Report Accompanying the Mill Race Urban Renewal Plan

Mill Race Urban Renewal District Plan Adopted by the City of Lebanon

Dated August 12, 2020

Ordinance No. 2950, Ordinance Bill No. 2020-10

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TABLE OF CONTENTS

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I. DEFINITIONS

“Agency” is the City of Lebanon Urban Renewal Agency created under ORS 457.035 and 457.045. The Agency is responsible for administration of this Mill Race Urban Renewal Plan and other urban renewal plans previously adopted in the City of Lebanon.

“Annual report” is the ORS 457.460 requirement for the production of an annual report that gets distributed to the taxing districts.

“Area” means the tax increment finance area established for this Plan pursuant to ORS 457, and described in Section XIII of the Plan including the properties and rights-of-way located therein.

“Assessed value” means the total assessed value as of real, personal, utility and manufactured structures assessed value as determined by the county assessor.

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

“Board of Commissioners” means the Linn County Board of Commissioners.

“City” means the City of Lebanon, Oregon.

“City Council” or “Council” means the Lebanon City Council.

“Comprehensive Plan” means the City of Lebanon Comprehensive Plan and its implementing ordinances, policies, and standards.

“County” means Linn County, Oregon.

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

“Fiscal Year End” or “Fiscal Year Ending” of “FYE” means the year that the fiscal year ends.

“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 Value” 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 frozen base 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.

“Municipality” means any county or any city in the state of Oregon.

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

“Plan” or “Urban Renewal Plan” means the official plan for the urban renewal area pursuant to ORS 457.

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

“Planning Commission” means the Lebanon Planning Commission.

“Project(s)” or “Urban Renewal Project(s)” means any work or undertaking carried out under an urban renewal plan.

“Report Accompanying the Mill Race Urban Renewal Plan” or “Report” means the official report that accompanies Plan pursuant to ORS 457.085(3).

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

“Tax increment finance” or “tax increment financing” or “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.

“TSP” is the City of Lebanon Transportation System Plan.

“Urban Renewal” means the statutory authority provided in ORS 457.

“URA” means urban renewal area and in this document refers to the urban renewal areas that exist in the City of Lebanon.

II. INTRODUCTION

The Report on Mill Race Urban Renewal Plan (“Report”) contains background information and project details that pertain to Mill Race Urban Renewal Plan (“Plan”). The Report is not a legal part of the Plan but is intended to provide public information and support the findings made by the Lebanon City Council (“City Council”) as part of the approval of the Plan.

The Report provides the analysis required to meet the standards of ORS 457.085(3), including financial feasibility. The 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; (ORS 457.085(3)(a))
- Expected impact of the Plan, including fiscal impact in light of increased services; (ORS 457.085(3)(a))
- Reasons for selection of the area; (ORS 457.085(3)(b))
- The relationship between each project to be undertaken and the existing conditions; (ORS 457.085(3)(c))
- The estimated total cost of each project and the source of funds to pay such costs; (ORS 457.085(3)(d))
- The estimated completion date of each project; (ORS 457.085(3)(e))
- The estimated amount of funds required in the area and the anticipated year in which the debt will be retired; (ORS 457.085(3)(f))
- A financial analysis of the Plan; (ORS 457.085(3)(g))
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; (ORS 457.085(3)(h)) and
- A relocation report. (ORS 457.085(3)(i))

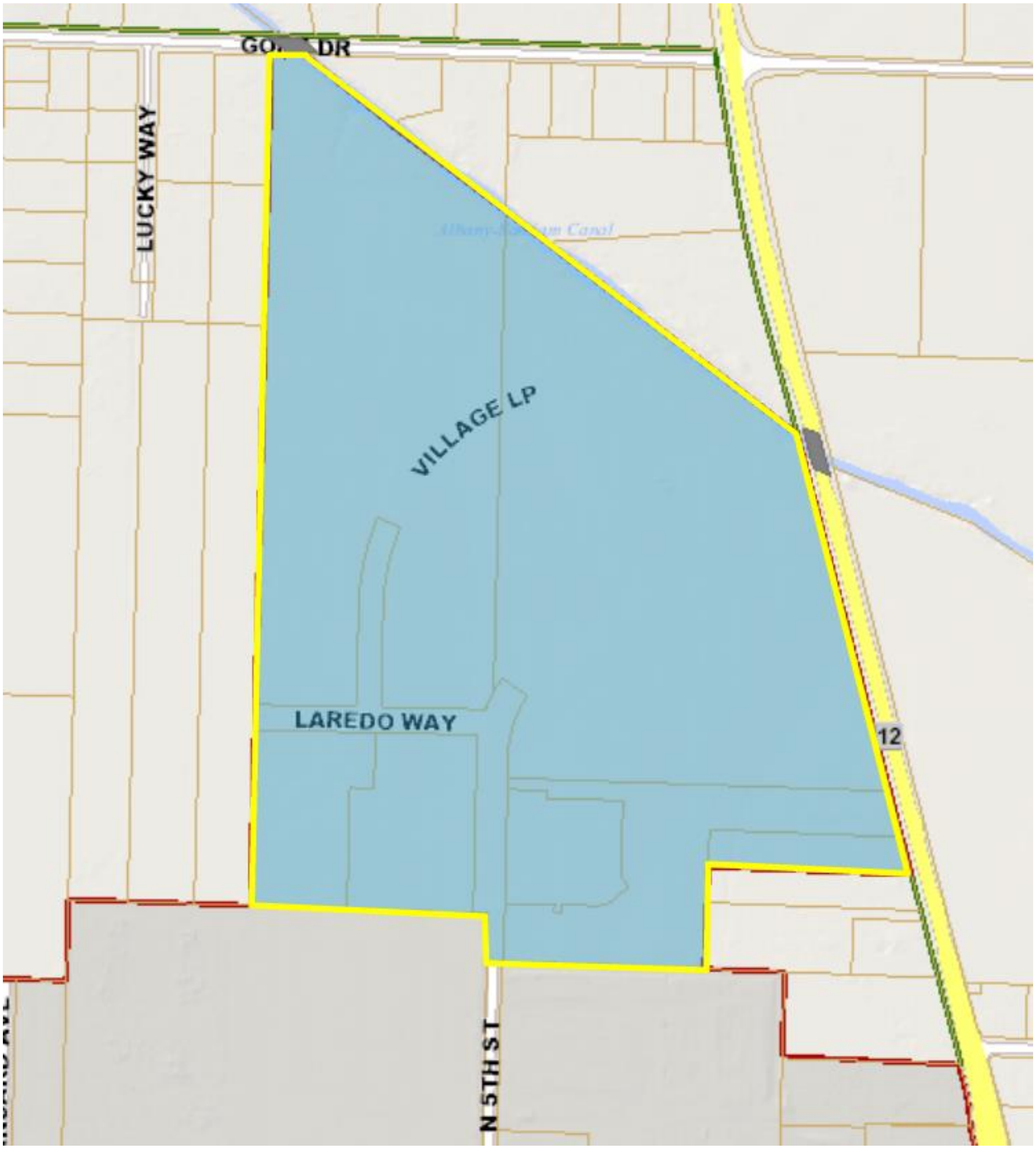
The relationship of the sections of the Report and the ORS 457.085 requirements is shown in Table 1. The specific reference in the table below is the section of this Report that most addresses the statutory reference. There may be other sections of the Report that also address the statute.

Table 1 - Statutory References

Statutory Requirement	Report Section
ORS 457.085(3)(a)	X
ORS 457.085(3)(b)	XI
ORS 457.085(3)(c)	III
ORS 457.085(3)(d)	IV
ORS 457.085(3)(e)	VI
ORS 457.085(3)(f)	IV,V
ORS 457.085(3)(g)	IV,V
ORS 457.085(3)(h)	VIII
ORS 457.085(3)(i)	XII

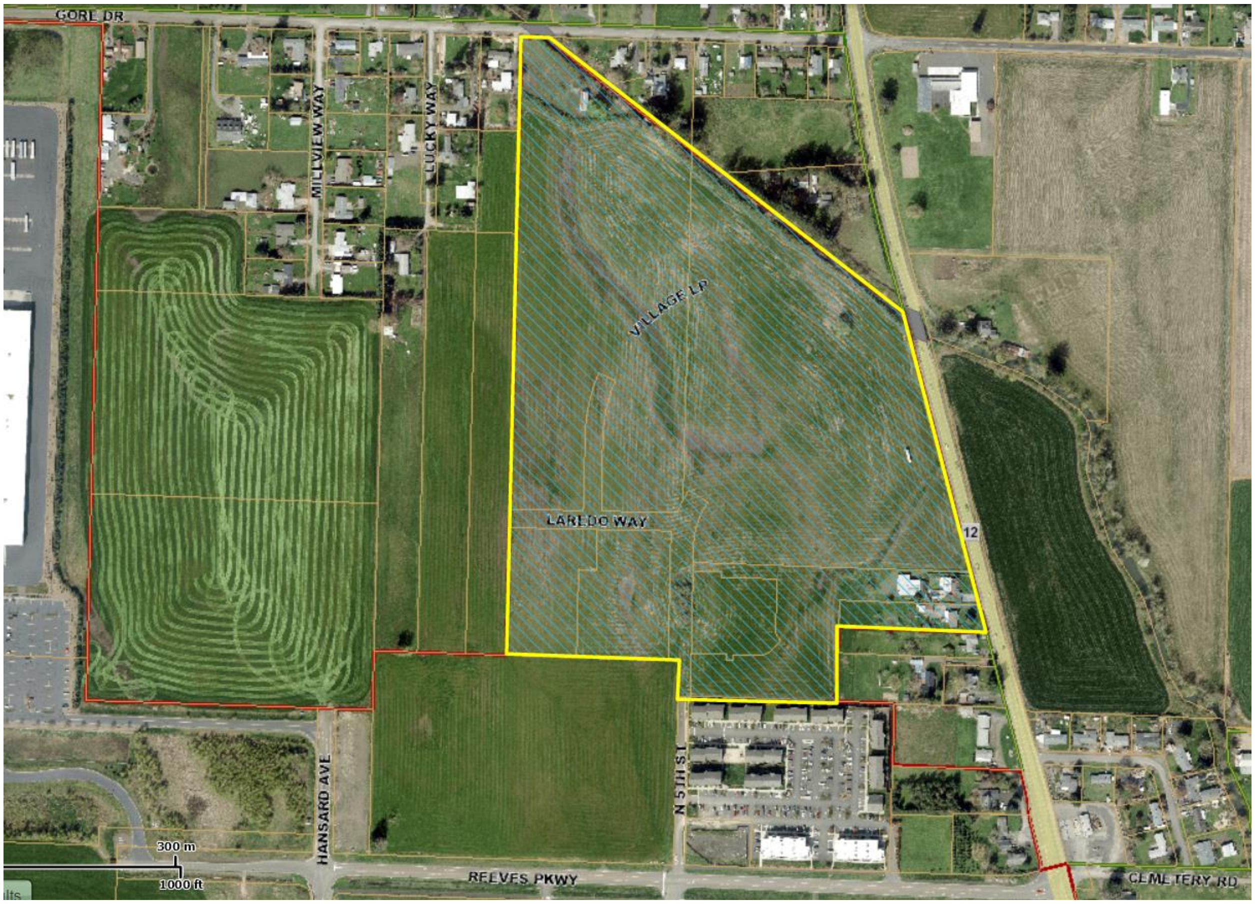
The Report provides guidance on how the Plan might be implemented. As the Lebanon Urban Renewal Agency ("Agency") reviews revenues and potential projects each year, it has the authority to adjust the implementation assumptions in this Report. The Agency may allocate budgets differently, adjust the timing of the projects and make other adjustments to the financials as determined by the Agency. The Agency may also make changes as allowed in the Amendments section of the Plan. These adjustments must stay within the confines of the overall maximum indebtedness of the Plan.

Figure 1 – Mill Race Urban Renewal Area Boundary - 51.45 acres



Source: City of Leban

Figure 2 – Mill Race Urban Renewal Plan Boundary Aerial View



Source: City of Lebanon

III. THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN URA PROJECTS AND THE EXISTING CONDITIONS IN THE URA

The projects identified for the Mill Race Urban Renewal Area ("Plan Area" or "Area") are described below, including how they relate to the existing conditions in the Plan Area.

A. Developer Incentives

The Agency may provide incentives to developers for the provision of infrastructure required to facilitate development in the Plan Area. This will be completed through an economic development agreement with the developer/builder/property owner that stipulates the amount and timing of the incentive. These incentives will be a rebate based on of the property taxes paid within the Plan Area and in conformance to the Economic Development Agreement.

> **Existing Conditions:** The property is currently underdeveloped. There are plans for full development of the property, but only approximately one-third of the infrastructure has been completed and a very small portion of the planned development has been completed (storage units). The infrastructure needs include streets, sidewalks, water, sewer and storm drainage to serve the new development.

B. Administration

The Agency may provide administration of the Plan including but not limited to reimbursement of costs associated with preparing the Plan, staff support, legal counsel assistance, review of annual payments, financial statements, budget preparation and annual reports pursuant to ORS 457.460.

> **Existing Conditions:** These parcels are presently in the Northwest Lebanon Urban Renewal Area, so administration is allocated in the Northwest Lebanon Urban Renewal Plan. Once this is removed from the Northwest Lebanon Urban Renewal Plan, there will be no administrative dollars allocated until it is put into this new Mill Race Urban Renewal Area.

A table showing the projects and total estimated costs is shown in Table 2. The total costs are estimated based on the projected future assessed value of the project.

IV. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The total cost estimates for the projects are shown in Table 2 below. These costs include both the maximum agreed upon cost stipulated in the Economic Development Agreement, and the anticipated portion of those costs that would actually be incurred based on a forecast of planned development activities in the Area.

These are all estimates acknowledging that these project activities must not exceed the maximum indebtedness. These costs are shown in nominal, year of expenditure ("YOE") dollars, and do not exceed the maximum indebtedness of $9,652,364. Any remaining tax increment funds beyond what is necessary to fund the developer rebate and administration of the Plan will be returned to taxing districts through an underlevy of TIF or similar mechanism. The estimated amount of developer incentives were calculated based on a development schedule provided by Lebanon city staff that estimated construction timelines. See Table 3 for a summary of the forecast assessed value from new construction in the Area over time. As the Economic Development Agreement set a higher limit of potential rebate to the developer, the urban renewal plan's maximum indebtedness authority will match that limit, but the projected amount of tax increment revenues that would be used is much lower.

As per the Economic Development Agreement dated September 25, 2015, the Agency shall reimburse the Developer for the actual cost of the construction of the Public Infrastructure improvements described in the Economic Development Agreement subject to the provisions of the Economic Development Agreement limiting reimbursement to incremental tax revenue actually received by the Agency. The Agency shall reimburse the Developer in an amount equal to 80% of the incremental property tax directly attributable to the Development of the Developer's Property for five (5) years and seventy-five percent (75%) of the incremental property tax directly attributable to the Development of the Developer's Property thereafter through FYE 2028.

The Agency will use the amount shown in Table 2 for administration of the Plan. The amount is equivalent to an annual administration cost of $2,000 (adjusted annually for assumed 3% inflation) plus repayment to the Agency of $33,500 for the costs associated with preparation of the Plan. These cumulative administrative costs are estimated to total $46,249 in YOE dollars.

The Agency will be able to review and update fund expenditures and allocations on an annual basis when the annual budget is prepared.

Table 2 - Estimated Cost of Each Project

Project	**Estimated Cost**	**Maximum Cost**
Developer Incentives	$2,249,598	$9,606,105
Administration	$46,249	$46,249

TOTAL	**$2,295,857**	**$9,652,354**

Source: City of Lebanon and Tiberius Solutions

Table 3 - Estimated Annual Construction Values

Year of Completion	FYE On Tax Roll	Total Value (2020 $)
2019	2021	$1,445,400
2020	2022	$0
2021	2023	$0
2022	2024	$10,894,400
2023	2025	$14,012,350
2024	2026	$5,940,000
2025	2027	$13,417,000
2026	2028	$2,166,500
2027	2029	$0
TOTAL		$47,875,650

V. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through fiscal year ending ("FYE") 2028 are calculated based on projections of the growth in assessed value of new development within the Area and the consolidated tax rate that will apply in the Area.

Table 3 shows the incremental assessed value, tax rates, and tax increment financing revenues each year ("Gross TIF"), adjusted for discounts ("Net TIF"). In Oregon, when the full amount of the property tax bill is paid by November 15, the taxpayer gets a 3 percent discount. If the taxpayer pays two thirds of the tax by November 15, they get a 2 percent discount. To get a discount on the current year's tax bill, all delinquent taxes, penalty, and interest must first be paid in full.[1]

The first year of tax increment collections is anticipated to be FYE 2022. Gross TIF is calculated by multiplying the tax rate times the increment. Increment is the increased assessed value over the frozen base. The tax rate is expressed per thousand dollars of assessed value, so the calculation is "tax rate times excess value used divided by one thousand."

The rebate amount is tied to the terms stipulated in the Economic Development Agreement. The terms of that agreement are outlined in the previous section of this Report. Given the projected development schedule, the total amount of rebate to the developer is anticipated to be less than the allowed amount in the Economic Development Agreement. The total anticipated rebate is $2,249,598.

The Plan is financially feasible because the only project, other than administration, is the rebate to the developer, and the amount of the rebate is contractually obligated to only be a portion of annual TIF revenue.

The maximum indebtedness ("MI") of the Plan is equal to the amount of TIF that would need to be generated to provide the developer with the not-to-exceed amount of the rebate as identified in the Economic Development Agreement.

The financial projections, based on assumed development for the Area, suggest that the Area will not reach that MI figure, and instead would generate $3,007,115 in gross TIF revenue, and have impacts to taxing districts of $2,295,857 including developer rebates and administrative costs. The remainder of these TIF proceeds would be returned to affected taxing districts through an underlevy or other similar approach.

However, in the event that the development was on a faster schedule and/or more valuable than anticipated and the Area did achieve the full amount of MI, then impacts to taxing districts could be as high as $9,652,364 as shown in Table 7.

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[1] www.oregon.gov/dor, Property Tax Payment Procedure

Table 4 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	**Total AV**	**Frozen Base**	**Increment**	**Tax Rate**	**Gross TIF**	**Net TIF**	**Rebate to Developer**	**To Agency for Admin.**	**Returned to Taxing Districts**
2020	$438,235	$438,235	$0	14.7793	$0	$0	$0	$0	$0
2021	$451,382	$438,235	$0	14.7793	$0	$0	$0	$0	$0
2022	$464,924	$438,235	$1,560,113	14.7793	$23,057	$22,366	$17,893	$2,122	$2,351
2023	$478,871	$438,235	$1,620,064	14.7793	$23,943	$23,225	$18,580	$2,185	$2,460
2024	$493,237	$438,235	$13,943,556	14.7793	$206,076	$199,894	$159,915	$32,251	$7,728
2025	$508,034	$438,235	$30,619,164	14.7793	$452,530	$438,954	$351,163	$2,319	$85,472
2026	$523,276	$438,235	$38,643,556	14.7793	$571,125	$553,991	$443,193	$2,388	$108,410
2027	$538,974	$438,235	$56,317,228	14.7793	$832,329	$807,359	$605,519	$2,460	$199,380
2028	$555,143	$438,235	$60,764,349	14.7793	$898,055	$871,113	$653,335	$2,534	$215,244
Total					**$3,007,115**	**$2,916,902**	**$2,249,598**	**$46,259**	**$621,045**

Source: Tiberius Solutions

Total AV:	Total Assessed Value
Frozen Base:	The Assessed Value of the properties in the Area at the time the urban renewal area is established
Increment:	The Assessed Value of development in the Area after it is established
Tax Rate:	The tax rate is $14.7793 per thousand dollars of assessed value.
Gross TIF:	The total amount of tax increment proceeds when multiplying the increment times the tax rate
Net TIF:	The amount of tax increment proceeds after estimates for discounts, delinquencies, truncation loss, and receipt of delinquent taxes from prior years
Rebate:	The amount to be paid to the developer for reimbursement for infrastructure costs
To URA:	The amount to be paid to the Agency for administrative costs
To Tax Districts:	The amount that will be rebated to the impacted taxing districts

The maximum indebtedness is $9,652,364 (Nine Million, Six Hundred Fifty-TwoThousand, Three Hundred Sixty-Four Dollars). This is also the estimated total amount of tax increment revenues that could be required to service the maximum indebtedness as no formal borrowings or interest payments are anticipated in the Plan. The indebtedness will be retired or terminated in FYE 2029. The last year of tax increment revenues is FYE 2028.

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The schedule for projects will be based on the availability of funding. No rebate to the developer will occur unless there is new development in the Area that provides for tax increment collections. The estimated rebate is shown in Table 4. Annual expenditures for program administration are shown in Table 2.

The Agency is anticipated to complete the project and to terminate the Plan in FYE 2029, a seven (7) year tax rebate program.

VII. REVENUE SHARING

Revenue sharing targets, as prescribed in ORS 457.470, are **not** projected to be reached during the life of the Plan. However, the financial analysis shows a voluntary under-levy amount each year, shown in the final column of Table 4, *Returned to Taxing Districts*. This amount will be predicated on the terms of the Economic Development Agreement as applied to the actual development in the Area.

Revenue sharing is defined in ORS 457.470 and requires that the impacted taxing jurisdictions will receive a share of the incremental growth in the Plan Area at specifically defined thresholds. The first threshold is when annual tax increment finance revenues exceed 10% of the original maximum indebtedness of the Plan (10% = $965,236). At the 10% threshold, the Agency will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold and the taxing jurisdictions will receive 75% of the increment above the 10% threshold.

The second threshold is set at 12.5% of the maximum indebtedness. If this threshold is met, revenue for the district would be capped at 12.5% of the original maximum indebtedness, with all additional tax revenue being shared with affected taxing districts.

VIII. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the Area.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated through FYE 2028 and are shown in Table 5 and Table 6.

The Lebanon Community School District #9 and the Linn-Benton-Lincoln Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the Plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level. If new school aged students move into these units and attend the local schools, the funding through the State School Fund would increase.

In this Plan, the property is largely an undeveloped site. The costs of the infrastructure will impede full development of the site. The urban renewal concept known as “but for urban renewal” means that the development and increased property tax revenue would not have happened but for the ability of urban renewal to lower the costs of development. So, although there are projected impacts to the permanent rate levies, the property value increases and resulting property taxes would not have happened but for the incentives provided through the urban renewal area.

Table 5 and Table 6 show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. Table 5 shows the general government levies, and Table 6 shows the education levies. Table 5 and Table 6 indicate the impacts to taxing districts based on the projected development schedule. However, the Economic Development Agreement calls for a higher level of payment to the developer. If those values are met, the impacts to the taxing districts could be higher, shown in Table 7. The maximum indebtedness of the Plan is set according to the Economic Development Agreement.

Table 5- Projected Impact on Taxing District Permanent Rate Levies - General Government

General Government						
FYE	**Linn County**	**City of Lebanon**	**Lebanon Fire District**	**Lebanon Aquatic**	**4H Extension District**	***Subtotal***
2022	$1,725	$6,956	$3,061	$325	$95	*$12,161*
2023	$1,789	$7,217	$3,175	$337	$98	*$12,617*
2024	$16,560	$66,785	$29,385	$3,121	$910	*$116,761*
2025	$30,461	$122,849	$54,053	$5,740	$1,674	*$214,778*
2026	$38,398	$154,857	$68,137	$7,236	$2,110	*$270,738*
2027	$52,392	$211,297	$92,970	$9,873	$2,880	*$369,412*
2028	$56,519	$227,941	$100,293	$10,651	$3,106	*$398,510*
Total	**$197,844**	**$797,902**	**$351,075**	**$37,282**	**$10,874**	***$1,394,978***

Source: Tiberius Solutions

Table 6 - Projected Impact on Taxing District Permanent Rate Levies – Education

Education					
FYE	**Linn-Benton-Lincoln ESD**	**LBCC**	**Lebanon Community Schools**	***Subtotal***	**Total General Government and Education**
2022	$413	$680	$6,761	*$7,854*	$20,015
2023	$428	$705	$7,015	*$8,148*	$20,765
2024	$3,964	$6,526	$64,914	*$75,405*	$192,166
2025	$7,292	$12,004	$119,408	*$138,704*	$353,482
2026	$9,192	$15,132	$150,519	*$174,843*	$445,581
2027	$12,543	$20,647	$205,378	*$238,567*	$607,979
2028	$13,531	$22,273	$221,555	*$257,359*	$655,869
Total	**$47,364**	**$77,967**	**$775,549**	***$900,879***	**$2,295,857**

Source: Tiberius Solutions

Table 7 - Projected Impact on Taxing District Permanent Rate Levies of Economic Development Agreement

Taxing District	Cumulative Impact
General Government	
Linn County	$831,788
City of Lebanon	$3,354,584
Lebanon Fire District	$1,476,007
Lebanon Aquatic	$156,744
4H Extension District	$45,717
Subtotal	*$5,864,840*
Education	
Linn-Benton-Lincoln ESD	$199,130
LBCC	$327,791
Lebanon Community Schools	$3,260,603
Subtotal	*$3,787,524*
Total	**$9,652,364**

Source: Tiberius Solutions

Note: The financial projections do not anticipate this level of development happening; this scenario is tied to the Economic Development Agreement.

Table 8 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2029.

The frozen base is the assessed value of the Plan Area established by the county assessor at the time the Plan is established. Excess value is the increased assessed value in the Plan Area above the frozen base.

Table 8 - Additional Revenues Obtained after Termination of Tax Increment Financing in FYE 2029 (Year after Termination)

	Tax Revenue in FYE 2029 (Year after Termination)		
Taxing District	**From Frozen Base**	**From Increment**	**Total**
General Government			
Linn County	$558	$79,728	$80,286
City of Lebanon	$2,251	$321,541	$323,792
Lebanon RFD	$990	$141,477	$142,467
Lebanon Aquatic	$105	$15,024	$15,129
4H Extension District	$31	$4,382	$4,413
Subtotal	*$3,935*	*$562,152*	*$566,087*
Education			
Linn-Benton-Lincoln ESD	$134	$19,087	$19,221
LBCC	$220	$31,419	$31,639
Lebanon Comm SD #9	$2,188	$312,533	$314,721
Subtotal	*$2,541*	*$363,039*	*$365,580*
Total	**$6,477**	**$925,190**	**$931,667**

Source: Tiberius Solutions

IX. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base of the Mill Race Urban Renewal Area (assumed to be FYE 2020 values) is projected to be $438,235. The total assessed value of the City is $1,261,832,878. To calculate the total percentage of assessed value in urban renewal, the frozen base assessed values of the urban renewal areas are divided by the total assessed value of the City minus the increment of the urban renewal areas, also called excess value. In Lebanon, this results in 6.77% of the City's assessed value being located in the urban renewal, which is below the 25% threshold. This is shown in Table 9**.** The acreages of the existing urban renewal areas and the Mill Race Urban Renewal Area are also shown in Table 9. Lebanon has 24.25% of its acreage in urban renewal, below the statutory restriction of 25%.

Table 9a - Assessed Value Statutory Limit Verification

Urban Renewal Area	**Frozen Base Assessed Value**	**Acreage**	**Excess Value**
Northwest Lebanon	$10,818,045	570.15	$174,940,514
North Gateway	$8,365,939	144.16	$55,520,925
Cheadle Lake	$23,436,198	295.45	$25,631,124
Downtown	$25,048,733	51.30	$80,225
Mill Race	$438,235	51.45	0

Table 9b - Assessed Value Statutory Limit Verification

	Assessed Value	**Acreage**
Total in URA Frozen Base = A	$68,107,150	1,112.51
City of Lebanon = B	$1,261,832,878	4,603.86
UR Excess = C	$256,172,788	
City less UR Excess = B-C	$1,005,660,090	
Percent of Total A/(B-C)	6.77%	24.25%

Source: Compiled by Elaine Howard Consulting, LLC with data from City of Lebanon and Linn County Department of Assessment and Taxation (FYE 2020) AV – assessed value, Frozen base – assessed value the urban renewal area at the time it is established Increment – increased assessed value over the frozen base URA – urban renewal area

X. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the Plan Area Area and documents the occurrence of "blighted areas," as defined by ORS 457.010(1).

A. Physical Conditions

1. Land Use

The Plan Area measures 51.45 total acres in size. The present land use is largely vacant with some small residential uses and a new storage unit facility.

2. Zoning and Comprehensive Plan Designations

The zoning designation is Mixed Use and the Comprehensive Plan designation for the area is Mixed Use.

B. Infrastructure

This section identifies the existing conditions in the Plan Area to assist in **establishing blight in the ordinance adopting the Plan. This does not mean that all of these projects are included as projects to be undertaken in the Plan.** The specific projects that are included in the Plan are listed in Section II of this Report.

1. Transportation

About one-third of the transportation network has been completed in the Area. The other two-thirds of the network is yet to be completed.

2. Other Utilities

About one third of the water, sewer and storm water lines have been completed in the Area. The other two-thirds of the water, sewer and storm water lines area yet to be completed.

C. Social Conditions

The Plan Area contains six parcels, two of which have some residential property. The remainder of the property is undeveloped.

D. Economic Conditions

1. Taxable Value of Property within the Plan Area

The majority of the Area is presently vacant and not contributing its fair share to the overall tax base of the City. The assessed value in the Area according to the Linn Councy FYE 2020 assessment data is $438,235.

2. Improvement to Land Values within the Plan Area

As of this report, the Assessor's office shows five tax lots. One of those tax lots has been divided, but the Assessor does not yet show that as a separate tax lot. Of the five tax lots, three of the tax lots representing 41.32 acres, or 86% of the tax lot acreage, are undeveloped. One parcel has an improvement to land value ratio of .48, indicating it is highly underdeveloped. This parcel was recently divided, however the overall land to improvement value does not change with this division. The remaining parcel has a land to improvement value of 2.6, but it represents just under an acre of the total Area. The majority of the Area is un/underdeveloped, not contributing its fair share of property tax revenues to the City or other taxing districts.

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Plan Area (affected taxing districts) is described in Section VII of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The projects being considered for future use of urban renewal funding are for developer incentives to assist in development in Lebanon and administration of this project.

Development in the Plan Area will require City services. This development is inside the urban growth boundary and the City is expecting to provide services to the property. There is an existing building permit for the property and the city has proceeded with its typical review of the potential development through review of plans. As the development will be new construction, it will be up to current building code and will aid in any fire protection needs.

The financial impacts from tax increment collections will be countered by construction jobs, new long term employment opportunities, additional housing opportunities and, in the future, adding future increases in assessed value to the tax bases for all taxing jurisdictions, including the City.

XI. REASONS FOR SELECTION OF EACH PLAN AREA IN THE PLAN

The reason for selecting the Plan Area is to provide the ability to fund developer incentives necessary to cure blight within the Plan Area. The area is underdeveloped and has a prevalence of depreciated values to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered.

XII. RELOCATION REPORT

There is no relocation report required for the Plan. No specific acquisitions that would result in relocation benefits have been identified. However, if property is acquired that requires relocation, the Agency shall comply with applicable relocation requirements.