

# Report Accompanying the Happy Valley Urban Renewal Plan

Adopted by the City of Happy Valley

Date

Ordinance No.

Happy Valley Urban Renewal Area



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## **I. INTRODUCTION**

The Report on the Happy Valley Urban Renewal Plan (“Report”) contains background information and project details that pertain to the Happy Valley Urban Renewal Plan (“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 Happy Valley City Council as part of the approval of the Plan.

The Report provides the analysis required to meet the standards of ORS 457.085(3), including financial feasibility. The Report accompanying the Plan contains the information required by ORS 457.085, including:

- A description of the physical, social, and economic conditions in the area; (ORS 457.085(3)(a))
- Expected impact of the Plan, including fiscal impact in light of increased services; (ORS 457.085(3)(a))
- Reasons for selection of the area; (ORS 457.085(3)(b))
- The relationship between each project to be undertaken and the existing conditions; (ORS 457.085(3)(c))
- The estimated total cost of each project and the source of funds to pay such costs; (ORS 457.085(3)(d))
- The estimated completion date of each project; (ORS 457.085(3)(e))
- The estimated amount of funds required in the area and the anticipated year in which the debt will be retired; (ORS 457.085(3)(f))
- A financial analysis of the Plan; (ORS 457.085(3)(g))
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; (ORS 457.085(3)(h)) and
- A relocation report. (ORS 457.085(3)(i))

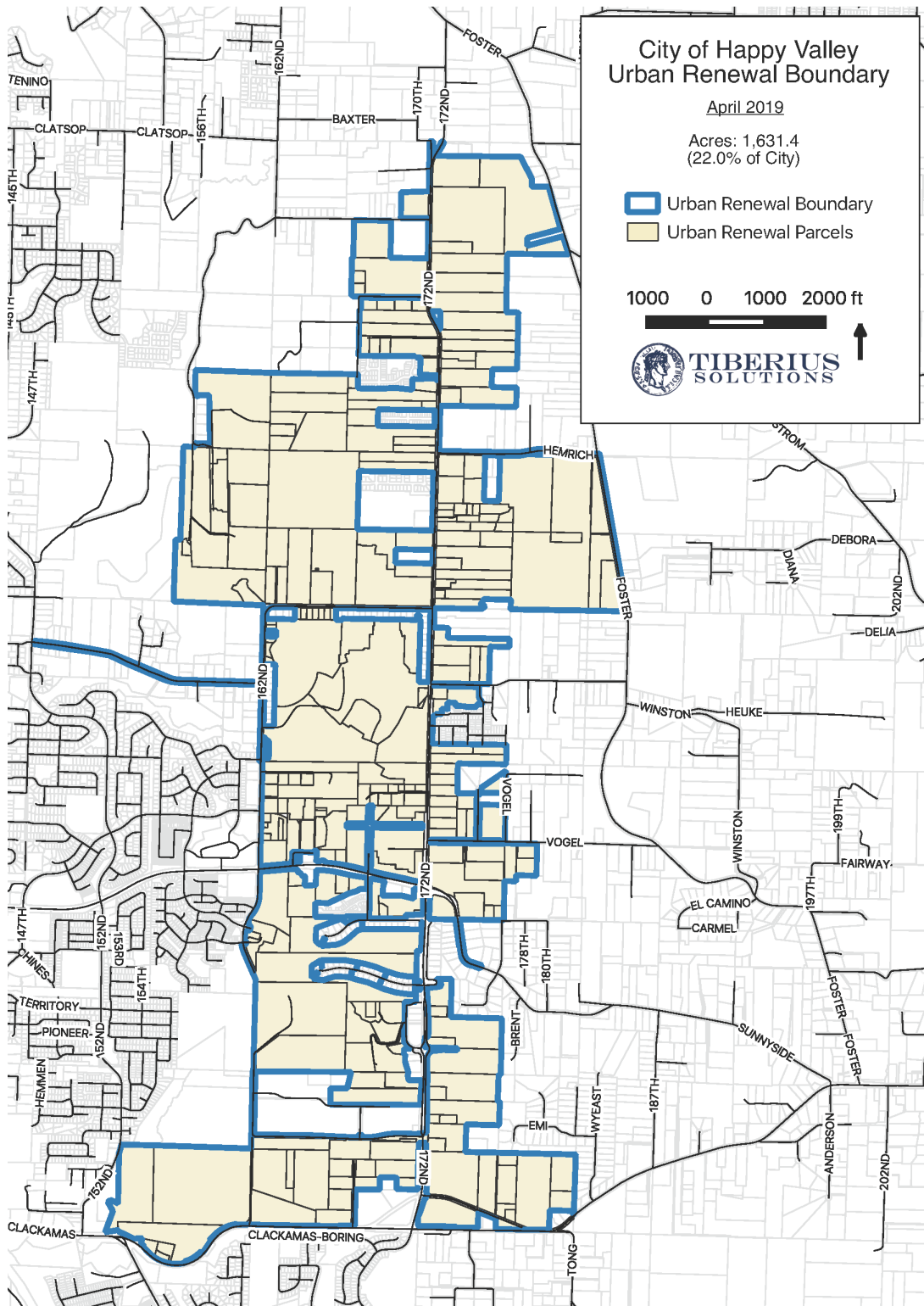
The relationship of the sections of the Report and the ORS 457.085 requirements is shown in Table 1. The specific reference in the table below is the section of this Report that most addresses the statutory reference. There may be other sections of the Report that also address the statute.

Table 1 - Statutory References

<b>Statutory Requirement</b>	<b>Report Section</b>
ORS 457.085(3)(a)	X, VIII
ORS 457.085(3)(b)	XI
ORS 457.085(3)(c)	II
ORS 457.085(3)(d)	III
ORS 457.085(3)(e)	VI
ORS 457.085(3)(f)	IV,V
ORS 457.085(3)(g)	IV,V
ORS 457.085(3)(h)	VIII
ORS 457.085(3)(i)	XII

The Report provides guidance on how the Plan might be implemented. As the Happy Valley Urban Renewal Agency (“Agency”) reviews revenues and potential projects each year, it has the authority to adjust 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. These adjustments must stay within the confines of the overall maximum indebtedness of the Plan.

Figure 1 - Happy Valley Urban Renewal Area Boundary



Source: Tiberius Solutions, LLC

## **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 Happy Valley Urban Renewal Area (“Plan Area”) are described below, including how they relate to the existing conditions in the Plan Area.

### **A. Transportation**

**172nd Avenue** – Widen 172nd Avenue to a 5-lane facility between Sunnyside Road and 190th Drive connector and a 3-lane facility between the 190<sup>th</sup> Drive connector and the county line. Construct to major arterial standards as specified in the City Transportation System Plan (“TSP”) to 190th Drive and to minor arterial standards north of 190th Drive.

**Existing Conditions:** North of Sunnyside Road, 172nd Avenue is presently a two-lane Clackamas County roadway that has seen partial 5-lane major arterial improvements along development frontages, but overall does not meet major arterial standards nor does it have the capacity to allow for significant new development in the Plan Area. This project is identified in the TSP on Tables 8-12 and 8-14, and Figure 8-9.

**Sunnyside Road East Extension** – Extend Sunnyside Road to a 5-lane major arterial facility and 2-lane roundabout between 172nd Avenue and 177th Avenue. Construct to major arterial standards as specified in the TSP.

**Existing Conditions:** East of 172<sup>nd</sup> Avenue, Sunnyside Road is presently a two-lane road that does not meet major arterial standards nor does it have the capacity to allow for significant new development in the Plan Area. This project is identified in the TSP on Tables 8-12 and 8-14, and Figure 8-9.

**162nd Avenue South** – Construct a 3-lane collector facility, bridge and traffic signals between 157th Avenue (Taralon) and Highway 212. Construct to collector standards as specified in the TSP.

**Existing Conditions:** South of 157<sup>th</sup> Avenue, this roadway has seen partial development north of Rock Creek Boulevard, for the remainder of the alignment, this roadway does not exist. It is shown on Figure 8-10, Tables 8-12 and 8-14 in the TSP.

**Rock Creek Employment Center Collectors** – Construct 3-lane collector facilities south of Rock Creek Boulevard and north of Highway 212 and an improved intersection at 172nd Avenue and Highway 212. Construct to collector standards as specified in the TSP.

**Existing Conditions:** These roadways do not exist. They are shown on Figure 8-10 and Table 8-12 in the TSP.

**Rock Creek Boulevard East** – Construct a 5-lane major arterial facility from 162nd Avenue to 172nd Avenue. Construct to major arterial standards as specified in the TSP.

**Existing Conditions:** East of 162<sup>nd</sup> Avenue, partial improvements to this roadway have been completed to 172<sup>nd</sup> Avenue, for the remainder of the alignment, this road does not exist. It is shown on Figure 8-10 and Tables 8-12 and 8-14 in the TSP.

**Rock Creek Boulevard East Extension** – Construct a 3-lane collector facility between 172nd Avenue and 177th Avenue. Construct to collector standards as specified in the TSP.

**Existing Conditions:** This road does not exist. It is shown on Figure 8-10 and Table 8-12 in the TSP.

**Misty Drive/Vogel Road East Extension** – Construct a 3-lane collector facility and traffic signal between 162nd Avenue and 177th Avenue. Construct to collector standards as specified in the TSP.

**Existing Conditions:** East of 169<sup>th</sup> Avenue, full improvements to this roadway have been completed to 172<sup>nd</sup> Avenue, for the remainder of the alignment, this road does not exist. It is shown on Figure 8-10 and Table 8-12 in the TSP.

**Scouters Mountain Road** – Construct a 2 to 3-lane collector facility between 147th Avenue and 177th Avenue. Construct to collector standards as specified in the TSP.

**Existing Conditions:** East of 147<sup>th</sup> Avenue, full improvements to a portion of this roadway exist within an under-construction subdivision, for the remainder of the alignment, this road does not exist. It is shown on Figure 8-13 and Tables 8-12 and 8-14 in the TSP.

## ***B. Acquisition***

**Downtown** – Acquire property for a future downtown in Happy Valley. Work with developers for re-sale of the property and development of the “downtown”.

**Existing Conditions:** The City does not have an acquisition program for property for a future “downtown”.

**Park** – Acquire property for a future community park in accordance with the Happy Valley Parks, Recreation & Open Space Plan (“Parks Master Plan”).

**Existing Conditions:** There are Parks System Development Charges (“PSDCs”) available for park acquisition, but the amount of the PSDCs do not meet the identified need for parks in the Parks Master Plan adopted in December of 2017.

## ***C. Administration***

Provide administration of the Happy Valley Urban Renewal Area.

**Existing Conditions:** Since there is not an urban renewal plan, there is no existing dollars allocated to administration of the urban renewal plan.

A table showing the projects, total costs, urban renewal share of costs is shown in Table 2. A map showing project locations is shown in Figure 2.

Table 2 - Estimated Costs of Projects

<b>Project Name</b>	<b>Estimated Cost 2019\$</b>	<b>Urban Renewal Share 2019 \$</b>	<b>Notes</b>
Widen 172nd Avenue	\$ 25,210,000	\$ 16,627,276	\$8.6M from TSDCs
Sunnyside Rd. East Extension	\$ 13,000,000	\$ 11,000,000	\$2M from TSDCs
162 <sup>nd</sup> Ave. "South"	\$ 18,640,000	\$ 15,640,000	\$3M from TSDCs
Rock Creek Employment Center Collectors	\$ 5,600,000	\$ 3,600,000	\$2M from TSDCs
Rock Creek Blvd. East	\$ 1,500,000	\$ 1,000,000	\$0.5M from TSDCs
Rock Creek Blvd. East Extension	\$ 2,800,000	\$ 2,300,000	\$0.5M from TSDCs
Misty Drive/Vogel Road East Extension	\$ 10,600,000	\$ 8,600,000	\$2M from TSDCs
Scouters Mtn. Rd.	\$ 4,750,000	\$ 4,650,000	\$1M from TSDCs
Strategic Land Acquisition	\$ 20,000,000	\$ 15,900,000	\$4.1M from PSDCs
Administration of Urban Renewal Plan	\$ 5,000,000	\$ 4,000,000	\$1M from TSDCs
<b>Total Project Costs</b>	<b>\$ 107,100,000</b>	<b>\$ 83,317,276</b>	<b>\$24.1M from SDCs</b>

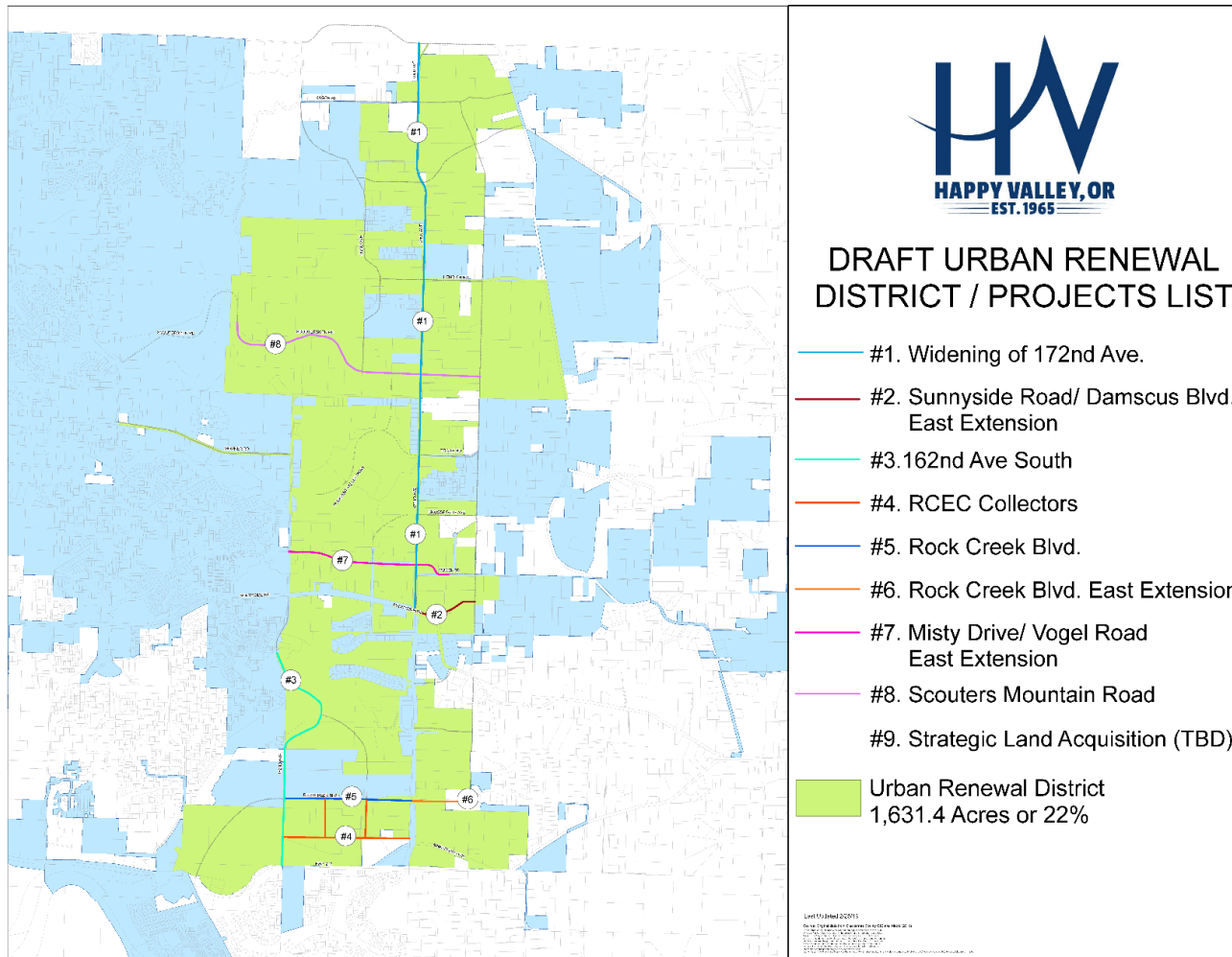
Source: City of Happy Valley

Notes:

TSCD – Transportation System Development Charges

PSDC – Parks System Development Charges

Figure 2 - Project Locations



Source: City of Happy Valley

### **III. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS**

The total cost estimates for projects is shown are Table 3 below. These are all estimates acknowledging that the urban renewal portions of these project activities must fit within the maximum indebtedness. These costs are shown in constant 2019 dollars ("2019 \$") to equate to the projected amount of funds available for projects in 2019 \$. These constant 2019 dollars are equivalent to \$131,000,000 of maximum indebtedness.

The Plan assumes that the Agency/City will use other funds to assist in the completion of the projects within the Plan Area. These sources include but are not limited to City of Happy Valley General Funds, SDCs, local, state and federal grants, and other sources as identified by the Agency/City. The Agency/City 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.

The Agency will be able to review and update fund expenditures and allocations on an annual basis when the annual budget is prepared.

Table 3 - Estimated Cost of Each Project

<b>Project Title</b>	<b>Estimated 2019 \$ Project Cost</b>
Transportation	\$63,417,276
Acquisition	\$15,900,000
Plan Administration and Financing Fees	\$4,000,000
<b>TOTAL:</b>	<b>\$83,317,276</b>

Source: City of Happy Valley and Tiberius Solutions, LLC

#### **IV. FINANCIAL ANALYSIS OF THE PLAN**

The estimated tax increment revenues through 2045 are calculated based on projections of the assessed value of development within the Plan Area and the consolidated tax rate that will apply in the Plan Area. Table 4 shows the incremental assessed value, tax rates and tax increment revenues each year, adjusted for discounts, and delinquencies. In the final year of the Plan as it reached its maximum indebtedness, there will be an under-levy of the total amount of taxes that can be taken through the division of taxes. In 2018, during the initial urban renewal feasibility analysis by Tiberius Solutions, LLC, detailed projections of growth for Happy Valley were performed. Based on these projections, those same growth assumptions that were used in that analysis are used for this analysis. The SDC and TIF analysis prepared by Tiberius Solutions, LLC is attached as Exhibit A. <sup>1</sup>These projections of growth are the basis for the projections in Table 6, Table 7, Table 8, Table 9, Table 10, and Table 11.

The first year of tax increment collections is anticipated to be fiscal year ending (“FYE”) 2021. Gross TIF is calculated by multiplying the tax rate times the excess value used. The tax rate is per thousand dollars of assessed value, so the calculation is “tax rate times excess value used divided by one thousand.” The consolidated tax rate includes permanent tax rates only, and excludes general obligation bonds and local option levies, which will not be impacted by this Plan except for one Centennial School District bond for one year.

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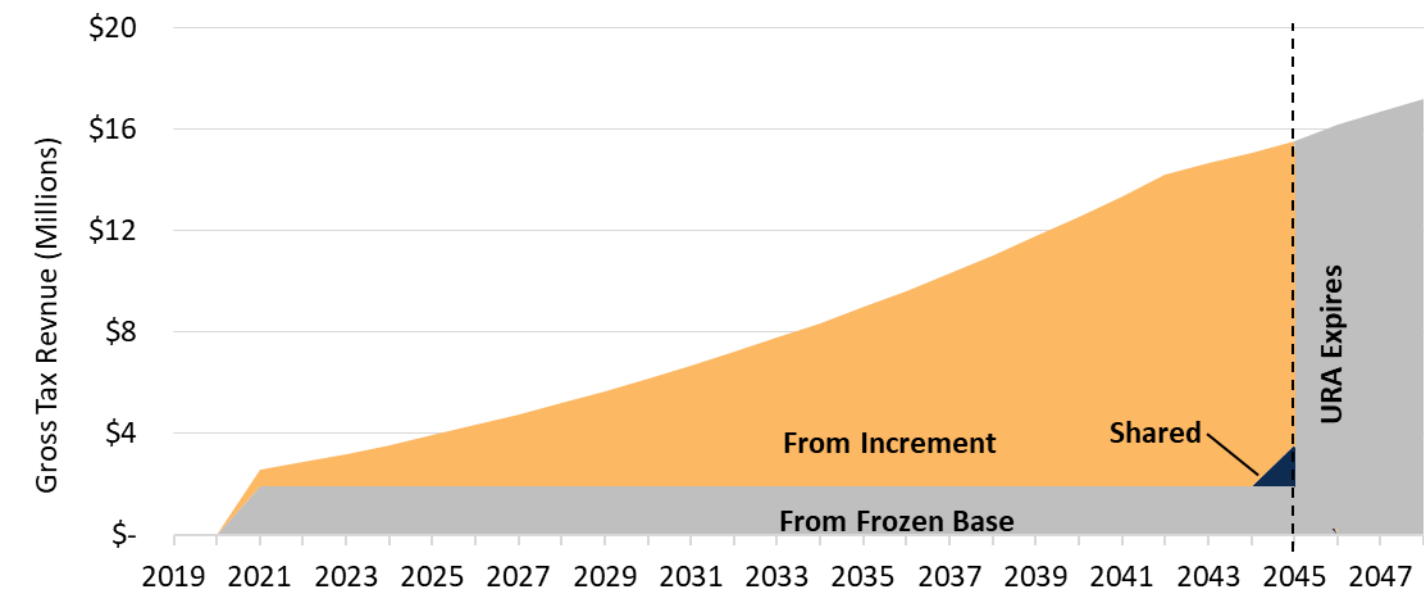
<sup>1</sup> Tiberius Solutions, LLC memo to Travis Warneke November 13, 2018 Happy Valley SDC and TIF Revenue Projections

Table 4 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Total AV	Frozen Base	Increment – Used	Increment – Not Used	Tax Rate	Gross TIF	Adjustments	Net TIF (Current Year)	Net TIF (Prior Year)	Net TIF - Total
2021	212,107,482	161,622,046	50,485,436	-	12.0432	608,008	(30,401)	577,607	-	577,607
2022	239,412,202	161,622,046	77,790,156	-	11.9340	928,345	(46,417)	881,928	8,664	890,592
2023	268,171,851	161,622,046	106,549,805	-	11.9340	1,271,561	(63,578)	1,207,983	13,229	1,221,212
2024	298,448,890	161,622,046	136,826,844	-	11.9340	1,632,886	(81,644)	1,551,242	18,120	1,569,362
2025	330,307,647	161,622,046	168,685,601	-	11.9340	2,013,087	(100,654)	1,912,433	23,269	1,935,702
2026	363,816,269	161,622,046	202,194,223	-	11.9340	2,412,978	(120,649)	2,292,329	28,686	2,321,015
2027	399,044,942	161,622,046	237,422,896	-	11.9340	2,833,394	(141,670)	2,691,724	34,385	2,726,109
2028	436,065,957	161,622,046	274,443,911	-	11.9340	3,275,202	(163,760)	3,111,442	40,376	3,151,818
2029	474,955,660	161,622,046	313,333,614	-	11.9340	3,739,309	(186,966)	3,552,343	46,672	3,599,015
2030	515,792,681	161,622,046	354,170,635	-	11.9340	4,226,658	(211,334)	4,015,324	53,285	4,068,609
2031	558,659,894	161,622,046	397,037,848	-	11.9340	4,738,233	(236,912)	4,501,321	60,230	4,561,551
2032	603,642,659	161,622,046	442,020,613	-	11.9340	5,275,054	(263,753)	5,011,301	67,520	5,078,821
2033	650,828,895	161,622,046	489,206,849	-	11.9340	5,838,174	(291,909)	5,546,265	75,170	5,621,435
2034	700,309,159	161,622,046	538,687,113	-	11.9340	6,428,670	(321,433)	6,107,237	83,194	6,190,431
2035	752,178,608	161,622,046	590,556,562	-	11.9340	7,047,677	(352,383)	6,695,294	91,609	6,786,903
2036	806,537,130	161,622,046	644,915,084	-	11.9340	7,696,388	(384,820)	7,311,568	100,429	7,411,997
2037	863,487,617	161,622,046	701,865,571	-	11.9340	8,376,033	(418,802)	7,957,231	109,674	8,066,905
2038	923,136,042	161,622,046	761,513,996	-	11.9340	9,087,876	(454,394)	8,633,482	119,358	8,752,840
2039	985,593,440	161,622,046	823,971,394	-	11.9340	9,833,240	(491,663)	9,341,577	129,502	9,471,079
2040	1,050,974,175	161,622,046	889,352,129	-	11.9340	10,613,490	(530,674)	10,082,816	140,124	10,222,940
2041	1,119,397,924	161,622,046	957,775,878	-	11.9340	11,430,057	(571,503)	10,858,554	151,242	11,009,796
2042	1,190,987,955	161,622,046	1,029,365,909	-	11.9340	12,284,408	(614,221)	11,670,187	162,878	11,833,065
2043	1,226,488,076	161,622,046	1,064,866,030	-	11.9340	12,708,066	(635,403)	12,072,663	175,053	12,247,716
2044	1,263,053,202	161,622,046	1,101,431,156	-	11.9340	13,144,432	(657,222)	12,487,210	181,090	12,668,300
2045	1,300,715,281	161,622,046	999,287,694	139,805,541	11.9340	11,925,499	(596,275)	11,329,224	187,308	11,516,532
TOTAL:						159,368,725	(7,968,440)	151,400,285	2,101,067	153,501,352

Source: Tiberius Solutions, LLC

Figure 3 - TIF Projections



Source: Tiberius Solutions, LLC

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

Table 5 shows a summary of the financial capacity of the Plan Area, including how the total TIF revenue translates to the ability to fund projects in 2019 \$ in five-year increments. Table 6, Table 7 and Table 8 show the allocation of tax revenues to projects, programs, and administration over time.

The Plan Area is anticipated to complete all projects and have adequate tax increment finance revenue to terminate the urban renewal area in 2045. The time frame of urban renewal is not absolute; it may vary depending on the actual ability to meet the maximum indebtedness. If the economy is slower, it may take longer; if the economy is more robust than the projections, it may take a shorter time period. The Agency may decide to change the assumptions on the incentive required for both programs. These assumptions show one scenario for financing and that this scenario is financially feasible.

The maximum indebtedness is \$131,000,000 (One Hundred Thirty-One Million dollars). The estimated total amount of tax increment revenues required to service the maximum indebtedness of \$131,000,000 is \$153,501,352 and is made up of \$153,496,111 in revenues from the division of taxes from permanent rate levies and \$5,241 from general obligation ("GO") bonds.

Centennial School District has one bond that was issued prior to 2001. The impacts of GO bonds are on the property tax payer, not on the taxing district. The Centennial School GO bond will be impacted for one year. For the Centennial School GO bond, the impact for a \$100,000 value property is an estimated total of \$1.91 for the one-year impact on the urban renewal area.

If pending legislation introduced in the 2019 Oregon Legislature to amend ORS 457 is adopted, no GO bonds will be impacted by this Plan. However, the \$5,241 that is now shown as a bond contribution will still need to be collected. This will shift the impact of the \$5,241 to the taxing districts.

Table 5 – TIF Capacity of the Plan Area in Rounded 2019 Dollars

Gross TIF	\$161,000,000
GO Net TIF	\$153,500,000
Maximum Indebtednes	\$131,000,000
Funding Capacity (2019\$)	\$83,300,000
Years 1-5	\$8,200,000
Years 6-10	\$17,900,000
Years 11-15	\$26,200,000
Years 16-20	\$12,000,000
Years 21-25	\$19,000,000

Source: Tiberius Solutions, LLC

Note: These are rounded dollars, so are a bit below the 2019 constant dollars of \$83,317,276.

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

	<b>TOTAL:</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>	<b>FYE 2026</b>	<b>FYE 2027</b>	<b>FYE 2028</b>
TIF: Current Year	151,400,285	577,607	881,928	1,207,983	1,551,242	1,912,433	2,292,329	2,691,724	3,111,442
TIF: Prior Years	2,101,067	-	8,664	13,229	18,120	23,269	28,686	34,385	40,376
Total Resources	153,501,352	577,607	890,592	1,221,212	1,569,362	1,935,702	2,321,015	2,726,109	3,151,818
Expenditures									
Debt Service									
Loan A	(7,623,046)	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)
Loan B	(23,190,108)	-	-	-	-	-	(1,159,505)	(1,159,505)	(1,159,505)
Loan C	(22,399,582)	-	-	-	-	-	-	-	-
Loan D	(16,288,617)	-	-	-	-	-	-	-	-
Total Debt Service	(69,501,352)	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)	(1,540,658)	(1,540,658)	(1,540,658)
Debt Service Coverage Ratio		1.52	2.34	3.20	4.12	5.08	1.51	1.77	2.05
Transfer to URA Projects Fund	(84,000,000)	(196,455)	(509,440)	(840,060)	(1,188,210)	(1,554,550)	(780,357)	(1,185,451)	(1,611,160)
Total Expenditures	(153,501,352)	(577,607)	(890,592)	(1,221,212)	(1,569,362)	(1,935,702)	(2,321,015)	(2,726,109)	(3,151,818)
Ending Balance		-	-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

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

	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
TIF: Current Year	3,552,343	4,015,324	4,501,321	5,011,301	5,546,265	6,107,237	6,695,294	7,311,568	7,957,231
TIF: Prior Years	46,672	53,285	60,230	67,520	75,170	83,194	91,609	100,429	109,674
Total Resources	3,599,015	4,068,609	4,561,551	5,078,821	5,621,435	6,190,431	6,786,903	7,411,997	8,066,905
Expenditures									
Debt Service									
Loan A	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)	(381,152)
Loan B	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)
Loan C	-	-	(1,493,305)	(1,493,305)	(1,493,305)	(1,493,305)	(1,493,305)	(1,493,305)	(1,493,305)
Loan D	-	-	-	-	-	-	(1,480,783)	(1,480,783)	(1,480,783)
Total Debt Service	(1,540,658)	(1,540,658)	(3,033,963)	(3,033,963)	(3,033,963)	(3,033,963)	(4,514,747)	(4,514,747)	(4,514,747)
Debt Service Coverage Ratio	2.34	2.64	1.50	1.67	1.85	2.04	1.50	1.64	1.79
Transfer to URA Projects Fund	(2,058,357)	(2,527,951)	(1,527,588)	(2,044,858)	(2,587,472)	(3,156,468)	(2,272,157)	(2,897,251)	(3,552,159)
Total Expenditures	(3,599,015)	(4,068,609)	(4,561,551)	(5,078,821)	(5,621,435)	(6,190,431)	(6,786,903)	(7,411,997)	(8,066,905)
Ending Balance	-	-	-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

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
TIF: Current Year	8,633,482	9,341,577	10,082,816	10,858,554	11,670,187	12,072,663	12,487,210	11,329,224
TIF: Prior Years	119,358	129,502	140,124	151,242	162,878	175,053	181,090	187,308
Total Resources	8,752,840	9,471,079	10,222,940	11,009,796	11,833,065	12,247,716	12,668,300	11,516,532
Expenditures								
Debt Service								
Loan A	(381,152)	(381,152)	(381,152)	-	-	-	-	-
Loan B	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)	(1,159,505)
Loan C	(1,493,305)	(1,493,305)	(1,493,305)	(1,493,305)	(1,493,305)	(1,493,305)	(1,493,305)	(1,493,305)
Loan D	(1,480,783)	(1,480,783)	(1,480,783)	(1,480,783)	(1,480,783)	(1,480,783)	(1,480,783)	(1,480,783)
Total Debt Service	(4,514,747)	(4,514,747)	(4,514,747)	(4,133,594)	(4,133,594)	(4,133,594)	(4,133,594)	(4,133,594)
Debt Service Coverage Ratio	1.94	2.10	2.26	2.66	2.86	2.96	3.06	2.79
Transfer to URA Projects Fund	(4,238,094)	(4,956,333)	(5,708,194)	(6,876,202)	(7,699,471)	(8,114,122)	(8,534,706)	(7,382,938)
Total Expenditures	(8,752,840)	(9,471,079)	(10,222,940)	(11,009,796)	(11,833,065)	(12,247,716)	(12,668,300)	(11,516,532)
Ending Balance	-	-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

## **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. Annual expenditures for program administration are also shown. These are predicated on the fact that urban renewal activities will start off slowly in the beginning years and increase in the final years of the Plan.

The Plan Area is anticipated to complete all projects and have adequate tax increment finance revenue to terminate the Plan in 2045, a 25 year program.

The amount of money available for projects in 2019 \$ for the Plan Area is \$83,317,276.

Table 9, Table 10 and Table 11 show the \$83,317,276 of 2019 project dollars inflated over the life of the Plan into the two major project categories, Transportation and Acquisition. Administrative expenses are also allocated. All costs shown in Table 9, Table 10 and Table 11 are in year-of-expenditure dollars, which are adjusted by 3.0% annually to account for inflation.

The Agency may change the completion dates in their annual budgeting process or as project decisions are made in administering the Plan.

Table 9 - Programs and Costs in Year of Expenditure Dollars, page 1

	<b>TOTAL:</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>	<b>FYE 2026</b>	<b>FYE 2027</b>	<b>FYE 2028</b>
Transfer from TIF Fund	84,000,000	196,455	509,440	840,060	1,188,210	1,554,550	780,357	1,185,451	1,611,160
Bond/Loan Proceeds	47,000,000	4,750,000	-	-	-	-	14,450,000	-	-
Other	-	-	-	-	-	-	-	-	-
Total Resources	131,000,000	4,946,455	509,440	840,060	1,188,210	1,554,550	15,230,357	1,185,451	1,611,160
Expenditures (YOE \$)									
Transportation	(20,201,235)	(4,711,215)	(364,997)	(691,281)	(1,034,963)	(1,396,702)	(12,002,078)		
Acquisition	(33,047,100)						(1,229,900)	(1,266,800)	(1,304,800)
Other Transportation Projects	(71,698,629)	-	-	-	-	-	(1,546,799)	248,807	(133,879)
Financing Fees	(940,000)	(95,000)					(289,000)		
Administration	(5,113,036)	(140,240)	(144,443)	(148,779)	(153,247)	(157,848)	(162,580)	(167,458)	(172,481)
Total Expenditures	(131,000,000)	(4,946,455)	(509,440)	(840,060)	(1,188,210)	(1,554,550)	(15,230,357)	(1,185,451)	(1,611,160)
Ending Balance		-	-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

Notes: TIF is tax increment revenues. Tax rates are expressed in terms of dollars per \$1,000 of assessed value.

Table 10 - Programs and Costs in Year of Expenditure Dollars, page 2

	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036	FYE 2037
Transfer from TIF Fund	2,058,357	2,527,951	1,527,588	2,044,858	2,587,472	3,156,468	2,272,157	2,897,251	3,552,159
Bond/Loan Proceeds	-	-	15,500,000	-	-	-	12,300,000	-	-
Other									
Total Resources	2,058,357	2,527,951	17,027,588	2,044,858	2,587,472	3,156,468	14,572,157	2,897,251	3,552,159
Expenditures (YOE \$)									
Transportation									
Acquisition	(1,343,900)	(1,384,200)	(1,425,700)	(1,468,500)	(1,512,600)	(1,558,000)	(1,604,700)	(1,652,800)	(1,702,400)
Other Transportation Projects	(536,808)	(960,774)	(15,103,425)	(382,238)	(874,922)	(1,392,517)	(12,509,332)	(1,025,968)	(1,624,720)
Financing Fees			(310,000)				(246,000)		
Administration	(177,649)	(182,977)	(188,463)	(194,120)	(199,950)	(205,951)	(212,125)	(218,483)	(225,039)
Total Expenditures	(2,058,357)	(2,527,951)	(17,027,588)	(2,044,858)	(2,587,472)	(3,156,468)	(14,572,157)	(2,897,251)	(3,552,159)
Ending Balance	-	-	-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

Table 11 - 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
Transfer from TIF Fund	4,238,094	4,956,333	5,708,194	6,876,202	7,699,471	8,114,122	8,534,706	7,382,938
Bond/Loan Proceeds	-	-	-	-	-	-	-	-
Other								
Total Resources	4,238,094	4,956,333	5,708,194	6,876,202	7,699,471	8,114,122	8,534,706	7,382,938
Expenditures (YOE \$)								
Transportation								
Acquisition	(1,753,500)	(1,806,100)	(1,860,300)	(1,916,100)	(1,973,600)	(2,032,800)	(2,093,800)	(2,156,600)
Other Transportation Projects	(2,252,800)	(2,911,486)	(3,601,982)	(4,706,814)	(5,464,982)	(5,812,607)	(6,164,128)	(4,941,258)
Financing Fees								
Administration	(231,794)	(238,747)	(245,912)	(253,288)	(260,889)	(268,715)	(276,778)	(285,080)
Total Expenditures	(4,238,094)	(4,956,333)	(5,708,194)	(6,876,202)	(7,699,471)	(8,114,122)	(8,534,706)	(7,382,938)
Ending Balance	-	-	-	-	-	-	-	-

Source: Tiberius Solutions LLC

## **VII. REVENUE SHARING**

Revenue sharing is part of the 2009 legislative changes to urban renewal and means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the Plan Area. The first threshold is when annual tax increment finance revenues exceed 10% of the original maximum indebtedness of the Plan (10%=\$13,100,000). 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 (12.5%=\$3,200,000). If this threshold is met, revenue for the district would be capped at 12.5% of the original maximum indebtedness, with all additional tax revenue being shared with affected taxing districts.

Revenue sharing targets are not projected to be reached during the life of the Plan. If assessed value in the Plan Area grows more quickly than projected, the revenue sharing triggers could be reached.

Revenue sharing can also occur in the last year of an urban renewal plan as it is reaching its maximum indebtedness. The financial projections estimate revenue sharing in the last year of this plan, with \$1,584,972 shared with the taxing districts.

## VII. 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 Plan 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 Plan Area. These projections are for impacts estimated through FYE 2045 and are shown in Table 12 and Table 13.

The North Clackamas and Centennial School Districts and the Clackamas and Multnomah Education Service Districts (“ESDs”) 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 12 and Table 13 show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. Table 12 shows the general government levies, and Table 13 shows the education levies.

Table 14 shows the impact to the North Clackamas Parks and Recreation District (“NCPRD”). At the time of the writing of this Report, there is ongoing litigation regarding whether NCPRD is the service provider for Happy Valley. The impacts to taxing districts tables have been formulated to show the most conservative impacts as if the NCPRD did not collect taxes in Happy Valley. Since we do not know the outcome of this dispute, we have also included the potential impact to the NCPRD in Table 14. If they are a taxing district, the overall impact to the other taxing districts will be reduced by the overall impact to the NCPRD.

Table 12 - Projected Impact on Taxing District Permanent Rate Levies - General Government

FYE	Clackamas County	City of Happy Valley	County Extension & 4H	County Library	County Soil Conservation	Clackamas County Fire District 1	Port of Portland	Service 2 Metro	Vector Control	Subtotal General Government
2021	115,308	32,182	2,398	19,060	2,398	115,164	3,362	4,633	312	294,817
2022	179,418	50,075	3,731	29,657	3,731	179,194	5,231	7,209	485	458,730
2023	246,024	68,664	5,117	40,666	5,117	245,717	7,173	9,885	665	629,028
2024	316,162	88,239	6,575	52,260	6,575	315,767	9,218	12,703	855	808,355
2025	389,964	108,837	8,110	64,459	8,110	389,477	11,370	15,669	1,054	997,051
2026	467,589	130,502	9,724	77,290	9,724	467,005	13,634	18,788	1,264	1,195,520
2027	549,198	153,279	11,422	90,779	11,422	548,513	16,013	22,067	1,485	1,404,177
2028	634,961	177,214	13,205	104,955	13,205	634,169	18,514	25,513	1,717	1,623,454
2029	725,053	202,359	15,079	119,847	15,079	724,148	21,141	29,132	1,960	1,853,798
2030	819,657	228,762	17,046	135,484	17,046	818,634	23,899	32,934	2,216	2,095,679
2031	918,964	256,478	19,112	151,899	19,112	917,818	26,795	36,924	2,485	2,349,586
2032	1,023,173	285,562	21,279	169,124	21,279	1,021,896	29,833	41,111	2,766	2,616,023
2033	1,132,487	316,071	23,552	187,193	23,552	1,131,074	33,020	45,503	3,062	2,895,516
2034	1,247,116	348,064	25,936	206,141	25,936	1,245,560	36,363	50,109	3,372	3,188,597
2035	1,367,281	381,601	28,435	226,003	28,435	1,365,575	39,866	54,937	3,697	3,495,831
2036	1,493,212	416,748	31,054	246,819	31,054	1,491,348	43,538	59,997	4,037	3,817,807
2037	1,625,148	453,571	33,798	268,627	33,798	1,623,121	47,385	65,298	4,394	4,155,140
2038	1,763,336	492,138	36,672	291,469	36,672	1,761,136	51,414	70,850	4,767	4,508,455
2039	1,908,032	532,522	39,681	315,386	39,681	1,905,651	55,633	76,664	5,159	4,878,409
2040	2,059,501	574,796	42,831	340,423	42,831	2,056,931	60,049	82,750	5,568	5,265,681
2041	2,218,020	619,038	46,128	366,626	46,128	2,215,252	64,671	89,119	5,997	5,670,979
2042	2,383,874	665,327	49,577	394,040	49,577	2,380,900	69,507	95,783	6,445	6,095,032
2043	2,467,409	688,641	51,315	407,848	51,315	2,464,331	71,943	99,140	6,671	6,308,612
2044	2,552,140	712,289	53,077	421,854	53,077	2,548,955	74,414	102,544	6,900	6,525,249
2045	2,320,106	647,530	48,251	383,500	48,251	2,317,211	67,648	93,221	6,273	5,931,991
TOTAL:	\$30,923,133	\$8,630,489	\$643,105	\$5,111,409	\$643,105	\$30,884,547	\$901,634	\$1,242,483	\$83,606	\$79,063,514

Source: Tiberius Solutions LLC

Table 13 - Projected Impact on Taxing District Permanent Rate Levies – Education

FYE	Clackamas Community College	Clackamas ESD	North Clackamas School District	Mt Hood Community College	Multnomah ESD	Centennial School District	Subtotal Education	Total All
2021	24,159	15,957	210,779	2,302	2,142	22,209	277,549	572,366
2022	37,591	24,830	327,970	3,581	3,333	34,557	431,862	890,592
2023	51,546	34,047	449,724	4,911	4,570	47,386	592,184	1,221,212
2024	66,241	43,754	577,934	6,311	5,873	60,896	761,008	1,569,362
2025	81,704	53,967	712,842	7,784	7,244	75,110	938,651	1,935,702
2026	97,968	64,709	854,737	9,333	8,686	90,062	1,125,495	2,321,015
2027	115,067	76,003	1,003,917	10,962	10,202	105,780	1,321,932	2,726,109
2028	133,036	87,872	1,160,689	12,674	11,795	122,299	1,528,364	3,151,818
2029	151,911	100,340	1,325,374	14,472	13,468	139,652	1,745,218	3,599,015
2030	171,733	113,432	1,498,307	16,360	15,226	157,873	1,972,931	4,068,609
2031	192,539	127,175	1,679,838	18,342	17,070	177,000	2,211,965	4,561,551
2032	214,373	141,597	1,870,328	20,422	19,006	197,072	2,462,797	5,078,821
2033	237,276	156,725	2,070,151	22,604	21,037	218,127	2,725,919	5,621,435
2034	261,293	172,588	2,279,689	24,892	23,166	240,206	3,001,834	6,190,431
2035	286,469	189,218	2,499,346	27,291	25,398	263,350	3,291,072	6,786,903
2036	312,854	206,645	2,729,543	29,804	27,737	287,606	3,594,190	7,411,997
2037	340,497	224,904	2,970,720	32,438	30,188	313,018	3,911,765	8,066,905
2038	369,450	244,028	3,223,323	35,196	32,755	339,634	4,244,385	8,752,840
2039	399,766	264,052	3,487,822	38,084	35,443	367,503	4,592,670	9,471,079
2040	431,502	285,014	3,764,702	41,107	38,257	396,678	4,957,259	10,222,940
2041	464,714	306,951	4,054,470	44,271	41,201	427,210	5,338,818	11,009,796
2042	499,464	329,904	4,357,647	47,582	44,282	459,155	5,738,033	11,833,065
2043	516,966	341,464	4,510,347	49,249	45,834	475,244	5,939,104	12,247,716
2044	534,718	353,190	4,665,231	50,940	47,408	491,564	6,143,051	12,668,300
2045	486,103	321,079	4,241,081	46,309	43,097	446,873	5,584,542	11,516,532
TOTAL:	\$6,478,940	\$4,279,445	\$56,526,511	\$617,221	\$574,418	\$5,956,064	\$74,432,600	\$153,496,111

Source: Tiberius Solutions LLC

Please refer to the explanation of the schools funding in the preceding section

Table 14 - Projected Impact on Taxing District Permanent Rate Levies – NCPRD

FYE	Total Increment	Parks Rate	Gross TIF	Net TIF (current)	Prior Year TIF	Total TIF
2021	50,485,436	0.5382	27,171	25,813	0	25,813
2022	77,790,156	0.5382	41,867	39,773	387	40,161
2023	106,549,805	0.5382	57,345	54,478	597	55,074
2024	136,826,844	0.5382	73,640	69,958	817	70,775
2025	168,685,601	0.5382	90,787	86,247	1,049	87,297
2026	202,194,223	0.5382	108,821	103,380	1,294	104,674
2027	237,422,896	0.5382	127,781	121,392	1,551	122,943
2028	274,443,911	0.5382	147,706	140,320	1,821	142,141
2029	313,333,614	0.5382	168,636	160,204	2,105	162,309
2030	354,170,635	0.5382	190,615	181,084	2,403	183,487
2031	397,037,848	0.5382	213,686	203,001	2,716	205,718
2032	442,020,613	0.5382	237,895	226,001	3,045	229,046
2033	489,206,849	0.5382	263,291	250,127	3,390	253,517
2034	538,687,113	0.5382	289,921	275,425	3,752	279,177
2035	590,556,562	0.5382	317,838	301,946	4,131	306,077
2036	644,915,084	0.5382	347,093	329,739	4,529	334,268
2037	701,865,571	0.5382	377,744	358,857	4,946	363,803
2038	761,513,996	0.5382	409,847	389,354	5,383	394,737
2039	823,971,394	0.5382	443,461	421,288	5,840	427,129
2040	889,352,129	0.5382	478,649	454,717	6,319	461,036
2041	957,775,878	0.5382	515,475	489,701	6,821	496,522
2042	1,029,365,909	0.5382	554,005	526,305	7,346	533,650
2043	1,064,866,030	0.5382	573,111	544,455	7,895	552,350
2044	1,101,431,156	0.5382	592,790	563,151	8,167	571,318
2045	1,139,093,235	0.5382	613,060	582,407	8,447	518,338
TOTAL:			\$7,262,235	\$6,899,123	\$94,751	\$6,921,360

Source: Tiberius Solutions LLC

Table 15 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2046.

The frozen base is the assessed value of the Plan Area established by the county assessor at the time the Plan is established. Excess value is the increased assessed value in the Plan Area above the frozen base.

Table 15 - Additional Revenues Obtained after Termination of Tax Increment Financing

<b>Taxing District</b>	<b>Type</b>	<b>Tax Rate</b>	<b>From Frozen Base</b>	<b>From Excess Value</b>	<b>Total</b>
General Government					
Clackamas County	Permanent	2.4042	388,572	2,831,871	3,220,443
City of Happy Valley	Permanent	0.671	108,448	790,360	898,808
County Extension & 4H	Permanent	0.05	8,081	58,894	66,975
County Library	Permanent	0.3974	64,228	468,092	532,320
County Soil Conservation	Permanent	0.05	8,081	58,894	66,975
Clackamas County Fire District 1	Permanent	2.4012	388,086	2,828,337	3,216,423
Port of Portland	Permanent	0.0701	11,330	82,569	93,899
Srv 2 Metro	Permanent	0.0966	15,613	113,784	129,397
Vector Control	Permanent	0.0065	1,051	7,656	8,707
Subtotal	Gen. Govt.	6.1405	992,439	7,232,801	8,225,240
Education					
Clackamas Community College	Permanent	0.5582	81,413	593,327	674,740
Clackamas ESD	Permanent	0.3687	53,774	391,902	445,676
North Clackamas SD	Permanent	4.8701	710,297	5,176,571	5,886,868
Mt Hood Community College	Permanent	0.4917	7,756	56,524	64,280
Multnomah ESD	Permanent	0.4576	7,218	52,604	59,822
Centennial SD	Permanent	4.7448	74,842	545,443	620,285
Subtotal	Education	11.4911	935,300	6,816,371	7,751,671
<b>TOTAL</b>					<b>\$15,976,911</b>

Source: Tiberius Solutions LLC

## **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 2019 values), including all real, personal, personal, manufactured, and utility properties in the Plan Area, is projected to be \$161,622,046. The total assessed value of the City of Happy Valley is \$2,926,928,099. The percentage of assessed value in the Plan Area is 5.52%, below the 25% threshold.

The Plan Area contains 1,631.40 acres, including public rights-of-way, and the City of Happy Valley contains 7,424.05 acres. This results in 21.97% of the City's acreage being located in the Plan Area, which is below the 25% threshold.

Table 16 - Plan Area Conformance with Assessed Value and Acreage Limits

	<b>Assessed Value</b>	<b>Acreage</b>
Happy Valley Urban Renewal Area (URA)	\$161,622,046	1,631.40
City of Happy Valley	\$2,926,928,099	7,424.05
Percent in Plan Area	5.52%	21.97%

Source: Compiled by Elaine Howard Consulting, LLC with data from City of Happy Valley and Clackamas County Department of Assessment and Taxation (FYE 2018)

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

This section of the Report describes existing conditions within the Plan Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

### **A. Physical Conditions**

#### **1. Land Use**

The Plan Area measures 1,631.4 total acres in size, which is composed of 289 individual parcels encompassing 1,563.97 acres, and an additional 67.43 acres in public rights-of-way. An analysis of FYE 2019 property classification data from the Clackamas County Department of Assessment and Taxation database was used to determine the land use designation of parcels in the Plan Area. By acreage, Vacant is the most prevalent land use within the Plan Area (28.13%). This was followed by Rural (25.29%). Detailed land use designations in the Plan Area can be seen in Table 17.

Table 17 - Land Use in the Plan Area

<b>Land Use</b>	<b>Parcels</b>	<b>Acreage</b>	<b>Percent of Acreage</b>
Vacant	70	439.98	28.13%
Rural	56	375.41	24.00%
Agriculture	36	268.51	17.17%
Forest	18	212.87	13.61%
Single Family Residential	94	173.96	11.12%
Commercial	8	48.26	3.09%
Multi-family Residential	5	21.93	1.40%
Rural	1	20.18	1.29%
Industrial	1	2.87	0.18%
<b>TOTAL:</b>	<b>289</b>	<b>1,563.97</b>	<b>100.00%</b>

Source: Compiled by Tiberius Solutions LLC with data from the Clackamas County Department of Assessment and Taxation (FYE 2019)

## 2. Zoning and Comprehensive Plan Designations

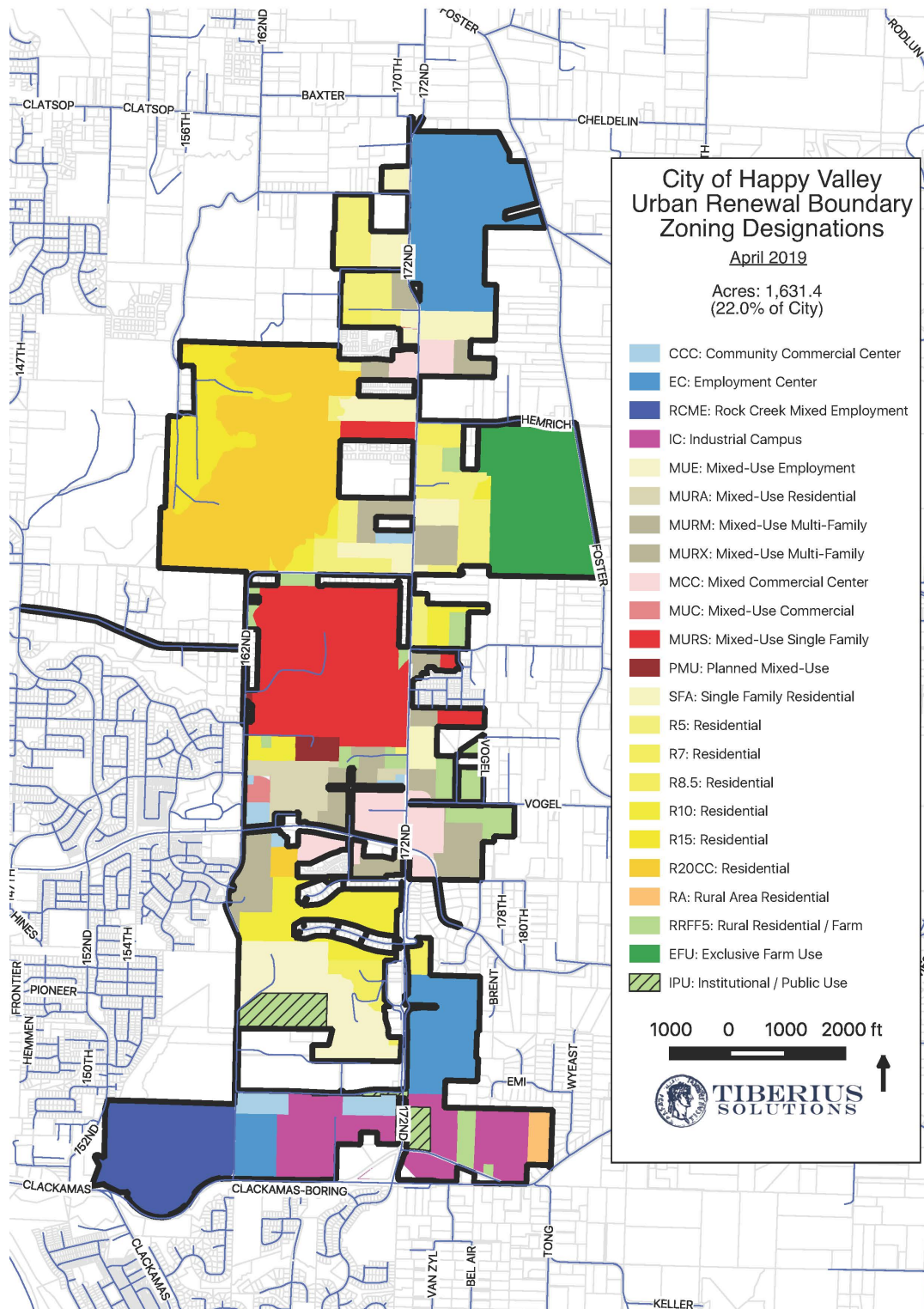
In the City of Happy Valley, the Zoning and Comprehensive Plan Designations are the same. The most prevalent zoning and comprehensive plan designation by acreage in the Plan Area are Very Low Density Residential zones (12.76%). The second most prevalent zoning and comprehensive plan designation in the Plan Area is Employment Center (11.96%). Detailed zoning and comprehensive plan designations in the Plan Area can be seen in Table 18.

Table 18 – Zoning and Comprehensive Plan Designations in the Plan Area

<b>Zoning and Comprehensive Plan Designation</b>	<b>Parcels</b>	<b>Acreage</b>	<b>Percent of Acreage</b>
Very Low Density Residential zones	22	199.52	12.76%
Employment Center	21	187.00	11.96%
Mixed use Residential - Single Family	14	176.82	11.31%
Exclusive Farm Use	8	104.98	6.71%
Industrial Campus	22	96.05	6.14%
Rock Creek Mixed Employment	6	87.54	5.60%
Single Family Attached Residential	16	86.79	5.55%
Low Density Residential - R10	14	76.22	4.87%
Medium Density Residential - R5	27	71.29	4.56%
Mixed use Residential - Multifamily	22	69.83	4.46%
Mixed use Employment	7	67.44	4.31%
Low Density Residential - (15,000)	5	61.01	3.90%
Rural Residential Farm and Forest	36	57.47	3.67%
Mixed Commercial Center	12	54.86	3.51%
Community Center	9	28.71	1.84%
Mixed use Residential - attached	18	28.05	1.79%
Residential - (7,000)	12	27.38	1.75%
Mixed use Residential - Multifamily	6	24.34	1.56%
Institutional and Public Use	1	20.18	1.29%
Planned Mixed Use	1	11.53	0.74%
Rural Area Residential	2	9.11	0.58%
Mixed use Residential - Multifamily	3	8.20	0.52%
Mixed use Commercial	1	3.92	0.25%
Residential Very Low Density 20CC	4	5.72	0.37%
<b>TOTAL:</b>	<b>289</b>	<b>1,563.97</b>	<b>100.00%</b>

Source: Compiled by Tiberius Solutions LLC with data from the Clackamas County Department of Assessment and Taxation (FYE 2019)

Figure 4 - Zoning and Comprehensive Plan Designations



Source: Tiberius Solutions, LLC

## **B. Infrastructure**

This section identifies the existing conditions in the Plan Area to assist in **establishing blight in the ordinance adopting the Plan. This does not mean that all of these projects are included as projects to be undertaken in the Plan.**

The specific projects that are included in the Plan are listed in Section II of this Report.

### **1. Transportation**

The projects listed in Table 19 are capital projects in the Plan Area from the City's TSP.

Table 19 - Transportation Projects in the Plan Area

<b>Project Number</b>	<b>Project Title</b>	<b>Estimated Cost</b>
R1	Clatsop Street Extension East	\$2,800,000
R3	162nd Avenue Extension North	\$7,700,000
R5	Sager Road Extension East	\$2,000,000
R6	Sager Road Extension West	\$2,000,000
R8	Wooden Heights Road	\$1,100,000
R9	Hemrich Road Extension	\$2,200,000
R10	Scouters Mountain Road	\$9,500,000
R11	Troge Road Extension	\$2,900,000
R12	169th Avenue Extension	\$4,300,000
R13	Misty Drive Extension	\$10,100
R16	Rock Creek Blvd West Extension	\$2,600,000
R17	Rock Creek Blvd East Extension	\$2,800,000
R19	Parklane Drive North	\$2,300,000
R23	Sunnyside East Extension	\$7,600,000

Source: Happy Valley Transportation Systems Plan

## 2. Water

The City is served by the Sunrise Water Authority (“SWA”). The land area within the City comprises about one quarter of the total SWA land area. Residents of the City pay rates to the SWA, vote to elect the Board of Directors, and may serve on the SWA Board of Directors. All water used by the District is purchased from Clackamas River Water (“CRW”), which supplies water to most of North Clackamas County by means of the Oak Lodge, Barwell Park, Stanley and Mt. Scott Water Districts, and the City of Milwaukie.

CRW draws water directly from the Clackamas River. The water is filtered through a “rapid sand” filtering and chlorinating plant before being delivered to reservoirs.

The SWA Capital Improvement Plan adopted in November of 2017 has capital projects shown in Table 20.

Table 20 – SWA Water Master Plan Projects in the Plan Area

Project Number	Project Title	Estiamted Cost
1	Reservoir 12 + Land	\$12,000,000
2	18" line (Hemrich Rd. to County Line)	\$1,500,000
3	24" line (152nd Ave. to 162nd Ave.)	\$1,600,000
4	18" line (162nd Ave. to 172nd Ave.)	\$900,000
5	18" line (162nd Ave. – Hwy. 212 to Sunnyside Rd.	\$1,750,000
6	18" (172nd Ave. – Sunnyside Rd. to Vogel Rd.	\$275,000
7	24" line (Vogel Rd. – 172nd Ave. to RES 12)	\$1,680,000
8	18" line (Foster Rd. – Vogel Rd. Pump Station to Hwy. 212)	\$2,250,000
9	24" line (Hwy. 212 - Foster Rd. to Sunridge Reservoir	\$2,150,000
10	12" line (System Looping)	\$1,000,000

Source: SWA Water Master Plan

### **3. Stormwater**

Clackamas County Water Environmental Services ("WES") handles surface water projects in the Plan Area. The project in the WES 2018-2023 Capital Improvement Plan is a Storm System Master Plan for Clackamas County Stormwater District (CCSD) No. 1/Happy Valley, a \$500,000 project over fiscal years 2018/19 and 2019/20.

### **4. Sanitary Sewer**

The sanitary sewer system is maintained by WES. The projects identified in the Plan Area in the WES 2018-2023 Capital Improvement Plan are shown in Table 21.

Table 21 - Sanitary Sewer Master Plan Projects in the Plan Area

<b>Project Number</b>	<b>Project Title</b>
1	Sager Road 8" mainline, 162nd Avenue to Foster Road
2	172nd Avenue 8" mainline, Foster Road to Hemrich Road
3	Rock Creek 15" Trunkline, County line to Hemrich Road
4	Rock Creek 18" Trunkline, Hemrich Road to Troge Road
5	Foster Road 8" mainline, County line to Crossroads Avenue
6	Troge Road 10" mainline, 172nd Avenue to Foster Road
7	162nd Avenue 8" mainline, Hagen Road to Sager Road
8	Hemrich Road 8" mainline, 162nd Avenue to Foster Road
9	Scouters Mountain Road 8" mainline, western URD Boundary to 162nd Avenue
10	Crossroads Avenue 8" mainline, Rock Creek Interceptor to Foster Road
11	Misty Drive/Vogel Road 8" mainline, 162nd Avenue to 177th Avenue
12	Stadium Way 15" mainline, Rock Creek Trunkline to 172nd Avenue
13	Rock Creek Blvd 8" mainline, 172nd Avenue to Wyeast
14	Armstrong Circle 8" mainline, 172nd Avenue to Hwy 212

Source: WES Sanitary Sewer Master Plan

## **5. Parks and Open Space**

The City's Parks, Recreation & Open Space Plan ("Parks Master Plan") completed in 2017 provided recommendations for future park development. They include:

- Land acquisition to meet growing needs and fill gaps. The City must acquire additional parkland to serve its growing population and provide more accessible outdoor recreation for the community. As growth and expansion continue, opportunities to acquire large park sites will be more difficult and require Happy Valley to develop an aggressive acquisition program as well as think creatively and foster partnerships to provide desired public parkland with adequate room for park amenities.
- Sports fields enhancements
- Community Center
- Recreation programming
- ADA enhancements and park enhancements
- Park and trail connections
- New park design and development
- Wayfinding and signage
- Communications
- Upgrades

The Parks Capital Improvement Plan includes the following categories totaling \$66,726,000 in costs. The Community Parks Acquisition line item totaled \$25,000,000 while the Neighborhood Park Acquisition line item totaled \$4,000,000. The projects listed in Table 22 are projects in the Plan Area from the City's Parks Master Plan.

Table 22 - Parks Master Plan Projects in the Plan Area

<b>Project Number</b>	<b>Project Title</b>
1	Airport Rd Park (Planned Park)
2	Pleasant Valley Villages Neighborhood Park (Planned Park)
3	Community Park (West of 172nd Ave & South of Sager Rd)*
4	Community Park (West of Foster Rd & South of Hemrich Rd)*
5	Community Park (West of 172nd & North of Hagen Rd)
6	Neighborhood Park (West of 172nd Ave & North of Scouters Mountain Elementary)*
7	Neighborhood Park (East of Roachella Ct & North of Vogel Rd)*
8	Neighborhood Park (East of 172nd Ave & South of Sunnyside Rd)*
9	Neighborhood Park (East of Hood View Park)*

Source: City of Happy Valley Parks Master Plan

## **6. Solid Waste Disposal**

Solid waste disposal is handled by private businesses who use the private Metro transfer station located in Oregon City. Franchises are handled by Clackamas County through contractual agreement between the City and County.

## **7. Electricity, Natural Gas**

Portland General Electric Company ("PGE") is franchised to furnish electricity to the City of Happy Valley.

Natural gas is provided by NW Natural (formerly Northwest Natural Gas Company) on a franchise basis.

### **C. Social Conditions**

Within the Plan Area, there are 99 tax lots shown as residential use in the land use table. According to the US Census Bureau, American Community Survey 2013-2017 Five Year Estimates, the block groups that most closely represent the Plan Area have 17,941 residents, 86% of whom are white. These block groups represent more residents than exist in the Plan Area but are the closest block groups to represent the Plan Area.

Table 23 - Race in the Area

<b>Race</b>	<b>Number</b>	<b>Percent</b>
White alone	15,412	85.90%
Black or African American alone	179	1.00%
American Indian and Alaska Native alone	205	1.14%
Asian alone	1,496	8.34%
Native Hawaiian and Other Pacific Islander alone	80	0.45%
Some other race alone	116	0.65%
Two or more races	453	2.52%
<b>TOTAL:</b>	<b>17,941</b>	<b>100%</b>

Source: American Community Survey 2013-2017 Five Year Estimates

The largest percentage of residents are between 35 to 44 years of age (16%).

Table 24 - Age in the Area

<b>Age</b>	<b>Number</b>	<b>Percent</b>
Under 5 years	777	4.33%
5 to 9 years	1,087	6.06%
10 to 14 years	1,348	7.51%
15 to 17 years	843	4.70%
18 to 24 years	1,273	7.10%
25 to 34 years	1,994	11.11%
35 to 44 years	2,893	16.13%
45 to 54 years	2,667	14.87%
55 to 64 years	2,749	15.32%
65 to 74 years	1,559	8.69%
75 to 84 years	573	3.19%
85 years and over	178	0.99%
<b>TOTAL:</b>	<b>17,941</b>	<b>100%</b>

Source: American Community Survey 2013-2017 Five Year Estimates

In the block groups, 38% of adult residents have earned a bachelor's degree or higher. Another 25% have some college education without a degree, and another 22.5% have graduated from high school with no college experience.

Table 25 - Educational Attainment in the Area

<b>Educational Attainment</b>	<b>Number</b>	<b>Percent</b>
Less than high school	380	3.01%
High school graduate (includes equivalency)	2,844	22.55%
Some college	3,213	25.47%
Associate's degree	1,275	10.11%
Bachelor's degree	2,984	23.66%
Master's degree	1,461	11.58%
Professional school degree	237	1.88%
Doctorate degree	219	1.74%
TOTAL:	12,613	100%

Source: American Community Survey 2013-2017 Five Year Estimates

The most common travel time to work class was 30 to 39 minutes, with 21% of journeys being in this class. This was followed by the 20 to 29 minutes travel time class, which represented 19% of journeys.

Table 26 - Travel Time to Work in the Area

<b>Travel Time</b>	<b>Number</b>	<b>Percent</b>
Less than 10 minutes	686	8.10%
10 to 19 minutes	1,625	19.18%
20 to 29 minutes	1,779	20.99%
30 to 39 minutes	1,918	22.63%
40 to 59 minutes	1,356	16.00%
60 to 89 minutes	906	10.69%
90 or more minutes	204	2.41%
TOTAL:	8,474	100%

Source: American Community Survey 2013-2017 Five Year Estimates

Of the means of transportation used to travel to work, the majority, 79% drove alone with another 9% carpooling

Table 27 - Means of Transportation to Work in the Area

<b>Means of Transportation</b>	<b>Number</b>	<b>Percent</b>
Drove alone	7,241	78.88%
Carpooling	812	8.85%
Using Public Transportation	301	3.28%
Motorcycling	14	0.15%
Bicycling	0	0.00%
Walking	45	0.49%
Using Other Means	61	0.66%
Working at home	706	7.69%
TOTAL:	9,180	100%

Source: American Community Survey 2013-2017 Five Year Estimates

## **D. Economic Conditions**

### **1. Taxable Value of Property within the Plan Area**

The estimated total assessed value of the Plan Area calculated with data from the Clackamas County Department of Assessment and Taxation for FYE 2019, including all real, personal, manufactured, and utility properties, is estimated to be \$161,622,046.

### **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.

Table 28 shows the improvement to land ratios (I:L) for properties within the Plan Area. In the Plan Area, 224 parcels representing 83% of the acreage have 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 Plan Area is 2.0. Only 25 of the 289 parcels in the Plan Area, totaling 10.5% of the acreage have I:L ratios of 2.0 or more in FYE 2019. In summary, the Plan Area is underdeveloped and not contributing significantly to the tax base in Happy Valley.

Table 28 - Improvement to Land Ratios in the Plan Area

<b>Improvement to Land Ratio</b>	<b>Parcels</b>	<b>Acreage</b>	<b>Percent of Acreage</b>
No Improvement Value	103	686.12	43.87%
0.01-0.50	79	489.63	31.31%
0.51-1.00	42	101.21	6.47%
1.01-1.50	27	96.18	6.15%
1.51-2.00	12	26.38	1.69%
2.01-2.50	13	67.11	4.29%
2.51-3.00	5	19.43	1.24%
3.01-4.00	3	11.66	0.75%
> 4.00	5	46.07	4.24%
<b>TOTAL:</b>	<b>289</b>	<b>1,563.97</b>	<b>100.00%</b>

Source: Compiled by Tiberius Solutions LLC with data from the Clackamas County Department of Assessment and Taxation (FYE 2019)

### ***E. Impact on Municipal Services***

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Plan Area (affected taxing districts) is described in Section VII 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 development and redevelopment of properties, downtown improvements and plan administration and planning refinement. The use of tax increment allows the city to add an additional funding source beyond the City of Happy Valley general fund and system development charges (SDC) to fund critical infrastructure projects.

It is anticipated that these improvements will catalyze development on the undeveloped and underdeveloped parcels in the Plan Area. The transportation system improvements will reduce congestion, provide safety and multi-modal improvements, and provide transportation facilities to underserved areas. This will also aid in any emergency response times.

Development in the Plan Area will require city services. As the development will be new construction, it will be up to current building code and will aid in any fire protection needs.

The financial impacts from tax increment collections will be countered by future economic development, housing production and, in the future, adding future increased increases in assessed value to the tax bases for all taxing jurisdictions, including the city.

## **XI. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN**

The reason for selecting the Plan Area is to provide the ability to fund projects and programs necessary to cure blight within the Plan Area.

## **XII. RELOCATION REPORT**

There is no relocation report required for the Plan. No specific acquisitions that would result in relocation benefits have been identified. However, if property is acquired that requires relocation, the Agency shall comply with applicable relocation requirements.