

REPORT ACCOMPANYING HOOD RIVER HEIGHTS BUSINESS DISTRICT URBAN RENEWAL PLAN



Prepared for the City of Hood River
June 20, 2011

Tashman Johnson, LLC
Elaine Howard Consulting, LLC

TABLE OF CONTENTS

I.	INTRODUCTION	4
II.	EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACT ON MUNICIPAL SERVICES	6
A.	PHYSICAL CONDITIONS	6
B.	INFRASTRUCTURE	10
C.	SOCIAL CONDITIONS	12
D.	ECONOMIC CONDITIONS	13
E.	IMPACT ON MUNICIPAL SERVICES	14
III.	REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN	15
IV.	THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA	15
V.	THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS	15
VI.	THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT	20
VII.	THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED	21
VIII.	FINANCIAL ANALYSIS OF THE PLAN	23
IX.	IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAYED, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA	25
X.	RELOCATION REPORT	27
XI.	COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA	28

Tashman Johnson, LLC
735 SW St. Clair #1906
Portland, Oregon 97205-1439
503.407.7443
jeff@tashmanjohnson.com

Elaine Howard Consulting, LLC
705 Terrace Drive
Lake Oswego, Oregon 97034
503.635.2783
elaine@elainehowardconsulting.com

I. INTRODUCTION

The Hood River Heights Business District Urban Renewal Report (Report) contains background information and project details to the Hood River Heights Business District Urban Renewal Plan (Plan). The Report is not a legal part of the Plan, but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

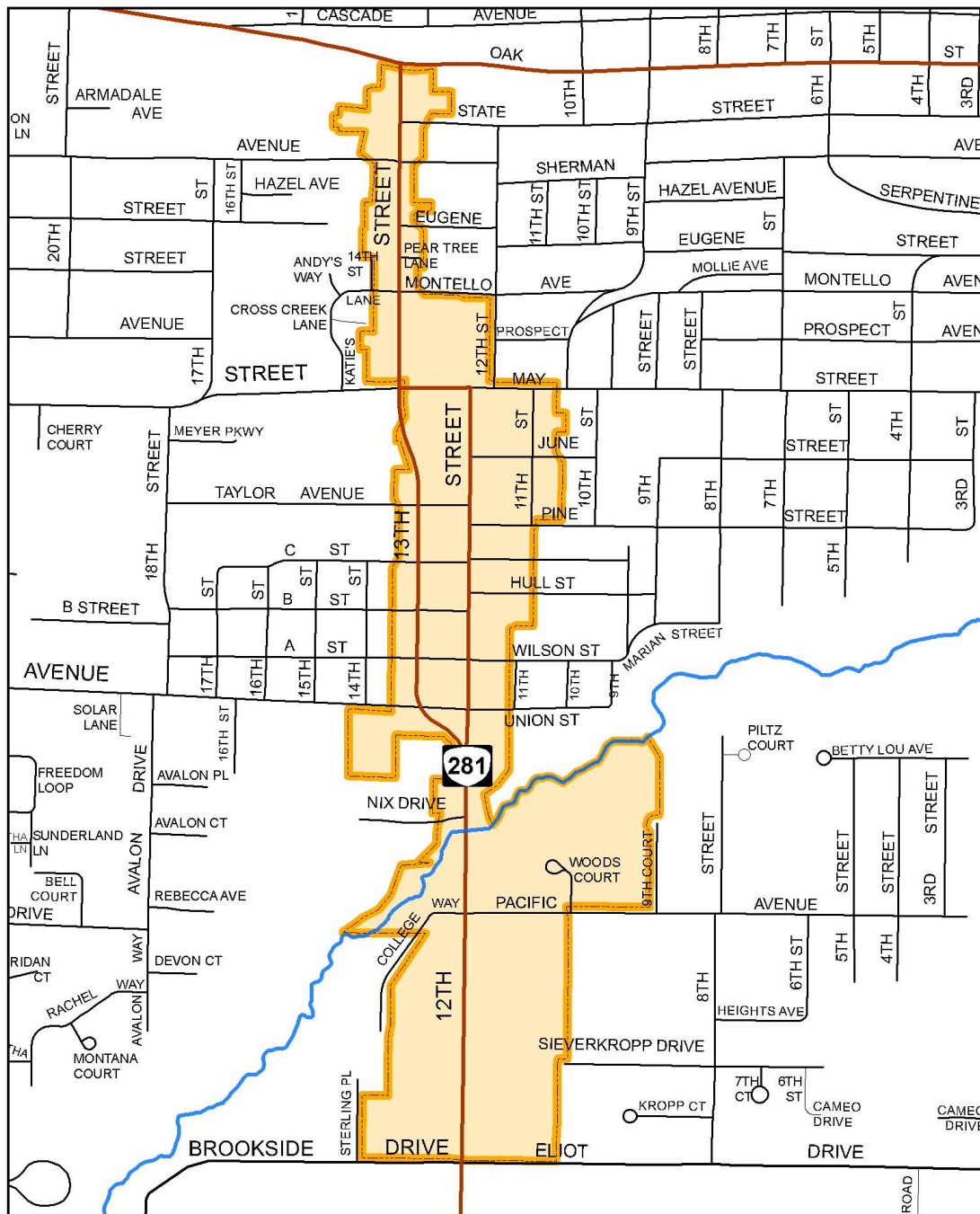
The Report provides the information required in ORS 457.085(3). The format of the Report is based on this statute.

The Hood River Heights Business District is a mixed-use area on the hills above downtown Hood River. It is oriented to Highway 281 - 12th and 13th Streets - which is a major connecting road between the central part of the City of Hood River and the Hood River Valley to the south. The Heights serves local commercial needs for the surrounding neighborhoods, communities to the south, and the city as a whole. In contrast to the recreation and tourism markets served by downtown Hood River, local residents rely on the restaurants, retailers, and service providers located in the Heights. The Heights was developed primarily as a residential neighborhood and many businesses on the north end of the district are operating out of converted single-family dwellings. Consequently, this commercial district lacks the character of a business district, with very low-density development and little pedestrian-oriented amenities or connections.

The City of Hood River has responded to requests from property owners and business owners in the Hood River Heights Business District for public investment to spur more intensive and higher quality development in the area. The Hood River Heights Business Association expressed an interest in urban renewal as a means of that public investment. A feasibility study for urban renewal in the Hood River Heights Business District was completed in September, 2010. It was reviewed by the Hood River Heights Business Association, the Planning Commission and the City Council, and the Council directed staff to prepare an urban renewal plan for its consideration.

The Hood River Heights Business District Urban Renewal Area (Area) is shown in Figure 1.

Figure 1- Hood River Heights Business District Urban Renewal Plan Area Boundary



Hood River Heights Urban
Renewal Area Boundary



Feet
0 250 500 1,000

II. **EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACT ON MUNICIPAL SERVICES**

This section of the Report describes existing conditions within the Hood River Heights Business District Urban Renewal Area, documenting the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. **Physical Conditions**

1. Land Use

The Area, shown in Figure 1 above, contains 214 parcels, consisting of 74.82 acres and 20.82 acres of right-of-way, for a total size of 95.64 acres.

The Area is located in the Hood River Heights Business District along 12th and 13th Streets and connects at the north end to downtown Hood River at Oak Street. The Area extends to the south to Brookside Drive.

An analysis of property classification data from Hood River County 2010/11 Assessment and Taxation database was used to determine the land use designation of parcels in the Area. Commercial uses (occupied and vacant) are the main uses within the area (54%). The Hood River County Assessor classifies 40 properties as Highest and Best Use Residential, Commercially zoned, a total of 22% of the Area. The next highest use is Government/Non Profit (8%) followed by Single-Family Residential (5%).

Table 1 - Existing Land Use of Area

Land Use	Parcels	Acreage	% of Total Acreage
Commercial	109	40.24	53.78%
Vacant Commercial	14	6.51	8.70%
Highest & Best Use Residential (Commercial zone)	40	16.07	21.48%
Government/Non Profit	24	5.78	7.73%
Residential (single-family)	14	3.65	4.88%
Multi-family Residential	2	0.33	0.44%
Vacant Residential	11	2.24	2.99%
Total	214	74.82	100.00%

Source: Hood River County Assessor through Hood River County GIS

2. Zoning and Comprehensive Plan Designations

In the City of Hood River, the zoning and comprehensive plan designations are the same. The City of Hood River Planning Code establishes zoning districts to control land use throughout the city, and regulates development standards within these established use districts. Section 17 of the City of Hood River Planning Code has been designed in accordance with the goals, policies, and most appropriate statements of the intent of the City's Comprehensive Plan. It is the purpose of the zoning code, therefore, to provide the principal means for the implementation of the Hood River Comprehensive Plan.

Specifically, the majority of the proposed Area is located within the General Commercial zone. Other zones represented in the Area are the Residential High Density and Open Space zones.

The General Commercial zone allows for the development of commercial uses, which are subject to site plan review. The C-2 zone contains more of the service commercial uses. The C-2 zone also allows for single-family dwellings, duplexes and tri-plexes, home occupations, bed and breakfasts, residential care facilities, and other uses.

The Residential High Density zone allows multi-family housing subject to site plan review, duplexes and tri-plexes, and single-family housing. It also allows for home occupations, bed and breakfasts, residential care facilities, public parks and playgrounds, and other uses.

The purpose of the Open Space/Public Facilities Zone is to provide land areas for parks and other necessary public facilities. This zone is also intended to serve as the mechanism to implement the public parks land use designation of the Comprehensive Plan. Permitted uses not subject to site plan review in this zone shall include, but are not limited to: recreational activities, non-profit community activities, and arts festivals.

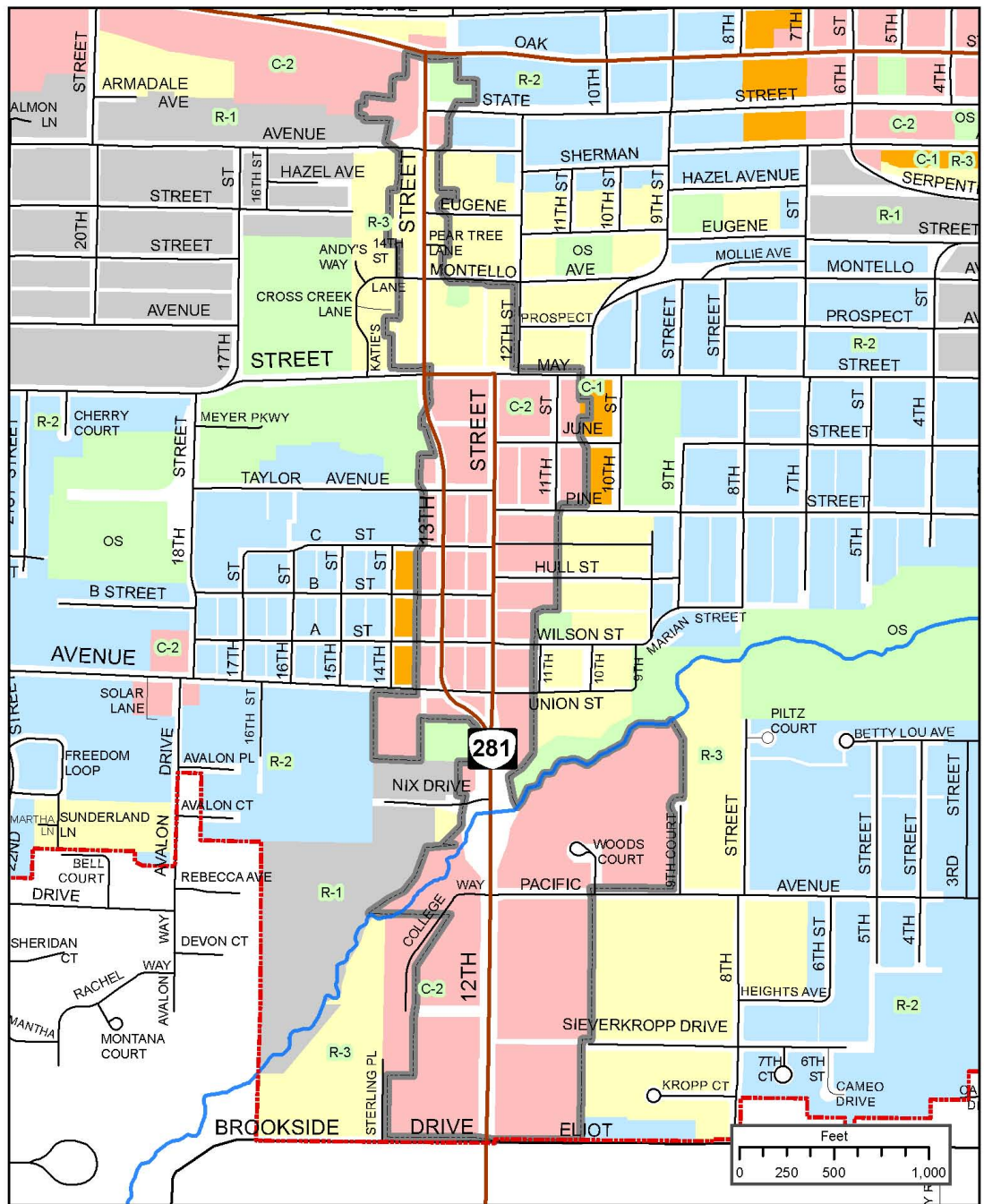
As illustrated in Table 4 and Figure 2, the largest portion (87%) of the Area is zoned as General Commercial. High Density Residential is approximately 11%. Open Space/Public Facility zoning accounts for 2% of the Area.

Table 2 - Existing Zoning and Comprehensive Plan Designations of Area

Zone	# Parcels	Acreage	% of Total Acreage
General Commercial	175	65.22	87.17%
Residential - High Density	37	8.26	11.04%
Open Space	2	1.34	1.79%
Total	214	74.82	100.00%

Source: Hood River County Assessor through Hood River County GIS

Figure 2 - Area Zoning and Comprehensive Plan Designations



Hood River Heights Urban
Renewal Area
Zoning Designations



B. Infrastructure

1. Street and Sidewalk Conditions

There are sidewalk and streetscape improvements required throughout the Area. There are no bicycle lanes in the Area, and there are streets that could benefit from pedestrian safety improvements. The City Engineer provided an analysis of the street conditions as of February, 2011. Thirteen percent (13%) of the sections surveyed were in poor condition and another 13% were in fair to poor condition. Nine percent (9%) of the curbs were in either poor or fair to poor condition. Forty-eight percent (48%) of the intersections do not have American Disabilities Act (ADA) ramps that meet current standards for orientation, slope, and width. Some of the ramps and some of the sidewalks have power poles located in them in such a way as to impede access.

2. Storm Water

Based on information in the Sewer and Storm Water Capital Facilities Plan, completed in 2001, the storm water system upgrades needed in the Area are shown below, with a total cost of \$1,129,514. The project costs for all of the following infrastructure improvements were estimated by the City Engineer using the original 2001 project cost estimates and adjusting them according to the Engineering News Record (ENR) Construction Cost Index. The construction cost increase for this time period, according to the ENR, was 39%. A review of other cost indexes was made to provide a higher level of comfort in this number, however, since there is significant variation in the index values and lack of specific local data, the use of the ENR construction cost index value was utilized without adjustment.

Table 3 - Storm Water Projects

Location	Description	2001 Estimated Values	2010 Indexed Values
12th Street, Nix Drive to Elliot Drive	Replace 1650 LF existing SD with 15", 18", and 24" pipe	\$273,400.00	\$380,026.00
12th Street, Nix Drive to Belmont Avenue	Replace 585 LF existing SD with 18", 24", and 36" pipe. Replace manhole & 5 CBs	\$139,800.00	\$194,322.00
Belmont Avenue, 12th Street to Avalon Way	Replace 1650 LF SD with 24" pipe. Replace manholes, install T connections	\$344,300.00	\$478,577.00
12th Street, Taylor Ave to June Ave	Replace 303 LF existing SD 15" & 18" pipe. Install 2 CBs and replace 2 CB with manholes	\$55,100.00	\$76,589.00
Total			\$1,129,514.00

Source: City of Hood River 2011

3. Sanitary Sewer

Based on information in the Sewer and Storm Water Capital Facilities Plan, completed in 2001, the sanitary sewer system upgrades needed in the Area are shown below with a total cost of \$2,668,800.

Table 4 - Sanitary Sewer Projects

Location	Description	2001 Estimated Values	2010 Indexed Values
Hull Street	Replace 1600 LF of 6" pipe with 8" pipe	\$795,100.00	\$1,105,189.00
13th & A Streets	Replace 900 LF of gravity sewer with 8" pipe	\$1,124,900.00	\$1,563,611.00
Total			\$2,668,800.00

Source: City of Hood River 2011

4. Water

Based on the City of Hood River Water Master Plan, adopted in 2001, the water system upgrades needed in the Area are shown below with a total cost of \$387,551.46.

Table 5 - Water Projects

Location	Description	2001 Estimated Values	2010 Indexed Values
12th Street between June and May Street	Replace 77 LF of 6" CI with 8" PVC	\$4,774.00	\$6,635.86
12 Street between A Street and May Street	Replace 1400 LF of 6" lead jointed pipe with 8" PVC	\$86,800.00	\$120,652.00
Wilson Street between 12th Street and Wilson Reservoir	Replace 8" lead jointed pipe with 300 LF of 8" PVC	\$18,600.00	\$25,854.00
May Street from 12th Street to 17th Street	Replace 1320 LF of 4" lead jointed pipe with 8" PVC	\$81,840.00	\$113,757.60
C Street from 12 th Street to 16th Street	Replace 1400 LF of 4" lead jointed pipe with 8" PVC	\$86,800.00	\$120,652.00
Total			\$387,551.46

Source: City of Hood River 2011

C. Social Conditions

There are 67 parcels in the Area classified by the Hood River County Assessor as having residential use. (Forty of those parcels are identified by the Hood River County Assessor as residential and the highest and best use.)

The Portland State University Population Research Study of April, 2010 estimates the population of the City of Hood River at 6,925 as of July 1, 2009, an 18.8% increase in population over nine years. This is a much higher increase than other communities of like size in Oregon.

The following information comes from the United States (US) Census and relates to the County of Hood River as a whole and can be assumed to relate to the residential parcels in the Area. Information is dated as 2009. This data set was used in preference over the 10-year-old data from the 2000 Census. 2010 Census data for the City of Hood River is not yet available. According to the data on the United States Census website, information from 2009, there were 21,883 people, 7,248 households, residing in the County of Hood River, with 2.70 persons per household. There were 8,978 housing units with a 64.9% homeownership rate.

The racial makeup of the County of Hood River as of the 2009 census information is shown in Table 6.

Table 6 - Racial Characteristics

Racial Characteristics	Percentage
White	94.5%
African American	0.8%
Native American	1.6%
Asian	1.5%
Pacific Islander	0.2%
Source: United States Census of 2000	

The Census calculates Hispanic or Latino of any race as a separate category. Hispanic or Latino of any race was 27.4% of the population.

The median household income in the 2009 data was \$48,895.

D. Economic Conditions

1. Taxable Value of Property Within the Area

The estimated 2010/11 total assessed value of the real property in the Area is \$46,490,559. The total assessed value, including all real, personal, personal manufactured, and utility properties, is estimated to be \$49,465,955.

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 Ratio" or "I:L." The values used are real market values. In urban renewal areas, the I:L may be used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives. A healthy condition of real estate investment in the Hood River Heights Business District Area would be 4:1 or more.

Table 7 below, "I:L Ratio of Parcels in the Area," shows the improvement to land ratios for taxable properties within the Area. Fifteen percent (15%) is undeveloped property. Approximately 24% of the parcels in the Area meet the improvement ratio of 4.0; the I:L ratios for improved properties in the urban renewal study area are very low.

Table 7 - I:L Ratio of Parcels in the Area

I:L Ratio	# Parcels	Acres	% of Total Acres
No Improvements	31	11.73	15.68%
0 - .99: 1	46	16.37	21.88%
1 - 1.99: 1	50	14.47	19.34%
2 - 2.99: 1	34	10.58	14.14%
3 - 3.99: 1	16	3.77	5.04%
4 - 4.99: 1	10	6.89	9.21%
5 - 5.99: 1	6	0.84	1.12%
6 - 6.99: 1	1	0.12	0.16%
7 or More	8	4.11	5.49%
No Land Value*	12	5.94	7.94%
Total	214	74.82	100.00%

Source: Data from Hood River County GIS *Non-profit or governmental

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section IX of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

Funding for Development and Redevelopment projects will increase the retail and commercial occupancies within the Area, which will generally result in higher demand for fire, life safety, and public safety services. The projected increase in occupancies within the Area will also raise the demand for water, sewer, and storm drainage services.

These impacts will be countered by funding for projects from the Plan, including:

- Improved transportation systems, including street and streetscape improvements, will benefit the citizens of Hood River Heights Business District. The streetscape improvements will benefit pedestrians and bicyclists by allowing for more safety and an extended system of connections throughout the City. The streetscape will also benefit the commercial businesses as these improvements will result in a more user-friendly area to support the existing businesses and encourage new business development.
- Potential rehabilitation of existing structures and new construction will occur as a result of the Redevelopment Assistance program.
- Improvement in public spaces in the Area will help encourage more activity in the commercial core, supporting the businesses in the Area.
- Additional parking in the Area will support the businesses in the Area and make shopping in the Area easier for the residents of Hood River Heights Business District.
- Increased investment in the Area helps strengthen the tax base both within the Area and in surrounding areas.
- Undergrounding of utilities will help improve the appearance of the Area, attracting more visits to the commercial core and supporting businesses.
- In addition, developed sites will create employment opportunities for the citizens of Hood River.

These improvements help offset the fiscal impacts from the urban renewal area.

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The Hood River Heights Business District Area is selected to cure blight within the Area. Projects specified in the Area will help encourage development within the Area, curing blight, adding to the tax base, and providing jobs within the City of Hood River Heights Business District.

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The projects identified for the Area are:

1. Infrastructure Improvements

Infrastructure improvements include utility upgrades addressing deficient systems in the Area, including storm water, sanitary sewer, and water line improvements. Infrastructure improvements also include parking improvements and undergrounding of utilities.

a) Utility Upgrades

Utility upgrades include storm water, sanitary sewer and water system improvements as identified in the Capitol Improvement Plans.

Existing Conditions: As identified in Section B of the Report, there are deficiencies in the utility systems in the Area. These include deficiencies in storm water, sanitary sewer, and water systems within the Area.

b) Parking Improvements

Parking improvements will be developed in the Area.

Existing Conditions: There is presently on-street parking throughout the northern portion of the Area, north of Union Street. The businesses in the northern section are mostly served by this on-street parking, with the addition of some small lots adjacent to individual businesses. There is a need for a public parking facility with appropriate signage to help encourage business in the Area. The larger commercial businesses at the south end of the Area do not have on-street parking, but are served by parking lots at the front of their businesses.

c) Undergrounding of Utilities

Utilities will be undergrounded where feasible. The City will work with the utility providers to underground utilities.

Existing Conditions: The electrical, cable, and internet lines in the Area are not presently undergrounded.

2. District Identity/Streetscape Improvements

Streetscape improvements throughout the Area will include sidewalk improvements, sidewalk ramps, lighting, banners, signage, and street furniture, including benches, planters, bike racks, and other streetscape improvements, as designated by the Agency.

Existing Conditions: The existing sidewalks in the Area are in need of upgrading. There are very few ADA compliant ramps in the Area. There is no street furniture, district-wide signage, lighting, planters, banners, or other streetscape amenities.

a) Pedestrian and Bicycle Improvements

The streetscape improvements will be designed with the pedestrian and bicyclist in mind. Any parking improvements will also consider the needs of the bicyclist.

Existing Conditions: There are no designated bike lanes or routes and the existing sidewalks are difficult for a bicyclist to use.

b) Connections to Parks and Greenspaces

Streetscape improvements, including pedestrian and bicyclist improvements, will be designed to enhance the connections to existing local parks and greenspaces adjacent to the Area.

Existing Conditions: Jackson Park is located at the north of the Area. There is also the Indian Creek trail system within the Area. Improved connections of these parks and greenspaces to the sidewalk system within the Area is desired.

c) Public Spaces

Public spaces will be incorporated into the Area. These spaces could be small “pocket” parks encouraging people to recreate in the Area.

Existing Conditions: There are no designated “public spaces” in the Area. Jackson Park is adjacent to the area, but the desired public spaces are spaces to be integrated into the business area, encouraging people to relax and recreate within the Area.

3. Redevelopment Assistance

A redevelopment assistance program will be developed to support development and redevelopment in the Area.

Existing Conditions: There is presently no funded program for redevelopment assistance in the Area.

4. Acquisition of Property

Property will be acquired as necessary for infrastructure improvements, including parking improvements, public space improvements, and the implementation of the District Identity.

Existing Conditions: There is presently no funded program for acquisition of property in the Area.

V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

Table 8 - Projects

Hood River Heights Business District Project Costs			
Infrastructure Improvements	Estimated Costs	Urban Renewal Share (PV)	
Storm Water	1,129,514	564,000	50% of cost
Sanitary Sewer	2,668,800	834,000	31% of cost
Water	387,551	194,000	50% of cost
Parking Improvements		800,000	
Acquisition of Property: Parking/Parks		500,000	
District Identity			
Streetscape Improvements		2,040,000	\$340K per block (6)
Public Spaces		600,000	
Connections to local parks/greenspaces		100,000	
Economic Development Assistance			
Redevelopment assistance programs		268,000	
Administration		200,000	\$10K / 20 years
Total Project and Administration Costs		6,100,000	
Estimated MI (inflated dollars)		8,495,650	
Present Value of Maximum Indebtedness		6,100,000	

HOOD RIVER HEIGHTS BUSINESS DISTRICT URBAN RENEWAL REPORT

Table 9 - Projects and Costs in Year of Expenditure Dollars

FYE	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Beginning Balance	0	2,899	3,825	96,754	57,598	75,826	54,220	109,403	154,443	37,519
Debt Proceeds										
Long Term	0	0	1,050,679	0	0	1,020,326	0	0	1,257,948	0
Short Term	20,000	40,000	0	0	60,000	0	100,000	90,000	65,000	160,000
Interest		58	76	1,935	1,152	1,517	1,084	2,188	3,089	750
Total	20,000	42,957	1,054,580	98,689	118,750	1,097,668	155,305	201,591	1,480,480	198,269
EXPENDITURES										
Bond Issuance Costs	200	400	26,267	0	600	25,508	1,000	900	32,099	1,600
Administration	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Capital Projects										
Storm Water	0	0	0	0	0	0	0	0	294,357	0
Sanitary Sewer	0	0	0	0	0	0	0	0	435,272	0
Water	0	0	0	0	0	0	0	0	101,250	0
Parking Improvements	0	0	0	0	0	0	0	0	0	0
Acquisition of Property: Parking/Parks	0	0	0	0	0	0	0	0	0	0
Streetscape Improvements	0	0	891,665	0	0	974,347	0	0	532,347	0
Public Spaces	0	0	0	0	0	0	0	0	0	0
Pedestrian/Bicycle Connections to Local										
Parks/Greenspaces	0	0	0	0	0	0	0	0	0	0
Redevelopment assistance programs	6,901	28,432	29,285	30,164	31,069	32,001	32,961	33,949	34,968	36,017
Total	17,101	39,132	957,826	41,091	42,924	1,043,448	45,901	47,148	1,442,961	50,665

Source: Tashman Johnson LLC projections, 2011

HOOD RIVER HEIGHTS BUSINESS DISTRICT URBAN RENEWAL REPORT

Table 9 - Projects and Costs in Year of Expenditure Dollars, continued

FYE	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
REVENUES										
Beginning Balance	147,604	178,771	111,595	40,576	54,601	258,367	110,649	41,340	118,808	757,560
Debt Proceeds										
Long Term	0	1,338,439	0	0	0	0	0	0	0	0
Short Term	210,000	0	200,000	265,000	220,000	380,000	545,000	610,000	660,000	321,506
Interest	2,952	3,575	2,232	812	1,092	5,167	2,213	827	2,376	15,151
Total	360,556	1,520,785	313,827	306,388	275,693	643,534	657,862	652,166	781,184	1,094,217
EXPENDITURES										
Bond Issuance Costs	2,100	33,461	2,000	2,650	2,200	3,800	5,450	6,100	6,600	3,215
Administration	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535
Capital Projects										
Storm Water	0	482,477	0	0	0	0	0	0	0	0
Sanitary Sewer	0	713,451	0	0	0	0	0	0	0	0
Water	0	165,959	0	0	0	0	0	0	0	0
Parking Improvements	0	0	0	121,007	0	513,506	0	0	0	722,444
Acquisition of Property: Parking/Parks	0	0	256,993	113,444	0	0	247,927	0	0	180,611
Streetscape Improvements	0	0	0	0	0	0	0	0	0	0
Public Spaces	0	0	0	0	0	0	347,098	510,730	0	162,550
Pedestrian/Bicycle Connections to Local										
Parks/Greenspaces	138,423	0	0	0	0	0	0	0	0	0
Redevelopment assistance programs	27,823	0	0	0	0	0	0	0	0	0
Total	181,786	1,409,190	273,251	251,787	17,326	532,886	616,522	533,358	23,624	1,086,356

Source: Tashman Johnson LLC projections, 2011

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

Projects will be ongoing and accomplished over the life of the Plan. The anticipated dates of the projects are shown in Table 9 above.

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

Table 10 shows the tax increment revenues and their allocation to loan repayments, reimbursements, debt service, and debt service reserve funds. It is anticipated that all debt will be retired by the end of FY 2032 (any outstanding bonds will be defeased). The maximum indebtedness is \$8,495,650. The estimated total amount of tax increment revenues required to service the maximum indebtedness is \$10,385,420. The term of the long term bonds is 15 years, coverage ratio of 1.25 and interest rate of 5.5%.

Table 10 - Tax Increment Revenues

Fiscal Year Ending	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES											
Beginning Balance + Prior Year Reserve	0	0	34,558	88,788	119,349	191,620	248,244	309,949	323,876	401,315	435,545
Tax Increment Revenues		53,488	91,705	130,843	171,135	213,203	257,906	307,895	360,085	414,561	471,411
Interest	0	1,070	2,525	4,393	5,810	8,096	10,123	12,357	13,679	16,318	18,139
Transfer from Bond Proceeds											
Total	0	54,558	128,788	224,024	296,294	412,919	516,274	630,201	697,640	832,194	925,095
EXPENDITURES											
Long Term Debt Service											
Bond 1				104,674	104,674	104,674	104,674	104,674	104,674	104,674	104,674
Bond 2							101,651	101,651	101,651	101,651	101,651
Bond 3										125,324	125,324
Bond 4											
Total Long Term Debt Service	0	0	0	104,674	104,674	104,674	206,325	206,325	206,325	331,649	331,649
Long Term Debt Service Reserve	0	0	0	104,674	104,674	104,674	206,325	206,325	206,325	331,649	331,649
Short Term Debt Service		20,000	40,000			60,000		100,000	90,000	65,000	160,000
Defeasance											
Total	0	20,000	40,000	209,349	209,349	269,349	412,650	512,650	502,650	728,298	823,298
Ending Balance	0	34,558	88,788	14,675	86,945	143,570	103,624	117,551	194,990	103,896	101,797
Short Term Principal	0	20,000	40,000	0	0	60,000	0	100,000	90,000	65,000	160,000
Funding Capacity	\$0	\$20,000	\$40,000	\$1,050,679	\$0	\$60,000	\$1,020,326	\$100,000	\$90,000	\$1,322,948	\$160,000

Source: Tashman Johnson LLC projections, 2011

HOOD RIVER HEIGHTS BUSINESS DISTRICT URBAN RENEWAL REPORT

Table 10 - Tax Increment Revenues, continued

Fiscal Year Ending	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
REVENUES										
Beginning Balance + Prior Year Reserve	433,446	436,173	572,769	571,630	567,467	672,776	677,364	576,397	574,697	586,911
Tax Increment Revenues	525,203	581,240	639,605	700,388	763,677	819,730	877,919	938,322	1,001,017	1,066,086
Interest	19,173	20,348	24,247	25,440	26,623	29,850	31,106	30,294	31,514	33,060
Transfer from Bond Proceeds										
Total	977,822	1,037,761	1,236,622	1,297,459	1,357,767	1,522,356	1,586,389	1,545,014	1,607,228	1,686,057
EXPENDITURES										
Long Term Debt Service										
Bond 1	104,674	104,674	104,674	104,674	104,674	104,674	104,674			
Bond 2	101,651	101,651	101,651	101,651	101,651	101,651	101,651	101,651	101,651	101,651
Bond 3	125,324	125,324	125,324	125,324	125,324	125,324	125,324	125,324	125,324	125,324
Bond 4		133,343	133,343	133,343	133,343	133,343	133,343	133,343	133,343	133,343
Total Long Term Debt Service	331,649	464,992	464,992	464,992	464,992	464,992	464,992	360,317	360,317	360,317
Long Term Debt Service Reserve	331,649	464,992	464,992	464,992	464,992	464,992	360,317	360,317	360,317	
Short Term Debt Service	210,000		200,000	265,000	220,000	380,000	545,000	610,000	660,000	203,259
Defeasance										
Total	873,298	929,983	1,129,983	1,194,983	1,149,983	1,309,983	1,370,309	1,330,634	1,380,634	563,576
Ending Balance	104,524	107,777	106,639	102,475	207,784	212,372	216,080	214,380	226,594	
Short Term Principal	210,000	0	200,000	265,000	220,000	380,000	545,000	610,000	660,000	203,259
Funding Capacity	\$210,000	\$1,338,439	\$200,000	\$265,000	\$220,000	\$380,000	\$545,000	\$610,000	\$660,000	\$203,259

Source: Tashman Johnson LLC projections, 2011

VIII. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through FY 2032, as shown above, are based on projections of the assessed value of development within the Area and the total tax rate which will apply in the Area. Note that these projected revenues are calculated subject to concurrence of overlapping taxing districts of collection of full division of tax amounts from FYE 2029 through 2032.

Table 11 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues and the annual tax increment revenues (not adjusted for under-collection, penalties and interest). These, in turn, provide the basis for the projections in Table 10.

Table 11 - Projected Incremental Assessed Value, Tax Rates and Tax Increment Revenues (Dollars)

FYE Ending	2012	2013	2014	2015	2016	2017	2018	2019
Total Assessed Value	49,809,500	52,945,723	56,230,606	59,688,936	63,348,651	67,273,351	71,552,046	76,020,135
Incremental Assessed Value	1,309,500	4,445,723	7,730,606	11,188,936	14,848,651	18,773,351	23,052,046	27,520,135
Frozen Base	48,500,000	48,500,000	48,500,000	48,500,000	48,500,000	48,500,000	48,500,000	48,500,000
Appreciation %	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Appreciation \$	1,309,500	1,344,857	1,429,535	1,518,226	1,611,601	1,710,414	1,816,380	1,931,905
New Development Value		1,791,366	1,855,349	1,940,104	2,048,113	2,214,286	2,462,314	2,536,184
Projected Total Tax Rate		12.0313	11.8626	11.6940	11.5253	11.3567	11.1880	11.1880
Tax Increment Revenues	\$0	\$53,488	\$91,705	\$130,843	\$171,135	\$213,203	\$257,906	\$307,895
Percent from New Development		57%	56%	56%	56%	56%	58%	57%

Source: Tashman Johnson LLC projections, 2011

HOOD RIVER HEIGHTS BUSINESS DISTRICT URBAN RENEWAL REPORT

Table 11 - Projected Incremental Assessed Value, Tax Rates and Tax Increment Revenues (Dollars), continued

FYE Ending	2020	2021	2022	2023	2024	2025	2026	2027
Total Assessed Value	80,684,948	85,554,079	90,635,396	95,443,403	100,452,052	105,668,885	111,101,712	116,758,618
Incremental Assessed Value	32,184,948	37,054,079	42,135,396	46,943,403	51,952,052	57,168,885	62,601,712	68,258,618
Frozen Base	48,500,000	48,500,000	48,500,000	48,500,000	48,500,000	48,500,000	48,500,000	48,500,000
Appreciation %	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Appreciation \$	2,052,544	2,178,494	2,309,960	2,447,156	2,576,972	2,712,205	2,853,060	2,999,746
New Development Value	2,612,269	2,690,637	2,771,357	2,360,852	2,431,677	2,504,628	2,579,766	2,657,159
Projected Total Tax Rate	11.1880	11.1880	11.1880	11.1880	11.1880	11.1880	11.1880	11.1880
Tax Increment Revenues	\$360,085	\$414,561	\$471,411	\$525,203	\$581,240	\$639,605	\$700,388	\$763,677
Percent from New Development	56%	55%	55%	49%	49%	48%	47%	47%

Source: Tashman Johnson LLC projections, 2011

FYE Ending	2028	2029	2030	2031	2032
Total Assessed Value	121,768,673	126,969,728	132,368,610	137,972,383	143,788,353
Incremental Assessed Value	73,268,673	78,469,728	83,868,610	89,472,383	95,288,353
Frozen Base	48,500,000	48,500,000	48,500,000	48,500,000	48,500,000
Appreciation %	2.7%	2.7%	2.7%	2.7%	2.7%
Appreciation \$	3,152,483	3,287,754	3,428,183	3,573,952	3,725,254
New Development Value	1,857,573	1,913,300	1,970,699	2,029,820	2,090,715
Projected Total Tax Rate	11.1880	11.1880	11.1880	11.1880	11.1880
Tax Increment Revenues	\$819,730	\$877,919	\$938,322	\$1,001,017	\$1,066,086
Percent from New Development	37%	37%	37%	36%	36%

Source: Tashman Johnson LLC projections, 2011

IX. IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAYED, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL 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 Area. These projections are for impacts estimated through FYE 2032, subject to concurrence of overlapping districts of collection of full division of tax amounts from FYE 2029 through FYE 2032.

Table 12a - Projected Impact on Taxing District Permanent Rate Levies During Use of Tax Increment Financing

Present Value of Revenues Foregone Through FYE 2032	Total	Average Annual
Hood River County General	641,843	32,092
Hood River 911	255,632	12,782
City of Hood River	1,273,268	63,663
Port of Hood River	15,037	752
Hood River Parks and Recreation	158,434	7,922
Hood River Transportation District	32,747	1,637
Hood River Library District	176,642	8,832
Columbia Gorge Community College	122,426	6,121

Source: Tashman Johnson LLC projections, 2011

The Hood River Library District Levy begins in fiscal year ending 2012. The present value rate is calculated at 3%.

The following districts are not directly affected by the tax increment financing, but the amount of their taxes divided for the urban renewal plan is shown below. 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 because of the use of Tax Increment Financing are replaced as determined by a funding formula at the State level with State School Fund revenues.

Table 12b - Projected Impact on Taxing District Permanent Rate Levies During Use of Tax Increment Financing

Present Value of Revenues Foregone Through FYE 2032	Total	Average Annual
Hood River County School District	2,179,439	108,972
Columbia Gorge Education Service District	211,879	10,594

Source: Tashman Johnson LLC projections, 2011

The present value of average impact of foregone revenues as a percentage of the total permanent rate levy of each taxing district is shown in Table 13a.

Table 13a - Average Annual Revenues Foregone as Percent of Levy

Present Value of Revenues Foregone Through FYE 2032	FYE 2011 Permanent Rate Levy*	Percent Average Annual of FYE 2011 Permanent Rate Levy
Hood River County General	2,486,394	1.3%
Hood River 911	990,476	1.3%
City of Hood River	1,709,314	3.7%
Port of Hood River	54,543	1.4%
Hood River Parks and Recreation	586,739	1.4%
Hood River Transportation District	126,910	1.3%
Hood River Library District	684,253	1.3%
Columbia Gorge Community College	442,998	1.4%

Source: Tashman Johnson LLC projections, 2011

The following districts are not directly affected by the tax increment financing, but the percent average annual of FY 2011 Permanent Rate Levy is shown below.

Table 13b - Average Annual Revenues Foregone as Percent of Levy

Present Value of Revenues Foregone Through FYE 2032	FYE 2011 Permanent Rate Levy*	Percent Average Annual of FYE 2011 Permanent Rate Levy
Hood River County School District	8,442,569	1.3%
Columbia Gorge Education Service District	820,965	1.3%

Source: Tashman Johnson LLC projections, 2011

Table 13a shows that the City of Hood River itself has the highest percentage of revenues foregone in comparison to the FY 2011 permanent rate levy (3.7%). All other taxing districts show impacts of 1.4% or less.

Table 14a shows the increase in permanent rate levy revenues that would occur after termination of the tax increment financing in FYE 2032.

Table 14a - Additional Revenues Obtained After Termination of Tax Increment Financing

Revenues Received in FYE 2033	
Hood River County General	45,654
Hood River 911	18,183
City of Hood River	90,568
Port of Hood River	1,070
Hood River Parks and Recreation	11,269
Hood River Transportation District	2,329
Hood River Library District	12,565
Columbia Gorge Community College	8,708

Source: Tashman Johnson LLC projections, 2011

The following taxing districts are not directly affected by the tax increment financing, but the amount of revenues they would receive in FY2033 which would be directed to the State School Fund is shown below.

Table 14b - Additional Revenues Obtained After Termination of Tax Increment Financing

Revenues Received in FYE 2033	
Hood River County School District	155,024
Columbia Gorge Education Service District	15,071

Source: Tashman Johnson LLC projections, 2011

X. RELOCATION REPORT

There are no businesses or residents to be relocated under the Plan.

XI. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

There are two existing urban renewal areas in the City of Hood River. 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, including all real, personal, personal manufactured, and utility properties in the Hood River Heights Urban Renewal Area is estimated at \$49,465,955. The Hood River County Assessor's office will certify the frozen base of the Area once the Plan is adopted.

The estimated total acreage of the existing urban renewal areas is 188.44 acres, including public right-of-way. There are 95.64 total acres in the Expansion Area, for 284.04 total URA acres. Therefore, 13.38% of the acreage in the City would be in urban renewal areas, and 11.94% of the assessed value of the City would be in urban renewal areas. This is below the statutory limitation of 25% in both cases.

Table 15 - URA Conformance with AV and Area Limits

Urban Renewal Area	Frozen Base Assessed Value	Acres
Hood River Heights Business District	\$49,465,955	95.64
Cascade Columbia Development Plan (Downtown Urban Renewal)	\$12,583,099	79.29
Waterfront Urban Renewal Area	\$10,354,866	109.11
Total	\$72,403,920	284.04
Total Acreage, City of Hood River		2,123
Total Assessed Value City of Hood River Less Incremental Assessed Value in Urban Renewal Areas	\$606,499,793*	
Percent of Hood River AV in Urban Renewal Areas	11.94%	
Percent of Hood River Acreage in Urban Renewal		13.38%

Source: Hood River County Assessor FY 10/11 tax rolls

*Less excess from current URA