Burns Urban Renewal Agency

Work Session Meeting Agenda
Wednesday October 29, 2025, 6:00 p.m.

Zoom Meeting ID: 902 014 3459

Members:	Brad Erbe, Chair	Jen Hoke	Susan Lowe	Heather Smith
	Chase Patterson	Andrew Roy	Tod Gahley	

I. Call to Order

- Pledge of Allegiance
- Acknowledgment of outgoing Chair
- Roll Call and Establishment of Quorum

II. Consent Agenda

- Any corrections to minutes from previous meeting – February 26, 2025
- Review of current financial statements and project expense summary

DISCUSSION & ACTION ITEMS

III. Administrative Transition and Continuity

- Review of outstanding administrative tasks (annual report, budget filing, open applications)
- Discussion about updating signatories and account access
- Discussion on interim chair or staff designee responsibilities

IV. Current and Pending Project Status Review

- Summary of active URA applications: pending, approved, and completed
- Review of 2025–2026 project forecast (Miller Springs infrastructure, housing incentives)
- Discussion of project closeout and reimbursement tracking procedures

V. Long-Range Planning and Financial Review

- Overview of long-term TIF revenue forecast and indebtedness limits
- Presentation of updated meter connection and assessed value projections
- Preliminary discussion of the FY26–30 investment schedule

VI. **MIRL (Moderate-Income Revolving Loan Fund) Implementation**

- Discussion of OHCS application procedure and local participation readiness
- Consideration of Intent to Apply Form and authorization of staff preparation
- Review of eligible housing projects and qualifying AMI levels

VII. **URA Boundary Amendment Considerations**

- Presentation of amendment options (West B Street, Palmer Estates, Miller Springs Phase II)
- Discussion: statutory thresholds (acreage and valuation), consultation requirements
- Direction to staff on initiating pre-consultation with affected taxing districts

VIII. **Communications and Public Engagement Strategy**

- Discussion of proposed outreach tools: fact sheets, project dashboard, public Q&A updates
- Review of messaging guide to clarify what the URA funds can and cannot do
- Schedule next steps for public presentation or open house

REPORTS & UPDATES

IX. **Staff Reports**

- Administrative updates from City Manager or URA staff
- Consultant reports (if any)
- Next meeting date

X. **Board Member Comments**

- Closing discussion on near-term policy priorities (FY26–28 planning focus)

XI. Public Comment Period
(Three minutes per speaker; statements entered into the record)

XII. Adjournment

CATALYST
PUBLIC POLICY ADVISORS

October 21, 2025

Nicholas Green
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To: Burns Urban Renewal Agency Board of Directors

Subject: Burns URA Long-range Planning and Roadmap Recommendations

Executive Summary

The Burns Urban Renewal Agency (URA) represents the City's primary long-term reinvestment mechanism for infrastructure, housing, and economic revitalization. Established in 2021 under City Ordinance No. 2021-877 and sanctioned by ORS Chapter 457, the agency governs a 481-acre urban renewal area encompassing 21.1% of the City's land area and 17.4% of its assessed value. The Plan authorizes a maximum indebtedness of $30.3 million to be repaid through Tax Increment Financing (TIF) over a 30-year program horizon extending through FY2052.

Urban renewal functions by capturing incremental property tax growth within the designated boundary and reinvesting it directly into physical and economic improvements. In Burns, this model supports four strategic investment categories: (1) redevelopment and downtown revitalization, (2) infrastructure modernization, (3) housing development and rehabilitation, and (4) agency administration and planning compliance.

In FY24, the Burns URA collected approximately $51,261 in tax increment revenues, maintaining a year-end fund balance of $49,714. These early-stage funds are being positioned for leverage through strategic partnerships, including potential participation in the Moderate-Income Revolving Loan (MIRL) program established under Senate Bill 1537 (2024). MIRL would allow Burns to access state-backed, zero-interest revolving loans to finance housing incentives for moderate-income households, strengthening local affordability without impacting the City's general fund.

This memo emphasizes the vital economic and fiscal role of urban renewal in bridging rural housing feasibility gaps—particularly where development costs exceed attainable home prices. It describes the board's statutory duties, as defined in ORS 457.085 and the local Urban Renewal Plan, and proposes a roadmap for long-term planning to position the agency for continued succcess as you look toward a future with a significant increase in URA applications and investment within the plan area from the new Miller Springs subidivision and other planned public improvements.

I. What Urban Renewal Is and How it Works in Oregon

In Oregon, urban renewal is a local government tool for revitalizing blighted or underdeveloped areas by reinvesting property tax growth within a designated boundaryback into projects that improve that same area. The process, structure, and revenue mechanisms are defined under ORS Chapter 457 and detailed in the FY 2024–25 Property Tax Statistics Report from the Oregon Department of Revenue.

Urban renewal is a program designed to help communities improve and redevelop areas that are physically deteriorated, unsafe, or poorly planned. Cities or counties establish urban renewal agencies authorized to carry out these redevelopment efforts through adopted urban renewal plans.

There are currently 131 active urban renewal plan areas in Oregon that raised revenue through tax increment financing (division of tax) during the 2024–25 fiscal year. Out of these, 101 plan areas experienced revenue growth compared with the previous year, and 16 were newly activated in FY 2024–25. Urban renewal agencies together collected about $220 million statewide in property tax revenue.

How Urban Renewal Taxes Work. URAs generate their revenue through tax increment financing (TIF). When an urban renewal area is created, the assessed value of all property within the area is frozen at that time. Over subsequent years, as property values increase, the incremental value (assessed value above the frozen base) produces additional tax revenue. The taxes from this incremental portion are redirected to the URA instead of the normal taxing districts. This is known as the division of tax.

State School Fund Equalization. Oregon's State School Fund (SSF) is designed to equalize school funding across the state for all students. It combines local property tax revenues with state income tax revenues, distributing total funding to schools based primarily on student enrollment (Average Daily Membership). This means that when a URA captures local property tax revenue that would normally go to a local school district, the state automatically backfills that amount through the SSF formula. In practice:

- Schools report the amount of property tax revenue diverted by URAs.
- The state allocates additional SSF funds so that total district funding remains constant.
- The loss is therefore absorbed by the state, not by the school district or local students.

Constitutional and Statutory Context. Under Measure 5, separate property tax rate limits exist for education (5 per $1,000) and general government (10 per $1,000), resulting in the 15 per $1,000 limit on an areas total tax authority. Urban renewal "division of tax" revenue falls under the general government category, not the education limit. This structural rule ensures that urban renewal funding does not directly tap into the school rate cap. Measure 50 further stabilized this by assigning each district a permanent tax rate and ensuring that assessed value growth for existing properties is capped at 3% annually, meaning urban renewal effects are predictable and already factored into state equalization formulas.

Summary. Urban renewal temporarily redirects property tax growth to local development projects, but Oregon's education equalization system fully compensates school districts for any diverted revenue. In short:

- URAs capture incremental growth in property taxes.
- The state offsets the reduction using the State School Fund.
- School budgets and classroom funding remain unaffected.

II. Understanding the Burns Urban Renewal Agency

Overview. The Burns Urban Renewal Agency was formally established by the City of Burns through Ordinance No. 2021-877 in late 2021, following the adoption of the Burns Urban Renewal Plan prepared with Elaine Howard Consulting and Tiberius Solutions. The agency's purpose is to revitalize blighted areas, expand housing, and upgrade infrastructure within a 481-acre boundary covering key sections of the city.

Formation and Framework

- **Establishment Year:** 2021
- **Founding Authority:** City of Burns Ordinance No. 2021-877 (under ORS Chapter 457).
- **Maximum Indebtedness:** $30.3 million, to be repaid through Tax Increment Financing (TIF) over approximately 30 years.
- **Boundary Size:** 481.35 acres (379.8 acres of land, 101.5 acres of public rights-of-way).
- **Projected Program Duration:** Through FY 2052.

Core Purpose. The Burns Urban Renewal Agency exists to eliminate blight and catalyze economic and housing development where the private market has been unable to act independently. The area was determined to have:

- Deteriorated or vacant buildings;
- Inadequate streets, sidewalks, and utilities; and
- A shortage of workforce and moderate-income housing.

Program Goals. The agency focuses on four main categories of investment:

1. **Redevelopment and Downtown Revitalization**
    - Storefront façade grants and low-interest loans.
    - Streetscape improvements for pedestrian activity.
    - Acquisition and rehabilitation of deteriorated buildings.
2. **Infrastructure Improvements**
    - Reconstruction of water and sewer lines (some dating back 90+ years).
    - Street, sidewalk, and drainage reconstruction.
    - Park enhancements and cost-sharing for a community center.

3. **Housing Development and Rehabilitation**
    - Incentives for constructing new homes (10–15% rebates or direct investment aid)
    - Support for rehabilitation of outdated homes
    - Payment of System Development Charges (SDCs) to reduce upfront costs for builders.
4. **Administration and Governance**
    - Annual budgeting, financial audits, and planning services
    - Monitoring and compliance with ORS 457 and city comprehensive plan goals.
    - **Tax increment collected FY24:** $51,261 in revenue; ending fund balance of $49,714 heading into FY25 (will be updated for FY26).

Strategic Rationale. The Burns URA was established to address a financing gap that hindered development, resulting from high construction costs, aging infrastructure, and low home sales prices. Its incentive-driven model partners the city, developers, and state agencies to equalize costs, aligning with state housing recovery strategies.

Summary for New Board Members and Staff. The Burns Urban Renewal Agency is a long-term community investment mechanism that:

- Directs future growth into specific redevelopment zones,
- Finances essential infrastructure and housing support,
- Stimulates private investment through public reinvestment, and
- Operates under a self-contained TIF model planned for thirty years.

In short, it serves as Burns's primary economic and housing redevelopment tool, leveraging captured property tax growth within its boundary to reinvest in the city's economic base, local workforce housing, and essential infrastructure

III. Why URA is such a powerful economic tool

Urban renewal is a powerful tool in rural communities because it bridges the economic gap that prevents new housing construction from being financially feasible while simultaneously generating long-term tax base growth that benefits the entire community. ECONorthwest's research on rural housing economics and production underscores how housing investments act as both direct job creators and long-term productivity catalysts.

The Rural Housing Economics Gap. Rural Oregon faces a systemic housing cost imbalance: in many small markets, the cost to build even an entry-level home exceeds its attainable market price by $100,000 or more. This discourages private development unless public tools—like Tax Increment Financing (TIF) through Urban Renewal—are used to offset site or infrastructure costs.

In its 2024 memo *Economic Impacts of Housing Production*, ECONorthwest reports that housing construction stimulates economic growth in four main ways:

1. **Direct & Indirect Spending:** Every dollar spent on home construction generates an estimated $1.80 to $2.10 in statewide economic activity, through multiplier effects on construction supply chains and local retail spending.
2. **Labor Market Attraction:** Increased housing supply enables rural regions to attract needed skilled labor and fill job vacancies, strengthening local workforce capacity.
3. **Affordability & Inflation Control:** Expanding housing supply moderates price increases, keeping more disposable income circulating in the local economy.
4. **Social Stability:** Housing availability improves economic mobility and educational outcomes, enhancing rural community resilience.

The Value of New Housing in Rural Economies. New home construction yields several economic returns measurable at both macro and micro levels:

- **Construction Phase**: Creates direct employment for builders, subcontractors, and suppliers—most of whom are local in small markets.
- **Long-term Fiscal Impact:** Once new homes are occupied, the city gains increased property taxes, utility revenues, and consumer spending, which sustain local schools and services without raising tax rates.
- **Spillover Growth:** ECONorthwest's *Missing Middle Housing* analysis shows that new supply frees older, lower-cost housing for moderate-income families, improving affordability through "filtering" effects.

Why Urban Renewal Amplifies the Impact. Urban Renewal Agencies (URAs) magnify housing value by recycling property tax growth from new development to fund additional infrastructure and housing incentives. In rural cities like Burns:

- URA-funded projects drive reinvestment into underutilized downtown properties.
- Early incentives de-risk construction, narrowing the cost-value gap that inhibits developers.
- Over time, rising assessed values generate compounded tax increment revenues that can sustain investment for 20–30 years, creating a "virtuous cycle" of local reinvestment.

Summary. The economic case for urban renewal in rural Oregon rests on three pillars:

1. Multiplicative effect of housing investment—each dollar invested grows the local economy by nearly double.
2. Market correction role—urban renewal tools close feasibility gaps that the private market cannot bridge alone.
3. Enduring community benefit—after the URA sunsets, the new tax base remains, supporting schools, healthcare, and city services indefinitely.

Together, these factors make urban renewal one of the most cost-effective and structurally transformative tools available to Oregon's rural communities for rebuilding housing markets and economic strength.

IV. URA Roles and Responsibilities (Board and Staff)

ORS Chapter 457, the Burns Urban Renewal Plan, and the URA Standard Operating Procedures formally define both statutory board duties and plan area responsibilities. Together, these documents outline how the Board governs, what authority it holds, and how it administers the 481-acre urban renewal area in Burns.

Statutory Responsibilities of the BURA Board (ORS Chapter 457). Under Oregon law, the Burns URA Board functions as the governing body of the Urban Renewal Agency, and its powers are delegated from the City Council of Burns. Key responsibilities include:

1. **Administering the Urban Renewal Plan**
   ORS 457.085 and .170 require the agency to implement projects, programs, and debt financing (e.g., loans or bonds) consistent with the adopted Plan.
   - The Agency may borrow funds and repay them with tax increment revenue.
   - All actions must comply with constitutional limits on indebtedness and assessed value caps.
2. **Budgeting and Financial Oversight**
   The Agency must prepare and adopt an annual budget and file a financial statement under ORS 457.460. This includes reporting tax increment revenues, indebtedness, and expenditures for project work and administration.
   - Burns URA's annual financial report is presented to the City Council and submitted to the Oregon Department of Revenue.
3. **Plan Amendments and Boundary Governance**
   - Substantial Amendments (ORS 457.220): Require public hearings and City Council approval if they add land beyond 1 percent of the current area or raise maximum indebtedness.
   - Minor Amendments: May be approved by BURA resolution (for example, to reprioritize projects or modify incentive programs).
   - The Board ensures amendments remain compliant with the 25 percent statutory limit on acreage and assessed value for cities under 50,000 population.
4. **Project and Funding Decisions**
   The Board determines which projects to fund each year and signs development agreements with private builders or partners. It exercises discretion to structure incentives—rebates, SDC payments, or direct infrastructure contributions—to promote investment in the area.
5. **Property Management and Acquisition**
   As authorized by ORS 457.085(2)(g), the Agency may acquire property from willing sellers within the area, hold it during construction, and later dispose of it for redevelopment at fair reuse value.
   - Eminent domain is allowed for public projects only (like utilities or roads), not for private resale.
6. **Public Transparency and Accountability**
   The Board must hold public meetings in accordance with Oregon's Public Meetings

Law and submit an annual report describing project progress, financial condition, and remaining maximum indebtedness.

Operational and Plan Area Responsibilities. In addition to statutory mandates, the Burns Urban Renewal Plan (Sections IV–VI) assigns the Board specific duties in implementing and maintaining urban renewal projects.

1. Implementation Categories. The URA's activities fall into four defined categories:

Category	*Description*	*Typical URA Role*
Development & Redevelopment	Downtown façade improvements, infill projects, business support, and blight remediation.	Oversee grants/loans, property improvements, and redevelopment agreements.
Infrastructure	Water, sewer, stormwater, sidewalks, broadband, streets, and park improvements.	Determine project timing, financing methods, and ensure proportional benefit of TIF funds.
Housing Development & Rehabilitation	Incentives for new housing and rehabilitation of aging homes.	Approve funding packages, SDC reimbursement, and agreements with developers.
Administration	Planning, audits, marketing, and financial management.	Approve staff budgets, coordinate with consultants, ensure ORS compliance.

2. Financial Performance and Reporting. The Board reviews annual tax increment revenues (projected to grow from $42,000 in FY23 to over $2 million by FY52) and ensures that expenditures remain within the maximum indebtedness limit of $30.3 million. It authorizes borrowing, tracks repayment, and validates that all investments align with financial feasibility projections.

3. Compliance with Long-Term Goals. Board oversight ensures that each activity in the plan area advances Burns' Comprehensive Plan goals:

- Expanding workforce and moderate-income housing options.
- Upgrading water and sewer utilities.
- Revitalizing the Broadway Avenue corridor.
- Improving walkability and public spaces.

4. Coordination and Oversight. The Burns URA Board collaborates with:

- City administration (for budgeting, permitting, and construction coordination).
- Harney County Assessor (for certified tax increment statements).
- Local developers and state partners (for housing and infrastructure initiatives).

Summary. The Burns Urban Renewal Agency Board of Directors is legally tasked with:

- Managing the urban renewal budget and debt.
- Approving and administering housing, infrastructure, and redevelopment projects.
- Maintaining statutory compliance under ORS Chapter 457.

- Adapting and enforcing the Urban Renewal Plan for a 30-year term ending in FY 2052.

Operationally, the Board oversees all phases of TIF reinvestment—from strategy to construction—making it the principal policymaking and fiduciary body guiding the city's long-term infrastructure and housing revitalization program.

V. Burns URA Current and Planned Projects (Best Practices)

The City should be maintaining an accurate list of all URA projects and their current status. This includes:

- **Outstanding Applications (Not Yet Acted Upon)**
  - Review agency records and meeting agendas to identify all applications submitted to the URA that have not yet been reviewed or acted upon.
  - Prepare a summary list with applicant names, project details, and submission dates.
- **Applications Approved and In Process**
  - List all applications that have been formally approved and are currently in progress or under construction.
  - Include project status updates, expected completion dates, and any outstanding requirements (e.g., documentation, inspections).
- **Applications Completed**
  - Compile a record of all applications that have been fully completed and closed out.
  - Ensure all required documentation (final reports, payment records, compliance checks) is on file.

This will help you coordinate funding and project future funding needs, including accessing outside capital like the MIRL program described in the next section.

VI. Moderate Income Revolving Loan Fund (MIRL)

The state established the MIRL through Senate Bill 1537 (2024). The program provides zero-interest loans to eligible cities and counties to support moderate-income housing development (i.e., the "missing middle"), including both homeownership and rental options. The program grants up to ten years of tax receipts to the city in the form of a forgivable loan. The city borrows from the fund by applying to Oregon Housing and Community Services (OHCS) and can use the borrowed funds for new home construction and incentives. There are no origination fees and no interest. The borrowed funds are then provided to the developer (or URA applicant in this case) to cover the cost of incentives on the new home construction and system development charges. Each year the tax receipts from the home are remitted directly to the city as a payment in lieu of taxes, and those payments are used to repay the loan to the fund.

MIRL provides a means to cash flow URA incentive payments that would otherwise need to come from the URA Fund. Depending on the URA Fund's balance and the number of new homes built in a given year, the URA Fund may at times run cash deficits that either need to be

funded through an interagency loan from the City or another financing vehicle. The MIRL provides this alternative financing vehicle at no cost to the city.

Homes and rental developments funded under the MIRL program are subject to income and affordability restrictions for 10 years, corresponding to the duration of the property tax exemption that applies to MIRL-funded improvements.

- The 10-year period begins when the property receives a certificate of occupancy and the first annual program fee is paid in place of property taxes.
- During this time, the homes must remain affordable to households earning up to 120% of Area Median Income (AMI), as defined by the city or county administering the MIRL program and verified through local compliance procedures.
- After the 10-year affordability period, the tax exemption ends and the property returns to standard property tax assessment, but there is no permanent affordability covenant unless the local jurisdiction imposes one separately.

To use the MIRL, the City must do the following:

1. **Submit an Intent to Apply Form.** Cities must begin by completing the Intent to Apply form available on the OHCS MIRL webpage. This alerts OHCS and opens a Procore WorkCenter workspace for your jurisdiction.
2. **Execute a Master Agreement with OHCS.** Before any loan request can be processed, the city must sign an Intergovernmental Master Agreement with OHCS outlining general terms and compliance obligations.
3. **Complete a Program Loan Request Packet.** Once accepted into the procurement workspace, the city must assemble a Program Loan Request that includes:
    - Approved local resolution or ordinance authorizing participation
    - Staff contact information
    - Project pro forma (costs and uses)
    - Site control documentation
    - Appraisal and construction timeline
    - BOLI prevailing wage determination letter
    - Compliance and fair housing marketing plans
    - Developer contact and integrity certification forms.
4. **OHCS Review and Technical Support.** OHCS conducts a completeness review and assists jurisdictions with program compliance, prevailing wage, and fair housing documentation. Jurisdictions must comply with fair housing and prevailing wage rules under the Intergovernmental Agreement.

Recommendation: The City should consider applying for the MIRL to fund URA incentive payments for qualifying homes (those that will be owned or rented to 120% AMI earners or below). Not all homes or households will qualify, but for those that do, this is a useful

financing vehicle to avoid drawing on city funds that may be needed to fund other projects and city operations.

VII. URA Boundary Amendments

The Board has evaluated a number of options for URA boundary amendments to take advantage of planned new home construction. For some homes (those up to 120% AMI), a URA boundary amendment may not be necessary, as the MIRL will provide adequate cash flow to cover the equivalent of the URA incentives, regardless of whether the project is within the URA boundaries or not. However, the URA boundary may be expanded to encompass new housing developments and other areas the City desires to incorporate into the urban renewal area.

One area in particular that may merit this is the West B Street extension (describe the number of lots owned by parties within the area as a result of the public improvements). This includes both residential and potentially industrial lands.

Another area the Board has discussed is the proposed Palmer Estates project. The URA boundary can be amended to include the land currently planned for this project before the subdivision begins construction.

A third option is to include the next phase of the Miller Springs Development, which would extend west of the current Phase 1 Improvements.

Any of these amendments would be considered a Substantial Amendment because they incorporate more than 1% of the land area of the URA. A Substantial Amendment requires the URA board to confer and consult with each of the affected tax districts within the community.

At present, the URA accounts for 21.12% of the land area (481.35 acres) and 17.4% of the assessed value ($$26,858,960) of the city of Burns at the time the plan was created (FY2022). This leaves 86.9 acres of land and up to $10.2 million in total assessed value that can still be amended into the boundaries.

VIII. URA Communications Strategy

Communicating the value of the URA effectively is always a challenge. Here are three areas the Board should consider:

1. **Messaging principles:** Provide clarity on the scope (that URA funds reinvest within the boundary only) and eligible programs (what funds may be used for).
2. **Tools/Vehicles:** fact sheets, public dashboard, website updates with interactive boundary map, and project status list. Anything that helps communicate the value the URA brings and how to best interact with and use it.
3. **Outreach schedule:** coordinated updates timed with budget hearings and amendment approvals or other key events, using a combination of push and pull communications.