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783-2024

Report

Accept report on Tax Increment Finance Exploration Processes

Accepted

On August 28, 2024, the Prosper Portland Board of Commissioners approved six urban renewal plans and reports for the following tax increment finance (TIF) districts, forwarding to Planning Commission and City Council for consideration:

1. E-205
2. Columbia Parkrose
3. 82nd Avenue Area
4. Lloyd-Holladay
5. Central Eastside Corridor
6. Westside

These actions kicked off the formal public review process, including a briefing to the Multnomah County Board of Commissioners, a consult and confer process with overlapping impacts taxing jurisdictions, and review by the Portland Planning Commission for conformance with the City's Comprehensive Plan. Lastly, Prosper Portland will be issuing a citywide notice of a hearing in October 2024 when Prosper Portland, the Portland Housing Bureau, and community partners will ask City Council to adopt these six new TIF Districts. At the September 11, 2024, City Council meeting, staff from Prosper Portland and Portland Housing Bureau will provide an update to City Council on work to date in advance of the October 23, 2024, public hearing.

Impact Statement

Purpose of Proposed Legislation and Background Information

TIF districts in Portland have been instrumental in implementing ambitious land use plans, recruiting and retaining anchor employers, supporting small businesses, the production of affordable housing, and facilitating investment into regional assets and infrastructure. Today, the majority of TIF resources has been fully expended or committed to key outstanding

Introduced by

[Mayor Ted Wheeler;](#)
[Commissioner Carmen Rubio](#)

City department

[Housing Bureau;](#) [Prosper Portland](#)

Contact

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Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date	September 11, 2024
Requested Start Time	9:45 am
Time Requested	30 minutes

priorities. The conclusion of these districts, largely created in the 1980's and 1990's, creates capacity for the creation of new TIF districts.

On June 28, 2023, Portland City Council through Resolution 37623 directed Prosper Portland to “pursue analysis and creation of new Tax Increment Finance districts to advance equitable development and inclusive growth in East Portland and the Central City.” The resolution further stipulated that:

- The East Portland TIF exploration process shall consider up to 7,500 acres of available land area and up to approximately \$6 billion in available assessed value for up to three new districts, including a potential district along 82nd Avenue to support the City's parallel investments in transportation improvements; and
- The Central City TIF exploration process shall consider up to 1,500 acres of available land area and up to approximately \$3.8 billion in available assessed value for new TIF district(s).

Since that time, at the direction of Commissioner Carmen Rubio, staff have convened steering committees to oversee the East Portland and Central City exploration processes (see a list of the steering committee members below in Community Participation and Feedback), as further detailed in the Community Participation and Feedback section of this Report. The following recommendations for the creation of six new TIF Districts is a direct result of this engagement process.

The creation of six new districts represents the opportunity to leverage the growth in property values for localized investment of an estimated \$2.8 billion over the next 30 years. Priorities for investment in each district have been informed by the extensive stakeholder engagement, and if approved, will continue to be refined in future five-year action plans after the creation of any new TIF districts.

East Portland TIF Exploration.

Three new TIF Districts are proposed to be created in East Portland, resulting in up to \$1.5 billion in TIF resources to be invested over the next 30 years. The proposed districts are:

1. 82nd Avenue Area: This district is 1,874 acres of area centered around the 82nd Avenue corridor running from roughly NE Fremont Street to the north and the City/County line to the south and includes the Jade District Neighborhood Prosperity Initiative (NPI). It is estimated to generate up to \$460 million in TIF resources.
2. East 205: This district is 3,745 acres and is roughly bounded by 122nd Avenue on the west, the City line to the east, NE Glisan Street to the north, and SE Powell Blvd to the south. It includes both the Rosewood Initiative and Division-Midway Alliance NPIs and is estimated to generate up to \$770 million in TIF resources.
3. Sumner-Parkrose-Argay-Columbia Corridor (SPACC): This district is 1,550 acres and includes areas along NE Sandy Boulevard from the Sumner Neighborhood to Argay Terrace, including portions of the

Columbia Slough and industrial corridor. It includes the Historic Parkrose NPI and is estimated to generate up to \$310 million in TIF resources.

Stabilization, anti-displacement, and inclusive growth aren't simply economic development issues or affordable housing issues – they are both. In order to stabilize and grow communities, a desire was expressed across all districts to coordinate, plan and resource both bodies of work in a meaningful way, reserving some funds for targeted Infrastructure improvements.

Each district allocated funds slightly differently, so the ranges below reflect this variation. For more detail, see the respective TIF District Plans.

Inclusive Growth. Fifty-five percent of resources will be invested by Prosper Portland in the following:

- Economic & Urban Development (40-45 percent): Predevelopment for commercial, middle-income or market rate residential, and/or multi-use development; land acquisition and land banking; development, redevelopment and renovation (including storefront improvements and business expansion); arts and culture; signage; infrastructure investments triggered by development, redevelopment or renovation activities;
- Infrastructure (10-15 percent): Streets, utilities, and green infrastructure improvements; connectivity and accessibility; and public recreation, safety, health and resilience investments

Affordable Housing. Forty-five percent of resources will be invested by the Portland Housing Bureau in the following types of projects and programs:

- Single family home repair, homeownership support, multi-family rental development, rehabilitation and preservation of existing regulated housing, acquisition and rehabilitation of existing market-rate housing, capital expenditures related to community services for people experiencing homelessness.

East Portland, in general, is home to many of Portland's most economically vulnerable households and small businesses. With this commonality, it's not surprising that the three areas voiced many of the same investment priorities focused on stabilizing existing residents and businesses so they could remain over time, thrive, and anchor new, inclusive growth, rather than be displaced by it.

Some of these priorities include:

- Creation of housing opportunities for all incomes
- Development of spaces for connection that create pride and belonging for diverse communities
- Access to middle- and living-wage jobs
- Addition of new, thriving small businesses and community-service retail services

- Support for targeted infrastructure improvements to improve safety, walkability and resilience
- Need for ongoing community education, engagement and leadership over the life of each district

However, each district area also has its own identity, and unique set of opportunities and challenges. These differences are reflected in priorities that are specific to each area:

82nd Avenue Area: Near-term stabilization and ownership/wealth-building support to combat fast-growing market pressure; development of a community-serving corridor with nodal development and 20-minute neighborhoods; improved vitality to mitigate for activities that impact livability; and support for walkability, connectivity and safety.

East 205: Communities designed with multigenerational residential and commercial hubs; upskilling/coworking centers to support “solopreneurs” and home-based business owners; generational wealth for first-time BIPOC homeowners; and improved walkability, connectivity and transit access, with a focus on sidewalks.

SPACC: Buffers between industrial and residential land and desire for mutually beneficial development; recreational improvements to publicly accessible open spaces, including the Columbia Slough; workforce training center(s) and spaces to learn additional skills and acquire certifications; and remediation and redevelopment of sites along Sandy Boulevard.

Central City TIF Exploration.

Three new TIF Districts are proposed to be created within the Central City, resulting in up to \$1.3 billion in TIF resources to be invested over the next 30 years. The proposed districts are:

1. Central Eastside Corridor: This district is 486 acres anchored by the OMSI master plan district and the MLK/Grand and Stark commercial corridors and is estimated to generate up to \$200 million in TIF resources.
2. Lloyd-Holladay: This district is 261 acres anchored by the Lloyd Mall and connectivity across I-84 and is estimated to generate up to \$290 million in TIF resources.
3. Westside: This district is 492 acres and includes portions of Downtown and Old Town. It is estimated to generate up to \$800 million in TIF resources.

The three proposed Central City TIF districts share similar investment priorities and proposed allocations of resources, which are organized within two work portfolios:

Inclusive Growth. Fifty-five percent of resources will be invested by Prosper Portland in the following:

- Economic & Urban Development: Predevelopment, storefront improvements, and public-private partnerships.
- Infrastructure, Utilities, Public Realm: Road extensions, parking infrastructure, utility upgrades, and associated demolition and grading Park improvements, new parks and open spaces, streetscape improvements, and signage.

Affordable Housing. Forty-five percent of resources will be invested by the Portland Housing Bureau:

- Affordable Housing: Preservation of existing and production of new affordable housing. In accordance with 2015 Affordable Housing Set Aside Policy, rental housing is created and preserved with a focus on families earning less than 60 percent of area median income, and homeownership housing with focus on families earning 80 percent to 100 percent or less of area median income depending on home size.

The three Central City TIF Districts also present investment opportunities and priorities unique to each district:

The Central Eastside Corridor TIF District proposes investment in the OMSI master plan district to spur investment, job creation, and economic growth, while creating opportunity to grow the city's housing inventory that will include affordable housing units and collaborate with key community stakeholders including our Tribal and Indigenous partners. The district additionally provides opportunity to support small businesses along commercial corridors and grow industrial jobs.

The Lloyd-Holladay TIF District is anchored by the Lloyd Mall redevelopment opportunity, which is currently in a master planning phase. The district is additionally proposed to support small businesses along the Broadway-Weidler couplet, as well as enhance connectivity across I-84 to the southern end of the district, which is anchored by the Portland Bottling development opportunity.

The Westside TIF District is proposed to help reinvigorate the Downtown core and Old Town, both of which were significantly impacted by the pandemic and a shift to hybrid work. Investment priorities include reimagining downtown as a regional destination and creating an improved balance between commercial and residential uses.

EQUITY IMPACT

"Equity, Inclusivity, & Accessibility" is one of the key values that provides direction for the process of planning, implementing, and overseeing TIF investment within Portland. Development of the TIF District Plans involved an engagement process that gathered feedback and insight from a robust range of community stakeholders to inform the TIF district boundaries, visions, values, goals, project list, investment priorities, and governance considerations. Engagement with community stakeholders also sought to

ensure that the TIF districts, plans, and reports adequately addressed and prioritized community needs, challenges, and opportunities.

Financial and Budgetary Impacts

There are no financial or budgetary impacts as this is an informational update and does not require any action beyond accepting the report.

Community Impacts and Community Involvement

Prosper Portland and Portland Housing Bureau staff conducted significant and thorough public participation related these actions. Engagement summaries will be attached to each TIF District Plan and provide further detail on the following engagement processes:

East Portland TIF Exploration Steering Committee. The East Portland Steering Committee convened in July 2023 and identified three areas for further exploration: East of 205, Parkrose/Columbia Corridor, and 82nd Avenue. As part of the engagement process, the steering committee was chartered to:

- advise on and review engagement processes;
- allocate available acreage (land area) and assessed value for further study;
- provide guidance to working groups on issues that arise with implications across districts;
- support community-led working groups conducting exploration processes; and,
- ensure any TIF District Plans resulting from exploration align with City Council guidance.

Steering Committee members included the following individuals and organizations:

Alando Simpson, City of Roses Disposal & Recycling
Andy Miller, Our Just Future
Angela Rico, Office of Commissioner Rubio
Annette Mattson, Mt. Hood Community College
Bill Bruce, Raimore Construction
Christina Ghan, Office of Commissioner Rubio
Duncan Hwang, Asian Pacific American Network of Oregon
Jeff Renfro, Multnomah County
Jessica Arzate, Multnomah Educational Services District
Jonath Colon, Centro Cultural
JR Lilly, Former East Portland Action Plan Advocate
Kevin Martin, Renter
Kimberly Branam, Prosper Portland
Lee P Cha, IRCO
Leslie Goodlow, Portland Housing Bureau
Matina Kauffman, Habitat for Humanity

Moe Farhoud, Property Owner
Mourad Ratbi, East Portland Community Office
Nick Sauvie, Rose CDC
Qing Tan, Pure Spice Restaurant
Sabrina Wilson, Rosewood Initiative
ShaToyia Bentley, The Ebony Collective
Tye Gabriel, East Portland Chamber of Commerce

Working Groups. Working Groups for each area were selected through an open call process, ensuring key partners and community representatives with deep knowledge of their respective geographies, and the diverse communities within those geographies, would lead the work. The three Working Groups kicked off their work in the fall of 2023, charged with:

- understanding the TIF District creation process and leading deep dive community district exploration conversations;
- coordinating district-focused community engagement and advising on contracts with community-based organizations and support public events;
- determining whether to move forward with a TIF District plan and, if supportive, co-creating Plan Documents with Prosper Portland and City staff for consideration by the Prosper Portland Board of Commissioners and City Council

Members of the three Working Groups are listed in the district plans.

Community Project Manager Engagement. There was a robust effort to engage the broader community in the TIF exploration process which included hiring a community-based project manager to facilitate engagement opportunities and be a resource for the community throughout this process. The Project Manager, Paula Byrd, developed a community survey, developed a short YouTube video, and worked with the Neighborhood Prosperity Network organizations to host a series of community open houses.

Prosper Portland and City-led Engagement. Prosper Portland and City staff facilitated a range of activities related to TIF exploration, including events, twice-monthly virtual office hours, regular email updates to interested parties, one-on-one conversations with community members, and briefings to community organizations. In addition, staff contracted with a dozen community/culturally specific organizations to partner on outreach and engagement.

Central City TIF Exploration Steering Committee / Subcommittees: The Central City TIF Exploration Steering Committee kicked off work in October 2023 and met as a full committee as well as within interest-specific subcommittees through August 2024. Members of the Central City TIF Exploration Steering Committee represent a broad range of interests and expertise including housing production across varied levels of affordability, economic development, and development of key large scale development opportunities. Steering Committee members also met within

subcommittees pertaining to these three areas of expertise during the exploration process.

The Central City TIF Exploration Steering Committee was tasked with considering up to 1,500 acres and \$3.8 billion in assessed value for new TIF districts in Central City; and directed that any new districts created should:

- Acknowledge lessons learned from past TIF districts
- Advance inclusive economic growth, entrepreneurship and job growth, equitable development, community stabilization, and housing production for a full range of income levels
- Balancing these priorities with the financial impact to the city budget and other taxing jurisdictions

Over the course of Steering Committee and Subcommittee meetings, members informed the vision, values, and goals for utilization of TIF resources in the Central City; identified investment needs and opportunities to inform district boundaries and priority project lists; and discussed implementation principles and governance considerations. At the conclusion of the exploration process, the Steering Committee voted to recommend the creation of three new TIF districts within the Central City for the Prosper Portland Board and City Council's consideration.

Steering Committee members included the following:

Andrew Fitzpatrick, Office of Mayor Wheeler
Angel Medina, Republica
Angela Rico, Office of Commissioner Rubio
Brad Cloepfil, Allied Works
Brian Ferriso, Portland Art Museum/Travel Portland Board
Carolyn Holcomb, Central Eastside Industrial Council
Catherine Ciarlo, Metro
Christina Ghan, Office of Commissioner Rubio
Damien Hall, Home Forward
Dana White, Portland Public Schools
Dr. Carlos Richard, Historic Albina Advisory Board
Eric Paine, Community Development Partners
Erin Graham, OMSI
Gus Baum, Security Properties
Ian Roll, Gensler
James Parker, Oregon Native American Chamber
Jason Chupp, Swinerton
Jason Franklin, Portland State University
Jeff Renfro, Multnomah County
Jessica Curtis, Brookfield Properties/Pioneer Place
Jessie Burke, Old Town Community Association
Jill Sherman, Edlen & Co
JT Flowers, Albina Vision Trust
Kimberly Branam, Prosper Portland
Lauren Peng, CBRE

Marc Brune, PAE Engineers
Mary-Rain O'Meara, Central City Concern
Matt Goodman, Downtown Development Group
Michael Buonocore, Portland Housing Bureau
Millicent Williams, Portland Bureau of Transportation
Monique Claiborne, Greater Portland Inc.
Natalie King, Trail Blazers
Nicole Davison Leon, Hispanic Chamber
Peter Andrews, Melvin Mark
Sam Rodriguez, Mill Creek Residential
Sarah Stevenson, Innovative Housing
Stef Kondor, Related Northwest
Sydney Mead, Portland Metro Chamber
Tom Kilbane, Urban Renaissance Group/Lloyd Mall

Additional Stakeholder Engagement: Staff additionally conducted broader community including holding an in-person open house, conducting an online survey, and providing briefings with key community stakeholders/organizations to gather feedback that would help inform district map revisions and investment priorities. Between the open house and the survey, 335 points of feedback were collected. Several neighborhood associations, business districts, and other relevant organizations/coalitions were provided briefings and opportunities for discussion.

100% Renewable Goal

This report has no impact on the City's 100% Renewable Goal.

Financial and Budget Analysis

No fiscal impact to accept the report. Three new TIF Districts are proposed to be created within the Central City, which the report estimates would result in up to \$1.3 billion in TIF resources to be invested over the next 30 years. In addition, three new TIF Districts are proposed to be created in East Portland, estimated to yield up to \$1.5 billion in TIF resources to be invested over the next 30 years. If these TIF districts were approved, the report estimates they would reduce property tax revenue to the City of Portland is of \$860.4 million from FY 2025-26 to FY 2059-60. The City will continue to review and update these estimates to better understand the fiscal impacts if these TIF districts were approved.

Document History

Item 783 Time Certain in [September 11, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/9/11)
(<https://www.portland.gov/council/agenda/2024/9/11>)

City Council

Accepted

Motion to accept the report: Moved by Mapps and seconded by Gonzalez.

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Yea