



Commercial PACE Frequently Asked Questions

What is Commercial Property Assessed Clean Energy (C-PACE)?

Commercial Property Assessed Clean Energy, or C-PACE, provides affordable, long-term financing to commercial property owners to pay for energy efficiency, water efficiency, and onsite renewable energy upgrades. Commercial property owners receive funding for energy savings upgrades and pay the loan back through their property tax bill.

Why use C-PACE?

C-PACE enables commercial property owners to invest in clean energy and water conservation upgrades to their properties with no upfront cost. These can reduce electricity, natural gas, propane, and water costs, and improve a property's value through enhanced equipment and infrastructure. C-PACE assessments have an advantage over conventional financing because they are attached to the property, rather than the consumer, and are transferrable upon sale. C-PACE helps local governments meet economic and environmental goals, by spurring economic activity, increasing the quality and value of commercial properties, and creating local jobs in engineering, contracting, manufacturing, sales, and related fields.

Who is eligible to use C-PACE?

C-PACE is available for multifamily (5 or more units) and commercial properties in participating jurisdictions. For a list of participating jurisdictions in the Mid-Atlantic region, please visit pacealliance.org. Generally, property owners must meet eligibility criteria in a jurisdiction's C-PACE Program Guidelines. Eligibility criteria are usually based on factors related to the property owner's amount of equity in the property and the owner's mortgage and property tax payment history, rather than on consumer credit scores. To understand program requirements in your jurisdiction, visit your local C-PACE program website.

What types of projects does C-PACE finance?

Generally, C-PACE will finance any permanent property improvement that contributes to the reduction of energy and/or water usage or costs, such as improvements in energy efficiency, water efficiency, and onsite renewable energy projects. Eligible measures typically include: *(continued on back)*

- Automated building controls
- Boilers, chillers, and furnaces
- Building envelope
- HVAC controls and upgrades
- High-efficiency lighting
- Solar PV systems
- Cogeneration
- Water efficiency/hot water systems
- Engineering, audits, and soft costs
- More!

In general, C-PACE programs support projects whose savings or additional revenues can be shown to exceed their costs over the term of the loan. Many programs publish a list of eligible improvements and a process and criteria for funding of custom improvements.

Are there minimum and maximum amounts financeable through C-PACE?

Many programs require minimum funding requests, which can vary from \$5,000 to \$50,000. Maximum funding limits are often set as a percentage of the total assessed or appraised property value. 20% of total assessed or appraised property value is becoming standard for commercial projects, though some programs allow up to 35% for properties free of mortgage debt.

How is C-PACE different from a second mortgage?

If a project qualifies for C-PACE financing, the C-PACE assessment will be attached to the property. This assessment stays with the property upon sale and transfers to the new owner(s) as part of the property tax bill, unlike a mortgage in which the debt belongs to the individual. In addition, C-PACE assessments are typically senior to mortgage and all other debts, unless the state or jurisdiction has agreed to subordinate C-PACE assessments. All C-PACE programs in the Mid-Atlantic require the C-PACE borrower to gain written approval from their mortgage holder before committing to C-PACE financing.

Can I work with any contractor and capital provider to complete a project?

Many C-PACE programs require that contractors and capital providers register with the program as a matter of consumer protection. For a list of participating contractors and capital providers in the Mid-Atlantic, contact your jurisdiction's C-PACE program.

C-PACE Program Contacts

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