



C-PACE Financing Can Be a Useful Part of a Data Center's Capital Stack

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Real Estate Partner Glenn Miller and Counsel Abe Salander authored an article in the *Commercial Observer* on how Commercial Property Assessed Clean Energy (C-PACE) financing can help data center developers pay for the power, cooling and other infrastructure behind increasingly energy-intensive computing. C-PACE financing allows commercial property owners to finance qualifying energy, water, renewable energy and resilience improvements through an assessment on the property, which is repaid through the property tax bill, typically over 10 to 20 years.

“The data center boom faces a financing challenge: developers must fund not only the buildings themselves, but also the power, cooling and other infrastructure required to support increasingly energy-intensive computing,” Glenn and Abe wrote. They pointed to two recent deals as examples, with the first being a \$100 million C-PACE loan through Missouri’s Show Me PACE program for Patmos Hosting’s 35-megawatt artificial intelligence (AI) data center campus in the former Kansas City Star building, the largest C-PACE deal in Missouri history, and the second being a \$40 million financing through Texas’s Lone Star PACE program to convert a 774,000-square-foot facility at Houston’s ViVa Center into a data center. “These transactions illustrate the potential intersection between C-PACE and data center development, particularly as cooling and other infrastructure are projected to account for approximately 20 percent of the net increase in global data center electricity consumption through 2030,” the authors noted.

Glenn and Abe cautioned that C-PACE “is not, however, a general-purpose source of financing for every component of a data center,” adding that eligibility depends on the applicable program, and that massive hyperscale facilities likely will not qualify. They also stated that because the C-PACE assessment is secured by a lien that may have priority over the mortgage, developers must coordinate with existing mortgage lenders and oftentimes get their consent. Still, the authors said C-PACE can “slot into” a capital stack as long-term capital that may replace more expensive mezzanine

debt: “For owners, sponsors and capital markets participants, the practical takeaway is to map cooling, electrical and other building systems against the applicable program's eligibility rules early in design, and to engage mortgage lenders early.”

["C-PACE Financing Can Be a Useful Part of a Data Center's Capital Stack,"](#) *Commercial Observer*, October 14, 2026

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