



PROSPER
PORTLAND
Building an Equitable Economy

DATE: August 14, 2019
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 19-37
Adopting a Five-Year Extension to the Old Town/Chinatown Action Plan

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7330

This action by the Prosper Portland Board of Commissioners (Board) will extend the Old Town/Chinatown Action Plan (Action Plan) for an additional five years, from fiscal year (FY) 2019-20 to FY 2023-24. If approved, this action will affirm Prosper Portland's commitment to neighborhood investment, business vitality, and district livability in Old Town/Chinatown through allocating over \$53,000,000 in tax increment finance (TIF) resources. The original Action Plan, adopted by Portland City Council (City Council) through Ordinance No. 186744 on August 6, 2014, is a comprehensive community development initiative to create a vibrant, economically healthy neighborhood in Old Town/Chinatown that has resulted in significant accomplishments, which staff discussed at the June 12, 2019 Prosper Portland Board meeting.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Extending the Action Plan aligns with the following Prosper Portland Strategic Plan objectives:

1. Creating healthy, complete neighborhoods through supporting the redevelopment of key public and private sites, the addition of neighborhood-serving businesses, and measures to improve the safety and cleanliness of the district.
2. Providing access to high quality employment by emphasizing traded sector job growth in the Technology and Media and Athletic and Outdoor industries.
3. Fostering wealth creation by providing technical and financial assistance to long-time property owners of color in redeveloping their buildings and land.
4. Forming 21st century civic networks, institutions, and partnerships through the support of the many cultural and educational institutions in the neighborhood.

BACKGROUND AND CONTEXT

The Action Plan focuses public and community investments in Old Town/Chinatown into three principal categories and objectives:

1. Attract new neighborhood investment to activate key properties and improve district connectivity;
2. Promote business vitality by increasing employment and retail activity; and
3. Align resources and build local capacity for improving district livability.

Since Action Plan adoption in 2014, Old Town/Chinatown has experienced tremendous progress toward these broad objectives. Following is a summary of the major achievements:

- 260 new middle-income housing units;
- Nine major buildings renovated or redeveloped including:
 - New 150,000 square foot Multnomah County Health Department headquarters
 - The Hoxton and Society hotels
 - 38 Davis, a mixed-use redevelopment that features 65 residential units and 80,000 square feet of commercial space anchored by Ankrom Moisan Architects
- More than 600 new living wage jobs, a 10 percent increase over the previous five years with \$97,000,000 in added wages;
- University of Oregon expansion
- More than 24 new retail stores and other businesses including Mi Mero Mole, Pine Street Market, Produce Organic and Laundry streetwear companies, Bridgetown Barber Society, Pensole Design Academy expansion, Moovel Software, WeWork, Airbnb

The proposed Action Plan Extension maintains the original focus on neighborhood investment, business vitality, and district livability, while seeking to capitalize on the progress made since 2014. It prioritizes public safety and livability (specifically related to homelessness and sanitation), housing, parking replacement, and seismic upgrades. Following is an analysis of the strengths, weaknesses, opportunities, and threats facing the neighborhood.

Strengths

- Job growth - more than 600 living wage jobs created in past five years
- Strong cultural attractions in Lan Su Garden, Portland Chinatown History Museum, Oregon Nikkei Legacy Center
- Hoxton and Society hotels provide new energy in the district
- Young entrepreneurs of color are investing in Old Town/Chinatown, adding to retail vibrancy;
- Community organization is in place to support goals and activities
- Low office vacancy rate in the Central City (13.2 percent according to Portland Business Alliance Clean and Safe 2019 Report)
- Low retail vacancy rate in Downtown (4.4 percent) supports continued proliferation of less formal venues, including farmers markets, food carts, and pop-up retailers
- Demographic and income changes (population increased from 3,982 in 2012 to 4,520 in 2018; median income increased during the same period from \$16,201 to \$24,668)

Weaknesses

- Crime
- Localized retail vacancy
- Continued lack of community services such as neighborhood-serving retail
- The neighborhood continues to substantially lag investment in all other parts of the Central City (as of May 2014, only three of 18 construction projects on the west side were in Old Town/Chinatown)

Opportunities

- Central City 2035 planning framework in place
- \$53,000,000 allocated TIF resources still available
- Vacant retail presents opportunity to attract new neighborhood-serving businesses
- Disposition and development of Prosper Portland-owned properties at 4th & Burnside and Block 25

- One Pacific Square (220 NW 2nd Avenue) building owner is investing to attract new tenants
- Lan Su Garden’s impressive expansion plans for a cultural center and hotel are progressing
- Initiation of a task force to strongly encourage seismic upgrades for smaller buildings that is targeting long term property owners, many of whom are of color
- Collaboration with Portland Bureau of Transportation on the NW Flanders Bikeway Project and improved connectivity

Threats

- Cost to redevelop unreinforced masonry buildings
- No replacement parking without costly public investment

The following section outlines the major priorities and projects for the community for the next five years of the Action Plan to improve the neighborhood and to facilitate the generation of wealth considering the strengths, weaknesses, opportunities, and threats facing the neighborhood.

Action Plan Priorities FY 2019-20 through FY 2023-24

1. Support neighborhood, business vitality, and district livability

- While investments can be made throughout the entire Focus Area, priority for TIF resources will be given to the neighborhood core east of NW Broadway, south of NW Glisan Street and north of West Burnside (see Attachment A)

2. Neighborhood investment

- **Private property:** Facilitate development on surface parking lots and rehabilitation of privately-owned property
- **Prosper Portland-owned properties:** Develop 4th & Burnside and Block 25 with an emphasis on adding mixed-income housing and neighborhood-supporting retail
- **Strategic infrastructure and connectivity improvements:** This includes potential support for the NW Flanders Bike Route connecting Old Town/Chinatown, the Pearl District, and the Alphabet District West of Interstate 405

3. Business Vitality

- **Neighborhood Business and Retail:** Expand and enhance retail with emphasis on neighborhood-supporting services by supporting current neighborhood businesses and investing in new businesses;
- **Entrepreneurship:** Foster a supportive environment for startup business and expansion, especially for owners who are people of color;
- **Cluster Industry:** Invest in initiatives that support cluster industry and traded sector;
- **Honor and enhance the district’s multi-ethnic history and coordination:** Support the Lan Su Garden Cultural Center expansion and continued engagement with educational institutions in opportunities for partnership, program support, and expansion. Support the Oregon Nikkei Endowment in establishing a permanent home within the district.

4. District Livability: Identify strategic safety initiatives emphasizing sanitation and cleanliness and support the recommendations of the Old Town/Pearl District Joint Task Force on homelessness.

The SWOT analysis helped inform the extended Action Plan by reinforcing the need to focus on equity when planning and executing projects in Old Town. Success can be accomplished by leveraging the strengths and opportunities presented by the availability of financial resources, redevelopable lots and buildings, all combined with entrepreneurs, business and land owners willing to invest in Old Town/Chinatown. The analysis also affirmed the strength and importance of the cultural and educational institutions here and their importance to help drive further neighborhood livability.

EQUITY IMPACT

Old Town/Chinatown has a long history of serving as a multicultural home to many diverse communities and as a gateway to Portland and the Pacific Northwest for immigrants. The Action Plan honors this past by supporting the cultural institutions and by aiding long-time property owners and entrepreneurs of color and other diverse businesses, thus adding to the strength and vibrancy of the neighborhood.

COMMUNITY PARTICIPATION AND FEEDBACK

The Action Plan extension and priorities have the support of and were developed in coordination over the past year with the Old Town Community Association. In addition, staff conducted six public outreach sessions and focus group meetings in spring 2019 to gain input on community priorities for the Block 25 and the NW 4th & Burnside Prosper Portland-owned properties. More than 140 community members and stakeholders attended these sessions, providing valuable information that informed both the Action Plan and the Requests for Proposals that were subsequently issued on these properties.

BUDGET AND FINANCIAL INFORMATION

The Old Town/Chinatown District encompasses parts of two TIF districts: Downtown Waterfront and River District. When the Action Plan was originally adopted in 2014, Prosper Portland made a commitment to invest a total of \$57,000,000 in combined TIF district funds. As of the date of this report, approximately \$4,000,000 of these funds have been expended, leaving a potential \$53,000,000 remaining.

In addition to Prosper Portland TIF funds, the original Action Plan was also funded by a System Development Charge (SDC) waiver pilot program that excepted up to 500 housing units from SDCs if units were made affordable at 60 percent of Median Family Income (MFI) or less for five years, then 100 percent MFI or less for 10 years. As a result of the SDC waiver pilot program, two projects including 63 middle-income residential units were constructed in the neighborhood. The SDC waiver pilot program will not be extended with the Action Plan; rather, inclusionary zoning will ensure that new market rate development includes middle-income housing.

Portland City Council authorized \$90,000 in General Fund resources over three years to fund the Old Town Community Association District Manager position that assists with promotion, business recruitment, and retention. The Old Town Community Association matched this amount dollar for dollar and beginning in FY 2020-21 will fully fund the position.

While the vast majority of the original Action Plan financial commitment is unspent, staff anticipates that there will be more demand for Prosper Portland investment in the future as the Block 25 and 4th & Burnside projects and other redevelopment projects progress, as they may require public investment to deliver on public benefits, goals for cultural amenities, and parking.

Below is a table summarizing past and proposed future funding sources for the implementation of the Action Plan.

Source of Funds	FY 2014/15 to FY 2018/19	FY 2019/20 to FY 2023/24	Total
Prosper Portland TIF	\$4,000,000	\$53,000,000	\$57,000,000
City General Fund	\$60,000	\$30,000	\$90,000
Old Town Community Association	\$60,000	\$270,000	\$330,000
SDC Fee Waivers	\$725,000	\$0	\$725,000
Total	\$4,845,000	\$53,300,000	\$58,145,000

Of note, the River District Five-Year Forecast is out of balance due to more conservative assumptions on holding costs, predevelopment costs, and sale of the U.S. Postal Service property in the Broadway Corridor. Staff anticipates resolving the budget deficit through i.) securing additional revenue from assets in the district and/or ii.) reducing programmed expenditures and will explore scenarios and refine estimates in advance of the FY 2020-21 budget development process. See both the River District and Downtown Waterfront TIF district financial summaries in Attachment B.

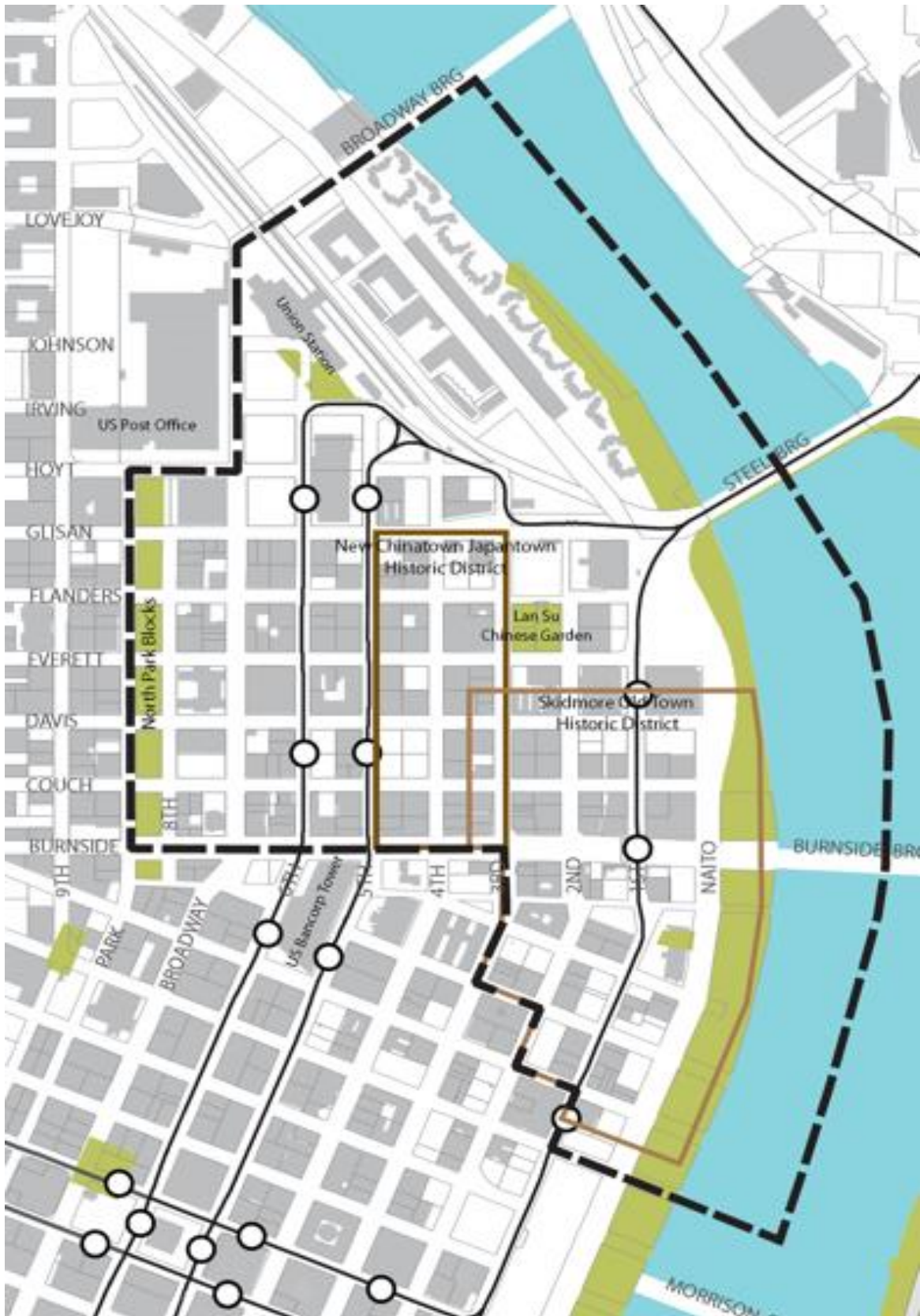
RISK ASSESSMENT

While there is a risk is that funds may remain unspent due to an economic downturn or other unforeseen events, the TIF resources will remain within the TIF district budgets.

ATTACHMENTS

- A. Old Town/Chinatown Action Plan Focus Area
- B. River District and Downtown Waterfront Financial Summaries

Old Town/Chinatown Action Plan Focus Area



River District Financial Summary

	Revised 2 FY 2018-19	Adopted FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23	Forecast FY 2023-24
River District TIF Fund						
A00276-Post Office-RVD	-	-	-	10,000,000	-	-
A00279-Broadway Corridor-RVD	2,299,045	1,028,263	-	-	-	-
A00280-10th & Yamhill Redev-RVD	4,038,912	-	-	-	-	-
A00284-Multnomah County-RVD	9,500,000	-	-	-	-	-
A00517-OT/CT Investment & Parking-RVD	7,665,308	9,345,026	-	-	-	-
Redevelopment Grants						
A00390-CLG-General-RVD	152,519	100,000	100,000	100,000	100,000	100,000
A00497-Prosperity Investment Program (PIP) Grant-RVT	450,000	250,000	250,000	250,000	250,000	250,000
Property Redevelopment Total	29,833,880	25,287,099	25,353,592	20,481,795	4,637,840	4,422,483
Total Program Expenditures	36,382,927	29,131,182	40,242,030	55,644,834	4,670,938	4,455,581
Personnel Services	1,038,455	704,721	726,300	727,346	756,463	712,487
Total Fund Expenditures	37,421,382	29,835,903	40,968,330	56,372,180	5,427,401	5,168,068
Interfund Transfers - Indirect Charges	5,954,028	4,603,839	4,091,272	4,106,644	4,314,263	4,298,513
Contingency	52,888,175	35,745,471	6,388,708	(39,811,334)	(45,541,329)	(50,964,046)
Total Fund Requirements	96,263,585	70,185,213	51,448,310	20,667,490	(35,799,665)	(41,497,465)

Downtown Waterfront Financial Summary

Financial Summary Five-Year Forecast

	Revised 2 FY 2018-19	Adopted FY 2019-20	Forecast FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23	Forecast FY 2023-24
Downtown Waterfront URA Fund						
Resources						
Beginning Fund Balance	44,205,229	37,201,421	5,932,797	2,141,075	1,533,314	872,485
Revenue						
Fees and Charges	1,110	290	290	276	-	-
Interest on Investments	511,962	426,530	411,952	136,419	115,751	70,421
Loan Collections	192,706	97,831	97,831	95,946	80,860	80,860
Property Sales	24,000	10,000	-	-	-	-
Rent and Property Income	48,830	9,740	740	740	740	740
Reimbursements	29,789	17,000	17,000	17,000	17,000	17,000
Transfers In	-	-	937,000	-	-	-
Total Revenue	808,397	561,391	1,464,813	250,381	214,351	169,021
Total Resources	45,013,626	37,762,812	7,397,610	2,391,456	1,747,665	1,041,506
Requirements						
Administration						
A00023-Debt Management-DTW	12,621	12,121	12,121	12,121	12,121	12,121
Administration Total	12,621	12,121	12,121	12,121	12,121	12,121
Economic Development						
Community Economic Development						
A00083-OT/CT Action Plan-DTW	2,600	-	-	-	-	-
Business Lending						
A00202-BL-General-DTW	100,100	100,100	100,100	-	-	-
Economic Development Total	102,700	100,100	100,100	-	-	-
Housing						
A00164-Affordable Housing-DTW	1,787,488	-	-	-	-	-
Housing Total	1,787,488	-	-	-	-	-
Property Redevelopment						
Commercial Property Lending						
A00359-CPRL-General-DTW	-	1,068,867	4,300,000	-	-	-
Real Estate Management						
A00258-Old Town Lofts-Accel-DTW	37,000	45,800	-	-	-	-
A00259-Old Town Lofts-Prkng-DTW	5,126	1,800	-	-	-	-
A00260-RiverPlace Marina-DTW	17,000	17,000	17,000	17,000	17,000	17,000
A00263-One Waterfront South-DTW	5,000	-	-	-	-	-
Real Estate Disposition						
A00259-Old Town Lofts-Prkng-DTW	-	1,500	-	-	-	-
Redevelopment Strategy						
A00522-OT/CT Investment & Parking-DTW	5,000,000	30,039,646	-	-	-	-
Redevelopment Grants						
A00389-CLG-General-DTW	149,785	100,000	100,000	100,000	100,000	100,000
A00495-Prosperity Investment Program (PIP) Grant-DTW	300,000	200,000	200,000	200,000	200,000	200,000
Property Redevelopment Total	5,513,911	31,474,613	4,617,000	317,000	317,000	317,000
Total Program Expenditures	7,416,720	31,586,834	4,729,221	329,121	329,121	329,121
Personnel Services	112,419	114,675	118,187	118,357	123,092	115,936
Total Fund Expenditures	7,529,139	31,701,509	4,847,408	447,478	452,213	445,057
Interfund Transfers - Indirect Charges	283,066	128,506	409,127	410,664	422,967	408,087
Contingency	37,201,421	5,932,797	2,141,075	1,533,314	872,485	188,362
Total Fund Requirements	45,013,626	37,762,812	7,397,610	2,391,456	1,747,665	1,041,506