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East Portland & Central City TIF Exploration

June 28, 2023

Agenda

1. Context & Background

2. TIF Exploration Parameters & Process

3. Next Steps





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Context & Background

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Context: Advance Portland



Priority Objective:

Foster a vibrant Central City and neighborhood commercial districts

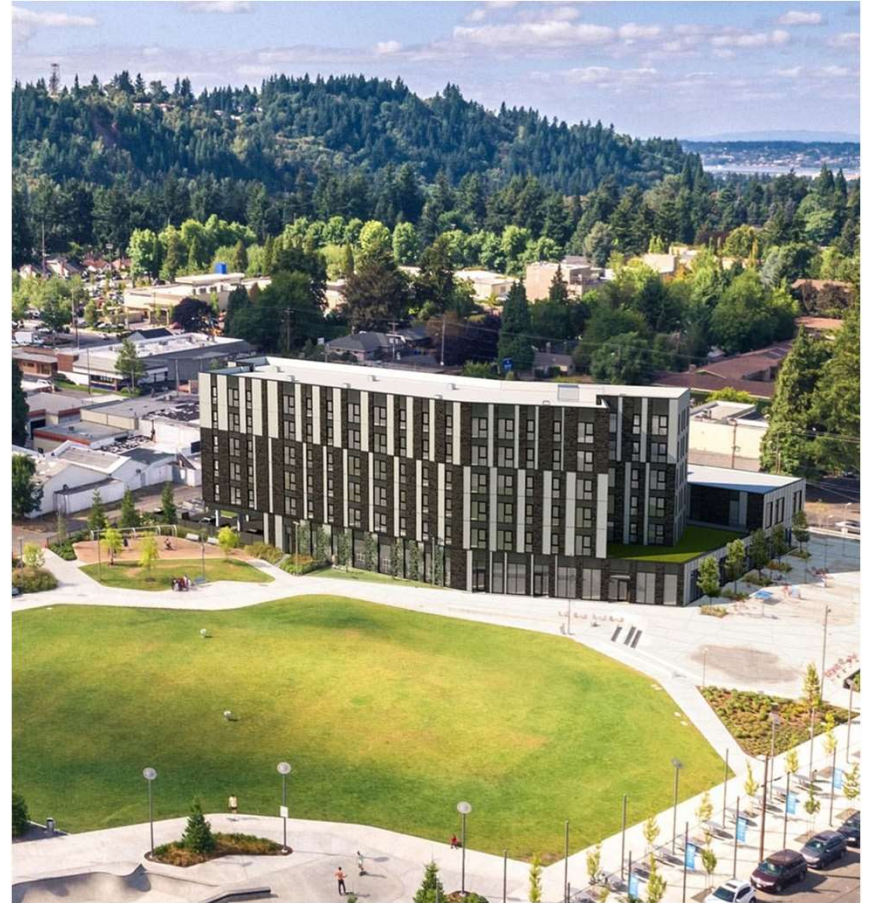
Directs action to:

Pursue TIF as a tool for inclusive growth and stabilization

“Return to City Council within 90 days of approval to launch a TIF district exploration process, with focus on East Portland (including 82nd Avenue) and Central City”

Context: Housing Production

- **City's Set Aside policy dedicates 45 percent of TIF investments towards for affordable housing investment**
- **Since 2000, TIF has funded approximately 8,500 affordable housing units in Portland**
- **Non-set aside TIF funds can support development of middle-income housing**
- **East Portland and Central City have capacity for new housing development under current zoning**



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Why East Portland?

- Between 2016 and 2021, median home sale prices citywide increased 17% to \$525,000
- Four East Portland neighborhoods showed the *most* significant increases of close to 30% or more

- Many East Portland corridors experienced a rapid increase in new small business formation and new home-based businesses during the COVID recovery period.
- Retail rates in most corridors have seen relatively flat rent growth across retail, but areas like Parkrose have seen decreases in demand.



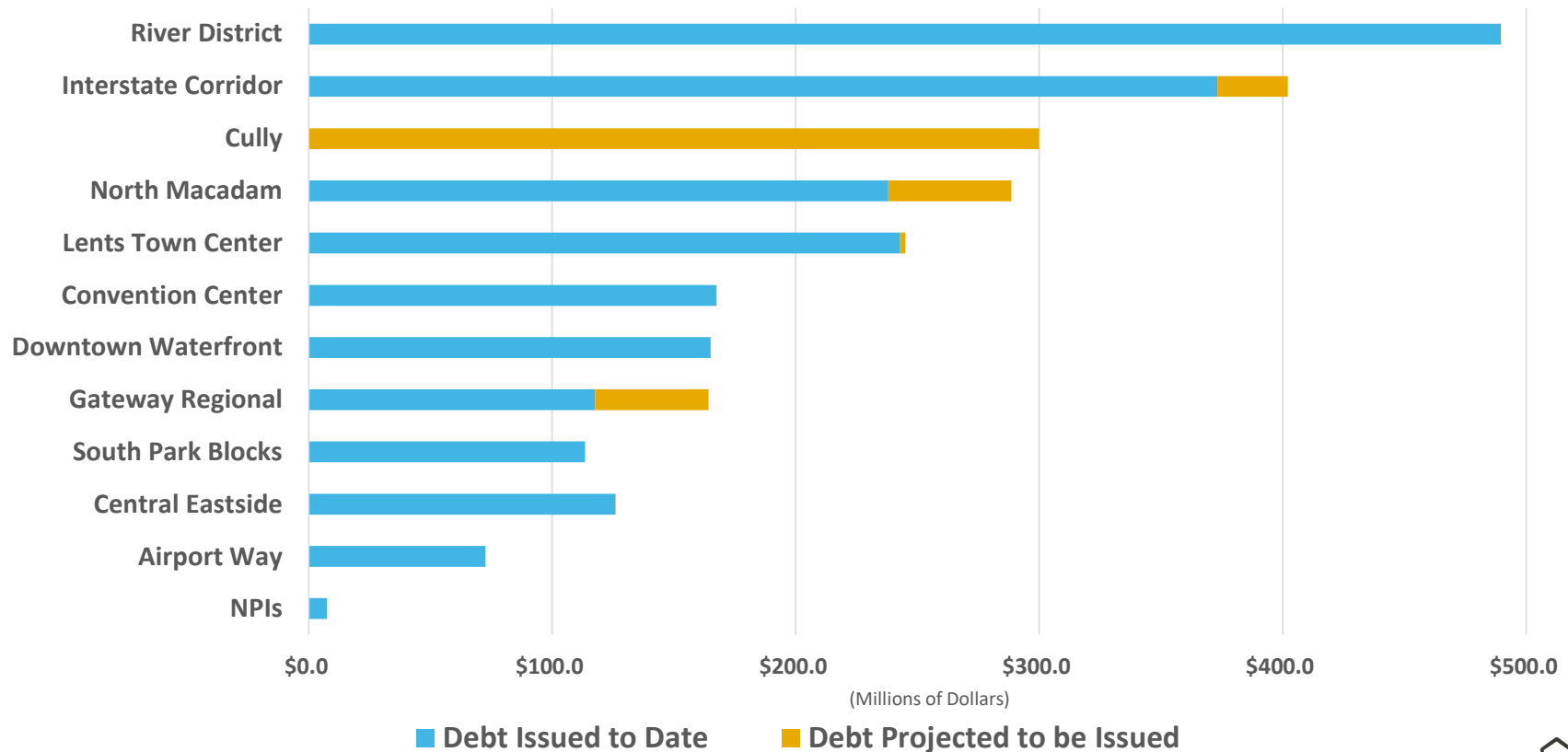
Why Central City?

- COVID-19 accelerated a lasting shift toward hybrid work, with strong impacts on foot traffic and particular Central City subdistricts with imbalanced mix of uses.
- Anchor employers are increasingly electing to relocate outside of the Central City. Without intervention, areas like downtown and Old Town will continue to experience persistent vacancy, default risk, and loss in value and vibrancy.
- Opportunity for reimagined growth through infill development and larger scale sites to unlock affordable, mixed-use and high-density housing, together with the potential to deploy innovative green building technologies at a district scale
- Ongoing role for Central City as a hub of regional and interregional transit connections and specialized services which serve regional industry clusters



Status of Portland's TIF Districts

Maximum Indebtedness by TIF District



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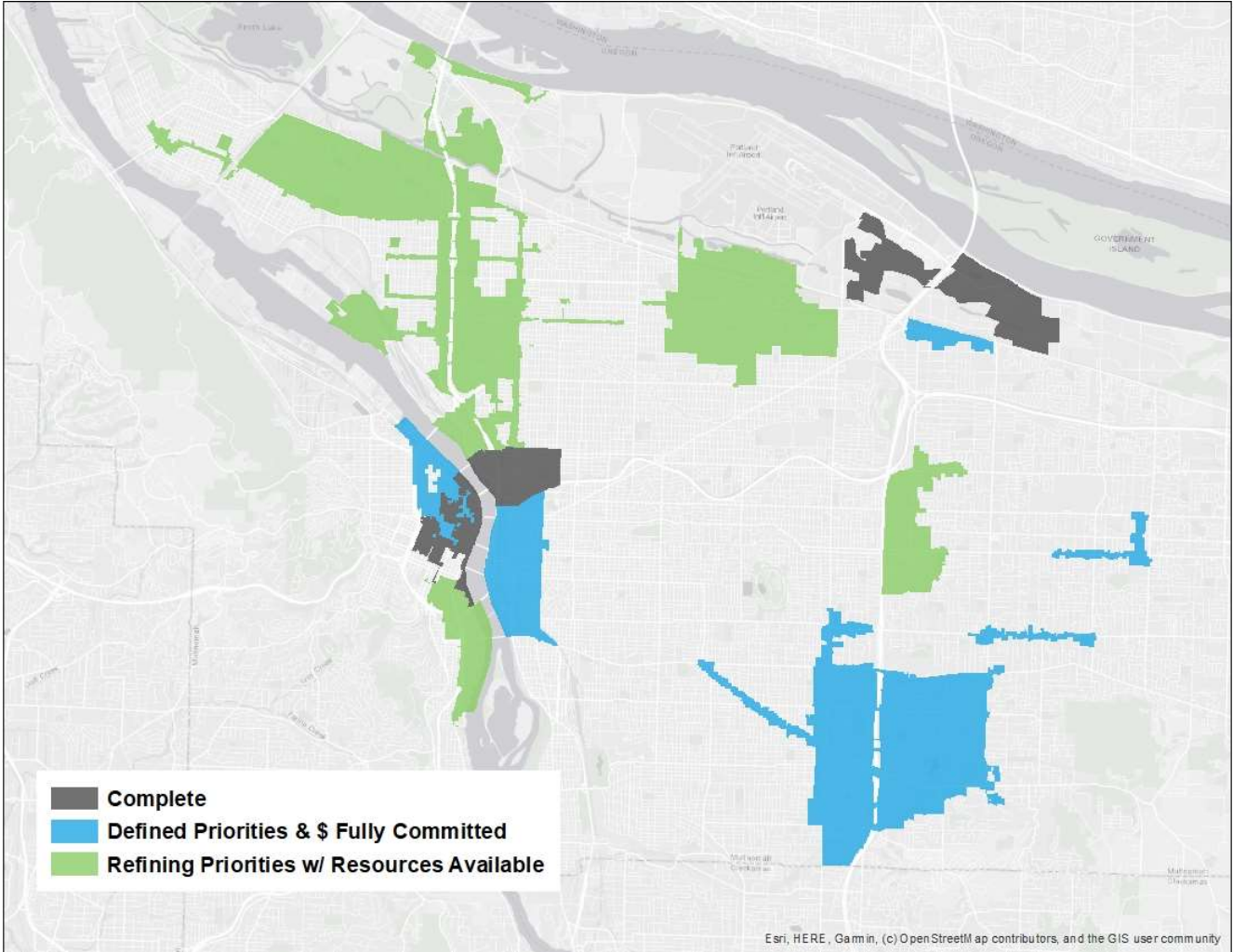
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Status of TIF Districts: Resource Availability



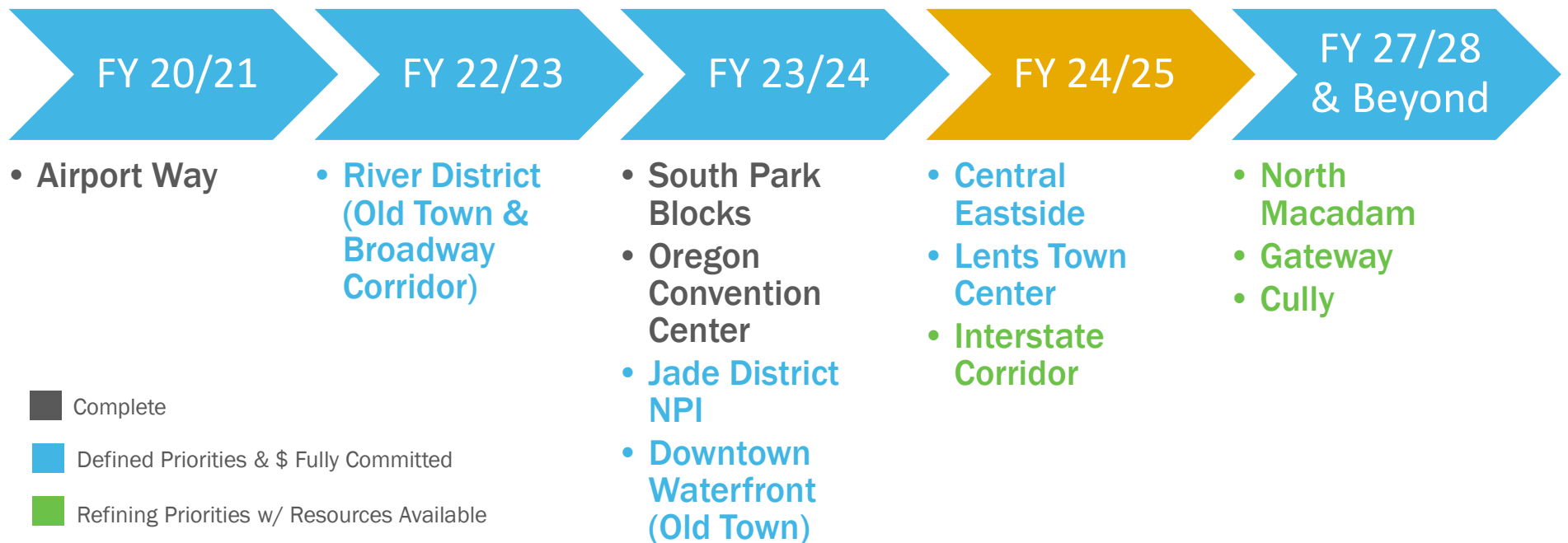
Affordable Housing
45%



Economic Development
55%

Status of Portland's TIF Districts

When Taxes Return to the Taxing Jurisdictions



Acreage & Assessed Value – July 2024*

3%

City acreage to be in TIF districts (max is 15%)

2,729

Acreage in TIF districts collecting new TIF

11,186

Available acreage for TIF in FY24/25

3%

City assessed value (AV) to be in TIF districts (max is 15%)

\$2.0B

AV in TIF districts collecting new TIF

\$9.8B

Available AV for TIF in FY24/25

* Assumes Downtown Waterfront, Lents Town Center, Interstate Corridor, and Central Eastside TIF districts are amended to officially terminate collections of property tax revenues & release acreage when MI is reached, and all debt is repaid



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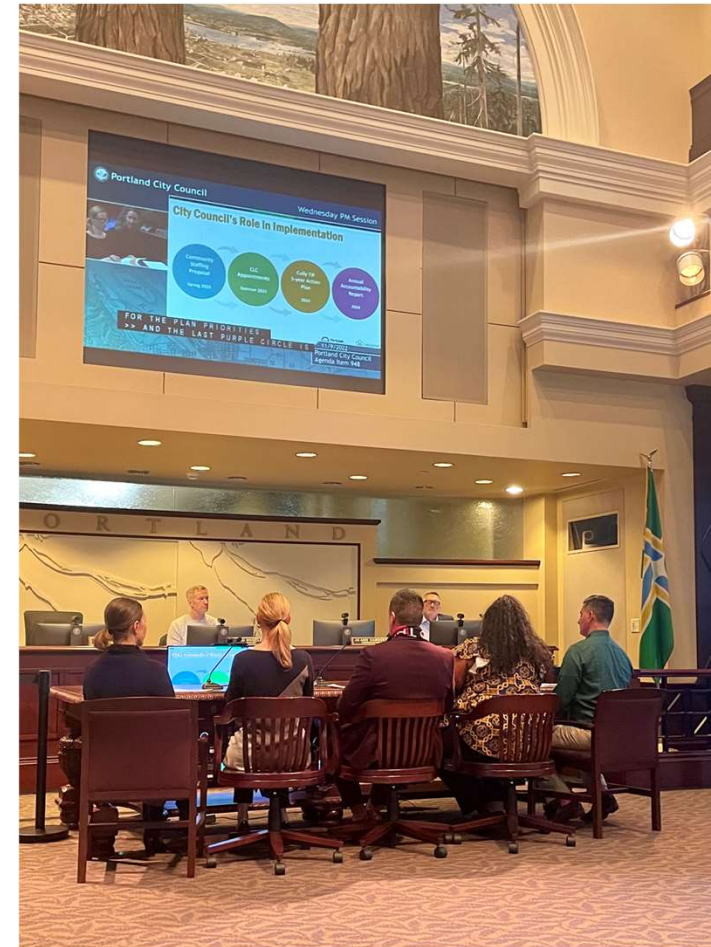
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TIF Exploration Parameters & Process

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Building on Cully TIF Lessons

- Community partnership in cocreation, implementation and oversight is critical
- Center Priority Community needs through the engagement processes
- Be clear about roles and responsibilities between community and public partners from the get-go
- Involve taxing jurisdictions early in the process
- Aim for consistent community participation on working groups – particularly when cocreating reports and documents
- Community development efforts require a layering of financial and policy tools



Process & Investment Goals



Center Priority
Communities



Balance priorities
with financial
impacts



Resolution: Acreage & Assessed Value

3%

City acreage to be in TIF districts (max is 15%)

11,186

Available acreage for TIF in FY24/25

7,500

Max East Portland Acreage

1,500

Max Central City Acreage

3%

City assessed value (AV) to be in TIF districts (max is 15%)

\$9.8B

Available AV for TIF in FY24/25

\$6B

Max East Portland AV

\$3.8B

Max Central City AV

Additional 447 acres released and available by end of FY 2026-27



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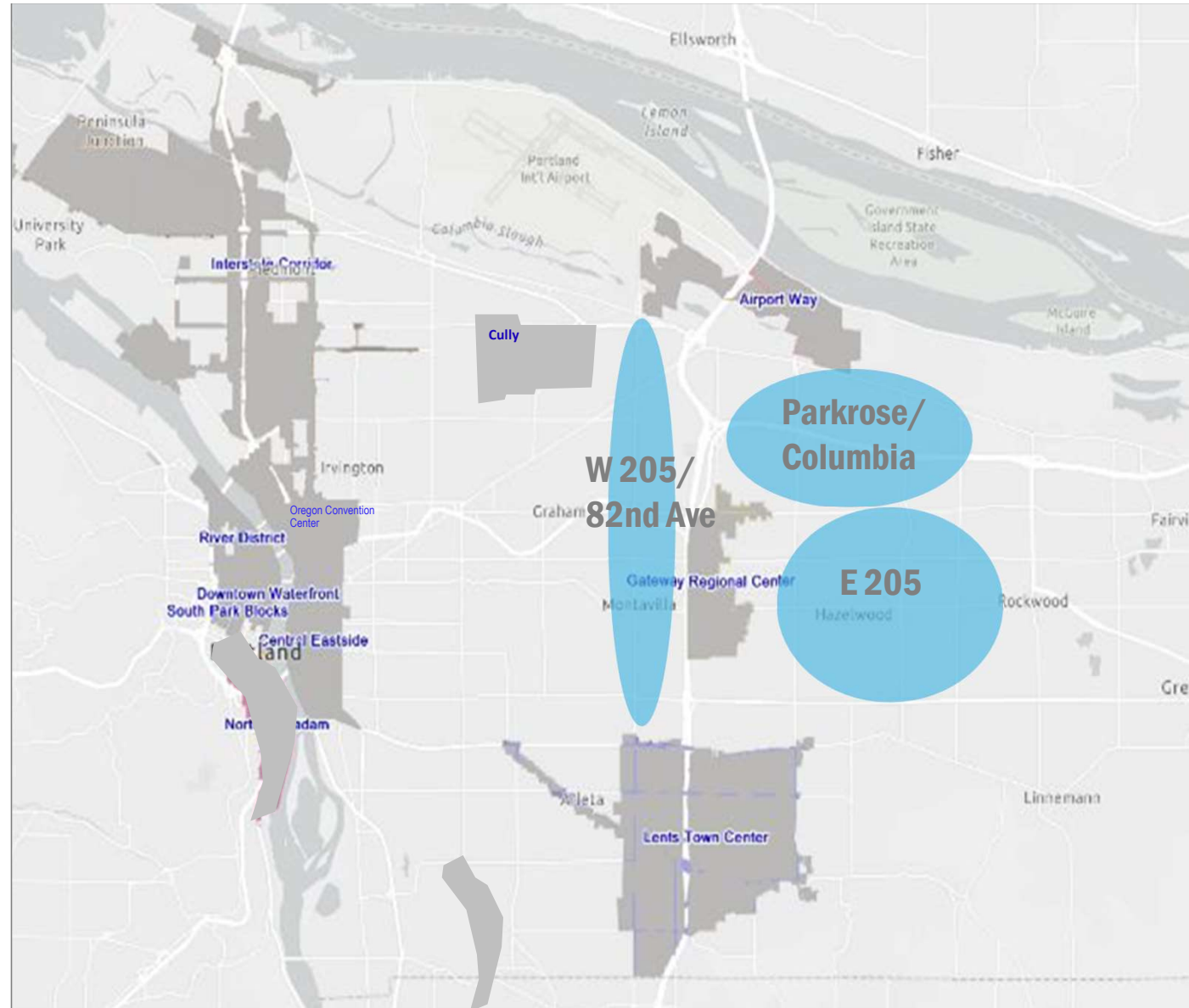
East Portland TIF Exploration: Steering Committee & Working Groups

Steering Committee

- ✓ Process alignment with Council direction
- ✓ Opportunities for learnings and sharing across working groups
- ✓ Balances acreage and AV allocation distribution across district(s) if needed

Working Groups

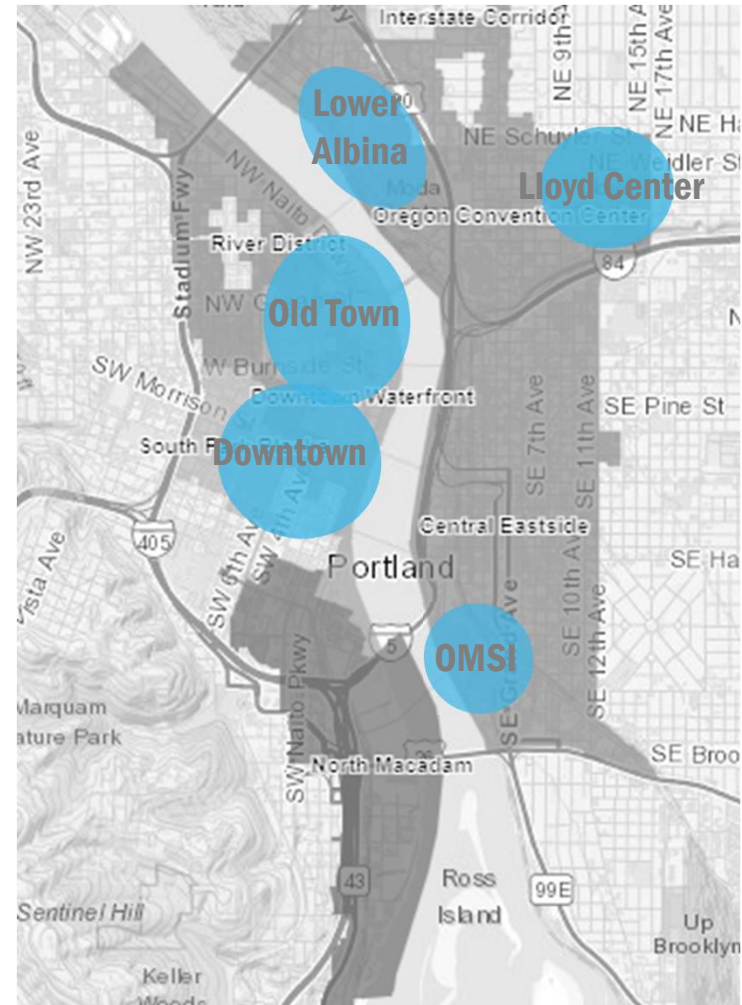
- ✓ District-focused community engagement
- ✓ Propose boundaries
- ✓ Define TIF plan priorities if sufficient interest/support



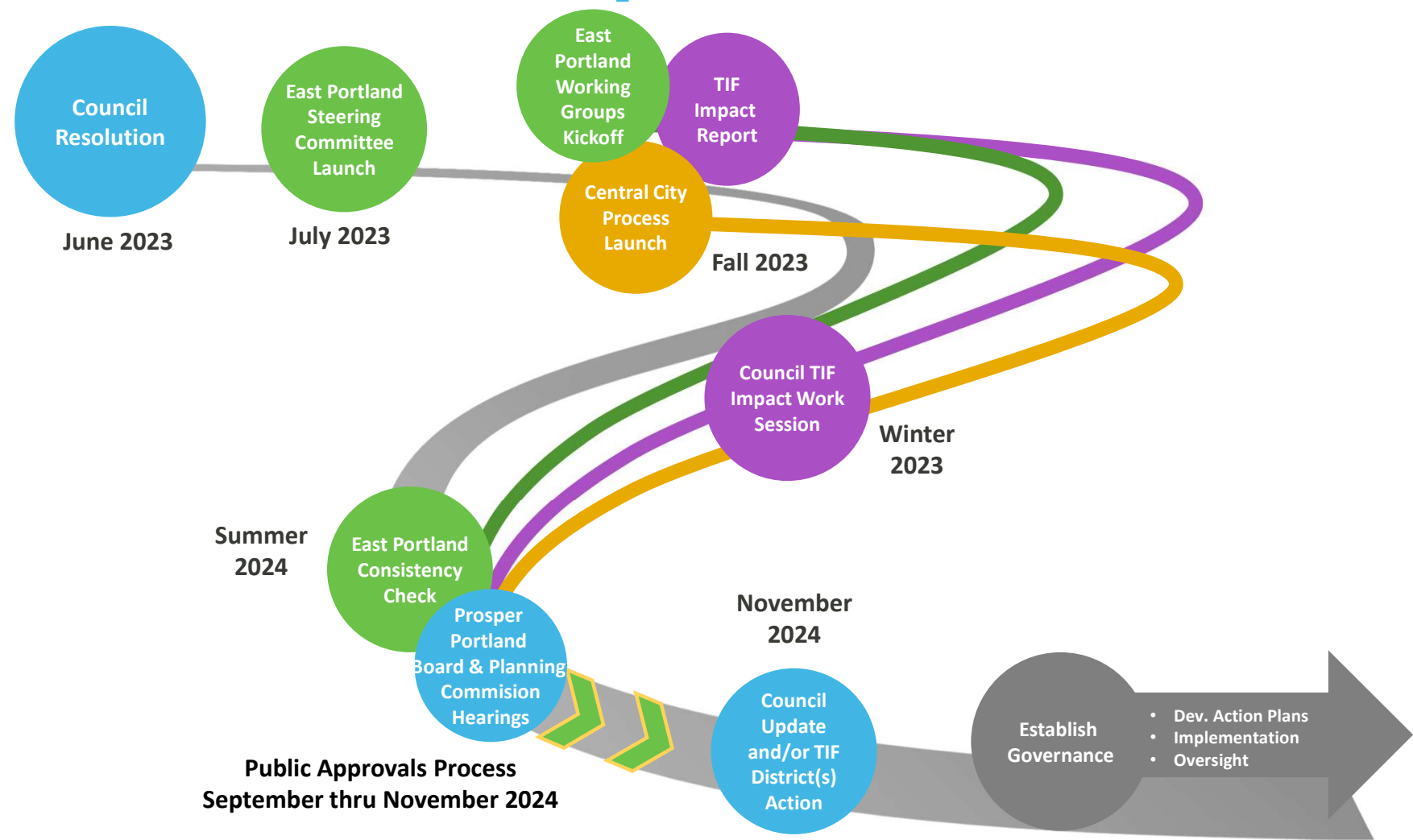
Central City TIF

Exploration: Areas of Potential Focus

Process will define boundaries in coordination efforts to support housing production, business retention and competitiveness, infrastructure and other needs at larger sites; and define TIF plan priorities if sufficient interest/support



Process & Next Steps



Discussion



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Building an Equitable Economy