



BIA Philadelphia C-PACE

Philadelphia Energy Authority



CLEAN, EFFICIENT, AFFORDABLE

energy as a tool for impact

ECONOMIC development

Projects that move the needle on carbon reduction are bringing established companies, investors and entrepreneurs to the city.

CREATING jobs

Statewide, the number of clean energy jobs already outpaces the number of fossil fuel jobs.

ALLEVIATING poverty

Reducing the energy burden for Philadelphians means homes that are safe, warm, healthy and affordable for the long term.

IMPROVING public health

In public buildings, schools, homes and businesses, clean and efficient energy is a vehicle for improving the health of our communities.



Philadelphia Energy Campaign

A 10-Year initiative to spur **\$1 Billion of investment** and **create 10,000 jobs**

	New Project Investments	Jobs Created*
Year One: 2017	\$38.6 million	402
Year Two: 2018	\$48.3 million	580
Year Three: 2019	\$34.7 million	319
Year Four: 2020	\$45.6 million	411
Total	\$167.2 million	1,712

HIGHLIGHTS:

- 70MW solar PPA to procure 22% of City's electricity
- \$12MM project reduced energy consumption by ~25% at Philadelphia Museum of Art
- \$50MM+ of school energy makeovers, incl. lighting, boilers, windows
- \$10MM of residential rooftop solar contracted through Solarize program
- 90,000+ households enrolled in water and sewer protection program
- Launched C-PACE for C&I efficiency and renewables

**Direct, indirect, and induced jobs across 10-year Energy Campaign*

What is C-PACE?

Financing tool: Provides long-term funding for energy efficiency, renewable energy, and water conservation projects

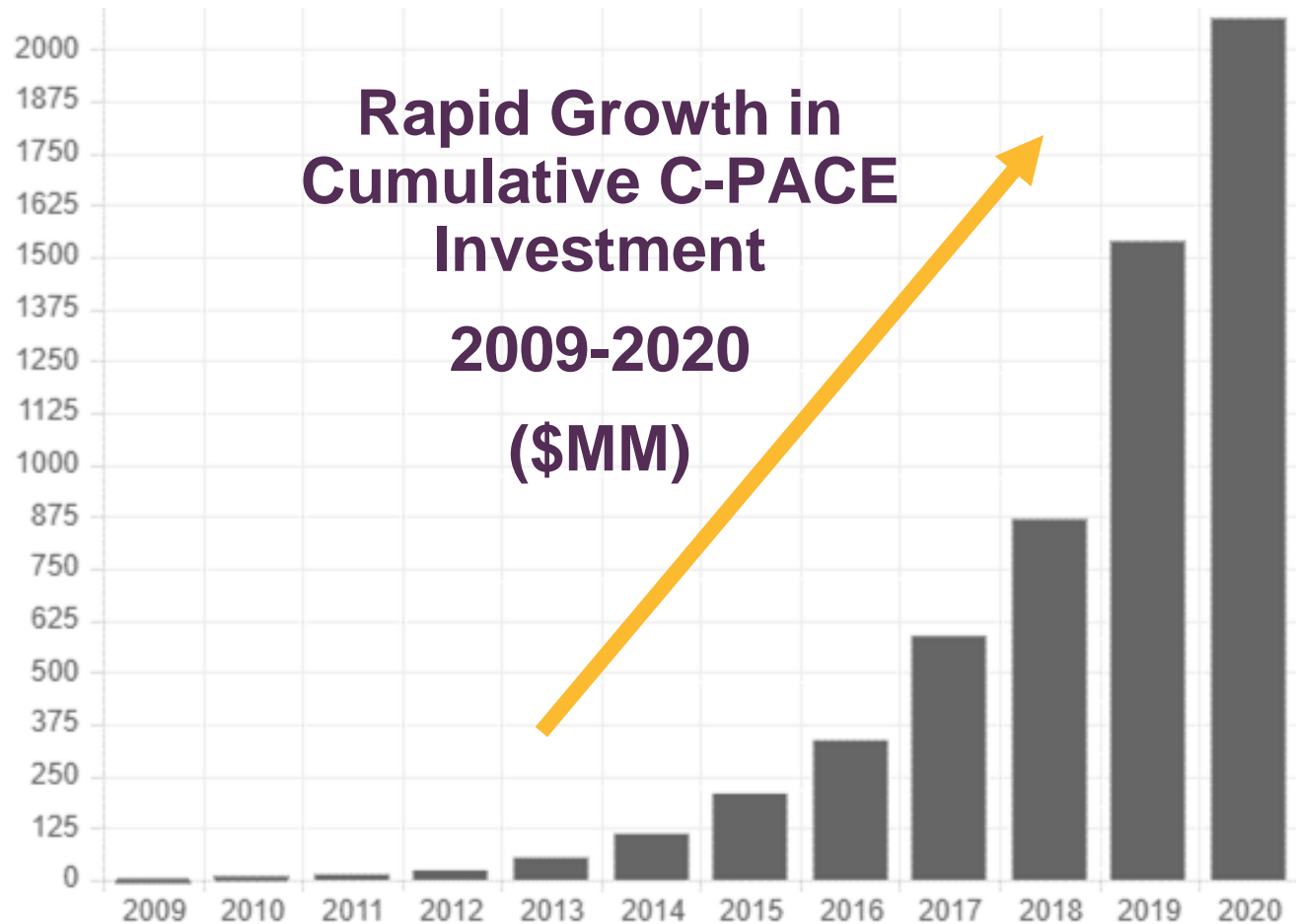
Creates measurable savings: Projects must result in energy savings or reductions in water usage for commercial properties

Through a special assessment: Repayment is through a special assessment similar to a property tax assessment

What Makes C-PACE Special?

C-PACE Element	Why It Matters
Covers 100% of eligible hard & soft costs	Limited upfront cash needed for new project
Term of up to 30 years	Long-term repayment can match project payback
Rates are generally low	Displaces expensive mezzanine debt and equity
Energy and water savings often exceed annual repayment amount	Positive net operating income for borrower
Under certain leases, building owner can pass through repayments to tenant	Addresses energy usage split incentive issue
If sale of property occurs, C-PACE obligation transfers with the sale	Allows for longer payback periods

C-PACE Growth Nationwide Through 2020



- ✓ **\$2,074 MM Invested**
- ✓ **2,560 Projects Funded**
- ✓ **24,000 Jobs Created**
- ✓ **Enabled in 30 States**

Source: PACE Nation

Philadelphia C-PACE Program

Philadelphia C-PACE Eligibility

PROGRAM REQUIREMENTS

- Located in Philadelphia
- Commercial and industrial properties only
 - Residential and multi-family properties not allowed
- Building upgrades, gut rehabs, new construction permitted
 - New construction projects must exceed code requirements

FINANCING REQUIREMENTS

- \$100,000 minimum
- 95% lien-to-value limit
- Up to 30-year term
- Capital Provider registration with statewide C-PACE database
- Retroactive financing available

Key Application Requirements

- ✓ Engineering survey explaining the baseline energy and water usages and the expected savings
- ✓ Consent from existing mortgage/lienholder(s)
- ✓ Diversity & Inclusion Plan discussing commitment to local and diverse businesses

Why do mortgage holders consent?

- C-PACE projects generally:
 - Increase property's collateral value
 - Reduce building operating cost
- Payments do not accelerate
- Only the current year's C-PACE payment is senior to mortgage

Over 200 financial institutions have already consented to C-PACE financing in other markets

**Full list of requirements is in the Program Guidelines
available at PhiladelphiaCPACE.org**

Eligible Measures



Energy Efficiency

- HVAC upgrades
- Building controls
- LED lighting
- Green roofs



Renewable Energy

- Solar
- Fuel cells
- Other renewable generation facilities



Water Conservation

- High-efficiency equipment
- Condensate water reuse
- Low-flow fixtures
- Some stormwater management projects

**Full list of eligible projects is in the Program Guidelines
available at PhiladelphiaCPACE.org**

Eligible Project Types

Existing Building Retrofits

Replacement, refurbishment or new installation of all measures from “Eligible Measures”

New Construction/ Gut Rehab

All measures from “Eligible Measures” that help the building exceed code

Refinancing with C-PACE

All measures from “Eligible Measures” for projects completed within past 730 days

Examples

Olde City Day School

\$559K financing
Solar array & roof repairs



J Centrel

\$1.5MM new construction financing
Energy & water measures



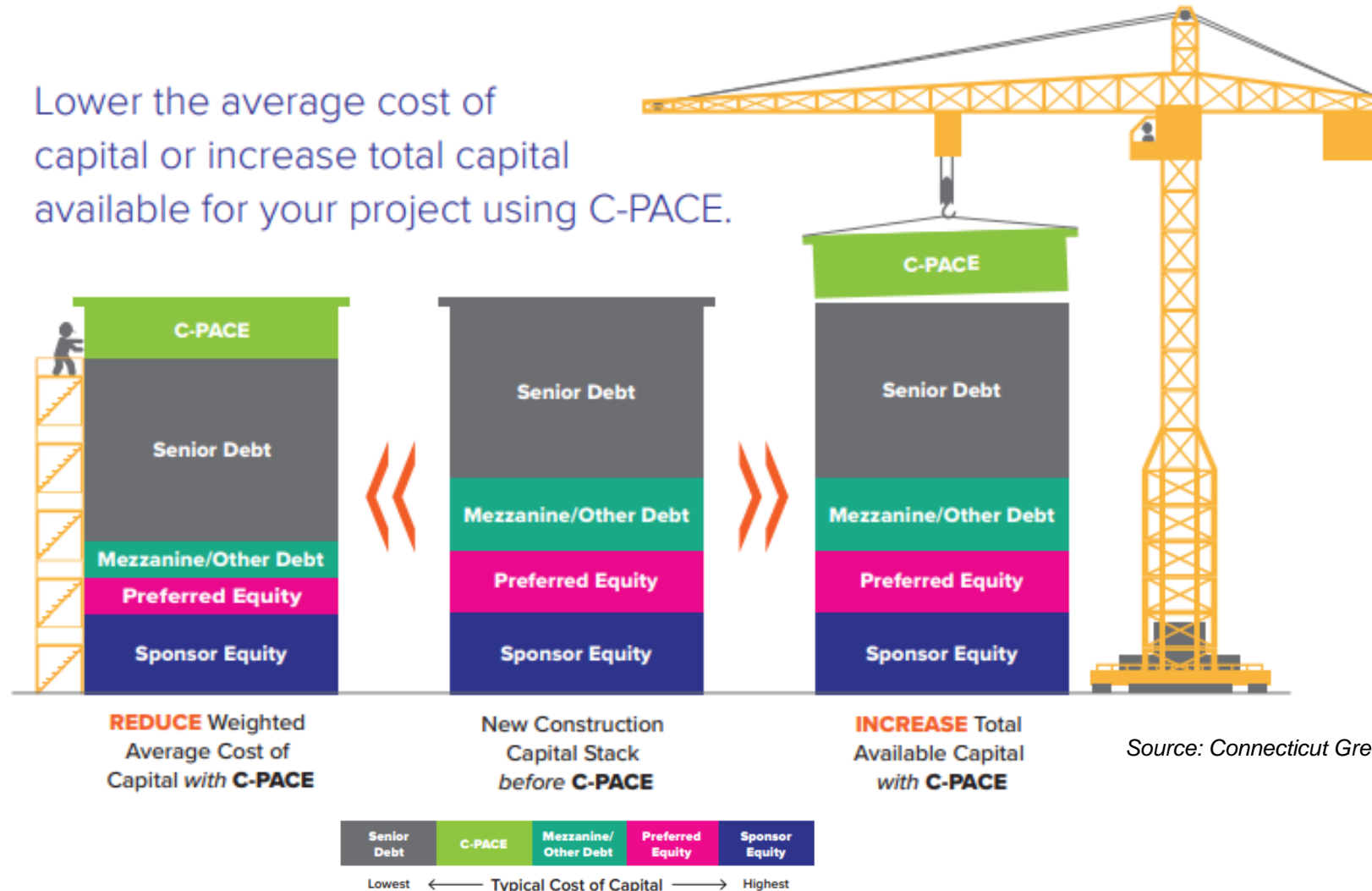
The Met

\$6MM retroactive financing
Energy & water measures



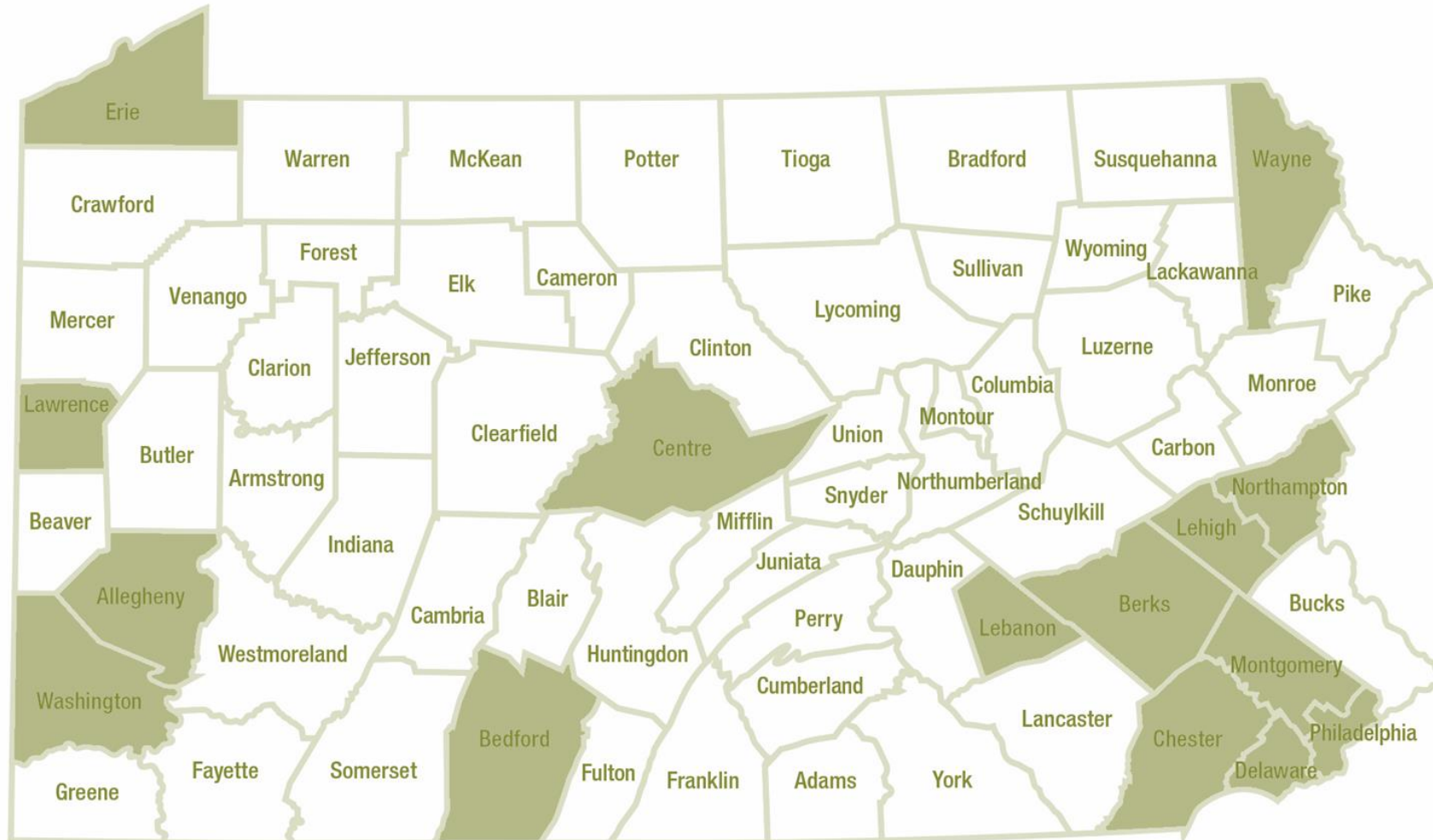
How It Works: New Construction

Lower the average cost of capital or increase total capital available for your project using C-PACE.



Source: Connecticut Green Bank

C-PACE Adoption in PA



C-PACE Expansion Legislation

PRINTER'S NO. 710

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. **635** Session of
2021

INTRODUCED BY YUDICHAK, BOSCOLA, KANE, KEARNEY, MENSCH,
TARTAGLIONE AND ARGALL, MAY 4, 2021

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
MAY 4, 2021

AN ACT

1 Amending Title 12 (Commerce and Trade) of the Pennsylvania
2 Consolidated Statutes, in property assessed clean energy
3 program, further providing for purpose, for definitions, for
4 establishment of a program, for notice to lien holder
5 required for participation, for scope of work, for lien and
6 for collection of assessments.

Expands the definition of C-PACE eligible projects:

- Multifamily commercial housing
- Indoor air quality improvements
- Building resiliency measures

Philadelphia C-PACE

Projects



Kirkbride Center

PROJECT OVERVIEW

Property Type: Residential Health Care

Financing Amount: \$4,333,846

Building Measures: Boiler and chiller plant upgrades

Environmental Impact: Reduction of the building's total carbon footprint by 18,411 metric tons of CO2 equivalent



Property Owner:
Kirkbride Realty
Corporation



Capital Provider:
Counterpointe SRE



- \$4.33MM C-PACE financing covered **100% of boiler and chiller plant replacements including soft costs** with retroactive and new ECMs
- Six-building campus located at 111 North 49th Street in West Philadelphia
- 390,000 SF of living, healthcare and office space will benefit from the renovation of its heating and cooling infrastructure

Golaski Labs (Germantown)

PROJECT OVERVIEW

Property Type: Mixed-Use

Financing Amount: \$1,087,155

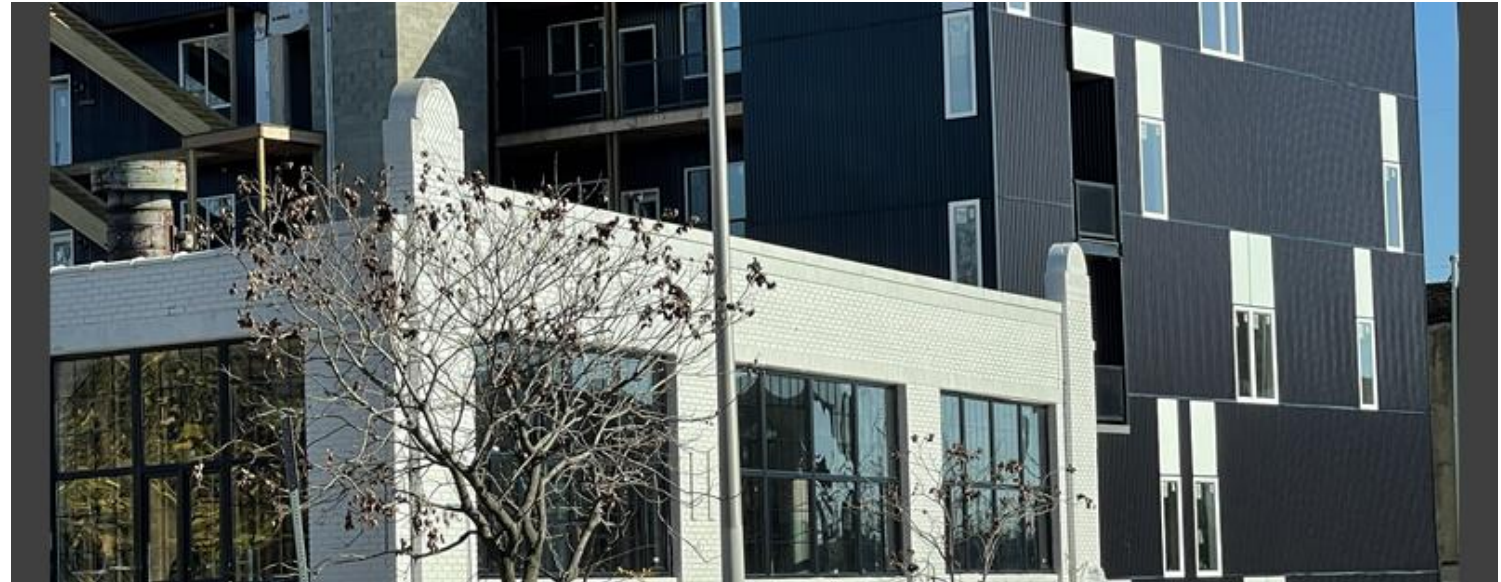
Building Measures: HVAC eqpt & controls, LED lighting, roofing and insulation, window replacements, and low-flow plumbing

Environmental Impact: Reduction of the building's total carbon footprint by 1,378 metric tons of CO2 equivalent



Property Owner:
Golaski Labs, LP
(Mosaic Development Partners)

Capital Provider:
Greenworks Lending



- \$1MM C-PACE financing filled **final piece of capital stack**
- Use for energy and water efficiency measures that exceed code requirements and achieved **immediate operating cost savings**
- Used for **commercial activities** including a restaurant, offices, makerspace and multicultural co-working space

J-Centrel (Kensington-Harrowgate)

PROJECT OVERVIEW

Property Type: Mixed-Use

Financing Amount: \$1,500,000

Building Measures: LED lighting, insulation, window replacements, energy recovery units, low-flow plumbing, and more

Environmental Impact: Reduction of the building's total carbon footprint by 2,700 metric tons of CO2 equivalent



Property Owner:
SHIFT Capital



Capital Provider:
Twain Financial Partners



- \$1.5MM C-PACE financing filled **final piece of capital stack**
- Use for energy and water efficiency measures that exceed code requirements and achieved **immediate operating cost savings**
- Used for **commercial space** which includes retail storefronts, spaces for entrepreneurs and an accelerator for local businesses

Olde City Day School Solar (Germantown)

PROJECT OVERVIEW:

Property Type: Commercial

Financing Amount: \$559,469

Building Measures: Installation of solar panels and roof improvements

Environmental Impact: Reduction of building's total carbon footprint by 6,900 metric tons of CO2 equivalent



Property Owner:
The Capers Company

Capital Provider:
Greenworks Lending



- \$559K C-PACE financing covered **100% of hard and soft costs** for solar installation
- Solar generation expected to offset almost **100% of tenants' electricity needs**
- Owner achieves savings without grants / subsidies; project economics enabled by C-PACE financing structure, tax benefits, utility bill savings and expected SREC revenue

The Met Philadelphia (North Broad)

PROJECT OVERVIEW

Property Type: Concert Hall

Financing Amount: \$6,000,000

Building Measures: Window replacement, roof insulation, new HVAC system, LED lighting, new elevators and new domestic hot water system

Environmental Impact: Reduction of building's annual CO₂e by 181 metric tons



Property Owner:
Holy Ghost I, LP



Capital Provider:
Enhanced Pace
Finance LLC



- \$6MM C-PACE retroactive financing to **strengthen the capital stack** and repay higher-cost debt
- Used for previously-installed **energy measures that exceed code requirements** and achieved operating cost savings
- The Met entertainment venue gave a major boost to N. Broad Street development when it opened in late 2018, but pandemic has been challenging

SORA West (Montgomery County)

PROJECT OVERVIEW

Property Type: New Construction / Rehabilitation

Financing Amount: \$9,999,740

Building Measures: Upgrades to building envelope, HVAC system, LED lighting, hot water heaters

Annual Savings: 349,644 kWh;
4,914 therms of natural gas



Property Owner:
Concord Keystone Sora
West, LLC



Capital Provider:
Greenworks Lending



Image Courtesy of Keystone Property Group

- \$10MM C-PACE financing for 127-room hotel integrated with a to-be-redeveloped historic fire station
- C-PACE funding to support adaptive reuse of a historic building as well as a high-performance new building. Energy savings for each improvement range from 7% to 61% better than current building code requirements

The Commodore (Northampton County)

PROJECT OVERVIEW

Property Type: New Construction / Rehabilitation

Financing Amount: \$3,454,940.55

Building Measures: High efficiency heating and cooling systems; upgrades to building envelope; interior/exterior LED lighting; plumbing fixtures

Annual Savings: 132,554 kWh; 600 therms of natural gas; 137 CCF of water



Property Owner:
Optima Durant Group,
LLC



Capital Provider:
Twain Financial Partners



Image Courtesy of Optima Durant Group

- \$3.4MM C-PACE financing for the commercial space including offices, retail and a restaurant
- Located in Easton, PA, C-PACE funding is supporting adaptive reuse of a historic building and new construction for the commercial spaces in this mixed-use property

Philadelphia C-PACE



PHILADELPHIA
ENERGY AUTHORITY

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