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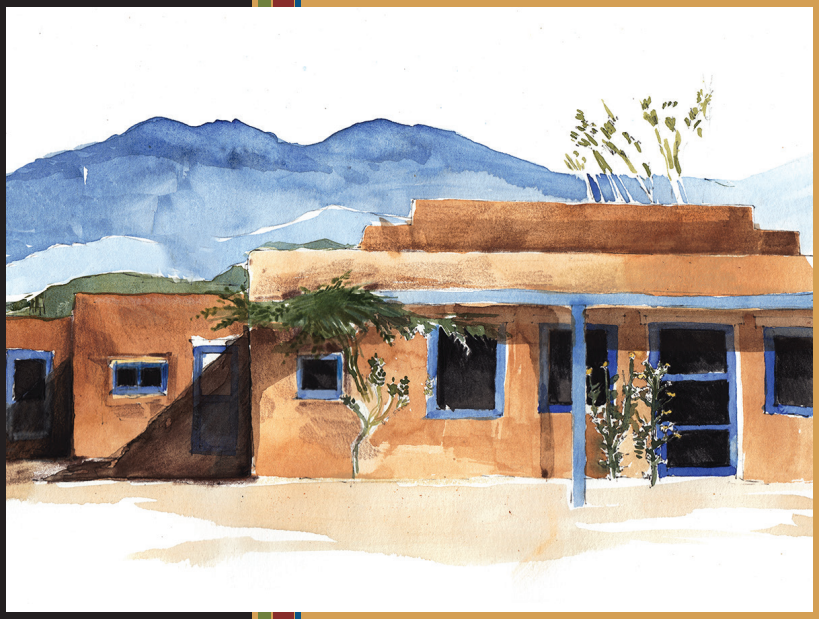
LENDING & INVESTING FOR THE GREATER GOOD

CASE STUDY

Boutique Hotel

New Mexico

This case study highlights an execution using X-Caliber's proprietary Rural PACE-X product, which combines senior-secured conventional financing with Commercial Property Assessed Clean Energy (C-PACE), a low-cost, long-term financing structure repaid via a non-ad valorem special assessment.



THE PROPERTY

The boutique hotel consists of 51 guest rooms, including three suites in an original adobe-built home, and a 150-seat restaurant and bar open to hotel guests, locals, and travelers.

THE OPPORTUNITY

The redevelopment focused on a full renovation of guest rooms, the restaurant, and the bar. Additional amenities include a pool, hot tub, cold plunge, sauna, fire pits, a star gazing deck, and an outdoor event venue. The hotel will also feature an indoor art gallery and event space supported by an artist-in-residence program.

THE SOLUTION

X-Caliber affiliate CastleGreen Finance and an affiliate of X-Caliber Rural Capital provided a combined $14.1MM financing through the Rural PACE-X program. This proprietary product offers financing for construction projects in micro-rural areas, delivering funds for construction-through-stabilization for up to five years. The C-PACE portion of the funds remains long-term but can be prepaid at the borrower's discretion.

X-Caliber Rural Capital affiliate, XRL ALC, LLC, delivered $8.8MM of conventional senior-secured financing. CastleGreen Finance, LLC provided $5.3MM of Commercial Property Assessed Clean Energy (C-PACE) financing. C-PACE financing was utilized to refinance retroactive energy efficiency and water conservation improvements during renovations that took place over the past three years.

BORROWER BENEFITS

The project is designed to realize lifetime energy efficiency and water cost savings of nearly $1MM.

FOR THE ENVIRONMENT

- **Designed to reduce CO2 emissions by 109 MT/year**
- **Designed to reduce electricity use by 760,969 kWh/year** through the installation of LED lighting, windows, HVAC, and other energy-efficient upgrades
- **Desgined to reduce an estimated 412,995 gallons of water annually** through low-flow fixtures

On March 14, 2017, a demolition resolution was passed for the subject property. Officials cited over 200 code and fire violations and labeled the property "to be ruined, damaged and dilapidated to the extent that the property is a menace to the public comfort, health, and safety". After acquiring the property in 2019, the borrower spent over $250,000 to remediate asbestos, mold, and other hazardous materials.

The project incorporates significant energy and water conservation upgrades, including building envelope upgrades (wall, roof, and windows), HVAC system improvements, domestic hot water heater upgrades, interior and exterior LED lighting, and low-flow water fixtures.

FOR THE COMMUNITY

This case study demonstrates how innovative rural development transformed a building condemned in 2017 to a vibrant, safe, productive, boutique hotel grounded in Taos' cultural history. The project will create 50 new jobs and support the local arts scene through an Artist-in-Residence program that highlights regional talent. Its unique design pays tribute to cultural heritage, encourages tourism, and provides community gathering spaces. By inviting guests to explore local businesses, the hotel promotes broader economic growth and environmental sustainability.

The Rural PACE-X financing solution underscores how tailored financial products can fuel impactful development in underserved rural regions, aligning economic expansion with sustainable practices.



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