

ENERGIZE NY OPEN C-PACE HANDBOOK

Introduction and Overview

The Energy Improvement Corporation (EIC) offers the Energize New York Open C-PACE Program (“Open C-PACE” or the “Program”) to eligible property owners in order to provide attractive financing for Property Improvements that are more energy efficient or that incorporate renewable energy systems. EIC is a local development corporation and a New York State nonprofit established specifically to assist municipalities and property owners with improving buildings to lower energy costs, generate renewable energy and support the growth of a clean energy economy.

The Program provides an alternative to traditional equity or unsecured loans by using an innovative form of financing called Property Assessed Clean Energy (PACE) financing. Under PACE financing, a property owner opts to pay for energy Improvements by authorizing the municipality where the property is located to add a special assessment to the Property (a “Benefit Assessment Lien”) for that purpose. The Benefit Assessment Lien will be repayable in equal annual installments over a number of years up to the useful life of the Improvement in an amount sufficient to fully pay off the financing.

State Enabled Legislation – Local Governments Voluntarily Participate in Program

The Program is authorized by New York State General Municipal Law Article 5-L, however Open C-PACE must be enabled at the local level. Counties and municipalities interested in extending PACE financing to their property owners must adopt a Local Law establishing the Program in the municipality and enter into an agreement with EIC to administer the Program before it is available to local property owners. EIC is committed to encouraging every NY municipality to establish a uniform Open C-PACE Program.

PACE Project Process

Below are the detailed steps in putting together a PACE project. EIC or the capital provider will assist or complete many of these steps.

1. Determine Property Eligibility

First, one should determine if the property is eligible. Financing by the Program is subject to the following Eligibility Requirements. The Eligibility requirements described below are the minimum requirements to qualify for financing offered by the Program.

Eligible Properties

- The property must be located within a municipality that is a member of EIC and has adopted the local law and enabled the Open C-PACE Program.

- The property owner is current in payments on any existing real property taxes and mortgage on the property;
- The property owner may not be in bankruptcy and the property must not be an asset in a current or pending bankruptcy proceeding.

Ineligible Properties

- Residential properties with fewer than five (5) units
- Government owned property (including public universities and school districts)

2. Determine Project Scope

Once the property's eligibility has been established, the project's viability for financing under the Open C-PACE Program can be determined. Proposed improvements must be evaluated through a Qualified Energy Audit and/or a Renewable Energy System Feasibility Study using a NYSERDA approved process as referenced in the NYSERDA Commercial PACE Guidance Document and/or through an approved NYSERDA or local utility qualified energy program.

PACE Energy Auditors are required to have the credentials listed [here](#) (pg. 6.)

Proposed improvements are then required to either: 1) generate a Cost Benefit Ratio (CBR) of 1 or greater or 2) meet the cost-effective criteria outlined in the NYSERDA Commercial PACE Guidance Document for individual measures or 3) have been approved through a NYSERDA or local utility's qualified energy program.

Eligible Projects

Qualified improvements must:

- Be permanently affixed to the property.
- Satisfy NYSERDA's [Cost Benefit Ratio](#) or use [measures deemed cost effective](#) (pg. 9) by NYSERDA
- Have a weighted average useful life not to exceed the term of the PACE financing agreement.

3. Determine PACE Capital Provider

PACE financing under the Program will be provided by private capital providers in an open market model, and consequently a wide range of parties can provide PACE financing. It is up to the property owner to select the PACE capital provider, however, there is great benefit to choosing a PACE capital provider with PACE experience. In many cases, PACE capital providers will manage the various tasks associated with a project and relieve the property owner of much of this burden. A list of EIC-approved Open C-PACE capital providers can be found [here](#). (Link)

4. Prepare Application and Gather Required Documents

A PACE project requires the submission of an application by the property owner to EIC. See Appendix (x) for a list of what documents will need to be submitted to complete an application review.

5. Close on PACE Financing

PACE financing requires a set of contracts be put in place, wherein the property owner voluntarily agrees to the addition of the Benefit Assessment Lien on the property, and to be billed by EIC, on behalf of the Municipality, in annual installment amounts until the full amount of the financing is paid. PACE financing contracts are tri-party agreements among the property owner, the PACE capital provider and EIC, on behalf of the Municipality.

6. Administrative Fees

The goal of EIC is to have an efficient, and financially independent organization, while keeping costs to a minimum and operating in a lean fashion. To that end, EIC will charge two types of fees as part of administration, an upfront fee and an ongoing interest rate residual. These fees cover the basic administrative costs to complete a PACE project as well as the ongoing services to local governments.