

Lack of development or under-development of properties in John Day has led to a severe housing shortage and continued population decline. Aging residents are remaining in their homes longer, and as children move away (and spouses pass away), the total number of residents per household is declining, while new housing supply for new residents and workers is failing to keep pace due to inadequate infrastructure (specifically lack of street improvements, but also water, sewer, broadband, and power needed to build new homes). John Day created an Urban Renewal Agency in 2018 to provide incentives for private housing developments. These incentives are intended to offset the cost of development (making projects NPV-positive) while also addressing urban blight, as indicated by low "improvement to land" or I:L ratios for properties within the urban renewal area. At the time of its inception, forty-two of the tax lots (68% of the acreage) in the urban renewal area had no improvements on them. An additional thirteen tax lots (3% of the acreage) had 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. This area is underdeveloped and not contributing significantly to the tax base in John Day, leading to declining "own source" revenues to operate public services and contributing to the lack of adequate workforce housing. As a result, John Day's population declined by nearly 5% from the 2010 to 2020 census and is now at its lowest point in 50 years at 1,664 residents. Absent significant policy intervention and local investment, John Day's official population forecast, from the Oregon Population Forecast Program, shows continual decline through 2039 with an average annual growth rate of -0.2% (an additional 4% decrease by 2039). The Grant County forecast share of residents aged 60 years and older will account for 53% of its population by 2040, compared to around 36% today. In summary, the conditions leading to inadequate housing will only worsen as time goes by.

Response to Opportunity/Problem

Briefly describe the major alternatives considered to address this opportunity or problem:

The John Day Planning Commission has approved two new master-planned developments in John Day: The Ridge (formerly Strawberry View Estates) and Ironwood Estates Phase 2/3. The Commission also approved one new subdivision, East Charolais Heights at the Holmstrom Ranch. These three developments occupy the majority of the buildable land within the urban renewal area and John Day city limits. Collectively, they will allow for 100 new dwelling units: 73 at Ironwood Estates; 23 at The Ridge; and 4 at Holmstrom Ranch. These developments are privately owned mixed-income neighborhoods with warm, safe and dry housing in the foothills of John Day built above the 100-year regulated floodplain. The estimated increase in assessed value per home is \$178,000, which is based on an assumed average real market value of \$250,000 per home (see Enclosure 1. URA Plan and Report). ECONorthwest completed a housing and community development analysis in October 2019, which identified John Day has a deficit of housing types affordable at lower income levels such as new and used government-assisted housing, apartments, duplexes, tri- and quad-plexes, and manufactured housing. John Day also has a deficit of housing types affordable for higher income levels such as market-rate apartments, single-family attached, and single-family detached housing (Enclosure 2. John Day Housing and Community Development Analysis). They estimate between 114 and 230 new homes will be needed by 2040 across all housing types and income levels (see Exhibit 51). The proposed location for these homes within the three master-planned developments is shown in their report (see Exhibit 54). John Day completed a transportation impact analysis in 2021 for these developments demonstrating the need and benefits of new street improvements to service these lots (Enclosure 3. John Day Transportation Study). Now that they are fully approved through the planning commission and are construction ready, we are seeking investment funding from Business Oregon to develop the infrastructure to service these properties.

City's civil engineer of record, Sisul Engineering, has engineered the local street network and utility plans for each development and their connections to existing surface street and city utility infrastructure. The complete project (all phases) consists of just under 2.5 miles of new road construction (12,890 linear feet) with supporting water, sewer, broadband, power and other horizontal improvements, plus a new bridge crossing over the John Day River, for a total estimated cost of \$11,854,551 as of May 2021. This total project area has been adopted into the City's Transportation System Plan through the 2009 Local Street Network Update and/or the 2019 Innovation Gateway Area Plan.

The City has applied for three consecutive years for the BUILD / RAISE grant through US DOT and has made it to the final round each year but was ultimately unsuccessful. The will continue to pursue grant and/or loan funding for the complete project, but we recognize our limitations in competing at the national level for these highly competitive grants, and therefore we are subdividing out this request that falls within the URA's boundaries and our available debt capacity. This will allow us to spur local investment into much-needed housing by completing the streets and supporting utility infrastructure for new homes permitted within the URA boundaries while we continue to pursue federal funding for the complete project.

Detailed Project Description

Clearly describe the proposed project work to be accomplished:

For this project request, we are proposing to break out the Phase 1 components of each of the main housing developments. This will allow for the initial development of the streets and supporting utility infrastructure to support and maximize housing production for the hundred homes approved by the Planning Commission. These homes and their infrastructure improvements will be funded by the John Day Urban Renewal Agency through this request and the Agency's tax increment financing (TIF). The URA's forecasted TIF revenues are \$4,522,718 based on the assumption of 100 new homes built within the program area by 2039. The maximum indebtedness of the URA as authorized by its founding ordinance is \$4,305,162. The URA currently has no debt obligations.

This project proposes to finance the following improvements through the URA:

Charolais Heights East End Extension and Holmstrom Road (Enclosure 4). Charolais Heights is a development that over the years has slowly added street, lots and driveways that have created a long cul-de-sac type street with a minimal turn around at the end and unimproved access to 7th street. This project improves the end of the street to current City standards; adds sewer, water, power, and fiber services for four additional lots; and improves emergency access to 7th Street with a street right-of-way and base rock to create an all-weather road. Business Oregon funding will be used to create 750 linear feet of pavement, new water/sewer lines, storm drain and misc. utilities. Estimated construction cost for this project is \$351,797.13. City contracted with Tidewater Contractors, Inc. on Nov. 5, 2021 to begin site improvements to East Charolais Heights. This project is scheduled to be completed by June 1, 2022 and includes some pre-agreement costs already incurred for site prep and materials that will be reimbursed through this loan.

The Ridge - Phase 1 (Enclosure 5). This project includes the expansion of streets and utilities for The Ridge, to develop approximately 18.3 acres with 10 multi-family and single family residential lots. The project will create 2,500 linear feet of new pavement with supporting utility infrastructure installed to city spec. Previous development in the area has stubs for the sewer and water lines to the property. Power and fiber-optics are located overhead at HWY 26 and will be provided underground along the new streets along with new water and sewer lines. The property is on a hillside and roads will be graded to minimize impact and balance the cut/fills as much as possible. As part of the road construction all of the utilities (sewer, water, storm and private utilities) will be installed prior to construction of the pavement. A roadside ditch and cross-road culverts will divert runoff away from future structures and into the existing drainages. The existing drainages are very seasonal, only high rainfall or snowmelt create flow in these drainages, for a limited amount of time. The drainage eventually connects to a culvert system on HWY 26. Lot 1 of this development will be used for Oregon's first 3-D printed concrete housing, planned for construction this summer. This project is expected to be completed by October 31, 2022. Estimated construction cost is \$1,225,100.38. The URA will provide up to \$750,000 in cash or in-kind materials and the balance of the cost will be contributed by the property developer, who will also be responsible for the new home construction. City received a grant from DLCD to assist with design plans for the 3D printed homes, which are currently in development.

Ironwood Estates - Phase 2 (Enclosure 6). This project includes the expansion of streets and utilities for Ironwood Estates Phase 2, to develop approximately 15.2 Acres for 17 single family residential lots. The existing Phase I of Ironwood Estates has provided stubs for the sewer, water and power to this property. This project will construct 1,750 linear feet of new pavement by

building two new cul-de-sacs and associated utilities for the Phase 2 development. Fiber optic cable will be extended to existing lots in the areas and will also be provided to these new lots by the City through a separate grant award from the Economic Development Administration. The property is on a hillside and roads will be graded to minimize impact and balance the cut/fills as much as possible. As part of the road construction all the utilities (sewer, water, storm and private utilities) will be installed prior to construction of the pavement. A roadside ditch and cross-road culverts will divert runoff away from future structures and into the existing drainages. The existing drainages are very seasonal, only high rainfall or snowmelt create flow in these drainages, for a limited amount of time. Prior development and mining activities from when the John Day River Valley was dredged have stopped any direct surface flow of these drainages to the John Day River. The estimated cost of this project is \$943,023.20. The URA will provide up to \$750,000 in cash or in-kind materials and the balance of the cost will be funded by the developer.

The combination of the three project areas will result in approximately 5,000 linear feet of new streets, with associated stormwater, water, sewer, power and fiber optic infrastructure. City will use a common trench and trench specification wherever possible. The majority of these public improvements will be installed by the land owners/developers under contract with private construction firms or with their own laborers and are not subject to Oregon's prevailing wage rates. However, the URA will contribute the financing (repaid through the tax increment funds and loan funds from Business Oregon) and the City of John Day, through a joint development agreement with the URA and the land owners, will be the ultimate beneficiary of the infrastructure. The City will assume ownership, maintenance and operations under these agreements until the loan to Business Oregon is fully repaid, at which point the utilities and streets will be signed over to the City for future operations and maintenance.

Project Work Plan

List project activity milestones with estimated start and completion dates. Identify estimated date of first cash draw:

Activity	Estimated Date	
	Start	Completion
Holmstrom Road	Nov 5, 2021	Jun 1, 2022
Ironwood Estates	Mar 1, 2022	Jun 30, 2023
The Ridge	Mar 1, 2022	Oct 31, 2022

Estimated First Draw Date: Jun 15, 2022

Project Budget

List individual project budget line items with requested budgeted amounts by IFA and non-IFA funding sources. Change budget column labels to identify the specific requested IFA funding sources. Non-IFA sources are those funds other than those requested from IFA.

Please be aware that the award loan amount will be subject to a less than 1% issuance fee if the loan is included in the Oregon Bond Bank. Please contact Business Oregon for additional information.

Budget Line Item (Adjust budget items to suit the project) <i>Below are general items most used</i>	IFA Funding		Non-IFA	Total
	Source 1	Source 2	Funds	
Engineering/Architecture	\$0	\$0	\$0	\$0
Construction	1,850,000			1,850,000
Construction Contingency				0
Land Acquisition				0
Legal				0
Construction Management				0
Other (Specify)				0
Other (Specify)				0
Other (Specify)				0
Other (Specify)				0
Totals	1,850,000	0	0	1,850,000

Details of Non-IFA Funds

Source of Non-IFA Funds	Amount	Status: C-Committed, A-Application S-Submitted, AI-Application Invited, PS-Potential Source	Dates Required Funds will be Committed and Available
	\$0		
Totals	0		

If “Non-IFA funds” include USDA Rural Development funding that will require interim financing, please indicate the source of the interim financing.

General Certification

I certify to the best of my knowledge all information, contained in this document and any attached supplements, is valid and accurate. I further certify that, to the best of my knowledge:

1. The application has been approved by the governing body or is otherwise being submitted using the governing body's lawful process, and
2. Signature authority is verified.

Check one:

- Yes, I am the highest elected official. (e.g., Mayor, Chair or President)
- No, I am not the highest elected official so I have attached documentation that verifies my authority to sign on behalf of the applicant. (Document such as charter, resolution, ordinance or governing body meeting minutes must be attached.)

The department will only accept applications with proper signature authority documentation.

Signature	3/1/2022
Ron Lundbom	Mayor
Printed Name	Printed Title

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Concept Number	Intake Approval Date
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- Project Type:**
- | | | |
|-----------------------------------|--|---------------------------------|
| <input type="checkbox"/> Planning | <input type="checkbox"/> Construction | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Design | <input type="checkbox"/> Design & Construction | |