Report Accompanying the
Burns Urban Renewal Plan

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

Burns Urban Renewal Plan adopted by the City of Burns

Date

Ordinance No. 2021-

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Definitions

"Agency" means the Burns Urban Renewal Agency. This Agency is responsible for administration of the Urban Renewal Plan.

"Area" means the properties and rights-of-way located within the Burns Urban Renewal Boundary as depicted in Figure 1.

"Blighted Areas" has the meaning given that term in ORS 457.010(1) and identified in the ordinance adopting the Urban Renewal Plan.

"Certified Statement" means the statement prepared and filed pursuant to ORS 457.430 or an amendment to the certified statement prepared and filed pursuant to ORS 457.430.

"City" means the City of Burns, Oregon.

"City Council" or "Council" means the Burns City Council.

"Comprehensive Plan" means the City of Burns comprehensive land use plan and its implementing ordinances, policies, and standards.

"County" means Harney County, Oregon.

"Frozen base" means the total assessed value including all real personal, manufactured, and utility values within an urban renewal area at the time the Plan is adopted as stated in a Certified Statement.

"Increment" means that part of the assessed value of a Taxing District attributable to any increase in the assessed value of the property located in an Urban Renewal Area, or portion thereof, over the assessed value specified in the Certified Statement.

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

"ORS" means the Oregon Revised Statutes. Chapter 457 specifically relates to urban renewal.

"Planning Commission" means the Burns Planning Commission.

"Tax Increment Financing" or "TIF" is a method of funding Urban Renewal Projects and programs through incurring debt that is repaid by the division of taxes accomplished through the adoption of an Urban Renewal Plan.

"Tax Increment Finance Revenue" means the funds allocated by the county assessor to an Urban Renewal Area due to increases in assessed value over the Frozen Base within the Area.

"Taxing District" means the state, city, county or any other unit of government that has the power to levy a tax.

"UGB" means urban growth boundary.

"Urban Renewal Area" or "URA" 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 report that accompanies the proposed Urban Renewal Plan pursuant to ORS 457.087.

I. INTRODUCTION

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

The Report provides the analysis required to meet the standards of ORS 457.087, including financial feasibility. The Report accompanying the Plan contains the information required by ORS 457.087 including:

(1) A description of the physical, social and economic conditions in the urban renewal areas of the plan and the expected impact, including the fiscal impact, of the plan in light of added services or increased population;

(2) Reasons for the selection of each urban renewal area in the plan;

(3) The relationship between each project to be undertaken under the plan and the existing conditions in the urban renewal area;

(4) The estimated total costs for each project and the sources of moneys to pay the costs;

(5) The anticipated completion date for each project;

(6) The estimated amount of moneys required for each urban renewal area under ORS 457.420 to 457.470 and the anticipated year in which indebtedness will be retired or otherwise provided for under ORS 457.420 to 457.470;

(7) A financial analysis of the plan with sufficient information to determine the feasibility of the plan;

(8) A fiscal impact statement that estimates the impact of the tax increment financing, both until and after the indebtedness is repaid, upon all districts levying taxes upon property in the urban renewal area; and

(9) A relocation report that includes:

> (a) An analysis of existing residents or businesses required to relocate temporarily or permanently as a result of the urban renewal agency's actions under ORS 457.170;
>
> (b) A description of the methods to be used for the temporary or permanent relocation of persons living, and businesses situated, in the urban renewal area, in accordance with ORS 35.500 to 35.530; and
>
> (c) An enumeration, by cost range, of the existing housing units in the urban renewal areas of the plan to be destroyed or altered and the new units to be added.

The relationship of the sections of the Report and the ORS 457.087 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.

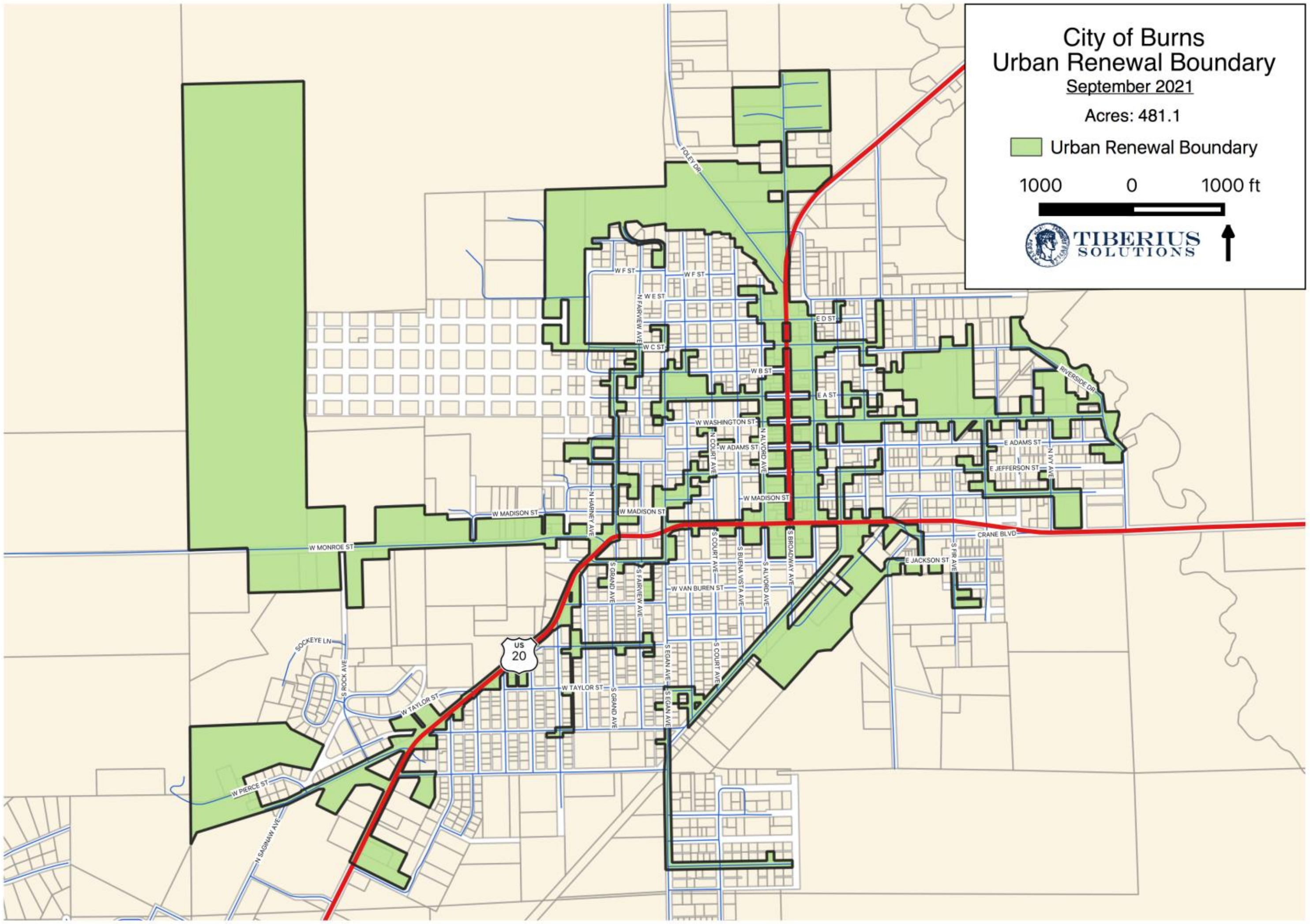
Table 1 - Statutory References

Statutory Requirement	**Report Section**
ORS 457.087 (1)	X
ORS 457.087 (2)	XI
ORS 457.087 (3)	II
ORS 457.087 (4)	III
ORS 457.087 (5)	VI
ORS 457.087 (6)	IV,V
ORS 457.087 (7)	IV,V
ORS 457.087 (8)	VIII
ORS 457.087 (9)	XII

The Report provides guidance on how the Plan might be implemented. As the Burns 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 timeframes than projected 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.

The boundary is shown in Figure 1. The boundary was established to identify properties in need of rehabilitation, undeveloped properties, and areas, such as the parks, where improvements may be completed. The vacant properties provide capacity to address the severe shortage of housing in Burns. The lack of housing development is indicative of the fact that vacant land will not be developed unless something is done to equalize the cost of development versus the capacity of citizens to buy property. Other communities like Madras and John Day, who are experiencing the same lack of housing development issues, have found providing incentives has promoted development. There are other undeveloped properties within Burns, but the city is limited to having 25% of their city acreage in an urban renewal area. The statue governing urban renewal does not require that every parcel in an urban renewal area is blighted.

Figure 1 - Burns Urban Renewal Area Boundary



II. 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.

A. Building Improvements

1. Streetscape: Install coordinated street furniture, pedestrian-scale lighting, walking surfaces and landscaping in areas with concentrated pedestrian activity.
2. Establish a Façade Grant/Loan Program: Initial program matching grants 50% of project cost to improve building façades.
3. Building Improvement Program: Rehabilitate existing buildings. Assist in removal of structures in Blighted Areas and rebuild structures in their place. Initial program matching grants 50% of project cost to improve building façades.
4. Acquisition of structures in Blighted Areas from willing sellers for demolition and reconstruction or rehabilitation.
5. Facilitate development through the provision of infrastructure improvements including but not limited to streets, sidewalks, water, sewer, stormwater, power, broadband, and parks. Facilitate right-of-way land acquisitions for these improvements .Incentives may include the following:
    - A direct contribution of funds;
    - A rebate of a portion of paid property taxes;
    - Contributions to the developer for infrastructure development;
    - An agreement for the Agency to complete infrastructure improvements that are otherwise required as a condition of development approval;
    - A combination of the above.

EXISTING CONDITIONS: There are many buildings in the Area that are in need of improvement. A visual survey by consultant on July 5, 2021 identified that approximately half of the structures in downtown need significant improvements. In addition, there are derelict buildings outside of downtown but within the Area. There is presently no consistent funding source to address the needs for storefront improvements, building acquisition and rehabilitation, nor for assistance to businesses in the Area. The conditions of the buildings are an indication of blight per ORS 457.010(1)(a). Vacant land is a condition of blight per ORS 457.010(g)(h) and (i).

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B. Infrastructure

Upgrade or install Infrastructure Improvements in the Area:

1. Water – Upgrade the water distribution system to provide adequate fire flow throughout the system. Address other health and safety upgrades that are required in the system including, but not limited to, replacing watermain lines.
2. Sewer – Address the wastewater treatment needs in the Area. Complete a Wastewater Master Plan that identifies specific projects. Implement projects as determined by the Agency.
3. Streets – Improve the condition of streets in the Area. This includes reconstruction and/or new streets and the provision of bike lanes. This does not include ongoing street maintenance.
4. Sidewalks – Improve existing sidewalks and provide new sidewalks in the Area.
5. Parks - Add permanent features to existing parks and develop new parks in the Area.
6. Community Center – Participate in an overall funding package for a Community Center within the Area. [1] The facilities to be included in the Community Center to be determined as part of the project planning and will include public input.

EXISTING CONDITIONS:

1. Water – The largest deficiency identified in the master plan is the City's distribution system. The distribution system needs to be upgraded to provide adequate fire flow throughout the system. While this is the quantitative measurement that helped determine the need for the distribution system improvements, there are other potential health and safety concerns that will be addressed through the distribution system improvements as well. Much of the proposed distribution system improvements will be replacing water main lines that were installed with the original system, over 90 years ago. These lines are generally in poor shape, require a large amount of public works staff time to repair leaks, and also provide an opportunity for potential water system contamination as the pipes continue to deteriorate. By completing the proposed improvements, the City will reduce the leaks within the system and

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[1] A Community Center identified as a Parks and Recreation facility is not deemed a public building as identified in ORS 457.

also reduce the potential for future water system contamination.[2] This is a condition of blight per ORS 457.010(1)(e).

2. Sewer – Burns does not have a wastewater treatment plant; alternatively, it has a lagoon system where wastewater is UV-treated. Overall, the City's collections system is in relatively poor condition. Infiltration and inflow are the primary issues, despite Burns' generally adequate treatment capacity. However, an early wastewater system evaluation shows Burns approaches their maximum wastewater capacity during normal years. In a given year where Burns experiences an excess of wet weather events, their lagoon system may overflow.[3] This is a condition of blight per ORS 457.010(1)(e).
3. Streets – Improve the street network in the Area. This includes reconstruction of streets or construction of new streets but does not include ongoing street maintenance. This is a condition of blight per ORS 457.010(1)(e).
4. Sidewalks – Improve existing sidewalks and provide new sidewalks in the Area.
5. Parks – the parks in the Area are: Triangle City Park, Washington City Park and Memorial Park. Triangle City Park is located at the north end of the Area between Seneca Drive and N Foley Drive. Memorial Park is adjacent to Triangle City Park. There are few improvements other than a baseball diamond. Washington City Park is a two full block park between East Washington Street and East Adams Street, bounded by North Birch Avenue on the north edge. These parks would benefit from facility upgrades to better serve the residents of Burns. This is a condition of blight per ORS 457.010(1)(e).
6. Community Center – The citizens of Burns have desired a community center with an aquatic facility included. There is presently no facility that provides these types of activities.

C. Housing Development/Redevelopment

1. New Construction:

   The Agency may provide incentives to developers for the development of housing units in the Area. This will be completed through a development agreement with the developer/builder/property owner that stipulates the size and

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[2] E mail from City Manger on September 8, 2021.

[3] Economic Opportunities Analysis for Burns and Hines in Harney County June 2019, ECONorthwest p 22.

timing of the development and the amount and timing of the incentive. Incentives may include the following:

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

Agency and City staff will conduct pre-development meetings with the developer/builder/property owner to identify the financing needs of each site. Staff will recommend a financing package to the Agency that will contain recommendations on the appropriate form of incentive through negotiations with the developer/builder/property owner for the development of the housing units. The Agency is responsible for approving the incentives and the ultimate signing of a development agreement. The agreement will contain those incentives and a commitment by the developer/builder/property owner for the production of the housing units.

A guideline for the amount of incentives is established in Section III of this Report. The is intended to balance the needs for administration, incentives, and infrastructure. The Agency may change the incentive guideline may be changed accordingly as it identifies the need.

2. Rehabilitation

The Existing Home Rehabilitation Incentive Program will allow activities including, but not limited to, incentivizing significant remodels of existing residences in the Area. Specific program guidelines will be drafted and reviewed at the discretion of the Agency. These guidelines are expected to include: substantial improvements to home façades. structural repairs, major remodels, and new additions that add additional rooms and living space. A guideline for the amount of incentive is established in the Report accompanying the Plan. This is a guideline only, balancing the needs for administration, incentives, and infrastructure needs. This incentive guideline may be changed upon needs as identified by the Agency.

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EXISTING CONDITIONS:

Harney County has a great need of workforce housing solutions. There was a major economic change in Harney County in the 1980s, which began the demographic shift that has challenged the county ever since. Harney County is a frontier (remote, low population) county. Compared to most areas of Oregon, we (Harney County) have very little industry and few employers. Agriculture is the primary industry, with local government, public agencies, healthcare, and schools making up most of the rest of the employment picture. Merchants and small businesses struggle due to the small customer base. Employers such as the schools, hospital, Bureau of Land Management, and the US Forest Service are expressing difficulty recruiting teachers, administrators, medical professionals, managers, and employees because there are too few suitable moderate to upper wage houses for rent or sale. Harney County officials and partners, including the City of Burns, City of Hines, and the Burns Paiute Tribe, have listened to the employers and agree: good quality, moderate to upper wage housing is needed in order to continue to attract and fill essential positions of doctors, nurses, teachers, administrators, and middle to upper managers in the area. This is an important aspect of retaining a high quality of life in beautiful Harney County. [4]

There is housing but not necessarily new or updated housing. There are approximately 200 single family rental homes and many are in good condition, but in some cases, long distance or absentee landlords have not kept up the maintenance or value of their properties. Many of the rental homes have been kept with lower rates and minimal attention to upkeep, maintenance, and improvements. The home rental prices in City of Burns and City Hines are low ($650-$800 per month for 2-3 bedroom single family home) compared to other areas of Oregon.[5]

The City of Hines and City of Burns have vacant lots available that are interspersed throughout the neighborhoods. These lots have infrastructure, are out of the flood plain, and considered sufficient quantity for immediate additional workforce housing starts. These lots are near term housing opportunity sites. However, there has been little new construction to meet the demands and desire for professionals that are being recruited for a job in Harney County.[6]

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[4] Harney County Workforce Housing Road Map 2019, Greater Eastern Oregon Development Corporation, funded by Department of Land Conservation and Development, page 2.

[5] *Ibid.* page 7.

[6] *Ibid.* page 9.

Quality of Housing Stock

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

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

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

New construction is a challenge due to local market forces, the distance to accessing building supplies, and a lack of all trades necessary for new home construction. It's a challenge to break even with new construction in a slow growth county, which is a deterrent for a developer. [7]

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

At the same time that lower quality, available rentals became fully rented, and the need for construction of newer, larger, more modern homes became apparent, Harney County's housing market, in terms of developer or seller profitability has become problematic. [8]

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

[7] *Ibid.* page 10.

[8] *Ibid.* page 13.

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

The Harney County Housing Road Map TAC set a target goal of five (5) new houses built per year for the next five years. There are more vacant, out of the flood plain, shovel ready lots in the City of Hines than the City of Burns.[9]

This is a condition of blight per ORS 457.010(1)(e) and (g).

D. Administration

Pay Urban Renewal Area expenses related to administration, planning, technical and financial services, marketing and support, financial audits, and annual reports

EXISTING CONDITIONS: Once an urban renewal plan with its associated requirements for administration exists there will also be a need for administrative funds to be allocated for that administration.

[9] *Ibid.* page 14.

III. 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 FYE 2021 constant dollars and the estimated "year of expenditure" dollars. The "year of expenditure" costs assumes inflation of 3.0% annually. These estimates are ballpark estimates and will be refined in the annual budgeting process with the acknowledgement that the total limitation is the Maximum Indebtedness. Different allocations may be made to different line items within the Plan.

"The $9,174,674 of Housing Development/Redevelopment funding is estimated to be equivalent to $5,408,454 in today's dollars (after accounting for inflation). This funding will be allocated to both new housing and rehabilitation of existing housing. This program will be developed once the Plan is adopted. However, the expectation for the amount of incentive is approximately $12,000 to $15,000 per unit. This is based on the John Day and Madras programs that are presently in operation. The incentive for rehabilitation may be less as it generates fewer new tax dollars than new construction. Whether this incentive is applied to rehabilitation or new construction, this amount funding is expected to provide assistance to 360 homes over the 30-year life of the program. The program needs to be flexible to ensure that it is able to provide the incentives required to facilitate the production of new housing and rehabilitation of existing housing.

The Agency 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.

Table 2 - Estimated Cost of Each Project in Constant FYE 2021 as Compared to Year of Expenditure Costs

Project Title	**Constant FYE 2021**	**Year of Expenditure Project Cost**
Development/Redevelopment	$5,408,454	$9,174,674
Infrastructure	$5,408,454	$9,174,674
Housing Development/Redevelopment	$5,408,454	$9,174,674
Administration/Finance Fees	$1,615,793	$2,680,733
TOTAL:	$17,841,156	$30,204,756

Source: City of Burns and Tiberius Solutions

IV. FINANCIAL ANALYSIS OF THE PLAN

The estimated Tax Increment Finance Revenues through Fiscal Year End (FYE) 2052 are calculated based on projections of the assessed value within the Area and the consolidated tax rate that will apply in the Area.

The projections for assessed value growth include appreciation of existing property values in the Area (limited to 3.0 percent per year by the Oregon Constitution), and additional growth from new construction. The projections include specific assumptions for 22 new construction projects that were either recently completed, currently under construction, or are planned for the near future. These projects are estimated to add a total of $32.2 million of assessed value to the tax roll (constant FYE 2021 dollars) between FYE 2023 and FYE 2031.

Additional growth is also included to account for unspecified future construction activity in the area, above and beyond the specific projects described above. No unspecified construction activity is expected to occur prior to FYE 2025. From FYE 2025 to FYE 2033 an additional 0.5 percent growth in assessed value is assumed each year to account for unspecified future construction, in addition to the 3.0 percent for appreciation. In FYE 2034 an additional 1.0 percent growth in assessed value is assumed each year to account for unspecified future construction, in addition to the 3.0 percent for appreciation. These projections of growth are the basis for the projections in Table 6 through Table 13.

These projections of growth were informed by conversations with City staff. If actual assessed value growth is less than forecast, then the Plan would last longer than 30 years to reach the Maximum Indebtedness. If growth is more robust the Maximum Indebtedness could be reached earlier.

Table 3 shows the incremental assessed value, tax rates, and tax increment revenues each year, adjusted for discounts, delinquencies, and truncation loss.

Gross Tax Increment Finance Revenue[10] 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 includes permanent tax rates only and excludes general obligation bonds and local option levies as they will not be impacted by this Plan.

[10] TIF is also used to signify Tax Increment Revenues

Figure 2 - Tax Increment Finance Revenue Projections shows expected gross TIF revenues over time and the projected gross tax revenues after termination of the Area.

Figure 2 -Projections of Tax Increment Finance Revenue over the life of the Area

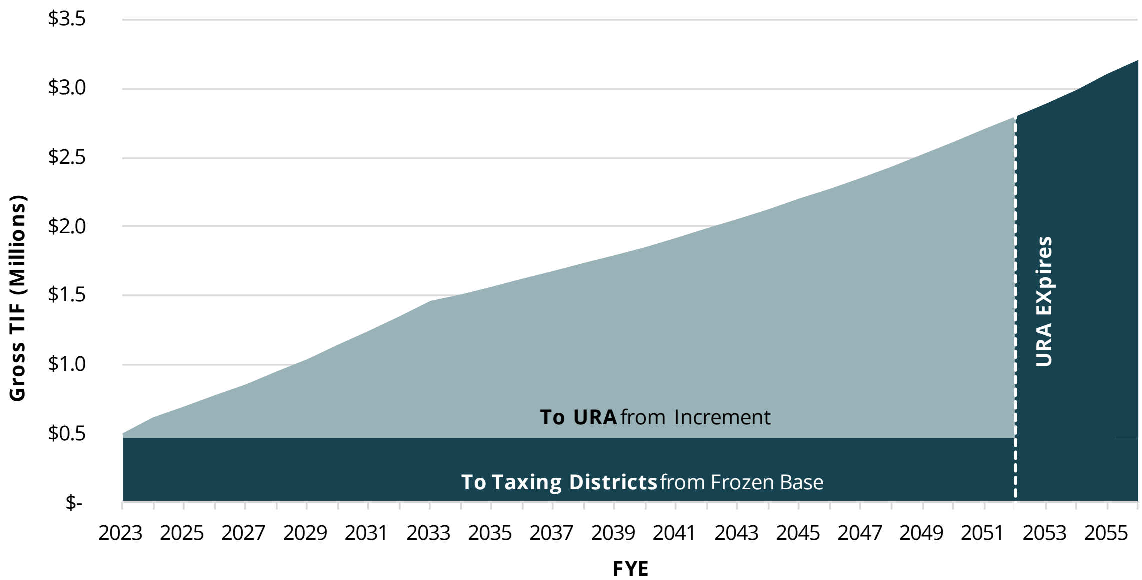


Table 3 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Total AV	Frozen Base AV	Increment Applied	Tax Rate	Gross TIF	Adjustments	Current Year Net	Prior Year Net	Total TIF
2023	29,309,257	26,858,960	2,450,297	17.2494	42,266	(2,113)	40,153	-	40,153
2024	35,985,393	26,858,960	9,126,433	17.2494	157,425	(7,871)	149,554	602	150,157
2025	40,372,044	26,858,960	13,513,084	17.2494	233,093	(11,655)	221,438	2,243	223,681
2026	44,990,319	26,858,960	18,131,359	17.2494	312,755	(15,638)	297,117	3,322	300,439
2027	49,850,151	26,858,960	22,991,191	17.2494	396,584	(19,829)	376,755	4,457	381,212
2028	54,961,780	26,858,960	28,102,820	17.2494	484,757	(24,238)	460,519	5,651	466,170
2029	60,336,040	26,858,960	33,477,080	17.2494	577,460	(28,873)	548,587	6,908	555,494
2030	65,984,095	26,858,960	39,125,135	17.2494	674,885	(33,744)	641,141	8,229	649,370
2031	71,917,453	26,858,960	45,058,493	17.2494	777,232	(38,862)	738,370	9,617	747,987
2032	78,148,256	26,858,960	51,289,296	17.2494	884,710	(44,235)	840,474	11,076	851,550
2033	84,689,014	26,858,960	57,830,054	17.2494	997,534	(49,877)	947,657	12,607	960,264
2034	87,617,846	26,858,960	60,758,886	17.2494	1,048,054	(52,403)	995,652	14,215	1,009,866
2035	90,650,070	26,858,960	63,791,110	17.2494	1,100,358	(55,018)	1,045,340	14,935	1,060,275
2036	93,789,407	26,858,960	66,930,447	17.2494	1,154,510	(57,726)	1,096,785	15,680	1,112,465
2037	97,039,719	26,858,960	70,180,759	17.2494	1,210,576	(60,529)	1,150,047	16,452	1,166,499
2038	100,405,005	26,858,960	73,546,045	17.2494	1,268,625	(63,431)	1,205,194	17,251	1,222,445
2039	103,889,414	26,858,960	77,030,454	17.2494	1,328,729	(66,436)	1,262,293	18,078	1,280,371
2040	107,497,246	26,858,960	80,638,286	17.2494	1,390,962	(69,548)	1,321,414	18,934	1,340,348
2041	111,232,957	26,858,960	84,373,997	17.2494	1,455,401	(72,770)	1,382,631	19,821	1,402,452
2042	115,101,172	26,858,960	88,242,212	17.2494	1,522,125	(76,106)	1,446,019	20,739	1,466,758
2043	119,106,682	26,858,960	92,247,722	17.2494	1,591,218	(79,561)	1,511,657	21,690	1,533,347
2044	123,254,456	26,858,960	96,395,496	17.2494	1,662,764	(83,138)	1,579,626	22,675	1,602,301
2045	127,549,647	26,858,960	100,690,687	17.2494	1,736,854	(86,843)	1,650,011	23,694	1,673,706
2046	131,997,596	26,858,960	105,138,636	17.2494	1,813,578	(90,679)	1,722,899	24,750	1,747,650
2047	136,603,842	26,858,960	109,744,882	17.2494	1,893,033	(94,652)	1,798,382	25,843	1,824,225
2048	141,374,127	26,858,960	114,515,167	17.2494	1,975,318	(98,766)	1,876,552	26,976	1,903,528
2049	146,314,407	26,858,960	119,455,447	17.2494	2,060,535	(103,027)	1,957,508	28,148	1,985,656
2050	151,430,859	26,858,960	124,571,899	17.2494	2,148,791	(107,440)	2,041,351	29,363	2,070,714
2051	156,729,884	26,858,960	129,870,924	17.2494	2,240,196	(112,010)	2,128,186	30,620	2,158,806
2052	162,218,125	26,858,960	135,359,165	17.2494	2,334,864	(116,743)	2,218,121	31,923	2,250,044
TOTAL:					$36,475,192	$(1,823,761)	$34,651,433	$486,500	$35,137,932

Source: Tiberius Solutions

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

Table 4 shows a summary of the financial capacity of the URA, including how total Tax Increment Finance Revenue translates to the ability to fund Urban Renewal Projects in constant 2021 dollars in five-year increments. Table 6, Table 7, Table 8 and Table 9 show more detailed tables on the allocation of tax revenues to debt service. Table 10, Table 11, Table 12, and Table 13 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 2052, an estimated thirty year urban renewal plan. As noted in the prior section of the Report, if actual assessed value growth is less than forecast, then the Plan would last longer than 30 years to reach the Maximum Indebtedness. If growth is more robust the Maximum Indebtedness could be reached earlier.

These assumptions show one scenario for financing and that this scenario is financially feasible.

The maximum indebtedness is $30,300,000 (Thirty Million Three Hundred Thousand dollars). The estimated total amount of Tax Increment Revenues required to service the maximum indebtedness of $30,300,000 is $35,137,932 and is from permanent rate tax levies. The increase over the maximum indebtedness is due to the projected cost of the interest on borrowings (loans).

The financial analysis projects capacity of funding for Projects in five-year increments is shown below in Table 4.

Table 4 - TIF Capacity of the Area in FYE 2021 Constant Rounded Numbers

Total Net TIF	**$35,100,000**
Maximum Indebtedness	**$30,300,000**
Capacity (2021$)	**$17,800,000**
Years 1-5	$2,200,000
Years 6-10	$4,000,000
Years 11-15	$3,700,000
Years 16-20	$1,800,000
Years 21-25	$2,600,000
Years 26-30	$3,600,000

Source: Tiberius Solutions

This financial analysis shows projected borrowings as identified in Table 5.

This 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 URA in FYE 2052. The amounts shown are the principal amounts of the borrowings. The total amounts, including interest, are shown in the second column of Table 6.

Table 5 - Estimated Borrowing and Amounts

Loan	**Loan A**	**Loan B**	**Loan C**
Principal Amount	$ 1,800,000	$3,500,000	$ 3,200,000
Interest Rate	5.00%	5.00%	5.00%
Loan Term	20	20	18
Loan Year	2025	2030	2035
Interest Payment Start	2025	2030	2035
Principal Payment Start	2025	2030	2035
Annual Payment	($144,437)	($280,849)	($273,748)

Source: Tiberius Solutions

Table 6 - Tax Increment Revenues and Allocations to Debt Service, page 1

	Total	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Resources								
Beginning Balance		-	-	-	-	-	-	-
TIF: Current Year	34,651,433	40,153	149,554	221,438	297,117	376,755	460,519	548,587
TIF: Prior Years	486,500	-	602	2,243	3,322	4,457	5,651	6,908
Total Resources	35,137,932	40,153	150,157	223,681	300,439	381,212	466,170	555,494
Expenditures								
Debt Service								
Loan A	(2,888,733)	-	-	(144,437)	(144,437)	(144,437)	(144,437)	(144,437)
Loan B	(5,616,981)	-	-	-	-	-	-	-
Loan C	(4,927,462)	-	-	-	-	-	-	-
Total Debt Service	(13,433,177)	-	-	(144,437)	(144,437)	(144,437)	(144,437)	(144,437)
Debt Service Coverage Ratio				1.55	2.08	2.64	3.23	3.85
Transfer to URA Projects Fund	(21,704,756)	(40,153)	(150,157)	(79,245)	(156,002)	(236,775)	(321,734)	(411,058)
Total Expenditures	(35,137,932)	(40,153)	(150,157)	(223,681)	(300,439)	(381,212)	(466,170)	(555,494)

Source: Tiberius Solution

Table 7 - Tax Increment Revenues and Allocations to Debt Service, page 2

	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Resources								
Beginning Balance	-	-	-	-	-	-	-	-
TIF: Current Year	641,141	738,370	840,474	947,657	995,652	1,045,340	1,096,785	1,150,047
TIF: Prior Years	8,229	9,617	11,076	12,607	14,215	14,935	15,680	16,452
Total Resources	649,370	747,987	851,550	960,264	1,009,866	1,060,275	1,112,465	1,166,499
Expenditures								
Debt Service								
Loan A	(144,437)	(144,437)	(144,437)	(144,437)	(144,437)	(144,437)	(144,437)	(144,437)
Loan B	(280,849)	(280,849)	(280,849)	(280,849)	(280,849)	(280,849)	(280,849)	(280,849)
Loan C	-	-	-	-	-	(273,748)	(273,748)	(273,748)
Total Debt Service	(425,286)	(425,286)	(425,286)	(425,286)	(425,286)	(699,034)	(699,034)	(699,034)
Debt Service Coverage Ratio	1.53	1.76	2.00	2.26	2.37	1.52	1.59	1.67
Transfer to URA Projects Fund	(224,084)	(322,702)	(426,264)	(534,978)	(584,581)	(361,242)	(413,431)	(467,465)
Total Expenditures	(649,370)	(747,987)	(851,550)	(960,264)	(1,009,866)	(1,060,275)	(1,112,465)	(1,166,499)

Source: Tiberius Solutions

Table 8 - Tax Increment Revenues and Allocations to Debt Service, page 3

	FYE 2038	FYE 2039	FYE 2040	FYE 2041	FYE 2042	FYE 2043	FYE 2044	FYE 2045
Resources								
Beginning Balance	-	-	-	-	-	-	-	-
TIF: Current Year	1,205,194	1,262,293	1,321,414	1,382,631	1,446,019	1,511,657	1,579,626	1,650,011
TIF: Prior Years	17,251	18,078	18,934	19,821	20,739	21,690	22,675	23,694
Total Resources	1,222,445	1,280,371	1,340,348	1,402,452	1,466,758	1,533,347	1,602,301	1,673,706
Expenditures								
Debt Service								
Loan A	(144,437)	(144,437)	(144,437)	(144,437)	(144,437)	(144,437)	(144,437)	-
Loan B	(280,849)	(280,849)	(280,849)	(280,849)	(280,849)	(280,849)	(280,849)	(280,849)
Loan C	(273,748)	(273,748)	(273,748)	(273,748)	(273,748)	(273,748)	(273,748)	(273,748)
Total Debt Service	(699,034)	(699,034)	(699,034)	(699,034)	(699,034)	(699,034)	(699,034)	(554,597)
Debt Service Coverage Ratio	1.75	1.83	1.92	2.01	2.10	2.19	2.29	3.02
Transfer to URA Projects Fund	(523,411)	(581,337)	(641,315)	(703,418)	(767,725)	(834,314)	(903,268)	(1,119,109)
Total Expenditures	(1,222,445)	(1,280,371)	(1,340,348)	(1,402,452)	(1,466,758)	(1,533,347)	(1,602,301)	(1,673,706)

Source: Tiberius Solutions

Table 9 - Tax Increment Revenues and Allocations to Debt Service, page 4

	FYE 2046	FYE 2047	FYE 2048	FYE 2049	FYE 2050	FYE 2051	FYE 2052
Resources							
Beginning Balance	-	-	-	-	-	-	-
TIF: Current Year	1,722,899	1,798,382	1,876,552	1,957,508	2,041,351	2,128,186	2,218,121
TIF: Prior Years	24,750	25,843	26,976	28,148	29,363	30,620	31,923
Total Resources	1,747,650	1,824,225	1,903,528	1,985,656	2,070,714	2,158,806	2,250,044
Expenditures							
Debt Service							
Loan A	-	-	-	-	-	-	-
Loan B	(280,849)	(280,849)	(280,849)	(280,849)	-	-	-
Loan C	(273,748)	(273,748)	(273,748)	(273,748)	(273,748)	(273,748)	(273,748)
Total Debt Service	(554,597)	(554,597)	(554,597)	(554,597)	(273,748)	(273,748)	(273,748)
Debt Service Coverage Ratio	3.15	3.29	3.43	3.58	7.56	7.89	8.22
Transfer to URA Projects Fund	(1,193,053)	(1,269,628)	(1,348,931)	(1,431,059)	(1,796,966)	(1,885,058)	(1,976,296)
Total Expenditures	(1,747,650)	(1,824,225)	(1,903,528)	(1,985,656)	(2,070,714)	(2,158,806)	(2,250,044)

Source: Tiberius Solutions

VI. 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.

The Area is anticipated to complete all Projects and have sufficient tax increment finance revenue to terminate the Area in FYE 2052, an estimated thirty year program.

The amount of money available for Projects in 2021 constant dollars for the Area is approximately $17,800,000. See Table 2 for the individual project analysis. This $17,800,000 is equal to the maximum indebtedness (MI) after adjusting for the impacts of inflation and converting to constant 2021 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 thirty years is important to enable the Agency to make projections on the allocation of funds throughout the life of the Area.

Table 10, Table 11, Table 12 and Table 13 show the approximate $17,800,000 of 2021 constant dollars for Projects inflated over the life of the Area including administrative expenses. All costs shown in Table 10, Table 11, Table 12 and Table 13 are in year-of-expenditure dollars, which are adjusted by 3.0% annually to account for inflation. The year of expenditure total cost is approximately $30,200.000.

The 3% 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. If the City is able to jumpstart the Area by providing alternative funding sources which are repaid when Tax Increment Revenues are available, or if other outside funding sources are secured, including but not limited to, developer contributions, the timing on Projects can be moved up

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

	Total	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Resources								
Beginning Balance		-	-	-	-	-	-	-
Transfer from TIF Fund	21,704,756	40,153	150,157	79,245	156,002	236,775	321,734	411,058
Bond/Loan Proceeds	8,500,000	-	-	1,800,000	-	-	-	-
Total Resources	30,204,756	40,153	150,157	1,879,245	156,002	236,775	321,734	411,058
Expenditures (YOE $)								
Building Improvements	(9,174,674)		(31,841)	(595,657)	(32,679)	(59,023)	(86,746)	(115,906)
Infrastructure	(9,174,674)		(31,841)	(595,657)	(32,679)	(59,023)	(86,746)	(115,906)
Housing Development/ Redevelopment	(9,174,674)		(31,841)	(595,657)	(32,679)	(59,023)	(86,746)	(115,906)
Financing Fees	(170,000)			(36,000)				
Administration	(2,510,733)	(40,153)	(54,635)	(56,275)	(57,965)	(59,705)	(61,495)	(63,340)
Total Expenditures	(30,204,756)	(40,153)	(150,157)	(1,879,245)	(156,002)	(236,775)	(321,734)	(411,058)

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	FYE 2037
Resources								
Beginning Balance	-	-	-	-	-	-	-	-
Transfer from TIF Fund	224,084	322,702	426,264	534,978	584,581	361,242	413,431	467,465
Bond/Loan Proceeds	3,500,000	-	-	-	-	3,200,000	-	-
Total Resources	3,724,084	322,702	426,264	534,978	584,581	3,561,242	413,431	467,465
Expenditures (YOE $)								
Building Improvements	(1,196,281)	(85,169)	(119,018)	(154,564)	(170,385)	(1,140,537)	(111,844)	(129,077)
Infrastructure	(1,196,281)	(85,169)	(119,018)	(154,564)	(170,385)	(1,140,537)	(111,844)	(129,077)
Housing Development/ Redevelopment	(1,196,281)	(85,169)	(119,018)	(154,564)	(170,385)	(1,140,537)	(111,844)	(129,077)
Financing Fees	(70,000)					(64,000)		
Administration	(65,240)	(67,195)	(69,210)	(71,285)	(73,425)	(75,630)	(77,900)	(80,235)
Total Expenditures	(3,724,084)	(322,702)	(426,264)	(534,978)	(584,581)	(3,561,242)	(413,431)	(467,465)

Source: Tiberius Solutions

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

	FYE 2038	FYE 2039	FYE 2040	FYE 2041	FYE 2042	FYE 2043	FYE 2044	FYE 2045
Resources								
Beginning Balance	-	-	-	-	-	-	-	-
Transfer from TIF Fund	523,411	581,337	641,315	703,418	767,725	834,314	903,268	1,119,109
Bond/Loan Proceeds	-	-	-	-	-	-	-	-
Total Resources	523,411	581,337	641,315	703,418	767,725	834,314	903,268	1,119,109
Expenditures (YOE $)								
Building Improvements	(146,924)	(165,406)	(184,547)	(204,371)	(224,903)	(246,170)	(268,196)	(339,156)
Infrastructure	(146,924)	(165,406)	(184,547)	(204,371)	(224,903)	(246,170)	(268,196)	(339,156)
Housing Development/ Redevelopment	(146,924)	(165,406)	(184,547)	(204,371)	(224,903)	(246,170)	(268,196)	(339,156)
Financing Fees								
Administration	(82,640)	(85,120)	(87,675)	(90,305)	(93,015)	(95,805)	(98,680)	(101,640)
Total Expenditures	(523,411)	(581,337)	(641,315)	(703,418)	(767,725)	(834,314)	(903,268)	(1,119,109)

Source: Tiberius Solutions

Table 13 - Programs and Costs in Year of Expenditure Dollars, Page 4

	FYE 2046	FYE 2047	FYE 2048	FYE 2049	FYE 2050	FYE 2051	FYE 2052
Resources							
Beginning Balance	-	-	-	-	-	-	-
Transfer from TIF Fund	1,193,053	1,269,628	1,348,931	1,431,059	1,796,966	1,885,058	1,976,296
Bond/Loan Proceeds	-	-					
Total Resources	1,193,053	1,269,628	1,348,931	1,431,059	1,796,966	1,885,058	1,976,296
Expenditures (YOE $)							
Building Improvements	(362,788)	(387,266)	(412,622)	(438,888)	(559,714)	(587,899)	(617,099)
Infrastructure	(362,788)	(387,266)	(412,622)	(438,888)	(559,714)	(587,899)	(617,099)
Housing Development/ Redevelopment	(362,788)	(387,266)	(412,622)	(438,888)	(559,714)	(587,899)	(617,099)
Financing Fees							
Administration	(104,690)	(107,830)	(111,065)	(114,395)	(117,825)	(121,360)	(125,000)
Total Expenditures	(1,193,053)	(1,269,628)	(1,348,931)	(1,431,059)	(1,796,966)	(1,885,058)	(1,976,296)

Source: Tiberius Solutions

VII. REVENUE SHARING

Revenue sharing targets are not projected to be reached as the threshold set in ORS 457 (annual tax increment revenues in excess of 10 percent of the maximum indebtedness) is not met during the expected life of the Plan.

Revenue sharing means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the Area. The first threshold is when annual tax increment finance revenues exceed 10% of the original maximum indebtedness of the Plan ($3,300,000). 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 ($3,787,500). If this threshold is met, revenue for the Area would be capped at 12.5% of the maximum indebtedness, 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 triggers could be reached earlier.

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 2052 and are shown in Table 14 and Table 15

The Harney County School District and the Harney 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	Harney County Court General Fund	City of Burns	Harney District Hospital	High Desert Park and Recreation District	Subtotal
2023	(10,479)	(10,799)	(4,496)	(964)	(26,738)
2024	(39,187)	(40,383)	(16,813)	(3,606)	(99,989)
2025	(58,374)	(60,156)	(25,045)	(5,372)	(148,948)
2026	(78,406)	(80,799)	(33,640)	(7,216)	(200,061)
2027	(99,485)	(102,522)	(42,684)	(9,156)	(253,847)
2028	(121,657)	(125,370)	(52,197)	(11,197)	(310,421)
2029	(144,968)	(149,393)	(62,198)	(13,342)	(369,901)
2030	(169,467)	(174,639)	(72,709)	(15,597)	(432,412)
2031	(195,203)	(201,161)	(83,751)	(17,965)	(498,082)
2032	(222,230)	(229,013)	(95,347)	(20,453)	(567,043)
2033	(250,601)	(258,250)	(107,520)	(23,064)	(639,436)
2034	(263,546)	(271,590)	(113,074)	(24,255)	(672,466)
2035	(276,702)	(285,147)	(118,718)	(25,466)	(706,033)
2036	(290,321)	(299,183)	(124,562)	(26,719)	(740,785)
2037	(304,423)	(313,715)	(130,612)	(28,017)	(776,767)
2038	(319,023)	(328,760)	(136,876)	(29,361)	(814,021)
2039	(334,140)	(344,339)	(143,362)	(30,752)	(852,593)
2040	(349,793)	(360,469)	(150,078)	(32,193)	(892,532)
2041	(366,000)	(377,171)	(157,031)	(33,684)	(933,887)
2042	(382,782)	(394,465)	(164,232)	(35,229)	(976,708)
2043	(400,160)	(412,374)	(171,688)	(36,828)	(1,021,049)
2044	(418,155)	(430,918)	(179,408)	(38,484)	(1,066,965)
2045	(436,789)	(450,121)	(187,403)	(40,199)	(1,114,513)
2046	(456,087)	(470,007)	(195,683)	(41,975)	(1,163,752)
2047	(476,071)	(490,601)	(204,257)	(43,815)	(1,214,744)
2048	(496,766)	(511,929)	(213,136)	(45,719)	(1,267,551)
2049	(518,200)	(534,016)	(222,332)	(47,692)	(1,322,240)
2050	(540,397)	(556,891)	(231,856)	(49,735)	(1,378,879)
2051	(563,387)	(580,583)	(241,720)	(51,851)	(1,437,539)
2052	(587,197)	(605,120)	(251,935)	(54,042)	(1,498,294)
TOTAL:	**$(9,169,996)**	**$(9,449,884)**	**$(3,934,363)**	**$(843,948)**	**$(23,398,196)**

Source: Tiberius Solutions

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

FYE	Harney County School District	Harney Education Service District	Subtotal Education	Total All
2023	(2,088)	(11,327)	(13,415)	(40,153)
2024	(7,808)	(42,360)	(50,168)	(150,157)
2025	(11,631)	(63,102)	(74,733)	(223,681)
2026	(15,622)	(84,756)	(100,378)	(300,439)
2027	(19,821)	(107,543)	(127,365)	(381,212)
2028	(24,239)	(131,511)	(155,750)	(466,170)
2029	(28,883)	(156,710)	(185,593)	(555,494)
2030	(33,765)	(183,193)	(216,957)	(649,370)
2031	(38,892)	(211,014)	(249,906)	(747,987)
2032	(44,277)	(240,229)	(284,506)	(851,550)
2033	(49,930)	(270,899)	(320,828)	(960,264)
2034	(52,509)	(284,892)	(337,401)	(1,009,866)
2035	(55,130)	(299,113)	(354,243)	(1,060,275)
2036	(57,844)	(313,836)	(371,679)	(1,112,465)
2037	(60,653)	(329,079)	(389,732)	(1,166,499)
2038	(63,562)	(344,862)	(408,424)	(1,222,445)
2039	(66,574)	(361,203)	(427,777)	(1,280,371)
2040	(69,693)	(378,123)	(447,816)	(1,340,348)
2041	(72,922)	(395,643)	(468,565)	(1,402,452)
2042	(76,266)	(413,785)	(490,050)	(1,466,758)
2043	(79,728)	(432,570)	(512,298)	(1,533,347)
2044	(83,313)	(452,023)	(535,336)	(1,602,301)
2045	(87,026)	(472,166)	(559,192)	(1,673,706)
2046	(90,871)	(493,027)	(583,897)	(1,747,650)
2047	(94,852)	(514,629)	(609,482)	(1,824,225)
2048	(98,976)	(537,001)	(635,977)	(1,903,528)
2049	(103,246)	(560,170)	(663,416)	(1,985,656)
2050	(107,669)	(584,166)	(691,834)	(2,070,714)
2051	(112,249)	(609,017)	(721,267)	(2,158,806)
2052	(116,993)	(634,756)	(751,750)	(2,250,044)
TOTAL:	**$(1,827,032)**	**$(9,912,705)**	**$(11,739,735)**	**($35,137,933)**

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 2053.

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 2053

Taxing District	Type	Tax Rate	From Frozen Base	From Excess Value	Total
General Government					
General Fund	Permanent	4.5016	120,908	634,921	755,829
City of Burns	Permanent	4.639	124,599	654,301	778,900
Hospital	Permanent	1.9314	51,875	272,411	324,286
Park & Rec	Permanent	0.4143	11,128	58,434	69,562
Subtotal Gen. Govt.	Permanent	11.4863	308,510	1,620,067	1,928,577
Education					
Harney County ESD	Permanent	0.8969	24,090	126,502	150,592
Harney County School District	Permanent	4.8662	130,701	686,346	817,047
Subtotal Education	Permanent	5.7631	154,791	812,848	967,639
TOTAL:		**17.2494**	**$463,301**	**$2,432,915**	**$2,896,216**

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 (assumed to be FYE 2021 values), including all real, personal, personal, manufactured, and utility properties in the Area, is projected to be $26,858,960. The Harney County Assessor will certify the frozen base once the urban renewal plan is adopted. The FYE 2021 assessed value of the City of Burns is $148,286,082. The percentage of total City assessed value in urban renewal areas is 17.4%, below the 25% threshold.

The Area contains approximately 481.35 acres, including public rights-of-way. The City of Burns contains 2,273 acres. This puts 21.12% 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**
Burns Urban Renewal Area	481.35	$26,858,960*
City of Burns	2,273	$148,286,082**
% of City	**21.12%**	**17.4%*** **
25% of City	**568.25**	**$37,071,521**

Source: Compiled by Elaine Howard Consulting, LLC with data from Tiberius Solutions, City of Burns, and Harney County Department of Assessment and Taxation SAL 4a (FYE 2021)

- *In FYE 2022 values
- ** In FYE 2021 values
- *** This number will ultimately be a bit lower as the total City AV is in FYE 2021 dollars.

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

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

A. Physical Conditions

1. Land Use

The Area measures approximately 481.35 total acres in size, which is composed of 314 individual parcels encompassing 379.80 acres, and an additional 101.55 acres in public rights-of-way. An analysis of FYE 2021 property classification data from the Harney County Department of Assessment and Taxation database was used to determine the land use designation of parcels in the Area. By acreage, Farm uses account for the most prevalent land use within the Area (40.65%). This was followed by Miscellaneous uses (25.93%).The assessor defines Miscellaneous uses as a variety of uses characterized by being vacant. Detailed land use designations in the Area can be seen in Table 18.

Table 18 - Land Use in the Area

Land Use	Parcels	Acreage	Percent of Acreage
Farm	1	154.39	40.65%
Miscellaneous	156	98.48	25.93%
Residential	69	51.62	13.59%
Tract	3	43.96	11.57%
Commercial	66	21.12	5.56%
Exempt	18	9.91	2.61%
Multi-Family	1	0.32	0.08%
TOTAL:	**314**	**379.80**	**100.00%**

Source: Compiled by Elaine Howard Consulting, LLC with data from the Tiberius Solutions using the Harney County Department of Assessment and Taxation database (FYE 2021)

2. Comprehensive Plan and Zoning Designations

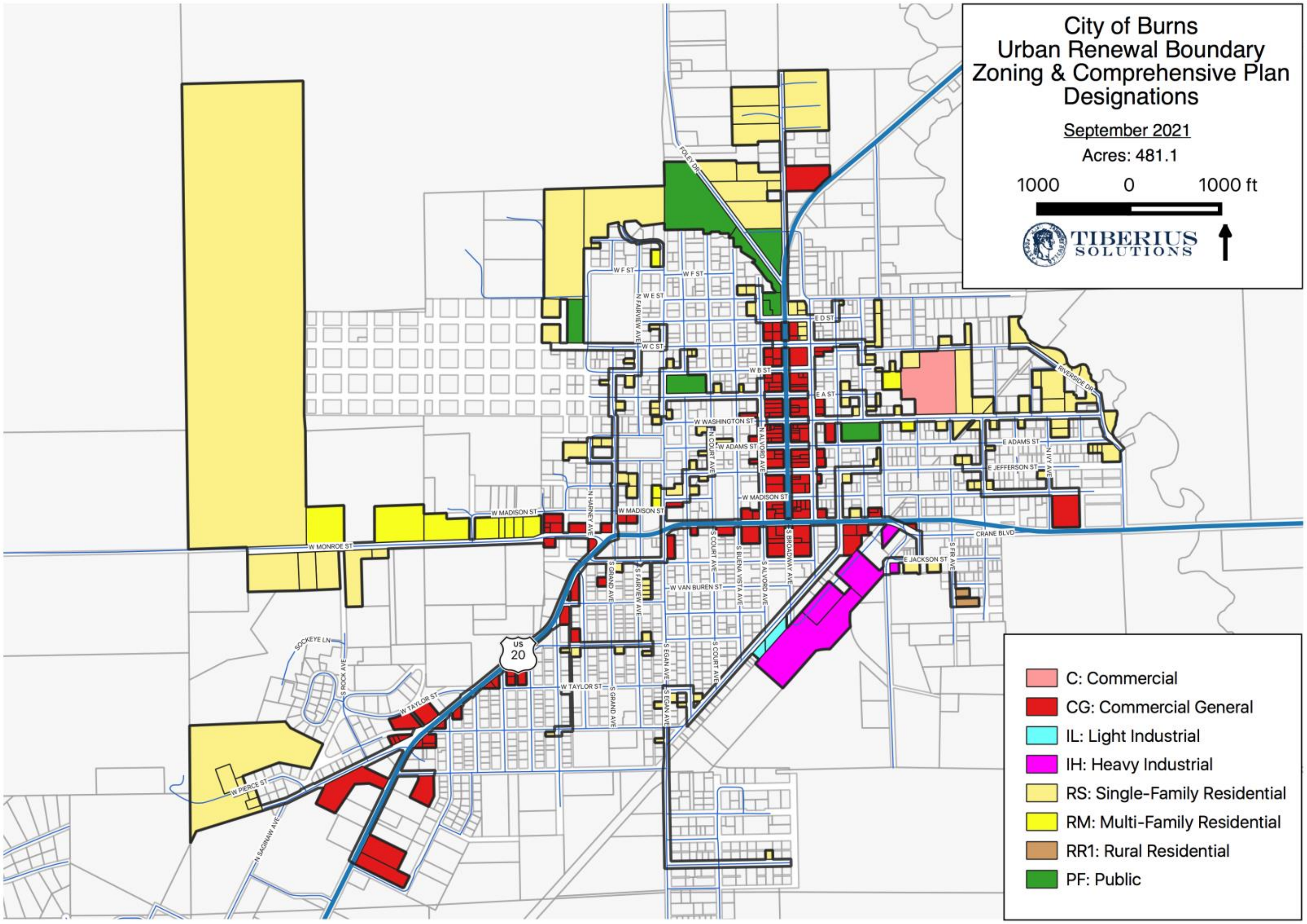
Burns has a one map system. The comprehensive plan and zoning designations in the Area can be seen in Table 19 – Comprehensive Plan and Zoning Designations in the Area. The most prevalent comprehensive plan designation in the Area is RS, Single Family Residential (73.68%). The second most prevalent comprehensive plan designation is CG, General Commercial (14.95%).

Table 19 – Comprehensive Plan and Zoning Designations in the Area

Comprehensive Plan and Zoning Designations	**Parcels**	**Acreage**	**Percent of Acreage**
RS - Single Family Residential	134	279.86	73.68%
CG – General Commercial	149	56.77	14.95%
RM – Multi-family Residential	14	18.37	4.84%
IH – Heavy Industrial	5	17.00	4.48%
PF – Public Facility Overlay	8	5.59	1.47%
IL – Light Industrial	2	1.18	0.31%
RS/MH – Single Family Residential/Mobile Home	1	0.86	0.23%
TOTAL:	**314**	**379.80**	**100.00%**

Source: Compiled by Elaine Howard Consulting, LLC with data from the Tiberius Solutions using the Harney County Department of Assessment and Taxation database (FYE 2021)

Figure 3 - Burns Urban Renewal Area Comprehensive Plan and Zoning Designations



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 Burns 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 II and III of this report.

The *Economic Opportunities Analysis for Burns and Hines in Harney County*[11] provided the following summary of the infrastructure needs in Burns:

> **Burns will need to address key infrastructure needs in the City, especially for development of industrial land.** Lack of infrastructure (including water, wastewater, and transportation) to service industrial land is a barrier to the development of industrial land and can be a barrier to the development of commercial land. The City will need to work with landowners and developers to develop infrastructure to serve key industrial sites. One approach could be reviewing industrial land on a site-by-site basis to identify infrastructure deficits and align these needs with the capital improvement plan and other master-plan updates, such as water and wastewater. This is a condition of blight per ORS 457.010(1)(e).
>
> **Wastewater.** Burns does not have a wastewater treatment plant; alternatively, it has a lagoon system where wastewater is UV-treated. Overall, the City's collections system is in relatively poor condition. Infiltration and inflow are the primary issues, despite Burns' generally adequate treatment capacity. However, an early wastewater system evaluation shows Burns approaches their maximum wastewater capacity during normal years. In a given year where Burns experiences an excess of wet weather events, their lagoon system may overflow.[12] This is a condition of blight per ORS 457.010(1)(e).

Additional information on the infrastructure conditions in the Area:

1. Groundwater

The source of water for the Cities of Hines and Burns and surrounding agricultural producers is groundwater. Due to concerns about groundwater depletion, in 2016, the State imposed a moratorium on new permits for groundwater withdrawals within the Greater Harney Valley Basin. In response to the moratorium, the Harney

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11 Economic Opportunities Analysis for Burns and Hines in Harney County June 2019, ECONorthwest p 22.

12 Ibid page 28.

County Watershed Council, which consists of diverse set of agricultural and environmental representatives, has been proactively engaged in the study of this area and status of the groundwater availability. The Council is working to determine one of the following:

- The Groundwater resource is not fully allocated in all or parts of the basin and can support more development.
- The Groundwater resource is fully allocated in all or parts of the basin and cannot support more development
- The Groundwater resource is over-appropriated, in all or parts of the basin and the permitted groundwater usage is not sustainable.

This is a condition of blight per ORS 457.010(1)(e).

2. City of Burns Water System

The City of Burns operates five groundwater wells. These wells have an approximate pumping capacity of over 4,000 gallons per minute. This water flow capacity imposes no strain on Burns' water supply to serving residents. Burns also completed the construction of a new 2,000,000-gallon water storage tank in the last several years. This increase in storage capacity, in addition to the City's water line connection to Hines in case of emergencies, supports Burns' ability to accommodate future population and business growth.[13]

This is a condition of blight per ORS 457.010(1)(e).

3. Wastewater

Burns does not have a wastewater treatment plant; alternatively, it has a lagoon system where wastewater is UV-treated. The City's collections system is in relatively poor condition. Infiltration and inflow are the primary issues, despite Burns' generally adequate treatment capacity. However, an early wastewater system evaluation shows Burns approaches their maximum wastewater capacity during normal years. In a given year where Burns experiences an excess of wet weather events, their lagoon system may overflow.[14]

This is a condition of blight per ORS 457.010(1)(e).

4. Electrical Power

The cities of Burns and Hines are served by Oregon Trail Electric Cooperative (OTEC). OTEC purchases 100% of its power from Bonneville Power Administration

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13 Ibid, page 26.

14 Ibid, page 29.

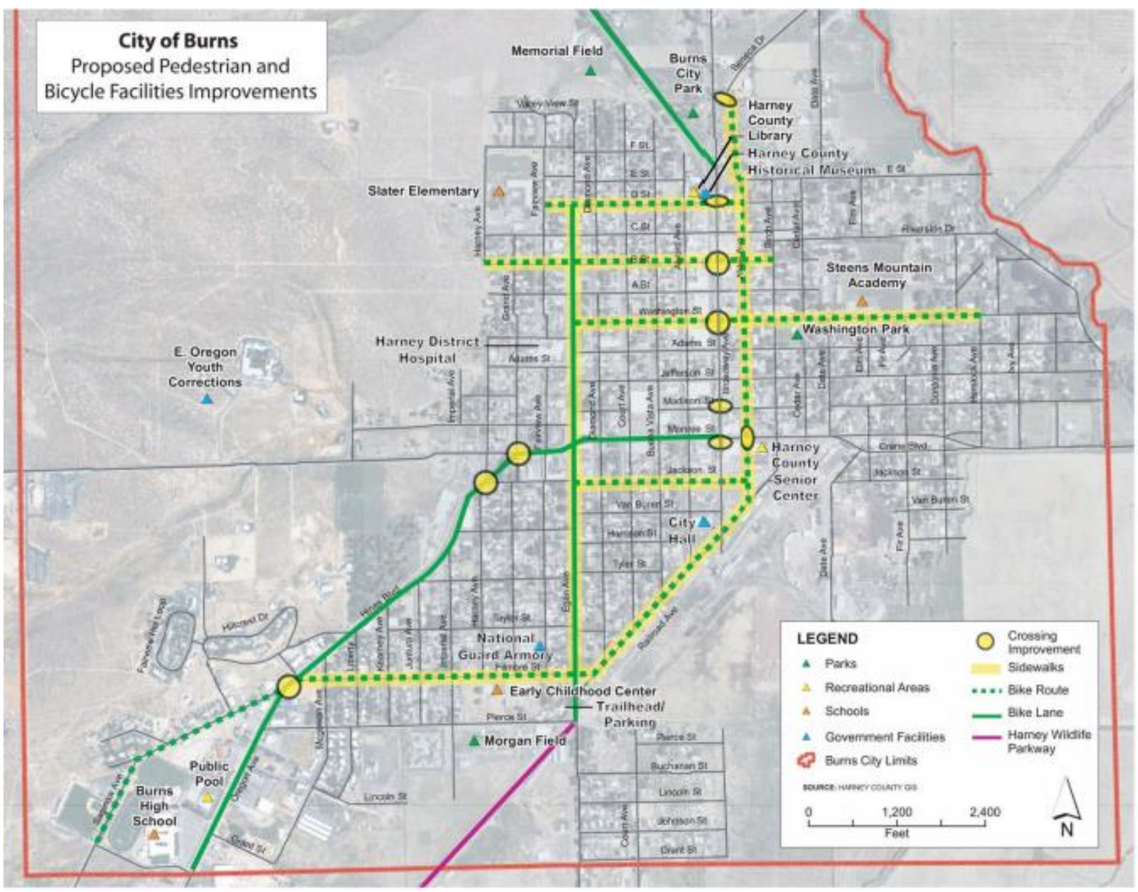
(BPA) with 97 percent being carbon-free, the majority of which comes from hydroelectric. The co-op has a reliability rate of 99.7 percent.

5. Broadband

Access to reliable internet in Harney County is not possible for many residents, as providers do not have enough infrastructure in place to meet the demand for access and speed. The lack of reliable internet access disrupts business activities when the internet connections fail. The County has conducted a broadband feasibility study to identify necessary infrastructure to install fiber-optic infrastructure to bring reliable broadband internet to Harney County.[15]

6. Pedestrian connectivity

Sidewalk and crosswalk infrastructure, especially between neighborhoods and the public school, is important for fostering a walkable downtown area and neighborhood. The Burns Pedestrian and Bicycle Safety Plan, 2008, identified several sidewalks and crossings that should be improved to support this desirable environment that is critical for a vibrant downtown that supports community health and tourist activities.



15 Ibid, page 28.

7. Housing

Recognizing the immediate need for housing in Harney County, the Greater Eastern Oregon Development Corporation (GEODC) prepared a Housing Road Map in 2019 to provide recommendations for housing strategies, with a specific focus on creating high quality, modern and upgraded private homes and rental units for the moderate to upper wage workforce.

The Road Map recognizes that "too many homes in Burns and Hines haven't been well-maintained for years past and currently are not being well-maintained. This limited upkeep negatively impacts housing values and appraisals for future home buyers or developers. Stabilizing and growing the demand to upgrade and maintain existing housing stock is important to strengthening Harney County's housing market."

The current housing market generates low appraisals that do not meet the cost to for new homes. This issue limiting new construction is exacerbated by the distance to accessing building supplies and available skilled trade labor. It is most likely that the desired housing stock will be provided by small infill new construction or redevelopment of existing housing by individuals. Providing incentives and limiting barriers to this type of development will be necessary to increase housing options.

Recommendations from the Road Map are:

- **Identify opportunities for infill development or redevelopment.** Burns' downtown area is generally built out, with few areas with vacant land. Burns can build on the inventory of redevelopment potential that the Community Response Team developed for businesses on Broadway Avenue to identify opportunities for infill and redevelopment in downtown. Redevelopment could involve the substantial renovation of, change in use of, or demolition of existing buildings, as well as the building of newer, more productive buildings. Infill development may include the expansion of existing buildings or building new structures adjacent to existing buildings. In both cases, new development that increases capacity for business activity is an opportunity.

  The ongoing brownfields project will identify a few sites in Burns that are suspected brownfields, and it will assess pollution and contamination on those sites. If the sites are brownfields and contamination is remediated, these sites provide opportunity for redevelopment for commercial, industrial, or residential uses.

This need for housing and presence of properties that are undeveloped are a condition of blight per ORS 457.010(1)(g)(h) and (i).

C. Social Conditions

The Area does not include a significant portion of developed residential land, therefore the following demographics are presented for the City of Burns as a whole.

The following information is from the Brownfield Economic Development Opportunity District (EDOD) Plan[16]. EOA prepared by ECONorthwest in 2019.

Harney County has a population of 7,280 while the City of Burns is 2,835. The population in the Burns has remained relatively consistent with positive growth since 2010.

Table 20 - Census 2010 Population and Change since Census 2010

City	**Estimate July 1, 2020**	**Census April 1, 2010**	**Change 2010-2020**	**Percent Change 2010-2020**
Burns	2,835	2,806	29	1.0%
County	7,280	7,422	-142	-1.9%
Oregon	4,268,055	3,831,074	436,981	11.4%

Source: Population Research Center, PSU, April 2021

As shown in the following table, Harney County has a larger population of persons over 65 years and older than the state average. The median age is 45.9 years. For context, the median age for nearby Grant County is 52.9 years and for Lake County 48.9 years.

Table 21 - Harney County Population by Age

	Ages 0-17 % of Total Population	**Ages 18-64 % of Total Population**	**Ages 65 and over % of Total Population**
Oregon	20.3%	61.1%	18.6%
Harney	19.1%	54.4%	26.4%

Source: Population Research Center, PSU, April 2020

There is a direct correlation between education attainment and income. As the education attainment in Harney County has been increasing, so is the median income.

16 Brownfield Economic Development Opportunity District (EDOD) Plan, June 2021 Bridge Economic Development, Cardno

Table 22 - Harney County Education Attainment and Median Income

Education Attainment	2010-2014	2015-2019
Age 25+ with a bachelor's degree or higher	16.90%	18.40%
Median household income (2019 dollars)	$38,729	$40,735

Source: PSU Research Center, U.S. Census Bureau, 2015-2019 and 2010-2014 American Community Survey 5-year estimates

The following information is from the EOA prepared by ECONorthwest in 2019.

"Harney County's household income is lower than the State median, and Burns' household income is lower than the County while Hines' household income is higher than the County. In the 2012–2016 period, Burns' median household income was $36,396.

The unemployment rate in Harney County has declined since the recession, consistent with the patterns of Oregon and nationwide changes in employment.

Employment has declined in Harney County since 2001, with a loss of about 166 employees between 2001 and 2017.

Increased diversity. Overall, Oregon, along with Harney County, is becoming more racially and ethnically diverse. Between 2000 and 2012-2016, the Hispanic and Latino population in Oregon increased from 8% to 12%, and it increased in Harney County from 4% to 5%. The nonwhite population in Oregon increased from 13% to 15% and remained about the same in Harney County, at about 8%.

Aging of the population. The City of Burns, the City of Hines, and Harney County have a larger percentage of residents 60 years and older relative to Oregon. Burns' median age, which was 38.7 in 2000, increased to 46 by the 2012–2016 period. In comparison, Oregon's median age was 36.3 in 2000 and increased to 39.1 by the 2012–2016 period.

Importance of small businesses.[17] Small businesses, with 100 or fewer employees, account for 66% of private-sector employment in Oregon. Workers of small businesses typically have had lower wages than the State average. The average size for a private business in Harney County is 5 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for roughly 91% of private employment in Harney County. Businesses with 9 or fewer employees account for 46% of private employment and 4

[17] There are many definitions for "small business," but for the purposes of evaluating opportunities and recommendations for Harney County, the City of Burns, and the City of Hines, ECONorthwest generally considered small businesses to be those with 15 or fewer employees. Microenterprises have a more commonly accepted definition of 10 or fewer employees, which we also reference in the analysis.

or fewer account for 21% of private employment. Growth of small businesses presents key opportunities for economic growth in Harney County."[18]

The following social conditions were taken from the American Community Survey 2015-2019 Five Year Estimates. Twenty-five percent of the population is older than sixty-five years old. Seventeen percent are children under seventeen years old.

Table 23 - Age in the Area

Age	**Number**	**Percentage**
Under 5 years	66	2%
5 to 9 years	223	8%
10 to 14 years	72	3%
15 to 17 years	111	4%
18 to 24 years	277	10%
25 to 34 years	321	12%
35 to 44 years	226	8%
45 to 54 years	331	12%
55 to 64 years	438	16%
65 to 74 years	404	15%
75 to 84 years	220	8%
85 years and over	51	2%
TOTAL:	**2,740**	**100%**

Source: American Community Survey 2015-2019 Five Year Estimates

[18] *Ibid.* page 12,13.

The analysis of race and origin are shown in the table below with over 96% of the residents identifying themselves as white alone.

Table 24 – Hispanic or Latino Origin by Race in the Area

	Number	Percentage
Not Hispanic or Latino	2,723	99%
White alone	2,644	96%
Black or African American alone	16	1%
American Indian and Alaska Native alone	13	0%
Asian alone	-	0%
Native Hawaiian and Other Pacific Islander alone	-	0%
Some other race alone	-	0%
Two or more races	50	2%
Hispanic or Latino	17	1%
White alone	4	0%
Black or African American alone	-	0%
American Indian and Alaska Native alone	-	0%
Asian alone	-	0%
Native Hawaiian and Other Pacific Islander alone	-	0%
Some other race alone	9	0%
Two or more races	4	0%
TOTAL:	**2,740**	**100%**

Source: American Community Survey 2015-2019 Five Year Estimates

Fifty-two percent of the residents reported an education that included less than high school or gaining a high school diploma. Fifteen percent had a bachelor's degree, master's degree or a professional school degree.

Table 25 -Education in the Area

Education	**Number**	**Percentage**
Less than high school	238	12%
High school graduate (includes equivalency)	790	40%
Some college	509	26%
Associate degree	153	8%
Bachelor's degree	180	9%
Master's degree	89	4%
Professional school degree	18	1%
Doctorate degree	14	1%
TOTAL:	**1,991**	**100%**

Source: American Community Survey 2015-2019 Five Year Estimates

A standard income analysis was performed on the Area. The most prevalent income bracket in the Area was $30,000 – $39,999, with twenty-two percent in this range.

Table 26 - Income in the Area

Income Range	Number	Percentage
Less than $10,000	126	9%
$10,000 to $19,999	140	10%
$20,000 to $29,999	254	18%
$30,000 to $39,999	303	22%
$40,000 to $49,999	146	11%
$50,000 to $59,999	123	9%
$60,000 to $74,999	86	6%
$75,000 to $99,999	89	6%
$100,000 to $124,999	36	3%
$125,000 to $149,999	66	5%
$150,000 to $199,999	19	1%
$200,000 or more	-	0%
TOTAL:	**1,388**	**100%**

Source: American Community Survey 2015-2019 Five Year Estimates

Additional data from the American Community Survey 2015-2019 Five Year Estimates shows that 68% of the responders drove alone to work and that 64% of those drove less than 10 minutes to work and 27% drove from ten to nineteen minutes to work.

D. Economic Conditions

1. Taxable Value of Property within the Area

The estimated total assessed value of the Area calculated with data from the Harney County Department of Assessment and Taxation for FYE 2021 including all real, personal, manufactured, and utility properties, is estimated to be $26,858,960.

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 city identified properties that were vacant or in disrepair for the urban renewal boundary. Approximately 68% of the properties within the Area are vacant. However, they are zoned appropriately for future development. The comprehensive plan designations and zoning indicate they are not intended to remain undeveloped. Development has not occurred on these properties due to inadequate utilities, cost of construction, and inadequate transportation infrastructure. The 2019 Housing Road Map indicated demand for housing, but an inadequate supply of housing. That is precisely what this urban renewal area is designed to address.

The properties that were selected that are vacant fit the blight definitions "(g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such extent that the capacity to pay taxes is reduced and tax receipts ae inadequate for the cost of public services rendered, (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare; or (i) A loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere."

Table 27 shows the improvement to land ratios (I:L) for properties within the Area. In the Area, eighteen parcels represent 2.6 % of the acreage are exempt from taxation. They are either owned by a governmental entity or a non-profit. Eighty-two parcels representing 67.93% of the non-exempt acreage have no improvements. An additional seventy four parcels representing approximately eleven percent of the acreage have improvement I:L ratios less than 1.0. In other words, the improvements on these properties are worth less than the land they sit on. A reasonable I:L ratio for properties in the Area is 2.0. Eighty three of the non-exempt parcels in the Area, totaling approximaltey ten percent of the acreage have I:L ratios of 2.0 or more as determined by an analysis of the real market values from the Harney County Assessor data for FYE 2020-2021. In summary, the area is underdeveloped and not contributing significantly to the tax base in Burns. There are 28 parcels listed as Exempt from taxation, so they have no assessed value. No improvement value means there are no taxable structures on the tax lot.

Table 27 - Improvement to Land Ratios in the Area

Improvement to Land (I:L) Ratio	**Parcels**	**Acreage**	**Percent of Acreage**
Exempt	18	9.91	2.61%
No Improvement Value	82	258.02	67.93%
0.01-0.50	39	28.50	7.50%
0.51-1.00	35	12.53	3.30%
1.01-1.50	26	16.14	4.25%
1.51-2.00	31	17.37	4.57%
2.01-2.50	21	9.23	2.43%
2.51-3.00	16	8.67	2.28%
3.01-4.00	22	10.45	2.75%
> 4.00	24	8.99	2.37%
TOTAL:	**314**	**379.80**	**100.00%**

Source: Compiled by Elaine Howard Consulting, LLC with data from the Harney County Department of Assessment and Taxation (FYE 2020-2021)

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 VIII 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 and redevelopment of properties, infrastructure improvements, housing development and redevelopment and plan administration. The use of urban renewal allows the city to add an additional funding source to the City of Burns general fund to allow these Projects to be completed.

It is anticipated that these incentives and improvements will catalyze development on the undeveloped and underdeveloped parcels in the Area. This development will require city services. However, as the property is within the city limits, the city has anticipated the need to provide services to the Area. As the development will be new construction or rehabilitation, 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 the development of additional housing, which is needed for economic vitality of the community, improvements to building in the commercial core which will help stimulate future economic development, and, adding increases in assessed value to the tax base for future use by all taxing jurisdictions, including the City.

XI. 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 Burns by providing assistance to upgrade and rehabilitate buildings, providing increased housing options, and providing infrastructure improvements inside the Area to assist with economic development.

XII. 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.