



## Staff Report

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**File #:** 24-105

**Version:** 1

**Date:** 3/25/2024

**Item #:**

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**TO:** Urban Renewal Agency Board  
**THROUGH:** Keith Stahley, Executive Director  
**FROM:** Kristin Retherford, Community Planning and Development Director

**SUBJECT:**

Initiate creation of a potential new North Waterfront Urban Renewal Area

Ward(s): 1 and 5

Councilor(s): Stapleton and Gonzalez

Neighborhood(s): CANDO, Grant, Highland

Result Area(s): Strong and Diverse Economy; Welcoming and Livable Community; Safe, Reliable and Efficient Infrastructure

**SUMMARY:**

As the downtown Salem becomes built out, interest is growing in development and redevelopment opportunities within the north waterfront/north downtown area. Building on prior City-wide strategic planning efforts that examined areas for future urban renewal areas and current interest in redevelopment along Front Street, Staff is seeking Agency Board approval to begin the process of creating a new urban renewal area between the Riverfront-Downtown Urban Renewal Area and the North Gateway Urban Renewal Area. This area meets the statutory requirement of "blight" due to changing economics, uses, and vacancies. With Board approval, staff will begin the process to create a new urban renewal area (URA) to assist with redevelopment of the area. Following the analysis of a potential new URA, staff would bring back to the Agency Board a draft plan, draft financial report, and draft geographical boundary for review before initiating the steps to adopt a new plan as outlined by Oregon Revised Statute.

**ISSUE:**

Shall the Agency Board direct staff to initiate the process to establish a new URA along the north waterfront area?

**RECOMMENDATION:**

Direct staff to begin the process of initiating a new URA in the north waterfront area.

**FACTS AND FINDINGS:**

Urban renewal, also known as Tax Increment Financing (TIF), is a tool used throughout Oregon to stimulate investment and economic development, address blight and grow property tax valuation within communities. Urban renewal revenue can only be used for acquisition, capital projects, related studies and plans, and administration. When a URA is created, the property value in the district is frozen. As the property value in the URA increases above the frozen level, the tax revenue from the increase in value goes into the URA to be used on approved projects.

Oregon Revised Statute 457.085 details the requirements for establishing a new URA. Blight is a precondition to any URA and as described in state statute, generally includes: underdeveloped or underutilization of property; poor condition of buildings; inadequacy of infrastructure including streets and utilities. If the precondition of blight is met the following process is required:

- Develop TIF District Plan (identifies projects which funding can be used);
- Develop TIF Report (financial analysis of TIF impact to taxing districts and establishment of maximum indebtedness); and
- Geographical Boundaries of URA and Survey.

If the Agency Board approves draft documents listed above a public review/approval process would begin including:

- The TIF Plan and TIF Report will be distributed to the taxing districts with offer to consult and confer;
- A supernotice of the proposed TIF District will be distributed to all mailing addresses within the City of Salem; and
- Public comment would be made available through both a Planning Commission Meeting and City Council Ordinance process.

## **BACKGROUND:**

The City has sufficient acreage capacity to consider establishing new URAs. Approximately 11% of the City's total acreage is within URAs actively collecting tax increment. For a community the size of Salem, state statute allows 15% of acreage to be within URAs and 15% of the total property value. Salem is well under this limit as about 4% of Salem's property value is within its eight URAs.

The McGilchrist URA is expected to reach maximum indebtedness and stop collecting tax increment in 2024, while this is expected for the North Gateway URA around 2026, allowing even more capacity for future URAs.

Sara Long, Project Manager  
Urban Development Division

## Attachments:

1. None