



**DATE:** May 23, 2012  
**TO:** Board of Commissioners  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 12-08  
Adopting Commercial Corridor Business Development Program Guidelines for the Neighborhood Prosperity Initiative and Portland Main Street Program

### **BOARD ACTION REQUESTED**

Adopt Resolution No. 6944

### **ACTION DESCRIPTION**

This action will adopt a single set of guidelines for two Portland Development Commission (PDC) commercial district revitalization programs: the Neighborhood Prosperity Initiative (NPI) and the Portland Main Street Program (Main Street). This unified set of guidelines affirms the community-directed model that has been working under the Main Street program, amplifying it to now be known as the Commercial Corridor Business Development Program Guidelines (Guidelines).

Adopting the Guidelines will allow PDC to:

- (1) Begin administering the NPI in six new urban renewal areas (42<sup>nd</sup> Avenue, 82<sup>nd</sup> Avenue and Division, Cully Boulevard, Division-Midway, Parkrose, and Rosewood) that were approved by the PDC Board of Commissioners on March 12, 2012 (Resolutions 6924 through 6931) and by Portland City Council on April 11, 2012;
- (2) Continue administering Main Street – established by the PDC Board of Commissioners in January 2010 (Resolution 6763) – in three existing districts (Alberta, Hillsdale, and St. Johns); and
- (3) Apply the Guidelines to future NPI or Main Street districts established through future Board and City Council actions.

The Guidelines apply to NPI and replace existing Main Street guidelines (the latter adopted through PDC Board Resolution 6763 on January 13, 2010), articulating the annual financial assistance that PDC may make available through the two programs, including:

- Administrative and Operating Grants;
- Promotion, Marketing, and Branding Grants; and
- District Improvement Grants.

PDC will draft separate grant agreements with each of the six NPI districts and three Main Street districts that will articulate grant disbursements, approval processes, reporting obligations, and other

program-specific issues. It is expected that the first grant agreements will be executed starting in Fiscal Year 2012-2013.

### **BACKGROUND AND CONTEXT**

Both NPI and Main Street are economic development programs intended to revitalize neighborhood commercial districts (Districts). Both programs are based on a community-driven, self-help model in which Districts organize, establish goals, raise funds, hire a district manager, implement marketing initiatives, complete physical improvements, and pursue other revitalization projects. District resources are matched with City grants, technical assistance, and other public sector support, resulting in an ongoing public-private partnership to revitalize neighborhood commercial districts.

PDC moved toward this particular neighborhood economic development model beginning in 2009 with the adoption of the Portland Economic Development Strategy, led by Mayor Sam Adams. “Stimulate Neighborhood Business Vitality” is one of the three overarching directives of that strategy.

One of PDC’s first implementing actions was to establish the Portland Main Street Program in January 2010. Based on a well-established, proven program model developed by the National Trust for Historic Preservation, Main Street became the first large-city Main Street Program west of the Rocky Mountains, and the first to emphasize sustainability in its core values. PDC mounted an extensive outreach effort to applicable neighborhood business organizations and convened a Portland Main Street Advisory Committee to develop the program guidelines, review district applications, and recommend districts to PDC and Mayor Adams.

Three districts – Alberta, Hillsdale and St. Johns – were selected in June 2010. Each district has since established its respective Main Street Board, Organization Committee, Promotion Committee, Design Committee, Economic Restructuring Committee, and paid District Manager, in accordance with the Main Street Approach. In the first two years of the Main Street Program, PDC has leveraged \$159,000 in private funds for district management, matched \$18,000 private dollars for marketing and promotion activities, and awarded \$150,000 in district improvement grants. Improvement projects have included façade renovations, native landscaping, and garbage receptacle installations. Volunteer efforts have been essential in these and other efforts – volunteers have contributed a total of 10,881 service hours over the past two years.

A year later, Portland’s Neighborhood Economic Development (NED) Strategy, adopted in May 2011 by City Council, further clarified the steps needed to foster economic development in Portland’s neighborhoods. The NED Strategy included the following action items:

- “Maintain and expand existing Main Street Program for commercial areas interested in and ready to take on the comprehensive Main Street business district management approach to commercial district revitalization.” (I.A.3)
- “Create the Focus Area Program for commercial areas within priority neighborhoods...” (I.A.1)
- “Establish Neighborhood Opportunity Districts - small scale, long-term, debt free urban renewal areas - in three to six commercial hubs within priority neighborhoods...” (II.B.3)

Collectively, action items I.A.1 and II.B.3 were the basis for the formation of the NPI districts. Similar to Main Street, NPI aims to strengthen commercial districts’ economic competitiveness and focus on capacity building, leadership training, technical analysis, and priority project implementation.

PDC, Mayor Sam Adams, and Multnomah County Chair Jeff Cogen agreed that the NPI should be implemented in the commercial portions of “priority areas” – areas with high poverty rates, low median

household income, lagging commercial investments, and concentrations of minority-owned or minority-serving local businesses – and outside existing urban renewal areas. PDC performed outreach accordingly, and developed a process for eligible communities to determine interest and readiness.

Six community groups submitted letters of interest to participate in NPI, all representing neighborhood commercial districts in East Portland. On April 11, 2012, Portland City Council unanimously approved all six districts, which are:

- 42nd Avenue
- Cully Boulevard
- Parkrose
- Rosewood
- Division-Midway
- 82nd Avenue and Division

In addition to receiving a variety of city resources such as seed funding and technical assistance, each NPI district will also be a separate urban renewal area with about \$1 million in tax increment revenue. These funds can be invested over the next ten years in small bricks-and-mortar projects. Similar to Main Street districts, each NPI district will be managed locally, led by a paid staff person.

In developing the NPI, and after two years administering the Main Street Program, PDC staff and leadership determined that the two programs have enough similarities – most notably their focus on commercial corridor development, reliance on community organizing and fundraising – that a single set of guidelines for PDC assistance would be appropriate. Furthermore, staff found that many items in the lengthy 2010 Main Street Guidelines document could be more appropriately placed in an administrative manual, in contract language with individual districts, or in budget documents. The most important content – spelling out the nature and amount of PDC’s assistance to Main Street and NPI districts – became the foundation for the Guidelines proposed for adoption today.

### **COMMUNITY AND PUBLIC BENEFIT**

By adopting the Guidelines, PDC can continue to expand its assistance to Portland neighborhood commercial districts. Through a variety of grants, technical assistance, and other support, NPI and Main Street will bring a higher level of resources to neighborhood commercial districts than is typically available. The expected benefits of these resources are:

- Increased visibility of neighborhood business districts;
- Job growth in Portland neighborhoods;
- Stronger, more successful existing neighborhood businesses; and
- An increase in leased, occupied commercial spaces in neighborhood business districts.

These benefits are reaped not just by neighborhood business owners and their employees; they bring increased economic opportunity and quality of life to nearby residents and to regular visitors from other areas of the city and region.

Another key benefit of NPI and Main Street is increased geographic and social equity in PDC’s delivery of economic development assistance. Prior to 2010, PDC’s portfolio of non-Central City revitalization and neighborhood economic development tools was limited to three urban renewal areas (Gateway Regional Center, Interstate Corridor, and Lents Town Center) plus a handful of limited-term Storefront target areas. NPI and Main Street considerably expand PDC’s geographic reach, including areas that have never before seen PDC assistance.

Both programs bring critical assistance to commercial districts facing financial challenges. Just as Main Street benefits historic, aging commercial corridors, NPI benefits corridors with higher poverty rates, lower median household incomes, lagging commercial investments, and more minority-owned or minority-serving local businesses.

### **PUBLIC PARTICIPATION AND FEEDBACK**

These guidelines are the result of the extensive public participation leading to the formation of both the Main Street and NPI programs as was described in the background section. Program staff has talked to Main Street and NPI districts about financial assistance that PDC will provide through these guidelines. The guidelines provide flexibility that the districts will welcome.

### **BUDGET AND FINANCIAL INFORMATION**

Commercial Corridor Business Development Program funds will be reviewed and allocated as part of the PDC's and the City's annual budget process for both the Neighborhood Prosperity Initiative and the Main Street Program. In fiscal year 2011-12, the Main Street Program's budget was \$500,000.

Expected public funding sources for the grants and other PDC assistance include:

- City of Portland General Fund
- Tax-Increment Revenue generated in the six new NPI Urban Renewal Areas
- Tax-Increment Revenue from the Interstate Corridor Urban Renewal Area (for St. Johns and Alberta Main Street Programs only)
- Multnomah County, through a revenue-sharing agreement (for NPI districts when available)
- Other sources that may become available in the future
- Individual grants are described in the program guidelines.

### **RISK ASSESSMENT**

The projects to be implemented in the Districts are intended to be managed by the organizing entity of the Districts themselves. There is a risk to PDC in delegating this responsibility, and yet doing so is fundamental to development of the community capacity that drives the NED Strategy. To mitigate this risk, PDC staff will be approving, in advance, any proposed expenditures by the District to ensure eligible use of funds. PDC will also be providing and/or contracting for extensive technical assistance, training in organizational development, and on-going capacity building.

Additionally, to mitigate this risk, grant agreements will be executed with the organizing entity of each of the Districts. These agreements will include PDC oversight, clear milestones, regular reporting, funding triggers, and the right to audit.

There are risks related to the differing current capacity and skills around each of the organizing entities. To mitigate these risks, this action delegates authority to the Executive Director to finalize negotiations and execute these agreements.

### **ALTERNATIVE ACTIONS**

Alternatives to approving the Guidelines include:

- Retaining the existing Main Street Guidelines, and applying the new Guidelines to NPI only.

- Not approving the Guidelines, and directing changes to PDC staff.

**ATTACHMENTS:**

- A. Map

Map

