

## SUCCESS STORY

# Powering Transformation: How PACE Helped Redevelop the Macy's Building

The former Macy's department store in downtown St. Paul has been transformed into a vibrant mixed-use hub, breathing new life into the city's core. This redevelopment showcases the power of creative financing tools, such as Tax Increment Financing (TIF) and Property Assessed Clean Energy (PACE) loans, to spark innovation and deliver long-term community benefits.

## Revitalizing the Macy's Building

For decades, the Macy's building was a cornerstone of downtown retail. After the store closed, the property remained vacant, casting a shadow over the area. However, local leaders and developers united with a bold vision to repurpose the space. Today, it is home to the Minnesota Wild's state-of-the-art practice facility, The Frost event and conference venue, offices, and retail spaces. This project has become a cornerstone of St. Paul's ongoing downtown revitalization.

## How the Project Was Financed

Transforming such a large, aging building in the heart of downtown required substantial investment. The project utilized a combination of TIF and PACE loans to tackle extensive upgrades, particularly energy-related improvements that are crucial for modernizing older properties.

- **TIF** provided upfront support by capturing future increases in property tax value and reinvesting them into the project.
- **PACE financing** enabled developers to make significant energy-saving improvements—such as high-efficiency heating and cooling, advanced lighting, and other building system

upgrades—without any upfront cost. The financing is repaid through a special assessment on the property tax bill, with terms that match the useful life of the improvements.

## Why PACE Was a Game-Changer

PACE financing played a critical role in transforming an aging department store into a sustainable, high-performing building. Key advantages of PACE financing include:

- **100% upfront financing** for eligible energy and water improvements
- **Long repayment terms** (up to 30 years) that align with the savings generated
- **No down payment**, freeing up capital for other project needs
- **Positive cash flow**, as energy savings often exceed repayment costs

For the Macy's redevelopment, PACE allowed the project team to incorporate major energy upgrades that might have otherwise been too costly. The result is lower operating expenses, greater comfort for tenants and visitors, and a reduced environmental footprint.

## A Model for Future Redevelopment

The rebirth of the St. Paul Macy's building demonstrates that with the right tools, even the most challenging properties can be reimagined for modern use. By combining vision, community commitment, and innovative financing like PACE, developers delivered a project that supports economic growth, sustainability, and a more vibrant downtown.

The Minnesota Wild skate here. Events are hosted here. And thanks to PACE financing, energy savings are built into the foundation of this success. This project serves as a model for future redevelopment efforts, proving that with creativity and collaboration, urban spaces can be transformed into thriving community assets.