



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** May 11, 2022  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 22-16  
Adopting the First Amendment to the Gateway Regional Center Urban Renewal Plan

**BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7449

This action by the Prosper Portland Board of Commissioners (Board) will amend the Gateway Regional Center Urban Renewal Plan (Gateway Plan), by removing the last date to issue debt (Plan Amendment). Should the action be approved, Prosper Portland, in partnership with the City of Portland (City) Debt Management Office, will be able to access financial resources to support work in Gateway beyond June 30, 2022.

**STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

Removing the last date to issue debt allows for the Gateway Plan to reach maximum indebtedness, the additional resources gained by which will support future investments consistent with the Gateway Plan.

**BACKGROUND AND CONTEXT**

On May 15, 2001, through Resolution No. 5689, the Prosper Portland Board approved and on June 21, 2001, through Ordinance 175699, the Portland City Council (City Council) adopted the Gateway Plan, and included a last date to issue debt, which is not required under State of Oregon statute, of June 30, 2022.

Since creation of the Gateway Plan, Prosper Portland and the Portland Housing Bureau (PHB) have invested approximately \$67,000,000 in infrastructure, facilities, transportation, business development, and affordable housing. More recently, Prosper Portland's investments have been guided by the Gateway Action Plan (Action Plan), adopted through Resolution No. 37228 by the Portland City Council on August 10, 2016.

As noted in the Budget and Financial Information section below, should the Prosper Portland Board approve the Plan Amendment, staff estimates there will be an increase in net proceeds of approximately \$46,000,000 until maximum indebtedness is reached. These proceeds are expected to be accessed through short-term (du jour) debt. In summer 2022, Prosper Portland will initiate conversations with community stakeholders to identify investment priorities (see the Community Participation and Feedback section below for additional details).

### **EQUITY IMPACT**

The anticipated short-term debt proceeds will focus on projects and programs critical to advancing the Gateway community's priorities as well as Prosper Portland's Strategic Plan and equity goals. The Plan Amendment ensures that resources will be available to fund 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, 33 percent of the resources will be allocated according to the Housing Set Aside Policy for affordable housing projects to be implemented by PHB.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

Over the past few months, Prosper Portland staff has engaged Gateway's business and community groups for feedback on the proposal to remove the last date to issue debt. Members from the Gateway Area Business Association and the Hazelwood Neighborhood Association support the Plan Amendment and continuing to fund projects and programs within the district. Despite numerous economic setbacks in the past two decades, community leaders see immense opportunity to actualize the equitable, sustainable Regional Center envisioned for Gateway.

Over the course of 2022, Prosper Portland staff will engage the Gateway community more deeply through an update of the Action Plan, which will include a community advisory committee (approximately eight business/community leaders and others) and public events (e.g., open house). Staff will also coordinate with PHB and other bureau partners in a technical advisory role to identify additional potential public actions and investments. Staff anticipate returning to the Prosper Portland Board with a final Action Plan for consideration of approval in early 2023.

### **BUDGET AND FINANCIAL INFORMATION**

On January 12, 2022, through Resolution No. 7443, the Prosper Portland Board requested Portland City Council authorize the sale of bonds timed to occur before the current last date to issue debt of June 30, 2022. The sale, currently anticipated for May or June 2022, will net approximately \$30,000,000 to \$35,000,000; in the FY 2022-23 budget, proceeds from this issuance will be allocated to Prosper Portland and PHB over the five-year forecast. However, due to the pace of tax increment generation in the district, the upcoming bond sale could not be sized at an amount that reaches the maximum indebtedness contained in the Gateway Plan. It is currently estimated that \$46,000,000 in maximum indebtedness will remain after the upcoming bond is issued.

Removing the last date to issue debt provides the ability for the district to reach maximum indebtedness through the issuance of additional debt proceeds. Future debt proceeds will be issued using short-term "pay-as-you-go" financing rather than long-term debt. This method allows access to an estimated additional \$3,000,000 to \$4,000,000 per year in proceeds to the district until maximum indebtedness is reached. On this trajectory, the return of Gateway tax increment resources to overlapping jurisdictions is estimated to be delayed from the current date of 2032 to 2037.

Proceeds from future debt proceeds will be included in future budgets and forecasts for consideration on projects and programming by the Prosper Portland Board and City Council as part of the annual budget process. As noted, 33 percent of any new resources will be allocated to the Housing Set Aside Policy.

If the district issues resources equal to maximum indebtedness in future years, total resources available to the district from FY 2022-23 forward will be approximately \$94,000,000. Based on current status of funding the Housing Set Aside from existing resources and applying the policy to future resources, \$28,400,000 of the total estimated resources will be dedicated to PHB for affordable housing and \$65,600,000 to Prosper Portland for economic development, development, and infrastructure projects.

The Adopted FY 2021-22 Gateway budget and forecast (see Attachment A) does not include future debt issuances as a result of removing the last date to issue debt but will be incorporated into the FY 2022-23 adopted budget and forecast in June 2022.

#### **RISK ASSESSMENT**

Should the Prosper Portland Board decide not to adopt this Plan Amendment, Prosper Portland will not be able to identify new TIF resources in Gateway beyond June 30, 2022.

#### **ATTACHMENTS**

- A. Gateway Regional Center TIF District Budget and Forecast

**GATEWAY REGIONAL CENTER TIF DISTRICT BUDGET AND FORECAST**

**Financial Summary  
 Five-Year Forecast**

| <u>Gateway Reg Center TIF Fund</u>                   | <u>Revised 2<br/>FY 2021-22</u> | <u>Proposed<br/>FY 2022-23</u> | <u>Forecast<br/>FY 2023-24</u> | <u>Forecast<br/>FY 2024-25</u> | <u>Forecast<br/>FY 2025-26</u> | <u>Forecast<br/>FY 2026-27</u> |
|--|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Resources</b>                                     |                                 |                                |                                |                                |                                |                                |
| Beginning Fund Balance                               | 13,468,923                      | 12,942,977                     | 6,081,977                      | 29,252,103                     | 22,864,678                     | 17,897,066                     |
| <b>Revenue</b>                                       |                                 |                                |                                |                                |                                |                                |
| Fees and Charges                                     | 48                              | -                              | -                              | -                              | -                              | -                              |
| Interest on Investments                              | 158,863                         | 174,343                        | 92,614                         | 35,466                         | -                              | -                              |
| Loan Collections                                     | 23,695                          | 31,845                         | 26,726                         | 14,785                         | 14,786                         | 5,365                          |
| TIF - Short Term Debt                                | 5,960,666                       | -                              | -                              | -                              | -                              | -                              |
| TIF - Long Term Debt                                 | 0                               | 8,000,000                      | 27,000,000                     | -                              | -                              | -                              |
| Rent and Property Income                             | 57,879                          | 180,075                        | 306,548                        | 313,165                        | 319,819                        | 269,985                        |
| Reimbursements                                       | 0                               | 31,582                         | 63,851                         | 65,153                         | 66,455                         | 67,757                         |
| <b>Total Revenue</b>                                 | <b>6,201,151</b>                | <b>8,417,845</b>               | <b>27,489,739</b>              | <b>428,569</b>                 | <b>401,060</b>                 | <b>343,107</b>                 |
| <b>Total Resources</b>                               | <b>19,670,074</b>               | <b>21,360,822</b>              | <b>33,571,716</b>              | <b>29,680,672</b>              | <b>23,265,738</b>              | <b>18,240,173</b>              |
| <b>Requirements</b>                                  |                                 |                                |                                |                                |                                |                                |
| <b>Administration</b>                                |                                 |                                |                                |                                |                                |                                |
| A00031-Debt Management-GTW                           | 32,500                          | 5,589                          | 10,000                         | 10,000                         | 10,000                         | -                              |
| <b>Administration Total</b>                          | <b>32,500</b>                   | <b>5,589</b>                   | <b>10,000</b>                  | <b>10,000</b>                  | <b>10,000</b>                  | <b>-</b>                       |
| <b>Economic Development</b>                          |                                 |                                |                                |                                |                                |                                |
| <b>Traded Sector</b>                                 |                                 |                                |                                |                                |                                |                                |
| A00115-Business Development-GTW                      | 20,000                          | -                              | -                              | -                              | -                              | -                              |
| A00382-Lean Manufacturing-GTW                        | 10,000                          | 10,000                         | 10,000                         | 10,000                         | -                              | -                              |
| <b>Community Economic Development</b>                |                                 |                                |                                |                                |                                |                                |
| A00123-Community Development-GTW                     | 100,000                         | 100,000                        | -                              | -                              | -                              | -                              |
| <b>Business Lending</b>                              |                                 |                                |                                |                                |                                |                                |
| A00210-BL -General-GTW                               | 200                             | 300,000                        | 300,000                        | -                              | -                              | -                              |
| <b>Economic Development Total</b>                    | <b>130,200</b>                  | <b>410,000</b>                 | <b>310,000</b>                 | <b>10,000</b>                  | <b>-</b>                       | <b>-</b>                       |
| <b>Housing</b>                                       |                                 |                                |                                |                                |                                |                                |
| A00172-Affordable Housing-GTW                        | 2,178,024                       | 5,637,316                      | 924,396                        | 3,835,518                      | 2,394,739                      | -                              |
| <b>Housing Total</b>                                 | <b>2,178,024</b>                | <b>5,637,316</b>               | <b>924,396</b>                 | <b>3,835,518</b>               | <b>2,394,739</b>               | <b>-</b>                       |
| <b>Infrastructure</b>                                |                                 |                                |                                |                                |                                |                                |
| <b>Transportation</b>                                |                                 |                                |                                |                                |                                |                                |
| A00590-Trans. Improvements-GTW                       | 0                               | 2,000,000                      | -                              | -                              | -                              | -                              |
| <b>Infrastructure Total</b>                          | <b>0</b>                        | <b>2,000,000</b>               | <b>-</b>                       | <b>-</b>                       | <b>-</b>                       | <b>-</b>                       |
| <b>Property Redevelopment</b>                        |                                 |                                |                                |                                |                                |                                |
| <b>Commercial Property Lending</b>                   |                                 |                                |                                |                                |                                |                                |
| A00367-CPRL-General-GTW                              | 751,500                         | 1,750,000                      | -                              | -                              | -                              | -                              |
| <b>Real Estate Management</b>                        |                                 |                                |                                |                                |                                |                                |
| A00588-Halsey 106 Com Condo-GTW                      | 116,220                         | 152,387                        | 145,761                        | 149,274                        | 152,787                        | 152,787                        |
| <b>Real Estate Acquisition</b>                       |                                 |                                |                                |                                |                                |                                |
| A00588-Halsey 106 Com Condo-GTW                      | 32,000                          | 32,000                         | 32,000                         | 32,000                         | 32,000                         | -                              |
| <b>Real Estate Predevelopment</b>                    |                                 |                                |                                |                                |                                |                                |
| A00588-Halsey 106 Com Condo-GTW                      | 500,000                         | -                              | -                              | -                              | -                              | -                              |
| A00696-Nick Fish Commercial TI-GTW                   | 1,000,000                       | 1,950,000                      | 550,000                        | -                              | -                              | -                              |
| <b>Real Estate Disposition</b>                       |                                 |                                |                                |                                |                                |                                |
| <b>Redevelopment Strategy</b>                        |                                 |                                |                                |                                |                                |                                |
| A00346-Project Development-GTW                       | 500,000                         | 1,600,000                      | 1,300,000                      | 1,800,000                      | 2,000,000                      | -                              |
| <b>Redevelopment Grants</b>                          |                                 |                                |                                |                                |                                |                                |
| A00132-CLG-General-GTW                               | 220,000                         | 220,000                        | 220,000                        | 220,000                        | 220,000                        | -                              |
| A00503-Prosperity Investment Program (PIP) Grant-GTW | 400,000                         | 400,000                        | 100,000                        | 100,000                        | 100,000                        | -                              |
| A00694-PIP ACTGrant-GTW                              | 100,000                         | 400,000                        | 100,000                        | -                              | -                              | -                              |
| <b>Property Redevelopment Total</b>                  | <b>3,619,720</b>                | <b>6,504,387</b>               | <b>2,447,761</b>               | <b>2,301,274</b>               | <b>2,504,787</b>               | <b>152,787</b>                 |
| <b>Total Program Expenditures</b>                    | <b>5,960,444</b>                | <b>14,557,292</b>              | <b>3,692,157</b>               | <b>6,156,792</b>               | <b>4,909,526</b>               | <b>152,787</b>                 |
| Personnel Services                                   | 199,679                         | 189,789                        | 162,294                        | 169,606                        | 114,920                        | 74,428                         |
| <b>Total Fund Expenditures</b>                       | <b>6,160,123</b>                | <b>14,747,081</b>              | <b>3,854,451</b>               | <b>6,326,398</b>               | <b>5,024,446</b>               | <b>227,215</b>                 |
| Interfund Transfers - Indirect Charges               | 566,974                         | 531,764                        | 465,162                        | 489,596                        | 344,226                        | 234,532                        |
| Contingency  | 12,942,977                      | 6,081,977                      | 29,252,103                     | 22,864,678                     | 17,897,066                     | 17,778,426                     |
| <b>Total Fund Requirements</b>                       | <b>19,670,074</b>               | <b>21,360,822</b>              | <b>33,571,716</b>              | <b>29,680,672</b>              | <b>23,265,738</b>              | <b>18,240,173</b>              |