



City of North Bend

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Understanding Urban Renewal and Tax-Increment Financing: A Guide for North Bend

The Purpose of Urban Renewal

Urban renewal is a powerful tool for cities aiming to bring their developmental visions or infrastructure improvements to life without a predefined funding source. It's a state-sanctioned, locally executed program that harnesses property tax revenues to rejuvenate designated urban areas identified as "blighted." These areas often struggle with underdevelopment, deteriorating buildings, underutilized land, or outdated utilities and infrastructure, which hampers their economic contribution. The core idea is that revitalizing these areas will enhance their economic input and, by extension, bolster the overall tax revenue supporting various public services. For a tutorial on North Bend's Urban Renewal Agency, visit Elaine Howard's presentation to the City Council on April 8, 2024. A link to these materials can be found at <https://tinyurl.com/4693aern> (video) and <https://tinyurl.com/wjkaftp> (presentation).

Initiating an Urban Renewal Program

The journey begins when city leaders identify a need for improvement in a specific area but lack the necessary resources. They commission an urban renewal plan that outlines the target area's boundaries, sets goals, and details projects to ameliorate conditions. This plan caps the funds available for these projects through a "maximum indebtedness" and is backed by a financial feasibility study. For the plan to take effect, it must receive the City Council's approval, ensuring a transparent and community-driven process.

What Can Urban Renewal Do?

Under an urban renewal plan, agencies can embark on various projects to enhance public infrastructure like streets, parks, and utilities, support building rehabilitation, and encourage private development efforts. These activities are chosen to directly address the specific needs and goals of the targeted area.

How Tax-Increment Financing Fuels Urban Renewal

Tax-increment financing (TIF) is the financial engine behind urban renewal, allowing it to operate without raising property tax rates. TIF captures the increase in property tax revenue over time within the urban renewal area. At the inception of an urban renewal area, the existing property tax revenue (the "frozen base") continues to support usual municipal services. Any tax revenue growth beyond this base ("the increment") is allocated to the urban renewal agency, funding the planned improvements and potentially leading to further economic development.

Administration and Impact

An urban renewal agency, often comprising city council members, oversees the district's operation, ensuring alignment with the community's vision. While TIF diverts some tax revenue growth to urban renewal efforts, it's designed to stimulate development that wouldn't otherwise occur, promising long-term benefits for the entire community. Once an urban renewal area concludes, all taxing jurisdictions typically see an uptick in revenue from the now-enhanced property values.

The Effect on Property Taxpayers

For residents, the advent of an urban renewal area doesn't directly hike property taxes. Instead, it alters how taxes are allocated, rerouting a portion to support the renewal efforts. This "division of taxes" means while the overall tax bill remains unchanged, the distribution shifts to prioritize urban renewal. This strategic reinvestment aims to foster a thriving, economically vibrant community, reflecting a commitment to sustainable urban development and improved quality of life for all citizens.

Substantial Amendment

The North Bend Urban Renewal Agency has begun seeking approval for a significant amendment to its urban renewal plan. This amendment will add new projects to the plan and increase the agency's available funding without increasing property taxes.

The additional projects will build on previous successes, such as the district's storefront improvement program along the boardwalk, Simpson Heights Park, downtown streetscape enhancements, North Bend Public Library renovations, and various façade improvement grants.

Most of the new funding will be allocated to developing at least 72 new housing units on the former Coos County Annex property at Virginia and McPherson Avenues. This 54,000-square-foot workforce housing complex will provide priority housing for critical service employees, including educators, healthcare workers, public safety personnel, and logistics professionals.

The North Bend City Council will present the proposed amendment for consideration on **December 10, 2024**.