

Philadelphia C-PACE



YEAR IN REVIEW 2021

Commercial Property-Assessed Clean Energy (C-PACE) financing helps commercial property owners pay for energy efficiency, water conservation, and renewable energy projects. This innovative financing tool deploys private capital and allows borrowers to save money on utility bills while reducing their carbon footprints.

It has been two years since C-PACE opened for business in Philadelphia. In 2021, five projects secured financing bringing more than \$50MM in private capital to save more than 79,650 metric tons of CO₂e over the projects' lifetimes. Since inception, eight projects in Philadelphia and one project each in Montgomery, Northampton and Allegheny counties have secured C-PACE capital to finance energy efficiency and solar projects.

A total of five different C-PACE Capital Providers have participated in the Pennsylvania market and three of them financed two or more projects.

It was estimated that \$60MM would be financed in Pennsylvania in the first five years with half of the overall investment in Philadelphia. With more than \$58MM financed in Philadelphia, and \$72.4MM total state-wide, we've exceeded five year estimates in just two years.



Photo: Image Courtesy of Mosaic Development Partners

Mosaic Development Partners' Founder and co-owner, Leslie Smallwood-Lewis. Mosaic used C-PACE financing for the commercial portion of Golaski Labs (see project summary on page 2).

"Mosaic is committed to making our developments as affordable and sustainable as possible. C-PACE is an excellent vehicle for bringing investment into a project and helping us incorporate green elements into the design. The long term lengths (up to 30 years) and competitive rates make C-PACE a natural choice to add to the capital stack. The process of obtaining C-PACE financing was relatively painless and our opportunities to use C-PACE will increase substantially when Pennsylvania expands its C-PACE program to include multi-family housing."

2021 Projects



Photo: Image Courtesy of Mosaic Development Partners

GOLASKI LABS

Mosaic Development Partners utilized C-PACE financing for energy efficiency and water conservation investments. The project is a substantial renovation of an existing two-story building, connected to a new multifamily residential tower. C-PACE financing is for the 25,000 square feet (SF) of commercial space to house a restaurant, offices, makerspace and a multi-cultural co-working community.

Financing Amount: \$1,087,155

Property Address: 4537 Wayne Avenue

Neighborhood: Germantown

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

Lifetime carbon footprint reduction:

1,415 metric tons of CO2 equivalent over 25 years

C-PACE Capital Provider:

Nuveen Green Capital



Photo: Image Courtesy of Mosaic Development Partners

KIRKBRIDE CENTER

Kirkbride Center is a behavioral health care facility located on a 17-acre campus. Kirkbride provides comprehensive addiction treatment services. The project is a renovation of the boiler plant and retroactive renovation of the chiller plant for the Kirkbride campus. Four end-of-life steam boilers and associated equipment will be replaced with two new 500 BHP steam boilers. The chiller project included replacement of two out-of-service 300-ton chillers in 2019 with two variable-speed chillers.

Financing Amount: \$4,333,846

Property Address: 111 N. 49th Street

Neighborhood: University City

Building Measures: Boiler and chiller plant renovations

Lifetime carbon footprint reduction:

16,700 metric tons of CO2 equivalent over 25 years

C-PACE Capital Provider:

Counterpointe SRE



Photo: Image Courtesy of Rhoads Industries

RHOADS INDUSTRIES

Rhoads Industries' Building 57 was originally built by the U.S. Navy in 1919 and was in significant disrepair when purchased by Rhoads in 2014. Building 57 is a large fabrication industrial manufacturing facility. The project is a substantial renovation of ~2/3 of the 300,000 SF building. C-PACE was used to finance the energy efficiency improvements.

Financing Amount: \$15,000,000

Property Address: 1900 Kitty Hawk Avenue

Neighborhood: Navy Yard

Building Measures: High efficiency HVAC, interior LED lighting and controls, building envelope (roof and wall) systems

Lifetime carbon footprint reduction:

19,870 metric tons of CO2 equivalent over 30 years

C-PACE Capital Provider:

CCG PACE Funding

2021 Projects



Photo: Image Courtesy of Keystone Property Group

100 INDEPENDENCE MALL WEST

This iconic nine story building, overlooking Independence Mall, was built in 1965 and is on the National Register of Historic Places. Formerly known as the Rohm and Haas Building, it is the new headquarters of Macquarie Investment Management. The building renovations included substantial energy and water efficiency measures.

Financing Amount: \$25,571,281

Property Address: 100 S. Independence Mall West

Neighborhood: Center City

Building Measures: High efficiency LED lighting and controls, HVAC, building envelope (roof and wall) systems, and water fixture upgrades

Lifetime carbon footprint reduction: 10,048 metric tons of CO2 equivalent over 26 years

C-PACE Capital Provider: Counterpointe SRE



Photo: Image Courtesy of SSH Real Estate

WELLS FARGO BUILDING

In 1925, architects Edward P. and Grant M. Simon were engaged to design a skyscraper that was at the time the tallest skyscraper in Philadelphia and the 9th largest office building in the world. Beginning at the fifth floor, the building recesses to a unique H-shape, providing maximum daylight and airflow from the large bronze windows. SSH Real Estate engaged Seiberlich Trane Energy Services to develop and implement an Energy Services Agreement, fully funded by this C-PACE financing and utility incentives.

Financing Amount: \$4,109,825

Property Address: 123 S. Broad Street Units 1 and 2

Neighborhood: Center City

Building Measures: High efficiency LED lighting and controls, HVAC upgrades including controls, refurbishment and repairs and water fixture upgrades

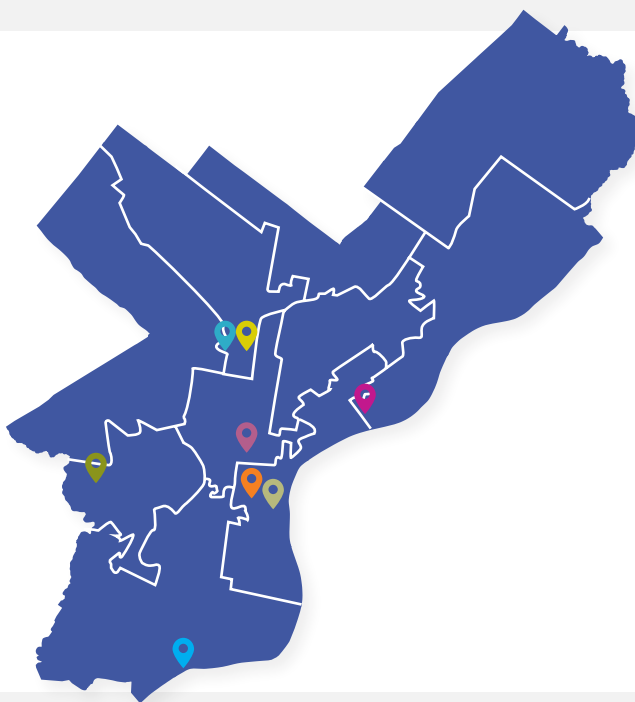
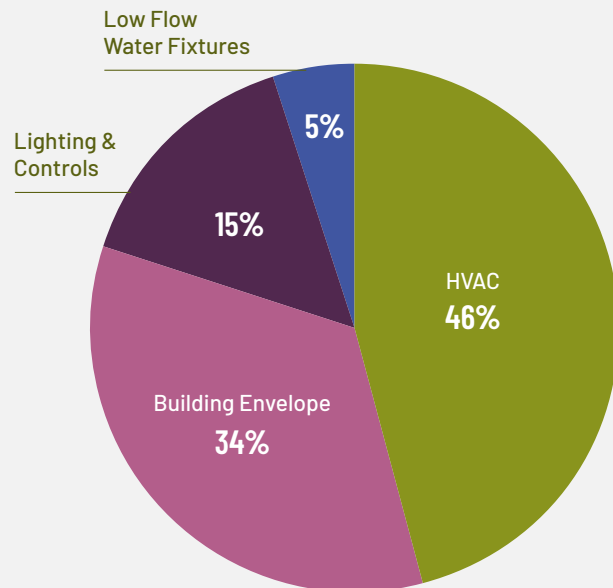
Lifetime carbon footprint reduction: 33,435 metric tons of CO2 equivalent over 22 years

C-PACE Capital Provider: Nuveen Green Capital

Additional project details and disclosures can be found [here](#)

INVESTMENTS

Energy Conservation Measures Philadelphia C-PACE 2021 Projects



PROJECT LOCATIONS FOR ALL PROJECTS SINCE INCEPTION

- J-centrel, 3400 + 3412 J Street.
- Olde City Day School, 5534-46 Pulaski Avenue
- The Met, 848 N. Broad Street
- Golaski Labs, 4537 Wayne Avenue
- Kirkbride Center, 111 N. 49th Street
- Rhoads Industries, 1900 Kitty Hawk Avenue
- 100 Independence Mall West, 100 S. Independence Mall West
- Wells Fargo Building, 123 S. Broad Street

C-PACE IN PA

C-PACE continues to build momentum in Pennsylvania creating local jobs and investments. C-PACE is active in 15 counties and resolutions have passed in three additional counties. Interest rates have been between 4.95% and 6.2% with the median at 5.6%. Term lengths have varied between 18 and 30 years with 25 years as the median.

INTEREST RATE RANGE PA PROJECTS 2020-2021



TERM LENGTH RANGE PA PROJECTS 2020-2021





C-PACE EXPANSION

Given the success of the C-PACE program to date, Philadelphia Energy Authority (PEA) and many other organizations are supporting proposed legislation to expand C-PACE-eligible projects in Pennsylvania.

The legislation (Senate Bill 635 and House Bill 1760) would expand eligibility for C-PACE funding to include:

- Multifamily commercial buildings of 5+ units
- Indoor air quality improvements (such as COVID-19 mitigation)
- Resiliency improvements

S.B. 635 passed the Senate on its last day of session in December, 2021 and H.B. 1760 was passed out of Committee in December. Please visit our [C-PACE Expansion blog](#) for the latest information.

NATIONAL TRENDS

[Morningstar DBRS](#) forecasts continued market gains for C-PACE in 2022 and a stable credit outlook.

DBRS MORNINGSTAR PERSPECTIVE

"Despite a challenging environment amid the ongoing Coronavirus Disease (COVID-19) pandemic, the property assessed clean energy (PACE) industry remained resilient in 2021. From a credit perspective, DBRS Morningstar has a stable outlook for PACE assets in 2022. We believe both commercial PACE (CPACE) and residential PACE (R-PACE) securitizations will continue to perform as expected as they did in 2021. To date, delinquencies have been minimal and **principal losses have been nonexistent** (emphasis added) across DBRS Morningstar-rated PACE securitizations."



MINORITY & WOMEN-OWNED ENGINEERING FIRMS

PEA maintains a list of Qualified Engineering Professionals as a resource to property owners and capital providers to use for finding engineers to conduct energy surveys for C-PACE projects. In 2021 we added more than a dozen firms with M/W/DBE certifications. The full list can be found [here](#).

COMMERCIAL SOLARIZE AND THE PHILADELPHIA GREEN CAPITAL CORP

PEA launched two new initiatives in 2021.

Commercial Solarize builds on PEA's successful residential [Solarize Philly](#) program which has helped over 750 Philadelphia homeowners go solar and is now expanding its offerings to commercial and industrial property owners. Property owners interested in going solar can learn about all the financing options, including C-PACE, by signing up at [Solarize Philly](#).

The Philadelphia Green Capital Corp (PGCC) is the green bank affiliate of PEA and provides low-cost financing for energy efficient and renewable energy projects by leveraging public and private funding sources. PGCC's offerings can be found on the [on the PGCC website](#).

See what C-PACE can do for you. Learn more at philadelphiacpace.org



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