

We'll stick with 'blight,' thank you

By Ty Gee

On Nov. 8 (the day after Election Day), the Louisville City Council will decide whether to give an unelected body—the Louisville Revitalization Commission, or LRC—unprecedented control over \$77 million in taxpayer money. Many of the grave problems with this power giveaway are presented on the Web site of PreserveLouisville.org, a local citizens group.

Background. Louisville has a "revitalization plan" for the Highway 42 corridor. In 2005, the LRC said it found "blight" in the corridor. A year later it found even more blight beyond the corridor: it found blight in two shopping centers built within the last 15 years; it found blight on Main Street and in downtown Louisville; it found blight on vacant land.

In all, it found blight on 228 acres. It then proposed an "urban renewal" plan to "fix" the "blight." The plan, which would last 25 years, creates an "urban renewal district" out of the 228 acres. This plan is before the council now.

As a state-authorized body, the LRC answers to no elected body, not even the council. Its concern is not the community as a whole, but its renewal district. It has extraordinary powers for an unelected body. It can condemn land, collect and spend millions of tax dollars, issue bonds, encumber tax dollars and borrow money. Except for land condemnation, it can do all these things without council consent.

The LRC's plan diverts \$77 million in taxpayer money from city, school and county government to finance "incentives" to give developers. It wants to use tax-increment financing, or TIF. Under TIF, the cumulative value of sales tax and property tax revenue in the urban-renewal district is essentially frozen when the plan is approved.

This frozen value, called the "base," would continue to be collected by the city, county and school district. For the next 25 years, however, all tax revenue above the base would be paid to the LRC, which would use it to give financial benefits to developers.

Democracy. Among the highest duties of elected officials are to

'Urban renewal' plan a raw deal for taxpayers

safeguard the public treasury and remain accountable to the people. Giving the LRC control over \$77 million of taxpayer dollars and over "incentivizing"—in effect, giving taxpayer money to—developers to develop is inconsistent with both duties. There is no precedent for this in the history of our city.

There's no need to subsidize developers with scarce tax dollars. An important thing happened in November 2004: FasTracks was approved, and a commuter rail station will be located in the Hwy 42 corridor. When built, thousands of commuters every week will park at, stop in or pass through the station.

That's why land values and developer interest in the area are soaring. The value of some vacant land there has jumped 35 percent in two years. Developers have a powerful profit motive to develop in the district. Taxpayer "incentives" are an unnecessary and wasteful giveaway.

Even if developers need incentives, the city can do that without the LRC or its plan. For example, the city gave Sam's Club a \$734,000 incentive to locate here.

The LRC plan hurts us financially. To balance the 2007 budget, the city cut \$750,000 because of falling tax revenue. Yet the LRC wants to divert \$77 million in tax revenue over the next 25 years.

To be clear: the LRC will cut out Louisville, the county and the schools from the \$77 million in tax revenue.

The LRC deliberately expanded the district boundaries to generate the money it wants. But the city has failed to analyze the fiscal impact of the LRC's financial ambitions. This is foolhardy. Approving the LRC plan without knowing the fiscal impact on our community is a blind dive over a fiscal cliff.

There's reason to believe the LRC plan would put us in a fiscal hole. For example, the district includes a proposed development on the Pow Wow grounds east of King Soopers. The development is near

three shopping centers included in the proposed district.

That developer said his proposed 350 houses will cost the city about \$350 each—they'll receive \$350 more in city services than they'll generate in sales tax dollars. The aggregate loss would be \$120,000-plus. But he said the development will break even because he'll include sales tax revenue-generating stores.

The problems? The TIF base would be established before the tax revenue-generating retail stores are built. So all the stores' tax revenue will be diverted to the LRC. Worse, all the sales tax revenue generated by the 350 houses whose residents will shop at the three shopping centers will be diverted to the LRC—resulting in losses to the city much greater than \$350 per house.

Worse yet, the city would provide an increasing quantity of services to the district as it redevelops, yet would receive no new tax revenues from the district. It'd be a 25-year subsidy by the rest of the community.

Worse still, the city wouldn't see any of the revenue generated by rail-station commuters shopping in the district, including in downtown Louisville.

The community needs answers. Those supporting the LRC plan must provide answers to pressing questions. Why has the city failed to analyze the plan's 25-year fiscal impact on the city? Why should this community entrust \$77 million in taxpayer money to unelected officials for 25 years? Why were the urban renewal plan's boundaries increased to include three major shopping centers for 25 years when this will divert hundreds of thousands of dollars of tax revenues the city needs? Why do we need to "incentivize" developers for 25 years in an area where property values are skyrocketing?

Until these questions are answered satisfactorily, our elected officials must exercise fiscal responsibility. They must reject the LRC plan.

Ty Gee is a Louisville citizen.