

‘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.’ — City of Eugene urban renewal report

Explanation: The city has enough money already in urban renewal coffers (about \$5 million) and federal grants to fund a proposed historic remodel and expansion of the Centre Court and Washburne buildings by Beam Development and a 106-unit condo and retail project in the Sears pit across from the library. The city also has enough money to build a proposed large park with an interactive fountain across from the library.

Critics charge that urban renewal has actually prevented urban renewal downtown by tearing down charming historic buildings and replacing them with ugly cement parking garages. They also charge that the prospect of urban renewal subsidies downtown has attracted speculators that have artificially increased property values. That has made it hard for local businesses to buy buildings or get long-term leases while the speculators leave many buildings vacant, waiting for big city subsidies.

Myth: Downtown development won’t happen without big subsidies.

Reality: Many downtown projects have happened without urban renewal.

Explanation: The Farmer’s Union Marketplace with Down to Earth and Allan Brothers; the 5th Street Public Market; East Broadway district; Heron Building and many more projects were built and have thrived without the big urban renewal subsidies envisioned for West Broadway.

Myth: Urban renewal pays for itself by increasing property values and tax revenue.

Reality: That hasn’t happened in the past; tax breaks limit revenue; urban renewal has continued indefinitely and development occurs without urban renewal.

Explanation: In the past 40 years the city has spent tens of millions of dollars downtown through urban renewal. But property values outside the downtown urban renewal district have increased at a much higher rate than property values inside the district and the city still calls the area “blighted.” Due to inflation, urban renewal “tax increment financing” still generates diverted revenue even if there’s little actual redevelopment.

The \$10 million in property tax breaks the city has proposed giving the developers will also severely limit the city’s tax revenues from the project.

If the city keeps extending the urban renewal district expiration date, the tax revenues from any redevelopment will never return to the other taxing jurisdictions. The downtown renewal district has already been extended repeatedly since 1968.

The increased tax revenue argument assumes that the retail and housing development would not have occurred anywhere but downtown and then only with the subsidies. Economists have pointed out that a given population can only support so much housing and retail development, so it’s hard to argue that urban renewal creates development that wouldn’t otherwise exist somewhere in the jurisdiction.

Myth: The city’s urban renewal plan is efficient.

Reality: A quarter of the money will go to administration.

Explanation: At least \$10 million of the \$40 million in urban renewal funds will go for “district administration.” This 25 percent administration rate is far higher than that for other urban renewal districts. Springfield’s proposed urban renewal district, for example, includes only 7 percent for administration. The city of Eugene has long used urban renewal to fund the salaries of downtown and development staff outside the normal budget process of priority setting.

Myth: The \$40 million “spending limit” is the total taxpayer price tag for subsidizing the West Broadway redevelopment project.

Reality: The true price tag is a mystery.

Explanation: The \$40 million figure was arrived at by tallying the expenditures the city was legally required to include in its urban renewal plan. It does

not reflect the actual total subsidy cost of the proposed redevelopment project. It’s unclear exactly what that price tag will be. The city has not set a firm spending limit for the subsidy. The developers have not made a final proposal or signed a final contract with the city setting a subsidy limit.

Earlier, the city identified possible city costs including: \$26 million in possible direct subsidies, \$8 million in loan interest, \$10 million in administrative costs, and \$10 million in tax breaks. That totals \$56 million in possible subsidy for the project. The total does not include other anticipated subsidies for relocating existing businesses, construction inflation, additional land costs, charges for any “amenities” the city may want for its money and any additional public money the developer may ask for. Portland developer KWG said it wants the project subsidized enough to provide a 13 percent profit for itself.

The City Council could increase the urban renewal spending limit at any time by majority vote, although the vote could be referred again. In May, staff proposed a \$95 million urban renewal increase for the project, but councilors chose the lower \$40 million increase for now as more politically palatable.

Myth: Downtown needs more parking.

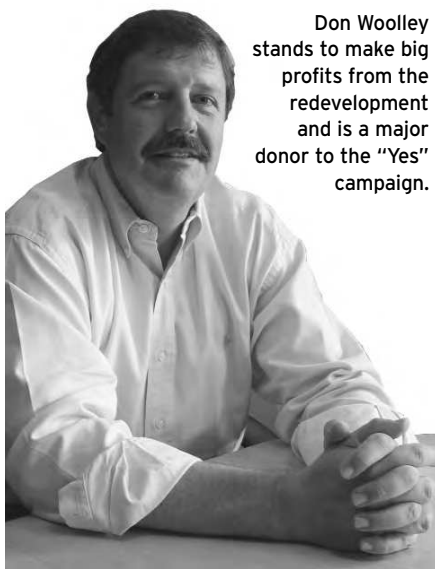
Reality: Downtown parking garages are half empty.

Explanation: The project includes an estimated \$24 million in subsidies (construction cost and loan interest) for a new parking garage downtown with about 550 spaces. That’s about \$44,000 a parking space.

The expensive new garage may be built despite an existing glut of parking downtown. The proposed redevelopment is adjacent to the 729-car Broadway Place city garage, which is 80 percent empty. Within two blocks three other half-empty garages combine to offer a total of 1,556 empty spaces. But to justify more parking, developer KWG used formulas similar to those for suburban shopping malls. There was no accounting for night uses sharing office parking spaces used only during the day. There was no consideration of increased walking, biking and busing given the development’s central location across from the main bus and BRT terminal. Planning experts, such as UCLA’s Donald Shoup, say too much downtown parking increases pollution, congestion, pedestrian danger, energy consumption, global warming and housing costs and makes for a dead, unpleasant and ugly city center.

The idea that downtown died because it favored pedestrians over cars is another persistent myth. Downtown was already suffering

Don Woolley stands to make big profits from the redevelopment and is a major donor to the “Yes” campaign.



from the building of Valley River Center with a subsidized freeway when the pedestrian mall was tried as a way to compete. Parking-to-store walking distances at Valley River are actually greater than in downtown.

The city will own the planned garage, but it isn’t much of an “investment.” The city can’t sell the garage for a profit and only makes enough from parking fees at its current

garages to cover the operations and maintenance of the garages, not for the cost of building them or any profits.

Myth: The city is getting a fair deal on property for the development.

Reality: The city has purchase options on the downtown properties that are far above their value.

Explanation: The city’s purchase options totaling at least \$16 million for nine properties are 74 percent, or \$7 million over real market value, based on assessor valuations. The city plans to pay \$2.2 million, more than four times real market value, to purchase a hair shop and the Jameson’s tavern from a Realtor, for example.

Local developers Tom Connor and Don Woolley stand to make the largest profit from city taxpayers. They own the entire south side of Broadway from Willamette to Charnelton streets. The \$7.9 million price they are demanding for the property is 77 percent, or \$3.4 million more than the tax assessor’s real market value. Connor and Woolley’s company Spring Holding’s is also one of the largest contributors (\$1,000) to the campaign for Measure 20-134.

The Roberts family (headed by local Republican and county development agency

chief Jack Roberts) owns the Taco Time building optioned to the city at close to market value for \$1.2 million. A Roberts family company (Clebob) is the “Yes” campaign’s biggest donor so far at \$5,000.

Myth: The Broadway redevelopment will follow the recommended amenities of the City Council.

Reality: The developer hasn’t agreed to anything.

Explanation: Responding to criticisms of the redevelopment plans, the City Council voted to ask developers to consider including a small park, investigation of historic buildings, and inclusion of local businesses and to consider not including a large multiplex and large, Whole Foods-size grocery. But the developer will decide after the election if any of the city’s suggestions actually happen, and city staff said it’s not likely all of them will be accepted.

Developer KWG has described its proposals for downtown as “speculative” and subject to change. Since the proposals were made, a financial crisis has shaken the housing market and caused some condo projects in Portland to be scrapped.

Myth: The development will include local businesses.

Reality: Local businesses will have to compete against city-subsidized chain stores and many won’t be able to afford the rent in the new development.

Explanation: KWG has proposed a 58,000 sq. ft. grocery store for the development. That’s very similar to the failed Whole Foods proposal planned near City Hall. The huge grocery with a city subsidized garage could compete with the small, local Kiva grocery a block away, and with other local natural foods stores.

KWG has expressed skepticism that local businesses could afford the higher rents in the “upscale” development. The proposed development will displace many successful local businesses such as the Horsehead and Jameson’s bars and the nonprofit Tango Center.

Many of the local businesses threatened by the development have been leaders in funding the “No” campaign, but supporters are outspending opponents 2-1.

Myth: The redevelopment project will create jobs.

Reality: Few if any quality, permanent jobs are created by retail-chain development.

Explanation: The project may create some temporary construction jobs, but economists say big retail chains actually destroy more local jobs than they create by driving local businesses under. Local businesses can also be better for the economy because they often pay workers more and their owners spend their earnings locally instead of shipping profits off to corporate headquarters. In its application for federal anti-poverty funds for the upscale development, the city argued that the money was justified because the redevelopment project will provide low-wage jobs for the poor.

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