



New Jersey PACE: Economic Development for Communities Through Innovative Clean Energy Financing

SOCIO-ECONOMIC BENEFITS

Communities benefit from new PACE law

New Jersey now has access to an innovative financing model that allows commercial & industrial building owners to access cleaner, cheaper, and more reliable energy. In 2012, New Jersey passed a law enabling a municipality to establish a Property Assessed Clean Energy or “PACE” program. Over 30 states have passed similar legislation and private investors have financed over \$100 million in clean energy projects already.

PACE financing is widely seen as a game-changer. It removes most, if not all, of the barriers to commercial & industrial property owners making energy efficiency and renewable energy improvements. Given the latest recession, many businesses have postponed upgrades and capital investments. Now that the economy is beginning to recover, there is significant pent-up demand for projects like these. PACE has the potential to generate hundreds of millions of dollars in investment in New Jersey over the next decade.

For communities, the PACE program creates economic activity, local jobs, property enhancements, and the possibility of attracting new businesses—as well as a more resilient and sustainable environment.

Coupled with downtown revitalization programs like Main Street, PACE can provide the capital to upgrade retail stores, multi-use and rental properties of 6 or more units, and churches and other nonprofit buildings, as well as commercial and industrial properties. Similarly, PACE can provide financing to restore blighted industrial areas and “white elephant” office parks.

New Jersey PACE (NJPACE), a nonprofit, administers PACE programs for NJ municipalities that pass an ordinance establishing a PACE program.

How does PACE work?

Commercial and industrial property owners can get 100% financing for approved clean energy upgrades—even if they don’t have strong credit—since the improvements are tied to the property. The financing is repaid through a Special Clean Energy Assessment registered with the municipality and collected along with the tax bill. The benefits of PACE for commercial and industrial property owners include:

- Energy use and costs drop immediately, since the project is repaid over the life of the measures, up to 20 years
- The assessment is attached to the property, so when an owner sells the property, the responsibility for the payments transfers to the new owner
- Financing is lower cost, since payments are collected along with the property tax and are considered secure.
- Clean energy upgrades increase the value of the property

What does PACE do for communities?

- Creates jobs and economic development
- Conserves energy and reduces carbon pollution
- Retains and attracts businesses

(See highlights of research on the next page)

How can the community get involved?

If your municipality has not yet established a PACE program, **NJPACE** will guide you and/or your municipal officials through the process.

Social and Environmental Benefits of PACE

According to the Energy Star program,

- 45% of U.S. greenhouse gas emissions come from commercial/industrial buildings
- Thirty per cent of the energy in buildings is used inefficiently or unnecessarily
- The combined annual energy costs of commercial & industrial buildings are in excess of \$202.3 billion

PACENow, a national advocacy organization, states that

Energy efficiency is the least expensive energy we can buy. In the U.S., buildings alone consume over 40 percent of the energy we use, and roughly 75 percent of all electricity. A 2012 study by the Rockefeller Foundation and DB Climate Change Advisors sees an investment opportunity of nearly \$280 billion over the next 10 years that would translate to over \$1 trillion in energy savings, over 3 million jobs, and 600 million fewer metric tons of carbon emissions per year. PACE is clearly working because it meets a market need.

According to PACENow, PACE projects completed to date in existing programs average energy-usage savings of 30%.

What types of upgrades are eligible?

- 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.

One Community's Experience with PACE

In Boulder, Colorado, according to a National Renewable Energy Lab (NREL) analysis from 2011, the PACE-based Climate Smart Loan Program (CSLP) completed 598 projects totaling \$9 million. CSLP spending in Boulder County contributed to 85 short-term jobs, \$5 million in earnings, and almost \$14 million in economic activity. CSLP spending supported another 41 short-term jobs throughout the state but outside of Boulder County, \$2 million in additional earnings, and almost \$6 million in additional economic activity statewide.

Please contact us to find out how NJPACE can benefit you and your community.

How do I learn more?

Jonathan Cloud, Managing Director
jcloud@NewJerseyPACE.org
(908) 581-8418

Visit NewJerseyPACE.org or call us today:

Gus Escher, Director of Finance
gescher@NewJerseyPACE.org
(609) 683-1666

8 Revere Drive, Basking Ridge, NJ 07920 Office: 908-396-6179 Fax: 908 842-0422

Jobs and Economic Development

According to industry estimates:

- Every \$10 million spent on PACE projects results in 150 new local jobs (1 job for every \$67,000 spent).
- \$10 million invested in retrofits adds \$25 million to the local economy and as much as \$2.5 million in additional tax revenue.
- \$20 million spent on renewable energy retrofits adds a megawatt of renewable electrical generation and eliminates 600 tons of CO2 emissions.

The City of St. Louis' [Set the Pace](#) site notes that:

In four years of operation, Sonoma County California's PACE program has funded \$61 million of clean energy projects with an estimated 745 jobs either created or retained.

This translates to approximately 1 job for every \$82,000 invested. On top of these benefits are the energy and carbon emission reductions, the cost savings, and the property improvements.

How Municipalities Opt In to NJPACE

To establish a PACE program, a municipality only needs to pass a single ordinance. NJPACE will work with the municipality to set up the program and have it reviewed by the state's Director of Local Government Services. **NJPACE** reimburses a municipality's costs in placing PACE assessments, so there is no cost to taxpayers or the municipality. By establishing a standardized, open-platform program, **NJPACE** facilitates adoption of PACE districts in New Jersey using common criteria, application procedures and education/awareness within the community.

Through its relationships with banks and private investor groups, **NJPACE** provides financing for these energy efficiency and clean energy projects. Municipalities may also issue bonds, or apply to County Improvement Authorities for bond financing, if they prefer to provide funding for PACE programs.

NJPACE may provide up to \$2 billion in additional investment in New Jersey commercial real estate over the next decade, with annual savings in the hundreds of millions of dollars and avoiding hundreds of thousands of tons of carbon pollution.

NJPACE

NewJerseyPACE.org
A NJ 501c3 Nonprofit