Funding Sources for Downtown Revitalization Efforts

Downtown revitalization programs and activities are typically funded by a multitude of sources. This report provides a synopsis of popular public and private funding sources that can be tapped for various aspects of downtown/community/economic revitalization initiatives.

City Government
City government can be a partner in funding basic operating expenses and often also contributes dollars to specific downtown projects. Basically there are two funding pots from which you can solicit money from city government: the general fund, and special dedicated funds. Within these funds the city government has a certain amount of money that must be allocated for particular projects. For instance one special dedicated fund is made up of money from gas taxes. This money must be allocated to street projects. General Fund dollars can be applied to downtown management, public improvements, public facilities, technical assistance, and possibly promotions.

Memberships
Fees paid for membership to an organization can be a source of funding for most all aspects of downtown revitalization. In order for membership dues to be a strong source of funding for a program, a well-thought-out strategy and campaign must be administered. This form of fundraising is ongoing and can only succeed with a good chair to spur the board on. Follow-through is essential to a good membership campaign.

Corporate Donations
Corporate donations may be distinguished from membership dues primarily by the size of contribution. Many corporations have actively supported commercial revitalization efforts through donations of money, services, and equipment. And, most look upon donations to social and economic development causes as investments in the community. Their willingness to give will be directly proportional to their existing or future corporate presence in the community. A corporation will typically evaluate a donation in terms of return on investment (usually in terms of dollars, publicity, human betterment, or economic growth).

Economic or Business Improvement Districts (EID, BID)
An Improvement District is a local self-help funding mechanism authorized by Oregon State Statute ORS 223, which allows municipalities to levy special assessments on businesses and property owners within a defined district. Funds collected can be used to provide management, landscaping, improvements, maintenance, promotion, business recruitment, and parking within the district. Setting up an Economic Improvement District requires effort and time to put together, includes a defined public process, and can be politically sensitive. Your City Staff, the Oregon Main Street Office, and the League of Oregon Cities (LOC) can assist you with the process.
Urban Renewal/Tax Increment Financing (TIF)
Urban Renewal uses public investment in capital improvements to stimulate private investment in areas that would otherwise have remained stagnant or underdeveloped. As a governmental authority, an urban renewal district has the ability to collect and expend tax revenues; acquire, consolidate, and dispose of real property; and to undertake capital projects. Project funding comes from property tax revenue generated by the incremental increase in property values within the district between when the district was formed and today. TIF provides a stable security for bonded debt. Rules are spelled out in ORS 457. Connect with Association or Oregon Redevelopment Agencies: www.orurbanrenewal.org

Local Improvement District (LID)
Local governments have the authority to spread over a defined area the cost of public improvements. While typically used for infrastructure (water sewer, road) improvements, LIDs can also be an effective means to finance all or part of streetscape improvement costs.

Local Transient Lodging
A Local Transient Lodging Tax (an addition to the State Lodging Tax) is a local self-help mechanism authorized by Oregon State Statute ORS 320:345-350, which allows Local Governments to collect revenues from lodging within their jurisdiction to be used for tourism promotion, tourism related facilities, local services, or to refinance the debt of tourism-related facilities. Your City Staff and the League of Oregon Cities (LOC) can provide you with information on eligibility and procedures.

County Video Gaming Proceeds
Counties in Oregon receive a share of video gaming receipts that the dedicate to gambling addiction prevention and recovery and, at their discretion, to economic development projects. Contact your county to find out how they are targeting these dollars. See Oregon State Statute ORS 461.547.

Oregon Land Use Planning and Transportation & Growth Management (TGM)
Grant funding to municipalities for land use code amendments and planning projects linking land use and transportation plans (including plans to improve the pedestrian friendliness of downtowns and Main Streets) provided though Oregon’s TGM and other planning grants.

Fundraising Events
Fundraising events are a good source of revenue for downtown management, promotions, public improvements, and public facilities. They differ from special events in that they occur regularly, they are conceived and run like a business, and they are regarded as a business venture by the sponsoring organization. The whole purpose of putting on a fundraiser is to make money, therefore it is critical that goals, plans, and budget are thoroughly worked out, or the fundraiser may end up being much less than profitable.

Product Sales
A budget can be subsidized by selling products related to the organization, community, or promotion. Some examples of these are t-shirts and sweatshirts, posters, specialized game boards, and bricks for streetscape projects. Product variety is only as limited as the imagination. Before going into special product sales, there must be a well-thought-out plan in place for actually selling the items. Don’t depend on product sales to make ends meet.
**Sponsorships**

Sponsorships are a good source of funding for special events and promotions. Suppliers of many of the products used in special events as well as media are willing to donate a portion of their product to be listed as a sponsor of the event. Like corporate donations, potential sponsors evaluate such contributions in terms of return on investment. Businesses seldom sponsor anything from a totally philanthropic viewpoint.

**Retail Fees**

Retail or “In” fees are paid by the primary beneficiaries of a particular promotion or group of promotions. Usually the promotion is thought of, a budget is developed, and then a fee is determined by dividing the total budget by the projected number of participants.

**Foundations**

Foundation donations are grants given by foundations to aid social, educational, charitable, religious, and other activities which serve the common welfare. Foundations are non-governmental, nonprofit organizations which, primarily through investment of their assets, have produced income that is awarded as grants. Foundations generally have restrictions concerning what they will and will not support. In order to qualify for a foundation grant you must be a tax-exempt organization recognized by the IRS. Foundation grants can be used to fund public improvements, public facilities, technical assistance, promotions, and downtown management depending on the purpose, activities, and area of interest of the foundation.

**Volunteers**

Volunteers are often an overlooked means of funding many commercial revitalization projects. Volunteers can provide many services that might otherwise require cash resources well beyond the means of the organization. Volunteers might sell spots in a coordinated advertising campaign; they might provide part-time office help or clerical support; volunteers might help solicit donations and memberships; they might help paint a building or sweep a sidewalk, prepare a financial statement or submit a tax return, design a logo or print the newsletter. Given correct motivation and correct management, volunteers can do almost anything.

**Service Fees**

Service fees are a common source of funds for many nonprofit organizations, but are not often used in the commercial revitalization field. Service fees might be generated for professional services such as commercial building design assistance, parking management or enforcement, property management, real estate negotiation or packaging, retail promotion packaging, advertising, or business recruitment. Service fees are a dependable and self-perpetuating source of income, but can be deceptive. Many nonprofit organizations have started profit producing services to subsidize their basic mission driven projects, only later to learn that the services were not actually producing income, but sapping the resources of the organization.

**Subsidy from Profitable Business**

A number of very entrepreneurial nonprofit organizations have started for-profit arms to make money and subsidize their basic programs. Examples related to a commercial revitalization effort might include a real estate development company subsidizing a commercial district management nonprofit, or a nonprofit leasing its real estate to for-profit businesses to generate income to support the nonprofit’s activities. Subsidies from profitable businesses can be
another source of ongoing and dependable operating support, but should be viewed with similar cautions to income service fees.  

Historic Preservation Funding

Private/Nonprofit Funding Sources

There is a myriad of foundation and charity funding sources that could assist in funding downtown projects. Applicants typically must have 501(c)3 tax status. Most sources target their funds geographically or to specific outcomes. For a full listing of sources in Oregon, see the Oregon Foundation Data Book: [www.FoundationDataBook.com](http://www.FoundationDataBook.com). A sampling of some programs are:

**Kinsman Foundation**  
The Kinsman Foundation is based in Oregon and primarily makes grants toward historic preservation projects. Past projects include research, stabilization and restoration of historic buildings. For more information go to: [www.kinsmanfoundation.org](http://www.kinsmanfoundation.org)

**Meyer Memorial Trust**  
The Meyer Memorial Trusts four grant programs cover programs in the arts, public affairs, human services, education and the environment. These ongoing focus areas are occasionally supplemented when new community needs are identified. [www.mmt.org](http://www.mmt.org)

**Oregon Community Foundation**  
Oregon Community Foundation gives more than $60 million to organizations and projects that improve communities across the state. The foundation has myriad focuses. For more information go to [www.ocfl.org](http://www.ocfl.org)

**MJ Murdock Charitable Trust**  
The MJ Murdock Charitable trust grants to projects and organizations that will improve the lives of the people of the Pacific Northwest. Its funding priorities are diverse though they do not fund pass through grants. The organization has a general focus on youth. [http://www.murdock-trust.org/](http://www.murdock-trust.org/)

**Collins Foundation**  
The Collins Foundation is an Oregon based general purpose granting foundation. Every year it invests millions into arts, community, health and education projects throughout the state. For more information go to www.collinsfoundation.org

**Ford Family Foundation and The Ford Institute for Community Development**  
This is a non-profit foundation based in Roseburg which funds projects throughout the state particularly in rural areas. Their focus areas include youth, education, visual arts, leadership and community development. [www.tfff.org](http://www.tfff.org)
Bullitt Foundation
The Bullitt foundations is based in Seattle, Washington and funds projects throughout the “Cascadia” region. Their mission is to safeguard the natural environment and they support efforts to build smart sustainable communities www.bullitt.org

Oregon State Programs

Vertical Housing Program
Exempts the increased value of a mixed-use building (commercial ground floor, one-plus floors of housing) from property taxes for up to ten years. Must be pre-approved new or new rehabilitation and be in an approved zone. Administered by Oregon Housing and Community Services:

Brownfields Redevelopment Funding
There are multiple loan and grant sources for site assessment and clean-up where known or suspected environmental contamination is a barrier to redevelopment.

Transportation Funding
The Oregon Department of Transportation provides grant funding for bicycle and pedestrian oriented construction projects as well as major transportation system improvements. Competition is tight and paperwork is heavy. The ODOT area manager for your area of Oregon can provide advice on if/how well your project will fit ODOT’s resources as well as how your projects along State/Federal highways will be received.

Arts Build Communities
This grant from the Oregon Arts Commission provides $3,000-$7,000 matching support to organizations for projects that address a local community problem, issue or need through an arts-based solution. http://www.oregonartscommission.org/grants/

Federal Programs

Catalogue of Federal Domestic Assistance
The Catalog of Federal Domestic Assistance is a government-wide compendium of Federal programs, projects, services, and activities that provide assistance or benefits to the American public. It contains financial and nonfinancial assistance programs administered by departments and establishments of the Federal government.

USDA Rural Development Programs
Program assistance is provided in many ways, including direct or guaranteed loans, grants, technical assistance, research and educational materials. Areas of focus include; business assistance; housing creation maintenance and upgrades; and utility infrastructure.

US Department of Commerce Economic Development Administration (EDA)
EDA funding is approached through the Economic Development District for your region – check with your city manager.
**National Endowment for the Arts**
The NEA offers grants for arts Engagement, cultural planning and design projects and projects that build knowledge about creative place making through their Our Town initiative. They also offer grants titled Arts Works which funds large projects and Challenge America which is geared toward underserved populations.

**Other Non-Profit Assistance**

**Cascadia Revolving Fund**
Non-profit financial institution that provides loans and technical assistance to entrepreneurs and non-profit organizations unable to access traditional financing and support. Cascadia lends to businesses owned by low-income people, women, or minorities; and to childcare businesses, businesses that restore or improve the environment, or have strong potential to create family wage jobs. [www.cascadiafund.org](http://www.cascadiafund.org)

**Oregon Microenterprise Network (OMEN)**
Statewide association of microenterprise development programs and their supporters. These programs provide training, lending, and other enterprise opportunities to entrepreneurs with limited access to economic resources. [http://omenetwork.org/](http://omenetwork.org/)

**SOLV**
Provides materials, planning assistance, and small grants to communities/organizations who want to organize a restoration, enhancement, clean-up, or beautification project. [www.solv.org](http://www.solv.org)

**Travel Oregon**
Travel Oregon offers matching grants to non-profits engaged in tourism promotion and development throughout the state. Projects that contribute to the development and improvement of local economies and communities are given preference [www.industry.traveloregon.com/industry-resources/matching-grants-program/](http://www.industry.traveloregon.com/industry-resources/matching-grants-program/)