



**DATE:** May 13, 2026  
**TO:** Board of Commissioners  
**FROM:** Cornell Wesley, Executive Director  
**SUBJECT:** Report Number 26-12

Approving Amended Community Anchor Destination Energy Efficiency and Renewable Energy Loan Program Guidelines.

## Board action requested and brief description

Adopt Resolution No. 7644

This action by the Prosper Portland Board of Commissioners (Board), if approved, will amend the Community Anchor Destination Energy Efficiency and Renewable Energy Loan Program Guidelines (Guidelines) adopted in Resolution 7638 (October 8, 2025) to increase program access, provide flexibility, and improve project feasibility for a successful outcome.

The Guidelines have been updated to reflect the following changes:

- Expand the Definition of Anchor Destination Businesses;
- Refine the definition of Eligible Borrower and Eligible Project;
- Modify the security requirement to provide flexibility when using New Markets Tax Credits;
- Add a construction loan term of up to 36 months to allow projects to be completed before the 5-year performance and forgiveness period begins;
- Allow for an interest reserve to be included in the total financing to cover interest payments during construction;
- Replace the risk-based margin pricing with a simple 2.5% added to the 5-year treasury;
- Clarify the match requirement will be disbursed proportionally (*pari passu*) with Borrower's investment of its match; and
- Clarify the terms of loan forgiveness.

## Strategic alignment and outcomes

This action will directly support Advance Portland Objective 3: Foster a Vibrant Central City and Neighborhood Commercial Districts, specifically through Outcome 3.4: Attract more visitors through events and activation; renovation of the public realm; and support regional cultural organizations and anchors.

Additionally, this loan program supports the City Council-approved Climate Investment Plan (CIP), a five year plan, amended in 2024, which guides Portland Clean Energy Community Benefits Fund's (PCEF) investments, and more specifically CIP Strategic Priority (SP) 14, which prioritizes funding for projects that result in measurable carbon emissions reductions through approaches that may include low- to zero-interest loans, flexible repayment terms, community lending circles, and property-assessed clean energy financing tools.

## Background and context

Prosper Portland and PCEF entered into a 5-year intergovernmental agreement (IGA) in November 2025 to administer programs to deliver on several PCEF Strategic Priorities. Subsequent amendments expanded and clarified funding under SP 14 – Access to Capital which includes the Anchor Destination Loan Program.

Anchor destination businesses are critical economic drivers and play an important role in Portland's Central City vibrancy. As locally owned and controlled enterprises, they attract residents and visitors, creating ripple effects for surrounding small businesses, by increasing demand for restaurants, retail shops, and service providers that rely on steady customer traffic. By helping existing anchor destinations businesses modernize facilities and lower operating costs through energy efficiency investments, and by supporting new anchor destination businesses to open, Prosper Portland can advance equitable, and climate-aligned economic growth.

## Community Participation and Feedback

While there was no community engagement for this specific action, PCEF's Climate Investment Plan (CIP), adopted by Portland City Council in September 2023, was shaped through an extensive 18-month community engagement process that included workshops, listening sessions, focus groups, surveys, and direct engagement with frontline communities.

The Guidelines remain consistent with those community driven priorities and reflect feedback received from small businesses, anchor institutions, and community serving organizations regarding barriers to financing energy efficiency improvements.

## Budget and Financial Information

The fiscal year (FY) 2025-26 budget revision for PCEF includes \$16,414,613 in property development appropriation, of which \$5,000,000 is budgeted for Anchor Destination projects.

## Risk Assessment

Any potential risk would be associated with the individual transaction funded under these guidelines, after underwriting. Each transaction will include an outline of the risk associated with that project and any measures to be employed to mitigate those risks.

## Attachments

- A. Track-changed Community Anchor Destination Energy Efficiency and Renewable Energy Loan Program Guidelines (Amended May 13, 2026) showing changes from the originally approved guidelines

**COMMUNITY ANCHOR DESTINATION  
 ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN PROGRAM GUIDELINES**  
(amended May 13, 2026)

<i>Program Purpose</i>	To provide access to capital for clean energy building improvements for Anchor Destination Businesses.
<i>Strategic Alignment</i>	The 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, and with any applicable TIF action plans in effect at the time of underwriting.
<i>Funding Allocation</i>	\$5 million in direct program funding through PCEF’s SP 14 Program that the City has provided to Prosper Portland through the PCEF IGA.
<i>Anchor Destination Business (must meet all 3 criteria)</i>	<del>1. Annual foot traffic over 500,000 as determined by a review of Location Analytics from using a software program like Placer.ai, Nonprofit or similar system.</del> <del>2. Is surrounded by other consumer facing businesses that benefit from the elevated foot traffic they create, with priority for Anchor Destination Businesses located in or adjacent to HUD Qualified Census Tracts (50% of households below 60% Area Median Income (AMI) or a poverty rate at 25% or higher).</del> independently owned <u>business entity</u> , and not a franchise or subsidiary of a national or multinational corporation, <del>in which</del> . <u>If independently owned</u> , a majority of equity ownership (50.1% or greater) and operational control is held by individuals domiciled in the Portland metropolitan region.
<i>Eligible Project (must meet all three criteria)</i>	An existing commercial, industrial, or mixed-use building <del>occupied</del> <u>that is owned or leased</u> by an Anchor Destination Business in the City of Portland <u>and that:</u> <del>1. Has annual foot traffic greater than 500,000 people on adjacent streets or inside the building as determined by measurement by Placer.ai., or similar location analytics.</del> <del>2. Is surrounded by (or directly houses) consumer-facing businesses that benefit from the elevated foot traffic.</del> <del>3. Is located in or adjacent to HUD Qualified Census Tracts (50% of households below 60% Area Median Income (AMI) or a poverty rate at 25% or higher).</del>
<i>Eligible Borrower</i>	The legal entity that: <ul style="list-style-type: none"> <li>• Is the Anchor Destination Business that owns and occupies the Eligible Project, <u>or the entity that will occupy the Eligible Project upon project completion</u>; or</li> <li>• Is a related entity of the Anchor Destination Business and owns the Eligible Project. (Note: Any deviation from this requirement must be approved by the PCEF staff and Prosper Portland Board on an exception basis.)</li> </ul>
<i>Eligible Location</i>	City of Portland
<i>Eligible Improvements</i>	Eligible improvements must primarily focus on high efficiency HVAC/mechanical systems and building envelope. A detailed list of all PCEF-eligible measures can be found in <u>PCEF’s Commercial Guidelines &amp; Eligible Measures</u> . All upgrades must demonstrate at least 10% energy savings compared to the replaced equipment, existing conditions, or minimum code requirements (as applicable to major renovations). <u>Eligible improvements must be reviewed and approved by PCEF.</u>

<i>Quality Assurance Requirement</i>	Projects will comply with the PCEF quality assurance process, working with the PCEF Quality Assurance provider to build and implement a quality assurance plan.
<i>Financial Assistance Limits</i>	\$2.5 million maximum per Eligible Borrower.
<i>Enrollment requirement</i>	Borrowers must enroll in Portland Means Progress and complete its annual reporting each year for the duration of the loan term.
<i>Form of Assistance</i>	Loan <u>will be</u> secured by a deed of trust against the land where the Eligible Project is located; <u>provided however that this would not be required to the extent convenient or necessary to accommodate commercially reasonable requests in connection with NMTC financing.</u>
<i>Loan Term</i>	The loan <del>will have</del> <u>term may allow for up to 36 months to complete construction (if any), plus a permanent loan</u> term of <u>up to</u> five (5) years, <del>and interest will accrue (at the Interest Rate established at the time for a total maximum term of underwriting) only on the remaining, unforgiven principal balance of the loan.</del> <u>eight (8) years.</u>
<i>Payments</i>	Interest only payments will be due annually and must be remitted along with a copy of the Borrower’s Portland Means Progress annual survey. The loan can be repaid at any time without penalty. <u>During any construction period, an interest reserve may be established to make interest payments.</u>
<i>Interest Rate</i>	The Interest Rate <del>on the loan</del> will be established, <u>during underwriting</u> , by one of the following methods: <ul style="list-style-type: none"> <li>• Using an index of the 5-year Treasury Note Yield as published by US Treasury plus a <del>risk adjusted margin established under the risk-based pricing methodology in place at time</del><u>margin of underwriting; two and one-half percent (2.50%);</u> or</li> <li>• A rate commensurate with the interest rate Prosper Portland charged on any <u>other</u> loan it <u>has</u> made to the project <u>(or generally the same project at the project location)</u>, with funds other than PCEF funding.</li> </ul>
<i>Interest Rate/Margin/Term</i>	<del>The note rate will be established at the time of underwriting. At closing the note rate will become fixed for the life of the 5-year term of the loan.</del>
<i>Match requirements</i>	Borrower must provide evidence satisfactory to Prosper Portland that not less than twenty-five percent (25%) of eligible energy-related project costs will be funded from sources other than the <del>Anchor Destination</del> loan (“Match”). <del>The</del> Match funds must be <u>fully invested in</u> <del>secured for</del> the Eligible Project before Anchor Destination loan proceeds will be disbursed, or Anchor Destination loan proceeds will be disbursed proportionally ( <i>pari passu</i> ) with Borrower’s investment of its Match in the Eligible Project.
<i>Principal forgiveness terms</i>	Up to 100% of <u>the</u> total <u>original</u> principal <u>amount of loan</u> may be forgiven, in <u>up to</u> annualized increments not to exceed 20% per year. The principal may be forgiven <u>at this increment</u> only if: <ul style="list-style-type: none"> <li>• Borrower continues to operate the <u>facility financed project</u>, under the same Anchor Destination branding,</li> <li>• The required Match has been invested,</li> <li>• The enrollment requirement <u>has</u> been met,</li> <li>• <u>and</u> <del>theif</del> Borrower is not otherwise in breach of the <u>terms of the loan</u>.</li> </ul>

	<a href="#">Interest will accrue (at minimum at the Interest Rate established at the time of underwriting) only on the remaining, unforgiven principal balance of the</a> loan.
<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 closing, and the Borrower will provide required reporting during the term of the loan.

NOTE: Any material exceptions to the above guidelines require Prosper Portland Board of [Commissioners’](#) approval.

[Version 2](#)