - TIF: Tax Increment Financing
    - AV: Assessed Value
    - Frozen Base: AV in base year of urban renewal area
    - Increment = AV-Frozen Base
    - TIF = Increment x Tax Rate
    - Appreciation: Capped at 3% per year
    - Exception Value: anything above 3%. Historical trends: 3.75%
  - A chart showing the dynamics between the frozen base and increment was reviewed. The frozen base was estimated to be approximately $137 million. This was real, personal, and utility values.



- Assessed value growth was predicated upon development assumptions for key opportunity sites in both Downtown and Central Milwaukie. Development assumptions were prepared as part of the Moving Forward Milwaukie project. The developments were anticipated to occur in the future, with the first development coming on tax rolls in 2019.
- The chart below shows anticipated growth and timing for the seven opportunity sites.



- Except for the increases due to development projects, the general assumptions for assessed value increases were 3% per year until 2028; after 2028, the rates were increased to 3.5% per year. This AV increase was after the 7 opportunity sites were fully developed. The scenario developed was for spending on projects for 25 years, with an additional 4 years to pay off in the long term debt for the urban renewal area (29 years of urban renewal).
- The amount of tax increment revenues collected did not directly equal the amount of funding for projects. Some of the tax increment revenues must go toward financing costs, inflation, and administration.
- The projected amount of dollars for projects over the life of the urban renewal area is shown in the chart below. Of the $54.5 million, approximately $2.2 million would be spent on administration, leaving $52.3 million for projects.

Year Projects Completed	FYE 2042
Last Year to Collect TIF	FYE 2046
Total TIF Needed	$ 112,000,000
Maximum Indebtedness	$ 88,000,000
Dollars For Projects*	
Years 1-5	$ 10,400,000
Years 6-10	$ 8,900,000
Years 11-15	$ 14,100,000
Years 16-20	$ 3,200,000
Years 20+	$ 17,900,000
Total	**$ 54,500,000**

- The project list currently totaled $72.5 million; however the funding for projects was estimated at approximately $52.3 million. The key question for the Group to address was whether to extend the life of the district to meet the gap of approximately $20.2 million or to reduce the amount of funding that would go toward the projects. Every additional year meant approximately $2-3 million in additional funds for projects.

- **Questions/comments from the Group:**
  - Some felt that the assessed value growth rate was too conservative.

- Concern was expressed that the funding for economic development programs should be held stable, not reduced.
- In response to a question about whether all projects addressed blight and increase assessed value, **Mr. Popenuk** said that some amenity projects such as park improvements have been found to encourage redevelopment.
- It was noted that it was likely that the Kellogg dam removal would get other funding in addition to funding from the urban renewal plan and that the renewal program would not have to pay for the full dam removal project.
- In response to a question about what the private sector would pay for, the team responded that streetfront improvements were often something that developers covered. Public parks were not typically funded by the private sector; other funding sources were needed to pay for them.
- **Ms. Howard** noted that sometimes lending to individual businesses was criticized in urban renewal.
- There was a question about project costs. **Mr. Egner** stated that the streetscape dollar amount increased based on a review of which blocks were yet to be completed. The streetscape cost included undergrounding the wires and ADA compliance. The Kronberg Park and path project increased as it now included park improvements in addition to path improvements.
- In response to a question about whether project costs were driving the TIF forecasts, the team responded that the project list was primarily derived from existing planning documents and the TIF forecasts were based on Moving forward Milwaukie redevelopment projects.
- There is a general understanding that urban renewal did not increase property tax rates, but questions were raised about whether taxing districts would need to pursue local option levies or general obligation bonds in order to make up for revenue not received due to urban renewal.

- **Group Discussion**
  - The Group was polled on whether the district should be lengthened in duration or the project costs reduced. The majority of the Group felt that the timeframe for urban renewal should not be extended. Taxing district representatives were unanimous in their comments that the shorter the timeframe for urban renewal, the better. They would like to see the specific analysis for individual taxing district impacts. There was some agreement that the projections of 3.5% assessed value growth was conservative, and that that growth rate might be increased. There were suggestions from some Group members of projects that might be reduced in costs, such as:
    - Kellogg dam project be partially funded through other sources
    - Parking solutions could be reduced
    - Reduce funding in the parks projects: focus on bigger parks, not the neighborhood parks
    - Concentrate on funding for catalytic projects
  - Representatives of the public who were in attendance provided input that bathrooms in the parks and near light rail are important.

- There was discussion about the potential of making more aggressive financial forecasts but also providing the termination date. **Mr. Popenuk** stated a duration date sometimes made it difficult to get financing. **Ms. Howard** stated some plans include language that limited the timeframe for issuing new debt.

- **Goals and Objectives**

  Ms. Howard explained the updated Goals and Objectives and Project List, and asked for any feedback to be provided to Mr. Egner within the next week.

  Regarding affordable housing, **Ms. Howard** explained that affordable housing could be a component of developer assistance. **Ms. Flores** indicated that some urban renewal areas have specific percentages of urban renewal funds allotted to affordable housing.

  Approximately half of the Group members indicated interest in pursuing the discussion affordable housing. **Ms. Howard** suggested that potential language for a recommendation on affordable housing could be considered at the next meeting when the draft plan was reviewed.

- **Schedule of the Advisory Group Meetings/Public Participation**
  - May 18: 4th Meeting – Review draft plan
  - May 31: 5th Meeting – Reserved
  - May 6 & June 3: First Friday
  - May 1, 22 & June 26: Farmers' Market
  - One additional event?
  - Online Survey