



PROSPER
PORTLAND
Building an Equitable Economy

DATE: August 9, 2017
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 17-34
Adopting the Ninth Amendment to the Amended and Restated Interstate Corridor Urban Renewal Plan

BOARD ACTION REQUESTED

Adopt Resolution No. 7248

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This action by the Prosper Portland Board of Commissioners (Board) would adopt the Ninth Amendment (Amendment) to the Amended and Restated Interstate Corridor Urban Renewal Area Plan (URA Plan). If approved, the URA Plan boundary will be expanded to include approximately ten acres of land, allowing Prosper Portland to invest tax increment financing (TIF) resources into community-serving projects that deliver on both the Prosper Portland 2015-2020 Strategic Plan goal to deliver widely-shared prosperity as well as the North/Northeast Community Development Initiative Action Plan goal to foster economic prosperity for African Americans and People of Color.

Following are the Amendment area locations (see Attachment A for maps) and associated acreages:

1. 213-215 NE Hancock Street, 0.085 acres
2. 4236 NE 8th Avenue, 0.161 acres
3. Northwest corner of N Williams Street and N Russell Street, 6.681 acres

The Amendment would also add 3.052 acres of public right-of-way.

BACKGROUND AND CONTEXT

The Interstate Corridor Urban Renewal Plan was adopted by Portland City Council on August 23, 2000 through Ordinance No. 174829 to provide resources to fund and foster the economic development and redevelopment of north and northeast Portland. The URA Plan has subsequently been amended eight times to more effectively and equitably distribute TIF resources into initiatives that met community goals.

In January 2016, Prosper Portland staff initiated a community engagement process called the North/Northeast Community Development Initiative, which had three main goals:

1. Increase employment and wealth creation opportunities for long-term and returning residents, businesses and property owners;
2. Strengthen community capacity to produce economic opportunities, and;
3. Support cultural and community assets.

After significant stakeholder engagement, staff presented the North/Northeast Community Development Initiative Action Plan (Action Plan) to Portland City Council, which adopted the Action Plan

in January 2017. In addition to articulating a list of investment priorities for the remaining TIF resources in the Interstate Corridor URA fund, the Action Plan calls to “make minor amendments to the Interstate Corridor URA to ensure inclusion of key properties immediately adjacent to the URA.” The following three properties are proposed to be included into the Amended URA Plan to meet Action Plan priorities:

Amendment Area 1. Dean’s Beauty Salon and Barbershop, which is located at 213-215 NE Hancock Street, was built in 1956 and originally operated by Mary Rose and Benjamin Dean, southern emigrants who came to Portland to work in the shipyards. Now under the ownership of their granddaughter, Kimberly Brown, Dean’s is one of the oldest operating African-American businesses in northeast Portland. If the Amendment to the URA Plan is approved, the long-standing property owner will be eligible to apply for and utilize TIF resources to make exterior and interior improvements such as a new roof, plumbing, and storefront improvements.

Amendment Area 2. Allen Temple CME Church, located at 4236 NE 8th Avenue, was originally established in 1932 by Second German Congregational Church and has been occupied by Allen Temple CME Church since 1961. On February 7, 2015, the church suffered two electrical fires, which caused significant damage to its community gathering space. Should the Prosper Portland Board approve amending the URA Plan boundary to include the church property, the congregation will be eligible to apply for and utilize TIF resources to make interior improvements to the fellowship hall, which provides space for numerous community services including a drug abuse program, an emergency food center and clothing closet, an HIV/AIDS education project, a homeless outreach team, a school mentor program, and a social justice outreach and training program.

Amendment Area 3. In the early 1970s, as part of the Emanuel Hospital expansion project, the City of Portland and Prosper Portland condemned, purchased, and demolished 188 properties in inner north and northeast Portland, displacing more than 171 families, 74 percent of which were African-American. The planned hospital expansion at the northwest corner N Russell Street and N Williams Avenue never occurred and parcels near that intersection have remained vacant for decades. On August 1, 2017, Legacy Health, Prosper Portland, and the City of Portland announced a new collaborative project to develop the 1.7-acre vacant block at N Russell Street and N Williams Avenue currently owned by Legacy Health. The focus of the development will be to honor Portland’s African-American community, contribute to the neighborhood’s vibrancy, and further Legacy Health’s mission of promoting health and wellness for children and families. Including a broader 6.7-acre area into the URA Plan will allow Prosper Portland to invest TIF resources not only into future development of the 1.7-acre vacant block, but also in other potential investments, such as the community gardens on the west end of the Amendment area.

EQUITY IMPACT

Amending the URA Plan to include these properties aligns closely with Prosper Portland’s 2015-2020 Strategic Plan goal to support “wealth creation opportunities within communities of color” as well as to investments to “ensure minority and historically disadvantaged neighborhoods are able to absorb and benefit from growth without displacement.” The Amendment allows long-time African American property owners to access and utilize TIF resources for non-profit support, business development and growth, and property ownership and redevelopment. Inclusion of the Legacy Health parcels allows for access to financial resources previously not available that will help deliver on community goals for a neighborhood that was adversely impacted by displacement.

COMMUNITY PARTICIPATION AND FEEDBACK

Staff conducted extensive and robust community outreach for the North/Northeast Community Development Initiative, including multiple advisory committee meetings, several public open houses, and presentations to the Prosper Portland Board and Portland City Council. As noted above, one of the North/Northeast Community Development Initiative Action Plan priorities is to add priority properties to the URA Plan to deliver on community objectives and goals.

BUDGET AND FINANCIAL INFORMATION.

While there are no direct financial impacts from this proposed action, should the Amendment be approved, the property owners will seek financial assistance from Prosper Portland for future improvements. There are sufficient resources in the fiscal year (FY) 2017-18 Approved Interstate Corridor URA Budget for the three URA Plan Amendment areas (see Attachment B). The budget, which is structured to reflect the priorities of the North/Northeast Community Development Initiative Action Plan priorities, can be amended by the Prosper Portland Board should there be a need to reallocate resources in the future.

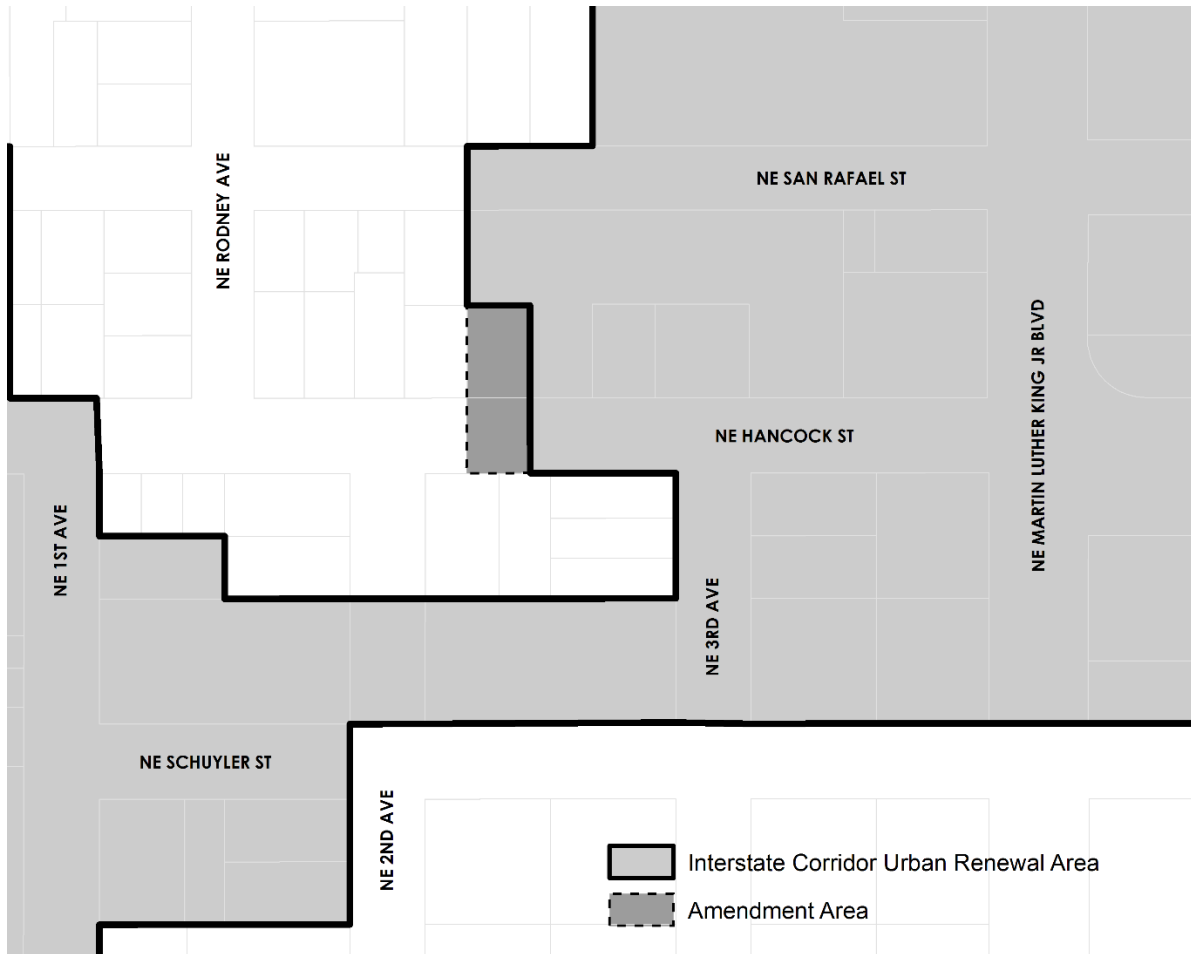
RISK ASSESSMENT

There are no material risks associated with the proposed Amendment.

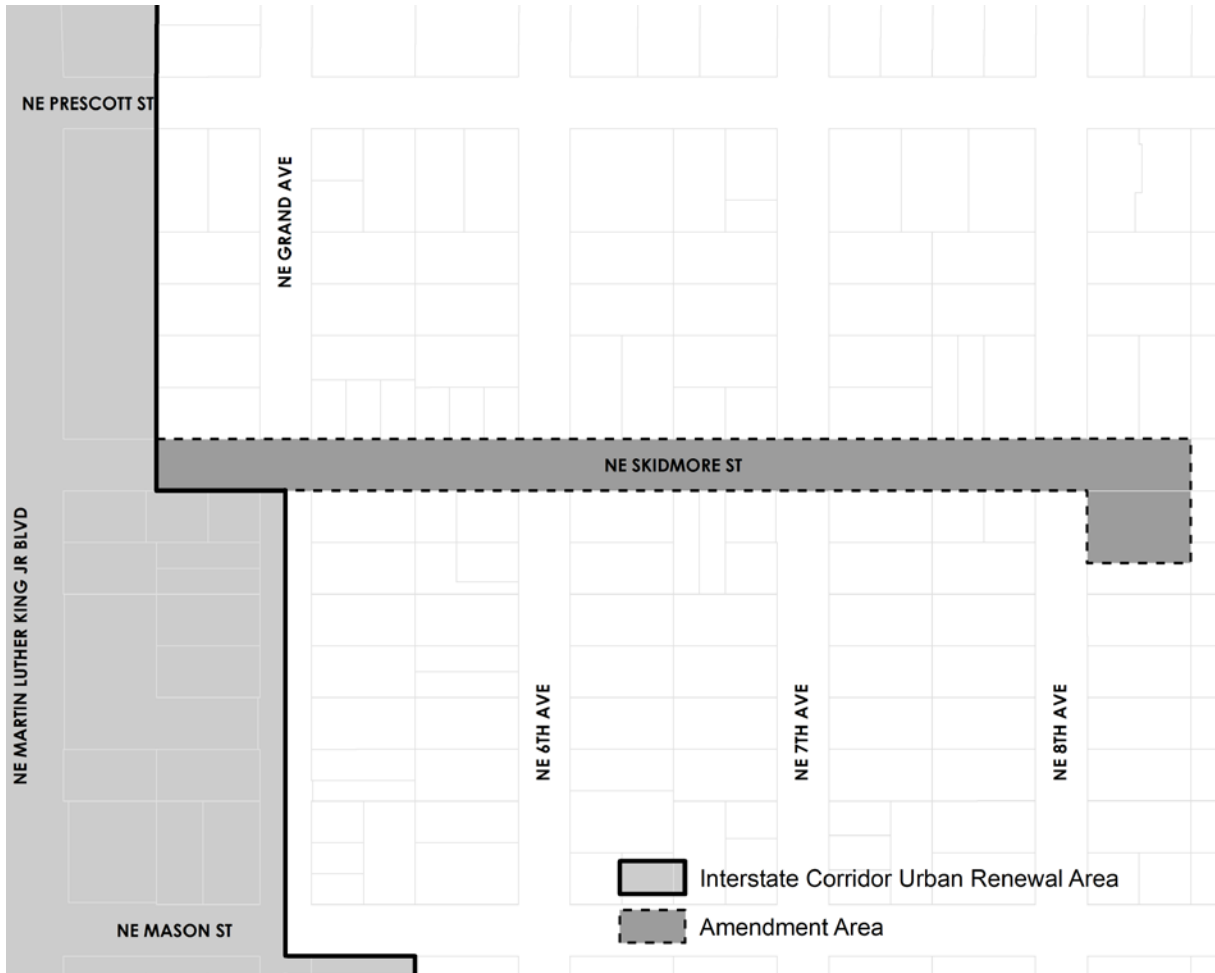
ATTACHMENTS

- A. Map of Amendment Areas
- B. Interstate Corridor URA Financial Summary

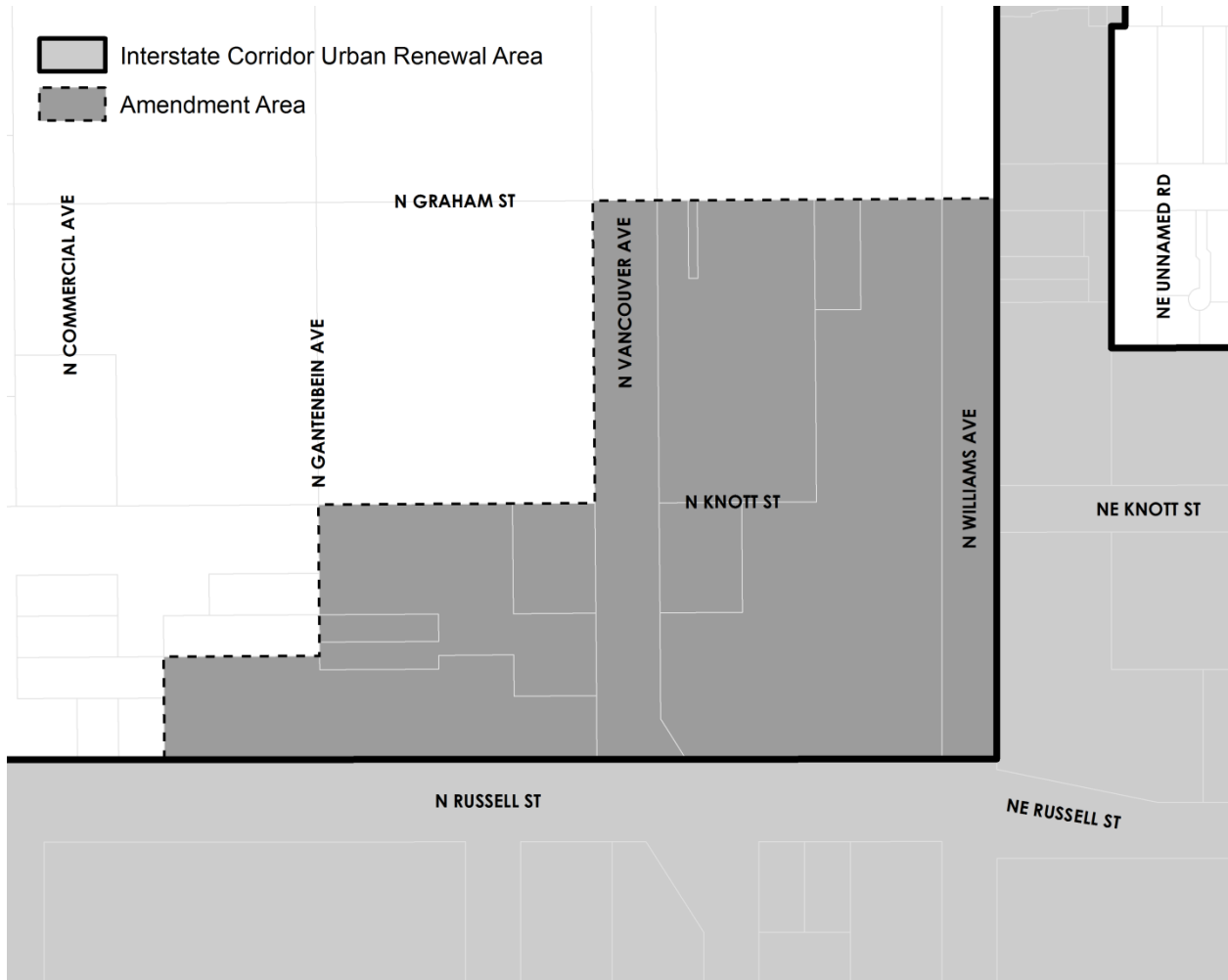
Amendment Area 1



Amendment Area 2



Amendment Area 3



Interstate Corridor URA Financial Summary

**Financial Summary
Five-Year Forecast**

<u>Interstate Corridor URA Fund</u>	<u>Revised 2 FY 2016-17</u>	<u>Adopted FY 2017-18</u>	<u>Forecast FY 2018-19</u>	<u>Forecast FY 2019-20</u>	<u>Forecast FY 2020-21</u>	<u>Forecast FY 2021-22</u>
Resources						
Beginning Fund Balance	26,176,511	29,209,467	8,879,064	2,067,802	7,477,743	30,127,489
Revenue						
Fees and Charges	4,991	1,854	1,510	2,128	534	236
Interest on Investments	164,901	88,931	27,454	5,269	25,495	94,772
Loan Collections	647,961	231,698	188,870	265,989	66,762	29,517
TIF - Short Term Debt	18,981,000	18,981,000	18,981,000	18,981,000	18,981,000	-
TIF - Long Term Debt	0	9,000,000	5,253,240	-	26,387,990	-
Property Sales	502,160	-	-	-	-	-
Rent and Property Income	265,246	283,879	332,605	361,041	390,125	364,692
Reimbursements	71,526	93,386	93,956	104,623	115,913	106,465
Total Revenue	20,637,785	28,680,748	24,878,635	19,720,050	45,967,819	595,682
Total Resources	46,814,296	57,890,215	33,757,699	21,787,852	53,445,562	30,723,171
Requirements						
Administration						
A00030-Debt Management-ISC	23,532	22,532	22,532	22,532	22,532	22,532
Administration Total	23,532	22,532	22,532	22,532	22,532	22,532
Traded Sector						
A00114-Business Development-ISC	5,000	-	-	-	-	-
Community Economic Development						
A00122-Community Development-ISC	0	200,000	200,000	200,000	200,000	200,000
A00106-NPI & Main St Network-ISC	60,000	50,000	50,000	50,000	50,000	50,000
Business Lending						
A00209-BL-General-ISC	195,000	-	-	-	-	-
Economic Development Total	260,000	250,000	250,000	250,000	250,000	250,000
Housing						
A00171-Affordable Housing-ISC	9,625,515	35,742,422	21,341,369	4,301,428	11,508,793	8,639,570
A00516-N/NE Middle Inc Hsg-ISC	400,000	1,800,000	1,600,000	1,200,000	400,000	-
Housing Total	10,025,515	37,542,422	22,941,369	5,501,428	11,908,793	8,639,570
Infrastructure						
Transportation						
A00249-Killingsworth Stscape-ISC	200,000	60,000	-	-	-	-
A00250-Lombard Investment-ISC	0	1,226,985	-	-	1,000,000	-
Infrastructure Total	200,000	1,286,985	-	-	1,000,000	-
Property Redevelopment						
Real Estate						
A00335-Nelson Bldg-Indust-ISC	700,693	85,932	79,935	79,935	79,935	79,935
A00336-Spar-Tek Building-ISC	73,287	29,513	25,400	25,400	25,400	25,400
A00337-Argyle Lot-ISC	6,700	6,700	6,700	6,700	6,700	6,700
A00338-3620 NE MLK Prkng-ISC	12,066	11,566	11,566	11,566	11,566	11,566
A00340-Reiss House-ISC	8,692	-	-	-	-	-
A00342-Real Estate Mgmt-ISC	15,500	17,500	17,500	17,500	17,500	17,500
Commercial Property Lending						
A00366-CPRL-General-ISC	1,879,172	2,492,657	1,942,657	1,950,000	3,500,000	1,300,000
A00527-CPRL-PIP Match-ISC	0	1,350,000	1,350,000	1,350,000	1,350,000	550,000
Redevelopment Strategy						
A00333-MLK Alberta-ISC	311,180	996,520	230,138	200,858	210,005	227,575
A00341-Project Development-ISC	20,000	-	-	-	-	-
A00515-MLK Heritage Markers-ISC	0	250,000	-	-	-	-
Redevelopment Grants						
A00131-CLG-General-ISC	760,000	500,000	500,000	500,000	500,000	500,000
A00138-DOS-General-ISC	24,000	-	-	-	-	-
A00146-SIP-General-ISC	350,000	-	-	-	-	-
A00502-Prosperity Investment Program (PIP) Grant-ISC	700,000	1,200,000	1,200,000	1,200,000	1,200,000	500,000
Property Redevelopment Total	4,861,290	6,940,388	5,363,896	5,341,959	6,901,106	3,218,676
Total Program Expenditures	15,370,337	46,042,327	28,577,797	11,115,919	20,082,431	12,130,778
Personnel Services	493,544	583,288	677,936	700,445	710,864	721,040
Total Fund Expenditures	15,863,881	46,625,615	29,255,733	11,816,364	20,793,295	12,851,818
Interfund Transfers - Indirect Charges	2,075,948	2,385,536	2,434,164	2,493,745	2,524,778	2,569,611
Contingency	28,874,467	8,879,064	2,067,802	7,477,743	30,127,489	15,301,742
Total Fund Requirements	46,814,296	57,890,215	33,757,699	21,787,852	53,445,562	30,723,171