

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7627

**APPROVING CENTRAL CITY BUILDING CONVERSION – EMBODIED
CARBON PILOT LOAN PROGRAM GUIDELINES**

WHEREAS, on April 26, 2023, through Resolution 37617, Portland City Council adopted Advance Portland, a five-year strategic plan for the City of Portland (the “City”) that calls for the promotion of inclusive economic growth, innovation, and wealth creation;

WHEREAS, Objective 3 of Advance Portland directs the City to establish financial and regulatory tools to incentivize market delivery of office-to-residential conversions (3.1.1) and implement development incentives to create new high-density, infill residential housing units through private development (3.1.2);

WHEREAS, the City and Prosper Portland entered into an intergovernmental agreement (“IGA”) on August 29, 2024 for Prosper Portland to implement economic development activities on a citywide basis, primarily through small contractor business technical assistance, small commercial building funding, and access to capital to support energy efficiency and renewable energy improvements in larger commercial buildings, all in furtherance of the City’s Climate Investment Plan (“CIP”) and related strategic priorities and programs which are funded through the Portland Clean Energy Community Benefits Fund (“PCEF”);

WHEREAS, the CIP’s strategic priority (“SP”) 14 seeks to improve access to capital to support energy efficiency and renewable energy improvements in commercial buildings, which are not otherwise eligible under PCEF’s small commercial business program;

WHEREAS, commercial vacancy rates in the Central City skyrocketed during the COVID epidemic and have not yet recovered;

WHEREAS, it is in the City’s best interest to support the conversion of these low-occupancy or vacant buildings to support the City’s middle income housing goals; and

WHEREAS, the Central City Building Conversion – Embodied Carbon Pilot Loan Program, described in the loan program guidelines attached to this Resolution as Attachment A, is designed to address these two problems and will be funded with PCEF resources allocated to support SP 14 in the IGA.

NOW, THEREFORE, BE IT RESOLVED that the Prosper Portland Board of Commissioners hereby adopts the Central City Building Conversion – Embodied Carbon Pilot Loan Program Guidelines (“Guidelines”) attached to this Resolution as Attachment A;

BE IT FURTHER RESOLVED, that the Executive Director is authorized to modify the Guidelines so long as such changes do not materially increase Prosper Portland's risk or obligations, as determined by the Executive Director in consultation with the General Counsel, and to interpret the Guidelines;

BE IT FURTHER RESOLVED, that the Executive Director will provide quarterly reports to the Prosper Portland Board of Commissioners on Central City Building Conversion – Embodied Carbon Pilot Loans; and

BE IT FURTHER RESOLVED, that with the affirmative vote of no fewer than four commissioners for this resolution and of all of those present, this resolution will become effective immediately upon its adoption, and otherwise it will take effect thirty days after adoption.

Adopted by the Prosper Portland Commission on October 8, 2025



Pam Feigenbutz, Recording Secretary

	CENTRAL CITY BUILDING CONVERSION – EMBODIED CARBON PILOT LOAN PROGRAM GUIDELINES
<i>Strategic Alignment</i>	Borrower’s proposed project must be consistent with Advance Portland (or successor economic development strategic plan), the Portland Clean Energy Community Benefits Fund (PCEF) Climate Investment Plan (CIP), and with any applicable TIF action plans in effect at the time of underwriting.
<i>Funding Allocation</i>	Up to \$7 million in direct program funding for CIP SP 14 Program that the City of Portland has provided to Prosper Portland through the PCEF IGA will be designated for the Central City Building Conversion – Embodied Carbon Pilot Loan Program (“Conversion Pilot”), with the goal of lending these funds toward at least two (2) projects. The Conversion Pilot program may be expanded beyond two projects if the City of Portland allocates additional resources to the program through the IGA.
<i>Eligible Borrower</i>	Legal entity which owns the Eligible Project
<i>Eligible Project</i>	The conversion of commercial space within an existing commercial or mixed-use building to residential use where the new residential units will be leased at rents that will not exceed middle-income affordability.
<i>Eligible Project Location</i>	City of Portland, Central Business District
<i>Minimum Project Unit Count</i>	The Eligible Project must result in at least 20 new units of multifamily housing.
<i>Financial Assistance Limits</i>	The Eligible Borrower may borrow up to \$60,000 per new multifamily unit created for the embodied carbon component of the Eligible Project, and up to \$25,000 per unit for eligible energy efficiency (EE) improvements that occur as part of the Eligible Project.
<i>Form of Assistance</i>	Loan secured by a deed of trust against the property where the Eligible Project is located. Ten percent (10%) of the original loan principal may be forgiven on each anniversary of the loan closing date, after annual confirmation that the project remains in compliance with the affordability requirements for the project and so long as the loan is not in default.
<i>Eligible Energy Efficiency Measures</i>	Eligible improvements will primarily focus on the following priority measures: high efficiency HVAC, high efficiency heat pump water heating and Energy Star appliances. Other measures will be considered if they can demonstrate modeled savings which exceed savings for the priority measures. All upgrades must demonstrate at least 10% energy savings compared to the replaced equipment, existing conditions, or minimum code requirements (for major renovations).
<i>Quality Assurance Requirement</i>	Borrower will comply with PCEF quality assurance process, working with the PCEF quality assurance provider to build and implement a quality assurance plan.

<i>Middle-Income Affordability Requirements</i>	Units created with the loan funds must be affordable to households at between 60% and 120% median family income (MFI) as published by HUD for a period of 10 years after completion of the conversion project.
<i>Compliance Period</i>	The obligation to make the loan is subject to Prosper Portland’s approval of the specific rent levels within the 60% to 120% MFI range, which rent levels will be described in the loan agreement. Borrower must provide a rent schedule and current rent roll annually to confirm the units are being offered and leased at the levels set forth in the loan agreement. Should the Eligible Project fail to comply with the affordability requirements, no further forgiveness of the loan balance will take place (though previously forgiven principal will not be reinstated), and the interest rate will increase to a market interest rate using the 10-year treasury as the index plus a four percent (4.00%) margin.
<i>Interest Rate and Term</i>	The loan will have a term of ten (10) years, and interest will accrue at the rate of two percent (2.00%) per annum. Interest will accrue only on the remaining, unforgiven principal balance of the loan. Provided that Borrower does not fail to satisfy the affordability requirements in the loan agreement and does not otherwise breach the loan agreement, interest-only payments will be due on an annual basis. If Borrower fails to satisfy the affordability requirements or otherwise breaches the terms and conditions of the loan, then, in addition to all other remedies, payments of principal and interest will become due monthly and will be calculated based upon the remaining principal balance of the loan amortized over a 30-year term. All unpaid principal, interest, and fees will be due on the maturity date.
<i>Execution of Conversion Pilot Participation Agreement</i>	Borrower must sign a Conversion Pilot Participation Agreement in which the Borrower agrees to actively participate in the Conversion Pilot program and provide access to all information regarding the conversion project, including but not limited to, costs, architectural plans, equipment specifications, building material vendors, and engineering information.
<i>Embodied Carbon Study</i>	Borrower must participate in an Embodied Carbon Study implemented by Prosper Portland and intended to inform PCEF and Prosper Portland about embodied carbon impacts of building conversions. This study may include a Whole Building Life Cycle or similar assessment of the building.
<i>Policy Triggers</i>	All projects must conform with PCEF’s Business Equity and Workforce Development Policies and PCEF wage requirements in effect at the time of underwriting and provide required reporting during the term of the loan.



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RESOLUTION TITLE:

APPROVING CENTRAL CITY BUILDING CONVERSION – EMBODIED CARBON PILOT LOAN PROGRAM GUIDELINES


Adopted by the Prosper Portland Commission on October 8, 2025

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Gustavo J. Cruz, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Marcelino J. Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Felisa Hagins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Michi Slick	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	Commissioner Stoudamire Wesley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda <input checked="" type="checkbox"/> Regular Agenda				

CERTIFICATION

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Prosper Portland Commission and as duly recorded in the official minutes of the meeting.

	Date: October 28, 2025
Pam Feigenbutz, Recording Secretary	