



The Innovation District

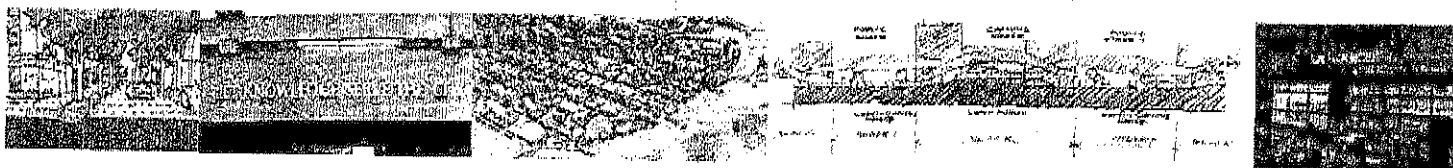
Portland must competitively grow our knowledge-based economy. Our current economic challenges emphasize the need for strategic partnerships between the City and its urban university. Since the 1960's the Portland Development Commission and Portland State University have worked together in the expansion and growth in prominence of what has now become Oregon's largest public university and a significant economic engine for our region. Tax increment financing has created success in the redevelopment of the South Park Blocks, Urban Center, the Urban Plaza transit hub, the Student Recreation Center, the Montgomery Green Street and several bike/pedestrian improvements throughout the University District. As a result, the District is rapidly becoming a model vibrant, equitable and sustainable urban neighborhood. With the support of tax increment financing in the Innovation District, PSU and the South Downtown will continue to create high-income jobs, support target industries for Portland, and become the magnet for the commercialization of research, development, and innovation for our City.

A public evaluation committee appointed by Mayor Adams defined the objectives of a potential new Westside urban renewal area to be:

- Job creation
- Private investment
- Neighborhood livability
- Range of housing options
- Sustainability
- Return on investment and measured outcomes
- Partnership with overlapping taxing jurisdictions

Mayor Adams and President Wiewel propose a new approach to the utilization of tax increment as an implementation tool for the aligned City and PSU economic development strategies, PSU Development Framework and Central City 2035 plans. These strategies and plans have a strong emphasis on job creation and private investment driven by the following themes:

- **Commercialize research**
 - New research facilities
 - Innovation that leads to job creating small businesses
 - Business accelerators and wet labs
- **Promote entrepreneurship and business development**
 - School of Business Administration Lab2Market and Center for Entrepreneurship programs
 - College of Urban and Public Affairs city-wide capstone projects
- **Realize Sustainability through EcoDistricts**
 - District energy
 - Stormwater management
 - Building renovation and historic preservation
- **Enhance Industry Partnerships**
 - Portland's target cluster / traded-sector focus
 - Commercial development on and adjacent to campus / global headquarters sites
- **Create a 21st Century workforce**
 - On-campus student housing to improve graduation success
 - New mixed-use and academic buildings to expand campus enrollment capacity



A partnership of the City and its primary public higher education institution is uniquely capable of achieving these objectives. PSU works with over 2,000 businesses and graduates over 5,000 students per year. PDC and PSU will establish agreements that formalize expectations and guide achievement of development objectives. The agreements will have development goals over a 25 year investment period, with projects implemented as they become financial feasible. Projects on the horizon include:

- **School of Business Administration expansion** – PSU prepares more students for the workforce than any other university in Oregon. School of Business Administration and Community Development students already work city-wide through various programs. Future expansion will be targeted specifically to industry clusters/PSU research priorities.
- **Oregon Sustainability Center** – A joint venture between Oregon University System, the City and the Living Building Initiative consortium of non-profits, this living laboratory will anchor an emerging University EcoDistrict with one of the world’s most innovative sustainable buildings.
- **OHSU/PSU Wet Labs** – The district has the potential to double wet-lab capacity by utilizing and retrofitting existing buildings.
- **PSU’s Research and Strategic Partnership Initiative** – is targeting five research/industry partnerships in the next two years. PSU plans grow annual research from \$60 million annually today to \$100 million annually within five years, and \$200 million within 15 years. Properties within the Innovation District, such as the 1st and Lincoln block, are prime candidates for redevelopment to allow key industries to co-locate.
- **Expanded Housing** – Through a public-private partnership 980 beds of housing are being built currently, and PSU has plans to follow this with two more towers in the 600-700 bed range. A portion of the housing will specifically target workforce and family housing.
- **The PSU Knowledge Commons and the OHSU/PSU/OSU Life Sciences Collaboration Building** will leverage investment near the proposed Innovation District by including expanded research centers, technology centers, study areas, and classrooms.

The accompanying map shows a proposed district of approximately 130 acres with an investment capacity of \$134 million and a frozen assessed value of \$603 million. The estimated impact to overlapping taxing jurisdictions is as follows:

	City	County	PPS ¹
Years 1-5	\$ 215,616	\$ 204,612	\$ 224,911
Years 6-15	\$ 1,093,528	\$ 1,037,716	\$ 1,140,666
Years 16-31	\$ 3,126,768	\$ 2,967,184	\$ 3,261,553

Historically, the central city has experienced growth rates of 2.5-2.9%. With this proposed district, growth rates will be increased to an average of 3.35% through the life of the district.

While there will be annual impact to taxing, in time the investment in an Innovation District will attract new traded sector firms, enhance job opportunities and build a stronger and more diversified economic and tax base.

¹ Under current school funding law, property taxes foregone are replaced with State School Fund revenues, so there is no direct impact on PPS.



