

Renewal funds heading astray

Friday, March 7, 2008

The Portland City Council must put the brakes on a proposal by Commissioner Erik Sten to divert approximately \$19 million in urban renewal funds collected from the city's River District to pay for a new elementary school and community center miles away in the David Douglas School District. The notion of spreading urban renewal funds from a legally defined geographic area to an outlying "satellite" area comes before the City Council next week.

Sten, who will leave the council in April, cannot be faulted for trying to help the David Douglas schools. The district is fast growing and overcrowded and has been unable to win voter support to build new schools and classrooms.

That doesn't mean the council should be led astray by a lame-duck commissioner to adopt public policy that ignores the needs of other school districts within the city — including Portland Public Schools, Parkrose, Reynolds and Centennial — that also have building needs. Nor should the City Council break from the spirit — if not the state's legal definition — of urban renewal to mystically move funds miles away from where they are generated. The city attorney's office already has questioned the move; according to state law, urban renewal funds that are collected from taxes on increased property values within a district are required to be spent on public infrastructure improvements to revitalize blighted properties and stimulate economic development in that area.

City needs another opinion

Because Sten's satellite funding concept is a radical departure from urban renewal practices traditionally employed in Oregon, we believe the city of Portland should call upon the state attorney general's office for a legal review of the concept before putting the city in jeopardy.

Otherwise, we can imagine a public backlash occurring. All too often, when government agencies appear to stray over the line, someone either will file a lawsuit or mount a ballot measure challenge. The City Council should not put itself, the city's urban renewal programs or other Oregon cities that utilize urban renewal at odds with the courts or the public. Since Sten is leaving public office, he doesn't have to worry about the legal or long-term consequences of his actions next week. But Mayor Tom Potter and the rest of the commissioners do.

While the matter of the transfer of urban renewal funds to a satellite district is controversial, it is not the only vexing concern facing the city of Portland and its policies regarding urban renewal. Other urban renewal issues arise

Already Multnomah County is challenging the city to share some of the property taxes that the county would otherwise have received if the city's many urban renewal districts didn't keep the value of new economic development off the general tax rolls. There are estimates that the county will lose \$18.5 million this year in taxes as a result. Other entities, such as school districts and the city's general fund, also lose to urban renewal.

The city also faces pressure on how long it allows urban renewal districts to remain in operation. Even the League of Women Voters tells the city: "When you have a successful (urban renewal) district, it's supposed to end."

These and other questions about urban renewal deserve full review by the city, the Portland Development Commission (which manages the city's urban renewal districts), other government agencies operating in the city — and the state attorney general's office. Helping David Douglas schools deal with overcrowding is an admirable goal, but too much is at stake here to rush into a flawed strategy for providing that assistance.

The Oregonian

Cracks in the Portland cosmos

Generous as it may sound, a proposal to spin off a satellite urban-renewal district disintegrates the idea of urban renewal

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No strategic tool has contributed more to Portland's success as a community than urban renewal. Thanks to it, our region revolves around a successful downtown.

But urban renewal also provokes misunderstanding, resentment and envy. Watching downtown rise and shine, some Portland neighborhoods, in effect, echo the famous line from the movie "When Harry Met Sally": "I'll have what she's having."

Only, it just doesn't work that way. Yes, you can draw lines on a map and spray urban renewal dollars around for different purposes. But they won't attract private investment, stimulate development, increase the tax base and boost the city's prosperity as urban renewal dollars are supposed to do.

Yet the city's lower-income neighborhoods need, and deserve, more attention and investment from the city, too. Enter Commissioner Erik Sten. On the verge of departing from City Hall, he's come up with a clever attempt to bridge the divide -- political, psychological and geographical -- in Portland over urban renewal. He's asking the city to funnel about \$19 million from the successful Pearl urban renewal area downtown to the David Douglas School District in east Portland.

The district, which runs from Interstate 205 to Southeast 145th and from Halsey to the Clackamas County line, needs a new elementary school. It hasn't been able to pass a bond measure. So, Sten says, why not designate the new school site in David Douglas as a "satellite" of the urban-renewal district that created the Pearl?

It's an appealing, Robin Hood-style impulse to share the wealth. True, too, there's always been some gerrymandering involved in drawing urban renewal districts. One of them, the Willamette industrial area, even jumps the river. The problem is that Sten's proposal would stretch the concept of a district beyond recognition, flying off into outer space with it.

What, exactly, would the criteria for creating a satellite be? Although Sten is trying to put some parameters around the idea, it boils down to being a completely arbitrary choice. A satellite could be anything the city council wants it to be.

Naturally, other satellites -- or should we call them trial balloons? -- have begun to emerge. The list thus far includes Commissioner Dan Saltzman's hope for a center for victims of domestic violence and Portland Community College's wish list for its Cascade campus.

If the council approves any of these, many more satellites will swarm into view. They'll all be good causes. Meanwhile, Portland Public Schools has its own long wish list, and the city, too, has a

tremendous backlog of infrastructure in disrepair. Sten's proposal would scramble the universe as we know it in Portland, blurring the boundaries between urban renewal and the city's general fund, robbing the city of its best means of focusing its money on the toughest long-range problems.

Far from healing divisions, it would spark new and deeper ones. Far from bolstering political support for the concept, it would work to destroy urban renewal, leaving behind trails of cosmic debris. This is a black hole. Portland should not go there.



Don't hijack urban renewal money

Friday, February 29, 2008

Nobody questions the need to fund social services. Hijacking potential urban renewal funds, though, is not the way to do it.

A city advisory group last week voted to spend \$261 million on several downtown development projects, many of which deal with housing. The City Council is expected to vote on the plan next month.

Some of the projects, particularly a plan to help fund an eastside streetcar line, make sense from an economic development perspective. Others, however, represent a major shift in recent urban development efforts.

Business groups, led by the Portland Business Alliance, are rightly concerned that the city of Portland isn't committed to long-term downtown development.

Portland Business Alliance officials want the city to expand the River District renewal area to help rebuild the Old Town-Chinatown neighborhood and the north end of downtown. They are also advocating for a new urban renewal district, either in Northwest Portland or south of Portland State University.

The city, though, seems reluctant to do so. It is instead prioritizing several social service needs, including \$27 million for a homeless access center, \$3.7 million for a facility to house the mentally ill and other funds to help develop housing for those with low and moderate incomes.

While that's a noble approach, it leaves scant dollars for the type of urban renewal that has powered the city economy in recent years. For urban renewal to be successful, it must generate money for the city and county. It's a long-term approach to growing a healthy economy.

The first urban renewal district in Portland in the 1970s helped turned tenement housing at the south end of downtown into a thriving office and retail area. More recently, urban renewal money led to the buildup of the Pearl District, which is often cited as a model for urban redevelopment. City officials would be foolish to de-emphasize a mechanism that's largely been a spectacular success.