Report Accompanying the John Day Housing Incentives Plan

Adopted by the City of John Day

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John Day Housing Incentives Area

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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.

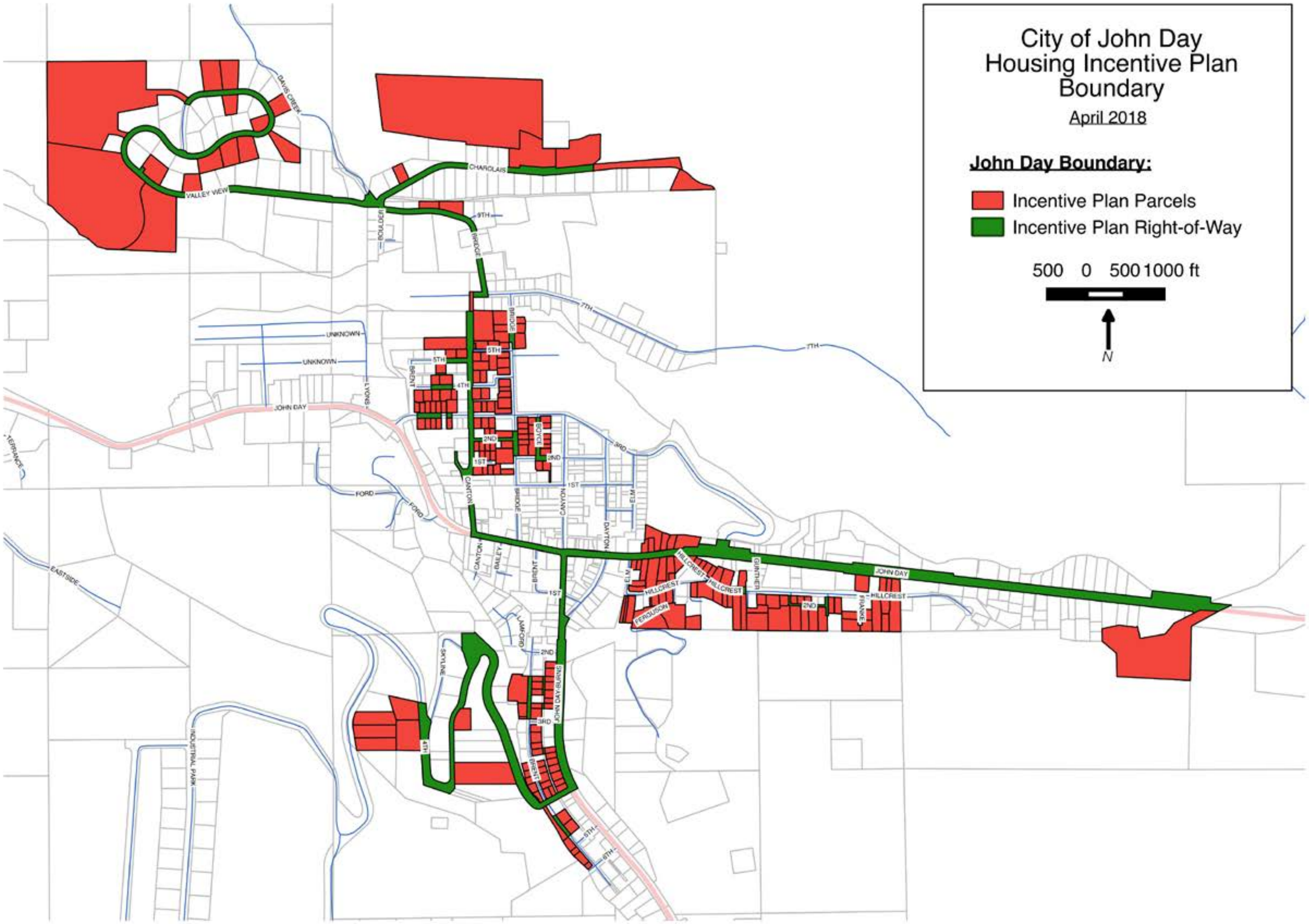
Table 1 - ORS Requirements

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 <u>permanent rate levies</u> 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

			Tax Revenue in FYE 2040 (year after termination)		
Taxing District	**Type**	**Tax Rate**	**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.

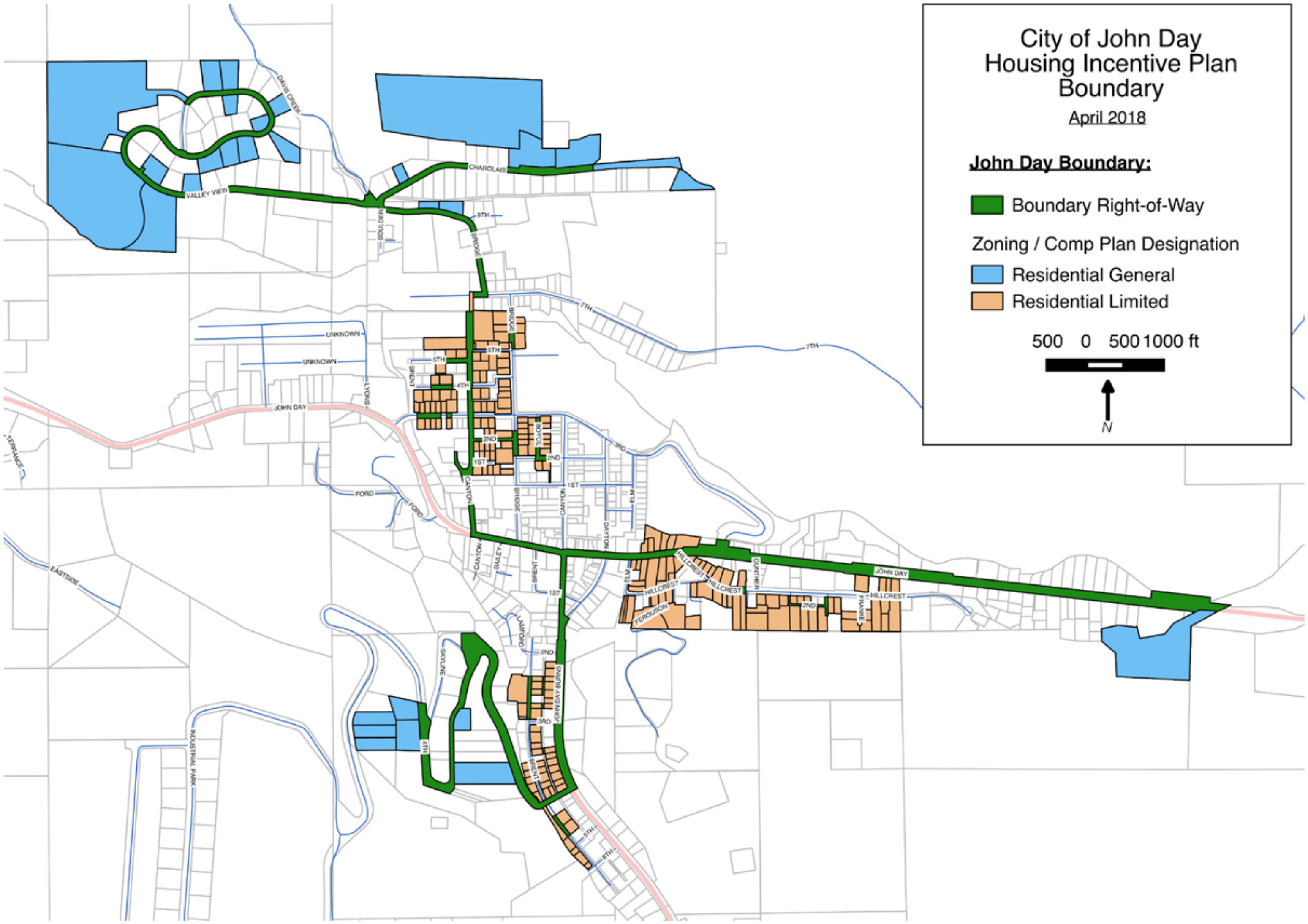
The Area contains 178.56 acres, including public rights-of-way, and the City of John Day contains 1,376 acres. This puts 12.98% of the City's acreage in an Urban Renewal Area, below the 25% threshold. The Area is shown in Figure 1. The zoning and comprehensive plan designations are shown in Figure 2.

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.