

Bayview Ramps Up C-PACE Lending

Bayview Asset Management is on track to write more than \$200 million of Property Assessed Clean Energy loans on commercial properties by yearend, and it's staffing up to support the initiative.

Senior vice president **Anne Hill** was hired in February to lead the commercial PACE lending team, which has originated \$92 million of loans since closing on its first, and largest, deal in the sector seven weeks ago. She reports to chief executive **David Ertel**.

The C-PACE unit includes two other senior vice presidents. One is **Woolsey McKernon**, who reports to Hill and came aboard in May as head of originations and marketing. The other is **Fred Lee**, who starts July 19. Reporting to McKernon, Lee will spearhead originations and oversee program management by engaging with municipalities participating in C-PACE financings.

Lee was co-CEO of **Nyceec**, a New York non-profit that finances the development of energy-efficient commercial properties in the Northeast and Mid-Atlantic regions. Nyceec, which also provides debt to retrofit buildings, administers the C-PACE program that the **New York City Council** authorized via its sweeping Climate Mobilization Act in 2019.

Bayview's plans call for adding at least two seasoned staffers with C-PACE experience to Hill's team by yearend. That unit gets an assist on debt originations, underwriting and due diligence from the firm's separate bridge-loan group, which also provides access to a large, established network of commercial-mortgage brokers and borrowers, said **Matt Philip**, Bayview's head of commercial lending. Meanwhile, Philip said he hopes to expand his 18-member bridge-loan group by hiring up to three more underwriters with at least five years of experience. He's also looking to add another junior analyst.

C-PACE financings, currently allowed in 26 states and Washington, are repaid through assessments collected with property taxes. Bayview aims to become a major player in the sector, which is poised for significant growth as commercial-property owners strive to make their buildings more energy-efficient to boost profits and comply with government-mandated sustain-

ability requirements, Hill said.

"As our CEO has said, we entered the space not to take a piece of the pie, but to grow the pie," she said.

While many C-PACE loans are syndicated among multiple lenders, Bayview is prepared to fund the entire balance, McKernon said. "It gives us an advantage when a property owner or developer knows it's not relying on us to go out and find additional capital," he added. "They know they're dealing with a lender that's working with its own capital and making its own decisions."

Bayview's approach to C-PACE lending also is unusual because the Coral Gables, Fla., investment manager will consider originating such debt alongside its traditional bridge loans on the same properties, Philip said.

The lender's first C-PACE financing, which closed on May 28, helped refinance a 234-room hotel in Arcadia, Calif., that opened early last month. The borrower was **Chateau Group USA**, the local developer of the Le Meridien Pasadena Arcadia hotel.

Chateau used the proceeds of the \$42.5 million C-PACE loan — along with a \$29 million traditional bridge loan from an undisclosed fund shop — to retire a roughly equivalent amount of construction debt and separate financing it had received under the federal EB-5 program. That program provides access to visas for foreigners who invest in certain types of U.S. development projects.

Hill, based in St. Louis, was previously president of the C-PACE lending unit at **Stonehill Strategic Capital** of Atlanta.

Before signing on with Bayview in San Francisco, McKernon spent about a year as chief investment officer at the **Plant**, a New York company that invests in environmentally friendly redevelopment projects. He spent the previous four years as chief revenue officer at **CleanFund**, a large C-PACE lender in Sausalito, Calif.

Lee will join Philip in Bayview's New York office, after 10 years at Nyceec, which he co-founded. Prior to becoming co-CEO in mid-2019, he served as general counsel and director of legal and business development. ❖

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