



PROSPER
PORTLAND

EDA Grant Transfer

**Supporting Small Business & Commercial
Property Access to Capital**

May 22, 2024

City Council Action Requested

Officially authorize transfer of the City's Economic Development Administration (EDA) revolving loan fund to Prosper Portland

Goal:

“Defederalize” loans to small businesses made with EDA resources to be more flexible and consistent with other Prosper Portland lending programs

Background & Context

1979 – Revolving Loan Funds of \$2.9M was awarded to City of Portland; City Council designated Prosper (then PDC) to administer EDA loan pool

1980-2024 - Prosper Portland lent and “re-lent” the revolving loan funds towards 176 loans totaling \$14.8 million

2020 – Defederalization legislation is approved; Prosper and City of Portland notified on eligibility

2024 – Revolving loan fund balance of \$1.3M available to “relend” with \$1.4M in outstanding loans

Defederalization Steps

Council authorizes transfer of EDA Grant agreement to Prosper Portland

City and Prosper Portland Execute Agreement to Transfer

Prosper Portland requests Defederalization from EDA

Streamlines reporting requirements for small business & private sector partners

Advance Portland Alignment

OUTCOME 2.1

Help BIPOC Entrepreneurs Start, Scale, and Innovate Through Partnerships

Inclusive Access to Capital

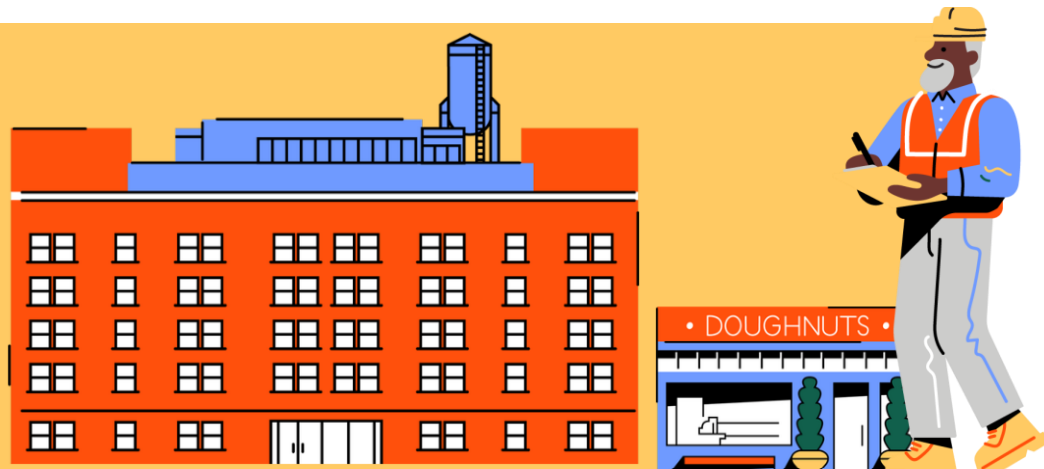
- Identify gaps in priority industry services and capital access across the existing ecosystem
- Improve bankability of local businesses and increase access to financing

OUTCOME 3.5

Support Growth and Health of Businesses Within Commercial Districts

Small Business Support

- Tailor and market business assistance programs with a focus on bricks-and-mortar retail and restaurants.
- Enhance knowledge of and access to small business technical assistance, financial programs, and incentives.



Prosper Portland Financial Assistance Programs

Grants



Prosperity Investment Program

- Small business grants up to \$50K to \$75K with match requirements. Available within TIF districts.



Community Livability Grants

- Nonprofit grants up to \$300K for physical improvements. Available within TIF districts.



Small Business Repair/Restore Grants

- Grants of up to \$10,000 or \$25,000 to local small businesses needing immediate repairs or eligible expenses due to physical damage, security, prevention or vandalism. Available citywide.

Loans



Commercial Property Lending

- Tenant Improvements, Renovation, New Construction
- Predevelopment, Construction, Permanent Financing, Acquisition for Property & Business Owners
- PropertyFit Commercial Property Assessed Clean Energy (CPACE)
- Available citywide, more significant resources available within TIF districts



Business Lending

- Eligible uses include but aren't limited to working capital & equipment purchases
- Available citywide

Conventional Lending vs Prosper Portland Lending

What's Similar

- Fully collateralized loan; personal guarantees generally required
- Macroeconomic conditions play meaningful role in analysis
- Sufficient revenue to service all business debt obligations

What's Different

Conventional Lending

- Minimum 20% Equity Contribution
- Strict minimum credit score; industry standard is 680 or greater
- Minimum debt service coverage ratio of 1.20x
- Real estate collateral usually required for business loans

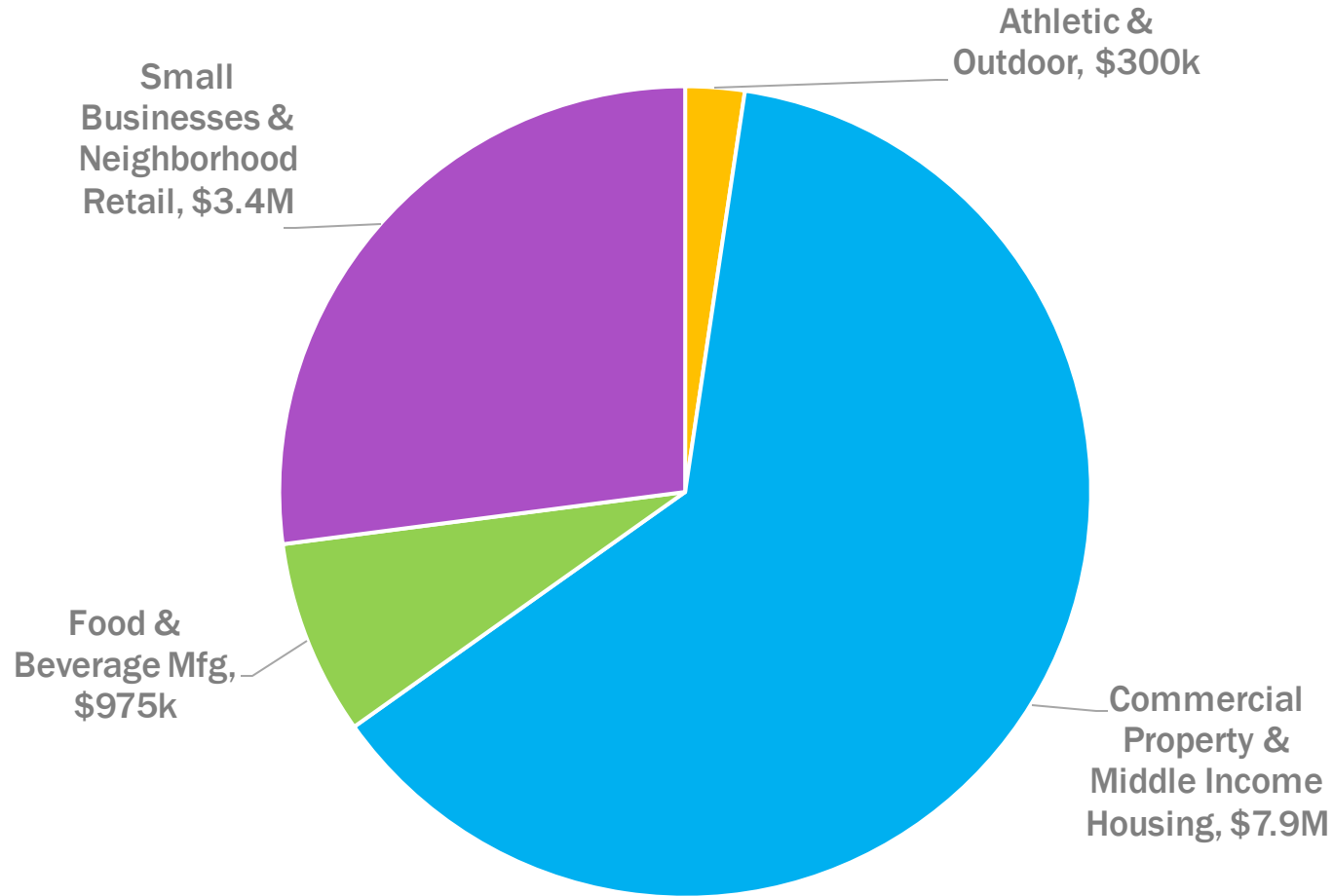
Prosper Portland Lending

- Can fund much of a project, with less Equity required
- Review credit score but no strict minimum
- Minimum debt service coverage ratio of 1.10x on most loans
- Real estate collateral not required for business loans

EDA Lending

- Underwriting criteria aligns with conventional lending
- Administrative Requirements
 - Reporting by Prosper & business
 - Federal contracting
 - 2:1 private sector funding match
 - 1 job per \$65k borrowed
 - Funding curtailment

Recent Loans Approved - All Sources



530 Jobs Created/Retained

36 Middle Income Housing Units

\$64.2M Leveraged Private Investment

Dos Hermanos

Business & Commercial Property Loans

- EDA loan supported business purchasing equipment for new bakery location in the Central Eastside.
- Central Eastside Tax Increment Finance loan supported tenant improvements at new location.
- Combined funding supported business to create new jobs, capacity, and grow its customer base.



City of Roses Disposal & Recycling

Commercial Property Acquisition and Business Loans

- EDA loan supported purchase of property needed to expand operations.
- Other Prosper Portland loan programs provided equipment financing, working capital and renovation funding.
- Combined funding helped company establish a recycling division and increase employment opportunities



Questions?



PROSPER
PORTLAND

Building an Equitable Economy