

**SEDA BUDGET MEMO**

**City of Springfield, Oregon**

**To:** SEDA Budget Committee; Nancy Newton, City Manager

**From:** Allie Camp, Economic Development Manager  
 Sam Kelly-Quattrocchi, Economic Development & Legislative Analyst

**Date:** April 4, 2024

**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.

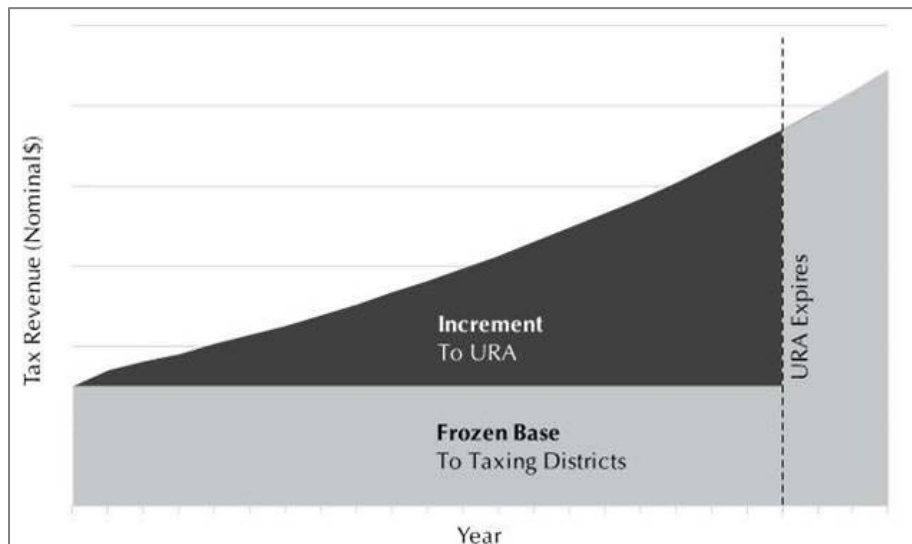
**Urban Renewal Plan Area Specifics**

	<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
FY23 Annual Increment:	\$1,593,615	\$1,440,814
FY24 Current Annual Increment:	\$1,865,650	\$1,482,494
FY25 Forecasted Annual Increment:	\$1,950,000	\$1,500,000
Maximum Indebtedness Allowed:	\$43,010,000	\$32,860,000
Maximum Indebtedness Spent to Date:	\$7,379,985	\$16,317,208

**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 also 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 from which they were collected and on initiatives which directly support the goals and projects identified with the adopted plan.

While TIF is a valuable tool, it comes with parameters 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. TIF may be used to fund the administration of the Urban Renewal area and related projects. TIF funds, are one of the many tools available to assist in delivering public and private projects which are an investment in the vision for the City.



**Figure 1: Tax Increment Financing; Tiberius Solutions, 2019**

## FY25 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 individuals and businesses. Both Urban Renewal Districts are delivering tax increment due to investments over time. The Downtown District is outperforming its 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 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 FY24, and initiatives proposed for FY25. With the focus of the work being project-based, the budget remains relatively flat considering the long-term nature of redevelopment.

### Accomplishments – FY2024

- **Glenwood Riverfront Land Assembly** – In FY24, SEDA successfully closed on the final properties for acquisition in the Glenwood Master Plan Area. In total, SEDA and the City own approximately 13 of the 30-acre redevelopment area, assembled over time since 2016. Land acquisition for this area totals approximately \$11 million. SEDA now owns all the land needed to proceed with decisions within the land use and planning stage of redevelopment.
- **Glenwood Riverfront Master Planning Process** – SEDA approved a contract with Rowell Brokaw Architects & Walker Macy Landscape Architects for master planning efforts on the Glenwood Riverfront Master Plan Area. Planning processes are lengthy, and staff anticipate an estimated 24-36 month land use phase.
- **Residential Relocation in the Glenwood Master Plan Area** – In Spring of 2023, SEDA received preliminary cost estimates for relocating a portion of the tenants in the SEDA-owned Glenwood area. After closing on the remainder of the property in July 2023, staff collected remaining information to deliver a complete cost estimate to the SEDA Board for residential relocation. In February 2024, the Board moved to begin the Federal relocation process with Universal Field Services.
- **Downtown Blue McKenzie Project** – Despite the project's extensive due diligence and years of planning, market conditions in the first and second quarters of calendar year 2023 were not suitable for securing a construction loan for the project. In June of 2023, SEDA declared the project infeasible due to project costs, exercising a provision in the predevelopment loan to exchange assets of the project for forgiveness of the loan. In this circumstance, assets of the project include the property at 740 A Street. Closing negotiations occurred in the first half of FY24. In December the property transferred to SEDA, and in early 2024, the remainder of the project assets were delivered. SEDA continues to be focused on bringing market rate housing to downtown.
- **SEDA Community Information** – Interest in SEDA's work is growing. In FY23, staff established a process to gather minutes from SEDA meetings for information and added transparency. Collection and approval of minutes will continue in FY24 after positive feedback. Additionally, current projects are highlighted on the City's website and updated as needed.
- **Systems Development Charges (SDC) Program Extension** – In January 2024, SEDA moved to extend the SDC program. This program was established in 2013, on a temporary basis, to assist development in the Glenwood and Downtown Urban Renewal Areas by paying for the City's SDCs incurred from the new or re-development. As part of this program extension, the Board moved to repay the dollars accumulated by SEDA to the City for the years the program was in its temporary basis.

### Initiatives – FY2025

- **Prepare for Glenwood Riverfront Land Management** – For properties currently under contract in the Glenwood Master Plan Area in City and SEDA ownership, they will need to be kept secure until ready for redevelopment as SEDA's master development team considers the current building stock. Staff anticipate costs to board up structures and potential demolition.
- **Complete Residential Relocation in the Glenwood Master Plan Area** – SEDA's relocation contractor, Universal Field Services, anticipates that relocation for the eight households in Glenwood could take throughout the summer of 2024. This means that the Glenwood development site is set to be free of residential tenants. This process takes time, residents that move through Federal relocation often ultimately end up in better housing situations, with some residents able to pursue home ownership.
- **Develop a Downtown Property Strategy** – SEDA has been acquiring land in downtown for future redevelopment. Downtown has sufficient momentum to support many outcomes for these properties, should the SEDA Board choose to do so. Moving the SEDA Board through the *what*, *when*, and *how* for the future of these properties will

be helpful. The end result of this initiative will be recommendations for planning out these properties' redevelopment.

- **Develop Processes for the SEDA Board** – Establishing processes for use of the SDC program, making requests of SEDA for funds, demonstrating interest in a SEDA-owned property, and asking that SEDA purchase a property are all ways the Board has been approached to support growth of the tax base. Developing process for these items can be helpful so requests are properly vetted and discussions can move swiftly.

### **Three Year Considerations – FY2026-FY2028**

- **Glenwood Master Plan Area Concept and Project Delivery** – With the land use and entitlement work contracted for and underway the concept for the area is becoming solidified. To assure the project continues to make progress beyond this phase, coordination for engineering, infrastructure, agreements, and future land use work is beginning.
- **Downtown Private Property Redevelopment Support** – Private property owners and potential development agencies 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. Having a strong process foundation established will support requests from private sector partners.
- **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.
- **Property Management** – In April of 2022, Council and SEDA discussed the leasing intentions for properties under SEDA ownership, identifying in Resolution 2022-14 that through July 1, 2027, 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 future use of these properties.

With the budget emphasis on new development, SEDA's efforts not only fuel the future needs of the community in terms of building new assets, but they also serve 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.