

**CITY OF JOHN DAY
URBAN RENEWAL AGENCY
JOHN DAY, OREGON**

May 22, 2018

URA MEMBERS PRESENT

Brandon Smith
Steve Schuette
Shannon Adair

Greg Haberly
Ron Lundbom
Paul Smith
David Holland

STAFF PRESENT

Anna Bass, OPG
Chantal DesJardin
Matt Manitsas

GUESTS & VISITORS

None

Agenda Item No. 1—Open and Note Attendance

Mayor Lundbom called the Urban Renewal Agency meeting to order at 6:06pm and noted everyone was present.

Agenda Item No. 2—Approval of City Council Minutes

Being the first meeting, there are no minutes to approve.

Agenda Item No. 4— Review and Recommendation of Urban Renewal Documents

City Manager Nicholas Green gave a background for the creation of the Urban Renewal Agency. Included in the packets are work product from consultants, city staff, and the two advisory committees; they are drafts because they have not been approved by the City Council. Green noted the Agency will decide the periodicity of meetings; the first incentives will not be paid until October of 2019, though there may be SDC payments, but the agency will need to meet in order to discuss: bylaws, implementation of programs, and advertising. Mayor Lundbom asked about clarification on under levying. Green explained under Urban Renewal Law, ORS 457, an agency can collect the increment for twenty years, for every property, for the three percent plus any improvements; under levying means the agency will give back any excess increment, during those twenty years, beyond what is needed to repay the incentive. It creates work for the tax assessor, because repayment will likely be achieved mid-year, so a portion will go the agency and a portion will be divided among the other districts. Green noted the assessor will probably need to buy some improved computer software to do this, but there are administrative costs in the budget. Councilor Schuette noted a typographical error on page 4, the rebate of \$12,470 should be \$12,460. Councilor Brandon Smith noted "increased" was misspelled on the line above. Mayor Lundbom asked how the areas for renewal were carved out. Green replied that originally, they intended to include all Residential Limited, in addition to the undeveloped land. The assessed value cap was exceeded with the whole RL area included. Members of the Community Advisory Committee

recommended that some properties in the RL have been remodeled recently. Matt Manitsas identified properties that had the worst façade of the neighborhood and removed the best from the area map. If there are applicants who want to be included, the agency can initiate an amendment process; it can be done as many times as needed, up to an additional five million dollars of assessed value. Under current law, those who are originally placed in the area, but do not participate, cannot be removed; therefore, the five million was left to allow additions. If the agency reaches 100 homes, reached the maximum indebtedness, they could retire early and do another one, if needed. Councilor Holland asked how annexation affects the margin. Green noted he would have to investigate but believes the assessed value at creation is the measurement. Green added that properties near city limits may be interested in annexation, which would need to be done in order to participate.

Mayor Lundbom asked for clarification for rules on the remodel. Green replied the Agency will need to decide how they want to incentivize remodels and what will be included. Current talk is 15% rebate on the change in assessed value (AV), with a minimum \$10,000 change in AV. Some improvements don't change the AV, but are not always enough to qualify for inclusion. Councilor Paul Smith noted the point is to encourage significant improvements. Councilor Holland asked if landscaping and fencing are included and why garages and shops are not mentioned. Green noted the Agency will make these decisions but ultimately the goal is to increase the tax base; if the parameters need to be changed to achieve the right kind of development that is up to their discretion. Councilor Smith noted the rebate could be a sliding scaled to reflect the percentage increase in assessed value. There is a significant difference between increasing the AV by \$30,000 on a house with an AV of \$80,000 versus \$250,000.

City Manager Green stated another discussion topic was about the General Commercial Zone areas that are zoned GC but largely contain homes, Elm Street is an example. Some of the oldest housing and vacant lots are on this street but cannot be included. The question is should the development code be amended and implement the residential commercial provision of the code. Right now, a house cannot be built on the vacant lots in GC, unless the home is unintentionally destroyed such as in a house fire. Green noted it is the era of home occupation; to allow for that flexible development, the City Council will need to loosen the development restrictions, in those zones, so the Urban Renewal Agency can approve amendments to incentivize development to occur. Councilor Holland added, even back in his time at the city, he felt the General Commercial Zone was over exaggerated for what John Day would ever see, versus the residential needs in that area of town. Only a few of the homes at that time have since been converted to businesses. Green noted the turn of the century was about specific zones for specific uses but the internet disrupted that; people can work from anywhere now.

Green stated there are currently two site built homes, eight residences (townhouses), and three remodels queued up for this year, compared to the three site built homes done in the last decade. Green clarified for Mayor Lundbom the incentives would not be paid until FY2020 with an estimated fund balance of \$175,000 the two existing homes do not have SDC's, so the rebate is lower. Green emphasized the significance of the incentive to the development of the townhomes. Councilor Paul Smith asked about waiving the SDC's. Green explained the Agency will be paying for the SDC's on behalf of the owner. The Agency will borrow money from the Community Development Fund; in the tax base, that will be recovered so the Agency can then pay the City back. The SDC's are not being waived but rather the Agency is frontloading the charges on behalf of the property owner; the water and sewer accounts will still eventually receive the SDC payments. Green noted that one of the developments is planning on hooking up to services in August 2018, hookup is when SDC's are normally paid, which would instigate the first payment from the Agency and would also be the year the property tax is frozen for incentive calculation purposes. The City has financed these charges for property owners so the

Agency could ask the city to defer the bill until FY2020, even though these charges have been budgeted for FY19; Green recommended they move forward with paying the SDC's, since they are already budgeted. Councilor Holland noted the payment period for SDC's is normally within twelve months, which allows the agency to split payments between two fiscal years, if necessary. Green noted the administrative piece is to help ensure these payments are tracked and transparent. Mayor Lundbom inquired about the \$30,000 for administrative costs. Green noted that they were not planning to need this amount but the consultants recommended this amount, to be safe; a rubric could be developed to evaluate a more accurate administrative cost, accounting for updated software for the county and employee time. Anna Bass asked for clarification about the City financing software for the County Tax Assessor. Green noted to implement the housing program, the assessor stated he would need new software. There was discussion about who would be responsible for purchasing this software; several councilors felt the County held some, if not all, of the responsibility for furnishing equipment necessary for employees to accomplish their jobs, rather than the Agency or City of John Day.

Councilor Paul Smith asked if there was enough working capital to make the payments. Green noted that Business Oregon has a strategic investment pool of about one million, usually used for grants and special projects, but they suggested it could be used as a line of credit.

Chantal DesJardin asked how the Agency would recover payment for SDC charges if an applicant chose not to develop after services were connected, since the Agency would not be able to recover investment through the taxes, with a lack of increased AV. Green replied two potential options are: don't under levy some of the other properties or wait for development to occur in the next twenty years. The agency could freeze the tax base for thirty years to recover the development investment on a participant. Councilor Holland added that during construction, utilities do not have to be tapped until other parts of construction begin. Councilor Paul Smith noted the Agency has the ability/authority to make changes to the plan after it is approved. Green replied they can make changes up to and including rescinding a program. The only caution, as a best practice, is to be consistent and explain reasons for changes. Once the City Council adopts it by ordinance on June 12th it becomes law. Councilor Holland asked if the change in administrative cost should be included. Green replied it could be amended in the bylaws and/or mentioned to the City Council and Planning Commission the discussed changes.

Councilor Schuette moved to forward the John Day Housing Incentive Plan to the John Day Planning Commission for their review of the plans, confirmation with the John Day Comprehensive Plan and the City Council for a hearing and their review and vote on adoption. The motion was seconded by Councilor Holland and passed unanimously.

Agenda Item No. 5—Upcoming Meetings and Other Business

Councilor Schuette moved to adjourn the meeting of the John Day Urban Renewal Agency. The motion was seconded by Councilor Adair and passed unanimously.

Respectfully Submitted:

Nicholas Green

ACCEPTED BY THE URBAN RENEWAL AGENCY ON FEBRUARY 26, 2019

A handwritten signature in black ink, appearing to read 'Ron Lundborg', written over a horizontal line.

Mayor Ron Lundborg