FILLING FINANCING GAPS WITH C-PACE

A Contractor's Step-by-Step Reference

C-PACE IN ONE BREATH

Commercial Property Assessed Clean Energy (C-PACE) lets an owner finance up to 100% of eligible improvements through a voluntary assessment on the property tax bill, repaid over the useful life of the work — often 20–30 years.

Because the obligation attaches to the property rather than the owner, it transfers on sale, and the long term keeps annual payments low enough that energy savings can exceed the cost. MGB administers and facilitates C-PACE from $250K to $50M+.

THE FINANCING GAP YOU SEE DAILY

- **Owner lacks capital:** approved technically, but stalls for cash.
- **Bank loan falls short:** senior lender funds 60–75%; the rest goes unfunded.
- **Scope cut:** efficient systems get value-engineered out to hit budget.
- **Split incentive:** owner won't pay for upgrades a tenant enjoys.
- **Deferred maintenance:** roof, HVAC, envelope pushed to “next year.”

HOW C-PACE CLOSES THE GAP

- ✓ Funds the gap the bank won't — the top of the capital stack.
- ✓ 100% financing means no owner cash down for eligible scope.
- ✓ Long amortization keeps payments cash-flow positive vs. savings.
- ✓ Transfers on sale, so owners don't fear a short hold period.
- ✓ Can be shared with tenants via the tax bill or lease.

CAPITAL STACK — WHERE C-PACE SITS

OWNER EQUITY (10–20%)
C-PACE (fills the gap, 10–30%)
SENIOR MORTGAGE / BANK (50–70%)

C-PACE slots between senior debt and equity, funding the exact slice that would otherwise kill the deal. It is senior to the mortgage, so lender consent is required.

WHY CONTRACTORS CARE

- Rescues stalled bids — turns a “no” into a signed contract.
- Bigger scope — finances the premium system, not the cheap one.
- Faster close — owners decide quickly with no cash outlay.
- Repeat work — you become the advisor who solved the money problem.

STEP 1 — RECOGNIZE THE PROJECT

Most C-PACE-eligible scope is work you already bid. Screen the project before you ever mention financing to the owner.

Eligible improvements

HVAC & controls · lighting · roofing, insulation, windows & envelope · solar PV, storage & EV charging · boilers, chillers & heat pumps · water efficiency · seismic / resiliency (where allowed) · the efficient portion of new construction.

Green-light signals

- Owner says “we can't afford the full scope this year.”
- Bank approved the loan but it leaves a gap.
- Equipment is at end of life; utility bills are clearly high.
- Owner plans to sell soon, or it's a tenant build-out.

Red flags / disqualifiers

- ✕ Residential 1–4 units; delinquent taxes or mortgage.
- ✕ Bankruptcy or active tax liens; lender refuses consent.
- ✕ No measurable energy/water benefit; non-PACE jurisdiction.

30-SECOND SCREENING SCRIPT

1. Commercial / industrial / 5+ unit multifamily?
2. Active C-PACE program in the jurisdiction?
3. Energy, water, or resiliency scope?
4. A funding gap or cash-flow concern?
5. Owner current on taxes & mortgage?

Five “yes” = strong candidate. Bring it to MGB — (866) 554-4083.

QUALIFY THE FINANCING

C-PACE essentials — from candidate to closed deal

STEP 2 — QUALIFY THE FINANCING

1. **Confirm program & eligibility.** Verify an active program and that the scope qualifies; each state and county sets its own rules.
2. **Establish the savings case.** An audit or engineering estimate ties cost to savings; many programs require an SIR greater than 1.
3. **Check property & owner standing.** Taxes current, no involuntary liens, clear title, and owner of record matches the applicant.
4. **Size the assessment.** Eligible cost against program limits — often ≤ 20–35% of value, with combined LTV ≤ ~90%.
5. **Secure mortgage lender consent.** C-PACE is senior, so the lender must sign off. Start early — it's the #1 cause of delay.
6. **Underwrite & approve.** The provider reviews docs, value, savings, and term, then issues a financing commitment.
7. **Close & record assessment.** Documents sign, the assessment records with the county, and funds disburse on a draw schedule.

KEY QUALIFYING METRICS

SIR	Savings-to-Investment Ratio; many programs need ≥ 1.0
Combined LTV	Mortgage + C-PACE often capped near 90% of value
PACE-to-value	Assessment commonly ≤ 20–35% of property value
Useful life	Term cannot exceed the weighted useful life of measures

MGB CAN HELP YOU QUALIFY IT

Missouri Green Banc offers free or subsidized feasibility assessments, financial modeling, and contractor identification.

Bring us a candidate project and we'll help size the deal, build the savings case, and open the lender-consent conversation — so your customer can say yes.

(866) 554-4083 **www.MissouriGreenBanc.org**

HOW PACE WORKS — THE MECHANICS

- State law authorizes PACE; the local government opts in.
- A voluntary assessment (lien) is placed on the property.
- The provider funds 100% of eligible cost; the owner repays via the tax bill.
- The assessment is senior to the mortgage — hence lender consent.
- On sale, the remaining balance transfers with the property.

FAST FACTS

Term: 5–30 yrs
Up to 100% of cost
Usually fixed rate
Repaid via tax bill
$250K–$50M+ range
Transfers on sale
CRE, industrial, ag, nonprofit, mixed-use

BENEFITS

- ✓ 100% financing
- ✓ Long fixed term
- ✓ Transfers on sale
- ✓ Cash-flow positive
- ✓ Boosts asset value
- ✓ Stacks with rebates
- ✓ & tax credits

FREQUENT QUESTIONS

Q: Does the owner need good credit?
A: C-PACE is property-based and non-recourse to personal credit, but taxes and standing must be clean.

Q: What if the building sells?
A: The balance and the improvements transfer to the buyer; there's no due-on-sale trigger.

Q: Can it cover the whole project?
A: Up to 100% of eligible costs, often including soft costs and the energy audit.

Q: Is it available everywhere?
A: No — it needs state law plus an active local program. Always verify the jurisdiction first.

THE 60-SECOND OWNER PITCH

"Your project pencils out, but the budget gap is stalling it. C-PACE finances up to 100% of eligible work — no cash out of pocket. You repay on the tax bill over the equipment's life, so savings cover the payment, and the balance transfers if you sell."

Connect with MGB: (866) 554-4083