

# Philadelphia C-PACE Program

## Overview



**PHILADELPHIA**  
ENERGY AUTHORITY

COMMERCIAL PROPERTY-ASSESSED CLEAN ENERGY FINANCING



[PhiladelphiaCPACE.org](https://PhiladelphiaCPACE.org)

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.





# What is C-PACE?

It's a **financing tool** that provides **long-term funding** for projects.

- Energy efficiency
- Renewable energy
- Water conservation
- Indoor air quality
- Resiliency

Project must  
result in  
**measurable  
savings or  
improvements.**

- Energy savings
- Reduction in water usage
- IAQ targets
- Resiliency targets



Financing is  
based on a  
**special  
assessment.**

- Similar to a property tax assessment
- Based solely on the value of the asset and energy improvements (not the owner's credit)
- Does not require guarantees

**Why use C-PACE for a  
project?**



# 1

**It covers up to 100% of the  
borrower's hard and soft costs.**

This limits upfront cash needed for projects.





# 2

**It has a fixed-rate term of up to 30 years.**

In a volatile interest rate environment, financing is stable and matches project payback period.





# 3

**C-PACE is attached to the  
property and not the owner.**

If the building is sold, the loan's term doesn't accelerate  
as a result of the sale.





# 4

**It's cheaper than many other  
financing options.**

With C-PACE's low-risk position in the capital stack, it can drive down the cost of construction.



A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, reaching towards a bright blue sky filled with soft, white clouds. The buildings are slightly out of focus, creating a sense of depth and scale.

# 5

**Energy and water savings often exceed the repayment amount.**

This creates positive net operating income for the borrower.



A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, reaching towards a bright blue sky filled with soft, white clouds. The buildings are slightly out of focus, creating a sense of depth and scale.

# 6

**C-PACE enables property owners to meet increasingly stringent building codes.**





# **Current Trends – Why are Owners Turning to C-PACE?**

- Challenging lending environment
- Gap Filling Capital for Equity/Debt
- Funding to Ensure Project Sustainability Goals are Met
- Cost Overrun Funding
- Financing for ESG/Carbon Mandates
- Interest Rate Hedging
- Bridge to Stabilization

# How C-PACE Works



## What projects are eligible:

- Located in Philadelphia (or county with C-PACE enabled)
- Commercial, industrial, agricultural or multi-family properties
- Building upgrades, gut rehabs or new construction
  - New construction must exceed energy 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
- Consent from existing mortgage/lienholder(s)
- Diversity & Inclusion Plan

\* Full list of requirements is in the [Program Guidelines](#) available at [PhiladelphiaCPACE.org](http://PhiladelphiaCPACE.org)

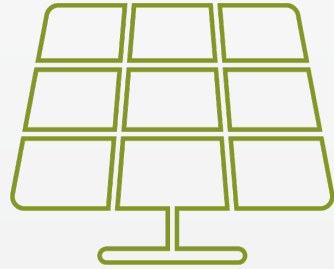


# Eligible Project Measures



## 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



## Indoor Air Quality



## Resiliency

Includes stormwater management projects

\* Full list of eligible projects is in the [Program Guidelines](https://philadelphiapace.org/Program-Guidelines) available at [PhiladelphiaCPACE.org](https://philadelphiapace.org)

# Eligible Project Types

## Existing Building Retrofits

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



**123 S. Broad St. Units 1 & 2**

\$4.1MM financing  
Energy & Water Measures

## New Construction/Gut Rehab

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



**Somerset Station**

\$17.9MM new construction financing  
Energy & Water Measures

## Refinancing with C-PACE

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



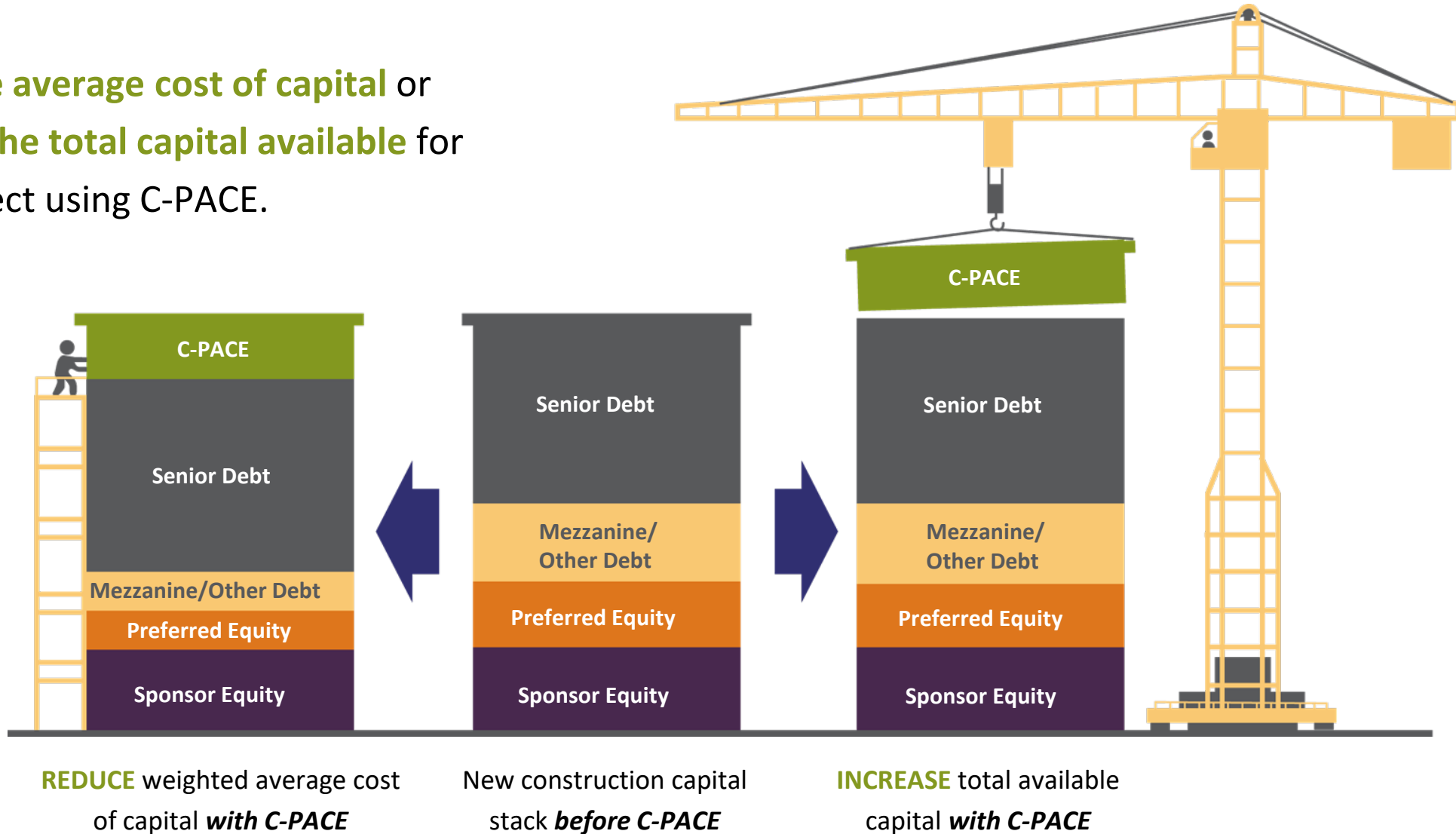
**The Met**

\$6MM retroactive financing  
Energy & Water Measures

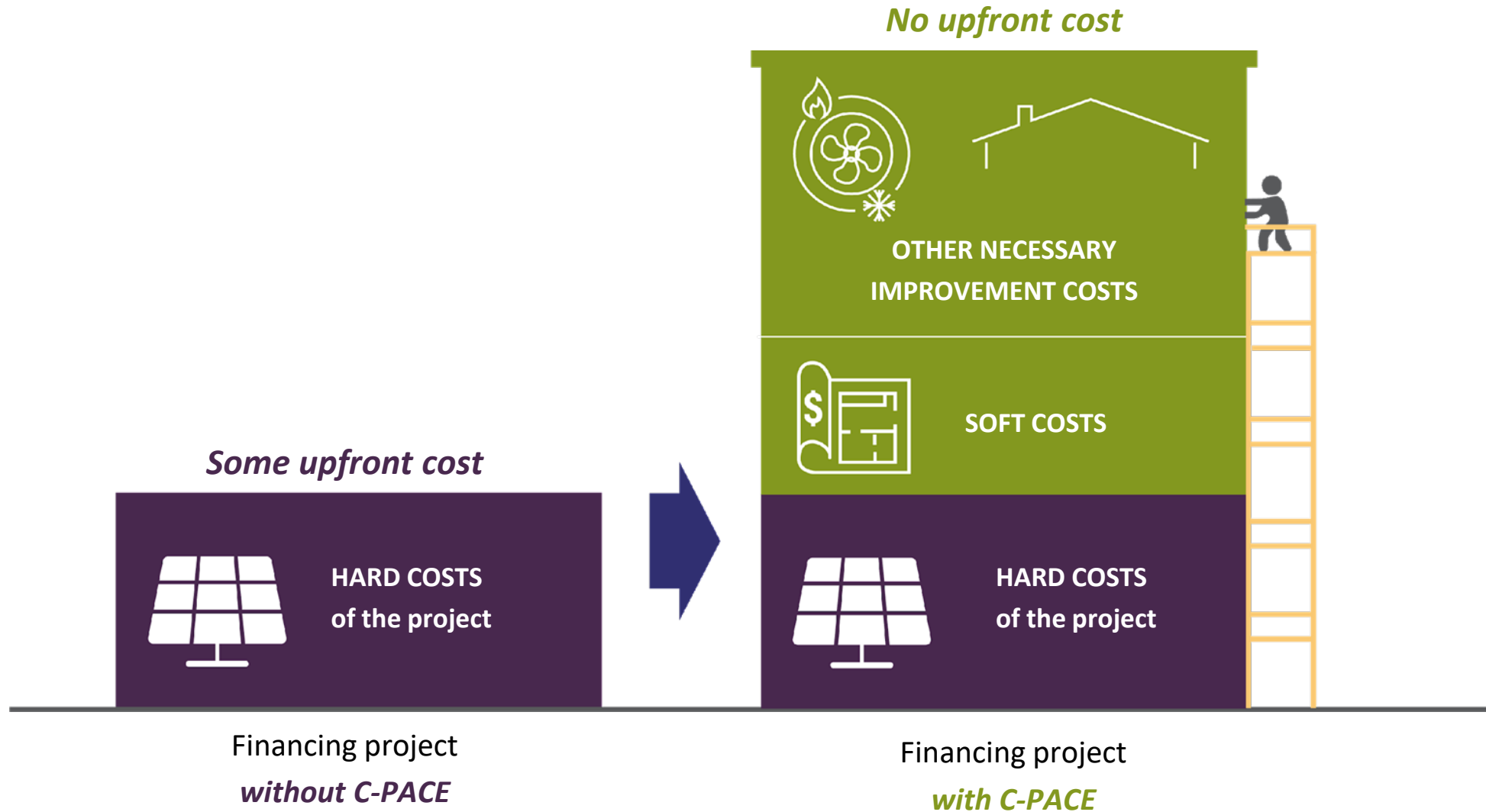
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# New Construction: How It Works

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



# Existing Buildings: How It Works





# Projects



# Existing Building:

## 123 S. Broad Units 1&2

**Property Type:** Commercial Office

**Financing Amount:** \$4,109,825

**Rate and Term:** 5.85%, 22 years

**Close Date:** 11/24/2021

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

**Environmental Impact:** Reduction of the building's total lifetime carbon footprint by 33,435 metric tons of CO2 equivalent

**Neighborhood:** Center City



**Property Owner:** SSH Real Estate



**Capital Provider:** Nuveen Green Capital



**Qualified Engineer:** Seiberlich Trane

# Existing Building:

## 100 Independence Mall West

**Property Type:** Commercial Office

**Financing Amount:** \$25,571,281

**Rate and Term:** 4.95%, 26 years

**Close Date:** 10/28/2021

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

**Environmental Impact:** Reduction of the building's total lifetime carbon footprint by 10,048 metric tons of CO2 equivalent

**Neighborhood:** Center City



**Property Owner:** Keystone Property Group



**Capital Provider:** Counterpointe SRE



**Qualified Engineer:** DNV



# New Construction: Liberty Square Phase III

**Property Type:** Multifamily

**Financing Amount:** \$7,500,000

**Rate and Term:** 7.88%, 29 years

**Close Date:** 8/23/2023

**Building Measures:** Building envelope, HVAC, lighting, domestic hot water

**Environmental Impact:** 23% more efficient than required by Philadelphia's building energy code; reduction of the building's total lifetime carbon footprint by 3,632 metric tons of CO2 equivalent

**Neighborhood:** Northern Liberties



**Property Owner:** Palladium Group



**Capital Provider:** Nuveen Green Capital



**Qualified Engineer:** Pennoni



# New Construction: Somerset Station

**Property Type:** Multifamily

**Financing Amount:** \$17,914,777

**Rate and Term:** 6.7%, 30 years

**Close Date:** 2/10/2023

**Building Measures:** Building envelope, HVAC, lighting, domestic hot water

**Environmental Impact:** 26% more efficient than required by Philadelphia's building energy code; reduction of the building's total lifetime carbon footprint by 22,620 metric tons of CO2 equivalent

**Neighborhood:** Kensington/Port Richmond



**Property Owner:** Riverwards Group



**Capital Provider:** Nuveen Green Capital



**Qualified Engineer:** EE Consultants LLC



# New Construction: Bromley Loom House

**Property Type:** Multifamily

**Financing Amount:** \$997,706

**Rate and Term:** 7.88%, 30 years

**Close Date:** 6/2/2023

**Building Measures:** Building envelope, HVAC, lighting, domestic hot water

**Environmental Impact:** 19% more efficient than required by Philadelphia's building energy code; reduction of the building's total lifetime carbon footprint by 2,530 metric tons of CO2 equivalent

**Neighborhood:** East Kensington



**Property Owner:** Ampere Capital Group



**Capital Provider:** PACE Equity



**Qualified Engineer:** PACE Equity



# Gut Rehab: J-centrel

**Property Type:** Commercial (MF wasn't eligible)

**Financing Amount:** \$1,500,000

**Rate and Term:** 5.65%, 30 years

**Close Date:** 7/20/2020

**Building Measures:** LED lighting, insulation, windows, energy recovery units, low flow plumbing

**Environmental Impact:** reduction of the building's total lifetime carbon footprint by 2,728 metric tons of CO2 equivalent

**Neighborhood:** Harrowgate



**Property Owner:** Shift Capital



**Capital Provider:** Nuveen Green Capital



**Qualified Engineer:** The Stone House Group

# New Construction: 5<sup>th</sup> and Spring Garden

**Property Type:** Multifamily

**Financing Amount:** \$40,000,000

**Rate and Term:** 7.2%, 30 years

**Close Date:** 2/28/2023

**Building Measures:** Building envelope, HVAC, lighting, domestic hot water

**Environmental Impact:** 30% more efficient than required by Philadelphia's building energy code; reduction of the building's total lifetime carbon footprint by 28,354 metric tons of CO2 equivalent

**Neighborhood:** Callowhill



**Property Owner:** Southern Land Company



**Capital Provider:** Nuveen Green Capital



**Qualified Engineer:** EE Consultants LLC



# New Construction: Freezpak Logistics

**Property Type:** Warehouse/Cold storage

**Financing Amount:** \$30,083,709

**Rate and Term:** 6.67%, 30 years

**Close Date:** 11/30/2023

**Building Measures:** HVAC, water systems, lighting, insulation

**Environmental Impact:** 30% more efficient than required by Philadelphia's building energy code; reduction of the building's total lifetime carbon footprint by 27,849 metric tons of CO2 equivalent

**Neighborhood:** Port Richmond



**Property Owner:** BG Capital



**Capital Provider:** Nuveen Green Capital



**Qualified Engineer:** Pennoni

# Refinance with C-PACE: The Met

**Property Type:** Concert Hall

**Financing Amount:** \$6,000,000

**Rate and Term:** 6.20%, 24 years

**Close Date:** 12/10/2020

**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 lifetime CO2e by 6,486 metric tons

**Neighborhood:** North Philadelphia



**Property Owner:** EB Realty Management



**Capital Provider:** Enhanced Capital

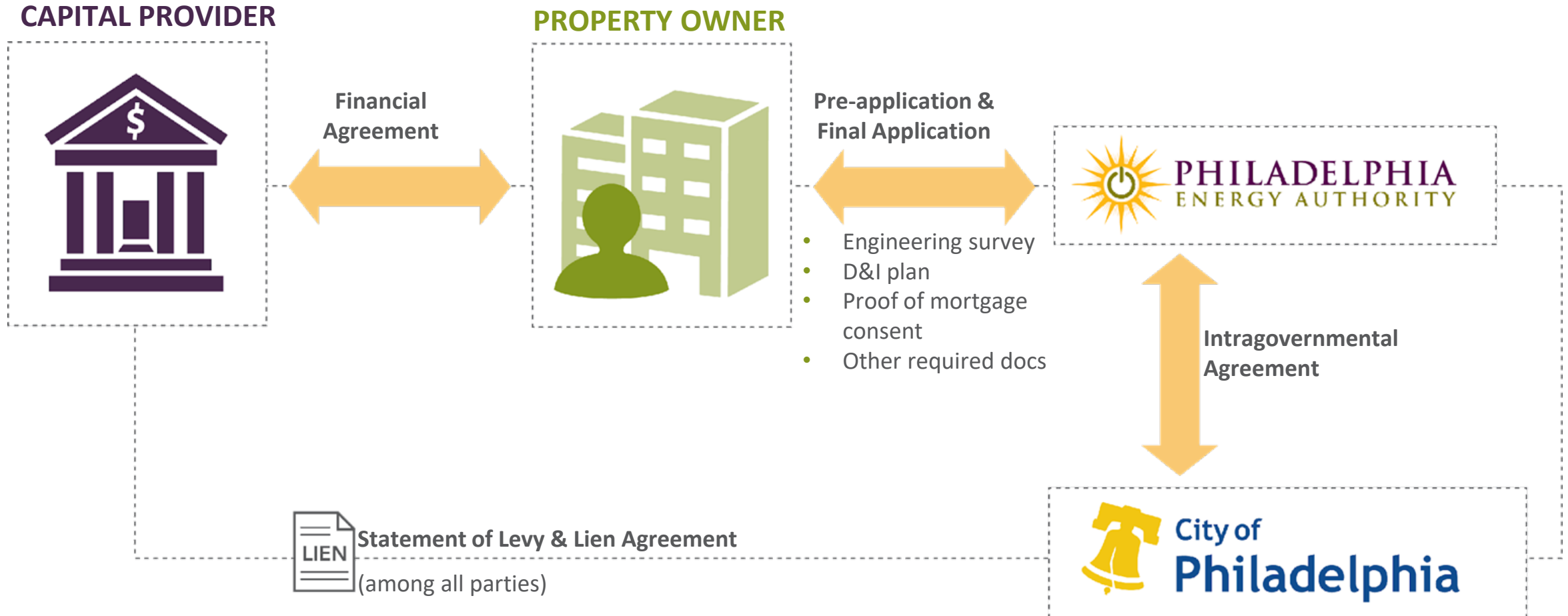


**Qualified Engineer:** Stok

# The C-PACE Program



# Who is involved in the process?



# Program Fees

**Application Fee:** Currently Waived

**Origination / Closing Fee:** Percentage or flat fee per project based on the schedule to the right

**Annual Admin Fee:** Annual fee of \$750 per project

**Other Fees:** Fees related to recordation, lien placement and PEA's collection costs in event of delinquency will also apply

## Origination/Closing Fee Schedule

For C-PACE financing amounts from:                      to:		Fee structure applied:	Percentage/ flat fee:
\$100,000	\$2,000,000	Percentage	1.25%
\$2,000,001	\$2,222,222	Flat fee	\$25,000
\$2,222,223	\$4,000,000	Percentage	1.125%
\$4,000,001	\$4,500,000	Flat fee	\$45,000
\$4,500,001	\$6,000,000	Percentage	1.00%
\$6,000,001	\$8,000,000	Flat fee	\$60,000
\$8,000,001	\$10,000,000	Percentage	0.75%
\$10,000,001	\$15,000,000	Flat fee	\$75,000
\$15,000,001	and greater	Percentage	0.50%

# Why Consent?

- Cannot be Accelerated
- Does Not Restrict Foreclosure Rights
- Assessments Can Be Escrowed
- Fully Available Funds at Closing
- Increased Collateral Value
- Improve Debt Service Coverage
- 300+ consenting lenders

# Consenting lenders in PA (Oct 2023)

- 100 Mile REIT, Inc
- Access Point Financial LLC (APF)
- Andrews Federal Credit Union
- Berkshire Bank
- Central National Bank
- Citizens Bank
- Forbright Bank
- Fulton Bank
- Lincoln Financial
- MCB Bank
- Meridian Bank
- M&T
- OceanFirst Bank NA
- PCCP Credit
- PIDC
- PNC Bank
- Somerset Trust Company
- TriState Capital Bank
- Torchlight Investors LLC
- Valley National Bank
- Washington Capital Management
- WSFS Bank

# **More Financing Options for Nonprofits & Multifamily**



# PGCC Commercial Products



## **Navigator Pre-Development Loan**

Lightly secured line of credit for  
energy project pre-development  
in nonprofit and multifamily  
buildings



## **Catalyst Term Loan**

Lightly secured financing for  
clean energy improvements for  
affordable housing and nonprofit  
buildings



**PHILADELPHIA  
GREEN CAPITAL CORP**

ACCELERATING OUR CLEAN ENERGY FUTURE



# Commercial Financing Products Comparison

	NAVIGATOR PRE-DEVELOPMENT LOAN	CATALYST TERM LOAN	COMMERCIAL SOLARIZE	C-PACE
ELIGIBLE PROJECTS	Nonprofits	✓	✓	✓
	Multifamily (market rate & affordable)	✓	✓	✓
	For-profit commercial buildings		✓	✓
ELIGIBLE MEASURES		 		     
TERM / SECURITY	24 months / lightly secured	7-20 years / lightly secured	PPA (20 years) or own	Up to 30 years / secured
RATES	5.5 to 9%	4.99 to 6.99%	N/A	7%+
ADMINISTRATOR			 PHILADELPHIA ENERGY AUTHORITY	 PHILADELPHIA ENERGY AUTHORITY
DESCRIPTION	Loan to scope and design energy projects	Loan to pay for installation of energy project	Program to help businesses go solar	Financing product for energy, water, indoor air quality & resiliency projects

## Eligible Measures



Soft costs



Solar



Energy Efficiency



Water Conservation



Indoor Air Quality



Resiliency





# Ready to move forward with financing your project?

Submit your pre-application online at:  
[philadelphiacpace.org/resources](https://philadelphiacpace.org/resources)





COMMERCIAL PROPERTY-ASSESSED CLEAN ENERGY FINANCING



# Questions?

**Contact us at:**

Philadelphia Energy Authority

[CPACE@philaenergy.org](mailto:CPACE@philaenergy.org)

215-686-4483

[PhiladelphiaCPACE.org](http://PhiladelphiaCPACE.org)