



DATE: February 10, 2016
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 16-07
Approving Program Guidelines for the Neighborhood Prosperity Initiative Opportunity Fund

BOARD ACTION REQUESTED

Adopt Resolution No. 7164.

ACTION DESCRIPTION

This proposed action by the Portland Development Commission (PDC) Board of Commissioners (Board) will approve program guidelines (Program Guidelines) for the Neighborhood Prosperity Initiative (NPI) Opportunity Fund (Opportunity Fund). If the Program Guidelines are approved, the NPI Opportunity Fund, which is budgeted with \$891,000, will provide financial resources for property acquisition and predevelopment of a limited number of catalytic community-driven, public-benefit development projects within, or adjacent to, the City of Portland's (City) six NPI districts (see a map in Attachment A).

BACKGROUND

The PDC Board and Portland City Council (City Council) approved the creation of six NPI districts in May 2012 as mini-urban renewal districts in order to grow community capacity and to enable small-scale, community-driven investments within each district. Since that time, the NPIs have formed boards, hired district managers, conducted significant business and property owner outreach, implemented branding and promotion campaigns, and completed capital improvements. The districts have now identified key public-benefit projects that are beyond the scale of the NPIs' tax increment revenue to accomplish, including developing property to replace family-unfriendly uses, securing long-term commercial affordability in developments, and creating space for community events and uses. During the fiscal year (FY) 2015-16 budget process, PDC requested, and City Council approved, a one-time General Fund allocation of \$891,000 for what was then known as the Community Development Fund and has now been renamed the NPI Opportunity Fund.

COMMUNITY AND PUBLIC BENEFIT

The NPI Opportunity Fund's purpose is to provide resources, through a revolving loan fund, for community-led redevelopment in or adjacent to the NPIs. Each project's public benefits will be evaluated based on their business plan, alignment with community objectives, and ability to deliver on social equity, anti-displacement, economic opportunity, and wealth creation objectives.

PUBLIC PARTICIPATION AND FEEDBACK

PDC has held discussions with the Neighborhood Economic Development Leadership Group and the NPI teams, all of whom have been strong proponents of the NPI Opportunity Fund, as it may enable PDC partners to move forward with key projects. In addition, the NPI Opportunity Fund will be matched with capital from private entities including foundations and private investors to leverage the impact. PDC has met with several lenders and foundations and the overall response has been positive. These potential partners await the program roll-out and details on specific transactions.

BUDGET AND FINANCIAL INFORMATION

The NPI Opportunity Fund is included in both the City and PDC's FY 2015-16 Revised Budget for \$891,000 (see Attachment B). Resources will be transferred from the City to PDC as PDC invoices the City per the terms of the annual Intergovernmental Agreement (IGA) between PDC and the City for General Fund Appropriation. Program management costs are covered by ongoing General Fund NPI programmatic resources also included in the City and PDC FY 2015-16 Revised Budget and FY 2015-16 IGA. To establish this revolving loan program, PDC staff will create a sub-fund within the Enterprise Loans Fund to separately track and account for all assets and transactions related to the program. This may require budgetary action as part of an upcoming budget amendment to transfer current year cash and transactions from the General Fund to the Enterprise Loans Fund.

RISK ASSESSMENT

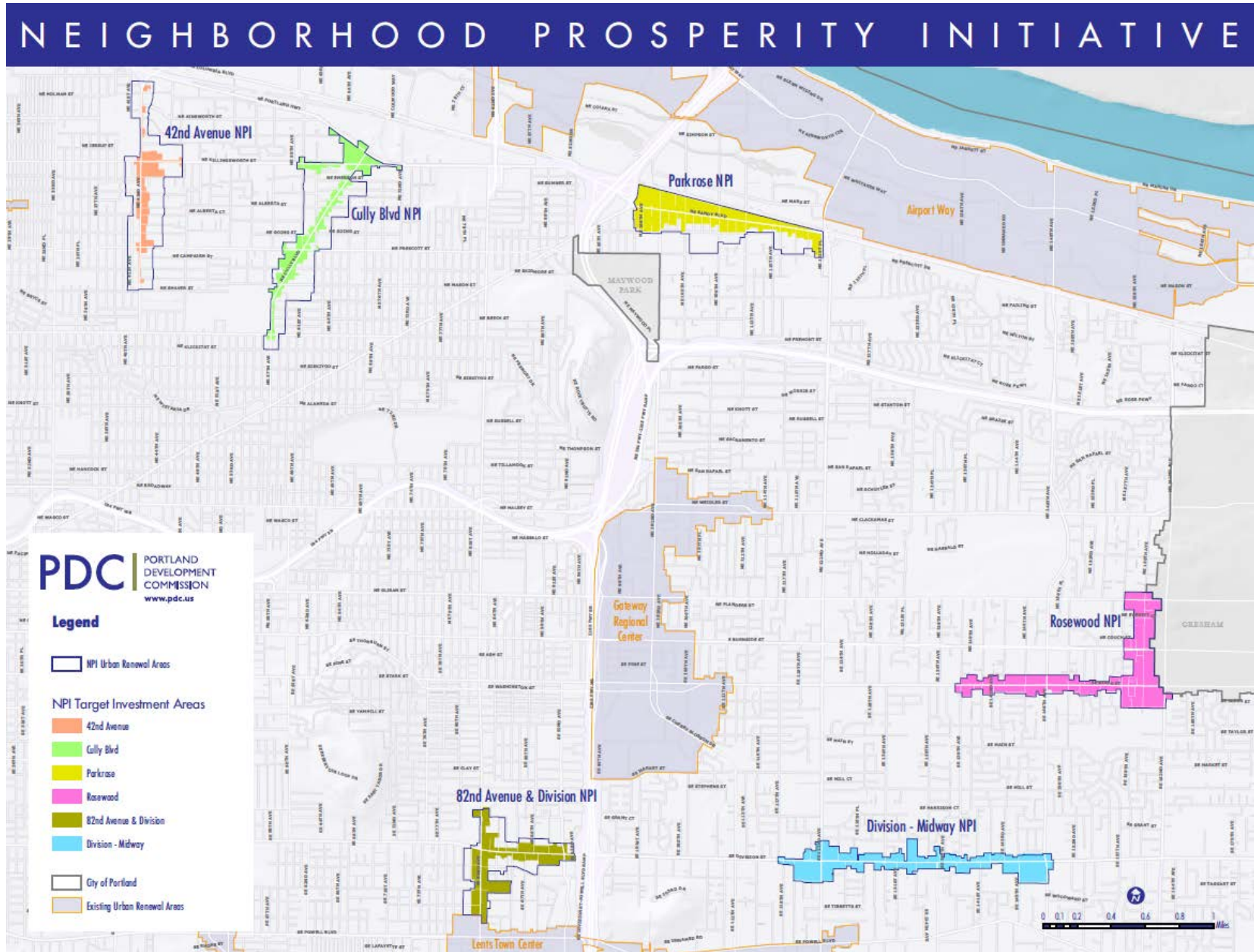
As with any investment there is a risk of potential default. This risk is mitigated by the anticipated size of the financial investment, proper underwriting and review by the Financial Investment Committee, establishment of performance benchmarks, as well as securing the loan with the best available collateral.

ALTERNATIVE ACTIONS

The PDC Board may elect to not approve the Program Guidelines, in which case PDC will not be able to administer the NPI Opportunity Fund. Alternately, the PDC Board could propose amendments to the Program Guidelines prior to adoption.

ATTACHMENTS

- A. Map of the NPIs
- B. PDC General Fund Summary



Five-Year Forecast Program Requirements Detail

	Revised- 2 FY 2015-16	Requested FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21
PDC General Fund						
Resources						
Beginning Fund Balance	148,624	0	0	0	0	0
Fees and Charges	1,500	0	0	0	0	0
Intergovernmental Revenues	7,027,486	6,235,580	5,447,010	5,482,713	5,548,994	5,588,149
Loan Collections	138,704	57,986	57,986	48,815	48,815	48,815
Total Resources	7,314,314	6,293,566	5,504,996	5,531,528	5,597,809	5,636,964
Requirements						
Program Expenditures						
Business Development						
Business Lending						
L04100101 SBLF-General_GEN	158,143	46,220	46,220	46,220	46,220	46,220
Small Business & Community Dev						
B55003101 Community Dev Fund	891,000	0	0	0	0	0
B55000101 Small Business Technical-GEN	897,548	809,328	809,328	809,328	809,328	809,328
B55501101 Small Business Increase-GEN	0	200,000	0	0	0	0
B55540101 NPI & Main St Network-GEN	512,069	425,397	425,397	425,397	425,397	425,397
B55601101 EcDev Grants-GEN	0	30,000	0	0	0	0
B55035101 Venture Portland-GEN	347,013	318,447	318,447	318,447	318,447	318,447
B55040101 Powerll-Division AP-GEN	0	400,000	0	0	0	0
E10110101 Workforce/Sm Business	1,100,611	1,041,538	1,041,538	1,041,538	1,041,538	1,041,538
Traded Sector Business Dev						
B15130101 International Business Dev-GEN	100,500	100,000	100,000	100,000	100,000	100,000
B15001101 Adv Mfg - Cluster Dev	91,300	85,000	85,000	85,000	85,000	85,000
B15630101 Greater Portland-GEN	100,000	50,000	50,000	50,000	50,000	50,000
B15004101 Healthcare and Biotech-GEN	0	150,000	0	0	0	0
B15100101 Cluster Development-GEN	30,826	4,744	5,000	5,000	5,000	5,000
B15701101 Software - Cluster Dev	230,900	85,000	85,000	85,000	85,000	85,000
B15104101 Mayor's Innovatn Funds-GEN	58,709	0	0	0	0	0
B15620101 Entrepreneurial Dev-GEN	201,040	342,628	342,628	342,628	342,628	342,628
B15610101 Film/Video-GEN	11,750	5,000	5,000	5,000	5,000	5,000
B15601101 Athletic - Cluster Dev	87,050	85,000	85,000	85,000	85,000	85,000
B15505101 Inclusive Capital Fund	550,000	0	0	0	0	0
B15301101 Green & Clean - Cluster Dev	66,300	85,000	85,000	85,000	85,000	85,000
B15003101 B-Corp-GEN	0	350,000	0	0	0	0
Total Business Development	5,434,759	4,613,302	3,483,558	3,483,558	3,483,558	3,483,558
Total Program Expenditures	5,434,759	4,613,302	3,483,558	3,483,558	3,483,558	3,483,558
Personal Services	1,280,289	1,260,351	1,586,692	1,619,536	1,676,975	1,713,436
Transfers - Indirect	312,439	361,927	376,760	379,619	388,461	391,155
Total Fund Expenditures	7,027,487	6,235,580	5,447,010	5,482,713	5,548,994	5,588,149
Contingency	148,624	0	0	0	0	0
Operating Transfers Out	138,203	57,986	57,986	48,815	48,815	48,815
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	7,314,314	6,293,566	5,504,996	5,531,528	5,597,809	5,636,964