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MEMORANDUM

DATE: November 25, 2015
TO: Paul Wyntergreen, City of Tillamook
FROM: Steve Faust, AICP, and Anais Mathez; JET Planning;
ECONorthwest; Kittelson & Associates, Inc.; Walker
Macy
RE: Revised Memo #5 Implementation Strategy and Plan
Outline

This project is partially funded by a grant from the Transportation and Growth Management (TGM) Program, a joint program of the Oregon Department of Transportation and the Oregon Department of Land Conservation and Development. This TGM grant is financed, in part, by federal Moving Ahead for Progress in the 21st Century (MAP-21), local government, and the State of Oregon funds. The contents of this document do not necessarily reflect views or policies of the State of Oregon.

This memorandum describes methods to implement land use and transportation improvements in the Hoquarton Area Plan, including:

- Regulatory changes to Comprehensive Plan policies and designations and the City's Code of Ordinances.
- Public improvements that can be coordinated with private investments to catalyze development and enhance the quality of the area. The goal of these public investments is to spur new private development, attract visitors, and support downtown businesses. Drawing upon research and conversations with staff and stakeholders, this memorandum includes recommendations for the major redevelopment-related areas of focus for City of Tillamook staff and leadership in the coming years.

This document comprises four parts:

1. Hoquarton Area Plan Outline
2. Policy Changes to Support Implementation
3. Phasing and Projects
4. Funding Tools

1 Hoquarton Area Plan Outline

The following is an outline for organizing major elements and recommended implementation measures and strategies in the Hoquarton Area Plan. The body of the Plan will include narrative descriptions of the vision and major land use elements organized by four geographic subareas. The narrative sections (1-4) will focus on telling the story of the Hoquarton Area Plan using accessible language, images and graphics. Section 5 will describe the key transportation elements. The final section of the plan will focus on programs and projects needed to implement the vision and will

include a summary action plan. Detailed information on implementation, including recommended policy changes and an implementation strategy will be placed in an appendix.

Executive Summary: The Executive Summary will encapsulate the Plan in a quick read to entice the general public into exploring further.

1. Introduction

- Background
- Process

2. Existing and Planned Conditions

- Summary of existing and planned conditions
- Opportunities and constraints

3. Guiding Principles

- Provide access to and enjoyment of the Hoquarton Waterfront
- Maintain and celebrate the area's unique native and industrial heritage
- Cultivate a diverse mix of businesses and shops to serve residents and visitors
- Employ strategies to attract and retain visitors
- Encourage a variety of housing options to support a diverse population and local workforce
- Provide safe travel routes for pedestrians, bicycles, automobiles and trucks within and through the area

4. Hoquarton Area Plan

Master Plan Map: General description of vision for Hoquarton Area.

4.1 Focus Area 1 (Gateway)

- A. Map and key elements/characteristics: gateway to the coast
- B. Narrative description of focus areas/unique features
 - 1. Gateway features
 - 2. Historic resources
 - 3. Waterfront amenities

4.2 Focus Area 2 (Civic Corridor)

- A. Map and key elements/characteristics: connection between town center and waterfront
- B. Narrative description of focus area/unique features
 - 1. Sue H. Elmore Park improvements, boardwalk
 - 2. Pedestrian connection to Sue H. Elmore Park
 - 3. Restored Feed Store tower

4.3 Focus Area 3 (Residential Village)

- A. Map and key elements/characteristics: residential village and transition from mixed use to residential; "missing middle housing"
- B. Narrative description of focus area/unique features: multistory mixed-use and residential development

4.4 Focus Area 4 (Heritage Employment Area)

- A. Map and key elements/characteristics: industrial/employment character and recreational opportunities; historic center of commerce
- B. Narrative description of focus area/unique features: industrial/employment character and recreational opportunities
 - 1. Cottage industry incubator; live/work
 - 2. Interpretive features along waterfront and Front Street
 - 3. Boardwalk, new parks and trails

5. Transportation System

- A. Auto Circulation
 - 1. Front Street
 - 2. First Street
 - 3. Second Street
 - 4. Other
- B. Bicycle Circulation
- C. Pedestrian Circulation
- D. Transit

6. Projects and Programs

6.1 Focus Area 1 (Gateway)

- A. Land Use
- B. Transportation

6.2 Focus Area 2 (Civic Corridor)

- A. Land Use
- A. Transportation

6.3 Focus Area 3 (Residential Village)

- A. Land Use
- B. Transportation

6.4 Focus Area 4 (Heritage Employment Area)

- A. Land use
- B. Transportation

6.5 Implementation Action Plan

7. Appendix

7.1 Policy Changes

- A. Comprehensive Plan amendments
- B. TSP amendments
- C. Zoning changes

7.2 Implementation Strategy and Action Plan

- A. Phasing
 - 1. Near-term projects
 - 2. Partnership projects
 - 3. Medium-term projects
- B. Funding alternatives
 - 1. Criteria
 - 2. Funding tools

2 Policy Changes to Support Implementation

2.1 Existing Supportive Policies

The City of Tillamook's Comprehensive Plan includes policy language that supports the implementation of the Hoquarton Area Plan. Exhibit 1 provides a reference list of existing supportive policies, with the full text in Appendix A.

Exhibit 1. Existing Supportive Policies, City of Tillamook Comprehensive Plan.

Chapter	Section Title	Objective	Policy No.
Natural Resources	Estuaries	Objective No 3.	C-7
	Shorelands	Objective No 4.	C-19
	Historic Resources	Objective No 1.	C-30
			C-31
			C-33
	Natural Disasters and Hazards and Flood Mitigation	Objective No 1.	C-42
			C-43
			C-45
Public Infrastructure	Public Facilities and Services	Objective No 1.	D-8
	Transportation	Objective No 1.	D-27
			D-33
			D-34
			D-35
			D-36
	Recreation	Objective No 1.	D-51
			D-57
Land Use	Land Use	Objective No 2.	E-10
			E-23
	Economic Development	Objective No 1.	E-31
			E-39
		Objective No 2.	E-43
			E-45
			E-46
			E-51
	Housing	Objective No 1.	E-59
		Objective No 2.	E-64

2.2 Revised Existing Policies

To support the implementation of the Hoquarton Area Plan and align policy goals, we recommend making revisions to the following policies from City's Comprehensive Plan.

Policy C-45: The City will discourage residential, commercial and industrial development in the identified floodway, but will consider the fiscal ramifications of "takings" issues.

Suggested Edit/Change: Clarify the use of the word "floodway" versus "floodplain."

Policy E-13: Retail uses are encouraged to remain in the downtown area to maintain its vitality. Infill and redevelopment should be accommodated in the Town Center area and extended into the Hoquarton Overlay Zone. The classes and types of businesses and/or services permitted in the Town Center shall include: upper floor residential, housing for the elderly or disabled, upper floor clubs or lodges, cultural facilities, day care, governmental offices, libraries, parks, plazas, open space, postal services, hotels, office uses, retail services, restaurants, museums, theaters, galleries or studios for dance, art, and photography, personal services including but not limited to medical or dental clinics, small animal veterinary clinics, or pharmacy. Infill and redevelopment shall keep with the original architectural character, scale, mass and materials.

Suggested Edit/Change: Expand the focus of the Town Center area for infill and redevelopment to include the Hoquarton Area.

Policy E-14: ~~Ample buffers shall be maintained between industrial areas and activities and residential areas~~

Suggested Edit/Change: Remove this policy, as it is contrary to the live-work concept.

Policy E-29: The City will promote a revitalized City Center that serves as a Gateway to Commerce the Coast, supporting residents and tourists in a viable economic and cultural manner.

Implementing Procedures for Policy E-29

- Develop a marketing program to promote tourism and to advertise Tillamook's historical significance.
- Develop a marketing program to make businesses aware of Tillamook's potential for economic development.

Suggested Edit/Change: Edit the Gateway name to "Gateway to the Coast."

Policy E-38: The classes and types of businesses and/or services that require large land areas are to be encouraged to locate in the Highway Commercial area, and shall include ~~motel, restaurants~~ auto sales and repair, commercial recreation, service stations, garden/farm supply stores, nurseries, home furnishings, retail lumber, and other retail and wholesale establishments.

Suggested Edit/Change: Remove motels and restaurants from the list of encouraged uses for the Highway Commercial area.

Policy E-49: The City shall protect and enhance designated commercial and industrial lands ~~from conflicting uses~~ by applying appropriate zoning and land development ordinances that support economic development goals.

Suggested Edit/Change: Remove “conflicting uses” so as to not undermine live-work and cottage industry policy language.

Policy E-57: The City shall protect residential areas from the encroachment of incompatible uses that do not enhance these areas.

Suggested Edit/Change: Remove or define “incompatible uses” so as to not undermine live-work policy language.

Policy E-89: The City encourages redevelopment of the deteriorated properties adjacent to downtown for multifamily housing by changing the current plan and zoning map designations for that property from Low-Density Residential use to Medium-Density (R-0) Residential.

Implementing Procedures for Policy E-89

- Develop ordinance provisions to facilitate redevelopment in the residential zones immediately east and west of the downtown commercial zone.
- ~~Create Compact Residential Development Overlay in a manner~~ Propose a zoning change on some blocks in the residential zones immediately east and west of the downtown commercial zone that provides for multiple housing types (square footages) available for different markets (e.g., low income, special needs).

Suggested Edit/Change: Change the language to reflect a zoning change rather than creating a new overlay district.

2.3 New Policies

Suggested New Policy E-41, Incubator policy: Promote small-scale manufacturing enterprises and business diversification within commercial and industrial areas. The City shall explore opportunities and partnerships to provide business support services, technical assistance and competitive leases to small businesses focused on cottage industry.

Implementing Procedures for Policy E-41

Develop ordinance provisions to facilitate small-scale manufacturing enterprises and business diversification, with special emphasis in the Hoquarton Area through the application of the Hoquarton Area Overlay Zoning District.

2.4 Zoning Changes

The Hoquarton Area Plan will be implemented through a combination of base zoning changes and the introduction of a new Waterfront Hoquarton Overlay District. Zoning is

intended as a backdrop against which future development can be implemented. Zoning changes will facilitate rather than dictate plan implementation.

Suggested Base Zoning Changes: Proposed changes to base zoning are intended to utilize existing zoning tools to implement the development outlined in the Hoquarton Area Plan (Exhibit 2). See Exhibit 3 on page 8 for a map of proposed zoning changes. Base zones in the project area include:

- Single Family Residential (R-7.5)
- Multiple Use Residential (R-0)
- Light Industrial (I-L)
- Central Commercial (C-C)
- Highway Commercial (C-H)
- Public & Semi-Public (P)
- Open Space (O-S)
- Parks (O-P)

Exhibit 2: Suggested Base Zoning Changes

#	Location	Existing Zoning	Proposed Zoning	Description
1	North of Front Street at Douglas Avenue stub	I-L	O-S, O-P	Align zoning with plans for future Foundry Park parcel and surrounding open space
2	1306 1 st St	R-7.5	I-L	Zone consistent with the rest of the block to facilitate future redevelopment, while allowing existing single-family use to continue at present.
3	Four blocks bounded by 1 st , Fir, 2 nd and Cedar	R-7.5	R-0	Allow greater variety of housing types and greater residential density in immediate proximity to Hoquarton core as the blocks gradually redevelop over time.
	Block bounded by 1 st , Fir, 2 nd , and Grove	R-7.5	C-C	Allow additional retail and mixed-use development to create more jobs, with upper-story residential uses.
4	1800 Front St	I-L	C-C	Allow more active, tourism and customer-oriented uses across from commercial uses to the south.

Suggested Overlay Zone: Create and apply the Waterfront Hoquarton Overlay for commercial/industrial/residential mixed-use area at the core of the plan area. The extent of the proposed overlay is illustrated in Exhibit 4 on page 9. The overlay is proposed in areas with Light Industrial, Central Commercial and Multiple Use Residential base zones. The overlay is proposed to be adjacent to, but not overlapping with, the Town Center Overlay, to ensure the distinct downtown and Hoquarton goals are implemented. See appendix B for proposed overlay zone draft language.

Exhibit 3. Proposed Zone Changes, Hoquarton Area



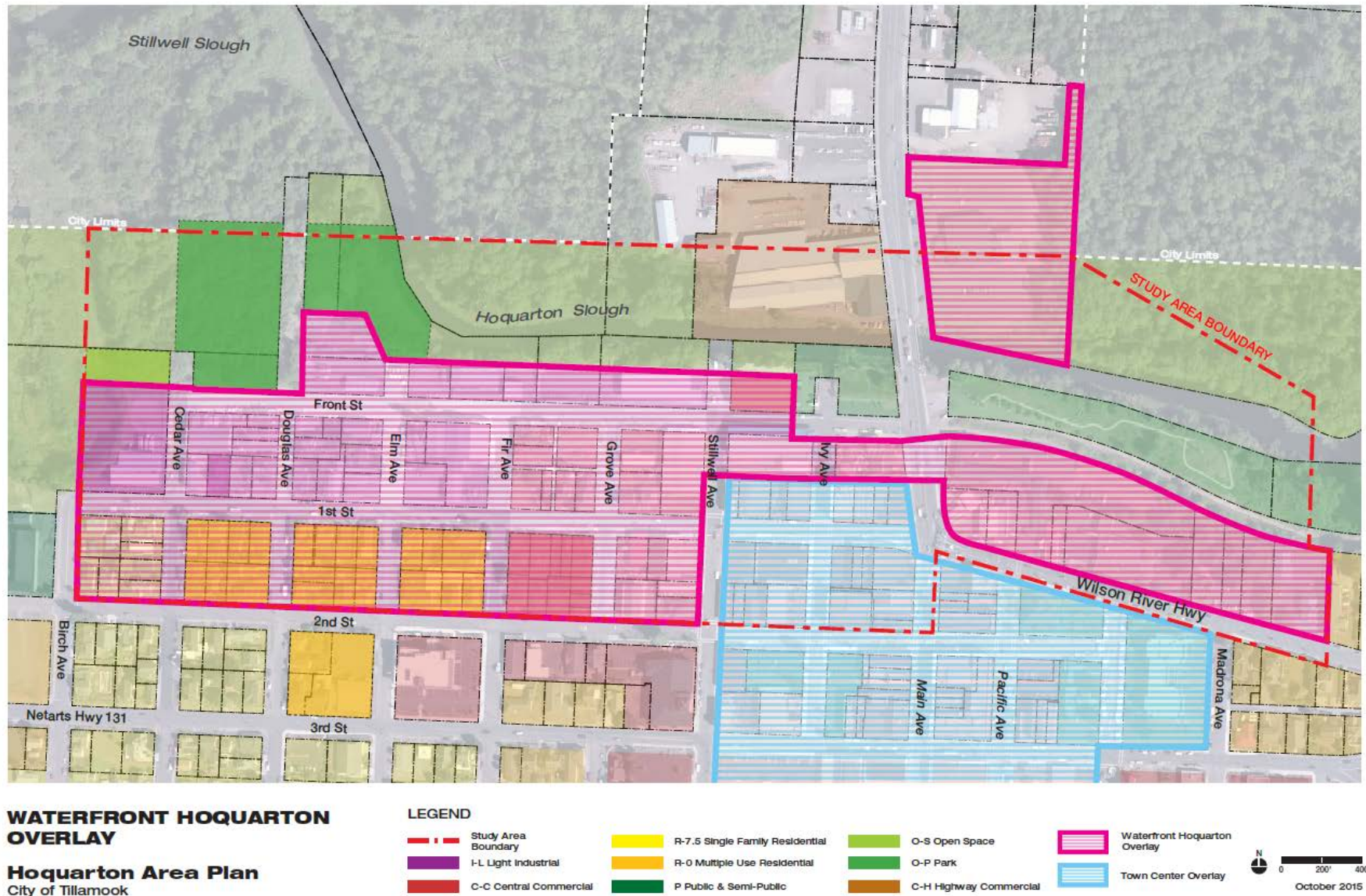
PROPOSED ZONE CHANGES
Hoquarton Area Plan
 City of Tillamook

LEGEND

Study Area Boundary	R-7.5 Single Family Residential	O-S Open Space
I-L Light Industrial	R-O Multiple Use Residential	O-P Park
C-C Central Commercial	P Public & Semi-Public	C-H Highway Commercial



Exhibit 4. Proposed Waterfront Hoquarton Area Overlay



The overlay zone would be structured to include the following sections:

- Purpose: Overlay is intended to implement the Hoquarton Area Plan by providing a greater mix of industrial, commercial and residential uses.
- Relationship to base zoning: Overlay provides supplementary standards to uses and development standards in the base zones; the overlay would supersede the standards of the underlying zone in the event of conflict.
- Definitions: Add new definitions for live/work units, artisan manufacturing.
- Uses: Expand allowed uses, prohibit incompatible uses, and allow for greater mix of industrial, residential and commercial uses than allowed in base zones.
 - Allow additional residential uses in the commercial and industrial base zones, including live/work units, ground floor residential limited to 25% of the ground floor area, upper floor residential, and single-family residential uses in existence at the time the ordinance is approved. See appendix C for a model live/work ordinance from Austin, Texas.
 - Allow artisan manufacturing in commercial base zone.
 - Allow expanded commercial activities in the industrial base zone including retail, eating and drinking establishments, and professional uses limited to 50% of the gross floor area.
 - Allow public facilities and other public uses in the commercial and industrial base zones.
 - Prohibit various types of storage, warehousing, vehicle servicing, and freight distribution uses in the overlay, to promote activity and jobs within the area.
- Height requirements: Introduce 50-foot maximum height limit in the overlay and height stepbacks descending from 2nd Street to maximize views of the forest to the north.
- Lot requirements: No lot area, width, depth requirements. Reduce setbacks in industrial base zone to 10 ft side and rear setbacks for less intrusive uses that abut residential districts.
- Site design: Require parking lots to be located to the side or rear of the building and integrate pedestrian and bike access and circulation. No other changes to base zone site and building design standards.
- Design standards: Introduce clear and objective design standards for residential uses addressing issues like materials, roof form, fenestration requirements, and façade differentiation. Explore incentives to implement additional design guidelines.
- Off-street parking: Reduce or eliminate off-street parking requirements from Section 25, particularly for redevelopment of existing building. Use and expand existing options for on-street parking credits, shared parking and off-site parking in municipal or other shared lots. Require screening of parking, outdoor storage, auto-oriented uses with a wall, fence or landscaping similar to the Town Center parking standards in Section 17.7.

- Review procedures: Require site plan review process as described in Section 30, supplemented with pedestrian plan, traffic plan, loading plan, open space plan, parking plan, public safety plan, and perimeter plan as described in Section 17.3(B). Avoid triggering a discretionary review such as Performance Review in the Town Center Overlay, which may discourage development.
- Performance standards: Prohibit light, noise, odor, glare, emissions, dust and other off-site impacts beyond the property line.

3 Implementation Strategy

This section identifies a set of specific projects grouped into major categories:

- Near-term Projects
- Partnership Projects
- Long-Term Projects

These lists include transportation-related projects, which are detailed in more detail in Memorandum #4. All projects, once finalized, will be compiled into the implementation strategy in the final plan.

3.1 Near-Term Projects

Near-term projects are infrastructure and other capital projects necessary to catalyze the kind of development that is desired in the Hoquarton Area, as shown in Exhibit 5. These are projects that should move forward in the initial phases of implementation, and should be funded primarily with public dollars. They cover a time span related to the US 101/OR 6 project time span.

Exhibit 5. Near Term Projects and Programs

#	Project	Description	Lead	Pot'l Funding Sources	Guiding Plan(s) (if applicable)
A1	Interpretive features along the Hoquarton and Front St.	Install a set of features to provide background on the history and culture of the Hoquarton area and greater downtown Tillamook.	City of Tillamook	TURA, State Grants, TLT funding	Branding Strategy
A2	Wayfinding	Design and install coordinated signage that is consistent with the City's branding strategy to assist visitors in navigating through downtown. Signage should specifically provide guidance for parking, major destinations, and bicycle wayfinding (including connections to the Salmonberry Corridor).	City of Tillamook	TURA, State Grants, TLT funding	Branding Strategy
A3	Sue H. Elmore Park improvements Phase I (funded)	Make improvements to the park, including a boat ramp, steps to the water, and undergrounding utilities as part of the ODOT realignment project.	City of Tillamook	\$152,000 State grant and City match	Tillamook Park and Recreation Master Plan
A4	Crosstown Connections Project (funded)	Develop a bike/pedestrian path from US 101 to Goodspeed Park; Striping and signing on 1 st , Stillwell, 4 th ; 2 nd street plaza. This project includes a future connection to the Salmonberry corridor fully funded ODOT project. \$1.5 million. Already approved and engineering.	City of Tillamook	\$1.5 million (ODOT funded)	Parks and Rec Master Plan
A5	Shared loading/parking area	Construct a parking area at the corner of Douglas and Front on a brownfield site, which will be used to cap the environmental contaminants. This lot could be used among businesses and for the future Foundry Park.	TURA	TURA	Southern Flow Corridor
A6	Front Street, Fir Avenue to US 101	Streetscape: sidewalk infill (450 linear feet), curb rehabilitation, pedestrian ramps, and roadway striping and signage. <i>Estimated cost: \$48,800</i>	City of Tillamook/TURA	TURA	
A7	1 st Street, Fir Avenue to US 101	Streetscape: roadway striping and signage. <i>Estimated cost: \$26,100</i>	City of Tillamook/TURA	TURA	
A8	2nd Street, Fir Avenue to US 101	Streetscape: sidewalk/curb rehabilitation (600 linear feet) between Grove Ave and Fir Ave to accommodate extension of one-way section, and roadway striping and signage through segment. <i>Estimated cost: \$57,900</i>	City of Tillamook/TURA	TURA	
A9	Fir Avenue, Front Street to 2 nd Street	Streetscape: sidewalk infill (875 linear feet), curb rehabilitation, pedestrian ramps, curb extensions, and roadway striping and signage. <i>Estimated cost: \$103,400</i>	City of Tillamook/TURA	TURA	
A10	Grove Avenue, Front Street to 2 nd Street	Streetscape: sidewalk infill (500 linear feet), curb rehabilitation, pedestrian ramps, curb extensions, and roadway striping and signage. <i>Estimated cost: \$68,600</i>	City of Tillamook/TURA	TURA	
A11	Stillwell Avenue, Front Street to 2 nd Street	Streetscape: curb extensions, roadway striping and signage. <i>Estimated cost: \$118,300</i>	City of Tillamook/TURA	TURA	
A12	Ivy Avenue, Front Street to 2 nd Street	Streetscape: sidewalk infill (125 linear feet), curb rehabilitation, pedestrian ramps, and roadway striping and signage. <i>Estimated cost: \$122,500</i>	City of Tillamook/TURA	TURA	
Programs					
B1	Incentive package to attract housing to downtown Tillamook	Market a set of development incentives to attract housing to specific areas within the Hoquarton.	City of Tillamook	Incentives/tax abatements	Comp. Plan
B2	Business attraction and retention to support live-work and cottage industries	Develop a set of business assistance programs and supportive regulations to help attract and retain a collection of small manufacturing and "maker" businesses in the area. This work could include setting up a business structure that allows for co-investment in shared facilities.	TURA	TURA, State ec dev grants	Ec Dev Strategy
B3	Predevelopment assistance program	Develop and market a set of incentives for small developers who wish to explore development feasibility in the Hoquarton area. These funds could be used for site study, market studies, or other predevelopment assistance.	TURA	TURA	Ec Dev Strategy

3.2 Partnership Projects and Programs

Partnership projects and programs are contingent upon agreements with willing property owners and developers to move forward, and thus do not have a specific time span identified. The City should only partner on these projects if criteria furthering the goals of the Hoquarton area are met. The projects shown in Exhibit 6 are not yet fully described and detailed, because specifics of the projects will be determined in partnership with the property owners and / or developers when projects are ripe.

Exhibit 6. Partnership Projects

#	Project	Description	Lead	Pot'I Funding Sources
C1	Loading/unloading area along Front St.	In coordination with local property owners, develop a strategy and a dedicated area for truck loading that does not conflict with through traffic and pedestrian uses.	City of Tillamook	TBD
C2	Potential new connection from OR 6 to the new parcel (created from the US101/OR6 Traffic Improvement Project)	This City would make infrastructure improvements to provide access to the new parcel, in conjunction with new development.	TURA	TURA
C3	Waterfront walkway along north side of the Hoquarton	In conjunction with entitlements new development, use an easement process to construct a walkway on the north side of the Hoquarton.	City of Tillamook	TBD
C4	Restored feed store tower as gateway treatment	Initiate conversations with the Creamery Association about the installation of the restored feed store tower, to serve as a gateway feature to the Hoquarton. A possible public partnership could include an urban renewal or TLT grant.	TURA, TLT (branding/promotion emphasis)	TURA
C5	New parcel development assistance	Work with City committees and stakeholders to determine how the City wishes to participate in attracting/shaping development at this site. Establish a set of guiding criteria to help the City determine whether it should contribute to a public-private partnership on the site (i.e. design standards, interaction with adjacent uses, etc.). Provide incentives for desired development on the parcel.	City of Tillamook	TBD
C6	Downtown branding	Develop aesthetic features consistent with the Dairylands branding, including coloration on the bridge, signage, incorporated on murals and through landscaping.	City of Tillamook	TLT Grants, TURA

3.3 Long-Term Projects

As shown in Exhibit 7, long-term projects help to support the long-term quality of life in the Hoquarton Area and improve city-service systems. They include projects identified in the City's capital improvement program. These projects do not include the same level of detail, given that they may be projects that have not been highly prioritized. Other capital improvement program transportation projects will be included in Memo #4.

Exhibit 7. Long-Term Projects

#	Project	Description	Guiding Plan	Timing (if available)
E1	Trail Network and Heritage Recreation Area	Develop a trail network that includes a floating walk, pedestrian improvements, and an overlook of the Hoquarton. No funding is currently available for any segments of the trail network.	TPRMP	
D2	Cottage Industry Incubator	Partner to develop facilities that can attract and support a vibrant mix of small manufacturing and service businesses that contribute to a culture of collaboration in the Hoquarton. Continue to provide support through technical assistance and funding to support development on vacant or underutilized parcels to provide space for shared facilities for production and co-marketing of local products.	Tillamook EOA	
D3	Sue H. Elmore Park and Improvements II	Expand upon existing improvement to include public restrooms, a pavilion and other potential improvements.		
D4	Foundry Park	The first phase of this project will include the removal of dikes and other flood impediments. However, no funding is available for park improvements.	Parks and Rec Plan Southern Flow Corridor Project	2016
D5	Front Street, Cedar Avenue to Fir Avenue	Streetscape including sidewalk infill (1,600 linear feet), curb rehabilitation, pedestrian ramps, and roadways striping and signage. <i>Estimated cost: \$137,900</i>		
D6	1st Street, Birch Avenue to Fir Avenue	Streetscape including pedestrian ramps and roadway striping and signage. <i>Estimated cost: \$16,300</i>		
D7	2nd Street, Birch Avenue to Fir Avenue	Streetscape including curb extensions and roadways striping and signage. <i>Estimated cost: \$41,600</i>		
D8	Cedar Ave., Front Street to 2nd Street	Streetscape including sidewalk infill (750 linear feet), curb rehabilitation, and pedestrian ramps. <i>Estimated cost: \$57,500</i>		
D9	Douglas Avenue, Front Street to 2nd Street	Streetscape including sidewalk infill (750 linear feet), curb rehabilitation, and pedestrian ramps. <i>Estimated cost: \$57,500</i>		
D10	Front Street to 2nd Street	Streetscape including sidewalk infill (500 linear feet), curb rehabilitation, and pedestrian ramps. <i>Estimated cost: \$38,700</i>		

4 Funding Alternatives

Section 4 of the memorandum identifies potential funding sources for proposed public investments that support the Hoquarton Area Plan including those sources noted in City public facility plans as well as funding sources and financing mechanisms that are used by municipalities in Oregon for implementation of the types of projects identified in Section 3. The purpose of this section is to define a set of funding alternatives to be refined in the final Plan.

The following exhibits match potential funding tools with Hoquarton projects. A full description of each tool is included in Appendix D. With further due diligence in aligning project types with potential funding tools, we will work to make this list more targeted in the final Plan.

Exhibit 8 outlines general approaches for phasing projects in the Hoquarton Area. In general, Option B is likely the best fit for the Area, given the City's existing financial commitments and priorities.

Exhibit 8. Funding Approach Options

	Option A: Fund major infrastructure up front	Option B: Incremental investment (most likely approach)	Option C: Hold and watch approach
Major funding mechanisms	<ul style="list-style-type: none"> G.O. Bond funds major infrastructure Urban renewal funds Public-Private Partnerships 	<ul style="list-style-type: none"> Urban renewal district funds major infrastructure and Public-Private Partnerships Other incentives also in place 	Set up incentives for private investors: <ul style="list-style-type: none"> Vertical Housing Tax Credits Tax abatements Affordable housing tools
First steps	<ul style="list-style-type: none"> Complete all projects in short and long-term project sets Develop a set of incentives available for developers that are interested in construction projects that meet City goals. 	<ul style="list-style-type: none"> Wayfinding and branding projects Fill major infrastructure gaps (sidewalks) Develop a set of incentives available for developers that are interested in construction projects that meet City goals. 	<ul style="list-style-type: none"> Develop a set of incentives available for developers that are interested in construction projects that meet City goals.
Subsequent steps	<ul style="list-style-type: none"> Bond issue, including set aside for partnership projects 	<ul style="list-style-type: none"> Investment in targeted infrastructure projects that coincide with development on priority parcels 	<ul style="list-style-type: none"> When market supported without significant public support, move forward with development and infrastructure investments
Benefits	<ul style="list-style-type: none"> Best chance of achieving vision in the near-term: Speed of infrastructure improvements made with public dollars spur private investment that aligns with the vision 	<ul style="list-style-type: none"> Tools in place to support development and implementation City investments can help create a sense of place Expedite redevelopment in phases, but incremental approach allows adjustment to changing market dynamics over time 	<ul style="list-style-type: none"> Limited City outlay
Drawbacks	<ul style="list-style-type: none"> Must communicate benefits to City ahead of City-wide vote for G.O. bond Multiple funding sources still needed 	<ul style="list-style-type: none"> Cash flow timing with tax increment financing Slower approach to implementation 	<ul style="list-style-type: none"> May not achieve vision for development of the area

Exhibit 9 shows a preliminary assessment of how the funding tools detailed in Appendix D correspond to the draft projects. We will work with the City to refine the list of funding tools under consideration and develop a set of next steps.

Exhibit 9. Funding Tools Suitability by Priority Project

		Local Funding, Dev't Driven			Local Funding Publicly Generated			Tax Credits/Abatements											
		Local Improve. District	Bus. Improv. District	Sole-Source SDCs	Urban Renewal	GO Bond / General Fund	TLT Funds or Grants	Vertical Housing Tax Abatement	Enterprise Zone	Multi-family tax exemption	Affordable Housing Tax Abatement	Oregon Afford. Hsg Tax Credits	Federal LIHTC	Historic Pres. Tax Credit	EB-5	Land Assembly and Property Price Buy Down	CDBG Grants and Section 108	State Transp. Grants/Loans	
	Near-Term Projects																		
A1	Interpretive features along the Hoquarton and Front	■	■	■	■	■	■												
A2	Wayfinding	■	■	■	■	■	■												
A3	Business attraction and retention					■			■						■	■	■		
A4	Predevelopment assistance program				■	■										■			
A5	Sidewalk improvements	■		■	■	■												■	
A6	Sue H. Elmore Park improvements Phase I (already funded)																	■	
A7	Crosstown Connections Project (already funded)																		
A8	Shared loading/parking area	■			■	■													
A9	Incentive package to attract housing to downtown Tillamook				■			■		■	■	■	■	■		■	■		
	Partnership Projects																		
B1	Loading/unloading area along Front	■		■	■	■													
B2	Potential new connection from OR 6 to Parcel A				■	■												■	
B3	Waterfront walkway along north side of the Hoquarton	■		■	■	■													
B4	Restored feed store tower as gateway treatment		■		■		■												
B5	New parcel development assistance				■	■										■			
B6	Downtown branding		■			■	■												
	Long-Term Projects																		
C1	Trail Network and Heritage Rec Area	■		■	■	■												■	
C2	Cottage Industry Incubator				■	■										■			
C3	Sue H. Elmore Park and Improvements II	■		■	■	■													
C4	Foundry Park	■		■	■	■													

5 Appendices

Appendix A: Supporting Policy Language, City of Tillamook Comprehensive Plan

Policy C-7: The designated estuaries and shoreland area shall be managed in such fashion as to be consistent with the stated estuary and shoreland objectives. The City shall recognize the estuary management unit segments described in this section of the Plan.¹ Prime importance shall be given to management and restoration of estuaries as it might relate to the economic protection of the area. Reconstruction of estuaries to be a point where they provide protection of lives and property in the surrounding area is paramount. The protection of locally significant riparian corridors and wetlands associated with estuaries and shoreland habitat is a goal in the restoration of these resources.

Policy C-19: The City shall consider the following significant wildlife habitats within the Shorelands Planning Area: the West Hoquarton Slough Forested Freshwater Wetland (approximately 59 acres within the U.G.B immediately west of State Highway 101 North), and the East Hoquarton Slough Forested Freshwater Wetland (approximately 26 acres within the U.G.B. immediately east of State Highway 101 North).

Policy C-30: The City shall strengthen the economy of Tillamook by protecting and enhancing the City's historic attraction to residents and visitors.

Policy C-31: The City shall enforce the Town Center Zone ordinance preserving the historic character of the downtown.

Policy C-33: The City will coordinate with state and county agencies and organizations to preserve current and future historic sites, buildings, and archeological sites that exist now or may be discovered at a later date, in the Tillamook Area. Future discovery or determination of historical sites and/or archeological sites shall be listed as inclusions to this plan.

Policy C-42: Natural hazards that could result from new developments, such as runoff from new buildings, paving projects and/or soil slippage due to weak foundation soils, that has the potential to have adverse impacts and a cumulative effect on property owners downstream, will be considered and evaluated. Measures that prevent or minimize the extent of the natural hazard, adverse impacts and cumulative effects on property owners downstream shall be provided for. Such natural hazards, adverse impacts and cumulative effects on property owners downstream shall be considered in evaluating zone changes, conditional uses, site plans, variances, and in issuing building permits.

Policy C-43: All estuaries in Tillamook City shall be maintained so as to not restrict water flows. Tillamook City shall develop and help coordinate a plan to clean and maintain

¹ The Hoquarton Area covers unit segment 40 and 43.

all estuaries in the Tillamook area with Tillamook County, the Port of Tillamook Bay, the Port of Bay City, and any other affected agencies. These activities shall be centered around the task of minimizing flood conditions for areas adjacent to the estuarine areas.

Policy C-45: The city will discourage residential, commercial and industrial development in the identified floodway, but will consider the fiscal ramifications of “takings” issues.

Policy D-8: Existing facilities and services should be upgraded to service the residential and economic needs of the area. This must be done in an orderly manner in conjunction with planning and citizen involvement processes as provided by this plan.

Policy D-27: The City should pursue funds from the State for implementing transportation programs. Emphasis shall be placed on programs which minimize adverse social, economic and environmental impacts and costs, and enhancement of funded projects such as future phases of the Third Street conversion and augmentation of the Highway 101/OR 6 project.

Policy D-33: A pedestrian/bikeway shall be encouraged in the following locations:

- Along Holden Creek and Twelfth Street..
- Along the Trask River on the west.
- Adjacent to Third Street from the Southern Pacific Railroad tracks from the Trask River Road.
- Linking all park and recreation areas in the City to one another as a Pedestrian Loop System.

Policy D-34: Walking is encouraged by sidewalks with street trees, narrow roads that slow down traffic and most importantly, commercial and recreational areas are located a short walk from most residential areas. The City will encourage walking as a means of transportation by addressing the following:

- Connectivity. The City will work to develop a connected network of pedestrian facilities. Connected networks are important to provide continuity between communities and to improve safety.
- Safety. The City will work to provide a secure walking environment. For residents to use the pedestrian system, it must be perceived as safe.
- Design. The City can ensure pedestrian-oriented design by adopting policies and development standards that integrate pedestrian scale, facilities, access and circulation into the design of residential, commercial and industrial projects.

Policy D-35: Various state programs available for development of pedestrian and bike path systems will be pursued by the City. The Oregon Coast Bike Trail travels through Tillamook. The City shall coordinate with the Department of Transportation on the particular needs of bikers using that trail.

Policy D-36: The City recognizes the important of transportation systems in the City and encourages the continuation and, where appropriate, the expansion of the following networks in addition to streets and pedestrian/bikeway systems.

- Railroads: Port of Tillamook Bay
- Barge: At Garibaldi, 9 miles north

- Motor Carriers: One common carrier
- Air: Tillamook Municipal Airport
- Intercity bus: TCTD,
- Local bus: TCTD, Senior Citizen's Group
- Taxi: Tillamook Taxi (private company)

Policy D-51: Recreational facilities shall be provided to serve both the Tillamook Community and those who visit the area. Existing parks should be upgraded and development of neighborhood parks is encouraged.

Policy D-57: The City shall continue to explore the feasibility of waterfront parks along the Hoquarton, the abandoned railroad right-of-way and extending the park trails.

Policy E-10: Land uses and densities shall be guided by the Land Use Plan so that the length of auto trip is minimized, and enforced through the Zoning Ordinance, as is stated and described further in the Regulatory Controls. Medium density living areas shall be located, when possible, near thoroughfares leading to shopping/service areas. Higher density, mixed uses, and pedestrian-oriented design should be focused in the Town Center area. Highway commercial areas shall accommodate those land uses which would primarily deal with the tourist and traveling public. Downtown shopping shall be designated for convenient shopper parking and then walking to a variety of shopping areas. These guidelines will in turn allow for lower fuel and energy consumption.

Policy E-23: Future parks are encouraged to occupy other areas of land designated as open space within the City of Tillamook, such as the area at the confluence of the Hoquarton and Dougherty Sloughs, as shown on the Comprehensive Plan Map.

Policy E-31: The City shall explore the desirability and feasibility to providing in the core area, public restrooms, covered walkways and sidewalk amenities, such as trees/shrubs, benches and a public fountain.

Policy E-39: Tillamook City must have a distinctive identity heralded by its well recognized five Gateways, and shall provide "City Gateways" at the five (5) major street entrances to the City of Tillamook: Trask River Bridge, Wilson River Bridge, Port of Tillamook Bay RR Bridge on Highway 6, South Highway 101 Divider Island at Main & Pacific, the Hoquarton Crossing on 101, and enhance the Gateways image by distinctive signage, lighting & landscaping. Each "Gateway" and City entrance shall include current City population. The City additionally shall develop and include appropriate commerce signage for each Gateway that identifies the Downtown Commercial District.

Policy E-43: The City shall investigate municipal means as well as encourage downtown business attempts, to form improvement districts or other financial means of enhancing the vitality of the central commercial area. Such attempts shall not be limited to parking improvements, but shall also focus on use of second story buildings, attractive shops and public attraction areas and the providing of adequate downtown apartment housing.

Policy E-45: The City shall recognize and preserve community heritage. Historic buildings and other features shall be preserved and renovated, and a touring program to visit sites of community heritage shall be pursued.

Policy E-46: The City shall support an active Economic Development Advisory Committee and shall work with that committee, the Port of Tillamook Bay, the County and Chamber of Commerce to:

- interest tourists in year round visits to Tillamook;
- use existing timber resources in local wood products manufacturing; increase local marine food processing;
- attract appropriate manufacturing concerns to the Tillamook area;
- support public facilities including water, sewer and parking to handle the planned growth;
- monitor changes in employment, population, retail sales, etc., in order to bring information up to date and be able to make adequate choices as development alternatives become available;
- focus key civic uses in the Town Center Area.

Policy E-51: Realizing the importance of industry to the economic stability of the community, it is desirable to encourage and aid in the improvement and well-located industrial development.

Implementing Procedures for E-51

- Existing industry is encouraged to expand in the Tillamook City area.
- Additional light and heavy industries are needed to help diversify and balance the fiscal effects of the Community's growth in the Tillamook City area.
- Suitable locations for heavy industry exist at the Port of Tillamook Bay industrial park and in several light industrial sites lying to the east and north in the Urban Growth Boundary area.
- New industry would provide increased employment source, investment and tax revenues in the Tillamook City area.

Policy E-59: The primary areas for new multiple-use residential development are as follows:

East of the railroad tracks and,

- In the 'vicinity of Evergreen Drive and Third Street;
- In an area north of Fairview Road and east of Olson Road;
- Between Evergreen Drive and Marolf Loop Road running along the south U.G.B. line north of Marolf Loop Road (12th Street);
- In an area south of Brookfield Avenue, east of Marolf Loop Road;
- In the area on Third Street in the vicinity of the Tillamook County General Hospital;
- In the areas near parks and playgrounds, multi-residential development should be considered;
- In the residential areas surrounding the Downtown Commercial Zone, multi-residential development should be considered.

Policy E-64: In the lowest density zone, single new subdivision lot sizes may be as small as 3,750 square feet.

Appendix B: Hoquarton Overlay Zone Draft Language

(Forthcoming in the Final Hoquarton Area Plan)

Appendix C: Model Live/Work Ordinance, City of Austin, Texas.

101. Definitions

As used in this ordinance:

Live/work unit or **Live/work space**. A building or space within a building used jointly for commercial and residential purposes where the residential use of the space is secondary or accessory to the primary use as a place of work.

[or]

Live/work unit. A structure or portion of a structure:

- (a) That combines a commercial or manufacturing activity allowed in the zone with a residential living space for the owner of the commercial or manufacturing business, or the owner's employee, and that person's household;
- (b) Where the resident owner or employee of the business is responsible for the commercial or manufacturing activity performed; and
- (c) Where the commercial or manufacturing activity conducted takes place subject to a valid business license associated with the premises.

102. Purposes

The purposes of this ordinance are to:

- (a) Provide for the appropriate development of units that incorporate both living and working space;
- (b) Provide flexibility for the development of live/work units, particularly within existing buildings;
- (c) Provide locations where appropriate new businesses can start up;
- (d) Provide opportunities for people to live in mixed use industrial and commercial areas when it is compatible with existing uses;
- (e) Protect existing and potential industrial uses and nearby residential uses from conflicts with one another; and
- (f) Ensure that the exterior design of live/work buildings is compatible with the exterior design of commercial, industrial, and residential buildings in the area, while remaining consistent with the predominant workspace character of live/work buildings.

103. Where Live/Work Units Are Permitted

(1) Live/work units are permitted in all commercial [and manufacturing] zones.

Comment: *This provision allows the option of allowing live/work units in manufacturing or industrial zones. The City of Oakland authorizes this; Seattle does not. Seattle's decision to limit such uses to commercial districts reflects a city policy*

of protecting manufacturing districts from encroachment and displacement from residential or other uses. Seattle does, however, conditionally permit artist's studio/dwellings—which are regulated separately from general live/work units—in manufacturing zones.

(2) Any commercial use permitted in the zoning district applicable to the property is permitted in the live/work unit.

(3) Live/work units at street level are prohibited where single-purpose residential structures are prohibited.

(4) Where permitted, live/work units located at street level are subject to the development standards for ground-floor retail or commercial establishments as follows, and to any additional standards for ground-floor commercial establishments provided in the [zoning ordinance]:

Comment: *The purpose of the following provisions is to allow live/work units in neighborhood commercial districts without compromising the districts' vibrant commercial environment. Seattle has several neighborhood commercial streets wherein single-purpose residential buildings are prohibited. In those areas, street-level live/work units are prohibited but are allowed in the rear or on upper floors. Seattle's ordinance also contains provisions for the appearance and function of street-level live/work units adapted for this model.*

(a) A minimum of [80] percent of a structure's street front façade at street level shall be occupied by nonresidential uses.

(b) A minimum of [51] percent of the portion of a structure's street front façade that contains required nonresidential use shall be at or above sidewalk grade.

(c) In districts where live/work units are permitted at street level, the live/work unit shall have a minimum floor-to-floor height of [13] feet.

(d) In districts where live/work units are permitted at street level, parking for live/work units on neighborhood commercial streets and in mixed use zones is prohibited in front of the building.

(e) Live/work units that exceed [2,000] square feet must have at least two exits.

(f) Within each live/work unit, the living area shall not exceed [one third] of the total floor area of the unit]

Comment: *Not every live/work ordinance contains a required living area/working area ratio or proportion. Oakland requires a ratio of one-to-three living-to-working area. In an effort to provide flexibility, Seattle opted not to set proportion standards.*

104. Business License Required

At least one resident in each live/work unit shall maintain a valid business license and [zoning permit] for a business on the premises.

Comment: *Not all businesses may require a valid business license. For example, an artist may not be required to have one.*

105. Parking

For live/work units of fewer than [2,500] square feet, one parking space is required for each unit. For live/work units greater than [2,500] square feet, required parking will be based on the applicable parking standard for the nonresidential use or the closest similar use as determined by the [zoning administrator].

Comment: *The relatively non-stringent parking standards provided here reflect the fact that a person occupying a relatively small live/work unit may have less use for a car given that he or she works on the premises. Larger units may have additional residents as well as employees and thus must provide more parking*

Appendix D: Funding Tools Dictionary

The Hoquarton Area Plan project recommends a variety of infrastructure improvements as well as additional amenities and programs to attract visitors, businesses, and residents to the Hoquarton area. To implement the plan, the City will need to draw from a variety of funding sources over time, as the City alone cannot fund all improvements in a timely manner. To explore ways to fill funding gaps, this memo provides a starting place for the City to explore potential funding tools. This is not an exhaustive list of all available funding tools, but represents our understanding of the list of infrastructure projects and desired uses. With further due diligence in aligning project types with potential incentives, this list will likely change and become more targeted.

The Implementation Plan will identify specific steps the City can take to overcome financing gaps and attract desired development in the study area. The City must undergo an internal process to evaluate which of these tools merit further consideration. We suggest that the City use the following criteria when evaluating these tools:

1. **Economic feasibility.** This category covers everything related to creating and maintaining net revenues. We break efficiency into four subcategories: (1) revenue-generating capacity, (2) administrative costs, (3) revenue stability, and (4) revenue flexibility:
 - a. **Revenue-generating capacity** considers how much money the source can generate.
 - b. **Administrative cost** considers the portion of gross revenues that will be spent on administration. The easier it is to administer the tax or fee, the more of the gross revenue collected that will be available as net revenue for transportation projects and programs in the corridor.
 - c. **Revenue stability and predictability** considers whether the source is likely to avoid large fluctuations each year and whether the source is likely to be close to the forecasts analysts might make.
 - d. **Revenue flexibility** considers limitations on the types of projects that can be funded with a given source. A funding source may be a little less useful to jurisdictions if its use is limited to certain types of projects.
2. **Political acceptability.** Will stakeholders accept or support the tool? Political acceptability considers whether elected officials and the public at large are likely to support the funding source. This depends to a large extent on the efficiency components described above: if a revenue source is legal, efficient, and fair, then it should get political support from the public, advisory groups, and decision makers. For this analysis, we evaluate whether a source is politically acceptable using two approaches: (1) is the source widely used elsewhere in Oregon? And (2) does the source collect revenue mostly from non-locals (as opposed to local residents)?
3. **Fairness.** In the context of transportation funding, the key question related to fairness is "who pays?" A standard definition of fairness in public finance is that

the charges that fund the transportation system are tied to the users who receive benefits from (or impose costs on) the transportation system. Fairness may also be referred to as equity.

4. **Legality.** All the benefits of a funding source are moot if the source is not legal or cannot become legal within the desired timeframe. If the source is currently prohibited by State statute, then there is a very big administrative hurdle to be surmounted up front.

Using the above criteria, ECONorthwest narrowed the range of potential funding tools to a list summarized in this document. The tools outlined below are grouped into the following funding categories:

1. Local Funding – Development Driven
2. Local Funding – Publicly Generated
3. Tax Abatements and Credits
4. Low Interest Loans, Subsidies, and Grants

Local Funding – Development Driven

Local Improvement District (LID)

How It Works	A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. LIDs must be supported by a majority of affected property owners.
Fund Sources	LID bonds are backed by revenue committed by property owners (which can be public as well as private).
Benefits	<ul style="list-style-type: none"> • Organizes property owners around a common goal. • Allows property owners to make payments over time to bring about improvements quickly that benefit them individually. • Improvements within smaller areas can enhance catalytic and redevelopment value of the area. • LIDs can be bundled with other resources such as TIF.
Drawbacks	<ul style="list-style-type: none"> • Setting up fair LID payments for various property owners, who are located different distances from the improvement, is challenging. • Some lenders insist that LIDs be paid off when properties are transferred. • Small geographic areas may not have sufficient LID revenues to support bonds for the desired improvement.

Economic Improvement District (EID) / Business Improvement Area (BID)

How It Works	An E.I.D. is a funding mechanism designed to enable a community to fulfill its commercial revitalization goals and plans; and is established as an assessment to property owners for use in promoting and improving the defined business district. A B.I.D. is a funding mechanism designed to enable a community to fulfill its commercial revitalization goals and plans; and is established as an assessment (surcharge on business licenses) to business owners for use in promoting and improving the defined business district.
Fund Sources	EID (property owners), BID (Business Owners)
Benefits	<ul style="list-style-type: none"> • Flexible source of funding that organizes property owners around a common goal. • Allows property owners to make payments over time to bring about improvements quickly that benefit them individually. • Improvements within smaller areas can enhance catalytic and redevelopment value of the area. • Like LID's, can be bundled with other resources such as TIF. • A BID can be renewed indefinitely, but an EID has a term limit of 5 years.
Drawbacks	<ul style="list-style-type: none"> • Can be disestablished with property or business owner petition. • Does not fund capital improvements.

Sole Source Systems Development Charges

How It Works	Retains SDCs paid by developers within the limited geographic area that directly benefits from new development, rather than being available for use city-wide.
Fund Sources	SDC funds.
Benefits	<ul style="list-style-type: none"> • Enables SDC eligible improvements within the area that generates those funds to keep them for these improvements. • Improvements within smaller areas, which can enhance the catalytic and redevelopment value of the area. • Can be blended with other resources such as LIDs and TIF.
Drawbacks	<ul style="list-style-type: none"> • Reduces resources for SDC-funded projects in a broader geography.

Local Funding – Public / Increased Fees

Urban Renewal / Tax Increment Finance (TIF)

How It Works	<p>Adopted in 2006 and amended three times, Tillamook's urban renewal area includes the Hoquarton study area. The City has \$1.3 million to spend over the next five years. Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., city, county, school portions) is used to pay off the bonds. When the bonds are paid off the entire valuation is returned to the general property tax rolls. Urban renewal funds can be invested in the form of low interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments. • Economic development strategies, such as capital improvement loans for small or start up businesses which can be linked to family-wage jobs. • Streetscape improvements, including new lighting, trees and sidewalks. • Land assembly for public as well as private re-use. • Transportation enhancements, including intersection improvements. • Historic preservation projects. • Parks and open spaces.
Fund Sources	Local taxing jurisdictions' permanent rate property tax impacts.
Benefits	<ul style="list-style-type: none"> • Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. • TIF can be used to help pay for infrastructure improvements (including parking garages), and provide loans/grants for adaptive re-use and new development. • Among the most flexible incentives. • Option exists to have a single project-based TIF district.
Drawbacks	<ul style="list-style-type: none"> • Defers property tax accumulation by the city and county until the urban renewal district expires or pays off bonds. • Due to the sometimes slow or indirect nature of property tax growth in relation to targeted projects, urban renewal can often take five or more years to produce meaningful levels of revenue resulting in loss of project alignment. • Complex process requires extensive public involvement and community support, especially from other taxing jurisdictions. The City would need to explore options with county officials and elected leadership, tracking legislative changes in urban renewal law, and meeting with adjacent jurisdictions and overlapping taxing entities. • Use of urban renewal can be politically contentious because of its impact on funds available to overlapping taxing districts, and because of the perception that the school districts are adversely impacted. • Investing over \$750,000 in TIF directly into a new or rehab private project triggers prevailing wage requirements, which can increase overall project costs by 10 – 20%.

General Fund and General Obligation (GO) Bonds

How It Works	City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.
Fund Sources	Property taxes are increased to pay back the GO bonds.
Benefits	<ul style="list-style-type: none"> Community can implement public projects that can in turn catalyze other development (e.g. parking garage, transportation improvements...).
Drawbacks	<ul style="list-style-type: none"> Requires public vote. Takes time and money to run a campaign for public vote. Raises property owner taxes. Lending of Credit provision prohibits City from contributing to private sector projects.

Transient Lodging Tax and Tourism Marketing and Promotions Grant Program

How It Works	<p>In 2014, Tillamook County started to collect a Transient Lodging Tax of 1%. Per state law, 70% of this tax is devoted to tourism promotion and tourism-related facilities; the 30% balance is dedicated to the maintenance of county roads.</p> <p>Of the 70% devoted to tourism promotion and tourism-related facilities, a portion of TLT funds will be made available each year in the form of grants for tourism marketing and promotions. Eligible projects include events, advertising, video production, social media, tradeshow, rack card, and PR efforts geared toward tourism and overnight stays in Tillamook County. Grants will be available every year for the foreseeable future. Funding for grants may vary depending on the amount of transient lodging tax that is collected each year. In Phase One (2015), "approximately \$450,000 will be available for tourism-related facilities grants, and approximately \$50,000 for marketing and promotions grants (which will be available before fiscal year end, June 30, 2015. This represents nearly 50% available funds." (Source: http://tillamookcoast.com/grants/)</p> <p>In addition to the County tax, the City of Tillamook collects a 10% lodging tax which is currently directed into the general fund.^{2,3}</p>
Fund Sources	Overnight visitors
Benefits	<ul style="list-style-type: none"> Provides a good nexus between the visitors who use facilities and the sources needed to help fund those facilities. Overall receipts have broader uses, including tourism-related facilities.
Drawbacks	<ul style="list-style-type: none"> Grants are limited to tourism promotion and are competitive. This is likely tool that will be limited to programs like wayfinding and branding.

Fees or Other Dedicated Revenue

How It Works	Many cities have collected user fees for services that they direct into enterprise funds that provide dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer fees, street fees, etc.
Fund Sources	Residents and businesses.
Benefits	<ul style="list-style-type: none"> Allows for new revenue streams into the City. Many developers support fee-in-lieu programs if they allow them to receive the same parking allocation for less money than it would cost to build and manage the space.
Drawbacks	<ul style="list-style-type: none"> Political challenges of introducing new fees or increasing existing fees that are directed toward specific funding objectives, unless those objectives are widely supported.

Tax Credits and Abatements

ECONorthwest narrowed the list of tax credits and abatements to ones that can be used for market-rate apartments, affordable housing, and mixed-use buildings, where housing is above active ground floor uses.

² <http://www.co.tillamook.or.us/gov/comdev/TLT/Tillamook%20County%20Lodging%20Tax%20Questions.pdf>

³ <http://tillamookor.gov/wp-content/uploads/2014/12/1668-Budget-for-FY14-15-6-16-14.pdf>

Vertical Housing Tax Abatement (State of Oregon enabled, locally adopted)

How It Works	<p>Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area is median income or below). The proposed zone must meet at least one of the following criteria:</p> <ul style="list-style-type: none"> • Completely within the core area of an urban center. • Entirely within half-mile radius of existing/planned light rail station. • Entirely within one-quarter mile of fixed-route transit service (including a bus line). • Contains property for which land-use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential. <p>State program webpage: http://www.oregon.gov/OHCS/Pages/HFS_Vertical_Housing_Program.aspx</p>
Fund Sources	General funds of local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.
Benefits	<ul style="list-style-type: none"> • Targeted tool to support mixed-use development in places with locational advantages. • City-controlled on project-by-project basis.
Drawbacks	<ul style="list-style-type: none"> • Reduces general fund revenues for all overlapping taxing districts. • Requires a lengthy approval process with taxing districts.

Enterprise Zone (State of Oregon enabled, locally adopted)

How It Works	<p>Enterprise zones exempt businesses from local property taxes on new investments for a specified amount of time (3-5 years). Qualified investments include a new building/structure, structural modifications or additions, or newly installed machinery and equipment may qualify for exemption but not land, previously used property value and miscellaneous personal items. Eligible businesses include manufacturers, processors, and shippers. Retail, construction, financial and certain other defined activities are ineligible.</p> <p>Tillamook Enterprise Zone website: http://www.edctc.com/business-resources/enterprise-zone/</p>
Fund Sources	General funds of local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.
Benefits	<ul style="list-style-type: none"> • Targeted tool to support businesses that is already adopted.
Drawbacks	<ul style="list-style-type: none"> • Reduces general fund revenues for all overlapping taxing districts. • Requires a lengthy approval process with taxing districts.

Multiple-Unit Limited Tax Exemption Program (Locally managed)

How It Works	<p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>Use of the program in the State includes:</p> <p>City of Portland Multiple-Unit Limited Tax Exemption Program. Within eligible areas, this program allows multi-unit projects to receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met. This program limits the number of exemptions approved annually, requires developers to apply through a competitive process, and encourages projects to provide greater public benefits to the community that would otherwise be possible. The applicant must submit documentation that the anticipated rate of return for the project for the period of the exemption will not exceed 10%. In 2014, the City made \$1,210,000 in foregone tax revenue available. More info: https://www.portlandoregon.gov/phb/61191</p> <p>City of Eugene Multi-unit Property Tax Exemption Program. This program offers a property tax exemption on the new structure or incremental change in the property value of a building for a maximum of 10 years. Projects eligible for the tax exemption include construction, addition or conversion of rental or ownership multi-unit housing within the MUPTE boundary. More info: http://www.eugene-or.gov/index.aspx?NID=829</p>
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Fund Sources	Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.
Benefits	<ul style="list-style-type: none"> • Targeted tool to support mixed-use development in places with locational advantages. • City-controlled on project-by-project basis. • Does not require active ground floor use. • Can be paired with other tools that incent density and allow for cost reductions. • Possible flexibility to tailor length of exemptions on a case-by-case basis, depending on the project benefits to the public. • The city can set an annual cap on the total amount of tax exemptions in any given year for all projects.
Drawbacks	<ul style="list-style-type: none"> • City must weigh the temporary (up to 10 years) loss of tax revenue against the potential attraction of new investment to targeted areas. • Reduces general fund revenues for all overlapping taxing districts, which could make it harder to promote the tool to partner jurisdictions that do not perceive the same project benefits. • Can be competitive, depending on the criteria that the City outlines. • If the City also seeks abatement from overlapping taxing districts, requires a lengthy approval process. • Some programs have requirements for local and minority businesses to complete a portion of project construction, which can extend development timelines. • Requires regular reporting. Property owners must submit to city annual audited financial statements, tax returns and 10-year operating cash flow with current rate of return. • Depending on the project criteria, can be a highly competitive process among development projects.

Affordable Housing Property Tax Abatement (Locally Managed, Enabled by State of Oregon)

How It Works	Since 1985, the State of Oregon has allowed for affordable housing property tax abatements when they are sought separately by non-profits that develop and operate affordable rental housing. Only the residential portion of a property located within a City that is used to house very low-income people, or space that is used directly in providing housing for its low-income residents is eligible for a property tax exemption.
Fund Sources	Local taxing jurisdictions' general funds—cities, school districts, counties, etc.
Benefits	<ul style="list-style-type: none"> • Targeted tool to support multi-family rentals or mixed-use development in places with locational advantages. • The affordable housing tax abatement can stand alone (without tax credits). For example, if a non-profit housing provider were to use bonds, it could still be eligible for an abatement, but it must apply for them separately. • Can be blended with other resources such as TIF, tax credits, housing bonds.
Drawbacks	<ul style="list-style-type: none"> • Reduces general fund revenues for all overlapping taxing districts if property tax abatement is sought by affordable housing providers and approved by local jurisdictions.

Affordable Housing Tax Credit (OAHTC)

How It Works	Provides a state income tax credit for affordable housing equity investments that help reduce the financing costs for multi family rental units. Applications must demonstrate a 20 year term that the benefit of the tax credit will be entirely passed on to reduce rents for the tenants. Program webpage: http://www.oregon.gov/ohcs/pages/hrs_oahtc_program.aspx
Fund Sources	Institutional investors or high net worth individuals makes investments. State general fund is impacted.
Benefits	<ul style="list-style-type: none"> • Targeted tool to support multi-family rentals or mixed-use development in places with locational advantages. • The credit contributes to project equity, reducing developer's out-of-pocket investment and can be a significant incentive for the provision of affordable housing.
Drawbacks	<ul style="list-style-type: none"> • The state allows for affordable housing property tax abatements. These are applied for separately. • Highly competitive process.

Low-Income Housing Tax Credit (Federal Program, Administered by State of Oregon)

How It Works	<p>Provides a state income tax credit for affordable housing equity investments that help reduce the financing costs for multi-family rental units. Applications must demonstrate that the project will be maintained as affordable housing for a minimum 30-year term. To be eligible, at least 20% of units must be at or below 50% or AMI, OR 40% must be at or below 60% AMI. There are two rates:</p> <ul style="list-style-type: none"> • The "9%" credit rate. New construction and substantial rehabilitation projects that are not otherwise subsidized by the federal government earn credits at a rate of approximately 9% of qualified basis, each year for a 10-year period. "9%" credits are more powerful but also more competitive. • The "4%" credit rate. The 4% rate applies to acquisition of eligible, existing buildings and to federally-subsidized new construction or rehabilitation. The 4% rate also applies to all eligible bases in projects that are financed through the issuance of volume-cap multi-family tax-exempt bonds (the associated LIHTCs are sometimes called "as of right" credits because they are automatically attached to the volume-cap bonds).
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	State program webpage: http://www.oregon.gov/OHCS/Pages/HRS_LIHTC_Program.aspx
Fund Sources	Institutional investors or high net worth individuals make investments by purchasing tax credits, which infuses cash equity into a project that does not require repayment. Income tax receipts are impacted because investors' income tax payments are reduced.
Benefits	<ul style="list-style-type: none"> • Targeted tool to support multi-family rentals or mixed-use development in places with locational advantages. • The credit contributes to project equity, reducing developer's out-of-pocket investment and can be a significant incentive (particularly at the 9% level) for the provision of affordable housing. • Can be blended with other resources such as TIF, property tax abatements, and housing bonds.

Historic Preservation Tax Credit (State of Oregon)

How It Works	<p>Encourages private sector rehabilitation of income-producing historic buildings. The program allows a 20% tax credit for allowable rehabilitation of certified historic structures. It also allows a 10% tax credit for rehabilitation of non-historic, non-residential buildings built before 1936. The rehabilitation must be substantial and must involve a depreciable building. Tax credits provide inexpensive equity for eligible projects.</p> <p>State program webpage: http://www.oregon.gov/oprd/HCD/SHPO/pages/tax.aspx</p>
Fund Sources	Private and institutional investors, or the federal government.
Benefits	<ul style="list-style-type: none"> • The 10% tax credit is available for the qualified rehabilitation of non-historic buildings placed in service before 1936. • HTC's are effective equity in projects. • Can be bundled with historic property tax freeze and other tax credits to significantly reduce the rehabilitation costs of historic buildings for adaptive re-use.
Drawbacks	<ul style="list-style-type: none"> • Long designation and certification process. • Buildings must be rehabilitated for commercial uses and can include apartments. • An owner that is allocated the tax credits must remain in title for at least five years after the project is placed in service. • Potential pitfalls involving the allocation of the tax credits by the investor party. • Only applicable to historic buildings.

Low-interest Loans, Grants, and Land Disposition

EB-5

How It Works	Attracts investment dollars for new commercial enterprises that will benefit the US economy primarily by creating new jobs for US citizens. There are two versions of the program: 1) the original program that requires foreign investor to commit \$1 million for eligible projects that create at least 10 full-time direct jobs, and 2) the newer program that allows foreign investors to commit \$500,000 in eligible projects within Targeted Employment Areas that create at least 10 direct and/or indirect jobs. In return for these investments, foreigners seek US citizenship.
Fund Sources	Foreign investors
Benefits	<ul style="list-style-type: none"> • Relatively low-cost source of equity for appropriate projects. • Projects can be construction (new or rehabilitation), or direct investments into businesses that will create required jobs. • EB5 can be bundled with many other funding sources such as TIF. • Among the most commonly sought-after projects are hotels and senior housing developments since both generate considerable jobs.
Drawbacks	<ul style="list-style-type: none"> • \$500,000 program investor projects must be in an EB-5 eligible "targeted employment area" or TEA. TEAs are areas that have unemployment rates in excess of 150% of the federal rate for a given year. TEAs are established and adjusted by the governors of each state. • Must meet job generation requirements within 2.5 years. • Investors expect to get their equity investment repaid at the end of five years. • It takes added time to secure EB5 funds due to federally required process.

Land Assembly and Property Price Buy Down

How It Works	The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. Publicly owned parcels can often be disposed of at lower costs or more flexible terms to induce redevelopment.
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	The public sector can provide technical assistance with the process of acquiring a private parcel for redevelopment or combining parcels together into one developable site. Other times, the public sector acquires the parcel(s), combines them, and sells to a private party.
Fund Sources	Tax Increment, CDBG/HUD 108, EB-5, LIHTC
Benefits	<ul style="list-style-type: none"> • Can help overcome development feasibility challenges by creating more viable redevelopment sites. Public ownership of assembled land makes land write-downs or ground leases more viable. • Increases development feasibility by reducing development costs. • Gives the public sector leverage to achieve its goals for the development via development agreement process with developer.
Drawbacks	<ul style="list-style-type: none"> • Public agencies sometimes buy land at the appraised value because they want to achieve multiple goals – which can impact costs of future public and private acquisitions. • Requires careful underwriting and program administration to reduce public sector risk and ensure program compliance.

Community Development Block Grants (CDBG) and Section 108

How It Works	Community Development Block Grants provide communities with resources to address a wide range of community development needs, including infrastructure improvements, housing and commercial rehab loans and grants as well as other benefits targeted to low- and moderate-income persons. HUD Section 108 is one mechanism that increases the capacity of block grants to assist with economic development projects, by enabling a community to borrow up to 5 times its annual CDBG allocation.
Fund Sources	Federal HUD funds
Benefits	<ul style="list-style-type: none"> • Funds are fairly flexible in application. • Program has been run since 1974, and is seen as being fairly reliable. • Section 108 enables a larger amount of very low interest-rate-subordinate funding for eligible projects.
Drawbacks	<ul style="list-style-type: none"> • Competitive process to secure loans/grants for individual projects. • Administration and projects must meet federal guidelines such as Davis Bacon construction requirements. • Amount of federal funding for CDBG has been diminishing over the past few years.

Transportation Grants/Loans

How It Works	<p>ODOT administers several grant programs that help to pay for pedestrian and bicycle improvements, including crosswalks, bike lane striping, and pedestrian crossing islands. Local governments must often match grant funding. These programs include:</p> <ul style="list-style-type: none"> • ConnectOregon. ConnectOregon focuses on improving connections and supporting local economies throughout the state. Dedicated to non-highway projects, ConnectOregon was first approved by the Oregon legislature in 2005 and has funded more than 130 marine/ports, aviation, public transit, and rail projects around the state. For ConnectOregon V, bicycle/pedestrian projects were also eligible to compete for funds. State program webpage: http://www.oregon.gov/ODOT/TD/TP/pages/connecter.aspx • Statewide Transportation Enhancements Program. The Statewide Transportation Improvement Program, known as the STIP, is Oregon's four-year transportation capital improvement program. It is the document that identifies the funding for, and scheduling of, transportation projects and programs. STIP will be divided into two broad categories: Fix-It and Enhance. State program webpage: http://www.oregon.gov/ODOT/TD/STIP/Pages/about.aspx • Oregon Transportation Infrastructure Bank. The Bank is a low-interest revolving loan fund that can help to pay for transportation capital projects. These low-interest loans can be repaid with TIF, general fund, or local improvement district revenues. They provide up front monies (planning, engineering) as well as implementation funds which means cities don't need to wait for TIF build up. Need to make sure there will be a city repayment source. State program webpage: http://www.oregon.gov/ODOT/CS/FS/pages/otib.aspx • ODOT immediate Opportunity Fund. This fund supports economic development by providing road improvements where they will assure job development opportunities. The fund may be used only when other sources of funding are unavailable, and is restricted to job retention and committed job creation opportunities. To be eligible, a project must require an immediate commitment of road construction funds to address an actual transportation problem. The applicant must show that the location decision of a firm or development depends on those transportation improvements, and the jobs created by the development must be "primary" jobs such as manufacturing, distribution, or service jobs.
Fund Sources	State and federal funds
Benefits	<ul style="list-style-type: none"> • Direct public investment into private projects. • Does not impact City funds.
Drawbacks	<ul style="list-style-type: none"> • Highly competitive and must meet state-identified criteria (varies by program). • For loans, need to establish a City repayment source.