



HB 2174 Urban Renewal Needs Restrictions, Not Additions

Testimony for House Committee on Economic Development – Jody Wiser – 3.18.2019

Urban Renewal was designed for “blighted areas.” We call your attention to the definition of “blighted areas” included below. Despite this definition, Urban Renewal has recently been used to build basic infrastructure – water, sewer, streets and sidewalks – on raw farm land destined for prime industrial development. And then, let the businesses pay for the infrastructure with their property taxes rather than in their purchase price. This bill asks that Urban Renewal also be used to pay for public buildings, with approval of three-quarters of affected districts. We believe each of these ideas is an inappropriate use of Urban Renewal funds.

While having the public pay for industrial property’s infrastructure may have become common practice across the country, in Oregon we can’t continue to voice concerns over our property tax system and its failure to fund local needs, including PERS, and at the same time continue to fund the infrastructure costs for industry which they should bear, and historically did bear.

We believe this is a perversion of the original intent of the Urban Renewal law. By amendment to this bill, you should:

- 1) prohibit any future use of Urban Renewal for development of infrastructure on raw agricultural land coming into the urban growth boundary for industrial development, unless the costs will be recovered directly from businesses in the purchase price for property,
- 2) prohibit public buildings being added to the mix of uses of diverted property taxes,
- 3) require that 100% of taxing districts agree to plans for urban renewal districts.

We have seen that requiring that 75% of districts approve Urban Renewal proposals provides no protection for school funding. Given the school funding formula’s backfilling of lost revenues, school districts have no incentive to say no, and they don’t. Essentially, school children across the state have forfeited some of their funds in order to pay for the streets, lights, sewers and sidewalks for industrial development. This bill proposes that they also pay for public buildings.

The costs for water, streets, sewers and sidewalks on new land for residential development is borne by the homebuyers. Likewise, the cost of such infrastructure should be borne by those who buy industrial land.

Public buildings, be they for public safety, community centers, fire stations or libraries, should be paid for with publicly-approved bonding that affects the property taxes of home owners and business properties alike, not by this back door method of adding it to an Urban Renewal district.

We ask that you use an amendment to this bill to end the use of Urban Renewal to develop raw farmland for industrial use, and that you nix the idea of using Urban Renewal monies for public buildings and you require 100% of taxing districts agree to Urban Renewal plans.

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

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

- (A) Defective design and quality of physical construction;
- (B) Faulty interior arrangement and exterior spacing;
- (C) Overcrowding and a high density of population;
- (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities; or
- (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;

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

(c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;

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

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

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

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

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

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

We read the bills and follow the money