

MAY 7, 2019

# **Commercial Property Assessed Clean Energy (C-PACE) Financing**

City of Petersburg City Council Meeting



## ABBY JOHNSON, VIRGINIA PACE AUTHORITY

- Executive Director, **Virginia PACE Authority**, a new non-profit PACE program administration organization in Virginia
- President of Abacus, a real estate advisory firm specializing in financing and development of energy efficiency projects
- National and Virginia PACE expert:
  - Instrumental in passage of 2015 Virginia PACE legislation and in working with Senator Lewis on 2019 legislation adding resiliency and stormwater to what PACE can finance
  - Partner in MidAtlantic PACE Alliance (MAPA), a regional PACE initiative
  - Co-author of MAPA toolkit and major contributor to the State Energy Office's PACE financial underwriting guidelines



## WHAT IS C-PACE ?



Innovative financial product that provides 100% upfront funding for energy efficiency, renewable energy, water efficiency, flooding, and storm water upgrades.

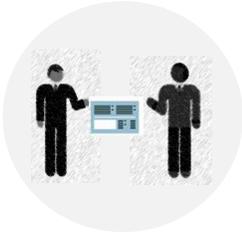


C-PACE can be used on commercial, industrial, multifamily and non profit buildings.



A C-PACE loan is a public private partnership between the City, property owner/developer and the C-PACE lender.

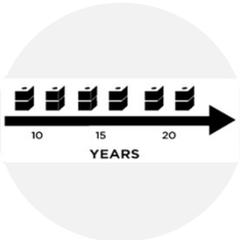
## WHAT IS C-PACE ?



Owner agrees to a voluntary special assessment “tax” that is paid back as a line item on his/her real property tax bill. C-PACE lenders like the “senior” position of the C-PACE loan.



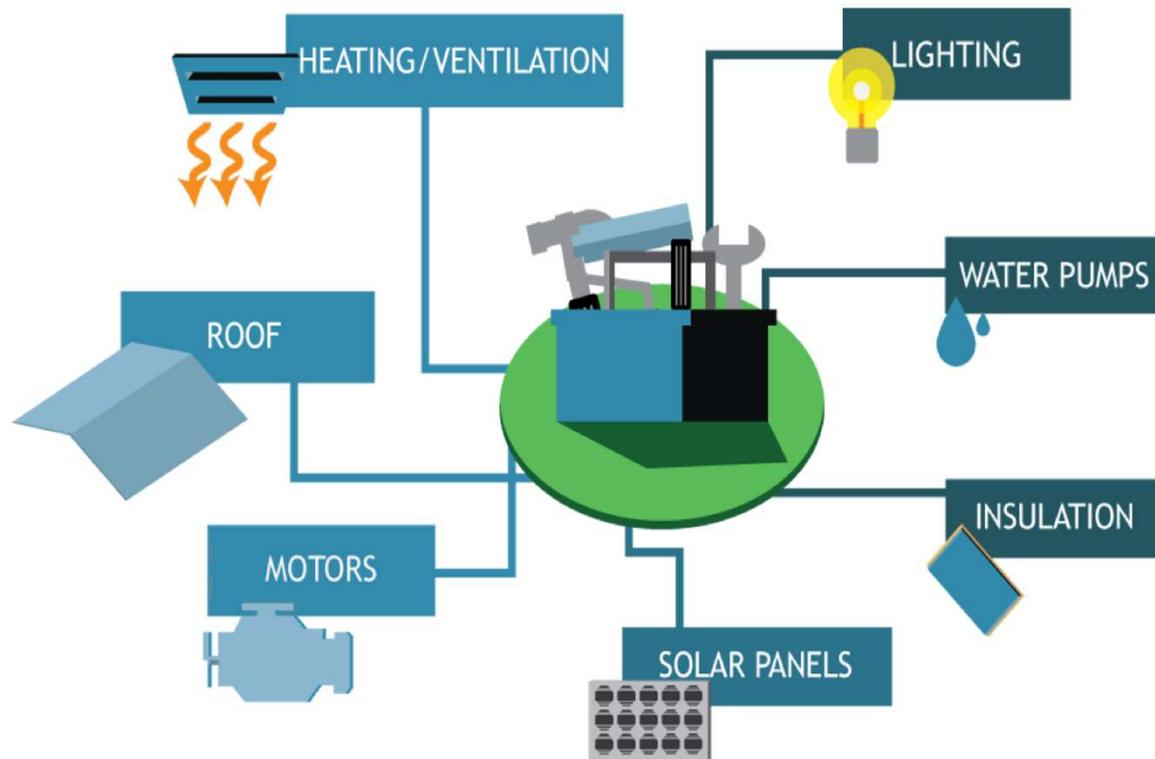
Owners develop a project and then receive funding from a private C-PACE lender. C-PACE lenders work with existing lenders, contractors and VPA to come up with a good solution for everyone.



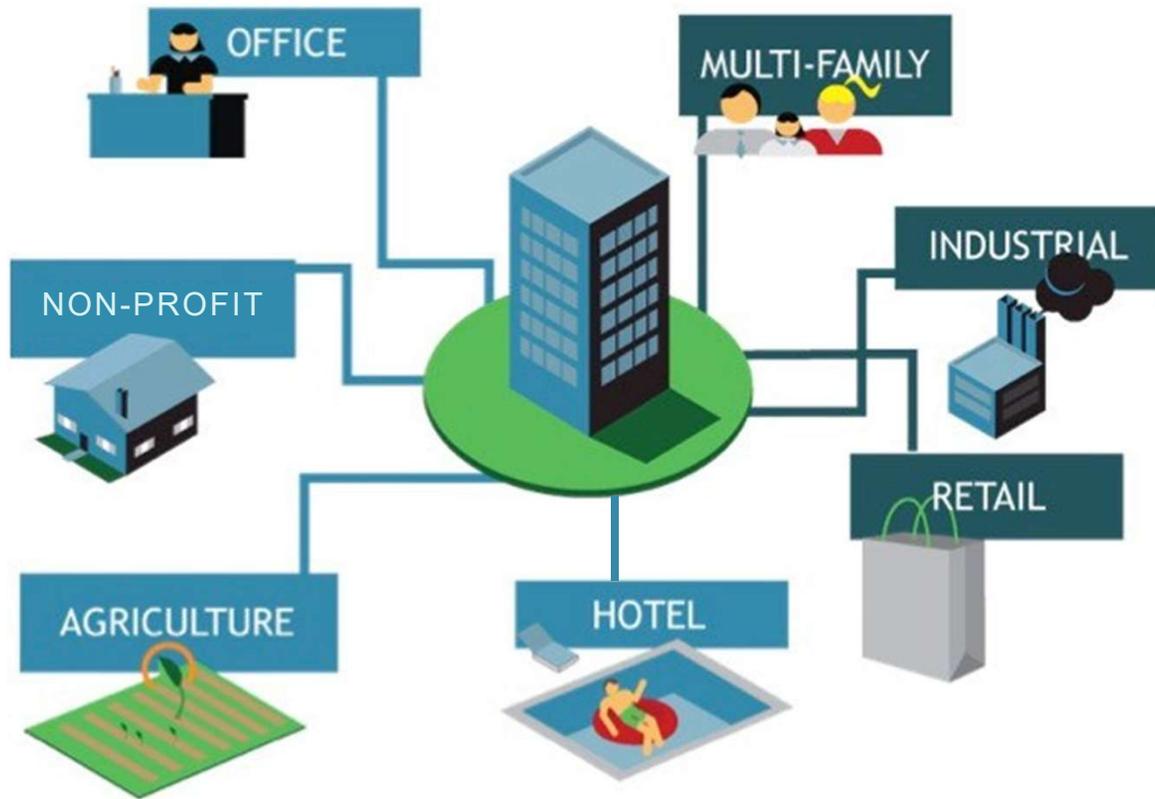
Owners/developers repay the fixed C-PACE payments, twice a year for 15, 20 or 25 years.



## WHAT TYPE OF EQUIPMENT IS ELIGIBLE ?



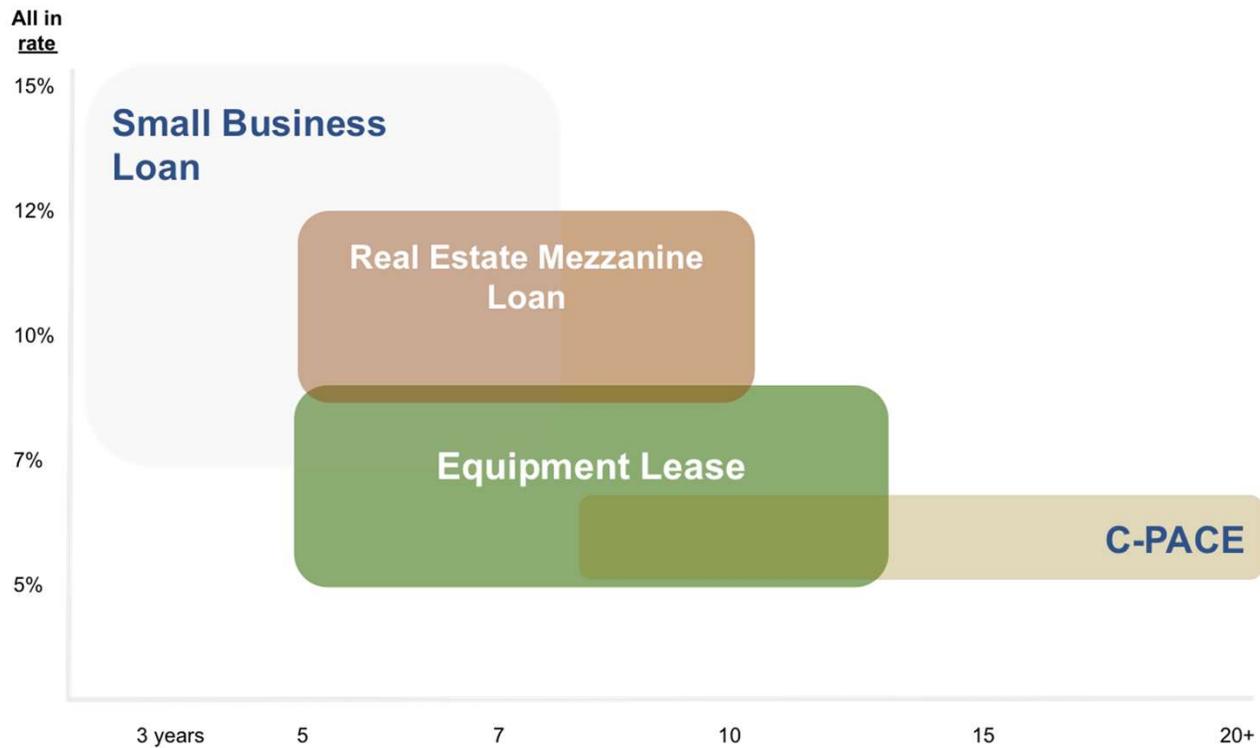
## WHAT TYPES OF BUILDINGS ARE ELIGIBLE ?



# WHAT SIZE PROJECTS CAN BE FINANCED? BIG AND SMALL



# WHY CHOOSE C-PACE OVER OTHER TYPES OF FINANCING ?



## WHO IS INVOLVED IN A C-PACE LOAN ?



## WHY DO BUILDING OWNERS LOVE C-PACE ?

- **Reduces cash** needed, due to 100% upfront financing of hard + soft costs
- **Frees up cash** for other projects
- **Reduces annual payments** with long terms
- **Fixed rate** loans provide piece of mind
- Annual energy savings are typically **greater** than annual C-PACE loan payments
- Can fund **small projects** that are hard to finance
- Enables owners without big balance sheets to **install solar** owned by third parties
- **Helps non profits and small businesses** with limited cash and borrowing capacity
- **Eliminates access** to personal assets in case of foreclosure (as loan is secured by property only)



## WHY DO CITIES LOVE C-PACE ?

**Benefits for  
Petersburg**

- **Economic Development:**
  - Provides financing for critical capital improvements and facilitates redevelopment of “tired” buildings
  - C-PACE provides new funding opportunities for local and regional financial institutions
  - C-PACE creates jobs for contractors and other service providers in the City
  - C-PACE is an economic development tool the City can offer to developers at NO cost to them
  - C-PACE assessments yield revenue through permitting fees
- **Environmental impact:** Potential to reduce carbon emissions
- **Preservation:** Retrofit/rehabilitate historic buildings, such as the Seaboard Salvage Building



## WHAT ARE THE STEPS FOR THE CITY TO USE C-PACE ?

1



The City of Petersburg creates a C-PACE program by passing an ordinance.



2



The City hires a third party administrator like Virginia PACE Authority (VPA) to manage the program at no cost to the City. VPA is paid from fees generated by the projects.



3



VPA markets the program to local property owners, who are looking to do projects in the City, as well as contractors, local banks and PACE lenders.



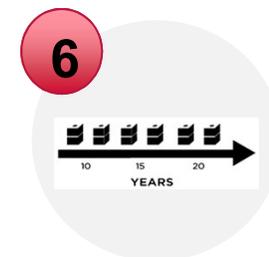
## WHAT ARE THE STEPS FOR THE CITY TO USE C-PACE ?



VPA evaluates and approves C-PACE loans based the City's program manual. VPA manages all customer related processes through closing.



The City records the voluntary special assessment on the property. C-PACE is now like a property tax in terms of how its billed, collected and enforced.



After the project is complete, the City (or C-PACE lender) bills the C-PACE payment twice a year like a property tax. VPA or the PACE lender keep track of the payments on behalf of the City.

# Thank you !



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