

# City of Madras Housing Urban Renewal District Feasibility Study

June 25, 2019

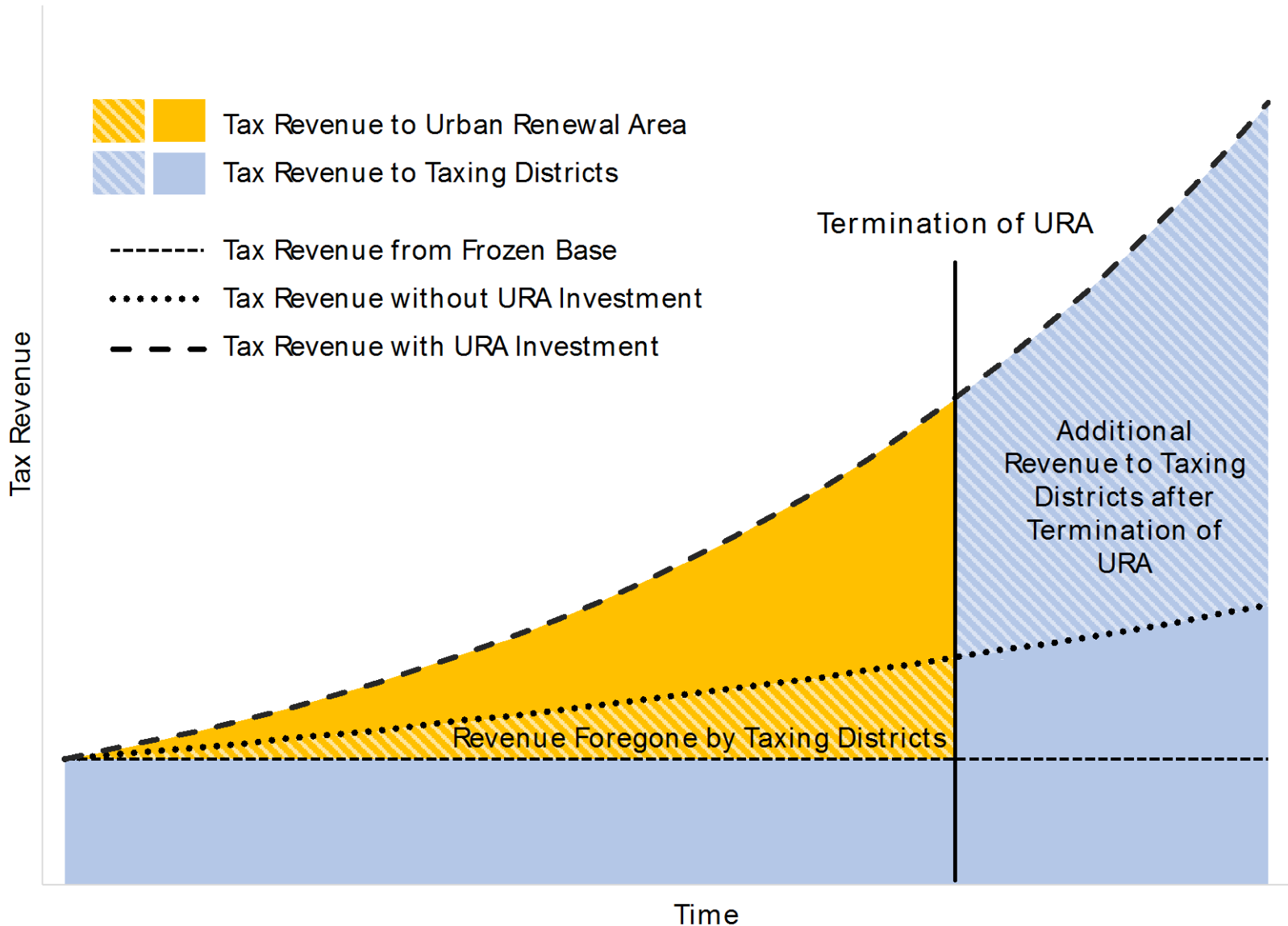


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# Agenda

- Urban Renewal Background
- Goals
- Boundary
- Financial Forecast
- Implications
- Next Steps

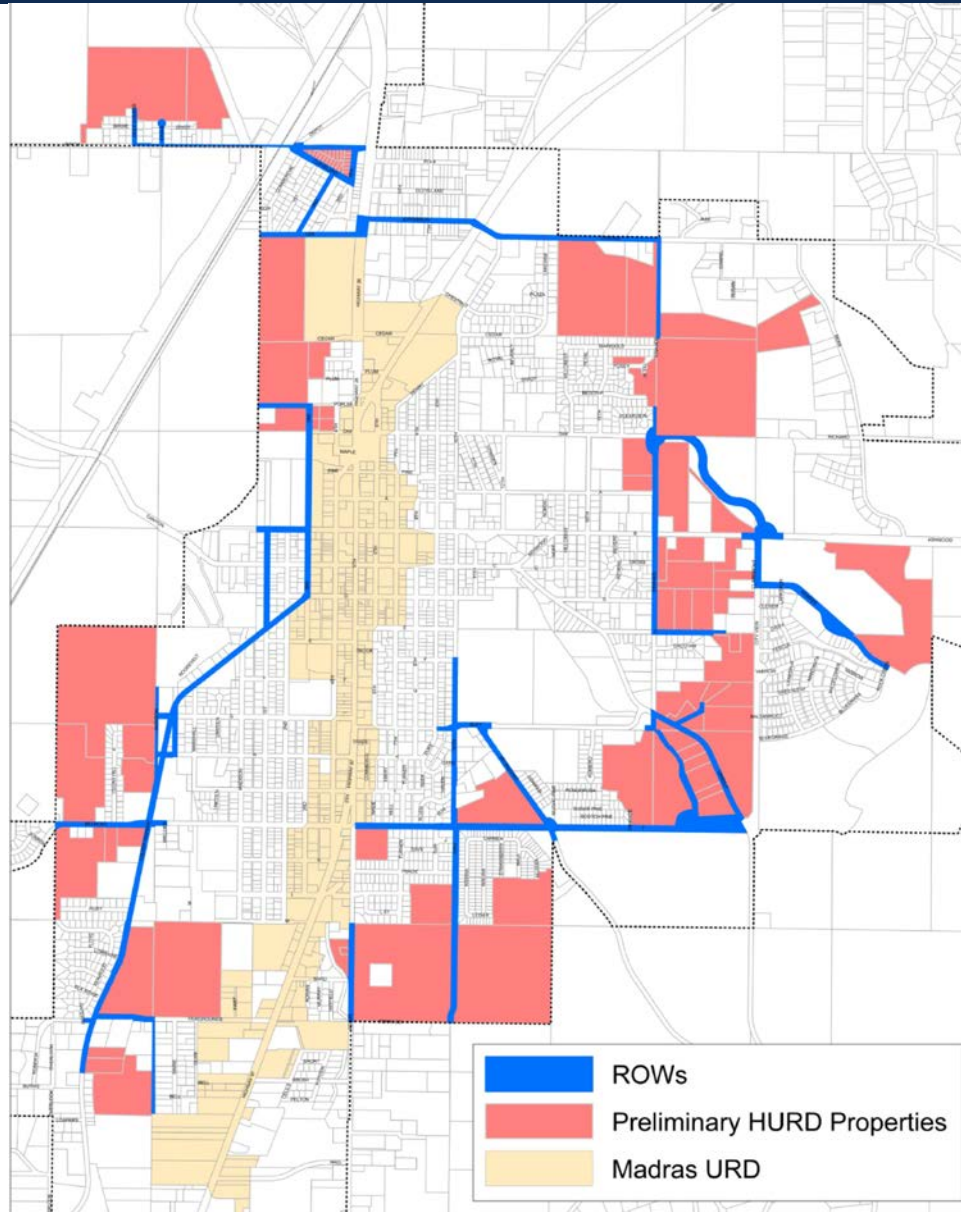
# Urban Renewal



# Goals

- Incentivize new housing construction, per Housing Action Plan
- Maximize flexibility to respond to market conditions
- Provide certainty/stability to City and housing developers, regarding terms of incentives/investments

# HURD Boundary



# Assessed Value Forecast

- Appreciation in existing land value
- Plus new construction over time

# Appreciation of Existing Property

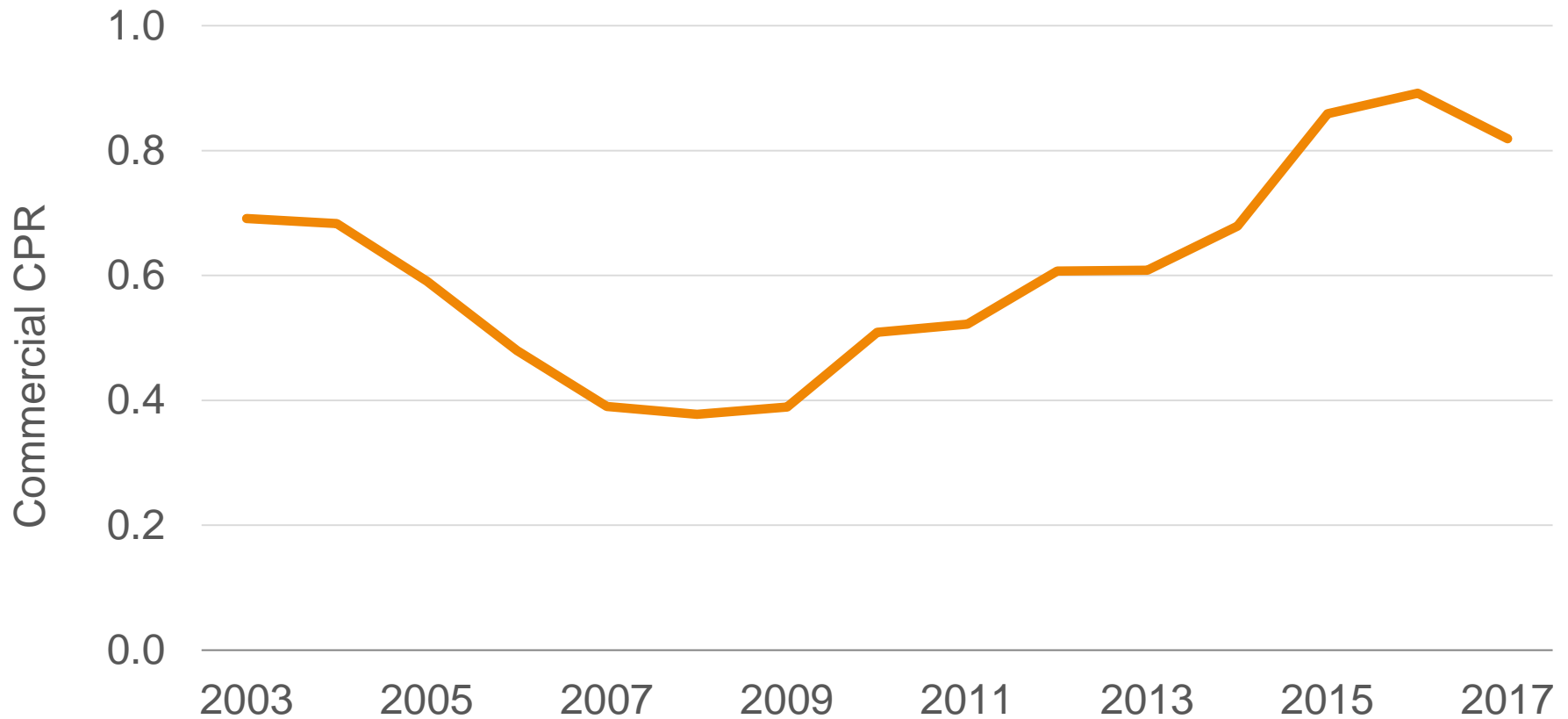
- \$5.7M of assessed value
  - About \$8,400 per acre
- Limited to 3.0% growth per year
- Note: RMV is much higher, \$12.7M

# Development Assumptions

- Annual population growth of 1.4%
- 36 new homes per year, citywide
- 70% inside HURD
  - Low-income households: 5
  - Middle-income households: 12
  - Higher-income households: 2
  - Total: 19 (increasing over time)



# Reminder: Changed Property Ratios

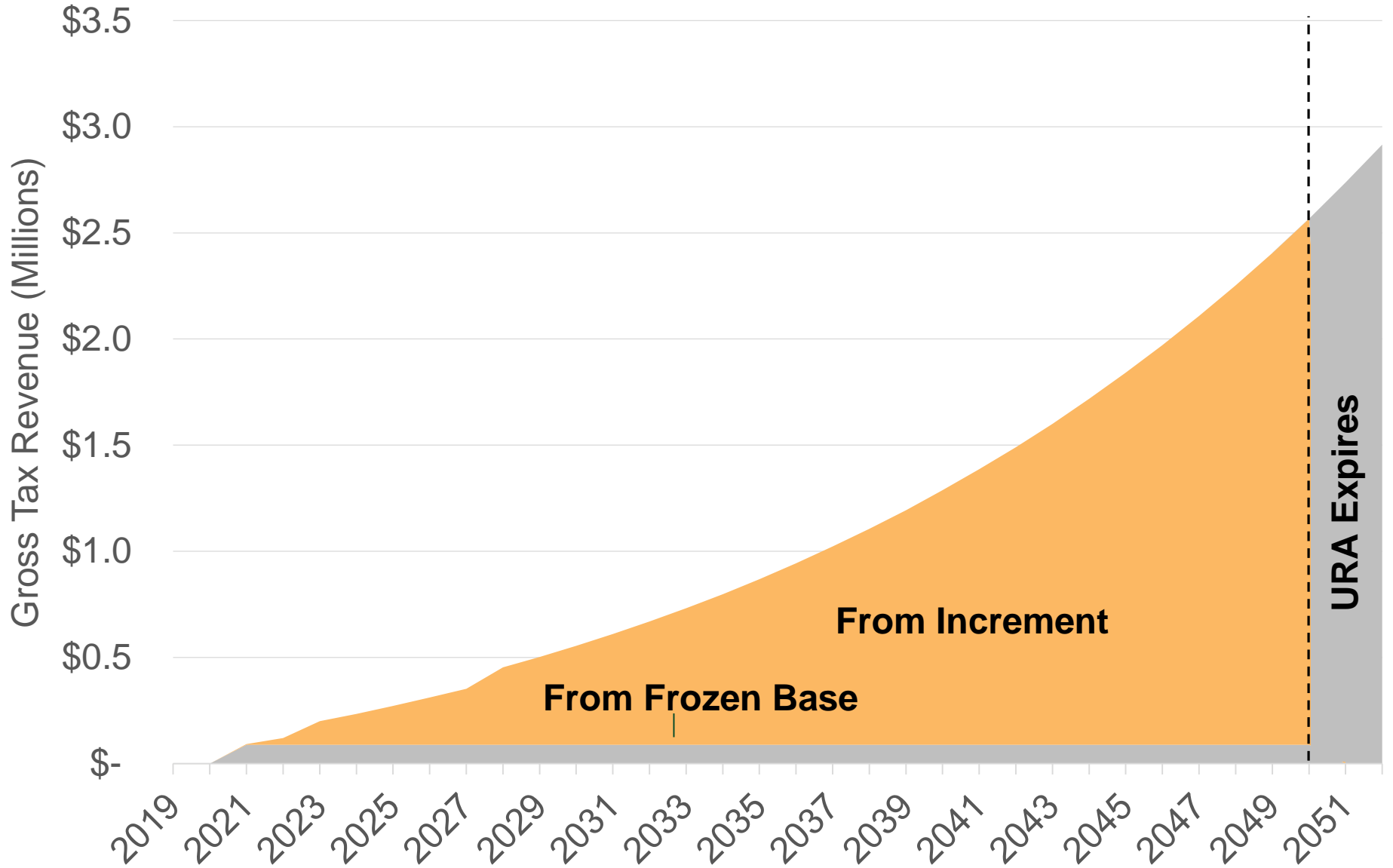


$$\text{CPR} = \frac{\text{Assessed Value of All County Properties}}{\text{Market Assessed Value of All County Properties}}$$

# Value of New Construction

Unit Type	RMV	Land Value	Net New RMV	CPR	AV
<b>Affordable to Low-Income Households</b>	Tax Exempt				
<b>Affordable to Moderate and Middle Income Households</b>	\$208,000	\$4,660	\$203,340	56.75	\$115,395
<b>Affordable to Higher Income Households</b>	\$245,000	\$4,660	\$240,340	56.75	\$136,393
<b>Taxable Multifamily Development</b> <i>2021: 25 Units</i> <i>2026: 25 Units</i>	\$125,000	\$0*	\$125,000	90.80	\$113,500

# Results: TIF Forecast



# Results: URA Capacity

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Gross TIF	\$29,000,000
Net TIF	\$27,900,000
Maximum Indebtedness	\$27,900,000
Funding Capacity (2019\$)	\$14,500,000
Years 1-5	\$400,000
Years 6-10	\$1,300,000
Years 11-15	\$2,000,000
Years 16-20	\$2,800,000
Years 21-25	\$3,600,000
Years 26-30	\$4,400,000

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# Implications

- Need to decide how HURD can best be used to incentivize new development?
- Then decide if potential benefits of URA are worth the foregone tax revenue.
- If so, then proceed with next phase of developing urban renewal plan.

# Key Questions

- Direct incentives to developers?  
May limit ability to fund larger infrastructure
- Incentives tied to actual TIF generated?  
May incentivize high-end housing vs affordable
- Provide incentives upfront (rather than spread out over time)?  
Requires debt (interest expense)
- Remove property from HURD after incentive is paid back?  
Reduces overall financial capacity

# Next Steps if Creating a URA

- Advisory Committee and public outreach
- Confirm final URA boundary
- Identify projects for funding
- Agree on expectations for length of plan and maximum indebtedness
- Outreach to taxing districts regarding foregone revenue
- Meetings/Hearings/Approval: required for planning commission, Urban Renewal Agency, and City Council

# Questions?

Nick Popenuk

503-740-0501

[popenuk@tiberiussolutions.com](mailto:popenuk@tiberiussolutions.com)



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