

RESOLUTION NO. 2022-12

RESOLUTION AUTHORIZING RENEWAL OF A BUSINESS INCENTIVE PROGRAM FOR VACANT SPACE AND RE-ESTABLISHING THE PROGRAM REQUIREMENTS

WHEREAS, the City of Forest Grove's Business Incentive Program has been in effect since 2011 and has been renewed four times; and

WHEREAS, the Business Improvement Program recognizes that commercial and industrial vacancy detracts from the economic activity of surrounding businesses and threatens economic decline; and

WHEREAS, the establishment and expansion of businesses in Forest Grove will bring new customers and activity that also benefits existing businesses; and

WHEREAS, it is the goal of the City of Forest Grove to strengthen and diversify our local economy by supporting existing businesses and encouraging new business development through economic development tools; and

WHEREAS, Forest Grove Code, Chapter 3, Section 3.808 Collection of Charges for Water System Development Charges, allows for financing of Water System Development Charges for eligible commercial and industrial projects; and

WHEREAS, the Forest Grove City Council has determined that certain fees can be waived or reduced for a limited period of time;

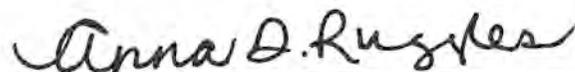
NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:

Section 1. The City Council hereby authorizes the Business Incentive Program as described in Attachment A.

Section 2. The Business Incentive Program shall commence retroactively on January 1, 2022 and sunset on December 31, 2022.

Section 3. This resolution is effective immediately upon its enactment by the City Council.

PRESENTED AND PASSED this 28th day of February, 2022.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this this 28th day of February, 2022.



Peter B. Truax, Mayor

ATTACHMENT A

BUSINESS INCENTIVE PROGRAM APPLICABLE FEES, CHARGES, AND WAIVERS

1. Business License Fee: waiver for two years, including first time application fee
2. Sign Permit Fee: waiver up to \$1,000 if the applicant meets certain design requirements
3. Water System Development Charge: payment plan up to ten years for qualified businesses. The interest rate will be the current prime interest rate plus 2 percent (2%). The obligation to pay the SDC pursuant to a financing installment payment agreement shall be secured by a lien against the property upon which the improvement will be located.

City of Forest Grove

Business Incentive Program

January 1, 2022 – December 31, 2022

Program Overview

The Business Incentive Program provides incentives for new and existing Forest Grove businesses that are relocating or expanding to vacant commercial or industrial space.

Program Incentives Defined

- Waiver of business license fee for two years including initial application fee savings of up to \$550
- Waiver of Sign Permit fees up to \$1,000 if the applicant meets certain design standards.
- Water System Development Fee can be paid in installments over a period up to 10 years.

Program Eligibility

- The business will legally occupy a commercial or industrial building space that is commercially or industrially zoned and has received a final inspection and Certificate of Occupancy, and
- EITHER, the business currently exists within the City and is:
 - a. Expanding into adjacent commercial or industrial space; or
 - b. Opening a new and/or additional satellite location; or
 - c. Relocating from a former location and will occupy additional square footage in the new location; AND
 - d. Expanding, opening or relocating to a vacant commercial or industrial space that will add a minimum of 10% additional square footage to their existing size, AND
- OR, the business is new to the City and will:
 - a. Legally occupy a formerly vacant commercial or industrial space; and
 - b. The business receives a permanent Certificate of Occupancy for commercial or industrial improvements.

Contact

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A place where families and businesses thrive.

<i>CITY RECORDER USE ONLY:</i>	
AGENDA ITEM #:	<u>F. 4.</u>
MEETING DATE:	<u>02/28/2022</u>
FINAL ACTION:	<u>RESO 2022-12</u>

CITY COUNCIL STAFF MEMORANDUM

TO: *City Council*

FROM: *Jesse VanderZanden, City Manager*

PROJECT TEAM: *Brenna Fulks, Economic Development Program Coordinator*

MEETING DATE: *February 28, 2022*

SUBJECT TITLE: *Business Incentive Program*

ACTION REQUESTED:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Ordinance	Order	X	Resolution	Motion	Informational

X all that apply

BACKGROUND:

In 2011, as a response to Great Recession that caused an increase of vacant space, the City of Forest Grove enacted the Business Incentive Program (BIP). Since then, the program has been extended four times with the most recent program expiring December 31, 2021. The program has remained the same throughout this time and was designed to attract businesses to empty commercial and industrial space by offering incentives that reduced or eliminated the business license fee, building and sign permit fees and the Water System Development Fees.

Since the BIP was first introduced:

- The Forest Grove economy has made significant strides in reducing larger vacant industrial space and has realized a net reduction in commercial/retail vacancies. In March of 2011, Forest Grove had 16 industrial buildings accounting for 681,530 square feet of vacant space. As of September-2021 it fell to 0 square feet (0% vacancy rate). For commercial space, Forest Grove had 16 commercial/retail spaces totaling 53,640 square feet of vacant space in early 2011 compared to 12,123 square feet of existing vacant building space in 2021 (2.6% vacancy rate).
- Small businesses in the commercial/retail sector use the program most frequently.
- The program creates goodwill and promotes Forest Grove as pro-business.
- The program has the most financial value for the very small, independent businesses in the commercial/retail sector.

In the past three years:

- Fewer businesses have utilized the incentive (this is likely due to the decrease in vacant spaces). From 2014 to 2017, 14 businesses utilized the program compared to 5 businesses that utilized the program from 2018 to 2021, based on business licenses issued.
- The program has continued to provide the most value for small business.

BUSINESS INCENTIVE PROGRAM RENEWAL:

Staff is proposing to renew the BIP for one year retroactively starting on January 1, 2022 and sun-setting on December 31, 2022. The goal of renewing the program is to provide program continuity, to continue to promote reductions in vacant space, and help alleviate certain costs associated with starting a business. At the end of the calendar year, staff would like to reevaluate the program. Please see the attachment for specifics about the BIP.

The Forest Grove Economic Development Commission reviewed the BIP at their February, 2022 meeting and recommended its renewal be approved by Council in its existing framework.

FISCAL IMPACT:

Based on historical usage, the fiscal impact would be approximate \$600-\$900 for the calendar year.

STAFF RECOMMENDATION:

Staff recommends the City Council consider a resolution establishing the Business Incentive Program.

ATTACHMENT(s):

Resolution Continuing Business Incentive Program
Business Incentive Program