



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** October 9, 2024  
**TO:** Board of Commissioners  
**FROM:** Shea Flaherty Betin, Executive Director  
**SUBJECT:** Report Number 24-49

Authorizing a Non-Programmatic Grant to Hacienda Community Development Corporation for the Restoration and Improvement of the Portland Mercado Located at 7238 SE Foster Road in the Lents Town Center Tax Increment Finance District

#### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7583

This action by the Prosper Portland Board of Commissioners (Board) would award a non-programmatic grant (Grant) of \$750,000 to Hacienda Community Development Corporation (Hacienda) for the restoration and improvement of the Portland Mercado located at 7238 SE Foster Road (Property) in the Lents Tax Increment Finance (TIF) District (see Site Map in Attachment A). If approved, the Grant will fund repairs after a 2024 fire, expand seating areas, and improve year-round usability of a beloved community attraction and economic development engine in southeast Portland (see Photos in Attachment B).

#### **STRATEGIC ALIGNMENT AND OUTCOMES**

This action aligns with the following outcomes highlighted within the Advance Portland Plan:

- Outcome 3.5: Support Growth and Health of Businesses within Commercial Districts.

#### **BACKGROUND AND CONTEXT**

On April 13, 2011, the Prosper Portland Board of Commissioners authorized acquisition of the Property, which was formerly operated as a used car lot. Around the same time, Hacienda was working on the planning and implementation of a Latino-themed market in the Portland area. In 2012, Prosper Portland provided Hacienda with a Development Opportunity Services grant to conduct a market study, design concept, and research to gather data from other successful Latino markets in the United States. The market study supported the feasibility of a food-oriented market in outer southeast Portland and Hacienda began searching for appropriate sites, identifying the Property as an appropriate site given its location along a revitalizing commercial corridor. Later in 2012, Prosper Portland signed a Letter of Intent to support Hacienda's application for an ultimately successful federal grant for a permanent Latino market on the Property.

On March 12, 2014, the Prosper Portland Board through Resolution No. 7044 authorized a lease agreement with Portland Mercado, LLC (a Hacienda subsidiary) for the Property. After the initial five-year lease term expired, Hacienda exercised its option to extend it through June 2024. On June 18, 2024, through Resolution No. 7535, the Board authorized another lease extension through June 2026.

On January 3, 2024, a fire started in the building's bar and extensively damaged the interior. The Portland Mercado closed completely until January 26, when it held a limited reopening of the food carts. The building remains closed as Hacienda continues to finalize designs, acquire permits, and secure financing for repairs and improvements. The proposed improvements include repairing the bar and adjacent commercial spaces, adding exterior balcony seating (including rain/sun canopies) to exterior areas, and enhancing the overall usability of the Property. The estimated budget for the work is \$1,958,113. In addition to the proposed Prosper Portland grant, sources of project funding would include insurance funds and donations. Hacienda has secured all but a portion of the fundraising goal of \$303,910. Hacienda will be responsible for covering the cost of all budget overruns through insurance proceeds, or fundraising. Prosper Portland grant funds will not exceed 45 percent of the overall cost of the project and would only be made available on a pro rata basis as insurance proceeds and the grantee's own fundraised (or other available) funds are also contributed toward TIF-eligible project costs.

In connection with the East Portland TIF exploration process, a proposed amendment to the Lents Town Center Urban Renewal Plan was approved by the Prosper Portland Board of Commissioners on August 28, 2024, through Resolution No. 7563 and is expected to be considered by the Portland City Council on October 30, 2024. The proposed amendment would reduce the size of the district; as a result of the amendment becoming effective, the Property will no longer be within the revised district boundaries. This grant would take advantage of the final opportunity to invest Lents TIF resources in the Property and the Mercado. To ensure that all funds are available, the grant will be fully funded upon execution but grant funds will be deposited with a financial institution and subject to access and transaction controls intended to facilitate Prosper Portland oversight.

### **EQUITY IMPACT**

Grant funds are subject to Prosper Portland's Green Building Policy and Construction Business and Workforce Equity Policy as well as Oregon Bureau of Labor and Industry prevailing wage standards.

The Portland Mercado is hub for Latino culture in Portland and an initiative of Hacienda that provides affordable retail space for small businesses to launch and grow inspired by entrepreneurship, Latinx history and heritage, traditional and local foods, social enterprise, vibrant cultures, and public markets throughout the world. The creation of the first Latino public market in Portland was done as a response to wealth disparities in the city and the strong community desire to have a center for commerce based on Latino heritage.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

After the fire, there was an outpouring of community support through donations and engagement by Hacienda staff, ultimately raising over \$200,000 to support businesses impacted by the fire. Additionally, Prosper Portland staff fielded numerous inquiries from the public and elected leadership about the status and importance of the Portland Mercado.

### **BUDGET AND FINANCIAL INFORMATION**

There are sufficient funds in the Lents Town Center TIF District budget and forecast for this grant (see Attachment C).

### **RISK ASSESSMENT**

There are few to no risks this proposed action.

**ATTACHMENTS**

- A. Site Map
- B. Photos
- C. Lents TIF District Financial Summary

**SITE MAP**



**7238 SE Foster Road**

PHOTOS



Portland Mercado Site Looking East



Portland Mercado Site Looking South

**LENTS TIF DISTRICT FINANCIAL SUMMARY**

**Financial Summary  
 Forecast**

<u>Lents Town Center TIF Fund</u>	<u>Revised FY 2023-24</u>	<u>Adopted FY 2024-25</u>
<b>Resources</b>		
Beginning Fund Balance	45,064,074	11,828,093
<b>Revenue</b>		
Interest on Investments	901,281	185,282
Loan Collections	289,333	0
TIF - Short Term Debt	2,235,762	0
Rent and Property Income	140,000	0
Reimbursements	24,329	22,570
<b>Total Revenue</b>	<b>3,590,705</b>	<b>207,852</b>
<b>Total Resources</b>	<b>48,654,779</b>	<b>12,035,945</b>
<b>Requirements</b>		
<b>Administration</b>		
A00029-Debt Management-LTC	56,494	56,500
<b>Administration Total</b>	<b>56,494</b>	<b>56,500</b>
<b>Economic Development</b>		
<b>Business Advancement &amp; Traded Sector</b>		
A00380-Lean Manufacturing-LTC	16,000	10,000
<b>Community Economic Development</b>		
A00121-Community Development-LTC	93,500	0
<b>Business Lending</b>		
A00208-BL -General-LTC	205,000	0
<b>Economic Development Total</b>	<b>314,500</b>	<b>10,000</b>
<b>Housing</b>		
A00170-Affordable Housing-LTC	2,221,056	5,357,892
<b>Housing Total</b>	<b>2,221,056</b>	<b>5,357,892</b>
<b>Property Redevelopment</b>		
<b>Commercial Property Lending</b>		
A00365-CPRL-General-LTC	10,400,000	0
<b>Real Estate Management</b>		
A00325-Lents Little Lge Fld-LTC	25,047	37,620
A00329-MetroAuto Bldg & Lot-LTC	30,454	31,965
A00330-ArchttctIronPrdctBldg-LTC	53,682	31,470
A00554-Dagel Triangle-LTC	15,773	14,795
A00557-Tate Lot-LTC	16,923	14,108
<b>Redevelopment Grants</b>		
A00130-Community Livability Grant-LTC	910,945	0
A00501-Prosperity Investment Program (PIP) Grant-LTC	1,110,367	0
<b>A00672-Repair Grant-LTC</b>	<b>0</b>	<b>750,000</b>
A00697-9101 ACTGrant-LTC	0	3,500,000
<b>Property Redevelopment Total</b>	<b>12,563,191</b>	<b>4,379,958</b>
<b>Total Program Expenditures</b>	<b>15,155,241</b>	<b>9,804,350</b>
Personnel Services	214,841	651,150
<b>Total Fund Expenditures</b>	<b>15,370,082</b>	<b>10,455,500</b>
Interfund Transfers - Indirect Charges	1,456,604	871,073
Interfund Transfers - Cash Transfers	20,000,000	0
Contingency	11,828,093	709,372
<b>Total Fund Requirements</b>	<b>48,654,779</b>	<b>12,035,945</b>