ORDINANCE NO. 18-173-03

AN ORDINANCE MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO, AND APPROVING, THE JOHN DAY HOUSING INCENTIVES PLAN; AND DIRECTING THAT NOTICE OF APPROVAL BE PUBLISHED.

WHEREAS, pursuant to Ordinance No. 18-172-02, the John Day City Council (the "Council") declared that blighted areas exist in City of John Day ("City") and elected to have the powers of an urban renewal agency exercised by the Council; and

WHEREAS, pursuant to Ordinance No. 18-172-02, the Council declared that the name of the urban renewal agency will be the John Day Urban Renewal Agency (the "Agency"); and

WHEREAS, the Agency, as City's duly authorized and acting urban renewal agency, is proposing to undertake certain urban renewal activities in a designated area within City pursuant to ORS Chapter 457; and

WHEREAS, the Agency, pursuant to the requirements of ORS Chapter 457, has caused the preparation of that certain John Day Housing Incentives Plan dated June 12, 2018 attached hereto as Exhibit A (the "Plan"). The Plan authorizes certain urban renewal activities within the John Day Urban Renewal Area (the "Area"); and

WHEREAS, the Agency has caused the preparation of a certain Report Accompanying the John Day Housing Incentives Plan dated June 12, 2018 attached hereto as Exhibit B (the "Report") to accompany the Plan as required under ORS 457.085(3); and

WHEREAS, the Plan and Report were forwarded on May 9, 2018 to the governing body of each taxing district affected by the Plan, and the Agency has thereafter consulted and conferred with each taxing district; and

WHEREAS, City presented the Plan to representatives of Grant County on May 9, 2018; and

WHEREAS, the Council has not received any written communication from the governing bodies of the affected taxing districts; and

WHEREAS, on May 22, 2018, after a public review process, the Agency forwarded the Plan and Report to the John Day Planning Commission (the "Commission") for review and recommendation; and

WHEREAS, the Commission considered the Plan and Report on May 24, 2018 and adopted a finding that the Plan conformed with the John Day Comprehensive Plan; and

WHEREAS, pursuant to ORS 457.120(1), City caused notice of the hearing to be held before the Council on the Plan, including the required statements of ORS 457.120(3), to be mailed to all utility customers within City's incorporated limits on May 29, 2018; and

WHEREAS, on June 12, 2018, the Council held a public hearing to review and consider the Plan, the Report, the recommendation of the Commission, and any public testimony received on or before that date; and

WHEREAS, the Council finds that the Plan conforms with all applicable requirements under Oregon law; and

WHEREAS, having considered the record, public testimony, and the Commission's recommendation, by this Ordinance No. 18-173-03 (this "Ordinance"), the Council desires to approve the Plan and Report.

NOW, THEREFORE, THE CITY OF JOHN DAY ORDAINS AS FOLLOWS:

1. Findings. The above-stated findings are hereby adopted.

2. Short Title. This Ordinance may be referred to and cited as the "Urban Renewal Plan Ordinance."

3. Compliance with Requirements. The Council hereby determines and finds that the Plan complies with all requirements of ORS Chapter 457 and the specific criteria of ORS 457.095(1)-(7). To this end, based on the information provided in the Report, the recommendation of the Commission, and public testimony before the Council, the Council hereby determines and finds as follows:

(a) The process for adopting the Plan has been conducted in accordance with the applicable provisions of ORS Chapter 457 and all other applicable legal requirements; and

(b) The area designated in the Plan as the Area is blighted, as defined by ORS 457.010(1), and is eligible for inclusion within the Plan because of conditions described in Section XI of the Report, titled "Existing Physical, Social, and Economic Conditions and Impacts on Municipal Services," including (1) the obsolescence, deterioration, and dilapidation of existing structures as defined under ORS 457.010(1)(a)(E), and (2) a prevalence of underdevelopment of property within the Area causing the conditions described under ORS 457.010(1)(g); and

(c) The rehabilitation and redevelopment described in the Plan to be undertaken by the Agency is necessary to protect the public health, safety, and welfare of City because absent the completion of the urban renewal projects, the Area will fail to contribute its fair share of property tax revenues to support City services and will fail to develop and/or redevelop according the goals of the John Day Comprehensive Plan; and

(d) The Plan conforms to the John Day Comprehensive Plan and the John Day Strategy for Growth as a whole and provides an outline for accomplishing the projects described in the Plan, as more fully described in Section XII of the Plan and the findings of the Commission attached hereto as Exhibit C; and

(e) No displacement of persons will occur as a result of acquisition or disposition of land and/or redevelopment activities proposed in the Plan and, therefore, the Plan does not include provisions to house displaced persons. If the Plan is amended to include acquisition and/or disposition of land and/or additional redevelopment activities that may result in the displacement of persons, provisions will be made for displaced persons in the Report as required under applicable state and federal law; and

(f) The acquisition of real property is not an eligible activity in the Plan; and

(g) Adoption and carrying out the Plan is economically sound and feasible in that funds are available to complete the Plan projects using urban renewal tax increment revenues derived from a division of taxes pursuant to Section 1c, Article IX of the Oregon Constitution and ORS 457.440, and other available funding as more fully described in Sections III, IV, V, VI, and VII of the Report; and

(h) City will assume and complete any activities prescribed to it by the Plan; and

(i) The Agency consulted and conferred with affected overlapping taxing districts prior to the Plan being forwarded to the Council and the Council has not received any written recommendations from any taxing district.

4. Plan Approval. The Plan is hereby approved based upon the Council's review and consideration of the Plan, the Report, the recommendations of the Commission, each of which is hereby accepted, and the public testimony in the record.

5. City Manager. City's City Manager will forward to the Agency a copy of this Ordinance. The Agency will thereafter cause a copy of the Plan to be recorded in the Grant County Official Records. The City Manager, in accordance with ORS 457.115, will publish notice of the adoption of this Ordinance, including the provisions of ORS 457.135, in The Blue Mountain Eagle no later than four days following adoption of this Ordinance.

6. Severability; Corrections. If any section, subsection, sentence, clause, and/or portion of this Ordinance is for any reason held invalid, unenforceable, and/or unconstitutional, such invalid, unenforceable, and/or unconstitutional section, subsection, sentence, clause, and/or portion will (a) yield to a construction permitting enforcement to the maximum extent permitted by applicable law, and (b) not affect the validity, enforceability, and/or constitutionality of the remaining portion of this Ordinance. This Ordinance may be corrected by order of the Council to cure editorial and/or clerical errors.

This Ordinance was PASSED and ADOPTED by the City Council by a vote of ___ for and __ against and APPROVED by the mayor on this 12th day of June, 2018.

Ron Lundbom, Mayor

ATTEST:

Nicholas Green, City Manager

Exhibit A
John Day Housing Incentives Plan

[attached]

John Day Housing Incentives Plan

Adopted by the City of John Day

June 12, 2018

Ordinance No. 18-173-03

If Amendments are made to the Plan, the Resolution or Ordinance Number and date will be listed here. The amendment will be incorporated into the Plan and noted through a footnote.

This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

LIST OF PARTICIPANTS

Mayor

Ron Lundbom

City Council

Steve Schuette, Council President
Brandon Smith
Paul Smith
Gregg Haberly
Dave Holland
Shannon Adair

Planning Commission

Ken Boethin, Chair
Tim Unterwegner
Tom Wilson
Neale Ledgerwood
Darin Toy

City Manager

Nicholas Green

Senior Project Manager

Aaron Lieuallen

Project Advisory Committee

Chris Cronin
Alec Oliver
Ashley Stevick
Lindsay Madden
Brandon Smith
Haley Walker
Lisa Weigum
King Williams
Elliot Sky
Leann Gast
Amanda Martino
Kate Cueno
Shaun Robertson
David Thunell (County Assessor, participant)

Technical Advisory Committee

Ken Boethin	Planning Commission Chair
Angie Jones	District Manager, Grant County Transp. District
Shane Griffin	ODOT District 14
Shannon Adair	City Councilor
Derek Daly	CEO, Blue Mountain Hospital District
Curt Shelly	School District 3 Superintendent
Scott Myers	Grant County Judge
Russ Young	Parks & Rec District Representative
Ryan Nehl	USDA Forest Service Representative
Brent Smith	ODFW Representative
Bruce Ward	President, Grant County Chamber of Commerce
Robert Waltenburg	Grant ESD Superintendent

Elaine Howard Consulting, LLC

Elaine Howard
Scott Vanden Bos

Tiberius Solutions, LLC

Nick Popenuk
Ali Danko
Rob Wyman

TABLE OF CONTENTS

I.	DEFINITIONS	1
II.	INTRODUCTION	3
III.	MAXIMUM INDEBTEDNESS	6
IV.	GOALS AND OBJECTIVES	7
V.	URBAN RENEWAL PROGRAM CATEGORIES	9
VI.	URBAN RENEWAL PROGRAMS	9
VII.	AMENDMENTS TO PLAN	12
VIII.	PROPERTY ACQUISITION AND DISPOSITION	13
IX.	RELOCATION METHODS	13
X.	TAX INCREMENT FINANCING OF PLAN	13
XI.	ANNUAL REPORT	14
XII.	RELATIONSHIP TO LOCAL OBJECTIVES	15
XIII.	APPENDIX A: LEGAL DESCRIPTION	19

I. DEFINITIONS

"Agency" means the John Day Urban Renewal Agency. This Agency is responsible for administration of the urban renewal plan.

"Area" means the properties and rights-of-way located with the John Day Urban Renewal Boundary.

"Blight" is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting the urban renewal plan.

"City" means the City of John Day, Oregon.

"City Council" or "Council" means the John Day City Council.

"Comprehensive Plan" means the City of John Day comprehensive land use plan and its implementing ordinances, policies, and standards.

"County" means Grant County, Oregon.

"Fiscal year" means the year commencing on July 1 and closing on June 30.

"Frozen base" means the total assessed value including all real, personal, manufactured, and utility values within an urban renewal area at the time of adoption. The county assessor certifies the assessed value after the adoption of an urban renewal plan.

"Increment" means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement.

"Maximum indebtedness" means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

"ORS" means the Oregon Revised Statutes and specifically Chapter 457, which relates to urban renewal.

"Planning Commission" means the John Day Planning Commission.

"Revenue sharing" means sharing tax increment proceeds as defined in ORS 457.470.

"Tax increment financing (TIF)" means the funds that are associated with the division of taxes accomplished through the adoption of an urban renewal plan.

"Tax increment revenues" means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the area.

"Under-levy" means, pursuant to ORS 457.455 the ability to voluntarily limit tax increment collections from the Assessor.

"Urban renewal area" means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

“Urban renewal plan” or “Plan” means a plan, as it exists or is changed or modified from time to time, for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.

“Urban renewal project” or “Project” means any work or undertaking carried out under ORS 457.170 in an urban renewal area. In this Area, they are referred to as programs.

“Urban renewal report” or “Report” means the official report that accompanies the urban renewal plan pursuant to ORS 457.085(3).

II. INTRODUCTION

A. Executive Summary

When a city forms an urban renewal area, two documents are prepared, an urban renewal plan and report. In John Day, these are called the John Day Housing Incentives Plan (Plan) and the Report Accompanying the John Day Housing Incentives Plan (Report). The Report is a technical document that accompanies the Plan and supplies the information required in ORS 457.085(3).

The Plan is the formal legal document that dictates what can and cannot be done in terms of projects, programs, and administration of the John Day Urban Renewal Area (Area). The Plan was developed for the John Day City Council (City Council) with cooperative input from two Advisory Committees that were formed for this purpose. The Plan also includes input from the community received at a public meetings and hearings before the John Day Planning Commission, City Council, and Grant County Court. Pursuant to the John Day City Charter and Oregon Revised Statute (ORS) 457, this Plan will go into effect when it has been adopted by a non-emergency ordinance by the City Council. The Plan is to be administered by the John Day Urban Renewal Agency (Agency). Any amendments or changes to the Area are made to the Plan by either a resolution or through an ordinance, as stipulated in the Amendments Section of the Plan.

The Plan is different from the typical urban renewal plans. This Plan is designed to use the tax increment proceeds not from the Area as a whole, but from those properties that use the programs in the Plan. Therefore, the future increased taxes from the New Home Incentive Program and the Existing Home Remodel Incentive Program will fund the costs of this urban renewal plan.

B. Plan Overview

Much of the Plan Overview comes from the City of John Day's response to the 2017 Regional Solutions Workforce Housing Initiative and from the State of Oregon Department of Land Conservation and Development grant application. Some values of house prices and subsidies that were originally stated have been updated with current information.

Like many communities in eastern Oregon, the John Day housing market is characterized by smaller home sizes, aging housing stock and depressed market values. Additionally, the community's rental vacancy rate is currently at or near one percent; with many rental properties occupied by working families and individuals who have the capital and credit to build new homes, if given the right incentives.

Over the past 18 months in 2017, the average John Day home has sold for $88 per square foot. While low market prices make purchasing an existing home affordable to many residents, this also creates a strong disincentive to invest in new construction, which has an average build price of $155 per square foot. This cost-value disconnect discourages investments in new housing by creating an affordability gap for homebuyers and a profitability gap for homebuilders, both of whom take on significant negative equity for new home construction. As a result, over the last ten years only five new homes have been built within city limits, in spite of having approximately 158 acres of buildable residential land.

Overcoming this barrier to growth will require the City to incentivize private sector development of new homes and encourage existing homeowners to update and revitalize existing homes. To accomplish this, the City has developed two incentive programs, for the development of new homes and improvement of existing homes, that will be financed through Urban Renewal. The key component of the incentive programs will be a financial rebate of seven percent of the final assessed value of any new home constructed or a yet to be determined incentive percentage for major improvements to existing homes, payable after closing to the owner who places the house on the tax rolls. In addition, the City will pre-pay all system development charges for new housing that requires a connection to city services and will advertise the program to prospective builders.

Under this program, a new home with an assessed value of $250,000 would have a gross assessed value of $208,000 after applying a changed property ratio of 0.832. The existing value of the land is estimated to be $30,000 leaving an increased assessed value of $178,000. This development would result in a cash rebate of $12,460 upon closing (7% of the new assessed value), plus an additional $7,400 if system development charges (SDCs) apply, for a net benefit of $19,860 or just over 11 percent of the new assessed value. The financial incentives would be recapitalized by having the ad valorem tax increase on the improvements accrue to the housing development district fund of the Agency until the rebate, SDCs, Community Development Fund that jump sarts the program and annual administration fees are repaid, thus creating a perpetual investment fund.

These programs are a market-driven approach that will incentivize new home construction by reducing the affordability/profitability gap to the private sector. Additionally, the homebuyer or builder can construct any type of site-built housing that meets the standards of the City of John Day Development Code. Agencies like the County, School District and Hospital District will see immediate benefits from the increase in workforce housing for their employees, along with increased state shared revenue from new residents and K-12 student enrollment. No tax jurisdiction will lose any of its existing tax base and all realize significant future tax increases upon retirement of the district.

To gather more public input on these programs, two Advisory Committees were formed by the John Day city council. The Project Advisory Committee (PAC) consisted of John Day business owners, residents, and other community members. The Grant County Assessor also participated as an advisor on the tax implications of the program. The PAC met twice to discuss and refine the John Day Housing Incentive Plan boundary, programs and finances. The Technical Advisory Committee (TAC) consisted of public officials representing multiple agencies throughout the county. The TAC met once to review the work of the PAC and make final recommendations on the plan and report.

The Plan area (Area), shown in Figure 1, consists of approximately 178.56 total acres: 133.93 acres of land in tax lots and 44.63 acres of public rights-of-way. It is anticipated that the Plan will take 20 years of tax increment collections to implement. The maximum amount of indebtedness (amount of tax increment financing (TIF) for programs) that may be issued for the Plan is $4,305,162 (four million three hundred five thousand one hundred sixty-two).

Detailed goals and objectives for this Plan are intended to guide the Agency's investment in the Area over the life of the Plan. The projects in this urban renewal area are housing incentive programs, and throughout this document are referred to as programs. The program category descriptions are intended to aid future decision makers when considering how best to expend funds generated by tax increment revenues.

C. Urban Renewal Overview

Urban renewal allows for the use of tax increment financing, a financing source that is unique to urban renewal, to fund its programs. Tax increment revenues— the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established— are used to repay "borrowed funds". The borrowed funds - which could be commitments to developers and homeowners or commitments to repay the city for SDCs or administration – are used to pay for urban renewal programs and administration and cannot exceed the maximum indebtedness amount set by the Plan.

The purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped, called blighted areas in ORS 457.010. These areas can have old or deteriorated buildings, public spaces that need improvements, streets and utilities in poor condition, a complete lack of streets and utilities altogether, general under development, or other obstacles to development. In the John Day urban renewal area, the city is both underdeveloped and much of the existing housing stock is deteriorated.

In general, to address the specific conditions in John Day, urban renewal programs may include incentives to promote new development, assistance for rehabilitation or redevelopment of property, acquisition and re-sale of property from willing sellers and receipt of properties acquired by the city through their Nuisance Ordinance. In the John Day urban renewal area, the programs will help facilitate the construction of new homes and rehabilitation of the existing housing stock.

The Area meets the definition of blight due to underdeveloped residential zoned properties and the need for substantial redevelopment of the existing housing stock. These blighted conditions are specifically cited in the ordinance adopting the Plan and described in detail in the Report.

The Report accompanying the Plan contains the information required by ORS 457.085, including:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact in light of increased services;
- Reasons for selection of the Plan Area;
- The relationship between each program to be undertaken and the existing conditions;
- The estimated total cost of each program and the source of funds to pay such costs;
- The estimated completion date of each program;
- The estimated amount of funds required in the Area and the anticipated year in which the debt will be retired;
- A financial analysis of the Plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; and
- A relocation report.

III. MAXIMUM INDEBTEDNESS

Maximum indebtedness is the total amount of money from division of taxes under ORS 457.420 to 457.460 that can be spent on programs and administration throughout the life of the Plan. Maximum Indebtedness is a term used in authorizing the use of urban renewal and is required in every urban renewal plan. The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of programs in the Plan and the schedule for their completion is $4,305,162 (four million three hundred five thousand one hundred sixty-two). This amount is the principal of such indebtedness and does not include interest or indebtedness incurred to refund or refinance existing indebtedness.

This maximum indebtedness amount is derived from financial modeling in the Report. In this Plan, there is no expectation that there will be any issuance of formal debt to fund the Plan. The Plan is designed to be funded through the upfront dedication of dollars from the City of John Day Community Development Fund and payment of SDCs on new development which will ultimately be repaid to the City through the increase of property tax revenues on the properties participating in the programs in the Plan.

IV. GOALS AND OBJECTIVES

The goals of the Plan represent its basic intents and purposes. Accompanying each goal are objectives, which generally describe how the Agency intends to achieve each goal. The urban renewal programs identified in Section V of the Plan are the specific means of meeting the objectives. The goals and objectives will be pursued as economically as is feasible and at the discretion of the Agency. The goals and objectives are not listed in any order of importance or priority.

New Housing Stock

To create one hundred new residences in John Day by FYE 2039, a twenty-fold increase in home production over the decade prior to implementing the Plan.

Objectives:

a) Provide a financial incentive to developers and home buyers through a program for new home development.
b) Reimburse systems development charges, when applicable, for new home development.

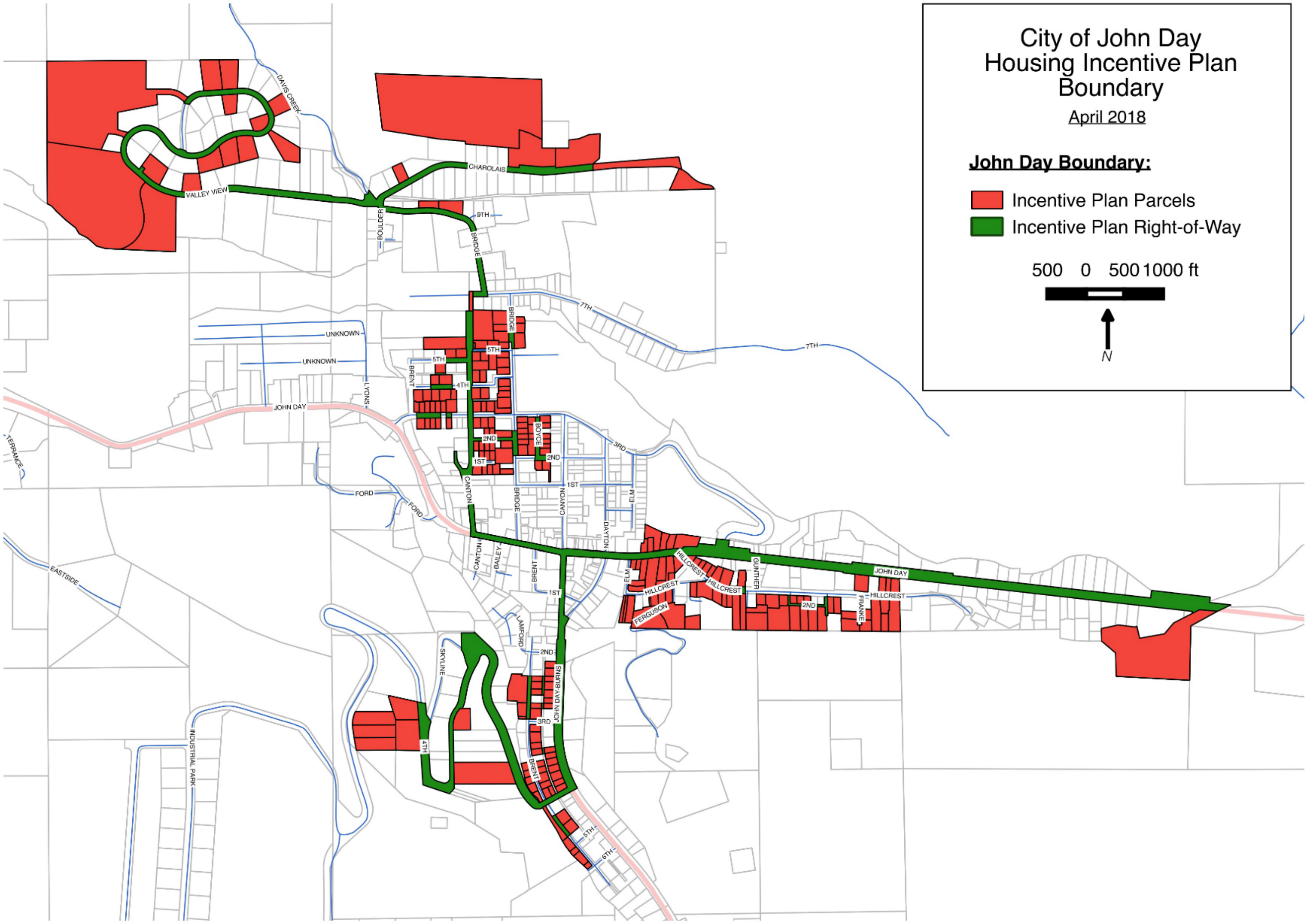
Existing Housing Stock

Improve up to one hundred existing residences in John Day by FYE 2039.

Objectives:

a) Provide incentives to existing home owners to improve their residences

Figure 1 – John Day Urban Renewal Plan Area Boundary



Source: Tiberius Solutions, LLC

V. URBAN RENEWAL PROGRAM CATEGORIES

As an outcome of the goals described in the previous section, the programs within the Area fall into the following program categories:

New Housing Stock

New Home Incentive Program – The New Home Incentive Program will allow activities including but not limited to incentivizing new residence development. Specific program guidelines will be drafted and reviewed at the discretion of the Agency. These guidelines are expected to include: a cash rebate on new home construction of seven percent of the increase in the property's assessed value, and payment of SDCs.

Existing Housing Stock

Existing Home Remodel Incentive Program – The Existing Home Remodel Incentive Program will allow activities including but not limited to incentivizing significant remodels of existing residences in John Day. Specific program guidelines will be drafted and reviewed at the discretion of the Agency. These guidelines are expected to include: substantial improvements to home facades, structural repairs, major remodels and new additions that add additional rooms and living space.

VI. URBAN RENEWAL PROGRAMS

Urban renewal programs authorized by the Plan are described below.

New Housing Stock – New Home Incentive Program

A guideline for the development of the New Home Incentive Program is indicated below. However, the Agency is authorized to revise the program incentives as needed to ensure the success of developing new homes in John Day.

The basic premise of the program is to offer incentives to builders that would eventually be paid off using the new property tax revenues captured by urban renewal from the newly built houses. The John Day Housing Incentive Area would only collect property tax revenues representative of new property tax revenues of incentivized houses on a yearly basis plus an amount for reimbursement of the Community Development fund used to jump-start the programs and payment for up to $30,000 in yearly administration fees allocated to the programs.

A vignette for how such an incentive program would work is as follows:

- A homebuyer applies for an incentive rebate at the time they submit their Land Use Review (LUR) to the City Planning Official for new home construction.
- The City Planning Official reviews the home plans with the County Assessor and County Planning Department and determines an estimated assessed value (AV) for the new home and other proposed improvements.
- The City offers the homebuyer a rebate based on the estimated ad valorem tax base (estimated at 7% of the net new AV), to be paid to the owner after closing and upon

determination by the County Assessor of the new AV and the first tax assessment of the completed home. SDC costs are also included in the incentive package, if applicable.

• For example, if the home has a Real Market Value (RMV) of $250,000, after applying the Changed Property Ratio (CPR) of 0.832, it would have an AV of $208,000. The RMV and CPR will fluctuate annually as determined by the county assessor. The assumptions are the existing land on which the house is contstructed would have an AV of $30,000, leaving $178,000 as the new AV created by the construction of the new home. If the development created a new connection to city services, the city would pay the homebuyer an estimated $12,460 rebate and an estimated $7,400 in SDCs, for a total incentive of $19,860. This amount could be increased annually to account for inflation, estimated at 3%.

• The homebuyer pays the standard 15.9374 mill rate for their annual property tax just as they would on any other property. However, because the home is in an urban renewal area, the City's housing district collects the ad valorem assessed amount of roughly $3,187 (15.9374 x $178) on the improvements. The other tax jurisdictions continue to receive the same tax revenue as before on the land and any improvements that existed prior to the new home construction.

• This tax distribution continues until the City's housing district has been fully compensated for its incentive. The City will receive roughly $2,800 per house in the first year and that will typically increase three percent per year, thus taking approximately seven years to repay the $19,860 incentive. It will take additional time to repay the reimbursement of the Community Development Fund and fund the up to $30,000 of administration allocated the management of the Plan. Upon repayment, the property tax will be distributed to each of the tax jurisdictions as before and each receives their full tax benefit from the new improvements.

This mechanism creates a perpetual investment fund for new home construction in blighted areas. This type of incentive program encourages new housing construction because the homebuyer (or builder) is able to realize a cost savings estimated at ten percent versus if there were no incentive program. The city benefits by beginning to remove the blighted conditions that necessitated the urban renewal district and is able to extend additional incentives because the repayment rate within the district is five times faster than it would be otherwise.

While the other tax districts in the city do not receive immediate tax benefits from the Area, these agencies will realize an increase in their tax revenue that would not exist but for the creation of the incentive program. Agencies like Grant School District 3 also see immediate tax benefits if the families occupying the new home have school-aged children due to the increase in state shared revenue. Other tax jurisdictions that receive revenue based on per capita tax distributions, like the fuel tax, will also see near-term benefits from state shared revenue.

The goal for this incentive program is to create 100 new residences in John Day over the next twenty years, a 20-fold increase in home production over the decade prior to implementing the plan. If successful, this increase should result in approximately 300 new residents, bringing John Day back to its mid-1970's peak population of just over 2,000 people. In other words, a twenty-year concerted housing development effort will allow John Day, by the year 2038, to recover over half a century of population decline.

Existing Housing Stock - Existing Home Remodel Incentive Program

The Existing Home Remodel Incentive Program will be designed by the Agency upon adoption of the Plan. Staff will consider options for the program that will encourage the rehabilitation of the existing housing stock in the city.

The Agency contemplates a 15% incentive based on substantial improvements to home facades, structural repairs, major remodels and new additions that add additional rooms and living space.. Like the new home construction program, this incentive will be based on the increase in the property AV. The minimum AV increase to qualify for the incentive is expected to be $10,000. Because this is a market-driven approach, the Agency may consider increasing the incentive percentage or other measures to encourage rehabilitation based on the willingness of homeowners to participate in the program.

VII. AMENDMENTS TO PLAN

The Plan may be amended as described in this section. If Amendments are made to the Plan, the Resolution or Ordinance Number and date will be listed on the front page of the Plan. The amendment will be incorporated into the Plan and noted through a footnote.

A. Substantial Amendments

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan, under ORS 457.095 as provided in ORS 457.220, including public involvement, consultation with taxing districts, presentation to the Agency, the Planning Commission, the Grant County Commission, and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided to individuals or households within the City of John Day, as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and 457.115.

Substantial Amendments are amendments that:[1]

1. Add land to the urban renewal area, except for an addition of land that totals not more than 1% of the existing area of the urban renewal area; or
2. Increase the maximum amount of indebtedness that can be issued or incurred under the Plan.

B. Minor Amendments

Minor Amendments are amendments that are not Substantial Amendments as defined in this Plan and in ORS 457. Minor Amendments require approval by the Agency by resolution.

C. Amendments to the John Day Comprehensive Plan and/or John Day Zoning Code.

Amendments to the John Day Comprehensive Plan and/or John Day Development Code that affect the Plan, and/or the Area shall be incorporated automatically within the Plan without any separate action required by the Agency or City Council.

[1] Unless otherwise permitted by state law, no land equal to more than 20 percent of the total land area of the original Plan shall be added to the urban renewal area by amendments, and the aggregate amount of all amendments increasing the maximum indebtedness may not exceed 20 percent of the Plan's initial maximum indebtedness, as adjusted, as provided by law.

VIII. PROPERTY ACQUISITION AND DISPOSITION

The Plan does not propose acquisition or disposition of properties.

IX. RELOCATION METHODS

The Plan does not propose acquisition or disposition of properties, therefore there are no relocation methods proposed.

X. TAX INCREMENT FINANCING OF PLAN

This Plan is authorized the authority of tax increment financing as allowed in ORS 457. However, there is no initial intent in this Plan to incur debt through bonds, but rather to use annual tax increment proceeds to run the programs defined in the Plan and to pay for administration of the Plan. In addition, the Agency may under-levy their annual tax increment to meet the needs of the administration and program requirements. An under-levy is specifically authorized in ORS 457.455. It states

> " (1) If the maximum amount of funds under ORS 457.440 (Computation of amounts to be raised from property taxes) is not required to pay the principal and interest on indebtedness incurred for an urban renewal plan, the urban renewal agency may take formal action to limit collections under a plan for a single fiscal year, and may notify the county assessor pursuant to ORS 457.440 (Computation of amounts to be raised from property taxes) (2)(e) to compute the division of taxes for the urban renewal area using an assessed value that is equal to the amount specified by the agency. The assessor may not use an amount that is greater than the increment.
>
> (2) (Not anticipated to be used in this Plan.)
>
> (3) Before taking formal action under this section, the urban renewal agency shall consult and confer with each taxing district affected by the urban renewal plan."

This Plan intends to under-levy each year and will send a formal letter to each taxing district of the amount of that under-levy.

The typical tax increment financing of an urban renewal plan is also authorized by the adoption of this Plan. It is described below:

Tax increment financing consists of using annual tax increment revenues to make payments on debt, usually in the form of bank loans or revenue bonds. The proceeds of the bonds are used to finance the urban renewal programs authorized in the Plan. Bonds may be either long-term or short-term.

Tax increment revenues equal most of the annual property taxes imposed on the cumulative *increase* in assessed value within an urban renewal area over the total assessed value at the time an urban renewal plan is adopted. (Under current law, the property taxes for general obligation (GO) bonds and local option levies approved after October 6, 2001 are not part of the tax increment revenues.)

A. General description of the proposed financing methods

The Plan will be financed using a combination of revenue sources. These include:

- Tax increment revenues;
- Advances, loans, grants, and any other form of financial assistance from the city, state, federal, or local governments, or other public bodies;
- Loans, grants, dedications, or other contributions from private developers and property owners, including, but not limited to, assessment districts; and
- Any other public or private source.

Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in (1) planning or undertaking program activities, or (2) otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the implementation of this Plan.

B. Tax increment financing

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency, as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

XI. ANNUAL REPORT

An urban renewal annual report is required to be prepared and a notice placed in the newspaper as required by ORS 457.460.

XII. <u>RELATIONSHIP TO LOCAL OBJECTIVES</u>

ORS 457.085 requires that the Plan conform to local objectives. This section provides that analysis. Relevant local planning and development objectives are contained within the John Day Comprehensive Plan, John Day Strategy for Growth and the John Day Development Code. The following section describes the purpose and intent of these plans, the main applicable goals and policies within each plan, and an explanation of how the Plan relates to the applicable goals and policies.

The numbering of the goals and policies within this section reflects the numbering that occurs in the original document. *Italicized text* is text that has been taken directly from an original document.

Comprehensive Plan designations, which are the same as the designations in the John Day Development Code, for all land in the Area are shown in Figure 2. All proposed land uses conform to Figure 2. Maximum densities and building requirements for all land in the Area are contained in the John Day Development Code.

A. John Day Comprehensive Plan

Citizen Involvement

Plan Details

Policy 3. To establish citizen advisory committees as deemed necessary or advisable to study community problems and make recommendations for their solution

Finding

The Plan conforms to the John Day Comprehensive Plan because it established a PAC and TAC in preparation to forming the Urban Renewal Plan and Report. The PAC discussed the potential boundary, the programs, the financial model and a draft of the Plan and Report. The TAC reviewed the final documents prior to approval and adoption by the City Council.

Economic Element

Plan Details

Goal: Encourage steady managed growth.

Finding

The Plan conforms to the John Day Comprehensive Plan because it provides a stimulus for increased housing stock and rehabilitation of existing housing stock in order to promote economic growth.

Housing Element

Plan Details

Policy 3.To encourage a supply of housing to allow for expected population growth and *to provide for the housing needs of the citizens of the area.*

Policy 4.To encourage residential development which provides prospective buyers with a variety of residential lot sizes, diversity of housing types, and a range in prices.

Policy 7.The City should promote the rehabilitation of existing housing, and the re-use of vacant land.

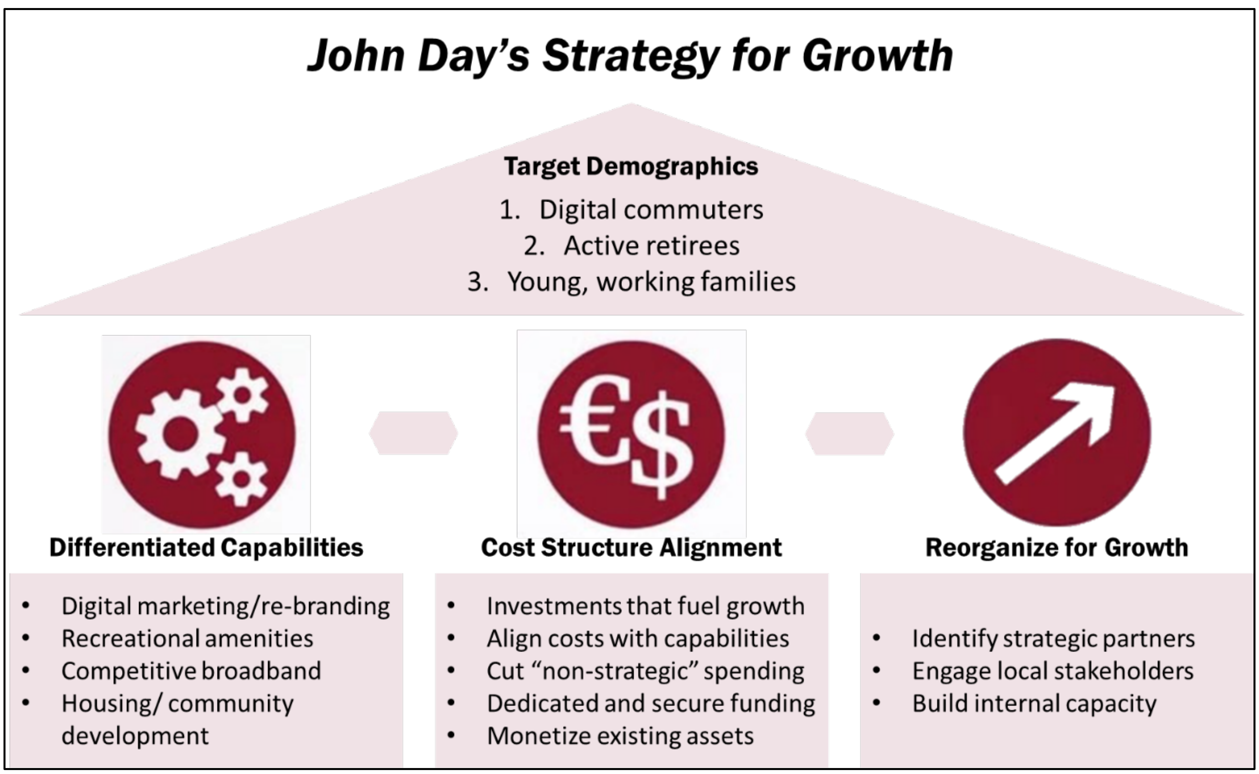
Finding

The Plan conforms to the John Day Comprehensive Plan because it establishes two programs that will improve the quality of the housing stock in John Day. The first program is the New Home Incentive Program, which is discussed more fully in the programs section, but which will promote new residences in John Day. The second program is the Existing Home Remodel Incentive Program, which will promote the improvement of the existing housing stock in John Day.

B. John Day Strategy for Growth

In January 2017, the City Council approved a new strategy for growth for the City of John Day (Figure 2).

Figure 2 – John Day's Strategy for Growth



Source: City of John Day

The Strategy is designed to attract three core demographics as new residents:

1. ***Digital commuters*** *who have a choice about where they work;*
2. ***Active retirees*** *with disposable income; and*
3. ***Young, working families*** *that contribute to the local economy and tax base.*

Targeting these demographics will require the City to focus its investments in four main areas:

1. ***Digital marketing and branding*** *that promotes our rural quality of life;*
2. ***Recreational amenities*** *that make for attractive, active-lifestyle communities;*
3. ***Competitive broadband infrastructure*** *enabling residents to be digitally connected to friends, family and co-workers; and*
4. ***Housing and community development*** *initiatives that create more housing options across a wider and more balanced price range and community spaces that enhance the economic value of our city.*

Finding

The Plan conforms to the John Day Strategy for Growth as it establishes two programs that will improve the quality of the housing stock in John Day. The first program is the New Home Incentive Program, which is discussed more fully in the programs section, but which will promote new residences in John Day. The second program is the Existing Home Remodel Incentive Program, which will promote the improvement of the existing housing stock in John Day that will make the city's housing stock more attractive to new residents.

C. John Day Development Code

The land uses in the Area will conform to the zoning designations in the City of John Day Municipal Code, including maximum densities and building requirements, and are incorporated by reference herein. The following zoning districts are present in the Area.

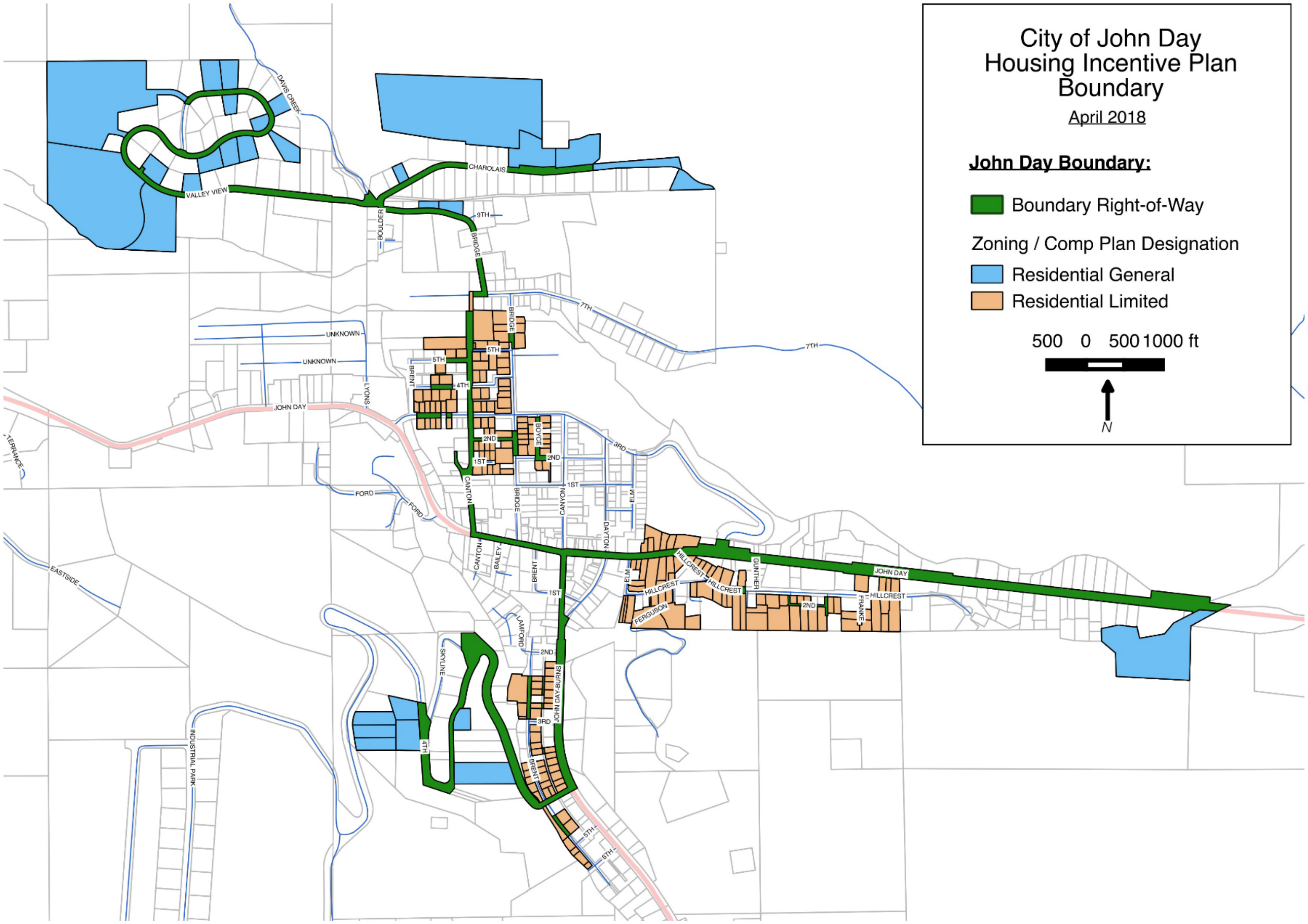
RESIDENTIAL LIMITED AND RESIDENTIAL GENERAL

The Residential Districts are intended to promote the livability, stability and improvement of the City's neighborhoods. Three districts are provided, only two are in the Area:

1) The Residential Limited (RL) district is intended to accommodate a wide variety of housing types, including attached and detached housing on small to medium size lots in the neighborhoods close to downtown. The RL district also supports parks, schools, places of worship, and other services at an appropriate neighborhood scale;

2) The Residential General (RG) district is intended to accommodate household living at somewhat lower densities than the RL district because it applies to the hillsides of John Day.

Figure 2 – Zoning and Comprehensive Plan Designations



Source: Tiberius Solutions, LLC

XIII. APPENDIX A: LEGAL DESCRIPTION

The legal description for the Plan Area, a list of tax lots included in the Area at the time of adoption, and the surveyor's map of the Area are included in this Appendix A.

John Day Urban Renewal Boundary

Valley View Drive:

(Full Width)

Beginning at the Northeast Corner of Lot 13 of Ironwood Estates, thence along Valley View Drive in a Easterly, Southerly and Westerly (clockwise) direction to Lot 31 of said Ironwood Estates;

thence continuing along said Valley View Drive in a Westerly, Southerly and Easterly (counterclockwise) direction to Lot 1 of said Ironwood Estates;

thence continuing along said Valley View Drive in an Easterly direction to the intersection of said Valley View Drive, Northwest Bridge Street, Boulder Lane and Northwest Charolais Drive.

thence continuing along said Valley View Drive in an Easterly direction to the intersection of said drive with Northwest Bridge Street, Boulder Lane and Northwest Charolais Drive

---

Northwest Charolais Drive:

(Full Width)

Beginning at the intersection of Valley View Drive, Northwest Bridge Street, Boulder Lane and Northwest Charolais Drive, thence in an Easterly direction, along said Northwest Charolais Drive and the extension thereof to the terminus of said Charolais Drive extension as shown on Record Map of Survey No. 1140.

Northwest Bridge Street (1)

(Full Width)

Beginning at the intersection of Valley View Drive, Northwest Bridge Street, Boulder Lane and Northwest Charolais Drive, thence in an Easterly and Southerly direction along said Northwest Bridge Street to the intersection of said Northwest Bridge Street and Northwest 7th Avenue.

Northwest Bridge Street (2)

(Full Width)

Beginning at the intersection of Northwest Bridge Street and the extension of the southerly right of way line of Northwest 5th Avenue, thence northerly along said Northwest Bridge Street to the north line of Tax Lot 2001 (Tax Map 13S31E23CA)

Northwest Bridge Street (3)

(Full Width)

Beginning at the intersection of Northwest Bridge Street and the westerly extension of the southerly line of Lot 15, Block B of Herburger Addition to John Day, thence Northerly along said Northwest Bridge Street to the easterly extension of the north line of Tax Lot 3001 (Tax Map 13S31E23CDA)

Northwest 7th Street

(Full Width)

Beginning at the western most end of Northwest 7th Avenue, thence East along said Northwest 7th Avenue approximately l40 feet to the intersection of said Northwest 7th Avenue with the extension of the east right of way line of Northwest Bridge Street.

Northwest Canton Street

(Full Width)

Beginning at the intersection of Northwest Canton Street with the Northerly right of way line of U.S. Highway 395/26 thence Northerly along said Northwest Canton Street and the extension thereof to a point 300.0 feet north of the south line of SE1/4NW1/4SW1/4 Section 23.

Northwest Ing Hay Way

(Full Width)

Beginning at the northerly most end of said Ing Hay Way, thence Southerly to the intersection with Northwest Canton Street.

Northwest 5th Ave. (1)

(Full Width)

Beginning at the intersection of Northwest 5th Avenue with the westerly right of way line of Northwest Bridge Street, thence Westerly to the east right of way line of Northwest Canton Street.

Northwest 5th Ave. (2)

(Full Width)

Beginning at the intersection of Northwest 5th Avenue with the westerly right of way line of Northwest Canton Street, thence Westerly to the west line of Lot 116 Beswick Addition.

Beswick Addition Alley

(Full Width)

That portion of that certain alley in Beswick Addition lying southerly of and adjacent to Lot 116 and the west 25.0 feet of Lot 115 of said Beswick Addition to John Day.

Northwest 4th Ave.

(Full Width)

That portion of Northwest 4th Avenue lying southerly of and adjacent to Lots 109, 110 and the west 40 feet of Lot 111 of Beswick Addition to John Day.

Northwest 3rd Ave. (1)

(Full Width)

Beginning at a point on the centerline of Northwest 3rd Avenue that is approximately 25 feet west of the west lines of Lots 62 and 63 of Geisler Addition to John Day, thence Easterly to the east lines of Lots 59 and 66.

Northwest 3rd Ave. (2)

(Full Width)

That portion of Northwest 3rd Avenue lying northerly of and adjacent to Lot 68 of Geisler Addition to John Day.

Northwest 2nd Ave. (1)

(Full Width)

That portion of Northwest 2rd Avenue lying between Northwest Canton Street and Northwest Bridge Street.

Northwest 2nd Ave. (2)
(Full Width)

Beginning at the intersection of the extension of the westerly right of way line of Northwest Boyce Place with the centerline of said Northwest 2nd Ave, thence Easterly to the east line of Lot 10 of Block A of Herburger Addition to John Day.

Northwest Boyce Place
(Full Width)

Northwest Boyce Place between Northwest 2nd Street and Northwest 3rd Street.

U.S. Highway 26/395 (West Main Street)
(Full Width)

U.S. Highway 26/395 from Northwest Canton Street, Easterly to North Canyon Blvd.

U.S. Highway 26 (East Main Street)
(Full Width)

U.S. Highway 26 from North Canyon Blvd. Easterly to the east line of Parcel 1 of Land Partition No. 98-25.

Highway 395 (South Canyon Blvd.)
(Full Width)

U.S. Highway 395 from the intersection of U.S. Highway 26/395 (Main Street) Southerly to Southwest 4th Avenue.

Southwest 4th Avenue
(Full Width)

Southwest 4th Avenue between U.S. Highway 395 and Southwest Fourth Street Drive.

Southwest Brent Drive

(Full Width)

That portion of said Southwest Brent Drive lying adjacent to Lots 50 and 51 of Brent Addition to John Day.

Southwest Fourth Street Drive

(Full Width)

Beginning at the east end of Southwest 4th Avenue, thence Northerly, Westerly and Southerly along said Southwest Fourth Street Drive to the terminus of said Drive at the intersection with Skyline Road.

Skyline Road

(Full Width)

Beginning at the intersection of Southwest Fourth Street Drive with said Skyline Road, thence Westerly and Northerly along said road to the terminus of said road and the beginning of County Road No. 80.

County Road 80

(Full Width)

Beginning at the intersection of Skyline Road at the southerly terminus end of said County Road 80, thence Northerly to the intersection of said County Road with the north line of Parcel 1 of Land Partition No. 2003-18.

Tract 1 (Portion of Tax Lot 200, Tax Map 13S31E)

Section 23: All that part of the S1/2NW1/4 lying easterly of Northwest Bridge Street and northerly of Northwest Charolais Drive and the extension thereof, EXCEPTING THEREFROM the following:

Charolais Heights Addition and Panorama Terrace Addition to John Day;
Tax lot 2400 from Assessor's Tax map 13S31E23BC;
Tax lot 1700 from Assessor's Tax map 13S31E23BD;

Tract 2 (Portion of Tax Lot 200, Tax Map 13S31E)

Section 23: All that part of the SE1/4NW1/4 and the SW1/4NE1/4 included in a strip of land 60 feet wide that begins at the east end of the Northwest Charolais Drive Extension and runs Northerly of and parallel to the north line of the following Tax Lots:

Tax Lots 1501 and 1800 from Assessor's Tax Map No. 13S31E23BD;

A portion of Tax Lot 200 from Assessor's Tax Map No. 13S31E situated between Tax Lot 1800 and 100 from Assessor's Tax Map No.'s 13S31E23BD and 13S31E23AC, respectively.

Tax Lots 100, 200, and the west 40 feet of Tax Lot 201 from Assessor's Tax Map No. 13S31E23AC.

Tract 3 (Portion of Tax Lot 700, Tax Map 13S31E23CB)

Section 23: The east 34 feet of the NW1/4SW1/4 between Northwest Canton Street Extension and the North right of way line of Northwest 7th Street.

Tract 4 (Portion of Tax Lot 2703, Tax Map 13S31E)

Section 25: The north 700 feet of the east 820 feet of Parcel 1 of Land Partition no. 98-25.

Prepared by:
Benchmark Land Surveying, Inc.
217 N. Canyon Blvd.
John Day, OR 97845
(541) 575-1251
benchmarkls.com

June 5, 2018

REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
JULY 9, 2002
MICHAEL C. SPRINGER
#70918

EXPIRES: 6/30/2018

	A	B	C	D	E	F	G	H
1	**John Day Urban Renewal Area**							
2	**by Tax Lot and Tax Map**							
3								
4								
5	**TAX MAP**	**TAX LOT**						
6	**13S31E-22A**	300						
7	**13S31E-22A**	400						
8	**13S31E-22A**	1400						
9	**13S31E-22A**	1700						
10	**13S31E-22A**	2200						
11	**13S31E-22A**	2300						
12	**13S31E-22A**	2800						
13	**13S31E-22A**	3100						
14	**13S31E-22A**	3400						
15	**13S31E-22A**	3500						
16	**13S31E-22A**	4000						
17	**13S31E-22A**	4200						
18	**13S31E-22A**	5000						
19								
20	**TAX MAP**	**TAX LOT**						
21	**13S31E**	200	(PORTION)					
22		2703	(PORTION)					
23								
24	**TAX MAP**	**TAX LOT**						
25	**13S31E-23AC**	201						
26								
27	**TAX MAP**	**TAX LOT**						
28	**13S31E-23BD**	200						
29								
30	**TAX MAP**	**TAX LOT**						
31	**13S31E-23BC**	300						
32								
33	**TAX MAP**	**TAX LOT**						
34	**13S31E-23CA**	2000						
35		2001						
36		2100						
37		2300						
38		2400						
39		2500						
40		2600						
41								

	A	B	C	D	E	F	G	H
42	**TAX MAP**	**TAX LOT**						
43	**13S31E-23CB**	507						
44	**13S31E-23CB**	508						
45	**13S31E-23CB**	1409						
46								
47								
48	**TAX MAP**	**TAX LOT**		**TAX LOT**				
49	**13S31E-23CC**	100		2500				
50	**13S31E-23CC**	200		2600				
51	**13S31E-23CC**	900		2700				
52	**13S31E-23CC**	1300		2800				
53	**13S31E-23CC**	1400		2900				
54	**13S31E-23CC**	1701		2901				
55	**13S31E-23CC**	1800		3100				
56	**13S31E-23CC**	1900		3200				
57	**13S31E-23CC**	2000		3300				
58	**13S31E-23CC**	2001		3400				
59	**13S31E-23CC**	2400		3600				
60								
61	**TAX MAP**	**TAX LOT**		**TAX LOT**		**TAX LOT**		**TAX LOT**
62	**13S31E-23CD**	200		1900		3690		5800
63	**13S31E-23CD**	201		1901		3700		5900
64	**13S31E-23CD**	400		2000		3800		6000
65	**13S31E-23CD**	500		2200		4000		6100
66	**13S31E-23CD**	600		2400		4100		6200
67	**13S31E-23CD**	700		2500		4200		6300
68	**13S31E-23CD**	800		2600		4300		6400
69	**13S31E-23CD**	900		2700		4400		6600
70	**13S31E-23CD**	1000		2800		4600		6700
71	**13S31E-23CD**	1100		2900		4900		7000
72	**13S31E-23CD**	1300		3001		5000		7100
73	**13S31E-23CD**	1400		3200		5100		7200
74	**13S31E-23CD**	1500		3300		5300		7300
75	**13S31E-23CD**	1600		3500		5600		7400
76	**13S31E-23CD**	1800		3600		5700		7600
77	**13S31E-23CD**							7700
78								
79								
80								
81								
82								
83								
84	**TAX MAP**	**TAX LOT**		**TAX LOT**		**TAX LOT**		

	A	B	C	D	E	F	G	H
85	**13S31E-26AA**	1800		2602		3900		
86	**13S31E-26AA**	2000		2700		4000		
87	**13S31E-26AA**	2001		2800		4001		
88	**13S31E-26AA**	2100		3100		4200		
89	**13S31E-26AA**	2200		3200		4300		
90	**13S31E-26AA**	2300		3300				
91	**13S31E-26AA**	2301		3401				
92	**13S31E-26AA**	2400		3500				
93	**13S31E-26AA**	2503		3601				
94	**13S31E-26AA**	2504		3700				
95	**13S31E-26AA**	2601		3800				
96								
97	**TAX MAP**	**TAX LOT**		**TAX LOT**		**TAX LOT**		**TAX LOT**
98	**13S31E-26AB**	3800		4900		6800		8104
99	**13S31E-26AB**	3900		5200		6900		
100	**13S31E-26AB**	4100		5700		7000		
101	**13S31E-26AB**	4200		5900		7100		
102	**13S31E-26AB**	4300		6000		7300		
103	**13S31E-26AB**	4400		6001		7400		
104	**13S31E-26AB**	4500		6200		7600		
105	**13S31E-26AB**	4600		6300		7700		
106	**13S31E-26AB**	4700		6400		7800		
107	**13S31E-26AB**	4800		6700		8100		
108								
109								
110	**TAX MAP**	**TAX LOT**						
111	**13S31E-26BA**	11300						
112	**13S31E-26BA**	11302						
113	**13S31E-26BA**	11303						
114								
115	**TAX MAP**	**TAX LOT**						
116	**13S31E-26BC**	900						
117	**13S31E-26BC**	1200						
118	**13S31E-26BC**	1400						
119	**13S31E-26BC**	1500						
120	**13S31E-26BC**	1600						
121								
122								
123								
124								
125								
126								
127	**TAX MAP**	**TAX LOT**		**TAX LOT**		**TAX LOT**		

	A	B	C	D	E	F	G	H
128	**13S31E-26BD**	400		1700				
129	**13S31E-26BD**	500		2500		3600		
130	**13S31E-26BD**	600		2600		3700		
131	**13S31E-26BD**	700		2800		4000		
132	**13S31E-26BD**	800		2900		4100		
133	**13S31E-26BD**	900		3000		4200		
134	**13S31E-26BD**	1000		3100		4500		
135	**13S31E-26BD**	1400		3200		4600		
136	**13S31E-26BD**	1500		3300		5800		
137	**13S31E-26BD**	1600		3500		6000		
138								
139								
140	**TAX MAP**	**TAX LOT**		**TAX LOT**				
141	**13S31E-26CA**	1400		3000				
142	**13S31E-26CA**	1401		3100				
143	**13S31E-26CA**	1402		3200				
144	**13S31E-26CA**	1403		3300				
145	**13S31E-26CA**	1499		3400				
146	**13S31E-26CA**	2300		3500				
147	**13S31E-26CA**	2500		3600				
148	**13S31E-26CA**	2700						
149	**13S31E-26CA**	2800						
150	**13S31E-26CA**	2900						

3-1
IRONWOOD
3-4
SCALE: 1" = 400'
BENCHMARK
LAND SURVEYING

Exhibit B

Report Accompanying the John Day Housing Incentives Plan dated June 12, 2018

[attached]

Report Accompanying the John Day Housing Incentives Plan

Adopted by the City of John Day

June 12, 2018

Ordinance No. 18-173-03

John Day Housing Incentives Area

Consultant Team

Elaine Howard Consulting, LLC

Elaine Howard
Scott Vanden Bos

Tiberius Solutions LLC

Nick Popenuk
Ali Danko
Rob Wyman

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TABLE OF CONTENTS

I. INTRODUCTION 1

II. THE PROGRAMS IN THE AREA AND THE RELATIONSHIP BETWEEN URBAN RENEWAL PROGRAMS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA 4

III. THE ESTIMATED TOTAL COST OF EACH PROGAM AND THE SOURCES OF MONEYS TO PAY SUCH COSTS 5

IV. THE ANTICIPATED COMPLETION DATE FOR EACH PROGRAM AND PROGRAM ASSUMPTIONS 6

V. FINANCIAL ANALYSIS OF THE PLAN 10

VI. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED 12

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROGRAM 15

VIII. REVENUE SHARING 19

IX. IMPACT OF THE TAX INCREMENT FINANCING 19

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA 23

XI. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES 26

XII. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN 33

XIII. RELOCATION REPORT 33

I. INTRODUCTION

A. Executive Summary

When a city forms an urban renewal area, two documents are prepared, an urban renewal plan and report. In John Day these are called the John Day Housing Incentives Plan (Plan) and the Report on the John Day Housing Incentives Plan (Report). The Plan is the formal legal document which dictates what can and cannot be done in terms of projects, programs, and administration of the John Day Urban Renewal Area (Area). It is adopted by the John Day City Council through a non-emergency ordinance. Any amendments or changes to the Area are made to the Plan by either a resolution or through an ordinance, as stipulated in the Amendments Section of the Plan.

The Report is a technical document and is a snapshot in time for when the Plan was adopted. It details information on the technical aspects of the Plan, including financial feasibility of the Plan and the existing physical and social conditions of the Area. The Report is not required to be amended when the Plan is amended unless the amendment is a substantial amendment to the Plan as described in the Amendments Section of the Plan.

A large part of this technical report is dedicated to establishing the financial feasibility of the Plan. To establish the financial feasibility, the Report seeks to provide information on the Area's income source, or Tax Increment Finance (TIF) Revenues (Table 5), the Area's ability to repay debts and pay expenditures (Tables 6-8), and the Area's ability to administer its programs (Tables 9-11).

One of the key factors in deciding to pursue urban renewal is the underdevelopment and lack of development in John Day. This factor is specifically identified in Table 23 on page 32 of this Report showing the "improvement to land" or I:L ratios for properties within the Area. Forty-two of the tax lots (68% of the acreage) in the Area have no improvements on them. An additional thirteen tax lots (3% of the acreage) have I:L ratios of less than 1.0. In other words, the improvements on these properties are worth less than the land they sit on. A reasonable I:L ratio for properties in the Area is 2.0. One hundred twenty-six tax lots in the Area, totaling only 21% of the acreage have I:L ratios of 2.0 or more in FYE 2018. In summary, the Area is underdeveloped and not contributing significantly to the tax base in John Day. This is precisely the condition that this urban renewal plan is striving to address: lack of development or under-development of properties in John Day.

The boundary of the urban renewal area is shown in Figure 1.

B. Background

The Report contains background information and program details that pertain to the Plan for the Area. ORS 457 uses the verbiage “projects” throughout the listing of the requirements for a Report in an urban renewal plan. In this Report, the term “program” is used instead of project, but for the purposes of ORS 457, program means project. The Report is not a legal part of the Plan but is intended to provide public information and support the findings made by the City Council as part of the approval of the Plan.

The Report provides the analysis required to meet the standards of ORS 457.085(3), including financial feasibility. The specific sections of ORS 457.085 and references to this Report are shown in Table 1. The Report accompanying the Plan contains the information required by ORS 457.085, including:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact in light of increased services;
- Reasons for selection of the Plan Area;
- The relationship between each project to be undertaken and the existing conditions;
- The estimated total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of funds required in the Area and the anticipated year in which the debt will be retired;
- A financial analysis of the Plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; and
- A relocation report.

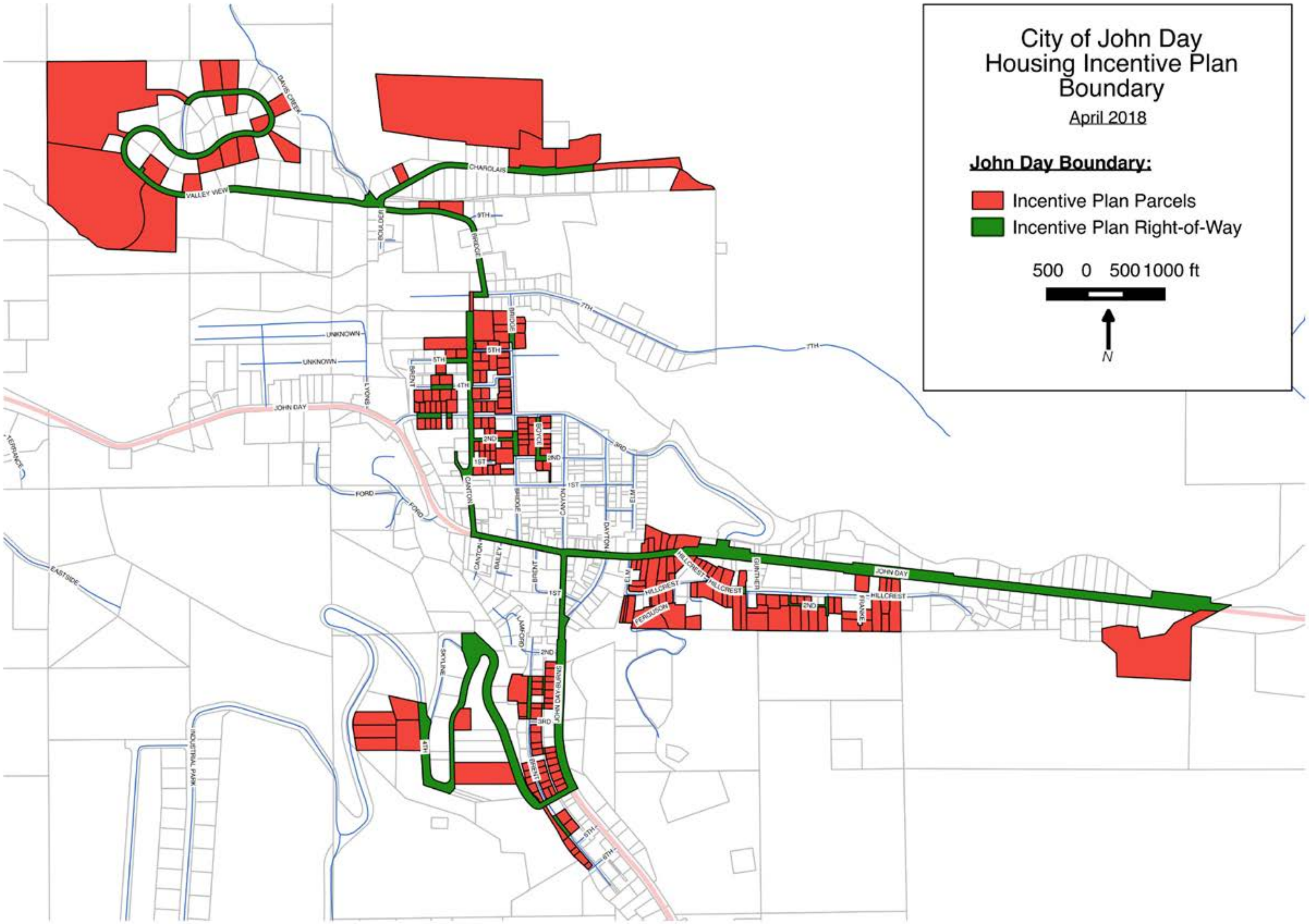
Table 1 - ORS Requirements

ORS Requirements	Sections of the Report
ORS 457.085(3)(a)	XI
ORS 457.085(3)(b)	XII
ORS 457.085(3)(c)	II
ORS 457.085(3)(d)	III
ORS 457.085(3)(e)	IV
ORS 457.085(3)(f)	VI
ORS 457.085(3)(g)	V
ORS 457.085(3)(h)	IX
ORS 457.085(3)(i)	XIII

Source: Elaine Howard Consulting, LLC

The Report provides guidance on how the urban renewal plan might be implemented. As the John Day Urban Renewal Agency (Agency) reviews revenues and potential program expenditures each year, it has the authority to adjust the implementation assumptions in this Report. The Agency may allocate budgets differently, adjust the timing and financing assumptions of the programs, and make other changes as allowed in the amendments section of the Plan. These adjustments must stay within the confines of the overall maximum indebtedness of the Plan.

Figure 1 – John Day Urban Renewal Plan Area Boundary



Source: Tiberius Solutions, L

II. THE PROGRAMS IN THE AREA AND THE RELATIONSHIP BETWEEN URBAN RENEWAL PROGRAMS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The programs identified for the Area are described below, including how they relate to the existing conditions in the Area.

A. New Housing Stock

New Home Incentive Program – The New Home Incentive Program will allow activities including but not limited to incentivizing new residence development. Specific program guidelines will be drafted and reviewed at the discretion of the Agency. These guidelines are expected to include: a cash rebate on new home construction of seven percent of the increase in the property's assessed value (AV), and payment of SDCs.

Existing Conditions: Over 18 months in 2016/2017, the average John Day home sold for $88 per square foot. While low market prices make purchasing an existing home affordable to many residents, this also creates a strong disincentive to invest in new construction, which has an average build price of $155 per square foot. This cost-value disconnect discourages investments in new housing by creating an affordability gap for homebuyers and a profitability gap for homebuilders, both of whom take on significant negative equity for new home construction. As a result, over the last ten years only five new homes have been built within city limits, in spite of having approximately 158 acres of buildable residential land.

B. Existing Housing Stock

Existing Home Remodel Incentive Program – The Existing Home Remodel Incentive Program will allow activities including but not limited to incentivizing significant remodels of existing residences in John Day. Specific program guidelines will be drafted and reviewed at the discretion of the Agency. These guidelines are expected to include: substantial improvements to home facades, structural repairs, major remodels and new additions that add additional rooms and living space.

Existing Conditions: Much of the existing housing stock in John Day is in need of repair. Staff toured the residential neighborhoods and included homes in the Area boundary that would potentially use the Existing Home Remodel Incentive Program.

III. THE ESTIMATED TOTAL COST OF EACH PROGAM AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The total program and administration cost estimates in constant 2018 dollars and year of expenditure dollars are shown in Table 2. Total costs for projects and administration are estimated to be $4,305,162 (year of expenditure dollars), equal to $2,888,000 when adjusted for inflation and presented in constant 2018 dollars. The total cost is equal to the maximum indebtedness of the Area, $4,305,162.

The Plan assumes that the city will use their funds to jump-start the programs, with the Area repaying those funds as the tax increment revenues are available. The funding source is the City’s Community Development Fund, which will pay the property owner’s system development charges (SDCs) along with the new home construction and renovation rebates, until those incentives can be paid through the Agency’s tax increment fund.

The Agency may also pursue regional, county, state, and federal funding; private developer contributions; non-profit/endowment funding; and any other sources of funding that may assist in the implementation of the programs.

The Agency will be able to review and update fund expenditures and allocations on an annual basis when its annual budget is prepared.

Table 2 - Estimated Cost of Each Program

	Estimated Number of Homes	Estimated Cost 2018$		Estimated Cost (YOE $)	
Home Rebate Program		$2,288,000		$3,449,961	
New Home Program	100		$1,246,000		$1,878,782
Existing Home Remodel	100		$450,000		$678,531
System Development Charges			$592,000		$892,648
Administration		$600,000		$855,201	
Total		$2,888,000		$4,305,162	

Source: Summary data from Tiberius Solutions, LLC Spreadsheets

YOE: Year of expenditure

IV. THE ANTICIPATED COMPLETION DATE FOR EACH PROGRAM AND PROGRAM ASSUMPTIONS

ORS 457.085 (3)(d) requires an estimate of costs for each program in an urban renewal plan. The programs in this plan are not discrete, one-time capital investments, but are ongoing programs designed to incentivize residential construction and renovations, with the goal of strengthening the local economy. The exact timing of expenditures for these programs will depend upon the demand from developers and property owners. Table 3 and Table 4 detail the program assumptions.

This Plan assumes that over the course of 20 years 100 new homes would be constructed using the urban renewal incentive program, and 100 existing homes would be remodeled using the urban renewal incentive program. For both of these programs, the assumptions are that the number of participating homes would start slowly, and gradually increase over time. Expenditures for both programs, as well as for administrative expenses are assumed to occur each year from FYE 2020 to FYE 2039.

Specific assumptions for the cost estimates are described below, with all values expressed in constant 2018 dollars. The inflation index is shown in Table 3 in column 2, but the rate is applied in the following tables, not in this table. This table is split into two components as the entire table does not fit on one page. The projections estimate starting at 3 new homes and 3 remodels a year until FYE 2026 when those numbers start increasing. This is just a model, and the amount of incentives can increase depending on the capacity of the city to jump-start the program.

- Program assumptions for incentives for new home construction
  - Average real market value of new homes: $250,000
  - Changed property ratio for residential construction: 0.832
  - Average assessed value of new homes: $208,000
  - Average assessed value of existing lots: $30,000
  - Average net increase in assessed value per home: $178,000
  - Rebate as a percentage of net increase in assessed value: 7%
  - Rebate as a dollar amount: $12,460
  - Cost of SDCs per lot: $7,400
  - Percentage of new homes requiring SDCs to be included in rebate: 80%
    (Not all properties will need the SDC defrayment; the assumptions estimate that 80% of the new homes will use this incentive. This is because the other 20% have already paid SDCs on the lots.)
  - Total number of new homes participating in the program: 100
  - Duration of program: 20 years
- Program assumptions for incentives for existing home renovation/remodel
  - Average increase in assessed value for existing homes receiving renovation incentive: $30,000
  - Rebate as a percentage of net increase in assessed value: 15%
  - Rebate as a dollar amount: $4,500
  - Total number of new homes participating in the program: 100

    - Duration of program: 20 years
- Administrative expenses
    - Administrative costs: $30,000 per year

Table 3 - Program Assumptions

FYE	Inflation Index	Year on Tax Roll (FYE)	RMV Per Home	CPR	Gross AV	Less Existing AV	Net New AV per home	Net New AV per Remodel	New Homes	Existing Home Remodels
2018	1.0000	2018	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000		
2019	1.0300	2019	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000		
2020	1.0609	2020	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	3	3
2021	1.0927	2021	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	3	3
2022	1.1255	2022	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	3	3
2023	1.1593	2023	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	3	3
2024	1.1941	2024	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	3	3
2025	1.2299	2025	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	3	3
2026	1.2668	2026	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	4	4
2027	1.3048	2027	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	4	4
2028	1.3439	2028	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	4	4
2029	1.3842	2029	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	5	5
2030	1.4257	2030	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	5	5
2031	1.4685	2031	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	5	5
2032	1.5126	2032	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	6	6
2033	1.5580	2033	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	6	6
2034	1.6047	2034	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	6	6
2035	1.6528	2035	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	7	7
2036	1.7024	2036	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	7	7
2037	1.7535	2037	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	7	7
2038	1.8061	2038	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	8	8
2039	1.8603	2039	$250,000	0.832	$208,000	$ 30,000	$ 178,000	$ 30,000	8	8
		Total							100	100

Source: Tiberius Solutions, LLC

Table 4 - Program Assumptions, page 2

FYE	Gross Assessed value ($2018)	Net Assessed Value (2018$)	Rebate Required for New Homes	Admin	Covered SDC	Rebate for Remodels	Total Revenue Needed	Net Assessed Value (YOE $)	Total Revenue Neded (YOE$)	Admin Cost (YOE$)	Rebate and SDC Cover (YOE$)
2018	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2020	$ 714,000	$ 624,000	$ 37,380	$ 30,000	$ 17,760	$ 13,500	$ 98,640	$ 662,002	$ 104,647	$ 31,827	$ 72,820
2021	$ 714,000	$ 624,000	$ 37,380	$ 30,000	$ 17,760	$ 13,500	$ 98,640	$ 681,845	$ 107,784	$ 32,781	$ 75,003
2022	$ 714,000	$ 624,000	$ 37,380	$ 30,000	$ 17,760	$ 13,500	$ 98,640	$ 702,312	$ 111,019	$ 33,765	$ 77,254
2023	$ 714,000	$ 624,000	$ 37,380	$ 30,000	$ 17,760	$ 13,500	$ 98,640	$ 723,403	$ 114,353	$ 34,779	$ 79,574
2024	$ 714,000	$ 624,000	$ 37,380	$ 30,000	$ 17,760	$ 13,500	$ 98,640	$ 745,118	$ 117,786	$ 35,823	$ 81,963
2025	$ 714,000	$ 624,000	$ 37,380	$ 30,000	$ 17,760	$ 13,500	$ 98,640	$ 767,458	$ 121,317	$ 36,897	$ 84,420
2026	$ 952,000	$ 832,000	$ 49,840	$ 30,000	$ 23,680	$ 18,000	$ 121,520	$ 1,053,978	$ 153,942	$ 38,004	$ 115,938
2027	$ 952,000	$ 832,000	$ 49,840	$ 30,000	$ 23,680	$ 18,000	$ 121,520	$ 1,085,594	$ 158,559	$ 39,144	$ 119,415
2028	$ 952,000	$ 832,000	$ 49,840	$ 30,000	$ 23,680	$ 18,000	$ 121,520	$ 1,118,125	$ 163,311	$ 40,317	$ 122,994
2029	$ 1,190,000	$ 1,040,000	$ 62,300	$ 30,000	$ 29,600	$ 22,500	$ 144,400	$ 1,439,568	$ 199,878	$ 41,526	$ 158,352
2030	$ 1,190,000	$ 1,040,000	$ 62,300	$ 30,000	$ 29,600	$ 22,500	$ 144,400	$ 1,482,728	$ 205,871	$ 42,771	$ 163,100
2031	$ 1,190,000	$ 1,040,000	$ 62,300	$ 30,000	$ 29,600	$ 22,500	$ 144,400	$ 1,527,240	$ 212,051	$ 44,055	$ 167,996
2032	$ 1,428,000	$ 1,248,000	$ 74,760	$ 30,000	$ 35,520	$ 27,000	$ 167,280	$ 1,887,725	$ 253,028	$ 45,378	$ 207,650
2033	$ 1,428,000	$ 1,248,000	$ 74,760	$ 30,000	$ 35,520	$ 27,000	$ 167,280	$ 1,944,384	$ 260,622	$ 46,740	$ 213,882
2034	$ 1,428,000	$ 1,248,000	$ 74,760	$ 30,000	$ 35,520	$ 27,000	$ 167,280	$ 2,002,666	$ 268,434	$ 48,141	$ 220,293
2035	$ 1,666,000	$ 1,456,000	$ 87,220	$ 30,000	$ 41,440	$ 31,500	$ 190,160	$ 2,406,477	$ 314,296	$ 49,584	$ 264,712
2036	$ 1,666,000	$ 1,456,000	$ 87,220	$ 30,000	$ 41,440	$ 31,500	$ 190,160	$ 2,478,694	$ 323,728	$ 51,072	$ 272,656
2037	$ 1,666,000	$ 1,456,000	$ 87,220	$ 30,000	$ 41,440	$ 31,500	$ 190,160	$ 2,553,096	$ 333,446	$ 52,605	$ 280,841
2038	$ 1,904,000	$ 1,664,000	$ 99,680	$ 30,000	$ 47,360	$ 36,000	$ 213,040	$ 3,005,350	$ 384,772	$ 54,183	$ 330,589
2039	$ 1,904,000	$ 1,664,000	$ 99,680	$ 30,000	$ 47,360	$ 36,000	$ 213,040	$ 3,095,539	$ 396,318	$ 55,809	$ 340,509
Total	$ 23,800,000	$ 20,800,000	$ 1,246,000	$ 600,000	$ 592,000	$ 450,000	$ 2,888,000	$ 31,363,302	$ 4,305,162	$ 855,201	$ 3,449,961

Source: Tiberius Solutions, LLC

V. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through FYE 2039 are based on projections of the assessed value of development within the Area and the consolidated tax rate that will apply in the Area.

Table 5 shows the incremental assessed value, tax rates and tax increment revenues each year, adjusted for discounts, delinquencies and compression losses. In additional to the development assumptions described earlier in this Report, all property in the area is assumed to experience 3.0% growth per year from appreciation. These projections of increment are the basis for the projections in Table 6, Table 7, and Table 8 and Table 9, Table 10, and Table 11.

The first year of tax increment collections is anticipated to be FYE 2020. Gross TIF is calculated by multiplying the tax rate times the excess value used. The tax rate is per thousand dollars of value, so the calculation is "tax rate times excess value used divided by one thousand." The consolidated tax rate includes permanent tax rates only, and excludes general obligation bonds and local option levies, which would not be impacted by this Plan. Adjustments are delinquencies and underpayments.

The intention of this Plan is to only collect tax increment finance revenue from the increase in the value of properties participating in the incentive programs, while growth in value from appreciation of existing property in the Area would not contribute to the tax increment revenues, but instead would be shared with overlapping taxing districts. Thus, Table 7 shows the total increment value, as well as the increment value "used" (i.e., generating tax increment finance revenue for the Area) and "not used" (shared with overlapping taxing districts).

The finance plan shown in Table 9, Table 10, and Table 11 shows that 100% of the costs to pay for the incentive programs and administration of the Plan would be covered by tax increment finance revenue generated only from properties participating in the incentive programs.

A. Under-levy

The assumptions in this financial analysis rely on an under-levy each year that the Area is taking tax increment revenues, only taking as much revenue as is necessary to repay the incentives, administration and the City of John Day Community Development Fund loan. An under-levy is allowed by ORS 457.440 and must be done on an annual basis using the UR 50 Form or other form as designated by the county assessor. As required in ORS 457.440, the Agency must consult and confer with the taxing districts as part of the under-levy process.

Table 5 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Total AV	Frozen Base	Total Increment	Increment Not Used	Increment Used	Tax Rate	Gross TIF	Adjustments	Net TIF
2020	$ 19,497,354	$ 17,814,116	$ 1,683,238	$ 1,021,236	$ 662,002	$ 16.5672	$ 10,968	$ (548)	$ 10,420
2021	$ 20,732,768	$ 17,814,116	$ 2,918,652	$ 1,554,945	$ 1,363,707	$ 16.5672	$ 22,593	$ (1,130)	$ 21,463
2022	$ 22,025,711	$ 17,814,116	$ 4,211,595	$ 2,104,665	$ 2,106,930	$ 16.5672	$ 34,906	$ (1,745)	$ 33,161
2023	$ 23,378,534	$ 17,814,116	$ 5,564,418	$ 2,670,877	$ 2,893,541	$ 16.5672	$ 47,938	$ (2,397)	$ 45,541
2024	$ 24,793,656	$ 17,814,116	$ 6,979,540	$ 3,254,075	$ 3,725,465	$ 16.5672	$ 61,721	$ (3,086)	$ 58,635
2025	$ 26,273,572	$ 17,814,116	$ 8,459,456	$ 3,854,769	$ 4,604,687	$ 16.5672	$ 76,287	$ (3,814)	$ 72,473
2026	$ 28,084,406	$ 17,814,116	$ 10,270,290	$ 4,473,484	$ 5,796,806	$ 16.5672	$ 96,037	$ (4,802)	$ 91,235
2027	$ 29,981,180	$ 17,814,116	$ 12,167,064	$ 5,110,760	$ 7,056,304	$ 16.5672	$ 116,903	$ (5,845)	$ 111,058
2028	$ 31,967,389	$ 17,814,116	$ 14,153,273	$ 5,767,155	$ 8,386,118	$ 16.5672	$ 138,934	$ (6,947)	$ 131,987
2029	$ 34,334,627	$ 17,814,116	$ 16,520,511	$ 6,443,241	$ 10,077,270	$ 16.5672	$ 166,952	$ (8,348)	$ 158,604
2030	$ 36,816,042	$ 17,814,116	$ 19,001,926	$ 7,139,610	$ 11,862,316	$ 16.5672	$ 196,525	$ (9,826)	$ 186,699
2031	$ 39,416,411	$ 17,814,116	$ 21,602,295	$ 7,856,870	$ 13,745,425	$ 16.5672	$ 227,723	$ (11,386)	$ 216,337
2032	$ 42,455,277	$ 17,814,116	$ 24,641,161	$ 8,595,648	$ 16,045,513	$ 16.5672	$ 265,829	$ (13,291)	$ 252,538
2033	$ 45,641,968	$ 17,814,116	$ 27,827,852	$ 9,356,589	$ 18,471,263	$ 16.5672	$ 306,017	$ (15,301)	$ 290,716
2034	$ 48,982,541	$ 17,814,116	$ 31,168,425	$ 10,140,359	$ 21,028,066	$ 16.5672	$ 348,376	$ (17,419)	$ 330,957
2035	$ 52,827,143	$ 17,814,116	$ 35,013,027	$ 10,947,642	$ 24,065,385	$ 16.5672	$ 398,696	$ (19,935)	$ 378,761
2036	$ 56,859,300	$ 17,814,116	$ 39,045,184	$ 11,779,143	$ 27,266,041	$ 16.5672	$ 451,722	$ (22,586)	$ 429,136
2037	$ 61,086,823	$ 17,814,116	$ 43,272,707	$ 12,635,589	$ 30,637,118	$ 16.5672	$ 507,571	$ (25,379)	$ 482,192
2038	$ 65,893,427	$ 17,814,116	$ 48,079,311	$ 13,517,729	$ 34,561,582	$ 16.5672	$ 572,589	$ (28,629)	$ 543,960
2039	$ 70,934,417	$ 17,814,116	$ 53,120,301	$ 24,483,566	$ 28,636,736	$ 16.5672	$ 474,431	$ (23,722)	$ 450,709
						Total	$ 4,522,718	$ (226,136)	$ 4,296,582

Source: Tiberius Solutions, LLC

VI. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 6, Table 7, and Table 8 show the Area's yearly TIF revenues and their transfers to the Project fund. The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the district in FYE 2039.

The maximum indebtedness is $4,305,162 (Four million three hundred and five thousand one hundred and sixty-two dollars).

The estimated total amount of tax increment revenues required to service the maximum indebtedness of $4,305,162 is $4,305,162 and is made up of $4,296,582 in tax increment revenues from permanent rate levies and $8,580 in projected interest earnings.[1]

The time frame of urban renewal is not absolute; it may vary depending on the actual ability to meet the maximum indebtedness. If the production of new homes or the remodel program take longer than projected or the economy is slower, it may take longer; if the economy is more robust than the projections and, it may take a shorter time period. The Agency may decide to change the assumptions on the incentive required for both programs. These assumptions show one scenario for financing and that this scenario is financially feasible.

The TIF revenues are expected to commence in FYE 2020, but this can only happen if there is development that is complete for the county assessor to provide an assessment that can be taxed in that fiscal year. To receive revenues in FYE 2020, the house must be complete by January 2019.

[1] This specific detail is an ORS rquirement, even though it does not directly pertain to this urban renewal area. In many urban renewal areas, there are interest payment on debt.

Table 6 - Tax Increment Revenues and Allocations to Debt Service

TAX INCREMENT FUND	Total	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Resources						
Beginning Balance		$ -	$ -	$ -	$ -	$ -
Interest Earnings	$ -	$ -	$ -	$ -	$ -	$ -
TIF: Current Year	$ 4,296,582	$ 10,420	$ 21,463	$ 33,161	$ 45,541	$ 58,635
Total Resources	$ 4,296,582	$ 10,420	$ 21,463	$ 33,161	$ 45,541	$ 58,635
Expenditures						
Repayment of Other Sources	$ (719,063)	$ -	$ -	$ -	$ -	$ -
Transfer to URA Program Fund	$ (3,577,519)	$ (10,420)	$ (21,463)	$ (33,161)	$ (45,541)	$ (58,635)
Total Expenditures	$ (4,296,582)	$ (10,420)	$ (21,463)	$ (33,161)	$ (45,541)	$ (58,635)
Ending Balance		$ -	$ -	$ -	$ -	$ -

Source: Tiberius Solutions LLC

Table 7 - Tax Increment Revenues and Transfers to Program Fund, page 2

TAX INCREMENT FUND	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Resources							
Beginning Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest Earnings	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TIF: Current Year	$ 72,473	$ 91,235	$ 111,058	$ 131,987	$ 158,604	$ 186,699	$ 216,337
Total Resources	$ 72,473	$ 91,235	$ 111,058	$ 131,987	$ 158,604	$ 186,699	$ 216,337
Expenditures							
Repayment of Other Sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfer to URA Program Fund	$ (72,473)	$ (91,235)	$ (111,058)	$ (131,987)	$ (158,604)	$ (186,699)	$ (216,337)
Total Expenditures	$ (72,473)	$ (91,235)	$ (111,058)	$ (131,987)	$ (158,604)	$ (186,699)	$ (216,337)
Ending Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Source: Tiberius Solutions LLC

Table 8 - Tax Increment Revenues and Allocations to Debt Service, page 3

TAX INCREMENT FUND	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	FYE 2038	FYE 2039
Resources								
Beginning Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest Earnings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TIF: Current Year	$ 252,538	$ 290,716	$ 330,957	$ 378,761	$ 429,136	$ 482,192	$ 543,960	$ 450,709
Total Resources	$ 252,538	$ 290,716	$ 330,957	$ 378,761	$ 429,136	$ 482,192	$ 543,960	$ 450,709
Expenditures								
Repayment of Other Sources	$ -	$ (27,370)	$ (60,175)	$ (62,049)	$ (102,916)	$ (146,179)	$ (156,543)	$ (163,831)
Transfer to URA Program Fund	$ (252,538)	$ (263,346)	$ (270,782)	$ (316,712)	$ (326,220)	$ (336,013)	$ (387,417)	$ (286,878)
Total Expenditures	$ (252,538)	$ (290,716)	$ (330,957)	$ (378,761)	$ (429,136)	$ (482,192)	$ (543,960)	$ (450,709)
Ending Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Source: Tiberius Solutions LLC

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROGRAM

Table 9, Table 10, and Table 11 show the allocation of tax revenues to programs, administration, and repayment of other sources of funding. Through FYE 2030 the annual costs of the program are anticipated to exceed the annual tax increment finance revenues. The funding from the Community Development Fund begins with a $66,000 deposit in FYE 2018. After the initial deposit, the city is planning to contribute $60,000 per year, inflated annually by3%, from Community Development Funds to help pay for program costs. Through FYE 2030[2] a total of $719,063 in Community Development Funding is estimated to be necessary. In FYE 2031 and beyond, it is anticipated no additional Community Development Funding will be necessary, and excess tax increment revenue would be used to repay the city's initial investment.

All costs shown in Table 9, Table 10, and Table 11 are in year-of-expenditure dollars, which are adjusted by 3% annually to account for inflation. The Agency may change the completion dates in their annual budgeting process or as project decisions are made in administering the Plan.

The timeframe for implementation of programs will be based on the availability of funding. The programs will be ongoing and will be completed as directed by the Agency. Annual expenditures for program administration are also shown. These are predicated on $30,000 a year, again, inflated by 3% annually.

The Area is anticipated to complete all programs and have sufficient tax increment finance revenue to terminate the district in FYE 2039, a twenty-year program.

[2] There is one small, $539, reference to the Community Development fund in Table 11 FYE 2032. This amount was considered minimal enough in scope that the consultants felt within a reasonable margin of error that the John Day Housing Incentives Area would be, for all intents and purposes, financially independent in FYE 2030.

Table 9 - Programs and Costs in Year of Expenditure Dollars

URA PROGRAM FUND	Totals in YOE$	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Resources								
Beginning Balance		$ -	$ 66,000	$ 126,330	$ 92,951	$ 67,527	$ 50,655	$ 42,960
Interest Earnings	$ 8,580	$ -	$ 330	$ 632	$ 465	$ 338	$ 253	$ 215
Community Development Funds	$ 719,063	$ 66,000	$ 60,000	$ 60,216	$ 60,432	$ 60,648	$ 60,864	$ 61,080
Transfer from TIF Fund	$ 3,577,519	$ -	$ -	$ 10,420	$ 21,463	$ 33,161	$ 45,541	$ 58,635
Total Resources	$ 4,305,162	$ 66,000	$ 126,330	$ 197,598	$ 175,311	$ 161,674	$ 157,313	$ 162,890
Expenditures (YOE $)								
Rebate Program	$ (3,449,961)	$ -	$ -	$ (72,820)	$ (75,003)	$ (77,254)	$ (79,574)	$ (81,963)
Administration	$ (855,201)	$ -	$ -	$ (31,827)	$ (32,781)	$ (33,765)	$ (34,779)	$ (35,823)
Total Expenditures	$ (4,305,162)	$ -	$ -	$ (104,647)	$ (107,784)	$ (111,019)	$ (114,353)	$ (117,786)
Ending Balance		$ 66,000	$ 126,330	$ 92,951	$ 67,527	$ 50,655	$ 42,960	$ 45,104
Desired Ending Balance		$ 60,000	$ 61,800	$ 63,654	$ 65,562	$ 67,530	$ 69,558	$ 71,646

Source: Tiberius Solutions LLC
Notes: TIF is tax increment revenues. Tax rates are expressed in terms of dollars per $1,000 of assessed value.

Table 10 - Programs and Costs in Year of Expenditure Dollars, page 2

URA PROGRAM FUND	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Resources							
Beginning Balance	$ 45,104	$ 57,782	$ 56,948	$ 71,604	$ 80,633	$ 83,051	$ 85,542
Interest Earnings	$ 226	$ 289	$ 285	$ 358	$ 403	$ 415	$ 428
Community Development Funds	$ 61,296	$ 61,584	$ 61,872	$ 39,995	$ 43,289	$ 21,248	$ -
Transfer from TIF Fund	$ 72,473	$ 91,235	$ 111,058	$ 131,987	$ 158,604	$ 186,699	$ 216,337
Total Resources	$ 179,099	$ 210,890	$ 230,163	$ 243,944	$ 282,929	$ 291,413	$ 302,307
Expenditures (YOE $)							
Rebate Program	$ (84,420)	$ (115,938)	$ (119,415)	$ (122,994)	$ (158,352)	$ (163,100)	$ (167,996)
Administration	$ (36,897)	$ (38,004)	$ (39,144)	$ (40,317)	$ (41,526)	$ (42,771)	$ (44,055)
Total Expenditures	$ (121,317)	$ (153,942)	$ (158,559)	$ (163,311)	$ (199,878)	$ (205,871)	$ (212,051)
Ending Balance	$ 57,782	$ 56,948	$ 71,604	$ 80,633	$ 83,051	$ 85,542	$ 90,256
Desired Ending Balance	$ 73,794	$ 76,008	$ 78,288	$ 80,634	$ 83,052	$ 85,542	$ 88,110

Source: Tiberius Solutions LLC

Table 11 - Programs and Costs in Year of Expenditure Dollars, page 3

URA PROGRAM FUND	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037	FYE 2038	FYE 2039
Resources								
Beginning Balance	$ 90,256	$ 90,756	$ 93,934	$ 96,752	$ 99,652	$ 102,642	$ 105,722	$ 108,896
Interest Earnings	$ 451	$ 454	$ 470	$ 484	$ 498	$ 513	$ 529	$ 544
Community Development Funds	$ 539	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfer from TIF Fund	$ 252,538	$ 263,346	$ 270,782	$ 316,712	$ 326,220	$ 336,013	$ 387,417	$ 286,878
Total Resources	$ 343,784	$ 354,556	$ 365,186	$ 413,948	$ 426,370	$ 439,168	$ 493,668	$ 396,318
Expenditures (YOE $)								
Rebate Program	$ (207,650)	$ (213,882)	$ (220,293)	$ (264,712)	$ (272,656)	$ (280,841)	$ (330,589)	$ (340,509)
Administration	$ (45,378)	$ (46,740)	$ (48,141)	$ (49,584)	$ (51,072)	$ (52,605)	$ (54,183)	$ (55,809)
Total Expenditures	$ (253,028)	$ (260,622)	$ (268,434)	$ (314,296)	$ (323,728)	$ (333,446)	$ (384,772)	$ (396,318)
Ending Balance	$ 90,756	$ 93,934	$ 96,752	$ 99,652	$ 102,642	$ 105,722	$ 108,896	$ -
Desired Ending Balance	$ 90,756	$ 93,480	$ 96,282	$ 99,168	$ 102,144	$ 105,210	$ 108,366	$ -

Source: Tiberius Solutions LLC

VIII. REVENUE SHARING

Revenue sharing is part of the 2009 legislative changes to urban renewal and means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the area. The statutorily required share is a percentage basis dependent upon the tax rates of the taxing jurisdictions. The first threshold is 10% of the original maximum indebtedness. At the 10% threshold, the Agency will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold and the taxing jurisdictions will receive 75% of the increment above the 10% threshold. The second threshold is set at 12.5% of the maximum indebtedness. If this threshold is met, revenue for the district would be capped at 12.5% of the maximum indebtedness, with all additional tax revenue being shared with affected taxing districts.

These revenue sharing thresholds are not anticipated to be reached prior to the termination of this district. However, the financial model for this urban renewal area anticipates sharing tax increment revenue with the impacted taxing districts on an annual basis as the program only starts taking tax increment revenue for its operations once new houses or remodels are completed and they are contributing to the tax increment revenues. Prior to that time, there will be tax increment revenues generated which will be under-levied by the Agency by filling out the UR 50 form or other form as designated by the county assessor.

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the Area. The indebtedness in this urban renewal area is initially the contribution by the city of John Day of funds from their Community Development fund, commitments to repay the city for System Development Charges and the administrative costs for the program. After the increased taxes are sufficient to keep the program running, the indebtedness comes from using these increased tax proceeds to keep the program operating. If other indebtedness is incurred, it would be to fund the administration of the two programs identified in the Plan.

For this urban renewal area, the impacts to taxing districts are hypothetical, as this development would not have occurred except for the incentives provided by the Agency. There has been little new construction or remodeling in John Day for the past two decades. The Plan is designed to help address this problem. The programs in the Plan are designed to use the tax increment (increased taxes) produced by the new development and remodeled homes to repay the city's investment in the programs and to ultimately make the programs self-sustaining.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value of the new homes and substantial remodels in the Area. These projections are for impacts estimated through FYE 2039 and are shown in Table 12 and Table 13.

The Grant School District 3 and the Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the State level. In addition, by providing new housing stock and upgrading the existing housing stock, families will have more opportunity to live in John Day, with the resulting condition of increased student populations and therefor increased funding from the State School Fund.

Table 12 and Table 13 show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. Table 12 shows the general government levies, and Table 13 shows the education levies.

General obligation bonds and local option levies are impacted by urban renewal only if they were originally approved by voters in an election prior to October 6, 2001. There are no local option levies or general obligation bonds approved prior to October 6, 2001 that will still be in effect in the Area at the time that tax increment revenues begin to be collected.

Table 12 - Projected Impact on Taxing District Permanent Rate Levies - General Government

FYE	Grant County	City of John Day	Blue Mountain Hospital	Extension & 4H	Mid Co Cemetery	Parks and Recreation	Subtotal
2020	$ (1,813)	$ (2,284)	$ (2,102)	$ (163)	$ (189)	$ (471)	$ (7,022)
2021	$ (3,734)	$ (4,705)	$ (4,329)	$ (337)	$ (390)	$ (970)	$ (14,465)
2022	$ (5,768)	$ (7,269)	$ (6,689)	$ (520)	$ (602)	$ (1,498)	$ (22,346)
2023	$ (7,922)	$ (9,983)	$ (9,186)	$ (714)	$ (827)	$ (2,057)	$ (30,689)
2024	$ (10,200)	$ (12,854)	$ (11,827)	$ (919)	$ (1,065)	$ (2,649)	$ (39,514)
2025	$ (12,607)	$ (15,887)	$ (14,619)	$ (1,136)	$ (1,317)	$ (3,274)	$ (48,840)
2026	$ (15,871)	$ (20,000)	$ (18,403)	$ (1,431)	$ (1,658)	$ (4,121)	$ (61,484)
2027	$ (19,319)	$ (24,346)	$ (22,402)	$ (1,742)	$ (2,018)	$ (5,017)	$ (74,844)
2028	$ (22,959)	$ (28,934)	$ (26,623)	$ (2,070)	$ (2,398)	$ (5,962)	$ (88,946)
2029	$ (27,590)	$ (34,769)	$ (31,992)	$ (2,487)	$ (2,882)	$ (7,165)	$ (106,885)
2030	$ (32,477)	$ (40,927)	$ (37,659)	$ (2,928)	$ (3,392)	$ (8,434)	$ (125,817)
2031	$ (37,632)	$ (47,425)	$ (43,638)	$ (3,393)	$ (3,931)	$ (9,773)	$ (145,792)
2032	$ (43,930)	$ (55,360)	$ (50,940)	$ (3,960)	$ (4,588)	$ (11,408)	$ (170,186)
2033	$ (50,571)	$ (63,730)	$ (58,641)	$ (4,559)	$ (5,282)	$ (13,133)	$ (195,916)
2034	$ (57,571)	$ (72,551)	$ (66,758)	$ (5,190)	$ (6,013)	$ (14,951)	$ (223,034)
2035	$ (65,886)	$ (83,031)	$ (76,401)	$ (5,940)	$ (6,881)	$ (17,110)	$ (255,249)
2036	$ (74,649)	$ (94,074)	$ (86,562)	$ (6,730)	$ (7,797)	$ (19,386)	$ (289,198)
2037	$ (83,878)	$ (105,704)	$ (97,264)	$ (7,562)	$ (8,761)	$ (21,782)	$ (324,951)
2038	$ (94,623)	$ (119,245)	$ (109,723)	$ (8,530)	$ (9,883)	$ (24,573)	$ (366,577)
2039	$ (78,402)	$ (98,803)	$ (90,913)	$ (7,068)	$ (8,189)	$ (20,360)	$ (303,735)
Total	$ (747,402)	$ (941,881)	$ (866,671)	$ (67,379)	$ (78,063)	$ (194,094)	$ (2,895,490)

Source: Tiberius Solutions LL

Table 13 - Projected Impact on Taxing District Permanent Rate Levies – Education

FYE	School District 3	ESD	Subtotal	Total
2020	$ (2,362)	$ (1,036)	$ (3,398)	$ (10,420)
2021	$ (4,866)	$ (2,133)	$ (6,999)	$ (21,464)
2022	$ (7,517)	$ (3,296)	$ (10,813)	$ (33,159)
2023	$ (10,324)	$ (4,527)	$ (14,851)	$ (45,540)
2024	$ (13,292)	$ (5,828)	$ (19,120)	$ (58,634)
2025	$ (16,429)	$ (7,204)	$ (23,633)	$ (72,473)
2026	$ (20,683)	$ (9,069)	$ (29,752)	$ (91,236)
2027	$ (25,176)	$ (11,039)	$ (36,215)	$ (111,059)
2028	$ (29,921)	$ (13,120)	$ (43,041)	$ (131,987)
2029	$ (35,955)	$ (15,765)	$ (51,720)	$ (158,605)
2030	$ (42,324)	$ (18,558)	$ (60,882)	$ (186,699)
2031	$ (49,042)	$ (21,504)	$ (70,546)	$ (216,338)
2032	$ (57,249)	$ (25,103)	$ (82,352)	$ (252,538)
2033	$ (65,904)	$ (28,898)	$ (94,802)	$ (290,718)
2034	$ (75,026)	$ (32,898)	$ (107,924)	$ (330,958)
2035	$ (85,863)	$ (37,649)	$ (123,512)	$ (378,761)
2036	$ (97,283)	$ (42,657)	$ (139,940)	$ (429,138)
2037	$ (109,310)	$ (47,930)	$ (157,240)	$ (482,191)
2038	$ (123,313)	$ (54,070)	$ (177,383)	$ (543,960)
2039	$ (102,173)	$ (44,801)	$ (146,974)	$ (450,709)
Total	$ (974,012)	$ (427,085)	$ (1,401,097)	$ (4,296,587)

Source: Tiberius Solutions LLC

Please refer to the explanation of the schools funding in the preceding section

Table 14 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2040.

Table 14 - Additional Revenues Obtained after Termination of Tax Increment Financing

Taxing District	Type	Tax Rate	Tax Revenue in FYE 2040 (year after termination) From Frozen Base	From Excess Value	Total
General Government					
Grant County	Permanent	2.8819	$ 92,914	$ 21,944	$ 114,858
City of John Day	Permanent	3.6318	$ 117,091	$ 27,654	$ 144,745
Blue Mountain Hospital	Permanent	3.3418	$ 107,741	$ 25,446	$ 133,187
Extension & 4H	Permanent	0.2598	$ 8,376	$ 1,978	$ 10,354
Mid Co Cemetery	Permanent	0.3010	$ 9,704	$ 2,292	$ 11,996
Parks and Recreation	Permanent	0.7484	$ 24,129	$ 5,699	$ 29,828
Subtotal		*11.1647*	*$ 359,955*	*$ 85,013*	*$ 444,968*
Education					
School District 3	Permanent	3.7557	$ 121,085	$ 28,597	$ 149,682
ESD	Permanent	1.6468	$ 53,094	$ 12,539	$ 65,633
Subtotal		*5.4025*	*$ 174,179*	*$ 41,136*	*$ 215,315*
Total		**16.5672**	**$ 534,134**	**$ 126,149**	**$ 660,283**

Source: Tiberius Solutions LLC

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 15% for municipalities over 50,000 in population. As noted below, the frozen base (assumed to be FYE 2018 values), including all real, personal, personal, manufactured, and utility properties in the Area, is projected to be $17,814,116. The total assessed value of the City of John Day is $100,015,746. The percentage of assessed value in the Urban Renewal Area is 17.81%, below the 25% threshold.

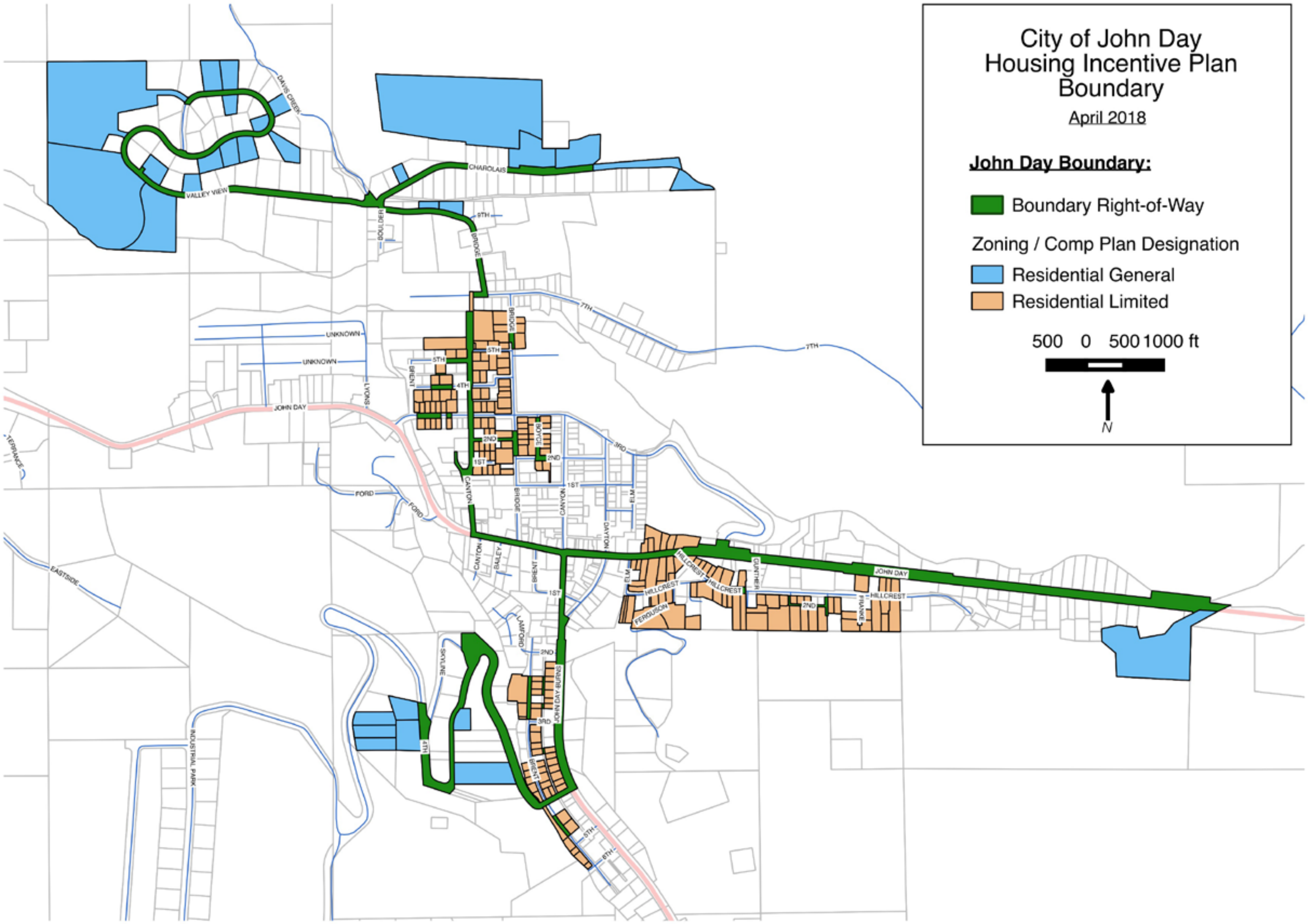
The Area contains 178.56 acres, including public rights-of-way, and the City of John Day contains 1,376 acres. This puts 12.98% of the City's acreage in an Urban Renewal Area, below the 25% threshold. The Area is shown in Figure 1. The zoning and comprehensive plan designations are shown in Figure 2.

Table 15 - Urban Renewal Area Conformance with Assessed Value and Acreage Limits

	Assessed Value	Acreage
City of John Day	$100,015,746	1,376
John Day Housing Incentives Area	$17,814,116	178.56
Percentage in Urban Renewal Area	17.81%	12.98%

Source: Compiled by Elaine Howard Consulting, LLC with data from City of John Day and Grant County Department of Assessment and Taxation (FYE 2018)

Figure 2 – Zoning and Comprehensive Plan Designations



Source: Tiberius Solutions, LLC

XI. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the John Day Housing Incentives Area and meets the requirements of ORS 457.085(3)(a) for documenting the existing conditions as a way to establish the occurrence of "blighted areas," as defined by ORS 457.010(1). This area is blighted due to ORS 457.010(1)(a)(A) and ORS 457.010(1)(g). These refer to deteriorated structures, under-development or lack of development.

A. Physical Conditions

1. Land Use

The Area measures 178.56 total acres in size, encompassing 133.93 acres included in 233 individual parcels, and an additional 44.63 acres in public rights-of-way. An analysis of FYE 2018 property classification data from the Grant County Department of Assessment and Taxation database was used to determine the land use designation of parcels in the Area. By acreage, Tract – Partially Exempt accounts for the largest land use within the area (37%). This is followed by Residential Improved (30%), and Farm (17%). The total land uses in the Area, by acreage and number of parcels, are shown in Table 16.

Table 16 - Existing Land Use in Area

Land Use	Tax Lots	Acreage	% of Acreage
Tract - Partially Exempt	10	50.13	37.43%
Residential Improved	177	40.11	29.95%
Farm	1	22.2	16.58%
Residential Vacant	29	17.63	13.16%
Residential Manufactured	13	3.52	2.63%
Exempt	2	0.19	0.14%
Commercial Improved	1	0.15	0.11%
Total	233	133.93	100.00%

Source: Compiled by Elaine Howard Consulting, LLC with data from the City of John Day using Grant County Department of Assessment and Taxation data (FYE 2018)

2. Zoning/Comprehensive Plan Designations

As illustrated in Table 17, there are two zones in the Area, Residential General and Residential Limited. Residential General Zoning accounts for 65% of the acreage.

Table 17 - Existing Zoning/Comprehensive Plan Designations

Zoning	Tax Lots	Acreage	% of Acreage
Residential General	28	87.7	65.48%
Residential Limited	205	46.23	34.52%
Total	233	133.93	100.00%

Source: Compiled by Elaine Howard Consulting, LLC with data from the City of John Day using Grant County Department of Assessment and Taxation data (FYE 2018)

B. Infrastructure

This section identifies the existing conditions in the Area to assist in establishing blight.

Much of the Infrastructure Section comes from the City of John Day's response to the 2017 Regional Solutions Workforce Housing Initiative from the State of Oregon Department of Land Conservation and Development. Some values of house prices and subsidies have been updated with current information.

"Like many communities in eastern Oregon, the John Day housing market is characterized by smaller home sizes, aging housing stock and depressed market values. Additionally, the community's rental vacancy rate is currently at or near one percent; with many rental properties occupied by working families and individuals who have the capital and credit to build new homes, if given the right incentives.

Over the past 18 months in 2017, the average John Day home has sold for $88 per square foot. While low market prices make purchasing an existing home affordable to many residents, this also creates a strong disincentive to invest in new construction, which has an average build price of $155 per square foot. This cost-value disconnect discourages investments in new housing by creating an affordability gap for homebuyers and a profitability gap for homebuilders, both of whom take on significant negative equity for new home construction. As a result, over the last ten years only five new homes have been built within city limits, in spite of having approximately 158 acres of buildable residential land.

Overcoming this barrier to growth will require the City to incentivize private sector development of new homes and encourage existing homeowners to update and revitalize existing homes. To accomplish this, the City has developed two incentive programs, for the development of new homes and improvement of existing homes, that will be financed through Urban Renewal. The key component of the new development incentive program will be a financial rebate of seven percent of the final assessed value of any new home or a yet to be determined incentive percentage for major improvements to existing homes, payable after closing to the owner who places the house on the tax rolls. In addition, the City will pre-pay all system development charges for new housing that requires a connection to city services and will advertise the program to prospective builders.

These programs are a market-driven approach that will incentivize new home construction by reducing the affordability/profitability gap to the private sector. Additionally, the homebuyer or builder can construct any type of housing provided it is permanently fixed to a foundation and meets the standards of the City of John Day development code.”

In addition, much of the existing housing is in need of repair or remodeling. City staff conducted a visual survey of the Area and included within the boudary those properties that might make use of the Exisitng Home Remodel Program over the 20 year life of the program. These properties were deemed to be in various states of disrepair.

C. Social Conditions

The Social Conditions are analyzed using the US Census Bureau, American Community Survey (ACS) 2012-2016 statistics for John Day. As the tax lots included in the Area are distributed throughout the city, the statistics are for the city as a whole and represent the tax lots that ae included in the Area.

Within the Area, there are 188 tax lots shown as Residential use, with another 29 shown as vacant. It is anticipated that all tax lots will eventually be residential use. According to the US Census Bureau, American Community Survey (ACS) 2012-2016, the block groups In John Day have 1,721 residents, 97% of whom are white.

Table 18 - Race in the Area

Race	Number	Percent
White	1,662	97%
Black or African American	17	1%
American Indian and Alaska Native	7	0%
Asian	-	0%
Native Hawaiian and Other Pacific Islander	-	0%
Some other race	-	0%
Two or more races	35	2%
Total	1,721	100%

Source: American Community Survey 2012-2016 Five Year Estimates

The largest percentage of residents are between 55 to 64 years of age (13.83%).

Table 19 - Age in the Area

Age	Number	Percent
Under 5 years	115	6.7%
5 to 9 years	165	9.6%
10 to 14 years	90	5.2%
15 to 17 years	63	3.7%
18 to 24 years	113	6.6%
25 to 34 years	226	13.1%
35 to 44 years	195	11.3%
45 to 54 years	214	12.4%
55 to 64 years	238	13.8%
65 to 74 years	132	7.7%
75 to 84 years	126	7.3%
85 years and over	44	2.6%
Total	1721	100%

Source: American Community Survey 2012-2016 Five Year Estimates

In the block groups, 31.66% of adult residents have earned a bachelor’s degree or higher. Another 24.60% have some college education without a degree, and another 23.74% have graduated from high school with no college experience.

Table 20 - Educational Attainment in the Area

Educational Attainment	Number	Percent
Associate's degree	100	8.5%
Bachelor's degree	202	17.2%
Doctorate degree	0	0.00%
High school graduate (includes equivalency)	279	23.7%
Less than high school	135	11.5%
Master's degree	139	11.8%
Professional school degree	31	2.6%
Some college	289	24.6%
Total	1175	99.9%

Source: American Community Survey 2012-2016 Five Year Estimates

As seen in Table 21, the most common travel time class was less than 10 minutes, with 58% of journeys being in this class. This was followed by the 10 to 19 minutes travel time class, which represented 32.4% of journeys. The data shows that 98.7% of journeys were less than 30 minutes in duration, with only 0.80% of journeys being more than 1 hour in duration.

Table 21 - Travel Time to Work in the Area

Travel Time	Number	Percent
Less than 10 minutes	433	58.0%
10 to 19 minutes	242	32.4%
20 to 29 minutes	62	8.3%
30 to 39 minutes	4	0.5%
40 to 59 minutes	0	0.00%
60 to 89 minutes	0	0.00%
90 or more minutes	6	0.8%
Total	747	100%

Source: American Community Survey 2012-2016 Five Year Estimates

Of the means of transportation used to travel to work, the majority, 74.3%, drove alone with another 9.16% carpooling.

Table 22 - Means of Transportation to Work in the Area

Means of Transportation	Number	Percent
Drove alone	592	74%
Carpooling	73	9%
Walking	69	9%
Working at home	50	6%
Using Public Transportation	6	1%
Using Other Means	5	1%
Bicycling	2	0%*
Total	797	100%

Source: American Community Survey 2012-2016 Five Year Estimates

*Due to rounding, 0%, actually .03%

D. Economic Conditions

1. Taxable Value of Property within the Area

The estimated total assessed value of the Area calculated with data from the Grant County Department of Assessment and Taxation for FYE 2018, including all real, personal, manufactured, and utility properties, is estimated to be $17,814,116.

2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property's improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the "Improvement to Land Value Ratio," or "I:L." The values used are real market values. In urban renewal areas, the I:L is often used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives.

Table 23 shows the "improvement to land" or I:L ratios for properties within the Area. Forty-two of the tax lots (68% of the acreage) in the Area have no improvements on them. An additional thirteen tax lots (3% of the acreage) have I:L ratios of less than 1.0. In other words, the improvements on these properties are worth less than the land they sit on. A reasonable I:L ratio for properties in the Area is 2.0. One hundred twenty-six tax lots in the Area, totaling only 21% of the acreage have I:L ratios of 2.0 or more in FYE 2018. In summary, the Area is underdeveloped and not contributing significantly to the tax base in John Day.

Table 23 - I:L Ratio of Parcels in the Area

I:L	Tax Lots	Acreage	% of Acreage
No Improvement Value	42	90.59	67.64%
<1.0	13	3.77	2.81%
<2.0	50	11.17	8.34%
<3.0	73	15.65	11.69%
<4.0	40	8.18	6.11%
<5.0	13	3.79	2.83%
>5.0	2	0.78	0.58%
Total	233	133.93	100.00%

Source: Calculated by Elaine Howard Consulting, LLC with data from the City of John Day using Grant County Department of Assessment and Taxation (FYE 2018)

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section VII of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The programs being considered for future use of urban renewal funding for housing incentives for new construction and existing home remodels. The use of tax increment allows the city to tap into different funding source besides the City of John Day general fund or system development charges (SDC) funds.

It is anticipated that these improvements will catalyze development on the undeveloped and underdeveloped parcels in the Area. This development will require city services. However, since the property is within the city limits, the city has anticipated the need to provide services to the Area. As the development will be new construction or remodeling, it will be up to current building code and will aid in any fire protection needs.

The financial impacts from tax increment collections will be countered by helping address the loss of population in John Day, leading to future economic development, housing production and, in the future, placing property back on the property tax rolls with future increased tax bases for all taxing jurisdictions, including the city.

XII. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to provide the ability to fund programs necessary to cure blight within the Area. The vacant land that is included in the Area is included to enable the production of new homes in the New Housing Stock Program. The single-family homes included in the Area are included as there is potential in the future for these homes to benefit from the Existing Housing Stock Program.

XIII. RELOCATION REPORT

There is no relocation report required for the Plan as acquisition of property is not a component of this urban renewal plan.

Exhibit C
Planning Commission Minutes of May 24, 2018

[attached]

CITY OF JOHN DAY
PLANNING COMMISSION
JOHN DAY, OREGON

May 24, 2018

COMMISSIONERS PRESENT:
Ken Boethin, Commission Chair
Neale Ledgerwood, Commissioner
Tom Wilson, Commissioner

COMMISSIONERS ABSENT:
Darin Toy, Commissioner
Tim Unterwegner, Commissioner

STAFF PRESENT:
Nicholas Green, City Manager
Chantal DesJardin, Secretary

GUESTS PRESENT:
Dr. Leaun A. Fuchs, 108 NE 7th Ave
Gene Heliker, 108 NE 7th Ave

Agenda Item No. 1—Open and Note Attendance

Chairman Ken Boethin called the Planning Commission meeting to order at 5:00 p.m. He noted that everyone, with the exception of Commissioners Toy and Unterwegner, was present.

Agenda Item No. 2—Appearance of Interested Citizens

Chairman Boethin noted three of the items will be dealt with as a public hearing; as scheduled, he will identify the subject, announce when the public hearing is open and request anyone interested to state their feelings regarding the matter. Failure to raise an issue, in person or by letter to the planning commission/city council, precludes the raising of that issue at subsequent time of appeal.

Agenda Item No. 4—Leaun Fuchs Class B Variance

Chairman Boethin opened the public hearing for application LUR-18-02, a Schedule B Variance in regards to setback. He noted the member had received a staff report and subsequent data filed by the applicant. He asked the applicant to briefly state their intent.

Dr. Leaun Fuchs stated his intent for the property is to remodel into an investment; he is a retiree in Port Orford and is considering moving to John Day. He would like to place a shed, as storage for when he comes back to maintain the property, within five or six feet of the back of the property line. Chairman Boethin noted the application stated the request was for a 24x30x12 garage. Gene Heliker replied, that was the original plan but, currently, they are strongly considering just putting one that is just under the allowable code, which is 200 sq. ft. or less, in terms of permits and plans, basically a shed. Chairman Boethin asked if a carport is still in the plan. Dr. Fuchs replied they are currently thinking about a metal canopy structure, to park a pick-up camper under.

Chairman Boethin asked if any member of the audience wished to speak in favor of the proposal. *None appeared.* He then asked if anyone was in opposition. *None appeared.* Chairman Boethin closed the public hearing and opened up for discussion among members of the Planning Commission. *There were no comments from the commission.*

Commissioner Tom Wilson moved to approve LUR-18-02 based on the findings contained in the staff report. The motion was seconded by Commissioner Neale Ledgerwood and passed unanimously.

City Planning Official Green explained a notice would be sent to the adjacent property owners and they would then have 14 days to appeal. There were subsequent discussions about structure size, building permits, and floodplain permits.

Agenda Item No. 3—V.A.L.U.E. A.D.D.E.D., INC Type III Home Occupation Permit

Chairman Boethin opened the public hearing for application HOP-18-01 by Ed Humbird, agent of V.A.L.U.E. A.D.D.E.D. Inc., was for Home Occupation at property at 777 East Main Street. The request is to use an existing mobile home as an office.

Chairman Boethin asked if any member of the audience wished to speak in favor of the proposal. *None appeared.* He then asked if anyone was in opposition. *None appeared.* Chairman Boethin closed the public hearing and opened up for discussion among members of the Planning Commission. Commission expressed surprise the property was not already zoned commercial, due to historical use.

Commissioner Ledgerwood moved to approve HOP-18-01 with the recommendation, the City Council re-zone it commercial. The motion was seconded by Commissioner Wilson and passed unanimously.

Agenda Item No. 5—City of John Day Class B Variance

City Manager Green noted that upon further investigation, the request from the fire department did not warrant a variance to the development code. The code only governs height of signs, the concern was regarding width, and the sign will be low to the ground. Chairman Boethin closed the public hearing portion of the meeting.

Agenda Item No. 6—John Day Housing Incentives Plan

Chairman Boethin stated the final item is a review and discuss the John Day Housing Incentives Plan. He noted this has been previously discussed at several Planning Commission meetings. City Planning Official Green noted that if adopted on June 12th, the program becomes effective in the current tax year, and will be retroactive to January 1, 2018. Sally Knowles intends to participate with the townhomes the commission previously approved. They expect to provide an incentive of around $70,000 for the first two townhomes, with $30,000 for SDC's and $40,000 for the improvement rebate, for building over half a million dollars' worth of new improvements. Commissioner Ledgerwood asked about remodeling rentals. Green noted the increased assessed value must be $10,000 or greater; the rebate is indexed off the change in the tax base because that is how the incentive is recovered. He added the has discussed indexing the rebate so the percentage goes up the more investment, the greater the AV increase, the greater the percentage. Chairman Boethin asked about the tax deferment. Green replied the deferment is to the tax jurisdictions outside of John Day, not the property owner. Once the assessor collects the tax, 100% of the increase goes to the City John Day for Urban Renewal until the incentive is regained. Then, such as with Knowles $500,000, the increased tax base gets split among the eight tax jurisdictions. The payback period for a single family residence on a lot where SDC's are already paid, payback is five years; with SDC's it takes more like seven years. If the goal of 100 new homes/residences and 100 remodels over the next twenty years is reached, the county's tax base will see a net increase of over

$150,000 per year. The city sees a similar increase. Commissioner Ledgerwood commented on page 30, Table 20 it states there are zero people with doctorates. Planning Official Green noted the data is compiled from the most recent American Community Survey (ACS) for 2012-2016, which is done by the Census Bureau. Only about eight percent of the homes are called. The ten year census may have captured a more accurate reflection. Other data points were highlighted as non-reflective of the community. Chairman Boethin asked about the general public's opinion on the Plan. Green noted it has been presented to Project Advisory Committee twice and the Technical Advisory Committee, diverse committee members provided a range of responses. Some stated they don't know why it won't work, but recognized it is structured so that it cannot fail. Worst case scenario, time is wasted; but, there has already been serious interest in participation. Commissioners noted they did not see any problems with the urban renewal plan. Chairman Boethin does not see any conflict with the Comprehensive Plan; any new development will need to be compliant with City Development Code. *There was discussion about current zoning and potential changes to zoning.*

Commissioner Wilson moved to recommend the John Day City Council approve the Housing Incentives Plan. The motion was seconded by Commissioner Ledgerwood and passed unanimously.

Commissioner Wilson moved to amend the previous motion to state "based upon the information provided in the staff report and the provided attachments, that the John Day Housing Incentives Plan conforms with the John Day Comprehensive Plan and further recommend that the John Day City Council adopt the proposed John Day Housing Incentives Plan". The motion was seconded by Commissioner Ledgerwood and passed unanimously.

Agenda Item No. 7—Other Business and Upcoming Meetings

There was discussion about the progress on a previously approved variance for a hotel on property along West Main Street.

June 12—City Council Meeting (7PM)—Urban Renewal Adoption

Adjourn

There being no further business before the commission, Commissioner Boethin motioned to adjourn the meeting at 6:33 pm.

Respectfully Submitted:

Nicholas Green
City Planning Official

ATTEST:

Ken Boethin, Chairman

06-08-2018
Date