

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Riverfront Urban Renewal District

Meeting Date: September 11, 2013
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: A
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ISSUE STATEMENT

The council requested a work session regarding a cost-benefit analysis of the Riverfront Urban Renewal District. This is an opportunity for council to review past activity and potential future activity within the Riverfront District.

BACKGROUND

On July 22, 2013, the council approved a motion to hold a work session on September 11 regarding a cost-benefit analysis of the Riverfront District. (See Attachment A for the map). Additionally, Councilor George Brown submitted several questions regarding the District, the responses to which are included in Attachment B.

The Riverfront Urban Renewal District Plan was originally adopted on Sept. 11, 1985. The original district encompassed nearly 148 acres adjacent to and including the University of Oregon's Riverfront Research Park.

The Plan was amended on Mar. 10, 2004. (The Plan is included in Attachment E.) The 2004 amendment: a) added 30 acres, bringing the total area to approximately 178 acres; b) expanded and revised the list of project activities; c) provided new cost estimates of the projects to be undertaken; d) established a spending limit ("maximum indebtedness") of \$34.8 million, and e) provided other information about the impact of the amendments. The Riverfront District has \$28.3 million in spending authority remaining under the \$34.8 million maximum indebtedness spending limit. In accordance with the Plan, the Urban Renewal Agency Board (City Council) must approve all projects, other than loans, in excess of \$250,000. State statutes require that a financial statement be prepared and published each year. The Plan is scheduled to expire in 2024.

The goals for the Riverfront District are:

- To improve the function, condition, and appearance of the development area;
- To eliminate existing blight and blighting influences;

- To strengthen the economic and environmental conditions of the plan area and the metropolitan area;
- To stimulate development activity and amenities near the new federal courthouse;
- To stimulate appropriate redevelopment in the Riverfront area currently occupied by the Eugene Water & Electric Board (EWEB), if EWEB relocates in whole or in part from this property;
- To improve connections between the core of downtown, Riverfront, and the University of Oregon; and
- To protect or enhance the riparian area.

One key Envision Eugene goal is to accommodate all of the 20-year need for multi-family housing and commercial jobs inside of the existing Urban Growth Boundary. Through the comprehensive analysis conducted by the Envision Eugene Technical Resource Group, it was concluded that this community goal would require various forms of community investment. The Riverfront District is an existing community investment tool that could be used to stimulate multi-unit housing and commercial development within downtown. The recent adoption of the EWEB Riverfront Master Plan presents a unique opportunity for Riverfront urban renewal resources to be strategically invested to transform the former industrial and utility use into an iconic waterfront that reflects the compact urban development, economic opportunity, neighborhood livability, and enhanced natural resource values expressed in the Envision Eugene pillars.

Cost-Benefit

The Riverfront District includes three distinct investment areas: 1) the Riverfront Research Park infrastructure improvements, which occurred in the early days of the District; 2) the more recent redevelopment of the Agripac industrial property for the Federal Courthouse and the Northwest Community Credit Union projects; and 3) the future of the Riverfront District which is likely to focus on the long envisioned connection of downtown to the river, with the primary focus being implementation of the EWEB Riverfront Master Plan.

For the purpose of providing a cost-benefit analysis of the Riverfront District, staff conducted a *retrospective cost-benefit analysis* (Attachment C) which includes historical activity within the Riverfront District, and a *prospective cost-benefit analysis* (Attachment D) which considers the potential use of Riverfront District financial resources to advance the vision included in the EWEB Riverfront Master Plan. Although there have been no detailed discussions regarding the use of Riverfront District financial resources to implement the EWEB Riverfront Master Plan, it is assumed that realization of the Master Plan's vision will require significant public and private investment.

The following is a summary of the Riverfront District **retrospective cost-benefit analysis**.

- Total tax assessed value of property within the District has grown from \$50 million to \$109 million.
- The annual property tax increment within the District is \$990,000 (FY14 estimate).
- Since inception, the Riverfront District has collected \$12.6 million in tax increment revenue and \$9.1 million in other revenue (sale of property, rent, interest).

- Since inception, the District has funded \$8.8 million in capital projects and \$5.8 million in other expenses (planning, administration, legal, and debt interest/issuance costs).
- District investments have leveraged five major construction projects totaling \$140 million (9:1 leverage ratio), generating \$350,000 new annual property tax revenue.
- Major projects within the Riverfront District have created approximately 250 new jobs in University-related research and technology sectors. An additional 200 jobs are expected to be located in the new Northwest Community Credit Union headquarters.
- The vacated Agripac industrial brownfield site is redeveloped in support of the community's vision to connect downtown to the Willamette River.

The following is a summary of the Riverfront District **prospective cost-benefit analysis**, based on assumptions for the build-out of the EWEB Riverfront Master Plan:

- Approximately \$15 million in Riverfront Urban Renewal funds invested to advance the EWEB Riverfront Master Plan (estimated for analysis purposes only)
- Eight acres of new public open space
- Over 300 new housing units totaling \$80 million in new construction
- 121,000 square feet of new commercial/office/retail totaling \$30 million in new construction
- Adaptive reuse of historic buildings
- \$2 million new annual property tax revenue upon completion of the Plan
- 650 construction jobs and 700 new permanent jobs
- Densely develops land within the existing Urban Growth Boundary, creating public service and public infrastructure cost efficiencies, alleviating development pressure on single-family neighborhoods, and limiting future Urban Growth Boundary expansion
- Significant cultural, educational, and health benefits from access and open space along the Willamette River
- Environmental benefits provided through enhanced storm water treatment and the riparian river edge, reduction in vehicle miles traveled
- Advances the Regional Prosperity Economic Development Plan by enhancing the regions identity with an iconic waterfront development

RELATED CITY POLICIES

The Riverfront Urban Renewal District supports many goals for Eugene and downtown, including:

Eugene Downtown Plan

- Incorporate the Willamette River as an integral element to downtown planning and development.
- Collaborate with EWEB to encourage relocation of their utility facilities. Create a "people place" that is active, vibrant, accessible and multi-use.
- Facilitate dense development in the courthouse area and other sites between the core of downtown and the river.
- Stimulate multi-unit housing in the downtown core and on the edges of downtown for a variety of income levels and ownership opportunities.

- Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.
- Use downtown development tools and incentives to encourage development that provides character and density downtown.
- Facilitate dense development in the courthouse area and other sites between the core of the downtown and the river.
- Promote adjacent park and open space areas as a valuable complement to downtown's urban places. Improve connections between downtown and nearby nature areas.

Envision Eugene Pillars

- Promote compact urban development and efficient transportation options.
 - Integrate new development and redevelopment in the downtown, in key transit corridors and in core commercial areas.
 - Meet the 20-year multi-family housing need within the existing Urban Growth Boundary.
 - Make compact urban development easier in the downtown, on key transit corridors, and in core commercial areas.
- Provide housing affordable to all income levels.
- Provide ample economic opportunities for all community members.
- Protect, repair, and enhance neighborhood livability.
- Protect, restore, and enhance natural resources.

Regional Prosperity Economic Development Plan

- Strategy 5: Identify as a Place to Thrive - Priority Next Step - Urban Vitality
 - As a creative economy is fostered, dynamic urban centers are an important asset. Eugene, Springfield and many of the smaller communities in the region recognize the importance of supporting and enhancing vitality in their city centers. Building downtowns as places to live, work and play will support the retention and expansion of the existing business community and be a significant asset to attract new investment. The Cities of Eugene and Springfield will continue to enhance their efforts to promote downtown vitality through development and redevelopment.

Eugene Climate & Energy Action Plan

- Increase density around the urban core and along high-capacity transit corridors
- Continue to expand and improve Eugene's bicycle and pedestrian infrastructure and connectivity to increase the percentage of trips made by bike and on foot.

City Council Goal of Sustainable Development

- Increased downtown development

COUNCIL OPTIONS

Information only. No options identified at this time.

CITY MANAGER'S RECOMMENDATION

Information only. No recommendation identified at this time.

SUGGESTED MOTION

No action required at this time.

ATTACHMENTS

- A. Map: Riverfront Urban Renewal District
- B. Response to Councilor Brown's Questions
- C. Retrospective Cost-Benefit Analysis: Riverfront District
- D. Prospective Cost-Benefit Analysis: Riverfront District
- E. Riverfront Urban Renewal District Plan

FOR MORE INFORMATION

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