

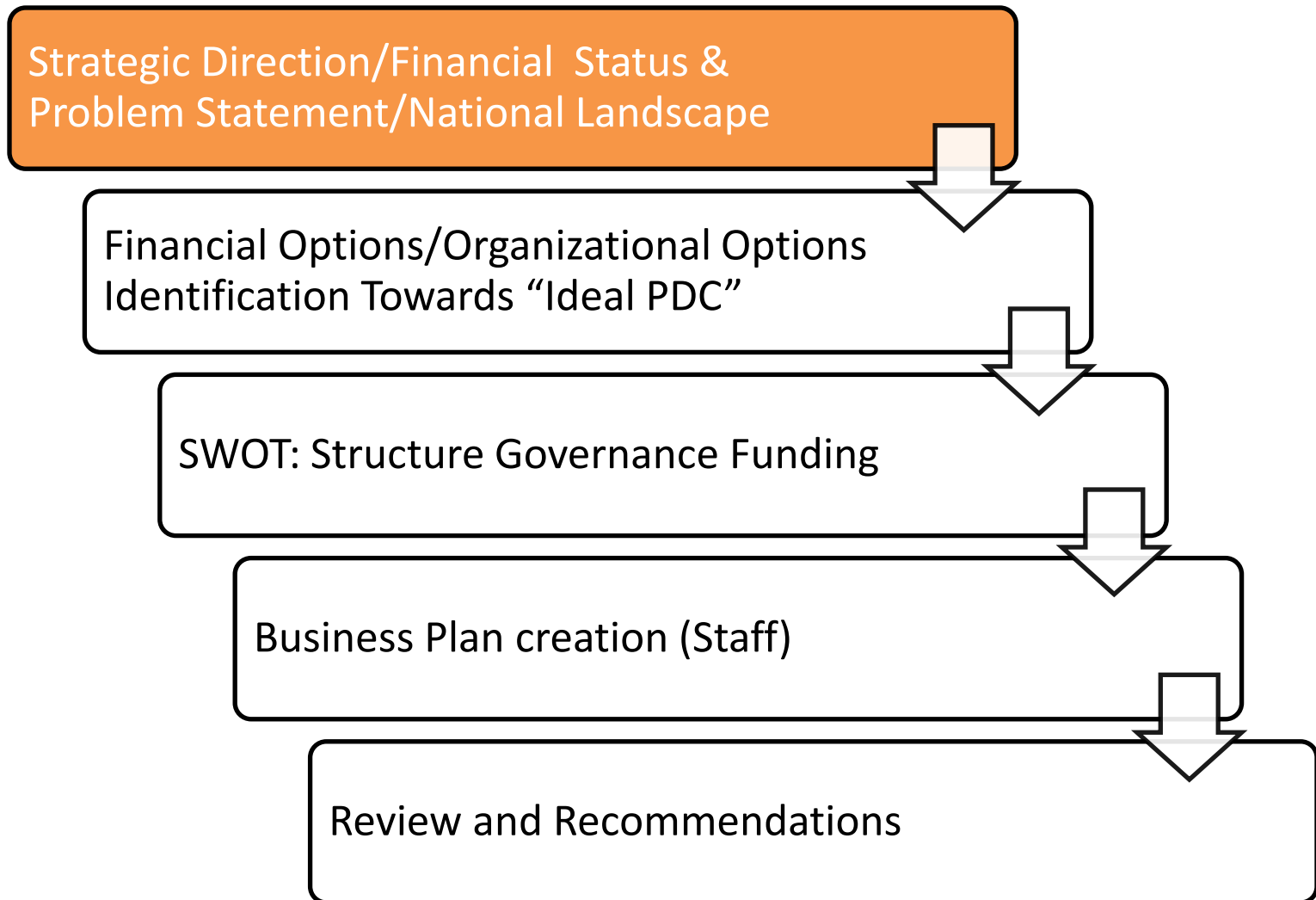
An aerial photograph of a city, likely Portland, Oregon, showing a dense urban area with a mix of residential and commercial buildings, surrounded by lush green trees. In the background, a range of hills is visible under a clear sky. A prominent road runs vertically through the center of the image. A semi-transparent teal rectangular box is overlaid on the lower half of the image, containing white text.

History of PDC, 2015-20 Strategic Plan & Financial Sustainability

Discussion Overview

- Introduction to PDC
- PDC's History & Impact
- Where we work
- Adopted 5-Year Strategic Plan
- Financial Sustainability

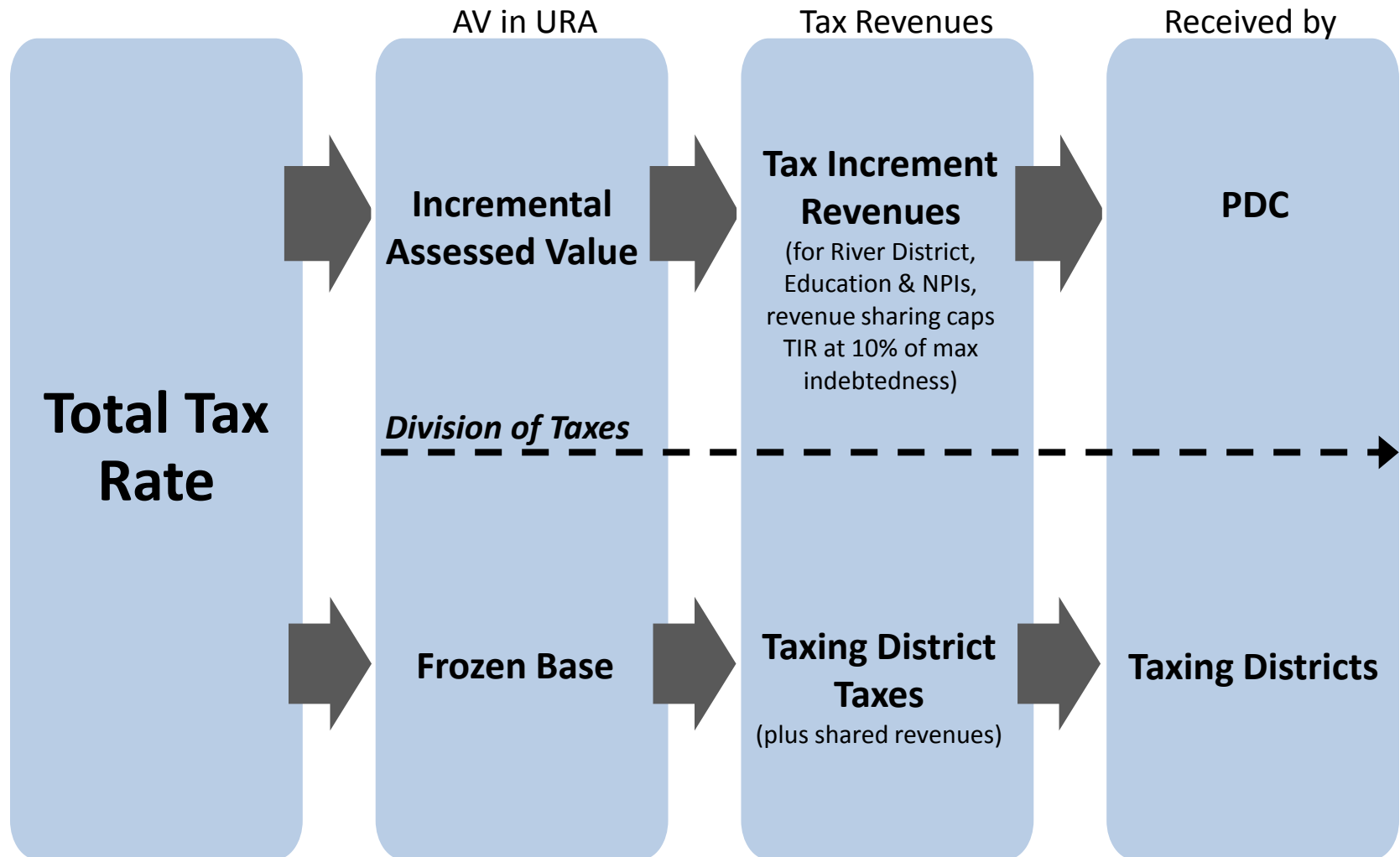
Financial Sustainability Committee Work Plan



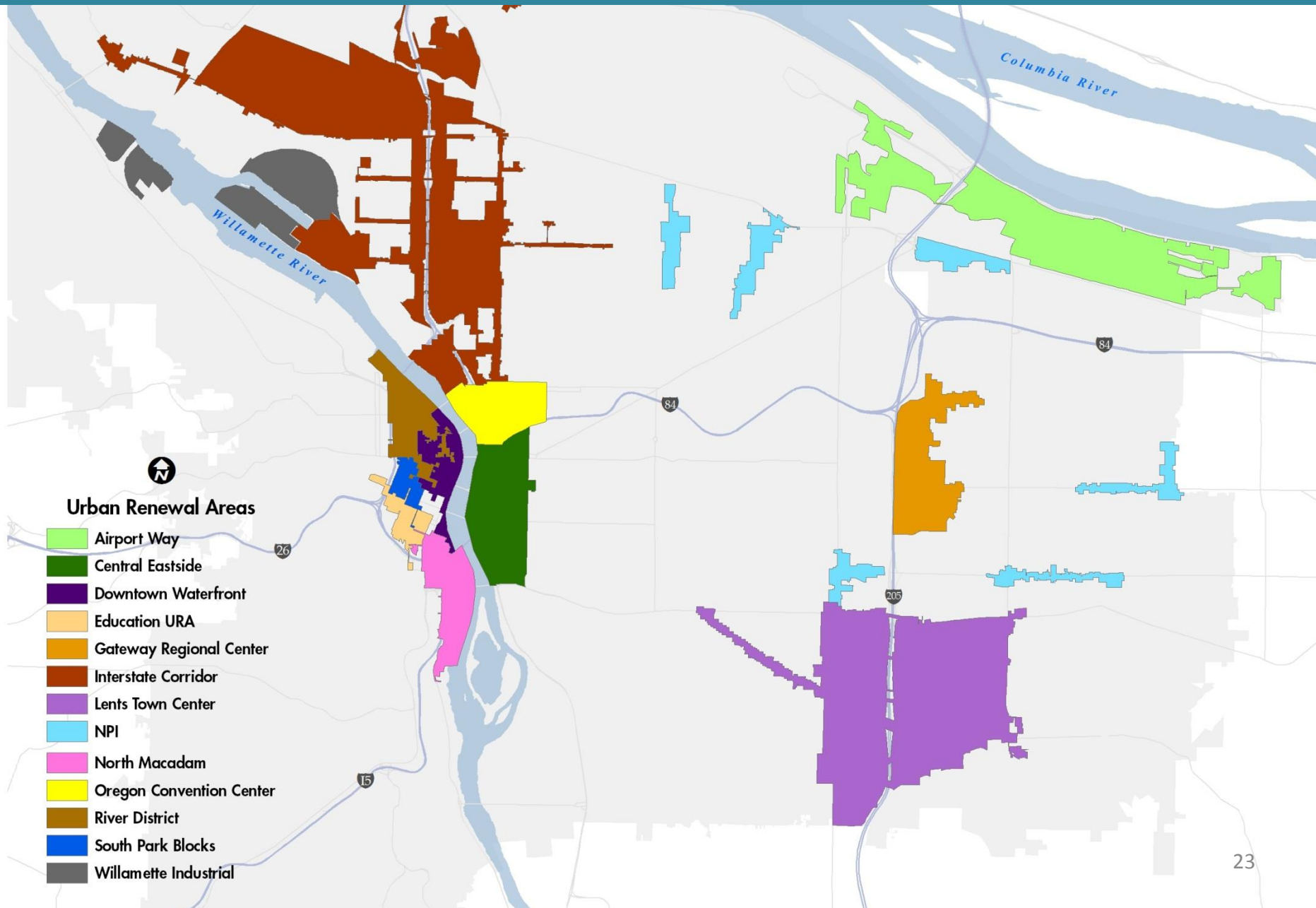
Introduction to PDC

- Independent agency governed by five person commission, appointed by Mayor and City Council.
- Founded in 1958 to initiate urban renewal in Portland.
- Economic development agency for City of Portland.
- Primary source of funding is Tax Increment Financing
- Annual budget: \$145 M
- 95 Staff

Background: Urban Renewal Overview



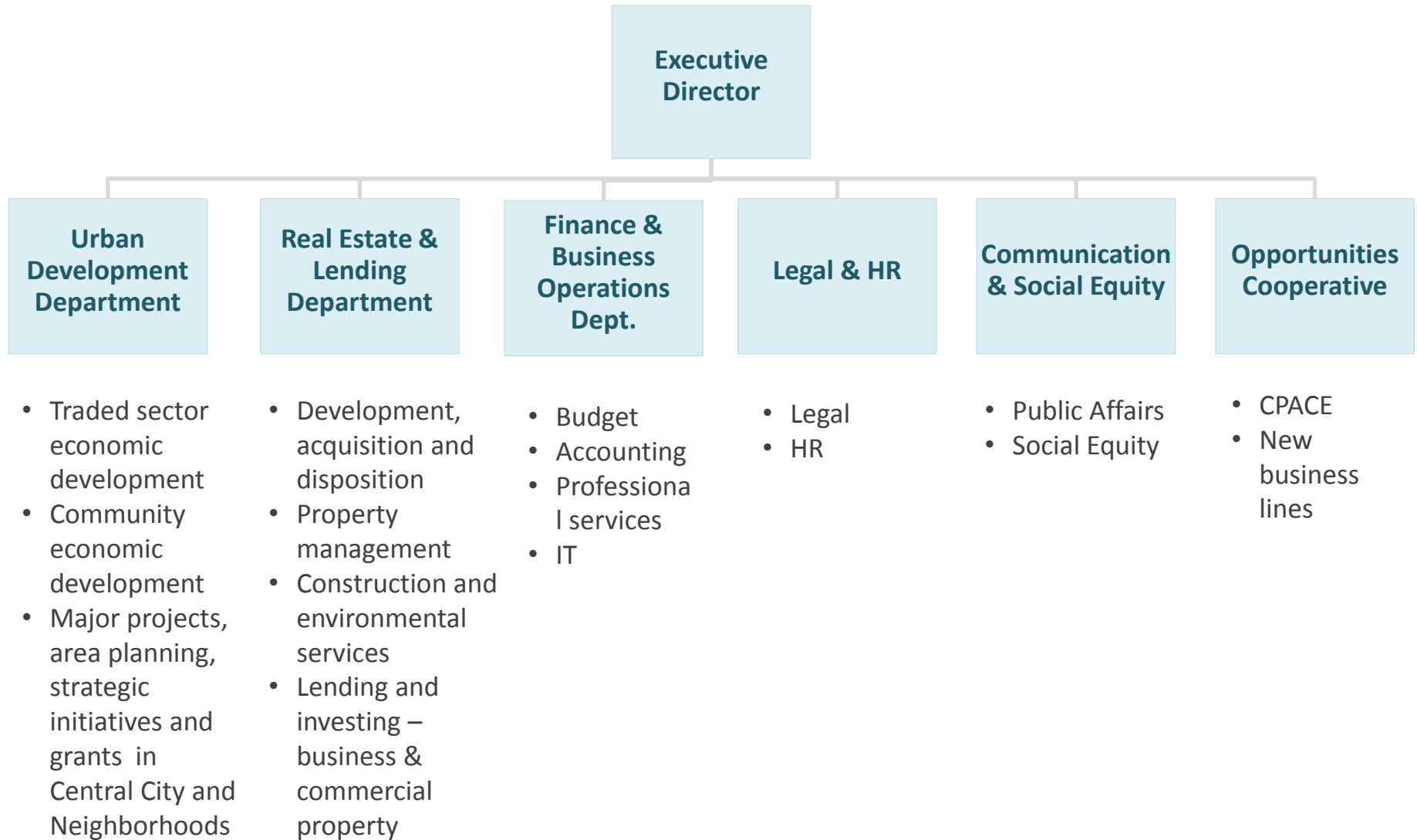
Where We Work



The Plan – 5 Related Objectives



PDC Organizational Structure



Notable Changes & Current Realities

1. City Council as PDC Budget Committee
2. Affordable Housing Set-Aside Policy
3. Creation of Portland Housing Bureau→ PDC no longer does Affordable Housing
4. Portland Economic Development Strategy
5. Neighborhood Economic Development Strategy
6. Significant resource challenge: “TIF Cliff”
7. 2013 Reduction in Force & Reorganization
8. Amendments to 6 URAs

Recent URA Amendments

Objectives:

- Reduce impact of urban renewal on taxing jurisdictions
- Provide resources to meet City's community development , economic development, and affordable housing goals
- Support Portland State University (PSU)

Actions Taken:

- Closed or reduced: Willamette Industrial, River District, Airport Way, Education District Urban Renewal Areas (URAs)
- Extend and expand: North Macadam, Central Eastside URAs
- Solidify partnership with PSU via Development Agreement
- Zidell Development Agreement

Recent URA Amendments

Net Impact:

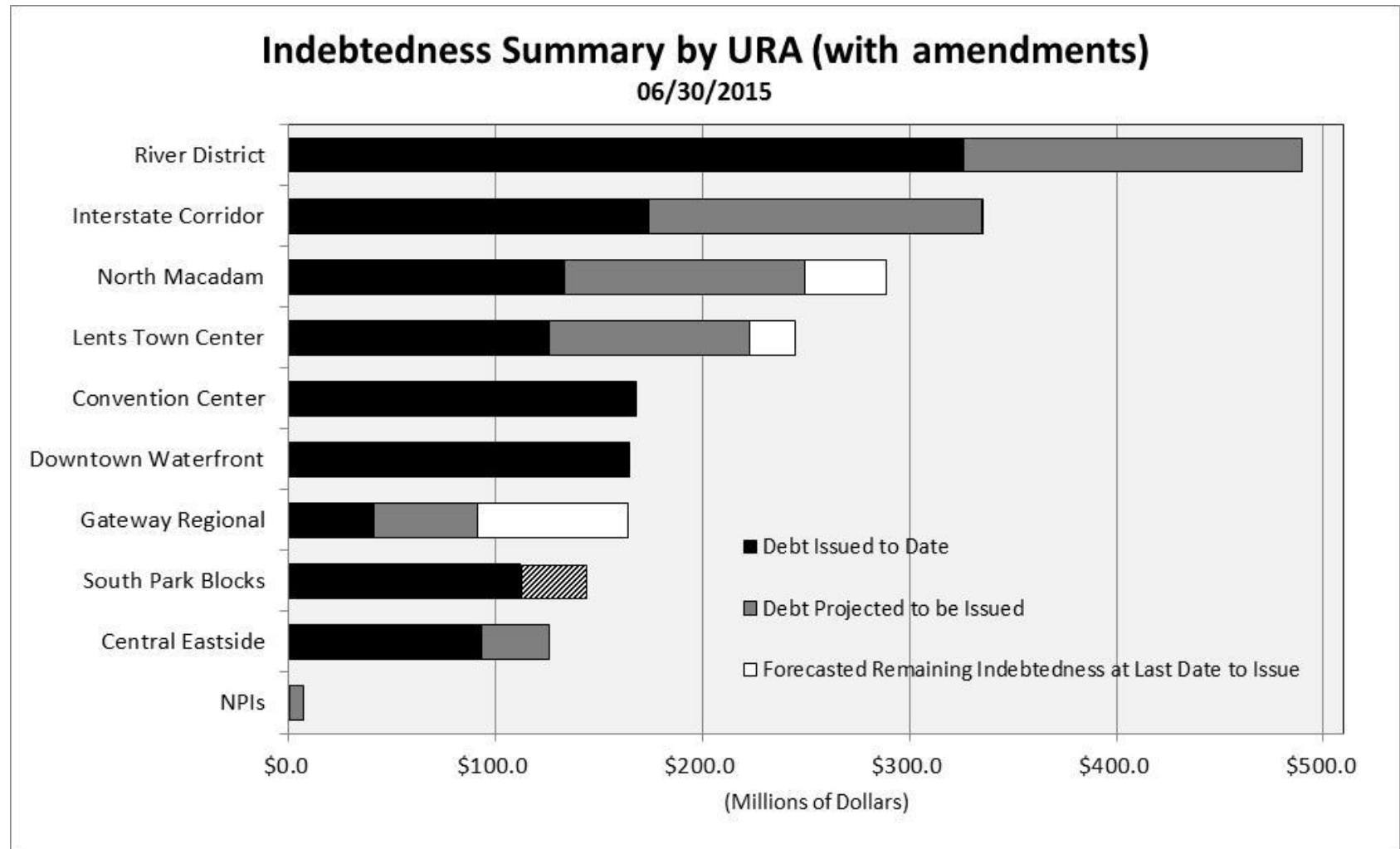
- Return ~\$1.06 B to tax rolls in FY 2015-16
- Provide additional ~\$5 M to taxing jurisdictions in FY 2014-15
- Provide additional ~\$158 M (\$67 M NPV) to taxing jurisdictions over 30 years
- Maintains investment in affordable housing
- Seizes opportunities to implement Central City 2035 objectives in University District, South Waterfront, Central Eastside Industrial District, Old Town/Chinatown

Long Term Financial Sustainability

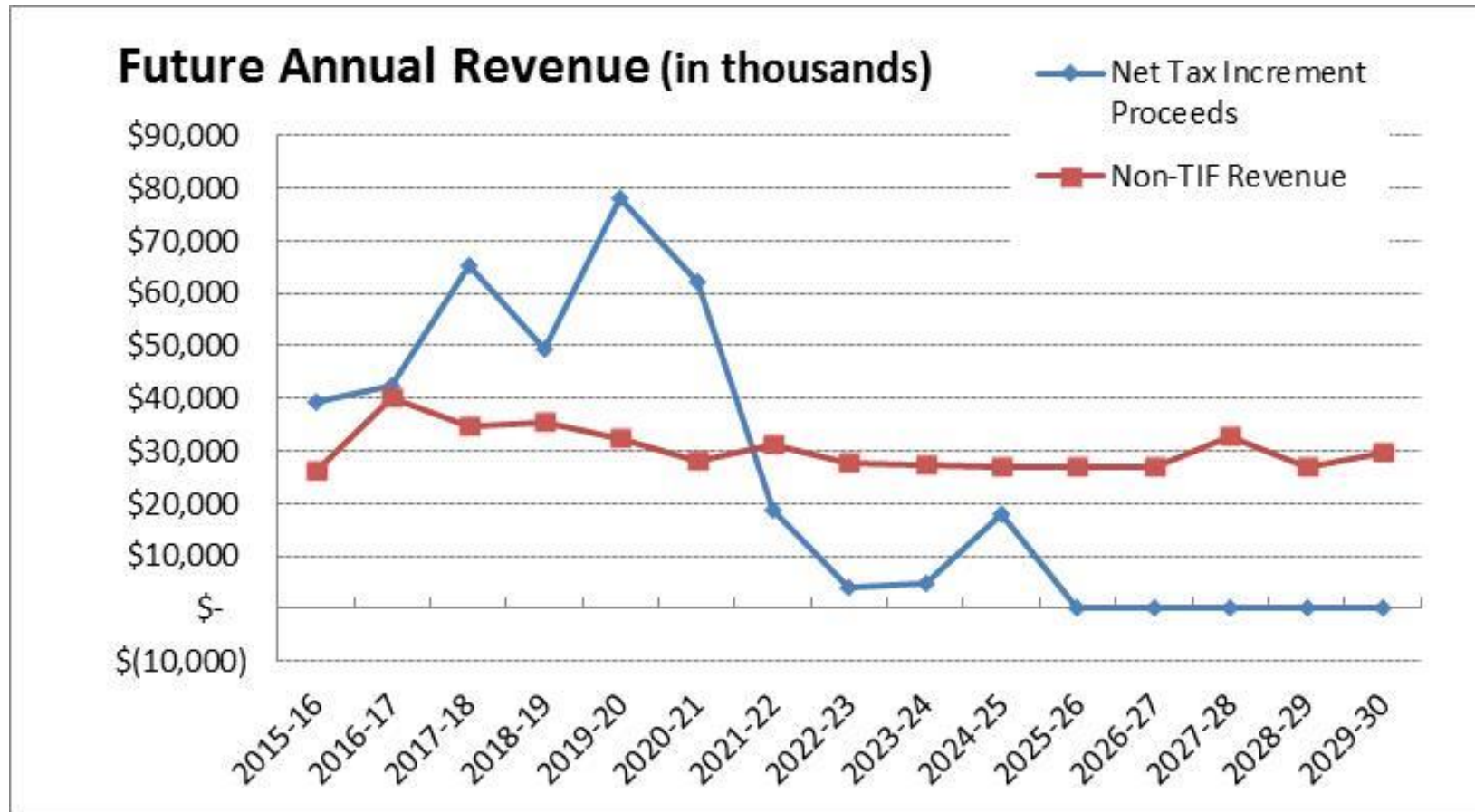
Status Quo:

- The ability to issue debt on remaining urban renewal areas will expire within the next decade
- Even after spending all remaining funds, districts remain locked in urban renewal with no investment until debt is repaid
- Recommendations of new tax increment districts have been highly scrutinized in light of the financial impacts on taxing jurisdictions.

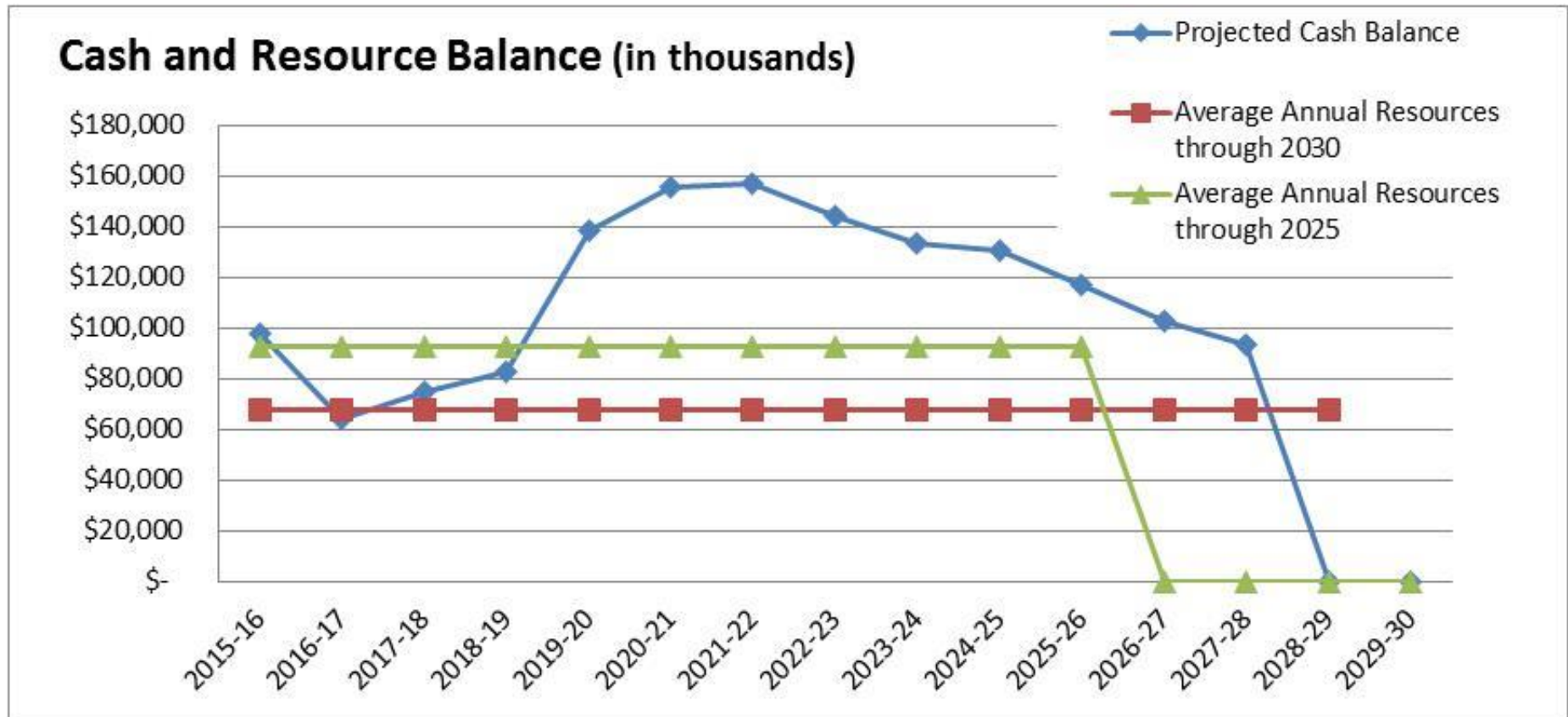
Maximum Indebtedness – Current



Declining New Resources



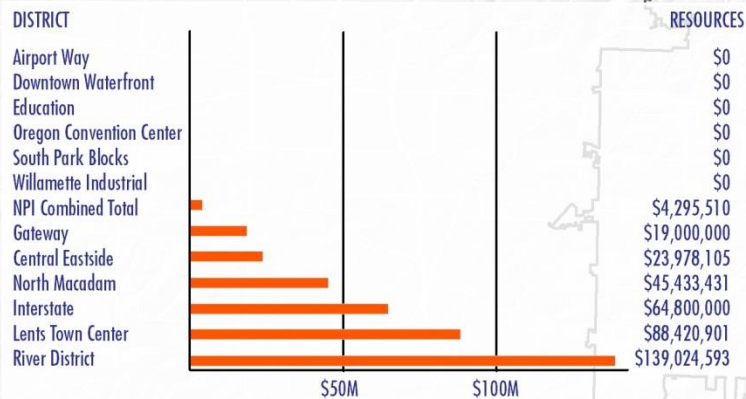
Total Resource Spend Down



NEW TIF RESOURCES

FY 2015-16 through FY 2019-20

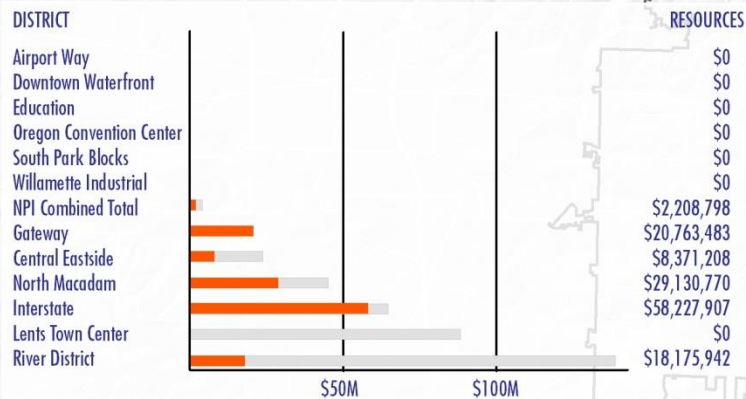
\$384,952,539



NEW TIF RESOURCES

FY 2020-21 through FY 2021-22

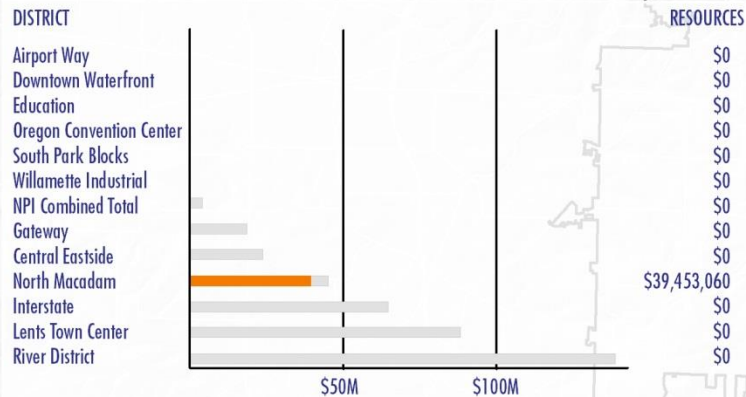
\$136,928,109



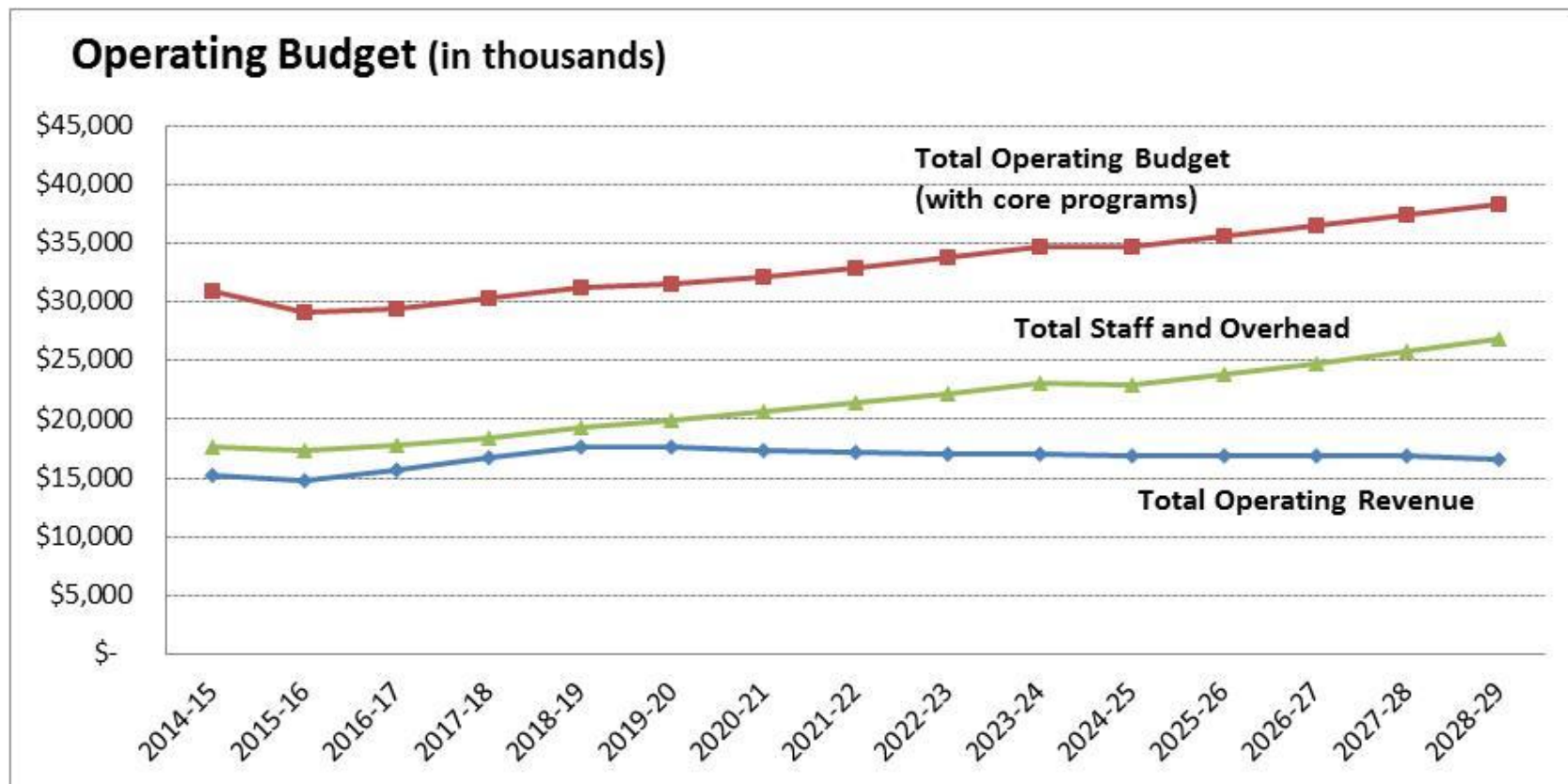
NEW TIF RESOURCES

FY 2022-23 through FY 2024-25

\$39,453,060



Forecasted Operating Budget



Current PDC Non-Cash Assets

June 30, 2015 Loan Balances			
Loan Type	# of Loans by Type	Portfolio Balance	Balance After Loan Allowance
Commerical Amortized	159	37,129,229	32,439,069
Cash Flow	2	2,960,655	2,812,622
Deferred Payment	25	21,977,884	10,988,942
Total	186	\$ 62,067,768	\$ 46,240,633

June 30, 2015 Property Held for Sale		
URA	PDC Book Value	Model
Airport Way	10,042,918	9,498,475
Central Eastside	152,396	152,396
Convention Center	11,683,911	3,670,140
Downtown Waterfront	2,902,768	5,108,900
Gateway	4,068,519	940,000
Interstate	6,903,862	590,252
Lents	7,537,016	5,350,279
North Macadam	6,554,627	3,000,000
River District	13,396,989	11,650,980
South Park Blocks	3,459,855	0
Other	398,212	0
Total	\$ 67,101,073	\$ 39,961,422

TIF is not the answer

- High assessed value land is within URAs with long term debt
- Political climate for new districts is challenging (local and statewide)
- Long duration for meaningful financial growth means new districts won't materially change resource picture for another 15-20 years
- Draft strategic plan calls for resources more flexible than TIF

Known Opportunities

Known Opportunities:

- Lending practices
- Real Estate-owned/disposition practices
- Mission-oriented funds
- Partnership with local/national foundations
- Property Assessed Programs
- Foreign Direct Investment
- Services/transaction fees
- Real Estate Development and Operations
- Community Development Financial Institution
- Community Development Entity