Commercial Property Assessed Clean Energy (C-PACE) Program Overview

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What Is C-PACE?

- PACE programs create a **financing mechanism** for clean energy, energy efficiency, and other environmentally beneficial investments during new construction, renovations, and retrofits.

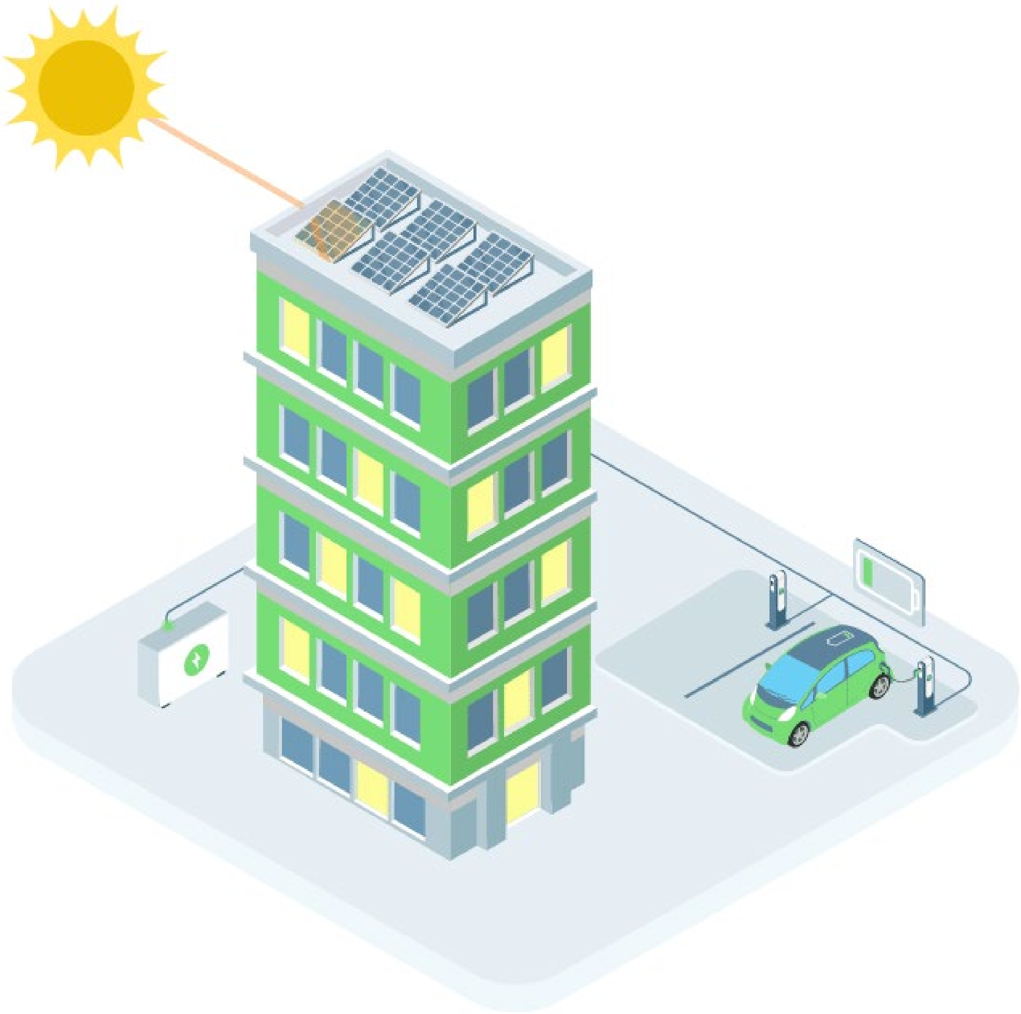
- These improvements reduce greenhouse gas emissions and strengthen resilience to climate change.

C-PACE Program Highlights

- Program seeks to make property improvements **cost neutral** so that benefits match or outweigh the property assessment.
- Projects could include installing solar panels, improving insulation, upgrading to energy-efficient windows and lighting, or automating building mechanical controls.

C-PACE Program Highlights

- A local business, for example, might use C-PACE financing to install rooftop solar panels or electric vehicle charging stations.
- Ultimately, the program will incentivize the private sector to participate in local climate action and realize savings on their energy costs.



“PACE programs allow a property owner to finance the up-front cost of energy or other eligible improvements on a property and then pay the costs back over time through a voluntary assessment. The unique characteristic of PACE assessments is that the **assessment is attached to the property** rather than an individual.”

US Department of Energy

More information: Property Assessed Clean Energy Programs | Department of Energy

Common Obstacles for Property Owners

C-PACE programs overcome two common obstacles to property owners making clean energy, energy efficiency, and other environmental improvements to their properties:

1) Lack of financial capital for up-front costs

2) The payback period between the up-front investment and when the improvements finish paying for themselves

How does C-PACE help?

1) **Up-Front Costs:** C-PACE functions similarly to a loan, providing up-front financial capital
2) **Payback Period:** C-PACE payments are attached to the property rather than the individual owner or business (as in the case of a loan), so property owners will realize the benefits of the improvements even if they sell the property before the investment's payback period.

Additionally, due to the high security of the repayment structure, C-PACE programs generally offer lower interest rates than a conventional loan, reducing the overall costs to the property owner.

What Is C-PACE?

Commercial PACE *enabled in Virginia*

- C-PACE is for commercial properties and large multifamily buildings
- Loans tend to be for $100,000+ with business owners who have experience borrowing
- Lawyers usually represent the business and lender

Residential PACE

***NOT** enabled in Virginia*

- For residential properties (mostly single-family)
- News reports of some consumer protection issues
- Focus of media coverage and government action is on residential PACE

C-PACE in Virginia

While C-PACE has been enabled in Virginia for over a decade, it is now a statewide program.

2009-2015

- State enables C-PACE (2009)
- Updates (2015)

2015-2021

- Several localities are early adopters
- Arlington County, Alexandria

2022

- Statewide C-PACE program launch
- Winchester, Shenandoah Co., Roanoke

C-PACE in Virginia

- Virginia PACE Authority administers statewide program
  - ➢ Facilitates coordination between lenders and borrowers
  - ➢ Handles payment processing

- State program lowers the bar for entry for all parties involved:
  - ➢ Property owner
  - ➢ Financial institution
  - ➢ Local government

Virginia PACE Authority
Clean Energy Financing

VIRGINIA Energy C-PACE

Process for Each Project

Promote

- Virginia PACE Authority
- **City of Staunton Staff**

Negotiate Financing

- Virginia PACE Authority
- Financial Institution
- Property Owner

Sign Agreement

- Financial Institution
- Property Owner
- **City of Staunton Executive Staff**

Process Payment

- Virginia PACE Authority

Next Steps

Document Review

- Ordinance
- Locality Agreement with VA Energy
- Review Program Agreement and C-PACE Lien Certificate

VIRGINIA C-PACE Background Information

- State- Endorsed Program: Virginia Energy - Energy Efficiency - PACE
- 15 Jurisdiction
- 3 Completed Projects (Prince William County. Loudoun and Petersburg)