



Memo

Date: September 19, 2022
To: Planning and Sustainability Commission
From: Nicholas Starin
cc: Patricia Diefenderfer and Barry Manning
Re: Cully Tax Increment Finance District Plan

Staff Recommendation

Staff recommends that the PSC take the following actions:

1. Find that the Cully TIF District Plan conforms to the City of Portland Comprehensive Plan; and
2. Recommend that City Council adopt the Cully TIF District Plan and Report.

Urban Renewal Plan Authority and PSC Role

Authority for the use of urban renewal, also referred to as tax increment financing (TIF) in this memo and the *Cully TIF District Plan*, is codified in Chapter 457 of the Oregon Revised Statutes (ORS). The statutes include criteria for establishing urban renewal areas (or TIF districts) and the required contents of urban renewal plans and reports. Proposed urban renewal plans are prepared by Prosper Portland staff, approved by the Prosper Portland Board of Commissioners, and submitted to Portland City Council for adoption. On September 14, the Prosper Portland Board approved the *Cully TIF District Plan* and referred it to the City Council.

ORS 457 also requires that the City's Planning Commission (PSC) review proposed urban renewal plans, reading in part:

"An urban renewal agency shall forward an urban renewal plan and the accompanying report to the planning commission of the municipality for recommendations before presenting the plan to the governing body of the municipality for approval ..."

The statute also requires that urban renewal plans conform with the City's adopted Comprehensive Plan. The *2035 Comprehensive Plan* reiterates these requirements for PSC review and consistency with the Comprehensive Plan.



Key Elements of the Cully Tif District Proposal

The *Cully TIF District Plan* is the result of ongoing collaboration between stakeholders in Cully, Prosper Portland, and the Portland Housing Bureau. It will be used for decision-making related to the Cully TIF District, from the development and adoption of Action Plans to the implementation of individual programs and investments. The plan's vision, values and goals are intended to transform Cully into a place that provides a sense of belonging for its residents, particularly for identified Priority Communities. The goals of the Cully TIF District Plan are to support and facilitate plentiful safe, affordable housing, thriving BIPOC businesses, rewarding employment opportunities, safe and accessible transportation options, parks and open spaces, a clean and healthy environment, climate resiliency, with places and programs that reflect the cultural diversity of BIPOC individuals. The proposal includes three documents:

- The TIF District Plan, which includes the 30-year vision and values, goals, implementation principles, and the allowable 'menu' for future TIF investments in Cully. If adopted, five-year action plans will set forth short-term implementation strategies and identify specific project, program and budget priorities;
- The TIF Report provides technical information on the district, in support of the Plan; and
- The Governance Charter, which establishes a Community Leadership Committee and describes the roles, responsibilities, and commitments of all parties in future co-creation processes.

If adopted, the proposal would establish a new, community-guided TIF District in Cully. Over the 30-year life of the district, it would generate approximately \$320 million for projects, with approximately \$144 million going toward affordable housing development and programs and \$176 million toward economic and community development projects and programs. The Plan's project list intentionally limits spending on general public infrastructure to ensure funds support household and businesses stabilization more directly. The range of eligible program and project types are described in Chapter VIII of the Plan.

Tax increment financing uses annual property tax increment revenues to make payments on debt, usually in the form of bank loans or revenue bonds. The proceeds of the debt are used to finance the urban renewal projects authorized in the Plan. Tax increment revenues are captured from increases in property tax within the boundary area above the year of adoption or base year.

Relationship to the Comprehensive Plan

ORS 457.095 requires determinations by the governing body (City Council) that new urban renewal plans be in conformance with the City's Comprehensive Plan. Overall, the *Cully TIF District Plan* is in conformance with Portland's *2035 Comprehensive Plan*. In particular, the plan supports and helps implement the Comprehensive Plan's Guiding Principles on Economic Prosperity and Equity, and the Goals and Policies of Chapter 2 Community Involvement, Chapter 5 Housing, and Chapter 6 Economic Development.



As a community initiated and driven project, the *Cully Tif District Plan* supports the goals and policies of Chapter 2 Community Involvement. In particular, the co-creation practices used in the development of the plan and the envisioned ongoing governance model supports Goal 2.A Community Involvement as a Partnership and related policies by centering historically underserved, marginalized and underrepresented communities and needs.

The plan also supports the goals and policies of Chapter 5 Housing. In support of Goal 5.B Equitable Access to Housing, Goal 5.D Affordable Housing, and related policies, the plan will create significant new funding for the Portland Housing Bureau to use in the Cully TIF District for affordable housing production and stabilization. The plan envisions multiple programs to support low-income community members, though home repair, home ownership, development of multi-family rental affordable housing, rehabilitation and preservation of existing regulated affordable and market rate housing, and houseless facilities.

The *Cully TIF District Plan* supports the economic development policies of Comprehensive Plan Chapter 6 through its goals for retaining, creating, and expanding economic opportunities in Cully. This will be accomplished through investments in commercial, industrial and mixed-use properties in the district's commercial and employment areas and by providing increased resources for small businesses, including funding for building renovations, the retention or expansion of existing businesses and support for start-up businesses.

Perhaps most directly, the *Cully TIF District Plan* supports Comprehensive Plan Policy 6.32 Urban Renewal Areas, which calls for urban renewal areas to primarily benefit existing residents and businesses. The Cully plan's goals and implementation principles support this by emphasizing and providing resources for preserving existing affordable housing and economic opportunities and the prevention of involuntary residential and business displacement. The plan intentionally limits spending on general public infrastructure to ensure more funds directly support household and businesses stabilization efforts.

Outreach and Engagement

Beginning in 2018, seven partner organizations — the Native American Youth and Family Center (NAYA), Hacienda CDC, Habitat for Humanity Portland Region, Verde, Our 42nd Avenue, the Cully Boulevard Alliance and the Cully Association of Neighbors — have collaborated with Prosper Portland, the Portland Housing Bureau, Metro and community members to create the Cully TIF District Plan.

Utilizing a co-creation model, the project's community engagement process placed a particular emphasis on sharing power and community leadership, and an intentional focus on connecting with people from a variety of races, cultures, backgrounds, housing statuses, incomes, and nationalities. The engagement process was based on longstanding work and relationships with community members and built on a foundation of trust in the community cultivated over many years by all of the partner



organizations involved. Additional information on the engagement process can be found in Chapter III of the Plan.

Issues

- Concerns on the part of some stakeholders about the Plan’s engagement approach and the future Governance Charter Committee – both of which intentionally center “Priority Communities,” or those most at risk of displacement.
- Questions around how to best confront displacement and market pressures – balancing affordability approaches with equitable wealth creation/development value capture. The eligible investment list in the Plan reflects both approaches, with the aim of both stabilizing the neighborhood and creating wealth building opportunities for underrepresented communities.
- Concerns about accountability and transparency of the TIF Plan in the long term, including: a) delivering on goals; and b) contracting with partners. TIF funds will be awarded through transparent and competitive public RFP processes – and the Governance Charter commits Prosper Portland, PHB and the forthcoming Community Leadership Committee to provide City Council with an annual report—to review financials and provide an opportunity for the committee and other community members to provide feedback on progress in achieving the Plan’s stated goals.

For more information

Webpage: <http://prosperportland.us/cully-tif>

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October 25, 2022

Dear Mayor Wheeler and City Commissioners,

The Portland Planning and Sustainability Commission (PSC) is pleased to unanimously recommend that City Council adopt the proposed *Cully Tax Increment Finance District Plan and Report*. We believe the Cully TIF Plan conforms to Portland's *2035 Comprehensive Plan* as a whole and will significantly advance City priorities for equitable development and anti-displacement in NE Portland.

The Plan's emphasis on providing resources for preserving existing affordable housing and economic opportunities and preventing involuntary residential and business displacement supports and implements key housing and economic development policies of the Comprehensive Plan. In addition, the co-creation process used in the development of the plan and the envisioned community governance model sets a new and higher bar for urban renewal planning in Portland by centering historically underserved, marginalized and under-represented communities and needs. We hope this plan can serve as a model for future TIF planning projects.

The PSC provides the following additional recommendations:

- The PSC heard testimony requesting funding for community-based staff to support the new Community Leadership Committee, community engagement, and TIF Plan implementation. The PSC supports this request and believes that community-based staff is critical to connecting TIF resources to Priority Community members and those most at risk of displacement.
- The Commission requests that Prosper Portland and Portland Housing Bureau continue to collaborate closely with the community organizations and leaders that helped craft the Cully TIF Plan. Long term success will rely on true partnership and trust between the City and community partners. City Council should monitor plan implementation and ensure that the City is mindful of the co-creation process and held accountable to community needs, desires and input.



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Thank you for the opportunity to review the proposed *Cully Tax Increment Finance District Plan* and *Report* and for considering our recommendations.

Sincerely,



Steph Routh
Chair

