



New Jersey PACE: Game-Changing Clean Energy Financing for Commercial and Industrial Properties

ENERGY CONTRACTORS

What is PACE?

PACE stands for “Property Assessed Clean Energy,” an innovative financing mechanism that allows building owners to access cleaner, cheaper, and more reliable energy. Over 30 states have passed similar legislation. PACE financing is widely seen as overcoming most, if not all of the barriers to implementing clean energy improvements. **New Jersey PACE (NJPACE)** enables commercial, industrial and non-profit property owners across our state to access relatively low-cost private capital to take advantage of this game-changing program.

What makes it work?

- It finances 100% of approved clean energy measures, with no cash investment, as an “off-balance sheet” transaction not dependent on the owner's credit.
- It provides needed security to lenders and investors, because repayment is tied to the property tax.
- It increases the net operating income and asset value of each property, with limited liability to the property owner.
- Projects can result in positive cashflows immediately or near term.
- If the property is sold, the repayment obligation passes to the new owner (commensurate with the remaining savings).
- There is no cost to the municipality.
- The program is voluntary and self-funding.

Does it cost anything to join NJPACE?

Our services are provided at no cost to municipalities, property owners, contractors and other program participants. Transactions are subject only to standard administrative fees that are included in the costs of the projects being financed.

Eligible Clean Energy Projects

- High efficiency lighting
- Heating ventilation air conditioning (HVAC) upgrades
- High efficiency chillers, boilers, furnaces, water heating systems
- Building enclosure/envelope improvements
- Building automation (energy management) systems
- Renewable energy systems (solar, CHP, wind, etc.)

See NewJerseyPACE.org for a complete list.

Amending legislation, expected to be approved in mid 2014, will expand PACE to include water conservation and resilient construction, flood-proof and hurricane-resistant rebuilding, etc.

How can energy contractors get involved?

Energy contractors, along with engineers, architects, and developers are key to the success of any PACE program. The majority of PACE projects come through energy contractors. Sometimes these are new projects; in other cases they are “on the shelf” projects which could not be financed or approved by owners because of competing uses of capital. Both retrofits and new construction are eligible under **NJPACE**.

Energy services and renewable energy contractors can register with **NJPACE** by providing copies of their licences, certifications, and project experience.

In addition, professionals and contractors can become members of the **NJPACE Consortium**, in order to strengthen our nonprofit advocacy, education, and outreach. Contact us at NewJerseyPACE.org for more information.

Benefits to contractors

- **NJPACE** financing can increase sales by overcoming obstacles to property owners' willingness and ability to undertake and finance energy efficiency upgrades and renewables.
- PACE financing helps property owners finance more comprehensive clean energy improvements.
- Contractors may be able to re-engage owners who decided not to proceed on projects in the past.
- **NJPACE** offers visibility to potential new clients by being listed on our website as a registered contractor.
- Awareness of PACE financing and **NJPACE** training provide a competitive advantage in the marketplace.

What types of buildings are eligible?

The property must be non-residential, or have 5 or more dwelling units, and pay property taxes or have a property tax ID. All legal owners of the property must sign the Program Application. The property must be current on property tax and assessment payments, and have no involuntary liens, defaults, or judgments. Where there is a mortgage, the owner must provide evidence that the mortgage holder consents to the PACE assessment. The building must be located in a municipality that has adopted an ordinance approving the **NJPACE** program. **NJPACE** is best suited for capital improvements greater than \$150,000.

How does a property owner get NJPACE financing?

1. Owners work with an energy contractor to identify improvements that reduce energy use and lower energy costs. Check with **NJPACE** to see whether your client's municipality has opted-in to **NJPACE** yet.
2. Apply to **NJPACE** for initial project approval.
3. When the project is designed and approved, **NJPACE** will assist the owner and the contractor in asking the municipality to place a PACE assessment on your property.
4. Funding will be dispersed and construction started.
5. Upon completion, owners repay their PACE financing through a line item on their property tax bill.

Benefits to Building Owners

- 100% upfront financing for qualified energy upgrades.
- No cash investment is needed.
- Off-balance sheet financing allows owners to use their credit elsewhere.
- Cash-flow is positive from the start.
- Owners without strong credit ratings can be approved.
- Allows for deeper energy upgrades because the financing offered is payable over an extended period (up to 20 years).
- Upon sale of property, PACE assessment and repayment obligation transfers to new owner.
- Like any other municipal assessment, payments don't accelerate in case of default.

The New Jersey PACE (NJPACE) Program

New Jersey PACE, a 501c3 NJ nonprofit, acts as program administrator for municipalities at no cost to taxpayers, and reimburses municipalities for costs incurred in placing assessments on owners' properties. We assist municipalities, property owners, contractors and investors by processing each PACE project from application to closing to final approval. By using best practices from other state programs, including standardized forms and procedures, we keep paperwork and costs to a minimum- Reasonable project-related out-of-pocket costs are reimbursable and included in the total project funding.

Our goal is to provide a state-wide open-market PACE program. While our services are customized to the needs of each community, we have adopted best practices from programs in other states, including standardized forms and procedures designed to work across NJ's many municipalities; this helps streamline the process for owners who want to use PACE financing in several municipalities. Contact us to assist in getting a municipality to opt-in to NJPACE.

NJPACE

NewJerseyPACE.org
A NJ 501c3 Nonprofit

Learn more at NewJerseyPACE.org or call us today:

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