OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

March 13, 2026

TO: Natali Fani-González, President
Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: 2025 Annual Report on the County's Commercial Property Assessed Clean Energy Program

Please find the annual report on the County's Commercial Property Assessed Clean Energy (C-PACE) program, which was created to assist qualifying commercial property owners make energy and resiliency improvements to their buildings. This annual reporting requirement is described in the Montgomery County Code Chapter 18A, Article 5, Section 18A, § (b-c) which stipulates that:

> *"The Executive must submit an annual report to the County Council by March 15 of each year describing program participation, number and dollar value of surcharge billed and collected, and other relevant information pertaining to the prior calendar year.*
>
> *The report must include details about outreach and education efforts by the designated program manager to encourage and disseminate information related to contracting with minority-owned businesses, including marketing strategies, promotions, availability of online directory, and website presence."*

Program Management: In January 2021, the County established a Memorandum of Understanding (MOU) with the Montgomery County Green Bank (Green Bank) to manage the day-to-day administration of the C-PACE program. Given the Green Bank's trusted relationships with capital providers, building owners, and energy service contractors, the County extended this MOU with the Green Bank through December 2026.

Program Status: Following the passage of Montgomery County Council Bill 46-21, the County approved a new set of C-PACE Program Guidelines in November 2025. The revised Program Guidelines reflect program improvements following the latest legislative amendments, as well as

expanded information about Building Energy Performance Standards (BEPS) to help stimulate market activity. These updates are intended to improve clarity for property owners and lenders as BEPS increasingly drive demand for long-term, fixed-rate financing solutions.

From January 2025 to December 2025, no new C-PACE loans were originated by the Montgomery County Green Bank. The Green Bank currently has one C-PACE transaction in its pipeline, which it intends to close in FY27. Additional projects are in early-stage discussion, reflecting renewed interest as market participants become more familiar with updated program guidelines.

Starting in 2024, the Green Bank became a small C-PACE capital provider to help stimulate the market and close gaps for smaller transactions of $2.5 million or less. Whereas the Green Bank traditionally engages other lending partners in financial transactions, it decided to permit small C-PACE transactions without other capital providers to demonstrate the efficiency and benefits of executing C-PACE loans. This approach was intended to lead to a growing interest from other capital providers in (a) purchasing participation in the Green Bank's C-PACE transactions and (b) engaging in their own C-PACE transactions. To date, one small C-PACE loan has been originated.

C-PACE Assessment Collection and Remittance: From September 2025 to December 2025, the County billed and collected payments from the sixth cycle of C-PACE assessment collections due on the property tax bills. The total amount billed for all C-PACE assessment payments in 2025 equaled $265,496.74. One account has been paying its balance late annually, but as of the date of this report, has remitted payment to the County. Total collections as of March 1, 2026 of $200,195.30 have been remitted to the Green Bank for servicing with the C-PACE capital providers.

Table 1: C-PACE Portfolio as of the end of December 2025

Building Name	Property Type	City	C-PACE Financed Amount	Loan Term (yrs)	Project Completion Date	First Surcharge Due Date
Wildwood Medical Center	Office	Bethesda	$638,849	20	2/21/2018	9/30/2018
Rockville Motel Associates	Commercial	Bethesda	$1,611,899	20	10/28/2020	9/30/2021
Unitarian Universalists Church of Silver Spring	Non-Profit/Faith-Based	Silver Spring	$965,000	20	N/A	9/30/2025

C-PACE Outreach and Engagement

To help spur market activity, the Green Bank continued its outreach and education throughout the year for capital providers, property owners, and developers. Engagement included one-on-one technical assistance, participation in industry convenings, and direct coordination with senior lenders and project sponsors to address structural, legal, and underwriting considerations specific to C-PACE. The Green Bank maintained and refined marketing materials on its website to reflect recent policy updates, program enhancements, and market feedback affecting commercial building owners.

Market response has strengthened compared to the prior year, with a noticeable increase in C-PACE feasibility inquiries and early-stage structuring discussions. This increase signals greater familiarity within the lending and development community and reflects sustained engagement efforts.

To further institutionalize best practices and strengthen collaboration among program administrators, the Green Bank plans to become a member of the National Association of PACE Program Administrators (NAPPA). Participation in NAPPA will support continued standardization, peer coordination, and alignment across jurisdictions as the market matures.

Moving forward, the Green Bank plans to initiate a targeted marketing campaign, webinar series, and in-person convenings to reach broader audiences, including minority-owned businesses and low-income and disadvantaged community (LIDAC) property owners and developers. This expanded engagement strategy is designed to reduce informational and transactional barriers, streamline pathways to execution, and ensure that smaller, historically underserved property owners can access C-PACE as a viable financing option.

The Department of Finance and the Department of Environmental Protection look forward to having new C-PACE projects to share with the Council in our next annual report. If you have any questions on the C-PACE program or information provided in this annual report, please contact Nancy Feldman, Chief, Division of Fiscal Management, Department of Finance at extension 7-8887 or Lindsey Robinett Shaw, Section Chief, Buildings and Transportation Programs, Department of Environmental Protection at extension 7-7754.

cc: Tommy Heyboer, Chief of Staff to the Council President, Montgomery County Council
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