



**DATE:** March 11, 2020  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 20-11  
Adopting the Twelfth Amendment to the Amended and Restated Interstate Corridor Urban Renewal Plan

#### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7361

This action by the Prosper Portland Board of Commissioners (Board) would adopt the Twelfth Amendment (Amendment) to the Amended and Restated Interstate Corridor Urban Renewal Plan (Interstate Plan). If approved, the Interstate Plan boundary will be expanded to include 2.87 acres of land and 0.87 acres of right-of-way (Expansion Area; see a map in Attachment A), allowing Prosper Portland to invest tax increment financing (TIF) resources into the property located at the corner of N. Williams Avenue and N. Russell Street. The Williams and Russell site was previously referred to as the Hill Block, which is the historic name of the building that once occupied the site and served as the center of the African American commercial district from the 1940s to the early 1960s.

#### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

This action will deliver on Prosper Portland's Strategic Plan goals of creating healthy, connected neighborhoods; providing access to high-quality employment; fostering wealth creation within communities of color; and forming 21<sup>st</sup> century civic networks, institutions, and partnerships by partnering with the Williams and Russell Project Working Group (PWG), the City of Portland (City), and Legacy Health Systems to address community goals in north/northeast Portland.

#### **BACKGROUND AND CONTEXT**

The Interstate Corridor Urban Renewal Plan (Original Plan) was adopted by Portland City Council on August 23, 2000, by Ordinance No. 174829 to provide resources to fund and foster the economic development and redevelopment of north and northeast Portland. The Original Plan has subsequently been amended eleven times to more effectively and equitably distribute TIF resources into initiatives that met community goals.

In early 2017, Prosper Portland identified an opportunity to amend the Interstate Plan to make resources available for the Expansion Area given the site's unfortunate role in the City's history. In the early 1970s, as part of the Emanuel Hospital expansion project, the City and Prosper Portland condemned, purchased, and demolished 188 properties in inner north and northeast Portland, displacing more than 171 families, 74 percent of which were African American. The planned hospital expansion at the northwest corner N Russell Street and N Williams Avenue never occurred and parcels near that intersection have remained vacant for decades.

On August 1, 2017, Legacy Health Systems, Prosper Portland, and the City announced a new collaborative project to develop the 1.7-acre vacant block at N. Russell Street and N. Williams Avenue currently owned by Legacy Health Systems. The focus of the development will be to honor Portland's African American community, contribute to the neighborhood's vibrancy, and further Legacy Health Systems' mission of promoting health and wellness for children and families. Including a broader 3.74-acre area into the Interstate Plan will allow Prosper Portland to invest TIF resources into future development of the 1.7-acre vacant block as well as any off-site infrastructure improvements.

The Williams and Russell PWG was convened in early 2018 to guide a community-driven engagement process and determine a vision for the future use of the Williams and Russell property. The PWG, whose members (see Attachment B) were identified by a Nominating Committee made up of representatives from organizations and groups connected to the north/northeast community, has met 30 times since to discuss how the Williams and Russell property could truly serve community needs and whether TIF was an appropriate tool to invest in local priorities if the site were in the Interstate Plan area boundary. Ultimately, on October 2, 2019, the PWG voted (ten yes, zero no, three abstentions) to recommend the Prosper Portland Board approve including the Expansion Area in the Interstate Plan.

In addition, the N/NE Neighborhood Housing Strategy Oversight Committee, which advises the Portland Housing Bureau (PHB) on implementation of the N/NE Neighborhood Housing Strategy, supports amending the Interstate Plan to include the Russell and Williams property (see the N/NE Neighborhood Housing Strategy Oversight Committee letter in Attachment C).

Most recently, on February 12, 2020, the N/NE Community Development Initiative (CDI) Oversight Committee, whose role is to oversee implementation of Prosper Portland's N/NE CDI Action Plan, which allocates approximately \$32,000,000 into economic development in the Interstate district, voted in favor (four yes, three no, two abstain) to approve the Interstate Plan Amendment (see the N/NE CDI Oversight Committee letter in Attachment D).

If the Prosper Portland Board approves including the Expansion Area into the Interstate Plan, next steps are to conduct environmental, architectural, and traffic analyses and appraise the property.

### **EQUITY IMPACT**

Inclusion of the Expansion Area allows for access to financial resources previously not available that will help deliver on community goals for a neighborhood that was adversely impacted by displacement.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

Staff have conducted significant public involvement over the past two and a half years related to the Williams and Russell project, as described above and including:

- 30 PWG meetings
- One PWG retreat
- 14 community events
- 608 surveys received (including 367 comments)

### **BUDGET AND FINANCIAL INFORMATION**

There are no direct financial impacts from this proposed action. Rather, the Amendment will allow Prosper Portland to expend TIF resources on planning and future development of the Expansion Area in alignment with community-driven objectives.

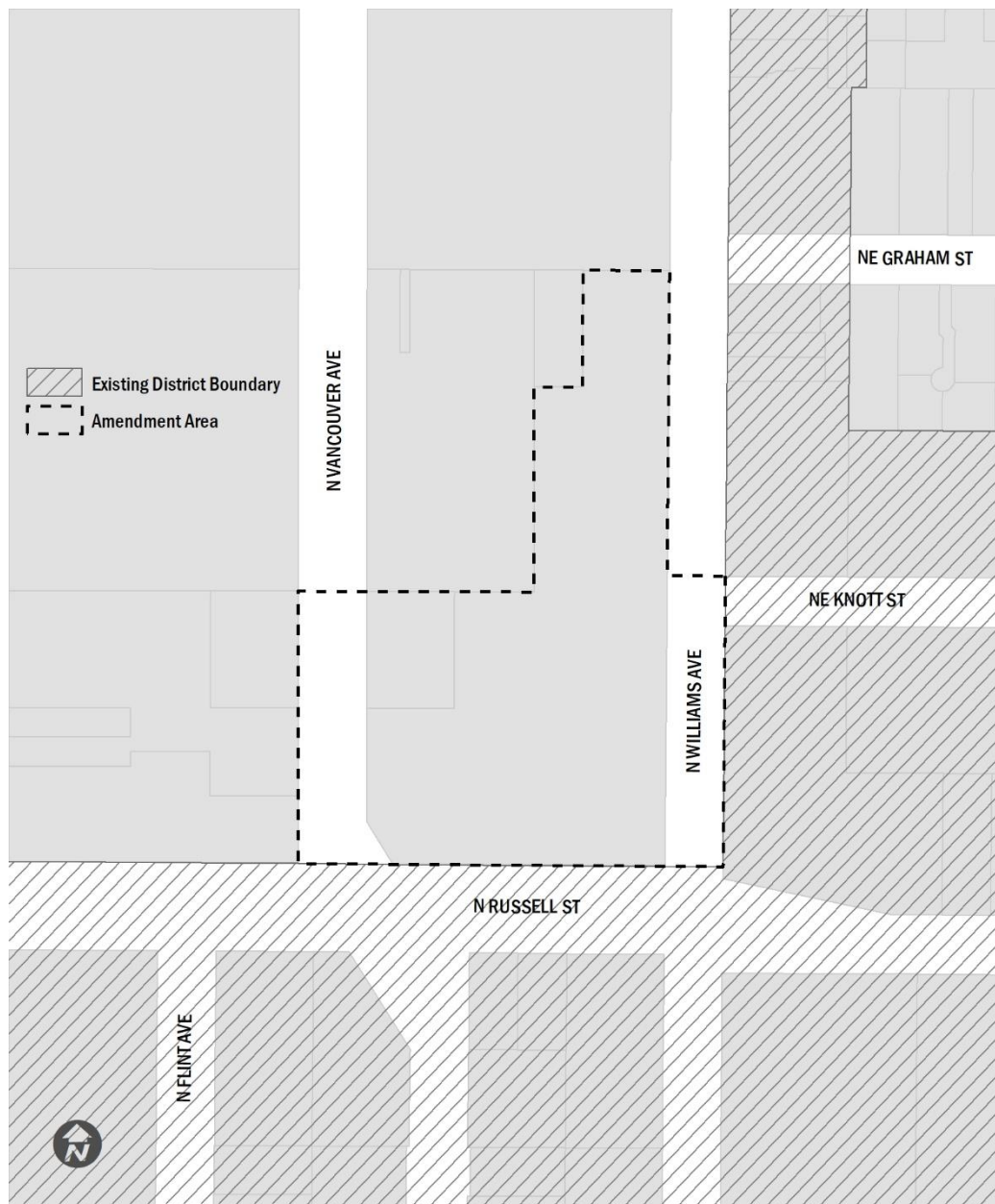
**RISK ASSESSMENT**

There are no material risks associated with the proposed Amendment.

**ATTACHMENTS**

- A. Map of Expansion Area
- B. Project Working Group Roster
- C. N/NE Housing Strategy Oversight Committee Letter
- D. N/NE CDI Oversight Committee Letter

### Expansion Area



**Project Working Group Roster**

| <b>Name</b>                | <b>Affiliation</b>  |
|----------------------------|---|
| Michael Alexander          | Black United Fund & Portland Opportunities Industrialization Center (POIC)  |
| Bryson Davis               | Soul District Business Association (SBDA)                                   |
| Joy Alise Davis            | Portland African American Leadership Forum (PAALF)                          |
| Anthony Deloney            | Self Enhancement Inc (SEI)  |
| Lakeitha Elliott           | Community at large  |
| James Faison               | Professional Business Development Group (PBDG)                              |
| Leslie Goodlow             | City of Portland, Portland Housing Bureau                                   |
| Stephen Green              | Black Investment Consortium for Economic Progress (BICEP)                   |
| Tony Hopson                | Self Enhancement Inc (SEI)  |
| Sharon Maxwell             | Community at large  |
| E.D. Mondainé              | Portland National Association for the Advancement of Colored People (NAACP) |
| Dr. Alisha Moreland-Capuia | Prosper Portland  |
| Justice Rajee              | Portland Opportunities Industrialization Center (POIC)                      |
| Walter Robinson II         | Portland African-American Leadership Forum (PAALF) & Urban League           |
| Jillian Saurage            | North/Northeast Housing Strategy Committee                                  |
| Karis Stoudamire-Phillips  | North/Northeast Community Development Initiative Oversight Committee        |
| Chabre Vickers             | Wells Fargo   |
| Mustafa Washington         | City of Portland, Mayor's Office  |
| Charles Wilhoite           | Legacy Health, Board of Directors   |



Prosper Portland Board of Commissioners  
Attn: Gustavo J. Cruz, Commission Chair  
222 NW 5<sup>th</sup> Avenue  
Portland, Oregon 97209

RE: Interstate Tax Increment Financing District Maximizing Indebtedness and Inclusion of the Williams and Russell Property into the District

Chair Cruz,

I am writing to you today on behalf of the N/NE Neighborhood Housing Strategy Oversight Committee to make formal recommendations on two topics: Maximizing Indebtedness of the Interstate Tax Increment Financing District and the Inclusion of the “Williams and Russell” property into the District.

1. Maximizing Indebtedness – Our committee has discussed the issue of maximizing indebtedness in several meetings beginning in June 2018. We participated in a joint meeting with the NE CDI in July 2018 and then most recently in September 2019 at our meeting. The Portland Housing Bureau presented plans to our committee highlighting four potential projects to be developed utilizing the additional funds that would come from the increase.
  - a. Home ownership opportunity 40-50 households on the Carey Blvd. property purchased from the water bureau and included in the Interstate District last year by your board.
  - b. Strong property development of either home ownership or multifamily rental. This property was purchased by PHB in late summer of 2019, it has the potential of 100-150 units of rental housing.
  - c. Funds set aside for the Williams & Russell project in the event that the decision is made by the PWG to include housing on that site.
  - d. Rental project to be determined at a later date.

As you can see the potential for an additional 350-400 units that would utilize the preference policy is critically important to the committee, as we continue to operate in a housing crisis, specifically a situation where African American households in Portland are most greatly impacted. We are convinced that the additional funds are necessary for continued reduction of housing disparity in NE Portland for low income families, and more specifically, African American families.

To that end, the N/NE Neighborhood Housing Oversight Committee unanimously voted to support maximizing indebtedness of the Interstate TIF District on September 19, 2019. (See attached meeting summary)

2. Inclusion of the Legacy owned Williams & Russell site into the Interstate TIF District – Our committee has been kept informed through the participation of one of our members, Jilian Saurage Felton, as a member of the Project Working Group. The OC is aware and understands the historic value of this property to the African American community, they support the efforts of the PWG in their planning for the development of the project. We understand that housing has been identified as a top priority through surveys and community engagement. We believe that in order for the project to be successful, funds must be identified and prioritized to support the development, that being said, the NE Oversight Committee, supports the recommendation of inclusion of the property into the TIF District and an allocation of TIF dollars to support affordable housing development on the property.

If you have any questions, please contact, Leslie Goodlow, Equity and Business Operations Manager, Portland Housing Bureau, at [leslie.goodlow@portlandoregon.gov](mailto:leslie.goodlow@portlandoregon.gov) or 503-823-4160, she will ensure that the committee is kept apprised of the process and provide additional information if needed.

Thank you for your consideration,

A handwritten signature in blue ink, appearing to read "S. Holt", with a stylized flourish at the end.

Dr. Steven Holt, Chair  
N/NE Neighborhood Housing Strategy Oversight Committee

Prosper Portland  
Attn: Kimberly Branam  
222 NW 5th Avenue  
Portland, Oregon 97209

RE: Interstate Tax Increment Financing District Maximizing Indebtedness and Inclusion of the Williams and Russell Property into the Interstate Corridor Urban Renewal Area (ICURA).

Dear Kimberly,

I am writing to you today on behalf of the N/NE Community Development Initiative (CDI) Oversight Committee to present a formal recommendation on the following two items:

1. Maximizing Indebtedness (MI) of the Interstate Tax Increment Financing District (TIF) and
2. The inclusion of the Williams and Russell (W&R) property, formerly known as the Hill Block property, into the ICURA TIF district.

1. Maximizing Indebtedness - Our committee participated in multiple joint meetings with members of Prosper Portland and the N/NE Housing Oversight Committee in order to consider an approximately \$67M increase in MI. During our February 2020 N/NE CDI meeting, we voted to approve the N/NE Housing OS Committee's recommendation to pursue MI contingent upon the following understanding:

- a. Based on a 70/30 percent formula, 70% or 47M of the 67M will go to the N/NE Housing Initiative to support 3-4 housing projects to be allocated in accordance with PHB's program guidelines. Oversight and accountability of the 47M will be the responsibility of the N/NE Housing Oversight Committee.
- b. The remaining 30%, or 20M in TIF will be directed to the goals of the N/NE Action Plan. Based on many discussions over the past 2 (two) years, oversight and accountability of these funds will be the responsibility of the N/NE CDI Oversight Committee. On the eve of our vote, we were informed that allocation of the 20M is now "undetermined," and may be "set-aside." It is our position that any MI funding not assigned to the N/NE Housing Initiative be allocated to the goals of the N/NE Action Plan, and oversight of these funds remain the responsibility of the N/NE CDI Oversight Committee. In 2017 the N/NE Action Plan was established to guide Prosper Portland's investment of TIF resources for economic development in the Interstate Corridor. Creation of the N/NE CDI Oversight Committee was established to provide oversight and accountability for the implementation of the Action Plan. Any departure from this established framework needs to be clearly explained to the N/NE CDI so that its members may articulate this to the N/NE residents and greater Portland community. With the understanding that the items described above are reasonable, and unchallenged, our committee voted as follows:

During the February N/NE CDI meeting five members voted "Yes", two members "Abstained", and two members voted "No" on the increase of maximum indebtedness.

Yes: 5

No: 2

Abstained: 2

2. Our committee considered the expansion of the ICURA boundary to include the Williams & Russell site currently owned by Legacy. We participated in many discussions related to



the inclusion of the W&R property into the ICURA over the past 2 (two) years and voted in favor of the recommendation, based upon the following:

a. We understand that the N/NE Action Plan directs ICURA resources towards long-term and former members of the community who have not benefited from the impact of public and private investments to date. It is our understanding that Legacy and the PWG intend to follow this directive. Our support depends on the successful transfer of the Legacy owned property to an African American community organization or significant progress towards this goal. With this understanding, the position of our committee is that TIF funds should not be allocated to the PWG, a developer, or other entity on their behalf, until Legacy has completed (or is close to completing) the successful transfer of the W&R property to the African American community, or an African American organization that aligns with the intent of the N/NE Action Plan.

b. We are concerned that the joint efforts of including property owned by Legacy into the ICURA, followed by setting-aside TIF dollars to develop it, sends the wrong message to the already embattled community we represent. Allocation of TIF funding that excludes N/NE CDI committee oversight benefiting Legacy (or prior to the transfer of the property to the African American community) implies favoritism and may present a conflict of interest. We strongly recommend, when working with a large corporation with a history of predatory development in the N/NE community, that you exercise caution and provide appropriate consideration to the message this sends to the impacted and displaced community. We look forward to reviewing how PWG and Legacy will address community benefits and make amends for the displacement of the N/NE African American community. With the understanding that the items described above are reasonable, and unchallenged, our committee voted as follows:

During the February N/NE CDI meeting four members voted "Yes", two members "Abstained", and three members voted "No" to include the Williams and Russell project into the district.

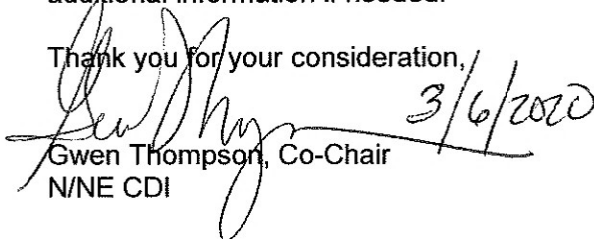
Yes: 4


No: 3

Abstained: 2

If you have any questions, please contact Gwen Thompson at 503-310-5283, or Maurice Rahming at (503-493-6045) and we will ensure that the committee is informed and provide additional information if needed.

Thank you for your consideration,

  
Gwen Thompson, Co-Chair  
N/NE CDI

  
Maurice Rahming, Co-Chair  
N/NE CDI