



PROSPER
PORTLAND
Building an Equitable Economy

DATE: September 11, 2019
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 19-45

Authorizing an Intergovernmental Agreement with the City of Portland Bureau of Transportation for up to \$2,000,000 in Funding for Instructure Improvements in the Gateway Regional Center Tax Increment Finance District

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7341

This action by the Prosper Portland Board of Commissioners (Board) will authorize the executive director to negotiate and execute an Intergovernmental Agreement (IGA) with the City of Portland Bureau of Transportation (PBOT) to provide up to \$2,000,000 for the design and construction of two new roads identified in the Gateway Master Street Plan. If approved, this infrastructure investment will promote connectivity and provide for significant redevelopment opportunities in the Gateway Regional Center Tax Increment Finance (TIF) District by constructing:

1. A new NE Davis Street connecting NE 97th Avenue and NE 100th Avenue; and
2. A new NE Couch Street connecting NE 97th Avenue and NE 99th Avenue.

It is expected that the infrastructure improvements will allow for the development of 1,000 to 2,000 new multifamily housing units, which if permitted through the City of Portland's Inclusionary Zoning program would create approximately 100 to 200 units at 60 percent median family income (MFI) or 200 to 400 units at 80 percent MFI. See a map of the proposed street improvements in Attachment A.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This action aligns with the Prosper Portland Strategic Plan by investing in healthy, complete neighborhoods and by implementing key strategies identified in the Gateway Action Plan (Action Plan). The Action Plan specifically highlights the importance of investing in strategic infrastructure improvements in Central Gateway to unlock potential redevelopment opportunities. The project also aligns with the Central Gateway Redevelopment Strategy and the Central Gateway Master Street Plan, which were both created through extensive community engagement led by Prosper Portland.

BACKGROUND AND CONTEXT

As the City of Portland's sole Metro-designated Regional Center, Gateway is projected to bear a large share of employment and residential growth in East Portland as a high-density, mixed-use, pedestrian-friendly district served by MAX light rail with quality redevelopment and supporting infrastructure. However, the majority of Gateway was in unincorporated Multnomah County until the 1980s; as such it

lacks consistent development patterns, public amenities and open space, and local street connectivity that characterize most of the city of Portland west of Interstate 205. Central Gateway, the area between Interstate 205, NE Glisan Street, NE 102nd Avenue, and SE Stark Avenue has a number of “super blocks” (blocks much larger than traditional city blocks) that lack public rights-of-way and paved connecting streets. Not only does the lack of streets inhibit district connectivity and walkability, it has discouraged investment and redevelopment activity, as private property owners are required to dedicate land to future streets and to pay for the street improvements themselves.

On August 8, 2007, the Prosper Portland Board through Resolution No. 6500 adopted the Central Gateway Redevelopment Strategy (Redevelopment Strategy). One of the major objectives of the Redevelopment Strategy was to incrementally implement the Gateway Master Street Plan and form an area-wide Local Improvement District (LID). To begin implementing the Redevelopment Strategy, Prosper Portland led the Central Gateway Street Plan and Infrastructure Study to revise the Gateway Master Street Plan and identify streets for improvement that promote connectivity, change the character of the district, and provide for redevelopment opportunities. The Gateway Master Street Plan was approved by City Council on October 22, 2009 with the passage of Ordinance #183270, as amended.

In April 2011, Prosper Portland, PBOT, and a local real estate developer collaborated to fund the NE 97th Avenue Green Street Pilot Project, the first public road improved subject to the Gateway Master Street Plan. The approximately \$1,100,000 project included Gateway Regional Center TIF resources, grant funding from the Bureau of Environmental Services, and revenue from a LID supported by adjacent private property owners. The infrastructure investment not only paved NE 97 Avenue, it created NE Everett Court and ultimately led to the construction of 90 units of middle-income housing in The Rose Apartments.

Over the course of late 2015 and early 2016, Prosper Portland staff engaged community members, neighborhood and business associations, and bureau partners to create the Gateway Action Plan (Action Plan), a five-year strategy that focuses Prosper Portland resources and “calls for partner City bureaus to rise to the challenges that have prevented Gateway from realizing the level of success that other areas in the Portland region have achieved in the past few years. The Action Plan also focuses on building partnerships, supporting local community organizations, and working with private sector partners to deliver on community goals and aspirations.” On August 10, 2016, Portland City Council through Resolution 37228 accepted the Action Plan. The Action Plan articulates priorities for three Gateway sub-district – Halsey/Weidler commercial corridor, Gateway Transit Center, and Central Gateway. More specifically, the Action Plan commits \$2,000,000 in Prosper Portland TIF resources to support a LID in Central Gateway.

More recently, the NE Couch Street and NE Davis Street infrastructure project was initiated by three property owners who have collectively assembled land in Central Gateway. The property owners are working in cooperation to design and develop a dense mixed-income, mixed-use phased development that could create between 1,000 and 2,000 new housing units. This development will require the dedication and construction of the public street network identified in the Gateway Master Street Plan in order to proceed. On March 13, 2019, City Council through Resolution 37417 initiated LID formation proceedings to create the NE 97th Avenue Phase II LID in the “superblock” area, and final approval of NE 97th Avenue Phase II LID was authorized on April 24, 2019. The NE 97th Avenue improvements intersect with the proposed NE Couch Street and NE Davis Street improvements, which collectively will implement the street network identified in the Gateway Master Street Plan and create the necessary connectivity to redevelop the properties at the density allowed by zoning.

Prosper Portland’s potential investment in the LID through an IGA with PBOT would reduce barriers to development in Gateway and allow for the creation of much needed new, middle-income housing in Central Gateway. On August 28, 2019 through Ordinance No 189669, City Council approved the IGA.

The total estimated budget sources for the street improvements are as follows:

PBOT Transportation Systems Development Charges	\$2,000,000	25.5%
Prosper Portland Gateway TIF	\$2,000,000	25.5%
Property Owner LID Assessment	\$3,825,669	49.0%
TOTAL	\$7,825,669	100%

EQUITY IMPACT

PBOT will follow the City of Portland’s construction contracting and workforce equity policies, which meet or exceed those established by Prosper Portland and will apply to all contracting and workforce hiring associated with the project.

The NE Couch Street and NE Davis Street improvements will create new roads connecting NE 97th Avenue and NE 100th Avenue and install accessible sidewalks and curb cuts, promoting pedestrian safety and connectivity.

COMMUNITY PARTICIPATION AND FEEDBACK

The property owners participating in the LID have engaged with several stakeholder groups in Gateway, sharing their vision for the creation of a dense, mixed-use, middle-income housing community within the area served by these street improvements. Stakeholders include:

1. Hazelwood Neighborhood Association
2. Gateway Green Board
3. Metro District #6 Councilor Bob Stacey and Metro staff
4. Tri-Met General Manager Doug Kelsey
5. Gateway Area Business Association
6. Prosper Portland staff
7. David Douglas School District Board
8. East Portland Action Plan Housing Subcommittee
9. Habitat for Humanity
10. Human Solutions
11. Portland Housing Bureau staff
12. Multnomah County District #2 Commissioner Susheela Jayapal

BUDGET AND FINANCIAL INFORMATION

There are sufficient resources in the Gateway Regional Center TIF District budget to fund the proposed street improvements (see Attachment B).

RISK ASSESSMENT

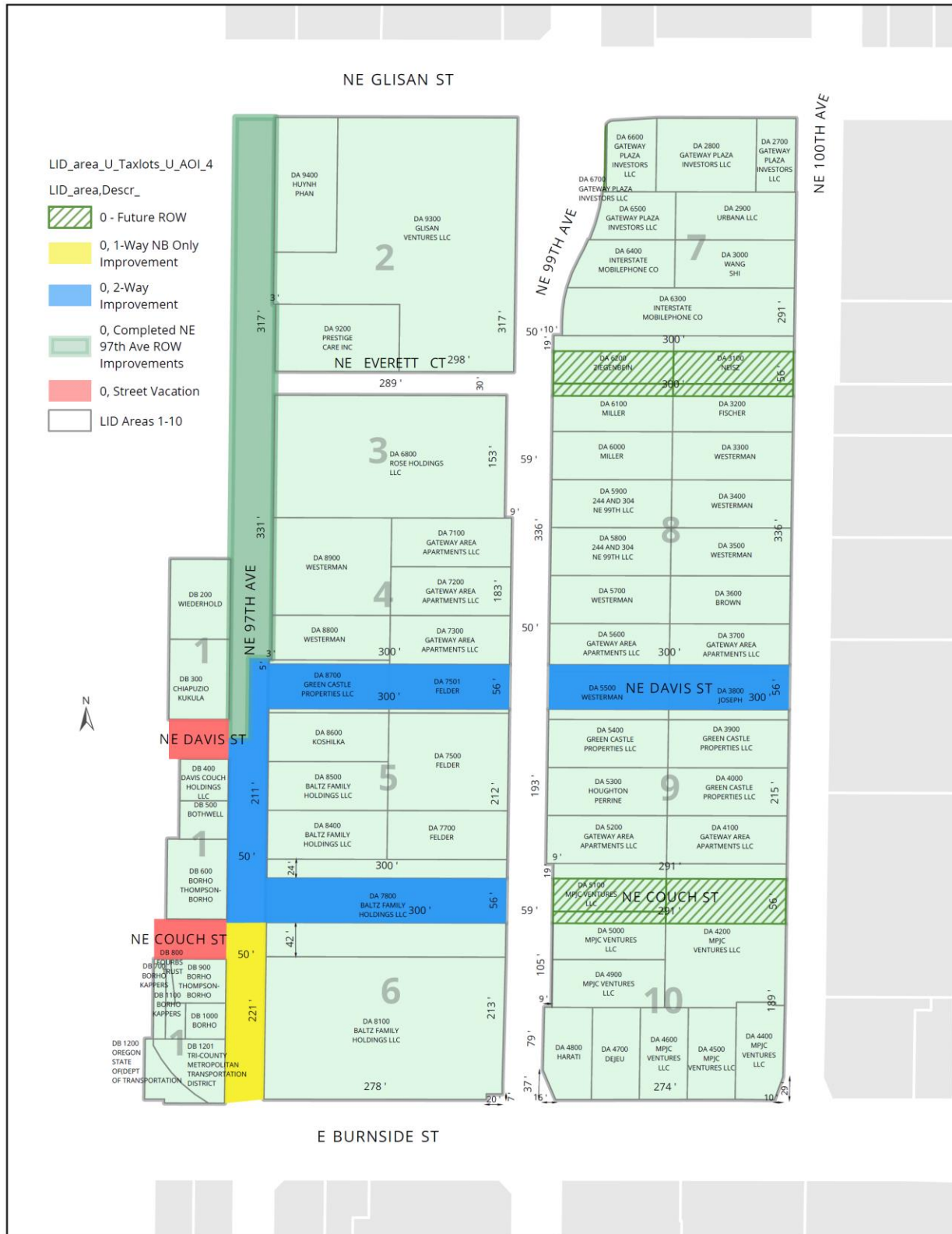
Prosper Portland’s funding is contingent upon the number of fully permitted housing units obtained by the landowners associated with the LID on or before June 30, 2022. In addition, PBOT must have completed the construction of the infrastructure improvements prior to Prosper Portland’s disbursement, which will be paid in one lump sum following completion and receipt of appropriate documentation and other compliance information.

The IGA ensures PBOT is responsible for all aspects of developing and constructing the infrastructure, including bearing any cost overruns. Prosper Portland and PBOT have a long history of partnering to complete transportation infrastructure; as such, staff believes this IGA is of comparatively low risk.

ATTACHMENTS

- A. Map of Future Central Gateway Street Improvements
- B. Gateway TIF District Financial Summary

MAP OF FUTURE CENTRAL GATEWAY STREET IMPROVEMENTS



GATEWAY TIF DISTRICT FINANCIAL SUMMARY

**Financial Summary
Five-Year Forecast**

<u>Gateway Reg Center URA Fund</u>	<u>Revised 2 FY 2018-19</u>	<u>Adopted FY 2019-20</u>	<u>Forecast FY 2020-21</u>	<u>Forecast FY 2021-22</u>	<u>Forecast FY 2022-23</u>	<u>Forecast FY 2023-24</u>
Resources						
Beginning Fund Balance	17,806,808	17,706,873	403,671	656,718	13,714,601	7,790,115
Revenue						
Fees and Charges	640	48	48	48	-	-
Interest on Investments	175,649	154,323	143,867	21,745	107,551	47,501
Loan Collections	-	187,267	110,805	167,025	369,329	376,009
TIF - Short Term Debt	4,995,000	5,994,000	5,468,072	5,670,128	-	-
TIF - Long Term Debt	-	-	3,500,000	14,489,898	-	-
Rent and Property Income	-	63,600	66,507	183,157	299,842	306,025
Total Revenue	5,171,289	6,399,238	9,289,299	20,532,001	776,722	729,535
Total Resources	22,978,097	24,106,111	9,692,970	21,188,719	14,491,323	8,519,650
Requirements						
Administration						
A00031-Debt Management-GTW	6,589	5,589	5,589	5,589	5,589	10,000
Administration Total	6,589	5,589	5,589	5,589	5,589	10,000
Economic Development						
Traded Sector						
A00115-Business Development-GTW	20,000	20,000	20,000	20,000	-	-
A00382-Lean Manufacturing-GTW	10,000	10,000	-	-	-	-
Community Economic Development						
A00123-Community Development-GTW	20,000	20,000	20,000	20,000	-	-
Business Lending						
A00210-BL -General-GTW	300,200	300,200	200,200	200,200	200,000	200,000
Economic Development Total	350,200	350,200	240,200	240,200	200,000	200,000
Housing						
A00172-Affordable Housing-GTW	628,378	4,709,702	1,022,468	3,661,976	4,493,696	33,700
Housing Total	628,378	4,709,702	1,022,468	3,661,976	4,493,696	33,700
Infrastructure						
Parks						
A00252-Gateway Park Project-GTW	1,199,000	-	-	-	-	-
Transportation						
A00251-GTW Street Improvement-GTW	1,866,930	-	-	-	-	-
A00590-Trans. Improvements-GTW	-	1,050,000	1,050,000	-	-	-
Infrastructure Total	3,065,930	1,050,000	1,050,000	-	-	-
Property Redevelopment						
Commercial Property Lending						
A00367-CPRL-General-GTW	1,500	5,101,500	1,501,500	1,501,500	-	-
A00526-Halsey 106 CPRL-GTW	-	10,750,000	-	-	-	-
Real Estate Management						
A00344-JJ North Rstrnt Lot-GTW	16,000	-	-	-	-	-
A00588-Halsey 106 Com Condo-GTW	8,332	8,582	8,839	284,095	285,598	275,000
Real Estate Predevelopment						
A00588-Halsey 106 Com Condo-GTW	-	-	3,400,000	-	-	-
Real Estate Disposition						
Redevelopment Strategy						
A00346-Project Development-GTW	100,000	100,000	100,000	100,000	-	3,700,000
Redevelopment Grants						
A00132-CLG-General-GTW	230,000	515,000	230,000	220,000	220,000	220,000
A00152-Commerical Dist Pilot-GTW	15,000	-	-	-	-	-
A00503-Prosperity Investment Program (PIP) Grant-GTW	200,000	420,000	420,000	400,000	400,000	400,000
Property Redevelopment Total	570,832	16,895,082	5,660,339	2,505,595	905,598	4,595,000
Total Program Expenditures	4,621,929	23,010,573	7,978,596	6,413,360	5,604,883	4,838,700
Personnel Services	266,012	364,612	375,777	376,317	391,380	368,627
Total Fund Expenditures	4,887,941	23,375,185	8,354,373	6,789,677	5,996,263	5,207,327
Interfund Transfers - Indirect Charges	383,283	327,255	681,879	684,441	704,945	680,145
Contingency	17,706,873	403,671	656,718	13,714,601	7,790,115	2,632,178
Total Fund Requirements	22,978,097	24,106,111	9,692,970	21,188,719	14,491,323	8,519,650