



THE BUREAU OF
**PLANNING &
SUSTAINABILITY**

MEMO

DATE: September 4, 2024

TO: Portland Planning Commission

FROM: Ryan Singer, Nicolas Starin, Keil Jenkins, BPS Project Staff

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SUBJECT: Central City Tax Increment Finance (TIF) District Plans

Staff Recommendation

Staff recommends that the Planning Commission take the following actions:

1. Find that the three Central City TIF District Plans – Westside, Lloyd-Holladay, and Central Eastside Corridor - conform to the City of Portland Comprehensive Plan; and
2. Recommend that City Council adopt the three Central City TIF District Plans and Reports.

Urban Renewal Plan Authority and Planning Commission Role

Authority for the use of urban renewal, also referred to as tax increment financing (TIF) in this memo and the three Central City TIF district plans, 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 are submitted to Portland City Council for adoption. On August 28, 2024, the Prosper Portland Board approved the three Central City TIF District Plans and referred each to the City Council.

ORS 457 also requires that the City’s Planning Commission 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 Planning Commission review and consistency with the Comprehensive Plan.

Key Elements of the Central City TIF District Proposals

The three Central City TIF districts plans are the result of ongoing collaboration between Central City stakeholders, Prosper Portland, and the Portland Housing Bureau. The TIF plans will be used for decision-making related to each TIF district, from the development and adoption of Action Plans to the implementation of individual programs and investments. Each Plan’s vision, values and goals are intended to facilitate inclusive growth, transformation, and revitalization in a post-pandemic setting and to establish widely shared economic prosperity and continuous positive activity in the heart of the city.

The three TIF district plans provide support for the following: safe and affordable housing, small businesses, and anchor employers, rewarding employment opportunities, safe and accessible transportation options, parks and open spaces, a clean and healthy environment, climate resilience, with places and programs that reflect the cultural diversity of each area. Each TIF District proposal includes two documents:

- The TIF District Plan, which includes the 30-year vision and values, goals; the allowable ‘menu’ for future TIF investments in each area; and direction for governance and future amendments for each district.
- The TIF Report, which provides technical information on the district, in support of the Plan.

While broad commonalities exist across the districts, each TIF District Plan was informed by qualitative and quantitative area-specific input and reflects needs and priorities that are unique to each geography.

If adopted, this package would establish three new, community-guided TIF districts in Portland’s Central City: Westside, Lloyd-Holladay, and Central Eastside Corridor. The range of eligible program and project types are described in Section 4.2 of each Plan. Over the 30-year life of each district, each district would generate significant funds for affordable housing development and programs; economic and urban development; and infrastructure:

	Westside	Lloyd-Holladay	Central Eastside Corridor
Affordable Housing	\$333M	\$121M	\$84M
Economic and Urban Development	\$259M	\$94M	\$65M
Infrastructure	\$148M	\$54M	\$37M
Total	\$741M	\$269M	\$187M

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 district projects authorized in the Plan. Tax increment revenues are captured from increases in property tax within each boundary area above the year of adoption, or the “base year.”

Relationship to the Comprehensive Plan

ORS 457.095 requires determinations by the governing body (City Council) that new urban renewal plans conform with the City’s Comprehensive Plan. Overall, each of the Central City TIF Plans is in conformance with Portland’s 2035 Comprehensive Plan. In particular, the plans support and help implement the Comprehensive Plan’s Guiding Principles on Economic Prosperity and Equity, and the Goals and Policies of Chapter 2 Community Involvement, Chapter 3 Urban Form, Chapter 4 Design and Development, Chapter 5 Housing, and Chapter 6 Economic Development.

As a community informed project, the Central City TIF Exploration Process and resulting *TIF District Plans* support the goals and policies of **Chapter 2 Community Involvement**. In particular, the exploration process supports *Comprehensive Plan Policy 2.33 Inclusive Participation in Central City Planning*. The public process recognized the unique role the Central City plays as the region’s center and engaged a wide range of stakeholders from throughout the region, including employees, employers, social service providers, as well as regional tourism, institution, recreation, transportation, and local/regional government representatives.

In alignment with Advance Portland, **Chapter 3 Urban Form** of the Comprehensive Plan, and specifically *Comprehensive Plan Policy 3.21 Role of the Central City*, the three Central City TIF Districts foster a vibrant Central City that is an accessible center for all Portlanders. TIF-funded affordable housing, economic development and infrastructure investments aim to support the vision of a Central City that serves as the region’s premier center for jobs, services, and civic and cultural institutions.

The Central City TIF districts do not propose specific development designs, and all future projects within the districts will need to meet applicable development and design standards of the City of Portland’s Zoning Code and permitting process. However, the Westside and Central Eastside Corridor TIF districts include properties located within historic districts and support the goals

and policies of **Chapter 4 Design and Development** by providing a source of funding for tenant and façade improvements and renovation of commercial buildings, including unreinforced masonry buildings (URMs), seismic upgrades, and other climate resilience related improvements. The Westside's and Central Eastside Corridor's historic districts are within priority project area for these categories of improvements (Plan Chapter 3.1).

Each 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, each plan will create significant new funding for the Portland Housing Bureau to use for affordable housing preservation and new development for vulnerable Portlanders at or below 60% Area Median income (AMI).

The Central City TIF district plans support the economic development policies of **Chapter 6 Economic Development** through their goals for retaining, creating, and expanding economic opportunities in the Central City – improving the Central City's regional share of employment and fostering a regional center for innovation and exchange through commerce, employment, arts, culture, entertainment, tourism, education, and government.

Unique priorities in each district will be accomplished through investment in commercial renovation, seismic and new development/ recruitment and retention; tenant improvements; regional asset and destination investments and middle-income housing (60-120% AMI). For example, the Central Eastside Corridor TIF District supports *Comprehensive Plan Policy 6.34 Central City industrial districts* by enabling investment in outdated industrial buildings which support industrial and commercial job growth.

Perhaps most directly, the *Central City TIF District Plans* support **Comprehensive Plan Policy 6.32 Urban Renewal Areas**, which calls for urban renewal areas to primarily benefit existing residents and businesses. The proposed Central City TIF districts were informed by quantitative and qualitative analysis regarding the post-pandemic health of the Central City Subdistricts, and each Plan seeks to support access to and expansion of economic opportunities for all; strengthen the Central City as a location for job creation; create attractive, dense, high-quality affordable housing that accommodates a broad range of needs, preferences, abilities, and financial capability; and design neighborhoods to support physically and socially active healthy lifestyles for all people, among other goals.

Community Issues Raised During Outreach

- Requests have been raised to include additional portions of the Pearl District in the Westside TIF District boundary. However, doing so would require reducing the size of the TIF districts in other areas due to legal requirements that TIF districts may not exceed 15% of the city's assessed value and acreage. The proposed TIF geographies are targeted toward the areas with the most need for investment and opportunities for improvement.

Attachments

1. [Westside TIF District Plan and Report](#)
2. [Lloyd-Holladay TIF District Plan and Report](#)
3. [Central Eastside Corridor TIF District Plan and Report](#)