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# 191735

Ordinance

## Authorize transfer of the Economic Development Administration Revolving Loan Fund to Prosper Portland

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. Through Resolution No. 32267, the Council adopted a Comprehensive Economic Development Strategy (CEDS) that included the prioritization of the Produce Row development project, the Economic Development Loan Fund, and the Industrial Site Development projects for funding from the U.S Economic Development Administration (EDA).
2. Through Ordinance No. 146319, the Council authorized the application for EDA Redevelopment Area Loan Fund in an amount estimated at \$1,625,000.
3. Through Ordinance No. 148258, the Council authorized the adoption of the Management and Administrative Plan for the Portland Economic Development Loan Fund, for submission to EDA.
4. Through Ordinance No. 147979, the Council authorized an application and grant agreement to EDA for an \$1,303,000 Industrial Site Development program.
5. Pursuant to Resolution No. 32267 and Ordinance No. 148258, the Council assigned implementation responsibility for the projects listed herein to the Portland Development Commission (now known as Prosper Portland), with certain planning, CEDS coordination, and business assistance responsibilities assigned to the Office of Planning and Development.
6. Through Ordinance No. 147127, the Council authorized an agreement between the City and Prosper Portland for activities related to grant

### Introduced by

[Mayor Ted Wheeler;](#)

[Commissioner Carmen Rubio](#)

### Bureau

[Management and Finance;](#)

[Revenue and Financial](#)

[Services; Prosper Portland](#)

### Contact

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### Requested Agenda Type

Regular

### Date and Time Information

**Requested Council Date**

May 29, 2024

applications for the projects referenced herein.

7. Through Ordinance 148698, the Council authorized an agreement between the City of Portland and Prosper Portland for the implementation of the Produce Row development project, Economic Development Loan Fund, and Industrial Site Development projects, assigning planning, CEDS coordination and business assistance functions to the Bureau of Economic Development; increasing resources and requirements in the Federal Grants and General Funds by \$4,928,000; authorizing the drawing and delivery of warrants; and declaring an emergency.
8. On April 11, 2011, EDA approved Prosper Portland's application to merge the Economic Development Loan Fund and the Industrial Site Development Project funds into a single Economic Development Revolving Loan Fund.
9. The City of Portland desires to enter into an agreement with EDA to effectuate the transfer of the Economic Development Administration Revolving Loan Fund to Prosper Portland as the Replacement Recipient/Awardee.

NOW, THEREFORE, the Council directs:

- A. The Mayor is authorized (1) to submit a request on behalf of the City to EDA for the transfer of the EDA Revolving Loan Fund to Prosper Portland, (2) to work with the EDA and Prosper Portland to effectuate the transfer of the Fund to Prosper Portland, and (3) to execute an agreement between the City, EDA, and Prosper Portland governing the terms and conditions of the loan transfer.

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council  
May 29, 2024

Auditor of the City of Portland  
Simone Rede

## Impact Statement

### Purpose of Proposed Legislation and Background Information

The City is the Grantee of a U.S. Department of Commerce Economic Development Administration ("EDA") Revolving Loan Fund ("RLF") Grant first initiated in 1979 and originally authorized by City of Portland Resolution #32267 (adopting a Comprehensive Economic Development Strategy (CEDS). Prosper Portland (formally the Portland Development Commission)

entered into agreement with the City of Portland to administer the funds on behalf of the City. Grant resources were transferred to the Portland Development Commission and since 1979, Prosper Portland has made 176 loans for \$14.79 million from the existing grant and repayment of loans. All revolving loan resources have been managed by Prosper Portland since 1979. In 2020, the Economic Development Agency (EDA) informed Prosper Portland that the funds were eligible to be “defederalized” allowing for a broader use of what of the revolving loan fund and removing ongoing reporting requirements to the EDA. To proceed with the defederalization, EDA requires that the grant is transferred from the City of Portland to Prosper Portland.

### **Financial and Budgetary Impacts**

No financial and budgetary impacts to the City of Portland. The grant and revolving loan fund have been managed by Prosper Portland since 1979 as a Special Revenue Fund. The FY 2023-24 Budget includes approximately \$1 million in anticipated lending. It is anticipated that Prosper Portland will originate three to four loans for a combined total of between \$500 thousand and \$1 million annually.

### **Community Impacts and Community Involvement**

Defederalization will facilitate additional lending options to support Prosper Portland’s support of small businesses across the City of Portland. Loans from the defederalized resources will be programmed in accordance with other, existing Loan Programs authorized by the Prosper Portland Board of Commissioners and may include new programs as determined by implementation of the Inclusive Economic Development Strategy (Advance Portland). It will also provide our lending team with additional flexibility as far as the types of loans we can fund. For example, EDA generally doesn’t allow funds to be used for the refinance of debt unless doing so meets very strict guidelines. Prosper Portland borrowers often have a need to refinance debt and it will benefit them to have access to these funds without that restriction.

EDA also requires a 2:1 match on a portfolio-wide basis. Removing this requirement means provide Prosper Portland with the flexibility to waive requirements on borrowers such as providing 10-20% of the requested loan amount, which can be a financial burden in certain circumstances. These are just a couple of ways that defederalization will provide additional flexibility to Prosper Portland, which will allow us to provide much needed access to capital for the small businesses Prosper Portland serves.

## 100% Renewable Goal

No Impact to renewable energy use.

## Budget Office Financial Impact Analysis

This action transfers the Revolving Loan Fund Grant from the City of Portland to Prosper Portland. Prosper (formerly the Portland Development Commission) has administered these funds since the grant was first initiated in 1979. In 2020, these funds became eligible to be “defederalized” allowing for a broader use of what of the revolving loan fund and removing ongoing reporting requirements to the Economic Development Administration (EDA). To proceed with the defederalization, EDA requires that the grant is transferred from the City of Portland to Prosper Portland. There is no financial and budgetary impacts to the City of Portland. The grant and revolving loan fund have been managed by Prosper Portland since inception as a Special Revenue Fund.

## Document History

Item 410 Regular Agenda in [May 22, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/5/22)  
(<https://www.portland.gov/council/agenda/2024/5/22>)

City Council

Passed to second reading

Passed to second reading May 29, 2024 at 9:30 a.m.

Item 441 Regular Agenda in [May 29-30, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/5/29)  
(<https://www.portland.gov/council/agenda/2024/5/29>)

City Council

Passed

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea