



Garden State C-PACE

Informational Webinar for Written Public Comment

April 2023

Agenda

- Opening Remarks by Tim Sullivan, CEO
- Program Overview
 - Eligible Projects
 - General Requirements
 - Benefits
 - Program Mechanics
- Participant Responsibilities
 - Municipalities
 - Capital Providers
- Public Comment
- Next Steps

Overview

- Authorized by statute (2021)
- Repayment operates similar to property taxes
- Senior, non-accelerating lien
- NJEDA is responsible for developing Program Guidelines and the accompanying Uniform Assessment Documents and reviewing/approving applicants
 - NJEDA will not have a lending role
- Eligible properties include commercial, industrial, agricultural, and multi-family (5+ dwelling units) properties

Important Note: The current Clean Energy Special Assessment program administered by the Department of Community Affairs (DCA) will stop accepting applications after the date NJEDA obtains its Board approval and publishes on its website all of the statutorily mandated items required to be published pursuant to N.J.S.A. 34:1B-278(a). Applications submitted prior to that date will be processed.

Garden State C-PACE Eligible Projects

Eligible Projects must be affixed to an Eligible Property and must be for the acquisition, construction, installation or modification of one or more of the following types of improvements

Energy Efficiency		An improvement to reduce energy through conservation or a more efficient use of electricity, natural gas, propane, or other forms of energy (e.g., air sealing, ventilation, insulation, efficient lighting, energy-efficient heating/cooling)
Renewable Energy Systems		An improvement by which electrical, mechanical, or thermal energy is produced (e.g., hydrogen, solar energy, geothermal energy, biomass, wind energy)
Electric Vehicle Charging Infrastructure		Equipment designed to deliver electric energy to a battery electric vehicle or a plug-in hybrid vehicle
Energy Storage		Technology that can absorb energy, store it for a period, and thereafter dispatch the energy, including battery electric storage, thermal storage, pumped hydropower, and such other forms of energy storage
Water Conservation		An improvement that reduces water consumption, increases the efficiency of water use, or reduces water loss
Flood Resistant Construction		An improvement that mitigates the likelihood of flood damage (e.g., break-away walls, building elevation alterations)
Hurricane Resistant Construction		An improvement that enables a component of a structure to be in compliance with the standards for a “wind-borne debris region”
Stormwater Management Systems		Efforts to convey stormwater, control or reduce stormwater runoff and associated pollutants/flooding, induce/control the infiltration of groundwater recharge of stormwater, or eliminate illicit non-stormwater discharges into stormwater conveyances

Garden State C-PACE Program Requirements

Requirement	Description
Eligible Property	<ul style="list-style-type: none"> • A parcel of real property • Located within a Participating Municipality • Must be either: <ul style="list-style-type: none"> • industrial, agricultural, or commercial property; • residential property containing five or more dwelling units • common areas of condominiums and other planned real estate developments • property owned by a tax-exempt or nonprofit entity, including, but not limited to, schools, hospitals, institutions of higher education, or religious institutions • Not subject to any bankruptcy proceedings, defaults on any mortgage loans, or overdue tax payments, charges, and assessments
Eligible Owner	<ul style="list-style-type: none"> • The legal or beneficial owner of an Eligible Property or duly authorized by the legal or beneficial owner(s) • Not subject to any bankruptcy proceedings
Eligible Costs	<ul style="list-style-type: none"> • Direct Costs • Indirect Costs • Financing Costs of Capital Provider • Program Fees
C-PACE Financing Terms	<ul style="list-style-type: none"> • Assessment Amount: Debt-to-Value Ratio may not exceed 90% • Term: Shall not exceed the Weighted Average Useful Life (WAUL) of the improvements or thirty (30) years • Must obtain Mortgage Holder Consent • Terms solely determined and negotiated between the Eligible Owner and Capital Provider • No minimum Savings-to-Investment Ratio (SIR) threshold <ul style="list-style-type: none"> • SIR calculation may be required for certain projects, but the value will not impact NJEDA's project approval decision

C-PACE Benefits

STAKEHOLDER BENEFITS



Property Owners

- Get **longer term financing**
- Lower **interest rates**
- Smaller debt service payments make it much easier for **projects to pencil out**
- No recourse to business owners—**no personal guarantees**
- Changes the conversation in context of **voluntary transfer of property**
- Off-balance sheet accounting treatment



Municipalities

- Opportunities, without a funding outlay, to:
- Support measures that will **reduce** greenhouse gas and criteria pollutants emitted by their C&I sector
 - Support **resiliency measures** that could be of critical importance to local businesses
 - Enhance the tax base due to property improvements and **new construction projects**
 - Boost local economic development



Mortgage Holders

- Increasing comfort level with consenting to C-PACE loans
- They see the **enhancement of the value of their collateral**
- Lack of ability to accelerate C-PACE loans is critical
- Unique feature means that the magnitude of C-PACE payment defaults remain manageable
- Mortgage lenders are **entering the market!**



Contractors

- Helps contractors better convert leads to deals for energy upgrades by giving property owners access to up to 100% up-front financing for up to 30 years
- Allows for **deeper energy efficiency, renewable energy, and resiliency improvements** because of **increased affordability** for borrowers



Capital Providers

- Offers capital providers **extremely strong loan security** position similar to a tax lien on a property, which sits in a senior position to other encumbrances on the property
- Garden State Program is **“open platform”** — meaning that any capital provider that meets certain basic requisites may participate

Garden State C-PACE

Some Application Documents:

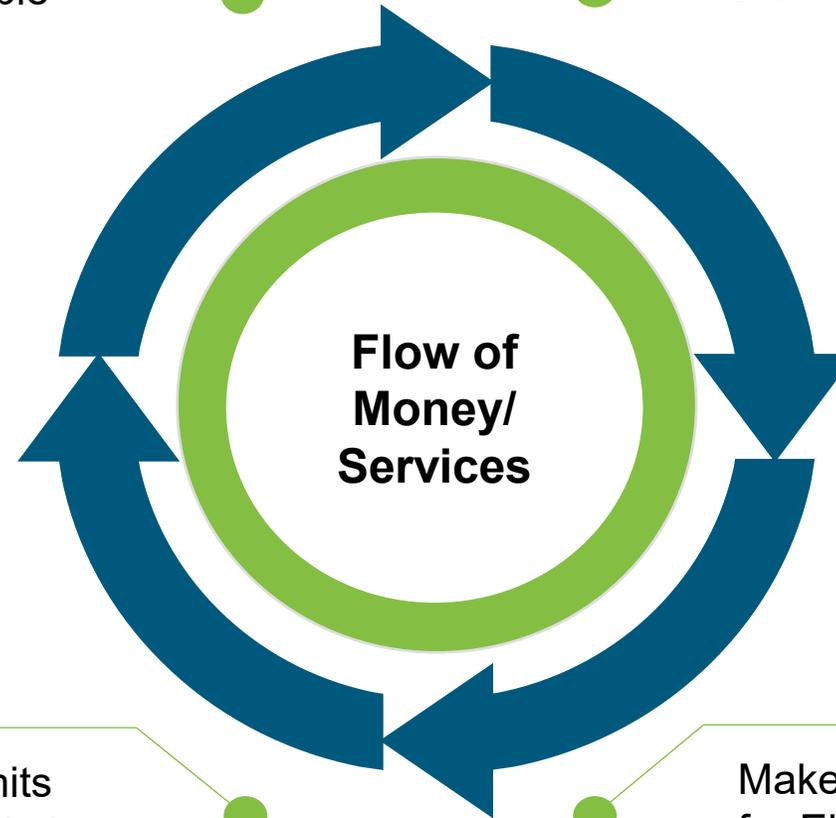
- Description of proposed project and costs
- Certification from Capital Provider
- Design/Engineering documents
- Technical Evaluation
- Technical Review Certification Letters
- Mortgage Holder Consent
- Most current draft of proposed financing agreement

Capital Provider

Provides up-front capital for Eligible Projects

Contractor

Installs Eligible Projects and their improvement(s)



Municipality

Collects and remits payments to capital provider

Property Owner

Makes regular payments for Eligible Projects through an assessment placed on property

Participant Qualification and Responsibilities – Municipality

Qualification

To be qualified to participate in the program, a municipality must:

- (1) Adopt an Opt-In Ordinance
- (2) Enter into a Garden State Program Agreement with NJEDA

Responsibilities Under Program

- Enter into C-PACE Assessment Agreement with Eligible Owner
- Enter into C-PACE Assessment Agreement with Qualified Capital Provider
- File, or cause to file, Notice of Assessment with county recording office
- Cooperate with any agreement amendments
- Levy, bill, and collect C-PACE Assessment and remit payment to Qualified Capital Provider
- Enforce the C-PACE Assessment, as necessary

Participant Qualification and Responsibilities – Capital Provider

Qualification

To be qualified to participate in the program, a Capital Provider must:

- Meet all Capital Provider Eligibility requirements (valid tax clearance certificate, meet statutory definition, etc.)
- Submit a Qualified Capital Provider application to NJEDA

Responsibilities Under Program

- Enter into C-PACE financing agreement with Eligible Owner and ensure that the C-PACE Project and Direct Financing are eligible
- Collect and remit the Closing Fee from the Project Applicant
- Provide annual reporting to NJEDA on Direct Financing performance
- Submit an application for any Project Changes
- Continue satisfying Program eligibility requirements

Public Comment on Garden C-PACE Program Guidelines

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- Preliminary draft guidelines can be found on the Garden State C-PACE Program website at <https://www.njeda.com/c-pace/>
- Currently, the guidelines are organized into 12 articles and 9 accompanying appendices
 - Drafts of the appendices, or “Uniform Assessment Documents,” will be made available for public comment shortly
- We now welcome public comments, which can be submitted by emailing NJEDA at gardenstatepace@njeda.gov

Garden State Commercial Property Assessed Clean Energy (C-PACE) Program

<https://www.njeda.com/c-pace/>

Preliminary draft Guidelines for the Garden State C-PACE Program are now available. Please access the draft Guidelines via the "Draft Documents" dropdown on the right-hand side of this page.

Note: The current Clean Energy Special Assessment program administered by the Department of Community Affairs (DCA) will stop accepting applications after the date NJEDA obtains its Board approval and publishes on its website all of the statutorily mandated items required to be published pursuant to N.J.S.A. 34:1B-278(a). Applications submitted prior to that date will be processed.

The Garden State Commercial Property Assessed Clean Energy (C-PACE) Program is a voluntary financing tool which allows qualifying commercial real property owners to access financing to undertake qualifying energy efficiency, renewable energy, water conservation, and resiliency improvements on their buildings and repay the investment through an additional charge/assessment similar to their real property tax bill.

OVERVIEW GARDEN STATE BACKGROUND BENEFITS

INDICATION OF INTEREST

Garden State C-PACE Overview

PROGRAM GUIDE

- Overview
- Background
- Benefits
- Project Indication of Interest

Draft Documents

Preliminary draft Guidelines for the Garden State C-PACE Program are now available. You can access the draft Guidelines [here](#).

Please submit all comments to Gardenstatepace@njeda.gov with the subject "CPACE Public Comment"

For additional comments on the new construction and refinancing expansion, please send comments with the subject "CPACE Public Comment – New Construction"

Garden State C-PACE Program Design Status

Task	Description	Status
Guidelines	Establishing the terms and conditions that govern all parameters / participants of the Program	Now receiving public comments
Outreach/ Stakeholdering	<p>Developing relationships with municipalities, potential applicants, and capital providers interested in participating in the program</p> <p>Engagement with partner agencies for review/input on documents</p>	Encouraging participation in public comment process
Board Approval and Initial Program Launch	NJEDA presents the program to the EDA Board and begins receiving applicants on the Garden State C-PACE Program website once the Program is approved	After reviewing comments and making any edits to Guidelines and Uniform Assessment Documents, NJEDA will proceed with the Board approval process

Key Next Steps

Phase 1 continued

Uniform Assessment Documents

- Numerous legal agreements between Municipalities, Capital Providers, Applicants, Technical Reviewers, and NJEDA required by statute and Program
- Under OAG review, will be made available for public comment in the coming weeks

Phase 2

New Construction and Refinancing Expansion

- Expanding the Program to enable C-PACE to be used in certain circumstances for the refinancing of previously implemented improvements and to fund a portion of the cost of new construction projects
- NJEDA is actively conducting benchmarking and working on initial draft of supplemental Guidelines

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Thank You!

Now accepting comment submissions!

Email all comments to: Gardenstatecpace@njeda.gov

Subject: **CSPACE Public Comment**

New Construction and Refinancing Expansion

Subject: **CSPACE Public Comment – New Construction**