RFPD Funding & Potential Revenue Impact

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Objectives

- Funding Background
- Compression
- Urban Renewal (Tax Increment Financing)
- Vertical Housing Zones
- Affordable Housing Tax Exemptions
- Strategic Investment Programs
- Enterprise Zones

ORS 478

- **Primary operating revenue: property taxes**
- **ORS 478.410(1)** – The district board may provide for a **tax on assessed value** of all taxable property in the district to fund **establishment, equipment, and maintenance** (your core operating levy authority).

Measure 5

- **Passes November 1990**
- **Limits total property taxes based on Real Market Value (RMV):**
  - **$5 per $1,000 RMV** for education
  - **$10 per $1,000 RMV** for general government
- If taxes exceed these limits, **compression** reduces them.
- **Compression order:**
  - **Local option levies** reduced first
  - **Permanent rates** reduced next
  - **Revenue to districts is reduced**
- **General obligation bonds are not affected** — they are **exempt** from these limits.

Measure 50

- **Passed in May 1997**, replacing Measure 47
- Rolled back assessed property values to **90% of 1995 values**
- Capped future **annual increases in assessed value (AV) at 3%**
  - Exception: major changes like **remodels or new construction**
- **New property and significant improvements** are assessed based on:
  - The **real market value (RMV)** at the time of construction or addition
  - Or an **adjusted comparable assessed value**, whichever is lower
- Replaced market-based assessments with a **stable, capped AV system**
- Took effect in the **1997–98 tax year**
- Found in the **Oregon Constitution, Article XI, Section 11**

How Property Types Are Valued and Taxed

Only real property and some manufactured homes are limited by Measure 50 growth caps.

Property Type	Valuation Basis	Taxed On	Assessed By
Real Property	Assessed Value (AV) – capped at 3%/year	AV	County Assessor
Personal Property	Real Market Value (RMV) – full market value	100% of RMV	County Assessor
Manufactured Structures	AV if affixed, RMV if personal	AV or RMV	County Assessor
Utility Property	Statewide RMV using unitary method	Full RMV	Oregon Dept. of Revenue

What Causes Property Tax Compression? (Measure 5)

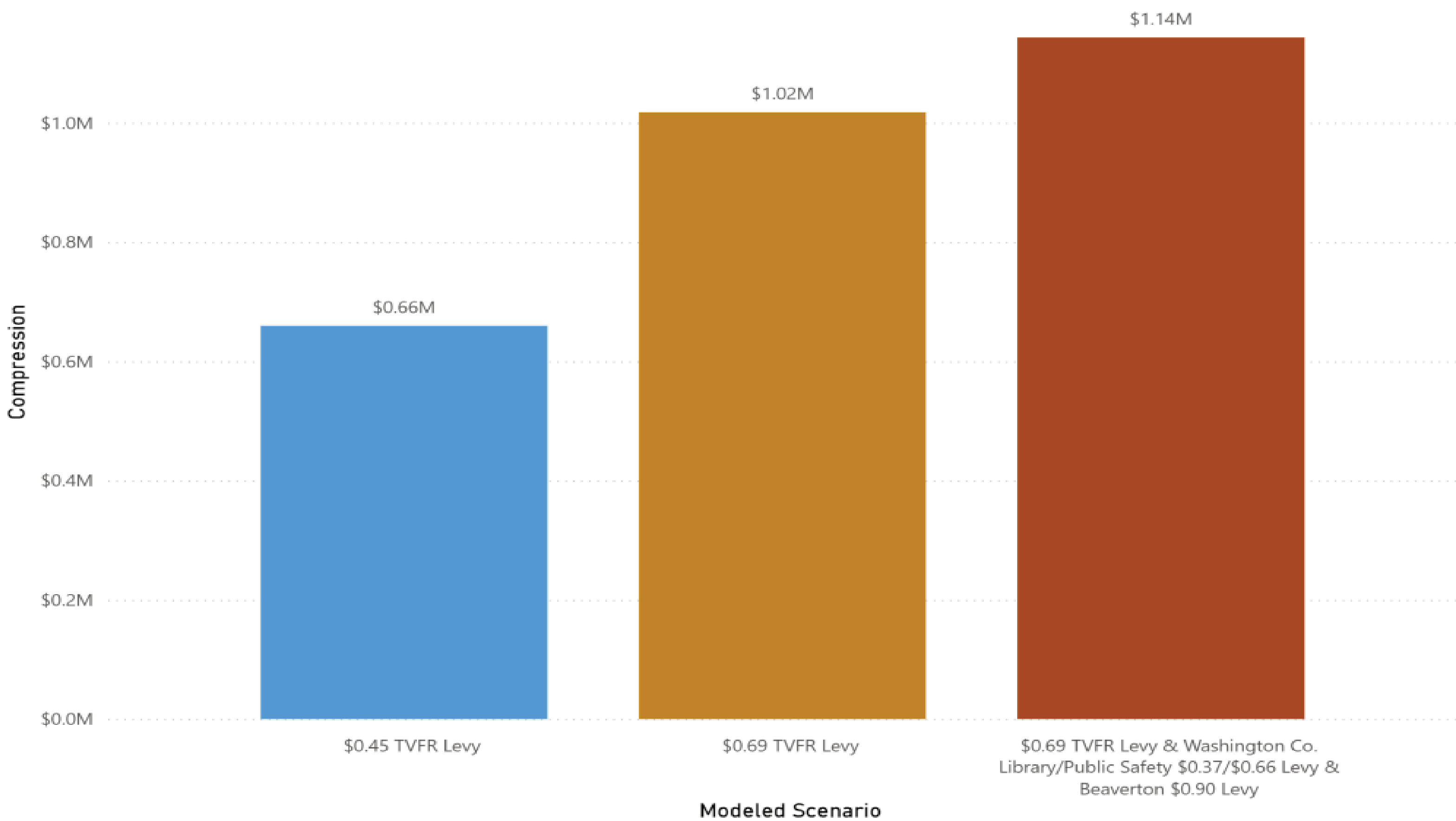
Compression occurs when tax rates exceed constitutional limits:

- **$5 per $1,000 RMV for education**
- **$10 per $1,000 RMV for general government**

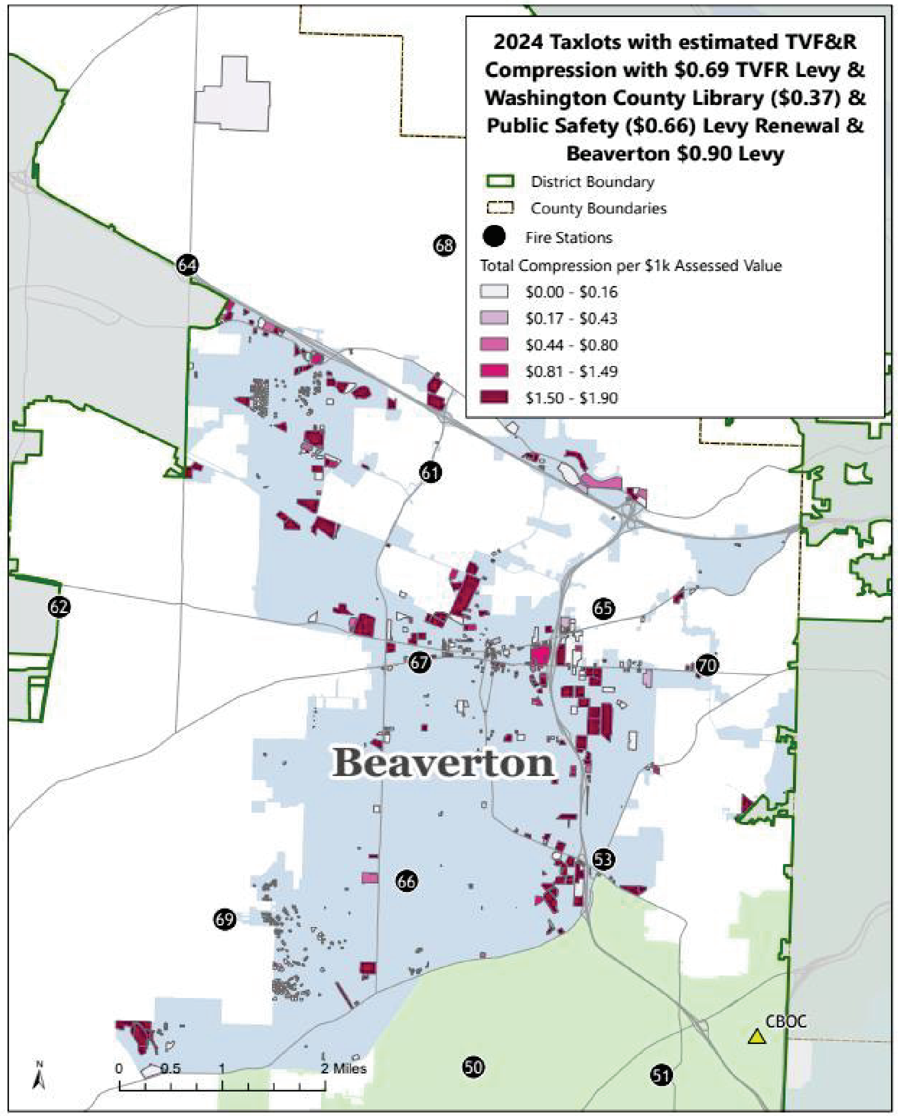
Key Contributing Factors:

1. **AV Growth > RMV Growth**
   → Assessed Value rises annually (3%), but RMV may stagnate or fall
   → Higher AV/RMV ratio increases risk of compression
2. **More Local Option Levies**
   → Added levies stack on top of base rates
   → Easily pushes total tax over Measure 5 limits
3. **Urban Renewal (Division of Tax)**
   → Diverts tax increment from base taxing districts
   → Can reduce space under Measure 5 caps
4. **Declining Market Values**
   → Even with steady AV, falling RMV tightens the cap room
   → Leads to more taxes being compressed
5. **Overlapping Districts**
   → Cities, counties, fire, parks, etc. all levy taxes
   → Combined rates can exceed constitutional limits

Estimated TVF&R Compression with additional Levies in Washington County



All estimates were calculated using 2024 tax lot, rate, and assessment data. The estimates may not align with collected amounts and do not account for adjustments.

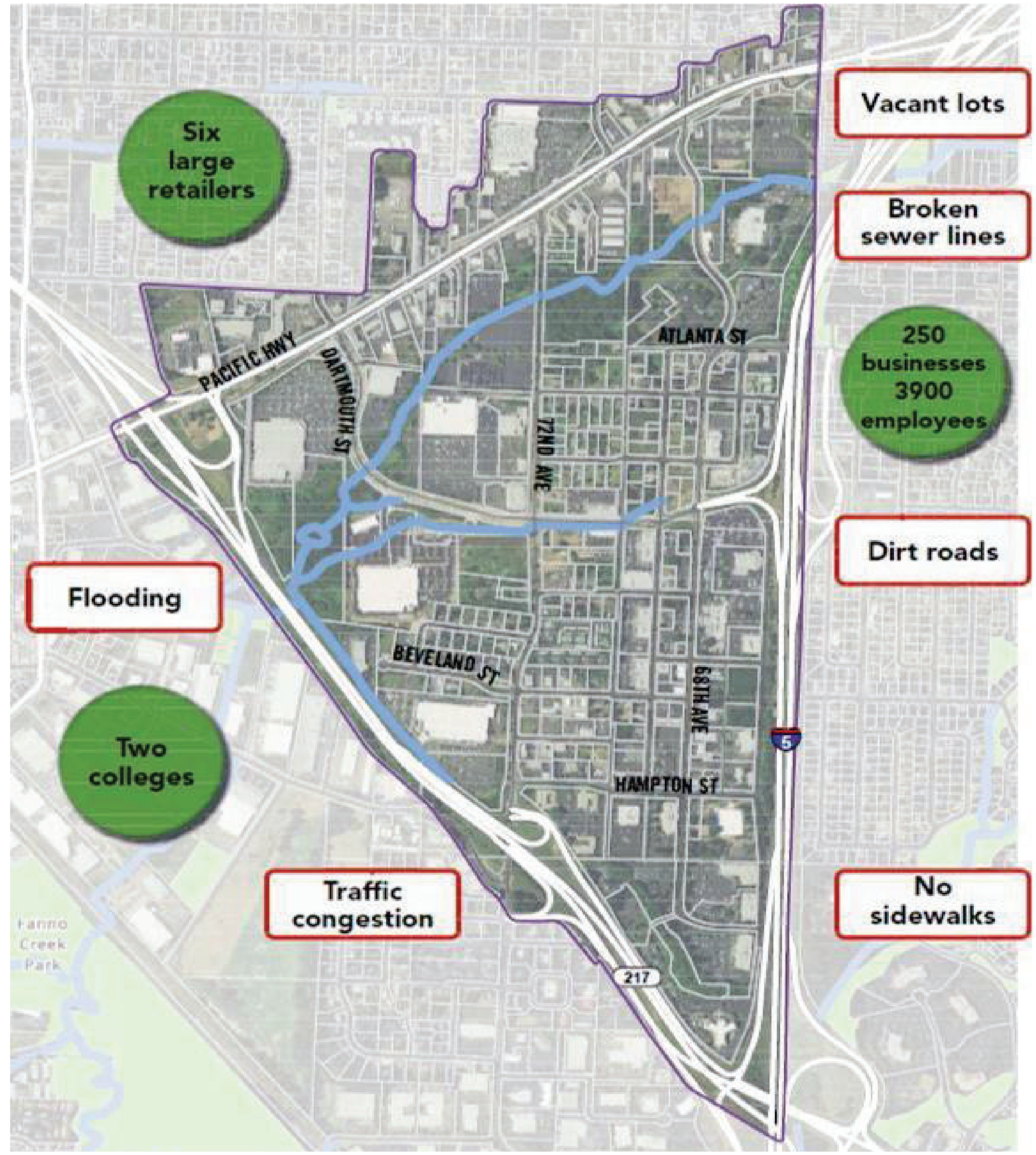

2024 Taxlots with estimated TVF&R Compression with $0.69 TVFR Levy & Washington County Library ($0.37) & Public Safety ($0.66) Levy Renewal & Beaverton $0.90 Levy
District Boundary
County Boundaries
Fire Stations
Total Compression per $1k Assessed Value
$0.00 - $0.16
$0.17 - $0.43
$0.44 - $0.80
$0.81 - $1.49
$1.50 - $1.90
Beaverton
64
68
61
62
65
67
70
53
66
69
50
51
CBOC
0
0.5
1
2 Miles
N

How does urban renewal work?

- City/county conducts planning processes and feasibility studies.
- City/county identifies “blighted” areas.
- Blight is a precondition to any Urban Renewal Area defined by statute:
  - Underdevelopment or underutilization of property
  - Inadequacy of infrastructure including streets and utilities
  - Poor condition of buildings

How does urban renewal work?

- City/county develop urban renewal plan that includes:
  - Goals and outcomes
  - Area boundary
  - Preliminary projects and programs
  - Financial analysis
  - Gaps and issues
- Advisory committees and UR agency established.
- Public involvement conducted.



Oregon Law

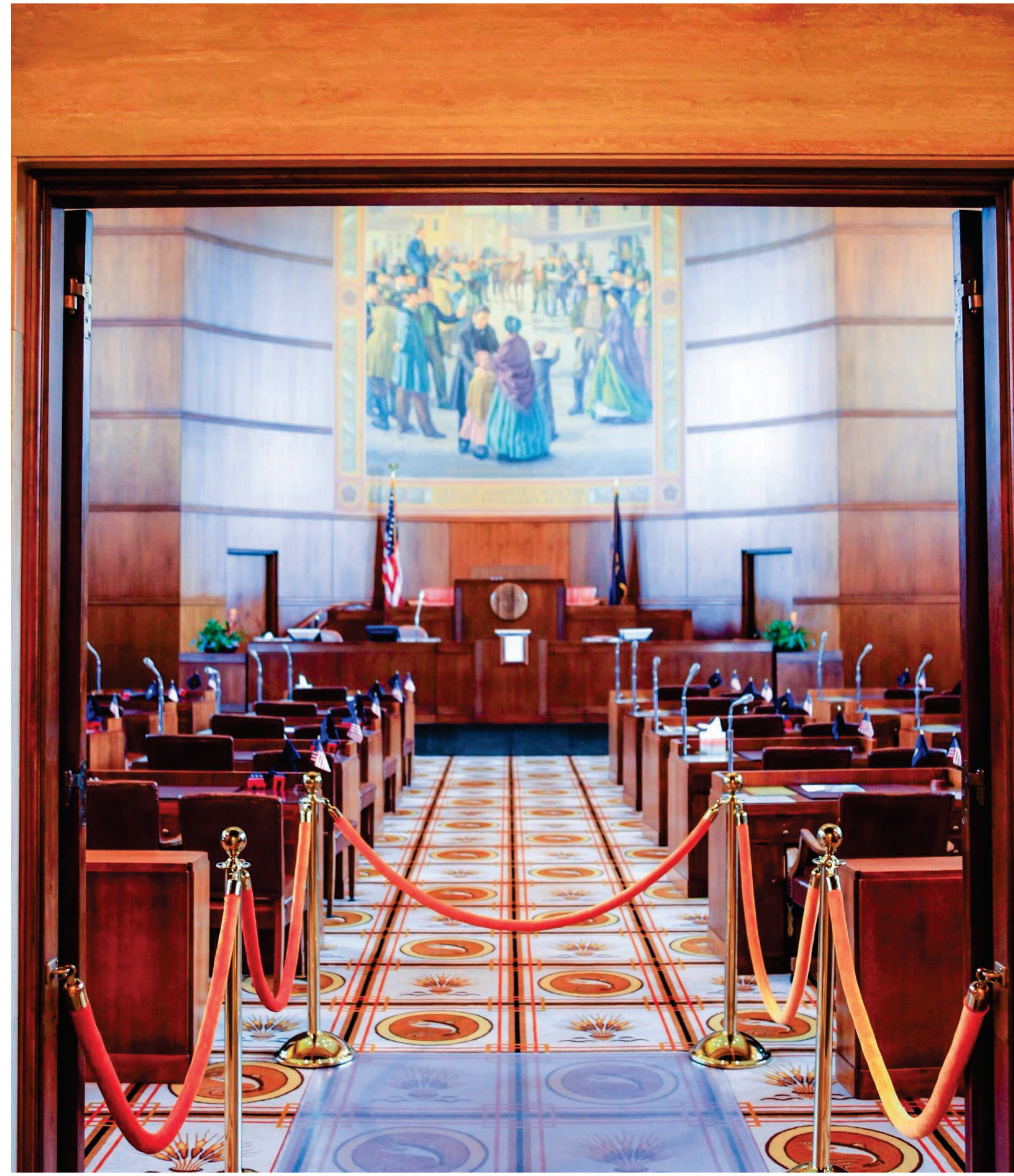
ORS 457 establishes rules for cities and counties for urban renewal.

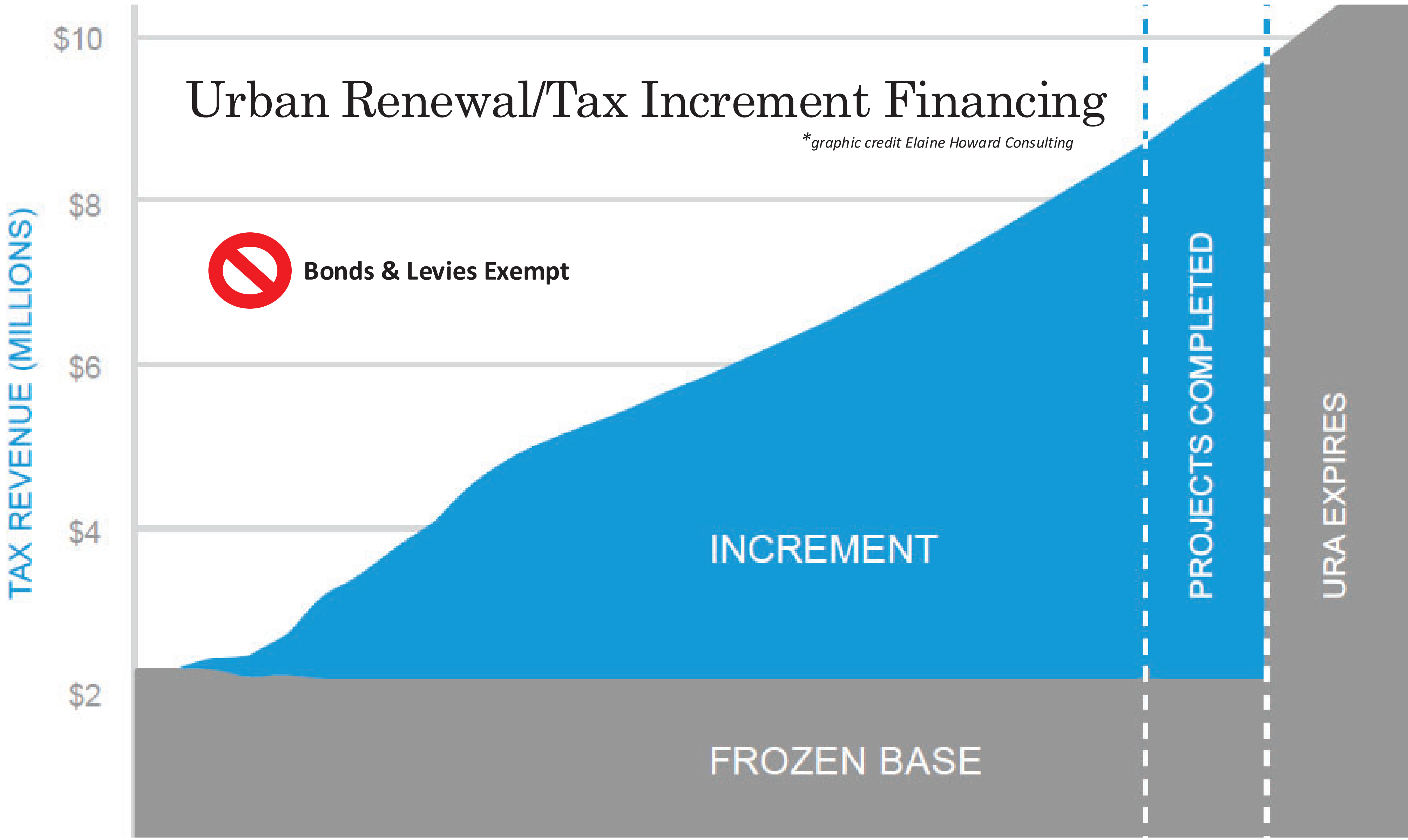
HB3056 made changes in 2009.

- Required concurrence on substantial plan amendments.
- Set limits on size and debt allowed.

HB 2174 updated portions of the law in 2018.

- New plans that include public buildings must be sent to all affected taxing districts.
- Three of the four taxing districts that will forego the most tax revenue must approve of the plan for public building project to be included. (Also applies to existing plans that add public building projects.)
- Urban renewal agencies are required to provide annual updates to overlapping taxing districts on financial impact .




Urban Renewal/Tax Increment Financing
*graphic credit Elaine Howard Consulting
Bonds & Levies Exempt
TAX REVENUE (MILLIONS)
$10
$8
$6
$4
$2
INCREMENT
FROZEN BASE
PROJECTS COMPLETED
URA EXPIRES

Board Policy

SECTION 1.15 Urban Renewal/Tax Increment Financing Policy

"In supporting our municipal partners' efforts to create jobs and promote economic development, the Board believes that properly-constructed urban renewal plans that attract private investment, alleviate blighted areas and increase assessed value can ultimately benefit all public service providers."

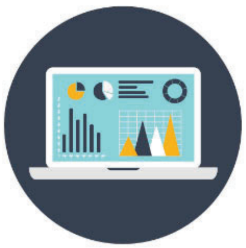
"…Board shall generally oppose plan amendments which seek to increase maximum indebtedness."

"**Support** the proposed urban renewal plan or plan amendment when the use of tax increment finance (TIF) is limited, generally, to the types of projects which are proven to encourage private investment, thereby increasing assessed value."

"**Oppose** approval of the proposed urban renewal plan or plan amendment when TIF is used to fund public amenities which are not proven to encourage private investment….[or] when existing or anticipated District resources are insufficient to meet the anticipated demand caused by proposed plan-supported development."

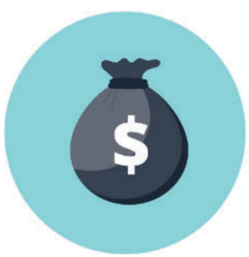
Staff Considerations

Do plan's goals align with best economic development practices and align with TVF&R policy?



Does the plan boundary, project list, funding strategy, timeline and financial analysis make sense?

Will the projects spur economic development that wouldn't occur otherwise? Will it alleviate "blight" and increase AV to ultimately benefit taxing districts?



What are the economic and operational impacts to TVF&R?

Plans in our Service Area in 2025 = 11

Central Beaverton Urban Renewal Plan

North Plains Urban Renewal Plan

Sherwood 2021 Urban Renewal Plan

Tigard City Center District

Tigard Triangle TIF District

Tualatin Core Opportunity Reinvestment Area Plan

Tualatin Basalt Creek Development Area Plan

Wilsonville Coffee Creek Urban Renewal Plan

Wilsonville Twist Bioscience Urban Renewal Plan

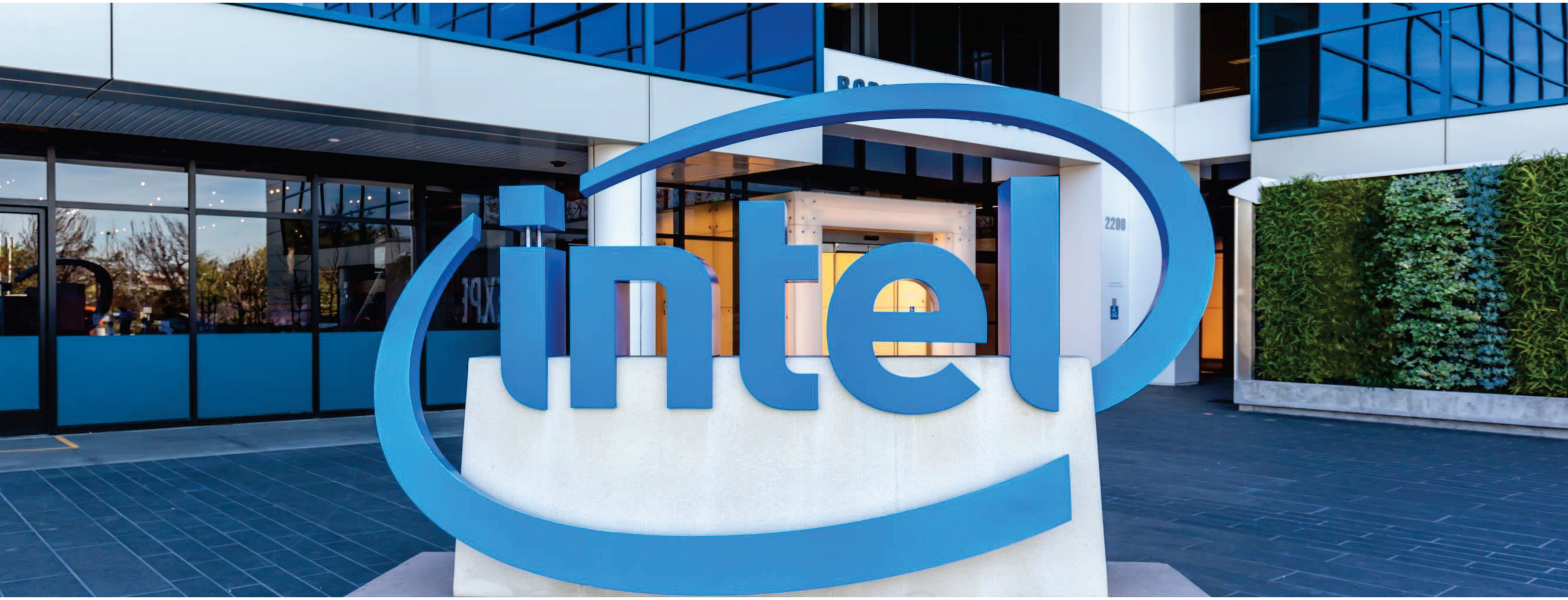
Wilsonville Westside Urban Renewal Plan

West Linn, Tax Increment Finance Area Plan

Reduction in tax revenue ≈ $2,039,684 in 2025.

		TVF&R Permanent Rate Tax Revenue
Total Potential Revenue (Before Urban Renewal)	**$**	**119,301,860**
Foregone to URAs		
City of Tualitin: SWURD	$	275,955
City of Tualatin: Core Area	$	19,710
City of Beaverton: Central Beaverton	$	763,572
City of Tigard: City Center	$	132,611
City of Tigard: Tigard Triangle	$	222,777
City of Newberg: Newburg URA	$	69,383
City of North Plains: North Plains URD	$	115,150
City of Wilsonville: Coffee Creek	$	93,312
City of Wilsonville: Twist Bioscience	$	120,714
City of West Linn: West Linn URD	$	16,664
City of Sherwood: Sherwood 2021 URA	$	209,683
Total Foregone to URAs	**$**	**2,039,531**
Percent Foregone to URAs		**1.7%**

FYE	City of Tualatin: SWURD	City of Tualatin: Core Area	City of Beaverton: Central Beaverton	City of Tigard: City Center	City of Tigard: Tigard Triangle	City of Newberg: Newburg URA	City of North Plains: North Plains URD	City of Wilsonville: Coffee Creek	City of Wilsonville: Twist Bioscience	City of West Linn: West Linn URD	City of Sherwood: Sherwood 2021 URA	Total (Nominal $)	Total (2025 $)
2026	$ (327,000)	$ (33,000)	$ (832,000)	$ (137,000)	$ (273,000)	$ (67,000)	$ (123,000)	$ (257,000)	$ (125,000)	$ (29,000)	$ (225,000)	**$ (2,428,000)**	**$ (2,357,000)**
2027	$ (405,000)	$ (68,000)	$ (891,000)	$ (150,000)	$ (311,000)	$ (87,000)	$ (132,000)	$ (270,000)	$ (128,000)	$ (42,000)	$ (296,000)	**$ (2,780,000)**	**$ (2,620,000)**
2028	$ (446,000)	$ (104,000)	$ (960,000)	$ (165,000)	$ (350,000)	$ (108,000)	$ (141,000)	$ (284,000)	$ (132,000)	$ (55,000)	$ (385,000)	**$ (3,130,000)**	**$ (2,864,000)**
2029	$ (532,000)	$ (142,000)	$ (1,028,000)	$ (180,000)	$ (391,000)	$ (130,000)	$ -	$ (298,000)	$ (137,000)	$ (69,000)	$ (405,000)	**$ (3,312,000)**	**$ (2,943,000)**
2030	$ (547,000)	$ (181,000)	$ (1,093,000)	$ (197,000)	$ (434,000)	$ (154,000)	$ -	$ (313,000)	$ (141,000)	$ (84,000)	$ (424,000)	**$ (3,569,000)**	**$ (3,079,000)**
2031	$ (563,000)	$ (222,000)	$ (1,179,000)	$ (213,000)	$ (478,000)	$ (180,000)	$ -	$ (329,000)	$ -	$ (100,000)	$ (445,000)	**$ (3,710,000)**	**$ (3,107,000)**
2032	$ (579,000)	$ (265,000)	$ (1,249,000)	$ (231,000)	$ (525,000)	$ (206,000)	$ -	$ (346,000)	$ -	$ (116,000)	$ (466,000)	**$ (3,984,000)**	**$ (3,239,000)**
2033	$ (596,000)	$ (309,000)	$ (1,321,000)	$ (250,000)	$ (574,000)	$ (235,000)	$ -	$ (364,000)	$ -	$ (133,000)	$ (488,000)	**$ (4,270,000)**	**$ (3,371,000)**
2034	$ (614,000)	$ (355,000)	$ (1,395,000)	$ (269,000)	$ (625,000)	$ (266,000)	$ -	$ (382,000)	$ -	$ (151,000)	$ (510,000)	**$ (4,567,000)**	**$ (3,500,000)**
2035	$ (632,000)	$ (403,000)	$ (1,471,000)	$ (289,000)	$ (679,000)	$ (298,000)	$ -	$ (402,000)	$ -	$ (170,000)	$ (533,000)	**$ (4,877,000)**	**$ (3,629,000)**
2036	$ (650,000)	$ (453,000)	$ (1,550,000)	$ (286,000)	$ (735,000)	$ (333,000)	$ -	$ (422,000)	$ -	$ (190,000)	$ (557,000)	**$ (5,176,000)**	**$ (3,739,000)**
2037	$ (669,000)	$ (505,000)	$ (1,099,000)	$ (292,000)	$ (793,000)	$ (370,000)	$ -	$ (444,000)	$ -	$ (211,000)	$ (581,000)	**$ (4,963,000)**	**$ (3,481,000)**
2038	$ (448,000)	$ (558,000)	$ -	$ (297,000)	$ (854,000)	$ (409,000)	$ -	$ (466,000)	$ -	$ (233,000)	$ (607,000)	**$ (3,873,000)**	**$ (2,637,000)**
2039	$ -	$ (614,000)	$ -	$ (303,000)	$ (917,000)	$ (451,000)	$ -	$ (490,000)	$ -	$ (256,000)	$ (632,000)	**$ (3,665,000)**	**$ (2,423,000)**
2040	$ -	$ (673,000)	$ -	$ (310,000)	$ (984,000)	$ (496,000)	$ -	$ (515,000)	$ -	$ (280,000)	$ (659,000)	**$ (3,916,000)**	**$ (2,514,000)**
2041	$ -	$ (733,000)	$ -	$ (316,000)	$ (1,054,000)	$ (543,000)	$ -	$ (541,000)	$ -	$ (305,000)	$ (687,000)	**$ (4,180,000)**	**$ (2,605,000)**
2042	$ -	$ (796,000)	$ -	$ (323,000)	$ (1,126,000)	$ (594,000)	$ -	$ (569,000)	$ -	$ (332,000)	$ (715,000)	**$ (4,456,000)**	**$ (2,696,000)**
2043	$ -	$ (862,000)	$ -	$ (330,000)	$ (1,202,000)	$ (648,000)	$ -	$ (598,000)	$ -	$ (360,000)	$ (744,000)	**$ (4,744,000)**	**$ (2,787,000)**
2044	$ -	$ (930,000)	$ -	$ (338,000)	$ (1,282,000)	$ (705,000)	$ -	$ (628,000)	$ -	$ (389,000)	$ (774,000)	**$ (5,047,000)**	**$ (2,878,000)**
2045	$ -	$ (1,001,000)	$ -	$ (346,000)	$ (1,365,000)	$ (767,000)	$ -	$ (660,000)	$ -	$ (420,000)	$ (805,000)	**$ (5,363,000)**	**$ (2,969,000)**
2046	$ -	$ (1,074,000)	$ -	$ (354,000)	$ (1,451,000)	$ (832,000)	$ -	$ (694,000)	$ -	$ (453,000)	$ (837,000)	**$ (5,695,000)**	**$ (3,061,000)**
2047	$ -	$ (1,151,000)	$ -	$ (348,000)	$ (1,542,000)	$ (901,000)	$ -	$ (729,000)	$ -	$ (487,000)	$ (870,000)	**$ (6,028,000)**	**$ (3,146,000)**
2048	$ -	$ (1,231,000)	$ -	$ (348,000)	$ (1,636,000)	$ (975,000)	$ -	$ (766,000)	$ -	$ (522,000)	$ (904,000)	**$ (6,382,000)**	**$ (3,234,000)**
2049	$ -	$ (1,313,000)	$ -	$ (5,000)	$ (1,735,000)	$ (1,054,000)	$ -	$ (805,000)	$ -	$ (560,000)	$ (939,000)	**$ (6,411,000)**	**$ (3,154,000)**
2050	$ -	$ (1,400,000)	$ -	$ -	$ (1,839,000)	$ (1,137,000)	$ -	$ (846,000)	$ -	$ (599,000)	$ (975,000)	**$ (6,796,000)**	**$ (3,246,000)**
2051	$ -	$ (1,489,000)	$ -	$ -	$ (1,947,000)	$ (1,227,000)	$ -	$ -	$ -	$ (641,000)	$ (1,012,000)	**$ (6,315,000)**	**$ (2,928,000)**
2052	$ -	$ (1,583,000)	$ -	$ -	$ (2,060,000)	$ (1,322,000)	$ -	$ -	$ -	$ (684,000)	$ (1,050,000)	**$ (6,698,000)**	**$ (3,015,000)**
2053	$ -	$ (1,680,000)	$ -	$ -	$ (2,178,000)	$ (1,334,000)	$ -	$ -	$ -	$ (730,000)	$ (1,089,000)	**$ (7,011,000)**	**$ (3,064,000)**
2054	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (777,000)	$ (1,130,000)	**$ (1,907,000)**	**$ (809,000)**
2055	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (828,000)	$ (1,004,000)	**$ (1,831,000)**	**$ (754,000)**
2056	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (880,000)	$ -	**$ (880,000)**	**$ (352,000)**
2057	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (275,000)	$ -	**$ (275,000)**	**$ (107,000)**
Total	**$ (7,008,000)**	**$(20,128,000)**	**$(14,070,000)**	**$ (6,277,000)**	**$(29,339,000)**	**$(15,832,000)**	**$ (397,000)**	**$(12,417,000)**	**$ (663,000)**	**$(11,362,000)**	**$(20,749,000)**	**$(138,242,000)**	**$ (86,310,000)**



Strategic Investment Programs

Exempts portion of large capital investments from property taxes and lasts 15 years.

TVF&R's reduction in tax revenue is $2,023,000 for FY24/25.

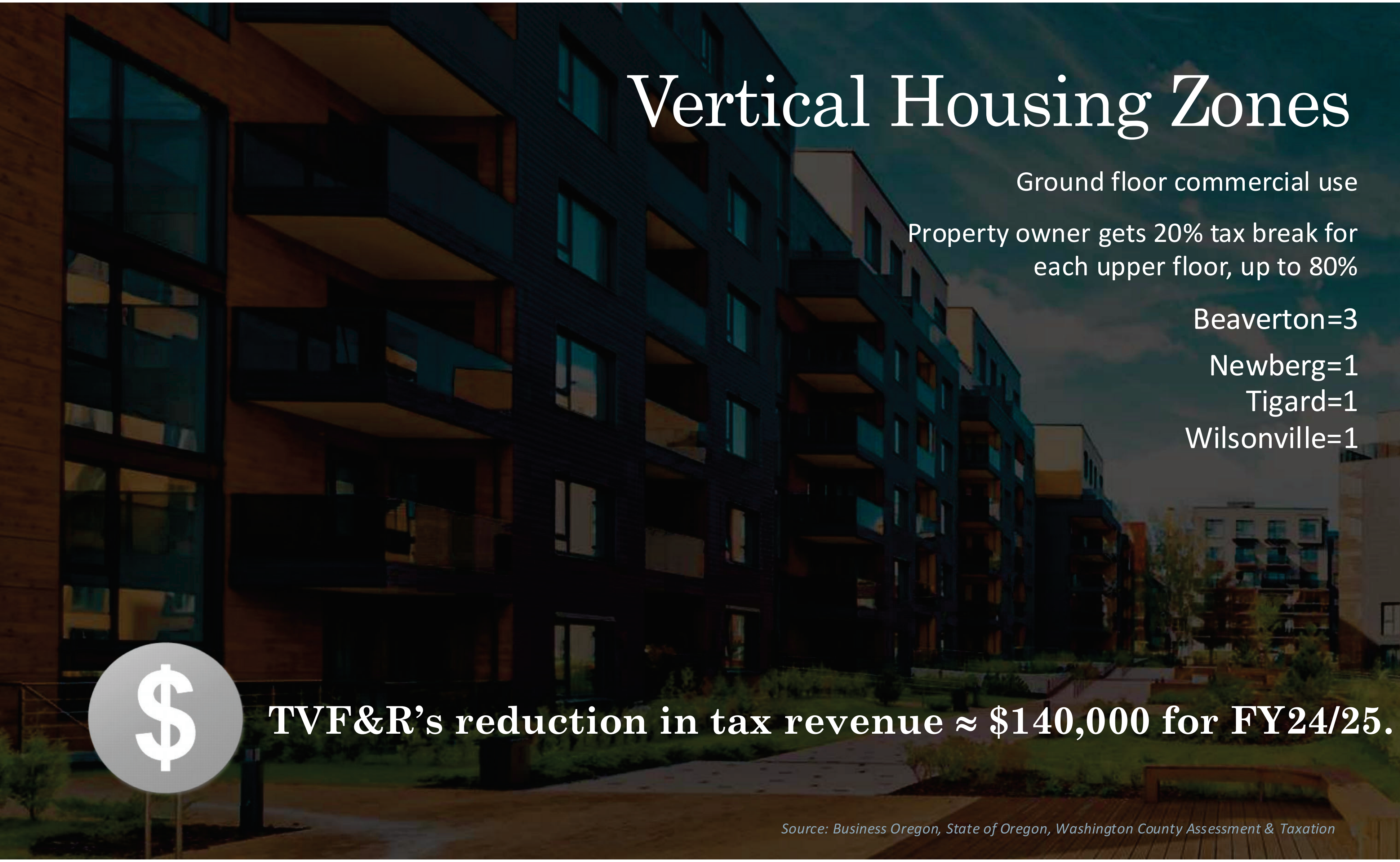
Source: Washington County Assessment & Taxation

Enterprise Zones

Enterprise zones can be adopted by cities to encourage business development. Businesses are exempt from property taxes for a specified time depending on program design. There are 11 participating businesses from Beaverton and Tigard.

$ TVF&R's reduction in tax revenue ≈ $11,000 for FY23/24.

Source: Washington County Assessment & Taxation


Vertical Housing Zones
Ground floor commercial use
Property owner gets 20% tax break for each upper floor, up to 80%
Beaverton=3
Newberg=1
Tigard=1
Wilsonville=1
$
TVF&R's reduction in tax revenue ≈ $140,000 for FY24/25.
Source: Business Oregon, State of Oregon, Washington County Assessment & Taxation

Affordable Housing Tax Exemptions

There are affordable housing tax exemptions in Beaverton, Tigard, Tualatin, Wilsonville, Newberg, and Washington County.

Properties must participate in TVF&R's Apartment Landlord Training Program and encourage tenant agreements that include safety information.

Source: Washington & Clackamas Counties Assessment & Taxation

Reduction in tax revenue ≈ $227,000 in FY24-25.

Questions