

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF SUPPORTING THE) RESOLUTION NO. 10-4131
CITY OF TUALATIN'S INCREASE IN THE)
MAXIMUM INDEBTEDNESS FOR THE) Introduced by Carl Hosticka with consent by
CENTRAL URBAN RENEWAL DISTRICT) Council President David Bragdon

WHEREAS, the Metro Council supports the City of Tualatin's aspiration to improve its downtown area; and

WHEREAS, the City of Tualatin originally created the Central Urban Renewal District in its downtown area (the "CURD") in 1975 for the purpose of removing blight and encouraging economic development; and

WHEREAS, the original CURD maximum indebtedness was established for approximately \$27.7 million in 1978, which would be used to fund infrastructure and economic development projects within the Central Urban Renewal area; and

WHEREAS, the original funding amount is not sufficient to complete all the projects that would improve the Central Urban Renewal area and raise the assessed valuation in that area; and

WHEREAS, the City of Tualatin is proposing to increase the maximum indebtedness by an additional \$120 million to remove the remaining blight in its Central Urban Renewal area and improve the needed infrastructure; and

WHEREAS, House Bill 3056 (2009 legislative session) requires 75% of the overlapping tax districts to concur with such increases; and

WHEREAS, Metro is one of those tax districts; and

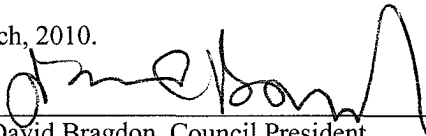
WHEREAS, the Metro Council acknowledges that supporting the City of Tualatin's proposed increase in maximum indebtedness of the CURD will result in a higher assessed valuation that will provide more stable tax revenues in the future; and

WHEREAS, the Metro Council further acknowledges that it is in the Metro Council's best interest to forego revenue sharing from the CURD so that the projects may be completed in a more timely manner and return the CURD's increased assessed valuation to the tax rolls sooner; now therefore

BE IT RESOLVED that the Metro Council:

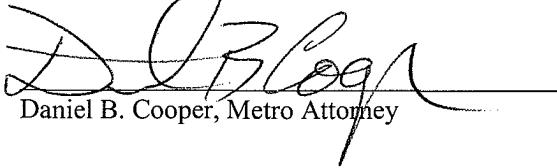
1. Supports the City of Tualatin's plan to increase the maximum indebtedness in the Central Urban Renewal District.
2. Further agrees to forego receiving any revenue-sharing from the increased maximum indebtedness amount.

ADOPTED by the Metro Council this 4 day of March, 2010.

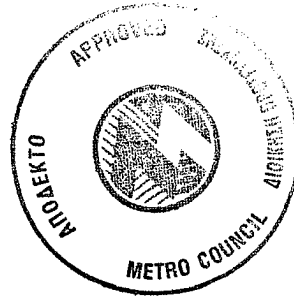


David Bragdon, Council President

Approved as to Form:



Daniel B. Cooper, Metro Attorney



STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 10-4131, FOR THE PURPOSE OF SUPPORTING THE CITY OF TUALATIN'S INCREASE IN THE MAXIMUM INDEBTEDNESS FOR THE CENTRAL URBAN RENEWAL DISTRICT

Date: February 22, 2010

Prepared by: Tom Matney
503-797-1853

BACKGROUND

Cities and counties in the State of Oregon can activate urban renewal agencies with power to propose and act on plans and projects to remove blighted areas. Most urban renewal plans are funded substantially from portions taken out of local government property tax levies (division of tax revenue). Many urban renewal plans adopted before December 6, 1996 may also raise revenue from an urban renewal levy (special levy revenue). These revenues are used to pay principal and interest on indebtedness the agency has incurred for the urban renewal plan.

Under the previous State of Oregon law (prior to January 1, 2010), an urban renewal agency was required to consult and confer with overlapping taxing districts on matters relating to a plan adoption and amendments, but there was no requirement for concurrence. At the same time there was no restriction on maximum indebtedness either at a plan inception or at the time of amendment to the plan, and there was no mechanism by which an urban renewal agency limits collection of taxes. House Bill 3056 established a formula for maximum indebtedness for a plan, a mechanism by which an urban renewal agency limits collection of taxes under certain circumstances, and places restrictions on plan amendments which increase maximum indebtedness.

The City of Tualatin aspires to remove blight and encourage economic development within in its downtown area. To achieve this aspiration, the City of Tualatin proposes increasing the maximum indebtedness by an additional \$120 million to remove the remaining blight and improve the needed infrastructure. Resolution No. 10-4131 will establish concurrence between Metro's tax district and the City of Tualatin's tax district by supporting the City of Tualatin's plan to increase the maximum indebtedness in the Central Urban Renewal District and furthermore by agreeing to forego receiving any revenue-sharing from the increased maximum indebtedness amount.

Metro support of the City of Tualatin's urban renewal plans is evident within of the Metro Code, Section 3.07.610, which claims the "success of the 2040 Growth Concept depends upon the maintenance and enhancement of the Central City, Regional and Town Centers and Station Communities as the principal centers of urban life in the region. This section of the Metro Code intends to enhance Centers by encouraging development in these Centers that will improve the critical roles they play in the region and by discouraging development outside Centers that will detract from those roles."

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. Legal Antecedents

House Bill 3056, effective January 1, 2010, sets initial maximum indebtedness for specified urban renewal plans.

3. Anticipated Effects

Approval of Resolution No. 10-4131 will support the City of Tualatin's increase in the maximum indebtedness for the CURD by an additional \$120 million to remove the remaining blight in its Central Urban Renewal area and improve the needed infrastructure. The City of Tualatin's proposed increase in maximum indebtedness of the CURD will result in a higher assessed valuation that will provide more stable tax revenues in the future.

4. Budget Impact

Urban renewal district financing affects operating levies, but not bonded indebtedness. Tax payers are protected because of the permanent rate, but taxing jurisdictions have some risk. In the near term Metro may have some relatively small loss on the permanent rate levy and some additional Measure 5 compression. However, Metro will ultimately benefit from the future increased value of the improved properties in the urban renewal district.

RECOMMENDED ACTION

Metro staff and Councilor Carl Hosticka recommend approval of Resolution No. 10-4131 to support the City of Tualatin's increase in the maximum indebtedness for the Central Urban Renewal District.