

The Power Of  
**C-PACE**  
Important Facts Property  
Owners Need To Know



CASTLEGREEN  
FINANCE

LENDING & INVESTING FOR THE GREATER GOOD

For property and building owners looking to effectively create property value while making energy efficiency upgrades, understanding all your financing options will provide you with a powerful edge to help you reach your operational goals. One program that is getting increased attention for its attractive terms is a unique financing solution called Commercial Property Assessed Clean Energy (C-PACE).

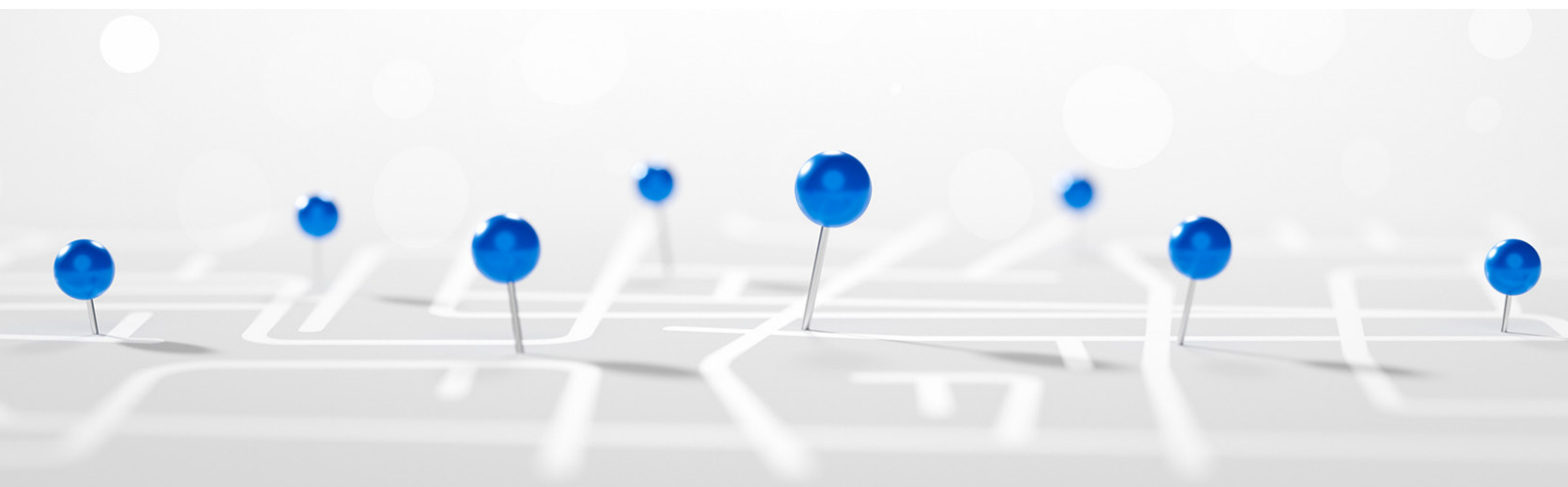
C-PACE is an alternative source of financing that allows eligible building owners to borrow money for energy efficiency, renewable energy, or other projects, such as resiliency and water conservation, and make repayments via an assessment on their property tax bill.

As property and business owners across the world are committed to finding new ways to improve efficiencies, save energy, and increase the value of their properties, C-PACE offers the opportunity to leverage its many benefits while saving potentially millions of dollars over the life of their ownership.

As energy improvements can be costly, and take time to realize their economic value, C-PACE affords the opportunity to implement efficiencies without a large capital outlay, permitting borrowers to repay the financing over the life of the improvements. In fact, financing can cover up to 100% of all hard and soft costs associated with the construction and installation of certain improvements.

## What Property Types are Eligible for C-PACE Financing?

- Hospitality
- Industrial
- Office
- Retail
- Multifamily
- Agricultural
- Non-Profit
- Senior Living
- Healthcare



## How Does C-PACE Work?

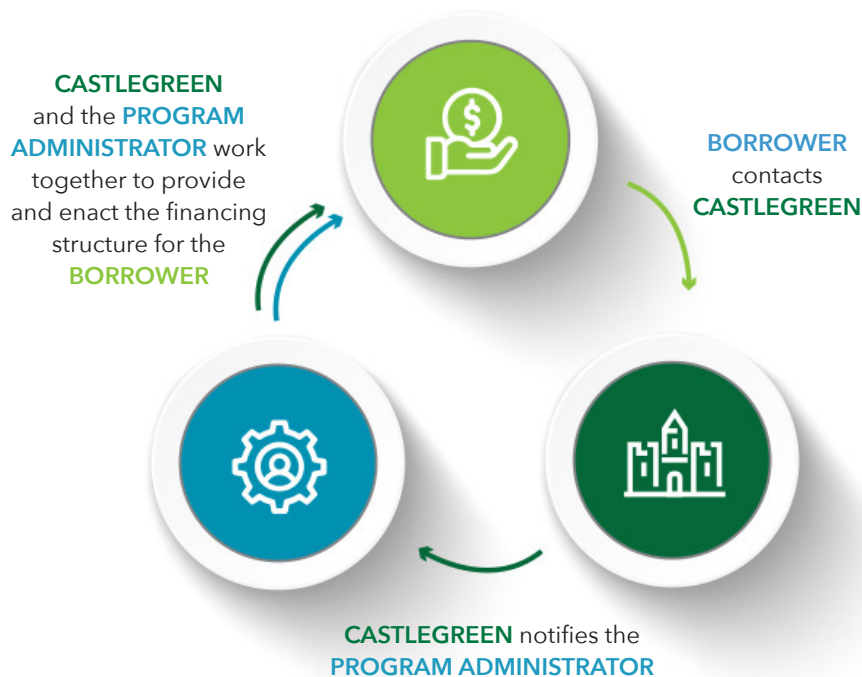
To get started, owners can confirm that C-PACE is currently available in their jurisdiction, by referencing the [PACE Eligibility Map](#) online.

Next, the owner reaches out to the capital provider who will begin the process of working with the jurisdiction program administrator. Everyone works together to effectively execute a structure that works for the borrower's needs. Mortgage lender consent is required on all C-PACE transactions.

**BORROWER:** Provides comprehensive costs for all applicable and eligible retrofit or ground-up energy upgrades.

**CASTLEGREEN (CAPITAL PROVIDER):** Coordinates the financing structure

**PROGRAM ADMINISTRATOR:** Approves compliance and the financing based on the relevant legislation and guidelines of the program.



## Types of Property Improvements Eligible for C-PACE Financing

- Indoor and outdoor lighting
- Heating, ventilation, and air conditioning equipment (HVAC)
- Indoor air filtration systems designed to improve air quality
- Low-flow water fixtures and other water conservation measures
- Solar photovoltaic (PV) systems and battery storage
- Insulation & building envelope improvements
- Elevators and escalators
- Energy monitoring and management systems
- Seismic retrofits, flood mitigation, fire suppression, and wind resistance

## Ten Benefits of C-PACE Financing for Property Owners

### 1 C-PACE offers long-term, fixed-rate financing and provides predictability of borrowing by reducing carrying costs.

C-PACE financing can support 100% of the financing for eligible projects and improvements. C-PACE financing is similar to a property tax, allowing borrowers to treat it as an operating expense. C-PACE offers a long term (25-30 years), and a fixed rate, for the entire life of the loan.

### 2 C-PACE allows flexible prepayment options.

Borrowers can choose to pay down their assessment in full or in part at any time, subject to minimum prepayment terms and conditions. By paying off the assessment in full, the property owner removes the assessment from the property.

### 3 C-PACE is nonrecourse and does not require financial covenants.

C-PACE financing attaches to the property and is not tied to the business or owner.

### 4 C-PACE can provide 100% of the financing for eligible improvements.

C-PACE eligible upgrades include water efficiency, energy efficiency, and renewable energy improvements.

Offers long-term, fixed-rate financing

Allows flexible prepayment options

Nonrecourse with no financial covenants

100% of financing for eligible improvements

Jurisdictions may have "lookbacks"

Low-cost financing alternative for expensive projects

Easily transfers to next property owner

Provides efficient & affordable capital to upgrade commercial properties

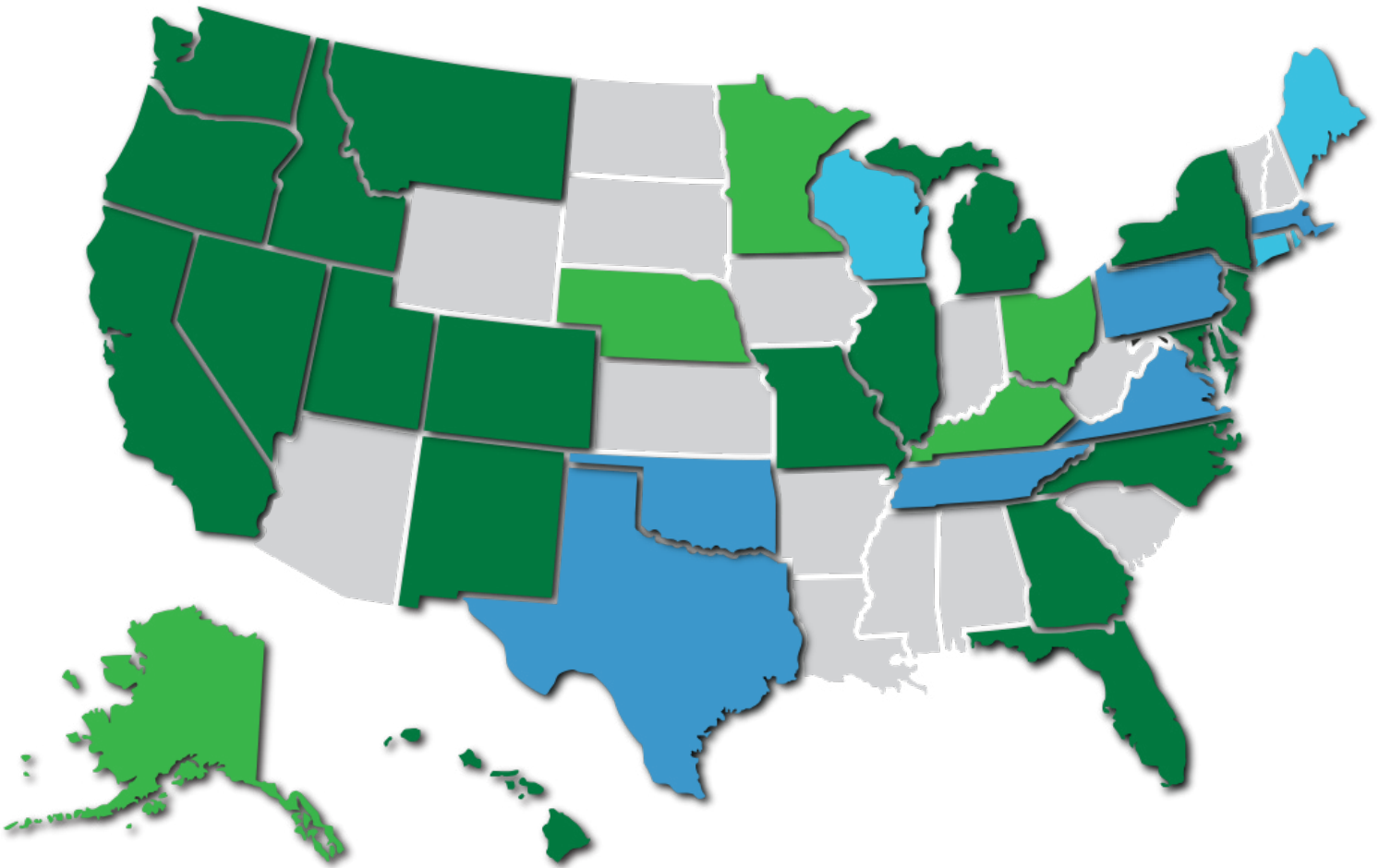
Provides a powerful one-two punch when combined with USDA financing

Offers significant savings & increased NOI

**5** | C-PACE jurisdictions may have a “lookback” feature of one to three years, providing potential access to liquidity for already completed energy-efficient improvements, without refinancing the entire capital stack.

C-PACE provides retroactive financing to recover the liquidity invested into property renovations or construction costs.

For example, if the property is a hospitality asset, retroactive or “lookback”, C-PACE financing can provide carrying costs until stabilization occupancy recovers, or to repay the more expensive subordinate or mortgage debt.

**3 YEARS****2 YEARS****1 YEAR****CASE-BY-CASE**

## **6 | C-PACE financing provides a low-cost alternative to expensive construction, bridge, or subordinated debt.**

It is often used to close an equity gap on new construction and redevelopment costs. C-PACE financing costs are typically 50% less than mezzanine debt or equity financing costs, which typically ranges from 10% to 15%.

## **7 | C-PACE financing transfers easily to the next property owner.**

Because C-PACE financing is attached to the property, and not the business or owner, it may easily transfer at sale to the new property owner.

## **8 | C-PACE financing provides owners efficient and affordable capital to upgrade their commercial properties while improving values and building performance.**

The long-term, fixed-rate benefits of C-PACE provide affordable finance options, increasing the overall value and net operating income by quickly and effectively reducing energy costs.

## **9 | A C-PACE and USDA loan combination provides a powerful one-two punch.**

X-Caliber is the only lender to have both a C-PACE financing affiliate (CastleGreen Finance) and a USDA-licensed lender (X-Caliber Rural Capital) under one umbrella, offering a unique combination of financing that provides borrowers with lending terms that result in a non-recourse solution, with greater leverage and more competitive rates than are currently available using traditional financing products.

## **10 | C-PACE financing provides borrowers with significant savings and increased NOI while saving energy, reducing CO2 emissions, and stimulating the economy.**

When you combine the powerful elements of the C-PACE program, the project benefits on the economic side and the positive impact on the environment can also be measured to support its effectiveness.

# Inn At Bellefield

HYDE PARK, NEW YORK



**\$36MM**  
**HYBRID FINANCING**

**\$25MM**  
**USDA B&I**

**\$11MM**  
**C-PACE FINANCING**

C-PACE financing proceeds were used for qualifying project improvements that are designed to produce annual energy cost savings of \$117,400 and \$2.6MM of energy savings over the financing term.

**The Opportunity:** The borrower is an experienced hospitality operator who was developing a 5-story, 137-room extended-stay hotel in the historic Hudson Valley community of Hyde Park. The borrower was looking for a cost-effective, innovative financing solution for construction costs and initial working capital.

**The Solution:** X-Caliber provided a cross-platform execution comprised of a USDA Business & Industry loan from X-Caliber Rural Capital and C-PACE financing provided by CastleGreen Finance. The combination resulted in a more efficient capital stack with a low-cost, long-term, fixed-rate financing solution.

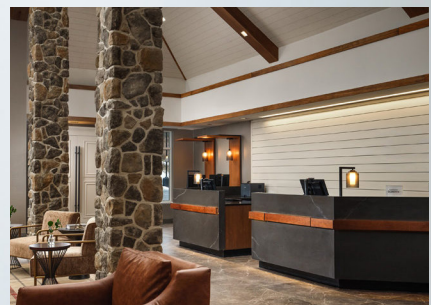
**Program Type:** New Construction

**Program Administrator:** Energy Improvement Corporation

**Energy Efficiency:** The project is designed to:

- **Reduce CO2 emissions by 484.8 MT/year**
- **Reduce electricity use by 907,889 kWh/year** through the installation of LED lighting, windows, HVAC, and other energy-efficient upgrades
- **Reduce an estimated 725,194 gallons of water annually** through low-flow fixtures

**Economic Impact:** The project employed more than 200 construction workers and has created more than 35 full-time positions for the property.



# Fairmont Breakers Long Beach

LONG BEACH, CALIFORNIA

**\$122.2MM  
HYBRID FINANCING**

**\$48.5MM BRIDGE**

**\$57.75MM  
C-PACE FINANCING**

**\$15.95MM HTC BRIDGE**



C-PACE financing proceeds were used for qualifying project improvements that are designed to produce energy cost savings of \$84,517 in year one and \$2.5MM over the financing term. In addition to energy efficiency savings the project contained significant seismic resiliency improvements.

**The Opportunity:** An experienced sponsorship recognized the need and opportunity to renovate the iconic property to serve the area's convention and tourism industry. The Breakers is a national registered landmark hotel built in 1925. The 15-story, 193,812 square foot structure has welcomed luminaries from the silver screen and beyond. It was home to the Hollywood stars for many years with the likes of Cary Grant, John Wayne, and Elizabeth Taylor, who dined, entertained, and stayed there. It was purchased by the sponsors, Pacific Enterprises, in 2017, who envisioned its return to a luxury brand hotel.

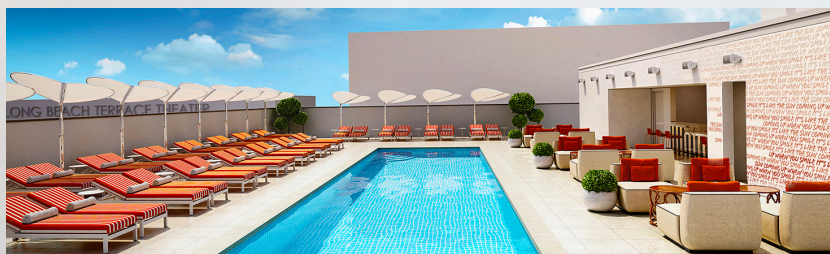
**The Solution:** In 2021, X-Caliber Capital and CastleGreen Finance respectively provided a \$48.5MM bridge loan and a \$45.5MM C-PACE financing for the project. To address subsequent cost overruns and the delayed approval of the historic tax credits, a revised financing package was closed in 2024 which included a \$15.95mm HTC bridge financing and a restructured \$57.75MM C-PACE financing. When combined with the original renovation loan, the \$122.2MM financing provided a full capital stack solution for the sponsorship team to address the increased costs. The original 2021 renovation loan terms remained largely unchanged. The new hotel opened in the fall of 2024 as the Fairmont Breakers Long Beach.

**Program Type:** Renovation/Redevelopment

**Program Administrator:** California Statewide Communities Development Authority ("CSCDA") Open PACE program

**Energy Efficiency:** The project is designed to:

- Reduce CO2 emissions by 247.7 MT/year
- Save an estimated 6.2MM gallons of water annually
- Save 606,729 kWh/year





# Monsarez Tapestry Hotel

SAN DIEGO, CALIFORNIA



**\$9.5MM  
C-PACE  
FINANCING**

C-PACE financing proceeds were used for qualifying project improvements that are designed to produce energy cost savings of \$21,297 in year one and \$801,476 over the financing term.

**The Opportunity:** The sponsor was looking to refinance its construction debt on the newly constructed Monsarez Tapestry Hotel Collection by Hilton, a full-service property which includes a restaurant, bar, fitness center, and meeting space. Although the property opened in May 2021, C-PACE generally allows for retroactive refinancing for periods of up to three years.

**The Solution:** CastleGreen Finance executed a \$9.5MM retroactive C-PACE financing which the sponsors combined with a bridge loan that allowed them to refinance their existing construction loan.

**Program Type:** Retroactive Finance

**Program Administrator:** California Statewide Communities Development Authority ("CSCDA") Open PACE program

**Energy Efficiency:** The project is designed to:

- Reduce CO2 emissions by 97 MT/year
- Reduce water usage by 155,899 gallons annually
- Reduce electricity usage by 112,255 kWh per year

# 110 Ocean Center

LONG BEACH, CALIFORNIA

**\$56MM  
HYBRID FINANCING**

**\$34.4MM BRIDGE**

**\$20.6MM  
C-PACE FINANCING**



C-PACE financing proceeds were used for qualifying project improvements that are designed to produce energy cost savings of \$65,079 in year one and \$1.9MM over the financing term.

**The Opportunity:** 110 Ocean Center is a national registered landmark built in 1929 with 14 stories and 114,827 sq. ft. The experienced sponsorship, Pacific6 Enterprises, purchased the building in April 2018 and began plans for an \$81.1MM redevelopment. The owner envisioned a transformation of the office building into an 80-unit multifamily property with robust amenities while preserving all interior historic elements.

**The Solution:** X-Caliber and CastleGreen Finance provided a hybrid, full capital stack solution that included a \$34.4MM renovation bridge loan and \$20.6MM of C-PACE financing. The property was also eligible under the Federal Historic Tax Incentive program and was granted \$12.4MM of historic rehabilitation tax credits.

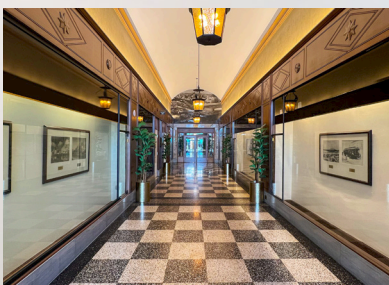
**Program Type:** Adaptive Reuse

**Program Administrator:** California Statewide Communities Development Authority ("CSCDA") Open PACE program

**Energy Efficiency:** The project is designed to:

- Reduce CO2 emissions by 189.1 MT/year
- Save an estimated 4.9MM gallons of water annually
- Save 466.256 kWh/year

**Economic Impact:** The redevelopment employed 150 construction workers and has created five full-time positions for the property.



# One Park Road

WEST HARTFORD, CONNECTICUT



**\$13.7MM  
C-PACE  
FINANCING**

C-PACE financing proceeds were used for qualifying project improvements that are designed to produce energy cost savings of \$240,000 in year one and \$6MM over the financing term.

**The Opportunity:** An experienced, local development team envisioned redeveloping a historic convent into multifamily housing. The project was part of an extensive project which incorporated new construction with adaptive reuse of the existing structure. The 373,122 sq. ft. property is comprised of 292 multifamily units; 199 housing units in a newly constructed structure and the renovation of the existing buildings to include 93 housing units and an amenities space. An important project goal was to maintain a home for the convent residents while also making 29 of the units income-restricted housing.

**The Solution:** CastleGreen Finance provided a \$13.7MM C-PACE financing that provided for a low cost, more efficient capital stack with long-term, fixed-rate financing.

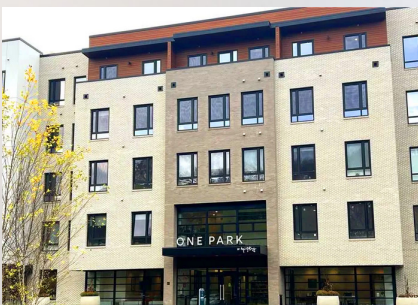
**Program Type:** New construction and adaptive reuse

**Program Administrator:** Connecticut Green Bank

**Energy Efficiency:** The project is designed to:

- Reduce CO<sub>2</sub> emissions by 453.6 MT/year
- Reduce total energy usage by 30% over IECC 2015 baseline

**Economic Impact:** The project created an estimated 126 construction jobs and 20 permanent jobs. It was expected to add a projected \$1.5 million per year in new consumer spending in West Hartford and \$3.4 million in new consumer spending outside of town.



## How C-PACE Can Help Your Company With Local Law 97

In an effort to reduce carbon emissions from buildings, the City of New York enacted Local Law 97 (LL97) in 2019 as a part of the Climate Mobilization Act. The law places carbon caps on most buildings larger than 25,000 square feet—roughly 50,000 residential and commercial properties across New York City. There are two initial compliance periods: 2024 - 2029 and 2030 - 2034. These caps will become more stringent over time, eventually reducing emissions 80 percent by 2050.

To date, the law is believed to be one of the most aggressive and ambitious in the world, and owners of properties must find solutions now to adhere to the many components of the legislation. Failure to do so will result in substantial fines.

C-PACE can help facilitate creative, borrower-friendly solutions to finance the energy efficiency retrofits that will be necessary to comply with LL97's stringent greenhouse gas emissions caps.

For more information about C-PACE financing and how you may be able to leverage this innovative program to achieve your business goals, please reach out to your CastleGreen Finance or X-Caliber contact or email [info@castlegreenfinance.com](mailto:info@castlegreenfinance.com)



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\*Estimates based on a study by Goman & York Goman+York, which completed a study of the agreement at the town's direction

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