



PROSPER
PORTLAND
Building an Equitable Economy

DATE: December 13, 2023
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 23-44
Update on the North/Northeast Community Development Initiative Action Plan

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

No action is requested; information only.

At the December 13, 2023, Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on the North/Northeast Community Development Initiative (CDI), a comprehensive strategy that aims to achieve three overarching goals with the remaining tax increment financing (TIF) resources in the Interstate Corridor TIF District (TIF District):

- Increase employment and wealth creation opportunities for long-term and returning residents, business and property owners;
- Strengthen community capacity to produce economic opportunities; and
- Support cultural/community assets.

Prosper Portland created the North/Northeast CDI Action Plan (Action Plan) in partnership with members of the N/NE Portland community, that details how the agency is investing \$32,000,000 in Interstate TIF resources across five investment areas, in furtherance of the goals of the CDI. Portland City Council adopted the Action Plan through Ordinance No. 37264 on January 26, 2017.

Prosper Portland works in partnership with the North/Northeast Action Plan Leadership Committee (Leadership Committee), a community-based advisory and accountability body, to implement the Action Plan.

This report, and staff's presentation, is intended to 1) provide a summary of Action Plan investments to-date including some project highlights; 2) provide an update on key progress recently made in partnership with the Leadership Committee; 3) describe steps staff is taking to address challenges in investing Action Plan resources; and 4) preview forthcoming Interstate TIF budget considerations. See the N/NE Action Plan Allocations and Investment Progress summary in Attachment A.

STRATEGIC ALIGNMENT AND OUTCOMES

This action delivers on Advance Portland objectives, specifically:

- Objective 2: Promote equitable wealth creation by creating opportunities through business ownership, access to technical assistance, and capital to support business growth.
- Objective 3: Foster a vibrant city and commercial districts by creating new high-density, infill residential with mixed-income housing units through private development.

BACKGROUND AND CONTEXT

Prosper Portland recognized that economically and socially disadvantaged individuals, including African Americans and other people of color, have not experienced the same access to employment and wealth creation opportunities as other people and businesses within the Interstate Corridor TIF District. The Action Plan was specifically designed to ensure TIF resources would be invested in ways that long-term and former community members would benefit from the impact of public and private investments.

The Action Plan allocates TIF resources through loans and grants to leverage economic development opportunities to increase wealth building opportunities. The resources are available to small business and property owners, developers, homeowners (through the agency’s partnership with the City of Portland Housing Bureau, or PHB), and non-profit organizations.

Action Plan TIF Allocation

The Action Plan commits the following allocation of TIF resources across five goals. To date, Prosper Portland has invested \$11,200,000 of the original \$32,000,000 allocation, broken out as follows:

Foster Multi-Generational Wealth Creation and Community Assets	Proposed Five-Year Allocations	Estimated Number Assisted with Grants & Loans
1. Promote Property Ownership + Redevelopment	\$10,750,000	44 property owners
2. Support Business Ownership + Growth	\$9,250,000	55 business owners
3. Invest in New and Existing Homeowners	\$5,000,000	60 homeowners
4. Advance Community Livability Projects	\$2,500,000	20 non-profits
5. Catalyze Cultural-Business Hubs	\$4,500,000	1-2 projects
Total	\$32,000,000	

Prosper Portland has had the most success in investing grant resources to support Goals 1, 2, and 4; along with PHB’s investment of grant resources to support Goal 3. The loan programs within Goals 1 and 2 have had less uptake. More information on this item is included in this report about how Prosper Portland and community partners are making adjustments to increase investments. In addition, staff will provide greater detail on the demographics of the recipients of these funds within the Prosper Portland Board presentation on December 13, 2023.

Goals 1 & 2: Promote Property Ownership and Redevelopment/Support Business Ownership + Growth

Prosper Portland provides a combination of grants and loans to property and small business owners to promote both property and small business ownership. It has invested just over 80 percent of grant funds allocated through the Prosperity Investment Program (PIP) across Goals 1 and 2. PIP offers up to \$75,000 with a 75 percent (Prosper Portland) to 25 percent match (Grantee) and is used for costs associated with redevelopment and building improvements. The agency offers PIP-matching loans to finance the 25 percent match required for the PIP grant if Grantees do not have the funds available upfront.

Below are a few examples of PIP grant recipients:

- **Black Star Academy** – Owned by an African American woman who received a grant to build out her training gym that included flooring, signage, bathroom upgrades, and lighting to create a community sport gathering space for youth on Martin Luther King, Jr. Boulevard
- **La Tina House of Style** – Owned by African American woman who received a grant to upgrade her storefront which included lighting, electrical, signage and painting to complete her upscale clothing boutique on Alberta Street.

- **Emperor Georgios Tea Room** – Owned by an African American man who received a grant to update their tea house/restaurant which included flooring, bathroom upgrades, painting, and signage.
- **Alberta Alley** – Co-owned by African American and Asian men who received a grant to completely rebuild a restaurant space to include four restaurants with a courtyard meeting space which also includes amazing interior and exterior murals to complement the neighborhood.

On November 8, 2023, through Resolution No. 7507, the Prosper Portland Board approved Affordable Commercial Tenanting (ACT) Grant program guidelines. This Grant program furthers Goal 2 and will place \$5,250,000 in grants to create affordable commercial space within the district to assist displaced or emerging small businesses. Both small businesses and property owners can participate and use the funds to make property improvements in exchange for an affordable lease rate. Prosper Portland will launch the program early in 2024.

Prosper Portland's commercial property loans are another mechanism to achieve the wealth creation outcomes for Goals 1 and 2. They can be used for property redevelopment as well as tenant improvements; however, the loan products have not seen the same amount of uptake as the grants. There is approximately \$4,500,000 remaining within Goal 1 for property redevelopment. While there is \$2,000,000 allocated in Goal 1 for property acquisition and interest from borrowers, statutory TIF restraints have made lending challenging. Staff are working with Leadership Committee members and others in the real estate industry to recommend potential changes to Prosper Portland loan programs to make them more responsive to business and property owner needs across TIF districts, including Interstate. Staff intend to propose updated lending guidelines to the Prosper Portland Board in early 2024. Prosper Portland continues to make business loans to owners within the district to support operations, but these loans are not sourced from TIF.

Goal 3: Invest in New and Existing Homeowners

PHB leads efforts within Goal 3 in partnership with Prosper Portland. The goal aims to invest in existing and new homeowners through two programs, down payment assistance for the purchase of a home and a repair program for existing homeowners. Funds were initially dedicated to starting an Accessory Dwelling Unit (ADU) program to create new revenue streams for existing homeowners. However, PHB and its partners found this to be infeasible and made a recommendation to Prosper Portland and the Leadership Committee to reallocate the initial \$1,800,000 for the ADU program to redistribute the funds to the other two programs. In addition, the Leadership Committee just voted in support of PHB increasing its downpayment assistance to \$125,000 per owner to maintain market competitiveness.

Goal 4: Advance Community Livability Projects

Prosper Portland has experienced high demand for the Community Livability Grant Program (CLG) and has exceeded the Action Plan allocation for this goal. The CLG Program supports community-based organizations in advancing community livability projects that drive economic development outcomes for underserved community members (Goal 4). Organizations can receive up to \$300,000 to make improvements to physical property like owners utilizing the PIP grant. Below are a few examples of CLG awardees.

- **Portland Opportunities Industrialization Center + Rosemary Anderson High School** – received a grant to expand its learning center that included new ceilings, windows, exterior doors, front entry, and reception area.

- **Airway Science for Kids**—received a grant to convert a former day care center to provide community tutoring, assistance with job and college applications, parent education programs, etc.
- **Albert Abbey** – received a grant to upgrade its HVAC system and transform a space into a performance venue, studios, artists workshops, and for use by arts organizations.
- **LGBTQ Community Center** – received a grant to renovate their community center including ceiling repair, wheelchair ramp, addition of recording studio, and electrical upgrade.

Goal 5: Catalyze Cultural-Business Hubs

On December 8, 2023, Prosper Portland launched a Request for Expressions of Interest to gather proposals from individual entities and/or teams to establish one to two Cultural Business Hubs (CBH). Action Plan Goal 5 calls for catalyzed investment into commercial space to serve as a gathering place offering business opportunities, technical assistance, and access to financial resources. The CBHs' offerings will be culturally specific for small businesses owned by African Americans and other people of color, to allow businesses that have been systematically excluded to grow and thrive. The team is seeking proposers with experience in commercial property leasing and management for small businesses; ability to co-invest capital; and program administration focused on entrepreneurial educational and technical assistance. The Action Plan commits \$4,500,000 in loans which can be used for project costs such as site/property acquisition, new construction, or renovation. This funding can be combined with an additional \$1,500,000 in grants to support tenant improvements for affordable commercial space for small businesses through the new ACT Grant program. Prosper Portland anticipates making loans and grants, under existing guidelines for these loan and grant programs, to projects that respond to this Request for Expressions of Interest.

Interstate TIF Budget Considerations

An additional \$18,000,000 remains in maximum indebtedness in the Interstate TIF district. Future budget direction will determine the potential allocation of these resources towards the goals of the Action Plan and other initiatives in the district such as the William & Russell development. There is additionally an opportunity to potentially reallocate unspent Action Plan resources between the five goals. As previously noted, investment of grant funds has reached, and in some cases, exceed the allocation available in the Action Plan, and significant interest in these grant programs remains. Additionally, keystone initiatives such as the Cultural Business Hub and Williams & Russell may require additional loan and/or grant resources.

EQUITY IMPACT

The Action Plan was created to invest TIF resources to foster economic prosperity among communities and individuals that have not fully participated or benefited from the economic opportunities in the district. Prosper Portland staff in partnership with its community committees have made a concerted effort to reach communities including those that identify as African American and other communities of color to build awareness about the resources that are available and work with a variety of small business owners, property owners, homeowners, and non-profit organizations to increase access to them. Forty-nine percent of these resources (\$8,674,910) have been invested in those who identify as African American. Of those resources, 33 percent (\$2,882,095) have been granted or loaned to people of color including those that identify as African Immigrant. The CLG is awarded to non-profit organizations and does not collect demographic data but has structured the application process to ensure those that are receiving funds are also serving the same community members as these other programs.

COMMUNITY PARTICIPATION AND FEEDBACK

An Oversight Committee made up of community members representing the TIF District was established to work with Prosper Portland to advise and track progress on Action Plan goals. The initial Oversight Committee convened from 2017 through 2020. It was re-imagined in the fall of 2021 as the N/NE Action Plan Leadership Committee as Prosper Portland adjusted its approach to better support meeting the needs of community advisors, critical partners, and staff while maintaining its commitment to achieving Action Plan goals ensuring community oversight and partnership.

The Leadership Committee serves in an advisory capacity to Prosper Portland. In this role, Leadership Committee members have committed to being active participants in the work, including attending committee meetings and events, informing recommendations, and using their professional skills and background to support implementation, and serving as stewards of the Action Plan. The current Leadership Committee roster has nine members, including two members of the former Oversight Committee in addition to others with expertise in small business, real estate, and lived experience who work with the agency to continue to deliver on the Action Plan. Through an on-boarding process, staff briefed the Leadership Committee on the background of the Action Plan, progress made, and fundamentals of TIF financing, while also building relationships with staff s and each other through a series of team building exercises.

The Leadership Committee has been meeting for two years and in that time has actively shaped adjustments to Prosper Portland’s lending programs, design of the ACT Grant program, and program requirements and solicitation strategy for the Cultural Business Hub.

ATTACHMENTS

- A. N/NE Action Plan Allocations and Investment Progress

N/NE ACTION PLAN ALLOCATIONS AND INVESTMENT PROGRESS

Plan Goal	Number of Owners + Households		Funding		
	Commitment	Accomplished	Commitment	Accomplished	Remaining Commitment
1. Promote Property Ownership + Redevelopment					
Small scale grants	30	52	\$2,250,000	\$2,298,904	(\$48,904)
Loan match to small scale projects	30	3	\$750,000	\$60,574	\$689,426
Larger scale grants	10	13	\$750,000	\$545,050	\$204,950
Larger scale loans	10	4	\$5,000,000	\$489,669	\$4,510,331
Property acquisition loans	4	0	\$2,000,000	\$0	\$2,000,000
2. Support Business Ownership and Growth					
Tenant Improvement Grants	40	56	\$3,000,000	\$2,062,755	\$937,245
Tenant loan match	40	8	\$1,000,000	\$402,841	\$597,159
Affordable Commercial Space	10-15	0	\$5,250,000	\$0	\$5,250,000
3. Invest in New and Existing Homeowners					
Homeownership	35	16	\$2,800,000	\$1,600,000	\$1,200,000
Home Repair	55-64	30	\$2,200,000	\$1,215,118	\$984,882
4. Advance Community Livability Projects	20	33	\$2,500,000	\$2,571,355	(\$71,355)
5. Catalyze Cultural-Business Hubs	1-2 Signature projects	0	\$4,500,000	\$0	\$4,500,000
Total			\$33,800,000	\$11,246,265	\$22,553,735