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PORTLAND

Proposed FY 2023-24 Budget

May 10, 2023 City Council Budget Presentation

Gustavo Cruz, Chair

Kimberly Branam, Executive Director

Shea Flaherty-Betin, Economic Development Director

Lisa Abuaf, Development & Investment Director



Community Budget Committee Roster

Arlene Kimura (Chair)

Hazelwood Neighborhood Association

Jonathan Cohen

Old Town Community Association

Michael Harrison

Oregon Health Science University

Karin Power

Business for Better Portland

Michael Harper

N/NE Action Plan Leadership Committee

Johanna Brickman

VertueLab

Bryson Davis

Williams & Russell Project CDC

James Paulson

Worksystems Inc

Oscar Arana

Native American Youth and Family Center

Corky Collier

Columbia Corridor Association

Kari Naone

TiE Oregon

Owen Ronchelli

Go Lloyd

Erica Bjerning

Foster Powell Association

Clare Briglio

Central Eastside Industrial Council

Elaine Hsieh

Technology Association of Oregon

FY 2021-22 Impacts

1,307 Jobs Created/Retained/Placed

1,192 Total Workforce Participants
60% BIPOC Participants

221 Local Small Business Repair Grants
54% BIPOC Recipients

8.5:1 Loan, Grant, E-Zone investments
leveraging outside investment

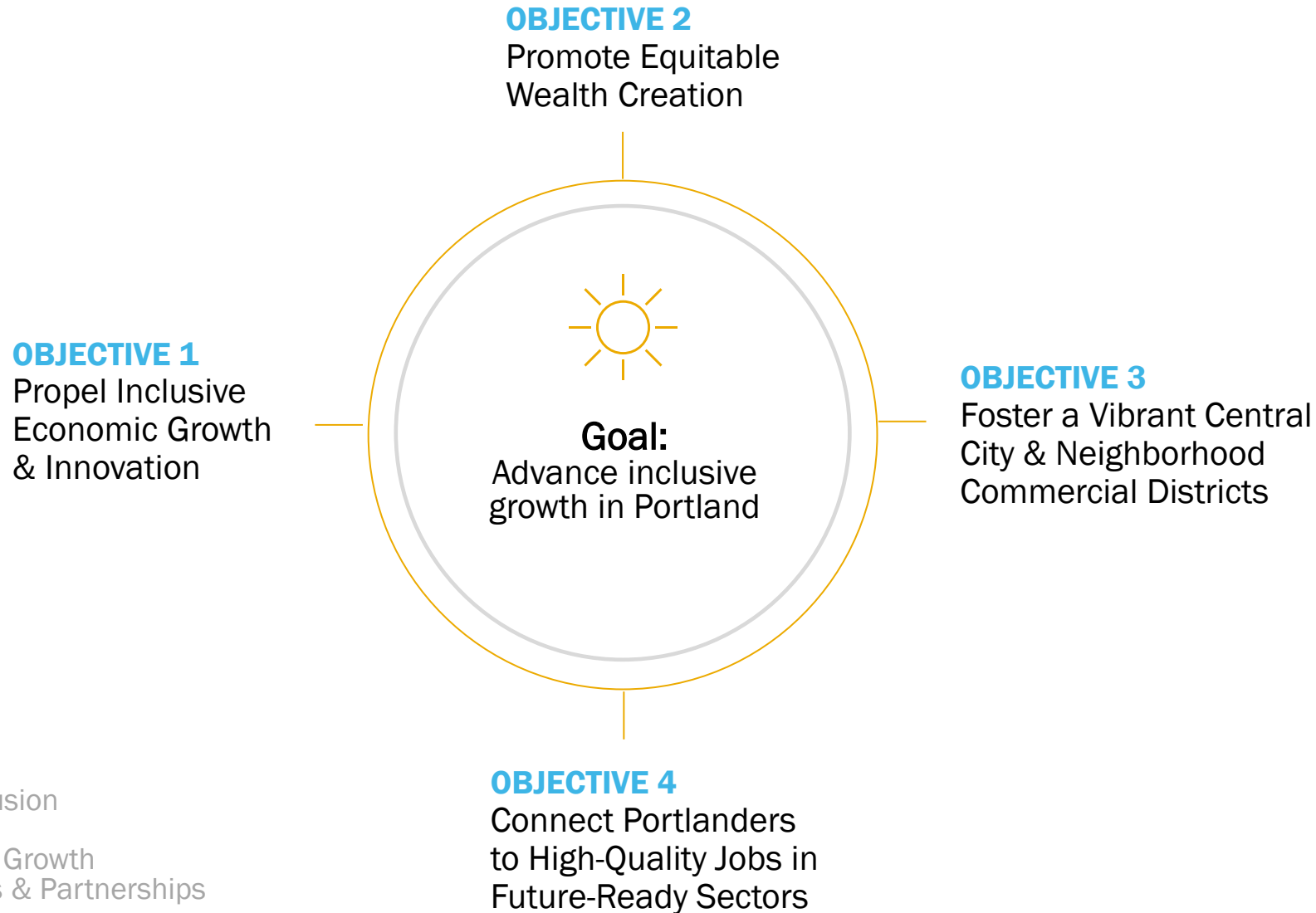
2,259 Businesses Served via
Entrepreneurship* Programs
68% BIPOC Clients*

56% COBID-Certified construction
contracting
53% DMWBE Participation

\$400M Cumulative spend at local
BIPOC-owned businesses**

5 years My People's Market anniversary
25,000+ Total attendees

Advance Portland: A Call for Inclusive Economic Growth



Values:

- Racial Equity & Inclusion
- Climate Action
- Embrace & Manage Growth
- Effective Institutions & Partnerships

FY 2022-23 Budget Summary



Resources

\$350M Total

(net of interfund transfers and tax increment reserved for Housing Set Aside)

- 44%** Tax Increment
- 45%** Property Income & Revolving Loan
- 6%** General Fund & Cannabis
- 4%** Federal Grants (CDBG/ARPA)
- 1%** Enterprise Zone Community Fund and other resources



Expenditures

\$176M Total

(net of Housing Set Aside)

- 21%** Economic Development
- 67%** Property Redevelopment
- 4%** Infrastructure
- 9%** Administration

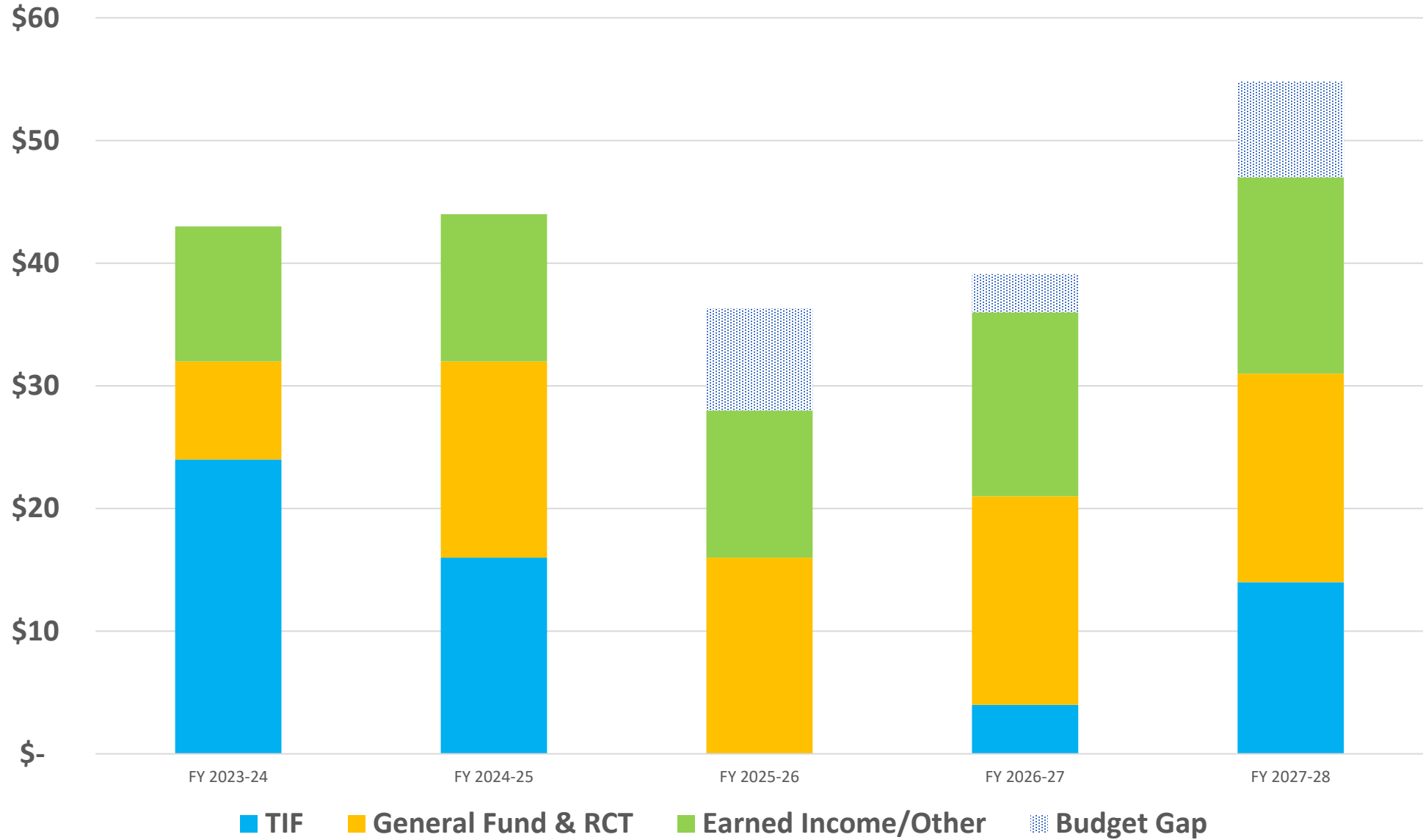


Staff

95 Total FTE/LTE

- 30** Development & Investment
- 27** Economic Development
- 12** Equity, Policy & Comms

Five-Year Forecast Compared to Financial Sustainability Plan





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Economic Development and Non-
TIF Budget

2023-24 Budget

Economic Development Programs: Ongoing Funding

Advance Portland Alignment

Propel Inclusive Economic Growth & Innovation

- Cluster Industry Business Retention, Expansion, and Recruitment
- Portland Means Progress
- Enterprise Zones
- International Trade
- Recruitment, Permitting and Resource Navigation for Film Industry

Foster Vibrant Neighborhood Commercial Districts

- Neighborhood Prosperity Network
- Venture Portland partnership

Support BIPOC Entrepreneurs to Start, Scale and Innovate

- Inclusive Business Resource Network
- Mercatus BIPOC Business Registry
- My People's Market
- Reimagine Oregon & SEED Grant Programs



Connect Portlanders to High Quality Jobs

- Youth & Adult Workforce Development partnerships via Worksystems Inc.

Economic Development Programs: One-Time Funds

Advance Portland Alignment

Foster Vibrant Central City & Neighborhood Commercial Districts

Carryover (and new) Highlights

- Small Business Stabilization (Restore) Grants - \$2M (\$1.4M ARPA, \$500k New)
- Repair Grants - \$1.9M ARPA
- Office of Events and Film for Navigation, Events & Activations- \$1.356M (\$600K, \$400K New, \$456k ARPA)
- Tax Increment Financing Expansion Analysis - \$200K (New)
- East Portland Investment Strategy - \$650K
- Venture Portland Catalytic Investments - \$1M ARPA

Support BIPOC Entrepreneurs to Start, Scale and Innovate

Carryover Highlights

- Reimagine Oregon - \$4.9M
- SEED Grant Initiative - \$2.1M
- 82nd Avenue Anti-Displacement - \$640K ARPA
- Small Business Navigation HUB - \$500K ARPA

Connect Portlanders to High Quality Jobs

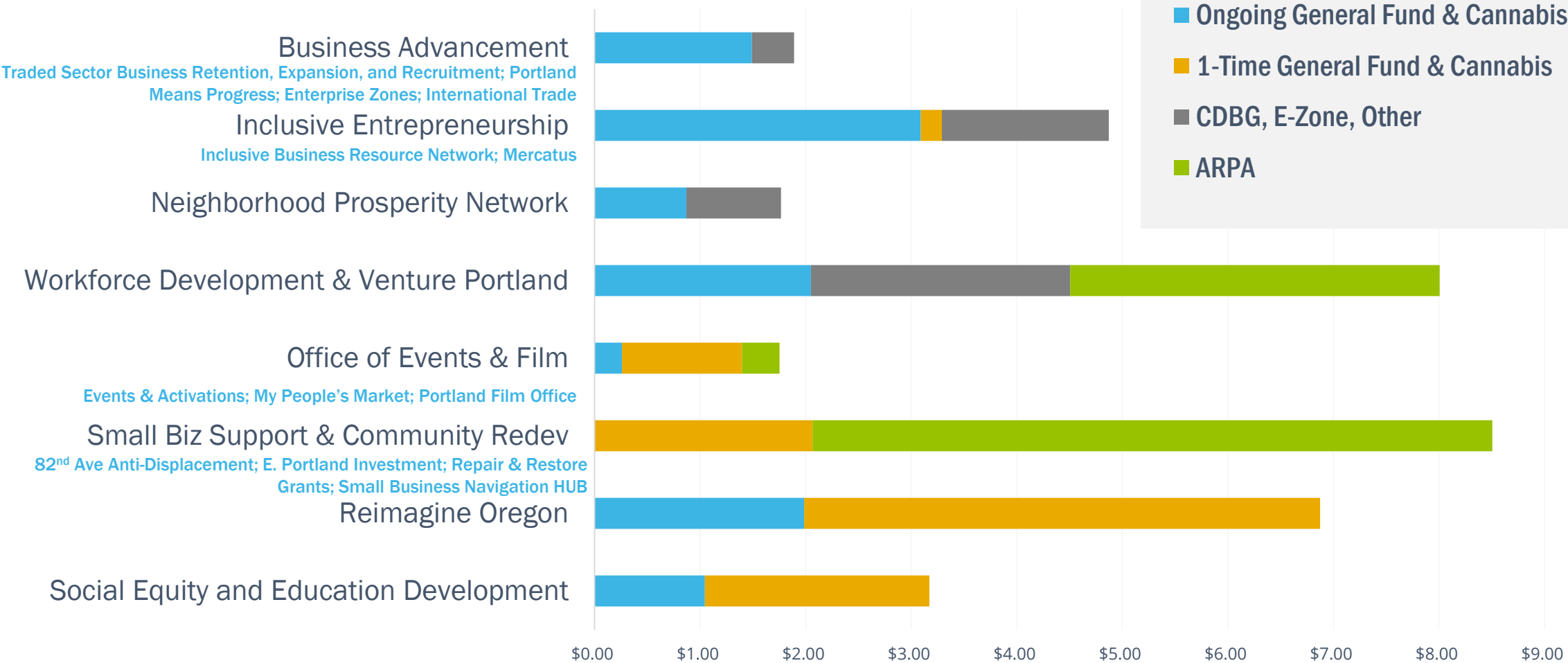
Carryover Highlight

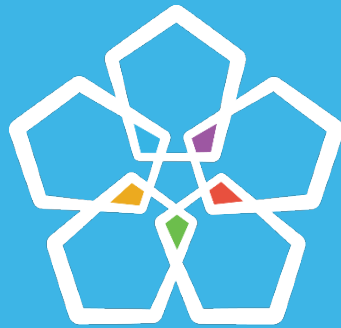
- Rapid Workforce Training & Employment - \$2.5M ARPA

PORTLAND
EVENTS
& FILM

\$36.8M Requested Budget (millions)

Advance Portland Alignment





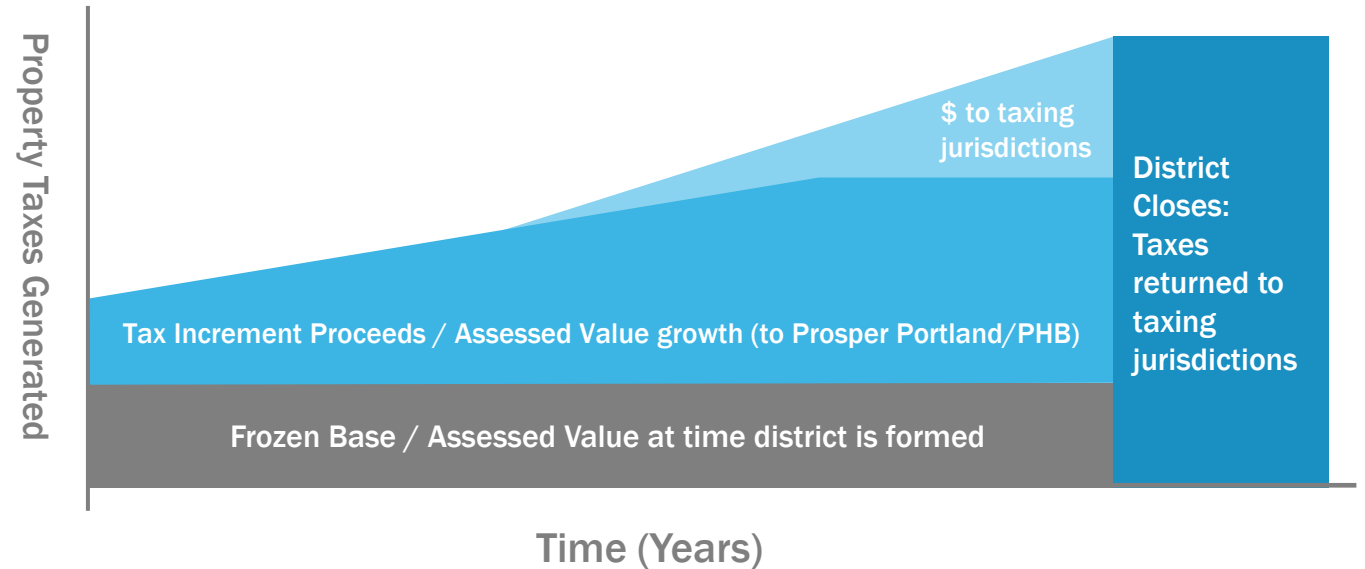
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Tax Increment Districts **Overview & Assessment**

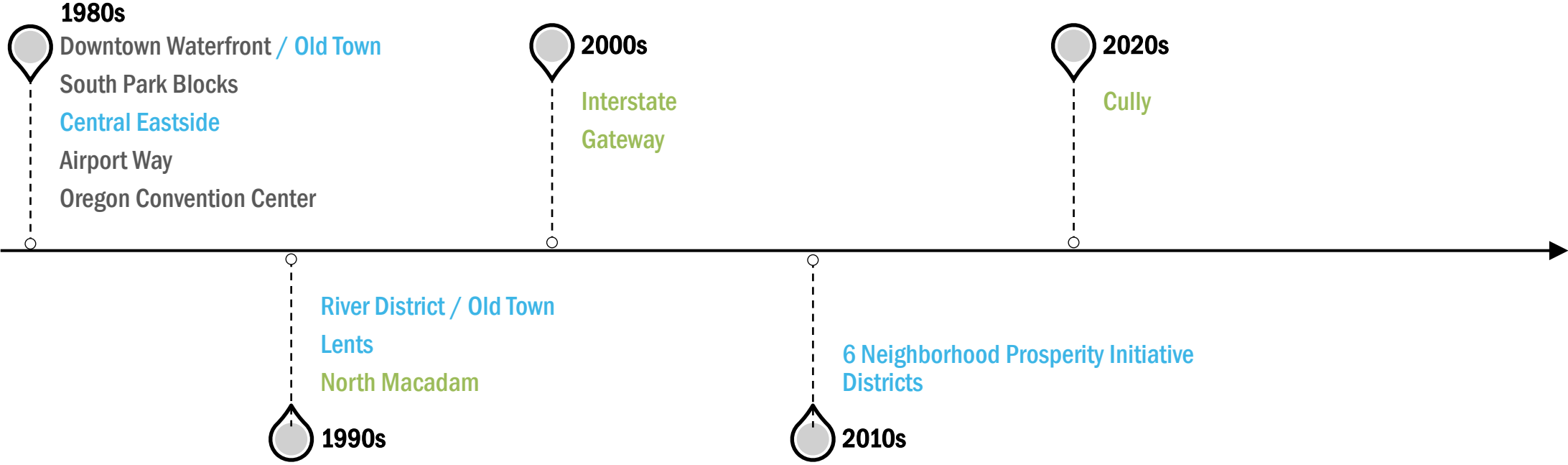
What is TIF?

Tax Increment Financing is a long-term **source of funding that can be invested in community priorities for physical improvements.**

Funding comes from the growth in property taxes within a **defined TIF district.**

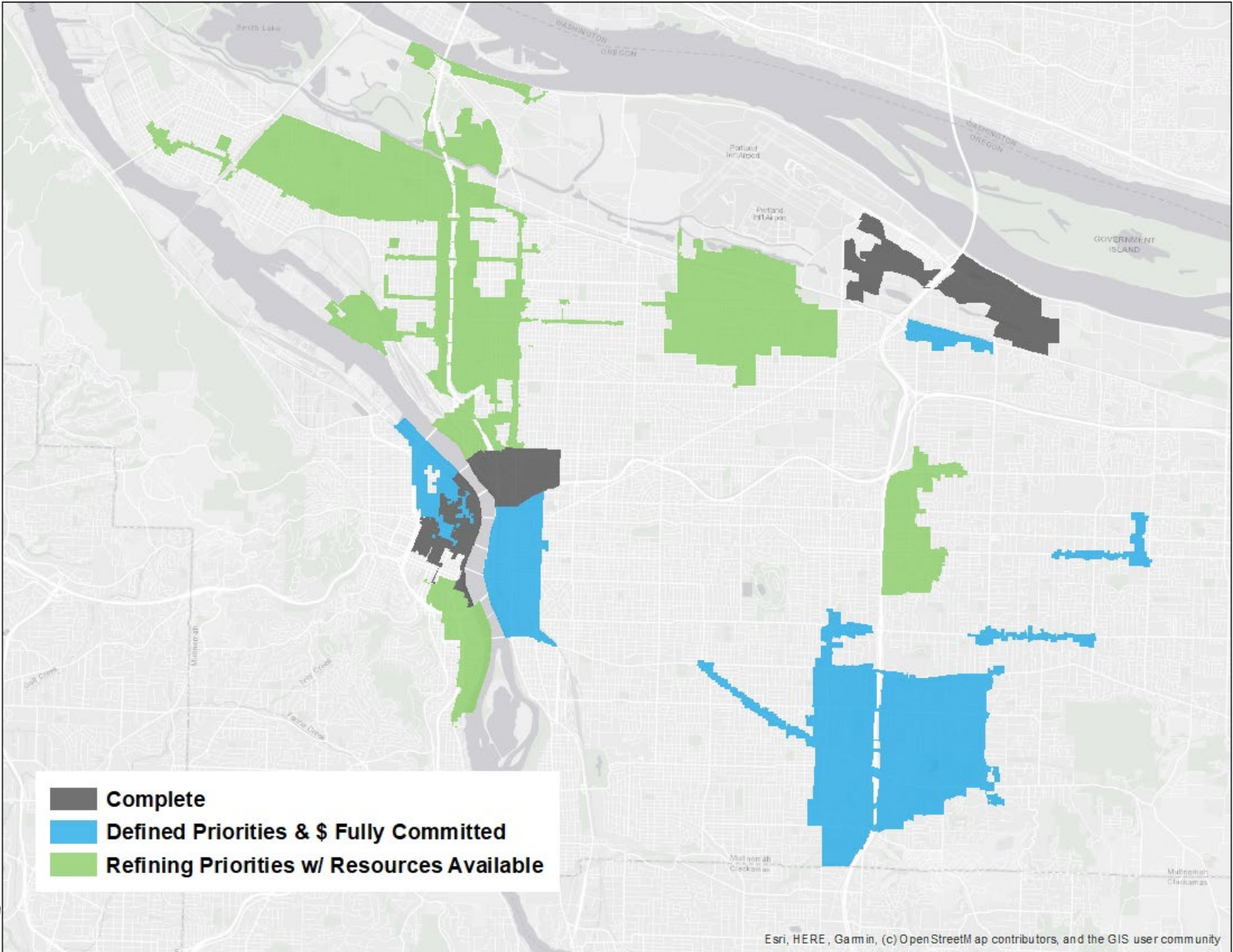


Status of Portland's TIF Districts



- Complete
- Defined Priorities & \$ Fully Committed
- Refining Priorities w/ Resources Available

Portland's TIF Districts



Allocation of New TIF Resources 2017-2021+

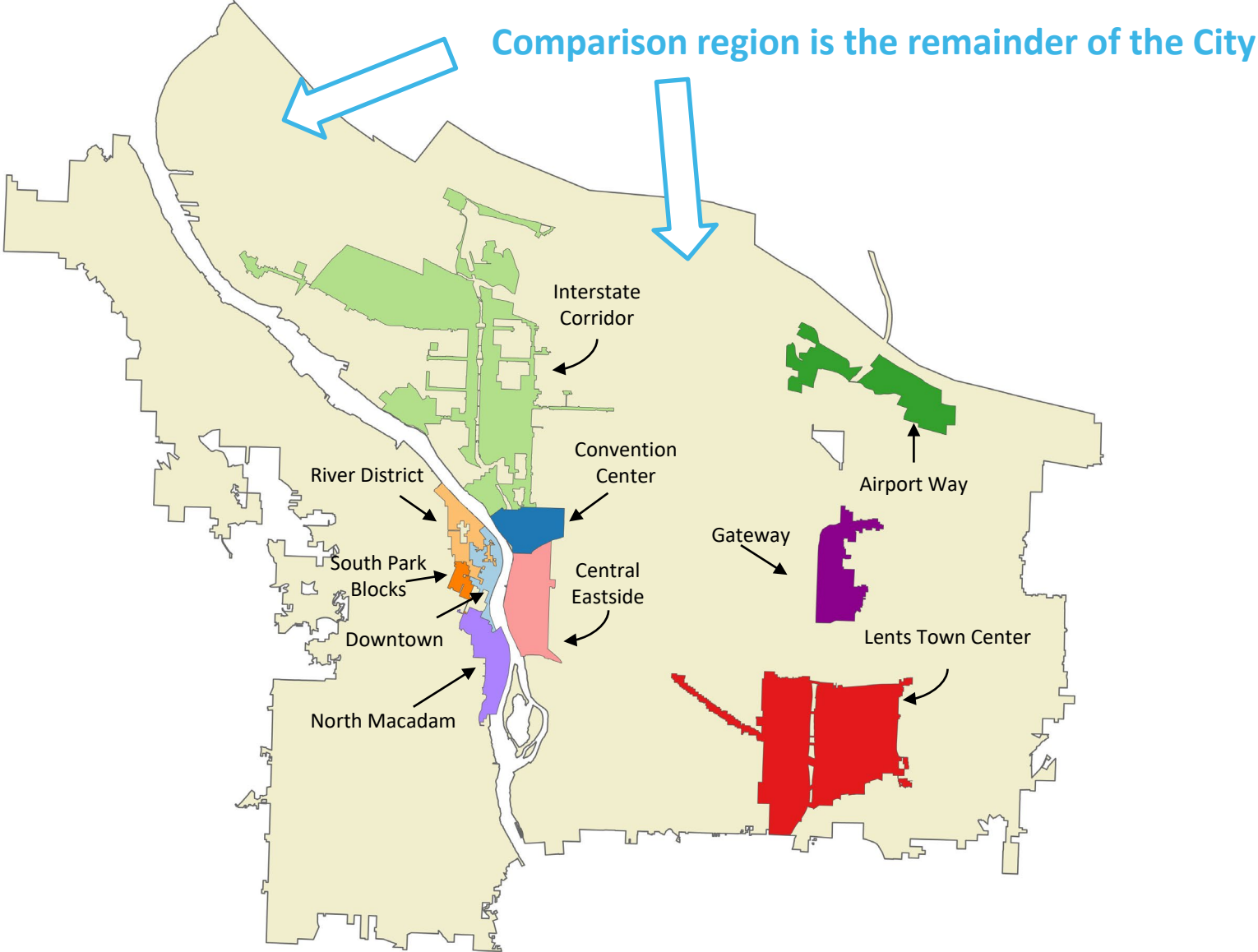


Affordable Housing
45%



Economic Development
55%

Analysis compares 10 TIF districts to remainder of the City



Population, housing, and jobs grew faster in TIF districts from 2000 to 2020

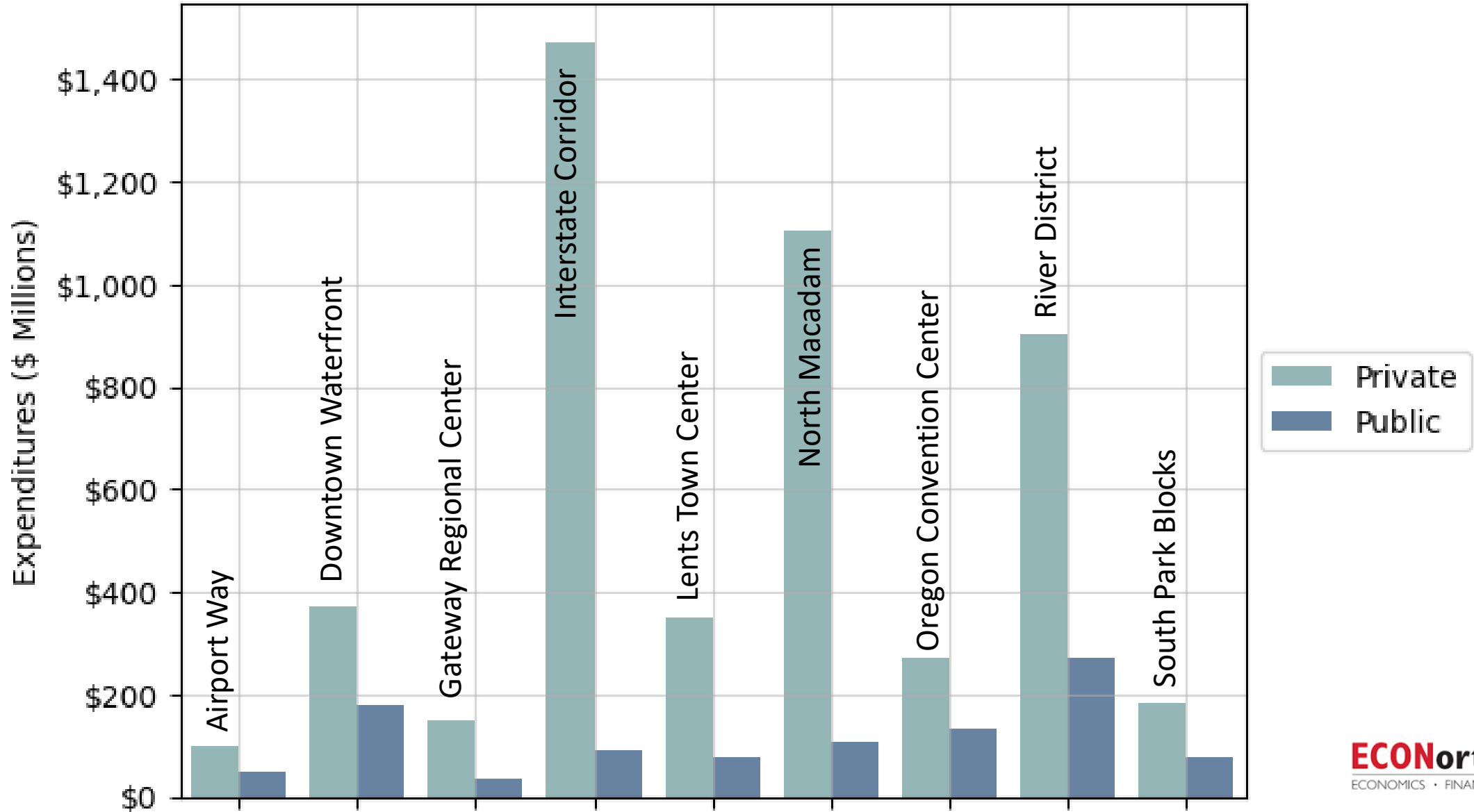
The 10 TIF districts in the Study area cover 10,600 acres, which is 11% of the City's land area

Measure	TIF district change from 2000 to 2020	Share of City (2000–2020)
Population	70,300 → 110,700	13% → 17%
Housing units	32,200 → 59,000	14% → 20%
Employment*	124,200 → 168,000	42% → 44%

*Employment growth from 2003 to 2019

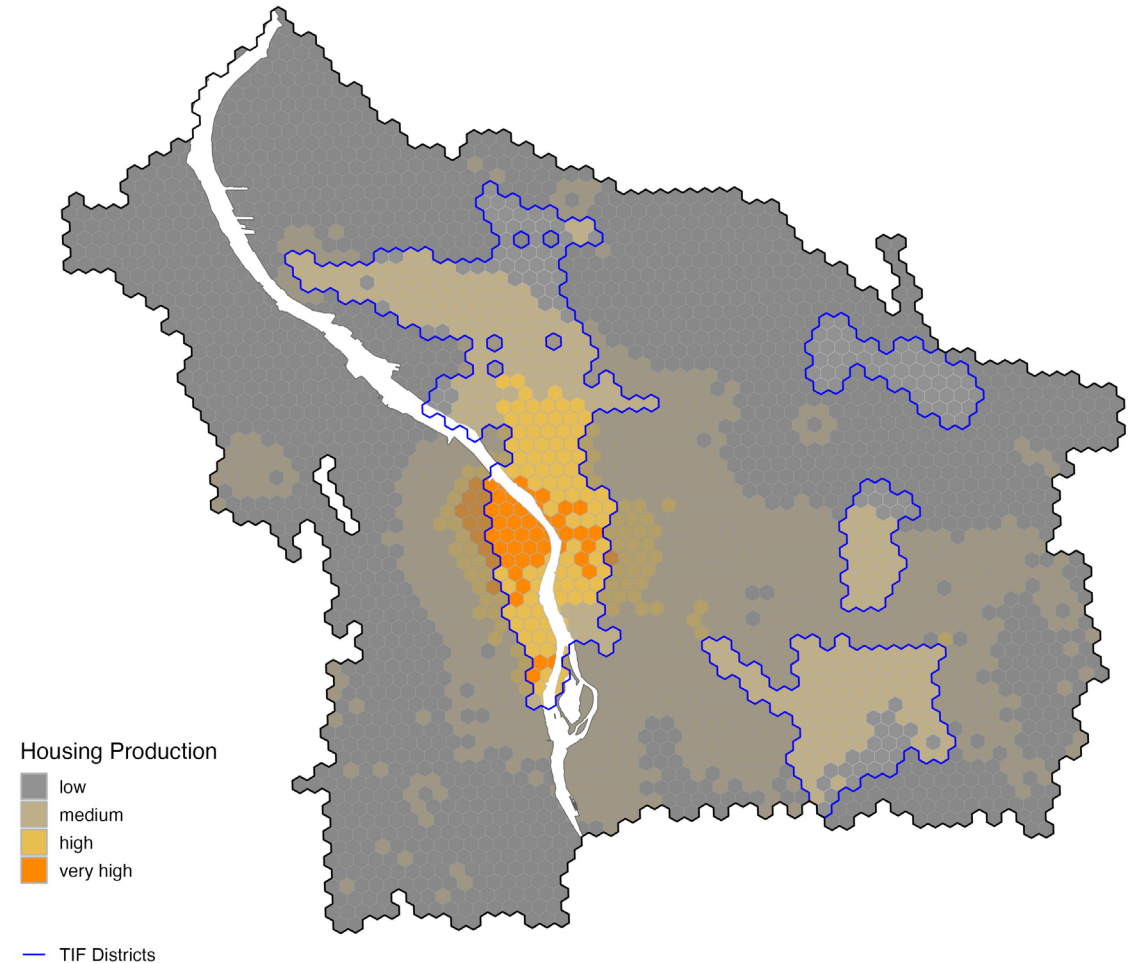
Takeaway #1: Private investment leveraged 5x public TIF expenditures

Portland Cumulative Public & Private Expenditures by URA (Since 2000)

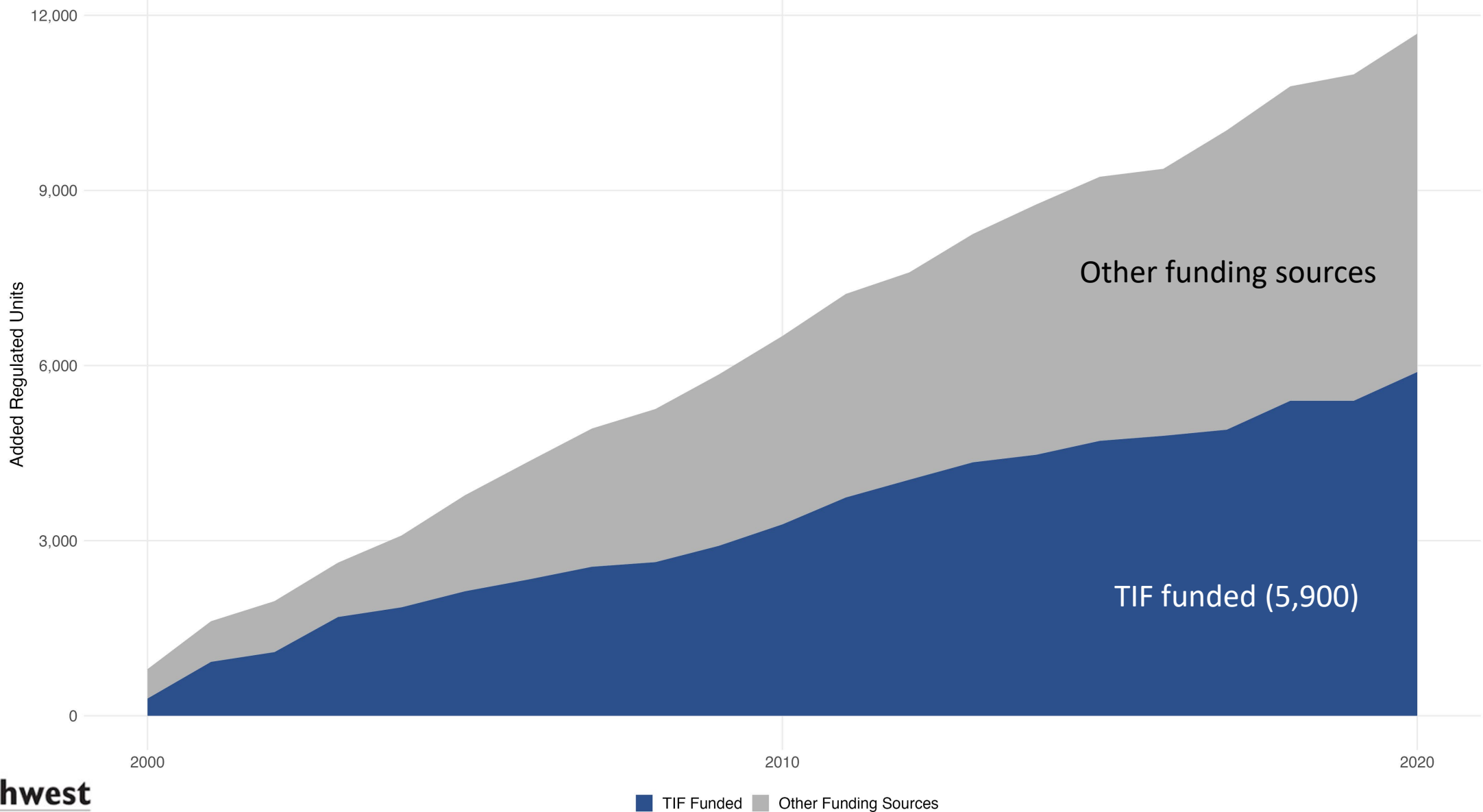


Takeaway #2: Housing Production Increased faster inside TIF Districts

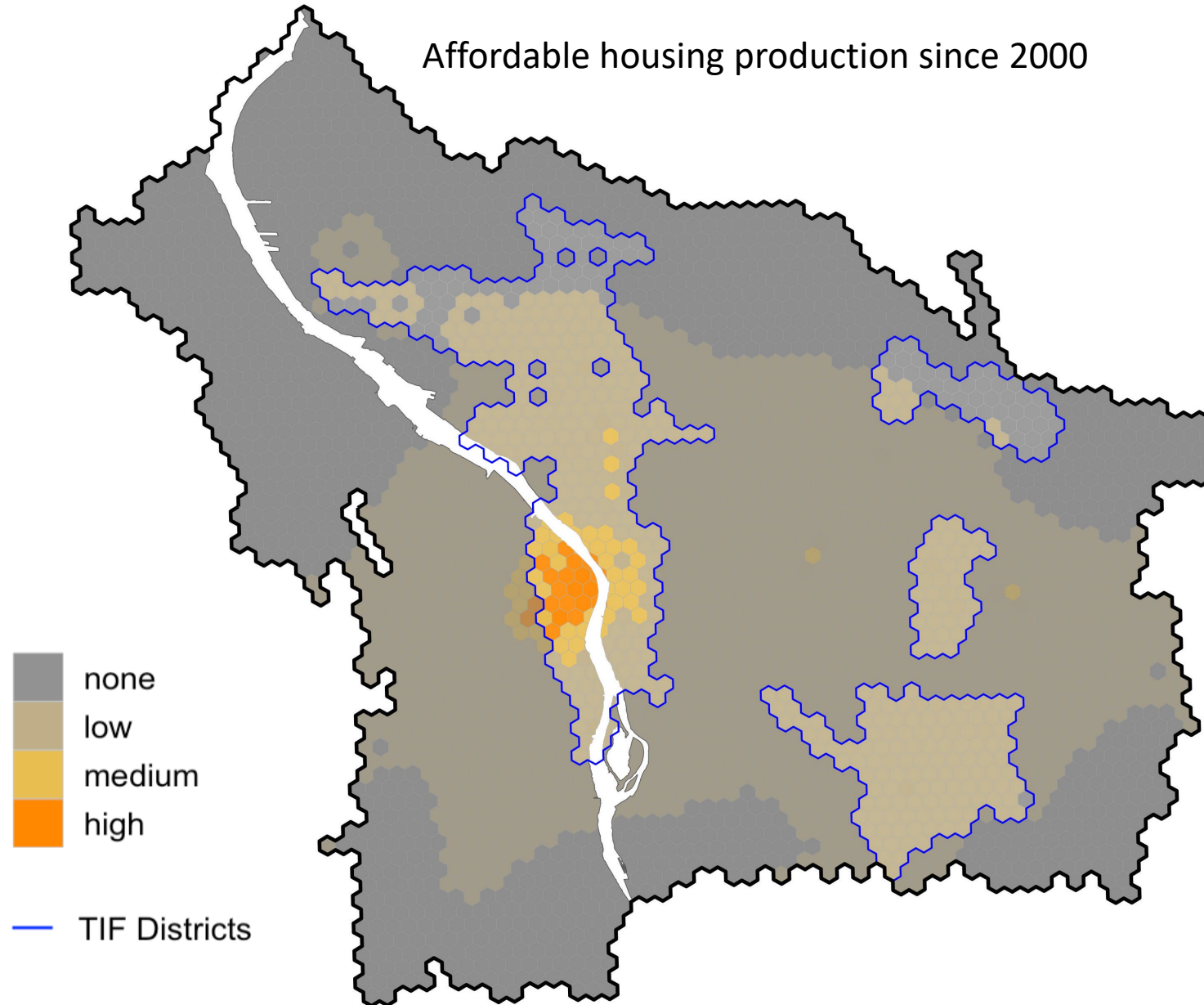
- 41% of all housing developed occurrent on the 11% of all land in TIF districts
- Production grew 4x faster inside of TIF districts
- Concentrated in central city and Interstate
- Consistent with policy goals of increased housing production



Takeaway #3: TIF supported 50% of affordable units built since 2000



Takeaway #4: 56% of all affordable regulated units are inside TIF districts



Takeaway #5: Employment grew faster inside TIF districts

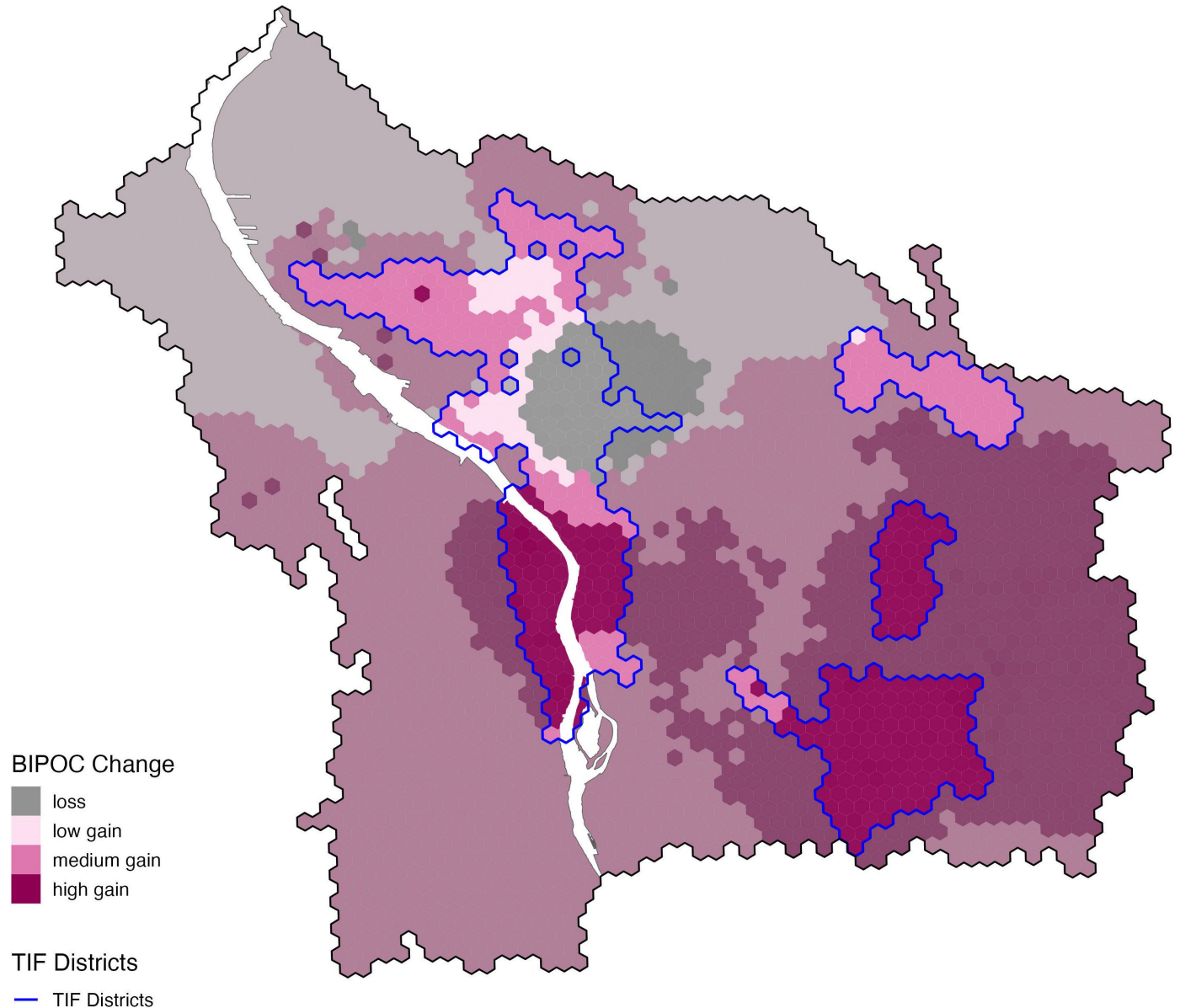
Employment grew faster inside TIF districts than in the remainder of the City from 2000 to EOY 2019.

Jobs grew faster than the remainder of the City comparison rate in 7 of 10 TIF districts.



Takeaway #6: TIF districts are more racially diverse

- TIF Districts are more racially diverse in 2020
 - (41% BIPOC vs 32% for the remainder of the City)
- TIF districts diversified at a faster rate since 2000
 - (72% increase in People of Color population inside, vs. 67% for remainder of the City)
 - Black +7%
 - Hispanic +91%
 - Asian+125%





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Tax Increment Districts **2023-24 Budget**

TIF District Programs

Advance Portland Alignment



Foster a Vibrant Central City

- Old Town Action Plan
- Broadway Corridor
- Central Eastside Workshop Blocks, OMSI Master Plan
- South Waterfront/North Macadam



Support BIPOC Entrepreneurs to Start, Scale and Innovate

- Inclusive Small Business, Development & Access to Capital Opportunities
- Construction Business Equity Outcomes



Foster Vibrant Neighborhood Commercial Districts

- N/NE Community Development Initiative Action Plan
- Lents Action Plan
- Gateway Action Plan
- Cully Action Plan (drafting)
- Stabilization Grants

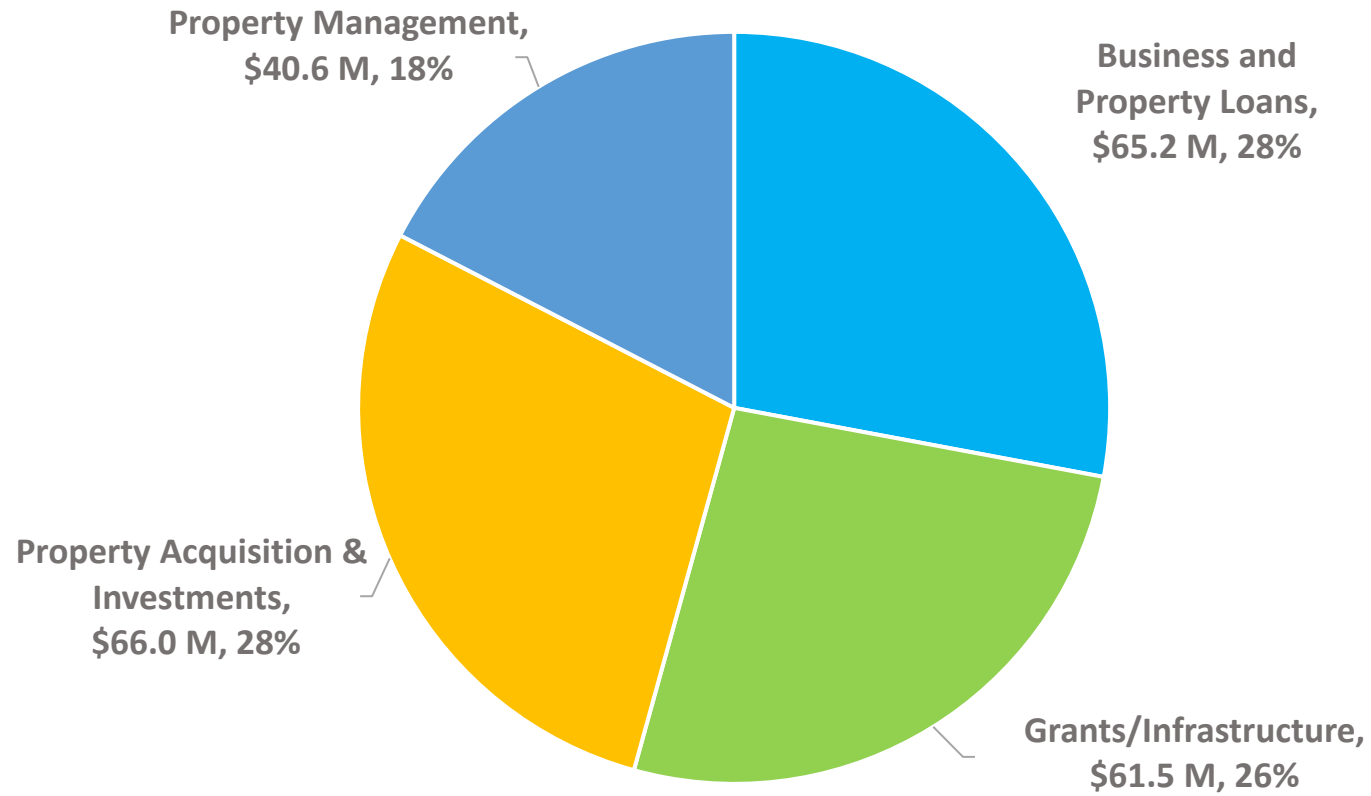


Connect Portlanders to High Quality Jobs

- Construction Workforce Equity Outcomes

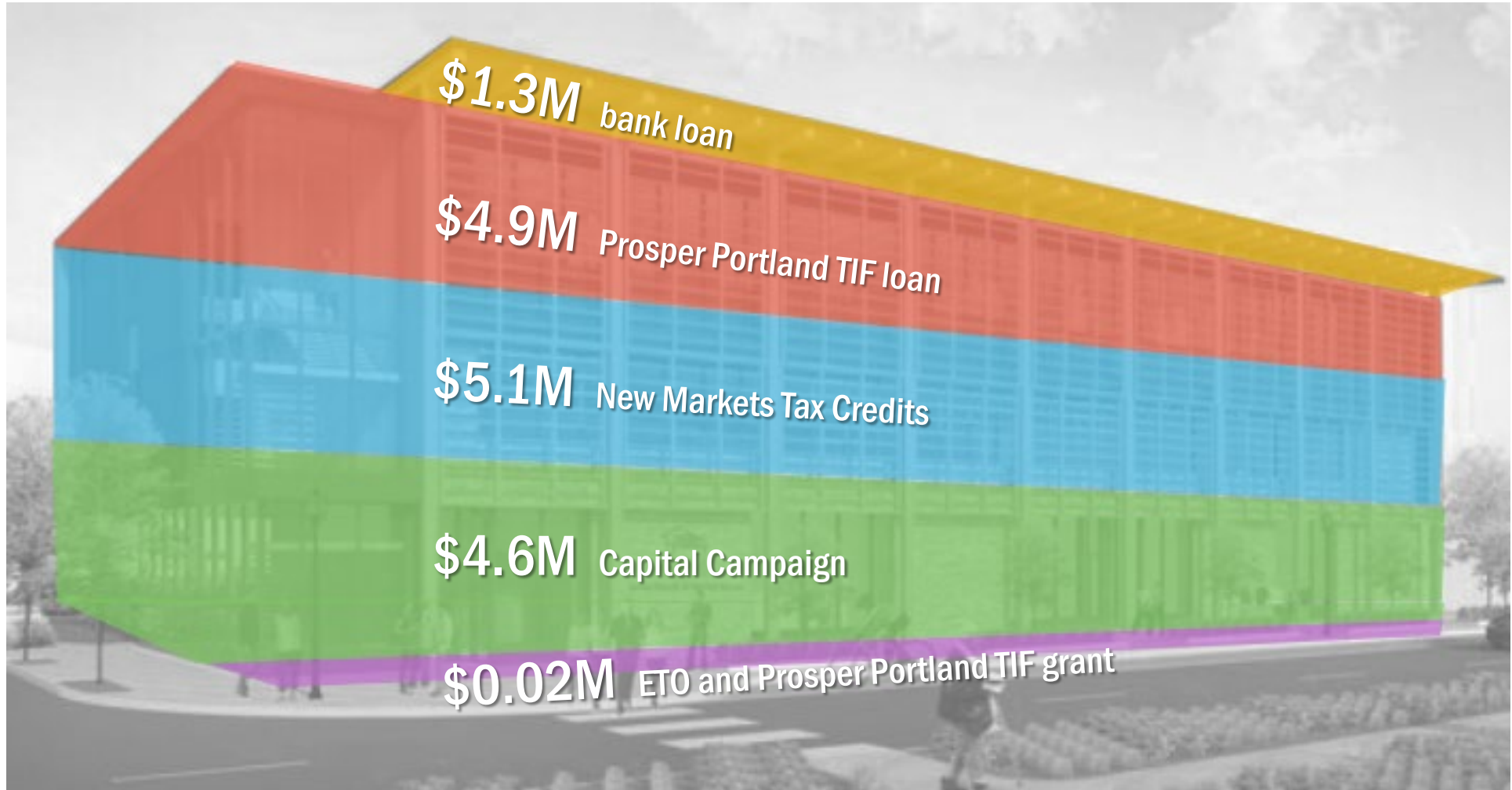
Community Based TIF District Investments

5 Year Forecast: \$233M for Economic Development Investments; \$406M w/ Housing Set Aside and Staffing & Administration



TIF-Supported Community Development Project Examples

Asian Health & Service Center (\$5M TIF of \$16M Project)



TIF Supported Community Development Project Examples



Prosperity Investment Program (PIP Grant)

Grants up to \$50K to \$75K with 25% Match

Existing Buildings + New Construction

Small Business Physical Improvements & Related Soft Costs



Loan Programs

Commercial Property Redevelopment Loans

Renovation + New Construction

Property & Business Owners



Affordable Commercial Tenancing

Below Market Lease Rates (~20–25+% reduction)

Tenant Improvement Allowances & Grants

Technical Assistance Support & Working Capital Loans

Strategic Investment Fund: Potential Non-TIF Complimentary Programs & Products



Increasing Access to Capital for Private and Community Partners

Increased funding for business working capital and equipment loans, with focus on Advance Portland aligned investment priorities.

Reserve investment (ex \$1M) for retention and/or a seed fund contribution to maintain and grow entrepreneurs.

Citywide new and amended commercial real estate loans

Business tenant improvements

Commercial Property Assessed Clean Energy

Mezzanine financing (NEW)

3rd party property acquisition (NEW)



Real Estate Acquisition, Operations & Management, and Programming

Investment in Net Operating Income assets to improve performance (ex. Inn at the Convention Center)

Real Estate acquisition (ex. operating industrial buildings with opportunity for tenanting with equity-focused and/or Advance Portland identified business support as major consideration)

Old Town Action Plan & Broadway Corridor

River District & Downtown Waterfront TIF Districts

Old Town Action Plan

- **Major Projects:** mixed income housing at 4th & Burnside and Blocks 24 & 25 at NW Flanders and 2nd/3rd Avenues
- Support small business retention & recruitment to activate district

Broadway Corridor

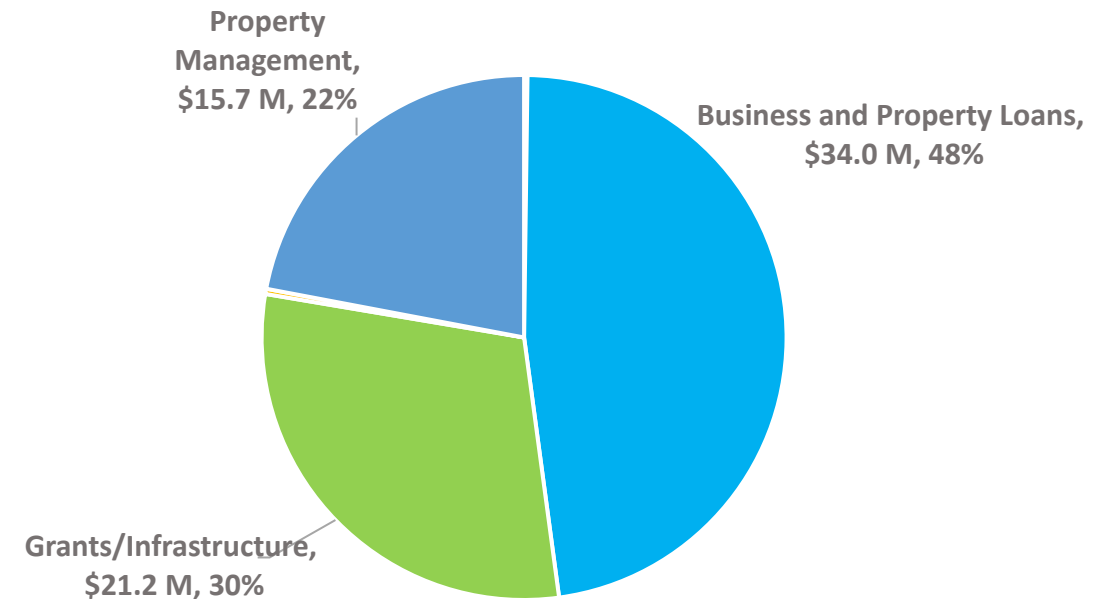
- **Major Projects:** Complete USPS main building demolition and construction equity performance
- Design and engineering of Johnson & Kearny and future park
- Long term funding and property management strategy for Union Station

Property Disposition

- Old Fire Station; Centennial Mills



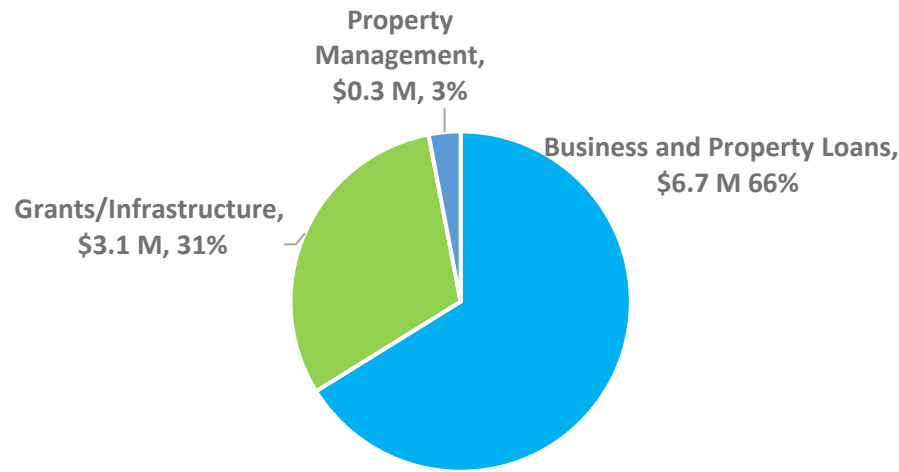
Old Town Action Plan and Broadway Corridor Through FY 27-28: \$71M



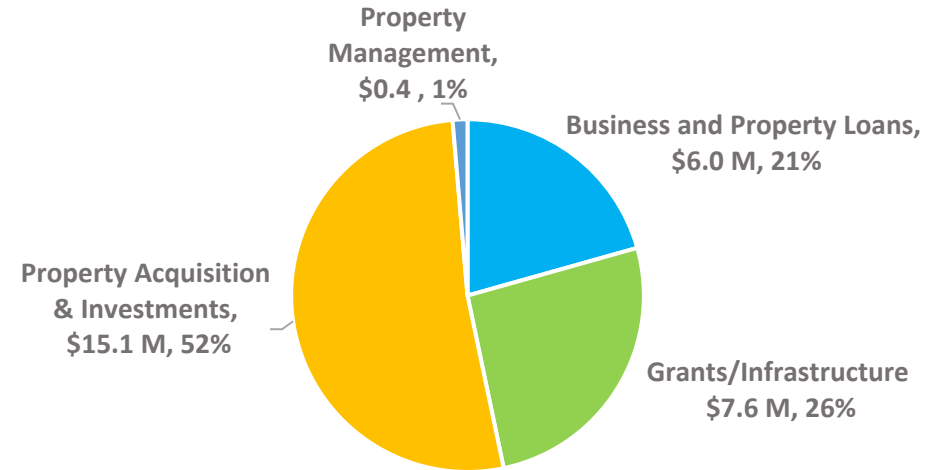
Lents Action Plan & Gateway Action Plan

Lents & Gateway Action Plans

Lents Action Plan - Through FY 2027-28: \$10M



Gateway Action Plan Through FY 2027-28: \$29M



Lents Action Plan

- **Major Projects:** New housing development at SE 92nd & Harold
- Increase vitality of Lents commercial corridors on 82nd, 122nd, Foster, and Powell
- Tenanting of Lents Commons ground floor retail



Gateway Action Plan

- **Major Projects:** new mixed-use development at NE 102nd & Pacific
- Tenanting of The Nick Fish ground floor retail, including support for childcare business
- Attract new jobs, new housing, and create front door to east Portland at the Gateway Transit Center
- Renew and update Action Plan strategy

N/NE Community Development Initiative Action Plan

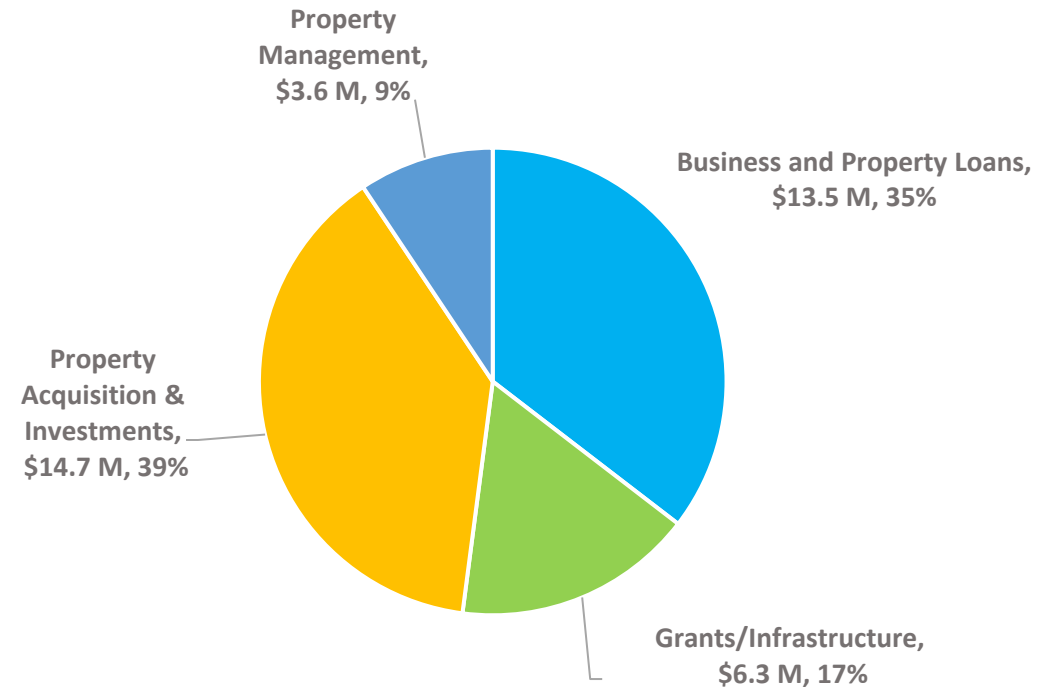
Interstate TIF District

N/NE Action Plan

- **Major Projects: Williams & Russell partnership & land parcellation** towards mixed use development
- Small business and property owner financial support
- **New loan programs** to support property development and ownership
- **Affordable commercial and Cultural Business Hub** program investment



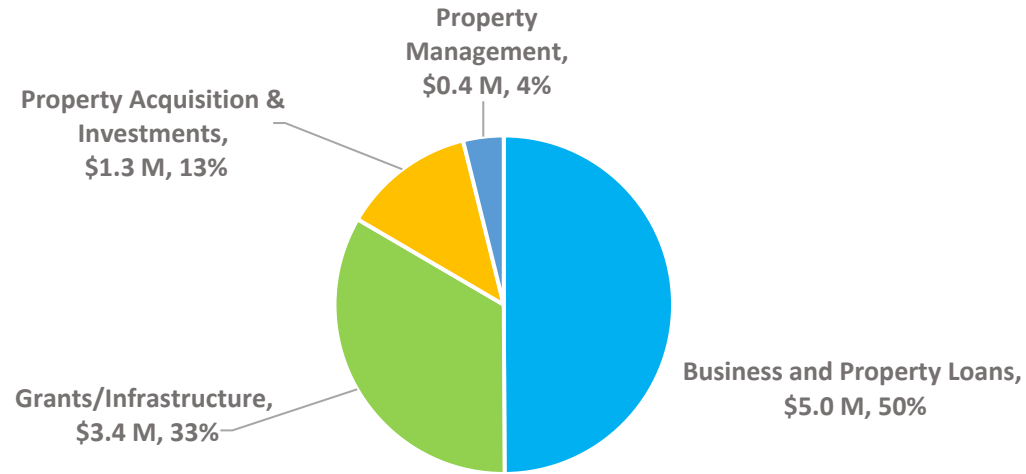
Interstate - N/NE Through FY 2027-28: \$38M



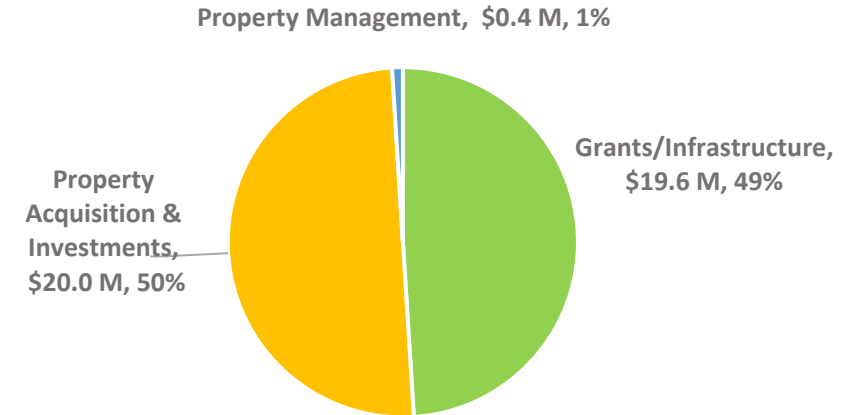
Central Eastside & South Waterfront

Central Eastside and North Macadam TIF Districts

Central Eastside Through FY 2027-28: \$10M



North Macadam Through FY 2027-28: \$40M



Central Eastside

- Major Projects: OMSI Master Plan and Workshop Blocks Phase 1
- Support small businesses through loans and grants
- Property disposition – Holman Dock



South Waterfront

- Contribute to priority transportation and greenway infrastructure tied to active development opportunities
- Financial support for small businesses and community livability
- Continue N. District Apprenticeship Agreement Committee to monitor contracting performance on projects.

FY 2023-24 Budget - \$563,000

Anticipated Pre-Action Plan Expenditures:

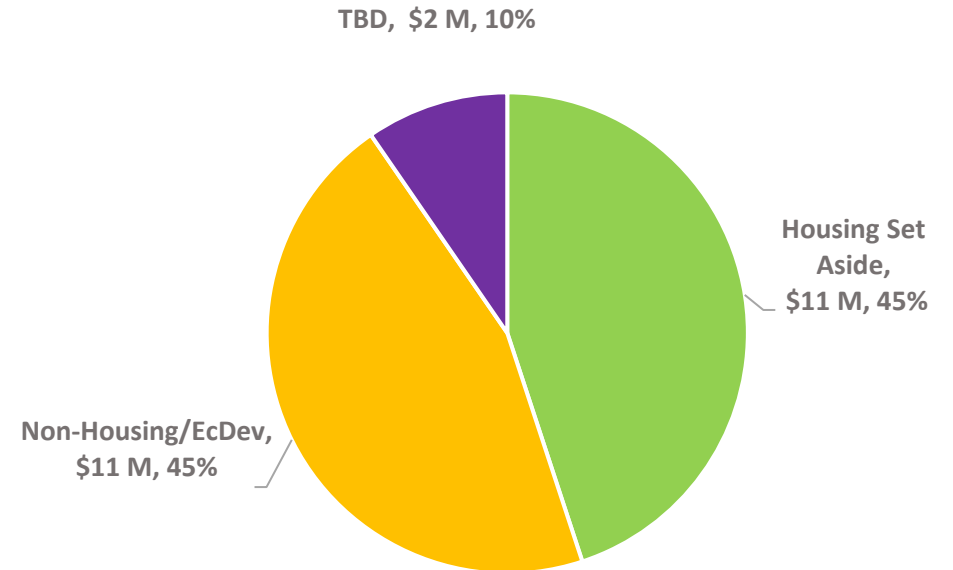
Community Engagement in Action Plan development

- Community Capacity
- Action Plan development & committee facilitation
- Partnership with Portland Housing Bureau

Repayment of district evaluation & formation costs

Cully *Gross* Resources Through FY 2027-28: \$24M

(including staff, admin, district planning, and Housing Set-Aside)

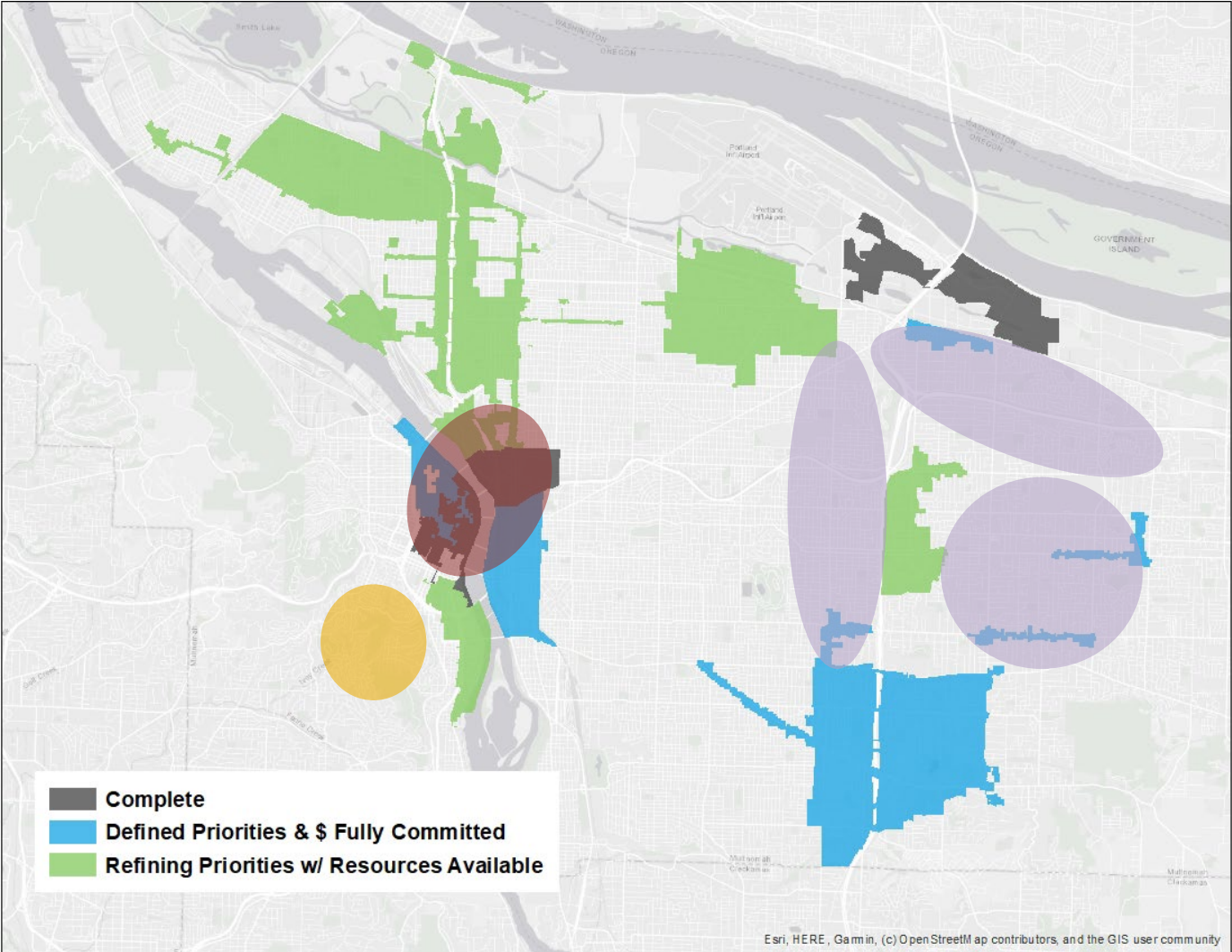


Community Interest in Future TIF Districts

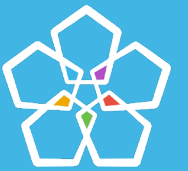
East Portland, Downtown, SW Corridor

Other New TIF District Conversations

- East Portland
- Central City
- SW Corridor



Discussion



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