

Central City TIF District Overview & Exploration Process

Planning Commission
September 10, 2024



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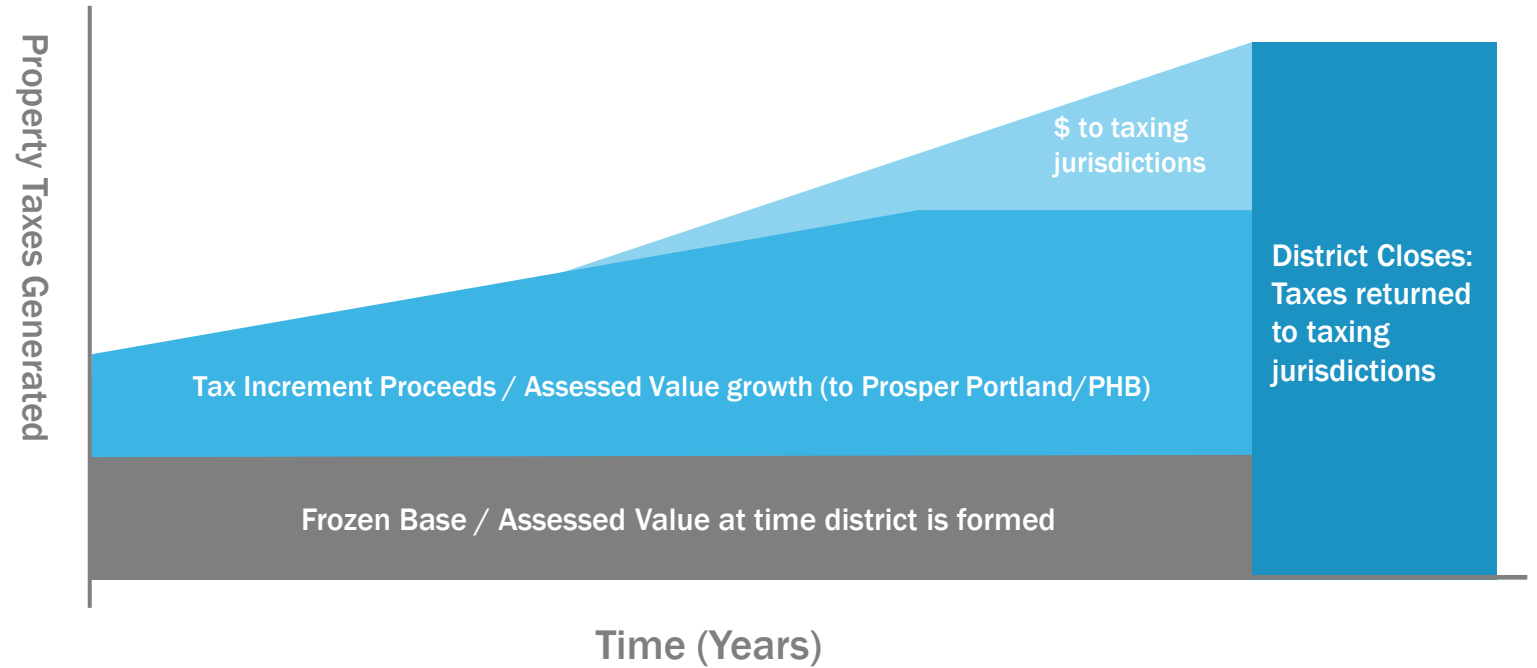


What is Tax Increment Financing?

Tax Increment Financing is a long-term source of funding that can be invested in community priorities for physical improvements.

It is not a new or increased tax.

Funding comes from the growth in property taxes within a defined TIF district.

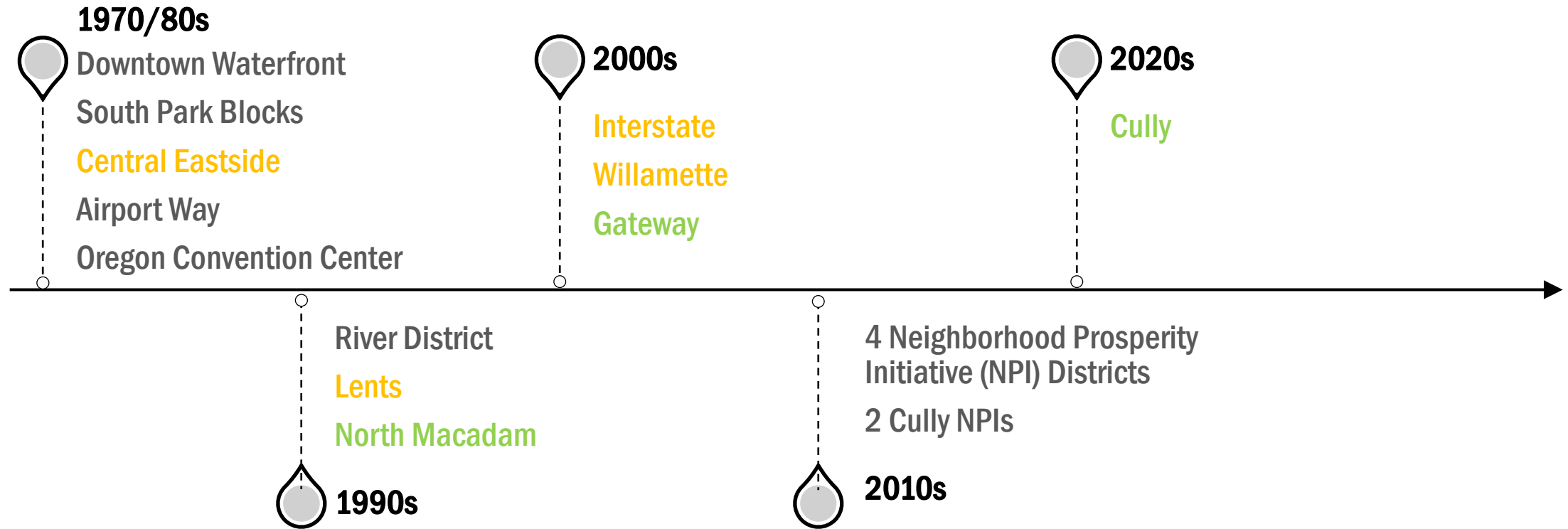


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Portland TIF Districts: Status



Active - TIF proceeds remain and district is active



Sunsetting - TIF proceeds remain and district is winding down; no longer collecting new TIF



Terminated - District is complete



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Looking Back

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

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)

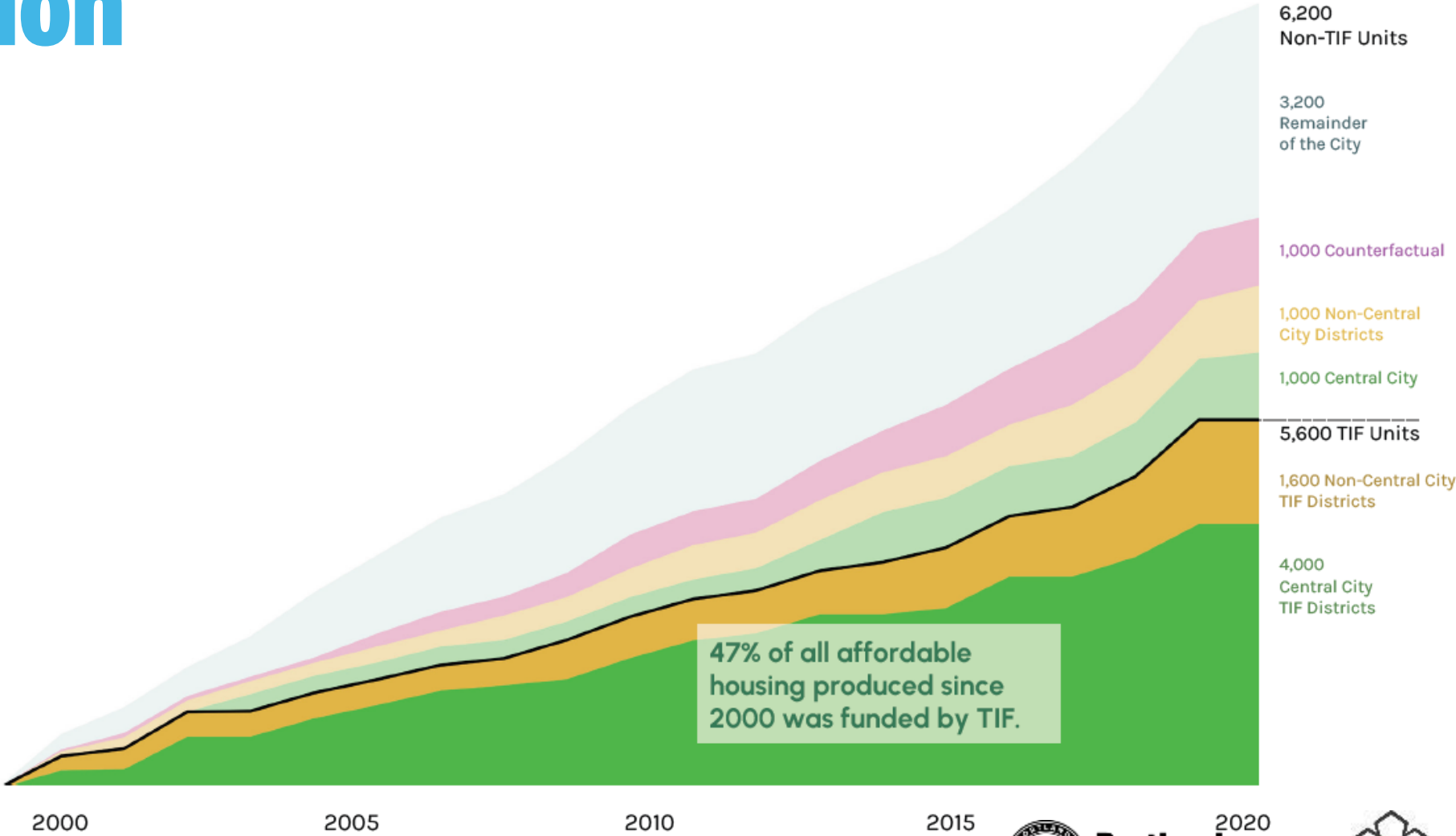


24,000 more jobs, which generally had 20% higher wages

Source: ECONorthwest (2024) *Understanding Portland Tax Increment Finance District Investment Impacts 2000-2022*

TIF Set Aside Production

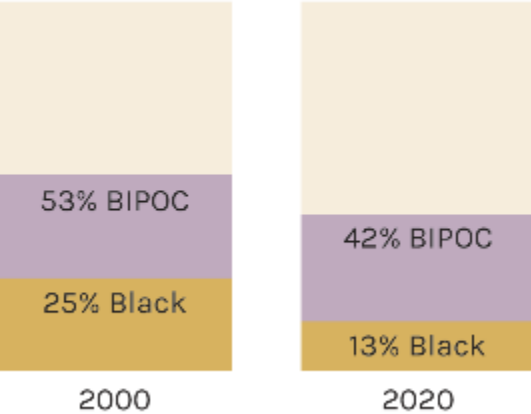
fordable Housing Unit Production (2000 to 2020)



Source: ECONorthwest (2024) *Understanding Portland Tax Increment Finance District Investment Impacts 2000-2022*

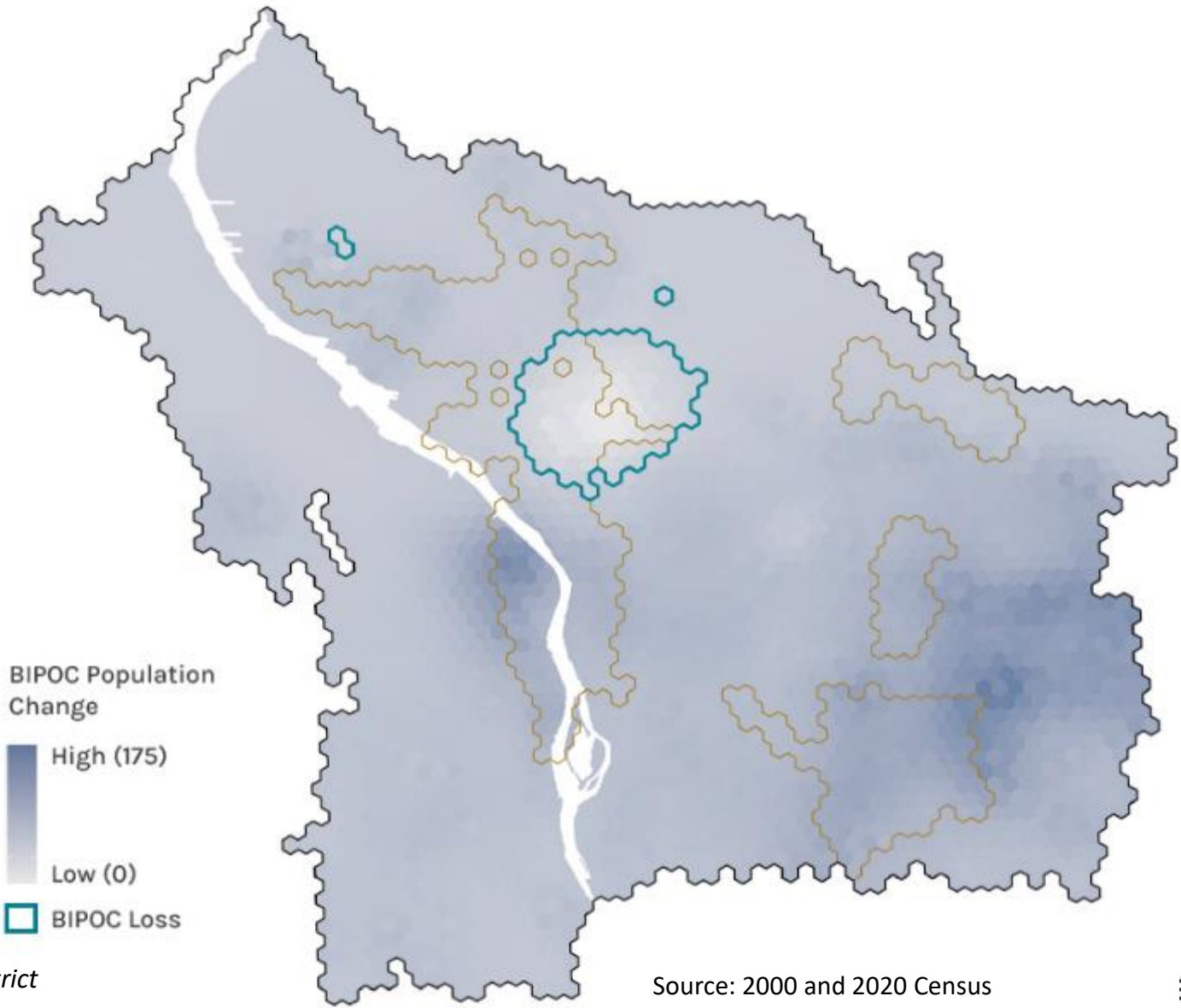
TIF's Impact on the Black Community in Northeast Portland

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)



From: ECONorthwest (2024) *Understanding Portland Tax Increment Finance District Investment Impacts 2000-2022*

Source: 2000 and 2020 Census

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



Affordable Housing Set Aside Policy

Adopted Policy

45% of TIF funds generated in districts *citywide* for affordable housing.

This means 45% of TIF funds are spent on affordable housing across all districts *cumulatively*.

TIF funding is leveraged with other funds including LIHTC and Bonds



City Council established the TIF Affordable Housing Set Aside policy in 2006, reserving 30% of TIF funds for affordable housing.



In 2015, following a policy review, City Council increased the set-aside to 45%, with sub-targets for each district.



Policy is reviewed approximately every 5 years



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Strategic Alignment

Advance Portland

- Invest in traded sector industries to increase access to quality jobs and business growth
- Increase access to capital for entrepreneurs and small businesses
- Foster a vibrant Central City through
 - Mixed income housing;
 - Anchor business retention and recruitment; and
 - Partnerships to develop large scale sites with high transit accessibility
- Foster vibrant neighborhood commercial districts through
 - Small business support;
 - New commercial mixed-use development;
 - Infrastructure connectivity; and
 - Housing production across a continuum of affordability

Housing Production Strategy

- Promote Regulated Affordable Rental Housing (0 – 80% AMI)
- Large Scale Site Preparation for Significant Multiphase Housing Production
- Property Acquisition and Rehabilitation
 - Single Dwelling Home Repair
 - Homeownership
- Gap Financing for Middle Income Housing

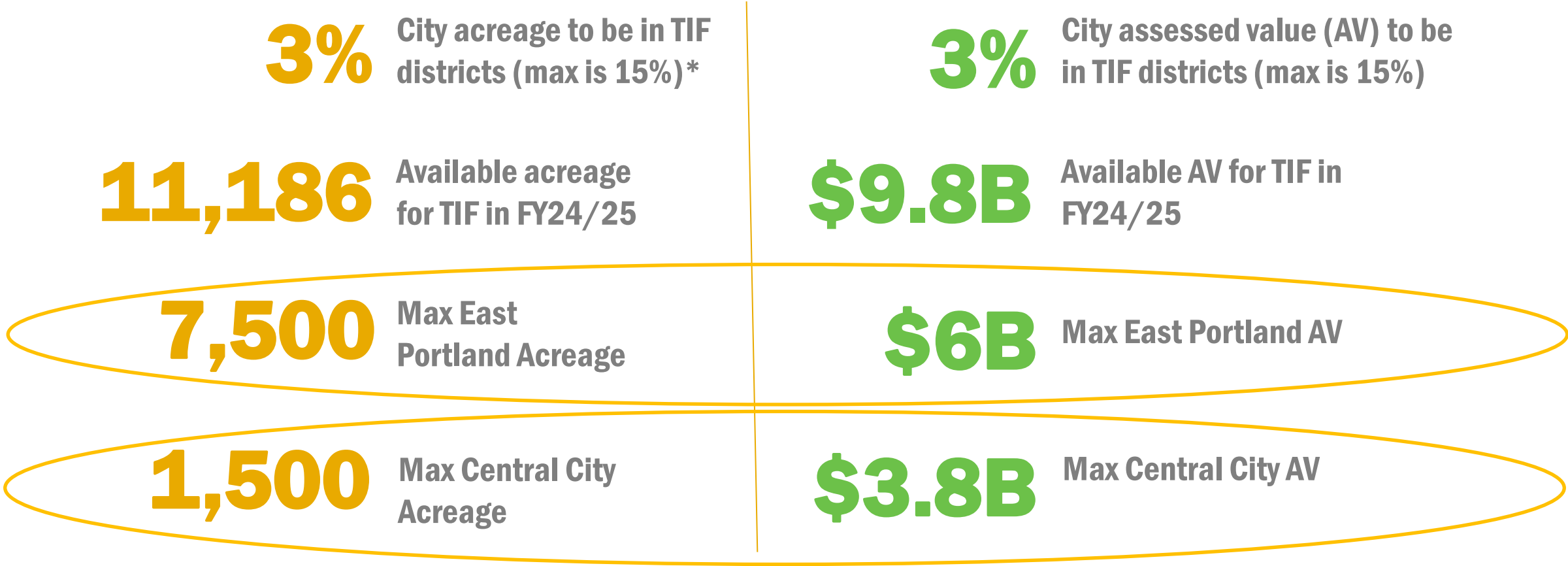


City Council Resolution

1. Kicked off City process for East Portland and Central City TIF exploration
2. Defined acreage and assessed value parameters for evaluation processes
3. Any new districts created should:
 - Incorporate lessons learned from past TIF districts
 - Advance inclusive economic growth, entrepreneurship, job growth, equitable development, community stabilization, and housing production for range of income levels
 - Balancing these priorities with the financial impact to taxing jurisdictions
4. Return to City Council in October 2024 with any proposed, advisory body-supported, TIF districts that are consistent with Council Direction; or, return with updates on where each process stands



City Council Resolution: Acreage & Assessed Value



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

* Reflects Downtown Waterfront, Lents Town Center, Interstate Corridor, Central Eastside, 4 NPI TIF districts amendments to officially terminate collections of property tax revenues & release acreage

Central City



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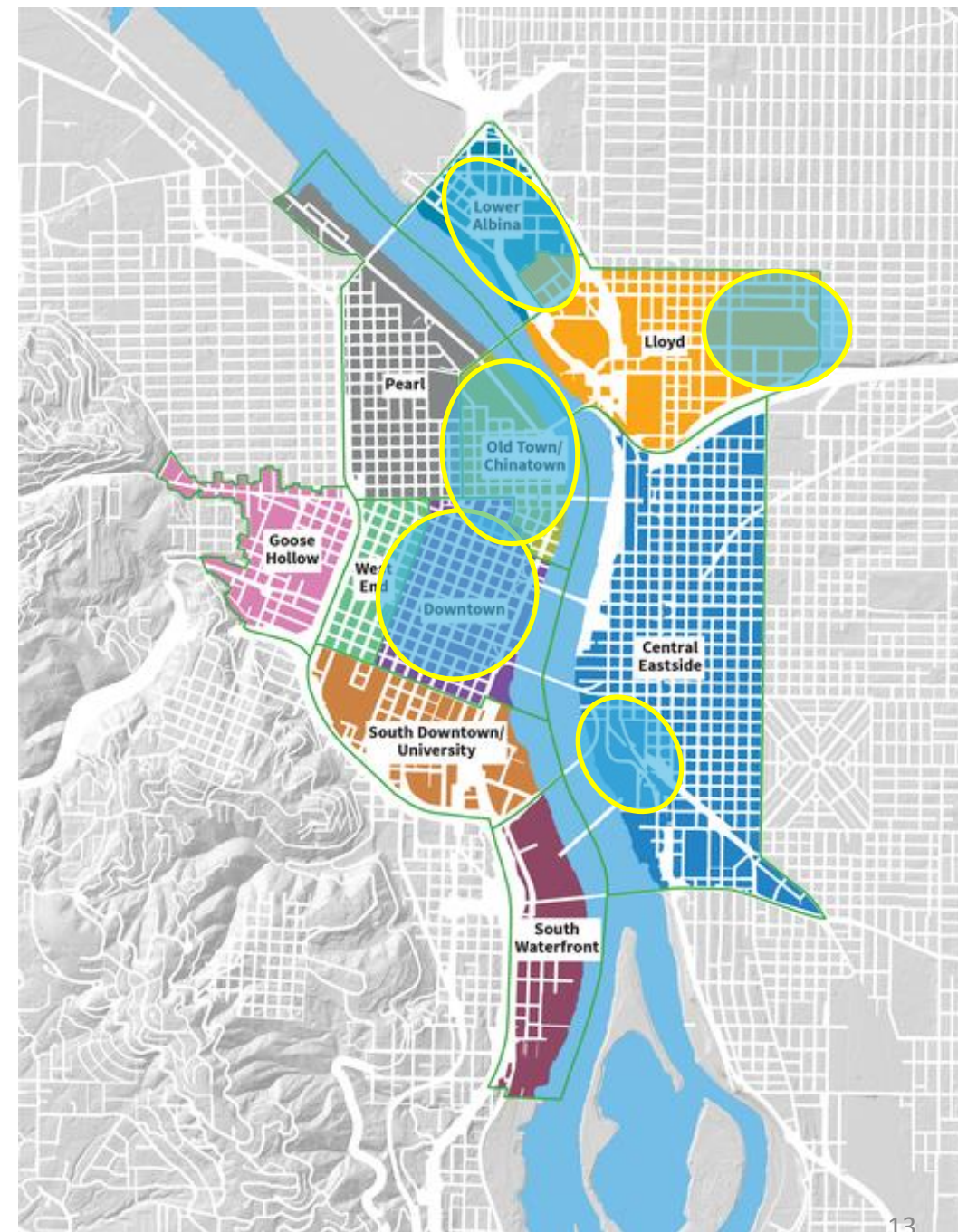
Study Areas & Priorities

Housing
production,
preservation for
range of incomes

Traded sector
retention,
recruitment, &
job growth

Large scale
catalytic
development

Small business &
entrepreneurship
support

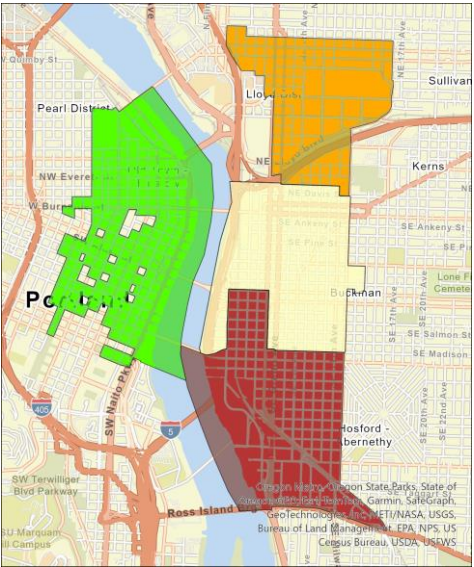
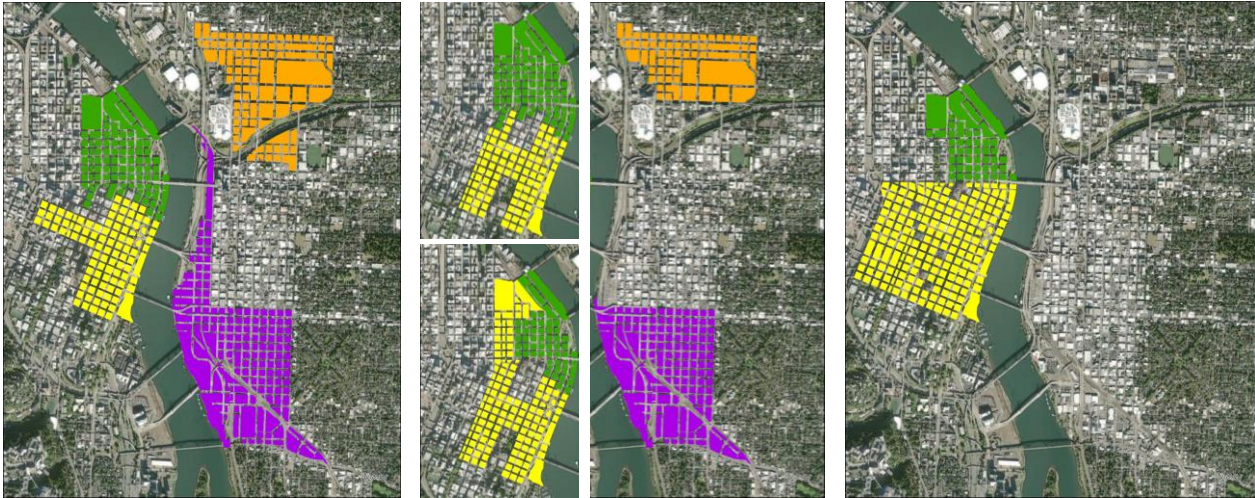
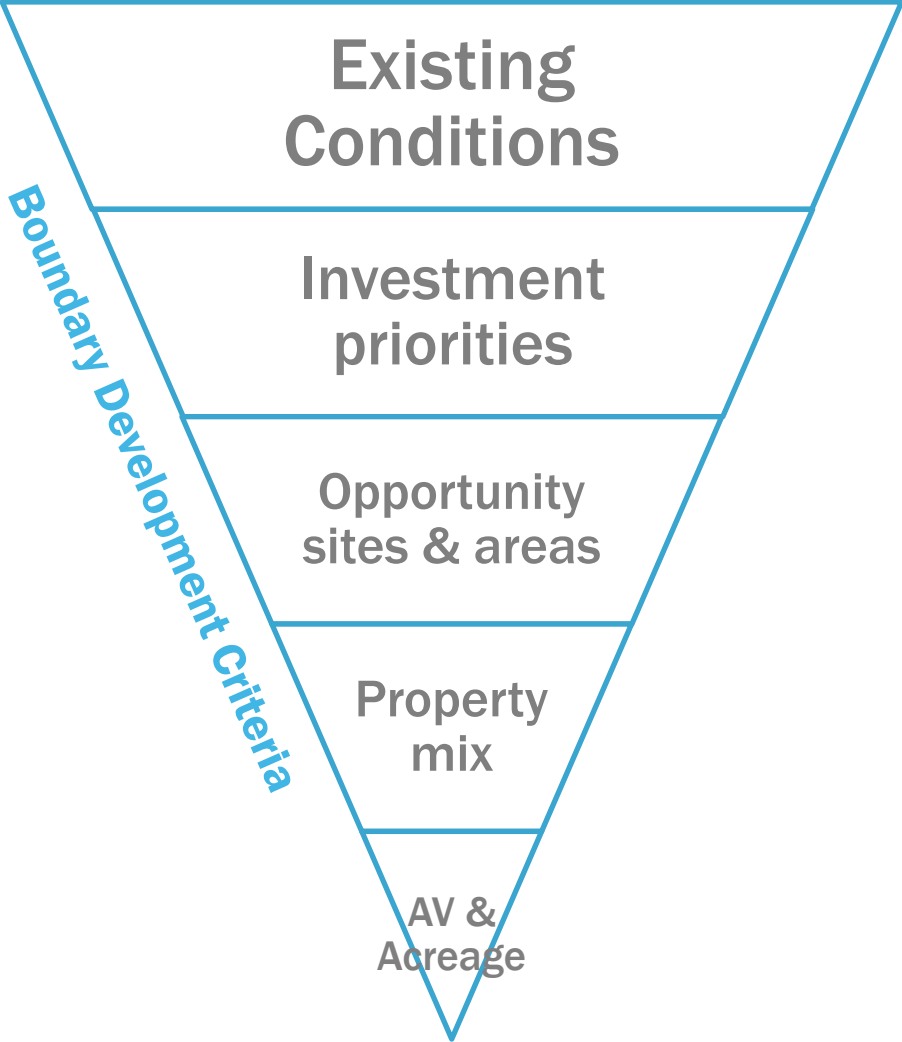


Central City TIF Exploration Committee

Jeff Renfro	Multnomah County
Dana White	Portland Public Schools
Kimberly Branam	Prosper Portland
Monique Claiborne	Greater Portland Inc
Andrew Fitzpatrick	Office of Mayor Wheeler
Peter Andrews	Melvin Mark
Justin Hobson	Miller Nash
Lauren Peng	CBRE
Sydney Mead	Portland Metro Chamber
Nicole Davison Leon	Hispanic Chamber
Jessie Burke	Old Town Community Association
Carolyn Holcomb	Central Eastside Industrial Council
Jason Chupp	Swinerton
Jessica Curtis	Brookfield Properties / Pioneer Place
Marc Brune	PAE Engineers
Angel Medina	Republica
Brian Ferriso	Portland Art Museum / Travel Portland
Brad Cloepfil	Allied Works
Michael Buonocore	Portland Housing Bureau
Damien Hall	Home Forward

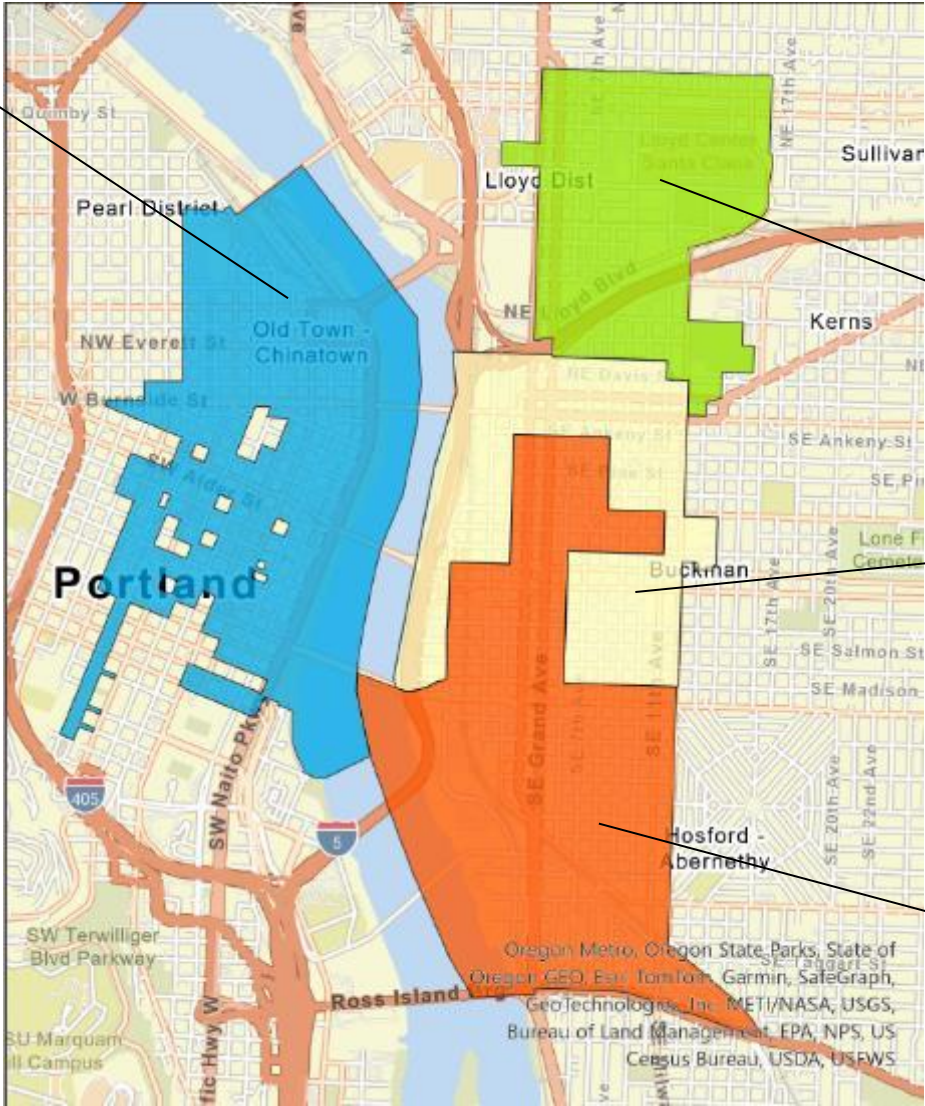
Christina Ghan	Office of Commissioner Rubio
Sam Rodriguez	Mill Creek Residential
Matt Goodman	Downtown Development Group
Jason Franklin	Portland State University
Stef Kondor	Related Northwest
Mary-Rain O'Meara	Central City Concern
Sarah Stevenson	Innovative Housing
Eric Paine	Community Development Partners
Gus Baum	Security Properties
Ian Roll	Gensler
Millicent Williams	Portland Bureau of Transportation
Jill Sherman	Edlen & Co
Angela Rico	Office of Commissioner Rubio
Natalie King	Trail Blazers
Erin Graham	OMSI
Tom Kilbane	Urban Renaissance Group / Lloyd Mall
James Parker	Oregon Native American Chamber
JT Flowers	Albina Vision Trust
Dr. Carlos Richard	Historic Albina Advisory Board
Andrea Pastor	Metro

Evolution of Draft TIF District Scenarios



Proposed Central City TIF Districts

	AV	Acreage
Westside	\$2.4B	493
Central Eastside Corridor	\$551.4M	485
Lloyd-Holladay	\$842.9M	261
TOTAL	\$3.796B	1,239
Council Directed Allocation	\$3.8B	1,500



**Lloyd-Holladay
TIF District**

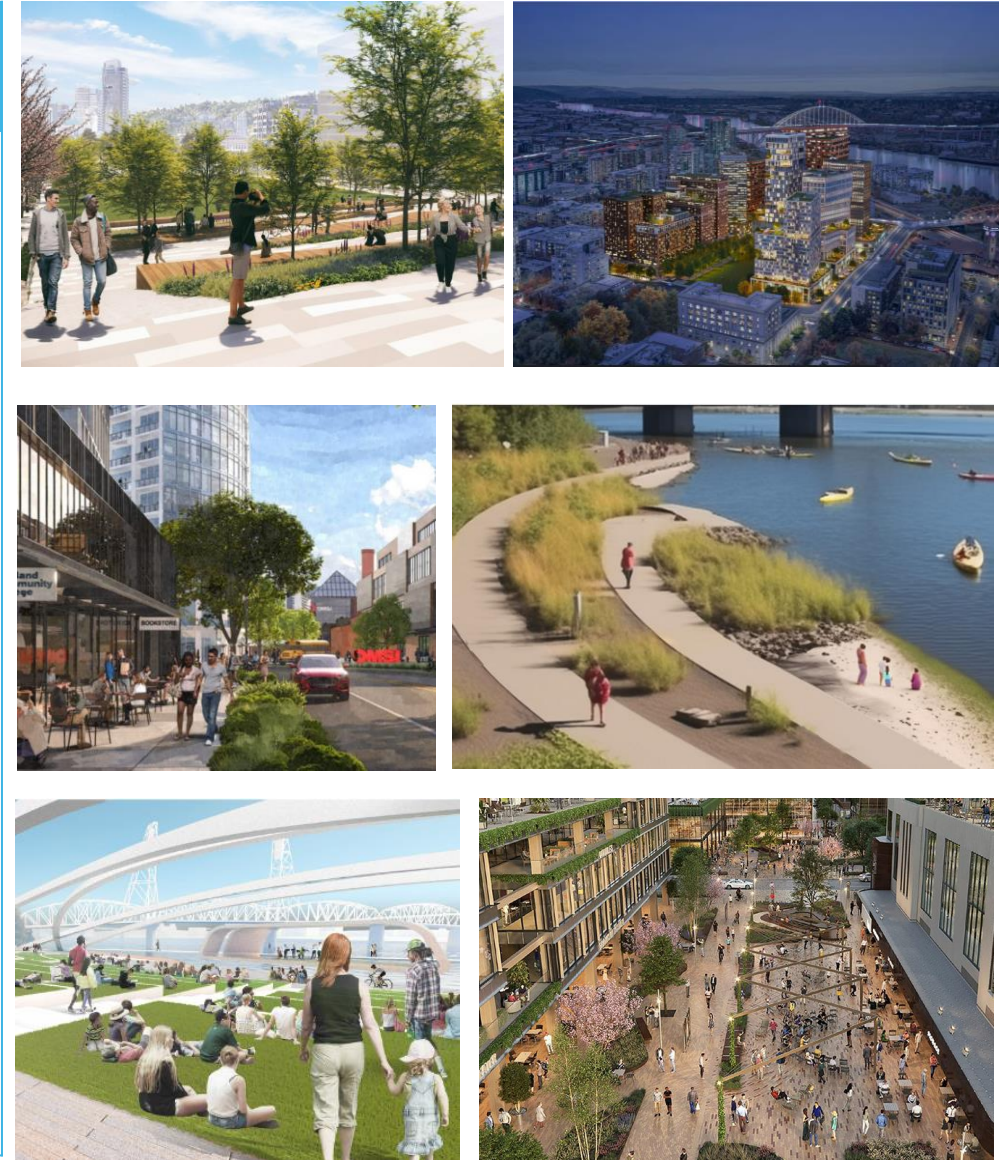
Amended Central
Eastside TIF District*

**Central Eastside
Corridor TIF
District**

** Existing Central Eastside TIF District to remain in amended/reduced geography; AV/acreage does not accrue to cap*

Central City District Investment Priorities

Investment Priorities & Allocations	Westside	Lloyd	CES Corridor
Affordable Housing (45%) <ul style="list-style-type: none"> • 0-60% AMI Preservation & New Development 	\$333M	\$121M	\$84M
Economic & Urban Development (35%) <ul style="list-style-type: none"> • Commercial Renovation, Seismic, New Development • Recruitment and Retention • Tenant Improvements • Regional Assets & Destinations • Middle Income Housing (60-120% AMI), conversions 	\$259M	\$94M	\$65M
Infrastructure (20%) <ul style="list-style-type: none"> • Parks, Open Space, Public Realm Enhancements • Street & Utilities to Support Vertical Development • Signage, Connectivity & Accessibility 	\$148M	\$54M	\$37M
SUBTOTAL*	\$741M	\$269M	\$187M

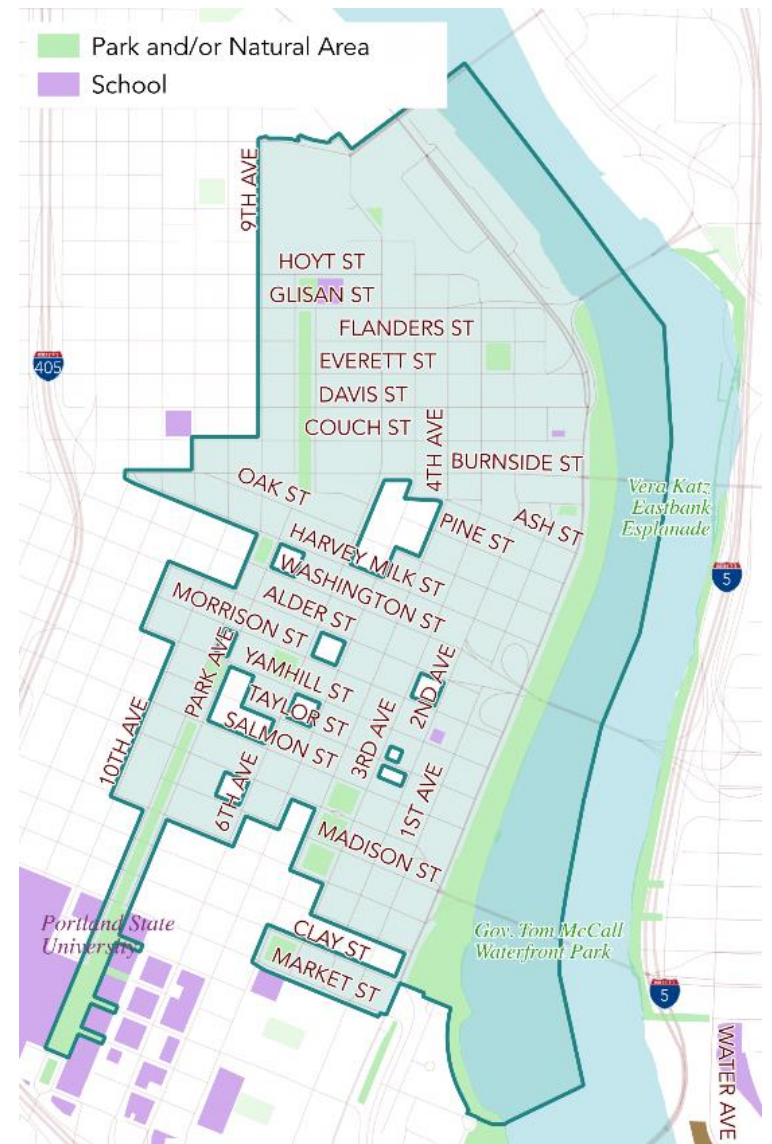


* Total resources for capital investments net of admin and financing costs.

Westside TIF District

Existing Conditions & District Rationale:

- Status as **employment hub with high concentrations of vacant office spaces** as businesses either downsized or opted not to renew leases.
- **A high concentration of vacant retail spaces**, due to a sharp decline in foot traffic.
- A **structural imbalance of housing and jobs**.
- **Historic buildings** in specific areas with declining occupancy.
- Perceptions of reduced public safety in the Central City impacting **role of downtown as regional asset**
- Support for **single westside district**



Assessed Value: \$2.4 billion

Acreage: 493 acres

Maximum Indebtedness: \$800 million

Westside TIF District

Stakeholder Investment Priorities:

- Retain **major retailers and small businesses**; Importance of downtown retail core
- **Housing with balance of affordable and middle-income** based on existing mix and opportunity
- **Address high commercial vacancy**, including office to residential conversion
- **Placemaking**, including Park Blocks, Waterfront Park, connectivity between active nodes
- Investments that facilitate **24/7 activity**



Image: Carol Mayer-Reed

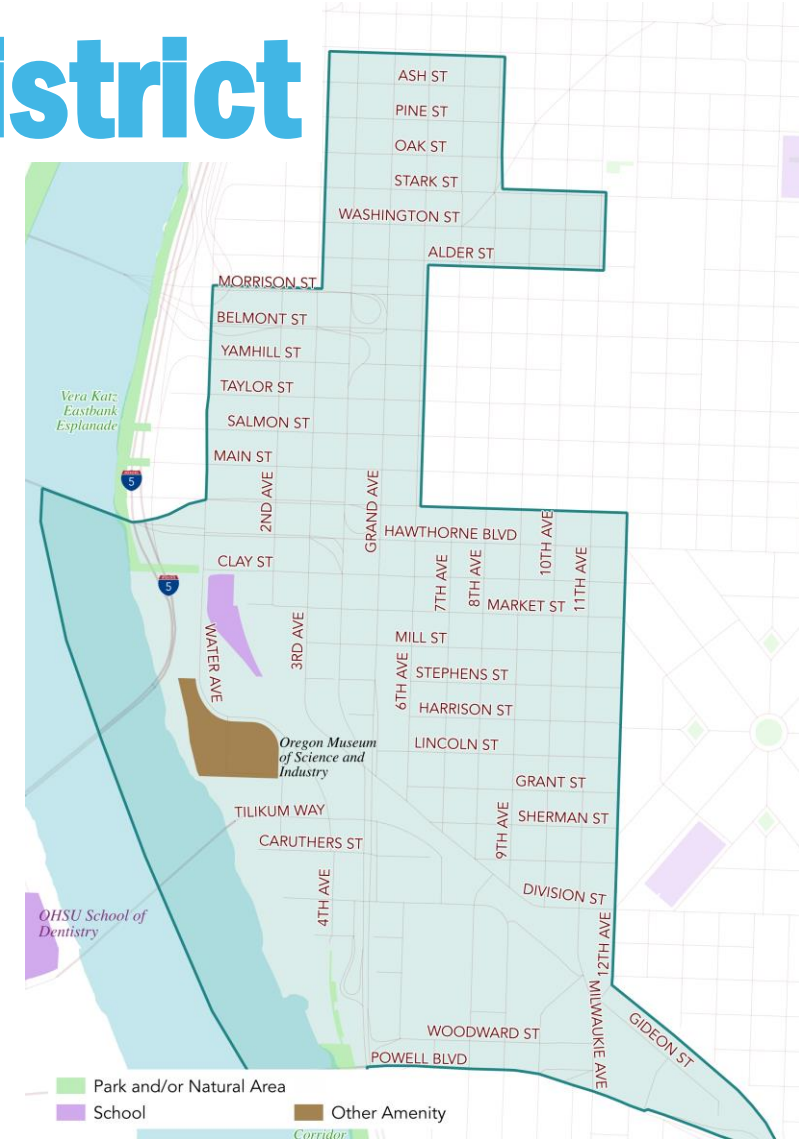
District	2030 YR 5	2035 YR 10	2050 YR 30
Westside	\$19M	\$94M+	\$800M

- 3% average AV growth; limited long-term borrowing first 20 years, 5% compression/4% discounts and delinquencies; 7% bond rates
- Cash flow includes staffing and administration (~25%) and Affordable Housing Set-Aside (45% net admin costs)

Central Eastside Corridor TIF District

Existing Conditions & District Rationale:

- Need for infrastructure and district parking strategy to **unlock potential of OMSI district** as 24-acre vibrant mixed-use district that includes new 1,200 housing units, commercial spaces, and public open space.
- MLK/Grant and Stark Street commercial corridors are not meeting full **potential for serving small businesses and providing district amenities** to support residential development.
- Need for investment in outdated industrial buildings to **support industrial and commercial job growth**
- Underutilized **housing potential** in appropriately zoned areas of the district



Assessed Value: \$551 million

Acreage: 485 acres

Maximum Indebtedness: \$200 million

Central Eastside Corridor TIF District

Stakeholder Investment Priorities:

- Infrastructure to support mixed-use mixed-income development in **OMSI District**
- Safe and effective **transportation and parking infrastructure** to retain employees and draw customers; Address **connectivity** challenges over railroad tracks
- **Embrace the waterfront** and opportunities to connect with the river
- Mix of **affordable and middle-income housing** with district amenities to support residents



Image: OPB

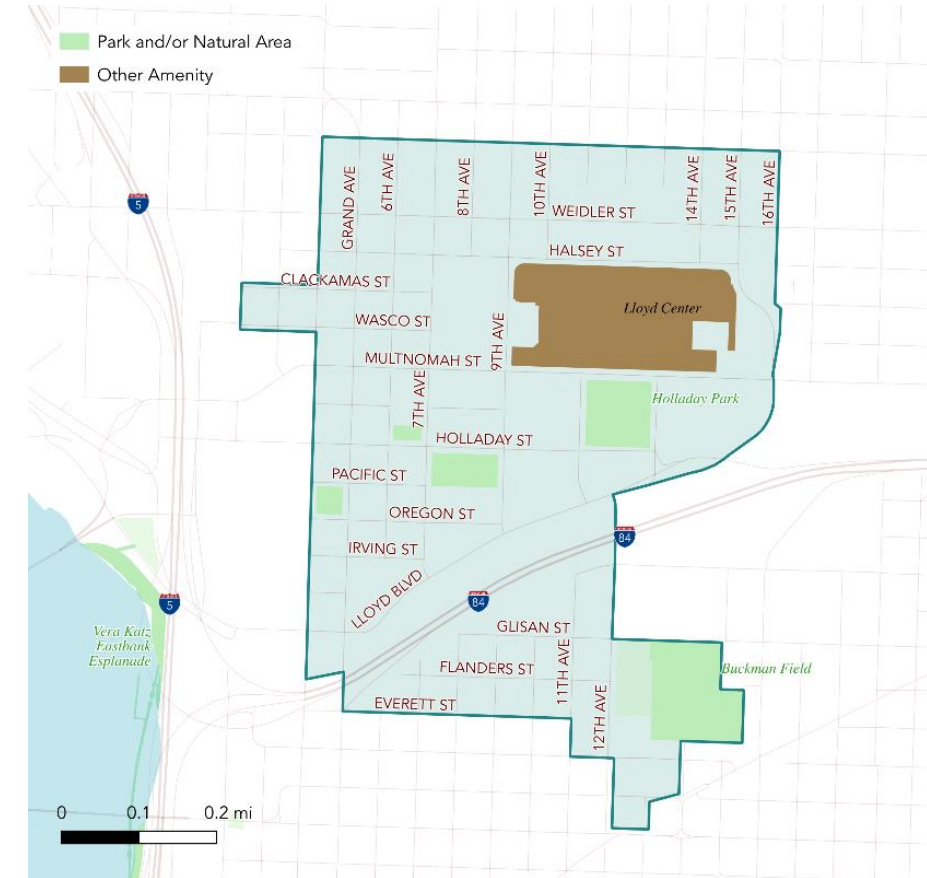
District	2030 YR 5	2035 YR 10	2050 YR 30
Central Eastside Corridor	\$4M	\$17M+	\$200M

- 3% average AV growth; limited long-term borrowing first 20 years, 5% compression/4% discounts and delinquencies; 7% bond rates
- Cash flow includes staffing and administration (~25%) and Affordable Housing Set-Aside (45% net admin costs)

Lloyd-Holladay TIF District

Existing Conditions & District Rationale:

- A high concentration of **hotels with significantly reduced occupancy** is impacting the local economy and area's ability to attract workers, visitors, and tourism.
- **High retail vacancies** (30% compared to 5% in Portland)
- A **structural imbalance of housing and jobs.**
- **Underutilized large-scale development sites** offer potential for mixed-use mixed-income development (Lloyd Center, Regal Cinema)
- **Industrial properties in need of reinvestment** (Portland Bottling)



Assessed Value: \$842 million

Acreage: 261 acres

Maximum Indebtedness: \$290 million

Lloyd-Holladay TIF District

Stakeholder Investment Priorities:

- Mixed-use mixed-income **redevelopment of Lloyd Center**
- Support **small businesses** along Broadway/Weidler couplet; Recruit **anchor retailers**
- Mix of **affordable and middle-income housing** with district amenities to support residents
- **Placemaking**, including street trees and embracing eco-district identity
- **Multi-modal infrastructure** to support development and district connectivity



Image: KATU

District	2030 YR 5	2035 YR 10	2050 YR 30
Lloyd-Holladay	\$7M	\$27M+	\$290M

- 3% average AV growth; limited long-term borrowing first 20 years, 5% compression/4% discounts and delinquencies; 7% bond rates
- Cash flow includes staffing and administration (~25%) and Affordable Housing Set-Aside (45% net admin costs)

Potential Outcomes: Central City Districts

	Central City TIF Investment	Estimated Outcomes
Affordable Housing* <ul style="list-style-type: none">• Preservation & development of affordable rental• Homeownership repair and down-payment assistance• Houselessness community services	\$538M	2,150 - 3,500 units
Economic & Urban Development <ul style="list-style-type: none">• Commercial property acquisition, development & renovation• Small business and traded sector retention & growth• Neighborhood services and amenities• Arts and culture, including regional assets• Middle-Income rental housing (60-120% AMI)	\$418M	608 to 912 small business served; 7,600 to 13,300 jobs supported
Infrastructure <ul style="list-style-type: none">• Street and utilities• Wayfinding, connectivity & accessibility• Public parks & open spaces• Public recreational investments	\$239M	Regional & local community serving infrastructure: e.g. Waterfront Park, Green Loop, Master Plan site development

** In accordance with policy: rental housing created and preserved focused on 60% AMI units & homeownership housing focused on 80% - 100% AMI or less depending on home size.*



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Building an Equitable Economy

Who Informs? Who Decides?

- **Prosper Portland Board** (55% Economic & Urban Development Resources) & **City Council** (45% Affordable Housing Set-Aside Resources) authorize project spending and annual budgets
- **Ad hoc Action Plan Committees** create 5-year Action Plans to determine investment priorities, ongoing oversight, and reporting
- District-specific ad hoc committees to include **private sector** and **community representatives**

Westside	Central Eastside Corridor	Lloyd-Holladay
<ul style="list-style-type: none">• Portland Metro Chamber/Downtown Retail Council• Downtown Clean & Safe ESD• Old Town Chinatown, River District, Downtown Neighborhood/Community Associations• Greater Portland, Inc	<ul style="list-style-type: none">• Central Eastside Industrial District• Central Eastside Together ESD• OMSI Master Plan partners<ul style="list-style-type: none">• OMSI• NW Native Chamber• Columbia River Inter-Tribal Fish Commission• PCC, Opera etc.• Hand, Buckman Neighborhood Associations	<ul style="list-style-type: none">• Go Lloyd• Lloyd ESD• Central Eastside Industrial Council• Lloyd Mall Master Plan partners• Lloyd EcoDistrict• Neighborhood resident representation: Lloyd Community Association, Kerns Neighborhood Association• Small business representation along Broadway /Weidler couplet
All districts: culturally specific chambers of commerce (Hispanic Metro Chamber, PACCO, Black American Chamber of Commerce), affordable housing stakeholders, property owners, developers/brokers (e.g. BOMA, NAIOP, ULI, Oregon Smart Growth), anchor institutions/employers, residents, small business owners		

Next Steps

TIF District Approvals

August 28: Prosper Portland Board vote (starts legislative process)

September 4 – October 19: Consult & Confer period (45-day)

September 17: Multnomah County Commission

September 10, 24 & October 8: Planning Commission Hearings & Recommendation

October 30: City Council Vote

TIF District Funding

Budget Development:
November 2024 through May 2025

July 1, 2025: TIF district resources start

Engagement & Action Planning

Spring 2025: Convening of EPDX leadership committees and CC Action Plan committees

Spring 2025 – Winter 2025: Development of Action Plans

Winter 2025/26: Approval of Action Plans by Board and Council



Discussion



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