Dallas Urban Renewal Feasibility Study

ELAINE HOWARD CONSULTING, LLC

TIBERIUS SOLUTIONS

ELAINE HOWARD
CONSULTING, LLC

April 13, 2022

Charlie Mitchell
Community Development Director
187 SE Court Street
Dallas, Oregon 97338

Dear Charlie:

The South Dallas Urban Renewal Feasibility Study for the City of Dallas is attached. The study was completed by Elaine Howard Consulting, LLC and Tiberius Solutions LLC. The Feasibility Study identifies the potential amount of tax increment revenues that could be received and the resulting dollars available for projects in the urban renewal area over a 20, 25, and 30-year duration.

Thank you for coordinating with us and for providing the information for this study.

The next steps to consider, if the City Council decides to proceed, are identified in the study.

Sincerely,

Elaine R Howard

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Executive Summary

The City of Dallas ("Dallas"), Oregon is conducting a feasibility study for an urban renewal area ("URA") to support development and job creation in a primarily industrial area in Dallas. The purpose of this Feasibility Study is to:

- Determine the study area boundary meets the acreage and assessed value limitations imposed under ORS 457.
- Establish blight occurs in the study area.
- Examine the financial feasibility of urban renewal in the study area.
- Examine the potential impacts on taxing districts as a result of creating an URA.

This study provides Dallas with baseline data to understand the financial capacity of a South Dallas URA.

The analysis assumes funding could be received over a period of 20, 25, or 30 years, detailed below in Exhibit 1. A timeframe is not a requirement of the statute governing urban renewal, Oregon Revised Statute (ORS) 457. The timeframe provides sidebars for thinking about what types of projects could be completed in the urban renewal area and how much funding is needed for those projects.

As part of the preparation of this study included three briefings to the Dallas City Council (City Council) covering an Urban Renewal 101, review of the boundary and review of the financial assumptions. City Council asked about the financial implications of the timing of URA adoption given recent construction activity. It was suggested that those questions be addressed if the City Council directs staff to move forward on the Plan and Report preparation. The final feasibility study was also presented to the City Council.

Exhibit 1. Financial Projections

Duration	20 Years	25 Years	30 Years
Net TIF	**$ 16,500,000**	**$ 29,400,000**	**$ 47,600,000**
Maximum Indebtedness	**$ 15,000,000**	**$ 26,000,000**	**$ 41,600,000**
Capacity (2022$)	**$ 10,200,000**	**$ 16,000,000**	**$ 23,100,000**
Years 1-5	$ 1,700,000	$ 1,700,000	$ 1,700,000
Years 6-10	$ 2,800,000	$ 3,200,000	$ 3,200,000
Years 11-15	$ 2,300,000	$ 3,500,000	$ 4,000,000
Years 16-20	$ 3,400,000	$ 3,000,000	$ 4,400,000
Years 21-25	$ -	$ 4,600,000	$ 3,800,000
Years 26-30	$ -	$ -	$ 6,000,000

Source: Tiberius Solutions

Implications and Next Steps

The results of the feasibility study have the following key implications:

- Urban renewal is a viable tool to fund incentives to support industrial development in Dallas.
- The differing time frames allow for different levels of future tax increment revenues.

If the City Council desires to move forward with an urban renewal plan, it would lead to the following next steps:

- Select a consultant with expertise in establishing urban renewal plans.
- Conduct public outreach.
- Determine the final boundary and project list.
- Complete blight and existing conditions analysis.
- Prepare formal documents.
- Conduct outreach to affected taxing districts.
- Conduct the formal public review process of urban renewal plans including review by the urban renewal agency, planning commission and a public hearing and vote by the City Council.

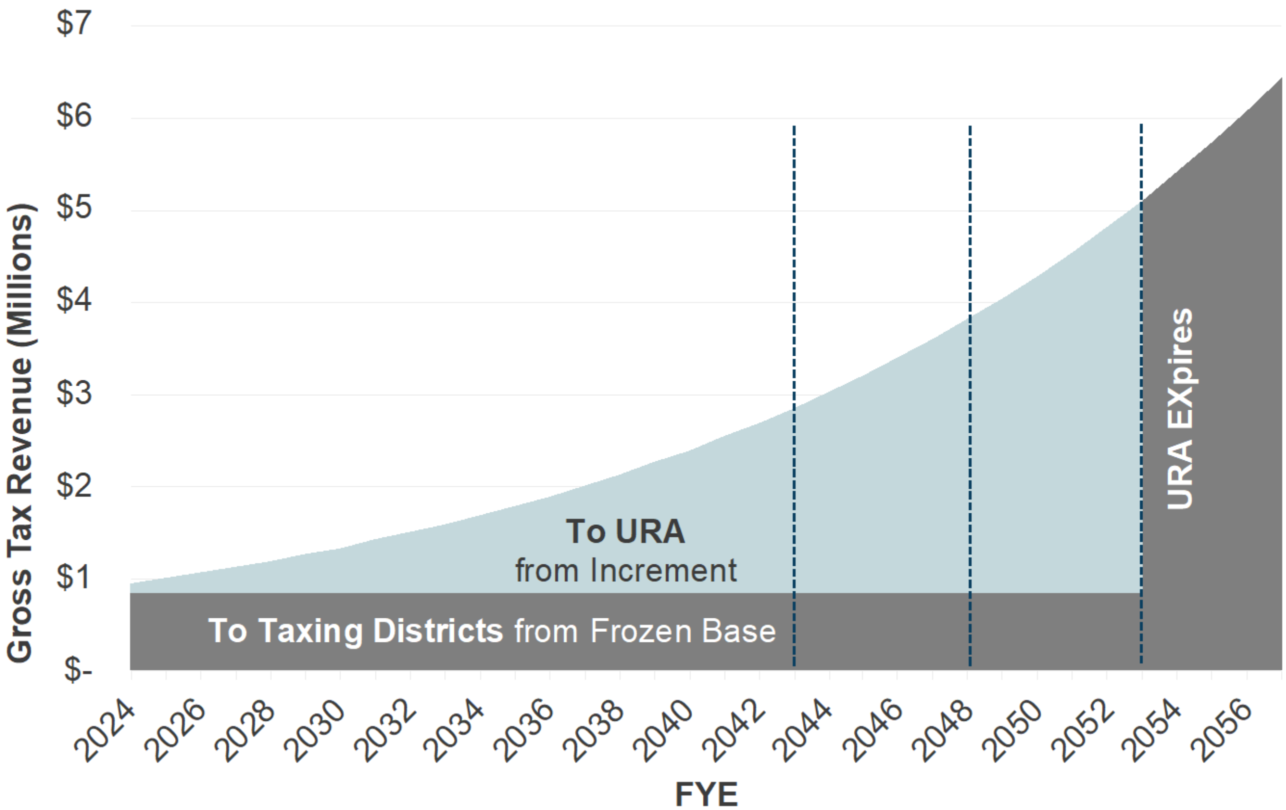
Background on Urban Renewal

How Urban Renewal Works

Urban renewal, permitted by ORS 457, is primarily used by cities and counties across Oregon as a revenue source for funding capital projects to help revitalize “blighted” areas.

When an URA is established, the assessed value within the URA boundary becomes the “frozen base” value. When assessed value in the URA grows over time, the difference between the total assessed value and the frozen base is considered “increment” value. Each year, property tax revenue from the frozen base in the URA is distributed normally to all overlapping taxing districts, and the URA receives all the property tax revenue generated from the increment, called “tax increment finance” (“TIF”) revenue. TIF revenue can only be spent on capital projects located in the URA. New housing development and rehabilitation of existing housing qualifies as a capital project. After the URA expires, all tax revenue is distributed to the overlapping taxing districts. Exhibit 2 illustrates the general tax revenue distribution within a URA boundary over the life of the URA. The dotted lines indicate the tax revenue generation over 20, 25 or 30 years.

Exhibit 2. Example Urban Renewal Revenue Distribution



Source: Tiberius Solutions

Urban renewal is a division of taxes; it does not create a new tax or increase the existing tax rate. Therefore, the financial impacts of an URA are borne by overlapping taxing districts, and not by individual taxpayers. TIF revenue collected by a URA results in revenue foregone by the overlapping taxing districts.

To the extent that urban renewal investment is successful in stimulating new taxable development, not all of the foregone revenues should truly be categorized as impacts to taxing districts. Successful URAs cause new development to occur, above and beyond the level that would have occurred without urban renewal. In these situations, the property taxes would not have existed but for the URA's targeted investments, so even though these tax revenues show up as tax increment revenue, and as foregone revenues, they may not be negative impacts to taxing districts. Note that the analysis was **not** conducted at the detailed level required to estimate the portion of tax increment revenue in the proposed URA that would likely be generated by new development dependent upon urban renewal investment.

Financial Restrictions and Limitations on Urban Renewal

TIF revenue can be spent on projects, programs and administration of an URA.

Urban renewal plans are required to have a "maximum indebtedness", which functions as a limit on the cumulative amount of TIF that can be spent on projects in the URA. Maximum indebtedness does not function as a revolving credit limit. In other words, paying off debt for old projects does not free up maximum indebtedness to be used on future projects. Once a URA incurs the full amount of maximum indebtedness, it cannot incur additional debt to fund additional projects. Projected maximum indebtedness levels are shown in Exhibit 8.

Urban renewal plans may also include sunset provisions that establish a final date for incurring debt and/or collecting TIF revenue. Any such sunset provisions are not required by statute.

Other Limitations on Urban Renewal

For cities with populations of less than 50,000, ORS limits the frozen base assessed value of urban renewal areas to no more than 25% of total City wide assessed value.[1] Similarly, ORS limits the acreage of urban renewal areas to no more than 25% of total City wide acreage, see Exhibit 3.

Revenue Sharing

In 2009, the Oregon Legislature enacted HB 3056, which, among other things, established a system of revenue sharing for URAs. These revenue sharing provisions only apply to URAs effective after 2009 and older URAs that have been amended to increase maximum indebtedness since 2009. When URAs attain certain thresholds of annual tax revenue, some of this tax revenue is released from the URA and shared with the other taxing districts.

When tax revenues reach 10% of the URA's maximum indebtedness, a portion of the TIF above that level is shared with overlapping taxing districts (specifically 25% of the TIF above this threshold remains with the URA, and the remaining 75% of TIF is returned to taxing districts). Additionally, when TIF revenues for the URA reach 12.5% of the maximum indebtedness, TIF revenues for the URA are capped at that amount, with all TIF revenues above 12.5% of maximum indebtedness being shared with overlapping taxing districts.

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[1] For the purposes of this calculation, ORS requires that the amount of increment value from any existing URAs that impose division of tax revenues be subtracted from the total Town wide assessed value.

Methods

The methods used for this feasibility study to establish potential maximum indebtedness and define impacts on the taxing jurisdictions included the following key steps:

1. Define study area boundary and determine the assessed value (AV) of the potential urban renewal area.
2. Determine applicable tax rates.
3. Forecast AV growth for new development and substantial rehabilitation.
4. Calculate tax increment revenue and revenue sharing.
5. Identify amounts available for projects.
6. Estimate impacts on taxing districts.

Step 1. Define study area boundary and determine the assessed value of the potential urban renewal area

The potential South Dallas Urban Renewal Area study area boundary is shown in Exhibit 4. It encompasses 423.3 acres and is projected to include $71,934,119 in assessed value using values from fiscal year ending ("FYE") 2022.

Using Polk County assessment data, all tax accounts (or fractions thereof) located within the boundary were identified. The value of non-situs utility property within the boundary was based upon ratios of utility property to real property in each affected tax code area.

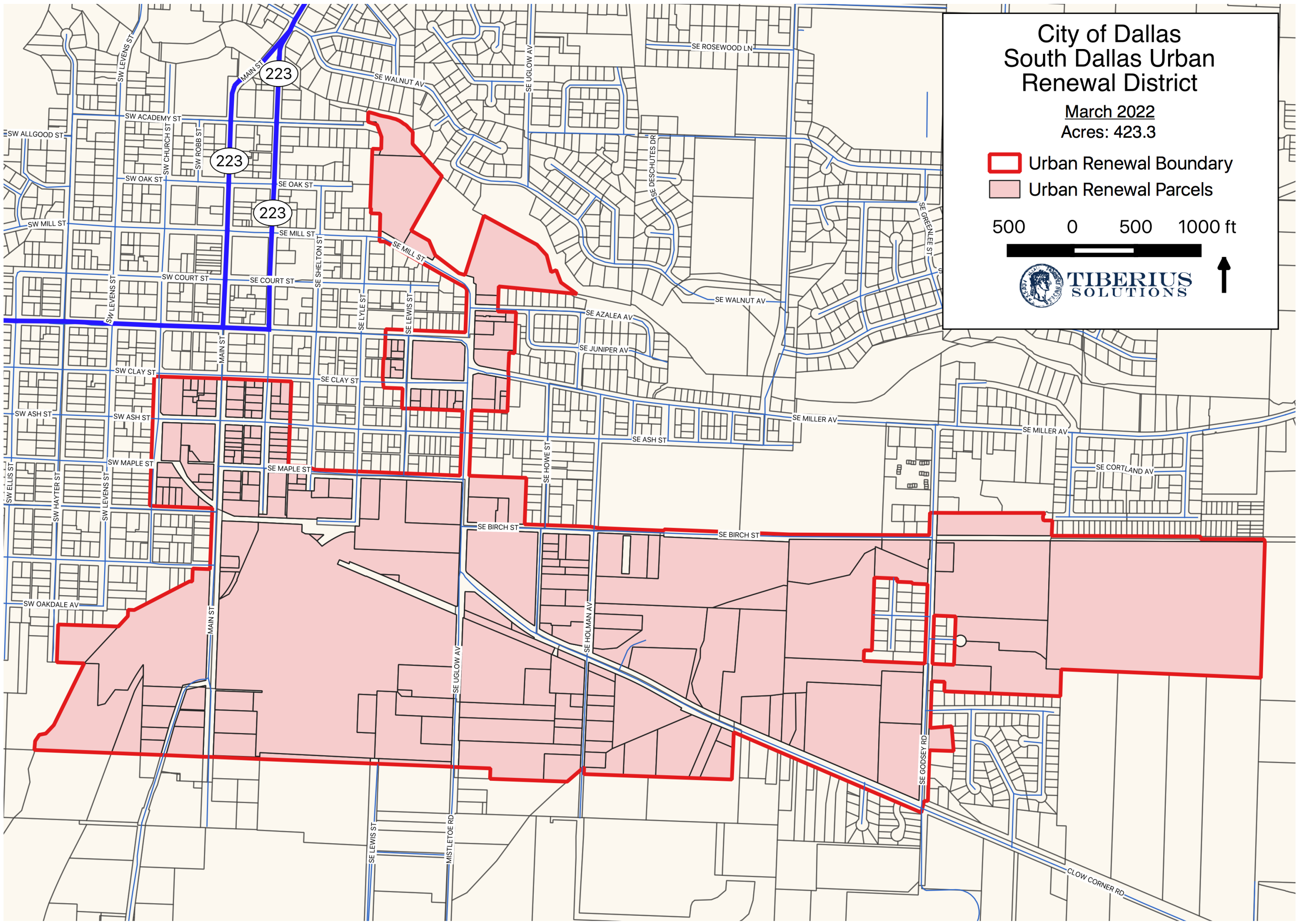
ORS 457 limits the total amount of assessed value and acreage that can be included in urban renewal districts in a city the size of Dallas to 25% of acreage and 25% of assessed value. The City of Dallas also has an urban renewal area in the commercial core of downtown. This potential South Dallas URA, when added to the potential acreage of the Downtown URA, conforms with the statutory limitations for the assessed value and acreage statutory authority for urban renewal in Dallas, as shown in Exhibit 3.

Exhibit 3 - Statutory Limitation on Assessed Value and Acreage

	Acreage	Assessed Value
A. Dallas Urban Renewal Area	77	$25,137,464
B. South Dallas Urban Renewal Area	423.3	$71,934,119
C. Total:	500.3	$97,071,583
D. Excess Value* Downtown		$20,660,961
E. City of Dallas	2,874	$1,279,070,941
Percent in URA (For AV: C/(E-D))	**17.40%**	**7.70%**

Sources:
URA Acreage and Assessed Value: Tiberius Solutions using data from Polk County Assessor, FYE 2022
City Acreage and Assessed Value: City of Dallas and Polk County Assessor SAL 4a, FYE 2022
*Excess value is the assessed value of the urban renewal area above the frozen base value. It represents the growth in assessed value since the inception of the urban renewal area.

Exhibit 4 – Proposed Urban Renewal Boundary



Step 2. Determine Applicable Tax Rates

Details of the applicable tax rates are shown below in Exhibit 5. All new urban renewal plans are "permanent rate" plans. The consolidated tax rate is equal to the sum of all permanent tax rates. Local option levies and general obligation bond levies are not impacted by new urban renewal plans. Tax rate information was obtained from Polk County Assessor's SAL Table 4a and Billing Tax Rates for FYE 2022.

The Dallas School District and the Willamette Education Service District are not *directly* affected by tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in Exhibit 5. 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 because of the use of Tax Increment Financing are replaced, as determined by a funding formula at the State level with State School Fund revenues.

Exhibit 5 - Applicable Tax Rates for Dallas Feasibility Study, FYE 2021

Taxing District	Tax Rate
General Government	
Polk County	1.7160
Chemeketa Regional Library	0.0818
City of Dallas	4.1954
Dallas CD	0.0547
Polk Soil/Water CD	0.0500
Ash Creek WCD	0.1069
4H/M Garden/Forest Ext District	0.0750
Subtotal	*6.2798*
Education	
Chemeketa Community College	0.6259
Willamette ESD	0.2967
Dallas SD	4.5527
Subtotal	*5.4753*
TOTAL:	11.7551

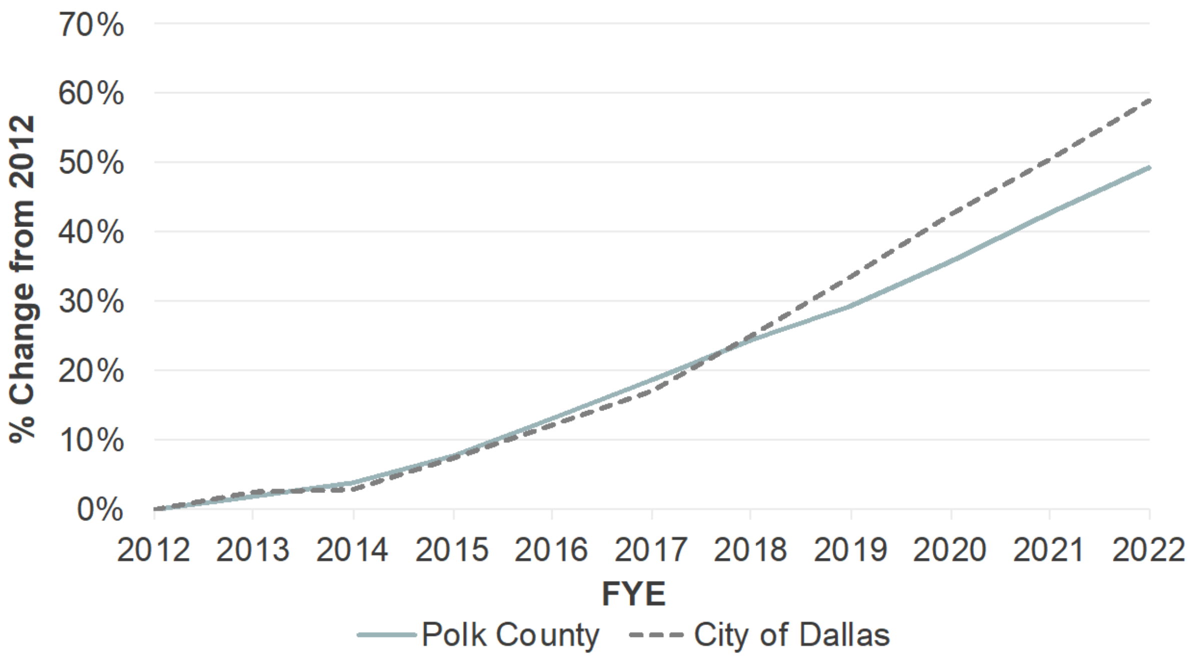
Source: Tiberius Solutions and Polk County Assessor Tax Records FYE 2022

Step 3. Forecast Assessed Value Growth

The Polk County Assessor data on the FYE 2022 assessed values for the potential urban renewal area was used as the basis for the financial analysis of the potential URA. Growth rates for assessed value vary over time, depending on market cycles and new development. In Oregon, appreciation is capped at 3.0% per year, which means any growth above 3.0% per year requires new development to occur.

The historical growth in the City of Dallas over the last ten years is 4.7% per year while over the last five years it is 6.3% per year (compound annual growth rates). This analysis assumes 6% annual assessed value growth, which corresponds to $5.1 million of real market value from new construction per year.

Exhibit 6 – Assessed Value History



Source: Tiberius Solutions with information from the City of Dallas and Polk County Assessor

Step 4. Calculate Tax Increment Revenue and Revenue Sharing

Tax Increment Revenues

Gross TIF revenue is calculated as the product of the increment assessed value and the consolidated tax rate each year. However, actual TIF received (i.e., net revenue) in a given year tends to be lower, due to discounts (from paying early), delinquencies (unpaid taxes), truncation loss (lost revenue due to the rounding down of the tax rate established for the URA), and compression loss (for properties where the taxes imposed would exceed constitutional limits). The forecast of net TIF revenue assumes a 5.0% adjustment factor to convert from gross to net revenue, based on our experience with other jurisdictions across the State.

Calculating tax increment revenue is done by forecasting assessed value based on assumed assessed value growth as described in Step 3, and then subtracting the initial assessed value ("frozen base") to determine the "excess value". The excess value is that amount of growth in the URA including both new development (exception value) and the annual growth of assessed values within the URA. This excess value is multiplied by the applicable tax rate to determine the total amount of tax increment revenue, also referred to as TIF. Then, if applicable, the revenue sharing thresholds are applied to determine the portion of tax increment revenue that will be collected by the URA and the portion that will be shared with overlapping taxing districts (if any).

Exhibit 7 shows the projections of assessed value, tax increment revenues, adjustments, and the portion of TIF projected to be received by the URA, projecting for a 20, 25, or 30-year duration. Tax increment revenues would begin in FYE 2024 if a URA is adopted by the Dallas City Council by November 30, 2022.[2] If the URA is approved after November 30, 2022, the first year of tax increment would be delayed one year.

Revenue Sharing

The analysis for the study area studied indicates revenue sharing would begin in year 18 of a 20 year plan, the final year of a 25 year plan and would not be expected to occur using our financial assumptions for a 30 year plan. The differences in whether or not revenue sharing commences in different time frames is because the thresholds are set based on the maximum indebtedness and that figure increases as the duration the plan increases. .

[2] An urban renewal area is adopted through a non-emergency ordinance which does not go into effect for thirty days after adoption.

Exhibit 7 - Projected TIF Revenues Over a 30 Year Period

FYE	Total AV	Frozen Base AV	Increment Applied	Tax Rate	Gross TIF	Adjustments	Current Year Net TIF	Prior Year Net TIF	Total TIF
2024	80,825,176	71,934,119	8,891,057	11.6709	103,767	-5,188	98,579	0	98,579
2025	85,674,687	71,934,119	13,740,568	11.6709	160,365	-8,018	152,347	1,479	153,826
2026	90,815,168	71,934,119	18,881,049	11.6709	220,359	-11,018	209,341	2,285	211,627
2027	96,264,079	71,934,119	24,329,960	11.6709	283,953	-14,198	269,755	3,140	272,896
2028	102,039,924	71,934,119	30,105,805	11.6709	351,363	-17,568	333,794	4,046	337,841
2029	108,162,321	71,934,119	36,228,202	11.6709	422,817	-21,141	401,676	5,007	406,683
2030	114,652,060	71,934,119	42,717,941	11.6709	498,558	-24,928	473,630	6,025	479,655
2031	121,531,184	71,934,119	49,597,065	11.6709	578,844	-28,942	549,901	7,104	557,006
2032	128,823,054	71,934,119	56,888,935	11.6709	663,946	-33,197	630,749	8,249	638,998
2033	136,552,437	71,934,119	64,618,318	11.6709	754,155	-37,708	716,448	9,461	725,909
2034	144,745,582	71,934,119	72,811,463	11.6709	849,777	-42,489	807,288	10,747	818,035
2035	153,430,318	71,934,119	81,496,199	11.6709	951,136	-47,557	903,579	12,109	915,688
2036	162,636,139	71,934,119	90,702,020	11.6709	1,058,576	-52,929	1,005,647	13,554	1,019,201
2037	172,394,306	71,934,119	100,460,187	11.6709	1,172,463	-58,623	1,113,840	15,085	1,128,925
2038	182,737,965	71,934,119	110,803,846	11.6709	1,293,183	-64,659	1,228,524	16,708	1,245,232
2039	193,702,243	71,934,119	121,768,124	11.6709	1,421,146	-71,057	1,350,089	18,428	1,368,517
2040	205,324,377	71,934,119	133,390,258	11.6709	1,556,787	-77,839	1,478,948	20,251	1,499,199
2041	217,643,840	71,934,119	145,709,721	11.6709	1,700,567	-85,028	1,615,539	22,184	1,637,723
2042	230,702,471	71,934,119	158,768,352	11.6709	1,852,973	-92,649	1,760,325	24,233	1,784,558
2043	244,544,619	71,934,119	172,610,500	11.6709	2,014,524	-100,726	1,913,798	26,405	1,940,203
20 years					**17,115,827**	**-855,791**	**16,260,036**	**220,658**	**16,480,693**
2044	259,217,297	71,934,119	187,283,178	11.6709	2,185,768	-109,288	2,076,479	28,707	2,105,186
2045	274,770,336	71,934,119	202,836,217	11.6709	2,367,286	-118,364	2,248,922	31,147	2,280,069
2046	291,256,555	71,934,119	219,322,436	11.6709	2,559,695	-127,985	2,431,711	33,734	2,465,444
2047	308,731,947	71,934,119	236,797,828	11.6709	2,763,649	-138,182	2,625,467	36,476	2,661,942
2048	327,255,865	71,934,119	255,321,746	11.6709	2,979,840	-148,992	2,830,848	39,382	2,870,230
25 years					**30,482,764**	**-1,524,138**	**28,958,626**	**395,946**	**29,254,571**
2049	346,891,217	71,934,119	274,957,098	11.6709	3,209,003	-160,450	3,048,553	42,463	3,091,016
2050	367,704,690	71,934,119	295,770,571	11.6709	3,451,916	-172,596	3,279,320	45,728	3,325,048
2051	389,766,972	71,934,119	317,832,853	11.6709	3,709,403	-185,470	3,523,933	49,190	3,573,122
2052	413,152,989	71,934,119	341,218,870	11.6709	3,982,339	-199,117	3,783,222	52,859	3,836,081
2053	437,942,168	71,934,119	366,008,049	11.6709	4,271,652	-213,583	4,058,069	56,748	4,114,818
30 years					**49,389,811**	**-2,469,491**	**46,920,321**	**642,934**	**47,563,254**

Source: Tiberius Solutions

Step 5. Identify Amounts Available for Projects

The maximum indebtedness is the figure that would be adopted by the Dallas City Council if an urban renewal plan is adopted. Exhibit 8 indicates the financial capacity of the URA in 5-year increments, in rounded dollars.

The level of development anticipated in the potential South Dallas URA could generate between $16.5 million and $47.6 million of TIF, depending on if the urban renewal plan lasts for 20, 25, or 30 years. Due to inflation, the real purchasing power of the URA (Capacity (2022$)) is estimated to range from $10.2 million to $23.1 million in constant 2022 dollars (again, depending on whether it is a 20, 25 or 30-year duration).

Exhibit 8 - Financial Capacity Over Time

Duration	20 Years	25 Years	30 Years
Net TIF	**$ 16,500,000**	**$ 29,400,000**	**$ 47,600,000**
Maximum Indebtedness	**$ 15,000,000**	**$ 26,000,000**	**$ 41,600,000**
Capacity (2022$)	**$ 10,200,000**	**$ 16,000,000**	**$ 23,100,000**
Years 1-5	$ 1,700,000	$ 1,700,000	$ 1,700,000
Years 6-10	$ 2,800,000	$ 3,200,000	$ 3,200,000
Years 11-15	$ 2,300,000	$ 3,500,000	$ 4,000,000
Years 16-20	$ 3,400,000	$ 3,000,000	$ 4,400,000
Years 21-25	$ -	$ 4,600,000	$ 3,800,000
Years 26-30	$ -	$ -	$ 6,000,000

Source: Tiberius Solutions

Note: Total TIF and Maximum Indebtedness are stated in year-of-expenditure (i.e., "nominal") dollars. Capacity has been adjusted for inflation and is shown in constant 2022 (i.e., "real") dollars.

Step 6. Impacts on Taxing Districts

Tax increment financing through urban renewal is not finding “new” money. These tax revenues are generated from the existing property tax rates of other taxing districts that overlap the URA. An URA would impact these affected taxing districts by redirecting a portion of these property tax revenues to the URA. The impact to other taxing districts is measured in terms of “foregone revenue”. As noted in the general section on impacts, if significant growth is projected as inn this URA, the projected impacts include that growth. However, if the URA wis not able to provide the infrastructure improvements to stimulate that growth, those impacts would not be realized.

Exhibit 9 and Exhibit 10 summarize the amount of foregone revenue that would be caused by the proposed URA over a 20-year time period. The foregone revenue for the Dallas School District and Willamette Education Service District does not have a direct impact on school funding, as funding is equalized at the state level. The table shows subtotals highlighted to indicate the amount of foregone revenue for a 20, 25, or 30 year duration.

The amount of foregone revenues is equal to the amount of tax increment revenue needed to pay debt service on the maximum indebtedness. In general, these impacts start off very small, and grow over time as the assessed value of the URA grows. For example, in Exhibit 9, the City of Dallas is estimated to have a total impact of $35,436 in FYE 2024 (the first year in which tax increment would be collected), and an impact of $1,479,172 in FYE 2053 (the 30th year tax increment would be collected).

Exhibit 9 - Impacts to Taxing Districts, General Government

FYE	Polk County	Chemeketa Reg. Library	City of Dallas	Dallas CD	Polk Soil/Water CD	Ash Creek WCD	4H/M Garden/Forest Ext	Subtotal Gen. Government
2024	(14,494)	(691)	(35,436)	(462)	(422)	(192)	(633)	(52,331)
2025	(22,617)	(1,078)	(55,296)	(721)	(659)	(300)	(989)	(81,660)
2026	(31,116)	(1,483)	(76,074)	(992)	(907)	(412)	(1,360)	(112,344)
2027	(40,124)	(1,913)	(98,099)	(1,279)	(1,169)	(531)	(1,754)	(144,869)
2028	(49,673)	(2,368)	(121,445)	(1,583)	(1,447)	(658)	(2,171)	(179,346)
2029	(59,795)	(2,850)	(146,192)	(1,906)	(1,742)	(792)	(2,613)	(215,891)
2030	(70,525)	(3,362)	(172,424)	(2,248)	(2,055)	(934)	(3,082)	(254,630)
2031	(81,898)	(3,904)	(200,229)	(2,611)	(2,386)	(1,084)	(3,579)	(295,692)
2032	(93,953)	(4,479)	(229,703)	(2,995)	(2,738)	(1,244)	(4,106)	(339,218)
2033	(106,732)	(5,088)	(260,946)	(3,402)	(3,110)	(1,413)	(4,665)	(385,356)
2034	(120,277)	(5,734)	(294,063)	(3,834)	(3,505)	(1,593)	(5,257)	(434,262)
2035	(134,636)	(6,418)	(329,167)	(4,292)	(3,923)	(1,783)	(5,884)	(486,102)
2036	(149,855)	(7,143)	(366,377)	(4,777)	(4,366)	(1,984)	(6,550)	(541,053)
2037	(165,988)	(7,912)	(405,820)	(5,291)	(4,836)	(2,198)	(7,255)	(599,301)
2038	(183,089)	(8,728)	(447,629)	(5,836)	(5,335)	(2,424)	(8,002)	(661,043)
2039	(201,216)	(9,592)	(491,947)	(6,414)	(5,863)	(2,664)	(8,794)	(726,491)
2040	(220,430)	(10,508)	(538,924)	(7,027)	(6,423)	(2,919)	(9,634)	(795,865)
2041	(240,798)	(11,479)	(588,720)	(7,676)	(7,016)	(3,189)	(10,524)	(869,401)
2042	(262,387)	(12,508)	(641,503)	(8,364)	(7,645)	(3,475)	(11,468)	(947,350)
2043	(285,272)	(13,599)	(697,453)	(9,093)	(8,312)	(3,778)	(12,468)	(1,029,975)
20 years	**(2,423,190)**	**(115,511)**	**(5,924,390)**	**(77,243)**	**(70,606)**	**(32,088)**	**(105,909)**	**(8,748,937)**
2044	(309,530)	(14,755)	(756,761)	(9,867)	(9,019)	(4,099)	(13,528)	(1,117,559)
2045	(335,243)	(15,981)	(819,627)	(10,686)	(9,768)	(4,439)	(14,652)	(1,210,397)
2046	(362,499)	(17,280)	(886,265)	(11,555)	(10,562)	(4,800)	(15,844)	(1,308,805)
2047	(391,391)	(18,657)	(956,901)	(12,476)	(11,404)	(5,183)	(17,106)	(1,413,118)
2048	(422,016)	(20,117)	(1,031,775)	(13,452)	(12,297)	(5,588)	(18,445)	(1,523,690)
25 years	**(4,316,063)**	**(205,742)**	**(10,552,222)**	**(137,581)**	**(125,759)**	**(57,153)**	**(188,639)**	**(15,583,160)**
2049	(454,478)	(21,665)	(1,111,142)	(14,487)	(13,242)	(6,018)	(19,864)	(1,640,896)
2050	(488,889)	(23,305)	(1,195,270)	(15,584)	(14,245)	(6,474)	(21,368)	(1,765,134)
2051	(525,364)	(25,044)	(1,284,447)	(16,747)	(15,308)	(6,957)	(22,962)	(1,896,827)
2052	(564,027)	(26,887)	(1,378,974)	(17,979)	(16,434)	(7,469)	(24,652)	(2,036,421)
2053	(605,010)	(28,840)	(1,479,172)	(19,286)	(17,629)	(8,012)	(26,443)	(2,184,391)
30 years	**(6,993,324)**	**(333,365)**	**(17,097,780)**	**(222,922)**	**(203,768)**	**(92,605)**	**(305,652)**	**(25,249,417)**

Source: Tiberius Solutions

Exhibit 10 - Impacts to Taxing Districts, Education

FYE	Chemeketa Community College	Willamette ESD	Dallas SD	Subtotal	Total All
2024	(52,331)	(5,287)	(2,506)	(38,454)	(46,247)
2025	(81,660)	(8,250)	(3,911)	(60,006)	(72,166)
2026	(112,344)	(11,349)	(5,380)	(82,553)	(99,283)
2027	(144,869)	(14,635)	(6,938)	(106,454)	(128,026)
2028	(179,346)	(18,118)	(8,589)	(131,788)	(158,495)
2029	(215,891)	(21,810)	(10,339)	(158,642)	(190,791)
2030	(254,630)	(25,723)	(12,194)	(187,108)	(225,026)
2031	(295,692)	(29,872)	(14,160)	(217,282)	(261,314)
2032	(339,218)	(34,269)	(16,245)	(249,266)	(299,780)
2033	(385,356)	(38,930)	(18,454)	(283,169)	(340,553)
2034	(434,262)	(43,870)	(20,796)	(319,106)	(383,773)
2035	(486,102)	(49,107)	(23,279)	(357,200)	(429,586)
2036	(541,053)	(54,659)	(25,910)	(397,579)	(478,148)
2037	(599,301)	(60,543)	(28,700)	(440,381)	(529,624)
2038	(661,043)	(66,781)	(31,656)	(485,751)	(584,188)
2039	(726,491)	(73,392)	(34,791)	(533,844)	(642,026)
2040	(795,865)	(80,401)	(38,113)	(584,821)	(703,335)
2041	(869,401)	(87,829)	(41,634)	(638,858)	(768,322)
2042	(947,350)	(95,704)	(45,367)	(696,137)	(837,208)
2043	(1,029,975)	(104,051)	(49,324)	(756,852)	(910,227)
20 years	**(883,843)**	**(418,975)**	**(6,428,939)**	**(7,731,757)**	**(16,480,693)**
2044	(1,117,559)	(112,899)	(53,518)	(821,210)	(987,628)
2045	(1,210,397)	(122,278)	(57,964)	(889,430)	(1,069,672)
2046	(1,308,805)	(132,219)	(62,677)	(961,743)	(1,156,639)
2047	(1,413,118)	(142,757)	(67,672)	(1,038,395)	(1,248,824)
2048	(1,523,690)	(153,928)	(72,967)	(1,119,646)	(1,346,541)
25 years	**(1,574,256)**	**(746,256)**	**(11,450,898)**	**(13,771,411)**	**(29,354,571)**
2049	(1,640,896)	(165,768)	(78,580)	(1,205,772)	(1,450,120)
2050	(1,765,134)	(178,319)	(84,530)	(1,297,065)	(1,559,914)
2051	(1,896,827)	(191,623)	(90,836)	(1,393,836)	(1,676,296)
2052	(2,036,421)	(205,725)	(97,521)	(1,496,414)	(1,799,660)
2053	(2,184,391)	(220,674)	(104,608)	(1,605,146)	(1,930,427)
30 years	**(25,249,417)**	**(2,550,770)**	**(1,209,160)**	**(18,553,907)**	**(22,313,838)**

Source: Tiberius Solutions

Blight Findings

ORS 457.010 defines blight and states that "a blighted area is characterized by the existence of one or more of the following conditions." The blight conditions that exist in the feasibility study area include:

- Significant underdevelopment of property.
- Existence of inadequate streets and other rights of way, opens spaces and utilities: lack of appropriate infrastructure to help facilitate development.
- Unsafe structures: needs for demolition or rehabilitation of existing structures.

These conditions constitute blight as defined by ORS 457.010. The official blight findings would be made in a future ordinance adopting the urban renewal plan.

Next Steps

This Urban Renewal Feasibility Study will be presented to the Dallas City Council. If the City Council directs staff to pursue the development of an urban renewal plan, the following steps must be completed:

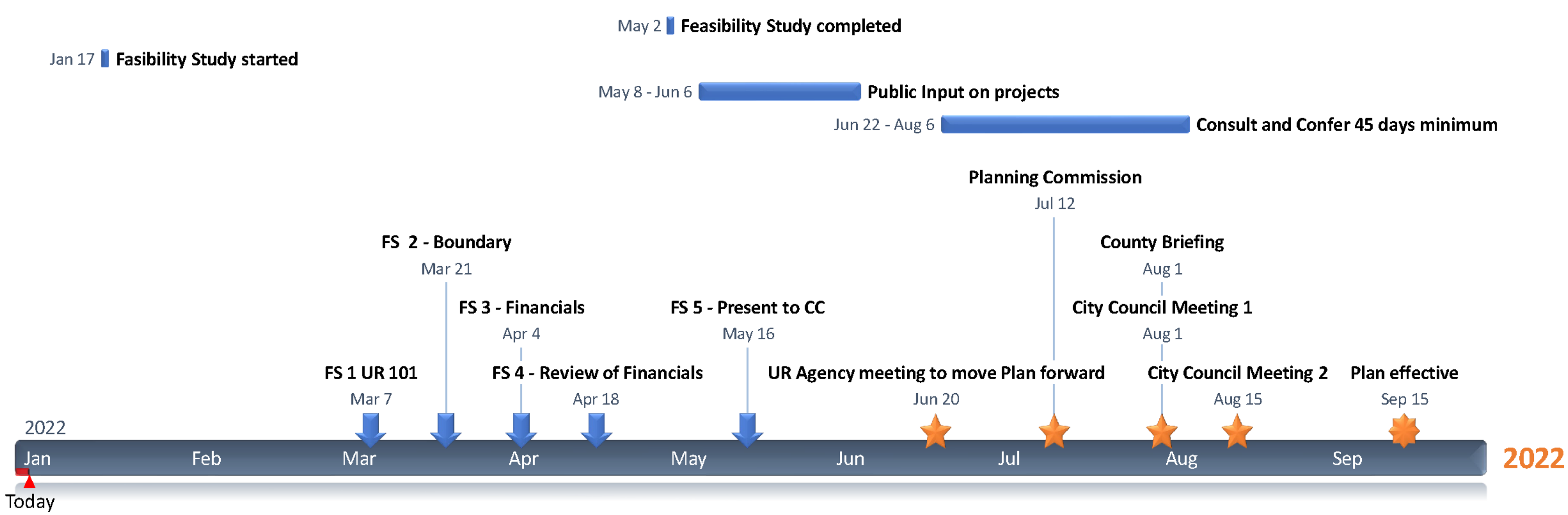
1. Decide whether to hire a consultant to assist in the urban renewal plan preparation and adoption process.
2. Prepare a public input strategy: Type of information to provide for an Open House. Other public input may also be considered.
3. Decide on the projects to be included in the urban renewal plan.
4. Prepare an Urban Renewal Plan ("Plan") pursuant to ORS 457.085 including goals and objectives and projects to pursue.
5. Complete the Report that Accompanies the Plan ("Report"). This Report must comply with ORS 457.087, both identifying existing conditions and establishing financial feasibility. There is generally a large amount of City staff input in this document, as existing conditions must be identified, and projects must be defined.
6. Present the draft Plan to the Dallas Urban Renewal Agency for their review, and if desired, the Agency would pass a motion or adopt a resolution to start the formal public review process.
7. Transmit the Plan and Report to all impacted taxing districts for a 45 day review period.
8. Present to the Dallas Planning Commission for their finding of conformance of the South Dallas Urban Renewal Plan with the Dallas Comprehensive Plan.
9. Present to the Polk County Commission. The County will be briefed on the plan only, there is no requirement for their vote.
10. Conduct a public hearing in front of Dallas City Council, advertised to a specific group as identified in 457.120. The Dallas City Council would consider adoption of a non-emergency ordinance.

11. Publish notice if the ordinance for the Plan is adopted.
12. Complete a legal description of the URA that is typically done outside of the urban renewal plan consultant's contract. This legal description must be complete by the final action in front of the City Council.
13. Determine timing. Timing of the adoption of a plan is important. There are two important factors in timing. The first is which tax roll will be used to establish the frozen base. If the Plan is adopted and the 30-day period for a non-emergency ordinance occurs prior to the certification of the FYE 2023 tax roll by the County Assessor (in early October), the frozen base that is established for the URA uses the FYE 2022 assessed values, based on values as of January 1, 2021. This potentially captures increases in assessed value growth as well as any new growth that will come on the tax roll in FYE 2023. If you do not adopt a plan by this timeframe, you will use property values as of January 1, 2022 as your frozen base. To meet the deadline of using January 2021 values for your frozen base, the Plan must be adopted by September 1, 2022.

    The second important timing factor is when the Urban Renewal Agency will begin tax increment collections. If the Plan is adopted prior to December 1, 2022, the first increment will be distributed in FYE 2024. (This will happen if you meet the prior deadline of September 1, 2022.) If the Plan is adopted after January 1, 2023, the first increment is distributed in FYE 2025.

The process of preparing and adopting an urban renewal plan typically takes 6 - 8 months. A proposed timeline is shown below.

South Dallas TIF/UR Plan Timeline - Tax Roll from Jan 2021 values – First TIF in FY 2023-2024



Appendix A – Oregon's Property Tax System

To fully understand how urban renewal land tax increment financing work, it is important to also understand key elements of Oregon's property tax system. Oregon's property tax system is largely defined by two property tax-related ballot measures that were approved by voters in the 1990s: Measure 5 passed in 1990 and Measure 50 passed in 1997.

Measure 5 limited the property taxes paid by individual property owners to $10 per $1,000 of real market value ("RMV") for general government taxes and $5 per $1,000 of real market value for education taxes. Levies passed by voters to repay general obligation bonds were excluded from these limits.

Measure 50, passed in 1997, was a further overhaul of Oregon's property tax system, including the following key elements:

- Switching from a "levy-based" system to a "rate-based" system, including the establishment of permanent tax rates for each taxing district instead of variable levies. Note that in addition to permanent tax rates, taxing districts may also impose local option levies and levies for general obligation bonds, both of which are temporary in nature and are subject to voter approval.
- Reducing assessed value. Assessed value is not equal to real market value. In fiscal year 1997-98, a maximum assessed value ("MAV") for each property was established, which was equal to 90 percent of its assessed value from two years prior (fiscal year 1995-96).
- Limiting assessed value growth. Growth in MAV was limited to three-percent annually. The actual assessed value used to calculate a property's tax bill is equal to the lesser of the property's MAV and RMV.

There are some exceptions to the three percent limit in MAV growth. The most common exceptions are new construction and significant improvements that did not exist in 1995-96 when the MAV was established. To determine the "exception value" in these situations a "changed property ratio" ("CPR") is used to establish the initial MAV. The CPR is calculated annually as the ratio between aggregate AV and aggregate RMV for each property class (residential, multifamily, commercial/industrial, etc.) in each county. The CPR is applied to the RMV of all new development to determine initial MAV. Once the MAV is established, it is limited to growth of 3% per year like all other existing property.[3]

This Appendix prepared by Tiberius Solutions.

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[3] Other exceptions include: partitioning or subdividing a property, rezoning a property and change of use consistent with that zone, and the disqualification or termination of property tax exemptions (e.g., property transferring from public to private ownership).