



Bureau of Planning and Sustainability

Strategic program - draft

Access to fair and flexible capital

Investing \$100 million over five years to provide equitable access to capital for carbon-reducing projects and businesses.

Deploying funds through loans, credit line mechanisms, matched savings or community funding pathways with flexible terms will help grow the number of climate-focused projects and businesses in Portland that serve PCEF priority populations. A legacy of discriminatory and predatory practices by traditional banking institutions have created distrust in many low-income, communities of color and immigrant communities. Innovative financing tools are needed to address these disparities in ways that are flexible, responsive to the community, accountable, and fair. Partnering with financial institutions and non-profit organizations to connect people and small businesses with funding will leverage additional incentives at the local, state and Federal level, fill gaps and enable greater cumulative impact. Approaches may include low to zero-interest loans, flexible repayment terms, community lending circles, loan loss reserve mechanisms, conditional loan forgiveness, high-ratio matched savings accounts, credit enhancement mechanisms, culturally specific finance tools, and community-based education and support about financing options.

Outcomes, opportunity, and metrics

The **outcomes** of the strategic program are to:

1. Increased investment in home and business energy upgrades, with cost savings and carbon reductions.
2. Reduced fossil fuel use through greater adoption and usage of electric vehicles in commercial applications.
3. Increased workforce and business opportunities for people working in climate-related businesses.

Opportunity:

Especially in a time when retail banking interest rates are increasing and capital is being constricted, PCEF can create equitable opportunities for lending and capital access in ways that leverage additional financial resources and enable people and businesses to access upcoming Federal and State incentives. This will allow households and small businesses in Portland to make improvements to buildings, electrify their transportation needs, and scale up their business operations for climate-related work and employment.

Through partnership with Community Development Financial Institutions (CDFIs), cooperative credit unions and community organizations, PCEF will offer funding to financial institutions and

non-profits to provide capital for projects that result in measurable carbon emissions reductions and for business development within PCEF priority workforce populations.

PCEF will solicit applications to:

- Provide loans and matched savings tools for low- and moderate-income homeowners to make energy-related improvements, fund critical home repairs, purchase electric vehicles, and leverage Federal and State incentives.
- Provide loans and lines of credit for small businesses from PCEF workforce priority populations to make energy-related building improvements, purchase efficient equipment or electric vehicles for commercial use. Partners will make funds available at terms that are flexible, low-cost, culturally responsive and may include conditional forgiveness opportunities for meeting defined benchmarks.
- Provide loans and lines of credit for operating capital to contractors or businesses that provide climate action-related services to scale up their capacity. Partners will make funds available to emerging and existing businesses in Portland that are engaged in energy efficiency, renewables, transportation decarbonization, green infrastructure, and regenerative agriculture. Terms for loans or credit lines will provide flexible, low-cost capital and may include conditional forgiveness, with goals for workforce recruitment and retention.

Vehicle electrification is a significant opportunity for carbon reduction, and at least \$35 million of the funds will be targeted for programs that help households and small businesses access financing for electric vehicles. A needs assessment will be conducted prior to program launch to define the highest priority approaches and funding mechanisms for different sectors.

As a starting point, preference will be given to capital deployment approaches that:

- Are developed in collaboration with community organizations and are responsive to culturally-specific needs.
- Deploy increased financial education and business technical support for PCEF priority workforce populations.

Metrics to be tracked and reported include:

- Total lifetime CO₂e emissions reduced.
- Number of electric vehicles in operation for commercial use by BIPOC-owned businesses.
- Percent utilization of capital access opportunities by BIPOC-owned businesses.
- Number of businesses supported by program financial tools and technical assistance.
- Percentage of BIPOC-owned businesses supported by program financial tools and technical assistance.

Direct benefits and social impact

Financial Benefits and Beneficiaries	<ul style="list-style-type: none"> • Lower utility costs for low- and moderate-income households and small businesses that access funds to make improvements to their buildings. • Lower transportation for costs for low-income households, and operational costs for businesses who purchase electric vehicles.
Equity Accountability Mechanisms	<ul style="list-style-type: none"> • Reporting on the demographics and income levels of households that access financial tools for building upgrades and electric vehicles. • Reporting on the percentage and amounts of funds accessed by priority workforce businesses, including tracking BIPOC-owned businesses. • Assessment of community funding needs and iterative opportunities to adjust before RFP rounds.
Timing of benefits	<ul style="list-style-type: none"> • Benefits of cost-savings and carbon emissions begin when projects are implemented and are dependent on the scale and type of improvements. • Contractor and business development benefits in accessing capital are near-term as they gain resources to scale up.
Co-benefits	<ul style="list-style-type: none"> • Reduced particulate and NOx emissions and increased health outcomes from transition away from fossil fuel vehicles in commercial and consumer use.

Partner roles

Entities that are registered as CDFIs, cooperative credit unions, and nonprofit organizations with experience and history of managing consumer and/or business financial transactions will be eligible to receive and manage funds, consistent with any applicable laws and regulations. These entities will be encouraged to partner with community organizations in design, education, and implementation of their funding programs.

Workforce and Contractor Development and Equity

As part of the application process, financial institutions and nonprofits responding to the RFP will outline their approach for education and technical support, to enable growth and scaling up of businesses owned by PCEF workforce priority populations.

By making funds available to emerging and existing businesses that are engaged in climate-related activities, some businesses will have opportunities to hire additional staff into jobs and increase their capacity. Varying metrics and reporting related to hiring and retention will be required based on the financial products that partners offer.

Timeline and implementation

Following approval of the Climate Investment Plan, PCEF will conduct a market needs assessment including expertise from eligible financial entities and community input. This process will shape the funding rounds and allocations, with an initial RFP are anticipated in late 2024.

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