

# ***URBAN RENEWAL AGENCY FREQUENTLY ASKED QUESTIONS***

## **What is the Garden City Urban Renewal Agency?**

The Garden City Urban Renewal Agency (GCURA) is an independent public body, corporate and politic serving the city of Garden City, Idaho. The GCURA was established by the City Council in 1995 and currently has one redevelopment district: the River Front District, approved by the City in 1996. The River Front District is tentatively scheduled to sunset in 2013 with final completion of projects in 2014. A new district is currently under consideration by the Agency.

## **What does the Garden City Urban Renewal Agency do?**

The Agency is focused on revitalization of the older portion of the city through improvements to public facilities public infrastructure and utilities as well as parks and greenbelts. Through the use of tax increment financing (see below), the Agency works with the city and other public entities to design and construct upgrades and enhancements to basic infrastructure, such as new water and sewer lines, streets and sidewalks, etc. The Agency also funds improvements to public amenities such as parks and greenbelts.

## **Where does the Agency get its authority?**

The basic authority to create urban renewal agencies and to undertake urban renewal projects is granted to all cities and counties in Idaho by the state legislature in Title 50, Chapter 20, Idaho Code. The ability to use tax increment financing or as described in Idaho, revenue allocation financing for urban renewal projects is authorized under the Local Economic Development Act (Title 50, Chapter 29, Idaho Code).

## **How is Agency funded?**

Beginning in the 1960s federal funds were the initial source of money for urban renewal projects in Idaho. As these funds were phased out in the 1970s, an alternative financing method was needed. In 1988, the Idaho state legislature adopted the Local Economic Development Act which authorized the use of tax increment financing.

Under the Idaho Economic Development Act, urban renewal agencies now receive the majority of their funding from revenue allocation, otherwise known as "Tax Increment Revenue," and, in some cases, bonds or other long-term debt secured by the Tax Increment Revenue. (The Garden City Urban Renewal Agency funds improvements on a pay-as-you-go basis and, therefore, has utilized only available Tax Increment Revenue for its projects.)

Tax increment revenue is described as follows:

In simplest terms, under tax increment financing (or revenue allocation in Idaho), the taxes generated by increasing property values in an urban renewal district are used to pay for public improvements and other revitalization activities in that district.

At the time an urban renewal district is formed, the Ada County Assessor establishes the current value for each property in that district. This value is referred to as the “base” value. All property taxes on the “base value” continue to flow to the taxing districts within the urban renewal district, such as the county, the city, the highway district, etc. Over time, the assessed value of the properties in the urban renewal district will generally increase. That increase in value is referred to as “incremental value.” The property taxes generated by the *incremental* value above the base value go to the urban renewal agency to be reinvested in the specific urban renewal district.

For instance, if the district is approved in 2010, the assessed value of a property in 2010 becomes the “base value” and all property taxes on that value continue to flow to the usual taxing districts. If the property increases in value after the 2010 base year, the property taxes on the *incremental* value is distributed to the Agency.

An example would be: if a property was assessed by the Ada County Assessor as having a value of \$100,000 in 2010, the property taxes on that amount would all go to the usual taxing entities since that is the “base year value”. Then, if the property value increased to \$110,000 in 2011, the taxes on the “base value” of \$100,000 would still go to the usual taxing entities and the taxes on the “incremental” \$10,000 would go to the Agency. *If the urban renewal district did not exist, taxes on the entire \$110,000 value would go to the usual taxing entities so the total tax bill to the property owners remains the same.*

### **What powers does Agency possess?**

The powers specifically granted by the state legislature to urban renewal agencies in Idaho are summarized below. A complete list is found in Title 50, Chapter 20 and Chapter 29 of the Idaho Code.

- a. To borrow money and to issue bonds to finance urban renewal projects.
- b. To undertake urban renewal projects and related activities within the agency’s area of operation including signing necessary contracts and other documents.
- c. To construct streets, utilities, parks, playgrounds, off-street parking facilities, public facilities, other buildings or public improvements and any improvements necessary or incidental to a redevelopment project.
- d. To acquire real property (or personal property for its administrative purposes), together with any improvements thereon; to hold, improve, renovate, rehabilitate, clear or prepare for redevelopment any such property or buildings; and to dispose of any real property. (Methods of acquisition include purchase, lease, option, gift, and grant).
- e. To invest any urban renewal funds.
- f. To construct foundations, platforms and other like structural forms necessary for the provision or utilization of air rights, sites for buildings and to be used for residential, commercial, industrial and other used contemplated by the urban renewal plan and to provide utilities to the development site.

As a result of the law enacted in 1988 to provide, among other things, for financing urban renewal projects with tax increment funds, urban renewal agencies were granted the following additional powers:

- a. To apply incremental tax revenues allocated to the agency for the payment of the project cost of any urban renewal project located in a revenue allocation area,
- b. To borrow money, incur indebtedness and issue one or more series of bonds secured by incremental tax revenues, to finance or refinance, in whole or in part, urban renewal projects and;
- c. To pledge the incremental tax revenue to the payment of the principal of and interest on moneys borrowed, indebtedness incurred or bonds issued.

Urban renewal agencies are not permitted to levy taxes and they have no direct regulatory authority unless specifically authorized by the City Council.

### **Do my tax dollars go to support an urban renewal project?**

Only revenues derived from the increase in property values within an urban renewal district after its creation go to support activities of the GCURA, and only if a revenue allocation area has been approved. These revenues must be spent on projects that support revitalization of the district. Property owners within a district do in fact support redevelopment of that district, but their tax rate is the same as everywhere else in the city. Formation of a district does not increase property taxes; it only reallocates where the tax revenues go if property values increase.

### **How does the Agency select projects to fund?**

The GCURA Board selects projects to fund based on their ability to create a benefit for the community, specifically those within the urban renewal district. The projects authorized are described in the adopted urban renewal plan.

### **Does urban renewal raise my taxes?**

Question to Alan Dornfest, Idaho State Tax Commission, on November 19, 2008:

“Given the recent modifications to the urban renewal code resulting from bills generated in the past few legislative sessions, I would appreciate your current thoughts as to the impact of urban renewal districts on the local property taxpayer.”

**Answer:** “I would suggest that most of the changes in recent years and especially the changes resulting from HB 470 in 2008 and the legislation in 2007 that eliminated new construction within URDs from the budget capacity calculations until the dissolution of the revenue allocation areas add to the effective neutrality of urban renewal.” Alan Dornfest

**What mechanisms are in place to ensure transparency and accountability of urban renewal agencies?** Idaho law provides numerous requirements designed to ensure transparency and accountability for urban renewal agencies, including:

- a. Making records available to citizens upon request pursuant to the Idaho Public Records Laws.
- b. Meetings are open to citizens, preceded by public notice and an agenda, and meeting minutes are kept pursuant to the Idaho Open Meeting Law.
- c. Urban renewal commissioners are required to disclose conflicts of interest pursuant to the provisions of the Idaho Ethics in Government Act and the Idaho Urban Renewal Law.

- d. Urban renewal agencies are required to comply with the provisions of the Local Government Competitive Bidding Law.
- e. Urban renewal agencies have the same financial audit requirements as municipalities.
- f. Urban renewal agencies must hold public hearings prior to approval of their annual budget and approved budgets must be submitted to the city prior to September 1 of each year
- g. Urban renewal agencies with annual expenditures between \$100,000 and \$250,000 must have a bi-annual independent financial audit, and above \$250,000 an annual audit. Those agencies with expenditures under \$100,000 are exempt from this obligation but must prepare the annual report described below.
- h. Urban renewal agencies are required to prepare and file with the city an annual report of activities for the preceding calendar year by March 31 and publish notice of the report's availability upon request by citizens. The report must include a complete financial statement setting forth assets, liabilities, income and operating expenses. Prior to submittal of the annual report to the city, agencies must seek public comment on the report draft either in written or public comments.