Broadway on the Ballot

Eugene Measure 20-134 plays on urban renewal myths

BY ALAN PITTMAN

Urban renewal Measure 20-134 is on the ballot, and most voters likely have no idea what they are voting on.

It's not their fault. The proposed massive redevelopment project downtown has no set price tag and no set description and relies on an urban renewal financing scheme that's so complex that only a few tax experts really understand it.

If all this makes voters want to throw up their hands in confusion, that may be exactly the point. Critics charge that urban renewal has long relied on its labyrinth of complexity to protect it from those who would, for example, prioritize schools over parking garages.

So what's a voter to do? Read on. Based on city and state documents, here's an attempt to unravel the many myths of Measure 20-134, so voters can cast a more informed vote.

If Measure 20-134 doesn't pass, the Beam historic restoration on Broadway (top) and the TK condominiums (middle) and/or park (bottom) projects across from the library could still be built with already existing funds.

Myth: The measure will not increase taxes.
Reality: The measure will directly increase taxes by a small amount. It will also indirectly increase taxes by larger amounts.
Explanation: By state law, the downtown urban renewal district will increase taxes to pay for bonds and levies passed before Oct. 6, 2001. The downtown urban renewal plan report states: "Urban renewal nominally affects voter-approved local option levies and bonds because the affected district has less property value to levy taxes against, resulting in slightly higher tax rates."

Similarly, Lane County Assessor Annette Spickard stated in a Sept. 4 email: "The property tax laws are complex and very intertwined with each other so it is difficult to make a generalized blanket statement about urban renewal not affecting tax rates in any way because there will always be exceptions due to the numerous factors cited above, primarily due to the effects of Measure 5 compression and bonds."

Unlike in other tax measures, neither the city nor the tax assessor has said exactly how "slightly higher" tax rates will be if the Measure 20-134 passes. School District 4J, for example, has at least three pre-2001 bond measures totaling about $38 million that taxpayers will have to pay more to pay off because of urban renewal. Taxpayers may also have to pay more for a city parks bond and a county juvenile jail bond.

At least $10 million of the $40 million in urban renewal funds will go for 'district administration.'

The measure could indirectly increase taxes by requiring larger tax increases in the future to make up for the money diverted to urban renewal. The city and county are considering large tax increases to fund more jails, road repair, police officers and government buildings.

The measure could also increase taxes by spending money on developer subsidies instead of projects taxpayers will have to pay for. For example, instead of subsidizing developers, urban renewal money could legally be used to help build a new City Hall, reducing the cost of a likely bond measure for taxpayers. In other examples, urban renewal could also be used to build schools (Portland is considering such a use) or to repair roads. In this same election, the city also has a gas tax on the ballot for road repair.

Myth: Urban renewal is free money.
Reality: Urban renewal comes from diverting funds from other government services and a slight tax increase.
Explanation: As reported above, city staff have admitted urban renewal results in "slightly higher" taxes. But most of the urban renewal money comes from diverting tax revenue from other government services. About 51 percent of the money is diverted from city property tax revenue, 34 percent is diverted from 4J tax revenue, 9 percent is diverted from the county, 4 percent from LCC and 2 percent from the Lane Educational Service District (ESD). From 2008 until its expiration in 2030, the city estimates that the proposed downtown urban renewal district will divert a total of about $82 million: $41 million from the city, $28 million from 4J, $8 million from Lane County, $4 million from LCC, and $1 million from ESD. By law, the amount diverted to urban renewal from each property tax payer is included on the tax bills the county sends out every year.

Myth: The measure will not hurt school funding.
Reality: The renewal district will divert about $28 million from statewide school funding.
Explanation: School funding is equalized statewide on a per-pupil basis. Therefore, the Eugene measure will reduce school funding statewide with a smaller portion of the reduction borne by schools here. Local schools also share the burden of the roughly 50 other urban renewal districts statewide that divert a total of $165 million a year from state school funding.

Myth: If the measure doesn't pass, nothing will be built downtown.
Reality: Many large downtown projects do not depend on the measure passing.