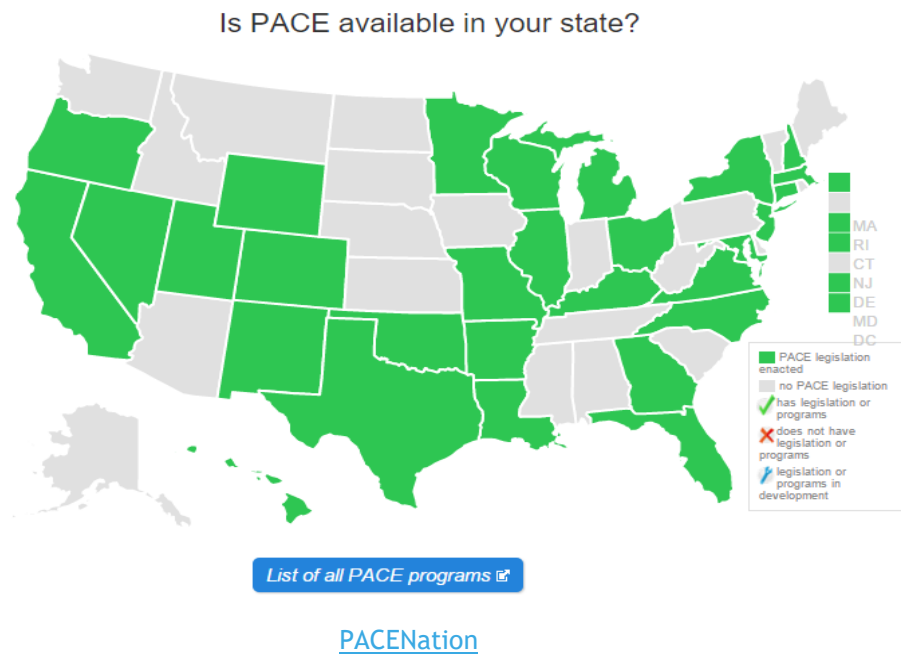


Commercial Property Assessed Clean Energy

Description:

Commercial Property Assessed Clean Energy (C-PACE) is a financing mechanism used by local governments that allows commercial, industrial, and multi-family property owners to finance energy efficiency and renewable energy improvements through their property tax payment. The repayment of qualified energy improvements is done via a voluntary property tax assessment collected by local governments, just as other public infrastructure investments are financed. The financing for PACE projects may be provided by municipal bonds or third party capital secured by the property assessment payments. Repayment responsibility transfers to the next owner if the property is sold.

C-PACE explained in 90 seconds: www.youtube.com/watch?v=R30ta3uvM1E#t=28



Discussion of the Policy:

Because commercial loans are not backed by Fannie Mae and Freddie Mac, the Federal Housing Finance Agency (FHFA) guidance issued in 2010 does not impact C-PACE, which has allowed it to flourish while residential PACE has stalled.

Though many states have passed C-PACE enabling legislation, there has been a real lack of model legislation, which has led to states setting their own loan terms, qualifying retrofits, and target markets. For a detailed analysis, download [PACENation's comparative chart of C-PACE legislation](#).

This lack of standardization has prevented C-PACE from scaling to its potential within the private lending community. States continue to modify their existing C-PACE statutes accordingly. For example, in the 2014 state legislative session alone, C-PACE statutory changes were made in Maryland (HB 202), New Hampshire (HB

532) and Oregon (HB 4041) - all of which had pre-existing C-PACE legislation that needed to be modified. Therefore, CNEE recommends a full evaluation of existing C-PACE policies to determine if any statutory changes would enable programs to reach greater scale.

Example State & Municipal Programs:

- Florida PACE Funding Agency:
<http://floridapace.gov/>
- Greater Cincinnati Energy Alliance:
<http://gcpace.org/>
- California First:
<https://commercial.californiafirst.org/overview>
- Connecticut Clean Energy Finance and Investment Authority:
www.ctcleanenergy.com/Home/tabid/36/Default.aspx
- A full list of existing PACE programs can be found here:
www.pacenow.org/resources/all-programs/

Key Components:

- State legislative authority must be in place allowing local governments to establish energy financing districts.
- The mortgage holder must agree to the program before assessments can be placed on the property.

More Information:

- Database of State Incentives for Renewables & Efficiency (DSIRE), PACE Map:
<http://programs.dsireusa.org/system/program/maps>
- PACENation industry publications:
<http://www.pacenation.us/publications/>
- U.S. Department of Energy (DOE) Commercial PACE Primer publication:
www1.eere.energy.gov/wip/pdfs/commercial_pace_primer_revised.pdf