

House Bill 3254

Sponsored by Representative DINGFELDER; Representatives BARKER, BARNHART, CANNON, C EDWARDS, D EDWARDS, GREENLICK, KOMP, MERKLEY, NATHANSON, ROSENBAUM, TOMEI, WITT (at the request of Oregon Housing Alliance)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that urban renewal agencies may include affordable housing projects in urban renewal plans. Permits urban renewal agency to undertake affordable housing project outside urban renewal area if governing body of municipality and agency agree that project will benefit urban renewal area.

A BILL FOR AN ACT

1
2 Relating to urban renewal; creating new provisions; and amending ORS 457.010, 457.085 and 457.095.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 457.010 is amended to read:

5 457.010. As used in this chapter, unless the context requires otherwise:

6 (1) **"Affordable housing" means single-family or multifamily dwelling units that are to**
7 **be sold or rented to families with income that does not exceed 50 percent of the median in-**
8 **come level for the county in which the urban renewal area is located.**

9 [(1)] (2) "Blighted areas" means areas that, by reason of deterioration, faulty planning, inade-
10 quate or improper facilities, deleterious land use or the existence of unsafe structures, or any com-
11 bination of these factors, are detrimental to the safety, health or welfare of the community. A
12 blighted area is characterized by the existence of one or more of the following conditions:

13 (a) The existence of buildings and structures, used or intended to be used for living, commercial,
14 industrial or other purposes, or any combination of those uses, that are unfit or unsafe to occupy
15 for those purposes because of any one or a combination of the following conditions:

16 (A) Defective design and quality of physical construction;

17 (B) Faulty interior arrangement and exterior spacing;

18 (C) Overcrowding and a high density of population;

19 (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities;

20 or

21 (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;

22 (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;

23 (c) The division or subdivision and sale of property or lots of irregular form and shape and in-
24 adequate size or dimensions for property usefulness and development;

25 (d) The laying out of property or lots in disregard of contours, drainage and other physical
26 characteristics of the terrain and surrounding conditions;

27 (e) The existence of inadequate streets and other rights of way, open spaces and utilities;

28 (f) The existence of property or lots or other areas that are subject to inundation by water;

29 (g) A prevalence of depreciated values, impaired investments and social and economic

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are
 2 inadequate for the cost of public services rendered;

3 (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unpro-
 4 ductive condition of land potentially useful and valuable for contributing to the public health, safety
 5 and welfare; or

6 (i) A loss of population and reduction of proper utilization of the area, resulting in its further
 7 deterioration and added costs to the taxpayer for the creation of new public facilities and services
 8 elsewhere.

9 [(2)] (3) "Certified statement" means the statement prepared and filed pursuant to ORS 457.430
 10 or an amendment to the certified statement prepared and filed pursuant to ORS 457.430.

11 [(3)] (4) "City" means any incorporated city.

12 [(4)] (5) "Consolidated billing tax rate" means:

13 (a) If the urban renewal plan is an existing urban renewal plan (other than an existing urban
 14 renewal plan designated as an Option Three plan under ORS 457.435 (2)(c) or an urban renewal plan
 15 adopted on or after October 6, 2001, the total of all district tax rates used to extend taxes after any
 16 adjustment to reflect tax offsets under ORS 310.105, but does not include any rate derived from:

17 (A) Any urban renewal special levy under ORS 457.435;

18 (B) A local option tax, as defined in ORS 280.040, that is approved by taxing district electors
 19 after October 6, 2001; or

20 (C) A tax pledged to repay exempt bonded indebtedness (other than exempt bonded indebtedness
 21 used to fund local government pension and disability plan obligations that, until funded by the ex-
 22 empt bonded indebtedness, were described in section 11 (5), Article XI of the Oregon Constitution),
 23 as defined in ORS 310.140, that is approved by taxing district electors after October 6, 2001; and

24 (b) In the case of all other urban renewal plans, the total of all district ad valorem property tax
 25 rates used to extend taxes after any adjustments to reflect tax offsets under ORS 310.105, except
 26 that "consolidated billing tax rate" does not include any urban renewal special levy rate under ORS
 27 457.435.

28 [(5)(a)] (6)(a) "Existing urban renewal plan" means an urban renewal plan that provides for a
 29 division of ad valorem property taxes as described under ORS 457.420 to 457.460 adopted by ordi-
 30 nance before December 6, 1996, that:

31 (A) Except for an amendment made on account of ORS 457.190 (3) and subject to paragraph (b)
 32 of this subsection, is not changed by substantial amendment, as described in ORS 457.085 (2)(i)(A)
 33 or (B), on or after December 6, 1996; and

34 (B) For tax years beginning on or after July 1, 1998, includes the limit on indebtedness as de-
 35 scribed in ORS 457.190 (3).

36 (b) If, on or after July 1, 1998, the maximum limit on indebtedness (adopted by ordinance before
 37 July 1, 1998, pursuant to ORS 457.190) of an existing urban renewal plan is changed by substantial
 38 amendment, then "indebtedness issued or incurred to carry out the existing urban renewal plan" for
 39 purposes of ORS 457.435 includes only the indebtedness within the indebtedness limit adopted by
 40 ordinance under ORS 457.190 (3)(c) before July 1, 1998.

41 [(6)] (7) "Fiscal year" means the fiscal year commencing on July 1 and closing on June 30.

42 [(7)] (8) "Governing body of a municipality" means, in the case of a city, the common council
 43 or other legislative body thereof, and, in the case of a county, the board of county commissioners
 44 or other legislative body thereof.

45 [(8)] (9) "Housing authority" or "authority" means any housing authority established pursuant

1 to the Housing Authorities Law.

2 [(9)] (10) "Increment" means that part of the assessed value of a taxing district attributable to
 3 any increase in the assessed value of the property located in an urban renewal area, or portion
 4 thereof, over the assessed value specified in the certified statement.

5 [(10)] (11) "Maximum indebtedness" means the amount of the principal of indebtedness included
 6 in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance
 7 existing indebtedness.

8 [(11)] (12) "Municipality" means any county or any city in this state. "The municipality" means
 9 the municipality for which a particular urban renewal agency is created.

10 [(12)] (13) "Taxing body" or "taxing district" means the state, city, county or any other taxing
 11 unit which has the power to levy a tax.

12 [(13)] (14) "Urban renewal agency" or "agency" means an urban renewal agency created under
 13 ORS 457.035 and 457.045.

14 [(14)] (15) "Urban renewal area" means a blighted area included in an urban renewal plan or
 15 an area included in an urban renewal plan under ORS 457.160.

16 [(15)] (16) "Urban renewal project" or "project" means any work or undertaking carried out
 17 under ORS 457.170 in an urban renewal area.

18 [(16)] (17) "Urban renewal plan" or "plan" means a plan, as it exists or is changed or modified
 19 from time to time for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105,
 20 457.115, 457.120, 457.125, 457.135 and 457.220.

21 **SECTION 2.** ORS 457.085 is amended to read:

22 457.085. (1) An urban renewal agency shall provide for public involvement in all stages in the
 23 development of an urban renewal plan.

24 (2) An urban renewal plan proposed by an urban renewal agency shall include all of the fol-
 25 lowing:

26 (a) A description of each urban renewal project to be undertaken.

27 (b) An outline for the development, redevelopment, improvements, land acquisition, demolition
 28 and removal of structures, clearance, rehabilitation or conservation of the urban renewal areas of
 29 the plan.

30 (c) A map and legal description of the urban renewal areas of the plan.

31 (d) An explanation of its relationship to definite local objectives regarding appropriate land uses
 32 and improved traffic, public transportation, public utilities, telecommunications utilities, recreational
 33 and community facilities and other public improvements.

34 (e) An indication of proposed land uses, maximum densities and building requirements for each
 35 urban renewal area.

36 (f) A description of the methods to be used for the temporary or permanent relocation of persons
 37 living in, and businesses situated in, the urban renewal area of the plan.

38 (g) An indication of which real property may be acquired and the anticipated disposition of said
 39 real property, whether by retention, resale, lease or other legal use, together with an estimated time
 40 schedule for such acquisition and disposition.

41 (h) If the plan provides for a division of ad valorem taxes under ORS 457.420 to 457.460, the
 42 maximum amount of indebtedness that can be issued or incurred under the plan.

43 (i) A description of what types of possible future amendments to the plan are substantial
 44 amendments and require the same notice, hearing and approval procedure required of the original
 45 plan under ORS 457.095 as provided in ORS 457.220, including but not limited to amendments:

1 (A) Adding land to the urban renewal area, except for an addition of land that totals not more
 2 than one percent of the existing area of the urban renewal area.

3 (B) Increasing the maximum amount of indebtedness that can be issued or incurred under the
 4 plan.

5 (j) For a project [*which*] **that** includes a public building, an explanation of how the building
 6 serves or benefits the urban renewal area.

7 **(3)(a) An urban renewal plan may include a project to build, rehabilitate, acquire or oth-**
 8 **erwise provide housing in the urban renewal area that, upon project completion, constitutes**
 9 **affordable housing.**

10 **(b)(A) An urban renewal plan may include a project to build, rehabilitate, acquire or**
 11 **otherwise provide housing outside the urban renewal area that, upon project completion,**
 12 **constitutes affordable housing if the governing body of the municipality issues a resolution**
 13 **that the use of the funds for the project outside the urban renewal area will benefit the ur-**
 14 **ban renewal area.**

15 **(B) A determination of benefit by the governing body of a municipality under this para-**
 16 **graph is final.**

17 [(3)] (4) An urban renewal plan shall be accompanied by a report which shall contain:

18 (a) A description of physical, social and economic conditions in the urban renewal areas of the
 19 plan and the expected impact, including the fiscal impact, of the plan in light of added services or
 20 increased population;

21 (b) Reasons for selection of each urban renewal area in the plan;

22 (c) The relationship between each project to be undertaken under the plan and the existing
 23 conditions in the urban renewal area;

24 (d) The estimated total cost of each project and the sources of moneys to pay such costs;

25 (e) The anticipated completion date for each project;

26 (f) The estimated amount of money required in each urban renewal area under ORS 457.420 to
 27 457.460 and the anticipated year in which indebtedness will be retired or otherwise provided for
 28 under ORS 457.420 to 457.460;

29 (g) A financial analysis of the plan with sufficient information to determine feasibility;

30 (h) A fiscal impact statement that estimates the impact of the tax increment financing, both until
 31 and after the indebtedness is repaid, upon all entities levying taxes upon property in the urban re-
 32 newal area; and

33 (i) A relocation report which shall include:

34 (A) An analysis of existing residents or businesses required to relocate permanently or tempo-
 35 rarily as a result of agency actions under ORS 457.170;

36 (B) A description of the methods to be used for the temporary or permanent relocation of per-
 37 sons living in, and businesses situated in, the urban renewal area in accordance with ORS 35.500
 38 to 35.530; and

39 (C) An enumeration, by cost range, of the existing housing units in the urban renewal areas of
 40 the plan to be destroyed or altered and new units to be added.

41 [(4)] (5) An urban renewal plan and accompanying report shall be forwarded to the planning
 42 commission of the municipality for recommendations, prior to presenting the plan to the governing
 43 body of the municipality for approval under ORS 457.095.

44 [(5)] (6) An urban renewal plan and accompanying report shall be forwarded to the governing
 45 body of each taxing district affected by the urban renewal plan and the agency shall consult and

1 confer with the taxing districts prior to presenting the plan to the governing body of the municipi-
 2 pality for approval under ORS 457.095. Any written recommendations of the governing body of each
 3 taxing district shall be accepted, rejected or modified by the governing body of the municipality in
 4 adopting the plan.

5 [(6)] (7) No urban renewal plan shall be carried out until the plan has been approved by the
 6 governing body of each municipality pursuant to ORS 457.095 and 457.105.

7 **SECTION 3.** ORS 457.095 is amended to read:

8 457.095. The governing body of the municipality, upon receipt of a proposed urban renewal plan
 9 and report from the municipality's urban renewal agency and after public notice and hearing and
 10 consideration of public testimony and planning commission recommendations, if any, may approve
 11 the urban renewal plan. The approval shall be by nonemergency ordinance which shall incorporate
 12 the plan by reference. Notice of adoption of the ordinance approving the urban renewal plan, and
 13 the provisions of ORS 457.135, shall be published by the governing body of the municipality in ac-
 14 cordance with ORS 457.115 no later than four days following the ordinance adoption. The ordinance
 15 shall include determinations and findings by the governing body that:

16 (1) Each urban renewal area is blighted;

17 (2) The rehabilitation and redevelopment is necessary to protect the public health, safety or
 18 welfare of the municipality;

19 (3) The urban renewal plan conforms to the comprehensive plan and economic development plan,
 20 if any, of the municipality as a whole and provides an outline for accomplishing the urban renewal
 21 projects the urban renewal plan proposes;

22 (4) Provision has been made to house displaced persons within their financial means in accord-
 23 ance with ORS 35.500 to 35.530 and, except in the relocation of elderly or disabled individuals,
 24 without displacing on priority lists persons already waiting for existing federally subsidized housing;

25 (5) If acquisition of real property is provided for, *[that it]* **the acquisition** is necessary;

26 **(6) If the urban renewal plan includes a project outside the urban renewal area of the**
 27 **plan as described in ORS 475.085 (3)(b), the affordable housing will benefit the urban renewal**
 28 **area;**

29 [(6)] (7) Adoption and carrying out of the urban renewal plan is economically sound and feasible;
 30 and

31 [(7)] (8) The municipality shall assume and complete any activities prescribed it by the urban
 32 renewal plan.

33 **SECTION 4. The amendments to ORS 457.010, 457.085 and 457.095 by sections 1 to 3 of this**
 34 **2007 Act apply to urban renewal plans approved or substantially amended on or before the**
 35 **effective date of this 2007 Act.**