

Spokane University District Revitalization Area UDRA

Update to the UDDA Board of Directors
February 2015

The Good, the Bad and the Money



Planning and Development Services



The UDRA!

...the U-What???

The University District

- A live/learn/work/play confluence of innovation, discovery, entrepreneurship, scholarship, and neighborhood development that provides an ongoing stream of economic growth and business opportunity for the region...

Revitalization Area

- “A geographic area approved locally and by DOR, from which local sales and use tax increments are estimated and property tax allocation revenues are derived for local revitalization financing.”

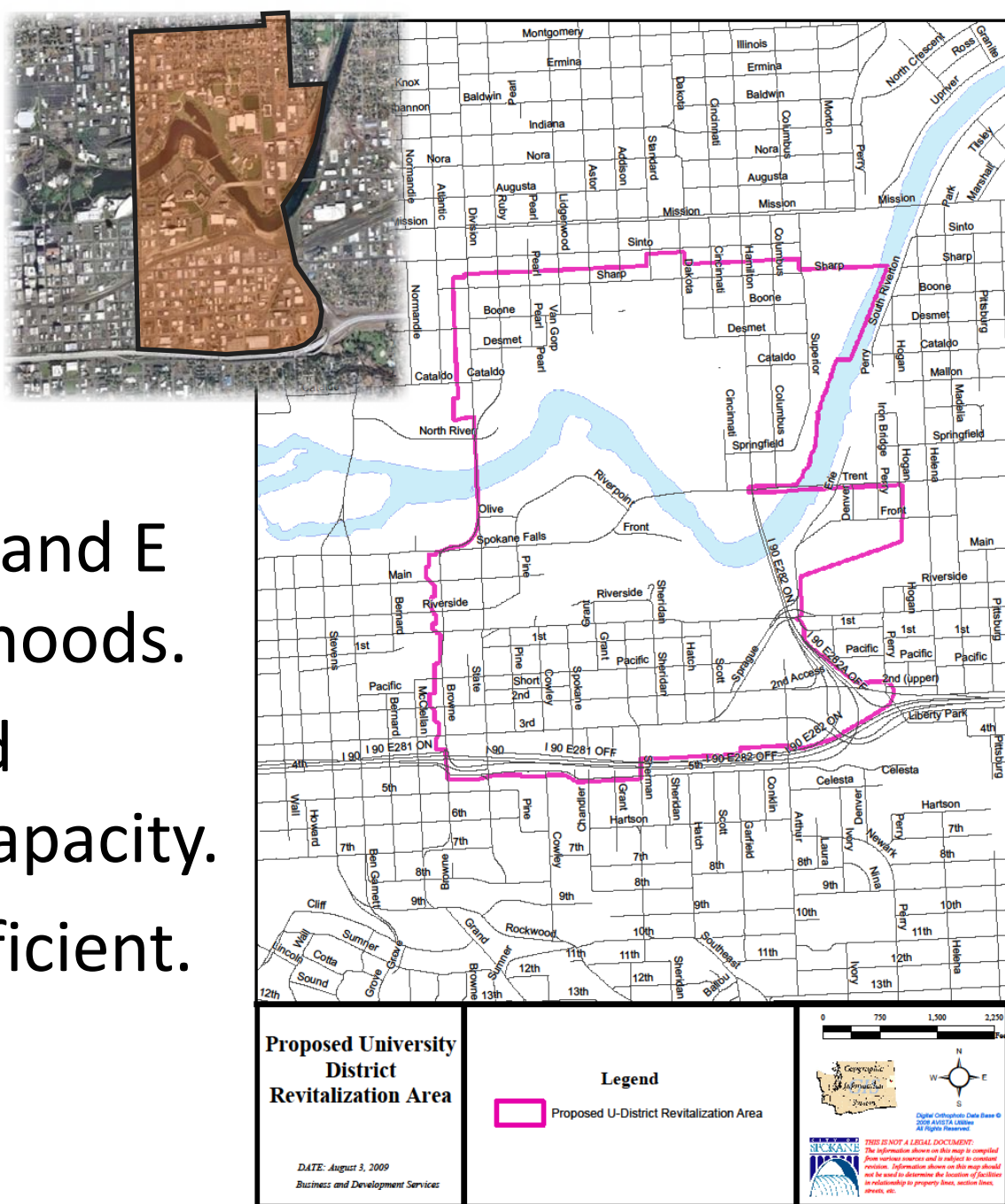
Or.... In other words a form of “tax increment finance district”

The UDRA

- A tool for financing public infrastructure improvements within the University District to support economic growth and business opportunities...

Boundaries

- 770 acres.
- Logan, Riverside, and E Central neighborhoods.
- Development and redevelopment capacity.
- Infrastructure deficient.



UDRA Boundary

UDRA Fundamentals

Three sources of revenue:

- Local property tax allocation revenue.
- Local sales and use tax allocation revenue.
- The State contribution of \$250k/year for 25 years.

UDRA Limitations

STATUTORY AND LOCAL:

- **Local Property Tax** based on 75% of new construction value using only the City share (County opted out)
- **Local Sales Tax** is incremental above base year level regardless of new sales tax activities
- **Cap on Local Property & Sales Tax @** \$650,000/Yr by local ordinance.

CITY OF SPOKANE PROPERTY TAX DISTRIBUTION - 2009

	<u>PER \$1000</u>
Spokane General	\$2.59
Spokane EMS	0.36
Spokane Bond	0.85
County General	1.15
County Cons Futures	0.04
State General	1.90
School District General	2.86
School District B & I	<u>1.48</u>
	\$11.23

UDRA Property Tax

YEAR:	2011	2012	2013	2014	2015
New Construction Value*	\$536,679	\$3,773,123	\$8,429,002	\$9,975,920	\$12,695,563
Annual LPTAR	\$1,294	\$9,468	\$21,630	\$26,412	\$39,038
Cumulative Total LPTAR	\$1,294	\$10,762	\$32,393	\$58,805	\$97,844

* Revenue based on 75% of taxable value.

LPTAR: Local Property Tax Allocation Revenue

Note: 2015 Values are projected.

Source: Spokane County Assessor.

UDRA Property Values

*Comparison 2009 to 2014 **Total** Assessed and Taxable:*

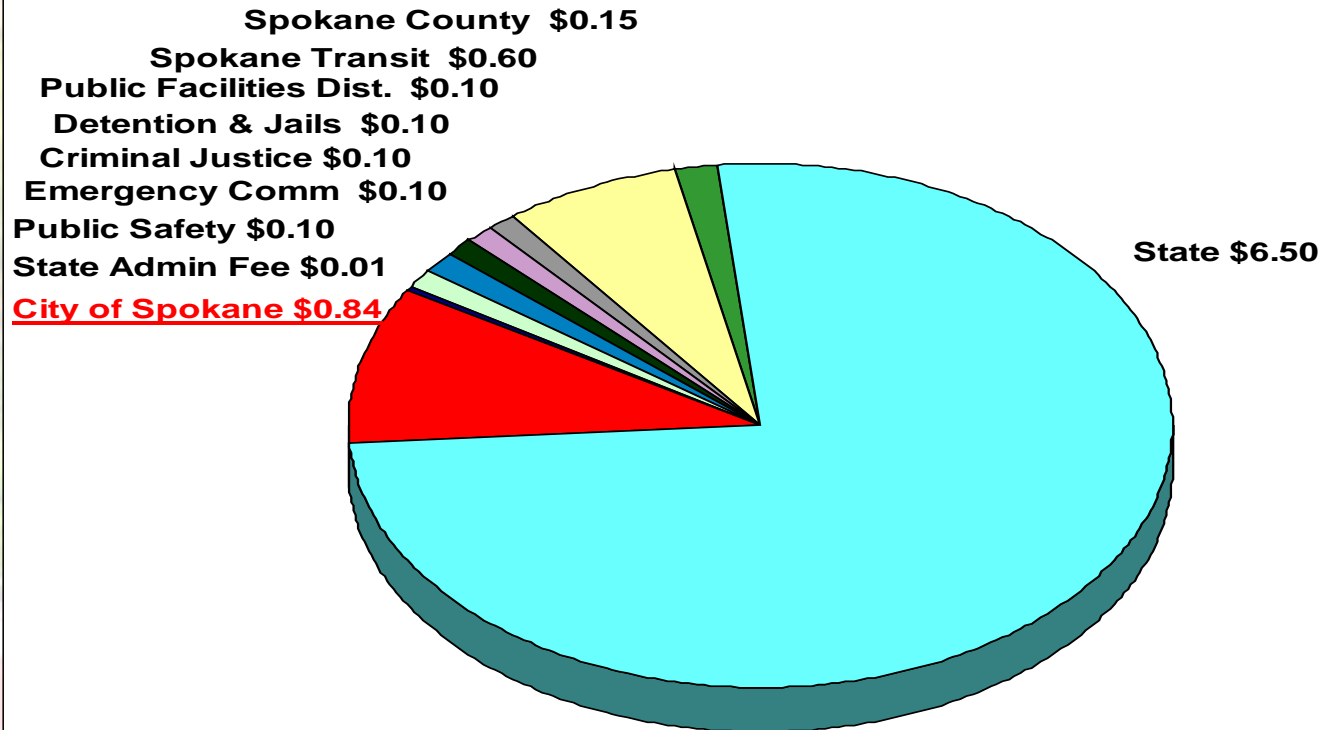
	<u>Total Assessed Value</u>	<u>Total Taxable Value</u>
2009	\$485,606,120	\$239,239,803
2014	\$550,246,810	\$258,654,628

CITY OF SPOKANE

SALES TAX DISTRIBUTION - 2009

Sales Tax Distribution - City Retailers

The City Local Sales Tax Generates 84 cents
From a \$100.00 Taxable Sale



UDRA Sales Tax

SALES TAX INCREMENT REVENUE				
Year	Allocated Taxable (UDRA)*	Increase Over Base	Annual Incremental Sales Tax Revenue at local sales tax rate	Cumulative Incremental Sales Tax Revenue
2009	262,966,780	BASE YEAR	0.84%	
2010	217,462,932	(45,503,848)	-	\$0.00
2011	218,540,686	(44,426,093)	-	\$0.00
2012	210,951,322	(52,015,457)	-	\$0.00
2013	244,260,635	(18,706,145)	-	\$0.00
2014**	253,956,431	(9,010,348)	\$0.00	\$0.00
2015***	264,037,096	1,070,317	9,007	\$9,006.72

* Figures are from taxable retail sales allocation for geographic boundaries of the University District Revitalization Area

**Citywide (2014) sales of \$4.355B estimated by James Caddey via email 6/26/14

***Estimated using 3.97% growth from 2014

UDRA Sources and Uses

State Contribution

\$250K/year for 25 years

P & I Payments on
\$3.99m loan from City
Property Acquisition Fund

Loan used for Division
Gateway Study ~\$700k
and Bike Ped Bridge
~\$3.2M

Low risk: statutory criteria

District-wide Local Sales and Property Tax

Based on new
construction values and
new sales over base year.

Revenue to date: ~\$60K;
Lifetime ~\$6 to \$12M

May be used to “pay as
you go” or pledged to
repay loan for public
infrastructure.

Uncertain revenue
increases risk

Sub Area (e.g. Burgan’s Block)

New construction based
property and sales tax
from defined subarea

Based on direct increases
from new construction
values and actual sales

Used for agreed upon
project based public
improvements;

Developer assumes risk