

WEST SALEM URBAN RENEWAL PLAN REPORT

**Edgewater/Wallace Road Corridor
Salem, Oregon**

**Adopted By:
Salem City Council**

August 27, 2001

**Urban Renewal Agency
of the
City of Salem, Oregon**

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Background on the Report on the West Salem Urban Renewal Area

In September 1976, the City of Salem adopted an urban renewal plan for the Walker Urban Renewal Area¹. The boundary of the Walker area is generally the same as the proposed boundary for the West Salem Urban Renewal Area. The Walker Urban Renewal Area was established as a vehicle for federal categorical grants addressing housing rehabilitation, but has been inoperative for about 20 years. The Walker Urban Renewal Plan was prepared without an authorization to collect tax increment financing, which is the primary financial resource for urban renewal districts identified in ORS 457, Oregon's laws governing urban renewal districts.

The Report on the West Salem Urban Renewal Plan updates the findings of the 1976 Plan, augments them as necessary to include areas and conditions not covered by the 1976 plan, and incorporates the vision, policies and recommendations contained in both the Salem Edgewater District Study and the Wallace Road Local Access and Circulation Study.

The Proposed West Salem Urban Renewal Area Boundary

The West Salem Urban Renewal Area is bounded on the east and south by the Willamette River. The western boundary includes commercial properties at the intersection of Eola and Edgewater Streets, and extends north along the base of the slope north of Ninth Street west of Wallace Road then along Taybin Road to Wallace Marine Park and the Willamette River. The area within the proposed boundary contains 453 acres.

Section 100. DESCRIPTION OF THE PHYSICAL, SOCIAL AND ECONOMIC CONDITIONS IN THE RENEWAL AREA

This section of the Report describes and evaluates conditions in the area, and identifies conditions which constitute blighting influences in the renewal area. ORS 457.010 defines "blight" as follows:

"Blighted areas means areas which, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community. A blighted area is characterized by the existence of one or more of the following conditions:

"The existence of buildings and structures, used or intended to be used for living, commercial, industrial or other purposes, or any combination of those uses, which are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:

"Defective design and quality of physical construction;

"Faulty interior arrangement and exterior spacing;

"Overcrowding and a high density of population;

"Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities; or

¹ Walker Urban Renewal Plan, City of Salem, September 1976, amended October 1977.

“Obsolescence, deterioration, dilapidation, mixed character or shifting of uses.”

"An economic dislocation, deterioration or disuse of property resulting from faulty planning;

"The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;

"The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;

"The existence of inadequate streets and other rights-of-way, open spaces and utilities;

"The existence of property or lots or other areas which are subject to inundation by water;

"A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;

"A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare; or

"A loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere."

Methodology for Evaluating Conditions Within The Proposed Renewal Area

Information describing the existing conditions within the proposed renewal area originates from a variety of sources. These sources include the original 1976 Walker Urban Renewal Plan, Salem Edgewater District Study and the Wallace Road Local Access and Circulation Study. Information was also assembled from the City’s GIS system, and confirmed with City and County officials. Additional information, particularly transportation issues and plans, and the adequacy and condition of the Area's infrastructure, was obtained from City staff. The Consultant also conducted a “windshield survey” of all properties and streets within the study area. During the investigations and City discussions, the following data was inventoried:

- The use of each parcel;
- The existing zoning of each parcel;
- General observations on the condition of buildings where such could be determined from a "walk-around" perspective;
- The condition of streets: pavement, sidewalks and pedestrian amenities;
- The quality of traffic flow, the ease of vehicular movements and the clarity of routes to traverse the area; and
- The existence and adequacy of the public infrastructure, i.e.: protection from flooding; storm water drainage; sanitary sewers; water delivery systems; etc.

100A - Use and Zoning within the Area

Existing land use within the Area is summarized in Table 1 by existing zoning. This information was compiled from the City of Salem's GIS program. The total area containing zoned properties, both public and private is 340 acres. An additional 113 acres within the Area consists of streets, highways and other public rights of way. The information in Table 1 is summarized for zoned property only

The Area as a whole is made up of four relatively similar-sized land uses. Residential uses, primarily smaller single-family residences on small lots and scattered courtyard apartment projects, are the largest single uses. However, commercial, industrial and public uses, primarily park land and schools, comprise significant land area. Most of the structures within the Renewal Area were constructed prior to 1940, with some newer commercial developments found along Wallace Road.

The predominant land use within the Area is single family residential, located primarily west of Patterson Street and north of Second. This use makes up about a quarter of the total land area, as does Single Family Residential (RS) zoned areas. The City's Compact Development (CD) overlay zone also applies in this area. The CD overlay allows for reduced lot area and dimensions to support rowhouses. In addition, the overlay allows for higher development density (up to 14 dwelling units per acre) than otherwise permitted in the RS zone. Approximately 7% of the Area is devoted to duplex and multi-family uses, generally distributed throughout the Area west of Patterson, and east of Wallace Road. There are few vacant residential parcels within the Area.

**Table 1
Existing Land Use and Zoning
West Salem Urban Renewal Area**

City of Salem Land Use Classifications	City of Salem Zoning Designations (In Acres)											No Data	Total	Percent of Total
	Residential Zones		Commercial Zones			Industrial Zones			Public Use Zones					
	Single Family (RS)	Multi-Family (RM2)	Comm'l Office (CO)	General Comm'l (CG)	Retail Comm'l (CR)	Industrial Park (IP)	General Industrial (IG)	Industrial Comm'l (IC)	Public Use (PA)	Public/Private Education (PE)	Public Service (PS)			
Single Family Residential	75.7	3.9		0.2	1.2	2.0	2.8	0.1	0.0	0.0		0.1	86.1	25%
Duplex	3.7	0.0					0.2					0.0	3.9	1%
Multi-Family Residential	1.0	19.6			1.4	0.0	0.0					0.0	22.0	6%
Mobile Home Park				0.0	0.8							0.0	0.8	0%
General Office Complex	0.2	0.0	2.3		3.1			0.3				0.0	6.0	2%
Mixed Commercial					1.4							0.0	1.4	0%
General Commercial		0.0	0.2	19.7	28.3	4.6	3.3	6.5	0.0			0.2	62.9	19%
Industrial				1.2	0.9	17.5	40.5	2.3	0.0			0.0	62.5	18%
Public Land	0.0	0.6	0.0	0.0	1.7	0.0		0.0	46.3	14.4	0.3	3.5	66.9	20%
Religious Organization	3.2	0.0										0.0	3.2	1%
Vacant Commercial				2.6	2.9	0.8		2.8	0.0			0.0	9.0	3%
Vacant Industrial	5.4	0.8	0.0	0.5		5.6	0.6	0.6	0.0	0.0		1.4	14.9	4%
Vacant Public Land	0.0	0.0			0.0							0.2	0.2	0%
No Data	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.1	0%
Grand Total (acres)	89.4	24.9	2.5	24.3	41.9	30.5	47.4	12.6	46.3	14.4	0.3	5.6	340.0	100%
Percent of Total	26%	7%	1%	7%	12%	9%	14%	4%	14%	4%	0%	2%	100%	0%

Commercial uses comprise approximately 20% of the acreage in the Area. Two distinct commercial districts include a traditional “retail precinct” along Edgewater Street west of Patterson, and a newer, more highway-oriented general commercial district along Wallace Road. Approximately 9 acres of vacant commercially zoned land are found within the Area.

Industrial land uses are found along Murlark and Patterson north of Second, and make up about 18% of the acreage in the Area. Approximately 15 acres of industrially zoned land is vacant. A significant amount of industrially zoned land, approximately 13 acres, is currently used for non-industrial uses, primarily older single family residential development.

Public and semi-public uses make up approximately 21% of the acreage in the Area. These uses include the Wallace Marine Park, West Salem Neighborhood Park, Walker Middle School, an old elementary school site, and several churches.

100B - General Building Conditions

The overall condition of residential structures within the Area is good, although a significant number of smaller single-family structures could benefit from general maintenance and modernization. Most housing appears constructed prior to 1940. Clusters of residential structures are in need of more significant rehabilitation, notably along Second and Patterson Streets and east of Wallace Road. These are “transitional” areas between an established residential neighborhood and abutting commercial and industrial districts. Few residential structures appear vacant.

The Old Elementary School is located on a 3+ acre site between Elm and Third Streets at McNary Avenue. The old school buildings are vacant and in private ownership. The collection of wood frame and brick buildings are dilapidated, and in need of significant revitalization.

Many commercial structures along Edgewater Street and several small shopping centers along Wallace Road were constructed prior to 1940. There are vacant storefronts in both locations. Building conditions vary considerably from recently renovated to needing significant improvements. In general, facade improvements such as awnings, modern storefronts, lighting and signage need upgrading.

Generally, industrial structures south of 7th Street are used for agricultural processing purposes. Many of the structures appear to have been constructed prior to 1940. There are several vacant and dilapidated buildings in need of significant improvements. Manufacturing uses occupy most industrial structures north of 7th Street. These buildings are newer and appear in good condition.

100C– Transportation Needs within the Area

1. Streets

The residential area west of Patterson is served by a local grid street system that is generally improved with pavement, curbs, gutters and sidewalks. Street trees exist along some but not all block faces. Some localized improvements throughout this area are needed including Second Street which is unimproved. There is also a portion of Second Street, between Rosemont and Gerth Avenue, that once included railroad tracks. The tracks were removed in 1982. The strip of land in the center of Second Street is now owned by the Union Pacific Railroad Company.

The Edgewater District Study² identifies problems and issues along Edgewater Street and the neighborhood to the north and recommends a series of construction improvements and policy changes designed to assist the revitalization of the area. Streetscape improvements along Second Street are recommended for this unimproved corridor. Other transportation needs addressed include: street trees and other landscaping, sidewalk improvements and widening, crosswalk improvement and pedestrian lighting along Edgewater Street; rehabilitation of unimproved alleys in the area; reconstruction of the intersections of Rosemont Avenue with Second and Edgewater Streets to improve vehicular access and safety, and to enhance pedestrian convenience and safety; and the provision of small parking areas to serve businesses along Edgewater Street.

The Wallace Road Local Access and Circulation Study Recommendations³ were approved by City Council in 1997. The study identified current and projected future traffic capacity deficiencies on Wallace Road; identified local circulation deficiencies east and west of Wallace Road; identified improvements to Wallace Road, and a local street improvement plan designed to address deficiencies; and identified a land use plan for the area that would encourage multi-modal travel.

Wallace Road is classified as a major arterial in the Salem Transportation System Plan, and carries more than 38,000 vehicles per day within the proposed urban renewal Area. Traffic volumes are expected to increase significantly as the West Salem area reaches build-out. Much of the traffic volume on Wallace Road is now local traffic. Local Traffic must now use Wallace Road due to the numerous access points to commercial properties fronting the road, and due to the lack of parallel local streets both east and west of Wallace Road, serving residential, commercial and industrial uses. Recommendations approved by the City call for improvements to Wallace Road including relocating an existing traffic signal at 7th Street to the south and the construction of a local street system adjacent to Wallace Road designed to handle local traffic needs. Unimproved local street within the Renewal Area include Bassett Street west of Wallace Road, and Veall Street and Moyer Lane to the east. Some elements of this improvement program have been funded through State and Local resources.

100D - Infrastructure within the Area

1. Flooding and Drainage

A significant portion of the Area along the Willamette River and the area east of Patterson, including the Wallace Road corridor, lie within the 100-year floodplain. This area is subject to flooding during extreme high water events primarily from storm water overflow.

2. Sanitary and Storm Water Sewer and Water Systems

Sanitary sewer and storm water collection facilities currently exist within the area. The City anticipates the need to replace older lines as part of an overall City maintenance and upgrade program. Existing older water lines throughout the Area will also require replacement in order to

² Edgewater District Study, City of Salem, June, 1997

³ Wallace Road Local Access & Circulation Study, Kittelson & Associates, June, 1997 and Memo to Mayor and City Council, Wallace Road Local Access & Circulation Study Recommendations, September, 1997.

assure adequate fire flows.

100E- Utilization of Land

**Table 2
Land Utilization⁴ – Vacant and Redevelopable Parcels by Zone
West Salem Revitalization Study**

Zone Name	Description	Total Acres	Number of Parcels	Acres Redevelopable	% Redevelopable Land
CG	General Commercial	24.3	38	14.2	58%
CO	Office Commercial	2.5	1	2.5	100%
CR	Retail Commercial	41.9	97	7.4	18%
IC	Industrial Commercial	12.6	20	5.6	45%
IG	General Industrial	47.4	55	21.8	46%
IP	Industrial Park	30.5	35	5.5	18%
PA	Public Use/Recreation	46.3	8	0.0	0%
PE	Public/Priv Educational	14.4	5	2.6	18%
PS	Public Service	0.3	1	0.0	0%
RM2	Multi-Famly Residential-2	24.9	43	1.4	6%
RS	Single Family Residential	89.4	599	11.0	12%
	No Data	5.6			
TOTALS		340.0	902	72.1	21%

The table above indicates that a significant number of the tax lots in the area are unproductive or underproductive from a tax producing standpoint. This lack of economic productivity is further emphasized by the low improvement to land value ratio in the proposed renewal area boundary. Table 2 indicates that approximately 72 acres, or 21% of the Area excluding rights-of-way, has an improvement value less than the value of the land. A low ratio of improvement values to land values indicates that land in an area is vacant, developed at low intensity, is developed with relatively low-value buildings, or a combination of these factors. Land in this Area has high potential for development and redevelopment due to its proximity to downtown Salem, and significant transportation access. In general, a more appropriate improvement to land ratio for the Area would be in the range of a building value 5 to 8 times the land value for commercial and industrial properties, and 3 to 5 times the land value for residential properties. Land in the Edgewater/Wallace Road appears underutilized and unproductive for well-located urban land, and offers considerable redevelopment opportunity.

The highest concentration of underutilized properties are industrially zoned parcels east of Murlark south of 7th Street, and general commercial properties on both sides of Wallace Road. West of

⁴ Data Source: Marion/Salem GIS and Polk County Assessor Data. Total acreage of zoning areas does not include streets and public right-of-way. Redevelopable land is that with a real market land value greater real market building value. Parcels with no assessed valuation (for both building and land value) are not considered redevelopable in this estimate.

Wallace Road, properties along Veall and Moyer Lanes also are underutilized, as are several properties along 2nd Street north of Edgewater Road. Approximately 57 acres of industrial and commercial property in the Area are underutilized. Within the residential portions of the Area, there is a more widely dispersed pattern of vacant and underutilized properties, primarily small lots, including those along Veall Lane and Moyer Lane and the Edgewater School site. Approximately 12 acres of residential property within the Area are underutilized.

100F– Demographic Evaluation-Household Income

A pilot evaluation of the Area has been undertaken to determine if it meets eligibility requirements for a neighborhood revitalization strategy sanctioned by the U.S. Department of Housing and Urban Development⁵. The evaluation identified the number of low and moderate income households in the Area and compared that to a regional profile. The Year 2000 median income for a family of four in both Marion and Polk Counties is \$43,800. Low and moderate income is defined as 80% of median family income, or \$35,050 for a family of four. Data for 1999 indicate that approximately 1,099 households exist within the Area and 699 or 61 percent have family incomes within the low to moderate income range.

Additional demographic assessment will be undertaken as part of a feasibility study to form a neighborhood revitalization strategy.

100G - Conformance with Total Acreage Limitations

ORS 457.420(2)(a)(B) provides that the total land area of a proposed urban renewal area, when added to the land area of existing active urban renewal plans, may not exceed 15% of the City's total land area. Table 3 below shows the acreage in existing renewal areas in Salem and the estimated acreage to be added in the proposed renewal area boundary. The table shows that Salem still would remain well below the 15% acreage limitation.

TABLE 3
Total Acreage in Salem Urban Renewal Areas

	Acreage
Acreage in Existing Urban Renewal Areas	3,702.70
Acreage Remaining after removing Walker Urban Renewal Area	3,374.90
Acres in Proposed West Salem Urban Renewal Area	453.00
Total Acres, all areas, including West Salem Renewal Area acreage	3,827.90
Acreage, City of Salem	29,663.00
Percent of Total Acreage in Renewal Areas	12.9%

100H - Conformance with Total Assessed Value Limitations

ORS 457.420(2)(a)(A) provides that the assessed value of an urban renewal area, when added to the total assessed values previously certified by the assessor for all other urban renewal areas, may not exceed 15% of the total assessed value of the municipality, exclusive of any increased assessed value for other urban renewal areas.

⁵ Memo-“CDBG Demographic Evaluation for West Salem Area”, Parametrix, Inc., February, 2001

Data assembled from the Polk County Assessor indicates that the total assessed valuation of real property within the proposed renewal area boundary is approximately \$83 million. For estimating purposes, another 7% is added to the real property value for personal, mobile home, and utility property values, bringing the total estimated property value in the area to \$89,069,047.

Table 4 shows the certified values for all of Salem’s renewal areas and how values in the proposed West Salem Urban Renewal Area would influence the 15% limit. Addition of the values within the proposed West Salem Urban Renewal Area boundary would not bring Salem close to the 15% limit.

TABLE 4
Certified Values in Salem Urban Renewal Areas

	Base AV
Pringle Creek	Closed Out
Riverfront/Downtown (frozen base AV)	\$40,535,841
Fairview (frozen base AV)	\$57,430,967
North Gateway (frozen base AV)	\$132,774,617
North Salem NDP	No Certified Base
South Central NDP	No Certified Base
Mission-Lee	No Certified Base
Lee-Hines	No Certified Base
McRae Park	No Certified Base
Proposed Edgewater/ Wallace Road	\$89,069,047
(Less Walker)	No Certified Base
Total Certified Values in Renewal Area (frozen base)	\$319,810,472
Total AV, City of Salem (M50 AV less UR increment)	\$6,005,023,780
Percent of Salem AV in Renewal Areas	5.33%

AV = Assessed Value

200. EXPECTED FISCAL, SERVICE AND POPULATION IMPACTS OF PLAN

Urban renewal plan activities are aimed at upgrading streets, sidewalks, and infrastructure in the Renewal Area, and encouraging the rehabilitation and redevelopment of commercial and residential uses in the Area. Carrying out the Renewal Plan is not expected to result in additional population growth impacts for the City of Salem. The Plan is expected to facilitate planned, orderly growth as anticipated in the Salem Area Comprehensive Plan. The anticipated development within the Renewal Area is not expected to create any impact on the City’s overall water and sewer service needs, or to place a burden on police or fire services for the area. Upgrades to sanitary sewer and storm water systems are included in the list of renewal project activities.

Renewal plan activities are not expected to create a significant number of new housing units, and therefore the plan should have no impact on the need for new educational facilities in the renewal

area. Traffic and circulation impacts resulting from new development in the renewal area are addressed by activities to be undertaken in carrying out the urban renewal plan, and by traffic and circulation projects in the City of Salem's Capital Improvements Program (CIP).

Carrying out the Renewal Plan will require the use of tax increment revenues. Tax increment financing may affect the property tax revenues and the bond tax rates of other taxing bodies that share values with Salem's Renewal Agency. The tax impacts of the Renewal Plan are discussed in detail in Section 500D of this report.

The Renewal Plan is expected to produce positive fiscal and service impacts for Salem. Among the public benefits of the renewal plan are

- Street and circulation improvements to improve public safety in the area;
- Rehabilitation loans and grants to expand and improve the supply of moderate cost housing in the renewal area; and
- Pedestrian and bikeway improvements, and assistance for mixed-use development types to assist in decreasing vehicular miles traveled.

The expenditure of tax increment funds is expected to produce increase property values for the City of Salem. The renewal project is estimated to be completed by the year 2029-30. During that period, property values in the renewal area are expected to increase by approximately \$182 million. At current tax rates, the new property values anticipated in the renewal area will contribute over \$3.2 million in property tax revenues in the first year after the project is ended. That property tax revenue will continue to grow as a result of annual assessment increases.

300. REASONS FOR SELECTING THE URBAN RENEWAL AREA

The Urban Renewal Plan Area was selected based on Salem Area Comprehensive Plan goals, objectives, and policies and on the existence of blighting conditions within the area. Based on the assessment of existing conditions summarized in this report, the West Salem Urban Renewal Area contains blight and blighting influences as defined by ORS 457.010:

- The overall quality of existing residential, commercial and industrial structures is such that improvements and modernization are required;
- There is an underutilization of property in the Area as demonstrated by vacant parcels and parcels where improvement values are low compared to land values;
- Several lots are of irregular shape and size for proper usefulness and development;
- The area contains an inadequate and substandard street system;
- Property has been developed without direct access to, and frontage on, dedicated public streets, particularly the area east of Wallace Road;
- A portion of the area is subject to periodic flooding and inundation by water;

- Portions of the public infrastructure system are in need of modernization and improvement; and
- There is a lack of proper utilization of substantial portions of the Area resulting in a stagnant and unproductive condition of land. Such land is potentially useful and valuable for contributing to the public health, safety and welfare of the community.

400. RELATIONSHIP BETWEEN EACH PROJECT ACTIVITY AND EXISTING CONDITIONS IN THE PROJECT AREA

The renewal plan includes activities that address the following deficiencies noted in Section 100 of the Report on the Plan:

- Deficiencies in the street and circulation system;
- Deficiencies in curb and sidewalks in the project area;
- Deficient water, storm and sanitary sewer services;
- Deteriorated building conditions, and underutilized, and unproductive land;
- Underutilized and unproductive land; and
- Lack of building investment, resulting in low assessed values within the renewal area.

500. FINANCIAL ANALYSIS OF PLAN

500A. ESTIMATED PROJECT COST AND REVENUE SOURCES

Table 4 of this Report shows the estimated total costs of the West Salem Urban Renewal Plan. From the first receipt of tax increment revenues in 2002-2003 until its anticipated termination, total costs for project activities, exclusive of interest on debt service, are estimated at \$31,000,000. This figure includes a 3.25% annual inflation of capital costs.

The principal method of funding the project share of costs will be through use of tax increment financing as authorized by ORS 457. In addition, the Renewal Agency will apply for and make use of funding from other federal, state, local, or private sources as such funds become available.

TABLE 5– PROJECT ACTIVITIES AND COSTS	
Project Activity	Costs (\$)
Streetscape improvements: accent paving, lighting, street trees, furnishings, curb @ intersections.⁶	
Edgewater Street	1,435,000
Second Street Reconstruction	625,000
Other Streetscape	500,000
Street Tree Replacement Program	120,000
Sidewalk Repair Program	37,000
Edgewater/Wallace Road Pedestrian Linkage and Open Space	65,000
Union Street Railroad Bridge Conversion, Including Connections to Wallace Rd. and the Neighborhood	1,000,000
Gateway Monuments and Landscape Features	150,000
Place all utilities underground on Edgewater Rd.	3,000,000
Billboard phase out program.	500,000
Construct Pedestrian Connections to the River from the Edgewater Road Area.	200,000
Sub-total	\$7,632,000
Misc. local streets east and west of Wallace Road in support of Wallace Rd. Circulation Recommendations	500,000
Second Street Reconstruction for Pedestrian Connection to Railroad Bridge	150,000
Wallace Road/Edgewater Road/Highway 22 Intersection.	0
Edgewater Street/Second Street/Rosemont Ave. Intersection.	250,000
Edgewater Street/Eola/Highway 22 Intersection	0
Local Street Improvements from CIP	770,000
Sub-total	\$1,670,000
Sanitary Sewer Upgrades & Replacements from CIP	1,740,000
Water System Upgrades	0
Storm Water Upgrades and Replacements from CIP	790,000
Technical Assistance in Environmental Hazards Cleanup	100,000
Sub-total	\$2,630,000
Lighting and enhancements in Greenway along Edgewater	500,000
Lighting and enhancements in neighborhood parks	150,000
Rehab local alleys	25,000
Create pedestrian plaza along Edgewater	500,000
Acquire land and construct new parks within district.	200,000
Assist in relocating T-Ball facility.	25,000
Support and enhancement of Old City Hall.	100,000
Provide a visual and sound buffer between the Greenway and Highway 22.	100,000
Acquire land south of Edgewater Road to expand Greenway.	200,000
Sub-total	\$1,800,000

⁶ Derived from Portland Road Improvement Cost Estimates, City of Salem, 2001

Commercial Revitalization/Business Retention-Recruitment	
Commercial building rehab. Assistance	1,000,000
Business assistance and support/ management/ marketing and promotion assistance	200,000
Old Elementary School Rehab/Redevelopment	
Acquisition	1,000,000
Infrastructure investments	50,000
Other assistance	50,000
Housing Rehabilitation Assistance	
Housing rehabilitation assistance	
Infill and redevelopment assistance	500,000
Provide and Improve Parking in the Edgewater/Second Corridor	
Land Acquisition	220,000
Parking Lot Improvements	220,000
Land Acquisition to re-sale for private development.	1,250,000
Parking Management Program for Joint-Use Parking Facilities.	200,000
Sub-total	\$4,690,000
Administration	2,700,000
Other	
Sub-total	\$2,700,000
Total Costs	\$20,542,000

Note - All activities are shown in estimated 2001 costs. For purposes of estimating the maximum indebtedness of the plan, the annual remaining balance of capital costs is inflated at 3.25% during the life of the plan. On this basis, the maximum indebtedness of the plan is calculated at \$31,000,000.

Projects will be initiated as soon as funding becomes available. Projects may be carried out in phases, depending on availability of funds.

500B. ANTICIPATED START & FINISH DATES OF PROJECT ACTIVITIES

The project activities shown in Table 4 will begin in 2002-03, and it is estimated that all activities proposed in this plan will be completed and project indebtedness paid off by 2029-30. At that time, it is estimated that there will be sufficient funds to complete all programmed project activities, retire outstanding bonded indebtedness, and end the projects' tax increment financing provisions.

The actual sequencing and prioritization of individual project activities will be done by the Urban Renewal Agency and any citizen advisory bodies that the Agency calls upon to assist in this process. The priority of projects and annual funding will be as established in the annual budget and capital improvement program (CIP) process. It is anticipated that a five-year Implementation Strategy will also be prepared and utilized to help guide decisions on initial priorities and funding. Completion dates for individual activities may be effected by changes to local economic and market conditions, changes in the availability of tax increment funds, and changes in priorities for carrying out project activities.

500C. ESTIMATED EXPENDITURES AND YEAR OF DEBT RETIREMENT

It is estimated that the project will collect tax increment revenue between the years 2002-2003 and

2029-30. It is estimated that the project will produce \$35.9 million in tax increment receipts in that period. These funds, along with other revenues, will be utilized to finance project activities and pay all debt service costs associated with undertaking these project activities.

It is anticipated that available project revenues and funds accumulated in a special fund for debt redemption will be sufficient to retire outstanding bonded indebtedness in the year 2029-30 and terminate the tax increment financing provisions of the project. After all project debt is retired, and the project closed out, it is estimated that there will be surplus tax increment funds. These funds will be distributed to taxing bodies affected by this plan, as provided in ORS 457.

Table 6 of this Report shows the anticipated tax increment receipts for each year of the project, and the use of those receipts. A comparison of Table 6 with Table 7 shows that the foregone revenue to taxing jurisdictions is less than the estimated tax increment collection. This is a result of including the full Measure 50 tax rate, including the rate for new bond issuance, in the tax increment estimate. The estimate of foregone tax revenue includes only the governmental portion of the tax rate and does not include the rate for bonds. Therefore, the foregone revenue to taxing districts will be less than the estimated tax increment collection.

WEST SALEM URBAN RENEWAL PLAN

TABLE 6

RESOURCES AND REQUIREMENTS - P1

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
RESOURCES														
Beginning Balance	\$0	\$4,286	\$10,257	\$14,269	\$17,546	\$33,793	\$28,998	\$76,614	\$28,509	\$31,983	\$17,113	\$22,975	\$29,359	\$40,298
Tax Increment Revenue	\$87,966	\$133,772	\$180,837	\$229,197	\$371,880	\$466,684	\$538,237	\$638,865	\$716,444	\$796,739	\$891,716	\$990,493	\$1,093,220	\$1,200,057
Delinquency at 3% average	(\$2,639)	(\$4,013)	(\$5,425)	(\$6,876)	(\$11,156)	(\$14,001)	(\$16,147)	(\$19,166)	(\$21,493)	(\$23,902)	(\$26,751)	(\$29,715)	(\$32,797)	(\$36,002)
Proceeds of Borrowings	\$0	\$550,000	\$0	\$0	\$1,618,000	\$0	\$0	\$3,125,000	\$0	\$0	\$2,022,000	\$0	\$0	\$0
Investment Earnings at 4.5%	\$3,958	\$6,213	\$8,599	\$10,956	\$17,524	\$22,521	\$25,526	\$32,197	\$33,523	\$37,292	\$40,897	\$45,606	\$50,516	\$55,816
Total Resources	\$89,286	\$690,257	\$194,269	\$247,546	\$2,013,793	\$508,998	\$576,614	\$3,853,509	\$756,983	\$842,113	\$2,944,975	\$1,029,359	\$1,140,298	\$1,260,169
REQUIREMENTS														
Outlays to Project Activities	\$85,000	\$550,000	\$50,000	\$100,000	\$1,750,000	\$150,000	\$300,000	\$3,200,000	\$100,000	\$200,000	\$2,022,000	\$100,000	\$200,000	\$300,000
Total project costs funded in year	\$85,000	\$550,000	\$50,000	\$100,000	\$1,650,000	\$150,000	\$300,000	\$3,200,000	\$100,000	\$200,000	\$2,022,000	\$100,000	\$200,000	\$300,000
Debt Service - borrowing A - 5 yrs @6.25%	\$0	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - borrowing B - 10 yrs @6.25%	\$0	\$0	\$0	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Debt Service - borrowing C - 10 yrs @6.25%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000	\$425,000
Debt Service - borrowing D - 10 yrs @6.25%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$275,000	\$275,000	\$275,000	\$275,000
Debt Service - borrowing E - 15 yrs @6.25%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - borrowing F - 15 yrs @6.25%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - borrowing G - 5 yrs @6.25%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Outlays	\$85,000	\$680,000	\$180,000	\$230,000	\$1,980,000	\$480,000	\$500,000	\$3,825,000	\$725,000	\$825,000	\$2,922,000	\$1,000,000	\$1,100,000	\$1,200,000
Total Resources	\$89,286	\$690,257	\$194,269	\$247,546	\$2,013,793	\$508,998	\$576,614	\$3,853,509	\$756,983	\$842,113	\$2,944,975	\$1,029,359	\$1,140,298	\$1,260,169
Ending Balance	\$4,286	\$10,257	\$14,269	\$17,546	\$33,793	\$28,998	\$76,614	\$28,509	\$31,983	\$17,113	\$22,975	\$29,359	\$40,298	\$60,169

**WEST SALEM URBAN RENEWAL PLAN
TABLE 6
RESOURCES AND REQUIREMENTS - P2**

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
RESOURCES														
Beginning Balance	\$60,169	\$173,711	\$59,651	\$37,436	\$116,081	\$30,197	\$77,658	\$44,954	\$59,185	\$28,398	\$56,743	\$53,300	\$1,723,318	\$3,649,047
Tax Increment Revenue	\$1,311,167	\$1,426,721	\$1,546,898	\$1,671,882	\$1,801,865	\$1,937,047	\$2,077,637	\$2,223,850	\$2,375,912	\$2,534,056	\$2,698,526	\$2,869,575	\$3,047,465	\$3,232,472
Delinquency at 3% average	(\$39,335)	(\$42,802)	(\$46,407)	(\$50,156)	(\$54,056)	(\$58,111)	(\$62,329)	(\$66,715)	(\$71,277)	(\$76,022)	(\$80,956)	(\$86,087)	(\$91,424)	(\$96,974)
Proceeds of Borrowings	\$5,200,000	\$0	\$0	\$7,800,000	\$0	\$0	\$4,000,000	\$0	\$0	\$0	\$0	\$1	\$2	\$2
Investment Earnings at 4.5%	\$61,710	\$72,019	\$72,295	\$76,919	\$86,308	\$88,526	\$96,988	\$102,096	\$109,579	\$115,310	\$123,987	\$131,529	\$214,685	\$309,668
Total Resources	\$6,593,711	\$1,629,651	\$1,632,436	\$9,536,081	\$1,950,197	\$1,997,658	\$6,189,954	\$2,304,185	\$2,473,398	\$2,601,743	\$2,798,300	\$2,968,318	\$4,894,047	\$7,094,215
REQUIREMENTS														
Outlays to Project Activities	\$5,200,000	\$350,000	\$375,000	\$7,900,000	\$400,000	\$400,000	\$4,000,000	\$100,000	\$300,000	\$400,000	\$600,000	\$0	\$0	\$0
Total project costs funded in year	\$5,200,000	\$350,000	\$375,000	\$7,900,000	\$400,000	\$400,000	\$4,000,000	\$100,000	\$300,000	\$400,000	\$600,000	\$0	\$0	\$0
Debt Service - borrowing A - 5 yrs @6.25%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - borrowing B - 10 yrs @6.25%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - borrowing C - 10 yrs @6.25%	\$425,000	\$425,000	\$425,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - borrowing D - 10 yrs @6.25%	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - borrowing E - 15 yrs @6.25%	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000
Debt Service - borrowing F - 15 yrs @6.25%	\$0	\$0	\$0	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000
Debt Service - borrowing G - 5 yrs @6.25%	\$0	\$0	\$0	\$0	\$0	\$0	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$0	\$0	\$0
Total Outlays	\$6,420,000	\$1,570,000	\$1,595,000	\$9,420,000	\$1,920,000	\$1,920,000	\$6,145,000	\$2,245,000	\$2,445,000	\$2,545,000	\$2,745,000	\$1,245,000	\$1,245,000	\$1,245,000
Total Resources	\$6,593,711	\$1,629,651	\$1,632,436	\$9,536,081	\$1,950,197	\$1,997,658	\$6,189,954	\$2,304,185	\$2,473,398	\$2,601,743	\$2,798,300	\$2,968,318	\$4,894,047	\$7,094,215
Ending Balance	\$173,711	\$59,651	\$37,436	\$116,081	\$30,197	\$77,658	\$44,954	\$59,185	\$28,398	\$56,743	\$53,300	\$1,723,318	\$3,649,047	\$5,849,215

500D. IMPACT OF TAX INCREMENT FINANCING

The passage of Ballot Measure 50 has changed Oregon's property tax system and the impacts of urban renewal on taxpayers and other taxing bodies. Prior to BM50, collection of tax increment revenues for a renewal agency resulted in an increase in the taxpayer's property tax rate. Taxing bodies suffered no revenue losses unless there was overall compression of property tax revenues.

Under Ballot Measure 50, collection of tax increment revenue can impact the potential property tax revenues received by overlapping tax bodies. These taxing bodies will not be able to apply their permanent BM50 tax rates against the new values added within the urban renewal area. As a result, the taxing bodies will forego revenue they otherwise might have had if there was no renewal plan in effect. In addition, the presence of the urban renewal program could impact the tax rates for future local option levies or exempt bond issues by taxing bodies, for the tax rates for these bonds and levies will be calculated without the incremental values within the urban renewal area.

Table 7 shows the anticipated cumulative incremental values in the Renewal Area over the life of the Plan and the anticipated property tax revenues foregone as a result of taxing bodies not being able to apply their permanent BM50 tax rates to those values. Table 7 actually presents an absolute worst case picture of revenue foregone, for it assumes that all the new values in the West Salem Urban Renewal Area would occur, even without the investment of urban renewal funds. In fact, however, it is probably more realistic to assume that the public expenditures on renewal activities will have some effect on the growth of values within the urban renewal area. This assumption is especially valid in an area where there has been little value growth or private investment in the recent past. The assumption that little growth will occur without renewal seems valid in this project.

Note on Impact on Schools

Under the current method of funding K-12 level education, the urban renewal program will not result in revenue losses for those educational units of government.

When the project is completed, an estimated \$182 million in assessed values will be placed back on the tax roll. In the following year, property tax revenues generated by those values are estimated to be approximately \$3.4 million. Given a 3% inflation of values, the revenues foregone by the overlapping taxing bodies will be repaid in a period of eight years after the project is completed.

WEST SALEM URBAN RENEWAL AREA

TABLE 7

TAXES FOREGONE BY AFFECTED TAXING BODIES

Year	Cumulative New Incremental Values in area	County tax	City Tax Rate	Transit Tax	Reg Library	SD 24J	Chemketa CC	ESD
		rate \$1.716	\$5.83	Rate \$0.76	\$0.08	\$4.52	\$0.63	\$0.28
		PolkCounty tax	Salemtaxes	Transit Dist tax	Reg Library	SD 24J tax	Chem CC tax	ESD tax
		foregone on new values	foregone on new values	foregone on new values	foregone on new values	foregone on new values	foregone on new values	foregone on new values
2002-03	\$4,966,201	\$8,522	\$28,960	\$3,779	\$406	\$22,452	\$3,108	\$1,385
2003-04	\$7,552,192	\$12,960	\$44,041	\$5,746	\$618	\$34,143	\$4,727	\$2,106
2004-05	\$10,209,298	\$17,519	\$59,536	\$7,768	\$835	\$46,156	\$6,390	\$2,846
2005-06	\$12,939,475	\$22,204	\$75,457	\$9,846	\$1,058	\$58,499	\$8,099	\$3,608
2006-07	\$20,994,731	\$36,027	\$122,431	\$15,975	\$1,717	\$94,917	\$13,141	\$5,853
2007-08	\$26,346,991	\$45,211	\$153,642	\$20,047	\$2,155	\$119,115	\$16,491	\$7,346
2008-09	\$30,386,580	\$52,143	\$177,199	\$23,121	\$2,486	\$137,378	\$19,019	\$8,472
2009-10	\$36,067,555	\$61,892	\$210,328	\$27,444	\$2,950	\$163,061	\$22,575	\$10,056
2010-11	\$40,447,364	\$69,408	\$235,869	\$30,776	\$3,309	\$182,863	\$25,316	\$11,277
2011-12	\$44,980,467	\$77,186	\$262,304	\$34,226	\$3,679	\$203,357	\$28,153	\$12,541
2012-13	\$50,342,479	\$86,388	\$293,572	\$38,306	\$4,118	\$227,598	\$31,509	\$14,035
2013-14	\$55,918,972	\$95,957	\$326,091	\$42,549	\$4,574	\$252,810	\$35,000	\$15,590
2014-15	\$61,718,525	\$105,909	\$359,912	\$46,962	\$5,049	\$279,029	\$38,630	\$17,207
2015-16	\$67,750,060	\$116,259	\$395,084	\$51,551	\$5,542	\$306,298	\$42,405	\$18,889
2016-17	\$74,022,856	\$127,023	\$431,664	\$56,324	\$6,055	\$334,657	\$46,331	\$20,638
2017-18	\$80,546,565	\$138,218	\$469,707	\$61,288	\$6,589	\$364,151	\$50,414	\$22,456
2018-19	\$87,331,221	\$149,860	\$509,272	\$66,450	\$7,144	\$394,824	\$54,661	\$24,348
2019-20	\$94,387,264	\$161,969	\$550,419	\$71,819	\$7,721	\$426,725	\$59,077	\$26,315
2020-21	\$101,725,548	\$174,561	\$593,213	\$77,403	\$8,321	\$459,901	\$63,670	\$28,361
2021-22	\$109,357,364	\$187,657	\$637,717	\$83,210	\$8,945	\$494,405	\$68,447	\$30,489
2022-23	\$117,294,452	\$201,277	\$684,003	\$89,249	\$9,595	\$530,288	\$73,415	\$32,702
2023-24	\$125,549,024	\$215,442	\$732,139	\$95,530	\$10,270	\$567,607	\$78,581	\$35,003
2024-25	\$134,133,779	\$230,174	\$782,201	\$102,062	\$10,972	\$606,419	\$83,954	\$37,396
2025-26	\$143,061,924	\$245,494	\$834,266	\$108,856	\$11,702	\$646,783	\$89,542	\$39,886
2026-27	\$152,347,195	\$261,428	\$888,413	\$115,921	\$12,462	\$688,762	\$95,354	\$42,474
2027-28	\$162,003,877	\$277,999	\$944,726	\$123,269	\$13,252	\$732,420	\$101,398	\$45,167
2028-29	\$172,046,826	\$295,232	\$1,003,291	\$130,910	\$14,073	\$777,824	\$107,684	\$47,967
2029-30	\$182,491,493	\$313,155	\$1,064,199	\$138,858	\$14,928	\$825,044	\$114,221	\$50,879
TOTALS		\$3,787,075	\$12,869,656	\$1,679,246	\$180,526	\$9,977,487	\$1,381,311	\$615,289

500F. FINANCIAL FEASIBILITY OF PLAN

Table 5 in Section 500 of the Report to the Plan show the estimated costs of project activities at approximately \$20.5 million in year 2001 dollars. The principal source of revenue to carry out project activities will be issuance of debt repaid with annual tax increment revenues of the Renewal Agency. Anticipated tax increment revenues are shown in Table 6. The tax increment revenues shown in Table 6 are based on the following assumptions:

1. It is assumed that approximately \$8 million in new assessed values will appear in the renewal area during the period 2003 to 2007. Those values are expected to result from investments in new equipment by industrial users in the renewal area. No other new values could be identified with any certainty at the time.
2. It is assumed there will be increased assessed value growth in the urban renewal area as the project matures and urban renewal and Capital Improvement Program activities within the urban renewal area provide a better investment environment. It is assumed that overall values will increase 2.75% in the first five years of the project period, then at 3.5% for the next five years, and at 4.0% for the duration of the plan.
3. The revenues shown on Table 6 are expected to be sufficient to carry out all project activities currently shown in the Urban Renewal Plan and to retire project indebtedness with a 28-year period. It is financially feasible to carry out the Urban Renewal Plan for the West Salem Urban Renewal Area.

600. RELOCATION

A. PROPERTIES REQUIRING RELOCATION

No relocation is anticipated at the adoption of this plan.

B. RELOCATION METHODS

If in the implementation of this Plan persons or businesses should be displaced by action of the Agency, the Agency shall provide assistance to such persons or businesses to be displaced. Such displacees will be contacted to determine their individual relocation needs. They will be provided information on available space and will be given assistance in moving. All relocation activities will be undertaken and payments made in accordance with the requirements of ORS 281.045 - 281.105 and any other applicable laws or regulations. Relocation payments will be made as provided in ORS 281.060.

C. HOUSING COST ENUMERATION

The Renewal Plan will remove no existing housing units. Project activities include rehabilitation and redevelopment assistance for development of housing in the urban renewal area. It is expected that rental and price ranges of new housing developed in the urban renewal area will be consistent with the current income levels of the Renewal Area population. New housing therefore

is expected to be priced for moderate income households. No estimate of number of new units is possible at this time.