



PROSPER
PORTLAND
Building an Equitable Economy

DATE: August 28, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-27
Approving Six Urban Renewal Plans and Forwarding to City Council with a Recommendation for Approval

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution Nos. 7566, 7567, 7568, 7569, 7570, 7571

These actions by the Prosper Portland Board of Commissioners (Board) will approve six urban renewal plans and reports as a first step in the creation of the following tax increment finance (TIF) districts:

1. 82nd Avenue Area
2. East 205
3. Sumner-Parkrose-Argay-Columbia Corridor
4. Lloyd-Holladay
5. Central Eastside Corridor
6. Westside

If approved, these actions will initiate the formal public review process including: a briefing to Multnomah County Board of Commissioners; a consult and confer process with impacted taxing districts; review by the Planning Commission for conformance with the City's Comprehensive Plan; and a city-wide notice of a hearing by the Portland City Council to consider adoption of a non-emergency ordinance that is currently contemplated to occur in October 2024. Maps of all six proposed TIF districts can be found in Attachment A.

STRATEGIC ALIGNMENT AND OUTCOMES

These actions deliver on the following Advance Portland objectives:

- Increase Mixed Income Housing in Subdistricts with a Lack of Residential Use and Imbalanced Mix of Uses
- Retain and Increase Commercial Activity and Support Small Businesses in the Central City
- Catalyze Public-Private Partnerships to Unlock Infill Development of Large Scale Mixed-Use, Mixed-Income Sites with High Transit Accessibility
- Activate Vacant Properties and Storefronts with Community-Serving Businesses; Attract New Commercial Development
- Address Housing Production Across a Continuum of Affordability

BACKGROUND AND CONTEXT

TIF districts in Portland have been instrumental in implementing ambitious land use plans, recruiting, and retaining anchor employers, supporting small businesses, the production of affordable housing, and facilitating investment into regional assets and infrastructure. Today, the majority of TIF resources has been fully expended or committed to key outstanding priorities. The conclusion of these districts, largely created in the 1980's and 1990's, creates capacity for the creation of new TIF districts.

On June 28, 2023, Portland City Council through Resolution 37623 directed Prosper Portland to “pursue analysis and creation of new Tax Increment Finance districts to advance equitable development and inclusive growth in East Portland and the Central City.” The resolution further stipulated that:

- The East Portland TIF exploration process shall consider up to 7,500 acres of available land area and up to approximately \$6 billion in available assessed value for up to three new districts, including a potential district along 82nd Avenue to support the City's parallel investments in transportation improvements; and
- The Central City TIF exploration process shall consider up to 1,500 acres of available land area and up to approximately \$3.8 billion in available assessed value for new TIF district(s).

Since that time, staff have convened steering committees to oversee the East Portland and Central City exploration, as further detailed in the Community Participation and Feedback section of this Report (see a list of the steering committee members in Attachments B and C). The following recommendations for the creation of six new TIF districts is a direct result of this engagement process.

East Portland TIF Exploration.

Three new TIF Districts are proposed to be created in East Portland, resulting in up to \$1.5 billion in TIF resources to be invested over the next 30 years. The proposed districts are:

82nd Avenue Area: This district is 1,874 acres of area centered around the 82nd Avenue corridor running from roughly NE Fremont Street to the north and the City/County line to the south and includes the Jade District Neighborhood Prosperity Initiative (NPI). It is estimated to generate up to \$460 million in TIF resources. Investment priorities in this district include:

- Near-term stabilization and ownership/wealth-building support to combat fast-growing market pressure;
- Development of a community-serving corridor with nodal development and 20-minute neighborhoods; and
- Improved vitality to mitigate for activities that impact livability;
- Support for walkability, connectivity, and safety.

East 205: This district is 3,745 acres and is roughly bounded by 122nd Avenue on the west, the city line to the east, NE Glisan Street to the north, and SE Powell Boulevard to the south. It includes both the Rosewood Initiative and Division-Midway Alliance NPIs and is estimated to generate up to \$770 million in TIF resources. Investment priorities in this district include:

- Communities designed with multigenerational residential and commercial hubs;
- Upskilling/coworking centers to support “solopreneurs” and home-based business owners;
- Generational wealth for first-time BIPOC homeowners; and
- Improved walkability, connectivity, and transit access, with a focus on sidewalks.

Sumner-Parkrose-Argay-Columbia Corridor (SPACC): This district is 1,550 acres and includes areas along NE Sandy Boulevard from the Sumner Neighborhood to Argay Terrace, including portions of the Columbia Slough and industrial corridor. It includes the Historic Parkrose NPI and is estimated to generate up to \$310 million in TIF resources. Investment priorities in this district include:

- Buffers between industrial and residential land and mutually beneficial development;
- Recreational improvements to publicly accessible open spaces, including the Columbia Slough;
- Workforce training center(s) and spaces to learn additional skills and acquire certifications; and
- Remediation and redevelopment of sites along Sandy Boulevard.

Fifty-five percent of TIF resources will be invested by Prosper Portland in the following:

- Economic & Urban Development (40 to 45 percent): Predevelopment for commercial, middle-income or market rate residential, and/or multi-use development; land acquisition and land banking; development, redevelopment, and renovation (including storefront improvements and business expansion); arts and culture; signage; infrastructure investments triggered by development, redevelopment, or renovation.
- Infrastructure (10 to 15 percent): Street, utility, and green infrastructure improvements; connectivity and accessibility; and public recreation, safety, health, and resilience investments.

Forty-five percent of TIF resources will be invested by the Portland Housing Bureau in the following:

- Single family home repair, homeownership support, multi-family rental development, rehabilitation and preservation of existing regulated housing, acquisition and rehabilitation of existing market-rate housing, capital expenditures related to community services for people experiencing homelessness.

Central City TIF Exploration.

Three new TIF Districts are proposed to be created within the Central City, resulting in up to \$1.3 billion in TIF resources to be invested over the next 30 years. The proposed districts are:

Central Eastside Corridor: This district is 486 acres anchored by the Oregon Museum of Science and Industry (OMSI) master plan district and the MLK/Grand and Stark commercial corridors and is estimated to generate up to \$200 million in TIF resources. Investment priorities in this district include:

- OMSI master plan district investment, job creation, and economic growth;
- Residential development including affordable housing units in collaborate with key community stakeholders including Tribal and Indigenous partners;
- Support for small businesses along commercial corridors and grow industrial jobs.

Lloyd-Holladay: This district is 261 acres anchored by the Lloyd Mall and connectivity across Interstate 84 and is estimated to generate up to \$290 million in TIF resources. Investment priorities in this district include:

- Lloyd Mall redevelopment (currently in a master planning phase);
- Support for small businesses along the Broadway-Weidler couplet; and
- Enhance connectivity across I-84 to the southern end of the district, which is anchored by the Portland Bottling development opportunity.

Westside: This district is 492 acres and includes portions of downtown and Old Town. It is estimated to generate up to \$800 million in TIF resources. Investment priorities in this district include:

- Reinvigorate the downtown core and Old Town, both of which were significantly impacted by the pandemic and a shift to hybrid work;
- Reimagining downtown as a regional destination; and
- Creating an improved balance between commercial and residential uses.

Fifty-five percent of resources will be invested by Prosper Portland in the following:

- Economic and Urban Development: Predevelopment, storefront improvements, and public-private partnerships.
- Infrastructure, Utilities, Public Realm: Road extensions, parking infrastructure, utility upgrades, and associated demolition and grading Park improvements, new parks and open spaces, streetscape improvements, and signage.

Forty-five percent of resources will be invested by the Portland Housing Bureau in the following:

- Preservation of existing and production of new affordable housing. In accordance with the 2015 Affordable Housing Set Aside Policy, rental housing is created and preserved with a focus on families earning less than 60 percent of area median income, and homeownership housing with focus on families earning 80 percent to 100 percent or less of area median income depending on home size.

EQUITY IMPACT

Development of the TIF plans involved an engagement process that gathered feedback and insight from a robust range of community stakeholders to inform the district boundaries, visions, values, goals, project list, investment priorities, and governance considerations. Equity, inclusivity, and accessibility are key values that provides direction for the process of planning, implementing, and overseeing TIF investment within Portland. Engagement with community stakeholders also sought to ensure that the TIF districts, plans, and reports adequately addressed and prioritized community needs, challenges, and opportunities.

COMMUNITY PARTICIPATION AND FEEDBACK

Prosper Portland and Portland Housing Bureau staff conducted significant and thorough public participation related these actions. Engagement summaries are attached to each TIF plan and provide further detail on the following engagement processes:

East Portland TIF Exploration

Steering Committee. The East Portland Steering Committee was convened in July 2023, and identified three areas for further exploration: East of 205, Parkrose/Columbia Corridor, and 82nd Avenue. As part of the engagement process, the steering committee was chartered to:

- Advise on and review engagement processes;
- Allocate available acreage (land area) and assessed value for further study;
- Provide guidance to working groups on issues that arise with implications across districts;
- Support community-led working groups conducting exploration processes; and,
- Ensure any TIF plans resulting from exploration align with City Council guidance.

Working Groups. Working Groups for each area were selected through an open call process, ensuring key partners and community representatives with deep knowledge of their respective geographies, and the diverse communities within those geographies, would lead the work. The three Working Groups kicked of their work in fall of 2023, charged with:

- Understanding the TIF district creation process and leading deep dive community district exploration conversations;
- Coordinating district-focused community engagement and advising on contracts with community-based organizations and support public events;
- Determining whether to move forward with a TIF district plan and, if supportive, co-creating plan documents with Prosper Portland and City staff for consideration by the Prosper Portland Board of Commissioners and City Council.

Community Project Manager Engagement. The robust effort to engage the broader community in the TIF exploration process included hiring a community-based project manager to facilitate engagement opportunities and be a resource for the community throughout this process. The project manager developed a community survey, developed a short YouTube video, and worked with the Neighborhood Prosperity Network organizations to host a series of community open houses.

Prosper Portland and City-led Engagement. Prosper Portland and City staff facilitated a range of activities related to TIF exploration, including events, twice-monthly virtual office hours, regular email updates to interested parties, one-on-one conversations with community members, and briefings to community organizations. In addition, Prosper Portland contracted with a dozen community/culturally specific organizations to partner on outreach and engagement.

Central City TIF Exploration.

Steering Committee / Subcommittees: The Central City TIF Exploration Steering Committee kicked off work in October 2023 and met as a full committee as well as within interest-specific subcommittees through August 2024. Members of the Central City TIF Exploration Steering Committee represent a broad range of interests and expertise including housing production across varied levels of affordability, economic development, and development of key large scale development opportunities. Steering Committee members also met within subcommittees pertaining to these three areas of expertise during the exploration process.

The Central City TIF Exploration Steering Committee was tasked with considering up to 1,500 acres and \$3.8 billion in assessed value for new TIF districts in Central City; and directed that any new districts created should:

- Acknowledge lessons learned from past TIF districts;
- Advance inclusive economic growth, entrepreneurship and job growth, equitable development, community stabilization, and housing production for a full range of income levels; and
- Balance these priorities with the financial impact to the city budget and other taxing jurisdictions.

Over the course of Steering Committee and subcommittee meetings, members informed the vision, values, and goals for utilization of TIF resources in the Central City; identified investment needs and opportunities to inform district boundaries and priority project lists; and discussed implementation principles and governance considerations. At the conclusion of the exploration process, the Steering Committee voted to recommend the creation of three new TIF districts within the Central City for the Prosper Portland Board and City Council's consideration.

Staff conducted broader community including holding an in-person open house, conducting an online survey, and providing briefings with key community stakeholders/organizations to gather feedback that would help inform district map revisions and investment priorities. Between the open house and the survey, 335 points of feedback were collected. Several neighborhood associations, business districts, and other relevant organizations/coalitions were provided briefings and opportunities for discussion.

BUDGET AND FINANCIAL INFORMATION

The six proposed districts are estimated to raise approximately \$2.8 billion in maximum indebtedness through 2054. Each district was modeled using a three percent average assessed value growth with estimated losses due to Measure 5 compression, discounts, and delinquencies comparable to current trends. Actual assessed value growth and other assumptions may vary, and therefore impact the timing and availability of resources as well as when Revenue Sharing to the overlapping taxing jurisdictions occurs. There is the risk that the recent market trend of declining office and commercial values may

impede tax increment growth and revenue for Central City districts in the initial years. The modeling also assumes modest bond issuances during the timeline of each district. Higher (or lower) bond issuances as opposed to short-term (du jour) financing could occur depending on the timing and need for resources which may further impact the time required complete each district return all incremental assessed value to the overlapping taxing jurisdictions.

Modeling assumptions have established the following maximum indebtedness and project resources (as described below the table):

Central City				East Portland			
Westside				E205			
<i>Uses Summary</i>	<i>First 5 Years</i>	<i>First 10 Years</i>	<i>30 Years</i>	<i>Uses Summary</i>	<i>First 5 Years</i>	<i>First 10 Years</i>	<i>30 Years</i>
<i>Bond Issuance Costs and Reserves</i>	19,469	2,361,713	28,127,695	<i>Bond Issuance Costs and Reserves</i>	22,885	9,228,454	21,747,691
<i>District-Wide Admin/Predev</i>	777,967	3,659,707	30,874,892	<i>District-Wide Admin/Predev</i>	914,486	5,911,656	29,930,092
<i>Affordable Housing</i>	8,402,039	39,524,830	333,448,836	<i>Affordable Housing</i>	9,876,445	63,845,890	323,244,997
<i>Inclusive Growth (Prosper Projects)</i>	10,269,159	48,308,126	407,548,577	<i>Inclusive Growth (Prosper Projects)</i>	12,071,211	78,033,866	395,077,219
Total	19,468,634	93,854,375	800,000,000	Total	22,885,027	157,019,866	770,000,000
Tillikum				82nd Ave			
<i>Uses Summary</i>	<i>First 5 Years</i>	<i>10 Years</i>	<i>30 Years</i>	<i>Uses Summary</i>	<i>First 5 Years</i>	<i>First 10 Years</i>	<i>30 Years</i>
<i>Bond Issuance Costs and Reserves</i>	4,476	17,410	5,642,860	<i>Bond Issuance Costs and Reserves</i>	13,455	5,192,201	16,901,974
<i>District-Wide Admin/Predev</i>	178,856	695,691	7,774,286	<i>District-Wide Admin/Predev</i>	537,643	3,373,101	17,723,921
<i>Affordable Housing</i>	1,931,650	7,513,460	83,962,284	<i>Affordable Housing</i>	5,806,539	36,429,487	191,418,347
<i>Inclusive Growth (Prosper Projects)</i>	2,360,905	9,183,118	102,620,570	<i>Inclusive Growth (Prosper Projects)</i>	7,096,881	44,524,928	233,955,758
Total	4,475,887	17,409,678	200,000,000	Total	13,454,518	89,519,717	460,000,000
Lloyd-Holiday				SPACC			
<i>Uses Summary</i>	<i>First 5 Years</i>	<i>10 Years</i>	<i>30 Years</i>	<i>Uses Summary</i>	<i>First 5 Years</i>	<i>First 10 Years</i>	<i>30 Years</i>
<i>Bond Issuance Costs and Reserves</i>	6,842	26,614	10,155,185	<i>Bond Issuance Costs and Reserves</i>	9,255	3,690,271	11,535,900
<i>District-Wide Admin/Predev</i>	273,412	1,063,480	11,193,793	<i>District-Wide Admin/Predev</i>	369,817	2,320,277	11,938,564
<i>Affordable Housing</i>	2,952,852	11,485,589	120,892,960	<i>Affordable Housing</i>	3,994,028	25,058,994	128,936,491
<i>Inclusive Growth (Prosper Projects)</i>	3,609,042	14,037,942	147,758,063	<i>Inclusive Growth (Prosper Projects)</i>	4,881,590	30,627,659	157,589,045
Total	6,842,148	26,613,626	290,000,000	Total	9,254,691	61,697,201	310,000,000

Uses Description:

- **Bond Issuance Costs and Reserves:** Includes legal and finance fees for bond issuance as well as bond debt service reserves. Bond debt service reserves can be released at bond payoff and used for additional project expenditures.
- **District-Wide Admin/Predevelopment:** Includes district-wide administration including general finance, legal and outreach costs incurred by Prosper Portland to manage each district.
- **Affordable Housing Set Aside:** 45 percent of net of District-Wide Admin/Predevelopment resources used to implement the affordable housing set aside policy. Approximately 25 percent of these resources will be used to implement projects under the policy.
- **Inclusive Growth (Prosper Portland Projects):** Lending and grant programs to support inclusive economic development and infrastructure projects. Approximately 20 percent of these resources will be used to implement projects.

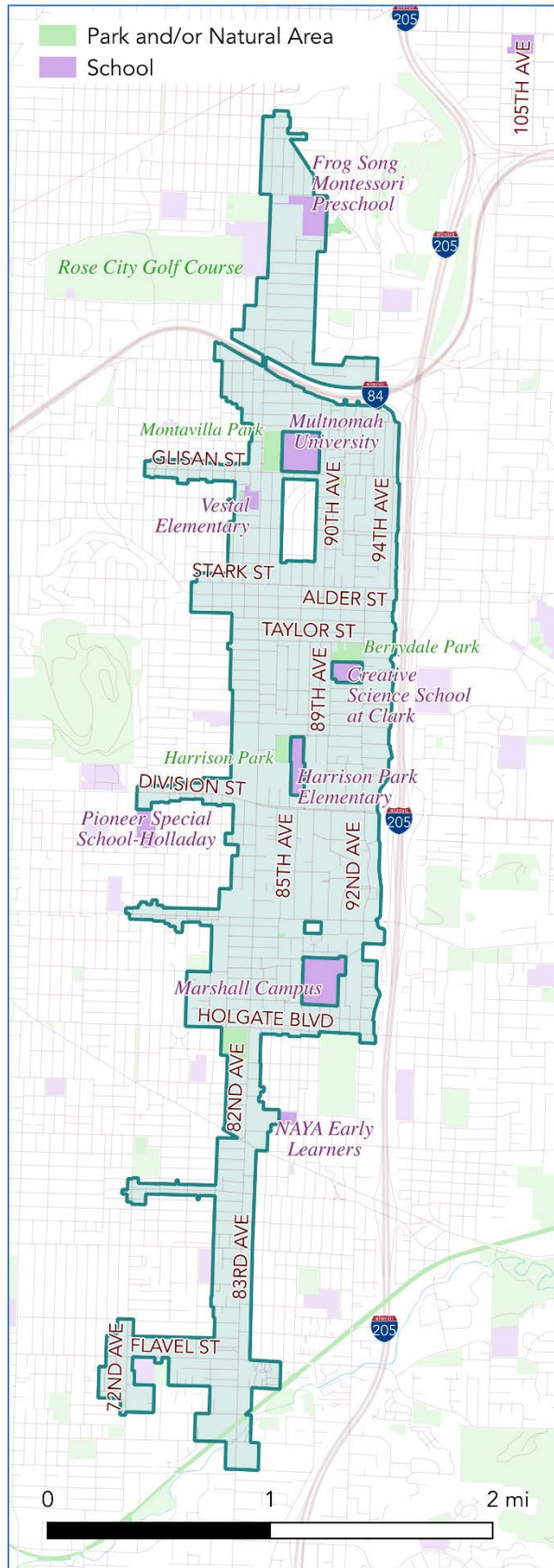
RISK ASSESSMENT

As noted, there is a risk that the recent market trend of declining office and commercial values may impede tax increment growth and revenue for Central City districts in the initial years. There are few other risks to approving these actions, as they will trigger a series of statutorily mandated actions in advance of ultimate decision-making authority of the Portland City Council.

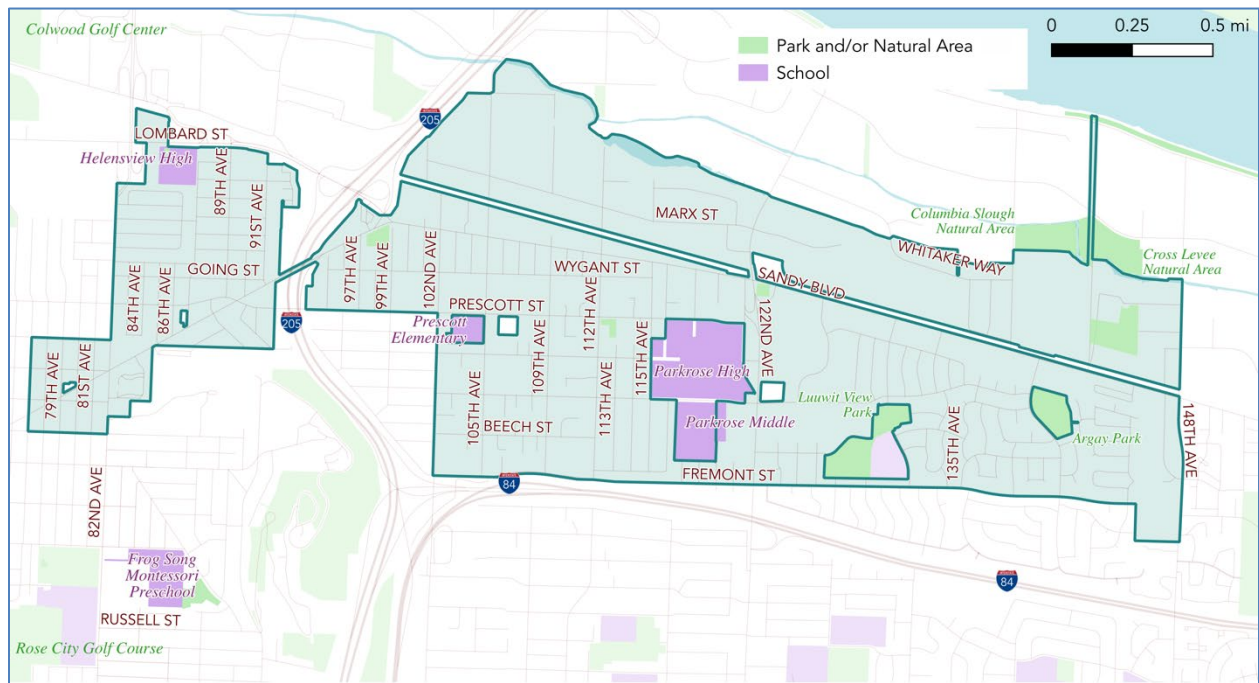
ATTACHMENTS

- Maps of Proposed Tax Increment Finance Districts
- East Portland Steering Committee Members
- Central City Steering Committee Members

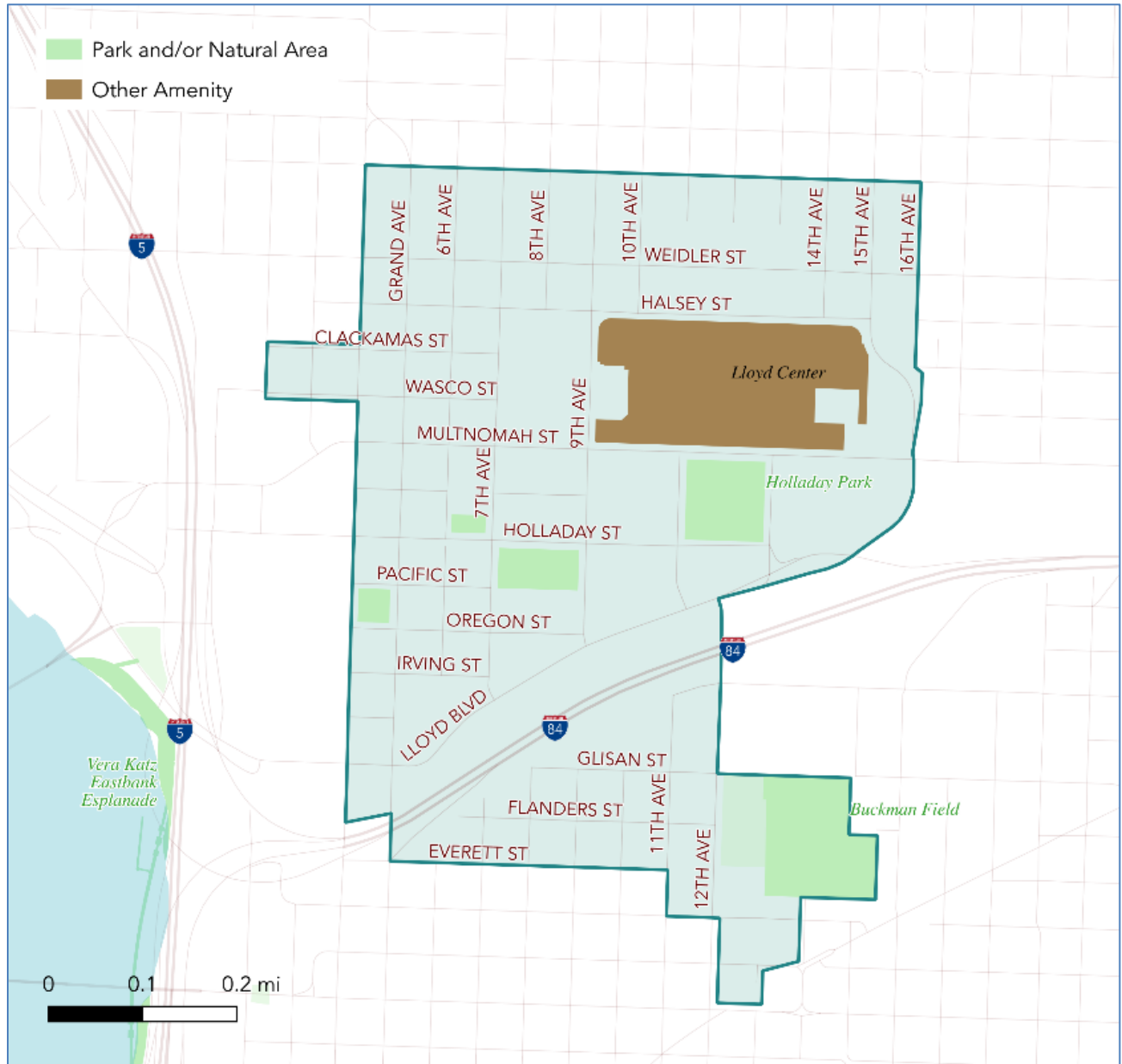
82ND AVENUE AREA MAP



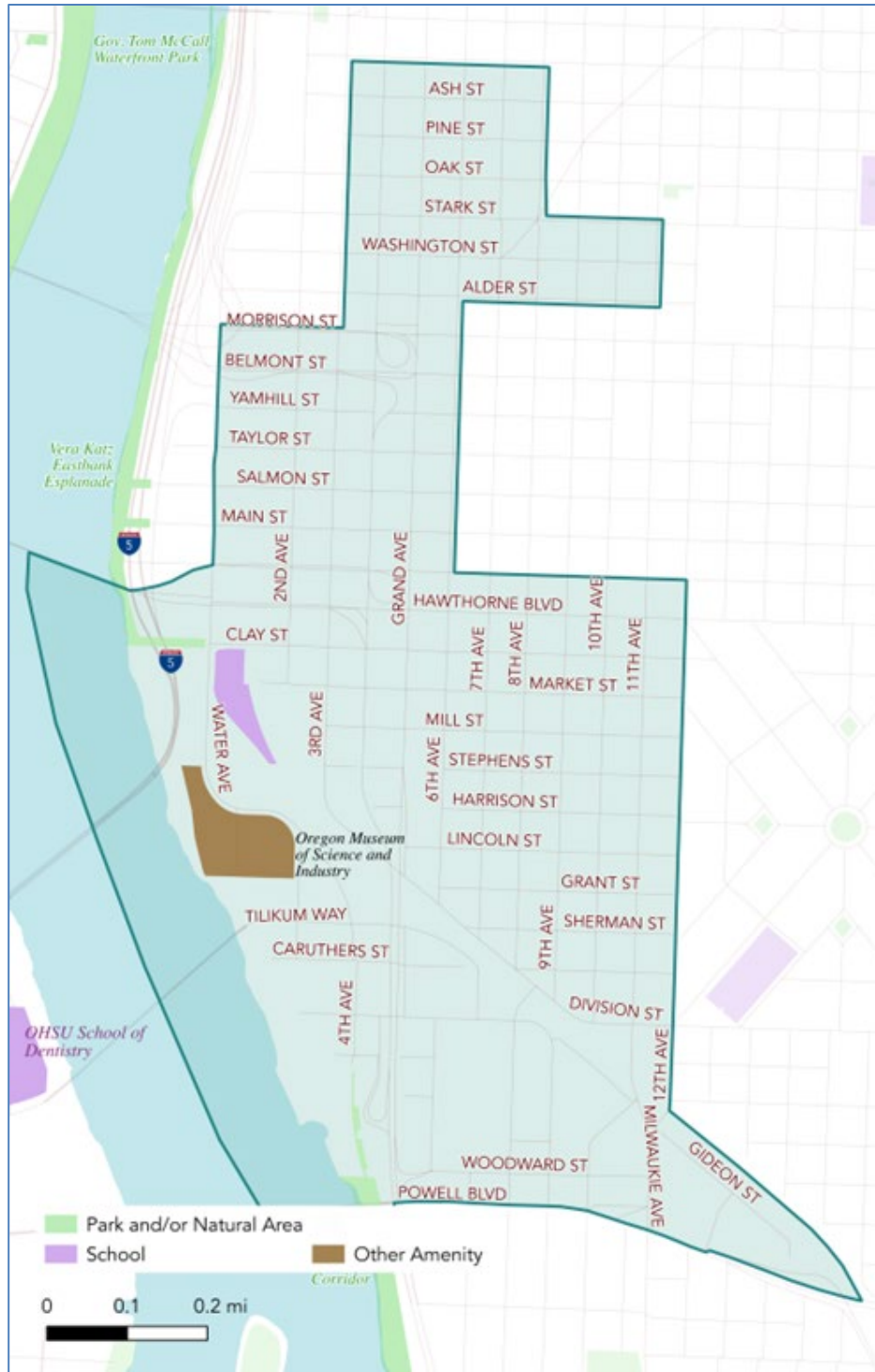
SUMNER-PARKROSE-ARGAY-COLUMBIA CORRIDOR MAP



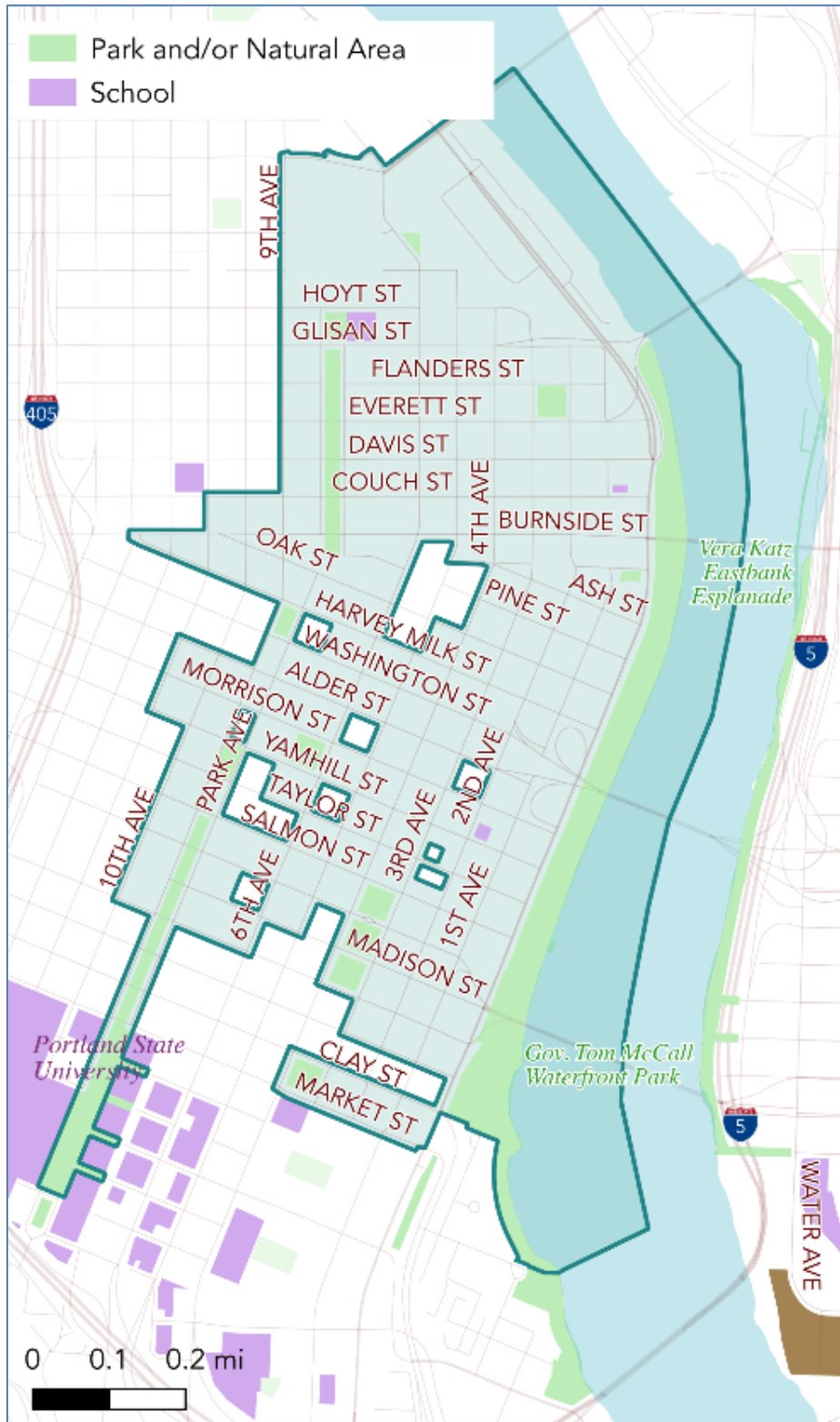
LLOYD-HOLLADAY MAP



CENTRAL EASTSIDE CORRIDOR MAP



WESTSIDE MAP



EAST PORTLAND STEERING COMMITTEE MEMBERS

Name	Affiliation
Alando Simpson	City of Roses Disposal & Recycling
Andy Miller	Our Just Future
Angela Rico	Office of Commissioner Rubio
Annette Mattson	Mt. Hood Community College
Bill Bruce	Raimore Construction
Christina Ghan	Office of Commissioner Rubio
Duncan Hwang	Asian Pacific American Network of Oregon
Jeff Renfro	Multnomah County
Jessica Arzate	Multnomah Educational Services District
Jonath Colon	Centro Cultural
JR Lilly	Former East Portland Action Plan Advocate
Kevin Martin	Renter
Kimberly Branam	Prosper Portland
Lee Po Cha	IRCO
Leslie Goodlow	Portland Housing Bureau
Matina Kauffman	Habitat for Humanity
Moe Farhoud	Property Owner
Mourad Ratbi	East Portland Community Office
Nick Sauvie	Rose CDC
Qing Tan	Pure Spice Restaurant
Sabrina Wilson	Rosewood Initiative
ShaToyia Bentley	The Ebony Collective
Tye Gabriel	East Portland Chamber of Commerce

CENTRAL CITY STEERING COMMITTEE MEMBERS

Name	Affiliation
Angel Medina	Republica
Angela Rico	Office of Commissioner Rubio
Brad Cloepfil	Allied Works
Brian Ferriso	Portland Art Museum/Travel Portland Board
Carolyne Holcomb	Central Eastside Industrial Council
Catherine Ciarlo	Metro
Christina Ghan	Office of Commissioner Rubio
Damien Hall	Home Forward
Dana White	Portland Public Schools
Dr. Carlos Richard	Historic Albina Advisory Board
Eric Paine	Community Development Partners
Erin Graham	OMSI
Gus Baum	Security Properties
Ian Roll	Gensler
James Parker	Oregon Native American Chamber
Jason Chupp	Swinerton
Jason Franklin	Portland State University
Jeff Renfro	Multnomah County
Jessica Curtis	Brookfield Properties/Pioneer Place
Jessie Burke	Old Town Community Association
Jill Sherman	Edlen & Co
JT Flowers	Albina Vision Trust
Kimberly Branam	Prosper Portland
Lauren Peng	CBRE
Marc Brune	PAE Engineers
Mary-Rain O’Meara	Central City Concern
Matt Goodman	Downtown Development Group
Michael Buonocore	Portland Housing Bureau
Millicent Williams	Portland Bureau of Transportation
Monique Claiborne	Greater Portland Inc.

Name	Affiliation
Natalie King	Trail Blazers
Nicole Davison Leon	Hispanic Chamber
Peter Andrews	Melvin Mark
Sam Rodriguez	Mill Creek Residential
Sarah Stevenson	Innovative Housing
Stef Kondor	Related Northwest
Sydney Mead	Portland Metro Chamber
Tom Kilbane	Urban Renaissance Group/Lloyd Mall