



OVERVIEW

INTRODUCTION

By enacting the Illinois Property Assessed Clean Energy Act in 2017, the State of Illinois authorized local units of government to create property assessed clean energy (PACE) programs. PACE is an innovative financing tool that enables owners of eligible properties to finance up to 100% of renewable energy, water use, energy conservation and efficiency improvements. Financing is provided by private sector funding with repayment terms that match the useful life of the improvements, up to 30 years. PACE can be used to finance eligible energy projects up to 25% of the appraised value of the property or, in the case of new construction, up to 25% of the appraised stabilized value. Owners repay the financing through a special assessment on the improved property.

The City of Chicago established Chicago PACE by adopting an ordinance and program report on October 31, 2018. Chicago PACE gives eligible building owners the opportunity to finance the installation or modification of improvements that will lower energy costs, modernize building infrastructures and increase asset values with no upfront costs. All applications to participate in Chicago PACE will be reviewed by the Loop-Counterpointe PACE, the City's Program Administrator, to ensure all projects satisfy the Program's requirements.

ELIGIBLE PROPERTIES

Chicago PACE facilitates the financing and refinancing of eligible energy projects for both existing and new construction of commercial and industrial buildings, multi-family apartment buildings consisting of five or more dwelling units and cooperative housing buildings.

The financing is available to property owners for retrofits, refinancing, new construction and value-add or rehabilitation projects. Additionally, property owners may seek funding for improvements already completed on their properties provided that the improvements were completed within the last three (3) years of the issuance of the Certificate of Occupancy or building inspection (as determined by the City).

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Additional requirements include:

- A property owner must be the owner or owners of record;
- The property owner must be eligible to receive a property tax bill and pay property taxes to the City (Note that some nonprofit organizations may be eligible, even if you do not currently pay property taxes. Contact the program administrator for details.);
- Mortgage debt, if any, on the property must be current without delinquencies;
- The property owner of record may not have filed for bankruptcy in the last two years;
- The property may not be an asset to a current bankruptcy;
- The property owner must be current on all taxes, special assessments, water or sewer charges or other property assessed clean energy program assessments;
- There may be no notices of default or other evidence of property-based debt delinquency recorded and not cured;
- There may be no involuntary liens on the property, including, but not limited to; construction or mechanics liens, lis pendens or judgments against the record owner, environmental proceedings, or eminent domain proceedings.

ELIGIBLE ENERGY PROJECTS

Eligible energy projects are the installation or modification of permanently affixed improvements that improve energy efficiency, conserve water, or generate renewable energy. Some examples are below:

- HVAC upgrades and controls
- Building envelope (insulation, windows)
- Resiliency
- High-efficiency lighting
- Automated building controls
- Hot water systems
- Solar Energy Generation
- Energy Efficient Roofing
- Water Conservation or Recycling
- Green roofs

Eligible energy projects must be installed by qualified professionals who are registered and in good standing with the Program. Property owners may refer their professional to apply to the Program for registration.

ELIGIBLE COSTS

Examples of eligible costs include, but are not limited to:

- The hard costs of the energy project;
- Designs, audits and surveys, building permits, inspections, engineering, commissioning costs and service contracts;
- Pre-paid warranties and service contracts for repairs and maintenance;
- Related carpentry, electrical work, and other costs associated with the eligible energy project;
- Other improvements directly related to the energy improvements (e.g. roof upgrades to support a roof-mounted solar PV installation); and

TECHNICAL PROJECT REVIEW

The property owner must submit a Technical Project Review (“TPR”) of the proposed eligible improvements to the Program Administrator with each Application. The TPR contains certain project information including:

- Professional proposal from the registered Professional who will be performing the work;
- Milestones and scope of work for proposed payment schedule;
- TPR Summary form which itemizes the proposed improvements and provides a modeling of expected savings;
- TPR Certification signed by a qualified, registered Professional;
- TPR Report - Energy Audit, Review or equivalent if applicable; (see chart)

Projects over \$2 million / New construction	Projects below \$2 million / Single Measure or Like-for-Like replacements
<ul style="list-style-type: none"> • Audit conforming to the Investor Confidence Project energy performance protocols or ASHRAE level 1 or • Energy audit or product review or feasibility study 	<ul style="list-style-type: none"> • ComEd or Peoples Gas Free Energy Assessment or • Energy Review performed by an OEM or ESCO or • Energy audit or product review or feasibility study

LENDER NOTICE AND CONSENT

At least 30 days before entering into an assessment contract the property owner shall provide to the holders or loan servicers of any existing mortgages encumbering or otherwise secured by the property, a notice of the record owner’s intent to enter into an assessment contract, along with a request that the mortgage lender/servicer consent to the PACE financing.

REPAYMENT OF THE PACE FINANCING

The property owner signs an assessment contract with the City, which provides for repayment over the financing term through an assessment levied on the property which is billed and collected semi-annually on March 1st and September 1st of each year.

ADDITIONAL REQUIREMENTS

Chicago PACE requires property owners to demonstrate compliance with the following criteria, if applicable: completion of an Economic Disclosure Statement and Affidavit (EDS), prevailing City wage requirements, scofflaw check/requirements, City residency requirements for hires, and, for any project with a total PACE project cost over \$2 million, 26% MBE participation and 6% WBE participation.

Some requirements are waived for completed projects. Contact us for more details.

SUMMARY

Chicago PACE offers a path for property owners to secure property-based financing for their eligible energy projects. The Program accelerates investment in retrofits and new construction while preserving business capital and credit lines so owners can retain their available capital for other revenue-generating projects. The flexible financing options allow for payment of project costs that align with construction schedules and other milestones that correspond to the contractor's purchase of materials and supplies.

