

AGO Report

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AGO Moves Ahead in Making Growth Pay Its Way

Richard Reid and Sarah Sameh

Subsidizing growth in the form of real estate development and tax breaks for corporations continues to be an economic policy with huge social, environmental and economic impacts. As the legislative attempts to “stimulate” the economy inevitably fail, we will be confronted with the same issues: communities can no longer afford to subsidize sprawl and taxpayers cannot be expected to make up the difference. At the very least, economic development schemes need to be scrutinized to assure that they are providing positive net revenue to the economy. Alternatives to current growth must be explored.

Once a revered state, Oregon has lately received national recognition because of its declining social services, struggling schools, disappearing open spaces and high unemployment. In the recent legislative session AGO worked with a coalition of public safety officials, advocates for Oregon schools, non-profit organizations and key legislators to emphasize the political viability of growth subsidy reform. Senate Bill 511, which called for an expansion of the list of the allowable systems development charges, raised awareness and gained momentum, even though it did not pass. That’s not the end of

the debate, however.

Statewide Initiative

AGO continues to work with coalition partners on two ballot initiatives. These initiatives are designed to cover schools-only SDCs and a more complete suite of SDCs that include schools, police, fire and libraries.

While one of the initiatives has already passed muster at the state level and been assigned an official ballot title, the key issue of funding to enable one or more of the initiatives to go forward has not yet been resolved. So far there are no groups or organizations that have expressed a willingness or ability to provide all or a substantial portion of the \$1 million that we estimate the initiative would need to collect the required signatures, and promote and support the initiative with enough funding to give it a fighting chance to pass.

While it is unclear whether or not such funding will be forthcoming for the next election cycle in November 2004, the initiatives have been filed and will be ready when the appropriate time does come. Given the progress AGO has made in publicizing the issue of public

Alternatives to Growth Oregon

AGO strives to leave succeeding generations of Oregonians a more economically prosperous, environmentally healthy, and socially just State by encouraging progress toward a sustainable society, and discouraging growth focused on increased population and consumption.

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subsidies to growth and the costs to local communities, this issue will only become more prominent on the radar of legislators and the public in months and years to come.

More and more local communities insist that they are not able

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Northwest Birthrate, Teen Births Hit Record Lows

Slowed migration and delayed childbirth add to population reprieve

The birthrate for the Pacific Northwest overall—and for British Columbia, Oregon, and Washington individually—hit a record low in 2002, due to a trend toward delayed childbirth and a scarcity of women of childbearing ages. That's according to "Population Reprieve: Births and Migration in the Pacific Northwest," a new analysis by Seattle-based research center Northwest Environment Watch. BC is the most striking example of these trends; it has the region's lowest birthrate, total fertility rate, and a teen birthrate that is one-third that of the Northwest states'. In 2002 low birthrates, along with slowed migration, contributed to the region's lowest rate of population growth since 1986.

The report also notes that although many northwesterners equate a growing population with a growing economy, population growth and true prosperity are not necessarily linked. Since 1990, for example, the population of the Northwest states grew faster than that of the United States overall—yet so did the numbers of unemployed and poor people in the region.

See www.northwestwatch.org for more details.

AGO Moves Ahead

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to maintain services for their growing population. The national movement toward subsidy accountability lends research that reveals an absence of accountability for such costs of growth in economic development schemes. Further research suggests that subsidy schemes drain local economies. These facts and trends reinforce AGO's efforts to give local communities the ability to make growth pay its way.

Growth Doesn't Pay

According to David Brunori, a research professor of public policy at George Washington University, "Targeted tax incentives violate all the established principles of sound tax policy, yet they keep proliferating" (Governing Magazine, August, 2003). A recent article in the Eugene Register-Guard, "Unlucky breaks: Big property-tax waivers yield patchy returns in Lane County" (August 10, 2003), supports this stance and underscores the losses absorbed by the city from property tax waivers.

Oregon Center for Public Policy analyses of state fiscal policy argue that past pro-growth policies have not prevented economic downturns and won't prevent them in the future. Increasing the number of tax breaks and ignoring the costs and benefits of current schemes is not "conservative," as some elected officials claim, it is simply reckless. The matter of systems development charges must be placed in the context of "subsidy accountability." We

know voters want reform regarding how growth is funded and how fast it occurs in their communities. We know that sprawl creates a host of environmental, social, and economic problems. The time to expand the list of systems development charges and allow communities to charge for the true costs of growth is now. In their book, "Place Matters: Metropolitcs for the Twenty-first Century" (University Press of Kansas, 2001), Peter Dreier, John Mollenkopf and Todd Swanstrom describe real problems created by tax breaks and other incentives and offer concrete examples of policies that work.

Emphasizing the importance of the costs of growth and anti-sprawl measures in political discourse could allow advocates working to improve the environment, local communities, social services, schools, and land-use planning an opportunity to speak and act in concert on one issue. Oregon cities, now strapped for cash, could be nurturing families; providing habitat to wildlife; assuring stable, sustainable economic futures; and providing public safety and social services to their citizens if they were freed from providing profits to the real estate industry.

We appreciate your support and continue to need your help as we push for sound practices and limits to growth.

Trading in Our Old Economy Model on a Shiny New One!

Chuck Adams

The title says it all. Like the savvy and thrifty consumers we strive to be, we have utilized the same basic economic model for the better part of two centuries now. And just like with most of the basic goods we purchase, there comes a time when we need to go shopping for a new and better model.

Yes, we are talking about a new economic model. One that has some fancy new technologies, maybe even a few extra bells and whistles. But most importantly, this new model is as different from the old one as the new Toyota Prius Hybrid is from the Ford Edsel.

Let's test-drive our new model now. As we pull our new economy off the showroom floor we immediately notice something: it is a much kinder and gentler model. There is a strong emphasis on small- to medium- sized, locally owned companies. Because these are local companies, they understand local needs and preferences. Not only that, but these locally owned companies actually care about the communities they are located in. They are active, participating community members and, as such they have a variety of goals, only one of which focuses on monetary profit.

Now we are moving smoothly in the flow of traffic. Lo and behold, we notice another major improvement over the old model: the new model is far quieter and runs much more smoothly. Our new economy, because

it is predominantly local, and because it derives a substantial portion of its raw materials from local sources – including the waste products of neighboring businesses – has far less dependence on global business cycles. Once a local company starts business here, it remains here. No moving over to Asia or the next cheapest labor market and leaving local communities in a bind.

As we head out of town on our test drive we notice that the new model not only runs cleaner, it also uses far less fuel. The new economic model, in part because of its local nature, uses far less energy than the old model. The energy it does require comes in large part from local, renewable sources. Not only does this provide our economy with cost competitive, environmentally friendly energy, it also frees local economies through energy de-centralization from those annoying market manipulations that our old model was plagued by.

As we pull back into the showroom after our test drive we realize two additional features of the new model economy. First, there were few bursts of acceleration and deceleration during our test drive. The new economy operates very well in a steady-state mode, meaning that it does not depend upon acceleration – that is, growth – to thrive. Second, our new economy is nimble and has excellent brakes. When conditions dictate it our economy can make sharp and rapid turns, allowing it to

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Support the New Economy!

There are a number of things you can do as an individual to support locally owned and operated businesses. The following are just a few suggestions.

- Go to a locally owned coffee shop instead of going to Starbucks.
- Buy your produce at a local farmers' market.
- Join a CSA (Community Supported Agriculture).
- Eat at local cafés and restaurants rather than national chains.
- Ask the owners if they purchase at least a portion of their food and other supplies from locally owned and environmentally sustainable sources.
- Get your neighborhood association to formalize support of local businesses as one of its goals.
- Work with your city government to codify and place priority on supporting locally owned businesses over chain stores.
- Talk to your friends and neighbors about supporting the local economy and keeping their dollars circulating in your community.

Never doubt that a small group of thoughtful, committed people can change the world. Indeed, it is the only thing that ever has.

MARGARET MEAD

New Economy

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be pro-active in response to changing societal needs and market conditions.

Not only is it nimble, our new model is an optimal size that is substantially smaller than current models. No more Hummers! While the old economic model emphasized ever-larger factories, production levels, and centralization as the keys to efficiency, the new model recognizes that smaller and nimbler are better. Manufacturing facilities can, in most cases, be far smaller than today's standards and still operate in an efficient and cost effective manner that is comparable – even superior – to those outdated behemoths that we have all grown used to.

AGO is deeply involved in the research and development phase of this new economic product: The

New Economy. By working with other non-profits, government organizations, and progressive businesses we believe that a new economic model can be available to the public soon enough to make a difference for our planet.

Remember, this new economy will be one that recognizes the limits to growth. It will be one that places great emphasis on stability and quality, not on rapid growth. It will be one that evaluates its performance based on the quality of life of all community members, on the health of its local environment, and on its commitment to community.

Major purchases often cause prospective buyers to suffer from pre-purchase angst and post-purchase dis-

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SDC Debate

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In an age of increasing fiscal demands upon cities and limitations to new revenue sources, charging growth for its costs is not only reasonable and fair, it is also fiscally responsible public policy. Dodds closed with emphasis on one key point: 100 percent cost-recovery by cities through the use of SDCs is not in anyway anti-growth. From a fiscal policy perspective it is growth-neutral, and from an economic development perspective it tends to either maintain or even increase local economic health by providing builders, new homebuyers, and businesses with the knowledge that community serv-

ice levels and quality of life indicators will not be degraded.

In short, charging growth its full financial costs benefits the community by maintaining current service levels, allocating the costs of new infrastructure to those who will use it, and ensuring that schools, parks, roads and other key elements of public infrastructure will be present. And it benefits developers by providing a stable market — one in which value is enhanced by the knowledge that the desired level and quality of public services will be maintained.

Chapters Update

Chuck Adams

Eugene

In July AGO helped to organize a luncheon debate at the City Club of Eugene. David Dodds, mayor of West Linn, and Roxie Cuellar, representative of the Lane County Homebuilders Association, debated the use of system development charges. (See page 6.)

Salem

AGO and its chief lobbyist Richard Reid had a busy summer working with several coalitions in a successful attempt to build awareness of the massive subsidies local residents provide to growth. While our efforts to pass legislation to increase the number of SDC categories allowed by the state were unsuccessful, we are confident that the issue has gained significant new attention throughout the Senate and House. AGO continues to work with an SDC coalition which has filed a ballot initiative addressing the same SDC issues as our legislation. (See page 1.)

Other

While AGO continues to work with local chapters and help build new ones, it has also filled another niche in its efforts to aid local growth activists. AGO has been serving as an information and research clearinghouse, a niche that clearly needed to be filled as evidenced by the countless calls we've received from individuals and groups needing more information on how to limit growth in their communities. A prime example of this clearinghouse role is the creation and dissemination of our Growth Activist Toolkit. This toolkit is continually updated to include the latest reports on growth issues and the newest methods and tools for local activists to utilize in documenting the local costs of growth and educating local residents and elected officials about these costs. Check it out online at www.AGOregon.org.

Jackson County Chapter Active on Growth Issues

September: Myths of Growth

Ken Gosling began the September meeting with a spirited talk about the **Myths of Growth**, especially the economic costs. Following his presentation, members came up with over 30 ideas for limiting growth in the Rogue Valley. Top concerns included: working with other local groups; educating the public through regular letters to the editor and through a Speakers' Bureau; starting an alternate newspaper; and working to strengthen local agriculture.

October: Too Many People?

Monday, October 20, 7:00-9:00 pm at the Ashland Library, Gresham Room. (Use the alley entrance.)

The Jackson County Chapter of AGO is hosting an upcoming meeting to discuss population policies in the region. Representatives from local organizations will share their groups' population policies (if any) and how their groups are dealing with local population pressures.

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New Economy

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sonance. This is true even when the old model causes more problems and costs more money than it is worth, and when the new model has all the features we want and makes sense financially. Our decision to buy a new economic model is, quite possibly, the most important purchase decision we will ever make. The time to buy is now, so let's extinguish the angst and dismiss the dissonance. After all, interest rates have never been lower!

Debating SDCs with the Homebuilders

Chuck Adams

The City Club of Eugene recently sponsored a forum on systems development charges (SDCs). At the request of AGO, West Linn Mayor David Dodds appeared as the featured speaker. Also appearing was Roxie Cuellar, a representative of the Lane County Homebuilders Association. While Cuellar expressed concerns that her organization has with the actual amounts charged for SDCs and the methodology some cities have used in calculating the fees, she maintained that in general the Homebuilders were not opposed to the concept and practical use of SDCs.

Under the leadership of Dodds, West Linn has become a bellwether among Oregon cities in its attempt to recover the full costs of building public infrastructure required to accommodate new growth.

Throughout the forum Dodds made a strong case for Oregon cities to utilize existing SDC laws to recover the full costs in each of the five currently allowable SDC categories. He made an equally strong case for expanding the list of allowable SDC categories, an effort which is currently being pursued by AGO and a coalition of community organizations.

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