Hoffman, Sutton and Lan in The Practical Real Estate Lawyer on New York C-PACE Financing

By Mordechai Sutton | April 24, 2025

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New York City updated program guidelines for its commercial property assessed clean energy financing (PACE Financing) program in August of 2024. Haynes Boone attorneys Nicholas Hoffman, Mordechai Sutton and Jennifer Lan discuss the advantages of the PACE Financing in an article for *The Practical Real Estate Lawyer.*

Read an excerpt below:

On August 19, 2024, New York City released the long-awaited updated program guidelines (the Amended Program Guidelines) for New York City's commercial property assessed clean energy financing (PACE Financing) program (NYC PACE Program) to allow PACE Financing on new construction, major renovations, and certain leasehold interests and to exempt new construction, major renovations, and certain qualified improvements from any "savings to- investment" ratio (SIR) requirement.

PACE Financing is an innovative public/private partnership that provides for cost-effective, revenue neutral financing for energy efficient improvements and renewable energy systems, which are repaid through assessments on the property, similar to property tax assessments. PACE Financing is authorized by state-level enabling legislation, which is then adopted at the local and municipal level.

PACE in New York

PACE was first introduced into New York State in 2009, when the New York State Legislature enacted General Municipal Law Article 5-L (the NYS PACE Statute), which authorized municipalities in New York State to create a program to provide PACE Financing to property owners for the installation of eligible renewable energy systems or energy efficiency improvements. As of February 7, 2025, 78 municipalities in New York State (not including New York City) have developed PACE Financing programs, administered by the Energy Improvement Corporation (the EIC).

While other New York State municipalities were developing PACE programs, PACE Financing didn't make its entry into New York City until 10 years later when, on May 19, 2019, the New York City Council passed the Climate Mobilization Act (CMA), a package of bills intended to, among other goals, cause large- and medium-sized buildings to reduce their greenhouse gas emissions by 40 percent by 2030 and 80 percent by 2050. Some emissions limits under the CMA have commenced as early as this year.

As part of the CMA, the New York City Council laid the municipal groundwork for the NYC PACE Program by creating the New York City Sustainable Energy Loan Program, enacted by Local Law Number 96 (as subsequently amended, NYC SELP) in order to help building owners pay for the potentially significant costs of compliance with the CMA. An analysis commissioned by the City of

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New York in September of 2023 found that 15,000 buildings will need an aggregate investment of $12 billion to $15 billion to comply with 2030 CMA emissions limits at current costs and with current technology. Of that, only $5 billion to $6 billion would pay for itself through energy savings. While the enactment of the NYC SELP was the critical first step to enabling a PACE Financing program in New York City, the NYC SELP required the New York City Department of Finance (NYC DOF), which was appointed as the administering agency, to promulgate certain administrative rules (Administrative Rules) in order to implement New York City's PACE program.

Read the full article here or in ALI CLE's *The Practical Real Estate Lawyer*.

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