

November 9, 2022

Exhibit C
Report Accompanying the
Cully Tax Increment Finance Plan
(Required Pursuant to ORS 457.087)

Date

Cully TIF Plan Ordinance No. 2022-

November 9, 2022

November 9, 2022

TABLE OF CONTENTS

I. DEFINITIONS.....4

II. INTRODUCTION.....7

III. THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN TAX INCREMENT PROJECTS AND THE EXISTING CONDITIONS IN THE TAX INCREMENT AREA10

IV. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS27

V. FINANCIAL ANALYSIS OF THE PLAN28

VI. THE ESTIMATED AMOUNT OF CULLY TAX INCREMENT FINANCE PLANREVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED31

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT.....37

VIII. REVENUE SHARING39

IX. IMPACT OF THE CULLY TAX INCREMENT FINANCE PLANFINANCING42

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF TAX INCREMENT AREA.....46

XI. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES47

XII. REASONS FOR SELECTION OF EACH TAX INCREMENT AREA IN THE PLAN62

XIII. RELOCATION REPORT.....62

I. DEFINITIONS

These definitions mirror the definitions in the Cully TIF District Plan. They are repeated here for the convenience of the reader.

“Action Plans” means a plan which proposes investments and programs in the TIF Area on a five-year basis.

“Accessibility” means in compliance with the Americans with Disabilities Act Standards for Accessible Design.

“Affordable housing” means:

TIF funded affordable housing is guided by the Tax Increment Financing for Affordable Housing Policy, and the supplementary Implementation Plan and Income Guidelines which are binding City Policy under Section 1.07.020 A of the City Code.

For rental housing: the Portland Housing Bureau (PHB) utilizes the HUD affordability standard, which states that the rent plus expenses associated with occupancy, such as tenant paid utilities or fees, does not exceed 30% of the gross household income, based on unit size, at the level of the rent restriction.

For homeownership units: the purchase price, for which the sum of debt service and housing expenses (including an allowance for utilities and other required ownership fees), when compared to the annual gross income for a family, adjusted for family size, does not preclude conventional mortgage financing.

“Affordable commercial space” means offering access and assistance to qualified businesses in the form of an equitable tenanting application processes, access to space, and in some cases additional financial support or incentives designed to lower the barriers to entry for emerging and small businesses, such as reduced rent, tenant improvement contributions and technical assistance.

“Agency” means Prosper Portland. Prosper Portland is responsible for implementation and administration as required under ORS 457.

“Annual report” is the ORS 457.460 requirement for the production of an annual report that gets distributed to the taxing districts.

“Area” or “TIF Area” means the properties and rights-of-way located within the Cully Tax Increment District Boundary. It is a defined geography from which tax increment financing is both calculated and spent. This term is understood to refer to and replace references to the term “urban renewal area” as defined in ORS 457.010(18).

“Area median income” means an income threshold set by Department of Housing and Urban Development, and is updated annually

“BIPOC” means Black, Indigenous and People of Color.

“Blight” is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting a TIF plan.

“Board of Commissioners” means the Prosper Portland Board of Commissioners.

“Charter” is the Governance Charter for the Cully TIF District, as the same may be amended from time to time, pursuant to its terms and conditions. It establishes the Community Leadership Committee.

“City” means the City of Portland Oregon and includes the Portland Housing Bureau.

“City Council” or “Council” means the Portland City Council.

“Comprehensive Plan” means the City of Portland comprehensive land use plan and it’s implementing ordinances, policies, and standards.

“County” means Multnomah County, Oregon.

“Cully Preliminary Report” is defined and described in Section III.B of the Plan. The Cully Preliminary Report is attached as Exhibit 1 to the Plan. The Cully Preliminary Report is not the statutory report referenced in ORS 457.087 (see definition of “Tax Increment Finance Area Report” / “Report” later in this Section).

Cully Boulevard Alliance (CBA) is part of Prosper Portland’s Neighborhood Prosperity Network. As a micro-urban renewal area or TIF district we do have a specific set of boundaries, but as an organization we are here to serve all of those who live, work, or support those in the outer NE Portland neighborhood of Cully.

“Cully Boulevard Alliance (CBA)” is an organization engaged in community economic development at the neighborhood scale within the Cully micro-TIF district; part of Prosper Portland’s Neighborhood Prosperity Network, this organization serves all of those who live, work, or support those in the outer NE Portland neighborhood of Cully.

Cully ELC means the Cully Exploration Leadership Committee.

“Fiscal year” means the year commencing on July 1 and closing on June 30 of the next calendar year.

“Frozen base” means the total assessed value including all real, personal, manufactured, and utility values within a TIF Area at the time of adoption as more particularly described in ORS 457.430(1). The County Assessor certifies the assessed value after the adoption of a TIF area plan.

“Increment” means that part of the assessed value of a TIF area attributable to any increase in the assessed value of the property located in a TIF area, or portion thereof, over the Frozen Base.

“ITIN” means Individual Taxpayer Identification Number which is a tax processing number only available for certain nonresident and resident persons, their spouses, and dependent who cannot get a Social Security Number.

“Living Cully” means an innovative collaboration that formed in 2010 among [Habitat for Humanity Portland Region](#), [Hacienda Community Development Corporation](#), [Native American Youth and Family Center](#), and [Verde](#). They work to improve the quality of life for people of color and low-income people in Northeast Portland’s [Cully neighborhood](#), and ensure that Cully will always be a place where people of color and low-income people can live and thrive. This work requires a dual-emphasis on community-led neighborhood improvements and robust efforts to combat gentrification and displacement.

“Manufactured Dwelling”. A dwelling unit constructed off of the site which can be moved on the public roadways. Manufactured dwellings include residential trailers, mobile homes, and manufactured homes, as further defined in the Portland City Code 910

“Manufactured housing park.” Four or more manufactured dwellings which are located on a single site for 30 days or more and intended for residential use. Manufactured dwelling park does not include sites where unoccupied manufactured dwellings are offered for sale or lease, as defined in Portland City Code, 910. See also Recreational Vehicle Park.

“Maximum indebtedness” means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

“Metro” is the regional government for the Oregon portion of the Portland metropolitan area, covering portions of Clackamas, Multnomah, and Washington Counties.

“Minor Amendment” means is any amendment to the TIF Plan that is not a Substantial Amendment.

“Neighborhood Prosperity Initiative” means a Prosper Portland program focused on community economic development at the neighborhood scale. A community-driven, self-help approach is at the heart of this work. With grants, training, and support from Prosper Portland, each district is responsible for planning and implementing projects to improve the local commercial district.

“NOFA” means Notice of Funding Availability – means the official notice of availability of funds which may be disbursed for projects and is a means of soliciting proposals for undertaking projects.

“ORS” means the Oregon Revised Statutes. ORS Chapter 457 specifically relates to tax increment financing.

“Our 42nd Avenue” is an organization engaged in community economic development at the neighborhood scale within the Cully micro-TIF district; part of Prosper Portland’s Neighborhood Prosperity Network, this organization partners to ensure that economic change benefits the people of 42nd Avenue in an inclusive way.

“Permanently affordable homeownership” means homeownership opportunities which prescribe affordability for subsequent buyers of the property or home, in contrast with homeownership opportunities which proscribe no additional affordability beyond the first purchaser.

“PHB” means the Portland Housing Bureau.

“Planning Commission” means the Portland Planning and Sustainability Commission.

“Priority Communities” refers to the intended beneficiaries of the Cully TIF District: African American and Black persons; Indigenous and Native American persons; persons of color; immigrants and refugees of any legal status; renters; mobile home residents; persons with disabilities; low-income people; houseless people; and other population groups that are systemically vulnerable to exclusion from Cully due to gentrification and displacement

“Prosper Portland” is the City of Portland’s economic and urban development agency.

“RFP” means request for proposals. It is a means of soliciting proposals for undertaking projects. It is a document issued by the City, Prosper Portland, a business or an organization to request bids for development, products, solutions and services.

“Regulated affordable unit” means a residential unit subject to a regulatory agreement that runs with the land and that requires affordability for an established income level for a defined period of time.

“Revenue sharing” means under-levying tax increment proceeds to effectively share a portion of the revenue with the other taxing districts who levy permanent rate taxes as described in ORS 457.470.

“Substantial Amendment” means an increase in maximum indebtedness that can be issued or incurred under the TIF Plan or an increase in acreage over one percent of the original acreage of the TIF Areas described in ORS 457.085.(2)(i).

“Tax increment finance area plan” or “TIF plan” means a plan, as it exists or is changed or modified from time to time, for one or more TIF areas, as provided in ORS 457. This term is understood to refer to and replace references to the term “urban renewal plan” or “plan” as defined in ORS 457.010(19).

“Tax increment finance area project(s)” or “TIF area project(s)” or “project(s)” means any work or undertaking carried out under ORS 457.170 and ORS 457.180 in a TIF area. This term is understood to refer to and replace references to the term “urban renewal project(s)” as defined in ORS 457.010(20).

“Tax increment finance area report” or “report” means the official report that accompanies the TIF plan pursuant to ORS 457.087.

“Tax increment finance” or “tax increment financing” or “TIF” means the funds that are associated with the division of taxes accomplished through the adoption of a TIF plan. In Portland it is a program designed to leverage private investment for economic development and affordable housing projects in a manner that enhances the benefits accrued to the public interest.

“Tax increment revenues” means the funds allocated by the assessor to renewal TIF area due to increases in assessed value over the frozen base within the area.

“Urban Renewal” means the statutory authority provided in ORS 457. In the Plan it is synonymous with tax increment financing.

II. INTRODUCTION

The Report Accompanying the Cully Tax Increment Finance Plan (Report) contains background information and project details that pertain to the Cully Tax Increment Finance Plan (Plan). The Report is not a legal part of the Plan but is intended to provide public information and support the findings made by the Portland City Council as part of the approval of the Plan.

The Report provides the analysis required to meet the standards of ORS 457.087, including financial feasibility. The Report accompanying the Plan contains the information required by ORS 457.087, including:

- A description of the physical, social, and economic conditions in the area and expected impact of the plan, including fiscal impact in light of increased services; (ORS 457.087(1))

- Reasons for selection of the plan Area; (ORS 457.087(2))
- The relationship between each project to be undertaken and the existing conditions; (ORS 457.087(3))
- The estimated total cost of each project and the source of funds to pay such costs; (ORS 457.087(4))
- The estimated completion date of each project; (ORS 457.087(5))
- The estimated amount of funds required in the Area and the anticipated year in which the debt will be retired; (ORS 457.087(6))
- A financial analysis of the plan; (ORS 457.087(7))
- A fiscal impact statement that estimates the impact of Cully Tax Increment Finance Plan financing (TIF) upon all entities levying taxes upon property in the tax increment area; (ORS 457.0857(8))
- A relocation report. (ORS 457.087(9))

The relationship of the sections of the Report and the ORS 457.087 requirements is shown in Table 1. The specific reference in the table below is the section of this Report that most addresses the statutory reference. There may be other sections of the Report that also address the statute. The Report provides guidance on how the Plan might be implemented. As the budget advisory committee reviews revenues and potential projects each year, it has the authority to make adjustments to the implementation assumptions in this Report.

The Plan will be implemented in accordance with the Governance Charter (Charter) and the subsequent Five-Year Action Plans. Those Action Plans may vary from this initial Report. They may allocate budgets differently, adjust the timing of the projects, decide to incur debt at different timeframes than projected in this Report, and make other adjustments to the financials as determined by the Agency and in accord with the Charter and as influenced by the planning for the Five-Year Action Plan.

Table 1 - Statutory References

| Statutory Requirement | Report Section |
|-----------------------|----------------|
| ORS 457.087 (1) | XI |
| ORS 457.087 (2) | XII |
| ORS 457.087 (3) | III |
| ORS 457.087 (4) | IV |
| ORS 457.087 (5) | VII |
| ORS 457.087 (6) | V,VI |
| ORS 457.087 (7) | V,VI |
| ORS 457.087 (8) | IX |
| ORS 457.087 (9) | XIII |

III. THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN TAX INCREMENT PROJECTS AND THE EXISTING CONDITIONS IN THE TAX INCREMENT AREA

The projects identified for the Cully Tax Increment Finance Area (Area) are described below, including how they relate to the existing conditions in the Area.

Background:

*Not in Cully: Anti-Displacement Strategies for the Cully Neighborhood*¹ documented the potential for gentrification and displacement in Cully. The document presents facts about the displacement and gentrification threats in the neighborhood and presents recommendations for strategies to help prevent gentrification and displacement. Many of those strategies are to increase the supply of affordable housing in Cully.

“While there is significant debate about the definition of gentrification and whether gentrification always includes displacement, most definitions include five common facets:

1. It occurs in central-city neighborhoods;
2. It occurs in neighborhoods that are initially inhabited by low-income residents;
3. It occurs in neighborhoods that have experienced a period of disinvestment;
4. It involves an influx of gentrifiers of higher socioeconomic status;
5. It involves investment capital.”²

With increasing public investment and a housing market on the upswing, some Cully residents and leaders are concerned about the possibility of increasing gentrification and displacement. A large portion of Cully’s residents appear to be vulnerable due to a variety of socioeconomic factors that make resisting displacement more difficult. Communities of color have historically been subject to displacement in Portland and elsewhere. Lower-income households are less equipped to withstand changes in housing affordability.

Lower-education households have fewer economic opportunities that would enable them to increase their earnings as housing prices increase. Education rates in Cully in 2010 lagged behind those in Portland overall: 81 percent of Cully residents are high school graduates compared to Ninety percent of Portland residents.³ This percentage has increased in recent years: Ninety-two percent of Cully residents are high school graduates compared to ninety-three percent of Portland residents⁴. The increase in this percentage alone shows a changing neighborhood population.

Certain populations within Cully may be more vulnerable to displacement due to higher housing cost burdens, including large family households and elderly non-family households. Additionally,

¹ *Not in Cully: Anti-Displacement Strategies for the Cully Neighborhood*, June 2013.

² *Ibid.*/ page 3 of Appendix E. Background and Documents Contents.

³ *Ibid.*/ page 3 of Appendix E. Background and Documents Contents.

⁴ ECONorthwest (2022). Cully Community-Centered Tax Increment Financing (TIF) Plan: Social, Economic, & Development Conditions. Data source: American Community Survey (ACS) 2016-2020 5-year Estimates.

displacement could affect neighborhood businesses in Cully. Eighty-three percent of all Cully businesses are small enterprises with fewer than 20 employees. These businesses are more likely to experience displacement as commercial lease rates increase and neighborhood demographics change than larger enterprises with greater resources to draw upon.⁵

Taken from the Cully TIF District Plan:

As development and gentrification pressures intensify in the Cully neighborhood, there is an urgent need for community-led investments that can be used proactively to combat displacement pressures, which disproportionately affect low-income people and people of color. In response, the neighborhood has seen some early investments in affordable housing, including the Las Adelitas and Mamook Tokatee projects, and others. This is a unique and timely opportunity to scale up and shape investment to prevent or reduce displacement in a way that increases wealth, choice and stability for those that call Cully home, and secure those benefits for future generations of Priority Communities. Cully should remain a neighborhood where low-income people and people of color can live and thrive.

The projects in the Plan were developed by the Cully community to address the issues documented in the *Not in Cully: Anti-Displacement Strategies for the Cully Neighborhood* and to ensure community members benefit from investment and are able to remain in Cully.

Project: Affordable Housing

In partnership with mission-driven organizations and developers, preserve and create affordable housing for families and individuals. Tax Increment Financing funds may be used for activities that support property acquisition, pre-development, development, rehabilitation and/or preservation of affordable housing.

As a result of the TIF Set-Aside Policy adopted by Portland City Council in 2006, at least 45% of all TIF resources generated in the District will be allocated for affordable housing. In accordance with City policy, rental housing is created and preserved with a focus on families earning less than 60% of area median income, and homeownership housing with focus on families earning 80% to 100% or less of area median income depending on home size.

The Plan authorizes projects and programs which fulfill the housing-related goals and objectives of the Plan. The Plan envisions that through collaboration with the community, the Portland Housing Bureau will lead implementation of affordable housing related activities. The type and funding level for projects and programs will be based on the Action Plans, and the Portland Housing Bureau's Strategic Framework, as well as other adopted City housing policies, where applicable.

The following programs that are currently operated by the Portland Housing Bureau and are eligible to receive funding through the Cully TIF District.

⁵ *Not in Cully: Anti-Displacement Strategies for the Cully Neighborhood*, June 2013, p8.

Single Family Home Repair – support low-income community members who currently own their homes, so that they are more likely to be able to stay in place, through home repairs relating to life safety, code compliance, energy efficiency upgrades, and accessibility upgrades.

Homeownership – through the provision of down payment assistance and other types of financial assistance, as well as the financial subsidization of the development of new homes. The preferred model for homeownership investments made under the plan is permanently affordable homeownership utilizing mechanisms such as down payment assistance, community land trusts and covenants that ensure the homes remain affordable for subsequent buyers.

Multi-family Rental Development – development of new affordable rental housing in a variety of unit sizes, including family sized units (two-bedrooms or larger).

Rehabilitation & Preservation of Existing Regulated Housing - Provide funding to rehabilitate and preserve the affordability of existing regulated affordable housing.

Acquisition & Rehabilitation of Existing Market-Rate Housing - Purchase market-rate housing, including foreclosed and unoccupied properties, make needed repairs and renovations, and convert to regulated affordable housing (for individual ownership, cooperative ownership, and rental), in order to protect current residents from displacement and secure permanently affordable homes.

In addition to the creation of affordable housing for people experiencing houselessness, a limited amount of resources may be used for capital expenditures for community services which would include the creation of stand-alone shelters or shelters that are integrated into affordable housing or commercial developments, and sanitation facilities such as showers and laundry.

The Cully community is particularly interested in the implementation of existing programs which align with identified community priorities. Additional details highlighting housing stabilization, anti-displacement, resident-owned cooperatives, and repair funds that can be quickly accessed to respond to emergency situations are examples of these priorities.

In addition to the programs operated by the Portland Housing Bureau in 2022, Cully community members and stakeholders have expressed an interest in new programs using TIF funds. These new programs may or may not be developed in accordance with the current legal definitions of affordable housing, but if agreed to as part of an Action Plan, will be implemented in line with the vision, values, goals, and implementation principles in this District Plan. Consideration of and decisions regarding any new programs the Housing Bureau currently does not operate will occur during the planning process for an Action Plan. "Affordable infill and middle-density housing: Add regulated affordable housing (for both rental and homeownership) in middle-density configurations including attached units (e.g. duplexes, triplexes, other -plexes), cottage clusters, tiny houses and accessory dwelling units (ADUs)."

Manufactured housing park stabilization, preservation and development: acquisition and rehabilitation of existing manufactured housing parks, and the development of new manufactured housing parks, by affordable housing providers and resident-owned

cooperatives., including repairs to existing manufactured homes and purchase of new manufactured homes.

Rehabilitation loans or grants to single family owners of manufactured structures.

Alongside current and new programs, there is an intention for the Community Leadership Committee to work in partnership with the City to facilitate discussions among mortgage lenders and affordable housing providers to advance the availability of mortgage specific products for ITIN borrowers.

RELATIONSHIP OF THE AFFORDABLE HOUSING PROJECT TO EXISTING CONDITIONS:

The existing conditions cited below come from the *esri Community Profile (2021, noted esri below)* and the City of Portland Housing Bureau’s *State of Housing in Portland 2020 Neighborhood Profile* for Roseway-Cully and the city as a whole (noted PHB below). The Roseway/Cully boundary in the Portland Housing Bureau *State of Housing in Portland* report is slightly larger than the Cully TIF boundary. Affordability is assessed through a comparison test on whether the average rent exceeded 30% of that household’s median income (PHB).

The Bureau of Planning and Sustainability’s Gentrification and Displacement Risk Typology Assessment identifies the Cully Area in Dynamic and Late Type 2 phases of gentrification (see more info and map on pp. 54-55).

Analysis of communities by race and ethnicity indicate that nearly thirty-three percent of Cully residents identify as a race or ethnicity other than white while city-wide the rate is closer to thirty-one percent.

Table 2 – Population by Race/ethnicity (percentages)

| Race/Ethnicity | Cully TIF | Portland |
|-------------------------------|-----------|----------|
| | Percent | Percent |
| White | 67% | 69% |
| Black | 7% | 6% |
| Asian | 5% | 9% |
| Hispanic | 14% | 10% |
| Hawaiian Pacific Islander | 0% | 1% |
| American Indian/Alaska Native | 1% | 1% |
| Some Other Race | 0% | 0% |
| Two or More Races | 4% | 5% |

Source: ECONW Report April 2022, American Community Survey (ACS) 2016-2020 5 years Estimates

The housing affordability data collected by the Portland Housing Bureau indicates that rental housing is not affordable in the Roseway/Cully neighborhood to the following households: 3-person extremely low income, Black residents, seniors needing 3-bedroom units, and single mothers.

Table 3 – Renter Rates

| Renter rates | Roseway/Cully 2020 | Portland 2020 |
|---------------------------|--------------------|---------------|
| Total | 34% | 47% |
| White | 28% | 44% |
| Black | 54% | 70% |
| Asian | 21% | 42% |
| Hispanic/Latinx | 71% | 63% |
| Hawaiian Pacific Islander | - | 67% |
| Native American | 27% | 47% |

Source: Portland Housing Bureau State of Housing in Portland 2020

The data also indicates that, homeownership in Cully is only affordable to a couple with children and white residents. In general, Cully has a higher percentage of homeownership than citywide, sixty-six percent compared to fifty-three percent, respectively (PHB). Homeownership rates broken down by race are shown below in *Table 4 – Homeownership Rates*. The table indicates that homeownership rates for Native American households in Cully is substantial, however, this community comprises only one percent of the total population in the neighborhood, making these numbers appear disproportionately successful.

Table 4 – Homeownership Rates

| Homeownership rates | Cully in 2000 | Cully in 2020 | Portland 2020 |
|---------------------------|---------------|---------------|---------------|
| Total | 70% | 66% | 53% |
| White | 77% | 72% | 56% |
| Black | 59% | 46% | 30% |
| Asian | 73% | 79% | 58% |
| Hispanic/Latinx | 24% | 29% | 37% |
| Hawaiian Pacific Islander | - | - | 33% |
| Native American | 53% | 73% | 53% |

Source: Portland Housing Bureau State of Housing in Portland 2020

The analysis of race and origin are shown in the table below with over thirty-three percent of the Cully residents identifying themselves as a race or ethnicity other than white while city-wide thirty-one percent of the residents identify themselves as a race or ethnicity other than white.

Table 5 – Population by Race/ethnicity (number, percentage)

| Race/Ethnicity | Cully TIF | | Portland | |
|--|-----------|---------|----------|---------|
| | Number | Percent | Number | Percent |
| White | 17,913 | 67% | 451,999 | 69% |
| Black | 1,871 | 7% | 37,107 | 6% |
| American Indian/Alaska Native | 297 | 1% | 3,738 | 1% |
| Asian | 1,402 | 5% | 55,681 | 9% |
| Native Hawaiian and Other Pacific Islander | 8 | 0% | 4,066 | 1% |
| Some Other Race | 103 | 0% | 2,784 | 0% |
| Two or More Races | 1,177 | 4% | 31,196 | 5% |
| Hispanic | 3,827 | 14% | 63,809 | 10% |

Source: ECONW Report April 2022, American Community Survey (ACS) 2016-2020 5 years Estimates

The mix of units in the Roseway/Cully neighborhood favors single-family homes (71 percent in Roseway/Cully are single family compared to 53 percent citywide). This may also account for the increase in homeownership rates in Roseway/Cully. (PHB)

Mobile homes also account for a higher share of all housing units in Cully than in Portland. (*Not in Cully: Anti-Displacement Strategies for the Cully Neighborhood*, p18)

Over the last decade, Cully has an increase in diversity rate that is a small bit lower than citywide (a 4 percent increase in communities of color in Cully versus 5 percent citywide). (esri)

Rentership has increased by about three percent over the last decade. (esri)

Homes in Cully are less expensive compared to Portland overall, however they are becoming less affordable. In 2020, the median home sales price in Cully was \$439,226 while in Portland citywide was \$476,132. (esri)

In 1990, the median home value in Cully was 79 percent of Portland’s median value; in 2020 that figure is 92 percent. This shows that overall, Cully has increased in value as compared to the remainder of the city. (esri)

In terms of racial and ethnic identity, per the Cully TIF Preliminary Report, which relied on American Community Survey (ACS) data from 2015-2019, forty-three percent of residents represent communities of color, compared to 29 percent citywide. More recent data from ECONorthwest, which relied on 2010-2020 United States Census Bureau data, shows a changing picture for Cully, with roughly 33 percent of residents representing communities of color. While the number of White households remained the same over the ten-year period, there was a noticeable, recent decline in the number of Black households from 14 percent to seven percent.

Lower-education households have fewer economic opportunities that would enable them to increase their earnings as housing prices increase. Education rates in Cully lag slightly behind those in Portland overall: 92 percent of Cully residents are high school graduates compared to 93 percent of Portland residents (esri). See Table 36 in the social conditions section of this document.

The average household income in Cully is \$80,426 compared to \$104,517 city-wide. This translates to the ability to pay \$24,128 a year for housing versus \$31,355 a year towards housing using thirty percent of a household income towards housing (esri).

The median income in Cully is \$70,852 and thirteen percent of the population is considered to meet the poverty standards. The poverty rate is similar percentage for the City as a whole, but notably the Black population in Cully has a forty percent poverty rate (PHB).

Table 6 - Income and Poverty Rate

| | Roseway-Cully Median Income 2000* | Roseway-Cully Median Income 2019 | Portland Median Income 2019 | Roseway-Cully Poverty Rate 2019 | Portland Poverty Rate 2019 |
|---------------------------|-----------------------------------|----------------------------------|-----------------------------|---------------------------------|----------------------------|
| Total | \$59,564 | \$70,852 | \$71,005 | 13% | 14% |
| White | \$61,881 | \$73,467 | \$75,475 | 12% | 12% |
| Black | \$53,851 | \$28,173 | \$36,588 | 40% | 29% |
| Asian | \$59,300 | \$64,490 | \$63,194 | 10% | 18% |
| Hispanic/Latinx | \$45,701 | \$39,458 | \$56,610 | 30% | 20% |
| Hawaiian Pacific Islander | - | | \$57,165 | | 22% |
| Native American | - | - | \$50,214 | | 19% |

Source: Census 2010, ACS 2019 5-Year Data

*Notes: 2000 in 2019 dollars, Cully Data is for Cully Roseway PHB Study Area

Home values in Cully are appreciating at a slightly higher rate than in Portland overall. Over the last decade, the median home value in Cully increased by sixty-six percent, compared to sixty-three percent citywide. However, the median home value in Cully remains lower than that for all Portland homes (PHB).

Table 7 – Median Home Values

| Cully 2011 | Cully 2019 | Portland 2011 | Portland 2021 |
|---------------------|------------|---------------|---------------|
| \$236,401 | \$392,000 | \$267,654 | \$424,900 |
| Percentage increase | 66% | | 63% |

Source: Portland Housing Bureau

The number of home sales in Cully per year has increased significantly (252 percent) over the last two decades. Over the last 10 years, sales volume increased by 14 percent. The median sales price also increased by 116 percent between 1992 and 2012. (Not in Cully: Anti-Displacement Strategies for the Cully Neighborhood, p19.)

The rate of single female-headed households (another indicator associated with poverty) in the neighborhood is almost twice that of the city as a whole. (*Not in Cully: Anti-Displacement Strategies for the Cully Neighborhood*, p.6)

Multi-family Rental Housing

The following information on office, retail and industrial/flex existing conditions is from the *Cully Community-Centered Tax Increment Financing Plan*, ECONorthwest, April 2022.

The Cully TIF area has remained an affordable place to live when compared to citywide multifamily rents. The area's low vacancy rate indicates an increased demand for housing at all price points. Very few market-rate rental housing units have been constructed in the past decade. Since 2012, there have been a total of 240 multifamily housing units built in the area, of which 181 units were market-rate. Supply and demand analysis indicates a demand for both market-rate and affordable housing units to adequately serve the households in the area. As of April 2022, there were no market-rate units under construction, however, there were 141 affordable units under construction. Las Adelitas is a new 141-unit affordable housing project being constructed in 2022 by Hacienda CDC in the Cully Neighborhood.⁶ In addition, NAYA has constructed Mamook Tokatee 56 units and Hayu Tilxam provides 50 affordable housing units both in 2022, which adds an additional 106 affordable units not included in EcoNW report.

Table 8 – Multi-family Rental Housing Market Conditions Q1 2022

| | Cully TIF | Portland |
|---------------------------------|--|--|
| Existing Multifamily Units | 2,002 | 108,059 |
| Existing Multi-family Buildings | 105 | 3,837 |
| Q1 2022 Vacancy Rate | 2.8% | 6.2% |
| Units Under Construction | 141 | 4,162 |
| Effective Rent | | |
| Average | \$1,107 per unit (\$1.56) per sq. ft. | \$1,475 per unit (\$2.03) per sq. ft. |
| Studio | \$1,253 per unit (\$2.68) per sq. ft. | \$1,199 per unit (\$2.62) per sq. ft. |
| 1 bedroom | \$1,031 per unit (\$1.86) per sq. ft. | \$1,421 per unit (\$2.19) per sq. ft. |
| 2 bedroom | \$1,143 per unit (\$1.37) per sq. ft. | \$1,677 per unit (\$1.78) per sq. ft. |
| 3 bedroom | \$1,341 per unit (\$1.01) per sq. ft. | \$1,843 per unit (\$1.54) per sq. ft. |

Source: *Cully Community-Centered Tax Increment Financing Plan*, ECONorthwest, April 2022, CoStar, April 2022

⁶ Cully Community-Centered Tax Increment Financing Plan, ECONorthwest, April 2022, p 7

The overall demographics identified in the Existing Conditions of the Affordable Housing project and in the Social Conditions section of this document identify the demographics that lead to gentrification and displacement. The intent of the Affordable Housing projects identified in the Plan are to address those factors.

Project: Commercial Property Acquisition, Development and Renovation

This project is to “Retain, create, and expand economic opportunities through investments in commercial, industrial and mixed-use properties, and in residential properties where home-based businesses operate.” In response to community engagement wanting a prioritization of commercial investments along with affordable housing, the Cully ELC requested that at least forty-five percent of TIF resources generated in the District are also allocated for commercial / business development.

This project category will be advanced in a manner consistent with the goals, values and implementation principles identified in Sections V and VI of the Plan. In addition, TIF-funded commercial projects will seek to:

- Provide long-term stable, affordable commercial space with priority for businesses and non-profits that are owned, led by, and/or support Priority Communities;⁷ especially existing businesses located within the District boundary, and new businesses being started by community members with ties to Cully and surrounding neighborhoods. This especially includes investments in properties developed, owned or otherwise controlled for the long term by public agencies and non-profit organizations;
- Support employment of community members from Cully and adjacent neighborhoods, particularly of Priority Communities;
- Support mixed-use development that combines commercial space with the other eligible projects in the plan, including affordable homes, and priority services and amenities; and
- Support access to high-wage employment for the benefit of Cully residents.

For the purposes of this section, the terms “commercial” and “business” also include non-profit uses, unless otherwise stated.

The following types of business and services have been prioritized by community members as those that TIF investments should seek to support:

- Affordable and culturally relevant groceries, fresh food and restaurants
- Credit union or bank that serves our community in line with the goals of the Plan
- Affordable childcare
- Retail goods and services that meet regular household needs, such as clothing, home goods, and cleaning services
- Services and businesses that expand multimodal transportation options available in Cully, including but not limited to bicycle, electric vehicle and automotive services and repair. Health services, including mental health

To achieve the above goals, eligible activities to implement this project category include:

“Priority Communities” refers to the intended beneficiaries of the Cully TIF District: African American and Black persons; Indigenous and Native American persons; persons of color; immigrants and refugees of any legal status; renters; mobile home residents; persons with disabilities; low-income people; houseless people; and other population groups that are systemically vulnerable to exclusion from Cully due to gentrification and displacement.

- Technical and/or financial assistance to determine the feasibility of development, redevelopment and renovation projects
- Acquisition of properties

Development, redevelopment and renovation activities such as:

- New construction
- Building façade improvements
- Landscaping enhancements and pedestrian amenities, including lighting and safety improvements
- Professional services such as engineering, architecture, landscape design, and other building and site design assistance
- Tenant improvements
- Building repairs and upgrades including, but not limited to, mechanical, electrical, weatherization, HVAC, and renewable energy, including those to support ongoing industrial use in industrially zoned areas
- Community solar projects
- Seismic, fire suppression, and other public safety improvements
- Accessibility improvements

Funding for permanent infrastructure to support food cart operations and other temporary, pop-up, seasonal and low-barrier opportunities for startup businesses and non-profits.

A set-aside of funds for emergency repair and rehabilitation projects, for the purpose of preventing displacement, will also be considered.

RELATIONSHIP OF THE COMMERCIAL PROPERTY ACQUISITION, DEVELOPMENT AND RENOVATION PROJECT TO EXISTING CONDITIONS:

There are two existing Neighborhood Prosperity Districts (NPI) in the Cully area, the Cully Blvd. Alliance and Our 42nd Avenue. A NPI is a mini tax increment district formed to assist neighborhood business districts in Portland. These two business districts take in the majority of commercial properties within Cully. The following statements about the existing conditions in the Cully Area come from Prosper Portland's Neighborhood Economic Profiles, evaluating from 2010 to 2019.

In the Cully Blvd. Alliance, the 79 businesses employ 505 people, an average of 6.3 employees per business. In Our 42nd Avenue, the seventy-three businesses employ 557 people, an average of 7.6 employees per business.

Unemployment has decreased by 4% in both NPIs since 2010.

The overall population grew by 10% in the Cully Community and 12% in the Our 42nd Avenue Community.

Both NPIs have a higher share of non-White population than the City of Portland. Approximately 36% to 27%.

Retail lease rates have increased dramatically in both NPIs, 78% in Cully Blvd. Alliance and 201% in Our 42nd Avenue.

There was 21,168 square feet of new commercial space developed in Cully Blvd. Alliance and 3,419 square feet developed in Our 42nd Avenue.

The home sales prices increased 63% in the Cully community and 216% in the Our 42nd Avenue community.

There were small increases in education rates in both the Cully Blvd. Alliance and Our 42nd Avenue areas.

The following table shows the statistical information for the two NPIs.

Table 9 – Economic Conditions

| | # of Businesses | Number of Employees | Unemployment Rate Decrease since 2010 | Population Growth | Share of BIPOC Population | City of Portland |
|-----------------------------------|------------------------------------|---|---------------------------------------|-----------------------------------|---|------------------|
| Cully | 79 | 505 | 4% | 10% | 36% | 27% |
| Our 42nd Avenue | 73 | 557 | 4% | 12% | 35% | |
| From 2010 to 2019 | | | | | | |
| | Retail Lease Rate increases | Commercial space new sq. footage | Increase in home sales price | Bachelor’s Degree increase | Graduate or Professional Degree increase | |
| Cully | 78% | 21,168 | 63% increase to \$462,361 | 1% | 3% | |
| Our 42nd Avenue | 210% | 3,419 | 216% increase to \$566,403 | 7% | 3% | |
| Portland | 29% | | | | | |

Source: Prosper Portland’s Neighborhood Economic Profiles, evaluating from 2010 to 2019.

Note: There will be variations in data from the Housing Section of this Report and the Commercial section as the data comes from two different sources.

The following narrative information and information in Table 10 on office, retail and industrial/flex existing conditions is from the *Cully Community-Centered Tax Increment Financing Plan*, ECONorthwest, April 2022.

Office

Compared to Portland, the Cully TIF office market has remained stable and is performing well with a healthy vacancy rate—by industry standards. COVID-19 has disrupted the office market world-wide with remote work environments and this is seen the Portland office market where vacancy rates are high at about 15.5% in Q1 2022. Current office rents in the Cully TIF area coupled with unpredictable office demand in the near future indicate limited near-term demand for new office space in the Cully TIF area. If near-term office demand increases in the Cully TIF area, rents would need to increase to citywide averages to make any speculative new office development viable. However, Portland has seen a shift in market preference for office locations in neighborhood business districts since the COVID-19 pandemic. If these demand preferences continue into the future, there could be some demand for neighborhood scale office development.

Retail

Retail is one the best performing commercial real estate classes in the Cully TIF area. Extremely low vacancy rates have created upward rent pressures in the Cully TIF area with asking rents surpassing citywide average rents. Supply and demand analysis indicate some demand for retail space in the Cully TIF area with current rents possibly supporting speculative new retail construction.

Industrial/Flex

Industrial / flex real estate in the Cully TIF has performed well with rents slightly below citywide averages. Industrial / flex space makes up the majority of commercial real estate in the Cully TIF which is concentrated long the north side of NE Columbia Blvd. Vacancy rates for industrial flex space in the area is extremely low and supply and demand analysis indicate possible rent increases in response to high demand.

Table 10 – Commercial Real Estate Market Conditions in Cully TIF and Portland, Q1 2022

| | Cully TIF | Portland |
|--------------------------------|-----------|------------|
| Office | | |
| Existing Square Feet | 421,400 | 58,935,102 |
| Existing Buildings | 64 | 2,632 |
| Q1 2022 Vacancy Rate | 5.3% | 15.5% |
| Base Rent / Sq. Ft. | \$17.36 | \$26.98 |
| Square Feet Under Construction | 0 | 603,000 |
| Retail | | |
| Existing Square Feet | 962,848 | 40,590,979 |
| Existing Buildings | 218 | 4,954 |
| Q1 2022 Vacancy Rate | 1.4% | 4.3% |
| Base Rent / Sq. Ft. | \$31.57 | \$ 9.98 |
| Square Feet Under Construction | 0 | 57,800 |
| Industrial/Flex | | |
| Existing Square Feet | 3,564,412 | 95,890,736 |
| Existing Buildings | 227 | 3,165 |
| Q1 2022 Vacancy Rate | 1.9% | 5.1% |
| Base Rent / Sq. Ft. | \$8.83 | \$9.89 |
| Square Feet Under Construction | 0 | 718,000 |

Source: ECONW Report April 2022, CoStar, April 2022

The foregoing Existing Conditions identify the economic conditions that lead to gentrification and displacement. The intent of the Commercial Property Acquisition, Development and Renovation project identified in the Plan is to address those conditions.

Arts, Culture and Signage

Seek opportunities to include historical and cultural art (not public art as a “public building,” defined in ORS 457.010) & signage in TIF investments, to celebrate and represent Priority Communities⁸ in Cully. These elements should be developed by and/or in collaboration with artists and community members who represent those communities. It is the intent that these elements be infused throughout the projects completed in the District.

Signage is not specifically for beautification but for the greater purpose of the TIF district. It should be funded if it is a part of a project that is TIF funded. Adding any of these elements outside of a TIF funded project will generally require being included in an Action Plan.

RELATIONSHIP OF THE ARTS, CULTURE AND SIGNAGE PROJECT TO EXISTING CONDITIONS:

The need to establish a sense of identity and to honor of culture has been one of the constant themes from the Cully community. There is presently no consistent funding source nor consistent requirement for funding arts, culture and signage in the Cully community. Including TIF funding for arts, culture and signage provides one avenue for achieving the Cully TIF Plan principle of celebrating and representing Priority Communities in Cully.

Land Acquisition and Land Banking

This project calls for acquiring properties for future development or redevelopment (in conformance with Sections V, VI, and X of the Plan). These activities provide future development opportunities to prevent the displacement of vulnerable people and communities from Cully, preserve existing opportunities for affordable housing and economic prosperity and create new opportunities for vulnerable people and communities, especially Priority Communities to live, work and thrive in Cully, including those previously displaced.

This project also focuses efforts on controlling land so that it remains affordable, and on remediation activities on land banked property to ensure that it is developable in the future.

RELATIONSHIP OF LAND ACQUISITION AND LAND BANKING PROJECT TO EXISTING CONDITIONS:

There is presently no funding source for the Cully community to expend funds on opportunistic property acquisition that would prevent the displacement of residents, businesses and community-based institutions from existing buildings. There is also not an overall funding source for the Cully community to land bank properties to prevent the displacement of vulnerable people and communities from Cully, preserve existing opportunities for affordable housing and economic prosperity and create new opportunities for vulnerable people and communities, especially people

“Priority Communities” refers to the intended beneficiaries of the Cully TIF District: African American and Black persons; Indigenous and Native American persons; persons of color; immigrants and refugees of any legal status; renters; mobile home residents; persons with disabilities; low-income people; houseless people; and other population groups that are systemically vulnerable to exclusion from Cully due to gentrification and displacement.

of color, low-income people and Indigenous and tribal people to live, work and thrive in Cully, including those previously displaced. The existing housing and commercial existing conditions support the need for these the Affordable Housing and Commercial Property Acquisition, Development and Renovation project in the Plan.

Recreational Improvements

In partnership with public agencies and community-based organizations, the Plan seeks to assist in the creation of recreational facilities for the District.

Eligible investments include:

- Community centers
- Community gardens
- Athletic facilities such as basketball courts and soccer fields
- Recreational facilities that are located in affordable housing and commercial developments

The following have been prioritized by community members as desired elements of a community center:

- Community and adult education
- Youth activities and gathering spaces
- Indoor recreation
- Safe space for community gathering and connection
- Gallery space, art studios and other facilities to support local artists

RELATIONSHIP BETWEEN EXISTING CONDITIONS AND THE RECREATIONAL IMPROVEMENTS PROJECT:

The desire for enhanced recreation opportunities has also been a constant theme in the community input while developing the Cully TIF Plan. The parks in the Area as shown on the Discover Portland Parks & Recreation map are shown in the Infrastructure section of this document, see

Figure 4.

The community has expressed desires for additional facilities that provide the recreational opportunities. Included in the project description: community centers, community gardens, athletic facilities such as basketball courts and soccer fields and recreational facilities that are located in affordable housing and commercial developments.

Infrastructure Improvements

This project would provide infrastructure improvements, including safety-related transportation improvements, sidewalks, natural areas, green infrastructure or other climate resilience investments, that are triggered by or directly support community stabilization for Priority

Community members, or the implementation of other investments in this Plan, but not general infrastructure improvements.

RELATIONSHIP OF EXISTING CONDITIONS TO THE INFRASTRUCTURE IMPROVEMENTS PROJECT:

Forty-seven percent (47%) of the streets are in poor or very poor condition. Infrastructure improvements may be required in the implementation of projects in the Plan. These infrastructure improvements may include such things as frontage improvements including installation of sidewalks, safety-improvements or utility hook ups.

Administration

This project authorizes expenditures for the administrative costs associated with managing the TIF District including budgeting and annual reporting, planning and the implementation of projects in the District.

RELATIONSHIP BETWEEN EXISTING CONDITIONS AND THE ADMINISTRATION PROJECT:

Once a tax increment plan with its associated requirements for administration exists, there will also be a need for administrative funds to be allocated for that administration. There is currently no other source of funding for these costs.

IV. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The maximum indebtedness for the district would be \$350 million with significant resources over the life of the TIF District to stabilize residents and small businesses, with more modest resources available in the first five to ten years that will be critical to its stabilization. Forty-five percent, or \$143 million would be reserved for PHB-stewarded investments in line with the City of Portland’s Housing Set Aside Policy and the remaining would be administered by Prosper Portland with a minimum of 45 percent reserved for economic development investments.

Table 11 shows the estimated costs of the projects in FYE 2023 constant dollars and the estimated year of expenditure dollars. These costs are also shown in “year of expenditure” costs, which assumes inflation of three percent annually. These estimates are ballpark estimates and will be refined in the Five-Year Action Plans and in the annual budgeting process with the acknowledgement that the limiting factor is the maximum indebtedness. The sources of moneys to pay such costs are tax increment revenues.

The maximum indebtedness for the district would be \$350 million with significant resources over the life of the TIF District to stabilize residents and small businesses, with more modest resources available in the first five to ten years that will be critical to its stabilization. Forty-five percent, or \$143 million would be reserved for PHB-stewarded investments in line with the City of Portland’s Housing Set Aside Policy and the remaining would be administered by Prosper Portland with a minimum of 45 percent reserved for economic development investments.

Table 11 - Estimated Cost of Each Project

| | |
|---|-------------|
| Total Maximum Indebtedness | 350,000,000 |
| Bond and TIF Administration (4%) | 13,426,000 |
| Bond Issuance Cost and Reserves | 17,159,000 |
| Projects (Maximum Indebtedness - Administration) | 319,415,000 |
| Affordable Housing Per Set Aside Policy (45% Minimum) | 143,736,750 |
| Economic Development (55%, minimum of 45%) | 175,678,250 |
| Total Maximum Indebtedness | 350,000,000 |

Source: Prosper Portland with input from Cully ELC Committee

V. FINANCIAL ANALYSIS OF THE PLAN

The estimated Cully Tax Increment Finance Plan revenues through Fiscal Year End (FYE) 2059 are calculated based on projections of the assessed value within the Area and the consolidated tax rate that will apply in the Area adjusted for discounts, and delinquencies.

The long-term projections for FYE 2024 and beyond assume an annual growth rate of three percent for assessed value in the Area. These projections of growth are the basis for the projections in the following tables.

Table 12 and Table 1313 show the incremental assessed value, tax rates, and Cully Tax Increment Finance Plan revenues each year.

The first year of Cully Tax Increment Finance Plan collections is anticipated to be the fiscal year ending in 2024. Gross Cully Tax Increment Finance Plan financing (TIF)⁹ is calculated by multiplying the tax rate times the assessed value used. The tax rate is per thousand dollars of assessed value, so the calculation is “tax rate times assessed value used divided by one thousand.”

The consolidated tax rate includes permanent tax rates only, except for \$0.5038/\$1,000 of the Portland Public Schools permanent rate levy (the “Gap Tax”). The consolidated rate also excludes levies for general obligation bonds and local option levies. The adjustments are for compression losses estimated at 6.5 percent and underpayments and delinquencies assumed at 5 percent.

⁹ TIF is also used to signify Cully Tax Increment Finance Plan revenues

Table 12 - Projected Incremental Assessed Value, Tax Rates, and Cully Tax Increment Finance Plan Revenues

| FYE | Total Assessed Value | Frozen Base Assessed Value | Increment URA | Increment Shared | Tax Rate | Gross TIF URA | Gross TIF Shared | Adjustments (to URA) | Net TIF (URA) | PV of Net TIF (URA) |
|------|----------------------|----------------------------|---------------|------------------|----------|---------------|------------------|----------------------|---------------|---------------------|
| 2024 | 1,103,279,231 | 1,071,144,885 | 32,134,347 | 0 | 19.02 | 611,253 | 0 | (47,983) | 563,270 | 546,864 |
| 2025 | 1,136,377,608 | 1,071,144,885 | 65,232,723 | 0 | 19.02 | 1,240,844 | 0 | (97,406) | 1,143,438 | 1,077,800 |
| 2026 | 1,170,468,936 | 1,071,144,885 | 99,324,052 | 0 | 19.02 | 1,889,322 | 0 | (148,312) | 1,741,010 | 1,593,271 |
| 2027 | 1,205,583,005 | 1,071,144,885 | 134,438,120 | 0 | 19.12 | 2,570,699 | 0 | (201,800) | 2,368,899 | 2,104,736 |
| 2028 | 1,241,750,495 | 1,071,144,885 | 170,605,610 | 0 | 18.92 | 3,228,165 | 0 | (253,411) | 2,974,754 | 2,566,049 |
| 2029 | 1,279,003,009 | 1,071,144,885 | 207,858,125 | 0 | 18.92 | 3,933,050 | 0 | (308,744) | 3,624,305 | 3,035,299 |
| 2030 | 1,317,373,100 | 1,071,144,885 | 246,228,215 | 0 | 18.92 | 4,659,081 | 0 | (365,738) | 4,293,343 | 3,490,881 |
| 2031 | 1,356,894,293 | 1,071,144,885 | 285,749,408 | 0 | 18.92 | 5,406,893 | 0 | (424,441) | 4,982,452 | 3,933,194 |
| 2032 | 1,397,601,122 | 1,071,144,885 | 326,456,237 | 0 | 18.92 | 6,177,140 | 0 | (484,905) | 5,692,234 | 4,362,624 |
| 2033 | 1,439,529,155 | 1,071,144,885 | 368,384,270 | 0 | 18.92 | 6,970,493 | 0 | (547,184) | 6,423,310 | 4,779,546 |
| 2034 | 1,482,715,030 | 1,071,144,885 | 411,570,145 | 0 | 18.92 | 7,787,648 | 0 | (611,330) | 7,176,318 | 5,184,325 |
| 2035 | 1,527,196,481 | 1,071,144,885 | 456,051,596 | 0 | 18.92 | 8,629,317 | 0 | (677,401) | 7,951,916 | 5,577,314 |
| 2036 | 1,573,012,375 | 1,071,144,885 | 501,867,490 | 0 | 18.92 | 9,496,236 | 0 | (745,455) | 8,750,782 | 5,958,857 |
| 2037 | 1,620,202,746 | 1,071,144,885 | 549,057,862 | 0 | 18.92 | 10,389,163 | 0 | (815,549) | 9,573,614 | 6,329,287 |
| 2038 | 1,668,808,829 | 1,071,144,885 | 597,663,944 | 0 | 18.92 | 11,308,878 | 0 | (887,747) | 10,421,131 | 6,688,927 |
| 2039 | 1,718,873,094 | 1,071,144,885 | 624,525,030 | 23,203,179 | 18.92 | 11,817,138 | 439,046 | (927,645) | 10,889,492 | 6,785,972 |
| 2040 | 1,770,439,286 | 1,071,144,885 | 663,199,675 | 36,094,727 | 18.92 | 12,548,932 | 682,977 | (985,091) | 11,563,840 | 6,996,314 |
| 2041 | 1,823,552,465 | 1,071,144,885 | 703,034,559 | 49,373,022 | 18.92 | 13,302,679 | 934,226 | (1,044,260) | 12,258,419 | 7,200,529 |
| 2042 | 1,878,259,039 | 1,071,144,885 | 744,064,489 | 63,049,665 | 18.92 | 14,079,039 | 1,193,013 | (1,105,205) | 12,973,835 | 7,398,797 |
| 2043 | 1,934,606,810 | 1,071,144,885 | 786,325,318 | 77,136,608 | 18.92 | 14,878,690 | 1,459,563 | (1,167,977) | 13,710,713 | 7,591,289 |
| 2044 | 1,992,645,015 | 1,071,144,885 | 829,853,971 | 91,646,159 | 18.92 | 15,702,331 | 1,734,110 | (1,232,633) | 14,469,698 | 7,778,176 |
| 2045 | 2,052,424,365 | 1,071,144,885 | 874,688,484 | 106,590,996 | 18.92 | 16,550,681 | 2,016,894 | (1,299,228) | 15,251,452 | 7,959,618 |
| 2046 | 2,113,997,096 | 1,071,144,885 | 920,868,032 | 121,984,179 | 18.92 | 17,424,481 | 2,308,160 | (1,367,822) | 16,056,659 | 8,135,777 |
| 2047 | 2,177,417,009 | 1,071,144,885 | 968,432,967 | 137,839,157 | 18.92 | 18,324,495 | 2,608,165 | (1,438,473) | 16,886,022 | 8,306,804 |
| 2048 | 2,242,739,519 | 1,071,144,885 | 1,017,424,849 | 154,169,785 | 18.92 | 19,251,510 | 2,917,170 | (1,511,243) | 17,740,266 | 8,472,850 |
| 2049 | 2,310,021,705 | 1,071,144,885 | 1,067,886,489 | 170,990,331 | 18.92 | 20,206,335 | 3,235,445 | (1,586,197) | 18,620,137 | 8,634,059 |
| 2050 | 2,379,322,356 | 1,071,144,885 | 1,119,861,977 | 188,315,494 | 18.92 | 21,189,804 | 3,563,268 | (1,663,400) | 19,526,405 | 8,790,574 |
| 2051 | 2,450,702,026 | 1,071,144,885 | 1,173,396,730 | 206,160,412 | 18.92 | 22,202,778 | 3,900,926 | (1,742,918) | 20,459,860 | 8,942,529 |
| 2052 | 2,524,223,087 | 1,071,144,885 | 1,228,537,525 | 224,540,677 | 18.92 | 23,246,141 | 4,248,714 | (1,824,822) | 21,421,319 | 9,090,059 |
| 2053 | 2,599,949,780 | 1,071,144,885 | 1,285,332,545 | 243,472,350 | 18.92 | 24,320,805 | 4,606,935 | (1,909,183) | 22,411,622 | 9,233,292 |
| 2054 | 2,677,948,273 | 1,071,144,885 | 1,343,831,415 | 262,971,974 | 18.92 | 25,427,709 | 4,975,903 | (1,996,075) | 23,431,634 | 9,372,352 |

Table 13 - Projected Incremental Assessed Value, Tax Rates, and Cully Tax Increment Finance Plan Revenue, page 2

| FYE | Total Assessed Value | Frozen Base Assessed Value | Increment URA | Increment Shared | Tax Rate | Gross TIF URA | Gross TIF Shared | Adjustments (to URA) | Net TIF (URA) | PV of Net TIF (URA) |
|------|----------------------|----------------------------|---------------|------------------|----------|---------------|------------------|----------------------|---------------|---------------------|
| 2055 | 2,758,286,721 | 1,071,144,885 | 1,404,085,251 | 283,056,586 | 18.92 | 26,567,820 | 5,355,940 | (2,085,574) | 24,482,246 | 9,507,363 |
| 2056 | 2,841,035,323 | 1,071,144,885 | 1,466,146,702 | 303,743,736 | 18.92 | 27,742,135 | 5,747,378 | (2,177,758) | 25,564,377 | 9,638,441 |
| 2057 | 2,926,266,383 | 1,071,144,885 | 1,530,069,997 | 325,051,501 | 18.92 | 28,951,678 | 6,150,559 | (2,272,707) | 26,678,972 | 9,765,702 |
| 2058 | 3,014,054,374 | 1,071,144,885 | 1,595,910,991 | 346,998,499 | 18.92 | 30,197,509 | 6,565,836 | (2,370,504) | 27,827,004 | 9,889,255 |
| 2059 | 3,104,476,005 | 1,071,144,885 | 1,663,727,214 | 369,603,907 | 18.92 | 31,480,714 | 6,993,571 | (2,471,236) | 29,009,478 | 10,009,210 |

Source: Prosper Portland

VI. THE ESTIMATED AMOUNT OF CULLY TAX INCREMENT FINANCE PLAN REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 14 shows a summary of the financial capacity of the Area, including how total TIF revenue translates to the ability to fund tax increment projects in constant 2022 dollars in five-year increments. Table 15 through Table 19 show more detailed tables on the allocation of tax revenues to debt service.

The Area is anticipated to complete all projects and have sufficient Cully Tax Increment Finance Plan finance revenue to terminate the tax increment area in FYE 2059, a 36-year tax increment plan. These assumptions show one scenario for financing and that this scenario is financially feasible.

The maximum indebtedness is \$350,000,000. The estimated total amount of Cully Tax Increment Finance Plan revenues required to service the maximum indebtedness of \$350,000,000 is \$478,900,000 and is from permanent rate tax levies. The increase over the maximum indebtedness is due to the projected cost of the interest on borrowings (loans) which is not a part of the maximum indebtedness.

The financial analysis projects capacity of funding for projects in five-year increments is shown below in Table 20.

Table 14 - TIF Capacity of the Area in FYE 2022 Constant Rounded Numbers

| | Actual Dollars | Rounded Dollars |
|----------------------|----------------|-----------------|
| Total Net TIF | 478,914,227 | 478,900,000 |
| Maximum Indebtedness | 350,000,000 | 350,000,000 |
| Capacity (2023 \$) | 236,727,933 | 236,700,000 |
| Years 1-5 | 8,791,371 | 8,800,000 |
| Years 6-10 | 25,015,645 | 25,000,000 |
| Years 11-15 | 43,873,760 | 43,900,000 |
| Years 16-20 | 61,396,300 | 61,400,000 |
| Years 21-25 | 80,404,097 | 80,400,000 |
| Years 26-30 | 102,439,344 | 102,400,000 |
| Years 31-36 | 156,993,711 | 157,000,000 |

Source: Prosper Portland

Due to the urgency of stabilizing community, the ELC has expressed interest in gaining access to capital earlier in the life of the district, whether by bonding or other means.

Table 15 - Cully Tax Increment Finance Plan Revenues and Allocations to Debt Service, page 1

| FY | 23-24 | 24-25 | 25-26 | 26-27 | 27-28 | 28-29 | 29-30 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Prior Year Assessed Value | 1,071,144,885 | 1,103,279,231 | 1,136,377,608 | 1,170,468,936 | 1,205,583,005 | 1,241,750,495 | 1,279,003,009 |
| Frozen Base | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 |
| Increment | 32,134,347 | 65,232,723 | 99,324,052 | 134,438,120 | 170,605,610 | 207,858,125 | 246,228,215 |
| AV (Baseline) | 1,103,279,231 | 1,136,377,608 | 1,170,468,936 | 1,205,583,005 | 1,241,750,495 | 1,279,003,009 | 1,317,373,100 |
| Taxes | | | | | | | |
| Consolidated Tax Rate for Du Jour | 19.0218 | 19.0218 | 19.0218 | 19.1218 | 18.9218 | 18.9218 | 18.9218 |
| Beginning Balance | - | - | - | - | - | - | - |
| Divide the Taxes (to Raise) Sal 4c | 611,253 | 1,240,844 | 1,889,322 | 2,570,699 | 3,228,165 | 3,933,050 | 4,659,081 |
| Debt Service | | | | | | | |
| LOC 1 | | | | | | 595,000 | 595,000 |
| Total Debt Service | | | | | | 595,000 | 595,000 |

Source: Prosper Portland

Table 16 - Cully Tax Increment Finance Plan Revenues and Allocations to Debt Service, page 2

| FY | 30-31 | 31-32 | 32-33 | 33-34 | 34-35 | 35-36 | 36-37 |
|------------------------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Prior Year Assessed Value | 1,317,373,100 | 1,356,894,293 | 1,397,601,122 | 1,439,529,155 | 1,482,715,030 | 1,527,196,481 | 1,573,012,375 |
| Frozen Base | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 |
| Increment | 285,749,408 | 326,456,237 | 368,384,270 | 411,570,145 | 456,051,596 | 501,867,490 | 549,057,862 |
| AV (Baseline) | 1,356,894,293 | 1,397,601,122 | 1,439,529,155 | 1,482,715,030 | 1,527,196,481 | 1,573,012,375 | 1,620,202,746 |
| Taxes | | | | | | | |
| Consolidated Tax Rate for Du Jour | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 |
| Beginning Balance | - | - | 6,229,933 | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 |
| Divide the Taxes (to Raise) Sal 4c | 5,406,893 | 6,177,140 | 6,970,493 | 7,787,648 | 8,629,317 | 9,496,236 | 10,389,163 |
| LOC 1 | 595,000 | 595,000 | - | | | | |
| LOC 2 | 280,000 | 280,000 | - | | | | |
| BOND 1 | | | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 |
| LOC 3 | | | | | 280,000 | 280,000 | 280,000 |
| LOC 4 | | | | | | | 280,000 |
| Total Debt Service | 875,000 | 875,000 | 3,114,967 | 3,114,967 | 3,394,967 | 3,394,967 | 3,674,967 |

Source: Prosper Portland

Table 17 - Cully Tax Increment Finance Plan Revenues and Allocations to Debt Service, page 3

| FY | 38-39 | 39-40 | 40-41 | 41-42 | 42-43 | 43-44 | 44-45 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Prior Year Assessed Value | 1,668,808,829 | 1,718,873,094 | 1,770,439,286 | 1,823,552,465 | 1,878,259,039 | 1,934,606,810 | 1,992,645,015 |
| Frozen Base | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 |
| Increment | 647,728,209 | 699,294,402 | 752,407,580 | 807,114,154 | 863,461,926 | 921,500,130 | 981,279,480 |
| AV (Baseline) | 1,718,873,094 | 1,770,439,286 | 1,823,552,465 | 1,878,259,039 | 1,934,606,810 | 1,992,645,015 | 2,052,424,365 |
| Taxes | - | - | - | - | - | - | - |
| Consolidated Tax Rate for Du Jour | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 |
| Beginning Balance | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 | 10,100,043 | 6,607,505 | 6,607,505 |
| Divide the Taxes (to Raise) Sal 4c | 11,817,138 | 12,548,932 | 13,302,679 | 14,079,039 | 14,878,690 | 15,702,331 | 16,550,681 |
| LOC 1 | | | | | | | |
| LOC 2 | | | | | | | |
| BOND 1 | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 |
| LOC 3 | 280,000 | 280,000 | 280,000 | 280,000 | | | |
| LOC 4 | 280,000 | 280,000 | 280,000 | 280,000 | | | |
| LOC 5 | 280,000 | 280,000 | 280,000 | 280,000 | | | |
| LOC 6 | | | 175,000 | 175,000 | | | |
| Bond 2 | | | | | 3,492,538 | 3,492,538 | 3,492,538 |
| LOC 7 | | | | | | | 280,000 |
| Total Debt Service | 3,954,967 | 3,954,967 | 4,129,967 | 4,129,967 | 6,607,505 | 6,607,505 | 6,887,505 |

Source: Prosper Portland

Table 18 – Cully Tax Increment Finance Plan Revenues and Allocations to Debt Service, page 4

| FY | 46-47 | 47-48 | 48-49 | 49-50 | 50-51 | 51-52 | 52-53 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Prior Year Assessed Value | 2,113,997,096 | 2,177,417,009 | 2,242,739,519 | 2,310,021,705 | 2,379,322,356 | 2,450,702,026 | 2,524,223,087 |
| Frozen Base | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 |
| Increment | 1,106,272,124 | 1,171,594,634 | 1,238,876,820 | 1,308,177,471 | 1,379,557,142 | 1,453,078,203 | 1,528,804,895 |
| AV (Baseline) | 2,177,417,009 | 2,242,739,519 | 2,310,021,705 | 2,379,322,356 | 2,450,702,026 | 2,524,223,087 | 2,599,949,780 |
| Taxes | - | - | - | - | - | - | - |
| Consolidated Tax Rate for Du Jour | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 |
| Beginning Balance | 6,607,505 | 6,607,505 | 6,607,505 | 6,607,505 | 6,607,505 | 6,607,505 | 21,710,373 |
| Divide the Taxes (to Raise) Sal 4c | 18,324,495 | 19,251,510 | 20,206,335 | 21,189,804 | 22,202,778 | 23,246,141 | 24,320,805 |
| LOC 1 | | | | | | | |
| LOC 2 | | | | | | | |
| BOND 1 | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 | 3,114,967 | |
| LOC 3 | | | | | | | |
| LOC 4 | | | | | | | |
| LOC 5 | | | | | | | |
| LOC 6 | | | | | | | |
| Bond 2 | 3,492,538 | 3,492,538 | 3,492,538 | 3,492,538 | 3,492,538 | 3,492,538 | 3,492,538 |
| LOC 7 | 280,000 | 280,000 | 280,000 | 280,000 | 280,000 | 280,000 | |
| LOC 8 | 280,000 | 280,000 | 280,000 | 280,000 | 280,000 | 280,000 | |
| LOC 9 | | | 280,000 | 280,000 | 280,000 | 280,000 | |
| LOC 10 | | | | | 280,000 | 280,000 | |
| Bond 3 | | | | | | | 7,551,434 |
| Total Debt Service | 7,167,505 | 7,167,505 | 7,447,505 | 7,447,505 | 7,727,505 | 7,727,505 | 11,043,972 |

Source: Prosper Portland

Table 19 - Cully Tax Increment Finance Plan Revenues and Allocations to Debt Service, page 5

| FY | 54-55 | 55-56 | 56-57 | 57-58 | 58-59 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Prior Year Assessed Value | 2,677,948,273 | 2,758,286,721 | 2,841,035,323 | 2,926,266,383 | 3,014,054,374 |
| Frozen Base | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 | 1,071,144,885 |
| Increment | 1,687,141,837 | 1,769,890,438 | 1,855,121,498 | 1,942,909,490 | 2,033,331,121 |
| AV (Baseline) | 2,758,286,721 | 2,841,035,323 | 2,926,266,383 | 3,014,054,374 | 3,104,476,005 |
| Taxes | - | - | - | - | - |
| Consolidated Tax Rate for Du Jour | 18.9218 | 18.9218 | 18.9218 | 18.9218 | 18.9218 |
| Beginning Balance | 27,521,413 | 41,118,737 | 55,854,745 | 71,766,522 | 88,892,274 |
| Divide the Taxes (to Raise) Sal 4c | 26,567,820 | 27,742,135 | 28,951,678 | 30,197,509 | 31,480,714 |
| LOC 1 | | | | | |
| LOC 2 | | | | | |
| BOND 1 | | | | | |
| LOC 3 | | | | | |
| LOC 4 | | | | | |
| LOC 5 | | | | | |
| LOC 6 | | | | | |
| Bond 2 | 3,492,538 | 3,492,538 | 3,492,538 | 3,492,538 | 3,492,538 |
| LOC 7 | | | | | |
| LOC 8 | | | | | |
| LOC 9 | | | | | |
| LOC 10 | | | | | |
| Bond 3 | 7,551,434 | 7,551,434 | 7,551,434 | 7,551,434 | 7,551,434 |
| Total Debt Service | 11,043,972 | 11,043,972 | 11,043,972 | 11,043,972 | 11,043,973 |

Source: Prosper Portland

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The schedule for construction of projects will be based on the availability of funding. The projects will be ongoing and will be completed as directed by the Agency in accordance with the Charter and the Five-Year Action Plans. Annual expenditures for program administration are also shown.

The Area is anticipated to complete all projects and have sufficient revenue to terminate the Area in FYE 2059, a thirty-six year program.

The amount of money available for projects in 2023 constant dollars for the Area is approximately \$236,700,000. This \$236,700,000 is calculated by taking the maximum indebtedness (MI) and bringing it back to constant 2023 dollars. This is done as the MI is referenced in constant dollars, so understanding how the MI relates to the inflation factor over 36 years is important to be able to make projections on the allocation of funds throughout the life of the Area.

Table 20 shows the approximate \$236,700,000 of 2023 constant dollars for projects inflated over the life of the Area including administrative expenses, reaching the total maximum indebtedness of \$350,000,000.

The 3% inflation rate is the rate to use in the future if any amendment to increase maximum indebtedness is pursued in accordance with ORS 457.470.

The following tables are prepared to show that the Area is financially feasible as required by ORS 457. It assumes completion of projects as funding becomes available and in accordance with the Five-Year Action Plans.

Table 20 - Programs and Costs with Estimated Completion Timeframes

| | Bond Issuance Costs and Reserves | District-Wide Admin/Predev | Housing | Economic Development | Total |
|--------------|---|-----------------------------------|--------------------|-----------------------------|--------------------|
| Years 1-5 | 8,809 | 1,032,006 | 11,145,663 | 13,622,476 | 25,808,954 |
| Years 6-10 | 3,794,002 | 1,249,665 | 13,496,383 | 16,495,579 | 35,035,629 |
| Years 11-15 | 26,769 | 2,029,688 | 21,920,632 | 26,791,884 | 50,768,974 |
| Years 16-20 | 4,271,370 | 1,902,424 | 20,546,175 | 25,111,992 | 51,831,961 |
| Years 21-25 | 45,980 | 2,797,342 | 30,211,294 | 36,924,915 | 69,979,531 |
| Years 26-30 | 9,212,009 | 4,294,518 | 46,380,791 | 56,687,633 | 116,574,951 |
| Years 31-36 | 0 | 0 | 0 | 0 | 0 |
| <i>Total</i> | <i>17,358,939</i> | <i>13,305,642</i> | <i>143,700,938</i> | <i>175,634,480</i> | <i>350,000,000</i> |

Source: Prosper Portland

VIII. REVENUE SHARING

Revenue sharing means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the Area. The first threshold is when annual Cully Tax Increment Finance Plan finance revenues exceed three percent of the original maximum indebtedness of the Plan (3% of \$350,000,000 is \$10,500,000). At the three percent threshold, the Agency will receive tax increment revenue as stated in ORS 457.470(4)(a-e). The overlapping taxing districts would receive the remainder of the TIF revenues. Revenue sharing projections are shown in Table in the column labelled "Revenue Sharing".

ORS 457.470

(4)(a) Except as provided in paragraphs (b) to (d) of this subsection, an urban renewal agency may notify the assessor to impose the maximum division of taxes for a large metropolitan plan that is initially approved on or after January 1, 2010.

(b) In the first year after the year in which the maximum division of taxes equals or exceeds three percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to three percent of the initial maximum indebtedness in the plan; and

(B) Seventy-five percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to three percent of the initial maximum indebtedness in the plan.

(c) Except as provided in paragraph (d) of this subsection, beginning with the year after the year described in paragraph (b) of this subsection, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an assessed value that is not greater than the sum of:

(A) The amount of assessed value the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year to compute assessed value under this paragraph or paragraph (b) of this subsection; and

(B) Seventy-five percent of the amount by which the assumed increment exceeds the assessed value of the increment the agency estimates will produce division of tax revenues equal to the greatest amount of division of tax revenues the agency was permitted to use in any prior year under this paragraph or paragraph (b) of this subsection.

(d) Beginning with the first year after the year described in paragraph (c) of this subsection in which the division of tax revenues equals or exceeds 10 percent of the initial maximum indebtedness in the plan, the agency shall notify the assessor pursuant to ORS 457.440 (2)(d) to compute the division of taxes for the urban renewal area using an amount of assessed value the agency estimates will produce division of tax revenues that does not exceed 10 percent of the initial maximum indebtedness in the plan.

(e) After computing the assessed value as required under paragraph (b), (c) or (d) of this subsection, an agency shall further modify the value if, for reasons other than use of the assumed increment, the value included in the prior year's notice to the assessor resulted in division of tax revenues different from the respective target amounts under paragraphs (b) to (d) of this subsection. The modification under this paragraph may not exceed an amount that would result in the difference between the actual revenues and the target amounts.

If assessed value in the Area grows more quickly than projected, the revenue sharing triggers would be reached earlier.

Table 21 - Revenue Sharing

| FYE | Total Assessed Value | Frozen Base Assessed Value | Increment URA | Revenue Sharing |
|------|----------------------|----------------------------|---------------|-----------------|
| 2024 | 1,103,279,231 | 1,071,144,885 | 32,134,347 | 0 |
| 2025 | 1,136,377,608 | 1,071,144,885 | 65,232,723 | 0 |
| 2026 | 1,170,468,936 | 1,071,144,885 | 99,324,052 | 0 |
| 2027 | 1,205,583,005 | 1,071,144,885 | 134,438,120 | 0 |
| 2028 | 1,241,750,495 | 1,071,144,885 | 170,605,610 | 0 |
| 2029 | 1,279,003,009 | 1,071,144,885 | 207,858,125 | 0 |
| 2030 | 1,317,373,100 | 1,071,144,885 | 246,228,215 | 0 |
| 2031 | 1,356,894,293 | 1,071,144,885 | 285,749,408 | 0 |
| 2032 | 1,397,601,122 | 1,071,144,885 | 326,456,237 | 0 |
| 2033 | 1,439,529,155 | 1,071,144,885 | 368,384,270 | 0 |
| 2034 | 1,482,715,030 | 1,071,144,885 | 411,570,145 | 0 |
| 2035 | 1,527,196,481 | 1,071,144,885 | 456,051,596 | 0 |
| 2036 | 1,573,012,375 | 1,071,144,885 | 501,867,490 | 0 |
| 2037 | 1,620,202,746 | 1,071,144,885 | 549,057,862 | 0 |
| 2038 | 1,668,808,829 | 1,071,144,885 | 597,663,944 | 0 |
| 2039 | 1,718,873,094 | 1,071,144,885 | 624,525,030 | 23,203,179 |
| 2040 | 1,770,439,286 | 1,071,144,885 | 663,199,675 | 36,094,727 |
| 2041 | 1,823,552,465 | 1,071,144,885 | 703,034,559 | 49,373,022 |
| 2042 | 1,878,259,039 | 1,071,144,885 | 744,064,489 | 63,049,665 |
| 2043 | 1,934,606,810 | 1,071,144,885 | 786,325,318 | 77,136,608 |
| 2044 | 1,992,645,015 | 1,071,144,885 | 829,853,971 | 91,646,159 |
| 2045 | 2,052,424,365 | 1,071,144,885 | 874,688,484 | 106,590,996 |
| 2046 | 2,113,997,096 | 1,071,144,885 | 920,868,032 | 121,984,179 |
| 2047 | 2,177,417,009 | 1,071,144,885 | 968,432,967 | 137,839,157 |
| 2048 | 2,242,739,519 | 1,071,144,885 | 1,017,424,849 | 154,169,785 |
| 2049 | 2,310,021,705 | 1,071,144,885 | 1,067,886,489 | 170,990,331 |
| 2050 | 2,379,322,356 | 1,071,144,885 | 1,119,861,977 | 188,315,494 |
| 2051 | 2,450,702,026 | 1,071,144,885 | 1,173,396,730 | 206,160,412 |
| 2052 | 2,524,223,087 | 1,071,144,885 | 1,228,537,525 | 224,540,677 |
| 2053 | 2,599,949,780 | 1,071,144,885 | 1,285,332,545 | 243,472,350 |
| 2054 | 2,677,948,273 | 1,071,144,885 | 1,343,831,415 | 262,971,974 |
| 2055 | 2,758,286,721 | 1,071,144,885 | 1,404,085,251 | 283,056,586 |
| 2056 | 2,841,035,323 | 1,071,144,885 | 1,466,146,702 | 303,743,736 |
| 2057 | 2,926,266,383 | 1,071,144,885 | 1,530,069,997 | 325,051,501 |
| 2058 | 3,014,054,374 | 1,071,144,885 | 1,595,910,991 | 346,998,499 |
| 2059 | 3,104,476,005 | 1,071,144,885 | 1,663,727,214 | 369,603,907 |

Source: Prosper Portland

IX. IMPACT OF THE CULLY TAX INCREMENT FINANCE PLAN FINANCING

The impact of Cully Tax Increment Finance Plan financing of the maximum indebtedness, both until and after the indebtedness is repaid is on all entities levying permanent rate property in the Area.

The impact of Cully Tax Increment Finance Plan financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated through FYE 2059 and are shown in Table through Table 25.

Other than the Portland Public Schools Gap Tax, the Portland School District and the Multnomah County ESD are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the Plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level. The Gap Tax is not anticipated to be calculated in the division of tax revenues to be allocated to Prosper Portland, so the impact on the Portland Public Schools of the Gap Tax is a positive impact. The School District will need to complete appropriate paperwork with the Multnomah County assessor to ensure the Gap tax is not included in the division of taxes.

The City of Portland levies a tax to pay costs of its Fire and Police Disability and Retirement Fund (FPD&R) Plan. The rate for this levy is included in the consolidated tax rate for the Area. The levy is imposed such that, when the tax rate is divided for tax increment areas, tax collections are sufficient to provide both the amount requested by the City for the FPD&R Plan and amounts for tax increment plans. Taxpayers pay a higher amount of taxes as a result of the division of taxes. Tax collections for the Area attributable to the FPD&R levy are shown in Table 22 through Table 25.

Table 22 - Projected Impact on Taxing District Permanent Rate Levies, page 1

| FY | TOTAL: | 23-24 | 24-25 | 25-26 | 26-27 | 27-28 | 28-29 | 29-30 | 30-31 | 31-32 | 32-33 |
|----------------------------|--------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City of Portland | 115,834,331 | 135,533 | 275,132 | 418,920 | 567,020 | 719,564 | 876,684 | 1,038,518 | 1,205,207 | 1,376,896 | 1,553,736 |
| Multnomah County | 109,922,402 | 128,616 | 261,090 | 397,539 | 538,081 | 682,839 | 831,940 | 985,514 | 1,143,696 | 1,306,623 | 1,474,437 |
| Multnomah County Library | 30,875,658 | 36,126 | 73,337 | 111,663 | 151,139 | 191,800 | 233,680 | 276,817 | 321,248 | 367,012 | 414,149 |
| Metro | 2,444,745 | 2,860 | 5,807 | 8,842 | 11,967 | 15,187 | 18,503 | 21,918 | 25,437 | 29,060 | 32,792 |
| Port of Portland | 1,774,085 | 2,076 | 4,214 | 6,416 | 8,684 | 11,021 | 13,427 | 15,906 | 18,459 | 21,088 | 23,797 |
| E Mult Soil/Cons | 2,530,792 | 2,961 | 6,011 | 9,153 | 12,388 | 15,721 | 19,154 | 22,690 | 26,332 | 30,083 | 33,947 |
| FPDR | 75,966,650 | 91,797 | 186,347 | 283,734 | 396,431 | 471,639 | 574,624 | 680,698 | 789,954 | 902,488 | 1,018,398 |
| Total Gov't | 339,348,662 | 399,970 | 811,938 | 1,236,266 | 1,685,712 | 2,107,771 | 2,568,013 | 3,042,062 | 3,530,332 | 4,033,250 | 4,551,256 |
| Portland Public Schools | 126,850,383 | 148,423 | 301,298 | 458,760 | 620,945 | 787,996 | 960,059 | 1,137,283 | 1,319,824 | 1,507,842 | 1,701,499 |
| Portland Community College | 4,771,293 | 5,583 | 11,333 | 17,256 | 23,356 | 29,639 | 36,111 | 42,777 | 49,643 | 56,715 | 63,999 |
| Multnomah County ESD | 7,943,888 | 9,295 | 18,869 | 28,729 | 38,886 | 49,348 | 60,123 | 71,221 | 82,653 | 94,427 | 106,555 |
| Total Education | 139,565,564 | 163,300 | 331,499 | 504,745 | 683,187 | 866,983 | 1,056,293 | 1,251,282 | 1,452,120 | 1,658,984 | 1,872,054 |
| TOTAL: | 478,914,227 | 563,270 | 1,143,438 | 1,741,010 | 2,368,899 | 2,974,754 | 3,624,305 | 4,293,343 | 4,982,452 | 5,692,234 | 6,423,310 |

Source: Prosper Portland

Table 23 - Projected Impact on Taxing District Permanent Rate Levies, page 2

| FY | 33-34 | 34-35 | 35-36 | 36-37 | 37-38 | 38-39 | 39-40 | 40-41 | 41-42 | 42-43 | 43-44 |
|----------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| City of Portland | 1,735,882 | 1,923,491 | 2,116,729 | 2,315,764 | 2,520,771 | 2,634,063 | 2,797,181 | 2,965,193 | 3,138,245 | 3,316,489 | 3,500,080 |
| Multnomah County | 1,647,286 | 1,825,321 | 2,008,696 | 2,197,573 | 2,392,116 | 2,499,626 | 2,654,419 | 2,813,856 | 2,978,076 | 3,147,222 | 3,321,443 |
| Multnomah County Library | 462,700 | 512,707 | 564,214 | 617,267 | 671,912 | 702,110 | 745,589 | 790,373 | 836,500 | 884,011 | 932,947 |
| Metro | 36,637 | 40,596 | 44,675 | 48,875 | 53,202 | 55,593 | 59,036 | 62,582 | 66,234 | 69,996 | 73,871 |
| Port of Portland | 26,586 | 29,460 | 32,419 | 35,468 | 38,607 | 40,343 | 42,841 | 45,414 | 48,064 | 50,794 | 53,606 |
| E Mult Soil/Cons | 37,926 | 42,025 | 46,247 | 50,596 | 55,075 | 57,550 | 61,114 | 64,785 | 68,566 | 72,460 | 76,471 |
| FPDR | 1,137,786 | 1,260,755 | 1,387,413 | 1,517,870 | 1,652,242 | 1,726,499 | 1,833,416 | 1,943,539 | 2,056,966 | 2,173,796 | 2,294,131 |
| Total Gov't | 5,084,802 | 5,634,354 | 6,200,394 | 6,783,414 | 7,383,924 | 7,715,784 | 8,193,595 | 8,685,741 | 9,192,651 | 9,714,768 | 10,252,549 |
| Portland Public Schools | 1,900,967 | 2,106,419 | 2,318,034 | 2,535,998 | 2,760,500 | 2,884,567 | 3,063,198 | 3,247,188 | 3,436,698 | 3,631,893 | 3,832,943 |
| Portland Community College | 71,502 | 79,230 | 87,189 | 95,388 | 103,832 | 108,499 | 115,218 | 122,138 | 129,266 | 136,608 | 144,171 |
| Multnomah County ESD | 119,046 | 131,913 | 145,165 | 158,815 | 172,874 | 180,643 | 191,830 | 203,352 | 215,220 | 227,444 | 240,035 |
| Total Education | 2,091,516 | 2,317,561 | 2,550,388 | 2,790,200 | 3,037,206 | 3,173,709 | 3,370,245 | 3,572,678 | 3,781,184 | 3,995,945 | 4,217,149 |
| TOTAL: | 7,176,318 | 7,951,916 | 8,750,782 | 9,573,614 | 10,421,131 | 10,889,492 | 11,563,840 | 12,258,419 | 12,973,835 | 13,710,713 | 14,469,698 |

Source: Prosper Portland

Table 24 - Projected Impact on Taxing District Permanent Rate Levies, page 3

| FY | 44-45 | 45-46 | 46-47 | 47-48 | 48-49 | 49-50 | 50-51 | 51-52 | 52-53 | 53-54 | 54-55 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| City of Portland | 3,689,178 | 3,883,950 | 4,084,565 | 4,291,198 | 4,504,031 | 4,723,248 | 4,949,042 | 5,181,609 | 5,421,154 | 5,667,885 | 5,922,018 |
| Multnomah County | 3,500,891 | 3,685,722 | 3,876,098 | 4,072,185 | 4,274,155 | 4,482,184 | 4,696,454 | 4,917,152 | 5,144,470 | 5,378,609 | 5,619,771 |
| Multnomah County Library | 983,351 | 1,035,267 | 1,088,741 | 1,143,820 | 1,200,550 | 1,258,982 | 1,319,168 | 1,381,159 | 1,445,009 | 1,510,776 | 1,578,515 |
| Metro | 77,862 | 81,973 | 86,207 | 90,568 | 95,060 | 99,687 | 104,452 | 109,361 | 114,416 | 119,624 | 124,987 |
| Port of Portland | 56,502 | 59,485 | 62,558 | 65,723 | 68,982 | 72,340 | 75,798 | 79,360 | 83,029 | 86,808 | 90,700 |
| E Mult Soil/Cons | 80,603 | 84,858 | 89,241 | 93,756 | 98,406 | 103,195 | 108,129 | 113,210 | 118,443 | 123,834 | 129,386 |
| FPDR | 2,418,076 | 2,545,740 | 2,677,233 | 2,812,671 | 2,952,172 | 3,095,858 | 3,243,855 | 3,396,292 | 3,553,302 | 3,715,022 | 3,881,594 |
| Total Gov't | 10,806,464 | 11,376,995 | 11,964,643 | 12,569,920 | 13,193,356 | 13,835,495 | 14,496,897 | 15,178,142 | 15,879,824 | 16,602,557 | 17,346,972 |
| Portland Public Schools | 4,040,026 | 4,253,321 | 4,473,014 | 4,699,299 | 4,932,372 | 5,172,437 | 5,419,705 | 5,674,390 | 5,936,716 | 6,206,911 | 6,485,213 |
| Portland Community College | 151,960 | 159,982 | 168,246 | 176,757 | 185,524 | 194,554 | 203,854 | 213,434 | 223,301 | 233,464 | 243,932 |
| Multnomah County ESD | 253,003 | 266,360 | 280,118 | 294,289 | 308,885 | 323,919 | 339,404 | 355,353 | 371,781 | 388,702 | 406,130 |
| Total Education | 4,444,988 | 4,679,664 | 4,921,379 | 5,170,346 | 5,426,781 | 5,690,910 | 5,962,963 | 6,243,177 | 6,531,798 | 6,829,077 | 7,135,275 |
| TOTAL: | 15,251,452 | 16,056,659 | 16,886,022 | 17,740,266 | 18,620,137 | 19,526,405 | 20,459,860 | 21,421,319 | 22,411,622 | 23,431,634 | 24,482,246 |

Source: Prosper Portland

Table 25 - Projected Impact on Taxing District Permanent Rate Levies, page 4

| FY | 55-56 | 56-57 | 57-58 | 58-59 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| City of Portland | 6,183,775 | 6,453,385 | 6,731,083 | 7,017,111 |
| Multnomah County | 5,868,169 | 6,124,018 | 6,387,543 | 6,658,974 |
| Multnomah County Library | 1,648,286 | 1,720,151 | 1,794,171 | 1,870,412 |
| Metro | 130,512 | 136,202 | 142,063 | 148,100 |
| Port of Portland | 94,709 | 98,838 | 103,091 | 107,472 |
| E Mult Soil/Cons | 135,105 | 140,996 | 147,063 | 153,312 |
| FPDR | 4,053,163 | 4,229,879 | 4,411,896 | 4,599,374 |
| Total Gov't | 18,113,719 | 18,903,468 | 19,716,910 | 20,554,755 |
| Portland Public Schools | 6,771,863 | 7,067,113 | 7,371,221 | 7,684,451 |
| Portland Community College | 254,714 | 265,819 | 277,258 | 289,039 |
| Multnomah County ESD | 424,082 | 442,571 | 461,616 | 481,232 |
| Total Education | 7,450,659 | 7,775,504 | 8,110,094 | 8,454,722 |
| TOTAL: | 25,564,377 | 26,678,972 | 27,827,004 | 29,009,478 |

Source: Prosper Portland

Table 26 shows the projected increased revenue to the taxing jurisdictions after Cully Tax Increment Finance Plan proceeds are projected to be terminated. These projections are for FYE 2060. The table also shows the estimated impact of returned incremental assessed value on the FPD&R tax levy rate, which could be reduced by approximately three percent.

The Frozen Base is the assessed value of the Area established by the County Assessor at the time the Area is established. Excess Value is the increased assessed value in the Area above the Frozen Base.

Table 26 - Additional Revenues Obtained after Termination of TIF - FYE 2060

| Taxing District | Type | Tax Rate | From Frozen Base | From Excess Value | Total |
|------------------------------------|-----------|----------|-------------------|-------------------|-------------------|
| General Government | | | | | |
| City | Permanent | 4.5770 | 4,902,630 | 9,732,832 | 14,635,462 |
| County | Permanent | 4.3434 | 4,652,411 | 9,236,090 | 13,888,501 |
| Library | Permanent | 1.2200 | 1,306,797 | 2,594,288 | 3,901,085 |
| Metro | Permanent | 0.0966 | 103,473 | 205,417 | 308,889 |
| Port | Permanent | 0.0701 | 75,087 | 149,065 | 224,152 |
| E Mult Soil/Cons | Permanent | 0.1000 | 107,114 | 212,647 | 319,761 |
| FPDR | Permanent | 3.0000 | 3,213,435 | 6,379,396 | 9,592,831 |
| Subtotal General Government | | 13.4071 | 14,360,947 | 28,509,734 | 42,870,681 |
| Education | | | | | |
| Portland | Permanent | 4.7743 | 5,113,967 | 10,152,384 | 15,266,351 |
| Portland CC | Permanent | 0.2828 | 302,920 | 601,364 | 904,284 |
| Multnomah County ESD | Permanent | 0.4576 | 490,156 | 973,071 | 1,463,226 |
| Subtotal Education | | 5.5147 | 5,907,043 | 11,726,819 | 17,633,861 |
| Total | | 18.9218 | 20,267,989 | 40,236,553 | 60,504,542 |

Source: Prosper Portland

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF TAX INCREMENT AREA

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in a tax increment area at the time of its establishment to fifteen percent for municipalities over 50,000 in population. As noted below, the frozen base (assumed to be FY 2022-23 values), including all real, personal, manufactured, and utility properties in the Area, is projected to be \$1,071,144,885. The Multnomah County Assessor will certify the frozen base once the tax increment plan is adopted. The frozen base values and excess values of the existing URAs were taken from the Multnomah County Tax Supervising Commission FY 2021/22 Annual Report. The total assessed value of the City of Portland was taken from the County Assessor's SAL 4a Report - FY 2021/22. The percentage of total City assessed value in tax increment areas is 8.6% percent which does not exceed 15% of the city's assessed values minus the excess values of the urban renewal areas. Excess values are the increase in assessed values over the frozen base in each urban renewal area.

The Area contains approximately 1,623 acres, including public rights-of-way. The City of Portland contains 92,773 acres. Other tax increment areas in Portland total 9,953 acres. This puts 12.5% percent of the City's acreage in a tax increment area, which is below the 15% threshold. Airport Way, Willamette Industrial, and four of six Neighborhood Prosperity Initiative districts are not included in the statutory limitation calculations as they are no longer taking tax increment revenues. (ORS 457.420(2)(a)(A).

Table 27 - Tax increment Area Conformance with Assessed Value and Acreage Limits

| Area | Frozen Base Assessed Value | Acreage |
|--|----------------------------|------------------|
| Central Eastside | \$230,541,190 | 708.49 |
| Downtown Waterfront | \$55,674,313 | 233.13 |
| Gateway Regional Center | \$307,174,681 | 658.5 |
| Interstate Corridor | \$1,293,460,097 | 3,991.46 |
| Lents Town Center | \$736,224,033 | 2,846.30 |
| North Macadam | \$628,094,444 | 447.1 |
| Oregon Convention Center | \$214,100,689 | 410.03 |
| River District | \$432,292,135 | 314.79 |
| South Park Blocks | \$305,692,884 | 97.86 |
| Cully District | \$1,071,144,885 | 1,623 |
| Neighborhood Prosperity Initiatives (combined) | \$164,919,235 | 245 |
| A. Total Tax Increment Areas | \$5,439,318,586 | 11,575.66 |
| B. Total AV/Acreage of the City of Portland | \$76,142,269,310 | 92,773 |
| C. Incremental Excess of Tax Increment Areas Used | \$6,714,596,619 | |
| D. Incremental Value Not Used | \$5,906,839,944 | |
| E. Total Incremental Value | \$12,621,436,563 | |
| F. Total AV of City minus incremental excess B – E | \$63,520,832,747 | |
| Percent in Tax Increment Areas AV= A/F | 8.56% | 12.48% |

XI. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the Cully TIF Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

Physical Conditions

Land Use

The Area measures approximately 1,623 total acres in size, which is composed of 5,008 individual parcels encompassing 1,310.17 acres, and an additional 312.83 acres in public rights-of-way. An analysis of FY 2021/2022 property classification data from the Multnomah County Department of Assessment and Taxation database was used to determine the land use designation of parcels in the Area. By acreage, Residential uses account for the most prevalent land use within the Area (62.82%). This was followed by Commercial/Local Industrial uses (30.99%). Detailed land use designations in the Area can be seen in Table 28.

Table 28 - Land Use in the Area

| Property Class | Parcels | Acreage | Percent of Acreage |
|-----------------------------|--------------|-----------------|--------------------|
| Residential | 4,352 | 811.17 | 62.82% |
| Commercial/Local Industrial | 395 | 400.20 | 30.99% |
| Multi-family | 93 | 70.45 | 5.46% |
| N/A | 13 | 3.98 | 0.31% |
| Recreation | 2 | 3.93 | 0.30% |
| Miscellaneous | 9 | 1.62 | 0.13% |
| TOTAL: | 4,864 | 1,291.34 | 100.00% |

Source: Data from Portland Housing Bureau using the Multnomah County Department of Assessment and Taxation database (FYE 2022)

Comprehensive Plan Designations

The comprehensive plan and zoning designations in the Area can be seen in Table 29. The most prevalent comprehensive plan designation in the Area is Single Dwelling 7,000 (28.77%). The second most prevalent designation is Single Dwelling 5,000 (27.82%).

Table 29 – Comprehensive Plan Designations in the Area

| Comprehensive Plan | Parcels | Acreage | Percent of Acreage |
|-------------------------------|----------------|-----------------|---------------------------|
| Single - Dwelling 7,000 | 2,053 | 371.46 | 28.77% |
| Single - Dwelling 5,000 | 1,826 | 351.44 | 27.22% |
| Industrial Sanctuary | 244 | 262.74 | 20.35% |
| Multi-Dwelling - Neighborhood | 651 | 124.25 | 9.62% |
| Mixed Employment | 66 | 86.50 | 6.70% |
| Mixed Use - Neighborhood | 229 | 54.47 | 4.22% |
| Manufactured Dwelling Park | 19 | 21.61 | 1.67% |
| Open Space | 9 | 7.29 | 0.56% |
| Multi-Dwelling - Corridor | 10 | 7.14 | 0.55% |
| Mixed Use - Civic Corridor | 15 | 3.99 | 0.31% |
| Mixed Use - Dispersed | 4 | 0.45 | 0.03% |
| TOTAL: | 5,126 | 1,291.34 | 100.00% |

Source: Data from Portland Housing Bureau

Zoning Designations

The zoning designations in the Area can be seen in Table 30. The most prevalent zoning designation in the Area is Residential 7,000 (31.13%). The second most prevalent designation is Residential 5,000 (19.75%). There are also tax lots that have more than one zoning designation on a single tax lot. This is the reason for this table showing more tax lots in the Area than in Table 29.

Table 30 – Zoning in the Area

| Zoning | Parcels | Acreage | Percent of Acreage |
|--|----------------|-----------------|---------------------------|
| Residential 7,000 | 2,176 | 402.00 | 31.13% |
| Residential 5,000 | 1,505 | 255.05 | 19.75% |
| General Industrial 2 | 224 | 247.78 | 19.19% |
| Residential Multi-Dwelling 1 | 701 | 130.91 | 10.14% |
| General Employment 2 | 47 | 82.43 | 6.38% |
| Residential 10,000 | 239 | 67.56 | 5.23% |
| Commercial Mixed Use 2 | 137 | 37.61 | 2.91% |
| Residential Manufactured Dwelling Park | 18 | 21.61 | 1.67% |
| Residential Farm / Forest | 35 | 14.95 | 1.16% |
| Commercial Mixed Use 1 | 50 | 10.75 | 0.83% |
| Open Space | 9 | 7.29 | 0.56% |
| Residential Multi-Dwelling 2 | 13 | 7.14 | 0.55% |
| Commercial Employment | 23 | 5.69 | 0.44% |
| General Employment 1 | 4 | 0.47 | 0.04% |
| Commercial Residential | 1 | 0.08 | 0.01% |
| TOTAL: | 5,182 | 1,291.34 | 100.00% |

Source: Data from Portland Housing Bureau

Figure 2 – Cully Tax Increment Area Comprehensive Plan Designations

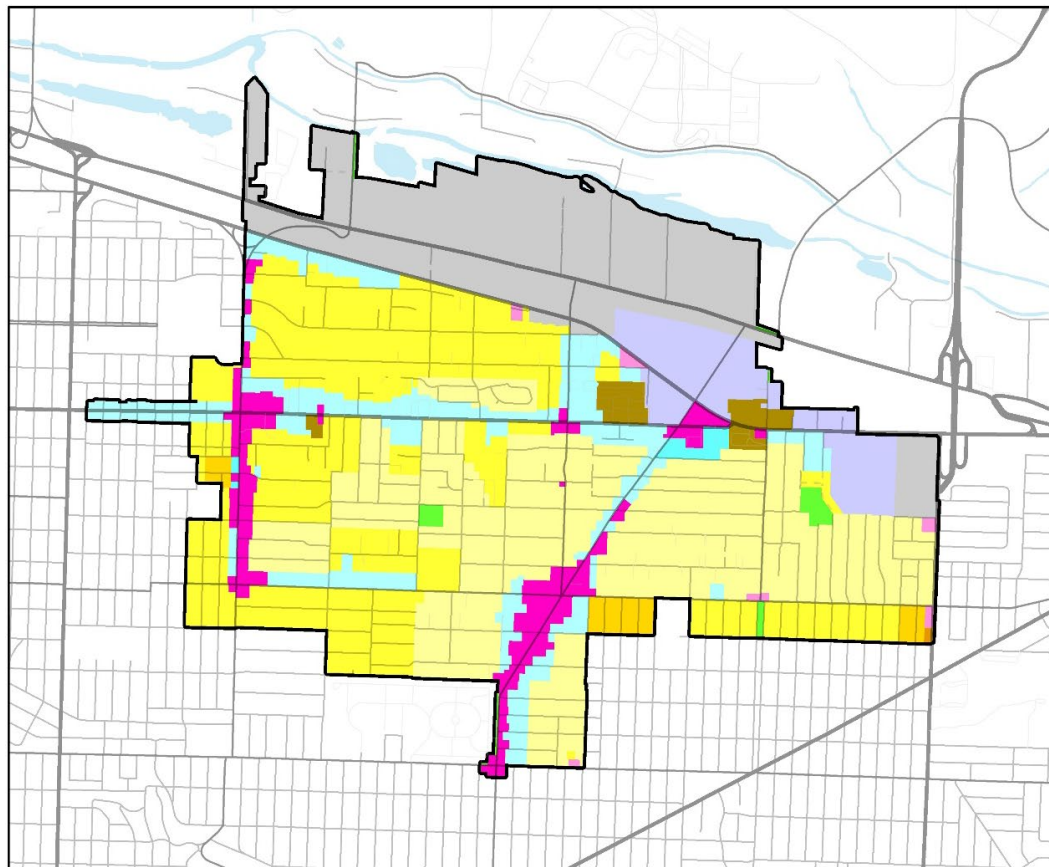
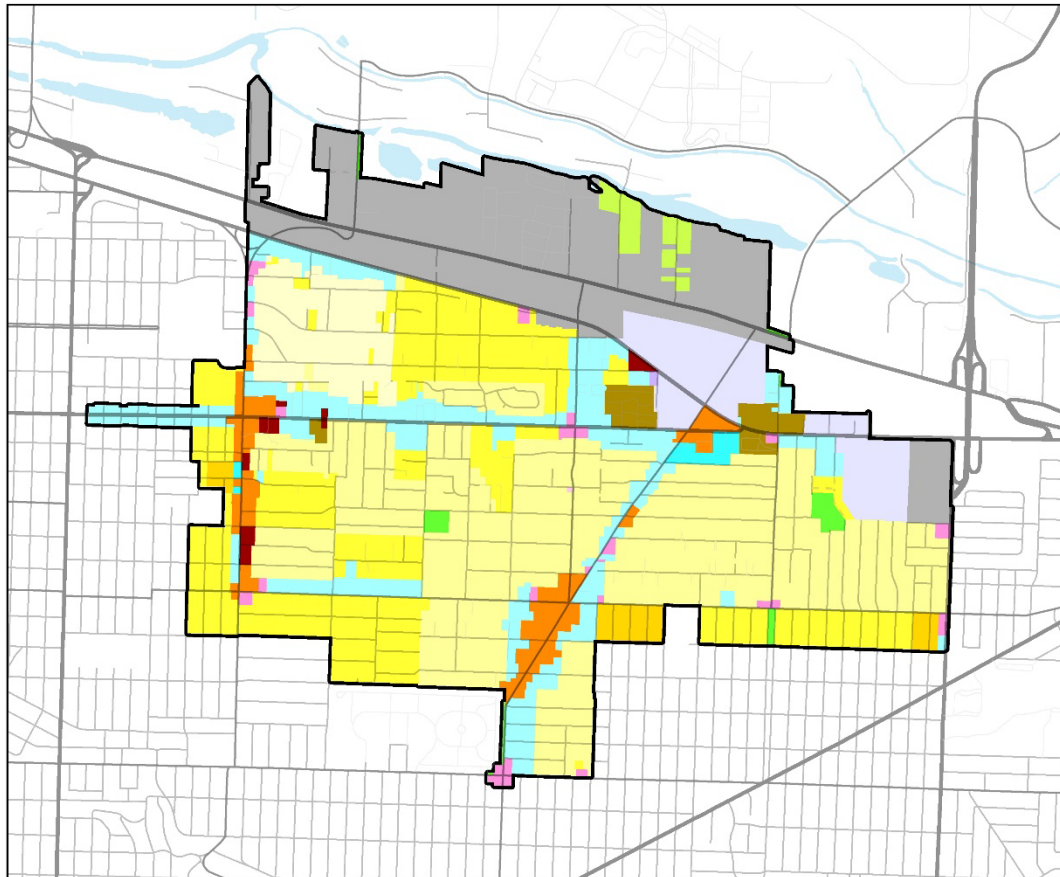


















Figure 3 – Cully Tax Increment Area Zoning



- | | |
|--|--|
|  Commercial Employment (CE) |  Single Dwelling Residential 10,000 (R10) |
|  Commercial Mixed Use 1 (CM1) |  Single Dwelling Residential 2,500 (R2.5) |
|  Commercial Mixed Use 2 (CM2) |  Single Dwelling Residential 5,000 (R5) |
|  Commercial Residential (CR) |  Single Dwelling Residential 7,000 (R7) |
|  General Employment 1 (EG1) |  Residential Farming (RF) |
|  General Employment 2 (EG2) |  Residential Multi-Dwelling 1 (RM1) |
|  General Industrial 2 (IG2) |  Residential Multi-Dwelling 2 (RM2) |
|  Open Space (OS) |  Residential Manufactured Dwelling Park (RMP) |

Infrastructure

This section identifies the existing conditions in the Area to assist in **establishing the existing conditions and blight in the ordinance adopting the tax increment plan. This does not mean these projects are included in the tax increment plan.** The specific projects that are included in the Plan are listed in Sections II and III of this Report.

Streets

An evaluation of the current conditions of the streets in the Area, taken from the Portland Bureau of Transportation Pavement Management System, is shown below in Table . The ratings are on a five-point scale, from fair to very poor. Forty-seven percent (47%) of the streets are in poor or very poor condition.

Table 31 - Pavement Conditions

| Condition | Length Feet | Percent |
|------------------|--------------------|----------------|
| Very Good | 31,469 | 14% |
| Good | 41,780 | 18% |
| Fair | 49,868 | 21% |
| Poor | 63,712 | 27% |
| Very Poor | 45,470 | 20% |
| TOTAL: | 232,300 | |

Source: Portland Housing Bureau GIS from Portland Bureau of Transportation Pavement Management System data

Sanitary Sewer/Storm Water System

An evaluation of the current conditions of the streets in the Area, taken from the Portland Bureau of Environmental Services System, is shown below in Table 32. The ratings are on a five-point scale, from excellent to very poor or needs immediate attention. One percent of the sanitary sewer and storm water laterals are in poor or very poor condition.

Table 32 – Sanitary Sewer/Storm Water System

| Condition | Length Feet | Percent |
|-------------------------------|--------------------|----------------|
| Excellent | 205,452 | 88% |
| Good | 22,103 | 9% |
| Fair | 4,322 | 2% |
| Poor | 2,629 | 1% |
| Very Poor/Immediate Attention | 68 | < 1% |
| TOTAL: | 234,575 | 100% |

Source: Prosper Portland GIS from Portland Bureau of Environmental Services data

Water Systems

The conditions of the water system were summarized by the Portland Water Bureau as shown in Table 33 – Water System Conditions. The Portland Water Bureau’s methodology was:

- Because most of these assets are buried, we do not often have condition ratings from inspections. Hydrants and some of the valves are the exceptions as they are regularly inspected and are more accessible.
- When there is no inspection-based condition rating available for an asset, we have used the asset’s age along with its estimated useful life to estimate a condition rating between 1 (very good) and 5 (very poor).
- Age based assessments of condition are estimates and in reality, there is some uncertainty due to the variations in the environmental conditions or a specific asset’s design characteristics and operational history.
- Some of our older assets are missing install dates so it is difficult to estimate their age without some assumptions. To overcome this gap, we use GIS connections between asset types (e.g., mains and valves “touching” in GIS) and other available attributes to estimate age of assets when missing. The condition rating in this case would be based on this estimated age. If install date is not available or cannot be reliably estimated, we have identified the condition rating of those assets as unknown (generally a small percentage of the population).

Table 33 – Water System Conditions

| | | 287 | 285,840 | 5,096 | 1,007 |
|------------------------------|-------------------------|-----------------|----------------|-----------------|-----------------|
| | | By count | By feet | By count | By count |
| Condition Description | Condition Rating | Hydrants | Mains | Services | Valves |
| Very good | 1 | 58 | 26,603 | 898 | 246 |
| Good | 2 | 179 | 99,091 | 879 | 232 |
| Fair | 3 | 8 | 90,819 | 1,759 | 91 |
| Poor | 4 | 27 | 40,336 | 1,028 | 76 |
| Very poor | 5 | 3 | 13,623 | 131 | 244 |
| Unknown | Unknown | 5 | 4,412 | 219 | 77 |
| | | As % | As % | As % | As % |
| Condition Description | Condition Rating | Hydrants | Mains | Services | Valves |
| Very good | 1 | 21% | 10% | 18% | 25% |
| Good | 2 | 64% | 36% | 18% | 24% |
| Fair | 3 | 3% | 33% | 36% | 9% |
| Poor | 4 | 10% | 15% | 21% | 8% |
| Very poor | 5 | 1% | 5% | 3% | 25% |
| Unknown | Unknown | 2% | 2% | 4% | 8% |

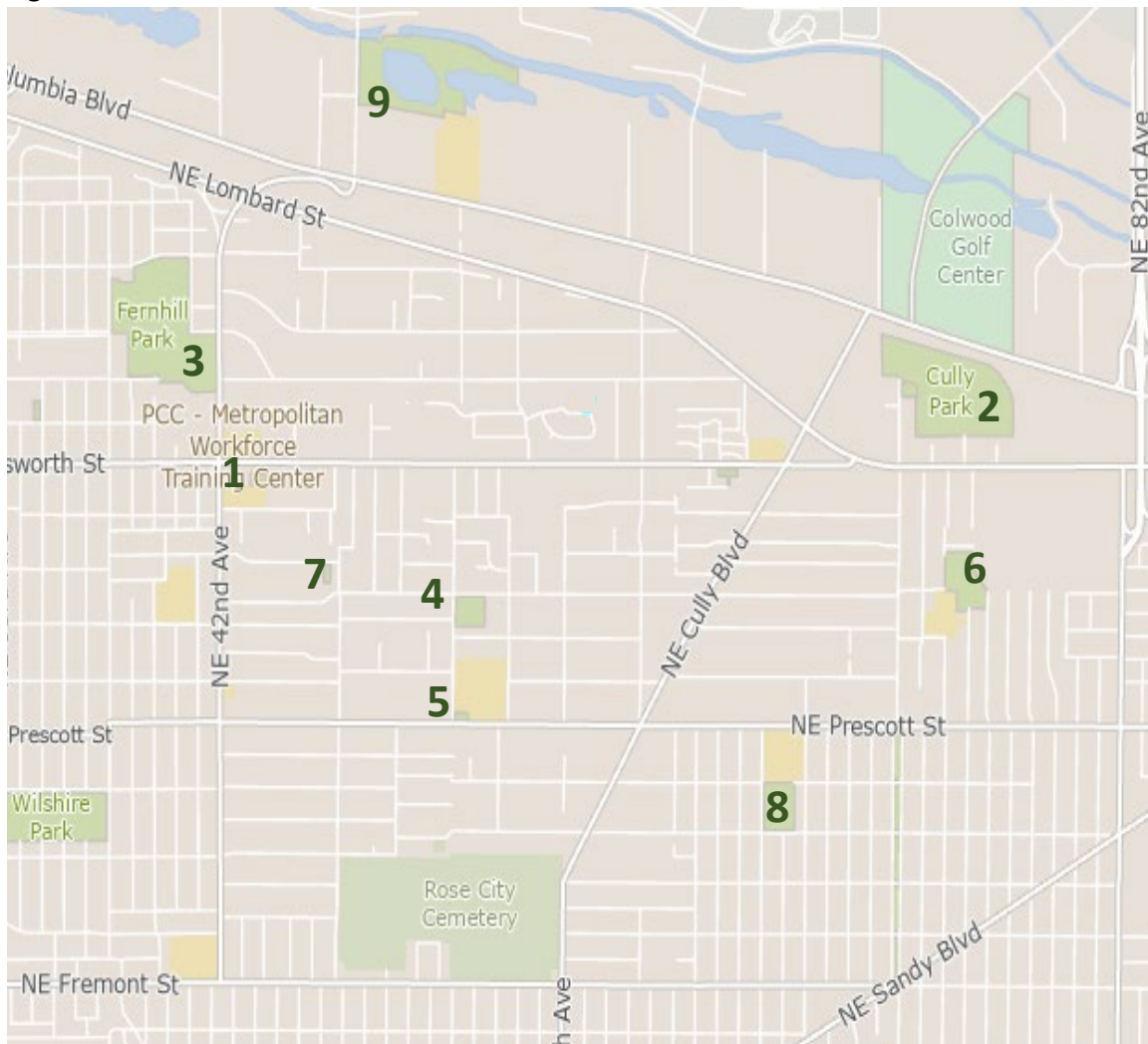
Source: Portland Water Bureau

Parks

The parks in the Area as shown on the Discover Portland Parks & Recreation map are:

- Cully Community Garden NE 42nd & Killingsworth
- Cully Park, 5801 NE 72nd
- Fernhill Park, 6010 NE 37th
- Khunamokwst Park, NE 52nd & Alberta
- Rigler Community Garden, 5401 NE Prescott
- Sacajawea Park, NE 75th & Roselawn
- Sumner Street Community Garden, 47th & Sumner
- Wellington Park, NE 66th & Mason
- Whitaker Ponds Nature Park, 7040 NE 47th

Figure 4 – Parks in the Area



Social Conditions

“Cully’s housing affordability, proximity to downtown, rich cultural assets and economic diversity make it a desirable place to live. Research conducted for this report as well as findings presented in September 2013 at the Bureau of Planning and Sustainability find that Cully is in an early stage of gentrification. This means that property remains relatively affordable and land is still available for development. However, a flurry of private development is happening in nearby neighborhoods, and increased investment is flowing into Cully. The experience of other Portland neighborhoods as well as communities from across the United States indicate that gentrification often leads to displacement of existing community members, especially low-income and people of color residents. These were the conditions that started the effort to combat displacement and gentrification in the Cully neighborhood. Updated social conditions are shown below. ¹⁰ Cully is socially and economically diverse. Esri data shows the following: ¹¹

Cully has a larger share of low-income populations than Portland as a whole. The median household income for all Cully households is almost \$20,000 less than for all Portland households.

The wealth index for Cully is 64 while City-wide it is 102.

The housing affordability index for Cully is 83 with twenty-eight percent of a homeowner’s income going toward a mortgage payment. Portland City-wide housing affordability is 86 with twenty-seven percent of a homeowner’s income going toward a mortgage payment.

“The City of Portland recognizes Cully as a neighborhood likely to experience significant change in the coming years. The Portland City Council adopted Resolution 36953 in August 2012. This calls for a coordinated effort by city bureaus to study and prevent displacement in Cully. Working together, neighborhood organizations and public agencies have an opportunity to align programs and policies so that Cully remains a place where diverse residents can live, work, and thrive” (students, 2013).p 11.

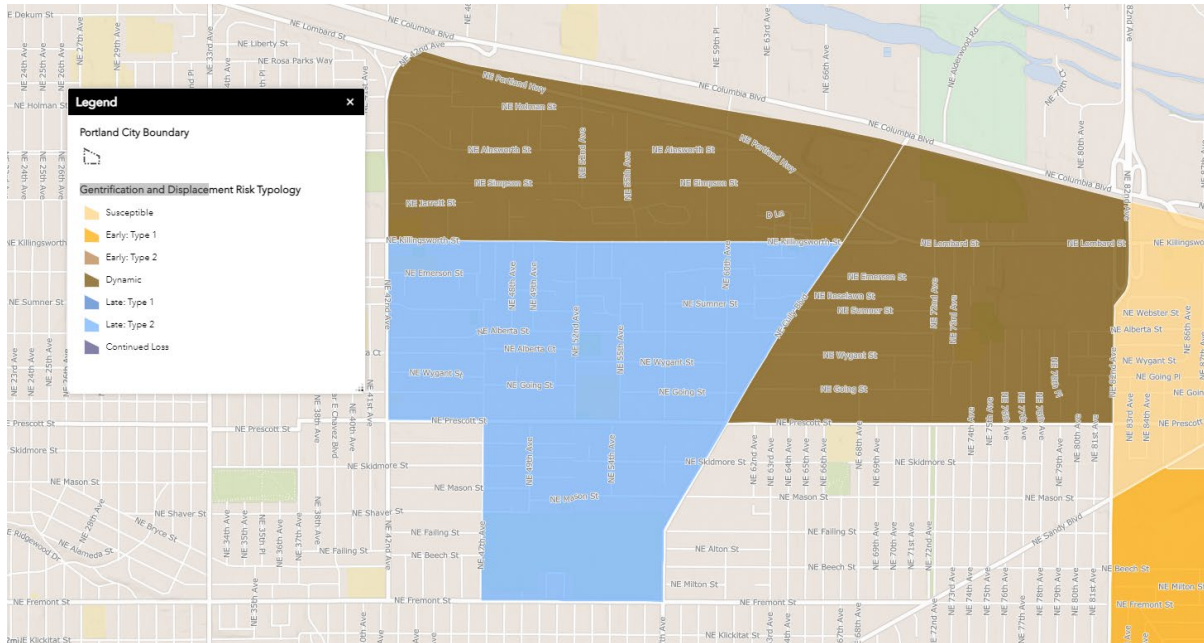
The following Gentrification and Displacement Risk Typology Assessment map from the Portland Bureau of Planning shows the Cully Area in Dynamic and Late Type 2 phases of gentrification.

Not in Cully: Anti-Displacement Strategies for the Cully Neighborhood, Executive Summary.

¹⁰ *Not in Cully: Anti-Displacement Strategies for the Cully Neighborhood, Executive Summary.*

¹¹ Esri Community Profile , forecasts for 2021 and 2026 Esri converted Census data .

Figure 5 - Gentrification and Displacement Risk Typology Assessment



Source: (<https://pdx.maps.arcgis.com/apps/webappviewer/index.html?id=777c415ec7874b74ae7c501bff0f67da>)

Additional Social Conditions:

Cully residents are a bit younger than the City of Portland residents with eighty seven percent of Cully residents under the age of 65 and eighty-five percent of the city residents under the age of 65.

Table 34 - Age

| Age | Cully TIF | | Portland | |
|-------------------|-----------|---------|----------|---------|
| | Number | Percent | Number | Percent |
| Under 18 | 5,150 | 19% | 113,464 | 17% |
| 18-29 years | 3,563 | 13% | 111,362 | 17% |
| 30-39 years | 5,440 | 20% | 125,830 | 19% |
| 40-49 years | 4,291 | 16% | 99,301 | 15% |
| 50-59 years | 3,691 | 14% | 75,907 | 12% |
| 60-64 years | 1,459 | 5% | 35,737 | 5% |
| 65 years and over | 2,908 | 11% | 85,802 | 13% |

Source: ECONW Report April 2022, American Community Survey (ACS) 2016-2020 5 years Estimates

The analysis of race and origin are shown in the table below with over thirty-three percent of the Cully residents identifying themselves as a race or ethnicity other than white while city-wide thirty-percent of the residents identify themselves as a race or ethnicity other than white. These numbers reflect a recent loss of racial diversity in Cully, particularly within the Black community.

Table 35 – Population by Race/ethnicity (percent, number)

| Race/Ethnicity | Cully TIF | | Portland | |
|--|-----------|---------|----------|---------|
| | Number | Percent | Number | Percent |
| White | 17,913 | 67% | 451,999 | 69% |
| Black | 1,871 | 7% | 37,107 | 6% |
| American Indian/Alaska Native | 297 | 1% | 3,738 | 1% |
| Asian | 1,402 | 5% | 55,681 | 9% |
| Native Hawaiian and Other Pacific Islander | 8 | 0% | 4,066 | 1% |
| Some Other Race | 103 | 0% | 2,784 | 0% |
| Two or More Races | 1,177 | 4% | 31,196 | 5% |
| Hispanic | 3,827 | 14% | 63,809 | 10% |

Source: ECONW Report April 2022, American Community Survey (ACS) 2016-2020 5 years Estimates

Twenty-three percent of the Cully residents reported an education that included less than high school or gaining a high school diploma compared to twenty-two percent city wide. Forty-eight percent had a bachelor's degree or graduate/professional degree compared to fifty-one percent city-wide.

Table 36 -Education Attainment in Cully TIF and City of Portland, 2020

| Race/Ethnicity | Cully TIF | | Portland | |
|-----------------------|-----------|---------|----------|---------|
| | Number | Percent | Number | Percent |
| Less Than High School | 1,644 | 8% | 34,595 | 7% |
| High School Diploma | 1,644 | 15% | 34,595 | 15% |
| Some College | 2,934 | 29% | 75,245 | 26% |
| Bachelor's Degree | 6,022 | 31% | 149,423 | 31% |
| Advanced Degree | 3,444 | 17% | 98,748 | 20% |

Source: ECONW Report April 2022, American Community Survey (ACS) 2016-2020 5 years Estimates

The average household income in the Cully Area was \$80,426 the city-wide average household income was \$104,517.

Table 37 - Income

| Income Range | Cully | City of Portland |
|--------------------------|--------------|-------------------------|
| <\$15,000 | 10.6% | 9.8% |
| \$15,000 - \$24,999 | 7.4% | 6.4% |
| \$25,000 - \$34,999 | 7.9% | 6.5% |
| \$35,000 - \$49,999 | 9.7% | 10.6% |
| \$50,000 - \$74,999 | 19.1% | 16.5% |
| \$75,000 - \$99,999 | 15.5% | 12.6% |
| \$100,000 - \$149,999 | 17.6% | 18.1% |
| \$150,000 - \$199,999 | 9.3% | 8.8% |
| \$200,000+ | 3.0% | 10.7% |
| Average household income | \$80,426 | \$104,517 |

Source: esri Community Profile 2021

Economic Conditions

Business Summary within the Area

There are 467 total businesses in the Area with 4,699 employees as indicated on the esri Business Summary.

These businesses are in the categories shown in Table 38.

Table 38 – Business Types In the Area

| Business Type | Number of Businesses | Percent | Number of Employees | Percent |
|---------------------------------|----------------------|---------------|---------------------|---------------|
| Agriculture & Mining | 13 | 2.8% | 55 | 1.2% |
| Construction | 39 | 8.4% | 294 | 6.3% |
| Manufacturing | 21 | 4.5% | 351 | 7.5% |
| Transportation | 14 | 3.0% | 491 | 10.4% |
| Communication | 2 | 0.4% | 14 | 0.3% |
| Utility | 1 | 0.2% | 25 | 0.5% |
| Wholesale Trade | 23 | 4.9% | 286 | 6.1% |
| Retail Trade | 102 | 21.8% | 1,032 | 22.0% |
| Finance, Insurance, Real Estate | 27 | 5.8% | 139 | 3.0% |
| Services | 184 | 39.4% | 1,783 | 37.9% |
| Government | 5 | 1.1% | 212 | 4.5% |
| Unclassified | 36 | 7.7% | 18 | 0.4% |
| TOTAL: | 467 | 100.0% | 4,699 | 100.0% |

Source: esri Business Summary 2021

Taxable Value of Property within the Area

The estimated total assessed value of the Area calculated with data from the Multnomah County Department of Assessment and Taxation for FYE 2022 including all real property is estimated to be \$1,071,144,885. Personal, manufactured, and utility properties values are not included in this total.

Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property's improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the "Improvement to Land Value Ratio," or "I:L." The values used are real market values. In tax increment areas, the I:L is often used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives.

Table 39 shows the improvement to land ratios (I:L) for properties within the Area. “The improvement-to-land value ratio (I/L ratio) for a property attempts to capture its investment potential. Properties with I/L ratios greater than 1.0 are less likely to be redeveloped because the improvement (e.g., a building or parking lot) is worth more than the land itself. Properties with I/L ratios less than or equal to 1.0 are more likely to be redeveloped, because the land is worth more than the improvement (this includes vacant lots). By this measure, almost half of all commercial and residential lots in Cully have the potential for investment and (re)development.”¹²

In the Area, 2,305 parcels representing 77% of the acreage have I:L ratios less than 1.0, including those parcels that have no improvements on them. No improvement value means there are no taxable structures on the tax lot. Twenty-three percent of the acreage of the parcels in the Area have I:L ratios of 1.0 or more as determined by an analysis of the real market values from the Multnomah County Assessor data for FY 2021-2022. An analysis of Multnomah County Tax Assessor property description data identified the existence of vacant land that could be further utilized for future development.

Table 39 - Improvement to Land Ratios in the Area

| Improvement to Land (I:L) Ratio | Parcels | Acreage | Percent of Acreage |
|--|----------------|-----------------|---------------------------|
| No Improvement Value | 306 | 1,422.54 | 54.68% |
| 0.01-0.50 | 300 | 196.58 | 7.56% |
| 0.51-1.00 | 1,699 | 384.68 | 14.79% |
| 1.01-1.50 | 1,750 | 353.19 | 13.58% |
| 1.51-2.00 | 553 | 107.35 | 4.13% |
| 2.01-2.50 | 124 | 32.94 | 1.27% |
| 2.51-3.00 | 47 | 30.46 | 1.17% |
| 3.01-4.00 | 36 | 18.04 | 0.69% |
| >4.00 | 49 | 55.74 | 2.14% |
| TOTAL: | 4,864 | 2,601.52 | 100.00% |

Source: Compiled by Portland Housing Bureau using the Multnomah County Department of Assessment and Taxation database (FYE 2022)

¹² *Ibid.* page 25.

There are two hundred thirty-three vacant parcels in the Area for a total of 107.55 acres of land. This vacant property is largely general employment, general industrial and residential 5,000 zoned land as shown in Table .

Table 40 – Vacant Land in the Area

| Property Description | Parcels | Acres | % of Total |
|-----------------------------|----------------|---------------|-------------------|
| Improved land as vacant | 11 | 21.32 | 19.83% |
| Misc. Improvements | 18 | 6.33 | 5.88% |
| Vacant land | 204 | 79.9 | 74.29% |
| TOTAL: | 233 | 107.55 | 100.00% |

Source: Portland Housing Bureau

Table 41 – Zoning Designations of Vacant Land

| Zoning Designation - Vacant Land | Parcel | Acres | % of Total |
|---|---------------|---------------|-------------------|
| Commercial Mixed Use 1 | 4 | 0.76 | 0.71% |
| Commercial Mixed Use 2 | 13 | 5.37 | 4.99% |
| General Employment 2 | 8 | 26.6 | 24.73% |
| General Industrial 2 | 39 | 33.3 | 30.97% |
| Open Space | 3 | 3.36 | 3.13% |
| Residential 10,000 | 14 | 1.96 | 1.82% |
| Residential 5,000 | 46 | 18.42 | 17.13% |
| Residential 7,000 | 72 | 7.69 | 7.15% |
| Residential Farm / Forest | 8 | 3.02 | 2.80% |
| Residential Manufactured Dwelling Park | 8 | 1.11 | 1.03% |
| Residential Multi-Dwelling 1 | 44 | 5.96 | 5.54% |
| TOTAL: | 259 | 107.55 | 100.00% |

Source: Portland Housing Bureau

Impact on Municipal Services

The projects being considered for future use of tax increment funding are for addressing gentrification and displacement of both residents and businesses in the Cully neighborhood and to benefit people of color and low-income people.

The fiscal impact of Cully Tax Increment Finance Plan financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section VIII of this Report. This subsection discusses the fiscal impacts on municipal services. All of the property within the Plan boundary is within the city limits and therefore already served by city infrastructure and county services. The Plan will bring increased funding to allow the Portland Housing Bureau to create additional affordable housing options in the Area. The Plan will also provide funding to Prosper Portland to assist existing businesses and promote the creation of new businesses, providing needed services to the community.

The financial impacts from Cully Tax Increment Finance Plan collections will be countered by providing financial tools to address displacement and gentrification in an ethnically diverse neighborhood and to benefit people of color and low-income people. These actions are consistent with and in conformance with implementing the Portland Comprehensive Plan which has detailed language about addressing displacement and gentrification in Portland neighborhoods. The analysis of conformance to the Portland Comprehensive Plan is detailed in the Cully Tax Increment District Plan

XII. REASONS FOR SELECTION OF EACH TAX INCREMENT AREA IN THE PLAN

The reason for selecting the Area is to provide the ability to fund projects and programs necessary to cure blight within the Area. Blight is specifically defined in ORS 457.010(1)(b) An economic dislocation, dilapidation, mixed character or shifting of uses; and (g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered.

The Cully Neighborhood was identified in the *Not in Cully Anti Displacement Study* in 2013 as an area that was already experiencing displacement and gentrification. Further studies and data from the Bureau of Planning and Sustainability support those original findings. The Cully Neighborhood has been working with the City of Portland on ways to both improve the neighborhood but to do so without causing further displacement or gentrification of the neighborhood. The Cully TIF District Plan has entire Chapters on the reasons for selecting this area, including Sections II. *Background and Context*, III *Community Engagement in Designing the TIF District*, IV. *Visions, Values, Goals* and VI. *Principles that Guide Implementation of the Plan*.

XIII. RELOCATION REPORT

When the Agency acquires occupied property under the Plan, residential or commercial occupants of such property shall be offered relocation assistance, as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations, as necessary, for the administration of relocation assistance. The Agency will comply with all applicable state law in providing these potential benefits.