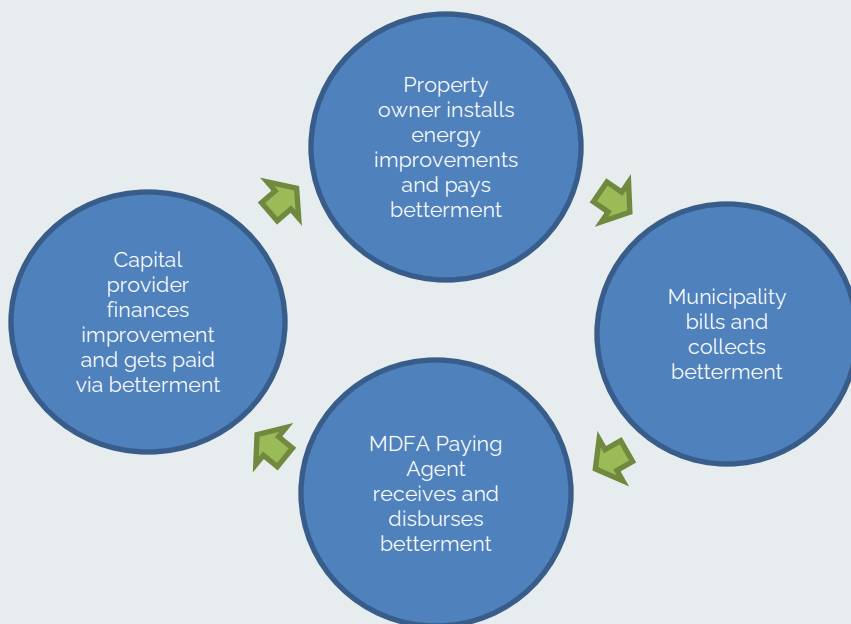




What is the Property Assessed Clean Energy program?

The Massachusetts Property Assessed Clean Energy program, or PACE, allows commercial property owners to finance energy improvements via special betterment assessments on their property tax bills. Private capital providers extend financing and are repaid via betterment assessments collected by the municipality and passed on to a Paying Agent.

Currently, eligible properties include existing buildings (PACE is not applicable to new construction) in the following categories: Commercial/Industrial, Not-for-Profit, and Multifamily properties with 5 units or more. Eligible measures include energy efficiency improvements such as boilers, furnaces, lighting, and insulation, and/or renewable energy installations such as solar panels, geothermal, and solar hot water.



Role of Municipality in PACE

Massachusetts commercial PACE requires a one-time opt-in by the municipality in which energy improvements will occur. Sample resolution language is provided by MassDevelopment and can be adjusted locally as needed. This opt-in recognizes the role the municipality will play in collecting payments from the property owner via a property tax bill and passing that payment on to a Paying Agent.

Municipalities are protected after adopting PACE for their community. Municipal staff are not responsible for past-due collections. Also, municipal liens are senior to PACE liens.

MORE INFORMATION

Learn more from MassDevelopment, PACE Massachusetts administrator:
www.massdevelopment.com/pace

BRPC PROGRAM

Economic Development Program
berkshireplanning.org/programs

Benefits of PACE

For municipalities, the benefits of PACE include potential job creation, the ability to attract new and retain existing businesses, and the environmental benefits associated with reducing energy consumption.

For property owners, PACE is appealing because there is no pay off required upon sale of the property – assessments stay with the property and are transferred to subsequent property owners. PACE also provides long-term financing (20-year maximum) and avoids any new mortgage lien.

For lenders and mortgage holders, PACE provides improved cash flow and reduced credit risk due to lower operating costs via financing that cannot be accelerated. Capital improvements could also increase the collateral property value.

PACE in Practice

MassDevelopment administers the program in consultation with the Massachusetts Department of Energy Resources (DOER).

PACE financing became available in Massachusetts as of late July 2020. PACE Massachusetts employs an open market, third party direct financing model that allows property owners to choose who will fund their project. PACE Massachusetts requires capital providers to register with MassDevelopment before financing PACE projects in Massachusetts.

As of early 2022, more than 50 Massachusetts municipalities have opted into PACE Massachusetts. The following Berkshire County municipalities have already adopted PACE: Great Barrington, Lanesborough, North Adams, and Pittsfield,

The first PACE Massachusetts project was financed at \$450,000 in Greenfield in September of 2021. [Learn More.](#)

Utilizing PACE

To qualify for PACE Massachusetts financing, PACE projects must meet the savings to investment ratio (SIR) test, meaning the energy cost savings must exceed the costs of the improvements over the life of the measures, including any financing costs and associated fees.

Example Projects

The following are examples only and were provided through MassDevelopment, PACE administrator.

Commercial Office Building

A 100,000 sq ft. commercial office building needs to attract and retain tenants. Building systems are outdated and capital investments are long overdue.

Project:

Installation of new LED lighting, upgrades to HVAC system, new boiler, and window tinting.

Result:

With no upfront costs, building quality is improved with significant reduction to operating expenses. PACE payments are passed to tenants, who receive operating savings along with owner.

Amount/Term:

\$1,000,000 over 20 years

Multi-family Housing

A multi-family housing facility with inefficient older lighting, heating, and cooling systems is in need of costly repair.

Project:

Replacement of boiler with two new high-efficiency condensing units, installation of high efficiency chillers, new variable frequency drive-pumping technology, and new energy efficient LED lighting.

Result:

15% electric use offset and 10% savings on natural gas.

Amount/Term:

\$450,000 over 20 years