



MEMO TO CITY COUNCIL

Request to Include Topic on the City Council Agenda

From: Curtis Calder
Economic Development/Mayor's Office

Meeting Date: January 6, 2026

Presenter: Curtis Calder
Economic Development Administrator

Estimated time: 15 minutes

Topic: Commercial Property Assessed Capital Expenditure (C-PACE) Program

Recommended Council Action:

Direct Staff to draft a C-PACE Program for City Council review and possible adoption, to include the C-PACE Financing Program Rules and associated forms. Anticipated timeframe is 60-90 days.

Background:

In 2024, the Idaho Legislature passed Commercial Property Assessed Capital Expenditure enabling legislation, creating a new Chapter 38 in Title 67 of the Idaho Code. This legislation allows individual counties, municipalities, or other political subdivisions to voluntarily establish C-PACE programs within their respective jurisdictions. If established, a C-PACE Program permits willing owners of eligible commercial property to seek and obtain low-cost, long-term financing from private Capital Providers for certain "Qualified Improvements," including facilities and equipment to promote energy efficiency, renewable energy, water conservation, reduction of lead in drinking water, and resiliency for qualifying buildings. Although relatively new to Idaho, this financing concept has been used in some states since the early 2000's.

C-PACE Program Criteria:

Idaho counties, municipalities, and other political subdivisions may now take action to create their own C-PACE programs. Adopted through resolution, a C-PACE program outlines the financing rules established by the local government for "Qualified Improvements" which are intended to:

- 1) Decrease energy consumption or demand through the use of efficiency technologies, products, or activities that reduce or support the reduction of energy consumption;
- 2) Support the production of renewable energy, including through a product, device, or interacting group of products or devices on the customer's side of the meter that provides thermal energy or regulates temperature;
- 3) Decrease water consumption or demand, increase water conservation and storage, and address safe drinking water through the use of efficiency technologies, products, or activities that reduce or support the reduction of water consumption or increase the storage of water;
- 4) Allow for the reduction or elimination of lead from water that may be used for drinking or cooking; or
- 5) Increase water or wastewater resilience, including through storm retrofits, flood mitigation, and stormwater management, or increase wind resistance, energy storage, microgrids, or structures, measures, or other improvements that reduce land impact, and other resilience projects approved by the local government.

How It Works:

Project applications are generated by the property owner and lender. Completed project applications are reviewed by the local government's Program Administrator for proof of compliance within ten (10) days of receipt. Using a Program Application Checklist, the Program Administrator would confirm that the application document is complete, and that all attachments conform to the program guidelines. If the project application and supporting documents comply with the Project Application Checklist, approval would be granted. Incomplete applications would be returned to the applicant with an explanation of the application's deficiencies. Once an application has been approved, the lender would draft a series of "Closing Documents" for subsequent review and execution by the local government's Program Administrator. Pursuant to Chapter 38, Title 67, "Qualified Improvements" installed and operational no more than three (3) years prior to the date of application are eligible as qualified projects, thereby allowing retroactive financing for eligible improvements that have already been completed.

Anticipated Benefits:

As an Economic Development tool, C-PACE provides benefits to building owners, developers, municipalities, mortgage holders, and building professionals. C-PACE acts as a financial catalyst, enabling commercial property owners to invest in improvements that benefit their bottom line through more competitive financing, enhance community sustainability, attract further investment, and help create local jobs, all without placing a risk or burden on local government budgets.

Anticipated Drawbacks:

Implementing and administering a C-PACE Program can require significant staff time and expertise to set up, oversee, and manage. Additionally, C-PACE assessments take priority over existing mortgages, which can increase the difficulty in obtaining consent from senior lenders. Although fees may be imposed to offset the actual and reasonable costs of administering a C-PACE program, the enabling legislation limits the application fee to \$500 and the "servicing fees" to 1% of the total amount financed, not to exceed \$50,000.

Why Now?

According to PACENation, the national nonprofit organization that advocates for PACE financing, 38 states and D.C. have enacted PACE-enabling legislation. Since enactment of Idaho's 2024 enabling legislation, five (5) local governments have adopted C-PACE Programs: Blaine County, City of Rexburg, City of Coeur d'Alene, City of Post Falls, and City of Boise. According to our research, the City of Rexburg is the first and only local government to finalize a C-PACE transaction in the State of Idaho – \$15M in financing for Madison Station, a 360-unit multifamily development.