

PROPERTY ASSESSED CLEAN ENERGY (PACE) FINANCING



Designed to stimulate investment and economic growth in communities, Property Assessed Clean Energy (PACE) financing programs are available in approximately 30 states and growing. These programs can be utilized for construction costs for new construction projects, renovation, and retroactive commercial financing and can boost a project's IRR and NOI. PACE programs provide capital to underserved projects, incentivize the rehabilitation of historic buildings, and make clean energy options more accessible to a broader spectrum of users.

At Husch Blackwell, our PACE financing attorneys represent PACE capital providers, property owners, municipalities, and states that have newly enacted PACE programs, enabling us to connect clients to get deals done quickly for asset classes such as senior housing, offices, retail and hospitality, industrial properties, and multifamily residences. Our attorneys guide clients through the entire PACE financing process, from structuring and diligence to negotiation and documentation. We are extensively familiar with this developing and niche practice area and have closed more than 70 transactions in 17 states.

Our PACE group has the depth to scale agile teams to the complexity of local projects, providing seamless end-to-end solutions for even the most complex financing transactions. We understand the financial industry, connect lenders to developers, and provide innovative strategic counsel rooted in that knowledge.

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We can assist with program development, negotiate and draft financing documents, counsel property owners through the PACE financing application and closing process, collaborate with accountants to ensure proper tax treatment, and issue legal opinions. Our experience includes a broad stretch of the country, and we're always looking to add work in various emerging states. We have handled projects in Colorado, Florida, Illinois, Kentucky, Connecticut, Nebraska, Nevada, Oklahoma, Pennsylvania, Utah, Wisconsin, Missouri, Texas, Tennessee, Michigan, Minnesota, and New York.

Lenders

We regularly represent PACE lenders, negotiating and drafting all necessary loan documentation. We confirm the security of the PACE assessment for the lien, issue legal opinions on this security, and confirm that the program has been fully enacted and enabled in both state and local jurisdictions for the project in question. In addition, we counsel traditional construction lenders who are working with PACE lenders, explaining the benefits of the PACE loan and negotiating partnership terms.

Borrowers and developers

Our team sits on the other side of the table as well, representing developers and reviewing loan documents provided by the lender. We negotiate on behalf of borrowers and developers with both lenders and state or municipal program administrators, and we provide legal opinions regarding the enforceability of PACE documents. We've also assisted developers in finding an appropriate lender and facilitated connections between borrowers and lenders.

Municipalities and states

Our experience across the country has positioned us to

advise states and local jurisdictions as they enable and enact PACE programs. Extensively familiar with PACE documentation in more than half of the states currently participating, we are well prepared to advise as new administrators draft local documents.

Benefits of PACE to property owners

Boosts project IRR

Replaces higher cost mezzanine and equity capital

Keeps equity entirely internal, resulting in a larger ownership percentage

Offsets high equity requirements with low-cost financing

Reduces high-cost debt funds to lower WACC

Reduces personal risk with non-recourse funding

Increases net operating income and property value

Long-term, fixed-rate financing with up to 30-year terms

Representative Experience

Represented lender in \$6.8 million loan for project to rehabilitate and construct mixed-use development in Michigan, including hotel space.

Represented lender in \$3 million loan for construction of 250-room hotel in Minnesota.

Represented lender in \$10.5 million loan for construction project of multifamily and retail space in Florida.

Represented lender in \$4 million loan for construction of new Texas hotel that was part of a major chain.

Represented lender in \$4 million loan for construction of cold storage units in Minnesota.

Represented lender in \$600,000 refinancing for improvement project at Oklahoma hotel.

Represented lender in \$9.6 million loan for construction of senior housing facility in Minnesota.

Represented lender in \$18 million loan for construction of senior housing facility in Michigan.

Represented lender in \$7.4 million loan for construction of senior housing and memory care facility in Florida.

Represented lender in \$2.7 million loan for redevelopment of existing senior living facility in Wisconsin.

Represented lender in \$2.8 million loan for construction of nonprofit sports complex in Nebraska. Project includes energy efficient LED stadium, parking and pedestrian lighting, and supporting electrical and controls equipment.

Represented lender in \$39 million loan for construction of mixed-use tower (primarily office space) in Michigan.

Represented lender in \$20 million loan for energy efficient redevelopment of heat and electrical power in existing building in Florida.

Represented lender in \$39 million loan for construction of hotel in Texas.

Represented lender in \$3.5 million loan for redevelopment of former Texas hotel to multifamily and retail space.

Represented lender in \$8.2 million loan for retroactive

financing project for Colorado museum.

Represented lender in \$2.1 million loan for redevelopment of historic office building in Minnesota.

Represented lender in \$4.9 million loan for construction of industrial warehouse and distribution facility in Wisconsin.

Represented lender in \$3.5 million loan for construction of self storage facility in Missouri.

Represented lender in \$6 million loan for cost overruns on senior living project in Michigan.

Represented lender in \$900,000 loan for retroactive financing of construction of multifamily and commercial development in Pennsylvania.

Represented lender in \$7.6 million loan for renovation of hotel in Illinois.