



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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MARK B. GLICK
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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Thursday, February 8, 2024
2:00 PM
State Capitol, Conference Room 329 and Videoconference

In Support of
HB 2801

RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING.

Chair Nakashima, Vice Chair Sayama, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports HB 2801 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."

HSEO is supportive because 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

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>



Testimony of
Gwen Yamamoto Lau
Executive Director
Hawai'i Green Infrastructure Authority
before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Thursday, February 8, 2024, 2:00 PM
State Capitol, Conference Room 329
in consideration of
House Bill No. 2801
RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

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

Thank you for the opportunity to testify on HB 2801, relating to commercial property assessed financing. 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. C-PACER is a commercial financing program and the statute requires lender consent. 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.

Special assessments will not be placed on the real property tax bills of the individual condo owners and will therefore not interfere with mortgages over said units being sold in the secondary market. C-PACER may in fact help make condos become or remain insurable by providing the financing needed to make necessary upgrades and repairs,

thereby assisting our local banks, credit unions and mortgage bankers, as their mortgages over units in these projects will be or remain eligible for sale in the secondary market.

HGIA respectfully requests the insertion of the following amendment to Section 196-64.5(c)(9), as well as the renumbering of the remaining sections:

SECTION 3. Section 196-64.5(c)(9), Hawaii Revised Statutes, is amended to read as follows:

“(9) Before the execution by the authority of the first commercial property assessed financing assessment contract in a county, the authority shall enter into a contract with the county director of finance or county director of budget and fiscal services to cause the county director to levy and collect any commercial property assessed financing assessment approved and certified by the authority to the director for collection. Except as provided for commercial property assessed financing assessments in chapter 514B, [F]the county director shall levy and collect any commercial property assessed financing assessment approved by the authority..”

Thank you for this opportunity to testify in support of HB 2801.

HAWAII LEGISLATIVE
ACTION COMMITTEE


community
ASSOCIATIONS INSTITUTE

P.O. Box 976
Honolulu, Hawaii 96808

February 5, 2024

Honorable Mark M. Nakashima
Honorable Jackson D. Sayama
Committee on Consumer Protection and Commerce
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **HB 2801 SUPPORT**

Dear Chair Nakashima, Vice Chair Sayama and Committee Members:

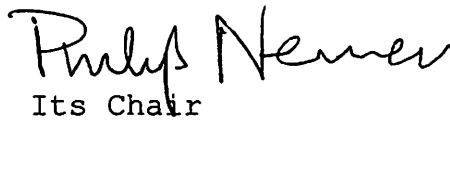
CAI supports HB 2801. Enhanced financing opportunities for condominiums are welcome.

The operation and governance of a condominium association is a complex task. The Committee's support for HB 2801 will "facilitate the operation of the condominium property regime." Hawaii Revised Statutes §514B-10(b).

Boards deal with budget constraints, and there is often a segment of condominium ownership that opposes needed maintenance, repair, replacement and/or improvement, on financial grounds. The board, however, has a fiduciary duty to maintain and repair the common elements, including by complying with expensive unfunded mandates imposed by government.

HB 2801 will provide an additional source of financing. Please pass HB 2801.

CAI Legislative Action Committee, by


Its Chair

HB-2801

Submitted on: 2/5/2024 5:03:21 PM

Testimony for CPC on 2/8/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Brandon Madix	Palehua Townhouse Association	Support	Written Testimony Only

Comments:

Our association supports HB2801. Please pass this bill.

Mike Golojuch, President

HB-2801

Submitted on: 2/5/2024 5:53:08 PM

Testimony for CPC on 2/8/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Richard Emery	Hawaii First Realty LLC	Support	Written Testimony Only

Comments:

This Bill provides needed support for loans for condominiums. SUPPORT.

6 Feb 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 2801 Relating to Commercial Property Assessed Financing](#)

Thank you Chair Nakashima, Vice Chair Sayama and Members of the Committee for this opportunity to testify on HB2801, 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, 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 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, 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 **Nicholas Zuba, Deputy Director, C-PACE Alliance, Inc.**
before the
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Thursday, February 8, 2024; Time: 2:00 PM HT
Conference Room 329 & VIA videoconference
Hawaii State Capitol

In **SUPPORT** of **House Bill No. 2801**, RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

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

Thank you for the opportunity to testify **in support of House Bill No. 2801**, 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. 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.

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). While working with Honolulu County's Council and its Committees, it became clear that condominiums could also benefit from this program to install allowable improvements, while availing themselves to the benefits of C-PACER financing.

C-PACER is a commercial financing program that can permit non-profit associations, such as homeowner associations, to use C-PACER. In this scenario, the individual unit owners will not be assessed special assessments on their real property bills; 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.

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

I am grateful for the opportunity to share my experience of CPACE and the sustainable benefits it brings to the table for developers and property owners. CPACE financing is a game-changer in the pursuit of clean energy and achieving ESG (Environmental, Social, and Governance) goals, offering access to much-needed capital that was previously out of reach. As someone deeply committed to sustainable development, I cannot emphasize enough the positive impact CPACE financing has on our industry and the broader community.

1. **Unlocking Capital for Sustainable Projects:** CPACE financing enables developers and property owners to secure the necessary funds for clean energy initiatives and ESG-focused projects. These often require substantial upfront investments, which CPACE covers, ensuring that sustainable projects can get off the ground without the burden of immediate capital requirements.
2. **Reducing Financial Barriers:** Traditional financing options may not align with the long-term nature of clean energy and sustainability projects. CPACE financing eliminates this hurdle by offering terms that are favorable for developers and property owners. This allows them to focus on project execution without being encumbered by high-interest rates or short-term payback schedules.
3. **Enhancing Property Values:** Investing in clean energy and ESG improvements increases the attractiveness and value of properties. CPACE-financed upgrades, such as energy-efficient HVAC systems, solar installations, and water conservation measures, not only reduce operating costs but also make properties more desirable in the market.
4. **Lowering Operating Costs:** One of the most significant advantages of CPACE financing is the potential for substantial cost savings. Energy-efficient upgrades not only reduce utility bills but also decrease maintenance and operational expenses, ensuring long-term financial benefits for property owners and developers.
5. **Meeting ESG Commitments:** As the world becomes increasingly focused on sustainability and corporate responsibility, CPACE financing offers a clear pathway for developers and property owners to align with ESG goals. These initiatives enhance brand reputation, attract socially responsible investors, and foster goodwill within the community.
6. **Strengthening Environmental Stewardship:** CPACE financing empowers developers and property owners to contribute positively to environmental sustainability. By implementing clean energy solutions, reducing carbon footprints, and conserving resources, they actively participate in mitigating climate change and preserving the planet for future generations.
7. **Boosting Local Economies:** CPACE financing not only benefits individual projects but also stimulates economic growth in local communities. Sustainable development generates jobs, attracts businesses, and contributes to a thriving ecosystem where everyone can prosper.

In conclusion, CPACE financing is a catalyst for transformative change in the realms of clean energy and ESG goals. It provides the financial means to pursue environmentally responsible projects, elevating properties, businesses, and communities alike. As we stand on the precipice of a more sustainable future, CPACE financing offers a crucial bridge to turn vision into reality. I wholeheartedly recommend CPACE financing to all developers and property owners who seek to make a positive impact on our planet and society. Embrace CPACE, and together, we can build a greener, more sustainable world for all.

HB-2801

Submitted on: 2/6/2024 6:54:26 AM

Testimony for CPC on 2/8/2024 2:00:00 PM

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

Comments:

I strongly support HB2801. This bill would allow PACE financing to be accessed to fortify properties to make them more resilient against the effects of climate change, and bring the Hawaii PACE legislation in line with the other states that have created PACE programs.

Thank you for your consideration,

Bali Kumar

Chief Operating Officer, PACE Loan Group



Testimony of

CastleGreen Finance, LLC

before the

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

February 8, 2024, Time: 2:00 P.M.

State Capitol, Via Videoconference: Conference Room 329

In **SUPPORT** of

House Bill No. 2801

RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

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

Thank you for the opportunity to testify in support of HB 2801 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.

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 2801 to allow condominiums to benefit from the use of C-PACER financing.



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

Thursday, February 8, 2024
2:00 p.m.

HB 2801

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.



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 AND COMMERCE

Thursday, February 8, 2024, Time: 2:00 P.M.
State Capitol Conference Room 329 and Videoconference

In support of

House Bill No. 2801

RELATING TO COMMERCIAL PROPERTY ASSESSED FINANCING

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

Mahalo for the opportunity to testify to provide comments on HB 2801.

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 HB 2801. 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



In Alliance with **Apollo**

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

☎: 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
Thursday, February 8, 2024, 02:00 PM
State Capitol, Conference Room 329
in consideration of
House Bill 2801
RELATING TO CONDOMINIUMS

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

Thank you for the opportunity to testify on HB2801, 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 HB2801.

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-

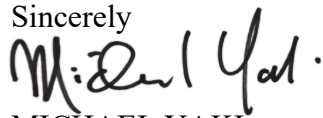
PACER financing to the condominium association, which owns the structure/common area. Since the association is a corporate entity, not residential unit, HB2801 bypasses this concern.

Finally, it is important to distinguish that because the CPACER assessment will attach to a parcel owned by a condo or homeowner association, it is attaching to a parcel owned by a corporate entity. This is not residential PACE. No unit will have a CPACER assessment on its property, since that is prohibited by current law and not changed in this legislation. CPACER will be the same as any debt incurred by a condo or homeowner association for repair or upgrades to common areas -- a debt of the association, not an individual unit owner.

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

.

Sincerely



MICHAEL YAKI

Senior Vice President & Sr. Counsel

Policy and Programs

Petros PACE Finance, LLC

February 8, 2024

The Honorable Mark M. Nakashima, Chair

House Committee on Consumer Protection & Commerce
State Capitol, Conference Room 329 & Videoconference

**RE: House Bill 2801, Relating to Commercial Property Assessed Financing
HEARING: Thursday, February 8, 2024, at 2:00 p.m.**

Aloha Chair Nakashima, Vice Chair Sayama, 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 Hawai'i and its over 11,000 members. HAR **supports** House Bill 2801, which allows condominiums to be eligible for commercial property assessed financing.

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 Hawai'i 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. 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.

TESTIMONY OF GARET AZAMA
Chief Operating Officer
Zephyr Insurance Company

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

Thursday, February 8, 2024
2:00 p.m.
Regarding: HB 2801

Chair Nakashima, Vice Chair Sayama, and members of the Committee on Consumer Protection and Commerce, my name is Garett 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-2801

Submitted on: 2/6/2024 3:28:13 PM

Testimony for CPC on 2/8/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nolan Kawano	Tradewind Group	Support	Written Testimony Only

Comments:

We strongly support this bill in an effort to provide what we believe to be innovative and community based support for condominium associations.



Founded 1889

PLUMBERS AND FITTERS LOCAL 675 UNITED ASSOCIATION



Testimony to
The Committee on Consumer Protection and Commerce
Thursday, February 8, 2024
2 PM
Conference Room 329 & VIA videoconference
Hawaii State Capitol
HB 2801

Chair Nakashima, Vice Chair Sayama, 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 HB 2801** 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 2801 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 HB2801.

Respectfully yours,

Valentino Ceria
Business Manager





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 House Committee on Consumer Protection & Commerce
Thursday, February 8, 2024 at 2:00 p.m.

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

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

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

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 makes that specification clear.

House Bill 2801 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



Testimony to the House Committee on Consumer Protection & Commerce
Thursday, February 8, 2024 at 2:00 PM
Conference Room 329

Comments on HB 2801, 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 2801, 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 certain 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 2801 proposes 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 mortgagor 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.



Hawaii Solar Energy Association
Serving Hawaii Since 1977

Testimony of the Hawaii Solar Energy Association (HSEA) Regarding HB2801, Relating to Commercial Property Assessed Financing, Before the House Committee on Consumer Protection and Commerce

Thursday, February 8, 2024

Dear Chair Nakashima, Vice Chair Sayama, and committee members,

The Hawaii Solar Energy Association (HSEA) **supports HB2801**, 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 can bring system energy costs down, save money on utility bills, provide clean and resilient sources of power, and protect our communities and precious environment. There remain several difficult-to-reach market segments in Hawaii, including commercial, multi-family, and low-to-moderate income (LMI) communities. C-PACER offers an innovative, cost-effective financing solution for these measures, and as an island community, we need to increase the pace of investment in these necessary public policy priorities. Ensuring that C-PACER type financing is also available for high-rise condominiums makes good sense.

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

Respectfully,

/s/ Rocky Mould

Executive Director



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 8, 2024

TO: Representative Mark M. Nakashima
Chair, Committee on Consumer Protection & Commerce

FROM: Mihoko Ito

RE: **H.B. 2801 – Relating to Commercial Property Assessed Financing
Hearing Date: Thursday, February 8, 2024 at 2:00 p.m.
Conference Room: 329**

Dear Chair Nakashima, Vice-Chair Sayama, and Members of the Committee on Consumer Protection & 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. 2801 and asks for language to be inserted into the committee report should the Committee be inclined to move this bill.

H.B. 2801 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.



Mortgage Bankers Association of Hawaii
P.O. Box 4129, Honolulu, Hawaii 96812

February 6, 2024

The Honorable Mark M. Nakashima, Chair
The Honorable Jackson D. Sayana, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hearing Date: February 8, 2024
Hearing Time: 2:00pm
Hearing Place: State Capitol, Conference Room 329

Re: HB 2801

I am Linda Nakamura, representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of individuals involved in the real estate lending industry in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, financial institutions, and companies whose business depends upon the ongoing health of the financial services industry of Hawaii. The members of the MBAH originate and service, or support the origination and servicing, of the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation or rules, it is related only to mortgage lending and servicing.

HB 2801 allows condominiums to be eligible for commercial property assessed financing.

The MBAH is in support of the intent of the bill.

Thank you for the opportunity to present this testimony.

Linda Nakamura
Mortgage Bankers Association of Hawaii



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The State Legislature
House Committee on Consumer Protection and Commerce
Thursday, February 8, 2024
Conference Room 329, 2:00 p.m.



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

Aloha Chair Nakashima, 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 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**.

HB-2801

Submitted on: 2/5/2024 7:01:44 PM

Testimony for CPC on 2/8/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Mike Onofrietti	Individual	Support	Written Testimony Only

Comments:

Island strongly supports SB2727 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.

HB-2801

Submitted on: 2/6/2024 12:44:56 PM

Testimony for CPC on 2/8/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jeff Sadino	Individual	Support	Written Testimony Only

Comments:

I support this Bill.

LATE

HB-2801

Submitted on: 2/7/2024 7:09:25 PM

Testimony for CPC on 2/8/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Julia C	Individual	Support	Written Testimony Only

Comments:

I support HB2801.