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191644

Emergency Ordinance

*Amend Downtown Business Incentive Credit Code to expand eligibility (amend Code Section 7.02.875)

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. Portland's central city continues to economically recover from the major disruptions caused by the Covid-19 pandemic, from public safety and livability challenges, and from the prevalence of hybrid and remote work models of Portland-based employers.
2. Many larger businesses have reduced or announced a reduction in building space leased throughout the central city. This has an outsized impact on smaller businesses that depend upon foot traffic for their success, often those owned and operated by individuals from historically underserved communities.
3. Remote and hybrid workforce models have had a particularly concentrated and negative impact on the central city, which has the highest density of office space in the Portland metro region and the State of Oregon.
4. According to CBRE Research, Portland's Central Business District had a 28.8% overall vacancy rate at the end of the fourth quarter of 2023.
5. According to Downtown Clean & Safe's Placer.ai data, weekly employee foot traffic in 2023 was about 50% recovered from 2019 levels.
6. To continue to recover positive foot traffic, economic activity, cultural vibrancy and revitalization, the City of Portland is executing a multi-pronged plan that includes public safety initiatives, outreach work to house and deliver services to those in need, improvements to public rights of way and cleaning activities in public spaces, and investments in events and public activations that connect people from all across the city and beyond.
7. One part of the City's Central City Recovery Plan is an innovative business incentive program to encourage the signing of new or extended long-

Introduced by

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

Contact

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Development - Office of Mayor
Wheeler

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Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date

February 28, 2024

Requested Start Time

3:00 pm

Time Requested

45 minutes

Changes City Code

term commercial leases, the “Downtown Business Incentive Tax Credit program.” The objective of this program is to retain and attract major tenants, to foster in-person work, increased small business spending, positive foot traffic, and revitalized business districts.


8. City Council adopted Ordinance 191451 on September 14, 2023 creating the Downtown Business Incentive Tax Credit.
9. This program originally limited eligibility for program participation to four sub-districts of the Central City where an ECONorthwest analysis indicated most acute economic distress in terms of foot traffic, employment, and real estate vacancy: Downtown, Lloyd, Lower Albina, and Old Town.
10. Council has evaluated the original boundaries and determined it will further the City's desire to revitalize the City's core business districts by expanding the boundaries to include the entire Central City and tax lots immediately abutting the Central City (Exhibits B, C, and D).
11. As of February 20th, 2024, this program has received 61 applications, of which 17 have been approved with a maximum approved tax credit of \$4.9 million total. These approved applications and tax credits will yield long-term leases, tenant investments, and the presence of jobs and positive foot traffic that may not exist in the absence of this incentive program.
12. Recognizing the early successes of this program, and the broader need throughout the Central City, this ordinance expands eligibility to deliver investment, employment, foot traffic, and vibrancy throughout our urban core.


NOW, THEREFORE, the Council directs:


- A. City Code Section 7.02 is amended as set forth in the attached Exhibit A.

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 \(https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-a-7.02.875-amendments.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-a-7.02.875-amendments.pdf) 600.52 KB

 [Exhibit B \(https://www.portland.gov/sites/default/files/council-documents/2024/2024-02-12-code-downtownbusinessincentivecreditexpansionexhibitb.docx\)](https://www.portland.gov/sites/default/files/council-documents/2024/2024-02-12-code-downtownbusinessincentivecreditexpansionexhibitb.docx) 23.89 KB

 [Exhibit C \(https://www.portland.gov/sites/default/files/council-documents/2024/2024-02-12-code-downtownbusinessincentivecreditexpansionexhibitc.docx\)](https://www.portland.gov/sites/default/files/council-documents/2024/2024-02-12-code-downtownbusinessincentivecreditexpansionexhibitc.docx) 388.11 KB

 [Exhibit D \(https://www.portland.gov/sites/default/files/council-documents/2024/2024-02-12-code-downtownbusinessincentivecreditexpansionexhibitd.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2024/2024-02-12-code-downtownbusinessincentivecreditexpansionexhibitd.pdf) 3.21 MB

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
February 28, 2024

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, a number of employers have fewer employees coming into the city core and their required office space has decreased as a result. This has led to increased office vacancy rates, reduced foot traffic and economic activity, and reduced vibrancy in the city core. 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 is currently using, with early successes, to turn this situation around. It provides an effective tax incentive by reducing businesses' Business License Tax through a targeted credit. The credit is based on entering into, or extending, a long-term lease within eligible central city districts and bringing businesses' employees back into those districts for at least half of their work schedule. The long-term leases signed, and employees returned will have a positive impact on foot traffic, economic activity, and the revitalization of the Central City.

After review of the initial impact of the Downtown Business Incentive Credit adopted by Ordinance 191451 it has been determined that expanding the boundaries for this credit will further the City's goal of revitalizing core business districts.

Financial and Budgetary Impacts

The expansion of the boundaries will not change the key components of the credit and the cap adopted in Ordinance 191451. Therefore, this legislation results in no additional fiscal cost or change to revenues.

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

After review of the initial impact of the Downtown Business Incentive Credit adopted by Ordinance 191451, it has been determined that expanding the boundaries for this credit will further the City's goal of revitalizing core business districts. The expansion of the boundaries will not change the key components of the credit and the cap adopted in the initial ordinance. This change is not expected to result in additional costs or changes in revenues beyond the cap of the underlying program, i.e., up to \$25 million in tax credits approved.

Agenda Items

194 Time Certain in [February 28, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/2/28)
(<https://www.portland.gov/council/agenda/2024/2/28>)

Passed

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Mayor Ted Wheeler Yea