

# Property Assessed Clean Energy Financing

PACE financing is a tool that allows property owners to finance the costs of energy efficiency and renewable energy improvements through special assessments on their real property tax bills. Nonprofit and most governmental entities may use PACE, even though they otherwise may be exempt from real property taxes and charges on real property.

## ► Why PACE?

- Special assessments are used to secure financing to fund improvements without requiring the property owner to take on debt.
- PACE can allow for investment with zero up-front cash required from the property owner.
- Long-term, fixed-rate financing at favorable rates is generally available.
- Special assessment payments can be passed through to tenants.
- Energy savings resulting from improvements often fully offset the special assessments.

## ► Notable PACE projects in Ohio

### **\$3.3 million energy upgrade to Columbus' PNC building**

PACE special assessments were used to finance lighting, roofing, HVAC and building controls improvements to a 33-story office building in downtown Columbus. The up-front capital was provided by an institutional investor's purchase of a bond issued by the Columbus-Franklin County Finance Authority and a direct loan from the finance authority. The project is expected to save the owner of the building about \$187,000 per year, which exceeds the annual amount of special assessments.

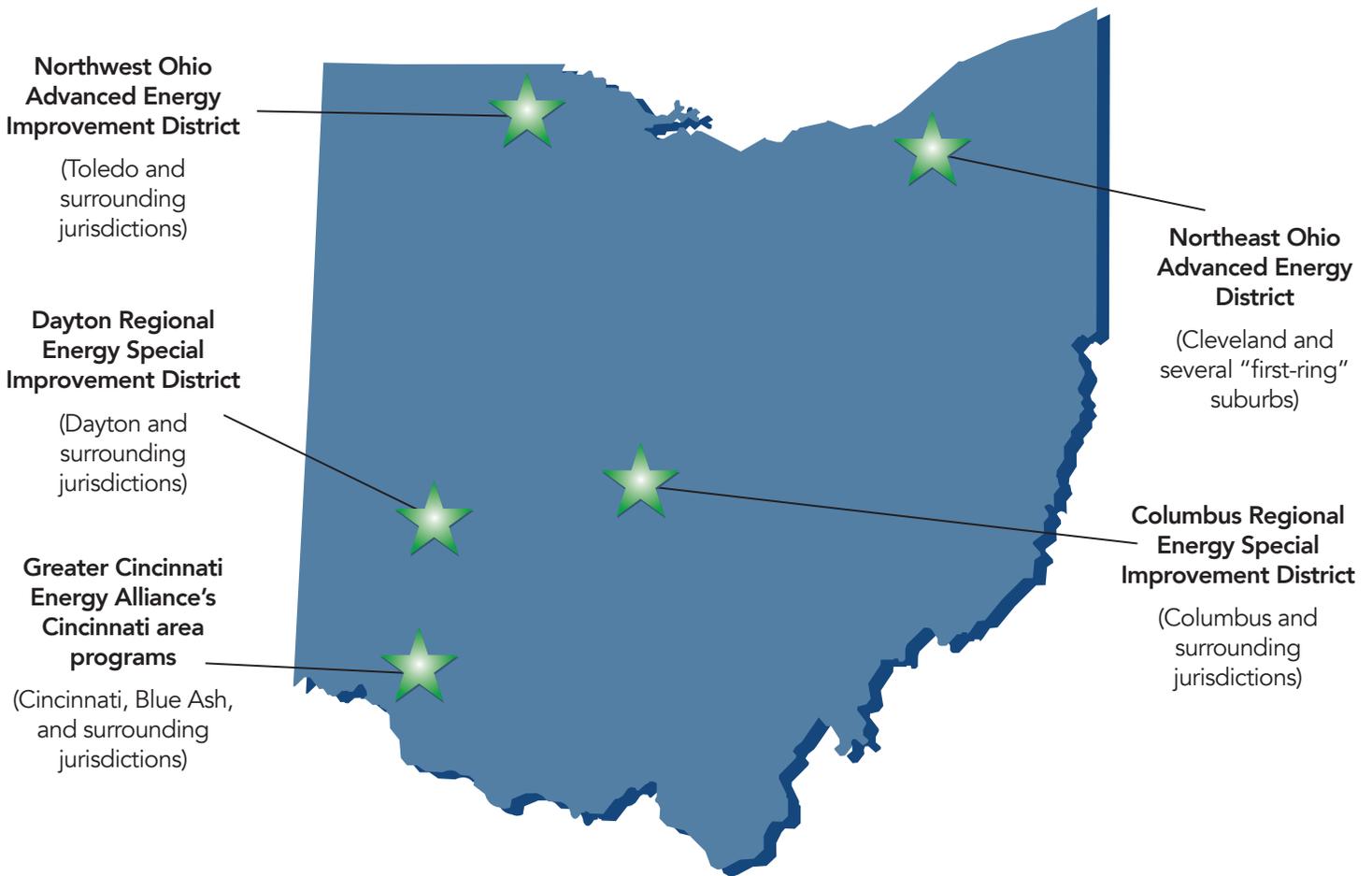
### **\$3.4 million energy upgrade to Great Lakes Mall**

PACE special assessments were used to finance roofing and HVAC improvements to an approximately one-million-square-foot shopping mall in Mentor. The improvements were self-financed with up-front capital from the mall's owner. The mall tenants will pay the special assessments and will benefit from the increased energy efficiency of the mall. The mall's owner will recover its capital investment without renegotiating every tenant lease.

### **\$5.3 million energy upgrade to City of Toledo municipal and service buildings**

PACE special assessments were used to finance energy efficient windows and boilers as well as lighting, building controls and HVAC improvements to a portfolio of 40 buildings owned by the City of Toledo. The up-front capital was provided by an institutional investor's purchase of bonds issued by the Toledo-Lucas County Port Authority. The City of Toledo was able to avoid incurring a debt obligation and leverage PACE's high lien position to make much-needed improvements to a significant number of buildings at a low interest rate.

## ► Active PACE Programs in Ohio



Even if your property is not within an active PACE program, PACE is available!

## ► How to implement PACE

1. A property owner works with the PACE Program staff to determine energy efficiency and renewable energy improvements that would result in energy savings and increased value for its property.
2. The property owner and the PACE Program staff work to structure and obtain financing to pay the up-front costs of the improvements.
3. Once the scope and costs of the improvements are finalized, the property owner requests that the specific parcels on which the improvements will be constructed be placed into an existing or new Energy Special Improvement District (ESID).
4. The property owner, the ESID and the local government work together to have the special assessments levied and assigned to the financing provider as repayment for the up-front financing.