
Urban Renewal Agency

of the City of Coos Bay, Oregon



Annual Urban Renewal Report
Fiscal Year Ended June 30, 2019

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Introduction

As required by ORS 457.460, an urban renewal agency must prepare a statement for the governing body and citizens. This statement, or report, must include a financial recap of the preceding year, the budget for the current fiscal year, and an analysis of the impact of carrying out the urban renewal plan on each of the overlapping governmental units within the urban renewal area.

The following report is meant to meet that requirement, as well as, expand upon the minimum requirement and provide the reader more detailed information about the Urban Renewal Agency of the City of Coos Bay and its activities.

Urban Renewal Concept

Tax increment financing is used in areas where private development has stagnated or is not feasible without public sector investment and partnership. Public investment through urban renewal is one way to change those conditions. The types of urban renewal activities undertaken generally include land assembly and development of infrastructure and public amenities, as well as façade improvement grants. As the result of publicly funded efforts, investment becomes feasible for private developers. Developments consistent with the City’s urban renewal plan then gain forward momentum and stagnated areas become renewed.

Tax Increment Financing

Urban renewal, as a mechanism to jump-start area growth and improvement, starts with a freeze of the assessed value within the designated urban renewal area at a point in time. As the improvements and growth happen, the assessed property values within the urban renewal area increase above that frozen base, creating “incremental revenue” which is distributed to the urban renewal agency. Urban renewal agency’s use debt to fund the improvement projects as part of their plan. This debt, either through standard bank/financing options or through Du Jour financing (a short “daily” internal loan), is then repaid from the incremental revenue. As the urban renewal agency sunsets, this incremental value is then distributed, along with the frozen base revenue to the over-lapping government units.

Urban renewal agencies do not create an additional tax. Instead, during the Agency’s lifespan, overlapping taxing districts “forego” a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The School District and Education Service District are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

Urban Renewal Area Background

The City of Coos Bay established the Downtown Urban Renewal District in 1988 and the Empire Urban Renewal District in 1995. The Coos Bay Urban Renewal Agency Board (Agency) is comprised of the City Council; and through annual goal setting and the budget process, it is determined what projects will be funded. Urban renewal funds benefit Coos Bay through the projects and programs that play a major role in revitalizing and curing blight within the urban renewal areas.

Urban Renewal Districts

Downtown District

The Downtown Urban Renewal District (Downtown District) consists of 1,298.3 acres. The Downtown District (as shown below) begins at the north city limits, and runs between the navigation channel and Highway 101 south and southeast toward the City's core area. The Downtown District's boundaries proceed south until they come nearly in line with the industrial property located in Eastside. The eastern boundary then turns east to include the industrial-commercial lands in the Eastside area. The westerly boundary proceeds west to include the downtown core area which was a part of the first Urban Renewal Plan, and includes several blocks of transportation corridor immediately west of the core area. The eastern and western urban renewal area boundaries begin to come together in the southern portion of the City, and extend to the south city limits along Coalbank Slough.

The Downtown Urban Renewal Plan classifies potential urban renewal projects in three general, broad categories: Waterfront Development, Core Area Revitalization (Downtown), and Streets and Infrastructure. The objective of the proposed projects is to encourage public/private investment, eliminate existing blight, and respond to the business needs of the community. The Agency began formulating a revised Downtown Urban Renewal Plan during the FY15/16. The Plan update was completed in October of 2017.

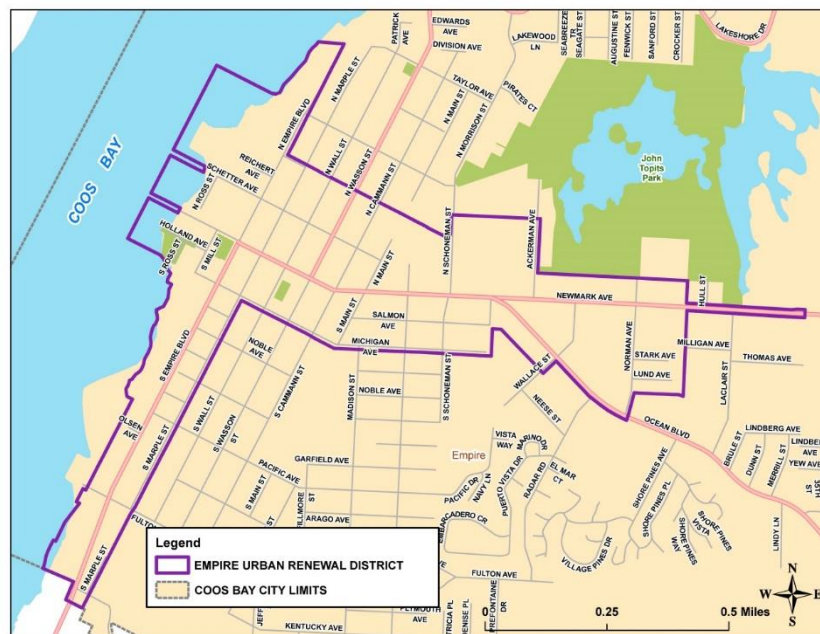


Empire District

The Empire Urban Renewal District (Empire District) consists of 273.41 acres. The Empire District (as shown below) borders the Empire Bayfront parcels adjacent to Empire Boulevard from Wisconsin Avenue north to the shoreline. At the intersection of Empire Boulevard and Newmark Avenue, east on either side of Newmark Avenue to the intersection with Ocean Boulevard, east to the property line between Norman Avenue and LaClair Street.

The objectives of the Empire Urban Renewal Plan (Empire Plan) are to improve the function, condition, and appearance of the urban renewal area, and eliminate existing blight. Project categories for the Empire Plan are: Waterfront Development, Empire Boulevard and Bayfront Improvements, and Improve Primary Commercial Area.

The Empire Plan was updated October 16, 2018 after consideration of the need to complete street construction in the Area. Acknowledging that there are few other funding tools for those improvements, the Agency determined an increase to the maximum indebtedness to allow for additional funds for street improvements was warranted. This allows for urban renewal funds to be used to construct streets in this neighborhood, and therefore allows funds that might have been otherwise used in this Area to be used in the remainder of the city where there is not an urban renewal area. The maximum indebtedness was increased to \$18,890,011.



Prominent Downtown District Projects

Coos Bay Downtown Association

The Coos Bay Downtown Association (CBDA) is an independent, non-profit organization which is part of the national Main Street Program, which leverages community assets to generate investment, create jobs, and foster the rehabilitation of downtown areas and Main Streets. As part of this program, CBDA is supported by a Board of Directors, Main Street Manager, and four Committees: Promotions, Organization, Design, and Economic Development. CBDA works closely with its members, downtown businesses, and local organizations to strengthen existing business, to expand opportunities for new businesses, and to plan events and activities that improve the quality of life in downtown Coos Bay.

The Downtown District provides a \$35,000 annual payment to the CBDA to assist with funding for work related to the Main Street Program. Under this program, the CBDA successfully organizes and operates procurement of flower baskets for downtown corridor, Downtown Farmer’s Market, Maritime Legacy

Days, Blackberry Arts Festival, Fun Festival, Shop Small Saturday, Truck-or-Treat Halloween events/promotion, kickoff of the Holly Jolly Christmas season, and the Music on the Corner events.

Housing shortage focus, underdeveloped options

With one of the Downtown District’s goals to “encourage residential development on second floors and mixed use development within the area”, the Agency hopes to stimulate property owner’s interest to rethink use of their buildings, especially those underutilized and/or underdeveloped, and create living spaces. One property owner approached the Agency with plans to renovate a historic downtown building, locally known as the National Bank building and requested a short term loan to fund a portion of renovations of the second floor to create 11 apartments. In March 2019 the Agency approved the short term loan of \$200,000, guaranteed by 201 Central LLC, with a 24-month term at 5% interest, quarterly interest only payments of \$2,500, and no prepayment penalty.



A Focus on the Waterfront - Coos Bay Village

This project is located along the North Bayshore Drive waterfront, locally known as the Central Dock property, between Ivy Street and the Coos History Museum. The project will be comprised of multiple retail, restaurant and office buildings, pedestrian plazas, public boardwalk, off-street parking, landscaping, installation of a lighted intersection at Hemlock Avenue and related infrastructure.

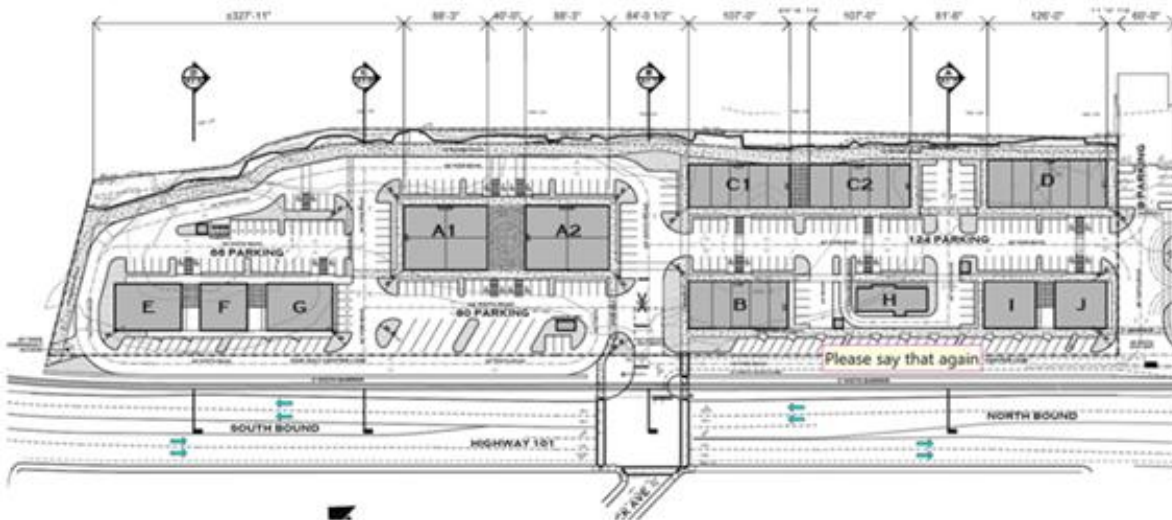
The Agency has agreed to provide financial support of up to \$1,600,000 towards the installation of the traffic signals and railroad crossing safety improvements at the Hemlock Avenue and North Bayshore Drive intersection.

Construction on the southern half of the property is scheduled to begin in early 2020.

An aerial shot of the Central Dock property is shown below prior to commencement of work.



The plans are representative of the community's goals for the waterfront area noted in the 2017 Front Street Action Plan and other City waterfront visioning documents in years past. The developers have shared their excitement to clean up this portion of the Coos Bay waterfront. He indicated demolition over a portion of the property had already commenced and construction would start within the current year. The projects will be phased and several of the renderings are shown below.



Rendering view from the waterfront side.



Rendering view of buildings H, I & J from parking lot.



Revitalization of core business district – Front Street

As part of the Front Street Master Plan, the Agency has begun efforts to bring new life to a core business district with the Coos Bay Village development. A continuation of that energy proceeds into Front Street and can be seen through façade grants awarded in previous years to a businesses on Front Street. As this revitalization occurs, an obstacle to its continuation arose, how to accommodate additional traffic and provide necessary places for parking. To overcome this challenge, the Agency has been working on the acquisition of a property on Front Street which had been left to disrepair. The warehouse property had also been used for equipment storage, resulting in soil seepage of environmental hazards. During the acquisition process, which will result in remediation efforts once acquired, the Agency applied for and was awarded a, Oregon Business Development Department Borwnfields Redevelopment Fund grant to assist in the preparation of a Prospective Purchaser Agreement (PPA), a Department of Environmental Quality required element for the transition of a property requiring environmental cleanup. The Agency was awarded \$60,000 grant to complete work necessary to obtain the PPA. Once the property has been acquired, and appropriate remediation complete, the Agency will transform the property into a green parking lot.

The following picture shows the property as it currently stands, awaiting transfer of ownership.



The aerial shot below shows the planned parking lot.



Prominent Empire District Projects

A substantial plan amendment was done during fiscal year 2018-19 for the Empire Urban Renewal District (Empire District). The substantial plan amendment increased current maximum indebtedness of \$12,550,011 by \$6,340,000, for total of \$18,890,011.

Housing shortage challenge, answered by Incentivized Private Investment

As with many communities throughout Oregon, and the nation, the City of Coos Bay is experiencing a housing shortage. Several options have been contemplated as ways to combat this challenge, with one being focused on within the Empire District. A vacant lot owned by the City was envisioned as a possible location for a multi-family housing development. The Agency board issued a request for proposals from the private and non-profit sectors, for development of the lot while incentivizing the project with ownership of the lot upon completion of the project. The proposal provided for requirements of development and a timeframe. Two proposals were received, one from Oregon Coast Community Action and one from Tahoe Pacific Capital, LLC. After review, the Agency moved forward with exclusive negotiations with Tahoe Pacific Capital, LLC for the development of multi-family apartment complex. The complex will include eight units, each three bedroom, two bath and single car garage. The design concept, as shown below, will bring a nice refresh to the Empire District with the hope excite more housing developments. The project is currently in the design and permitting process.



The Hollering Place

For the past several years, the Agency has been working with the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians (Tribe) to develop the property known as the Hollering Place. In March of 2018, Agency entered into a development agreement with the Tribe for the development of the property.

Located at the junction of Newmark and Cape Arago Highway at the end of the Empire District, the Hollering Place Cultural/Visitor Center is anticipated within the next five years. Along with the cultural center, the tribe also has plans for retail shops, a possible restaurant, and lodging area for visitors. The Tribe has a rich history surrounding this development area, known as the Hollering Place. It was a very large village site centuries ago.

A sea wall to reinforce the existing shore line was the first priority of the Tribe and Agency. With completion of the sea wall, the Agency transferred the upper bluff property deed over to the Tribe on June 20, 2019. Next steps include the lower areas of the property, with the visitors' center being the first anticipated building. As plans develop, the Tribe and the city hope that the community will become involved in the process.

NW Arial View



Restaurant & Vacation Cabins from the South West



Commercial/Residential Buildings North



Façade Grant Projects

The Façade Improvement Program is a grant program designed to provide financial assistance to property owners and tenants of commercial properties and to promote revitalization of Coos Bay’s urban renewal districts. Matching grants are typically awarded up to 50% of the project cost from a minimum of \$1,000 to maximum of \$25,000. During the fiscal year ended 2019, the following façade grant projects were completed:

Downtown Urban Renewal District

Building: Commercial Building/Warehouse

Address: 190 Johnson Avenue

URA Funds: \$25,000

Value of Improvements: \$300,000

Façade Grant Awarded: November 20, 2018

Project Completed: To be completed fiscal year 2020-21

Description: The vacant property was developed with a single-story structure constructed in 1949. The structure was elevated several feet above street grade, and had loading ramps that were originally used for hauling goods up and down and to and from the main raised warehouse floor. The property owners received land use approval of site plan review on April 10, 2018 to completely remodel the interior and make exterior improvements to the structure. The exterior improvements included replacing one loading door with large pane windows, adding three additional panel windows, replacing the main entry door with a glass door within another set of panel windows, and providing ADA access to the structure including a sidewalk and a concrete ramp. They also plan to create off-street parking with much needed landscaping.

Before



After



Building: Commercial Building/Warehouse

Address: 737 N. Front Street

URA Funds: \$4,210

Value of Improvements: \$8,420

Façade Grant Awarded: April 16, 2019

Project Completed: To be completed fiscal year 2020-21

Description: With continued investment in our waterfront heritage, the owner of 737 North Front Street requested additional façade grant funds to finish window installation on the upper section of the building. In late 2016, Heidi Sause purchased the commercial building located at 737 N. Front Street in downtown Coos Bay; a partial two-story structure built in 1940. Over the years the structure had a variety of uses. City Hall files indicate in the 1950's, the structure was used as "Pat's Distributing." In later years, the building was used as a roller rink, soda bottling plant, produce distribution, Mayflower storage, Veterans Affairs meeting hall, and a mill blade sharpening shop. In more recent years, uses included retail sales of imports and books (1999-2001), saw sales/repair (1999-2000), a Saturday Market (2002-2003,) and Morrison Studios (metal fabrication). In early 2017, Sause approached the Coos Bay URA with plans to renovate the exterior façade of the building. Phase 1 of the project focused on rehabbing the east and south facing exterior walls with the goal of ensuring the original character which celebrated the “belonging and working history” of our waterfront heritage. Phase 2 of the project focused on the rehab of the north and west facing exterior walls. This additional windows replacement adds an additional touch reaching back to historic appeal.

Upper windows installation

Before



After



Empire Urban Renewal Area

No façade grant projects were awarded or completed in the Empire District during fiscal year ended 2019.

Financial Reporting

Table 1 – District Assessed Values (below) shows the current value, frozen value and excess value of each district and shows the increased valuation of each district since inception, with both districts more than doubling their areas assessed value over the original frozen value.

Urban Renewal Area	Current Value	Frozen Value	Excess Value
Downtown	111,971,210	50,671,009	61,300,201
Empire	75,803,833	23,772,166	52,031,667
Total	187,775,043	74,443,175	113,331,868

Source: Coos County Assessor, Table 4e, 2018/19 Summary Assessment & Tax Roll

Table 2 – Impact on Over-lapping Taxing Districts (below) shows the amount of property tax revenue foregone by the overlapping taxing districts, as these revenues are considered urban renewal area revenues.

Taxing Jurisdiction	Impact-Downtown	Impact-Empire	Total Impact
Coos County 4H/Extension	5,400	4,536	9,936
Coos County Library Services	44,602	37,799	82,401
Coos County	66,093	56,050	122,143
City of Coos Bay	389,541	330,683	720,224
South Coast ESD	27,107	23,003	50,110
Coos Bay School District #9	277,117	235,215	512,332
SW Oregon Community College	42,874	36,395	79,269
Port of Coos Bay	37,367	31,751	69,118
Coos County Airport	14,687	12,420	27,107
Total	904,788	767,852	1,672,640

Source: Coos County Assessor, Table 4e, 2018/19 Summary Assessment & Tax Roll

Table 3 – Money Received and Money Expended (below) shows the amount of revenue received by each district and the expenditures paid by each district.

Category	Downtown	Empire	Total
Revenues			
Division of Taxes	1,203,262	764,709	1,967,971
Interest on Investments	61,856	44,229	106,085
Seismic Project Loan - City of Coos Bay	62,400	-	62,400
Grants	47,979	-	47,979
Debt Proceeds	1,414,880	618,084	2,032,964
Gain on Sale of Capital Asset	99,000	-	99,000
Miscellaneous	16,442	-	16,442
Total	2,905,819	1,427,022	4,332,841
Expenditures			
Materials & Services	451,440	308,388	759,828
Capital Outlay	322,860	35,249	358,109
Debt Service	808,566	742,055	1,550,621
Total	1,582,866	1,085,692	2,668,558

Source: Urban Renewal Agency Audited Financial Statements FY 2018-2019

Table 4 – Proposed Budget for FYE 2019-20 (below) shows the current fiscal year budget for each district, including estimated tax revenues to be received by each district.

DOWNTOWN DISTRICT	Special Revenue Fund	Capital Projects Fund	Program Fund	Bond Fund	Bond Reserve Fund	Total
Resources						
Beginning Balance	681,647	2,330,540	31,521	-	150,000	3,193,708
Division of Taxes	923,373	-	-	-	-	923,373
Special Levy	338,162	-	-	-	-	338,162
Interest	5,000	10,000	500	-	300	15,800
Grants	-	375,596	-	-	-	375,596
Debt Proceeds	-	3,991,911	-	-	-	3,991,911
Transfers	-	22,021	-	1,594,647	240,000	1,856,668
Miscellaneous	-	25,000	-	-	-	25,000
Total	1,948,182	6,755,068	32,021	1,594,647	390,300	10,720,218
Expenditures						
Materials & Services	-	937,187	-	-	-	937,187
Capital Outlay	-	5,767,881	-	-	-	5,767,881
Debt Service	-	-	-	1,594,647	-	1,594,647
Transfers	1,834,647	-	22,021	-	-	1,856,668
Contingency	113,535	50,000	10,000	-	-	173,535
Reserved for Future Expenditure	-	-	-	-	390,300	390,300
Total	1,948,182	6,755,068	32,021	1,594,647	390,300	10,720,218

Source: Urban Renewal Agency Adopted Budget FY 2019-20

EMPIRE DISTRICT	Special Revenue Fund	Capital Projects Fund	Program Fund	Bond Fund	Bond Reserve Fund	Total
Resources						
Beginning Balance	260,979	1,059,402	463,441	-	150,000	1,933,822
Division of Taxes	787,953	-	-	-	-	787,953
Interest	5,000	5,000	4,000	-	300	14,300
Debt Proceeds	-	3,860,008	-	-	-	3,860,008
Transfers	-	457,441	-	752,979	290,000	1,500,420
Total	1,053,932	5,381,851	467,441	752,979	440,300	8,096,503
Expenditures						
Materials & Services	-	408,169	-	-	-	408,169
Capital Outlay	-	4,953,682	-	-	-	4,953,682
Debt Service	-	-	-	752,979	-	752,979
Transfers	1,042,979	-	457,441	-	-	1,500,420
Contingency	10,953	25,000	10,000	-	-	45,953
Reserved for Future Expenditure	-	-	-	-	440,300	440,300
Total	1,053,932	5,386,851	467,441	752,979	440,300	8,101,503

Source: Urban Renewal Agency Adopted Budget FY 2019-20

Table 5 – Maximum Indebtedness (below) shows each district’s maximum indebtedness (MI), any changes to the approved MI, MI used and MI still available for projects.

	Downtown	Empire	Total
Original Plan Maximum Indebtedness	45,055,764	12,550,011	57,605,775
Increase *	-	6,340,000	6,340,000
Maximum Indebtedness limit	45,055,764	18,890,011	63,945,775
Maximum Indebtedness used to date **	(16,685,171)	(13,991,551)	(30,676,722)
Maximum Indebtedness remaining	28,370,593	4,898,460	33,269,053
* Increased by Ordinance #502, 11/16/18			
**Authorized, but not issued	(1,298,291)	(3,659,008)	(4,957,299)

Source: URA financial records