



**DATE:** June 18, 2024  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 24-23  
Adopting an Amended and Restated Prosper Portland Green Building Policy

### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7537

This action by the Prosper Portland Board of Commissioners (Board) will approve updates to Prosper Portland's Green Building Policy (Policy) in alignment with Advance Portland: A Call for Inclusive Economic Growth. The amended Policy will support equitable development while furthering the actions prioritized in the City of Portland's Climate Emergency Workplan. If approved, the amended Policy will:

1. Increase the economic threshold for supported projects and land sales;
2. Extend to all building types;
3. Increase program options for certification in alignment with the City of Portland;
4. Outline a tiered approach to Policy requirements based on building square footage;
5. Adopt sustainability targets for smaller projects;
6. Allow for meaningful alternative options for projects seeking support at later stages of design and development; and
7. Clarify Policy application and reduce ambiguity.

### **STRATEGIC ALIGNMENT AND OUTCOMES**

The amended Policy will allow Prosper Portland to focus on economic growth opportunities while addressing the climate crisis preparing Portland for the future. Specifically, this action will deliver on the following Advance Portland objective:

- 1.2.4 Inclusive Climate Policy: Apply an inclusive economic growth grounding to climate policy and investment decision-making, e.g., assess the local economic growth opportunities for quality jobs and new business formation when developing new climate policies and programs.

### **BACKGROUND AND CONTEXT**

Over several decades, Portland has achieved recognition as an international leader in sustainability and green building through conservation, green design, and construction principles that guide land use planning and urban development. The past 20 years have marked a significant market shift and understanding that green building practices mitigate harmful impacts of the construction and operation of buildings, create environmental and social benefits, and improve community health. Portland's focus on green development has created an economic competitive advantage for the local design and construction sector and Prosper Portland has led the effort to market this expertise through the We Build Green Cities initiative.

The City of Portland (City) was the first in the United States to adopt and implement a green building policy for the construction and renovation of City-owned facilities. On January 10, 2001, through Resolution No. 35956, Portland City Council adopted the City's Green Building Policy, requiring all new City facilities to be certified at the Leadership in Energy and Environmental Design (LEED) Certified level and to incorporate green building strategies into tenant improvement and operation and maintenance practices. The City's Green Building Policy was subsequently revised three times, most recently in 2015 through Resolution No. 37122 to improve understanding and compliance, retain the City's leadership on green building, and respond to advances in the green building industry.

On September 12, 2001, by Resolution No. 5754, the Prosper Portland Board followed the City's lead and approved the Policy for the agency to support the intent of the City's Green Building Policy. The Prosper Portland Board subsequently adopted the Policy on January 9, 2002, through Resolution No. 5812, advocating for and incorporating sustainable building practices in construction projects as a condition of receiving financial assistance. The Prosper Portland Board approved amendments to the Policy in 2005 and 2010 to maintain alignment with the City to stay current with market trends and support implementation. Together, these policies helped drive a private market for green construction.

On May 13, 2015, through Resolution No. 7113, the Prosper Portland Board approved additional amendments to address the growth of green building matching the demand for a more sustainable building product in Portland. The 2015 revisions aimed to reduce barriers to small green certified developments and enhance Prosper Portland's ability to support equitable and healthy neighborhoods, commercial district revitalization, construction-related jobs, and accelerate market adoption. As a result, the expertise in strategies for green design, construction, and operation has deepened.

Prosper Portland's existing Policy was originally developed to align with large commercial development projects. In response to Advance Portland goals and community discussions, Prosper Portland recently updated and refined its real estate loan products to fill gaps identified in the market, particularly for small projects within historically underserved communities and for smaller multifamily and commercial projects. This process resulted in new loan products which include predevelopment, acquisition, construction, and permanent financing tools. These were approved by the Prosper Portland Board through Resolution No. 7525 on March 13, 2024.

Prosper Portland's loan product review prompted questions about the impact the existing Policy may have on smaller projects and what adjustments may be needed to calibrate requirements to align with the capacity of small projects, developers, and contractors while staying true to the intent of the existing Policy and the City's Climate Action Plan. Staff engaged environmental consultant Brightworks Sustainability to assist in creating a set of sustainability targets for small to medium-sized projects. Staff also received further guidance on updating the Policy applicability measures given current market conditions, new loan products, an inactive Green Tenant Improvement Guide, and a marked increase in Policy exemption requests.

These efforts, in coordination with City and external partners, resulted in recommendations to increase the Policy's economic threshold from \$200,000 to \$500,000 or more of financial support from Prosper Portland, which addresses the escalation in construction project costs since 2015. The recommendations allow for the inclusion of all building types in response to the variety of projects that Prosper Portland's suite of loan products now cover. Further, the revisions allow for additional certification programs to choose from in alignment with the Central City requirements and to allow for greater flexibility for different project types. Similarly, the Policy will increase building size (square footage) thresholds for mid and lower-level projects to better align with the inclusion of different project types and current market economic conditions. The Policy will adopt sustainability targets for projects smaller than 20,000 square feet, replacing the lesser-used City of Portland Tenant Improvement Guide, and provide a pathway to advance the goals of the Climate Action Plan for small projects with

measurable targeted outcomes. Lastly, the Policy provides for alternative green building pathways considered for projects in later stages of design and development, resulting in fewer exemptions.

Following is a summary of the updated Policy applicability:

<p><b>Applicability:</b> New construction of buildings, major renovations and tenant improvement projects if such Project: (1) receives Financial Assistance of more than \$500,000.00; or (2) occurs on real property owned or leased by Prosper Portland; or (3) occurs on a parcel of real property that was conveyed by Prosper Portland to a non-governmental buyer for a price greater than \$500,000.00.</p>		
<p><b>50,000 sq ft and greater</b>                  must achieve Gold Level Certification or Equivalent</p> <p>LEED Gold                  Earth Advantage Gold                  ILFI's Living Building Challenge                  Green Globes 4                  NGBS Gold                  Energy Trust Path to NetZero</p>	<p><b>Greater than 20,000 sq ft but less than 50,000 sq ft</b> must achieve Silver Level Certification or Equivalent</p> <p>LEED Silver                  Earth Advantage Silver                  ILFI Core                  Green Globes 3                  NGBS Silver                  Energy Trust Path NetZero</p>	<p><b>Less than 20,000 sq ft</b> must achieve applicable Prosper Portland Sustainability Benchmarks</p>

**EQUITY IMPACT**

The proposed Policy changes are intended to help achieve sustainability goals by reducing or removing unnecessary barriers. Policy revisions will help achieve Advance Portland strategic goals and enhance the Policy’s climate impacts through making more compliance options available for small to medium-sized project and all stages of project design.

**COMMUNITY PARTICIPATION AND FEEDBACK**

In drafting the amended Policy, staff consulted with and incorporated feedback from public sector colleagues, including the Bureau of Planning and Sustainability and the Portland Housing Bureau, in addition to non-profit partners and stakeholders from private industry. Partners supported the building size threshold, the building sustainability targets, the revised investment level, and the flexibility for project owners to select which rating system to pursue as measures that would allow for greater project accessibility while still setting us up to deliver on the goals of the Climate Action Plan.

Staff also benefited from the loan program update process, which helped inform the revised Policy parameters, increasing buy-in by smaller projects, developers, and contractors, and improve climate outcomes, while maintaining the purpose and intent of the existing policy.

**BUDGET AND FINANCIAL INFORMATION**

There are no anticipated budget impacts as a result of the proposed updates; the Policy aims to provide enhanced flexibility to adapt to the differing natures and sizes of projects.

**RISK ASSESSMENT**

There are no immediate risks associated with the Prosper Portland Board adopting the updated Policy. If the Prosper Portland Board chooses not to approve the updates, it could impact Prosper Portland’s ability to serve some loan applicants, impacting efforts to provide access to small to mid-sized development projects.

**ATTACHMENTS**

None.

