

Portland, Oregon

# FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Keith Witcosky		2. Telephone No. X 3-3243	3. Bureau/Office/Dept. Portland Development Commission
4a. To be filed (date):  May 3, 2012	4b. Calendar (Check One)  Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: May 3, 2012
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

**1) Legislation Title:**

Approve the Education Urban Renewal Plan (Ordinance)

**2) Purpose of the Proposed Legislation:**

The ordinance creates the Education Urban Renewal Area ("EDURA").

**3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?**

- |  |                                    |                                    |                                |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional     | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast                 | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East  |
| <input checked="" type="checkbox"/> Central City           |                                    |                                    |                                |
| <input type="checkbox"/> Internal City Government Services |                                    |                                    |                                |

**FINANCIAL IMPACT****4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.**

The City is estimated to forego an estimated \$71,437,000 in property tax revenue during the life of the district (FY 2013/14 - 2043/44). However, through revenue sharing legislation passed in 2009, the City is estimated to receive \$11,419,855 in shared tax increment revenues during that same time period.

**5) Expense:** What are the costs to the City related to this legislation? What is the source of funding for the expense? *(Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the level of confidence.)*

The costs to the City are primarily related to OMF staff time required to manage the debt over the life of the district. Actual debt issuance costs are paid for within the maximum indebtedness as part of the costs to operate the URA.

**6) Staffing Requirements:**

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)*

PDC will staff this URA using existing FTE. We do not anticipate creating, eliminating, or reclassifying any positions this year due to this legislation.

- **Will positions be created or eliminated in future years as a result of this legislation?**

We do not anticipate creating or eliminating positions in future years due to this legislation.

*(Complete the following section only if an amendment to the budget is proposed.)*

**7) Change in Appropriations** *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

**PUBLIC INVOLVEMENT**

**8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:**

- ☒ **YES:** Please proceed to Question #9.  
☐ **NO:** Please, explain why below; and proceed to Question #10.

**9) If "YES," please answer the following questions:**

**a) What impacts are anticipated in the community from this proposed Council item?**

This action creates an urban renewal area which sets forth long-term partnerships between PSU, Portland Public Schools, Multnomah County, and the City with the objectives of creating an environment of educational excellence, attracting private investment, enhancing blighted properties and developing the region's workforce. It is forecasted to provide up to \$169 million for investments that leverage research facilities, business accelerators, affordable housing, and private development. These investments will also lead to increases in assessed values as blighted low-density properties redevelop and are replaced by taxable uses.

**b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?**

In 2009, Mayor Adams formed the Central City URA Evaluation Committee to provide recommendations on the creation of a new west side central city urban renewal area. This Committee held 14 meetings between May 2009 and August 2010 and provided feedback on the initial framework used in the creation of this proposed EDURA Plan.

In 2011 and 2012 the framework for the URA was created through discussions and agreement to proceed with major partners including PSU, Portland Public Schools and Multnomah County.

On April 26, 2012 the original Evaluation Committee received a presentation on the EDURA from Mayor Adams and PSU President Wiewel and voted to support the proposal 14-0 with one abstention.

Additionally, from November 2011 through April 2012, PDC and PSU staff sought feedback from several community groups on this Plan including:

- Portland Business Alliance URA Task Force
- South of Market EcoDistrict Steering Committee
- Portland Business Alliance Central City Committee
- Portland Downtown Neighborhood Association
- Goose Hollow Foothills League leadership
- Residents of the Eliot Tower
- Mayor's Economic Development Cabinet
- Greater Portland, Inc
- Open House for the Public-at-Large

- Planning and Sustainability Commission (formal review as part of approval process)
- Multnomah County Commission (presentation and action on related IGA)

On April 11, the PDC Board received a presentation and public testimony on the EDURA Plan. The Board then voted unanimously 4-0 on April 30, 2012 to forward the Plan to City Council for approval. In between these hearings the Planning and Sustainability Commission reviewed the Plan on April 24, 2102 and found it in compliance with the City's Comprehensive Plan and Draft Portland Plan, and unanimously recommended approval to City Council. Additionally, the Multnomah County Commission was provided with a presentation of the Plan on April 26, 2012 and voted 3-2 to approve the related IGA.

In accordance with ORS 457, copies of the draft Plan and Report were sent to overlapping taxing jurisdictions, and notice of the City Council hearing was sent to all property owners within the City limits.

**c) How did public involvement shape the outcome of this Council item?**

The concept of a new central city URA has been under serious discussion since 2009. The initial proposal was for a URA which was more than 340 acres in size and had a maximum indebtedness in excess of \$340 million. At that time, in 2010, the committee concluded a smaller, more-focused, less impactful URA should be developed. This public feedback was a major driver in literally shaping the EDURA.

The education-centric URA was called out in the Mayor's 2011 and 2012 State of the City Address. This EDURA proposal reflects support from impacted taxing jurisdictions such as Multnomah County and Portland Public Schools. The vision and purpose has been the subject of more than 12 public presentations since November 2011.

**d) Who designed and implemented the public involvement related to this Council item?**

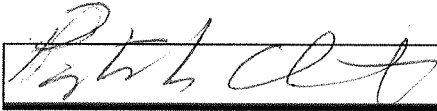
PDC and PSU staff, in collaboration with the Portland Housing Bureau, designed and implemented the public involvement including, but not limited to, providing presentations to various community groups, hosting a public open house, briefing the Central City URA Evaluation Committee, distributing an informational brochure, maintaining the project website ([www.pdc.us/edura](http://www.pdc.us/edura)), and sending e-blasts to interested parties.

**e) Primary contact for more information on this public involvement process (name, title, phone, email):**

Keith Witcosky  
Deputy Director, PDC  
503-823-3243  
[WitcoskyK@pdc.us](mailto:WitcoskyK@pdc.us)

**10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.**

Similar to other URAs, PDC shall form a committee to advise the Board on the investments in the EDURA. PDC staff will likely solicit applications from the public from those who have an interest in the specific economic development nature of this URA.



Patrick Quinton  
BUREAU DIRECTOR



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185327

**DATE:** May 3, 2012

**TO:** Mayor Sam Adams

**FROM:** Keith Witcosky, Deputy Director

**RE:** Approve the Education Urban Renewal Plan (Ordinance)

**FOR MAYOR'S OFFICE USE ONLY**

Reviewed by Bureau Liaison \_\_\_\_\_

- 1. INTENDED THURSDAY FILING DATE:** May 3, 2012
- 2. REQUESTED COUNCIL AGENDA DATE:** May 9, 2012
- 3. PRIMARY CONTACT NAME & NUMBER:** Keith Witcosky, 503-823-3243
- 4. SECONDARY CONTACT & PREPARED BY:** Morgan Masterman, 503-823-6839
- 5. PLACE ON:**    **CONSENT**   X   **REGULAR**
- 6. FINANCIAL IMPACT & PUBLIC INVOLVEMENT STATEMENT**  
**ATTACHED:**   X   **Yes**        **No**        **N/A**
- 7. (THREE) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM**  
**BY CITY ATTORNEY ATTACHED:**        **Yes**        **No**   X   **N/A**

## **8. BACKGROUND/ANALYSIS**

**Introduction and History** – Attached is an ordinance for Council consideration on May 9, 2012. The ordinance creates the Education Urban Renewal Area (the “EDURA”). As proposed, the EDURA Plan (the “Plan”) will provide tax increment resources to the 144-acre EDURA and will set forth a long-term partnership with Portland State University (“PSU”), Portland Public Schools (“PPS”), Multnomah County (the “County”), and the City of Portland (the “City”) intended to accelerate the region’s growth and excellence, attract private investment, enhance blighted properties and educate the region’s workforce. The Plan is projected to provide up to \$169 million for investment in research facilities, business accelerators, affordable housing, and private development.

Concurrently, the Council will consider an ordinance authorizing the City to enter into an intergovernmental agreement (“IGA”) with the Portland Development Commission (“PDC”), PSU and the County to provide tax increment revenues to support and enable the development of a County project, as described in the IGA.

**Legal Issues** – None

**Link to Current City Policies** – The creation of this Plan furthers Goals 1 and 2 of the Economic Development Strategy, is supportive of the integrated strategies of the Portland Plan, complies with the City of Portland’s Comprehensive Plan, and provides funding as required by the Tax Increment Financing Set Aside Policy for Affordable Housing.



**Controversial Issues** – While this URA has received widespread support, during the public outreach the following general concerns were raised:

- The impact to other taxing jurisdictions by forming an urban renewal area;
- How Portland Public Schools will invest resources for the property they own in Goose Hollow;
- The focus for the resources that will be managed by the Portland Housing Bureau;
- The oversight process that will be used over the lifespan of the URA;
- The level of project detail incorporated in the Plan; and
- The nexus between the geographic area in the Plan and blight.

Staff responded to each of these issues at public meetings and will be prepared to respond at the City Council hearing.

**Citizen Participation** – In 2009, Mayor Adams formed the Central City URA Evaluation Committee to provide recommendations on the creation of a new west side central city urban renewal area. This Committee held 14 meetings between May 2009 and August 2010 and provided feedback on the initial framework used in the creation of this proposed EDURA Plan.

In 2011 and 2012 the framework for the URA was created through discussions and agreement to proceed with major partners including PSU, Portland Public Schools and Multnomah County.

On April 26, 2012 the original Evaluation Committee received a presentation on the EDURA from Mayor Adams and PSU President Wiewel and voted to support the proposal 14-0 with one abstention.

Additionally, from November 2011 through April 2012, PDC and PSU staff sought feedback from several community groups on this Plan including:

- Portland Business Alliance URA Task Force
- South of Market EcoDistrict Steering Committee
- Portland Business Alliance Central City Committee
- Portland Downtown Neighborhood Association
- Goose Hollow Foothills League leadership
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- Planning and Sustainability Commission (formal review as part of approval process)
- Multnomah County Commission (presentation and action on related IGA)

In accordance with ORS 457, copies of the draft Plan and Report were sent to overlapping taxing jurisdictions, and notice of the City Council hearing was sent to all property owners within the City limits.

Similar to other URAs, PDC shall form a committee to advise the Board on the investments in the EDURA. PDC staff will likely solicit applications from the public from those who have an interest in the specific economic development nature of this URA.

**Other Government Participation** – The Planning and Sustainability Commission reviewed the Plan on April 24, 2012, found it in compliance with the City's Comprehensive Plan and Draft Portland Plan, and unanimously voted to recommend approval to City Council. The Multnomah County Commission was provided with a presentation of the Plan on April 26, 2012 and voted 3-

2 to approve the related IGA. The Portland Development Commission Board accepted the Plan on April 30, 2012 and recommended adoption by City Council. All overlapping taxing jurisdictions have been provided the opportunity to consult and confer on the creation of the EDURA.

**9. FINANCIAL IMPACT**

It is estimated that taxing jurisdictions overlapping the EDURA will forego approximately \$229 million in property taxes during the life of the district, estimated to be FY 2013/14 - 2043/44. The City's estimated foregone revenue is \$71,437,853.

Additionally, through revenue sharing which is forecast to begin in FY 2024/25, when tax increment revenues equal three percent of maximum indebtedness (\$169 million), overlapping taxing jurisdictions will receive revenues totaling approximately \$80 million. The City is estimated to receive \$11,419,855 in shared tax increment revenues.

**10. RECOMMENDATION/ACTION REQUESTED**

It is recommended that the City Council approve the ordinance in order to create the Education Urban Renewal Area.



Keith Witcosky,  
Deputy Director