

If the tax base is frozen, will it cause a negative impact to residential homes in the City of Banks?

In short, no. The only way the tax burden would get shifted to the residential properties of Banks is if voters approved it. According to Oregon.gov, a taxing district cannot change its permanent rate levy by any action of the district or its patrons, and further the Legislature can only add additional lower statutory limits.

So, what happens if the taxing district cannot increase its permanent rate and they need additional funds? They would likely have to go out for either a local option levy or a bond, both of which must be approved by voters. Banks has a Public Safety local option levy at this time and expects to continue the use of the local option levy in the future, with or without urban renewal. This local option levy is not impacted by urban renewal, all property tax payers in Banks would pay the local option levy.

The question of impacts to residential tax payers stems from the assumption that if you freeze the tax base for an urban renewal area, taxing districts must compensate for their foregone income due to increased yearly property tax revenue. Freezing the base is terminology used to indicate that at one point in time, when the urban renewal area is adopted, the taxes from the assessed values at that point continue going to all taxing jurisdictions, and increases in taxes on those properties go to the urban renewal agency. Those properties continue paying taxes, it is just divided once the urban renewal agency is formed.

To fully answer this question one must understand the sources of increased tax revenue for the taxing districts in Banks. One source of increased revenue is the annual 3% increase in assessed value that is done by the assessor. This increase is limited to 3% by statute unless significant redevelopment or new development occurs. An increase in the assessed value of a property means an increase in taxes on said property. Another source of increased revenue is new development, which could be from new businesses or new residential properties.

Yes, taxing districts will forego the 3% annual increase on properties in the urban renewal area, but they will only forego that 3% on properties in the urban renewal area. Urban renewal for cities like Banks are limited in size to 25% of the City's acreage and assessed value, which means that taxing districts will still reap the revenues of annual property tax increases on 75% of the assessed value of the City. An urban renewal area does not freeze the entire tax revenue stream for the taxing jurisdictions, only the portion within the urban renewal area.

As for new development, only the increased revenues from new development in the urban renewal area will be diverted to the Urban Renewal Agency. This means that any new development outside the urban renewal area stands to increase the tax revenue stream for the taxing jurisdictions. For that reason specifically, when the Advisory Committee was developing the Banks Urban Renewal Boundary they left out key portions of the City that are projected to have significant residential development as this development will help the taxing districts increase their revenues to compensate for foregone revenues due to the urban renewal area. In all reality, the significant development that is going to occur in Banks, in terms of producing tax revenues, is going to be residential development, not business development, and significant portions of that residential development are outside the urban renewal area.

Because the taxing districts will still receive increased tax revenue from 75% of the City's assessed value and from significant projected residential development, one cannot make the argument that their entire income will be frozen during the duration of the urban renewal area.

Is the Banks Urban Renewal Plan designed primarily to provide “handouts” to new or established businesses?

No. This misconception comes from an analysis provided by a citizen of Banks of urban renewal usage from other communities, primarily in the Midwest and on the East Coast. In those other urban renewal areas, the majority of projects in the plan are aimed at providing improvements to entice a specific big box business to locate to the area. This was the case in an article referenced by a citizen of Banks entitled “Tax Increment Financing: A Bad Bargain for Tax Payers”, which detailed the use of an urban renewal area in Fort Worth to attract a Cabela's hunting/fishing store.

This is not the case in Banks. The projects in the Banks Urban Renewal Plan are based on a community driven vision of the future of Banks, as identified in the Banks Vision 2037 Plan and are not aimed at attracting a specific big box business. The projects are aimed at improving the Banks community as a whole by providing a better downtown experience and enhancing pedestrian connectivity throughout the City. The vast majority of Banks urban renewal dollars have been allocated to improving the streetscapes of Main Street and Commerce Street, building a plaza, enhancing the trail system, improving parks in the area, and improving/repairing Main Street, all projects aimed at improving the Banks community as whole. There is a project category in the Banks Urban Renewal Plan for Existing Buildings and Remodels, which is intended to improve the buildings and facades of existing businesses in Banks. It is allocated less than 3% of the total funding. There is another project New Building Structures that is for encouraging the development of new buildings in the urban renewal area. The funding for this project is lumped into a project category including Commerce Street, Park Upgrades and Improvements and Parks. These projects together are 15% of the total funding and are expected to occur at the end of the urban renewal timeframe.

How does the Urban Renewal Agency fund projects?

Projects are funded by the tax increment financing (TIF) mechanism. TIF revenue comes from increases in property taxes in the urban renewal area, not citywide. These increases tend to occur slowly, either by the standard 3% property tax increase allowed by statute or new development that occurs in the area. Thus, the Urban Renewal Agency gets money on a yearly basis based on increases in taxes in the urban renewal area, starting off slowly and building. An urban renewal area does not get an up-front lump sum equaling their maximum indebtedness (the maximum amount of dollars that can be spent on projects, programs, and administration over the life of the area), and pay that debt off over time. TIF revenues can grow to an amount where they can be used as collateral when trying to obtain a loan or a bond, but these loans are limited to what the district can afford in terms of a loan payment when compared to their income. This is why most urban renewal areas cannot afford to incur significant debt, or complete significant projects, until the district has been established for several years.

Who will benefit from the projects in the Banks Urban Renewal Plan?

The entire Banks community, residential and commercial, will benefit from the projects in the Banks Urban Renewal Plan. The Banks Urban Renewal Plan primarily contains projects that are aimed at improving the feel of the Banks downtown and enhancing pedestrian and bike connectivity throughout the City, fulfilling the desire to connect the residential areas of Banks with the downtown businesses and helping to provide a better atmosphere for future business development. The vast majority of Banks urban renewal dollars have been allocated to improving the streetscapes of Main Street and Commerce Street, building a plaza, enhancing the trail system, improving parks in the area, and improving/repairing Main Street, all projects aimed at improving the Banks community as whole. These projects were all identified in the recent Banks Vision 2037 Plan which was prepared with significant public input and adopted by the City Council this summer.

Is the city using urban renewal funds to subsidize infrastructure development for developers?

No, Oregon statute 223.297-223.f314 establishes a mechanism for cities to assess System Development Charges (SDCs). SDCs are fees assessed on developers by the city to fund capital improvements related to: transportation, parks and recreation, drainage and flood control, water supply treatment and distribution, and waste water collection / transmission. The City of Banks is using this statute to fund the capital improvements required to meet the needs for new development in the city and the urban renewal area.

Where will the city find the money to maintain new and existing infrastructure?

The city has a depreciation account to maintain current infrastructure and fund future capital improvement projects. This depreciation account receives funds from the tax base to ensure that allocated funds are properly managed and available for general maintenance and future projects. This depreciation account will receive more funding as the tax base grows. This ensures that the city can meet the infrastructure demands of its citizens and businesses. If the tax base does not grow, it is reflective of a slow/null growth in Banks and as a result the city will not have new infrastructure to maintain that is built via System Development Charges levied against developers.

Why are you including the rail road, lumber yard and Jim’s Thriftway in the urban renewal boundary?

The rail road is included in the urban renewal boundary as the Banks Bike and Pedestrian Plan outlines a conceptual trail system down the railroad tracks that would connect the north and south end of town.

The city does not expect the lumber yard to experience any foreseeable redevelopment, but is included in the urban renewal boundary to act as a contingency if the lumber market conditions change. Including the lumber yard in this boundary ensures that the city will be able to redevelop the site if the lumber mill is permanently shuttered.

Jim's Thriftway is included because the property is connected to Main Street. The urban renewal plan provides store front improvements / business assistance, and in the next 25-30 years, the area surrounding Jim's Thriftway could experience a refresh.

Will eminent domain be used to give properties to private developers?

No. In 2006 the citizens of Oregon approved Ballot Measure 39 prohibiting cities from using eminent domain to condemn private property for resale to private developers. The city government has the power to take private property for public use with just compensation based on the fair market value of that property.

How does the city define "blight"?

State Statute ORS 457.010 defines blight, a term that must be used in urban renewal plans in the State of Oregon to refer to areas experiencing economic disinvestment. ORS 457.010 outlines blight to generally cover the underdevelopment or underutilization of property, poor building conditions, or the inadequacy of infrastructure including streets and utilities.

Will the plan move forward without regard to market conditions?

No. The 2037 plan is reliant on healthy market conditions. The city is not trying to force growth, it has only developed a policy framework for if and when growth occurs in the city. This framework ensures that Banks is thinking strategically to ensure a high quality of life for those who live here in the future.

"What will happen if Intel goes away and all of these businesses shut down?"

If a large employer like Intel leaves the Portland metro area it will most likely be reflective of larger economic issues on a state or national level. If this occurs, the city of Banks will be facing pressures from the decline in many supportive industries. In 2011, Intel committed several billion dollars to expand their Hillsboro plant. In addition, Washington County approved a 30 – year tax related deal in 2014 with Intel to provide economic certainty in the region. With this being said, nothing is for certain, and as a result Banks is working proactively with planners and citizens to implement growth strategies that are sustainable and resilient in nature.

How will design changes to Main Street impact the flow of commerce?

During the public input sessions for the 2037 Banks Vision Plan, many citizens voiced that they do not feel comfortable crossing or biking along Main Street. The city has taken these concerns into consideration and instituted pedestrian-friendly cutouts and urban design techniques in their plans to create an environment that suitable for all. Main Street currently has a 25 MPH speed limit, which is typically designated for neighborhood areas. Commerce-related activity has been able to flow freely under these constraints. Pedestrian cutouts will slow down traffic not obeying the posted 25 MPH limit when someone is trying to cross, therefore creating a downtown center that is safer for children and adults on a human scale.

Is the zoning for Main Street going to change?

Currently, Main Street has a variety of zoning designations, including General Commercial (C), Single Family Residential (R-5), as well as Public Facility (PF). Zoning will not change as a result of the urban renewal plan. However, zoning will be revisited in the future to consider mixed use zoning (residential / commercial) for Main Street.

How will the urban renewal impact school funding?

Schools are indirectly impacted by urban renewal. Property taxes that are collected are sent to the State School Fund, which funds Oregon schools on a per pupil basis. This money is then sent back to the city based on determined need. This means that the school would get the same amount of money whether there is an urban renewal district or not, as it is based on a per pupil basis. What does get impacted is the amount of money that Banks will contribute to the State School Fund. The State School Fund is funded from dollars from the State General Fund, Lottery, Timber Tax, and Property Taxes.

Is the school district able to support new students?

In response to an increase in the student population, the Banks School District can cater to fluctuations with respect to increased attendance. The Banks School District will be able to sustain the same quality of education as additional students will increase the per pupil funding received from the state. In addition, increased per pupil funding will allow for the Banks School District to hire new personnel to maintain lower than average student to teacher ratios.

At the initial public hearing for the urban renewal plan, the Banks High School Principal was in attendance and provided insight regarding the school population. Banks Elementary School has about 70 kids per grade, with a student ratio of 1 teacher for every 20 students. This ratio is considered low and allows for attendance rates to fluctuate while still maintaining a student's quality of education.

Banks Middle School has an underutilized building, with empty classrooms. As a result, Banks Middle School is well positioned to cater to an increase in attendance that may result from an increase in Banks population.

Banks High School has experienced a decline in their overall student population with a decrease from roughly 420 students to a current student population of 375. As a result, Banks High School has a low student to teacher ratio and can cater to higher attendance levels.

Why is the city creating a trail system?

It has been identified through community outreach efforts that the citizens of Banks desire a walkable and bikeable community. To make this desire a reality, the city has chosen to integrate a path system throughout city limits to make Banks more accessible and livable. Path extensions weaving through downtown and residential areas will create safe routes for adults and children who want to avoid arterial roadways.

Is the City of Banks subsidizing the Salmonberry trail?

No, the City of Banks is not subsidizing the Salmonberry trail. The trail is being financed by the efforts of nonprofits, the state, and regional entities. Banks is only planning for infrastructure changes to increase the accessibility of the Banks trailhead, ensuring that the city is able to meet the increased demand on the infrastructure from tourists coming into the city. The Salmonberry trail has great potential to invigorate our downtown center as more people will come into the city to spend money at our service-related industries. Therefore, it is critical to plan to meet this demand, otherwise hikers will go elsewhere to access the trailhead.

“With several smaller cities across Oregon contributing less to the State School Fund as a result of them doing similar UR activities, will this eventually create funding gaps?”

Property taxes are a component of the State School Fund. There are other funding sources including the State General Fund, Lottery Fund, and Timber Taxes. The legislature is tasked with providing funding allocations to the State School Fund, but also has the responsibility to allow for funding for other statewide priorities including economic development which is typically funded with urban renewal. Whether or not funding gaps will be created is purely speculative as the legislature determines the funding formulas.