



Urban Renewal in Oregon

History, Case Studies, Policy Issues, and Latest Developments

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Preface

Urban Renewal in Oregon tells the “story” of urban renewal and how communities have often reaped the benefits and sometimes the disappointments. It hits the high points, relying on the memories of people who were and are involved in different phases of urban renewal and on secondary information sources. Rather than examining every urban renewal project in the state, this report uses case studies to illustrate different themes and elements of Oregon’s urban renewal story. It concludes with a look at what the future may bring.

The impetus for this project was the desire on the part of the Association of Oregon Redevelopment Agencies (AORA) to honor Lyle Stewart’s pioneering work on urban renewal in Oregon. AORA decided to develop and offer an annual lecture series – the “Lyle Stewart Lectures” – at the planning schools of the University of Oregon and Portland State University. *Urban Renewal in Oregon* will serve as a foundation for the lecture series, and to better inform the public about how urban renewal works.

An ongoing lecture series provides an ideal forum for discussing the dynamics of urban renewal as new projects develop, laws and practices change, and community needs evolve. The lectures also provide a way to introduce planning students to a field they may not have otherwise considered.

We hope the history, case studies, and discussion of policy issues and the future of urban renewal will serve the public well.

Acknowledgments

We specially acknowledge the Portland Development Commission, which generously funded this project, along with its extremely helpful staff. We also want to acknowledge AORA, which provided significant moral and other support and on whose behalf *Urban Renewal in Oregon* was written.

Thanks also to Oliver Norville, another Oregon urban renewal pioneer, who generously gave his time and wisdom to this project. Many current and former city and county managers, urban renewal directors, community leaders, and others willingly shared information and helped shape this project. A complete list of those who have contributed to this effort is in the Bibliography.

Dedication to Lyle Stewart (1923-1998)

"Lyle Stewart was the dean of urban renewal people in the state."¹

Lyle Stewart, an architect and planner, was born in Colorado. His family moved to California during the Depression. Starting with nothing, his father built a successful career at Mobil Oil.

Lyle went to the University of Southern California School of Architecture and met his future wife, Katie, who at the time was his boss at the USC art store. She later became an integral part of his consulting practice. Lyle and Katie went to England when he received a Fulbright Fellowship to study town and country planning at the University of Liverpool.

Upon returning to California, Lyle taught planning and urban design at USC. His most notable achievement in California was the key role he played on a resource team serving the California legislature. In 1950, this team was asked to develop viable methods of local financing of part of the costs of redevelopment projects. The result of this effort was the creation of tax increment financing (TIF).

Lyle's first Oregon urban renewal project was in Medford. He and Katie moved to the Medford area in 1964 only a few years after voters approved a constitutional amendment making Oregon the second state to authorize tax increment financing.

Lyle introduced the promise of urban renewal and TIF to communities of all shapes and sizes in Oregon (and other western states). He helped develop their plans and visualize their redevelopment projects, making his mark on more than 40 urban renewal plans throughout the state.

His work extended from the Portland Development Commission and Clackamas County in the north, to Salem in the mid-Willamette Valley, to Seaside and Astoria on the coast, to Bend in central Oregon, and to Pendleton in the east, just to name a handful of his Oregon projects. This work included the design and cost estimates of project improvements and development of financing plans including tax increment analysis, projections, and any tax impacts on taxing districts.

Lyle drew from his architecture and planning skills as well as his thorough knowledge of tax increment financing. In his urban renewal work, Lyle was the principal responsible for existing condition surveys, blight documentation, urban design, renewal plans, and report preparation.

Some of his last work was in Lincoln City, where he and Katie moved in the 1990s, and in Talent and Grants Pass near where he got his start in Oregon. The last complete plan he developed from scratch was for the White City area of Jackson County.²

Urban Renewal in Oregon is dedicated to Lyle Stewart, whose groundbreaking work on urban renewal left its mark on Oregon and throughout the West.

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Introduction

“Renewal – the act or state of being renewed. Renew – to recover; to revive, restore to a former state, make new or as if new again. Renovate, repair, restore.”³

Urban renewal has been embraced by cities and counties of all shapes and sizes in nearly every region of Oregon. It has offered municipalities a way to redevelop and revitalize their communities, using public investment to stimulate private investment in areas that otherwise would have remained stagnant or undeveloped.

Originally a federal housing program, urban renewal agencies were first formed to take advantage of federal funding to do what was characterized as “slum clearance.” It has come a long way since this highly controversial approach to redevelopment. It is now used as a tool for downtown revitalization, multi-use projects, and economic development driven by community wants and needs. Why has urban renewal been important to so many Oregon communities?

To start with, “urban renewal” plans do not necessarily address “urban” areas or “renewal” of existing buildings. Since 1979, financing has been available for projects having little to do with urban areas or renewal, but Oregon law still refers to “urban renewal agencies” and the term has had staying power.

Nearly 50 Oregon cities and counties⁵ currently have or are considering having active urban renewal agencies. While many of their urban renewal plans focus on restoring and reviving downtown areas, there are numerous examples that focus on industrial development. Their plans have been used to spur on redevelopment in areas that otherwise would have remained physically deteriorated, unsafe, or poorly planned.⁶ And all of their plans focus on working closely with their communities to make them a much better place for the future.

Tax Increment Financing

The true value of urban renewal as we know it today stems from three types of authority not otherwise available to local government:

- It allows for the use of tax increment financing to finance improvement projects.
- It allows for special powers to buy and assemble sites for development or redevelopment, if that is desired.
- It allows for special flexibility in working with private parties to complete development projects.

Tax increment financing (TIF) is the primary way urban renewal projects are financed, even though agencies can and do use other funding sources. Because of the significance of its impact, TIF has become nearly synonymous with urban renewal in Oregon. Appendix A lists Oregon urban renewal agencies currently using TIF.

The concept of TIF is simple. Tax revenue generated by the incremental increase in value (“increment”) in the renewal area can be used to pay for improvements in the area being renewed. Once an urban renewal boundary is defined, the county

assessor “freezes” the assessed value of real property within the urban renewal district. When property values go up as a result of investment in the area or appreciation, the taxes on the increase in the assessed value above the frozen base are used to pay for the improvements in the urban renewal area (see chart in “How Urban Renewal Works”). In the long term, the increment goes back at full value onto the tax rolls, from which all taxing districts benefit.

TIF enables communities to finance urban renewal projects and leverage other funding, often through cost sharing with other city and county departments or as a match for grants from the state or federal government. TIF also enables communities to do long-range renewal planning outside of the politics and limitations of the annual general fund budget process. Because of this flexibility, urban renewal agencies can respond more readily to economic and real estate cycles.

Urban Renewal Broadens its Focus

TIF came into its own in the 70s, and along with it came a fundamental shift in the way urban renewal was being planned and implemented in communities throughout the state. Land clearance and focusing on housing were no longer the sole function of urban renewal. Instead, urban renewal expanded to become a tool for regenerating cities and towns. Their activities and plans are driven by what is most needed and works best for each community.

“When urban renewal was first used in Oregon, its practices mirrored the prevailing redevelopment wisdom of its time. Areas thought to be blighted were completely cleared of structures, with the idea that by removing blight and providing readily developable parcels, new development would be induced. In most instances, entire neighborhoods were removed in the name of urban renewal. In some instances, the anticipated development never occurred. Today, urban renewal agencies no longer clear large areas of land. Instead, they work within the existing built and social environment to create and encourage redevelopment opportunities for those who desire it.”⁷

Urban renewal has experienced notable advances in public involvement and accountability as a result of past controversies. In 1971, a Portland City Club committee detailed some of the problems it associated with Portland Development Commission (PDC) projects like South Auditorium, Linnton, and Emanuel Hospital. The committee was so concerned about what it perceived as “lack of coordination and remoteness from citizen influence” that it called for, among other things, abolition of the PDC as an “independent, autonomous agency, and creating a city department to undertake urban renewal.”⁸

Later in the 70s, the legislature appointed an interim committee to address a variety of urban renewal “abuses” among the twelve then-existing urban renewal agencies. One of the identified problems was the large amount of land in some urban renewal areas. At that time, Lincoln City reported that 95% of the city was within its urban renewal area while Toledo anticipated 89% of the city would be. The impact on Lincoln County taxing districts, and especially schools, would have been severe.

Oregon law now demands that urban renewal plans be consistent with other plans (notably the municipality's comprehensive plan), that the public and overlapping taxing districts be involved and informed, and that regular fiscal reports be made. The law also places an upper limit on the amount of land and assessed value that can be in an urban renewal area.

Ongoing Concerns

But urban renewal will likely always attract some controversy. Recently, Multnomah County criticized PDC for including too much land in the North Interstate Urban Renewal Area, reducing its revenue more than necessary to achieve the plan goals. Numerous projects built in part with urban renewal funds have been criticized for not generating increment in proportion to the urban renewal investment. Examples include the Performing Arts Center in Newport, the Eastbank Esplanade in Portland, and the public library in Eugene downtown.

Over the years, some communities have rejected urban renewal plans either directly or indirectly by public vote. These votes have often been the result of actions by an individual or group strongly opposed to urban renewal in the community. Critics generally object to what they perceive as public subsidies for private businesses, overreaching by the agency in land area or scope of projects, and "taxation without representation."

In March 2002, Woodburn voters approved the adoption of an urban renewal plan. The ordinance adopting the plan was referred by initiative to the voters because some residents believed that urban renewal plans should be voter approved. Troutdale had a different result in that special election. Voters overwhelmingly voted no on an ordinance referred by initiative that would have designated the city council as the agency overseeing urban renewal, thus effectively nullifying the urban renewal plan.

Examples of urban renewal setbacks include:

- Gresham, where voters defeated two different downtown plans in the 1980s;
- Beaverton, where residents approved a charter amendment in 1980 requiring majority voter approval of any new urban renewal activity; and
- Canby, where residents in 2000 indirectly rejected a mixed downtown/industrial development by refusing to approve annexation of land necessary for implementing part of the urban renewal plan.

Gresham and Canby are revisiting and modifying how urban renewal might work in their communities as described in the case studies included in this report. Beaverton has also given thought to how urban renewal could be a tool for revitalization of the central part of the city.

Urban renewal agencies counter their critics by demonstrating the long-term advantages of urban renewal, working closely with the community and overlapping taxing districts to respond to concerns during the planning and implementation stages, and documenting the proportionate benefit of projects to the urban renewal area. Agencies also have been flexible in changing the scope and nature of urban renewal plans and projects as demonstrated in many of the case studies.

"Urban renewal is an attempt to give back to the city what age and obsolescence have taken away. It is a program of systematic improvement through which citizens, in partnership with governmental agencies and private enterprise, come together to restore the vitality of the city."⁴

A recent research project provided quantitative information on how the public perceives urban renewal. Although the data are limited to Portland, it is likely attitudes in other areas of the state would similarly express both strong support for and reservations about urban renewal, as has been the case throughout the history of urban renewal in Oregon. The following is from the research summary:

“Portland residents like and support urban renewal. Roughly two in three (68%) have favorable opinions of the program and more than three in four (78%) support the concept of urban renewal.

“Top-of-mind, the aspect of urban renewal that residents like best is that it helps to rehabilitate the city in a variety of ways, including the environment, affordable housing, new business and jobs. Conversely, the main hesitations residents have about the program are paying for the improvements and displacing residents...

“After hearing statements about urban renewal and tax increment financing, support for urban renewal remains strong. Three in four residents favored urban renewal, even after learning voter approval is not required and that funds cannot be used for social programs.”⁹

Report Overview

This report presents the evolution of urban renewal in Oregon, grouping and summarizing significant developments by key historical events and legislative milestones. It goes on to discuss in more detail how urban renewal works. Ten case studies that illustrate the breadth and themes of different urban renewal plans are presented. A discussion of latest developments affecting the future of urban renewal and common elements that can and do affect the success of urban renewal efforts follows.

The last section discusses future issues and policy implications. It recognizes that urban renewal has demonstrated a remarkable resilience over the years, in large measure because of its widespread use in so many communities that have benefited.

Evolution of Urban Renewal in Oregon

The Early Years

“The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family . . .”¹²

This clear statement of intent in the U.S. Housing Act of 1949 marked the beginning of what became known as “modern urban renewal.”¹³ The Act restated a commitment first made by the federal government in 1937 to provide decent housing for every American.

The 1949 Housing Act provided federal funds to cities for urban redevelopment in the post-war period, with an increasing amount of federal funds available for nonresidential projects over time. Title I of the Act offered federal funds to local public agencies to assemble, clear, and resell or lease land for predominantly residential uses to private developers or public housing agencies – what many referred to as “slum clearance.”

The Oregon legislature responded to the federal legislation by passing an urban renewal law in 1951. This enabling legislation authorized only housing authorities to act as urban renewal agencies, but was expanded in 1957 to include city councils, county commissions, or separate boards appointed by these governing bodies.

To be eligible for federal funds, cities had to comply with myriad federal requirements. One requirement was that each state receiving federal urban renewal funds have a test case on the use of eminent domain to acquire public property for urban renewal purposes. In the landmark decision *Foeller et ux. v. Housing Authority of Portland*,¹⁴ the Oregon Supreme Court in 1953 upheld the constitutionality of Oregon’s “Urban Redevelopment Law.”

Urban renewal agencies were formed throughout the country to take advantage of the availability of significant federal funds to help revitalize their communities. Oregon was no exception.

The earliest urban renewal efforts were undertaken in Portland by the Housing Authority (HAP), which at the time was the only agency under Oregon law that could act as an urban renewal agency. On recommendation of the Portland Redevelopment Advisory Board, a citizens’ committee organized under the 1951 state enabling laws, HAP decided on major redevelopment of what was called the Vaughn Street area. The project was defeated by Portland voters in 1952 and HAP was unable to later revive it.¹⁵

“We started out as a child of federal government ... all having renewal agencies so we could get money and tear down neighborhoods and rebuild them. I think life got more subtle and sophisticated and we understood old things had value and saving them has value.”¹⁰

At HAP's suggestion, the Mayor's Advisory Committee on Urban Renewal (MACOUR) was appointed in 1955 and it soon presented to the city council a planning proposal for what became known as the South Auditorium project. This project is included in the case studies later in this report.

Council at the time expressed concern about whether renewal authority should continue with HAP, given its focus on public housing. To get around state restrictions, HAP contracted with the City of Portland Planning Commission for professional services, which in turn hired Santa Barbara's planning director, John Kenward, to head a new seven-person urban renewal section in the Planning Bureau.¹⁶

Kenward and Planning Director Lloyd Keefe, with the support of MACOUR, went to the Oregon legislature in 1957 to gain direct authority for the city council (along with county commissions and appointed separate bodies) to act as urban renewal authorities. The next year Portland voters approved creation of an independent agency – the Portland Development Commission (PDC) – to undertake urban renewal programs.¹⁷

Eugene formed its urban renewal agency in 1958, the same year PDC was created. Salem was next in 1961. Interest in urban renewal was not limited to the larger cities in Oregon – Cascade Locks, Cottage Grove, Albany, Coos Bay, Newport, Beaverton, Toledo, Lincoln City, and Tualatin formed their own agencies during the mid to late 60s and early 70s.¹⁸ At the time, Cascade Locks had the distinction of having one of the smallest urban renewal programs in the nation.¹⁹

The earliest Oregon urban renewal agency projects were driven by federal funding availability. In Portland, Eugene, and Salem, university-related projects were completed at Portland State University, the University of Oregon, and Willamette University using urban renewal funding specially set aside for them. The early urban renewal agencies also used Neighborhood Development Program and Model Cities funding which reflected a shift from large scale clearance to neighborhood rehabilitation. These programs generally involved the community much more than before in planning and decision-making.²⁰

The early "slum clearance" projects such as South Auditorium in Portland and Eugene downtown generated the most controversy because of the widespread displacement of residents and businesses and demolition of what some considered historically valuable buildings. PDC set up its own relocation assistance office for the South Auditorium project, and the Eugene renewal agency helped small businesses with loans and other assistance, but the relocation assistance available at that time was insufficient to take care of all of the needs of those who were displaced.²¹

Congress passed the Federal Uniform Relocation and Real Property Acquisition Act of 1970, and Oregon later enacted its own relocation provisions which substantially incorporated the same benefits.²² The federal act set up a procedure to provide relocation benefits for any federally assisted program. It required, among other things, the purchase of homes at fair market value, reimbursement of moving costs, and additional assistance to homeowners and renters.

"TIF is a bootstrap operation that pays for itself...It is a fabulous tool that must be used carefully."¹¹

Advent of Tax Increment Financing

The Housing Act required a local match for federal urban renewal funds. To find ways to meet that match, in 1950 a California resource team (which included Lyle Stewart) worked with the Legislature to develop viable ways for local financing. Its work resulted in tax increment financing (TIF) – now a major means of funding redevelopment throughout the country.²³ A California constitutional amendment authorizing TIF was approved in 1950, and in 1951 the California legislature enacted implementing legislation.

Again, the concept of TIF allows tax revenue generated by the incremental increase in value (“increment”) in the renewal area to pay for improvements in the area being renewed. In the long term, the increment goes back at full value onto the tax rolls, from which all taxing districts benefit.

John Kenward, PDC’s director, was familiar with what was known as the “Sacramento plan,” having come to Portland from California. Sacramento was the only city using TIF at the time. Kenward teamed with Oliver Norville, general counsel to PDC, to draft a constitutional amendment based on the California constitution for legislative referral. The amendment, which authorized the use of TIF by Oregon urban renewal agencies to finance urban renewal projects, overwhelmingly passed both houses of the legislature.²⁴

In 1960, Oregon voters approved that constitutional amendment.²⁵ The following year the legislature enacted implementing legislation. Oregon was thus the second state in the nation to authorize TIF. By 1970, only five other states had joined Oregon and California; however, by 1997 nearly every state had authorized this financing method.²⁶

Oregon’s constitutional amendment was grounded in the then-existing Federal Housing Act programs, and allowed use of tax increment financing only for redevelopment or an urban renewal project. To qualify, an area must be “blighted” or “deteriorated.”

The first enabling legislation required a finding of “blight” based on the strict standards for federally assisted programs.²⁷ Urban renewal later evolved from a program for clearance of blighted areas and development of low-cost housing to a program for stimulating development in areas that were not otherwise developing well. As a result, the legislature became interested in defining “blight,” an issue that would be addressed in the late 70s by the legislature.

Major Changes in the 1970s

In 1974, Congress passed the Housing and Community Development Act. The Act consolidated numerous federal grant programs, including urban renewal, into one block grant that went directly to cities and counties. There were no longer direct federal grants to urban renewal agencies; rather there were undedicated block grants that went directly to local government. For urban renewal, this fundamental shift in financing and planning resulted in much more use of TIF.

Other trends during the 70s also contributed to increased use of TIF. One was a change in emphasis from redeveloping housing areas to revitalizing business districts, a strategy that was more likely to generate substantial tax increment revenue. Secondly, the public was becoming increasingly reluctant to approve general obligation bond levies, and tax increment bonds did not require voter approval. And third, taxing districts were attracted by the potential for increased assessed valuation of the entire district which lowered tax rates.²⁸

TIF thus came into its own as the main way for urban renewal agencies to finance their projects and the term is often used as a substitute for urban renewal. At the same time, the highly structured regulations of the Housing Act that underlay Oregon's original enabling legislation no longer existed. Over time, state statutes alone proved inadequate to guide TIF activities.

Problems emerged during the 1977 Oregon legislative session. The identified problems included lack of citizen participation in the process for developing an urban renewal plan, inadequate fiscal accountability to the public, excessive impact on other taxing bodies, use of tax increment for economic development rather than "slum clearance," and the large size of some urban renewal areas like Lincoln City and Toledo.

Rather than take action during the session, an interim task force was appointed to study and report back to the next session. Based on the interim committee's recommendations, the 1979 Legislature substantially rewrote Oregon urban renewal statutes, providing direction in the formation and operation of renewal agencies.²⁹

Highlights included:³⁰

- Expanded permissible uses of TIF recognizing that communities could be improved by stimulating economic development without housing.
- Expanded the definition of "blight" (the key term for defining an urban renewal district) to include, "[a] growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare."
- Improved public scrutiny of renewal efforts by requiring local development agencies to prepare detailed annual reports addressing the uses and effects of TIF, including effects on overlapping taxing districts.
- Required approval of an urban renewal plan by non-emergency ordinance after public notice, hearing, and consideration of public testimony and after presentation to overlapping taxing districts.
- Restricted the percentage of a municipality's assessed value and land area that could be placed within an urban renewal area.

Most of the changes enacted in 1979 continue to be the core of urban renewal law and practices today, along with legislative refinements over the years. Major changes to TIF were later required to respond to voter approved changes in Oregon's tax structure (Measures 5, 47, and 50).

Major Activity in the 80s

Many Oregon urban renewal agencies matured during the 80s. Agencies that had been formed in the late 60s and early 70s were implementing previously adopted urban renewal projects, and new agencies formed in the late 70s started phasing in their urban renewal projects.

As Oregon went into the depths of an economic downturn in the late 70s and early 80s, urban renewal was needed more than ever. In some communities, it was the only economic stimulus available to the community.

The economic downturn was both a blessing and a curse for urban renewal agencies. On the one hand, inflation benefited urban renewal districts by increasing land values, thus generating more increment. On the other hand, the prime rate climbed into the twenties and interest rates on tax exempt bonds were as high as 13%. This was a double hit – to both the agency issuing bonds and to private developers with whom the agency was trying to form a partnership.

Seaside, for instance, was affected by these economic trends. Formed in 1978, the agency was ready to proceed in 1982 with a major downtown infrastructure project when bond interest rates reached 12.75%. Although some thought the agency should wait, others supported the agency's decision to proceed precisely because things were so bad. In retrospect it turned out to be a good decision.³¹ Not all agencies were as fortunate. For example, a major downtown development agreement fell through in Eugene because of the inability of the developer to obtain affordable financing.

The 80s saw the beginning of urban renewal agencies "having the mindset to be in the economic development business."³² An early example was PDC's Northwest Front Avenue Urban Renewal Area, established in 1978. The selected site was considered blighted because of bad soil conditions and no access. Only later did officials learn the site also was a "brownfield" (i.e. it was environmentally contaminated). Without urban renewal it would not have been feasible to develop.

"The project provided \$14 million in tax increment financing for...site improvements [for Wacker Siltronic, a German semiconductor manufacturer]...In addition to returning more than ten times Portland's urban renewal investment in enhanced property tax value, the plant provided 800 jobs. Jobs were made available to unemployed Portland residents through the region's first 'first-source' hiring agreement."³³

Early examples of "greenfield" (i.e. not environmentally contaminated) developments were Fairview Urban Renewal District in Salem (1984) and Leveton Tax Increment District in Tualatin (1985). Both encompassed substantial acres of undeveloped land with great potential for industrial development but no infrastructure and not "ready to go," something Pacific Rim companies in particular expected at the time.³⁴ The urban renewal agencies were able to acquire options to purchase the land at "bare land value," borrow the funds to build the infrastructure, and then succeed in quickly attracting significant development, thus "jump starting" a generation of increment to pay back the loans.

The 80s represented a time of tax reform activity. Oregon voters handily defeated several sales tax measures and also voted down several property tax limitation measures. It is important to understand that from the time TIF was approved in 1960 until the passage of Ballot Measure 50 in 1997, Oregon had a levy-based tax system. Under this system, property tax rates were “elevated” to produce the authorized levy amounts and extra funds, equal to the taxes on the increment for urban renewal agencies. As a result, the impact of tax increment financing was on tax rates paid by taxpayers, and generally not on overlapping taxing districts.

The looming anti-tax sentiment among voters, and especially the high level of initiative and referral activity that could affect property taxes, was worrisome for urban renewal agencies. In 1985, representatives of some agencies lobbied the legislature for mitigation of the losses in tax increment revenue should its referred sales tax measure pass. In 1986, a group of agencies met to provide input for the federal tax reform act that affected the tax exempt status of certain types of urban renewal bonds.

Some agencies also saw inconsistencies in urban renewal practices throughout the state, and felt they could be vulnerable to a legislative response to perceived urban renewal abuses. These combined needs for a unified response from urban renewal agencies showed the need for an ongoing organization to represent their interests.

As a result, under the leadership of urban renewal agencies including Tualatin, PDC, Lake Oswego, and others, the Association of Oregon Redevelopment Agencies (AORA) was formed in 1987. AORA members include urban renewal agency staff and professionals serving those agencies. It serves as an affiliate organization of the League of Oregon Cities, advocating for urban renewal agencies and developing guidelines and procedures for all agencies to voluntarily follow.

Upheaval of the 90s

Two statewide ballot measures in the 90s dramatically altered Oregon’s property tax system. In 1990, voters approved Measure 5, which established limits on the amount of property taxes paid by any individual property for all levies other than for general obligation bonds. When fully implemented in 1995-96, it cut tax rates an average of 51% from their 1990-91 levels.

The impact of Measure 5 on urban renewal agencies was significant. Urban renewal revenue were categorized as local government taxes subject to the Measure 5 limit of 1% (or \$10.00 per \$1,000) of a property’s real market value. (The taxable “assessed value” of property was generally equal to its real market value.) In many cities, the total of urban renewal taxes and other local government taxes exceeded the limit.

When local government taxes on a property exceeded \$10.00 per \$1,000, the taxes were proportionately reduced or “compressed” until they met the limit. Losses of taxes from this process are called “compression losses.” A common response to Measure 5 compression losses was to direct urban renewal agencies to reduce or eliminate collecting tax increment revenue to lessen the Measure 5 losses to general government agencies.

Another impact was that for the first time, taxes for urban renewal were identified as such on tax statements, thus increasing the visibility of TIF. Urban renewal agencies expected a huge outcry from the public when they received their statements, but the response was much less than anticipated.

Making things far worse for urban renewal was an Oregon Supreme Court decision that TIF bonds were not exempt from Measure 5 limits, whereas taxes for general obligation bonds were.³⁵ Voters soundly rejected Ballot Measure 1 in a special statewide election in 1993. The measure was an attempt to allow voters to approve an exemption for TIF bonds in their city or county.

Portland, The Dalles, and Albany were examples of cities with urban renewal agencies that were hit hard. In Portland, urban renewal funded by TIF nearly ground to a halt.³⁶ The Dalles urban renewal agency had sold bonds before Measure 5 passed. Because of the impact of Measure 5 on their taxing districts, The Dalles paid off the bonds and became a “penniless organization” at the time.³⁷ Albany’s experience was similar, but unlike The Dalles, Albany decided to terminate its plan. The Dalles kept its plan alive, but did not collect any revenue.

In 1997, voters passed Measure 47, which proved unworkable, but which was replaced by Measure 50. Measure 50 cut the taxing authority of taxing districts, rolled back the assessed value of property, and limited annual growth in assessed value to 3%. Measure 50 also transformed the system from one primarily based on levies to one primarily based on permanent rates.³⁸ Taxing districts received revenue based on changes in assessed value.

By creating a rate-based property tax system, the bulk of the impacts of TIF now take the form of revenue impacts on overlapping taxing districts as opposed to rate impacts on taxpayers. This is a major concern to urban renewal agencies and it requires working closely with all taxing districts as new urban renewal plans are developed or substantially amended.

The Measure 50 system of raising urban renewal taxes would have resulted in 50-60% less revenue than agencies could collect under Measure 5. Therefore, specific provisions of the measure “grandfathered” plans in place as of the effective date of Measure 47, allowing existing urban renewal plans to use a special urban renewal levy to make up most of the potential losses and complete their projects.

Urban renewal plans approved after Measure 47’s effective date could still be feasible, but did not provide as much tax increment revenue as earlier plans. Measure 50 minimized the impact of Measure 5 on urban renewal funding because it reduced taxes levied by other local governments, and not all urban renewal tax revenue had to fit within the 1% Measure 5 limit. However, it resulted in the loss of revenue to overlapping taxing districts which created a new set of challenges.

Within the new parameters of Measure 50, financing of urban renewal through tax increment was back on track with significant activity throughout the state. In Portland, for example, five new districts were established following the passage of Ballot Measure 50. New urban renewal plans were adopted in communities like Sandy, Canby, Columbia County, La Grande, Lebanon, Albany, Troutdale, and Coquille. It is too early to judge the success of these new plans.

The New Millennium

The new millennium started out well. Although there were bills introduced in the 2001 legislative session that could have dramatically altered urban renewal, the only legislation of consequence that passed was HB 2315. This bill, which applied to urban renewal plans adopted after its effective date, made minor modifications in the TIF process resulting in a slight to moderate reduction in revenue for future urban renewal plans.

But, the end of 2001 marked a potentially dramatic turnabout. The Oregon Supreme Court, in a unanimous decision, reversed an earlier Oregon Tax Court decision. It ruled that the tax increment revenue from school and bond levies need to be categorized as local government taxes and subject to the Measure 5 \$10.00 per \$1,000 real market value limit. Known as the *Shilo* case,³⁹ the precise impact on urban renewal agencies is so far unknown, but it will reduce revenue to the agency and to overlapping taxing districts by forcing more taxes under the local government limit.

In spite of the uncertainties surrounding urban renewal, communities are continuing to consider urban renewal. Recent initiatives include Brookings, Madras, Sisters, Hermiston, and Pendleton. Existing agencies are considering how to handle current and planned projects given preliminary analyses of the impact of the *Shilo* decision. Because each community and its property tax situations are different, agencies likely will need to respond in different ways.

A chronology of the legislative history of urban renewal is in Appendix B.

How Urban Renewal Works⁴⁰

⁴⁰While most states authorize TIF, there is substantial variation among them in how it operates. The laws range from extremely basic (Alaska's law is one printed page) to very detailed (California's is over 300 pages).⁴¹

[Oregon's urban renewal law is a modest 19 pages.]⁴²

How urban renewal works in Oregon is governed by Oregon statutes, Department of Revenue administrative regulations, and how the courts have interpreted Oregon laws. Many of these legal requirements focus on when and how TIF can be used for urban renewal.

Other factors influence how urban renewal works. Perhaps most important are the unique circumstances of each community. These are generally reflected in the urban renewal plan for each area a community has designated as blighted. Practices and procedures also have developed over the years. AORA has included these, along with guidelines for “best practices,” in a manual that is given to all urban renewal agencies. The manual is designed to encourage uniform practices among agencies throughout the state.⁴⁴

How can a community use urban renewal?

Any municipality (city or county)⁴⁵ can use urban renewal, but it must establish an urban renewal agency and it must adopt an urban renewal plan.

What is an urban renewal agency?

Urban renewal agencies are created by state law (ORS Chapter 457) but are specifically “activated” by the municipality’s governing body. The agencies are separate legal bodies, but in most cases in Oregon, members of the urban renewal board also are members of the governing body. However there are exceptions and the designation of an agency board is dictated by the particular circumstances of the municipality.⁴⁶

Generally, the choice to make the governing body the urban renewal agency reflects a belief that it provides greater public accountability since the members are elected officials among other advantages. Those who like independent agencies say they are “devoid of partisan politics”⁴⁷ and enable the governing body to act as “mediator and adjudicator” if needed.⁴⁸

What is an urban renewal plan?

To undertake urban renewal projects with tax increment financing, the projects must be authorized in an urban renewal plan. The plan applies to a specific geographic area of the municipality, which is called the urban renewal area. In adopting the plan, the municipality’s governing body must find that the area is eligible for urban renewal because of existing “blight,” which is defined as conditions such as deteriorated buildings and lack of adequate infrastructure.

The urban renewal plan is required by statute to contain goals and objectives, authorized urban renewal projects, a limit on the expenditures (excluding interest payments on debt), specific provisions regarding acquisition and disposition of land

(and use of eminent domain), and provisions regarding how the plan may be amended in the future. An urban renewal plan is accompanied by an urban renewal report that documents the conditions of blight, provides detailed financing and scheduling information, and projects the impacts on overlapping taxing districts.

How is an urban renewal plan adopted?

First, the governing body or urban renewal agency decides that it wants to consider an area for a possible plan. This decision is usually in response to interest in the community in revitalizing the area.

As a typical next step, the eligibility and feasibility of the area as an urban renewal area is studied. This “feasibility study” includes information about property values, development conditions, availability and condition of streets and utilities, and other key factors. (Alternatively the feasibility study can be folded into the preparation of an urban renewal plan and report.)

If the area is found eligible by the governing body and it wishes to proceed with urban renewal, an urban renewal plan and report is prepared. The planning must involve citizens at every stage, and especially when it comes to determining what projects and activities are to be undertaken. Notice must also be sent to affected taxing districts, who may make comments on the plan.

An urban renewal plan must be presented to the planning commission for its recommendations and then must be adopted by the governing body after a public hearing is held. Notice of the public hearing must be sent to each individual household in the city or, for a county agency, to each individual household in the school districts included in the plan area.

What can happen under an urban renewal plan?

Urban renewal agencies can do certain projects or activities under an adopted urban renewal plan. These projects and activities include:

Construction or improvement of streets, utilities, and other public uses. The most common type of urban renewal project is infrastructure development, including streets and utilities. Urban renewal also commonly funds parks, plazas, and pedestrian facilities.

Rehabilitation or conservation of existing buildings. An urban renewal agency can assist in rehabilitation projects of any type (residential, commercial, industrial) typically through loans and grants to private property owners.

Acquisition and improvement of property. An urban renewal agency can acquire property, typically for resale for private or a combination of public/private development. The agency has the power of eminent domain (condemnation) for redevelopment purposes, which is not a power of cities or counties themselves. The agency must identify properties to be acquired in the urban renewal plan, which must be acquired at fair market value.

“The need for public involvement in urban renewal planning and project implementation has grown steadily over the years.... [I]t allows the agency to clearly identify critical community issues and areas of confusion or concern.”⁴³

Once acquired, urban renewal agencies can clear and improve the properties prior to resale or lease. Any persons or businesses displaced by agency acquisition are entitled to relocation assistance.

Because use of the power of eminent domain is controversial in some communities, an urban renewal plan can limit the authority of the agency to acquire property. For example, a plan may require a plan amendment for a specific acquisition or it may prohibit condemnation, allowing land acquisition only if there is a willing seller.

Resale or lease of property. An urban renewal agency can sell or lease property it owns for redevelopment. Unlike cities and counties, the agency can legally sell for less than fair market value. Property can be sold for its “fair reuse value” which takes into consideration restrictions on the use or types of uses that may be developed or redeveloped on the property and other limitations imposed by the urban renewal plan that may affect the property’s value. The developer is required to develop in accordance with the plan and within a reasonable period of time pursuant to a development agreement.

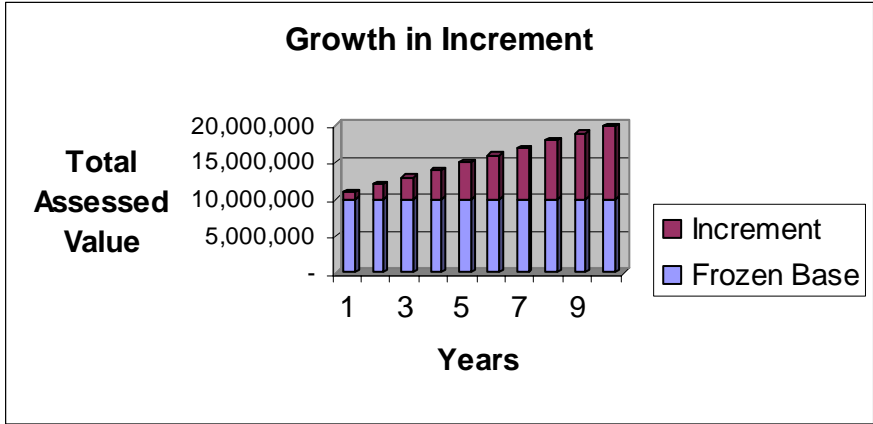
What about projects with citywide or regional scope?

Some urban renewal projects which are located within urban renewal areas provide benefits on a much broader scale. Some of these projects are public buildings like a city hall, library, or conference center. Other types of projects with broad benefits might be the main trunk of sanitary sewer, storm sewer, water lines, or transportation projects.

The urban renewal agency is expected to demonstrate a clear connection between such projects and the particular objectives of the urban renewal plan. In terms of funding such projects, the agency should allocate tax increment funds in general proportion to the benefits received by the urban renewal area compared to the community as a whole.

How are urban renewal plans financed?

Urban renewal is unique in that it can be financed by urban renewal taxes through TIF. Urban renewal taxes are generated by the *increase* in total assessed values in the urban renewal area from the time the urban renewal area is first established. The assessed value of an urban renewal area at the time the plan is adopted is called the “frozen base.” Growth above the base is called the “increment” as illustrated in the following chart.



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Case Studies Introduction

The following case studies tell the story of urban renewal in Oregon through the experience of different communities. These communities faced both unique and common problems and had both unique and common challenges in developing and implementing their urban renewal plans. These communities were willing to take risks, to accept setbacks, to seize opportunities, and to persevere in the face of difficult odds.

These selected case studies illustrate a variety of characteristics of urban renewal efforts in Oregon. To fully catalog all of the projects for the nearly 50 active urban renewal agencies⁴⁹ in Oregon would be cumbersome and not necessarily helpful. Additional case studies may be added as this document is periodically revised and updated.

The case studies demonstrate that there are commonalities among urban renewal efforts. They also demonstrate that what works in one community may not work in another.

Some of the key themes that emerge from the case studies are:

- Influence of the economy (probably the single most important factor in determining whether an agency can move ahead)
- Payoff for patience and perseverance
- Advantages of being flexible and ready to respond to unplanned opportunities
- Impact of public opinion
- Importance of being able to do significant land assembly (something for which urban renewal is uniquely suited)
- Willingness to revisit urban renewal

Each case study begins by listing some of the key elements of the community's experience with the described urban renewal plan. It then highlights the community's experience with their urban renewal plan(s) and projects. The case studies are presented in chronological order from the earliest to the most recent.

The Pioneering Plan – South Auditorium Project

"In the 1950's, Portland suffered from urban decay... Today, 25 years after the adoption of the South Auditorium plan, Portland is healthy and has been honored as one of the nation's most livable cities."⁵⁰

Key elements:

- First project of the new PDC
- Land clearance then considered "best practice"
- Significant land assembly and development
- Neighborhood upheaval and controversy with displacement of residents and businesses
- Significant addition to tax rolls
- Stimulant to downtown development and revitalization
- Federal financial assistance

The flagship project of the Portland Development Commission (PDC) became known as the South Auditorium project because civic auditorium was within its boundaries. The project started in 1958. The urban renewal area originally encompassed 83.5 acres on the southern fringe of downtown and was bordered by SW Market Street, Harbor Drive, Arthur Street, and Fourth Avenue. It was expanded in 1963 to include 26 acres at the southern end of downtown between Market and Jefferson streets.

The area was mostly noted for having a high crime and juvenile delinquency rate, deteriorating housing, and overcrowding. Also, part of the impetus for the South Auditorium project was the decline of retail sales in the central business district and the expected impact of Lloyd Center which was completed in 1960.⁵¹

As with most early urban renewal projects, PDC followed the prevailing wisdom which was to clear and rebuild. Initiated in 1958, the project eventually relocated 1,573 residents including 336 families and 289 businesses, demolished 445 buildings, and acquired at least 349 parcels of land. Over 100 condemnation proceedings were filed. By 1963 all of the land had been cleared for new development.

As noted in a recent history of Portland urban renewal:

"The South Portland auditorium area had been eyed for clearance and redevelopment since 1950. John Kenward [PDC director] characterized the district as 'blighted' and 'economically isolated.' The plan was to turn this old 'stopover' neighborhood into a place of offices and businesses, a plan that was confirmed when the state highway department ratified a plan for a foothills freeway that would run across the southwestern and western edge of the downtown area. This freeway encompassed the urban renewal district within its bounds, making it natural to integrate South Portland into downtown."⁵²

The goals and objectives of the urban renewal plan were to clear land, relocate all residents, and build a campus-like mixed-use development.

Key projects and accomplishments included:

- Ira Keller Fountain (originally called the Forecourt Fountain and later named after the first chair of the Portland Development Commission who oversaw the South Auditorium project)
- Multi-family housing in high rise buildings
- Office and retail projects
- Parks and fountains
- New streets, trees, sidewalks, and pedestrian ways

The project was especially noted for the high quality of its design, including closing certain streets to automobile traffic to create “super blocks,” guidelines that achieved maximum density while accommodating setback and height restrictions and off-street parking requirements, and a “necklace of pedestrian malls with jewel-like parks, plazas and fountains on the chain.”⁵³ Each of the early buildings was reviewed by a panel of noted architects. The designs of the Pettygrove Park and Lovejoy and Ira Keller fountains all received national and international recognition.

The South Auditorium project was challenged by the displacement of existing residents and ethnic neighborhoods. This major relocation effort was based on Housing Act guidelines in place at the time, predating federal relocation assistance guidelines adopted in 1970. PDC established its own eight-person onsite relocation office, providing services to the more than 1,500 displaced residents. Especially affected were the poor, elderly, and single people who comprised about one-third of the displaced residents. Many were elderly Jewish immigrants who saw the project as the end of their neighborhood, along with its five synagogues, Jewish Community Center, and kosher shopping district. Also affected were the area’s Greek, Italian, and Irish residents.

Neighborhood opposition came primarily through a group called the Property Owners Committee, which challenged the condemnation process and valuation of their land. Some criticized PDC for initially saying there would be no new housing in the area, then later including housing beyond the means of most of those displaced. “This experience gave rise to the charge that the poor were being displaced to make room for the well-to-do.”⁵⁴

In the end, the city and PDC linked redevelopment of the South Auditorium area to downtown stability and vitality. The project has generally been hailed as extremely successful. However, such an extensive clearance project would likely never be undertaken again given the change in emphasis in urban renewal plans to working with residents to revitalize their communities.

South Auditorium marked the first time PDC used TIF for urban renewal. The \$5 million, 14 year tax increment bonds were sold in 1966 and fully retired seven years early in 1974, greatly due to the substantial increase in assessed value in the area. The project added \$394 million to the tax rolls when it expired in 1974. By 1983, the area was almost fully developed.

South Auditorium’s success set an important precedent for how urban renewal was viewed both in Portland and in Oregon. Some have cited its success as a significant contributing factor to the Oregon legislature’s positive response to urban renewal during the 1977 interim study.⁵⁵

Before, During, and After the Mall – Eugene Downtown

“Eugene’s downtown, like others across the country, found itself in competition with new regional shopping centers offering enclosed shopping and acres of free parking.”⁵⁶

Key elements:

- Significant land assembly
- Creative and complex financing and deal-making
- Flexibility in attaining plan goals
- Retail to mixed-use emphasis
- Federal financial assistance

Eugene’s downtown development efforts date back to 1958, when Eugene’s urban renewal agency was established. In 1967, the city council established an independent Eugene Renewal Agency to administer the renewal process and by the next year a renewal plan for downtown was completed. The task was daunting:

“High vacancy rates coupled with high land prices discouraged removal of old buildings for construction of new ones. Parking shortages and traffic congestion in downtown were becoming ever-increasing problems. Many parcels were owned by out-of-town interests and were scattered and small, which hindered consolidating land for larger developments. In addition, the opening of a nearby shopping center [Valley River], and continued suburban growth, seemed to heighten the need for regeneration of the downtown. Each of these factors contributed to a serious deterioration of the economic health and structural integrity of the city.”⁵⁷

At that time, the national strategy for addressing downtown decline, dictated in large measure by federal urban renewal funding, was to clear and redevelop buildings. Like many other cities, Eugene followed that strategy along with what was considered leading edge urban design in the 60s – “create a pedestrian mall to imitate a park-like setting for retail as a response to regional malls.”⁵⁸

The project was initially funded with federal urban renewal funds that reached \$23 million. The renewal agency’s match was met through construction of a parking garage financed through tax increment and assessments on adjacent properties.

During the 70s, the renewal agency acquired more than 100 properties, removed 112 buildings, designed and constructed the conversion to a pedestrian mall, and rehabilitated 45 structures. Expectations for the mall ran high. One hundred out of 220 displaced businesses chose to relocate downtown. More than \$1 million was loaned for rehabilitation of commercial properties at below market rates. Private investment in rehabilitation and related improvements was about \$3 million.

In 1973, a free parking program was established with a tax on downtown property owners and businesses. Another public parking garage was constructed in 1975. Two anchor retailers who otherwise might have left downtown had signed long leases just prior to county approval of Valley River Center, a regional mall located within two miles of downtown. Although a major anchor left downtown and another downsized considerably, from 1972-1977 gross retail sales increased 46%.

Development of the mall was not without controversy. Some merchants were not convinced it was the right strategy. A few fought acquisition and demolition of their businesses. Some community members objected to the demolition of buildings they felt had historic value. A small nonprofit group – Oregonians Cooperating to Protect Whales – captured daily headlines trying to stay in rented space that was eventually demolished.

The renewal plan had always included a major downtown hotel and a site had been identified for a performing arts center. In 1977 attempts to land a major retail and hotel development failed. It became clear the downtown needed something more to attract a hotel – a public conference center. An elaborate development agreement and a creative financing package resulted in a combined privately owned hotel and publicly owned conference center and parking garage.

At about the same time, performing arts center supporters were gearing up for another bond election after defeats in 1972 and 1973. At one point supporters were talking about siting the center in a park outside the downtown area, but renewal agency and city officials were able to redirect efforts to downtown. As an incentive, the renewal agency offered to build a parking structure and sell the site for the performing arts center, adjacent to the civic center/hotel, for one dollar.

The 80s were a very difficult time for the downtown with interest rates at an all time high, economic collapse, office vacancies increasing, and retail sales declining. Efforts to strengthen the downtown retail base continued, but the anticipated siting of Nordstrom's never materialized. The economy thwarted attempts to do a major retail development at 8th and Willamette, envisioned in the initial plan. Then an attempt to redevelop a vacant site and incorporate three existing historic buildings led to stresses between the renewal agency and historical preservationists. The Agency had selected a development proposal that created more taxable value over a proposal that retained greater parts of the existing buildings.

In 1982, partly as a result of the historic building controversy, the Eugene city council assumed the role of the Renewal Agency Board. In 1984, a downtown plan was adopted which opened part of the mall area to vehicular traffic and modified other circulation patterns. By 1986, the emphasis on development shifted from retail to mixed-use commercial (office and retail) development.

The change in emphasis was formalized in 1990 when voters approved an updated urban renewal plan that encouraged smaller scale commercial mixed-use projects rather than accommodating a large scale retail project. The updated plan emphasized redeveloping remaining sites, improving access and circulation, assisting with developing a new transit station and public library, constructing additional parking, and encouraging housing development.

Following the plan update, downtown development had mixed success. Retail continued to leave, leaving many structures unoccupied. On the other hand, the vacant Bon Marche building and adjacent structures were redeveloped for Symantec Corporation, and other new office buildings were built in the renewal area.

Although a bond proposal to fund development of a new city library on the vacated Sears property was defeated by voters in 1994, a later public advisory vote was positive, and the renewal district purchased the Sears property for that purpose.

Over the years, the mall was slowly dismantled with voter approval of various proposals to reopen parts of the mall to auto traffic, including Olive and Broadway. The public voted on these proposals as a result of a charter amendment requiring public approval on any mall removals. The central fountain, once the centerpiece of the mall, also was removed.

In September, 2001, Eugene voters approved a measure to totally open up the mall to vehicular traffic. As the mayor said, "This [reopening the mall] was our last chance to bring vitality back to the core of the city."⁵⁹

Why did the mall fail? There were many contributing factors: Eugene's economy, failure to initially focus on more than retail in the downtown core, some merchants' opposition, and growing public perception that the mall was not a safe place to shop.

Eugene downtown is not totally out of the woods. Symantec Corporation recently announced it was moving out of downtown because it needed more space, leaving its buildings vacant again. However, advocates of opening up the mall to traffic believe it will bring back stores and restaurants and attract more downtown housing projects. Eugene downtown has a relatively new transit center and a nearly completed public library, both significant public improvements. On the other hand, so much urban renewal money is going into financing the new public library that there is little left for other projects. As has been Eugene's experience since 1968, only time will tell.⁶⁰

Renewing a Fishing Village – Newport

“We, the undersigned, strongly feel that the Newport Waterfront is vital to the economic future of the community through its commercial and sport fishing, shipping, and tourist potential. Each must be fully supported.”⁶¹

Key elements:

- Collaborative and creative problem solving with other public entities and the community
- Integrating and promoting different elements of the local economy
- Funding of major cultural and tourist facilities

In the fall of 1971, Newport’s city manager attended a conference in San Diego where he learned about tax increment financing and urban renewal. He recognized the potential of TIF to help revive a community that had “lost its luster.”⁶²

By 1973, the Newport Development Commission was formed and had adopted its urban renewal plan, thus joining a small group of Oregon urban renewal pioneers. Unlike most agencies, the commission was set up and continues to be a separate board from the city council, with no overlap in membership. Members are appointed by the mayor with the council’s consent. “If the city council is first in line, you have no ability to act as adjudicator or mediator between the people and other entities like the planning commission or urban renewal agency.”⁶³

The plan, called the Newport Development Agency (NDA) Project, contained key elements that anticipated and neutralized potential controversy. The plan:

- Limited the commission’s authority to acquire real property and demolish and clear buildings on acquired land only to do so “when specifically approved by this Plan to the extent necessary to provide land for needed public facilities.”⁶⁴
- Set district boundaries in the context of the entire community’s needs, limiting the size of the district to about 25% of the city’s land area in contrast to nearby Lincoln City and Toledo, whose districts encompassed most of their city’s land area causing significant impacts on tax rates for overlapping taxing districts.
- Set project priorities that would result in achievable and visible results.

To address concerns that the commission was taking money from the school district, it asked for input from the district. One advantage for the commission was that the school district was countywide and so the impact of the plan would not be excessive. The school district and the commission were able to work out something that benefited both – the commission acquired the Central Grade School property in the uptown part of the urban renewal area, which provided the school district with the resources for a needed school addition.

This arrangement with the school district was one in a series of urban renewal projects that anticipated and responded to addressing community economic development and other needs in the three main areas of the urban renewal area – Bay Front, Nye Beach, and Old Uptown. The commission used land exchanges, leveraged other resources, and was creative in solving problems. The agency was responsive to requests of the community, county, and others, and often set its agenda with consideration of their needs.

The first amendment to the plan, called the “Water Amendment,” was in 1976 and addressed the fisheries part of Newport’s economy. Hake, a natural shrimp predator, had been over-fished and the shrimp population was booming. The city knew of 15 fish processing plants that might locate on the Bay Front and also knew the water system could not handle it. The commission and city teamed up to add treatment and reservoir capacity. The commission was able to use tax increment financing for anticipated water demand from the fish processing plants in the urban renewal area and general obligation bonds funded the remainder of the upgrade.

Other urban renewal efforts addressed the tourism part of the economy and its relationship to fishing. Tourists were interfering with fisheries. In the mid-1970s after an organizing effort by the fishing community, more than 260 signatures were submitted on petitions asking the city to develop public access to the bay, along with public restrooms and a public observation area. The commission responded positively to this grassroots effort, and also added parking in the area.

Tourism was promoted through a variety of other projects, many centered in the Nye Beach area which was formerly called “Poverty Gulch” because of its seriously deteriorated condition. The commission upgraded the old bath house for the Yaquina Arts Association and acquired the old natatorium site for parking for the arts center in an effort to draw tourists to the area.

Then in the late 1970s, a theater group approached the commission about acquiring a site for a performing arts center (PAC). The theater group was told it was expected to raise \$500,000 and a site was identified that had deteriorated motels that accounted for significant police activity. The plan amendment noted that the area was in a blighted and deteriorated condition “due to a substantial extent to the lack of aesthetic, social and cultural attractions in said core area.”⁶⁵

The PAC, which opened in 1988, was one of several facilities funded in part or whole by TIF that had citywide or regional scope. Other projects included a new library, new senior center, and land for a county jail. For all of these projects, the commission related them to the plan goals in the plan amendments, and particularly to economic development. More recently, a proposal for a school for the arts adjacent to the PAC is under consideration by the NDA. Many of the projects have made Newport a significant destination for cultural tourism along the Oregon coast.

Originally scheduled to end collection of tax increment revenue in 1997, the last plan amendment in the late 80s extended collections through 2000. The amendment, which also repealed the restriction on land acquisition to help promote economic development and public/private partnerships, focused on the Nye Beach area.

While all of this activity was occurring in the central part of Newport, in 1983 the commission adopted the South Beach Urban Renewal Plan in the area south of Yaquina Bay where the Oregon Coast Aquarium is now located. The plan identified a variety of problems, including irregular land parcels, inadequate access to properties and utility service, drainage problems, and stagnation and underutilization of land resources. Part of the impetus for the plan was to help guide development of nearly 3,000 acres which were under one ownership. This plan is scheduled to extend through 2010.

Neither of the Newport urban renewal districts was collecting their full increment until after the passage of Ballot Measure 50 which, among other things, did not allow an urban renewal agency that flexibility. As a result, revenue available to the commission increased, thus enabling the commission to complete the projects envisioned by both of their urban renewal plans.⁶⁶

In the central city, the Naterlin Center, formerly known as the Central Grade School property and one of the commission's first land acquisitions, will soon become the new city hall. Other planned projects include expanding the Performing Arts Center, additional infrastructure improvements, and converting two streets in the Nye Beach area to mixed pedestrian/vehicle use. In South Beach, the next ten years will likely see the siting of an event center, improvements to a community center and the aquarium, and street improvements.

Both the Newport Development Agency Project and South Beach Urban Renewal Plan have been especially distinguished by lack of controversy, close working relationships with residents, the county, and school district, and emphasis on siting public facilities. Both have succeeded in significantly revitalizing and diversifying what was a dying community.⁶⁷

The 3 R's (Reality, Readiness, Risk) – Tualatin Commons

"We were told the market was not ready for this project; that people needed a reason to be in downtown Tualatin....So the lake took the place of an anchor."⁶⁸

Key elements:

- Flexibility to change direction of plan
- Difficult land assembly and clearance of a barrier to development
- Willingness to consider ideas ahead of their time and ideas that were ready to go
- Ongoing communication with the public

Reality was front and center when the Tualatin Development Commission was formed in 1975. Its central urban renewal district site was dominated by an operating and smelly pet food manufacturing plant. The district was in a 100-year floodplain. And there were numerous land owners in a central business district that had no clear identity and was largely undeveloped. But the city council, acting as the commission, stood ready to take advantage of any opportunity to create something special at its community center.

After the district generated some tax increment revenue through normal suburban development, the commission decided in 1983 to take two important steps in assuming a stronger leadership role in developing Tualatin's central core. First, it created a full-time urban renewal department and hired a redevelopment director. Second, it proposed its first vision for the downtown area called Village Square.

The Village Square project hoped to combine public and private development to create a new village-scale downtown. In 1985, an architecture firm drew plans to "develop a cohesive and integrated downtown atmosphere."⁶⁹ The following year, a private development company was hired to sign major retail tenants.

The commission authorized the acquisition of land at prime locations in the middle of town. The purchases, totaling 19 acres, took place in a series of transactions from 1985 through 1987. The land assembly was challenging because of the widely varying land owners and their different expectations. Most of the acquired land was undeveloped, but had buildings which were acquired and later demolished. Most parcels were acquired from willing sellers, but eminent domain actions had to be filed in some cases. These were settled prior to trial.

The most significant land purchase occurred when the pet food site became available for sale quite unexpectedly in 1987. This event, which nearly doubled the size of the Village Square parcel, is viewed as a key turning point in the whole downtown creation process. Because of prior groundwork, the commission was positioned to purchase and clear the site for development without incurring additional bonded indebtedness.

The initial concept was retail development of the property. But poor economic conditions in the 1980s hindered success with what was already considered a risky retailing and design concept by bucking the prevailing suburban trends of big box and strip mall development. By the end of the 80s, two major developers failed in their attempts to carry through with projects on the site, most notably being unable

to sign a retail anchor. The mayoral candidate at the time said “When I ran for office it looked like a bomb had been dropped on the downtown area.”⁷⁰

Concerned that the public perceived not one but two failures, the commission asked Tualatin residents what they wanted for their city center at a 1990 public forum. The message was clear – they not only wanted the project to continue, but “[t]he people wanted a park-like setting and they definitely didn’t want a strip mall.”⁷¹

Ten objectives came out of that forum, including a stronger civic focus and diverse development. The commission moved quickly to implement these objectives, renaming the project “Tualatin Commons,” including more civic elements and approving an overall site plan with mixed use and a grid.

By 1992, the market was improving and the commission had revenue in reserve for implementation of its plan. A market consultant was hired to blend the community’s desires with market realities. The consultant was concerned that a key element was still missing – a reason for people to be in downtown Tualatin, and recommended reconfiguring the plan.

This was tough news after all of the work the commission had done. But the commission was willing to listen, demonstrating its continued readiness to make something happen. A new team was assembled and recommended building a lake in the center of the project area to both serve as the much-needed “anchor” and reduce costs by providing fill for floodplain development. The team also recommended the commission act as the land developer, avoiding the need to work for a third time with a single large developer.

Although seemingly risky and bold at the time, the preliminary plan was endorsed by the commission in July 1992. The new team included a public relations component which informed the community and assessed public opinion. A motto for the project – the “heart of a great city” – was chosen and helped convey that the project was in harmony with the ten objectives the community had developed.

Not everyone was enthusiastic about the new project or the lake. A group of about 40 residents launched an initiative petition drive to limit the commission’s ability to pursue the project, believing voters should approve these kinds of projects. The petition was never filed with the elections division.

In July 1993, ground was broken for Tualatin Commons, which is at the center of the 324 acre central urban renewal district. The Commons now includes the lake, plazas, office buildings, hotel, restaurants, town homes, apartments, and a unique business/town home complex called “Tualatin Mews” which received a Governor’s Livability Award in June 1998.

The commission sold its last parcel of land in 1998, but is not resting on its success. It has developed the Tualatin Commons Enhancement Strategy Work Plan that outlines future improvements, the most visible of which will be the much-anticipated clock/bell tower that will serve as a landmark for those visiting Tualatin Commons. The commission also provides funding assistance to property owners and business lessees to restore or update their building facades, in turn increasing the assessed value of District properties and providing aesthetic improvements.⁷²

A New Vision – Lincoln City’s ‘String of Pearls’

“Lincoln City has the opportunity to have five downtowns instead of just one.”⁷³

Key elements:

- Overcoming past problems caused by an overreaching plan
- Creation of a fresh vision that resulted in new community support for urban renewal
- Active and creative public involvement
- Leveraging additional resources with targeted use of tax increment revenue

Urban renewal success seemed elusive for many years along the so-called “miserable miles” named for the five contiguous towns⁷⁴ that stretch eight miles along Highway 101. These towns had merged in 1965, creating Lincoln City.

Lincoln City was among the group of the first 11 urban renewal agencies in Oregon. Approved in 1976, its first plan was controversial from the beginning, largely because the plan area encompassed 95% of the city’s land area. Tax rates for the county-wide school system and county government ballooned. The situation was exacerbated by other urban renewal activity in the county – a large urban renewal area in Toledo and a smaller one in Newport.

The Lincoln County situation influenced much of the 1979 legislative reform, in particular the restrictions on the percentage of a municipality’s assessed value and land area that could be placed within an urban renewal area.

Urban renewal was essentially dormant over the following decade. Then in 1987, a Year 2000 Community Appearance Committee was formed and recommended reviving urban renewal for Lincoln City. In October 1988, a new urban renewal plan was adopted. It included only 18% of the city’s land area, the boundaries of which were often about one lot deep along Highway 101, extending further for each of the six historic “downtowns” of Lincoln City.⁷⁵

During the first ten years of the Year 2000 Plan, only about \$2 million were spent on projects, limited by the amount of available tax increment revenue. Since 1998, that situation has changed as more substantial revenue became available to the agency, largely due to a factory outlet development centered in the urban renewal area.

Lincoln City’s first full time urban renewal director was hired in 1998. With an emphasis on strong visual identities and a flair for creative marketing, he and his staff set out to recast the way the community looked at urban renewal. Drawing upon the image of a “string of pearls” (thus avoiding the less appealing image of a “boa constrictor that swallowed six chickens”), urban renewal has evolved into a process of “polishing” its six historic downtown “pearls” through active community involvement. Urban renewal projects are also improving the “strings” between the pearls, especially through expanded infrastructure and more efficient traffic flow.

The strategy treats each “pearl” as having a distinctive identity, using urban renewal to plan and shape that identity.

Although Oceanlake merchants had already begun to create a vision for their downtown, the urban renewal agency decided to start the new strategy in Taft, near the southern end of the city. An active trading center in the 30s, Taft had become “a sagging settlement of surf shops, trailer parks and antique stores in buildings that have seen better days. Tourists may lodge at Taft’s new hotels, but they head to Depoe Bay or Newport to spend their entertainment dollars.”⁷⁶

Taft was a good candidate for being the first “pearl.” The agency wanted to gain some experience with new approaches to design and public involvement and Taft’s problems were not as complex as in Oceanlake. Unlike Oceanlake, Highway 101 is not the main street in Taft. Taft has an active, committed business association with eight out of ten owning their own buildings; Oceanlake had the opposite ownership pattern.

The Taft process began in late 1999, when the agency hired a design studio that energized the community through its active involvement of the public. Volunteers staffed a vacant storefront. Residents participated in picnics, a logo contest, and social events during which they contributed their ideas about Taft’s future. The Taft urban renewal planning process leveraged other funding as well. The Oregon Department of Transportation (ODOT) committed \$1.2 million for a transportation improvement project and \$774,000 through a Local Street Networks grant, in addition to a state historic preservation office grant for a report on Taft’s history.

Because of the overwhelming public buy-in and ODOT’s inclusion in the entire process, the plan’s implementation has been smooth. The plan recommended a new zoning designation, Taft Village Core Zone, to provide incentives for mixed use, pedestrian friendly developments that restore the historic charm of Taft, rather than adding hotels or big box retail. The Taft Redevelopment Plan received the professional achievement in planning award from the Oregon Chapter of the American Planning Association in 2000.

The Oceanlake planning process for redevelopment began in late 2001. As the project overview stated, “Oceanlake is experiencing higher than normal business turnover, the effects of regional economic stagnation, and needed investment in public and private infrastructure.”⁷⁷ Similar to Taft, the process emphasizes a high level of community participation, including interactive workshops, special youth activities, and six businesses hosting information centers.

The Lincoln City Urban Renewal Agency has plans to redevelop the remaining historic districts – Nelscott, Cutler City, Wecoma Beach, and DeLake within the 25 year duration of the Plan. The agency continues to have a proactive communications strategy, including regular articles in the Chamber newsletter, special mailings, web site information, and creation of visual materials depicting Lincoln City’s historic heritage. The wide variety of urban renewal projects⁷⁸ undertaken by the agency and ongoing communications help sustain community support.⁷⁹

A Rebirth? – Gresham

"Gresham was at a nexus where paths and stars crossed – it had to choose what it wanted to be."⁸⁰

Key elements:

- Public defeat of two different downtown urban renewal plans in the 80s
- Challenges in communicating the value of urban renewal
- Recent (1998-present) exploratory efforts in the Rockwood area

The 1980s saw a great deal of urban renewal activity throughout Oregon. Municipalities were interested in economic development and finding new ways to address planning, infrastructure, and other needs. Gresham was no exception.

The first community in Oregon to have its comprehensive land use plan adopted by the Land Conservation and Development Commission, Gresham's plan included a large triangle-shaped area in the center of the city designated as transit-oriented and multi-use. The triangle, which required further study and planning, became the urban renewal area for a plan adopted by the city council in 1981.

The plan focused on financing improvements to the central area in anticipation of development on the fairgrounds site (which was within the urban renewal area) and the arrival of light rail in five years. The projects mostly involved reconstructing the old downtown infrastructure.

The plan was controversial in the community. Plan opponents argued that the area was too large, was based on speculative development plans, and negatively affected overlapping taxing districts. They were successful in referring a ballot measure in November, 1981, that asked the question:

"Shall the City of Gresham create the 'Gresham Redevelopment Commission' to have the urban renewal powers authorized by state law?"⁸¹

Learning that tax increment revenue estimates prepared by a consultant were flawed gave a boost to urban renewal opponents. Supporters unsuccessfully argued the plan would help develop a lagging area. Over two-thirds (71%) of Gresham voters rejected the measure, which meant the end of the 1981 plan.

Community leaders still saw the need to finance improvements in the downtown area and wanted to revisit urban renewal. In the mid-80s, a mayor who supported urban renewal was elected. The situation also was different than in 1981 in that development plans were no longer speculative (a new shopping center was planned for the fairgrounds site, offering the opportunity to capture the increment for urban renewal projects) and light rail's opening was imminent.

In 1986, the city council adopted another downtown urban renewal plan. The plan, with a smaller area than in 1981, sought to connect the new shopping center on the fairgrounds, the old downtown, the light rail corridor, and the new parkway. Supporters of the plan included downtown business owners and the school district, which realized the long-term benefits of the urban renewal plan.

Public opposition was mounted again. Led by leading anti-tax activists, opponents argued that the money going to urban renewal should really be Gresham taxpayers' money and that the business community should pay for their own downtown improvements. They also argued there really was no "blight" since the development on the fairgrounds site was going to happen without urban renewal.

Opponents forced the issue by filing a charter amendment initiative requiring voter approval of urban renewal plans and amendments. The city sponsored a competing charter amendment requiring voter approval of plans, but not amendments.

Urban renewal proponents again had their hands full. The vote was set in the middle of a recession with anti-tax sentiment at such a high level that only a few years later would result in the passage of Ballot Measure 5. In that climate, discussion of the long-term benefits of urban renewal was a hard sell. Supporters tried to make the case that increased density in downtown would protect neighborhoods near the fairgrounds, downtown, and light rail stations from development, and would capitalize on the tremendous investment in light rail.

Both measures passed by wide margins with the initiative charter amendment prevailing because it received more votes (68.4%). As required by this new charter amendment, the city council placed adoption of the 1986 Gresham Redevelopment Plan on the March 1987 ballot and it failed by 53% to 47%. The setback was enormous, and for the next 15 years urban renewal was not pursued by the council.

Community needs, though, change over time. Gresham now has a thriving central area and attention has shifted to the Rockwood Town Center. Rockwood, an area of unincorporated Multnomah County annexed in the 1980s and often referred to as Gresham's "front door," clearly has significant housing and economic needs. Through a process to assess Rockwood's long-term needs, the community came together and in 1998 completed work on the Central Rockwood land use plan and a Rockwood Action Plan, the aim of which is to create a thriving, live/work neighborhood.

At about the same time, a majority of Gresham's city council members were willing to explore how urban renewal might help implement parts of the action plan. The city conducted a feasibility study in the fall of 2001, with the conclusion that urban renewal seemed especially suited to the Rockwood area because it could:

- Support development of vacant, underutilized, and difficult to develop industrial sites;
- Revitalize Rockwood's core area into a viable regional town center;
- Implement many of the goals and objectives of several past planning efforts that have focused on Rockwood-West Gresham; and
- Promote the rehabilitation of existing and the development of new housing.

In the winter of 2002, the city took the next step and started developing an urban renewal plan for the Gresham area. The March 2001 defeat of urban renewal in the neighboring community of Troutdale indicates some ongoing public opposition to urban renewal. But the city is working with a broad-based community group in developing the plan, and doing extensive outreach to the public as it undertakes this next step in the urban renewal process. Stay tuned....⁸²

Lemonade out of Lemons – Hillsboro Ronler Acres

"It was time for urban renewal – only because everything else had failed."⁸³

Key elements:

- Urban renewal was a last resort, and a solution uniquely suited to Ronler Acres
- Ability to assemble hundreds of unusable residential lots for Intel site
- Compatibility of urban renewal with the Strategic Investment Program (SIP) that capped the assessed value of huge industrial facilities

Hillsboro has become a major high technology center in the Portland Metropolitan Area, and its physical size has doubled during the past 20 years. Did anyone imagine this transformation when, with great promise and expectation, the Ronler Acres area in Hillsboro was platted in 1959 into 15,000 square foot lots? Eight hundred and fifty (850) lots were sold with the promise that infrastructure would follow. But in 30 years only one house and one duplex were developed. Ronler Acres had all the makings of a lemon.

Although several private interests attempted to develop Ronler Acres, they all failed, thwarted by diverse ownership, outdated codes, covenants and restrictions, no infrastructure, and new zoning. In the meantime, Ronler Acres became something of a wasteland surrounded by new high technology industry investments. The potential existed to use Ronler Acres for industrial development that would provide significant jobs.

In 1988, Hillsboro took another look at how to solve the Ronler Acres problem, studying different options and soliciting the help and advice of community groups and businesses. The ultimate solution was to create an urban renewal plan for Ronler Acres.

Most importantly, urban renewal provided the means to assemble the land for development – authority the city itself did not have. “There was absolutely no other legal way in the world to assemble that land.”⁸⁴ Urban renewal also allowed for phasing in specific projects over time, allowing payback of costs through the tax increment. And Ronler Acres represented one of the types of “blight” urban renewal was designed to address.

Urban renewal bonds were sold to finance the projects. By the fall of 1994, all of the lots were acquired by the Hillsboro Economic Development Council (HEDC), its urban renewal agency. In 1994, Intel purchased 250 acres for two fabrication plants with an estimated value of over \$2.5 billion. Intel also loaned the HEDC \$5.2 million.

The development of this site was facilitated by the Strategic Investment Program (SIP). This allowed for the assessed value of huge industrial facilities to be capped at \$100 million (with annual increases of 3%). Though the market value of the entire facilities was over \$1 billion, the capped assessed values were still so substantial that they allowed for aggressive completion of urban renewal projects.

Remaining parcels were sold to PacTrust, which constructed a mixed-use neighborhood integrated with light rail transit. The HEDC also partnered with Washington County, the Oregon Department of Transportation, and others to develop infrastructure. Other Ronler Acres development includes a PGE substation, fire station, and city park and sports complex. “Orenco Station,” the new mixed-use neighborhood in Ronler Acres, has won numerous design awards.

In the end, \$30 million in public investment resulted in \$610 million returned to tax rolls, and that number is increasing. Industrial activity in the project created hundreds of millions of dollars in state corporate and individual income tax.

Because of the scale of investment by Intel in Ronler Acres, the agency was able to terminate the tax increment financing of the plan well ahead of schedule.⁸⁵

The Nine Lives of Urban Renewal – The Dalles

Key elements:

- Urban renewal agency persevered – having to adjust boundaries, survive compression, and mediate with the “Committee to Dissolve Urban Renewal”
- Consistent public and taxing district involvement
- Recent success at leveraging other funds
- Projects long hoped for getting under way

In the mid-80s, The Dalles was rocked by both a national recession and the devastating impact of two local aluminum plants closing. “Things were tough here.”⁸⁷ In an attempt to help get the economy back on track, an ad hoc committee was formed to look at the potential for urban renewal. The committee included broad representation from overlapping taxing districts and the community.

“There were a lot of dreams and not much to work with. It almost did us in.”⁸⁶

Based on the committee’s recommendation, the city council created a separate urban renewal agency and appointed an independent board in April 1990. Four months later, the agency adopted the Columbia Gateway/Downtown Urban Renewal Plan with widespread support.

As The Dalles started to come out of the depths of the recession, property values, which had plummeted, were rising rapidly. There was new development in the plan area, including a new K-Mart store. All resulted in tax increment revenue being available and the agency was able to sell \$2.5 million in bonds its first year. Then Ballot Measure 5 passed, and The Dalles was in deep Measure 5 compression.⁸⁸ Because overlapping taxing districts suffered, the agency decided to pay back the bonds, essentially returning the money.

The city decided to continue the agency even though it looked like it would take a long time to get out of compression. “At that point, we were a debtless, penniless organization.”⁸⁹ But the agency still had powers it could draw upon that the city did not have (e.g. condemnation for redevelopment). The agency also had a modest amount of revenue from interest and one year’s collection of tax increment revenue.

While the agency was trading water after Measure 5, another challenge emerged. The original plan area included a small part that was in a second smaller school district – District 9 – which included the area where the new K-Mart was built. The result was that residents in District 9 had dramatically higher tax rates than those in the other school district. The agency learned about the problem when a rather upset resident of District 9 brought in a tax statement.

This was a potential public relations nightmare for the agency, which held several public meetings to explain the problem and how the agency intended to correct it. The agency immediately began a boundary amendment process to exclude all of District 9 from the urban renewal area.

With hopes dashed by the passage of Ballot Measure 5, the agency had to operate in the face of big expectations that could not be met. For three years the agency chose not to collect any tax increment revenue. The agency knew, though, how important it was to get something tangible completed. In 1995, through a combination of grants, a local improvement district, and some urban renewal funds, Phase I of the planned downtown streetscape project was completed.

The streetscape project gave the urban renewal a lift, and as the area started coming out of compression four years after Measure 5, the agency looked to its future. Working closely with the county tax assessor, the agency calculated as precisely as it could how much it could collect without affecting other overlapping districts. “We hit a bulls eye on the amount certified to the assessor – we were right on the money.”⁹⁰

As the agency collected tax increment revenue in 1996 for the first time in four years, there was new hope that appeared dashed once again with the passage of Ballot Measure 47 that same year. However, urban renewal was back on track with the passage of Ballot Measure 50 the following year.

Measure 50 required certain actions by urban renewal agencies, including certifying how much debt the agency would issue over the remaining life of the urban renewal district. For The Dalles, that amount was roughly \$38 million. This amount sparked opposition to urban renewal in the form of the Committee to Dissolve Urban Renewal. This committee referred the plan amendment ordinance to the 1998 general election and the voters repealed it.

To save urban renewal, the city entered into a mediation process with the Committee to Dissolve Urban Renewal. The final settlement addressed the major issues identified by the committee: reduce the size of the urban renewal area (requiring a plan amendment), modify the project list (resulting from reduced revenue), and transfer urban renewal governance to the city council.

The committee agreed not to refer the ordinance amending the plan, and the city followed through on its commitments. The council designated its own members as the Urban Renewal Agency and appointed an advisory committee representing taxing districts and community interests. In August 1999, the plan was amended to fit projects within projected revenue.

Urban renewal in The Dalles started moving ahead. In early 2000 the agency sold bonds to design and complete the next phase of its downtown streetscape project, which started in early 2001. Support was clearly demonstrated when the downtown building owners overwhelmingly approved creation of a local improvement district to help fund the project. These same business owners also showed up at a council meeting to express their support for urban renewal when they learned that opponents were going to again attack urban renewal.

Many of the goals of the urban renewal plan have started to gel, helped along by an improved local economy and community leadership. The agency set up a property rehabilitation grant and loan program, available to downtown businesses and civic and nonprofit groups serving a public purpose.

The hoped-for redevelopment of The Commodore Hotel, an eyesore in the middle of the downtown area that had been vacant for years, is proceeding. A private developer has taken on the project, and the urban renewal agency is assisting with loans. The redevelopment plan includes mixed-use retail, housing, offices, and community space.

A bridge that is a gateway to the downtown area was rebuilt through the combined efforts of the agency and the city's public works department. This historic structure, built in 1920, was falling apart and was rebuilt to its historic look, true to the urban renewal plan's goal to maintain and enhance the historic character of the downtown area.

Most recently, a conceptual plan was developed to reconnect downtown with the Columbia River. The Dalles historically enjoyed a strategic location on the Columbia. Downtown extended to the waterfront, which was a major stop for tour boats and trade. That connection was severed when the railroad came in and when I-84 was built in the 60s.

The planning process was funded through grants and urban renewal funds, following through on the urban renewal plan's strong connection to the Riverfront Masterplan. Urban renewal funds are playing a key role in implementing this plan, contributing to a \$6.5 million underpass and railroad crossing project reconnecting downtown to the Columbia River (to begin construction in September 2002), and a \$4.9 million Riverfront Trail.

Like a cat, urban renewal in The Dalles seems to have had nine lives. Faced with problems that for others might have meant the end of urban renewal, The Dalles persevered to establish a successful, vital urban renewal program.

The agency may need to use yet another one of those lives, given the uncertainties surrounding the recent *Shilo* decision. The projected impact on the agency is minor under current interpretations of the decision, but challenges are anticipated and, if successful, could result in substantially reduced revenues. The agency, already feeling that anticipated revenues are not adequate to complete all projects, feels this could further hamper the community's high hopes for urban renewal that have been dashed so many times during urban renewal's life in The Dalles.⁹¹

Building a Community – Jackson County/White City

"We succeeded because, early on, our urban renewal director went out and became a functioning part of White City."⁹²

Key elements:

- Strong citizen involvement and leadership
- Unusual combination of residential and prime industrial property
- Strong coordination with economic development agencies
- Urban renewal agency demonstrating commitment to area
- Flexibility and creative approach to plan amendments

White City, an unincorporated area of Jackson County located between Medford and Eagle Point, was a military installation during World War II. When Camp White was demilitarized in 1946, infrastructure including roads, sewers, and water was left behind.

Over time, some housing was built and some forest products companies started locating in White City. But the area and the entire county were heavily timber dependent, and the 80s recession hit both very hard. White City's unemployment and crime rate soared, as did the demand for social services. At times, White City required close to 50% of the county's total expenditures for social services and police protection.

The late 80s, saw the start of several efforts to improve and develop White City. A newly elected county commissioner started working closely with the White City school principal⁹³ and the community to form a Community Improvement Association. The commissioner also worked with the county administrator and Lyle Stewart, who was well known, having lived in the Medford area for some time.

Out of these efforts came a recommendation for a White City Urban Renewal Area. With the active involvement of the association, an urban renewal agency was established in April 1991. The urban renewal plan was adopted in July 1991, with the Jackson County Commissioners acting as the agency board. It was one of the last plans adopted before Ballot Measure 5.

The plan area was unusual in that it was split nearly evenly between an industrial area to the west of Highway 62 and a residential area to the east. The plan was detailed about what needed to be fixed and how to fix it. It emphasized infrastructure improvements to address inadequate streets, sewers, water systems, and funding for housing rehabilitation and public facilities.

The county actively sought loans from businesses to get the agency started. The original plan anticipated that industrial development would play a major role in funding the urban renewal plan. That happened very soon after plan adoption when \$11 million in improvements were made to Boise Cascade's White City plant.

The county administrator felt at the time that "...there was a heavy air of cynical defeatism out there; they didn't believe they would get any help."⁹⁴ To overcome that, the county assigned a staff person to work with the community and the newly

formed White City Urban Renewal Advisory Group. The staff person became very involved with White City, helping to build trust between the county and the community.

There were several major “turnarounds” in implementing the urban renewal plan. The first was the First Street project that rebuilt old streets, and put in new sewers, water, and sidewalks in a 10 to 12 block residential area. The improvements were so visible and welcome that residents started fixing up their own property as they started seeing things getting better.

The second major turnaround was in 1993, when a transformer manufacturer in White City needed to redo its plant and threatened to leave the area for Grants Pass (whose urban renewal agency gave cash outright to businesses) or Idaho. The company approached the county for help. Although it did not have an industrial investment program in place, the urban renewal agency determined what it could do for the company over several years, including sewer and water improvements and on-site landscaping. The company stayed.

The advisory group was furious, believing that urban renewal funds committed to the community were being given away. The county held a series of meetings to help them and the community understand that the urban renewal area needed increased industrial value to fund their projects. The agency ended up negotiating a policy that less than half of the increment generated by a specific industrial project would be used for investment in that project. The rest would be used to fund projects for the benefit of the entire urban renewal area.

Another big turnaround for urban renewal in White City came soon after when 3M (now Eastman Kodak) sought to make major investments in their existing facility, and asked the legislature to approve a White City enterprise zone. The company had developed a new product and either the White City plant or another 3M facility would produce it. Since the county did not have an industrial investment program in place, it wasn't surprising that 3M did not know about the urban renewal area.

There was pressure from economic development agencies to overlay the enterprise zone over the urban renewal area. The county opposed this because the zone would drastically reduce the tax increment revenue from new industrial projects. The conflict was resolved in 1994 when the agency approved a substantial amendment to the urban renewal plan, creatively defining air and water quality as a condition of blight and authorizing public investments in private pollution control facilities.

The amendment marked a major evolution for the agency by including an industrial component, offering assistance to *existing* companies expanding in the plan area. The urban renewal agency was thus able to offer 3M up front assistance to upgrade its plant to meet the very tight airshed standards in the Medford area. In 1997 when a new company approached the county about locating in White City, the plan was amended to include *new* companies as well.

Although the advisory committee was concerned again about the investment in industry, the 3M project delayed planned residential projects by only a few months and ultimately provided substantial new revenue for the plan.

Groundbreaking public facilities projects have been built in the White City urban renewal area as well. The agency was able to convince the state to reorient a planned project in the area by siting a new facility on land owned by the agency.

The land was set aside for public facilities, including a new library and civic center. The new Rogue Family Center was modeled after a county pilot project that gathered diverse agencies into one service center. Completed in 2000, it is to many a symbol of White City being able to solve its problems.

The challenges for White City urban renewal have been ongoing. Because White City was a county urban renewal plan, all county residents contributed to help fund the urban renewal area. In 1997, residents of the Shady Grove area opposed to paying taxes for White City filed a lawsuit against the agency. The suit was unsuccessful.

Another challenge is that the western portion of the urban renewal area is home to several threatened animal and plant species. The agency has worked hard to resolve an expedited permitting process to deal with these environmental issues.

In spite of all of the challenges, the agency has succeeded through a commitment to the community, flexibility in meeting unique and changing circumstances, willingness to advocate for the area's needs, and creatively solving problems through plan amendments.

White City's success in urban renewal has been marked by many spin-off efforts, including approval of a special policing district and setting up a model program to address an abandoned car problem. But success is probably marked most significantly by the county's ability to complete the plan eight years earlier than originally planned, putting the increment back on the tax rolls in 2009.⁹⁵

Everything is Local – Canby

"We feel a balance must be struck, sooner rather than later, between rapid residential growth in recent years and sluggish industrial growth."⁹⁶

Key elements:

- Attempt to combine downtown revival with new industrial development
- Plan required annexation of industrial land by public vote
- Inability to reach compatible agreement with local taxing district
- After initial defeat, willingness to scale back size of urban renewal area

In December 1998, the Canby Urban Renewal District Advisory Committee started a series of public meetings to help formulate an urban renewal plan for the city. The city was concerned about becoming solely a bedroom community, with residents leaving to work and spend in other communities and a lopsided tax base heavily dependent on residential property.

These factors were the impetus for urban renewal, as included in the plan goals:

- To diversify the economic base and family wage jobs within the district,
- To maintain an effective, efficient, and safe traffic system for vehicular and pedestrian users,
- To improve and retain existing businesses, and
- To improve attractive visual amenities for customers and community members throughout the district.⁹⁷

The plan combined an unimproved light industrial area (some of which was not within city limits) and the downtown commercial district, both of which were viewed as key to meeting the plan goals. By combining the two areas in one urban renewal plan, the concept was to save money for infrastructure improvements and to have flexibility in using tax increment revenue for projects in either area as needed.

The plan was approved by the Canby City Council (which also serves as the Urban Renewal Agency) in November 1999. The plan anticipated positive benefits from improvements made to "transform the Canby area to a new employment center ...[including] reduced automobile usage, increased use of alternative means of transportation, improved public and pedestrian safety, and better public facilities."⁹⁸

Though there was substantial public involvement in the plan development, its adoption still generated a great deal of local controversy. The planning commission recommended that the plan not be implemented immediately. But the city council scheduled a vote in September 2000 to annex 301 acres of the light industrial area needed to complete the Logging Road Industrial Park envisioned by the plan.

The council proceeded so quickly in large part to secure favorable energy rates in the industrial park area. The city was negotiating with BPA for rates that would apply to any land *inside* the city limits by the end of September. The council believed this would give the industrial area a competitive advantage, making it more attractive to future development. The annexation vote failed by a 2-to-1 margin.

The vote became the focal point for debate not only about the merits of the annexation, but also about urban renewal and the future of the community. While most residents agreed on the value of industrial development, some opponents were concerned the growth was too much, too soon. Some objected to the city being the land use applicant. And still others opposed urban renewal generally, believing it a “hand out” to landowners and something that should itself be submitted to a vote.

The most visible argument against annexation was raised by the Canby Fire District, which said it could not provide adequate fire protection in the annexed area. The fire district opposed the urban renewal plan because of concerns about lost revenue because of TIF. Attempts to reach agreement with the district had failed before the annexation vote, in part over legal questions about what would be allowable TIF expenditures to help out the fire district. Campaign signs throughout Canby read: “Support your local firefighters – Vote NO.”

The plan acknowledged changes in fiscal impacts of TIF since it was adopted after Measure 50.

“Use of tax increment financing may result in some ‘foregone’ property tax revenue by other taxing bodies. While some property taxes will be foregone during the life of the Plan, it is anticipated that new property values created by urban renewal activities will result in an early payback of these foregone revenue. Further, given the current conditions within the Canby area, it seems reasonable to assume that the increases in property values either would not materialize, or would be much lower if the urban renewal activities were not carried out.”⁹⁹

On the heels of the annexation vote, the incumbent mayor and two incumbent council members, who supported urban renewal and annexation, were defeated in the 2000 general election by candidates who opposed annexation. By March 2001, the *Canby Herald* headlined an editorial “Tunnel Vision” and went on to say the majority of the council and the mayor opposed “...the size and scope of the Urban renewal district and any significant city involvement in providing infrastructure for future industrial development,” commenting that a decade’s worth of visioning for the city’s future “is now in disarray, and hurt feelings abound.”¹⁰⁰

But the urban renewal advisory committee continued to meet and tried to reach a compromise that would enable urban renewal to move forward in Canby. Facing a year-end deadline, the committee recommended reducing the size of the urban renewal area, developing projects to benefit the fire district, and seeking a facilitated agreement between the city and fire district.

In November 2001, the urban renewal agency approved reducing the city’s urban renewal district on a split vote (followed by a similar vote of the city council). Those voting to proceed expressed a strong desire to move forward, frustrated by roadblocks like the fire department’s decision to withdraw from facilitated mediation. They wanted to move ahead with efforts to attract new business to Canby in the light of the declining economy and budget problems, enabling the agency to spend accumulating urban renewal revenue on needed projects. A list of project priorities was approved. Sequoia Parkway, which would serve the industrial area, was put at the top of the list, but divisions remain about how it will be financed.

Advocates of moving ahead in the industrial area believe development needs a “spark” to make it happen sooner rather than later. Others want to focus only on downtown revitalization, believing development in the industrial area will happen without urban renewal funds and that industry should pay for the parkway rather than giving them a “handout.”

Canby has had a rough road implementing urban renewal. Through perseverance, a willingness to compromise in response to local concerns, and to make tough decisions, the agency is moving forward. But the future for this very new urban renewal plan is uncertain. Council and community opinion is still split. The planning commission has recommended that the agency be constituted separate from the council by the end of the year. The fire district is still opposed because of lost revenue. And the impact of the *Shilo* decision is unknown, but potentially very damaging. But for now, urban renewal is alive in a modified form in Canby.¹⁰¹

Latest Developments

"Taxes on the increment to fund urban renewal projects belong in the Measure 5 category that dedicates revenue raised to fund government operations other than the public school system."¹⁰²

It is hard to capture the dynamics of urban renewal as new case studies develop, laws and practices change, and community needs evolve. This section is intended to provide a means for capturing new, significant events that affect urban renewal as they unfold. This will hopefully make *Urban Renewal in Oregon* a living rather than a static document.

While this report was being written, just such an event occurred. On December 20, 2001, the Oregon Supreme Court ruled in favor of the owner of property in Portland's Airport Way Urban Renewal Area in the *Shilo* case.¹⁰³ The decision resulted in changes to how tax increment revenue will be collected for urban renewal agencies.

Most of the turning points in the history of urban renewal in Oregon have been the result of legislative actions and public votes or court decisions. The *Shilo* case is likely to be another of those turning points. The opinion is grounded in Measure 5 which passed in 1990 and had at that time a profound impact on many urban renewal agencies as well as taxing districts. In the *Shilo* case, the court found that the statutes directing how urban renewal revenue are categorized for Measure 5 purposes are unconstitutional.

The impacts of this decision on urban renewal revenue, and on the revenue of local governments that levy taxes in urban renewal areas, depend on how the decision is implemented. Under rules recently put in place by the Oregon Department of Revenue, the impacts appear to be smaller than expected for those urban renewal plans that have been analyzed. However, the issue may not be fully resolved, and future changes by the courts or the legislature may result in greater revenue losses due to Measure 5 compression.

The question many communities are asking is whether they should move forward with an urban renewal plan. For a community that has gained support for a new urban renewal plan the best advice may be to continue its work. A financial analysis can determine whether the potential impacts of the *Shilo* case are acceptable. For communities that are just beginning to consider urban renewal, it may be wise to wait for action by the 2003 Legislature for further resolution of the issue.

Only time will tell how *Shilo* ultimately will affect the future of urban renewal in Oregon.¹⁰⁴

More on Case Studies and Common Elements

"Renewal in and of itself is a powerful tool, but it doesn't stand alone."¹⁰⁵

The previous case studies, along with the broad experiences of other urban renewal agencies, demonstrate common elements that can affect urban renewal efforts. Some elements are more or less within the control of the agency; others are not, but often they can be influenced by agency action (or inaction).

Focus and Vision

Most successful plans have had a clear vision and focus on what they want to accomplish. As one agency director said, "you can get lost so quickly."

A clear vision evolved for a vital retail core, redeveloped surface parking lots, and dramatic parks and open spaces after PDC initiated Portland's Downtown Waterfront Urban Renewal Plan in 1974. The Downtown Plan became a national model for downtown revitalization, having unprecedented success in attracting retail and office development and in bringing back customers and pedestrians.

To solve a wide array of problems, the plan included a wide array of projects, including Pioneer Place, RiverPlace, Waterfront Park, and Pioneer Courthouse Square. Since its start in 1974, annual growth in property value has been nearly 10% and downtown crime has decreased 65% since 1990.¹⁰⁶

Willingness to Reevaluate

Even with initial clear focus, urban renewal agencies sometimes need to revisit assumptions because of changing circumstances. In Tualatin, the agency substantially revised its initial downtown redevelopment concept.

The Medford Urban Renewal Agency has worked hard to maintain focus, while adapting to changing circumstances. The original City Center Revitalization Plan, adopted in 1988, set out a strategy involving 19 public projects. It later became apparent that downtown development required more and different investments.

The agency undertook a new vision plan, completed in 1995, which describes the preferred future and provides an action agenda that is reevaluated and updated annually. "The key to the downtown's continued success is the development of a clear understanding and belief in the role of downtown as a place, and how that place functions in our community."¹⁰⁷

Perseverance and Staying Power

Many renewal agencies have persevered through very difficult times, often waiting for years to have enough increment to accomplish any projects. Astoria is an example of a "...city [that] stayed with it with very little success...it spent its renewal dollars well...and its current success has been fueled by a general economic rebound."¹⁰⁸

Similarly, Coquille has had an urban renewal plan for four years, but only recently has had enough tax increment revenue to start planning some projects. Bend's urban renewal program was relatively inactive for most of a decade, but undertook a total revision of their plan to focus on public/private development partnerships. Philomath has finally accumulated enough revenue to begin critical infrastructure projects in its downtown.

Visible projects, even if they are small, help maintain public support and confidence in the urban renewal program. Small projects have often been the only option for some agencies that had very little tax increment revenue to work with for the first years of their renewal plan. As The Dalles case study demonstrates, doing even the first part of a larger project can be valuable.

The Economy

The economy is an “underlying driving force in renewal.”¹⁰⁹ Urban renewal has tools that can stimulate activity when it would not otherwise happen. If there is an underlying market demand, urban renewal can counteract bad economic conditions by providing low interest loans and land at “fair reuse value” which can significantly bring down the cost and attract new development.

There are, though, many communities where the increment is not enough to finance any redevelopment of consequence. These are cities like Astoria and The Dalles which patiently waited until conditions changed.

Public Involvement and Outreach

Although Oregon law since 1979 has required that the public be involved and informed, public involvement and outreach have become more prominent as urban renewal is scrutinized more closely and as agencies realize the importance of including affected communities in helping to determine their own future. Many of the “quieter” urban renewal agencies, like La Grande and Newport, have had close working relationships with their constituencies and little community controversy.

The Portland Development Commission (PDC) has invested substantial time and resources in involving the public in its most recent urban renewal areas – River District, Lents, Interstate Corridor, and Gateway – and relating the renewal plans to already completed community plans. In the early days of urban renewal it was virtually impossible to adequately include the public because of the nature of federally assisted clearance projects, and PDC was criticized for proceeding without consulting affected neighborhoods in the South Auditorium and Emanuel areas.

Public involvement doesn't avoid controversy. In Lincoln City, which has had extensive public involvement and outreach, a recommendation to consider a highway couplet as an option for its most recent redevelopment effort generated substantial controversy. But as an editorial stated: “This...has done more to inform the...residents than any number of mailings or meetings could do. That's good. If nothing else it has brought the neighborhood together so their future and that of the neighborhood can be planned with input from all.”¹¹⁰

Relationship with Taxing Districts

Renewal agencies need strong relationships with taxing districts within the urban renewal area. Measure 50 made this essential. By creating a rate-based property tax system, TIF impacts primarily affect revenue to overlapping taxing districts as opposed to higher property taxes.

The biggest challenge with taxing districts, as it is with the public, is to communicate the long-term benefits of a permanent increase in the assessed value of property in the urban renewal area. As the case study demonstrates, The Dalles carefully included taxing districts from the beginning, gaining understanding and support for urban renewal.

Sometimes working with taxing districts includes finding ways urban renewal can help meet some of their needs within legal constraints. An example might be a new fire district station in the urban renewal area. Taxing districts and the public are sometimes frustrated, though, that urban renewal funds cannot be used for operations.

Anticipating Controversial Issues

Successful efforts often have anticipated and neutralized potential controversy in crafting urban renewal plans. Probably the most common example is limiting the agency's ability to use the power of eminent domain. Land condemnation is highly controversial in some communities.

Sandy's urban renewal plan states: "The Agency will not acquire property by eminent domain for public improvement projects funded by this Plan, until properties are identified and added to this Plan by Council approved amendments..."¹¹¹ Newport's plan initially limited its authority to acquire real property only for public facilities, a provision that was later changed.

In three of PDC's most recent urban renewal areas – Lents, Interstate Corridor, and Gateway – the citizen oversight committees voted to limit or prohibit condemnation.

Opportunity

Salem's urban renewal agency was able to combine opportunities presented by two different urban renewal areas – Riverfront/Downtown and Fairview. Fairview was planned as an industrial park in three phases, but had no development to fund needed infrastructure and essentially had a base value of zero.

The agency was able to offer land at Fairview to relocate a Boise Cascade plant from the riverfront area, agreeing to build a shell structure if Boise Cascade would match that investment. The agency negotiated a loan with Oregon's Economic Development Department to fund the needed infrastructure. The new plant became the cornerstone of development at Fairview, generating enough tax increment revenue to pay back the loan and fund the second phase of the renewal plan.¹¹²

Creative Approaches to Solving Problems

Problems in urban renewal areas come in many different forms, and successful resolution is often characterized by creativity. In Medford, an editorial opined: “Another must-do project is removing the Jackson Street Dam, which turns Bear Creek into a muddy liability right where it should be a high-visibility asset.”¹¹³ No one wanted to take it on.

Because of the impact on fish, removal involved numerous agencies like the State Departments of Environmental Quality and Fish and Wildlife, the Environmental Protection Agency, and the National Marine Fisheries Service. The renewal agency took the lead because of the impact on downtown Medford, and worked closely with the irrigation district to build a state of the art diversion facility to protect fish migration that received national recognition.¹¹⁴

The Jackson County/White City case study demonstrates a creative approach to defining blight to include air quality. This enabled the agency to help finance improvements to a business to meet the region’s tight air quality standards, thus keeping the business, the jobs, and the increased assessed value in the renewal area.

Willingness to Take Risks

It is often during the worst economic times that urban renewal is needed the most. Yet at these times it is the hardest to do. In the middle of a deep recession, and with opposition from some downtown business leaders, Seaside took a risk and sold bonds at an interest rate of 12.75% in 1982 to undertake a major downtown redevelopment project. It worked, and the downtown area took off, helping the community’s economy and generating increment for other projects.¹¹⁵

The Portland Development Commission undertook its first industrial project – Wacker Siltronic – with very little notice and without much experience at that time in this type of development. Portland’s mayor recruited the company to build a facility in Portland, and then challenged PDC to find a funding mechanism. The project was extremely successful and the NW Front Urban Renewal Plan has been completed and its debt retired.

Leveraging Other Resources

Many urban renewal agencies have been successful in using TIF to leverage other resources. Sometimes it serves as a match for other government funding. TIF can be used to share costs with the municipality’s general government for projects that benefit both the community as a whole and the urban renewal area. This is commonly done with various infrastructure projects like roads, sewers, bridges, and the like.

In other cases, agencies have formed partnerships with the business community, as well as other government agencies. Milton-Freewater was successful in putting together a \$2.5 million incentive package to attract a 400 job computer call center. The package included contributions from the city, state, and area businesses. Among other contributions, the urban renewal agency is meeting the debt service on the incentive package loan by using the increment from the new development.¹¹⁶

Openness to Revisiting Urban Renewal

Some communities have been willing to revisit urban renewal. In the 70s, new development along the freeway was affecting Pendleton's downtown. The city looked at possibly using urban renewal for downtown revitalization, and decided not to proceed. Over 25 years later, Pendleton is taking another look at a downtown urban renewal plan.

Lyle Stewart started encouraging Medford to do urban renewal as early as 1963, but it wasn't until 1988 that the highly successful urban renewal agency was created. Gresham is revisiting urban renewal after two major voter setbacks in the 80s.

Realistic Expectations

The feasibility study is a key component of determining what realistically can be done. But it is hard to keep expectations grounded in reality because of the 20 plus year time frame for urban renewal plans. Doing tangible projects, no matter how small, helps keep people from becoming frustrated with the progress or urban renewal activities. In Seaside, the local newspaper hailed the arrival of trash receptacles. "They represent the first concrete improvement effected by the Seaside Improvement Commission."¹¹⁷

Since 1992 when its agency was created, Harrisburg has extended water and sewer lines to an industrial area, developed streetscape, paved a gravel parking lot, and contributed toward expansion of the city's sewage treatment facility. "These may be relatively small improvements in other cities, but in our town of less than 3,000, the [agency] has played a very important role in changing our town for the better today, as well as making a positive contribution for tomorrow."¹¹⁸

A residential-only focus may not work well because of the relatively small increase in residential property values. However, residential development can be successful and realistic when combined with other projects. Many downtown plans include a housing component as an additional strategy for revitalization. The Jackson County/White City case study describes an urban renewal area that included both industrial and residential land. Though industrial development plays a major role in funding the urban renewal plan, extensive new residential development has also generated increment.

Leadership

Urban renewal leadership emerges in many different ways. Sometimes it is an individual, like the long-time city manager of Newport who led a hugely successful redevelopment effort. Sometimes it is a group of business and other community leaders who give their time and commitment to reaching consensus on what needs to be done, like in La Grande. Or it can be like Gresham's city council that is willing to take another look at urban renewal even though it previously failed.

Lack of continuity, particularly with turnover of elected officials, can cause leadership problems. Some agencies try to insulate themselves from these problems by having a separate agency board.

Timing and Luck

“Timing is everything but coupled with luck helps a lot.” This was clearly demonstrated in Salem’s downtown renewal area. Salem knew it had to secure a major retailer to succeed with Salem Center. Nordstrom’s had made a prior commitment to the developer, and followed through on the commitment. If it had been six months later, the deal wouldn’t have happened because Nordstrom’s was changing its retail strategy. Eugene’s timing was on the unlucky side, being unable to attract Nordstrom’s for its downtown mall because it was too late.¹¹⁹

Public Opposition

In many communities, public opposition has led to renewal agency efforts to find solutions tailored to the specific issues in that community. In Bandon, for example, citizen activists opposed the agency both locally and in the state capital. Ultimately, the renewal agency fashioned an agreement that let voters decide based on changes to various elements in the urban renewal plan. Voters approved, and the plan is moving forward.

The Dalles used mediation to reach agreement with a group opposing the scope of the agency’s activities. Canby is working to reshape its renewal efforts to address public concerns. Sometimes, though, a community cannot come to agreement. Milwaukie deferred urban renewal efforts because of strong public opposition, while voters in other communities have either severely limited or entirely stopped urban renewal activities.

Future Issues and Policy Implications

"You need to be ready to swing with whatever is in front of you."¹²⁰

Urban renewal has demonstrated a remarkable resilience over the years. This is in large measure because of its widespread use in so many communities that have benefited. As a result, legislators from areas with active urban renewal plans generally have supported whatever changes were necessary to keep urban renewal alive, refining it to respond to public and taxing district concerns about its impacts, and making the changes required by voter approved property tax measures.

Urban renewal's current and future status will be influenced by a number of factors:

- Reduced revenue for *new* urban renewal plans because of Measure 50
- Anticipated shutdown of many plans that started in the 70s and 80s
- Competition for revenue with overlapping taxing districts
- Ramifications of the *Shilo* case
- Changes to Oregon's tax system to provide stable revenues for local governments and schools

Complicating this picture are vulnerabilities revealed through increased public and media scrutiny. One public belief is that some agencies overreach, making renewal areas larger than they need to be while trying to accomplish too much. This can create problems with taxing districts that lose short-term revenue, recently demonstrated by Multnomah County's objection to the size of PDC's Interstate Corridor renewal area.

Another vulnerability is establishing an urban renewal area where development would have otherwise happened. This comes up most often when an agency anticipates a new development and tries to capture the increment for other projects. This can provide fuel for opponents who believe urban renewal should not use public tax dollars to subsidize private businesses.

A third vulnerability is where the benefits of a project to the urban renewal area are not seen as proportional to the high cost. Examples are often public facilities that serve an entire community or region, like a public library or civic center. The media recently criticized the Eastbank Esplanade in Portland, built in part with urban renewal funds and at what some considered an unreasonable cost that had little direct benefit to the renewal district.

Other vulnerabilities include claims that urban renewal causes gentrification, the inaccurate perception that urban renewal decreases school funding, and the charge that urban renewal is taxation without representation.

Headlines like "Renewal is in, but renters are out"¹²¹ in a Portland newspaper are problematic for urban renewal agencies throughout the state. Portland has been a leader, and many agencies have tried to emulate its success at smaller scales. Likewise, agencies are concerned problems aired in Portland will negatively affect their own agencies, public opinion, and legislators' responses to the *Shilo* decision and other similar developments.

The future, as always, is unknown. New constraints could be placed on what urban renewal can do. The legislature may be more receptive to requests from taxing districts to opt out of urban renewal areas, thus diluting tax increment revenue. And with tax assessors and the attorney who represented Shilo Inn in the *Shilo* case saying "...Oregon's property tax system is ...too complicated even for professional tax collectors to comprehend,"¹²² the door is pushed open even wider for structural changes that could profoundly change how urban renewal works in Oregon.

Some urban renewal advocates believe it would be better to recast urban renewal policy, clearly acknowledging that its prime purpose is as an economic and community development tool. They believe this approach could potentially counteract some of the most visible vulnerabilities by putting urban renewal into a more realistic context, rather than perpetuating the need for "blight" as the justification for an urban renewal plan.

Given all of the different forces influencing urban renewal's future, agencies consistently point to the tangible and intangible long-term benefits to communities and taxing districts, as the case studies in this report demonstrate. A recent economic analysis of five of PDC's current urban renewal areas showed that all had property valuation increases that exceeded the citywide average, sometimes significantly, along with reductions in crime.¹²³

Urban renewal agencies also have been willing to voluntarily self-monitor, primarily through the statewide Association of Oregon Redevelopment Agencies. Individual agencies are often actively responding to and working with their critics. PDC, for example, recently announced a study that will quantify how, if at all, urban renewal contributes to gentrification.¹²⁴ Many agencies have modified plans tailored to addressing local concerns.

In the end, some ask: Is the "heyday of urban renewal" in Oregon over? Are the "plums all picked?"¹²⁵ Only time will tell, of course. For communities without urban renewal, there is still the promise of a very flexible, important tool that can help them solve local problems. The challenge is not whether they have needs, but whether they can successfully launch an urban renewal plan under the current tax structure and under careful public scrutiny. If history is any barometer, urban renewal has a strong future in Oregon.

Appendix A: Oregon Urban Renewal Agencies Using Tax Increment Financing¹

Agency (Municipality)	Urban Renewal Plan	Agency (Municipality)	Urban Renewal Plan
City of Astoria City of Bandon	Astoria East UR Bandon UR 1 Bandon UR 2	City of Newport	Newport UR South Beach UR
City of Bend City of Canby City of Cascade Locks City of Coos Bay	Central Bend UR Canby UR Cascade Locks UR Coos Bay City UR 89 Coos Bay Empire UR 95	City of North Bend City of Oregon City	North Bend UR Oregon City UR 3-Hilltop Oregon City-Downtown Philomath UR
Clackamas County	Clackamas Town Center UR1 Clackamas Industrial UR2 Government Camp UR5	City of Philomath Portland Development Commission	Downtown UR South Park Block UR Central East Side UR Airport Way UR Convention Center UR Lents Town Center UR River District UR North Macadam UR Interstate Corridor UR Gateway UR
Coos County City of Coquille City of Cottage Grove City of Eugene	Coos County UR 1 Coquille UR Row River UR Eugene UR Riverfront UR	City of Rainier City of Redmond	Rainier Waterfront UR South Airport Industrial UR Redmond Downtown UR North Roseburg UR Fairview UR Riverfront UR North Gateway UR Sandy UR Greater Seaside UR Old Town UR City of Talent UR Columbia-Gateway/ Downtown UR
City of Gladstone City of Grants Pass City of Harrisburg City of Hillsboro City of Hood River Jackson County City of Keizer City of Klamath Falls City of La Grande City of Lake Oswego City of Lebanon	Gladstone UR 1 Grants Pass Parkway UR Harrisburg UR No active plan area 01-02 Hood River UR Jackson County UR North River Road UR Klamath Falls UR City of La Grande UR Lake Oswego UR 4 Lebanon UR 1 Lebanon UR 2 Lebanon UR 3	City of Roseburg City of Salem	Leveton UR Central UR Veneta UR Waldport UR Wilsonville UR
City of Lincoln City City of Medford City of Milton-Freewater	Lincoln City UR City of Medford UR Milton-Freewater UR	City of Sandy City of Seaside City of Sherwood City of Talent City of The Dalles Tualatin Development Commission City of Veneta City of Waldport City of Wilsonville	

¹ Source: Oregon Department of Revenue, Research Section, Preliminary as of March 1, 2002. Agency and plan names were recorded directly from this source. Many of the actual agency and plan names may be different.

Appendix B: Legislative History of Urban Renewal in Oregon

Many of the milestones shaping urban renewal in Oregon were state and federal legislative actions and public votes or court decisions directly related to those actions.¹²⁶ The following is a chronology that summarizes those milestones to date.¹²⁷

1949: Congress approved Title I of the Federal Housing Act of 1949, the first landmark legislation regarding urban renewal. The program provided a way to finance renewal efforts through federal loans and grants to public agencies, with detailed federal regulations and oversight for how the program was to operate.

1951: The Oregon legislature enabled housing authorities to function as urban renewal agencies. This enabling legislation, codified in ORS Chapter 457, did not duplicate or preempt the existing federal urban renewal program, but rather was supported by the procedural and substantive standards of the federal law. The Oregon Supreme Court upheld the constitutionality of the law, and specifically its eminent domain provisions, in a landmark decision – *Foeller et ux. v. Housing Authority of Portland*, 198 OR 205 (1953).

1957: The Oregon legislature made substantial changes to Chapter 457, both in the definitions and the declaration of necessity and purpose. The legislation also extended to city councils, county commissions, or an appointed separate body the power to function as an urban renewal agency.

1960: Oregon voters approved a constitutional amendment, referred by the legislature, which authorized the use of TIF to finance redevelopment. This approval made Oregon the second state (after California which pioneered tax increment financing in 1951) to grant such authority. The amendment provided a way to increase local resources available for the public match for federal urban renewal funds. Implementing legislation followed in 1961. Use of TIF was limited to urban renewal agencies.

1974: Congress passed the Housing and Community Development Act, which consolidated numerous federal programs and channeled them as block grants to cities and counties, phasing out the 25 year old federal channeling of funds directly to urban renewal programs. This congressional action opened the door for TIF as a major local urban renewal financing method.

1977: The Oregon legislature directed an interim legislative committee to study the whole area of urban renewal and TIF, in response to concerns that some public agencies were using tax increment financing inappropriately. The interim committee was asked to report back to the 1979 session. Its report was completed by the end of 1977 and recommended significant changes in statutes governing urban renewal agencies.

1979: Based on the interim legislative committee’s work, HB 2083 was introduced. The final approved legislation substantially rewrote Oregon urban renewal statutes, providing direction in the formation and operation of renewal agencies. The legislation expanded the permissible uses of TIF, defined “blight” which is the defining characteristic of an urban renewal district, restricted the percentage of assessed value that could be placed within an urban renewal district, and improved public scrutiny of renewal efforts.

1988: The Oregon Supreme Court determined that urban renewal taxes do not need to fit within the six percent annual limit on tax base increases. *Dennehy v. Oregon Department of Revenue*, 305 OR 595 (1988).

1990: Oregon voters approved Ballot Measure 5, which created a ceiling on property taxes for non-school and school purposes. All taxes, including tax increment revenue, had to be categorized for general government, public schools, or exempt (exempt taxes were those levied for voter approved general obligation bonds).

1991: The Oregon legislature passed Measure 5 implementing legislation that provided that all taxes collected by means of TIF be categorized as local government taxes subject to the \$10/\$1,000 real market value tax limit. For many cities this resulted in levied taxes exceeding the limit, and urban renewal agencies generally reduced or stopped collecting tax increment revenue to lessen the “compression” losses to general government agencies. In *City of Portland v. Smith*, 314 OR 178 (1991), the Oregon Supreme Court determined that taxes for payment of urban renewal bonds were not exempt from Measure 5 limits.

1993: In a special election, Oregon voters rejected Ballot Measure 1, which would have allowed local voters to exempt taxes for urban renewal bonds from Ballot Measure 5 limits.

1996: Oregon voters approved Ballot Measure 47, which reduced and limited property taxes. The impact on TIF was never determined.

1997: In response to the belief that Measure 47 could not be implemented without substantial litigation, the Oregon legislature referred Measure 50 to a May special election. Oregon voters approved the measure, which repealed Measure 47 and replaced Oregon’s levy-based property tax system with a rate-based system. Because the Measure 50 system of raising urban renewal taxes resulted in substantially less revenue than before, specific provisions of the measure “grandfathered” plans in place as of the effective date of Measure 47.

These provisions allowed “existing urban renewal plans” to complete their projects by means of a special urban renewal levy, which would still be within Measure 5 local government property tax limits. The legislature also passed SB 1215, which implemented Measure 50, and which allowed municipalities to choose among three options for the collection of tax increment revenue. The options had different effects on the taxes raised and the revenue impacts on overlapping taxing districts.

2001: The Oregon legislature passed HB 3215, which exempted taxes for future voter approved bond issues and local option levies from tax increment revenue for certain urban renewal plans. On December 20, 2001, the Oregon Supreme Court handed down its decision in *Shilo Inn v. Multnomah County et al.*, 333 OR 101 (2001). This decision will affect the way urban renewal taxes are subjected to the Measure 5 limits and create the need for yet more changes to Oregon's property tax system.

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Weil, Margaret, former mayor of Gresham, July 2001.
Weinman, Richie, Eugene Housing & Community Development Division director, June 2002.
Williams, John, Canby Community Development and Planning director, February 2002.
Young, Janet, former Tualatin Economic Development director, June 2001.

End Notes

Dedication to Lyle Stewart (1923-1998)

¹ Interview with Burke Raymond, former Jackson County administrator and Beaverton city manager, May 2001.

² Most of the background on Lyle Stewart was provided by his wife, Katie Stewart, through a comprehensive resume dated May 1998, and an interview with her in May 2002.

Introduction

³ *The Random House Dictionary of the English Language*, Second Edition, 1987.

⁴ "Portland...A City for the Good Life," Portland Development Commission, undated (1973?).

⁵ Only three counties currently have urban renewal agencies – Clackamas, Coos, and Jackson.

⁶ "Urban Renewal Primer," Portland Development Commission, August 2001.

⁷ "Opportunity Gateway Education Session on Urban Renewal," Portland Development Commission, July 2000.

⁸ "Report on Urban Renewal in Portland," City Club of Portland, August 1971, pages 73 and 75.

⁹ "Opinions About Urban Renewal," a report for the Portland Development Commission, CFM Research, July 2001.

Evolution of Urban Renewal in Oregon

¹⁰ Neil Goldschmidt on "40th Anniversary Videotape," Portland Development Commission, December 1998.

¹¹ John Kenward on 40th Anniversary Videotape, Portland Development Commission, December 1998.

¹² Housing Act of 1949, chapter 338, section 2, 63 Stat. 413, 42 USC Section 1441(1964).

¹³ Report on Urban Renewal in Portland, City Club of Portland, 1971, page 27.

¹⁴ *Foeller et ux. v. Housing Authority of Portland*, 198 OR 205 (1953).

¹⁵ "Report on Urban Renewal in Portland," City Club of Portland, August 1971, page 34.

¹⁶ *Ibid.*

¹⁷ Voters officially approved creation of a new "Department of Development and Civic Promotion." They also approved a two-thirds mill tax to provide for the city's share of financing future projects. "Portland Urban Renewal Summary," Portland Development Commission, December 1971.

¹⁸ These first 12 urban renewal agencies were later studied by a Joint Legislative Interim Task Force on Urban Renewal Financing in 1977.

¹⁹ Interview with Oliver Norville, attorney and former general counsel to PDC, December 2000.

²⁰ "A Brief History of Urban Renewal in Portland, Oregon," Wollner et al., August 2001, has a good overview of neighborhood rehabilitation programs and how they were implemented in Portland.

²¹ Interview with Oliver Norville, attorney and former general counsel to PDC, July 2002.

²² Oregon relocation provisions are in ORS Chapter 281.

²³ Lyle Stewart resume, May 1998.

²⁴ John Kenward on "40th Anniversary Videotape," Portland Development Commission, December 1998.

²⁵ The full text of the Constitutional Amendment is:

"Article IX, Section 1c. Financing redevelopment and urban renewal projects. The Legislative Assembly may provide that the ad valorem taxes levied by any taxing unit, in which is located all or part of an area included in a redevelopment or urban renewal project, may be divided so that the taxes levied against any increase in the assessed value, as defined by law, of property in such area obtaining after the effective date of the ordinance or resolution approving the redevelopment or urban renewal plan for such area, shall be used to pay any indebtedness incurred for the redevelopment or urban renewal project. The legislature may enact such laws as may be necessary to carry out the purposes of this section. [Created through S.J.R. 32, 1959, and adopted by the people Nov. 8, 1960; Amendment proposed by H.J.R. 85, 1997, and adopted by the people May 20, 1997.]"

²⁶ *Tax Increment Financing and Economic Development*, edited by Johnson and Man, 2001, page 31.

²⁷ The court found that “blight” was a sufficiently definite standard in *Foeller et ux. v. Housing Authority of Portland*, 198 OR 205 (1953).

²⁸ See discussion in “Joint Legislative Interim Task Force Report on Urban Renewal Financing,” December 1977, page 6.

²⁹ Many of the recommended reforms were similar to ones developed earlier by Oliver Norville when he was general counsel to the Portland Development Commission. Interview with Oliver Norville, May 2001.

³⁰ See the “Joint Legislative Interim Task Force Report in Urban Renewal Financing,” December 1977, for a complete discussion of the scope and nature of identified problems, policy considerations, and reasoning behind specific task force recommendations. See also the “Report on Tax Increment Financing in Oregon,” City Club of Portland, June 1991, pages 12-13.

³¹ Interview with Larry Lehman, former Seaside city manager, December 2001.

³² Interview with Jeffrey Tashman, Tashman Johnson LLC, May 2001.

³³ “A Brief History of Urban Renewal in Portland, Oregon,” Wollner et al., August 2001, page 31.

³⁴ Interview with Janet Young, former Tualatin Economic Development director, regarding Leveton Tax Increment District, June 2001.

³⁵ *City of Portland v. Smith*, 314 OR 178 (1991).

³⁶ “A Brief History of Urban Renewal in Portland, Oregon” Wollner et al., August 2001, page 33.

³⁷ Interview with Dan Durow, The Dalles Community Development director, July 2001.

³⁸ “Appendix B: A Recent History of Oregon Property Taxation,” Oregon Department of Revenue, undated (late 1990s?).

³⁹ *Shilo Inn v. Multnomah County, et al.*, 333 OR 101 (2001). A petition for reconsideration was allowed, but the Oregon Supreme Court declined to reconsider any of the substantive parts of the decision and remanded the case to the tax court.

How Urban Renewal Works

⁴⁰ Much of this section was originally in “An Overview of Urban Renewal,” Tashman Johnson LLC, October 2000.

⁴¹ *Tax Increment Financing and Economic Development*, edited by Johnson and Man, August 2001, page 32.

⁴² ORS Chapter 457; OAR 150 Division 457.

⁴³ “Administrative Guidelines and Procedures Manual for Urban Renewal Agencies in Oregon,” Association of Oregon Redevelopment Agencies, February 2001, page 4.

⁴⁴ The Association of Oregon Redevelopment Agencies has published “Administrative Guidelines and Procedures Manual for Urban Renewal Agencies in Oregon.” Last published in February 2001, it contains detailed information on all elements of developing and implementing urban renewal plans in Oregon. The manual is updated as needed and is available through the League of Oregon Cities.

⁴⁵ Under ORS 456.060, housing authorities can be urban renewal agencies as well as municipalities (defined as cities and counties in ORS Chapter 457). No housing authorities currently exercise urban renewal powers.

⁴⁶ Some current examples of renewal agencies with a separate agency board are the Portland Development Commission, Medford Urban Renewal Agency, Hood River Urban Renewal Agency, Newport Urban Renewal Agency, and Rainer Economic Development Council. Some other agencies have changed over time.

⁴⁷ Interview with Joe Richards, former attorney for the Eugene Urban Renewal Agency, June 2001.

⁴⁸ Interview with Don Davis, former Newport city manager, July 2001.

Case Studies

⁴⁹ Some urban renewal agencies have more than one urban renewal area. The Portland Development Commission, for example, currently has ten active plans (Downtown Waterfront, South Park Blocks, Central Eastside, Airport Way, Oregon Convention Center, River District, Lents Town Center, North Macadam, Interstate Corridor, and Gateway).

⁵⁰ “ULI 1983 Awards for Excellence Program Proposal,” Portland Development Commission, April 1983.

⁵¹ The area also had been identified in 1955 as suitable for an urban renewal area. At that time, the intent was to use the urban renewal process to acquire and clear land on which to build a new coliseum. Voters mandated an east side location for the coliseum in 1956, but the South Auditorium area still remained a designated urban renewal area. See *Portland: Planning, Politics, and Growth in a Twentieth-Century City*, Carl Abbott, 1983, pages 210-211.

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- ⁵² “A Brief History of Urban Renewal in Portland, Oregon” Wollner et al , August 2001, page 10 citing as a source Abbott, 1983.
- ⁵³ “ULI 1983 Awards for Excellence Program Proposal,” Portland Development Commission, 1983, page 5.
- ⁵⁴ “Report on Urban Renewal in Portland,” City Club of Portland, August 1971, page 38.
- ⁵⁵ The main sources for this case study were: a variety of materials provided by the Portland Development Commission; “Report on Urban Renewal in Portland,” City Club of Portland, August 1971; and interview with Oliver Norville, urban renewal attorney and former general counsel for PDC, December 2000 and May 2001; and Abbott, 1983.
- ⁵⁶ “Downtown Development Efforts,” Eugene Renewal Agency, undated, page 1.
- ⁵⁷ “Central Eugene Renewal Project,” Eugene Renewal Agency, October 1977, page 1.
- ⁵⁸ “Downtown Development Efforts,” Eugene Renewal Agency, undated, page 2.
- ⁵⁹ Eugene Mayor Jim Torrey quoted in *The Daily Journal of Commerce*, September 24, 2001, page 3.
- ⁶⁰ The main sources for this case study were: materials provided by the Eugene Renewal Agency; interviews with Dave Hunt, former director of the Eugene Renewal Agency and Portland Development Commission, July 2001, Charles Kupper, Spencer & Kupper and former Eugene Community Development director, June 2001, and Joe Richards, former Eugene Renewal attorney, June 2001; and review and comments through electronic correspondence by Richie Weinman, Eugene Housing & Community Development Division, June 2002.
- ⁶¹ Introduction to petitions signed in the late 1970s by 264 Newport citizens requesting a public observation area on the waterfront so tourists would not interfere with commercial fishing activity.
- ⁶² Interview with Don Davis, former Newport city manager, July 2001.
- ⁶³ *Ibid.*
- ⁶⁴ “Urban Renewal Plan,” Newport Urban Renewal Agency, May 1973, page 3.
- ⁶⁵ “Urban Renewal Plan and Report of The City of Newport Seventh Amendment (Major and Minor),” Newport Urban Renewal Agency, undated (1989?).
- ⁶⁶ Each of these plans has had several amendments.
- ⁶⁷ The main sources for this case study were: interview with former City Manager Don Davis, July 2001; various documents including the plan, plan amendments, and related materials; articles from *Newport News-Times*; and interview with current City Manager Sam Sasaki, April 2002.
- ⁶⁸ Interview with Janet Young, former Economic Development director, City of Tualatin, June 2001.
- ⁶⁹ Quote from an article in *The Oregonian*, August 20, 1998.
- ⁷⁰ Quoting Steve Stolze, former Tualatin mayor, in an article in *The Oregonian*, August 20, 1998.
- ⁷¹ *Ibid.*
- ⁷² The main sources for this case study were: materials provided by the City of Tualatin (including the city’s web site); interview with Janet Young, former Tualatin Economic Development director; *The Oregonian* article, August 20, 1998; and an article in *Urban Land*, November, 1994 by Dave Leland, lead consultant for Tualatin Commons and managing director of Leland Consulting Group, Portland, Oregon.
- ⁷³ *Oregon Business*, October 2000, by Sue Fagalde Lick quoting Kurt Olsen, Lincoln City Urban Renewal Director, page 14.
- ⁷⁴ Three of the communities that merged were incorporated cities. Joint Legislative Interim Task Force on Urban Renewal Financing, December 1977, page 23.
- ⁷⁵ Although when Lincoln City was incorporated it combined five towns, the urban renewal agency has identified a sixth historic area which is referred to as Wecoma Beach.
- ⁷⁶ *Oregon Business*, October 2000, page 14.
- ⁷⁷ See website about Oceanlake project (www.digitalplanningstudio.com/oceanlake/Overview.asp).
- ⁷⁸ The Lincoln City Urban Renewal Agency has also undertaken a variety of projects not specific to the historic districts, including among many others a renovation and rehabilitation loan program, feasibility study for a Creative Arts and Activities Center and a Youth Center, and placement of public art in public spaces.
- ⁷⁹ The main sources for this case study were: interviews with urban renewal director Kurt Olsen and Jean Celia, assistant to the director, July 2001; information provided by the agency and on Lincoln City’s web site; and “Report of the Joint Legislative Interim Task Force on Urban Renewal Financing,” December 1977.
- ⁸⁰ Interview with Margaret Weil, former mayor of Gresham, July 2001.
- ⁸¹ Resolution No. 1006, November 17, 1981.
- ⁸² The main sources for this case study were: interviews with former Gresham Mayor Margaret Weil, July 2001, former Gresham City Manager Burke Raymond, May, 2001, and former Gresham planning manager Rick Walker (along with notes from other interviews with him), April 2002; the “Rockwood Renewal Feasibility

Study,” November, 2001; information on the city’s website (www.ci.gresham.or.us); and review by Gresham Community Planning Division director Richard Ross.

⁸³ Interview with Dave Lawrence, Hillsboro deputy city manager, July 2001.

⁸⁴ Interview with Oliver Norville, attorney and former general counsel to PDC, July 2002.

⁸⁵ The main sources for this case study were: “The Ronler Acres Project: A Case Study,” City of Hillsboro, 2001 and an interview with Dave Lawrence, deputy city manager and economic development director for the Hillsboro Economic Development Council, July 2001.

⁸⁶ Interview with Dan Durow, The Dalles Community and Economic Development director, July 2001.

⁸⁷ *Ibid.*

⁸⁸ See the section on “The Evolution of Urban Renewal in Oregon, Upheaval of the 90s,” for more background on Ballot Measure 5 and compression.

⁸⁹ Interview with Dan Durow, The Dalles Community and Economic Development director, July 2001.

⁹⁰ *Ibid.*

⁹¹ The main sources for this case study were: materials provided by the Columbia Gateway Urban Renewal Agency including the “Columbia/Gateway Urban Renewal Plan and Report, August 1999; articles in *The Dalles Chronicle*; and an interview with Dan Durow, The Dalles Community and Economic Development director, July 2001.

⁹² Interview with Burke Raymond, former Jackson County administrator, May 2001.

⁹³ The Eagle Point School District, which served the White City area, was aware of the growing needs in White City. One of the indicators was a 60% turnover rate in the elementary school, according to an interview with Cathy Conlow, former Jackson County Community and Economic Development director, April 2001.

⁹⁴ Interview with Burke Raymond, former Jackson County administrator, May 2001.

⁹⁵ The main sources for this case study were: interview with Cathy Conlow, former Jackson County Community and Economic Development director, April 2001; interview with Burke Raymond, former Jackson County administrator, May 2001; and Jackson County’s web site (www.co.jackson.or.us).

⁹⁶ *Canby Herald* editorial, March 14, 2001.

⁹⁷ Canby Urban Renewal Plan, pages 2-3, November 1999.

⁹⁸ Canby Urban Renewal Area Report on the Urban Renewal Plan, page 5, November 1999.

⁹⁹ *Ibid.*

¹⁰⁰ *Canby Herald* editorial, March 14, 2001.

¹⁰¹ The main sources for this case study were: Canby Urban Renewal Area Plan and accompanying Report; various *Canby Herald* articles; City of Canby website (www.ci.canby.or.us); and interviews with John Williams, Canby Community Development and Planning director, February 2002, Mike Swanson, Milwaukie city manager and former interim Canby Community Development director, December 2001, and Charles Kupper, Spencer & Kupper, June 2001.

Latest Developments

¹⁰² *Shilo Inn v. Multnomah County et al.*, 333 OR 101 (2001).

¹⁰³ *Ibid.*

¹⁰⁴ Much of the text for this section was based on or taken from an article for the Oregon Downtown Development Association Newsletter “Downtown Renaissance,” July-September 2002, by Jeffrey Tashman, Tashman Johnson LLC and Jeannette Launer, Attorney at Law.

More on Case Studies and Common Elements

¹⁰⁵ Interview with Richard Hayden, Salem Community Development Department, Urban Development Division administrator, May 2001.

¹⁰⁶ “Portland Urban Renewal Economic Analysis,” E.D. Hovee & Company, memorandum report to the Portland Development Commission, September 2001.

¹⁰⁷ “Annual Financial Report, 1999-2000,” Medford Urban Renewal Agency, p. 3.

¹⁰⁸ Interview with Charles Kupper, Spencer & Kupper, June 2001.

¹⁰⁹ Interview with Richard Hayden, Salem Community Development Department, Urban Development Division administrator, May 2001.

¹¹⁰ *The News Guard*, April 24, 2002.

¹¹¹ “Sandy Urban Renewal Plan,” City of Sandy, December 1998, page 9. Urban renewal agencies cannot acquire land by eminent domain unless specifically identified in the plan.

¹¹² Interviews with Richard Hayden and John Russell, Salem Community Development Department, May 2001.

¹¹³ *The Mail Tribune*, February 23, 1994.

¹¹⁴ Interview with Donald Burt, Medford Urban Renewal Agency director, April 2001.

¹¹⁵ Interview with Larry Lehman, Pendleton city manager and former Seaside city manager, December 2001.

¹¹⁶ The main sources for this paragraph were: *East Oregonian*, October 1998; electronic correspondence from Linda Harris, Milton-Freewater assistant city manager, April – June, 2002; “Milton-Freewater Urban Renewal Agency Budget Message for FY 2001-2002,” City of Milton-Freewater.

¹¹⁷ *Seaside Signal*, May 1, 1980.

¹¹⁸ Electronic correspondence from Bruce Cleeton, Harrisburg city administrator, July 2001.

¹¹⁹ Interview with Richard Hayden and John Russell, Salem Community Development Department, May 2001.

Future Issues and Policy Implications

¹²⁰ Interview with Dave Hunt, former Eugene Renewal Agency director and Portland Development Commission director, July 2001.

¹²¹ *Portland Tribune*, specific date unavailable [early 2002?].

¹²² “Urban renewal drains resources, confuses all,” Gregory W. Byrne, J.D., *Cascade Commentary*, Cascade Policy Institute, February 2002.

¹²³ “Portland Urban Renewal Economic Analysis,” E.D. Hovee & Company, memorandum report to the Portland Development Commission, September 2001.

¹²⁴ *The Oregonian*, December 29, 2001.

¹²⁵ The essence of comments by several urban renewal veterans.

Appendixes

¹²⁶ In addition to state and federal legislation, a number of Oregon municipalities have local charter provisions limiting the use of tax increment financing in their communities. Many municipalities have had various public votes on local initiatives and referrals that have directly affected the operation of urban renewal in their communities.

¹²⁷ The main sources for this section were: “Joint Legislative Interim Task Force Report on Urban Renewal Financing,” December 1977; “An Introduction to Urban Renewal in Oregon,” League of Oregon Cities, September 1979; “Report on Tax Increment Financing in Oregon,” City Club of Portland, June 1991; “Measure 50 Urban Renewal Implementation,” League of Oregon Cities Conference, Tashman Johnson LLC, 1997.