

## The Oregonian

### **PDC sets up fund for small businesses**

**Loan program - The money can be tapped in any part of the city that qualifies as low income**

Friday, January 27, 2006

**RYAN FRANK**  
The Oregonian

Mayor Tom Potter called for change at the Portland Development Commission when he ran for office in 2004.

While former Mayor Vera Katz pushed the agency to do super-sized real estate projects, Potter wanted the commission to focus more on small and minority-owned businesses in troubled parts of town. A year into his first term, Potter's campaign promise is taking shape.

The commission this week agreed to set aside \$750,000 for small-business working capital loans. It's the third program the commission created for companies with 50 or fewer to meet Potter's requests.

The urban renewal agency and the Portland Family of Funds, a private firm the commission helped create, will raise the money by selling federal New Markets Tax Credits designed to spur reinvestments in troubled parts of town.

Ethan Dunham, chairman of the city's Small Business Advisory Council, says the small-business loans are the right way to boost the economy in struggling parts of the city. "To take that program and go after small business is terrific," he said. "Everyone knows job creation is in small business."

The program is unusual for the development commission because it comes with fewer restrictions than most of its spending. The commission generally has to spend its \$269 million budget on construction projects within its 11 urban renewal districts -- but those districts cover only 14 percent of the city .

The new loan fund can be spent in any part of Portland that qualifies as low income. "We're trying to get creative on ways to assist businesses outside of urban renewal areas," said Bob Alexander, economic development director.

Fred Atiemo, business finance manager, said he hopes to offer at least 40 to 50 loans that range from \$1,000 to \$50,000.

The loans would come with friendly terms that typical banks wouldn't offer, such as interest-only payments early on or interest rates as low as 3 percent.

Alexander said borrowers will be sought through community-based groups such as the Hispanic Metropolitan Chamber of Commerce and Portland State University's business outreach program. The groups will collect a 3 percent fee for the referral.

Alexander said the program is thought to be one of the first in the country to offer loans as small as \$1,000 through the New Markets Tax Credit program.

The agency and the Portland Family of Funds are working on a second program to direct more tax credits

at small businesses.

Ryan Frank: 503-221-8564; [ryanfrank@news.oregonian.com](mailto:ryanfrank@news.oregonian.com)

©2006 The Oregonian