



C-PACE:

Commercial Property Assessed Capital Expenditure Program Authorized in North Carolina in 2024

When examining North Carolina's carbon-emitting sectors, energy consumption in buildings is a major contributor – second only to the transportation sector. Over the last decade, commercial property owners in more than three dozen states and Washington, D.C., have been able to access a new financing tool known as C-PACE, which allows them to finance upgrades to their buildings and see energy and monthly bill savings.

After several years of working with state legislators, local governments, and partner organizations, the North Carolina Sustainable Energy Association (NCSEA) is happy to report that C-PACE is coming to North Carolina! In 2024, the NC General Assembly passed and Gov. Roy Cooper signed into law Senate Bill 802, which authorizes a statewide, voluntary C-PACE program that utilizes assessments to repay nonpublic financing of commercial building improvements. As a result, this program will promote economic development, reduce utility bill costs, and harden buildings against storm and flood damage.

What exactly is “C-PACE”?

C-PACE, which stands for Commercial Property Assessed Capital Expenditure, is a program that provides access to a long-term financing solution empowering property owners to improve their commercial buildings and achieve energy savings. Property owners in areas of the state that choose to authorize C-PACE will be able to pay for recommended improvements through a lien against their property. Once the state C-PACE program is set up and local governments begin adopting C-PACE resolutions, property owners can evaluate this new financing option and implement upgrades that will save them money for years to come.



C-PACE Process

As the Statewide Administrator, Economic Development Partnership of NC (EDPNC) develops a C-PACE toolkit

As the Program Sponsor, NC Dept. of Commerce approves C-PACE toolkit

Local governments adopt C-PACE resolutions

Property owner applies to C-PACE and project is approved by EDPNC

Property owner secures financing agreement with lender

Local governments impose tax assessments

Contractors complete the building upgrades

Property owner sends final payment to lender



What commercial properties are eligible for C-PACE? What types of improvements are included?

Any privately owned commercial, industrial, or agricultural real property or privately owned multifamily residential property consisting of five or more dwelling units is eligible for C-PACE in North Carolina. SB802 states that this includes property owned by nonprofit, charitable, or religious organizations. In terms of specific improvements, eligible projects include those that add or improve energy efficiency, water conservation, renewable energy, and resilience such as HVAC replacement, efficient windows and doors, control systems, roofing, elevators, and solar panels.

How is C-PACE different from traditional bank financing?

For certain projects, C-PACE financing can be a better option than traditional bank financing. Notably, property

owners pay for the cost of building upgrades through an additional lien against their property. Because the loan for the building upgrades is secured by the property, meaning that repayment obligations are transferred with the property itself, there is less overall risk for the property owner. If a property owner sells their property before they have repaid the C-PACE loan, the remaining balance can also be transferred to the new owner. Given that C-PACE is secured through a lien, it also has a longer repayment term (typically 20-30 years for the useful life of improvements) than a traditional commercial loan (typically 7-10 years). As a result of SB802, commercial property owners in North Carolina will soon have access to a new financing mechanism for building upgrades with minimal upfront costs.

NCSEA celebrates the authorization of C-PACE and will provide updates on the development of a state C-PACE toolkit and when commercial property owners may begin submitting applications to the program.

Benefits of C-PACE



Utility bill savings



Energy savings



Enhanced building resilience



Potential increase in property values



Local economic development & jobs



Reduced carbon emissions



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