

Frequently Asked Questions

1. What does Local Law 96 of 2019 do?

Local Law 96 of 2019 (the "Local Law") establishes a Property Assessed Clean Energy (PACE) financing program. The PACE program will be available to fund qualifying energy efficiency and renewable energy projects to help buildings comply with the Climate Mobilization Act.

2. What are the key features of PACE financing?

The defining characteristic of PACE is that eligible, private loans are repaid through a voluntary charge on a building's property tax bill issued by the Department of Finance. The tax bill collection mechanism enables PACE financing to:

- Transfer to the new owner upon sale of the property, ensuring owners only pay for the energy savings they receive.
- Not accelerate; PACE loans will not require immediate repayment of the outstanding principal balance after a payment default.

3. What are the benefits of PACE loans?

- 100% financing with no out-of-pocket costs to the property owner
- Immediate cash flow benefits
- Recovery of landlord investment in improved tenant spaces, as the PACE charge can be passed through on most commercial leases
- Long term (often between 20 and 30 years)
- Competitive interest rates
- Quarterly or semiannual billing (depending on tax collection schedule per building)

4. Who is eligible for PACE financing?

Any commercial or multifamily (3 units and larger) building, including tax exempt non-profit and religious facilities, health care facilities, and industrial properties.

5. What improvements are eligible for PACE financing?

PACE financing can be used to fund energy efficiency improvements and renewable energy systems as defined in the Local Law, as well as soft costs such as energy audits and feasibility studies, and other hard costs related to the installation or performance of the energy-saving measures. Check in with NYCEEC for timing on the release of full NYC PACE guidelines.

6. Who provides PACE loans?

PACE loans are provided by pre-qualified private lenders. To connect with PACE lenders, please contact NYCEEC or the NYC Accelerator.

7. How long are PACE loan terms?

While the term of a particular PACE loan may vary by project, PACE loans terms may extend up to the weighted average useful life of the energy-saving equipment installed. In some cases, that may be as long as 30 years.

8. Can PACE loans be pre-paid?

Yes, PACE loans can be pre-paid if permitted by the loan agreement for a specific project.

9. What are typical PACE loan interest rates?

PACE loan interest rates are determined by the lender and may vary by project. Because PACE loan repayments are collected with taxes, the PACE loan is a senior lien to other private loans, generally allowing for lower interest rates.

10. Are there any other fees?

Most projects will be subject to small closing and servicing fees outlined in the Program Guidelines. These fees pay for administering and servicing the PACE loan. All fees may be rolled into the PACE financing.

Frequently Asked Questions

(continued)

11. Are incentives and utility rebates available?

Any incentives and rebates for work completed available through utilities, NYSERDA, or another agency can be used to offset the cost of the PACE financing. Visit the NYC Accelerator’s interactive incentive map to identify appropriate government and utility energy efficiency rebates.

12. Can PACE financing be used to reimburse previous work?

Yes, PACE loans will be able to finance completed work provided that the project meets all requirements of the Local Law and Program Guidelines.

13. Can PACE be used for new construction?

PACE is not currently authorized to fund new construction projects. However, PACE can be used for gut renovations, additions, and renewable energy systems that are components of new construction projects.

14. Can PACE be used for resiliency work?

PACE can fund resiliency measures provided such measures pertain to energy consumption and are addressed in the energy audit. Generally, any measures that are related to eligible energy efficiency improvements or renewable energy measures may also be financed with PACE.

15. What happens if a PACE Charge is unpaid?

If a property owner fails to pay a PACE Charge, the charge becomes a lien against the property and is enforced in the same manner as other municipal charges. Any remaining principal balance that has not yet come due will not accelerate.

16. If a building already has a mortgage, can it receive PACE financing?

Yes. Borrowers will be required to obtain written consent from their existing mortgage lender in order to obtain a PACE loan. However, mortgage lenders often consent to PACE financing on properties in their portfolio because PACE projects typically increase property values and lower operating expenses.

17. When will NYC Accelerator: PACE Financing be available?

PACE financing is expected to be available in early 2020.

18. What is the NYC Accelerator?

The NYC Accelerator offers free, personalized advisory services that streamline the process of making energy efficiency improvements to your building that will reduce operating costs, enhance tenant comfort, and improve our environment. The NYC Accelerator supports retrofit projects in existing buildings, renewable energy projects and high-performance new construction. NYC Accelerator Efficiency Advisors can help projects connect with qualified lenders seeking to provide PACE financing. *NYC Accelerator: PACE Financing* is New York City’s PACE program, powered by NYCEEC.

19. What is NYCEEC?

New York City Energy Efficiency Corporation (NYCEEC) administers NYC Accelerator: PACE Financing on behalf of New York City. As Administrator, NYCEEC qualifies lenders to originate PACE loans, approves all financing applications, verifies cost-effectiveness calculations, and ensures that PACE charge payments are quickly and accurately passed through to lenders. NYCEEC is a non-profit specialty finance company that provides financing solutions to enable projects that save energy or reduce greenhouse gases. For more information, visit <https://www.nyceec.com>.