



Incentivizing Voluntary Annexations

City Council Work Session

November 12, 2025



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Agenda

- ▶ Possible Incentives to Encourage Annexation
- ▶ Financial Implications
- ▶ Potential Annexation Legislation



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Urban Growth Strategies



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Possible Incentives to Encourage Annexation

- ▶ Targeted Outreach and Education
- ▶ Street/Public Property Annexation
- ▶ Annexation Application Fee Waiver
- ▶ Property Tax Differential

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Targeted Outreach and Education

- ▶ Proactively send information to property owners
- ▶ Create interactive online maps showing annexation-eligible parcels and urban service availability
- ▶ Partner with local builders/developers to explain how annexation can facilitate housing development
- ▶ Attend neighborhood meetings to discuss the benefits of annexation

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Street/Public Property Annexation

- ▶ Continue to offer annexation assistance for adjacent properties when annexing street right-of-way or public land for infrastructure
- ▶ Continue to annex street right-of-way to increase contiguity with city limits
- ▶ Financial implications are generally staff time and are dependent on scope and scale of annexations

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Annexation Application Fee Waiver

- ▶ Waive or reduce \$5,155.70 annexation application fee
- ▶ Implications to the general fund are dependent on number of applications submitted

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Property Tax Differential

- ▶ State law allows for City to approve phasing of City's tax rate
 - Up to 10 years
 - Not greater than the City tax rate
 - Flexibility on how and where to apply
 - Creation of new program
- ▶ Financial implications include reduced property tax revenue for up to ten years, and administrative costs associated with tracking and processing

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Financial Implications

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Financial Implications of Annexations

- ▶ Property Taxes
- ▶ City Services
- ▶ Special Service Districts

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Property Tax Comparison: Typical Home

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River Road

Potentially annexable typical home:

- ▶ Real market value = \$408,914
- ▶ Assessed value = \$201,535

	Total Rate per \$1,000 AV	Total Bill Typical Home
Current	17.1160	\$3,449
Eugene	19.8186	\$3,994
Difference	2.7026 +16%	\$545 +16%

Santa Clara

Potentially annexable typical home:

- ▶ Real market value = \$417,094
- ▶ Assessed value = \$212,171

	Total Rate per \$1,000 AV	Total Bill Typical Home
Current	13.1146	\$2,783
Eugene	19.8186	\$4,205
Difference	6.7040 +51%	\$1,422 +51%

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Potential General Fund Revenue: Typical Home

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River Road

Potentially annexable typical home:

- ▶ Real market value = \$408,914
- ▶ Assessed value = \$201,535

Gross General Fund annual revenue	\$1,350
# Homes to generate \$1 million annually	741
# Years to recoup application fee waiver	3.7

Santa Clara

Potentially annexable typical home:

- ▶ Real market value = \$417,094
- ▶ Assessed value = \$212,171

Gross General Fund annual revenue	\$1,420
# Homes to generate \$1 million annually	704
# Years to recoup application fee waiver	3.5

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Potential General Fund Revenue: Typical Home with Tax Differential

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River Road

Potentially annexable typical home:

- ▶ Real market value = \$408,914
- ▶ Assessed value = \$201,535

Possible Tax Differential

Gross General Fund annual revenue	\$1,350	\$900
# Homes to generate \$1 million annually	741	1,111
# Years to recoup application fee waiver	3.7	5.4

Santa Clara

Potentially annexable typical home:

- ▶ Real market value = \$417,094
- ▶ Assessed value = \$212,171

Possible Tax Differential

Gross General Fund annual revenue	\$1,420	\$240
# Homes to generate \$1 million annually	704	4,167
# Years to recoup application fee waiver	3.5	11.3

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Potential General Fund Revenue: Sample Development

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Original single-unit dwelling

- ▶ Real market value = \$329,779
- ▶ Assessed value = \$158,598
- ▶ General Fund revenue = \$1,060

Additional single-unit dwelling

- ▶ Real market value = \$473,974
- ▶ Assessed value = \$246,117
- ▶ General Fund revenue = \$1,650

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Potential General Fund Revenue: Sample Development

Before annexation

- ▶ Vacant lot, 1.14 acres
- ▶ Real market value = \$203,838
- ▶ Assessed Value = \$81,203

Current status

- ▶ 31 townhomes
- ▶ Real market value = \$5,608,878
- ▶ Assessed Value = \$2,155,678
- ▶ General Fund revenue = **\$14,400**

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Potential Legislation

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Potential Annexation Legislation

- ▶ Policy concept to amend state law to remove the requirement that a property be contiguous to city limits to be eligible to annex

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Discussion + Feedback

- ▶ Feedback on the possible actions
 - Annexation application fee waiver
 - Property tax differential
- ▶ Potential Annexation Legislation

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