

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

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARY ALICE EVANS
DIRECTOR

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Statement of
MARY ALICE EVANS, Director

before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 5, 2024

10:20 AM

State Capitol, Conference Room 211

in consideration of
BILL NO HB2801, HD1, SD1
RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING.

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means:

The Office of Planning and Sustainable Development (OPSD) **supports** HB2801, HD1, SD1, which allows condominiums to be eligible for commercial property assessed financing, and delegates all existing administrative responsibilities of the counties under the commercial property assessed financing program to the Hawaii Green Infrastructure Authority (HGIA).

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. It will also enable HGIA to quickly launch C-PACER as a statewide program without having to burden the counties with enacting ordinances and other administrative duties.

Thank you for the opportunity to testify on this measure.



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Commerce and Consumer Protection
Friday, April 5, 2024
10:20 a.m.
Conference Room 211 & Via Videoconference

**On the following measure:
H.B. 2801, H.D.1, S.D.1, RELATING TO COMMERCIAL PROPERTY ASSESSED
FINANCING.**

WRITTEN TESTIMONY ONLY

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Nadine Ando and I am the Director of the Department of Commerce and Consumer Affairs (Department). The Department supports this bill.

The purposes of this bill are to: (1) allow condominium associations to be eligible for commercial property assessed financing; and (2) delegate all existing administrative responsibilities of the counties under the commercial property assessed financing program to the Hawaii Green Infrastructure Authority.

The Department appreciates and supports the intent of the bill to provide financing for projects for condominium associations with six or more units and encourages continued communication between condominium associations and their owners of financing undertaken for projects.

Thank you for the opportunity to testify on this bill.



Testimony of
Gwen Yamamoto Lau
Executive Director
Hawai'i Green Infrastructure Authority
before the
SENATE COMMITTEE ON WAYS AND MEANS
Friday, April 5, 2024, 10:20 AM
State Capitol, Conference Room 211
in consideration of
House Bill No. 2801, HD1, SD1
RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committee:

Thank you for the opportunity to testify on HB 2801, HD1, SD1 relating to commercial property assessed financing. The Hawai'i Green Infrastructure Authority (HGIA) **strongly supports** this bill which will transition the commercial property assessed financing program from a County-level program to a State-level program, as well as allow condominiums to be eligible for the commercial property assessed financing program.

It is important to note the following:

1. **C-PACER unlocks private capital.** C-PACE lenders will invest millions of dollars to help Hawaii's affordable housing developers replace more expensive mezzanine debt, as well as condominium associations upgrade aging infrastructure, which will **create jobs and generate state tax revenue.**
2. **Banks and mortgage holders remain in control** as commercial property owners are required to obtain written consent from existing mortgage holder(s) on its property before C-PACER financing documents can be executed.
3. Unlike traditional bank financing, **C-PACER financing does not accelerate in foreclosure.** In an event of default, only the past due amounts of the C-PACER financing is senior to the mortgage lender's claim. In an example where a C-PACER lender has a \$1.0 million obligation and the bank has a \$5.0 million mortgage, and the commercial property owner is 12-months in arrears, only the \$72,000 in past due C-PACER assessments (not the full \$1.0 million), is senior to the Bank's \$5.0 million mortgage.
4. Similar to bank and credit union financing, **C-PACER is a voluntary financing option;** and
5. C-PACER assessments will not be placed on the real property tax bills of individual condo owners.

Thank you for this opportunity to provide comments and testify in support of HB 2801, HD1, SD1.

HB-2801-SD-1

Submitted on: 4/3/2024 6:35:35 PM

Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Douglass Adams	Testifying for Dept of Research & Development, County of Hawai'i	Support	Written Testimony Only

Comments:

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee on Ways and Means:

Thank you for the opportunity to testify in support of HB2801 HD1 SD1, which allows condominium associations to be eligible for commercial property assessed financing, and delegates all existing administrative responsibilities of the counties under the commercial property assessed financing program to the Hawai'i Green Infrastructure Authority. This bill launches C-PACER as a statewide program that removes the burdens placed on counties for ordinances, memoranda of agreement, and other administrative tasks, thereby enabling the program to be even more effective and supportive of its potential beneficiaries.

We encourage the Committee to send HB2801 HD1 SD1 to the Senate with a favorable recommendation.

very respectfully,

Douglass S. Adams

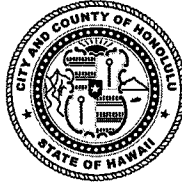
Director, Research and Development

County of Hawai'i

DEPARTMENT OF BUDGET AND FISCAL SERVICES
KA 'OIHANA MĀLAMA MO'OHĒLU A KĀLĀ
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • WEBSITE: honolulu.gov/budget

RICK BLANGIARDI
MAYOR
MEIA



ANDREW T. KAWANO
DIRECTOR
PO'O

CARRIE CASTLE
DEPUTY DIRECTOR
HOPE PO'O

April 4, 2024

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Y. Moriwaki, Vice-Chair
and Members of the Committee on Ways and Means
State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Dela Cruz, Vice-Chair Moriwaki and Committee Members:

SUBJECT: Testimony in **Support** of House Bill No. 2801, HD1, SD1 (2024)
Hearing: Friday, April 5, 2024, 10:20 a.m., Conference Room 211
and via Videoconference

The Department of Budget and Fiscal Services, City and County of Honolulu ("City") appreciates the opportunity to testify in support of House Bill 2801, HD1, SD1 (2024) ("HB 2801, SD1"), relating to commercial property assessed financing. HB 2801, SD1 would amend the definition of "commercial property" in Section 196-61, Hawaii Revised Statutes ("HRS"), and provide a mechanism for C-PACER financing in HRS Chapter 514B to allow real property submitted to a condominium property regime ("condominium project") to apply and qualify for commercial property assessed clean energy and resiliency ("C-PACER") financing.

HB 2801, SD1 incorporates amendments proposed by the Hawaii Green Infrastructure Authority and the local banking stakeholders that would provide appropriate safeguards for both C-PACER lenders and borrowers in Honolulu, relieve the counties' burden of administering the program, and expand the availability of such financing to condominium projects. The financing program provided in HB 2801, SD1 will give owners of eligible commercial property in Honolulu access to an alternative, voluntary financing tool, with lower rates and longer terms than conventional financing for qualifying improvements, which in turn will promote water conservation, energy efficiency, and resiliency. In addition to the environmental benefits, the affordable financing may stimulate the economy and help create and retain jobs.

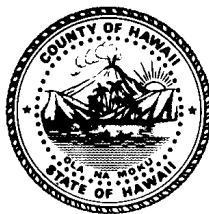
The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Y. Moriwaki, Vice-Chair
and Members of the Committee on Ways and Means
April 4, 2024
Page 2

Thank you for this opportunity to provide comments and testify in support of
HB 2801, SD1.

Sincerely,


for Andrew T. Kawano
Director

HEATHER L. KIMBALL
COUNCIL CHAIR
Council District 1 (North Hilo,
Hāmākua, and portion of Waimea)



Phone: (808) 961-8828
Fax: (808) 961-8912
Email: Heather.Kimball@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL

25 Aupuni Street, Ste. 1402.
Hilo, Hawai'i 96720

April 4, 2024

Senate Committee on Ways and Means
Honorable Senator Donovan M. Dela Cruz, Chair
Honorable Senator Sharon Y. Moriwaki, Vice Chair
Submission via online testimony only

RE: **Support of HB 2801, HD1, SD1**

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee on Ways and Means:

As the Chair of the Hawai'i County Council, I thank you for the opportunity to submit **testimony in SUPPORT of HB 2801, HD1, SD1** relating to commercial property assessed financing and the delegation to Hawai'i Green Infrastructure Authority (HGIA).

Allowing condominium associations (such as homeowner associations) to utilize and benefit from the Commercial Property Assessed Clean Energy & Resiliency (C-PACER) financing, is another opportunity to create cost effective solutions for commercial dwellings, ultimately retaining local residents in Hawai'i by ensuring their continued affordability by lowering any assessment amounts.

This bill expands the benefits of C-PACER financing while simultaneously providing opportunities to improve both safety and affordability for our residents, as it can apply to critical updated fire safety, renewable energy, water conservation, energy efficiency installations at attractive rates and terms. In addition, delegating all existing C-PACER related administrative responsibilities of the counties to HGIA and its relative mission, further streamlines the program while ensuring the counties' limited resources are not unnecessarily burdened. HB 2801, HD1, SD1 is yet another opportunity to address safety and housing affordability for residents in Hawai'i, and therefore, I humbly ask for your consideration on the passage of said bill.

Thank you for the opportunity to submit testimony on this multi-beneficial measure. If you would like to discuss my knowledge of this matter further, please do not hesitate to contact me directly.

Sincerely,

HEATHER L. KIMBALL



COUNCILMEMBER ANDRIA TUPOLA

City and County of Honolulu
530 South King Street, Room 202
Honolulu, Hawaii 96813-3065
Telephone (808) 768-5001

DATE: 04/04/24

TO: Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

FROM: COUNCILMEMBER ANDRIA TUPOLA

RE: Testimony in Support of HB2801, HD1, SD1 Relating to Commercial Property Assessed Financing

CPACE was passed by the legislature in 2022 and this bill seeks to allow condominium associations to participate in the program, clarifies the definition of commercial property, and retains all administrative procedures with the Hawaii Green Infrastructure Authority. This is what needs to happen and I support HB2801, HD1, SD1 and urge you to pass it.

Two county laws that make finances very difficult for my constituents and the people of O'ahu is the requirement for cesspool conversion as required in Act 125¹ to septic and installing sprinklers in all buildings for safety as required in Section 13.3.2.26.2, Revised Ordinances of Honolulu. The costs to complete these upgrades is far too heavy for homeowners and CPACE provides an economic solution for homeowners to comply with these safety requirements.

Honolulu County offers a tax credit to condo owner occupants who install sprinklers in their unit. I seek to change the law to align with HB 2801, HD1, SD1 and allow condo associations to apply for the tax credit on behalf of owners if the entire building is doing the sprinkler upgrade for safety. The credit change in addition to a CPACE loan would bring down the overall cost of the installation and incentivize condos to pursue these upgrades.

I realize the laws are passed for safety, but let's also support our constituents in making it financially possible to comply. Please pass HB2801, HD1, SD1.

Respectfully,

A handwritten signature in black ink that reads "A. Tupola". The signature is written in a cursive, flowing style.

Andria Tupola, Ph.D.
Honolulu City Councilmember
District 1 'Ēwa Beach, Kapolei, Nānākuli, Wai'anae

¹ <https://health.hawaii.gov/wastewater/home/cesspools/>

TESTIMONY OF ALISON UEOKA

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Friday, April 5, 2024
10:20 a.m.

HB 2801, HD1, SD1

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee on Ways and Means, my name is Alison Ueoka, President of 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.



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

COMMITTEE ON WAYS & MEANS

Friday, April 5, 2024, 10:20 am

State Capitol, Conference Room 211

in consideration of

HB 2801, HD1, SD1

RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

We are writing in strong support of HB 2801, HD1, SD1. We thank you for your strong support in approving the C-PACER program in 2022 and urge you to reaffirm that support today by supporting SD1.

We stand on our prior testimony in favor of the changes in HB 2801, HD1 which allow for condominium associations – not condominium owner or units – to apply for CPACER to address the substantial infrastructure needs – fire sprinkler safety, hurricane resilience – that they required.

This testimony, however, focuses on HB 2801 HD1 SD1 and the changes that would move administration of the C-PACER program from the Counties to 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 associations.

Honolulu made it clear in the ordinance that the County will only allow the program if it can delegate all responsibilities under the program, including enforcement, to HGIA. It appears that Kaua'i County may share those views. After consulting with the attorneys from the State Attorney General's office, there were very real concerns raised whether this delegation was allowed under the Hawaii Constitution.

To avoid any such issues, the proposed SD1 will amend the statute to give HGIA the authority to accept and approve applications, and upon approval, administer the billing, collection, and enforcement directly. No county involvement will be necessary.

No changes to eligible improvements or eligible property – except the addition of condominium associations – are made to the program. In effect, nothing changes from the way that the CPACER program was intended to operate under the current statute. Under the statute, HGIA was the administrator – it would receive applications, determine whether they are approved, and work with the property owner and capital provider to finalize all the documents required. Under the statute, HGIA would bill and collect the assessment. And under current law and in SD1, lender consent is required to validate the assessment and priority lien status. The only changes are (a) removing the County lien and (b) replacing it with a statutory lien imposed by and enforced by HGIA.

While we appreciate the fact that, in theory, the County process should work, in practice, continued disputes over the issue of delegation and the constitutional issues raised will only further delay the program, depriving many businesses in the state of the ability to access C-PACER financing and all of its financial benefits, as well as delaying the environmental and resilience benefits that will address public policy goals of the state.

We strongly believe that a statewide accessible program is the only way to launch C-PACER in Hawaii without delay or continued uncertainty, and we are joined by the many businesses that we have worked with on Oahu, Kaua'i, Maui, and the Big Island.

In addition, SD1 addresses concerns raised by the Hawaii Bankers regarding the manner in which they record their security interests against condominium associations to ensure lender consent principles are accorded to their interests.

Finally, I wish to address the mistaken and wholly misplaced concerns raised by some who are invoking Los Angeles County's ("LAC") repeal of their PACE program as evidence of "issues" with commercial PACE.

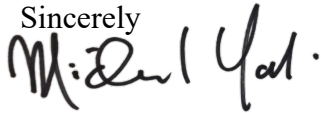
First, the LAC program was *residential* only. There was *no commercial program*. Secondly, the LAC program was its own program where LAC used their own bonding authority under California law.

To the contrary, Commercial PACE has continuously operated throughout LAC to the current day. Over 78 individual cities inside of LAC have authorized CPACE programs to operate. Our company has financed multiple projects, including just last year, within the boundaries of Los Angeles County. So have many of our colleagues.

Simply put, any reference to Los Angeles County's revocation of their residential PACE program is irrelevant to this discussion. As stated many times before, this legislation will only allow a CPACER lien to be attached to the condominium association, not individual condominium units or their owners.

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



Hawaii Solar Energy Association
Serving Hawaii Since 1977

Testimony of the Hawaii Solar Energy Association (HSEA) Regarding HB2801 HD1 SD1, Relating to Commercial Property Assessed Financing, Before the Senate Committee on Ways and Means

Friday, April 5, 2024

Aloha Chair Dela Cruz, Vice Chair Moriwake, and committee members,

The Hawaii Solar Energy Association (HSEA) **supports HB2801 HD1 SD1**, which allows high-rise condominium properties to be eligible for commercial property assessed financing.

HSEA members include the majority of locally owned and operated renewable energy companies doing business in the state of Hawaii along with leading global cleantech manufacturers and service providers that invest and sell in our market. We employ thousands of residents in diverse green economy jobs that are innovating, designing, and building Hawaii's pathway to a renewable energy future. We advocate for policies that help Hawaii achieve critical climate and resilience goals by enabling residents and businesses to invest in and benefit from the transition to clean energy.

Investments in renewable energy, energy efficiency, and other resiliency measures have the potential to decrease overall energy costs, reduce expenses on utility bills, establish dependable and clean energy sources, and safeguard our communities and the environment. Despite progress, certain market segments in Hawaii, such as commercial, multi-family, and low-to-moderate income (LMI) communities, still face accessibility challenges. C-PACER presents an innovative and cost-effective financing solution for these initiatives. Given our island context, it's imperative to accelerate investment in these critical public policy objectives. Enabling the Hawaii Green Infrastructure Authority to manage a statewide program and extending C-PACER financing options to high-rise condominiums is a logical step forward.

Thank you for hearing this bill and providing the opportunity to testify in **support of HB2801 HD1 SD1**.

Respectfully,

/s/ Rocky Mould

Executive Director



Hawai'i Energy

45 North King Street, Suite 500 • Honolulu, Hawai'i 96817 • HawaiiEnergy.com • P: (808) 839-8880 • F: (808) 441-6068

Before the Senate Committee on Ways and Means
Friday, April 5, 2024 at 10:20 a.m.

Testimony in Support of HB2801 HD1 SD1: Relating to Commercial Property Assessed Financing

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to testify in support and provide comments on House Bill 2801 HD1 SD1.

Hawai'i Energy works to empower island families and businesses on behalf of the Hawai'i Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Energy efficiency – the energy we do not use – is the cheapest option to help us achieve our 100% clean energy goal by eliminating waste and being more efficient.

This bill would allow condominiums to benefit from Commercial Property Assessed Clean Energy & Resiliency (C-PACER) financing, a voluntary program authorized by Act 183, Session Laws of Hawaii 2022, that helps commercial property owners finance qualified capital improvement projects. C-PACER financing can be utilized to install critical fire safety, renewable energy, water conservation, energy efficiency, and resiliency measures at more attractive rates and terms than might be available through conventional financing. What became clear, however, during the necessary City & County of Honolulu process last year to approve the use of C-PACER financing, is that the current statute does not clearly specify whether residential condominium properties can utilize C-PACER financing. House Bill 2801 HD1 SD1 makes that specification clear. It also delegates all existing C-PACER related administrative responsibilities of the counties to the Hawaii Green Infrastructure Authority to ensure the counties' limited resources are not unnecessarily burdened.

House Bill 2801 HD1 SD1 has the potential to simultaneously improve both safety and affordability for our residents, and we are thankful for the opportunity to support it.

Sincerely,
Caroline Carl
Executive Director
Hawai'i Energy



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Friday, April 5, 2024 — 10:20 a.m.

Ulupono Initiative supports HB 2801 HD1 SD1, Relating to Commercial Property Assessed Financing

Dear Chair Dela Cruz and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono supports HB 2801 HD1 SD1, which allows condominiums to be eligible for commercial property assessed financing (CPACE) and delegates all existing administrative responsibilities of the counties under CPACE to the Hawai'i Green Infrastructure Authority.

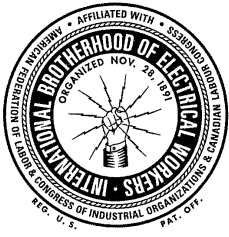
Ulupono believes that the Hawai'i Green Infrastructure Authority is well positioned to support the state with an expanded CPACE program, which will provide an additional tool for condominiums and commercial entities to finance infrastructure such as renewable energy projects, cesspool conversions, and agricultural water systems. Property owners can use this financing to cover costs of projects using no public dollars or taxpayer funds for said financing. According to the U.S. Department of Energy, more than 37 states plus the District of Columbia have CPACE-enabling legislation and more than \$2 billion in projects have been financed.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96819-5003
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

TO: SENATE COMMITTEE ON WAYS AND MEANS
Hearing on Friday, April 5, 2024 at 10:20a.m., Conference Room 211

RE: TESTIMONY IN **SUPPORT** OF HB 2801 HD1 SD1

Honorable Chair Donovan M. Dela Cruz, Vice Chair Sharon Y. Moriwaki, and
Members of the Committee:

The International Brotherhood of Electrical Workers Local Union 1186 (IBEW 1186), is comprised of over 3,000 men and women working in electrical construction, telecommunications, civil service employees, and educator and faculty associations.

IBEW 1186 **SUPPORTS** this bill and the Hawaii Green Infrastructure Authority with Commercial Property Assessed Financing (C-PACE) programs offered to commercial properties and condominiums. These alternative, 100% financing-available, programs may be used for a variety of projects from renewable energy to fire protection systems. These projects not only bring quality, good paying jobs, but support the State's renewable energy goals and help to build a more efficient and resilient infrastructure.

Thank you for this opportunity to submit this testimony in **SUPPORT** of SB 2801 HD1 SD1.

Sincerely,

Damien T.K. Kim
Business Manager/
Financial Secretary



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.

BOARD MEMBERS

Jason Fujimoto
Meli James, *Board Chair*
Micah Kāne
Brandon Kurisu
Mike Mohr
Brad Nicolai
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ADVISORY COMMITTEE

Josh Feldman
Brittany Heyd
Alicia Moy
Ed Schultz

Josh Wisch
President & Executive Director

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Honolulu, Hawaii 96813

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Page 1 of 1

Committee: Senate Committee on Ways and Means
Bill Number: HB 2801, HD1, SD1, Relating to Commercial Property Assessed Financing
Hearing Date and Time: April 5, 2024 at 10:20am (Room 211)
Re: Testimony of Holomua Collaborative in support

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

We write in support of HB 2801, HD1, SD1, Relating to Commercial Property Assessed Financing. The purpose of the bill is to allow condominiums to be eligible for Commercial Property Assessed Clean Energy and Resiliency (C-PACER) financing. One of the meaningful impacts of this bill is it has the potential to slash the cost of installing fire sprinklers in older condos 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. In some cases, condominiums have seen their annual insurance premiums jump because they have not yet installed fire sprinklers. This in turn hikes 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, dropping the assessment amounts. This, in turn, lowers the price paid by lower-income residents.

Finally, we note that this is a *commercial* financing program and special assessments under this program will *not* be placed on the real property tax bill of individual condominium owners. Therefore, C-PACER will not interfere with mortgages over those units being sold in the secondary market. This measure will simultaneously improve safety and affordability for local residents, and we are proud to support it.

Sincerely,

Josh Wisch
President & Executive Director

4 April 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 Ways and Means

[Support for House Bill 2801, HD1, SD1 Relating to Commercial Property Assessed Financing](#)

Thank you Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee for this opportunity to testify on HB2801, HD1, SD1, relating to commercial property assessed financing.

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 2801, HD1, SD1, 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 2801, HD1, SD1 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 2801, HD1, SD1, and we thank this Committee for the opportunity to testify in support of this bill.

Thank you,

Gaby Gilbeau
Manager, Policy

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



Testimony of

CastleGreen Finance, LLC
before the
COMMITTEE ON WAYS AND MEANS

April 5, 2024, Time: 10:20 A.M.
State Capitol, Conference Room 211

In **SUPPORT** of
HB 2801, HD1, SD1
RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee:

Thank you for the opportunity to testify in support of HB 2801, HD1, SD1 relating to commercial property assessed financing. We urge the Committee to pass this bill which will allow condominiums to be eligible for the Hawaii commercial property assessed financing program and which will allow delegation of administrative responsibilities of the counties under the commercial property assessed financing program to the Hawaii Green Infrastructure Authority.

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.

This unique financing mechanism is a voluntary assessment to facilitate financing which can provide public benefits by allowing property owners to implement building designs which help reduce carbon emissions, harden buildings from natural disasters and provide safety measures related to fire suppression and mitigation. Resiliency improvements, in locations subject to increased risk for seismic activity, flooding or wildfires, help save lives, reduce damage from severe weather or other environmental events, and minimize economic loss. C-PACER is a commercial financing program, and the statute requires existing lien holders to provide consent. The private financing obtained through C-PACER helps create jobs, strengthen local economic development and allows for the creation of more sustainable buildings.

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 commercial 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 provides condominium owners, including the developer, with a financing option that may provide more attractive financing terms than conventional financing. C-PACER was passed by the Hawaii Legislature in 2022, however this SD1 addresses features necessary to implement C-PACER for condominiums, especially for fire safety installations. C-PACER assessments can be levied for all common area capital improvements however the assessments will not be placed on the real property tax bills of the individual condo owners. Equally important, this SD1 enables implementation by a centralized entity, HGIA, to allow for consistency across the counties of Hawaii. Importantly, these implementation amendments are in response to the counties desire to have the state implement the program.



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 2801, HD1, SD1 relating to commercial property assessed financing.



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST

650 Iwilei Road, Suite 285 · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300

April 5, 2024

To: **State Senate Committee on Ways and Means (WAM)**

Re: **Testimony on HB2801 SD1, Relating to Commercial Property Assessed Financing**

For WAM hearing on Friday, April 5, 2024 at 10:20 am in Conference Room 229

Aloha Honorable **Chair Dela Cruz, Vice Chair Moriwaki**, and Senate Ways and Means Committee Members,

The **Hawaii Laborers & Employers Cooperation and Education Trust Fund** (Hawaii LECET) is a labor + management partnership established in 1992 between the 5,000 statewide members of the Hawaii Laborers Union and over 250 construction contractor members of the *General Contractors Association* and the *Building Industry Association*. The Laborers International is the largest construction trade union in North America, and Hawaii LECET is part of a network of 38 labor-management LECET Funds across the country.

Hawaii LECET supports the amendments in the proposed HB2801 SD1, Relating to a Commercial Property Assessed Financing (C-PACER), to establish an alternative financing program to fund certain qualifying property improvements, including condominium associations.

HB2801 SD1 opens up more affordable vehicles for financing a wide range of clean-energy, environmental, resiliency, and green infrastructure projects, including state mandated cesspool conversions, retrofits for fire, flood, wind and other life safety improvements.

Thank you for this opportunity to offer our support for HB2801 SD1.

Mahalo,

**Hawai'i Laborers & Employers
Cooperation and Education Trust Fund**

April 5, 2024

The Honorable Donovan M. Dela Cruz, Chair

Senate Committee on Ways and Means

State Capitol, Conference Room 211 & Videoconference

RE: House Bill 2801 HD1, SD1, Relating to Commercial Property Assessed Financing

HEARING: Friday, April 5, 2024, at 10:15 a.m.

Aloha Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 11,000 members. HAR **supports** House Bill 2801 HD1, SD1, which allows condominium associations to be eligible for commercial property assessed financing. Delegates all existing administrative responsibilities of the counties under the commercial property assessed financing program to the Hawai'i Green Infrastructure Authority. Effective 7/1/3000.

In 2022, Act 183 was passed by the Legislature and signed into law which created a commercial property assessed financing program. This program lets commercial property owners seek financing from a lender to cover the expenses of approved upgrades. They then sign a financing contract with both the lender and the Hawaii Green Infrastructure Authority. The costs for these upgrades are repaid through a special tax assessment collected by each county, separate from property value-based taxes. Under this measure, it transfers this responsibility to the Hawaii Green Infrastructure Authority instead of the counties. This financing program helps make qualifying improvements more affordable and assists property owners who wish to undertake such improvements. Some of the improvements that this financing tool can help are updated water and wastewater infrastructure, fortifying buildings and structures to withstand wind threats from hurricanes and windstorms, installing clean energy technologies, and many other improvements.

In 2018, Honolulu enacted an ordinance mandating fire safety evaluations for all existing high-rise residential buildings within three years, with a requirement to pass within seven years. Buildings must pass a rigorous Life Safety Evaluation (LSE) or install fire sprinklers. Older condominiums, not originally equipped with sprinklers, face significant costs for retrofitting or compliance with the LSE. Extending property assessed financing to condominiums offers a solution to this challenge. Additionally, this measure can assist older condominiums with aging infrastructure, such as pipes.

Mahalo for the opportunity to testify on this measure.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830
1-866-295-7282 | Fax: 808-536-2882
aarp.org/hi | aarphi@aarp.org | twitter.com/AARPHawaii
facebook.com/AARPHawaii

**The State Legislature
Senate Committee on Ways and Means
Friday, April 5, 2024
Conference Room 211, 10:20 a.m.**

TO: The Honorable Donovan Dela Cruz, Chair
FROM: Keali'i Lopez, State Director, AARP Hawaii
RE: Support for H.B. 2801 HD1, SD1 -Relating to Commercial Property Financing

Aloha Chair Dela Cruz, and Members of the Committee:

My name is Keali'i Lopez, and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP supports H.B. 2801, HD1, SD1 which enables condominiums to participate in C-PACER (authorized commercial property assessed financing).

The C-PACER, an alternative financing option can help condominiums finance the installation of fire safety and other resiliency measures at more attractive rates and terms than may be currently available with conventional financing. This would make it more affordable for all residents, especially retirees who purchased their condominium units decades ago. Often times, these condos are the types of properties likely in need of significant retrofitting and installation of critical life saving features. Many of these older condominium properties are considered NORCs, naturally occurring retirement communities because the significant number of residents who have aged in their condo units over the years. It is critical that these properties have access to the C-PACER in order to ensure access to alternative financing and ideally keep assessments to unit owners at a much lower rate.

Thank you very much for the opportunity to testify in support **H.B 2801, HD1,SD1.**

Friday, April 5, 2024 at 10:20 a.m.

in conference room 211 and VIA VIDEOCONFERENCE

In support of House Bill No. 2801 HD1, SD1

RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

Dear Member of the Committee,

With heavy hearts, we, the Aina Nalu Homeowner Association, extend our support for bill no. HB2801 HD1, SD1 in the aftermath of the devastating West Maui fire tragically consumed our beloved community. As members of the largest housing development comprising 189 units, nestled in was the vibrant town of Lahaina, we are still grappling with the profound loss and uncertainty that this disaster has wrought upon us.

The destruction caused by the fire has left our development in ruins, rendering countless homes uninhabitable and shattering the sense of safety and security that once defined our community. In the wake of this tragedy, we find ourselves confronted with the daunting task of rebuilding our lives from the ashes, a task made all the more challenging by our limited insurance coverage and financial resources.

As we endeavor to chart a path forward, we are acutely aware of the urgent need to not only rebuild our homes but also to enhance their energy efficiency and fire resilience. The fire has underscored the importance of implementing measures that can mitigate the risk of future disasters and reduce our environmental impact.

In this time of crisis, we believe that the proposed funding to include condominiums in the Commercial Property Assessed Financing Program (C-PACER) represents a ray of hope amidst the darkness. By providing much-needed financial assistance to communities like ours, C-PACER has the potential to catalyze the adoption of energy-efficient materials and fire-resilient construction practices that are essential for our collective well-being and longevity.

The inclusion of our development in the C-PACER program would not only help us address the pressing environmental needs arising from the fire but also pave the way for the reconstruction of our community in a manner that prioritizes sustainability and resilience. Moreover, it would signal a powerful commitment to supporting those most affected by the fire and reaffirm our shared values of compassion, solidarity, and stewardship of the land.

As we embark on the long and arduous journey of rebuilding, we implore you to lend your support to the inclusion of our development in the C-PACER program. By doing so, you would not only provide much-needed assistance to our community but also help us build back stronger, safer, and more sustainable than ever before.

Thank you for your consideration and support during this challenging time.

Mahalo Nui Loa,



James R Blaha

President, Aina Nalu Board of Directors

HB-2801-SD-1

Submitted on: 4/4/2024 9:43:58 AM

Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Mike Onofrietti	Testifying for Island Insurance Companies	Support	Written Testimony Only

Comments:

Island strongly supports HB2801 which would allow condominium buildings to take advantage of C-PACER financing. Insurance has become increasingly expensive for condominium buildings due to insurability issues, mainly a lack of plumbing system updates and maintenance. Expensive life safety updates are also needed in many of these same buildings. C-PACER financing can be a lower-cost source of capital to perform these needed repairs and renovations.

Thank you for the opportunity to testify.



Testimony in Support of HB 2801, HD1, SD1, Relating to the Commercial Property Assessed Financing

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

We write in support HB 2801, HD1, SD1 which allows condominiums to qualify for Commercial Property Assessed Clean Energy and Resiliency (C-PACER) financing. This will reduce the cost of installing fire sprinklers in older condominiums.

aio is a locally owned company with holdings across a broad range of industries. Our companies are purpose-driven and firmly rooted in local values. At aio, Hawai'i is at our core, and through our products and services, we work hard to make Hawai'i a better place for future generations. To do that, we need to make sure that future generations can afford to live in Hawai'i. Hawai'i has the highest housing costs in the country and alternative financing options make payments more affordable.

C-PACER financing covers 100% of improvement costs, with terms matching the equipment's life, making payments more affordable than typical loans. Extending C-PACER financing to condominiums helps finance a variety of improvements, including addressing the high cost of retrofitting older condominiums with fire sprinklers. This benefits lower-income residents, as these retrofits can now be paid over the sprinkler system's life, reducing assessment amounts.

It's important to note that C-PACER is a commercial financing program that can permit non-profit associations, such as homeowner associations, to use C-PACER. When used this way, as envisioned in this bill, individual unit owners will not be assessed special assessments on their real property bills; rather, it will be assessed upon the association to administer with unit owners.

Mahalo for the opportunity to submit testimony in support,

A handwritten signature in black ink that reads "Brandon Kurisu".

Brandon Kurisu
aio Family of Companies





**Testimony to
Senate Committee on Ways and Means
April 5, 2024
10:20am
Conference Room 211 & VIA videoconference
Hawai'i State Capitol
HB 2801, HD1, SD1**

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee,

We write in support of HB 2801, HD1, which extends Commercial Property Assessed Clean Energy and Resiliency (“C-PACER”) financing to condominiums. This allows them to cover 100% of improvement costs, with repayment terms aligned to the equipment’s lifespan. One of the most immediate benefits of this would be a significant reduction in the expense of installing fire sprinklers in older condominiums. This cost reduction directly benefits lower-income residents by spreading the retrofit expenses over the sprinkler system’s operational life, ultimately lowering assessment amounts.

Established in 1904, Hawai'i Gas serves over 70,000 customers on all islands through its utility pipeline infrastructure and propane business, all of whom depend on the company for sustainable, reliable, and affordable gas for water heating, cooking, drying, and other commercial and industrial applications. The company employs some 350 professionals, over 75% of whom are under collective bargaining. As an organization well-versed in the infrastructure required to keep older buildings throughout our state operating, we understand the importance of fire sprinkler systems. And we understand the expense of retrofitting older condominiums with them.

Notably, some older condominiums have faced rising annual insurance premiums due to the absence of fire sprinklers. Consequently, these increased costs are passed on to residents through condominium assessments. Since retrofitting predominantly impacts older condominiums, a disproportionate number of lower-income residents bear the burden. By leveraging C-PACER financing, the cost of fire sprinkler retrofits can be minimized, thus alleviating the assessment burden for these residents.

An essential point to note is that C-PACER, a commercial financing program, allows non-profit associations (such as homeowner associations) to utilize it. When employed in this manner, as outlined in HB 2801, HD1, SD1 individual unit owners will not face special assessments on their real property bills. Instead, the assessment will be placed upon the association, ensuring it does not impact any existing mortgages on those individual properties. The associations will assume responsibility for assessing and collecting the C-PACER assessment from the unit owners.

In summary, HB 2801, HD1, SD1 represents an intelligent and innovative solution, aimed at retaining local residents in Hawai'i by ensuring their continued affordability.



HAWAI'I COMMUNITY FOUNDATION

Testimony in Support of HB 2801, HD1, SD1, Relating to Commercial Property Assessed Financing

From: Micah Kāne, Chief Executive Officer & President - Hawai'i Community Foundation

Re: Support for Commercial Property Assessed Financing

The Hawai'i Community Foundation supports HB 2801, HD1, SD1, which extends Commercial Property Assessed Clean Energy and Resiliency ("C-PACER") financing to high-rise condominiums, aiming to reduce the cost of installing fire sprinklers in older condos. This measure not only enhances building safety but also increases the likelihood that residents can afford to stay in their homes.

Providing housing for local families is a key area within HCF's CHANGE Framework under the "C" sector of Community and Economy. Among households that accumulate wealth in Hawai'i, 60.3% own their own homes, underscoring how critical home ownership is to local families being able to afford to stay in their home state. Of course, homeownership is just part of the challenge we face. 54.7% of local *renters* are burdened by housing costs as well. And for our local resident living in older condominiums, a particular challenge they face is the high cost of retrofitting those condominiums with fire sprinkler systems.

C-PACER provides an alternative financing option covering 100% of capital improvement costs, with repayment terms aligned to the equipment's lifespan, making payments more manageable than typical loans. It addresses the immediate challenge of the high expense of retrofitting older Hawai'i condominiums with fire sprinklers. Some condominiums face rising annual insurance premiums due to this, leading to increased assessments passed on to residents. C-PACER financing can spread retrofit costs over the sprinkler system's useful life, reducing assessment amounts and benefiting lower-income residents.

Importantly, C-PACER is a commercial financing program that can also be utilized by non-profit associations, such as homeowner associations. This bill ensures that individual unit owners are not directly assessed on their property bills; instead, the assessment is placed on the association, avoiding interference with any mortgages on the individual properties.

HB 2801, HD1, SD1 is a smart solution that contributes to a more affordable housing market for our community, and HCF is happy to support it.



April 5, 2024

Committee: Senate Committee on Ways and Means
Bill Number: HB 2801, HD1, SD1, Relating to a Commercial Property Assessed Financing
Hearing Date and Time: April 5, 2024, 10:20am
Re: Testimony of HPM Building Supply in Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee,

We support HB 2801, HD1, SD1, which expands Commercial Property Assessed Clean Energy and Resiliency (C-PACER) financing to condominiums. This bill aims to reduce the cost of installing fire sprinklers in older condos by making sprinkler systems eligible for C-PACER financing. Not only will this enhance building safety, but it will also increase the likelihood that residents can afford to remain in their homes.

HPM Building Supply is a 100% employee-owned company serving Hawaii's home improvement market and building industry for over 100 years since 1921. With 18 locations across Hawai'i and Washington State, HPM offers various services and products, including retail stores, building supply and lumber yards, home design centers, drafting and design services, and manufacturing facilities. HPM is dedicated to enhancing homes, improving lives, and transforming communities one home at a time. As an organization dedicated to connecting local families with housing, we know how dire the housing cost situation in Hawai'i has become for local families.

This bill could reduce home costs, especially for residents in older condominiums. C-PACER offers an alternative financing option covering 100% of capital improvement costs, with repayment terms aligned to the equipment's lifespan, making payments more manageable than typical loans. It will provide immediate help with the high expense of retrofitting older Hawai'i condominiums with fire sprinklers. Some condominiums face rising annual insurance premiums due to this, leading to increased assessments passed on to residents. C-PACER financing can spread retrofit costs over the sprinkler system's useful life, reducing assessment amounts and benefiting lower-income residents.

This bill also aligns with HPM's values of Heart, Character, and Growth. By supporting our communities' families, we invest in our future. We show that we care about the future generations and our current workforce shaping it. Our company's value of Heart is caring for one another as a community.

Sincerely,

Dennis Lin
Community Relations Administrator



Statement of
Meli James
Cofounder
Mana Up

HB 2801, HD1, SD1, Relating to Commercial Property Assessed Financing

Aloha,

We support HB 2801, HD1, SD1, which extends Commercial Property Assessed Clean Energy and Resiliency (“C-PACER”) financing to condominiums, covering 100% of improvement costs with repayment terms aligned to the equipment’s lifespan. This significantly reduces the cost of installing fire sprinklers in older condominiums, benefiting lower-income residents by spreading the retrofit expenses over the sprinkler system’s operational life and lowering assessment amounts.

Mana Up is a statewide initiative that helps provide entrepreneurs in Hawai‘i with the resources and tools to grow their business and scale globally. As these entrepreneurs continue to grow, they also help contribute to our expanding our local economy. As part of our mission, we aim to sustain the local economy through economic diversification, local job creation, community giveback, investment, and a regenerative culture of entrepreneurship – providing a better future for generations to come here in Hawai‘i. To keep these types of entrepreneurs in Hawai‘i and even expand our entrepreneurial ecosystem, though, these entrepreneurs need a place to live that they can afford. Sometimes that means older condominiums, where they are faced with the costs of retrofitting them.

Specifically, some older condominiums face rising annual insurance premiums due to the absence of fire sprinklers, passing these costs on to residents through condominium assessments. Since retrofitting primarily impacts older condominiums, a disproportionate number of lower-income residents bear the burden. By using C-PACER financing, the cost of fire sprinkler retrofits can be minimized, alleviating the assessment burden for these residents.

Importantly, C-PACER allows non-profit associations, like homeowner associations, to utilize it. When used this way, individual unit owners will not face special assessments on their real property bills. Instead, the assessment will be placed upon the association, ensuring it does not affect existing mortgages on those properties. The associations will be responsible for assessing and collecting the C-PACER assessment from the unit owners.

Being that at Mana Up, we help local entrepreneurs grow their product companies and scale globally with the mission to expand the economy and create jobs for locals so they can support the high cost of living here, we are happy to support this bill. HB 2801, HD1, SD1 is a good solution to keep local residents in Hawai‘i by making sure they can afford to stay.

Sincerely,



Meli James | Cofounder, Mana Up

Statement of
Meli James
President
HVCA

HB 2801, HD1, SD1, Relating to Commercial Property Assessed Financing

Aloha,

We support HB 2801, HD1, SD1, which extends Commercial Property Assessed Clean Energy and Resiliency (“C-PACER”) financing to high-rise condominiums, covering 100% of improvement costs with repayment terms aligned to the equipment’s lifespan. This significantly reduces the cost of installing fire sprinklers in older condominiums, benefiting lower-income residents by spreading the retrofit expenses over the sprinkler system’s operational life and lowering assessment amounts.

The Hawai’i Venture Capital Association (HVCA) is a local nonprofit that stands as a nexus for entrepreneurs, capital foundation, and networking opportunities in Hawai’i. Our organization helps to foster entrepreneurship through education and exposure to key members in our business community in order to support our islands’ emerging entrepreneurs, all while sustaining a vibrant and successful business community. To keep these types of entrepreneurs in Hawai’i and even expand our entrepreneurial ecosystem, though, these entrepreneurs need a place to live that they can afford. Sometimes that means older condominiums, where they are faced with the costs of retrofitting them.

Specifically, some older condominiums face rising annual insurance premiums due to the absence of fire sprinklers, passing these costs on to residents through condominium assessments. Since retrofitting primarily impacts older condominiums, a disproportionate number of lower-income residents bear the burden. By using C-PACER financing, the cost of fire sprinkler retrofits can be minimized, alleviating the assessment burden for these residents.

Importantly, C-PACER allows non-profit associations, like homeowner associations, to utilize it. When used this way, individual unit owners will not face special assessments on their real property bills. Instead, the assessment will be placed upon the association, ensuring it does not affect existing mortgages on those properties. The associations will be responsible for assessing and collecting the C-PACER assessment from the unit owners.

HB 2801, HD1, SD1 is a good solution to keep local residents in Hawai’i by making sure they can afford to stay.



President
HVCA

TORI RICHARD

April 5, 2024

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee,

I am writing in support of HB 2801, HD1, SD1, which extends Commercial Property Assessed Clean Energy and Resiliency (C-PACER) financing to condominiums. This bill is crucial for reducing the cost of installing fire sprinklers in older condominiums, which is vital for ensuring future generations in Hawai'i have affordable housing options.

Tori Richard has manufactured in Honolulu for over 60 years, and we continue to proudly do so today. As a long-time medium-sized Hawai'i employer, we recognize the challenge high housing costs pose to everyone working to make ends meet in Hawai'i, including our employees. This bill is a good way to address those housing costs and keep local working families in Hawai'i.

Hawaii's high housing costs are a significant challenge, and the expense of retrofitting older condominiums with fire sprinklers has exacerbated this issue. C-PACER financing, covering 100% of improvement costs with terms aligned to the equipment's lifespan, offers a more affordable payment structure than typical loans. This financing option will not only help address the high cost of fire sprinkler retrofitting but also benefit lower-income residents by spreading the costs over the sprinkler system's life, reducing assessment amounts.

It's worth noting that C-PACER is a commercial financing program that can also be used by non-profit associations, such as homeowner associations. Under this bill, individual unit owners will not be directly assessed special assessments on their real property bills. Instead, the assessment will be placed upon the association, ensuring it does not impact any existing mortgages on those individual properties. The associations will be responsible for assessing and collecting the C-PACER assessment from the unit owners.

We appreciate the opportunity to submit testimony in support of this bill.

Sincerely,



Josh Feldman
President & CEO
Tori Richard, Ltd.

1891 NORTH KING STREET
HONOLULU, HAWAII 96819



Founded 1889

PLUMBERS AND FITTERS LOCAL 675 UNITED ASSOCIATION



THE SENATE
KA 'AHA KENEKOA

THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Friday, April 5, 2024, 10:20 am
Conference Room 211
State Capitol, 415 South Beretania Street

Re: Testimony in Support of HB2801

Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee:

HB 2801 allows condominiums to be eligible for commercial property assessed financing. The Plumbers & Fitters UA Local 675 **strongly supports HB2801** as a program that can benefit our community in protection 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 2801 urging the City Administration to enter 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.

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 HB2801.

Respectfully,
Valentino Ceria

Business Manager / Financial Secretary - Treasurer
Plumbers and Fitters Local 675

1109 Bethel St., Lower Level • Honolulu, HI 96813 • Ph.: (808) 536-5454 • Fax: (808) 528-2629 • www.plumbershawaii.com

"UA Skilled Craftsmen — No Ka Oi"





LiUNA!

THE SENATE
KA 'AHA KENEKOA

THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024

COMMITTEE ON WAYS AND MEANS

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Senator Sharon Y. Moriwaki, Vice Chair

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*Business Manager/
Secretary-Treasurer*

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Executive Board

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JOSEPH YAW
Executive Board

ESTHER AILA
Auditor

RUSSELL NAPIHAA
Auditor

MARK TRAVALINO
Auditor

YUGAN HOTTENDORF
Sergeant-At-Arms

Friday, April 5, 2024, 10:20 am
Conference Room 211
State Capitol, 415 South Beretania Street

Re: Testimony in Support of HB2801

Chair Dela Cruz, Vice Chair Moriwaki, 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 HB2801** which allows condominiums to be eligible for commercial property assessed financing.

This measure will 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, 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 HB2801.

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
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Feel the Power

HB-2801-SD-1

Submitted on: 4/4/2024 2:51:26 PM

Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Mike Golojuch, Sr.	Testifying for Palehua Townhouse	Support	Written Testimony Only

Comments:

Our association supports HB2801 HD1 SD1. Please pass this bill to provide associations with additional options.

Mike Golojuch, Sr., President



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: April 5, 2024

TO: Senator Donovan M. Dela Cruz
Chair, Committee on Ways and Means

FROM: Mihoko Ito

RE: **H.B. 2801, H.D.1, S.D.1 – Relating to Commercial Property Assessed Financing**
Hearing Date: Friday, April 5, 2024 at 10:20 a.m.
Conference Room: 211

Dear Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committee on Ways and Means:

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 **supports** H.B. 2801, H.D.1, S.D.1 Relating to Commercial Property Assessed Financing.

H.B. 2801, H.D.1, S.D.1 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.

We support the intent of this measure which allows condominiums to utilize the C-PACE loan program because it continues to require the prior written consent of existing lenders on any loans or mortgages pursuant to HRS 196-64.5. 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.

HBA worked with a group of stakeholders to address the various concerns raised, and a compromise draft of the bill is reflected in H.B. 2801, H.D.1, S.D.1. With this agreed upon language, we support this version of the bill.

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

HB-2801-SD-1

Submitted on: 4/3/2024 1:01:14 PM

Testimony for WAM on 4/5/2024 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Bali Kumar	Individual	Support	Written Testimony Only

Comments:

As a former program administrator of a statewide C-PACER program in Michigan, and current C-PACER lender, I would like to submit this testimony in strong support of a statewide C-PACER program in Hawaii. This will make the C-PACER program efficient and accessible across the state.

Thank you,

Bali Kumar

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
Bill DeCosta
Ross Kagawa



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Lyndon M. Yoshioka, Deputy County Clerk

Telephone: (808) 241-4188
Facsimile: (808) 241-6349
Email: cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawaii 96766

April 3, 2024

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON**

**HB 2801, HD 1, SD 1, RELATING TO COMMERCIAL PROPERTY ASSESSED
FINANCING**

Senate Committee on Ways and Means

Friday, April 5, 2024

10:20 a.m.

Conference Room 211

Via Videoconference

Dear Chair Dela Cruz and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of HB 2801, HD 1, SD 1, Relating to Commercial Property Assessed Financing. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I wholeheartedly support the intent of HB 2801, HD 1, SD 1, which would greatly affect the Kaua'i community.

Thank you again for this opportunity to provide testimony in support of HB 2801, HD 1, SD 1. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

ADDISON BULOSAN
Councilmember, Kaua'i County Council

AAO:ss

Testimony of
THOMAS A. NIDA
Retired Executive Vice President/Market Executive
City First Bank, Washington, DC
before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 5, 2024, Time: 10:20 A.M.
State Capitol Conference Room 211 and Videoconference

In support of
House Bill No. 2801, HD1, SD1
RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

Committee Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to testify and provide comments in support of HB 2801, HD1, SD1 to include eligible condominium properties in the C-PACER program.

A successful C-PACER program can provide the following benefits:

- 1) Benefits to the State and Counties
 - a) Program costs can be covered by program revenues.
 - b) Increased property values.
 - c) Funding is all from private capital sources.
- 2) Benefits to Commercial Property Owners
 - a) Increased property values from improved net operating income.
 - b) C-PACER is an operating expense, not additional debt, with payments that can be more than offset by reduced utility costs.
 - c) Up to 100% financing for eligible energy improvements and mandated safety improvements.
 - d) No personal guarantees from the property owners.
- 3) Benefits to local financial institutions
 - a) An enhanced competitive position against larger money center banks and other financial organizations to provide both commercial mortgage loans and C-PACER loans to meet their customer needs.
 - b) Better control of C-PACER funding to ensure eligible improvements are completed.
 - c) Improved collateral positions on C-PACER projects funded.
- 4) Benefits to the Environment/Sustainability/GHG reduction
 - a) Reduced power and water consumption from long term capital investment to improve energy efficiency of commercial properties.
 - b) Support for municipal goals to reduce GHG.
- 5) Stimulus to energy efficient commercial construction, both for new construction and renovations, adding construction new construction jobs and additional business from local building materials suppliers.

As a senior banker, who last year retired after 56 years in the industry, I have been actively involved with the C-PACE program in Washington, DC, since 2016, and have provided C-

PACE funding for educational facilities, healthcare facilities, multifamily properties, and retail properties, with no delinquencies, defaults, or losses. Our C-PACE lending continues to expand as an active part of our commercial lending. Further, to date with over 3,000 closed C-PACE loans totaling more than three billion dollars across the country, there have been no tax foreclosures on properties with C-PACE loans, a reflection of the success of C-PACE programs where they have been enacted. I am currently working with the Community Development Bankers Association to help establish active C-PACE lending programs for its members across the country.

Thank you for this opportunity to testify in strong support of HB2801, HD1, SD1.



Testimony of **Nicholas Zuba, Deputy Director, C-PACE Alliance, Inc.**
before the

SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 5, 2024; Time: 10:20 AM HT

Conference Room 211 & Videoconference

Hawaii State Capitol

In **SUPPORT** of **House Bill No. 2801, HD 1, SD 1**

RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

Thank you for the opportunity to testify **in support of House Bill No. 2801**, which would allow 1) condominiums to be eligible for Commercial Property Assessed Clean Energy & Resiliency (C-PACER) financing and 2) transfers all responsibilities to administer the C-PACER program from the Counties to the Hawaii Green Infrastructure Authority (HGIA) as a statewide program.

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 (where a vast majority of them use a statewide administered model) and the District of Columbia have adopted a C-PACE statute, facilitating over \$7 billion in financing from private entities for more than 2,300 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 access and use private financing to fund clean energy and resiliency improvements for their commercial properties (which includes multifamily properties of five (5) or more units) 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. Deploying these projects also provide numerous benefits to Hawaii, including fostering economic development opportunities and creating jobs locally. Before an assessment can be placed on the commercial property, lender consent by the mortgage holder(s) is required, which is already stipulated in the current statute. The proposed amendments do not change the control that banks and mortgage holders have on C-PACER projects moving forward in Hawaii.

The Hawaii Legislature has previously given its strong support to establishing the C-PACER Program in Hawaii. These amendments shouldn't change this strong support. The amendments ensure that any property owner, including large and small, locally-owned housing developments, can apply for C-PACER financing in Hawaii, and that it accommodates the requests we received from Hawaii counties, which was not to be involved in the administration, billing, collection, or enforcement of the program's assessments. Should these amendments be enacted, we would fulfill their request.

No additional changes are being made in terms of eligibility improvements or eligible properties, other than the underlying amendment to allow condominium associations, not condominium owners, to apply for C-PACER financing. C-PACER can permit non-profit associations, such as homeowner associations, to use C-PACER. In this scenario, the individual unit owners will not be assessed assessments on their properties; rather, it will be assessed upon the association, therefore not interfering with any

mortgagees on those individual properties. The associations will be responsible to assess and collect the C-PACER assessment with the unit owners.

Condominiums appear to have a great need and can benefit tremendously from C-PACER. This amendment would allow C-PACER to be utilized to help solve the state's most important safety issue – fire protection – while also providing the association and unit owners with an affordable financing option to enhance the sustainability and resiliency of their properties throughout Hawaii.

Regarding the transfer of the administration of the C-PACER Program from Counties to HGIA as a statewide program, this will allow HGIA to administer the program in its entirety. Though the Counties will not be involved with any aspect of the administration of the program (which is responsible for financing only), Counties will still have control over how a building is designed and granting permit approvals for the construction of such buildings. Moving to a statewide administered model also provides C-PACE capital providers with certainty that the program is active statewide, so that they can invest the time and energy to deploy their private capital to the market.

Thank you for the opportunity to testify in support of House Bill No. 2801. We urge this committee to expedite its passage.