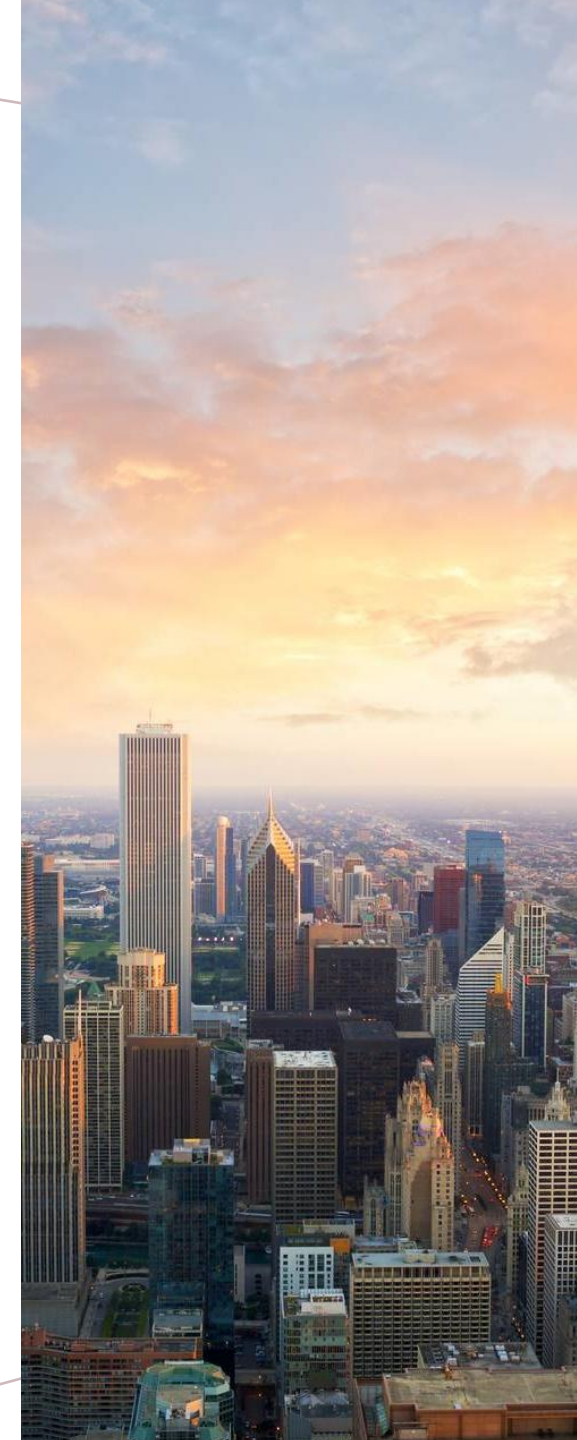


C-PACE

*COMMERCIAL
PROPERTY ASSESSED CAPITAL EXPENDITURE*



- 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.”



IDAHO'S C-PACE IS UNIQUE

*TYPICALLY, C-PACE PROGRAMS ARE "CLEAN ENERGY" FOCUSED
IDAHO'S PROGRAM IS "CAPITAL EXPENDITURE" FOCUSED*



WHAT IS C-PACE?

- IN IDAHO, C-PACE AUTHORIZES FINANCING FOR FACILITIES AND EQUIPMENT TO PROMOTE ENERGY EFFICIENCY, RENEWABLE ENERGY, WATER CONSERVATION, REDUCTION OF LEAD IN DRINKING WATER, AND RESILIENCY* FOR QUALIFYING BUILDINGS.
- A C-PACE LOAN IS SECURED BY A FIRST AND PRIOR LIEN ON THE PROPERTY AND PAID BACK OVER TIME, WHICH LIEN IS JUNIOR ONLY TO LIENS FOR PROPERTY TAXES OR AD VALOREM TAXES.
- C-PACE FINANCING IS NON-ACCELERATING, WHICH MEANS ONLY CURRENT OR PAST DUE PAYMENTS CAN BE COLLECTED, WHILE FUTURE PAYMENTS ARE THE RESPONSIBILITY OF THE PROPERTY OWNER AT THE TIME. THE C-PACE REPAYMENT OBLIGATION TRANSFERS AUTOMATICALLY TO THE NEXT OWNER IF THE PROPERTY IS SOLD.

**RESILIENCY IS BROADLY DEFINED IN IDAHO'S ENABLING LEGISLATION, ALLOWING LOCAL GOVERNMENTS TO APPROVE "RESILIENCE PROJECTS."*



ELIGIBLE COMMERCIAL PROPERTY

- Privately owned commercial, industrial, or agricultural real property; or
- Privately owned residential real property consisting of five (5) or more dwelling units.
- Commercial property includes property owned by nonprofit, charitable, or religious organizations; or one (1) or more owner-occupied or rental condominium units affiliated with a hotel.



WHAT ARE “QUALIFIED IMPROVEMENTS?”

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.

Special Note: Qualified Improvements installed and operational no more than three (3) years prior to the date of application are eligible as qualified projects. This is referred to as a “three-year look-back” provision.

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.



BENEFITS & DRAWBACKS

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.

Drawbacks:


- Implementing and administering a C-PACE Program can require significant staff time and expertise to set up, oversee, and manage.
- 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.

NEXT STEPS

Assuming the City Council wishes to proceed, direct Staff to draft a C-PACE Program for review and possible adoption, to include the C-PACE Financing Program Rules, Program Guidebook, and related forms. This process is anticipated to take 60 – 90 days.



During this period, Staff will research and prepare recommendations regarding the following terms defined within Idaho Code: Program Administrator, Region Designation, and Service Fees.



Prepare a “Resolution of Intent” for possible City Council adoption.



FINAL STEPS will include a public hearing to comment on the proposed program as described in the “Resolution of Intent” and adoption of a resolution establishing the program and its terms.



QUESTIONS?

