



PROPERTYFIT
CPACE Financing for Improved Building Performance *oregon*

Oregon APEM 2016 Fall Forum
September 23, 2016



WHO ARE WE?

The background image shows the exterior of a building with a brick facade and a dark, reflective awning. The words "PORTLAND DEVELOPMENT COMMISSION" are visible on the awning in a light color. A semi-transparent rectangular box is overlaid on the image, containing text.

The PORTLAND DEVELOPMENT COMMISSION is the City's economic development and redevelopment agency.

Mission: Create one of the world's most desirable and equitable cities by investing in job creation, innovation, and economic opportunity throughout Portland.

BACKGROUND

Climate Action Plan reduce carbon emissions by 80% from 1990 levels by 2050

Commercial buildings are major source of carbon emissions
24% of carbon emissions in Multnomah County

Barriers

- Lack of access to capital
- Split incentive
- ROI timeline is mismatched with building holding period



COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY (CPACE)

- Public financing tool to support energy improvements in privately owned buildings
- Up to 100% long-term financing
- Term based upon the weighted average life of the energy improvements financed
- Energy cost savings used to repay CPACE financing
- No personal guarantee required
- Financing secured by a “benefit assessment” lien which automatically transfers with title upon sale



NATIONAL C-PACE ACTIVITY

Q2 2016 | C-PACE Market Update



Fig. 3: States with PACE-enabling legislation
(Aug 2016)



32 states plus D.C. have passed C-PACE-enabling laws, and there are now active programs operating in major population centers including Los Angeles, San Francisco, Austin, St. Louis, Washington D.C., and Miami. States with PACE-enabling legislation now account for over 80% of the U.S. population. In Q2, Nebraska [passed](#) PACE-enabling legislation for senior-lien C-PACE and subordinate lien R-PACE.

- 32 + D.C. passed CPACE Enabling Laws
- Top 3 building types: Office / Retail / Industrial
- Over half of project size between \$75k-\$750k
- Just about half is energy efficiency
- 790+ projects completed
- \$280M financed
- 3,300 jobs created

Fig. 4: Funding by Type of Building
(2009 - Aug 2016)

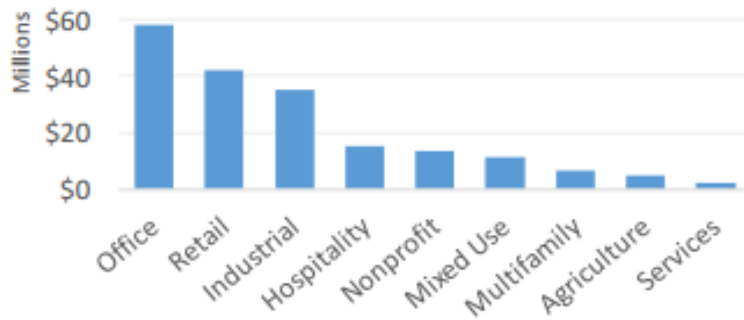


Fig. 5: Number of Projects by Project Dollar Amount
(2009-Aug 2016)

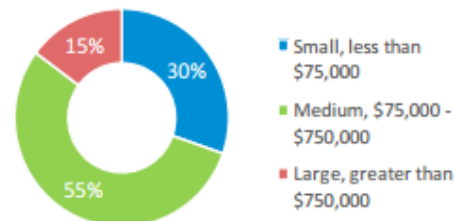
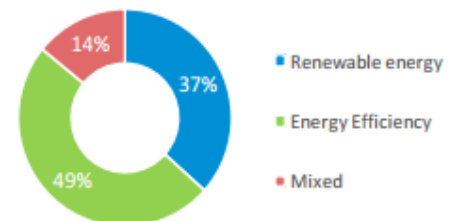


Fig. 6: Funding by Type of Improvement
(2009-Aug 2016)



PARTNERSHIP



Legal authority
Collection agency (default)



Program Administrator



Building assessment and
evaluation

SOCIAL EQUITY COMMITMENT

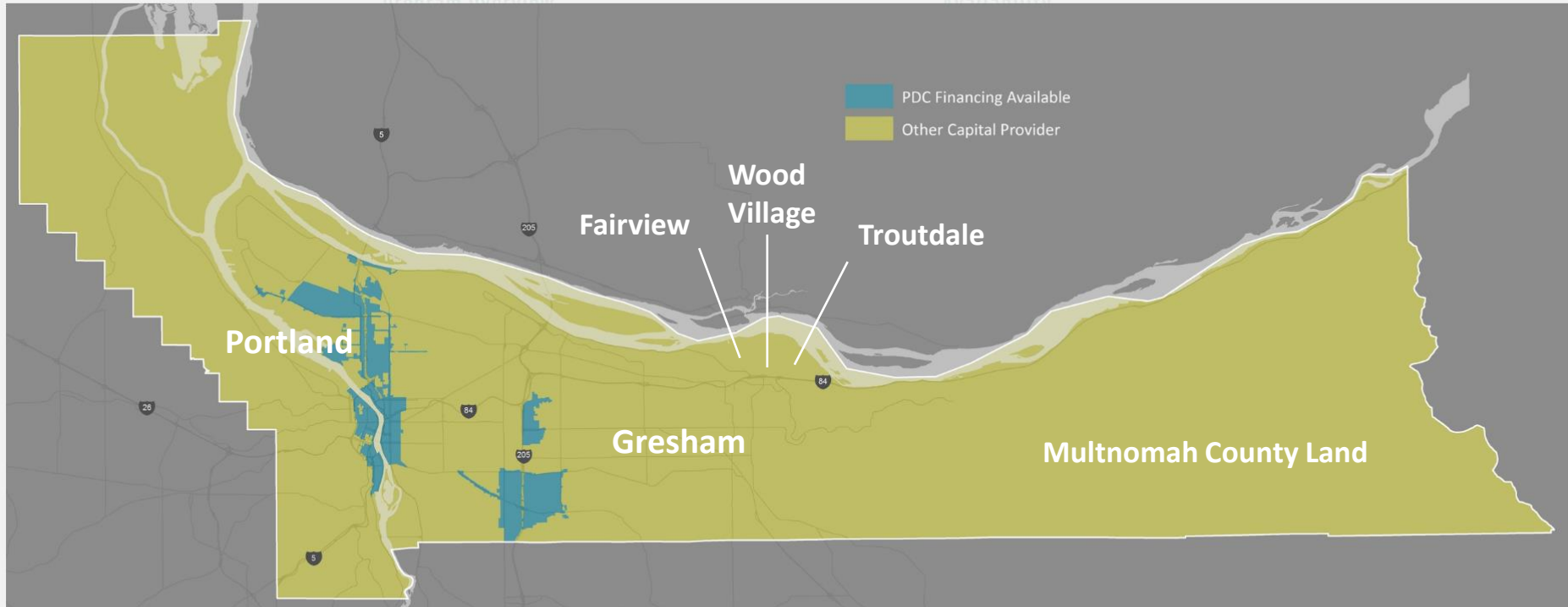
One of the goals of the **PROPERTYFIT** program is to support the growth and diversity of the Portland region's design, engineering and construction sectors by encouraging long-term business-to-business relationships between majority and minority owned firms. We are seeking Property Owner, Contractors and Capital Providers that share these values and will commit to participating in activities designed to further that end.

A construction worker wearing a yellow hard hat and safety harness is working on a wooden structure at a construction site. The worker is seen from the side, focused on their task. The background shows more of the construction site with wooden beams and scaffolding.

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

PROPERTYFIT SERVICE AREA



ELIGIBILITY

Property

Commercial, Multifamily (5+) and Industrial Property (Multnomah County)

Borrower

Legal owner of Eligible Property

Improvements

Capital improvements that lower energy consumption or generate energy

Costs:

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

Measures

Energy Efficiency

- HVAC upgrades
- Automated building controls
- Variable speed drives
- Lighting
- Chillers
- Boilers
- Furnaces
- Water heating
- Combustion and burner upgrades
- Fuel switching
- Heat recovery and steam traps
- Air Sealing & Ventilation
- Energy management systems

Renewable Energy

- Solar
- Fuel Cells
- Geothermal
- Wind

Other Costs

- Audits
- *Energy Modeling*
- M & V
- Non-energy improvements necessary to complete energy improvements

CONTRACTOR ENROLLMENT



Energy Services and Contractors

Eligibility

- CCB License
- Business License
- Insurance Requirements
- Time in Business
- Commitment to Social Equity

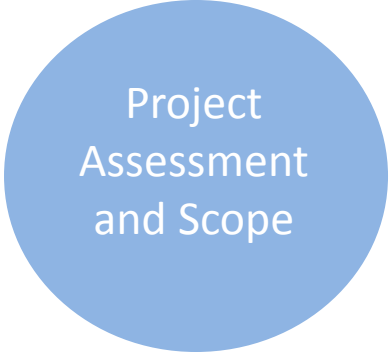
Benefits

- On the ground support
- Networking
- Lead Generation

PROPERTYFIT FINANCING EXAMPLE

First Year Impact	Owner Funded Project	CPACE 20-year term
Cash Invested by Owner	\$ (200,000)	\$ -
Annual Energy Cost Savings	33,000	33,000
CPACE Benefit Assessment	-	(17,440)
Net Cash Flow 1st year	\$ (167,000)	\$ 15,560
Investment Analysis		
NPV on Cash Flow at year 10	\$ 19,845	\$ 96,675
NPV on Cash Flow at year 20	\$ 114,814	\$ 152,770
Note: NPV based on 8% discount rate For easy of calculation, energy and maintenance cost increases assumed to be zero		

PROPERTYFIT PROCESS



Project Assessment and Scope

- Application and Initial Evaluation
- Project scoping
- Building Assessment
- Financial modeling
- Preliminary Determination of Eligibility issued



Approval and Underwriting

- Finalize scope
- Underwriting of energy audit
- Mortgage Lender Consent
- Capital provider identification
- Final determination of eligibility/ approval



Funding and Construction

- Closing documents executed
- Lien recorded
- Construction progresses
- Process payments disbursed

CONTACT INFORMATION

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THANK YOU



QUESTIONS?