

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** May 12, 2010  
**TO:** Board of Commissioners  
**FROM:** Bruce A. Warner, Executive Director  
**SUBJECT:** Report Number 10-48  
Adopt Green Features Grant Program

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6794

#### ACTION SUMMARY

This action will approve the creation of a new financial product, Green Features Grant Program (Program). The Program is intended to create an incentive for local businesses to implement sustainable improvements. Grant funds would go towards covering the incremental costs associated with sustainable building enhancements and for costs incurred with adopting more sustainable practices.

Recently adopted plans such as Portland Development Commission's (PDC's) Strategic Plan 2010 and the City of Portland's Economic Development Strategy highlight "sustainability" as a key component to Portland's future success. This Program differs from other sustainability incentives that businesses can take advantage of and offers the following benefits:

1. Gives cash reimbursement to the grantee immediately following the completion of eligible work;
2. Creates an incentive for relatively small projects to happen without complicated paperwork and delays in the project; and
3. Gets local businesses involved in sustainable practices so they can see how these investments will positively impact their bottom line.

PDC offered these grants as a pilot to the Program in the Interstate Corridor Urban Renewal Area (ICURA) last year.

Two urban renewal areas (URAs) currently have funding budgeted for this program, ICURA with \$200,000 each year over the next five years and Lents Town Center with \$100,000 budgeted for Fiscal Year 2010-11.

## **PUBLIC BENEFIT**

The adoption of the Program will provide the following public benefits:

- increase the number of businesses participating in sustainable building design and practices;
- provide opportunities for utilization of Minority-owned, Woman-owned and Emerging Small Businesses (MWESBs) during construction phases of projects;
- leverage public and private investment in projects advancing Portland's standing as a "green" city;
- give local firms a way to reach "green" customers who place a value on patronizing business that embrace sustainable practices;
- continue to enhance commercial districts while keeping contractors working during a depressed economy; and
- create an incentive for firms to invest in sustainable improvements and embrace sustainable practices that may otherwise never get implemented.

### **This action will support the following PDC goals:**

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

## **PUBLIC PARTICIPATION AND FEEDBACK**

Staff conducted an open house in spring 2009 when funds became available in ICURA last year. More than 30 stakeholders attended, asking varying questions about the grant. Many attendees were unclear about what "green" improvements were and what type of improvements Tax Increment Financing (TIF) could cover.

Last winter, PDC contracted with a third-party to evaluate the pilot effort. This assessment consisted of interviews with grantees and staff from PDC and BPS, and a review of PDC materials supplied to applicants. Recommendations from grantees were to (1) give applicants more information on what were considered sustainable improvements; (2) allow more time to apply; and (3) to include less governmental jargon on the application and other supplied materials. The consultant also concluded that future iterations of the Program should include: a non-competitive process format; post interviews with all applicants; assistance for stakeholders to complete the application; and tighter coordination with BEST Business Center program, which would allow businesses to receive an audit listing sustainable improvements tailored for their business. This feedback has been incorporated into the proposed program structure.

## COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The Program supports the following goals of the PDC's Strategic Plan 2010:

1. *Strong Economic Growth and Competitiveness*: This goal focuses supporting the Portland Economic Development Strategy by prioritizing investment in four industry clusters, nurturing innovation, developing predictable funding for economic development, and advancing regional competitiveness through a variety of partnerships. This Program helps firms in the Clean Tech cluster advance innovations in environmental building techniques and designs.
2. *Sustainability and Social Equity*: This goal continues to demonstrate PDC's leadership in promoting sustainability as well as investment for disadvantaged businesses and communities. The Program is specifically created to get more businesses engaged in sustainability. Also the funded projects will provide opportunities for MWESBs to work and gain experience in "green" construction trades.
3. *Healthy Neighborhoods*: This goal focuses investment in URAs and throughout the City to transform our communities in positive ways. The Program invests in projects that stimulate additional public and private investment in Portland's commercial districts and that targets neighborhood businesses that have few other resources to fund these improvements.

The Program supports the following objectives of the City of Portland's Economic Development Strategy:

- Objective 2.1: Create the Next Generation Built Environment. "Cities and countries around the globe are racing to uncover the next achievement in sustainable building practices and, while widespread adoption of these practices is an encouraging development, Portland must work to retain its leadership position."
- Objective 3: Provide "continued and expanded support for neighborhood serving businesses is required for Portland to achieve its vision of 20 minute neighborhoods, where residents have easy access to goods and services..."
- Objective 3: Assist businesses in becoming more competitive by "giving neighborhood business districts the capacity building knowledge to start, maintain and grow the vibrancy of local serving retailers and services."

## FINANCIAL IMPACT

The Interstate Corridor URA Fiscal Year 2009-10 Budget includes \$200,000 in Green Features Grant funds.

If non-TIF funds are available they will be used to assist business owners in adopting sustainable business practices. In Fiscal Year 2009-10, \$25,000 one-time grants have been awarded by PDC to specifically assist in-home business, including day care providers, in implementing sustainable business improvements.

## **RISK ASSESSMENT**

The most significant risk facing implementation of the Program is lack of community engagement and participation. Staff will use a broad outreach strategy to ensure that a wide range of stakeholders are involved and informed about the program, and thus will be more likely to benefit from the Program.

## **WORK LOAD IMPACT**

If the Program is adopted there will be staff and operational impacts. The Program was tested as a pilot and has been incorporated into existing Urban Development Department staff work plans.

## **ALTERNATIVE ACTIONS**

The PDC Board of Commissioners (Board) could choose not to approve this Program, or direct staff to revise the proposed guidelines.

## **CONCURRENCE**

PDC's Finance ReThink team reviewed the Program, considering how it may complement existing programs in the URAs and promote the Strategic Plan and Economic Development Strategy.

On March 30, 2010, PDC's Loan Committee reviewed and endorsed the proposed Program.

## **BACKGROUND**

In Fiscal Year 2008-09, the Green Features Grant originated as a pilot program intended to generate interest in sustainable design and practice in Portland's neighborhoods. The grant was targeted to small, emerging businesses that typically might not think about sustainable options or have the ability to cover the incremental costs associated with emerging technologies. The grant was open to both need based applicants looking to cover the incremental costs associated with sustainable building and those desiring to adopt more sustainable practices.

Grants were available on a competitive basis for a maximum of \$25,000 and are being dispersed through reimbursement.

The pilot program awarded eight grants in the ICURA for a total of \$191,000, while leveraging more than \$350,000 of private investment from the grantees. The grantees were selected from a pool of 16 applications by a committee composed of community members, green building professionals, and PDC staff.

Taking into consideration the feedback from a consultant and grantees, staff will not use the same process as last year because it gave applicants limited access to feedback on their applications before awards were made. Instead, staff will utilize a limited window of availability

process that allows applicants to get feedback and input from staff while creating their application, and gives staff a better sense of how to allocate time and resources for the Program.

Partners will play an important role in the progress and promotion of this Program going forward. The BEST Business Center will be conducting sustainability audits for all applicants at no cost to the businesses. Albina Community Bank has committed to provide funding for grantees in the amount of the grant to ensure that the reimbursable nature of this Program is not a barrier to businesses. This Program will also look to complement existing sustainability programs in the city and will partner with the Bureau of Environmental Services “Eco Roof” Program to get property owners in URAs to invest more money into green building improvements.

Following the conclusion of the Fiscal Year 2009-10 Program, PDC will conduct another assessment in order to monitor and continue to fine-tune it to better meet businesses needs.

**ATTACHMENTS:**

- A. URA Financial Summary for Interstate Corridor and Lents Town Center URAs
- B. Project Summary

**URA FINANCIAL SUMMARY**

**Five-Year Forecast Project Requirements**

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
<b>Interstate Corridor URA</b>						
<b>Resources</b>						
Beginning Fund Balance	1,281,835	336,588	4,223,671	4,598,910	460,908	435,044
Interest on Investments	20,000	20,000	20,000	20,000	20,000	20,000
Loan Collections	148,797	1,403,998	3,511,334	127,305	106,216	100,000
Property Income	0	2,920,424	0	0	0	0
TIF Proceeds	22,409,391	27,182,955	13,784,783	8,527,732	21,060,958	11,663,785
<b>Total Fund Resources</b>	<b>23,860,023</b>	<b>31,863,965</b>	<b>21,539,788</b>	<b>13,273,947</b>	<b>21,648,082</b>	<b>12,218,829</b>
<b>Requirements</b>						
<b>Program Expenditures</b>						
<b>Administration</b>						
<b>Executive</b>						
H60041 Eastside Central City Plan	0	36,000	0	0	0	0
H60042 N/NE Economic Dev Initiative	0	54,000	0	0	0	0
<b>Administration Total</b>	<b>0</b>	<b>90,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Business and Industry</b>						
<b>Community Economic Development</b>						
H61008 Killingsworth Station Commercial	0	0	900,000	0	0	0
H72030 Community Econ Development	50,000	50,000	50,000	50,000	50,000	50,000
H79020 Business Finance	287,500	625,000	500,000	500,000	500,000	500,000
H79025 Green Business Grants	0	200,000	200,000	200,000	200,000	200,000
<b>High Growth</b>						
H79020 Business Finance	305,652	425,000	300,000	300,000	300,000	300,000
H79025 Green Business Grants	200,000	0	0	0	0	0
<b>Industry Cluster</b>						
H72026 Cluster Development	0	380,000	220,000	200,000	200,000	200,000
H79020 Business Finance	575,000	890,000	800,000	800,000	800,000	800,000
<b>Business and Industry Total</b>	<b>1,418,152</b>	<b>2,570,000</b>	<b>2,970,000</b>	<b>2,050,000</b>	<b>2,050,000</b>	<b>2,050,000</b>

**Five-Year Forecast Project Requirements**

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
<b>Lents Town Center URA</b>						
<b>Resources</b>						
Beginning Fund Balance	2,994,431	8,076,865	186,845	36,303	25,085	540,477
Interest on Investments	11,000	14,000	6,000	7,000	5,000	6,000
Loan Collections	120,094	122,666	122,666	113,870	105,124	105,124
Property Income	0	2,600,000	0	0	0	0
TIF Proceeds	22,689,384	6,247,821	19,280,793	19,439,912	21,405,268	11,976,420
<b>Total Fund Resources</b>	<b>25,814,909</b>	<b>17,061,352</b>	<b>19,596,304</b>	<b>19,597,085</b>	<b>21,540,477</b>	<b>12,628,021</b>
<b>Requirements</b>						
<b>Program Expenditures</b>						
<b>Business and Industry</b>						
<b>Community Economic Development</b>						
H72030 Community Econ Development	155,000	120,000	325,000	425,000	425,000	425,000
H79020 Business Finance	0	500,000	700,000	700,000	700,000	700,000
H79025 Green Business Grants	0	100,000	0	0	0	0
H79060 Business Development	0	150,000	75,000	75,000	75,000	75,000
<b>General Business Assistance</b>						
H79020 Business Finance	1,100,000	0	0	0	0	0
H79022 Business Retention	100,000	0	0	0	0	0
<b>High Growth</b>						
H79020 Business Finance	0	250,000	350,000	350,000	350,000	350,000
<b>Industry Cluster</b>						
H79020 Business Finance	0	250,000	350,000	350,000	350,000	350,000
<b>Business and Industry Total</b>	<b>1,355,000</b>	<b>1,370,000</b>	<b>1,800,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>

## PROJECT SUMMARY

<b>Project Name:</b>	Green Features Grant Program
<b>Description:</b>	Grant program provided to be an incentive for businesses to make sustainable improvements and adopt sustainable business practices.
<b>Location:</b>	For Fiscal Year 2009-10 budget, the Program was allocated funds in Interstate and Lents URAs
<b>URA:</b>	Eligible in all URAs
<b>Current Phase:</b>	Adoption of Program by the PDC Board
<b>Next Milestone:</b>	Promote Program to potential applicants in each of the URAs with funds budgeted
<b>Completion Target:</b>	May 28, 2010
<b>Outcome:</b>	Adopt formal Program that operated as a pilot last year
<b>Site:</b>	Funded in Lents and Interstate Corridor URAs