MMC

Metropolitan Mayors Consortium

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March 14, 2017

Representative Ann Lininger
House Committee on Economic Development and Trade
900 Court Street NE, Salem, OR 97301

Re: Opposition to HB 2470

Dear Chair Lininger and Members of the Committee,

The Metropolitan Mayors Consortium (MMC), representing the mayors of twenty five cities in the Portland Metropolitan area, opposes HB 2470. The MMC supports the preservation of economic development tools available to cities, particularly urban renewal. Cities are already limited in the methods they can use to drive local economic development, and urban renewal is one of the most effective tools available to them. The changes proposed in HB 2470 would complicate the governance of Urban Renewal Areas and create new mandates that would contradict existing requirements and make the urban renewal process more cumbersome.

Overlapping Districts

HB 2470 proposes to add one member of an overlapping taxing district to the boards of urban renewal areas. In addition to being administratively difficult, this change could create potential conflicts between the interests of the overlapping taxing district and the interests of the urban renewal roard, which in most communities is composed of city council members. Establishment of an urban renewal area requires approval of a specific plan and communication to the public about how that plan will be carried out. Adding a representative from an overlapping taxing district, which may have disparate goals and motivations than the city, to that city's urban renewal board would confuse and detract from the economic development and community revitalization mission of urban renewal. Additionally, increasing the board size so dramatically would make such a board extremely cumbersome, and minimize their ability to do their work.

Prohibition on Public Buildings

HB 2470 would prohibit urban renewal areas from using area revenues for the purpose of constructing public buildings, ostensibly because they do not directly generate new tax increment. However, public buildings often indirectly remove imepdiments to private investment, such as the conrstruction of a police station improving public safety in a city's urban renewal area. Rather than a blanket prohibition on these kinds of projects, this issue would be better addressed during plan creation through required concurrence for certain types of projects that do not directly facilitate new investment or bring new assessed value to the tax rolls. If city wants to use urban renewal money to construct a new fire station, for example, and the affected taxing district supports this project, it should remain a local decision.

Reporting Requirements

HB 2470 would require urban renewal boards to produce comprehensive reports every five years. However, generating a comprehensive report in five-year intervals would be an administrative challenge as staff changes and it would be easy to lose track of such a long-term reporting calendar. Statute currently requires that each urban renewal agency to produce an annual report that provides financial detail on urban renewal activities. Statute also requires concurrence for major activities that would impact overlapping taxing districts, such as a substantial amendment to increase maximum indebtedness or exceeding statutory caps on maximum indebtedness when a new plan is created. Rather than require reports every five years, it would be simpler to further define what should be included in the annual financial report that statute already requires in 457. 460. A requirement could also be added that a copy of the report be sent each year to each affected taxing district or personally presented to the board set of the top two or three affected taxing districts.

Limits to Urban Renewal Area Timelines

HB 2470 would impose a twenty-year cap on the lifetime of new urban renewal areas. However, the lifetime of new urban renewal areas was addressed in the 2009 legislation, which tied the maximum indebtedness level of a new urban renewal area to the existing assessed value of the area at the time that the urban renewal area was created (457.190(4)). For example, if the assessed value of a proposed urban renewal area is less than or equal to $50 million, the initial maximum indebtedness may not exceed $50 million without the concurrence or approval of affected taxing districts. This law already creates effective sideboards that limit the lifespan of new urban renewal areas and the number of projects that can be done.

Urban renewal is a very effective economic development tool, and for some of our jurisdictions, is the virtually the only economic development tool they have a their disposal. If signed into law, HB 2470 would make urban renewal districts virtually worthless. Those jurisdictions who would be most adversely effected by this bill are those who need economic development tools like urban renewal the most.

For these reasons, the MMC urges the House Committee on Eonocmic Development & Trade to oppose HB 2470. Thank you for your consideration.

Sincerely,

The Metropolitan Mayors Consortium