

C-PACE Financing – Funding for Green Building Improvements

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Capital



C-PACE Financing Overview

- C-PACE provides low cost, long term financing for energy efficiency projects.
- C-PACE payments are secured by the property and repaid through a special tax assessment.



Benefits of C-PACE

- Funding for up to 25% of the building value at completion
- No personal guarantees
- Up to 20 year fixed-rate funding
- Lower rates/cost than mezzanine debt or equity
- No payments for up to 2 years after funding
- No principal repayment required upon sale
- Ability to pass through tax assessment to tenants or hotel guests




C-PACE Applications

- Project types – retrofit, redevelopment, new construction
- Industries – office, agricultural, warehouse, industrial, multifamily, institutional
- Project Sizes – from \$150,000 to \$20M+
- Scope of work – almost anything attached to the building



Criteria for C-PACE underwriting

- The property must have clear title with no liens and taxes must be current.
 - The borrower should have no bankruptcies over the last five years.
 - The project must have a useful life longer than the term of the projected financing.
 - The overall savings should be greater than the cost of the C-PACE assessment over the term of the loan.
 - No existing environmental issues.
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C-PACE financing can be used to fund:

Energy Efficiencies



- HVAC
- Lighting
- Insulation
- Elevator modernization
- Windows
- Roofing
- Refrigeration

Renewable Energy



- Fuel cell
- Solar
- Wind
- Renewable fuels
- Cogeneration

Water Reduction



- Aerators
- Fixtures
- Irrigation
- Paving
- Water retention systems

Soft Costs



- Permits
- Architectural & engineering plans
- Measurement & verification



Savings to Investment Ratio for Energy Efficient Improvements

- CPACE projects require a SIR of 1.0 or greater
- Life of the improvements needs to exceed the term of the loan
- Compare measures to what is currently in the building or to code for new construction
- Can include energy savings, rebates/incentives, and operational and maintenance savings

Lafayette School Lofts

815 Ann Street, St. Louis, MO

Developer: Advantes Real Estate



- Historic school building (1906) in Soulard redeveloped into 36 multi-family units
- Construction period: November 2015 – September 2016
- \$600,000 of CPACE financing, 20 year term, 5.75%, annual payment ~\$54,000

Lafayette School Lofts
815 Ann Street, St. Louis, MO

CPACE Funded Improvements

	Baseline	Improvements
Lighting	<ul style="list-style-type: none">- All incandescent bulbs- No lighting controls	<ul style="list-style-type: none">- 14W CFL bulbs in units- LED bulbs in all common areas- Install occupancy sensors in storage rooms, laundry room, garage, etc
HVAC	DX split system with electric heating (10 SEER)	<ul style="list-style-type: none">- Install high efficiency DX split system units with electric heat (13 SEER)
Roofing/Insulation	Ballasted roof, R-Value 11	<ul style="list-style-type: none">- Install cool-white TPO roof membrane with 2 inches of insulation, R-Value 11.4
Renewable Energy	No systems	<ul style="list-style-type: none">- Install solar PV system on roof with production capacity of 60,167 kWh per year

Detail of ECMs and MCMs

No.	Measure Info	Electric Savings (\$/year)	Operational Savings (\$/year)	Total Cost Savings (\$/year)	Measure Cost	Potential Incentives or Tax Credits	Measure Life (yrs)	Net Measure Cost	Cost Savings per SF	Simple Payback (yrs)	Weighted Avg Useful Life
ECM 1	Lighting Upgrades	\$25,463	\$2,971	\$28,434	\$28,905	\$13,286	15	\$15,619	\$0.51	0.5	0.5
ECM 2	Lighting Controls	\$3,429	\$0	\$3,429	\$12,300	\$260	15	\$12,040	\$0.06	3.5	0.2
ECM 3	HVAC Upgrades	\$7,555	\$0	\$7,555	\$203,509	\$0	25	\$203,509	\$0.13	26.9	5.8
ECM 4	Roof & Insulation	\$4,478	\$0	\$4,478	\$205,011	\$0	20	\$205,011	\$0.08	45.8	4.6
ECM 5	Solar PV System	\$7,171	\$0	\$7,171	\$187,083	\$98,319	25	\$88,764	\$0.13	12.4	5.3

ROI Analysis

	Capital Stack without PACE	Capital Stack with PACE
Total Investment	\$ 5,700,000	\$ 5,700,000
Debt/Other Sources	3,350,000	3,350,000
Historic Tax Credits	850,000	850,000
PACE Equity	-	600,000
Deferred Developer Fee / Equity	1,500,000	900,000
Hold Term (yrs)	8 years	8 years
Value @ Sale	7,300,000	7,300,000
Deduction from proceeds: Prepayment	3,065,349	3,551,594
Proceeds at Sale	4,234,651	3,748,406
ROI	14%	20%

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Developers and Funders of C-PACE Deals

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