



## CASE STUDY

### KEX Hostel Energy and Seismic Upgrade

PropertyFit financing funded energy efficiency and seismic retrofit as part of redevelopment

#### Background

Green Light Development used PropertyFit commercial property assessed clean energy (CPACE) financing to implement energy efficiency and seismic improvements as part of the adaptive reuse project on the Vivian Apartment Building in Portland, OR. The project converted the historic apartment/retail building into an upscale hostel and gastropub while reducing energy costs and meeting seismic requirements.

#### Project Overview

Green Light Development was looking to repurpose the Vivian Apartment Building—a vacant three-story apartment and retail building located in Northeast Portland—into new office space when the team was introduced to the concept of a social hostel through a business partner. After due diligence, the firm decided to move forward with redeveloping the property into a three-story hostel under the KEX brand that would feature a mixture of four, six, and 10 bunk rooms with a gastropub on the ground level, a rooftop deck bar, and additional space for private events.

Due to the unconventional building use, Green Light found it difficult to secure a debt lender to supply capital for the hostel project. In addition to property acquisition and redevelopment costs, the building also required seismic retrofits to comply with local codes. Then the team discovered that PropertyFit could provide a solution to both issues, providing low-cost financing for the seismic retrofits along with an overhaul of the building's energy and water components to implement high-efficiency technologies. The \$3.5M commercial PACE loan provided by PACE Loan Group slotted well into the capital stack by replacing expensive and difficult-to-acquire debt with 20-year, fully amortized financing, reducing the blended cost of capital for the project. The remainder of the \$12.3M capital stack comprised a \$7M equity investment from Green Light and a \$1.5M construction loan.

#### PROJECT AT-A-GLANCE

##### CPACE FINANCING

\$3.5 million

##### INSTALLED MEASURES

Energy efficiency and seismic improvements

##### IMPACT

Increased energy efficiency, earthquake resilience, and asset repositioning

##### TERM

20 years

##### PROPERTY TYPE

Hospitality

##### CAPITAL PROVIDER

PACE Loan Group

##### DEVELOPMENT TEAM

Green Light Development  
R&H Development  
Hennebery Eddy



Many lenders were hesitant to provide capital for the hostel project. PropertyFit CPACE financing provided by PACE Loan Group enabled us to move the project forward and was a cheaper alternative to other debt financing options. ”

– Jake Raiton

DEVELOPMENT DIRECTOR | GREEN LIGHT DEVELOPMENT

The energy efficiency improvements installed through PropertyFit financing include high efficiency lighting, HVAC, windows, plumbing, and other features that significantly reduce the building's energy demand and costs. Seismic improvements include concrete shear walls, brace frames on the ground floor, and additional structural reinforcements that increase earthquake resistance and minimize the impact to the building if an earthquake were to occur.

## Why PropertyFit?

PropertyFit provides strategic, long-term financing for energy efficiency, renewable energy, water conservation, and seismic resiliency, enabling owners of commercial, industrial, and multifamily properties to accelerate investments in building performance and unlock value. The benefits of PropertyFit CPACE financing include:

**TARGETED:** Specifically designed to fund building investments that are often misunderstood by traditional financing and “value-engineered out” through building design and construction.

**ACCESSIBLE:** Up to 100% financing, with no out-of-pocket costs or personal guarantee, and personalized support to make your project a success.

**COMPETITIVE:** Long-term financing that is competitively priced, fully amortized, and repaid through assessments that cannot accelerate.

**TRANSFERABLE:** Secured by a benefit assessment lien which automatically transfers to the new owner upon sale of the property, improving liquidity.

**STRATEGIC:** Turns an expense into an investment, often generating immediate cashflows, increasing the market appeal of a property, and accelerating progress toward business and environmental goals.

## About PropertyFit

PropertyFit is a collaboration between Prosper Portland, Multnomah County, and Energy Trust of Oregon to support a variety of carbon reduction, water conservation, redevelopment, and economic development goals. It was created to help property owners invest in energy efficiency, renewable energy, water conservation, and seismic resiliency projects in Multnomah County.

To learn more about PropertyFit, visit [propertyfitoregon.com](http://propertyfitoregon.com) or email us at [support@propertyfitoregon.com](mailto:support@propertyfitoregon.com).



PROSPER  
PORTLAND

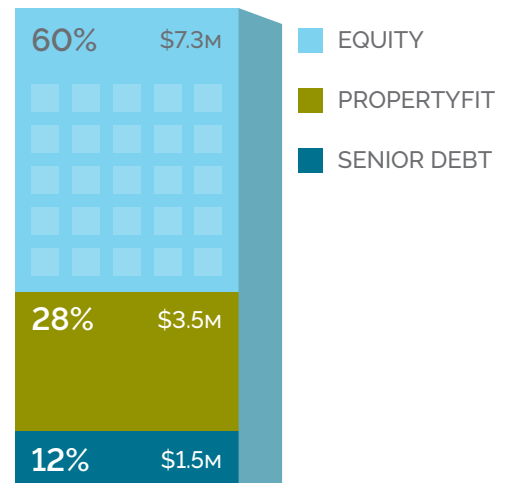


Multnomah  
County



*At PLG we're problem solvers with a deep understanding of commercial real estate. KEX is a unique asset that required a creative capital stack. We were eager to work closely with the developer to provide the funds needed and write Oregon's first PACE loan.*

— Rafi Golberstein  
PRESIDENT | PACE LOAN GROUP



KEX Hostel Project capital stack



Exterior rendering of KEX Hostel Project