

COMMERCIAL PACE

An Innovative Tool to Combat Climate Change and Spur Investment in Vermont

WHAT IS PACE?

PACE – Property Assessed Clean Energy financing – is an innovative private financing tool already available in 39 states designed to spur climate changes improvements, reduce operational costs and encourage investment:

- A market-based program that enables private sector capital providers to offer an attractive financing solution for retrofits, redevelopments and new construction of commercial buildings;
- An attractive and effective way for property owners to complement, and not compete with, bank financing to pay for capital expenditures that reduce energy and water usage and improve building resiliency;
- Saves building owners and developers money, increases the value of commercial properties and stimulates local economic development and job creation, and helps communities fight climate change.

HOW DOES PACE WORK?

PACE is modeled on assessment-based financing that has been used for decades to fund infrastructure improvements that have a public benefit (sewer, parks, roads), where the financing is repaid through a voluntary assessment added to the property's local tax bill. Here, **private capital, not bonds, finances the improvements.**

- **State governments must enable PACE** to allow financing for energy and water efficiency, renewable energy, and resiliency improvements. There is no fiscal impact on the state or local budgets or general funds.
- **Local governments may choose to “opt in”** to the program. Participation in PACE is voluntary for local governments and voluntary for property owners.
- **C-PACE is repaid via a special assessment** that is delegated entirely to the private capital provider for billing, collection, and enforcement, reducing any involvement by the local government.

ARE OTHER STATES OFFERING PACE?

Yes. Commercial PACE is active in 39 states. New Hampshire, Connecticut, Maine, Rhode Island, New York, Pennsylvania, and many others have established successful C-PACE programs that encourage conservation and private investment.

WHAT ARE THE BEST PRACTICES FOR C-PACE PROGRAMS INCORPORATED IN THE LEGISLATION

- Focus on commercial/multifamily buildings only;
- **Requires consent from any secured lender on the property** for any C-PACE transaction to be approved;
- Direct financing between property owner and capital provider – no public funds or bonds are utilized;
- Local government places assessment on property to repay the financing and recoups all costs of program;
- No financial exposure or risk for state or local government.

WHAT ARE THE BENEFITS OF PACE?

- Long term, 100% financing of hard and soft costs with no out-of-pocket expenses
- Increases property values and operating income of properties by decreasing operational costs