





MEMORANDUM

March 11, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: 
Michael Coveyou, Director
Department of Finance


Adriana Hochberg, Acting Director
Department of Environmental Protection

SUBJECT: 2022 Annual Report on the County's Commercial Property Assessed Clean Energy Program

We are hereby submitting to the Montgomery County Council the annual report on the County's Commercial Property Assessed Clean Energy (C-PACE) program, which was created to assist qualifying commercial property owners to make energy efficiency and renewable energy improvements to their buildings. This annual reporting requirement is described in the Montgomery County Code Chapter 18A, Article 5, Section 18A, § (b) 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."

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. The Green Bank's trusted status with capital providers, building owners, and energy service contractors, along with their suite of other strong financial products for building owners, made this transition of program management a logical next step for the County's C-PACE program.

Despite the negative impact that the COVID-19 pandemic had on new C-PACE project applications, the Green Bank positioned the C-PACE program for the future by developing new strategies among the property owner, developer, lender, and contractor communities to increase interest, including: a new MC-PACE website launched in May 2021, C-PACE focused webinar



series, and safe in-person events. These strategies have generated interest in C-PACE as a tool with property owners who are developing large energy efficiency and renewable energy projects.

As of early March 2022, the Council is currently considering amendments to the C-PACE Program legislation (Montgomery County Council Bill 46-21) following changes from the Maryland state-enabling law and market feedback. This bill proposes to amend C-PACE project eligibility to include climate resiliency, climate adaptation, water conservation, environmental health and safety upgrades; allows eligible projects to be retroactively financed up to 12 months; and deepens the incentive structure for property owners and developers to expand property investments with a 5-year pilot program permitting higher loan amounts. The Green Bank has received positive market feedback from C-PACE capital providers about the pending amendments.

From September 2021 to December 2021, the County billed and collected payments from the fourth cycle of C-PACE assessment collections due on the property tax bills. The total amount billed and collected for all C-PACE assessment payments in 2021 equaled \$355,557.14 which was remitted to the Green Bank for servicing with the C-PACE capital providers.

The calendar year saw many C-PACE loans pay off early. In January 2021, the Green Bank assumed the servicing of ten preexisting C-PACE loans. Four were paid off around the time the 2021 C-PACE Annual Report was filed (listed in Table 1 below).

Table 1: C-PACE Project Portfolio in 2021

Building Name	Property Type	City	C-PACE Financed Amount	Loan Term (yrs)	Project Completed (Date)	First Surcharge Due Date
Properties serviced in the 2021 tax cycle:						
The Glens on Battery Lane	Multi-family	Bethesda	\$500,685	20	11/28/2017	9/30/2018
The Glens on Battery Lane	Multi-family	Bethesda	\$551,581	20	2/15/2018	9/30/2018
Glen Brook Apartments	Multi-family	Bethesda	\$402,546	20	2/15/2018	9/30/2018
Glenmont Apartments	Multi-family	Bethesda	\$421,095	20	2/15/2018	9/30/2018
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
Properties paid off just prior to April 1, 2021:						
Wellington Apartments	Multi-family	Chevy Chase	\$290,181	20	2/15/2018	9/30/2018
The Drake	Multi-family	Chevy Chase	\$537,337	20	2/15/2018	9/30/2018
Bradley/Strathmore Apartments	Multi-family	Chevy Chase	\$481,710	20	4/9/2018	9/30/2019
The Dorset	Multi-family	Bethesda	\$556,364	20	9/17/2018	9/30/2019

Through the year, another four C-PACE loans paid off, leaving two remaining projects at the end of December 2021 being serviced by the Green Bank.

Table 2: Portfolio as of the end of December 2021

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

Throughout 2021, the Green Bank worked to connect with experienced C-PACE lenders, educate them about the County’s C-PACE program and legislative initiatives, positioning the Green Bank to execute new loans in 2022. Furthermore, as the capital providers and property owners/contractors think about potential Building Energy Performance Standards requirements, C-PACE is expected to be a highly supportive financial strategy to realize gains from energy efficiency and renewable energy. As of February 2022, the Green Bank has received capital provider applications from Nuveen by TIAA, Capital Bank, Forbright (formerly Congressional Bank), and Ygrene.

The Department of Finance and the Department of Environmental Protection are proud of the successes made to date, and along with the Green Bank, we look forward to having a wider array of 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 Shaw, Manager of Energy and Sustainability Programs, Department of Environmental Protection at extension 7-7754.

- c: Marc Elrich, County Executive
- Richard Madaleno, Chief Administrative Officer
- Ken Hartman, Director of Strategic Partnerships
- Evan Glass, Vice President, Montgomery County Council
- Jake Weissmann, Assistant Chief Administrative Officer