



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 8/18/11)

Board Clerk Use Only

Meeting Date: 7/12/12
Agenda Item #: R.2
Est. Start Time: 9:50 am
Date Submitted: 7/3/12

Agenda Title: **RESOLUTION Authorizing the County Chair to Execute the Intergovernmental Agreement with the Portland Development Commission as the Urban Renewal Agency for the City of Portland to Provide for the Investment of Certain Incremental Tax Revenues in the Neighborhood Prosperity Initiative Urban Renewal Districts.**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: July 12, 2012 **Time Needed:** 30 Minutes
Department: Non-Departmental—Chair's Office **Division:** Chair Jeff Cogen
Contact(s): John Tydlaska
Phone: 503.988.6277 **Ext.** **I/O Address:** 503/600
Presenter Name(s) & Title(s): Kimberly Branam (Deputy Director, Portland Development Commission)

General Information

1. What action are you requesting from the Board?

Authorizing the County Chair to Execute the Intergovernmental Agreement ("IGA") with the Portland Development Commission ("PDC") as the Urban Renewal Agency for the City of Portland ("City") to Provide for the Investment of Certain Incremental Tax Revenues in the Neighborhood Prosperity Initiative Urban Renewal Districts (each, an "NPI District").

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

In Oregon, urban renewal redirects local property tax revenues into specific investments in prescribed areas. The purpose of these investments is to leverage additional private investments to make physical improvements to the area and eventually generate tax revenues to the local taxing jurisdictions above what would have occurred without such public investments. In Portland, the impacted tax jurisdictions include the County, the City, education and public school districts, bond obligations, Metro, and the Port of Portland.

When an urban renewal area ("URA") is established, the tax base of each property within the URA is frozen with respect to the tax jurisdictions that receive property taxes. For the duration of the URA, the tax jurisdictions do not receive more taxes from the URA than is

generated from the frozen base. Rather, during this time period, the County continues to collect property taxes from the URA, and to the extent the taxes from the URA exceed the amount attributable to the frozen base, the County directs these incremental taxes to the PDC.

PDC's standard practice is to then issue long-term debt, known as tax increment financing ("TIF"), which is repaid by this stream of incremental taxes during the life of the URA. Under this traditional model, PDC uses this long-term debt to make urban renewal investments in the URA that PDC believes will have the greatest impact.

The NPI Districts represent a departure from PDC's standard practice in two fundamental ways. First, the NPI Districts are "pay-as-you-go," meaning that PDC will not issue long-term debt but instead will invest the incremental taxes back into the NPI District as these amounts are collected. Second, community members from each NPI District will form an organization to which PDC will turn over these funds so that the communities, rather than PDC, will direct the investments.

Under provisions known generally as "revenue sharing," Oregon law requires that in all years after which PDC has received incremental taxes in excess of certain threshold amounts, PDC must return to the tax jurisdictions some or all of the amounts in excess of these thresholds. For each NPI District, for each year after PDC has received more than \$37,500 of incremental taxes, PDC will return 25% of any incremental taxes above \$37,500 to the tax jurisdictions until such time as PDC receives more than \$125,000 in a year. After PDC has received \$125,000 in a year, PDC will return 100% of the incremental taxes above \$125,000 to the tax jurisdictions.

Due to the relatively low \$1.25M maximum indebtedness of each NPI District, the 3% and 10% sharing requirements are anticipated to be triggered in FY15 and FY17, respectively.

In January 2012, the County, the City and PDC entered into discussions regarding the County and the City investing the amounts that each would receive under the revenue sharing provisions of Oregon law into the NPI Districts. Concurrent with creation of the NPI Districts in April 2012, the City agreed to invest amounts that it receives under revenue sharing into the NPI Districts. Execution of the IGA will result in the County investing amounts that it receives under revenue sharing into the NPI Districts.

3. Explain the fiscal impact (current year and ongoing).

Execution of the IGA will have no fiscal impact in FY12/13 or FY13/14.

Below are the incremental taxes that the County expects to receive from Oregon's revenue sharing laws that are to be invested in the NPI Districts in each fiscal year through FY20/21. The County does not anticipate continuing these investments after FY 20/21.

<u>Fiscal Year</u>	<u>County NPI District Investments</u>
2014/15	\$28,000
2015/16	\$43,000
2016/17	\$79,000
2017/18	\$165,000
2018/19	\$228,000
2019/20	\$292,000
2020/21	<u>\$263,000</u>
	\$1,098,000

4. Explain any legal and/or policy issues involved.

The Multnomah County Economic Development Program seeks to reduce barriers for

residents striving to improve their lives economically and to inspire residents to support all community members pursuing their maximum potential by helping to bring more capital and technical assistance to small businesses and to foster an environment where business and the broader community participate respectfully in constructive dialogue.

Each of the six NPI Districts – NE 42nd Ave, Cully Blvd., Parkrose, Rosewood, Divison/Midway, and 82nd & Divison – lacks a strong business district and higher than average commercial vacancy rates, thereby impacting the quality of life of the residents of these communities. Investing in the NPI Districts allows Multnomah County to leverage both significant government and community financial and human capital resources to address these challenges.

5. Explain any citizen and/or other government participation that has or will take place.

In addition to the investments by Multnomah County, the PDC and the City will invest in each NPI District. Some of the funds from the PDC also require that each NPI District raise matching funds, thereby further engaging members of each community.

Required Signature

Elected Official Marissa Madrigal /s/
or Dept Director: _____

July 3, 2012
Date: _____