



Bureau of Planning and Sustainability

# Proposed changes to the May 2023 Draft of the Climate Investment Plan, Updated 7/13/23

This document outlines proposed changes to the [May 2023 draft of the Climate Investment Plan](#) (CIP) for the PCEF Committee to consider as part of its review, deliberation, and recommendation of the inaugural CIP to City Council. These changes were informed by feedback received from a range of sources including community members, nonprofit organizations, business owners, technical experts, and government institutions. Read the summary of public comment and all submitted comments on our webpage: [Community feedback on the Climate Investment Plan](#).

## Global sections

- Equity + climate framework:
  - Update to add a fifth prompt that a strategic program (SP) concept must answer affirmatively to be considered for inclusion in the CIP: “*Community leadership. Are there meaningful opportunities for community members to participate in decision making and/or provide leadership in program implementation? Does the program invest in building capacity within communities most impacted?*”
- Accountability: transparency, measurement, reporting, and evaluation:
  - Update to elaborate on the Committee’s role by adding the following language:
    - The PCEF Committee plays a crucial role in accountability. As representatives of the community, they will provide feedback, oversight, and perspective throughout CIP implementation. The Committee protects the purpose of the Fund, provides guidance when PCEF navigates competing demands, and balances action toward carbon reduction goals and community benefit.
    - Committee meetings will continue to be open to the public and livestreamed online, allowing maximum accessibility for the community.

- Additional sections:
  - CIP in context: add a section that fleshes out and further describes the CIP in context to the [Climate Emergency Workplan](#) and other related efforts, i.e., [Advance Portland](#).
  - Glossary: add a glossary of terms
  - Allocation table: add a table of the detailed funding allocations in an appendix
- Additional global changes incorporated throughout:
  - Make document readability edits, i.e., improving readability for high school grade level.
  - Make accessibility edits and additions
  - Refine GHG reduction and sequestration projections
- Add language to Appendix 1 allowing and encouraging strategic program-specific workforce and contractor goals that are higher than those defined in Appendix 1.

## Climate jobs, workforce, and contractor development

### Community responsive grants – workforce and contractor development

- Add that a portion of this funding category may be administered by another City government entity based on the availability of complementary services that enhance program delivery and support mission alignment with the purpose of this investment. For example, Prosper Portland administers business technical assistance and support programming through programs like the [Inclusive Business Resource Network \(IBRN\)](#) and the [Communities Opportunities Enhancement Program \(COEP\)](#) that may be well-aligned with PCEF’s climate action-related contractor/business development objectives.
- Clarify that apprenticeship programs receiving PCEF funding should be BOLI-registered and focused on training for residential heat pump technicians and weatherization technicians.
- Expand definition of eligible contractor/business to include contractors that produce goods (in addition to services) that reduce or sequester greenhouse gases. This allows for investments in businesses that create products for export or local consumption that support meaningful greenhouse gas reduction or sequestration (e.g., solar panel manufacturing).

## Energy efficiency and renewable energy

### General/community responsive grants

- Clarify that, with the exception of new and redeveloped regulated multi-family affordable housing, a portion of the PCEF funded construction budget for each building may be used for health, safety, accessibility or enabling repairs in community responsive grants and strategic programs, as specified below.

### **SP1: Clean energy in regulated multifamily affordable housing**

- No changes as the public comment period on this strategic program (SP) was closed as one of the two fast-tracked programs. Information is presented for context and informational purposes only.

### **SP2: Clean energy in unregulated multifamily housing**

- Clarify that if match funding is available and the combined project cost (PCEF funds + match funds) meets the requirement of at least 70% of total construction budget going into energy improvements, then up to 50% of PCEF funds can be used for health, safety, accessibility or enabling repairs

### **SP3: Clean energy improvements in single family homes**

- Clarify that if match funding is available and the combined project cost (PCEF funds + match funds) meets the requirement of at least 70% of total construction budget going into energy improvements, then up to 50% of PCEF funds can be used for health, safety, accessibility or enabling repairs.
- Clarify that condominiums are included in the program under single family homes.
- Add another category of eligible households: "Small in-home childcare (i.e., daycare and preschool) facilities and congregate housing" with a goal of supporting 50 homes in this category.
- Reduce the target for high-impact energy upgrades for homeowners with incomes of 121-150% AMI from 500 to 450.

### **SP4: Clean energy in small commercial buildings**

- Clarify that if match funding is available and the combined project cost (PCEF funds + match funds) meets the requirement of at least 70% of total construction budget going into energy improvements, then up to 50% of PCEF funds can be used for health, safety, accessibility or enabling repairs.
- Add that this strategic program may be administered by another government entity based on the availability of complementary services that enhance program delivery and support mission alignment with the purpose of this strategic program. For example, there are potential synergies with Prosper Portland's [Prosperity Investment Program \(PIP\)](#) grants which support commercial businesses and property owners with storefront and tenant improvements that should be further explored.

### **SP5: Building upgrades for community severe weather response**

- Remove the requirement that limited applicants to those willing to provide overnight sheltering. This will ensure spaces such as parks, library, and fire & rescue facilities are eligible for funding under this program. In lieu of this requirement, the program will prioritize locations that are willing to provide overnight sheltering.

- Combine and simplify allowable spending on non-energy benefits so that up to 50% of the construction budget can be used for eligible non-energy life, health, safety, and accessibility upgrades (e.g., wheelchair ramps, seismic stability improvements).

## Transportation decarbonization

### Community responsive grants

- Add examples of community-driven transportation projects that reduce carbon emissions.
- Clarify that organizations applying for funds to switch to electric vehicles should be replacing shared vehicles that have high annual mileage.
- Clarify that 40% of a grant's budget may be used for safety infrastructure.

### SP6: Comprehensive e-bike access and support

- No changes proposed.

### SP7: Equitable clean transportation access

- No changes proposed.

## Green infrastructure

### Community responsive grants - green infrastructure

- No changes proposed.

### Tree canopy maintenance reserve

- Modify and simplify income qualification so that 100% of pruning costs would be covered for owner-occupied homes with income up to 100% AMI, prioritizing lower income households. This removes the two-tier income qualification approach originally proposed, increases the income threshold to 100% AMI from 80%, and adds a prioritization for lower income households. This allows program design that focuses on lower income households, but provides the flexibility to expand up to 100% AMI if there is inadequate demand at lower income levels.

### SP 8: Equitable tree canopy

- No changes as the public comment period on this strategic program was closed as one of the two fast-tracked programs. Information was presented for context and informational purposes only.

## Regenerative agriculture

### Community responsive grants - regenerative agriculture

- Add that PCEF will support collaborative research, planning and community engagement process in the first two years of the CIP that will improve shared understanding of the existing, potential and desired regenerative agriculture sector in Portland.
- Expand language to include cultivation of culturally important fibers and materials, in addition to food production.

**SP9: Increasing access to urban regenerative agriculture opportunities - planning and land acquisition**

- Clarify language (including SP title) to be inclusive of diverse cultural practices related to the cultivation of food, fibers, and materials.
- Clarify that program will support early site development and land management activities, along with site acquisition.
- Remove the use of a cohort approach.

**Organizational capacity building**

**Community responsive grants**

- Clarify that up to \$5 million over five years may be allocated to organizational capacity building as needed for community responsive grant recipients.

**Mini grants**

- No changes proposed.

**SP10: Community-based organization capacity building program**

- No changes proposed.

**Multiple funding categories/other carbon emissions reducing projects**

**Community responsive grants – other carbon emissions reducing projects**

- No changes proposed.

**SP 11: 82nd Ave Climate resilience initiative**

- No changes proposed.

**SP 12: 82nd Ave street tree expansion**

- No changes proposed.

**SP 13: Targeted Electric Vehicle Financing Tools**

- No changes proposed.

### **SP 14: Access to fair and flexible capital**

- Reduce allocation by \$20M (from \$65M to \$45M) to reallocate to a new strategic program focused on providing match for City of Portland entities (now SP 15)
- Clarify that all businesses are eligible for funding with a priority for small businesses.
- Add public agencies with financing experience as eligible to apply to administer funds
- Clarify that lending institutions including banks would be able to apply to administer funds
- Add property-assessed clean energy financing tools (i.e., PropertyFit) as an additional financing mechanism to provide access to fair and flexible capital.

### **SP 15: Federal climate and equity funding opportunities**

- Create a new strategic program (allocated \$20M from SP14) developed in response to feedback from City bureaus and Council offices seeking to leverage historic investment opportunities from dozens of Federal programs and initiatives funded by the 2022 Inflation Reduction Act (IRA) and 2021 Bipartisan Infrastructure Law (BIL) that are available to municipal entities. Summary of program:
  - Funding decisions will be made by a rapid response workgroup comprised of Office of Government Relations staff (1), PCEF staff (1), PCEF Committee member (1), BPS Climate policy staff (1), and Office of Management and Finance staff (1). This group will:
    - evaluate bureau letters of interest for match funding on an ad-hoc basis;
    - use the CIP's equity + climate framework to evaluate and approve match requests; and
  - Match awards will be contingent on application approval and identification of investment goals.
  - For additional detail, see the draft program description on page 7.

### **SP16: Climate-friendly public schools (formerly SP 15)**

- Change program from SP15 to SP16 so that all the strategic programs (SP13, SP14, and SP15) focused on leveraging PCEF funds are grouped together sequentially.
- Increase the timeline to two years for school districts to provide PCEF program staff with a proposal for use of physical improvement funds.
- Allow up to \$150,000 of a school district's allocation to be used for implementing a participatory budgeting process.
- Clarify that all projects will require standard program reporting and verification based on project type.
- Add examples of student-led decision-making.
- Clarify that student-led initiative allocation must be implemented within the City of Portland boundaries.

## Strategic Program 15 – Federal climate and equity funding opportunities

**FIVE-YEAR FUNDING ALLOCATION: \$20,000,000**

### DESCRIPTION

There are federal and state grant opportunities involving decarbonization, provision of public services, and social equity outcomes that can be applied for by municipal entities. Allowing City of Portland bureaus and offices to leverage PCEF funds for purpose-aligned projects will increase the impact of PCEF's resources and benefit to PCEF priority communities.

The next few years are a time of historic investment and opportunities in climate action, with billions of federal dollars available through dozens of programs and initiatives funded by the 2022 Inflation Reduction Act (IRA) and 2021 Bipartisan Infrastructure Law (BIL). These include programs for: building energy retrofits, climate resilience and brownfield solar development through the Department of Energy; community-focused transportation safety infrastructure and decarbonization from the Department of Transportation; and pollution reduction and environmental justice efforts through the Environmental Protection Agency. The [Justice40 Initiative](#) being implemented at the Federal level sets targets and approaches to ensure that funding reaches low-income census areas and provides good paying jobs. The primary pathway for accessing much of this funding is through grant applications from public entities.

Federal and state grant match funding requirements vary but are often in the range of 25-50% of requested funds. In addition to grant funding, through tax provisions passed in the IRA, municipal governments are now eligible to receive tax-credits for energy-related projects through "direct-pay" mechanisms which allows tax-exempt entities to claim the value of a tax credit as a direct payment from the IRS. PCEF funds can be critical funding for projects that have clear social equity and community benefit outcomes and align with climate goals at a time when City budgets cannot otherwise support the match requirements.

To guide this City-focused funding category, a PCEF-managed rapid response workgroup will review grant opportunities, review requests for match funding, and make match funding awards. The workgroup will use the CIP's Equity + Climate framework to provide guidance in making match funding awards. The workgroup is intended to respond quickly to match funding requests (i.e., less than 2-week turnaround for requests) in alignment with the Equity + Climate framework. The workgroup will not develop grant proposals or directly manage awarded funds. The workgroup will be comprised of Office of Government Relations staff (1), PCEF staff (1), PCEF Committee member (1), BPS Climate policy staff (1), and Office of Management and Finance staff (1). The workgroup's decision-making approach will be determined at a later stage.

The workgroup must evaluate the following elements of the CIP's Equity + Climate framework when making match award decisions:

- Benefits to frontline communities. Will the program create clear, significant, and measurable benefit to frontline communities?
- Community leadership. Are there meaningful opportunities for community members to participate in decision making and/or provide leadership in program implementation? Does the program invest in building capacity within communities most impacted?
- Implementation feasibility. Can the program be realistically implemented at scale with existing City staff, partners, or contractors over five years?
- Climate impact: GHG reductions. Will the program result in meaningful and measurable GHG reductions/sequestration?
- Accountability. Do accountability mechanisms exist to ensure that communities of color, low-income populations, people with disabilities, and other vulnerable communities benefit from the strategic program? Is this program additional to existing or planned efforts?

## **OUTCOMES**

- Increased City investment in decarbonizing buildings and infrastructure, and reducing emissions throughout the City.
- City bureaus or offices requesting match funding must articulate additional draft outcomes in their request for match funding. Once applications are approved for federal or state funding, the receiving City bureau or office will be required to finalize outcomes prior to the disbursement of funds.

## **GOAL MEASURES**

- City bureaus or offices requesting match funding must articulate draft goal measures in their request for match funding. Once applications are approved for federal or state funding, the receiving City bureau or office will be required to finalize specific investment goals prior to the disbursement of funds.

## **INVESTMENT STRATEGY**

\$20 million in PCEF funds will be available to City bureaus or offices for the purpose of leveraging additional climate-related funding opportunities. Bureaus and offices will provide proposals with adequate time for review and consideration by the workgroup, and indicate the amount of funding required and decision timeframe. The workgroup will review and recommend funding allocations on a rolling basis using PCEF's equity + climate framework, recognizing the timeline needs for grant applications.

PCEF will maintain information about what portion of funds from this strategic program have been committed to grant opportunities, and what is available at a given time. Bureaus and offices applying for funds will communicate whether a grant application was awarded or not, and the available funding pool will be adjusted accordingly.

Upon successful award of a funding opportunity, funds would be transferred through Interagency Agreement (IAA) to the recipient bureau or office, for implementation of the



program or project. PCEF reporting guidelines will be adapted to meet the needs of specific funding requests, to avoid duplication of reporting formats.

#### **ELIGIBILITY FOR ROLES**

Who may access funds

- City of Portland bureaus and offices.