

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2021

2020/2021

Madras Urban Renewal Agency

This report fulfills the requirements, prescribed in ORS 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.



Annual Report for Fiscal Year Ending June 30, 2021

MADRAS URBAN RENEWAL AGENCY

URBAN RENEWAL DISTRICTS BACKGROUND

There are two urban renewal districts in Madras, the Commercial Urban Renewal District and the Housing Urban Renewal District.

Commercial Urban Renewal District:

The Madras Urban Renewal Plan (Commercial) was adopted by the City Council of the City of Madras on August 13, 2002 via City Ordinance No. 700. This ordinance also established the Madras Urban Renewal District (“Commercial URD”) and the Urban Renewal Agency in order to enhance the downtown commercial corridor within Madras.

The purpose of the Madras Urban Renewal Plan (Commercial) is to:

1. Eliminate blighted condition within the downtown commercial corridor;
2. Reverse physical and economic decline;
3. Establish a maximum indebtedness of \$14 million;
4. Identify financing methods to eliminate blight and improve economic conditions.

In 2002, the Madras City Council passed Ordinance 709 which created the Madras Redevelopment Commission and transferred its urban renewal authority to the Madras Redevelopment Commission (“MRC”) to increase public involvement in the urban renewal program, pursuant to Oregon Revised Statutes (ORS) 457.055.

The Commercial URD lies primarily along the commercial corridor that extends from Lee Street in the north and Hall Street in the south. Property taxes are imposed on the increase in property values on the assessed value within the urban renewal district. The Commercial URD receives property taxes (tax increment) to fund projects consistent with the purpose of the Commercial URD’s Plans.

Housing Urban Renewal District:

In December of 2018, the City of Madras completed a Housing Action Plan that identified housing needs for all housing types and income levels. The Housing Action Plan recommended specific actions to address these housing needs. One of the recommended actions was evaluating the opportunities for a new or expanded urban renewal area to support development of housing. The City completed a Feasibility Study in June of 2019. Later, on November 12, 2019 the City Council approved the Housing Urban Renewal District (Housing URD) Report and Plan, by and through Ordinance No. 9351. The HURD is estimated to last 30 years, resulting in 30 years of tax increment collections. The City estimates that

965 new housing units will be constructed within the Plan Area over the estimated 30-year time frame of the HURD. The maximum amount of indebtedness (amount of dollars spent for projects, programs and administration) that may be issued for the Plan is \$39,100,000.

The goals of the HURD Plan represent its basic intents and purposes. Accompanying the goals are objectives, which generally describe how the MRC intends to achieve each goal. The goals and objectives will be based on economic feasibility and at the discretion of the MRC.

A. Housing Development

To increase the supply of all housing types in the City of Madras.

Objectives:

1. Provide financial incentives for the development of housing in the City of Madras.
2. Provide infrastructure improvements to support the development of housing in Madras.

B. Infrastructure

To provide necessary infrastructure improvements to support housing development in the City of Madras.

Objectives:

1. Provide infrastructure improvements.
2. Assist in the financing of infrastructure improvements to be made by a developer/builder/property owner.
3. Assist in the provision of infrastructure improvements by providing other incentives to a developer/builder/property owner.

C. Public Safety

Coordinate with Jefferson County Fire District #1 to provide public safety in the urban renewal area.

Objectives:

1. Provide funding for capital improvements to the Jefferson County Fire District #1.

ORS 457.460 requires urban renewal agencies to provide a summary of their finances for public information. Additional reporting for the Agency includes the adoption of its annual budget and its annual independent audit.

This report is on file with the City Recorder, City of Madras, 125 SW "E" Street, Madras, Oregon 97741. Notice of this report and its availability to all interested persons, including a summary of the information in 1(A)-(C) above, will be published in the Madras Pioneer on February 9, 2022 and February 16, 2022.

A full copy of the Madras Urban Renewal District Plan can be found on the Madras website.

<http://www.ci.madras.or.us>

DEBT ADMINISTRATION

At the end of the fiscal year 2020/21, the MRC's total outstanding debt for the Commercial URD consists of \$2,894,949. The outstanding debt for the HURD was \$149,985.

COMMERICAL PROJECTS

In 2019, the MRC commissioned Michele Reeves of Civilis Consultants to provide some guidance on scope, type and context of the Commercial Urban Renewal projects. As identified in the 2019 Revitalization Toolkit, there are three different project types: Building Improvement Program, New Development Assistance, and Design Assistance Program. Table 1 below shows all Commercial Projects completed in 2020-21 and currently in progress.

Table 1. Current Commercial Projects in Progress

Project Name	Project Type	Project Status
Dollar General Store	New Construction	Complete
Love's Travel Center	New Construction	Complete
Detail Plus	Renovation	Complete
Reynoso's Food Court	New Construction	Complete
Bunkhouse Hotels	New Construction	In Progress
Metro PCS Building Improvement	Renovation	In Progress
Ok Barbershop Building Improvement	Renovation	In Progress
The Stagg Building Improvement	Renovation	In Progress

Commercial Urban Renewal District Money Received

In FY 2020/2021, the Agency received \$537,396 from current year and prior year division of taxes for the Commercial URD.¹ The detailed revenues of the Commercial URD can be seen in Table 2.

Table 2. Commercial URD Money Received During FY 2020/2021

Receipt Category	2020/2021 Amount
Commercial URD TIF Fund	
Working Capital Carryover	217,244
Division of Taxes	519,080
Prior Year Division of Taxes	18,316
Interest Income	3,308
TOTAL:	\$757,947
Commercial URD Project Fund	
Working Capital Carryover	102,286
Borrowings	690,000
TOTAL:	\$792,286
Commercial URD Program Income	
Working Capital Carryover	5,229
Line of Credit	260,000
Use of Money & Property	65,736
Transfers In	100,000
TOTAL:	\$430,965
TOTAL ALL:	\$1,981,198

Source: Madras Urban Renewal Agency Financial Statements FYE 06/30/2021

¹ Madras Urban Renewal Agency Financial Spreadsheet FYE 2021

Commercial Urban Renewal District Money Expended

Revenue received through urban renewal and spent on urban renewal activities in the Commercial URD is shown in Table 3.

Table 3. Commercial URD Expenditures During FY 2020/2021

Expenditure Category	2020/2021 Amount
Commercial URD TIF Fund	
Debt Service	600,632
TOTAL:	600,632
Commercial URD Project Fund	
Materials and Services	78,811
Special Payments	712,781
TOTAL:	\$791,592
Commercial URD Program Income	
Special Payments	\$428,887
TOTAL:	\$428,887
TOTAL ALL:	\$1,821,111

Source: Madras Urban Renewal Agency Financial Statements FYE 06/30/2021

Commercial Urban Renewal District Estimated Revenues

The estimated tax revenues from the FY 2021/22 adopted Agency budget for the Commercial URD are \$508,772 from this year's TIF collections and \$7,000 from prior years' TIF collections.²

² City of Madras FY 2020/2022 Urban Renewal Budget

Commercial Urban Renewal District Proposed Budget for FY 2021-2022

The Madras Redevelopment Commission developed a budget for FY 2021-22. A compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund for the Commercial URD is shown in Table 4 below.

Table 4. Budget FY 2021-2022 Commercial URD

Commercial Budget Category (Revenues)	2021-2022 Amount
Commercial Property Tax and Debt Service Fund	
Beginning Balance	0
Division of Taxes	515,772
Interest on Investments	25
TOTAL:	\$515,797
Commercial Project Fund	
Beginning Balance	0
Shared Revenues	1,130,250
TOTAL:	\$1,130,250
Commercial Revolving Debt Loan Fund	
Beginning Balance	0
Shared Revenues	175,000
Use of Money and Property	38,000
TOTAL:	\$213,000
Total ALL:	\$1,859,047

Source: City of Madras FY 2020/2022 Urban Renewal Budget

Commercial Budget Category (Expenditures)	2021-2022 Amount
Commercial Property Tax and Debt Service Fund	
Debt Service	490,000
Ending Balance	25,797
TOTAL:	\$515,797
Commercial Project Fund	
Materials and Services	91,750
Special Payments	938,500
Reserve for Future Expenditures	0
Contingency	100,000
Ending Fund Balance	0
TOTAL:	\$1,130,250
Commercial Revolving Debt Loan Fund	
Special Payments	200,000
Contingency	12,500
Ending Balance	500
TOTAL:	\$213,000
TOTAL ALL:	\$1,859,047

Source: City of Madras FY 2020/2022 Urban Renewal Budget

Commercial Urban Renewal District Impact on Taxing Districts

The revenues foregone by local taxing districts in FY 2020/21 due to the Commercial District are shown in Table 5. This information is from Jefferson County Assessor records, Sal Table 4a and Table 4e. The difference in division of tax revenues shown in Table 6 and Table 9 are due to underpayments, delinquencies, compression and truncation.

Urban renewal agencies do not create an additional tax. Instead, during the Area’s lifespan, overlapping taxing districts “forego” a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The School District and Education Service District are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

Table 5. Impact on Taxing Districts – Commercial URD - FY 2020/2021

Taxing Jurisdiction	Impact	Percent of Total Permanent Rate Levy
Jefferson County	130,401	1.84%
City of Madras	150,563	8.63%
Jefferson County RFPD	43,297	3.98%
Central Oregon Community College	22,655	1.88%
Jefferson County ESD	8,727	2.22%
Madras School District 509J	167,724	3.20%
Mac Recreation District	9,109	3.11%
Jefferson County Library District	15,877	2.17%
TOTAL:	\$548,353	

Source: FY 2020/2021 Sal 4a and 4e from Jefferson County Assessor

Commercial Urban Renewal District Maximum Indebtedness

A maximum indebtedness (MI) of \$14 million was established by the Madras City Council when the Commercial URD was formed. As the Commercial URD borrows and expends funds, the MI is reduced by Commercial URD expenditures for administration, projects, and formal debt issuances. Expenditures are made from debt proceeds and other non-property tax (TIF) revenues (property sales, Agency loan repayments, etc.) first and property tax revenue second. The remaining MI for the Commercial URD as of June 30, 2021 is \$6,549,840.20.³

³ City of Madras spreadsheet 2020MI.xls

HURD PROJECTS

There have been four agreements signed for assistance in the HURD for a total of 366 housing units. Forty of those units have received permits and, of that forty, nineteen new housing units have been completed. There are an additional 347 more housing units under agreement. The nineteen new housing units are anticipated to generate \$33,307 in property taxes the initial year.

Negotiations are underway for an additional 345 housing units.

Table 6. HURD Housing Units

	Agreement Date	Agreement Expiration Date	# of lots	# of houses completed	Taxes eligible to be paid
1 Treasure Hills	2/25/2020	2/1/2028	47	19	\$33,307
2 Willowbrook	8/12/2020	2/1/2033	153		
3 Morning Crest	3/14/2021	3/4/2030	22		
4 Yarrow Apartments	11/9/2021	11/9/2032	144		
TOTAL:			366	19	

Source: Madras Finance Director in e mail 1/20/2022

FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute, first for the Commercial Urban Renewal District and then for the Housing Urban Renewal District.

Housing Urban Renewal District Money Received

The detailed revenues of the Housing URD can be seen in Table 7.

Table 7. Housing URD Money Received During FY 2020/2021

Receipt Category	2020/2021 Amount
Housing Property Tax and Debt Service Fund	
Working Capital Carryover	0
Division of Taxes	7,727
Interest Income	27
TOTAL:	\$7,751
Housing URD Project Fund	
Working Capital Carryover	7,149
Proceeds of Borrowing	54,000
Transfers In	335,000
TOTAL:	\$396,149

Source: Madras Urban Renewal Agency Financial Statements FYE 06/30/2021

Housing Urban Renewal District Money Expended

Revenue received through urban renewal and spent on urban renewal activities in the Housing URD is shown in Table 8.

Table 8. Housing URD Expenditures During FY 2020/2021

Expenditure Category	2020/2021 Amount
Housing Property Tax and Debt Service Fund	
Debt Service	6,998
TOTAL:	6,998
Housing URD Project Fund	
Materials and Services	43,234
Special Payments	4,181
Ending Fund Balance	0
TOTAL:	\$47,414

Source: Madras Urban Renewal Agency Financial Statements FYE 06/30/2021

Housing Urban Renewal District Estimated Revenues

The estimated tax revenues from the FY 2021-22 adopted Agency budget for the Housing URD are \$240,000 from this year's TIF collections.⁴ Due to the timing of assessed tax revenues received one year behind original biennial budget estimates it is expected the Housing District will receive only about \$50,000 of the estimated \$240,000. The next biennial budget in FY2022-24 will be a more accurate representation of property tax projections as the District will have some historical data to guide those projections.

⁴ City of Madras spreadsheet 2020MI.xls

Housing Urban Renewal District Proposed Budget for FY 2021-2022

A compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund for the Housing URD is shown in Table 9 below.

Table 9. Budget FY 2021-2022 Housing URD

Housing Budget Category (Revenues)	2021-2022 Amount
Housing Property Tax and Debt Service Fund	
Beginning Balance	0
Division of Taxes	240,000
Interest on Investments	0
TOTAL:	\$240,000
Housing URD Project Fund	
Beginning Balance	0
Shared Revenues	550,000
TOTAL:	\$550,000
Total ALL:	\$790,000

Source: City of Madras FY 2020/2022 Urban Renewal Budget

Table 9. Budget FY 2021-2022 Housing URD continued

Housing Budget Category (Expenditures)	2021-2022 Amount
Housing Property Tax and Debt Service Fund	
Debt Service	220,000
Ending Balance	20,000
TOTAL:	\$240,000
Housing URD Project Fund	
Materials and Services	52,922
Special Payments	497,078
Contingency	0
Ending Fund Balance	\$0
TOTAL:	\$550,000
Total ALL:	\$790,000

Housing Urban Renewal District Impact on Taxing Districts

The revenues foregone by local taxing districts in FY 2020/21 due to the Housing District are shown in Table 10. This information is from Jefferson County Assessor records, Sal Table 4a and Table 4e. The difference in division of tax revenues shown in Table 5 and Table 7 are due to underpayments, delinquencies, compression, and truncation.

Urban renewal agencies do not create an additional tax. Instead, during the Area’s lifespan, overlapping taxing districts “forego” a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The School District and Education Service District are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

Table 10. Impact on Taxing Districts – Housing URD - FY 2020/2021

Taxing Jurisdiction	Impact	Percent of Total Permanent Rate Levy
Jefferson County	1,909	0.03%
City of Madras	2,203	0.14%
Jefferson County RFPD	636	0.06%
Central Oregon Community College	297	0.03%
Jefferson County ESD	127	0.03%
Madras School District 509J	2,458	0.05%
Mac Recreation District	127	0.04%
Jefferson County Library District	212	0.03%
TOTAL:	\$7,968	

Source: FY 2020/2021 Sal 4a and 4e from Jefferson County Assessor

Housing Urban Renewal District Maximum Indebtedness

The MI of the Housing URD Plan established by the Madras City Council is \$39,100,000. This is the total amount of money that may be spent on projects, programs and administration over the estimated 30-year life of the program. The time frame of urban renewal is not absolute, the proposed urban renewal plan would be constrained by the maximum indebtedness. This amount is the principal of such indebtedness and does not include interest or indebtedness incurred to refund or refinance existing indebtedness or interest earned on debt proceeds. The remaining MI for the Housing URD as of June 30, 2021 is \$38,946,000

Madras Urban Renewal Districts

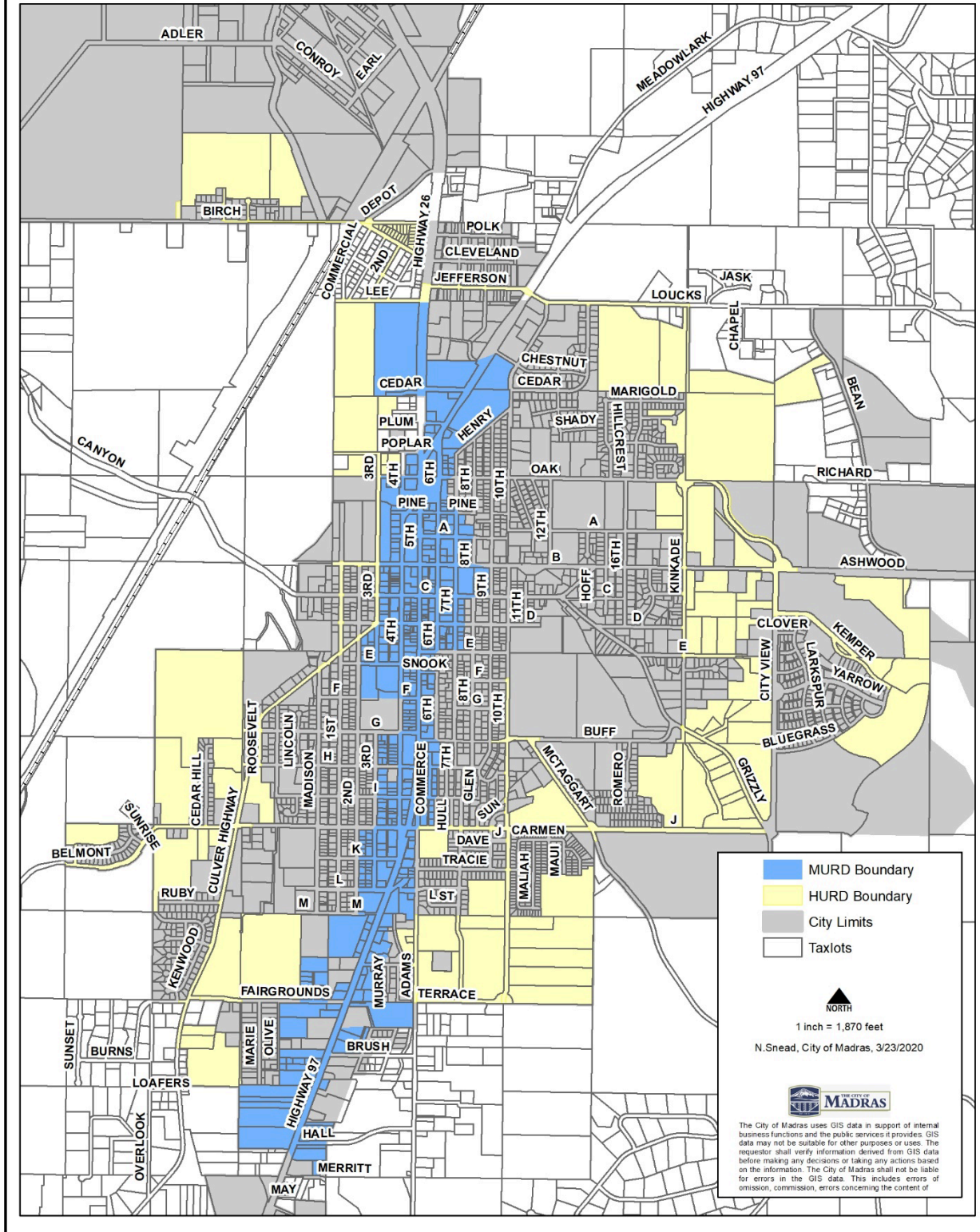


Figure 2. Madras Urban Renewal Area Commercial Projects

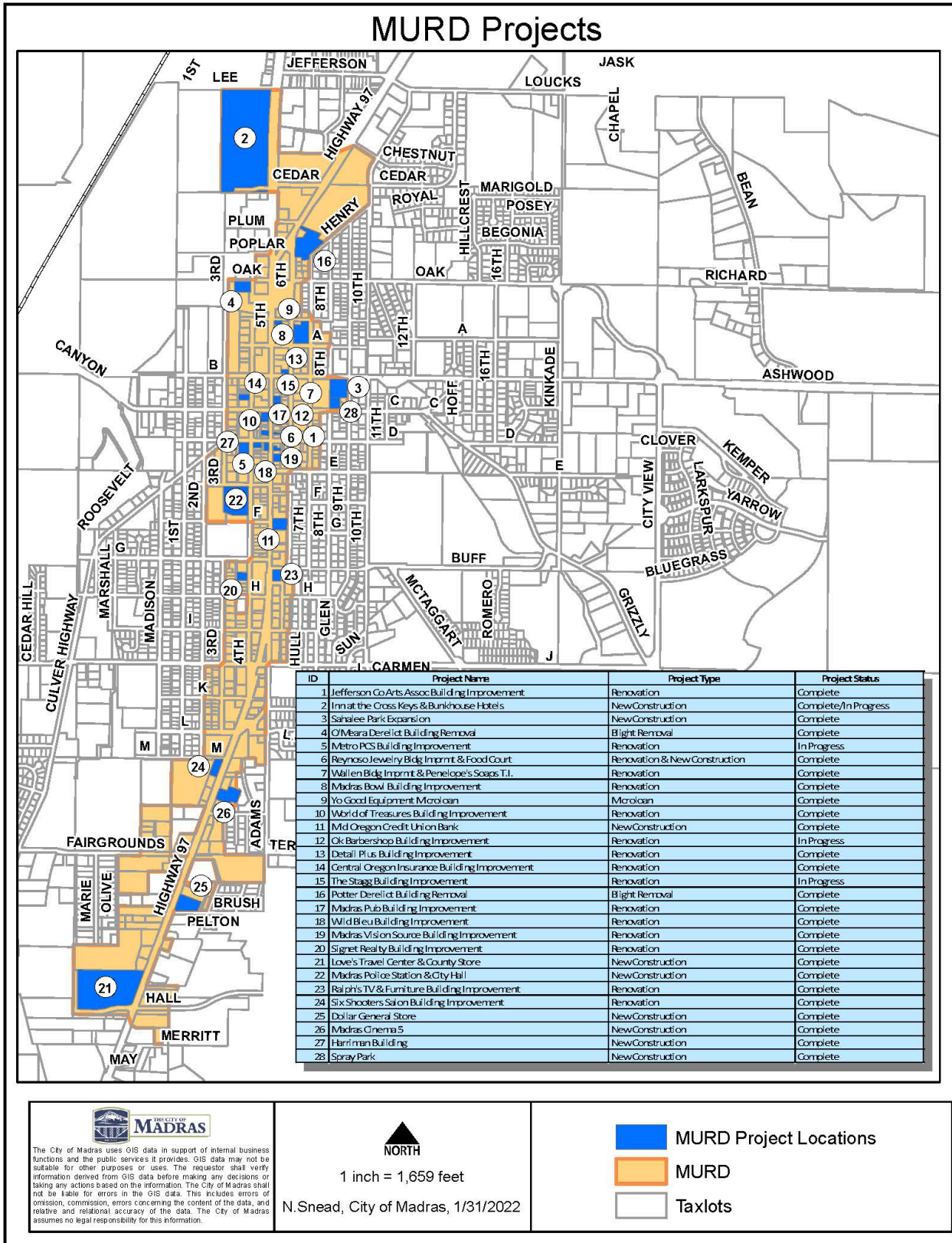


Figure 3. Housing Urban Renewal District Projects

