



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

**DATE:** July 10, 2024  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 24-26  
Authorizing the Executive Director to Amend Leases Affected by the COVID-19 Pandemic

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

Adopt Resolution No. 7541

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to amend lease agreements to reconcile the required lease payments with the amounts Prosper Portland received during the COVID-19 pandemic; amend leases of any accommodated tenant to a reasonably negotiated rent rate; and write-off the different between amounts owed and collected from tenant.

### **STRATEGIC ALIGNMENT AND OUTCOMES**

The Advance Portland strategy prioritizes business retention and increase in commercial activity in the Central City. Prosper Portland can support small business and retailers in the activation of ground floor commercial spaces by being able to accommodate tenants in rental rates and payment options as economic changes happen, without having to seek Prosper Portland Board approval each time. Any modification of lease terms will still be presented to the agency's Committee for Accountability on Finance and Equity for recommended approval by the Executive Director.

### **BACKGROUND AND CONTEXT**

The Prosper Portland Board has adopted lease guidelines that require leases for properties to be within certain parameters, including minimum rental rates. During the COVID-19 pandemic, Prosper Portland provided variety of abatements to their tenants to offset the closures of business, unsafe conditions, and the slow return of retail traffic. In some areas of Portland, tenants continue to be affected by the residual effects of the pandemic and Prosper Portland has continued to provide additional support in the way of lowered rental rates and percent rent.

Additionally, as the commercial market struggles to rebound in certain neighborhoods, there is a need to bring tenants in at a lower rental rate than previously approved by the Prosper Portland Board. This action will allow for the agency to be flexible and nimble to react quickly in the current market and to lease the remaining vacant spaces it owns.

### **EQUITY IMPACT**

This proposed action by the Prosper Portland Board allows staff to work directly with each tenant to negotiate mutually agreeable lease terms.

**COMMUNITY PARTICIPATION AND FEEDBACK**

Staff did not conduct any community involvement related to this proposed action.

**BUDGET AND FINANCIAL INFORMATION**

During fiscal year (FY) 2023-24, Prosper Portland offered close to \$60,000 in reduced or abated rents to tenants who continue to be impacted by the slow return of shoppers to the Portland area. Any abatements previously offered during the COVID-19 pandemic were included in the appropriate fiscal year budget, and any ongoing reductions in rental rates have been incorporated into future budgets. The FY 2024-25 Adopted Budget includes a decrease in reduced or abated rents as most of the abatements were focused on a property that will no longer be in the agency's portfolio.

**RISK ASSESSMENT**

Should the Prosper Portland Board elect to not authorize the Executive Director to amend lease agreements to reconcile the required lease payments with the amounts Prosper Portland received during the COVID-19 pandemic or write-off the different between amounts owed and collected from tenant, the tenants would be required to pay back these amounts which would put a significant financial burden onto these small tenants, some of whom continue to struggle to bring in foot traffic and sales in downtown Portland.

**ATTACHMENTS**

None.