The purpose of urban renewal is to invest in key locations and opportunity sites and improve specific, designated geographic areas of a city. Urban renewal is a transformative tool, providing a dedicated source of funding and a specialized financing mechanism for construction of an agreed upon set of public infrastructure and financing activities in those designated areas to spur redevelopment where it might not otherwise occur without public investment.

In Salem, urban renewal investments in public infrastructure (water, sewer, roads); parks, trail connections and restoration of natural areas (Riverfront Park); and public-private partnerships have opened blighted areas to private investment, increased employment and enhanced the economic prosperity of the community.

Urban Renewal In Oregon. Urban renewal agencies are authorized by State statute (ORS 457.010 et seq.), must be activated by a municipality, and may be governed by a housing authority, a board or commission appointed by the city, or by the city council.

Urban renewal agencies do not provide general government services, but may make or carry out urban renewal plans which may include the following activities in support of projects in the plan:

- Acquisition of real property;
- Assistance in relocation of displaced persons;
- Installation, construction, or reconstruction of streets and utilities; and
- Repair, rehabilitation, or demolition of buildings.

Urban Renewal In Salem. In Salem, the Urban Renewal Agency Board is constituted by the Mayor and City Council, with the Mayor acting as Chair. The City Manager serves as the Executive Director of the Urban Renewal Agency (Agency). Urban Development staff support to the urban renewal program is provided through an intergovernmental agreement with the City of Salem.

The Urban Renewal Agency of the City of Salem is a separate municipal corporation responsible for administering and implementing the urban renewal plans in Salem's seven urban renewal areas:

- McGilchrist
- Mill Creek Industrial Park
- North Gateway
- Fairview
- South Waterfront
- Riverfront Downtown
- West Salem

Financing Urban Renewal Activities. Urban renewal activities are funded through tax increment financing. This mechanism relies on the increment of taxes resulting from increased property values during the life of the urban renewal area. Taxing districts continue to collect revenues at a capped level set when the area is formed, until the area closes, at which point the original formula for distribution resumes.

When urban renewal is successful, property values in the area increase. The assessed valuation of all the properties is added back into the tax rolls and taxing districts get additional tax revenues that would not have been generated without the urban renewal activity.

Prioritizing Activities in a Plan. To collect tax increment, the Agency must have debt. Revenues are used to fund projects and pay off the debt. In Salem, the Agency tracks funding priorities through a 10-Year Spending Plan which shows expected project cost in relationship to projections for tax increment revenue for each area over a ten year period. These priorities are
forwarded to the Agency with a recommendation by the respective advisory boards of the Riverfront Downtown, North Gateway, and West Salem urban renewal areas. Funding priorities for the other urban renewal areas are confirmed by the Agency.

**Setting Into Place a New Urban Renewal Area.** To undertake urban renewal activity, the Agency must have a plan for the area. The Plan must describe the proposed activities and projects, the relationship to local objectives, planned land uses, processes for property acquisition and land disposition, financing methods and maximum bonded indebtedness allowed under the Plan, and procedures for amendment.

Projects typically funded include public infrastructure improvements and amenities to facilitate redevelopment, grants or loans to business or property owners for rehabilitation or redevelopment projects, and disposition of Agency-owned property for redevelopment.

The Plan is accompanied by a technical report characterizing existing physical and economic conditions, justification for the proposed area, relationship between existing conditions and the proposed projects in the Plan, financial analysis of the Plan, and the potential impacts to taxing districts.

Notification procedures for creating an urban renewal area are articulated in statute and require citywide notice, consultation with potentially affected taxing districts and neighborhood associations, as well as public hearings by the Planning Commission and City Council.

Areas are enacted following the City Council public hearing and approval of an ordinance establishing the area and necessary findings.

**Changing an Urban Renewal Plan.** Plans can be amended over time to reflect changing priorities of a community. The method for amending a plan is set out in statute, may be further defined by the urban renewal plan for a specific area, and differs based on the scope of the amendment being offered.

Generally speaking, however, addition of a goal, objective, or project is considered to be a major amendment to the plan and requires significant community outreach. Minor amendments to plans can generally be accomplished by resolution of the Agency.

Increasing the maximum indebtedness or adding land to the urban renewal area are considered to be substantial amendments under statute and require similar notification and approval procedures as the creation of a new area.

**Closing Out Urban Renewal Areas.** When the Agency is no longer in debt and the activities under the plan have been completed (or a decision is made to cease activities), the area may be closed. At that time, any remaining agency assets are transferred to the city and the tax increment is distributed among the taxing districts.