



Ignite Growth:

Building Sandy's Economic
Future Through Strategic
Investment

Sandy, Oregon

Prepared for
Sandy Urban Renewal Agency
and the City of Sandy

August 2025





INTRODUCTION

The recent Urban Renewal Area audit presents a clear picture of Sandy's current economic position. Private investment has increased consistently over five years, with commercial and service properties attracting capital and assessed values climbing steadily. However, the audit also reveals underutilized parcels and unrealized development potential within the urban renewal boundaries.

Our interviews with local business owners, property developers, and community leaders revealed a consistent theme: Sandy has solid economic fundamentals, but lacks the financial tools to help existing businesses expand and attract new employers. Business owners repeatedly described scenarios where modest gap financing could enable significant expansion, but traditional lending doesn't align well with the needs of growing businesses in smaller communities.

These findings echo the priorities established in the City of Sandy Economic Development Strategic Plan. The plan calls for improving access to economic opportunity and maintaining quality of life, leveraging SandyNet and technology for economic growth, strengthening metals fabrication, cultivating food and beverage innovation, investing in tourism as a Mt. Hood basecamp, and reinforcing Sandy's role as the retail hub of East Clackamas County. Each of these goals depends not only on vision and planning, but also on the availability of capital to turn opportunity into action.

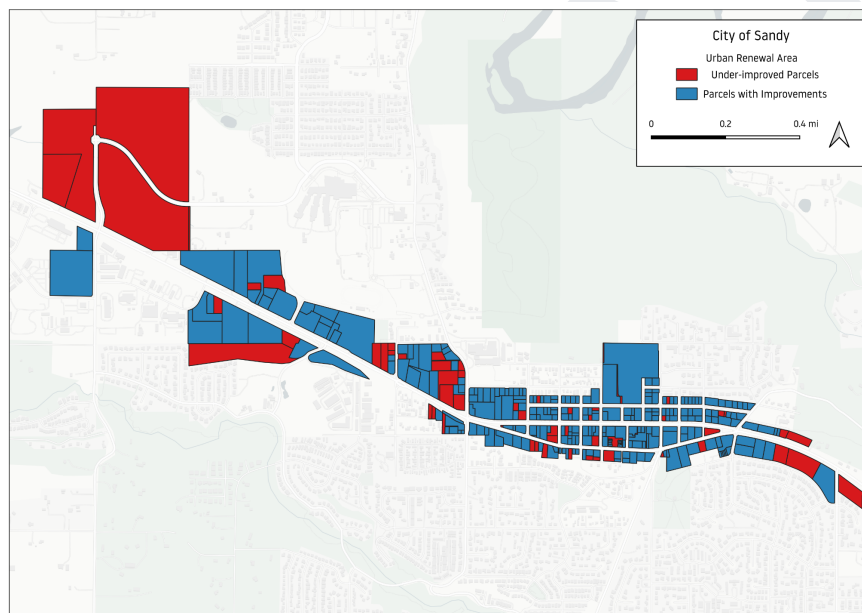
This report examines how other Oregon cities have advanced similar objectives through structured business financing, and recommends a tailored approach for Sandy. By combining targeted grants, a revolving loan fund, and professional third-party administration, Sandy can activate underutilized sites, catalyze private investment, and create quality jobs - concrete steps that move directly toward the goals laid out in the City's Strategic Plan.

CURRENT LANDSCAPE: UNDERSTANDING SANDY'S POSITION

The Urban Renewal Area audit provides a data-driven assessment of Sandy's current economic status. Private investment has increased consistently over the past five years, with commercial and service properties attracting capital reinvestment. This indicates that Sandy has positioned itself as a viable destination for business investment within certain sectors and geographic areas.

However, the audit also identifies multiple parcels within the urban renewal boundaries that remain underutilized relative to their development potential. These properties don't require dramatic intervention, but modest financial incentives could unlock substantial private investment and corresponding increases in assessed value. The gap between current utilization and potential productivity represents unrealized tax base growth and employment opportunities.

Stakeholder interviews revealed specific constraints facing local businesses. Business owners described opportunities for expansion and growth supported by existing customer bases and market demand, but cited difficulty accessing flexible financing that aligns with small business expansion needs in communities like Sandy. Traditional bank lending, while available for certain project types, often doesn't accommodate the specific requirements of growing businesses in smaller markets.



Several business owners cited scenarios where \$50,000 to \$100,000 in gap financing could enable them to double their workforce or significantly expand service offerings. These represent established operations seeking to scale up in response to demonstrated market demand, not speculative ventures. The challenge isn't creditworthiness or business viability, but

rather the mismatch between available financing products and the specific needs of growing businesses in smaller communities.

Community leaders expressed concern that Sandy isn't effectively competing for new business recruitment against neighboring jurisdictions that offer more comprehensive financing incentives. While Sandy has advantages in location, infrastructure, and quality of life, it lacks the



policy tools that can influence business location decisions for employers who would create quality jobs and contribute to the local tax base.

LEARNING FROM OREGON'S SUCCESS STORIES

The good news is that Sandy doesn't need to invent these solutions from scratch. Across Oregon, communities have developed and refined business financing programs that successfully balance public investment with private accountability. These programs offer valuable lessons about what works, what doesn't, and how to structure initiatives that generate measurable economic impact while protecting public resources.

Corvallis provides perhaps the most recent and relevant example. Their South Corvallis Urban Renewal District launched a business lending program in October 2024 that has already generated significant interest from local entrepreneurs. The program offers loans up to \$100,000 per business, with funding cycles capped at \$250,000 to ensure broad accessibility.¹ What makes their approach particularly effective is the emphasis on building renovations, renewable energy improvements, and mixed-use developments that create multiple layers of community benefit.

The Corvallis program uses a competitive review process that evaluates applications based on economic impact, project readiness, and community benefits. This isn't a first-come, first-served

system, but rather a strategic approach that prioritizes projects most likely to generate lasting positive outcomes for the community. Early results suggest that this structured approach is attracting high-quality applications while maintaining strong standards for public accountability.

How the Downtown Corvallis Revolving Loan Fund Works

What is it?
A low-interest loan program for business improvements in Downtown Corvallis. Available first come, first served.

What can it be used for?

- Painting & window repair
- Interior design updates
- Electrical & plumbing upgrades
- Sustainability improvements
- General rehab work

How to apply
Submit a complete application to the Economic Development Office
Rolling review — apply early

Downtown Corvallis Revolving Loan Fund Program

The Corvallis-Benton County Economic Development Office is now accepting complete applications on a first come, first served basis for the Corvallis Downtown Revolving Loan Fund Program. The total program funds available are \$38,500 until more funding becomes available in the future. Applications are accepted on an ongoing basis until all funds are expended. Loan funds can be used for a variety of business investments, including rehabilitation, painting, window repair, interior design, electrical and plumbing upgrades, and sustainability improvements.

Overview

Open Date: Now
Close Date: Ongoing until funds are expended
Location: Downtown Corvallis — see map for zones

¹ <https://www.corvallisoregon.gov/cd/page/revolving-loan-fund-program-available-businesses-south-corvallis>



Eugene's Downtown Revitalization Loan Program offers a different but equally instructive model. Over several years, they've deployed nearly \$6 million in revolving loans to support downtown business development, including theaters, restaurants, retail establishments, and mixed-use residential projects.² The uniqueness of Eugene's approach lies in the revolving nature of the fund - as businesses repay their loans, those resources become available to support new projects, creating a self-sustaining capital pool that grows more effective over time.

Eugene's experience also demonstrates the importance of professional program management. Their loans aren't simply disbursed and forgotten, but rather actively monitored throughout the repayment period. This ongoing relationship allows the city to identify potential problems early, provide additional technical assistance when needed, and ensure that loan recipients are meeting their commitments regarding job creation and community benefit. The result is a remarkably low default rate and a track record of projects that consistently deliver on their promised outcomes.

McMinnville has taken a slightly different approach, focusing on gap financing that covers up to 20% of total project costs, with a maximum loan amount of \$100,000.³ Their program explicitly requires private leverage, meaning that public dollars are always matched by significant private investment. They also require immediate increases in assessed value and specific commitments regarding job creation. This structure ensures that public investment catalyzes additional private activity while generating measurable returns in terms of tax base growth and employment opportunities.

Astoria Partnership Program (APP)

The APP is a funding initiative designed to promote private and public partnership and investment in Astoria's Urban Renewal Areas (URAs). The Program offers the following funding opportunities for eligible applicants:

- Gap - Financing Loan
 - A low-interest loan up to \$250,000.
 - Interest rates range from 0% - 4%
 - Repayment term: 10 years.
 - Portions of the loan can become forgivable based on the willingness of the applicant to meet with the ADC's and City of Astoria's priorities.
- Revolving Line of Credit
 - Line of Credit up to \$150,000
 - Interest Rates range from 0% - 4%.
 - Renewable after 3 years.
 - Interest is only charged on drawn balance with a flexible draw schedule allowing funds to be reused as repaid.
- Matching Grant for Community Partners
 - Up to \$50,000 grant for non-profit organizations
 - Requires a 1-to-1 match from the applicant

Astoria's program adds another dimension worth considering - they offer partial loan forgiveness tied to achieving specific public benefit milestones. A business might receive a \$250,000 loan, but earn forgiveness of portions of that debt by hitting targets related to job creation, wage levels, or community service provision.⁴ This

² <https://www.eugene-or.gov/1402/Downtown-Loans>

³ <https://www.mcminnvillebusiness.com/properties-urban-downtown>

⁴ <https://dailyastorian.com/2025/07/23/astoria-partnership-program-approved/>



structure creates powerful incentives for businesses to exceed their initial commitments while providing a mechanism for the public sector to reward exceptional performance.

What unites these successful programs is their sophisticated understanding of the relationship between public investment and private development. They're not simply providing cheap capital, but rather creating strategic partnerships that align business growth with community priorities. They combine clear accountability measures with enough flexibility to accommodate the diverse needs of different types of businesses and development projects.

THE CASE FOR THIRD-PARTY ADMINISTRATION

One of the most critical lessons from other Oregon communities is the importance of bringing in specialized expertise to manage these programs. Running a revolving loan fund effectively requires knowledge in financial underwriting, economic impact assessment, and compliance monitoring - areas that go well beyond what most city staff can reasonably handle alongside their other responsibilities.

Third-party administration offers several key advantages:

- Technical expertise that ensures loans are properly underwritten and structured for success
- Consistency in application review, with every project evaluated against the same clear criteria
- Active monitoring throughout loan terms, catching problems early and providing ongoing support
- Transparent reporting with biannual updates on jobs created, investment leveraged, and tax base growth
- Staff capacity that frees city employees to focus on strategic planning and business recruitment

Rather than simply cutting checks and hoping for the best, experienced administrators maintain relationships with borrowers, monitor compliance with community benefit commitments, and identify issues before they become serious problems. This hands-on approach protects public investment while giving businesses the support they need to succeed.

The reporting aspect deserves special attention. Sandy's council and residents need regular, detailed updates on program performance - data on jobs created, private investment leveraged,



increases in assessed value, and overall economic impact. Third-party administrators provide this transparency through systematic tracking and regular reports that enable informed decisions about program adjustments and future funding.

SANDY'S STRATEGIC OPPORTUNITY

Sandy's current economic momentum combined with proven financing strategies from other Oregon communities creates an opportunity to accelerate growth that benefits existing businesses and the broader community. Sandy's challenge isn't starting from scratch, but rather building upon existing strengths while addressing specific constraints that limit growth potential.

The city's location and infrastructure provide competitive advantages. Sandy's proximity to major transportation corridors, established commercial districts, and quality of life amenities create a foundation for business attraction and expansion. However, these advantages alone aren't sufficient to compete effectively against neighboring jurisdictions that offer more comprehensive business development incentives and support services.

A structured financing program would enable Sandy to leverage its natural advantages more effectively while addressing the specific needs of both existing businesses and potential new employers. For existing businesses, gap financing could unlock expansion projects that create jobs and increase tax base contribution. For potential new businesses, the availability of flexible financing tools could influence location decisions when companies evaluate options.

Current economic conditions and available resources within the Urban Renewal Area create favorable timing for this initiative. Interest rates remain reasonable, construction costs have stabilized, and the regulatory environment for business development continues to be supportive. These conditions create an opportunity for Sandy to launch a financing program when it's most likely to attract strong applications and generate measurable economic impact.

Establishing a business financing program also positions Sandy as a community that actively supports economic development. This reputation effect extends beyond the immediate benefits of individual loans, creating a perception among businesses, developers, and economic development professionals that Sandy is a place where business growth is actively supported.



IMPLEMENTATION FRAMEWORK AND PROGRAM STRUCTURE

Sandy should establish three complementary financing programs that address different business development needs while maintaining fiscal responsibility and measurable outcomes: (1) Conceptual Design & Feasibility Grants, (2) Capital Improvement Grants, and (3) a Revolving Loan Fund.

The proposed **Business, Community and Conceptual Design Grant Program** would support high-impact initiatives that might not generate sufficient cash flow to support traditional lending but create significant community benefits. With proposed total funding of \$100k, this program could support a diverse portfolio of projects ranging from capital improvements and business expansion to community infrastructure and feasibility planning for larger future developments.

The grant program's flexibility in supporting conceptual design and feasibility planning deserves particular attention. Many potentially transformative development projects never move forward not because they lack merit, but because property owners and developers can't access the initial capital needed for architectural planning, engineering studies, and permitting support. By providing grants of up to \$25,000 for these predevelopment activities - structured as a 50% matching program - Sandy can encourage serious applicants who demonstrate financial commitment while ensuring projects have a realistic path to completion. This approach not only catalyzes larger developments but also ensures that grant funds are leveraged to their fullest potential, driving projects that generate significant employment opportunities and expand the city's tax base.

The competitive review process would ensure that grant resources flow to projects with the greatest potential for community impact. Applications would be evaluated based on measurable economic impact, project readiness, community benefits, and employment creation potential. This structured approach balances the need for accountability with the flexibility required to support diverse types of community-beneficial projects.

The proposed **Capital Improvement Grant Program** would support substantial business expansions and property improvements that create measurable economic and community benefits within the Urban Renewal Area. With proposed total funding of \$400k, this program would provide larger, one-time awards to projects that strengthen Sandy's tax base, create quality jobs, and activate underutilized commercial properties.



The program's structure emphasizes leveraging public funds to unlock significant private investment. Grants of up to \$100,000, provided on a 50% matching basis, would help close financing gaps for projects such as building renovations, tenant improvements, and equipment purchases that are permanently affixed to the property. By requiring substantial private participation, the program ensures that public dollars catalyze additional investment while maintaining accountability for outcomes.

This approach is designed to support projects that might otherwise stall due to high upfront costs or limited access to traditional financing. By reducing the financial burden of major improvements, Sandy can encourage businesses to expand facilities, modernize operations, and create new employment opportunities. The result is a more competitive business environment, stronger commercial districts, and long-term fiscal benefits through increased assessed values.

The competitive review process would ensure that grant resources are directed toward projects with the greatest potential for measurable community impact. Applications would be evaluated based on economic outcomes, project readiness, and commitments to job creation and retention. This structured system balances the city's need for accountability with the flexibility to support a diverse range of capital projects that enhance Sandy's overall economic vitality.

The proposed Sandy **Revolving Loan Fund**, with recommended total capitalization of \$1 million, would provide the financial capacity to support substantial business expansion and recruitment efforts. Individual loans up to \$250,000 could support significant projects while ensuring that resources remain available for multiple borrowers. The revolving nature of the fund means that successful loan repayments create capacity for additional lending, building the program's impact over time.

The proposed loan program's interest rates and terms should be structured to be competitive with private alternatives while ensuring appropriate return on public investment. Low, fixed interest rates would provide borrowers with predictable financing costs while generating revenue that supports program administration and fund growth. Flexible repayment terms, including potential deferment options, would acknowledge the reality that business growth often involves irregular cash flows, particularly in the early stages of expansion.

The recommended range of eligible uses - building renovations, equipment purchases, new construction, and predevelopment work - would ensure that the program can support businesses at different stages of growth and development. This flexibility is crucial for



maintaining a robust pipeline of applications while accommodating the diverse needs of Sandy's business community.

Funding for equipment (including restaurant equipment, operational equipment, and manufacturing equipment) shall only be eligible if the equipment is permanently affixed to, or remains with, the property. Any loans or grants awarded for equipment purchases shall require the City to place a lien on the equipment and such equipment shall be considered part of the property for the duration of the agreement. Equipment that can be easily removed or relocated off-site shall not be eligible for funding.

Potential deferment options, postponing or eliminating repayment obligations back to the City would mean offering flexibility in the structure of the loan payback—for example, balloon payments at a defined point in the term, or other repayment schedules designed to align with a project's cash flow. Any such consideration would require applicants to provide detailed financial statements and project information to ensure repayment capacity and protect the City's investment.

The proposed biannual competitive review process would provide regular opportunities for businesses to access funding while ensuring sufficient time for thorough application review and due diligence. This schedule would also create predictable funding cycles that businesses can plan around, potentially encouraging more strategic and well-developed project proposals.

MEASURING SUCCESS AND ENSURING ACCOUNTABILITY

The ultimate measure of these programs' success will be their impact on Sandy's economic vitality and fiscal health. Key performance indicators should include job creation and retention, increases in assessed property values, leverage of private investment, and growth in business activity within the urban renewal area. These metrics provide concrete, measurable outcomes that demonstrate program effectiveness and justify continued public investment.

Projects seeking funding will also be evaluated on their ability to create quality employment opportunities in Sandy. Scoring priority will be given to:

- Creation of **living wage jobs** (defined by current MIT Living Wage Calculator).
- Creation of **full-time positions** (defined as 32+ hours per week), to discourage reliance on part-time employment that limits access to benefits and overtime.



- Demonstrated commitment to retaining these positions as part of long-term business operations.

Increases in assessed property values provide a direct measure of program impact on Sandy's tax base and long-term fiscal capacity. This metric is particularly important for urban renewal financing, as increased property values generate the tax increment revenue that supports continued program funding. Tracking assessment increases also provides insight into broader market effects that extend beyond directly supported properties.

Private investment leverage ratios demonstrate the program's effectiveness in catalyzing additional economic activity beyond direct public investment. Successful programs typically generate \$3 to \$5 of private investment for every dollar of public funding, creating a multiplier effect that amplifies program impact. Monitoring these ratios helps identify successful project types and informs future program refinements.

Regular reporting to the city council and community provides transparency and accountability while creating opportunities for program adjustment and improvement. Regular reports should include both quantitative performance data and qualitative assessments of program operations, challenges, and emerging opportunities. This ongoing evaluation process ensures that programs remain responsive to changing economic conditions and community needs.

CONCLUSION

Sandy has built a foundation for economic growth, as confirmed by the Urban Renewal Area audit. However, realizing the full potential of that foundation requires strategic action and appropriate financial tools. The experiences of other Oregon communities demonstrate that well-designed business financing programs can bridge the gap between economic potential and economic reality while maintaining accountability standards and measurable community benefits.

The recommended approach combines proven strategies with Sandy's specific circumstances and development goals. A grant program supporting immediate business needs and longer-term planning activities, coupled with a revolving loan fund providing flexible gap financing, creates a comprehensive approach to business development and recruitment. Third-party administration ensures effective program management and accountability while allowing city staff to focus on broader economic development strategy.



Program success will be measured through sustained growth of Sandy's tax base, creation of quality employment opportunities for residents, and activation of underutilized properties that contribute more meaningfully to community vitality. These outcomes require commitment to long-term vision, professional management, and accountability to measurable results.

The investment required to launch these programs represents a strategic commitment to Sandy's economic future. The potential returns - measured in jobs created, tax base growth, and community vitality - could benefit Sandy residents for years to come.

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APPENDIX: PROGRAM IMPLEMENTATION DETAILS

Business, Community & Conceptual Design Grant Program

Total Program Funding: \$100,000

Program Purpose: Stimulate local business growth, enhance community assets, and advance project readiness through strategic non-repayable grants for initiatives that deliver clear public and economic benefits.

Eligible Applicants:

- Businesses operating within City of Sandy Urban Renewal Limits
- Property owners with commercial or mixed-use projects in the City of Sandy Urban Renewal Limits
- Nonprofit organizations or community-serving developments within the City of Sandy Urban Renewal Limits

Eligible Project Types:

- Conceptual design and feasibility planning (maximum \$25,000) for projects leading to future capital development including site planning, architectural design, feasibility studies, and permitting assistance requiring 50% match

Application Review Process: Applications will be reviewed biannual through a competitive process using standardized scoring criteria:

- **Economic Impact (30 points):** Measurable benefits to local economy, tax base growth, and commercial activity enhancement
- **Project Readiness (25 points):** Demonstrated ability to proceed quickly with necessary permits, financing, or development plans in place; planning grants must show clear pathway to future implementation
- **Community Benefits (10 points):** Improvements to quality of life, public services, or community amenities
- **Employment Impact (35 points):** Job creation and retention potential, wage quality, and commitments to local hiring

Maximum Award: \$25,000



Match Requirement: 50% private match (every \$1 in grant funding must be matched by at least \$1 in private investment)

Geographic Restriction: All projects must be located within the Urban Renewal District

Timeline: Projects must be substantially complete within 24 months of award

Performance Requirements: All grant recipients must provide biannual progress reports and demonstrate achievement of stated goals within 24 months of award.

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Capital Improvement Grant Program

Total Program Funding: \$400,000

Program Purpose: Support substantial business expansions and property improvements that create long-term economic benefits for Sandy. This grant program provides larger, one-time awards to projects that deliver measurable increases in assessed value, job creation, and community vitality within the Urban Renewal Area.

Eligible Applicants:

- Businesses operating within City of Sandy Urban Renewal Limits
- Property owners with commercial or mixed-use projects in the City of Sandy Urban Renewal Limits
- Nonprofit organizations or community-serving developments within the City of Sandy Urban Renewal Limits

Eligible Project Types:

- Building renovations and tenant improvements
- Major equipment purchases that are permanently affixed to the property
- Site improvements that enhance long-term business operations
- Expansion of existing facilities that create new employment opportunities

Application Review Process: Applications will be reviewed biannual through a competitive process using standardized scoring criteria:

- **Economic Impact (30 points):** Measurable benefits to local economy, tax base growth, and commercial activity enhancement
- **Project Readiness (25 points):** Demonstrated ability to proceed quickly with necessary permits, financing, or development plans in place; planning grants must show clear pathway to future implementation
- **Community Benefits (10 points):** Improvements to quality of life, public services, or community amenities
- **Employment Impact (35 points):** Job creation and retention potential, wage quality, and commitments to local hiring

Maximum Award: \$100,000



Match Requirement: 50% private match (every \$1 in grant funding must be matched by at least \$1 in private investment)

Geographic Restriction: All projects must be located within the Urban Renewal District

Timeline: Projects must be substantially complete within 24 months of award

Performance Requirements: All grant recipients must provide biannual progress reports and demonstrate achievement of stated goals within 24 months of award.

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City of Sandy Revolving Loan Fund

Total Fund Capitalization: \$1 million

Program Purpose: Provide competitive, low-interest financing for business expansion, infrastructure investment, and strategic development projects that strengthen Sandy's economic foundation and employment base.

Loan Parameters:

- **Maximum loan amount:** \$250,000 per project
- **Interest rate:** Fixed rate, set competitively below market rates
- **Loan terms:** 3-7 years with flexible repayment structures
- **Repayment schedule:** Monthly principal and interest with seasonal adjustment options available for qualifying businesses

Eligible Uses of Funds:

- Building renovations and facility improvements
- Equipment purchases and technology upgrades
- New construction projects
- Site preparation and infrastructure development
- Conceptual design, engineering, and predevelopment activities for construction-ready projects that advance employment and economic development goals

Borrower Eligibility:

- Businesses and developers with projects located within the City of Sandy Urban Renewal limits
- Demonstrated compliance with all applicable city codes and zoning regulations
- Financial capacity to repay loan obligations
- Commitment to specific job creation or retention targets

Application and Review Process: The loan fund operates on a biannual review cycle, with applications accepted continuously throughout the year. Each funding round uses the same competitive scoring methodology:

- **Economic Impact (30 points):** Direct and indirect economic benefits including tax base enhancement, supply chain effects, and market development



- **Project Readiness (25 points):** Ability to proceed promptly with necessary financing, permits, and operational plans
- **Community Benefits (10 points):** Positive impacts on local infrastructure, services, and civic amenities
- **Employment Benefits (35 points):** Quality job creation including wage levels, benefit provision, and workforce development opportunities

Security and Monitoring Requirements:

- Appropriate collateral securing loan principal
- Personal guarantees from business principals where applicable
- Annual site visits and compliance reviews
- Specific performance milestones tied to job creation and community benefit commitments

Technical Assistance: The loan fund includes provision for ongoing technical assistance to borrowers, including business planning support, financial management guidance, and connections to additional resources and funding opportunities.