

PACE Financing Can Satisfy the Restore NY 10% Match Requirement For Building Rehabilitation Projects*

PACE (Property Assessed Clean Energy) is a debt-like product that can finance that portion of the building rehabilitation work that results in energy savings.

PACE financing is repaid through a special assessment on the property's tax bill. Because the special assessment provides a very high level of security, PACE loans can be made available at favorable rates and with amortization periods of up to 20 years, which allows for lower annual payments and greater affordability.

Some of the features and benefits of PACE are:

- Financing can be provided for 100% of the cost of the energy saving improvements, up to 10% of the as-built value of the building.
- The improvements are repaid using money saved on energy; a PACE financing is cash flow positive from inception.
- PACE strengthens the project finances over the long term by lowering energy and maintenance costs.
- Financing eligibility is based on the property's potential to save energy, not on the property owner's personal credit; no guarantees required.
- Competitive rates at 4% - 6%, with flexible terms of 5 to 20 years, subject to market conditions.

Because building rehabilitation work generally results in energy savings simply by virtue of upgrades and modernization, it is likely that at least some portion of the work already planned will be eligible for PACE.

***In participating municipalities**

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How and Why Does PACE Work?

PACE is a public/private mechanism.

PACE uses the property assessment power of government to attract private capital for clean energy projects

- Energy Efficiency projects
- Renewable Energy projects.

The financing is repaid via a property assessment rather than a loan agreement.

This property assessment provides private lenders with a high degree of security, which induces them to

- Provide financing (where they otherwise would not), and
- Provide it for much longer terms, which makes the projects more affordable.

30 States have adopted PACE. While the program details can vary from State to State, the basics are the same as in New York.

PACE operates in NY pursuant to a State statute (Article 5L of the General Municipal Law) that allows municipalities to adopt their own PACE programs.

PACE is administered for the localities by The Energy Improvement Corporation (Energize NY), a nonprofit sponsored by NYSERDA and controlled by its municipal members.

Energize NY has raised \$75 million in private financing which is currently available to fund PACE projects

Basic PACE Underwriting Criteria

- Property's loan-to-value prior to PACE can be no greater than 80%
- No bankruptcy within last 7 years
- At least a 3 year history of timely property tax payments*
- Improvements must have savings-to-investment ratio > 1
- Estimated annual energy savings from improvements must be greater than the annual assessment payments
- Requires NYSERDA or utility energy assessments for quality and cost effectiveness
- Existing mortgage holder consent required
(over 100 financial institutions nationally have given consent)

*This tax payment requirement does not apply to new owners.

Improvements Eligible for PACE

There is no set list of eligible improvements under PACE. Instead, there is a set of criteria.

To be eligible, an improvement must:

- reduce the energy consumption in the building,
- be permanently affixed to the property, and
- be approved through a NYSERDA or utility incentive program.

These criteria allow for a wide range of improvements, including but not limited to:

- HVAC systems, chillers
- Boilers, furnaces
- Lighting, smart controls
- Insulation and air sealing
- Roofs, windows, doors
- Pumps, motors, battery storage
- Combined Heat & Power
- Solar, wind, geothermal systems

Note that PACE can finance renewable energy systems as well as energy efficiency projects.