



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

OVERVIEW

New Legislation for Clean Energy Financing

In 2012, New Jersey passed a law enabling a municipality to establish a Property Assessed Clean Energy or “PACE” program—an innovative financing model 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)** will enable 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.

How does NJPACE financing work?

NJPACE is a special financing program that allows property owners to finance 100% of approved clean energy measures, with no cash investment, as an off-balance sheet transaction. A voluntary “Clean Energy Special Assessment” is placed on the property and collected by the municipality. The cost of the improvements are spread over their expected life, up to 20 years. Projects can achieve positive cash flow immediately, because savings are designed to be greater than the assessment payments. If the property is sold, the repayment obligation transfers automatically to the next owner. Because payment is tied to the property tax, low cost capital can be raised from the private sector.

Frequently Asked Questions

What does it cost to join the NJPACE program?

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

As a commercial, industrial or non-profit property owner, how do I get NJPACE financing?

Contact us to obtain an application kit. Typically, the first step is to get an energy audit and determine the clean energy measures appropriate for your property. We can provide you with a list of area contractors or you can have your own contractor register with New Jersey PACE. You then contact us to facilitate technical and financial reviews, approvals and financing. If your municipality has not yet opted-in to **NJPACE**, we can help get them into the program.

What types of buildings are eligible?

The property must be non-residential, or have 6 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.

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.

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, PACE assessment and repayment obligation transfers to new owner.
- Like any other municipal assessment, payments don't accelerate in case of default.

How does a property owner get NJPACE financing?

1. Choose your clean energy upgrades. Work with an energy contractor to identify improvements that reduce energy use and lower energy costs. Check with **NJPACE** to see whether your municipality has opted-in to **NJPACE** yet.
2. Apply to **NJPACE** for initial project approval and processing.
3. When your project is designed and approved, **NJPACE** will assist you in asking the municipality to place a PACE assessment on your property.
4. Funding will be dispersed and construction started.
5. Upon completion, obtain building inspection approval and begin system start-up.
6. Repay your PACE financing through a line item on your property tax bill.

Benefits to Municipalities

- **NJPACE** is an economic development tool, creating jobs, fostering property improvements, and retaining and attracting new businesses.
- Communities that already have made a commitment to sustainability, energy conservation and emissions reduction get a new tool to achieve these goals.

NJPACE works with municipalities to implement their PACE programs and reimburses the municipality's costs for processing the assessments.

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.

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

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.

NJPACE

NewJerseyPACE.org
A NJ 501c3 Nonprofit

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