



Memorandum

Date May 6, 2020
To Erin Reome, SERA Architects
From Alisa Pyszka, Bridge Economic Development
Nita Shah, MESO
Subject Draft Business Community Investment Strategy
Project Park Avenue Community Project | Phase 2

BACKGROUND

PROJECT DESCRIPTION

Clackamas County, Oregon, working with the McLoughlin Boulevard area residential and business community, is considering creating development and design standards for commercial zones within ½ mile of the Park Avenue/McLoughlin Boulevard intersection in unincorporated Clackamas County to support the community's long-term vision for the Park Avenue Light Rail Station area.

It is anticipated that the potential adoption of these standards will encourage new private investment within the project area. Often, new private investment will increase property values and rents for existing business tenants within the area. The county and community stakeholders intend to proactively engage with businesses to help prevent displacement and allow them to benefit from the improvements within the area.

Since the inception of this project, the world is responding to the economic repercussions of Covid-19, which has required the temporary closure of small businesses. Initial interviews with small businesses for this project were held in February, prior to the closure. As the overall project progresses, it is anticipated that there will be a follow up with businesses and more information regarding the status of the businesses and needs, which will inform final project recommendations regarding anti-displacement.

OBJECTIVES

The Park Avenue area community members instigated this project partly to make the community more walkable with improved retail offerings and an enhanced pedestrian experience. In addition, community members recognized the importance of respecting the existing businesses in the

community and the need to provide programs to help prevent the displacement of the businesses with anticipated new development.

Therefore, the objective of this strategy is to balance 1) the ability for existing small businesses within the Park Avenue area to stay and grow, and 2) enhance the pedestrian experience through public-private investment. To accomplish this, the following elements are included in this memorandum:

- A. *Existing Small Business Needs*: Existing businesses desire and need more customers to thrive. They also seek investment and physical improvements within the surrounding area to attract clients. However often they don't own the building where they are located, which must be considered when developing policy.
- B. *Equity - Creating Wealth*: With the attraction of new private investment, it is important to proactively prepare existing business so they can also benefit from the investment and continue to prosper. This element discusses how this can be accomplished.
- C. *Barriers to Private Investment*: Overview of the factors impeding private investment in the Park Avenue project area.
- D. *Attracting Private Investment*: Proactive steps required by a public jurisdiction to attract private investment.
- E. *Recommended Actions*: Recommendations for the Park Avenue project area stakeholders to attract private investment and create wealth for the existing community.

A. EXISTING SMALL BUSINESS NEEDS

In February 2020, Clackamas County issued a letter to existing small businesses within the Park Avenue project area notifying them that representatives from Micro-Enterprise Services of Oregon (MESO) would be meeting with them to discuss available services to help grow their profits. A copy of the letter and summary of the visit is provided as Attachment A.

The following information pertains to the businesses within Courtney Plaza as other proprietors within the Park Avenue area were not available on the day of the visit. In summary, the businesses were very welcoming and greatly appreciated that someone was reaching out to them. As part of the visit, MESO shared existing business services such as the IDA (Individual Development Accounts), which encourages business owners to save money and receive a 3:1 matching grant to invest in capital improvements. MESO continues to maintain these relationships and will share ongoing programs with interested businesses.

The following issues identified by existing tenants pertain to the commercial center itself and surrounding area.

SAFETY

Homeless/Loitering. The homeless are riding the MAX to the end of the line and then hanging out in the area with nowhere to go. They are sleeping on the ramp next to Eagle Bargain Outlet and under the eaves of doorways. Employees feel uneasy especially when leaving the area at the end of the day, especially when it is dark outside.

Crime. Drug addicts and prostitutes are active in the area. Nearby motels provide places for them to hang out and conduct their activities. As a result, the businesses have experienced drug paraphernalia, alcohol bottles, etc. being left in their parking lots and around their doorways. They are also experiencing people drinking under the eaves of the doorways and stealing their recycling bins.

Minimal Property Security. With no posted signs on the premises, there is no communication to discourage loitering, no communication to keep customers from using the Courtney Plaza parking lot spaces and then go to other businesses a block away, and no communication to discourage people from leaving their vehicles in the parking lot with a "For Sale" sign. People are surprised when they return to their vehicle and find it is marked to be towed.

CERTAINTY

Rising Costs. The business owners are concerned about the rising property taxes being charged by both the county and the city. Additionally, they are concerned about rising rental rates that result in them leaving the area -- which they don't want to do since they live in and support the community.

Confusion regarding the management/owner of the strip mall. Businesses expressed concern that they heard the owner of Courtney Plaza passed away and they have no idea who to contact or who to communicate with about issues and concerns. They felt unsettled not understanding what was happening with the ownership. They want to remain in the strip mall if they can and want to be re-assured Courtney Plaza will remain as a viable business location with proper communication chains.

B. EQUITY - CREATING WEALTH

The definition of equity is ensuring under-represented/under-resourced people have the same level of access to the economy and wealth creation opportunities as all other residents. This requires eliminating bias and discrimination and providing additional support as needed (not just opening doors). To achieve equity, there must be targeted efforts focused on individuals to help them:

- gain access to affordable capital (and remove bias in capital provision)
- fill skill gaps for business management
- increase number of new customers and suppliers, and
- navigate regulatory/permitting processes

The intent is not to change the existing market, but to make sure that people who can't access the traditional market (the "unbankable") are provided the skills or alternative affordable capital to enter into the existing market. In developing recommendations to address anti-displacement and equity, it is important to consider if the proposed action or program addresses the above needs.

PROVIDE AFFORDABLE CAPITAL

In order to create wealth, businesses must have access to affordable capital. A classic example pertaining to this issue is the hard-earned local success story of Ana Chaud, CEO of Garden Bar, a restaurant chain that developed in the Portland area and recently sold for millions of dollars. The following excerpt from the *Portland Business Journal*¹ highlights the plight of micro-enterprise businesses, especially those owned by people of color and women.

Chaud had two locations and two years in business when she first sought out a conventional bank loan. She estimated she needed about \$500,000 to open four new locations. She had her business plan, financial models and large, out-of-state competitors to point to as validation for the idea. She talked to six bankers from both large and small institutions. The answer was always the same: No. The banks considered her business too small and too new. She did manage to get an SBA (Small Business Association) loan, but at \$50,000 it was far less than what she needed. "I was caught between a rock and a hard place, where I can't show success unless I am multi-unit and I can't be multi-unit until I show success," she said.

Compounding the issue was her lack of collateral. As a renter, Chaud didn't own a home, which is often used by founders to secure financing. Given that home ownership levels are lower for people of color, it's not a surprise that access to capital for founders of color is well below that of white founders. The same is true for women business owners. MESO loaned Garden Bar \$300,000. It was an unusually high amount for MESO, but the lender was interested in making larger loans and decided to test the concept with Garden Bar. Without the vital loan, Chaud would not have been able to expand the business and create wealth.

ENHANCE BUSINESS SKILLS

It is important to stress that only providing affordable loans/capital will not achieve desired results. Business owners facing inequity require in-depth and meaningful programs and service to help them understand how to best run a business and increase clientele. Such services are labor-intensive and require skills grounded in private business experience. Non-profit organizations such as MESO and Mercy Corps NW are successful in providing such services. Recognizing that these non-profits are uniquely qualified to provide these services, several cities in the Portland region (e.g. Beaverton, Gresham) fund MESO with a portion of their federal allocation of Community Development Block Grant (CDBG) funding. This allows organizations to efficiently and consistently serve a community with skills and resources that are not typically available at a local government level.

¹ <https://www.bizjournals.com/portland/news/2020/02/20/exclusiveana-chaud-on-the-mighty-highs-and-painful.html>

Local government can contribute by helping new businesses owners navigate the complex and daunting permitting process, which is especially complicated for restaurants that must also address health and liquor law issues. To address this, some cities in the Portland region provide free services to first time businesses to help them better understand what may be required (such a as a new ADA bathroom) before venturing into a new lease. Vancouver, Washington offers the “pre-lease” program² that brings different representative from various departments to walk-through a site with the potential tenant to determine if there will be any significant issues before they sign a lease. Alternatively, the City of Portland has a staff person from the permitting department work in MESO’s office once a week to walk clients through permitting issues. Such meaningful programs do not require additional funds beyond commitment of staff time.

C. BARRIERS TO PRIVATE INVESTMENT

EXISTING CONDITIONS

Even though the Park Avenue light rail station opened in September 2015, there has been limited commercial investment within the study area. Various businesses have moved in and out of the available tenant spaces, but there has been no new commercial building construction along McLoughlin Boulevard within the Park Avenue project area in the last 10 years. Furthermore, the area has transitioned from retail services that serve local residents toward more regional services such as car dealerships or public storage. These regional uses do not serve the local residents and limits pedestrian activity and social interaction desired by the community. As more regional uses locate along the corridor, the more challenging it will be for local commercial uses to develop as similar types of regional uses like to congregate and will ultimately form the identity of the area. In order to shift this current pattern of investment, policy makers and community members should understand the current barriers to investment described below. (Fortunately, many of them are being addressed with this current project.)

CURRENT DEVELOPMENT PATTERNS

The following aspects of the McLoughlin Corridor are barriers to new private investment entering the market.

Limited Pedestrian Access

Throughout the stakeholder interview process it was clear that McLoughlin Boulevard, which was designed as a state highway, is a barrier to pedestrian and bicycle activity. Properties along McLoughlin are quite deep with only one point of access, which is onto McLoughlin Boulevard. Five commercial properties southwest of the Park Ave and McLoughlin Blvd intersection are over 500 feet

² <https://www.cityofvancouver.us/ced/page/pre-lease-program>

deep. The remaining five parcels south to SE Courtney range from 200 - 300 feet deep or 100 - 300 feet deep. East of the SE Park and McLoughlin Blvd intersection, commercial parcels range between 100 - 300 feet deep, with 50% under 100 feet in depth. Without alternative connections, all traffic and ped/bike connections to commercial property must utilize McLoughlin Blvd. This lack of connectivity limits opportunities for multiple projects on larger sites. Furthermore, if this pattern remains, traffic will continue to funnel only onto McLoughlin Blvd and exacerbate current traffic and pedestrian conditions along the corridor.

There are very few retail destinations within the area that encourage people to walk, which was clearly conveyed in a focus meeting with residents. Increasingly, private investors are utilizing the “Walk Score” tool, which is a public walkability index score based on the available walking routes to nearby amenities such as businesses, parks, theaters, schools, and other common destinations that people want to walk to. A high “Walk Score” (above 90) is important to secure financial backing for projects.

Parcel Size

The most desirable location for multi-family development is adjacent to the Park Avenue Station, which provides alternative transportation options that can reduce transportation cost burdens for residents. Typical new residential multi-family developments by local developers are often a minimum of 75 units and approximately 0.5 acre in size. Sites along McLoughlin close to the Park Avenue Station range in size from 1.5 - 4 acres and are unusually deep with only one point of access onto McLoughlin. This configuration makes it difficult for a local developer to enter into this market with a viable single multi-family project. Alternatively, national developers with significant financing would generally only consider a project that is approximately 20 acres in size, requiring a consolidation of several parcels that are currently under different property ownership.

Regulations

As identified in Phase 1 of this project, the requirements of the C3 zone pertaining to use, form, parking and setbacks do pose constraints. Additionally, the zone label of “General Commercial” quickly conveys a desire for traditional auto-oriented retail uses and a limited opportunity for a mix of uses.

LIMITED VISION

It is important to establish a visual depiction of values to ensure that the community is in agreement, and potential investors can clearly understand where certain types of development and new connections are desired physically (not just in verbal conceptual ideas). At this time, there is no map identifying these opportunities and level of detail that has been approved by the community. Such clear direction provides a critical level of certainty to a developer that there is public support for a potential project, thereby removing significant risk.

MARKET CONDITIONS

The current market conditions do not warrant the risk of developing a new project. In the second quarter of 2019, construction costs for a new project outside the Portland downtown core were approximately \$160 per-square-foot, which required a rent of \$1.90 per-square-foot so a project “penciled” or made enough money to justify the costs. Retail rents in the in the general Park Avenue area were \$1.43 per-square-foot, which did not easily warrant the cost of new construction. Under current conditions, it is an unfortunate likelihood that several small businesses will not be able to re-open after the recent shut-down of the economy. The result will be several retail vacancies and a potential retail trend to not construct new retail space for some time due to an excess of space on the market and reduced rent prices.

Even in a steady market, development is a risky endeavor. The term “catalyst” development is rarely heard by a developer as an opportunity, but instead as the first project going into an untested market. Developers must make a return on investment (ROI) on a project; otherwise there is no reason to proceed.

Redevelopment of existing buildings is typically the first form of small retail investment in a market such as Park Avenue because it has the least risk to generate a ROI. This is likely to be especially true in the weakened retail market recovering from the pandemic. Once these development pioneers begin to create energy and increased awareness of opportunity, additional investment will occur. Due to the improved environment and demand, eventually tenants will be willing to pay the necessary rents for commercial spaces that will produce enough revenue for a developer to build new construction.

D. ATTRACTING PRIVATE INVESTMENT

Developers want to know that a community is committed to investing in an area through public investments such as infrastructure, lighting, and open space that will support their private investment. Recognizing this, cities across the region are taking a proactive approach to reach out to businesses and developers with staff support and incentives to attract them their community. We recognize that Park Avenue is within unincorporated Clackamas County. However, in order to proactively encourage the Park Avenue project area to redevelop with retail space, it will require a level of public involvement typically found at a municipal level. Therefore, the following programs from other cities within the region are outlined to convey what is necessary to generate new private investment.

UNDERSTAND THE RETAIL MARKET

It is understood that the Park Avenue community desires a walkable environment that includes retail businesses s that provide a desired destination and services the community with basic needs. In order

to achieve this goal, it is important to understand the retail market, which is more uncertain than ever right now.

The retail industry has always been in flux. During the 20th century, there was a major shift from pedestrian-oriented main streets to auto-oriented centers and corridors. Today, ever-changing consumer preferences and online-shopping are among the major trends affecting retail, especially during and likely after the pandemic. Online shopping is having a significant impact on “commodity retail” and caters to customers that want convenience (e.g., Amazon is not necessarily the best price). Retailers that continue to expand are discount stores such as Dollar General or high-end boutiques that provide an experience. The following table reflects how spending habits have shifted in light of online options. Note that these trends are prior to the pandemic.

Table 1: United States Change in Per Capita Retail Spending 2000 - 2016

Kind of business	2016	2000	%Change
Per capita spending, total			
Motor vehicle and parts dealers	24%	27%	-3%
Furniture and home furnishings stores	2%	3%	-1%
Electronics and appliance stores	2%	3%	-1%
Building mat. and garden equip. and supplies dealers	7%	8%	0%
Food and beverage stores	14%	15%	0%
Health and personal care stores	7%	5%	2%
Gasoline stations	9%	8%	0%
Clothing and clothing access. stores	5%	6%	0%
Sporting goods, hobby, musical instrument, and book stores	2%	2%	0%
General merchandise stores	14%	14%	0%
Miscellaneous store retailers	3%	4%	-1%
Nonstore retailers	12%	6%	6%

Source: Retail Census 2018, Bridge Economic Development

In contrast, prior to the recent shut-down and social-distancing measures, retailers offering a special experience, or offering services that cannot be procured online, had the potential to thrive (you can’t share a meal with a friend online). Therefore, food and beverage establishments became an increasingly large part of the retail experience, on both main streets and in shopping centers.

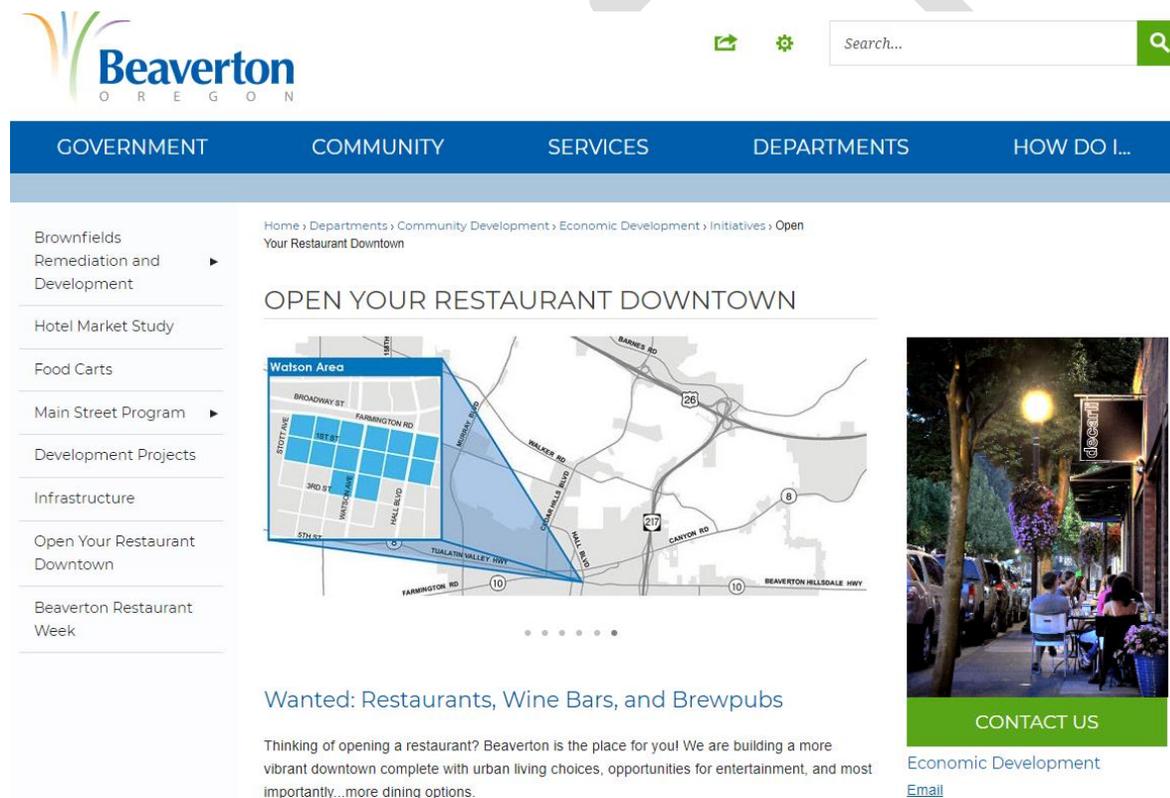
Additionally, local food and beverage typically demanded space that is 2,500 square feet and less to minimize risk and offset start-up costs that typically start at \$200,000. Due to these costs, new local tenants gravitated to existing buildings or former restaurant spaces to keep start-up expenses to a minimum.

The retail trend that is likely continue is a desire for retailers to concentrate in a certain location to become a destination for customers to park once and explore an area. Creating a concentrated retail area that is a defined “place” is an important element for retailers as it is the key distinguishing element from online shopping.

DEFINED PROJECT AREA

Retail succeeds when clustered with other retail businesses to create a specific destination for customers. Therefore, if the Park Avenue community engages in a public-private effort to encourage retail development, it must focus efforts on a distinct and specific area to see results. Before significant time and resources are allocated, a specific area must be determined. Without a narrow focus, efforts will be diluted and meaningless. Additionally, new businesses want assurance that their new investment will succeed. When there is a clear vision for desired outcomes and committed resources, they are more assured on their risky investment.

As an example of this type of targeted public-private investment, the City of Beaverton focused on just a few blocks to recruit restaurants. The specific area was identified and promoted as indicated below. The result was 10 new restaurants within 18 months. Of course, the recruitment of restaurants in current economic environment will be challenging. The important lesson is that the city committed to a specific area and realized significant results.



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Watson Area

Wanted: Restaurants, Wine Bars, and Brewpubs

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INCENTIVES

In addition to focusing on a specific area, substantial incentives that are aligned with tenant needs are necessary. Example of incentives from the Cities of Vancouver and Beaverton to attract and enhance existing tenants in existing retail space are outlined below.

Storefront Improvement Program

This grant covers 100% of the cost for a city-contracted architect to help with concept designs of the exterior of the building, resulting in sketches and plans needed to obtain bids. The final product includes three bids. The program also includes an Improvement Grant to assist with commercial building exterior improvements. The maximum amount is \$35,000 with either a 50% city match or 70% city match to encourage an actual private investment in the improvement. Without the city match, the building owner will likely just obtain the design service and not make the desired improvement.

Tenant Improvement Program

Because the Storefront Program benefits property owners, the Tenant Improvement Program is a specific grant to help businesses. It provides the same services outlined above in the Storefront Program, but for the interior space of the building, which helps the business owner.

Brewery Program

Breweries are a desired tenant in a community because they are often lower-cost restaurants that serve a wide range of customers including families. Furthermore, they have the ability to expand into sales of beer, which allows them to diversify beyond just retail.

- *Enterprise Zone* - Eligible office and industrial firms (including breweries) in a designated enterprise zone boundary can receive a three-to-five year property tax abatement on qualifying new improvements and equipment.
- *Energy Incentives* - Energy Trust has worked with dozens of breweries across the state to reduce energy consumption and cut waste. They provide services and incentives through highly skilled, industrial energy experts that work with a brewery business to make the most of energy-saving opportunities.
- *SDC Assistance Program* – This lets eligible tenants lease sewer capacity on a monthly basis rather than purchase it up front -- this could be worth thousands of dollars in up-front costs for a brewery). Lease payments are attached to a monthly utility bill and are calculated as a percentage of the total SDC assessment.

Pre-Lease Program

This program removes obstacles for business owners with no risk. The program sends staff out to walk through a building prior to a business signing a lease. Staff includes Building, Fire, Engineering, Planning, Permitting, and Economic Development as well as public agencies such as County Public Health and Liquor Control. Typically, customers that utilize the pre-lease get information on zoning, use and occupancy classifications and the permitting process so they are aware of potential improvement costs (such as an ADA bathroom remodel) upfront.

Mobile Food Vending

This offers a unique economic opportunity for local entrepreneurs, because it combines lower startup costs with increased flexibility to test a variety of locations and products. It is important to develop a partnership with public health and labor & industries to help facilitate information sharing and streamlined permit process. Food trucks can be limited to targeted areas as a pilot project to slowly introduce concept to the community. Often locating in an underutilized parking lot is a good strategy as it begins to create a destination of uses and supports the existing retailer.

PROACTIVE STAFF

Once a clearly defined area and set of meaningful incentives are in place, staff have a clear message for outreach to desired tenants. City of Beaverton staff proactively engaged all property owners and existing businesses first. They then went to existing restaurants in Portland and brewers' conventions to attract new tenants. They meet weekly to debrief on progress and barriers to address.

New building development involves coordinated actions across multiple agencies including transportation, planning, and public works. In order to facilitate proactive problem-solving, some jurisdictions establish a dedicated "SWAT Team" of specific individuals from each department to focus on a targeted priority project area. This dedicated team of people with a common understanding of barriers and opportunities to investment can meet informally as projects initially emerge and find solutions up-front to support desired investment.

INFRASTRUCTURE

Building key infrastructure improvements can encourage development. This is especially important for infill development where the perceived value of properties is that the infrastructure (sewer, water, roads) is built to current standards. In order to engage interest in development, it is important to proactively determine the quality of the current infrastructure and the cost of any necessary upgrades. Building public infrastructure that will benefit the development and surrounding properties is extremely valuable to developers. Since unincorporated areas of the county have limited funding, alternative sources for funding infrastructure investments may need to be identified.

E. RECOMMENDED ACTIONS

The following recommendations pertain to the Park Avenue project area to achieve the balanced objective of precluding anti-displacement and attracting private investment. To realize the objective, several partners and organizations must be engaged and collaborate toward common efforts. Revitalizing a corridor such as McLoughlin is a complex endeavor. It is essential for community, public, and private entities to recognize that they are partners in encouraging equitable investment and growth.

1) TAKE CARE OF EXISTING BUSINESSES FIRST

Now more than ever it is critical to take care of existing businesses prior to engaging in efforts to attract new investment into an area. The following actions are recommended to help the existing small businesses stay and grow.

Provide Business Support through MESO

Allocate a portion of the county Community Development Block Grant (CDBG) funds to invest in MESO to provide business support services. For context, the City of Beaverton annually allocates \$80,000 of CDBG funds to MESO for 3 visits per week. City of Gresham allocated \$20,000 of CDBG funds annually for 1 visit per week before finding alternative grant funds from Key Bank.

MESO can help businesses manage rising costs by enhancing business skills in managing cash flow and debt as well as strategic marketing to increase revenues. MESO can also help business potentially acquire a building rather than leasing through affordable loan programs. Acquisition of the building eventually increases a business owners' equity and ability to create wealth.

Dedicated Staff

Fostering private investment, especially in these current economic conditions, will require a dedicated staff person to conduct retail outreach and ongoing collaboration with business and property owners. Once a person, most likely in economic development, is identified, he or she is advised to talk to City of Beaverton and City of Vancouver staff regarding best practices. This will provide a better understanding of barriers that were faced and how they were overcome.

Enhance Safety

Addressing safety issues for existing businesses is important to help with the successful operation of their business and will build trust between the county and businesses. The county economic development staff should work with other relevant county departments to meet with the local businesses and determine if investments in specific needs can be made in the public right-of way.

- Better Lighting. Due to the loitering and homeless sleeping around the businesses, having better lighting in the parking lot to assist with safety and discourage loitering.
- Trees. The area is heavily concrete and pavement which could become more aesthetically pleasing with the addition of trees and shrubs to soften the area and make it more inviting to the customer base and prospective customers.
- Communication regarding the Sex Offender Housing Center Nearby. There are laws regarding the areas which sex offenders are able to visit and how many times they can visit a location within a lifetime. Even though the housing center is established in the area, communication, awareness and disclosure would be a benefit to the businesses to protect their customers.

Host Public Events

Encourage MABA or the Park Avenue community to host festivals, farmers markets or a family event such as a carnival in one of the retail center parking lots. Hosting events will bring in more quality customers to the area to provide a boost in visibility and exposure for the businesses. It also encourages positive community engagement.

Engage with Courtney Plaza Property Owner

It will take time, but it is encouraged that the county staff or Park Avenue community leaders contact the Courtney Plaza new property owner to foster future collaboration and communicate the following needs of the businesses.

- Post *No Loitering* Signs. No Loitering signs will discourage the homeless and addicts from hanging around the area and give more credibility to the business owners to be able to keep them from the area.
- Post signs declaring parking at Courtney Plaza is only for Courtney Plaza customers to limit parking to related customers. Inform people that vehicles cannot be left in the parking lot listed "For Sale". Signs posted in the area notifying the public are needed to protect the parking spaces from being taken for people selling vehicles in the parking lot.

2) DEFINE A DISTRICT OF EXISTING OPPORTUNITY

The Park Avenue area does not have a traditional Main Street that provides a defined place for retailers to locate and gather. The existing Courtney Plaza and Castle retail centers off McLoughlin provide the most similar Main Street environment to attract small retailers to one destination. Ultimately, these centers could provide a sense of community place, much like the Hillsdale Shopping Center along Highway 10 in Portland.

We recommend focusing on these sites for potential public-private collaboration because these two retail centers consist of several existing businesses. By improving one of these areas, the county is efficiently helping several existing small businesses prosper and gain wealth from public investment.

In addition, it is an unfortunate likelihood that several small businesses will not be able to re-open after the recent shut-down of the economy. The result will be several retail vacancies and a potential retail trend to not construct new retail space for some time. Therefore, these existing areas serve as the most likely opportunity for initial investment by small retailers entering the market as they offer the most affordable leases through existing vacant space. It will also be important to keep these centers filled to the greatest extent possible to maintain a vibrant area.

Engage Property Owners

Engage with retail center property owners to determine willingness to work with county and invest in property. Determine what level of investment from the property owners can be provided to help make the existing developments more successful with physical improvements and attraction of desired tenants that serve the broader community.

Determine Incentives

Based on the description of various incentives described in detail above, the county should determine which ones they can provide with current staffing and resources.

- Storefront Improvement Program
- Tenant Improvement Program
- Brewery Program
- Pre-Lease Program
- Mobile Food Vending Program

Determine Funding Tools

Once county staff establishes trust with business owners and develops a vision and direction for a district opportunity, they can more easily communicate with stakeholders why revenue is needed and how it will be allocated. The county can explore with stakeholders some of the following options to increase public funding.

- Business Improvement District (BID) – A BID is a defined area within which businesses are required to pay an additional tax (or levy) in order to fund projects within the district's boundaries. These districts typically fund services such as cleaning streets, providing security, making capital improvements, construction of pedestrian and streetscape enhancements, and marketing the area.
- Local Improvement District (LID) - A LID is a method by which a group of property owners can share in the cost of infrastructure improvements. This often involves improving the street, building sidewalks, and lighting.
- Tax Increment Financing (TIF) – TIF is a financing tool for local governments to set aside property taxes generated from new businesses and development in a specific area, used to pay for infrastructure needed in that area. In Oregon, tax increment districts are established through 'urban renewal statutes, which require a plan defining a specific area for application of the tool, why needed, projected revenue and anticipated projects.

3) ATTRACT NEW DEVELOPMENT

As outlined above, developers seek certainty in an investment. The community can convey a clear vision and expectations for new development through the actions described below. Public

infrastructure investment can be an important incentive that not only increases interests from the private sector, but also provides needed services for the entire community.

Adopt a Framework Plan

The Park Avenue Framework Plan adopted by the community will convey to future developers that there is a common and agreed upon vision for the area. This is important when embarking on the permitting process, which will engage the public. Providing a formally approved document that conveys public desires and expectations helps developers understand is expected so they can design a project accordingly.

Furthermore, the Plan needs to clearly delineate where new connections are expected to be constructed that will result in lot patterns that facilitate infill and redevelopment. A clear delineation also provides certainty to the community defining where only bike/ped connections are permitted versus full-street improvements serving automobiles. This level of transparency provides certainty to the developer regarding what is expected of his or her project, as well as an understanding of how connectivity throughout the project area will ultimately be achieved.

Adopt Design and Development Standards

Design and development standards that have been approved by the community should allow for more diverse types of uses and development patterns aligned with current market trends. These standards will also help convey to an investor the desired type of development and design within Park Avenue.

Invest in Public Infrastructure

With the approval of a Framework Plan that identifies specific public connection, the county can include the project on the Capital Improvement Plan (CIP). With a formal adoption of the projects, there is potential for public investment in the necessary infrastructure that will cross several properties throughout the area. The county can play an important role in acquiring right-of-way and completing connections that extend beyond one site being developed. This is a critical public role and investment that is quite meaningful to private investors. Just as importantly, the public investment serves the entire community with improved connectivity that helps encourage pedestrian and bicycle activity.

Create a “SWAT” Permitting Team

As new development interests explore the Park Avenue project area, they will be encouraged if there is dedicated staff to help facilitate the permitting process. This dedicated staff should also be aware of any necessary infrastructure projects both on and off site that will impact the project. Because the area is tied to McLoughlin Boulevard, which is under the jurisdiction of ODOT, staff is encouraged to develop a proactive plan with ODOT staff to educate them on the community vision for the area and how it aligns with ODOT goals.

DRAFT

ATTACHMENT A