

Report on the Independence Urban Renewal Plan

SECTION I: Introduction

The Report on the Plan for the Independence Urban Renewal Area provides technical information to support the Plan and to assist the Renewal Agency and the City Council in their deliberations on the Independence Urban Renewal Plan. The required contents of a Report on an Urban Renewal Plan are set forth in ORS 457.085(3), subsections (a) through (i). The sections in this Report on the Independence Urban Renewal Plan cover each of those requirements of ORS 457.

This report was compiled using data from several sources, including City staff and Polk County Assessor's Office.

SECTION II: A Description of the Physical, Social and Economic Conditions in the Urban Renewal Area

II A. Physical Conditions

Land Area

The Independence Urban Renewal Area is shown on Exhibit 1-Urban Renewal District Boundary of the Urban Renewal Plan. The Independence Urban Renewal Area contains 253 acres. Of the total acreage in the project area, all acres are inside the City of Independence.

Compliance with Land Area Requirements of ORS 457

ORS 457.420(2)(a)(B) provides that the total land area of a proposed urban renewal area, when added to the land area of existing active urban renewal plans, may not exceed 25% of the City's total land area. Table 1 below shows the acreage in existing renewal areas in Independence, and the estimated acreage to be added in the proposed Independence renewal area boundary.

Total Acreage in Independence Urban Renewal Area		
	Original Acreage	Amended Acreage
Acreage in Proposed Renewal Area	253	249
Acres in City of Independence	1013	1643
Percent of City's Acreage in Renewal Area	24.97%	15.15%

The table shows that with the acreage for the proposed renewal area is below the 25% acreage limitation.

Land Uses and Zoning

The Independence area contains a mixture of commercial uses, light and heavy industrial uses, and some residential.

The following table shows the zoning in the renewal area. The total acres in the zoning table include acreage in streets, right-of way, and water. The predominant zoning designation in the Independence Urban Renewal Area is Light Industrial and residential. Little of the land zoned light industrial in this area has been developed until recently.

TABLE II		
Independence Urban Renewal Area - Zoning, by Acres		
Zoning	Acres	Percent of Total
AG - Agriculture Zone	0	0
CH - Commercial Highway Zone	1	<1%
CO - Commercial Office Zone	1	<1%
CR - Commercial Retail Zone	14	6%
IH - Heavy Industrial Zone	43	17%
IL - Light Industrial Zone	38	15%
IP- Industrial Park	67	27%
PS - Public Services Zone	11	5%
RH - High-Density Residential Zone	29	12%
RM - Medium-Density Residential Zone	26	10%
RS - Single-Family Residential Zone	12	5%
RSA - Single-Family Residential Airpark Zone	8	3%
TOTALS	249	100%

1. Traffic and Circulation Conditions

The Industrial area of the project lacks adequate streets, curbs, and sidewalks. There is inadequate vehicular access to the industrial area, and inadequate connections between the commercial core of Independence and the industrial area. The industrial area cannot be developed to its potential until a funding mechanism is found to master plan and put an adequate street system in place.

2. Street, Curb and Sidewalk Conditions

Most of the streets, curbs and sidewalks near the commercial core areas are classified as in fair to poor to very poor condition in the Independence Transportation System Plan (TSP), July 1998. The TSP contains many improvement recommendations for pedestrian, bicycle, and vehicular improvements to enhance traffic safety and circulation for all users. The streets surrounding the commercial core areas lack adequate wheelchair access, safe pedestrian ways, and handicapped parking.

As noted in the previous section, the industrial area lacks an adequate system of streets, curbs, and sidewalks. An Industrial Area Master Plan (IAMP) should be commissioned which addresses traffic circulation and infrastructure recommendations and also suggest funding mechanisms to meet the IAMP objectives.

The TSP encourages and suggests that curbs, sidewalks, paths, landscaping, safe intersections and traffic controls are essential to enhance the safety, access and efficiency aspects of pedestrian, bicycle and vehicular modes of transportation within the district.

3. Public Parking Conditions

The City of Independence does not have any public parking lots. Consequently, convenient customer parking in the commercial core area is grossly inadequate and inconvenient and negatively affects business and values in the commercial core area.

The Urban Renewal Plan will contain at least one area to be developed as a development area for public parking.

4. Parks, and Open Space Conditions

The City of Independence parks within the district are the Riverview Park and North Riverview Park; both parks need to be developed further. The City of Independence Downtown Development Plan addresses the development, upgrades, and improvements to parks and open space.

5. Pedestrian and Bicycle Ways

Hoffman Avenue requires new bicycle lanes as detailed in the Independence Transportation System Master Plan. A multi-purpose trail system needs to be developed in Riverview Park in anticipation of a regional trail system from Corvallis, Oregon to Salem, Oregon. The existing bicycle and pedestrian facilities at the traffic-controlled intersections are unsafe, unfriendly for pedestrians and bicyclists, and directly affects the flow of traffic on Highway 51.

6. Water and Sewer Services Conditions

Planning and new construction are required in order to provide services for normal low volume water users and low level industrial waste discharges. Sanitary sewer lift stations are necessary due to the topography of the area. Provisions and funding for high volume water users are not available and, therefore, require additional funding of additional water treatment and water service infrastructure. Concurrently, capital investments for treatment handling facilities, and collection system improvements will be needed to meet the handling of medium to high level of industrial wastes.

The water and sewer services in the commercial area are currently adequate, but will require upgrades on an as needed basis under present plans and funding resources.

7. Storm Drainage Collector System Conditions

There is not an adequate storm drainage system in the industrial area or in the residential area known as "old town." The industrial area requires an elaborate and costly system due to federal and state laws and regulations that prohibit the traditional dry well collection and disposal system.

At this time, the storm drainage collection system is adequate in the commercial areas, although replacements and upgrades are a constant endeavor.

8. Conditions -Environmental and Geotechnical

No special conditions are noted at this time.

9. Conditions – Public Facilities

The Independence Police Station, City Hall, Public Library, Hop Warehouse, and Municipal Court all are located within the Urban Renewal Area. They are an important source of public usage for the urban renewal area, and they are crucial to the viability of the downtown section of the renewal area. The newest of the facilities, City Hall, is approximately 45 years old. All these municipal facilities are in need of modernization, expansion, and major repairs.

II B: Social and Economic Conditions

The area includes Independence's traditional downtown core. There are few vacancies in the downtown core area; however, there is little sign of new private investment. This condition indicates static or declining property values in the downtown core area. This indicator is further confirmed by the low ratio of improvement to land values in the area.

The overall value of improvements to land in the Downtown Renewal Area is very low for an area that includes much of the city's commercial core. Based on preliminary data for the 2000-01 tax years, land represents approximately \$2.4 million in value, while improvements represent approximately \$5.1 million. (Note: the frozen base values for the area will be based on values, which are not available at this time.) The ratio of improvement to land value is only 2.13 to 1. Mature urban areas, especially those containing the community's commercial core, are expected to exhibit improvement to value ratios in the 4:1 or 5:1 range. It has been noted that the Renewal Area contains a high percentage of land under-developed. The low level of improvement values in the area means that the tax revenues produced by the area are well below their potential, and the area therefore is not carrying its proper share of the local tax burden.

ORS 457.420(2)(a)(A) provides that the assessed value of an urban renewal area, when added to the total assessed values previously certified by the assessor for all other urban renewal areas, may not exceed 25% of the total assessed value of the municipality, exclusive of any increased assessed value for other urban renewal areas. It is assumed that the 2000-01 year will become the year for frozen base values for the Independence Urban Renewal Area. Assessed Value data for the 2000-01 year is not yet available. However, preliminary data on 2000-01 indicates that the Assessed Value for the area will be approximately \$30,000,000. That estimate of Assessed Value is used in Table III below.

TABLE III	
Certified Assessed Values in Independence Renewal Area	
	Base AV
Independence Renewal Area	\$30,000,000
Total Assessed Value, City of Independence	\$180,804,562
Percent of Independence in Renewal Area	16.59%

The values within the proposed Independence Renewal Area boundary are well within the 25% limit.

SECTION III: The Expected Impact, Including Fiscal Impact of the Plan, in Light of Added Services or Increased Population

Attracting the new development, and serving the increased daytime and residential population initially will create needs for new streets, curbs and sidewalks, public parking, and improvements to the area's drainage and sanitary sewer systems. As the area reaches latter stages of build out, it is likely that there will be needs for improved public safety facilities and other community facilities.

Urban renewal activities shown in Section 600 of the Independence Urban Renewal Plan are intended to allow use of tax increment funds to address the impacts described above. The estimated cost of carrying out the Independence Urban Renewal Plan is largely driven by anticipated expenditures to address the infrastructure and service needs of the project area. It is more difficult to quantify the positive fiscal and service impacts expected from the improvements made to transform the Independence area to a new employment center, but they are real nevertheless. Reduced automobile usage, increased use of alternative means of transportation, improved public and pedestrian safety, and better public facilities all represent positive fiscal and service benefits of the Plan.

Carrying out the Renewal Plan will require the use of tax increment revenues. With the passage of Ballot Measure 50, the basic fiscal impacts of utilizing tax increment financing have changed. Use of tax increment financing may result in some "foregone" property tax revenues by other taxing bodies. While some property taxes will be foregone during the life of the Plan, it is anticipated that new property values created by urban renewal activities will result in an early payback of these foregone revenues. Further, given the current conditions within the Independence area, it seems reasonable to assume that the increases in property values either would not materialize, or would be much lower if the urban renewal activities were not carried out.

The tax impacts of carrying out the Independence Urban Renewal Plan and the new property values expected in the project area are addressed in the Financial sections of this Report.

SECTION IV: Reasons for Selection of Each Urban Renewal Area in the Plan

Conditions exist within the Independence Urban Renewal Area, which meet the definitions of blight in ORS 457.010. These conditions and deficiencies are described in Sections IIA and IIB of this Report, and are summarized below.

- Major parts of the area lack streets, curbs, and sidewalks.
- Major parts of the area lack adequate water and sewer services.
- Major parts of the area lack a storm drainage system.
- A significant portion of the renewal area is unimproved or underdeveloped land, and therefore unproductive for purposes of providing revenues for needed city services.
- Parks, open space, and public facilities in the area are inadequate for current and projected needs.

SECTION V: The Relationship Between Each Project Activity to be Undertaken Under the Plan and the Existing Conditions

All project activities described in Section 600 of the Plan are intended to correct the deficiencies described in Section IIA and IIB of this Report and summarized in Section IV of

this Report.

A comparison of Plan activities in Section 600 with the deficiencies noted in Section II of this Report shows that there is a direct relationship between each project activity authorized in the Plan, and treatment of the existing conditions in the Independence Urban Renewal Area.

SECTION VI: The Estimated Total Cost of Each Project

The estimated costs of project activities are shown on Table IV. The total cost of projects in 2001 dollars is estimated at ~~\$5,228,080~~ \$13,665,480.

SECTION VII: The Anticipated Completion Date for Each Project

Project activities are anticipated to be undertaken starting in Fiscal Year (FY) 2001/02 and ending in FY 2022-23.

SECTION VIII: The Estimated Amount of Money Required in the Urban Renewal Area Under ORS 457.420 to 457.460 (Tax Increment Financing of Urban Renewal Indebtedness) and the Anticipated Year in which Indebtedness Will be Retired or Otherwise Provided for Under ORS 457.420 to 457.460

Revenues are obtained from anticipated urban renewal bond proceeds and the proceeds of short-term urban renewal notes. The capacity for urban renewal bonds is based on projections of urban renewal revenue, which in turn are based on projections of development within the Area.

Total estimated principal costs (i.e., exclusive of debt service) over the life of the plan total ~~\$5,228,080~~ \$13,665,480. As shown on Table V, revenue is sufficient to cover project expenditures.

It is anticipated that the maximum indebtedness under the Plan will be ~~\$5,228,080~~ \$13,665,480 reflecting project activities, district management, and reserve requirements. No additional indebtedness would be incurred under the Plan when either the maximum indebtedness amount is reached, or the urban renewal area no longer has indebtedness or any plan to incur indebtedness within the next year, whichever occurs first. District indebtedness is anticipated to be retired or provided for by the end of FY 2022-2023.

TABLE IV

PRIORITY	PROJECTS AND ESTIMATED COST (2001 Dollars)	Costs	Completed
<u>Completed Projects</u>			
**	Purchase Harter Machine Shop and convert to Public Parking		\$ 240,000
**	Add sidewalks to missing segments along Hoffman Rd (12,610 ft)		\$ 156,000
**	Hoffman Road Gun Club Rd to Stryker Rd (4,100 ft)		\$ 123,000
<u>Removed Projects</u>			
	Purchase the old Cherry Pit Fuel business (3rd street between F and G street)	\$ 395,000.00	
	Improve Rail Tracks on 2nd Street	\$ 1,000,000.00	
<u>Public Buildings, Complexes and Parking Facilities</u>			
	Construct new boat launch at north end of Riverview Park	\$ 425,000	
*	Purchase blighted properties for renovation The Hop Warehouse	\$ 1,500,000	
		\$ 1,000,000	
3	Develop Business Incubator Facility	\$ 150,000	
4	Design/engineer community civic center (School district, Post office, Chamber of Commerce, City government administration building, etc.)	\$ 350,000	
*	Construct a community civic center (city hall, school district, post office, etc.)	\$ 3,150,000	
<u>Street and Circulation Projects</u>			
	Add Sidewalks to segments of Walnut and others in old town	\$ 50,760	
*	Downtown facade renovation grant/loan program	\$ 500,000	
<u>Industrial Area Utility Improvements</u>			
	Monmouth Street Pipeline Replacement Replace 1,200'-4" C.I. w/8" from Main St. to 4th St.	\$ 106,000	
	Main Street North Reinforcement Replace 1,200'-4" C.I. w/8" from Albert St. to Picture St.		
	Various waterline replacement-O.D.steel pipe w/ PVC pipe Polk St.:320'-6",Walnut-Log Cabin,300'-North from Polk St.	\$ 44,510	
		\$ 83,600	
		\$ 22,210	
		\$ 37,400	
		\$ 62,000	
<u>Parks, Pedestrian and Bike Corridor Projects</u>			
	Polk Street Stryker Rd. to Ind. Hwy 51(2,000ft)	\$ 70,000	
2	Ash Creek Trail: Bridge at Riverview Park Gun Club Rd. to Willamette Trail (9,000 ft)	\$ 435,000	
1	Riverview Park Amphitheater	\$ 1,000,000	
<u>Plan Administration</u>			
	Finance Director	\$ 660,000	
	Community Development Director		
	City Manager		
<u>Other Traffic Projects</u>			
*	Renovate Ind. Hwy 51 (from Polk St. to Stryker Rd.)	\$ 3,500,000	
	* refers to new/or revised project on the list		
	** - refers to projects that have been completed		
	Total Project Estimated Cost	\$ 13,146,480	\$ 519,000

SECTION IX: Financial Analysis of the Plan with Sufficient Information to Determine Feasibility

Table V demonstrates that projected tax increment proceeds are sufficient to cover projected expenditures and that the Plan is financially feasible. Table V also demonstrates that projected urban renewal taxes are sufficient to support the bonded indebtedness necessary to provide project revenues. Short-term urban renewal notes, repaid on an annual basis from the ending fund balances, may provide additional revenue.

SECTION X: A Fiscal Impact Statement that Estimates the Impact of the Tax Increment Financing, both Until and After the Indebtedness is Repaid, Upon All Entities Levying Taxes Upon Property in the Urban Renewal Area

The amendments to the Oregon Constitution passed by voters in May 1997 resulted in a shift in Oregon's property tax system. The tax bases and most continuing levies of taxing districts were reduced, and then converted to "permanent rates." These rates were sufficient to raise, in Fiscal Year (FY) 1997/98, the amount of revenue that each taxing district was authorized to levy.

In FY 1998/99 and subsequent years, the maximum revenue of each taxing district with a permanent rate was determined by applying the permanent rate to the assessed value within the taxing district. Under this system of taxation, the fiscal impacts of urban renewal consist primarily of tax revenues foregone by taxing districts. To a lesser extent, impacts in terms of increased tax rates to tax payers will result from any levy other than permanent rates. For example, if voters approve a local option levy, or exempt bond levy, the tax rate necessary to raise the amount approved may be higher as a result of the existence of the Plan.

Table VI projects the amount of tax revenue that will be foregone by each district over a 22-year period. By the end of FY 2023, sufficient urban renewal tax revenue is projected to be collected, to retire all outstanding bonded indebtedness necessary to finance the plan. Urban renewal taxes would therefore be projected to cease after FY 2023. The foregone revenues shown here are likely overstated, for they assume that all values in the renewal area would appear even without the improvements resulting from urban renewal investments. Other reasonable scenarios could be constructed showing lower levels of development and value occurring if no renewal actions were taken. These scenarios would of course show less revenue foregone. The permanent rates for the taxing bodies are based on FY 2001/2002 rates.

Because of the increased assessed value that is projected to occur within the Area as a result of urban renewal through FY 2022-23, even with no growth in the Area's assessed value after 2022-23, the taxing districts are projected to recoup all foregone revenues within eight years from the cessation of urban renewal tax collection, or by FY 2030-31. Applying even a modest growth to values produced in the renewal area during the life of the Plan would shorten that payback period. The number of years required to recoup foregone revenues may fluctuate, dependent upon the year of cessation.

SECTION XI: Relocation Report

An Analysis of Existing Residences or Businesses Required to Relocate

At the time, this Plan is prepared; one property has been identified for potential acquisition: the Harter property, known as 'Independence Machine Shop'.

A Description of the Relocation Methods to be Used

The Renewal Agency will provide assistance to persons or businesses displaced in finding replacement facilities. All persons or businesses to be displaced will be contacted to determine such relocation needs. They will be provided information on available space and will be given assistance in moving. All relocation activities will be undertaken and payments made, in accordance with the requirements of O RS 281.045-281.105 and any other applicable laws or regulations. Relocation payments will be made as provided in ORS 281.060. Payments made to persons displaced from dwellings will assure that they will have available to them decent, safe, and sanitary dwellings at costs or rents within their financial reach. Payment for moving expense will be made to businesses displaced.

An Enumeration by Cost Range of Housing Units to be Removed or Altered

There are no housing units currently identified for acquisition or removal in the Independence Urban Renewal Plan.

An Enumeration by Cost Range of New Housing Units to be Added

There are no new housing units currently identified as being added to the project area.