

# Property Assessed Clean Energy



## PACE FINANCING

PACE is a loan program for energy efficiency, renewable energy, and water conservation projects for commercial and multifamily buildings. The loan is repaid through the property's real estate tax bill.

PACE financing is a tool to help bring long-term capital to fund the rehabilitation of older buildings.

### Benefits of PACE Financing

- 100% financing: PACE loans are for 100% of a project's hard and soft costs
- Long-term loans: Loan terms up to 20 years, which result in lower annual payments and immediate positive cash flow; the loan payment is less than the energy savings. Reduced utility bills improves the property's net operating income.
- Loan is repaid as a Special Assessment on a real estate tax bill
- Senior Lien Status: A PACE lien is senior to the existing mortgage debt and is equal status to a real estate tax lien. This allows the loan to transfer to a new owner; the loan stays with the property upon sale.

### Traditional Bank Financing vs. PACE Financing

Traditional Bank Financing	PACE Financing
Purpose: HVAC and Lighting	Purpose: HVAC and Lighting
Project Cost: \$100,000	Project Cost: \$100,000
Loan: \$75,000	Loan: \$100,000
Interest Rate: 5%	Interest Rate: 6.0%
Term: 5 years, fully amortizing	Term: 15 years, fully amortizing
Monthly Payment: \$1,415	Monthly Payment: \$857
Annual Payment: \$16,984	Annual Payment: \$10,290

Virginia's PACE law requires a locality to create a PACE loan program but private lenders make the loan.