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191451

Emergency Ordinance

*Add Downtown Business Incentive Credit Code to encourage new and extended leases in core business districts (add Code Section 7.02.875)

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The lockdowns and other restrictions instituted due to the COVID-19 pandemic and the increased impact of homelessness within the City have had a negative impact on the City's business community and the City's cultural vitality.
2. The COVID response has led to significant changes in how and where work by many businesses and their employees is performed, with fewer people frequenting core business districts. Many larger businesses have reduced or announced a reduction in building space leased in these districts. This has an outsized impact on smaller businesses that depend upon foot traffic for their success, often those owned and operated by individuals from disadvantaged communities.
3. The most severely impacted central city districts, per an EcoNorthwest analysis, are the Downtown, Old Town, Lower Albina, and Lloyd districts.
4. A Downtown Business Incentive credit against the Business License Tax, designed to encourage new and extended leases and bring employees back into these core business districts, can support other measures to revitalize these business districts. Reference the boundary map for the program, attached as Exhibit B.
5. The Revenue Division budget for administering the program is estimated at \$694,406 for fiscal year 2023-24, \$600,766 for FY 2024-25, \$343,460 for FY 2025-26, \$350,764 for FY 2026-27, \$358,287 for FY 2027-28 and \$366,036 for FY 2028-29. The Council intends to fund this program starting in the FY 2023-24 budget.

NOW, THEREFORE, the Council directs:

- A. City Code Section 7.02.875 is added as set forth in the attached Exhibit A.

Introduced by

[Mayor Ted Wheeler;](#)
[Commissioner Carmen Rubio](#)

Bureau

[Management and Finance;](#)
[Revenue Division](#)

Contact

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📞 [503-865-2470](tel:503-865-2470)

Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date

September 14, 2023

Requested Start Time

2:00 pm

Time Requested


1 hour


Changes City Code


- B. The Mayor's Office and the City Budget Office will take necessary actions to adjust the Revenue Division's FY 2023-24 Budget in the amount of \$694,406 to support implementation costs and two positions, one Senior Revenue Auditor and one Revenue and Tax Specialist V as may be classified by the Bureau of Human Resources.
- C. The City Budget Office will work with the Revenue Division on options to include the required ongoing funding for the program in FY 2024-25, estimated at \$343,460, as well as any one-time funding needed for future years of the program.

Section 2. The Council declares that an emergency exists to ensure immediate implementation and funding of the Downtown Business Incentive Credit program as there is a critical need for action to increase building occupancy and revitalize the areas of Portland that were most affected by the pandemic; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2023/2023.09.05-downtown-business-incentive-program-exhibit-a-dbedits.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/2023.09.05-downtown-business-incentive-program-exhibit-a-dbedits.pdf) 101.5 KB

 [Exhibit B \(https://www.portland.gov/sites/default/files/council-documents/2023/subdistricts.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/subdistricts.pdf) 420.17 KB

 [Downtown Business Incentive Program \(https://www.portland.gov/sites/default/files/council-documents/2023/2023.08.28-downtown-business-incentive-program.docx\)](https://www.portland.gov/sites/default/files/council-documents/2023/2023.08.28-downtown-business-incentive-program.docx) 74.4 KB

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
September 14, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

The lockdowns and restrictions instituted due to the COVID-19 pandemic and the impact of homelessness have changed how and where people work and adversely impacted the city core's business and cultural vitality.

With more people working from home, several businesses have fewer employees coming into the city core and their required office space has decreased as a result. This has led to reduced foot traffic and reduced vibrancy in the city core. Several businesses have left the city as a result. These issues have a significant negative impact on its business community. The resulting economic impact affects the wider metro-area and the state as a whole.

The Downtown Business Incentive Credit is one tool the city can use to turn this situation around. It provides an incentive through reducing businesses' Business License Tax through a targeted credit. The credit is based on entering into, or extending, a lease in the most severely impacted central city districts and bringing businesses' employees back into those districts for at least half of their work schedule to bring people back into the city core.

Financial and Budgetary Impacts

The proposed code changes will decrease city revenue by a maximum of \$25 million spread over four to five years. The Revenue Division budget for administering the program is estimated at \$694,406 for FY 2023-24, \$600,766 for FY 2024-25, \$343,460 for FY 2025-26, \$350,764 for FY 2026-27, \$358,287 for FY 2027-28 and \$366,036 for FY 2028-29.

The Mayor's Office and the City Budget Office will take necessary actions to adjust the Revenue Division's FY 2023-24 Budget in the amount of \$694,406 to support implementation costs and two positions, one Senior Revenue Auditor and one Revenue and Tax Specialist V. The City Budget Office will work with the Revenue Division on options to include the required ongoing funding for the program in FY 2024-25, estimated at \$343,460, as well as any one-time funding needed for future years of the program.

Community Impacts and Community Involvement

This legislation is expected to bring relief to the businesses who take advantage of the credit. It is also expected to bring relief to businesses in the city core that do not (or cannot) take advantage of the credit due to increased foot traffic and the related spending. This will also add to the vibrancy and safety of the city core.

100% Renewable Goal

The legislation has no direct impacts on this goal.

Budget Office Financial Impact Analysis

BRFS estimates the proposed code changes will decrease City revenue by a maximum of \$25 million spread over four to five years. The Revenue Division budget for administering the program is estimated at \$694,406 for FY 2023-24, \$600,766 for FY 2024-25, \$343,460 for FY 2025-26, \$350,764 for FY 2026-27, \$358,287 for FY 2027-28 and \$366,036 for FY 2028-29. These figures include a \$100,000 operational contingency each year.

The Mayor's Office and the City Budget Office will take necessary actions to adjust the Revenue Division's FY 2023-24 Budget in the amount of \$694,406 to support implementation costs and two positions, one Senior Revenue Auditor and one Revenue and Tax Specialist V. The City Budget Office will work with the Revenue Division on options to include the required ongoing funding for the program in FY 2024-25, estimated at \$343,460, as well as any one-time funding needed for future years of the program.

Agenda Items

779 Time Certain in [September 13-14, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/9/13)
(<https://www.portland.gov/council/agenda/2023/9/13>)

Passed

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Yea