ECONOMIC DEVELOPMENT PARTNERSHIP of NORTH CAROLINA | C•PACE

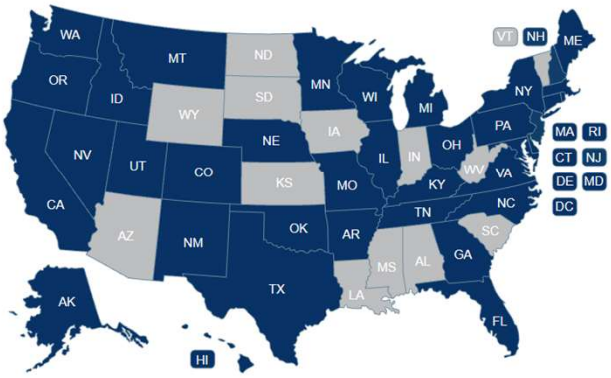
Commercial Property Assessed Capital Expenditure Program

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US Participation in C-PACE

(C-PACE) financing is available in states after legislation is passed and adopted on the local level.

While each C-PACE program is unique, NC's program includes energy efficiency and renewable measures but also investment in resiliency and water conservation.



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North Carolina C-PACE Program Participants



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Commercial Property Assessed Capital Expenditure

SB 802 became law in 2024, creating a statewide Commercial Property Assessed Capital Expenditure (C-PACE) program.

Private property owners can apply for private financing of eligible capital expenditures, leveraging a new financial mechanism – the C-PACE Assessment and the C-PACE Lien

Loans and the assessments are secured by liens placed on the property by the participating local government, enabling payback periods over the expected life of the improvements

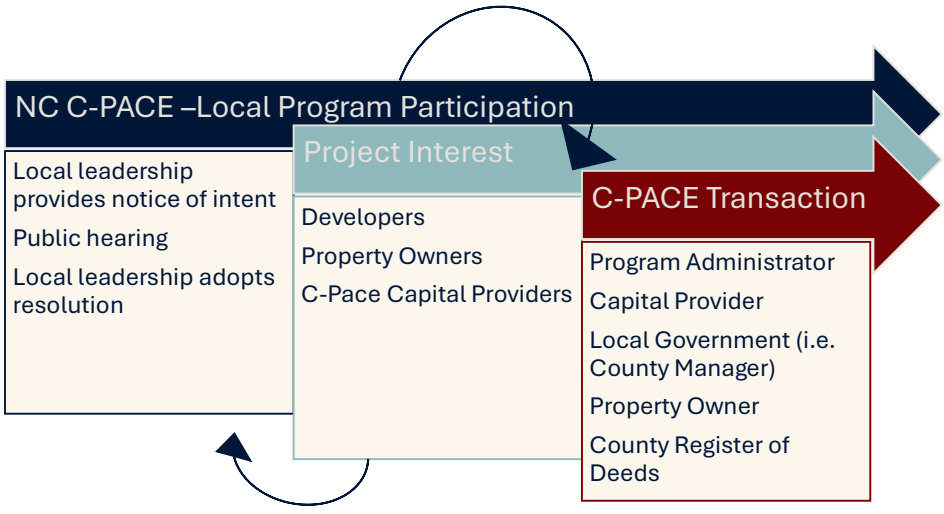
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Expanding the Toolbox

- Provides an additional financing tool for property owners to use "private funds" to finance improvements to their eligible property.
- Drives economic development - by creating a diversity of jobs in the resilience and clean energy sectors of the economy.
- Provides a more accessible financial mechanism to fund improvements.
- The assessment and resulting improvements will increase the tax value of the affected properties with minimal administrative cost to local governments.

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C-PACE Overview



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Qualifying Improvements

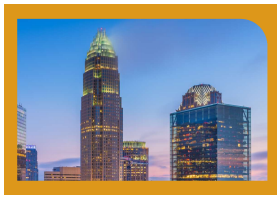
Permanently affixed improvements on qualifying commercial property as part of construction or renovation, including one ore more of the following:

- **Energy efficiency measure** - equipment, component, or program change that reduces energy use and that meets or exceeds then-existing State and Federal building codes and efficiency standards or conservation codes.
- **Resiliency measure** - equipment, component, or program change including, but not limited to, storm retrofits, flood mitigation, stormwater management
- **Renewable energy measure** - equipment, component, or program change that utilizes a renewable energy resource.
- **Water conservation measure** - equipment, component, or program change to decrease water consumption or demand, either indoor or outdoor. This also includes measures to address safe drinking water.

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Qualifying Commercial Property

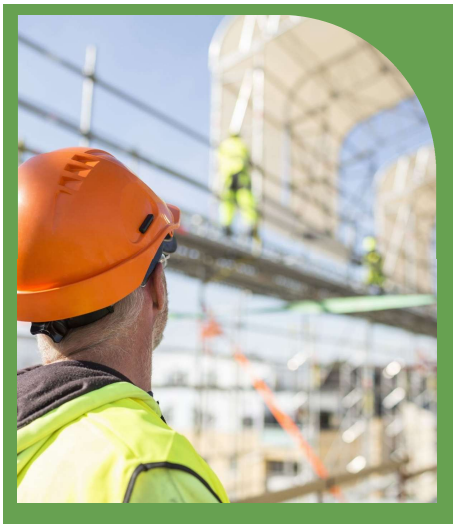
- Privately-owned property:
  - Commercial
  - Industrial
  - Agricultural
  - Multi-family real property with five (5) or more dwelling units.
  - This includes properties owned by nonprofit, charitable, or religious organizations.





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C-PACE : Flexible Financing



- Acquisition
- Construction (including new construction)
- Adaptive reuse
- Installation, or modification of qualifying improvements
- Refinancing of existing properties or new construction that have had qualifying improvements installed

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NC's 1st C-PACE Project



Summary

Trenton Mill Lofts is an 85-unit multifamily development located in downtown Gastonia, NC, approximately 20 miles west of Charlotte. The building was previously Trenton Cotton Mill, Gastonia's oldest standing textile mill, which was built in 1897 and had since stood abandoned. In 2022, the Sponsor, Lansing Melbourne Group, reimagined and converted it to an upscale multifamily property, which boasts design-forward apartments and loft-style homes, as well as a fitness studio, lounge, hammock park and fire pit area.

Opportunity

The sponsor utilized $6.5 million in C-PACE financing to recapitalize key energy efficiency improvements, as well as associated soft costs, which were made to the historic Trenton Mill as part of a 2022 adaptive reuse project. By utilizing C-PACE, the Sponsor was able to partially pay down their original construction loan and support the stabilization of the property. This enabled them to cover necessary reserves, enforce lease-up efforts, and fund operational enhancements, thereby positioning the property for long-term success, while providing the city of Gastonia with needed housing.

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Local Government Benefits

C-PACE is an economic development tool structured to be cost-neutral for local governments and requiring little-to-no administrative resources. By making it more affordable for building owners to make major improvements to their buildings, local building stock is enhanced, which drives job creation. Energy and resiliency upgrades retain and attract new businesses by lowering utility costs, and in turn these upgrades generate higher property tax payments for local governments. In addition to supporting local governments in their efforts to achieve energy and emissions reduction goals, the benefits of the C-PACE program include:

- Higher property values – Revitalized buildings improve property values, creating more revenue for local communities.
- Economic growth – New development and construction projects stimulate the local economy.
- Stronger communities – Conserving resources and building resiliency in infrastructure deliver positive impacts for everyone in the community.

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No Overhead

- A local government shall **NOT be financially or legally liable** for any actions taken pursuant to the C-PACE Act. § 160A-239.16. (a)
- The C-PACE program is structured to be cost-neutral for local governments and requires **little-to-no administrative resources**.
- At closing and upon execution by the local government, EDPNC or the capital provider will record the Assessment Agreement, Notice of C-PACE Assessment, and the Assignment of C-PACE Lien in the office of the register of deeds in the county in which the property is located.
- C-PACE assessment is a voluntary assessment imposed on a commercial property by a local government under pursuant to an assessment agreement for the **total amount of the C-PACE financing**. **The voluntary C-PACE assessment shall not constitute a tax.**
- C-PACE liens are **junior in priority to all taxes** and other governmental liens. § 160A-239.17.1
- Outstanding or delinquent state, local, or federal taxes or liens at the time of a foreclosure proceeding will be satisfied first. § 160A-239.16. (d)
- **Billing, collection and enforcement** of C-PACE assessments and C-PACE liens will be the sole **responsibility of capital providers**. Local governments are not responsible for collection; duties for billing and collection will be delegated to and handled privately by the capital provider(§160A-239.16 (b)).
- Per the Act, the State nor any local government may use public funds to finance or repay C-PACE assessments, and all financing is obtained by commercial property owners from private-sector capital providers.

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Your C-PACE Team

Our Role:

- Enablement & education
- Liaison with property owners, local governments, capital providers
- C-PACE Administrator & application review



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