Urban Renewal in Oregon
2002-2012
Association of Oregon Redevelopment Agencies

The Association of Oregon Redevelopment Agencies (AORA), formed in 1987, represents established urban renewal agencies in Oregon. Urban renewal agencies may be initiated by cities or counties, and their boards can be the municipal governing body or a housing authority, or members may be appointed by the governing body.

Leadership of AORA is vested in a board of three officers, which includes a President, Vice-President, and Secretary/Treasurer. In addition, the executive committee includes one elected executive committee member at-large, and the immediate past president also serves. AORA holds at least two general membership meetings each year, one of which is at the League of Oregon Cities’ annual conference. Other meetings are convened on an as-needed basis. AORA is a resource for urban renewal agencies and public and private redevelopment professionals that:

- Promotes urban renewal ‘best practices’ among the state’s urban renewal agencies;
- Provides a forum for discussion with professional colleagues throughout the state on issues pertinent to redevelopment;
- Provides education and information to the Legislature and state agencies on issues related to redevelopment and tax increment financing;
- Evaluates and coordinates urban renewal agency responses to litigation on urban renewal and redevelopment; and
- Assists the League of Oregon Cities.

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The small photos on the pages are all from urban renewal districts throughout Oregon. Although not all of the projects were funded with urban renewal financing, they all add to the positive atmosphere in each urban renewal area.

Document Credits

A sincere thank you to all of the representatives of urban renewal agencies and individuals who were interviewed and who provided content for this report.
Introduction

This document is an update to Urban Renewal in Oregon: History, Case Studies, Policy Issues, and Latest Developments, which was prepared for AORA by Tashman Johnson, LLC in 2002. The original document was written in honor of Lyle Stewart’s pioneering work in the field of urban renewal in Oregon and can be found on the AORA website at http://www.orurbanrenewal.org/.

This update contains four main parts. First is an update of legislative events that have impacted urban renewal, including the impacts of HB 3056, the 2009 legislation changes. The most complicated provision regards maximum indebtedness of plans, in both the adoption of substantial amendments and in setting the original maximum indebtedness for new plans. Second, nine new case studies are presented that highlight the issues of importance to urban renewal in 2012. These new case studies focus on urban renewal agencies that are leveraging their urban renewal dollars with private investments, are innovative in their use of urban renewal to address local concerns and needs, and have engaged in substantial public involvement. Included in the studies is also a story about a successful substantial amendment (post-2009 legislation) and a case study on non-traditional urban renewal investing. In the second section, the case studies from the 2002 document have also been updated. Third, critical issues that urban renewal agencies face now and will face in the future are examined. The last section is a summary of legal events that have had an impact on urban renewal.

Urban renewal in Oregon is continually evolving. As of 2012, there are 75 urban renewal agencies in Oregon with 109 different urban renewal areas. The urban renewal agencies throughout the state are making important strides in their communities, leveraging investments, making infrastructure improvements, helping to spur development that will increase the assessed values in the community, and creating jobs. Innovative uses of urban renewal are setting examples for other communities to follow. To further share information about the successes of urban renewal, AORA is encouraging urban renewal agencies to gather and produce information about the results of their activities.

To begin an urban renewal area, the locality first designates the area. Once that area is designated, the county assessor allocates the increased taxes in that area to the urban renewal agency for use on projects and programs within the area. As property values rise, projects are completed by the urban renewal agency that further enhance private development and economic prosperity in the area. Once an urban renewal area has completed the projects and reached its maximum indebtedness it is terminated. The resulting increase in assessed values has increased the property tax base, thereby increasing taxes for all taxing jurisdictions.

Several urban renewal plans have been terminated since 2002, and have added over $1.5 billion in assessed value to the Oregon property tax rolls.
### Table 1 – Urban Renewal Areas That Have Closed Since 2002

<table>
<thead>
<tr>
<th>Locality</th>
<th>Urban Renewal Area</th>
<th>Frozen Base</th>
<th>Excess value at Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clackamas County</td>
<td>Government Camp</td>
<td>$23,856,470</td>
<td>$135,756,313</td>
</tr>
<tr>
<td>Cottage Grove</td>
<td>Row River</td>
<td>$7,641,993</td>
<td>$35,076,778</td>
</tr>
<tr>
<td>Grants Pass</td>
<td>Grants Pass Parkway</td>
<td>$67,117,103</td>
<td>$159,849,022</td>
</tr>
<tr>
<td>Jackson County</td>
<td>White City</td>
<td>$199,936,047</td>
<td>$504,065,859</td>
</tr>
<tr>
<td>Lebanon</td>
<td>Lebanon I</td>
<td>$1,808,007</td>
<td>$12,762,338</td>
</tr>
<tr>
<td>Newberg</td>
<td>Newberg</td>
<td>$139,638,471</td>
<td>$3,385,844</td>
</tr>
<tr>
<td>Newport</td>
<td>Newport North Side</td>
<td>$9,910,265</td>
<td>$33,666,500</td>
</tr>
<tr>
<td>Oregon City</td>
<td>Oregon City Hilltop</td>
<td>$5,352,090</td>
<td>$59,103,413</td>
</tr>
<tr>
<td>Redmond</td>
<td>South Airport Industrial</td>
<td>$725,425</td>
<td>$62,615,277</td>
</tr>
<tr>
<td>Salem</td>
<td>Pringle Creek</td>
<td>$18,977,000</td>
<td>$40,184,890</td>
</tr>
<tr>
<td>Tualatin</td>
<td>Leveton</td>
<td>$3,660,924</td>
<td>$255,489,075</td>
</tr>
<tr>
<td>Tualatin</td>
<td>Central</td>
<td>$14,067,089</td>
<td>$180,221,311</td>
</tr>
<tr>
<td>Waldport</td>
<td>Waldport 1</td>
<td>$16,319,563</td>
<td>$23,965,007</td>
</tr>
</tbody>
</table>

**Total Excess Assessed Value** $1,506,141,627

New urban renewal districts are being formed with measurable success, as shown by the Growth in Assessed Value (defined as Excess Value by County Assessors) column in Table 2.

### Table 2 – New Urban Renewal Areas Formed 2002-2011

<table>
<thead>
<tr>
<th>Locality</th>
<th>Urban Renewal Area</th>
<th>Frozen Base</th>
<th>Growth in Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Astoria</td>
<td>Astor West</td>
<td>$21,843,363</td>
<td>$31,964,793</td>
</tr>
<tr>
<td>Bend</td>
<td>Juniper Ridge</td>
<td>$13,752,568</td>
<td>$74,873,298</td>
</tr>
<tr>
<td>Bend</td>
<td>Murphy Crossing</td>
<td>$66,271,530</td>
<td>$4,667,286</td>
</tr>
<tr>
<td>Boardman</td>
<td>Central Boardman</td>
<td>$2,756,350</td>
<td>$392,990</td>
</tr>
<tr>
<td>Carlton</td>
<td>Carlton</td>
<td>$14,535,207</td>
<td>$2,583,923</td>
</tr>
<tr>
<td>Clackamas County</td>
<td>North Clackamas Revitalization</td>
<td>$392,816,387</td>
<td>$90,372,043</td>
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<tr>
<td>Coburg</td>
<td>Coburg</td>
<td>$15,462,696</td>
<td>$21,930,532</td>
</tr>
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<td>Culver</td>
<td>Culver</td>
<td>$7,241,905</td>
<td>$1,293,220</td>
</tr>
<tr>
<td>Dallas</td>
<td>Dallas</td>
<td>$25,137,464</td>
<td>$8,166,797</td>
</tr>
<tr>
<td>Depoe Bay</td>
<td>Depoe Bay</td>
<td>$14,255,390</td>
<td>$11,925,150</td>
</tr>
<tr>
<td>Estacada</td>
<td>City of Estacada</td>
<td>$21,489,369</td>
<td>$7,250,847</td>
</tr>
<tr>
<td>Florence</td>
<td>Florence</td>
<td>$81,000,000</td>
<td>$25,252,874</td>
</tr>
<tr>
<td>Garibaldi</td>
<td>Garibaldi</td>
<td>$17,922,850</td>
<td>$3,558,736</td>
</tr>
<tr>
<td>Locality</td>
<td>Urban Renewal Area</td>
<td>Frozen Base</td>
<td>Growth in Assessed Value</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------</td>
<td>-------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Gresham</td>
<td>Rockwood-West Gresham</td>
<td>$437,507,294</td>
<td>$184,731,016</td>
</tr>
<tr>
<td>Hillsboro</td>
<td>Downtown Hillsboro</td>
<td>$425,000,000</td>
<td>$9,531,373</td>
</tr>
<tr>
<td>Hood River</td>
<td>Waterfront</td>
<td>$11,872,754</td>
<td>$8,489,267</td>
</tr>
<tr>
<td>Hood River County</td>
<td>Windmaster</td>
<td>$31,159,753</td>
<td>$9,096,959</td>
</tr>
<tr>
<td>Jacksonville</td>
<td>Jacksonville</td>
<td>$37,371,452</td>
<td>$20,662,780</td>
</tr>
<tr>
<td>Klamath Falls</td>
<td>Town Center</td>
<td>$3,917,950</td>
<td>$12,581,390</td>
</tr>
<tr>
<td>Lebanon</td>
<td>North Gateway</td>
<td>$8,365,939</td>
<td>$11,188,310</td>
</tr>
<tr>
<td>Madras</td>
<td>Madras</td>
<td>$41,853,156</td>
<td>$21,942,895</td>
</tr>
<tr>
<td>Molalla</td>
<td>Molalla</td>
<td>$44,915,940</td>
<td>$14,907,026</td>
</tr>
<tr>
<td>Monmouth</td>
<td>Monmouth</td>
<td>$34,718,870</td>
<td>$9,473,228</td>
</tr>
<tr>
<td>North Plains</td>
<td>North Plains</td>
<td>$20,226,429</td>
<td>$6,934,129</td>
</tr>
<tr>
<td>Pendleton</td>
<td>Pendleton</td>
<td>$73,535,650</td>
<td>$29,809,127</td>
</tr>
<tr>
<td>Portland</td>
<td>Willamette Industrial</td>
<td>$481,400,000</td>
<td>$46,606,563</td>
</tr>
<tr>
<td>Reedsport</td>
<td>Reedsport</td>
<td>$30,843,739</td>
<td>$5,128,924</td>
</tr>
<tr>
<td>Salem</td>
<td>Mill Creek</td>
<td>$1,012,524</td>
<td>$46,686,682</td>
</tr>
<tr>
<td>Salem</td>
<td>South Waterfront</td>
<td>$23,799,930</td>
<td>$18,229,558</td>
</tr>
<tr>
<td>Salem</td>
<td>McGilchrist</td>
<td>$103,001,366</td>
<td>$31,530,961</td>
</tr>
<tr>
<td>Silverton</td>
<td>Silverton</td>
<td>$66,643,849</td>
<td>$24,034,044</td>
</tr>
<tr>
<td>Sisters</td>
<td>Downtown Sisters</td>
<td>$4,109,868</td>
<td>$9,230,009</td>
</tr>
<tr>
<td>Springfield</td>
<td>Glenwood</td>
<td>$106,986,910</td>
<td>$20,975,016</td>
</tr>
<tr>
<td>Springfield</td>
<td>Springfield Downtown</td>
<td>$124,231,412</td>
<td>$12,447,849</td>
</tr>
<tr>
<td>Tigard</td>
<td>Tigard</td>
<td>$66,510,860</td>
<td>$26,128,485</td>
</tr>
<tr>
<td>Tillamook</td>
<td>Tillamook</td>
<td>$62,100,000</td>
<td>$23,666,157</td>
</tr>
<tr>
<td>Troutdale</td>
<td>Troutdale Riverfront</td>
<td>$19,177,950</td>
<td>$4,927,204</td>
</tr>
<tr>
<td>Waldport</td>
<td>Waldport 2</td>
<td>$683,340</td>
<td>$2,713,940</td>
</tr>
<tr>
<td>Warrenton</td>
<td>Warrenton</td>
<td>$60,136,994</td>
<td>$43,451,283</td>
</tr>
<tr>
<td>Wilsonville</td>
<td>Westside</td>
<td>$14,972,924</td>
<td>$162,247,689</td>
</tr>
<tr>
<td>Winston</td>
<td>Winston</td>
<td>$13,934,239</td>
<td>$4,835,859</td>
</tr>
<tr>
<td>Wood Village</td>
<td>Wood Village</td>
<td>$38,346,200</td>
<td>$1,564,688</td>
</tr>
<tr>
<td>Yachats</td>
<td>Yachats</td>
<td>$26,475,995</td>
<td>$19,153,495</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$3,136,405,096</strong></td>
<td><strong>$1,145,858,018</strong></td>
</tr>
</tbody>
</table>
Urban renewal areas established in 2012 with frozen bases not yet determined by county assessors are shown in Table 3.

<table>
<thead>
<tr>
<th>Locality</th>
<th>Urban Renewal Area</th>
<th>Estimated Frozen Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portland</td>
<td>Neighborhood Prosperity</td>
<td>New areas: no estimates</td>
</tr>
<tr>
<td>Lake Oswego</td>
<td>Lake Grove Village Center</td>
<td>$150,834,268</td>
</tr>
<tr>
<td>Hood River</td>
<td>Heights Business District</td>
<td>$49,465,955</td>
</tr>
<tr>
<td>Central Point</td>
<td>Central Point</td>
<td>$131,424,528</td>
</tr>
<tr>
<td>Beaverton</td>
<td>Central Beaverton</td>
<td>$782,678,336</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$1,114,403,087</strong></td>
</tr>
</tbody>
</table>

It is clear that many localities value the ability to focus investments within their communities through the use of urban renewal. This tool has evolved since the 2002 Urban Renewal in Oregon: History, Case Studies, Policy Issues, and Latest Developments document.

Perhaps the most influential piece of legislation for urban renewal in recent history, House Bill (HB) 3056, was adopted in 2009 (specifics will be discussed later in this document). As of this writing in 2012, the impacts of this bill are just becoming apparent. With the local political climate always in mind, communities are making decisions on how best to proceed under the new legislation. For the few urban renewal agencies that have increased the maximum indebtedness of their plans since the passage of this legislation (7% of the existing urban renewal areas), the increases are either staying specifically within the limits prescribed by the statute, or, if they exceed the statutory limitations, the requests come with extensive outreach to the impacted taxing jurisdictions and the community at-large.

Since the passage of HB 3056, there has been a marked increase in interaction between communities and the affected taxing jurisdictions. The tightened economy has caused all taxing jurisdictions to become more vigilant about protecting resources and, as a result, they have become more aware of the factors impacting those resources. Some cities and counties are also asking their urban renewal agencies to underlevy, another new provision of the 2009 legislative action. Some school districts, which historically have not objected to urban renewal, as they are said not to be directly impacted by urban renewal but to instead be indirectly impacted because of the State School Funding Formula, are becoming more involved in urban renewal planning.

The downturn in the economy in the last few years has heightened awareness of the temporary effects of urban renewal on taxing jurisdictions. The termination of urban renewal in California in 2012 is causing some concern in Oregon that the ideas behind the California legislation might creep across the border. A few “watch dog” groups and anti-urban renewal activists have sprung up around the state, and some have already had success in limiting urban renewal powers in some communities.

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1 To underlevy is to ask for less than the full division of taxes allowed for in an urban renewal area.
Each urban renewal area in Oregon is different, and each is creating an individual and unique identity for its respective community. Cities and counties make sure to tailor their investments to suit their needs; while investments in non-profits or city facilities are not reasonable expenditures in some areas, they are good examples of facilitating private investment in others. There is no checklist to determine the success of urban renewal, but this document will provide examples of communities throughout Oregon that have made decisions locally about how this funding mechanism can help facilitate growth and vitality in their community.
Legislative History Bullets

In the 2002 document, a chronology of significant legislative events concerning urban renewal was compiled. That history tells the legislative history of urban renewal in Oregon from 1949-2002. Below is an update to that section, bringing the chronology current to the publication of this document.

2003

HB 2187 was passed at the request of the Oregon Department of Revenue (DOR) for statutory changes related to the implementation of the Supreme Court decision in the Shilo case. HB 2187 states that all urban renewal division of tax revenues, including those resulting from the division of school bonds, local option levies, or general obligation (GO) bond taxes are to be considered general government taxes for the purpose of applying the Measure 5 limits. This means that all taxpayers in a locality that has urban renewal see urban renewal as a line item on their tax statements, even though it is not an additional tax. This may also impact compression calculations, as school taxes that are in an urban renewal area are now shifted to the general government category, both relieving pressure in the schools category and adding pressure in the general government category.

HB 2589 was passed, adding urban renewal agencies to housing authorities as agencies that may choose to not disclose records that are submitted by applicants for loans, grants, and tax credits. These records are exempt in the hands of an urban renewal agency unless “public interest requires disclosure in a particular instance.”

2006

Voter approval of Ballot Measure 39, which, as stated in the official title, “Prohibits Public Body From Condemning Private Real Property if Intends to Convey to Private Party.” In general, the measure prevents a government from condemning property (that is, requiring the owner of private property to sell it to the government) if the government plans to then sell the property to another private owner for development.

2007

Passage of HB 2140, codified as ORS 279C.880-870, substantially changed the application of prevailing wage laws to public-private development projects. (More on this in the Continuation of Legal Points.)

2009

Passage of HB 3056, codified in various sections of ORS Chapter 457, introduced several new and significant concepts that relate to the

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2 ORS 192.502(17(a)
3 ORS 35.015-.018
calculation of tax increment collections (including tax increment financing (TIF) sharing). HB 3056 also added **limitations on maximum indebtedness** for new urban renewal plans and substantial amendments to urban renewal plans that change a plan’s maximum indebtedness. HB 3056 also changed the standard for discontinuing the collection of TIF. Now, when an urban renewal agency finds that the urban renewal debt service fund (which holds TIF collections attributable to a plan) has sufficient funds to pay off the maximum indebtedness of that plan (not the outstanding indebtedness for the plan as under the former law), the agency must inform the county assessor of that fact and the assessor will discontinue collection of TIF. HB 3056 also allows an agency to underlevy its TIF collections in any one year, or for the remaining years during TIF collection. Lastly, HB 3056 changed timeline requirements for the filing of an urban renewal annual report.

The major principles of HB 3056, as applied outside of Portland,⁴ are:

1. **Initial Maximum Indebtedness Limits**
   
   **Limits on initial amount of maximum indebtedness** (MI) in an urban renewal plan adopted after January 1, 2010:
   
   a. If total frozen base is $50 million or less, total maximum indebtedness may not exceed $50 million;
   
   b. If total frozen base is more than $50 million, but less than or equal to $150 million, then maximum indebtedness may not exceed $50 million, plus 1/2 of difference between $50 million and $150 million;
   
   c. If total frozen base is greater than $150 million, total maximum indebtedness may not exceed $100 million, plus 35% of amount over $150 million.

2. **Maximum Indebtedness Increases**
   
   **Increases in maximum indebtedness may not exceed an aggregate of 20%** of the original maximum indebtedness of the plan, but with an “indexing” of the original maximum indebtedness from July 1, 1999, or 1 year after the plan was initially approved, whichever is later. “Index” is the same index the urban renewal agency uses to estimate project costs in setting maximum indebtedness for the plan. The indexing only happens once.

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⁴ The City of Portland is governed by alternate provisions in ORS Chapter 457.470 as to these matters.
3. Revenue Sharing

**Possibility of TIF sharing with overlapping taxing districts:**

a. Applies only to plans adopted after January 1, 2010, OR plans that are substantially amended to increase maximum indebtedness after January 1, 2010;

b. Begins in the later of the 11th year after initial plan adoption OR when TIF collections equal or exceed 10% of the initial maximum indebtedness;

c. For any year when TIF collections equal or exceed 10% of the initial maximum indebtedness, but are less that 12.5% of the initial maximum indebtedness, the urban renewal agency receives that 10%, plus 25% of the TIF between the 10% and 12.5%. Overlapping taxing districts receive 75% of the TIF between the 10% and 12.5%; and

d. For any year when TIF collections equal or exceed 12.5% of the initial maximum indebtedness, the urban renewal agency receives that 12.5%. Any TIF collections greater than 12.5% are distributed to the overlapping taxing districts.

4. Concurrence

Any of the provisions summarized in paragraphs 1-3 immediately above may be changed if the municipality obtains the **written concurrence of the overlapping taxing districts that impose at least 75%** of the taxes imposed under permanent rate limits in the urban renewal area in the year immediately prior to the municipality action approving or amending a plan.

5. Underlevy

**Agencies may direct the county assessor to collect less than all the TIF generated by “divide the taxes,”** either on an annual basis or permanently. If an agency notifies the assessor on Form UR50 that it wishes to take less than the full amount of revenue that would be available under the normal allocation of TIF dollars, the assessor will allocate the funds not requested back to the taxing districts.

6. Indebtedness v. Maximum Indebtedness

The measurement for discontinuing the collection of TIF is now whether or not the urban renewal agency “debt service fund” that holds TIF collections has sufficient funds to repay the plan’s **maximum indebtedness**, not the then outstanding **indebtedness**.

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*Divide the taxes is the terminology used to define how urban renewal funds are collected by the assessor. The State of Oregon’s website states: Division of tax revenue is calculated by splitting local government property taxes between the local governments that levied the taxes and the urban renewal agency. The split is recalculated each year based on value growth within the plan area. This tax splitting may have a couple different effects depending on the levy type. For operating (permanent rate) levies that are levied at a particular rate, division of tax does not change the tax rate or cause much change in the overall amount of tax billed, but it does reduce the amount that gets distributed to the local governments.*
This change should eliminate the need for “du jour” bonds to keep a plan in debt on an annual basis.

7. Annual Reports
   An urban renewal agency now has until January 31st of the year after the end of the urban renewal agency’s fiscal year to prepare its annual report, thus allowing the agency to use audited financials. The former date was August 1st.

2011
No successful legislation, but first testing in the legislature of the “Cooperation Agreement.” The “Cooperation Agreement” is the agreement forged between the Special Districts Association of Oregon (SDAO) and AORA in 2009 to not bring changes to urban renewal law to the legislature until January 2017.

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6 In urban renewal, du jour bonds are bonds that are placed to satisfy the need to create debt. They are typically placed with a local lending institution and are a transaction that takes place in a day or overnight.
Urban Renewal Oversight Committee

As a condition to supporting HB 3056, AORA entered into a Memorandum of Understanding (MOU: Appendix B) that would facilitate future relations among the parties that participated in the 2009 discussions. The parties to the MOU agreed, with defined exceptions, to not propose or support urban renewal legislation until January 2017, at the earliest.

As a result of HB 3056, the taxing district members and the urban renewal members all spoke out in support of the establishment of a joint Urban Renewal Oversight Committee (UROC) to provide education to members, monitor the implementation of HB 3056, solicit potential input about current and proposed urban renewal legislation, and provide advice and recommendations at the request of groups involved in or affected by urban renewal in Oregon. The six-member Oversight Committee has no authority to direct any action by any party or organization. The UROC was established according to the MOU and held its initial meeting in September of 2009.

Some of the issues discussed by the UROC in the initial meeting were focused on how to deal with future urban renewal legislation, including education of legislators, proactive involvement with legislators, and the mechanics of handling and responding to legislative bills. The education piece included the desire for information on when districts are terminated and the effect of urban renewal on compression and school funding. The idea of developing white papers on components of urban renewal was presented. There was also discussion on urban renewal best practices, including the issues of non-TIF generating projects, standardized reporting and metrics, and dealing with the question of where the oversight of urban renewal happens. It was very apparent in this first meeting that the overriding concern of the special districts was having a “seat at the table” in urban renewal discussions.

At another meeting of the UROC in January 2012, Tualatin Valley Fire and Rescue (TVF&R) was delegated to draft an Urban Renewal 101 piece that AORA representatives would review and use as a white paper for legislators. There was continued discussion on best practices for urban renewal spending and the impact of urban renewal on schools. The other major point of discussion was the education of legislators and practitioners. By the end of the second meeting, there remained some points of continued tension between UROC members, including how to measure the impact on schools and how to accurately measure urban renewal investments that lead to a return on investment.

7 The parties to the MOU are listed within the MOU: Appendix B in this document. They include many special district organizations.
8 A white paper is an authoritative report that helps people understand an issue.
9 Kate Porsche, City of Albany Urban Renewal Manager. UROC member. Notes on UROC meeting October 2011.
Substantial Amendments Increasing Maximum Indebtedness Since 2009 Legislation

House Bill 3056 made major changes, as outlined in the section above. Those changes included specific provisions that relate to substantial amendments to urban renewal plans. Since the passage of HB 3056, some cities have completed substantial amendments. Of the 109 urban renewal areas in Oregon in 2012, only 8 (7.3%) of them have either increased their maximum indebtedness or made attempts to do so since the 2009 legislation. While this is a very small percentage, the urban renewal agencies were all treading relatively new waters, and these examples provide information on the impacts of the 2009 legislation. Some urban renewal agencies have taken the conservative route and only increased their maximum indebtedness by the amount that would not require taxing jurisdiction concurrence, while others have engaged the taxing jurisdictions and attempted to amend their plans with maximum indebtedness increases larger than the 20% allowed in the statutes. Some of these amendments have been successful (Redmond) while others have not (Tualatin). A few of the amendments triggered revenue sharing, which is a new feature of urban renewal. A summary of the substantial amendments completed by municipalities in Oregon since the implementation of the 2009 legislative changes follows, in order of occurrence. Tualatin, Eugene, Keizer, and Redmond are more fully described in the case studies later in this document.

Tualatin: Central Urban Renewal District

In 2010, the City of Tualatin proposed an amendment to increase the maximum indebtedness of its Central Urban Renewal District Plan by $120 million. The urban renewal plan was originally adopted in 1975 and was scheduled to terminate in June 2010. Tualatin hoped to gain support from 100% of the taxing jurisdictions. Opposition, including from TVF&R and the general public, ended up influencing the decision by the City of Tualatin to withdraw the amendment and terminate collection of TIF under the urban renewal plan. In April of 2010, the Tualatin City Council decided not to proceed with the amendment. In a debrief session, the Tualatin City Council determined that, in the future, they will need a much broader public input process when key decisions are made in the community. A more detailed examination of these events can be found in the Case Studies section of this report.

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10 This does not include the Tualatin Central Urban Renewal District, as it was closed prior to 2012.
Eugene: Downtown Urban Renewal Area

The Eugene Downtown Urban Renewal Plan 2010 Amendment increased the plan’s maximum indebtedness by $13.6 million to a total of $46.6 million. As this increase was greater than the limit established in ORS 457.220, taxing jurisdiction concurrence was required. Eugene School District 4J and the City of Eugene comprised at least 75%12 of the total permanent rate levies. The school district adopted a motion concurring with the increase in maximum indebtedness and the City concurred by adopting the amendment. As part of the financial analysis of the amendment, the City analyzed the specific impacts to the school district because of the State School Funding Formula. The City determined a net loss of approximately $31,000 a year after accounting for the State’s funding formula for schools.13 The Report on the amendment also states that the Lane County Assessor’s Office performed an analysis of the impact of the Downtown Urban Renewal on the Eugene School District 4J’s local option levy. This analysis was reviewed and confirmed by the school district. The analysis found that:

4J is better off financially if the Downtown Urban Renewal District continues to collect tax increment funds than it would be if tax increment financing were terminated. The reason is that taxes that are currently counted under the “general government” category for Measure 5 tax rate limitations (i.e., the “school property tax dollars” that now go to urban renewal) would move into the “schools” category. When that happens, the schools category of taxes must be reduced for a number of individual properties within the City because schools are already collecting as much as they can under Measure 5 limits for those properties. State law says that local option levy proceeds are the first to be reduced in the event of compression.14

For fiscal year (FY) 2010, analysis shows that the school district received approximately $137,000 more in tax revenues because of the existence of the Downtown Urban Renewal Area than if the area was not in operation.

A more detailed examination of Eugene can be found in the Case Studies section of this report.

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12 75% is the required concurrence percentage for taxing jurisdictions on a substantial amendment increasing maximum indebtedness above certain specified levels.
13 Eugene School District 4J $20,000, Lane Community College $10,000, Lane Education Service District $1,000: City of Eugene, Downtown Urban Renewal District Report (Eugene, OR: 2010), 16.
14 City of Eugene, Downtown Urban Renewal District Report, 16.
Philomath: Philomath Urban Renewal Area

The City of Philomath adopted a substantial amendment increasing the maximum indebtedness of its urban renewal plan in December 2010. The maximum indebtedness increase was $10 million, from $4.3 million to $14.3 million. The City of Philomath worked in collaboration with the Philomath Downtown Association (PDA) to review strategies to improve the commercial core of Philomath, which included a review of and recommendations for updating the plan. The PDA was instrumental in the smooth passage of the amendment, appearing at all meetings and providing supporting information about why the amendment was crucial to improving the vitality of the downtown area.

The maximum indebtedness did, however, exceed the limitations specified in ORS 457.220 and therefore, concurrence was required. In Philomath, the City of Philomath and the Philomath School District comprised more than the required 75% of taxing jurisdiction concurrence, and concurrence was received by both entities. A presentation was made to the Benton County Commission, although their approval was not required. The financial analysis projected that revenue sharing may be required in the latter years of the urban renewal plan.

Keizer: North River Road Urban Renewal Area

The City of Keizer pursued a substantial amendment to the North River Road Urban Renewal Plan in January of 2012. The amendment increased the maximum indebtedness by $5,763,507, increasing the total maximum indebtedness from $45,890,384 to $51,653,891. The increase in maximum indebtedness in the plan amendment exceeded the ORS 457.220 limitations, so taxing jurisdiction concurrence was necessary. However, the Keizer situation was different than most substantial amendments to urban renewal plans. Instead of pursuing new projects within the urban renewal area, Keizer dedicated the new maximum indebtedness to backstopping a local improvement district (LID) debt in the urban renewal area.

City staff and consultants attended meetings with all of the taxing jurisdictions to gain their concurrence. The process was difficult and required multiple meetings with some jurisdictions, including the school district. The school board’s approval came only after a negotiated payment to the school district to cover their analysis of a worst-case scenario of direct impact on the school district. The City also guaranteed to refund to the affected taxing jurisdictions the specific amounts forgone under this extension of the area.
Revenue sharing was a negotiated part of the increased maximum indebtedness. The City of Keizer needed an extension of two years in order to raise the funds needed from tax increment revenues for the LID backstop. However, the taxing jurisdictions preferred to increase the length of the plan by four years, and asked the urban renewal agency to underlevy during that time in order to allow for revenue sharing with the impacted taxing jurisdictions.

More detail on this amendment is found in the case study on Keizer.

**Redmond: Downtown Urban Renewal Plan**

In April of 2011, the City of Redmond increased the maximum indebtedness of the Downtown Urban Renewal Plan by $93,580,362 to a new maximum indebtedness of $120,717,081. The boundary was expanded from 599 acres to 701.7 acres. The Downtown Urban Renewal Advisory Committee spent two years working with downtown stakeholders and community residents to evaluate the amendment. The amendment included 18 new projects, the estimated value of which was $65.6 million in 2010 dollars. The maximum indebtedness increase required concurrence from the taxing jurisdictions, which Redmond received (96% of the taxing jurisdictions gave their concurrence) The Deschutes County Public Library System was the only organization that did not either write a letter or pass a resolution in support of the amendment, choosing instead to take no action in support or opposition. A more detailed examination of these events can be found in the Case Studies section of this document.

**Sherwood: Sherwood Urban Renewal Area**

In February of 2012, the City of Sherwood adopted a substantial amendment increasing the maximum indebtedness of the Sherwood Urban Renewal Plan. The City of Sherwood made the decision to limit the increase to 20% of the original maximum indebtedness, an increase of $9,785,869 from $35,347,600 to $45,133,469. This limitation allowed Sherwood to adopt the amendment without taxing jurisdiction concurrence. However, in an effort to build positive relationships with the overlapping taxing jurisdictions, the City of Sherwood met with the Sherwood School Board, TVF&R, and the Washington County Commission. The Washington County Commission was very complimentary in its discussion of the impacts of urban renewal in Sherwood, and it did not take any formal action. The Sherwood School District was interested in the impacts, but also complimentary on the partnerships forged with the prior projects in the plan that assisted the school district in the
improvement of their sports facilities.\textsuperscript{15} TVF&R sent a letter to the City of Sherwood stating that they had reviewed the amendment and had no “written recommendations.”\textsuperscript{16} The letter also stated, “our Board supports properly constructed and limited urban renewal plans that encourage private investment and increase assessed value.” Under the amendment, the urban renewal district will begin revenue sharing starting in approximately 2014. Revenue sharing will continue through the life of the district. It is estimated that the revenue sharing will increase the length of the district by one year.

**Bandon: Bandon Area II**

The City of Bandon adopted a substantial amendment to increase its urban renewal plan’s maximum indebtedness in March of 2012. The amendment was drafted after meetings with the Bandon Economic Development Committee, which is comprised of stakeholders in the Bandon community. This committee identified specific projects for promoting and expanding the tourist industry and increasing the economic development of Bandon. The passage of the substantial amendment eliminated the City’s option to impose an urban renewal special levy under ORS 457.435(2)(a). Although Bandon had this option, the levy had never been imposed.

The original maximum indebtedness of the plan was $5,375,225. As a result of the amendment, the maximum indebtedness was increased by $6,628,755 to $12,003,980. The increase exceeded the 20% allowed by state statute, and so the City of Bandon sought taxing jurisdiction concurrence. Approval was gained from the City of Bandon, Bandon School District 54, Coos County, South Coos General Hospital, Port of Bandon, and the Southwest Oregon Community College, all of which comprise 83.18% of the total tax rate. No negative responses were received from any of the jurisdictions, but once the 75% target was met, the City of Bandon decided to proceed with the amendment. The city manager gave presentations to each of the boards of the taxing jurisdictions providing concurrence. Projections show that revenue sharing will not be required during the life of the plan.

\textsuperscript{15} The urban renewal agency assisted with funding for turf fields and a contribution toward the Sherwood High School Stadium.

\textsuperscript{16} ORS 457 states that the city must respond to any written recommendations provided by the taxing jurisdictions.
Tillamook: Tillamook Urban Renewal Area

The City of Tillamook adopted a substantial amendment to the Tillamook Urban Renewal Plan in June of 2012 that added property to the Tillamook urban renewal area and increased the maximum indebtedness. The maximum indebtedness was increased by $2,904,606 to a new maximum indebtedness of $15,132,606; concurrence was not required. However, since a portion of the property in the urban renewal area is unincorporated, Tillamook County had to also approve the amendment. That approval came after a request by Tillamook County to retain specific county-owned properties within the urban renewal area boundary. Tillamook County also commended the City of Tillamook on its efficient use of urban renewal and noted that a substantial infrastructure project, the reconstruction of Third Street, could not have been completed without the partnership of urban renewal.

The increased maximum indebtedness provided Tillamook with the ability to finish all of the projects identified in its urban renewal plan, as the original plan did not use an inflation factor for projects when determining financial feasibility.

Lebanon: Northwest Lebanon Urban Renewal Area

The City of Lebanon adopted a substantial amendment to the Northwest Lebanon Urban Renewal Area in July of 2012. The amendment added property to the area, added new infrastructure projects in the expanded area, and increased the maximum indebtedness by $8,547,822 to a new maximum indebtedness of $33,228,592. Concurrence was not required. In the consult and confer stage of the substantial amendment, the City of Lebanon was asked by Linn County to consider foregoing any future use of the special levy and to underlevy the division of tax revenues. The City of Lebanon analyzed these requests and determined they could fund the projects in the plan within the timeframe they desired, even without the special levy and with a request for only 67% of the division of taxes in the initial year of the amendment. Commitment to the elimination of the special levy was an important issue for the taxing jurisdictions in the general government category, as they were experiencing compression and the special levy added $1.5466 to the tax rate, causing additional compression. Approximately $800,000 will be allocated to taxing jurisdictions in 2012 as a result of the termination of the special levy, and another estimated $900,000 was distributed to the taxing jurisdictions due to the decision to underlevy for FY 2012.
New Plans Since Passage of HB3056

Beaverton: Central Beaverton Urban Renewal Area

Beaverton voters adopted the Central Beaverton Urban Renewal Plan in 2011. The maximum indebtedness of the plan was well below the maximum indebtedness allowed in the statutes. Based on the assessed value of the area, the statutory limits would have allowed for a $319.5 million dollar maximum indebtedness, but the urban renewal plan crafted by the City of Beaverton stipulated a maximum indebtedness of $150 million. More information on this can be found in the Beaverton Case Study in this document.

Hood River: Hood River Heights Business District Urban Renewal Area

The Hood River Heights Business District Urban Renewal Plan was adopted by the Hood River City Council in 2011, with a maximum indebtedness of $8,495,650, well below the statutory limitation of $50 million for that plan. The plan was devised to provide infrastructure improvements (storm water, sanitary sewer, water) to the district. In addition, the plan will help create a district identity through streetscape improvements that will enhance the pedestrian and bicycle connectivity and provide public spaces and parking for daily needs and community events. Redevelopment assistance is another component of the plan.

Lake Oswego: Lake Grove Village Center Urban Renewal Area

The Lake Grove Village Center Urban Renewal Plan was adopted by the Lake Oswego City Council on July 24, 2012. The maximum indebtedness was set at $36 million, below the statutory limitation for the area. The plan was specifically designed to implement the Lake Grove Village Center Plan that was adopted by the Lake Oswego City Council in 2008. Only two projects were specified in the plan, the re-construction of Boones Ferry Road and related parking improvements. At the direction of the City Council, the maximum indebtedness was based on an urban renewal area that would last 26 years.
Central Point: Downtown and East Pine Street Corridor Revitalization Area

The City of Central Point adopted the Downtown and East Pine Street Corridor Revitalization Plan in 2012. The maximum indebtedness is $43,177,530. The plan is “designed to reinforce the City’s commitment to the revitalization of the downtown areas as set forth in the Central Point Forward, Fair City 2020 – A City Wide Strategic Plan.” The urban renewal plan identifies 15 projects to encourage and leverage private investment in the area. The projects are anticipated to take 25 years to complete and include street improvements, streetscaping, lighting, intersection improvements, parking facilities, undergrounding of utilities, infrastructure improvements, development of a community center, a fire safety project, and an economic development incentive program.

City of Central Point, Downtown and East Pine Street Corridor Revitalization Plan, Executive Summary. (Central Point, OR, 2012), 5.
Underlevy

The ability to underlevy was a part of the 2009 legislative changes. In an email to all AORA list serve subscribers in July of 2012, 4 agencies responded that they had used the underlevy provision.

Wilsonville

Prior to the 2009 legislation, the Wilsonville Urban Renewal Agency, at the direction of the Wilsonville City Council, capped their Year 2000 Plan at $4 million in tax increment revenues per year, and removed acreage on an annual basis to reach the self-imposed limit. Since the passage of HB 3056, Wilsonville has stopped removing acreage, and have instead stayed at $4 million through the underlevy provision. In FY 2012-13, this returned a little over $1 million to the local taxing jurisdictions. Wilsonville has said that it will continue to underlevy until it closes down the district, which will likely occur within the next five years. Wilsonville does not underlevy for the Westside Urban Renewal District.

La Grande

In FY 2010-11, the La Grande Urban Renewal Agency underlevied after initiation of discussions from the city manager. The levy amount requested was 55% of the total possible amount. They have not undertaken subsequent underlevy actions.

Lebanon

When the Lebanon City Council was considering a substantial amendment to their urban renewal plan to increase maximum indebtedness, Linn County requested a consideration of an underlevy as part of that amendment. The amendment was passed on July 11, 2012, and requested only 67% of the division of taxes for FY 2012-13, allocating approximately $900,000 to the taxing jurisdictions. This was a one year decision, as the full division of taxes in the following years is necessary to complete the projects specified in the urban renewal plan.

Keizer

As part of their 2012 substantial amendment, and as a result of discussions with taxing districts, the City of Keizer made a decision to underlevy its division of taxes collections for the duration of the North River Road Urban Renewal Plan. While collecting all of the division of tax amounts to fund the amendment could have been completed in two years, the taxing districts preferred a four-year period, with an underlevy in each of the four years to allow them to gain a share of the substantially increased tax revenues provided from the growth in assessed value in the urban renewal area (the assessed value has increased by $300,854,248 during the term of the urban renewal plan). The Keizer Finance Director

Kristin Retherford, City of Wilsonville Urban Renewal Manager. 16 July 2012, personal email.
estimates that the agency could collect 34% of the division of tax revenues and still satisfy its financial requirements.

**Requests for Underlevy**

In the fall of 2011, the Linn County Commission sent a letter to the Albany Urban Renewal Agency (CARA) requesting that they underlevy their 2012 request for tax increment funds.\(^9\) CARA considered this request and determined they could not underlevy and still meet the commitments of the urban renewal program.

The Winston Urban Renewal Agency discussed an underlevy provision for FY 2012-13, but determined they would not proceed with that action.

Case Studies: New Issues

Following in suit with the original 2002 document, this update includes 9 new case studies of urban renewal in Oregon. These cities were hand-picked in order to highlight a variety of issues and to be representative of many (but certainly not all) of the challenges that communities in Oregon face when they decide to pursue urban renewal. These are success stories, but each is a success for a different reason, and all provide valuable lessons and represent unique circumstances. The studies have been grouped by issue:

- Leveraging
- Innovation
- Public Process
- Substantial Amendments
- Non-traditional Investments

LEVERAGING

One key to the success of urban renewal is its ability to attract new investment in the community. While assessed value is statutorily allowed to increase a limited 3% annually, urban renewal is most successful if increased development brings additional assessed value to generate new tax dollars for use in the urban renewal area. That increased private investment is the incentive for special districts to support urban renewal. At some point in the future, they will gain from the increased tax revenues. Increased development can mean both improvements to existing properties and new development occurring in an urban renewal area. Many times, this new development would not occur but for the assistance of urban renewal. Lebanon and Lake Oswego are examples of two cities that are using urban renewal and have successfully partnered urban renewal funding with private investment to make dramatic changes to their cities. In Lake Oswego, the City’s ability to leverage TIF with private funds has created the cornerstone development at Highway 43 and A Street – Lake View Village – that has incorporated new businesses that offer dining, shopping, and employment options in Lake Oswego. Lebanon has also been quite successful leveraging its urban renewal resources; they partnered with Samaritan Health Services to provide the improvements necessary to facilitate the development of a new medical school and related facilities in Lebanon.
In 1979, the Lake Oswego Redevelopment Agency (LORA) was established in Lake Oswego to create an urban renewal district to help revitalize the city’s downtown commercial district. In 1986, the City of Lake Oswego adopted the East End Redevelopment Plan, which focused on revitalizing and developing downtown Lake Oswego. Over the 26-year history of the urban renewal area, the city of Lake Oswego has focused on private-public partnerships and investment in parks and infrastructure to fuel redevelopment in its downtown. The East End Plan has been amended 14 times, for reasons including compliance with new laws, adding projects, adjusting the boundary, and increasing the maximum indebtedness. The plan was originally set to expire in 1996, but a substantial amendment in 2004 expanded the project list and extended the anticipated expiration date to 2029.

The initial development that fueled the East End Redevelopment District was the redevelopment of the cement plant property, located east of Highway 43 and west of the Willamette River. This 45-acre property was redeveloped to include 522 multi-family housing units, 20,000 square feet of office space, a 10,500 square foot restaurant, a waterfront pathway, a water sports center, an amphitheater, and an excursion boat dock. LORA contributed the land for the water sports center. These developments helped add vitality to the Lake Oswego Riverfront.

Upon the successful completion of this riverfront connection, LORA looked to downtown Lake Oswego for its next projects. LORA completed large-scale street beautification projects on major downtown roads. A Avenue received landscaped medians, sidewalks were extended at the corners to reduce the distance of pedestrian crossings, its utilities were undergrounded, crosswalks were uniquely painted, and sidewalks were dotted with benches, bike racks, ornamental streetlights, bollards, street trees, seat walls, an obelisk with a fountain, and decorative planters. Improvements to other nearby streets included landscaped medians, signal and sidewalk improvements, angle parking, an art plaza, a street clock, streetlamps, benches, and planted pots.
Streets, however, were not the only pieces of infrastructure to receive facelifts. One of the stated objectives of the East End Redevelopment Plan was, “To create substantial change within the east end business district area to stimulate further private initiative.”

20 To create an area that would attract people, provide recreation to the community, and be attractive to developers, LORA also focused investment on Millennium Plaza Park. Urban renewal funded $2.8 million for land acquisition and relocation expenses, and $5 million for the design and construction of the park. Aside from drawing residents to the park for its beautiful views of Lakewood Bay and its water fountains for children’s play, Millennium Plaza Park hosts a variety of events that draw local residents and visitors to downtown Lake Oswego from elsewhere in the state, presenting increased activity to help spur downtown vitality. Perhaps the most popular of these events is the farmers market that runs on Saturdays from May to October. Now providing access to over 80 unique vendors each week, the market draws an average of 8,000 visitors to downtown Lake Oswego each Saturday it operates.

21 The City of Lake Oswego also provides live music in the park on Fridays in the summer, Thursday night movies in the park, and Sunday Moonlight Music concerts. Streetscape improvements and Millennium Park set the stage for subsequent private investment on adjacent properties.

Major redevelopment projects in small cities take years of planning, and the perseverance by LORA and the long-term commitment by the elected officials in support of LORA was imperative. LORA had been slowly purchasing property at State and A streets, beginning their acquisitions in 1989 and completing them in 1996, at which time they began to solicit proposals from developers for a mixed-use development to be located on the site. Throughout the multi-year process, officials in Lake Oswego worked through much controversy to produce the development now known as Lake View Village. The planning even survived limitations based on a 1998 ballot measure aimed at halting the development of Lake View Village. The ballot measure would have allowed increased public investment in a private developer’s plans for its project, but the ballot measure failed by 22 votes.

22 Understanding this vote was an indication of the public sentiment on the project, the Lake Oswego City Council immediately thereafter voted to terminate its relationship with the developer of the project.

In March of 2001, after years of working with the City Council and the Lake Oswego community, Gramor Development presented revised plans for the development of a portion of the city’s property and entered into a redevelopment agreement with the City Council. The agreement required specific actions by both LORA and Gramor, and LORA retained ownership of the land on which the parking

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20 City of Lake Oswego. East End Redevelopment Plan, 39.
21 Maddie Ovenall, Market Manager, Lake Oswego Farmers’ Market, City of Lake Oswego. 30 August, 2012, personal email.
for the development is located and sold the balance of the site to Gramor for $1.3 million. In the summer of 2002, after years of planning and work with the private sector, construction began.

Because the development is in the heart of Lake Oswego, parking was a concern. Existing on-street parking would not be sufficient to service the intensity of development that was proposed. LORA constructed a 4-level parking garage with 366 spaces as part of the development agreement. Well-run and plentiful parking has been integral to the success of the development. About half of the parking is public parking while the other half is for tenants and employees. Gramor contributed $1.2 million toward the garage construction as a result of an agreement that capped LORA’s financial participation, which totaled $4.6 million. Of that amount, $1.3 million came from the sale of property to Gramor and $3.3 million from the sale of bonds. Gramor manages the parking garage and is responsible for capital and maintenance expenses.

Gramor developed 6 buildings with a total 99,961 gross square feet surrounding the parking garage, which makes up the interior of the development. Fifty-thousand square feet of retail space includes ground floor restaurants and a number of small shops. The second and third floors of the buildings have an additional 38,000 square feet of office and upper story restaurant space. Gramor invested approximately $22 million dollars in the development, and approximately $6 million of tenant improvements have been made. The redevelopment has resulted in 300 new jobs, and the current assessed value of the Gramor development is $22.9 million (2011).

It was always the intent of Lake Oswego officials to develop its property along with the adjacent Wizer’s Block (Block 137). Block 137 redevelopment, however, has not yet been achieved, with development depending on the desire of the existing property owner. While the assessed value for both was nearly identical before development, the real market value of the Wizer’s block improvements, as of the 2011 tax rolls, was $957,000 versus the assessed value of improvements on the Gramor block, which was $22.9 million in 2011.
The current focus of the East End District is on the First Street North Anchor Project, envisioned in the 2004 East End Redevelopment Plan as a mixed-use project to anchor the north end of downtown’s First Street retail corridor and complement Lake View Village and Millennium Park on the south end. The project is envisioned to include a new 60,000 square foot public library to replace the current undersized library, which is located in a residential neighborhood. With the current library hosting an average of 1,000 visitors a day, the library use is expected to add vibrancy and economic stimulus to the downtown. Other proposed uses include a public parking garage to serve both North Anchor and general downtown parking needs, and residential and retail uses. LORA is acquiring property for the project, and with voter approval of a library funding measure in November, could select a private development partner and design and construct the project in the 2013-2016 timeframe.

Lake View Village

LORA contribution: $4.6 million for the garage ($1.3 million was from sale of property to Gramor)
Block 138 related expenses: $6.7 million
Private contribution: $22 million for private development, $1.2 million for parking garage, $6 million in tenant improvements
2011-12 assessed value: $22.9 Million
Lebanon: North Gateway Urban Renewal Area

While Lake Oswego’s leveraging added new development and vitality to their downtown, Lebanon’s leveraging added new employment and education sectors to their city. The first medical school to locate in a small town in Oregon is in Lebanon, and this placement was largely due to a successful partnership between the City of Lebanon, the Lebanon Urban Renewal Agency, Samaritan Health (SHS), and the Western University of Health Science College of Osteopathic Medicine Pacific Northwest (Western University). Western University was developed because the City of Lebanon was able to offer development incentives through the use of urban renewal to create the infrastructure necessary to support the medical school and ancillary structures. In addition to adding a new economic driver to Lebanon, the assessed value in the area has tripled since the adoption of the urban renewal area.

In early 2008, SHS announced a partnership with Western University that included Western University’s intention to open a medical school on the vacant property just south of Highway 20 and SHS. The school became the focus point for the proposal to develop a health sciences campus. At build out, the campus is envisioned to contain over 975,000 square feet of buildings, including the medical school, an event and meeting center, a formal garden, a mixed-use project containing a hotel and restaurant, a mixed-use project containing retail and office space, an office/research/industrial park, an office/housing/campus/hotel mixed-use project, and open space. These developments will be phased over several years.

Infrastructure needed to be constructed to support the development of the vacant property, and the City of Lebanon was in need of a mechanism to fund these public improvements. The Lebanon City Council decided that urban renewal was the best tool to accomplish these improvements. Although most Lebanon residents were in support of the plan, some opposition did initially arise from a local taxing district – the Lebanon Fire District. As has been the case in other communities, the fire district was primarily concerned with the foregone revenues resulting from the urban renewal district.

The fire district ultimately decided not to oppose, and in September 2008, the Lebanon City Council adopted Ordinance Bill No. 10, establishing the new North Gateway Urban Renewal Plan (North Gateway URA) with a vote 5-1 in support.

Subsequent to the adoption of the North Gateway URA,
the City of Lebanon entered into an agreement for SHS to construct public facilities in support of Western University. SHS paid for the improvements upfront, and the City (through the urban renewal agency) reimburses SHS as tax increment revenues are generated. Without this agreement there would have been insufficient infrastructure improvements – and potential revenues – to issue and pay for bonded indebtedness.

Just one month after the adoption of the urban renewal area, the City Planning Commission approved the SHS project to establish the medical college. Since the adoption of the Campus Plan and the North Gateway URA, infrastructure improvements have allowed for the construction of the medical school and two commercial buildings, including a SamFit Fitness Center. Before these buildings could be constructed, infrastructure was needed. The first project in the North Gateway URA extended a new street (Mullins Way) from Highway 20 to serve the medical school and provide a connection to 2nd Street. All of the necessary water, sewer, and storm facilities updates were completed at the same time. These improvements provided the access and public facilities needed for a new medical office building for Samaritan Health. The total cost of the infrastructure projects was $1.6 million.

The next major project that Lebanon has planned will be the construction of an L-shaped street that will connect 5th Street with Reeves Parkway. This will allow access to the interior of the campus, and will open the site for additional development.

Once Western University is fully operational, it will hold 400 students and approximately 100 staff. The City of Lebanon estimates that the 2 new commercial buildings have added approximately 25 new jobs, although some of those will be transfers from other offices. Largely as a result of the new medical school, Lebanon has seen a rise in apartment occupancy rates and new apartment construction applications have increased.23

In 2013, ground will be broken for the construction of a new veteran’s home, set to be completed in 2015. The home will provide 150 veterans with beds when it first opens, however, the Oregon Department of Veterans Affairs (VA) is hoping to be able to add an additional 150 beds, a VA pharmacy, and perhaps even someday a rehabilitation center. This home will be only the second of its kind in Oregon. Lebanon was

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23 Walt Wendolowski, Community Development Manager. 1 June, 2012, personal email.
an ideal choice for its location, in part because of the infrastructure that was put into place because of urban renewal. John Osborn, the manager of the project, stated that, “Lebanon has all the infrastructure necessary,” Osborn said. “We have to place our veterans homes where it will do the most good.” The home will cost $30 million to build, and will eventually bring approximately 230 full-time jobs to Lebanon, from physicians to bus drivers.

Ultimately, the North Gateway URA has been successful because of the positive relationships between the City, the urban renewal agency, Samaritan Health, and Western University of Health Sciences. Walt Wendolowski, the Community Development Manager in Lebanon, said, “All parties saw the collaboration as a means to improve an underdeveloped (and blighted) area of the City, establish an educational facility, and use that facility as a catalyst for economic development.” Although the North Gateway Area has been steadily moving forward, due to the recent recession, the full original development program has not yet been met. However, as the economy slowly emerges, “the Samaritan Campus and adjacent residential areas are poised to begin a significant transformation by creating employment opportunities, establishing a significant educational center, and improving housing.”

Given the prominence of Western University, the City of Lebanon also amended the Development Code to encourage bioscience and related technologies to locate near the medical school.

The North Gateway Urban Renewal Area stands as a success for many reasons. The ability of a small town to draw in such a high-profile medical school in the first place was a boon to the local economy. The resulting placement of the veteran’s home and the revised Development Code will encourage further development in the area. All of these projects and developments would not have been possible without the North Gateway URA. Lebanon’s ability to leverage their urban renewal resources by supporting the development of a medical community and the ancillary development that comes with it is an admirable model for urban renewal in Oregon.

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25 Emily Mentzer. 11 July 2012.
26 Walt Wendolowski. 1 June, 2012.
27 Walt Wendolowski, 1 June 2012.
INNOVATIVE URBAN RENEWAL PLANS

Traditional urban renewal plans in Oregon’s communities have focused on infrastructure improvements, streetscape improvements, storefront loans, and redevelopment assistance. But, some agencies have looked beyond the traditional and have proposed and undertaken new and exciting opportunities. The City of Wilsonville felt that, in order to compete with the enterprise zones that other nearby communities have offered to induce economic development, it must devise similar incentives. To do so, Wilsonville prepared an urban renewal plan that would mirror the assistance of an enterprise zone. The City of Florence made a decision to focus the majority of one year’s tax increment revenues on storefront loans, and, as a result, saw a dramatic change to the face of their historic business district. The City of Keizer, faced with a situation that could have repercussions on the financial decisions by the city, adopted an amendment to increase its maximum indebtedness to cover the default, and promised to repay the overlapping taxing districts for revenue foregone due to the plan’s extension. The Portland Development Commission, as a result of community economic development planning, is working with neighborhood commercial districts to provide urban renewal resources in small, focused urban renewal areas. While innovation is not always successful (and can be very community-specific), lessons can be learned from these bold moves that will help urban renewal evolve as the economy continues to change.

Keizer Station development
Wilsonville: SW 95th Avenue Urban Renewal Area

As a result of the economic downturn that began in 2007, economic development has become a driving force in many cities. This puts all cities in Oregon in competition with each other for any company that is looking to locate in Oregon, and more and more cities throughout the state have been using enterprise zones\(^28\) to attract new businesses. In 2011, the City of Wilsonville attempted an innovative approach to economic development. Using Wilsonville's contacts with Business Oregon, they began negotiations with SoloPower, a solar energy firm that intended to open a manufacturing plant in Oregon. Wilsonville decided to make a strong bid to encourage SoloPower to consider Wilsonville as their new home base in Oregon. A 508,277 square foot warehouse that had been mostly vacant since 2008 seemed the perfect fit to house the new company. In order for Wilsonville to compete with tax advantages that other communities could offer, like enterprise zones, Wilsonville proposed the establishment of a new urban renewal district. This urban renewal district was innovative in that it was a single-property district, which would, in theory, provide the same level of public assistance to SoloPower as an enterprise zone. While single-property urban renewal areas are common in the midwest and on the east coast, they have not yet been used in Oregon.

Therein lay the controversy and challenge for Wilsonville: was it appropriate to use urban renewal to subsidize one company when other companies were not receiving similar subsidies?

The SoloPower package promised substantial private investment and new jobs. Wilsonville negotiated a redevelopment agreement with SoloPower that would have guaranteed:

- Approximately $266,400,000 in tenant improvements.
- An agreement to provide employment, totaling 400 full-time employees (FTEs).
- To pay new employees at least 200% of the state minimum wage with at least 20 positions per every 100 FTEs at 300% of the state minimum wage, excluding benefits.

The agreement also included a “claw back” provision if the company left earlier than the closure date of the proposed urban renewal area. The total cash value of the advances and rebate incentives provided by the City of Wilsonville, through the use of urban renewal, was estimated at $11,916,236. These incentives provided a leverage of City of Wilsonville investment to private investment of 1:22.36.

An enterprise zone is an Oregon economic development program to attract new business, and centers around the ability to exempt businesses from property taxes for a specific time period. For more see www.oregon4biz.com.
and along with that private investment and future tax dollars for all taxing jurisdictions was the promise of new jobs. Mayor Tim Knapp stated in an email sent in May 2011 that, "a State of Oregon study forecasts that this manufacturing operation will indirectly create an additional 15,000 jobs in Oregon. This is exactly the kind of activity that will greatly benefit Wilsonville, the Metro Region, and the State." With those kinds of promised numbers, it was no wonder that Wilsonville was so eager to subsidize SoloPower through urban renewal.

The proposed urban renewal area received the approval and support of the overlapping taxing districts, in large part due to the fact that the area would not be collecting 100% of the generated increment, but would immediately share revenue with other taxing entities. The overlapping taxing districts were also supportive because the urban renewal district was set to have a firm closure date that was tied to the company’s investment.

The lure of investment in the community in both new development and jobs was sufficient for a majority of the Wilsonville City Council to decide to adopt the urban renewal plan, but controversy was present in the community. A group of opponents came to every public meeting and hearing and opposed the formation of the urban renewal area and the use of urban renewal to support a single developer. Although the final hearing at the City Council had testimony from many supporters, SoloPower officials could clearly see that there was not unanimous support for their proposal. The day after the urban renewal area was formed, some of the opponents, who created a group named “Stop Urban Renewal Give Away,” started the process to refer the Council’s decision to the voters. This vote would have delayed the start of construction for SoloPower and it caused uncertainty about the City of Wilsonville’s ability to commit financial resources to the project.

This opposition to the urban renewal area made SoloPower hesitate and greatly concerned the City of Wilsonville. With attractive options elsewhere in Oregon, the opposition to the adopted urban renewal plan was ultimately too much of a concern for the company. In the end, SoloPower, "decided that Wilsonville was no longer an option for them because of challenges/delays that the signature gathering has caused them,” Steve Gilmore, Wilsonville Chamber of Commerce Executive Director, wrote in an email to the Chamber’s board of directors.

Once SoloPower backed out, Wilsonville no longer had a need for an urban renewal area. The area was terminated in June 2011.

In a time of economic uncertainty, the City of Wilsonville had in SoloPower the potential to boost its economy and create hundreds of jobs. SoloPower went forward with their plan to locate their $340 million building in Oregon, but instead chose Portland for their site. As of the writing of this document, SoloPower currently employs 35 people, and plans to employ almost 100 by the end of the year.

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SoloPower is at the forefront of developing and manufacturing cutting edge thin and flexible solar panels that have so far been installed in over 20 countries.\footnote{SoloPower. “Projects.” http://solopower.com/projects/}

Pacific Northwest Foods Inc. from Tualatin has leased the warehouse where SoloPower would have located. They expect to have warehousing operations at this location with approximately 45 employees.
Florence: Florence Urban Renewal Area

The Florence Urban Renewal Agency took a creative step in 2010 that had a dramatic impact on their historic downtown. The Florence Downtown Preservation and Renewal Plan was adopted in August of 2006 after years of studies on how to improve the downtown. Urban renewal was the funding tool for implementation of these studies. The adopted vision for the area was:

To preserve and revitalize the Downtown Area as the primary cultural, tourist, commercial and community core to serve all of Florence’s citizens and visitors by encouraging continuing growth, development and enhancement consistent with Florence’s small-town ambiance and character.32

The projects in the plan included parks and opens spaces, street and sidewalk improvements, public utilities, pedestrian, transit and bicycle improvements, public safety improvements, public buildings and facilities, and streetscape beautification projects. The maximum indebtedness was set at $22,545,000.

In 2010, the City of Florence and the Florence Urban Renewal Agency decided that the next big project would be to provide major infrastructure improvements across from the Florence Events Center and on the street leading to downtown, abutting undeveloped property within the urban renewal area. Anticipating that the majority of their future urban renewal funds would be used for that infrastructure project, Florence embarked on a strategy to provide a major face-lift to the downtown core. In February of 2010, at a Chamber of Commerce Business Expo, the Florence Urban Renewal Agency announced that the Preservation and Rehabilitation Program was prepared to allocate over $150,000 to Florence businesses to enhance their appearance and commercial vitality. Thirty-nine Florence businesses responded and received grants totaling $163,141. The objectives of the program were to:

- Improve the aesthetics of existing businesses and buildings.
- Provide financial assistance for preservation and rehabilitation improvements to small business owners and/or tenants of commercial properties.
- Encourage urban renewal district preservation and rehabilitation improvements such as painting, awnings and changes to other exterior building features.33

Goodman’s Floor Coverings was just one of the businesses to receive a grant, which, “both helped us to improve the appearance of our business and improve the overall visual appearance of Old Town business.”

The ability to focus that amount of funding within the downtown core made a significant improvement to the appearance of the district. Before and after photos can be seen on the City of Florence’s website.

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34 Wayne Goodman, Interview by Elaine Howard, 23 August 2012.
Keizer: North River Road Urban Renewal Area

Keizer’s North River Road Urban Renewal Area has produced over $300 million in increased assessed value during the life of the district. However, in 2011, the City of Keizer was faced with an impending financial problem. The owner of five parcels in Keizer’s North River Road Urban Renewal Area defaulted on the local improvement district payments to the City. In order to address this potential disaster, the City of Keizer determined it could amend its urban renewal plan to allow payment of the defaulted LID payments and increase its maximum indebtedness as a means of protecting itself from this financial burden. The maximum indebtedness was increased by $5,763,507 to a new maximum indebtedness of $51,653,891. Concurrence of the impacted taxing districts was required because the amount was above the threshold established in the 2009 legislative changes.

So how did the city get into this predicament? In May of 2008, at the request of the developers in Keizer Station, a substantial commercial development within the urban renewal area, the City of Keizer issued $26,810,000 in bonds to finance infrastructure within Keizer Station. Keizer then formed a LID to collect assessments from the property owners to pay off the bonds. The City collects principal and interest payments from the property owners in the LID area every six months, but the City is required to make only interest payments until June 1, 2031, when a balloon payment for the entire bond principal amount is due. Keizer had the right to pay down the principal by calling bonds twice per year with the assessments the City collects. Only assessment payments can be used to make the LID payments. If assessment payments are insufficient to make the interest payments, the City is still obligated to make the full interest payment because the bonds are backed by the full faith and credit of the City of Keizer. The problem in 2011 was that a property owner of five of the LID parcels failed to make its assessment payments, which added up to a significant amount of money.

The City’s debt was structured so that the property owners’ payments would be sufficient to pay down the principal and pay off the bonds in 2025, 6 years ahead of schedule. This debt service goal, however, assumed that most property owners in the LID area would make their principal and interest assessment payments on time and for the full amount. Therefore, having five properties that were unable to make the payments was going to have a significant impact.

As is outlined above, the City of Keizer amended the North River Road Economic Development Area Urban Renewal Plan to increase the maximum indebtedness. The City stipulated that those increased

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funds be used for the LID debt repayment. As is now common in many cities that are amending their urban renewal plans, the City consulted and conferred with the affected taxing jurisdictions to gain their concurrence with this amendment. The City proposed to refund to the affected taxing jurisdictions the specific amounts foregone under this extension of the urban renewal area using any future proceeds from a potential foreclosure of the properties in default, and after paying for any fees and administrative expenses of the foreclosure.

After consultation with the taxing jurisdictions, it was determined that the taxing jurisdictions preferred a longer amendment period (four years versus two years) in order to share in the increased taxes from the urban renewal area. These projected revenue calculations were based on the urban renewal agency receiving less than the full division of taxes on the excess value in the urban renewal area. These projections estimated that 34% of the value would go to the agency and 66% of the value would go to the taxing jurisdictions. If, in the future, the growth rates exceed those projected in the amendment, increased revenues will go to the taxing jurisdictions. The Keizer Urban Renewal Agency will receive only the stipulated amount of $1,395,602 each year through 2016, when the district will be terminated.

Even with the City of Keizer offering full repayment of funds diverted from the taxing jurisdictions in the 4 years of the amendment, including 4% interest, it was a struggle to gain the concurrence of the affected taxing jurisdictions. Although the Keizer Fire District indicated initial support, it balked after negative publicity from a newspaper article. After continued discussions, the fire district finally reversed its negative vote on the amendment. The Salem-Keizer School District, however, felt differently about the matter. They adamantly demanded that the State School Fund be made whole as part of the repayment structuring. The City of Keizer worked with the Director of the State School Fund to ensure this factor was part of the financial negotiations. Other districts were more willing to go along with the maximum indebtedness increase, especially in view of the promise for repayment.

The City of Keizer, with some innovative thinking, was able to overcome its potential roadblock and avoid any financial difficulties. The urban renewal area in Keizer has added 101,700 square feet of retail shops, an additional 123,700 square feet for Target, 134,600 square feet for Lowe’s, and 31,200 for Lowe’s Garden Center making a grand total of 391,200 square feet built out. These developments increased the assessed value in the area by over $300 million.
Portland: Neighborhood Development Initiatives

On October 18th, 2011, following more than year of public outreach and feasibility assessment, Portland Mayor Sam Adams and Multnomah County Chair Jeff Cogen officially launched the Neighborhood Prosperity Initiative (NPI). The NPI invited 6 commercial corridors in East Portland – NE 42nd Avenue, Cully Boulevard, Parkrose, Rosewood, SE Division Street (117th-148th Avenues), and 82nd Avenue and Division – to partner with the Portland Development Commission (PDC) to evaluate and then create small urban renewal areas in each business districts. Innovative in almost every way, the NPI was fashioned by PDC to reach, engage, and assist communities that do not have a strong history of partnering with the public sector.

As stated in the adopting ordinances, “The NPI is a community-driven approach to district revitalization which will focus on stabilizing and growing businesses within the district, reducing vacancies, growing jobs, and raising the visibility of the district.”

Over the course of PDC’s 50-year history, the agency has rarely approached urban renewal in such a neighborhood-oriented way. The purpose of urban renewal in Portland has moved to “nurture and grow” through specific economic development tools. PDC has, more recently, made concerted efforts to craft urban renewal plans that assist minority communities.

This process of envisioning the NPI, “engaged over 500 community members in focus groups, a roundtable forum including national experts, and an advisory committee to identify key issues and opportunities to foster neighborhood economic vitality.” Taking the advice of the community leaders that participated in the focus groups, the program that PDC rolled out on October 18, 2011 was very different from any program it had previously enacted.

The foundation of the NPI grew out of PDC’s Neighborhood Economic Development (NED) Strategy, which was adopted by Portland City Council in 2011. This NED Strategy, “attempts to address inequities of the Portland economy by articulating how community partners, business leadership and public partners can use focused neighborhood-level actions to collectively foster economic opportunity and neighborhood vitality throughout Portland.” The overarching theory behind the NPI is that it, “empowers and entrusts the community to prioritize eligible investments which provide capital improvements to promote and improve commercial corridors within these small urban renewal

http://www.pdc.us/Libraries/Neighborhood_Economic_Development/NPI_Ordinance_-_42nd_Ave_pdf.sflb.ashx
37 Mary Bosch, Marketek principal. 17 July 2012, personal email.
38 Keith Witcosky, Portland Development Commission Deputy Director. 16 August 2012, personal email.
Unlike other urban renewal plans, the NPI places the responsibility in the hands of the community, and allows local businesses the chance to shape the future of their districts as they see fit.

In November of 2011, each district successfully applied for a $10,000 dollar grant, created community steering groups, and conducted their own visioning and community outreach efforts to both learn from and educate their community about urban renewal as a potential opportunity for their local business district.

The projects to be implemented in the districts, along with their long-term management, were designed to be managed by the community organizing entity. Relinquishing control over these factors was a significant risk for PDC. A lot of time, money, and energy had been spent to conceptualize and launch the NPI, and whether it would succeed or fail was largely out of PDC’s control. In an attempt to mitigate this, plan assistance, funding for organizations to undertake visioning, and training were provided using City of Portland General Fund dollars.

The risk, thus far, seems to have paid off. The communities have largely supported the process, and by February 2012 all of the areas were able to provide a commitment to raise funds and an outline for their own unique community vision, including proposed key goals, projects, activities, and benchmarks that will strengthen the district. This work was placed directly into their own individual urban renewal plans.

On April 11, 2012, all 6 community groups applied for, and received, their NPI status from the Portland City Council. Six small urban renewal areas were created, each of which was allowed a maximum indebtedness of $1.25 million to spend over 9 years. All of the districts are expected to begin collecting TIF inFY2013/14. It is anticipated that funding from the urban renewal districts will first be available in February 2014, with approximately $50,000 allotted for projects in the first year. Each district’s investment of TIF funds will be guided by a community-developed action plan and implemented consistent with statutory requirements.

Because the amount of increment to be collected by the areas will be so small, financing the areas required some creativity. There was no ability to sell long-term bonds, as is typically done with urban renewal areas in Portland, so to solve this problem, PDC forged an agreement with the City of

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39 Keith Witcosky, 16 August 2012.
Portland, creating a pay-as-you-go program where the tax increment is used to pay off “indebtedness” to the City (as required by statute). That money is available on a yearly basis, as it is collected.

Capital improvements are not the sole focus of the NPI, and so non-TIF resources are necessary in order to generate more funds. The 6 areas have already begun to fundraise and recently secured their first corporate sponsorship with a $50,000 grant from JPMorgan Chase. Additionally, the City and Multnomah County agreed to grant revenues collected through revenue sharing (as required by statute) back to PDC to support the goals of the NPI.

As it stands, no TIF has been collected as the districts prepare for capital improvement projects to begin in 2014. Each district, however, does have a blueprint for the projects it plans to complete. In the future, various brick and mortar projects, such as improvements to business’ exteriors and interiors, street furniture, wastebaskets, lighting, district signage, gateway markers, and other small-scale capital improvement projects will begin to crop up around the NPI areas. Throughout this time, PDC will continue to support the districts with seed funding, technical assistance, and on the ground support.

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PUBLIC PROCESS

More than ever, involving stakeholders and the community at-large has become a vital component of preparing urban renewal plans and substantial amendments. While the negotiation and adoption of HB 3056 legislation in 2009 drives some of the renewed interest in public involvement, some communities, such as Beaverton, must have a citywide vote to enable the formation of an urban renewal area. With these requirements comes the need to develop plans that reflect the desires of the community and meet the needs of the special districts.

Beaverton: Central Beaverton Urban Renewal Area

In 1972, Beaverton began its first urban renewal plan, which included projects like street improvements, alignment of major roadways through the downtown, relocation of railroad tracks, creation of parking lots, an interconnected traffic signal system, landscaping, and street lighting. However, in 1980, a local citizen initiative amending the City of Beaverton’s Charter was approved that required any future urban renewal plan to be approved by a majority of registered voters, and voters who did not cast ballots would be counted as “no” votes. This clause made it very difficult for Beaverton to get approval from the voters for another urban renewal plan, in spite of the success of the first plan. Deciding that urban renewal was a powerful tool to help accomplish the goals of Beaverton’s residents, efforts were made by the City of Beaverton to change this charter provision.

In 2008, after an extensive public education campaign led by the City, Measure 34-160, which amended the City Charter, was passed by two-thirds of Beaverton voters. This measure resulted in the elimination of the “absolute majority” requirement, and it made it so that any future urban renewal plans need only be approved by a simple majority of voters in a May or November election. Measure 34-160 also stated that the members of an urban renewal agency could not be comprised of exclusively Beaverton City Council members, ensuring the need to engage the community for any future plans. The City once again had urban renewal as a resource. Beaverton already had a community vision program in place that had established a desire for the revitalization of the downtown, and so, in 2010, the City began the planning process for the creation of a new urban renewal area in Beaverton.

While the visioning program was designed to elicit feedback specific to the vision of Beaverton residents for their city, it provided a solid background for the City when forming its urban renewal plan. The vision program aimed to connect directly with people to help them find a voice in civic planning. This effort attempted to reach consensus on community goals and to help plan and implement the right choices to reach those goals. The project was designed to be interactive and to reach people who did not normally provide public comment, including non-English-speaking residents who had previously not participated in civic planning.

The citizen-led Visioning Advisory Committee (VAC), as it was termed, adopted the program slogan: “connect · imagine · transform.” The VAC logged nearly 1,500 hours locating, listening to, and
recording the ideas of their friends, neighbors, and peers. The VAC attended more than 120 community events and presentations. They went to concerts in the park, stood outside transit stations, and interviewed residents at the farmers market. When it was all said and done, the VAC had directly engaged more than 5,000 people and collected over 6,500 ideas.

One of the five core goals expressed by the community was for Beaverton to establish a vibrant downtown. Citizens articulated their vision for an identifiable area, with established districts and vibrant arts, culture, and entertainment. The community vision goals for downtown served as a foundation for later efforts, including the formation of the Beaverton Civic Plan in 2010 and the final development of the Beaverton Urban Renewal Plan in 2011.

Beaverton’s visioning process did not go unnoticed. In 2011, it received the Public Involvement Project of the year from the International Association of Public Participation, Cascade Chapter, and the 2011 Award of Excellence – Community Visioning from the City County Communications and Marketing Association. Not only did the program bring positive public attention to Beaverton, but it ensured that the City was pursuing economic redevelopment that was in line with the residents’ desires and needs.

The City of Beaverton contracted an urban renewal feasibility study in the final stages of the visioning. The study was a technical document to determine the financial feasibility of urban renewal and to project potential impacts on taxing jurisdictions. From that study, the Beaverton City Council found that blight existed in the city. With that information, the City formed an urban renewal agency and began the process of preparing an urban renewal plan. Again, in order to ensure widespread support, two advisory committees were created, a community advisory committee (CAC) and a technical advisory committee, (TAC) which was made up of City staff and staff from special service districts that service the city.

One of the unique features of Beaverton’s approach was the way the City actively welcomed the participation of all taxing districts that were expected to be affected by the urban renewal plan boundaries. In fact, TVF&R included Beaverton as an example of how to properly put together an urban renewal plan in the 2011 Oregon Fire Chief’s convention. Every taxing district was invited to participate at the beginning of the planning process and was provided with a seat on the CAC or TAC. The City Council continued this spirit of inclusion by selecting Doug Menke, the General Manager of Tualatin Hills Park and Recreation District, to serve on the Beaverton Urban Redevelopment Agency Board of Directors.

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42 Oregon Fire Chiefs Association. 13 April 2011.
The CAC had 24 members and was chaired by Alec Jensen from TVF&R, who said, “Never have I experienced the level of community engagement as I did during Beaverton’s urban renewal planning process. The City stopped at nothing to ensure the participation of every stakeholder from the neighborhoods to the business community to its local partner governments whose support will remain crucial as the plan matures.” In addition to the taxing districts, lead property owners, business leaders, community leaders, the BCCI chair, and the Central Beaverton NAC leader were appointed to the CAC. Because the CAC consisted of experts and laypeople with a wide range of views and knowledge about urban renewal, a very collaborative environment existed. The end result was a true consensus document that had the full endorsement of the citizens, property owners, and special service districts in Beaverton. TVF&R Chief Duyck stated, “During the formation of Beaverton’s urban renewal plan, special district partners were included in every aspect of planning, including financial analysis, plan area, project types and debt schedules. This ultimately built trust, consensus and support among the partners and the electorate.” With support like this from the outset, Beaverton has set up the plan for success.

In addition to the CAC and TAC, the chief financial officers (CFOs) of each district met to review the plan and determine whether or not it was fiscally conservative and possible to complete in 30 years. The subsequent endorsement of all the CFOs was key to the success of the plan, both at the advisory committee level and also with the voters. Beaverton developed its plan so that it would focus on generating assessed value – one of the key plan components is that there will be no public buildings (i.e. buildings that do not generate property tax income) funded in the plan without an election (again, something that the special districts emphasized as critical for the success of an urban renewal plan, and a big reason why the districts were so supportive of Beaverton’s plan). Bottom line, the CFOs and the CAC were instrumental in helping advise on the scope of the Plan. Beaverton could have asked for a plan of up to $319.5 million in maximum indebtedness, as allowable under state law. But because of the input from the CFOs and the CAC, the City chose to pursue a much more conservative $150 million plan, ensuring the scale was one the taxing districts, and the public, could support.

The City again embarked on an extensive public information effort to raise awareness among Beaverton voters about the November 2011 urban renewal plan vote. City staff and CAC volunteers attended 80 public meetings and events, a robust public website was developed and kept updated, and the City developed numerous communication pieces to help explain the components of the urban renewal plan. The City’s outreach efforts were rewarded: 55% of voters approved the 30-year urban renewal plan in the November 2011 election. The resulting Central Beaverton Urban Renewal Area encompasses areas near transit stations, historic Old Town, the central Beaverton office and commercial

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43 Alec Jensen, quote provided by Holly Thompson, Mayor’s Office, City of Beaverton. 30 July 2012.
44 Duyck, 30 July 2012.
area, and the employment area east of Highway 217. The area includes three MAX stations and a WES commuter rail station.

The plan, in accordance with public desires, includes projects like:

- Development loans and grants to reduce the costs and risks of developing within the area so that the area attracts rehabilitation, preservation, redevelopment, and new development that align with existing City policies and plans.
- Public/private partnerships to encourage a broad mix of uses within the area (housing, commercial, office, and transit-oriented development), spur development on specific parcels, and increase capacity for jobs in industrial areas.
- Gateways and streetscapes to provide district identity and increase the efficiency and safety of traffic, pedestrian, and cyclist circulation.
- Creek enhancements to provide green space, reduce the flooding risk of nearby properties, and a transportation facility for pedestrians and cyclists.
- Street improvements to reduce congestion, enhance travel options, and ease passage for emergency/safety vehicles.
- Sidewalk infill in Old Town, where missing, to improve safety for pedestrians and increase activity levels.
- Parking structures to support the sustainable use of land and support the business community. Utility upgrades to create an environment conducive to investment.45

The project allocations for the urban renewal plan were specifically selected to be responsive to the values expressed in the community visioning process. The CAC advised the Beaverton Urban Redevelopment Agency Board to fund projects accordingly: 48% to infrastructure and transportation improvements, 33% for a joint investment program, 8% for debt service and oversight, 7% for incentive programs, and 4% for community identity building. Up to $150 million in maximum indebtedness can be incurred over a 30-year period.46 At Year 20, the financial assumptions for the plan will be reassessed to determine if sufficient funds are in place to retire collection of funds at Year 30 and issue yet more bonds. If the projections indicate the new bond issuances cannot be incurred without increasing the term of the Central Beaverton Urban Renewal Plan, then the new bonds will not be issued.

Only time will tell how Beaverton’s urban renewal area will proceed, and if it will accomplish the vision that it sets out. Regardless, Beaverton’s visioning process and their inclusionary process for the formation of the urban renewal area are examples of one city’s desire to develop in a way that will garner support from its residents and businesses.

46 Barbara Fryer. PowerPoint presentation to Oregon Economic Development Association Conference. 18 May 2012.
SUBSTANTIAL AMENDMENTS

Prior to HB 3056, an urban renewal plan could be amended to increase the maximum indebtedness, with the only limiting factors being the financial projections for the area and the desires of the local community. Now municipalities face a more involved process. Redmond, however, adopted a 2010 substantial amendment to increase their maximum indebtedness by over 300%. Not only was the amendment adopted without opposition, it was done with widespread support from the community and the special districts.

Redmond: Downtown Urban Renewal District

In 2010, the Redmond Urban Renewal Agency adopted a substantial amendment to its Redmond Downtown Urban Renewal Plan that increased its maximum indebtedness by $93.5 million and added 18 projects and over 100 acres. This amendment generated near unanimous support from both the overlapping taxing districts and the community during a period of significant economic recession and decreasing operational budgets. Redmond’s urban renewal agency attributes this support to its history of urban renewal management, its comprehensive and transparent public process, and the inclusion of all stakeholders during the evaluation and planning stages.47

Historically, the urban renewal agency has overseen the implementation of two urban renewal plans in two independent districts, the South Airport Industrial Urban Renewal Area (Airport Area) and the Downtown Urban Renewal District (DURD), which was created by the agency in 1995. Redmond had been seeking to revitalize its historic core since 1982, when it adopted Redmond’s first downtown plan. The emphasis of this plan was to relocate State Highway 97 that clogged up Redmond’s downtown core, and to improve the deteriorated infrastructure. Unfortunately, financing was limited and little progress was made.

The passage of the DURD in 1995 proved to be the financing tool that would revitalize Redmond’s urban center. The plan established a maximum indebtedness of $27 million and funded several projects that were key to the economic development of Redmond, including a reroute of South Highway 97 to divert through traffic out of the historic downtown, new roads to support the development of a major retail center anchored by Fred Meyer and Lowes, restoration of historic facades, and a new urban park to draw visitors and residents to the historic shopping district.

47 Heather Richards. Community Development Director, City of Redmond, 31 August 2012.
Following the successful completion of these projects in 2010, the agency initiated a discussion with the community and overlapping tax districts about whether or not there was still a need for tax increment funded projects in the DURD. Agency staff worked with stakeholders to evaluate the area parcel by parcel to determine if there were blighted conditions and to identify potential opportunities. For a year, agency staff and stakeholders (Downtown Urban Renewal Advisory Committee – DURAC) discussed the constraints and opportunities of the area. The DURAC hosted several public forums for the community and held individual meetings with overlapping taxing districts. With the data from that study, the agency then explored the economic development benefits and fiscal implications of a substantial amendment to authorize a second phase of projects as well as an increase in the plan’s maximum indebtedness and an adjustment of the area’s boundaries.

These efforts resulted in the determination that blight was still present as a result of private market perception that it was risky to invest in the city center. Opportunities to leverage the infrastructure investments made as a result of the 1995 plan were, “Phase II of the Redmond Downtown Urban Renewal Plan that built upon those investments through public private partnerships and would accelerate the growth of the city’s tax base while re-positioning Redmond as a first choice location in the region for prospective employers and residents.”

The urban renewal agency identified three main opportunities: building the historic downtown core into an 18-hour a day destination for community events, family entertainment, specialty shopping, and nighttime dining and cultural events; expanding employment in the northern portion of the area specifically by attracting professional employment to the area surrounding the St. Charles Redmond Medical Center and accelerating the pace of industrial development east of U.S. 97, and; expanding urban housing opportunities throughout the area. These opportunities were translated into a substantial amendment to the Redmond Downtown Urban Renewal Plan, the 12th amendment to the plan.

Between May 2010 and March 2011, Redmond’s urban renewal agency conducted 28 public meetings to gather input about and receive guidance for the amendment, including public workshops, planning commission meetings, meetings with downtown property owners, downtown business owners, community forums, and overlapping taxing district board meetings, among others. Through this process, DURAC’s goal was to develop an amendment that was inspired by the desires and opinions of the community. The effectiveness of the City’s efforts was evident when 96% of the taxing districts voted to support the amendment. The 4% differential was comprised of the Deschutes County Public Library Taxing District, which elected not to take official action on the amendment.

[Art Deco building that has benefitted from the Property Assistance Program.]

Richards, 31 August 2012.

Overall, the 12th amendment authorized 18 additional projects with a total present value of approximately $65 million ($93.5 million authorized indebtedness after inflation). The largest project in the plan is a $17 million Redevelopment Opportunity Fund designed to support public/private projects, provide substantial economic development benefits, leverage the public investment for property improvements, and create jobs. Other substantial projects include $7 million to fund circulation improvements, $6 million to spur the professional and medical office development (St. Charles Redmond), $2 million to support the development of industrial employment space, and $3.5 million to support the rehabilitation of existing structures. All of these projects were tasked with a minimum private return of $5 for $1 tax increment.

To address blight in areas outside of the area’s original boundaries, the substantial amendment expanded the area’s boundaries by 102.7 acres to a total of 701.7 acres.

A fiscal analysis of the plan determined that the investments created by urban renewal could result in $444 million of new private investment, triple the tax revenue generated within the area boundaries, and result in $12 million annually to the overlapping tax districts at the time of area’s expiration in 2030 (compared to just $4 million annually in 2030 without the potential development spurred by urban

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50 Richards, 31 August 2012.
51 Richards, 31 August 2012.
Based on this projected revenue flow it was determined that the overlapping taxing districts would recoup all of the foregone revenue associated with the plan amendment within four years of the urban renewal area’s expiration. Heather Richards, Redmond’s Community Development Director, states, “This information was shared with the overlapping taxing districts’ staff and boards in public meetings. The financial model and assumptions were provided for review and evaluation in an effort towards transparency and collaboration.”

Ms. Richards attributes the success of the amendment to the fact that the urban renewal agency identified the community’s goals in terms of economic development, quality of life, and tax base, and tailored the urban renewal plan to achieve those goals. She further states,

The approach of providing the public with an opportunity to weigh in and help formulate the future created a sense of pride and ownership in the resulting vision, all while providing an opportunity for the agency to inform and educate its residents about what could be achieved through urban renewal. This public involvement was a major factor in extending urban renewal as a financing tool to help implement the visions developed in the public process. In addition, the agency’s ability to demonstrate to

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52 Richards, 31 August 2012.
53 Richards, 31 August 2012.
overlapping taxing districts that foregone revenue associated with the substantial amendment would be quickly repaid once the area expired and that the investments made through the plan would result in a long-term and sustained increase in tax base, allowed overlapping tax districts and the City to understand urban renewal as an investment that would contribute to taxing districts’ long-term fiscal health. And lastly, the agency’s policy of reviewing the effectiveness of its urban renewal plans annually and its commitment to being good stewards of public funds established a lasting legacy of trust with the community and the overlapping taxing districts, invoking an atmosphere of partnership and collaboration in the community’s future.\textsuperscript{54}

\textsuperscript{54} Richards, 31 August 2012.
NON-TRADITIONAL INVESTMENTS

As has been discussed throughout this document, special districts often support urban renewal projects that increase the assessed value in the urban renewal area. In some communities, however, this assessed value increase has been accomplished through investments in non-taxable improvements like parks and improvements on land owned by non-profits. Astoria has shown that, if the planning process is done well, this can also be a dynamic way to promote private investment in a community.

Astoria: Astor East Urban Renewal Area

Over the last several years, Astoria has become a major destination for tourists in Oregon. The success of Astoria’s tourism industry has been, in part, due to investments in the downtown through the use of urban renewal. Astoria, once just a small fishing community on the Oregon coast, has recreated its image. It now emphasizes its geographic location on the western end of the Lewis and Clark trail and the Victorian era houses on the hillside overlooking the Columbia River and Pacific Ocean. Astoria has a strong Main Street program that supports an active group of business owners who are intent on making Astoria a tourist destination.

The Astor East Urban Renewal Plan, adopted in 1980, was focused primarily on spurring downtown and riverfront revitalization, and was originally designed to assist development of three specific sites and projects. The small size of the area – the urban renewal area was only 48.16 acres – was a result of the limited scope of the original plan. Its modest goals and objectives included modifying the street and circulation system in the area, installing or improving public facilities, such as streets, sewers, curbs, and sidewalks, rehabilitating and conserving property, and bringing together developers and owners of under-used and vacant land to achieve new uses.

Although the Astor East Urban Renewal area encompassed the downtown core, 55% of the properties were either government or non-profit owned. So how do you create increased assessed value in a district where less than half of the properties pay taxes? Astoria answered that question in part by raising property values through funding projects that have created a vibrant city core, such as updating the Liberty Theater and renovating dilapidated buildings and a historic structure to allow for new businesses to locate in the ground floor retail spaces. The City, through the urban renewal agency has also contributed to the fundraising for a Chinese garden, The Garden of Surging Waves. This garden will commemorate the strong Chinese presence in Astoria in the late 19th and early 20th centuries.

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55 Oregon Main Street is a state sponsored program to assist cities in developing their main streets. More information can be found at http://www.oregon.gov/OPRD/HCD/SHPO/mainstreet.shtml/ 56 City of Astoria, Case Study of Astor East Urban Renewal Area. (Astoria, OR: 2002), 1.
There are three key projects in particular that provide excellent examples for how urban renewal is helping to reshape downtown Astoria. The first is a partnership with a non-profit managing the Liberty Theater. The Liberty Theater renovation has brought cultural activities and a meeting venue to the downtown, both of which have invigorated the area. It even sparked a $3 million renovation of Hotel Elliot, a historic hotel in the center of downtown Astoria. In fact, “the rejuvenation of the Liberty Theater was the start of the rejuvenation of the Astoria’s historic downtown. The Hotel Elliott renovations would not have happened absent the Liberty Theater. The sum of all of these improvements has added vitality to the north end of the downtown. The key to the success of downtown Astoria has been the city working with the community.”57 Another cornerstone of redevelopment in Astoria has been the renovation of the historic Astor Hotel that now has a fully occupied retail presence on a key block in the northern portion of downtown. The third project, the Fort George Brewery and Public House, is a privately-owned venture that has added dining options and employment. It also produces taxable assessed value for the urban renewal area.

The Liberty Theater was acquired by the Astoria Development Commission for $1.1 million in November of 2000. The theater was transferred to non-profit operation ownership (Liberty Restoration, Inc.) for one dollar in December of 2000. The Astoria Development Commission (ADC) provided urban renewal funds for $300,000 for architectural, engineering, and electric improvements in Phase I of a three-phase renovation process. In 2012, the ADC approved a matching urban renewal grant of $386,000 for Phase II of the renovations. Renovations to date have cost about $7.9 million, and the operators of the theater are in the second phase of the renovation process.

As stated on the Liberty Theater website, “The restoration of the Liberty Theater Complex is crucial from an historic preservation perspective. Outside of Portland or Salem, there is no other 1920s vintage motion picture palace in Oregon with so much of its original decorative architectural fabric intact.”58 In addition to its strong historical presence, the theater hosts a variety of events, including concerts, plays, conferences, dances, town hall meetings, weddings, school plays, and film festivals. The rehabilitation of the theater has had a positive impact on the surrounding downtown area, and the theater itself has been a magnet for commercial activity and serves as an example of the success of revitalization. The renovation of the theater has provided new and increased business for the surrounding property owners, including the Elliot Hotel. Local restaurants have also seen an increase in business because of the theater crowd.

57 John C Nelson, General Manager Elliott Hotel. 8 August 2012, personal email.
The second anchor project for Astoria was the renovation of the Astor Hotel, which serves as an anchor for the northern edge of the downtown retail area. The Astor Hotel was built in 1922 and has been under renovation since 2008. The ADC provided both a low interest $346,000 loan with a 9-year maturity date and a storefront improvement grant of $45,000 to help with the renovation of the historic building. The loan helped provide new awnings, exterior paint, window repair and replacement, and storefront restoration. The grant paid for parking lot improvements and pedestrian improvements for the area. The community benefits include 56 low-income housing units on the upper floors, street-level visual improvements, and a 380% (from 25% to 95% of capacity) increase in ground-floor occupancy in the building. The uses are an eclectic mix, and range from a historic hardware store to a women’s clothing store.

The third big project, the Fort George Brewery, occupies most of an entire city block on the east end of downtown. The compound includes the Fort George Building, built in 1924 as an auto garage and service station and more recently utilized as a body and paint shop; the Lovell Building, built in 1921 as a state of the art auto dealership and one of the only buildings downtown to survive the great fire of 1922; and the Alignment Shop, whose construction date is unknown and is currently leased to Fernhill Glass where glass art is created and sold.

In 2006, the Fort George Brewery and Public House leased and began building out a restaurant, brewery, and kitchen next door to the Blue Scorcher Bakery in the Fort George Building. The remodel highlights the original architecture of the building, and features old-growth beams, hand-forged brackets, and a variety of wood furniture and metalwork that pays homage to the building’s organic industrial ambiance. In 2009, the Fort George Brewery purchased all 3 buildings and began building out the Lovell Building to house a larger production brewery to keep up with demand. All of the construction in the Lovell Building was done in the same manner as the Fort George Building, and features the building’s old-growth style.

In order to continue the work it was doing, in 2010, the Fort George Brewery was the recipient of an urban renewal loan from the ADC for $129,000. The money was earmarked for building upgrades, including architectural and engineering fees, deck construction, and utilities upgrades. The ADC also approved a $30,000 grant to repair and re-paint the exteriors of all 3 buildings on the block.
The Fort George Brewery also applied in 2010 – and supplied matching funds – for a Small Business Association loan of $330,000 that was used to completely gut and then replace the utilities for the installation of used brewery equipment. The final piece of the financing puzzle for the brewery expansion was a Business Oregon loan for $150,000, which was specifically used to purchase the canning equipment necessary to package the brewery’s increased beer production. This loan was designed to be forgiven if Fort George creates and maintains 12 full-time job equivalencies for a period of 2 years. Those jobs, and more, have been created; Fort George currently employs 50 people, including brew staff, marketing, distribution, event planning, table-service, and kitchen crew. Fort George is confident they will be adding even more positions in the next two years.

The community has witnessed the transformation of a dead block into a vibrant tax-generating district, bringing with it job creation and training, locally-oriented procurement of raw ingredients, and local packaging. Most contractors, artists, musicians, and craftsmen are local as well. The future will see more investment in the buildings with the addition of more restaurant space. Cooperation between the owners of Fort George, the ADC, the State of Oregon, and the federal government has made this possible.
The City of Astoria is riding the success of the three aforementioned projects, and is keeping the momentum going. One of the newer projects, Heritage Square, which includes the Garden of Surging Waves, will commemorate Chinese history in Astoria. The proposed garden is located where Chinese immigrants lived while working for the fishing industry in the late 1800s, which happens to be in the middle of the present day downtown core and is just blocks from the Liberty Theater and the Astor Hotel. ADC provided an urban renewal design grant of $250,000 and a construction grant of $350,000. The City of Astoria provided an additional $350,000. Fundraising from both the local Astoria community and also the Chinese community in the Portland area will help pay the remainder of the costs of the garden. The community benefits include historical and cultural education, provision of outdoor park space to complement downtown businesses, and Heritage Square will undoubtedly enhance destination tourism for Astoria.

In addition to the four high-profile cases mentioned above, urban renewal in Astoria has also contributed to the overall health of Astoria’s downtown by:

- Assisting in the relocation of County Fairgrounds, opening it for new development
- Acquiring County Fairgrounds property, resulting in development of a 7-screen cinema and a $6 million medical clinic
- Assisting in the development of Astoria Aquatic Center (leveraged GO Bond of $3 million)
- Assisting in the development of Oregon State Seafood Center and Research Labs (over $5 million in other investment)
- Assisting in the construction of the Riverfront Walk
- Assisting in the renovation of the Liberty Theater (over $7.9 million in other investments)
- Providing an environment for expansion of and improvements to the Maritime Museum
- Assisting in the acquisition and land bank efforts that have contributed to the start of Mill Pond Village, a high-end residential development adjacent to the renewal area that has an estimated build out value of $28 million59

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Astoria’s use of urban renewal funds has been innovative because of the diversity of projects it has funded. Urban renewal funds have typically been reserved for brick and mortar type projects that can be strongly linked to generating private development, but Astoria has also used funds on projects like Heritage Square and the Liberty Theater that will not ever produce taxable value on their own. When taking a step back and looking at the big picture, instead of the individual projects, the benefits are identifiable. The Liberty Theater has strengthened Astoria’s downtown by bringing in tourism and local patronage. All of this activity has, in turn, helped local businesses, made surrounding commercial property more valuable by increasing the amount of revenue a business owner can expect to make, and encouraged surrounding properties to perform renovations of their own. It is Astoria’s hope that the Heritage Square, once constructed, will have a similar effect. Astoria has created their own model for how to use urban renewal, and it has been effective in reshaping the downtown.
Case Study Updates

The 2002 document contained 10 case studies of urban renewal areas throughout the state of Oregon. This section provides updates to those original case studies, which can be found on the AORA website at http://www.orurbanrenewal.org/. While a number of the plans are complete, and some will soon be closed out, a few, including Canby, are still in operation and will be for some time into the future. It is clear from the updates that urban renewal has had a significant impact on each of these communities, although the road to success has not always been smooth.

Portland: South Auditorium

South Auditorium District was completed as of the 2002 history update. No further information is provided.

Eugene: Downtown

By the early part of the 2000’s, urban renewal in Eugene had come almost full circle. Eugene’s first foray into urban renewal in the early 1970’s was ambitious: to create a pedestrian-only mall in the heart of downtown. In spite of winning a design award, the Eugene mall was ultimately a failure; business withered, public safety became a major concern, and by 2001, the mall was completely reopened to vehicular traffic. Even after returning to its starting point, all was not well in downtown Eugene. Buildings continued to struggle to find tenants and public safety remained one of the primary concerns for the area. Also in 2001 began one of the most troubling trends that Eugene has been forced to deal with: a private developer attempted to redevelop the vacant Woolworth’s building, tearing the building down to the basement. The redevelopment plans failed, and nothing was built on top of the resulting hole, creating the first of Eugene’s infamously unsightly downtown "pits." Another pit followed and they both proved very hard to get rid of. Now, however, urban renewal has finally been combined with private entities and various other funding sources to secure new development on these sites, thereby bringing pride and vitality back to downtown Eugene.

In search of a new direction, as the Eugene Public Library was the only expenditure allowed in the plan, the Downtown Urban Renewal District (DURD) was amended in 2004 to increase the scope of projects that could be funded with TIF. This amendment also allowed the creation of the Downtown Revitalization Loan Program (DRLP), a revolving loan program funded with non-TIF money to encourage investment downtown and contribute to the economic vibrancy and density goals. Designed to encourage public/private partnerships, private, non-profit, and mixed-use development, DLRP eligible projects included building rehabilitation, facade improvements, tenant improvements, and historical preservation, among other projects. To date, this program has facilitated a number of improvements in the downtown area, including the Tiffany building, McDonald Theater building, Belly restaurant on West Broadway, and others. Perhaps attempting to strengthen their relationship...
with the public, this 2004 amendment also included the creation of a Eugene Redevelopment Advisory Committee to provide advice on the implementation of both the Downtown and Riverfront urban renewal plans. Currently comprised of seven community members, this group periodically weighs in on implementation and makes recommendations about downtown projects.

In 2005, the City of Eugene was poised to finally secure redevelopment of the old Sears building, a prominent vacant building in downtown Eugene. Purchased by the City in 1993, the building had been vacant since an attempt in 1994 to build a new library was defeated by voters. The library was originally intended to be a reuse of the Sears building. But, ultimately, a new building was sited on the south parcel using urban renewal funds, which left the old Sears building underutilized. By 2005, the City had come to an agreement with the Oregon Research Institute that the City would demolish the building and then sell the property to them to be developed into a new office building. The City followed through and tore the building down, but the Oregon Research Institute backed out, and Eugene was left with another unsightly pit in its downtown.

Another attempt on the Sears Pit was made in 2007, and was planned around the Eugene’s new proposed amendment to the DURD. The idea of this amendment was grand, but general, and included a redevelopment project that would have more than doubled the maximum indebtedness of the DURD, increasing it by $40 million and extending the timeframe of urban renewal to 2030. Ultimately, the City Council chose to send the approval of this plan to a public vote, where it was defeated. Citing the failure of this amendment, the developer backed out of the deal to build on the site. Unfortunately, the failures for the Sears Pit continued; 2008 saw a similar attempt at redevelopment – a developer was selected by the City but eventually backed out of the deal.

Despite the road bumps, Eugene was able to find success in The Broadway Commerce Center, a project that began in 2008. This project was Eugene’s first major urban renewal success in a number of years, and started the momentum that has eventually led to a number of positive changes in downtown Eugene. The renovation of an old and vacant building by Beam Development was facilitated by a $8,695,000 loan from the Urban Renewal Agency from federal funds and a $350,000 loan from the DRLP. Beam Development rehabilitated the building to be a mixed-use office, retail, and restaurant space, and began leasing portions of the building in 2011.

The Eugene Counts campaign was also a major driving force for urban renewal because it helped shape the urban renewal amendment that Eugene’s City Council passed in 2010. The 2009 campaign gathered public opinion about what citizens thought the City should be doing with public money and which issues were of most concern when it came to the downtown. Methods included community workshops, focus groups, and online surveys, and City officials used the results to craft the new urban renewal

amendment. The amendment was not referred to voters, but instead was passed with a City Council vote.

This new amendment was better defined and more specific than a 2007 amendment attempt that was not passed by the voters. The 2010 amendment trimmed projects out of the plan, and left only a focused version with two existing projects: infrastructure improvements for the farmers market and funding for the Broadway Place Garages. The only other project in the plan was a new one that would be the final focus for the DURD: Lane Community College was eyeing the Sears pit as the perfect location for their new downtown campus. To fund this project, the 2010 amendment increased the maximum indebtedness of the DURD by $13.6 million. A clause (under Section 1200) was added to the plan that the DURD would fund no further projects after these three, and that the DURD will terminate as soon as all debt has been paid. When receiving public testimony at hearings and meetings for the amendment, the overall public opinion on the topic was positive. The more specific focus, the limit to the duration of the plan, and the ability to redevelop the Sears Pit were the 3 main factors that allowed the City Council to pass the amendment (6-2) without needing to refer it to public vote.

On March 4, 2011, hundreds gathered at the Sears Pit for the groundbreaking ceremony as Lane Community College kicked off the construction of its new campus. Eager attendees were given shovels and allowed to cast sand into the Pit that had been such an eyesore in downtown Eugene for so many years. Urban renewal provided $8 million to Lane Community College to make the building a reality, and progress was quickly made on the $53.4 million LEED Platinum project. The housing component will be complete in 2012 and the education building will open in 2013. The campus features 89,850 square-feet of housing for 255 students and a 91,818 square foot academic building.

Not only did the Sears Pit get filled in, but another pit – Woolworth’s – was finally taken care of as well. In 2010, when Bennett Management acquired the Woolworth’s Pit and began construction that would turn the property into a 5-story commercial building, urban renewal in Eugene was able to claim another victory. The Eugene Urban Renewal Agency played a vital role in this development,

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providing a $1.3 million loan from the DRLP and helping Bennett achieve a lower interest bank loan. The City also agreed to lease up to 26,000 square-feet of the new building. This was seen as a major step forward for downtown Eugene because the Woolworth’s Pit, after nine years, was finally getting filled in and prime downtown land was being put back to use.

The only remaining project for the DURD is the lighting and infrastructure improvements for the Farmers Market, and after that, as the DURD stands now, no more projects can be initiated. Urban renewal in Eugene has come to a successful end by completing the downtown library and facilitating three other major developments that removed the pits from downtown Eugene and instilled the area with new energy and life.
Newport: North Side and South Beach

As an early participant in urban renewal (the first urban renewal plan in Newport was adopted in 1973), Newport has a long history of using urban renewal to improve its economy. Newport is technically still operating two urban renewal districts – the original district in North Side (Newport Development Agency Project) and a second district that was started in 1983, called the South Beach Urban Renewal Plan. Although they started separately, in the last few years, the fates of these two districts have been tied together by an amendment to expand the South Beach Urban Renewal Plan and terminate the division of tax collections of the North Beach Plan.

The original North Side district must be considered a rousing success. The 1973 plan originally upgraded sewer lines and built public facilities, like a library, City Hall, and recreation center. The Nye Beach area – previously known as “poverty gulch”64 – no longer has any resemblance to its former nickname. Through the use of urban renewal, infrastructure was developed and the streets are now pedestrian friendly and well-lit. The last three major projects in the area that were partially-funded by urban renewal were the Newport Recreation Center (2001), the renovation of the Naterlin Center into a new city hall (2002), and the completion of streetscape improvements in Nye Beach (2002).

Because urban renewal funds in Newport’s North Side Plan were designated for only the construction of the public buildings, like City Hall, one of the last things that the City did before closing the district was to use the remaining funds to do a one-time update of many of the facilities. With no dedicated source of funding for the upkeep of these buildings, in the future, Newport will face the challenge of finding money for their maintenance. Ultimately, the North Side was able to accelerate debt retirement, and released a portion of the area’s taxable value to the taxing districts in FY 2009/10. A final, partial

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increment was collected in FY 2011/12. The North Side District is still technically open as there is a modest outstanding debt to the City that is being paid off with remaining funds by FY 2013/14.

The other urban renewal district in Newport – South Beach – was also supposed to be winding down around the same time. But, in 2009, one year before the South Beach district was set to expire, the City passed a substantial amendment to the South Beach Urban Renewal Plan, which extended the district another 17 years for an eventual closeout in 2027. As a result of this amendment, which occurred prior to the effective date of HB 3056, South Beach will be able to take on new projects through 2020. As has been enumerated several times throughout this document, taxing entities are becoming more and more sensitive to urban renewal, so the City of Newport felt that it was essential to close out one of the districts before extending and broadening the scope of another. Therefore, the extension of the South Beach Urban Renewal Plan would not have been possible without the sunset of the North Side Urban Renewal Plan. Closing the one made the extension of the other that much more appealing to the affected taxing districts and the general population, and allowed the City to move forward with its plans for South Beach, which is now Newport’s focus.

South Beach has seen a number of substantial amendments over the course of its life, from adding new projects to removing areas from the district to increasing the maximum indebtedness to $38,750,000 in 1998. Over the life of the area, South Beach projects have been primarily related to infrastructure. More recently, investments in the South Beach area have been focused on the arrival of the National Oceanic and Atmospheric Administration (NOAA). In 2009, after accepting proposals from several sites in Oregon and Washington, NOAA announced the relocation of its Pacific fleet marine operation center from Seattle to Newport. The criteria for the selection process was rigid, and the fact that a small town like Newport was chosen spoke highly of the Port of Newport and the city. NOAA’s selection process took into account, “infrastructure needs, proximity to maritime industry resources and NOAA labs, quality of life for civilian employees, officers and crew, the ability to meet the desired occupancy date of July 2011 in addition to lease cost.” In addition to these standards, Newport also provided NOAA with LEED-certified main buildings, berthing for up to six ships, and office and warehouse space.

Urban renewal was able to fund $2.1 million of the $3.2 million necessary for the infrastructure needed for the NOAA project, with the balance of funds coming from state grant funding. The urban renewal portion funded improved access for the new NOAA facility while setting the stage for future marine research investments in the area. Given the scope and importance of this project, it was fast-tracked. The whole process – from concept planning to design to

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construction – turned a few salmon ponds and a dilapidated pier into a state of the art facility in approximately two years. The project was completed in August of 2011, and the dedication of the building brought a crowd of 500. Jo Ann Barton, president of the Port of Newport Board of Commissioners, said of the day, “This is one of those days I cannot wipe the grin off my face [...] days like this make my heart swell, make me so proud to be part of this community. We are small, but we are mighty. In this case, Newport was the mouse that roared.” The center has brought approximately 175 permanent jobs to Newport, about 70 of which are warehouse and administration positions, and the rest are crews and officers. NOAA has a 20-year lease with the Port of Newport, and it is estimated that the center will bring $19 million annually to Newport.

In all of the South Beach projects, and the NOAA project in particular, Newport has continued to find success through collaboration with public and private sector partners in the community. The projects wouldn’t have happened without strong support and assistance from key players in the community, like the Port of Newport, Hatfield Marine Science Center, Rogue Brewery, Oregon Coast Aquarium, and NOAA, as well as from residents in the area. Future projects in South Beach will continue to largely focus on infrastructure. Water and sewer service is being extended between SE 40th and SE 50th, and SE Ash Street will be overlaid. The district has also funded right-of-way acquisition at SE 35th and Hwy 101. This project is a City partnership with ODOT to improve traffic flow on the highway so that South Beach properties can develop to their full potential. OMSI also has plans to develop a youth camp west of the future intersection and there are several commercial property owners who are potential partners.

Despite smooth sailing for most urban renewal projects in Newport, one project rocked the boat. A plan for an event center had been in the works since 2000, and by 2004, bids were received and plans were completed. The center was to be a joint project – the urban renewal agency, the City of Newport, and the Port of Newport were all on board. In preparing for the construction of the center, a significant amount of money was spent on architectural plans, a management company was hired, and construction bids were received. However, at the eleventh hour, a significant disagreement developed between the Newport City Council and the Newport Development Commission involving the terms of the lease with the Port of Newport, management, and the ongoing cost of the facility. Instead of taking a step back and attempting to resolve the issue, policymakers tried to force the issue through, thereby cementing its failure. As a result, the project unraveled, the event center was never constructed, and citizen outrage over the process came to a head. A signature gathering campaign for the recall of Mayor Mark Jones moved quickly. The reasons for the recall focused almost exclusively on the event center’s failure. On November 8, 2005, almost two-thirds of voters voted to recall Mayor Jones.

67 Tobias, 21 August 2011.
68 Notes from Joint Meeting of the City Council and Newport Development Commission. (Newport, OR: 1 February 2005).
Although there had been substantial public involvement, significant details about how such a complex project would be constructed (i.e. scale, functionality) and maintained over the long-term were not well-understood by policymakers and therefore not accurately conveyed to the public early in the process. The fact that these discrepancies came to light after substantial expenditures only heightened sensitivity to the issue.

The City of Newport has learned its lesson. The City now approaches its projects with the event center disaster in the back of its mind. It has recognized the importance of, “engaging stakeholders early on issues of design, scale, and functionality in a graphic manner, and developing conservative planning level cost estimates for construction and maintenance can help to minimize surprises down the road. This includes regular check-ins as design progresses. The point about stepping back and recalibrating as a group when significant issues arise is also well-taken.”

The need for transparency in the use of public funds as well as the importance of both well-informed policymakers and the general public cannot be understated.

When urban renewal in Newport was first established, the City was unique for its time in that the urban renewal agency was originally designed to be a separate entity from the City Council. In 2007, shortly after the event center project fell through, these two entities were merged, and now the Newport City Council acts as the Urban Renewal Agency as well. The primary reason for this merger was that the projects were well enough established that there wasn’t a need for a separate Newport Development Commission anymore – the City Council could effectively act as both. But the event center situation can also be viewed as a catalyst for this change. Members of the Newport Development Commission were appointed, not elected, and so their opinions did not carry the same weight as the opinions of the City Council. They also lacked an understanding of the inner workings of the City’s business and the full scope of the City’s responsibilities. This lack of context made some Newport Development Commission members feel like they were unable to make informed decisions on the event center project specifically. With their lack of knowledge about everything that is required to build and manage a building, the Newport Development Commission was unable to resolve the event center troubles. Ultimately, however, this merger is viewed as a very positive step for urban renewal in Newport.

The residents and public officials in Newport continue to see urban renewal as an effective tool for their city. There is now discussion about developing a new urban renewal district north of the Yaquina Bay Bridge. Over the last year and a half, Newport completed a major overhaul of the housing and commercial/industrial buildable lands inventory, and determined there are a number of older units that need to be redeveloped. Highways 101 and 20 both have vacant and poorly configured parcels. During the course of this inventory, Newport made an effort to ensure that all of the key players were on board – the Chamber of Commerce, the lodging and hospitality businesses, and the Hatfield Marine Science Center are all supportive of the potential new urban renewal district. Many local organizations, “see this as a tool for facilitating the aggregation and redevelopment of the city’s aging housing stock. They

*69 Derrick Tokos. Community Development Director. Interview by Leslie Vanden Bos. 1 August 2012.
also see it as a potential tool for promoting workforce housing, which is becoming a major issue for our community. A similar policy recommendation has been made from our business community who recognize that urban renewal is one of the few avenues available for funding infrastructure investments to make underutilized commercial properties in the City’s existing developed highway corridors more attractive for redevelopment.”

Urban renewal could also be an effective tool for property aggregation in conjunction with targeted infrastructure investments, with willing business owners as partners, making underutilized commercial/industrial properties more attractive for redevelopment. Newport hopes that a potential new urban renewal district and the improvements it could bring to the current buildings that line the highway corridors will encourage businesses to locate there and revitalize the area.

Perhaps one of the best testaments to the success of urban renewal in Newport is the fact that the local policymakers, businesses, and residents are all willing to engage in a discussion about establishing a third district. However, this process is just beginning, and there is still substantial work to be done in order to make a new district a reality. Newport has found a way to compromise with taxing districts to lessen the impact of urban renewal on their budgets, recover from a disastrous event center planning process and the recall of its mayor, and navigate the recession, all while maintaining City and citizen approval and enthusiasm for urban renewal as a tool for affecting positive change in the community.

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Derrick Tokos, 1 August 2012.
Tualatin: Central Urban Renewal District

Looking at the decade leading up to its expiration, it would be hard to call urban renewal in Tualatin anything but a success. Between its two areas, the Central Urban Renewal District (CURD) and the Leveton Tax Increment District (LTID), Tualatin added over $453 million of assessed value between 1975 and 2010. That means that property values within the districts experienced an average growth rate of around 9.7%, annually. In CURD, the original assessed value was $14 million, and in 2010, at the time of termination of the district, the assessed value was $194 million. During those years, the average annual growth rate in CURD was 7.5%.

Over the life of the plan, the CURD completed a variety of infrastructure projects to improve local conditions. The Tualatin-Sherwood Road bypass and the Nyberg Street and I-5 Interchange projects were both funded with urban renewal funds. They both greatly improved access to Tualatin from I-5 and allowed for more intense development in the area. Land was purchased, and five surface parking lots were created in the Tualatin Core Parking District. The streets in this area were improved with sidewalks, lighting, bike lanes, and cross walks, providing the infrastructure needed for mixed-use development. The district also provided funds for city offices, the police station, a post office, and the Tualatin Library, which alone draws 900 visitors a day to the downtown area.71

The crowning achievement of the CURD, however, was undoubtedly the Tualatin Commons Project. This mixed-use project is now a key feature of downtown Tualatin; it created a vibrant area that includes 80 residential units, 160,000 square feet of commercial space, 500 parking spaces, and has a real market value of over $30 million. This project received numerous awards, including the Governor’s Livability award (1998) and an American Planning Association Award for Professional Achievement in Planning (1999).

Faced with a June 2010 expiration date for CURD, City officials made public a list of new projects for the district, accompanied by a proposal to extend the district and increase the maximum indebtedness of the CURD by $120 million. This proposed February 2010 increase required taxing district concurrence, and although their support was not mandatory to meet the 75% concurrence, the City sought concurrence by TVF&R. TVF&R almost immediately came out in opposition to the proposed

amendment. Their opposition caused concern for other taxing jurisdictions, most notably Washington County.

Initially planning on wrapping up the amendment process by March, City Councilors delayed their vote while they entered mediated talks with TVF&R to try to win their support. However, TVF&R opposition was not the only hurdle for the City. Public opposition also centered around (but did not solely focus on) a project proposing a bridge over Tualatin Community Park at the Tualatin River. Proponents claimed the bridge would improve traffic flow for a congested part of town, but opponents feared that the bridge would ruin their neighborhood with excessive traffic and would negatively impact the park. It became a lightning rod issue that united the opposition and provided a rallying point for everyone seeking to block the amendment. Even after the project was removed during a Tualatin Development Commission meeting that lasted until 2:15 a.m., opponents of the plan continued to speak out against the proposed amendment based on the fear that the project could, at some point, be added back onto the list.

When the time came for City Council to vote on the proposal, support from the fire district had still not been secured, and the vote was delayed again. Tualatin City Council pushed the deadline for the amendment back until May to try to put together an amendment that would receive unified support. This support was not forthcoming, and in mid-April, City officials were faced with considering other options, including reducing the proposed increase in maximum indebtedness to a level that would not require concurrence from affected taxing jurisdictions. The newly reduced proposal was also challenged by TVF&R. The City calculated they could still increase the plan’s maximum indebtedness by $18.3 million without concurrence, but TVF&R countered that the number should actually be much lower, around $7.5 million. As the City continued to move forward with its $18.3 million amendment proposal, the fire district threatened to continue to oppose the amendment, claiming the City’s calculations for the amount of maximum indebtedness that could be issued without concurrence were contrary to HB 3056.

Finally, on April 28th, after reviewing alternatives for a reduced amendment that only funded parts of up to 4 projects, the Tualatin City Council voted 6-0 to terminate its efforts to extend the Central Urban Renewal District and to instead let it expire, as scheduled, at the end of June 2010. Tualatin’s City Manager, Sherilyn Lombos stated, “The biggest reason the City Council decided to not move forward with the extension was because they wanted to preserve urban renewal funding as an option into the

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future." Pushing the amendment could have generated more opposition to urban renewal as a financing tool and perhaps caused a ballot initiative to limit urban renewal in Tualatin. Lombos further said, “The Council, led by the Mayor, felt that an acceptable fall-back was to let CURD expire, celebrate the success that it had seen and move into the future with the tool (urban renewal) still intact.”

In many ways, Tualatin was a victim of circumstance. Some city had to be the first to try an amendment following the 2009 legislation, and Tualatin fell into that role. With the momentum gained in the 2009 legislature, the impacted taxing districts, including TVF&R, were prepared to fully examine and, if deemed appropriate, fight increases in maximum indebtedness in urban renewal areas. This turned out to be the test case for the new legislation.

Although Tualatin decided to abandon the substantial amendment and let the CURD expire, the results of urban renewal in Tualatin are evident. There was a remarkable increase in livability in the downtown, employment, services, parking, and huge increases in assessed value in the urban renewal area. Tualatin is undertaking planning exercises to engage the community in creating a vision for Tualatin in the future, and they anticipate urban renewal could be a tool to help them implement that vision.

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76 Sherilyn Lombos Tualatin City Manager. 9 August 2012, personal email August 9, 2012.
77 Lombos, 9 August 2012.
Lincoln City: Year 2000 Development Plan

Since its inception in 1988, the Lincoln City Urban Renewal Agency has focused its efforts on creating a “string of pearls” along Highway 101 by connecting and revitalizing 6 historic commercial centers: Wecoma Beach, Oceanlake, DeLake, Nelscott, Taft, and Cutler City. At its original adoption, the urban renewal area comprised 95% of the acreage in the City of Lincoln City. Later reforms to urban renewal legislation limiting the amount of acreage in urban renewal can be tied back to this ambitious urban renewal plan. The urban renewal area is presently 17.52% of the City’s total acreage, and is in line with the current size restrictions for an urban renewal area.79

The Taft and Oceanlake districts were the first to see the benefits of urban renewal, in 1999 and 2001 respectively, and both enjoyed high levels of public involvement. The focus of these two districts was commercial development. In Taft alone, urban renewal provided almost $5.8 million in funds towards a variety of projects, including improved pedestrian access and amenities, beach access, street upgrades, and improving and replacing public utilities. Approximately 7.8 million in private investment was put into the projects, and in just a few short years, an estimated 101 new jobs had been created.80

Once the Taft and Oceanlake plans were well under way, Lincoln City got creative with its planning. The next 2 districts to develop were more neighborhood-oriented – Nelscott in 2006 and Cutler City in 2008. Lincoln City decided to not just engage its community members, but also the world at-large. Lincoln City solicited the help of planning professionals to participate in their planning process for Nelscott. Lincoln City provided lodging and an invitation to “Come to the Beach” – an easy offer for the invitees to accept given the city’s prime location on the scenic Oregon coast and good old-fashioned hospitality. Design workshops and community meetings to conceptualize projects were planned and attended by 16 professionals from across the nation, all of whom offered to work pro-bono, “for the love of the work.”81 The vision for Nelscott was born from collaboration between widely diverse

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81 Kurt Olsen. 23 April 2012, personal email.
individuals during the planning process, including planners, architects, engineers, developers, and a hydrologist.

Because Nelscott’s planning process was so successful, Cutler City followed in similar fashion. This time, professional planners from 10 countries around the world and a diverse group of 8 professionals from across the country, again pro-bono, came together to assemble the Vision Plan for Cutler City. Both Lincoln City community members and the international planners alike were pleased with the process. One planner said he was, “very impressed with the level of involvement and genuine excitement that the Cutler community showed for the process. It reflected a strong sense of pride and ownership in the community.” Like in Taft and Oceanlake, urban renewal in Nelscott and Cutler City has enjoyed high levels of support from the community, in large part due to the innovative steps that Lincoln City took at the beginning of each process.

Many of the completed projects in all of the districts have focused on improving infrastructure, visitor facilities, and parks. Lincoln City’s urban renewal agency has also worked with Oregon Department of Transportation to remedy 4 areas along Highway 101 that were in great need of improvement, including new and upgraded signalization, highway widening, and sidewalks. In addition, Lincoln City has used urban renewal to renovate buildings throughout the city to house businesses that both boost local quality of life and draw in tourists.

The Lincoln City Community Center, which was originally built in 1980 in Oceanlake, was a renovation project tackled by the urban renewal agency. The community center was originally funded with a $1.9 million GO bond. In 1994, the center was expanded with $560,000 from the City’s Capital Construction Fund. The center was again expanded in 2005 at a cost of $2.6 million (71% of which came from urban renewal funds). The facility, as it stands now, includes an upgraded fitness facility with certified fitness experts, a world-class swimming pool, a full-size basketball court, an indoor track, a senior center, and a rock climbing wall. Nearly 92,000 customers used the facility in 2011; two-thirds of the customers

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82 Ben Austin, Design Team Member. Cutler City Community Vision Plan. (City of Lincoln City: 2008) xii.
were members and the other third used day passes. The center boasts a wide variety of programs for youth, and these programs utilize the services of 50 volunteer coaches and 34 business sponsors. The Community Center also has a senior center within the facility that served more than 11,000 people age 50 and older in 2011. The annual report states that, “the center is for more than just recreation, it’s a gathering place for the entire community.” The longstanding success of the Community Center and the help that it has been provided from urban renewal is one of the most noteworthy success stories in Lincoln City’s urban renewal history.

The Lincoln City Urban Renewal Agency also purchased property in Taft and supported the development of a privately-operated glass foundry. The Jennifer L Sears Glass Art Art Studio attracts about 80,000 people a year, and the glass floats that are created there have become an iconic symbol for Lincoln City. A 2011 survey by the Lincoln City Visitor and Convention Bureau (VCB) showed that 37% of the visitors to Lincoln City who answered the survey come to visit the Glass Studio, and 99% say they will tell family and friends to come see the studio. These visitors are estimated to add $8 million dollars annually to the hospitality community in Lincoln City. The VCB also estimates that they receive about $2 million annually in editorial press: press for which they do not have to pay anything but are featured in publications like Sunset Magazine, the Wall Street Journal, and The Oregonian. Visitors come from all over the United States to both watch art being created and to create their own glass art pieces in the Glass Studio.

The Lincoln City Cultural Center, in DeLake, is also a focal point for cultural activities in Lincoln City, and was renovated using urban renewal funds. The facility was purchased by the urban renewal agency in 2006 for $1.7 million. It now provides activities for residents and tourists, including rotating gallery exhibits, performing art presentations, dance classes, movie nights, conference facilities, and even a venue for school reunions. The Lincoln City farmers market, the crafters market, and the Lincoln City Visitor Information Center are also located at this venue. In 2007, the non-profit that runs the building leased it from the City and has since raised approximately $960,000 for renovations from grants and private donations. The renovations included substantial American Disabilities Act upgrades and the creation of a performance space and gallery spaces. In 2011, the Cultural Center served approximately 9,925 attendees in 150 programs. The program count was also up 58% from 2009 and program attendance
was up by 24% from the previous year. Volunteers gave a total of 2,503 hours of their time in 2011 to make the Cultural Center a success.89 The goals for 2012-13 are the development of a weekend music series, expanding partnerships with local groups for additional activities, and seeking grants to remodel the downstairs of the facility.

The development, and subsequent additions, to the skate park in the Oceanlake community in 1999 has also been a high-profile urban renewal project. At the urging of area youth, and as a result of persistent lobbying efforts, the City assisted in the construction of what is termed by Thrasher Magazine as "America’s Gnarliest" skate park.90 The skate park attracts both area youth and other young people looking for the skating thrill. As an added perk, the City generates some income by renting the park to both non-profits and commercial groups. Two of the youngsters involved in the project went on to form a commercial enterprise and have built more than 15 skate parks around the country. The skate park is yet another example of success in Lincoln City and its ability to listen to its residents’ wants and needs, no matter the age.

Although the neighborhoods of Wecoma Beach and DeLake have not undergone visioning processes and projects equal to the other four districts, each of the six districts has its own Historic Context Statement that will help guide redevelopment efforts even after the urban renewal district expires. These statements have helped to identify places of historical significance in each of the communities, and have made it so that all of the visioning processes, “are better grounded in significant past events and community characteristics, ultimately creating more authentic redevelopment plans relevant and natural to the existing context of each Pearl.”91

Funds have been spent in Lincoln City not only on projects to help create a better range of activities for residents and to provide activities for tourists – the cornerstone of economic activity for Lincoln City – but on projects that have helped businesses and thereby increased the tax base in the urban renewal area. As Sandy Pfaff, Executive Director of the Lincoln City Visitors and Convention Bureau states, “There has been great joint collaboration between the VCB and the city’s urban renewal efforts. The creation of the Glass Studio and the Culinary Center has caused increased visitor traffic, both new and repeat. Travelers want to go places where they can interact, and we are providing that.”92

89 Lincoln City. Lincoln City Cultural Center Annual Report. (Lincoln City, OR: 2012), 2.
89 Margulis, 2011.
As the Lincoln City Urban Renewal District approaches its end date, the community has experienced a heightened awareness of urban renewal and what it is able to do. As a result, “a comprehensive review was recently undertaken to determine which projects the Agency can and should prioritize.” People have seen the good things that urban renewal has provided their community, and there are currently more projects that people want completed than there is time or money.

Lincoln City’s urban renewal agency continues to offer 0% loans for commercial façade improvements. Over 40 loans, totaling $1.2 million, have been made to date. The repayment of the principal of these loans has established a revolving loan fund for the future, even once tax increment funds are no longer collected from the assessor.

Tax increment funding for the Lincoln City Urban Renewal District will terminate in June 2014, and the planned projects up until then will primarily be economic development projects, such as a sanitary sewer line extensions and partnering with ODOT to complete two utility undergrounding projects in Nelscott and DeLake.

Lincoln City has documented the success of their urban renewal program, and these documents can be accessed on the urban renewal pages of the Lincoln City website: www.LincolnCity.org.

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93 Alison Roberston. 23 April 2012, personal email.
Gresham: Rockwood-West Gresham Renewal

“Rockwood is a neighborhood with a strong foundation to build upon….Rockwood has a cultural diversity and an urban authenticity that sets it apart from other potential development sites in the region.”

On the western edge of Gresham sits the neighborhood of Rockwood – an area that was annexed by the City of Gresham in the 1980’s. Until recently, it had stayed true to its “rough-and-tumble” character, and had become synonymous with low-income residents and little in the way of job opportunities or economic growth – “this once commercially alive area has suffered over the years. It provides Gresham residents fewer job opportunities […] and too much of its housing is in poor condition and in need of rehabilitation.”

Instead of giving up on the area, the City of Gresham identified it as an important neighborhood for the city. The revitalization of this neighborhood was actually named the top priority in Gresham’s 2002 Strategic Plan. Because of its geographical location, Rockwood provides a first impression of the city for many visitors – especially those that come from the Portland area. It is also strategically located right along the MAX light rail line, easily accessible by car from Interstate 84, and served by major east-west streets, including Stark, Burnside, Glisan, and Halsey.

The Rockwood-West Gresham Renewal Plan was ultimately born out of a desire to improve Gresham’s “front door.” In January 2001, the City of Gresham began a feasibility study of urban renewal in Rockwood, which included gaining public input through community surveys, public workshops, and a City Council work session. Because of Gresham’s diverse ethnic communities, information about the study and invitations to workshops were translated into both Spanish and Russian. Upon completion of the feasibility study, the City of Gresham proposed an urban renewal plan to achieve the change that the community desired. The Plan set out eight main goals:

- Provide a variety of ways for the community to participate in and be informed about revitalizing Rockwood-West Gresham.

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95 (http://greshamoregon.gov/city/)
• Improve Rockwood Town Center so it provides a mix of high quality housing, jobs, shopping and services for the community. It will also serve as an attractive “front door” to Gresham, and as a focal point for Rockwood.
• Make ownership housing more available in terms of the number of units and their affordability for a range of household incomes. Improve the quality of existing rental housing while preserving affordability.
• Improve the use of industrial lands that are undeveloped or underdeveloped. Much of the commercial-mixed use land in the Area is similarly underused.
• Facilitate development of public safety and service facilities to serve the Area.
• Facilitate development of conveniently located parks and recreation facilities to the Area with strong pedestrian and transit links to residential neighborhoods.
• Provide a safe, multi-modal transportation system for circulation within and around the Rockwood-West Gresham area.
• Promote high-quality development, in keeping with the area’s importance to the community.

Voters approved the Urban Renewal Plan on November 4, 2003 and established the Gresham Redevelopment Commission (GRDC) as the City’s urban renewal agency (with the City Council acting as its governing board). This 20-year plan was designed to fund public improvements and programs consistent with the plan’s goals to improve the community.

Gresham has completed several major projects to date, starting with the revitalization of the former Fred Meyer property. In 2005, the GRDC acquired a 6.5-acre property in the heart of the Rockwood neighborhood that was the former location of a Fred Meyer store widely seen as a retail and community hub for the neighborhood. Given its critical location directly adjacent to the Rockwood light rail station, the GRDC hoped that redevelopment of this “catalyst site” would spur additional investment in the area. Unfortunately, economic conditions scuttled efforts in 2007-2008 to put together a feasible redevelopment program, and the GRDC is currently in the midst of developing a fresh approach to development on the site in the light of current conditions.

In the meantime, several interim improvements were completed on the site for the community’s benefit: the adaptation of a remaining building as space for Gresham Police and community groups, a colorful outdoor plaza – the Plaza del Sol – that has hosted many community events, and children’s play equipment and a wildflower field with a quarter-mile walking path.
Another success for Rockwood urban renewal has been the Rockwood MAX Station and Rockwood in Motion project. In 2010-2011, the GRDC partnered with TriMet (the local transit agency) and the State of Oregon to reconstruct the Rockwood/East 188th Avenue light rail station with a more modern, safer design, incorporating a prominent art element that has become an icon (if not an uncontroversial one) for the neighborhood. At the same time, the GRDC undertook improvements to the surrounding street grid and called the project Rockwood in Motion. This project was aimed at improving pedestrian and transit riders’ safety, enhancing the appearance of the neighborhood, and jump-starting investment in the Rockwood area.

The future also holds exciting new projects for Rockwood: in 2013, the GRDC expects to complete construction of a new 10,000-12,000 square foot public safety facility, intended to, “create a welcoming and highly visible police presence in Rockwood and encourage new investment in the area.” Improving pedestrian experiences in the Rockwood neighborhood continues to be a priority, in terms of both safety and accessibility. New and/or improved crosswalks will be added, and pedestrian links between streets will be completed.

The GRDC also offers four grant programs, intended to incent private investment in the urban renewal area:

- Storefront Improvement: a matching grant for retail/commercial façade improvements
- Apartment Rehabilitation: a matching grant for exterior improvements to multi-family properties, with an emphasis on improving safety and security as well as the appearance of the property
- Predevelopment Services: small grants to assist with assessing the feasibility of major industrial or commercial/mixed-use projects
- New Industries: a cash incentive for industrial investments in the urban renewal area, open to businesses moving to or expanding within Rockwood

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Gresham has also faced some challenges. Gresham’s City Attorney recently concluded that all debt incurred by the district must be repaid when the district closes in 2023 because of language in the Explanatory Statement in the Voter’s Guide when the Urban Renewal Plan went to the voters for approval in 2003. Modifying this would require an amendment to the Urban Renewal Plan through another citywide vote. As of the writing of this document, it has not been determined whether the City will ask the voters to extend the debt repayment period for the district.

Although Gresham had some troubles getting their urban renewal off the ground initially, they have recently seen a number of successes. Despite receiving less tax increment than was projected due to the economic downturn, Gresham has been able to come up with innovative ways to turn a difficult situation into a positive and cost-effective temporary fix. In 2011 alone, the Rockwood Urban Renewal Area assisted in the creation of 66 permanent jobs and 86 temporary ones (construction). The GRDC also awarded $446,532 in grants that leveraged $8.6 million in private investment and assisted 20 new or expanding businesses with grants and other incentives. It will be important for Gresham to use this recent momentum to keep public opinion about urban renewal heading in a positive direction.

In 2007, Gresham pioneered an attempt to track a comprehensive set of performance measures related to urban renewal. These measures were linked to a City initiative, Performance Matters, which is designed to measure the City’s performances on major projects and core business functions that directly affect Gresham residents. Performance measures in the urban renewal category are employment, new capital investment, return on investment, and crime.
Hillsboro: Ronler Acres

Ronler Acres was already closed out as of the previous version of this document. Please refer to that document for other significant facts about the area.

On January 2, 2001, the Ronler Acres urban renewal district stopped collection of tax increment revenues, and returned $610 million of assessed value to the tax rolls. The original frozen base was approximately $41 million, providing $569 million of increased assessed value in 12 years, an average growth rate of 24.51% per year. Over the 12-year life of the project, urban renewal helped to facilitate 350 acres of new economic activity, and despite its proximity to the urban growth boundary, it managed to do so without creating conflict.

In addition to the huge impact that the Intel development has had on the area, urban renewal in Ronler Acres also facilitated the community of Orenco Station (which won the 1998 Governor’s Livability Award), a 50-acre sports complex, and a new fire station. The growth – both economic and in the tax base – of the area was largely the result of the City of Hillsboro’s successful use of urban renewal to transform a blighted and unused area of the City into a thriving residential and commercial community.
The Dalles: Columbia Gateway Downtown

After showing remarkable tenacity to keep going with urban renewal when many other communities would have given up, The Dalles finally hit its stride in the beginning of the 21st century with the success of projects like 2nd Street Streetscape and the Union Street Underpass. Urban renewal was a big reason why these projects were successful, providing approximately one-third of the funds necessary for the completion of these projects. Finally, the effects of urban renewal and the benefits it could continue to bring to the city were becoming clear. As The Dalles’ Community Development Director Dan Durow put it, “A picture is worth 1,000 words, and people were seeing the success.”99 Once the community had the visual, it became that much easier for them to understand and support urban renewal. Not only were people seeing results, but they liked what they saw.

Finally seeing success, and not wanting to lose its momentum, The Dalles realized that it did not have enough money to complete all of its intended projects. In 2009, before HB 3056 took effect, The Dalles proposed and passed a substantial amendment (The Tenth Amendment to the Columbia Gateway/Downtown Urban Renewal Plan) to more than double the maximum indebtedness from $14,427,353 to $29,126,000. The time limit on the use of TIF – originally scheduled to end on June 30, 2015 – was also removed as a result of the Tenth Amendment. Both staff and the public agreed that two properties should be added to the Urban Renewal Area, and thus began the Brewery Grade and Mill Creek Greenway Trail projects. The urban renewal plan is now anticipated to be in operation until roughly 2025.

Support for the Tenth Amendment was widespread, but this support was based on the condition that the plan become a “reduced rate” plan – meaning that “the continued tax increment financing would have no impact on levies for GO Bonds or Local Option Levies approved after October 6, 2001 or that voters might approve in the future.”100 At the time, statutes did not allow for a change like this to the plan, so House Bill 2089 was drafted so that the City Council could make a one-time irreversible choice to change the plan from a standard rate plan to a reduced rate plan. The impact of this change was a

99 Dan Durow. Interview by Leslie Vanden Bos. 25 June 2012.
positive benefit to individual taxpayers in The Dalles, as they would no longer have to make up the foregone revenues from GO Bonds. The taxing jurisdictions were the beneficiaries of the change to the local option levies, as heretofore they had lost any local option revenue in urban renewal areas.

One of the two new projects – the Brewery Grade project – has infused life into the east end of The Dalles. Located at the intersection of Brewery Grade and Highway 30 was a 2.25-acre parcel of property with 3 large, unused structures that were all part of an abandoned flour mill. Across the street was another parcel with a historic structure in need of redevelopment. Access to both properties was limited. This intersection is at the East Gateway to the City’s Historic Downtown area, and prior to the recent project, was functioning on a marginal basis. The City proposed to join with two private developers to redevelop both properties and provide space for reconstruction of the intersection.

In 2005, the City purchased the Flour Mill property to acquire needed right-of-way and to facilitate redevelopment of the property. In preparation for the redevelopment of the area, planning, feasibility, and final design was completed, a structural and environmental study was done, and a developer with a vision signed a purchase option for a mixed-use development on the Flour Mill property. It is estimated that $25 million in private funds will be invested on both sides of the street. The intersection project construction began in the summer of 2009 due to $2.6 million in Federal Stimulus Funding, Oregon Department of Transportation funding, and urban renewal funds. The intersection includes a roundabout that features murals that depict the history of The Dalles, and are similar to murals throughout the rest of the city. Urban renewal funds accounted for $1.7 million of the cost of the roundabout, and the total project cost was just over $5 million. The ground floor of the Flour Mill now houses a wine tasting venue, the Sunshine Mill Winery, and a burgeoning wine bottling operation (Copa de Vino), all of which have added additional tourist attractions to The Dalles and more than 80 new jobs.

The urban renewal agency initially took a risk when it purchased this property; the owner had given up on trying to sell it and the prospect of having a significant blight in downtown was not acceptable. The purchase price of the abandoned property and an urban renewal development loan will ultimately be paid back by the business owner, with the business owner investing in excess of $5 million through 2013. Significantly more investment is expected beyond 2013, and the creation of many more jobs is expected. So far, the risk seems to be paying off.

The second new project was actually a redefinition of an existing project in the urban renewal plan. The Mill Creek Greenway trail project was redefined in the amendment from an acquisition project that was completed through a donation from a private party to the actual development of portions of the
At the time, there was an existing, paved, Mill Creek Greenway Trail that did not have adequate connections to complete the full trail. The connections include bridges over the creek, and provide another pedestrian pathway in The Dalles.

As a small community, The Dalles has learned first-hand how important public opinion and involvement can be. The purpose of urban renewal in The Dalles has been to improve its downtown – and the projects that have been completed there have gone a long way towards achieving that goal. But, because urban renewal plans are so long-term, this vision – and momentum and follow-through on projects – must be maintained over several decades. Therefore, local elections are of paramount importance. “With local elections it’s really important that the people that get elected understand what the vision is for the community… and that that basic vision be supported with each election. If it’s not, it’s hard to keep the momentum.”

It is important to keep community members keyed into the benefits of urban renewal, as well as the long-term planning goals of the city, so that the well-being of the city does not get forgotten. Despite its past failures with urban renewal, and perhaps because of them, The Dalles has made every attempt to keep the community well-informed. The city, in recent years, has been witness to the benefits of this approach.

To date, and including anticipated investments within the next 3 years, urban renewal’s contribution will total about 24% ($21,114,000) of the funds necessary to complete the projects in the urban renewal district. Contributions from private developers for the same timeframe will be about 55% ($47,335,000). With additional amounts from state and federal grants, the total investment in the area will total $86,413,000.

The Dalles is a perfect example of showing not telling: although it took time, ultimately what convinced the residents that urban renewal could help their city was results.
Jackson County/White City

“*I am so thankful for the benefits these improvements have afforded. Emergency, utility, school and postal vehicles are now able to drive safely on our streets. Our children are able to walk to our schools safely because of sidewalks and walking paths. I am very thankful for the safer, cleaner, more attractive and well-planned community I live in.*”

-Cheryl Stout, Former Jackson County Urban Renewal Project Manager

Since the 2002 publication date of *Urban Renewal in Oregon*, White City’s urban renewal plan has continued to be a success. Although the plan was originally scheduled to last 20 years, White City not only beat their target date by a full 2 years, but also stayed on budget. All told, 31 projects were completed in the mixed-use area that includes industrial, residential, and commercial zoning.

Because the urban renewal area in White City was essentially divided into two distinct zones, these 31 projects were varied and quite different. From sidewalks and storm drains to lighting and the installation of a community park, the Jackson County Urban Renewal Agency successfully addressed the various needs of each portion of the area.

The western portion of the area was designated as the industrial side of the project, and had much of the needed infrastructure already in place. However, the industrial area faced environmental concerns, and “*the cost of complying with regional air pollution standards inhibited development.*”103 Ultimately, the agency was able to overcome these obstacles by offering assistance to the major industrial facilities in the area to help cover the cost of meeting regional air quality standards.

Across Highway 62 was the eastern part of the area, which faced different challenges. This section was originally zoned for light rural use, and the desired addition of hundreds of single-family homes to the area also brought to light the need to improve and expand infrastructure. Large investments in roads and utilities were made over the 20-year lifespan of the plan in order to service this increase in population.

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All of the industrial, commercial, and residential upgrades have made a significant positive impact on White City, and not just in terms of infrastructure. Between 1994 and 2006, 639 single-family permits, 61 mobile home permits, and 1 multi-family permit were granted.104 Today, the Carestream Health (formerly 3M) factory employs approximately 300 full-time employees.

The urban renewal agency also contributed to the fire district’s training center, and new industrial facilities upgraded fire suppression systems. This helped to offset the relatively high level of impact on property taxes foregone. The eastern part of the area did increase the service demand for Fire District #3.

The closing ceremonies for the White City urban renewal area were held on December 1, 2011 during the dedication of the White City Community Park, the last project completed by the Jackson County Urban Renewal Agency. Deeming the closing ceremonies the “perfect sunset” for the urban renewal area, the agency proudly declared that the work done over the past two decades has, “fulfilled the County’s mission to eliminated blight and, in the process, improve the safety and quality of life for those who visit, live, work and own property in the White City area, attract job-producing, private investments that will stabilize property values and build on White City’s ‘Proud Past and Promising Future’.”105
Canby

After a slow start, a number of urban renewal projects, both large and small, have had a positive impact throughout the community. After its initial adoption in 1999, the plan saw crippling amounts of disagreements regarding appropriate uses of urban renewal funds, what lands should be included, and whether urban renewal itself should be used at all. Canby Fire District #62’s opposition, in particular, provided a unifying point for those against urban renewal. Before a single project had been completed, the Canby Urban Renewal Agency (CURA) and the City Council voted in 2001 to reduce the size and scope of the Canby Urban Renewal Plan (CURP) in the hope of lessening opposition and finally being able to generate some forward momentum.

Positive momentum began to build when the first project, Sequoia Parkway Phase II, was completed. Around 2002, property owners signed a memorandum of understanding saying that they would donate parts of their property to public right-of-way so the Sequoia Parkway project could move forward. Around this same time, Fred Meyer had located in the area (2000) and had improved Sequoia Parkway from 99E to the southern border of its property. In 2003, a small portion of Sequoia and Hazel Dell Way were improved (Sequoia Phase I) using urban renewal funds and system development charges. At this time, the general opinion of involved parties was trending toward the realization that the rest of Sequoia and Hazel Dell Road would have to be completed to encourage further development. Throughout 2002 and 2003, the Canby Urban Renewal Advisory Committee repeatedly declared that improving Sequoia was the top priority of the area. In 2003, the committee recommended its top choice for the configuration of Sequoia Phase II, and the project got underway in 2004 and was completed in early 2005. The public right of way on which the roads were built was donated by property owners.

Previously, the majority of land in Industrial Park had been nearly inaccessible, and these projects provided the requisite access. Between 2005 and 2008, Industrial Park saw construction begin on over 11 new buildings, bringing, among others, Anderson Quality Spring Manufacturing and Kendal Floral LLC to Canby. As of 2011, the Canby Industrial Park houses 18 businesses, $48,303,786 of private development, and provides 730 jobs, with planned expansions of several businesses looking to provide an extra 237 jobs in the near future. In its 2010/11 annual report, Canby estimated that approximately $6 million of urban renewal money was spent in Industrial Park, which leveraged approximately $70 million of private investment, including development immediately

surrounding, but not inside, the urban renewal area. Despite the eventual success of Industrial Park, there was always a dual purpose to the plan; to attract industrial development and to aid downtown Canby. To this end, 2

nd Avenue in downtown received a facelift, using urban renewal funding, in 2001. Then, until 2005, almost all urban renewal attention was spent on Industrial Park.

During this time, the fire district remained opposed to urban renewal in Canby. Finally, in 2006, through mediated talks, an agreement was reached with the fire district that satisfied both parties. The fire district agreed to withdraw their opposition to the plan, and in exchange, the plan was amended to add $2,750,000 of fire protection related projects to help the fire district deal with the increasing demand for fire services and of the foregone tax revenues on assessed value increases due to urban renewal. Approximately $500,000 of that has been spent, to date.

With the final source of major opposition finally on board, and with revenues from new development in Industrial Park, Canby turned its attention downtown. A facade improvement program that launched in 2005 has given out 3 grants and a single 0% interest loan. As of 2012, there are applications in for a few more projects. In 2008, the City of Canby entered into an agreement with private entity, Cinemagic, whereby Canby used urban renewal funds to construct a surface parking lot containing over 130 parking spaces. Cinemagic then built a theater on the neighboring property. Construction of the cinema finished in 2009, and the venue now acts as a major attraction, bringing people and business to downtown Canby. The parking lot is a public lot that provides parking both for the cinema and for anyone else wishing to visit the area.

The next major project was the first in a string of ambitious projects for downtown Canby. A new police station, whose $9 million cost is entirely covered by urban renewal funds, broke ground in 2011 and was completed in 2012. This 36,000-square-foot building, along with police specific features, will also include a 1,500-square-foot community room where local groups will be invited to gather and the police force can hold community outreach events. While not a traditional, increment producing urban renewal project, the police station will have an effect on people considering coming to the area. City administrator, Greg Ellis explained the reasoning behind the project:

When considering whether to locate a business somewhere, or when purchasing a private residence, people care about how safe the community is, and whether that community is investing in itself and its future. This project demonstrates Canby’s commitment both to our public safety and to our community. In this way, the police station will help encourage growth in our tax base, and will generally be a benefit to the community.

Also in 2011, Canby began public outreach and planning efforts for a streetscape improvement project that will spruce up First Avenue. A final design was chosen from multiple options with input from

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business owners, residents, and city staff, and will feature 12,000-square-feet of landscaping, parallel parking, new walkways, and streetlights. The project will also add another parking lot to accommodate downtown businesses needs. Work began in spring of 2012, and should finish by fall of 2012.

Still in the planning stages, the district's next major project will be a new public library that should receive an urban renewal budget of around $8.5 million. Currently, the plan is to locate the library behind Canby City Hall in downtown Canby. It will become an anchor to both bring people downtown and provide a valuable service for the community.

Scheduled to expire in 2020, the Canby Urban Renewal District has already seen success. By adding infrastructure to what was essentially a large undeveloped parcel has created a thriving industrial park that will provide tax revenue when the district expires, and provides good, steady jobs for the community. Projects on the horizon are the library and additional transportation improvements to Industrial Park.
Future Issues and Policy Implications

Throughout Oregon’s history in urban renewal, issues have arisen. The issues vary depending on the locality and the economic times. The recent issues have centered on how to continue to assist with growth in communities despite the lagging economy, focusing investments to help facilitate economic growth even in difficult economic times. They also include providing for robust public involvement in urban renewal planning, and coordination with special districts.

The 2009 legislation provided assurance of inclusion for taxing districts on certain components of urban renewal plans and amendments. It is clear that the results of this legislation have had an impact on new urban renewal plans, on the appetite for substantial amendments increasing maximum indebtedness, and on the understanding of the need to include taxing districts in those discussions. Special districts want this inclusion to continue and strive to ensure this happens throughout the state. Special districts, however, are just one issue to consider. Compression is causing some concern to taxing jurisdictions. Anti-urban renewal efforts are realizing some successes in Oregon. Initiatives to limit bonding capacity for urban renewal and to limit amendments to urban renewal plans are being presented throughout the state.

SPECIAL DISTRICTS

The 2009 urban renewal legislation has changed the working relationships between urban renewal agencies and special districts. Mark Landauer, who works in Government Affairs for the Special Districts Association says that, “There has been a lot more communication between urban renewal agencies and overlapping districts. This has provided opportunities for the agencies to make the case that the increases they are proposing in maximum indebtedness will be justified, and provides the special districts real input in the process.” This same opinion has been reiterated by TVF&R’s chief, Michael Duyck. Special districts are taking urban renewal changes seriously, and in addition to the effort to create joint legislation and to form the UROC, some special districts, including TVF&R, Columbia River Fire District, and Clackamas Fire District are adopting specific policies on urban renewal. These policies articulate their positions on urban renewal and provide a framework for evaluating new urban renewal plans and amendments.

Fire Districts

Fire Districts have been one of the more outspoken special districts. Fire districts across the state are sharing information with each other about their involvement in urban renewal in their own communities, as was shown in the 2011 Oregon Fire Chief’s

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Downtown Albany revitalization

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10 Mark Landauer, Special Districts Association of Oregon. Interview by Elaine Howard, 2 August 2012.
11 See Appendix C for TVF&R’s urban renewal policy.
Association convention. It is clear that fire districts have chosen to get involved in urban renewal decisions, and that the option of planning to oppose is a common theme among fire districts. In a PowerPoint presentation from a statewide fire chief’s meeting, Columbia River Fire and Rescue identified some of the lessons learned after its experience with an urban renewal plan: treat it like a campaign, consistent talking points, media, get political.\textsuperscript{112} At the same meeting, the Stayton Fire District outlined their “Plan to Oppose,” with the inclusion of a board decision to engage an initiative petition process, including media involvement. TVF&R provided information about two separate urban renewal projects, one in Tualatin and one in Beaverton, and highlighted the differences of TVF&R involvement, as described below.

Tualatin Valley Fire and Rescue’s official urban renewal position, which is similar to the positions taken by Clackamas County Fire District No. 1 and Columbia River Fire and Rescue, says the district will not support an urban renewal area if there is any doubt about whether or not proposed projects will attract private investments. TVF&R’s board of directors voted to oppose the 2010 Tualatin Central Urban Renewal Area substantial amendment that proposed adding another 25 years to a plan that was already 35 years old. They also devised a “Plan to Oppose,” which included an effort to coordinate with the Tigard-Tualatin School District and work with the already organized community opposition. At that time, TVF&R indicated this was the first time they had voted to oppose an urban renewal district. TVF&R Chief Duyck stated in a July 2012 interview that, “Because of the long-term financial impacts to overlapping taxing districts, it is vitally important to conduct a comprehensive and inclusive process that evaluates plan scope, timelines and measurable outcomes. Unfortunately the proposed amendment to the Tualatin plan was shaped without sufficient input from partners, and didn’t allow enough time for adequate analysis or community outreach.”\textsuperscript{113} He also noted that other taxing districts and community members expressed similar concerns about the substantial plan amendment. This is described more fully under the Tualatin Case Study, in this document.

In Beaverton, the process and outcome were both very different. The City of Beaverton made a firm commitment to include special districts, including TVF&R, in the formation process of their 2011 urban renewal plan. A TVF&R representative was the chair of the Beaverton Urban Renewal Plan Oversight Committee and helped formulate the policies about expenditures of funds, focusing on projects that invite private investment. In a staff report on a request for support of the Beaverton Urban Renewal Plan, TVF&R said, “The City has, in staff’s opinion, conducted an open and transparent process that has been responsive to essentially every concern.

\begin{itemize}
\item \textsuperscript{113} Mike Duyck, TVF&R Fire Chief. Interview by Elaine Howard, 30 July 2012.
\end{itemize}
raised by the Fire District. Moreover, city staff have addressed the issue of urban renewal on several occasions to our Board of Directors, keeping them apprised of the process and inviting questions.”

Ultimately, TVF&R adopted a resolution recommending the City Council adopt the urban renewal plan and report. The City of Beaverton received similar resolutions from Washington County, Tualatin Hills Park and Recreation District, and the Beaverton School District.

Sherwood provides another example of cooperation between a fire district and urban renewal. TVF&R reviewed the Sherwood 2012 Substantial Amendment and determined they had no written recommendations. (A written recommendation must be responded to in the amendment adoption ordinance.) It stated that TVF&R supports, “properly constructed and limited urban renewal plans that encourage private investment and increase assessed value.” In another show of coordination, Sherwood chose to make a special presentation to TVF&R, even though the organization’s approval was not required. In order to maintain the friendly rapport, the City schedules periodic meetings with TVF&R to keep them informed of the work the City is undertaking in Sherwood.

While some districts have successfully worked with their fire districts, in 2010, the Lowell Fire District actively lobbied for a public vote on the proposed Lowell Urban Renewal Plan and opposed the formation of the area. The ordinance to approve the plan was presented to the Lowell City Council, but they referred the decision to the voters and awaited that outcome before a final vote adopting the plan. The plan was narrowly defeated by 9 votes in the May 2010 election, and as a result of the vote, the Lowell City Council shelved the urban renewal ordinance.

School Districts

Some school districts are also becoming more active in urban renewal discussions and are negotiating changes to urban renewal plans to address their concerns. The Salem-Keizer School District was the first school district to actively negotiate with an urban renewal plan amendment. The City of Keizer came to the Salem-Keizer School District in 2011 with a proposal to increase their maximum indebtedness, promising a repayment plan for revenues foregone, but the Salem-Keizer School District felt they would be subject to other impacts. The school district negotiated to receive an additional repayment from the agency of the amount the School District had calculated it would receive in potential revenue if the amendment was not approved.

Another school district that became active in urban renewal discussions was the Lake Oswego School District (LOSD). In 2012, LOSD requested that the Lake Oswego City Council establish a termination date for the proposed Lake Grove Village Center Urban Renewal Plan. In response to this request, the City Council agreed to

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114 TVF&R Staff Report on Resolution 2011-06, City of Beaverton Urban Renewal Plan.
115 TVF&R, Letter to City of Sherwood Urban Renewal Plan Substantial Amendment. 2 February 2012.
change the wording in the substantial amendments section of the urban renewal plan to read, “A Substantial Amendment to increase the maximum amount of indebtedness that can be issued or incurred under the Plan for any amount requires the written concurrence of the number of taxing districts as prescribed in ORS 457.470(7).” The LOSD also wanted confirmation that its property would not be subject to eminent domain, and additional language was placed in the plan to confirm this commitment. Finally, it also requested additional language be placed in the Report on the Lake Grove Urban Renewal Plan to further describe the impacts on school districts as a result of urban renewal. This language is as follows:

LOSD’s current allocation of State School Fund (SSF) is approximately 1.08%, and Clackamas Education School District’s (CESD) is 3.39%. Applying these percentages to the projected impacts as summarized on Table 21, we find the cumulative impact over the life of the Plan to be approximately -$176,000 for LOSD and -$46,000 for CESD (nominal dollars, unadjusted for inflation). When these figures are adjusted for inflation (assuming 3.0% per year) and divided by the expected length of the Plan, we find the average annual impact in constant 2012 dollars would be -$3,900 for LOSD and -$1,000 for CESD […] If only the first biennial period for the proposed urban renewal plan is used, lost revenues for LOSD and CESD as a result of the Plan will be approximately $2,300 and $600, respectively, for the 2013-15 biennial period.

The impacts of urban renewal on schools are not easily summarized, as there is no certainty to the components in the formula for funding the State School Fund. Property taxes are not the only revenue source used for school funding, so a direct correlation between lost urban renewal revenues and lost State School Fund revenues may not be totally correct. However, schools are feeling significant impacts from the economic downturn. This is especially true in relation to their local option levies, which are the first levies to be compressed under Measure 5 compression. Other special districts, including some counties and fire districts, have local option levies that are also the first levies to be compressed under Measure 5 compression. Since the increase of assessed values will help reduce compression, special districts have focused on ensuring that urban renewal projects aim to increase value.

Special districts generally do support urban renewal, as long as the plans have full disclosure and examination. As Mark Landauer stated, “the special districts felt there was not accountability prior to the 2009 legislation. Urban renewal agencies are now taking the comments and input of the special districts more seriously, with the net result of the special districts having a say that actually counts, which has helped agencies understand that their future is going to depend on whether they take overlapping taxing jurisdiction input seriously or not.” It is essential that communities considering urban renewal keep the input of the special districts in the front of their minds when planning for the future.

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116 City of Lake Oswego, Lake Grove Village Center Urban Renewal Plan. (Lake Oswego, OR: 2012), 14
118 Landauer, 2 August 2012.
COMPRESSION

Compression is an Oregon tax system issue that reduces the amount of taxes that can be collected in a given year if the collection amount is going to exceed the pre-set maximum established by Measure 5 and adjusted by Measure 50. The calculations, causes, and effects of compression are extremely complicated. If real market values and assessed values are converging, urban renewal can cause increases in compression. However, urban renewal can also be a tool to help facilitate growth that ultimately reduces compression.

The recession of the 2000’s, by decreasing the real market value of many properties, has caused compression losses to increase throughout Oregon. Compression occurs when tax rates exceed tax limitations and assessed values and real market values inch closer together. Measure 5, as adjusted by Measure 50, imposed tax rate limits of $10 per $1,000 of real market value for General Government categories and $5 per $1,000 for Education categories. Urban Renewal is calculated in the General Government category. This classification reallocates the Education portion of taxes within an urban renewal district from Education and moves it into the General Government category. Urban renewal taxes divided from levies to repay general obligation bonds that are exempt from Measure 5 are also included in the General Government category. This has the effect of increasing the General Government tax rate, but reducing the Education and Exempt tax rate.

The Measure 5 tax rate limits are exceeded in many areas in the state, but this did not cause significant reductions in taxes collected (compression) until the difference between assessed values and real market values decreased. Compression occurs first on local option levies, then on permanent rate levies. While compression is a concern for all taxing jurisdictions, it is especially a concern for special districts that have local option levies, as those are compressed before any other levies are compressed.

An example of how compression works is shown below. In the first scenario a house with a real market value of $200,000 and assessed value of $190,000 experiences compression while a house with a real market value of $250,000 and assessed value of $190,000 does not experience compression.

119 This transfer of tax rates from education to general government can be a benefit for schools when dealing with compression. See page 17 of this document for the Lane County Assessor’s analysis of compression for Eugene Schools.
1. Scenario I

Assessed Value (AV) $190,000
Real Market Value (RMV) $200,000

Actual tax rates:

- General Government taxes ($12.50 per $1,000 of AV) $2,375
- Education taxes ($6.50 per $1,000 of AV) $1,235

Tax rate limits:

- General Government tax limit ($10 per $1,000 of RMV) $2,000
- Education tax limit ($5 per $1,000 of RMV) $1,000

Compression General Government (M-5 loss) $(375)
Compression Education (M-5 loss) $(235)

In this scenario, both the general government and education taxes have to be compressed. In this situation, taxing jurisdictions are scheduled to collect $610 ($375 + $235) over the established taxation limit. To ensure the limit is not exceeded, the actual taxes collected are compressed down to the maximum $2,000 and $1,000 limits, and the taxing jurisdictions lose out on $610 of revenue.

If the real market value is higher (i.e. assessed value is a lower percentage of the real market value), compression is less likely to occur. In the scenario below, compression does not occur as the real market value of $250,000 allows enough capacity to levy the full amount of the taxes for tax rates in excess of the Measure 5 limits. This example is still based on a $190,000 assessed value.

2. Scenario II

Assessed Value (AV) $190,000
Real Market Value (RMV) $250,000

Actual tax rates:

- General Government taxes ($12.50 per $1,000 of AV) $2,375
- Education taxes ($6.50 per $1,000 of AV) $1,235

Tax rate limits:

- General Government tax limit ($10 per $1,000 of RMV) $2,500
- Education tax limit ($5 per $1,000 of RMV) $1,250
- Compression General Government (M-5 loss) $0
- Compression Education (M-5 loss) $0
As shown above, there are two variables to watch when considering compression, the tax rates and the relationship of the RMV to AV of properties. The effect of the recession can be seen in the two scenarios above. The property in these scenarios provides $3,610 to local taxing jurisdictions when its real market value is $250,000, however, when that value drops to $200,000 (similar to what many properties have done throughout the recession), the taxes on the property are compressed down to $3,000, and the taxing jurisdictions are faced with declining revenues. Also, new local option levies can exacerbate the situation when they are passed, as they increase the tax rates, but not the tax limits.

The only ways to reduce compression are to reduce tax rates, increase the real market values of properties, or raise the taxing limitations, which would take a statewide vote. However, there are not that many plan areas around the state that are within areas where the total general government tax rate is under $10 and therefore there is no compression at all. According to data from the Oregon Department of Revenue, of the 102 plan areas that received division of tax revenue in 2011-12, 22 suffered no compression loss and another 31 had compression losses of under $100. For the special levies, out of a statewide total of 22, 10 had no loss and 5 had losses of under $100. According to Tom Linhares, Executive Director of the Multnomah County Tax Supervising commission, The City of Portland has 92% of all of the compression losses statewide.

Urban renewal can help eliminate or offset the effects of compression in two ways, by raising the real market values of properties and by encouraging new development. Increasing real market values are dependent on a strong real estate market, which typically follows a strong economy. New development is an obvious benefit to taxing jurisdictions as it provides another source upon which to levy taxes. New development is also beneficial to school districts that are using the construction excise tax. It is the desire of many special districts and urban renewal agencies that the impact of urban renewal help facilitate growth in the community that will increase its economic vitality and both increase the real market values of properties and add new development to the tax rolls.

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120 Tom Linhares, Executive Director, Multnomah County Tax Supervising Commission. 30 August 2012. Personal email.
121 Linhares, 30 August 2012.
OPPOSITION TO URBAN RENEWAL AND REFERENDUMS ON LIMITING URBAN RENEWAL

Although there is always scrutiny on how tax dollars are allocated, the recent slow economy has only served to heighten sensitivity. With the reduction in overall taxes received by local governments, special districts are not the only groups that have become watchdogs for the use of tax funds. Vocal conservative tax groups, some of whom call themselves “tea partyists,” have organized to curtail urban renewal activities in different communities throughout Oregon. They are doing this by initiative or referendum petition efforts to limit the authority of urban renewal agencies. Opposition groups have had success, as identified below.

Troutdale

After failing to gain voter approval in a 2002 citizen initiative to overturn an urban renewal plan (plan was overturned by a 73% to 27% vote), Troutdale officials placed an urban renewal plan on the ballot in May of 2006. This was approved by a 63% to 37% margin. More public involvement was involved in the 2006 plan preparation.

Corvallis

The citizens of Corvallis voted on a potential Downtown Corvallis Urban Renewal Plan in May of 2009. The plan had a proposed maximum indebtedness of $33.3 million and would assist in the implementation of the Downtown Corvallis Strategic Plan and the Corvallis 2020 Vision. Vote was required by a city charter. The plan was not approved by the voters by a 55% to 45% vote.

Stayton

The City of Stayton had prepared a new urban renewal plan that was placed on the May 2010 ballot through a citizen referendum. The ballot measure to approve urban renewal in Stayton was defeated by 51.87%. A key opponent was the fire chief who testified that the fire board voted unanimously to oppose the district. Shannon Tureck, a business owner in Stayton, indicted he thought the fire district’s vocal opposition to the measure caused it to fail. The Plan had a proposed maximum indebtedness of $10 million with the proposed funding to assist in the implementation of the Downtown Transportation and Revitalization Plan.

122 The anti-urban renewal group in Bandon is led by a self-proclaimed “tea-partyist.”
Clackamas County

Two initiatives to limit urban renewal were placed on the Clackamas County ballot in November of 2011. One of the initiatives, Measure 386, proposed a countywide vote on any new or substantially amended urban renewal district in unincorporated Clackamas County.\textsuperscript{125}

Clackamas County Commissioners thought this would be unfair since it required approval on urban renewal decisions in the unincorporated areas by all voters in Clackamas County, both incorporated and unincorporated. To respond to this initiative, Clackamas County Commissioners drafted a second initiative – Measure 388. Measure 388 would have required a vote to approve an urban renewal plan of only the people who live inside the proposed urban renewal district, not a countywide vote. At the election, Measure 386 received more votes (56,269 votes) than Measure 388 (50,819 votes), so Measure 386 has become law.\textsuperscript{126} This result severely limits Clackamas County’s ability to plan new urban renewal areas or complete substantial amendments to urban renewal areas in Clackamas County.

Estacada

In March of 2012, a citizen-led initiative in a special election passed with approval of 80.5% of the voters. The measure requires voter approval of activation or substantial changes to the city’s urban renewal plan. The Estacada Urban Renewal Agency is also now required to send public notices for any additional urban renewal indebtedness to be incurred under its plan.

Oregon City

An initiative was placed on the November 2012 ballot in Oregon City that will have limitations for the issuance of urban renewal bonded indebtedness. The proponents felt the initiative would “plug a loophole that has allowed city officials to put taxpayers on the hook for millions of dollars for questionable projects.”\textsuperscript{127} This follows controversy in Oregon City over a proposed urban renewal project that would have assisted the developer CenterCal Properties to develop a $200 million mall in the Oregon City urban renewal area.


Albany

In Albany, a small group of urban renewal opponents filed a number of initiatives with the City of Albany, the final of which were filed in February of 2012, all with intention of limiting urban renewal. The initiatives were to:

1. Require voter approval for any new urban renewal plan or expansion of an existing urban renewal plan. This voter approval would be of the majority of all registered voters, not just those voting.\textsuperscript{128}

2. Repeal the $56 million maximum indebtedness limit and prohibit the Albany urban renewal agency from incurring any new debt after February 28, 2012.

3. Limit the total City of Albany debt to that which was in effect on February 28, 2012.\textsuperscript{129}

The City of Albany reviewed the petitions and rejected the second filing, referenced above. The City’s attorney prepared the ballot titles for the other two filings. The petitioner challenged the City’s action.\textsuperscript{130} The Linn County Circuit Court upheld the City’s rejection of filing #2, and rewrote ballot titles for filings #1 and #3. The petitioner is currently gathering the signatures required to place the measures on the City ballot.

Bandon/Coos County

Bandon began an effort to complete a substantial amendment that would increase their maximum indebtedness in 2011. The amendment was passed in 2012 after obtaining taxing district concurrence. During the process of gaining the concurrence, a citizen’s group, Coos County Watchdog, began a campaign in opposition to urban renewal. Coos County Watchdog is a self-proclaimed, “network of individuals concerned with the growth of local government in Coos County. We are

\textsuperscript{128} Kate Porsche, 31 May 2012, personal email.


citizens determined to protect our sovereign right to own and control our property.” The group has a website and is actively engaged in trying to eliminate urban renewal in Coos County. In Bandon, after attending and testifying at many of the meetings of the taxing districts on the question of approving the maximum indebtedness increase, the group decided to challenge the amendment through the referendum process. They circulated a petition that received signatures, but when the signatures were verified, there were not sufficient numbers from the citizens of Bandon to refer the issue to a vote. Some of the signatures on the petition were from citizens of other neighboring cities. After the failed attempt to stop the amendment, the same group proposed a city initiative petition to limit urban renewal in the City of Bandon. Bandon’s city manager reviewed the petition and determined that the proposal did not meet the one subject requirement of the Oregon Constitution, and the proposal was therefore rejected. The Coos County Watchdogs have stated that they intend to file this same petition in Coos Bay, North Bend, and Coquille.

Coos County Watchdog has also proposed an initiative to require voter approval of substantial amendments to existing urban renewal plans and new urban renewal plans in Coos County. The proposed legislation also stipulates that an urban renewal plan in Coos County will cease once all current debt is retired. The legislation is similar to that passed in Clackamas County in the November 2011 election.

131 “Coos County Watchdog.” http://www.cooscountywatchdog.com/about-us.html
132 “Coos County Watchdog.” http://www.cooscountywatchdog.com/1/post/2012/05/initiatives-referendums-referrals-oh-my.html
Continuation of Legal Points

The following information details the legal actions, state wide ballot measures, and Oregon Land Use Board of Appeals (LUBA) appeals that are relevant to the urban renewal discussion. The analysis provides details about the background of the actions, the results, and the consequences for urban renewal agencies.

POST-SHIILO: RELATED LEGAL ACTION

The Shilo decision remanded the Tax Court’s decision for further action consistent with the Supreme Court decision. The case was settled without class action certification and with a small monetary settlement to the plaintiff.

After the Shilo decision, the Oregon Department of Revenue adopted implementing administrative rules to comply with the decision, OAR 150-457.440(9). These rules direct that all revenues from dividing the taxes pursuant to ORS 457.420 et.seq., whether derived from the permanent rates for general government or school taxes, or from general obligation bond levies or local option levies, be included in the general government Measure 5 limitation on taxes for a property. The general government tax rate limit is $10/1000. Urban renewal special levies were always categorized under the $10 limit. There was initially much speculation as to the impact of the decision and these rules because of the possibility of increased compression within the general government category. But, it appears that it has had little impact for jurisdictions that are not close to their $10/1000 general government limit. The impact varies from one city to another because compression is calculated on a property-by-property basis.

The divide-the-taxes portion of any local option levy is treated in the same way as the other amounts in local option levies for purposes of compression. Local option levies are compressed first, then all taxing entities levying local government taxes share pro-rata in compression effects until the levy amount complies with the Measure 5 limit. These effects were codified in the statute with the 2003 passage of HB 2187, which made 2 conforming changes:

1. All urban renewal division of tax revenues, including those resulting from the division of school or GO bond taxes, are to be considered general government taxes for the purpose of applying the Measure 5 limits.

2. The division of tax revenues resulting from local option taxes are to be subject to Measure 5 compression in the same manner as the local option
taxes themselves. That is, local option taxes in the general government category and division of any school local option tax amounts are to be compressed first to meet the Measure 5 limit on general government taxes.

Also in 2003, the Legislature saw bills evidencing a mounting interest in resolving school funding issues through modification of urban renewal division of taxes. None of the proposals were passed, but this was the beginning of significant controversy involving the school district and special district impacts of dividing the taxes for urban renewal purposes.

MEASURE 39 – ELIMINATION OF EMINENT DOMAIN FOR PRIVATE REDEVELOPMENT

In 2006, some legal energy was given to the issue of the elimination of eminent domain as a tool for urban renewal to implement plans for private redevelopment.

Genesis of Measure 39: The Kelo Case

In June 2005, the U.S. Supreme Court issued a decision in Kelo vs. City of New London, 545 U.S. 469 (2005) in which the Court ruled that the City of New London, Connecticut may condemn private real property to transfer to another private owner to develop according to the City’s development plan. In its decision, the Court stated that, “Promoting economic development is a traditional and long accepted function of government.” The Court cited several earlier cases in which the justices had ruled that condemning property for the private benefit of individuals or to establish a business that the public could enter (such as a theater) is not constitutional. However, the Court concluded that revitalizing a blighted area is a public benefit under the Constitution, and a project to eliminate blight cannot be stopped by the owner of a piece of property that is not blighted. In the Kelo case, the riverfront homes at issue were not individually blighted, but the overall area was economically depressed, and so the City of New London had prepared a detailed development plan for revitalization. The Court said that the city as a whole would receive the primary benefit of the City’s development plan in the form of new jobs created, increased taxes, and public access to the river.
next to the property. “Because the plan unquestionably serves a public purpose, the takings challenged here satisfy the public use requirement of the Fifth Amendment,” the Court wrote.

Many urban renewal practitioners in Oregon felt that Kelo would not affect Oregon’s urban renewal program. They reasoned that the authority for property acquisitions under Oregon urban renewal law did not rest on economic development as a public use but rather on urban renewal’s purpose to cure blight. Oregon law has long upheld that condemnation for elimination of blight is constitutionally acceptable. Curing blight is a legislatively acknowledged public purpose, and urban renewal agencies are not private corporations, as in the Kelo case. All the controversial elements in Kelo could be easily resolved to favor Oregon urban renewal condemnation powers.

Public Action

However, the Supreme Court’s decision surprised and angered many people. In a national outcry, property rights groups such as the Castle Coalition, and their “Keep Your Hand Off My House Campaign,” began seeking state legislative prohibitions against condemnation of private property for redevelopment purposes. The Oregon Legislature was in session, and the House of Representatives passed HB 3505 (a bill similar to the eventual Measure 39 in Oregon). The bill did not reach a vote in the Senate. As early as March of 2005, the Secretary of State received initiative petitions for measures, both constitutional and statutory, that included prohibitions on condemnation for redevelopment purposes. In September 2005, Oregonians in Action filed Initiative #57 for approval for circulation as a proposed initiation petition. With over 86,700 valid signatures, Initiative #57 became Measure 39.

The Election

When the measure was certified for the ballot, various groups reviewed Measure 39 and found it to be problematic. Urban renewal agencies saw the threat to its programs; Measure 39 defined “blight” too narrowly when compared to the current blight definition in ORS 457.010. Urban renewal agencies argued that condemnation is an appropriate tool to use when a development would benefit the entire community by eliminating blight, as it is currently defined in statute, and by bringing in jobs and additional tax revenue.

Furthermore, a few individual property owners who refuse to sell should not be able to stop a project that would benefit the whole community. The inability to relocate property owners in order to negotiate a property sale should not stop a project with broad public benefit. Significant public benefits have been realized by many projects, such as the assembly of land for the Intel campus at Ronler Acres in Hillsboro, which required condemnation.

Finally, the urban renewal agencies noted that few government agencies in Oregon are actually authorized to use condemnation to encourage economic development. The local processes to control

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133 Kelo vs. City of New London, 545 U.S. 469, 477, 125 SCt 2655 (2005)
134 Foeller v. Housing Authority of Portland, 198 Or 205, 256 P2d 752 (1953)
135 ORS 457.020
such actions have resulted in very few instances of condemnation. But the anti-condemnation fever was too hot. Even AORA did not take a public position on Measure 39 because it was unable to secure member consensus. In the end, the measure had virtually no organized opposition and passed by a wide margin.

**Impact on Urban Renewal and Redevelopment Activities**

Many urban renewal plans adopted even before Ballot Measure 39 restricted or prohibited land acquisition, particularly the use of involuntary acquisition. As local sentiment has turned away from government land assembly for large projects and toward government support of private initiatives, urban renewal plans have not authorized involuntary acquisition of land.

Where urban renewal agencies have included land acquisition and disposition as part of their revitalization programs prior to Measure 39, these projects have either been eliminated or delayed, pending voluntary acquisition efforts. Obviously, new urban renewal plans and projects since 2006 cannot include condemnation as a tool for land assembly for private redevelopment. However, involuntary acquisition for public transportation and utilities remains a common authority in new plans. Interestingly, most new urban renewal plans include the possibility of acquiring land for all the listed potential “public projects,” which may include park and open space improvements.

Probably the most significant impact has been in situations where the possibility of a “friendly condemnation” would entice a property owner to sell its land for a redevelopment project. As used here, “friendly condemnation” means the voluntary sale of property to a government agency that has the power to condemn, and has made a “threat of condemnation.” A property owner may be interested in a friendly condemnation because selling under a threat of condemnation results in beneficial tax treatment of the proceeds of the sale. There is now a serious question about whether an urban renewal agency can offer the benefits of friendly condemnation to entice a voluntary sale that avoids the prohibition of Ballot Measure 39. In order to create a situation where there is a valid “threat” that gives the property owner the ability to claim a postponement of taxes on the gain from a condemnation award, the government agency must have the authority to condemn the property and have communicated that intent to the property owner. Since condemnation for reconveyance to another private party is prohibited by law, the government agency could not adopt a valid resolution authorizing the condemnation.

If the limitations on condemnation were inevitable, Measure 39 may have come at an opportune time for urban renewal activities in Oregon. It appears from many community discussions when considering adoption of an urban renewal plan that there is little interest in large land assemblies and the clearance
of existing improvements for redevelopment. The days of acquiring large parcels for redevelopment without owner consent have passed, at least for now.

Prevailing Wage Rates Applied to Private Redevelopment (2007)

Until 2003, issues relating to the application of prevailing wage rates to Oregon public works projects were the mundane stuff of state and municipal attorneys, and the attorneys representing contractors bidding on road projects, water and sewer projects, and public facilities construction, such as city halls, libraries, and schools. ORS 279C.830 requires that every contract for a “public work” in Oregon include a provision that workers in a trade or occupation that the contractor or the subcontractor uses for the work be paid the Oregon prevailing rate of wage for that trade or occupation. “Prevailing wages” are generally higher than the wages that are paid in a private market transaction. Therefore, paying prevailing wages often raises the cost of a public work project over a comparable private project. The Labor Commissioner and the Oregon Bureau of Labor and Industries (BOLI) are charged with enforcement of this requirement.

Beginning in 2004, Dan Gardner, the Labor Commissioner at the time, began a broad-based campaign to apply prevailing wage rates to construction projects that involved public financial participation in private projects. The Commissioner argued that the participation of government in private construction projects constituted the public agency “contracting for” the construction,136 resulting in the application of prevailing wage rates to the private project.

BOLI enforcement efforts notably focused on so-called “public-private partnership” development deals. The large size and broad scope of some public-private projects, and the increasing frequency of the use of this tool, attracted the attention of certain trades and made disputing the application of prevailing wage rates worthwhile. Urban renewal agencies are often the public partner participant that encourages private development in the blighted areas of their jurisdiction. These public-private partnerships take various forms, including loans and grants to property owners, payment of development and permit fees, and commitment by the public agency to complete certain infrastructure in support of the proposed private development.

Often, an urban renewal agency has real property to transfer for development, and enters into a “disposition and development agreement,” which requires certain improvements to the transferred property on a stated time schedule. The Medford Urban Renewal Agency (MURA) was among the first to learn that BOLI was taking a strong stand on public-private projects. In a written determination by

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the local office, BOLI required application of prevailing wage rates to a proposed private apartment project to be built in the air rights above a proposed public parking garage. MURA’s disposition and development agreement obviously required the City of Medford to build the parking structure as the platform before the developer could build the apartments. BOLI found that the garage construction and the apartment construction were one project, contracted for by MURA, and prevailing wage rates would apply to the entire construction. Unfortunately, the private development did not proceed, although Medford does have its downtown parking structure.

In 2004 and 2005, two significant cases concerning prevailing wage rates reached the courts.


The Portland Development Commission, as the urban renewal agency of the City of Portland, entered into a disposition and development agreement which:

- Contracted to transfer real property to a private owner for fair market value;
- Required the private owner to rehabilitate existing improvements on the transferred property;
- Required the private owner to comply with PDC policies relating to job creation and property rehabilitation;
- Required PDC to fund certain street improvements in support of the project; and
- Provided for a PDC loan to the private owner to finance a portion of the purchase price.

The private owner contracted for the rehabilitation of the property. PDC was not a party to the construction contract and PDC did not contribute funds to the rehabilitation. Prevailing wage rates were paid for the street improvement work.

BOLI contended that the entire project, including both the public improvements and the private rehabilitation, was subject to prevailing wage rates because PDC had “contracted for” the private rehabilitation. The Multnomah County Circuit Court disagreed, finding that PDC had neither “carried on” nor “contracted for” the private rehabilitation. The Court of Appeals affirmed the Circuit Court’s decision.

Even before the Court of Appeals upheld the Circuit Court in the *Salem Case*, Commissioner Gardner took the matter to the Legislature. As the result of a work group appointed by the Commissioner, the major changes came in 2007 with the passage of HB 2140, now codified as ORS 279C.880 - .870. “Public work” now includes, among other projects, a project for the construction, reconstruction, major renovation or painting of a privately-owned road, highway, building, structure, or improvement of any type that uses funds of a private entity and $750,000 or more of funds of a public agency. Most of the discussion in analyzing the application of prevailing wage rates to public private-partnerships revolves around determining the public’s participation in a privately-owned project. OAR
839-025-0004(9)(a) defines “directly” and “indirectly” used funds of a public agency. There are both statutory and administrative rule exemptions to the definition of “funds of a public agency.”


The Salem Urban Renewal Agency (SURA) and a private developer undertook development on two adjacent parcels in downtown Salem, one privately owned and one publicly owned. The private developer built a hotel and the SURA constructed a conference center and a parking garage that extended under both parcels. The same developer and the same contractor were hired by both owners. The SURA paid for construction of certain “back of house” portions of the hotel that it leased in support of the conference center. In addition, in consideration of the easement that allowed the parking garage to be built partially on the private land, the SURA granted an easement for use of a portion of the parking spaces in the parking garage to the hotel owner.

The SURA paid federal prevailing wages for construction of the conference center and the parking garage, as required by law, because federal funds were involved. The hotel owner paid prevailing wage rates for the SURA leased “back of house” improvements. BOLI argued that the work on the hotel itself was subject to prevailing wage rates.

The Marion County Circuit Court concluded that the hotel was not a public work because the work was not “carried on or contracted for” by the SURA. No funds of the public agency were used in constructing the hotel. The Court of Appeals affirmed this decision.

2007 ATTEMPTS TO COOPERATE

By the 2007 Oregon Legislative Session, urban renewal interests and the interests of special districts had reached a crossroads. The SDAO and AORA leadership believed that there was more potential for mutual benefit if they cooperated with each other as opposed to working at cross purposes. The then current controversy was the proposal of a very large urban renewal area in Washington County: North Bethany. This urban renewal area would have diverted significant sums from the special districts levying taxes in the proposed urban renewal area by dividing their taxes while simultaneously significantly increasing the demand for services from those same special districts.

Representatives of AORA and SDAO met in the winter and spring of 2007 in search of an acceptable compromise. By April 2007, the representatives had a tentative agreement on a unified approach that included support for:

- Legislation that would authorize an alternative means for generating operating revenues for fire protection services that would not be impacted by the creation of the urban renewal district;
- Establishing a voluntary work group during the 2007-2009 interim to explore means of mitigating the impact on operating revenues of special districts affected by urban renewal plans;

137 ORS 279C.810(1)(a) and OAR 839-025-0004(9)(b).
Legislation that would require that the “maximum indebtedness” proposed in an urban renewal plan to be based on a financial projection of costs and revenues for a 20-year period from the date of urban renewal plan adoption or from the date of approval of a substantial amendment that increases the maximum indebtedness;

Legislation that would authorize an urban renewal plan to include expenditures for fire apparatus with a depreciable life of at least 10 years, and for which a demonstrated need has been created primarily within the urban renewal area; and

Legislation that makes changes in the urban renewal agency financial reporting pursuant to ORS 457.460.

The parties also agreed to support HB 3455 with amendments to allow reduced rate plans to continue to not divide local option levy and taxes for GO bonds approved by voters after October 2001, even if such plans are substantially amended. HB 3455 passed and is codified in ORS 457.010(4), but none of the compromise provisions were passed in 2007.

OREGON LAND USE BOARD OF APPEALS WEIGHS IN

There is very little case law interpreting the urban renewal statute, ORS Chapter 457. In 2008 and 2009, the Oregon Land Use Board of Appeals ruled in three cases.


The City of Albany and its urban renewal agency, the Albany Redevelopment Agency (ARA), initiated a new urban renewal area in order to provide funding for infrastructure for a proposed major industrial user in the city. A property owner within the proposed urban renewal area (Granada) objected to the plan, especially its size (too small) and the included projects (not enough). After the City Council’s public hearing, the Council discussed Granada’s objections, left the record open for additional written testimony, and directed ARA staff to look at a larger boundary. When the ordinance to approve the plan came back to the Council for a second reading, the plan area had nearly doubled in size. The Council did not reopen public oral testimony on the expanded plan area. The plan area included lands outside the city limits of Albany and therefore required Linn County approval. Granada appealed both the City and County decisions to LUBA. The result was procedural direction for future plan adoptions:

1. ORS 457.085 and 457.095 both require a local government to allow testimony on a revised draft of a proposed urban renewal plan.

2. ORS 457.085(5) does not require a local government to re-notice affected taxing districts after a draft urban renewal plan that was initially provided to those taxing districts is revised.

3. ORS 457.120(1) does not require a new notice to be mailed when a governing body considers revisions to a proposed urban renewal plan that has not yet been adopted.
4. Where a county adopts a resolution approving an urban renewal plan under ORS 457.105, and in approving the plan finds that the plan conforms to the county’s comprehensive plan, the resolution is a land use decision as defined in ORS 197.015(1)(a)(A).


The City of Portland proposed a substantial amendment to the then existing River District Urban Renewal Plan that would add to the plan area a property far removed from the existing urban renewal area. The “satellite” property was slated for construction of a school. A group of concerned persons appealed the City’s proposal to LUBA. LUBA found that the City failed to show that the proposed school served or benefitted the original central city urban renewal area. The public building must serve or benefit more than just the land upon which it is located. LUBA rejected the petitioners’ argument that a public building must increase economic productivity and increase tax revenues to be an allowable urban renewal project. LUBA did not decide the legality of multiple urban renewal areas being included in one urban renewal plan.

NEILSON ABEEL v. CITY OF PORTLAND, LUBA No. 2008-11, January 30, 2009. Remanded, not appealed; City readopted the expansion amendment; Appeal of second ordinance settled. In this so-called “River District Expansion” case, The City of Portland had approved a substantial amendment to the then existing River District Urban Renewal Plan, increasing the plan’s area and maximum indebtedness limit and proposing new projects in the original area. A group of concerned persons appealed the City’s decisions to LUBA.
LUBA found:

1. A substantial plan amendment may require findings of blight in the entire urban renewal area, including the original area. It is possible to use original blight findings for original area if findings are not too dated. River District was 10 years old and new findings were required.

2. A substantial plan amendment that only adds land to the boundary and new projects within the expanded area may not need findings of blight for the entire urban renewal area, including the original area.

3. When adopting an urban renewal plan under ORS 457.095(1), it is not necessary that every single property in the urban renewal district be “blighted,” only that the area as a whole is blighted in one or more of the ways described in ORS 457.010(1).

4. When adopting an amendment to the urban renewal plan, depending on the time that has lapsed, new findings that the area, as a whole, remain blighted may need to be adopted.

5. ORS 457.010(a) requires that buildings be “unfit or unsafe to occupy,” not simply that conditions exist in the subcategories listed in the subsection. There is no statutory definition of “unfit or unsafe,” and a municipality may interpret that phrase to include properties that do not meet current codes, even if they are occupied.

**2009 – IMPACTS OF HB 3056**

After the unsatisfactory conclusion to their cooperation efforts with AORA in 2007, the SDAO and its members came into the 2009 Legislative Session with broad ranging proposals to curtail urban renewal. They involved legislative leadership, school interests, and the counties. Initial proposals included a strict redefinition of blight, taxing districts “opting out” of urban renewal division of taxes, funding firefighting equipment with TIF, and time limits for urban renewal plans. SDAO shared the proposals with AORA representatives, believing that a potential change for urban renewal had the significant support of legislative leadership. AORA representatives entered into discussions with a coalition of taxing districts (including state school boards, fire districts, special districts, and county representatives) to create a statutory compromise to balance the interests of the overlapping taxing districts and the urban renewal programs. The result of these discussions was **HB 3056**, which is discussed in detail earlier in this document.
Appendix A: Map of Urban Renewal Areas in Oregon

Includes only those collecting tax increment
Appendix B: Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING

Intent: The intent of this Memorandum of Understanding (MOU) is to recognize the parties’ commitment relating to the development and passage of House Bill 3056, as amended by the parties, and their commitment to future cooperation and communication on issues related to urban renewal districts and tax increment financing. A copy of House Bill 3056 is attached.

By design, this is not a binding legal contract, as elected governing boards cannot bind future boards on matters relating to policy. This is a political statement containing the parties’ expression of intent to proceed in good faith substantially in the manner outlined in this MOU. The parties’ support and recognize the value of urban renewal districts, but also recognize the need to return property value to the tax rolls in order to provide funding for the services provided by taxing districts. The parties desire to seek cooperation and communication on issues, to limit and seek cooperative positions on new legislation, and, when appropriate, to seek jointly sponsored legislation.

Parties: The parties are listed below. The individual signatories to this MOU will use their best efforts to seek approval from their governing bodies to support the political and collaborative efforts memorialized by this MOU. The individual signatories will confirm their governing boards’ action to all other parties in writing.

- Special Districts Association of Oregon (SDAO)
- Clackamas Fire District #1
- Tualatin Valley Fire and Rescue (TVF&R)
- Oregon Fire Chiefs Association
- Oregon School Boards Association
- Oregon Fire District Directors Association
- Multnomah County
- Association of Oregon Redevelopment Agencies (AORA)
- Association of Oregon Counties (AOC)
- League of Oregon Cities (LOC)
- City of Portland
- Portland Development Commission (PDC)
- Clackamas County

The parties acknowledge that they cannot control the actions of individuals or organizations other than their own (“Third Parties”).

Term of the MOU: The Term will commence on the latest date of the signature of a party, but no later than April 14, 2009 (Effective Date) until January 1, 2017. The parties may extend the Term by agreement of all the parties. If the attached HB 3056 is not passed during the 2009 legislative term, or is passed with modifications that are not acceptable to a party, this MOU shall be null and void, ab initio, as to that party.

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Basis for this MOU: The parties’ mutual support for the “Cooperative Bill” that is the result of the negotiations (HB 3056, as attached), and the parties’ mutual expressions of intent and cooperation in this MOU.

Parties’ Good Faith Obligations:

1. The parties will actively support the Cooperative Bill and oppose all other urban renewal related legislation in the 2009 session, except HB 2809 (The Dalles Bill) and excepting the City of Portland, which cannot oppose urban renewal bills related to the David Douglas school district.

2. With the understanding that the parties will work in good faith to fulfill the spirit and letter of the Cooperative Bill, the parties will not initiate new urban renewal legislation during the Term.

3. The parties agree to indicate their opposition to any urban renewal legislation proposed by a Third Party during the Term.

4. Notwithstanding # 1, 2 and 3 above, if general property tax reform is proposed during the Term, or statutory, administrative or constitutional actions are proposed or adopted that affect the operation of urban renewal districts contrary to the expectations under the Cooperative Bill, given the intrinsic impact of such reform on the urban renewal system, the parties may propose or support legislation during the Term to preserve the effectiveness of urban renewal.

5. Notwithstanding #1, 2 and 3 above, a party may propose legislation during the Term provided the party shall first present the legislation to the Oversight Group (defined below) for review and consideration. After Oversight Group consideration, a party may seek the support of the parties to propose the legislation during the Term, but shall propose legislation only with the support of all parties.

6. Each party will educate its members about the appropriate use of tax increment revenues, and the impact of tax increment financing on overlapping taxing districts, the mutual benefits of the Cooperative Bill, and will instruct its members in implementation of the Bill, acting both in the spirit and according to the letter of the bill.

Oversight Group. The taxing district members and the urban renewal members support the establishment of a joint Oversight Group to provide education to members, monitor the implementation of the Cooperative Bill, solicit potential input about current and proposed urban renewal legislation, and to provide advice and recommendations at the request of groups involved in or affected by urban renewal in Oregon.

MOU
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1. The taxing district members and the urban renewal members will each select one representative to work together to establish an Oversight Group with joint representation of the taxing district members and the urban renewal members. The selected representatives will meet no later than January 2010 to establish the Oversight Group by designating which members will initially participate in the Oversight Group. The representatives will be responsible for determining the frequency and format of the Oversight Group meetings, with input from the Oversight Group members after their selection.

2. Members: The Oversight Group will consist of no more than six members from both the taxing district members and urban renewal members, and will be selected or appointed by their respective organization.

3. Authority: The Oversight Group will have no authority to direct any action by any party or organization. The Oversight Group will review and discuss urban renewal issues raised by any Oversight Group member in an effort to communicate and resolve differences. Specifically, the Oversight Group will review education and implementation activities by the parties relating to the Cooperative Bill.

Ed Kirchofer, Fire Chief
Clackamas Fire District #1

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Page 3
1. The taxing district members and the urban renewal members will each select one representative to work together to establish an Oversight Group with joint representation of the taxing district members and the urban renewal members. The selected representatives will meet no later than January 2010 to establish the Oversight Group by designating which members will initially participate in the Oversight Group. The representatives will be responsible for determining the frequency and format of the Oversight Group meetings, with input from the Oversight Group members after their selection.

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SPECIAL DISTRICTS ASSOCIATION OF OREGON

CLACKAMAS FIRE DISTRICT #1

TUALATIN VALLEY FIRE & RESCUE

OREGON FIRE CHIEFS ASSOCIATION

MULTNOMAH COUNTY

ASSOCIATION OF OREGON REDEVELOPMENT AGENCIES

ASSOCIATION OF OREGON COUNTIES

LEAGUE OF OREGON CITIES

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Appendix C: Tualatin Valley Fire and Rescue Policy on Urban Renewal

SECTION 1.15 URBAN RENEWAL / TAX INCREMENT FINANCING POLICY

A. The following serves as general policy relating to urban renewal districts and tax increment financing. Regardless of the policy articulated below, however, the proposed creation of each urban renewal district, or proposed amendments to existing urban renewal plans that increase the maximum indebtedness, shall be individually reviewed and scrutinized by staff for economic and operational impact.

B. ORS 457.085 requires that urban renewal agencies "shall consult and confer" with each affected taxing district prior to presenting an urban renewal plan for approval, but does not require consultation with such districts during a plan's development. Therefore, TVF&R shall monitor municipalities within its jurisdiction for activity relating to urban renewal districts and plan amendments and notify such municipalities of the District’s desire for early consultation and involvement.

C. ORS 457.085 (5) provides that any written recommendations of the governing body of a taxing district affected by a proposed urban renewal plan shall be accepted, rejected or modified by the governing body of the municipality in adopting the plan. Accordingly, it shall be the policy of this Board to specify to the governing body of the municipality approving the plan, in writing, any of its recommendations that are not included in the proposed plan.

D. Staff shall evaluate each proposed urban renewal plan and plan amendment that increases maximum indebtedness, for its short-term and long-term economic costs and benefits, and for its operational impact on TVF&R. Such evaluation shall compare the costs and benefits with and without the urban renewal plan or amendment, as appropriate.

E. 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.

F. Believing that upon reaching a plan’s maximum indebtedness urban renewal plans should be retired, the Board shall generally oppose plan amendments which seek to increase maximum indebtedness.

G. Upon review of staff’s evaluation and report on a proposed urban renewal plan or plan amendment the Board may:
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.

Support the proposed urban renewal plan or plan amendment when the urban renewal plan does not rely exclusively on TIF but, rather, includes other funding sources such as general fund revenues, general obligation bonds or grants.

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.

Oppose approval of the urban renewal plan or plan amendment when the use of TIF is proposed to fund improvements which are either outside of the urban renewal area or, to the extent that such improvements serve identified needs which are outside of the urban renewal area, is disproportionate to the relationship (assessed value or territory) or the urban renewal area to the balance of the jurisdiction.

Oppose approval of the urban renewal plan or plan amendment when existing or anticipated District resources are insufficient to meet the anticipated demand caused by proposed plan-supported development.

DATE ORIGINATED: May 28, 2002

REVISED: December 20, 2011