

## IMPACT STATEMENT

**Legislation title:** \* Authorize short term subordinate urban renewal and redevelopment bonds on behalf of Prosper Portland to finance projects in urban renewal areas (Ordinance)

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### **Purpose of proposed legislation and background information:**

The proposed legislation authorizes the issuance of taxable, short-term bonds on behalf of Prosper Portland to finance projects in urban renewal areas. The annual amount of short-term debt (sometimes referred to as “du jour” indebtedness) authorized for each urban renewal area is as follows:

Central Eastside Urban Renewal Area	\$6,700,000
Gateway Urban Renewal Area	6,100,000
Interstate Corridor Urban Renewal Area	27,000,000
Lents Town Center Urban Renewal Area	12,000,000
North Macadam Urban Renewal Area	15,000,000
River District Urban Renewal Area	32,000,000
Total	\$98,800,000

Oregon law only allows tax increment revenues to be used to pay principal and interest on indebtedness.

The City issues taxable, short-term subordinate indebtedness to permit Prosper Portland to access tax increment revenues deposited into debt service funds that exceed amounts needed to pay debt service on long-term bonds and lines of credit. While the Ordinance permits repayment of the debt within 30 days of issuance, the City historically has repaid the debt on the business day following the issuance of the debt. This “du jour” indebtedness effectively serves as pay-as-you-go funding for projects qualifying for tax increment financing.

The amounts shown above represent the maximum amount of short-term debt that may be issued each year. Actual amounts may be lower depending on tax increment revenue collections and debt service requirements for long-term debt and lines of credit each year.

If approved by Council, the City will enter into an agreement with a commercial bank to purchase these short-term bonds over a three-year period through FY 2019-20. Bonds of each urban renewal district will be secured with the tax increment revenues of that district. No general fund revenues are pledged for this purpose.

**Financial and budgetary impacts:**

The City will repay principal plus interest on any short-term “du jour” bonds issued. The amount issued at any time will not exceed the tax increment revenues in the urban renewal area’s debt service fund, less any amounts needed to pay principal and interest on outstanding long-term debt and lines of credit, and interest on the short-term bonds.

**Community impacts and community involvement:**

This is an administrative action taken to authorize the issuance of “du jour” bonds, the proceeds of which will be used to pay for Prosper Portland urban renewal projects. There is no community impact or involvement anticipated.

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- YES: Please complete the information below.
- NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount