

**ANCHORAGE, ALASKA
AO No. 2023-55**

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE TO UPDATE THE MUNICIPALITY'S PROPERTY-ASSESSED CLEAN ENERGY PROGRAM BY AMENDING ANCHORAGE MUNICIPAL CODE 12.75, AMENDING AR 2020-328, AND RENAMING THE PROGRAM TO INCLUDE RESILIENCE, CONSISTENT WITH THE STATE OF ALASKA STATUTE.

WHEREAS, the State of Alaska implemented the Municipal Property Assessed Clean Energy Act, authorizing and enabling local governments to establish energy improvement assessment programs in 2017;

WHEREAS, the Municipality of Anchorage was the first local government to establish a PACE program in Alaska;

WHEREAS, the State of Alaska passed HB 227 in May 2022, renaming the program to Property Assessed Clean Energy and Resilience (PACER) and expanding PACER eligibility in Alaska;

WHEREAS, the below amendments enable the Municipality to implement HB 227 expansion and improvements; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code section 12.75.010 is hereby amended to read as follows:

12.75.010 - Definitions.

For the purposes of this chapter:

Eligible Property means a privately owned commercial or industrial property located within the Municipality of Anchorage including new construction. [UNDEVELOPED PROPERTY AND PROPERTY UNDERGOING DEVELOPMENT AT THE TIME OF THE ASSESSMENT ARE NOT ELIGIBLE PROPERTIES.]

Market Value means the Assessed Value of the current tax year or the current or prospective market value as determined by an Alaska-certified appraiser, as further defined by the C-PACER Handbook.

Owner Contract means a document executed by the municipality and the record owner of an eligible property to impose an assessment to repay the financing of a qualified improvement project on that property.

PACER means property assessed clean energy and resilience.

Qualified Improvements are those eligible improvements under this chapter that are fixed to new construction or existing privately owned commercial or industrial property and that (1) are energy improvement projects designed [ARE INTENDED] to reduce energy consumption or demand, energy costs, or emissions affecting local air quality, including a product, device, or interacting group of products or devices that use energy technology to generate electricity, provide thermal energy, or regulate temperature; or (2) improve building resilience; resilience improvement projects include projects for seismic improvements, stormwater management, flood mitigation and protection, fire hardening, fire or wind resistance, erosion management, snow load management, microgrids for energy storage and backup power generation, water or wastewater efficiency including reuse and energy recovery, electric vehicle charging stations, retrofitting that improves the envelope, structure, or systems of the building, and any other improvement project approved by a municipality as a resilience improvement project.

Required review means an appropriate review of the energy, emissions, or resilience baseline conditions, the projected reduction in energy costs, energy consumption or demand, or emissions affecting local air quality, or an increase in resilience that is obtained from licensed engineers, qualified energy auditors, or other similarly certified or licensed professionals per the C-PACER Handbook.

Third Party Administrator means a third party contracted by the Municipality to provide certain professional services necessary to administer the PACER program.

(AO No. 2020-115, § 2, 11-4-20)

Section 2. Anchorage Municipal Code section 12.75.020 is hereby amended to read as follows:

12.75.020 - Establishing the PACER program.

A. The Municipality hereby establishes the PACER program pursuant to AS 29.55.100—29.55.165 to finance through assessments the construction, installation, or modification of a qualified improvement project.

(AO No. 2020-115, § 2, 11-4-20)

Section 3. This ordinance amends AR 2020-328, Section 5 to read:

Qualified energy improvement projects under the PACE Program will include those projects which (a) are fixed to existing privately owned commercial or industrial property; and (b) are intended to reduce energy consumption or demand, energy costs, or emissions affecting

local air quality, including a product, device, or interacting group of products or devices that use energy technology to generate electricity, provide thermal energy, or regulate temperature.

[PACE ASSESSMENTS MAY NOT BE IMPOSED TO REPAY FINANCING OF FACILITIES FOR UNDEVELOPED LOTS OR LOTS UNDERGOING DEVELOPMENT AT THE TIME OF AN ASSESSMENT.]

Section 4. This ordinance shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 9th day of May, 2023.

Anthony Corbett

ATTEST:

Chair

Barbara A. Jones

Municipal Clerk



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 336-2023

Meeting Date: April 25, 2023

1 **FROM: MAYOR**

2
3 **SUBJECT: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE TO**
4 **UPDATE THE MUNICIPALITY'S PROPERTY-ASSESSED CLEAN**
5 **ENERGY PROGRAM BY AMENDING ANCHORAGE MUNICIPAL**
6 **CODE 12.75, AMENDING AR 2020-328, AND RENAMING THE**
7 **PROGRAM TO INCLUDE RESILIENCE, CONSISTENT WITH THE**
8 **STATE OF ALASKA STATUTE.**
9

10 The attached ordinance amends the code to bring the Anchorage Property
11 Assessed Clean Energy and Resilience (PACER) program in line with the recently
12 updated state statute. The State Legislature enacted the Municipal Property
13 Assessed Clean Energy Act, Alaska Statutes 29.55 ("PACE Act"), authorizing local
14 governments to establish an energy and resilience improvement assessment
15 program in 2017. The Anchorage Assembly adopted Anchorage Ordinance No.
16 2020-115 on November 4, 2020, establishing the PACE program to finance,
17 through special assessments, the installation or modification of a qualified
18 improvement project. In May of 2022, the Alaska State Legislature enacted
19 changes to the PACE Act via HB 227, renaming the program to Property Assessed
20 Clean Energy and Resilience (PACER) and allowing PACER for new construction
21 and resilience project applications, among other changes.
22

23 The Municipality of Anchorage is the first local government to establish a C-
24 PACER Program in Alaska, though several other tax-assessing jurisdictions are
25 working toward it. The Program is offered to commercial property owners on a
26 strictly voluntary basis with financing provided by private capital providers and not
27 from public funds or resources.
28

29 The C-PACER Program is an innovative financing program that enables owners
30 of commercial and industrial properties to obtain low-cost, long-term financing for
31 clean energy or resilience improvements, then pay the costs back over time
32 through a voluntary assessment. The unique characteristic of C-PACER
33 assessments is that the assessment is attached to the property rather than an
34 individual. To date, 38 states and Washington D.C. have active PACER-enabling
35 legislation.
36

37 Generally, as with other special assessments in Alaska, the assessment under a
38 C-PACER Program is secured by a lien on the property and paid back over time.
39 Like other special assessments, C-PACER is non-accelerating, and the C-PACER
40 repayment obligation transfers automatically to the next owner if the property is
41 transferred or conveyed or may be voluntarily prepaid. This arrangement allows

1 property owners to spread the cost of new construction, energy renovations, and
2 resilience improvements (such as energy-efficient boilers, upgraded insulation,
3 seismic improvements, or fire and wind hardening) over the full expected life of the
4 improvement.

5
6 Based on the growing success of C-PACER, lawmakers around the country are
7 adding new eligible uses of C-PACER. The modifications in HB 227 ensure
8 efficient statewide promulgation and will greatly facilitate investment in our building
9 stock, especially at a time when economic development is needed most. They
10 were developed in coordination with the Municipality of Anchorage and the Alaska
11 Energy Authority using the best practices & lessons learned from other states'
12 programs.

13
14 House Bill 227 expands C-PACE eligibility in Alaska by:

- 15
- 16 1. Allowing new construction financing;
- 17 2. Allowing resilience projects;
- 18 3. Allowing C-PACE refinancing;
- 19 4. Referring to Market Values rather than Assessed Values;
- 20 5. Extending the maximum assessment term from 20 to 30 years; and
- 21 6. Eliminating the Savings-to-Investment Ratio (SIR) requirement.
- 22

23 These changes serve the common goal of creating a large, thriving, and active C-
24 PACER market, which in turn will benefit Alaskans. The changes reflected in this
25 ordinance per HB 227 will help the Municipality of Anchorage achieve the greatest
26 overall economic and environmental benefits at no cost to taxpayers. Included in
27 the ordinance is an update to AR 2020-328, approved on September 15, 2020, to
28 align AR 2020-328 with HB 227 and include undeveloped lots and lots under
29 development in the program.

30
31 The Municipality is responsible for recording the special assessment, billing per
32 the repayment schedule established in the closing documents, processing
33 payments, and remitting funds to the Capital Provider. It is **not** guaranteeing the
34 collection of the funds. Nominal staff time is required from existing staff to intake
35 and review applications and to levy the assessment. Further, the Municipality
36 imposes fees to offset the costs of administering the program.

37
38 Updated program guidelines to reflect the amended Alaska State Statute is
39 underway and will be shared on the program website when completed (expected
40 in Spring 2023).

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42 Pursuant to AMC 2.30.053, a summary of economic effects is not necessary, as
43 this program is anticipated to be revenue-neutral.

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45 **THE ADMINISTRATION RECOMMENDS APPROVAL.**

- 46 Prepared by: Melanie Lucas-Conwell, 49th State Angel Fund
- 47 Approved by: Grant Yutzenka, Chief Fiscal Officer
- 48 Concur: Lance R. Wilber, Community Development Director
- 49 Concur: Courtney Petersen, Director, OMB
- 50 Concur: Anne Helzer, Acting Municipal Attorney
- 51 Concur: Kent E. Kohlhase, Acting Municipal Manager
- 52 Respectfully submitted: Dave Bronson, Mayor