

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: November 10, 2010

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 10-103
Adopt Revised Storefront Improvement Program Guidelines to include Signage and Lighting Improvements Grant Product Incentive.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6836

ACTION SUMMARY

This action will adopt revised guidelines for the Storefront Improvement Program to streamline and provide increased ease of use and understandability for clients. The primary changes in the proposed guidelines are as follows:

1. Consolidate the Signage and Lighting Improvements Grant Product (SLIP) into the Storefront Improvement Program;
2. Provide a consistent percentage of matching grants for the costs of all work completed on any single project; and
3. Provide assistance for eligible newly located ground floor business tenants for adequate signage to increase visibility.

These revisions will help provide clarity and simplicity to these popular revitalization programs. The adoption of these guidelines will replace the existing guidelines for the Storefront Improvement Program adopted through Resolution No. 6784 by the Portland Development Commission (PDC) Board of Commissioners (Board) on April 14, 2010; as well as rescind the existing guidelines for SLIP adopted through Resolution No. 6663 by the Board on January 14, 2009. Board approval is required for any policy changes to SLIP and the Storefront Improvement Program.

PUBLIC BENEFIT

The inclusion of SLIP into the Storefront Improvement Program will streamline the programs, and help reduce overhead costs associated with administering these programs. In addition, this action will help create clarity of the programs for the small businesses that take advantage of this program.

This action will support the following PDC goals:

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

PUBLIC PARTICIPATION AND FEEDBACK

PDC staff regularly receives feedback regarding both programs. Currently, having the SLIP grant connected to the Storefront Improvement Program creates confusion regarding actual grant amounts prior to when actual bids are received by PDC. This makes it very difficult to explain the programs and help with budgeting for clients. Based on conversations with current clients regarding these proposed changes, clients are excited about the clarification and streamlining changes to the program, and several are waiting for the revisions to be made prior to proceeding with the SLIP portions of their projects

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The City of Portland's Economic Development Strategy calls for a "*Vibrant Central City*" as well as "*Building the Sustainable Economy*" citywide. These changes support the following objectives:

- Objective 2.2: "enhance the vitality and distinctiveness of the Central City to showcase our sustainable way of life and attract creative talent, and capturing job growth in Central City neighborhood."
- Objective 3: provide "continued and expanded support for neighborhood serving businesses is required for Portland to achieve its vision of 20 minute neighborhood, where residents have easy access to goods and services."

PDC's Strategic Plan 2010 focuses around five goals, and three of them are supported by the Storefront Improvement Program:

- *Sustainability and Social Equity* goal continues to demonstrate PDC's leadership in promoting sustainability as well as investment for disadvantaged businesses and communities. The Storefront Improvement Program expands access to income and wealth-building opportunities.
- *Healthy Neighborhoods* goal focuses investment in urban renewal areas (URAs) and throughout the city to transform our communities in unique ways. The Storefront Improvement Program invests in projects that help stimulate additional public and private investment in Portland's commercial districts.
- *Vibrant Central City* goal focuses PDC's resources on the Central City by attracting public and private investment and developing key projects that showcase the Central City's livability and unique urban experience.

Additionally, the 2009 Portland Downtown Retail Strategy, endorsed by the PDC Board on January 27, 2010 (Resolution No. 6768), responds to the recognition that a strong vibrant downtown retail core is the cornerstone for a strong regional economy. Changes to the Storefront Improvement Program are in direct response to this Retail Strategy.

FINANCIAL IMPACT

In the Fiscal Year 2010-11 Budget, Storefront Improvement Program funds are allocated in the following URAs: Lents Town Center, Gateway Regional Center, Interstate Corridor, Oregon Convention Center, Central Eastside, Downtown Waterfront, South Park Blocks, and River District.

The merging of the Storefront Improvement Program and SLIP will not create a financial impact. The Business Tenant Signage Incentive may create an increased demand on the existing budget, by increasing eligible applicants and allowing business to access grants for signage even when buildings have reached the maximum grant amount.

RISK ASSESSMENT

The changes proposed in the guidelines do not increase risks to PDC. However, if budget or staff resources are unable to satisfy demand, or a complete marketing campaign cannot be implemented, we could run the risk of public dissatisfaction for not providing funds equally

WORK LOAD IMPACT

The consolidation of the Storefront Improvement Program and SLIP will decrease staff workload by removing duplication of applications, eliminating extra correspondence for applicants receiving both grants, and reducing the number of checks written. In addition, the streamlining will help make the programs easily explainable, which should reduce staff time and confusion from applicants.

The Business Tenant Signage Incentive may increase workload, depending on the number of tenants requesting signage. Staff has addressed the possible increased applications of signage grant requests by putting a limit on eligibility based on newly located businesses.

ALTERNATIVE ACTIONS

If the Board chooses not to consolidate the existing guidelines at this time, staff would continue to administer both the Storefront Improvement Program and SLIP under the current guidelines.

The Board could also choose to revise the recommended guidelines, and the Storefront Improvement Program would be administered accordingly.

CONCURRENCE

These proposed changes were reviewed and discussed as part of the internal SLIP Rethink process, which included a cross-functional team from both Central City and Neighborhood Teams within the Urban Development Department. The overall agreement was to streamline the already successful programs and reduce duplication.

PDC's Finance Rethink team, which is an internal cross-functional team, was created to align all financial products with the Strategic Plan as well as the Economic Development Strategy. As part of that review process, the Finance Rethink Team reviewed the proposed changes to the Storefront Improvement Program to ensure that the program is in alignment with our current financial products

BACKGROUND

PDC has administered the popular and successful Storefront Improvement Program for more than 20 years. The program began assisting property owners and tenants in Old Town / Chinatown, and then expanded to Martin Luther King Jr. Blvd. within the Oregon Convention Center URA. Currently eight of the eleven URAs allocate budget to the Storefront Improvement Program.

Over the past 20-plus years, 1,170 property and business owners have received more than \$16.7 million in Storefront Improvement Program grants. In addition, since July 2007, 90 projects have received more than \$600,000 in SLIP grants. These grant dollars have leveraged over \$123 million in private investment (note that some projects received additional funds from other PDC projects). In many cases, the revitalization of small, scattered sites was the catalyst for larger development.

The Storefront Improvement Program is a major component of the City's revitalization efforts, and has a notable record of accomplishment. In neighborhoods across Portland, the program has:

- helped new and established businesses attract customers;
- leveraged private investment from current owners and inspired improvements to neighboring buildings;
- enhanced the appearance and charm of commercial areas while building safer, more attractive, and more sustainable neighborhoods; and
- reestablished pride in some of Portland's oldest and best-loved neighborhoods.

The Storefront Improvement Program has been available to assist smaller projects that help to create the livable neighborhoods and desirable commercial corridors that make Portland unique. While the original intent of the program remains intact, strategic changes will create an even more effective program. Therefore, staff has addressed needs for a vibrant downtown retail core, focus on sustainability and historically appropriate improvements, increased access to locally owned franchises, as well as a continued need for a recession response.

The Storefront Improvement Program has provided funds for exterior façade improvements throughout the City of Portland since 1989. In 2007, SLIP was adopted to provide additional assistance for businesses to help increase visibility by adding additional funds to assist with the

signage, lighting, and awning elements of the Storefront Improvement Program projects. However, the intertwining of SLIP with the Storefront Improvement Program created confusion and duplication of work. The proposed changes will help PDC more effectively administer public resources to meet the goals of both programs.

ATTACHMENTS:

- A. Project Summary
- B. Storefront Improvement Program Guidelines (redlined changes)

PROJECT SUMMARY

Project Name:	Adopt Revised Storefront Improvement Program Guidelines to include Signage and Lighting Improvements Grant Product incentives
Description:	Matching grant program for exterior renovations of commercial buildings within designated boundaries
Location:	In Fiscal Year 2010-11 budget, the Storefront Improvement Program was allocated funds in the following URAs: Lents Town Center, Gateway Regional Center, Interstate Corridor, Oregon Convention Center, Central Eastside, Downtown Waterfront, South Park Blocks, and River District,
URA:	Same as above
Current Phase:	Amending program to address needs: <ul style="list-style-type: none">• a vibrant downtown retail core,• sustainability and historically appropriate improvements,• access to locally owned franchises, and• continued recession response
Next Milestone:	Update communication materials
Completion Target:	The Storefront Improvement Program is an ongoing program.
Outcome:	Streamline program and provide ease of understandability for clients.
Site/Project Map:	See website for boundaries

Storefront Improvement Program Guidelines

STOREFRONT IMPROVEMENT PROGRAM

Program Purpose

The purpose of the Storefront Improvement Program is to revitalize commercial areas to eliminate blight, enhance neighborhood livability, and improve the physical condition of buildings - primarily ground floor commercial space.

Deleted: provide a matching grant of up to \$20,000 to assist property owners and lessees in rehabilitating their storefronts.

Availability of Funds

The Storefront Improvement Program provides a matching grant of up to 75% of the costs of eligible work (as described below) to assist property owners and business tenants in rehabilitating their storefronts up to the maximum amounts set forth below.

1. Exterior Façade Improvements: up to \$20,000 per building.
2. Signage, Lighting and Awning Incentive: up to an additional \$12,000 for certain signage, lighting, and awning elements included in the project.
3. Exterior Façade Improvements - Downtown Retail Core Incentive: A total incentive of up to \$100,000 (maximum amount of \$112,000 when combined with the Signage Lighting and Awning incentive) may be approved for key projects that fulfill the vision of the 2009 Portland Downtown Retail Strategy^[1]. If the grant is greater than \$20,000, additional match funds must primarily increase street-level transparency and other pedestrian oriented enhancements to the property, while meeting criteria pertaining to the type of retailer.
4. Business Tenant Signage Incentive: In the event the property has exhausted all available storefront funds, ground floor business tenants may be eligible for up to \$2,000 for permanent signage. This incentive is only available for ground floor business tenants whose occupancy of the space commenced less than one year prior to applying for the incentive.

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Funds are subject to budget availability and therefore some program incentives may not be available in all areas or for all eligible applicants.

^[1] Portland Downtown Retail Strategy adopted by PDC Board January 27, 2010.

Eligible Work

Rehabilitation of building facades visible to the street, including storefronts, cornices, permanent signs, exterior lighting, canopies and awnings, painting and masonry, cleaning gutters and downspouts, and limited security and accessibility improvements. Permit and design review fees can be reimbursed through the program.

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The following non-facade work is eligible, as long as the repairs are part of work occurring directly affecting the façade: landscaping, fences, seal coating and re-stripping of parking lots, bike racks and interior window display lighting. In addition, sustainable elements such as bio-swales and semi-permeable pavers may be included in the larger project.

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The following work is not eligible: roofs, structural foundations, billboards, security systems, non-permanent fixtures, interior window coverings, personal property and equipment, security bars, razor/barbed wire fencing, sidewalks and paving.

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Eligible Grantees

Property owners or lessees with written authorization of the property owner are eligible.

The following entities and properties are not eligible:

- National franchises/for profit corporations that are not headquartered in the State of Oregon or Clark County Washington; except in the case where the franchisee or brand has a locally based owner and the brand has no more than three locations within the City of Portland. (However, national for-profit corporations and franchises located within the Downtown Retail Core Boundary are eligible for the program);
- Buildings in excess of 80,000 square feet, except buildings located within the Central City Urban Renewal Areas. In these cases, work will be primarily focused on the first two floors of the building;
- Government offices and agencies (non-governmental tenants are eligible);
- Businesses that exclude minors 24 hours a day (unless located in Downtown Waterfront, South Park Blocks, and River District URAs);
- Properties that are solely residential use (except home-based businesses will be evaluated on a case by case basis to ensure no undue benefit for the residence).

Service Area

- All Urban Renewal Areas, subject to availability of funds.
- City-wide, subject to availability of funds.

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- Because funds are limited, Portland Development Commission (PDC) may focus the use of the Storefront Improvement Program grant in certain geographic areas to ensure maximum public benefit.

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Multiple Grants

The maximum grant will be available again after a five-year time frame. If a building is sold and the new owner wishes to apply for the grant, the five year time frame still applies. The five-year time frame begins at the date the improvements are completed. Buildings less than five years old are not eligible except in the case of signage for tenants.

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¶ The maximum grant available for each building is up to 75 percent of the cost of eligible work up to \$20,000. An applicant may apply more than once as long as the total maximum amount for the building does not exceed \$20,000. A total incentive up to \$100,000 grants may be approved for clients who are delivering key projects that fulfill the vision of the 2009 Portland Downtown Retail Strategy. The maximum grant will be available again after a five-year time frame.

Commitment of Funds

PDC will review and approve proposed work and ensure all other conditions (see general conditions) are met prior to issuing a Commitment Letter and allocating funds to the project. The Commitment Letter will outline additional terms and conditions of the matching grant, and will serve as the legal commitment of both parties as to the scope and quality of work and the amount of funds committed.

Approval of Work

PDC has the sole authority to determine eligibility of proposed work and confirmation of completed work. Certain work may be required or precluded as a condition of funding. Careful attention will be made to designs that affect the historic/architectural integrity of each building.

Disbursements

The matching grant is paid upon completion of pre-approved applicant-paid work. Grant funds will not be disbursed for work completed before a Commitment Letter is issued to the applicant. All completed work will be reviewed by PDC staff and reviewed for compliance with the Commitment Letter.

Design Assistance

PDC has a number of pre-qualified architects on retainer to provide design assistance for rehabilitation of exterior building facades and storefronts. Up to 30 hours of free architectural services are available per project from this pool of architects. If the project requires City of Portland design review approval; the program coordinator may provide an additional 10 hours of architectural assistance to meet this need.

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If the applicant chooses to use an architect not on contract with PDC, the applicant may receive a maximum reimbursement of 15 hours of the average architect fee if the applicant receives the Commitment Letter from PDC, and the PDC Storefront Coordinator is included in the design process. The average architect fee is ascertained

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by averaging the principle rate of all current storefront architect flexible services contracts.

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Business Tenant Signage Incentive: design assistance is not eligible for tenants receiving signage grants. The design work is expected to be completed by the sign company.

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General Conditions

The following general conditions apply to all projects:

- Improvements funded by the grant will be maintained in good order for a period of at least five years; graffiti and vandalism will be dutifully repaired during this time period.
- Property taxes must not be delinquent when the Commitment Letter is issued.
- Must be in compliance with City of Portland Business License requirements.
- Applicants will be responsible for obtaining necessary regulatory approvals, including but not limited to:
 - City Design and Landmark Commissions,
 - State Historic Preservation Office,
 - City of Portland building permits and any other necessary permits.
- The applicant must complete, sign and submit to PDC a W-9 for disbursement of funds.
- All projects will display signage indicating PDC's involvement in the improvement work, during construction and for one month after completion of the project.
- Construction Contract: All contractors must be licensed by the State of Oregon. All construction contracts will be between the applicant and contractor.
- All work must comply with City, State and Federal regulations.
- MWESB: Applicants are encouraged to hire Minority, Women-Owned, Emerging Small Business (MWESB) certified contractors.

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