

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: June 10, 2009

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 09-68
Modify the Community Livability Grant Program Guidelines

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6710

ACTION SUMMARY

This action will modify the financial assistance guidelines (the Guidelines) for the Community Livability Grant Program (Program). The modifications to the Guidelines (the Revised Guidelines) expand the current definition of "Eligible Grantee". The Revised Guidelines enable private property owners or for profit entities to be considered Eligible Grantees under the Program if the project proposed by such applicants has a long-term use that benefits the community. The Interstate Corridor Urban Renewal Area (ICURA) is currently the only Urban Renewal Area (URA) to fund the Program and approximately 13 percent of submittals have involved private property or a for profit entity, highlighting the role that privately owned facilities and for profit entities play in implementing community livability goals in URAs.

Under the Revised Guidelines, to be considered an Eligible Grantee, a private property owner or for profit entity must document a history of either: 1) providing space for no fee or at a substantially reduced rate to meet the needs of a nonprofit organization or community group; or 2) providing a significant community benefit that adds to livability for area residents. The prospective Eligible Grantee must also make a commitment to provide the subsidized rent or community benefit for a minimum of five (5) years after the proposed project's completion.

Additional Program modifications increase the maximum grant amount to \$300,000 from \$50,000 to enable PDC to consider larger physical improvement requests, as well as make other minor guideline language edits.

PUBLIC BENEFIT

The Program preserves and enhances community assets to ensure the long-term livability in the URAs. In general, "community livability" includes parks/open space, community facilities, historic preservation, urban design, and traffic calming.

The modification to the Guidelines will enable the Portland Development Commission (PDC) to consider community livability projects that are privately owned, but otherwise meet the intent and expectations of the Program.

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

An Interstate Corridor Urban Renewal Advisory Committee (ICURAC) Working Group provided input and feedback to the development of the Program and supported projects that enhance the community livability goals of the URA, even if the property is privately owned or if the business is for profit. The ICURA Community Livability Evaluation Committee, comprised of representatives from the community, ICURAC and PDC staff, has given positive feedback on several applications involving private property owners and/or for profit businesses and recommended an award to one project specifically because of the strong community support for the project. Implementing the award to the private property owner/sponsor submission has highlighted several procedural barriers and is the reason for the requested modification to the Guidelines.

Some examples of privately owned community facilities in the ICURA that meet the intent of the Program include: a long-time Boise neighborhood community center; a new mixed-use development proposing the inclusion of dedicated nonprofit business conference space; and an historic home in Kenton used for events that opens its doors at reduced or no fees for local high school proms, community gatherings and special events at holidays.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Resolution No. 6442 requires PDC Board of Commissioners (Board) approval of any policy changes to the Program.

The Program supports the following plans and strategies:

Interstate Corridor Urban Renewal Plan: The adopted ICURA Plan stipulates as a general principle the goal of benefiting the existing community through creation and enhancement of features which enhance the quality of life within the URA. Special emphasis is placed on timely benefits to groups most at risk of displacement. The plan also supports stability and sustainability, building on the diverse cultural, historic and natural assets of the area, and is committed to improvement in the lives of those who live, work and play in the area.

ICURA Community Livability Strategy: Specific principles for community livability guide implementation for parks/open space, community facilities, and historic preservation. The

strategy directs implementation of community livability projects and programs in the ICURA, including establishing a competitive funding program and identifying potential projects.

FINANCIAL IMPACT

Funding of projects within each URA is subject to availability of funds. ICURA is currently the only URA budgeting for the Program, with \$300,000 budgeted annually. ICURA projects are awarded through a competitive process including evaluation and recommendation by a committee of community members. Including private property owners and for-profit entities that meet criteria of enhancing area livability as Eligible Grantees will likely result in more applications, increasing competition and demand for the funds. As a result, PDC may wish to increase the budget for the Program in future years.

RISK ASSESSMENT

Increased competition among projects and higher demand for funds can be a risk, but for this competitive process it is a positive outcome. The ICURAC has started discussions of increasing the Program's annual budget.

WORK LOAD IMPACT

A higher number of inquiries and/or applications are not expected to have a significant impact on staff work load.

ALTERNATIVE ACTIONS

The Board could elect to maintain the current definition of Eligible Grantees under the Guidelines. If the term "Eligible Grantees" is not expanded, only neighborhood associations, business associations, and public or non-profit tax-exempt entities will be eligible to apply for Program funds. As a result, some projects that further the URA goals for community livability will not be eligible for Program funds.

The Program has allowed private property owners and for profit entities to work with an Eligible Grantee to sponsor a proposed project. For example, a privately owned community center was awarded a grant for FY 2008-2009 with the hope of including the neighborhood association as sponsor. However, the project has not been able to move forward because the neighborhood association has been unwilling to enter into an agreement with PDC and the property owner assuming equal liability to the property owner, but not having (or wanting) control over the project outcome or on-going use of the property. Under the Revised Guidelines, the project would be able to move forward with the private party offering the project and without the inclusion of the neighborhood association.

CONCURRENCE

This action complies with the Board's direction to review all guidelines for financial assistance products on a regular basis to reflect current public policy goals and input from the ICURA Community Livability Evaluation Committee. The Neighborhood Team, the

North/Northeast Team, and the Business Finance and Development Finance Program teams support the proposal. This action has been reviewed by Loan Committee and recommended for approval.

BACKGROUND

The PDC Board authorized the Community Livability Grant Program in February 2007 (Resolution No. 6442), with Eligible Grantees restricted to neighborhood associations, business associations, and public or nonprofit tax-exempt entities. The purpose of the Program is to provide grants for capital improvement projects that implement community livability goals in URAs. The Program has been funded in the ICURA for four years focusing on community facilities and historic preservation. The Program has resulted in upgraded improvements to community facilities that enhance the area's livability and the preservation of historic assets of the community. Many of these upgrades would not have been made without the Program grant funds.

Since its inception in FY 2006-2007, \$644,750 has been awarded to 19 projects through the Program. Past grant recipients include a volunteer-run community center located in a historic firehouse, a community-oriented contemporary arts center and artist studios in Kenton, a community health center, a childcare center operating in a historic building, local alternative and charter schools, and a community-based music school. Evaluation of proposals for FY 2009-2010 is underway and the announcement of awards will be made June 30, 2009. Up to \$300,000 is available in FY 2009-2010.

Lents Town Center Urban Renewal Area has budgeted \$200,000 for this Program in FY 2009-2010.

ATTACHMENT:

- A. Community Livability Grant Program – redlined copy

Community Livability Grant ~~Product~~Program

The Community Livability Grant ~~Product~~Program (the “Program”) provides grants for capital improvement projects that implement community livability goals in the urban renewal areas (“URAs”). ~~Community livability~~Eligible projects will vary from URA to URA, but generally ~~may~~ include parks ~~&~~, open space, traffic calming, community facilities, and historic preservation ~~and~~& urban design projects.

Availability of Funds

~~Annually~~, PDC will issue an ~~a~~Announcement of ~~a~~available f~~Funds~~ ~~annually~~ ~~for the Program~~ in each URA where funds are available. ~~That~~ ~~Such~~ announcement will specify the ~~product~~Program focus, evaluation process, and timeline for implementation. The announcement ~~may also invite proposals for larger scale projects, and the announcement will also specify the evaluation process and the criteria for selection for a Grant (as hereinafter defined) through the Program evaluating and awarding those grants.~~ Eligible projects may receive a maximum amount of \$300,000, although the typical Grant award is between \$5,000 and \$25,000.

Eligible Purpose

Funding for ~~the~~ ~~P~~program is through tax increment financing (TIF) and, therefore, is tied to ~~the~~ infrastructure and physical improvements (including tenant improvements) ~~of real estate projects to real property~~ within URAs. Funds shall not be used for ongoing administration, maintenance costs, or working capital. To the extent that the Eligible Grantee (as hereinafter defined) is a private property owner or for profit entity, any awarded Grant funds shall only be used for TIF eligible improvements to space occupied by a nonprofit or directly related to providing a community benefit and for no other portion of a building not dedicated to such use or community benefit.

Eligible Grantee

Neighborhood associations, business associations, and public or nonprofit tax-exempt Entities are considered “Eligible Grantees”. Except as provided below, Eligible Grantees are required to continuously provide the community benefit funded by the Grant for a minimum of two (2) years after project completion.

Private property owners and for profit entities may also be considered Eligible Grantees if such an applicant meets one of the following conditions:

1.
 - a. Such an applicant leases or provides ~~s~~Space is provided for no fee or at a substantially reduced rate to meet the needs of a nonprofit organization or community group and, in the case of an existing building, such space has been leased to a nonprofit or community group on similar terms for a minimum of one year prior to the application; or
 - b. Such an applicant pProvides or proposes to provide a significant community benefit that adds to the livability for area residents; and

2. Such an applicant commits to continuously provide the community benefit or subsidized rent for a minimum of five (5) years after project completion and such specific community benefit or subsidized rent will be clearly documented in the Grant letter agreement if such Eligible Grantee is awarded Grant funds.

Service Area

All URAs, as funding is available.

Product Guidelines and Requirements Evaluation Criteria

Proposed project shall be evaluated in part based on the following criteria: General criteria that would apply for all projects include:

- maximum amount of \$50,000, although typically between \$5,000 and \$25,000
- Demonstration of community support (through letters and other documentation);
- Demonstration of financial feasibility for the ~~budget~~-proposed budget, either through detailed budgets or contractor eEstimates;
- The extent that a proposed project supports the community livability goals of the URA Plan;
- Demonstration of financial demonstrate financial-need for PDC-Program funding;
- Demonstration that the proposed project can be completed within one year of grant-award of Program funding; and
- The extent that a proposed project leverages other funds or in-kind donations.

An evaluation committee comprised of PDC staff and representatives from the community (generally the URA Advisory Committee) (collectively, the “Committee”)~~will~~ shall review all proposals ~~received based on the foregoing criteria. and~~ The Committee shall forward to Recommend the Director of Urban Development, or designee, its recommendation for which proposals ~~will~~ should ~~receive an allocation of~~ be awarded funds under the Program (“the Grant”). The ~~PDC Development Department~~ Director of Urban Development, or designee, will ~~shall~~ make the final ~~decision-determination as to which proposals will receive on the allocation of funds.~~ a Grant.

After Award of Grant

Grant ~~Recipients of a Grant (“Grantees”)~~ awards ~~may include be a requirement~~ required to provide recognition of the ~~PDC-funding by PDC through the Program~~ during implementation of the proposed project.

Grant awards ~~payments will shall~~ be ~~disbursed on an expense on a~~ reimbursement basis. The ~~G~~grantee is responsible for paying vendor ~~and subcontractor~~ invoices in full, ~~and then~~ submitting a copy of ~~the such paid~~ invoice(s) ~~to PDC~~ along with a proof of payment ~~to PDC~~ for reimbursement ~~by PDC up to the maximum Grant amount awarded to such Grantee.~~

In ~~unique-certain~~ circumstances, PDC may ~~be able to~~ make exceptions to ~~its typical~~~~the~~ ~~disbursement~~ reimbursement ~~policy~~~~practice i.~~ If the ~~applicant~~~~Grantee~~ can demonstrate that ~~awaiting the 2-3 week period for reimbursement by PDC for expenses incurred will result in they~~ ~~have a cash flow issue~~~~problem or other hardship~~ for such Grantee. ~~(that they cannot afford to~~ ~~await the 2-3 week reimbursement from PDC),~~ PDC may be willing to pay invoices directly that are related to the funded project or identify some other payment arrangement that is mutually acceptable to PDC and the grantee. ~~In such case, Grantee and PDC shall execute a~~ ~~separate~~ ~~'Disbursement Agreement Exception'~~ letter must be signed by the grantee and PDC after the grant is awarded but ~~before any portion of work on the proposed project that requires the Grant funds~~ ~~has commenced.~~