



Commercial Property Assessed Clean Energy Program (CPACE)

CDFA Oregon Financing Roundtable Conference
October 15th, 2015

Background

- **Climate Action Plan Goal: reduce carbon emissions by 80% from 1990 levels by 2050**
- **Commercial buildings produce 24% of carbon emissions in Multnomah County**
- **Barriers to improved energy efficiency**
 - **Lack of access to capital**
 - **ROI timeline is mismatched with building holding period**
 - **Split incentive**

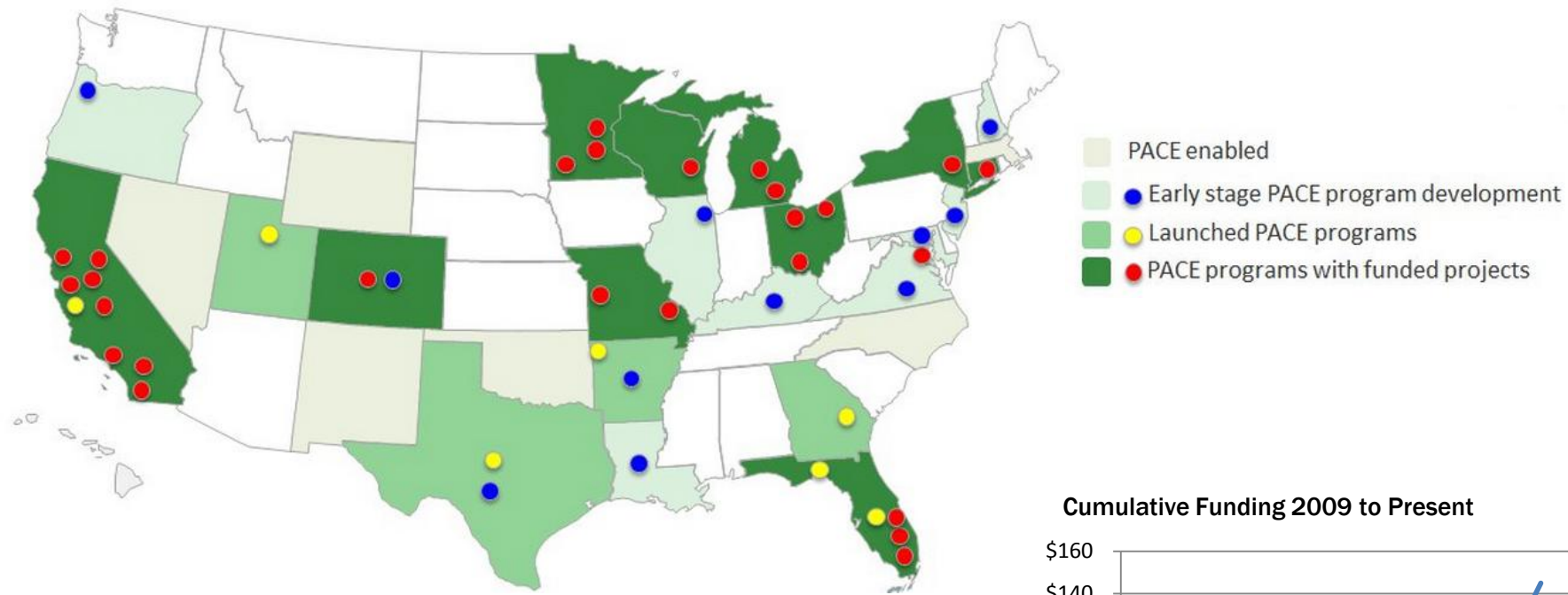
[PACENow Video on PACE Financing](#)

CPACE Finance Tool

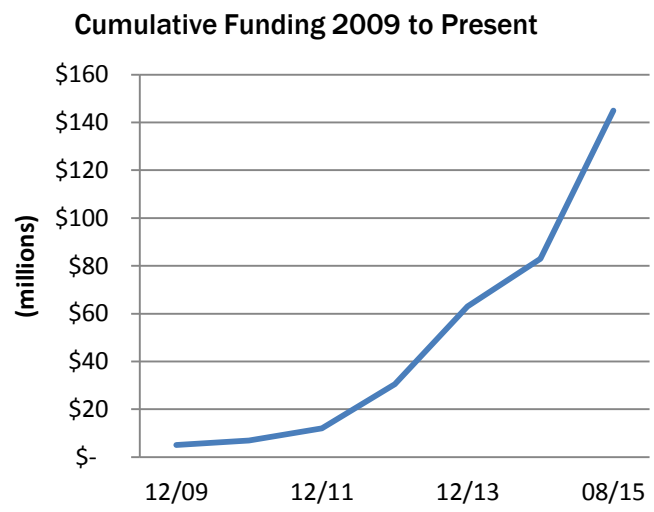
- Public financing tool to support the retrofit of privately owned buildings
- Provides up to 100% financing
- **CPACE loans are secured by a “benefit assessment” lien**
- Cost of savings achieved by reduced energy consumption is used to repay CPACE loans
- A lien that is superior to other encumbrances
- Loan transfers with ownership



National PACE Activity



- 15 states with funded projects
- > 390 projects
- > \$149M
- 1,788 jobs created



Multnomah County CPACE Partnership



Legal authority
Collection agency (default)

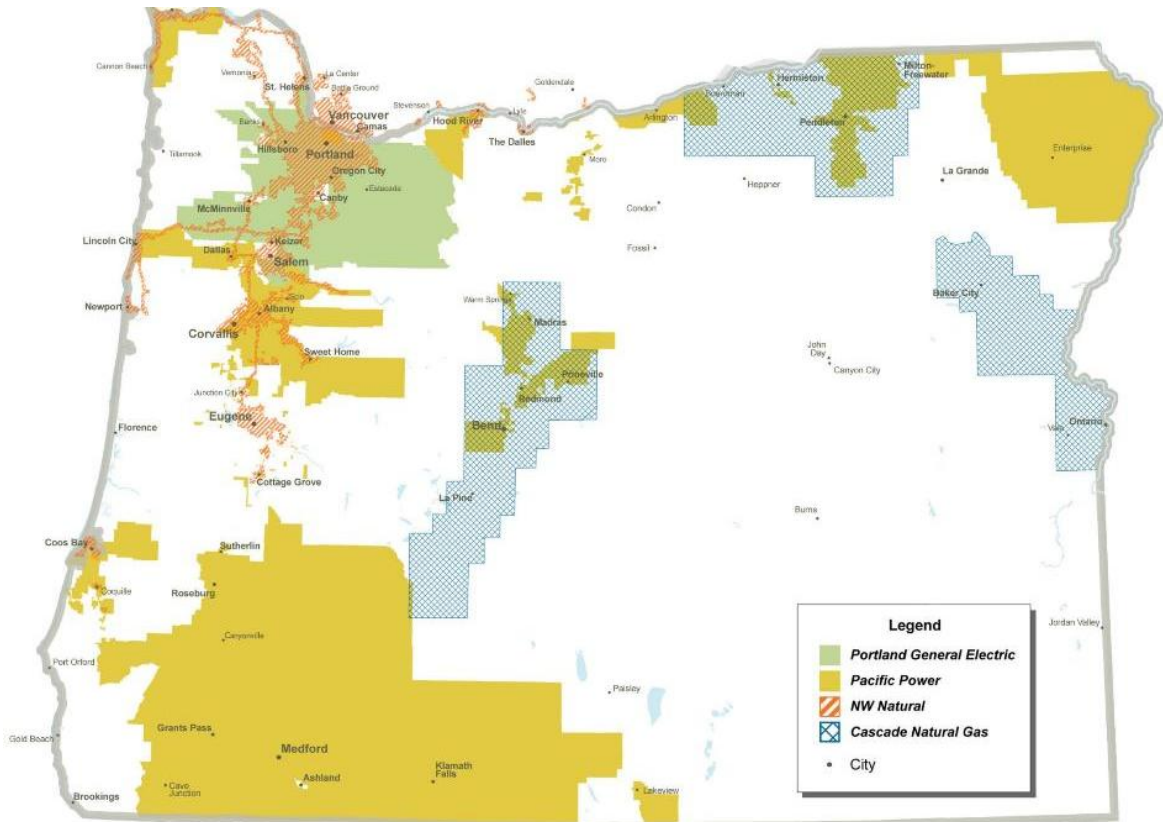


Program Administrator
Lender



Building assessment and
evaluation

Multnomah County CPACE Partnership



Legend

- Portland General Electric
- Pacific Power
- NW Natural
- Cascade Natural Gas
- City

Multnomah County CPACE Partnership

CPACE Service Area



Program Objectives

- **Create a cost effective financing tool for building owners**
- **Stabilize building infrastructure and reduce carbon emissions**
- **Stimulate new business development and job creation**
- **Leverage capacities and create partnership between public, private, and nonprofit sectors**

Multnomah County Market

Multnomah County Commercial Building Stock (excluding multifamily and industrial)

All Buildings	8,378
Inefficient Buildings	2,762

CPACE Eligibility

Eligible Property: Commercial, Multifamily (5+) and Industrial Property located in Multnomah County

Eligible Borrower: Legal owner of Eligible Property

Eligible Improvements: Capital improvements that lower energy consumption or generate energy

Eligible Costs:

- Energy Audit
- Energy improvements (must be capital improvements)
- Non-energy improvements necessary to complete energy improvements
- Fees and other CPACE origination costs

CPACE Financing Example

See Financing Sample Handout



How CPACE Works (Roles)

CPACE Administrator

Program Administration: Markets CPACE and manages contractor pool, notifies County of annual benefit assessment, facilitate certification of delinquent account to the tax role for collection (regular payments remain between owner and lender.) Manages data, issues reports and manages private lender program.

Project Administration: Performs QA/QC (verify and validate the technical requirements necessary for tax assessment treatment), facilitates closing, notifies County of new CPACE lien and monitors project completion.

Lender

Makes CPACE loan to owner for approved CPACE project. Disburses loan proceeds to borrower and received payments from borrower directly. Notifies Administrator in event of default to initiate County collection process.

Owner

Completes application, develops scope and selects contractor to complete project. Makes benefit assessment payments to Lender, as billed.

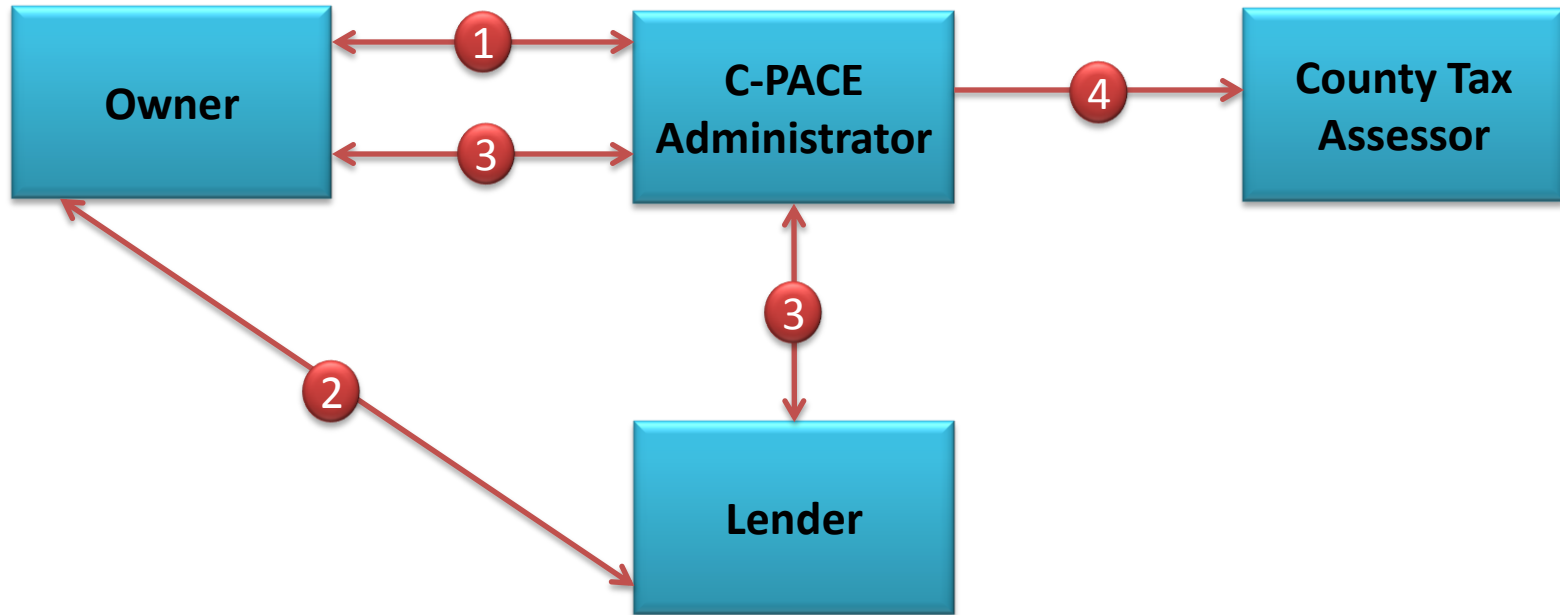
County

Contracts with CPACE Administrator to administer the program. Issues notification of annual benefit assessment to Owner. Manages collection in event of default.

Energy Trust of OR

Facilitates building assessments, development of scopes of work, energy savings estimates and useful life estimates.

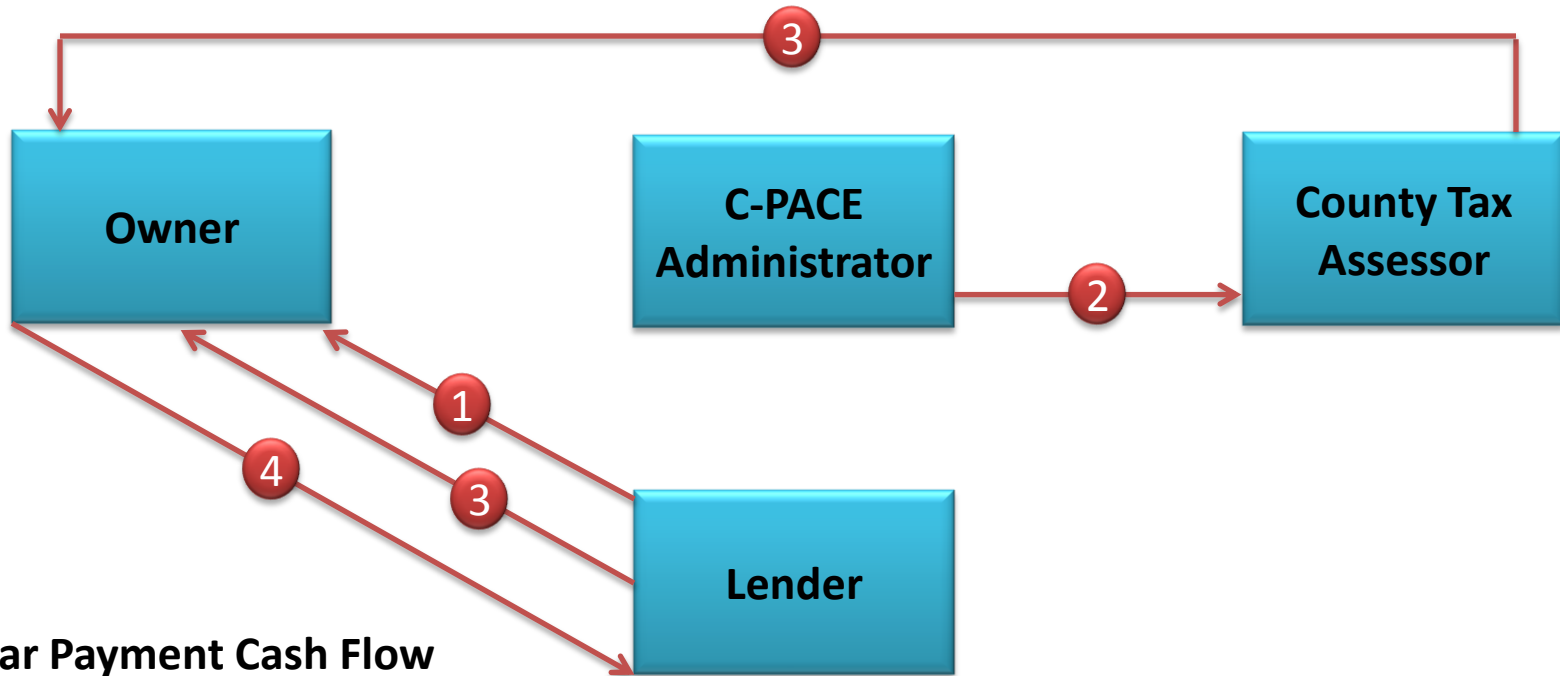
How CPACE Works (Process)



Origination Process Flow

- 1 Owner applies to CPACE Administrator for project approval, including gaining existing lender consent. Administrator qualifies retrofit and loan structure for CPACE financing.
- 2 Owner applies to lender, lender underwrites and approves loan for approved efficiency measures.
- 3 Closing documents are prepared by Administrator and Lender, and executed by Owner.
- 4 Loan is closed and benefit assessment lien recorded with County.

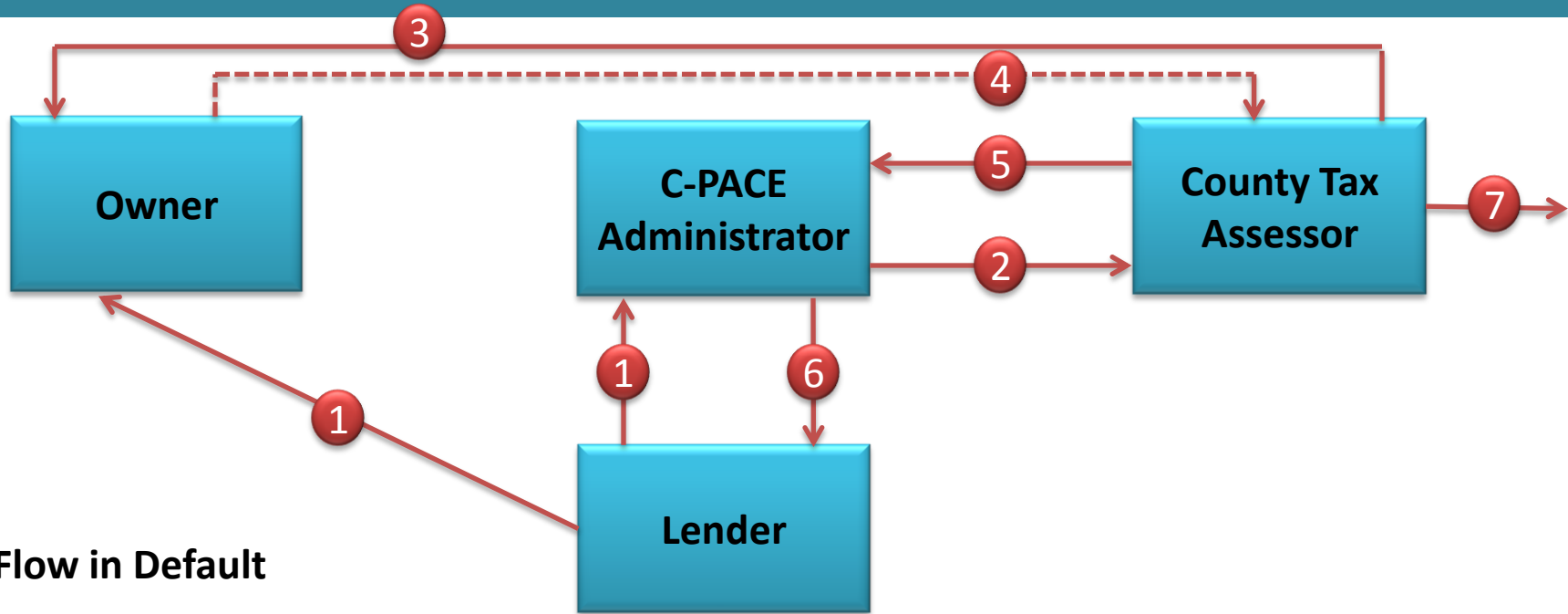
How CPACE Works (Payment & Cash Flow)



Regular Payment Cash Flow

- 1 Lender disburses proceeds to Owner as retrofit work is complete.
- 2 Administrator notifies County Tax Assessor of annual benefit assessment.
- 3 County sends Owner a benefit assessment tax notification, however, lender also send periodic payment notification.
- 4 Owner pays periodic payment to Lender.

How CPACE Works (Default Cash Flow)



Cash Flow in Default

- 1 Lender notified Administrator and Borrower of default.
- 2 Administrator certifies delinquency to the tax rolls.
- 3 County bills Owner for delinquent benefit assessment.
- 4 County manages collection under its standard property tax collection process.
- 5 Multnomah County remits the proportional share of tax collections to Administrator.
- 6 Administrator remits benefit assessment collected to Lender.
- 7 County manages foreclosure under standard tax foreclosure process.

Pilot Parameters

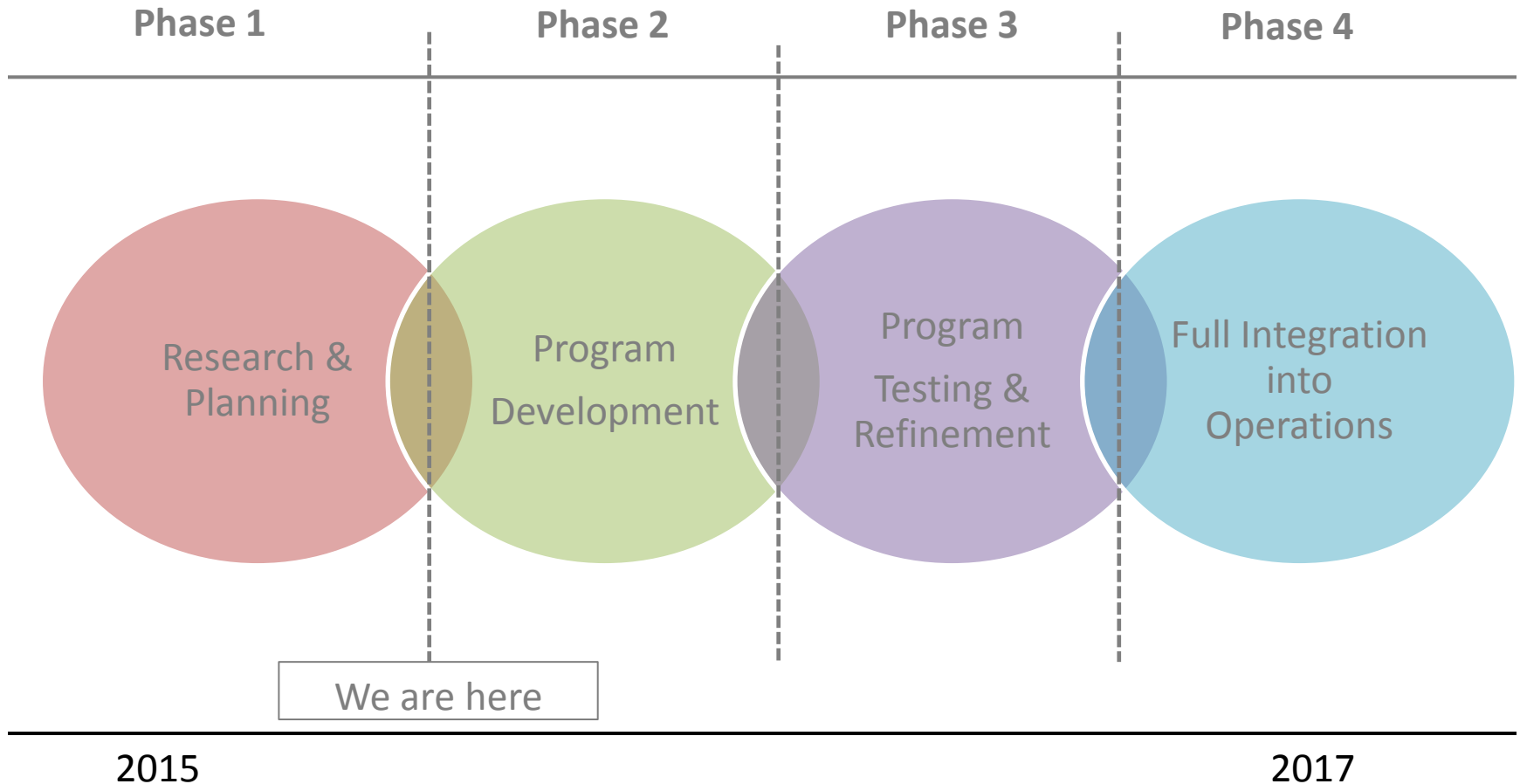


- 24 months
- \$3M in multiple URAs
- Up to 10 loans
- Varying size buildings and project scopes
- Certified firm participation

Program Development and Launch

Design Elements

- Capitalization Strategy
- Certified Contractor Strategy
- Outreach & Marketing
- Lending & Internal Systems



CPACE Questions and Answers

