
Budget Message from Kimberly Branam Executive Director

To the Members of the Prosper Portland Board of Commissioners (Board) and Portland City Council:

Prosper Portland focuses on creating economic growth and opportunity toward a future in which Portland is more globally competitive, equitable, and prosperous. [Advance Portland: A Call to Action for Inclusive Economic Growth](#), adopted by City Council in April 2023, establishes a focused plan to collectively deliver inclusive and sustainable economic growth in a challenging time for our city.

Prosper Portland's fiscal year 2023-24 Proposed Budget supports interventions and investments to address economic recovery and the key objectives established in the Advance Portland strategy. Accordingly, the proposed investments will help Portland's small businesses, traded sector industries and Central City and neighborhood commercial districts to stabilize and grow – through community-driven, equity-centered programs like IBRN, Mercatus, My People's Market, Portland Means Progress, TIF district action plans, small business grants and loans, and the Neighborhood Prosperity Network. Recognizing the critical need to strengthen diverse small businesses, the budget includes resources for: operating and capital funding for immediate window repair, relief from increased insurance costs, and longer-term business growth and expansion; helping industry partners to deploy innovative green products and services; and igniting commercial district marketing and activations to drive foot traffic back into downtown and along corridors.

FY 2023-24 BUDGET OVERVIEW

Prosper Portland's FY 2023-24 Proposed Budget totals \$217 million in expenditures and 95 positions, up from 94 positions in FY 2022-23. The Proposed Budget is currently balanced using 1) the latest updates on projects and programs from Tax Increment Financing (TIF) District community action plans, 2) the latest TIF forecasts developed in conjunction with debt management staff at the City Office of Management and Finance, 3) the City Budget Office's current service level funding of General Fund resources for economic development, and 4) updated estimates for loan portfolio and property income revenues.

The staffing increase comes as a result of the transfer of the Social Equity and Education Development (SEED) initiative and Reimagine Oregon Cannabis programming and administration to Prosper Portland in the FY 2023-24 Proposed Budget. Total related Cannabis Fund ongoing resources include \$1 million for SEED initiatives and \$2 million toward Reimagine Oregon programming. Prior year funding includes \$2.1 million for SEED Grant initiatives, most of which is already committed and awarded, and \$4.9 million for Reimagine Oregon programming. Related funds will be allocated in FY 2023-24 to support women-owned and BIPOC-owned small businesses and economic opportunity through a community-led process to determine program guidelines.

FY 2023-24 BUDGET ALIGNMENT TO ADVANCE PORTLAND

Prosper Portland's General Fund, Cannabis Fund, Community Development Block Grant, and Enterprise Zone Funds, along with remaining federal funds from the American Rescue Plan (ARPA), provide critical

citywide resources to work toward the goals of Advance Portland. In total \$34 million in General Fund, Community Development Block Grant, Cannabis Fund, ARPA, and Enterprise Zone resources are aligned to the Advance Portland objectives in the following ways:

- **Propel Inclusive Economic Growth & Innovation** through traded sector business retention, expansion, and recruitment, Enterprise Zones, international trade development, and film recruitment and navigation through the Office of Events and Film.
- **Support BIPOC Entrepreneurs to Start, Scale and Innovate** through the Small Business Hub, Inclusive Business Resource Network, Mercatus BIPOC Business Registry, small business repair and stabilization grants, and My People's Market.
- **Foster a Vibrant Central City & Neighborhood Commercial Districts** through the Neighborhood Prosperity Network, partnership with Venture Portland, funding to explore new TIF districts in East Portland and downtown, investments in Broadway Corridor site preparation to support affordable housing, events navigation and activations through the new Office of Events and Film, and preserving affordable ground commercial space at The Fairfield.
- **Connect Portlanders to High Quality Jobs** through workforce development and initiatives like Portland Means Progress.

Over the past several years, seven of Prosper Portland's 11 large-scale active TIF Districts reached maximum indebtedness. While new TIF resources are declining, sizable resources remain available in these districts to complete district action plans and key investments such as Broadway Corridor in the Central City, 92nd & Harold in the Lents Town Center, and Williams & Russell in N/NE. FY 2023-24 will be the first year the Cully TIF District receives tax increment resources. TIF District resources and action plans are aligned to the Advance Portland objectives in the following ways:

- **Foster a Vibrant Central City** through the Old Town Action Plan; Broadway Corridor; OMSI Master Plan; and South Waterfront/North Macadam TIF District investments in infrastructure to unlock new mixed-use, mixed-income development.
- **Foster Vibrant Neighborhood Commercial Districts** through the N/NE Community Development Initiative Action Plan and the Williams & Russell project; the Lents Action Plan and related development at SE 92nd and Harold; the Gateway Action Plan and anticipated development at NE 102nd and Pacific as well as community livability grants and small business grants and loans along key corridors. FY 2023-24 will mark a critical year in which the Cully Action Plan is drafted.
- **Support BIPOC Entrepreneurs to Start, Scale and Innovate** through business lending programs which can be scaled citywide through the Strategic Investment Fund as TIF districts close out; affordable commercial tenanting at projects like The Nick Fish and 10th & Yamhill; and the Construction Business Equity Fund.
- **Connecting Portlanders to High Quality Jobs** through major projects like demolition and site preparation at Broadway Corridor, traded sector business loans and grants for capital improvements in key job centers like the Central Eastside, and longer-term impacts through the Construction Workforce Equity Fund and related outcomes.

FINANCIAL SUSTAINABILITY

In February 2023 the Prosper Portland Board of Commissioners approved an update to the Financial Sustainability Plan initially approved in 2018. The update to the plan considers impacts of the COVID pandemic, which delayed key projects and reduced income from existing operating assets. The expiration of most TIF districts between 2020 and 2025 represents a structural shift in how economic development is funded in the City of Portland. The updated Financial Sustainability Plan provides a clear path toward funding Advance Portland in the coming year and is focused on securing additional public resources, leveraging existing community-based TIF district investments, optimizing non-TIF resources in the Strategic Investment Fund, and continuing to research opportunities for new funding sources.

Underpinning the plan is the securing of additional public resources through the returning TIF funds as identified in the FY 2022-23 Budget Note. The allocation of \$8 million in ongoing resources beginning in FY 2024-25 is critical to maintain current operating levels beginning in FY 2024-25 as existing TIF resources decline.

The Proposed Budget also identifies income from past TIF district lending and real estate investments in districts which are closing out and where those resources are not required to complete TIF District Action Plans. This income can be used to fund new investments to address citywide economic development needs. Programming for these investments will occur over the next phases of the budget process and will align with the recommendations of the Advance Portland strategy and the implementation of the Financial Sustainability Plan. Paired with the \$8 million allocation of returning tax increment funds, new investments create ongoing revenue to sustain the agency's level of service to deliver on economic development work citywide.

BUDGET PROCESS

Prosper Portland staff reviewed the FY 2023-24 Draft Budget with its 15-member Community Budget Committee (CBC), which met four times over the course of the budget cycle and whose members represent a diverse array of geographic, industry-sector and community stakeholders. The Prosper Portland Board held a work session on January 25, 2023, to review General Fund programming and TIF district spending plans that were incorporated into the Requested Budget. Staff also reviewed specific TIF district Requested Budgets with community and neighborhood organizations to receive input. The CBC letter and a summary of TIF district budget outreach is included in the Budget Process section of the Adopted Budget. These partnerships will continue to shape programmatic priorities in economic relief, recovery, and resilience in fiscal year 2023-24.