

# **An Urban Renewal Primer**

*A Brief History and Background on the Use of  
Urban Renewal in Multnomah County*

**Multnomah County Budget Office**

**April 16, 2009**

# Introduction

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- History of Urban Renewal – “What a Long, Strange Trip It’s Been”
  - Creation of PDC
  - Urban Renewal Prior to Measure 5 and Measure 50
- ORS Chapter 457 – What Does The Law Say?
  - Statutory Provisions
  - Role of the County
  - Use of Tax Increment Financing
- Urban Renewal Today
  - Impact of Urban Renewal on Other Taxing Districts
- Recent Developments



# History of Urban Renewal

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- Vaughn Street Plan (1952)
  - First Attempt by City of Portland to Use Urban Renewal
  - Rejected by Voters
- Legislature Establishes Urban Renewal Law (1957)
  - ORS, Chapter 457
- Voters Approve Creation of PDC (1958)
  - 5 Member Commission, Appointed by Mayor
  - PDC to Serve as the Urban Renewal Agency for Portland **and** w/in a 5 Mile Radius of City Limits
- First URA – South Auditorium (1958)
- Voters Approve Use of Tax Increment Financing (1961)



# History of Urban Renewal

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- Focus in Early Years Was on Neighborhoods
  - Model Cities Program and Neighborhood Development
  - Bulk of Funds Came From Federal Grants
- Economic Development Efforts in 1970's
  - Portland Seen as a Leader in Neighborhood, Downtown, and Transportation Planning
  - Downtown Plan (1972) – Reaction to Population Shift to Suburbs
- PDC Begins to Make More Extensive Use of Tax Increment Financing (TIF)
- Extensive Downtown Revitalization Efforts in 1970's and 1980's



# Urban Renewal Prior to Measure 5

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- “Tax Base” Shields Districts From Impacts of Urban Renewal
  - Districts Collect a Fixed Dollar Amount
  - Tax Rates Increase to Offset “Frozen” Base in URAs
  
- Urban Renewal Tax Collections
  - Six URAs – Four Still In Existence
  - Increased From \$1M to \$22M (1977 – 1991)
  - Average Annual Increase = 24%
  
- Measure 5 (November, 1990)
  - Limited Tax Collections to 1.5% of Market Value
  - Supreme Court Ruled Urban Renewal Taxes Subject to Limits
  - Tax Collections for Urban Renewal Reduced to Zero



# Urban Renewal in The 1990's

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- Measure 1 (1993)
  - Attempt to Exempt Urban Renewal From Measure 5
  - Soundly Defeated by Voters
  
- Measure 50 (May, 1997)
  - Provided a “Fix” for Urban Renewal
  - Urban Renewal Agency Had to Choose One of Three Options to Continue Funding for URAs
  - Urban Renewal Now Competes Directly w/ Other Taxing Districts for Property Tax Dollars
  
- Portland Initiates New URAs
  - Six New URAs Created Since Passage of Measure 50
  - Tax Collections Grow to \$42M by FY 2000



# ORS Chapter 457

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- Definition of Blight
  - *"Blighted Areas means areas that, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health, or welfare of the community" – ORS 457.010*
  
- Urban Renewal Agency Must Submit a Plan
  - Document Blight Findings and How Plan Will Address Them
  
- Key Features of an Urban Renewal Plan
  - Description of Each Urban Renewal Project to be Undertaken
  - Map of the URA w/ Identified Boundaries
  - Establish Maximum Indebtedness



# ORS Chapter 457

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- Role of Counties
  - Counties Can Create URAs
  - Four Counties - Clackamas, Columbia, Coos, and Jackson – Have Urban Renewal Agencies
  - Mostly Used in Unincorporated or Underdeveloped Areas
- But, Most Often Used by Cities
  - “Confer and Consult” Provision
  - Other Taxing Districts That Intersect w/ URAs Submit Resolution in Support of URA
  - Provides Opportunity for Input and Sharing of Interests
- Limits on Urban Renewal
  - No More Than 15% of Total Acreage w/in URAs, or
  - Frozen Base Can Be No More Than 15% of Total Assessed Value





# ORS Chapter 457

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- Tax Increment Financing (TIF)
  - Legislation Outlines How URAs Collect Property Taxes
  - The “Frozen Base” – Value At The Time URA is Created
  - Increment Value – Value Above The Base That is Used by URA
  
- TIF Collections Prior to Measure 5
  - “Divide-the-Taxes”
  - Taxing Districts Retain Taxes From Frozen Base
  - Values Above Frozen Base Taxed For URA
  - No Limits on TIF Collections

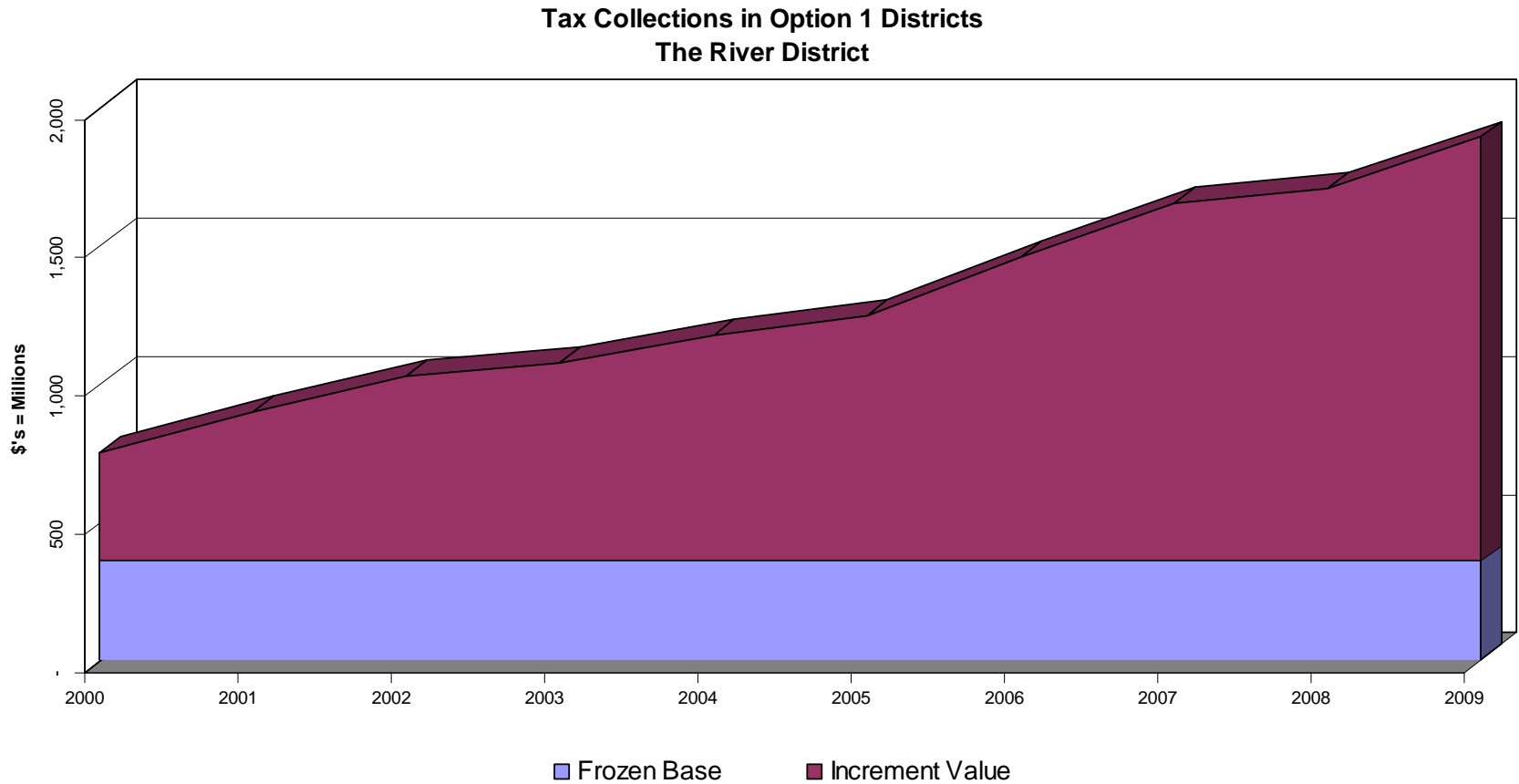


# ORS Chapter 457 - Options After Measure 50

- Option 1 – Divide The Taxes
  - Tax Collections Come From Division of Taxes
  - Urban Renewal Agency Can Certify a Special Levy
  - Total Tax Collections Cannot Exceed URA Authority Limit
  
- Option 2 – Special Levy
  - Urban Renewal Agency Certifies a Special Levy to Collect All Taxes
  - Special Levy Amount Cannot Exceed Total URA Authority Limit
  
- Option 3 – Combination of Option 1/Option 2
  - Urban Renewal Agency Sets Division of Taxes for Each URA
  - Urban Renewal Agency Supplements Division of Taxes w/ a Special Levy
  - Total Tax Collections Cannot Exceed URA Authority Limit
  - URAs Release Excess Value for Use by Other Taxing Districts

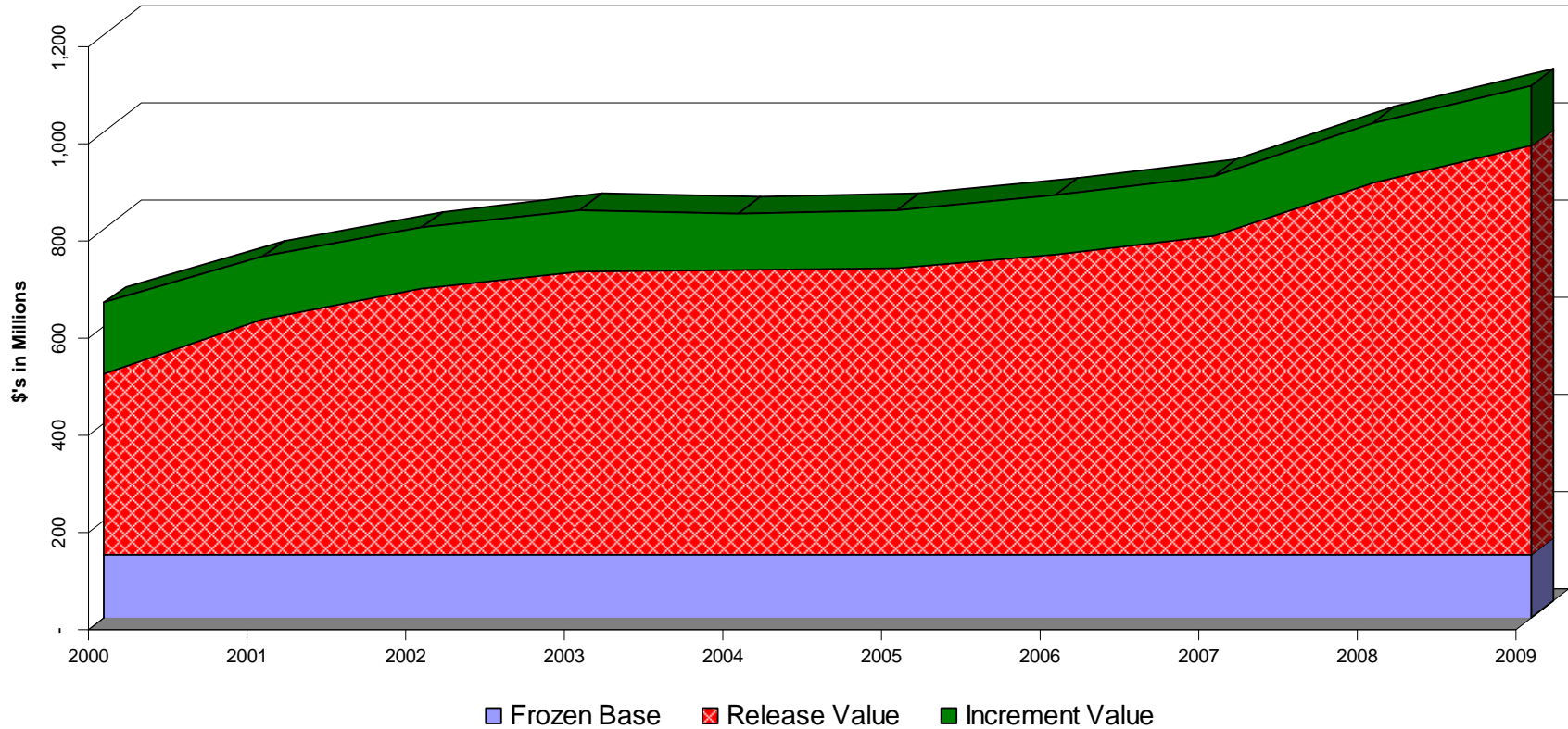


# Tax Collections – Option 1



# Tax Collections – Option 3

Tax Collections in Option 3 Districts  
Airport Way URA



# Urban Renewal Today

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- Ultimately Portland Chose Option 3 for 4 of 5 URAs
- New URAs Are “Standard Rate” or “Reduced Rate” Plans
  - Distinction Based on Which Levies Contribute to URA
- There Are Currently 13 Active URAs in Multnomah County
  - PDC Accounts for 11 of the 13 URAs
  - Rockwood-West Gresham URA
  - Troutdale Riverfront URA
- Urban Renewal Tax Collections = \$96M in FY 2009
  - Taxes Foregone by Multnomah County = \$22M



# Current PDC Plan Areas

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	Type	Maximum Indebtedness	Expiration Date	Acres
Airport Way	Option 3	74,638,268	May, 2011	2,726
Central Eastside	Option 3	104,979,000	August, 2018	692
Downtown Waterfront	Option 3	165,000,000	April, 2008	279
Gateway Regional Center	Option 1	164,240,000	June, 2022	659
Interstate Corridor	Option 1	335,000,000	June, 2021	3,769
Lents Town Center	Option 1	240,000,000	October, 2015	2,707
North Macadam	Option 1	288,562,000	June, 2020	402
Convention Center	Option 3	167,511,100	June, 2013	593
River District	Option 1	224,780,350	October, 2020	309
South Park Blocks	Option 1	143,619,000	July, 2008	161
Willamette Industrial	Option 1	200,000,000	December, 2024	758
Total Acres in URAs				13,055
Total Acres in City of PDX				92,773
% of Acres in URAs				14.1%



# PDC Impact on Multnomah County

## Estimated Tax Revenue Foregone to Urban Renewal

*Since Passage of Measure 50; Totals Do Not Include Measure 5 Compression*

	General Fund	Library Levy	Total	% Change
FY 98-99	\$ 5,533,268	\$ 757,739	\$ 6,291,008	
FY 99-00	6,219,395	851,562	7,070,957	12.40%
FY 00-01	6,679,817	914,603	7,594,420	7.40%
FY 01-02	7,833,127	1,072,515	8,905,641	17.27%
FY 02-03	8,671,634	1,187,323	9,858,958	10.70%
FY 03-04	9,268,595	1,611,132	10,879,727	10.35%
FY 04-05	10,255,098	1,782,613	12,037,711	10.64%
FY 05-06	12,071,608	2,098,371	14,169,979	17.71%
FY 06-07	13,560,110	2,357,113	15,917,222	12.33%
FY 07-08	15,245,124	3,123,857	18,368,981	15.40%
FY 08-09	17,220,024	3,528,531	20,748,555	12.95%



# Recent Developments

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- Urban Renewal Advisory Group
  - “Future of Urban Renewal Report”
  - Made Recommendations on Closing Down, Expanding, and Planning for New URAs
  - County Representation on URAG
- Amendments to River District
  - Expand Maximum Indebtedness by \$324M
  - Provide for Closeout of Downtown Waterfront and South Park Blocks URAs
  - Appealed to LUBA by “Friends of Urban Renewal”
- Resolution 08-56
  - Agreement Between PDC and Multnomah County
  - Provides County a “Seat At The Table”
- Workgroup Formed to Examine Urban Renewal
  - Special Districts Association, AORA, and Others





# Summary

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- Urban Renewal Has Been A Major Force in Shaping Portland For 50 Years
- Tax Limitation Impacts How URAs Are Financed
- Growth in # of URAs After Measure 50
- Efforts Underway to Expand Role of Other Taxing Districts and Provide Limits on Urban Renewal
- Questions/Requests for Information

