



MEMO

DATE: September 16, 2024

TO: Portland Planning Commission

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SUBJECT: East Portland Increment Finance (TIF) District Plans

Staff Recommendation

Staff recommends that the Planning Commission take the following actions:

1. Find that the three East Portland TIF District Plans – 82nd Avenue Area, Sumner-Parkrose-Argay-Columbia Corridor (SPACC) and East 205 – conform to the City of Portland Comprehensive Plan; and
2. Recommend that City Council adopt the three East Portland 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 East Portland 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 submitted to Portland City Council for adoption. On August 28, 2024, the Prosper Portland Board approved the three East Portland 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 East Portland TIF Districts Plans are the result of ongoing collaboration between East Portland 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 support existing communities’ efforts to foster inclusive neighborhoods and places that provide a sense of belonging for their residents and small businesses, particularly for identified Priority Communities.

The three TIF District Plans provide support for the following categories: Safe and affordable housing, BIPOC businesses, 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. While these broad commonalities exist across the three districts, each TIF District Plan was created through a connected but separate process: different project managers working in co-creation with unique advisory bodies, gathering priorities and input at both general and geographically specific engagement events. Each TIF District Plan reflects needs and priorities that are unique to each place, and the communities within that place.

Each TIF District proposal includes two documents:

- **The TIF District Plan**, which includes the 30-year vision and values, goals; implementation principles; the allowable ‘menu’ for future TIF investments in each area; and a governance charter, which establishes a Community Leadership Committee and describes the roles, responsibilities, and commitments of all parties in future co-creation processes; and
- **The TIF District Report**, which provides technical information on the district, in support of the Plan.

If adopted, this package would establish three new, community guided TIF Districts in East Portland: 82nd Avenue Area, SPACC and East 205. 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:

	82 nd Avenue Area	SPACC	East 205
Affordable Housing	\$191M	\$129M	\$323M
Economic and Urban Development	\$170M	\$129M	\$323M
Infrastructure	\$64M	\$29M	\$72M
Total	\$425M	\$287M	\$718M

Each Plan’s project list intentionally focuses revenue to support household and business stabilization more directly. Infrastructure investments are strategically targeted to support affordable housing and economic development goals. The range of eligible program and project types are described in Section 4.2 of each 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 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 East Portland 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 5 Housing, and Chapter 6 Economic Development.

As a community initiated and driven project, the East Portland TIF Exploration process and resulting *TIF District Plans* support the goals and policies of **Chapter 2 Community Involvement**. In particular, the co-creation practices used in the development of each plan and the envisioned ongoing governance model supports Goal 2.A-Community Involvement as a Partnership, and the associated policies by centering the needs of historically underserved, marginalized and underrepresented communities.

In alignment with both Advance Portland and **Chapter 3 Urban Form** of the Comprehensive Plan, each of the three districts aims to foster vibrant neighborhood commercial districts and support inclusive growth in the centers and corridors that serve as anchors for complete neighborhoods. Each of the three districts contains multiple Neighborhood Centers, and both the 82nd Avenue Area and East 205 Districts contain a Town Center. Through the public engagement process, the boundary of the *82nd Avenue Area District* was expanded to include the new Brentwood-Darlington Neighborhood Center in order to support priorities identified in the recently adopted Lower SE Rising Plan.

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 production and stabilization. The plans envision multiple projects and programs to support low-income community members through home repair and home ownership programs; development of multi-family rental affordable housing, including rehabilitation and preservation; land acquisition; affordable infill/middle density housing; support for neighbors living in manufactured dwelling parks; and capital expenditures to support houseless neighbors.

The East Portland TIF District Plans support the economic development policies of **Comprehensive Plan Chapter 6** through their goals for retaining, creating, and expanding economic opportunities in East Portland. Unique priorities in each district will be accomplished through investment in commercial property acquisition, development, and renovation (including land banking, small business support and workforce housing); as well as resources for arts, culture and signage improvements that support plan goals.

Perhaps most directly, the three East Portland Plans support **Comprehensive Plan Policy 6.32 Urban Renewal Areas**, which calls for urban renewal areas to primarily benefit existing residents and businesses. The *82nd Avenue Area*, *SPACC*, and *East 205* plans' 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.

Community Issues Raised During Outreach

- Concerns expressed by some community members that more time is needed for additional public engagement and education.
- Specific to the *SPACC TIF District Plan*: Concerns that TIF dollars will be used to support industrial development that will have adverse impacts on nearby residential areas.
- 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 each Plan reflects both approaches, with the aim of both stabilizing the neighborhood and creating wealth building opportunities for underrepresented communities. The implementation principles section of each plan provides guidance to future Action Plan committee members on how to consider, and be intentional about, timing, coordination, and phasing of future investments to advance both goals.

Attachments

1. [East 205 Tax Increment Finance District Plan](#)
2. [Report Accompanying the East 205 Tax Increment District Plan](#)
3. [82nd Avenue Area Tax Increment Finance District Plan](#)
4. [Report Accompanying the 82nd Avenue Area Tax Increment District Plan](#)
5. [Sumner-Parkrose-Argay-Columbia Corridor Tax Increment Finance District Plan](#)
6. [Report Accompanying the Sumner-Parkrose-Argay-Columbia Corridor Tax Increment District Plan](#)