



Understanding Portland Tax Increment Finance District Investment Impacts

2000-2022

April 10, 2024



Our research explored:

TIF's role as a change agent...

- Public and private expenditures
- Driver of medium- and high-density development
- Alignment with high-density zones
- Infrastructure development
- Population growth

TIF's impacts on...

- The Black community in NE Portland
- Market-rate and affordable units produced
- Housing precarity
- Affordable housing unit production
- Jobs
- Rents in older building
- Small business formation

Summaries of each TIF District

Top priorities, investments completed, benchmarks and added jobs/housing units

This research is:



A statistical evaluation of how TIF District investments collectively resulted in changes in demographics, jobs and wages, development outcomes, and the real estate market

Focused on implementation between 2020 and 2022

A review of demographic changes and changes in housing precarity that co-occurred with TIF investments and in TIF Districts

A generalized evaluation of how TIF dollars were spent and how much private investment they leveraged

This research is not:



A comprehensive review of each individual TIF District's successes or failures

A review of the early days (1960s-1990s) of TIF implementation

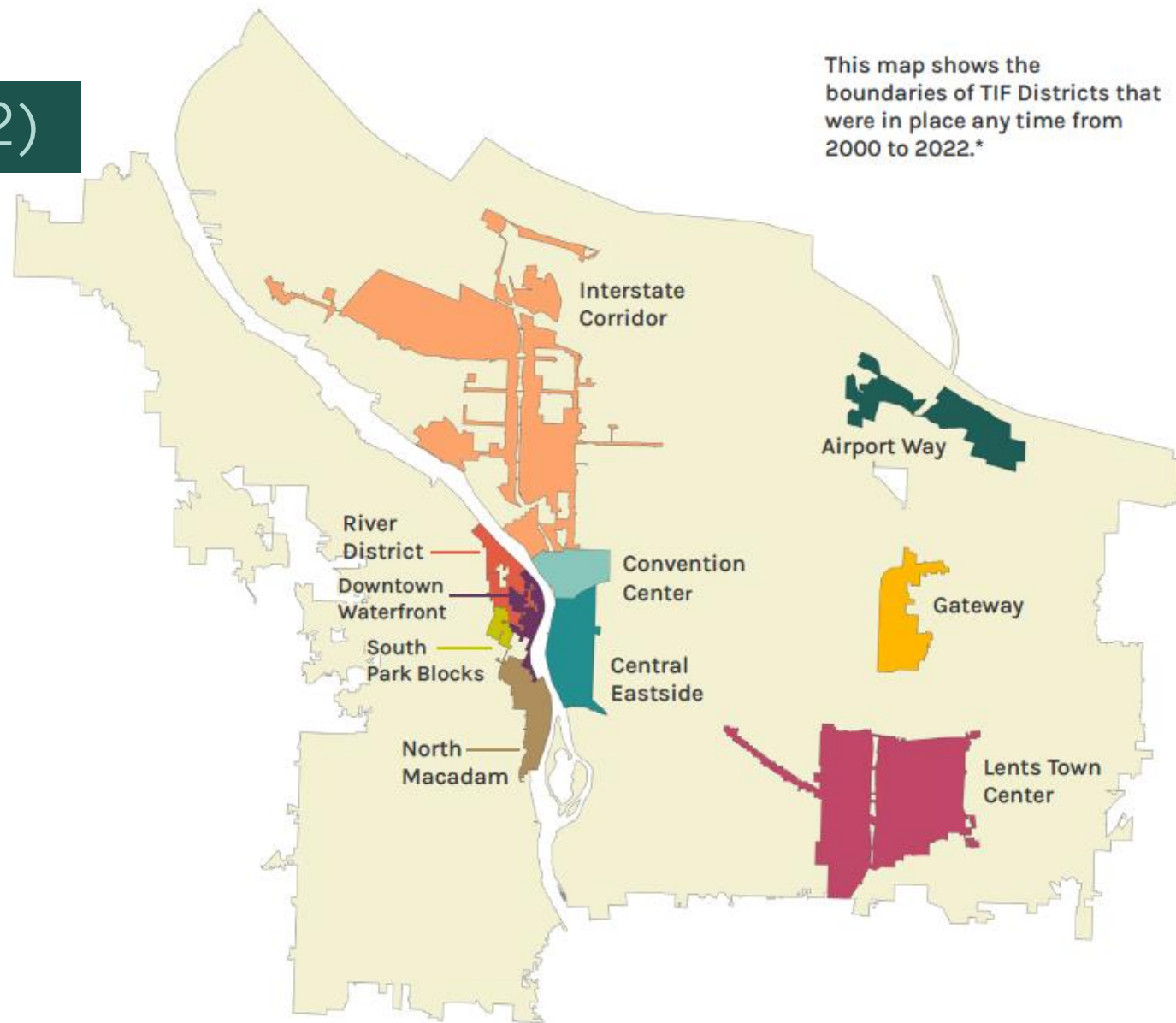
A deep evaluation of the interaction between TIF and displacement and gentrification, inclusive of the qualitative, community-based research methods that would be necessary to understand impacts to Portland's communities of color

Fiscal analysis of TIF District impacts to the City's general fund or overlapping tax districts



TIF Districts (2000-2022)

This map shows the boundaries of TIF Districts that were in place any time from 2000 to 2022.*



*This map does not include Neighborhood Prosperity Initiative Districts (Cully Boulevard Alliance, Division Midway Alliance, Historic Parkrose, Jade District, Our 42nd Avenue, Rosewood Initiative, St. Johns Center for Opportunity) or districts that never issued any long-term debt (Education, Willamette Industrial).

Relative to comparison areas without TIF, TIF Districts saw:



6x the amount of total square footage of development



25x the amount of high-density development



4x growth rate in housing production



5,300 units of TIF-funded affordable housing
(46% of all affordable housing built in the city)

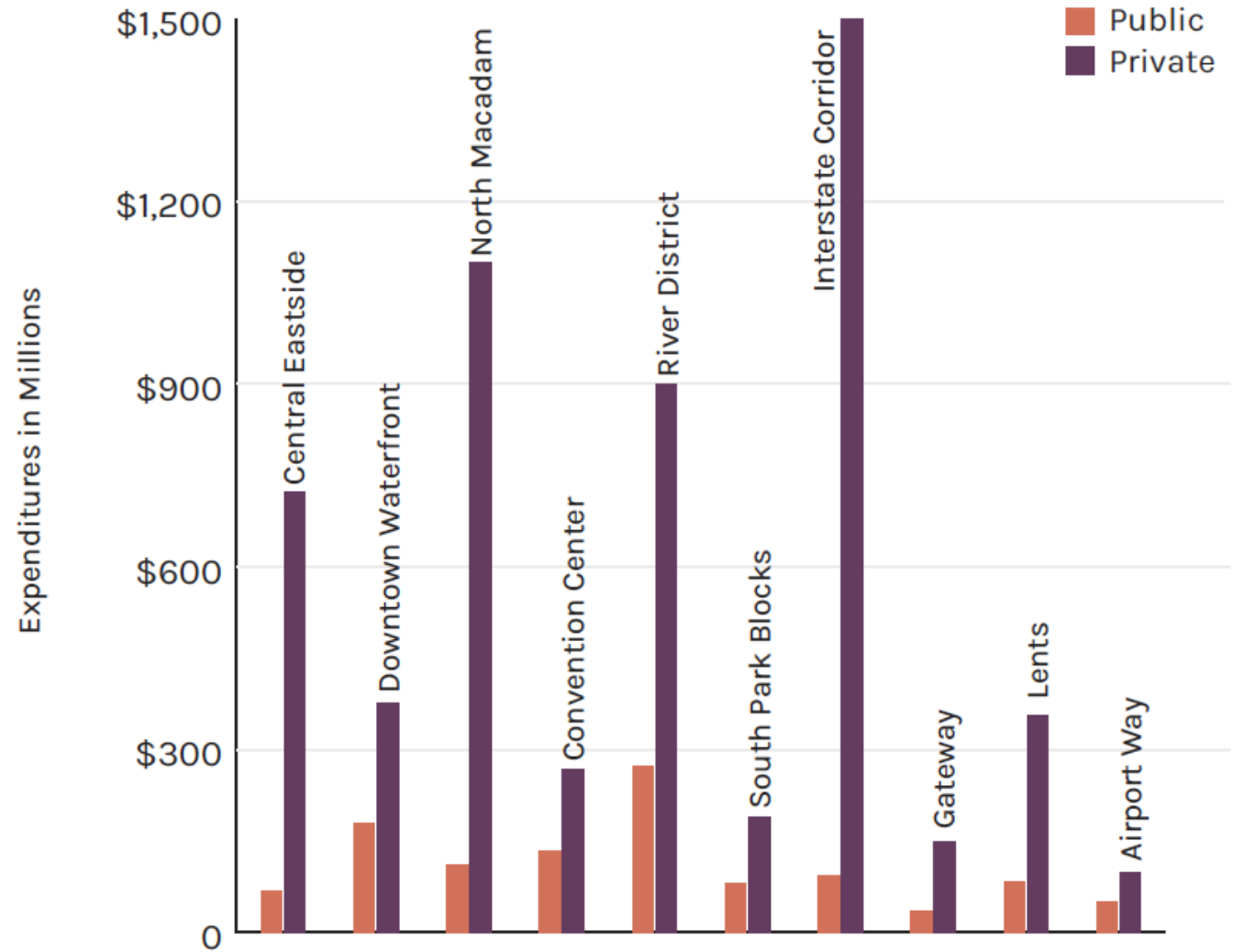


24,000 more jobs, which generally had 20% higher wages

Cumulative Public and Private Expenditures by TIF District

2000 to 2022

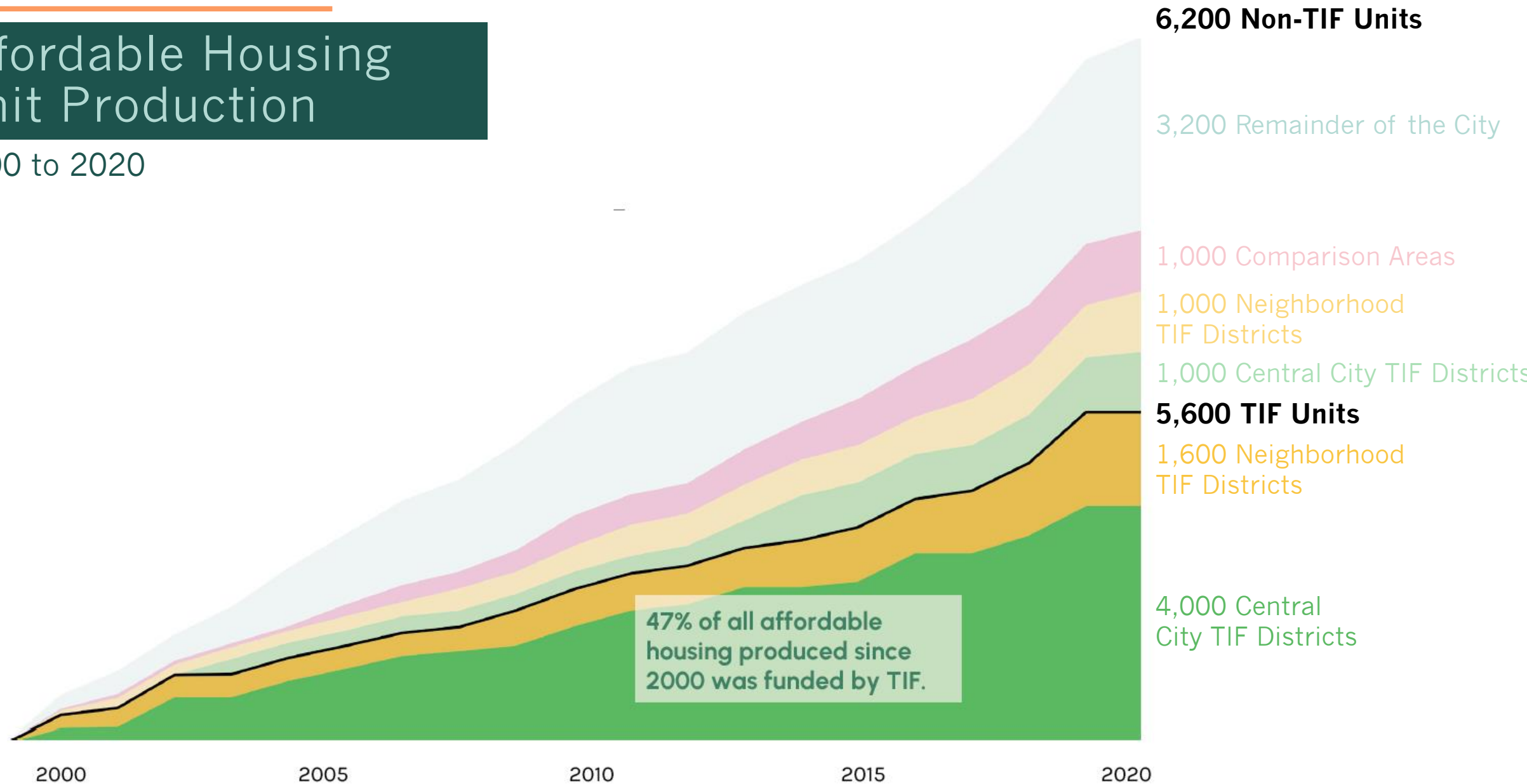
For every \$1 of the City's investment in TIF Districts, private partners invested \$15 in construction permit valuation.



Sources: Public expenditures data from Prosper Portland; Private expenditures estimated from permit data provided by the Bureau of Development Services

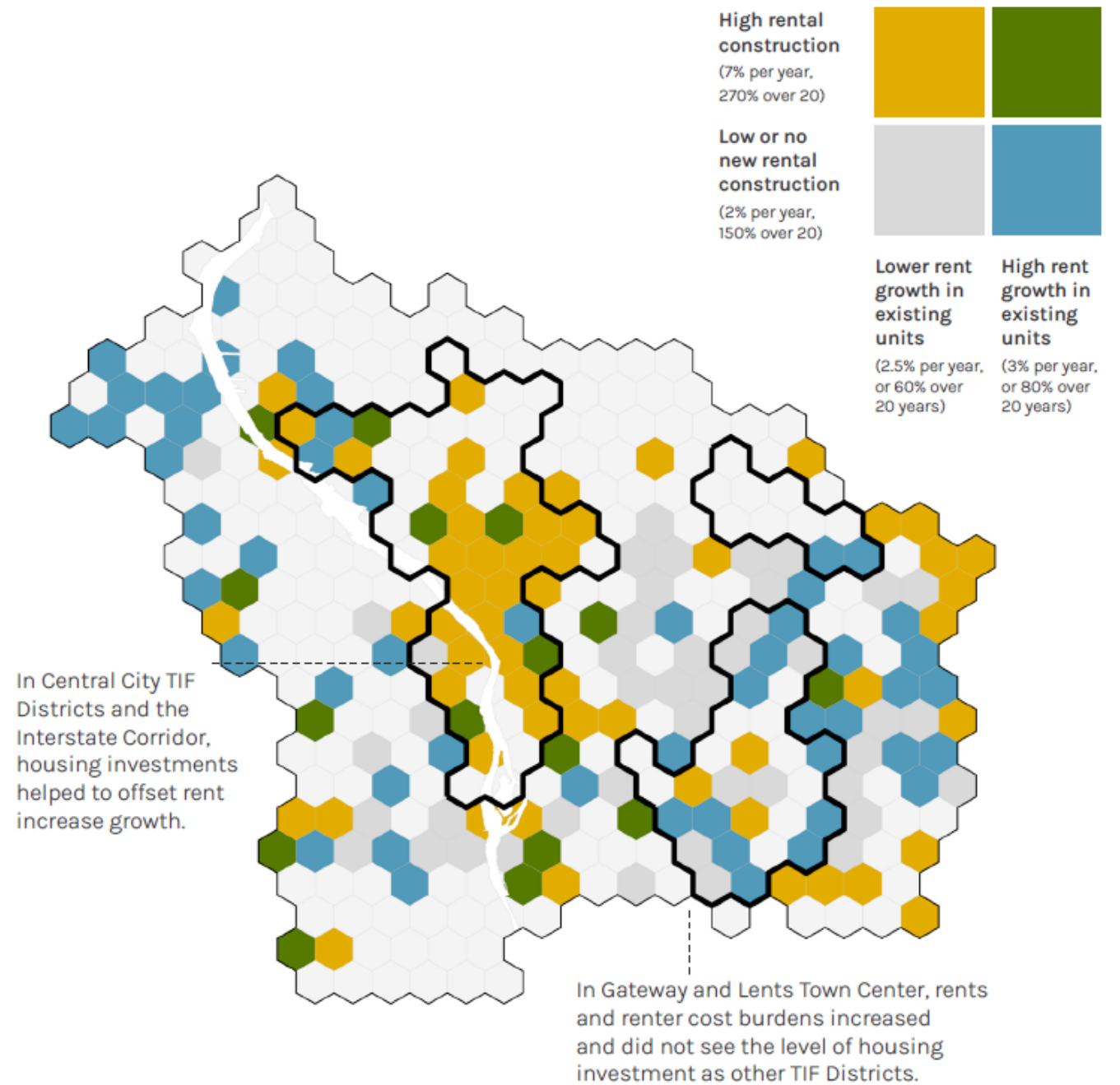
Affordable Housing Unit Production

2000 to 2020



Constructing ~150 units of new housing offset the 4.6% rent growth attributable to being in a TIF District

- Rent growth for units built in 2000 or before is lower near where new units were added.
- Affordable units did not affect rent growth for market-rate units.



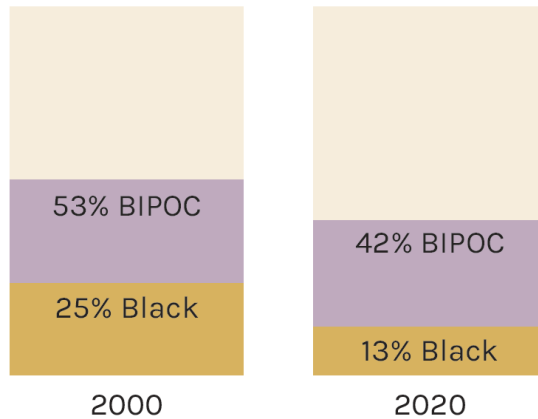
TIF investments coincided with business growth in TIF Districts, but not at the same pace as comparison areas.

Small Business Count (2003 to 2019)

	Small Businesses (1-50 Employees)			
	2003	2019	Change #	Change %
Central City TIF Districts				
Central Eastside	757	1,140	383	151%
Downtown Waterfront	741	923	182	125%
North Macadam	292	413	121	141%
Convention Center	339	410	71	121%
River District	777	1,126	349	145%
South Park Blocks	714	781	67	109%
Neighborhood TIF Districts				
Interstate Corridor	856	1,709	853	200%
Gateway	376	324	-52	86%
Lents Town Center	469	642	173	137%
Airport Way	262	333	71	127%
Comparison Areas	3,413	5,363	1,950	157%

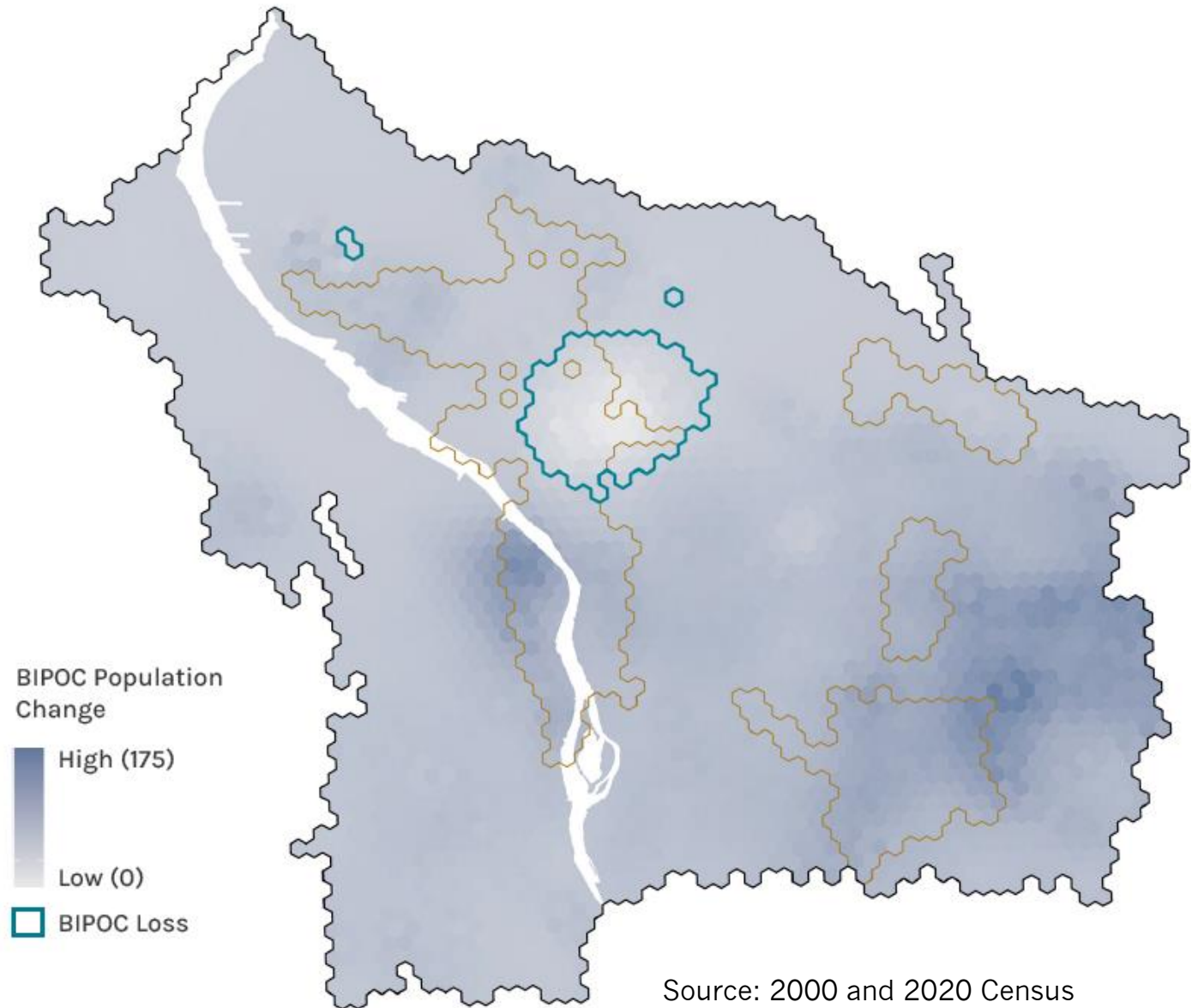
TIF's Impact on the Black Community in Northeast Portland

Interstate Population, 2000 and 2020



In the 20 years between 2000 and 2020, the Black population in the Interstate Corridor fell from a quarter of the population to 13%.

Nominal Change in BIPOC Population by Census Tract (2000 to 2020)

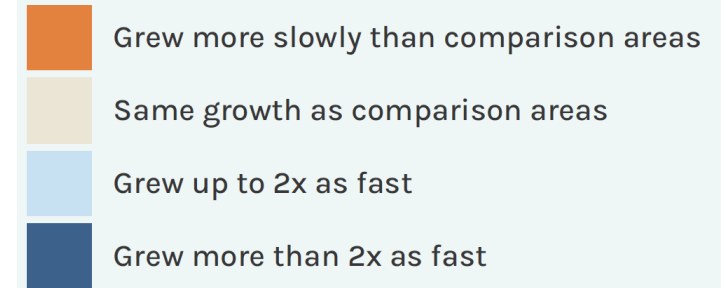


Source: 2000 and 2020 Census

Housing Precarity (2000-2022)

Change in Indicators of Housing Precarity (2000-2022)

Legend



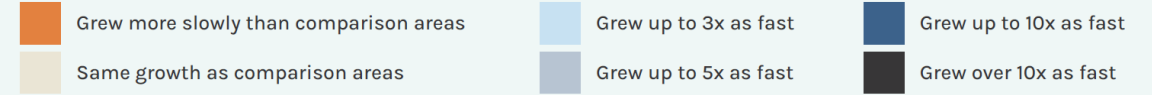
	Rent	Cost Burden Rate	Affordable Housing	Market Rate Housing	Renter Housing Production	Change in BIPOC Share	Change in B.A.+* Share
All TIF Districts							
Central City TIF Districts							
Central Eastside							
Downtown Waterfront							
North Macadam							
Convention Center			**				
River District							
South Park Blocks							
Neighborhood TIF Districts							
Interstate Corridor							
Gateway							
Lents Town Center							

*Population aged 25+ who have a bachelors degree or more.

**Convention Center had 0 affordable units in 2000, so the growth rate is now shown.

Changes in TIF Districts (2000-2022)

Reading the Chart



	Housing Production	Private Investment (per acre)	Job Growth	Rent	Market Rate Housing	Affordable Housing	Change in BIPOC Share	Small Businesses
Comparison Areas								
TIF Districts								
Central City TIF Districts								
Central Eastside								
Downtown Waterfront								
North Macadam								
Convention Center								
River District								
South Park Blocks								
Neighborhood TIF Districts								
Interstate Corridor							*	
Gateway								
Lents Town Center								
Airport Way		**						

Sources: Costar, Census, QCEW, Bureau of Development Services, Portland Housing Bureau.

Note: Job growth was between 2003 and 2021, due to data availability issues

What did the City learn?

TIF is part of a broader public toolkit that should include other public policies and other funding sources. As the City considers forming new TIF Districts, it should focus on:

- Incenting significant new housing production in TIF districts
- Reducing systemic barriers to economic opportunity before and during investments in infrastructure or other catalytic projects
- Building community trust through better accountability and transparency on how money flows and is connected to public outcomes
- Leveraging state/federal dollars to maximize positive impacts

TIF Impact Study: Assessed Value Growth & Applying Lessons Learned

City Council
April 10, 2024

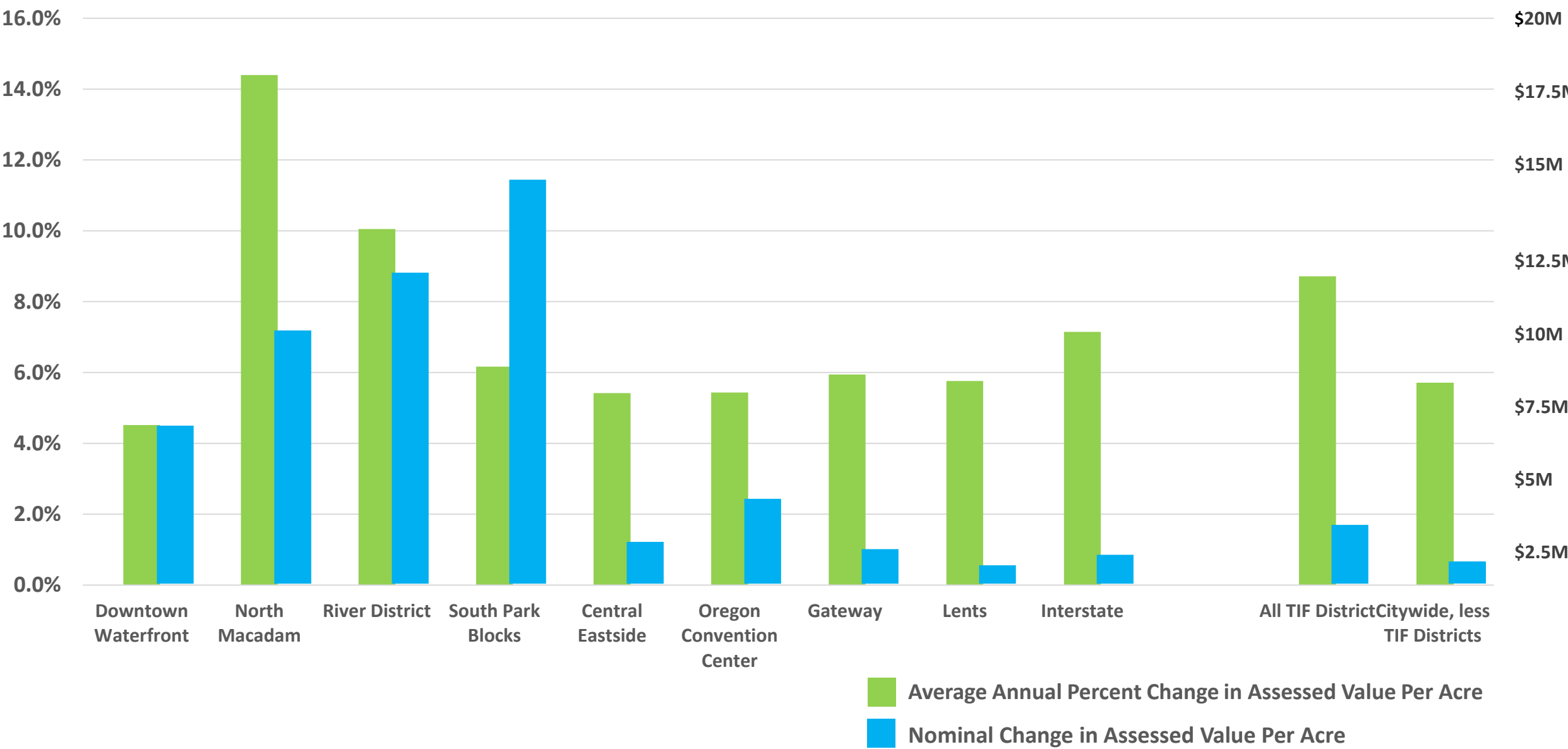


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Assessed Value Growth - 2001 through 2020



TIF District Report Learnings

Reduce systemic barriers to economic opportunity before and during investments in infrastructure or other catalytic projects.



Focus on significant new housing production by producing new housing needed across incomes.



Build community trust by committing to accountability and transparency on who benefits from public investments and reporting on outcomes.



The Cully Tax Increment Finance District Model

What's similar?

- Property tax-based funding tool
 - 5-Year Action Plans guide investments
 - Economic and real estate market influence
 - Outreach & engagement to gather input on projects
 - City Council, Prosper Board have defined decision making authority, legal liability
-

What's different?

- Co-created vision, priorities, and goals between community and public
- Early & prioritized focus on groups vulnerable to displacement
- Project list intentionally limits spending on general public infrastructure
- Community-led and publicly led engagement opportunities
- Deeper engagement on accountability and oversight; identifying resources for community, supported implementation and community-based support staff



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Applying Lessons Learned to Advance Inclusive Growth

Center disadvantaged and low-income communities in engagement, goals and governance



Strategically sequence investments and layer policy and financial tools



Further community stabilization and remove barriers to opportunities



Advance inclusive economic growth and wealth creation

Support entrepreneurship and job growth



Advance housing production for a full range of income levels

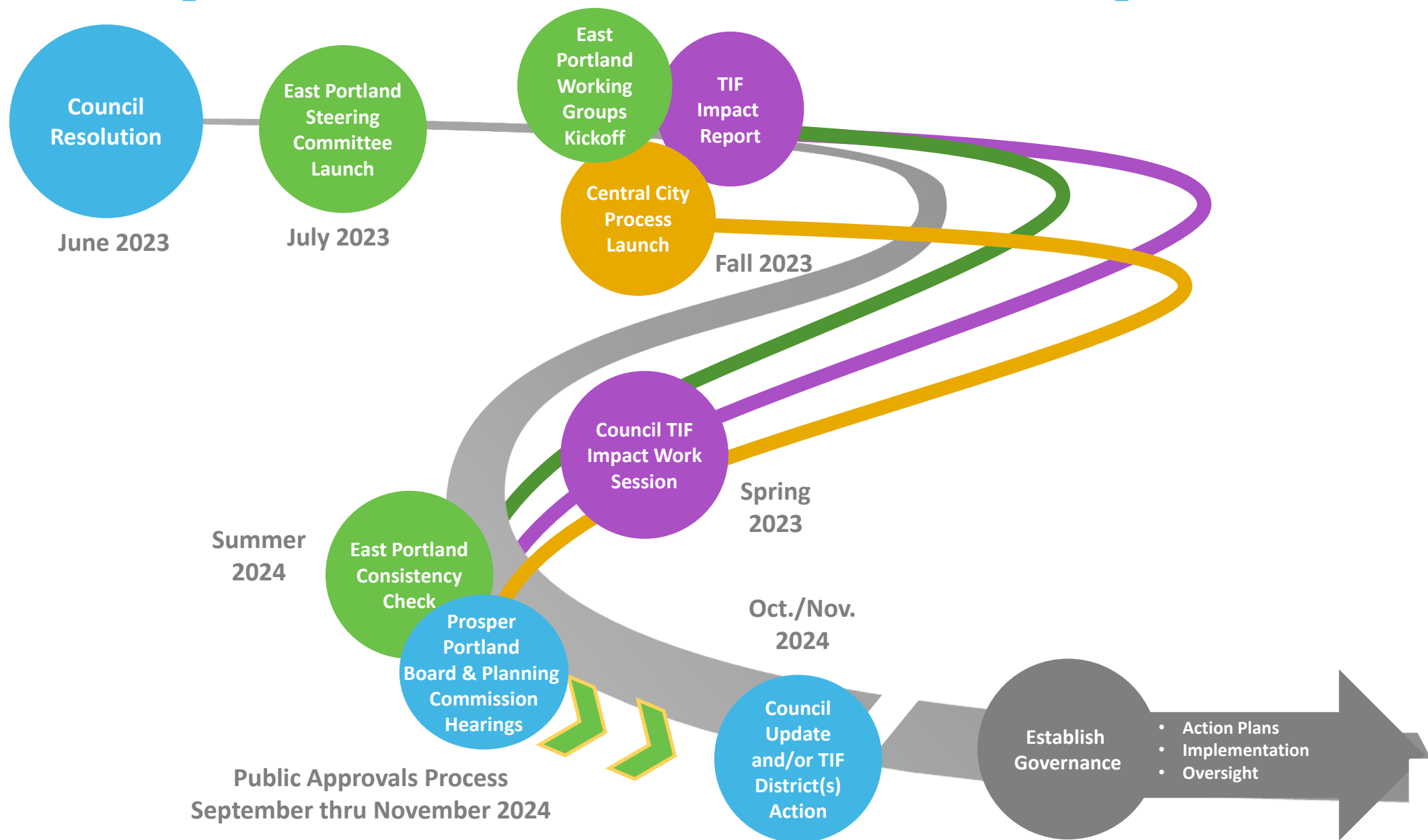


Housing Production

- Since 2000, TIF has funded approx. 8,500 affordable housing units in Portland
- City's Set Aside policy dedicates 45 percent of TIF investments towards affordable housing investment
- Housing investments paired with N/NE Action Plan and Preference Policy have shown promising impacts
- Non-set aside TIF funds can support development of middle-income housing



TIF Exploration Process & Next Steps



Discussion



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Building an Equitable Economy