



PROSPER
PORTLAND
Building an Equitable Economy

DATE: June 18, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-22
Approving the Gateway Action Plan Update

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7536

This action by the Prosper Portland Board of Commissioners (Board) will approve the Gateway Action Plan Update (Action Plan Update), a five-year community-driven plan for investing tax increment finance (TIF) resources in the Gateway Regional Center TIF District. If approved, the Action Plan Update will be brought to City Council for final review and adoption in summer 2024.

STRATEGIC ALIGNMENT AND OUTCOMES

Approving the Action Plan Update will provide the road map for Prosper Portland TIF investments over the next five years to realize community-prioritized projects and programs. The plan is aligned with the following Advance Portland strategic priorities and outcomes:

- Outcome 3.5 Support Growth & Health of Businesses within Commercial Districts and Outcome 3.6 Activate Vacant Properties and Storefronts; Attract New Commercial Development.
- Outcome 4.2.3 Childcare Accessibility Initiatives.
- Outcome 3.8 Address Housing Production Across a Continuum of Affordability.
- Outcome 2.1 Help BIPOC Entrepreneurs Start, Scale and Innovate.

BACKGROUND AND CONTEXT

On May 15, 2001, through Resolution No. 5689, the Prosper Portland Board approved the Gateway Regional Center Tax Increment Finance District and Plan. On June 21, 2001, through Ordinance 175699, the Portland City Council (City Council) adopted the same Gateway TIF district and plan. Since creation of the Gateway Plan, Prosper Portland and the Portland Housing Bureau (PHB) have invested approximately \$70,000,000 in infrastructure, facilities, transportation, business development, and affordable housing, such as the MAX Red Line and Green Lines, the 102nd Avenue Streetscape project, and development including NE 97th Avenue Green Street, The Rose at Gateway Apartments, the Oregon Clinic and Glisan Commons.

More recently, Prosper Portland's investments have been guided by the Gateway Action Plan (Original Action Plan), reviewed by the Prosper Portland Board on July 21, 2016, and adopted by Portland City Council through Resolution No. 37228 on August 10, 2016. The five-year Original Action Plan provided a framework for investment in three sub-districts: the Halsey/Weidler Corridor, the Gateway Transit Center and Central Gateway. Over the past eight years, investments have occurred largely along the

Halsey/Weidler Corridor through the completion of the Gateway Discovery Park; The Nick Fish mixed use, mixed income housing project; small business support; tenanting of commercial space within the Nick Fish project; and streetscape improvements.

On June 7, 2022, through Resolution No. 7455, the Prosper Portland Board removed the last date to issue debt on the Gateway TIF District to allow for the issuance of short-term debt and to gain access to additional TIF resources to further support the goals and projects called for in the Original Action Plan. The anticipated budget for the remainder of the Gateway TIF District is estimated at approximately \$94,000,000, including affordable housing set aside funds to PHB which is set at 33 percent over the life of the Gateway TIF District.

In 2023 Prosper Portland staff began the process of updating the Original Action Plan in partnership with community members and leaders. The Action Plan Update is the result of engaging community residents, nonprofit partners, small businesses, and economic experts over the past 18 months.

Plan Objectives. The Action Plan Update is an investment pivot for the Gateway TIF District, moving from a geographic subdistrict framework to a community priorities-based investment framework. Prosper Portland is proposing to direct significant remaining TIF investments to leverage partner investment based on economic strengths and meeting the needs of Gateway and East Portland's diverse residents and businesses.

While the sub-districts approach restricted investments under the Original Action Plan, the Action Plan Update is aimed to support new and existing businesses can deepen across the entire TIF district.

Additionally, implementation of the Action Plan Update will take advantage of a number of amended or new programs to be launched in Gateway to provide financial access to property reinvestment, housing opportunity, and small business security, including:

- Prosperity Investment Program (PIP) grants will continue lower barriers to entry, particularly for businesses struggling to obtain costly credit from financial institutions. Similar to the PIP program in the Interstate Corridor TIF District, the small business match in Gateway is proposed to decrease from 50 percent to 25 percent and a Prosper Portland loan can be provided to cover the matching portion.
- The Affordable Commercial Tenanting Program will be scaled in Gateway to provide grants for improvements to ground floor commercial properties in exchange for property owners offering commercial spaces at 10 to 25 percent below market rents.
- The new Commercial Property Loan programs will target funding (predevelopment, construction, and permanent financing) to incentivize smaller scale housing and commercial development projects (including cottage clusters, condos, or attached townhomes).
- Through a competitive grant processes, the Action Plan Update will focus on Public Art & Security Improvements grants to create artistically-designed facade improvements to increase business security.

The Action Plan Update prioritizes middle-income workforce housing production as one of the centerpieces of the investment strategy. Staff anticipate that this will result in a public/private partnership targeted at producing more than 250 units of workforce housing at key strategic sites across the district, including at the Gateway Transit Center. In addition, Prosper Portland anticipates there will approximately \$15,600,000 of PHB affordable housing set aside funds to be allocated within the next five years (this includes \$4,700,000 in fiscal year (FY) 2023-24 funds that will be rolled over to FY 2024-25). Prosper Portland will work in collaboration with PHB to explore mixed-income housing at a PHB-

owned parcel at 102nd Avenue and E. Burnside Street that could support more than 100 new homes and other opportunities for deed restricted affordable units within the district.

With district livability and safety top of mind for the residents and businesses in Gateway, funding for property activations will work in tandem with property reinvestments. In particular, funding through Prosper Portland's grant and loan programs will be targeted to making the physical improvements needed to activate large vacant properties near the Gateway Transit Center with recreational and/or entertainment uses that bring life to the district while redevelopment occurs.

Central to unlocking the potential of all of the proposed projects and programs, Prosper Portland will look to deepen partnerships with the private and nonprofit sector to leverage additional funding and create lasting improvements for the district. Similar to priorities being raised in the East Portland Tax Increment Finance exploration process, Gateway needs additional organizing support for the small business community together with the TIF investments outlined above and in the Action Plan Update.

EQUITY IMPACT

The Action Plan Update embeds priorities for equity throughout the proposed projects, programs, and outcomes, ensuring that resources will continue to fund projects and programs that serve a broad range of underserved business and residents. Specifically, PIP grants, Community Livability Grants, Affordable Commercial Tenanting, lending, and other project resources will be deployed to lift underserved community members and businesses, with a focus on providing support to projects and individuals without access to conventional debt or capital. Similarly, Action Plan Update outcomes will be tracked and reported to ensure both investments and benefits are programmed to be accessible to historically underserved community members, including women and minority-owned businesses. In partnership with PHB, affordable housing set aside resources will be allocated for regulated affordable housing projects to help stabilize residents of all incomes within the district.

COMMUNITY PARTICIPATION AND FEEDBACK

Over the past 18 months, Prosper Portland staff engaged extensively with Gateway residents, business owners, and community groups. Staff convened a Community Advisory Committee (Committee), consisting of 16 individuals who co-created the Action Plan Update and helped define the broader community engagement process (see a Committee Roster in Attachment A). That broader engagement process included:

- Five focus groups with more than 60 participants.
- 32 one-on-one interviews. These discussions focused on engaging diverse voices to speak about issues from a breadth of community perspectives.
- A multicultural open house with 33 participants that featured translation services in six languages spoken in the Gateway community.

The voices and perspectives shared by Gateway residents, business owners, employees, and community stakeholders are reflected in the Action Plan Update and help articulate the shared vision and investments staff heard through its work with the Committee and the engagement process.

BUDGET AND FINANCIAL INFORMATION

With new bond resources available, the budget commitment to implement the Action Plan Update is estimated at \$65,600,000 over the next five years, including affordable housing set aside funds for PHB. The budget commitment is available in the Gateway TIF District FY 2024-25 budget and forecast.

Pursuant to the set aside policy, set aside funds will be distributed to and administered by PHB in alignment with the Action Plan Update partnership.

RISK ASSESSMENT

There are no risks to the adopting this action, as it will simply inform priorities and budget allocations. The Prosper Portland Board will have the opportunity to adjust budget allocations in the future should priorities and circumstances demand.

ATTACHMENTS

- A. Community Advisory Committee Roster

COMMUNITY ADVISORY COMMITTEE ROSTER

Name	Association
Frieda Christopher (Co-Chair)	Community member, At-large
Giovanni Bautista (Co-Chair)	Community member, At-large
Josh Bearman	TVW Inc.
Nidal Kahl	Gateway Area Business Association
Codie Jennison	NW Enforcement Inc.
Duncan Hwang	Asian Pacific American Network of Oregon
Greg Lutje	Commercial Real Estate Attorney
Hilary Vineyard	First Interstate Bank
Djimet Dogo	IRCO Africa House
Tina Do & Maryoris Pedroso-Reyes	Immigrant Refugee Community Organization
Jeff Hinton	Resident
Mykel Hibbard	Resident
Arlene Kimura	Hazelwood Neighborhood Association
K. Shay Smith & Yekaterina Selezneva	Our Just Future