



AGENDA REPORT

City Council Meeting

TODAY'S DATE: December 4, 2025

MEETING DATE: December 17, 2025

TO: Mayor Grimm, City Council

FROM: Jason Welker, Planning & Community Development Director

SUBJECT: Consideration of a Commercial Property Assessed Capital Expenditure (C-PACE) Program for the City of Sandpoint

I. INTRODUCTION

Staff is bringing forward this item to introduce and explore the potential establishment of a Commercial Property Assessed Capital Expenditure (C-PACE) Program in the City of Sandpoint. C-PACE is a relatively new economic development and sustainability tool in Idaho that enables private developers and commercial property owners to access long-term, fixed-rate financing for energy efficiency, renewable energy, water conservation, and resiliency improvements.

Idaho's adoption of the C-PACE Act (House Bill 378) in 2023 created a framework that cities may choose to implement locally. Several Idaho jurisdictions, including Coeur d'Alene, Post Falls, Boise, Rexburg, and Blackfoot, have already established programs and are using this tool to encourage reinvestment in their commercial cores, stimulate redevelopment of older buildings, support new high-performance construction, and help multifamily housing projects incorporate sustainable features.

Because Sandpoint is actively seeking opportunities to strengthen its economic base, incentivize reinvestment, and encourage more energy-efficient and resilient development, staff believes C-PACE merits serious consideration. Establishing a program could help unlock financing for private projects that advance community goals while generating new revenues to support the City's broader economic development efforts.

II. BACKGROUND ON IDAHO'S C-PACE LEGISLATION

The Idaho Legislature enacted the C-PACE Act in 2023, codified in [Idaho Code Title 67, Chapter 38](#). The Act allows cities and counties to create programs that permit willing property owners to finance qualified improvements through private capital providers. These improvements, which include energy efficiency, renewable energy systems, water conservation measures, and a broad range of resiliency upgrades, are repaid via a voluntary special assessment recorded against the property. The assessment "runs with the land," meaning repayment obligations transfer to future property owners until the financing is fully repaid.

The statute establishes important safeguards: total debt secured by the property, including the C-PACE assessment, may not exceed 90 percent of the parcel's fair market value; C-PACE financing is capped at 35 percent of value for new construction and 25 percent for retrofits; and the City may charge both an application fee and an administrative servicing fee to fully recover its costs. Importantly, the City does not loan money, does not use taxpayer funds, and assumes no financial liability if a borrower

defaults. The City's role is ministerial: reviewing applications for compliance, executing agreements, and recording the lien.

The Legislature explicitly declared that encouraging resource-efficient and resilient buildings serves a public purpose by reducing energy and water use, lowering long-term operating costs, and supporting Idaho communities in mitigating risks from fires, storms, and other hazards. This policy foundation provides strong support for local implementation.

III. C-PACE PROGRAMS IN OTHER IDAHO CITIES

Sandpoint would join a growing group of Idaho communities that view C-PACE as a meaningful economic development tool. Coeur d'Alene was the first city in the state to adopt a program and developed a comprehensive program guidebook that has since been used as a model by others. Post Falls and Blackfoot have advanced similar actions, while Boise unanimously adopted its program in August 2025, emphasizing its value in promoting sustainable development at no cost to taxpayers.

Rexburg's program has already generated Idaho's first C-PACE transaction: a \$15 million financing package supporting a 360-unit multifamily development (read about that project [here](#)). This example illustrates how C-PACE can directly impact project feasibility, particularly for large housing projects that integrate high-efficiency mechanical systems, solar installations, and resilient building envelopes. These communities' experiences demonstrate that the structure established by Idaho's legislation is highly workable, developer-friendly, and capable of attracting substantial private investment.

IV. ANALYSIS AND POTENTIAL BENEFITS TO SANDPOINT

Economic Development Impacts

C-PACE is fundamentally an economic development mechanism. It supports reinvestment in existing commercial buildings, helps finance redevelopment projects that might otherwise be infeasible, and encourages new construction that meets modern energy and resiliency standards. By offering developers access to long-term, fixed-rate capital, often with terms of 20 to 30 years, C-PACE can fill financial gaps in projects without requiring public subsidies.

For Sandpoint, this tool could be particularly valuable for:

- Upgrading older commercial buildings downtown and along key corridors.
- Supporting new mixed-use and multifamily development, including workforce housing.
- Encouraging incorporation of renewable energy systems such as rooftop solar or battery storage.
- Diversifying and strengthening the tax base by stimulating higher-value construction.

These opportunities align closely with Sandpoint's strategic goals to stimulate private investment, encourage redevelopment, and support a more resilient and sustainable built environment.

Environmental and Community Benefits

Beyond its economic advantages, C-PACE directly supports community goals related to sustainability. Eligible improvements have the potential to reduce energy consumption, lower water use, increase building resiliency, and decrease operating costs for local businesses. These improvements benefit the community by reducing long-term environmental impacts and helping businesses remain competitive.

City Revenue Considerations

The program presents a modest but meaningful revenue opportunity. Under Idaho law, cities may charge a \$500 application fee and a servicing fee equal to 1% of the total amount financed, up to a maximum of \$50,000 per project. These fees are paid directly from project financing proceeds and can be used to offset staff time dedicated to program administration.

Over time, Sandpoint could use these revenues to support economic development initiatives, developer outreach, grant matching funds, or other activities that promote growth and reinvestment. C-PACE-supported projects also tend to increase assessed property values, which gradually strengthens the City's property tax base.

V. POTENTIAL PROGRAM STRUCTURE FOR SANDPOINT

If Council directs staff to proceed, Sandpoint's program would likely follow models used successfully in Coeur d'Alene, Boise, and Rexburg. The program would apply citywide to eligible commercial, industrial, agricultural, and multifamily properties. Staff would administer the program primarily by reviewing applications for completeness, executing assessment agreements, and recording liens, without engaging in lending or underwriting functions.

Applicants would work directly with private capital providers and would be responsible for securing all necessary technical certifications, including appraisals, engineer verifications, and mortgage holder consent. The financing would be secured through a recorded assessment that is then immediately assigned to the capital provider. Program documents and application procedures could be adapted from the Coeur d'Alene guidebook and tailored to Sandpoint's needs.

VI. FISCAL IMPACT

Establishing a program requires minimal upfront effort and no financial commitment from the City. Any staff time necessary to administer the program would be offset by the application and servicing fees collected from participating projects. Over the longer term, C-PACE is expected to support projects that contribute to higher property valuations, enhanced economic activity, and a more resilient local economy—benefits that indirectly increase City revenues.

VII. NEXT STEPS AND COUNCIL ACTION

If Council is interested in advancing this tool, staff can prepare a Resolution of Intent and a draft Sandpoint C-PACE Program Guidebook for consideration at an upcoming meeting. These items would outline program parameters, administrative procedures, and the City's fee structure. The City would then hold a public hearing, as required by state law, before adopting a final resolution establishing the program.