

**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARY ALICE EVANS
INTERIM DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawaii'i 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii'i 96804

Telephone: (808) 587-2846
Fax: (808) 587-2824
Web: <https://planning.hawaii.gov/>

Statement of
MARY ALICE EVANS, Interim Director

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Tuesday, January 30, 2024

2:00 PM

State Capitol, Conference Room 329

in consideration of
BILL NO HB1692
RELATING TO CONDOMINIUMS.

Chair Nakashima, Vice Chair Sayama, and Members of the House Committee on Consumer Protection & Finance:

The Office of Planning and Sustainable Development (OPSD) **supports** HB1692, which allows condominiums to be eligible for commercial property assessed financing.

Use of commercial property-assessed financing (C-PACER) to fund qualified capital improvements was authorized by the Legislature in Act 183, Session Laws of Hawaii 2022. C-PACER financing can help property owners finance the installation of critical fire safety, energy efficiency, renewable energy, water conservation, and resiliency measures at more attractive rates and terms than may be available with conventional financing.

However, the current statute does not clearly specify whether residential condominium properties can be considered commercial properties for the purpose of using C-PACER financing to make these types of improvements. This bill clarifies that intent and eligibility, so that condominium properties can use C-PACER financing to make their buildings safer and more sustainable.

Thank you for the opportunity to testify on this measure.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT GOVERNOR



Hawaii Green Infrastructure Authority

An Agency of the State of Hawaii

JAMES KUNANE TOKIOKA
CHAIR

GWEN S YAMAMOTO LAU
EXECUTIVE DIRECTOR

Testimony of
Gwen Yamamoto Lau
Executive Director
Hawai'i Green Infrastructure Authority
before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Tuesday, January 30, 2024, 2:00 PM
State Capitol, Conference Room 329
in consideration of
House Bill No. 1692
RELATING TO CONDOMINIUMS

Chair Nakashima, Vice Chair Sayama and Members of the Committee:

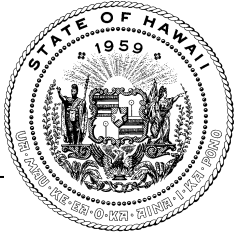
Thank you for the opportunity to testify on HB1692, relating to condominiums. The Hawai'i Green Infrastructure Authority (HGIA) **strongly supports** this bill which will allow condominiums to be eligible for the commercial property assessed financing program.

Act 183, SLH 2022 authorizing commercial property assessed financing also known as Commercial Property Assessed Clean Energy & Resiliency (C-PACER) in Hawaii was signed into law on June 27, 2022. Because this financing mechanism is a voluntary special assessment similar to a property tax, each County must pass an ordinance approving C-PACER and enter into a Memorandum of Agreement with HGIA.

The City & County of Honolulu passed Bill 56 on December 6, 2023 authorizing C-PACER to finance qualifying improvements on eligible properties. As the bill was being heard by the Committees and City Council, it became evident that this financing program could also benefit Condominiums in need of installing fire safety measures or upgrading resiliency, energy and/or water efficiency measures, by providing longer terms over the useful life of the equipment being installed, thereby making this financing option more affordable to condo owners.

According to Verisk, a global insurance data analytics provider, construction costs in Hawaii are approximately 44% more expensive than on the mainland. Having affordable financing options like C-PACER available for some 1600 condominiums in Hawaii saddled with higher construction costs, inflation, supply chain issues and rising interest rates, are critical to ensure condominiums are well maintained, efficient and resilient.

Thank you for this opportunity to testify in support of HB1692.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

(808) 451-6648
energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Tuesday, January 30, 2024
2:00 PM
State Capitol, Conference Room 329 and Videoconference

In Support of
HB 1692

RELATING TO CONDOMINIUMS.

Chair Nakashima, Vice Chair Sayama, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports HB 1692 that allows condominiums to be eligible for commercial property assessed financing (C-PACER).

HSEO's testimony is guided by its statutory duties under HRS §196-72, in which the Chief Energy Officer of the Hawaii State Energy Office shall "coordinate the State's energy programs with ... the political subdivisions of the State, departments of the State" and "assist public agencies in the implementation of energy assurance and energy resilience."

The increased financing resources made available by this measure could allow participants to improve their commercial facilities with loans for safety and energy upgrades, thus achieving several public objectives more quickly and potentially at a reduced cost. Nationwide, over \$4 billion have been invested in over 2,000 C-PACER projects,¹ and prior to 2019 only one C-PACER project defaulted.²

Therefore, HSEO is supportive of this measure.

Thank you for the opportunity to testify.

¹ <https://www.epa.gov/statelocalenergy/commercial-property-assessed-clean-energy>

² <https://eta-publications.lbl.gov/sites/default/files/epace-special-assessmentv3.pdf>



1003 Bishop Street
Honolulu, Hawaii 96813
Telephone (808) 525-5877

Alison H. Ueoka
President

TESTIMONY OF ALISON UEOKA

COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Mark M. Nakashima, Chair
Representative Jackson D. Sayama, Vice Chair

Tuesday, January 30, 2024
2:00 p.m.

HB 1692

Chair Nakashima, Vice Chair Sayama, and members of the Committee on Consumer Protection & Commerce, my name is Alison Ueoka, President for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council supports the intent of the bill which is to allow condominium buildings to access C-PACER loans for the purpose of making their building more resilient. This can include installing fire sprinklers in individual units or re-piping their buildings. We believe that hundreds of condominium buildings are in need of such updates and repairs. Providing AOAOs financing options to improve their buildings will enhance insurability and can reduce insurance costs in the long run.

Thank you for the opportunity to testify.



holomua

COLLABORATIVE

OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

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Jason Fujimoto
Meli James, *Board Chair*
Micah Kāne
Brandon Kurisu
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Josh Wisch
President & Executive Director

827 Fort Street Mall, 2nd Floor
Honolulu, Hawaii 96813

+1 (808) 909-3843
info@holomua collaborative.org

HolomuaCollaborative.org

Page 1 of 1

Committee: House Committee on Consumer Protection and Commerce
Bill Number: HB 1692, Relating to Condominiums
Hearing Date and Time: January 30, 2024 at 2:00pm (Room 329)
Re: Testimony of Holomua Collaborative in support

Aloha Chair Nakashima, Vice Chair Sayama, and Committee Members:

We write in support of HB 1692, Relating to Condominiums. The purpose of HB 1692 is to allow condominiums to be eligible for commercial property assessed financing, otherwise known as “C-PACER” financing. One of the most immediate impacts of this bill, should it pass, is that it has the potential to slash the cost of installing fire sprinklers in older condominiums by making sprinkler systems eligible for C-PACER financing. Not only will this make these buildings safer, but it will make it more likely residents of these condominiums will be able to *afford* to stay in their homes.

C-PACER is an alternative financing option that finances 100% of qualified capital improvement costs, with terms matching the useful life of the equipment installed. This makes payments more affordable than a typical equipment loan. And while C-PACER financing was passed by the legislature in 2022, this bill would extend C-PACER eligibility to condominiums.

While this will help condominium residents with the financing of a variety of improvements, the most acute issue this will address is the high cost of retrofitting many older condominiums in Hawai'i with fire sprinklers. More than 281 high-rise residential buildings, primarily condominiums developed before 1975, have failed to pass safety evaluations due to the lack of fire sprinklers or other safety requirements.

In some cases, condominiums have seen their annual insurance premiums significantly increase because they have not yet installed fire sprinklers. This in turn skyrockets condominium assessments, which are passed on to residents to pay. Since the fire sprinkler retrofitting is primarily affecting older condominiums, a disproportionate number of lower-income residents are being affected by it. By using C-PACER financing, the cost of these retrofits can be extended across the useful life of the installed fire sprinkler system, meaningfully reducing the amount of the assessment: thus, lowering the price paid by lower-income residents.

This measure will simultaneously improve safety and affordability for local residents, and we are proud to support it.

Sincerely,

Josh Wisch
President & Executive Director

HB-1692

Submitted on: 1/28/2024 3:25:06 PM

Testimony for CPC on 1/30/2024 2:00:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Bali Kumar | PACE Loan Group | Support | Written Testimony Only |

Comments:

PACE Loan Group **strongly** supports the passage of HB1692, which allows condominiums to be eligible for CPACE financing.

CPACE financing is available to finance clean energy and resiliency improvements for commercial properties, and as in other states, this financing naturally should extend to condominiums to become more resilient and achieve energy savings on their utility bills.

Also, this expansion allows condos statewide to mitigate fire issues and become more resilient.

Thank you for your consideration.

**House of Representatives
The Thirty-Second Legislature
Committee on Consumer Protection and Commerce
Tuesday, January 30, 2024
2:00 p.m.**

To: Representative Mark M. Nakashima, Chair
Re: HB 1692, Relating to Condominiums

Aloha Chair Mark Nakashima, Vice-Chair Jackson Sayama, and Members of the Committee,

I am Lila Mower, president of Kokua Council, one of Hawaii's oldest advocacy groups with over 800 members and affiliates in Hawaii.

I also serve on the board of the Hawaii Alliance for Retired Americans, with a local membership of over 20,000 AFL-CIO, HSTA, ILWU, UPW, HGEA, IAM, CAN, and other organizations' retirees.

And I am the leader of a coalition of hundreds of property owners, mostly seniors, who own and/or reside in associations¹ throughout Hawaii and served as an officer on three condominium associations' boards.

Mahalo for allowing me to submit testimony in **support of the intent of HB 1692** to provide an alternative financing option for qualified capital improvement costs.

However, having retired from a career in banking, specifically in real estate financing, I have these concerns about the proposed C-PACER financing option:

LACK OF CONSUMER PROTECTIONS

- (1)** Because C-PACER is structured as a tax assessment instead of a loan, borrowers may not have the same consumer protections of disclosures about financing costs that traditional lenders must provide.
- (2)** Without those disclosures, directors, community association managers, and other advisors, who are not experienced in or may only have superficial knowledge of financing, may not know what to ask, including inquiring if the rates and terms that are offered are competitive (and may not know how to compare), about penalties, restrictions, and other limitations.
- (3)** Unlike traditional financing, most C-PACER programs do not require a third-party assessment of the costs of improvements (i.e., appraisal).

¹ See Exhibit A

- (4) Those who are naïve may have a false sense of security about C-PACER, wrongly assuming that it is a federal (or state) loan program and wrongly believing that there are consumer protective terms that may not exist.
- (5) Additionally, there may be individuals who influence the board’s decision to borrow who may have undisclosed conflicts of interests, including pecuniary interests which may be hidden in the undisclosed financing costs, or financial interests in the capital improvements that are to be funded by C-PACER. These include contractors who use C-PACER as a sales tactic to lure business and use the financing option to generate more business (greater and additional improvements) than needed. There is also the possibility of “kickbacks.”

ADVERSE AFFECT ON THE REAL ESTATE MARKET

- (6) Because C-PACER runs with the land (i.e., property), C-PACER may make it more difficult for owners who desire to sell or purchasers who desire to purchase in an already difficult real estate market. Sellers may have to discount their units compared to comparable units in associations without C-PACER.
- (7) Because C-PACER takes priority over other lienholders except for government tax liens, those lienholders (mostly mortgagors) will have to consent. In the past, Fannie Mae (FNMA) and Freddie Mac (FLMC) indicated that they will not purchase mortgages with C-PACER superior liens. If this is still correct, the marketability of properties with C-PACER will be affected, reversing the purpose of utilizing C-PACER to fund needed improvements for borrowers and their properties to qualify for Fannie Mae or Freddie Mac mortgage financing.

Based on allegations from hundreds of Hawaii condominium unit owners² regarding voting integrity and conflicts of interest, any consent to finance capital improvement should be by ballot, whether in person vote or mail-in ballot, and not by proxy-voting. (Florida, which has the second most associations in the nation, prohibits the use of proxies and allows only directed limited proxies in few instances.³ And the former Chair of the Condominium Advisory Board in Illinois, which has the fourth most associations in the nation, said, “voting by proxy – in which a unit owner gives up his or her vote to someone else – is ‘the single most abused concept’ in the Illinois Condominium Property Act...Although admittedly cumbersome, mail-in voting, says Shifrin, which is allowed by law even if not mentioned in an association’s bylaws, ‘is still the viable alternative for owners to vote who cannot attend the meeting, proper.’”⁴)

Mahalo for the opportunity to address my concerns regarding HB 1692, a measure whose *intent* I support.

² See Exhibit A

³ <https://www.flsenate.gov/Laws/Statutes/2023/718.112>

⁴ <https://www.loopnorth.com/news/proxy1013.htm>

EXHIBIT A

LIST OF ASSOCIATIONS WITH OWNERS PARTICIPATING IN HUI OIAIO

This is just a partial list and does not include many unnamed associations because their owners fear identification and subsequent retaliation.

909 KAPIOLANI
1133 WAIMANU
1350 ALA MOANA
1634 NUUANU
1717 ALA WAI
2121 ALA WAI
ADMIRAL THOMAS
AIKAHI
ALA MOANA HOTEL
ALA WAI COVE
ALA WAI MANOR
ALA WAI PLAZA
ALLURE WAIKIKI
ALOHA LANI
ATKINSON PLAZA
ATKINSON TOWER
BIG SURF
BLUESTONE
CAMELOT
CANTERBURY PLACE
CAPITOL PLACE
CATHEDRAL POINT
CENTRAL ALA MOANA
CENTURY CENTER
CENTURY PARK PLACE
CENTURY PARK PLAZA
CENTURY WEST
COLONNADE ON THE GRREENS
COMMODORE
COOLIDGE GARDENS
CORONET
COUNTRY CLUB PLAZA
COUNTRY CLUB VILLAGE
DIAMOND HEAD ALII
DIAMOND HEAD AMBASSADOR HOTEL
DIAMOND HEAD BEACH HOTEL
DIAMOND HEAD CONDOS
DIAMOND HEAD SANDS
DIAMOND HEAD SURF
DISCOVERY BAY
DOWSETT POINT
EVERGREEN TERRACE
FAIRWAY GARDENS
FAIRWAY HOUSE
FAIRWAY TERRACE
FOSTER TOWER
GATEWAY PENINSULA

HALE KAHEKA
HALE O KALANI
HALE PUA LEI
HARBOR COURT
HARBOR POINTE
HARBOR SQUARE
HARBOR VIEW PLAZA
HARBOUR RIDGE
HAWAIIKI TOWER
HAWAIIAN MONARCH
HAWAIIAN PARADISE PARK
HAWAIIAN PRINCESS
HILLSIDE VILLA
HOKUA AT 1288 ALA MOANA
HOLIDAY VILLAGE
HONO HALE
HONOLULU PARK PLACE
HONOLULU TOWER
HONUAKAHA
ILIKAI APARTMENT
ILIKAI MARINA
IOLANI COURT PLAZA
KAHE KAI
KAHALA TOWERS
KAHALA VIEW ESTATE
KAHANA RIDGE
KAI LANI (KO OLINA)
KALELE KAI
KAPAHULU VISTA
KAPOLEI KNOLLS
KAPIOLANI BANYAN
KAPIOLANI GARDENS
KAPIOLANI MANOR
KAPIOLANI TERRACE
KAPIOLANI TOWER
KEOLA LAI
KEONI ANA
KINAU LANAIS
KINGSGATE
KOKO MARINA
KOOLANI
KO OLINA KAI
KUKUI PLAZA
LAHAINA SHORES
LAKEVIEW
LILIUOKALANI GARDENS
LUKEPANE GARDENS
LIKINI WEST
MAILI KAI
MAKAHA SHORES
MAKAHA SURFSIDE
MAKAHA VALLEY PLANTATION
MAKAHA VALLEY TOWERS

MAKAKILO GARDENS
MAKALAPA MANOR APARTMENTS
MARCO POLO
MARINERS VILLAGE
MAUI KAMAOLE
MAUI LANI TERRACE
MAUI SANDS
MAUI VISTA
MAUNA LUAN
MAWAENA KAI
MELEMANU WOODLANDS
MILILANI (COMMUNITY)
MOANA PACIFIC
MOKULEIA BEACH COLONY
MOKULEIA SURF
MOTT SMITH LANILOA
MOUNT TERRACE
NANIWA GARDENS
NAURU TOWER
NUUANU PARK PLACE
NUUANU WOODS
OAHU SURF
OCEAN POINTE (HOMEOWNERS ASSOCIATION)
ODE RANCHO
OLALOA, MILANI
ONE ALA MOANA
ONE ARCHER LANE
ONE KALAKAUA
ONE WATERFRONT TOWERS
OPUA HALE PATIO HOMES
ORCHIDLAND ESTATES
PACIFIC PALISADES (HOMEOWNERS ASSOCIATION)
PACIFICA HONOLULU
PALEHUA GARDENS
PALEHUA HALE
PALM COURT
PALM VILLAS
PEARL ONE
PEARL TWO
PEARL REGENCY
PEARLRIDGE GARDENS AND TOWER
PINNACLE HONOLULU
POHAKEA POINT, PH. 4
POKAI BAY CABANAS
PRINCESS LEILANI
PUALEI CIRCLE
PUNAHOU TOWERS
PUU ALII (complex of condos)
PUU HELEAKALA
PUU PALEHUA ASSOCIATION
QUEEN EMMA GARDENS
REGENCY PARK
REGENCY TOWER

ROYAL CAPITOL PLAZA
ROYAL COURT
ROYAL IOLANI
ROYAL KAHANA
RYCROFT MANOR
SAKURA
SEASIDE SUITES (aka 440 SEASIDE)
SEAVIEW
SPRUCE RIDGE VILLAS
SUNSET LAKEVIEW
SUNSET TOWERS
SYMPHONY
TERRAZZA
THE ALII (CO-OP)
THE BOUGANVILLE
THE COLLECTION
THE CONTESSA
THE ESPLANADE
THE IMPERIAL PLAZA
THE KAIMUKI JADE
THE PACIFICA
THE PENINSULA
THE SANDS OF KAHANA
THE SOVEREIGN
THE TOWNHOUSE
THE WINDSOR
URAKU
VILLAGE PARK (HOMEOWNERS ASSOCIATION)
VILLAGES OF KAPOLEI (HOMEOWNERS ASSOCIATION)
WAI AU GARDENS
WAIEA
WAIHONUA AT KEWALO
WAIKALANI WOODLANDS
WAIKALOA VILLAGE
WAIKELE (HOMEOWNERS ASSOCIATION)
WAIKIKI LANAIS
WAIKIKI SKYTOWER
WAIKIKI SUNSET
WAILANA
WOODWINDS
YACHT CLUB
YACHT HARBOR TOWERS

Testimony of **Nicholas Zuba, Deputy Director, C-PACE Alliance, Inc.**
before the
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Tuesday, January 30, 2024; Time: 2 PM HT
Conference Room 329 & VIA videoconference
Hawaii State Capitol

In **SUPPORT** of **House Bill No. 1692**, RELATING TO CONDOMINIUMS

Chair Nakashima, Vice Chair Sayama, and Members of the Committee,

Thank you for the opportunity to testify **in support of House Bill No. 1692**, which allows condominiums to be eligible for Commercial Property Assessed Clean Energy & Resiliency (C-PACER) financing.

My name is Nicholas Zuba, and I am the Deputy Director of C-PACE Alliance, Inc., a nonprofit business association that advocates for best practices in C-PACE programs. More than 30 U.S. states and the District of Columbia have adopted a C-PACE statute, facilitating over \$5 billion in financing from private entities for more than 3,000 properties.

Act 183, Session Laws of Hawaii 2022, which authorized C-PACER, was signed into law on June 27, 2022. C-PACER is a voluntary program that helps commercial property owners finance clean energy and resiliency improvements for their commercial properties in Hawaii. The financing provides several benefits to commercial property owners in making these improvements, including long term repayment, lower interest rates, and non-accelerating financing. The financing is secured by a non-ad valorem special tax assessment that is placed on the commercial property owner's tax bill or stand-alone tax bill.

In order for C-PACER financing to be provided to commercial property owners throughout Hawaii, each County must pass an ordinance and sign a Memorandum of Agreement with the program's administrator, the Hawaii Green Infrastructure Authority (HGIA). For example, Honolulu County recently passed C-PACER (Bill 56 of 2023). During the process in working with the City Council and its Committees, it became clear that condominiums could also benefit from this program, allowing them to install energy efficiency/clean energy improvements, and resiliency measures (including fire safety systems), while availing themselves to the aforementioned benefits of C-PACER financing. But most importantly, these resiliency projects can assist in addressing a key issue that Honolulu County needs to mitigate, which is fire issues in more than 281 high rise buildings in their jurisdiction alone.

Condominiums appear to have a great need and can benefit tremendously from C-PACER. However, the condominium property tax bills go directly to each unit, instead of the association. Therefore, this bill is required to allow C-PACER to be utilized to solve this important safety issue, and provide the unit owners an affordable option to comply with County fire safety ordinances throughout Hawaii.

Thank you for the opportunity to testify in support of House Bill No. 1692. We urge this committee to expedite its passage.



Testimony of

CastleGreen Finance, LLC

before the

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

January 30, 2024, Time: 2:00 P.M.
State Capitol, Conference Room 329

In **SUPPORT** of

House Bill No. 1692

RELATING TO CONDOMINIUMS

Chair Nakashima, Vice Chair Sayama and Members of the Committee:

Thank you for the opportunity to testify in support of HB 1692 relating to condominiums. We urge the Committee to pass this bill which will allow condominiums to be eligible for the Hawaii commercial property assessed financing program.

Act 183, SLH 2022 authorizing commercial property assessed financing, also known as Commercial Property Assessed Clean Energy & Resiliency (C-PACER) in Hawaii was signed into law on June 27, 2022. Because this financing mechanism is a voluntary special assessment similar to a property tax, each County must pass an ordinance approving C-PACER. The City & County of Honolulu passed Bill 56 on December 6, 2023 authorizing C-PACER to finance qualifying improvements on eligible properties. Since that time it has become evident that condominiums could also benefit from C-PACER financing, given the existing need of such properties to make fire safety upgrades or other resiliency, energy, or water efficiency measure upgrades. Having a financing option like C-PACER available may provide condominium owners with a financing option that may provide more attractive financing terms than conventional financing.

As a C-PACE origination firm operating nationwide, in all areas with legislated and active C-PACE programs, CastleGreen provides access to private capital for energy efficiency, resiliency and renewable improvements that support the development of cleaner, safer and more efficient building stock. C-PACE financing has provided billions of dollars of private capital to property owners across the U.S.

Thank you for this opportunity to support HB 1692 to allow condominiums to benefit from the use of C-PACER financing.



In Alliance with **Apollo**

300 Colorado St., Suite 2000, Austin, Texas 78701

O: 512.599.9037 ♦ **FAX:** 512.532.0792

Testimony of

Michael Yaki

Senior Vice President & Sr. Counsel

Petros PACE Finance LLC

before the

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Tuesday, January 30, 2024, 2:00 PM

State Capitol, Conference Room 329

in consideration of

House Bill No. 1692

RELATING TO CONDOMINIUMS

Chair Nakashima, Vice Chair Sayama and Members of the Committee:

Thank you for the opportunity to testify on HB1692, relating to condominiums. I am writing on behalf of Petros PACE Finance, the nation's largest originator of commercial PACE financing in the country, and a leader in developing and innovating commercial PACE policy and programs.

We are writing in strong support of the principles underlying HB1692.

The City & County of Honolulu passed Bill 56 on December 6, 2023, authorizing C-PACER to finance qualifying improvements on eligible properties. As the bill was being heard by the Committees and City Council, it became evident that this financing program could also benefit Condominiums in need of installing fire safety measures or upgrading resiliency, energy and/or water efficiency measures, by providing longer terms over the useful life of the equipment being installed, thereby making this financing option more affordable to condo owners.

First, thank you for your support of HB 2088, which established C-PACER financing in Hawaii. I am pleased to report that interest is strong and we hope to report the first uses of C-PACER in the Hawaiian Islands before the end of the year.

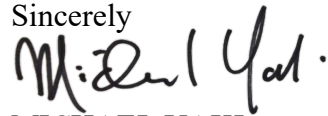
Second, we participated in meetings organized by the Hawaii Green Infrastructure Authority to meet with condominium association owners to hear their concerns about the need for affordable financing to meet new fire and safety measures for their existing buildings. There is an existing challenge to helping condominiums because while there are common areas that utilize, for example, fire sprinkler systems, we are limited to only looking at multifamily structures as commercial providers. We believe the language proposed will allow C-PACER capital providers like us to work with condominium associations by creating an assessment "anchor" for the C-

PACER financing to the condominium association, which owns the structure/common area. Since the association is a corporate entity, not residential unit, HB 1692 bypasses this concern.

Thank you for your attention, and we are available to assist in any way.

.

Sincerely

A handwritten signature in black ink that reads "Michael Yaki". The signature is written in a cursive, slightly slanted style.

MICHAEL YAKI

Senior Vice President & Sr. Counsel

Policy and Programs

Petros PACE Finance, LLC

29 Jan 2024

Nuveen, LLC
19 Old Kings Highway
Suite 210
Darien, CT 06820
nuveen.com/greencapital

Testimony of Gaby Gilbeau submitted to the House Committee on Consumer Protection & Commerce

[Support for House Bill 1692 relating to condominiums](#)

Thank you Chair Nakashima, Vice Chair Sayama and Members of the Committee for this opportunity to testify on HB1692, relating to condominiums.

Nuveen Green Capital is a national leader in sustainable commercial real estate financing solutions and an affiliate of Nuveen, the \$1T+ asset manager and wholly owned subsidiary of TIAA. We would like to share our **support** for House Bill 1692, which will make condominiums eligible for the commercial property assessed financing program.

C-PACE financing is a powerful tool for encouraging private investment in clean energy, energy efficiency, water conservation, and resiliency in the built environment. While facilitating sustainability efforts, the program reduces property owners' annual costs and provides dramatically better-than market financing for green new construction. As a leading C-PACE capital provider, our investments nationwide have resulted in an estimated \$1.62 billion and 2.6 million MWh in energy savings for program participants, created over 25,000 green-collar jobs, and reduced the carbon-equivalent of protecting 175 sq. miles of forest (roughly one-third the size of Oahu).

Nuveen Green Capital would like to see public benefits from C-PACE, like those mentioned above, realized for Hawaii via the C-PACE Program, as administered by the Hawaii Green Infrastructure Authority (HGIA). Through our efforts to establish the financing program in Honolulu, it became evident that C-PACE financing could be a valuable tool for installing fire safety, resiliency, energy and/or water efficiency measures in Hawaii's 1,600+ condominiums. With increasing costs of construction, inflation, supply chain issues and rising interest rates, C-PACE would expand the access these condominium buildings have to private capital to make critical infrastructure improvements.

House Bill 1692 would allow these condominium properties to access C-PACE capital for such projects without cost to the state or local governments: HGIA will be wholly responsible for billing and collection of C-PACE special tax assessments while private lenders such as Nuveen Green Capital will fund the investments. No state or local government dollars are placed at risk through this program.

We look forward to bringing C-PACE financing to Hawaii's condominiums upon the passage of House Bill 1692, and we thank this Committee for the opportunity to testify in support of this bill.

Thank you,

Gaby Gilbeau
Manager, Policy & Programs

p +1 540 - 431 - 9959
gaby.gilbeau@nuveen.com



ISLAND INSURANCE
COMPANIES

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Representative Mark M. Nakashima, Chair
Representative Jackson D. Sayama, Vice Chair
Tuesday, January 30, 2024 2:00 p.m.

HB 1692

Chair Nakashima, Vice Chair Sayama, and members of the Committee on Consumer Protection & Commerce, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President for the Island Insurance Companies.

Island Insurance Companies support this bill which will allow AOAOs (really condominium unit owners) to access to C-PACER loans for the purpose of making their buildings more resilient. This can include installing fire sprinklers in individual units or re-piping their buildings. The best estimate we have heard is that at least 400 buildings are in need of such updates and repairs. This number is going to grow over time unless buildings are properly maintained and updated.

Water damage insurance claims from buildings in disrepair are impacting insurability of condominium buildings in Hawaii and the units therein. Providing AOAOs financing options to improve their buildings will enhance insurability and can reduce insurance costs in the long run.

Thank you for the opportunity to testify



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: 1/30/2024

TO: Representative Mark Nakashima
Chair, Committee on Consumer Protection and Commerce
Submitted Via Capitol Website

FROM: Mihoko Ito / Tiffany Yajima

RE: **H.B. 1692 – Relating to Condominiums**
Hearing Date: Tuesday, January 30, 2024 at 2:00 p.m.
Conference Room: 329

Dear Chair Nakashima and Members of the Committee on Consumer Protection and Commerce:

We submit this testimony on behalf of the Hawaii Bankers Association (HBA). HBA represents seven Hawai'i banks and one bank from the continent with branches in Hawai'i.

HBA submits **comments** on H.B. 1692 and asks for language to be inserted into the committee report should the Committee be inclined to move this bill.

H.B. 1692 allows condominiums to be eligible for commercial property assessed financing (C-PACE), which was established by Act 183, Session Laws of Hawaii 2022 to allow commercial property owners to access financing for qualifying improvements on their property. Repayment of the amounts financed occurs through a voluntary assessment, similar to a real property tax. C-PACE is a non-accelerating, senior lien secured by the property, which is secured by being recorded as a senior lien.

A key component of Hawaii's C-PACE program is that, prior to entering into a C-PACE financing contract, the parties must obtain written consent by each holder or loan servicer of other existing mortgages or loans.

While HBA appreciates the need for condominiums to access C-PACE as a financing mechanism, we are cautious where there is any intention to have this program apply in residential settings because of the potential for it to impact the residential mortgage market. We believe that H.B. 1692 threads the needle its current draft, because while it covers condominium buildings (including their units and common spaces) as the "parcel" for the purpose of C-PACE, and the

program still needs to obtain the prior written consent of existing lenders on any loans or mortgages pursuant to HRS 196-64.5.

However, in an abundance of caution, we would respectfully request that, if the Committee is inclined to pass this measure, the committee report note that the purpose of the measure is to allow condominium property regimes of more than six units to access the existing C-PACE program and follow the requirements under HRS 196-64.5, including the requirement to obtain prior written consent of each holder or loan servicer of any mortgage that encumbers or otherwise secures the commercial property.

Thank you for the opportunity to provide comments on this measure.



AOAO at Pat's at Punalu'u

53-567 Kamehameha Hwy, #100
Punalu'u, Hawai'i 96717

Testimony of

J. Allen DeLaney-Kolby

President for the AOAO at Pat's at Punalu'u
before the

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Tuesday, January 30, 2024, Time: 2:00 P.M.
State Capitol Conference Room 329 and Videoconference

In support of

House Bill No. 1692

RELATING TO CONDOMINIUMS

Chair Nakashima, Vice Chair Sayama Members of the Committee:

Mahalo for the opportunity to testify to provide comments on HB1692.

The Association of Apartment Owners at Pat's at Punalu'u, affectionately known as Pat's at Punalu'u, extends our heartfelt gratitude for granting us the privilege to provide testimony and offer our enthusiastic support for HB1692. This bill will allow condominiums to be eligible for Commercial Property Assessed Financing Program (also known as C-PACER), administered by the Hawaii Green Infrastructure Authority. We assert that C-PACER represents a pivotal opportunity to assist condominium association owners in meeting the mounting challenges and regulatory demands caused by climate change and health, fire, and safety requirements.

We aspire to restore Pat's at Punalu'u to its former glory and contribute to revitalizing our neighboring communities. However, the path to achieving this vision is fraught with substantial costs associated in complying with evolving standards and regulations. Pat's at Punalu'u is currently grappling with insurance premiums that have soared by over 25%, necessitating costly upgrades to our windows, roof, elevators, and electrical systems to meet stringent hurricane code requirements. We have diligently assessed and secured loans to replace our aging wastewater treatment system with an environmentally friendly state-of-the-art alternative. While we do our utmost to shoulder these financial burdens, the relentless rise in inflation, surging construction costs in Hawaii, supply chain disruptions, and rapidly escalating insurance rates threaten our progress. Furthermore, insurance companies press us to expedite our efforts, threatening to withdraw coverage if we do not meet their timelines. Adding to our concerns are the imperative fire safety regulations and the potential requirement for sprinkler systems.

☎: 833-808-Pats (7287)

✉: president@patsatpunaluu.com

🌐: www.patsatpunaluu.com

a place to dream awhile...



AOAO at Pat's at Punalu'u

53-567 Kamehameha Hwy, #100
Punalu'u, Hawai'i 96717

The availability of funding "Equipment Financing" via special assessments similar to property tax payments, over an extended term, as facilitated by C-PACER, would significantly alleviate the financial strain on our owners. Among our community are numerous long-standing, fixed income kupuna whose dreams of living out their retirement at Pat's at Punalu'u hang in the balance. Without additional financing options like C-PACER, their dreams may be shattered.

As an AOAO on Oahu, we recognize that we are not alone in grappling with these formidable challenges. For example, the recent Maui wildfires and financial pressures on insurance companies and HECO will likely lead to substantial rate hikes that will impact the entire state. We express our gratitude for considering this initiative, which offers respite and viable avenues for us to explore.

In addition to the evident environmental advantages, the broad implementation of C-PACER has the potential to generate higher-paying jobs and yield a substantial positive economic impact on our North Shore community. The State's forward-thinking stance in adopting this financially sound method of financing will undoubtedly position the Legislature as conscientious leaders providing relief to condo owners.

We extend our most profound appreciation for this opportunity to wholeheartedly endorse this Bill. Pat's at Punalu'u enthusiastically supports this initiative, which promises a brighter, more sustainable future for our community, neighbors, and our beloved State. We urge the Legislature to do the same.

With utmost aloha,

FOR THE BOARD OF DIRECTORS'
OF AOAO OF PAT'S AT PUNALU'U

J Allen DeLaney-Kolby
President



Founded 1889

PLUMBERS AND FITTERS LOCAL 675 UNITED ASSOCIATION



**Testimony to
The Committee on Consumer Protection and Commerce
Tuesday, January 30, 2024
2 PM
Conference Room 329 & VIA videoconference
Hawaii State Capitol
HB 1692**

Chair Nakashima, Vice Chair Sayama, and members of the committee,

HB 1692 allows condominiums to be eligible for commercial property assessed financing. The Plumbers & Fitters UA Local 675 **strongly supports HB 1692** as a program that can benefit our community in protections against fire hazards and helping our City and State mitigate greenhouse gas.

My name is Valentino Ceria. I am the Business Manager, Financial Secretary for the UNITED ASSOCIATION OF PLUMBERS AND FITTERS OF HAWAII, Local 675.

Our organization represents over 2,000 members working in the Plumbing, Pipefitting, Air Conditioning, and Fire Sprinkler construction and building trades industry in Hawaii. We are in support of Bill 23-56 urging the City Administration to enter into negotiations with the Hawaii Green Infrastructure Authority to establish a commercial property assessed financing program (also known as "C-PACE") for the City and County of Honolulu.

Our members are highly trained in service, new construction, repair, and renovation work in several key areas including:

- Fire Protection Systems
- Air Conditioning/Refrigeration
- Oil & Gas Refineries
- Pipe Welding
- Power Plant Systems
- Steam/Condensate Systems
- Plumbing & Heating
- Hazardous Waste Systems
 - Solar Systems
- Medical Gas Systems
- Waste Water Sewage Treatment
- Irrigation/Lawn Sprinkler System

Act 183, Session Laws of Hawaii 2022, authorized commercial 2 property assessed financing, also known as C-PACER, in Hawaii. Recently, Honolulu County passed CPACE (Bill 56 of 2023).

These resiliency projects can assist in the safety issue that Honolulu County needs to mitigate for fire issues in more than 281 high rise buildings.

Thank you for giving us this opportunity to testify in strong support of HB1692.

Respectfully yours,

Valentino Ceria
Business Manager





LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

LIUNA!

HOUSE OF REPRESENTATIVES
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024

Committee on Consumer Protection & Commerce
Rep. Mark M. Nakashima, Chair
Rep. Jackson D. Sayama, Vice Chair

PETER A. GANABAN
*Business Manager/
Secretary-Treasurer*

ALFONSO OLIVER
President

JOBY NORTH II
Vice President

TONI FIGUEROA
Recording Secretary

MARTIN ARANAYDO
Executive Board

ORLANDO PAESTE
Executive Board

JOSEPH YAW
Executive Board

ESTHER AILA
Auditor

RUSSELL NAPIHAA
Auditor

MARK TRAVALINO
Auditor

YUGAN HOTTENDORF
Sergeant-At-Arms

Tuesday, January 30, 2024, 2:00 p.m.
Conference Room 329
State Capitol, 415 South Beretania Street

Re: Testimony in Support of HB1692

Chair Nakashima, Vice Chair Sayama, and members of the committee,

The Laborer's International Union Local 368 represents 5000+ members working in construction, environmental remediation, maintenance, food service, health care, clerical, and other occupations, as well as in state, local, and municipal government jobs and as mail handlers in the U.S. Postal Service across the State.

The Laborers' International Union Local 368 **supports HB1692** which allows condominiums to benefit by the recently passed CPACE state and county legislation. It will directly help protect our citizens by making it easier to finance fire mitigation safety technology in high rises.

These resiliency projects can assist not just in the safety issue that is so important for fires, but it can also help to harden other infrastructure and energy efficiency improvements in those buildings, saving on electric, water and insurance rates.

Thank you for the opportunity to testify in strong support of HB1692.

Respectfully,

Peter A. Ganaban

Business Manager/Secretary Treasurer
Laborers International Union of North America - Local 368
1617 Palama Street
Honolulu, HI 96817

LiUNA Local 368
1617 Palama Street
Honolulu, HI 96817
Phone: (808) 841-5877
Fax: (808) 847-7829
www.local368.org

Feel the Power



Testimony to the House Committee on Consumer Protection & Commerce
Tuesday, January 30, 2024 at 2:00 PM
Conference Room 329

Comments on HB 1692. Relating to Condominiums

To: The Honorable Mark Nakashima, Chair
The Honorable Jackson Sayama, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 47 Hawaii credit unions, representing over 864,000 credit union members across the state.

HCUL offers the following comments on HB 1692, Relating to Condominiums. This bill allows condominiums to be eligible for commercial property assessed financing (C-PACE).

While we understand that the intent of this measure is to provide a method of financing for “clean energy improvements”, we have been concerned about this particular type of loan being secured by the property itself, which means it is a senior lien. C-PACE, unlike residential PACE, requires written consent by each holder and servicer of existing mortgage loans.

We understand that HB 1692 attempts to use the C-PACE model to apply the loan program to condominium properties. We have concerns since these properties are residential properties, and would urge caution when affecting residential mortgages. We would like to ensure that the prior written consent provision remains intact, as this would protect the mortgagee and the mortgagee.

Further, we would note that many Hawaii financial institutions, including credit unions, already offer specialized, low-cost loans for green energy home improvements.

Thank you for the opportunity to provide comments on this issue.

LATE

HB-1692

Submitted on: 1/29/2024 7:09:20 PM

Testimony for CPC on 1/30/2024 2:00:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|------------------|--------------------|------------------------|
| Garet Azama | Zephyr Insurance | Support | Written Testimony Only |

Comments:

COMMITTEE OF CONSUMER PROTECTION & COMMERCE

Representative Mark M. Nakashima

Representative Jackson D. Sayama, Vice Chair

Tuesday, January 30, 2024

2:00 p.m.

Regarding: HB 1692

Chair Nakashima, Vice Chair Sayama, and members of the Committee on Consumer Protection and Commerce, my name is Garet Azama, Chief Operating Officer of Zephyr Insurance Company (Zephyr). Zephyr provides Hawaii residents with hurricane and homeowners insurance.

Zephyr supports the intent of the bill which would allow condominium buildings to access C-PACER loans for the purpose of making their buildings more resilient. Providing condominium owners with an affordable financing option to improve the safety of their buildings will enhance insurability and potentially reduce insurance costs over the long term.

Thank you for the opportunity to testify on this legislation.

HB-1692

Submitted on: 1/26/2024 9:20:51 PM

Testimony for CPC on 1/30/2024 2:00:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Mike Golojuch, Sr. | Individual | Support | Written Testimony Only |

Comments:

Palehua Townhouse Association supports HB1692. Please pass this bill.

Mike Golojuch, Sr., President, Palehua Townhouse Association

HB-1692

Submitted on: 1/28/2024 3:41:56 PM

Testimony for CPC on 1/30/2024 2:00:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Richard Emery | Individual | Comments | Written Testimony Only |

Comments:

I have regularly assisted condominium in obtaining loans and do not understand the need for this Bill. Loans are available today.

Committee on Consumer Protection & Commerce

HB 1692

Tuesday, January 30, 2024 @ 2:00 PM

My name is Jeff Sadino, I am a condo owner in Makiki, and I **SUPPORT** this Bill.

My only comment is for a minor amendment for clarification purposes: Page 9, lines 15 – 17 seems to indicate that to receive a C-PACER loan, 50% of all unit owners need to approve the loan. This seems different than how most budgeting works, I could not find any reference to the “50% approval” anywhere in the document, and I think it will cause confusion for condo owners and Board members.

My understanding is that most of the time, the Board makes most financial decisions without consulting with the rest of the Association.

Can you please clarify if 50% of owners need to approve the loan and possibly also how that approval would be requested and documented?

Thank you for the opportunity to testify,

Jeff Sadino

15 collected in the same manner as common expenses. The written
16 consent of at least fifty per cent of all unit owners and owners
17 to finance qualifying improvements with commercial property

HB-1692

Submitted on: 1/29/2024 11:33:41 AM

Testimony for CPC on 1/30/2024 2:00:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Raelene Tenno | Individual | Support | Written Testimony Only |

Comments:

SUPPORT