

Legislative History of Urban Renewal in Oregon

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The following key state and federal legislative milestones have shaped what urban renewal has become in the State of Oregon. 1]

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 accompanying detailed federal regulations and oversight for how the program was to operate.

1951: The Oregon Legislature granted housing authorities the authority to become involved in the urban renewal process. This enabling legislation, codified in ORS Chapter 457, did not duplicate or pre-empt 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 in a landmark decision - *Foeller 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 the power to function as an urban renewal agency to city councils, county commissions, or an appointed separate body.

1960: Oregon voters approved a constitutional amendment, referred by the Legislature, which authorized the use of tax increment financing (TIF) to finance redevelopment. This approval made Oregon the second state (after California pioneered tax increment financing in the 1950s) 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 provided funding by block grants and phased out the 25-year-old federal channeling of funds for 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 tax increment financing, 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.

1979: HB 2083 was introduced, based on the interim legislative committee's work. 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, expanded the definition of "blight" which is a key term for defining an urban renewal district, restricted the percentage of assessed value that could be captured in an urban renewal district, and improved public scrutiny of renewal efforts.

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 revenues, had to be categorized as being 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 tax increment financing 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 eliminated collecting tax increment revenues to lessen the "compression" losses to general government agencies.

1993: A constitutional amendment aimed at restoring tax increment financing by declaring urban renewal debt outside Measure 5's limits was passed by the Oregon Legislature but rejected by voters in a special election.

1996: Oregon voters approved Ballot Measure 47, which reduced and limited property taxes. The impact of this measure on tax increment financing was never determined.

1997: In response to the belief that Measure 47 could not be implemented without substantial subsequent litigation, the Oregon Legislature referred Ballot Measure 50 to the voters in a special election held in May. 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 50-60 percent less revenue than under Measure 5, specific provisions of the measure "grandfathered" plans in place as of the effective date of Measure 47, allowing existing urban renewal plans to complete their projects within Measure 5 property tax limits. The Legislature also passed SB 1215, which implemented Measure 50.

2001: The Oregon Legislature passed HB 3215, which exempted taxes for future voter-approved bond issues and local option levies from tax increment revenues.

Sources:

Report of the Joint Legislative Interim Task Force on Urban Renewal Financing, Submitted to Members of the Sixtieth Legislative Assembly, 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 14, 1991.

AORA document on Measure 50 Urban Renewal Implementation, 1997.

1] In addition to state and federal legislation, a number of municipalities in Oregon have local charter provisions limiting the use of tax increment financing in their communities.