



PROSPER
PORTLAND
Building an Equitable Economy

DATE: January 15, 2020
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 20-06
Adopting the Second Amendment to the Lents Town Center Urban Renewal Plan

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7357

This action by the Prosper Portland Board of Commissioners (Board) will formally amend the Lents Town Center Urban Renewal Plan (Lents Plan), extending the last date to issue debt from June 30, 2020 to June 30, 2024 (Plan Amendment). Should the action be approved, staff will seek Portland City Council approval.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Extending the last date to issue debt allows for a more efficient process to issue the final series of bonds to invest in the Lents Plan. The extension allows for the issuance of short-term debt thereby saving issuance costs, bond reserves, bond interest, and staff time required for issuance of a long-term bond under the existing last date to issue debt. The additional resources gained by the savings will support future investments consistent with the Lents Plan. Moreover, savings on interest and timeframe required for a long-term bond will accelerate taxes being returned to the City of Portland (City) General Fund and other overlapping taxing jurisdictions.

BACKGROUND AND CONTEXT

On August 19, 1998 through Resolution No. 5157, the Prosper Portland Board accepted and on August 27, 1998 through Ordinance 172671 the Portland City Council (City Council) adopted the Lents Plan, including a last date to issue debt of October 1, 2015. Since then, the Lents Plan was amended in 2008 to expand the boundaries by approximately 140 acres, increase the maximum indebtedness by \$170,000,000, and extend the last date to issue debt to June 30, 2020.

Since creation of the Lents Plan, Prosper Portland has invested approximately \$198,000,000 in infrastructure, facilities, transportation, affordable housing, and business development. More recently, Prosper Portland's investments have been guided by the Lents Five-Year Action Plan (Action Plan), which spanned fiscal years (FY) 2014-15 to 2018-19. At the January 15, 2020 Prosper Portland Board meeting, staff will present outcomes, accomplishments, and challenges in delivering on the Action Plan.

As noted in the Budget and Financial Information section below, should the Prosper Portland Board and City Council approve the Plan Amendment, staff estimates there will be an increase in net proceeds of approximately \$8,100,000 during the next four-years. In spring 2020, Prosper Portland will initiate conversations with community stakeholders to identify investment priorities.

EQUITY IMPACT

The anticipated short-term debt proceeds will focus on projects and programs critical to advancing Prosper Portland’s Strategic Plan and equity goals. This amendment ensures that resources will be available and likely increased to advance ongoing projects and programs. Specifically, Prosperity Investment Program, Community Livability Grants, lending, and other project resources will be deployed to serve community members and businesses owned by people of color. Also, 45 percent of the resources will be allocated according to the Housing Set Aside Policy for affordable housing projects to be implemented by the Portland Housing Bureau.

COMMUNITY PARTICIPATION AND FEEDBACK

No specific outreach has taken place regarding this action; however, most debt proceeds anticipated to be issued during the timeframe of the extension are already included in the FY 2019-20 Revised Budget and Five-Year forecast reviewed by the Community Budget Committee and stakeholders. Due to the efficiencies gained in issuing short-term rather than long-term debt, this action will provide additional resources to be incorporated in the FY 2020-21 Budget and Five-Year Forecast to be reviewed by the Community Budget Committee and other stakeholders in future budget development cycles.

BUDGET AND FINANCIAL INFORMATION

The FY 2019-20 Revised Budget and Five-Year Forecast currently includes a bond sale assumption by June 2020 to reach maximum indebtedness in the district. Proceeds from this issuance are allocated to the Housing Set Aside and Prosper Portland programs over the five-year forecast. Due to the last date to issue debt being June 30, 2020, the bond sale must occur by this date, however, based on forecast timing of Portland Housing Bureau and Prosper Portland projects, use of the proceeds will occur over the five-year timeframe.

Extending the district by four years provides a more efficient means by which to issue the final series of bonds, providing more time to issue short-term proceeds based on the annual receipt of tax increment revenue that has minimal issuance fees, no bond reserve requirements, incurs no interest, and requires less staff time to implement. Replacing the planned final bond sale with this more efficient “pay-as-you-go” financing provides more resources to pay off existing bonds in the district, thereby returning tax increment revenues to the City of Portland and other overlapping taxing jurisdictions one-year earlier than currently planned. Following is a summary of the anticipated fiscal impacts:

- The Lents Plan final defeasance date is anticipated to shorten from FY 2025-26 to FY 2024-25;
- The impact of property tax revenue returning to overlapping taxing jurisdictions (based on permanent rates) is approximately \$20,000,000 in FY 2025-26 (including \$5,700,000 to the City of Portland General Fund); and
- There will be an increase in net Lents Plan proceeds due to efficiencies gained from the use of short-term debt in place of long-term debt; net additional resources are estimated to be \$1,300,000.

RISK ASSESSMENT

Should the Prosper Portland Board decide not to adopt this amendment, Prosper Portland can either proceed to coordinate with the City of Portland Office of Management and Finance to issue final, long-term bonds, or forego issuance of any final debt proceeds available under maximum indebtedness.

ATTACHMENTS

None.