Urban Renewal in Albany Oregon:
A Decennial Inspection of the Central Albany Revitalization Area

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AN ABSTRACT OF THE THESIS OF

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Title: Urban Renewal in Albany Oregon: A Decennial Inspection of the Central Albany Revitalization Area

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Patrick Emerson, representing Economics

This paper seeks to answer the question of the effectiveness of urban renewal through a decennial review and analysis of the costs and benefits of the Central Albany Revitalization Area (CARA) in Albany, Oregon. The topic is especially relevant at this time of constraining budgets, as a bright light is being shone on all uses of revenue and government spending; of which urban renewal is one through its use of property tax increment.

To date CARA has used about \$11M of property-tax revenue, which is 3% of the AV of the city. It is worth noting, that a portion of \$11M used by CARA might not be on the tax-rolls, but for the investments that CARA has made—we cannot say for certain due to a lack of counterfactual, and that is what makes this an imperfect science. The \$10.2M spent on public-private partnerships leveraged \$74.4M in private investment—a ratio of \$1 of public money to \$7.30 of private funds. Also, the investment of funds has met many of the plan goals including: reduced blight, lowered police activity, cleaned-up contaminated land, and spurred redevelopment.

The paper recommends the collection and reporting on metrics including time series data, better tracking of jobs (both temporary construction and permanent) on a per-project basis, as well as better tracking of people attractors, the visitors they draw and how much those visitors are spending in the community.

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TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

INTRODUCTION

This paper attempts to define the goals and evaluate the success of urban renewal districts through the use of specific metrics. More specifically, this paper seeks to answer the question of effectiveness through a decennial review and analysis of the costs and benefits of the Central Albany Revitalization Area (CARA) urban renewal district in Albany, Oregon.

Urban renewal has been a development tool in Oregon since 1951 when the Oregon legislature enabled housing authorities to function as urban renewal agencies. This enabling legislation was memorialized in ORS Chapter 457. In 1960, Oregon voters approved a constitutional amendment, referred by the legislature, which authorized the use of tax-increment financing (TIF) to finance redevelopment. This approval made Oregon only the second state (after California, which pioneered tax increment financing in 1951) to grant such authority (Tashman and Johnson 2002).

Through my work in urban renewal for the City of Albany and my involvement in the Association of Oregon Redevelopment Agencies (AORA) I realized that urban renewal, at the local level, or at the state-wide level was not answering the basic question, "How do we know if urban renewal is working?" Discussion and interviews with colleagues revealed some information had been gathered via a set of case-studies conducted in 2003 (Kupper & Tashman), however it became clear that there exists no formalized system of metrics, or performance measurements to consider that most basic question.

The topic is especially relevant at this point in time of constraining budgets, as a bright light is being shone on all uses of revenue and government spending, of which urban renewal is one due to its use of property tax increment. This increased review of urban renewal has underscored the need to review and apply performance measures to understand if urban renewal is achieving the desired goals.

At this juncture there are key political groups that are interested in this question.

Statewide, these groups includes those traditionally supportive of urban renewal, municipalities, staff, and policymakers involved in urban renewal, as well as opponents, who are often the taxing districts affected by urban renewal routinely represented by the Special Districts' Association of Oregon (SDAO). At the local level, Albany has recently experienced criticism of its urban renewal district by a fairly small, but vocal group of concerned citizens, culminating in the submission of three ballot initiatives (to date) seeking to end, or significantly alter urban renewal in Albany. Due to the critical reviews being conducted at the national, state, and local levels the use of urban renewal as a redevelopment financing tool is a timely question.

The scope of this paper does not allow for a study of policies at the national level. However, there have been significant changes recently implemented in California with the elimination of urban renewal in that state (California Redevelopment Association v. Matosantos 2011). These major, sweeping changes in policy from Oregon's neighbors to the south seem to be a bellwether of what may be on the horizon in Oregon. Additionally, this same policy issue is before AORA at the state-wide level, and there exists the need for an understanding of the effectiveness, the costs, and the benefits of urban renewal. This paper will also consider which metrics from Albany may be scaled up and applied state-wide to agencies across Oregon.

This paper attempts to define the goals, then review, apply, and report on the costs and benefits of urban renewal in Albany, to answer the underlying question, "Is urban renewal achieving its goals?"

BACKGROUND, RELEVANCE & JUSTIFICATION

The paper will first examine the emergence of this topic as a public policy issue. This section will also discuss the policy issue through the lens of the Advocacy Coalition Framework as a means to understand the shifts that are occurring in urban renewal across the state and in Albany. This history, background, and the timing of recent issues underscore the pressing need for the type of analysis this paper offers.

Urban Renewal in Oregon

In Oregon, when a county or city looks to create an urban renewal district (URD) they must specify a contiguous geographic area that comprises the district. Oregon statute requires the area to be shown to be blighted, and that the projects outlined in the urban renewal plan, the overarching policy document that guides all spending, will further the existing goals of the area, such as a city's comprehensive plan. Once the district is created, the properties within the district will continue to be taxed as normal, but the tax revenue flowing to the existing taxing districts is capped at the base-year amount. The URD will then receive the property-tax for only the increased assessed value for that given area, for a finite amount of time. These funds, known as the *tax increment* become the income of the URD. Rather than using the income to fund projects with cash on an ad-hoc basis, the funds are traditionally leveraged and used to procure loans, hence the name *tax-increment financing*. Funding from the loans is used to implement the projects of the plan, both public investment and private partnerships. As it is commonly misunderstood, it is worth restating that urban renewal is not an increase in taxes, rather it is the taxing districts themselves, such as cities, counties, fire and school districts that forego this finite amount of revenue for a finite amount of time. The belief, and basis of urban renewal, is that the reinvestment of those very funds into a significantly blighted area will, at the end of the urban renewal district's time, result in a more robust community with an elevated tax base, than if the revenue had simply gone straight to the taxing districts.

Urban Renewal in Albany

Albany's urban renewal district, implemented in 2001, is called the Central Albany Revitalization Area (CARA). CARA was supported in its adoption by the taxing districts in Albany, which include the city, Linn County, Linn Benton Community College (LBCC), the Greater Albany Public Schools (GAPS), and the Linn Benton Lincoln Educational District (LBL-ESD), and 4-H. CARA is located in the historic core of the community and its area includes the historic downtown, two residential historic districts as well as a waterfront that was traditionally used for industrial purposes. The CARA Plan (2001) states, "The purpose of this urban renewal effort is to revitalize Central Albany by providing a variety of activities and projects that implement the Town Center Plan" (p. 1). The Town Center Plan was a 1995 community driven effort to think about the assets of the community and how Central Albany should be zoned and developed, and which public projects would be active attractors of both people and private investment. The plan goes on to say, "By creating an environment in which the private sector may develop uses compatible with the purposes of this Plan, this urban renewal effort will work to eliminate blight and its causes within the CARA" (p. 1).

Taxing Districts and Urban Renewal

When creating a new URD, ORS states that the jurisdiction "shall consult and confer with the taxing districts prior to presenting the plan to the governing body of the municipality for approval" (ORS, 457.085 (5)). This means that taxing districts do not automatically have a seat at the table during the creation of a new URD or for the deliberation and policy discussions about project funding once the district is created, both of which can be a point of significant friction. SDAO put the challenge this way,

> "Public safety dollars are already at a premium and the use of this tool exacerbates the problem since taxing districts under current law won't see the money from assessment growth for potentially decades…Often special districts are required to provide additional services as a result of…urban renewal development or extension, without the additional resources to carry out those services," (Sally Jones, the Administrator for the 9-1-1 Communications District, as quoted by Witt, p. 2).

This tension is one of the aspects that had been the heart of a conflict between

AORA and the SDAO, that is, until the 2009 legislative session. It was during that session that legislators urged the two sides to come together and work out a set of solutions acceptable to both groups. After many meetings and much work, legislation was drafted in the form of HB 3056. HB 3056 amended the ORS in a couple of important ways; first it limited the total amount of tax dollars that a new URD could use over its life. Second, it implemented a revenue sharing program for those districts that experienced significant, quick growth (Oregon HB 3056, 2009). AORA and SDAO members alike have since nicknamed the bill "the peace treaty".

An additional outcome of the work of the two groups was the creation of an urban renewal oversight committee. The goal was to create a workgroup comprised of members from all sides of the issues and have these members meet in a forum to create open dialogue, work through issues, and work collaboratively to find solutions acceptable to all parties. This group has begun meeting, and I have the opportunity to serve as co-chair along with a member from the Clackamas County Fire District.

HB 3056 was intended to buy some time for the two, previously disparate groups, to work together to find solutions and solidify their relationship. In the 2011 legislative session, however, there were four bills introduced (HB 3155, HB 3413, SB 217, and SB 904) having to do with modifications to urban renewal. One of the first tests of the new peace-treaty group was to coalesce and oppose the changes in language that both groups felt were unnecessary. The combined groups navigated the session, and have begun meeting on a regular basis. However, members of this group have been raising the same question addressed here "Is urban renewal achieving its goals?"

Political Climate

Changes in the political and economic climate are heightening the visibility and scrutiny of all government spending, including urban renewal. The recent deep recession has resulted in significant budget shortfalls at the state, county and municipal levels. In 2012 the City of Albany is facing a one-million dollar shortfall between projected tax revenue and continuation of associate service levels due to the lower property tax values and the compression of property-tax rates, and inflating increases on expenditures.

During a time of a constraining budget with the city, spending by the urban renewal district has come under criticism as many do not understand that the funds are generated and used in different ways. Until recently, criticism of CARA was levied through sporadic blog comments or letters to the editor. Recently, though, CARA has been criticized by a small group of very vocal citizens. These citizens first made their voices heard when speaking against urban renewal spending decisions at CARA's public meetings. This group has sought to take their concerns to the voters through their filing of three ballot initiatives (Figure 1) that seek to either curtail or end CARA or future urban renewal districts in Albany.

Albany Democrat-Herald

75 cents Albany, Oregon — Thursday, February 2, 2012 — www.democratherald.com

New petitions filed to challenge CARA

BY HASSO HERING
ALBANY DEMOCRAT-HERALD

Albany resident Tom Cordier has filed two new prospective initiative petitions aimed at the city's downtown urban renewal district.

City Attorney Jim Delapoer had rejected his previous attempt to abolish the Albany Revitalization Agency because the petition conflicted with state law on how such districts must be dissolved.

Cordier, a retired Wah Chang executive who lives in North Albany, filed his new proposals Wednesday afternoon, City Clerk Betty Langwell said.

One is intended to prohibit CARA from funding new projects and require it to "use all available funds to pay off ARA indebtedness as soon as possible."

Tom Cordier

The other would amend the municipal code to require voter approval of urban renewal decisions, including the formation of any new urban renewal districts and changing the existing urban renewal plan for CARA.

ARA is the governing board of CARA, the Central Albany Revitalization Area, which is the 986-acre urban renewal district formed in 2001. The ARA governing board consists of the city council.

In an email, Cordier said of his petitions: "One is attempting to get the city council to give direction to CARA via ARA. The other is to change the city municipal code to place voters in charge of the creation of new UR districts."

Cordier started looking into initiatives after the council rejected a request by him and others not to fund several items in its latest round of projects, including $510,000 for a one-block extension of the Broadalbin Street Promenade.

Mayor Sharon Konopa, a strong supporter of the promenade project, has said that most of the allocation would be spent on replacing old utility lines and other routine work, and only $140,000 would be spent on "amenities."

The actual cost of the different parts of the project won't be known until it is put out for bid and the work is done.

The city now has five business days to review the Cordier petitions for compliance with applicable law.

The city attorney then has five days to write a ballot title, which can be appealed to circuit court.

Once the petition is cleared, Cordier has to come up with the signatures of 15 percent of the registered voters in the city in order to force an election.

The swift and devastating action in California that eliminated urban renewal as an economic development tool may be an indicator of changes on the horizon in Oregon as well. Already, conservative political action committees (PACs) such as *Oregonians In Action*, have picked up on the decision and are extolling the virtues of such a decision and urging a similar course of action in Oregon (Oregonians In Action, 2012).

Urban Renewal through the Lens of the Advocacy Coalition Framework

With the background and an understanding of the key players we can turn our focus to thinking about the policy issue through the lens of the Advocacy Coalition Framework (ACF). As outlined by Sabatier and Jenkins-Smith in 1999, ACF looks to explain the policy process through an understanding of the interactions of advocacy coalitions, or groups consisting of actors from a variety of areas who have in common a viewpoint on a policy topic. In the ACF, people's belief systems are identified as the main mechanism on which they rely to make political decisions. These belief systems are broken into two categories: the first are *deep core beliefs* – fundamental to their being, steeped in the normative through their upbringing and socialization, and, therefore, very difficult to change. The second are *policy core beliefs*—though more flexible than deep core beliefs, this belief system is still resistant to change, and it is these beliefs that are the foundation for the construction of coalitions. The final component is the *secondary beliefs,* which, unlike deep core beliefs, are based primarily in empirical information and learning, and, of the three, are the most likely to change over time.

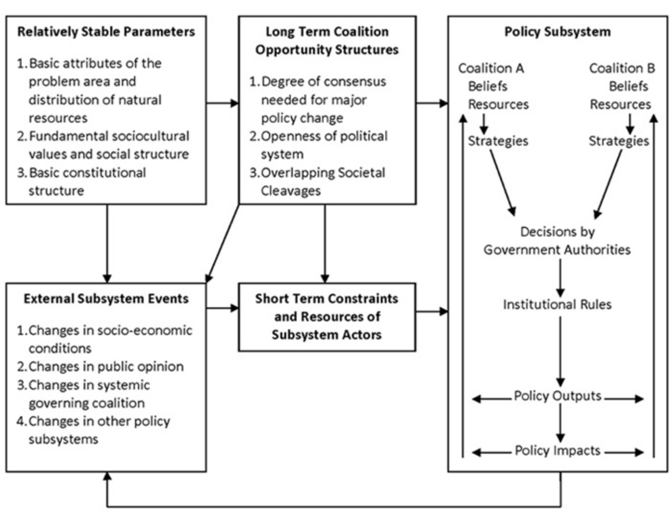
Let us consider the policy subsystem of urban renewal through the five fundamental premises of ACF. The first premise states that technical information should be given a central role in the policy-making process. The Governance Assessment Portal—a website with governance and democratic governance assessment information, put it this way, "Governance assessments should seek to provide evidence that can be interpreted and analyzed from different viewpoints, and facilitate evidence-based debate between opponents with different views to facilitate mutual learning," (Governance Assessment Portal, 2012). This core value of the ACF seems to underscore the need for the very type of assessment that this paper provides through its definition of goals and evaluation of success of urban renewal through the use of specific metrics. Since the urban renewal policy has been around for over fifty years, it is a good fit to the ACF, which, as its second premise states that a time perspective of ten years or more is necessary to best understand the policy changes. Next, the issue of urban renewal in Oregon is itself a policy subsystem, and thus the major unit of analysis according to the framework—its third premise. The fourth premise states that, "the set of policy subsystem actors is expanded beyond the traditional members of the iron triangle to include officials from all levels of government, consultants, scientists, and members of the media" (ACF Overview, 2012). Looking at urban renewal as it relates to this fourth premise, as outlined above, includes actors from various local governments and taxing districts, policymakers at the state level, staff, consultants for both AORA and the taxing districts as well as members of the media as illustrated by the coverage and influence on this topic by local media. The fifth premise is that policies can be viewed as a translation of people's various belief systems, as outlined above.

This fifth premise opens the door to think more carefully about the members of the coalitions and the belief systems that have brought them together. The taxing districts, though government organizations, are acting from a perspective of self-preservation. Interestingly, when budgets are constrained, as is the case in the recent climate, the issues are highlighted. The coalitions, operating from a perspective of self-preservation, become threatened by a loss of funds, or, at a minimum, their awareness of that loss is more acute—all of this has the effect of raising the standing of the issue. The role of the media becomes apparent at this point as well. Constraining budgets and the frustration of the public and policymakers is sensational—it makes for great headlines and draws in readers. Opponents to urban renewal at the local level have conveyed their concerns to be a fundamental difference in opinion about government's role in spurring development and in the expenditure of tax-payer revenue. This opposition, though it is a policy core belief, seems more linked to the deep core belief in less government spending and less government involvement in the free-market economy. Viewing the problem through from the perspective of ACF, this may shed light on the recent opponents' stridency on this topic. Allies of urban renewal include the government agencies that have urban renewal districts, staff, elected policymakers, both locally and at the state level, as well as consultants and, of course, members of AORA. These groups operate from a position that views urban renewal as a special resource—a rare tool that can help transform their community and create a more prosperous area. These groups believe that without the use of the tool blighting conditions will continue, or get worse, as the free-market economy alone does not justify investment in the area, thus resulting in a continuing downward spiral of blight. The influx of public dollars is meant to create a momentum and break this cycle, ultimately creating a community where people want to work, live, and play; and ultimately result in an area where private investments are economically viable without any public subsidy.

The ACF identifies four main paths from which policy change may occur. First are external events or shocks, which one could assert has happened through the change in the economy—the recent recession—and its effect of constraining budgets. The second is policy oriented learning, which is the focus of this paper. The third path for policy change is internal shocks; an example of which may be the city's recent budget shortfall, which though it was the result of an external event, the recent change in assessed value and compression changes, meant that it was an internal shock. While the city has been very frugal in budget management over the past several years, the recent economy has resulted in a set of financial conditions beyond the scope of normal fiscal planning. The fourth and final component is negotiated agreements, which, as outlined above, have, and very well may continue to shape the landscape of the urban renewal policy.

An additional component of the ACF that may guide thinking and work on metrics related to urban renewal has to do with the assertion that actors will tend to remember losses more than gains. Termed the "devil shift", (Sabatier et al., 1987) this concept is important, "because it can amplify the severity of losses to a rival coalition and mobilize coordinated action among policy allies," (ACF Overview, 2012). The concept of the devil shift is important in the urban renewal for two reasons. First, it highlights something we had strongly suspected, that people quickly forget about the gains and will focus on the losses, or costs of a policy subsystem. Second, that the focus on the negative may amplify the loss and cause a coordination of policy allies—something that is currently unfolding in Albany. These two items highlight the need to think about metrics that will help to put the gains, or wins back into the purview of the debate. Additionally, metrics should be considered that will zoom the focus of the lens out a bit and convey unbiased information in a way that helps the coalitions understand the true impacts and benefits as a whole—that is, to take the debate, though the use of empirical information, to where the focus is on the forest, rather than the trees.

Figure 2: Advocacy Coalition Framework



The ACF (Figure 2) also helps to highlight possible solutions, or at least a way to find common ground, through the sharing of empirical information and data. Though it may not be possible to alter the deep core beliefs, ACF tells us it may be possible to change the secondary beliefs. Both at the local and the state level, UR advocates hope that the policy debate about urban renewal can be shaped through the implementation and review of metrics, which will help coalitions, both opponents and allies, to better understand the impacts and benefits of urban renewal. In the end, the debate will be about urban renewal's effectiveness and costs related to its legislative purpose.

Economic Justification of Urban Renewal

Finally, it is important to think about the economic justification for urban renewal. Examples from this perspective include urban renewal as a tool to overcome coordination failures, or attempting to break the inertia of a lack of development in a given, blighted area. The prolonged blight, lack of investment, or failing or non-existent infrastructure can often result in the self-fulfilling prophecy of a continued lack of investment and further blight. As a tool, urban renewal attempts to break this cycle with its injection of public funds into infrastructure or private partnerships incent building and redevelopment to provide momentum to an area, so that, ultimately, the free-market economy will once again work as it should. Another example is to think about the problem considering the concept of public goods. As an economic development tool, urban renewal can be a mechanism to deliver public goods. Urban renewal is but one example of the larger debate for policymakers about whether or not government should intervene in the private markets to ensure the optimal delivery of public goods. Through its drive to create momentum, urban renewal may also be considered through the idea of agglomeration externalities. In many cases, one of the ideas behind creating the momentum is creating a critical mass of similar development or businesses. This concentration or desire for cluster development may inherently create agglomeration externalities, as the very concentrations of businesses or development can inherently magnify markets.

While, theoretically, the fundamental ideas of urban renewal seek to affect positive change in blighted communities, it is very hard to measure, or quantify the impact of urban renewal, as will be discussed further in the literature section. One of the main arguments of urban renewal is that the development of the area would not have occurred *but-for* the investment of public dollars. The problem is there are no good counterfactuals to measure and quantify exactly what would have happened without urban renewal.

I acknowledge that there are significant constraints in the measurement of how urban renewal might or might not be achieving its goals. However, the magnitude of the public funds, the high visibility of urban renewal projects, and the implications for other services means that it is important to address this question and to attempt to analyze it as best as possible. The fundamental idea of this work is to present a sober analysis of Albany's urban renewal district and to try, as best as possible to answer if CARA is achieving its goals.

LITERATURE REVEW

The National Trust for Historic Preservation's Main Street program's approach to metrics was a touchstone in thinking about metrics and measuring the effectiveness of a program. The Main Street program has been adopted by over 1,700 communities since 1980 (Mason, 2005). As Albany considered rejoining the Main Street program in 2007 both staff and policymakers were impressed by the program's compelling statistics and how the program has been shown to achieve results for the communities that participated. Over the life of the program they have been tracking five basic economic impact metrics (Table 1) the most compelling of which is, "the "reinvestment ratio" (average number of dollars generated in a community per dollar used to operate the local Main Street program) is documented as $40.35 for every $1 spent," (Mason, 2005, p. 10). The uncomplicated nature of these five metrics and the fact that they have been consistently collecting the data over the program's 30-year lifespan provides strong indicators that the Main Street Program is achieving its goals.

Table 1: Main Street Program Metrics

Main Street Program Metrics *Through 2004 (Mason, 2005)*	
Total public and private reinvestment	$17 billion
Average reinvestment per community	$9.5 million
Net gain in businesses	57,470
Net gain in jobs	231,682
Number of buildings rehabilitated	93,734
Reinvestment Ratio	$40.35 : $1

When looking at literature specific to urban renewal, much of the research tends to focus on either an aggregated review of the TIF districts benefits, or specifics of TIF impact. The aggregated reviews may include metrics such as assessed value, jobs, or property values. The specific studies have focused on research like the TIF impact at the individual parcel level, determinants of property value grown, or the question of why communities adopt TIF districts.

One example of these focused studies was Byrne's 2006 article, which looked at, among other things, what factors *within* a TIF district influence change in property value. His research, from TIF districts in Illinois, focuses on answering two main questions: what does the typical TIF district look like and what characteristics of TIF districts influence the success of a TIF district? Using coefficients of vacancy rate and median age of buildings to define blight, his findings show the use of TIF to be a success in blighted areas. He summarizes it this way, "TIF works well in the areas where it is most needed," (Byrne 2006, p. 327.) His paper also, though, highlights a controversial topic of urban renewal, which is the idea often raised by opponents that the growth would have occurred anyway—that the use of the TIF funds was not critical to the positive change of value within the district. On this topic, Byrne concludes that the use of TIF was not successful, stating, "TIF success is partly attributable to the natural pattern of growth within municipalities," (Byrne, 2006, p. 327). He makes this statement looking at the effects of two variables: the proximity of the TIF district to the city center; and population density. Though his paper shows a positive correlation between the those TIF districts that are successful and a closer proximity to the city center, his findings also show a large negative correlation to population density, indicating that the more successful districts tend to lie in areas where there is a lower population density. He points out that the finding *may* be attributed to lower-density, blighted areas in the inner-city; but goes on to assert, "…this condition also applies to other low-density areas in the municipality, where natural growth in property values is likely to be rapid" (p. 326). And, though his assertion seems logical, he does not back this up with any data, or specific findings to illustrate what proportion of TIF districts are being sited in these low-density areas that were likely to grow anyway.

Though not highlighted in the paper, the data do indicate that TIF districts see significantly greater growth (29.1%) than their municipalities, with the caveat of great variation in the finding (Byrne, 2006). Some of this variation is due to the data (2006), based on census tract demographic information. A challenge of this data source, as Byrne points out, is that the timing of the formation of the TIF districts did not always match up well to the timing of the decennial census data. This gap in symmetry may cause results to be skewed.

Byrne's 2009 paper examined the question, and was titled: "Does Tax Increment Financing Deliver on its Promise of Jobs? The Impact of Tax Increment Financing on Municipal Employment Growth." Interestingly, he concludes, "Results find no general impact of TIF use on municipal employment," (Byrne, 2009, p.13). Yet, later in the paper his results show a positive employment effect in three of his five categories for measurement.

First, let us examine what Byrne finds to be the negative impact. His study finds that TIF districts that support retail development have a negative impact on municipal employment. The specifics of this relationship are borne from a specific type of retail development, primarily the funding of "big-box" stores. His findings indicate that when TIF is used to attract these large retailers there may be a positive effect in drawing in spending from outside the TIF district, or even the municipality, but that there is a negative impact on employment overall as it shifts the employment base from, presumably small businesses, which he calls, "smaller, labor-intensive stores to larger, less labor-intensive stores," (Byrne, 2009, p.18). This shift, he asserts, results in the negative effect on overall employment levels. His paper also refers to a non-positive result similar to a zero-sum game, which I would refer to in a more colorful expression, "rearranging the deck chairs", which is to say, moving the pieces, but to no positive effect in the end. Byrne's study shows that in TIF districts classified as Malls, Central Business Districts (CBD) or Mixed-Use, the effect of the TIF district is to merely shift spending from other municipal businesses, or, to rearrange the deck chairs.

With all of that said, it is important to consider what Byrne seems hesitant to do, which is to address the positive results in three of his other categories. Byrne (2009) finds positive effects of TIF districts that focus on industrial projects, which relocate or expand in the TIF area, and he also finds positive results in TIF districts categorized as focused on housing. Finally, there is the positive benefit, as mentioned above of big-box or sophisticated retailers, in their capture of spending from outside the city. Though it may not be fair to quantify it in this manner, one cannot help but wonder if it makes the results for these types of TIF districts (Mall, CBD, and Mixed-Use) a zero-sum game? At a minimum, his paper seems to argue that for TIF plans of these types to have a positive impact on employment, a focus on small or local business is needed and may yield better results.

An Albany story illustrates these very points. Lowe's, a big-box home improvement store has been looking at a parcel on the southeast edge of the CARA area. There were early conversations about the potential use of CARA funding to help see the project come to fruition. In the course of internal discussions to determine the viability of funding, the question of competing goals arose. One of the goals of the CARA Plan is business retention and recruitment in the downtown core; would funding of a big-box store, which might arguably undermine, or have a negative impact on that very goal, be a suitable use of CARA's funds? While a project may comply with one goal of increasing the assessed value in the URD it may be in opposition of another, net job creation. Though the debate was never solved, and never truly became critical as the funding request never materialized, questions remained: though CARA, or any TIF district, is a mechanism by which government is stepping into the realm of guiding development or job creation, is it for us to tamper with the forces of a free market economy? Additionally, can one assume that a decision of an URD to not fund "big-box" stores in favor of more labor intensive small businesses will in any way alter the shopping habits of the public? Interestingly, these questions could be applicable to a broader level of thinking about the presence of urban renewal at all, but it is especially applicable in this micro question of whether or not to fund big-box stores. So, then to Byrne's findings, one cannot help but wonder if the compression of jobs from more labor intensive, to less labor intensive businesses is merely an indicator of changes in the overall market, rather than just a negative impact of TIF districts, as he asserts.

Man and Rosentraub's 1998 work took a different tack, comparing districts in Indiana pre-TIF district and post-TIF district. Their findings showed that cities that adopted a TIF district had an 11% greater change in median owner-occupied house value than those cities that did not. They concluded, "Cities with TIF programs experienced greater property value growth after controlling for changes in tax liability, expenditure policies, demographic composition, and socioeconomic conditions," (Man and Rosentraub, 1998, p.535). Their study looked at cities with TIF districts and the results from these communities, pre and post-TIF, and examined this data set in comparison to cities without TIF. Though they controlled for many variables, the comparison of TIF district communities to non-TIF district communities can be problematic. First, communities that are adopting TIF have to show blight, or the need to use the TIF, this may lead to findings that put the TIF adopting cities at a disadvantage. Alternatively, it could be argued that these communities have more to gain, further to rise, and that their change in value may be attributed to the fact that they were already poised for positive change. Another concern, as mentioned above, is the challenge of using census data, produced on a decennial basis to analyze districts that may be coming on or off-line at different points along the timeline.

In contrast to these findings, Dye and Merriman (2000) found that cities that use TIF districts saw a relative decline in the property values, especially when TIF was used to create commercial development. Their work, focused in Chicago, Illinois, suggests that cities that instituted TIF districts grew more slowly after adopting the district than did those that did not have a TIF district. This study illustrates the problem of an econometric analysis of the impact of TIF districts. To analyze a district that has adopted TIF versus an area or a city that has not may skew the findings of the TIF-adopting district in a negative way. Byrne's (2006) findings illustrate that TIF works best when used in blighted areas, which is its basic intention. This very notion underscores the idea that the TIF districts are, and should be, blighted to qualify to be a district in the first place. This very existence of blight—be it a lack of infrastructure, literal blighted buildings, low property values, or some combination thereof—is an argument as to why it may not be surprising that TIF districts would grow more slowly than areas without TIF districts.

This issue underscores the challenge of using traditional econometric methodology to answer the questions about measuring the effectiveness of TIF districts. Controlling for variables such as market changes over time, differences in areas, data that is, in some cases, only produced every ten years, taking into consideration growth that may have occurred without the influx of TIF funding, are all challenges to this traditional methodology. All of this highlights the imperfection of the traditional analysis, but asserts the need to try to look at existing urban renewal districts, such as CARA, and find which metrics can be used to assess if urban renewal is achieving its goals.

Moving away from the metrics of URDs, Briffault's (2010) article changed the focus to answering the question of why TIF's use has become widespread, and points to a hot-button issue faced by urban renewal districts in Oregon. Briffault describes this as the "interlocal conflict" that the use of TIF highlights; that is, the tension that is created between governments that have overlapping taxing authority. Though the author is reviewing the problem through a national perspective, he points out some solutions, a couple of which have begun to be used by communities here in Oregon. One example is the inclusion of representatives from overlapping taxing jurisdictions on the TIF advisory boards. Though Oregon requires notification to the taxing districts at the creation or substantial amendment to an urban renewal district (ORS 457), the law does not require the *approval* of the taxing districts. However, some Oregon communities have taken the idea of inclusion a step further than the required "confer and consult" and have negotiated with the districts, or invited them to have a seat at the policy-making table, as suggested by Briffault.

Taking on the tension points directly, Lefcoe's (2010) paper outlines six criticisms of TIF. In these criticisms one can see areas of opportunity for thinking about future best practices or possible metrics for urban renewal in Albany and Oregon. One is his assertion that the use of TIF should be restricted to seriously blighted areas and is not. Another is the notion of rearranging the deck chairs, which Lefcoe defines this way, "TIF is often used to subsidize the increased supply of retail development in markets where demand is static, achieving little, except the displacement of sales from other locations," (Lefcoe, 2010, p.1). Lefcoe also hits on the tension, mentioned by Briffault about the drain of property taxes from other taxing entities, as well as the common argument of opponents that the investment may have occurred without the use of TIF. Another salient topic is Lefcoe's assertion that many local governments are not engaging in a process to periodically review and assess whether the yield of the actual investments have matched the projections—an idea at the very heart of this paper.

In contrast to Lefcoe's article, Brueckner (1999) asserts that the use of TIF may be a way to head off opposition related to government investment in specific areas. Brueckner cites that, "localized public improvements are likely to be opposed by property owners outside the affected area, who pay higher property taxes with no offsetting benefits" (p. 22). Brueckner goes on to say that the use of TIF, a method that does not increase the tax rate, may be the solution.

There are a handful of studies, though not specific to urban renewal, which shed light on ways to think about metrics. Paull's work (2008) addressed the economic impacts of the redevelopment of brownfields, or contaminated sites, referring to a connection between the cleanup and redevelopment of contaminated sites and an increase in property values within ¾ of a mile. Paull finds a positive change in property value of five to 15 percent, with, "impact projects, usually involving change in use from industrial to parks or mixed use, have had much higher impacts, even exceeding 100 percent," (Paull, 2008, p. 6). It is important to note that due to Oregon's property tax system, specifically changes resulted from measures 47 and 50, changes would occur in the market value of the property, but not immediately in the assessed value, as residential properties are limited to 3% growth in AV per year, unless the properties are sold, or remodeling of over $10,000 occurs. One may assert, however that there would be long-term, positive changes in assessed value as the neighborhood becomes more desirable due to the cleaned, redevelop sites.

Ammons and Morgan (2011) looked at a variety of communities across the country and summarized how they have worked to quantify the efforts of their economic development work. Categories included measurements of an expanding tax base, rates of vacancy and occupancy, downtown vitality, job retention and more. Moreover, the authors make the observation that,

> "Leading economic development programs are increasingly focused on the results…These advances in performance reporting provide other program models of better measurement. Perhaps more important, this approach to performance measurement can increase other programs' aspirations to achieve similar results," (Ammons and Morgan, 2011, p. 9).

This assertion underscores both the need to create and report on metrics as well as the idea that in doing so one may create a system that is a "race to the top" with accurate ways to compare results, share best practices, and, ultimately, understand the effectiveness of urban renewal.

An especially pertinent work is a recent work prepared by the TIF Reform Panel of Chicago (2011). This document, commissioned by Mayor Rahm Emanuel, reviews Chicago's use of TIF, makes recommendations for improving transparency and efficiency, and looks at how TIF could better meet the city's economic development goals. Of particular interest were their recommendations around monitoring performance, increasing accountability through the systematic justification and monitoring of projects, as well as periodic strategic reviews and oversight. The report specifically outlined the objectives and associated metrics of TIF (see Table 2: Objectives and Associated Metrics of TIF).

Table 2: Objectives and Associated Metrics of TIF, TIF Reform Panel

Objective	**Measurement**
Enhance property values	**Growth in property value** (TIF district versus average City-wide EAV growth)
Increase the tax base	**Stimulation of private investment** (private dollars invested in a TIF district for every public TIF dollar)
Promote economic development through job creation and retention	**Creation of jobs** (both temporary / permanent and created / saved)
Expand the pool of affordable housing units	**Development of affordable housing units**
Encourage neighborhood infrastructure improvements	**Investment in public works**

One item mentioned in this report was the need for consideration of data collection requirements. And though the group did not recommend a specific solution, it makes this author think more carefully about what will be needed (via staff, expertise, and data) to collect the various types of data for these metrics. This aspect will be important when thinking about the problem from the macro, statewide view as urban renewal in Oregon is used by small and large communities alike. Some of these communities simply do not have the same level of sophistication, access to data and information, or the personnel to process the information. Data that may be readily available in Albany may not even be collected for an urban renewal district in a small community like Talent, Oregon.

Another interesting, albeit small contribution of the paper was a footnote related to the measurements of Equalized Assessed Value (EAV), which stated,

> "In analyzing EAV for individual districts it is important to be mindful of the limits of this measurement. Higher EAV growth may be impacted by circumstances independent of TIF investment, and low EAV growth may still be a better outcome than if TIF investment had not occurred," (TIF Reform Panel. 2011, p. 18).

This paragraph underscores and succinctly highlights the unique challenge of truly understanding the impact of the TIF investment in a given district. But, like this paper, and as asserted above, the leaders of Chicago also felt it important enough of a topic to press forward with an analysis and consideration of metrics, though not a perfect fit to a typical econometric analysis.

Finally, literature local to Oregon primarily seems to be in the form of case-studies prepared by consultants specializing in urban renewal, such as Kupper & Tashman's work from 2003, which included 12 case studies of communities using the tool of urban renewal in Oregon, including Astoria, Redmond, Tualatin and others.

When considering the literature as a whole there are clear and stark contrasts in the research. On the one hand there are papers with research underscoring the ideas of those traditionally opposed to urban renewal, that the growth would have happened anyway, or that urban renewal is "rearranging the deck chairs"—merely diverting investments from one area of a community to another, resulting in a zero-sum game. On the other hand there are papers that found positive results though the use of TIF. The review of the literature illustrates the real challenge when considering the impact and benefits of urban renewal: there is no single standard by which to consider the effectiveness of urban renewal. Moreover, the traditional academic analysis, though light on quantity of papers, shows inconsistent results that support both sides of the argument. This seems to illustrate the complications of looking at the impact of urban renewal through the use of traditional quantitative methods.

With the perspective of this literature as a backdrop this essay now considers the question through an inspection of metrics—similar to the approach used by the TIF Reform Panel, Ammons and Morgan (2011) and the Main Street Program.

APPROACH

Challenges and the Evolution of the Essay

The initial construction of this paper has evolved over time. The original intent was to find a way to compare two communities, or areas—one as a control area (with no urban renewal) and one area with urban renewal—to look for measurements or indicators of the hypothesized success of the URD area. Two problems quickly arose. First, challenges became clear in the gathering of data from the tax assessors—though data are collected for specific designated urban renewal areas, the information is not available for the new subset of data needed for the control group. The second challenge related to the selection of the control area. Using the downtowns of Albany and Lebanon as an example, questions arose as to how one might control for externalities such as different location. For example, Albany has a better location and proximity to I-5 and to OSU and Hewlett-Packard in Corvallis. Makeup of the areas is also challenging, as Albany has a strong historic urban core where the majority of buildings are still intact, where Lebanon's downtown does not have the same stock of historic buildings, or the proximity to the Willamette River. It became clear that the selection of the area and controlling for the differences was looking ominous.

As outlined above, there seems to be no good way, through traditional econometric analysis, to study the causal impact of urban renewal. However, it is important that we attempt to understand the impacts and benefits of urban renewal, even if not through the traditional econometric methods. With this background and during the course of discussions with members of the SDAO and TVF&R in the hallways of the Oregon Legislature it became clear that their question was basic: Are the URDs accomplishing what they set out to do? Though they were asking other questions such as, are the UR plans recognizing the anticipated return on investment; how long is it taking to do so; is that timeframe occurring within the originally estimated timeframes; ultimately these were merely specific questions that looked to answer the overarching question. Additionally, criticisms around this very topic arose in the literature, such as the assertion that, "many local governments don't bother to analyze whether TIF projects are net tax revenue producers or assess periodically whether actual yields match initial projections," (Lefcoe, p. 1).

To answer the fundamental question, is urban renewal achieving its goals, it is first necessary to understand what those goals are. In Albany, this work is especially appropriate now, not just because of the political climate, but because the CARA urban renewal district is at its tenth year of operation—a logical time to take a critical, retrospective look. Specifically to this point, the CARA Plan calls out a review district every five years,

> "The Agency shall consider the financial impact of this Plan on area taxing districts at least once every five (5) years, beginning in FY 2007-08. The purpose of this consideration is to review how the continuation of this Plan will impact the public health, safety and welfare of the community." (CARA Plan, 2001, p.20).

Policy Implications

Another critical component of this project is consideration and implementation of policies or guidelines to shape the future use of urban renewal in Albany, as well as across Oregon. Policy changes may take the shape of a change in direction in terms of the focus on spending, selection of projects at the Albany level, or enhancements to the AORA Administrative Guidelines or Procedures Manual, which "address substantive issues which commonly arise in the practice of urban renewal," (AORA, 2001, p.3). Policy enhancements of a broader nature may be implemented and voted upon by AORA members. And, the distinct possibility exists that adopted metrics may help to shape the discussion at the legislative level in Oregon through the work of the Urban Renewal Oversight Committee, and any forthcoming bills, anticipated as a part of the 2013 legislative session.

Metrics and Quantifying Success

Though it is impossible to precisely measure the impact of urban renewal because there is no counterfactual, it has been illustrated why it is important to attempt to quantify as best as possible using information that is readily available. To that end, we must briefly discuss by what metrics success will be judged. The logical starting point and primary metric is the goals of the urban renewal plan itself. ORS requires the creation of the urban renewal plan as the primary document that outlines and guides what the urban renewal agency may and may not do with the funding, the timeframe, funding amount, as well as a list of projects. The CARA plan lays out a list of specific goals and contains estimates related to the use of the tax-increment. These goals and the tax-increment will be reviewed as the primary metrics by which to measure success. Secondary measurements will include those items discussed in the plan, but that are not explicitly called out as a goal. Examples of secondary measurements that will be considered below include public safety and transfer effects. Finally, consideration will be given to ancillary measurements such as the redevelopment of brownfield sites, and the measurement of visitors to the area.

METHODS

The data used for this analysis come in two main forms, quantifiable and anecdotal. The quantifiable elements include an analysis of property tax data, derived from Linn and Benton Counties, which will be used to consider the costs and benefits of UR in Albany. Data from sources including the CARA project database, and Albany Police and Fire Departments are used to understand job creation, criminal activity, and the measurement of projects that installed fire-life safety measures, such as sprinklers. Some of these metrics specifically answer questions that are a part of the five-year district review to address the impact on the public health, safety and welfare of the community.

The project and property tax data date back to 2002—the year CARA was created**.** Additionally, the CARA urban renewal plan and report will be used to review the goals of the URD versus the progress that has been made, with a quantifiable review to understand if CARA has achieved its goals.

In addition to the quantifiable methods, this paper will look to some anecdotal evidence that may help to illustrate and answer the question. As mentioned in the review of the literature, sometimes there is grey area when considering the impacts of urban renewal and not every effect can be measured by a dataset. Examples of these hard-to-quantify impacts are money spent on projects that result in a greater public good, a better quality of life, or which create a momentum that may be hard to directly correlate to the original investment. It is the hope that examination of some of these situations via anecdotal evidence will help to illustrate whether or not CARA has achieved its goals.

One final note on the data: all of the monetary amounts in this paper use nominal values, rather than real values, which would account for adjustments in inflation. The reason for this is that the counties only report out the property tax data using the nominal value, therefore to keep the comparisons accurate this paper will do the same.

RESULTS

In order to work through and discuss the results, it is necessary to first provide background information related to the CARA district and specifics of mechanism of TIF and its use in Albany.

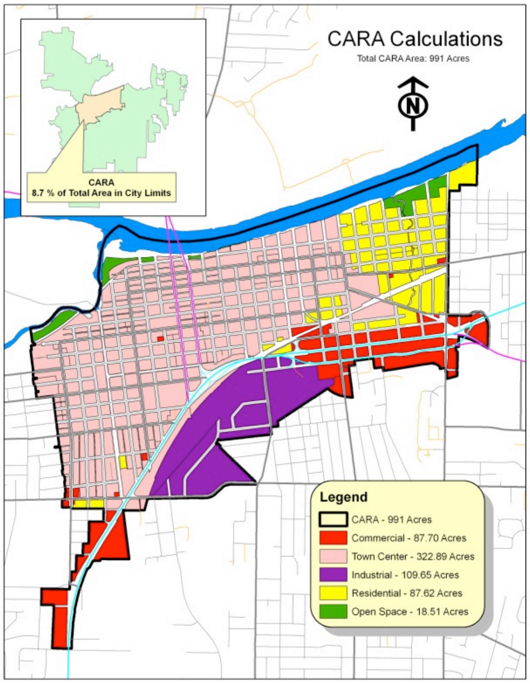
CARA Overview and Background

The Central Albany Revitalization Area (CARA) was created in 2001 as a way to eliminate blight and implement to the Albany Town Center Plan (see Figure 3: Albany Town Center Plan). The key objectives, as outlined in the 20012 CARA plan, are straightforward: "to attract new private investment and to retain and enhance the value of existing private and public investment in the area", (CARA Plan, 2001, p. 4). The plan is based on the 1995 Albany Town Center Plan. Conducted over the course of several months in conjunction with a tremendous amount of public involvement including four community forums, presentations to various groups, radio talk shows, Planning Commission and City Council meetings, CALUTS looked at Albany's inherent qualities, and how they could be enhanced. The plan included projects that would revitalize the historic downtown; reuse of the waterfront, which had previously been used for industrial purposes; and investment in public projects and private partnerships to transform Central Albany.

Figure 3: Albany Town Center Plan

The CARA area is 991 acres and encompasses the downtown historic and Main Street districts, the Monteith and Hackleman residential historic districts as well as the east Salem Avenue neighborhood, a lower-income residential area, some industrial area, and a portion of the Highway 99/Pacific Boulevard couplet (see Figure 4: CARA District).

Figure 4: CARA District



The CARA plan outlines the 51 projects and costs (see Appendix A) authorized to be undertaken by the CARA. A key component of any urban renewal plan is the maximum indebtedness, which is the number that defines the maximum amount of property tax dollars the URD may use, which for CARA is reported as $56 million. The plan estimates that it will take until the tax year 2026-2027 to complete the work and projects as outlined in the plan.

Mechanism of TIF in Albany

The revenue for the URD comes from the increase in assessed value for the district. In the case of CARA, the base assessed value, often called "the frozen base" was calculated in fiscal year (FY) 2001-2002 and equals $242,849,198. This amount includes tax on real and personal property within the district boundary. From the creation of the district forward the taxing districts continue to receive their proportion of taxes on that frozen base, but the proportion of taxes on any *increase* in assessed value begins to flow to CARA. (See Figure 5 and Figure 6).

Figure 5: Actual CARA Tax Increment

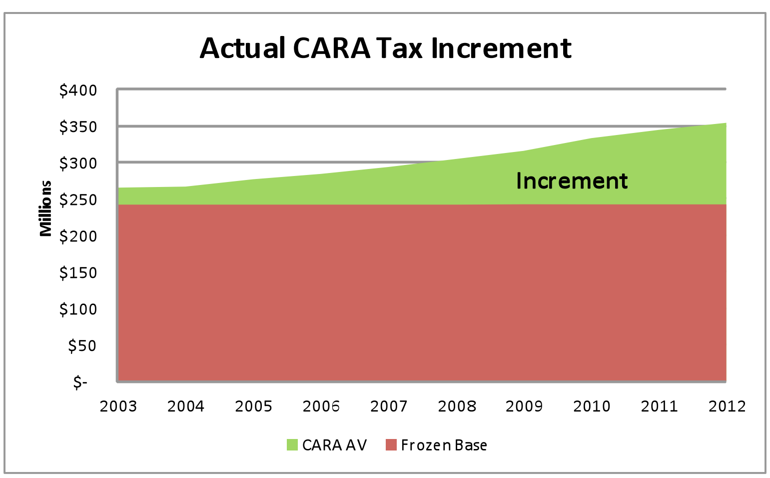
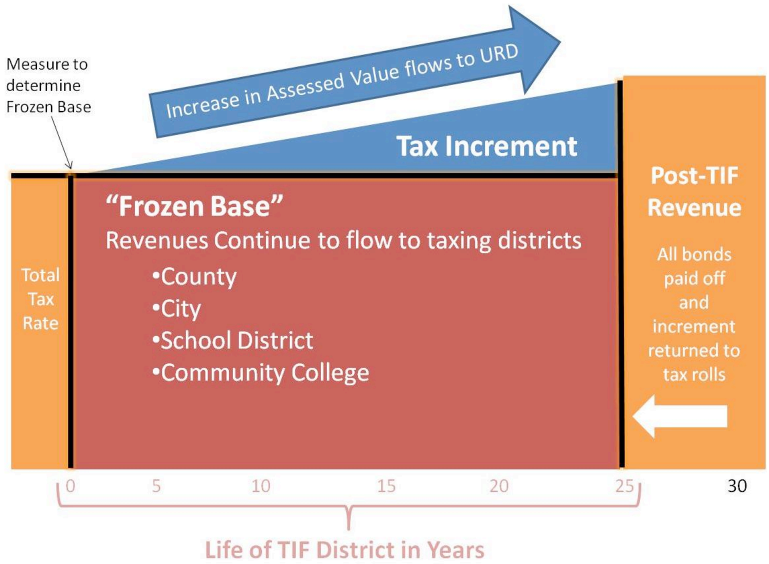


Figure 6: Tax Increment Mechanism



Because the city limits of Albany span both Linn and Benton Counties, one must consider data from both counties. Though the boundary of the CARA district lies only in Linn County, the State of Oregon requires the assessors calculate the tax increment for the district proportionately amongst all taxpayers in the city limits—in this case City of Albany this means taxpayers in both Linn and Benton Counties. Again, the revenue for CARA, or any urban renewal district, is only equal to the tax amount on the *increase* in assessed value within the URD. This amount, though, is proportioned out amongst all taxpayers in the municipality. This can be confusing for taxpayers to understand why the Albany urban renewal is itemized on their property tax bill when they live, not only outside the distract, but in a different county than the district.

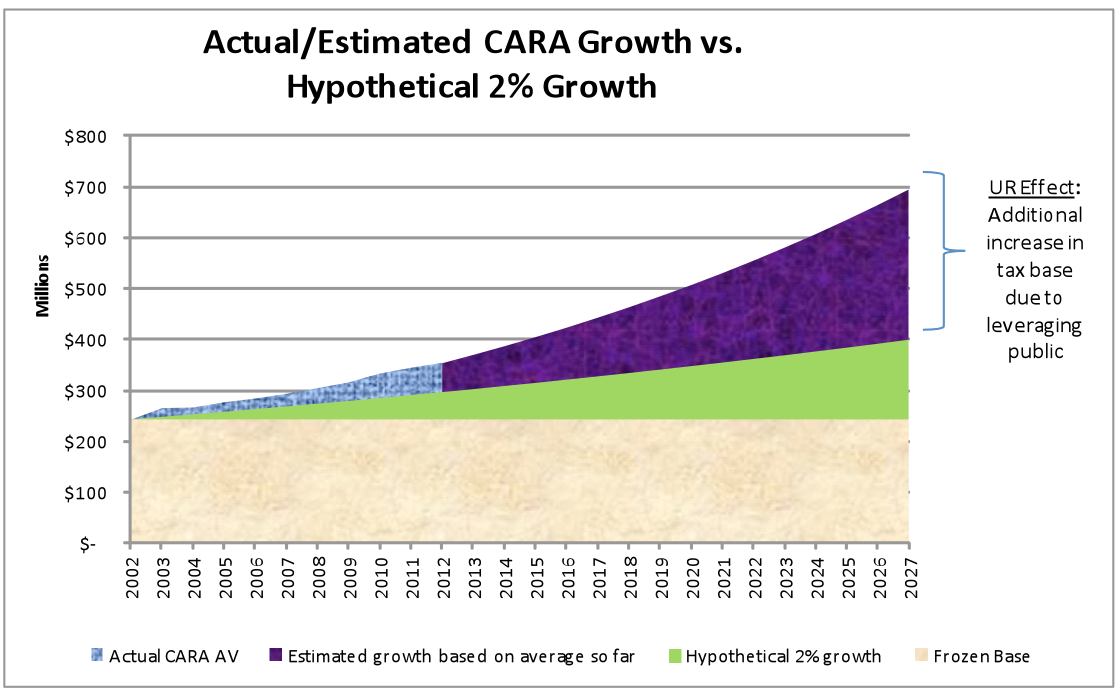
All of the property tax revenues data, then, are derived from both Linn and Benton counties. Also worth noting, when reporting on property tax amounts, the gross amounts are consistently used. The gross amounts are reported by the counties, and thus used in this work for consistency. The net figure is typically used internally by CARA for budgeting purposes, since it is the actual amount received by the district.

Primary Measurement: Tax Increment

Costs of Urban Renewal in Albany

The most common method used to calculate the cost of an urban renewal district is to tally the amount of revenue foregone by the taxing districts. There is an interesting caveat to looking at these basic numbers, which is this: if the URD is performing in a way that is creating a ripple effect, or spinoff value, then merely stating that urban renewal costs X fails to take into consideration value that would be present due to the investments by the URD. This underscores one of the fundamental ideas of urban renewal, that the use of these funds will leverage and yield an assessed value and tax base than had that money simply flowed to the taxing districts. Figure 7 illustrates this hypothetical situation. The red illustrates a hypothetical 2% growth in the CARA district, while the blue outlines the actual growth so far, and the purple shows a projected growth based on growth to date. Looking at the difference in assessed value at the end of the

Figure 7: Actual/Estimated CARA Growth vs. Hypothetical 2% Growth



URD (as illustrated by the difference in the estimated growth and the hypothetical 2% growth) one can visualize the concept that investments made by the URD *may* spur more growth and positive change than had nothing been done at all.

This example, though underscores the challenge of understanding if urban renewal is achieving its goals: there exists no way to accurately calculate what the impact to the area would have been without urban renewal; as there is no counterfactual.

Let us now look at the revenue forgone by the taxing districts. Figure 8 shows the gross amount of tax revenue forgone by the various taxing districts over the life of

Figure 8: Taxing District Revenue Forgone By Year

Taxing District Revenue Forgone By Year

		Taxing District					
Yr Ending	Total	Linn Co.	LBL ESD	LBCC	GAPS/State of Oregon*	City of Albany	4-H
2003	$ 369,704.48	$ 69,591.50	$ 6,786.63	$ 15,425.37	$ 111,933.94	$ 165,967.04	$ -
2004	$ 415,631.50	$ 76,887.89	$ 7,360.41	$ 16,304.27	$ 119,204.37	$ 195,874.56	$ -
2005	$ 590,873.67	$ 112,269.26	$ 10,310.46	$ 23,198.65	$ 168,951.71	$ 276,143.59	$ -
2006	$ 660,633.29	$ 81,782.42	$ 12,658.78	$ 28,356.49	$ 204,316.26	$ 333,519.34	$ -
2007	$ 872,072.33	$ 167,579.71	$ 15,437.52	$ 34,395.66	$ 248,633.37	$ 406,026.07	$ -
2008	$ 1,156,390.63	$ 219,616.76	$ 18,674.89	$ 41,372.77	$ 381,840.09	$ 494,886.12	$ -
2009	$ 1,350,815.18	$ 251,877.63	$ 21,887.06	$ 48,940.25	$ 451,109.60	$ 577,000.64	$ -
2010	$ 1,688,763.71	$ 320,518.49	$ 27,223.59	$ 60,705.47	$ 558,240.05	$ 717,692.51	$ 4,383.60
2011	$ 1,877,057.47	$ 356,330.10	$ 34,359.83	$ 66,365.77	$ 616,299.42	$ 798,679.89	$ 5,022.46
2012	$ 2,007,949.10	$ 422,942.53	$ 32,018.52	$ 71,721.48	$ 654,778.41	$ 821,292.31	$ 5,195.85
	$ 10,989,891.36	**$ 2,079,396.29**	**$ 186,717.69**	**$ 406,786.18**	**$ 3,515,307.22**	**$ 4,787,082.07**	**$ 14,601.91**

* GAPS Funding comes from the state of oregon, thus these funds would have flowed to the State of Oregon, not GAPS. See breakdown:

GAPS % of State School Budget 1.50%

CARA Total Direct effect on GAPS Funding $ 52,729.61

CARA. Taxing districts affected by CARA include Linn County, Linn-Benton-Lincoln Educational School District (LBL ESD), Linn-Benton Community College (LBCC), Greater Albany Public Schools (GAPS), the City of Albany, and 4-H in Linn County. In its 10-year lifespan thus far, CARA has used approximately $11M of property-tax revenue.

One important note on the forgone revenue relates to school funding in Oregon. In 1990, as part of Measure 5, Oregon changed its method of funding schools to a per-pupil calculation that equalizes funding and saw the state assume responsibility for K-12 funding (State of Oregon Legislative Revenue Office Report, 1999). In Albany, this change means that GAPS would not be the recipient of the property tax dollars if CARA was not present, rather the State or Oregon would. Therefore, CARA's actual effect on *statewide education* is equal to the $3.515M, while its direct effect on GAPS amounts to about $53,000.

Opponents of urban renewal, both in Albany and at the state level, seem to focus on the metric of revenue forgone. In doing so, one does not see the proportionality of those amounts to the whole. To this end, it was important to analyze what percent of the total assessed value of the City of Albany the CARA district represents. Figure 9 reflects the point that gives a fair interpretation of CARA's impact. In fact, the assessed value (AV) of the CARA district only equates to 3% of the AV for the entire city. This calculation was then taken a step further to understand CARA's impacts on each taxing district's total revenue.

Figure 9: 2012 CARA Percent of Albany's AV

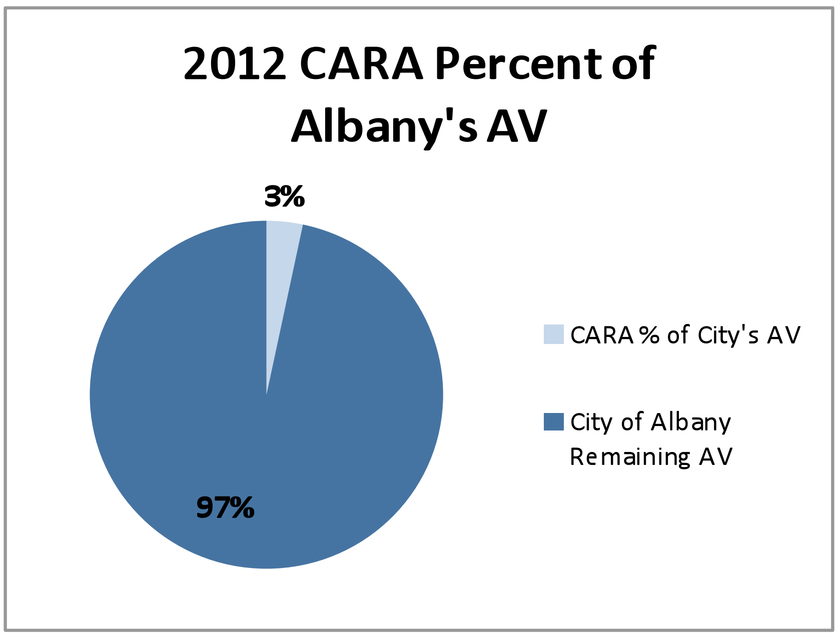
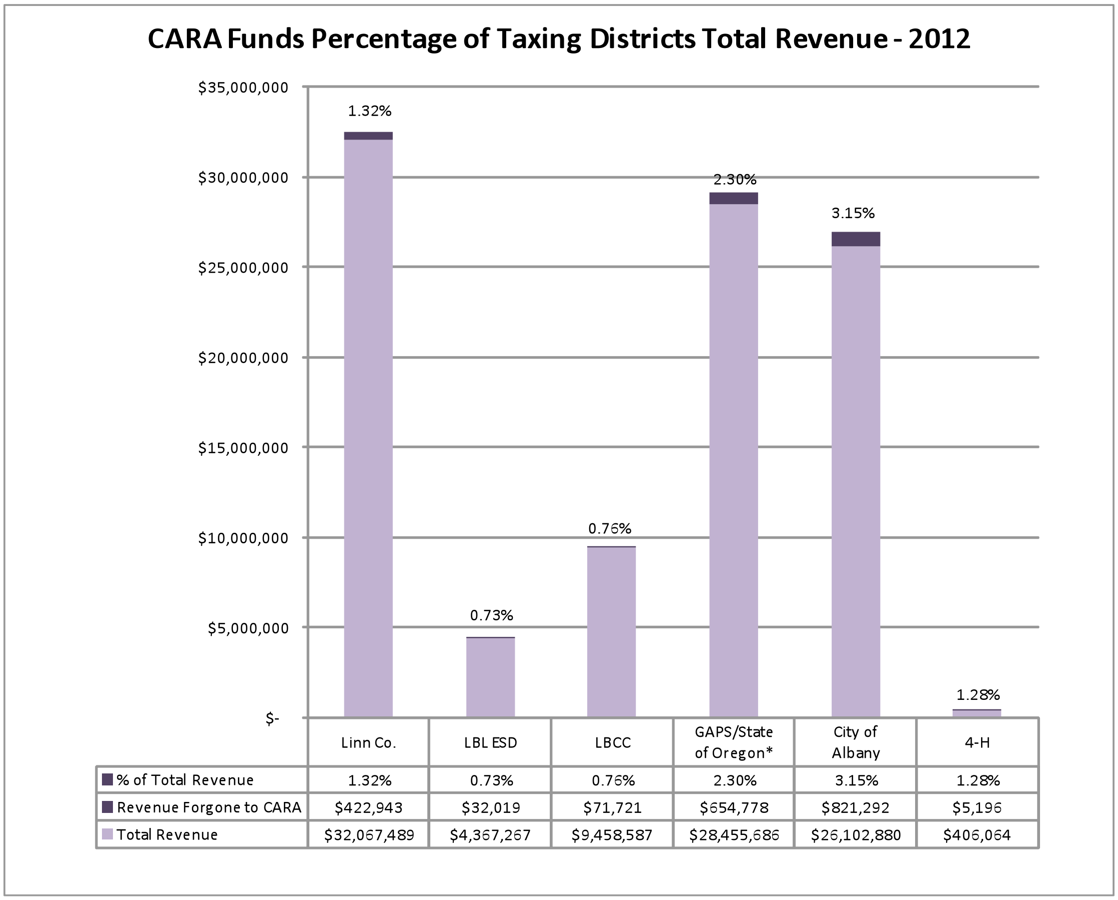


Figure 10 (following page) details the breakdown for 2012, and illustrates the relatively minimal impact to the specific taxing districts, with CARA having the greatest impact of the City of Albany, equating to 3.15% of the city's total tax revenue.

This wide-angle view underscores the proportionality and relatively small scale of the use of revenue and may be helpful in understanding the impact or costs of urban renewal in Albany.

Figure 10: CARA Funds Percentage of Taxing Districts Total Revenue 2012



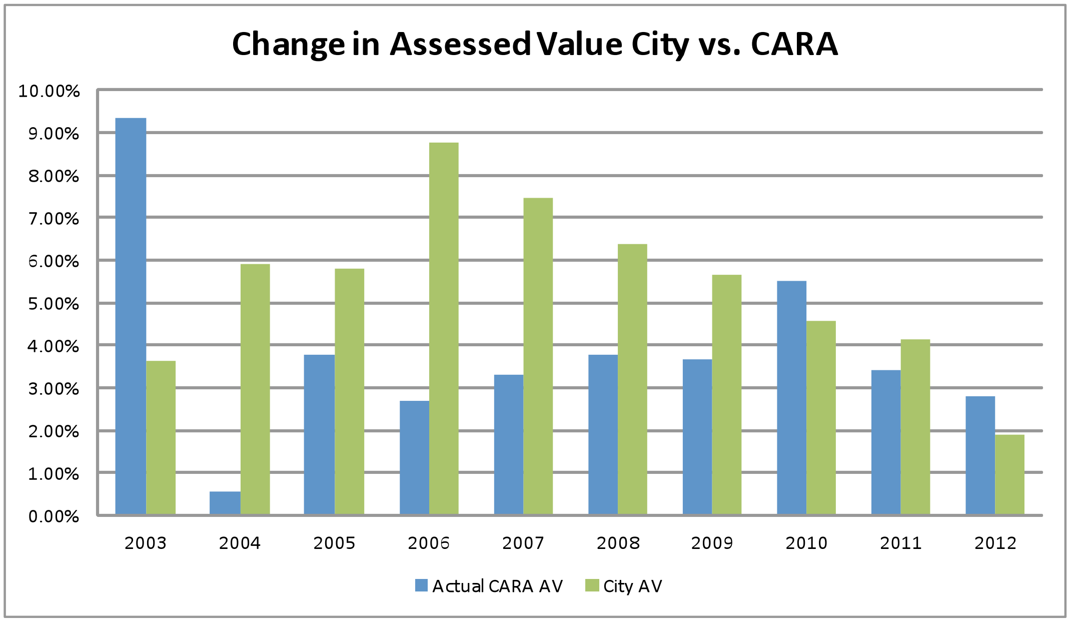
Other Costs

Albany's urban renewal district is staffed by one person. Funding for this position is paid for primarily by the urban renewal district, so there is not a direct impact on the city's general fund for staffing.

Benefits of Urban Renewal in Albany through Tax Increment

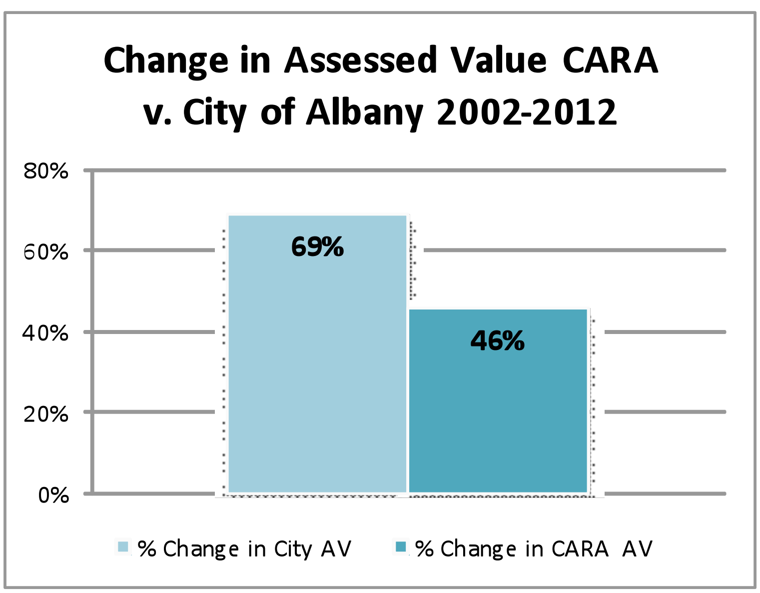
The discussion of the benefits of urban renewal starts by staying on the same course as above—with the review of assessed value. One way to consider the effect of the CARA district is to look at the changes in AV within the CARA boundary compared to the city as a whole. Figure 1 quantifies the change in assessed value for the City of Albany (not including the value of the CARA district) and the change in assessed value for CARA. The data reflects the change in assessed value from the previous year.

Figure 11: Change in Assessed Value City vs. CARA



In this regard the AV of the city has more frequently outpaced the growth of CARA. Of the ten years that CARA has been in existence, its AV growth was higher than the rest of the city's AV growth in three years: 2003, 2010, and 2012. An overall illustration is made in Figure 12, showing that since 2003, the city's assessed value has grown 69% while the CARA area, though experiencing growth, has seen a 46% positive change in assessed value within its boundaries.

Figure 12: Change in Assessed Value CARA v. City of Albany 2002-2012



Relevant to this discussion are the unique aspects related to the property tax mechanism in Oregon. As a result of ballot measures 47 and 50, Oregon voters approved a change that sees the increase in residential real property assessed values capped at 3% per year. For communities such as Albany, this means that the majority of positive change, or increase in assessed value often comes, not from existing properties, but from new construction. This is an important caveat when thinking about the change in AV of the city compared to the URD area. In Albany's case, the CARA district is land-locked with little prevalence of greenfield, or vacant spaces. In fact within the 991 acre URD there are 9 acres of vacant or open space, which would result in a significant change to the assessed value, as compared to the city, which has 600 acres of open space. Another caveat is the very findings of blight that justified the creation of the district in the first place: the CARA area was chosen specifically because of the blighting influences. The CARA plan states, "The blighting conditions found in the CARA constrain future development called for in the Comprehensive Plan and other City planning documents" (p. 9). It goes on to specifically call out, among other items, the deteriorated built environment, a lack of attractive and active environment for business operation, and of inadequate and deteriorated facilities and infrastructure. Considering the presence of inadequate infrastructure or deteriorated buildings it seems fair to conclude that one might assume a slower rate of growth for the CARA district because it has so much further to come than the rest of the city.

Another potential way to view whether or not the urban renewal district has achieved its goals is through inspection of the projected tax increment revenue, which is outlined in the CARA Report (that accompanies the Plan), versus the actual. Figure 11 (following page) shows that the actual CARA tax increment received has outpaced the estimated increment. The largest differences can be seen in years 2008-2012. Overall, the CARA actual increment has grown 17% faster than anticipated in the urban renewal report.

Figure 11: CARA Tax Increment Actual v. Projected

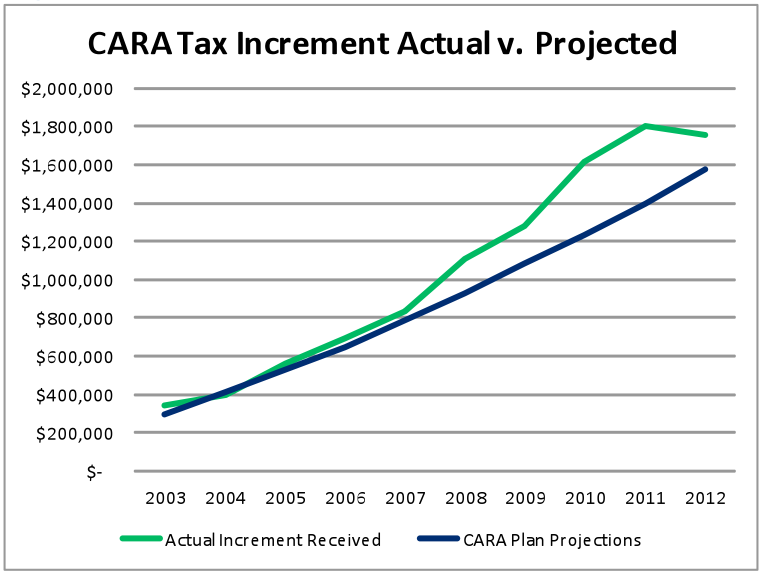


Figure 11 also highlights the inherent challenge of this work: it is not possible, for positive or negative means to flatly say that the change in AV is due to the existence of CARA. It is possible that the district would have seen this same growth without the investment. It is also possible that the growth would have been much lower without the investment of public dollars, for discussions with private investors within the district have indicated that their investments would not have materialized without the activities of CARA. To try to answer the question of costs and benefits of the district let us then look to other quantifiable metrics and the specific goals of the urban renewal plan.

Primary Measurement: Goals of the Urban Renewal Plan

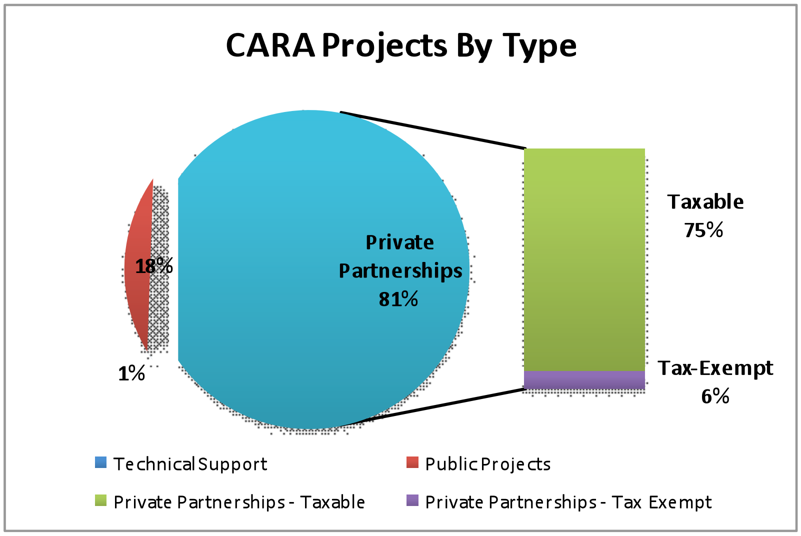
As stated above, the UR Plan is the overarching policy document that outlines how much tax increment will be used and for what specific purposes. Included in the document are goals, key objectives and additional objectives (CARA Plan, 2001). Following is a review of the goals and objectives and a breakdown and analysis of how the CARA district is performing in comparison to the goals set forth in the plan.

Key Objectives

1) Attract New Private Investment to the Area

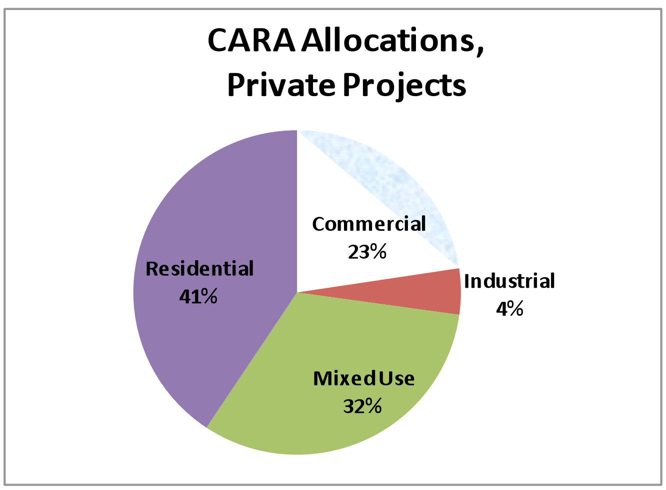
To date the CARA district has spent or committed (projects where the commitment for funding has been made, but the project is not yet complete) just over $14 million. Figure 12 (following page) shows how that funding has been spent, with the bulk of the funds, $11.4 million, or 81% being spent on private partnerships, while 18%,

Figure 12: CARA Projects by Type



or $2.5 million has been spent on public projects, and 1% or $152,000 spent on technical components including plan administration and refinement. Of the amount spent on private partnerships, the funding allocations have gone to further over 120 projects within the district with 75% of those projects being taxable and 6% being tax-exempt. Figure 13 illustrates the breakdown of the general categories of the private project types. The plan describes these as "Development

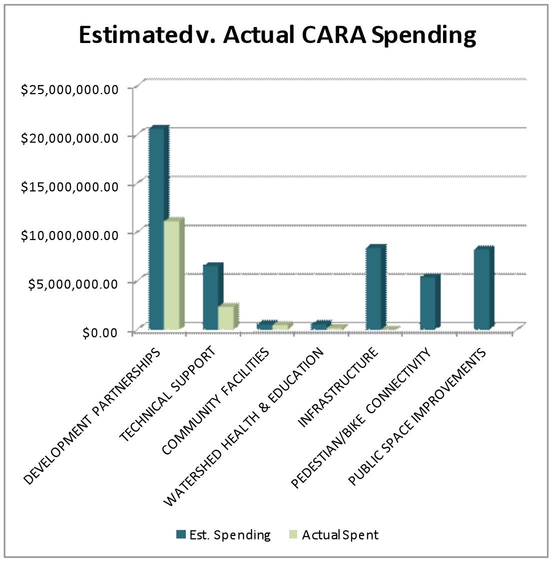
Figure 13: CARA Allocations, Private Projects

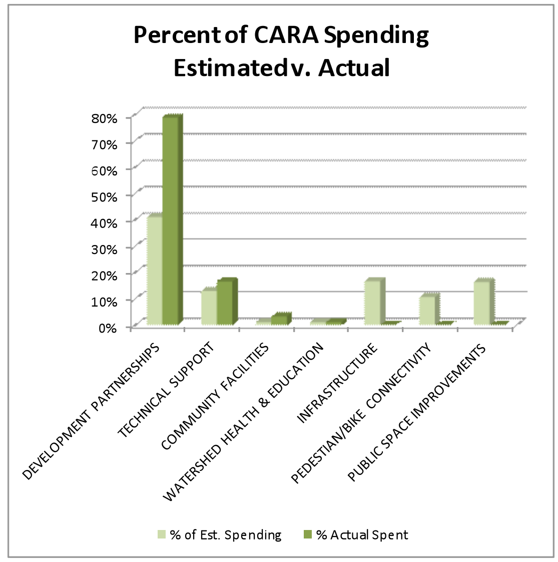


Partnership activities to revitalize the deteriorated built environment within the CARA through rehabilitation of existing structures and infill with new development…" (CARA Plan, 2001, p. 9).

In compiling this information it seemed important to consider these expenditures against the backdrop of the plan and the anticipated or estimated expenditures. Figure 14**Error! Reference source not found.** (following page) illustrates the estimated plan spending versus the actual spending in dollar amounts and percentages.

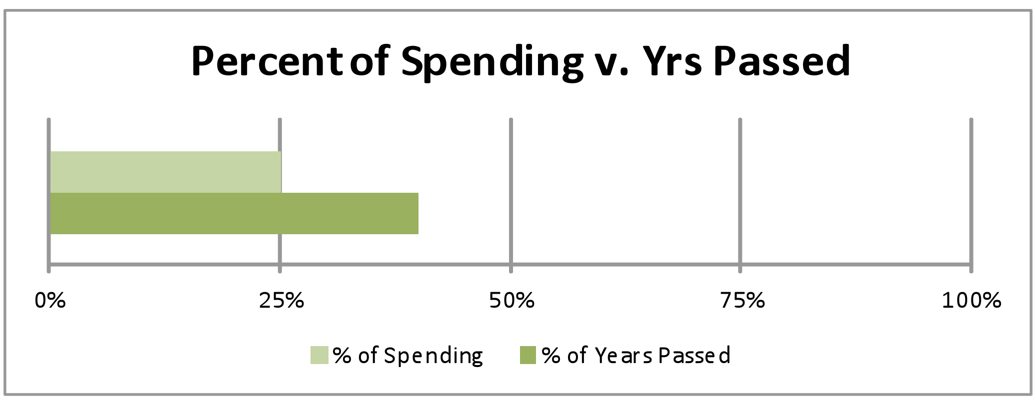
Figure 14: Estimated v. Actual CARA Spending—Dollars and Percent





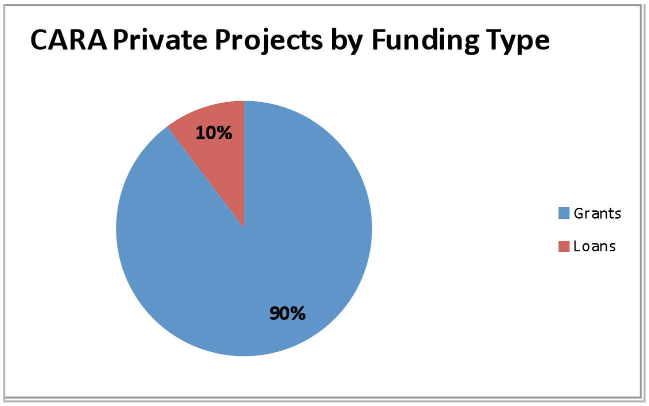
The second graph showing percent of CARA spending illustrates that the majority of the CARA spending thus far has been focused on development partnerships. One may interpret this to be disproportionate, but the caveat in this thinking would be that CARA, though forty percent of the way through the estimated duration of the plan, has only expended twenty-five percent of the funds (see Figure 15).

Figure 15: Percent of Spending v. Years Passed



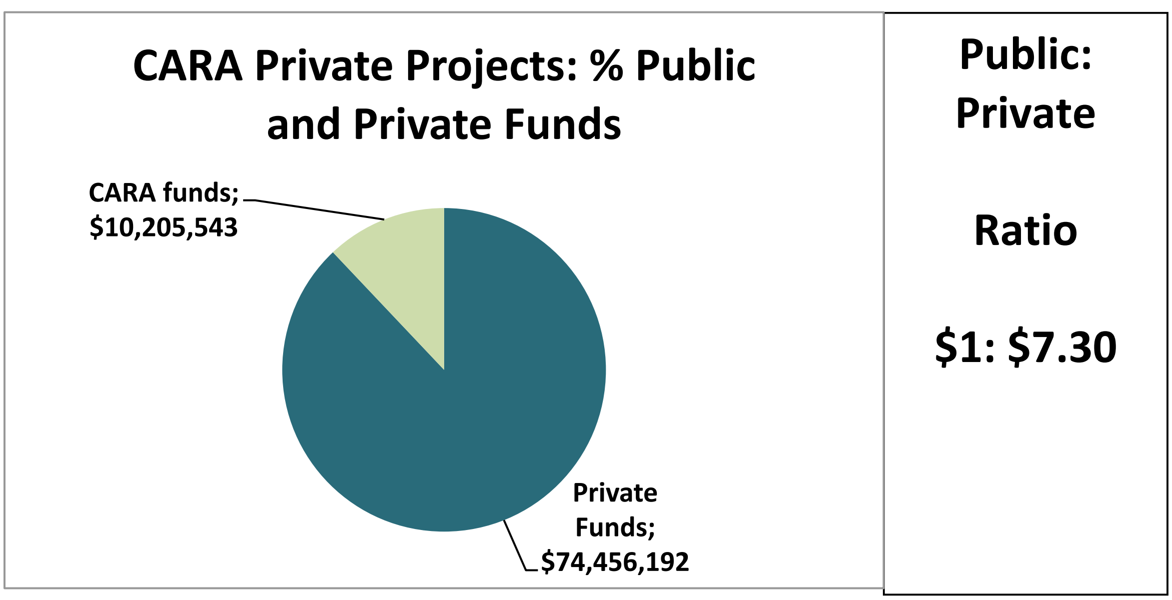
Additionally, Figure 16 shows that the larger portion of CARA assistance (approximately $10.2 million or 90%) has been in the form of grants (or forgivable loans, grants with some sort of stipulation on the money, which must be fulfilled in order for the loan to be forgiven. For this exercise it is assumed that these projects will come to fruition as promised and loan amounts will be converted to grants.) Ten percent of the CARA funding for private projects has taken the form of loans requiring repayment. Of great interest in these numbers is the percentage of CARA funding to project cost. As part of the CARA application process applicants must argue why CARA funding is necessary to complete their project. With that said, it could be asserted that these projects would not have been completed *without the CARA funding.*

Figure 16: CARA Private Projects by Funding Type



To date, projects implemented with CARA funding have a total project cost of $84.6 million. Of these costs, CARA's portion tallied $10.2 million in grants or forgivable loans (this does not include the loan amounts, as those amounts are paid back into a revolving fund). $74.4 million is the amount of private dollars leveraged by the CARA funding in its first ten years (see Figure 17). This means that for every dollar of public money spent, CARA has leveraged $7.30 of private funds.

Figure 17: CARA Private Projects: Percent Public and Private Funds



Another way to consider this metric is through the types of projects funded. Table 3 shows the amount of money leveraged by private project type in CARA.

Table 3: Leverage Ratio by Private Project Type

Private Project Type	Total Private $ Invested	Average Leverage Ratio Private $ per Public $
Commercial	$9,948,051.69	3.87
Industrial	$2,256,230.00	4.32
Mixed Use	$24,453,276.00	6.69
Residential	$37,798,634.11	8.17
Total	**$74,456,191.80**	**7.30**

This proportion of public to private funds seems to meet the first goal of the urban renewal district in attracting new private investment and leveraging public dollars to see private investment occur in the CARA district.

2) Retain and Enhance the Value of Existing Private Investment and Public Investment in the Area

There are a couple of ways that one may consider this objective. One form is an increase in jobs. To date CARA has funded five projects that were specifically economic development or job-creating projects. From these five projects alone, via an investment of $510,000, CARA was able to partner with companies to leverage their private investment of $2.1 million in building improvements and create 130 new jobs to Albany. This equates to a cost of about $3,900 of CARA funding per job created. The ratio for these five projects works out that for every dollar of CARA funding $4.16 of private funding was leveraged. One example came from a local manufacturing firm that was considering leaving Albany because it needed more space. Through a partnership with CARA and a $120,000 investment on the part of the urban renewal district, the business stayed in Albany and expanded their facilities, investing $1 million of private funds and creating an additional 14 family-wage jobs.

The metric of jobs created used here is a conservative in nature, as only specifically identified and tracked job creation is being reported. Other areas of potential job growth include new retailers coming to town to fill remodeled buildings. For example, the rehabilitation of two historic downtown buildings created 12 new jobs. Again, these 12 jobs are anecdotal as they were not officially tracked as part of the CARA application and request. Additionally, it was recently reported by the Albany Main Street Manager that CARA's assistance had helped to create 21 new and reopened businesses in downtown, with a net employee gain of 53, (Albany Main Street Report, 2012). It is also worth noting that CARA does not track any of the temporary construction jobs that come about as part of these projects. Both of these may signal an opportunity for better tracking in the future. CARA's commitment to enhancing the value of existing investment in a sustainable economy is demonstrated through this direct investment in these economic development projects, and is only made stronger by the arguably present spinoff benefits of jobs created from investing in the rehabilitation of buildings.

Another perspective from which to consider this objective is an anecdotal one. Some have argued that CARA's investments are, indeed, enhancing the value of existing investments, public and private through the idea *that a rising tide raises all boats*. The CARA projects and investments are meant to be the catalyst for change, creating energy and momentum in Central Albany. Some of that momentum is visible in the quantity of construction and physical change to the buildings on First Avenue (i.e., Albany's Main Street). Between Ellsworth and Broadalbin Streets there have been significant changes in the buildings, with many of projects funded by CARA. One building owner reported: when they came to Albany and were thinking of buying the building they now own, they looked long and hard at the blighted building. One of the key components to deciding to purchase the building was seeing the prior investment by CARA in the First Avenue streetscape—an early public project. The streetscape upgraded the deteriorated sidewalk, installed new, period correct lighting, benches and trash receptacles. These palatable changes, he said, influenced their decision to buy, and invest in the rehabilitation of the historic building (see Figure 18: Before and After Photos-Flinn Building). To further this discussion, a building across the street was recently purchased and rehabilitated with no funding from CARA. The owner conveyed that his purchase and investment in the building was fueled by the fact that the rest of the street was looking so good—public infrastructure and private buildings alike.

Figure 18: Before and After Photos-Flinn Building

Though not quantifiable, these ripple effects do seem to exist, and to be impacting at least parts of the CARA district in positive ways. The creation of momentum is a critical component to the success of the district. And though it is impossible to measure the ripple, at least the beginnings of the small waves seem to be spreading outward.

Additional Objectives

1) Create a Readily Identifiable Core that is Unique and Vibrant with a Mixture of Entertainment, Housing, Specialty Shops, Offices, and Other Commercial Uses

CARA has funded over 50 small grants to help small businesses with visible upgrades to both the interior and exterior improvements to their buildings. Many of these grants take the form of awnings and exterior paint—changes readily visible to visitors to Central Albany. Additionally, about a quarter of CARA's investments, or $2.2 million have been made in commercial projects, leveraging $9.9 million in private investment, a ratio of $1 of CARA funding to $3.87 of private funds. This number includes the small grants, which are typically funded on a 50-50% basis.

Anecdotally, last year, the Oregon Main Street program held its annual conference in downtown Albany. More than 200 people from around Oregon attended. They shopped in Albany stores, ate in Albany restaurants and stayed in Albany hotels. The conference was able to be held downtown because of the available venues, including the Flinn Block Hall. With an elevator in the Flinn Block Hall, funded by a partnership with CARA partnership, the ballroom has been opened up to use by the disabled and governmental groups such as the Main Street conference. This investment is one example of the types of projects CARA has funded on in order to create vitality in Central Albany. Other examples include funding to create restaurants, which draw people on evenings and weekends, and invest in cultural attractions such as the Albany Carousel, Jensen Arctic Museum, Pix and ACT theaters. These CARA investments work to build the momentum for the area though the funding of projects that act as people attractors, from both near and far.

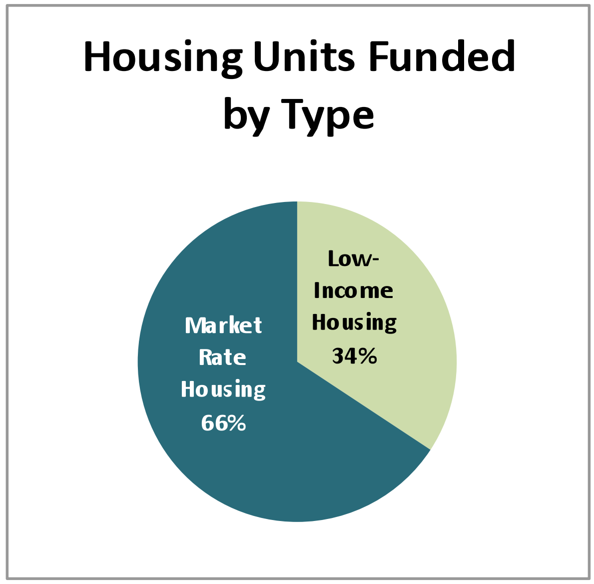
In addition, it is worth mentioning another example of potential measurement, and that is the quantity of visitors a CARA-funded project may draw. One specific example is the Albany Carousel, with whom CARA partnered to purchase a property. In this location the Carousel, though not yet built, has been drawing, on average, over 2,000 people per month to Central Albany to see the carving and planning for the future carousel. This project would not be in this location but for the investment of CARA. Upon completion the carousel is expected to function as one of the two commercial anchors for the downtown area.

Though people who have not been to Central Albany for awhile remark at how much it has changed, it should be noted that there is still much work to be done to achieve this goal. Though parts of First Avenue are doing well, the stores on some of the side-streets and Second and Third Avenues have not been as successful. The downtown is still struggling to have a critical mass of residences, shops, restaurants and people attractors to make it the readily identifiable core that is unique and vibrant, as outlined in the goal. This illustrates an interesting point, which is to wonder if there a critical mass of projects that is necessary to ensure the continued success and vitality of Central Albany. Additionally, one of the critical questions, which the policymakers continually struggle to answer, is which of the CARA projects will create this critical mass? To try and answer this question CARA has been working on a Retail Refinement Plan in coordination with Crandall Arambula, the firm that originally helped with the Town Center Plan. The goal of the Retail Refinement Plan is to, “provides a vision and strategy for creating retailer interest and stimulate retail activity in downtown Albany,” (Central Albany Retail Refinement Plan, 2011, p. 2). A part of the plan, created through work with steering committee and stakeholder meetings, sees the creation of east and west retail anchors, to act as high-traffic generators for the downtown—a concept similar to the idea of anchor stores in a mall.

2) Increase Residential Density

To date CARA created or committed to fund projects to create 274 new housing units in Central Albany. Since the CARA plan specifically calls out funding for low-income housing, a breakdown of housing type has been analyzed and is illustrated in Figure 19.

Figure 19: Housing Units Funded by Type



94 of the units are low-income including 40 low-income senior units and 54 workforce housing units. Of note in the market-rate unit projects are seven LEED townhomes, and nine upper floor apartments which were previously unused, vacant spaces downtown.

3) Preserve the Historic Districts, Historic Resources and Existing Housing in the Area

Over the last 10 years CARA has funded 82 projects in historic buildings using $4.3M of CARA funds to leverage $13.3M in private funds, resulting in a public to private funding ratio of $1:$3.08. Some of the historic projects do not yield a return on investment via an increase in assessed value due to their participation in a state incentive program which freezes the assessed value of the properties in trade for significant work or restoration of historic buildings. Not all historic properties participate, but those who illustrate the issue of competing incentives. On certain historic projects the CARA board has considered the buildings important enough to forgo the tax-increase, as the preservation of historic buildings is a specific goal in the CARA plan.

These projects have taken the form of store-font projects and exterior work, and significant renovation of interiors as well as the reclamation of unused upper floor spaces. A handful of these projects took the form of a full rehabilitation including seismic retrofitting. Funding of these projects equates to 38% of the private projects funded by the urban renewal district. This number would seem to represent a strong commitment to the preservation of the historic resources in the area.

Specific to the preservation of the housing stock was CARA's 2008 residential forgivable loan pilot program. This was a one-time allocation of $75,000 in forgivable loan funds intended to be used for the rehabilitation of blighted historic single-family homes within the CARA area. Four projects were selected. Two of the properties have compelling stories, as they would have been town down without the CARA funds. All four funding recipients' contracts have forgiveness of their loan triggered upon the completion of the project and then 20% forgiveness for each year of owner occupancy. The idea behind this being that the CARA board wanted to make sure the public funds were not merely used to "fix and flip" a project, or to rehabilitate the building just to see it converted to rental units. Forgiveness triggered on owner-occupancy, they felt, also met the goals of home ownership and creating strong neighborhoods.

4) Encourage the Development of New Forms of Housing and Home Ownership

The pilot project was also seen to meet the goals of creating livable neighborhoods, as well as saw the historic structures rehabilitated, and in some cases, saved from being torn down, like the 1890 Italianate in Figure 20.

Figure 20: Vance House Before & After Photos

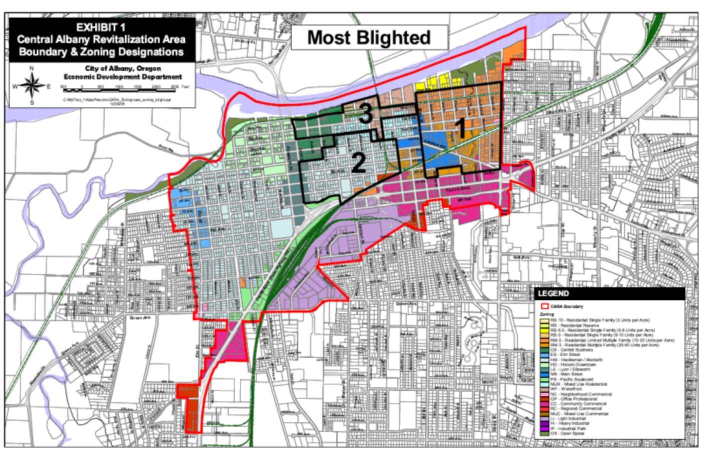
The CARA plan specifically states that, "this effort would need to be a "redevelopment tool" rather than a "bulldozer tool"" (p. 1). As a side-note, this reaction may be a result of one of the City's past forays into urban renewal in 1972, where the "Plan for Progress" (Midtown Albany Plan for Revitalization, 1972) called for, literally bulldozing large parts of the historic downtown and developing a mall and large expanses of parking, (see Figure 21). This action spurred the public to become involved, ultimately scrapping the plan and resulting in the creation of the historic districts that now protect the buildings in that commercial area and the two historic residential areas. Now the city has implemented an urban renewal district with one of its objectives being to save the very buildings that the previous urban renewal plan would have seen demolished.

Figure 21: 1972 Downtown Plan

5) Provide an Enriching Environment and Livable Neighborhoods

In 2009, City staff conducted an analysis of the most blighted areas in the CARA boundary (see Figure 22). The CARA Advisory board identified the Salem Avenue neighborhood (area one in Figure 24) as the most blighted and determined it to be a focus area. Staff proactively reached out to the Salem Avenue Neighborhood association to see what could be done to help spur the transformation of their neighborhood. Theirs was a two part answer: first, work to redevelop the blighted trailer parks on Salem Avenue, next they indicated they would like a community garden.

Figure 22: Map—Most Blighted Areas of CARA



The group's second request was funded almost immediately, with a $20,000 grant CARA helped to transform a vacant, unused lot into a garden, a community gathering place. In turn, the neighborhood donated more than a ton of food to local shelters and soup kitchens and planted outside the fence so a passerby or someone really in need could pick a fresh tomato or squash. The garden has improved the neighborhood, brought it together and created a sense of place. The group's first request has come to fruition with a developer that will be building 54 affordable housing units on the site of one of the significantly blighted trailer parks. Through a partnership with CARA this project will finally come to fruition.

Specific to this objective there are still many projects in the plan that should be considered and would further this goal considerably. Many of these projects are public improvements that would change the feel and livability of Central Albany. These include projects such as: Albany Square, the River walks, Esplanades and continuing the streetscape projects downtown and on Water Avenue, (CARA Report, 2001).

6) Provide a Safe and Convenient Transportation Network that Encourages Pedestrian & Bicycle Access to and within the Town Center

An analysis of the data show that public projects funded by CARA seem to begin to meet this objective. Projects include the First Avenue Streetscape, the first block of the Broadalbin Promenade—a main north-south pedestrian corridor that connects the civic center with the downtown and waterfront; and the first intersection on Water Avenue. Additionally, one of the recent CARA projects will see the installation of wayfinding signage to direct motorists, bicyclists, and pedestrians and help them navigate Central Albany. Similar to the last item, the walking path projects could help to better fulfill this objective.

7) Enhance and Protect the Community and Environmental Values of Waterway Corridors in the Area

From the analysis conducted, only one CARA project has met this goal. The first block of the Broadalbin Promenade installed storm-water treatment, or bioswales as a part of the project. These bioswales remove pollution from runoff water thus naturally treating it before it flows into the river. Other projects in the CARA Report in this category include Watershed Health, Riparian Restoration, and Albany Grove—a project that would see plantings and a trail on the lower terrace of the Willamette riverbank.

Before moving on to the secondary and ancillary measurements it is important to reiterate the challenge of this work: with no counterfactual we cannot fully answer the question before us. But, given the experience in the area prior to CARA it is hard to imagine the types of investment and projects as listed above occurring in the absence of the urban renewal district.

Secondary Measurements

This section will discuss secondary measurements related to the existence of the urban renewal district that are not specifically outlined in the plan. It seems important to view and try to answer the question of whether urban renewal in Albany is achieving its goals from as many different quantifiable and anecdotal angles as possible.

Public Safety Issues

As stated above, the CARA Plan calls for a review of its financial impact at least every five years. The Plan goes on to say that, "The purpose of this consideration is to review how the continuation of this Plan will impact the public health, safety and welfare of the community" (CARA Plan, 2001, p. 20). This mention of the safety and welfare was the impetus to review how information could be quantified and analyzed to see what impact CARA has had on the public health, safety and welfare of the community.

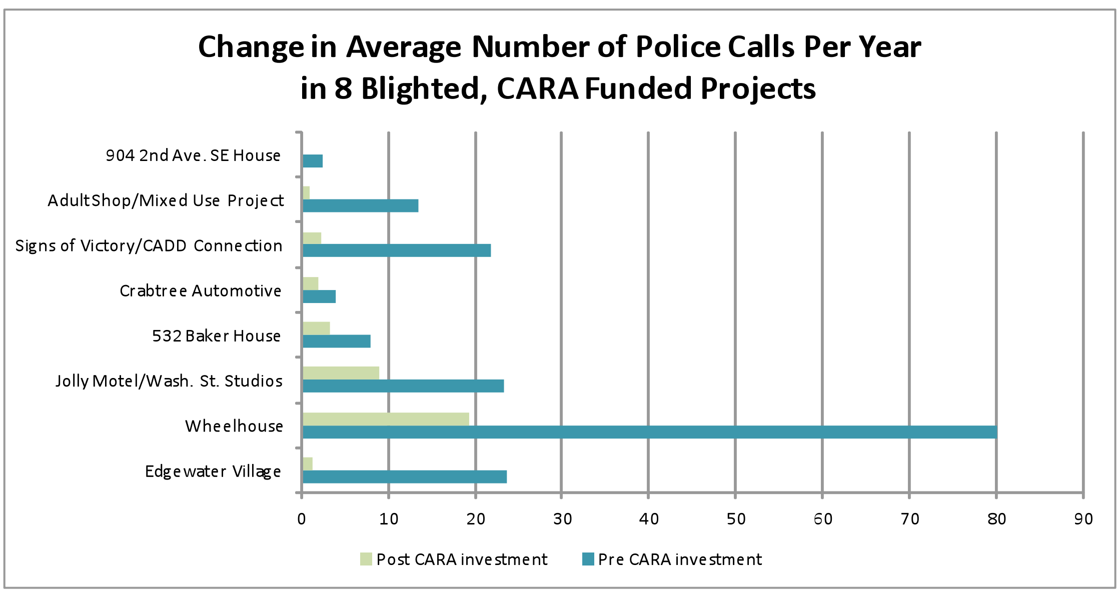
The Albany Police Department (APD) has crime data (police calls) on an individual property basis going back to 1994. Though there was discussion about a comparison of aggregated data from the CARA district to the rest of the city, the procurement of that data proved to be problematic. The following information is based on the analysis of eight CARA projects. These projects, located throughout the CARA district represent some of the different types of CARA projects, from historic house preservation, to the removal of blighted buildings and construction of new structures including mixed-use buildings, multi-family housing units, as well as the redevelopment of existing structures with uses that included, hotel, commercial and industrial, (see Table 4 next page).

Table 4: Eight CARA Projects for Public Safety Review

Project Name	Project Type	Address
Edgewater Village	Site Cleanup/residential redevelopment	200 Madison St NE
Wheelhouse	Blighted building demolition/mixed-use new construction	421 Water Ave
Jolly Motel/Wash. St. Studios	Redevelopment of blighted hotel into apartments	1410 Washington St SW
532 Baker House	Residential redevelopment	532 SE Baker St
Crabtree Automotive	Industrial Property Redevelopment	1110 Hill St SE
Signs of Victory/CADD Connection	Blighted historic structure redevelopment	705 Lyon St SE
Adult Shop/Mixed Use Project	Commercial to mixed use redevelopment	212 1ST Ave SE
904 2nd Ave. SE House	Blighted single-family to multi-family redevelopment	904 2ND Ave SE

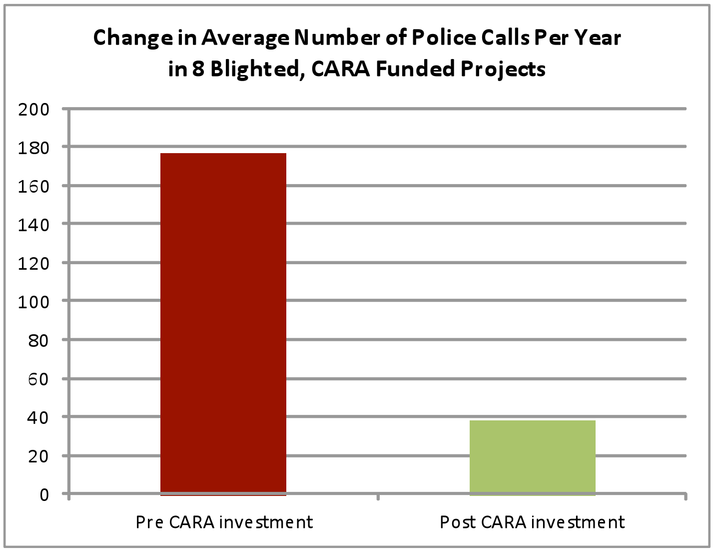
Data from APD on each property contained in Table 5 was gathered for all years available, starting in 1994. Police calls, of any type were aggregated and averaged for each of the eight properties for the time period prior to and after the CARA investment (the period post-CARA investment is considered to be the first year after the CARA investment, as in many cases the initial year is a construction, or rehabilitation time.) Figure 23 outlines the findings for the eight properties.

Figure 23: Change in Average Number of Police Calls per Year



The blue lines are the average number of APD calls to the properties per year prior to the CARA investment; the red bar indicates the number of calls post-CARA investment. Figure 24 illustrates the amounts totaled for the eight properties.

Figure 24: Change in Average Number Police Calls



This translates to a reduction of almost $50,000 per year in police calls to the eight properties (figured using an estimated average cost per police call of $232, provided by the APD). When aggregated for the eight projects, it means that the CARA investment in these eight properties translates to over $1.2 million in cost reductions to APD since the projects have been implemented. Though only eight projects were reviewed this seems an important and substantial indicator of the impact of CARA's investments on the community.

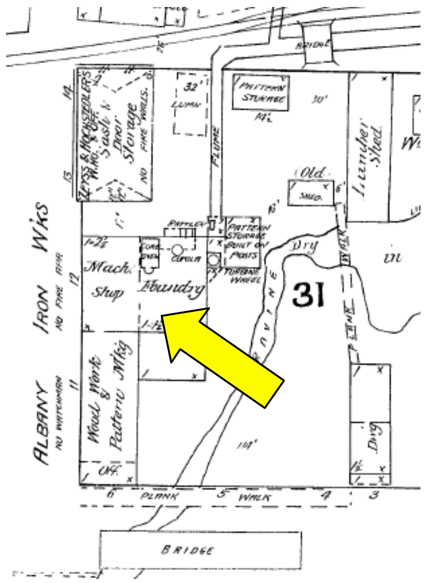
Another life-safety issue within CARA's purview is the installation of fire sprinklers. Five of the CARA historic building rehabilitation projects have installed sprinklers as part of their scope. Of these, four have been historic buildings in the downtown core, as a change in use triggers the need for sprinklers. In many cases, this is a cost-prohibitive proposal in considering remodels of older existing structures. CARA has received requests and funded projects that explicitly needed help with the sprinkler funding to make the project feasible. For CARA, the trade-off typically took the form of an upper floor redevelopment—usually an unused or vacant space that would be converted to residential or mixed-use. The Albany Fire Marshall, Mike Trabue, reports that, "fire sprinkler protected buildings…reduce the size of the fire we will respond to at those buildings, which reduces our on-scene/unit of service time and the exposure of fire fighters to hazardous conditions." He goes on to say that the presence of sprinklers benefits the property and business owners through reduced damages, reduced interruption times, and, "provide for better protection of…local historical treasures that this community values and can't be replaced." (M. Trabue, personal communication, February 18, 2012). He asserts that the majority of fires occur in residential occupied spaces. The requirement and presence of sprinklers in those historic buildings in downtown Albany where the change in use triggered the need for sprinklers creates safety for the community as a whole, but specifically for those new residences of the upper floor spaces in these downtown historic buildings. The Fire Marshall did not quantify the value of these investments or how that would translate to lives or dollars saved, but it seems to be an anecdotal way to further tell the story of one of the ways CARA is meeting the goal of public safety.

Brownfield Cleanup and Redevelopment

Only two CARA funded projects have been Brownfield, or contaminated sites. However, the story of the two projects, and their impacts, are significant. CARA's first Brownfield project was the Willamette Community Bank project. A fairly straight-forward infill project on a vacant lot, this project developed unforeseen costs when a leaking underground oil tank was discovered. CARA had already agreed to partner on the project, but because of flexibility in the program they were able to divert funds to assist with the site cleanup, which had become a barrier to the project moving forward. In the end, for a $97,000 developer partnership grant and a $200,000 loan, which was paid in full early, CARA gained a clean site, with a brand-new 15,000 square-foot building. An interesting post-script to this story is that Willamette Community Bank, a local lending institution, has been able to partner and lend on other CARA projects when no other financial institution was willing to do so. This takes the story full-circle and illustrates the ripple effect, or momentum that CARA has looked to create in the funding of some of these projects.

The other Brownfield project was the Ironworks project. Developer David Reece proposed a development at the site of the former Albany Ironworks, used around 1850 to shape iron for local buildings, railroad and local trolley projects (see Figure 25). The project consisted of three components: the Riverview Townhomes – Seven 1,700-square-foot townhomes with access to riverfront promenade and views of the Willamette River; the Foundry Lofts – Twelve 600-square foot loft apartments; and Montgomery Park –

Figure 25: Historic Albany Ironworks



15,000-square-foot office building for professional businesses and public services. The total project cost around \$6.0M, and CARA's contribution was \$528,000, a public private ratio of \$1:\$11.93. Like the Willamette Community Bank project, this project was not a known Brownfield initially, but problems were encountered when excavation began and they smelled petroleum. At that time, the developer entered the DEQ Voluntary Cleanup Program. They removed all contaminated soil to Coffin Butte landfill. In the summer of 2006 they did further excavation to ensure contamination was localized, but found lead in soil in different location. Since the lead was less than five feet deep they were able to place a cap on it. Through the summer, cleanup continued. The team then found trichloroethylene (TCE), "a highly toxic liquid frequently used as degreaser, which causes cancer and liver and lung damage," (Wisconsin DHS). As a result, the team had to install nine additional wells to search for evidence of any "plume", or expansion of the contamination. As it turned out, the contamination was localized to one very small spot. In the end, the developer had to remove the soil associated with the TCE contamination as well. In December 2006 the final environmental assessments were complete, and August 2007 saw the completion and opening of the building.

All of this is by way of illustrating the significant cost, both in terms of time and capital, of the redevelopment of Brownfield sites. The developer stated that he simply would not have been able to navigate this project without the funding and flexibility that CARA showed. In the end, for its \$528,000 investment, CARA upgraded from a vacant, Brownfield site to a contamination-free, developed project with 19 housing units and 15,000 square feet of occupied office space.

One article asserted that Brownfield's redevelopment,

> "can lead to property value increases on the order of five percent to 15 percent for properties that up to ¾ mile from the site. However, there are documented cases where "impact" projects, usually involving change in use from industrial to parks or mixed use, have had much higher impacts, even exceeding 100 percent," (Paull, 2008, p. 6).

Brownfield redevelopment helps to illustrate the need for TIF, as the use of TIF places strategic public investment in blighted areas that could not redevelop on their own. Additionally the presence of TIF can act, and has been shown to act as a commitment device for private investors. That is, the developers are aware the funding mechanism exists to help either with private projects or with public investments; this makes them more likely to invest in, or take a chance on a marginal, blighted area. The mechanism of TIF creates an added sense of security, even above and beyond direct funding, for developers as they know investment in the area will be happening, which, ultimately, protects their investment.

Transfer Effects of CARA Funding

When reviewing the nine public projects that CARA has completed, it was found that the majority of these funds were used for projects that existed in the city's Capital Improvement Program, (City of Albany CIP, 2011). Some of the funds were used for beautification, for example 12%, or $56,000 of the $457,000 cost of the first phase of the Broadalbin Promenade was used for amenities such as benches, lighting, or landscaping not typically associated with a street reconstruction. The majority, of the funds however, were used for public infrastructure. CARA's funding of these projects inherently eases the City funds that would have been responsible for funding these projects, including the street, sewer, and water funds. This transfer effect means the City is then able to fund other priority projects. Using the Broadalbin example and CARA's funding of the other 88% of the costs, we can extrapolate that CARA saved the city's other funds approximately $2.2M by funding projects that would have otherwise had to be funded by the city by other means.

A criticism sometimes levied at CARA is that it is only benefitting a small and specific area of the community, particularly the downtown. The transfer effects of CARA seem to illustrate to the contrary, that because of CARA, the city was able to have $2.2M available to fix streets, sewer and water lines in other parts of the city—illustrating the benefit to the broader community.

Ancillary Measurements

School Funding

As explained above, the implementation of Measure 5 in 1990 changed school funding to a per-pupil calculation that equalized funding and saw the state assume responsibility for K-12 funding. In communities with urban renewal, the state backfills any amount that is diverted for the purposes of urban renewal. Over the course of CARA in Albany, this means that GAPS was the beneficiary of $3.479M of state funding that would have gone to other communities if not for the presence of CARA. That is to say, the presence of the urban renewal district in CARA benefits Albany and GAPS by taking advantage of this state funding, and that those communities who do not partake in urban renewal are, effectively, subsidizing (for the portion related to schools) the others.

Visitors to Downtown

Though not a specific component of the plan, the funding of projects that create vitality in the downtown have been a priority to the CARA Advisory Board. One way in which the group has thought about vitality is by considering projects' draw for visitors—both local and regional—to Central Albany. CARA has funded many restaurants for this reason, believing that a diverse selection of eateries would be one reason for people to come to the core of the city. The group has also funded projects such as the Pix movie theater and the Albany Civic Theater, a live theater venue. Two specific projects are examples when thinking about the possible measurement of CARA's effectiveness in regards to drawing visitors. First is the funding of the Flinn Block Hall project. This space on the upper floor of a First Avenue historic building had been used for a dinner theater. When the new owners purchased the building they remodeled and expanded the space creating a larger, and one of the only, downtown venues. Later, the developer approached CARA for a partnership for the funding of an elevator, which the developer claimed would unlock the potential to draw in events such as high-school reunions, weddings, and state events, which they were missing due to a lack of Americans with Disabilities Act (ADA) accessibility. In his proposal, the developer stated, "The elevator is a key component of a unique upper floor redevelopment project that will bring hundreds of visitors into our downtown core. This pedestrian traffic will help our restaurants, retailers and other businesses to thrive." (Manley Application, 2007, p. 2). CARA said yes to the project, funding two-thirds of the elevator. Four years later the developer reports that the use of the venue has increased as he expected, drawing hundreds more people to the core of the community each month.

The second example is CARA's purchase of the land and partnership with the Albany Carousel and Museum. This $300,000 forgivable loan acquired the desired parcel for the carousel and ensured their presence in the downtown area. At this point, the carousel mechanism is underway with local volunteers carving, painting and crafting the menagerie at the purchased site. Even though the carousel is not complete, the group conservatively reports 2,000 visitors a month in 2011. One cannot help but wonder about the tertiary effects of this investment and the impact to the Central Albany economy of having 2,000 visitors in the downtown. A 2011 study prepared for the Oregon Tourism Commission indicated that the average overnight visitor to Linn County spends $89 for their trip. These visitors average group size of 2.6 people and tend to stay 2.4 nights spending a total of $231 per trip. Though the Carousel does not have a breakdown of the how many of the 2,000 visitors were overnight visitors, if even a quarter were, this would translate to $44,500 per month of money spent in the community for food, entertainment, gas, lodging, or recreation. These are clearly not hard and fast metrics, but look to expand the effect of CARA's $300,000 investment in the Carousel and the impact of their visitors to our downtown.

Measuring the Impact of Public Projects & Ripple Effect

As explained above, one of the fundamental ideas behind urban renewal is that the funding of the private and public projects will create a momentum so that the market will drive the changes, and the community will become economically viable. With CARA

10 years into their plan, it may be hard to measure some of these ripple effects. But a review of the development pattern over the course of time, patterns begin to emerge. The construction of the First Avenue Streetscape preceded the bulk of public-private CARA partnerships in that area. Recently, even though in the midst of a deep recession, that same area has begun to see private investment, without CARA funding. Though the measurement of this ripple effect is clearly fraught with challenges, it seems an important consideration.

The CARA plan defines these as, "Public Space Improvement activities that will address blighting conditions by creating a more attractive area for business operation and an active environment…" (CARA Plan, 2001, p. 9). The Plan also addresses infrastructure and deteriorated facilities including water, sewer, streets, and communications infrastructure.

A part of the ripple effect is the very idea of creating a vital community, and a livable place where people want to visit, work, shop, start their business, and live. An anecdote, shared with me by Albany's City Manager, tells this story nicely.

> "A few weeks ago, I spoke with a local manufacturer who was offered substantial financial incentives to move his business to another state. He was interested enough in the offer to make a visit to that community and, while touring the town with the mayor, found a city that he characterized as filled with derelict old buildings. The manufacturer told the mayor he would never move his business to a community that appeared to be dying and suggested to the mayor that he contact Albany about our redevelopment efforts," (City of Albany, WeShare 2012).

This story underscores the idea that businesses choose to locate, and stay, in communities with a strong core. Livability and good infrastructure are a part of good economic development. The projects listed in the CARA plan, and undertaken thus far are working to create that sense place.

The whole basis for the idea is that the investment in the public infrastructure will drive private investment. For example, the canal esplanade is meant to create safe, attractive pedestrian amenities (see Figure 278). At their most utilitarian, they are a way for people to travel and navigate the city. But, creating a waking path with lights, benches, and capitalizing on the water feature (which, right now in parts of the city is enclosed with chain-link fence and barbed wire, see Figure 269), creates that sense of place.

Figure 27: Canal Esplanade Plans

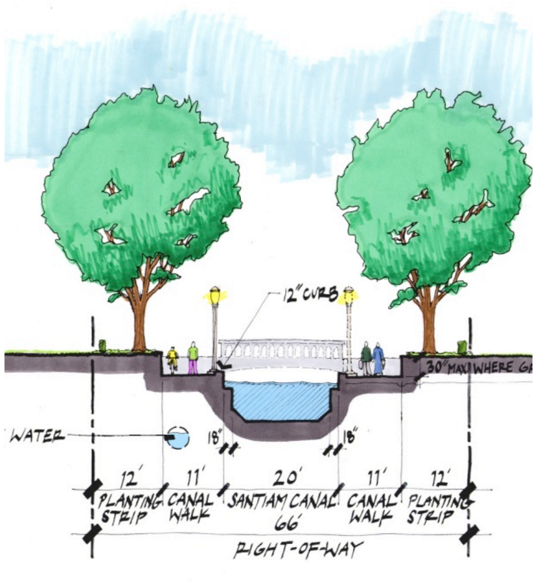


Figure 26: Canal Existing Conditions

Homes adjacent and near to the canals then rise in value market value, and over time through the improvement and sale of homes a positive impact to assessed value may be seen. People move to the neighborhood, to Albany because it is a place where you can take your children or dog for a stroll. Though it moves slowly and is challenging to measure, this ripple is real. Portland's downtown was dying in the 1960's and 1970's. The egress to the suburbs and the onset of modern shopping malls like Lloyd Center were drawing people out of the downtown. In the late 1960's Meier & Frank proposed an 11-story parking garage at the former site of the Portland Hotel, across from Pioneer Courthouse and kitty-corner to Meier and Frank. The proposal was denied by the City after a series of heated public hearings, but prompted both the downtown business community and the City to undertake a comprehensive downtown planning program. (Pioneer Courthouse Square, 2012). The planning process resulted in what is known today as Pioneer Courthouse Square. This area, commonly known as Portland's Living Room, plays host to events for the community, as a venue for community gatherings, and a center and draw for visitors to the City. The city's investment in this public project drove private investment in the surrounding buildings, and created a more vital and livable place—a positive example of the ripple effect. Albany is seeking that same effect through the funding of projects like the streetscapes downtown, the Broadalbin Promenade, the walking paths on the canals, and public amenities like the proposed Albany Square.

This point also underscores one of the common threads through this paper, which is the need to create momentum, or a critical mass of projects. At the heart of the idea is to have adequate urban renewal funding, acting as a big enough drop of water that will create these ripple effects, which will ultimately become self-sustaining and see the free market thrive again.

RECOMMENDATIONS AND CONCLUSIONS

Recommendations

Careful consideration of the ACF helps guide thinking about possible recommendations. First, thought must be given to the primary and secondary beliefs of the involved groups. In the case of urban renewal there seem to be three main groups involved. The first are those who support urban renewal, the policy-makers, staff and supporters of the tool. The second group is the affected taxing districts, and the third group is comprised of opponents of urban renewal. In thinking through recommendations we must try to address the concerns of the coalitions.

When thinking about the taxing districts, the metrics should be as straightforward and unbiased as possible in order to help convey the true impacts and benefits of urban renewal. It is also important that the gains from urban renewal be expressed, as the ACF reminds us that people and coalitions have short memories when it comes to positive impacts and, instead, tend to remember the losses. Finally, an accurate representation of the proportion of impact seems important for this group as well. In addition to a focus on losses, it seems that an unequal amount of focus has been given to a relatively small proportion of funding that is used for urban renewal. An accurate, and preferably visual, representation of the true proportions may help to be a reminder of the relative minor scale that urban renewal represents.

From research, reading, and first-hand meetings with members of the opponents coalition there seems to be a strong connection to ideas such as minimization of government, anti-government spending, and a belief that the markets work better than government intervention. These core beliefs are important to understand as consideration is given to how to best communicate with this group. For example, are there components of government spending that are palpable to this group? If the promenade project had been billed as a public-infrastructure project with emphasis on how the urban renewal funding allowed other public projects to move forward would that have eliminated such staunch criticism? Any metrics or reports, then, would need to attempt to address the concerns of these coalitions to have the best likelihood of success.

As recommended in the 2011 Chicago TIF Reform Panel report, "Clear metrics for individual projects, districts…make it possible to assess district and project performance" (p. 35). Of the metrics reviewed in this project, it seems that a foundation of data using AV and MV, percent of private investment, jobs and housing units created, historic buildings saved and brownfield sites cleaned could be scaled up state-wide and used to better document the impact of urban renewal in Oregon. Time series data, like that of the national main street program seems to be extremely effective in this effort. In the beginning, ad-hoc specific examples would need to be used until the time-series information is build up from the baseline data.

Specific recommendations include: The district seems to have experienced a slower implementation rate of projects than is proportional to how much time has passed; perhaps a more aggressive allocation of funding to projects, especially public projects in the plan, is in order. In terms of tracking and metrics, it would be helpful to have better tracking of jobs on a per-project basis, much like Main Street does. This tracking should include all jobs created from UR funded projects, not just for those that are classified as "economic development", as is the case now. Also, it may be useful to track the short-term impact of the construction jobs, as though they are temporary, the impact for local contractors can be significant. Additionally, this reporting, akin to Main Street, could be rolled up, aggregated and reported on state-wide in order to better understand the impact of urban renewal at that macro level. Better tracking of people attractors, the visitors they draw and how much those visitors are spending would be of great use.

When reporting on findings, as suggested by the ACF, emphasis on the relative amounts should be given, and consideration of how the projects, or the messaging about the projects will address the concerns of the coalitions is critical. If one can illustrate that the results of the urban renewal projects meet and strengthen some of the goals and primary or secondary beliefs of the coalitions there exists the possibility to avoid further conflict. ACF tells us this can be done through conveying unbiased information, refocusing on the gains from the use of urban renewal, and communicating information about projects in a way that fairly characterizes the benefits of the project with an eye toward the fundamental beliefs and core values of the coalitions. One example includes better messaging about the project components that do meet with pieces of government that the opposition coalition might support such as life-safety or clean water. Additionally, easy to understand language that helps tell the story in a straightforward way is also important. Finally, connection of the projects or metrics to traditional American values such as job-creation, support for small businesses, and local spending are critical.

Given more time and funding, one could look to other data sources, such as RMLS Sales data, or Zillow, to attempt to quantify the change in property values in the URD verses the city, similar to Man and Rosentraub's 1998 work. And, though CARA seems to be doing a good job in these regards, it is worth noting that the continued public-involvement and transparency are critical to the success of any public program.

Conclusions

In its 10-year lifespan thus far, CARA has used about $11M of property-tax revenue (though through borrowing it has spent $14M on projects). And though the proportion of CARA's tax dollars are quite small, only 3% of the AV for the city, these are times of constraining budgets and close attention is being paid to all expenditures. It is worth noting, that a portion of that very $11M may not be on the tax-rolls, but for the investments that CARA has made. We cannot say for sure, and that is what makes this an imperfect science. On the other hand, the benefits of CARA begin to quickly surmount:

- An increase in AV of 46% over the life of the district, surpassing the city's growth rate in three different years
- Growth in the tax-increment rate that has exceeded projections by 17%
- The use of roughly $10M of public funds to leverage over $70M of private investment
- 131 projects, public and private partnerships, the majority of which would not have been implemented without the presence of the urban renewal funding

- The creation of 130 new jobs
- Funding of projects that create a vital downtown and become a draw for visitors
- 274 new housing units, including 94 affordable housing units: 40 low-income senior units and 54 workforce housing
- Historic preservation funding for 82 projects, an investment of $4.3M, which certainly saved two homes from total destruction, and helped renovate numerous other buildings
- Public infrastructure including 7 blocks of streetscape, fiber optic line, and signage for downtown
- A cost savings, via transfer effects, to city water, street and sewer funds due to CARA funding of public projects
- Increased public safety as evidenced by the significant change in police activity at the eight properties analyzed, as well as the installation of fire sprinklers in some of the downtown historic buildings
- The cleanup and redevelopment of two contaminated and vacant properties
- Removal of blight in the form of the removal or rehabilitation of vacant, dilapidated, and unsafe structures

This paper, and this list illustrate the numerous and diverse ways in which CARA has achieved its goal of revitalization of the Central Albany area in its first ten years of existence.

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APPENDIX

Central Albany Urban Renewal Plan, Project Activities and Costs

Ref #	Activity Title	Brief Description of Activity	Est. of Hard Cost	Revolving Funds
DEVELOPMENT PARTNERSHIPS				
1	Property Acquisition & Assembly	Acquire land and buildings for public and private development purposes and assemble sites as required to implement Urban Renewal objectives.	$250,000	$2,000,000
2	Commercial Building Rehabilitation	Provide technical assistance and financing &/or grants for the redevelopment of commercial structures, including focus on allowing active re-use of Downtown upper floors and structural issues.	$1,750,000	$2,000,000
3	Storefront Revitalization Program	Multi-year program to provide design, financing &/or grants to renovate commercial facades in HD, CD, LE, MS zones including awnings and signage.	$600,000	$600,000
4	Property Redevelopment Assistance	Provide assistance & support to developers including technical assistance, financing &/or grants of joint-venture efforts **outside of the Downtown area.**	$1,000,000	$2,000,000
5	Paint Program	Provide a free paint or similar program to incite sprucing up of residences and commercial properties.	$100,000	
6	Albany Square Development	Address development issues/opportunities, developer recruitment, & partnership with developers on mixed use infill along Water between Broadalbin & Ferry. Requires Water Ave. Improvements.	$150,000	
7	Water Avenue Improvements	Realign & reconstruct portions of Water between Washington & Montgomery including moving overhead utilities, infrastructure, sidewalks, trees with walkable grates, Victorian style lighting, & other pedestrian amenities. May require acquisition of rail ROW. Needed for Albany Square & Water Avenue Parking Structure.	$2,000,000	
8	Riverfront Housing Infrastructure	In partnership as needed for housing projects extend/reconstruct streets, sidewalks, water, sewer, storm Montgomery through Main north of 1st.	$2,625,000	
9	Transition Areas Redevelopment	Address development issues/opportunities to allow areas to transition to planned land uses including developer recruitment, assistance to owners, & partnership with developers in areas such as Pacific Blvd. corridor, LE zone, MS zone, Water Avenue MUI	$1,250,000	$2,000,000

9	Transition Areas Redevelopment	Address development issues/opportunities to allow areas to transition to planned land uses including developer recruitment, assistance to owners, & partnership with developers in areas such as Pacific Blvd. corridor, LE zone, MS zone, Water Avenue MUI zone, CD zone.	$1,250,000	$2,000,000
10	Housing Demonstration	Development of, &/or financing for, affordable home ownership including first time homebuyer support. Partnership opportunity.	$250,000	$500,000
11	Housing Development	Pre-development, property acquistion &/or development in partnership for affordable housing &/or mixed use. May include St. Francis redevelopment. Partnership opportunity.	$825,000	
12	Housing Rehabilitation	Financing of renovation & rehabilitation of owner & renter occupied housing, including upper floor housing, consistent with Historic Preservation standards.	$700,000	
PUBLIC SPACE IMPROVEMENTS				
13	Gateways to Central Albany	Gateway amenities near Pacific & Santiam, & along Pacific near Queen.	$150,000	
14	Gateways to Downtown	Gateway amenities along Lyon near 8th, at Ellsworth near 1st, on 1st near Thurston.	$150,000	
15	Broadalbin Promenade	Pedestrian way improvement to Broadalbin from 4th to Water Avenues including pedestrian crossings, sidewalk repairs, moving overhead utilities, trees, benches, lighting, public art, information signage & other pedestrian amenities.	$350,000	
16	Albany Square	Create a plaza at Willamette River on end of Broadalbin including art, benches, potential Heritage Center with tower or water feature, River Terrace overlook & related amenities.	$1,000,000	
17	Albany Landing	Pier and dock on Willamette River at Albany Square.	$350,000	
18	Downtown Streetscape	Pedestrian amenities including trees with walkable grates, benches, public art, curb bulbouts, landscaping, Victorian style lighting, garbage receptacles, information kiosks, moving overhead utilities, with oases and piazza areas for rest and gathering such as Burkhart Square.	$560,000	
19	Downtown Beautification	Create year-round light and color in Downtown through placement of	$300,000	

20	Awning Program	Establish a program for design and placement of pedestrian-oriented awnings covering public sidewalks in the Downtown.	$125,000	$250,000
21	Riverfront Housing Area Streetscape	Provide street trees and pedestrian enhancements along Water Avenue from Jackson through Main to create identity & improve redevelopment opportunity.	$120,000	
22	Main Street Area Streetscape	Provide traffic calming and pedestrian enhancements as the MS zone redevelops.	$75,000	
23	Sidewalk Program	Financing program for sidewalk repair / replacement.	$250,000	$250,000
24	Street Tree Planting	Provide technical & financial support for planting of street trees throughout the URD.	$250,000	
25	Historic Districts Signage	Improve & provide public signage for Historic Districts including sign posts, directional signage, information kiosks & interpretive signage.	$200,000	
26	Downtown Parking Areas	Improve existing public parking areas including pavement repair/repave, landscaping, shade trees, retaining walls, striping, signage & lighting.	$350,000	
27	Government Center Parking Structure	Construct parking structure with ground-floor retail and/or office in the vicinity of City Hall and the Courthouse. Partnership potential.	$2,000,000	
28	Water Avenue Area Parking Structure	Construct multi-floor parking structure in the general area south of Water & east of Lyon. May be developed as public-private partnership.	$1,500,000	
INFRASTRUCTURE *Specific Infrastructure Projects Included in "Development Partnerships"*				
29	Communications Infrastructure	Plan and develop fiber optic, phone & other communication linkages into & around Central Albany.	$500,000	
30	Overhead Utilities	Where feasible, place all currently overhead utilities underground. In all areas, reduce clutter of overhead lines by coordinating drops, etc.	$1,000,000	
31	Roads, Water, Sewer, Storm Sewer, Rail Crossing	Repair/replace/construct water, sewer, storm sewer, & roadways including rail crossings and bridges, in connection to other projects & to allow development.	$3,000,000	
32	Street Redevelopment	Bring City streets into current public standards throughout the URD.	$2,000,000	
33	Alley Redevelopment	Improve drainage and pavement in Downtown alleys and establish an alley maintenance program.	$725,000	
34	Downtown Grid	Consider re-implementing 2-way traffic	$100,000	

34	Downtown Grid System	Consider re-implementing 2-way traffic on 1st & 2nd Avenues &/or diagonal parking.	$100,000	
35	Traffic Calming	Provide traffic calming improvements throughout the area.	$250,000	
36	Queen Avenue Rail Crossing	Plan and provide improvements to reduce/eliminate conflict between rail switching & public crossing at Queen. Includes Pacific warning signal.	$300,000	
37	1st Avenue Undercrossing	Modify 1st Avenue rail undercrossing at Lafayette.	$500,000	
PEDESTIAN/BIKE CONNECTIVITY *Also see "Public Space Improvement"*				
38	Willamette Riverfront Path	Create bike/pedestrian walk along Willamette River connecting Bryant, Monteith & Bowman Parks including land acquisition, Calapooia River bridge, interpretive signage, lighting, benches, art & other pedestrian amenities.	$1,000,000	
39	Willamette Riverwalk	Widen and provide pedestrian amenities along Willamette Riverfront Trail in the general area between Ferry and Lyon.	$250,000	
40	Calapooia Riverwalk	Pedestrian/bike way connecting Santiam Canal Esplanade to Willamette Riverwalk including overlook & interpretive signage.	$500,000	
41	Santiam Canal Esplanade	Pedestrian/bike way connecting Downtown and riverfront along Vine Street with plantings, trees, benches, lighting, interpretive signage & related amenities.	$2,500,000	
42	8th Avenue Canal Esplanade	Pedestrian oriented connection of Santiam & Thurston Canals including Ellsworth & Lyon crossings, path east of Lyon, Victorian Garden & Gazebo improvement, pedestrian amenities, etc.	$500,000	
43	Thurston Canal Esplanade	Develop a pedestrian/bike way along Thurston Canal with increased water flow, reopening canal, riparian filtration, pocket parks & pedestrian amenities.	$600,000	
WATERSHED HEALTH & EDUCATION				
44	Watershed Health	Establish & implement programs for monitoring & enhancing watershed health of area waterways.	$265,000	$150,000
45	Riparian Restoration	Restore riparian habitat along rivers & streams in the area.	$50,000	
46	Albany Grove	Improve river view from Albany Square with plantings and natural trail on lower terrace.	$75,000	

47	Public Facilities	Establish and enhance public facilities such as libraries, museums, performance areas, parks and the arts.	$550,000	
TECHNICAL SUPPORT				
48	Plan Administration	Administration of Plan such as indebtedness from Plan preparation; design, land use, engineering, market and other technical studies and plans; auditing; insurance; marketing materials and programs; personnel; other management costs.	10% of Costs	
49	Plan Refinement	Professional consulting services to refine urban design concepts, provide engineering, conduct environmental analyses, prepare financial plans, etc. for UR projects.	$500,000	
50	Business Retention & Recruitment	Commercial business development, retention and location assistance program focused on Downtown core. Multi-year program.	$375,000	
51	Promotion of Downtown	Foster image of Downtown as a destination through support services, promotion, events & hospitality training. Multi-year program.	$50,000	

Total Cost Estimate (2002-03 Values)	$34,820,000	$9,600,000
2002-03 Value of Maximum Indebtedness	$34,820,000	