

House Bill 2534

Sponsored by Representative HOLVEY (Pre-session filed.)

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**.

Requires urban renewal agency to exercise its powers by board including one member representing each taxing district other than municipality with jurisdiction in municipality that activates agency.

Requires approval of urban renewal plan by all municipalities and taxing districts with jurisdiction in urban renewal areas included in plan before municipality may approve plan.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to urban renewal; creating new provisions; amending ORS 457.010, 457.035, 457.045, 457.085,
3 457.095 and 457.125; repealing ORS 457.105; and prescribing an effective date.

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

5 **SECTION 1.** ORS 457.035 is amended to read:

6 457.035. (1) In each municipality, as defined in ORS 457.010, there [*hereby*] is created a public
7 body corporate and politic to be known as the "urban renewal agency" of the municipality.

8 (2) [*However, the*] **An** urban renewal agency [*shall*] **created under this section may not exer-**
9 **cise its powers until [*or unless*] the governing body of the municipality[,]** **activates the urban re-**
10 **newal agency** by nonemergency ordinance[.]:

11 (a) [*Declares*] **Declaring** that blighted areas exist in the municipality and that there is need for
12 an urban renewal agency to function in the municipality; and

13 (b) [*elects to have the powers of an urban renewal agency exercised in any of the three ways*]
14 **Appointing a board as** provided in ORS 457.045.

15 [(2)] (3) An urban renewal agency, upon activation under subsection [(1)] (2) of this section, shall
16 have authority to exercise its powers within the same area of operation given a housing authority
17 of the municipality under ORS 456.060.

18 **SECTION 2.** ORS 457.045 is amended to read:

19 457.045. The governing body of a municipality shall, in the ordinance adopted under ORS
20 457.035, [*elect to have the powers of an urban renewal agency under this chapter exercised in one of*
21 *the following ways:*]

22 [(1) *By a housing authority of the municipality established pursuant to the Housing Authorities*
23 *Law in which case the name of the body corporate and politic shall be the "housing authority and ur-*
24 *ban renewal agency" of the municipality.*]

25 [(2) *By appointing a board or commission composed of not less than three members.*]

26 [(3) *By the governing body, itself, provided, however, that any act of the governing body acting as*
27 *the urban renewal agency shall be, and shall be considered, the act of the urban renewal agency only*
28 *and not of the governing body]* **appoint a board to exercise the powers of the urban renewal**
29 **agency. In addition to such members as the municipality deems appropriate, the board must**

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 **include one member representing each taxing district other than the municipality with ju-**
 2 **risdiction in the municipality.**

3 **SECTION 3.** ORS 457.085 is amended to read:

4 457.085. (1) An urban renewal agency shall provide for public involvement in all stages in the
 5 development of an urban renewal plan.

6 (2) An urban renewal plan proposed by an urban renewal agency [*shall*] **must** include all of the
 7 following:

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

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

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

13 (d) An explanation of [*its*] **the plan's** relationship to definite local objectives regarding appro-
 14 priate land uses and improved traffic, public transportation, public utilities, telecommunications
 15 utilities, recreational and community facilities and other public improvements.

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

18 (f) A description of the methods to be used for the temporary or permanent relocation of persons
 19 living in, and businesses situated in, the urban renewal [*area*] **areas** of the plan.

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

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

25 (i) A description of [*what*] **the** types of possible future amendments to the plan **that** are sub-
 26 stantial amendments [*and require*] **requiring** the same notice, hearing and approval procedure re-
 27 quired of the original plan under ORS 457.095 as provided in ORS 457.220, including but not limited
 28 to amendments:

29 (A) Adding land to [*the*] **an** urban renewal area, except for an addition of land that totals not
 30 more than one percent of the existing area of the urban renewal area.

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

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

35 (3) An urban renewal plan [*shall*] **must** be accompanied by a report [*which shall contain*] **con-**
 36 **taining:**

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

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

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

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

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

45 (f) The estimated amount of money required in each urban renewal area under ORS 457.420 to

1 457.460 and the anticipated year in which indebtedness will be retired or otherwise provided for
 2 under ORS 457.420 to 457.460;

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

4 (h) A fiscal impact statement that estimates the impact of the tax increment financing, both until
 5 and after the indebtedness is repaid, upon all entities levying taxes upon property in *[the]* **an** urban
 6 renewal area; and

7 (i) A relocation report *[which shall include]* **that includes:**

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

10 (B) A description of the methods to be used for the temporary or permanent relocation of per-
 11 sons living in, and businesses situated in, *[the]* **an** urban renewal area in accordance with ORS
 12 35.500 to 35.530; and

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

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

18 *[(5) An urban renewal plan and accompanying report shall be forwarded to the governing body*
 19 *of each taxing district affected by the urban renewal plan and the agency shall consult and confer with*
 20 *the taxing districts prior to presenting the plan to the governing body of the municipality for approval*
 21 *under ORS 457.095. Any written recommendations of the governing body of each taxing district shall*
 22 *be accepted, rejected or modified by the governing body of the municipality in adopting the plan.]*

23 *[(6)]* **(5)** No urban renewal plan shall be carried out until the plan has been approved *[by the*
 24 *governing body of each municipality]* pursuant to ORS 457.095 *[and 457.105]*.

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

26 457.095. **(1) An urban renewal plan may not be carried out unless the urban renewal**
 27 **agency forwards a copy of the proposed plan and report required under ORS 457.085 to the**
 28 **governing body of the municipality and to the governing bodies of all other municipalities and**
 29 **taxing districts with jurisdiction in all urban renewal areas included in the plan.**

30 **(2)** The governing body of the municipality, upon receipt of *[a proposed urban renewal]* **the** plan
 31 and report *[from the municipality's urban renewal agency and after public notice and hearing and]*
 32 **under subsection (1) of this section shall provide public notice as required under ORS 457.115**
 33 **and 457.120 and hold public hearings regarding the plan and report.**

34 **(3)** **Before the governing body of the municipality may approve an urban renewal plan,**
 35 **the governing body must obtain approval of the plan by resolution or ordinance of the gov-**
 36 **erning bodies of all other municipalities and taxing districts with jurisdiction in all urban**
 37 **renewal areas included in the plan.**

38 **(4)** **After the governing body of the municipality has obtained approval under subsection**
 39 **(3) of this section, and after** consideration of public testimony and planning commission recom-
 40 mendations, if any, **the governing body** may approve the urban renewal plan. *The approval shall*
 41 *be* by nonemergency ordinance *[which shall incorporate]* **incorporating** the plan by reference.

42 **(5)(a)** *[Notice of adoption of the ordinance approving the urban renewal plan, and the provisions*
 43 *of ORS 457.135, shall be published by the governing body of the municipality in accordance with ORS*
 44 *457.115 no later than four days following the ordinance adoption.]* The ordinance **adopted under**
 45 **subsection (4) of this section** shall include determinations and findings by the governing body that:

1 [(1)] (A) Each urban renewal area is blighted;

2 [(2)] (B) The rehabilitation and redevelopment is necessary to protect the public health, safety
3 or welfare of the municipality;

4 [(3)] (C) The urban renewal plan conforms to the comprehensive plan and economic development
5 plan, if any, of the municipality as a whole and provides an outline for accomplishing the urban
6 renewal projects the urban renewal plan proposes;

7 [(4)] (D) Provision has been made to house displaced persons within their financial means in
8 accordance with ORS 35.500 to 35.530 and, except in the relocation of elderly individuals or indi-
9 viduals with disabilities, without displacing on priority lists persons already waiting for existing
10 federally subsidized housing;

11 [(5)] (E) If acquisition of real property is provided for, that it is necessary;

12 [(6)] (F) Adoption and carrying out of the urban renewal plan is economically sound and feasi-
13 ble; and

14 [(7)] (G) The municipality shall assume and complete any activities prescribed it by the urban
15 renewal plan.

16 (b) **Notice of adoption of the ordinance approving the urban renewal plan, and the pro-
17 visions of ORS 457.135, shall be published by the governing body of the municipality in ac-
18 cordance with ORS 457.115 no later than four days following the ordinance adoption.**

19 **SECTION 5. ORS 457.105 is repealed.**

20 **SECTION 6.** ORS 457.010 is amended to read:

21 457.010. As used in this chapter, unless the context requires otherwise:

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

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

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

30 (B) Faulty interior arrangement and exterior spacing;

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

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

33 or

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

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

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

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

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

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

42 (g) A prevalence of depreciated values, impaired investments and social and economic
43 maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are
44 inadequate for the cost of public services rendered;

45 (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unpro-

1 ductive condition of land potentially useful and valuable for contributing to the public health, safety
 2 and welfare; or

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

6 (2) "Certified statement" means the statement prepared and filed pursuant to ORS 457.430 or
 7 an amendment to the certified statement prepared and filed pursuant to ORS 457.430.

8 (3) "City" means any incorporated city.

9 (4) "Consolidated billing tax rate" means:

10 (a) If the urban renewal plan is an existing urban renewal plan (other than an existing urban
 11 renewal plan designated as an Option Three plan under ORS 457.435 (2)(c)), an urban renewal plan
 12 that was an existing urban renewal plan on October 6, 2001, (other than an existing urban renewal
 13 plan designated as an Option Three plan under ORS 457.435 (2)(c) and that was substantially
 14 amended as described in ORS 457.085 (2)(i)(A) or (B) on or after October 6, 2001, or an urban re-
 15 newal plan adopted on or after October 6, 2001, the total of all district tax rates used to extend
 16 taxes after any adjustment to reflect tax offsets under ORS 310.105, but does not include any rate
 17 derived from:

18 (A) Any urban renewal special levy under ORS 457.435.

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

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

25 (D) The increase in the rate of ad valorem property tax allowable under section 11 (5)(d), Article
 26 XI of the Oregon Constitution, for a school district with a statutory rate limit on July 1, 2003, that
 27 is greater than \$4.50 per \$1,000 of assessed value, to the extent that the increase is excluded from
 28 local revenues, as that term is used in ORS chapter 327, and provided that the school district noti-
 29 fies the county assessor of the rate to be excluded for the current fiscal year not later than July
 30 15.

31 (b) In the case of all other urban renewal plans, the total of all district ad valorem property tax
 32 rates used to extend taxes after any adjustments to reflect tax offsets under ORS 310.105, except
 33 that "consolidated billing tax rate" does not include any urban renewal special levy rate under ORS
 34 457.435.

35 (5)(a) "Existing urban renewal plan" means an urban renewal plan that provides for a division
 36 of ad valorem property taxes as described under ORS 457.420 to 457.460 adopted by ordinance before
 37 December 6, 1996, that:

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

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

43 (b) If, on or after July 1, 1998, the maximum limit on indebtedness (adopted by ordinance before
 44 July 1, 1998, pursuant to ORS 457.190) of an existing urban renewal plan is changed by substantial
 45 amendment, then "indebtedness issued or incurred to carry out the existing urban renewal plan" for

1 purposes of ORS 457.435 includes only the indebtedness within the indebtedness limit adopted by
 2 ordinance under ORS 457.190 (3)(c) before July 1, 1998.

3 (6) "Fiscal year" means the fiscal year commencing on July 1 and closing on June 30.

4 (7) "Governing body of a municipality" means, in the case of a city, the common council or other
 5 legislative body thereof, and, in the case of a county, the board of county commissioners or other
 6 legislative body thereof.

7 (8) "Housing authority" or "authority" means any housing authority established pursuant to the
 8 Housing Authorities Law.

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

12 (10) "Maximum indebtedness" means the amount of the principal of indebtedness included in a
 13 plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance
 14 existing indebtedness.

15 (11) "Municipality" means any county or any city in this state. "The municipality" means the
 16 municipality for which a particular urban renewal agency is created.

17 (12) "Taxing body" or "taxing district" means the state, city, county or any other taxing unit
 18 which has the power to levy a tax.

19 (13) "Urban renewal agency" or "agency" means an urban renewal agency created under ORS
 20 457.035 *[and 457.045]*.

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

23 *[(15) "Urban renewal project" or "project" means any work or undertaking carried out under ORS*
 24 *457.170 in an urban renewal area.]*

25 *[(16)]* (15) "Urban renewal plan" or "plan" means a plan, as it exists or is changed or modified
 26 from time to time for one or more urban renewal areas, as provided in ORS 457.085, 457.095,
 27 *[457.105,]* 457.115, 457.120, 457.125, 457.135 and 457.220.

28 (16) "Urban renewal project" or "project" means any work or undertaking carried out
 29 under ORS 457.170 in an urban renewal area.

30 **SECTION 7.** ORS 457.125 is amended to read:

31 457.125. (1) A copy of the ordinance approving an urban renewal plan under ORS 457.095 (4)
 32 shall be sent by the governing body of the municipality to the urban renewal agency.

33 (2) A copy of *[the]* **each resolution or ordinance** approving an urban renewal plan under ORS
 34 *[457.105]* **457.095 (3)** shall be sent by the governing body of *[a]* **the municipality or taxing district,**
 35 **as applicable,** to the urban renewal agency.

36 (3) Upon receipt of *[the necessary approval of each municipality governing body]* **all copies re-**
 37 **quired under this section,** the urban renewal plan shall be recorded by the urban renewal agency
 38 with the recording officer of each county in which any portion of an urban renewal area within the
 39 plan is situated.

40 **SECTION 8. (1) The amendments to ORS 457.010, 457.035 and 457.045 by sections 1, 2 and**
 41 **6 of this 2013 Act apply to urban renewal agencies activated on or after the effective date**
 42 **of this 2013 Act.**

43 (2) **The amendments to ORS 457.010, 457.085, 457.095 and 457.125 by sections 3, 4, 6 and 7**
 44 **of this 2013 Act and the repeal of ORS 457.105 by section 5 of this 2013 Act apply to urban**
 45 **renewal plans and substantial changes to urban renewal plans proposed on or after the ef-**

1 **fective date of this 2013 Act.**

2 **SECTION 9. This 2013 Act takes effect on the 91st day after the date on which the 2013**
3 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

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