

Proposed FY 2021-22 Budget: Prioritizing Economic Relief & Stabilization Toward Recovery

5.6.21 City Council Budget Presentation



Building an Equitable Economy

FY 2021-22 Budget Summary



Resources

\$343M Total

(net of interfund transfers and tax increment reserved for Housing Set Aside)

- 85%** Tax Increment
- 10%** Property Income & Revolving Loan
- 2%** General Fund & Cannabis
- 2%** Federal Grants (CDBG/ARPA)
- 1%** Enterprise Zone Community Fund and other resources



Expenditures

\$148 M Total

(net of Housing Set Aside)

- 10%** Administration
- 13%** Economic Development
- 71%** Property Redevelopment
- 6%** Infrastructure



Staff

87 Total FTE/LTE

- 29** Development & Investment
- 21** Economic Development
- 10** Equity, Governance & Comms

Community Budget Committee

Arlene Kimura

Hazelwood Neighborhood Association

Ashley Henry

Business for Better Portland

Bryson Davis

Williams & Russell Project Working Group

Cara Snow

Technology Association of Oregon

Corky Collier

Columbia Corridor Association

Helen Ying

Old Town Chinatown Community
Association

Gwen Thompson

N/NE Community Development Initiative

James Paulson

Worksystems Inc

Kari Naone

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Kate Merrill

Central Eastside Industrial Council

Michael Harrison

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Oscar Arana

Native American Youth and Family Center

Rana Uzzaman

Council for Economic & Racial Equity

Sabina Urdes

Lents Neighborhood Association

Owen Ronchelli

Go Lloyd

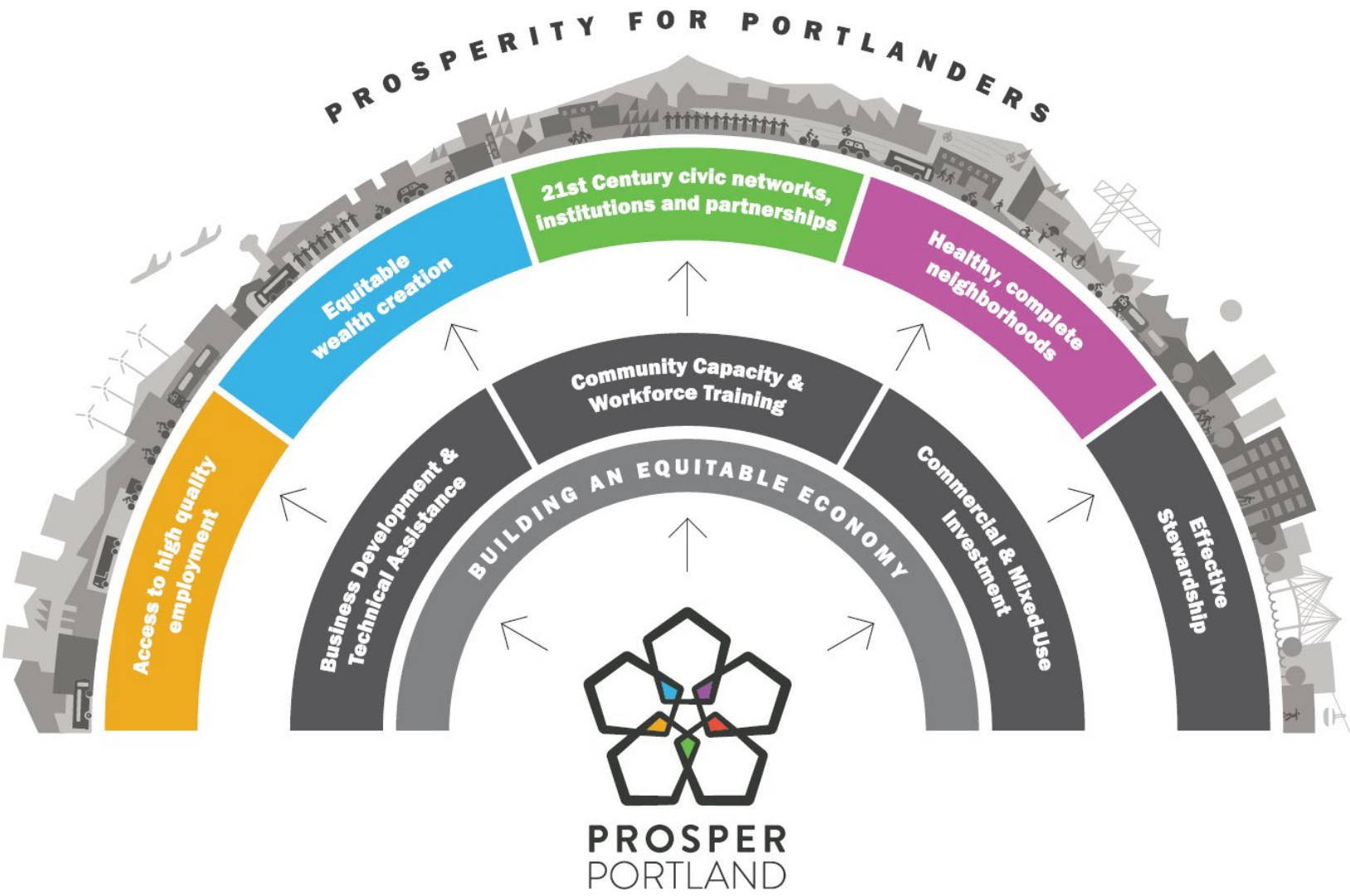
Johanna Brickman (Co-Chair)

VertueLab

Duncan Hwang (Co-Chair)

Asian Pacific American Network of Oregon

Strategic Plan



Economic Relief & Stabilization Priorities



Households: Increase access to employment & retain middle-wage jobs



Businesses: Address challenges, support adaptation & growth



Community Partners: Expand critical services & retain cultural anchors



Neighborhoods: Strengthen communities & reduce displacement

Framework developed in alignment with Equity Toolkit to prioritize Black, Indigenous, people of color, people with disabilities, and other historically oppressed communities who are disproportionately affected by health and economic impact of COVID-19.

FY 2019/20 Impacts

2,459 Jobs Created/
Retained/Placed

2,325 Total/BIPOC
Workforce
(68%) Participants

1,068 Total/BIPOC
IBRN Clients
(74%)

21% Certified/DMWBE
Participation
(18%)

\$1.1M Total/BIPOC Prosperity
Investment Program
(76%) Grant Investment

COVID-19 Relief

1,500 Small Business Relief
Fund grants/% BIPOC
(89%) Recipients

700 Businesses received
PPE

140 Local Small Business
Repair Grants
(40%) grants/% BIPOC
Recipients

\$698k Loan/lease deferrals
and relief

100 Tents at 3 villages on Prosper
properties providing safe places
to sleep

Entrepreneurship & Community Economic Development

FY 2021/22 Priorities

General Fund, ARPA, CDBG, E-Zone, Cannabis Funds & NPN Resources



Workforce Development: ~2000 unemployed adults and youth to receive job training, career coaching, employment opportunities, emergency relief.



Inclusive Business Resource Network:

Support ~900 diverse entrepreneurs in navigating pandemic-related challenges. Mercatus/MPM to elevate more than 800 BIPOC entrepreneurs through online platform and in person market.



Culturally-Specific Chamber

Support: Capacity building to take on leadership roles at City advisory tables, navigate BIPOC-owned businesses to available resources, provide strategic direction and retain chamber staff.



Neighborhood Prosperity Network &

Venture Portland: Connect job-seekers and businesses to critical resources. Increase staff capacity for CII districts and establish an Events Team to provide technical assistance for business districts.

Traded Sector Business & Job Development

FY 2021/22 Priorities

General Fund, CDBG, & E-Zone



Traded Sector Support:

Support 200 businesses to retain quality jobs. Create labor pathways from hospitality into growing industries. Cuts will reduce trade assistance, capital access and DEI support.



Portland Film Office: Concierge permit services and recruitment of 70 film productions, connections to support the local small business supply chain, and implementation of Universal Film Permit.



Portland Means Progress: Portland Means Progress will help 100+ employers respond to COVID-19 with a strong equity framework.

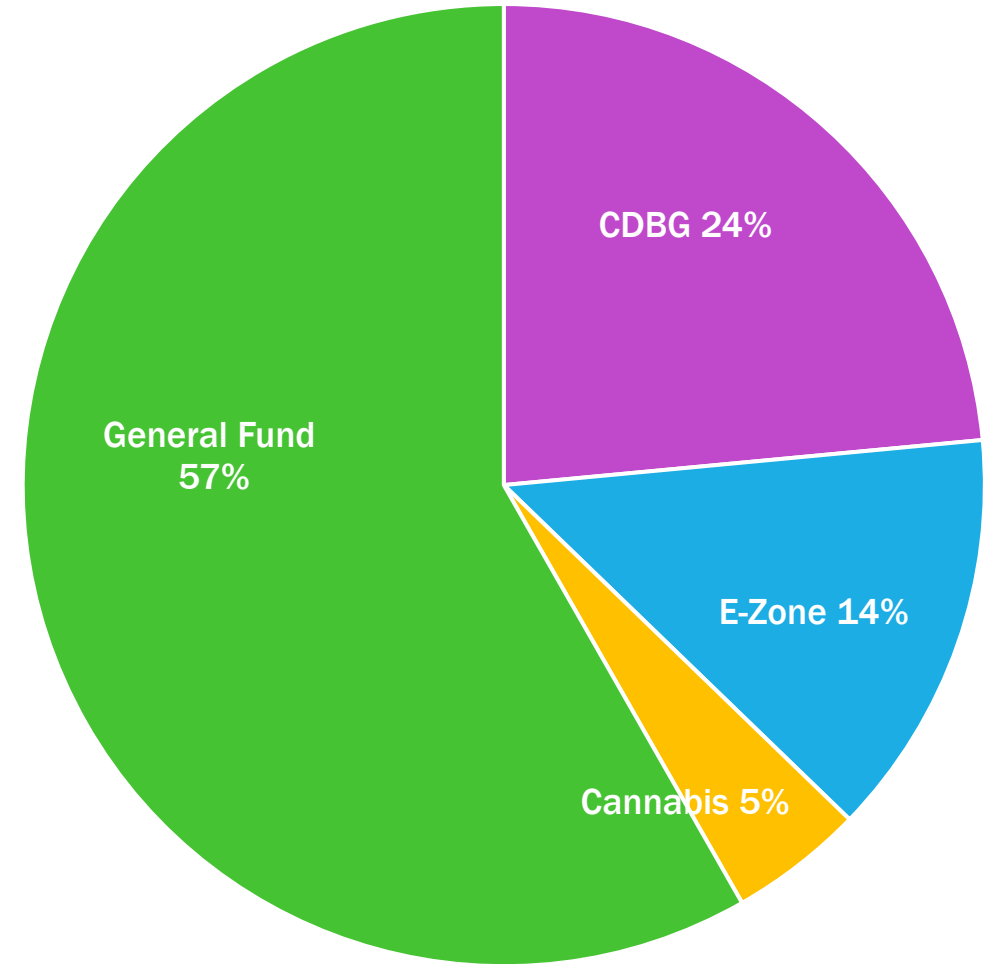


Enterprise Zone: Adapt programming to increase job creation, maximize revenue, engage on Public Benefits Agreements and reduce disqualifications for 50+ businesses

Recreational Cannabis Fund Decision Packages

FY 2021/22

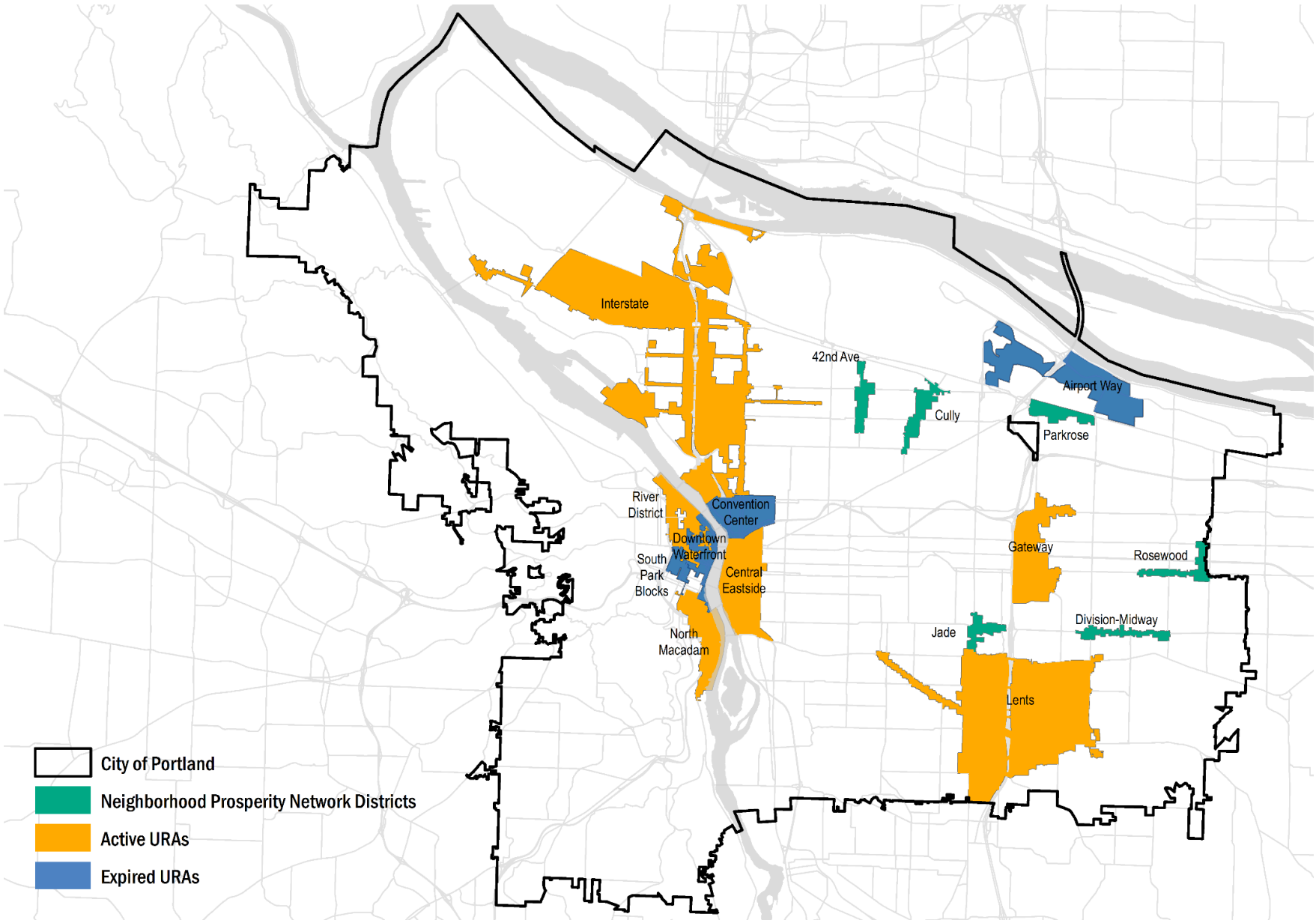
- 1. BIPOC Cannabis Business Development & Stabilization:** Industry specific support for 40 businesses, ~4 loans, ~25 relief grants and accelerator support for ~15.
- 2. Small Business Legal Support:** Emergency stability legal technical assistance and support services for 200 small business
- 3. Small Business Digital Divide & Ecommerce Adaptations:** Provides 50 digital marketing support and grants, increase ecommerce sales for 75 MPM vendors and host 120 businesses at MPM



Economic Development Programs
\$10M Base Budget

TIF Districts

FY 2021-22



Commercial & Mixed-Use Investment

FY 2021/22 Priorities

Tax Increment Finance Resources, ARPA



Construction Equity: Launch revised policy with new construction equity fund; increase business equity goals to 22%; require anti-harassment program; report disaggregated data.



Small Business Repair Grants & Support:

Deliver ~100 repair grants; provide loan and lease deferrals for impacted local business; invest \$3 million in Prosperity Investment Program grants.



Community and Business Activations: Bring activity to commercial corridors and downtown with programming prioritizing BIPOC businesses. Collaborate with culturally specific partners.



Commercial Stabilization: Identify stabilizing investments to support businesses, property owners and communities (e.g. affordable commercial tenancing)

Commercial & Mixed-Use Investment Cont'd

FY 2021/22 Priorities

Tax Increment Finance Resources



Williams & Russell
Interstate



The Nick Fish
Gateway



92nd & Harold
Lents



Broadway Corridor
River District



4th & Burnside, Blocks 24 & 25
Old Town / Chinatown



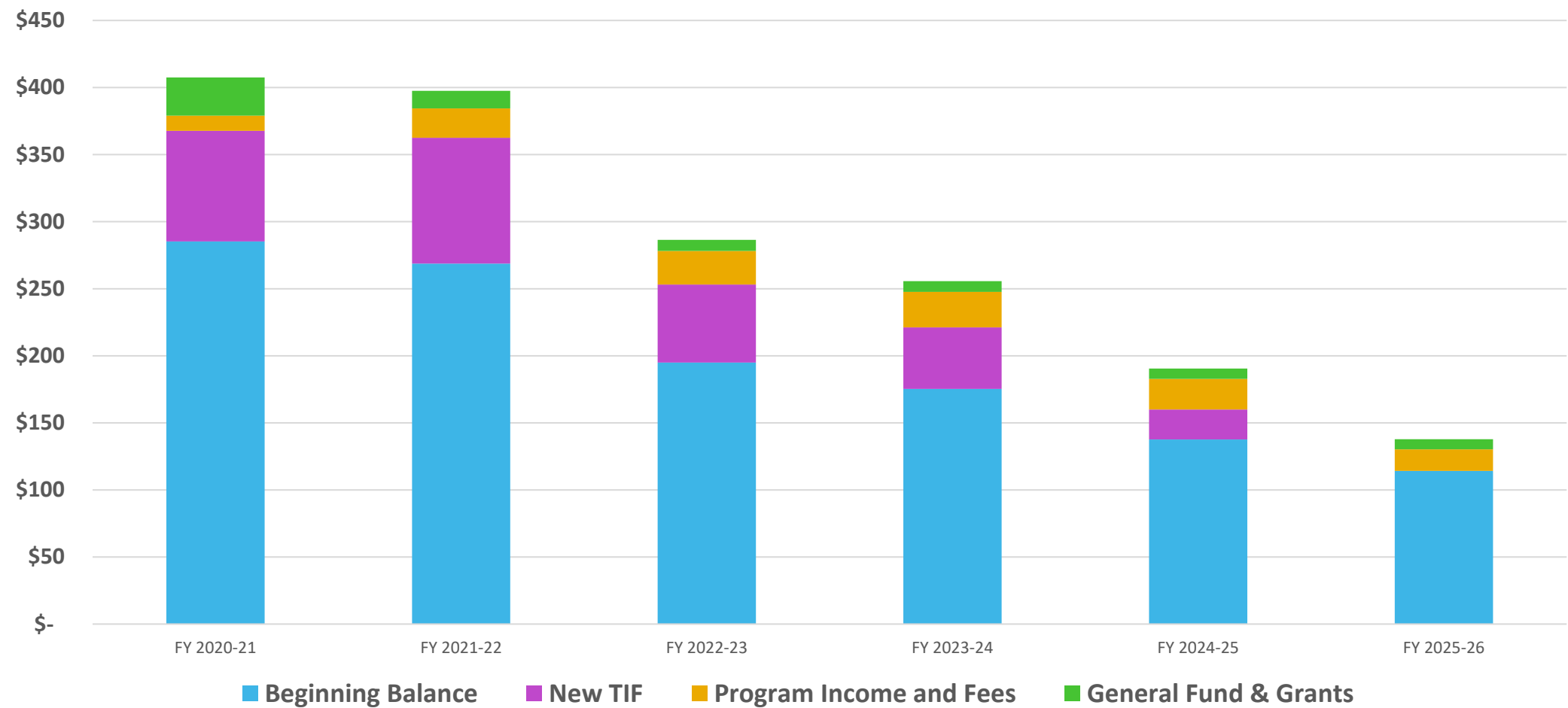
Workshop Blocks
Central Eastside

Financial Forecast & Sustainability

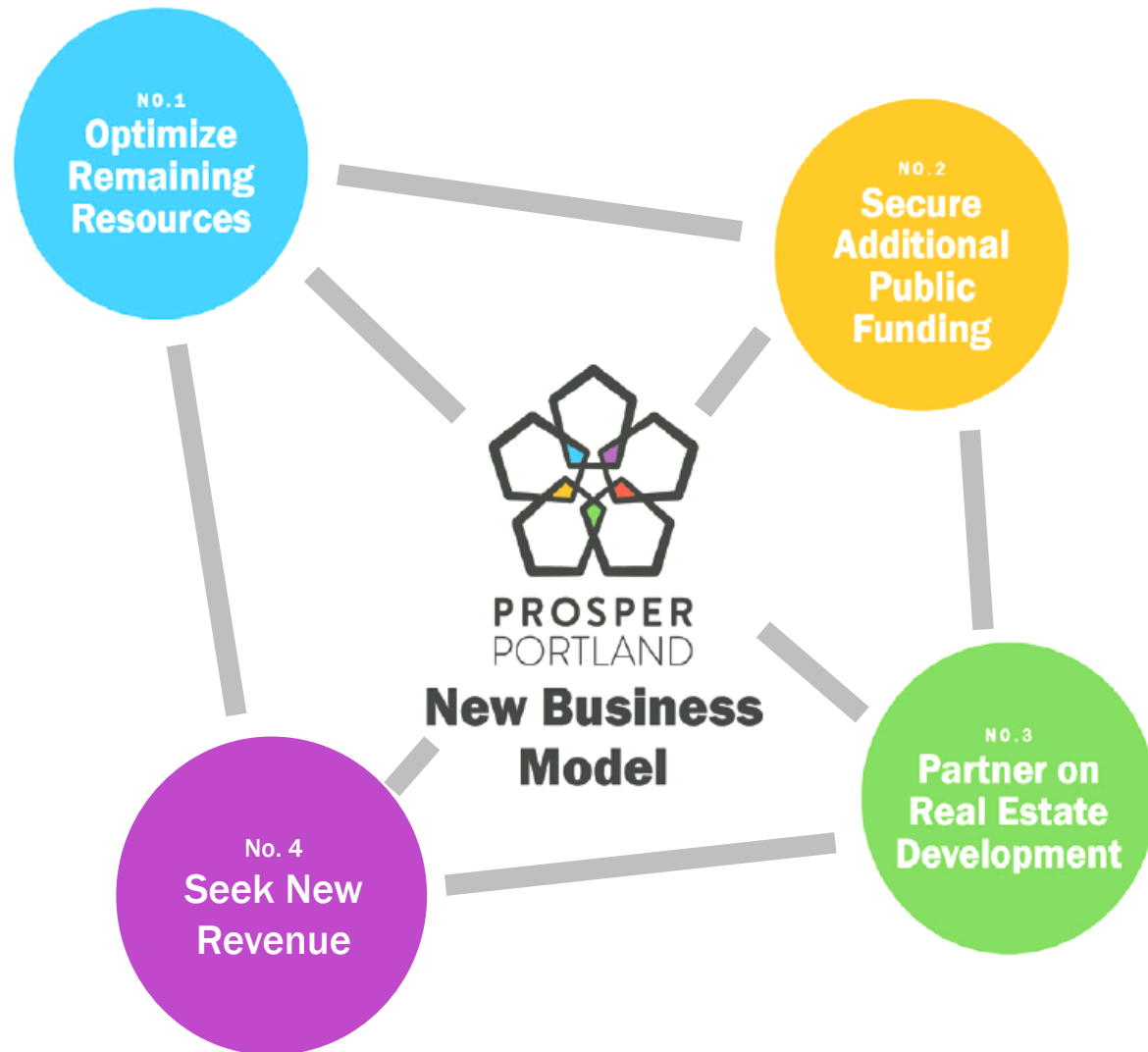
Forecasted Resources

FY 2020-21 through FY 2025-26

Amounts in millions

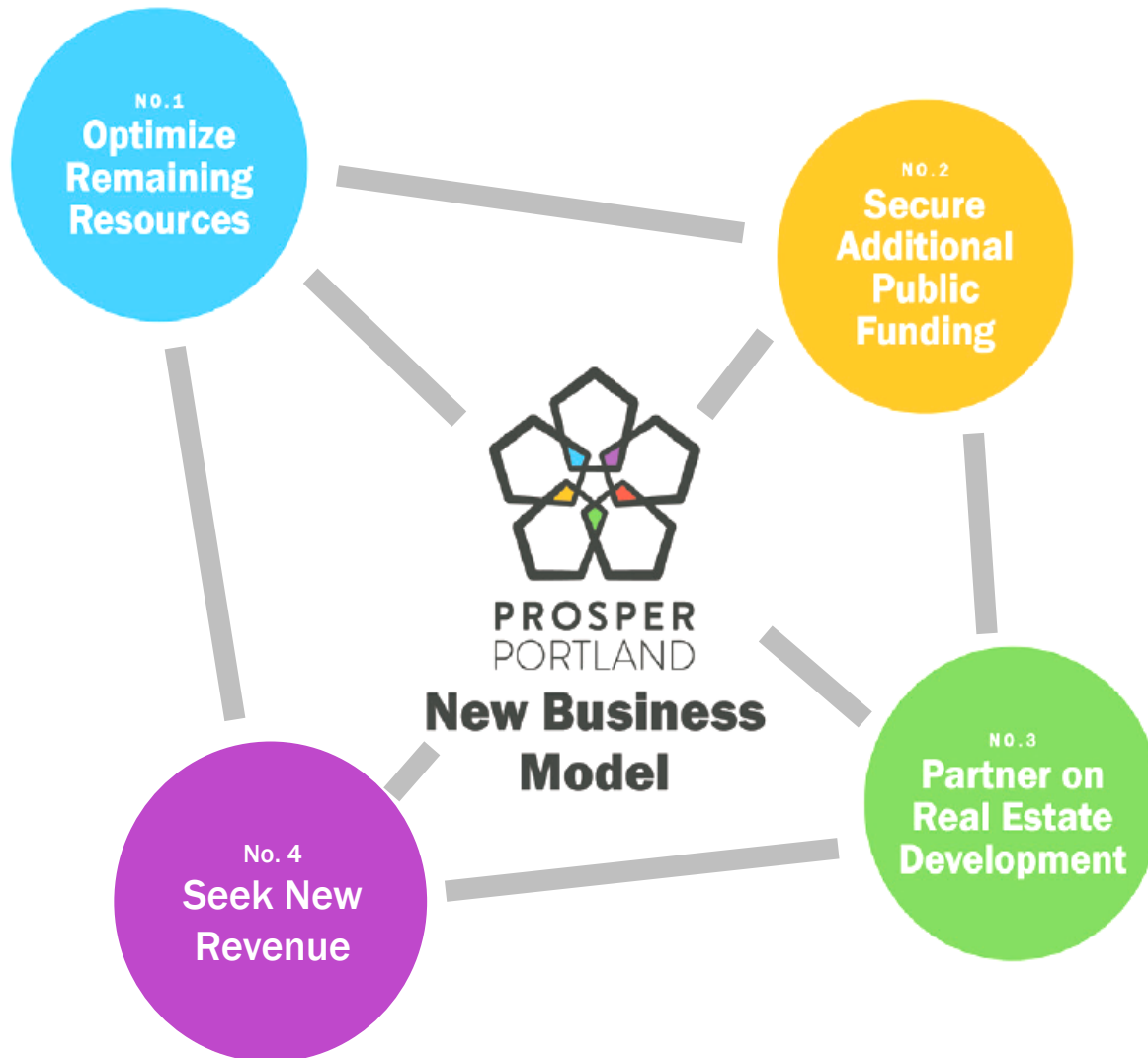


Financial Sustainability Plan



Financial Sustainability Plan – Performance

Important action taken but revenue is down, and expenditures are up



Key Decisions

- Two reductions in force: from 161 to 87 staff
- Restructured agency; updated investment policy and products toward impact investment
- Created new corporate entities to diversify
- Updated asset management approach

COVID- 19

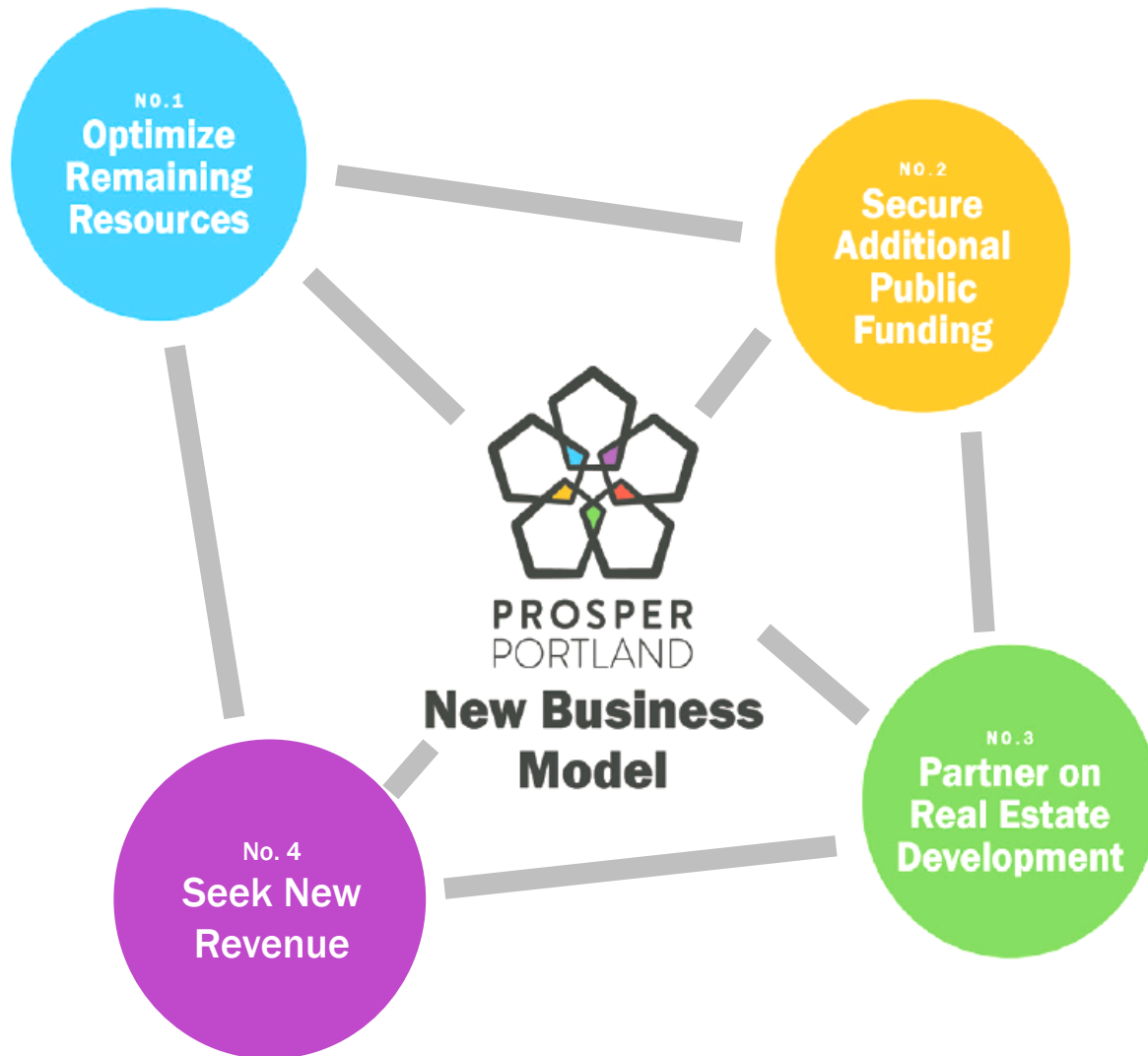
- Lease, hotel, parking income down \$16M
- E-Zone enrollments reduced by 22%
- Deferred/restructured 27% of loans
- Higher property management costs

Reduced or Delayed Investment Returns

- Broadway Corridor agreements eliminate revenue for ~13 years
- Key projects delayed
- No New Market Tax Credit allocation to date

Financial Sustainability Plan – Lessons Learned

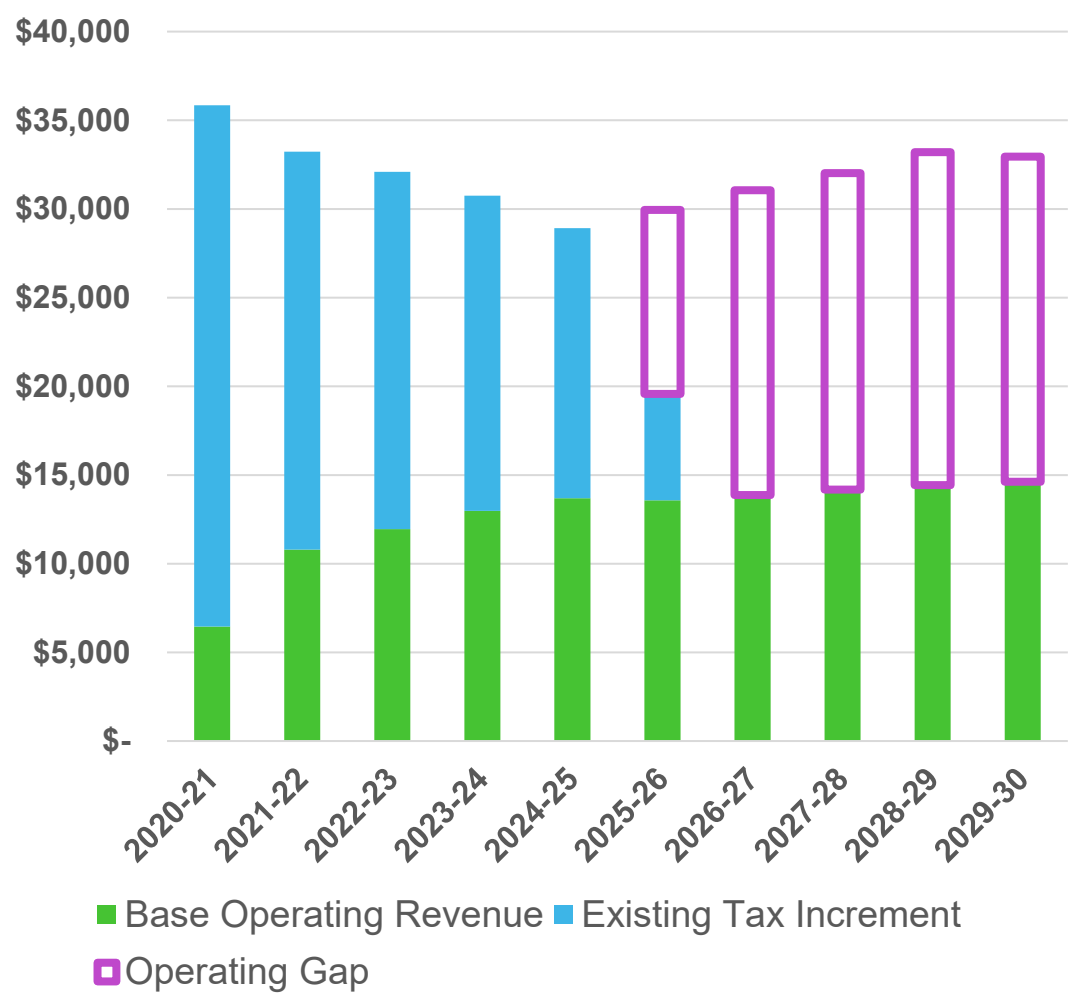
Need agreement on strategic priorities and collective evaluation of trade offs



- Community processes, priorities and market changes impact both project timelines and long-term financial returns.
- Must address challenges in disposing of remnants and legacy properties with holding costs which are increasing overtime
- Lending requires sufficient staffing capacity and products that adjust to meet market and community needs

Key Next Steps

Addressing operating gap in near and longer terms



Near-term steps

- Early retirement incentives
- Conservative approach to filling vacant positions
- Investing reserves to bridge funding gap
- Increase lending volume
- Dispose of remnant properties
- Develop scenarios and model tradeoffs

Longer-term process

- Fall City Council work sessions
- Smaller agency
- Pursue higher returns on investments
- Consider new TIF Districts
- Returning TIF District Resources

Thank You