CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 10/21/2025 **Approx. Start Time:** 2:30pm **Approx. Length:** 30 min

Presentation Title: Economic Development Funding Tools

Department: Transportation & Development/Office of Economic Development

Presenters: Dan Johnson, Director
Laura Edmonds, Manager, Office of Economic Development

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?
Board direction on research of additional economic development incentive programs.

EXECUTIVE SUMMARY:
The Office of Economic Development has access to a limited number of incentive or funding tools to help support business expansion, retention and development. Providing a business-friendly environment in Clackamas County is accomplished through a variety of methods, with incentive and funding tools being an important component. Due to the Board's continued interest to Grow a Vibrant Economy, staff is providing an opportunity to evaluate the current tools and gauge interest in the development of new ones.

Clackamas County currently offers three incentive and funding programs for business:
1) Enterprise Zones
2) Strategic Investment Zones (Urban and Rural)
3) Direct Financial Assistance

Attachment A provides an overview of tools that are currently in use; tools that have been considered or used in the past and are no longer in use; and new tools/incentives that could be implemented in the county.

Staff has researched potential additional incentive and funding tools that could be established in the county and requests Board direction as to whether or not additional tools should be sought out, and if so – which tools would best support new business and development in Clackamas County?

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? ☐ YES ☒ NO

What is the cost? $ Unknown What is the funding source? Unknown

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals? Vibrant Economy
- How does this item align with the County's Performance Clackamas goals? Vibrant Economy

LEGAL/POLICY REQUIREMENTS:
N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:
N/A – Though adoption of any incentive will require a subsequent public hearing.

OPTIONS:

Option 1: Direct staff to return with details on new economic development incentives for Board consideration.

Option 2: Provide alternative direction on economic development incentives research.

Option 3: Take no action at this time and direct staff to retain current incentives.

RECOMMENDATION:

Option 1: Direct staff to return with details on new economic development incentives for Board consideration.

ATTACHMENTS:

Attachment A: Business Tools & Incentives

SUBMITTED BY:

Division Director/Head Approval _________________
Department Director/Head Approval ______________
County Administrator Approval __________________

For information on this issue or copies of attachments, please contact Laura Edmonds @ 503-319-2456

Business Tools & Incentives Exploration

EXISTING:

1. Enterprise Zones

- **Description:** Provides limited term property tax abatement for companies that meet certain investment and employment thresholds within designated enterprise zones. Additional county incentives could be coupled with existing state property tax abatements.

Example: Clackamas County already participates in in the State of Oregon's Enterprise Zone program, offering property tax exemptions to encourage new investment in 76 identified enterprise zones statewide. The Clackamas County Enterprise Zones are Estacada, Molalla, Oregon City, Sandy and North Urban Clackamas County (Gladstone, Milwaukie and Unincorporate Clackamas)

2. Clackamas County Strategic Investment Zones (SIZ - Urban and Rural)

- **Description:** The Urban and Rural Strategic Investment Zone provides a compelling business recruitment tool designed to attract large capital-intensive traded sector businesses. The program provides consistent criteria and a streamlined approval process.

- Highlights include:
    - 15-year property tax abatements on facilities and equipment to any "traded-sector" business. Examples include production, manufacturing, high tech and others.
    - Applies to large capital investments — ~$40 million minimum in the rural zone and ~$150 million in the urban zone.
    - Requires the company to pay a community service fee equal to 25% of the tax savings per year to local public service providers to offset community impacts. The community service fee is capped at an annual maximum of $2 million in urban areas or $500,000 in rural areas.

Example: Clackamas County has one active participant in the Rural Strategic Investment Program, Columbia Distributing located in Canby and has invested approximately $60M since approved in 2020.

3. Direct Financial Assistance

• **Description:** The county has authority to provide financial assistance to support economic development. This can include granting or loaning funds, delaying the collection of fees, acquiring land and buildings, leasing existing land or buildings at a preferable rate/price, and paying for worker training or consulting services.

Example: The Clackamas County Office of Economic Development traded sector grants are in the application phase of year two of the program. There were 10 Grants awarded in year one, and as of September 18th 2025, *less than 6 months after funding was deployed to grantees,* we've already realized a return on investment of 15 employees hired (avg. $27.65/hr), and $3.8million invested, primarily into taxable capital equipment or real property improvements.

PREVIOUSLY CONSIDERED OR USED – NO LONGER IN USE

4. Brownfield Land Bank

• **Description:** Local governments purchase and clean up environmentally contaminated properties, then resell them for redevelopment by targeted industries. OED was actively working to establish a land bank program prior to the pandemic. Unfortunately, those efforts were abandoned and efforts were refocused to more immediate needs.

Example: Cuyahoga County Ohio has a not-for-profit land bank that was formed in 2009. Clackamas County completed a significant amount of work towards launching Oregon's first brownfield land bank, but the pandemic caused the County Board of Commissioners to pause efforts when financial and human resources were constrained by the economic impacts of COVID. There are still no brownfield land banks in Oregon.

5. Rural Renewable Energy Development Zone (RREDZ)

• **Description**: Qualifying projects must meet the same criteria as stipulated under the Standard Enterprise Zone Program. Specifically for RRED Zones, the requirement to create full-time employment with a new project may be waived by the local government if the cost of the investment will be $5 million or more.

Eligible investments must: harness wind, geothermal, solar, biomass or other unconventional forms of energy to generate electricity; or

Produce, distribute or store any of a wide variety of biofuels.

Example: Clackamas County established the RREDZ in 2022. Rural in design, the zone excludes any area within a UGB of a metropolitan region or city with a population of 30,000 or more. No projects have participated in the program since local inception.

NEW TOOLS FOR CONSIDERATION

6. CPACE Financing (Commercial Property Assessed Clean Energy)

• **Description:** Offers long-term financing for energy-efficient upgrades to commercial properties, with the loan repaid through billing on the county property tax bill.

Example: Multnomah and Washington county have dedicated the time and resources needed to stand up a CPACE program. Washington County has approved an application from a hotel and a mini storage since the program went online in 2022. Clackamas County has received some inquiries about potential CPACE financing from developers and currently does not have a program to offer.

7. Expedited Permit Review and Approval

• **Description:** Streamlining the permitting process reduces delays for developers, making projects more feasible and attractive.

Example: Spokane WA has committed to establishing a city “rapid response team” to expedite approvals for development or building proposals from certain targeted industries, including microchips and aerospace. Clackamas County has standing “Business Response Team” meetings with management in Planning, Building, and Economic Development to address potential permitting issues brought forward by business.

9. System Development Charge (SDC) Adjustments

• **Description:** SDCs, typically levied to fund infrastructure improvements, can be financed, capped, deferred, or waived to incentivize development. Capped or waived SDC’s would need to be memorialized in a methodology update.

Example: The City of Estacada offers financing of SDC’s at 3% interest over a 10-year term. Ashland, Oregon, offers deferred payment options for SDCs to support affordable housing projects. The City of Eugene exempts low-income housing projects from local SDC charges.

10. Tax Increment Financing (TIF)/Urban Renewal—Expand zones and use funds more broadly than infrastructure for direct business investment/loans/grants, “soft” programs, incubator/maker space, land banking, site remediation

• **Description:** TIF allows municipalities to capture the future tax revenue increase generated by redevelopment in designated areas to fund current improvements. Clackamas County and several of the cities within Clackamas County have long used Urban Renewal Districts for a variety of areas within the county.

Example: Albany, Oregon, uses TIF within the Central Albany Revitalization Area (CARA) to fund projects aimed at reducing blight and encouraging economic growth.

From Oregon City's program: Urban renewal is funded by tax increment financing (TIF). At the time an urban renewal plan is adopted, the county assessor calculates the total assessed value of the area and establishes this value as the "frozen base" for the area.

Taxes from that frozen base continue going to all of the taxing jurisdictions. Growth above the base is called the "increment". Taxes from the increment, called tax increment revenue, go to the urban renewal agency for projects within the urban renewal area.

11. County Loans, Loan Guarantees, and Forgivable Loans

• **Description**: These financial mechanisms provide low-interest loans or forgivable loans to developers or businesses that meet specific criteria, reducing risk and cost.

Example: Harris County Texas has recently partnered with a not-for-profit lender to establish and manage a $17M revolving loan fund designed to support small businesses.

12. Specialized Federal Tax Incentives

• **Description:** Several geographic locations within the county are eligible for real estate investment from investors using federal tax incentives related to Opportunity Zones and New Market Tax Credits. Administration and application for these credits is at the federal level. Investors are able to reduce or eliminate federal capital gains tax through these programs.

Example: The likely redeveloper of the Main Street courthouse stated in the request for interest that Opportunity Zone tax credits were part of the capital stack for the proposed multifamily project.

13. Strategic Land Acquisition and Development

• **Description:** The county buys strategic land, prepares it for development, and selects developers through a competitive process.

Example: Gresham Vista Business Park is a model for strategic land development, with the Port of Portland buying the land during the great recession and then marketing the parcels in the site to industries matching the goals and mission of the Port. The City of Eugene has a nationally recognized land bank for affordable housing. This process was followed with the RFI process for redevelopment concepts for the Main Street Courthouse—although the county owned the land for over a hundred years.

14. Incubators/Hubs/Accelerators

• **Description:** Business incubators provide early-stage companies with workspace, business assistance, and financial resources. Incubators are most successful when they are focused on business assistance programming versus physical facilities.

Example: Oregon State University sponsors Advantage Accelerator for early-stage start-up businesses with ties to OSU.

15. Vertical Housing Tax Credit (VHTC)

• **Description:** This is a niche incentive program designed for urban revitalization. In cities where there's a desire to bring more residents into downtown areas, this incentive provides a property tax abatement for new or converted multi-story buildings that include both commercial/retail space on the ground floor and residential units on the upper floors. It encourages mixed-use development and creates a more vibrant, walkable urban core.

• Encourages multi-story, mixed-use developments by offering property tax exemptions for 10 years on the residential portion of new developments.

Example**:** Oregon City has an active Vertical Housing Development Zone program.

16. Density Bonuses

• **Description:** Allows developers to build more units than typically permitted if they include affordable housing or other public benefits.

Example: The City of Oregon City has density bonuses for affordable housing and sustainability features in the High-Density Residential District.

17. State of Oregon Food Processors Property Tax Exemption

• Description: Tax Exemption program that is targeted towards Oregon Traded sector food processors and applies to qualified property machinery, equipment, and personal property -not real estate.

18. Business-Specific Tax Credits

• **Description:** Unlike broad tax abatements, these credits are tied to a particular industry or business activity. This allows the county to provide a more targeted incentive that aligns with its strategic economic goals.

E**xample:** Clackamas County could create a tax credit waiving or rebating property taxes to encourage Research and Development (R&D) within the county.