

Philadelphia Enacts Commercial Property Assessed Clean Energy (C-PACE) Program

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On August 14, 2019, Mayor Jim Kenney signed a bill authorizing, through C-PACE loans, the financing of clean energy, alternative energy and water conservation projects for eligible commercial properties in Philadelphia. Philadelphia City Council unanimously voted to approve the C-PACE program on June 20, 2019. The program will be administered by the Philadelphia Energy Authority. Third-party capital providers (not the Philadelphia Energy Authority) will originate C-PACE financings for qualified projects.

C-PACE "assessments" will encumber the applicable property in a first lien position akin to a real estate tax. Documentation among the property owner, the City of Philadelphia, and the third party capital provider (identified in the ordinance as the "financial institution") will provide, among other things, that the assessments will be payable and fully amortize over the term of the financing (i.e., 30 years) and will not be accelerated during its term. Importantly, before a C-PACE financing can be originated and the underlying property assessed, notice of the property owner's desire to secure C-PACE financing under the program must be provided to the holder of a mortgage on the subject property and the holder of the mortgage must provide the property owner and the City of Philadelphia with its written consent. Without the mortgage lender's consent, the C-PACE financing cannot be consummated.

The Philadelphia Energy Authority has announced that it plans to accept its first project applications in September 2019. We will continue to advise you of significant developments concerning the progress of Philadelphia's C-PACE program.

If you have questions or would like more information contact Tim Davis (davist@whiteandwilliams.com; 215.864.6829).

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