Commercial Property Assessed Clean Energy (C-PACE) Financing

2026 Overview of the statewide VA C-PACE Program

VIRGINIA Energy C-PACE

Virginia PACE Authority
Clean Energy Financing

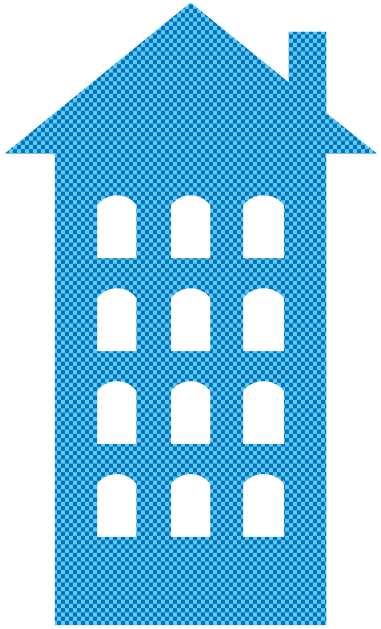
Virginia PACE Authority (VPA): Profile

Virginia PACE Authority
Clean Energy Financing

- Administrator of **VA C-PACE**, the statewide C-PACE Program, sponsored by Virginia Energy
- Extensive experience in C-PACE administration and project development in North America
- Established in 2019 as a nonprofit to serve Virginia C-PACE
- Developed standardized documents for localities such as Program Guidelines, ordinance, and program agreement
- Responsible for onboarding, approving and closing of C-PACE loans, marketing and outreach, and onboarding of contractors and capital providers into the Program

VIRGINIA Energy C-PACE

C-PACE 101: The Basics



- Innovative financing between private building owners and private capital providers
- Funds wide variety of property improvements for existing buildings and new construction commercial projects
- Established by state code and enabled by localities through an ordinance
- Localities join VA C-PACE through an agreement with Virginia Energy, the Program sponsor

C-PACE 101: The Basics

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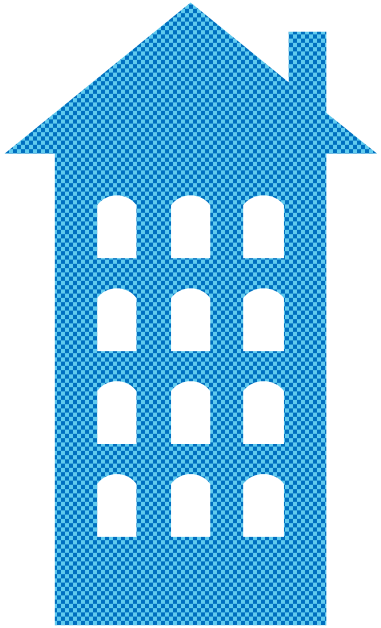
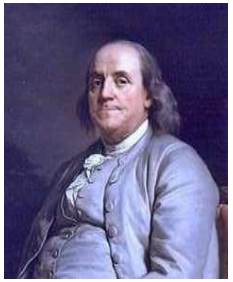


- Ordinance authorizes placement of a C-PACE voluntary special assessment lien on private property
- C-PACE lien transfers to new owner unless prepaid
- C-PACE is not a public tax
- Payments billed and collected by capital providers
- Enforced by locality or capital provider
- Consent required by all secured mortgage holders



Ben created the first assessment district in 1776

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C-PACE 101: The Basics

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A Public – Private Partnership

Public

C-PACE loan secured by special assessment on property

Locality or capital provider enforces C-PACE loan in case of foreclosure

Private

Funding provided by private Capital Providers for private owners

Program Administrator (PA) is hired by the State and works with localities; PA is paid through fees from closed projects

Public/Private: C-PACE loan installments are paid back directly to Capital Providers

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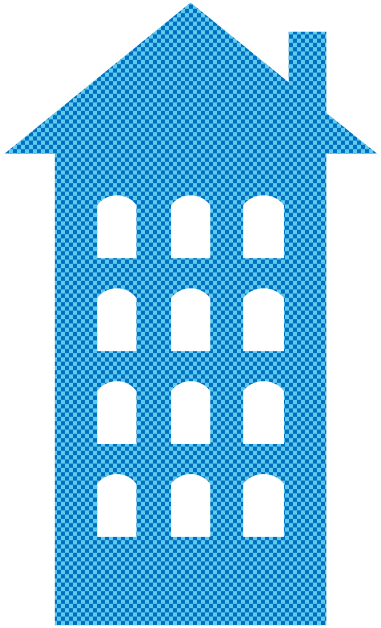
C-PACE 101: The Basics



- Up to 100% financing of eligible improvements
- Capital providers structure financing directly with borrowers
- Capital providers typically fund up to 45% LTV
- Fixed-rate, fully amortizing loans for terms of 30+ years
- Non-recourse once construction is complete
- Retroactive C-PACE financing available

C-PACE: Eligible Properties

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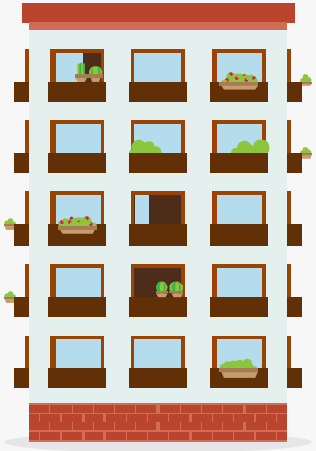
OFFICE

NON PROFIT

AGRICULTURE

MULTIFAMILY



INDUSTRIAL

RETAIL

HOTELS

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C-PACE 101: Eligible Improvements

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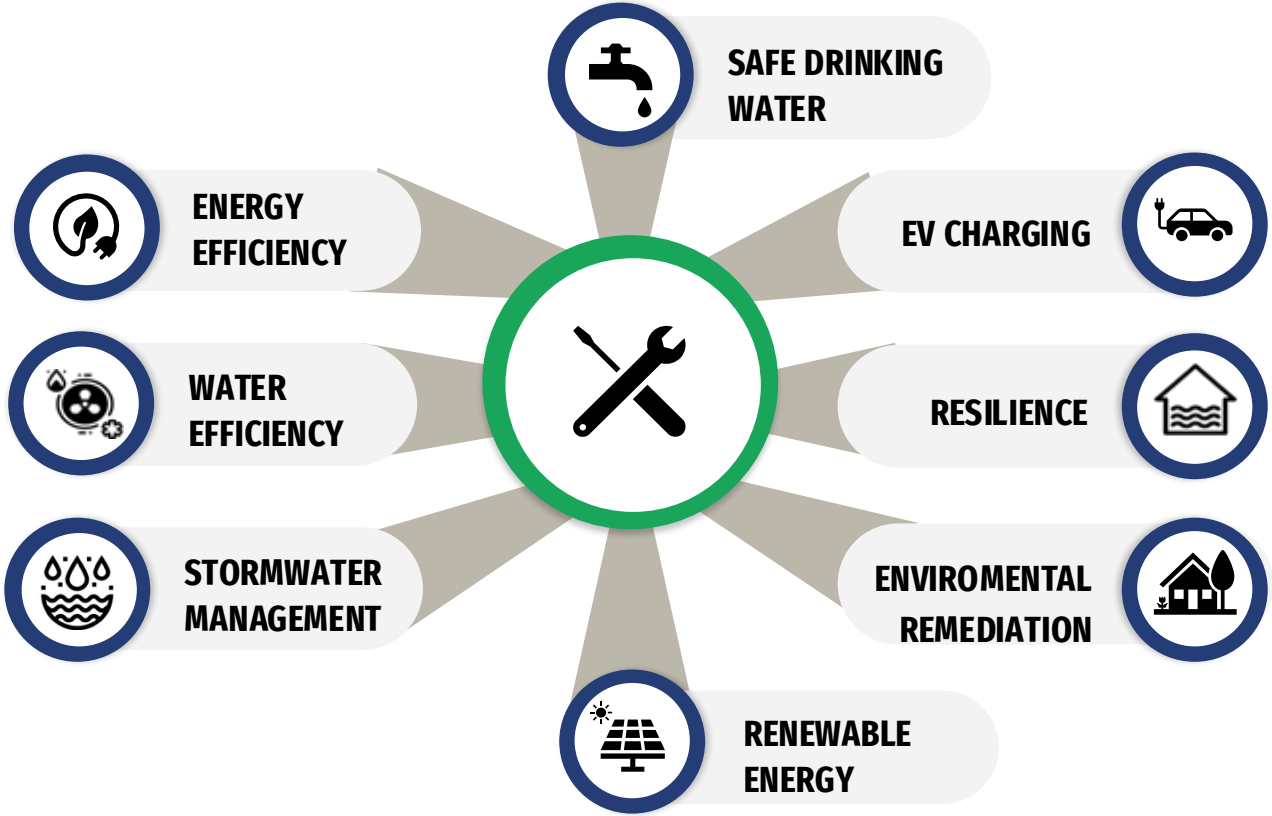

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C-PACE in Virginia: VA Market

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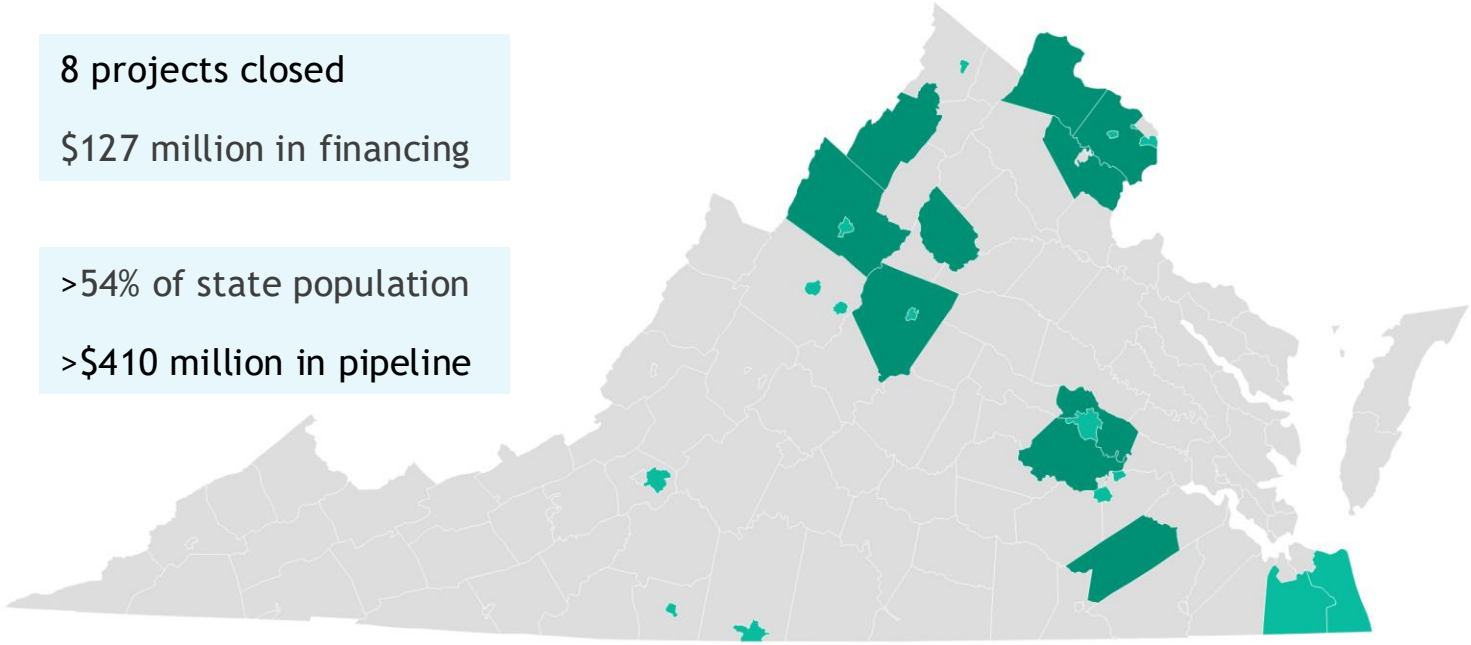
8 projects closed

$127 million in financing

>54% of state population

>$410 million in pipeline



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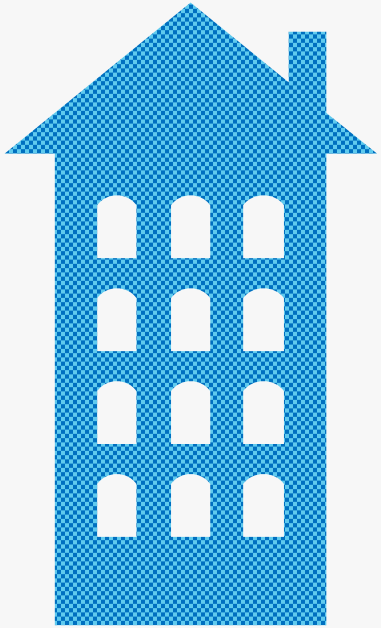
27 localities and counting!

Virginia Energy C-PACE

Retrofits: Benefits



- CPACE funds upgrades; owner has equity for other uses
- Enhance building value by upgrading building with highly efficient improvements
- Lower utility and maintenance costs, making C-PACE cash flow neutral or even positive
- Fund soft costs: certifications, energy/project reports, and legal
- Pass through to tenants of pro-rate share of C-PACE payments depending on lease type

Retrofits: Case Study

C-PACE: $38 million

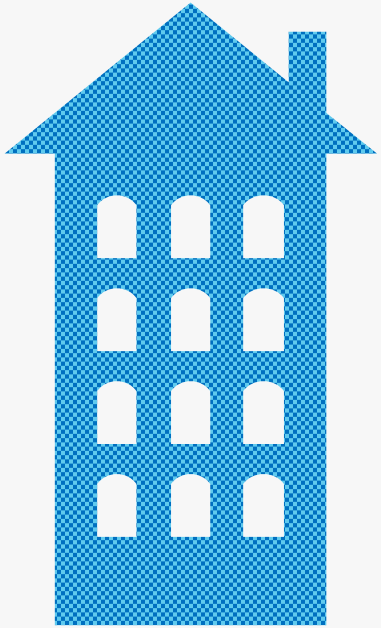
- Story: Developer transforming Dominion Energy building into new hotel, housing and restaurant for total cost of $158 million
- C-PACE closed the remaining capital gap
- Measures: High efficiency building shell upgrades, HVAC systems, lighting fixtures, and water efficiency, applicable electrical and demolition costs, and third-party fees
- 25+ year term
- C-PACE Capital Provider: Nuveen Green Capital

Retrofits: Case Study

C-PACE: $2.64 million

- Type: Boutique Hotel
- Story: Developer renovated 1915 historic building using state and local incentives and historic tax credits. C-PACE closed the remaining capital gap.
- Measures: High efficiency building shell upgrades, HVAC systems, lighting fixtures, and water efficiency
- 25-year term
- C-PACE Capital Provider: Pace Equity

New Construction: Benefits



- Funds eligible hard and soft construction costs up to 100% LTV
- Replaces equity or expensive “mezz” debt
- Lowers overall cost of capital of projects
- Defer payments until stabilization
- Interest only financing available
- Flexible prepayment through stabilization

New Construction: Case Study

C-PACE: $5.6 million

- Story: Developer building Hyatt Studios hotel in Harrisonburg area to support local business and visitors to the area. It will provide annual energy savings of $84,000 and annual water savings of 1,900 gallons per year
- C-PACE closed the remaining capital gap
- Measures: High efficiency appliances, HVAC systems, lighting fixtures, and water efficiency
- 30-year term
- C-PACE Capital Provider: Pace Equity

C-PACE: Steps To Participation

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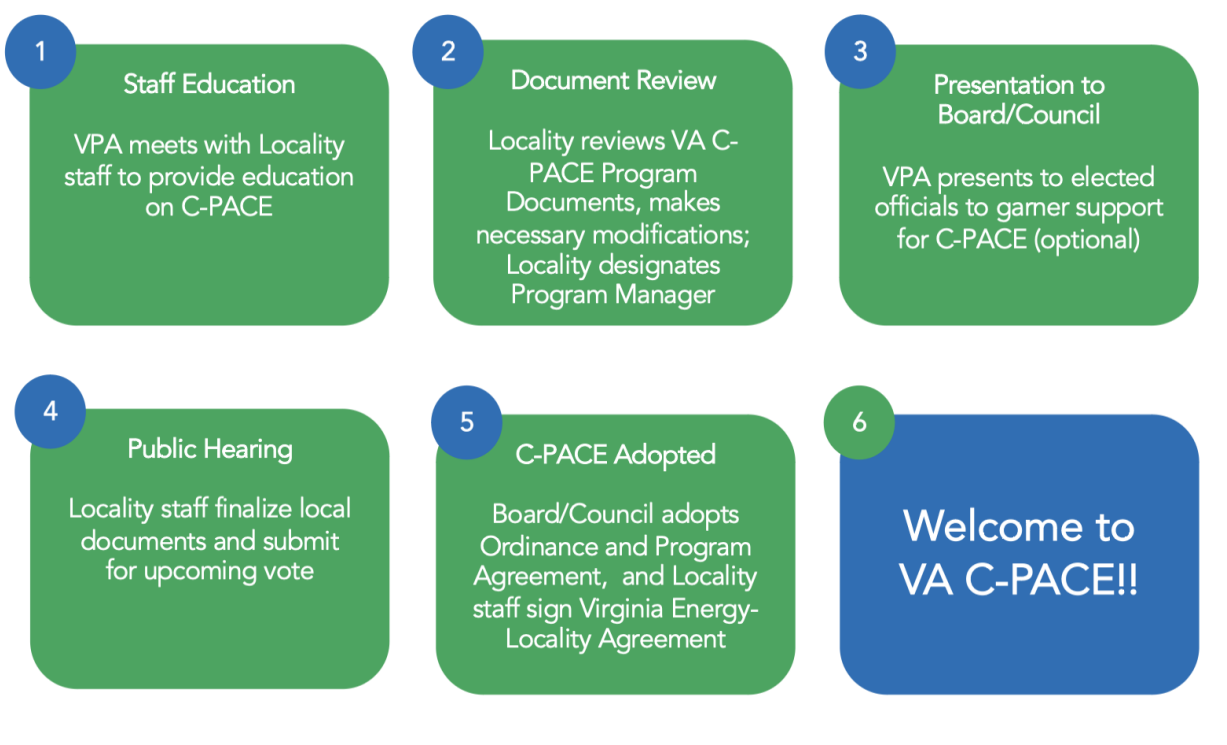

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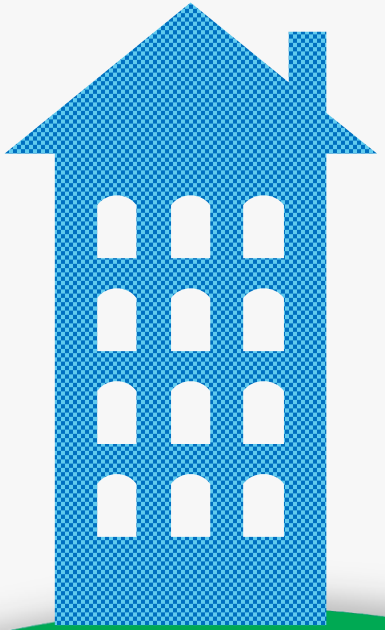
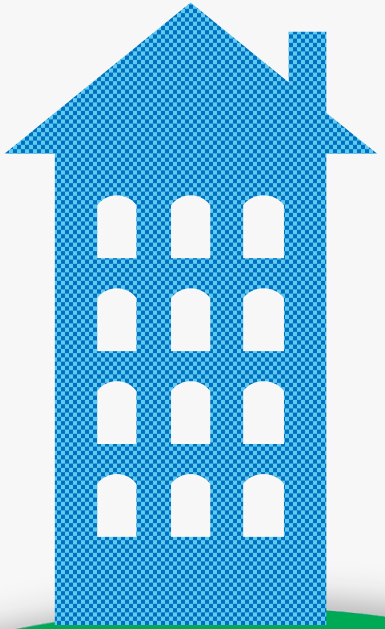
C-PACE for Localities: Benefits



- Economic Development:
  - Revitalizes buildings and improve property values, which leads to more revenue for local communities
  - Stimulates the local economy through new development and construction projects
- Energy efficiency/Sustainability:
  - Helps conserve resources and build resiliency in communities
  - Supports internal sustainability goals
  - Is private lending so does not have public funding limitations or changes
  - Provides building owners in the locality with a financing tool that covers certifications and other costs related to building green

C-PACE for Localities: No Risk, Minimal Time



Staff time:

- Limited to passage of ordinance and signing project loan documents at closing; VPA handles all aspects of administration
- Not responsible for collecting or disbursing C-PACE loan payments
- Can delegate C-PACE lien enforcement to the C-PACE lenders, releasing Treasurer or Dept. of Finance from this work commitment

Risk and/or liability for locality:

- Assumes no risk or liability regarding C-PACE projects; specifically held harmless in Program Agreement and Ordinance
- No credit exposure or bonding impact for locality
- Not guaranteeing C-PACE projects or financing projects

C-PACE: Locality Role

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Attorney

Reviews Ordinance, Program Agreement, and VE-Locality Agreement

Finance/Treasurer

Decides enforcement approach

City Manager/County Administrator

Decides to proceed and selects Program Manager

Economic Development

Identifies potential candidates for C-PACE

Sustainability/ Energy Manager

Coordinates Locality staff and Identifies potential candidates for C-PACE

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C-PACE: Administrator Role

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Provides all key program administration functions, including:

- Liaison with localities to pass enabling ordinances and onboard Localities
- Intake, review, and approve C-PACE loan applications
- Facilitate closing of C-PACE Loans
- Register and train contractors
- Register and educate capital providers
- Provide marketing, outreach, and education to stakeholders
- Service the C-PACE Loans if a capital provider cannot
- Collaborate with localities on economic development opportunities

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C-PACE: Documentation

- Standardized set of program documents and processes for property owners, developers, contractors and localities:
  - Technical: centralized application and approval process, one set of Program Guidelines and forms
  - Marketing/Outreach: centralized website, fact sheets, tutorials, training
  - Legal: template ordinance, program agreement, transactional documents, recorded documents, etc.
- Statewide program has opt-in for localities – Agreement signed between Virginia Energy and locality

C-PACE: Documentation

Virginia PACE Authority
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> _05 VPA Statewide Program (VA C-PACE) > _06 VA C-PACE PROGRAM DOCUMENTS

NAME ↑	UPDATED	SIZE
_Programmatic Documents	Mar 23, 2023 by Abby Johnson	4 Files
_Transactional Documents	Nov 14, 2022 by Ellen Dickson	12 Files
C-PACE Fact Sheet for Local Government.pdf V3	Sep 14, 2022 by Abby Johnson	300.2 KB
C-PACE Roles and Responsibilities_state program_2022.pdf	Feb 24, 2023 by Abby Johnson	202.9 KB
VA C-PACE Program Documents Table of Contents.pdf	Sep 15, 2022 by Bettina Bergoo	223.9 KB
VA C-PACE-FAQ.pdf	Sep 22, 2022 by Abby Johnson	195.5 KB

VIRGINIA Energy C-PACE

C-PACE: Enabled Localities

- **Northern Virginia**
  - Fairfax County
  - Loudoun County
  - Prince William County
  - City of Alexandria
  - City of Fairfax
  - City of Falls Church
  - City of Winchester
- **Eastern Virginia**
  - City of Chesapeake
  - City of Virginia Beach
- **Southern Virginia**
  - Sussex County
  - City of Martinsville
  - City of Danville

26 and counting!

- **Central Virginia**
  - Albemarle County
  - Chesterfield County
  - Henrico County
  - Madison County
  - City of Charlottesville
  - City of Hopewell
  - City of Petersburg
  - City of Richmond
- **Western Virginia**
  - Rockingham County
  - Shenandoah County
  - City of Harrisonburg
  - City of Roanoke
  - City of Staunton
  - City of Waynesboro

C-PACE: Contact Info

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