



PROSPER
PORTLAND
Building an Equitable Economy

DATE: June 7, 2022
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 22-22
Adopting the First Amendment to the Gateway Regional Center Urban Renewal Plan

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7455

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 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 in Gateway.

Staff have also met several times with representatives of David Douglas School District (DDSD), who expressed concern about how the Plan Amendment will delay a reduction in tax rates for property owners in the DDSD boundary, potentially impacting DDSD's efforts to secure a future voter-approved bond measure. In response to this concern, staff and DDSD leadership are negotiating a partnership agreement whereby, based on potential impact, Prosper Portland will identify TIF investment to support DDSD in advancing its development objectives in the district and in alignment with Action Plan priorities.

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, the City and Prosper Portland will not be able to identify new Tax Increment Finance (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 FY 2021-22</u>	<u>Proposed FY 2022-23</u>	<u>Forecast FY 2023-24</u>	<u>Forecast FY 2024-25</u>	<u>Forecast FY 2025-26</u>	<u>Forecast FY 2026-27</u>
Resources						
Beginning Fund Balance	13,468,923	12,942,977	6,081,977	29,252,103	22,864,678	17,897,066
Revenue						
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
Total Revenue	6,201,151	8,417,845	27,489,739	428,569	401,060	343,107
Total Resources	19,670,074	21,360,822	33,571,716	29,680,672	23,265,738	18,240,173
Requirements						
Administration						
A00031-Debt Management-GTW	32,500	5,589	10,000	10,000	10,000	-
Administration Total	32,500	5,589	10,000	10,000	10,000	-
Economic Development						
Traded Sector						
A00115-Business Development-GTW	20,000	-	-	-	-	-
A00382-Lean Manufacturing-GTW	10,000	10,000	10,000	10,000	-	-
Community Economic Development						
A00123-Community Development-GTW	100,000	100,000	-	-	-	-
Business Lending						
A00210-BL -General-GTW	200	300,000	300,000	-	-	-
Economic Development Total	130,200	410,000	310,000	10,000	-	-
Housing						
A00172-Affordable Housing-GTW	2,178,024	5,637,316	924,396	3,835,518	2,394,739	-
Housing Total	2,178,024	5,637,316	924,396	3,835,518	2,394,739	-
Infrastructure						
Transportation						
A00590-Trans. Improvements-GTW	0	2,000,000	-	-	-	-
Infrastructure Total	0	2,000,000	-	-	-	-
Property Redevelopment						
Commercial Property Lending						
A00367-CPRL-General-GTW	751,500	1,750,000	-	-	-	-
Real Estate Management						
A00588-Halsey 106 Com Condo-GTW	116,220	152,387	145,761	149,274	152,787	152,787
Real Estate Acquisition						
A00588-Halsey 106 Com Condo-GTW	32,000	32,000	32,000	32,000	32,000	-
Real Estate Predevelopment						
A00588-Halsey 106 Com Condo-GTW	500,000	-	-	-	-	-
A00696-Nick Fish Commercial TI-GTW	1,000,000	1,950,000	550,000	-	-	-
Real Estate Disposition						
Redevelopment Strategy						
A00346-Project Development-GTW	500,000	1,600,000	1,300,000	1,800,000	2,000,000	-
Redevelopment Grants						
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	-	-	-
Property Redevelopment Total	3,619,720	6,504,387	2,447,761	2,301,274	2,504,787	152,787
Total Program Expenditures	5,960,444	14,557,292	3,692,157	6,156,792	4,909,526	152,787
Personnel Services	199,679	189,789	162,294	169,606	114,920	74,428
Total Fund Expenditures	6,160,123	14,747,081	3,854,451	6,326,398	5,024,446	227,215
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
Total Fund Requirements	19,670,074	21,360,822	33,571,716	29,680,672	23,265,738	18,240,173