



TSCC Tax Increment Finance (TIF) Presentation

January 2025

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Communications**

Presentation Overview

- Prosper Portland Intro
- Tax Increment Background and History in Portland
 - TIF 101
 - District Impact and History
 - Active & Sunsetting Districts / Financial Impact
- New Portland Districts
 - Exploration & Creation Process
 - Financial Impacts
 - Next Steps

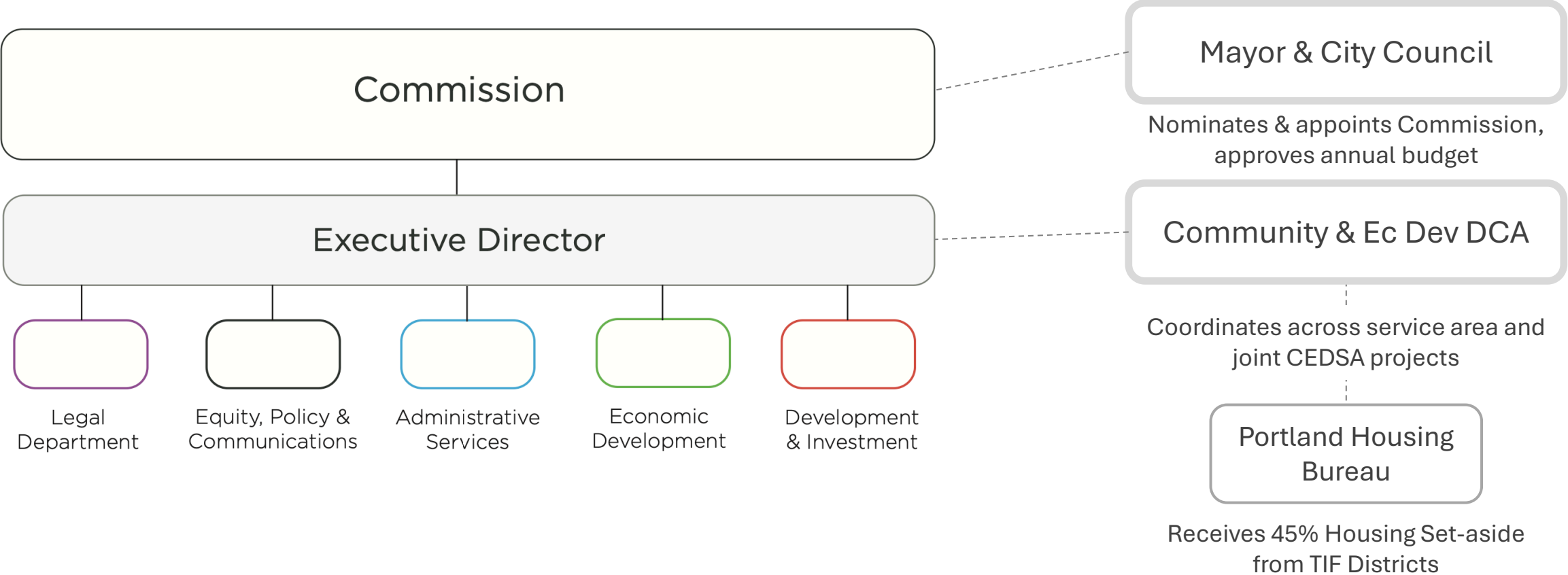




Prosper Portland is the city's economic development and redevelopment agency and currently manages 12 urban renewal or tax increment finance districts.

Prosper Portland Governance

City Charter. Section 15



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
- Foster vibrant neighborhood commercial districts

Housing Production Strategy

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

TIF District Plans

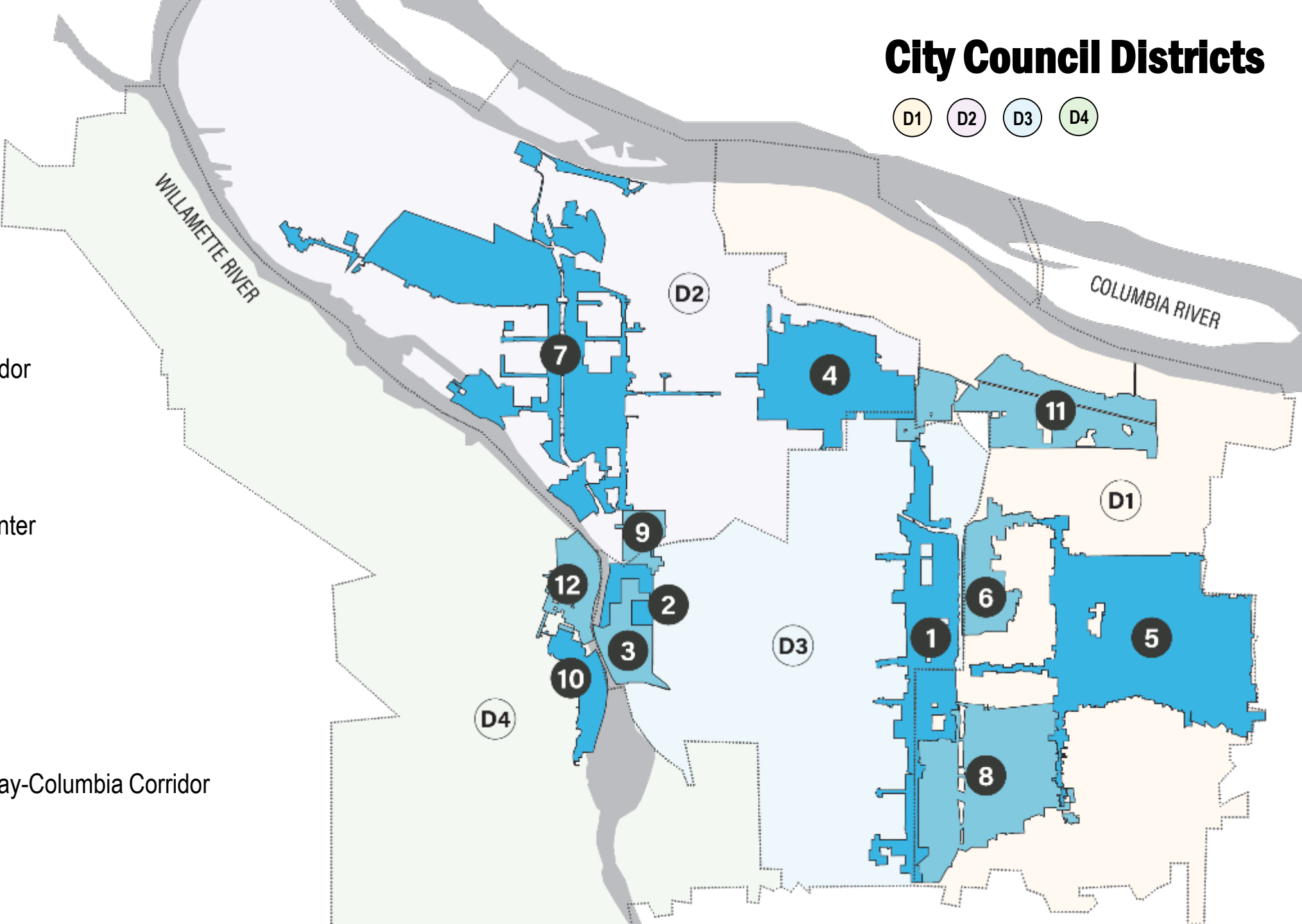
- District boundaries
- Long term objectives for the district, including priorities for housing, economic development, and infrastructure
- Investment priorities in the district, guided by set aside policy, 5-year Action Plans, and community committees
- Governance and community approach

City Council Districts



TIF Districts

- 1 82nd Avenue Area
- 2 Central Eastside
- 3 Central Eastside Corridor
- 4 Cully
- 5 East 205
- 6 Gateway Regional Center
- 7 Interstate Corridor
- 8 Lents Town Center
- 9 Lloyd-Holladay
- 10 North Macadam
- 11 Sumner-Parkrose-Argay-Columbia Corridor
- 12 Westside





Tax Increment Finance: Background & History

TIF 101

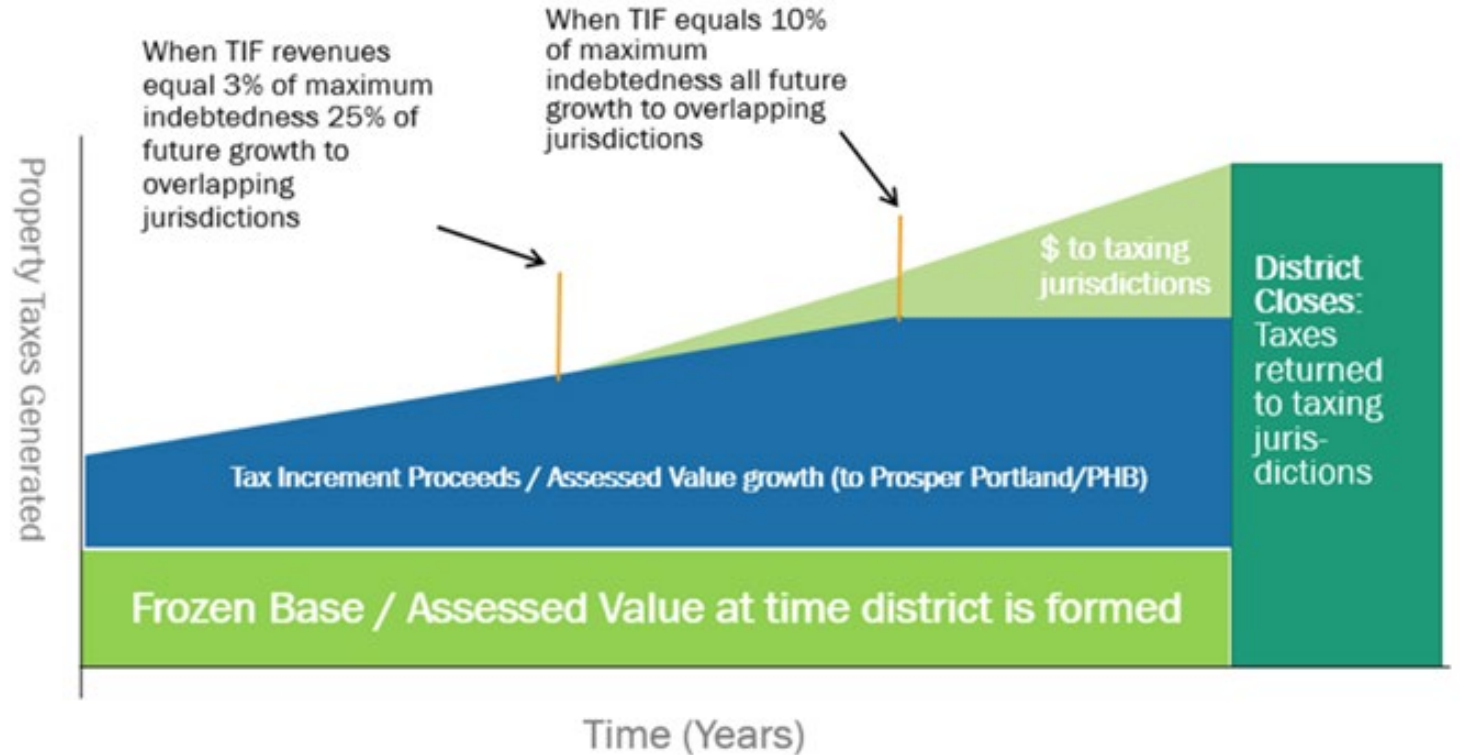


What is Tax Increment Financing?

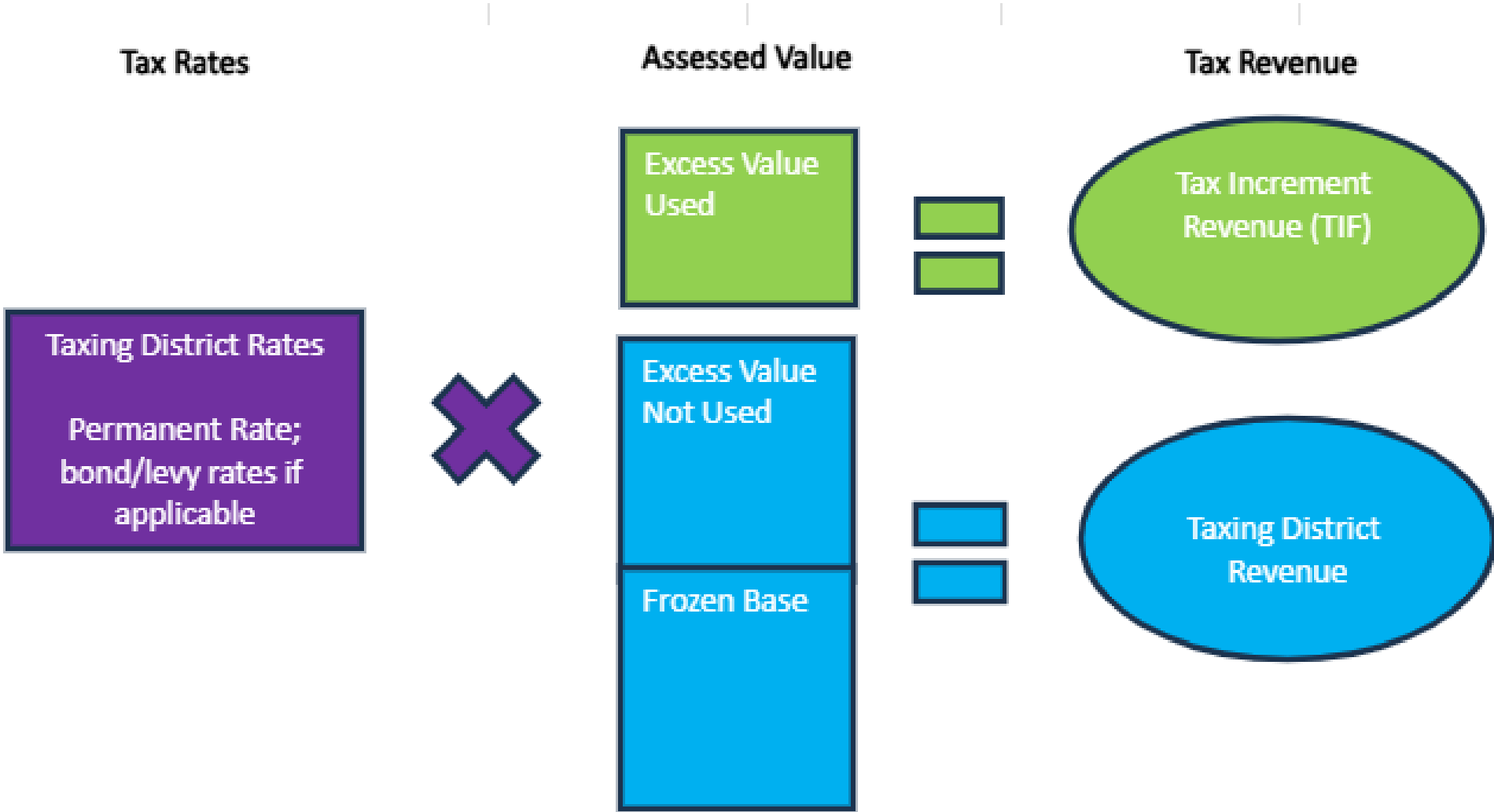
Tax Increment Financing is a long-term source of funding that can be invested in community priorities for physical improvements.

It is not a new or increased tax.

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



Tax Increment Calculation



Legislative Changes since 1990

1990s – Property Tax Limits

- Measure 5 – Limited property taxes based on Real Market Value
- Measure 47/50 - Separated Taxable Assessed Value from Real Market Value; capping growth at 3% and reducing potential displacement pressure.

2000/10s - ORS 457 Changes

- Revenue Sharing – established triggers on when excess value is returned to taxing districts
- Voter approved Local Option Levies & Bond Levies exempted from TIF calculation

What can TIF fund?

- Physical improvements and related investments:
 - Loans and grants to renovate buildings or redevelop property
 - Property acquisition and disposition by City
 - Affordable housing development and preservation
 - Commercial tenanting
 - Infrastructure (ex: parks, streets & sidewalks, transit)
 - Project-allocated administration



Examples of what TIF cannot fund:



**Workforce
development
programs**



**Business technical
assistance**



**Non-physical
rental
or homeowner
services**

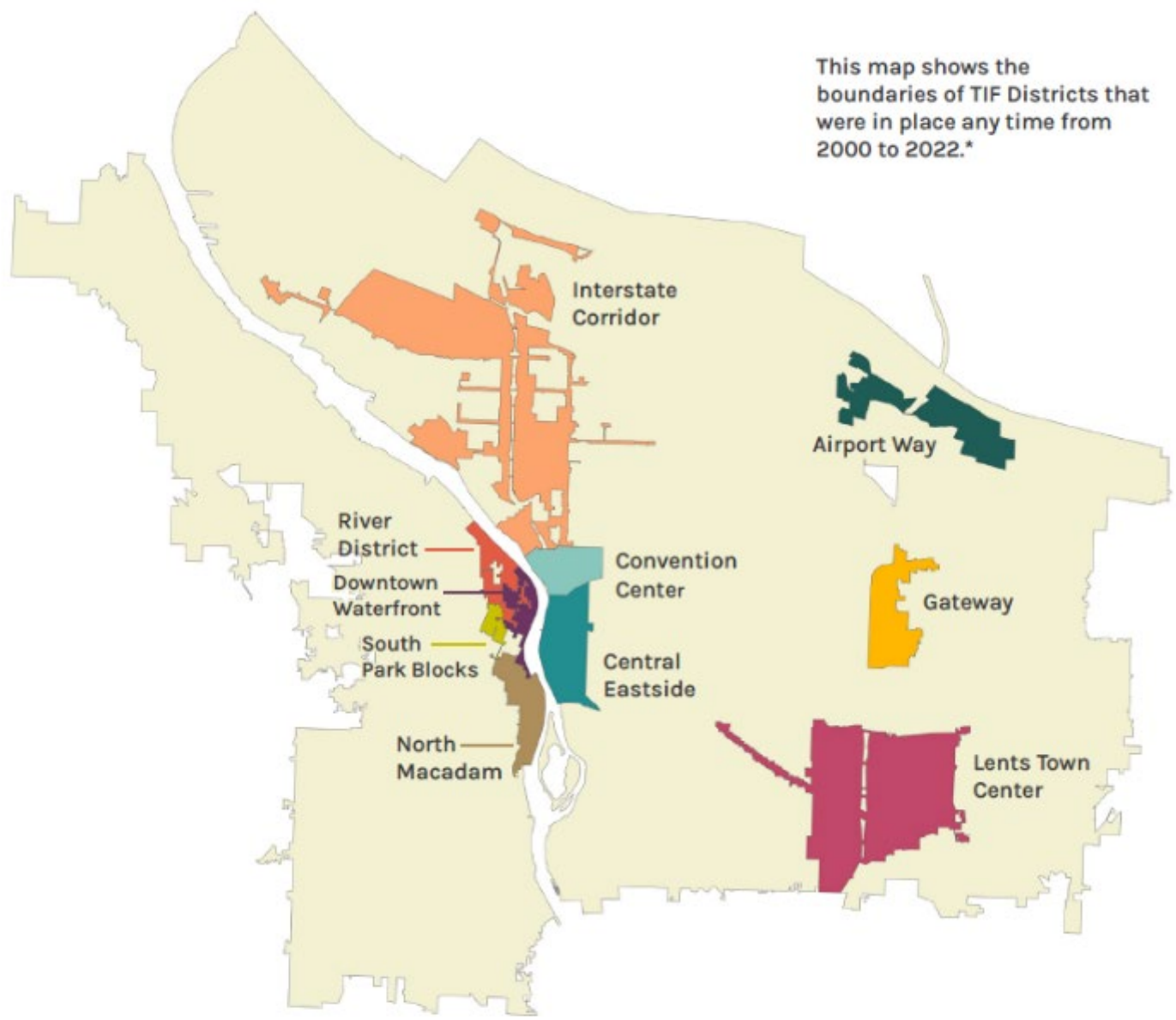
TIF Impact Report & Lessons Learned



TIF Districts 2000 – 2022 Impact Report



Understanding
Portland Tax
Increment Finance
District
Investment
Impacts
2000-2022



*This map does not include Neighborhood Prosperity Initiative Districts (Cully Boulevard Alliance, Division Midway Alliance, Historic Parkrose, Jade District, Our 42nd Avenue, Rosewood Initiative, St. Johns Center for Opportunity) or districts that never issued any long-term debt (Education, Willamette Industrial).

Third Party Report: Look 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*

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*.

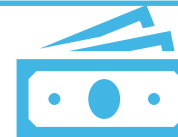
TIF funding is leveraged with other funds including LIHTC and Bonds



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.

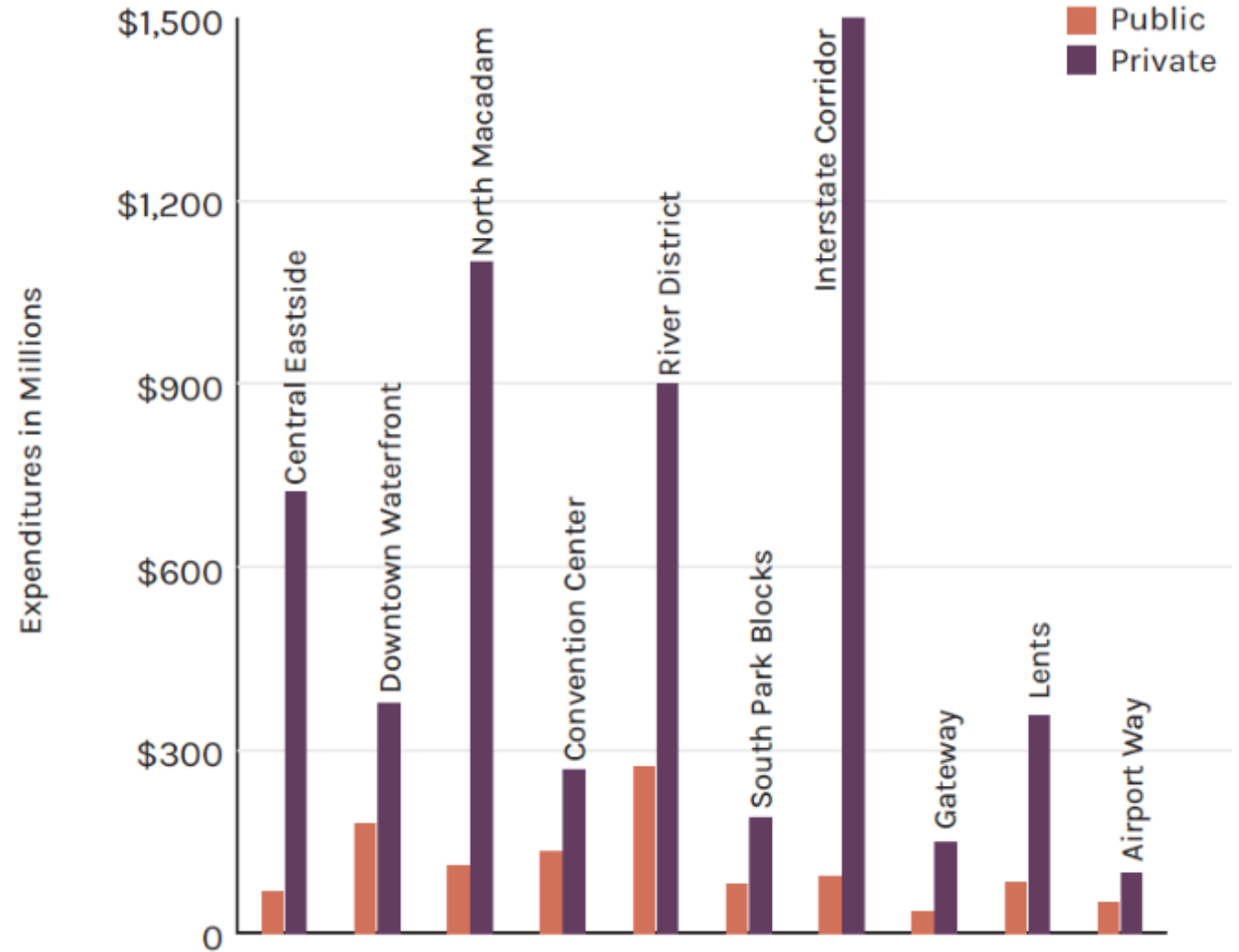


Policy is reviewed approximately every 5 years

Cumulative Public and Private Expenditures by TIF District

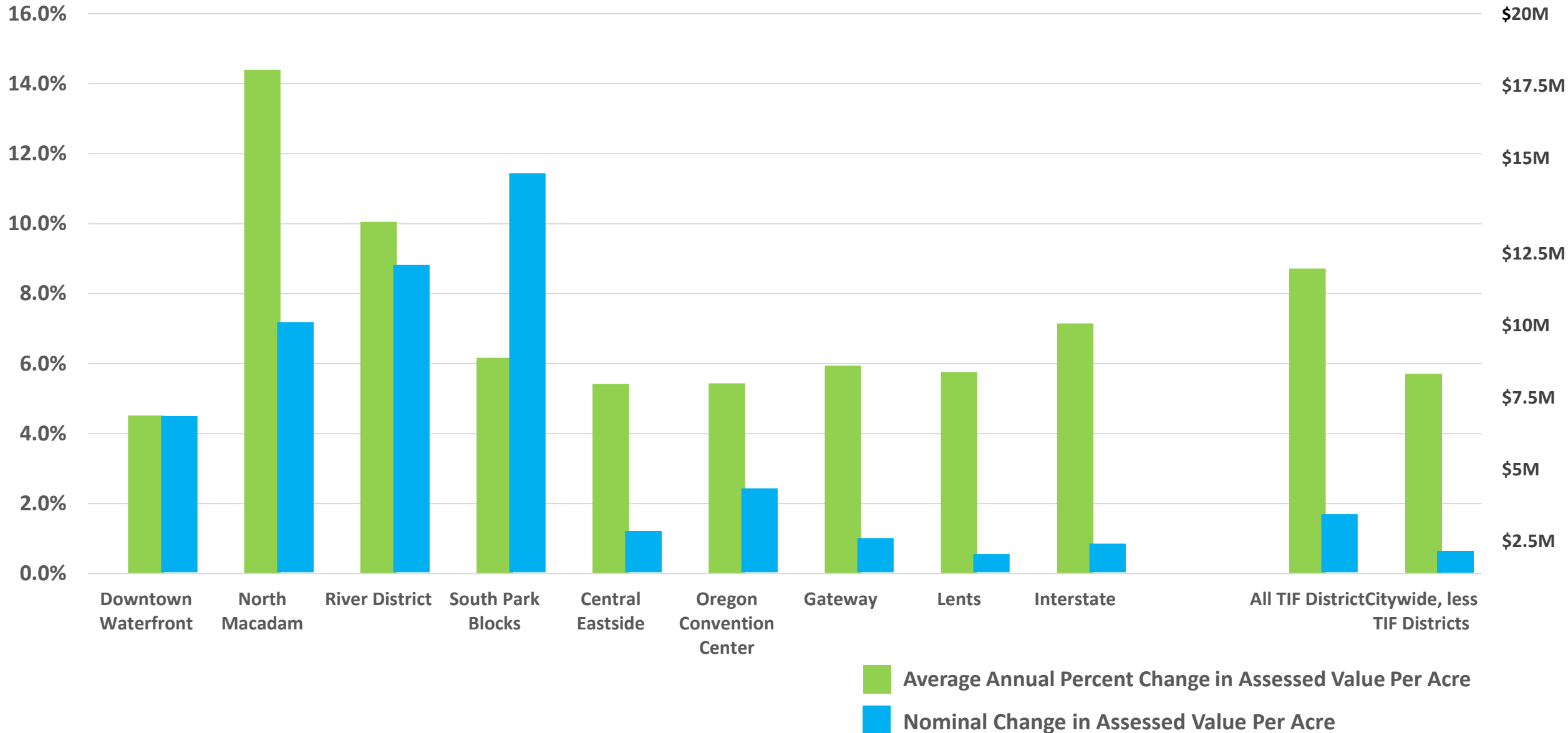
2000 to 2022

For every \$1 of the City's investment in TIF Districts, private partners invested \$15 in construction permit valuation.



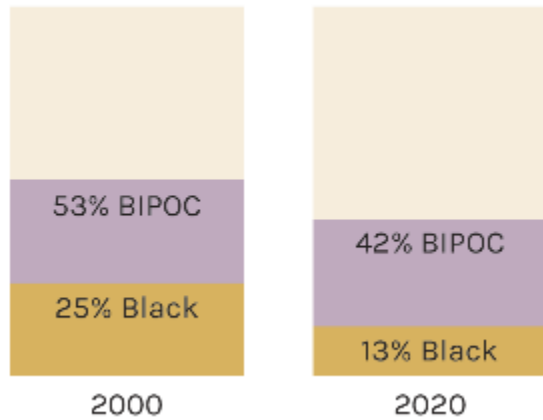
Sources: Public expenditures data from Prosper Portland; Private expenditures estimated from permit data provided by the Bureau of Development Services

Assessed Value Growth - 2001 through 2020



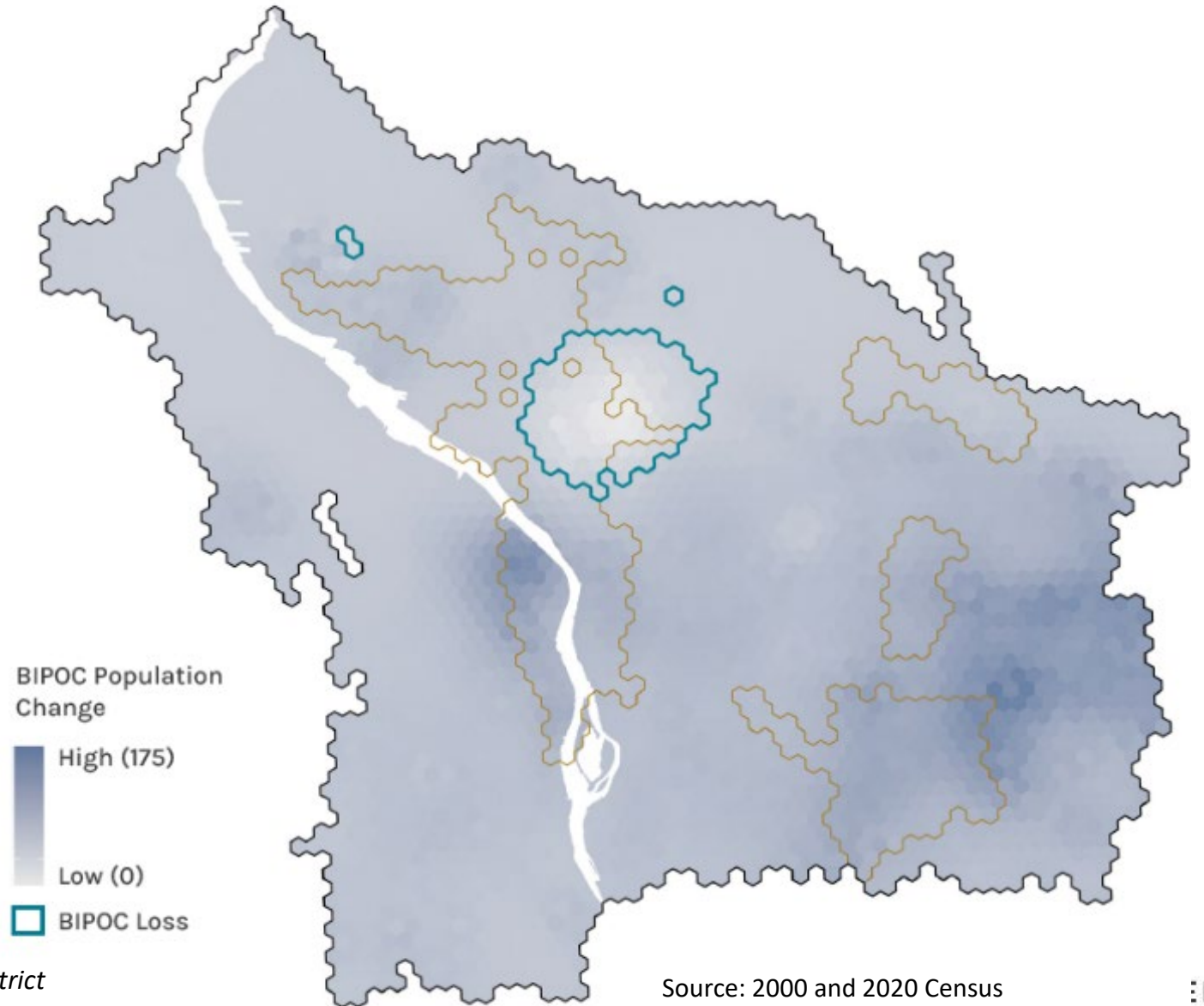
TIF's Impact on the Black Community in Northeast Portland

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)



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

Applying Lessons Learned to Advance Inclusive Growth

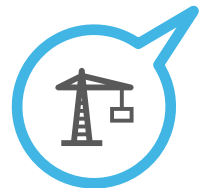
Center **disadvantaged communities** in engagement, goals and governance



Strategically **sequence investments** and layer policy and financial tools



Further **community stabilization** and remove barriers to opportunities



Advance inclusive **economic growth** and **wealth creation**

Support **entrepreneurship** and **job growth**



Advance **housing production** for a full range of income levels



A New Tax Increment Finance District Model

What's similar?

- Property tax-based funding tool
 - 5-Year Action Plans guide investments
 - Economic and real estate market influence
 - Outreach & engagement to gather input on projects
 - City Council, Prosper Board have defined decision making authority, legal liability
-

What's different?

- Co-created vision, priorities, and goals between community and public
- Early & prioritized focus on groups vulnerable to displacement
- Project list intentionally limits spending on general public infrastructure
- Community-led and publicly led engagement opportunities
- Deeper engagement on accountability and oversight

Active and Sunsetting Districts



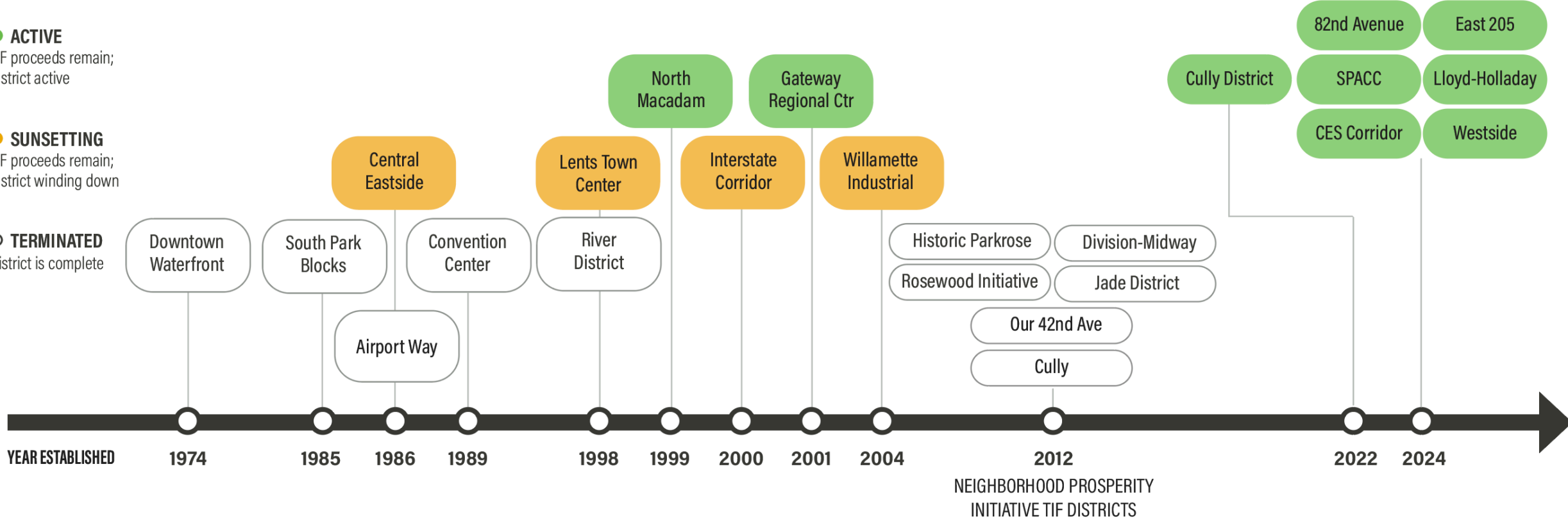
Portland TIF Districts: Status

District Status

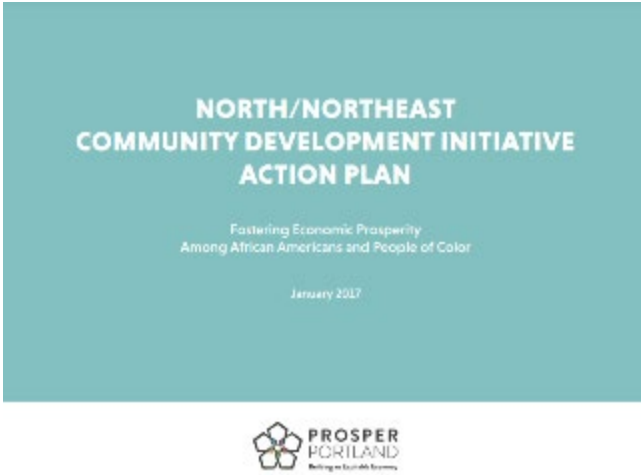
● **ACTIVE**
TIF proceeds remain;
district active

● **SUNSETTING**
TIF proceeds remain;
district winding down

○ **TERMINATED**
District is complete



Action Plans



\$57M Commitment (2014)

- Neighborhood Investment*
- Business Vitality*
- District Livability*

\$36M Commitment (2014)

- Lents Town Center*
- West Foster*
- Commercial Corridors*
- Affordable Housing*
- Industrial & Open Space*

\$35M Commitment (2016)

- +\$38M additional resources***
- Halsey Weidler Business Districts*
- Gateway Transit Center*
- Central Gateway*

\$32M Commitment (2017)

+\$19.3M additional resources

Current Financial Impact

FY 2024-25 TIF District Values and Taxes (in millions)

	Base Frozen Value	Excess Value		Total Value	Taxes Imposed
		Used	Not Used		
Excess Value Unused					
Central Eastside	230.5		1,038.4	1,268.9	
Gateway	307.2	386.1		693.3	8.2
Interstate Corridor	1,293.5		3,046.8	4,340.3	
Lents Town Center	736.2		1,238.9	1,975.1	
North Macadam	628.1	1,285.9		1,914.0	28.6
Cully Blvd.	1,103.1	73.9		1,177.0	1.3
Total	\$4,298.6	\$1,745.9	\$5,324.1	\$11,368.6	\$38.1

Source: Multnomah County Assessment and Taxation & TSCC

Current Financial Impact

FY 2024-25 TIF Revenues by Taxing District (in millions)

District	Permanent Rate	Bonds/Levies	Total	Percent of Total
City of Portland	12.400	0.600	13.000	34%
Multnomah County	7.200	0.900	8.100	21%
Library	2.000	0.000	2.000	5%
Metro	0.100	0.600	0.700	2%
Port of Portland	0.100	0.000	0.100	0%
Portland Public Schools	6.100	3.600	9.700	25%
PCC	0.400	0.500	0.900	2%
MHCC	0.200	0.000	0.200	1%
MESD	0.800	0.000	0.800	2%
Parkrose	0.200	0.002	0.202	1%
David Douglas	1.500	0.800	2.300	6%
Other Districts	0.100	0.000	0.100	0%
Total	\$31.10	\$7.00	\$38.10	100%

Source: Multnomah County Assessment and Taxation & TSCC

New District Exploration Process



City Council Directed Exploration Process : Acreage & Assessed Value

3% City acreage to be in TIF districts (max is 15%)*

3% City assessed value (AV) to be in TIF districts (max is 15%)

11,186 Available acreage for TIF in FY24/25

\$9.8B Available AV for TIF in FY24/25

7,500 Max East Portland Acreage

\$6B Max East Portland AV

1,500 Max Central City Acreage

\$3.8B Max Central City AV

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

TIF Exploration: Engagement Summary

95 Steering Committee & Working Group members

65 Committee meetings
Summer 2023 through Summer 2024

3 City Bureau-Led Open Houses

380 Interested Parties List Members
14 updates distributed during the process to 250 EPDX individuals and 130 Central City individuals

355 EPDX Informational Video Views & Survey Responses
Lead by Community Based Staff Person, Paula Byrd, with the Rosewood Initiative

335 Central City Open House & Survey Points of Feedback

25 EPDX Community Outreach Partners
Community-led events by Ebony Collective, Oregon Walks, Black Community of Portland, Leaders Become Legends, PDX Saints Love, Pathfinder Network, Historic Parkrose, APANO/Jade District, Division-Midway Alliance, Rosewood Initiative, Affiliated Tribes of Northwest IEDC, IRCO, Pathfinder Network, Argay Terrace NA, Sumner NA, East Portland Action Plan, Thrive, East Portland Chamber of Commerce, SE Uplift, Venture Portland, Hazelwood NA, Powellhurst-Gilbert NA, Montavilla East Tabor BA, Dads Helping Dads, League of Women’s Voters

12 Central City Community-Led Presentations
Hosted by Central Eastside Industrial Council, Portland Metro Chamber Central City Coalition, Old Town Community Association, Pearl District Neighborhood Association, Lloyd EcoDistrict, GoLloyd Venture Portland, SE Uplift, NAIOP, Urban Land Institute Northwest, Oregon Smart Growth, and BOMA Oregon



October 2024 City Council Approvals

- **Six Ordinances:** Approved proposed TIF Districts
- **Two Ordinances:** Approved amendments to existing Central Eastside & Lents TIF Districts to support creation of new TIF districts
- **Resolution:** Directed City Administrator, Prosper Portland and Portland Housing Bureau to bring forward Review of Housing Set Aside Policy and Action Plans & Amendments as Next Steps



Resolution: Refining 5-Year Investment Priorities

Directs City Administrator to collaborate with Prosper Portland and the Portland Housing Bureau to bring forward for City Council consideration:

- ✓ Five-Year Action Plans identifying TIF district budget priorities with key partners and stakeholders.
- ✓ Any necessary major amendments of the TIF Plans, including budget priorities or boundary adjustments.
- ✓ Review of Set Aside Policy with involvement from broad range of stakeholders by November 2026.

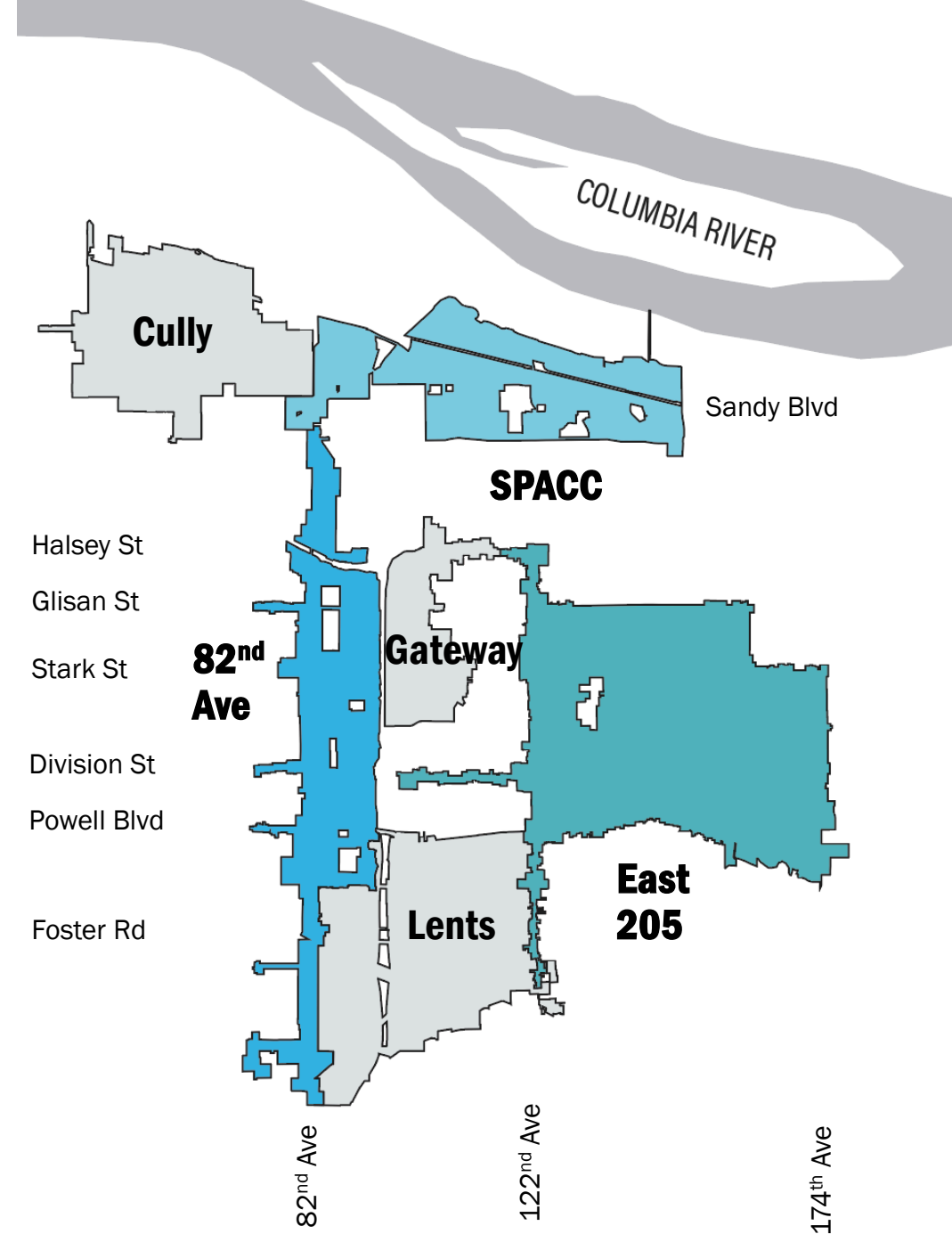
East Portland: New Districts Overview



New East Portland TIF Districts

District	2030 / YR 5	2035 / YR 10	2050 / YR 30
SPACC	\$9M	\$62M	\$310M
82 nd Ave	\$13M	\$89M	\$460M
East 205	\$23M	\$156M	\$770M

- 3% average AV growth; long-term borrowing after 5 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)



New East Portland Districts: Project Lists

	82 nd Avenue	E205	SPACC	
Affordable Housing <ul style="list-style-type: none"> • Single family home repair & homeownership • Multifamily rental, inc. rehab and preservation • Land acquisition • Houselessness related capital expenditures • Affordable infill/middle density housing • Mobile home parks 	\$191M (45%)	\$323M (45%)	\$129M (45%)	
Economic & Urban Development <ul style="list-style-type: none"> • Commercial Property Acquisition, Development & Renovation (includes land banking, small business support and workforce housing) • Arts, Culture and Signage • Recreational Improvements 	\$191M (45%)	\$323M (45%)	\$129M (45%)	
Infrastructure <ul style="list-style-type: none"> • Street and utilities improvements • Connectivity and accessibility • Public parks & open spaces • Public recreation investments 	\$43M (10%)	\$72M (10%)	\$29M (10%)	
* Total resources for capital investments net of admin and financing costs.	SUBTOTAL*	\$425M	\$718M	\$287M



82nd Ave: What are people excited about?

1

Prioritize Homeownership & Home Repair Programs Early



2

Multi-modal Connections that Build on 82nd Ave. Infrastructure and Transit Investments



3



More Neighborhood-serving Retail and Services; 24-hour vibrancy along 82nd Ave

4



Remediation and Redevelopment of Large, Underdeveloped Sites

5



Tree Canopy and landscaping to Reduce Heat Island Effects

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Tree Canopy and landscaping to Reduce Heat Island Effects

East 205: What are people excited about?

① Recreation and Community Center



② Multi-cultural Maker's Space, Home-Based Business



③ Affordable Child Care



④ Shared Commercial Kitchen



⑤ Connectivity and Walkability

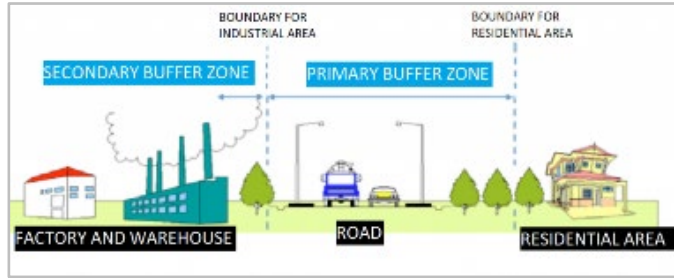


⑥ Multi-lingual Directional Signage



SPACC: What are people excited about?

- ① Buffers between industrial and residential land; mutually beneficial development



- ② Recreational improvements to publicly accessible open spaces, including the Columbia Slough



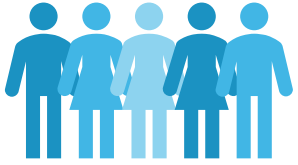
- ③ Affordable retail shops for families and spaces for youth to hang out after school



- ④ Workforce training center(s) and spaces to learn additional skills and acquire certifications



Governance Charter



13 members with strong connections to the district: live, work, worship, have children enrolled in school, previously displaced, etc.



Reflect full diversity of community, and specifically, representatives from populations disproportionately vulnerable to displacement



Committee members must understand and **support the stabilization & inclusive growth goals and values of the Plan**



Range of experience and knowledge to inform implementation, drawing from life experiences, community connections and leadership, education and professional experience



Members represent **interests of vulnerable community**

Central City: Approved Districts, Plans & Investment Priorities



PROSPER
PORTLAND

Building an Equitable Economy

New Central City Districts

District	2030 YR 5	2035 YR 10	2050 YR 30
Westside	\$19M	\$94M+	\$800M
Lloyd-Holladay	\$7M	\$27M+	\$290M
CES 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)

Westside TIF District

Lloyd-Holladay TIF District

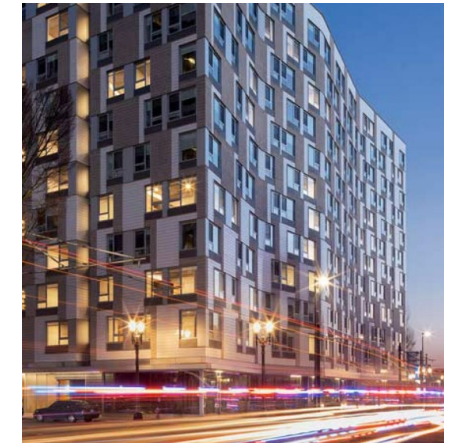
Amended
Central
Eastside*

**Central
Eastside
Corridor
TIF District**

* Existing Central Eastside TIF District to remain in amended/reduced geography

New Central City Districts: Project Lists

	Westside	Lloyd-Holladay	CES Corridor	
Affordable Housing				
<ul style="list-style-type: none"> Affordable Rental Housing (0-60% AMI) Preserve Existing Affordable Housing Buildings Develop New Affordable Multi-family Residential Uses 	\$333M (45%)	\$121M (45%)	\$84M (45%)	
Economic & Urban Development				
<ul style="list-style-type: none"> Recruitment, Retention of Anchor Employers/Retailers and Traded Sector Businesses Tenant Neighborhood Commercial Spaces Rehabilitation, Development of Commercial Space Neighborhood Services and Amenities Regional Assets & Destinations Middle-Income Rental Housing (60-120% AMI) 	\$259M (35%)	\$94M (35%)	\$65M (35%)	
Infrastructure & Public Realm				
<ul style="list-style-type: none"> Signage, Connectivity & Accessibility Public Realm Enhancements Street and Utilities to Support Vertical Development 	\$148M (20%)	\$54M (20%)	\$37M (20%)	
	SUBTOTAL*	\$741M	\$269M	\$187M



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

Westside: What are people excited about?

- 1 Renovation & seismic upgrades in historic districts



- 2 Prioritize connection to the river and activation of the waterfront



- 3 Business & employee retention



- 4 Preservation & repair for existing affordable housing
New housing across income levels

Office to residential conversions



- 5 Public space activations & connectivity



- 6 Celebrate arts & culture to strengthen Downtown identity



Central Eastside Corridor: What are people excited about?

1

Safe pedestrian & multimodal connections



2

Business & employee retention



3

Connectivity to waterfront



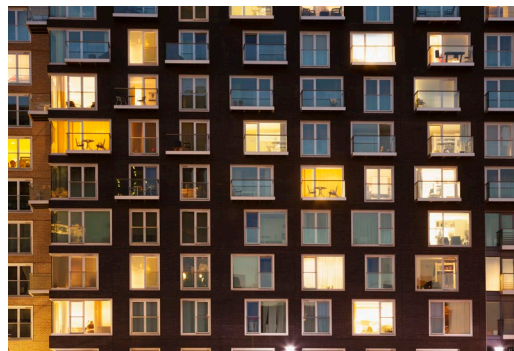
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Complete, active, mixed-use neighborhoods



5

Opportunities for affordable & market rate housing



6

Infrastructure and parking to support development



Lloyd-Holladay: What are people excited about?

- ① Opportunities for affordable housing and mixed-use residential development



- ② Street trees & public green space; Embrace EcoDistrict identity



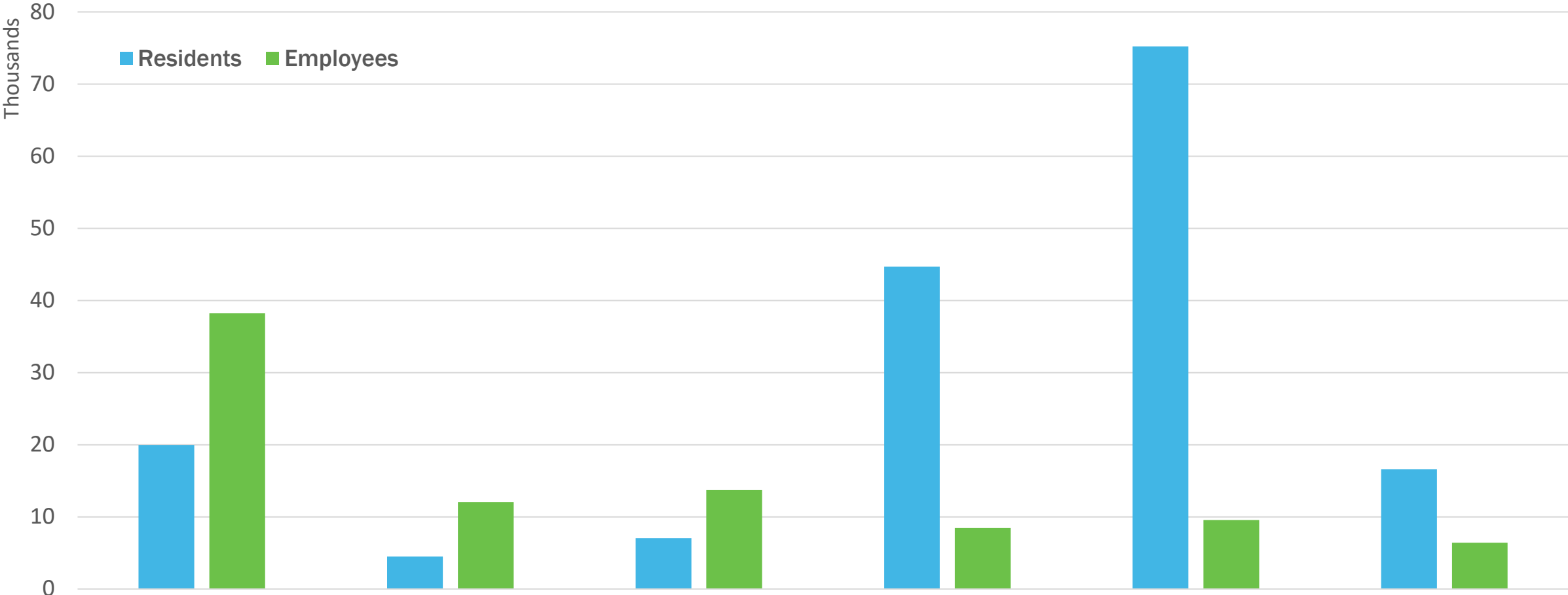
- ③ Infrastructure to support Lloyd Mall Master Plan



- ④ Support for existing businesses & recruit to fill vacant storefronts



Who Lives & Works in the Proposed Districts?



Westside
 \$800M
 493 acres
 2,229 businesses

Central Eastside Corridor
 \$200M
 485 acres
 709 businesses

Lloyd-Holladay
 \$290M
 261 acres
 518 businesses

82nd Ave. Area
 \$460M
 1,868 acres
 1,048 businesses

East of 205
 \$770M
 3,730 acres
 1,520 businesses

SPACC
 \$310M
 1,578 acres
 650 businesses

Potential Outcomes

	East Portland	Central City	Total
Affordable Housing* <ul style="list-style-type: none"> • Preservation & development of affordable rental • Homeownership repair and down-payment assistance • Houselessness related capital expenditures 	\$643M	\$538M	\$1.1B <i>4,500 to 8,000 units</i>
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) 	\$643M	\$419M	\$1.1B <i>1,600 to 2,400 small business served</i> <i>20,000 to 35,000 jobs supported</i>
Infrastructure <ul style="list-style-type: none"> • Street and utilities • Wayfinding, connectivity & accessibility • Public parks & open spaces • Public recreational investments 	\$144M	\$240M	\$384M <i>Regional & local community serving infrastructure, like Waterfront Park, the Green Loop, and sidewalk & safety improvements in East Portland</i>

* 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.

Potential Financial Impact & Follow Up



City of Portland General Fund

Estimated Taxes Foregone vs. Returned



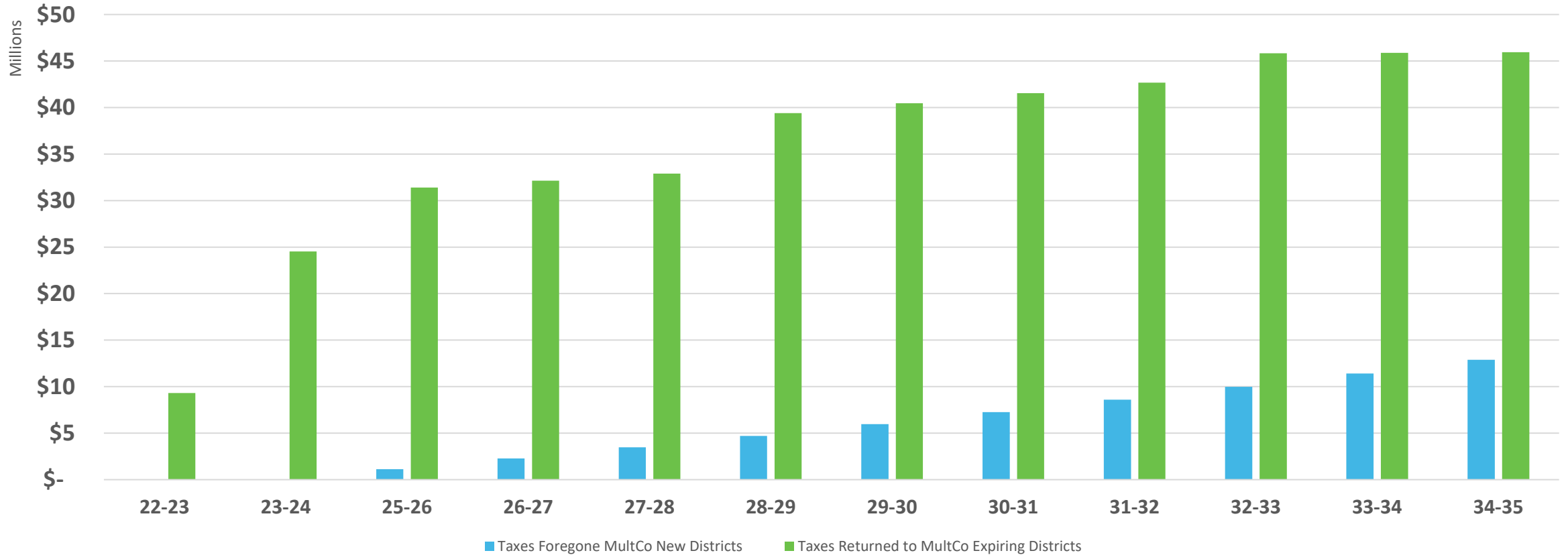
Impact in First 10 Years:

Taxes returned - expiring districts	\$448M
<u>Taxes foregone - new districts</u>	<u>\$71M</u>
Net taxes returned:	\$377M

Through 2059, there is a positive net impact of \$1.3B with 3% avg growth on most of the returning TIF

Multnomah County General Fund

Estimated Taxes Foregone vs. Returned



Impact in First 10 Years:

Taxes returned from expiring districts	\$426M
<u>Taxes foregone – new districts</u>	<u>\$68M</u>
Net taxes returned:	\$358M

Through 2059, there is a positive net impact of \$1.2B for the County and \$353M for the Library with 3% growth on most of the returning TIF

EPDX & Central City TIF District Explorations

Impact on Taxing Jurisdictions -Revenue share 2038 to 2042 depending on district

K-12 Education (with SSF backfill, constant ADMw)

	East Portland	Central City	Total Impact*	Average Annual
Reynolds	\$0.5M - \$0.6M	-	\$0.5M - \$0.6M	\$14K - \$18K
Parkrose	\$0.4M - \$0.6M	-	\$0.4M - \$0.6M	\$13K - \$18K
David Douglas	\$1.3M - \$1.6M	-	\$1.3M - \$1.6M	\$41K - \$50K
Centennial	\$0.9M - \$1.0M	-	\$0.9M - \$1.0M	\$26K - \$32K
Portland Public Schools	\$9.4M - \$12.0M	\$26M - \$31.7M	\$35.4M - \$43.7M	\$1.0M - \$1.2M
SUBTOTAL	\$12.5M - \$15.8M	\$26M - \$31.7M	\$38.5M - \$47.5M	\$1.1M - \$1.4M

New TIF Districts: 2025 - 2026

Budgeting

Feb – May 2025:

Develop draft budgets

Summer 2025:

Council budget approval

Winter 2025/Spring 2026: TIF

district resources received

Community Committees

Jan – March 2025:

Identify lead staff for new TIF districts

Feb – March 2025: Community call for Committee applications

Spring 2025:

City Council and Prosper Board vote

Convene EPDX leadership committees and CC Action Plan committees

Action Planning

Spring/Fall 2025:

Action Plan Development

2025/2026:

Approval of Action Plans by Board and Council

Discussion

