

Central City TIF Exploration Business Retention/Recruitment Subcommittee Meeting #1

Microsoft Teams

December 13, 2023, 2:00 – 3:00 pm

Meeting Summary

Welcome & Introductions

Kimberly Branam welcomed the committee and reviewed the goals and agenda for the meeting. Committee members and staff did a round of introductions.

Kimberly encouraged the committee to think about the strengths, weaknesses and opportunities in order to create an inventory of existing conditions, district goals, and investment priorities. The goal for this subcommittee is business competitiveness in the central city – including job preservation, inclusive growth, small business support, restaurants and ground floor commercial activation, complimentary uses, etc. Community safety and livability are top of mind, but TIF is a tool that will have to ramp up over the next five years, so it is less of an immediate response and more about shoring up the economic competitiveness of the city.

Overview of Sub-Committee Working Tool for Plan Development

Sarah Harpole reviewed the working tool worksheet that will be used to organize the committee's feedback and input for the TIF planning process. The last meeting was focused on vision and values, this meeting's focus is goals, and the next meeting will be focused on developing the project list. Through these conversations it is important to keep equity in mind and in the third meeting the conversation will focus on specific equity considerations for the plan, projects and investment priorities. These conversations can cross lines between subcommittees but there are other groups discussing large scale opportunities and housing production. As the committee starts switching from thinking about topic areas to geographic opportunities, the conversation will get deeper into details about what each district needs specifically.

The worksheet will continue to evolve as discussions progress. For example, Sarah noted that Sydney had also provided to link to Downtown Clean & Safe's recovery data to further supplement existing conditions data included in the worksheet: [Link to Downtown Clean & Safe data](#). (Thank you, Sydney!)

TIF Investment Case Studies

Kimberly reminded the committee that TIF can be used for sticks and bricks aka physical development and the planning of physical development, but it cannot be used for business technical assistance, workforce development, rental/homeowner services or safety/cleanliness.

Shea Flaherty Betin presented the Dos Hermanos business loan as one example of how TIF can support BIPOC businesses through business retention. Prosper Portland provided a loan to support an expansion in a new commercial space, in addition to funds for improvements from the landlord. They had a robust business plan and a commercial development plan as a part of their expansion plans. TIF is a tool that can be used to catalyze private investment. The \$410k Prosper Portland loan was complimented with \$600k in private investment. The Little America food cart pod is a part of the culmination of this project

in addition to the expanded commercial space for Dos Hermanos. Activation of the commercial space plus the food cart pod brought a lot of energy to the location. This is an example of growth and equity, and how folks can leverage these funds.

Kimberly presented an example of a large business support helping to recruit the Vestas American headquarters when they were looking for an expansion for their North American operations. Recruitment loans of this scale are less frequent, and may only happen every 5-10 years. Prosper provided an \$8 million loan with deferred payment until there was an exit by the developer. Vestas committed to staying in Portland at least through their long-term loan. In 2010 the priority was also catalyzing construction jobs. It is notable that there is \$1 of Prosper Portland investment for every \$7.14 of outside investment with this project. Smaller businesses usually have lower ratios, but it all depends on what the benefits and repayment plans look like.

- *Question:* Where does the vestas type project originate and what does that process look like?

Answer: With Vestas in particular, Prosper has cluster staff as a part of the business advancement team. This was a green building opportunities initiative and one of the team members had an established relationship with Vestas. She heard about their expansion and initiated conversation. Prosper also worked closely with the developer for this project. There are many ways a project like this could begin but most of the growth comes from companies that are already here with existing relationships and when they are ready to expand Prosper works with them to make it happen.

- *Question:* What are the metrics to consider when you think about success for a project like this?

Answer: This project was a success from a job retention and growth perspective. In the loan agreement there was a need to report on jobs created and a requirement for Vestas to stay in their space long term in addition to complying with workforce equity policies. Prosper has continued to work with wind energy companies and has strengthened the clean energy tech industry in Portland. One of the reasons Vestas wanted to be in Portland is because of Portland's identity as a city invested in sustainability.

Sub-Committee Discussion

Kimberly prompted the committee to discuss the existing conditions that are either weaknesses or challenges that are impacting ability to retain and grow businesses; and to consider opportunities for TIF related investment.

- **Public Perception**
 - People's perspective of Portland is affecting jobs, decision makers and the ability to retain businesses. Reputation is a challenge especially when trying to influence decision makers who may be outside of Portland
 - An opportunity is to promote Portland as a place to expand. There are several ways to amplify the message in tandem with TIF investments.
- **Tax Policy**
 - Tax policy is a weakness in general. This is a competitive disadvantage and there is less incentive for businesses to aggregate employees in one place.

- Taxes are a big concern for small business owners, especially when they aren't seeing taxes result in a positive impacts. Taxes also come up a lot in the downtown area combined with what people are receiving as services/support from those taxes.
- Cities with less funding have better services so it is questionable what the taxes are going toward. Example: Milwaukee is very clean and has a budget of only \$1B.
- High-net worth individuals relocating to elsewhere has also had an impact on donor base
- **Small Businesses & Inclusive Growth**
 - The conversation between landlords and small businesses regarding investing in improvements can be challenging because taking out loans to invest in building improvements when the business does not own their space can make tenants nervous about future rent increases and lease renewals. Need to ensure tenants know their rights if investments are made.
 - Invite BIPOC businesses to want to locate in the Central City; consider creating inclusive districts where BIPOC businesses want to participate not just big corporations. Consider a Latino district, etc. How to make it so small BIPOC owned businesses want to participate?
 - Lease rates that don't match the quality of the environment (need creative lease programs)
- **Anchor Employers**
 - There is nothing wrong with corporations; we need to evolve the perspective on large anchor employers that can bolster the rest of the city.
 - Reframing the relationship between big businesses/employers and small businesses... small business owners need big businesses to employ people with enough income to patronize small businesses.
 - Focus on industries that we have a competitive advantage in.
- **Retail**
 - The shrinking/right sizing retail; stores have become more online, and the competition is huge. There are challenges with the large amounts of space available, but it is an opportunity to be creative and make innovative spaces available.
 - National retail would help. Like with a shopping center, there needs to be room for large-scale retailers in addition to small businesses. Attract and retain bigger retailers for the larger spaces to fill in the spectrum of businesses.
 - Would be beneficial to have mixed sizes of square footage for retailers.
- **Commercial Space**
 - A challenge is that there is a lot of available space. Let's look at filling and activating existing spaces vs creating more space.
 - The reality is that many projects just don't pencil with the cost of construction and tenant improvements. The cost is too high and the rent you can charge doesn't add up. However, the type of spaces that people want to be in will soon run out and foresee demand for renovation of existing spaces or new construction (such as new net zero buildings).
- **Public Space & Placemaking**

- Placemaking is incredibly important. Portland needs to lead in that space again. This is why people live and work in cities.
- Need to see big public moves in permanent or temporary activations (i.e. bike lanes, ice rink) and leveraging existing assets (i.e. Keller, Waterfront Park, Art Museum) to get people downtown. Need things to do.
- How can TIF be used to secure & beautify public spaces? The farmers' markets and things like that are challenged right now. Public spaces need to be taken care of, the idea of using TIF to beautify public spaces is a good opportunity. Concern regarding maintaining public spaces (example: park blocks limbs falling).
- Regarding maintaining parks, it would also be helpful to change the use of SDCs to not only be for the construction of new parks, but for the maintenance of existing parks as well.
- Waterfront parks are another example of big projects that Portland is behind on.
- The Saturday market expansion was supported through TIF investment in capital improvements and Pioneer Square was TIF funded project as well.
- **Downtown**
 - Tourism and making the downtown a destination for things other than just employment are potential opportunities. It will help draw employees back downtown if they want to be downtown.
 - Downtown needs to identify how to differentiate itself from other neighborhoods and cities.
 - Arts and culture are what makes downtown special. How can we utilize that for our public spaces and what makes downtown different and vibrant?
 - All subdistricts categorized as "reinvest" in the EcoNorthwest analysis are also home to Enhanced Service Districts. Downtown Clean & Safe is spending so much on basic cleanliness and safety it is gutting the other budgets like public space beautification.
 - Market rate and middle-income housing are great TIF opportunities.
 - Parking can be a challenge for downtown destinations.
- **Central Eastside**
 - In the Central Eastside, lack of parking infrastructure challenges the ability of businesses to retain employees and further leads to a challenge for the neighborhood to retain businesses. Parking is a premium in the central eastside, particularly given social issues and modal needs due to mix of office and industrial business uses. TIF could be a way to invest in parking infrastructure to help with that situation.
 - There is an ongoing conversation with PBOT about limiting cars with the current infrastructure
 - The Central Eastside Industrial Council is internally talking about how to become employee friendly in terms of all types of transportation mobility.
 - This issue is also impacting foot traffic for businesses because employees support the businesses and restaurants in the neighborhood.
- **Old Town**
 - In Old Town, the challenge is the historic district with unreinforced masonry buildings. The historic district creates limits on heights and external changes. There is no way to recover the expenses of the necessary renovation and seismic improvements. An

opportunity for TIF funding would be a grant program for covering seismic improvements/renovations. Loan funds are not of interest. The city talked about grant program, but can't be small, it must be substantial to pay for seismic.

- Another issue is the concentration of buildings owned by social service agencies so looking at the idea of land swaps to help deconcentrate.

- **Other**

- Need to use future TIF resources to build on existing resources and assets, and invest in alignment with the values of our city
- Concentrate development and resources to concentrate success and outward expansion.
- It would be great to see big ideas to redevelop spaces such as the Broadway Corridor.
- The city is focused on basics it is missing out on big opportunities.
- Think bigger - Portland and Oregon suffer from a sort of "exceptionalism" mindset and feel the need to reinvent every idea. Looking beyond the city's borders and trying EXACTLY what some other bigger cities are doing could be a good opportunity.
- Making sure to have rules and regulations while having flexibility to meet changing needs.
- Regarding TIF investments, the examples which showed reinvestment in existing business in the community speaks to the values of Portland as a city.
- Capping I-405 through downtown

Business Recruitment & Retention Sub-Committee Attendance

Name	Affiliation	Present
Jeff Renfro	Multnomah County	y
Dana White	Portland Public Schools	
Kimberly Branam	Prosper Portland	y
Monique Claiborne	Greater Portland Inc	y
Andrew Fitzpatrick	Office of Mayor Wheeler	y
Peter Andrews	Melvin Mark	y
Justin Hobson	Miller Nash	y
Lauren Peng	CBRE	
Sydney Mead	Portland Metro Chamber	y
Nicole Davison Leon	Hispanic Chamber	y
Jessie Burke	Old Town Community Association	y
Carolyne Holcomb	Central Eastside Industrial Council	y
Jessica Curtis	Brookfield Properties / Pioneer Place	y
Brian Ferriso	Portland Art Museum / Travel Portland Board	y
Brad Cloepfil	Allied Works	
Shea Flaherty Betin	Prosper Portland	y
Andrea Gall	Prosper Portland	y
Joe Mollusky	Prosper Portland	y
Sandra Wood	BPS	
Kristin Hull	PBOT	y
Rachael Hoy	BPS	y
Sarah Harpole	Prosper Portland	y
Kiana Ballo	Prosper Portland	y