



What is Urban Renewal?

Urban Renewal is a local government financing tool used to improve and revitalize areas within a city and to facilitate new development in the urban renewal area. When cities want to create an urban renewal area, they first have to show the area is “blighted” or undeveloped. An urban renewal governing body (Burns Urban Renewal Agency) is then established, and an urban renewal plan is created to demonstrate how this economic development tool can help improve the area.

Who makes decisions about Urban Renewal in Burns?

The Burns City Council (City Council) recently created the Burns Urban Renewal Agency (Agency) which is comprised of the members of the City Council. The proposed Burns Urban Renewal Plan (Plan) must be adopted by the City Council prior to any funds being allocated to the Agency. If the Plan is adopted, the Agency will make the decisions on spending of funds throughout the life of the urban renewal area.

Does Urban Renewal raise property taxes?

No. Urban renewal does not raise property taxes.

Urban renewal isn’t new money, instead, money is redirected from the taxing districts to the urban renewal agency. This places the impact of funding urban renewal on the taxing districts instead of taxpayers.

An urban renewal area uses “tax increment financing” to help fund projects within the identified urban renewal area. The money for urban renewal essentially comes from any

growth in property taxes within the area identified, either from the typical annual 3% assessed value increase, or new development and major rehabilitation.

Why is Burns considering urban renewal?

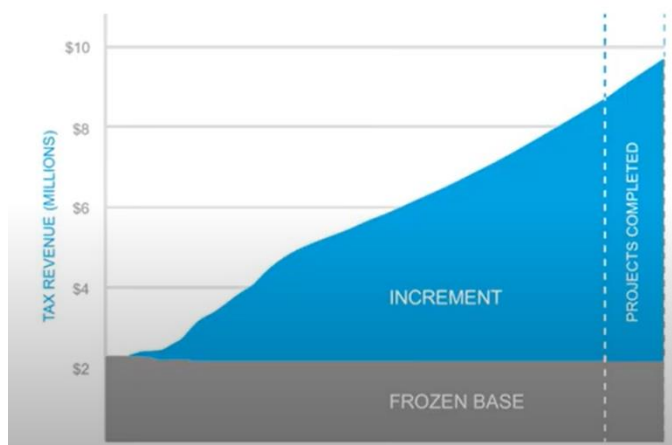
Urban renewal has proven successful in growing local economies across Oregon by providing much-needed infrastructure, providing resources to rehabilitate buildings, facilitating the development of new housing and improving the existing housing stock, and encouraging economic development. Burns is in need of additional financing tools to initiate these activities.

Other central and eastern Oregon cities have had success from using urban renewal in their communities. The cities of John Day and Madras have both implemented similar urban renewal plans to provide incentives for the development of new housing in their communities. Substantial new residential development has occurred in both communities as a result of this financing tool. Madras has an additional urban renewal area that focuses on their commercial core. Lakeview is presently completing feasibility studies to consider the use of urban renewal funding in their community, both for the commercial core and for housing incentives.

How does urban renewal work?

In Oregon, “urban renewal” is the title of the program that authorizes the City to use tax increment financing. Tax increment financing is a tool that allows local governments to set aside property taxes generated from existing properties and development in the urban renewal area. It also creates guidelines for how the money can be spent. The

HOW DOES URBAN RENEWAL FINANCING WORK?



funds are used on projects that encourage public and private development. At the time an urban renewal area is created, the assessor establishes a “frozen base” which is the total assessed value of all of the properties in the urban renewal area at the time the urban renewal plan is adopted. All taxing districts continue to receive taxes off of that “frozen base”. In the chart you can see the “frozen base” and the projected future increment, or increased assessed value. The incremental taxes generated are

allocated to the Agency for projects and programs in the urban renewal area.

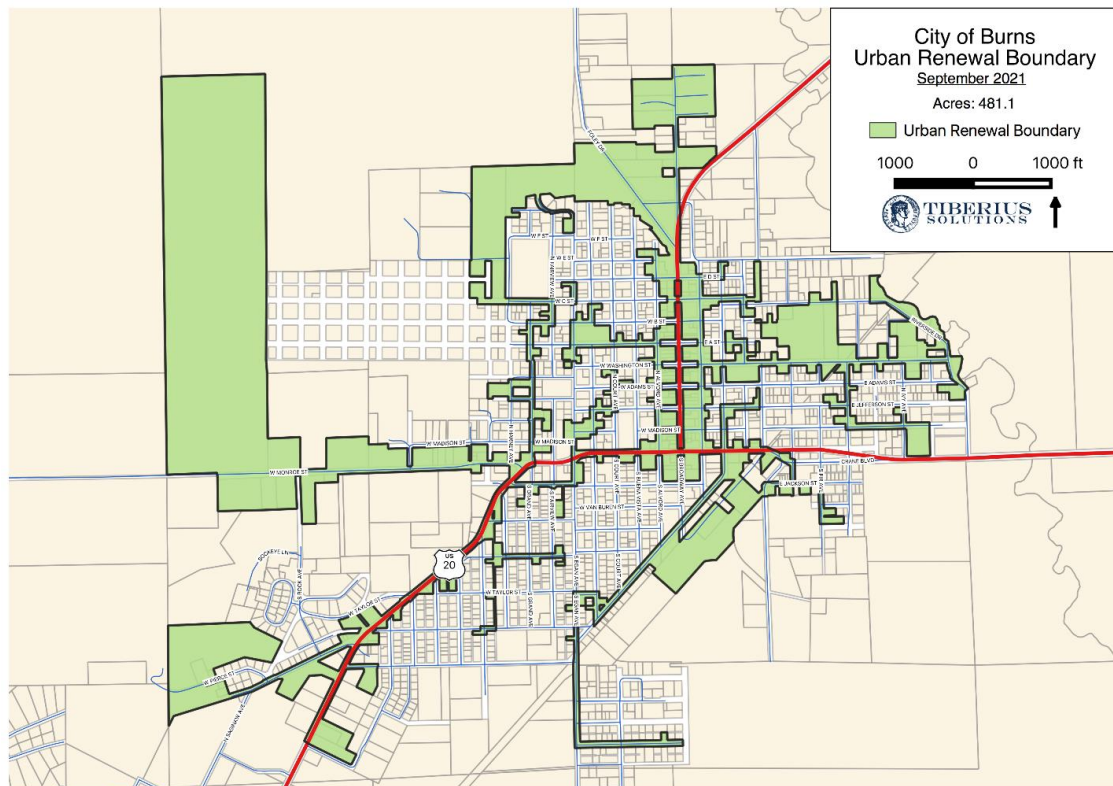
What is the impact on Taxing Districts?

Taxing districts continue receiving all taxes on all properties outside of the urban renewal area, both city wide and within their larger taxing district boundaries if the boundaries go beyond the city limits. The proposed urban renewal area is 17.4 % of the city-wide assessed value. The taxing districts also continue receiving taxes on the frozen base of the properties within the urban renewal area. While the urban renewal area is in operation, they forego the taxes off the growth of assessed value within the urban renewal area. For many of these properties, growth will not occur unless there are incentives provided by urban renewal, so the actual assessed value foregone is the annual 3% assessed value increases.

The taxing districts will benefit in the short term by the urban renewal agency's ability to help provide incentives for the improvement of existing housing, construction of new housing and the improvement of the commercial core, making Burns a more livable community. The taxing districts will also receive future benefits by increased assessed values.

Where is the potential Burns Urban Renewal Area?

Burns' urban renewal area focuses on commercial and residential parcels that could be developed or rehabilitated in the future.



How will the money be spent?

Money will be spent by the Agency on projects identified in the Urban Renewal Plan. Those projects are in three categories: Development/Redevelopment, Infrastructure, and Housing Development/Redevelopment.

How will Urban Renewal impact the school district?

Schools and the Education Service District get their funds on a “per-pupil basis” from the State School Fund. The State School Fund is funded on a state-wide equalization formula that provides that all schools receive equal amounts of funding for their students. The funding sources include property taxes but there are also other funding sources from the State School Fund. The Oregon Legislature establishes the per pupil funding ratios and backfills reduced property tax revenues with other funding sources. Because of the ways funds are allocated to schools, urban renewal will **not** result in the school district getting fewer funds over the course of the Plan.

What is the adoption process?

The adoption of the Burns Urban Renewal Plan will follow the process outlined below:

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| Documents sent to all taxing districts | September |
| Burns Planning Commission review | October 20 |
| Harney County Court briefing | October - November |
| Burns City Council hearing | November 10 |
| First year of tax increment revenues | FY 2022/2023 |

