

**RESOLUTION 2021-04**

**A RESOLUTION AMENDING THE URBAN RENEWAL AREA PLAN**

**WHEREAS**, the John Day Urban Renewal Agency (the “Agency”) and its Board of Directors (the “Board”) are responsible for providing financial oversight and accountability for the management of the John Day Urban Renewal Area and its incentive programs; and

**WHEREAS**, the Board anticipated making minor amendments to the Urban Renewal Area Plan (the “Plan”) from time to time to accommodate changes in growth patterns within the City of John Day (the “City”); and

**WHEREAS**, the Agency must approve plan amendments by resolution prior to the end of the calendar year in order for those changes to take effect for the coming tax year;

**WHEREAS**, the proposed Plan amendment is considered a Minor Amendment since it is neither increasing the Maximum Indebtedness nor adding property over 1% of the original Plan area;

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the Board that the Agency elects to adopt the aforementioned findings and amend the Plan as follows:

1. Amend Section IV. Goals and Objectives of the Area Plan (Plan page 7) as shown in Exhibit A.
2. Amend Section V. Urban Renewal Program Categories (Plan page 9) as shown in Exhibit B.
3. Amend Section VI. Urban Renewal Programs (Plan page 11) as shown in Exhibit C.
4. Additions in each Exhibit are shown in **Blue** text.

**ADOPTED** by the Board and signed by the Chair on the 8<sup>th</sup> day of June 2021.

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Ron Lundbom, Chair

ATTEST:

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Nick Green, Executive Director

## **Exhibit A. Section IV. Goals and Objectives of the Area Plan Amendments**

### **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.

#### **Land Development**

Increase the economic viability of land development for homes within the URA Plan Area.

Objectives:

- a) Complete infrastructure improvements including but not limited to streets, sidewalks, water, sewer, stormwater, power, broadband and parks projects determined by the board to help facilitate housing development (the “horizontal improvements”).
- b) Facilitate right-of-way land acquisitions for the horizontal improvements.

## Exhibit B. Section V. Urban Renewal Program Categories Amendments

### 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.

#### Land Development

**Land Development Incentive Program** – The URA may provide Developer/Builder/Property Owner Incentives for horizontal improvements to develop new housing within the Plan Area. This will be completed through a development agreement with the developer/builder/property owner that stipulates the amount and timing of the development and the amount and timing of the incentive.

**Infrastructure Investment Program** – The URA may complete infrastructure horizontal improvements to help facilitate housing development and may complete improvements specified in a development agreement that tie the improvements to specific housing development.

## Exhibit C. Section VI. Urban Renewal Programs Amendments

### 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 John Day Housing Incentives Plan 10 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 constructed 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.

### **Land Development Incentive Program**

The URA may provide incentives to developers for the development of housing units in the Plan Area. This will be completed through a development agreement with the

developer/builder/property owner that stipulates the amount and timing of the development and the amount and timing of the incentive.

These incentives can be:

- A direct contribution of funds;
- A rebate of a portion of property taxes paid;
- Contributions to the developer for infrastructure development;
- An agreement for the Agency to complete infrastructure improvements that are otherwise required as a condition of development approval;
- A combination of the above.

URA/City staff will conduct pre-development meetings with the developer/builder/property owner to identify the unique financing needs of each site. Staff will recommend a financing package to the URA Board that will contain recommendations on the appropriate form of incentive through negotiations with the developer/builder/property owner for the development of the housing units. The URA Board will approve the incentives and the ultimate signing of a development agreement containing those incentives and a commitment by the developer/builder/property owner for the production of the housing units. These development agreements will balance the needs for administration, incentives, and infrastructure needs of the City.

### **Infrastructure Investment Program**

The URA may directly complete infrastructure improvements for horizontal improvements determined by the URA Board to help facilitate housing development and may complete improvements specified in a development agreement that tie the improvements to specific housing development. Unlike the Land Development Incentive Program, which contemplates incentives for private land developers, the Infrastructure Investment Program assumes the work will be performed directly by the URA, or the City of John Day through a public agency cooperative agreement, or through some other public agency affiliated with the URA. As these improvements are identified, a minor amendment will be made to the Plan to describe the specific improvements and the manner in which they will be developed.