



Property Assessed Clean Energy is an economic development tool that is helping commercial and industrial owners access affordable, long-term financing for smart energy improvements to their buildings. PACE allows participating building owners to finance efficiency and renewable energy improvements through a voluntary assessment on their property bill. The repayment obligation transfers automatically to the next owner if the property is sold. Capital is secured by a lien on the property, so low-interest, long-term capital can be raised from the private sector without government financing.

### **PACE Empowers Commercial + Industrial Businesses**

Buildings use nearly a third of the energy consumed and energy prices are going up each year. PACE promotes energy improvements in the commercial and industrial sector by:

- Allowing property investments with no net out-of-pocket capital expenses
- Realizing immediate positive cash flow with well-developed projects
- Allowing payments to be treated as pass-through operating expenses
- Tying the loan to the property bill, a secure payment stream, rather than the borrower's credit, which reduces the lenders risk and lowers the interest rate
- Lowering operating costs while increasing property value
- Allowing long-term financing at attractive rates

### **Communities Benefit Too**

PACE uses the same kind of land-secured financing districts that cities and towns have used for over 100 years to pay for improvements in the public interest. Special districts are used to help communities finance everything from sewers to hospitals. PACE programs can:

- Create jobs in the community
- Allow businesses to reinvest energy savings in their business, benefiting the local economy
- Enable communities to meet their energy and sustainability goals;
- Attract new businesses drawn to communities with energy and environmental programs

### **How does PACE work?**

PACE programs are implemented locally and are entirely voluntary. Most PACE programs share the following features:

- State legislature allows local governments to develop PACE programs.
- Local governments establish a PACE special assessment district.
- Property owners voluntarily choose to participate; those who choose not to participate see no change to their property assessments.
- An experienced contractor assesses desired improvements, validating energy savings.
- A local entity provides financing for the project, typically by selling bonds secured solely through payments made from the participating business.
- Participants agree to accept a property assessment for up to 20 years.

