



# MinnPACE Financing

NOW AVAILABLE FOR **NEW CONSTRUCTION** | **COMMERCIAL BUILDINGS ONLY**

Since 2010, commercial building owners across the state of Minnesota have leveraged MinnPACE to finance energy efficiency upgrades and renewable energy investments for existing commercial buildings. Borrowers benefit from 100 percent financing, payments rolled into a special tax assessment, and no payments due until the following calendar year.

Unfortunately, state law made it challenging to use MinnPACE for new construction projects. In 2018, 70 percent of commercial PACE loans nationwide were tied to new construction. These success rates can be attributed to businesses having access to 20 percent of their appraised value. Minnesotans, on the other hand, were limited to 20 percent of the assessed value, which is a much smaller number.

In 2019, Minnesota law was amended. Going forward, commercial property owners can now add MinnPACE to the capital stack for new construction, up to 20 percent of the appraised value, contingent on their mortgage lender's approval.

## **QUALIFYING INVESTMENTS**

- ✓ Investments must be cost-effective energy improvements that reduce energy consumption without altering the energy source.
- ✓ Equipment must be permanently affixed to the property.
- ✓ Energy savings must exceed the cost of equipment and installation within 20 years or less (per an energy audit).
- ✓ Solar installations and equipment to charge electrical cars also qualify.

## **FINANCE TERMS**

- ✓ Maximum term is 20-years or the useful life of the equipment (whichever is less)
- ✓ The principal amount cannot exceed the cost of equipment and installation (including labor, energy audits, or renewable energy feasibility studies).