

MADRAS HURD | INCENTIVES FOR MULTIFAMILY DEVELOPMENT

The Madras Redevelopment Commission (MRC) may provide incentives to developers for the development of housing units in the Madras Housing Urban Renewal District (HURD). This will be completed through a development agreement with the developer/builder/property owner that stipulates the timing of the development and the amount and timing of the incentive. Possible incentives for a hypothetical 25-unit taxable multifamily development is shown below. These incentives are in addition to the SDC reductions.

25-Unit Multifamily Development

Assessed Value of Hypothetical Development	
Real Market Value (RMV) of New Development	\$3,125,000
Existing Land RMV*	\$0
RMV of new improvements <i>Equals total RMV of new development less existing RMV of land.</i>	\$3,125,000
Changed Property Ratio (CPR) <i>The CPR is equal to the ratio of aggregate RMV to assessed value (AV) across Jefferson County for a given property type. This ratio is applied to the RMV of all new development to determine the initial AV of the development. The CPR for each property type is updated by the Jefferson County Assessor each year.</i>	0.9080
Assessed Value of new improvements <i>Equals RMV of new improvements multiplied by CPR.</i>	\$2,837,500
Tax Revenue to HURD	
Consolidated Tax Rate <i>The consolidated tax rate for all new urban renewal areas is equal to the sum of all permanent property tax rates. The consolidated tax rate does not include general obligation bonds or local option levies. A property owner in the HURD will pay a higher tax rate that includes the bonds and local option levies (currently \$20.0681 per \$1,000 AV), but the HURD will only receive the proceeds from the lower consolidated tax rate.</i>	\$15.0093 per \$1,000 AV
Tax Revenue to HURD (first year on tax roll) <i>For each year, equals assessed value multiplied by consolidated tax rate.</i>	\$45,183
Tax Revenue Over 7 Years (Nominal Dollars) <i>Assumes that assessed value increases at a rate of 3.0% per year, the maximum allowed by Oregon's property tax. This is equal to the TOTAL INCENTIVE.</i>	\$346,175
Incentive for Development	
Option 1 - Lump Sum: Receive 50% of incentive at certificate of occupancy	\$173,088 total
Option 2 - Tax Rebate: Receive 100% of incentive through equal installment payments over the course of seven years.	\$49,453 per year \$346,175 total
Option 3 - Infrastructure: City builds infrastructure improvements required as a condition of development with a cost up to 100% of total incentive. Timing of improvements to be determined by City.	\$346,175 in infrastructure improvements

* Land value is assumed to be a small fraction of total new value of development, and is therefore assumed to be zero for the purpose of this analysis.

For more information or to be kept on a contact list, please contact Nick Snead, Community Development Director, 541.475.2344 or nsnead@ci.madras.or.us