

# Prosper Portland 2024-25 Hearing Minutes

Tuesday, June 18, 2024  
3:00 p.m.  
220 NW Second Avenue, Room 200  
Portland, Oregon

Present:

**TSCC:**

Chair Harmony Quiroz, Vice-Chair Mark Wubbold, Commissioner Matt Donahue, Commissioner Tod Burton, Commissioner Allison Lugo Knapp, Executive Director Allegra Willhite, and Budget Analyst Tunie Betschart

**Absent:** None

**Prosper Portland:**

Prosper Portland Commissions: Chair Gustavo Cruz, Commissioner Willie Myers, Commissioner Marcelino Alvarez, and Commissioner Sereba Stoudamire-Wesley

Prosper Portland Staff: Director of Equity, Policy & Communications Chabre Vickers, Economic Development Director Shea Flaherty-Betin, Director of Development & Investment Lisa Abuaf, and Chief Financial Officer Tony Barnes

Chair Harmony Quiroz opened the public hearing by welcoming everyone to the hearing and briefly describing the duties and responsibilities of the TSCC. She reviewed the hearing process and stated that the hearing was to engage the district leadership and provide an opportunity for the public to comment before Prosper Portland adopts its budget. She asked the TSCC Commissioners and staff to introduce themselves and state if they have business relationships with the district that could be perceived as a conflict of interest. Each commissioner and staff member introduced themselves and said they had no conflict of interest with the district. She asked the district to introduce the Prosper Portland Commissioners and staff present. Then she asked if Chair Gustavo Cruz would like to explain the budget briefly. Following his introductory remarks, testimony from the public would be taken.

Prosper Portland Chair Gustavo Cruz thanked TSCC for conducting the hearing and stated he had no introductory remarks, but the hearing questions and discussions were always informative.

Chair Quiroz asked if anyone had signed up to give public comment, stating each who wished to comment would be limited to three minutes. Executive Director Willhite reported that no one signed up to speak at this hearing, and no written comments were received.

With that, the commissioners started their questions.

**TSCC Questions:**

**Commissioner Mark Wubbold asked the following questions:**

This question is for the board members in the room - is there an example of a project that you feel has been especially successful and demonstrates the vision of inclusive economic growth? What specific benefits did that project bring (or will soon bring)?

Chair Cruz said this will allow Prosper Portland to go through and talk about a few projects they are proud of. He began with the Broadway Corridor, saying as of January 2024, Prosper Portland completed the demolition of the USPS Vehicle Maintenance Facility, relocation of USPS retail operations, site work, and soil remediation, and has recently finished demolition of the USPS central processing and distribution facility. All four construction projects exceed performance goals in the community benefits agreement negotiated with the Healthy Communities Coalition and implemented in partnership with the project's Labor Management Community Oversight Committee.

Key outcomes included:

- 93% of costs were spent at Certification Office for Business Inclusion & Diversity certified firms
- Nearly \$36 million was spent at minority-owned firms
- Apprentices worked 24% of the hours
- Minority workers worked 70% of the hours
- Women worked 20% of the hours

In addition, Prosper is partnering with Portland Housing Bureau (PHB) in their process to secure an affordable housing developer on their property (Block 4), which will happen this summer with development to follow. The district is continuing to work with the city's infrastructure bureaus to complete the design and begin construction of Northwest Johnson and Kearney streets and utility infrastructure later this year and collaborating with Parks to start the conceptual design of the North Park Blocks continuation through the site, beginning with the block adjacent to Pacific Northwest College of Art.

Prosper Portland has an exclusive negotiating agreement with Related Companies together with Melvin Mark for a private mixed-use development of the property and has submitted an application on behalf of a broad partnership including Related, PGE, Constructing Hope, and Oregon Tradeswomen - to PCEF for funding to support a net zero, phase one middle-income housing on Block 6.

The Williams & Russell CDC and their development team continue to move forward with the Williams & Russell development, which aims to honor and enrich Portland's Black Community, create wealth, and promote a healthier economy by providing affordable rental apartments and homeownership as well as business opportunities for the community, especially those whose families were impacted by the displacement. With the early pre-development investment by Prosper Portland and future total commitment of over \$23 million from Prosper and Portland Housing Bureau, the Project has collectively secured \$10.3 million in pre-development funding from Oregon Housing & Community Services (OHCS), Congressionally Directed Spending, Portland Clean Energy Fund (PCEF), and Meyer Memorial Trust's Justice Oregon for Black Lives. The project is pre-development, focusing on land parcellation and transfer.

The first project to go into construction is the affordable homeownership project, which will offer 20 2-to 3-bedroom homes for sale to low- and moderate-income families and individuals at the 60%-120% Area Median Level. The townhomes will be completed by June 30, 2026. The project was also selected as part of Prosper Portland's North-Northeast Cultural Business Hub for further investment in the tenanting and programming of the Black Business Hub project.

Prosper Portland is excited by Daimler Truck North America's new investments at its headquarters complex on Swan Island. The company will invest \$40 million in a new engineering facility and \$3 million in a new electric vehicle supply equipment (EVSE) training center adjacent to Electric Island on Daimler's campus. The EVSE training center is funded in part by a \$1.5 million forgivable loan authorized by Prosper Portland's Board of Directors on Tuesday, May 7, while the Daimler

engineering facility will receive a five-year tax abatement via the Enterprise Zone (E-Zone) program in addition to a \$700,000 forgivable loan from the State of Oregon's Strategic Reserve fund.

Last summer, Prosper Portland entered into a lease agreement with Happy Go Lucky Childcare as part of the tenanting of the Nick Fish building adjacent to the Gateway Discovery Park and as part of the affordable commercial program. The childcare facility is leasing over 5,000 sq ft of ground floor commercial space, helping to activate ground floor space on a critical commercial corridor while also addressing gaps in childcare, a critically needed community-serving business. The tenant participates in the Preschool for All program and works closely with Multnomah County to leverage additional capacity-building funds.

Prosper Portland has helped to ensure prominent businesses recommit to and expand in Portland. Dos Hermanos Bakery outgrew its 1,500 sq ft North Portland location and committed to a new 5,500 sq ft Portland headquarters at SE Stark St and SE 10th Ave. Prosper Portland provided a \$410,000 loan to help with tenant improvements and a \$470,000 loan to help with equipment purchases as part of their expansion. As a result, the bakery can grow from a 57-employee business, 97% Hispanic, to an anticipated 98-employee business over the next three years.

Will Daimler do the training, or will they partner with local universities? What kind of training is it?

Chair Cruz explained that Daimler is doing the training. They are launching this larger project to convert their truck manufacturing and heavy trucking lines to electric. They have a very aggressive deadline: 20 years from now, they will be 100% electric. This training facility is oriented towards the training necessary to get that going.

Ms. Shea Flaherty-Betin said Chair Cruz is 100% right. Daimler will do the training, not just their engineering fleet. A lot of work goes into all the engineers they have on staff moving towards electrification. It's potentially the largest campus the region would have towards electrification. The training center is separate from the larger headquarters. They could become a hub for training these types of engineers nationwide. This is very exciting, and Prosper Portland is thrilled about the partnership.

Prosper Portland Commissioner Marcelino Alvarez added the efforts Daimler and PGE are undertaking on Swan Island are exemplary in the entire industry, not just in Portland. The groundwork they are laying for electrification allows companies of all sizes to establish footprints that draft from the ancillary benefits from their leadership. Whether it is suppliers, workforce training programs, or workforce development, these are resources that any business in the area that is in the electric mobility space can point to as existing actual physical infrastructure, as well, that can benefit other companies in the electric mobility space. Portland was up against Michigan in the bid for this. Prosper can retain that leadership here. It is a mark to the efforts of Prosper, one that benefits not just the workforce for Daimler but also creates a hub of electrification that can benefit from the efforts they are putting into the region.

**Chair Harmony Quiroz asked this follow-up question:**

We have heard on the news about some of the big retailers leaving Portland. We saw the Target store leave, as well as Walmart and REI. Do you think we've hit the peak and turned the corner post-pandemic?

Chair Cruz said the region is headed in the right direction. The area lost some businesses, some didn't reopen, and some either moved outside the jurisdiction or went under. Prosper Portland has done a lot of work to turn that around, attract new businesses, and is making progress.

Ms. Chabre Vickers said one of the things Prosper Portland is excited about and looking forward to is the work of the small business office that Director of Economic Development Shea Flaherty Betin

and his team will be looking at that will be supporting the small businesses here in Portland. Thinking about the business incentive tax that the district was able to recently extend out so that more businesses can not only choose to stay here in Portland but as they do, they are incentivized to do that.

Ms. Vickers applauded the business advancement team, all the work under the manager, and their work to retain large employers like Daimler Trucking North America. That is the type of work that happens every day.

**Commissioner Allison Lugo Knapp asked the following questions:**

We would imagine that increased reliance on the City's General Fund may be tricky. Prosper Portland is now competing against other bureaus for limited funds. What's your plan for approaching this?

Mr. Willie Myers said the FY 2024-25 budget approved by the City Council is consistent with the Budget Note previously approved by the City Council, allocating returning TIF to Prosper Portland to support city-wide economic development programs as TIF districts ended.

The budget approved is 5% less than the original \$8 million figure due to General Fund constraints but was approved as ongoing funding that will be part of the base budget in FY 2025-26. The increased funding brings the total general fund allocation in line with that of peer bureaus like the Bureau of Planning and Sustainability. Prosper Portland was previously over-reliant on tax increment resources and unable to provide adequate service across the city. The increased resources fully fund staffing and operations that leverage other non-TIF capital resources in the Strategic Investment Fund, Community Development Block Grant, EDA Revolving Loan Fund, and other resources that provide small business assistance grant and technical assistance, events and activities and lending programs across the city, outside of existing TIF Districts.

Program outcomes achieved by General Fund allocation and other non-TIF resources will be reported annually to the city council as part of the budget process. Prosper will have continued engagement with the city council and their staff in the future, as well as the city administrator and deputy city administrator, to understand the City of Portland's priorities. The budget reflects increased staff capacity for this purpose.

You've mentioned partnerships with Meyer Memorial Trust and philanthropic dollars outside the public sector. Is that something you can access regularly to leverage General Fund dollars for staffing and operations? Or is it more for the partnerships of big projects?

Mr. Tony Barnes said a couple of different pots of revenue fund operations. It's primarily now the General Fund with the returning TIF that makes up about 40% of the operating budget. The balance is the expiring TIF districts, like the Interstate, Gateway, Lenz, and other districts over the next few years. The other fundamental component of the financial sustainability plan is leveraging future investments from the expiring TIF districts and out of different resources, from lending programs to making up that third tier of resources to support operations. It comes down to the General Fund, TIF districts, and return on investment for different types of programs. From a foundational program perspective, Prosper Portland is not looking at grants for significant operational support.

**Commissioner Tod Burton asked this follow-up question:**

With the city reorganization of the City of Portland, how do you see that relationship changing going forward?

Mr. Meyers said it would be streamlined. The bureaus were duplicative processes throughout. One or two people will go through the process to get the questions answered.

Ms. Vickers added that they will connect with other bureaus in their service areas and look forward to understanding better how the changes will go. Prosper Portland's policy team will work on how to best align with the changes going forward.

**Commissioner Matt Donahue asked the following questions:**

As part of the 2022-23 budget process, City Council directed Prosper Portland to complete a 3rd party evaluation of all TIF districts associated with returning TIF revenues to better understand how outcomes aligned with the original intent of district creation. Generally speaking, what were the results of this TIF performance analysis? Did original goals align with outcomes?

Chair Cruz said the following are the research questions that ECONorthwest was asked to address as part of their 3rd party evaluation:

- What might have happened in areas part of TIF Districts had TIF not been available?
- How did demographics change in TIF Districts versus other districts?
- How did TIF contribute to a faster or slower rise in rents?
- What unintended consequences occurred?

Among the significant findings in the report were:

Relative to non-TIF comparison areas, TIF Districts saw:

- Six times the amount of total square footage of development;
- 25 times the amount of high-density development;
- Four times the growth rate in housing production;
- 5,300 units of TIF-funded affordable which is 46% of all affordable housing built in the city; and
- 24,000 more jobs, which generally had 20% higher wages.

Neighborhoods with TIF Districts saw substantially more private investment, market-rate housing, and affordable housing than comparison areas. Rent grew more quickly in some districts, but that increase was slower than it might have been had there been less new construction. Overall, housing precarity in TIF Districts improved.

BIPOC populations were impacted in distinct ways. The Albina neighborhood, with its concentration of Black residents, disproportionately felt the effects of Interstate TIF investments. This neighborhood saw an out-migration of its Black population, even as the other Districts' BIPOC populations increased slightly faster than comparison areas. In the remainder of the city, by contrast, BIPOC populations grew faster than in TIF Districts or comparison areas.

The consulting team also offered some lessons learned, mainly as the agency explores potential new TIF districts in East Portland and the Central City, including:

- Focus on significant new housing production by producing new housing needed across incomes;
- Reduce systemic barriers to economic opportunity before and during investments in infrastructure or other catalytic projects; and,
- Build community trust by committing to accountability and transparency on who benefits from public investments and reporting on outcomes.

The City Council accepted the report on April 10, 2024.

He added that the 42nd Avenue Cully area was more of a community-driven approach than in the past. This was in response to the negatives from the "old-school" TIF district in Prosper Portland's planning for new TIF districts trying to incorporate these lessons going forward.

**Commissioner Burton asked this follow-up question:**

Is the focus of Prosper Portland on family housing?

Ms. Stoudamire Wesley said the 45% set aside concerning TIF districts is something that the district appreciates their work with Portland Housing Bureau, which leads those efforts. Prosper Portland is also excited about the work that Advanced Portland's recent Inclusive Economic Development Strategy calls Prosper to do, which looks at that missing middle, recognizing that affordable housing is undoubtedly there and still important for many in the community, and what people characterize as workforce housing is also just as important when you look at an array of housing options within a neighborhood.

The co-creation model and looking at governance models are what help the district consider community voice throughout each five-year action plan and look at exploration. As the TIF district concepts are coming, it is an exploration of what the district is in with the community versus what maybe was experienced in the past, "Just here's a TIF district, and that's what the district is looking at." Prosper Portland looks at extensive infrastructure, working with the community to determine the projects they are looking for. It also considers how Prosper Portland can mitigate things like displacement by first strengthening and stabilizing the community and planning on that, especially in the early years.

**Commissioner Burton asked the following questions:**

Tell us more about the strategic investment fund, which was introduced as part of the Advance Portland plan. We understand the funds are to address gaps in access to capital for early-start developers and community-identified priorities. What's the process for determining who receives these dollars? And how do you report back to the community about how these dollars are spent?

Mr. Marcelino Alvarez said that, as with other funding sources, Prosper Portland invests in loans or real estate activities, and investments in the Strategic Investment Funds (SIF) guided by the Financial Investment Policy and other related loan guidelines and real estate policies. Within the Financial Investment Policy, the Strategic Investment Fund is identified to be used for income-generating activities, operations, and capital needs that address community and small business needs through city-wide activities such as business and commercial property lending; commercial, mixed-use and industrial real estate acquisitions; and renovation and improvement of existing revenue-generating properties to improve service to the community and responsibly manage public assets.

The approved budget allocates \$16.8 million to lending and property acquisitions or improvements next fiscal year. While the funding is flexible, \$2 million is currently budgeted for small business lending, \$4.8 million for commercial and middle-income housing lending, and \$10 million for potential property improvements. Some funding designated for lending in the first year of SIF (Fiscal Year 2023 – 2024) is anticipated to carry over into next year as disbursements occur on approved small business and middle-income housing loans and projects.

Some expiring TIF districts have a substantial balance. Can those dollars now be redirected outside of the urban renewal areas?

Mr. Barnes said yes, there are several expiring districts where program income remains in the fund, not TIF dollars. Those are planned to be moved into the capital or strategic investment fund for future loans and city-wide investments consistent with those financial policies.

**Commissioner Wubbold asked these follow-up questions:**

Are the loans market rate? What makes them appealing to businesses and developers?

Ms. Lisa Abuaf said Prosper Portland's lending team just brought a pivoting of loan products before the board. They had identified access to capital as a critical issue for folks who can't get access to capital out in the market. Staff knows that capital markets are tight right now for development projects across the Board. However, there is a significant demand. Prosper Portland doesn't want to compete in the market or with private lenders. Because of challenges to access capital or because projects are just frozen up and can't access capital, staff is seeing a significant demand. Last year, Prosper had the highest volume of lending. It is a powerful way for tax increment finance districts who have received investment to share resources back out into city-wide resources. The district has commercial property loans and a bigger pool of working capital loans for small businesses so that Prosper Portland can fund operations, equipment purchases, and these types of things.

**Commissioner Allison Lugo Knapp asked the following questions:**

The East Portland TIF Exploration Steering Committee has been looking at options for new districts around 82nd Ave, east of 205, and in the Parkrose-Columbia area. What is the timeline for the exploration, and when can we expect to see concrete outcomes?

Ms. Stoudamire Wesley said the exploration process for the East Portland TIF districts began in August 2023 and is still active, as is the Central City TIF exploration process. Engagement as part of this process includes a community Steering Committee, area-specific working groups, community-led engagement conducted through stipends to community-based organizations, agency-led engagement events, and a community-based staff person in East Portland. Staff currently anticipate bringing a package of up to three East Portland and three Central City TIF district proposals to the Prosper Portland Board on August 28, 2024. If the Board approves any or all of these draft TIF plans, it will launch a formal consulting and conferring process with affected taxing jurisdictions. There is expected to be a non-emergency ordinance at the October 23, 2024, City Council meeting.

Given what you shared earlier about how TIF districts used to be known for displacing residents, it sounds like they are super engaged throughout the process. I'm wondering, after things are in place, is there an opportunity for communities to reassess if things are working well? Is there a process for that?

Ms. Stoudamire Wesley said yes, I am sure there is. The board has heard from communities periodically. That is a critical process as the district is doing this because that informs where there are gaps in services. Being upfront and accountable to the community is essential to Prosper Portland.

Ms. Vickers added that every five-year action plan is precisely that. It's a chance for the staff to work directly with the community to determine how the last five years went and whether the results were on track. The work in Cully is a good example, considering new governance models dependent upon each of the districts. Each working group considers what governance model makes the most sense for them. Not everyone is saying they want to do what happened in Cully. Five-year action plans are times when staff will work with the community to look at their plan for the next five years.

Ms. Stoudamire Wesley said that history has made it known that community voice matters in this process moving forward.

**Commissioner Wubbold asked these follow-up questions:**

How does the community engage to get a TIF district? Or do you recruit community leaders to start the process?

Ms. Vickers said there are a myriad of ways to begin the process. Especially in East Portland, there have been conversations with East Portland Action Plan, where they had been asking about

considering TIF. In partnership with the mayor and commissioner's office, Prosper Portland secured funding to do that.

There are stipends, the time and place to gather community, and hosting open houses so folks can share their voice. Exploration is a method that the district appreciates because it means the community is right there, considering everything from boundaries to those top priorities for investment, which happens throughout the process.

**Commissioner Wubbold asked the following questions:**

We understand your community involvement committee had a big part in crafting the final requested budget proposal - we love to see that level of community involvement. From your view, what made the process a successful collaboration? And what techniques have you used to recruit folks to participate in this group?

Ms. Stoudamire Wesley said the Prosper Portland Community Budget Committee is comprised of approximately 15 members who represent geographic and industry-based and community economic development partners. Many CBC members have participated on the committee for over five years, which has helped provide institutional knowledge of a budget with well over 20 funds and different colors of money. That said, some new members bring fresh perspectives and community voices critical to CBC deliberations. This Board considers the CBC one of the most trusted and essential advisory committees volunteering their time to provide guidance and feedback to the agency.

Can you give an example of a decision made as a result of community involvement committee input?

Ms. Stoudamire Wesley said the mayor's budget directed all City bureaus, except for Police and Fire, to propose a five percent cut to their ongoing budgets. Furthermore, the direction did not allow for any new budget requests. Cut years are challenging, so staff provided the CBC with two options for meeting the mayor's budget direction while keeping true to agency priorities. The CBC met in person to discuss these options and ultimately created and proposed a third option that supported the Small Business Office while minimizing cuts to other General Fund and Cannabis Business Tax revenue programs.

**Chair Quiroz asked the following questions:**

In this budget, we see a decrease in financial assistance. Are you seeing less need in this area, or did you choose to cut here due to financial constraints?

Mr. Alvarez said the primary reason there is a decrease in financial assistance between this fiscal year and the next is related to the timing of lending budgets in the expiring TIF Districts. Prosper Portland has seen increased demand for financial assistance programs, both grants and loans, over the past year. Generally, financial assistance in the TIF Districts will be declining as all resources are spent. However, the district anticipates that financial assistance in the current year budget related to the Old Town Action Plan and finalization of the Lents TIF District are not expected to be fully funded this fiscal year and will be carried over in a subsequent budget revision next fiscal year. Staff anticipates some declines in TIF District lending to be offset by increased investments in the Strategic Investment Fund supported lending activity over the next several years.

Then, it has to do with the process and availability of funds, not a decrease in need. Are there things you're doing specifically to support small businesses still experiencing these increased levels of vandalism or theft or other things just threatening their day-to-day businesses?

Ms. Vickers said they have Repair Grants and the Restore Grant. The Restore Grant is responsive to communities. The Repair Grant is helpful, but there are so many other things the business is still dealing with that constantly flood into operations or recognition that insurance rates have increased, securing the envelope of their business. She recognized staff for leading those efforts, listening to



small businesses and creating efforts that make sense, making sure small businesses have the support they need, and being responsive in the ways that feel most aligned with their requests. Repair Grants and Restore Grants still need to be funded, and the district is still funding these.

**Commissioner Burton asked this follow-up question:**

It will take time to build up tax increments for some of these new districts, so will you infuse other dollars, like program dollars, into these districts while they build up?

Ms. Lisa Abuaf said they are interested in ensuring that some of the earliest investments in Cully are smaller grants to support small businesses and residents. That's why the Housing Bureau administers single-family home products to help people purchase or make repairs to their homes. The district offers small business grants to help a business improve in preparation for more significant investments. There's a lot of interest in phasing the investments appropriately. The district is already in conversations with Cully partners, who are thinking very much along the lines of how to leverage some of the early dollars of tax increment finance to be matched for non-profits or community-based organizations in Cully to go out and put in applications to foundations or other third-party investors because they can leverage it as a match. That's the way the district would identify additional resources.

Chair Quiroz thanked the district for the responses to the questions and contributions to the hearing. Then, she closed the hearing and opened a regular meeting of the Tax Supervising and Conservation Commission to certify Prosper Portland's 2024-25 Approved budget. She asked if the commissioners had any questions or comments concerning the budget. There were none.

Chair Quiroz asked Executive Director Allegra Willhite to give staff recommendations for the certification letter.

Ms. Willhite thanked Prosper Portland staff for their work in preparing the budget. She said it is a pleasure, as always, to work with the budget and finance staff at Prosper Portland. TSCC staff appreciates them, their willingness to be responsive to any discussions or questions about budget issues, and their diligence throughout the process. TSCC staff found the budget estimates to be reasonable for the purposes stated and in substantial compliance with budget law and suggests no recommendations or objections to the fiscal year 2024-25 Approved Budget.

Chair Quiroz called for a motion.

Commissioner Wubbold moved to certify Prosper Portland's Approved Budget with no recommendations or objections as recommended by staff. Commissioner Donahue seconded the motion, which passed with a unanimous vote of the commissioners.

There being no other business, Chair Quiroz closed the meeting.