

PACE FAQ for Local Governments

How is PACE financing repaid?

Property owners use the money saved on their utility bills and operating costs from the PACE project to repay the loan. The property owner can pay the PACE lender directly or the property owner can pay via their property tax bill, in which case the city or township simply adds the PACE payment as a new line item on the property owner's tax bill and remits the payment to the PACE lender. In most cases, however, the property owner pays the lender directly, and the local government bears no ongoing administrative burden.

Where does the funding for the PACE program come from?

No government funds are used for PACE financing. The capital comes from private lenders specializing in PACE financing. Lean & Green Michigan maintains an active roster of lending partners and matches property owners with appropriate PACE lenders.

What property owners can use PACE financing?

PACE financing is available for commercial, industrial, multifamily, and nonprofit properties. Single family homes and government properties do not qualify.

What types of measures qualify for PACE financing?

PACE financing is for energy efficiency, water efficiency, and renewable energy measures. Nearly any upgrade that reduces utility costs and/or generates renewable energy qualifies. Everything from windows, doors, and roofs to boilers, chillers, lighting, and solar.

What types of projects can qualify?

PACE works great for retrofits of already operating properties, new construction developments, and adaptive reuse projects. PACE can even be used to refinance projects that have already been completed within the last 3 years.

When does it make sense to explore PACE for a given project?

As early as possible! PACE can have implications for how a project is designed and financed, so it's best to start the PACE conversation as early in the process as possible.



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How much financing is available for an individual project?

While there are no formal limits on the size of a PACE project, there are practical ones. On the low end, PACE projects are generally larger than \$200,000. On the high end, a property could qualify for more than \$10 million in PACE financing. The size of a project is only limited by the value of the property, the potential utility savings from the project, and the existing debt on the property.

How do I know if a property owner is a good candidate for PACE financing?

The best way to determine if a property owner is a good candidate is to ask two simple questions: Do they spend more than \$60,000 annually on utilities and is the property value higher than \$800,000? If both answers are “yes”, there is a good chance PACE can work for them. To know for sure, contact Levin Energy Partners.

What is Lean & Green Michigan?

Lean & Green Michigan is a statewide PACE program that local governments join for free, creating one big and efficient PACE market with uniform rules. Levin Energy Partners manages Lean & Green Michigan and is the go-to place for all things related to PACE.

What about defaults and foreclosures?

To date, there have been no defaults or foreclosures among over 1,000 commercial PACE projects completed across the U.S. However, we have to prepare for a worst-case scenario. In the event a property owner stops making PACE payments, Michigan’s PACE statute treats the situation exactly like any other nonpayment of property taxes. The county seeks to enforce the tax obligation and collects its customary penalties and interest. If the property owner does not pay, the county seizes the property and sells it. Unlike a mortgage or other commercial loan, the PACE financing does not accelerate. Any unpaid PACE obligation that has accrued during the disposition of the case is part of back taxes and is remitted to the PACE lender after the sale. The new owner starts fresh, receiving all the benefits of the PACE-financed improvements and making future PACE payments. Taxpayer dollars are never involved and are not at risk.

Whom do I contact to help property owners use PACE financing?

Contact Levin Energy Partners at (313) 444-1474 or info@levinenergypartners.com.