



Program Information

July 2023



MassDevelopment

- Commonwealth's Development Finance Agency & Land Bank
- 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 FY22, MassDevelopment financed or managed 356 projects generating investment of more than \$1.69 billion in the Massachusetts economy
- These projects are projected to create or support more than 11,080 jobs and build or preserve more than 1,778 housing units

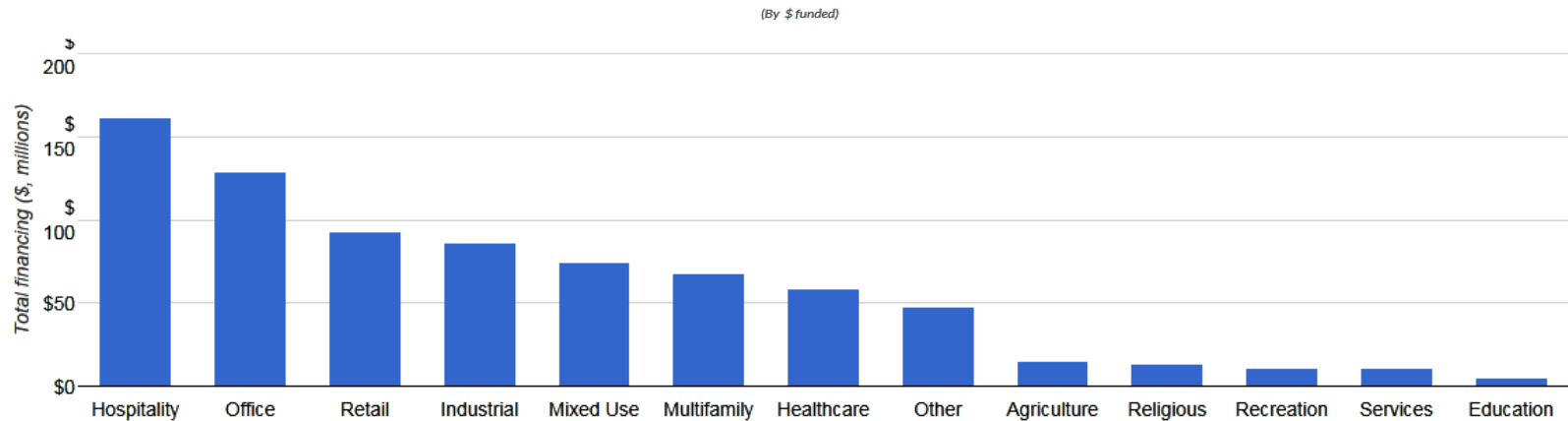
Property Assessed Clean Energy (PACE)

- 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

- 30 States (plus DC) have active commercial PACE programs
- 38 states (plus DC) have PACE enabling legislation
- \$4.1 billion financed for 2,900 projects (as of 11/2022)

C-PACE dollars funded by building type

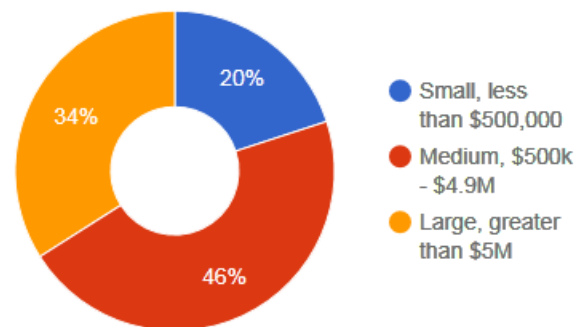


New England Commercial PACE Programs

- 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

(By \$ funded)



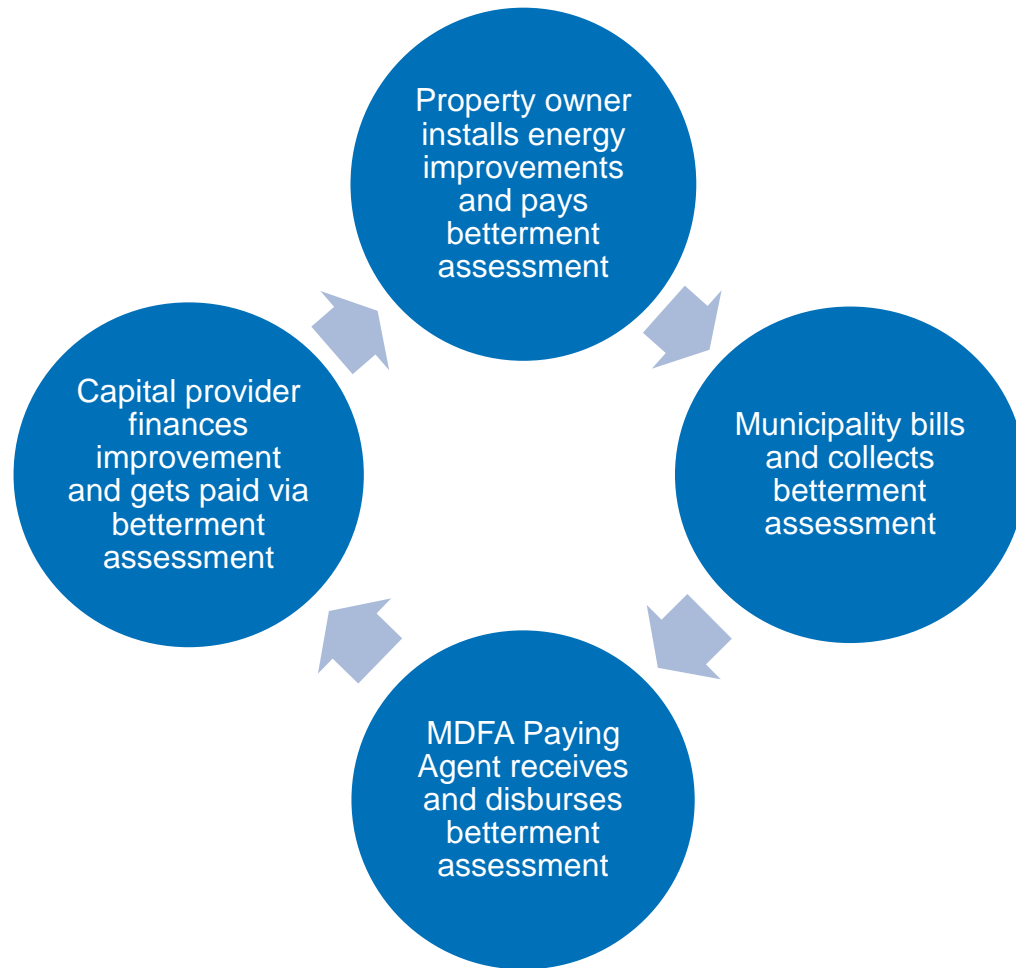
PACE in Massachusetts



- The PACE Massachusetts Program launched July 28, 2020
 - PACE legislation passed in H4586
- MassDevelopment is 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
 - Version 2.0 released May 26, 2023 – includes update for **new construction** eligibility

PACE Flow of Funds

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



Eligible Properties

New Construction and Existing

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)
 - currently 18 organizations are listed on the Registry

Key Elements of PACE Massachusetts

(Continued)

- 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

(68 as June 15, 2023)



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



MassDevelopment

Vice President, Green Finance

99 High Street

Boston, MA 02110

main office: 617-330-2000 fax: 617-330-2001

direct: 617-330-2074

email: rdolan@massdevelopment.com

Program Info: www.massdevelopment.com/pace