



Program Information

May 2022



MassDevelopment

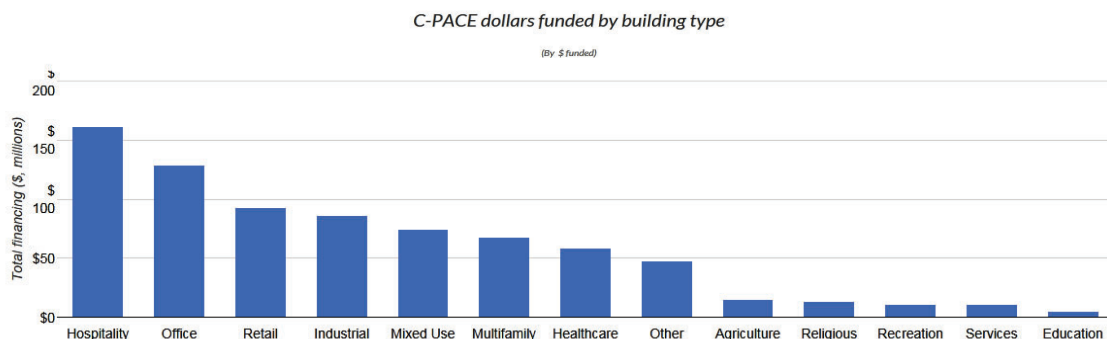
- Works with businesses, nonprofits, financial institutions, and communities to stimulate economic growth throughout Massachusetts
- Promotes capital investment and economic development by providing financing and development solutions
- In FY21, MassDevelopment financed or managed 416 projects generating investment of more than \$1.86 billion in the Massachusetts economy
- These projects are projected to create or support more than 6,578 jobs and build or preserve more than 1,909 housing units

Property Assessed Clean Energy (PACE)

- PACE allows commercial property owners to finance energy improvements via special betterment assessments on their property tax bills
- Benefits
 - Municipalities
 - Job creation, attract new and retain existing business, and environmental benefits associated with reducing energy consumption
 - Property owners
 - No new debt on balance sheet, no pay-off upon sale of property (assessments run to new owner), long-term financing (20 year max), no new mortgage lien
 - Lenders/Mortgage holders
 - Improved cash flow and reduced credit risk from lower operating costs via financing that cannot be accelerated. Capital improvements could also increase collateral property value

National Commercial PACE Market

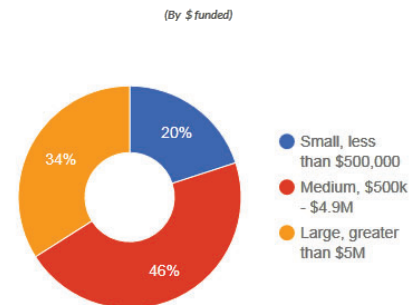
- 26 States (plus DC) have active commercial PACE programs
- 37 states (plus DC) have PACE enabling legislation
- \$2.07 billion financed for 2,560 projects (as of 1/2021)



New England Commercial PACE Programs

- Connecticut passed PACE enabling legislation in 2011; C-PACE is administered by the Connecticut Green Bank
- Rhode Island passed PACE enabling legislation in 2016; RI C-PACE is sponsored by the RI Infrastructure Bank
- New Hampshire passed PACE enabling legislation in 2016
- Maine in process

C-PACE projects by amount financed



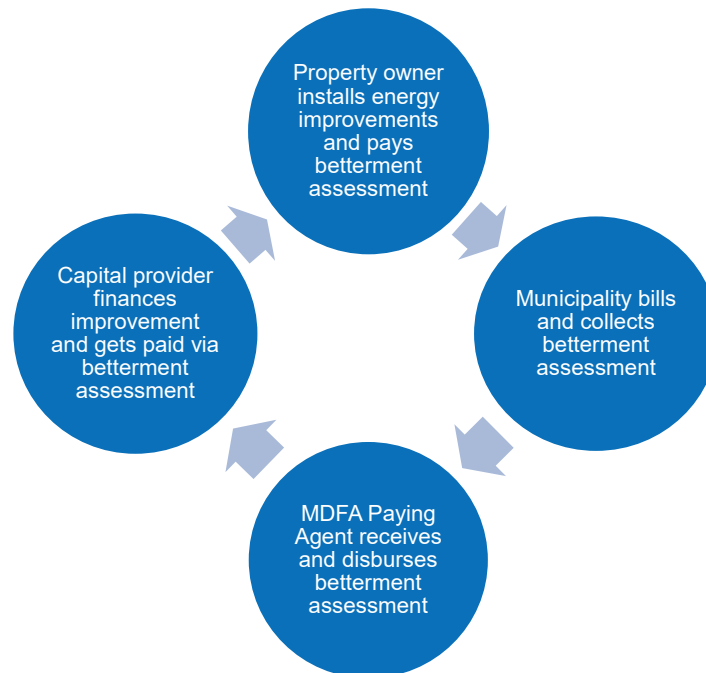
PACE in Massachusetts



- The PACE Massachusetts Program launched July 28, 2020
 - PACE legislation passed in H4586
- MassDevelopment is Lead Program Administrator
 - Administers PACE in consultation with the Massachusetts Department of Energy Resources (DOER)
- PACE guidelines including approval requirements, financing documents and RFI for Capital Providers available at: www.massdevelopment.com/PACE

PACE Flow of Funds

- Private Capital Providers (CP) extend financing and are repaid via betterment assessments collected by the municipality



Eligible Properties: Existing Buildings

Commercial/Industrial

- Office buildings
- Malls
- Hotels
- Restaurants
- Manufacturers



Not for profit

- YMCAs
- Schools
- Health Care



Multifamily Housing

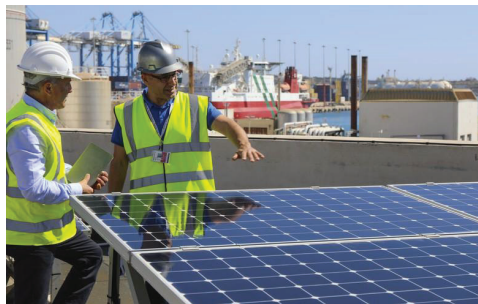
- Apartment complexes (5 units or more)



Eligible Measures

Energy Efficiency

- Energy management systems
- Insulation and air sealing
- HVAC systems
- Boilers and furnaces
- Lighting
- Energy recovery and redistribution systems



Renewable Energy

- Solar panels
- Solar hot water
- Geothermal

PACE Project Overview: Abercrombie Building, Bank Row, Greenfield

Property: A blighted, historic 12,000 sq. ft. building in Western Mass that was rescued and transformed into vibrant office space.

Project:

- Building systems needed major upgrades and PACE allowed owner to retroactively refinance the energy improvements and consolidate the outstanding bridge financing and private loans into a longer fixed repayment term
- Installed solar photovoltaic (PV) system on roof, efficient electrification of space heating, energy recovery ventilation, LED lighting and controls and improvements to windows and insulation
- Annually saves 189,000 kWh from the grid compared to a building built to current Mass. Energy Efficiency code
- Mortgage Holder consent obtained from bank



Amount of financing: \$450,000 **Term:** 20 yrs.

PACE Project Overview: Cargo Ventures, McClellan Highway, Boston

Property: A 121,000 sq. ft. mixed-use warehouse building housing 13 commercial tenants.

Project:

- PACE provided owner with upfront capital enabling improvements to be installed while preserving CapEx
- Energy improvements include upgrades to the HVAC system, new LED lighting, and a new roof
- Lifetime energy efficiency savings: 1,541,380 kWh
- Mortgage Holder consent obtained from bank



Amount of financing: \$787,523 **Term:** 20 yrs.

Key Elements of PACE Massachusetts

- Municipal opt-in (one time) required
- Maximum financing term allowed is 20 years (dependent on useful life of project measures)
- Energy cost savings must exceed cost of improvements (including any financing costs and associated fees)
 - no limit or maximum financing cost
- If property is sold, the remaining PACE assessment and PACE lien stays with the property and transfers to new owner
- Retroactive consideration for installed improvements
- Third party direct private financing (no public funds used)
 - open, ongoing RFI for PACE Mass. Capital Providers (CP)
 - Ten currently listed on Registry

Key Elements of PACE Massachusetts

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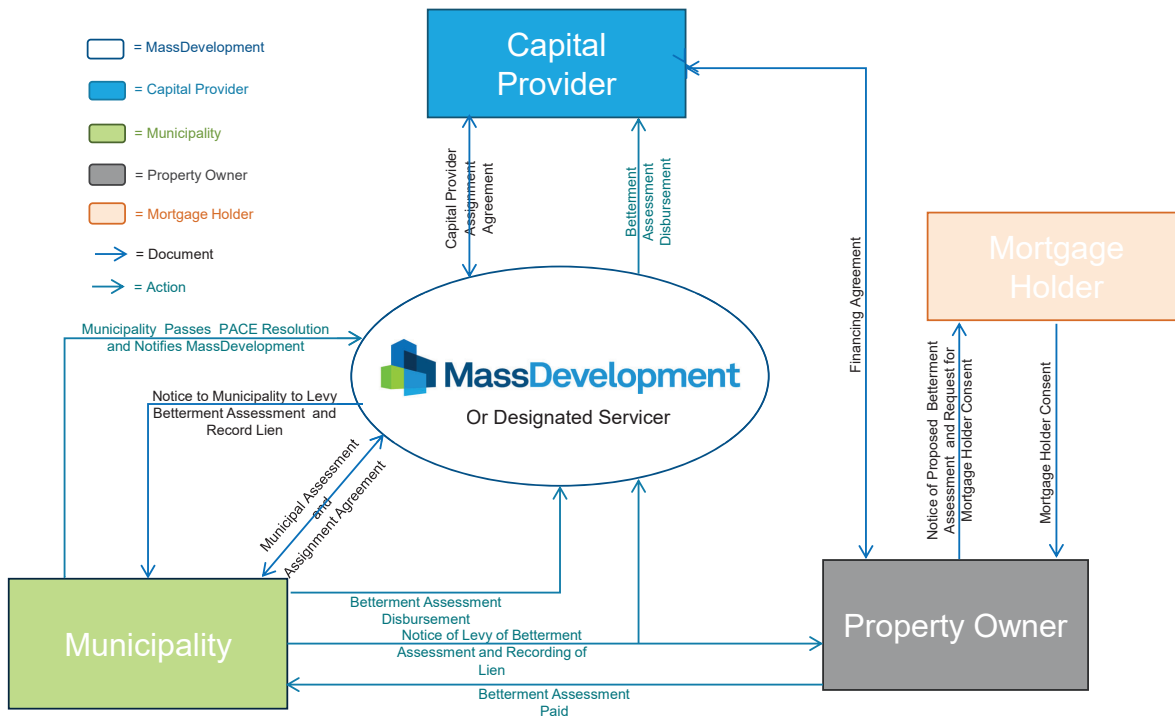
- PACE application must be approved by DOER and MassDevelopment for financing to close
 - Mortgage holders written consent required
- Betterment assessment and PACE lien placed at closing
 - MassDevelopment counsel prepares all closing documents and handles recording at Registry
 - Lien assigned to City, then assigned to MassDevelopment, then to CP
 - CP holds enforcement rights to pursue remedies in a default
 - PACE cannot be accelerated (only unpaid billed assessment can be pursued in a default)
 - Municipal liens are senior to the PACE lien; PACE lien is senior to private mortgage lien(s) in a default

PACE-Authorizing Municipalities (56 as May 25, 2022)



- | | | |
|-------------------|--------------------|--------------------|
| • Acton | • Erving | • North Andover |
| • Agawam | • Fall River | • Northampton |
| • Amesbury | • Fitchburg | • Norwood |
| • Amherst | • Franklin | • Orange |
| • Barnstable | • Gardner | • Peabody |
| • Bellingham | • Gloucester | • Pittsfield |
| • Beverly | • Great Barrington | • Plymouth |
| • Boston | • Greenfield | • Randolph |
| • Brockton | • Holyoke | • Rockland |
| • Chelsea | • Hudson | • Salem |
| • Chicopee | • Lanesborough | • Somerville |
| • Clinton | • Lexington | • Springfield |
| • Concord | • Lowell | • Taunton |
| • Devens | • Ludlow | • Wakefield |
| • Dudley | • Middleborough | • Wellfleet |
| • East Longmeadow | • Milton | • Wendell |
| • Easthampton | • Montague | • West Springfield |
| • Easton | • New Bedford | • Westborough |
| | • North Adams | • Yarmouth |

Commercial PACE Structure



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