



PACE Massachusetts Program Information

October 2020

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 FY20, MassDevelopment financed or managed 341 projects generating investment of more than \$2.6 billion in the Massachusetts economy
- These projects are projected to create or support more than 10,871 jobs and build or preserve more than 1,787 housing units

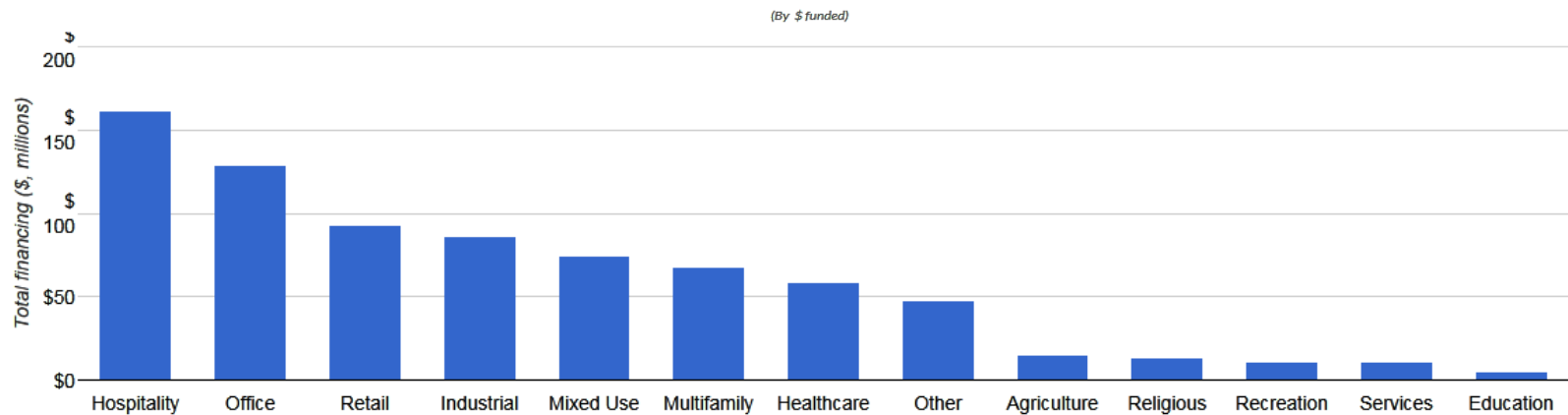
What is PACE?

- Property Assessed Clean Energy (PACE) is a tax-based financing mechanism that enables low-cost, long-term funding for energy improvements
- PACE financing is repaid via a betterment assessment on a property's tax bill
- PACE betterment assessments work similar to improvements for public infrastructure that benefit specific properties (i.e., sidewalk or sewer)

National Commercial PACE Market

- 23 States (plus DC) have active commercial PACE programs
- 37 states (plus DC) have PACE enabling legislation
- \$1.9 billion financed for 2,507 projects (as of 9/2020)

C-PACE dollars funded by building type

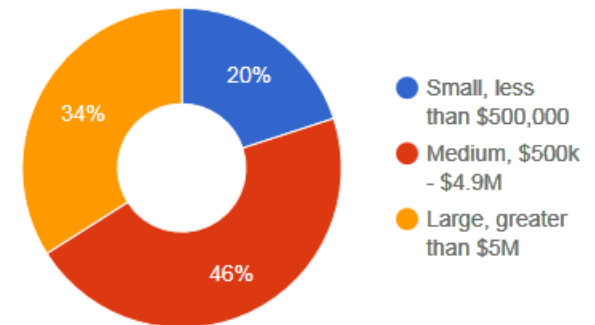


New England Commercial PACE Programs

- 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 (SRS is administrator)
- New Hampshire passed PACE enabling legislation in 2016

C-PACE projects by amount financed

(By \$ funded)





PACE in Massachusetts

- Commercial Property Assessed Clean Energy (PACE) was passed in H4568 and signed by Governor Baker in August 2016
 - Amendment for PACE technical correction signed August 2019
- MassDevelopment will act as Lead Program Administrator
- MassDevelopment will administer the PACE Massachusetts program in consultation with the Massachusetts Department of Energy Resources
- PACE guidelines, related information including RFI for Capital Providers available at:

www.massdevelopment.com/PACE

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



Key Elements of PACE Massachusetts

- Municipal opt-in (one time) required
- Maximum financing term allowed by statute 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)
- Third party direct private financing (no public funds used)
 - open, ongoing RFI for PACE Mass. Capital Providers (required for participation)

Key Elements of PACE Massachusetts (continued)



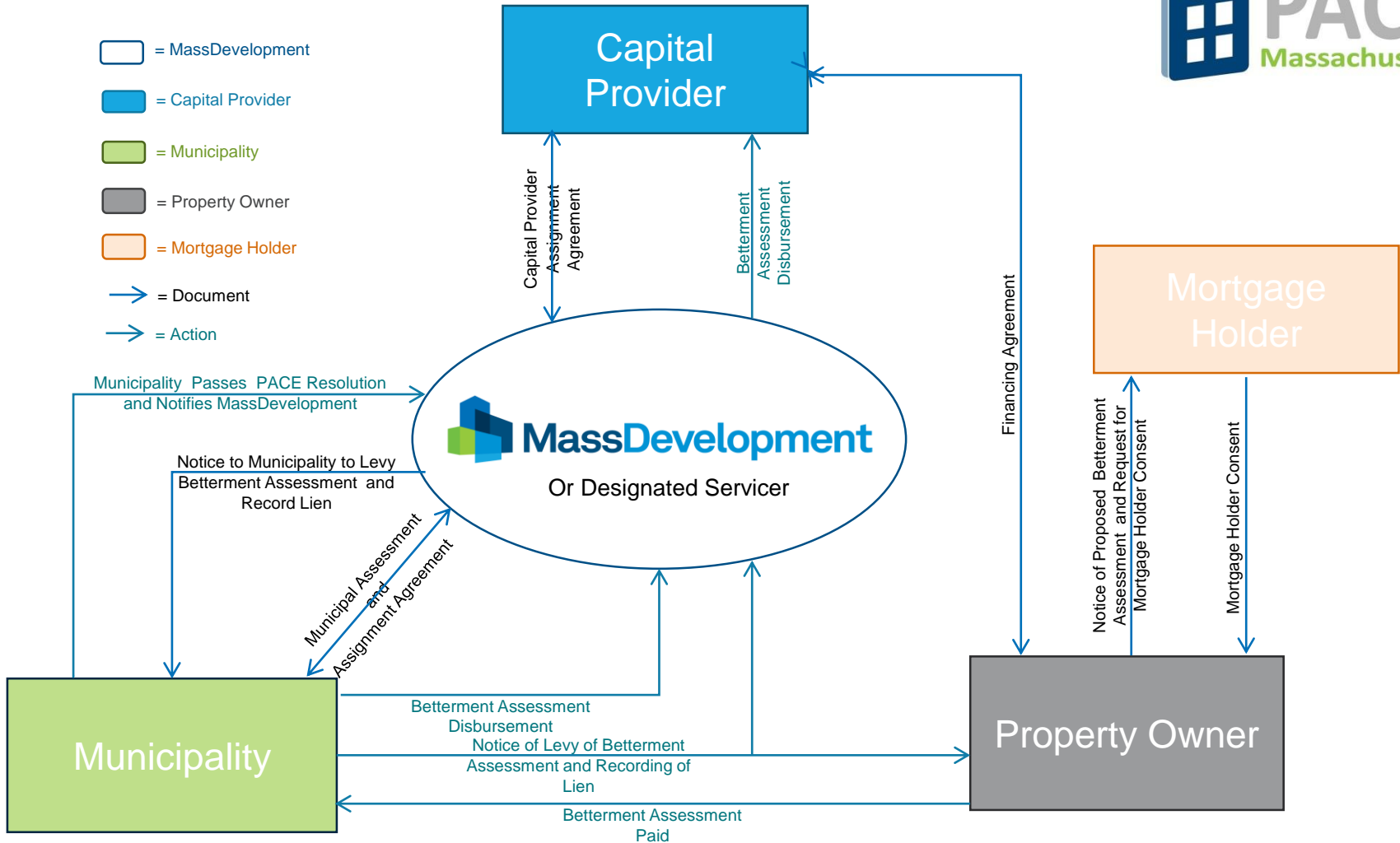
- Existing mortgage holders must provide written consent to a PACE financing and lien
- Municipal liens are senior to PACE liens; unpaid PACE assessments are senior to all other private mortgage liens in a foreclosure
- PACE assessments cannot be accelerated (only unpaid amount can be collected)
- If property is sold, the remaining PACE assessment and PACE lien stays with the property and transfers to new owner
- No limit or maximum financing cost*
 - * project must still meet energy cost savings requirement

PACE-Authorizing Municipalities

(Twenty-Eight as of 9/29/20)

- Acton
- Agawam
- Amesbury
- Barnstable
- Brockton
- Devens
- Erving
- Fall River
- Fitchburg
- Franklin
- Greenfield
- Gardner
- Gloucester
- Lexington
- Ludlow
- Milton
- New Bedford
- North Adams
- Northampton
- Orange
- Pittsfield
- Randolph
- Rockland
- Somerville
- Springfield
- Wendell
- West Springfield
- Yarmouth

Commercial PACE Structure





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