

South Waterfront Urban Renewal Feasibility Study

Salem, OR

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Executive Summary

In 2006, the City of Salem, Boise Cascade, and the Strategic Economic Development Corporation (SEDCOR) invited the Urban Land Institute (ULI) to convene an Advisory Services Program panel to evaluate development opportunities for Boise Cascade's river-front properties in downtown Salem. The panel issued a report which presented a redevelopment "program" – the type and amount of residential, commercial public and parking development - for the area. The program recommended a change in zoning and use of the site from industrial to mixed use and an aggressive development program. It also recommended that the City adopt an urban renewal plan to finance public improvements.

The City has directed staff to prepare a feasibility study for an urban renewal plan for the Boise and areas nearby. This study consisted of the following tasks:

- A. Establish Feasibility Study Area
- B. Assess Conditions of "Blight" Required to Establish Urban Renewal Area
- C. Estimate the Potential Revenue Capacity of Urban Renewal Area
- D. Estimate Costs for Likely Urban Renewal Projects
- E. Estimate Impact of Tax Increment Financing on Overlapping Taxing Districts
- F. Prepare Recommendations for Proceeding.

The study area was divided into a Primary and Secondary Area, as shown in Figure 1 on page 8. The study found that conditions of blight, in particular, inadequate access and circulation and lack of public access to both Pringle Creek and the Willamette River, exist in the Primary Study Area. If the land use objective for this area is for mixed residential and commercial uses, then the area can also be considered underdeveloped. The existing buildings were found to be obsolete even for currently allowed uses.

The Secondary Study Area suffers from a lack of connection to the river, and can be seen as underdeveloped in terms of the existing single family residential uses in a multi-family residential zone. However, this area appears to be stable, with the possible exception of some existing apartment buildings. The commercial part of the area appears to be redeveloping without special public investments. The conditions of blight in this area are not as pronounced as those in the Primary Study Area.

The projected tax increment bonding capacity of the Primary Study Area is substantial, up to \$23 million if bonds were to be issued throughout the assumed 20 year life of the Plan. This compares to estimated costs of \$8.5 million, including administrative costs and inflation. The \$8.5 million could be raised by the first two projected bond issues, allowing for retirement of debt by FY 2019/2020.

Though the tax increment financing of the Primary Study Area could be relatively short in duration, the projected annual property tax revenues foregone to the overlapping taxing districts are not insignificant. This is because the Meridian mixed use project is included within the Primary Study Area and the increased property tax revenues resulting from the project would be allocated to the Urban Renewal Agency not the City, County or other overlapping districts. (The revenues of K-12 schools and the ESD would not be directly affected.)

The Secondary Study Area has lower revenue capacity but also has lower estimated project costs. The projected bonding capacity of \$5.6 million over the life of the Plan exceeds the estimated costs of \$4.6 million, including administration and inflation. The projected revenues foregone are much lower than for the Primary Study Area, although it will take longer to pay off debt.

Based on the analysis summarized in this Feasibility Report, the consultants recommend that the Council, if it wishes to continue with the implementation of the ULI Panel Report, direct staff to prepare an urban renewal plan and report for the Primary Study Area. The projected revenues appear to be ample in relationship to the project and program needs while the public investment is clearly necessary to achieve the mixed use development objectives.

The consultants do not recommend proceeding with an urban renewal plan and report for the Secondary Study Area. The commercial part of this area appears to be redeveloping without special public investments, while the residential part of this area is stable.

I. Introduction

In 2005 Boise Cascade and the City of Salem began conversations about the future use of the site on which Boise Cascade is located. In 2006, the City of Salem, Boise Cascade and the Strategic Economic Development Corporation (SEDCOR) invited the Urban Land Institute to convene an Advisory Services Program panel to evaluate development opportunities for Boise Cascade's riverfront properties in downtown Salem. The panel was asked to consider possibilities for profitably redeveloping the properties and provide public benefits. The panel was convened June 25-30 of 2006 and issued a report which presented a redevelopment "program" – the type and amount of residential, commercial public and parking development - for the area. The program recommended a change in zoning and use of the site from industrial to mixed use and an aggressive development program. It also recommended that the City adopt an urban renewal plan to finance public improvements.

The City of Salem is working on implementing the ULI recommendations. As a part of that process, the City Council has commissioned a study of the feasibility of an urban renewal plan for the "South Waterfront" area, including the Boise property. This report summarizes the Feasibility Study.

The scope of the study included the following tasks:

- A. Review Existing Plans and Studies and Meet with Staff
- B. Establish Feasibility Study Area
- C. Assess Conditions of "Blight" Required to Establish Urban Renewal Area
- D. Determine Tentative Urban Renewal Area Boundary in Conformance with Assessed Value and Area Limitations
- E. Estimate Order-of-Magnitude Potential Revenue Capacity of Urban Renewal Area
- F. Estimate Order-of-Magnitude Costs for Likely Urban Renewal Projects
- G. Estimate Impact of Tax Increment Financing on Affected Taxing Districts
- H. Prepare Draft Summary Feasibility Report for Review by to Staff
- I. Prepare Final Feasibility Report and Present to Council

II. Review Existing Plans and Studies and Meet with Staff

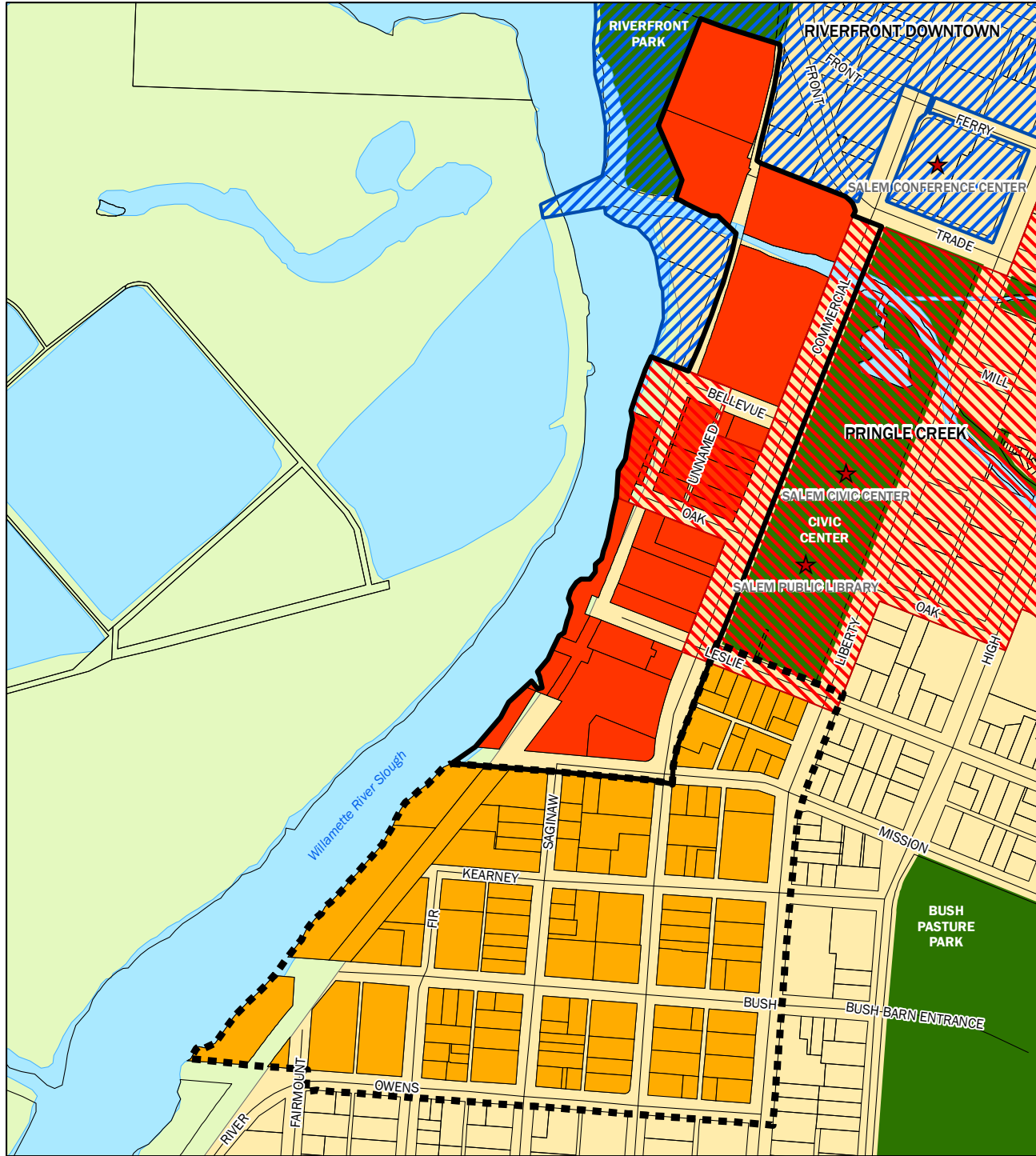
A number of documents were reviewed in preparation for completing this study:

- A. An Advisory Services Panel Report, Salem, Oregon" published by the Urban Land Institute in June 06, 2006.
- B. Salem Area Comprehensive Plan
- C. City of Salem Zoning and Development Standards
- D. Transportation System Plan Goals, Objectives, and Policies









Staff meetings were conducted to review project assumptions and provide direction. Staff directed the consultants to assume the development program

FEASIBILITY STUDY

Figure 1: Feasibility Study Area



Source: Salem GIS, 2006

-  Study Area 2 Boundary
-  Landmarks
-  Pringle Creek Urban Renewal Area
-  Area 1 Taxlots
-  Study Area 1 Boundary
-  Riverfront Downtown Urban Renewal Area
-  Area 2 Taxlots
-  parks

Feasibility Study Area South Waterfront Urban Renewal Area



contained in the ULI panel report as a basis for the feasibility study. The review of the Comprehensive Plan and zoning provisions of the Salem Revised Code included noting that the program of uses recommended by the ULI panel would not be permitted under the current Industrial land use designation or General Industrial zoning. The ULI report recommends that the City initiate changes to the Salem Area Comprehensive Plan, Zoning Map and Zoning Code to allow for mixed-use development (residential, retail and office).

III. Establish Feasibility Study Area

The study area was established in the Request for Proposals issued by the City in 2006 for this project and was further refined in discussions with staff. The area has been divided into two subsections (Figure 1). The “Primary Study Area” consists of the Boise Cascade property and limited adjacent land as proposed in the ULI Panel Report. The “Secondary Study Area” was included to evaluate existing conditions of blight and assess redevelopment opportunities. It extends southward to include commercial and residential areas, bordered by Commercial and Liberty, the Willamette River, Mission Street and Owens.

The Primary Study Area is approximately 28 acres. The Secondary Area is approximately 43 acres. The entire Feasibility Study Area is approximately 71 acres.

IV. Study Area Conditions of “Blight”

Oregon law, contained in Chapter 457 of Oregon Revised Statutes (ORS 457), describes the conditions that make an area eligible for urban renewal as “blight”¹. Conditions of blight include:

- A. excessive underdeveloped or vacant land that does not generate property tax revenues to the extent that productive property would
- B. buildings that do not meet code requirements or are economically obsolete
- C. inadequate streets/sidewalks, utilities or public facilities (e.g. parks or parking)
- D. platting that is not appropriate for the planned use and
- E. environmental problems

Not all conditions of blight must be found in an area for it to be found to be blighted and therefore suitable for including in an urban renewal plan. To determine the extent to which conditions of blight might exist in the study area, the consultants:

- A. conducted a visual survey of the site;
- B. reviewed existing planning documents, including the City of Salem Comprehensive Plan, Zoning Code, Stormwater Management Plan and Transportation System Plan;
- C. solicited input from City staff, and;
- D. analyzed FY 2006-07 Marion County tax assessor’s data for parcels

¹ORS 457.010(1) defines blighted areas as:

(1) “Blighted areas” means areas that, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community. A blighted area is characterized by the existence of one or more of the following conditions:

(a) The existence of buildings and structures, used or intended to be used for living, commercial, industrial or other purposes, or any combination of those uses, that are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:

- (A) Defective design and quality of physical construction;
- (B) Faulty interior arrangement and exterior spacing;
- (C) Overcrowding and a high density of population;
- (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities; or
- (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;

(b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;

(c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;

(d) The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;

(e) The existence of inadequate streets and other rights of way, open spaces and utilities;

(f) The existence of property or lots or other areas that are subject to inundation by water;

(g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;

(h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare; or

(i) A loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services

within the study area.

If the City directs staff to prepare an urban renewal plan and report, the analysis of conditions of blight will be refined as necessary and appropriate. The conclusions of this part of the work are summarized on the following pages.

A. Access Conditions

Primary Study Area

Poor linkages (pedestrian, bicycle, automobile and transit) exist on all sides of the site. There are no pedestrian linkages to Pringle Creek, a natural amenity that runs through the site east to west. There are no east/west pedestrian linkages from the area to the Willamette River. The Riverfront Park dead ends into the site on the north. The area to the south has no pedestrian linkage to Riverfront Park.

Automobile access is limited to Bellevue and Oak Streets on the south end of the area. Front Street terminates at the north end of the area.

These weak connections limit the area's capacity to function as a cohesive district that attracts and sustains a broad range of uses.

Secondary Study Area

The area contains a fully laid out transportation system with streets and sidewalks throughout the area. Most streets have sidewalks on both sides of the street. Those that do not have sidewalks on both sides have sidewalks on at least one side of the street. The streets are paved. There is, however, no pedestrian or bicycle linkage to the north along the waterfront.

B. Land Use

Primary Study Area

As detailed in the 2006 ULI Report, the Boise Cascade property area is in industrial use. The facility was originally used as a saw mill by Capitol Lumber in 1866. Between 1920-1955 Oregon Pulp and Paper Company used it as a calcite base sulfite paper mill. In 1962 Boise Cascade purchased the mill, which is now just used for paper cutting and distribution. The ULI report states the Boise Cascade plant is inefficient and nearing functional obsolescence due to the following conditions:

- A. It has multi-story buildings which are no longer efficient for manufacturing / processing.
- B. The building layout is inefficient for current distribution uses.
- C. Truck access through the City and around the site is difficult.
- D. It is too far away from the Interstate highway.

The site contains numerous structures as shown in Figure 2.

- A. Building A is commonly known as the Fry Warehouse. It is reinforced concrete, built in the late 1920's. There are five floors above ground and a full basement. The building has 10,000 square feet a floor, for a total of 60,000 square feet.
- B. Building B, the historic two story Old Mill building was constructed in the late 1800's and features a dramatic wood truss ceiling on the upper floor.

Figure 2. Boise-Cascade site structures



Table 1. Boise Cascade potential building reuse

Reuse Chart		Potential Use
A. Fry Warehouse	Undetermined	commuter rail station
B. Old Mill Building	Reuse	retail, restaurant, daycare, office
C. Old Machine Room	Demolish	Pringle Creek daylighting
D.	Demolish	Pringle Creek daylighting
E. OPACO Warehouse/Paper Factory	Reuse	commercial/office/athletic club
F. Paper Mill	Demolish	view corridor
G. South Warehouse	Reuse	parking/residential/grocery
Tanks	Undetermined	

- C. Building C was built in 1934 and was the old machine room which has been converted to a paper storage warehouse. It has a footprint of 137' by 220'. The basement level spans Pringle Creek.
- D. Building D was built in 1922 and measures about 126' by 47'. It has three floors and a basement. The building is constructed of reinforced concrete.
- E. Building E measures 80' by 197' and is called the OPACO warehouse. It was built in 1941 using a heavy timber construction system. It consists of three floors and a basement.
- F. Building F is 36' by 59' and was annexed to building D.
- G. Building G was constructed of reinforced concrete in 1965. It has an irregular footprint of 300' by 288'. It includes a basement, ground floor, and second floor and has a flat wood truss roof. The basement is below grade.
- H. There are four tanks on the lower portion of the plant, a steel Bunkler Oil tank, two stock tanks, and a clay tile tank. All are abandoned and have been cleaned out.

Some of these buildings could be potentially reused, others should be demolished. The reuse recommendations of the ULI report are shown in Table 1.

There is a large parking lot bordered by Riverfront Park on the north and west, the Portland & Western railroad tracks on the east and by Pringle Creek on the south.

The present site is constrained by a combination of underutilized and functionally obsolete buildings, vacant lots, inadequate transportation system, inadequate landscaping, and a lack of pedestrian-friendly design elements. South of the Boise Cascade Property and north of the new Meridian mixed residential and commercial project, now under construction, is a surface parking lot and older office commercial development.

Table 2 and Figure 2 describe existing land use as determined by the County Assessor.

Table 2. Primary Area Land Use; Marion County Tax Assessor Property Codes

Property Code	# of parcels	acres
Centrally assessed	5	0.49
Commercial land only	3	2.61
Commercial improved	8	3.19
Industrial principal plants, State responsibility	5	9.25
City Property	8	2.52
Total	30	18.06

Secondary Study Area

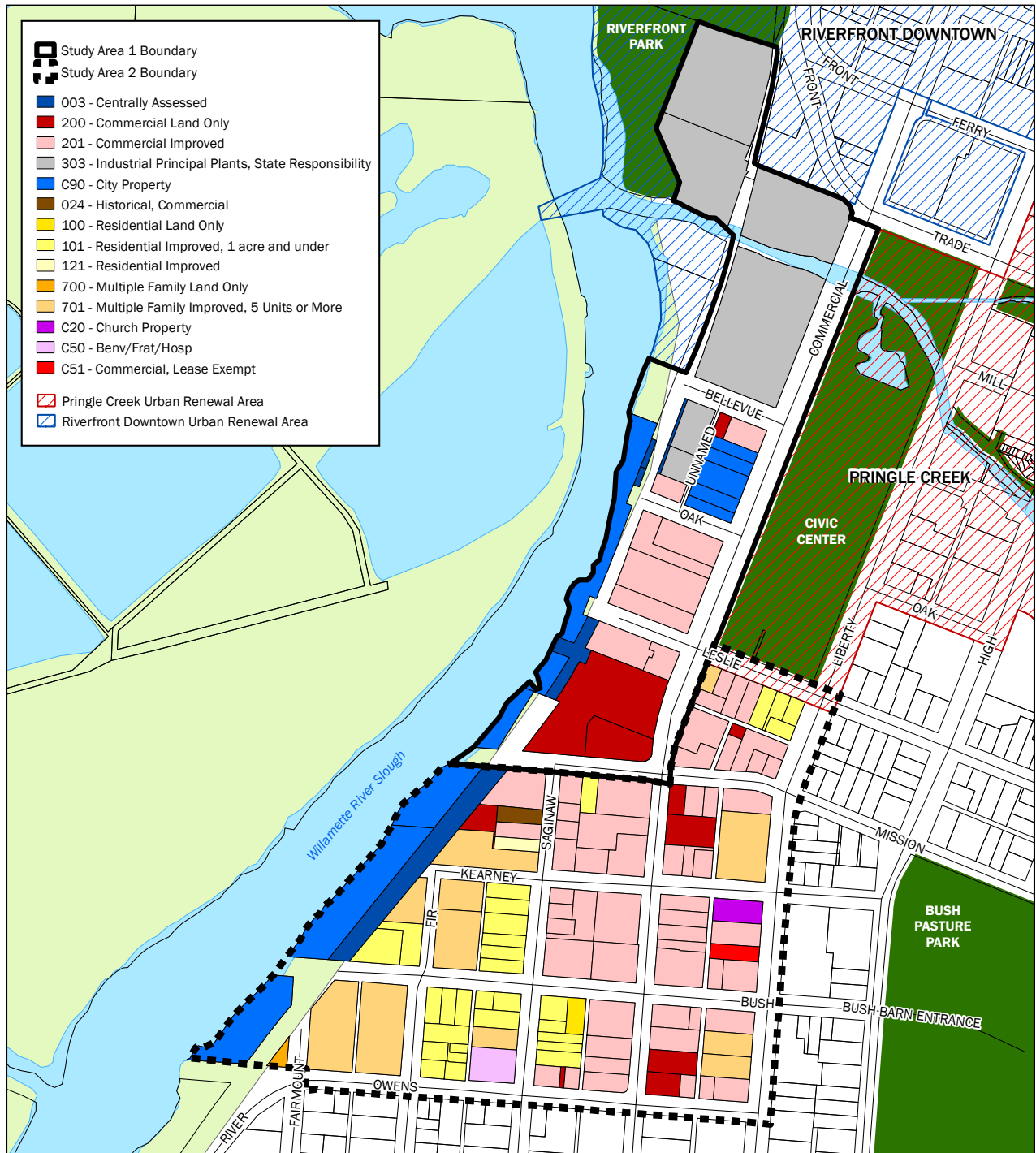
This area contains a mix of single family residential, multifamily residential, residential structures converted to neighborhood commercial and commercial uses. Commercial uses are found on Liberty and Commercial Street and include a mix of older and newer one to two story structures, with on site surface parking lots. The area between Commercial Street and the river is residential in character, primarily stable detached single family houses, with a small number of older apartment structures.

Table 3 describes existing land use as determined by the County Assessor.

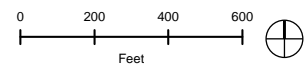
Table 3. Secondary Area Land Uses, Marion County Tax Assessor Property Codes

Property Code	# of parcels	acres
Centrally Assessed	1	1.22
Historical, Commercial	1	.17
Residential land only, 1 acre and under, inside city or urban growth boundary	1	.16
Residential improved, 1 acre and under, inside city or urban growth boundary	30	4.27
Residential improved, commercial zoning	1	.13
Commercial land only	7	1.21
Commercial improved	54	11.63
Multiple family land only	1	.07
Multiple family improved, 5 units or more	11	5.68
Church Property	1	.27
Benv/Frat/Hosp	1	.38
Benv/Frat/Hosp; tax exempt	1	.18
City Property	3	3.14
Total	113	28.6

Figure 2. Primary Area and Secondary Area Marion County Tax Assessor Property Codes - Land Use



Existing Land Use
South Waterfront Urban Renewal Area



C. Zoning

Primary Study Area

Approximately 5.9 acres of the proposed area's acreage is zoned Industrial (IG), with 5.3 acres in the Retail Commercial (CR) zone and 2.6 acres in the Commercial Office (CO) zone (Figure 3). As noted above, the uses recommended in the ULI Panel report are not permitted under the industrial zoning of the Boise property. Also as noted above, the City intends to conduct a study regarding changes to the current comprehensive plan designation and zoning to encourage redevelopment of the area.

Secondary Study Area

Approximately 10.7 acres are in the Multifamily (RM2) zone, 0.5 acres in Single Family Residential (RS) zone, 6.3 acres in the Commercial/Office (CO) zone and 8.8 acres in the Retail/Commercial (CR) zone. 1 acre is in the Residential Agriculture (RA) zone. The structures appear to be, overall, in good condition.

D. Improvement to Land Ratios ("I:L")

To measure how fully developed a parcel is one can compare the value of the buildings and other improvements on the property to the value of the land itself. This relationship between the value of the buildings and improvements is called the "Improvement to land ratio". The values used are real market values. For example, a property with a building real market value of \$200,000 and a land real market value of \$100,000 would have an I:L of 2.0. Where the value of improvements is less than the value of land the ratio is less than 1.0.

I:L ratios for healthy properties in this part of Salem could range between 7.0 -10.0 or more. For instance, a property on a 15,000 square foot lot would have a land value of \$150,000, at \$10.00 per square foot. An improvement developed at a floor area ratio of 0.4 and valued at \$200.00 per square foot would have an improvement value of \$1,200,000. The I:L ratio for this property would be 8.0.

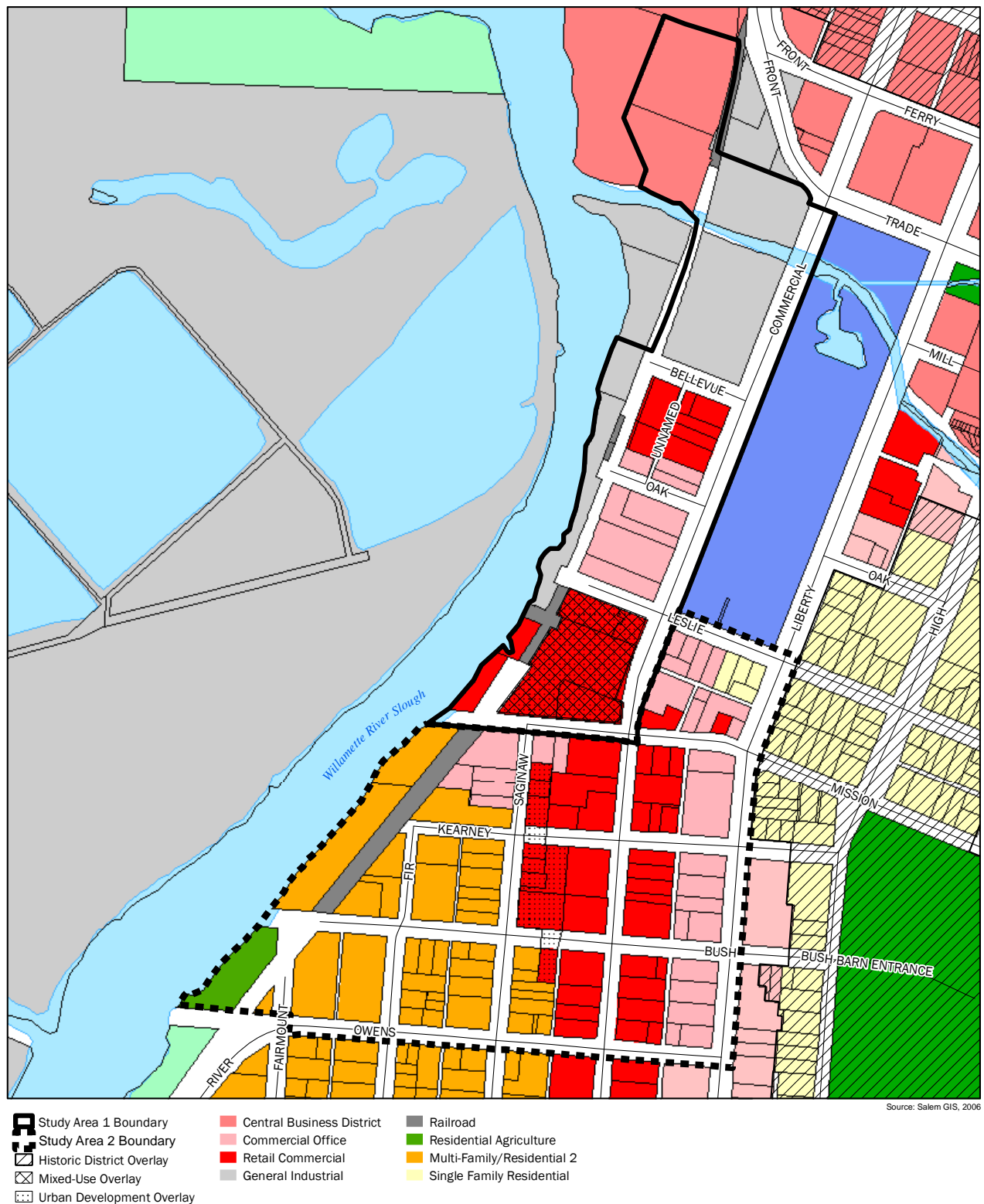
Primary Study Area

Table 4 and Figure 4 show the improvement to land ratios for properties within the primary study area, sorted by zoning, as determined by the County Assessor. The existing Boise Cascade industrial facilities have high assessed values, so the I:L ratio does not indicate underdevelopment of this property under the existing zoning. The property would be considered underdeveloped if the zoning designation was to be changed to permit mixed residential and commercial use. The property known as Civic Center West, south of the Boise property has a very low I:L ratio because it is used only for surface parking.

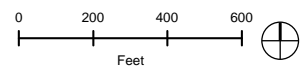
Secondary Study Area

Table 5 shows the same information for the Secondary Study Area. As reflected in the low improvement to land ratios for existing commercial, residential and

Figure 3. Feasibility Study Area Zoning



Zoning
South Waterfront Urban Renewal Area



multifamily residential uses in the Secondary Study Area, under-development is prevalent throughout the area. The low I:L for the land zoned multi-family residential is partly due to the fact that existing uses in this zone are primarily single family residential.

Table 4. Acres in Primary Area: Improvement to Land Ratio and Zoning

IL Ratio	CB	CO	CR	IG	RA	RM2	RRO	RS	acres
No Building Value	3.8	0.1	3.8*	1.1	0.0	0.0	0.4	0.0	9.2
Less than 1	0.0	1.0	0.6	0.0	0.0	0.0	0.0	0.0	1.6
1-2	0.0	0.6	0.7	0.0	0.0	0.0	0.0	0.0	6.1
2-4	0.0	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.7
>5	0.0	0.4	0.0	4.8	0.0	0.0	0.0	0.0	0.4
acres	3.8	2.6	5.3	5.9	0.0	0.0	0.4	0.0	18.1

Source: Marion County, OR 2006-07 Assessment and Taxation Database

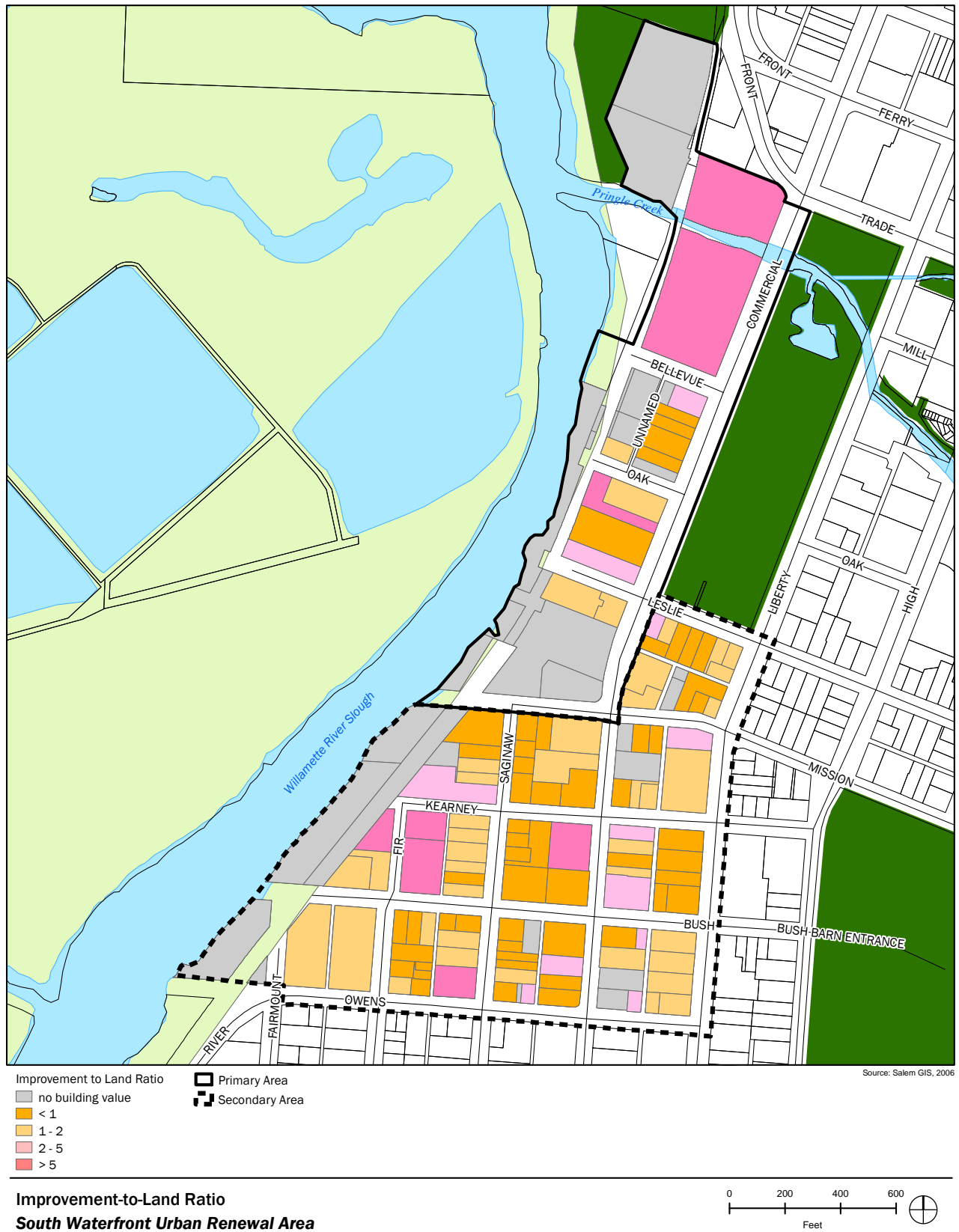
*The properties at the southern edge of the primary study area showing “no building value” are slated for development of 89 condominiums and 26,000 square feet of office space. This site is zoned Retail Commercial (CR) with a Mixed Use Overlay.

Table 5. Acres in Secondary Area: Improvement to Land Ratio and Zoning

IL Ratio	CB	CO	CR	IG	RA	RM2	RRO	RS	acres
No Building Value	0.0	0.5	1.1	0.0	1.0	2.2	1.2	0.0	6.1
Less than 1	0.0	2.8	4.1	0.0	0.0	1.6	0.0	0.2	8.7
1-2	0.0	2.8	2.0	0.0	0.0	4.4	0.0	0.3	9.6
2-4	0.0	0.4	1.0	0.0	0.0	0.8	0.0	0.0	2.2
>5	0.0	0.0	0.6	0.0	0.0	1.7	0.0	0.0	2.2
acres	0.0	6.5	8.8	0.0	1.0	10.7	1.2	0.5	28.7

Source: Marion County, OR 2006-07 Assessment and Taxation Database

Figure 4. Improvement to Land Ratio



V. Tentative Urban Renewal Area Boundary Conformance with Assessed Value and Area Limitations

As noted above, State law limits the percentage of a municipality’s total assessed value (AV) and area that can be contained in an urban renewal area at the time of its establishment to 15% (for municipalities over 50,000 in population). Table 6 shows the estimated AV and size of the study area as compared to the data for the City of Salem. The potential urban renewal area – including both the Primary Study Area and Secondary Study Area - is well within the 15% limit on both AV and area.

Table 6. Conformance to Assessed Value Limits

Urban Renewal Area	Frozen Base Assessed Value	Acres
Current Urban Renewal Areas	403,222,600	3,341
South Waterfront (Proposed)		71
<i>Primary Study Area</i>	26,011,200	28
<i>Secondary Study Area</i>	25,536,515	43
Total	454,770,315	3,412
Total Acreage, City of Salem		30,100
Total Assessed Value City of Salem Less Incremental Assessed Value in Urban Renewal Areas	8,040,850,605	
Percent of Salem AV in Urban Renewal Areas	5.7%	
Percent of Salem Area in Urban Renewal Areas		11%

VI. Estimate Potential Tax Increment Revenues from Urban Renewal Area

The amount of tax increment revenues that would be generated by an urban renewal program depends on the property tax rate (“consolidated billing rate”) that applies within the area and the increase in assessed value (“incremental assessed value”) over the certified or “frozen” base. The consolidated billing rate does not include levy rates for local option or general obligation bond levies that are approved by voters after October 6, 2001.

A. Property Tax Rates

The property tax rates that would apply in the urban renewal area if it were in existence this year are shown in Table 7. (“Permanent” refers to permanent rate levies. There are no local option levies at present.)

In future years, the rates levied for bonds will decrease and at various times will terminate. While voters may approve additional bonds, the rates for these

bonds will not become part of the consolidated billing rate. Future bond rates were projected through FY 2027 based on scheduled payments of principal and interest, and the resulting consolidated billing rate was used to calculate tax increment revenues. Projected consolidated billing rates are shown in Tables 8 and 9.

B. Incremental Assessed Value Increases

Increases in assessed value within the urban renewal study area were projected through FY 2027 based on assumptions of appreciation of existing property (maximum of 3% per year) and new development value which allows an exception to the 3% maximum.

Increases for appreciation in existing property were projected at 2.75%, less than the 3% maximum per year, because increases in AV for three of the four property types (personal, utility and manufactured structure) are always limited by their real market value.

Table 7. Consolidated Billing Rates

Taxing District	Permanent Rates, 06/07	Bond Rates	
Marion County	3.0249		
City of Salem	5.8315	0.7760	
Salem Transit	0.7609		
Chemeketa Cooperative Regional Library Service	0.0818		
Marion Soil & Water District	0.0500		
Salem Keizer School District	4.5210	2.0898	
Willamette Educational Service District	0.2967		
Chemeketa Community College	0.6259	0.3384	
Total	15.1927	3.2042	18.39

Primary Study Area

Increases for new development in the Primary Study Area were projected based on the ULI Panel Report. The consultants needed to interpret the report in order to specify uses by amount and type, and needed to apply professional judgments, based on supplemental market analysis, as to the phasing of the development.

The real market values per square foot or dwelling unit were projected based on existing real estate market conditions and adjustments for the special location and quality aspects of the Boise Cascade property. The real market values are inflated at an annual rate of 3%. Then the real market values were adjusted downward to reflect the adjustments made by the County Assessor under the terms of Measure 50. This adjustment uses a projected “Changed Property Ratio” or “CPR” that represents the average relationship between assessed value and real market value for given property classes. The CPR used in this projection is an amalgamation of the CPR’s for residential single family and commercial property classes.

The projected phasing, real market values and assessed values of property in the Primary Study area are shown in Table 8. The assessed value of the existing Boise Cascade property is subtracted to determine the net increase in assessed value.

Secondary Study Area

Projecting development in the Secondary Study Area required professional judgments on the part of the consultants, as no master plan or development concept has been prepared for this area. The projections focused on specific

mixed use “opportunity areas” (Figure 5) which are currently vacant or severely under-used parcels. To account for gradual improvements in the residential areas, an amount of “other” development is projected, without connection to any specific parcels.

The projected phasing, real market values and assessed values of property in the Secondary Study area are shown in Table 9.

Table 8. Projected AV for the Primary Study Area: 2008 - 2017

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Civic Center W										
Office										
Hotel										
Housing								7,000,000		
Parking										
Bellevue Townhomes	2,800,000		2,450,000							
South Warehouse										
Retail	8,640,000									
Housing			21,000,000							
Paper Factory										
Retail			1,512,000			1,512,000				
Restaurants			432,000							
Office (redevt)			1,123,200			1,123,200				
Health Club			3,456,000							
Old Mill Bldg										
Retail						3,888,000				
Restaurants						604,800				
Daycare						648,000				
Office (redevt)										
South State Street										
Retail										
Restaurants										
Housing										
Meridian										
Housing		43,387,500								
Office		5,515,714								
Total RMV Current Dollars	11,440,000	48,903,214	29,973,200	0	0	7,776,000	0	7,000,000	0	0
Inflation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Total RMV, Year of Development	11,783,200	51,881,420	32,752,525	0	0	9,284,951	0	8,867,391	0	0
CPR	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72
AV	8,483,904	37,354,622	23,581,818	0	0	6,685,164	0	6,384,521	0	0
Existing AV	6,000,000									
Net AV	2,483,904	37,354,622	23,581,818	0	0	6,685,164	0	6,384,521	0	0

Table 8. Projected AV for the Primary Study Area: 2018 - 2027

Calendar Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Civic Center W										
Office	3,677,143				3,677,143					
Hotel	11,250,000									
Housing										
Parking										
Bellevue Townhomes										
South Warehouse										
Retail										
Housing										
Paper Factory										
Retail										
Restaurants										
Office (redevt)										
Health Club										
Old Mill Bldg										
Retail										
Restaurants										
Daycare										
Office (redevt)	3,341,520									
South State Street										
Retail		3,024,000								
Restaurants		864,000								
Housing		35,000,000								
Meridian										
Housing										
Office										
Total RMV Current Dollars	18,268,663	38,888,000	0	0	3,677,143	0	0	0	0	0
Inflation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Total RMV, Year of Development	25,288,102	55,444,989	0	0	5,728,869	0	0	0	0	0
CPR	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72
AV	18,207,433	39,920,392	0	0	4,124,786	0	0	0	0	0
Existing AV										
Net AV	18,207,433	39,920,392	0	0	4,124,786	0	0	0	0	0

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Table 9. Projected AV for the Secondary Study Area: 2008 - 2027



Calendar Year	2008	2009	2010	2011	2012	2013	2014
Site A						6,075,000	
Site B							
Site C							
Other	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total RMV Current Dollars	500,000	500,000	500,000	500,000	500,000	6,575,000	500,000
Inflation	3%	3%	3%	3%	3%	3%	3%
Total RMV, Year of Development	515,000	530,450	546,364	562,754	579,637	7,850,894	614,937
CPR	0.720	0.720	0.720	0.720	0.720	0.720	0.720
AV	370,800	381,924	393,382	405,183	417,339	5,652,644	442,755

Calendar Year	2015	2016	2017	2018	2019	2020	2021
Site A							
Site B	1,301,786						
Site C				3,471,429			
Other	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total RMV Current Dollars	1,801,786	500,000	500,000	3,971,429	500,000	500,000	500,000
Inflation	3%	3%	3%	3%	3%	3%	3%
Total RMV, Year of Development	2,282,448	652,387	671,958	5,497,386	712,880	734,267	756,295
CPR	0.720	0.720	0.720	0.720	0.720	0.720	0.720
AV	1,643,363	469,718	483,810	3,958,118	513,274	528,672	544,532

Calendar Year	2022	2023	2024	2025	2026	2027
Site A						
Site B						
Site C						
Other	500,000	500,000	500,000	500,000	500,000	500,000
Total RMV Current Dollars	500,000	500,000	500,000	500,000	500,000	500,000
Inflation	3%	3%	3%	3%	3%	3%
Total RMV, Year of Development	778,984	802,353	826,424	851,217	876,753	903,056
CPR	0.720	0.720	0.720	0.720	0.720	0.720
AV	560,868	577,694	595,025	612,876	631,262	650,200

Figure 5. Mixed Use Opportunity Areas



-  Primary Area
-  Secondary Area

Secondary Area Opportunity Sites
South Waterfront Urban Renewal Area



C. Tax Increment Revenue Estimates

Projected tax increment revenues are a direct product of the projected incremental assessed value and the projected total property tax rates. These are shown in Tables 10 and 11 for the Primary Study Area and Secondary Study Area.

D. Tax Increment Debt Capacity

Annual tax increment revenues must be used for payment on debt (bonds or loans). Tables 12 and 13 show the amount of urban renewal debt that could be issued based on the revenues projected in Tables 10 and 11 (pages 24-25) for the Primary Study Area and Secondary Study Area.

Table 10. Primary Area projected tax increment revenues: 2009 - 2027

Fiscal Year Ending June 30	2009	2010	2011	2012	2013	2014	2015
Base Assessed Value	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200
Total Assessed Value	26,011,200	29,210,412	67,368,321	92,802,768	95,354,844	97,977,102	107,356,637
Incremental Assessed Value		3,199,212	41,357,121	66,791,568	69,343,644	71,965,902	81,345,437
Value New Development	0	2,483,904	37,354,622	23,581,818	0	0	6,685,164
Appreciation Percentage	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Appreciation Dollars		715,308	803,286	1,852,629	2,552,076	2,622,258	2,694,370
Total Property Tax Rate		18.3969	18.3969	17.6209	17.6209	17.6209	16.5760
Tax Increment Revenues		58,856	760,843	1,176,928	1,221,897	1,268,104	1,348,382

Fiscal Year Ending June 30	2016	2017	2018	2019	2020	2021	2022
Base Assessed Value	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200
Total Assessed Value	110,308,944	119,726,961	123,019,453	126,402,488	148,085,989	192,078,746	197,360,912
Incremental Assessed Value	84,297,744	93,715,761	97,008,253	100,391,288	122,074,789	166,067,546	171,349,712
Value New Development	0	6,384,521	0	0	18,207,433	39,920,392	0
Appreciation Percentage	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Appreciation Dollars	2,952,308	3,033,496	3,292,491	3,383,035	3,476,068	4,072,365	5,282,166
Total Property Tax Rate	16.2376	16.2376	16.2376	16.2376	16.2376	16.2376	16.2376
Tax Increment Revenues	1,368,793	1,521,719	1,575,181	1,630,114	1,982,202	2,696,538	2,782,308

Fiscal Year Ending June 30	2023	2024	2025	2026	2027
Base Assessed Value	26,011,200	26,011,200	26,011,200	26,011,200	26,011,200
Total Assessed Value	202,788,337	212,489,802	218,333,271	224,337,436	230,506,716
Incremental Assessed Value	176,777,137	186,478,602	192,322,071	198,326,236	204,495,516
Value New Development	0	4,124,786	0	0	0
Appreciation Percentage	2.75%	2.75%	2.75%	2.75%	2.75%
Appreciation Dollars	5,427,425	5,576,679	5,843,470	6,004,165	6,169,280
Total Property Tax Rate	16.2376	16.2376	16.2376	16.2376	16.2376
Tax Increment Revenues	2,870,436	3,027,965	3,122,849	3,220,342	3,320,516

Urban renewal debt consists of long term bonds, assumed to be 15 years. The interest rate is projected at 5.5% and annual payments are subject to a “coverage ratio” of 1.25. This means that annual tax increment revenues must exceed annual debt service requirements by 25%. Short term bonds are issued to make annual tax increment revenue ending balances available for project expenditures. The projected revenues are projected to support issuing \$23 million in urban renewal debt for the Primary Study Area and \$5.6 million for the Secondary Study Area, assuming long term debt is issued until the last few years of the 19 year duration of an urban renewal plan. As will be discussed below, the full debt capacity for the Primary Study Area exceeds the projected costs.

Table 11. Secondary Area projected tax increment revenues: 2009 - 2027

Fiscal Year Ending June 30	2009	2010	2011	2012	2013	2014	2015	2016
Base Assessed Value	25,536,515	25,536,515	25,536,515	25,536,515	25,536,515	25,536,515	25,536,515	25,536,515
Total Assessed Value	26,609,569	27,723,256	28,879,027	30,078,384	31,322,878	37,836,900	39,320,170	42,044,837
Incremental Assessed Value	1,073,054	2,186,741	3,342,513	4,541,869	5,786,363	12,300,386	13,783,655	16,508,323
Value New Development	370,800	381,924	393,382	405,183	417,339	5,652,644	442,755	1,643,363
Appreciation Percentage	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Appreciation Dollars	702,254	731,763	762,390	794,173	827,156	861,379	1,040,515	1,081,305
Total Property Tax Rate	18.3969	18.3969	18.3969	17.6209	17.6209	17.6209	16.5760	16.2376
Tax Increment Revenues	19,741	40,229	61,492	80,032	101,961	216,744	228,478	268,056

Fiscal Year Ending June 30	2017	2018	2019	2020	2021	2022	2023
Base Assessed Value	25,536,515	25,536,515	25,536,515	25,536,515	25,536,515	25,536,515	25,536,515
Total Assessed Value	43,670,789	45,355,545	50,560,941	52,464,640	54,436,090	56,477,615	58,591,618
Incremental Assessed Value	18,134,274	19,819,031	25,024,426	26,928,126	28,899,576	30,941,100	33,055,103
Value New Development	469,718	483,810	3,958,118	513,274	528,672	544,532	560,868
Appreciation Percentage	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Appreciation Dollars	1,156,233	1,200,947	1,247,277	1,390,426	1,442,778	1,496,992	1,553,134
Total Property Tax Rate	16.2376	16.2376	16.2376	16.2376	16.2376	16.2376	16.2376
Tax Increment Revenues	294,457	321,813	406,337	437,248	469,260	502,409	536,736

Fiscal Year Ending June 30	2024	2025	2026	2027
Base Assessed Value	25,536,515	25,536,515	25,536,515	25,536,515
Total Assessed Value	60,780,581	63,047,072	65,393,743	67,823,333
Incremental Assessed Value	35,244,067	37,510,558	39,857,228	42,286,818
Value New Development	577,694	595,025	612,876	631,262
Appreciation Percentage	2.75%	2.75%	2.75%	2.75%
Appreciation Dollars	1,611,269	1,671,466	1,733,794	1,798,328
Total Property Tax Rate	16.2376	16.2376	16.2376	16.2376
Tax Increment Revenues	572,279	609,081	647,186	686,636

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Table 12. Primary Area Projected Debt Capacity: 2010 - 2020

Fiscal Year Ending	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beginning Balance	0	55,913	700,473	1,024,089	1,290,427	1,600,661	1,987,159	2,393,047	2,944,215	3,546,172	4,200,315
Tax Increment Revenues	55,913	722,801	1,118,081	1,160,803	1,204,699	1,280,963	1,300,353	1,445,633	1,496,422	1,548,608	1,883,092
Interest											
Transfer from Bond Proceeds	0	500,000	100,000								
Total	55,913	1,278,713	1,918,554	2,184,892	2,495,126	2,881,623	3,287,512	3,838,680	4,440,637	5,094,780	6,083,407
Debt Service											
Bond 1	0	578,241	578,241	578,241	578,241	578,241	578,241	578,241	578,241	578,241	578,241
Bond 2			316,224	316,224	316,224	316,224	316,224	316,224	316,224	316,224	316,224
Bond 3											
Bond 4											
Bond 5											
Bond 6											
Total Long Term DS	0	578,241	894,465	894,465	894,465	894,465	894,465	894,465	894,465	894,465	894,465
Short Term Debt											
Total Expenditures	0	1,156,481	1,788,930	1,788,930	1,788,930	1,788,930	1,788,930	1,788,930	1,788,930	1,788,930	1,788,930
Ending Balance	55,913	122,232	129,624	395,962	706,196	1,092,694	1,498,582	2,049,750	2,651,707	3,305,850	4,294,477
Principal Amounts of Bonds											
Bond 1		5,804,136									
Bond 2			3,174,128								
Bond 3											
Bond 4											
Bond 5											
Debt Proceeds	0	5,304,136	3,074,128	0	0	0	0	0	0	0	0
Total Debt Proceeds:											
8,378,264											
Present Value Debt Proceeds:											
7,812,920											

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Table 13. Secondary Area Projected Debt Capacity: 2008 - 2017

Fiscal Year Ending	2009	2010	2011	2012	2013	2014	2015	2016	2017
Beginning Balance	0	0	38,218	96,635	172,665	177,490	177,490	273,643	273,643
Tax Increment Revenues	18,754	38,218	58,417	76,030	96,863	205,907	217,054	254,653	279,734
Interest									
Transfer from Bond Proceeds		0					100,000		
Total		38,218	96,635	172,665	269,528	383,397	494,544	528,296	553,377
Debt Service									
Bond 1									
Bond 2					77,490	77,490	77,490	77,490	77,490
Bond 3							96,153	96,153	96,153
Bond 4									
Bond 5									
Bond 6									
Total Long Term Debt Service		0	0	0	77,490	77,490	173,643	173,643	173,643
Reserve		0	0	0	77,490	77,490	173,643	173,643	173,643
Short Term Debt					14,548	128,416	47,258	81,010	106,091
Total Expenditures		0	0	0	169,528	283,397	394,544	428,296	453,377
Ending Balance		38,218	96,635	172,665	100,000	100,000	100,000	100,000	100,000
Principal Amounts of Bonds									
Bond 1									
Bond 2					777,815				
Bond 3							965,142		
Bond 4									
Bond 5									
Debt Proceeds		0	0	0	792,217	127,132	911,928	80,199	105,030
Total Debt Proceeds:									
5,602,361									
Present Value Debt Proceeds:									
4,191,635									

Table 13. Secondary Area Projected Debt Capacity: 2018 - 2027

Fiscal Year Ending	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Balance	273,643	405,723	408,816	408,816	408,816	408,816	507,919	507,919	507,919	507,919
Tax Increment Revenues	305,723	386,020	415,386	445,797	477,289	509,899	543,665	578,627	614,826	652,305
Interest										
Transfer from Bond Proceeds										
Total	579,366	791,743	824,202	854,613	886,105	918,715	1,051,584	1,086,546	1,122,745	1,160,224
Debt Service										
Bond 1										
Bond 2	77,490	77,490	77,490	77,490	77,490	77,490	77,490	77,490	77,490	77,490
Bond 3	96,153	96,153	96,153	96,153	96,153	96,153	96,153	96,153	96,153	96,153
Bond 4		135,173	135,173	135,173	135,173	135,173	135,173	135,173	135,173	135,173
Bond 5						99,103	99,103	99,103	99,103	99,103
Bond 6										
Total Long Term Debt Service	173,643	308,816	308,816	308,816	308,816	407,919	407,919	407,919	407,919	407,919
Reserve	173,643	308,816	308,816	308,816	308,816	407,919	407,919	407,919	407,919	407,919
Short Term Debt		74,111	106,570	136,981	168,473	2,877	135,746	170,708	206,907	244,386
Total Expenditures	347,286	691,743	724,202	754,613	786,105	818,715	951,584	986,546	1,022,745	1,060,224
Ending Balance	232,080	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Principal Amounts of Bonds										
Bond 1										
Bond 2										
Bond 3										
Bond 4		1,356,806								
Bond 5						994,756				
Debt Proceeds	0	1,430,176	105,504	135,611	166,788	997,604	134,389	169,001	204,838	241,942

E. Impact of Tax Increment Financing on Overlapping Taxing Districts

The use of tax increment financing results in the taxing districts that levy taxes within the urban renewal area (“overlapping taxing districts”) foregoing revenues from their permanent rate levies as those levies would otherwise apply to the incremental AV. (Taxpayers are slightly impacted from the increase in property tax rates for General Obligation (“GO”) bonds approved by voters prior to October 6, 2001.) Any local option or GO bond levies approved after October 6, 2001 would not be affected by tax increment financing of a South Waterfront Urban Renewal Plan.

The impact of lost revenues most logically is based on the amount of growth within the urban renewal area that would occur without urban renewal. If growth occurs solely because of urban renewal, then property tax revenues on that growth would not have been available to the taxing districts and should not be considered foregone.

Note that K-12 School Districts and Educational Service Districts (ESD) are not directly impacted by tax increment financing. Property tax revenues are foregone, but with the current state school funding formula overall revenues are not reduced. (There may be an aggregate impact of tax increment financing statewide on the total funds available for all K-12 School Districts and ESD’s but it is difficult to measure.)

Primary Study Area

It is reasonable to assume that without substantial public investment in access improvements – for vehicles, pedestrians and bikes serving the Primary Study Area - no redevelopment of the Boise Cascade site would occur. Further, in its current industrial use, it is not likely that the assessed value of the facility would increase. However, for the purpose of this impact analysis, it is assumed that the current assessed value of the Boise property grows by 2.75% per year.

The Meridian mixed use project on Mission Street is underway and would occur without urban renewal investments. The full value of this development is therefore included in the impact analysis.

Table 14. Primary Area Average Annual Revenues Foregone

Taxing District	Present Value, Revenues Foregone - FY 2020	Present Value, Average Annual Revenues Foregone
Marion County	1,178,502	107,137
City of Salem	2,271,953	206,541
Salem Transit	296,447	26,950
Chemeketa Cooperative Regional Library Service	31,869	2,897
Marion Soil & Water District	19,480	1,771
Chemeketa Community College	243,851	22,168

The revenues foregone to the taxing districts are shown in Table 14. They are expressed in the total revenues foregone in current dollars through FY 27 and the average annual impact – again in current dollars – per year for the 11 year period between FY 2010 and 2020 for the Primary Study Area and a 19 year period for the Secondary Study Area. The projected year in which Secondary Study Area debt will be retired has not been calculated, but would be later than FY 2027.

Secondary Study Area

The Secondary Study Area presents a different future development situation. On one hand, the commercial area appears to be redeveloping through market forces alone – without targeted public investments. On the other hand, the single family residential area is not likely to be subject to major redevelopment because of the quality of the homes and the stability of the neighborhood. The apartment developments could be rehabilitated or redeveloped in the medium-long term.

It is the consultant’s professional judgment that much of the development projected with urban renewal would occur without urban renewal. Therefore, we have included 75% of the new development growth in the impact analysis. Table 15 shows the total and average annual revenues foregone in the same format as for the Primary Study Area.

Table 15. Secondary Area Average Annual Revenues Foregone

Taxing District	Present Value, Revenues Foregone - FY 2027	Present Value, Average Annual Revenues Foregone
Marion County	569,715	29,985
City of Salem	1,098,315	57,806
Salem Transit	143,309	7,543
Chemeketa Cooperative Regional Library Service	15,406	811
Marion Soil & Water District	9,417	496
Chemeketa Community College	117,883	6,204

VII. Costs of Likely Urban Renewal Projects

City staff has provided a proposed list of projects and programs for the Primary Study Area and Secondary Study Area. Table 16 illustrates transportation and access improvements that address the major conditions of blight in the two study areas. Figure 6 shows the locations of the potential projects.

Transportation Project Concepts

Multi-use path along creek. This project would extend the existing paths by Mirror Pond under Commercial Street, connecting to a path alongside Pringle Creek. This project would greatly improve multi-modal connections between Bush Park, Riverfront Park, and Willamette University using the existing path system.

Street connection to Boise Site and traffic signal. This project would create a signalized intersection on Commercial Street to improve traffic circulation. The likely location would be to realign Bellevue Street so it enters Commercial Street opposite

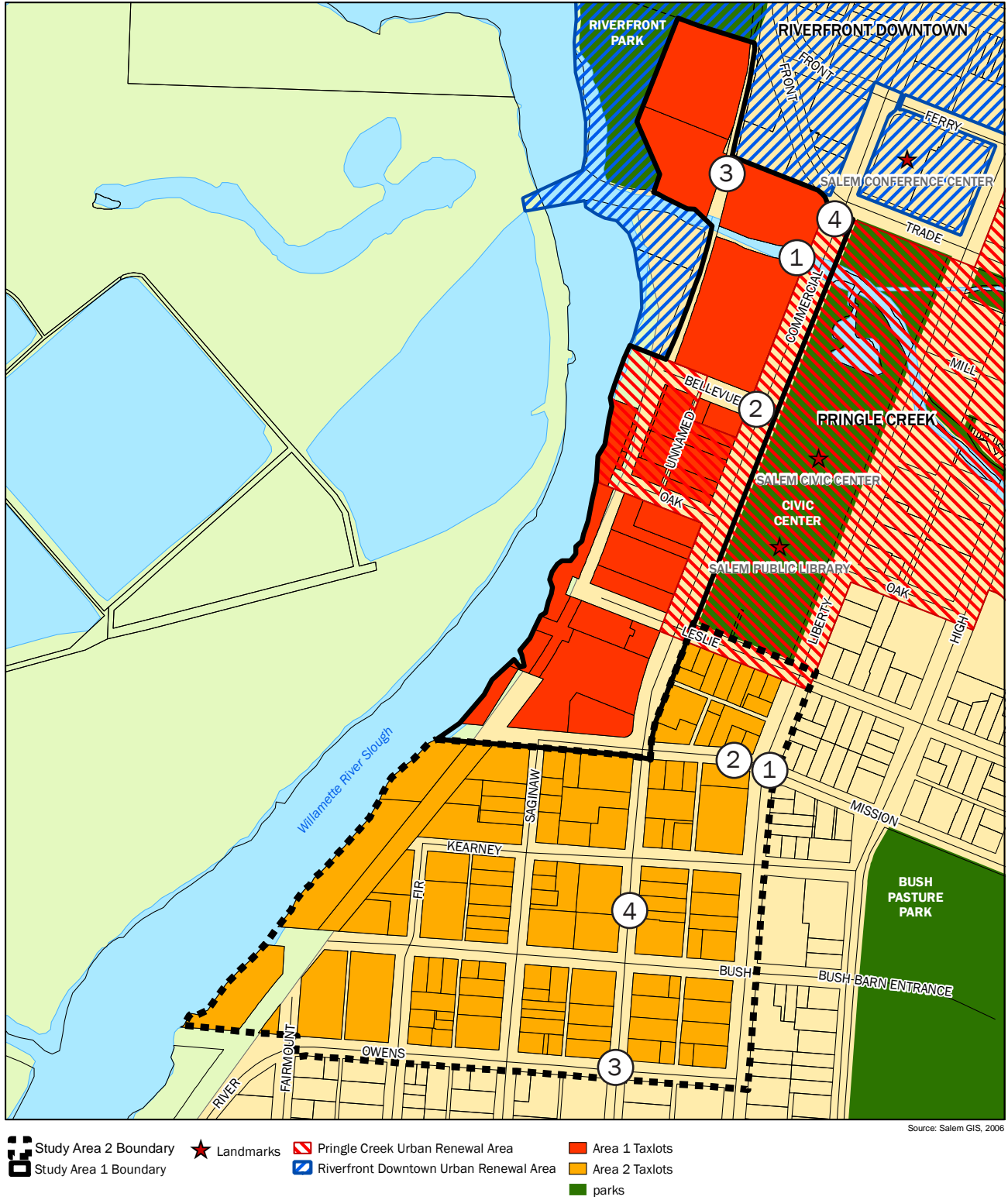
Table 16. Urban Renewal Projects and Programs

Primary Study Area	
1. Pringle Creek	
Pedestrian Bridge over Pringle Creek, south side approach	700,000
Stairway and approach on north side of Pringle Creek	100,000
Commercial Street under-crossing	800,000
Creek bank restoration, east side of Commercial	100,000
Creek bank restoration and pedestrian path on west side of Commercial	300,000
Pedestrian crossing of Railroad	400,000
2. Street connection to Boise at Bellevue, signalization	750,000*
3. State Street extension	400,000*
4. Widen Front Street approach at Commercial to 2 through lanes and 2 right turn only lanes	1, 200,000**
5. General Transit Improvements: Transit Center	250,000
6. Environmental Remediation Matching Funds	1,000,000
7. LEED Certification Funds	500,000
Sub total Primary Area	6,500,000
Secondary Study Area:	
1. Right turn lane from WB Mission to NB Liberty	800,000
2. Right turn lane from NB Liberty to EB Mission	300,000
3. Right turn lane from EB Owens to SB Commercial, add WB Left turn pocket from Owens to SB Commercial	700,000
4. Extend bike lanes Commercial SE through Owens or Miller	800,000
5. Housing Rehabilitation Assistance	500,000
6. South River Road/Owens Traffic Circulation Study	50,000
Sub total Secondary Study Area	3,150,000
Projects total estimate:	9,650,000

* These estimates do not include land.

** costs go to 1,200,000 with R/W

Figure 6. Potential Urban Renewal Projects



Feasibility Study Area
South Waterfront Urban Renewal Area



the Civic Center driveway.

Pedestrian Crossing of Railroad. There will need to be a way to get pedestrians safely across the existing railroad tracks if pedestrian access is improved along Pringle Creek. At a minimum, pedestrian safety crossing treatments will be required.

State Street extension. Extension to allow transportation turnaround on park side of the project as proposed by the ULI report.

Extend bike lanes on Commercial Street SE through Owens or Miller. To be effective, this project would need to extended south to Superior (where the existing bike lanes start). This project would require parking pockets to replace parking that would be lost by adding bike lanes.

Widen Front Street approach at Commercial Street. Front Street at Commercial Street to improve traffic circulation. This intersection currently has one right-turn-only lane, one right/through lane, and one through lane. This project would include widening Front Street two through lanes and two right-turn-only lanes. The receiving lanes are already in place.

Turn Lanes. Add right-turn lane from eastbound Owens to southbound Commercial and add westbound left-turn pocket from Owens to southbound Commercial to improve traffic circulation. Add right-turn lane from westbound Mission to northbound Liberty. Add right-turn lane from northbound Liberty to eastbound Mission to improve traffic circulation.

General Transit Improvements. Improvements Related to Future Commuter Rail Transit Center.

VIII. Conclusions

Based on the analysis summarized above, the study has the following conclusions.

A. Eligibility for Urban Renewal

Primary Study Area

If the land use objectives for the Primary Study Area are a mix of residential, commercial and public uses with a focus on Pringle Creek and the Willamette River, the existence of the Boise Cascade facilities can be considered a prime condition of blight in the form of underdevelopment and incompatible land use. The current industrial use is a much less intensive use of the property than would be mixed residential and commercial uses. In addition, the truck traffic generated by the current use is not compatible with desired mixed uses. Even under current zoning, the buildings are economically obsolete because of their multi-story configuration and lack of direct access to I-5.

However, though the buildings are obsolete and would be difficult to upgrade for industrial use, the ULI Panel found that some of the buildings could be feasibly rehabilitated, adapted and re-used.

The area suffers from an absence of linkages in all directions and especially to the east and west. The placement of parts of the existing facility preclude even visual access to Pringle Creek. These two factors – underdevelopment and lack of linkages - would make a strong case for a finding of blight.

No specific development feasibility analysis has been undertaken to determine the need for public investment to achieve the commercial and residential re-use of the Boise Cascade facilities. It is clear that the cost of redevelopment of the buildings will be high, and it is likely that public investment in access and improvements to the Pringle Creek corridor would be necessary to make the redevelopment economically feasible.

Secondary Study Area

The commercial part of the Secondary Study Area is underdeveloped. The residential part of the area can be seen as underdeveloped in comparison to the density of development allowed under the multi-family zoning. Some of the multi-family buildings in the area are unattractive and may contain violations of building codes. The potential for the residential area to capitalize on its riverfront location has not been reached due to lack of visual and physical access to the river. All these factors could be found to be conditions of blight¹.

B. The Assessed Value and Size of the Study Area Is Within Statutory Limits

Both the AV and size of the study area are well below the 15% statutory limits. This urban renewal area could be established and still leave capacity remaining for other urban renewal areas within the City.

C. Relationship of Projected Costs and Revenues

Primary Study Area

The costs of the projects and programs for the Primary Study Area as projected by staff total about \$6.5 million in current dollars, not including administrative costs, bond issuance costs, or inflation. Adding these costs, the total comes to about \$8.5 million.

By virtue of the value of the Meridian project and the initial redevelopment of the Boise Cascade site, the tax increment revenues generated under an urban renewal plan are substantial. The projected borrowing capacity for the Primary Study Area reaches about \$10 million in FY 2016. There would be a need to supplement cash flow within the early years of the project, but in a relatively short period of time the urban renewal debt could reimburse investments from other funds.

¹In the judgment of the consultants certain of the conditions of blight as defined in ORS 457.010(1) do not apply to either Study Area because the conditions cited do not exist. These are:

(c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;

(d) The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;

(f) The existence of property or lots or other areas that are subject to inundation by water;

Secondary Study Area

The projects and programs shown for the Secondary Study Area total about \$3.1 million in current dollars and \$4.6 million with inflation, administrative costs, and bond issuance costs. The total debt capacity of the Secondary Study area through FY 2027 is about \$5.6 million in year of receipt dollars taking into account inflation. Though there would likely be a need to supplement cash flow at the start of an urban renewal program, the overall projected revenues exceed the projected cost.

D. Revenues Foregone to Overlapping Taxing Districts

Regarding the Primary Study Area, the property tax revenues foregone by the overlapping taxing districts are relatively high. This is due almost entirely to the property tax revenues generated by the Meridian project. This project is underway and without tax increment financing, the property tax revenues would flow to the overlapping districts. The benefit of including the Meridian property, however, is that the improvements necessary to the Boise property can be financed in a relatively short period of time.

IX. Recommendations

Based on the analysis summarized in this Feasibility Report, the consultants recommend that the Council, if it wishes to continue with the implementation of the ULI Panel Report, direct staff to prepare an urban renewal plan and report for the Primary Study Area. The projected revenues appear to be ample in relationship to the project and program needs while the public investment is clearly necessary to achieve the mixed use development objectives.

The consultants do not recommend proceeding with an urban renewal plan and report for the Secondary Study Area. The commercial part of this area appears to be redeveloping without special public investments, while the residential part of this area is stable.

APPENDIX

1. Phasing

Phasing

	New Development	Years in which New Development/Absorption Occurs					Total	Valuation (\$) per Unit or SF	Total Real Market Value
		1 to 5	6 to 10	11 to 15	16 to 20	Total			
Primary Study Area									
Civic Center W (new)									
Office	40,000	0	0	20,000	20,000	40,000	184	7,354,286	
Hotel	150	0	0	150	0	150	75,000	11,250,000	
Housing	20	0	20	0	0	20	350,000	7,000,000	
Parking	300	0	25	215	60	300	3,176	952,941	
Bellevue Townhomes (new)	15	15	0	0	0	15	350,000	5,250,000	
South Warehouse									
Retail	40,000	40,000	0	0	0	40,000	216	8,640,000	
Housing	60	60	0	0	0	60	350,000	21,000,000	
Parking	625	625	0	0	0	625	3,176	1,985,294	
Paper Factory									
Retail	14,000	7,000	7,000	0	0	14,000	216	3,024,000	
Restaurants	2,000	2,000		0	0	2,000	216	432,000	
Office (redevt)	16,000	8,000	8,000	0	0	16,000	140	2,246,400	
Health Club	16,000	16,000		0	0	16,000	216	3,456,000	
Old Mill Bldg									
Retail	18,000	0	18,000	0	0	18,000	216	3,888,000	
Restaurants	2,800	0	2,800	0	0	2,800	216	604,800	
Daycare	3,000	0	3,000	0	0	3,000	216	648,000	
Office (redevt)	23,800	0	0	23,800	0	23,800	140	3,341,520	
South State Street									
Retail	14,000	0	0	14,000	0	14,000	216	3,024,000	
Restaurants	4,000	0	0	4,000	0	4,000	216	864,000	
Housing	100	0	0	100	0	100	350,000	35,000,000	
Meridian									
Housing	89	89				89	487,500	43,387,500	
Office	30,000	30,000				30,000	184	5,515,714	
Secondary Study Area								119,961,241	
Parcel A: Mixed Retail/Office	35,000	0	35,000	0	0	35,000	174		
Parcel B: Mixed Retail/Office	7,500	0	7,500	0	0	7,500	174		
Parcel C: Mixed Retail/Office	20,000	0	0	20,000	0	20,000	174		