

Molalla Urban Renewal Agency

Annual Report for Fiscal Year 2023-2024



Oregon Revised Statute 457.460 requires each Urban Renewal Agency in the state to publish an annual report containing revenue, expense and budget information as well as maximum indebtedness and impacts on other taxing districts. This report fulfills those requirements and is available to all interested parties.

Background

The Molalla Urban Renewal Plan was adopted by the City of Molalla in July 2008. This established the Molalla Urban Renewal Area and the frozen base assessed values of properties within. The Molalla Urban Renewal Agency manages the Molalla Urban Renewal Area. It is a separate legal and financial entity, made up of the members of the Molalla City Council.

The entire Molalla Urban Renewal Plan and Report, as well as the 2020 and 2023 Plan Amendments can be found on Molalla Urban Renewal Agency's website:

<https://www.cityofmolalla.com/bc-urban/page/reports-documents>

Agency Goals

The Molalla Urban Renewal Plan sets a series of goals to guide the Agency in pursuing projects. The stated purpose of the plan is to eliminate blighting influences found in the Renewal Area, to implement goals and objectives of the City of Molalla Comprehensive Plan, the Molalla Downtown Development Plan, and the Oregon Highway 211 Streetscape Plan.

In addition, the renewal plan committee developed a set of renewal plan goals and objectives in its public meetings on the plan. Those goals are:

- Carry out public improvements, pursue acquisitions and provide incentives to attract economic investment and redevelopment in Molalla.
- Encourage creation and expansion of enterprises that will provide goods and services the community needs.
- Provide more family wage jobs in Molalla.
- Increase property values in Molalla.
- Enhance overall community appearance and livability.
- Help diversify the city's economic base.
- Help implement the city's comprehensive plan, downtown master plan, and enhance recreational opportunities in the community.

Projects and Financing

The Molalla Urban Renewal Plan outlines the types of projects to be undertaken, primarily public improvement of parks and infrastructure. The plan also addresses beautification projects, safety improvements and public buildings.

The excess property values beyond the frozen base are assessed to the Agency through a division of tax. This is the basis of tax increment financing of projects. Debt is taken on to complete projects and is paid off over time through the division of tax.

Specific projects undertaken in 2023-2024 include:

- Demolition/preparation for new Police Facility
- Opportunity/Streetscape projects - Ongoing
- Sawyers Trucking - Ongoing



Budgeted projects for 2024-2025 include:

- Opportunity Partnerships (two projects on Main Street) - \$500,000
- Police Facility Progression - \$2,500,000



Financial Information

2023-2024 Revenue and Expense

Revenue Category	2023/2024 Actual
Division of Property Taxes	\$ 947,914
Issuance of Debt	-
Interest	154,362
Total	\$ 1,102,276

Expenditure Category	2023/2024 Actual
Materials and Services	\$ 15,841
Debt Service	532,211
Capital Outlay	625,960
Total	\$ 1,174,012

2024-2025 Budget

Revenue Category	2024/2025 Budget
Beginning Fund Balance	\$ 3,278,330
Division of Property Taxes	956,000
Issuance of Debt	-
Interest	128,000
Development Loan Repayment	1,545
Total	\$ 4,363,875

Expenditure Category	2024/2025 Budget
Materials and Services	\$ 50,278
Debt Service	549,162
Capital Outlay	3,000,000
Contingency	464,435
Reserve	300,000
Total	\$ 4,363,875

Maximum Indebtedness

The maximum indebtedness is the total amount of funds that can be spent on projects, programs, and administration in the urban renewal area over the life of the urban renewal plan. The maximum indebtedness authorized for the Plan Area is \$26,175,000. The amount used through fiscal year ended 2024 was \$6,370,659. The amount of indebtedness remaining is \$19,804,341.

Impact of Division of Tax on Other Tax Districts

Urban renewal agencies do not create an additional permanent rate tax. Instead, during the urban renewal area’s lifespan, overlapping taxing districts “forgo” a portion of their permanent rate. That is, tax on the assessed property values above the frozen base are reallocated to Urban Renewal.

Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. It is assumed that, over time, improvements completed under the plan lead to increased property tax values. This, in turn, lifts the overall assessment beyond what it would have been without the improvements.

The revenues foregone by local taxing districts shown below are the 2023/2024 estimates provided by the Clackamas County Assessment and Tax Department.

Tax District	Impact
City of Molalla	\$ 343,161
Clackamas Community College	36,379
Clackamas County (City)	155,472
Clackamas County (Rural)	1,522
County Extension & 4-H	3,185
County Library District	25,901
Soil & Water Conservation District	3,185
Clackamas Educational Service District*	23,973
Molalla Fire District 73	51,047
Molalla Aquatic District	18,860
Port of Portland	4,526
Molalla River School District*	306,369
Clackamas County Vector Control	419
<i>Source: Clackamas County Assessor (Table 4e)</i>	

*The impact of urban renewal on school funding is indirect. The State School Fund operates on a per pupil allocation funded by property taxes as well as other state resources.