CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA

Agenda Date:	October 21, 2024
Action Required:	Public hearing and Approval of Ordinance
Presenter:	Kristel Riddervold, Director of the Office of Sustainability
Staff Contacts:	Emily Irvine, Climate Program Manager Robinson Hubbard, Deputy City Attorney
Title:	**Ordinance establishing the Commercial Property Assessed Clean Energy (C-PACE) financing program (2nd reading)**

Background

In 2015, the Commonwealth of Virginia passed legislation to enable localities to pass ordinances to create Commercial Property Assessed Clean Energy (C-PACE) financing programs and in 2022, it launched a statewide program that localities could opt in to. C-PACE is a means of financing clean energy and resilience projects for multifamily, commercial and industrial property owners. In its most basic form, PACE enables property owners to finance up to 100% of the upfront cost of these projects and pay back the loan through a voluntary assessment on their property tax bill. The program is administered by the Virginia PACE Authority, a 501(c)(3) nonprofit organization, on behalf of Virginia Energy. Virginia localities may opt into the statewide program so that property owners within that locality may participate. Albemarle County is currently enrolled in the statewide C-PACE program, along with 14 other Virginia localities.

Discussion

Pursuant to Va. Code § 15.2-958.3, once the City has enrolled in the C-PACE program, owners of commercial and/or multi-unit residential buildings could receive financing for certain eligible improvements, including: energy usage efficiency systems; water usage efficiency systems; renewable energy production facilities; resiliency improvements to increase a structure's capacity to withstand a natural disaster; stormwater management improvements, environmental remediation, electric vehicle infrastructure. These loans can be used for new construction, or the renovation/retrofitting of a currently existing structure. The minimum loan amount that may be financed for each project is fifty thousand dollars ($50,000.00).

Each C-PACE loan, inclusive of principal, interest, and any financed fees, costs, or expenses, will be secured by a voluntary special assessment lien on the Property that is the subject of the loan. This loan would "run with the land," and responsibility for the loan would transfer to the new property owner if the property is sold before the loan is repaid.

Alignment with City Council's Vision and Strategic Plan

This action is in direct alignment with the City's Strategic Plan Framework's Outcome Area, *Climate Action*. Establishing the ability for property owners to use C-PACE is supported by the City's 2023 Climate Action Plan which includes "*further enabling private financial sector investment in energy performance upgrades for commercial properties in the City of Charlottesville through adoption of a Commercial Property Assessed Clean Energy (C-PACE) financing program.*"

Additionally, the adoption of a C-PACE Ordinance is in alignment with the City's Comprehensive Plan: Chapter 7 (Environment, Climate, and Food Equity), Goal 1, Strategy 1.7.

Community Engagement

Through the adoption of Charlottesville's greenhouse gas reduction (GHG) goals and the development of the Climate Action Plan, the community and Council supported strategies to facilitate energy efficiency and resilience and enabling private sector investment in energy to achieve cost savings and greenhouse gas reductions, including through adoption of C-PACE.

Budgetary Impact

There is no ($0) impact on the General Fund. Administration of program is conducted entirely by VPA. City staff will support marketing and outreach within existing funded programs.

Recommendation

Staff recommends approval of the Ordinance.

Alternatives

N/A

Attachments

1. Ordinance - C-PACE 2024 (1) (2)
2. C-PACE Program Agreement (Appendix A) (2)
3. Virginia Energy - Locality C-PACE Agreement (Appendix B) (1)