

To: SEDA Budget Committee; Nancy Newton, City Manager
From: Allie Camp, Economic Development Manager
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Department: City Manager’s Office

The Springfield Economic Development Agency (SEDA) is the Urban Renewal Agency for the City of Springfield, Oregon. SEDA oversees both the Glenwood Urban Renewal Plan area, established January 1, 2005 after voter approval and City Council and Lane County adoption, and the Downtown Urban Renewal Plan area, established January 1, 2008, also under voter approval and following adoption by City Council.

Urban Renewal Plan Area Specifics

	<i>Downtown</i>	<i>Glenwood</i>
Plan area size	618 acres	417 acres
Urban Renewal Plan Area Established:	2008	2005
Frozen Taxable Value Base at Time of Establishment:	\$124,231,412	\$106,986,910
FY22 Annual Increment:	\$860,412	\$1,187,433
FY23 Current Annual Increment:	\$1,507,093	\$1,362,588
FY24 Forecasted Annual Increment:	\$1,865,650	\$1,482,494
Maximum Indebtedness Allowed:	\$43,010,000	\$32,860,000
Maximum Indebtedness Spent To Date:	\$7,092,995	\$12,427,606

An Overview of Urban Renewal as a Tool

Urban Renewal is a debt financing tool for communities seeking to invest in strategies to redevelop underperforming or market-depressed regions, defined as ‘blighted.’ It is sometimes called Tax Increment Financing (TIF). TIF is intended to redirect incremental tax revenues generated above the frozen base, froze at the time of plan adoption, (Figure 1) into early, catalytic projects likely requiring substantial borrowing and, thus, necessitating dedicated debt service repayment revenues. TIF funds must then be reinvested into the Plan area with which they were collected and on projects and programs which directly support the goals and projects identified with the adopted plan.

While TIF is a valuable tool, it can be limiting, both in plan specific debt limits and activities. Each area’s Plan limits the amount of debt which can be incurred. TIF expenditures must be primarily focused on project-specific or ‘built’ assets which directly benefit redevelopment to contribute to increasing the taxable base. However, TIF may be used to fund the administration of the urban renewal area and related projects. TIF funds, while one of many tools available to assist in the delivering public and private projects, are still an investment into the community and integrally tied to the longer-term vision, goals, general funds, and operations of the City.

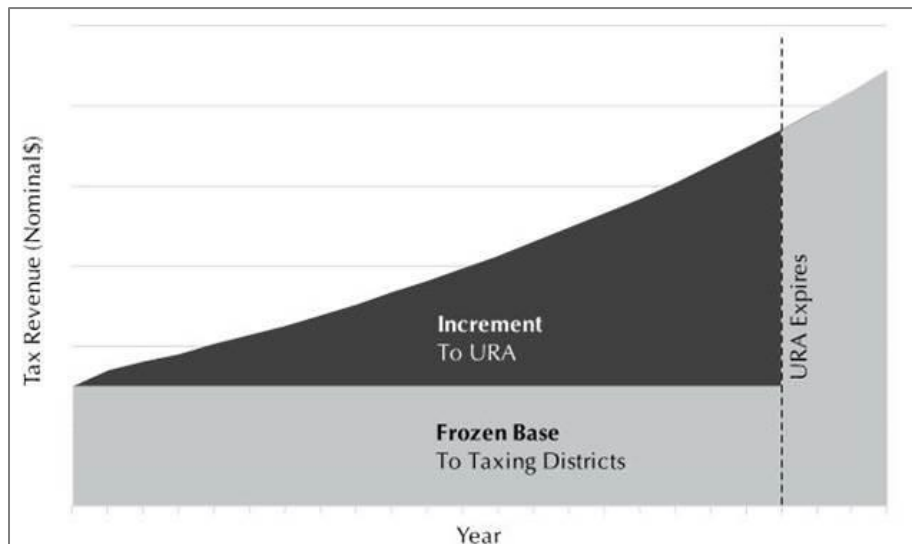


Figure 1: Source: Tiberius Solutions, 2019

FY24 Agency Budget Summary:

This year's SEDA budget proposes program materials and services that are project driven with substantial investments focused on driving taxable development in Downtown and Glenwood to create a community of opportunity for current community members and for individuals and businesses who seek to call Springfield their home. While the impacts of COVID are still being felt throughout the community, both the Downtown and Glenwood Urban Renewal Districts are outperforming their expected tax increment accrual. This demonstrates a certain level of stabilization in the local economy which allows SEDA to think beyond the current development horizon for strategic investments in long term, community-focused solutions such as investments in increasing Springfield's housing stock, planning for mixed use, walkable centers of commerce and activity, and the long-term goal of connecting the community to the Willamette River.

The below sections highlight key accomplishments of FY23 and changes proposed for FY24. With the focus of the work being project-based, the budget remains relatively flat considering the long-term nature of redevelopment.

Accomplishments of FY2023:

- **Glenwood Riverfront Land Assembly** – Since 2016, SEDA and City of Springfield have assembled land for the redevelopment of the Glenwood Riverfront. SEDA and the City have acquired approximately 9.5 acres of riverfront property in Glenwood for future redevelopment. SEDA is under contract to purchase an additional approximately 3.2 acres and remain in negotiations for the last parcel, approximately 0.2 acres of property that is bordered by SEDA-owned property.
- **Glenwood Riverfront Master Planning Process** – In 2023, SEDA approved entrance into a contract with Rowell Brokaw & Walker Macy for master planning efforts of the Glenwood Riverfront Master Plan Area. With the Glenwood Refinement Plan as its guide, the consultant team have begun to determine the site's development feasibility and incorporate external stakeholders to assure we are all moving to an implementable Master Plan for the area. The Master Planning process is expected to take 17 months to complete, resulting in a horizontal plan to be implemented over the 30-acre site.
- **Downtown Blue McKenzie Project** – The Blue McKenzie project has reached major project milestones in FY23 to march towards a Summer 2024 construction date. The project reached 100% completion of its predevelopment loan tasks, SEDA's initial financial commitment, and the financing for the second commitment from SEDA to the project, the construction loan, was approved and solicited for through a Request for Proposals process. The project has submitted for building and public improvement permit review. Blue McKenzie continues to be a market first for our community and has garnered media attention as construction draws nearer.

Initiatives FY2024:

- **Blue McKenzie Construction**– Blue McKenzie is expected to break ground in late FY23 and be under construction through FY24. This is the first high density residential development in the downtown core since the Royal Building's construction in 2007.
- **Glenwood Riverfront land management and planning** –For properties currently under contract in the Glenwood Master Plan Area move towards close and transfer to SEDA ownership, they will need to be kept safe and secure as master planning stakeholders consider the current building stock. With the 17-month master planning process underway in FY23, major project milestones are expected in FY24 including development of the master plan concept which is essential for the required land use regulatory processes.
- **SEDA logo and community information** – Interest in SEDA's work has grown since moving into larger-scale redevelopment projects. In FY23 staff established a process to gather minutes from SEDA meetings for added transparency, and it will continue that process in FY24 after positive feedback. Current projects will be highlighted on the City's website. The SEDA logo will be reimagined to better reflect the Board's vision and build stronger recognition for its redevelopment investments.

Three Year Considerations:

- **Glenwood Redevelopment Vision Implementation** - The SEDA Board and Springfield City Council will continue to assess a path for investment and utilization of the SEDA and City-owned land in the Glenwood Master Plan Area. This assessment will determine future activities and strategies to be taken by staff in the coming years, including priorities for inclusion in development negotiations and agreements.

- **Downtown Private Property Redevelopment** - Property and project owners have expressed interest in making substantial investments downtown to develop a mix of commercial, housing and hospitality. These projects are anticipated to utilize the SDC payment program and may request additional partnership from SEDA. These potential future project investments are anticipated to solidify and multiply once Blue McKenzie creates the market conditions needed for more dense downtown development.
- **Serving Employment Land Along Franklin-McVay Blvd**– Franklin-McVay Blvd is in the preliminary phase of design. Priority industrial-employment sites located along McVay Highway will remain a focus of recruitment with an emphasis on large employers and headquarter opportunities. Substantial infrastructure needs are anticipated with design work beginning along the Franklin-McVay Boulevard corridor, including reconciliation of City owned properties abutting McVay Hwy and other necessary road improvements.
- **Downtown Electric Capacity Investments** – Springfield Utility Board (SUB) will be proceeding with a voltage upgrade project throughout downtown in the coming years. This project will bring much needed service capacity enhancements to current and future businesses.
- **Property Management** – In April of 2022 Council and SEDA discussed the leasing intentions for properties under SEDA ownership, identifying that for the next five years properties can be leased for one-year contracts with the option to move to month-to-month. This time provides staff the ability to continue collecting rental income and prepare for larger conversations about the redevelopment potential of the investment properties in Downtown.

Springfield has rebounded faster from COVID than other communities in terms of unemployment rate because of its diversified economy. Springfield has a higher concentration of employment in manufacturing, construction, and trade-related sectors which not only bounced back faster during brief times of unemployment, but also grew at a faster rate than other sectors. With this rebound comes a continued focus on increasing employment opportunities and housing options to create a community of opportunity for families currently living here and for businesses that may seek to relocate here. With SEDA's budget emphasis on new development, SEDA's efforts not only fuel the future needs of the community in terms of building new assets, they also serves to bolster the success of the two Urban Renewal Districts tax increment performance while contributing to the skills and trades for some of the most fruitful sectors present in our community's employment portfolio.