Washington State C–PACER (HB 2405/SB 6222)
Enabling Low–Cost, Long–Term Funding For Commercial Energy Efficiency, Renewable Energy, And Resilience Projects

C-PACER Financing

More than 20 states have active Property Assessed Clean Energy financing programs for commercial and large multifamily buildings (C-PACE). This approach to financing can reduce barriers for owners seeking to improve their buildings. Upgrade costs are tied to the property, rather than the owner, which allows for longer term and lower cost financing and does not impact the owner’s debt to equity ratio.

Improvements that can be financed by PACE loans include clean energy improvements such as energy efficiency and renewable energy, but also resiliency improvements including seismic retrofits, water conservation, fire protection, or flood readiness.

Washington is ready for Commercial Property Assessed Clean Energy and Resilience (C-PACER) Financing!

How does C-PACER work?

This legislation would allow counties to establish C-PACER programs and cooperate with local lenders on loans secured by the property tax obligation, similar to a local improvement district. The obligation to repay the improvements loan is tied to the property, rather than the owner, which makes longer term financing more attractive because no debt is added onto an owner’s balance sheet. If the building is sold, the loan repayment obligation stays with the property rather than the owner.

Eligible properties include new and existing commercial, industrial, non-profit, and multi-family buildings.

C-PACER programs help:
- Building owners **save money** through lower utility bills and insurance premiums. The long term payback can make PACE-funded projects cash flow positive.
- **Spur economic activity** by making building improvements easier to finance.
- Communities **meet climate goals** by facilitating more energy efficiency and renewable energy projects.

Washington C–PACER Supporters

**Supporters include:**
- American Institute of Architects WA
- Association of Washington Cities
- Building Owners and Managers Assn.
- Mechanical Contractors Assn. of Western WA
- Northwest Energy Efficiency Council
- NW Energy Coalition
- City of Seattle
- Sierra Club
- Solar Installers of Washington
- WA Association of Building Officials
- WA Landlord Association
- WA State Emergency Management Association
Example C-PACER Scenario
The owner of a 50-unit apartment building with high utility bills adds insulation, seals air leaks, replaces lighting and windows, updates an old boiler with high efficiency equipment, and also adds water saving features.

- After checking on program details with the local county program administrator, the owner engages a participating lender to set up the improvements loan.
- The contractor implementing the upgrades creates employment.
- The owner deploys no cash out of pocket and experiences an immediate positive impact to their net operating income: the upgrades save over 50% in energy.
- The owner sells the building the following year for a higher value as a result of the upgrade. The new owner continues to repay the loan and reap the benefits of lower energy use and a more valuable asset.

Success from Elsewhere
- In Colorado, two six-story office buildings, totaling 414,000 square feet, are undertaking a $7.1 million energy retrofit project, financed through the State’s C-PACE program. The project is expected to result in a 30% energy savings at the end of the project. The work will include replacing HVAC rooftop units, upgrading controls, redoing lighting, updating water fixtures, and installing new meters.
- In California, a medical center campus is undergoing a $40 million seismic upgrade to comply with a California seismic upgrade mandate for hospital facilities. The funding will come through C-PACE financing and with a contribution from a C-PACE capital provider.

Addressing Washington Needs
C-PACER legislation would allow local county governments to set up their own programs, to address a variety of needs. For example:
- Washington State requires large commercial buildings to meet energy performance standards. Meeting these standards will, in some cases, require capital improvements. C-PACER provides a financing mechanism to fund these improvements.
- There are many unreinforced masonry buildings around the state; these buildings are particularly vulnerable in the event of an earthquake. C-PACER would allow for long-term financing that can fund these expensive retrofits.
- Other improvements with longer term payback such as renewable energy or water efficiency, could be facilitated with C-PACER.

QUESTIONS? WANT TO GET INVOLVED?
Rachel Koller | rachel@shiftzero.org
shiftzero.org/pace
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