



Department of Community Planning Housing & Development Housing Division

Commercial Property Assessed Clean Energy (C-PACE)

Description

Many older buildings have windows, air conditioning, lighting, heating, or other systems that are not energy efficient. Upgrading to modern clean energy systems can be a significant cost to property owners, but may curtail future operating expenses. Commercial Property Assessed Clean Energy, or C-PACE, is a county-wide voluntary program that enables commercial building owners, including owners of multifamily housing, to finance up to 100% of eligible energy efficiency, renewable energy, and water efficiency improvements with affordable, long-term, non-recourse financing. The financing is provided by private capital providers at competitive rates and is tied to the property. Thus, the owner is not required to sign a personal guarantee.

Upon finance closing, a voluntary special assessment is recorded on the improved property to secure the investment. The special assessment is then billed and collected by the capital provider and repaid by the building owner over the financing term. In many cases, the energy cost savings can exceed the PACE payments, enabling capital-intensive upgrades and cash-flow-positive projects. Additionally, as the assessment is tied to the property and not the owner, the repayment obligation can transfer to the next owner if the property is sold.

There are several potential benefits to choosing C-PACE to finance eligible improvements. The financing provided is long-term, up to 25 years, and requires no upfront, out-of-pocket costs. Further, eligible improvements add value to the property while reducing energy use and costs. Additionally, in well-designed projects, cash flow can be improved based on energy savings. Finally, the program requires no personal guarantee for property owners.

To apply for this program, applicants must provide total project construction costs by trade component to the C-PACE program administrator (see contact information below) and confirm that buildings will be designed to exceed the current energy code. The C-PACE program administrator then determines the maximum C-PACE financing amount for each project.

Potential Applicability in Arlington

For developers wishing to preserve existing market-rate affordable housing or develop new affordable housing units, C-PACE provides another source of funding, which may reduce the need for Arlington County assistance.

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