



# Financing Your Building Upgrades

---

Find Ways To  
Pay for Energy  
Improvements





## Get Free Expert Help To Find Financing

Buildings account for 68% of NYC's carbon emissions, and local energy laws will require building owners to reduce emissions beginning in 2024. Energy efficiency improvements can help building owners increase property value and decrease energy costs, while making buildings healthier and safer for all. NYC Accelerator can connect you to incentives and financing options that help cover the costs of building upgrades.

### Benefits of Financing Energy Projects

Financing the costs of energy efficiency and renewable energy projects helps building owners and property managers:

- Maintain building reserves for other needed capital replacements, preserve lines of credit for other uses, and avoid resident assessments for co-ops or condos
- Provide funding for large projects, stalled projects, or properties with many projects
- Avoid Local Law 97 penalties and cover Local Law 11 facade repairs
- Cover project costs with minimal or no upfront fees
- Reduce payback period and avoid longer construction disruptions for tenants
- Provide options that improve building performance, increase tenant comfort, and do not require use of the building as collateral

### Ready To Get Started?

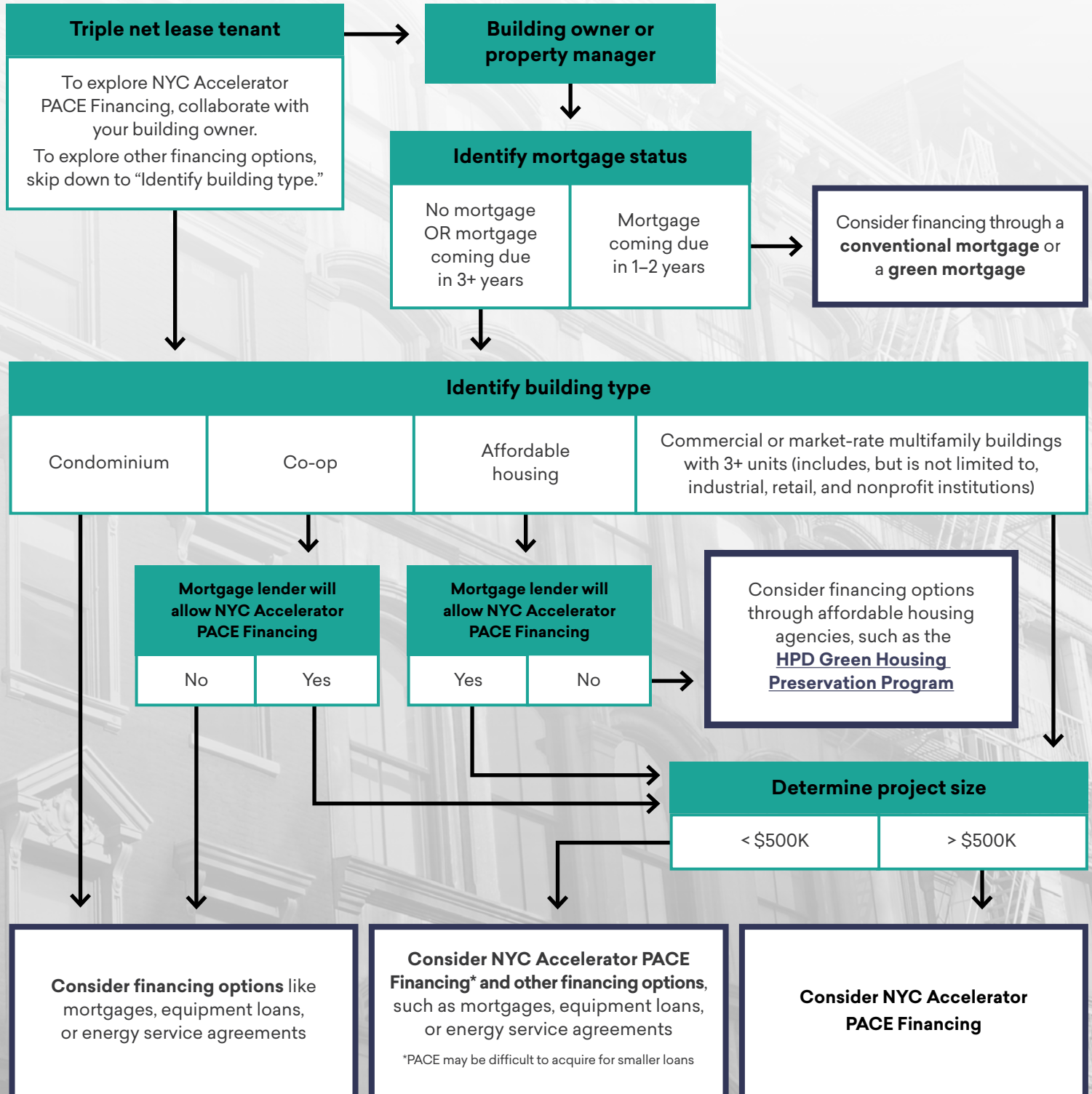
Use this toolkit to identify which financing options are right for you. Contact NYC Accelerator to connect with a financing specialist.

# Energy Efficiency Financing Roadmap



## Identify Options To Fund Your Projects

Completing energy efficiency improvements in our buildings is key to achieving a just transition to carbon neutrality in New York City. There are several different types of financing available to help building owners make upgrades, and NYC Accelerator can help you identify which are right for your building. Use this roadmap to get started.



## Ready to take action?

Read more about [NYC Accelerator PACE Financing](#) and [other financing options](#).



## Financing Energy Improvements in Buildings

### Explore NYC Accelerator PACE Financing

The Climate Mobilization Act (CMA) of 2019 sets carbon emission caps for energy use in our city's buildings. Local Law 96 of the CMA authorizes NYC Accelerator Property Assessed Clean Energy (PACE) Financing to help pay for energy efficiency or renewable energy improvements. Now, building owners can obtain up to 100% long-term financing for energy-saving measures through PACE. This is a unique financing option because it is repaid on the tax bill, which makes it easily transferable upon sale of the building.

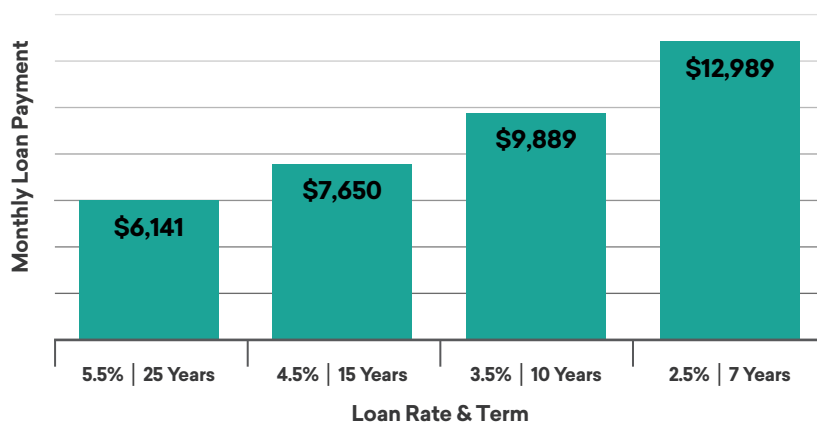
NYC Accelerator offers free, customized assistance to help you determine if NYC Accelerator PACE Financing applies to your building improvement plan. Our financing specialist will connect you to a prequalified PACE lender.

### Who Qualifies for NYC Accelerator PACE Financing Loans?

- Commercial, industrial, and multifamily building owners
- Buildings owned by nonprofit institutions like hospitals, universities, or museums that are typically exempt from property taxes

#### Long-Term Loan Payments Are More Compelling Than Low Rates

(Based on \$1M Project Costs)



### NYC Accelerator PACE Financing Benefits

- Long-term, fixed-rate financing covers 100% of energy upgrade costs with no cash upfront from the owner.
- NYC Accelerator PACE Financing loans are transferable upon building sale and remain on the property tax bill.
- Projects can be retroactively financed up to three years after improvements are completed.\*
- NYC Accelerator PACE Financing can also fund other hard and soft project costs that are necessary to install the energy upgrades, such as asbestos and lead mitigation or roof upgrades.
- Energy savings may exceed loan payments, leading to potentially positive monthly cash flow and increased property value.

\*No earlier than May 19, 2019

## Access Financing for Energy Upgrades

### NYC Accelerator Connects You With Ways To Cover Your Costs

NYC Accelerator Property Assessed Clean Energy (PACE) Financing is a new program designed to finance 100% of energy upgrades, but it may not be the best fit for all buildings. We can help you understand and take advantage of other project financing options.

Our financing specialist will explain relevant products, help you choose the right options for your building, and connect you with pre-qualified financing providers.

### Find Financing That Fits

Energy efficiency and renewable energy projects can be funded using conventional financing or other financing options customized to take advantage of energy savings. These options may be available through your existing lenders or specialty financing companies like “green banks,” which are mission-driven lenders that support greenhouse gas mitigation. Plus, NYC Accelerator can help you find free benefits like energy incentives or tax rebates to reduce the amount you need to finance.

Financing Options	Benefits	Limitations
<b>Mortgage loans</b> (or line of credit) can include funds to cover energy efficiency improvements.	<ul style="list-style-type: none"> <li>• Offer attractive, low rates and long-term options.</li> </ul>	<ul style="list-style-type: none"> <li>• Are most beneficial for building owners who are already planning to refinance</li> </ul>
<b>Green mortgage loans</b> are designed to target and incentivize financing for energy efficiency upgrades.	<ul style="list-style-type: none"> <li>• Provide increased loan amounts that incorporate a portion of energy savings resulting from upgrades</li> <li>• Allow building owners to work with existing mortgage lenders</li> <li>• Offer competitive rates</li> </ul>	<ul style="list-style-type: none"> <li>• Are dependent on timing</li> <li>• Can present timing issues as building owners may not be ready to refinance their mortgages</li> </ul>
<b>Equipment loans</b> are offered by manufacturers, vendors, and contractors, as well as third-party lenders to purchase equipment.	<ul style="list-style-type: none"> <li>• Offer a simple and quick process; are good for emergency repairs or when mortgage refinancing is not an option</li> <li>• Do not require upfront fees or expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Charge higher rates, dependent on borrower's credit history or outstanding debt</li> </ul>
<b>Equipment leases</b> are available from equipment manufacturers, vendors, and third-party lenders, allowing building owners to use energy-related equipment without purchasing it.	<ul style="list-style-type: none"> <li>• Do not require upfront expenses or maintenance fees</li> <li>• Offer an option to purchase equipment at the end of the lease term</li> <li>• Provide better rates for nonprofit building owners using tax-exempt leases</li> </ul>	<ul style="list-style-type: none"> <li>• Building owners don't own equipment</li> </ul>



Financing Options	Benefits	Limitations
<p><b>Energy Service Agreements (ESA)</b> are a “non-debt” solution where providers install, construct, and manage retrofit projects from start to finish and provide ongoing maintenance. Building owners enter a contract with the ESA provider to pay for improvements installed from the energy saved.</p>	<ul style="list-style-type: none"> <li>• Offer a consolidated and simplified option for building owners with multiple projects or buildings</li> <li>• Work for many building types</li> <li>• Allow for deeper retrofits and savings</li> <li>• Do not require upfront costs or ongoing maintenance</li> <li>• Reduce energy bills</li> <li>• Provide a guarantee on project performance</li> </ul>	<ul style="list-style-type: none"> <li>• Are best suited for owners with projects larger than \$500,000 or multiple buildings</li> <li>• Include less transparent financing terms</li> </ul>
<p><b>Power Purchase Agreements</b> are another “non-debt” solution where project developers install and manage an on-site power generation project (often solar) from construction to completion and operations.</p>	<ul style="list-style-type: none"> <li>• Are useful for building owners who can’t take advantage of tax benefits</li> <li>• Do not require upfront expenses or maintenance fees</li> </ul>	<ul style="list-style-type: none"> <li>• Require building owners to purchase energy produced, but at an attractive rate</li> <li>• Building owners do not own equipment or receive tax benefits</li> </ul>
<p><b>Predevelopment loans</b> provide short-term financing for energy studies, architectural and engineering services, and other soft costs incurred while planning and developing a green project.</p>	<ul style="list-style-type: none"> <li>• Are typically repaid with proceeds from construction or permanent financing</li> <li>• Enable projects to start prior to long-term financing approval</li> <li>• Reduce out-of-pocket expenses while applying for project financing</li> </ul>	<ul style="list-style-type: none"> <li>• May provide limited funding</li> <li>• Potential risk to borrowers if project doesn’t proceed</li> </ul>
<p><b>Incentive bridge loans</b> fund the installation of energy efficiency measures that are eligible for incentives or rebates from utilities or public agencies.</p>	<ul style="list-style-type: none"> <li>• Provide financing for work when incentives are not paid until project is completed, thereby reducing out-of-pocket costs for borrowers</li> </ul>	<ul style="list-style-type: none"> <li>• Loan is typically paid off when incentives are paid out</li> <li>• Borrower still obligated to repay loan if incentive payments do not materialize</li> </ul>

*DISCLAIMER: This factsheet is intended to serve as general educational material. Actual financing products may vary.*



## Ready to take action?

Contact NYC Accelerator  
for free technical assistance.

[nyc.gov/accelerator](https://nyc.gov/accelerator)  
**212.656.9202**  
[info@accelerator.nyc](mailto:info@accelerator.nyc)