

Central City TIF Exploration Large Scale Opportunities Subcommittee Meeting #1

Microsoft Teams

December 8, 2023, 9:00 – 10:00 am

Meeting Summary

Welcome & Introductions

Jill Sherman welcomed committee members, reviewed the meeting agenda and discussed the roles of the committee members and the co-chairs. Committee members and staff did a round of introductions.

Overview of Sub-Committee Working Tool for Plan Development

Sarah Harpole reviewed the working tool worksheet that will be used to organize the committee's conversation. This sheet has some information pulled from relevant planning documents in the goals column. It is important to keep an equity lens on throughout the conversation, and specifically in the third meeting the committee will dig deeper into the equity considerations with the project list. There will also be a more detailed excel form to keep a robust inventory of feedback from the committee. There is an overlap between the committees, so it is okay to touch on the importance of housing and commercial development as it relates to the large-scale sites, recognizing the other subcommittees are looking housing production and business retention/recruitment in depth.

- *Question:* This subcommittee is unique given its geographic focus. What should we discuss regarding where TIF districts should be drawn around the large-scale sites?

Answer: The subcommittee should provide input regarding the varied needs in different districts to inform the individual district plans, as well as the balance of stable development along with investment opportunities to inform financial modelling.

TIF Investment Case Study

Lisa Abuaf presented a case study of a robust public private partnership for a large development in the Central District of South Waterfront. Development agreements are an important tool to capture these partnerships when vertical development will happen over many phases. This is a development agreement that had over 20 amendments over time. This is a high-level overview of how TIF can support redevelopment over multiple phases with a development agreement.

- Jobs were a significant part of this plan. OHSU was looking to grow and had maxed out space on the hill, so they wanted the tram to connect the upper and lower facilities – including the future OHSU Center for Health and Healing.
- Live, work, play was a big theme as well. All the residential towers down there were set up for success with the infrastructure that was a part of this agreement including the park, aerial tram, light rail, streetcar, and street upgrades.
- There was a strong environmental commitment; all buildings are LEED certified, and there was a big focus on green infrastructure and connectivity to transit.
- There is a standing oversight committee that continues to meet and focuses on workforce equity throughout the development phases.
- The area for this development was rezoned, transit was added, infrastructure was added to support the build out.

- TIF dollars were mainly invested in affordable housing projects and infrastructure.
- TIF and an investment of SDCs helped leverage other funds from the city/state/federal government.
- There was a sizable local improvement district and a large level of investment from the private developers and OHSU.
- *Question:* Development agreements have some requirements about when developments happen but may need more time for private development to occur especially with the office/job creation side in current conditions.

Answer: It is understood that not all the investments happen at once, therefore it is important outline the public investment and infrastructure needed for phase 1, then phase 2, as private development occurs.

- *Question:* The case study had about a 60:40 split for public to private funding; is that ratio standard for large-scale public/private partnerships?

Answer: There is no standard ratio, and the public investment is site and market specific. The agreement must reflect a fair split where City Council can clearly see the partnership between parties. Right now, things are falling more on the public side but eventually the market will change so that the private sector will be able to contribute more. Development agreements can reflect this phasing and can change over time with renegotiations as conditions change.

- *Question:* Was it always anticipated that the job creation would be exclusively by OHSU?

Answer: Yes, the development agreement was focused on OHSU because they were a signatory of the development agreement. They owned land and had intentions to buy more land for expansion. There was also some anticipation that OHSU's growth could result in spinning off more biotech in the area, but OHSU was the focus.

- *Question:* It would be helpful in this process to have more clarity about System Development Charges (SDC) policy. It is unclear how it functions across bureaus and how it could be used in these situations. There is an opportunity for the city to more clearly define what that means.

Answer: Bureau representatives discussed some of the challenges and opportunities for the investment of SDC resources. Sarah committed to providing a follow-up summary of how and when SDCs can be invested.

Follow-Up Information: Attachment A includes a summary of how and when SDCs can be invested in large-scale public-private partnerships.

Sub-Committee Discussion

Jill prompted the subcommittee to discuss opportunity sites to unlock development in the potential new TIF district areas. Sarah added that it will be helpful to focus on the challenges and how TIF can be used to move the needle.

- *Question:* It would be useful to know the anticipated roll out of funds for TIF and timing considerations for these projects.

Answer: Growth in assessed value/TIF revenues will not be seen as early as usual given that immediate development is likely to be residential development that receives tax abatement for

compliance with the Inclusionary Housing policy. Right now, it looks like resources may not flow until year 5 – 10. It is also important to intentionally consider how any current TIF district resources flow into development as well as future TIF districts.

The subcommittee inventoried potential public investment needs in the key opportunity sites:

- **Lower Albina:**
 - Need for better connectivity with the Moda Center and likely a need for more street grid through large parcels, including utility infrastructure. Not dissimilar to what was done in the Pearl District and South Waterfront.
 - There may be a need for TIF investment in the cap over the freeway, including infrastructure and potentially larger open space.
 - Need for more access to the river with a riverfront park. Agreement that the waterfront is a huge opportunity.
 - District parking to address district and event parking with loss of existing surface parking.
 - Look at ways to build needed infrastructure while meeting sustainability/climate goals is a real opportunity and a way for Portland to move toward being aggressive with sustainability innovation.
 - Ensuring that there are opportunities for commercial development that feels iconic to Portland is important. Looking at ways to unlock development for bars, restaurants, and stores around Moda Center and OMSI.
 - Ideas regarding education hub, African American art hub, mixed-use housing, etc
 - Some relocation of existing water and sewer lines may be required depending on layout, in addition to new utility infrastructure within new streets. Utilities to serve development on the cap will be particularly challenging.

- **OMSI:**
 - Main constraint at OMSI is funding new transportation and utilities infrastructure in the plan. There are only two parcels open to development until infrastructure updates happen and one is too big for current market conditions so there is only one developable parcel right now.
 - Master Plan currently authorizes 1200 housing units
 - Some development sites currently have surface parking. OMSI will need to retain some parking at least for the near future, while the need for parking might change over time. Opportunity for district parking that can convert in the future.
 - Creating pedestrian infrastructure to better connect OMSI to the rest of the central eastside
 - Utility infrastructure is a key part of development, and PWB does not have funding to create these new connections.

- **Lloyd Mall:**
 - Lloyd Mall is a little further behind than other projects; Anticipate approval of a Master Plan in late 2024.
 - 30-acre site to be a part considered as a part of the Lloyd Center master plan.
 - Opportunity for reintroducing parts of the street grid, including utility infrastructure, and adding mixed use residential. Anticipate there will be 1,000 units of affordable housing as a part of this project.

- Street trees to be added to help with climate change and livability
- **Broadway Corridor:**
 - Funding is largely identified for first phase of site preparation and development
 - Future investment needs may include relocation of the USPS retail, demolition of the parking garage, and the Green Loop.

It was noted that the Green Loop is a common goal across all of the sites.

- *Question:* There are other large scale development opportunities such as Zidell Yard, RiverPlace and PSU Lincoln Station. Should these be discussed?

Answer: There are resources in the North Macadam TIF district to contribute to these projects. However the Subcommittee is open to explore whether additional resources are needed.

Follow-up Information: The North Macadam TIF district has approximately \$78M in remaining resources, including ~\$18.5M allocated for affordable housing (TIF set-aside).

Large Scale Opportunities Sub-Committee Attendance

Name	Affiliation	Present
Angela Rico	Office of Commissioner Rubio	n
Christina Ghan	Office of Commissioner Rubio	y
Dr. Carlos Richard	Warner Pacific	
Erin Graham	OMSI	y
James Parker	Oregon Native American Chamber	
Jill Sherman	Edlen & Co	y
Andrea Pastor	Metro	y
Tom Kilbane	Urban Renaissance Group / Lloyd Mall	y
Millicent Williams	Portland Bureau of Transportation	y
Natalie King	Trail Blazers	y
Patricia Diefenderfer	BPS	
Art Pearce	PBOT	y
Lisa Abuaf	Prosper Portland	y
Sarah Harpole	Prosper Portland	y
Brian Moore	Prosper Portland	y
Kiana Ballo	Prosper Portland	y
Troy Doss	BPS	y
Steve Szigethy	PBOT	y
Jodie Inman	PWB	y
Emma Kohlsmith	BES	y
Amy Nagy	Prosper Portland	y
Lauren McGuire	PPR	y
Brett Horner	PPR	

Attachment A:

Investment of System Development Charge (SDC) revenues

SDC credits available:

Credits for providing qualified public improvements are available, including:

- **Parks:** allows credits if you convey qualified property or facilities to Parks and Recreation, subject to approval.
- **Transportation:** Developers who participate with building projects on the TSDC list may be entitled to a credit against their current TSDC assessment. These credits must be used on the development site and may not be transferred or given away to a different development.
- **Environmental Services:** gives credits for any equivalent dwelling units purchased with prior use of the property. Environmental Services credits follow a property and are not transferable.
- **Water:** gives credit for water services that are permanently removed. Credit is applied towards the SDC fee of a new metered service. Credits are not transferable.

SDC investment eligibility:

Infrastructure bureaus may, at their discretion, elect to invest SDC resources into a public-private partnership. Eligible uses of SDC revenues are in part defined by the State. It should be noted that the infrastructure bureau must self-perform any improvements funded by SDC revenues.

- **Parks:** SDC revenues can only be used to create new park facilities. The upgrade or renovation of existing facilities is not an eligible use. There are additionally parameters that require SDCs generated within the Central City must be invested in the Central City, so resources are not transferable across the City.
- **Transportation:** SDC revenues can only be used to increase the capacity of the transportation network, and must be included on the list of SDC eligible projects.
- **Environmental Services:** Different than Transportation and Parks, SDCs collected by BES are used to reimburse the bureaus for system and capacity projects that have already been built and are not available for new growth.
- **Water:** Different than Transportation and Parks, SDCs collected by PWB are used to reimburse the bureau for system and capacity projects that have already been built, they are not set aside to pay for new projects. Projects that support new development would need to either replace existing projects or be funded via a rate increase.