



A BILL FOR AN ORDINANCE

RELATING TO A COMMERCIAL PROPERTY ASSESSED FINANCING PROGRAM.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to authorize a commercial property assessed financing program for financing certain qualifying improvements.

This ordinance uses the term "C-PACE," which is a term used nationally to refer to Commercial Property Assessed Clean Energy financing programs. However, the improvements authorized by Hawai'i state law and this ordinance to be financed in this manner also include, in addition to clean energy improvements, certain infrastructure necessary to upgrade the handling of sewage from cesspools to septic systems, aerobic treatment units, or connections to sewer systems, efficiency technology improvements, resiliency measures, and other improvements approved by the Hawai'i Green Infrastructure Authority.

Chapter 196, Part IV, Hawaii Revised Statutes, authorizes a commercial property assessed financing program in Hawai'i that provides to owners who seek to make qualifying improvements on qualifying property access to nontraditional financing for their projects. C-PACE financing is secured by the owner's voluntary agreement to repay the financing through non-ad valorem special tax assessments levied against a qualifying property, similar to a real property tax lien. After due consideration, the City Council finds that this program is a potential tool to address critical issues, such as aging cesspools, the need for fire sprinkler systems, energy and water efficiency, clean energy generation, and resilience, improves the general welfare of, and promotes economic growth in, the City and County of Honolulu.

SECTION 2. Chapter 2, Revised Ordinances of Honolulu 2021 ("The Mayor and Executive Agencies—Additional Powers, Duties, and Functions"), is amended by adding a new article to be appropriately designated by the Revisor of Ordinances and to read as follows:

"ARTICLE __: COMMERCIAL PROPERTY ASSESSED FINANCING PROGRAM

§ 2-__.1 Definitions.

For the purposes of this article, the following definitions apply unless the context clearly indicates or requires a different meaning:



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C-PACE Administration Agreement. The program administration agreement to be negotiated and entered into by the city and the program administrator with respect to the administration of the C-PACE program.

C-PACE Assessment. A non-ad valorem special tax assessment levied on qualifying property that secures the repayment of the C-PACE financing, as provided in this article and the C-PACE administration agreement.

C-PACE Financing. Financing approved by the program administrator and the C-PACE lender in favor of an owner of a qualifying property to finance a qualifying improvement in accordance with this article and the C-PACE administration agreement.

C-PACE Financing Agreement. The financing contract under the C-PACE program, by and among one or more C-PACE lenders, one or more owners of qualifying property, and the program administrator for the acquisition or installation of qualifying improvements.

C-PACE Lender or Lender. A financial institution as defined in HRS § 412:1-109 or a private or public lender approved by the program administrator to originate C-PACE financing agreements, and which may include any successor or assignee of the lender as provided in the C-PACE financing agreement.

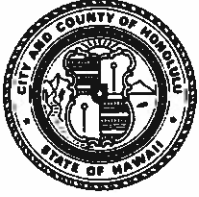
C-PACE Program. A program to finance qualifying improvements on qualifying properties that are repaid through C-PACE assessments levied and collected in accordance with this article and the C-PACE administration agreement, to the extent permitted by law.

Director. The director of budget and fiscal services or the director's designee.

Program Administrator. The Hawaii Green Infrastructure Authority, an instrumentality of the State of Hawai'i.

Program Guidelines. A comprehensive document setting forth the procedures, eligibility rules, restrictions, program fees and costs, responsibilities, and other requirements applicable to the governance and administration of the C-PACE program.

Qualifying Improvement. A septic system or aerobic treatment unit system or connection to sewer systems, clean energy technology, efficiency technology, resiliency measure, or other improvement approved by the program administrator that is or will be affixed to or connected to a building, facility, or real property.



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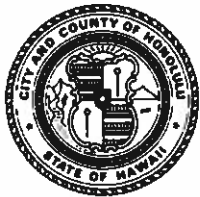
Qualifying Property or Property. Has the same meaning as "commercial property" as defined in HRS § 196-61.

§ 2-__2 C-PACE program.

The C-PACE program is authorized for the purpose of financing certain qualifying improvements provided under this article. The C-PACE program shall be available throughout the city, provided that the owner of the qualifying property, the qualifying property, the proposed qualifying improvements, and the C-PACE lender all qualify for the C-PACE program, as determined by the program administrator.

§ 2-__3 Participation in program—Limited obligations of the city—Program administrator.

- (a) Subject to the provisions of this article and the C-PACE administration agreement, the city may participate in the C-PACE program established within the city and administered by the program administrator.
- (b) The obligations of the city with respect to the C-PACE program are limited to those described in this article and the C-PACE administration agreement. The obligations of the city may include the following: the levy of C-PACE assessments, collection and payment to the program administrator of amounts collected, and the enforcement of liens for delinquent C-PACE assessments. The city may assign or delegate any of its obligations as provided by this article and the C-PACE administration agreement, to the extent permitted by law. The city shall have no other obligations with respect to the C-PACE program or any C-PACE financing agreement, and no responsibility for amounts owed under any C-PACE financing agreement.
- (c) The responsibilities of the program administrator include those described in this article and the C-PACE administration agreement. The responsibilities of the program administrator may include the following: creating the program guidelines and modifying the program guidelines as necessary, processing C-PACE applications to determine eligibility for C-PACE financing and related qualifying improvements, promoting the C-PACE program, certifying that prospective C-PACE lenders are eligible to participate in the C-PACE program, and billing, collection, and enforcement of C-PACE assessments.



HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

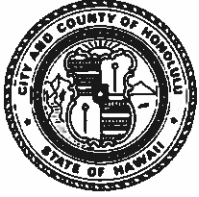
ORDINANCE 23-34

BILL 56 (2023), CD1, FD1

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§ 2-__4 C-PACE administration agreement with program administrator.

- (a) The city's participation in the C-PACE program must be in accordance with the C-PACE administration agreement negotiated and entered into by the city, acting through the director, and the program administrator prior to the execution of the first C-PACE contract within the city.
- (b) The director shall present the proposed C-PACE administration agreement negotiated with the program administrator to the council for its review and approval by resolution prior to the agreement taking effect."



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SECTION 3. This ordinance takes effect upon its approval.

INTRODUCED BY:

Matt Weyer

Tommy Waters

DATE OF INTRODUCTION:

September 20, 2023
Honolulu, Hawai'i

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Karen Lee

Deputy Corporation Counsel
KAREN K. LEE

APPROVED this 13th day of December, 2023.

Rick Blangiardi

RICK BLANGIARDI, Mayor
City and County of Honolulu

28-34

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

BILL 56 (2023), CD1, FD1


Introduced: 09/20/23 By: MATT WEYER
TOMMY WATERS Committee: HOUSING, SUSTAINABILITY AND
HEALTH (HSH)

Title: RELATING TO A COMMERCIAL PROPERTY ASSESSED FINANCING PROGRAM.

Voting Legend: * = Aye w/Reservations

09/20/23	INTRO	Introduced.
10/04/23	CCL	Passed first reading. 9 AYES: CORDERO, DOS SANTOS-TAM, KIA'ĀINA, OKIMOTO, SAY, TULBA, TUPOLA, WATERS, WEYER
10/18/23	HSH	Reported out for passage on second reading and scheduling of a public hearing. CR-305 5 AYES: DOS SANTOS-TAM, KIA'ĀINA, OKIMOTO, TULBA, WEYER
10/20/23	PUBLISH	Public hearing notice published in the Honolulu Star-Advertiser.
11/01/23	CCL/PH	Bill passed second reading, public hearing closed and referred to committee. 9 AYES: CORDERO, DOS SANTOS-TAM, KIA'ĀINA, OKIMOTO, SAY, TULBA, TUPOLA, WATERS, WEYER
11/08/23	PUBLISH	Second reading notice published in the Honolulu Star-Advertiser.
11/28/23	HSH	Reported out for passage on third reading as amended in CD1 form. CR-362 5 AYES: DOS SANTOS-TAM, KIA'ĀINA, OKIMOTO, TULBA, WEYER
12/06/23	CCL	Amended to handcarried FD1. OCS2023-1114/12/6/2023 10:58 AM 9 AYES: CORDERO, DOS SANTOS-TAM, KIA'ĀINA, OKIMOTO, SAY, TULBA, TUPOLA, WATERS, WEYER
12/06/23	CCL	Committee report adopted and Bill passed third reading. 9 AYES: CORDERO, DOS SANTOS-TAM, KIA'ĀINA, OKIMOTO, SAY, TULBA, TUPOLA, WATERS, WEYER

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this BILL.


GLEN I. TAKAHASHI, CITY CLERK


TOMMY WATERS, CHAIR AND PRESIDING OFFICER

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