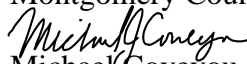


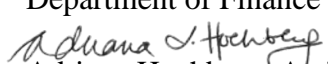


MEMORANDUM

March 15, 2023

TO: Evan Glass, President  
Montgomery County Council

FROM:  Michael Coveyou, Director  
Department of Finance

 Adriana Hochberg, Acting Director  
Department of Environmental Protection

SUBJECT: 2023 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 continued to manage the C-PACE program throughout 2022 due to the organization's trusted status with capital providers, building owners, and energy service contractors, along with their ability to offer C-PACE financing alongside with their suite of other financial products for building owners.

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. These strategies centered around market education and technical assistance whereby the Green Bank launched:



- (i) a Market Series of educational events and roundtables for different market segments, and
- (ii) a technical assistance program to enhance project readiness through energy performance audits.

In March 2022, the Council passed 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 amended C-PACE project eligibility to include climate resiliency, climate adaptation, water conservation, environmental health, and safety upgrades. It also allowed for eligible projects to be retroactively financed up to 12 months following the final inspection. And it deepened the incentive structure for property owners and developers to expand climate-focused investments with a 5-year pilot program permitting higher C-PACE loan amounts (e.g., a higher C-PACE loan-to-value ratio).

During tax levy year 2022, the County billed \$187,016.26 in C-PACE assessments on property tax bills in the fifth cycle of assessment collections. The total C-PACE amount collected and remitted to the Green Bank for servicing with the C-PACE capital providers was \$187,016.26.

In January 2022, the Green Bank continued the servicing of two preexisting C-PACE loans. These are listed below in Table 1.

**Table 1: C-PACE Project Portfolio as of the end of December 2022**

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 2022, the Green Bank worked to connect with experienced C-PACE lenders and educate them about the County’s recent regulatory developments with respect to benchmarking, Building Energy Performance Standards, and forthcoming electrification requirements. The market is highly receptive to using C-PACE as a financial tool for realizing gains from energy efficiency and renewable energy, as well as adapting to a changing climate. Furthermore, stakeholders in the market believe that the legislative changes enacted in 2022 will accelerate C-PACE activity in 2023 and future years.

The Green Bank formed relationships and partnered with additional C-PACE lenders throughout the year, adding nine new C-PACE lenders to the program. These include CounterpointeSRE, North Bridge, GreenRock, Capital Bank, Amalgamated Bank, National Cooperative Bank, Ygrene, Bayview Asset Management, and Forbright. The Green Bank also expanded its outreach and education efforts throughout the year via in-person and remote events dedicated to unique market segments that can leverage C-PACE.

These sessions covered topics like solar project basics, the Inflation Reduction Act, clean energy in affordable multifamily properties, project implementation at faith-based properties, and other topics that garnered expert panelists to resonate with each respective market segment.

Furthermore, the Green Bank expanded outreach and community education through the launch of its technical assistance program, which has deepened the proliferation of clean energy contractor activities in Equity Emphasis Areas and in multifamily sector projects whereby advantageous financing options such as C-PACE maintain or enhance overall affordability of clean energy solutions in those communities.

The Department of Finance and the Department of Environmental Protection, along with the Green Bank, look forward to having a wider array of projects to share in our next annual report. If you have any questions regarding 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, Section Chief, Office of Energy and Climate, Department of Environmental Protection at extension 7-7754.

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