



## Office of the City Manager

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To: Oregon City Urban Renewal Commission  
From: Tony Konkol, City Manager  
Date: May 23, 2019  
Re: Urban Renewal background questions

1. What is the current status of Urban Renewal?

The 10<sup>th</sup> Plan Amendment to the Downtown/North End Urban Renewal Plan was adopted in 2007. The Plan sets a maximum indebtedness for the district at \$130,000,000. The Oregon City Charter requires voter approval for any bonded indebtedness for projects approved by the Urban Renewal Commission. A second Charter amendment (Section 59.E) limiting the use of tax increment solely for the purpose of retiring existing urban renewal debt was declared to be unenforceable and preempted by state law by the Clackamas County Circuit Court. The Circuit Court decision is currently on appeal with the Oregon Court of Appeals. The Oregon City Charter language concerning the district is included below:

**Section 59 - Urban Renewal Agency.**

The urban renewal agency of the city (the "Agency") shall not issue bonded indebtedness after the effective date of this section unless the bonded indebtedness complies with the restrictions of this section. The commission shall not approve any amendment to an urban renewal plan after the effective date of this section unless the plan requires that bonded indebtedness issued to carry out the plan be issued in compliance with the restrictions of this section.

A. Bonded indebtedness issued by the Agency after the effective date of this section shall either:

- (i) Be approved by the voters of the city;
- (ii) Be issued to refund lines of credit, bonds or other borrowings that were executed before the effective date of this section; or,
- (iii) Be issued to finance written commitments of the Agency that were entered into before the effective date of this section.

B. Each urban renewal plan of the Agency that exists on the effective date of this section is hereby amended to add the following provision: "No bonded indebtedness shall be issued under this plan except in compliance with the requirements of the Charter of the City of Oregon City. Any amendment of the preceding sentence must be approved by a non-emergency ordinance of the city."

C. For purposes of this section "bonded indebtedness" has the meaning defined for that term in ORS 310.140(3), as that section of the statutes exists on the date this section of the charter is approved by the voters of the city. That statute defines "bonded indebtedness" to mean "any formally executed written agreement representing a promise by a unit of government to pay to another a specified sum of money, at a specified date or dates at least one year in the future."

D. This section shall not limit the Agency's rights or obligations under any lines of credit, bonds or other borrowings that were executed prior to the effective date of this section.

E. After June 30, 2016, the City of Oregon City, the Urban Renewal Agency of the City of Oregon City, or any agency created in whole or in part by the city, whether acting alone or in concert with other persons, entities or agencies:

(a) Shall not finance, or authorize the financing of, any urban renewal plan or project, in whole or in part, with tax increment financing revenues.

(b) Shall not borrow or spend, or authorize the borrowing or spending of, money to buy land or property for the purpose of urban renewal, or the development of property not owned by the city.

(c) Shall use any and all existing tax increment revenues solely for the purpose of retiring existing Urban Renewal Agency debt.

(Res. No. 12-27, adopted by voters at the City election held November 6, 2012; Charter Ord. of 6-30-16; Res. No. 16-25, adopted by voters at the City election held November 8, 2016 which added part E. to Section 59. Clackamas County Court Case #16CV42887 declared that part E. of Section 59 is unenforceable as preempted by state law)

2. What occurs if a decision is made to shut down the urban renewal district?

Oregon Revised Statutes Chapter 457.075 - Termination of urban renewal agency, states: If the governing body of a municipality which has an urban renewal agency under ORS 457.035 finds that there no longer exists a need for an urban renewal agency in the municipality, the governing body shall provide, by ordinance, for a termination of the agency and a transfer of the agency's facilities, files and personnel to the municipality. The termination of an urban renewal agency shall not affect any outstanding legal actions, contracts or obligations of the agency and the municipality shall be substituted for the agency and, for the purpose of those legal actions, contracts or obligations, shall be considered a continuation of the urban renewal agency and not a new entity. No urban renewal agency shall be terminated under this section unless all indebtedness to which a portion of taxes is irrevocably pledged for payment under ORS 457.420 to 457.460 is fully paid. [1979 c.621 §6; 1991 c.459 §331; 1997 c.541 §443]

3. Of the 2.9 million dollars we currently accumulate, per year, what amount would remain under Oregon City control, and what amount could be claimed by other jurisdictions (county, metro, etc.) if we were to close the district?

If the district were closed the city would currently receive \$4.409 per \$1,000 of assessed value through property taxes, which would be approximately \$730,000. The remainder would be distributed by the Clackamas County Tax Assessor to the appropriate jurisdictions at the current permanent rate that is applicable.

4. Can the district be expanded or contracted, or are funds accumulated to date specific to the UR as currently defined?

Oregon Revised Statutes Chapter limits the amount of acreage and assessed value that may be under the jurisdiction of an urban renewal agency. For cities with a population less than 50,000, the limit is 25%. The 25% maximum acreage and assessed value includes both the proposed urban renewal area and all other areas in the city already under an urban renewal plan.

Any substantial change made in the urban renewal plan, before being carried out, shall be approved and recorded in the same manner as the original plan. An expansion to the district may not exceed more than 20% of the total land area of the original plan. Any substantial amendment to the existing plan would require that the district comply with the requirements of current legislative changes that have been made, including revenue sharing requirements and potential a new “frozen base”.

Additional research is necessary to fully address this questions and the implications of a substantial amendment to the district.

5. Is the commission interested in forging an urban renewal plan that could be supported by the community? If so, what form would that plan take?

This item is a discussion topic for the Urban Renewal Commission members.

6. Since UR is dedicated to blighted areas, how broad is the definition of “blighted”?

The following is the definition of a “blighted area” as codified in Chapter 457.010 of the Oregon Revised Statutes:

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

(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.

7. If we continue with the UR district as currently defined, how would we choose to use the monies accumulated or to be accumulated?

This item is a discussion topic for the Urban Renewal Commission members.