

[Home](#) / [Council Documents](#)**37623**

Resolution

## Pursue analysis and creation of new Tax Increment Finance districts to advance equitable development and inclusive growth in East Portland and the Central City

Adopted

WHEREAS, on April 26, 2023, Portland City Council through Resolution 37617 adopted Advance Portland: A Call to Action for Inclusive Economic Growth. Advance Portland's priority objectives include fostering a vibrant Central City and neighborhood commercial districts. The plan directs action to pursue TIF as a tool for inclusive growth and stabilization within the Central City and in alignment with community led TIF exploration in East Portland; and to return to City Council within 90 days of Advance Portland's approval to launch a TIF district exploration process, with early priority on East Portland (including 82nd Avenue), and concurrent focus on the Central City;

WHEREAS, in East Portland, as private market pressures intensify, there is an urgent need for community-centered investments to help stabilize residents and small businesses and to support inclusive growth. According to the City's 2022 State of Housing Report, between 2016 and 2021, the median home sales prices citywide increased 17 percent to reach \$525,000 in 2021 and four neighborhoods in East Portland — 122nd-Divison, Centennial-Glenfair-Wilkes, Gateway, and Parkrose-Argay — showed the most significant increases in median home sales price (close to 30 percent or more), which disproportionately affect low-income communities and communities of color. Furthermore, East Portland has the highest percentage of employment concentrated in small business in the city - in 2021, the Oregon Employment Department estimated that 44 percent of all private sector employment was at a business with less than 20 employees;

WHEREAS, the Central City has urgent needs following the COVID-19 pandemic which brought a more permanent shift towards hybrid work and has disproportionately impacted areas with a high concentration of office and commercial. Analysis by ECONorthwest in late 2022 showed increased office vacancy rates and foot traffic down 31 percent compared to pre-pandemic. With unique access to mass transit together with the potential

### Introduced by

[Mayor Ted Wheeler;](#)  
[Commissioner Carmen Rubio](#)

### Bureau

[Prosper Portland](#)

### Contact

**Justin Douglas**

Governance, Learning and  
Outcomes Manager

✉ [douglasj@prosperportland.us](mailto:douglasj@prosperportland.us)

### Requested Agenda Type

Time Certain

### Date and Time Information

#### Requested Council Date

June 28, 2023

#### Requested Start Time

2:00 pm

#### Time Requested

45 minutes

to deploy innovative green building technologies at a district scale, the Central City presents significant opportunity for reimagined growth through infill development and larger scale projects that unlock affordable, mixed-income, and high-density housing together with opportunities for anchor employers, small businesses and retailers;

WHEREAS, Advance Portland, the 2035 Comprehensive Plan, and the Central City 2035 Plan highlight the importance of East Portland and the Central City and point to examples of projects that have historically been funded with and realized through public-private partnerships. The Central City 2035 Plan highlights how public-private partnerships are a key strategy in making public investments to generate private development and provide for further projects and public benefits. The Comprehensive Plan encourages the use of tools to promote equitable outcomes from development projects that benefit from public financial assistance;

WHEREAS, housing that is affordable for working families, people with disabilities, seniors, and low-income households are a high priority for the City of Portland, and the City's current policy of setting aside 45 percent of TIF revenues for affordable housing investments ensures that a significant portion of TIF supports the preservation or creation of affordable homes within the TIF District boundary. It is estimated that since 2000, TIF has funded approximately 5,900, or one-half, of all affordable housing units produced in Portland. Furthermore, East Portland and the Central City have ample capacity to accommodate new housing under current zoning classifications;

WHEREAS, the adoption of the Cully TIF District in November 2022 set a new precedent for TIF exploration, centering community needs and low-income communities and communities of color voices through the engagement and governance process, and through that process both City staff and community partners learned numerous lessons that can inform how future TIF districts are created in terms of engagement, co-creation with on-the-ground partners, long-term district governance, and implementation;

WHEREAS, Oregon Revised Statutes 457.420 limits the amount of acres and assessed value within certain municipalities that may be in a TIF district at any given time to 15 percent;

WHEREAS, certain sunseting tax increment districts have paid off debt, are no longer collecting tax increment revenue, and all tax increment resources will have been spent by June 30, 2024 (South Park Blocks, Oregon Convention Center, Jade District, River District);

WHEREAS, to support the TIF exploration processes in East Portland and Central City, City Council intends to amend certain districts' plans by terminating the division of property tax revenues, in order to return these revenues to taxing jurisdictions, and by releasing acreage and assessed value from the URA limitation calculation, in order to promote economic and community development and maintain financial commitments in these

districts using other financial resources (Downtown Waterfront, Lents Town Center, Interstate Corridor, Central Eastside);

WHEREAS, and as of July 1, 2024, with the sunseting and amended TIF districts noted above, the City will have up to 11,186 acres and up to an estimated \$9.7 billion in assessed value available for exploration;

WHEREAS, in the FY 2022-23 Approved Budget, City Council approved a budget note directing Prosper Portland and the Portland Housing Bureau to “engage in and complete a 3rd party evaluation of all TIF districts associated with returning TIF revenues in order for Council to better understand how outcomes aligned with the original intent of district creation,” and third-party consultant ECONorthwest is expected to report back to City Council with the results of the analysis and findings in fall 2023;

WHEREAS, the FY 2023-24 Approved Budget includes \$1,000,000 to support staffing, community engagement, and technical analysis related to the East Portland TIF exploration process and an additional \$200,000 to support staffing for both the East Portland and Central City TIF exploration processes;

WHEREAS, City Commissioner Carmen Rubio, who oversees the Community and Economic Development service area, including the Portland Housing Bureau and liaison responsibilities to Prosper Portland, has convened an East Portland TIF Exploration Steering Committee to guide the exploration process, advise on how to allocate available acreage across as many as three geographic areas of East Portland, and discuss issues that apply these areas. Area-specific Working Groups will recommend boundaries and co-create District Plans for new districts, where there is sufficient interest and support; and

WHEREAS, Commissioner Rubio intends to convene a Central City TIF exploration process later this calendar year.

NOW, THEREFORE BE IT RESOLVED, that the East Portland TIF exploration process shall consider up to 7,500 of available acres and up to approximately \$6 billion in available assessed value for up to three new districts, including a potential district along 82nd Avenue to support the City’s parallel investments in transportation improvements;

BE IT FURTHER RESOLVED, that the Central City TIF exploration process shall consider up to 1,500 of available acres and up to approximately \$3.7 billion in available assessed value for new TIF district(s);

BE IT FURTHER RESOLVED, any new districts created as a result of these exploration processes are intended to acknowledge past learnings, and advance inclusive economic growth, entrepreneurship and job growth, equitable development, community stabilization, and housing production for a full range of income levels while carefully balancing these priorities

with the financial impact to the city budget and other taxing jurisdictions;  
and

BE IT FURTHER RESOLVED, that City Council directs a team of Prosper Portland, the Portland Housing Bureau, and Bureau of Revenue and Financial Services/Office of Management & Finance staff to return to City Council by October 2024 with an update on the East Portland and Central City TIF exploration process, and any potential proposals for new TIF districts in East Portland and Central City that are supported by the associated Steering Committee and consistent with the vision outlined in this resolution.

## Impact Statement

### Purpose of Proposed Legislation and Background Information

Tax increment financing (TIF) districts in Portland have been instrumental in supporting City of Portland affordable housing and community economic development priorities. TIF resources have facilitated investment into regional assets and infrastructure like light rail, the Oregon Convention Center, and the East Bank Esplanade. Recently, Prosper Portland has used TIF in innovative ways that focus on people, including the creation of the Neighborhood Prosperity Network and the [Cully TIF district](https://prosperportland.us/portfolio-items/cully-tif-district/) (<https://prosperportland.us/portfolio-items/cully-tif-district/>). Significant community engagement, leadership, and outreach informed both these efforts.

Advance Portland, the 2035 Comprehensive Plan, and the Central City 2035 Plan highlight the importance of East Portland and the Central City and point to examples of projects that have historically been funded with and realized through TIF, both in a Central City and neighborhood context, that exemplify the power of public-private partnerships.

Beginning in early 2022, members of the East Portland Action Plan (EPAP) began convening a group of community organizations, Prosper Portland, and Portland Housing Bureau staff, and other stakeholders to explore the use of TIF in East Portland. The group looked to the Cully TIF district as a model of stabilization, anti-displacement, and equitable growth.

The Central City has urgent needs following the COVID-19 pandemic as a shift towards hybrid work has impacted areas with a high concentration of office space. With unique access to high transit together and zoning that allows dense growth, the Central City has an opportunity for reimagined growth through infill and larger scale projects that unlock affordable, mixed-income, and high-density housing together with opportunities for anchor employers, small businesses, and retailers.

City Commissioner Carmen Rubio, who oversees the Community and Economic Development service area, has directed Prosper Portland and the Portland Housing Bureau to partner with community in a broad TIF

exploration process for East Portland, inclusive of the area around 82nd Avenue – as well as Central City. She has directed the agencies to advance the work as far as possible before the change in City government occurs at year-end 2024.

Potential outcomes of the exploration process include the creation of one or more new TIF districts, no creation of districts, or simply a message that the partners need more time for exploration.

### **Financial and Budgetary Impacts**

There are no financial or budgetary impacts as this resolution only directs staff to pursue exploration of TIF districts. Full financial and budgetary analyses will accompany any future proposals that result from this work.

### **Community Impacts and Community Involvement**

Commissioner Carmen Rubio has convened an East Portland TIF Exploration Steering Committee to guide the exploration process, allocate available acreage across as many as three districts, and discuss issues that apply across districts. Informed by engagement conducted by community-based organizations and City staff, District Working Groups will recommend district boundaries, and co-create District Plans for new districts, if there is sufficient interest and support.

Commissioner Rubio intends to convene and kick off a Central City TIF exploration process later this calendar year.

### **100% Renewable Goal**

This action does not increase or decrease the City's total energy use.

### **Budget Office Financial Impact Analysis**

This resolution directs Prosper Portland and the Portland Housing Bureau to explore creation of a new Tax Increment Financing (TIF) district in East Portland. The FY2023-24 Adopted Budget includes \$1.2 million in appropriations to support TIF exploration activities and no additional resources are anticipated to be needed to pursue this process. In the event an additional TIF district results from this exploration the City of Portland's General Fund will forego any anticipated growth in property tax revenues associated with the established district until the prescribed maximum indebtedness of the district is reached.

## Agenda Items

560 Time Certain in [June 28, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/6/28)  
(<https://www.portland.gov/council/agenda/2023/6/28>).

Adopted

Commissioner Dan Ryan Absent

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea