

# Prosper Portland

## 2025-26 Hearing Minutes

Wednesday June 18, 2025

4:30 P.M.

220 NW 2nd Ave

Portland, Oregon

### **Present:**

#### **TSCC:**

Chair Harmony Quiroz,  
Vice Chair Matt Donahue  
Commissioner Tod Burton,  
Commissioner Allison Lugo Knapp  
Commissioner Dr. Rita Moore,  
Allegra Willhite, Executive Director  
Brittanie Abayare, Budget Analyst

**Absent: None**

#### **Prosper Portland Staff:**

Gustavo Cruz, Board Chair  
Michi Slick, Commissioner  
Marcelino Alvarez, Commissioner  
Serena Stoudamire Wesley, Commissioner (attended via Zoom)  
Felisa Hagins, Commissioner  
Tony Barnes, Chief Financial Officer  
Lisa Abuaf, Interim Executive Director

## **Opening Remarks and Introductions**

Chair Harmony Quiroz opened the hearing:

- TSCC was established more than 100 years ago by the Oregon Legislature to provide community oversight of member taxing districts' budgets.
- Annually reviews and certifies budgets for all member districts.
- Holds public hearings before budget adoption to allow direct engagement with district leadership and the public.
- Commissioners and TSCC staff introduced themselves, confirmed no conflicts of interest, and stated their backgrounds.
- Prosper Portland representatives introduced themselves.

## Public Comment

- No members of the public had signed up for testimony.

## Commissioner Questions and District Responses

**Question (Commissioner Burton):** Your May 8th briefing on Prosper Portland to the City Council was likely the first deep dive into your agency for many of the new council members. Based on those discussions and the budget committee meetings that followed, what were the key take-aways?

- **Gustavo Cruz (Board Chair):**
  - The May 8th briefing was Prosper Portland's first opportunity to present the agency's first budget to the City Council, following previous limited touchpoints.
  - From late January through early 2025, staff provided four Council district-specific briefings on Prosper Portland's Tax Increment Financing (TIF) work and the six introduced TIF districts.
  - The proposed budget was presented to the Finance Committee, including information on Prosper Portland's governance, City Council budget and policy direction via the Council-approved Advance Portland strategy, TIF district plans and action plans, and the Housing Production Strategy.
  - Key takeaways from interactions with City Council and individual Council offices included:
    - The need for ongoing relationship building, exchange, and collaboration between Prosper Portland partners, clients, staff, and City Council offices to share information and understand alignment between programs, investments, outcomes, and City Council priorities for economic development.
    - The need to involve City Council offices in significant community engagement efforts to hear directly from community partners, especially for initiatives requiring City Council approval.
    - The need to identify ongoing opportunities for transparent outcomes reporting on a more regular cadence with City Council offices and committees.
- **Follow-up (Commissioner Burton):** Asked about high-priority steps for building relationships with the new City Council.
  - **Gustavo Cruz:**
    - Stated they are in initial stages, trying to arrange regular meetings with staff and Councilors. The upcoming new Executive Director will help align and regularize interactions.

- He noted challenges given a brand-new City Council, new staff, and a new Mayor, some of whom are not fully familiar with Prosper Portland.
- **Lisa Abuaf (Interim Executive Director):**
  - Added that staff are interested in creating opportunities for district offices and/or the Mayor to engage with their work, such as visiting small businesses or participating in TIF district committees.
- **Follow-up (Commissioner Burton):** Asked if governance, specifically having an independent board for Prosper Portland, would be part of ongoing discussions with the City.
  - **Gustavo Cruz:**
    - Confirmed it would be part of discussions, as it has been raised by different Councilors. He explained that changing Prosper Portland's independence, which is part of the City Charter, would require a voter-approved charter amendment and is not an easy adjustment.
    - The current structure was designed to provide independence and lesser political influence over certain decisions, which still holds weight.
  - **Lisa Abuaf:**
    - Mentioned that the Equity Policy and Communications team has researched best practices in other cities to inform Portland's work on a national stage.
    - Many public/private organizations in major U.S. cities maintain an arm's-length relationship with their city entity.

**Question (Vice Chair Donahue):** You had six new TIF districts approved this year, and we see the first budgeted dollars for these in next year's budget. Tell us a little about the plans for these districts - do you have examples of projects in some of these districts you can share? And when can the public expect to first see evidence of the work in the community?

- **Serena Stoudamire Wesley (Commissioner):**
  - The first year will focus on establishing community committees to co-create five-year action plans that will guide investments in each district.
  - For the Central City, three ad hoc working groups have been convened (co-sponsored with the Portland Housing Bureau) to inform investment priorities and recommend an ongoing long-term governance structure.
  - In East Portland, applications for leadership committees in the 82nd Avenue, Sumner, Parkrose, and Argay districts closed on June 16th.
  - Implementation will begin with the formation of Community Leadership Committees composed of community members with lived and professional experience. Each district will have a City Council-confirmed committee to co-create a five-year action plan in partnership with Prosper Portland and the Portland Housing Bureau.

- Action plans for all six districts will be brought to the Prosper Board and City Council for adoption in the first half of 2026.
- Limited first-year resources are allocated to fund engagement activities and staffing via the Housing Set Aside.
- **Follow-up (Vice Chair Donahue):** Other taxing districts, like schools, Metro, and the county, forgo tax dollars in the short term, with the hope of a return on investment in the long term in the form of higher tax revenue due to assessed value increases. Many local governments are struggling with revenue right now - have you received any push back from local governments impacted by these new districts?
  - **Lisa Abuaf:**
    - Stated they had Multnomah County and educational taxing jurisdictions at the table, particularly noting overlap with three school districts in East Portland.
    - Superintendents participated in working groups that voted on proceeding. Extensive analysis of financial implications for the county and school districts was conducted.
    - Multnomah County and all school districts voted in support of the proposals presented to Council.
- **Follow-up (Commissioner Burton):** In terms of TIF district benefits, do you track specific data on job growth, housing affordability, etc. for former and current TIF districts? If so, where can the public find this information?
  - **Lisa Abuaf:**
    - Referred to two documents:
      - [ECO Northwest 20-year lookback report](#): A quantitative analysis of past TIF districts' outcomes and obligations.
      - [State of the Portland Economy Report \(annual\)](#): Issued by the Equity Policy and Communications team, this report provides information on outcomes in each TIF district, investment allocation, and line-item details on grants and loans.
- **Follow-up (Commissioner Moore):** We have heard community concerns that improvements in the TIF districts may come at the expense of development in non-TIF areas – how do you ensure a net overall benefit to the city from the use of TIFs?
  - **Lisa Abuaf:**
    - Acknowledged these concerns and emphasized the importance of sequencing investment for stabilization and inclusive growth. This was a key lesson from the ECO Northwest report, leading to a focus on equitable outcomes.

- She stressed that TIF should not replace other city investments (e.g., sidewalks, parks) but rather focus on intentional investments aligned with community priorities to stabilize and foster growth within the district.
- **Felisa Hagins (Commissioner):**
  - Added that the *State of the Economy Report* indicates a "spillover effect" of development from TIF districts into surrounding areas.
  - As TIF districts are located throughout the city, this spillover is anticipated to drive both TIF and private investment across the city.
- **Follow-up (Commissioner Burton):** Asked about discussions with the City regarding the impact of TIF districts on the City's general fund gap and concerns about lack of assessed value growth in newer central TIF districts.
  - **Lisa Abuaf:**
    - Stated they were very conservative in their forecasting and their finance team collaborated closely with Multnomah County to align projections.
    - She anticipated that stabilizing social services for the county would be a priority for the Central City TIF districts.
  - **Gustavo Cruz:**
    - Noted political interest in the Central City's recovery to improve overall city revenues.
    - Some view TIFs as strategic investments now to eventually enhance the tax base, bringing more people and activity downtown.
- **Follow-up (Chair Quiroz):** Asked how Prosper Portland navigates concerns about other city agencies divesting from TIF districts, given revenue deficits and budget cuts in those agencies.
  - **Gustavo Cruz:**
    - Stated they have observed this trend in recent budget negotiations. He described it as a trade-off between short-term needs and long-term goals; using funds from the Strategic Investment Fund (SIF) for immediate operational needs means they are unavailable for future growth and development crucial for the tax base.
    - He characterized the situation as "a lot of negotiation and push and pull politically" with an unclear outcome due to the new City Council.
  - **Felisa Hagins:**
    - Believed that having TIF districts throughout the city ensures investment in every political district, making it difficult to reallocate resources from one area to another, unlike prior to a districted City Council.

**Question (Chair Quiroz):** Prosper Portland had budget cuts this year, in part due to reduced funding

from the City of Portland. We understand that some staff were back-filled using planned investment returns from the Strategic Investment Fund (SIF). What is your view on the long term viability of this strategy for preserving staff? What is your plan if loan activity is not sufficient to generate the needed investment returns in future years?

- **Felisa Hagins:**

- Expressed being "decently nervous" about the long-term viability of using TIF to backfill positions, emphasizing that TIF is for a long-term vision.
- The SIF was created as a long-term, citywide revolving fund for small business and commercial property lending and real estate investments aligned with Advance Portland and city goals.
- The sustainability plan identified interest earnings as resources to support operations and stabilize agency operations.
- The level of operating support depends on loan performance and interest from other investments. The FY25-26 budget includes approximately \$1.8 million in operational support from SIF, including backfilling positions due to reduced General Fund resources.
- She stated it would be unsustainable to use SIF to backfill additional positions regularly. The original intent was for SIF to return an additional \$3 million per year to the operating budget by 2030, requiring a \$50 million investment and a 7% annual return. Continuing to spend down investments could jeopardize future investments.

**Question (Commissioner Lugo Knapp):** Speaking of the Strategic Investment Fund, we can imagine that loans to small and emerging businesses may come with risk. How do you determine loan terms, and how do you mitigate risk with those loan terms?

- **Marcelino Alvarez (Commissioner):**

- Financial investments using SIF resources are guided by program guidelines approved at public Board of Commissioner meetings.
- All loans, particularly for the Property Redevelopment Program, are underwritten in accordance with guidelines developed with community input.
- The underwriting process involves reviewing actual, and projected cash flows, collateral, and overall borrower strength.
- The overall risk determines the interest rate, with higher risk, higher impact loans being more common in TIF districts where public policy goals are pursued. SIF loans focus on public benefit while also aiming for financial returns.
- An internal Loan Committee (CAFE) reviews loans for approval if there are no guideline exceptions. Loans with exceptions are escalated to the Prosper Portland Board for public discussion and approval.

- **Follow-up (Commissioner Lugo Knapp):** What's the average size of a loan from the strategic investment fund? And what's the high and low end of the range for size of loans given?
  - **Marcelino Alvarez:**
    - The average loan size is around \$300,000. The range is from \$25,000 to \$3 million, with most small business loans being less than \$100,000.
    - Larger loans focus on real estate development and commercial property.
- **Follow-up (Chair Quiroz):** Asked about the "right feasible amount" of money in the SIF and what they would tell the public about its size.
  - **Marcelino Alvarez:**
    - Viewed the SIF as the "research and development" engine of the city, drawing an analogy to a marshmallow test.
    - He argued that investing in R&D during economic downturns leads to long-term success, and drawing from the fund in the short term would lead to longer-term failure.
  - **Lisa Abuaf:**
    - Stated the priority is for the SIF to be a revolving revenue stream, with principal returning to be reinvested.
    - They aim not to compete with the private sector, focusing on providing capital access to projects and partners who cannot otherwise obtain it.
    - They monitor demand trends and staffing capacity to service demand.
- **Follow-up (Commissioner Burton):** Asked about a recent news report concerning a loan for a shoe and apparel project in Old Town that was reportedly higher than guidelines, for a longer term, and at a lower interest rate, asking about flexibility in guidelines and the confidence behind the decision.
  - **Gustavo Cruz:**
    - Confirmed there is flexibility in guidelines, which is why that particular loan required Board approval.
    - He described the project as an "anchor for Old Town" and an opportunity to activate an overlooked area.
    - He noted community support and the competency of those involved. He stated this type of deal would not be undertaken by the private sector, but Prosper Portland is structured to spur economic growth in underserved areas.
  - **Lisa Abuaf:**

- Added that the guidelines account for "high impact projects" and this investment aligned with the Old Town Action Plan's priorities of activating vacant buildings and supporting small businesses.
- Exceptions to guidelines are allowable with Board discussion and clear alignment with community priorities.
- **Felisa Hagins:**
  - Mentioned that other loans outside of guidelines (e.g., a coffee shop, green technology investment) were also approved but did not receive similar media attention.
- **Marcelino Alvarez:**
  - Emphasized that as the city's economic development agency, Prosper Portland must take appropriate risk to ensure city success.
  - He argued this project addresses the lack of apparel/outdoors presence downtown, drives people and activity, and creates jobs, which are crucial solutions for city problems.
- **Gustavo Cruz:**
  - Referenced the initial criticism of the Flock Food Court loan, which is now active and appreciated, as an example of strategic deals taken on by Prosper Portland that commercial banks would avoid.

**Question (Commissioner Moore):** One of the Advance Prosper aims is to "connect Portlanders with high-quality jobs in future-ready sectors". Tell us more about these programs - what sectors and kinds of jobs are you focused on? What does Prosper do to achieve this work?

**Felisa Hagins:**

- Advance Portland identifies five key industry clusters: Athletic and Outdoor, Green Cities/Climate Technology, Metals and Machinery, Technology and Media, and Food and Beverage.
- The Business Advancement Team connects Portland businesses to resources for expansion and job growth.
- Last year, Prosper implemented job opportunities, including cluster action plans and a trade strategy to guide trade initiatives and target global markets.
- They conduct business retention outreach with elected offices for key employers in these sectors.
- Expanded the Portland Means Progress Supplier Diversity Coalition to include major employers (over \$495 million spent at BIPOC businesses).
- Expanded targeted scale-up capital through SIF lending.



- Implemented food and beverage manufacturing commercialization support in partnership with the Food Innovation Center.
- Activities connecting Portlanders to high-quality jobs included:
  - Partnership with Work System: Delivered workforce development training and coaching to 686 adults and 491 youth, with 58% of adults advancing in employment in FY23-24.
  - Construction Career Training Program (CO-OP): Served 265 participants, with 86% identifying as people of color and 30% as women or gender expansive.
  - Workforce Navigation Services (through community partners): Served over 460 individuals, 78% identifying as people of color.
  - Portland Means Progress Initiative: Hosted 1,290 interns at Portland Youth Progress businesses since 2019.
  - Portland Industrial Land Study, Ground Fill Study, Economic Opportunity Study: Partnership with the Bureau of Planning and Sustainability to evaluate industrial land capacity for development and job creation, focusing on underserved areas.
  - Investment in Green Cities Workforce, including creating partnerships.
  - Convening of manufacturing employees through Work Systems Inc., Next Gen, and Cascadia.
- **Follow-up (Commissioner Moore):** Asked about collaboration with local school districts, community colleges, other local governments, or non-profits on workforce development.
  - **Felisa Hagins:**
    - Highlighted cross-sector collaboration, citing work on the airport and Port of Portland, allowing people to move between projects as different city projects develop.
  - **Lisa Abuaf:**
    - Stated that much of the workforce development work is done by Work Systems, to whom Prosper Portland provides city funding.
    - They partner on key initiatives tied to cluster industries and their workforce needs. They are in conversations with entities like the Port of Portland regarding programming at T2 (cross-laminated timber) and the Broadway Corridor, working with Oregon Trades and Women Constructing Hope to identify opportunities in modular/innovative construction.
- **Follow-up (Commissioner Moore):** We've been hearing rumblings about a potential recession - what impact would an economic downturn have on your job development programs?
  - **Felisa Hagins:**

- Stated Prosper Portland would need to use its programs and tools to adapt to changing market conditions and focus resources where they can have the biggest impact to support Advance Portland goals.
- She emphasized a nuanced approach, recognizing that recessions do not impact all industries uniformly, and focusing on the local economy industry-by-industry. They would prioritize serving individuals with education and training for career pathways during a recession to prepare for recovery. This includes helping people find jobs, promoting Portland to growing companies, and supporting small businesses.
- For company shutdowns or layoffs, they have a plan to work with job training partners to help workers learn new skills and find new jobs, and to use worker skills data to attract businesses. They also offer programs to help new business owners access funding.

**Question (Commissioner Burton):** Tell us more about your relationship with the Portland Housing Bureau and the expenditure of TIF dollars – what input does Prosper Portland have on when and where housing is developed with TIF dollars?

- **Michi Slick, (Commissioner):**
  - Since PHB's creation in 2009, Prosper Portland enters into an Intergovernmental Agreement (IGA), approved by the Board and City Administrator.
  - The IGA identifies the total Housing Set Aside TIF resources that PHB can invoice from Prosper Portland based on adopted budgets.
  - All housing policy and funding decisions are made by PHB in consultation with appropriate city decision-makers.
  - The IGA specifies roles and responsibilities, citing the Williams and Russell Project in the Interstate TIF District as an example. Prosper Portland oversaw predevelopment and site preparation, partially funded by the Housing Set Aside. Future vertical development will be jointly funded, with Prosper Portland investing in a Black Business Hub and PHB using TIF resources for affordable rental housing and homeownership.
  - In 2024, City Council directed a review of the Set Aside Policy, with recommendations due by November 30, 2026, and an annual overview of allocations starting in FY25-26.
  - The current Set Aside Policy sets an aggregate citywide target of 45% of investments within active TIF districts.
- **Follow-up (Commissioner Moore):** Asked for clarification if Prosper Portland acts as a pass-through for housing-related resources and if there are transaction costs.
  - **Michi Slick:**
    - Clarified they are a pass-through for affordable housing for PHB's programs.

- **Tony Barnes (CFO):**
  - Confirmed there are monthly administrative costs for processing invoices, coordinating with PHB, and reviewing projects, which are covered by the 4% of TIF resources allocated for administration.
- **Follow-up (Commissioner Burton):** Asked if Prosper Portland leverages its resources for mixed-use projects like the Williams Project.
  - **Michi Slick:**
    - Confirmed this happens periodically.
- **Follow-up (Commissioner Moore):** We've heard about conversations on converting office buildings into residences - is this something that Prosper would have a hand in?
  - **Michi Slick:**
    - Acknowledged high office vacancies in Portland and other U.S. cities, creating challenges downtown and in commercial subareas due to an imbalance of uses. She stated that Advance Portland recommended policy consideration for Central City incentives for conversion. An incentive program is needed for meaningful adaptive reuse, but she noted that not many buildings will qualify, so it will not be a widespread subsidized effort.
    - Prosper Portland is partnering with the Portland Clean Energy Fund (PCEF) to pilot a conversion initiative. These conversions have a direct link to greenhouse gas reduction by reusing existing buildings, as new construction has significant carbon emissions.
    - Under the pilot, they are working with Oregon DEQ for technical support. Eligibility includes projects of 20 or more units for 10 years. Financial incentives are \$60,000 per unit for office-to-residential conversions and \$25,000 per unit for efficient equipment/appliance upgrades. The pilot includes loan forgiveness over a 10-year period, aiming to create a precedent and playbook to make future processes less expensive and risky.
    - Additional benefits include workforce/contractor development, producing middle-income housing (60-120% AMI), creating density in transit-oriented areas, and stabilizing property tax and revenue for local government. She clarified that this is not the sole solution for the housing crisis or for reusing all office buildings, but a strategic opportunity to activate critical areas and preserve city character.
- **Follow-up (Commissioner Moore):** Asked if the affordable housing component would only be guaranteed for 10 years.
  - **Michi Slick:**

- Confirmed the threshold is a minimum of 10 years for middle-income housing (60-120% AMI). After this period, it would likely convert to market value, depending on the specific contract.

Chair Quiroz requested the written response to the Broadway Corridor question due to time constraints.

## Closing Remarks

- Chair Quiroz expressed thanks to everyone for their comprehensive responses, stating that the community appreciates their openness, thoughtfulness, and efforts to educate and discuss shared issues. She then closed the hearing and opened the regular business meeting of the TSCC.

## Staff Recommendations & Certification

- **Allegra Wilhite (TSCC Executive Director):**
  - Thanked Prosper Portland's staff their partnership throughout the year on budget law questions.
  - Staff found the budget estimates to be reasonable for the stated purposes and in substantial compliance with budget law.
  - TSCC staff had no recommendations or objections.

## Vote to Certify

- A motion was made by Chair Quiroz to authorize the commission to sign the certification letter as recommended by staff.
- Commissioner Burton seconded the motion.
- All commissioners present voted "Aye".
- Prosper Portland's 2025-26 approved budget was certified by the TSCC.

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