

City of Portland Economic Stimulus Initiative

January 13th, 2009

Multnomah County Economic Indicators¹

- Unemployment: 7.4%
- Job growth: -1.1%
- Median house value: -8.6% from 12 months ago
- Foreclosure rates: 1 of 408 housing units
- Construction industry growth: -3.9% from 12 months ago
- Manufacturing industry growth: -0.8% from 12 months ago

Goals of the Stimulus Package

- Retain existing jobs and create 4,985 local jobs
- Keep and expand local businesses and attract new employers;
- Connect vulnerable families to supportive services;
- Keep qualified home buyers on the homeownership track and at-risk mortgage holders in their homes;
- Skill-up unemployed and dislocated workers; and
- Save city taxpayer costs by fast-tracking public projects and avoiding out-year inflation costs of up to 15% and reduce risk of asset failure.

Process

- City Council held multiple stakeholders forums [*See Attachment A for complete list of participants*].
- This will be more than just a one-time announcement:
 - Staff will initiate a quarterly “Portland City Council Bulletin” that will be sent to all Portlanders to keep them informed not only about the economic stimulus package but other important programs and projects being undertaken by your city.

Key Terms

Economic Stimulus: Investments and incentives intended to rapidly boost the economy in order to avert or ameliorate a recession.

Economic Development: Preserves and raises the standard of living through a process of human and physical infrastructure development for a community, region or nation.

Recession: A period of general economic decline; specifically, a decline in Gross Domestic Product for two or more consecutive quarters.

¹ Multnomah Economic Indicators, December 2008 – WorkSource Oregon

Elements of the Package

Recognizing that the federal and state governments have important roles to play in reinvigorating our economy, here are some steps the City of Portland will take to use available resources in ways that will immediately benefit our vulnerable families and businesses — while we continue to move forward with the long-term strategies that will help our region thrive.

PUBLIC INFRASTRUCTURE

Context: As of November 2008 Oregon had lost 12,500 jobs in the construction industry since Nov. 2007; Multnomah County’s construction industry had declined by 6.3% during the same period². At the same time, in transportation infrastructure alone, the City has a \$422 million backlog of maintenance projects.

Strategies/Tactics

1. **Fast-track locally funded public projects using existing pipeline resources.**
 - a. Prioritize projects based on:
 - i. Local funding available or possible (utility rates, TIF, GF loan)
 - ii. Ready-to-go
 - iii. Job creation
 - iv. Local supplier opportunities
 - v. Multiple benefits (i.e. risk reduction of existing assets)
 - vi. Priorities as identified through previous plans such as the East Portland Action Plan, Asset Management work, TSP

HOUSING

Context: Oregon foreclosures are from Nov. 2007 with 912 notice of defaults and 1,448 notices of trustee sales in November 2008 up 152% and 244% respectively over last year³. Oregon is experiencing one foreclosure for every 532 households. In Multnomah County, the number of foreclosure is estimated at one for every 408 households.

Strategies/Tactics

2. **Keep qualified home buyers on the homeownership track and at-risk mortgage holders in their homes.**
 - a. Promote “silver lining” opportunities for qualified home buyers; utilize Operation HOME networks to connect with minority buyers.
 - b. Work with lenders to promote streamlined processes and workable timelines for foreclosure mitigation for borrowers working on modifications “in good faith.”
 - c. Find channels to reach sub prime lenders and seek assistance for at-risk homeowners.
 - d. Create partnerships to fund additional pre-foreclosure counseling by proven community-based homeownership organizations.
 - e. Host “Homeowner Connect,” an easily accessible Foreclosure Prevention Fair to connect lenders and homeowners.

² Oregon Employment Department/Worksource Oregon: qualityinfo.org

³ RealtyTrack: realtytrack.com



- f. Crack down on foreclosure fraud.

3. Bridge financing gaps in affordable housing projects.

- a. Secure gap financing for affordable housing projects that are construction ready; save the increased equity gap needed due to economic downturn.
- b. Promote new investments in affordable workforce multifamily housing and homeownership.
- c. Utilize Portland's allocation of federal Neighborhood Stabilization Funds (approximately \$3.6 million) to buy foreclosed properties in order to create affordable homeownership opportunities for modest-income families.
- d. Create a Section 108 Loan Pool line of credit of up to \$15 million to preserve approximately 11 federally subsidized affordable housing projects by 2013.
- e. Build a Resource Access Center that will provide services and housing for homeless populations.

LOCAL BUSINESSES AND DEVELOPMENT

Context: Gross Regional Product is projected to grow by only 1.4% in 2009, while the population is expected to increase by 1.7%. Manufacturing and construction are expected to take the largest hits – with manufacturing expected to lose 5,900 jobs and construction another 3,900 jobs in the region.⁴

Strategies/Tactics

4. Support local businesses.

- a. Pursue Locally-Based Enterprise (LBE) program to ensure that Portland's construction firms get preference for subcontracting opportunities on large-scale City projects.
- b. Reconstitute Fair Contracting and Employment forum
- c. Create working groups charged with (1) developing micro-lending / micro-credit programs that would provide capital access to local entrepreneurs and (2) developing a microexchange that would allow local investors the opportunity to own/invest directly in local non-public companies. The goal of the charge is to keep capital within the community through a form of a localized stock exchange.

5. Support small and start-up businesses.

- a. Create a New-Opportunity Fair that would make it easier for people with business ideas to connect with partners (angel investors and venture capital firms).
- b. Support microenterprise projects; pursue a loan guarantee fund for the current downturn period with Albina Bank.
- c. Streamline permitting processes.
- d. Increase support within PDC for small businesses during this period:
 - i. Double the Economic Opportunity Fund grant from \$100K to \$200K as incentive package for businesses that invest in physical improvements within the next 12 months.

⁴ Global Insight data solicited by Green Light Greater Portland. GreenlightGreaterPortland.com



- ii. Provide a six-month moratorium on existing loans where there is a demonstrated need and a solid history of making payments. Deferring payments (interest will not accrue) will allow businesses to save and build capital reserves for operations.
- iii. Reduce public/private (leverage) ratio from 1:4 to 1:2 for a 12-month window to provide more public resources to fill a gap.
- iv. Provide a 12-month window of opportunity to allow the use of Business Finance Program tools to support non-owner-occupied small redevelopment of empty and/or dilapidated commercial buildings.
- v. Create a pilot program using TIF as loan guaranty up to \$100K of bank loan.
- vi. Streamline the loan application and approval process by delegating approval authority of up to \$50K to the Business Finance and Community Development Manager.
- vii. Increase storefront grant budget and provide a 75/25 matching grant (instead of a 50/50 matching grant) to revitalize local commercial corridors and increase work for small contractors
- viii. Establish a permit assistance program that will pay 50% (up to \$10K) of the permit cost for the rehabilitation of empty and/or dilapidated commercial buildings

6. Incent new development with property tax investment programs.

- a. Lift the \$20 million cap on Transit-Oriented Development tax abatement program to allow more than one or two projects per year.
- b. Initiate, in collaboration with Multnomah County, an application to the State for a Strategic Investment Zone in Portland, to encourage large-scale redevelopment by a relocating business outside of E-Zone and Urban Renewal Areas.

7. Increase exports and Foreign Direct Investment (FDI).

Trade-related employment accounts for about 1/3 of total employment in the region. Moreover, annual pay in these industries averages about \$50,000 per year, above the regional average (\$44,000). By increasing capacity of local companies to export and attracting FDI into the region, we have the opportunity to bring new resources into the region even as our national economy slows.

- a. Help clean-tech and green building companies access foreign markets (i.e., China, India, Russia, Middle East, Mexico) by launching regular communication with state foreign representatives to develop specific company targets abroad and for investment in Portland.
- a. Launch the International Roadshow to bring all of the foreign representatives of the State back to Portland for a week to meet with qualified export-ready companies from the city, and help them find partners in these global markets that will generate significant export sales and increase jobs for Portland companies. In addition, we will brief the foreign representatives on the unique competitive advantages to encourage more foreign investment of major companies in Portland.

WORKFORCE DEVELOPMENT

Context: With higher unemployment levels, more job seekers need to access job placement support at our regional Worksource centers. These centers also facilitate access to the skills and training needed to get into sectors that remain strong and offer family-wage jobs.

Strategies/Tactics



8. Increase training and support for dislocated workers.

- a. Increase access to assessment and training at Worksource centers to train and place the increased number of job seekers.
- b. Launch Prosperity Alliance, a region-wide effort in partnerships with the City of Gresham, Multnomah County and community groups to solidify ongoing, collaborative efforts to help increase the income and assets of vulnerable families.
- c. Provide scholarship opportunities for basic skills remediation, high school completion and trade-specific training.

