

FROM (DEPT/ DIVISION): County Counsel

SUBJECT: Southwest Hermiston Urban Renewal Area

<p>Background:</p> <p>The City of Hermiston is in the process of developing an urban renewal plan for property in southwest Hermiston. City staff is before the Board to present the project and answer any questions regarding the plan. The purpose of the urban renewal district would be to extend public utilities to the site and provide infrastructure to the development.</p>	<p>Requested Action:</p> <p>Presentation on plan</p>
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ATTACHMENTS: Staff Report

*****For Internal Use Only*****

Checkoffs:

- () Dept. Heard (copy)
- () Human Resources (copy)
- () Fiscal
- (X) Legal (copy)
- () (Other - List:)

To be notified of Meeting:

Needed at Meeting:

Scheduled for meeting on: September 7, 2022

Action taken:

Follow-up:



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of August 8, 2022

Title/Subject

Southwest Hermiston Urban Renewal Area (SHURA) Draft Plan Presentation

Summary and Background

WHAT IS BEING ASKED?

City Council directed staff, in March, 2022 to develop an Urban Renewal Plan for a 353-acre residential area in southwest Hermiston. City Staff worked with the top Urban Renewal consultant in Oregon, Elaine Howard Consulting and Tiberius Solutions, to develop a draft plan. Council is being asked to receive the draft plan, and move it forward for two months of public review and comment. Council will not be asked to make a final decision about SHURA formation until late Fall; after completing the required public outreach.

WHY ARE WE DOING THIS?

The purpose for forming SHURA is to extend necessary public utilities to the largest remaining single-owner tract of residentially zoned land in the City. Housing development has been a City Council priority every year since 2017, and in that 5.5 year stretch, nearly 600 housing units have been developed. The recent, and planned, development pattern clearly shows a need to open up significant swaths of land for more housing, as the remaining areas either get developed or raise prices due to dwindling supply.

Due to SHURA's location, more than a mile south of most city utilities, it is cost-prohibitive to develop a significant volume of housing without public investment. This area is the city's most recent urban growth boundary expansion area. After the departure of the C&B Feedlot from the site in the early 2000s, the city partnered with the landowners at the time to bring this area into the urban growth boundary to provide additional residential land and protect against future feedlot use. The City has a considerable investment in the land use planning for the site and has worked on several development proposals since annexing the land in 2004. None of the proposals came to fruition due to the considerable utility investment requirements which are beyond the capacity of most if not all private developers in the region.

By far the most expensive component of the necessary infrastructure is related to water and wastewater utilities, which will require construction of a 2 million gallon reservoir, 6,000 feet of

transmission piping, and significant upgrades to the Joseph Booster to supply the reservoir. All told, the water improvements alone are estimated to cost \$6,210,000. The plan also calls for installation of 5,300 feet of sewer main for \$2,806,000, bringing utility costs to a total of roughly \$9,000,000.

In addition to infrastructure, the plan also calls for development of a large 38-acre community park, with amenities appropriate to benefit residents of the entire city, as well as development of smaller neighborhood parks and trails throughout the area. The park components are estimated to cost \$4,700,000. Although the park components may not seem necessary on their face, staff believes that they are necessary to ensure that the tool of urban renewal actually functions as intended. Since the improvements can only be paid for when new investment is added to the area, if the area is undesirable for home-buyers due to a lack of amenities, then investment is likely to be slow, and risk a longer term that the City and Developer will be liable for infrastructure financing. Therefore, the park components are a critical aspect of ensuring that the SHURA functions as intended.

A final component of the SHURA is a program to incentivize workforce housing within the SHURA through a System Development Charge reimbursement. This program would be funded at approximately \$1 million.

It is projected that, at full build-out, the SHURA will be able to accommodate more than 1,300 housing units, an elementary school, a fire station, and neighborhood commercial uses.

HOW DOES IT WORK?

Urban Renewal simply diverts the tax revenues from new development within the area to the Urban Renewal Agency, rather than allowing them to go to existing districts, like the City, County, etc. That revenue is what is used to pay for projects and programs in the SHURA plan.

In order to front-load these projects and stimulate development capable of paying for itself, staff proposes to borrow up to \$12 million to install the necessary utilities. In which case, the subsequent SHURA revenue would predominantly be aimed at paying off that debt.

It is anticipated that the Plan will take nineteen years of tax increment collections to implement. The maximum amount of indebtedness that may be issued for the Plan is not to exceed \$18,100,000 (Eighteen Million One Hundred Thousand dollars). Detailed financial analysis is in the Report Accompanying the Southwest Hermiston Plan (Report).

WHAT ABOUT IMPACTS TO EXISTING SERVICES?

Under the state's school funding model, schools operating budgets are held harmless by Urban Renewal, since state income-tax funding backfills any shortfalls in local budgets to ensure consistent per-student revenues for schools.

The draft report includes a section on Revenue Sharing, which is a new requirement since the downtown Urban Renewal Area was created in 2013. Under the revenue sharing requirements, the new urban renewal district will only collect 100% of the tax increment until its assessed value reaches a set proportion of the maximum indebtedness for the area, at which point, the tax increment begins to be shared with other taxing entities. This section explains the thresholds in more detail, but you can see that existing taxing districts begin receiving revenue in 2036; however, you can also see from the assessed values, that this very conservative projection assumes that new homes don't hit the tax rolls until 2029. This means there would be 7 years

where the SHURA receives all of the new revenue and existing entities receive zero. Since this conservative projection is built off of an assumption of only 30 homes built per year, then existing districts would only see an impact of 280 new homes before they begin receiving increased revenue.

Finally, it is important to note that Urban Renewal only applies to permanent tax rates, not bonds. Therefore, every new home, from the day they are completed, will be paying for the school and fire district bonds. Assuming just 30 homes per year at an average assessed value of \$300,000 means the Hermiston School District receives an extra \$31,000 toward paying off its bonds in year one, and a total of \$6.6 million in 2022 dollars over 20 years. The Fire District would also see an extra \$1,400 in year one, and a total of \$300,000 over 20 years.

HOW DO THE UPFRONT PROJECTS GET PAID FOR?

Staff has been concurrently working on a separate agreement with a large developer to ensure that early years' debt coverage needs are met. Since that Development Agreement and the SHURA are related, yet separate, I won't confuse the SHURA with too many details of the Development Agreement at this point. However, at its fundamental level, that development agreement will state that:

1. The City & Developer will partner to cover the debt until SHURA revenue can cover it.
2. The Developer will donate 1.5 acres of land to the Fire District (UCFD1) for a future station.
3. Impact Fee overlay will require one-time payments to UCFD1 per home.
4. Traffic Impact Fee will apply per-home, pending completion of the Traffic Impact Analysis.

WHAT'S THE RISK TO THE CITY?

See Table 7 on page 14 of the report, specifically the row labeled, "Other Funding Sources." This is the row which assumes that debt has been incurred, and needs to be paid somehow, and shows the result of the annual debt payment, less any SHURA revenue available. You can see that it starts out at approximately \$1 million per year, until fiscal year 2029, when it begins to drop significantly with new value being added starting in 2029.

Under the tentative terms with the developer, the City and developer would share that debt obligation. Therefore, the worst-case scenario for the city is approximately \$500,000 per year. This amount can be absorbed by the Utility Fund, and would be appropriate, considering that the water system improvements can provide expanded stored water capacity to the entire city.

However, it is important to understand why I call this a "worst case scenario."

1. Debt Term: This analysis assumes only a 20-year repayment term, while the loan financing which the City has been invited to apply is a 30-year term. A 50% longer repayment term significantly reduces the annual payment, and allows more time for home-building to reach a point where SHURA can pay for itself entirely.
2. Debt Structure: This analysis assumes that SHURA incurs all \$12M of debt for the day-1 infrastructure in FY '24, and that full annual repayment is required immediately. The IFA Loan financing being pursued will allow for design-only loans at the beginning, as well as interest-only payments on the construction loans until construction is complete.
3. Home Building Velocity: This analysis assumes only 30 homes per year, which is considered to be our conservative projection. Faster home-building speeds-up the time in which SHURA can pay for itself.

4. Home Occupancy Start: This analysis assumes the first homes don't get occupied until 2027 to hit the tax rolls for the FY '28-'29 year. It is likely that first homes will get occupied in 2025 to 2026.

WHAT'S NEXT?

1. The process for approval will include the following steps, in accordance with ORS 457.
2. Preparation of a Plan including opportunity for citizen involvement.
3. Agency review of the proposed Plan and accompanying Report on August 8, 2022.
4. Review and recommendation by the Hermiston Planning Commission on September 14, 2022.
5. Presentation of the Plan to the Umatilla County Commission in a briefing on September 14, 2022
6. Forwarding a copy of the proposed Plan and the Report to the governing body of each taxing district. The formal taxing districts letters will be sent out on August 9, 2022.
7. Hearing by Hermiston City Council and adoption of the proposed Plan and accompanying Report by a non-emergency ordinance. The hearing and first reading of the Ordinance will be held on October 10, 2022 and the second reading and vote by City Council will occur on October 24, 2022. The ordinance must be a non-emergency ordinance, which means that the ordinance does not take effect until 30 days after its approval and during that period of time may be referred to Hermiston voters if a sufficient number of signatures are obtained on a referral petition.

Tie-In to Council Goals

Goal #7: Fund infrastructure improvements to support new housing and enhance livability

Fiscal Information

See "What's the Risk to the City" above.

Alternatives and Recommendation

Alternatives

1. Move the plan forward for public comment and input from taxing districts as presented.
2. Move the plan forward for public comment and input from taxing districts with recommendations for amendments.
3. Stop and abandon the plan.

Recommended Action/Motion

Motion to move the plan forward for public comment and input from taxing districts as presented.

Submitted By:

Mark Morgan



PRAIRIE
MEADOWS



Monte Vista
Homes





HERMISTON HWY 207

FEEDVILLE ROAD





MASTER PLANNED COMMUNITY

Designed to offer the very best in home life, from the design of open spaces and the architectural fit within the city, to environmentally-friendly technology and sophisticated amenities.



Carefully and deliberately developed to offer residents a physical space paired with a lifestyle concept that, taken together, are considered the very best in modern living.

The physical layout is mindful of the environment and makes architectural and urban planning efforts to fit into it. *Not like old neighborhoods where houses popped up here and there with less or no regard for the overall community design.*

Provides wonderful amenities to be enjoyed by the entire neighborhood, (and in this case, the entire city of Hermiston) such as:

- Open Spaces, Parks and Trails
- Regional “Jewelbox” Park
- Gathering Spaces, Commercial and more...

HOUSING SUMMARY

Units and Zoning	
Single Family Housing	1,174 units
Multi-Family Housing	6.7 acres
Senior Housing	9.2 acres
Parks / Open Space	48.5 acres
Schools	14.7 acres
Commercial	18.2 acres
Fire Station	1.4 acres
Trails	10,131 Lineal Feet
Total Site Acres	353 acres





SCHOOL SITE

FIREHOUSE



NEIGHBORHOOD PARK



PRAIRIE
MEADOWS



37 ACRE REGIONAL PARK



COMMUNITY PARK - PROGRAM DIAGRAM



PLAY AREA



SKATEPARK / PUMP TRACK



WATER PLAY



PICNIC



EVENT SPACE / AMPHITHEATER



NATURAL AREA / TRAILS



GATHERING AREA / FOOD TRUCKS



SPORTS FIELDS



FOOD TRUCK POD & TAPHOUSE



Report Accompanying the Southwest Hermiston Urban Renewal Plan

This document remains draft until the City Council adoption of the Southwest Hermiston Urban Renewal Plan.



Where Life is Sweet

Adopted by the City of Hermiston

Date

Ordinance No. _____

List of Participants

Mayor

Dr. David Drotzmann

City Council

Lori Davis, Ward 1

Roy Barron, Ward 2

Jackie C. Myers, Ward 3

Phillip Spicerkuhn, Ward 4

Maria Duron, at large

Rod S. Hardin, at large

Nancy Peterson, at large

Doug Primmer, at large, Council President

Hermiston Urban Renewal Agency

Dr. David Drotzmann

Lori Davis

Roy Barron

Jackie C. Myers

Phillip Spicerkuhn

Maria Duron

Rod S. Hardin

Nancy Peterson

Doug Primmer

Planning Commission

Position 1 Annette Kirkpatrick

Position 2 Philip Hamm

Position 3 Ben Doherty

Position 4 Patrick Collins

Position 5 Josh Burns

Position 6 Dean Fialka

Position 7 Ben Sargent

Position 8 Margaret E. Saylor, Chair

Position 9 Derek Caplinger

City Manager

Byron Smith

Economic Development/Assistant City Manager

Mark Morgan

Planning Director

Clinton Spencer

Finance Director

Mark Krawczyk

Consulting Team

Elaine Howard Consulting, LLC

Elaine Howard

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Ali Danko

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I. DEFINITIONS

“Agency” is the Hermiston Urban Renewal Agency created under ORS 457.035 and 457.045. It is also referred to as “HURA”.

“Area” means the properties and rights-of-way located within the Southwest Hermiston Urban Renewal Area.

“Blight” is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting the Southwest Hermiston Urban Renewal Plan.

“City” means the City of Hermiston, Oregon.

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

“Comprehensive Plan” means the City of Hermiston Comprehensive Plan and its implementing ordinances, policies, and standards.³ Double my insertion of

“County” means Umatilla County, Oregon.

“Frozen base” means the total assessed value including all real, personal, manufactured, and utility values within the Southwest Hermiston Urban Renewal Plan at the time of adoption. The county assessor certifies the assessed value after the adoption of the Southwest Hermiston Urban Renewal Plan.

“Southwest Hermiston Urban Renewal Plan” means a plan, as it exists or is changed or modified from time to time, as provided in ORS 457.

“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 the Southwest Hermiston Urban Renewal Plan, or portion thereof, over the assessed value specified in the certified statement.

“Maximum Indebtedness” means the maximum principal amount of indebtedness that may be incurred by 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 and tax increment financing.

“Plan” or “ means the official plan for the Southwest Hermiston Urban Renewal Plan pursuant to ORS 457.

“Plan Area” or means a blighted area included in the Southwest Hermiston Urban Renewal Plan under ORS 457.160.

“Planning Commission” means the Hermiston Planning Commission.

“Project(s)” or means any work or undertaking carried out under the Southwest Hermiston Urban Renewal Plan.

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

“Revenue sharing” means sharing tax increment proceeds as defined in ORS 457.470 and refers to the funds that are associated with the division of taxes accomplished through the adoption of the Southwest Hermiston Urban Renewal Plan.

“Tax increment revenues” means the funds allocated by the assessor to the Hermiston Urban Renewal Agency due to increases in assessed value over the frozen base within the area.

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

“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.

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

II. INTRODUCTION

The Report Accompanying the Southwest Hermiston Urban Renewal Plan (Report) contains background information and project details that pertain to the Hermiston 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 Hermiston City Council (City Council) as part of the approval of the Plan.

The Report provides the analysis and contains the information required to meet the standards of ORS 457.087, including financial feasibility. The Report requirements include:

- A description of the physical, social, and economic conditions in the area and expected impact of the plan, including fiscal impact in light of increased services; (ORS 457.087(1))
- Reasons for selection of the plan Area; (ORS 457.087(2))
- The relationship between each project to be undertaken and the existing conditions; (ORS 457.087(3))
- The estimated total cost of each project and the source of funds to pay such costs; (ORS 457.087(4))
- The estimated completion date of each project; (ORS 457.087(5))The estimated amount of funds required in the Area and the anticipated year in which the debt will be retired; (ORS 457.087(6))
- A financial analysis of the plan; (ORS 457.087(7))
- A fiscal impact statement that estimates the impact of tax increment financing (TIF) upon all entities levying taxes upon property in the urban renewal area; (ORS 457.0857(8)) and
- A relocation report. (ORS 457.087(9))

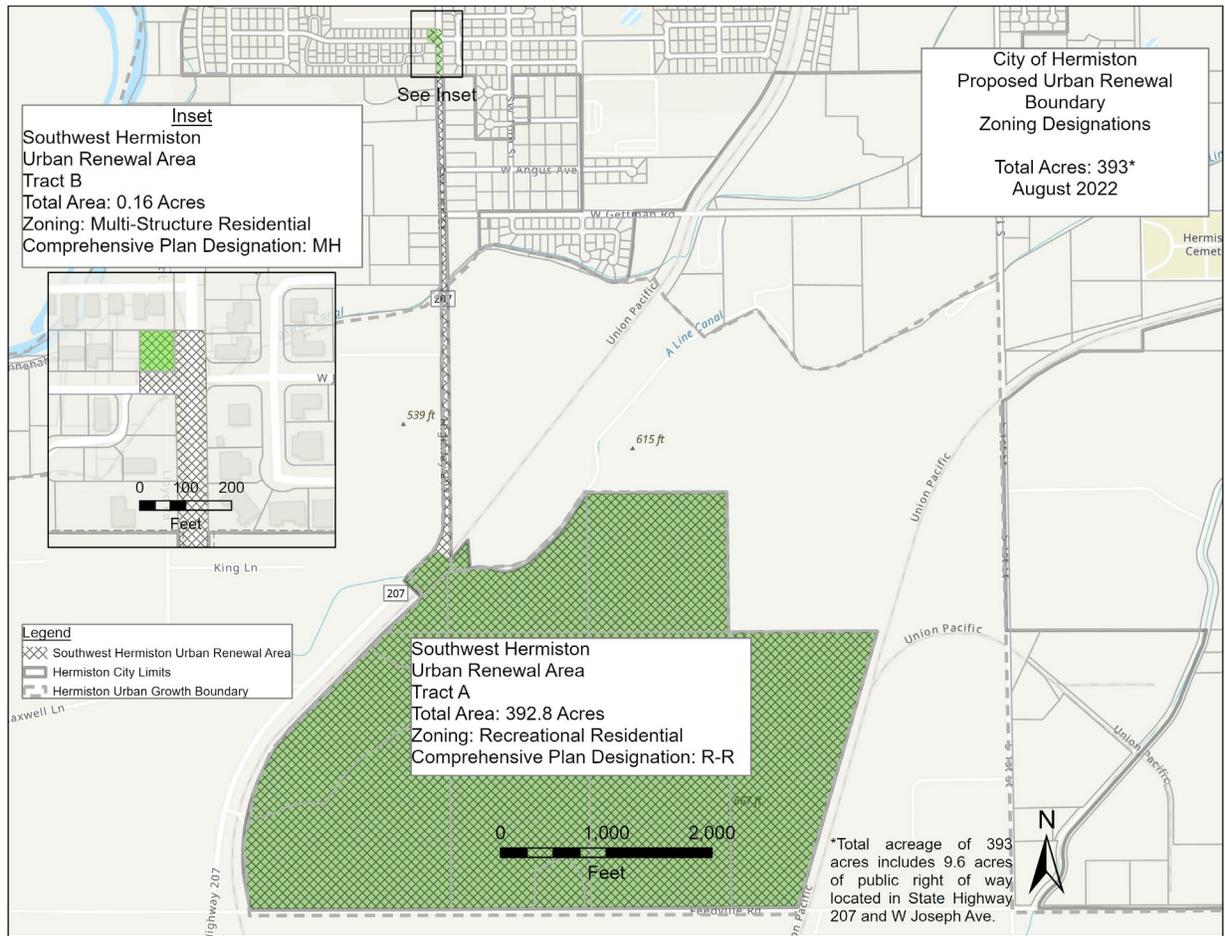
The relationship between the sections of the Report and the ORS 457.087 requirements is shown in Table 1. The specific reference shown is the section of this Report that most addresses the statutory reference. There may be other sections of the Report that also address the statute.

Table 1 - Statutory References

Statutory Requirement	Report Section
ORS 457.087 (1)	XI
ORS 457.087 (2)	XII
ORS 457.087 (3)	III
ORS 457.087 (4)	IV
ORS 457.087 (5)	VII
ORS 457.087 (6)	V,VI
ORS 457.087 (7)	V,VI
ORS 457.087 (8)	IX
ORS 457.087 (9)	XIII

The Report provides guidance on how the Plan might be implemented. As the Hermiston Urban Renewal Agency (Agency) reviews revenues and potential projects each year, it has the authority to make adjustments to the implementation assumptions in this Report. The Agency may allocate budgets differently, adjust the timing of the projects, decide to incur debt at different times than assumed in this Report, 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.

Figure 1 – Southwest Hermiston Urban Renewal Area Boundary



Source: City of Hermiston

III. THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The projects identified for the Area are described below, including how they relate to the existing conditions in the Area. The infrastructure projects are intended to facilitate the development of housing in the Area by assisting in the provision of needed infrastructure to the Area.

A. Infrastructure Upgrades

1. Water transmission line (existing conditions included in narrative)

Construct approximately 6,000 linear feet of new 12" ductile iron water line from the new reservoir located on an elevated area in the southeast portion of the Area, going northwest through the Area to connect to an existing 12" City of Hermiston water main located within the OR207 right-of-way. This project will connect the storage reservoir to the rest of the city's waterworks.

2. Joseph Booster Pump Station upgrades (existing conditions included in narrative)

Provide upgrades to the Joseph Booster Pump Station, which currently boosts water from the City's main pressure zone to higher elevations in the southwestern portion of the city using one 15hp pump, two 25hp pumps, and one large 100hp pump. In order to boost water further to this area, this project will install three new larger pumps with variable frequency drives, make associated upgrades to electrical and control systems, and make adjustments to existing valving, which will include installation of two pressure-reducing valves.

3. Sewer main line (existing conditions included in narrative)

Construct approximately 5,300 linear feet of 8" PVC gravity sewer main from the intersection of OR207 and Gettman Road, south to the vicinity of Hermiston Irrigation District's A-Line Canal, and east under the railroad tracks and canal, to serve the larger area 2 million-gallon reservoir. To be able to develop in the Area, this sewer line must be constructed.

4. 2 million gallon reservoir (existing conditions included in narrative)

Construct a two million-gallon water reservoir on an elevated point in the southeast portion of the Area to serve the Area with pressurized and backup water.

B. Parks and Pathways

1. Community Park development

Develop parks within the Area including but not limited to: (1) A large 38-acre community park with amenities designed to enhance the desirability of the entire area, and (2) several smaller neighborhood parks and trails throughout the Area with amenities designed to serve more local demands within the Area.

EXISTING CONDITIONS: This area is undeveloped and includes no public parks nor any pathways.

C. Developer Incentives

1. System Development Charge reimbursement for development of workforce housing

EXISTING CONDITIONS:

The Area is undeveloped and is not presently an urban renewal area, so City/Agency funding does not exist to provide incentives for developers to develop workforce housing in the Area.

D. Administration

1. Financing fees

2. General administration, including annual reporting, financial statements, and administration of the Plan.

EXISTING CONDITIONS: The Area is not presently in an urban renewal area so requires no administrative responsibilities from the urban renewal agency. Once an urban renewal plan with its associated requirements for administration exists for the Area, there will be a need for administrative funds to be allocated for that administration.

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

Table 2 shows the costs of the projects in Fiscal Year Ending (FYE) 2023 constant dollars and the estimated year of expenditure dollars. These costs are also shown in “year of expenditure” costs, which assumes inflation of 5.0% annually. City staff provided the cost estimates for these projects. These estimates will be refined in the annual budgeting process, acknowledging of the limiting total cost factor of the maximum indebtedness. Different allocations may be made to different line items within the Plan.

Table 2 - Estimated Cost of Each Project in Constant FYE 2023 and Year of Expenditure Costs

Expenditures (Constant FYE 2023)	Constant FYE 2023\$	Year of Expenditure \$
Community Park	\$2,625,000	\$2,756,250
Neighborhood Parks and Pathways	\$2,100,000	\$3,420,900
Water Transmission Line	\$1,703,100	\$1,788,255
Joseph Booster Pump Station Upgrades	\$771,750	\$810,338
Sewer Main Line	\$2,806,650	\$2,946,983
2 Million Gallon Reservoir	\$3,735,900	\$3,922,695
SDC Expenditures	\$1,050,000	\$1,710,450
Financing Fees	\$301,885	\$354,201
Administration Costs	\$210,000	\$354,437
TOTAL:	\$15,304,285	\$18,064,509

Source: City of Hermiston and Tiberius Solutions

The majority of the projects are projected to be funded in FYE 2024 through a \$12.5 million loan, with a portion of the debt service for the loan funded by other funding sources through FYE 2033, when substantial development is projected to have occurred, resulting in sufficient tax increment financing (TIF) revenues to cover the debt service. The other funding sources are expected to be reduced annually as TIF from the new development is available to offset their contributions.

The Agency is projected to incur an additional \$5.3 million in debt in FYE 2033, using TIF revenues to pay the debt service.

The Plan assumes that the Agency/City will use other funds to assist in the completion of the projects within the Area. The Agency/City may pursue regional, county, state, and federal funding, private developer contributions, and any other sources of funding that may assist in the implementation of the programs. This funding is identified as “other funding sources” in the financial tables.

This financial analysis shows the described projected borrowings in Table 3.

The scenario presented in this Report is only one scenario for how the Agency may decide to implement this Plan, and this scenario is financially feasible. The Agency may decide to do borrowings at different times or for different amounts, depending on their analysis at the time. The timeframes on these borrowings are designed to have all borrowings repaid at the termination of the District’s division of taxes in FYE 2042. The amounts shown are the principal amounts of the borrowings. The total payments, including interest, are shown in the second column of Table 6.

Table 3 - Estimated Borrowings and Amounts

Loan	Loan A	Loan B
Principal Amount	\$ 12,474,001	\$ 5,236,071
Interest Rate	5.00%	5.00%
Loan Term	20	20
Loan Year	2024	2033
Interest Payment Start	2024	2033
Principal Payment Start	2024	2033
Annual Payment	(\$1,000,946)	(\$420,156)

Source: Tiberius Solution

V. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through FYE 2042 are calculated based on projections of the assessed value within the Area and the consolidated tax rate that will apply in the Area.

The long-term projections for FYE 2024 and beyond assume an annual growth rate of 3% for existing assessed value in the Area plus specific exception value assumptions. Exception value is the value of new development in the Area, shown in Table 4. The exception value assumptions included in this analysis were determined by the City and developer, and forecast 1,330 new housing units are developed, including single-family, multi-family, and senior housing. These projections of growth are the basis for the projections in Table 7 through Table 12.

If actual assessed value growth is less than forecast, then it would reduce the financial capacity of the Area to fund projects listed in the Plan over the anticipated duration of the Plan.

Table 5 shows the incremental assessed value, tax rates, and tax increment revenues each year, adjusted for discounts, delinquencies, and truncation loss.

The first year of tax increment collections is anticipated to be FYE 2024. Gross TIF revenues is calculated by multiplying the tax rate times the assessed value used. The tax rate is per thousand dollars of assessed value, so the calculation is “tax rate times assessed value used divided by one thousand.” The consolidated tax rate only includes permanent tax rates. General obligation bonds and local option levies are excluded and will not be impacted by this Plan.

The “Increment Shared” column in Table 5 refers to revenue sharing with the overlapping taxing districts. Revenue sharing is covered in the Revenue Sharing section of this Report on page 21.

Table 4 - Exception Value Assumptions

Unit Type	SF Small	SF Standard	SF Large	Multi-Family	Senior Housing
Total Number of Units	300	525	275	150	80
Number of Years	30	35	30	20	20
FYE 2022 RMV	\$350,000	\$475,000	\$600,000	\$250,000	\$325,000
CPR	.7001	.7001	0.7001	.8645	0.8645
First FYE on Tax Roll	2029	2029	2029	2038	2038

RMV: real market value

CPR: Change Property Ratio from Umatilla County Assessor, SAL 7a, FYE 2022

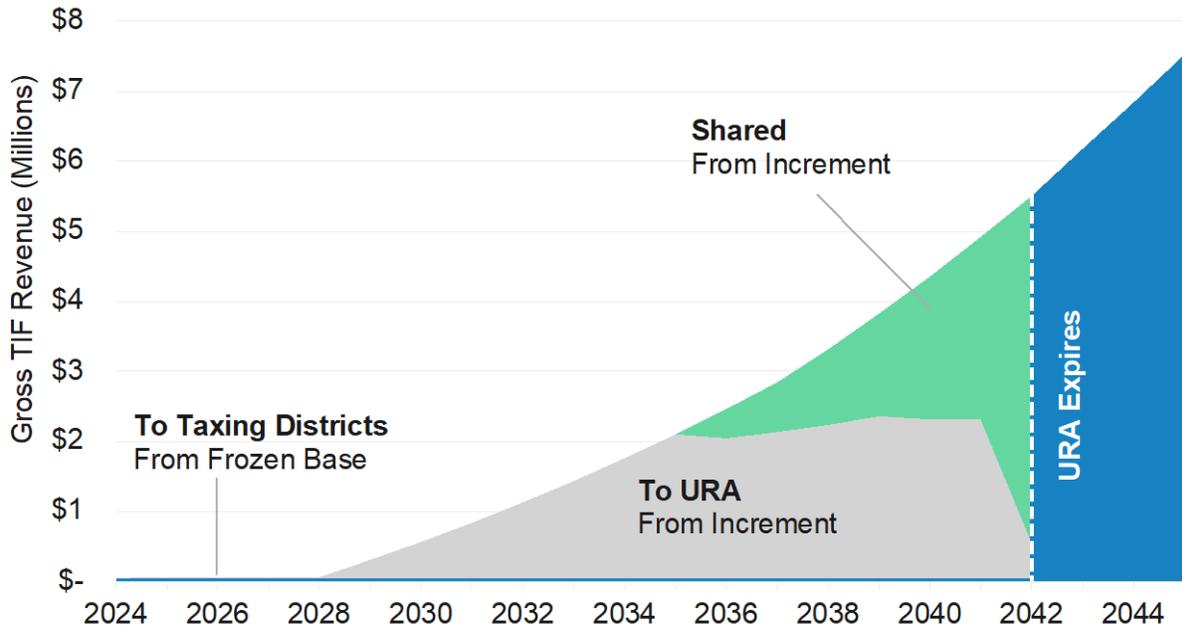
Source: Monte Vista Homes and City of Hermiston

Table 5 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Total AV	Frozen Base AV	Increment Used	Increment Shared	Tax Rate	Gross TIF	Adjustments	Current Year Net	Prior Year Net	Total TIF
2024	3,206,735	3,121,349	85,386	-	17.4674	1,491	(112)	1,380	-	1,380
2025	3,294,682	3,121,349	173,333	-	17.4674	3,028	(227)	2,801	21	2,821
2026	3,385,268	3,121,349	263,919	-	17.4674	4,610	(346)	4,264	42	4,306
2027	3,478,571	3,121,349	357,222	-	17.4674	6,240	(468)	5,772	64	5,836
2028	3,574,673	3,121,349	453,324	-	17.4674	7,918	(594)	7,325	87	7,411
2029	17,557,842	3,121,349	14,436,493	-	17.4674	252,168	(18,913)	233,255	110	233,365
2030	32,377,033	3,121,349	29,255,684	-	17.4674	511,021	(38,327)	472,694	3,499	476,193
2031	48,069,821	3,121,349	44,948,472	-	17.4674	785,133	(58,885)	726,248	7,090	733,338
2032	64,675,284	3,121,349	61,553,935	-	17.4674	1,075,187	(80,639)	994,548	10,894	1,005,442
2033	82,234,060	3,121,349	79,112,711	-	17.4674	1,381,893	(103,642)	1,278,251	14,918	1,293,170
2034	100,788,402	3,121,349	97,667,053	-	17.4674	1,705,989	(127,949)	1,578,040	19,174	1,597,214
2035	120,382,242	3,121,349	117,260,893	-	17.4674	2,048,243	(153,618)	1,894,625	23,671	1,918,295
2036	141,061,251	3,121,349	114,071,062	23,868,840	17.4674	1,992,525	(149,439)	1,843,086	28,419	1,871,505
2037	162,872,903	3,121,349	119,230,362	40,521,192	17.4674	2,082,644	(156,198)	1,926,446	27,646	1,954,092
2038	190,271,126	3,121,349	124,777,592	62,372,185	17.4674	2,179,540	(163,466)	2,016,075	28,897	2,044,971
2039	219,166,903	3,121,349	132,394,817	83,650,737	17.4674	2,312,593	(173,444)	2,139,149	30,241	2,169,390
2040	249,625,430	3,121,349	129,527,005	116,977,076	17.4674	2,262,500	(169,688)	2,092,813	32,087	2,124,900
2041	281,714,468	3,121,349	129,527,005	149,066,114	17.4674	2,262,500	(169,688)	2,092,813	31,392	2,124,205
2042	315,504,431	3,121,349	28,243,442	284,139,640	17.4674	493,340	(37,000)	456,339	31,392	487,731
TOTAL:						21,368,563	(1,602,643)	19,765,924	289,644	20,055,565

Source: Tiberius Solutions

Figure 2 - TIF Projections



Source: Tiberius Solutions

VI. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 6 shows a summary of the financial capacity of the Area, including how total TIF revenue translates to the ability to fund urban renewal projects in constant 2023 dollars in five-year increments. Table 6, Table 7, and Table 8 show more detailed tables on the allocation of tax revenues to debt service. Table 10, Table 11, and Table 12, show potential allocations to projects, programs, and administration over time.

The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the urban renewal area in FYE 2042, a 19-year time frame for taking division of tax revenues. If growth in assessed value is slower than projected, the Agency may not be able to complete all projects in the Plan. If growth in assessed value is more robust than the projections, it may take a shorter time period. These assumptions show one scenario for financing and that this scenario is financially feasible.

The maximum indebtedness is \$18,100,000 (Eighteen Million One Hundred Thousand dollars). The estimated total amount of tax increment revenues required to service the maximum indebtedness of \$18,100,000 is \$20,055,565 and is from permanent rate tax levies. The additional TIF revenue is greater than the maximum indebtedness due to the projected cost of the interest on borrowings (loans). There are two loans shown in this financial analysis.

Table 6 - TIF Capacity of the Area in FYE 2023 Constant Rounded Numbers

Total Net TIF	\$20,060,000
Maximum Indebtedness	\$18,100,000
Capacity (2023\$)	\$15,300,000
Years 1-5	\$11,940,000
Years 6-10	\$3,270,000
Years 11-15	\$60,000
Years 16-19	\$40,000

Source: Tiberius Solutions

Table 7 - Tax Increment Revenues and Allocations to Debt Service, page 1

	Total	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028
Resources	-	-	-	-	-	-
Beginning Balance	-	-	-	-	-	-
Other Funding Sources	6,812,327	1,011,172	1,010,311	1,009,435	1,008,544	1,007,641
TIF: Current Year	19,765,922	1,380	2,801	4,264	5,772	7,325
TIF: Prior Years	289,644	-	21	42	64	87
Total Resources	26,867,892	1,012,551	1,013,132	1,013,741	1,014,380	1,015,052
Expenditures						
Debt Service						
Scheduled Payments						
Loan A	(16,385,366)	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)
Loan B	(4,201,559)	-	-	-	-	-
Early Principal Payment	-	-	-	-	-	-
Loan A	(2,900,262)	-	-	-	-	-
Loan B	(3,026,269)	-	-	-	-	-
Total Debt Service, Scheduled Only	(20,586,925)	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)
Total Debt Service	(26,513,455)	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)
Debt Service Coverage Ratio		0.00	0.00	0.00	0.01	0.01
Transfer to URA Projects Fund	(354,437)	(11,605)	(12,186)	(12,795)	(13,434)	(14,106)
Total Expenditures	(26,867,892)	(1,012,551)	(1,013,132)	(1,013,741)	(1,014,380)	(1,015,052)
Ending Balance	-	-	-	-	-	-

Source: Tiberius Solutions

Table 8 - Tax Increment Revenues and Allocations to Debt Service, page 2

	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035
Resources	-	-	-	-	-	-	-
Beginning Balance	-	-	-	-	-	-	-
Other Funding Sources	782,393	540,305	283,938	12,651	145,937	-	-
TIF: Current Year	233,255	472,694	726,248	994,548	1,278,251	1,578,040	1,894,625
TIF: Prior Years	110	3,499	7,090	10,894	14,918	19,174	23,671
Total Resources	1,015,758	1,016,498	1,017,276	1,018,093	1,439,107	1,597,214	1,918,295
Expenditures							
Debt Service							
Scheduled Payments							
Loan A	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)
Loan B	-	-	-	-	(420,156)	(420,156)	(420,156)
Early Principal Payment	-	-	-	-	-	-	-
Loan A	-	-	-	-	-	(157,206)	(477,342)
Loan B	-	-	-	-	-	-	-
Total Debt Service, Scheduled Only	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)	(1,421,102)	(1,421,102)	(1,421,102)
Total Debt Service	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)	(1,421,102)	(1,578,308)	(1,898,444)
Debt Service Coverage Ratio	0.23	0.48	0.73	1.00	0.91	1.12	1.35
Transfer to URA Projects Fund	(14,812)	(15,552)	(16,330)	(17,147)	(18,005)	(18,906)	(19,851)
Total Expenditures	(1,015,758)	(1,016,498)	(1,017,276)	(1,018,093)	(1,439,107)	(1,597,214)	(1,918,295)
Ending Balance	-	-	-	-	-	-	-

Source: Tiberius Solutions

Table 9 - Tax Increment Revenues and Allocations to Debt Service, page 3

	FYE 2036	FYE 2037	FYE 2038	FYE 2039	FYE 2040	FYE 2041	FYE 2042
Resources	-	-	-	-	-	-	-
Beginning Balance	-	-	-	-	-	-	-
Other Funding Sources	-	-	-	-	-	-	-
TIF: Current Year	1,843,086	1,926,446	2,016,075	2,139,149	2,092,813	2,092,813	456,339
TIF: Prior Years	28,419	27,646	28,897	30,241	32,087	31,392	31,392
Total Resources	1,871,505	1,954,092	2,044,971	2,169,390	2,124,900	2,124,205	487,731
Expenditures							
Debt Service							
Scheduled Payments							
Loan A	(1,000,946)	(1,000,946)	(1,000,946)	(1,000,946)	(370,228)	-	-
Loan B	(420,156)	(420,156)	(420,156)	(420,156)	(420,156)	(420,156)	(420,156)
Early Principal Payment	-	-	-	-	-	-	-
Loan A	(429,560)	(511,105)	(600,889)	(724,159)	-	-	-
Loan B	-	-	-	-	(1,309,180)	(1,677,446)	(39,643)
Total Debt Service, Scheduled Only	(1,421,102)	(1,421,102)	(1,421,102)	(1,421,102)	(790,384)	(420,156)	(420,156)
Total Debt Service	(1,850,662)	(1,932,207)	(2,021,991)	(2,145,261)	(2,099,564)	(2,097,602)	(459,799)
Debt Service Coverage Ratio	1.32	1.38	1.44	1.32	2.69	5.06	1.16
Transfer to URA Projects Fund	(20,843)	(21,885)	(22,980)	(24,129)	(25,336)	(26,603)	(27,932)
Total Expenditures	(1,018,093)	(1,954,092)	(2,044,971)	(2,169,390)	(2,124,900)	(2,124,205)	(487,731)
Ending Balance	-	-	-	-	-	-	-

Source: Tiberius Solutions

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The schedule for construction of projects will be based on the availability of funding. The projects will be ongoing and will be completed as directed by the Agency. Annual expenditures for program administration are also shown.

The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the Area in FYE 2042 a 19-year program of tax increment collections.

The amount of money available for projects in 2023 constant dollars for the Area is approximately \$15,304,285. See Table 2 for the individual project analysis. This \$15,304,285 is calculated by taking the maximum indebtedness (MI) and bringing it back to constant 2023 dollars. This is done as the Agency's cost estimates are typically in constant dollars, so understanding how that relates to the overall MI over 19 years is important to enable the Agency to make projections on the allocation of funds throughout the life of the Area.

Table 10 through Table 12 show the approximate \$15,304,285 of 2023 constant dollars for projects inflated over the life of the Area including administrative expenses. All costs shown in Table 10 through Table 12 are in year-of-expenditure dollars, which are adjusted by 5.0% annually to account for inflation. The year of expenditure total cost is \$18,064,509.

The 5% inflation rate is the rate to use in the future if any amendment to increase maximum indebtedness is pursued in accordance with ORS 457.470.

The Agency may change the completion dates in their annual budgeting process or as project decisions are made in administering the Plan. The following tables are prepared to show that the Area is financially feasible as required by ORS 457. It assumes completion of projects as funding becomes available.

Table 10 - Programs and Costs in Year of Expenditure Dollars, Page 1

	Total	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Resources		-	-	-	-	-	-
Beginning Balance	-	-	-	-	-	-	-
Transfer from TIF Fund	354,437	11,605	12,186	12,795	13,434	14,106	14,812
Bond/Loan Proceeds	17,710,072	12,474,001	-	-	-	-	-
Total Resources	18,064,509	12,485,606	12,186	12,795	13,434	14,106	14,812
Expenditures (YOE \$)							
Community Park	(2,756,250)	(2,756,250)	-	-	-	-	-
Neighborhood Parks and Pathways	(3,420,900)	-	-	-	-	-	-
Water Transmission Line	(1,788,255)	(1,788,255)	-	-	-	-	-
Joseph Booster Pump Station Upgrades	(810,338)	(810,338)	-	-	-	-	-
Sewer Main Line	(2,946,983)	(2,946,983)	-	-	-	-	-
2 Million Gallon Reservoir	(3,922,695)	(3,922,695)	-	-	-	-	-
SDC Expenditures	(1,710,450)	-	-	-	-	-	-
Financing Fees	(354,201)	(249,480)	-	-	-	-	-
Administration Costs	(354,437)	(11,605)	(12,186)	(12,795)	(13,434)	(14,106)	(14,812)
Total Expenditures	(18,064,509)	(12,485,606)	(12,186)	(12,795)	(13,434)	(14,106)	(14,812)
Ending Balance	-	-	-	-	-	-	-

Source: Tiberius Solutions

Table 11 - Programs and Costs in Year of Expenditure Dollars, Page 2

	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036
		-	-	-	-	-	-
Resources	-	-	-	-	-	-	-
Beginning Balance	-						
Transfer from TIF Fund	15,552	16,330	17,147	18,005	18,906	19,851	20,843
Bond/Loan Proceeds	-	-	-	5,236,071	-	-	-
Total Resources	15,552	16,330	17,147	5,254,076	18,906	19,851	20,843
Expenditures (YOE \$)		-	-	-	-	-	-
Community Park	-	-	-	-	-	-	-
Neighborhood Parks and Pathways	-	-	-	(3,420,900)	-	-	-
Water Transmission Line	-	-	-	-	-	-	-
Joseph Booster Pump Station Upgrades	-	-	-	-	-	-	-
Sewer Main Line	-	-	-	-	-	-	-
2 Million Gallon Reservoir	-	-	-	-	-	-	-
SDC Expenditures	-	-	-	(1,710,450)	-	-	-
Financing Fees	-	-	-	(104,721)	-	-	-
Administration Costs	(15,552)	(16,330)	(17,147)	(18,005)	(18,906)	(19,851)	(20,843)
Total Expenditures	(15,552)	(16,330)	(17,147)	(5,254,076)	(18,906)	(19,851)	(20,843)
Ending Balance	-	-	-	-	-	-	-

Source: Tiberius Solutions

Table 12 - Programs and Costs in Year of Expenditure Dollars, Page 3

	FYE 2037	FYE 2038	FYE 2039	FYE 2040	FYE 2041	FYE 2042
	-	-	-	-	-	-
Resources	-	-	-	-	-	-
Beginning Balance						
Transfer from TIF Fund	21,885	22,980	24,129	25,336	26,603	27,932
Bond/Loan Proceeds	-	-	-	-	-	-
Total Resources	21,885	22,980	24,129	25,336	26,603	27,932
Expenditures (YOE \$)	-	-	-	-	-	-
Community Park	-	-	-	-	-	-
Neighborhood Parks and Pathways	-	-	-	-	-	-
Water Transmission Line	-	-	-	-	-	-
Joseph Booster Pump Station Upgrades	-	-	-	-	-	-
Sewer Main Line	-	-	-	-	-	-
2 Million Gallon Reservoir	-	-	-	-	-	-
SDC Expenditures	-	-	-	-	-	-
Financing Fees	-	-	-	-	-	-
Administration Costs	(21,885)	(22,980)	(24,129)	(25,336)	(26,603)	(27,932)
Total Expenditures	(21,885)	(22,980)	(24,129)	(25,336)	(26,603)	(27,932)
Ending Balance	-	-	-	-	-	-

Source: Tiberius Solutions

VIII. REVENUE SHARING

Revenue sharing thresholds are projected to be reached in FYE 2036. This is because the threshold set in ORS 457 (annual tax increment revenues in excess of 10 percent of the maximum indebtedness) is met during FYE 2035, triggering the revenue sharing.

Revenue sharing means that at the thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the taxes from incremental growth in the Area. The first threshold is met when annual TIF revenues exceed 10% of the original maximum indebtedness of the Plan or \$1,810,000. The year after the 10% threshold is reached, the Agency will receive the 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 met when annual TIF revenues exceed 12.5% of the maximum indebtedness or \$2,262,500. If this threshold is met, revenue for the Area would be capped at 12.5% of the maximum indebtedness in all future years, with all additional tax revenue being shared with affected taxing districts.

If assessed value in the Area grows more quickly than projected, the revenue sharing thresholds could be reached earlier. Revenue sharing projections are shown in Table 13.

Table 13 – Revenue Sharing Projections

FYE	Total Assessed Value	Frozen Base AV	Increment Used	Increment Shared	Tax Revenue from Increment Shared
2024	3,206,735	3,121,349	85,386	-	
2025	3,294,682	3,121,349	173,333	-	
2026	3,385,268	3,121,349	263,919	-	
2027	3,478,571	3,121,349	357,222	-	
2028	3,574,673	3,121,349	453,324	-	
2029	17,557,842	3,121,349	14,436,493	-	
2030	32,377,033	3,121,349	29,255,684	-	
2031	48,069,821	3,121,349	44,948,472	-	
2032	64,675,284	3,121,349	61,553,935	-	
2033	82,234,060	3,121,349	79,112,711	-	
2034	100,788,402	3,121,349	97,667,053	-	
2035	120,382,242	3,121,349	117,260,893	-	
2036	141,061,251	3,121,349	114,071,062	23,868,840	416,927
2037	162,872,903	3,121,349	119,230,362	40,521,192	707,800
2038	190,271,126	3,121,349	124,777,592	62,372,185	1,089,480
2039	219,166,903	3,121,349	132,394,817	83,650,737	1,461,161
2040	249,625,430	3,121,349	129,527,005	116,977,076	2,043,285
2041	281,714,468	3,121,349	129,527,005	149,066,114	2,603,797
2042	315,504,431	3,121,349	28,243,442	284,139,640	4,963,181
TOTAL:					

Source: Tiberius Solutions

IX. IMPACT OF THE TAX INCREMENT FINANCING

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

The impact of tax increment financing on overlapping taxing districts consists 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 2053 and are shown in Table 14 and Table 15.

The Hermiston School District # 8 and the Intermountain Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level.

Table 14 and Table 15 show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. Table 14 shows the general government levies, and Table 15 shows the education levies.

Table 14 - Projected Impact on Taxing District Permanent Rate Levies - General Government

FYE	General County	City of Hermiston	Port of Umatilla	Umatilla County Fire District 1	County Radio District	Cemetery District 8 Hermiston	W. Umatilla Mosquito Control
2024	(225)	(481)	(12)	(138)	(13)	(7)	(16)
2025	(460)	(983)	(25)	(283)	(27)	(15)	(33)
2026	(702)	(1,500)	(38)	(431)	(42)	(23)	(50)
2027	(952)	(2,033)	(51)	(585)	(57)	(31)	(68)
2028	(1,209)	(2,582)	(65)	(742)	(72)	(39)	(86)
2029	(38,059)	(81,309)	(2,056)	(23,380)	(2,271)	(1,233)	(2,700)
2030	(77,661)	(165,915)	(4,196)	(47,708)	(4,635)	(2,516)	(5,510)
2031	(119,598)	(255,510)	(6,461)	(73,471)	(7,137)	(3,875)	(8,485)
2032	(163,974)	(350,317)	(8,859)	(100,732)	(9,785)	(5,313)	(11,633)
2033	(210,899)	(450,567)	(11,394)	(129,558)	(12,586)	(6,833)	(14,962)
2034	(260,484)	(556,502)	(14,073)	(160,020)	(15,545)	(8,440)	(18,480)
2035	(312,848)	(668,373)	(16,902)	(192,188)	(18,670)	(10,137)	(22,195)
2036	(305,217)	(652,071)	(16,489)	(187,500)	(18,214)	(9,889)	(21,654)
2037	(318,686)	(680,846)	(17,217)	(195,774)	(19,018)	(10,326)	(22,609)
2038	(333,508)	(712,510)	(18,018)	(204,879)	(19,903)	(10,806)	(23,661)
2039	(353,799)	(755,860)	(19,114)	(217,344)	(21,113)	(11,463)	(25,100)
2040	(346,543)	(740,359)	(18,722)	(212,887)	(20,680)	(11,228)	(24,585)
2041	(346,429)	(740,116)	(18,716)	(212,817)	(20,674)	(11,225)	(24,577)
2042	(79,542)	(169,936)	(4,297)	(48,864)	(4,747)	(2,577)	(5,643)
TOTAL:	(3,270,795)	(6,987,770)	(176,705)	(2,009,300)	(195,189)	(105,968)	(232,045)

Source: Tiberius Solutions

Table 15 - Projected Impact on Taxing District Permanent Rate Levies – Education

FYE	Hermiston School District #8	Intermountain E.S.D.	Blue Mountain CC	Subtotal	Total
2024	(386)	(49)	(52)	(487)	(1,380)
2025	(789)	(99)	(107)	(996)	(2,821)
2026	(1,205)	(152)	(163)	(1,520)	(4,306)
2027	(1,633)	(206)	(221)	(2,059)	(5,836)
2028	(2,074)	(261)	(280)	(2,615)	(7,411)
2029	(65,300)	(8,224)	(8,832)	(82,357)	(233,365)
2030	(133,248)	(16,782)	(18,023)	(168,053)	(476,193)
2031	(205,202)	(25,845)	(27,755)	(258,802)	(733,338)
2032	(281,341)	(35,435)	(38,054)	(354,829)	(1,005,442)
2033	(361,853)	(45,575)	(48,943)	(456,371)	(1,293,170)
2034	(446,930)	(56,290)	(60,451)	(563,671)	(1,597,214)
2035	(536,774)	(67,606)	(72,603)	(676,983)	(1,918,295)
2036	(523,682)	(65,957)	(70,832)	(660,471)	(1,871,505)
2037	(546,791)	(68,868)	(73,958)	(689,616)	(1,954,092)
2038	(572,221)	(72,071)	(77,397)	(721,688)	(2,044,971)
2039	(607,035)	(76,455)	(82,106)	(765,597)	(2,169,390)
2040	(594,586)	(74,887)	(80,422)	(749,896)	(2,124,900)
2041	(594,392)	(74,863)	(80,396)	(749,651)	(2,124,205)
2042	(136,476)	(17,189)	(18,459)	(172,125)	(487,731)
TOTAL:	(5,611,910)	(706,814)	(759,054)	(7,077,787)	(20,055,565)

Source: Tiberius Solutions Please refer to the explanation of the schools funding in the preceding section.

Table 16 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2043.

The Frozen Base is the assessed value of the Area established by the County Assessor at the time the Area is established. Excess Value is the increased assessed value in the Area above the Frozen Base.

Table 16 - Additional Revenues Obtained after Termination of TIF - FYE 2043

Taxing District	Tax Rate	From Frozen Base	From Excess Value	Total
General Government				
General County	2.8487	8,892	991,197	1,000,089
City of Hermiston	6.086	18,997	2,117,606	2,136,603
Port of Umatilla	0.1539	480	53,549	54,029
Umatilla County Fire District 1	1.75	5,462	608,908	614,370
County Radio District	0.17	531	59,151	59,682
Cemetery District 8 Hermiston	0.0923	288	32,116	32,404
W. Umatilla Mosquito Control	0.2021	631	70,320	70,951
Subtotal	11.303	35,281	3,932,847	3,968,128
Education				
Hermiston School District #8	4.8877	15,256	1,700,661	1,715,917
Intermountain E.S.D.	0.6156	1,922	214,196	216,118
BMCC	0.6611	2,064	230,028	232,092
Subtotal	6.1644	19,242	2,144,885	2,164,127
TOTAL:	17.4674	\$54,523	\$6,077,732	\$6,132,255

Source: Tiberius Solutions

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

State law limits the percentage of both a municipality’s total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base (assumed to be FYE 203 values), including all real, personal, manufactured, and utility properties in the Area, is projected to be \$3,121,349. The Umatilla County Assessor will certify the frozen base once the urban renewal plan is adopted. The frozen base assessed value of the City of Hermiston Downtown Urban Renewal Area is \$42,262,899. The Downtown Urban Renewal Area has excess value of \$15,049,186. The total assessed value of the City of Hermiston as stated in the Umatilla County Assessor SAL 4a for FYE 2022 was \$1,168,246,817.

The percentage of total City assessed value in urban renewal areas is 3.94%, below the 25% threshold. ORS 457.160 (2)(b) states “For municipalities having a population of less than 50,000, according to the latest state census:

- A. The assessed value for the urban renewal areas of the plan, when added to the total assessed value previously certified by the assessor for other urban renewal plans of the municipality for which a division of ad valorem taxes is provided, exceeds a figure equal to 25 percent of the total assessed value of that municipality, exclusive of any increased assessed value for other urban renewal areas and without regard to adjustments made pursuant to [ORS 457.435](#).”

The Area contains approximately 392.8 acres, including public rights-of-way. The City of Hermiston Downtown Urban Renewal area contains 125.2 acres. The City of Hermiston contains 5,402 acres. This puts 9.6% of the city’s acreage in an urban renewal area, which is below the 25% threshold.

Table 17 – Urban Renewal Area Conformance with Assessed Value and Acreage Limits

	Acreage	Assessed Value
A. City of Hermiston Downtown Urban Renewal Area	125.2	\$42,262,899
B. Southwest Hermiston Urban Renewal Area	392.8	\$3,121,349
C. Total Acreage/Assessed Value in URAs	518	\$45,384,248
D. Excess Value		\$15,049,186
E. City of Hermiston	5,402	\$1,168,246,817
% of City Acreage =(C/E)	9.6%	
% of City Assessed Value =(C/(E-D))		3.94%

Source: Compiled by Elaine Howard Consulting, LLC with data from Tiberius Solutions, City of Hermiston, and Umatilla County Department of Assessment and Taxation SAL 4a and SAL 4e (FYE 2022)

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

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

A. Physical Conditions

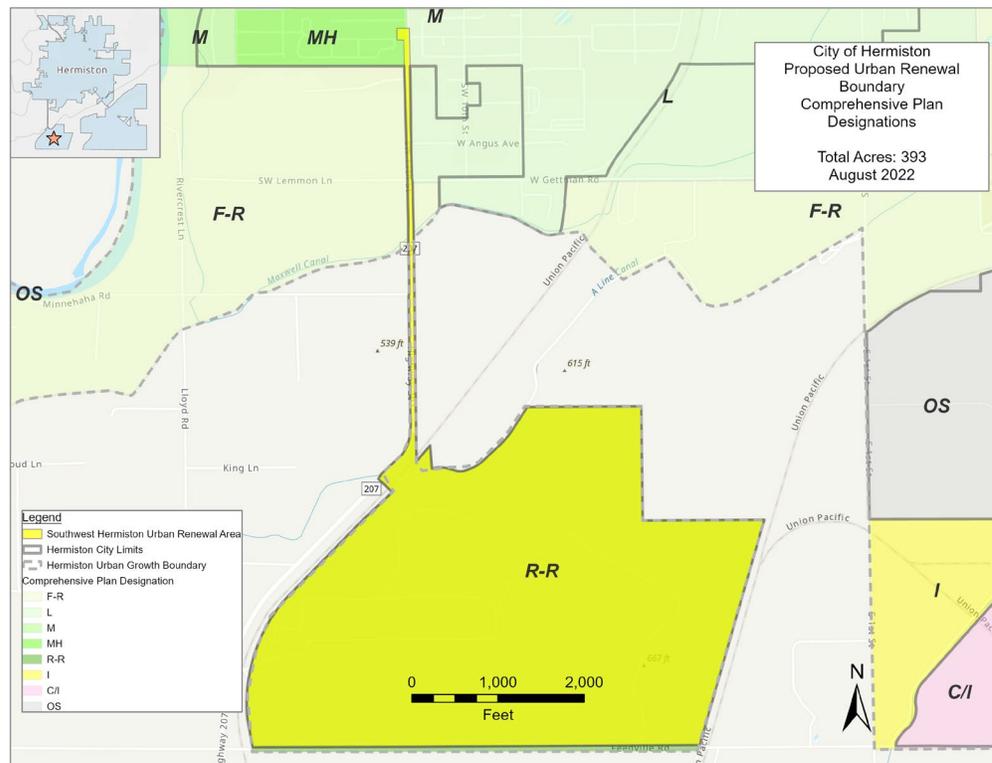
The Area consists of nine parcels that will be in one development and a parcel for the new water reservoir. These parcels combined are 392.8 acres, including 9.6 acres of right-of-way. The zoning and comprehensive plan designations for the nine development taxlots are all Recreational Residential. The zoning for the booster pump station is Multi-Structure Residential and its comprehensive plan designation is Medium Density Residential. The detailed land use, zoning, and comprehensive plan designations in the Area can be seen in Table 18.

Table 18 - Land Use, Zoning and Comprehensive Plan Designations in the Area

Land Use	Zoning	Comprehensive Plan	Acres
Vacant	Recreational/Residential RR	Recreational Residential R-R	383.04
Vacant	Multi-Structure Residential R-4	Medium Density Residential MH	0.16
Right of Way			9.6
TOTAL:			392.8

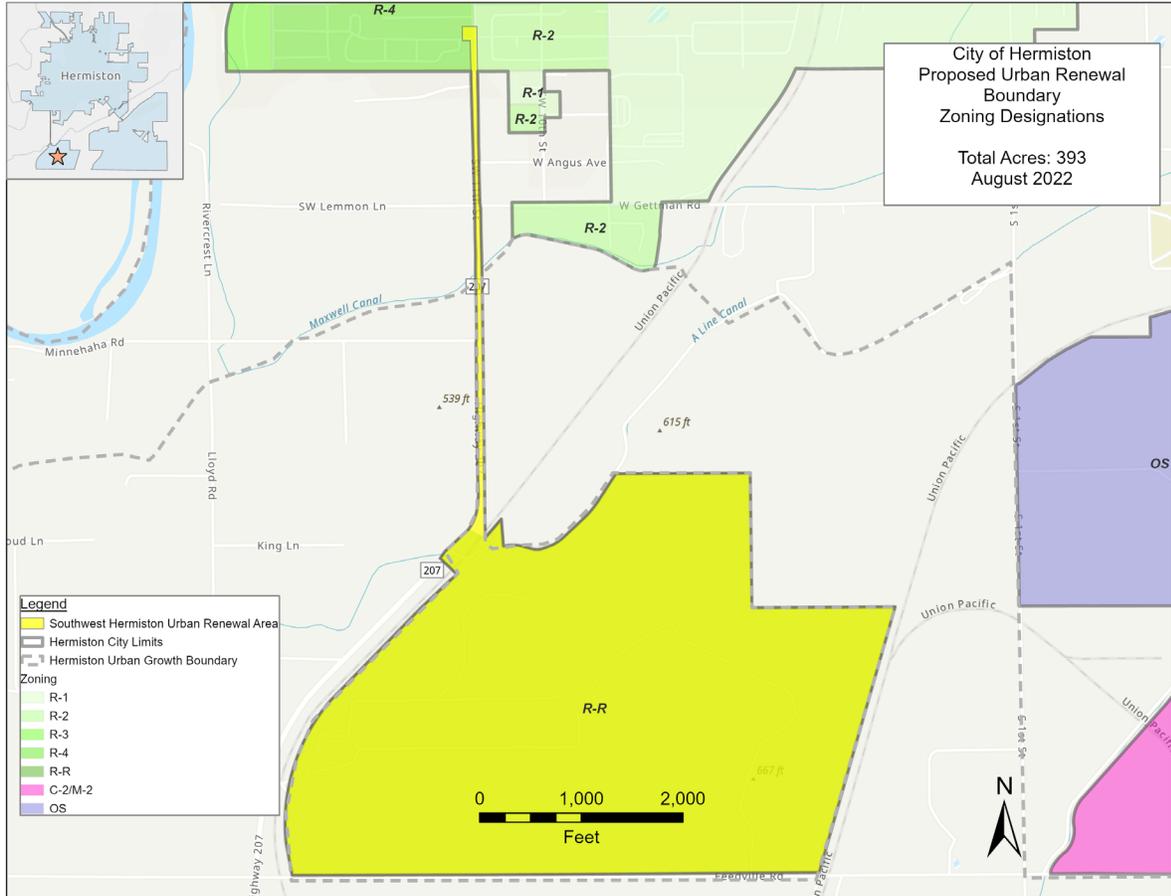
Source: Compiled by Elaine Howard Consulting, with data from the City of Hermiston (FYE 2022)

Figure 3 - Hermiston Urban Renewal Area Comprehensive Plan Designations



Source: City of Hermiston

Figure 4 - Hermiston Urban Renewal Area Zoning Designations



Source: City of Hermiston

B. Infrastructure

This section identifies the existing conditions in the Area to assist in **establishing blight in the ordinance adopting the urban renewal plan.** There are projects identified by the City of Hermiston in itemizing blighting conditions in the Area. **This does not mean that all of these projects are included in the urban renewal plan.** The specific projects that are included in the Plan are listed in Sections III and IV of this report.

1. Transportation

The *City of Hermiston Transportation Systems Plan Final Report* was completed in 1997 and amended in 2000, 2003, 2014, and 2017. There were no identified projects in this Area. However, development within the Area is expected to generate traffic impacts and related public capital investments for mitigation that are included in citywide or subarea transportation system development charges. There will be traffic mitigations but they will not be urban renewal projects but funded separately and included in a TSP revision to be developed concurrently with the development plan.

2. Parks

The *Hermiston Parks, Recreation and Open Space Master Plan* was completed on July 29, 2020

No parks were identified for this Area as development was not expected to occur at the time the analysis was completed in 2020.

Vision Statement

Hermiston actively provides inviting parks, trails, and programs for all walks of life. We celebrate our unique abilities, values and cultures. Parks and Recreation facilities and programs are the heart of our physical and emotional well-being.

The following needs were identified in the Parks Master Plan.

Facility Needs

- Indoor Aquatic and Athletic Facility, Wellness Center
- Universally accessible facilities
- Expanded trail facilities (walking, bicycling)
- Parks in Northeast, specifically, and east generally
- More athletic fields, specifically soccer or multipurpose fields.
- Areas for large group gatherings for extended periods of time
- Restrooms
- Water access
- Skate Park

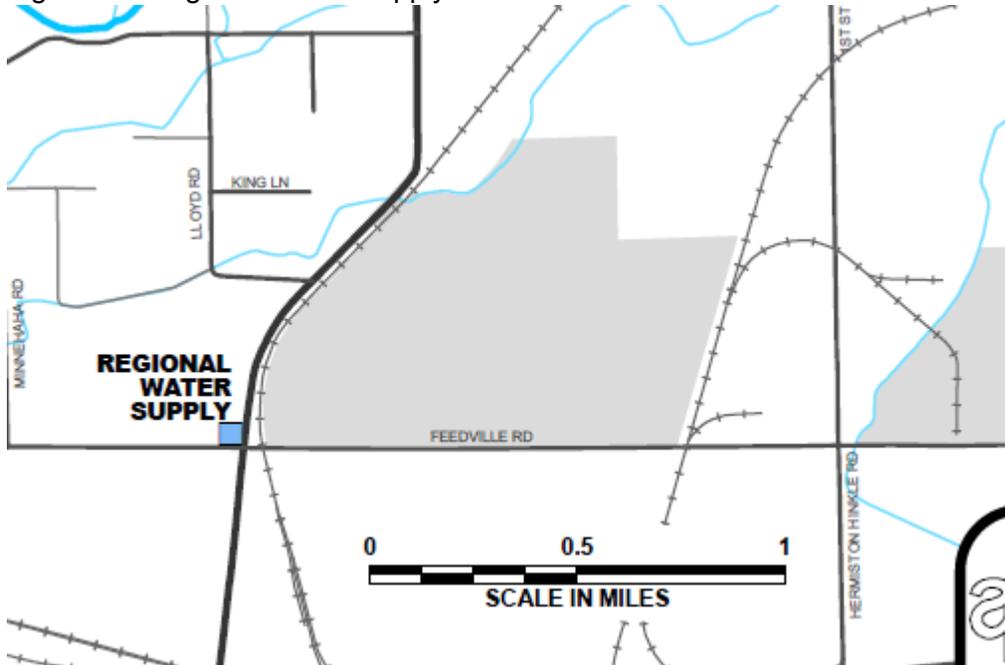
3. Water, Sanitary Sewer and Storm Water

The *Hermiston Capital Improvement Plan* (CIP) was completed in January 2021 by Anderson Perry & Associates, Inc. The following information comes from that document.

a) Water

The regional water supply is located to the west of the site.

Figure 5 - Regional Water Supply



Source: Hermiston Capital Improvement Plan, Figure 1

Project W 27 was identified to provide water to the Area.

Project Number: W 27.0

Project Name: Southwest Storage Reservoir

Fund: Water

Subcategory: Storage

Estimated Cost: \$3,100,000 (plus inflation depending on year constructed)

Fiscal Year: Undefined

Project Description:

The project will include developing a new reservoir located in the southwest area of the City. Work will include construction of the new reservoir, water line extensions, control systems, valves, site

development, property acquisition, and engineering/permitting services. Specific attention for access to the reservoir roof will be evaluated during design. Access alternatives may entail an exterior stairway system or a ladder system with landings.

Project Justification:

A new 2,000,000-gallon reservoir on the southwest side of town is needed to accommodate additional water demands from ongoing population growth. A new reservoir will reduce the

City's reliance on booster pump stations to pressurize the system, provide compliance with fire flow requirements as well as applicable health and safety rules, and will ensure minimum water distribution system pressures are maintained. A new well constructed in a separate project would keep the reservoir full and operating. The Water System Master Plan prepared in 2018 and 2019 discusses this project in more depth.

Funding Data:

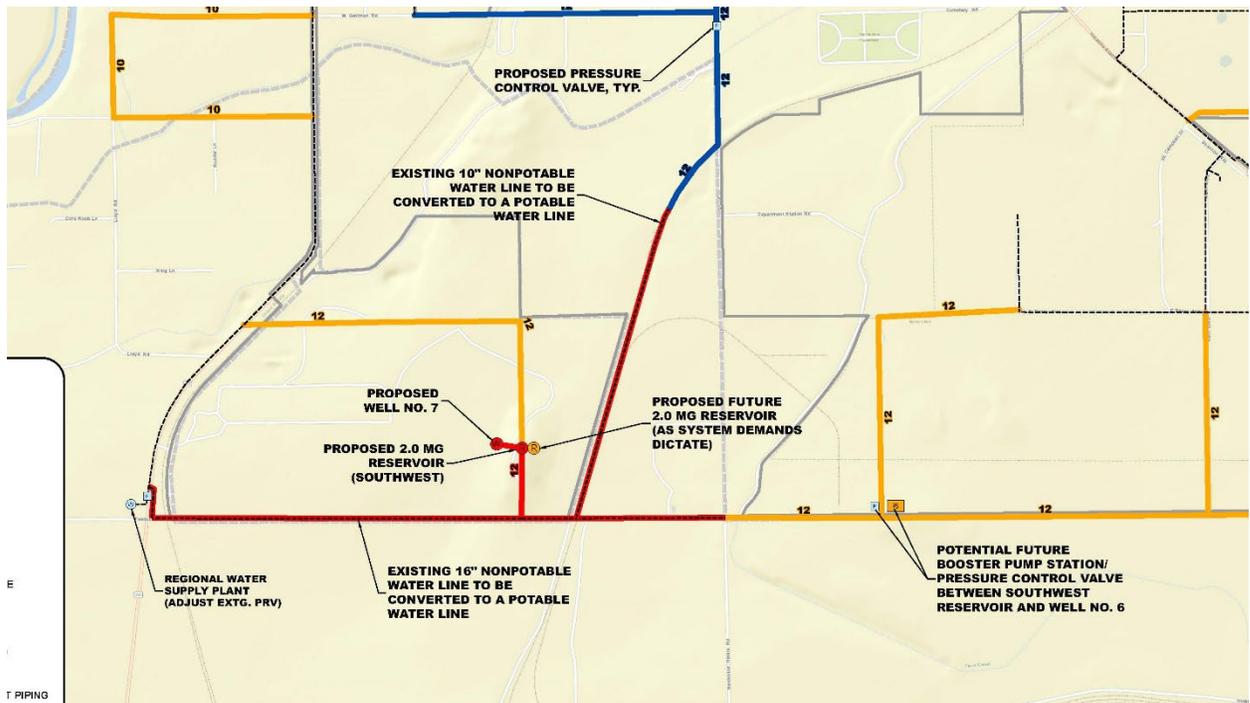
Project No. Fund Name Amount Fiscal Year
W 27.0 Water Fund \$3,100,000 Undefined

Water Systems

There are no existing water systems that serve the Area.

The **Hermiston Water System Master Plan**, completed in 2019 by Anderson Perry & Associates, proposes the following improvements in the Area.

Figure 6 – Water System in the Area



Source: **Hermiston Water System Master Plan** Proposed Water Distribution System Pressure Zone Map , Figure 5-3

Medium Priority Improvements

Provide distribution system piping and/or pressure reducing valves to connect similar pressure zones to reduce the number of and/or reliance on booster pump stations. Provide distribution piping to connect the proposed southwest reservoir to the existing distribution system.(p 6-3)

Long-Term/Future Development Improvements

Provide distribution system piping to serve areas within the City's urban growth boundary not currently being served. Create a new pressure zone with a booster pump station in east Hermiston to serve existing and future users with system pressures near the City's recommended minimum system pressure. (p 6-4)

Modifications to Existing Booster Pump Stations

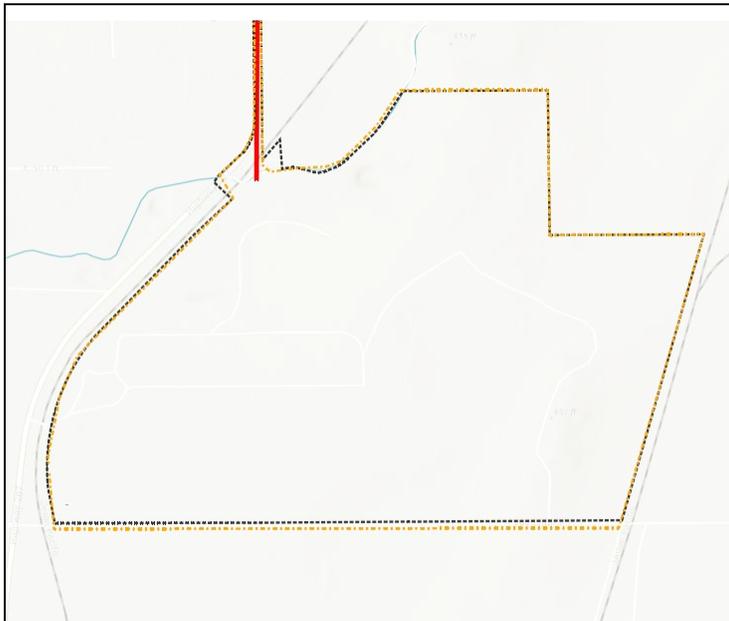
The proposed improvements presented herein would allow the City to discontinue continuous use of the Geer Road booster pump station, Sunland booster pump station, and Moore booster pump station. As part of the proposed northeast reservoir and southwest reservoir improvements, the Alora Heights booster pump station and Joseph booster pump station would be improved to change from 24-hour per day booster pump stations to reservoir fill stations. See Chapters 4 and 5 for further discussion on proposed improvements at the Alora Heights booster pump station and Joseph booster pump station to convert them from "booster" stations to "reservoir fill" stations. Once the system improvements are made, the Geer Road booster pump station and Moore booster pump station are not anticipated to be used on a daily basis.

However, it is recommended that the City maintain the Geer Road and Moore booster pump stations to act as backups to the Alora Heights and Joseph booster pump stations, respectively. (p 6-4)

b) Sanitary Sewer

The CIP shows a proposed sanitary sewer trunkline to the Area.

Figure 7 - Proposed Future Sanitary Sewer Trunkline and Lift Stations



Source: Figure 1 of the CIP

Lift Station 8

Lift Station 8, also known as “West Side,” was constructed in 1980 and is located on the west end of the City at the northeastern corner of Harrison Park. Lift Station 8 is the primary lift station for the western sanitary sewer trunkline and pumps all sewage from Basins W3 to W21 north through approximately 3,300 feet of 12-inch Class 50 ductile iron pipe to Manhole W1-23 on W. Elm Avenue Extension. Lift Station 8 consists of a wetwell and a drywell. A building above the drywell houses control equipment.

Three 6-MVF-15, centrifugal, vertical, variable speed, single-stage, dry pit-type pumps with non-clogging impellers are located on the bottom floor of the drywell. The pumps are 3-phase, 480-volt (V), 60-Hz pumps manufactured by the Worthington Pump Corporation. Each is rated at 30 Hp with a design pump rate of 900 gpm against 74 feet of TDH. Although the pumps are supposed to be variable speed, some issues with the control system cause the pumps to run at their maximum capacity for all but the first and last few seconds of a run cycle. Attempts have been made to diagnose and fix these issues, but they have been unsuccessful.

Pumps are operated based on wetwell water levels that are sensed by a purged-air, liquid level controller. The control system is a CD-3000-SLB-A Peabody Flomatcher. Telemetry monitoring utilizes an old auto-dialer system by Stead and Baggerly, Inc., to notify City personnel when problems are detected.

Auxiliary power is provided by a 164 kVA, 480-V, 3-phase, 60-Hz diesel generator located on the first floor of the lift station building. It outputs 135 kW and has a fuel tank capacity of 550 gallons. When the power goes out, the transfer switch can automatically change the power source if the engine control switch is set to automatic. The switch can be set to manual if needed. The City has purchased a new natural gas generator that is anticipated to be installed in fall 2020.

Lift Station 8 has been maintained by City personnel and is cleaned approximately once every six months. The wetwell appears to be in good condition. An intake plug valve on Pump 1 has been replaced. Three discharge plug valves, three check valves, and two intake plug valves are on the City’s list to be replaced, but funds to purchase the replacement parts have not been made available. Because the control system does not allow pump speeds to vary, upgrades to the pump control system, potentially with new variable frequency drives (VFDs), are needed to replace the current system. New motors may be required when the VFDs are purchased and installed. (p 3-20)

Basin W8 Trunkline

Basin W8 trunkline is located in the southwest portion of the City between W. Highland Avenue and the Maxwell Canal. The trunkline consists of 8-inch PVC, 8-inch transite, and 8-, 10-, and 12-inch concrete pipe. The trunkline begins at upstream Manhole W8-84 and flows through the basin into the western primary trunkline at Manhole W1-4.

The area south of the basin to the UGB has the potential for future development. When developed, this 52-acre area is expected to contribute approximately 23,300 gpd to the basin’s existing flows. Analyzing this trunkline at minimum slope with combined existing and future flows shows that the pipes appear to have adequate capacity, with pipe flows ranging from 34 to 73 percent of capacity. (p 3-9)

Lift Station 8

Lift Station 8 is the main lift station on the west side of Hermiston, located in the northeast corner of Harrison Park. Three pumps alternate days to pump sewer flows. Lift Station 8 had an average maximum daily run time of 13.08 hours in August 2017. The average run times of Pumps 1, 2, and 3 were 5.4, 4.0, and 3.6 hours, respectively. Operation is being distributed among the pumps in a slightly uneven fashion likely due to differing pump age, impeller wear, and pump rebuild times; however, flow is likely being evenly distributed even though hour meter readings vary slightly between pumps. The design capacity of the pumps at this lift station is 900 gpm. With a maximum daily run time of 13.08 hours and a design pumping rate of 900 gpm, this lift station is theoretically pumping approximately 0.707 MGD or 43.4 percent of the City's sewage.

Lift Station 8 operates 13.08 hours on average during the maximum month, correlating to 82 percent of capacity. If the lift station continues pumping approximately 43 percent of the City's sewage through year 2043, the pumps would need to operate for approximately 17.38 hours per day and pump approximately 0.939 MGD. This would result in Lift Station 8 operating at approximately 109 percent of capacity. (P 4-12)

The area north of Feedville Road and between two UPRR tracks will likely be developed. This area would be serviced by extending sewer from Manhole W8-92 west to S.W. 11th Street, then south along S.W. 11th Street. (p 5-6)

Update Lift Station 8 Electrical and Controls

The electrical and pump controls at Lift Station 8 have surpassed their useful life and need to be updated to current industry standards. It is recommended that pumping volumes and pump run hours be monitored as development occurs in areas served by Lift Station 8 as pumping capacities may need to be increased to meet future demands. (p 5-7)

c) Stormwater

Hermiston's Public Works Standards call for managing stormwater through Underground Injection Control (UIC) systems, or by infiltration swales where depth to groundwater is not sufficient to allow for a UIC. The area is currently undeveloped with no stormwater infrastructure. Based on soil types and groundwater depths in the area, it is anticipated that all stormwater generated within the area will stay within the area predominantly through the use of UIC's constructed by development as it occurs.

C. Social Conditions

The Area is undeveloped. Therefore, the following demographics are presented for the City of Hermiston as a whole. The following information is excerpted from the *Housing Capacity Analysis* completed in January of 2021 by Johnson Economics¹, which identifies the social conditions in the Area and the relating housing needs.

“Hermiston is a City of nearly 21,400 people (within the UGB) located in Umatilla County in north-central Oregon. The city is the largest city in the county and represents roughly a quarter of the county’s population. The estimated population within the city limits was 19,696 in 2021, meaning that an additional 2,000 people (or 11%) live outside the city but within the UGB.

- *Hermiston’s UGB population makes it roughly the 28th largest city in the state by population, similar in size to other Oregon cities such as Ashland or Happy Valley. The city is roughly 125% the size of nearby Pendleton.*
- *According to the US Census and PSU estimates, Hermiston has experienced moderate growth, growing at just over 42% since 2000. In comparison, Umatilla County and the state are both estimated to have experienced lower growth of less than 24% since 2000.*

Hermiston’s UGB was home to an estimated 7,673 households in 2020, an increase of 1,975 households since 2000. The percentage of families has remained stable from 68% of all households in 2000 to 67% in 2020. The city has a higher share of family households than Umatilla County (64%) and the state (63%).

- *Average household size is estimated to have grown since 2000. Hermiston’s estimated average household size is 2.8 persons. This is slightly larger than the Umatilla County average of 2.7 and the statewide average of 2.5.*

Since 2000, Hermiston’s UGB has grown by roughly 6,285 people within the UGB, or 42% in 20 years. This was higher than the countywide rate of growth. In comparison, the population of the state grew by an estimated 24% during this period.

Data from the City of Hermiston and the US Census indicate that the city added just over 1,930 new housing units since 2000 within the UGB, representing 32% growth in the housing stock. This number of new units is slightly lower than the growth in new households estimated during the same period (1,971), indicating that housing growth has not kept pace with growing need.

As of 2020, the city had an estimated housing stock of roughly 8,051 units for its 7,673 estimated households. This translates to an estimated average vacancy rate of under 5%.

Hermiston has a greater share of homeowner households than renter households. The 2018 ACS estimates that 60% of occupied units were owner occupied, and 40% renter occupied. The ownership rate has risen from an estimated 55% in 2000. During this period the statewide rate fell from 64% to 61%. Nationally, the homeownership rate is 66%.

¹ Johnson Economics. (January 2021). *Housing Capacity Analysis*

The estimated ownership rate is higher across Umatilla County (64%) than it is in Hermiston or the state overall

Hermiston had an estimated 8,051 housing units in 2020, with a vacancy rate of 4.7% (includes ownership, rental units, and second homes). The housing stock has increased by roughly 1,930 units since 2000, or growth of 32%.

Hermiston’s housing stock reflects the pattern of development over time. Seventy-three percent of the housing stock is pre-2000 with the remainder being post-2000. The single largest share of housing stock was built in the 1970’s. Rental units are more likely to be older units, while a larger percentage of ownership units were built since the 1990’s.

The results (of their analysis) show a need for 2,030 new housing units by 2040.

- Of the new units needed, 61.5% are projected to be ownership units, while 38.5% are projected to be rental units.
- There is some new need for ownership housing at the low-end of the pricing spectrum. But income trends suggest that the greatest demand will remain in the middle price ranges (\$175k to \$300k). This is because some of the city’s current housing is found at lower value levels due to age, condition, and mobile homes. At the same time, most new homes are projected to be priced at higher price points.
- The greatest need for rental units is found at the lowest and some higher price points. Market rents are currently clustered in the \$400 to \$1,000 range in current dollars. Therefore, most units are to be found in this range. There is insufficient rental housing for the lowest income households making \$15,000 or less, and there may also be some support for higher rent units, which may be in new apartment complexes, townhomes or detached single-family homes for rent.“

According to the US Census 2016-2020 update, there are 6,041 households on Hermiston with 2.87 persons in each household. Forty-five percent of the residents speak a language other than English at home.

The following social conditions were taken from the <https://www.census.gov/quickfacts/hermistoncityoregon> Approximately 79% of the residents are white. 52% of the Hermiston residents identify as Hispanic or Latino.

Table 19 – Race in the Area

Race	Percent
White alone, percent	78.90%
Black or African American alone, percent(a)	0.30%
American Indian and Alaska Native alone, percent(a)	0.20%
Asian alone, percent(a)	0.20%
Native Hawaiian and Other Pacific Islander alone, percent(a)	0.10%
Two or More Races, percent	7.40%
Hispanic or Latino, percent(b)	52.30%
White alone, not Hispanic or Latino, percent	44.50%

Source: US Census Quick Facts

The largest percentage of residents (31.50%) .in Hermiston are under 18 years of age.

Table 20 - Age in the Area

Age	Percent
Persons under 5 years, percent	8.20%
Persons under 18 years, percent	31.50%
Persons 65 years and over, percent	11.50%
Female persons	51.3%

Source: US Census Quick Facts

In Hermiston, 69 % of the residents have graduated from high school but have not attended college. An additional 16% of residents have earned a bachelor’s degree or higher.

Table 21 - Educational Attainment in the Area

Education	Percent
High school graduate or higher, percent of persons age 25 years+, 2016-2020	69.20%
Bachelor's degree or higher, percent of persons age 25 years+, 2016-2020	16.00%

Source US Census Quick Facts

D. Economic Conditions

1. Taxable Value of Property within the Area

The estimated total assessed value of the Area calculated with data from the Umatilla County Department of Assessment and Taxation for FYE 2023 including all real, personal, manufactured, and utility properties, is estimated to be \$3,121,349.

2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property’s improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the “Improvement to Land Value Ratio,” or “I:L.” The values used are real market values. In urban renewal areas, the I:L is often used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives. The properties in the Area are vacant and undeveloped and not contributing significantly to the tax base in Hermiston.

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section IX 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 facilitating improvement of properties for residential uses, recreation improvements, utility improvements, multi-modal improvements, an incentive program to help facilitate the development of workforce housing and plan administration.

It is anticipated that these improvements will catalyze development on the undeveloped and parcels in the Area and provided needed infrastructure improvements and new recreational opportunities for the community. As the development will be new construction, it will be up to current building code which will aid in any fire protection needs.

The financial impacts from tax increment collections will be countered by future economic development, and, in the future, adding increases in assessed value to the tax base for all taxing jurisdictions, including the City.

XII. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to provide the ability to fund projects and programs necessary to cure blight within the Area. The outcome of implementing these projects is anticipated to be an increase to the economic growth in Hermiston by providing assistance to facilitate the development of much needed housing, providing recreational activities to support local residents, and providing infrastructure improvements inside the Area to assist with housing development.

The land is subject to geographic constraints and high public infrastructure demand which make conventional development cost prohibitive. Urban renewal is the most effective financing tool to provide infrastructure to the Area and at the capacity necessary to develop the land at urban density. Without the provision of urban level services, the land will remain blighted and undeveloped for the foreseeable future. Without using urban renewal to provide services, the inability to develop the land at urban density would cause a skewing of the city's residential land inventory.

Without the provision of assistance through urban renewal, the city has a large residential tract which cannot be developed. This excess of undeveloped land makes it difficult to fulfill Statewide Housing Goal 10's needs in general and meet potential housing production strategy needs specifically. The land within the Area constitutes nearly the entirety of the city's 20-year housing needs within the acknowledged Housing Capacity Analysis. The ability to develop this tract at urban density, with the assistance of the formation of an urban renewal district, allows the city to generate sufficient economic growth and maximize tax revenue.

XIII. RELOCATION REPORT

When the Agency acquires occupied property under the Plan, residential or commercial occupants of such property shall be offered relocation assistance, as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations, as necessary, for the administration of relocation assistance. The Agency will comply with all applicable state law in providing these potential benefits. At the writing of this report, the Agency does not anticipate acquiring any property on the Area.

An enumeration by cost range of the housing units to be added is shown in Table 4 on page 10.