

Harney County Workforce Housing Road Map 2019



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GEODC

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Harney County Workforce Housing Road Map 2019

The purpose of the Harney County Workforce Housing Road Map is to provide a technical assistance report to the County, City of Burns, City of Hines, and the Burns Paiute Tribe that addresses the state of workforce housing in Harney County, Oregon. This Road Map provides recommendations for future housing development strategies, priorities, and approaches, particularly financial strategies, to support economic stability and growth in the county.

There are multiple programs and funding opportunities that address affordable and lower wage workforce housing needs throughout Oregon, and Harney County has been successful as a partner with the state in addressing many of those local needs. A spectrum of housing is needed for the current and future residents of Harney County, at all income levels. Where this Road Map document is different is in its focus on Harney County's need for creating additional high quality, modern and upgraded private homes and rental units for the moderate to upper wage workforce. Overall, land use, zoning, and/or comprehensive planning matters are aligned adequately for Harney County at this time. The financial profitability factors to attract the development of additional moderate to upper wage housing, however, are not.

Frontier, remote rural areas of struggling or declining economies have unique challenges. This Road Map is specific to Harney County, Oregon but we hope that some of the analysis and recommendations may benefit other similar communities.

This Road Map lays out a general direction and proposes avenues for incentivizing and /or packaging market-related initiatives and partnerships to encourage middle to upper wage housing development and upgrades in our community. We believe that increased housing of this type is important to Harney County's future economic stability and growth.

As a general Road Map of ideas and suggestions, rather than a specific housing development plan, most of the comments and materials comprising this Road Map are not specific enough for adoption as a Comprehensive Plan Housing Element Update. It may, however, be considered for adoption by Harney County and the cities of Burns and Hines as a supporting document to their comprehensive plans. This Road Map document is primarily for use by the economic development, real estate, construction contractors, financial institutions, and city/county planning sectors as a tool for future collaboration and coordination.

We thank all the participants from the City of Burns, City of Hines, Burns Paiute Tribe, community at large, members of the Technical Advisory Committee, as well as our funder, the Department of Land Conservation and Development.

This project could not have been completed without the assistance from the Harney County Planning Department and the Harney County Assessor's Office. It was their prompt response and the data and maps they provided that tell the story with numbers and visuals.

Harney County

Workforce Housing Road Map

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Harney County

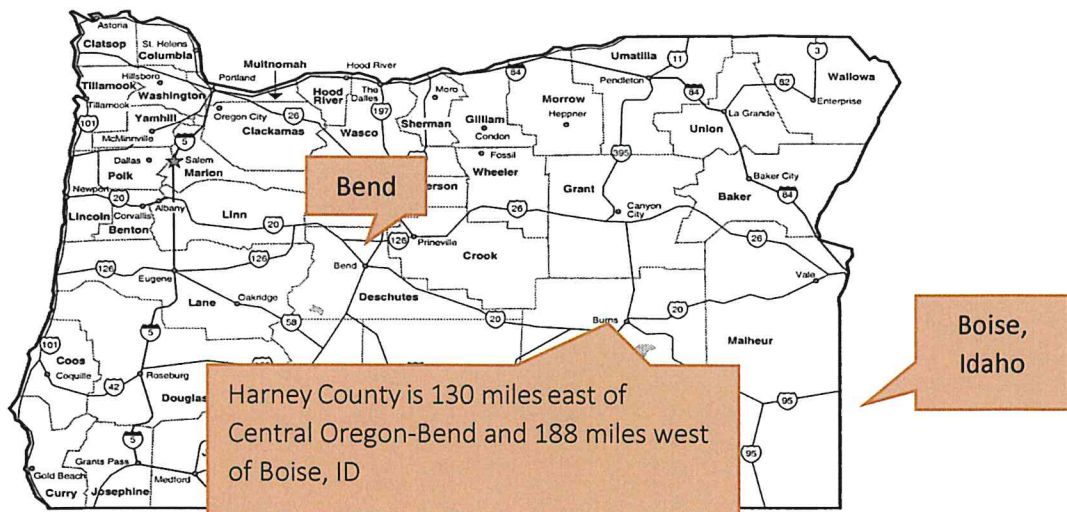
Workforce Housing Road Map

INTRODUCTION

The focus of this “road map” is specific to Harney County; however, workforce housing needs and issues are not unique to Harney County, but rather they represent current housing needs in other rural Oregon communities as well. The purpose of the Harney County Workforce Housing Road Map (Road Map) is to identify ways to increase moderate to higher wage workforce housing availability, as well as assess and plan for overall future needs. The areas of focus for the Road Map will be within the County Urban Growth Boundary (UGB) of the City of Hines and the City of Burns respective UGBs.

This Road Map seeks to update our inventory of existing residential lots and housing, determine our targets and goals, assess the market issues, and identify strategies to move forward. The types of housing inventory, analysis and planning this effort provides has been conducted many times in urban and suburban communities. The challenge for us is to address this topic for a truly frontier rural, economically challenged county that lacks typical investors and developers.

Harney County is located in southeastern Oregon and is the largest county in the State of Oregon. The County has a diverse landscape with forests, sagebrush, lakes, streams, desert and mountains. Harney County is comprised of two cities and eleven rural communities. The City of Hines and City of Burns are located along Highway 20. Harney County is considered frontier rural which means counties under 10,000 people with limited resources and challenged by distance (over 100 miles) to cities that offer a full streamlined array of services and materials that includes, but is not limited to, trade industry, contract services, appraisers, and stocked inventory.



Harney County has a great need of workforce housing solutions. There was a major economic change in Harney County in the 1980s, which began the demographic shift that has challenged the county ever since. Harney County is a frontier (remote, low population) county. Compared to most areas of Oregon, we have very little industry and few employers. Agriculture is the primary industry, with local government, public agencies, healthcare, and schools making up most of the rest of the employment picture. Merchants and small businesses struggle due to the small customer base.

The long term out-migration of residents in Harney County changed the economic demographic for housing here. Since the Edward Hines Lumber Mill closed (late 1980s), Harney County lost approximately 900 living wage jobs. Nothing has taken its place and families continued to move away over time to find work. The in-migration that has taken place has included many low-wage workers and their families. Rental units and houses have largely served these families, and some owners have not been inclined to keep up with modernization and upgrades to this housing.

Employers such as the schools, hospital, Bureau of Land Management, and the US Forest Service are expressing difficulty recruiting teachers, administrators, medical professionals, managers, and employees because there are too few suitable moderate to upper wage houses for rent or sale. Harney County officials and partners, including the City of Burns, City of Hines, and the Burns Paiute Tribe, have listened to the employers and agree: good quality, moderate to upper wage housing is needed in order to continue to attract and fill essential positions of doctors, nurses, teachers, administrators, and middle to upper managers in the area. This is an important aspect of retaining a high quality of life in beautiful Harney County.

We hope this Road Map may also serve as a template for other frontier rural communities facing a lack of moderate to higher wage workforce housing.

METHODOLOGY

The methodology completed for this Road Map started with Portland State University's Coordinated Population Forecast 2018 through 2068¹ in order to understand the future forecasted population by age group, which would dictate the needs for housing. Population by age group is important because, for example, moderate income housing for a family of today could be different than moderate income housing for an older generation.

Oregon Housing and Community Services (OHCS) recently completed Oregon's Statewide Housing Plan 2019-2023 which guides OHCS work for the next four years. This plan was based on an extensive outreach that started in 2017; this allowed OHCS to travel and listen to all the housing needs in all areas of the state. While the OHCS plan is focused on low to moderate income, the overall housing issues pertain and remain the same around the state. The issue is the lack of housing stock that is decent, affordable, and inclusive and supports community needs. A range of housing is needed for the current and future residents of Harney County, at all income levels.

The findings in the OHCS plan and Portland State University's report are reflected in this Road Map. The analysis completed for this report is also based on a variety of other sources of information including, but not limited to, the Harney County Planning Department, City of Burns,

¹ Coordinated Population Forecast 2018 -2068 Harney County Urban Growth Boundaries (UGB) and Area Outside UGBs

City of Hines, Burns Paiute Tribe, Oregon Economist-Department of Labor, Department of Land Conservation and Development, a twenty-member Technical Advisory Committee (TAC) [See **Appendix A**], real estate developer, local realtors, Council of Development Finance Agencies² and conversations with community members.

POPULATION FORECAST PROJECTIONS AND OUTLOOK

A review of population trends, forecast, and local observations for Harney County is important for this analysis, which includes state data and local input.

According to the report by Portland State University (PSU) Annual Population Estimate, Harney County's 2018 population was 7,380. The population in the City of Hines was 1,560, the population in the City of Burns was 2,830, and the county population outside of the city UGBs, which encompasses eleven rural communities, was 2,990.

For over 30 years, Harney County has shown a declining population trend, from 8,237 in 1980 down to 7,380 in 2018. This was primarily a continuation of population out-migration after the closing of the Edward Hines Lumber Mill and the end of robust commercial logging, which had provided Harney County with high employment and a strong wage economy. A general leveling off of the downward population trend took place around 1995 and for the past 20 years Harney County's population has ranged between 7,240 and 7,490.

Historically, Harney County has experienced different growth patterns with both net out-migration and net in-migration. The majority of the population decline was due to out-migration since the 2000s. While net out-migration was the norm during most of the period between 2000 and 2013, this has shifted toward net in-migration in recent years. The county recorded fluctuating natural increases since 2000, however, most years recorded little to no change. Throughout the entire 2000 - 2018 period, net migration has driven population change.

The Population Research Center (PRC) at Portland State University makes the assumption that as the economy strengthens and Oregon's population ages, there will still be net in-migration and housing construction increases in the 2010-20 decade. PRC then expects the growth to regress during early 2020's as the economy contracts. Other PRC assumptions include the following:

- Net in-migration will occur over the entire forecast horizon of 2018 through 2068;
- They incorporate state and local trends into their assumptions for fertility and mortality;
- As a result of aging Baby Boomers, deaths increase and peak in the 2040's;
- Total fertility rates remain stable throughout the period;
- As a result, the County and its sub-areas will continue to experience a natural decrease at a growing magnitude;
- Total population is expected to decline as the natural decrease outpaces net in-migration.

The data for Harney County's forecasted population changes are based on fertility, mortality and migration and reflect the Portland State University-PRC Coordinated Population Forecast 2018 through 2068 research. Other PSU underlying assumptions include:

² Council of Development Finance Agencies, National Development Finance Summit, November 7-9, 2018, Dallas, Texas

- Historical trends of net out-migration of younger people and net in-migration of families and retirees;
- City of Hines and City of Burns combined population forecasted to grow by 57 from 2018-2043. This reflects an increase of approximately 3.5% for the City of Hines and 4% for the City of Burns;
- Net in-migration is forecasted to be families and older individuals;
- Population forecast to peak in 2020 and slowly decline due to aging population and the uncertainty of net in-migration;
- Population outside the UGBs is expected to decline by 360 people from 2018-2043 and 443 from 2043-2068 through aging population which reduces the overall countywide population;
- Historic building patterns;
- Current plans for future housing development;
- Household demographics.

The forecasted population growth by PSU and Harney County's local outlook differ. PSU forecasts a net out-migration between 2018 and 2043, due to estimates for an aging population outside the UGBs, but Harney County officials are planning for and working toward a 1-2% population growth rate. Local observations are that in-migration has started and continues. Combined with the 3.5-4% forecasted population growth rates PSU predicts for the City of Hines and City of Burns, Harney County as a whole anticipates in-migration to continue. This Road Map seeks to plan for a stable, reasonable pace of growth in Harney County.

Determining what types of families or age groups will migrate into Harney County in the next 25 years is difficult, and there are differing views on the topic. According to PSU, the future population growth in Harney County will primarily be comprised of families and older individuals. PSU predicts the future population growth in Harney County will be comprised of working single-parent families or two-parent families and a combination of moderate and higher wage income. That will depend, of course, on what the employment options are, which is uncertain. On the other hand, the level of working families may remain static, and projected in-migration may be comprised primarily of retirees (both returning residents and new arrivals). There are some recent local real estate transactions that pose that possibility.

Either way, the county and city officials want to ensure our high quality hospital, schools, and federal agency employers are able to attract and hire highly qualified medical professionals, managers, teachers, and administrators. To do this, we seek to support development of new and rehabilitation construction projects to ensure a high quality of housing for community members.

EMPLOYMENT AND WAGE OUTLOOK

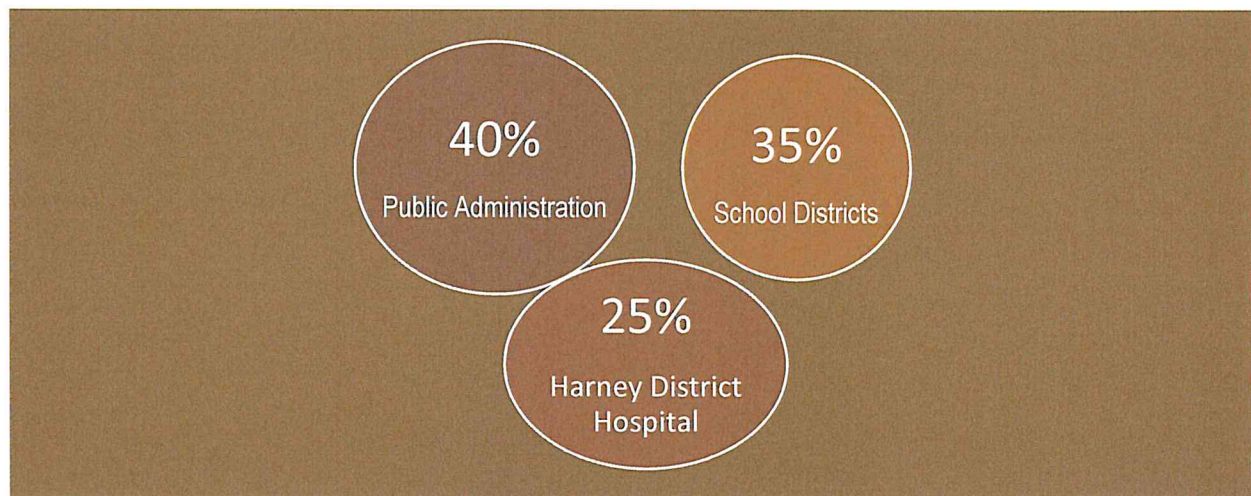
Harney County is an agricultural county (cattle and hay production), with an almost 50-50 percent split of its nonfarm employment between private and public sector jobs. Agriculture accounts for 32% of the private employment in Harney County, and 10% of its overall employment. Crop and animal production account for 1/6 of Harney County's private wages.

Crop & Animal Production Account for One-Sixth of Private Wages						
	Total		Industry		Share of Private	Share of Private
	Employment	Total Wages	Employment	Industry Wages	Employment	Wages
Lake County	1,387	\$ 42,269,903	305	\$ 8,751,200	22.0%	20.7%
Morrow County	4,781	\$ 252,227,853	972	\$ 42,641,461	20.3%	16.9%
Wasco County	9,776	\$ 353,326,305	1,603	\$ 39,410,315	16.4%	11.2%
Harney County	1,398	\$ 38,392,699	204	\$ 6,265,227	14.6%	16.3%
Yamhill County	29,834	\$ 1,151,043,325	2,637	\$ 85,962,366	8.8%	7.5%
Malheur County	9,660	\$ 289,614,030	826	\$ 23,816,967	8.6%	8.2%

Provided by Christopher Rich, Eastern Oregon Economist, 2017

Key nonfarm employers in Harney County (including residents in the City of Burns and City of Hines) are public sector (government) and small business. Harney County's major public sector employees include Bureau of Land Management, US Forest Service, public schools, local governments and Harney District Hospital. They provide basic community and natural resource services that keep Harney County's quality of life high.

Harney County is the only county in Oregon without any manufacturing.



Provided by Christopher Rich, Eastern Oregon Economist, 2017

Harney County's remote location is a key obstacle to attracting new industry or manufacturing. This is a reality that continues to challenge economic development. However, with the passage of time has come a shift in the local perspectives of how Harney County views itself and its future.

Harney County economic development strategies include efforts to 1) maintain the largest possible agriculture footprint, 2) increase and capitalize on the business benefits of tourism, and 3) retain its special western, frontier rural appeal and quality of life.

Current Employment Estimates - Annual Data Sheet

Harney County 2018

Official Oregon Series - not seasonally adjusted

Source: Oregon Employment Department Quality Info.org Downloaded: Mar 29, 2019 10:33 AM

<u>Industry</u>	<u>Annual Average</u>
Total Nonfarm Employment	2,280
Total Private	1,270
Goods-Producing	120
Trade, Transportation, Utilities	430
Wholesale Trade	50
Retail Trade	330
Transportation, Warehousing, Utilities	50
Information	10
Financial Activities	70
Professional and Businesses Services	80
Education and Health Services	220
Leisure and Hospitality	270
Other Services	60
Government	
Federal Government	230
State Government	110
Local Government	680

The moderate income families will generally hold jobs such as a beginning school teacher without any years of experience, whereas a veteran teacher with 15-20 years of experience and a Master's degree will fall into the middle to higher wage income family.

Basic calculation for housing affordability in Oregon is calculated at 30% of income for housing costs. Moderate wage income in this range (\$33,840 to \$50,760) equates to an estimate of \$846 - \$1,269/month afforded to housing. Higher incomes are also calculated at a 30% estimation for housing affordability³. The median income in Harney County is \$39,000⁴

Comparing the local and state data, Harney County wages tend to be somewhat below comparable wages in most areas of Oregon, and this has carried over to the local housing market.

³ Oregon Community and Housing Services

⁴ Census.gov/quickfacts/harneycountyoregon

Rental prices in Harney County are considered low when compared to more urban areas of Oregon.⁵ In comparing rural Oregon to rural America, rural Oregonian incomes are on par with rural American incomes; however, home prices are 30% higher in Oregon and rents are 16% higher.⁶

Many Harney County residents work at various part-time jobs, at low wage jobs, or receive government assistance, which puts them in the category for low-to-moderate wage housing. This keeps the competition to rent the existing housing tight, which leaves few available rentals for new arrivals.

HARNEY COUNTY HOUSING

This section will describe Harney County's housing situation in 2019. Topics include land supply, existing housing, available housing lots, quality of housing stock, housing by price range, needed workforce housing, the real estate market, new construction, remodel and upgrade construction, and other housing options to consider.

Harney County has many strengths and one of them, like many frontier rural communities, is community support and working on issues jointly. This is demonstrated by Harney County Economic Development, the Community Revitalization Team (CRT), the Main Street Team, and the High Desert Partnership. The CRT meets monthly and it determined that housing was a priority issue for local employers, which led to the development of this Road Map. For other strengths, weaknesses, opportunities, threats identified during CRT and Housing Road Map TAC meetings, see Appendix B.

Homes and incomes in Harney County flourished back when the timber industry was strong. Many homes built in Burns and Hines in the 1940s thru the 1950s remain as the bulk of the residential housing for the workforce today. However, as the decades passed, and no comparable private sector employers took the place of the timber mill, Harney County has seen not only its population decline in numbers, but also housing stock decline in quality, with relatively few new housing units constructed.

One might assume that since Harney County's population dropped significantly between 1980 and 2005, that there would be a lot of available housing, but this is not the case. There is housing but not necessarily new or updated housing. There are approximately 200 single family rental homes and many are in good condition, but in some cases, long distance or absentee landlords have not kept up the maintenance or value of their properties. Many of the rental homes have been kept with lower rates and minimal attention to upkeep, maintenance, and improvements. The home rental prices in City of Burns and City Hines are low (\$650-\$800 per month for 2-3 bedroom single family home) compared to others areas of Oregon.⁷

In reality, there are many working families that can only afford \$500-\$550 per month if you take into account the cost of children's sports and activities, medical bills and the rising cost of food.

⁵ Jett Blackburn Realty and Paramore Realty

⁶ Oregon Office of Economic Analysis: <https://www.oregon.gov/DAS/OEA/pages/index.aspx>

⁷ Jett Blackburn Realty

Additionally, local input and observations indicate that retirees from other areas are becoming an increasing portion of new arrivals to the community. For example, retirees who were living in Reno, Nevada or Bend, Oregon moved to Harney County to escape the increasingly congested, less rural, more urbanized environments their communities had become. Their comments indicate they are thrilled with the less crowded, slower pace of life that Harney County affords. That said, people still want a nice home or apartment to live in, and the existing housing stock in Harney County is largely old and/or taken.

Land Supply

Harney County is Oregon's largest county land-wise, with 10,226 square miles. Much of the land (75%) is either federal public lands, or state lands, and is not available for sale, development, or property taxes. See Appendix C-1 and C-2.

The cities of Burns and Hines, directly adjacent to one another, comprise the two UGBs where conventional town lots and housing exist: this is the focus area of this Road Map. Rural county housing permits and development go through county land use processes and require compliance with the Harney County Comprehensive Plan. This Road Map is not recommending any land use changes for residential housing, lots, or zoning. See Appendix D-1 and D-2.

For longer term strategies, should population growth exceed forecasts, Harney County can look at meeting future unmet needs with density strategies, achieved by building more units per acre on land within the UGBs.

When the time comes to plan for density strategies, it will be important to address 1) the technical part of the solution with up-zoning the allowable density of select parts of Burns or Hines, as needed and 2) addressing the adaptive part of the solution to ensure increasing density as a way to expand, not limit, housing options and variety to boost the vitality of the community.

Existing Residential Vacant Lots

The current vacant tax lots and information below is for residential tax lots within City of Burns UGB and within the City of Hines UGB, as well as lots in the floodplain, and county lots. The data is provided from Harney County's Geospatial Information Systems (GIS) office. In the data below, the GIS office removed the lots that would have size restrictions because they are sliver lots that would never meet required setbacks.

According to Oregon land use law, each city and county is its own jurisdiction and cannot consider the land supply in the adjacent community when considering the adequacy of their land supply (i.e., the land supply in Burns does not apply to Hines and vice versa). Specific decisions on zoning and development within each city's UGB will follow Oregon land use law and city comprehensive plans.

There is a large area of platted residential lots in the City of Burns that are out of the flood plain, but they are not served by infrastructure so these can be used for future, rather than immediate, development.

Harney County is working with Federal Emergency Management Agency (FEMA) to revise the local flood plain mapping to reflect reduced flood plain designations. If this occurs, there will be additional lots available for future infrastructure and construction growth. **See Appendix D-1, D-2 and D-3.**

There are 319 residential vacant lots located in the City of Hines, City of Burns and Harney County UGBs. Of those, there are 81 residential vacant lots in the City of Hines, 190 residential vacant lots in the City of Burns, and 48 within the Harney County UGB. Within the three UGBs there are 179 vacant lots that do not intersect the flood plain and 120 that do intersect the flood plain. Public infrastructure (water, sewer) serves both the cities and county. Out of the 319 residential vacant lots, 193 are local owners. The reason for calling out the number of local versus non-local (absentee) owners is the theory that absentee owners may be less likely to maintain their property.

City of Hines				
Vacant Number of Lots	Vacant Lots Do Not Intersect Flood Plain	Vacant Lots Intersect Flood Plain	Vacant Lots Close to Infrastructure but not Direct Access	Local Owners
81	59	22	81	35

City of Burns				
Vacant Number of Lots	Vacant Lots Do Not Intersect Flood Plain	Vacant Lots Intersect Flood Plain	Vacant Lots Close to Infrastructure but not Direct Access	Local Owners
190	96	94	166	138

Within County's UGB				
Vacant Number of Lots	Vacant Lots Do Not Intersect Flood Plain	Vacant Lots Intersect Flood Plain	Vacant Lots Close to Infrastructure but not Direct Access	Local Owners
48	24	4	11	20

The City of Hines and City of Burns have vacant lots available that are interspersed throughout the neighborhoods. These lots have infrastructure, are out of the flood plain, and considered sufficient quantity for immediate additional workforce housing starts. *These lots are near term housing opportunity sites.* However, there has been little new construction to meet the demands and desire for professionals that are being recruited for a job in Harney County.



Quality of Housing Stock

Harney County has experienced what other frontier rural communities have faced: a professional workforce turning down jobs due to the lack of appropriate housing. Harney County has a need for both new housing construction and housing stock renovation.



Too many homes in Burns and Hines haven't been well-maintained for years past and currently are not being well-maintained. This projects a negative image of the community which affects the desirability of living here. For the moderate to upper wage workforce, which this Road Map focuses on, this is an important quality-of-life factor that affects employer recruitment of upper echelon employees.

The confidence of would-be investors and developers is weakened due to the cost of construction in Harney County. While the existing housing is affordable, though in tight supply, the stock is in need of updates or major renovation. Owners and landlords have done little to upgrade or improve the old housing stock over the years. Stabilizing and growing the demand to upgrade and maintain existing housing stock is important to strengthening Harney County's housing market health.

New construction is a challenge due to local market forces, the distance to accessing building supplies, and a lack of all trades necessary for new home construction. It's a challenge to break even with new construction in a slow growth county, which is a deterrent for a developer.

Real Estate Market in Harney County

Market Forces. The Harney County housing market is so challenged that aside from a few individuals in the queue to build a new home, there are few active moderate to upper wage housing projects underway or proposed. The costs to build in this remote, distant area keep builder profit margins low, so there is essentially no investor or speculator housing underway. Even upgrades or additions to existing housing is challenged by the small number of available contractors and added transportation costs for supplies and materials. The lack of significant new housing construction

over many years has resulted in fewer licensed construction and specialty contractors and suppliers that remain in the area. Contractors have waiting lists of clients for remodel, repair, and smaller jobs.

Real estate agents' input indicates that appraisals are not meeting the cost of a new build. The following is an estimated (ballpark) cost to build a non-custom home with builder grade finishes (with existing infrastructure in place):

Cost of the Lot: \$12,500 (5,000-7,000 sqft. lot)
 Cost to Build: \$125 per sqft.
 Size of Home: 1,200 sqft.
 Total Cost: \$162,500

The following is an estimated (ballpark) cost to build a home with higher end finishes than builder grade finishes (with existing infrastructure in place):

Cost of the Lot: \$12,500 (5,000-7,000 sqft. lot)
 Cost to Build: \$162 per sqft.
 Size of Home: 1,600 sqft.
 Total Cost: \$271,700

Online mortgage calculators show monthly payment for a \$215,000 home as \$1,017/month, which is affordable for moderate to upper income. The question in Harney County is: Can such housing be built with sufficient profit margin under \$215,000? It has been reported by one of the Housing TAC members that there have been two homes in the last 3 months (January-March 2019), both under 1500 sqft. that bid out at \$250,000 to construct.

The homes built in Harney County date back to 1889 per the Harney County Assessor's office. Below is a chart that reflects the number of homes sold from January 1, 2014 through March 28, 2019, the year built, and sales price.

<u>Number of Homes Sold</u>	<u>Year Homes were Built</u>	<u>Sales Price</u>
9	Not Available	\$12,000 - \$250,000
86	1889 - 1939	\$24,000 - \$245,000
47	1940 -1950	\$20,000 -\$190,000
65	1951-1960	\$35,000 - \$265,000
52	1961 - 1970	\$60,000 - \$183,000
39	1971 - 1980	\$45,000 - \$245,000
1	1993	\$189,000
13	1997 - 2002	\$75,000 - \$195,000
2	2004	\$140,000 - \$280,000
21	2006 – 2009	\$117,000 - \$285,000
1	2015	\$160,000
336		

The predominate number (86) of existing homes that sold in the past five years ranged from homes that were built from 1889 to 1939. An average sales price was \$50,000-\$55,000.

There were 203 homes built between 1940 to 1980 with an average low end sales price of \$40,000 and an average high end sales price of \$220,000. There were two later periods between 1997 to 2002 and 2006 to 2009 where a smaller number of homes were sold, but at higher low and high end price points than the majority of the homes sold in the past five years.

Low Wage Housing. The most recent construction in Harney County has been focused on the lower income housing needs recently identified by the community. Soon to be under construction, the West Ridge Apartments will consist of 20 units. These units will support incomes ranging from \$22,440 to \$28,880. According to the Harney County Senior Center, Executive Director Angela Lamborn, “It’s going to be for the folks who check the groceries at the grocery store, folks who work at the new Dollar Tree store, the housekeeping folks at the hospital.” Although this Road Map is focused on workforce housing for moderate to high wage workers, a continuum of housing is needed for the current and future residents of Harney County at all income levels.

The majority of the homes sold in the past five years were at the lower end price points. This indicates the income level of the majority of home buyers in the community. The home buyers are either on fixed-income or are the workforce working in the retail or hospitality industry or entry to mid-level federal government jobs.

Moderate Wage Housing. A grouping of vacant buildable lots was recently sold to an investor because the previous owner could not make the construction cost effective and he would lose money. There are 16 lots, but 4 are in the flood plain. These lots along with other vacant lots would support the construction of moderate and upper wage housing.

Local natural resource agencies such as the US Forest Service and Bureau of Land Management have on average, annual salaries that range from \$34,000 to \$52,000 which is the first Step of a salary schedule. This workforce is not the executive or upper management/administrative category. Moderate income is considered \$33,840 to \$50,760⁸ and anything above moderate income is considered a high wage job. The median income in Harney County is \$39,500.

The type of housing needed for moderate income families is 3-bedroom, 2-bath ranging in size from 1200 sqft to 1800 sqft and a price range from \$125,000 to \$160,000. The average household size (persons per household) in Harney County is 2.24⁹.



⁸ Oregon Community and Housing Services

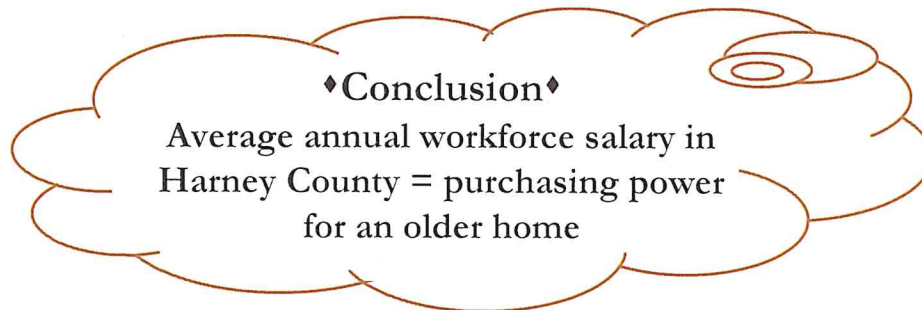
⁹ Coordinated Population Forecast 2018 -2068 Harney County Urban Growth Boundaries (UGB) and Area Outside UGBs

Of all housing units in Harney County, approximately 80% are occupied, while the other 20% are vacant. Vacant units also include secondary/vacation homes.¹⁰

At the same time that lower quality, available rentals became fully rented, and the need for construction of newer, larger, more modern homes became apparent, Harney County's housing market, in terms of developer or seller profitability has become problematic.

Upper Wage Housing. Local employers, such as the Harney District Hospital, Public School Administration, US Forest Service, and the Bureau of Land Management continue to report that prospective employees for the upper wage executive positions find that when contemplating a move to Harney County they are unable to secure high quality homes for rent or purchase.

Anything above \$50,760 is considered a high wage job in Harney County. The higher wage jobs commonly can support a larger home (1,600-2,000 sqft) in a price range above \$160,000 with nicer finishes, such as granite counters and higher quality carpets.



HARNEY COUNTY WORKFORCE HOUSING NEEDS

How Many Housing Units to Accommodate 1-2% Growth? Harney County's population is 7,344 so a 1% increase would translate to approximately 74 people. Occupancy rates are in the low 80 percent for Harney County. The average number of persons per household is 2.24 which translates to the need for approximately 40 housing units. The components below translate to 74 people.

$$40 \text{ units} * 2.24 \text{ persons per household} * .82 \text{ (occupancy rate)} = \sim 74 \text{ people}^{11}$$

This says that with a 1% population growth there will be an approximate need for 40 additional housing units not currently available. With 25 new units presently under construction now in the low to moderate wage housing bracket, that means 15 additional new or remodeled units are needed. There are over 85 vacant lots in the Cities of Hines and Burns and within the County UGB that are served by infrastructure and shovel ready.

¹⁰ Coordinated Population Forecast 2018 -2068 Harney County Urban Growth Boundaries (UGB) and Area Outside UGBs

¹¹ PSU, Jason R. Jurjevich, Ph.D, email exchange

With a 1-2% growth there is currently a suitable number of available vacant lots to build a home without tapping into the City of Burns platted lots that currently do not have infrastructure.

Housing by Price Range. There is a need for 3-bedroom, 2-bath homes that are suited for middle and higher wage income professionals. What can moderate and higher wage income professionals afford? Approximately a price range between \$115,000 to \$125,000 for moderate income for a 3-bedroom, 2-bath and 1,200 – 1,400 square feet. And, for higher wage income \$165,000 to \$215,000 for a 3-bedroom, 2-bath and 1,600-2,000 square feet with a garage.

The two forecasted in-migration populations of growth include retired seniors who live on a fixed income and young families. Residents in Harney County, like elsewhere, often look to move within the housing market to match their income options with an upgrade or downsize to better match their need and stages in life. This is difficult to do in Harney County's tight housing market, particularly without a supply of desirable houses or rentals coming available on a regular basis.

The Harney County Housing Road Map TAC set a target goal of five (5) new houses built per year for the next five years. There are more vacant, out of the flood plain, shovel ready lots in the City of Hines than the City of Burns. However, lots in either city or the County within the UGB are suitable for building new homes in the near term. If the growth of Harney County went beyond the desired growth rate of 1-2%, there are still plenty of vacant lots for future growth without tapping into the reserved platted lots (Brown's Addition) that still needs infrastructure of roads, water, sewer, power. Brown's Addition is zoned residential. There are 31 blocks and an average of 8 lots per block with 18 Tax Lots.

The question becomes: can new homes be built for under \$215,000 in Harney County?



Current Construction. New construction or home renovation construction around the State of Oregon is hampered by too few contractors, electricians, engineers, architects and appraisers. This is even more of a pressing issue in frontier rural Oregon like Harney County. Construction is a challenge whether it's new build or renovation because of the long distance to available services and materials. The cost to construct a stick-built home in Harney County is approximately \$125-\$162 per square foot.

In the past 5-years the Harney County Planning Department issued 135 permits for residential new construction or remodels/renovations. The remodels and renovations ranged from adding additional bedroom/s or bathroom/s to adding a covered (attached) porch. The number of permits below do not reflect any remodels/renovations that are not physically attached to the dwelling. For example, a permit pulled to build a detached shed or pole barn are not included in the numbers below. The permits for the Residential New Construction includes stick built and manufactured dwellings. The numbers below do not reflect manufacture dwellings for the corporate ranches such as Roaring Springs or Silvies Valley.

Residential Remodels/Renovation		
City of Hines	City of Burns	County Outside the UGB
10	18	22

Residential New Construction*		
City of Hines	City of Burns	County Outside the UGB
11	11	63

*Includes new Manufactured Dwellings

Current strategies the City of Hines and City of Burns are actively engaged in include:

- Re-zoning commercial acreage to residential;
- Coordinating residential construction projects to capitalize on available labor from commercial projects;
- Local business owner in the City of Burns is developing property to bring in manufactured homes that will be permanent, on a foundation homes.

Housing Options. Apartments, short-lease apartments, and extended stay hotels may be desirable options for accommodating some moderate to upper wage workers, depending on size, amenities, pricing, quality, appeal and location. Short term, decent housing, whether it be an apartment or a small house, are necessary to meet the demand from the federal seasonal workers.

If retirees become a significant part of Harney County's in-migration, there may be opportunities for additional senior housing developments in the future.

Housing Mobility. A lack of housing mobility options inhibits retention of working families over the long term and creates dissatisfaction with a household's current housing situation. This may be expressed by low levels of reinvestment and poor standards of maintenance which is the current situation in Harney County.

WORKFORCE HOUSING FINANCIAL TOOLS

Below there are several financial tools that the City of Hines, City of Burns and Harney County should consider to further encourage moderate to higher wage income housing. The recommendations are in order from ease of implementation and success in other eastern Oregon Communities to more complex and longer term options.

Housing Incentive Programs. Harney County, the City of Hines, and the City of Burns should review and consider housing incentive programs from other counties and cities to assist with ideas for incentivizing developers to invest in Harney County housing. See Appendix E-1 and E-2 for an Incentive Calculator specific to the City of Hines and City of Burns.

Other Eastern Oregon communities have implemented the following Housing Incentive Programs:

City of Ontario, Oregon

In 2017, the Ontario City Council approved a \$10,000 New (single family) Home Construction Incentive Program using their business loan fund. This is for new construction either in City of Ontario, or on property that can be annexed into the city. The loan fund is made whole by a transfer of real property taxes realized in the general fund (from the new construction) to the business loan fund.

- The new home construction includes the following incentive: \$10,000 cash incentive paid within 30-days of home occupancy.
- To date five (new home construction) incentives have been approved. Two homes have been built, occupied and their \$10,000 received. Three homes are under construction. See Appendix F for more details.

City of John Day, Oregon

In 2018, the City of John Day began to offer two housing incentive programs. One program is aimed at new home construction and the other program is aimed at major renovations.

- The new home construction includes the following incentives:
 - 7% cash rebate that is based on the increase in the property's assessed value;
 - City pays system development charges for property owner (currently \$7,400).
- The major renovations on existing homes includes the following incentives:

- 15% cash rebate based on the increase in the property's assessed value. Major renovations include home facades, structural repairs, new additions that add additional square footage;
- The minimum assessed value to qualify for the incentive is \$10,000.
- To date, four new homes were constructed in 2018 and one remodel. Two building permits have been submitted for 2019 and planned for construction in 2019. See Appendix G.

City of Pendleton, Oregon

In 2012, the City of Pendleton began to provide incentives to jump start new housing construction. The incentives are provided to developers on a project by project basis. For example, the City of Pendleton entered into an agreement with a developer and agreed to donate city owned property, pay for 50% of the road infrastructure, and created a local improvement district to help cover the developer's infrastructure costs for the subdivision. The result was a commitment to build 132 apartment units. Initial monthly rental was \$900 per month and currently, \$1,250 per month.

The City of Pendleton has a new agreement with that same developer who built the 32 apartment rentals, to build 100 more new apartments. The agreement is structured so the builder pays for the land up front and gets reimbursed by the City of Pendleton from new property taxes after the project is completed.

If the 100 apartments bring 50 children into the City of Pendleton school system that equates to an additional of \$350,000 per year for the schools.

- To date, the developer has built 32 apartments.

State Tax Incentives. Historic Properties: Currently, Oregon does not have a historic state tax credit but Oregon does have a Special Assessment Property Tax program for historic properties. This program is generally used in cooperation with the Federal Historic Tax Credit program. There is an effort underway to develop a state historic tax credit program. See Appendix H.

Currently, the City of Hines and City of Burns are each taking the steps to become a Certified Local Government (CLG). This program is designed to promote historic preservation at the local level. The cities have historic buildings to preserve, as well as the desire to promote the history of the downtowns and put the buildings back into productive use. This is a federal program (National Park Service) administered by the Oregon State Historic Preservation Office (SHPO). The benefit is the CLG may apply for annual grants from SHPO. The grants require a 50/50 match, but in recent years they have been in the \$5,000--\$20,000 range.

Community Land Trust. The community land trust (CLT) is a neutral and sustainable model of housing and community development that has slowly spread throughout the United States, Canada, and the United Kingdom over the past 40 years. The model was originated in the United States by Ralph Borsodi and Robert Swann, drawing upon earlier examples of planned communities on leased land single tax communities in the United States. Some CLTs focus on a single type and tenure of housing, like detached, owner-occupied houses while other CLTs take full advantage of the model's unique flexibility. They develop housing of many types and tenures or they focus more broadly on

comprehensive community development, undertaking a diverse array of residential and commercial projects. For example, Kôr is a new CLT located in Central Oregon with the mission is to provide environmentally sustainable and permanently affordable homeownership opportunities for those who contribute to the fabric of the Bend area economy and community¹². Typically, a CLT operates as follows:

- Only home owners occupy the residence;
- The land and the home are owned separately. The land is owned by the CLT and the home is owned by the home buyer;
- The home buyer has a 99-year land lease with the CLT;
- The CLT determines the allowable maximum resale price according to the land lease and housing guidelines;
- The CLT administers the sale and resale of the home to assure the next buyer eligibility.

The City of Hines has an interest in developing a tiny home village. The CLT may work for this endeavor as the City could be the fiscal agent as the overarching entity of a CLT-non-profit (503c3). Ideally, there is land the City of Hines could donate to the CLT non-profit. Go to <https://www.nwcltc.org/resources> for information on how to start a CLT.

Urban Renewal District. Urban Renewal District is a specifically designated area to address underdevelopment or underutilized properties, poor conditions of buildings and inadequate infrastructure including street and utilities. See Oregon State Statute 457 for a more complete definition. This is a state-authorized redevelopment finance program. Urban renewal areas use Tax Increment Financing (TIF) to reinvest or rebuild parts of cities that are physically deteriorated, economically stagnated, and unsafe or where the old urban layout no longer works.

Tax Increment Financing District. Tax increment financing (TIF) means the funds that are associated with the division of taxes accomplished through the adoption of an urban renewal plan. Tax increment revenues means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the area. See Appendix I.

Public-Private Partnerships (P3) Development This type of development is a combination of public and private equity, tax credits and various combinations of capital structure (i.e., Capital Stack) and mixed development. A few common examples are below:

Example of Capital Structure

Commercial Loan – 24%

Developer Equity 14%

Federal Historic Tax Credit 16%

Example of Mixed Income Development – Moderate, Market Rate, Affordable

20% moderate

20% market

60% affordable

¹² www.korlandtrust.org

STRATEGIES, ACTIONS AND NEXT STEPS

The complexities of housing include planning, real estate, economics, and development and will require a variety of strategies to improve Harney County's workforce housing market. These are the recommended strategies at this time to address Harney County's capacity building, market challenges, and partnerships that can lay the ground work for forward momentum.

Through leadership, collaboration, incentives and hard work we hope to encourage and support development of moderate to upper wage housing that will enable Harney County's employers to fill needed positions, while creating a healthier housing market overall. With that in mind, a near term strategy is to market housing development to the infrastructure-ready lots, and a later strategy to plan for infrastructure build out to the lots in need.

The following list of strategies, actions and next steps are offered for consideration as Harney County moves forward to strengthen its workforce housing. Determining the process to measure outcomes and evaluate success will be an early strategy and action item.



Renovated building in downtown Burns, Oregon
Retail businesses on the ground floor and family residence on the second floor
Circa 2016

IMMEDIATE
July 2019-December 2019

STRATEGY	ACTION	NEXT STEPS
Review post 2019 Legislative Session	✓ Schedule a meeting with OHCS, DLCD, Business Oregon to determine if there are new programs to develop and support workforce housing initiatives.	✓ Set meeting date.
Establish a Community Champion	✓ Track community data, trends and needs beyond the scope of this project.	✓ Identify a Community Champion.
Establish a Process to Measure Outcomes and Evaluate Success	✓ Establish a small committee to develop measures and successes.	✓ Set meeting schedule to review/approve a Process to Measure Outcomes and Evaluate Successes
Community Coordination	<ul style="list-style-type: none"> ✓ Engage existing groups of community members such as High Desert Partnership, Community Revitalization Team and Main Street Team to implement initiatives or projects resulting from this Road Map. ✓ Map out and coordinate community initiatives (i.e., housing, water savings, seniors, youth) 	<ul style="list-style-type: none"> ✓ Community Champion meets with existing teams to review their initiatives/projects. ✓ Community Champion develops a plan to coordinate initiatives/projects.
Training	✓ Provide funding to train a local contractor to become an accredited asbestos inspector, licensed abatement contractor, certified residential energy analyst.	✓ Identify a local contractor that would be willing to get trained.

NEAR TERM
January 2020 – June 2020

STRATEGY	ACTION	NEXT STEPS
Targeted Code Enforcement	<ul style="list-style-type: none"> ✓ Identify and list the types of housing blight in the communities ✓ Review city and county code enforcement to determine if language is effective to address the housing blight identified. 	<ul style="list-style-type: none"> ✓ Adopt new code enforcement if necessary.
Evaluate Accessory Dwelling Unit (ADU) code	<ul style="list-style-type: none"> ✓ Determine Community Views on ADUs ✓ Review city and county codes 	<ul style="list-style-type: none"> ✓ Develop a timeline to update Comprehensive Plan if needed.
Evaluate “Cottage Cluster” code	<ul style="list-style-type: none"> ✓ Review the City of Bend’s Cottage Cluster code. 	<ul style="list-style-type: none"> ✓ Reject the Cottage Cluster code or develop a similar code for the Cities and County. ✓ Develop a timeline to update Comprehensive Plan.
Prepare for a RARE student; applications due April 2020	<ul style="list-style-type: none"> ✓ RARE special projects include the following: <ul style="list-style-type: none"> ○ Research and implement a Vacant Home Tour. ○ Research and evaluate a comprehensive approach to infrastructure planning within the UGBs and within the County UGB but outside of the city UGBs. 	<ul style="list-style-type: none"> ✓ Identify who will prepare the RARE application. ✓ Identify where the \$\$ match for the RARE student will come from. ✓ Identify who will oversee/manage the RARE student. ✓ Identify where the RARE student will work (office). ✓ Assist RARE student find housing for 1-yr. ✓ Submit application.

NEAR TERM

January 2020 – June 2020

Continued

STRATEGY	ACTION	NEXT STEPS
Vacant Home Tour* *vacant home tours showcase homes in the communities as they once were with story boards and show how they can be rehabilitated back into a useful and attractive home in the neighborhood.	<ul style="list-style-type: none"> ✓ Task RARE student to research the concept. ✓ Research grant funding opportunities. ✓ Establish a timeline to complete. ✓ Identify homes to feature. ✓ Research homes history to create a storyboard. ✓ Create/develop storyboards. 	<ul style="list-style-type: none"> ✓ Conduct Vacant Home Tour.
Develop Housing Incentive Program	<ul style="list-style-type: none"> ✓ Develop incentive programs for new construction and major renovations. 	<ul style="list-style-type: none"> ✓ Get approval from county and city entities. ✓ Adopt program.
Develop Incentives for the Trades (plumbing, electrical, etc)	<ul style="list-style-type: none"> ✓ Evaluate incentive options 	<ul style="list-style-type: none"> ✓ Meet with the Trades to determine incentive options. ✓ Rank the options with practical implementation. ✓ Research if there is funding to pilot this concept. ✓ Get approval from county and city entities. ✓ Adopt program.
Establish Urban Renewal District	<ul style="list-style-type: none"> ✓ Investigate the process to establish an Urban Renewal District 	<ul style="list-style-type: none"> ✓ Produce a report on the pro's and cons of an Urban Renewal District. ✓ Identify next steps if community/s interested.

NEAR TERM

January 2020 – June 2020

Continued

STRATEGY	ACTION	NEXT STEPS
Develop a Community Land Trust	✓ Send someone to the Northwest Community Land Trust Annual Conference; May/June 2020. www.nwclt.org	✓ Identify funding to attend the Community Land Trust Annual Conference. ✓ Provide a summary report of the conference and how Harney County can benefit.
Secure Funding for Temporary/Seasonal Housing	✓ Renovate smaller pre-1950 homes into temporary housing to meet the needs of the natural resource agencies (BLM, Forest Service) when their staff comes to Harney County for seasonal and other (i.e., IT) agency work.	✓ Identify and list potential homes to renovate. ✓ Identify funding sources to complete the work

LONGER TERM

July 2020 – July 2021

STRATEGY	ACTION	NEXT STEPS
P3 Development – private/public partnerships	✓ Research potential public/private partnerships	✓ Develop a White Paper on P3 Development specific to Harney County.
Extended Stay Hotel	✓ Investigate location/zoning, cost and viability of an extended stay hotel.	✓ Identify potential extended stay hotels.
Develop a Marketing Strategy to Encourage Housing Development	✓ Identify consultants who provide housing marketing strategy services	✓ Contract with a specialist to develop a Marketing Strategy that would incorporate incentive program encourage housing developers to look at Harney County.
Water-Wastewater Systems	<ul style="list-style-type: none"> ✓ Evaluate water, waste water systems within the UGBs as a comprehensive approach. ✓ Long Term Goal: infrastructure to the residential platted lots (behind the school) that currently do not have infrastructure. 	✓ Develop a long term financing plan.

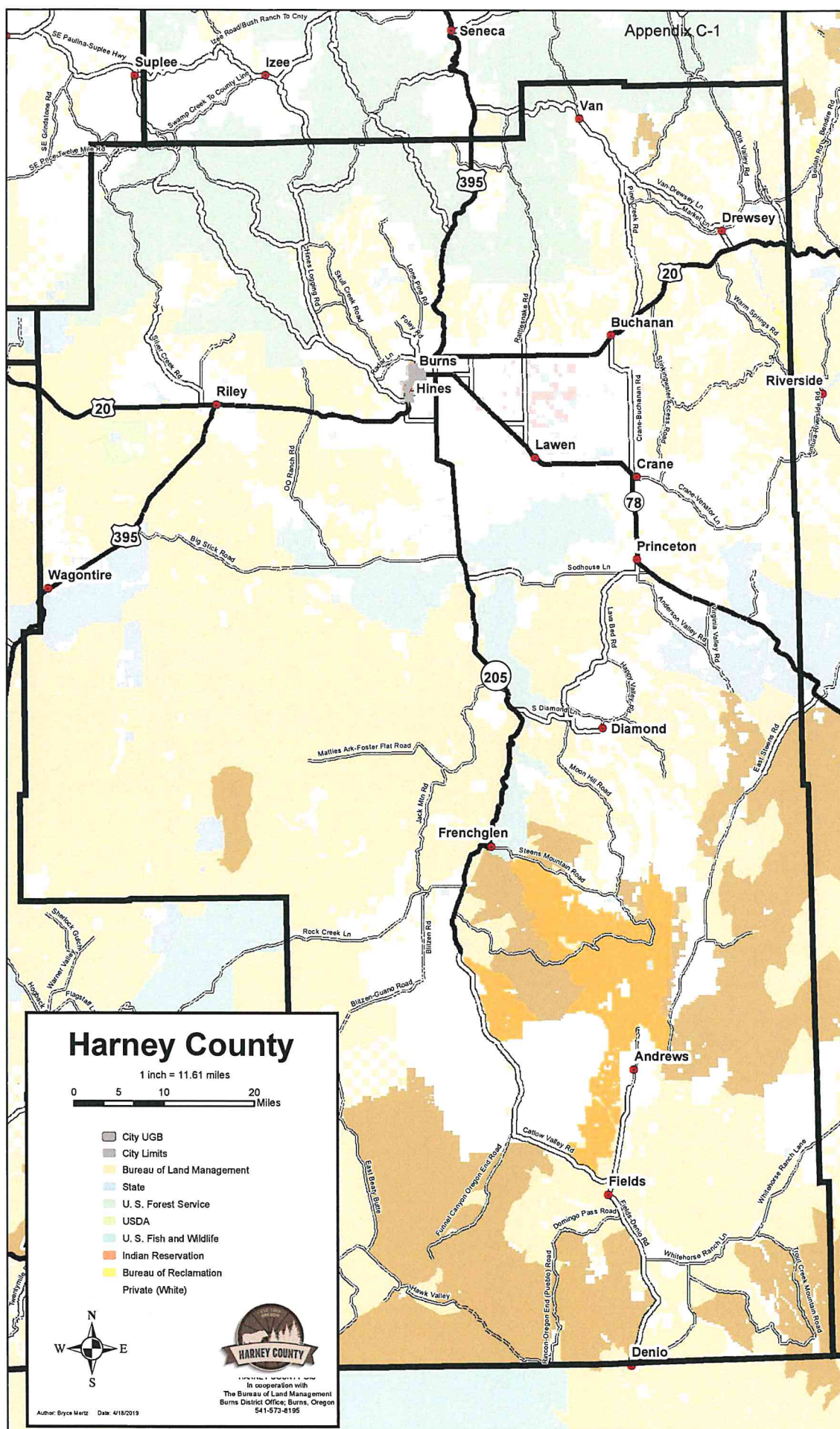
Appendix A

Strengths, Weaknesses, Opportunities and Threats Brainstorming Housing in Harney County

<p>Strengths:</p> <ul style="list-style-type: none"> • The community gets all the right people at the table • Affordable housing • Good quality of life, safe • Stable living • Good services-cities, hospital, county • Accessible public officials • Opportunities to do things here 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • 40-60% of homes are pre-1980, 50% are pre-1940's • Flood zoning insurance and financing • No actual assessment of need • Local government willing to address zoning and other issues • Quality of housing – mobile units • No tiny house rules • Multi-family housing not income balanced. Avg. \$15K range needed • Getting appraisals difficult • Cost of new housing development here • HUD turn around too slow-vouchers not consistent with rent value • Inspections monthly out of Ontario • Construction workforce not adequate, not enough labor • Distance +/- from other communities
<p>Opportunities:</p> <ul style="list-style-type: none"> • Permit process for inspections, could capture a permit fee • Assessment of current data • Absent owner incentives to maintain property • Need for housing • Vocational Ed. through schools • Power cooperatives work with high power bill residents to replace older mobile units. Savings helps pay mortgage • Tax credits for electrical upgrades • Local revolving loan fund - fewer strings • USDA connection • Local training in asbestos abatement • LID fund-Local Improvement District • Build Skills in community * • Career planning related to workforce housing development * 	<p>Threats:</p> <ul style="list-style-type: none"> • Workforce turning down jobs here for lack of housing • Same with lack of daycare • Owners are making rentals Air B&B • Squatting in vacant homes • New business development and recruiting impacted • Threatens tourism • 25% of seniors on fixed income want to stay in their homes but need accessibility • Loss of professionals – potential new residents-100 • Importing LCD, “marketing” to them • Stagnant growth

Appendix B

NAME	ORGANIZATION	EMAIL	PHONE
Pete Runnels	County Judge	pete.runnels@co.harney.or.us	541-573-6356
Patty Dorroh	County Commissioner-Grantee	patty.dorroh@co.harney.or.us	541-589-1898
Susan Christensen	GEODC-Consultant	susan.christensen@geodc.net	Office 541-612-7142 Cell 541-633-8557
Greg Smith/Denise Rose	Harney County Economic Development	harneycountyedc@gmail.com	541-573-1638
Kim Travis	Oregon HCSC	Kim.Travis@oregon.gov	503-428-3843
Phil Stenbeck	DLCD	phil.stenbeck@state.or.us	Cell 541-325-6924 Main 503-373-0050
Brandon McMullen	County Planning Director	brandon.mcmullen@co.harney.or.us	541-573-6655
Bryce Mertz	County GIS	bryce.mertz@co.harney.or.us	541-505-2872
Angie Lamborn	County Senior and Community Services	angela.Lamborn@co.harney.or.us	541-573-6024
Judy Erwin	City of Hines	administrator@ci.hines.or.us	541-573-2251
Dauna Wensenk	City of Burns	dwensenk@ci.burns.or.us	541-573-5255
Kenton Dick	Burns Paiute Tribes	kenton.dick@burnspaiute-nsn.gov	Office 541-573-5562 Cell 541-589-0098
Curt Blackburn	Blackburn Realty	curtjettblackburn@centurytel.net	541-573-7206
Nick Martinak	Contractor		
Patty McNeil	Umpqua Bank	pattymcneil@umpquabank.com	Office 541-573-3543/ Cell 541-589-0419
Jen Hoke	Hospital	jhoke@harneydh.com	Cell 541-589-4225
Steve Quick	School District	quicks@harney.k12.or.us	
Caryn Burri	BLM	cburri@blm.gov	Office: 541-573-4517 Cell: 541-589-0889



LAND OWNERSHIP IN HARNEY COUNTY OREGON

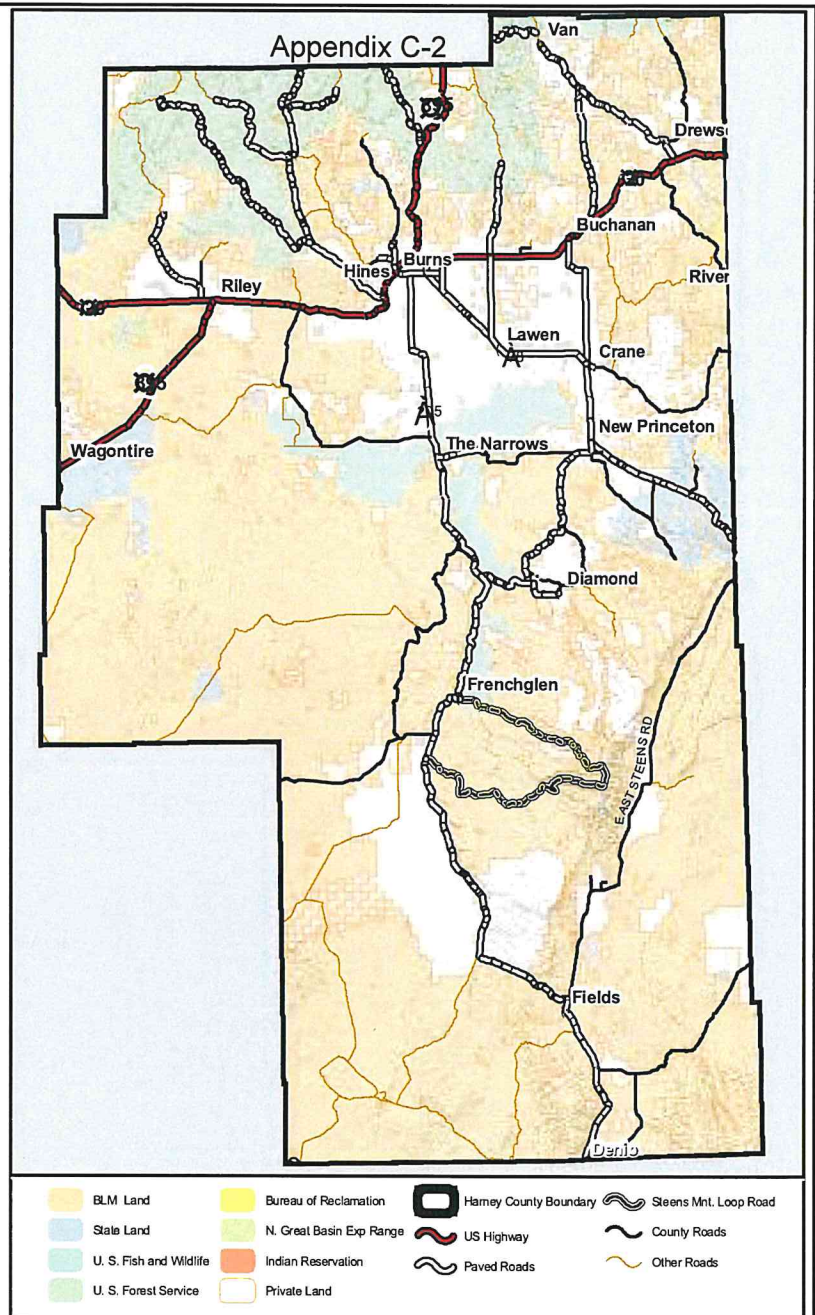
MAP 3

Bureau of Land Management	541-573-4400
Malheur National Forest	541-573-4300
Malheur Wildlife Refuge	541-493-2612
Paiute Tribe	541-573-2088
Division of State Lands	541-388-6112
Harney County, Planning	541-573-6655
ODF&W	541-573-6582

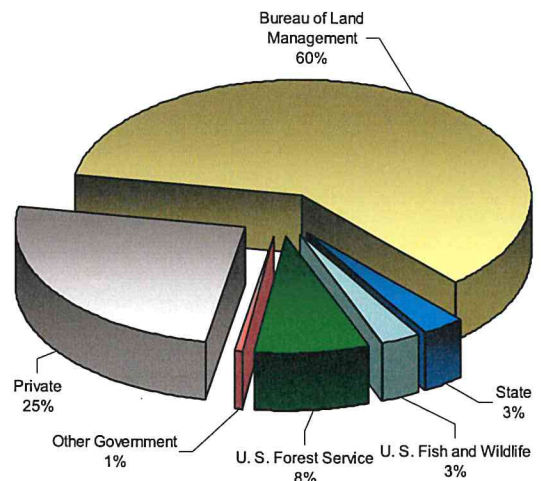
Note: No warranty is made by Harney County or the Bureau of Land Management as to the accuracy, reliability or completeness of these data for individual or aggregate use with other data.
Original data was compiled from various sources. This information may not meet National Map Accuracy Standards. This product was developed through digital means and may be updated without notifications.
FIGURES CALCULATED 2008



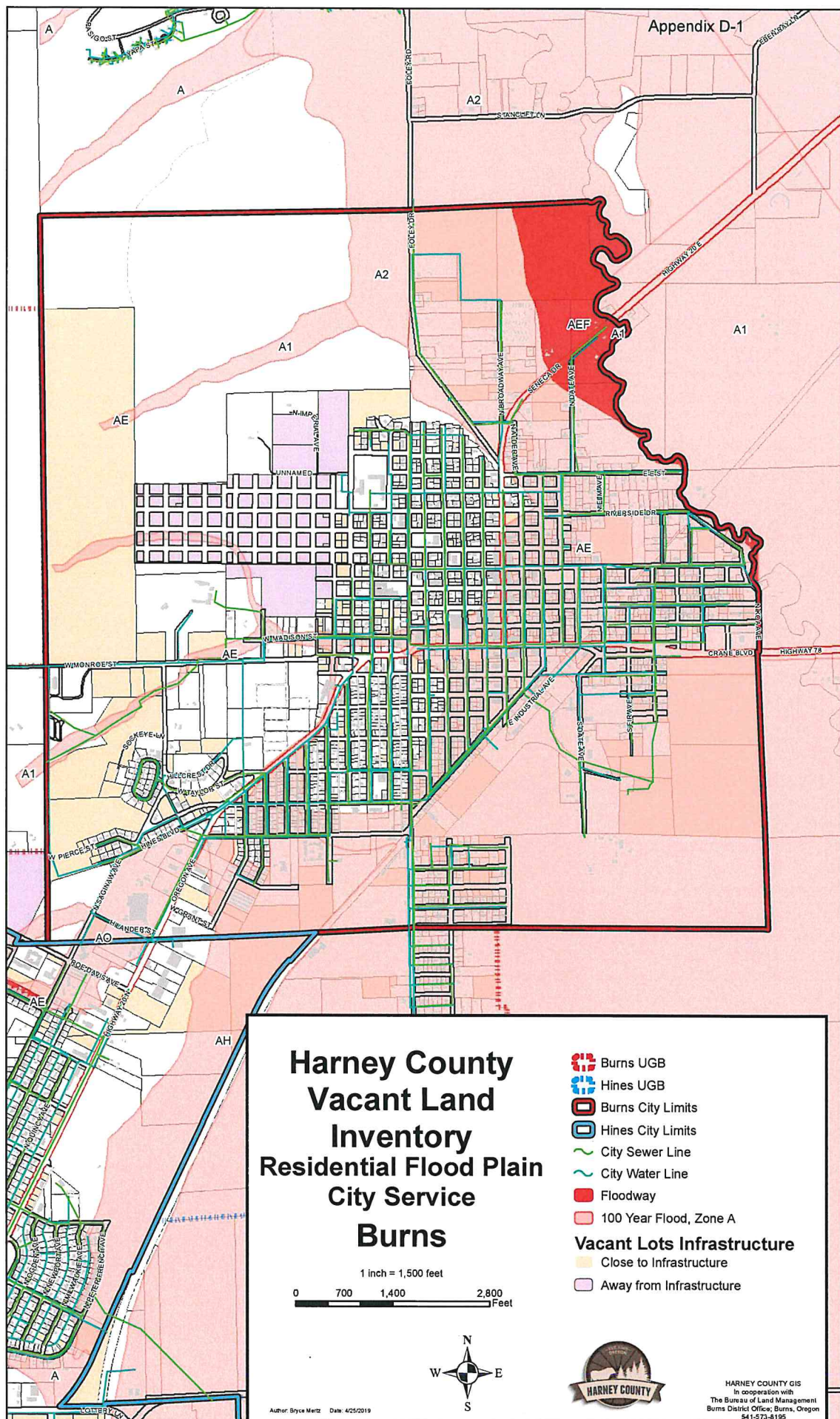
HARNEY COUNTY GIS
In cooperation with
The Bureau of Land Management
Burns District Office; Burns, Oregon
541-573-8195

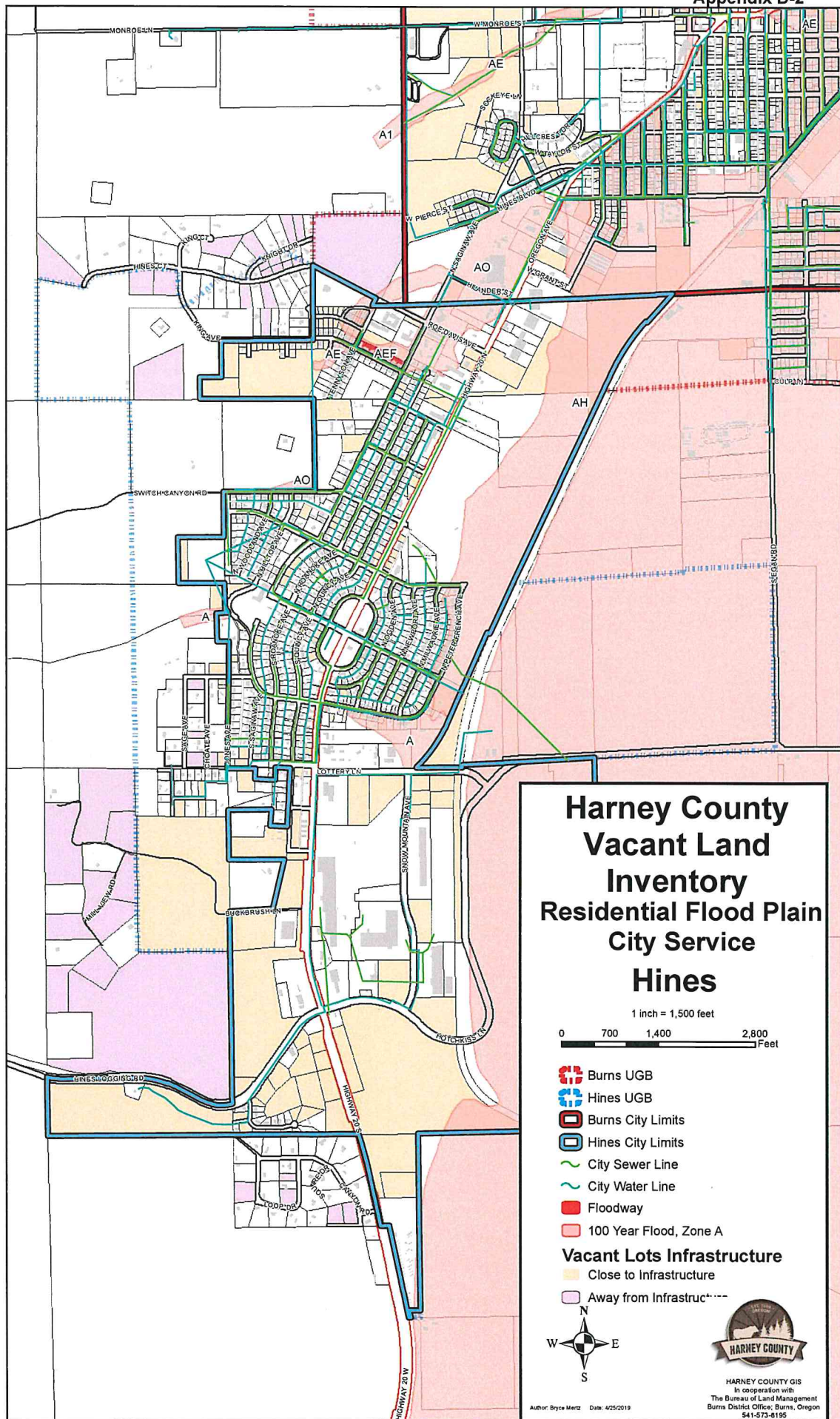


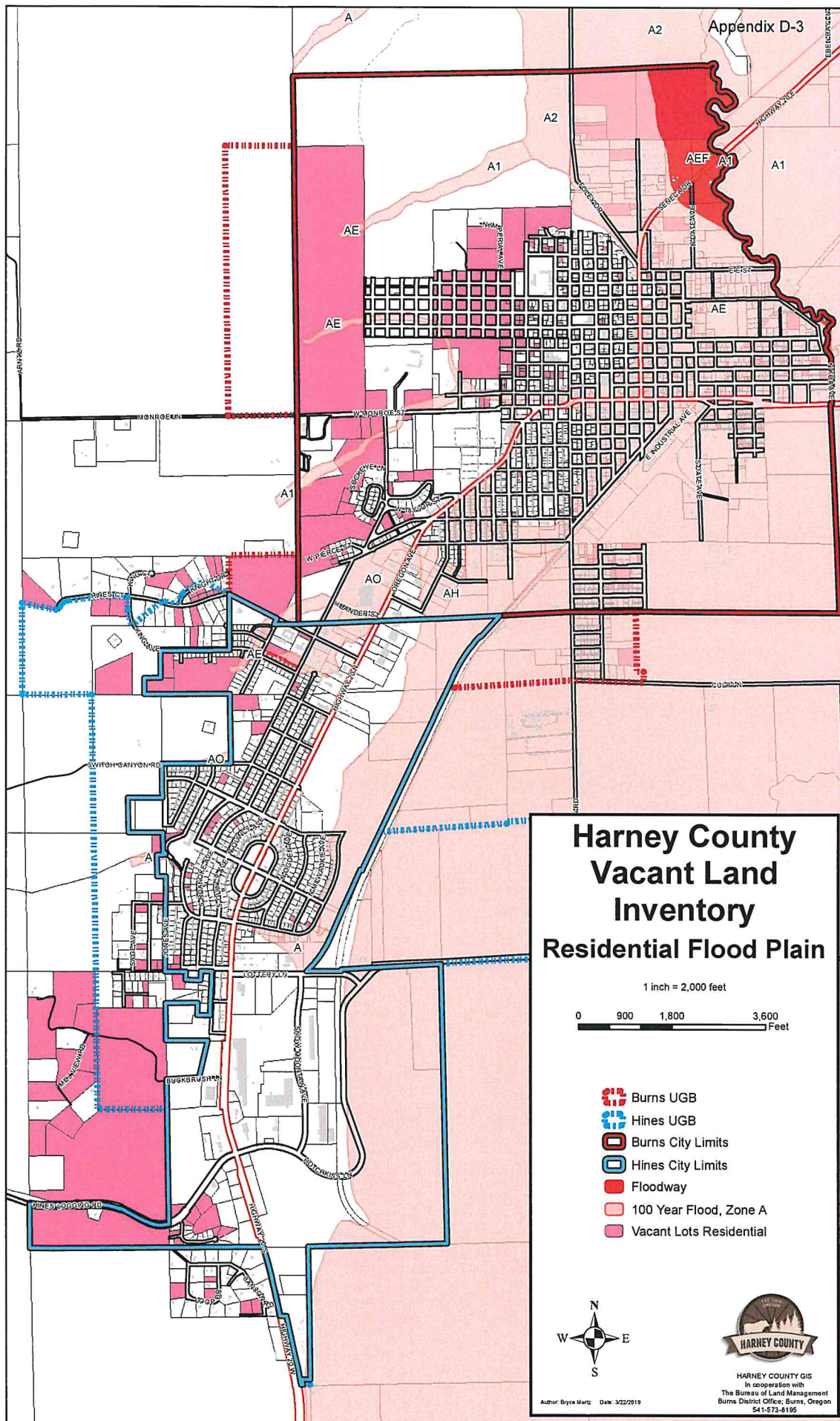
OWNERSHIP	SQ MILES	ACRES	% OWNED
Private	2,548.03	1,630,741.18	24.92%
Bureau of Land Management	6,201.44	3,968,918.55	60.64%
Bureau of Reclamation	6.75	4,320.12	0.07%
Indian Reservation	1.22	781.81	0.01%
Indian Trust Lands	16.17	10,354.48	0.16%
Northern Great Basin Experimental Range	22.47	14,385.59	0.22%
State	308.46	197,417.37	3.02%
U. S. Fish and Wildlife	294.00	188,160.29	2.87%
U. S. Forest Service	817.30	523,071.53	7.99%
Lake/ Unknown	10.41	6,665.42	0.10%
TOTAL PUBLIC	7,678.24	4,914,075.19	75.08%
HARNEY COUNTY GRAND TOTAL	10,226.28	6,544,816.37	100.00%



Prepared by: Bryce Mertz
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Housing Incentive Payback Calculator - City of Burns
Appendix E-1

	2020	2021	2022	2023
Annual Homes Stimulated	10	10	10	10
Cummulative Homes Stimulated	10	20	30	40
Avg. Assessed Value				
New Homes	\$ 200,000	\$ 206,000	\$ 212,180	\$ 218,545
Tax Rate	17.8015	17.8015	17.8015	17.8015
Net New Annual Tax Revenue	\$ 35,603,000	\$ 73,342,180	\$ 113,313,668	\$ 155,617,438
Cummulative Net New Tax Revenue	\$ 35,603,000	\$ 108,945,180	\$ 222,258,848	\$ 377,876,286

Program: \$5,000/Home Incentive

Total Home Sales	20	20	20	20
Cost per Home Sale	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)
Annual Program Cost	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)
Cummulative Program Cost	\$ (100,000)	\$ (200,000)	\$ (300,000)	\$ (400,000)
Net Annual Program Cost	\$ 35,503,000	\$ 73,242,180	\$ 113,213,668	\$ 155,517,438
Net Cummulative Program Cost	\$ 35,503,000	\$ 108,745,180	\$ 221,958,848	\$ 377,476,286

Housing Incentive Payback Calculator - City of Hines
Appendix E-2

	2020	2021	2022	2023
Annual Homes Stimulated	10	10	10	10
Cummulative Homes Stimulated	10	20	30	40
Avg. Assessed Value New Homes	\$ 200,000	\$ 206,000	\$ 212,180	\$ 218,545
Tax Rate	17.4547	17.4547	17.4547	17.4547
Net New Annual Tax Revenue	\$ 34,909,400	\$ 71,913,364	\$ 111,106,147	\$ 152,585,776
Cummulative Net New Tax Revenue	\$ 34,909,400	\$ 106,822,764	\$ 217,928,911	\$ 370,514,687

Program: \$5,000/Home Incentive

	20	20	20	20
Total Home Sales	20	20	20	20
Cost per Home Sale	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)
Annual Program Cost	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)
Cummulative Program Cost	\$ (100,000)	\$ (200,000)	\$ (300,000)	\$ (400,000)
Net Annual Program Cost	\$ 34,809,400	\$ 71,813,364	\$ 111,006,147	\$ 152,485,776
Net Cummulative Program Cost	\$ 34,809,400	\$ 106,622,764	\$ 217,628,911	\$ 370,114,687



City of Ontario, Oregon

Housing Incentive Program Builder Agreement

1. Eligibility: Contractors or persons acting as their own contractor are eligible for the Housing Incentive Program so far as they meet the requirements set by state and local building code.
2. Incentive Offer:
 - A. A qualified project will be eligible for a \$10,000 incentive payment at the time the Certificate of Occupancy (C of O) is Issued.
 - B. The home must be a single family home and owner occupied.
 - C. The home must be new construction and over 1,600 square feet of living space in size, or 1,350 square feet if it has a two garage and two bathrooms.
 - D. The home must be completed within 24 months of the application approval.
 - E. The home must be in the city limits of Ontario or annexed into the city prior to payment of incentive monies.
 - F. The home project must not be receiving any other governmental funding or subsidy (federal or state loan guarantees or tax credits are excluded).
3. General: This program is valid for contractors or owners using contractors that are licensed and in good standing with the state builders association and who are licensed, bonded, and insured. Amounts are reserved on a first come first-served basis. Incentive amounts are reserved for each project at the time an incentive application is approved and executed. Incentive amounts are returned to the general pool if the project is disqualified or not completed by the completion date, or the completion date is not extended by the City Manager.
4. Compliance-
 - A. Sufficient proof must be provided to ensure that the home meets the minimum requirements eligible for the incentive program.
 - B. All projects are expected to comply with federal, state, and local codes. If the home is not owner occupied within a year of certificate of occupancy, then 50% of the funds must be returned to the City of Ontario.
5. Payments of the \$10,000 building incentive are to be made within 30 days after certificate of occupancy is issued.

_____ Owner/Contractor/Builder Initials

_____ Legal Company Name or Owner/Builder

_____ Phone

_____ Fax

_____ Company Address

_____ City

_____ State

_____ Zip Code

_____ Contractor License Number

Yes ☐ No ☐
Licensed to Build in Oregon

_____ Federal Tax ID Number

_____ Number of homes proposed to be built in this agreement

_____ Payee Company Name (if contractor)

_____ Payee First Name

_____ Payee Last Name

_____ Mailing Address

_____ City

_____ State

_____ Zip Code

_____ Email

_____ Phone

_____ Federal Tax ID Number

_____ Contractor/Builder Signature

_____ Date

_____ Community Development Director Signature

_____ Date

_____ City Manager Signature

_____ Date

_____ Business Loan Fund Chair Signature

_____ Date

Copy of Contractor License due on Initiation of Agreement

John Day Housing Incentives Plan

Adopted by the City of John Day

June 12, 2018

Ordinance No. 18-173-03

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

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

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Gregg Haberly

Dave Holland

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Grant County Transp.
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School District 3

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Russ Young

Parks & Rec District

Representative

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USDA Forest Service

Representative

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I. DEFINITIONS

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

“Area” means the properties and rights-of-way located within the John Day Urban Renewal Boundary.

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

“City” means the City of John Day, Oregon.

“City Council” or “Council” means the John Day City Council.

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

“County” means Grant County, Oregon.

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

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

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

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

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

“Planning Commission” means the John Day Planning Commission.

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

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

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

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

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

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

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

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

II. INTRODUCTION

A. Executive Summary

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

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

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

B. Plan Overview

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

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

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

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

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

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

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

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

Detailed goals and objectives for this Plan are intended to guide the Agency's investment in the Area over the life of the Plan. The projects in this urban renewal area are housing incentive programs, and throughout this document are referred to as programs. The program

category descriptions are intended to aid future decision makers when considering how best to expend funds generated by tax increment revenues.

C. Urban Renewal Overview

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

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

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

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

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

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

III. MAXIMUM INDEBTEDNESS

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

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

IV. GOALS AND OBJECTIVES

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

New Housing Stock

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

Objectives:

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

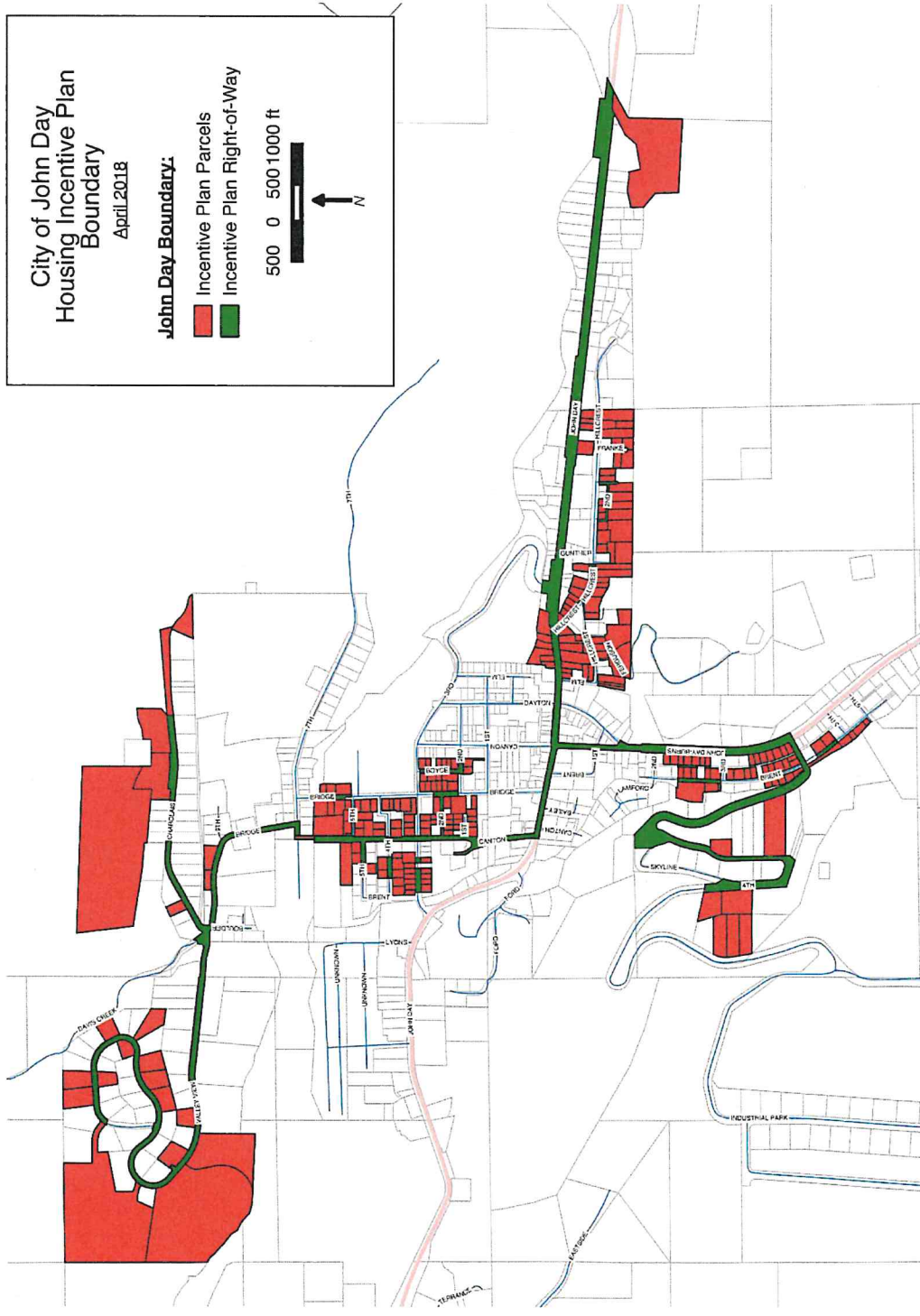
Existing Housing Stock

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

Objectives:

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

Figure 1 – John Day Urban Renewal Plan Area Boundary



Source: Tiberius Solutions, LLC

V. URBAN RENEWAL PROGRAM CATEGORIES

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

New Housing Stock

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

Existing Housing Stock

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

VI. URBAN RENEWAL PROGRAMS

Urban renewal programs authorized by the Plan are described below.

New Housing Stock – New Home Incentive Program

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

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

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

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

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

- For example, if the home has a Real Market Value (RMV) of \$250,000, after applying the Changed Property Ratio (CPR) of 0.832, it would have an AV of \$208,000. The RMV and CPR will fluctuate annually as determined by the county assessor. The assumptions are the existing land on which the house is 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 \times \178) on the improvements. The other tax jurisdictions continue to receive the same tax revenue as before on the land and any improvements that existed prior to the new home construction.
- This tax distribution continues until the City's housing district has been fully compensated for its incentive. The City will receive roughly \$2,800 per house in the first year and that will typically increase three percent per year, thus taking approximately seven years to repay the \$19,860 incentive. It will take additional time to repay the reimbursement of the Community Development Fund and fund the up to \$30,000 of administration allocated the management of the Plan. Upon repayment, the property tax will be distributed to each of the tax jurisdictions as before and each receives their full tax benefit from the new improvements.

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

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

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

Existing Housing Stock - Existing Home Remodel Incentive Program

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

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

VII. AMENDMENTS TO PLAN

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

A. Substantial Amendments

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

Substantial Amendments are amendments that:¹

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

B. Minor Amendments

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

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

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

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

VIII. PROPERTY ACQUISITION AND DISPOSITION

The Plan does not propose acquisition or disposition of properties.

IX. RELOCATION METHODS

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

X. TAX INCREMENT FINANCING OF PLAN

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

“ (1) If the maximum amount of funds under ORS 457.440 (Computation of amounts to be raised from property taxes) is not required to pay the principal and interest on indebtedness incurred for an urban renewal plan, the urban renewal agency may take formal action to limit collections under a plan for a single fiscal year, and may notify the county assessor pursuant to ORS 457.440 (Computation of amounts to be raised from property taxes) (2)(e) to compute the division of taxes for the urban renewal area using an assessed value that is equal to the amount specified by the agency. The assessor may not use an amount that is greater than the increment.

(2) (Not anticipated to be used in this Plan.)

(3) Before taking formal action under this section, the urban renewal agency shall consult and confer with each taxing district affected by the urban renewal plan.”

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

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

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

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

A. General description of the proposed financing methods

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

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

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

B. Tax increment financing

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

XI. ANNUAL REPORT

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

XII. RELATIONSHIP TO LOCAL OBJECTIVES

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

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

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

A. John Day Comprehensive Plan

Citizen Involvement

Plan Details

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

Finding

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

Economic Element

Plan Details

Goal: Encourage steady managed growth.

Finding

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

Housing Element

Plan Details

Policy 3. To encourage a supply of housing to allow for expected population growth and

to provide for the housing needs of the citizens of the area.

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

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

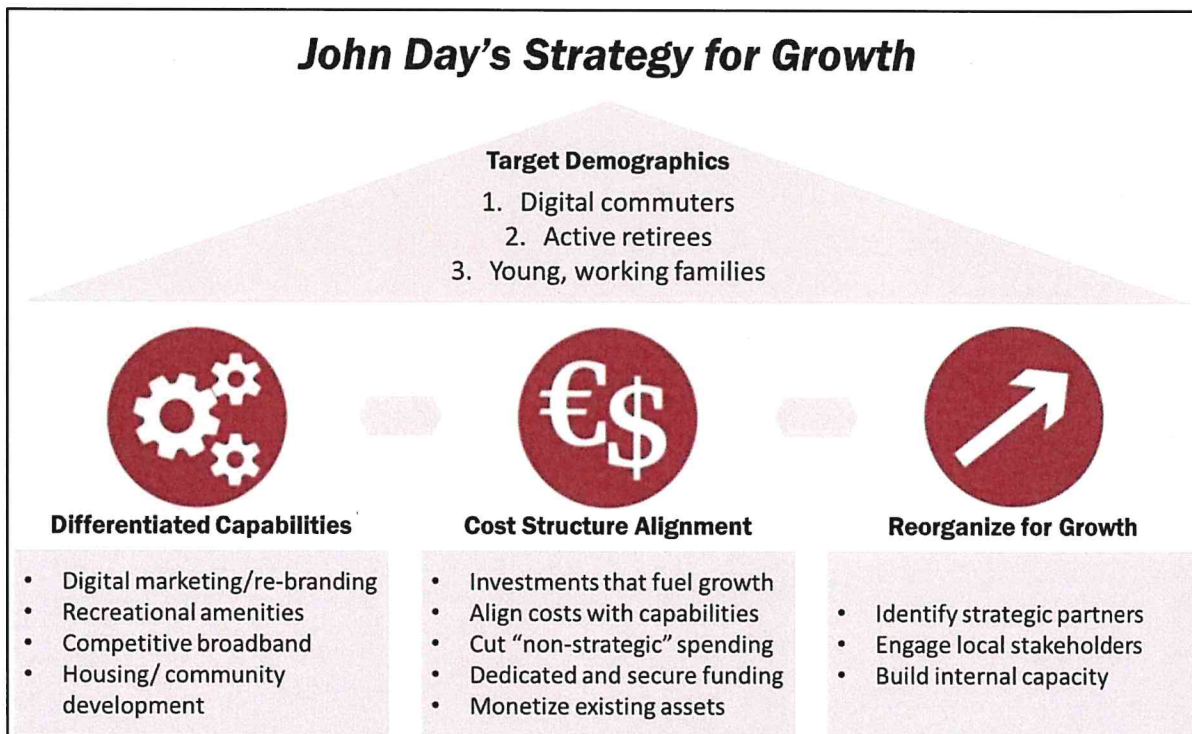
Finding

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

B. John Day Strategy for Growth

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

Figure 2 – John Day’s Strategy for Growth



Source: City of John Day

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

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

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

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

Finding

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

C. John Day Development Code

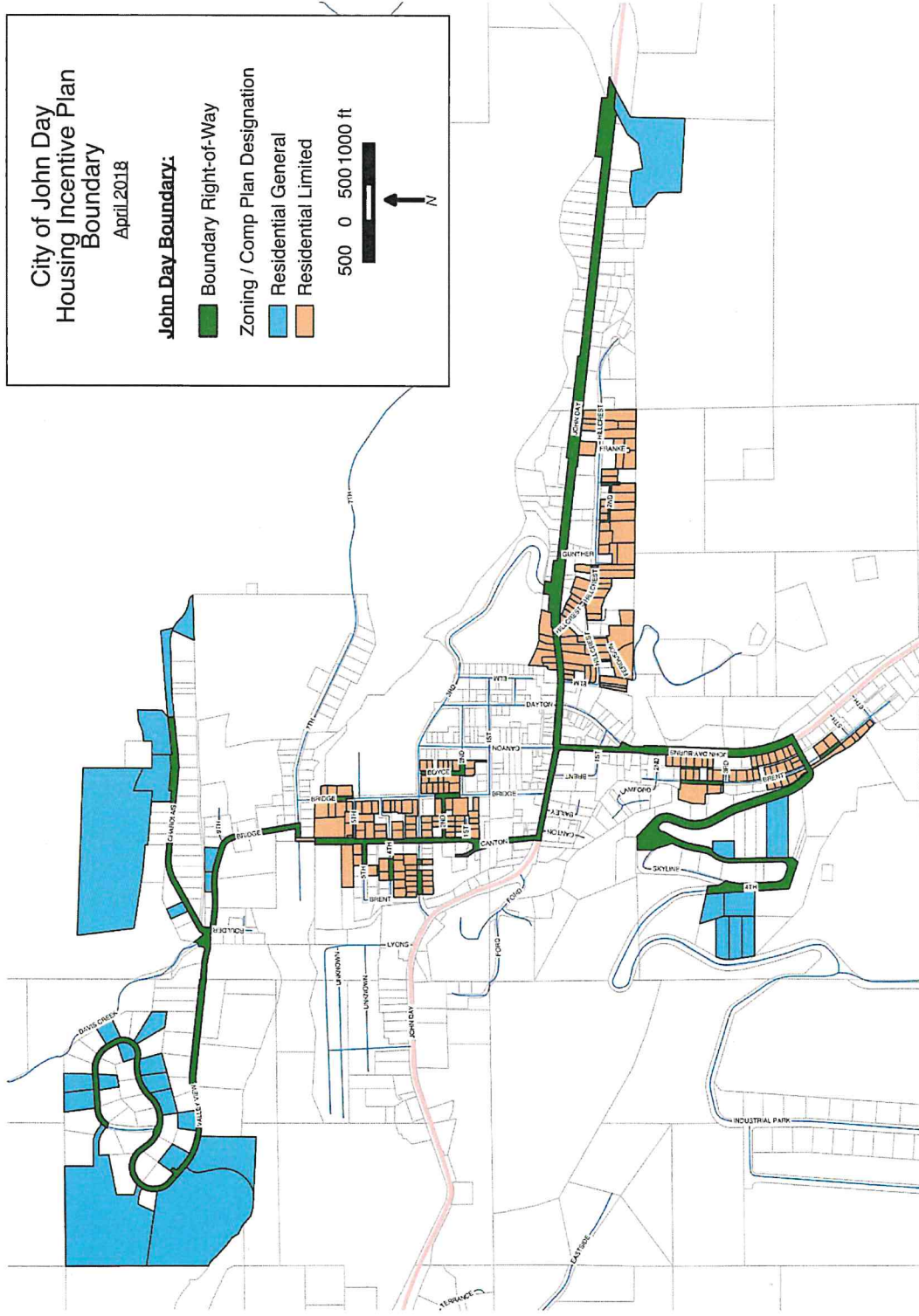
The land uses in the Area will conform to the zoning designations in the City of John Day Municipal Code, including maximum densities and building requirements, and are incorporated by reference herein. The following zoning districts are present in the Area.

RESIDENTIAL LIMITED AND RESIDENTIAL GENERAL

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

- 1) The Residential Limited (RL) district is intended to accommodate a wide variety of housing types, including attached and detached housing on small to medium size lots in the neighborhoods close to downtown. The RL district also supports parks, schools, places of worship, and other services at an appropriate neighborhood scale;
- 2) The Residential General (RG) district is intended to accommodate household living at somewhat lower densities than the RL district because it applies to the hillsides of John Day.

Figure 2 – Zoning and Comprehensive Plan Designations



Source: Tiberius Solutions, LLC

XIII. APPENDIX A: LEGAL DESCRIPTION

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

John Day Urban Renewal Boundary

Valley View Drive:

(Full Width)

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

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

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

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

Northwest Charolais Drive:

(Full Width)

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

Northwest Bridge Street (1)

(Full Width)

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

Northwest Bridge Street (2)

(Full Width)

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

Northwest Bridge Street (3)

(Full Width)

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

Northwest 7th Street

(Full Width)

Beginning at the western most end of Northwest 7th Avenue, thence East along said Northwest 7th Avenue approximately 140 feet to the intersection of said Northwest 7th Avenue with the extension of the east right of way line of Northwest Bridge Street.

Northwest Canton Street

(Full Width)

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

Northwest Ing Hay Way

(Full Width)

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

Northwest 5th Ave. (1)

(Full Width)

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

Northwest 5th Ave. (2)

(Full Width)

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

Beswick Addition Alley

(Full Width)

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

Northwest 4th Ave.

(Full Width)

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

Northwest 3rd Ave. (1)

(Full Width)

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

Northwest 3rd Ave. (2)

(Full Width)

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

Northwest 2nd Ave. (1)

(Full Width)

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

Northwest 2nd Ave. (2)

(Full Width)

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

Northwest Boyce Place

(Full Width)

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

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

(Full Width)

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

U.S. Highway 26 (East Main Street)

(Full Width)

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

Highway 395 (South Canyon Blvd.)

(Full Width)

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

Southwest 4th Avenue

(Full Width)

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

Southwest Brent Drive

(Full Width)

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

Southwest Fourth Street Drive

(Full Width)

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

Skyline Road

(Full Width)

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

County Road 80

(Full Width)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

June 5, 2018

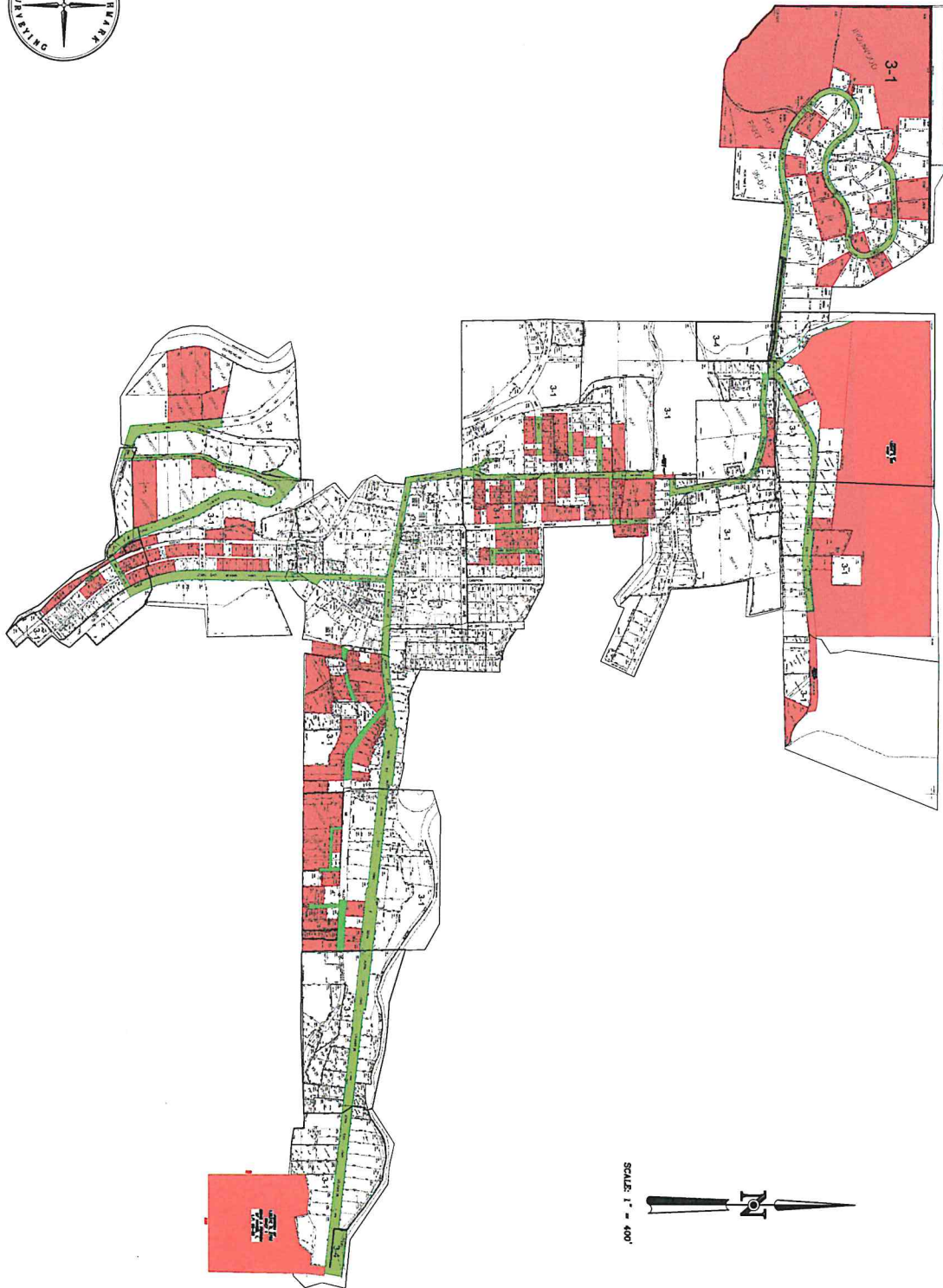


	A	B	C	D	E	F	G	H
1	John Day Urban Renewal Area							
2	by Tax Lot and Tax Map							
3								
4								
5	TAX MAP	TAX LOT						
6	13S31E-22A	300						
7	13S31E-22A	400						
8	13S31E-22A	1400						
9	13S31E-22A	1700						
10	13S31E-22A	2200						
11	13S31E-22A	2300						
12	13S31E-22A	2800						
13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

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

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

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



Appendix H

Special Assessment Property Tax Program for Historic Properties

Financial incentives are important tools in encouraging the preservation of historic buildings. Established in 1975, Oregon's Special Assessment of Historic Property Program was the nation's first state-level historic preservation tax incentive. Current version of the program dates to 2009 Legislative Session which is set to expire in 2020.

Commonly referred to as the Special Assessment freeze – The program no longer functions that way.

To receive the maximum benefit, an application should be submitted BEFORE any rehabilitation is undertaken. This helps assure that the specially assessed value is the PRE-rehabilitation value.

Program Basics for a first term

- The property must be listed in the National Register of Historic Places, either individually or as a contributing property in a historic district, or be considered historic by the State Historic Preservation Officer, and listed within two years of being certified for the benefit program.
- A preservation plan must be prepared that outlines substantial rehab work the building will undergo during the 10-year period, with emphasis on exterior rehabilitation of the structure, especially what is visible from the public right of way and to correct any structural issues.
- There is an application fee equal to 1/10 of 1% (0.001) of the assessed value.
- 10% of the total real market value (RMV) of the property must be invested in rehabilitation within the first five years of the program. For most properties, this includes the RMV of both the building (improvements) and the land. This number is not calculated until during the first year of participation in the program.
- State Historic Preservation Office (SHPO) approval or local government approval, whichever is appropriate, is needed for exterior projects, and interior projects of substance.
- An approved plaque provided by the Oregon SHPO must be installed on the building.

Program basics for a Second and Final Term (changes from first term)

- The Preservation Plan for a second 10-year term is limited to the following types of projects: energy conservation, ADA compliance, seismic improvements, or sustainability, with an investment that meets or exceeds 10% of the total Real Market Value of the property at time of application.
- The Real Market Value of the property at time of application becomes the new assessed value for the program.

Curious if a building will qualify for the program? Call to discuss and/or set up a site visit to discuss on-site.

Questions? Contact Joy at Joy.Sears@oregon.gov or 503-985-0688

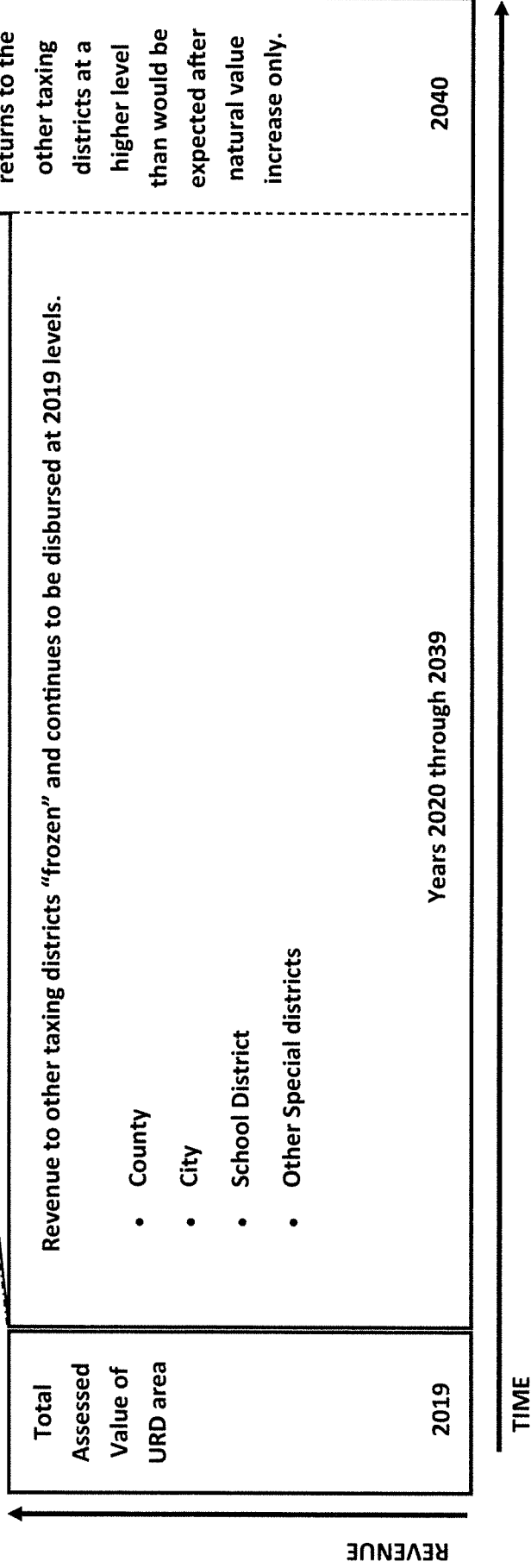
Appendix I

Urban Renewal Districts: Where the Money Comes From

If Urban Renewal District took effect 2020

As property values rise, revenue that exceeds 2019 levels flows to the Urban Renewal District. Due to targeted investments, property values rise more quickly than what would be expected through natural increase.

Urban Renewal District expires 2040



This graphic displays an example of how Urban Renewal Districts generally work. Timelines depend on the district, and all dates shown here are simply to show how a URD would work if it took effect in 2020.

