

Urban Renewal Defeated

Local vote upsets scheme to divert taxes to developer subsidies.

The city of Eugene's controversial urban renewal plan to subsidize downtown developers with parking garages and other handouts totaling more than \$40 million was rejected overwhelmingly by voters on Nov. 6.

In unofficial final results, 64 percent voted no on Measure 20-134.

The defeat came despite proponents' outspending of opponents by a more than 2-1 margin. Much of the \$49,085 proponents raised came from property owners who hoped to cash in on the city's offers to buy downtown buildings for two to four times their assessed real market value, and from construction companies that stood to get contracts for the project. Opponents raised only \$20,452, much of it from local businesses threatened with displacement or subsidized chain store competition.

"We were completely outgunned," said Councilor Bonny Bettman, a leader in the campaign against the measure.

The defeat also came despite strong backing of the measure by *The Register-Guard* in editorials and, critics say, slanted news stories.

School board members shouldn't be arguing that it's OK for developers to take money from state school funding, Councilor Betty Taylor said. 'It's terrible, it's disgraceful.'

"For this campaign they abandoned all semblance of objectivity," Bettman said. "It was not just the editorial stance; it was the news stance," she said. "They basically took the proponents' talking points and reiterated them."

The *R-G* repeatedly stated without attribution in news stories that the measure would not raise taxes. But both city finance staff and the county tax assessor wrote that the measure could result in a small tax increase to make up for revenue needed to pay off some existing bonds and levies. Opponents also pointed out that the measure would likely result in larger tax increases as other government services sought to make up for revenue diverted to urban renewal.

The measure's defeat also came despite the claims of proponents, including all the members of the Eugene 4J School Board, that it would not hurt schools. In fact, about 34 percent of the developer subsidies would be money diverted from state school tax revenue. Statewide, a total of about \$165 million a year is diverted for urban renewal.

"I was very disappointed in the school board," said Councilor Betty Taylor, a former teacher. School board members shouldn't be arguing that it's OK for developers to take money from state school funding, she said. "It's terrible, it's disgraceful."

Bettman said it was "scandalous" for the school board members to push to give away school money. "If the school board members think the schools are so flush with money"

that they can afford to give it to developers, Bettman said, "they sure shouldn't have students out there hustling money with candy and wrapping paper" fundraisers.

Taylor said voters saw through the proponents' misleading claims. "It was deceptive, but I think Eugene voters are intelligent."

The strong vote against tax diversion for developers here could change the future use of urban renewal in Eugene and statewide.

Bettman and Taylor said the city should sunset its existing urban renewal districts downtown and along the riverfront.

Gavin McComas, owner of Sundance Natural Foods and instigator of the 20-134 referral vote, said the city "absolutely" needs to have a vote whenever it expands its urban renewal plans. "I question whether we need to continue with our urban renewal districts."

Ending the districts could throw a wrench into schemes by city, EWEB and UO staff to use urban renewal tax diversions to subsidize a new City Hall building and massive development of the riverfront and Franklin Boulevard.

Bettman said the city and school district should lobby for a state bill to allow schools and other affected taxing districts to opt out of having their funding diverted by urban renewal.

"I wish urban renewal statewide could see the light of day," Bettman said. Describing how the "smoke and mirrors" funding diversion is "bleeding money from schools and essential services," Bettman said, "urban renewal does not stand up to scrutiny."

State Rep. Paul Holvey wrote an email just before the election calling for legislative reform of urban renewal.

Lane County Commissioner Peter Sorenson said the county is working on a legislative proposal to allow counties, which lose money from diversion, to get a vote on urban renewal. "We're optimistic we can get a bill," Sorenson said.

As for what the city will do now after the defeat of 20-134, Bettman and Taylor said the council should immediately move to approve the Beam Development proposal for remodeling the Centre Court with an addition in the adjacent pit and remodeling the Washburne building. The councilors said the city should also move on the T.K. development proposal for condos and retail across from the library and discuss adding a park adjacent to the project. The three projects "would have a big impact," Taylor said.

The fight for the urban renewal measure has left some lasting damage. The city was "absolutely crazy" to spend \$345,000 on now mostly useless options to buy property at unrealistic prices, Taylor said.

Bettman said proponents' false campaign rhetoric that downtown is unsafe will hurt efforts to bring more people downtown. They were "creating their own bad PR," she said.

But McComas said proponents should "set aside their differences and come together" with opponents to create a "more locally oriented and fiscally responsible way" to improve downtown. **EW**

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