



City of Portland Neighborhood Economic Development Strategy

A 5-Year Plan to Support Neighborhood Vitality & Business Success



Special Thanks to the Following Partners

Project Advisory Committee

Alma Flores, Formerly with the Bureau of Planning and Sustainability
Barbara Gibbs, Meyer Memorial Trust
Cora Potter, Lents Urban Renewal Advisory Committee
Erika Silver, Human Solutions, Inc.
Heather Hoell, Alliance for Portland Neighborhood Business Associations
Jeff MacDonald, Immigrant and Refugee Community Organization
Jonath Colon, Hispanic Metropolitan Chamber of Commerce
Larry Kotan, Formerly with the East Portland Action Plan
Nick Sauvie, Rose Community Development Corporation
Paige Coleman, NE Coalition of Neighborhoods
Rey Espana, Native American Youth and Family Center
Sheila Holden, Interstate Corridor Urban Renewal Advisory Committee
Sheila Martin, Portland State University
Shelley Barshaw, Formerly with Albina Community Bank
Skip Newberry, Mayor's Office, Economic Policy Advisory
Steve Rudman, Home Forward

Project Sponsors/Advisors

Patrick Quinton, Portland Development Commission
Kimberly Schneider Branam, Portland Development Commission
Erin Flynn, Portland State University
Joe Zehnder, Bureau of Planning and Sustainability

Lead Consultants

Mary Bosch, Marketek
Desiree Sideroff, Desiree Sideroff Consulting
Karl Seidman, Karl S. Seidman Consulting Services

Special thanks also to the nearly 300 community members who attended the Neighborhood Economic Development Roundtable held September 13, 2010 and contributed their thoughts and opinions about how to improve the prosperity of Portland's neighborhoods.

Executive Summary

Portland is nationally recognized as a city with an exceptionally high quality of life, progressive land use planning, abundant transportation alternatives, and leading-edge green development expertise. Portland’s residents and neighborhood businesses are part of a regional economy with rising productivity and strong competitive advantages in industries such as advanced manufacturing, clean technology, athletic and outdoor and software. However, Portland’s economy has also produced job growth that is insufficient to meet Portland’s growing population, wages that have not kept up with the rising cost of living, a substantial percentage of people considered “working poor,” and an inequity in benefits that is borne by communities of color and certain family types.

The Neighborhood Economic Development (NED) Strategy attempts to address these failings of the Portland economy by articulating how community partners, business leadership and public partners can use focused neighborhood-level actions to collectively **foster economic opportunity and neighborhood vitality throughout Portland**. The strategy adds significant depth and direction to the Neighborhood Business Vitality component of the City of Portland’s Five-Year Economic Development Strategy.

To create thriving commercial areas, successful neighborhood businesses, and equitable access to quality jobs throughout our city, this strategy builds on the **best-practice, community driven approach** to successfully position neighborhoods, local businesses and their residents to connect to and compete in the regional economy. This collaborative approach to neighborhood economic development will build partnerships for implementation and ensure that the implementation process reflects community priorities and strengthens communities from within.

Given Portland’s key demographic and geographic challenges and areas of opportunity, this strategy is intended to proactively support: (1) **communities of color** citywide and (2) residents and businesses within “**priority neighborhoods**.” Priority neighborhoods are those:

- Experiencing lagging commercial investment and increased poverty;
- Experiencing gentrification pressures;
- Facing substantial change due to major public infrastructure improvements; or
- Whose businesses risk losing ground to suburban or big box competitors.

With these priorities at the forefront, the City of Portland will bring resources to address insufficiencies in community and non-profit capacity, investment tools and strategic focus and coordination to achieve the following objectives with business and community partners:

Objective I – Build Local Capacity to Achieve Economic Development Outcomes

- A. Strengthen Community Capacity to Develop NED Plans
- B. Increase Citywide Community & Organizational Capacity

OBJECTIVE II - Drive Neighborhood Business Growth

- A. Connect Traded Sector and Neighborhood Work
- B. Seed Investments to Implement Neighborhood Economic Development Plans
- C. Expand City-Wide Financial Tools for Neighborhood Businesses
- D. Increase Tools to Support Citywide Neighborhood Development Projects

OBJECTIVE III – Align & Coordinate Resources to Support Neighborhood Economic Development

- A. Align PDC Efforts to Support Community-Driven NED Plans & Equity Objectives
- B. Support Small Business Needs by Coordinating Assistance Efforts
- C. Coordinate City of Portland Initiatives to Support Community-Driven NED & Equity Objectives

Given this strategy’s focus on communities of color and priority neighborhoods, a job creation and equity lens will guide every action, investment, and program.

Successful implementation of the NED Strategy will necessarily involve numerous public and private entities all working in the same direction to achieve agreed-upon goals, including:

- Community-based and culturally-specific organizations with specializations ranging from real estate to small business development;
- Private sector leaders and local foundations;
- Financial institutions (including community development financial institutions, community lenders, and financial intermediaries);
- Workforce training organizations (including Worksystems Inc., Work Source Centers, community colleges, schools and higher education institutions, and community based workforce development providers); and
- City agencies and other public agencies.

Establishment of the NED Leadership Group comprised of these key partners, will guide the implementation of the NED Strategy and represents **a new model of community involvement and engagement** for PDC and the City. Within this model, which will be a critical component of both city-wide and neighborhood-specific work, collaborative public/private bodies are truly representative, empowered to make decisions, and hold one another jointly accountable.

Many of the items in the NED Strategy will require securing and **developing resources beyond tax increment financing** (TIF). Specifically, at least \$5.6 million per year in additional resources will need to be secured from new sources in order to advance the new work outlined in the NED Strategy for areas not currently in urban renewal areas and to fund work that is non-capital related. To meet the funding needs of the strategy, the City will work with public, private, and non-profit partners to evaluate and develop economic development resources through private investment, business improvement districts, federal grants, the N/NE Enterprise Zone Community Contributions, Neighborhood Opportunity Districts, and permanent revenue streams dedicated to economic development.

Benchmark, performance, and outcome measures will help to prioritize, monitor, and assess the collective efforts to reach the objectives and goal set forth in the NED Strategy. Overall success at the end of the five year plan will be evaluated by progress toward the following measures:

- Profitability of businesses in priority neighborhoods grows by four percent;
- Real median family income for communities of color increases by three percent; and
- Annual one percent net job growth in priority neighborhoods.

To measure and ensure equitable outcomes, data will be disaggregated by race, ethnicity, and geography. Additional performance measures will be refined as specific initiatives are implemented, and with the advice of the NED Leadership Group.

Introduction: Portland's Neighborhoods in Context

Portland is nationally recognized as a city with an exceptionally high quality of life, progressive land use planning, abundant transportation alternatives, and leading-edge green development expertise. The city's growing concentration of firms in clean technology further solidifies Portland's position as a national leader in sustainability. The Portland region boasts internationally-recognized expertise in the athletic and outdoor industry and a globally competitive manufacturing base. These cultural values and economic attributes have attracted young, educated people and contribute to the competitiveness of our region's workforceⁱ.

While Portland's reputation and economic assets reflects many of the city's strengths, they gloss over the well-being and diverse experiences of Portland's people, businesses, and neighborhoods. Regional economic productivity continues to climb but salaries and incomes in Portland lag behind those of peer cities such as Seattle, San Francisco, and Denver. While in-migration accounted for some of Portland's higher-than-average unemployment rate during the recession, sluggish job creation trends remain. Moreover, for some people of color, the pain from our dysfunctional economy long preceded the recession: unemployment rates for African American men have remained above Portland's recession high of 12.6percent at roughly 15percent since the late 1970sⁱⁱ. As population growth is anticipated to continue at 2.4percent annually – or roughly six times the national average – job growth will continue to be an issue of critical importance.

In recognition of the need for a quality economy that matches and broadens our quality of life, in July of 2009 the City of Portland adopted a **Five-Year Economic Development Strategy**. The Strategy seeks to expand prosperity and opportunity for Portland residents and create 10,000 net new jobs by 1) generating robust traded sector job growth, 2) driving urban innovation, and 3) stimulating neighborhood business vitalityⁱⁱⁱ.

These three objectives are interdependent and mutually reinforcing: the efforts underway to drive traded sector business growth and to support central city vitality are critical to the success of attracting and retaining employers, and to creating jobs for neighborhood residents. Likewise, vibrant neighborhoods help businesses attract employees, and thriving commercial corridors can incubate the next generation of traded sector businesses.

With this dynamic in mind, the **Neighborhood Economic Development (NED) Strategy** seeks to further articulate a significant component of the Five-Year Economic Development Strategy by detailing how community partners, business leadership, and the City of Portland can use focused neighborhood-level actions to collectively meet our objective of prosperity for all residents through robust neighborhood business activity and strengthened connections to regional job growth.

Portland's Neighborhoods

Residents and businesses in Portland's neighborhoods are linked to - and continuously impacted by – the health of our regional economy. Substantial increases in employment by Intel, Nike, or Precision Castparts, for example, have ripple effects for people and businesses, including suppliers, service providers, and retailers across the region.

Portland’s 95 neighborhoods have distinct and evolving roles from retail and restaurant hubs, to light industrial commercial corridors, or dense residential housing districts. They offer a variety of amenities and meet diverse market needs. Identifying and strengthening these neighborhood clusters of economic activity can stimulate the flow of dollars in otherwise disinvested neighborhoods by reinforcing their connection to the regional economy. Similarly, supporting job-training programs and job placement activities can help neighborhood residents connect more easily to regional employment opportunities.

Just as regional economic growth substantially impacts the vitality of our neighborhood businesses and residents, the health of our neighborhoods significantly impacts the growth of our region. As a whole, Portland’s neighborhoods play several significant roles within our regional economy^{iv}:

1. **Neighborhoods develop, attract, and retain people – our regional workforce.** Local public schools, housing options, basic infrastructure, cultural amenities, public facilities, and perceived quality of life dramatically impact the people who work for companies and start their own businesses. Portland’s neighborhoods house approximately 94 percent of the city’s population – 553,400 neighborhood residents^v. In a knowledge-based economy, the competitiveness of a region’s workforce is the single most important driver of economic growth.^{vi}
2. **Neighborhood commercial districts contain businesses that meet local and citywide demand for goods and services.** Nearly 64 percent of Portland’s 25,000 businesses are located in neighborhoods. Of these businesses, 49 percent primarily serve neighborhood and cultural markets^{vii}.

PORTLAND’S SMALL BUSINESSES

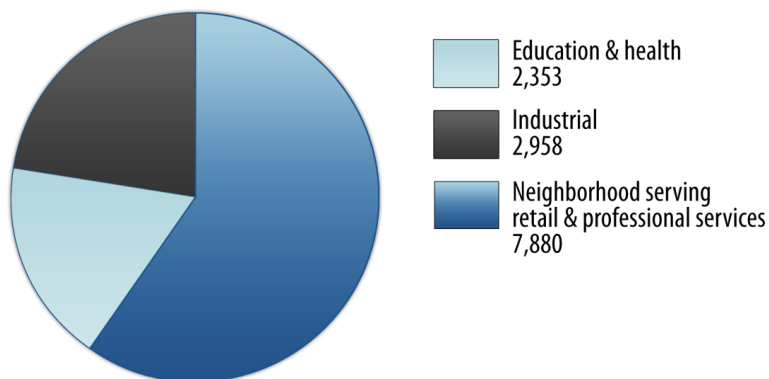
Portland’s reputation as a small business town is well deserved. Portland’s rate of 28 small businesses per 1,000 residents is ninth highest in the country, with the national average at 24 per 1,000¹. Among our businesses, 95 percent have fifty or fewer employees, with 76 percent employing between one and ten people. Portland’s neighborhoods are home to almost two thirds of these businesses. The majority of neighborhood small businesses are in the retail and professional services sectors.



The NED strategy focuses on neighborhood businesses. These businesses serve local or regional markets and provide a path for wealth creation for the business owner and jobs for community members.

Other PDC and partner-led efforts to address the needs of traded sector firms –the majority of which are small businesses with fewer than 20 employees – and local entrepreneurs interested in starting traded sector firms, support businesses that foster job growth and high-wage employment opportunities for Portlanders.

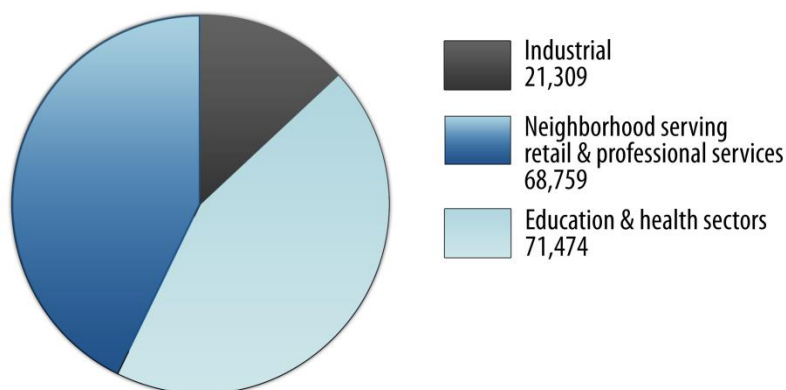
Neighborhood Businesses by Sector



BPS calculations from Covered Employment data of Oregon Employment Department, 2008

3. **Neighborhoods hold key regional business assets.** Hospitals, educational facilities, parks, community centers, and other amenities in neighborhoods provide employment, key services, and experiences that support our region’s vibrancy. Today, 77 percent of the largest employers in neighborhoods are in the health and education sectors.^{viii}
4. **Neighborhood commercial areas serve as regional employment centers.** Portland’s neighborhoods contain 46 percent, or approximately 179,000, of the city’s jobs. Of these jobs, approximately 43 percent are in retail and personal services; 44 percent jobs are related to educational and health facilities; and approximately 13 percent are in industrial sectors.

Neighborhood Employment by Sector



BPS calculations from Covered Employment data of Oregon Employment Department, 2008

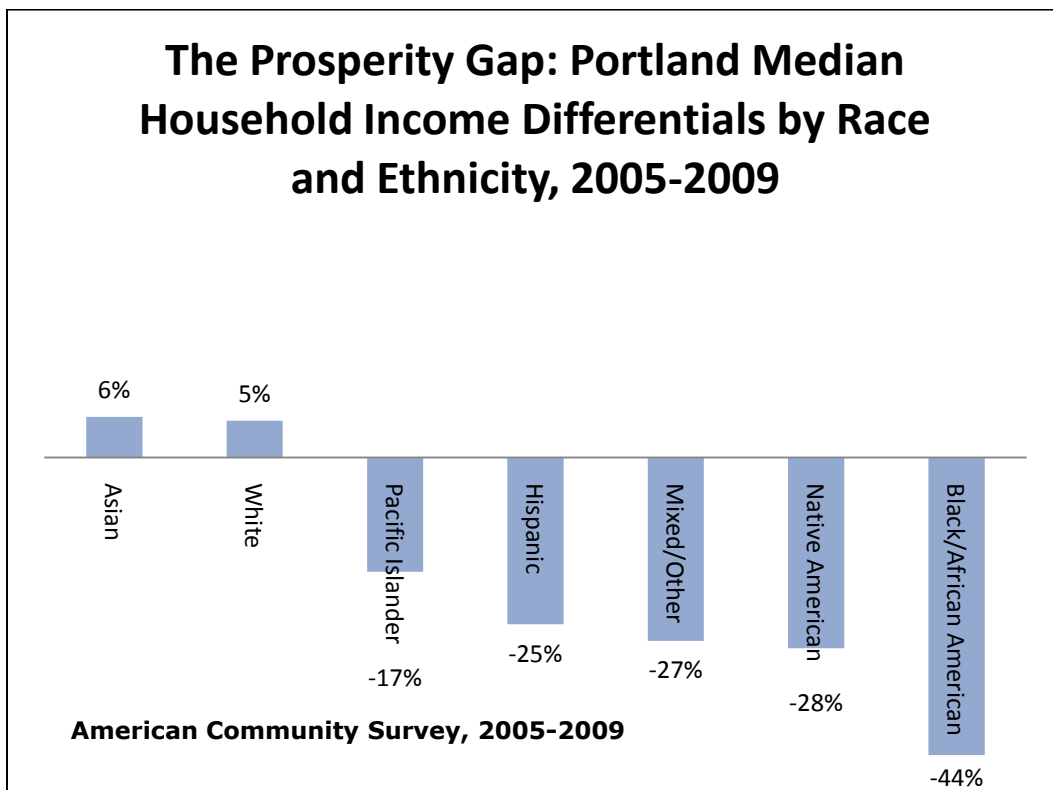
OUR CHALLENGE

Disparities & Regional Disconnections

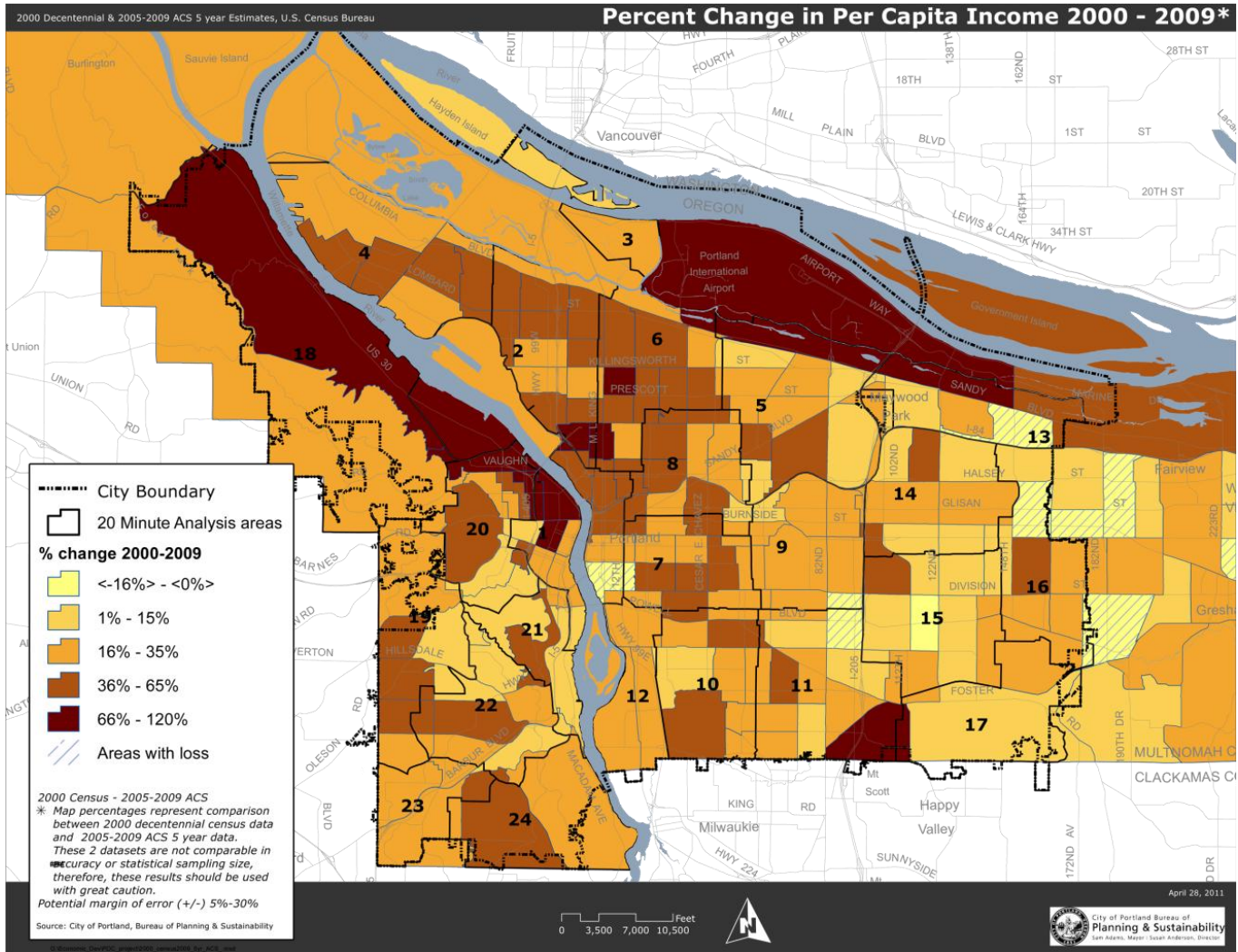
Portland’s residents and neighborhood businesses participate in a regional economy with rising productivity and strong competitive advantages in industries such as advanced manufacturing, clean technology, athletic and outdoor, and software. However, Portland’s economy has also produced job growth that is insufficient to meet Portland’s growing population^x, wages that have not kept up with the rising cost of living,^x a substantial percentage of people considered “working poor,”^{xi} and an inequity in benefits that is borne by communities of color and family types^{xii}.

Without strategic interventions, current trends will continue to impact Portland’s communities and neighborhoods as Portland’s population and economy grow. To increase economic opportunities and strengthen neighborhood business activity, the following dynamics must be understood and addressed:

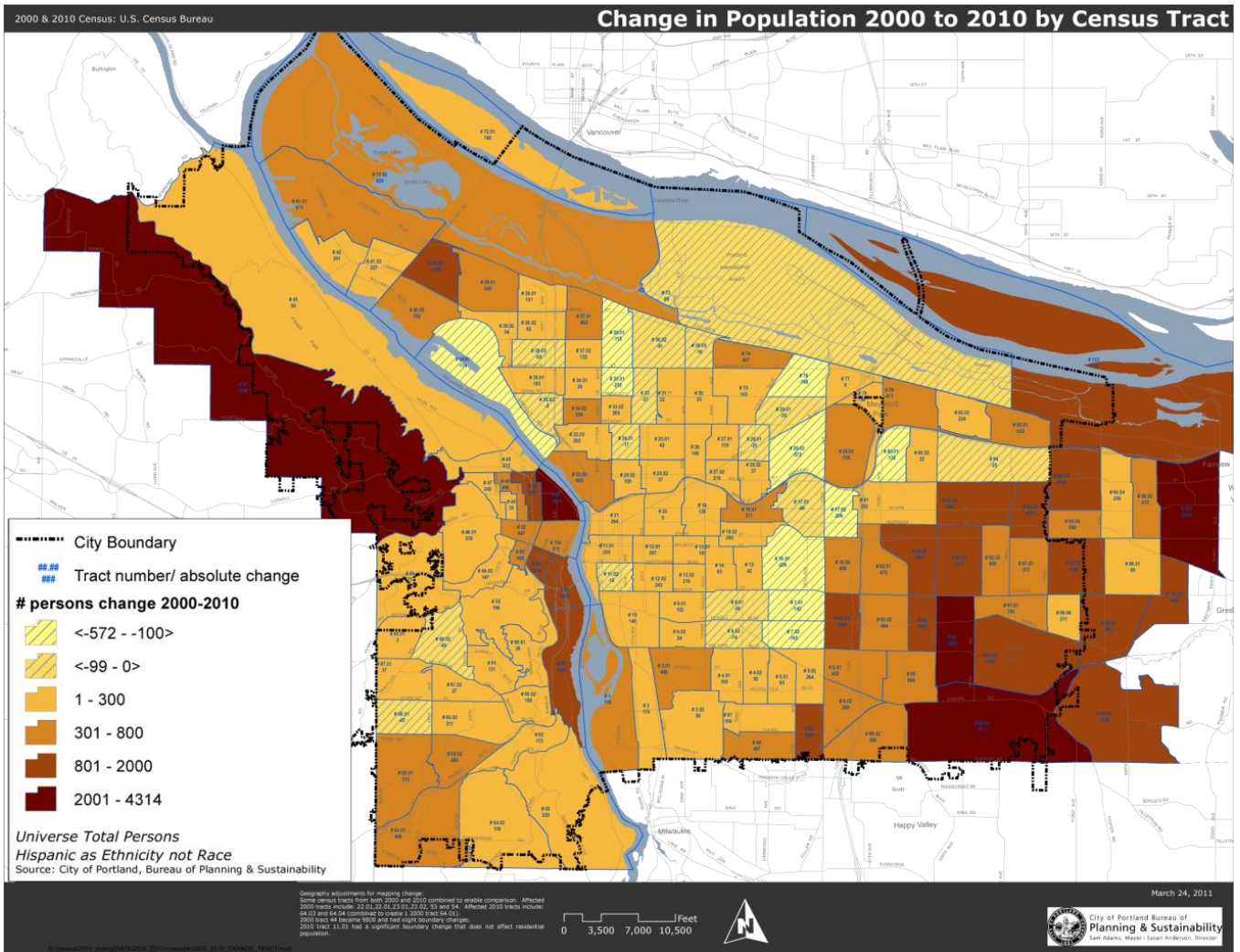
1. **Communities of color face disproportionately high levels of poverty^{xiii}.** The child poverty rate among children of color is 33 percent, while that of white children is 13 percent in Multnomah County^{xiv}. Similarly, median household income among black and Native American residents is only 47 percent and 48 percent of the citywide median.^{xv} Without substantial interventions, persistent educational achievement gaps and employment disparities indicate a continuation of this trend.



2. Jobs are growing on the westside; poverty is increasing on the eastside. The last two business cycles have produced strong job growth in Portland's central city and in the region's western suburbs. At the same time, east Portland and the region's eastern suburbs have seen substantial population growth – especially of lower-income residents.



3. Neighborhoods are strained by rapid growth of low- to moderate-income population. The disconnect between job and population growth has substantially increased the social and economic burdens on Portland's fastest growing and least affluent communities. Portland neighborhoods offering affordable housing for low income families are often isolated from regional employment centers, bereft of commercial district activity, and lacking in adequate public infrastructure, including public schools and social services, to serve the growing population.



4. Development often accelerates gentrification and displacement pressures. Portland has not been immune to the national “new urbanism” trend, with white, middle-class young adults flocking to close-in urban environments in the past two decades. In Portland, this trend has been exacerbated by public investments designed to promote neighborhood redevelopment. These investments, while intended to achieve citywide objectives and benefit long-time residents and business owners, when coupled with private-led development, increased these neighborhoods’ attractiveness to new residents and created significant affordability and displacement pressures for lower-income and longtime residents and business owners.

Insufficient Capacity and Investment to Address Challenges

An assessment^{xvi} of Portland’s prior work within neighborhoods and current ability to address neighborhood economic development challenges highlights key strengths and substantial deficits. The assessment revealed Portland’s solid base of traditional planning, community involvement, small business resources, and revitalization tools. It also showed evidence of

insufficient community and non-profit capacity, inadequate investment tools, and a lack of strategic focus and coordination to address the needs of residents, neighborhoods and neighborhood business. (See Appendix B for a summary of the assessment.)

Insufficient community and non-profit capacity -- Portland's strong network of community based organizations (CBOs) and non-profit developers focused on supporting and producing affordable housing is not matched by an equally strong network of organizations and non-profit developers active in neighborhood economic development and business district management. Organizations that are active in neighborhood economic development and small business assistance are often over-reliant on public resources, with insufficient independent or private funding resources. Neighborhood businesses, commercial corridor associations and would-be neighborhood developers thus have comparatively limited options to partner on strategic initiatives and access technical assistance.

Insufficient investment tools – Portland's Urban Renewal Areas (URAs) provide a substantial array of tools to support physical improvements that advance neighborhood economic development. However, the Portland Development Commission's (PDC's) approach and primary tool for neighborhood revitalization, tax increment financing (TIF), has limitations and can have unintended consequences:

1. TIF can only be applied to "bricks and mortar" development in designated URAs. Because TIF makes up approximately 90 percent of PDC's resources and URAs cover only 15 percent of the city of Portland, PDC has limited tools to deploy outside URAs or to support businesses beyond physical improvements.
2. A primary measure of success for TIF is the increase in the assessed value of the properties in a URA. Traditional real-estate development focused on increasing property value, physical improvements, and commercial investment activities can create affordability issues for residents and businesses and accelerates gentrification pressures within URAs.

While TIF has been plentiful, funding for working capital for small businesses is limited throughout the City, and all forms of capital for businesses, commercial property development tools, and subsidies to undertake community facility projects are substantially limited outside URAs. Furthermore, because Portland is at an earlier stage in its neighborhood economic development maturity than many other cities, CBOs and other partners do not sufficiently leverage local resources with funds from foundations and national intermediaries for community capacity building, training, peer networking, and outreach.

Insufficient strategic focus and coordination – Citywide technical assistance providers, public partners, and CBO's diverse programs and initiatives have not historically been aligned to drive a jointly held strategic plan. As a result, fragmentation and weak coordination have led to duplication in some basic services and gaps in more advanced or tailored technical assistance. At the neighborhood level, traditional planning processes have not led to data- or market-driven business district competitiveness strategies. And critical areas of focus – from benefits for communities of color to quality job creation – have not been sufficiently addressed.

STRATEGY

The Goal

The goal of the Neighborhood Economic Development Strategy is to foster economic opportunity and neighborhood vitality throughout Portland.

Achieving the goal of this strategy requires connecting people to living-wage jobs, supporting neighborhood business growth, and growing vibrant commercial areas. If successful, this strategy will produce a measurable rise in household incomes and a reduction in poverty rates in Portland’s low income neighborhoods, grow revenues for Portland’s neighborhood businesses, and result in an increase in new business formation in neighborhood commercial districts. These outcomes must be achieved while building on the character and composition of Portland neighborhoods; the wealth created attained through our work must flow to current residents and businesses.

Fostering economic opportunity requires that economic development efforts focus not only on geographic communities, but hold high the needs of communities of color. Investments and initiatives designed specifically to address disparities among communities of color – including poverty, unemployment, business ownership, and the benefits of public investments — will be a critical component of this work citywide.^{xvii}

The work articulated in the Neighborhood Economic Development Strategy cannot, by itself, achieve the objectives of economic opportunity and neighborhood vitality. Continued progress on other elements articulated within the City of Portland’s Five-Year Economic Development Strategy and the Portland Plan are required as well: traded sector business retention and recruitment initiatives will help grow the regional economy and provide job opportunities for neighborhood residents; transportation infrastructure, housing choices, parks and green space investments will powerfully influence neighborhood vitality; and education-focused initiatives designed to strengthen neighborhood schools and prepare Portland’s workforce will dramatically impact neighborhood and individual prosperity.

Clear metrics and measurable outcomes will help evaluate and support progress towards achieving the goals of this strategy. *[See Implementation & Outcomes chapter for details].*

The Community-Driven Neighborhood Economic Development Approach

Neighborhood scale economic development strategies seek to successfully position neighborhoods, local businesses and residents to better connect to and compete in the regional economy. However, to ensure that the benefits of increased economic activity flow to those communities most disconnected from the regional economy, a community-led partnership is necessary to develop and carry out the strategy.

Community-driven neighborhood economic development is a holistic approach that seeks to improve the quality of life and economic prospects of residents and neighborhood businesses. It starts from the assumption that communities and CBOs are best suited to drive the process of

neighborhood economic development in a way that addresses the unique conditions of each neighborhood or community.

This approach begins with conversations among residents, business owners, and other stakeholders, and a clear assessment of a community's assets and challenges within the regional context. Neighborhood-specific strategies then build on specific strengths and address the particular challenges businesses and residents face in the context of the regional economy. Adopting this community-driven, best practice-supported approach to neighborhood economic development provides the greatest opportunity for partners to foster communities that support existing residents and businesses, and address issues such as gentrification and displacement.

The **best-practice approach** of community-driven neighborhood economic development comprises the following steps^{xviii}:

1. Articulating individual, business, and community wealth-creation goals;
2. Understanding the neighborhood in the regional context;
3. Identifying current and underutilized assets – from people, to real estate, to business opportunities, to consumer markets – within the regional context;
4. Creating a neighborhood-level economic development plan;
5. Prioritizing implementation actions; and
6. Investing in programs and projects to achieve the goals within the strategic framework.

As needs and priorities are identified, implementation plans can include activities to support economic development such as:

- Small business assistance
- Business recruitment
- Property redevelopment
- Marketing and branding
- Business district management and revitalization
- Personal savings accounts
- Workforce development
- Links to other public investments

As implementation begins, partners refine the approach and objectives as quickly as possible in the ongoing process to reach the community's strategic objectives.

Action Plan

To successfully apply a **comprehensive, community-led approach** and connect people to living-wage jobs, support small business growth, and grow vibrant commercial areas, the Strategy proposes objectives that address the gaps identified in the assessment of Portland's existing neighborhood economic development infrastructure (*see Appendix B*). The City of Portland, along with business and community partners, will bring resources to bear to achieve the following objectives:

1. **Build Local Capacity to Achieve Economic Development Outcomes;**
2. **Drive Neighborhood Businesses Growth; and**
3. **Align & Coordinate Resources to Support Neighborhood Economic Development.**

Given Portland’s key demographic and geographic challenges and areas of opportunity, this strategy is intended to proactively support: 1) **communities of color** citywide and 2) residents and businesses within “**priority neighborhoods.**” Priority neighborhoods include those:

1. Experiencing lagging commercial investment and increased poverty;
2. Experiencing gentrification pressures;
3. Facing substantial change due to major public infrastructure improvements; or
4. Whose businesses risk losing ground to suburban or big box competitors.

Given this strategy’s focus on communities of color and priority neighborhoods, a job creation and equity lens will guide every action, investment and program. Funding levels, community initiatives, and partnership will determine the scale and timeline of their implementation.

OBJECTIVE I – Build Local Capacity to Achieve Economic Development Outcomes

With the right tools and know-how, community intermediaries – from -CBOs, to culturally-specific organizations to business district associations – can most effectively drive neighborhood economic development efforts. As articulated above, the best practice approach begins with a strategic neighborhood economic development plan to help businesses and residents, connect to and to compete in the regional economy. The following actions are intended to support community intermediaries to establish shared goals, align resources, and foster the leadership and organizational infrastructure to drive execution of neighborhood economic development plans.

A. Strengthen Community Capacity to Develop Neighborhood Economic Development Plans

1. **Create the Focus Area Program for commercial areas within priority neighborhoods** that are interested in creating and implementing a neighborhood economic development plan suited for their needs. Matching grants of up to \$75,000 per year for three to five years can be used for capacity building, leadership training, technical analysis and priority project implementation. Additional citywide training will complement these neighborhood-specific resources (*See Action item I.B.1*). Over the next five years, three to five neighborhoods will be included in this program.
2. **Build on existing partnerships with Community Based Organizations (CBOs) and the Alliance for Portland Neighborhood Business Associations (APNBA)** to develop complementary/joint initiatives to support implementation of NED. Opportunities to expand the role of housing- and workforce training-focused CBOs into business districts and small business technical assistance. Specific areas of current and future work with APNBA include support for organizational capacity among business districts citywide, regular training and technical assistance workshops, administration of grant programs and increased visibility of districts through marketing support.

3. **Maintain and expand existing [Main Street Program](#)** for commercial areas interested in and ready to take on the comprehensive Main Street business district management approach to commercial district revitalization. Portland currently has three designated Main Street districts, Alberta, Hillsdale, and St. Johns. The districts receive up to \$75,000 in matching grants each year directed toward district management and implementation of strategic plans – including investments in property improvements, sustainability enhancements, and promotional events. The City also provides technical assistance to the districts in implementation of the Main Street approach, district design support, and organizational capacity building. Over the next five years, up to two new districts will be added to the program.

Partnership Opportunities: Local businesses, Main Streets districts, APNBA and its members, Diversity and Civic Leadership Partners, CBOs, culturally specific organizations, the Office of Neighborhood Involvement and its affiliates, area foundations, corporations, and institutions.

B. Increase Citywide Community & Organizational Capacity

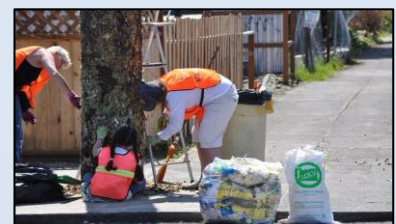
1. **Offer Citywide Neighborhood Economic Development Training.** Quarterly NED training for communities throughout the city will focus on: strategic and business planning process, market dynamics, key trends, best practice interventions, and organizational development. This training will complement and be coordinated with the above efforts to strengthen community capacity within specific neighborhoods.
2. **Improve awareness of business-support tools and resources** among public and private organizations to increase use among small businesses by:
 - Developing and distributing new brochures, web-based information, videos and other collateral material about small business tools and how they can assist with neighborhood economic development;
 - Translating collateral material about small business tools into the languages most commonly used in Portland;



DIANE COWARD
Alberta Main Street Board Chair,
Alberta St. Property Owner

The Alberta Main Street is one of Portland’s three newly selected Main Street Districts. With a grant from the City and private fund raising by the District, Alberta Main Street has hired a full-time Executive Director. Using technical assistance provided by a contract with the National Trust Main Street Center, the District has also established work plans aimed at retaining existing businesses, filling vacant storefronts, increasing jobs, and improving the appearance of the commercial district.

“We are taking a holistic approach to community and business development,” says Diane. “We want to see the Alberta commercial area develop intentionally while honoring and celebrating our diversity.” From Diane’s perspective as both a community member and property owner, Main Street’s community-led approach, with an emphasis on collaboration and partnership, is vital. Diane believes the Alberta Main Street effort will draw more people to Alberta and promote the business district, and advance the area’s development as a place that “fulfills the needs of people who live in the community – for retail, for jobs, and for real connections to one another.”



- Prioritizing education of leaders and small businesses owned by people of color and/or located in underserved neighborhoods.
3. **Expand the capacity of inexperienced property owners and developers.** Focusing on local owners and people of color, mentoring partnerships with experienced neighborhood developers and a new technical assistance training program will to help develop wealth within communities facing gentrification pressures *and* to jump-start market activity in underperforming markets.

Partnership Opportunities: APNBA, Office of Neighborhood Involvement, business development organizations, chambers of commerce, private lenders and financial institutions, higher education institutions, private developers.

OBJECTIVE II - Drive Neighborhood Business Growth

Strategic public-private initiatives and partnerships to drive neighborhood business growth can help leverage and influence larger market forces. Business development efforts should be tailored to address neighborhood-specific challenges by attracting employers, fostering retail or residential development in underserved markets or by provide opportunities for businesses facing displacement to strengthen their local or regional competitiveness.

A. Connect Traded Sector and Neighborhood Work

1. **Proactively connect communities of color and residents in priority neighborhoods to jobs** in high growth, high demand industries by partnering with Worksystems, Inc. (WSI), community based workforce development providers, and community colleges. Work with providers to support residents while they access workforce training through assertive case management and wrap-around services.
2. **Prioritize business development in neighborhood employment areas** by connecting regional business retention and expansion work to areas such as: the Albina Industrial District, Gateway, the Lents Town Center, the Johnson Creek Industrial District, Swan Island, Columbia



A&K DESIGNS

A&K Designs, Inc. has supplied the athletic and outdoor industry for more than 20 years, specializing in the customization of on-field and performance athletic uniforms, with several global companies as clients.

The company's relationship with the City began in 2003, when staff from PDC met with business owners Samantha Lee and IM Lee, and Jackie Park, A&K CFO, to share information about PDC development and business assistance programs. Three years later, A&K was ready to explore the feasibility of a new and larger facility.

When the redevelopment plan was ready in 2009, PDC Business Finance provided \$280,000 in construction financing, which leveraged a private investment of more than \$3 million and supported 34 existing jobs, ranging from sewing to sales and on average paying twice Oregon's minimum wage; projected new jobs added up to 16 more. A&K and PDC staffers worked together closely throughout the project, from the groundbreaking on a chilly day in December to the completed relocation in May 2010.

The new facility, at 8333 SE Harney Street in the Lents Town Center Urban Renewal Area, was a welcome addition to the street. Today the building is home to 45 employees, with still more room for expansion, investments in additional equipment to attract new clients, and a growing

Corridor, NW Industrial District, and land in neighborhood commercial corridors zoned for employment. This entails proactively identifying institutions and traded sector businesses that can thrive in the neighborhood employment area *and* marketing key sites as business expansion and development opportunities. Work will focus both within the Target Industries (Advanced Manufacturing, Athletic and Outdoor, Clean Technology, Software and Research and Commercialization) and within sectors that provide high-growth/high-demand job opportunities.

3. **Facilitate commercial site readiness.** Support investments in transportation, sewer, water, flood control and other infrastructure that are necessary to attract development to other key neighborhood commercial sites. Concurrently, pursue legislative changes and funding activities that accelerate brownfield clean up. Support the Bureau of Planning & Sustainability's effort with Metro and regional partners to include commercial site readiness and brownfield redevelopment assistance in the regional investment strategy.

Partnership Opportunities: Business, neighborhood, URAC, and industry stakeholders, Worksystems, Inc (WSI), community colleges, Multnomah County, Housing Authority of Portland, community-based workforce development providers, Greenlight Greater Portland, commercial real estate brokers, Bureau of Planning and Sustainability, Metro.

B. Seed Investments to Implement Neighborhood Economic Development Plans

Implementation of programs and projects to achieve the goals of neighborhood economic development plans require an array of financial resources. Loan and grant funds to support key initiatives and projects on a competitive basis serve to encourage and grow the impact of other community or private resources.

1. **Provide Small-Scale Seed Grants** to fund neighborhood economic development projects identified and developed by communities within priority neighborhoods and/or culturally-specific organizations. Grants of up to \$10,000 will support collaborative NED projects, programs and tailored trainings in four to eight neighborhoods per year.
2. **Expand the Storefront Program** to Main Street districts and other priority neighborhoods outside URAs to provide capital resources for small-scale revitalization projects as part of neighborhood economic development plans. Targeted outreach to communities of color will be a key component of the outreach to ensure equitable access to this program.
3. **Establish Neighborhood Opportunity Districts** - small scale, long-term, debt free urban renewal areas - in three to six commercial hubs within priority neighborhoods *participating in the Focus Area Program* to provide resources for neighborhood businesses and related improvements for five to seven years (*see Action I.A.2*). Target annual increment generation will be \$20,000 per district the first year and up to \$75,000 per district annually by the third through seventh years.

Partnership Opportunities: Foundations, APNBA, community based organizations, key corporations, Main Street districts, and priority neighborhoods.

C. Expand Citywide Financial Tools for Neighborhood Businesses

Supporting wealth creation and job opportunities within priority neighborhoods and communities of color requires continued and expanded support for neighborhood businesses.

1. **Develop partnerships to expand funding for small business working capital** and tenant improvement loans. Partnerships among community development financial institutions, foundations, banks, and other financial institutions could involve linking financial resources to business technical assistance or formulating alternative ways to evaluate risk when making lending decisions. Emphasis should be on loan funds to minority-owned firms and others who have difficulty accessing capital through traditional means.
2. **Provide support for organizations serving low-income microenterprise business owners** to drive wealth and job creation among communities of color and within priority neighborhoods. Key areas of focus include increasing availability of one-on-one, on-site business technical assistance available to owners and assisting successful small entrepreneurs in growing/expanding their operations (such as from home-based to a permanent storefront, or from one store to multiple stores).
3. **Support citywide small business technical assistance to fill gaps in available services.** Contracts with qualified non-profit business development organizations will focus on stabilizing and growing small businesses with modest incomes, businesses located in priority neighborhoods, and businesses whose owners may need services provided in languages other than English.

Partnership Opportunities: Community development financial institutions, foundations, private lenders, higher



JIMMY WILSON
Owner, Jimmy's Cleaners

Jimmy Wilson originally had his dry cleaning business a few blocks down from his current location on N. Vancouver and Fremont. As Jimmy puts it, his business was “under stress and it was dying.” But then Jimmy found Microenterprise Services of Oregon (MESO), a non-profit business development organization geared toward helping struggling businesses and business owners in N/NE Portland.

MESO provided services to Jimmy as a part of a city-supported initiative that focuses on small businesses owned by individuals with low incomes. As Jimmy explains, “MESO came in like a doctor.” MESO taught him about business development and provided essential business training. MESO also helped him find loans from third-party sources. Jimmy says, “They pumped life back into me and focused me in the right direction.” Jimmy, in turn, has given a chance to seven other businesses that reside on his space at an old gas station corner lot. Jimmy believes that MESO, PDC, business landlords, and financial institutions working together with small businesses can change the whole community, and says, “Partnership is the foundation of development in the community.”



education institutions, business development organizations, community-based organizations, chambers of commerce, area foundations, and key corporations.

D. Increase Tools to Support Citywide Neighborhood Development Projects

Portland has a robust foundation of revitalization tools inside Urban Renewal Areas (URAs) but limited tools outside URAs to support commercial real estate development. New resources and public/private partnerships can help transform underutilized properties and attract new businesses, customers, and further investment in underinvested areas outside URAs.

1. **Identify and package a wider range of funding sources** to fill the gap between development costs and investment supported by market rents by meeting with potential public, private and non-profit partners to identify and assess opportunities for developing collaboration to expand funding for commercial development. Emphasis should be on economically challenged areas outside URAs and projects that are community-led.
2. **Promote catalytic neighborhood investments that provide greater community benefits** through public/private partnership. As available, public supports could include an array of tools - from reduced system development charges, reduced permitting fees, tax abatement, technical assistance, contribution of land, reduced interest loans, working capital loans, assistance with unconventional financing such as New Market Tax Credits and/or Storefront Improvements Grants. For example the City of Portland recently launched a Grocery Store Initiative with potential array of tools to encourage the establishment of full-service grocery stores in Portland communities that are currently underserved.

Partnership Opportunities: City bureaus (housing, transportation, parks, development services), Metro, community development financial institutions, federal government departments, higher education institutions, foundations, key corporations, CBOs.



VANPORT DEVELOPMENT

Developers, Jeana Woolley & Ray Leary

Ray Leary and Jeana Wolley, African-American developers who live in Northeast Portland, completed Vanport Square in January 2008, with the aim of providing long-term wealth creation opportunities for local small businesses.

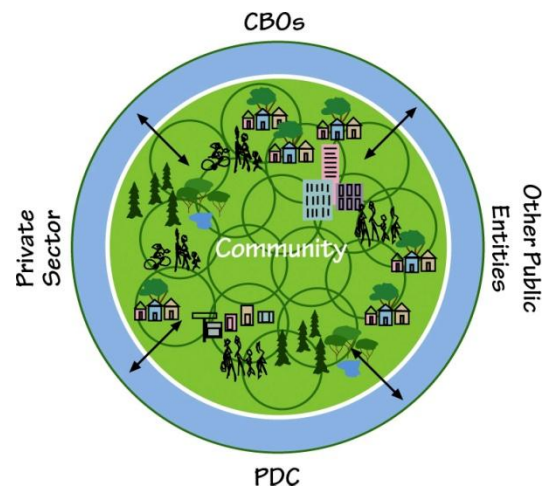
The Vanport project, in the heart of the King neighborhood, renovated the former Marco Machine Works building as a 16-unit, 40,000 square-foot commercial condominium. Consistent with the revitalization of NE Martin Luther King, Jr. Boulevard, Vanport has encouraged ownership of commercial space and business activity. All 16 units of the project are occupied; 14 are owned by predominantly local entrepreneurs, many of whom are minorities or women; and the remaining two spaces are leased to local businesses. Four minority owned businesses that formerly rented in the neighborhood now own their place of business at Vanport Square.

The Vanport Square development has benefitted existing neighborhood residents and businesses. Longtime business owners had access to low-interest rate loans for tenant improvements which encouraged them to stay in the neighborhood and continue to invest in their community and their business.

OBJECTIVE III – Align and Coordinate Resources to Support Neighborhood Economic Development

While Portland has many of the tools, programs, and organizations that support neighborhood economic development, the city lacks a coordinated, strategic approach. Reaching the goals of this strategy in Portland will necessarily involve numerous public and private entities all working in the same direction to achieve agreed-upon goals, including:

- Community-based and culturally-specific organizations with specializations ranging from real estate to small business development;
- Private sector leaders and local foundations;
- Financial institutions; (including community development financial institutions, community lenders, financial intermediaries);
- Workforce training organizations (including Worksystems Inc., Work Source Centers, community colleges, schools and higher education institutions, and community based workforce development providers); and
- City agencies and other public agencies.



The experience of other cities indicates that this coordination and alignment develop in phases and often take ten or more years to develop. Most successful NED efforts begin with pilot projects that build momentum and gain traction as programs expand and resources increase.

A. Align PDC Efforts to Support Community-Driven Neighborhood Economic Development Plans & Equity Objectives

To support implementation of the NED Strategy, the Portland Development Commission will reorient its work in neighborhoods in collaboration with partners to develop and implement neighborhood economic development plans and proactively address issues of equity in community engagement, financial products, business development and real estate development work.

1. **Make budget and project investment decisions that support the goals** of neighborhood economic development plans. Both the day-to-day loan and grant activities and the annual budget development process within neighborhood URAs and for citywide neighborhood-focused programs will be recast to ensure that they support community-led, equity, and economic vitality objectives.
2. **Conduct outreach in concert with community partners to small businesses** – especially those owned by ethnic minorities and by people with limited English proficiency – to retain and grow existing businesses and increase awareness of PDC and non-PDC products and services.
3. **Establish first source hiring agreements and other types of community benefit agreements** with businesses and real estate developers that have been awarded sizable grants or loans from PDC. Recipients of these loans would commit to working with the local WorkSource Center or qualified CBOs to hire local residents who have completed skills training. Community benefits agreement would stipulate desired outcomes, including hiring of neighborhood residents and employees of color, and the use of local businesses and businesses of color as suppliers
4. **Ensure that the project owners adhere to PDC’s Business Equity Program**, meaning not less than 20 percent of hard construction costs go to certified Minority/Women/Emerging Small Business (M/W/ESB) firms. Furthermore, ensure that the project owner meets or exceeds the Workforce Equity Program goals for hours worked by people of color, women, and apprentices.

Partnership Opportunities: URACs, business associations, chambers of commerce, community based organizations, developers, businesses.

B. Support Small Business Needs by Coordinating Assistance Efforts

Portland’s technical and financial assistance providers serve a wide variety of businesses and entrepreneurs. However, without citywide coordination some business needs are extremely well served while more tailored assistance can be hard to find or unavailable.



JUDI NUDO
Concierge at The Nines

As a part of the city's work to redevelop the Meier and Frank building downtown, the City of Portland entered into a community benefit agreement (CBA) with Sage Hospitality, operator of The Nines Hotel in downtown Portland. Through the CBA, Sage committed to a hiring process aimed at people low-income and minority Portlanders who recently complete workforce training programs. As a result of the agreement, 371 full-time equivalent positions were filled, of which 73 percent were Portland residents and 33 percent were people of color. Sixty-five percent of the Portland residents hired had been earning at or below 50 percent of the area's Median Family Income (MFI).

“Working for the Nines has been a great experience. I started as a PBX operator. I experienced all facets of the hotel and was able to assist guests on all levels. I worked closely with management and had opportunities presented to me for advancement. Today I serve as a concierge. My skills and income have increased significantly since being hired.”

Fred Kleisner, The Nines General Manager says, “Partnering with the City of Portland and local non-profits to hire our first employees proved to be a beneficial collaboration. We found dynamic associates from diverse backgrounds who exceeded our expectations. The Nines sees diversity as an essential component of our success.”

1. **Convene public and nonprofit business technical assistance providers** quarterly to discuss small business needs, identify services gaps, pursue new funding, share performance measures, and increase access to assistance for historically underserved small business owners. See [Draft Matrix of Small Business Providers](http://www.pdc.us) at www.pdc.us.
2. **Maintain and maximize the use of the [Business Portland](#) website** to communicate and market NED tools and act as an online information clearinghouse for small businesses and neighborhood commercial districts.
 - Expand site to include neighborhood overview for Main Street districts and other priority neighborhoods to encourage business location decisions, real estate development in vacant lots, and shopping.
 - Including multi-lingual, culturally appropriate information and translation of site into the top foreign languages spoken in Portland.
3. **Assemble business lenders to coordinate and develop a continuum of services** and referral protocols, create working relationships between various organizations and staff, and fill service and language gaps in lending. This organizing will complement, inform and sometimes be combined with the quarterly gathering of business technical assistance providers.

Partnership Opportunities: Business development organizations, chambers of commerce, private lenders, community development financial institutions, APNBA, community development organizations, higher education institutions.

C. Coordinate City of Portland Initiatives to Support Community-Driven Neighborhood Economic Development & Equity Objectives

Along with PDC, the Portland Housing Bureau, Portland Bureau of Transportation, Bureau of Planning & Sustainability, Bureau of Development Services, Portland Parks and Recreation, and the Office of Neighborhood Involvement each impact the economic realities within Portland’s neighborhoods for its residents and businesses. From setting land-use regulations to augmenting private housing stock with publicly subsidized options to providing transportation infrastructure, City agencies play important roles alongside private actors in our neighborhoods’ economic vitality and the opportunities they afford.

1. **Develop a City Action Team** comprising City of Portland and PDC staff to holistically address neighborhood and community-level challenges and further NED priorities. The Team will:
 - a. Review and coordinate long-range planning and investments in housing, transportation, parks, commercial development and community engagement activities within priority neighborhoods to further neighborhood economic development objectives;
 - b. Identify opportunities to align PDC, ONI and BPS grant programs to support small-scale neighborhood economic development projects;
 - c. Work proactively with the Office of Equity to coordinate resources and drive implementation of anti-gentrification initiatives within priority neighborhoods

- and to support underperforming neighborhoods connect to and compete in regional markets; and
- d. Identify other opportunities to support NED Strategy implementation.

Partnership Opportunities: Portland City Council, Portland Housing Bureau, Portland Bureau of Transportation, Bureau of Planning and Sustainability, Bureau of Development Services, Portland Parks and Recreation, the Office of Equity and the Office of Neighborhood Involvement.

IMPLEMENTATION & OUTCOMES

New Partnerships and Roles

Development of this Strategy through collaboration between key stakeholders, community members, NED experts, and City staff marks an important first step. Successful implementation of the Strategy will require new collaborative relationships, roles, and approaches, and alignment of goals between all parties involved.

Recognizing that implementation of this Strategy is fully dependent on establishing new relationships, the Portland Development Commission, in consultation with the Portland City Council, will establish a Citywide **NED Leadership Group** - composed of public, private, community and philanthropic partners. The role of the NED Leadership Group will be to guide the implementation of the NED Strategy for the City and collectively pursue funding opportunities and resource development for the Strategy's actions.

The NED Leadership Group will oversee the introduction of a new model of community involvement and engagement for PDC and the City. This model, which will be critical to both city-wide and neighborhood-specific work, will empower collaborative public/private bodies that:

- Are truly representative demographically and geographically and free of conflicts-of-interest;
- Are composed of individuals with experience or expertise relevant to neighborhood economic development – including neighborhood business management and ownership, business district organizing, financial lending and resource development, community leadership, workforce development training, culturally competent service provision, neighborhood revitalization and property redevelopment, non-profit administration, and public service;
- Possess clear decision-making authority supported by the PDC Board, City Council, and other represented bodies;
- Operate according to shared goals, established work plans, and a standard of mutual accountability; and
- Practice data-driven and market-reality informed decision-making to the greatest extent possible.



Funding & Resource Development Plan

Implementation of the NED Strategy over the next five years will require an estimated investment of \$129 million. Of that figure, approximately \$78 million will come from Tax Increment Financing (TIF) funds available for capital projects in the Interstate, Lents and Gateway URAs. Another \$23 million is anticipated to be available to PDC in the form of City General Funds and Community Development Block Grant Funds to support ongoing neighborhood economic development programs, including support for the Alliance for Portland Neighborhood Business Associations, the Portland Main Street Program, and the Economic Opportunity Initiative.

An additional \$28 million, or \$5.6 million per year, will need to be secured from new sources in order to advance the new work outlined in the NED Strategy for areas not currently in urban renewal areas and to fund work that is non-capital related.

Resource Development Plan

Best practice research indicates that funding sources for neighborhood economic development in other cities is diverse at both government and neighborhood levels and is rarely dependent on one primary source. The origin of these sources varies by city and neighborhood. In most cities, redevelopment and tax increment financing (TIF) are contributors, but rarely the main driver of NED.

To meet the funding needs of the strategy, the City will work with public, private, and non-profit partners to evaluate and develop economic development resources from the following sources:

1. **Private investment.** Private investment to support neighborhood economic development will be critical for the successful implementation of the NED Strategy. Potential private funding sources include:
 - Private philanthropy (local, regional, and national foundations),
 - Community development financial institutions,
 - Bank foundations,
 - Insurance companies,
 - Intermediaries that package national and local resources with technical assistance and organizational support, and
 - Collaborative, crosscutting initiatives such those to support Transits Oriented Development and Public Health as well as community revitalization.

The NED Leadership Group will provide an important forum for promoting the development of the public/private partnerships and permanent, self-sustaining institutions needed to implement many of the actions in the NED Strategy including: developing catalytic projects in priority neighborhoods outside of URAs, expanding access to capital for many neighborhood businesses, and growing the capacity of community groups to become active and capable partners in neighborhood economic development.

2. **Business or Economic Improvement Districts (BID).** Special improvement districts, such as BIDs are a common long-term funding mechanism for commercial district programs in some cities because they provide consistent resources over time. Within the next five years, the City along with APNBA and other interested parties will explore this source of funding as a potential tool for long-term support of business district operations and improvements.
3. **Federal Grants and Programs.** The City will proactively seek funding for neighborhood economic development activities from federal grants, programmatic initiatives, and special appropriations. Opportunities for federal funding for the City's local initiatives exist through: the Small Business Administration, the US Department of Housing and Urban Development, the US Department of Transportation, the US Department of Health and Human Services and other Federal agencies. Many of these Federal opportunities will require close coordination of the City Action Team (*action item III.C.1*) and support across City bureaus and Commissioner offices. Likewise, support from private and non-profit partners in soliciting funds will be essential.
4. **City of Portland resources.** Opportunities exist to leverage and align current City resources to support neighborhood economic development.
 - a. **City General Fund support for NED.** The City allocates approximately \$2.3 million per year to PDC for neighborhood economic development activities including: the Portland Main Street Program, the Economic Opportunity Initiative, business district support through APNBA, and the Business Portland website. Over the next five years, an additional \$1.5 million per year in City General Fund support would help attract private capital, expand the Main Street Program, establish the Focus Area and Small-Scale Seed Grants, and provide small business technical assistance.
 - b. **Community Development Block Grant (CDBG) funding in support of NED.** Nationally, CDBG is the most common public funding source for economic

development in low-income neighborhoods and can be used for a wide range of activities, such as real estate and business loans, small business technical assistance, and as grants to community-based organizations. Currently, Portland invests 12 percent or \$2.7 million of its CDBG resources in economic development programs. Continuation of this funding for economic development programs is essential for the NED Strategy. In addition to this, PHB and PDC will collaborate and identify opportunities to leverage CDBG or secure other competitive federal resources to support catalytic redevelopment projects outside URAs.

5. **N/NE Enterprise Zone (E-Zone) Community Contributions.** Over the next five years, PDC will direct a portion of the total funds received through the E-Zone Community Contributions program to implement the NED Strategy. Sixty percent of the total funds are administered by Worksystems, Inc to support workforce training to Portland residents who earn at or below 80 percent median family income and to move them into family wage jobs that are being created as a result of the E-Zone program.

Forty percent of the total funds will be available to stimulate employment opportunities through the growth and development of local firms and community based businesses. Community Contributions funding are a powerful tool for small businesses in N/NE Portland seeking small business technical assistance, working capital loans, and tenant improvements outside urban renewal areas. In the initial year, \$150,000 is available for business development and will likely increase over the next five years.

6. **Neighborhood Opportunity Districts (NODs).** Action II.B.3 - Establish Neighborhood Opportunity Districts - calls for the creation of small scale, long-term debt free urban renewal areas in three to six commercial hubs within priority neighborhoods. Creation of these districts provides an important source of capital funding for storefront improvement grants, tenant improvement loans, and district-wide property improvements within the priority neighborhoods. The revenue potential for a Neighborhood Opportunity District will be determined by two factors, the assessed value of property in the district and its size. In order to generate approximately \$75,000 in increment by year three of a NOD, an area with approximately \$90 million in Assessed Value and approximately 140 acres would be required.
7. **Permanent revenue streams dedicated to economic development^{xix}.** Cities with robust economic development programs enjoy predictable funding due to established revenue streams dedicated to economic development. These revenue streams are the result of a long-term perspective to asset management that seeks to convert city-owned assets into annuity-like income generating properties. As a specific example, City and PDC-owned real estate could be leased instead of sold to developers and property managers and generate predictable lease payments, which would generate substantial regular funding for economic development.

Outcomes

The Neighborhood Economic Development Strategy’s goal of fostering economic opportunity and neighborhood vitality throughout Portland by growing vibrant commercial areas, supporting small business growth, and increasing access to jobs will be evaluated quantitatively at the end of the five year plan on the following results:

Result 1: Improved profitability of businesses in priority neighborhoods by four percent

Result 2: Increased real median family income for communities of color by three percent

Result 3: Achieved one percent annual net job growth in priority neighborhoods

To measure and ensure equitable outcomes, data will be disaggregated by race, ethnicity and geography.

Benchmark, performance, and outcome measures will help to prioritize, monitor, and assess our collective efforts to reach the objectives and goal set forth in this Strategy. **Benchmark measures** will establish the starting point for our work and help to prioritize limited resources to focus on specific communities and priority neighborhoods. **Table A** shows an example of key metrics that could be used to evaluate priority neighborhoods and populations within the City of Portland – as well as a template for **intermediate outcome measures** to evaluate the impact of efforts on an annual basis.

Table A. Neighborhood Economic Development Benchmark and Outcome Measures

	Economic security*	Commercial vitality*	Job growth*	Business growth*	Convenient access to jobs*	Upward mobility*
Metric	% of households below 200% of poverty level	Retail needs met within market area	Annual job growth rate	New business licenses	% of households within ¼ mile of frequent transit	Residents over 25 with <2 years education/training beyond high school

* Metric will be disaggregated by race and ethnicity whenever possible.

Sample Performance Measures

The following are potential performance measures for the implementation of the NED Strategy. Performance measures will be refined as specific initiatives are implemented, and with the advice of the NED Leadership Group.

Objective 1: Build Local Capacity to Achieve Economic Development Outcomes

1. At least six city-supported, community-based organizations are successfully engaged in full-time work to develop and implement strategic neighborhood economic development plans in priority neighborhoods. Organizational success may be measured by:
 - Number of jobs created and retained
 - Vacancy rates within area of focus
 - Financial health of the CBO – including private investment leveraged
 - Organizational health of the CBO – including diversity and representativeness of active members and hours volunteered
2. 80 percent of Portland’s volunteer-run neighborhood business associations are successfully contributing to a strong neighborhood economy. Success may be measured by:
 - Vacancy rates
 - Business and resident survey results of district’s health
 - Financial health of the business association
 - Organizational health of the business association – including diversity and representativeness of active members as well as membership numbers
3. Coordinated, and regular trainings in neighborhood economic development and organizational development are held by partners including: APNBA, PDC, City of Portland, community-based organizations, and the non-profit community. Success may be measured by:
 - Frequency of trainings (at least quarterly)
 - Participant satisfaction surveys
 - Number and diversity of participants
4. At least 100 key community leaders in priority neighborhoods and among communities of color are trained in public, private, and non-profit resources available to small businesses in Portland.
5. At least 100 long-time and/or minority property owners in neighborhood URAs and priority neighborhoods receive technical assistance regarding property development options and economics.

Objective 2: Drive Neighborhood Business Growth

1. 500 new long-term jobs are created by City supported CBOs
 - 40% of new jobs are held by people of color
2. 1000 new high growth, high demand jobs are created in employment areas within Portland’s neighborhoods
 - 40% of new jobs are held by people of color

3. City-supported business technical assistance initiatives are successfully serving previously underserved businesses in priority areas. Success measures may include:
 - 500 neighborhood businesses per year receive business technical assistance services
 - 60% of all businesses served are owned by individuals earning 80% of the median family income or less
 - At least 50% of all businesses receiving services are owned by people of color
 - 70% of businesses served will be in business 3 years after service
 - Increase access to working capital loans by minority owned and small businesses in priority neighborhoods
4. Establish at least 5 community benefit agreements with major employers who receive sizeable grants or loans from PDC to hire residents who have recently completed skills training.
5. Private, non-profit and public partners collaborate to develop three catalytic projects with wider community benefit - such as full service grocery stores - in priority neighborhoods.

Objective 3: Align and Coordinate Resources to Support Neighborhood Economic Development

1. PDC realigns budget and staff resources to support NED Strategy implementation.
2. City Action Team meets monthly and community leaders in priority neighborhoods view group as a highly functional and relevant to public sector partner.
3. City supports business needs by regularly convening small business technical assistance providers and financial institutions to identify gaps, establish common performance metrics and referral protocols, and create new relationships to expand services to historically underserved small business owners.
4. NED Leadership Group guides implementation of the Strategy and collaborates in its implementation.

APPENDIX A: DEFINITIONS

APNBA	Alliance for Portland Neighborhood Business Associations
Capacity Building	Increasing the capability of an individual or entity to carry out specific work tasks
CBO	Community based organizations (CBOs) are non-profit entities focused on improving the well being of individuals and/or communities.
CDBG	Community Development Block Grant – Federal funding for community development administered by the Portland Housing Bureau (PHB)
CDFI	Community development financial institution - CDFIs serve economically distressed communities by providing credit, capital and financial services that are often unavailable from mainstream financial institutions.
BPS	Bureau of Planning and Sustainability – City of Portland
Business Development	Activities aimed at attracting and retaining key businesses and firms. Activities may include: identifying and marketing vacant space and/or property to key businesses and firms, packaging financial assistance to secure firms/businesses, assisting firms/businesses in navigating regulatory environment when needed
Business Development Organization	Entities that develop the capacity of new and existing business owners. Services vary but often include: training and technical assistance, mentoring, economic literacy and asset development, credit and access to credit, access to markets.
DCL	Diversity and Civic Leadership Partners – City of Portland
General Fund	Taxes and fees collected by the City of Portland and available for use citywide for public services, projects and programs. Resources are budgeted annually by Portland City Council.
Intermediary	Third party agent who acts on behalf of PDC/City to administer a program or financial product.
Metro	Portland’s regional planning body
NAO	Non-Profit Association of Oregon
NED	Neighborhood Economic Development
ONI	Office of Neighborhood Involvement – City of Portland
PAC	Project Advisory Committee
PBOT	Portland Bureau of Transportation – City of Portland
PDC	Portland Development Commission
PHB	Portland Housing Bureau – City of Portland
PMS	Portland Main Street
PSU	Portland State University
TA	Technical Assistance
TIF	Tax Increment Financing
Tri-Met	Portland regional transit service provider
Traded Sector	Industries firms that sell their goods or services into markets outside of their region, including international markets
URA	Urban Renewal Area
URAC	Urban Renewal Advisory Committee
WSI	Worksystems Inc.

APPENDIX B: NED IN PORTLAND: RESEARCH AND KEY FINDINGS

To develop an understanding of Portland's current state of neighborhood economic development PDC conducted an assessment of stakeholder opinions and a review of PDC's neighborhood economic development tools. The findings from this research yielded important lessons for PDC and guided the development of the Strategy.

Key Findings: Focus Groups

At the start of the project, in May 2010, the project team conducted 17 focus groups and interviews with 95 individuals representing diverse experiences and perspectives. The conversations centered around challenges and aspirations for Neighborhood Economic Development. Key findings from these discussions include:

- There is general agreement on what constitutes economically healthy neighborhoods: neighborhood-serving small businesses, 20-minute (walk or bike) to convenience goods and services, neighborhood-scaled development, and neighborhood-based employment.
- Neighborhood economic development is a vague concept to many. There is limited experience with key elements of NED such as community driven and community led strategies, true public-private partnerships, organizational capacity building and private fund raising by neighborhood groups for desired projects.
- Stakeholders welcome a genuine partnership with PDC, and express excitement about the opportunity to partner to improve economic conditions in Portland's neighborhoods. Yet they recognize this requires a significant change in the way PDC has historically worked with community groups.
- Portland lacks a functioning NED system. NED efforts are fractured and disconnected across public agencies and community-based organizations. True partnership and collaboration are limited, with everyone scrambling for limited resources.

Key Findings: NED Tool Review

The final research activity undertaken by the project team was a review of PDC's existing neighborhood economic development tools. Three components of successful NED were evaluated: small business development, neighborhood business district management, and commercial property revitalization. Findings are discussed below.

Small Business Development

Definition: Small business development seeks to start, grow and retain locally owned business by expanding access to the key resources for business success.

Strengths: Portland has developed considerable small business resources and a good foundation of business development tools.

Identified Gaps:

- Limited capital for small business loans outside URAs.
- Limited funding for citywide non-bank working capital finance.
- Technical assistance services are generally aimed at businesses citywide and offered in a centralized location, which makes access difficult for many neighborhood-based small businesses.
- Limited technical assistance services to non-English speaking business owners.
- Fragmentation and weak coordination among technical assistance and training service providers. This results in the potential for duplication in some basic services and gaps in more advanced or industry-specific technical assistance.

Neighborhood Business District Management

Definition: Neighborhood business district management is often the foundation for effective development as it establishes shared local goals and fosters the leadership and organizational infrastructure to drive neighborhood-based economic development. Area planning, capacity building and district management allow local stakeholders to define a vision and goals for their neighborhood, shape and coordinate efforts to realize this vision, and undertake projects, programs and activities to advance their local vision and improve economic outcomes for residents and businesses.

Strengths: Portland has a history of area and neighborhood planning driven by the Bureau of Planning and Sustainability (BPS), other City bureaus and PDC, which serves as an important foundation for community and economic development. Currently, PDC has two important programmatic tools that invest in local CBOs to actively do the work of neighborhood economic development in commercial corridors: the Portland Main Street Program and the Alliance of Portland Neighborhood Business Associations (APNBA).

Identified Gaps:

- Portland does not have a long history or strong network of CBOs active in neighborhood economic development and district/commercial corridor management.
- Most neighborhood commercial corridors do not have organizations and resources for neighborhood business district management.
- Portland is at an earlier developmental stage in its neighborhood economic development program than many other cities and is thus at a disadvantage in leveraging funding from foundations and national intermediaries for community capacity building, training, peer networking and outreach.

Commercial Property Redevelopment and Revitalization

Definition: Commercial real estate development provides the physical infrastructure to house local-serving businesses and community facilities (health clinics, child care centers, performance and cultural centers) that create complete neighborhoods and more vibrant community life. Real estate projects can transform underutilized properties and attract new businesses, customers, and further investment.

Strengths: Portland has a solid foundation of revitalization tools to build a healthy neighborhood economic development system. Commercial real estate development is a core function for PDC and several tools are currently available to promote this activity inside URAs.

Identified Gaps:

- Limited commercial property development tools available to neighborhoods outside URAs.
- History of Section 108, SBA 504
- Technical assistance or development partnerships to expand the capacity of inexperienced property owners or developers both inside and outside URAs.
- Limited non-profit commercial development capacity in Portland.
- Lack of funding for deep capital subsidies to undertake community facility projects and catalytic projects in early stages of revitalization particularly outside of URAs.

APPENDIX C: CITY/PDC'S NEIGHBORHOOD & SMALL BUSINESS WORK

The following actions have recently been taken by the City of Portland and PDC to support neighborhood vitality and small businesses:

Reorganized of Portland Development Commission:

- Formed new Neighborhood Division within PDC
- Created Portland Housing Bureau
- Moved microenterprise and workforce development programs to PDC

Increased Fairness of Businesses License Tax:

- Increased gross receipts exemption from \$25,000 to \$50,000
- Increased owner's compensation deduction limit to \$84,000
- Changed to an "after the fact tax" - resulting in approximately \$8 million in one-time credits in 2009

Improved the Delivery of Business Services:

- Streamlined the City's permitting process
- Created a business hotline (503-865-4BIZ)
- Launched a one-stop business website ([Business Portland](#))

Supported Small Business Development:

- Invested nearly \$1 million per year to provide microenterprise development services to low-income individuals to grow and start small businesses. Approximately 500 individuals are served through this program each year. Business development and support services were provided by ten providers including: Mercy Corps NW, Hispanic Chamber, Microenterprise Services of Oregon, the Small Business Legal Clinic, and the Oregon Microenterprise Network
- Memorandum of understanding with GE to help local companies expand into new markets

Invested in Commercial Corridor Revitalization:

- Established a Portland Main Street program in St. Johns, Hillsdale and Alberta
- Secured ongoing funding for the Alliance of Portland Neighborhood Business Associations
- Commercial streetscape projects completed/underway in the last two years on Russell Street, 102nd Avenue, Denver Avenue, and Foster/Woodstock
- Community Livability Grants:
 - \$370,000 awarded to 5 non-profits in the Interstate URA (FY 2009-10)
 - \$628,000 awarded to 15 non-profits in the Interstate and Lents URAs (FY 2010-11)

- Green Features Grants:
 - \$191,000 grants to 8 small businesses in the Interstate URA (FY 2009-10)
 - \$265,000 grants to 13 small businesses in the Interstate and Lents URAs (FY 2010-11)

Supported Local and M/W/ESB Businesses and Workers:

- Established Local Business Enterprise Purchasing Rewards Program
- Reestablished Fair Contracting Forum
- Implemented Clean Energy Works Portland’s Community Workforce Agreement
- M/W/ESB procurement on PDC projects due to PDC’s Business Workforce Equity Programs:
 - 35% M/W/ESB procurement (FY 2008-09)
 - 22.95% M/W/ESB procurement (FY 2009-10)
- Initiated Pop-Up Shops
- Secured \$9 million from the Department of Labor for Green Job training grants through Worksystems, Inc.
- Invested more than \$4 million per year in FY 2009-10 and FY 2010-11 to provide workforce development services to low income Portlanders. Approximately 2100 individuals receive service through this program each year. Training and support services were delivered by seventeen providers including: Open Meadow Alternative School, Native American Youth and Family Center, Human Solutions, Central City Concern, and Oregon Tradeswomen.

Invested in Small Businesses and Neighborhood Redevelopment:

	FY 2009-10	FY 2010-11 (July 1, 2010 – March 31, 2011)
Business Finance Loans	\$2.6 million in loans 30 small businesses	\$1.6 million in Loans 16 small businesses
Storefront Improvement Grants	\$2.0 million in grants 176 small business	\$1.4 million in grants 105 small businesses
Commercial Property Redevelopment Loans	\$1.7 million in loans 5 neighborhood projects	\$795,000 in loans 2 neighborhood projects

Note: Small businesses are those with less than 50 businesses. Loans and grants are primarily in URAs and funded with Tax Increment Financing (TIF).

APPENDIX D: FEEDBACK FROM NEIGHBORHOOD ECONOMIC DEVELOPMENT ROUNDTABLE

Overview:

As a part of the development of the Neighborhood Economic Development Strategy, the Portland Development Commission, in collaboration with the Bureau of Planning and Sustainability, held a day-long Neighborhood Economic Development Roundtable at Portland State University on September 13, 2010.

Approximately 300 individuals representing business, neighborhood, and other perspectives attended. The purpose of the event was to learn about and discuss:

- What is neighborhood economic development?
- What are other best practice cities are doing?
- How Portland can improve its neighborhood economic development?

Speakers:

Participants in the Roundtable event heard from national and local speakers including:

- Jim Capraro, Institute for Comprehensive Community Development, Chicago
- Marsha Murrington, Bay Area Local Initiatives Support Corporation (LISC)
- Craig Howard, MacArthur Foundation, Chicago
- Karl Seidman, MIT Department of Urban Studies, Boston
- Fred Blackwell, San Francisco Redevelopment Agency
- Mayor Sam Adams, City of Portland
- Erin Flynn, Portland Development Commission
- Joe Zehnder, Bureau of Planning and Sustainability
- Rey España, Native American Youth Family Center
- Barbara Gibbs, Meyer Memorial Trust
- Jim Smith, YChange International
- Michele Reeves, Michele Reeves LLC

Summary of Feedback

The following is a high level summary of feedback from participants at the Roundtable. This feedback was used by PDC and the PAC in guiding the development of the NED Strategy.

What excites you about what you heard about national best practices?

- Importance of partnerships and relationship building
- Speakers and their specific ideas
- Raising income levels as a way to make housing more affordable.
- Importance of traded sector/export economy
- New ways to fund efforts – going beyond TIF

What questions do you have about implementing neighborhood economic development in Portland?

- Will the City of Portland and PDC have the will to change?
- Power sharing: how do decision making, funding and responsibilities get shared?
- How do we build trusting, collaborative relationships?
- How will we start and how will we measure success?
- How can we fund this work?
- How can we make effort equitable and engage communities of color?
- How can we avoid displacement/gentrification?

What assets and opportunities exist in Portland?

- Existing businesses
- Community culture
- Business District Association Capacity
- Neighborhood Association Capacity
- Diversity
- Educated population and strong education institutions
- Variety and distribution of commercial corridors
- Existing programs such as URAs and Main Streets

What needs to happen for meaningful change to occur in Portland?

- Access to capital, information and technical assistance for small businesses
- Build capacity at a local level (business district associations and other CBOs)
- PDC needs to move beyond URA and TIF focused work
- Tailor solutions to the specific neighborhood
- More money and more flexible funding
- Honor and act on community input to build community trust in government
- Strengthen job creation and business environment in Portland generally
- Build authentic partnerships and trust the private sector

What can you do to foster change in your neighborhood?

- Build stronger relationships with others in my immediate community (schools, businesses, neighborhoods)
- Share what was learned at Roundtable with others in my community
- Continue to provide services and/or funding to small businesses and developers
- Stay involved and learn more about economic development
- Advocate for implementation and system's change: funding, collaboration, partnership, capacity building, grassroots leadership
- Convene and coordinate small business technical assistance providers to reduce confusion
- Expand organizational mission to include economic development

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- i "Portland is not Cleveland, no matter how you look at the numbers," The Oregonian, 1/15/2001, Joe Cortright, Neba Noyan, Sheila Martin, Greg Schrock and Ethan Seltzer: "Over the past decade, Multnomah County has accounted for 60 percent of the net increase in college-educated 25- to 34-year-olds in this metropolitan region." -
- ii Urban League of Portland, The State of Black Oregon 2009.
- iii For download the City of Portland Economic Development Strategy go to www.pdxeconomicdevelopment.com
- iv Framework substantially influenced by Weissbourd, Robert & Riccardo Bodini. "Market-Based Community-Economic Development," The Brookings Institution Metropolitan Policy Program, 2005.
- v The remaining 6% of Portland's population live in the Central City. BPS calculation from 2010 Census data. Healthy Connected Neighborhoods Strategy of the Portland Plan.
- vi Weissbourd et al. Within the Portland Metro region, 32.6 percent of the adult population has a bachelor's degree or higher, compared to metropolitan Seattle at 36.3, Minneapolis at 37 percent and Denver at 36.6 percent. – Cortright et al.
- vii BPS calculations from Covered Employment data of Oregon Employment Department, 2008
- viii BPS calculations from Covered Employment data of Oregon Employment Department, 2008
- ix As cited in the Portland Plan Phase I overview: "Regional job growth has not been fast enough to bring down Multnomah County unemployment rates, which significantly exceeded the national average over most of the last decade. In Multnomah County, job growth was generally flat during the 2000-2008 business cycle and trended downward between 2008-10."
- x Ibid: "Average wages (and salaries) in Multnomah County have not kept up with the rising costs of living over the last decade. This shrinking value of paychecks is particularly affecting middle- and low-income workers. In the metropolitan region, average wages have also fallen below the national average during the last decade."
- xi Ibid: "Many Portlanders struggle to make ends meet. The "working poor" made up 23% of Multnomah County households in 2005-07 (before the recent recession), and were not able to cover local costs for basic needs."
- xii Ibid: "Median household income among black and Native American residents is only 47% and 48% of the citywide median (2008). The poverty rate for female- householder families in Multnomah County averaged 30% from 2005 to 2009, compared to 11% for all family types."
- xiii Following the Coalition of Communities of Color Report's lead, here "communities of color" and "people of color" is intended to include African American, Native American, American Asian, Pacific Islander, Latino, Slavic and African Immigrant & Refugee and multi-ethnic communities and people.
- xiv Curry-Stevens, A., Cross-Hemmer, A., & Coalition of Communities of Color (2010). Communities of Color in Multnomah Country: An Unsettling Profile.
- xv Get from BPS - 2008
- xvi Access NED Strategy Reports including Focus Group Summary, Best Practice Report, and Tool Review at: http://www.pdc.us/bus_serv/ned.asp
- xvii This language intentionally echoes and this goal is intended to align with the Coalition of Communities of Color and City of Portland's Equity Initiatives' call for an intentional approach to poverty reduction and job and wealth-creation activities.
- xviii Weissbourd, Robert & Riccardo Bodini. "Market-Based Community-Economic Development," The Brookings Institution Metropolitan Policy Program, 2005.
- xix As stated in the City of Portland Economic Development Strategy, 2009.