



PROSPER
PORTLAND
Building an Equitable Economy

DATE: March 11, 2026
TO: Board of Commissioners
FROM: Cornell Wesley, Executive Director
SUBJECT: Report Number 26-07
Approving Modification of Small Business Loan Program Guidelines

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7640

This action by the Prosper Portland Board of Commissioners (Board), if approved, will modify the maximum loan amount allowable under the Small Business Loan Program Guidelines (SBLP Guidelines) adopted in Resolution 7525 (March 13, 2024) from \$250,000 to \$1,000,000.

STRATEGIC ALIGNMENT AND OUTCOMES

Action by the Board will allow Prosper Portland to adapt its lending approaches to the evolving market and financial considerations. This change is aligned with multiple Advance Portland Objectives, including Objective 1: Propel Inclusive Economic Growth and Innovation, which aims to invest in traded sector cluster industries in which Portland has competitive advantage to increase access to quality job and business growth and address barriers to growth, inclusion, or innovation in competitive industries.

This action will also align agency strategy with the recommendations in the Traded Sector Industry Action Plans, which were developed as part of Advance Portland Objective 1 and call for increased access to capital for viable growth-stage businesses.

BACKGROUND AND CONTEXT

On March 13, 2024, through Resolution No. 7525, the Board approved the SBLP Guidelines to better align loan products with industry and small business needs and with Advance Portland and Financial Sustainability Plan (FSP) goals.

When the SBLP Guidelines were developed, they were highly focused on providing access to capital for small businesses (50 employees or fewer) in the growth stage. The maximum loan amount of \$250,000 was deemed appropriate for these businesses.

Since adoption of the SBLP Guidelines in 2024, Prosper Portland has seen an increase in larger loan requests (ranging from \$500,000 to \$1,000,000) from both small- and mid-scale traded sector industry businesses. This is likely due to multiple factors, including inflation, tariffs, and increasing constraints on access to capital from traditional lenders. At the same time, Portland has experienced a loss of livable wage jobs, including in key traded sectors. Increasing the maximum loan amount allowable under the SBLP Guidelines will position Prosper Portland to provide larger loans in a timely manner to these businesses. Although this maximum loan amount will also be available to non-traded sector businesses, all loan requests will continue to be underwritten in accordance with loan program guidelines and must meet the existing criteria for loan approval.

The increase from \$250,000 to \$1 million addresses several challenges facing the Portland business community and identified by Prosper Portland staff who support these businesses, while aligning

with the objectives of Advance Portland, the Financial Sustainability Plan, and Traded Sector Industry Cluster Action Plans:

- *Rising costs:* Inflation and tariffs have significantly increased the price of equipment, tenant improvements, and inventory across multiple sectors. The current \$250,000 cap is no longer sufficient to support many viable, growth-stage businesses. For example, Oregon Manufacturing Extension Partners (OMEP) estimates the average cost of metals manufacturing equipment at \$500,000, with a range of \$20,000 - \$4 million.
- *Credit risk:* Undercapitalized projects pose higher repayment risk. When loans are too small to fully fund an expansion, projected revenues can't materialize or are delayed, which jeopardizes repayment.
- *Economic Impact:* Increasing loan capacity supports business retention while enabling job creation and higher-quality jobs. This can also generate multiplier effects across local supply chains—benefiting suppliers, logistics providers, professional services, and retailers. In addition, streamlined approval processes can shorten funding timelines by approximately 6–8 weeks, better matching the pace of business expansion needs.
- *Portfolio Health:* Expanding loan size allows Prosper Portland to attract larger, established, and lower-risk businesses, which mitigates risk of a portfolio concentrated in smaller, less sophisticated businesses.

EQUITY IMPACT

Increasing the maximum loan amount is expected to have a positive equity impact by expanding access to capital for businesses in industries that often provide quality living-wage jobs and accessible career pathways.

COMMUNITY PARTICIPATION AND FEEDBACK

Between 2022 and 2024, Prosper Portland staff convened a diverse group of community partners with real estate development and finance experience to provide feedback on Prosper Portland's lending programs, providing critical feedback which informed the design of the SBLP Guidelines, as approved through Resolution 7525.

BUDGET AND FINANCIAL INFORMATION

There are no direct, immediate budget implications from this action.

RISK ASSESSMENT

Risks are inherent with every loan and will continue to be mitigated through skilled underwriting and securing collateral. As stated above, once implemented, expanding loan size allows Prosper Portland to attract larger, established, and lower-risk businesses, which mitigates risk of a portfolio concentrated in smaller businesses. Should the Board choose not to modify the Guidelines, Prosper Portland would continue to offer loans up to \$250,000.

ATTACHMENTS

None