

Central City TIF Exploration
Housing Production Subcommittee Meeting #1
Microsoft Teams
December 15, 2023, 2:00 – 3:00 pm

Meeting Summary

Welcome & Introduction

Michael Buonocore welcomed the committee and discussed roles for committee members. Committee members and staff did a round of introductions.

Damien Hall reviewed goals for the meeting and for the committee members' participation. This is an opportunity to speak up and think about big innovative ideas for housing production in the central city. This meeting specifically is focused on identifying geographic priorities as well as challenges, weaknesses, and opportunities regarding housing and how TIF can be utilized as a tool to address those challenges.

Overview of Sub-Committee Working Tool for Plan Development

Sarah Harpole reviewed the working planning tool that will be used to organize the committee's feedback and input for the TIF planning process. The last meeting was focused on vision and values, this meeting's focus is existing conditions, goals, and projects that can help move the needle. The next meeting will be focused on developing the project list and priority areas. Through these conversations it is important to keep equity in mind and in the third meeting the conversation will focus on specific equity considerations for the plan, projects, and investment priorities particularly when looking at implementation principles, phasing, and priorities. Keep in mind there are overlaps between committees and while the goals for this committee are specific to housing, all the feedback from the various committees will be woven together once the subcommittee meetings wrap up.

- *Question:* This document can be sent to the subcommittee and people can add their information to the work sheet as needed to then be refined, right?

Answer: Yes, committee members are not expected to populate this sheet themselves, but notes taken from these meetings will be used to populate the worksheet. If committee members want to complete a worksheet and add information, they are welcome to do so.

Sarah noted that it will be important to consider what TIF can and cannot fund, as well as considering the capital stack combining private and public investment for various projects. The Museum Place case study is from when PDC + Portland Housing Bureau were the same organization and used to have more focus on middle income housing.

Sub-Committee Discussion

The committee discussed the existing conditions that are either weaknesses or challenges that are impacting housing production; and to consider opportunities for TIF related investment.

- **Financial Feasibility & Financing**
 - Cost is a challenge and as well as funding sources.
 - Operations downtown right now are unsustainable, and insurance significantly exacerbated this. Plus, with security concerns at all locations downtown, hiring security is an added cost.
 - Site development costs can be greater than elsewhere in the city, including costs for demolition or conversion vs bare land.
 - There are three existing sites for development in Old Town but financing for market rate housing development is challenging.
 - It is important to understand when public investment – including direct subsidy for project, investment adjacent infrastructure and open space, interest rate buy-downs, loan guarantees, etc trigger BOLI requirements.
 - Prevailing wage is generally not an issue when building at densities typical of downtown.
 - Prosper Portland is working with BAE to study the feasibility for middle income housing, including recently proposed regulatory changes, and potentially new loan products. Finding can be made provided to this group as they are available.
 - Within 5 – 10 years, is there a pivotal amenity that would bring market rate housing that would not need subsidizing?
- **Zoning & Regulations**
 - Central city zoning is a challenge and adds cost. There is a barrier to entry given density scale of the zoning.
 - Going from type 5 to type 1 construction cost is prohibitive for affordable housing. After four stories you trigger commercial prevailing wage. It is harder for those projects to be financially feasible, but it is important to have affordable housing scattered throughout the city. Even if they are more expensive there should still be affordable housing downtown.
 - TIF can't fix regulations but that is an issue with housing production. There are barriers to successful projects just getting off the ground and throughout the project management process.
- **Opportunities for Office Conversion**
 - EcoNorthwest's study of office-to-residential conversion is wrapping up and will be made available to this group. The study is looking at top candidates for conversion and recommendations to improve financial feasibility.
 - The cost-benefit analysis of office conversion is an interesting idea for this group to grapple with. Conversion is not currently financially viable but addresses diversification of uses downtown as well as utilization of vacant property.
 - Office to residential conversion is one way to bring more affordable housing downtown.
 - The commercial retail and office vacancies is interesting when thinking about complete neighborhoods.
- **Complete Mixed-Use Neighborhoods**
 - The available infrastructure and services are lacking for additional family housing downtown. In addition to lacking educational infrastructure, the commercial infrastructure is lacking in downtown/old town.

- The goal is to diversify uses downtown. Housing needs also support and require other uses. More diversity of uses and housing types will build stronger neighborhoods, consistent with the findings of EcoNorthwest’s analysis of post-pandemic recovery of the subdistricts.
- Look at the balance within the subdistricts of the central city. Old Town is an example with a high concentration of affordable housing that could use more market rate housing while other neighborhoods need more affordable housing. It is important to look at each neighborhood’s specific needs to achieve a greater balance because neighborhoods have different needs and have different financing realities. The balance is more on a subdistrict basis in terms of what housing is needed.
- If you broadly look at occupancy, look at what neighborhoods are occupied and at what times are they occupied to create neighborhoods that are active 24/7.
- **Investment Priorities & Strategy**
 - Preservation of existing buildings is a key priority. Stabilizing existing affordable housing in addition to the market rate housing.
 - Gap financing and direct subsidies.
 - Investment in infrastructure.
 - Acquisition dollars for sites.
 - Look at beginning with shovel-ready projects in a few of the potential TIF areas.
 - With neighborhood creation, look at what makes a complete neighborhood and use the limited housing dollars to build out what is necessary. What infrastructure is needed to support family housing production? Downtown is missing usable parks, a school, and a community center. Those are things that signal to developers that a neighborhood is worth investing in. People are not anywhere near wanting to invest in Portland now and there needs to be a large public signal that things are changing here to catalyze project development and TIF dollars flowing.
 - What is the balance between affordable workforce and market rate to stretch the TIF dollars the furthest especially since affordable housing doesn’t feed into the TIF funds with the tax abatement? If the TIF districts do a bunch of affordable housing right out the gate that won’t create increment to invest in the community. There needs to be a focus on market rate and producing funds to invest. Invest in order to scale results over time.
 - How can TIF be used to incentivize multiple projects at a time to scale up the results for housing production instead of a site-by-site concept?
 - Make sure to not make the money so restrictive since it is a long-term play and it is uncertain how dynamics will change over time.
- **Follow-up information**
 - Maps:
 - Existing housing affordability to look at where there are concentrations of affordable housing.
 - Existing housing density
 - Opportunity map indicating proximity to key amenities

Housing Production Sub-Committee Attendance

Name	Affiliation	Present
Michael Buonocore	Portland Housing Bureau	y
Damien Hall	Home Forward	y
Christina Ghan	Office of Commissioner Rubio	
Sam Rodriguez	Mill Creek Residential	
Matt Goodman	Downtown Development Group	
Jason Franklin	Portland State University	y
Stef Kondor	Related Northwest	y
Mary-Rain O'Meara	Central City Concern	y
Sarah Stevenson	Innovative Housing	y
Eric Paine	Community Development Partners	
Ian Roll	Gensler	y
Shelly Haack	Prosper	y
Jessica Conner	PHB	
Tom Armstrong	BPS	y
Jill Chen	PHB	
Brian Moore	Prosper	y
Sarah Harpole	Prosper	y
Kiana Ballo	Prosper	y