



DATE: June 8, 2016
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 16-35
Adopting Prosperity Investment Program Guidelines

BOARD ACTION REQUESTED

Adopt Resolution No. 7195.

ACTION DESCRIPTION

This action by the Portland Development Commission (PDC) Board of Commissioners (Board) will adopt guidelines for the Prosperity Investment Program (Program). If approved, the Program will meet three high-level PDC objectives by (i) aligning PDC's grant with the objectives of the PDC 2015-2020 Strategic Plan (Strategic Plan), (ii) streamlining the grant process to ease recipients' use and to reduce PDC staff administration time, and (iii) ensuring that investments are consistent with the evolving PDC Long Term Business Plan.

The Program consolidates features from the existing Storefront Improvement Program (SIP), Development Opportunities Services Grant (DOS), and Green Features Grant Program (GFGP) within a single grant program that allows for both internal and external improvements. The Program will replace SIP, DOS, and GFGP grant programs. This action does not affect the Community Livability Grant Program (CLG), which remains in place to assist non-profit entities with physical improvements.

BACKGROUND AND CONTEXT

PDC's current grant programs (SIP, DOS, and GFGP) have been effective in assisting businesses and property owners over many years to improve building facades, conduct limited predevelopment assessments, and fund green building features. In the last five years, PDC has awarded more than \$9,700,000 in grant funds to support more than 800 projects in Portland's urban renewal areas (URAs).

The current grant programs were originally designed to support neighborhood revitalization and place making efforts. Over the last five years, in keeping with the Economic Development and the Neighborhood Economic Development strategies, emphasis has been placed on using these tools to support traded sector companies, community action plans, and priority populations. As a result, over 43 percent of grants in the neighborhood URAs have been awarded to businesses owned by people of color or non-profit organizations that serve a large proportion of people of color and low-income individuals. As a part of implementing the new Strategic Plan, PDC staff developed the Program guidelines to better align with the Strategic Plan's focus on equitable wealth creation, quality job growth, healthy communities, and financial sustainability.

COMMUNITY AND PUBLIC BENEFIT

The Program will support select projects that provide access to high quality employment for Portlanders, foster wealth creation, and/or build healthy communities. Grant investments will be awarded using social equity goals that consider factors such as: property and business owner demographics, length of property ownership, ability to make improvements without the grant, and consistency with community action plans (e.g., Old Town/Chinatown Action Plan, Lents Five-Year Action Plan). Grant investments will be limited to an annual appropriation level and may be targeted within URAs to spur economic activity in specific corridors or areas, and towards certain priority populations.

The Program was designed to support business competitiveness and property development. Projects awarded a grant will receive a 50 percent matching grant of up to \$50,000 to make or plan for property improvements associated with commercial, industrial, mixed-use, and market rate housing projects.

Under the grant, business and property owners can utilize grant funds to assist with a wide range of property improvements both inside and outside of the building. Up to \$25,000 of the grant may be used on soft costs including architectural, project management, design, or other technical assistance such as lean/efficiency improvements.

Other key features of the grant include:

- Authorization for the Executive Director to increase the grant to a 75 percent match and/or a grant of up to \$75,000.
- Provisions for projects to provide professional and construction contracting opportunities to minority or women-owned firms that historically have been underutilized.

Attachment A provides a comparison of current grant programs with the Program.

PUBLIC PARTICIPATION AND FEEDBACK

On May 18, 2016, PDC staff briefed the Neighborhood Economic Development Leadership Group (NED LG) on the proposed Program. Members of the NED LG were generally supportive of the approach and made several recommendations, including:

- Set a baseline for equity goals and regularly measure how the Program is addressing those goals;
- Conduct targeted outreach with community partners to ensure that business and property owners are aware of and feel comfortable applying for the grant;
- Translate Program materials in multiple languages to reach priority populations;
- Simplify and make the application available online;
- Include past examples of grant recipients and types of improvements; and
- Offering participants a loan to help finance the 25 percent or 50 percent match.

In addition, PDC staff briefed the co-chairs of the Old Town/Chinatown Community Association Land Use Committee.

BUDGET AND FINANCIAL INFORMATION

The fiscal year (FY) 2016-17 Approved Budget for the SIP, DOS, and GFGP will be combined to fund the new Program; the estimated budget for all URAs combined for FY 2016-17 is \$3,175,000 (see Attachment B).

RISK ASSESSMENT

Adopting guidelines for the Program does not add appreciable risk to PDC.

ALTERNATIVE ACTIONS

The PDC Board could elect to not approve the Program guidelines, in which case PDC staff will continue to administer the current grant programs.

ATTACHMENTS

- A. Comparison of Current Grant Programs to New Grant Program Key Features
- B. URA Financial Summary

COMPARISON OF CURRENT GRANT PROGRAMS TO NEW GRANT PROGRAM KEY FEATURES

The new Prosperity Investment Program combines elements, adds to, and replaces the Storefront Improvement Program Grant (SIP), Development Opportunities Services Grant (DOS), and the Green Features Grant Program (GFGP). This grant does not affect the Community Livability Grant Program (CLG).

Current Grants (SIP, DOS, GFGP)	New Grant Program
Emphasis on external improvements and sustainability	Emphasis on business competitiveness and property redevelopment
Maximum of \$32,000 for SIP; \$25,000 for GFGP; and \$12,000 for DOS	Up to \$50,000 on the majority of grants with potential exception for large projects up to \$75,000 with Executive Director approval
Façade improvements, development feasibility, and environmentally sustainable features	A wide range of property improvements both inside and outside of the building including tenant improvements, façade improvements, and environmentally sustainable features
PDC match from 25 percent to 75 percent	PDC match of 50 percent in most cases with potential of 75 percent match with Executive Director approval
Architectural design assistance only	Architectural design assistance and project management as well as any other tax increment financing-eligible soft costs
Multiple applications and guidelines	One application and set of guidelines
Both for-profit and non-profit businesses	Only for-profit businesses. Non-profit organizations will be asked to apply for CLG.
Excluded sidewalks, roofs , parking lots, etc.	Includes sidewalks, roofs, parking lots and all other tax increment financing-eligible work.
Available to the business again in five years	Available only once with potential exception for second grant in 10 years
Not available to businesses that exclude minors 24/7	No change
Not available to national franchises or local franchises with more than three locations	No change
Awarded through Strategic Alignment & Equity Lens	No change

