



Where Life is Sweet

Members of the Planning Commission
STAFF REPORT
For the Meeting of September 14, 2022

Title/Subject

Southwest Hermiston Urban Renewal Area (SHURA) Presentation

Summary and Background

The Hermiston Planning Commission is being asked to make a recommendation to the City Council regarding the Council's consideration and adoption of the proposed Southwest Hermiston Urban Renewal Plan (Plan).

The focus of the Planning Commission's review is the conformance of the Plan with the Hermiston Comprehensive Plan. This action does not require a public hearing, and the Planning Commission is not being asked to approve the Plan, but rather make a recommendation to the Hermiston City Council on the conformance to the Hermiston Comprehensive Plan issue. There are no explicit review criteria for a Planning Commission for the review of an urban renewal plan. The Oregon Revised Statute (ORS) ORS 457.085(4) states that "An urban renewal plan and accompanying report shall be forwarded to the planning commission of the municipality for recommendations, prior to presenting the plan to the governing body of the municipality for approval under ORS 457.095". The generally accepted practice is for the Planning Commission to provide input on the relationship of the Plan to the Local Goals and Objectives (Section XIII of the Plan), and particularly to its conformance to the City of Hermiston Comprehensive Plan.

The City adopted a Housing Capacity Analysis (HCA) prepared by Johnson Economics and Angelo Planning in January of 2021. The findings demonstrate that there is a need for more home buying opportunities in the heart of Hermiston's income distribution, where most households are found. There is also a need for additional subsidized affordable units for low-income households. In general, there is need for more apartment units of all types to alleviate low vacancy and availability in the community. The analysis demonstrates a need for 2,030 new housing units by 2040. Of these new units, 61.5% are projected to be ownership units, and 38.5% are projected to be rental units. There is some new need for ownership housing at the low-end of the pricing spectrum. But income trends suggest that the greatest demand will remain in the middle price ranges (\$175k to \$300k).

Developing the Southwest Hermiston Urban Renewal Area (Area) into a residential use will address more than half of the 20-year housing need for Hermiston. The Area is located in the southwest quadrant of Hermiston, just north of W Feedville Road, east of Hermiston Highway 207 and west of Highway 395. The Area consists of approximately 392.80 total acres: 383.20

acres of land in tax lots and 9.60 acres of public rights-of-way and is shown in Figure 1 of the attached Plan. There are projected to be 1,100 single family units of different sizes, 150 multi-family units and 80 senior housing units, providing a projected total of 1,330 housing units. Workforce housing is a target market for the development. The installation of infrastructure will facilitate the development of this property. The provision of funding for parks will provide recreational opportunities for the area residents, City of Hermiston residents, and regionally.

The land is subject to geographic constraints and high public infrastructure demand which make conventional development cost prohibitive. Urban renewal is the most effective financing tool to provide infrastructure over a great distance and at the capacity necessary to develop the land at urban density. Without the provision of urban level services, the land will remain blighted and undeveloped for the foreseeable future. The inability to develop the land at urban density without using urban renewal to provide services causes a skewing of the city's residential land inventory.

It is anticipated that the Plan will take nineteen years of tax increment collections to implement. The maximum amount of indebtedness that may be issued for the Plan is not to exceed \$18,100,000 (Eighteen Million One Hundred Thousand dollars). Detailed financial analysis is in the Report Accompanying the Southwest Hermiston Plan (Report). The projected impacts to the taxing districts are shown in the attached urban renewal report.

The projects proposed to be undertaken in the Plan are intended to help improve conditions in the urban renewal area including assistance for new development, providing recreation improvements and utility infrastructure improvements.

All phases of urban renewal development and implementation are subject to public meetings. This session of the planning commission is a public meeting. Although this session is not a public hearing and subject to broad noticing requirements, the meeting agenda was published on September 7, 2022 on the city's website and the agenda packet and staff report have been available for download since that date.

Tie-In to Council Goals

The City Council has made the creation of this urban renewal area a priority project for 2022.

Fiscal Information

The urban renewal area is projected to generate approximately \$20,000,000 in revenue over the lifetime of the area. The maximum indebtedness proposed for the area is \$18,100,000. The area will front load the majority of the infrastructure costs early in the district life through financing. Park development will be financed through both outside financing and pay as you go funding from the urban renewal area's tax increment. Unlike the downtown urban renewal area which captures and utilizes 100% of the tax increment within the area, the southwest urban renewal area will use revenue sharing with outside districts once 10% of the maximum indebtedness is reached within the assessed value of the area. Specific financial projections for annual tax revenue, project cost, and shared revenue are included within the urban renewal report.

Alternatives and Recommendation

Alternatives

The planning commission may make a determination that the urban renewal plan conforms with the Hermiston Comprehensive Plan.

The planning commission may also recommend that the city council adopt the proposed urban renewal plan.

The planning commission may also make a determination that the plan is not in conformance with the Hermiston Comprehensive Plan.

Recommended Action/Motion

Staff recommends that the planning commission make a determination that the urban renewal plan conforms with the Hermiston Comprehensive Plan and that the city council adopt the proposed plan.

Submitted By:

Clint Spencer, Planning Director