

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: January 13, 2026

Approx. Start Time: 1:30pm

Approx. Length: 60 mins

Presentation Title: Commercial Property Assessed Clean Energy (CPACE) Program

Department: Department of Transportation & Development (DTD) / Office of Economic Development (OED)

Presenters: Dan Johnson, DTD Director; Laura Edmonds, OED Manager

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Board direction on fast tracking the development and adoption of a CPACE program.

EXECUTIVE SUMMARY:

CPACE is a tool that can finance renewable energy and energy efficiency improvements on commercial property. This is not a federal program, nor does it require public funding. CPACE has been authorized by state legislation (ORS 223.680 and ORS 223.685) and authorizes local governments to establish programs that help commercial property owners finance energy, water, renewable, and seismic improvements to qualifying real property. Attachment A provides a more detailed summary of the program.

The Board has been contacted by a hotel developer in Lake Oswego who is interested in utilizing CPACE funding for a portion of their construction project. CPACE is a tool that can be utilized in incorporated and unincorporated areas of the county; however, it needs to be adopted by the County to be a viable financing tool. The developer has specified they have a funding approval deadline of June 2026. Staff was requested to bring this subject forward for consideration of fast tracking the development of a CPACE program to attempt to meet the developer's deadline. If approved by the Board, staff propose adopting the CPACE program as a new Chapter 8.11 of the County Code.

In the preliminary research done to date, there is little to no financial expense and/or risk to the County. Administration of the program will likely be paid through fees for service. Should the Board recommend advancing CPACE for consideration, staff will do a more thorough assessment.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? ☐ YES ☒ NO

What is the cost? \$ 30,000

What is the funding source? Budgeted department funds

STRATEGIC PLAN ALIGNMENT:

- How does this item align with the County's Performance Clackamas goals? Vibrant Economy

LEGAL/POLICY REQUIREMENTS:

The legal requirements for adoption of the new Chapter 8.11 are approval by the Board at two business meetings at least thirteen (13) days apart, at which point the amendments shall take effect 90 days after the second approval. If the Board declares an emergency, then it may approve the new chapter at only one meeting, and it may establish an earlier effective date. In order to meet the developer's deadline of June 2026, the second approval would need to be in February 2026, or the Board would need to adopt an emergency ordinance.

PUBLIC/GOVERNMENTAL PARTICIPATION:

If the Board directs staff to schedule a public hearing on the adoption of a CPACE program, the public will have an opportunity to comment during the first reading. In addition, before establishing a CPACE program, state law requires local governments to provide notice to utilities that distribute electric energy, natural gas, or water within the areas in which the local government will operate the program.

Upon adoption by the Board, OED will, in consultation with County Counsel, the County Clerk, Assessment & Taxation, Finance, DTD Property Disposition, and the County Treasurer, prepare a program manual, application, and other documents pertaining to implementation of the new chapter for the Board's approval.

OPTIONS:

Option #1: Direct staff to develop a CPACE program and return to a future Board policy session.

Option #2: Provide alternate direction on the addition of a CPACE program to the County Code.

Option #3: Direct staff to take no action on CPACE at this time.

RECOMMENDATION:

No staff recommendation.

ATTACHMENTS:

Attachment A: CPACE White Paper

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval Dan Johnson

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Laura Edmonds 503-742-4366

Commercial Property Assessed Clean Energy (CPACE)

A Fact Sheet for Clackamas County

What is CPACE?

CPACE is a program that can finance renewable & energy efficiency improvements on privately held commercial, industrial or multi-family property. This is not a federal program, nor does it require public funding. CPACE has been authorized by State legislation ([ORS 223.680](#) and [ORS 223.685](#)) and permits local governments to establish property assessed financing programs that help property owners finance energy, water, renewable, and seismic improvements to qualifying real property. The financing is secured with a lien on the benefitted property (Benefit Assessment Lien) with the same priority as a lien for the assessment for local improvements.

Benefits to Owners/Developers:

- CPACE allows owners of eligible commercial property to obtain long-term, low-interest rate financing from private capital providers for certain qualified projects.
- Four types of projects are covered: seismic rehabilitation, energy efficiency, water conservation & renewable energy.
- Eligible properties include any privately-owned commercial, industrial, or multi-family (with five or more dwelling units).
- While the financing is repaid to the Capital Provider, the CPACE Act directs the "County" to impose a voluntary Benefit Assessment Lien (the "CPACE Lien") on the property.
- CPACE loans are secured by a senior lien on the property and paid back; tax liens and government assessments remain superior to CPACE; Primary lenders become subordinate to CPACE.
- Financing typically requires little up-front investment; qualifying improvements improve property value.
- Rates are typically between 5-10%; allows for flexible payback terms up to 20 years
- Energy efficiency measures lower operating costs.
- Up to 100%, long-term financing. Many owners lack the capital to complete efficiency and seismic improvements. All direct and indirect costs incidental to the qualified improvements can be wrapped into CPACE financing.
- Transferrable upon sale. Some owners may want to sell the building before the financing is repaid. The CPACE lien and assessment are attached to the property and transfers to the new owner.
- Cash flow benefits. CPACE financing may be repaid over the useful life of the improvements which, because of the long-term financing options, can have positive effects on cash flow.
- Triple-net and Full-net leases may allow pass-through of assessment installments to tenants (who may derive benefit from any energy savings through reduced operating costs)
- Allows a property owner to access 100% up-front financing for longer terms than are typically available for conventional financing
- More substantial efficiency and seismic improvements are now more affordable
- Energy auditors, architects, engineers, and contractors can suggest CPACE financing as a way for their clients to implement needed energy or seismic upgrades that might otherwise be unaffordable.

CPACE Board Approval Process

Board of Commissioners must enact an Ordinance authorizing creation of the CPACE program

- Designate appropriate department to be program administrator
- Ordinance must include language that a Program Guide be developed along with draft documents that set legal parameters for the program; establish strong oversight for public trust
- Determine boundaries: must state that it will include incorporated & unincorporated County
- Determine sunset of program; to be evaluated for effectiveness to determine extension (2 -3 years)

County Department Expectations & Engagement

- Identify all departments who need to be involved in program development
- Understand administration requirement to manage program & field inquiries
- Review, approve, conditionally approve or disapprove CPACE applications (10 days is best practice)
- A&T records Notice of Assessment Interest & Assignment, after reviewing lien application for compliance with the CPACE state law, then records a unique agreement that includes the acknowledgment of a special property “benefit assessment” by the county.
- Property Owner/Capital Provider pays County program fee (equal to 1% of amount financed, or min/max \$2,500 / \$15,000. (payment is condition of recording and Financing Agreement)
- Fee received; County will draft closing documents, Notice of Benefit Assessment and CPACE lien doc (TBD)
- Track foreclosures and follow through on administration (TBD)
- Fulfill other requirements as identified during research and program creation process

Engage with key internal departments for buy-in & engagement: (Counsel, A&T, Finance, etc)

- County Counsel – review ORS, determine legal & statutory requirements; review & approve all documents
- Assessment and Taxation – review program requirements, timing of processing applications, liens and fee’s
- Treasurer, County Clerk & County Finance – Unknown – haven’t determined if and when they are involved

Staff Develops “Program Guidebook” (establish guidelines, eligibility, approval criteria & application form for administration of program, and project application compliance checklist and other related documents required by Federal rules

- Program Guidebook review & approval by County Counsel & Assessment & Taxation (A&T), Other TBD
- Set program expectations of internal departments, their required level & timeliness of engagement
- Treasurer or Finance: set up fee income and reporting (TBD)
- Provide notice to local utilities & cities about program adoption

Weigh programs potential economic benefits against administrative costs and department bandwidth; evaluate program annually

Risks & Barriers:

- Internal departments still need to research and coordinate to understand program or administration requirements; staffing & workflow impacts unknown if program fast tracked
- Primary Lenders are averse to taking 3rd position on liens, increases their risk of loss if default occurs
- Uncertainty: staff labor commitment of program administration
- Uncertainty: cross departmental staff availability due to lender & developer timing
- Uncertainty: time to process applications and required approval levels & delays in engagement
- Uncertainty: risk of foreclosure; lien remains with property and carries over to new owner
- Unknowns: County financial risk on obligations for loans/taxes
- Uncertainty: BCC approval level and delays for applicants if required for each application
- 10-day review process is standard best practice; manual may indicate extension of 10 days when needed