

## C-PACE Capital Available For Both New And Retroactive Projects



**Founded in 1999, Enhanced Capital is a capital provider for C-PACE, an innovative program providing property owners with low-cost, long-term, fixed-rate financing mechanisms for energy efficiency and renewable energy improvements.**

### What C-PACE Finances

- Renewable energy installations
- Insulation and air sealing
- Water efficiency projects
- Seismic retrofits
- Hurricane preparedness measures

**Commercial Property Assessed Clean Energy (C-PACE)** finance encourages property owners to implement energy efficiency improvements through a long-term financing agreement, with no high up-front costs. C-PACE can cover 100 percent of the eligible project costs through a voluntary assessment, secured to the property, and paid as an addition to the owner's property tax bill. Since the assessment is secured to the property, and recourse to the owner, repayment responsibility is transferred with property ownership. C-PACE is also available for new construction, typically up to 25% LTV.<sup>1</sup>

**Retroactive PACE opportunity:** C-PACE can, in many cases, re-finance projects that are completed or under construction, which in the current environment means new capital coming in to cover ongoing expenses and debt service. Payments are typically capitalized for the first several years, which gives time for a recovery in property financials.<sup>1</sup>

### Enhanced Capital

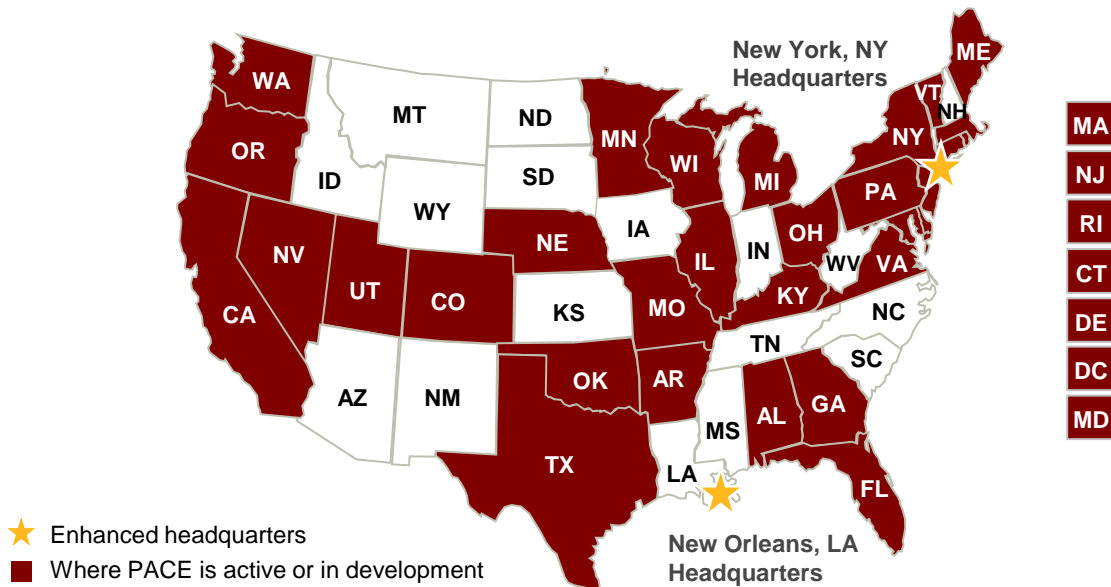
Enhanced Capital has over 20 years of experience in structured credit transactions and has deployed more than \$3 billion in total financing across various states. Our ability to provide multiple parts of the capital stack (federal and state tax credits, bridge loans, New Markets Tax Credits, etc.) is **unmatched by any dedicated PACE provider**. Tax credit investing and bridge lending require in-depth construction and operating income analysis that overlaps extensively with PACE underwriting requirements.



*“Our involvement in the C-PACE market reflects our commitment to financing clean energy and sustainability and is a complement to our existing incentive finance programs,” explained Michael Korengold, CEO of Enhanced Capital. “We are excited to apply our real estate lending experience to assist building owners to finance these critical building upgrades.”*

<sup>1</sup> “Property Assessed Clean Energy Programs.” Office of Energy Efficiency & Renewable Energy, U.S. Department of Energy, [www.energy.gov/eere/slsc/property-assessed-clean-energy-programs](http://www.energy.gov/eere/slsc/property-assessed-clean-energy-programs).

## Where C-PACE is Available<sup>2</sup>



### States with retroactive financing available

CA: 3 years	FL: 3 years	MD: Case-by-case	MN: 1 year	PA: Back to Aug '18
CT: 1 year	IL: 2 years	MI: 3 years	NY: Case-by-case	RI: 2 years
DC: Case-by-case	KY: No limit	MO: Case-by-case	OH: No limit	WI: 30 months

## C-PACE Market Overview<sup>2</sup>

C-PACE programs are established at the state or municipal level and tailored to meet regional market needs; participation is at the discretion of each municipality.

C-PACE is gaining momentum with new programs launching in OK, PA, GA, WA, NJ, and MA. We anticipate PACE will be available this year in Chicago, Atlanta, New York City, Boston, San Antonio, and Philadelphia.

- ✓ **37 states and DC have passed legislation**
- ✓ **Active programs in 22 states**
- ✓ **Over 2,000 commercial projects funded to date**

**Over \$1 billion of cumulative C-PACE financing through 2019**



Enhanced Capital's legislative and lobbying background supports our active mission of introducing C-PACE to new markets. Enhanced Capital is eager to help and team up with anyone who is looking to bring C-PACE to their local state or municipality.

<sup>2</sup> "PACE Programs." PACENation, PACENation, [pacenation.org/pace-programs/](http://pacenation.org/pace-programs/).

## How C-PACE Financing Works

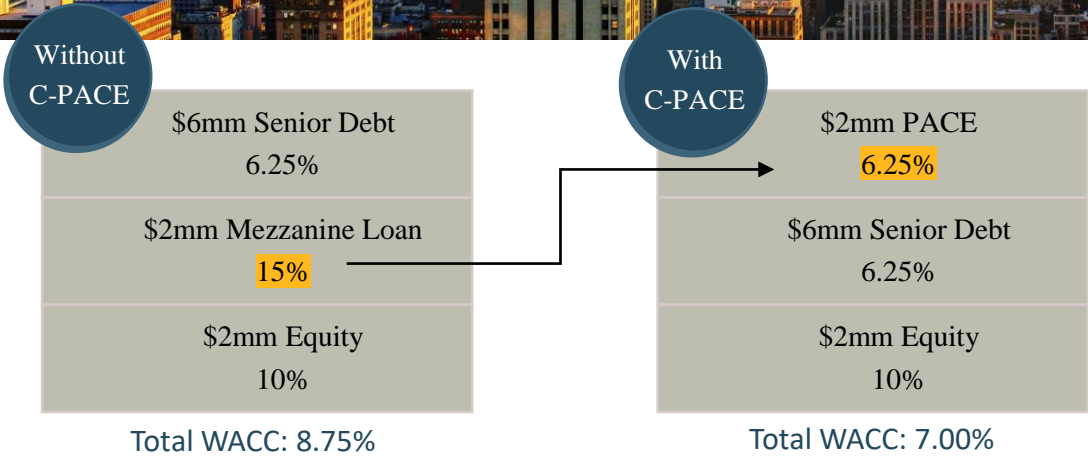
- Programs enacted by states and municipalities
- Can fund up to 100% of eligible costs or 20%-30% of total building value
- Financing repaid overtime via voluntary assessment added to a property tax bill
- Non-recourse: a loan is secured by tax assessment, not property or guarantor
- Senior to all other debt (incl. mortgage)
- Can provide a low-cost alternative to developer equity or mezzanine debt

## Typical Eligible Energy Improvements

- Chillers, boilers, furnaces, HVAC systems
  - Hot water heating systems
  - Lighting upgrades
  - Combustion and burner upgrades
  - Automated building and HVAC controls
  - Variable speed drives (VSDs) on motors fans and pumps
  - Fuel switching
  - Heat recovery and steam traps
  - Window replacements
  - Building enclosure/envelope improvements
  - Building management systems
  - Energy storage
  - Water conservation measures
  - Green roofs, bioswales, permeable paving, green infrastructure, and other stormwater management measures
  - Any measure or system that adds renewable energy capacity, including solar, wind, biomass, geothermal, fuel cells, co-generation, etc.
- Soft costs including design/engineering, PACE related closing costs and capitalized interest can be included in the assessment amount

## C-PACE Standard Terms

- Interest rate: Long term treasuries +400-500 bps (~5.5% to 7%)
- Term: Currently 20-30 years
- C-PACE only LTV: Typically maximum 20% to 30% of property value
- Payment is fixed; fully amortizing over life of loan
- Payable annually or semiannually
- In most cases collected by local tax authorities, pari passu with property tax
- Prepayment penalties for first ten years
- 1-2% origination fee
- 1% program administration fee (typically capped over a certain dollar amount)



## About Enhanced Capital

Enhanced Capital is a leader in unlocking value for private investors seeking returns through socially responsible public investment initiatives. At the forefront of aligning private sector resources with public policy goals, we transform local economies to the benefit of both investors and community stakeholders by financing local businesses, solar energy projects, historic building restorations.

## Contact

For project inquiry or additional info, please contact  
 Ian McCulley  
 917-533-7778  
[imcculley@enhancedcapital.com](mailto:imcculley@enhancedcapital.com)

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