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Information Report on Establishing County Urban Renewal Agency (Multnomah County Measure No. 9)

City Club of Portland (Portland, Or.)

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INFORMATION REPORT ON
ESTABLISHING COUNTY URBAN RENEWAL AGENCY
(Multnomah County Measure No. 9)

Purpose: "Recognizes blighted conditions in unincorporated county areas: under state statute, creates county urban renewal agency to be called Community Development Agency; empowers agency to plan urban renewal projects and condemn and dispose of property in accordance with approved plan; requires public involvement in all stages of planning; permits financing of projects by property tax increments and requires annual fiscal impact statement by agency; subjects plan and condemnation power to approval by Board of County Commissioners."

To the Board of Governors,
The City Club of Portland:

I. INTRODUCTION AND BACKGROUND

Measure No. 9 submits Multnomah County Ordinance No. 223 to the people for their approval or rejection. Ordinance No. 223 was adopted on April 3, 1980 by vote of the Board of County Commissioners by declaring, as required by State Law (ORS Chapter 457), that blighted areas exist within the unincorporated areas of Multnomah County, and that an urban renewal agency is needed to function within Multnomah County. The Measure is a referendum petition that would seek to reject the Board's adoption of Ordinance No. 223. Measure No. 9 is supported by Citizens Against the Urban Renewal Agency. The chief petitioner is Multnomah County Commissioner Dan Mosee.

The same State Law enables each municipality within the state to create an urban renewal agency. Multnomah County became Oregon's first county to establish and empower an urban renewal agency under that law by adopting Ordinance No. 223. However, the ordinance was referred to the voters prior to its becoming effective and no action has been taken to implement the ordinance.

Both the Multnomah County Economic Development Advisory Commission and the Multnomah County Planning Commission recommended Board adoption of Ordinance No. 223 as a necessary tool for the implementation of the County's comprehensive land use plan. Contrary to the traditional concept of large-scale housing and commercial urban renewal projects, the projects envisioned by backers of Ordinance No. 223 would be localized and small and would focus on the financing of needed street, sanitary sewer and lighting improvements.

The Community Development Agency would consist of five members appointed by the County Executive with Board approval, including three citizens who own or rent property in the unincorporated area and two county commissioners. The Agency would be empowered to acquire real property by condemnation only upon approval by the Board of County Commissioners. The Agency would be empowered under state law to finance or refinance the costs of any urban renewal project by obtaining loans and advances and by tax increment financing.*

*Typically, the improvements made in an urban renewal project will dramatically increase the assessed value of the affected property. That increment of increase in assessed value before and after the renewal is commonly known as a "tax increment." The costs of renewal may be financed in whole or in part by diverting that increased tax increment to the urban renewal agency until the public indebtedness is paid. Thereafter, the increased assessed value increment goes to the local taxing entity. Such a financing technique is commonly known as "tax increment financing."

Ordinance No. 223 provides for a high degree of citizen involvement in urban renewal plan formation and implementation through citizen advisory committees to be established for each area affected.

II. FISCAL EFFECT

Since Measure No. 9 only authorizes the County to incur indebtedness or utilize tax increment financing, the Measure itself will create no added costs other than those needed to administer and operate the Agency.

III. SUPPORTING ARGUMENTS

1. Multnomah County needs an urban renewal agency to implement its comprehensive land use plan.

2. The Community Development Agency would coordinate a variety of development activities between the public and private sectors. Public investment in transportation facilities and rights of way such as I-205 and light rail could, therefore, be coordinated with private commercial and residential development along those transportation lines.

3. Passage of Measure No. 9 would allow Multnomah County the option of using tax increment financing for needed improvements to its sewer and water lines and roads. Currently there is insufficient financing available for those much needed improvements.

4. Conservation and rehabilitation work that would be accomplished by a county urban renewal agency would increase and strengthen the tax base in the unincorporated areas of the county, make development more attractive, provide employment opportunities, and generally improve the livability of those outlying areas.

IV. OPPOSING ARGUMENTS

1. Passage of the Measure would allow for greater governmental control of development, loss of freedom of choice, increase in the potential for the exercise of governmental power of condemnation and increase in the cost of local government by the addition of another bureaucratic agency.

2. Service, water, fire and school districts could be substantially impacted by tax increment financing, since it could result in freezing their tax bases.

3. All Multnomah County residents would pay higher taxes for development projects which would benefit unincorporated areas of Multnomah County only.

4. Many poor and elderly citizens would be displaced from their homes as a result of urban renewal projects in the County.

SUBMITTED BY STANDING COMMITTEE ON LAND USE & PLANNING