



Consumer Liaison Group

Property Assessed Clean Energy (PACE)

June 14, 2018



MASSDEVELOPMENT

Way to grow.

MassDevelopment



- As the Commonwealth's quasi-governmental economic development and finance agency, we work to:
 - Stimulate business
 - Drive economic growth
 - Help communities thrive
- Double bottom-line: self-supporting, public purpose

Who We Serve



Businesses

Helping companies expand, modernize, and relocate.



Developers

Supporting projects at every stage of development.



Housing

Building expertise, from predevelopment to construction.



Manufacturers

Financing facilities, equipment, working capital.



Municipalities

Eliminating blight, revitalizing downtowns, creating opportunities.



Nonprofits

Working with nonprofits to upgrade, renovate and expand.



Banks

Partnering with banks to provide creative financing.

What We Offer



Real Estate

- Technical Assistance
- Development Projects



Finance

- Bond Financing
- Grants
- Loans & Guarantees
- Tax Credits

What Is PACE?

- Property Assessed Clean Energy (PACE) is a tax assessment based financing mechanism that makes it possible for owners of commercial, industrial, multifamily, nonprofit and residential properties to obtain low-cost, long-term financing for energy efficiency, water conservation, renewable energy projects, and more
 - Eligible measures vary by state
 - Residential and Commercial eligibility vary by state

How does PACE work?

- PACE assessments work similar to improvements for public infrastructure that benefit specific properties (i.e. sidewalk or sewer)
- PACE repayment is billed and collected with the property tax payment
- Local Government remits the PACE portion back to the PACE Lender.

How does PACE work?

- Financing term may extend up to 20 years or more
 - 100% funding
- Utility bill savings from the energy improvements are greater than the PACE payments
- First, a state must pass enabling legislation for PACE
- Second, municipalities or counties “opt-in” to state legislation and local authorized PACE program
 - Program administration varies by state

Key Elements

- PACE financing is secured by lien placed on the property
 - Lien priority varies by state
- PACE assessments and lien automatically transfer upon sale of property
- Consent required from existing mortgage holders
- Program Administrator approves projects, determines program requirements

National Commercial PACE Market

- 22 states (plus DC) have active PACE programs
- 33 states (plus DC) have PACE enabling legislation
- \$540MM outstanding for 1,170 commercial projects (as of 12/17)
- 8,100 jobs created

PACE in Massachusetts



- Commercial Property Assessed Clean Energy (PACE) was passed in H4568 and signed by Governor Baker in August 2016
- MassDevelopment will administer the PACE Massachusetts program in consultation with the Massachusetts Department of Energy Resources
- PACE financing will be available in 2018 for commercial properties

Eligible Properties

Property Type

- Commercial/Industrial
- Not for profit
- Multifamily (5 units or more)

Examples

- Office buildings
- Malls
- Hotels
- Restaurants
- Manufacturers
- YMCAs
- Schools
- Health Care
- Apartment complexes

Eligible Measures

Measure Type

Examples

- Energy Efficiency
 - Energy management systems
 - Insulation & air sealing
 - HVAC systems
 - Boilers & furnaces
 - Lighting
 - Energy recovery & redistribution systems
- Renewable Energy
 - Solar panels
 - Solar hot water
 - Geothermal
- Gas Line Extensions

Key Elements of PACE Massachusetts



- Municipal Opt-in (one time) required
- Maximum financing term allowed by statute is 20 years
- Energy cost savings must exceed cost of improvements (including any financing costs and associated fees)
- Third Party Direct Private financing (no public funds used)

Key Elements of PACE Massachusetts



- Existing mortgage holders must provide written consent to a PACE financing and lien
- Municipal liens are senior to PACE liens. Unpaid PACE assessments are senior to all other private mortgage liens in a foreclosure
- PACE assessments cannot be accelerated (only unpaid amount can be collected)
- If property is sold, the remaining PACE assessment and PACE lien stays with the property and transfers to new owner

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