

Philadelphia C-PACE



YEAR IN REVIEW 2022

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

2022 saw the expansion of C-PACE in Pennsylvania to include eligibility for multifamily properties (5+ units) and measures to improve resiliency and indoor air quality (IAQ). This was a big win for commercial properties looking to make improvements to new and existing buildings.

The Philly C-PACE program hit \$100 million in closed deals at the end of 2022, a true landmark in the program which became active in late 2019, just before the pandemic-induced recession.

Photo image: courtesy of BG Capital



Joseph Byrne, Managing Partner at BG Capital, developers of property in Port Richmond slated to become a Freezepak cold storage facility. BG Capital used \$30MM in C-PACE financing to make investments bringing the modeled energy efficiency of the facility to 30% above the Philly energy code (see Page 2).

According to Byrne, “BG Capital sees an opportunity in cold storage warehousing to bring in very green technology. Nationally, the average freezer facility is more than 43 years old and 80% of all freezer warehouse space is at least 20 years old. All the systems are antiquated. They’re energy monsters.” Byrne noted that “alternative debt solutions like C-PACE have now become critical in rounding out the capital stack within larger scale projects.”

2022 PROJECTS



Photo image: courtesy of Modus Hotels

MOTTO BY HILTON

On February 11, 2022 the Philadelphia Energy Authority, Nuveen Green Capital and South 19th Street LP closed on C-PACE financing for energy efficiency and water conservation measures installed during the construction of the Motto by Hilton Hotel located at 29-31 S. 19th Street. This 252-room new construction hotel is located in the Rittenhouse neighborhood of Philadelphia. Construction was completed in December 2019 and the hotel opened as the POD Philly only months before temporarily closing due to pandemic restrictions. The hotel reopened in spring 2021 as the Motto by Hilton Philadelphia Rittenhouse Square. C-PACE financing for this project was retroactive and enabled by Philadelphia's temporary extension of retroactive financing of up to 30 months due to the impact of COVID-19.

Property Type: Hotel

Financing Amount: \$8,123,443

Property Address: 29-31 South 19th St.

Neighborhood: Rittenhouse

Building Measures: Plumbing, Elevator, Building Glaze, and Building Envelope

Environmental Impact: Reduction of the building's lifetime carbon footprint by 1,934 metric tons of CO2 equivalent over 28 years



Photo image: courtesy of Argo Property Management

RIDGE STORAGE

On May 4, 2022, the Philadelphia Energy Authority, Nuveen Green Capital and 4002-22 Ridge Ave II, LLC closed on C-PACE financing for energy efficiency and water conservation measures to be installed during the construction of a new 756-unit self-storage facility located at 4002-22 Ridge Avenue.

Property Type: Storage, warehouse

Financing Amount: \$3,0833,268

Property Address: 4002-22 Ridge Ave.

Neighborhood: East Falls

Building Measures: HVAC, Water Systems, Lighting, Insulation

Environmental Impact: Reducing of the building's lifetime carbon footprint by 1,732 metric tons of CO2 equivalent over 30 years



Photo image: courtesy of BG Capital

FREEZEPAK LOGISTICS

On November 30, 2022, the Philadelphia Energy Authority, Nuveen Green Capital and BGFP Philadelphia LLC closed on C-PACE financing for energy efficiency and water conservation measures to be installed during the construction of a new cold storage facility located at 2201 E. Allegheny Avenue. The planned facility is located in the Port Richmond neighborhood of Philadelphia. It will be a 168K SF facility. The facility as designed is expected to be 30% more energy efficient than required by Philadelphia's building energy code. The energy survey was prepared by Pennoni.

Property Type: Warehouse/cold storage

Financing Amount: \$30,083,709

Property Address: 2201 E. Allegheny Ave.

Neighborhood: Kensington

Building Measures: HVAC, Water Systems, Lighting, Insulation

Environmental Impact: Reduction of the building's lifetime carbon footprint by 27,849 metric tons CO2 equivalent over 30 years

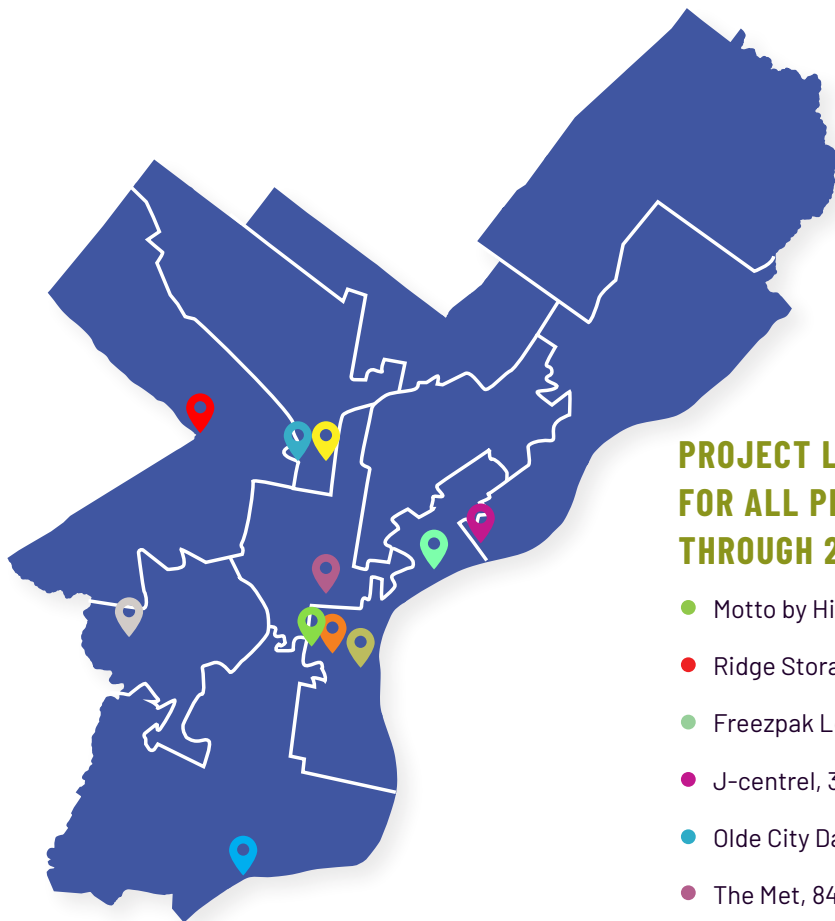
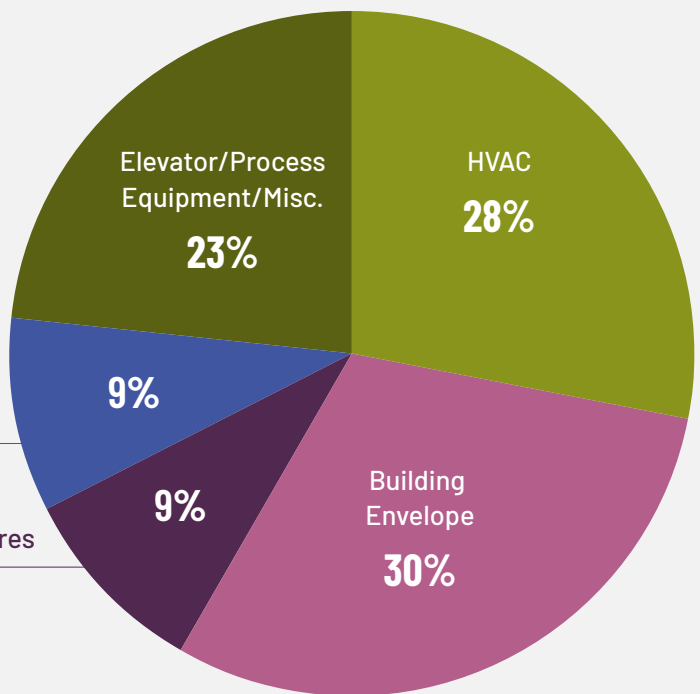
INVESTMENTS

Energy Conservation Measures Philadelphia C-PACE 2022 Projects



Lighting &
Controls

Low Flow
Water Fixtures



PROJECT LOCATIONS FOR ALL PROJECTS THROUGH 2022

- Motto by Hilton, 31 S. 19th Street
- Ridge Storage, 4002-22 Ridge Avenue
- Freezpak Logistics, 2201 E. Allegheny Avenue
- 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



INFLATION REDUCTION ACT

The Inflation Reduction Act (IRA) of 2022 was signed into law by President Biden on August 16, 2022. This truly historic law includes \$369 billion of federal climate-related funding. It is designed to reduce the nation's carbon footprint by 40 percent of 2005 levels by 2030.

IRA tax incentives for commercial property owners (including government and nonprofit facilities) are very significant and can easily make a difference and help many projects financially pencil out.

There are four primary provisions of the IRA relevant to commercial property owners:

- **179D tax deduction for energy efficiency improvements to existing and new commercial buildings**
- **45L tax credit for energy efficiency in residential buildings – multifamily and single family**
- **Section 48 Investment Tax Credit (ITC) for renewable energy including solar, combined heat and power (CHP), and energy storage**
- **30c tax credit for installation Electrical Vehicle (EV) charging stations (only applies to buildings in low income and rural areas)**

Information is widely available on these tax incentives. During the course of 2023 the federal government will be publishing rules and guidelines on the programs funded by the IRA. The White House is maintaining a [guidebook](#) on all the programs touched by the IRA with updates regarding grants, tax guidance, etc. as they are issued by the relevant agencies.

C-PACE pairs well with the tax provisions of the IRA because nearly all of the incentives are received after project completion in the following tax year. C-PACE, conversely, can provide upfront financing to cover 100% of hard and soft costs of a clean energy project.

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

Philadelphia **C-PACE**

City Hall
1400 JFK Blvd., Room 566
Philadelphia, PA 19107
215.686.4483
CPACE@philaenergy.org

Administered by Philadelphia Energy Authority

 **PHILADELPHIA**
ENERGY AUTHORITY
www.philaenergy.org