

# Introduction to Commercial Property Assessed Clean Energy and Resilience (C-PACER) Financing to Commercial Building Owners

Washington Trust for Historic Preservation  
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# Today`s Speakers

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# Agenda

- What is C-PACER? How does it work?
- What are the C-PACER main financing features & advantages including EE/RE project benefits?
- What is the current status and timeline of C-PACER Implementation in WA?
- How to advocate C-PACER for local adoption in your community?

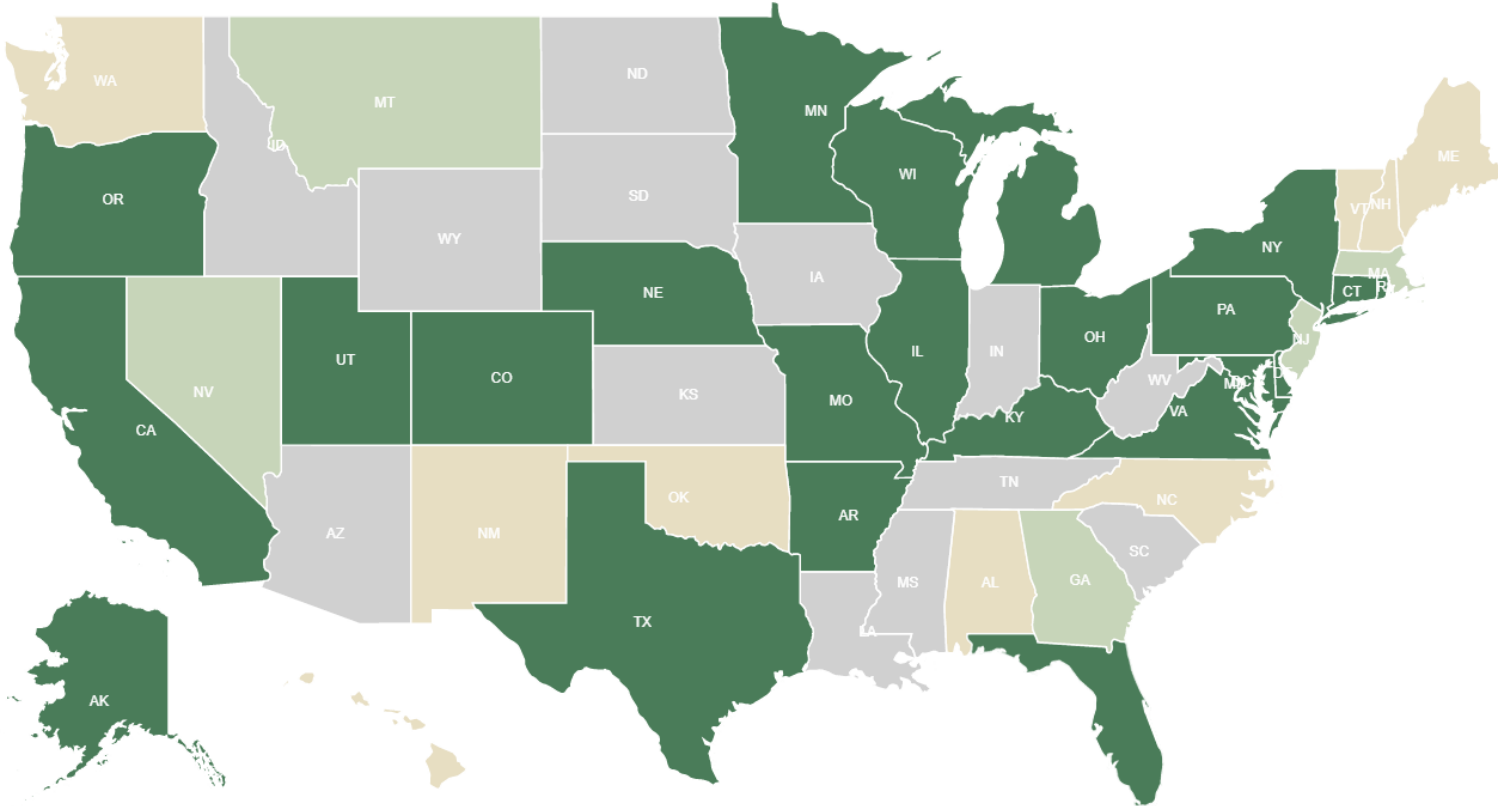


# What is C-PACE? C-PACER?



- **C**ommercial **P**roperty **A**ssessed **C**lean **E**nergy & **R**esiliency
- C-PACE is an alternative financing tool to pay energy efficiency, renewable energy, water conservation, and Resilience projects for commercial buildings (retrofits, new construction, & refinancing.)
- C-PACER can fill a gap in the project's capital stack at a lower cost. No public funds at risk.

# C-PACE: State of the Market



**\$2,074**  
Investment (MM)

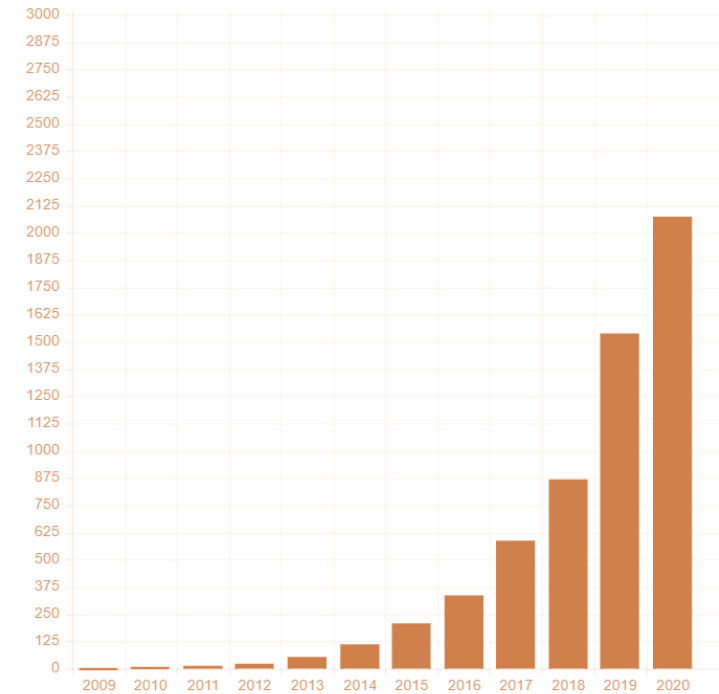


**2,560**  
commercial projects



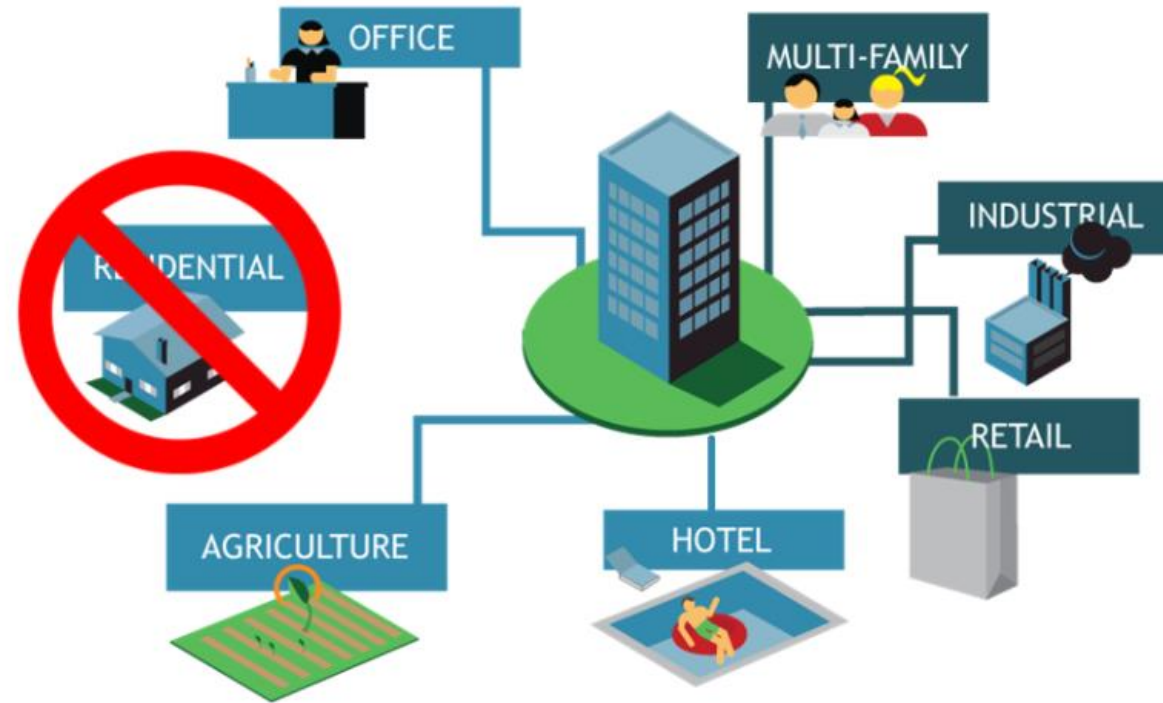
**24,000**  
jobs created

Cumulative C-PACE Investment, MM (2009-2020)



\*Resource: [PACENation | Property Assessed Clean Energy Financing](https://pacenation.com/)

# Who Can Use C-PACER?



Commercial properties are available, even Nonprofits!

# How C-PACER Works

1

**Property owner** develops energy generation, energy efficiency, water conservation, or resiliency project. The improvements shall be certified by a qualified professional.



2

**Property owner** identifies **capital provider** for their project. They negotiate financing terms: interest rate, #years, etc.



3

**Property owner** submits application materials to **program administrator**.



4

**Program administrator** reviews application.



5

**Program administrator** approves application or requests additional information.



6

**a. Capital Provider** closes financing.



**b. County** records lien agreement.



7

**a. Capital Provider** funds work.



**b. Contractor** implements project.



8

**POST-IMPLEMENTATION:** Property owner repays loan over term to **capital provider**.



# C-PACER Main Financing Features & Advantages

- Clean energy & resilience projects generate public goods, & benefits: reduce pollution, meet climate goals, economic development & jobs, reduced emergency response risks, etc. Counties adopt C-PACER ordinances pursuant to State enabling legislation.
- Financing is structured as a property tax assessment with a County lien. Assessment runs with building, survives building sale.
- This structure provides an important credit enhancement and additional security for capital providers & enables longer term financing, 10-20+ yrs., w/lower rates and hence, deeper, longer payback energy efficiency and renewable energy (EE/RE) measures.
- Obligor is building owner. Assessment is voluntarily undertaken and works similar to a local improvement district (LID) of one building.

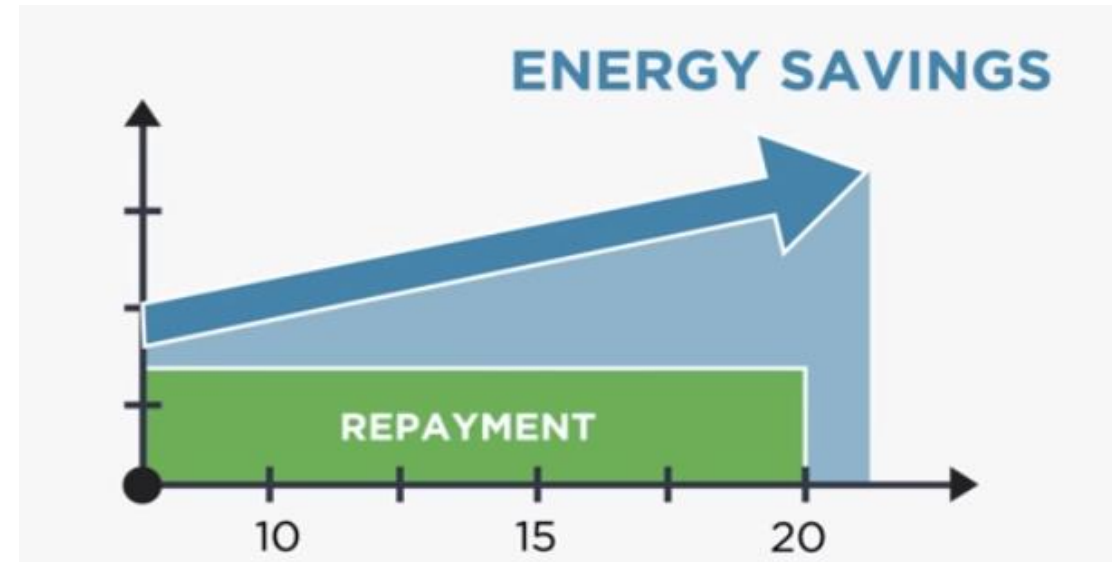


# C-PACER Main Financing Features & Advantages (2)

- All financing is provided and credit underwriting done by a private sector “Capital Provider”. EEFC works with building owners, contractors & Capital Providers investors to structure & arrange financing.
- Assessment billing & collections will be done by Capital Provider.
- First mortgage and other lien holder consents must be obtained in the finance origination process.
- No acceleration in default events, only past due assessments are paid.
- A key benefit for many building owners: in most commercial triple-net leases, property taxes can be passed through to tenants. Tenants enjoy energy costs savings so their share can be geared to match.
- C-PACER helps building owners implement projects to meet mandates of State HB 1257 (2020) building energy performance standards, bldgs. > 50,000 SF. New legislation (2022) applies these standards to >20,000 SF

# EE/RE Project Benefits

- Projects begin with energy audits providing information on a building's potential EE/RE project measures & economics. Goal is a project that can be paid all or in large part from energy cost savings.
- Projects may also meet energy system replacement & upgrade needs and improve building value & tenant comfort/productivity.
- Many contractors provide turnkey engineering & construction with savings verification & guarantees.



# C-PACER: Typical Transaction Steps

- Building owner, together with Capital Provider, applies to County pursuant to County-adopted guidelines.
- Closing Documents include:
  - Assessment Agreement, along with Notice of Assessment Interest and C-PACER Lien and Assignments
  - Financing Agreement with C-PACER Capital Provider
  - Lienholder(s) Consent
  - Contractor agreements for turnkey works & services and eligibility certifications
- At Closing, County will record Assessment Agreement & other Closing Documents
- Upon confirmation of recordation, Capital Provider will disburse funds in accordance with Financing Agreement. Construction financing can be arranged. Eligible costs include finance origination fees.

# Case Study: Office Building Efficiency

## 1225 North Loop West, Houston, TX

- 200,418 sq ft, built 1984
- \$1.3 million in C-PACE financing
- Replacement of:
  - 35-year old chillers
  - Antiquated control system
  - Inefficient lighting
- 20-year term.
- 38% reduction in energy usage, \$3.66 million in savings over the term.





# Case Study: Historic Building Revitalization

## 777 Main Street, Hartford, CT

- Historic bank turned into mixed-use building with 285 units and 6 retail shops
- \$1 million in C-PACE Financing
- 20 years term
- C-PACE funded installed measures for:
  - Resiliency: micro grid consisting of Doosan fuel cell, solar array, and island capable control system
  - Efficiency: LED lighting, low flow fixtures, energy and heat recovery systems, smart thermostats (Nest)
  - EV Charging Stations
- Saving \$316,927 in the first year.





# Case Study: Historic Building Revitalization

## McCandless Building, Florence, CO

- 23,006 sq ft., built 1894
- \$616,844 in C-PACE Financing
  - Insulation
  - LED Lighting
  - Window glazing
  - Rooftop heating/cooling units
  - PV Solar System
- 20-year term
- 85% reduction in energy usage, \$779,814 lifetime energy savings
- Increased building's value by \$600K+



# Case Study: Urban Development

## Laacke & Joys Building, Milwaukee, WI

- Mfg. facility to Class A offices
- \$2.2 million in C-PACE Financing, 7% of capital stack
- C-PACE funded improvements:
  - PV Solar
  - Geothermal
  - LED Lighting
  - Windows
- Energy consumption 28% favorable to code



# C-PACE and Resiliency-WA

## TIMELINE:

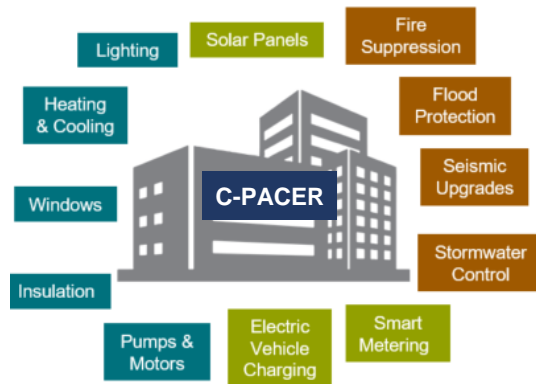


- Shift Zero Task Force formed to identify a path forward for C-PACE in WA.



- Broad and diverse support from stakeholders including environmental organizations, building owners and professionals, building officials, cities, community banks and labor organization.

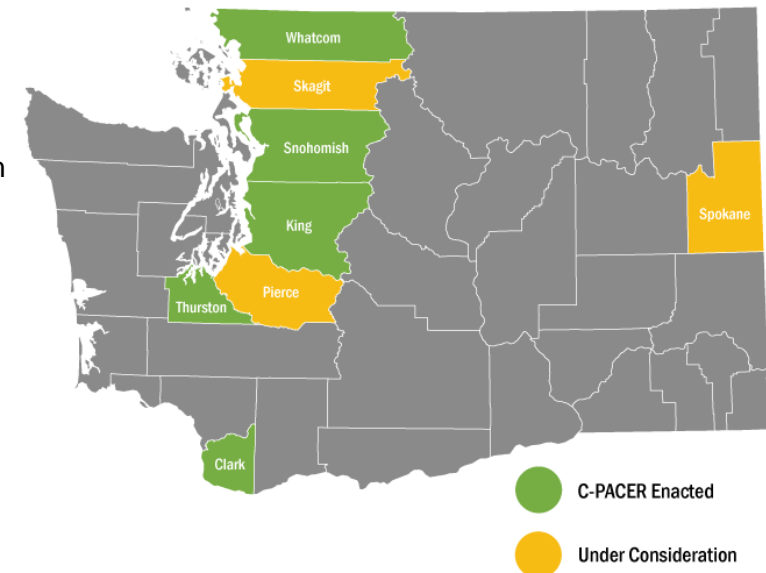
- Members of the Shift Zero Task Force led extensive stakeholder engagement and advocacy to enable C-PACER financing in WA.
- They have since continued work with local and national experts and legal counsel to develop model county program documents.



- WA enacted C-PACER with HB 2405.
- Counties must opt-in. They can administer their own C-PACER program or partner with other counties for a regional program.



### Current Status:



# Recommended Practices for C-PACER Advocacy

ASSESS

What does your city need in terms of a C-PACER Program?

- Identify property sectors.
- Determine what projects or measures are eligible.
- Look for any policies like mandatory benchmarking and audit ordinances to support C-PACER uptake in the commercial sector.

STATUS

Is C-PACER authorized in your jurisdiction?

No

- Your voice matters: urge your elected county councilors to take advantage of the easy economic development opportunities of C-PACER. For example: you can reach out to your county executive's officer to see if this is something they are pursuing, also contact your county council member.
- Actively support program stakeholder engagement and education.

Yes

Check out the ordinance that your county adopted to see how you should organize and administer the program in your city and what capital sources you can use.

# Resources

- Shift Zero website ([Commercial Property Assessed Clean Energy and Resilience \(C-PACER\) Financing in Washington – Shift Zero](#)) includes model program documents, FAQ: General and Specific to Counties, links to national C-PACE resources
  - \*Also available for County officials: a walk-through of the model documents - contact [pacer@shiftzero.org](mailto:pacer@shiftzero.org)
- Whatcom County C-PACER Program
  - [Commercial - Property Assessed Clean Energy & Resiliency \(C-PACER\) Program | Whatcom County, WA - Official Website](#)
- Clark County C-PACER Program
  - [C-PACER | Clark County \(wa.gov\)](#)
- King County C-PACER webpage
  - [King County C-PACER Program - King County](#)



# Discussion & Questions



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