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Mark Jeffreys
Councilmember

March 22, 2022

MOTION

PACE Financing & Government Efficiencies

WE MOVE that, the Administration provide a report back to Council within ninety (90) days with a feasibility analysis of Council pre-authorizing all necessary legislative items that are directly associated with PACE financing as well as a potential framework by which the Administration can evaluate future PACE deals administratively.

WE FURTHER MOVE that, the Administration also report back to Council with a feasibility analysis of allowing for more than one program administrator to support PACE deals in the city as well as any metrics the City can use to evaluate future program administration.

WE FURTHER MOVE that, the Administration outline: 1) Cincinnati's and Hamilton County's current fee structures as it relates to PACE, 2) how much revenue the City's fees generate annually, and 3) how Cincinnati's and Hamilton County's fee structures compares to other peer cities and counties.

STATEMENT

Property Assessed Clean Energy (PACE) financing is a tool designed to allow property owners interested in installing energy improvement projects the ability to take advantage of potentially lower interest rates and longer financing terms associated with public bonds via Energy Special Improvement Districts (ESIDs). This type of financing helps close financial gaps on commercial projects utilizing energy efficient improvements with no cost to taxpayers. Although this program is available for both residential and commercial property owners, Cincinnati only allows for commercial PACE at this time.

The City of Cincinnati currently mandates people looking to utilize PACE financing work through one, single program administrator—OHIO PACE. There is some thought that by allowing for more than one program administrator may make PACE more accessible by increasing competition. Additionally, as a matter of procedure, after the Administration reviews the proposed ESID, City Council must pass several legislative items to enact the ESID. This

legislative process, which historically results in approval by Council, adds unnecessary work for the Administration and adds several weeks to the development process for these projects seeking more environmentally sustainable designs.

Other cities and stakeholders in Ohio have embraced PACE in a way that Cincinnati and Hamilton County have not. For example, it is our understanding that Cincinnati's and Hamilton County's fee structure is higher than our peer cities/counties. This has contributed to a disproportionately low amount of PACE investment in Cincinnati compared to our peer cities. For example, over the past thirteen years, Cincinnati has seen \$22 million in PACE investment. This is six times less than Columbus's \$150 million during that same time period and significantly less than Dayton's \$33 million. Analyzing our regulatory structure surrounding PACE financing can have huge environmental and financial implications for our city; therefore, we need to take these small, creative steps towards making PACE an easy and indispensable part of development in Cincinnati.



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