



**Annual Urban Renewal Report
Covering Fiscal Years 2006-07 and 2007-08**

Commissioners

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Introduction

As the City of Portland's agency for urban renewal, the Portland Development Commission (PDC) publishes an annual statement about the use and the effects of tax increment financing in Portland's urban renewal areas pursuant to ORS 457.420 to 457.460.

PDC Overview

PDC was created as a City agency by Portland voters in 1958. Its purpose is to deliver projects and programs that achieve the City's housing, economic development, and redevelopment priorities as well as link citizens to jobs. The governing body is a five-member Commission appointed by the Mayor and approved by City Council.

PDC provides sustained livability for Portland and the region. In carrying out policy, PDC has developed and implemented projects and programs that play a major role in keeping Portland one of the most livable cities in the United States. PDC's programs benefit the approximately 545,000 citizens in the City of Portland. Many of our economic development programs and services are regional, such as business recruitment and marketing, and benefit the Portland region's estimated population of 2.1 million.

PDC's Urban Renewal Areas

PDC has 11 active urban renewal areas as follows:

Airport Way – Facilitate development of a major employment center with a diverse economic make-up. Support development of infrastructure, transit, and protection of natural resources.

Central Eastside – Support neighborhood, business, and property owner goals of maintaining the vitality and continued growth of the district as a major employment center.

Convention Center – Carry out project and support private activities that promote commercial revitalization, increase community wealth through local ownership and employment. Capitalize on major public and private investments. Fund transportation and related improvements to further development of area.

Downtown Waterfront – Implement housing preservation and development, transportation improvements, public site improvements, job development, and retail improvements.

Gateway Regional Center – Transform district into regional center with enhanced housing, employment, and cultural opportunities. Create public spaces, transportation, pedestrian improvements, and other projects that enhance Gateway’s livability.

Interstate Corridor – Invest in projects and programs that enhance the district and create community wealth through construction/preservation of housing options, new family-wage jobs and the infrastructure investment to support these efforts (including Interstate Max).

Lents Town Center – Provide support for the revitalization of commercial and residential properties. Stimulate business development and investment in the area.

North Macadam – Pursue commercial and housing development in former industrial area by redeveloping district into a mixed-use Central City neighborhood, with greenway and parks system. Improve transportation infrastructure and accessibility.

River District – Generate new private investment and improve the tax base on vacant and underutilized land by developing a wide range of new housing units, new commercial opportunities, and open space. Retain and enhance Union Station’s function as public asset and transportation center.

South Park Blocks – Expand opportunities for housing and jobs while retaining the character of established residential, neighborhood, and commercial centers. Give a high priority to increasing the number of residential accommodations in the downtown area for a mix of age and income groups.

Willamette Industrial – Encourage existing businesses to stay and expand, and to attract new employers to the area. Much of the land within this URA is currently vacant or underused and Portland can use this area to attract new industry.

How Does Urban Renewal Work?

The idea behind urban renewal is simple: future tax revenues pay for revitalization efforts. The City Council, acting on the recommendations of a community-based advisory committee and PDC, draws a line around an area (the urban renewal boundary) and identifies improvements within that area (the urban renewal plan). Subsequently, the City issues urban renewal bonds to pay for the identified improvements. As property values increase in the district due to new investment, the rise in property tax revenues (called tax

increment) is used to pay off the urban renewal bonds. When all debt has been issued and has been repaid, the tax increment revenues will revert to the taxing jurisdictions.

What Does Urban Renewal Accomplish?

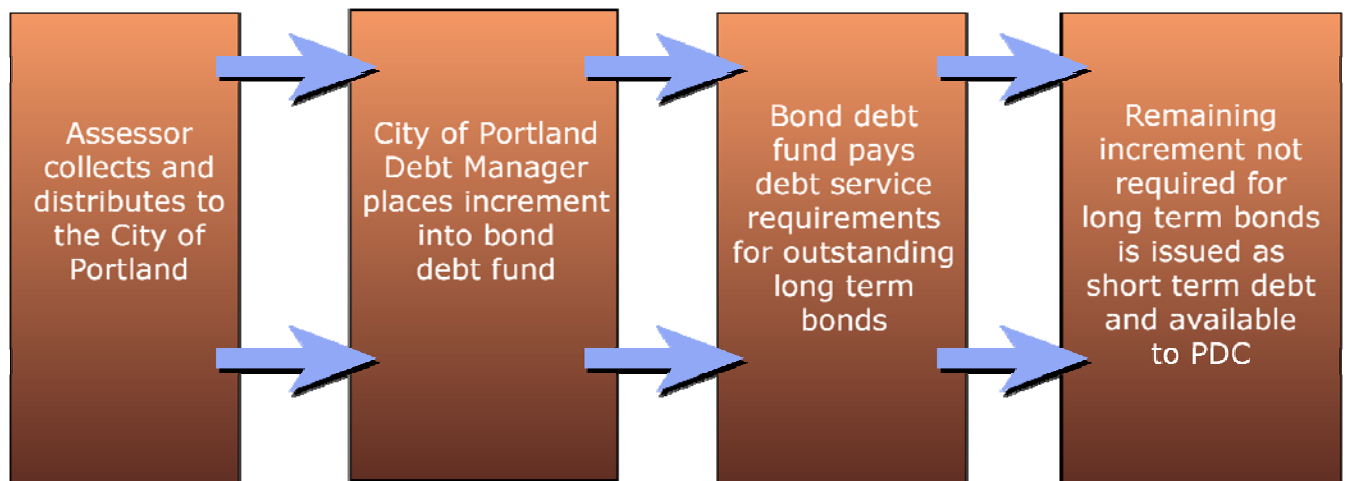
Urban renewal funds are used for a variety of investments, such as:

- Redevelopment projects, including mixed-use projects like Burnside Bridgehead in Central Eastside URA and the Central District in North Macadam URA.
- Economic Development strategies, such as small business improvement loans and loan programs tied to family-wage jobs.
- Housing loans and other financial tools, for new and rehabilitated housing which serves a variety of income levels in a variety of densities and types.
- Streetscape improvements including new lighting, trees, and pedestrian facilities.
- Park and open spaces.

How Does Urban Renewal Generate Revenue?

Long-term and short-term bonds as well as interim-term lines of credit finance urban renewal activities. The bonds and lines of credit are repaid from the property taxes generated by the increase in value, over time, of properties within the district.

Flow of Tax Increment



This chart shows how the flow of tax increment revenue is managed by PDC and the City of Portland. All tax increment is placed by the City's Debt Manager into restricted debt funds to finance projects only for the urban renewal area. Resources in these funds first pay off annual debt service requirements for any outstanding long-term bonds. Remaining increment not required for long-term bonds is issued as short-term debt for projects and requirements within the URA.

Each urban renewal area has a plan which provides information on the area including the legal boundaries, goals and objectives, definitions, project activities, and expiration dates. A report for each urban renewal plan provides more details on the condition of the area, maximum indebtedness, and fiscal impacts. Key facts about each urban renewal area and its capacity for debt issuance are shown on the following table:

Urban Renewal Area	Maximum Indebtedness	Indebtedness Issued as of 6/30/06	Indebtedness Remaining as of 6/30/06	Plan Expiration Date	Acres included in Plan Area*
Airport Way	\$ 72,638,268	\$72,638,268	\$0	May 11, 2011	2,726
Central Eastside	\$104,979,000	\$44,570,000	\$60,409,000	August 1, 2018	685
Convention Center	\$167,511,000	\$84,215,000	\$83,296,000	June 1, 2013	593
Downtown Waterfront	\$165,000,000	\$103,330,000	\$61,670,000	April 1, 2008	279
Gateway Regional	\$164,240,000	\$11,427,000	\$152,813,000	June 1, 2022	658
Interstate Corridor	\$335,000,000	\$47,275,000	\$287,725,000	June 1, 2021	3,769
Lents Town Center	\$75,000,000	\$28,585,000	\$46,415,000	October 1, 2015	2,707
North Macadam	\$288,562,000	\$35,901,102	\$252,660,898	June 20, 2020	402
River District	\$224,780,350	\$103,045,000	\$121,735,350	October 1, 2020	309
South Park Blocks	\$143,619,000	\$65,820,000	\$77,799,000	July 1, 2008	161
Willamette Industrial	\$200,000,000	\$0	\$200,000,000	December 1, 2024	758

*Acreage data from Multnomah County, as of June 1, 2006.

An urban renewal area's maximum indebtedness represents the principal amount of indebtedness that may be issued for a given urban renewal area, and does not include debt service or refinancing costs. The maximum indebtedness limit is based on good faith estimates of project costs, including inflation, that are planned in each urban renewal area.

Summary Reports on Urban Renewal Resources and Expenditures

The following pages display tables for Debt Funds and Redevelopment Funds for each Urban Renewal Area (URA). These tables comply with Oregon Law as follows:

Debt Funds

FY 2006-07 actuals are shown in compliance with ORS 457.420 to 457.460 and FY 2007-08 budgeted information is shown in compliance with ORS 457.420 to 457.460 as detailed below:

- a) The amount of money received during the preceding fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460.
- b) The purposes and amounts for which any money received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 were expended during the preceding fiscal year.
- c) An estimate of the amount of monies to be received during the current fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460.
- d) A budget setting forth the purposes and estimated amounts for which the monies which have been received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 are to be expended during the current fiscal year.

The tables on the following pages that refer to Debt address a) thru d). Specifically, they show the amount of tax increment funding received and spent, by urban renewal area for FY 2006-07 and FY 2007-08 for debt funds.

Note that the City of Portland issues all Urban Renewal long term bonds, tax increment lines-of-credit, and short term financing per State law. All debt service requirements are budgeted by the City in separate debt funds. Debt proceeds are transferred to PDC for use on eligible capital projects. PDC works with the City to determine the timing of bond issuances/draws on lines of credit, the amount to be issued/drawn, the mix of taxable versus tax exempt proceeds, and any other pertinent information necessary to meet PDC's capital funding requirements.

Redevelopment Funds

FY 2006-07 actuals are shown in compliance with ORS 457.420 to 457.460 and FY 2007-08 budgeted information is shown in compliance with ORS 457.420 to 457.460 as detailed below:

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- a) The amount of money received during the preceding fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460.
- b) The purposes and amounts for which any money received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 were expended during the preceding fiscal year.
- c) An estimate of the amount of monies to be received during the current fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460.
- d) A budget setting forth the purposes and estimated amounts for which the monies which have been received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 are to be expended during the current fiscal year.

The tables on the following pages titled Redevelopment Funds address a) thru d), showing the amount of tax increment funding received and spent, by urban renewal area for FY 2006-07 and FY 2007-08 for redevelopment funds.

The City transfers debt proceeds to PDC pursuant to the debt agreements in place and project expenditures occur in the redevelopment funds.

Airport Way Urban Renewal Area

Debt Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Balance	2,123,082	1,878,284
Interest on Investments	191,274	219,468
Transfer of Unspent Issue Costs	15,208	0
Prior Year Property Taxes	127,281	191,535
Property Taxes	5,016,668	5,205,018
Total Resources:	7,473,513	7,494,305
Expenditures by Major Appropriation Category:		
Debt Interest	2,527,738	2,469,388
Debt Retirement	2,870,000	2,930,000
Reserve Requirements	1,350,000	2,094,917
Total Expenditures:	6,747,738	7,494,305
Ending Fund Balance/Reserve	725,776	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Fund Balance	5,870,091	5,813,131
Interest On Investments	208,421	64,000
Loan Collections	18,347	18,494
Real Property Sales	3,015,580	0
Reimbursement	9,911	0
Rent & Property Income	8,352	0
Total Resources:	9,130,702	5,895,625
Expenditures:		
Central Services	0	3,000
Development	1,063,989	1,373,969
Economic Development	1,610,752	3,346,233
Finance	16,174	0
Total Expenditures:	2,690,915	4,723,202
Contingency	0	1,172,423
Ending Fund Balance Reserve	6,439,787	0

Central Eastside Urban Renewal Area

Debt Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Balance	116,806	0
Interest on Investments	67,708	103,535
Prior Year Property Taxes	81,015	121,852
Property Taxes	4,070,729	4,424,589
Total Resources:	4,336,257	4,649,976
Expenditures by Major Appropriation Category:		
Debt Interest	1,098,656	1,427,341
Debt Retirement	3,110,000	3,222,635
Total Expenditures:	4,208,656	4,649,976
Ending Fund Balance/Reserve	127,601	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Fund Balance	1,451,708	975,731
Interest On Investments	32,157	25,000
Loan Collections	228,117	53,206
Reimbursement	120	0
Tax Increment Debt Proceeds	5,286,940	9,964,817
Total Resources:	6,999,042	11,018,754
Expenditures:		
Central Services	0	9,195
Development	2,273,806	7,317,155
Economic Development	3,280,383	2,713,847
Finance	13,858	0
Housing	20,065	247,782
Total Expenditures:	5,588,112	10,287,979
Contingency	0	730,775
Ending Fund Balance Reserve	1,410,930	0

Convention Center Urban Renewal Area

Debt Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Balance	247,504	0
Interest on Investments	112,493	161,907
Prior Year Property Taxes	139,937	204,986
Property Taxes	7,015,645	6,919,116
Total Resources:	7,515,580	7,286,009
Expenditures by Major Appropriation Category:		
Debt Interest	3,958,515	5,402,788
Debt Retirement	3,375,000	1,883,221
Total Expenditures:	7,333,515	7,286,009
Ending Fund Balance/Reserve	182,065	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Fund Balance	6,042,174	6,208,791
Budgeted Transfers	500,000	0
Interest On Investments	214,923	25,000
Loan Collections	1,051,685	53,206
Real Property Sales	0	1,700,000
Reimbursement	224,664	0
Rent & Property Income	81,779	0
Tax Increment Debt Proceeds	15,166,809	13,767,454
Total Resources:	23,282,034	21,754,451
Expenditures:		
Central Services	0	23,540
Development	10,456,036	5,968,497
Economic Development	2,161,186	3,805,896
Finance	9,502	0
Housing	1,748,880	6,416,692
Total Expenditures:	14,375,604	16,214,625
Ending Fund Balance Reserve	8,906,430	5,539,826

Downtown Water Front Urban Renewal Area

Debt Fund

	FY 2006-07	FY 2007-08
	Unaudited	Adopted
	Actuals	Budget
Resources:		
Beginning Balance	2,015,815	1,305,000
Interest on Investments	351,940	397,223
Prior Year Property Taxes	290,081	422,495
Property Taxes	14,123,613	14,075,332
Total Resources:	16,781,450	16,200,050
Expenditures by		
Major Appropriation Category:		
Debt Interest	3,407,075	11,955,223
Debt Retirement	11,390,000	4,244,827
Reserve Requirements	1,681,500	0
Total Expenditures:	16,478,575	16,200,050
Ending Fund Balance/Reserve	302,875	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07	FY 2007-08
	Unaudited	Adopted
	Actuals	Budget
Resources:		
Beginning Fund Balance	21,117,691	1,522,000
Budgeted Transfers	1,860,233	1,947,303
Interest On Investments	803,345	600,000
Loan Collections	1,608,731	729,095
Real Property Sales	425,000	3,925,000
Reimbursement	129,378	0
Rent & Property Income	437,733	0
Tax Increment Debt Proceeds	6,500,447	54,470,028
Total Resources:	32,882,558	63,193,426
Expenditures:		
Central Services	0	50,000
Development	11,495,902	28,328,242
Economic Development	2,421,455	5,385,108
Executive Services	0	234,000
Finance	117,940	0
Housing	6,913,950	13,564,007
Total Expenditures:	20,949,247	47,561,357
Contingency	0	4,100,000
Ending Fund Balance Reserve	11,933,311	11,532,069

Gateway Urban Renewal Area

Debt Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Balance	32,431	0
Interest on Investments	27,027	42,546
Prior Year Property Taxes	25,612	42,006
Property Taxes	1,660,351	1,818,212
Total Resources:	1,745,421	1,902,764
Expenditures by Major Appropriation Category:		
Debt Interest	418,558	687,774
Debt Retirement	1,280,000	1,214,990
Total Expenditures:	1,698,558	1,902,764
Ending Fund Balance/Reserve	46,862	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Fund Balance	1,331,657	384,657
Interest On Investments	96,467	5,000
Loan Collections	503,300	15,000
Reimbursement	20	0
Rent & Property Income	-2,500	0
Tax Increment Debt Proceeds	1,279,104	4,168,263
Total Resources:	3,208,048	4,572,920
Expenditures:		
Central Services	0	9,195
Development	635,793	1,296,740
Economic Development	394,938	1,262,060
Finance	9,072	0
Housing	104,581	1,507,068
Total Expenditures:	1,144,384	4,075,063
Contingency	0	497,857
Ending Fund Balance Reserve	2,063,664	0

Interstate Corridor Urban Renewal Area

Debt Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Balance	89,994	0
Interest on Investments	113,088	181,401
Prior Year Property Taxes	88,641	142,763
Property Taxes	6,526,983	7,752,189
Total Resources:	6,818,706	8,076,353
Expenditures by Major Appropriation Category:		
Debt Interest	1,743,368	2,907,240
Debt Retirement	4,770,000	5,169,113
Total Expenditures:	6,513,368	8,076,353
Ending Fund Balance/Reserve	305,337	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Fund Balance	1,762,630	1,806,201
Interest On Investments	40,054	20,000
Loan Collections	228,332	631,840
Real Property Sales	521,339	600,000
Reimbursement	554	0
Rent & Property Income	25,463	0
Tax Increment Debt Proceeds	5,692,717	14,996,191
Total Resources:	8,271,089	18,054,232
Expenditures:		
Central Services	0	17,655
Development	1,917,416	7,940,982
Economic Development	1,972,322	2,295,422
Finance	17,129	0
Housing	1,072,344	7,395,704
Total Expenditures:	4,979,211	17,649,763
Contingency	0	404,469
Ending Fund Balance Reserve	3,291,878	0

Lents Town Center Urban Renewal Area

Debt Fund

	FY 2006-07	FY 2007-08
	Unaudited	Adopted
	Actuals	Budget
Resources:		
Beginning Balance	99,109	0
Interest on Investments	95,383	155,998
Prior Year Property Taxes	98,765	152,162
Property Taxes	5,758,597	6,666,594
Total Resources:	6,051,855	6,974,754
Expenditures by		
Major Appropriation Category:		
Debt Interest	378,205	1,334,253
Debt Retirement	5,530,000	5,640,501
Total Expenditures:	5,908,205	6,974,754
Ending Fund Balance/Reserve	143,650	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07	FY 2007-08
	Unaudited	Adopted
	Actuals	Budget
Resources:		
Beginning Fund Balance	5,692,945	3,400,057
Interest On Investments	212,133	250,000
Loan Collections	135,062	21,980
Real Property Sales	774,040	0
Reimbursement	923	0
Rent & Property Income	2,186	0
Tax Increment Debt Proceeds	5,526,129	11,703,256
Total Resources:	12,343,418	15,375,293
Expenditures:		
Central Services	0	10,000
Development	4,549,833	6,226,833
Economic Development	2,485,338	1,896,616
Executive Services	0	111,791
Finance	11,940	0
Housing	1,330,117	5,903,849
Total Expenditures:	8,377,228	14,149,089
Contingency	0	1,226,204
Ending Fund Balance Reserve	3,966,190	0

North Macadam Urban Renewal Area

Debt Fund

	FY 2006-07	FY 2007-08
	Unaudited Actuals	Adopted Budget
Resources:		
Beginning Balance	744,456	0
Interest on Investments	52,665	77,562
LOC Proceeds to Pay LOC Interest	0	1,139,308
Prior Year Property Taxes	29,976	53,528
Property Taxes	1,541,774	3,314,595
Total Resources:	2,368,870	4,584,993
Expenditures by Major Appropriation Category:		
Debt Interest	2,085,018	4,584,993
Total Expenditures:	2,085,018	4,584,993
Ending Fund Balance/Reserve	283,852	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07	FY 2007-08
	Unaudited Actuals	Adopted Budget
Resources:		
Beginning Fund Balance	1,479,780	0
Grants	319,724	752,000
Interest On Investments	-18,644	50,000
Loan Collections	425,000	0
Other Contracts	274,824	282,504
Real Property Sales	0	9,000,000
Reimbursement	583,167	0
Rent & Property Income	61,716	0
Tax Increment Debt Proceeds	26,274,595	14,383,682
Total Resources:	29,400,162	24,468,186
Expenditures:		
Central Services	0	15,080
Development	18,938,517	7,758,769
Economic Development	683,375	1,288,216
Finance	56,337	0
Housing	8,781,464	9,406,121
Debt Services	0	6,000,000
Total Expenditures:	28,459,693	24,468,186
Ending Fund Balance Reserve	940,469	0

River District Urban Renewal Area

Debt Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Balance	6,362,667	4,734,950
Interest on Investments	605,940	652,269
Prior Year Property Taxes	243,785	369,917
Property Taxes	16,881,128	17,352,635
Total Resources:	24,093,520	23,109,771
Expenditures by Major Appropriation Category:		
Debt Interest	2,893,457	3,552,139
Debt Retirement	15,950,000	14,822,682
Reserve Requirements	4,734,950	4,734,950
Total Expenditures:	23,578,407	23,109,771
Ending Fund Balance/Reserve	515,113	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Fund Balance	1,755,241	425,973
Interest On Investments	101,604	300,000
Loan Collections	1,315,629	585,000
Real Property Sales	0	2,000,000
Reimbursement	71,492	200,000
Rent & Property Income	204,839	0
Tax Increment Debt Proceeds	15,534,557	26,416,725
Total Resources:	18,983,362	29,927,698
Expenditures:		
Central Services	0	50,000
Development	2,012,276	6,811,034
Economic Development	1,930,124	3,794,343
Executive Services	0	234,000
Finance	75,506	0
Housing	2,378,664	2,787,485
Total Expenditures:	6,396,570	13,676,862
Contingency	0	1,200,000
Ending Fund Balance Reserve	12,586,792	15,050,836

South Park Blocks Urban Renewal Area

Debt Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Balance	173,775	0
Interest on Investments	128,839	166,973
Prior Year Property Taxes	142,405	208,603
Property Taxes	7,130,527	7,135,597
Total Resources:	7,575,546	7,511,173
Expenditures by Major Appropriation Category:		
Debt Interest	2,169,971	3,151,553
Debt Retirement	5,215,000	4,359,620
Total Expenditures:	7,384,971	7,511,173
Ending Fund Balance/Reserve	190,575	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Beginning Fund Balance	25,270,804	6,142,406
Budgeted Transfers	402	0
Interest On Investments	1,082,105	775,000
Loan Collections	892,199	700,000
Real Property Sales	0	2,000,000
Reimbursement	1,176	0
Rent & Property Income	212,841	0
Tax Increment Debt Proceeds	3,617,466	36,961,339
Total Resources:	31,076,993	46,578,745
Expenditures:		
Central Services	0	50,000
Development	2,064,768	15,572,280
Economic Development	1,527,328	2,250,788
Executive Services	0	234,000
Finance	55,401	0
Housing	6,758,586	11,630,681
Total Expenditures:	10,406,083	29,737,749
Contingency	0	3,000,000
Ending Fund Balance Reserve	20,670,910	13,840,996

Willamette Industries Urban Renewal Area

Debt Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Interest on Investments	1,881	3,744
Property Taxes	79,116	160,000
Total Resources:	80,997	163,744
Expenditures by Major Appropriation Category:		
Debt Interest	0	36
Debt Retirement	0	163,708
Total Expenditures:	0	163,744
Ending Fund Balance/Reserve	80,997	0

Source: City of Portland – Public Finance and Treasury Division

Redevelopment Fund

	FY 2006-07 Unaudited Actuals	FY 2007-08 Adopted Budget
Resources:		
Budgeted Transfers	0	36,705
Interest On Investments	0	5,000
Tax Increment Debt Proceeds	0	160,000
Total Resources:	0	201,705
Expenditures:		
Central Services	0	5,000
Economic Development	0	196,705
Total Expenditures:	0	201,705
Ending Fund Balance Reserve	0	0

- e) *An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430.*

Urban Renewal Taxes Imposed

With the implementation of Measure 50, permanent rates were established for schools and local government property taxes. In the computation of these rates, existing tax base and serial levies were divided by the tax-assessed value of property as adjusted according to Measure 50. For the establishing permanent rates, tax assessed value was reduced by the incremental value in urban renewal areas. The net effect of the reduction in value was the elevation of school and local government rates. Thus, in FY 2000-01, local government revenues were not affected by urban renewal, except as an increase in rates might contribute to Measure 5 compression. With the City of Portland, compression occurred on a “spot” basis because of the property-by-property computation of compression.

Measure 50 allowed cities and counties with urban renewal agencies to select a methodology for calculation of urban renewal taxes. The methodology selected for Airport Way, Convention Center, Downtown Waterfront, and South Park Blocks Urban Renewal Areas freezes the divide-the-taxes collections at an amount less than the total divide-the-taxes available. This has the effect of making a certain portion of the incremental taxes above the frozen base available to local jurisdictions. Revenues in these areas were increased above what might have been the case had the City of Portland selected a different option. Taxes collected on increases in tax assessed value in these urban renewal areas will go to local jurisdictions in future years.

The methodology selected for the Central Eastside Urban Renewal Area provides for receipt of urban renewal taxes under the divide-the-taxes methodology. Taxes collected on increases in tax assessed value in future years will go to the urban renewal agency until the urban renewal area is closed and all debt has been repaid.

The post Measure 50 urban renewal areas – Gateway Regional Center, Interstate Corridor, Lents Town Center, North Macadam, River District, and Willamette Industrial - receive urban renewal taxes under the divide-the-taxes.

For FY 2006-07, the total taxes imposed for the Portland Development Commission was \$73,547,737. This is an increase of 11.9% over the \$65,713,545 imposed in FY 2005-06. Of this total amount, \$59,032,904 came from division of tax calculations while the imposed special levy for PDC’s five Existing Plan Areas increased to \$14,514,833.

Excess Value Unused

PDC chose to limit the amount of tax increment revenue in four plan areas: Airport Way, Convention Center, Downtown Waterfront, and South Park Blocks. Excess value not used to collect the maximum tax increment revenue is added back to the assessed value of all the taxing districts, increasing revenues to those districts. For FY 2006-07 PDC did not use \$1.8 billion in excess value resulting in approximately \$26.8 million in additional property tax revenue for schools, Multnomah County, regional districts, and the City of Portland. Since FY 1998-99, over \$10 billion in excess value has been returned to taxing districts.