



Program Information

February 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



PACE in Massachusetts

- Commercial Property Assessed Clean Energy (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

Property Assessed Clean Energy (PACE)

- PACE allows commercial property owners to finance energy improvements via special betterment assessments on their property tax bills
- Private Capital Providers extend financing, and are repaid via betterment assessments collected by the municipality
- 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

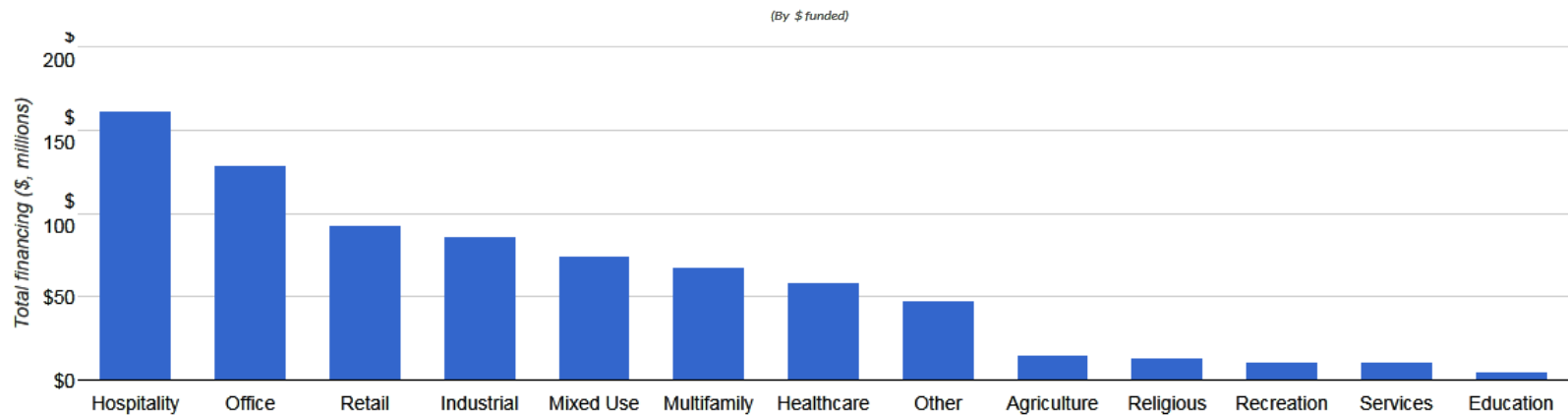
PACE Flow of Funds



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)

C-PACE dollars funded by building type

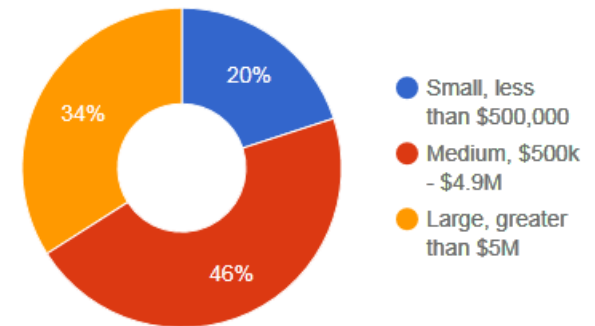


New England Commercial PACE Programs

- 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)



Eligible Properties: Existing Buildings

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

- Energy efficiency
- Renewable energy
- Gas line extensions

Potential Examples

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

(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

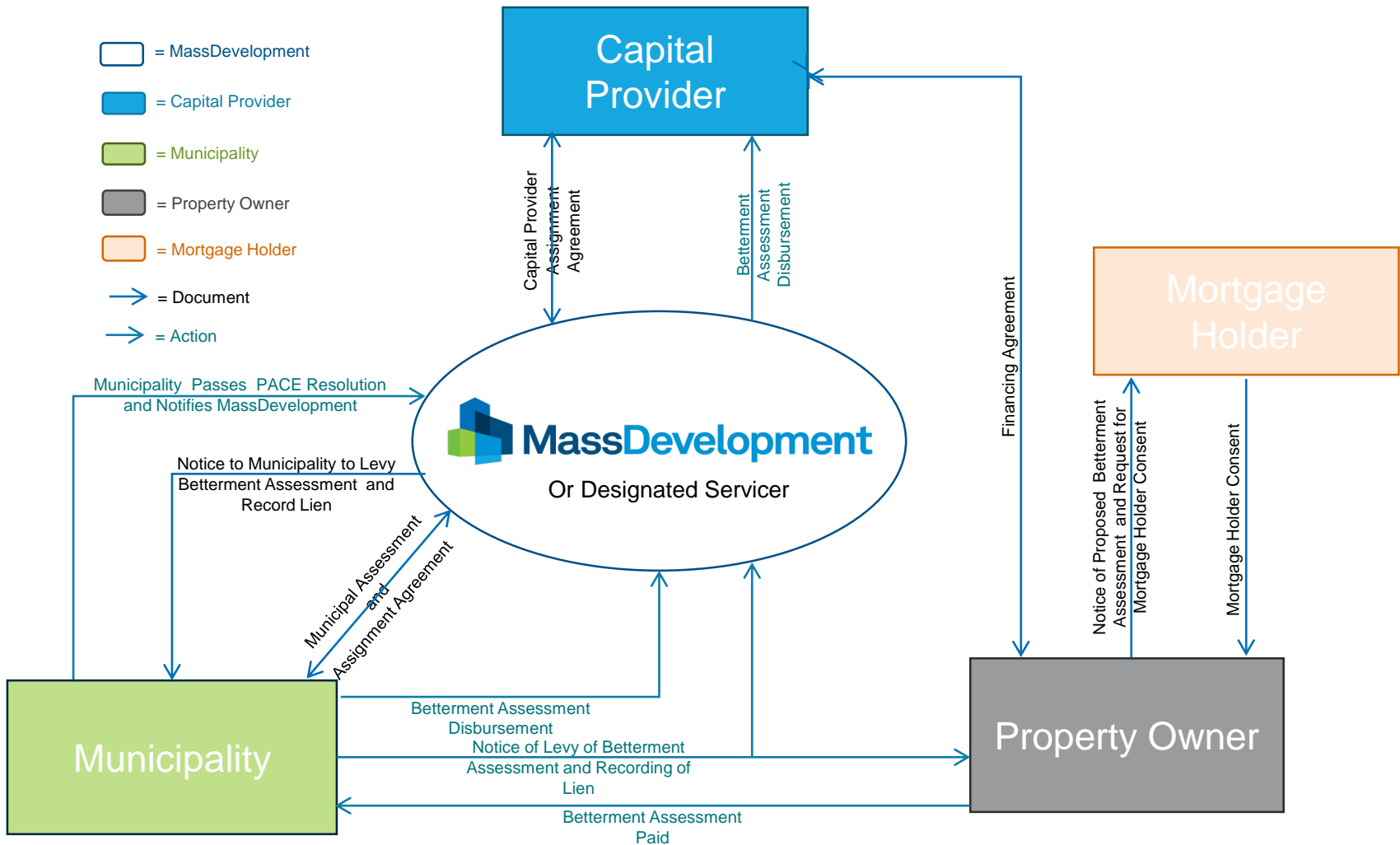
PACE-Authorizing Municipalities

(51 as of January 11, 2022)



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

Commercial PACE Structure



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