



Emphasizing Community in Community Development

Urban Renewal and Development in Albany, Oregon

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Executive Summary

This paper presents an overview of the City of Albany, Oregon's urban renewal plans. It describes the successes that came about as a result of a broad citizen participation process and the shortcomings that emerged when the interests of the community were forgotten.

There are four urban renewal plans for the City that began in 1978 with the adoption of the Comprehensive Core Area Plan. The first urban renewal plan incorporated citizen volunteer efforts and

public funding in the form of tax increment financing. Tax increment financing is “a mechanism for borrowing money against future rises in tax revenues in an area, which is then spent on infrastructure within the area, generating extra revenue, some of which is then used to pay off the original debt” (Ward, 2012). The goal of the Core Area Plan was to spur self-sustaining economic viability through the creation of a downtown parking structure, waterfront development, and improved roads and beautification projects of the downtown area. While future urban renewal ideas were rooted in the Core Area Plan, not all the projects were completed or even came into fruition during its ten period. The most prominent effects of the Core Area Plan were seen in the creation of the Albany Downtown Association, which is now an independent agency that has preserved many of Albany’s historic buildings, including the Monteith House.

The Urban Renewal Plan of 1982 continued to build upon the goals of the Core Area Plan. This consisted mainly of improving roadways and public infrastructure along the 99E corridor. Repairs were not the only concern; the creation of the bike paths, parks, and open spaces were also priorities of the project. Using tax increment financing, as was previously done in the Core Area Plan; along with bonds, helped to fund the 1982 Plan. Citizen involvement was also crucial, including the protection of citizens against eminent domain, the enforced purchase of land by a government entity. As a result, Albany has been recognized nationally as a “bicycle friendly” community and the shopping district around Fred Meyer was constructed to bring jobs to Albany’s residents.

The Central Albany Revitalization Plan of 2001 (CARA) combined the main aspects of the two previous urban renewal programs. It increased the beauty and accessibility of the downtown area through the implementation of tax increment financing and private investment. CARA sought to make the downtown area a hub for businesses and residents alike. Through the use of small grant funding, downtown businesses and building owners were encouraged to upstairs units into housing and make exterior improvements to the structure, landscape, and pathways around their buildings. Through the grants, CARA hoped to provide housing to employees, which in turn, would reduce the amount of commuters to the central district. Currently, the promenade along Broadalbin has been completed between First and Third streets bringing unique boutiques and restaurants along its path.

The Oak Creek urban Renewal Plan of 2007 (OCRA) was the most recent plan to be adopted by the City of Albany. The main purpose of OCRA was to create the infrastructure necessary to house and support a PepsiCo bottling plant for the Gatorade drink products. The Area under OCRA was mostly vacant and in need of access to city water and sewer systems. Through the use of tax increment financing that City approved the proposal and began to zone the area for industry, commercial, and residential lots. However, with the onset of the Great Recession in late 2007, PepsiCo backed out of the contract in 2008. The land was not developed and the City was awarded a settlement by PepsiCo in the amount of \$20 million.

Introduction

Albany has a long and successful history of urban renewal and development. Urban renewal projects are often far reaching and involve diverse associations. While the process and mechanism may seem confusing the main purposed of many urban renewal plans is to provide a safe community that attracts new businesses and offer family wages for the residents. Drawing upon a high level of community involvement, various urban renewal plans have been adopted by officials and residents in order to set the City of Albany on the path to recovery after profound changes in the timber industry gradually undermined the economic base of the community.

Each urban renewal plan implemented by the City has incorporated the idea of citizen participation along with public funding in an effort to complete several projects, such as historical preservation, road and utility improvements, revitalization, and green space conservation. The first plan, The Comprehensive Core Area Plan (CCAP), was created in 1978, with the adoption of the 1982 Urban Renewal Plan following soon after. These two plans continued, as a guideline for the Central Albany Revitalization Plan (2001) and the Oak Creek Urban Renewal Plan (2007), providing opportunities and incentives for the City and its residents for over 30 years.

Despite the successes of urban renewal, these plans have not been implemented without contention or difficulty. After years of cooperation between business leaders and organizations, such as the Chamber

of Commerce, the collaborative efforts of renewal have been effectively abandoned, leaving urban renewal in limbo as a small majority of citizens have voted to end the City’s authority to adopt urban renewal plans.

This paper explores the urban renewal policies of the City of Albany starting with the CCAP. The relationship between proponents and opponents of such plans will also be discussed as well as the current state of urban renewal and the direction the City would like to take when implementing new plans.

Comprehensive Core Area Plan 1978

The CCAP was not the first proposal of urban development put forth by the City. Since the late 1960s, concerns over a deteriorating city center had increased and plans to combat the blight had been conceived. It was not until December 4, 1978, however, that the CCAP was approved with broad citizen support to use public funds along with voluntary action to implement these measures. The City, through the use of tax increments, non-profit funding, and federal dollars, secured the finances necessary “to improve the function, appearance, and economic viability of the Albany Core Area” (City of Albany, 1978).

Due to a downward trend in industry employment opportunities, following the decline of the timber industry, residents in the downtown district, along with businesses began to leave the city. Instead of tearing down abandon sites, however, historical preservation of the City core was suggested as a way to increase tourism revenue, in addition to clearing the streets of congestion in regards to traffic and unsightly utility infrastructure. The top priorities of the plan were to build a parking structure in the business district, create a waterfront development area along the Willamette River, and improve existing roadways between downtown Albany and southeast Albany. Through increased accessibility to the downtown district and other beautification projects, the City hoped to see gains in both private and public investment in order to spur self-sustaining economic viability.

Drawing on the need for citizen support, the CCAP also called for the construction of a transportation center, a senior center, and canal improvements along 8th Street. These enhancements, along with roadway improvements allowed citizens to enjoy greater mobility within and beyond the core area. Restoration was not limited to cosmetic fixes; sanitary sewer and storm drain renovations were included in the redevelopment plan. Furthermore, city ordinances of the proper upkeep and use of buildings were to be enforced by local officials.

The total price tag on projects included in the plan was \$15,765,000, which seemed daunting to residents. Under a tax increment plan, the project took a portion of their property tax values at \$22 per \$1,000 per year to generate \$15,659,159 of project funding, over a ten year period. (This rate is higher than today's, allowing for inflation). Some residents, though supportive of the plan, wished to have a greater voice in the planning process. Prior to the approval of the plan and throughout its continuation many public forums and hearings took place to receive feedback from residents regarding their concerns and needs. "Newspaper interviews, newspaper notices, lead articles, radio announcements, neighborhood meetings and public hearings" (Albany City Council, 1978) were among the outreach strategies mentioned by the CCAP planners.

The public's input was essential in carrying out some of the objectives of the CCAP and continues to play a vital role in modern urban renewal planning within the City. The community garden located at Main and Front streets has roots in the CCAP that sought to revive the downtown waterfront. The Parking District Commission was absorbed into the Albany Downtown Association's ParkWise. The Historical Albany Downtown Association is now an independent organization that does not rely on City funds and is operated by business and property owners, volunteers, residents, and community leaders.

Unanimous consensus on public works projects is rarely accomplished, but even when citizens are opposed to such measures there are benefits that resonate throughout the community and into future generations. Both the Senior Center and Transportation Station are still in operation today getting people to and from work and bringing members of the community together. Monteith Park is a waterfront attraction that promotes family-oriented activities as well as a summer concert series. The

Monteith Historical District has revived the west side of the core area and increased property values, generating the self-sustained revenue envisioned by the planners.

Proposals such as the City Hall site, streetscape improvements, and the revitalization of the waterfront are all projects originally proposed by the CCAP planners. Although these projects were not completed or adopted under this urban renewal plan, they were later completed and continue to be priorities of the City and its residents.

Urban Renewal Plan 1982

Due to the rapid decline of the timber industry, the City of Albany began to lose jobs and the businesses that were supported by a steady economy began to fail. Even before the onset of high unemployment within the City, Albany began looking for other industries to sustain growth. The City incorporated a zirconium processing plant in the township of Millersburg as a result. The partnership with Millersburg led to the creation of the Albany-Millersburg Economic Development Commission. On February 24, 1982 the Commission made their first recommendation for urban renewal, titled the Albany Redevelopment Agency.

Prior to a public announcement, the Commission, with support from the Chamber of Commerce and other citizen leadership, met periodically in order to address the issue of blight. Blight can be described as deterioration within the city, referring to abandoned buildings and failing infrastructure. The main purpose of eliminating blight was to decrease the detrimental effects that it had on safety, health, and the overall welfare of the community (City of Albany, 1982). In addition, informational meetings were held with constituents in order to hear comments and solicit the needs and concerns of the citizens.

The 1982 Urban Renewal Plan focused on public improvements. High priority concerns were centered on the reconstruction of streets to improve access to Highway 99E and the adjacent streets. The repair and construction of new traffic signals were also considered a priority along with the creation of commuter bike paths, parks, and open space development along the 99E corridor. Improvements to railroad crossings, intersections, sanitary sewers, and storm drains also topped the list of goals for the

urban renewal project. The Commission, aware of the ambitious details of their plan noted, “although the list of projects and activities is extensive, it is intended to indicate the range of potential projects and only those items for which funding is assured will be carried out” (City of Albany, 1982). The total estimated cost of urban renewal was \$13,127,500. A combination of tax increment financing and bonds were used to complete the high priority projects over a 12-year period (Table 1).

Taxing District	Current Tax Rate 1982-83 Rate per Thousand	Start of Project 1982-83 Rate per Thousand	Last Year of Project 1993-94 Rate per Thousand	Year Following end of Project 1994-95 Rate per Thousand
Linn County	\$0.87	\$0.875	\$0.890	\$0.84
ESD	0.45	0.452	0.458	0.44
School District 8-J	12.67	12.812	13.13	12.19
LBCC	1.33	1.335	1.35	1.30
City of Albany	7.02	7.165	7.500	6.52
Total	\$22.34	\$22.639	\$23.328	\$21.29

Table 1: Estimated Tax Rate Impact of the Albany Economic Development Project on Five Overlapping Taxing Agencies

The City of Albany has implemented two new urban renewal plans since the 1982 project began. These new plans built off the momentum of the 1982 proposal that completed the street and traffic signal improvements, railroad crossing resurfacing, and the storm drain and sanitary sewer construction. Conservation, beautification, and land acquisitions were also completed by 1993. These projects have led to the opening of a shopping district around the Heritage Mall, including Fred Meyer and Costco that offer well-paying jobs. The Target Distribution Center, which opened in 1996, brought 500 jobs to the City (Henrikson & Hooper, 2002). Without the capacity of the road infrastructure to support the weight of at least 60 trucks utilizing the roadway per day those 500 jobs would have been foregone.

In addition to road infrastructure and capacity the City of Albany has been presented with the title of “Bicycle Friendly Community” from the League of American Bicyclists. Through this designation the City promotes healthy alternatives to transportation that lessens traffic and encourages continued conservation of parks and trails that make the City beautiful.

Central Albany Revitalization Area Plan 2001

The CARA plan adopted on August 8, 2001, continued the aims of the previous urban renewal program of 1982. In its efforts to include the community and broader public in not only the planning process, but in private investment and ownership of the project, the CARA plan was integrated with the community-based Central Albany Land Use and Transportation Study also known as the Town Center Plan. In addition to the inclusion of the recommendations of the Town Center Plan, CARA agency representatives held four public forums that began in January 2001. The purpose of the forums was to introduce how urban renewal works and under what conditions areas were considered candidates for city assistance. Next, residents chose the areas that would benefit from the plan and created goals, objectives, and the boundaries of the project. Lastly, community participants discussed how much debt they were willing to take on to see the plan completed. The City Council agreed with the consensus of the forums and set the maximum indebtedness at \$34,820,000 (2002-03 dollars), which was the projected cost of the plan.

Included in the plans were the objectives to increase the mobility and beauty of downtown Albany through bikeways, open space plans, mixed housing and business districts, infrastructure improvements, and moving overhead utilities underground. Many of these ideas built on past urban renewal successes that created the Albany Downtown Association and Monteith Historical District that brought private citizens together with city officials to create innovate and self-funded projects to the city center. Although the City had accomplished goals of past urban renewal plans, such as the construction of the senior center and bringing more employment opportunities to Albany through improved infrastructure, the City was still lacking a hub for residents and a piece of the City that brought them together.

In order to reconcile the need for an urban center that focused on community, economic, and ecological prosperity, the CARA plan set objectives that relied on citizen involvement to set the agenda for economic development, housing, transportation, recreational, and environmental values. Within these goals lay the small grant funding and matching grant programs that encouraged small businesses and new ventures to invest in renovation projects. These renovations projects included sidewalk and landscaping improvements, the conversion of upstairs units to housing, and revitalization of historic Albany. Completed projects to date include the Calapooia Brewery, the Albany Civic Theater, the Albany Chamber of Commerce, Habitat for Humanity, and the Monteith House, all of which received small grant funding. In the recreation category, the Swanson swimming pool that was closed in 2000 due to deteriorating conditions was reopened in 2005. Furthermore, the Albany Carousel Museum and the sidewalk improvement project along Broadalbin between Fourth and Water Streets are still in progress.

CARA has been active in complying with the Oregon Livability Initiative, which was enacted in 1999. The Initiative called for the revitalization of urban areas, reducing urban sprawl by improving dense areas and leaving green space undeveloped. The creation of jobs combined with affordable housing and efficient transportation methods to accommodate those jobs is a priority of the City as well as the state of Oregon. Increased livability and mobility within the central city can be seen today. The areas along First and Second Avenue are thriving with long established and new businesses. The sidewalk improvement project has also brought higher property values to the surrounding areas with wine bars, restaurants, and boutiques lining the streets. CARA is still active within the city and as a result assessed property value has increased to 46 percent, 82 preservation projects have been completed, over 130 permanent new jobs have been added to the downtown district, 274 new homes have been constructed, and \$70M of private investment has been leveraged (Porsche, 2012).

Oak Creek Renewal Plan 2007

The OCRA was the most contentious urban renewal plan in the City's history. In 2006 PepsiCo proposed to build a bottling plant for its Gatorade drinks in Albany. The City, eager to provide employment opportunities for its residents, began working on a plan that would finance the infrastructure costs associated with construction of the plant. In return PepsiCo offered to bring hundreds of living wage jobs to the City. Through a quick planning and public hearing process, the City adopted the Oak Creek Urban Renewal Plan on August 8, 2007. The plan would never be completed, however, as the ordinance

was terminated on February 11, 2009, signaling a long battle with PepsiCo and resentment from the community.

Following public forums and City Council meetings where residents and local trade union members voiced their opinions and provided written testimony, the OCRA plan was enacted. Included in the written and verbal hearings were three major areas of concern for the residents. The first area of interest addressed PepsiCo's bringing outside laborers for the construction of the plant. At the August 8, 2007, City Council meeting there was a push to "reconsider including a requirement for the use of local workers at prevailing wage rates and to provide family friendly benefits while the project underwent construction" (Albany City Council, 2007). Trade union members from plumbers to carpenters were upset about the prospect of hiring non-union members outside the community to do the construction work. The second common comment on the OCRA project was on the issue of taxes. Residents were wary of PepsiCo receiving tax incentives in exchange for locating within the City. They expressed concern that PepsiCo would not be sharing the burden of the infrastructure cost nor contributing to the Tax Increment Financing. Lastly, city residents believed that traffic congestion would increase around the plant. Although these issues were addressed in the OCRA Plan and Report, citizens felt as though the City were rushing through the planning process and requested that more time was devoted to these concerns before giving the green light on the project.

The OCRA Plan and Report followed the same processes and regulations as previous urban renewal programs stating the maximum indebtedness of the Plan and how the infrastructure costs would be paid for. The Plan also outlined the goals for OCRA and why the City felt that urban renewal was needed. The OCRA Plan set maximum indebtedness at \$16,000,000. OCRA was to last for a period of 20 years. During the 20 years, funding would be provided through Tax Increment Financing, capped at 1.75 percent, as well as State loans and grants, County funds, railroad grants, and State water and sewer contributions (City of Albany, 2007). The stated goals of OCRA were to encourage a diversified economic base and make Albany the center of economic activity in the area. In order to achieve this, the City needed to increase industrial and commercial zoning space, improve roads and sidewalks for increased traffic, in addition to access to city water and sewer lines. The Plan was needed because PepsiCo had proposed building the bottling plant on a site, which lacked these provisions.

Included in the Plan, was not only the construction of the plant, but the surrounding neighborhood that would provide housing, support services, and open spaces to the newly expanded district. The transportation layout echoed earlier urban renewal plans stating the need for bicycle and pedestrian walkways in conjunction with freight and railway improvements. The area had only contained ten residences before the adoption of OCRA and thus vast amounts of infrastructure were needed to accommodate the proposed plant. While OCRA did not include specifics about ecological impacts, the accompanying report did indicate that two wetlands were within the boundaries of the OCRA Plan and compliance with State and Federal regulations would be followed to insure their sustainability.

After passage of OCRA the national economy entered a serious recession and PepsiCo decided to pull out of plant operation. This left residents stranded with the urban renewal costs and a vacant lot. The City also invested many hours of manpower in the planning and implementation process. As a result, in February 2008 the City terminated OCRA and declared an emergency (City of Albany, 2009). Under the contract between PepsiCo and the City of Albany, PepsiCo agreed to make amends with the City by repaying the costs of the efforts to accommodate the bottling factory. When PepsiCo did not fulfill the contract obligations, the City sued PepsiCo for breach of contract. The court case dragged on for over a year and the City ultimately settled with PepsiCo, through mediation, for \$20 million plus \$5 million when PepsiCo sold the property.

The OCRA Plan and the end results have made the citizens of Albany wary of entering into new urban renewal contracts. The terms of OCRA made the public skeptical and the additional court battle kept the issues of urban renewal in the forefront of community scrutiny. Since then the residents have approved two measures that limit the City in adopting and implementing urban renewal programs.

Current State of Urban Renewal in Albany

After decades of community and government collaboration for urban renewal, the OCRA Plan halted future development prospects for the City with the passage of two measures in a Special election on March 12, 2013. The first measure, known as Albany City Proposition 22-116, required the City to gain

voter approval for the creation of urban renewal projects as well as for alterations to existing urban renewal programs. The second measure, Albany City Proposition 22-117, set limits on the amount of money that the City can borrow.

Citizens disheartened by the fallout of the OCRA Plan created a political action committee (PAC) known as Albany's Right Vote. The PAC was made up of business owners and long-time residents of Albany concerned about the amount of the debt the City was accruing. In addition, they were concerned about how much control the elected representatives had over "financial decisions that burden[ed] every taxpayer" (Ingalls, 2013). The PAC's goal was to give the voters access to a direct democracy when questions of financing arose, specifically toward urban renewal, and to cap the debt at the 2012 level. They felt the City had enough debt.

Proponents of the urban renewal, such as the Friends who Care and Love Albany PAC headed by Albany Mayor Sharon Konopa stressed that urban renewal was not absorbed into the City's debt. Former Public Works Manager and City Councilor Floyd Collins explained to members of the community in an article for the Democrat Herald what debt obligations the City does have. "Much like a home mortgage, most of us would not be able to afford a home if we had to pay cash as opposed to securing a loan to be repaid in 15 to 30 years". The money borrowed is used for the maintenance of roads and other public works systems like wastewater treatment. Collins added that when bonds are issued to pay for public projects they must first seek voter approval (Ingalls, 2013). Furthermore, the Friends PAC underscored the successes of urban renewal and the jobs that have been restored and added to the local economy because of the community development initiatives.

With both measures passing in the special election cycle of March 2013, the City now has to decide whether it wants to acknowledge 22-116 as a referendum with "only 17 percent of the entire electorate" (Ingalls, 2013) voting yes, or to take legal action against the outcome. There is still no consensus of the language of debt in measure 22-117. Debt was not defined, nor was extended debt. The City does not have a definition of debt in their City Charter and as the measure currently sits, the City feels that they cannot adopt the broad meaning of debt without clarity.

Conclusion

Through every urban renewal project, with the exception of the OCRA Plan, the public has been actively participatory and encouraged to engage city officials with their concerns and input on what they feel is best for the community. This has aided in the longevity of the programs and willingness of the residents to approve bond measures and Tax Increment Financing. When the City moved swiftly to enact the OCRA Plan, setting aside the multiple interests of the community in the process, the urban renewal process began to fail.

Albany's community development projects have brought a sense of pride back into the community through award-winning bike pathways, new employment opportunities, historic preservation, and self-sustaining economic activity along with the creation of a central hub where residents can live, work, and find entertainment. Access to Albany, via Highway 99E, has brought much needed jobs, such as the Target Distribution Center, in addition to the partnership with Millersburg. The benefits of urban renewal have not only been economic and social, but also ecological with restoration of wetlands along the waterfront, green space planning, and the areas dedicated to community gardening.

Where Albany's economic and community development projects go from here is yet undecided. What is clear from the history of these projects, however, is that citizens of Albany and their cooperation in the process are essential to sustainable success.

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