

Tom Kelly  
Chair

February 22, 2017

Gustavo J. Cruz, Jr.  
Commissioner

Mark Edlen  
Commissioner

Representative Ken Helm, Chair  
House Committee on Energy and Environment

Alisha Moreland-  
Capula  
Commissioner

900 Court Street, NE, Hearing Room D  
Salem, OR 97301

William Myers  
Commissioner

Re: HB 2132

Ted Wheeler  
Mayor

Chair Helm and Members of the Committee:

Kimberly Branam  
Executive Director

My name is Shelly Haack and I manage the Portland Development Commission (PDC) lending, construction management and property management function. PDC and Multnomah County have entered into an Intergovernmental Agreement to develop and administer the PropertyFit program, Oregon's first Commercial Property Assessed Clean Energy (CPACE) Program under ORS 223.680 and Property Assessed Seismic Rehabilitation Program under ORS 223.685 for which I have acted as program/project manager. The PDC urges your support for HB 2132.

Both of these programs were designed to leverage public and private resources to increase the resiliency of the state's commercial, industrial and multifamily building stock. This is accomplished by enabling property owners to finance building improvements that increase energy efficiency, produce renewable energy and improve the seismic safety of their buildings, providing the public benefits of reduces energy demand and consumption, reduced carbon emissions, and reduces hazards in a seismic event.

These CPACE programs, which we have branded *PropertyFit*, mirror a century-old financing system that cities and counties have used for decades, called local improvement districts. These districts have been used for sidewalk and street lighting upgrades, and for water infrastructure upgrades in irrigation districts. Specifically, they allow local jurisdictions to support the financing of these upgrades by using a property assessment security structure which is repaid on property tax bills. However, a key differentiation with the CPACE programs is that the improvements are voluntarily accepted by the property owner.

The Oregon Legislature originally authorized CPACE programs in 2009, and amended the program in 2014 and 2015. And, as we've evaluated the scopes on several projects, there is a key element missing that is central to building resiliency: water efficiency. Water efficiency measures must be part of our toolkit to support the conservation of critical natural resources and to reduce demand on local utilities. This addition to the program will advance whole building resiliency and adhere to the intent of the original law.

In addition to water efficiency measures, HB 2132 proposes to include energy storage and smart electric vehicle charging stations as eligible improvements. The costs of these technologies are going down making them more economical, especially in places with higher utility costs.

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Lastly, BH 2132 will clarify a provision relating to the mechanism by which financing is secured. Under the Local Improvement District mechanism, local governments must pass a resolution or ordinance to finalize a property assessed lien. This is a relevant and necessary step when local improvements districts are created as they are authorized across multiple properties without the direct consent of a property owner.

However, this is a redundant and onerous step under the CPACE programs authorized under ORS 223.680 and ORS 223.685 because a property owner voluntarily imposes an assessment on their property for the eligible improvements sought. Adding this clarity to the legislation is critical to attracting capital market investments in the program.

Your support of HB 2132 will advance local efforts to ensure the health and resiliency of the state's building stock, while conserving natural resources and meeting the state's greenhouse gas emissions goals.

Thank you for consideration of these comments.

Sincerely,



Shelly Haack  
Interim Asset and Investment Manager