

House Bill 2643

Sponsored by Representative HOLVEY

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**.

Establishes procedure by which special taxing district may be excluded from participation in urban renewal plan. Requires new or substantially amended plan to state duration of plan.

Permits urban renewal agency to obtain amount lesser than maximum amount from diversion of tax financing method.

Applies to urban renewal plans that are created or substantially amended on or after effective date of Act.

A BILL FOR AN ACT

1
2 Relating to urban renewal; creating new provisions; and amending ORS 457.010, 457.085, 457.095,
3 457.120 and 457.440.

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

5 **SECTION 1.** ORS 457.085 is amended to read:

6 457.085. (1) An urban renewal agency shall provide for public involvement in all stages in the
7 development of an urban renewal plan.

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

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

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

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

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

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

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

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

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

27 **(i) The duration of the plan.**

28 [(i)] **(j)** A description of what types of possible future amendments to the plan are substantial
29 amendments and require the same notice, hearing and approval procedure required of the original

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 plan under ORS 457.095 as provided in ORS 457.220, including but not limited to amendments:

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

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

6 **(C) Increasing the duration of the plan.**

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

9 (3) An urban renewal plan shall be accompanied by a report which shall contain:

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

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

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

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

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

18 (f) The estimated amount of money required in each urban renewal area under ORS 457.420 to
19 457.460 and the anticipated year in which indebtedness will be retired or otherwise provided for
20 under ORS 457.420 to 457.460;

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

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

25 (i) A relocation report which shall include:

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

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

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

33 (4) An urban renewal plan and accompanying report shall be forwarded to the planning com-
34 mission of the municipality for recommendations, prior to presenting the plan to the governing body
35 of the municipality for approval under ORS 457.095.

36 (5) An urban renewal plan and accompanying report shall be forwarded to the governing body
37 of each taxing district affected by the urban renewal plan [and]. **Notice of the hearing required**
38 **pursuant to ORS 457.095 shall be included with the plan and report forwarded to the affected**
39 **taxing districts.** The agency shall consult and confer with the taxing districts prior to presenting
40 the plan to the governing body of the municipality for approval under ORS 457.095. **A taxing dis-**
41 **trict that is a district described in ORS 198.010 may include in written recommendations a**
42 **request to be excluded from participation in the urban renewal plan.** Any written recommen-
43 dations of the governing body of each taxing district shall be accepted, rejected or modified by the
44 governing body of the municipality in adopting the plan. **If a taxing district described in ORS**
45 **198.010 has requested exclusion from participation in the plan, the governing body of the**

1 **municipality shall, in adopting the plan, expressly grant or deny the request.**

2 (6) No urban renewal plan shall be carried out until the plan has been approved by the gov-
 3 erning body of each municipality pursuant to ORS 457.095 and 457.105.

4 **SECTION 2.** ORS 457.095 is amended to read:

5 457.095. The governing body of the municipality, upon receipt of a proposed urban renewal plan
 6 and report from the municipality’s urban renewal agency and after public notice and hearing and
 7 consideration of public testimony, **recommendations and testimony of affected taxing districts**
 8 and planning commission recommendations, if any, may approve the urban renewal plan. The ap-
 9 proval shall be by nonemergency ordinance which shall incorporate the plan by reference. Notice
 10 of adoption of the ordinance approving the urban renewal plan, and the provisions of ORS 457.135,
 11 shall be published by the governing body of the municipality in accordance with ORS 457.115 no
 12 later than four days following the ordinance adoption. The ordinance shall include determinations
 13 and findings by the governing body that:

14 (1) Each urban renewal area is blighted;

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

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

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

24 (5) If acquisition of real property is provided for, that it is necessary;

25 (6) Adoption and carrying out of the urban renewal plan is economically sound and feasible;
 26 *[and]*

27 **(7) If one or more taxing districts described in ORS 198.010 are excluded from partic-**
 28 **ipation in the plan, specify the taxing districts that are excluded; and**

29 *[(7)]* (8) The municipality shall assume and complete any activities prescribed it by the urban
 30 renewal plan.

31 **SECTION 3.** ORS 457.010 is amended to read:

32 457.010. As used in this chapter, unless the context requires otherwise:

33 (1) “Blighted areas” means areas that, by reason of deterioration, faulty planning, inadequate
 34 or improper facilities, deleterious land use or the existence of unsafe structures, or any combination
 35 of these factors, are detrimental to the safety, health or welfare of the community. A blighted area
 36 is characterized by the existence of one or more of the following conditions:

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

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

41 (B) Faulty interior arrangement and exterior spacing;

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

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

44 or

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

- 1 (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;
 2 (c) The division or subdivision and sale of property or lots of irregular form and shape and in-
 3 adequate size or dimensions for property usefulness and development;
 4 (d) The laying out of property or lots in disregard of contours, drainage and other physical
 5 characteristics of the terrain and surrounding conditions;
 6 (e) The existence of inadequate streets and other rights of way, open spaces and utilities;
 7 (f) The existence of property or lots or other areas that are subject to inundation by water;
 8 (g) A prevalence of depreciated values, impaired investments and social and economic
 9 maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are
 10 inadequate for the cost of public services rendered;
 11 (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unpro-
 12 ductive condition of land potentially useful and valuable for contributing to the public health, safety
 13 and welfare; or
 14 (i) A loss of population and reduction of proper utilization of the area, resulting in its further
 15 deterioration and added costs to the taxpayer for the creation of new public facilities and services
 16 elsewhere.
- 17 (2) "Certified statement" means the statement prepared and filed pursuant to ORS 457.430 or
 18 an amendment to the certified statement prepared and filed pursuant to ORS 457.430.
- 19 (3) "City" means any incorporated city.
- 20 (4) "Consolidated billing tax rate" means:
- 21 (a) If the urban renewal plan is an existing urban renewal plan (other than an existing urban
 22 renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)), an urban renewal plan
 23 that was an existing urban renewal plan on October 6, 2001, (other than an existing urban renewal
 24 plan designated as an Option Three plan under ORS 457.435 (2)(c) and that was substantially
 25 amended as described in ORS 457.085 [(2)(i)(A) or (B)] **(2)(j)(A) or (B)** on or after October 6, 2001,
 26 or an urban renewal plan adopted on or after October 6, 2001, the total of all district tax rates used
 27 to extend taxes after any adjustment to reflect tax offsets under ORS 310.105, but does not include
 28 any rate derived from:
- 29 (A) Any urban renewal special levy under ORS 457.435;
- 30 (B) A local option tax, as defined in ORS 280.040, that is approved by taxing district electors
 31 after October 6, 2001; [*or*]
- 32 (C) A tax pledged to repay exempt bonded indebtedness (other than exempt bonded indebtedness
 33 used to fund local government pension and disability plan obligations that, until funded by the ex-
 34 empt bonded indebtedness, were described in section 11 (5), Article XI of the Oregon Constitution),
 35 as defined in ORS 310.140, that is approved by taxing district electors after October 6, 2001; [*and*]
 36 **or**
- 37 **(D) A tax of a taxing district described in ORS 198.010 for which the governing body of**
 38 **a municipality has authorized exclusion from participation in the plan in a determination**
 39 **described in ORS 457.095 (7); and**
- 40 (b) In the case of all other urban renewal plans, the total of all district ad valorem property tax
 41 rates used to extend taxes after any adjustments to reflect tax offsets under ORS 310.105, except
 42 that "consolidated billing tax rate" does not include any urban renewal special levy rate under ORS
 43 457.435.
- 44 (5)(a) "Existing urban renewal plan" means an urban renewal plan that provides for a division
 45 of ad valorem property taxes as described under ORS 457.420 to 457.460 adopted by ordinance before

1 December 6, 1996, that:

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

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

7 (b) If, on or after July 1, 1998, the maximum limit on indebtedness (adopted by ordinance before
 8 July 1, 1998, pursuant to ORS 457.190) of an existing urban renewal plan is changed by substantial
 9 amendment, then “indebtedness issued or incurred to carry out the existing urban renewal plan” for
 10 purposes of ORS 457.435 includes only the indebtedness within the indebtedness limit adopted by
 11 ordinance under ORS 457.190 (3)(c) before July 1, 1998.

12 (6) “Fiscal year” means the fiscal year commencing on July 1 and closing on June 30.

13 (7) “Governing body of a municipality” means, in the case of a city, the common council or other
 14 legislative body thereof, and, in the case of a county, the board of county commissioners or other
 15 legislative body thereof.

16 (8) “Housing authority” or “authority” means any housing authority established pursuant to the
 17 Housing Authorities Law.

18 (9) “Increment” means that part of the assessed value of a taxing district attributable to any
 19 increase in the assessed value of the property located in an urban renewal area, or portion thereof,
 20 over the assessed value specified in the certified statement.

21 (10) “Maximum indebtedness” means the amount of the principal of indebtedness included in a
 22 plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance
 23 existing indebtedness.

24 (11) “Municipality” means any county or any city in this state. “The municipality” means the
 25 municipality for which a particular urban renewal agency is created.

26 (12) “Taxing body” or “taxing district” means the state, city, county or any other taxing unit
 27 which has the power to levy a tax.

28 (13) “Urban renewal agency” or “agency” means an urban renewal agency created under ORS
 29 457.035 and 457.045.

30 (14) “Urban renewal area” means a blighted area included in an urban renewal plan or an area
 31 included in an urban renewal plan under ORS 457.160.

32 (15) “Urban renewal project” or “project” means any work or undertaking carried out under
 33 ORS 457.170 in an urban renewal area.

34 (16) “Urban renewal plan” or “plan” means a plan, as it exists or is changed or modified from
 35 time to time for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105,
 36 457.115, 457.120, 457.125, 457.135 and 457.220.

37 **SECTION 4.** ORS 457.120 is amended to read:

38 457.120. (1) In addition to any required public notice of hearing on a proposed urban renewal
 39 plan or substantial amendment or change to a plan, as described in ORS 457.085 [(2)(i)] **(2)(j)** and
 40 457.220, the municipality shall cause notice of a hearing by the governing body on a proposed plan
 41 for a new urban renewal area or on a proposed change containing one of the types of amendments
 42 specified in ORS 457.085 [(2)(i)] **(2)(j)** to be mailed to each individual or household in one of the
 43 following groups:

- 44 (a) Owners of real property that is located in the municipality;
- 45 (b) Electors registered in the municipality;

1 (c) Sewer, water, electric or other utility customers in the municipality; or

2 (d) Postal patrons in the municipality.

3 (2) If the urban renewal area governed by the plan or substantial amendment thereof extends
4 beyond the boundaries of the municipality, notice shall also be sent to each individual in the se-
5 lected group who is located in the urban renewal area.

6 (3) The notice required by this section shall contain a statement in plain language that:

7 (a) The governing body, on a specified date, will hold a public hearing and consider an ordinance
8 adopting or substantially amending an urban renewal plan;

9 (b) The adoption or amendment may impact property tax rates;

10 (c) States the proposed maximum amount of indebtedness that can be issued or incurred under
11 the plan or amendment;

12 (d) The ordinance, if approved, is subject to referendum; and

13 (e) A copy of the ordinance, urban renewal plan and accompanying report can be obtained by
14 contacting a designated person within the municipality.

15 (4) If the municipality which activated the urban renewal agency is a county:

16 (a) The notice required by subsection (1) of this section shall be sent to each individual or
17 household in one of the groups listed in subsections (1)(a) to (d) of this section, except that the no-
18 tice need be sent only to those individuals or households located in a school district with territory
19 affected or to be affected by the tax increment financing for the new urban renewal area or pro-
20 posed change.

21 (b) In addition to the notice under paragraph (a) of this subsection, the county shall cause notice
22 to be published in a paper of general circulation throughout the county. The published notice shall
23 contain the information described in subsection (3) of this section, be published in an advertisement
24 not less than three inches in height and three inches in width and be located in a general interest
25 section of the newspaper other than the classified advertisement section.

26 **SECTION 5. The amendments to ORS 457.010, 457.085, 457.095 and 457.120 by sections 1**
27 **to 4 of this 2009 Act apply to urban renewal plans that are created or substantially amended,**
28 **as described in ORS 457.085 (2)(j), on or after the effective date of this 2009 Act.**

29 **SECTION 6.** ORS 457.440 is amended to read:

30 457.440. During the period specified under ORS 457.450:

31 (1) The county assessor shall determine the amount of funds to be raised each year for urban
32 renewal within the county levied by taxing districts in accordance with section 1c, Article IX of the
33 Oregon Constitution, and ORS 457.420 to 457.460.

34 (2) Not later than July 15 of each tax year, each urban renewal agency shall determine and file
35 with the county assessor a notice stating the amount of funds to be raised for each urban renewal
36 area as follows:

37 (a) If the municipality that activated the urban renewal agency has chosen Option One as pro-
38 vided in ORS 457.435 (2)(a), the notice shall state that the maximum amount of funds that may be
39 raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution, shall be raised
40 for the agency.

41 (b) If the municipality that activated the urban renewal agency has chosen Option Two as pro-
42 vided in ORS 457.435 (2)(b), the notice shall state the amount of funds to be raised by the special
43 levy.

44 (c) If the municipality that activated the urban renewal agency has chosen Option Three as
45 provided in ORS 457.435 (2)(c), the notice shall state the amount of funds to be raised by special levy

1 in addition to the amount to be raised by dividing the taxes as stated in the ordinance adopted under
 2 ORS 457.435 (1).

3 (d)(A) If the plan is not an existing plan **and is not created or substantially amended on or**
 4 **after the effective date of this 2009 Act**, the notice shall state that the maximum amount of funds
 5 that may be raised by dividing the taxes under section 1c, Article IX of the Oregon Constitution,
 6 shall be raised for the agency.

7 (B) **If the plan is created or substantially amended on or after the effective date of this**
 8 **2009 Act, the notice shall state that the maximum amount of funds that may be raised by**
 9 **dividing the taxes under section 1c, Article XI of the Oregon Constitution, or a lesser amount**
 10 **as determined by the agency, shall be raised for the agency.**

11 (3) If a municipality has chosen Option Three pursuant to ORS 457.435, the maximum amount
 12 of funds that may be raised for an urban renewal agency by dividing the taxes as provided in section
 13 1c, Article IX of the Oregon Constitution, may be limited by the municipality in which the urban
 14 renewal agency is located. The decision of the municipality to limit the amount of funds to be in-
 15 cluded in the notice filed under subsection (2) of this section shall be reflected in the certified
 16 statement filed by the urban renewal agency with the county assessor.

17 (4) Not later than September 25 of each tax year, the assessor of any county in which a joint
 18 district is located shall provide, to the assessor of each other county in which the joint district is
 19 located, the assessed values of the property in the joint district that is located within the county,
 20 including the certified statement value and the increment for each code area containing any urban
 21 renewal area located within the joint district, and a copy of the notice filed by the urban renewal
 22 agency for the area located within the joint district under subsection (2) of this section.

23 (5) The maximum amount of funds that may be raised for an urban renewal plan by dividing the
 24 taxes as provided in section 1c, Article IX of the Oregon Constitution, shall be computed by the
 25 county assessor as follows:

26 (a) The county assessor shall compute the total consolidated billing tax rate for each code area
 27 in which an urban renewal area of the plan is located.

28 (b) The assessor shall determine the amount of taxes that would be produced by extending the
 29 tax rate computed under paragraph (a) of this subsection against the increment of each code area.

30 (c) The total amount determined for all code areas containing urban renewal areas included
 31 within the urban renewal plan is the maximum amount of funds to be raised for the urban renewal
 32 plan by dividing the taxes.

33 (6)(a) The [*maximum*] amount of funds that may be raised for an urban renewal agency as de-
 34 termined under subsection (5) of this section, or the [*maximum*] amount[, *as*] determined under sub-
 35 section (2) of this section, **whichever is less**, shall be certified by the county assessor to the tax
 36 collector. The tax collector shall include the amount so certified in the percentage schedule of the
 37 ratio of taxes on property prepared under ORS 311.390 and filed with the county treasurer.
 38 Notwithstanding ORS 311.395 (6), the county treasurer shall credit the amount to the urban renewal
 39 agency and shall distribute its percentage amount to the urban renewal agency as determined by the
 40 schedule at the times other distributions are made under ORS 311.395 (7).

41 (b) The county assessor shall notify the urban renewal agency of the amounts received under
 42 subsection (5) of this section or amounts received pursuant to the notice provided in subsection (2)
 43 of this section for each urban renewal plan area. Any amounts received by the urban renewal
 44 agency under paragraph (a) of this subsection shall be attributed to the urban renewal plan in which
 45 the urban renewal area is included, shall be paid into a special fund of the urban renewal agency

1 for the urban renewal plan and shall be used to pay the principal and interest on any indebtedness
2 issued or incurred by the urban renewal agency to finance or refinance the urban renewal plan.

3 (7) Unless and until the total assessed value of the taxable property in an urban renewal area
4 exceeds the total assessed value specified in the certified statement, all of the ad valorem taxes
5 levied and collected upon the taxable property in the urban renewal area shall be paid into the
6 funds of the respective taxing districts.

7 (8) The agency may incur indebtedness, including obtaining loans and advances in carrying out
8 the urban renewal plan, and the portion of taxes received under this section may be irrevocably
9 pledged for the payment of principal of and interest on the indebtedness.

10 (9) The Department of Revenue shall by rule establish procedures for giving notice of amounts
11 to be raised for urban renewal agencies and for determination of amounts to be raised and distrib-
12 uted to urban renewal agencies.

13 (10) The notice required under this section shall serve as the notice required under ORS 310.060
14 for the special levy described under ORS 457.435.

15