



# PACE

Property Assessed Clean Energy Bonds

Arkansas Legislative Task Force on  
Sustainable Building Design and Practices

December 12, 2011



# PACE

PACE means

Property Assessed Clean Energy,

Local government/community initiatives that creates permanent private sector jobs in America and makes our nation more energy secure by promoting energy efficiency and renewable energy projects in our homes and commercial buildings.

PACE is voluntary and community based, not mandated by Washington. It provides long term funding from private capital markets at low cost and needs no government subsidies or taxes.

PACE raises property values by making buildings less expensive to heat and cool and it enjoys broad bipartisan support nationwide at state and local levels.

PACE enabling legislation has been adopted by a total of 27 states.



### HI Existing Authority

## What is PACE ?

PACE is a bipartisan local government initiative that allows property owners to finance energy efficiency and renewable energy projects for their homes and commercial buildings. Interested property owners opt-in to receive financing for improvements that is repaid through an assessment on their property taxes for up to 20 years.

PACE financing spreads the cost of energy improvements such as weather sealing, insulation, energy efficient boilers and cooling systems, new windows, and solar installations over the expected life of the measures and allows for the repayment obligation to transfer automatically to the next property owner if the property is sold.

PACE is unique because it:

- Creates badly needed local jobs.

  - Uses private capital, not taxes or government subsidies.

  - Saves money for building owners and increases property values

  - Is voluntary – not a government mandate.

  - Promotes energy security without driving up energy costs.

  - Avoids the need to build costly new power plants.

  - Reduces air pollution.

## Why PACE ?

PACE solves two key barriers to increased adoption of energy efficiency and small scale renewable energy:

1. High upfront costs.
2. Fear that project costs won't be recovered prior to a future sale of the property.

Basic energy efficiency measures can cut energy costs by up to 35%  
Annual energy savings will typically exceed the cost of PACE assessments;

The upfront cost barrier actually turns into improved cash flow for owners.

Like OTHER property based assessments, PACE assessments stay with a property upon sale, until they are fully repaid by future owners who continue to benefit from the improvement measures.

PACE programs provide a way for local communities to sponsor programs that meet their individual needs.



## Economic Benefits Of PACE

If 1% of U.S. homes participated in PACE, the projects would generate\*:

226,000 jobs;

\$42 billion in economic output;

\$4.2 billion in combined Federal, state and local tax revenue.

\*“Economic Impact Analysis of Property Assessed Clean Energy Programs (PACE). Study conducted by EcoNorthwest, May 2011.

Available at: [www.pacenow.org](http://www.pacenow.org)



## Benefits of PACE

PACE promotes energy efficiency in ways that are good for America, our municipalities, building owners and mortgage lenders.

## Benefits to Our Nation

Creates permanent private sector jobs – nationwide and across a range of skills.

Uses private capital for funding – NO taxes or government subsidies.

Saves owners money – lower operating costs make their buildings more valuable.

Promotes energy security – without federal regulation or taxes that drive up energy costs.

Avoids costly power plants – increasingly difficult to site.

No budgetary impact - voluntary participants pay all fees and expenses.

## Benefits to Municipalities

Permanent local jobs – as many as 10 per \$1 million in spending makes communities stronger.

No debt or credit risk - bonds are secured solely by the assessment payments of op-in participants.

Saves money for residents – PACE is the only assessment that creates positive cash flow.

Voluntary participation – building owners who opt-in if they decide healthier.





## Benefits to Property Owners

No upfront cost - PACE financing spreads costs over the life of improvements.

Owners save money - programs are designed to ensure annual savings exceed assessments.

Assessment transfers upon sale - new owner benefits from improvements that stay with the property.

Safety - assured by best practices and guidelines established to protect all program participants.

Broad applicability – residential and commercial properties can use PACE.

Voluntary – only opt-in participants pay assessments (and benefit from improvements).

Comfort – efficient buildings are healthier and more comfortable.

## Benefits to Existing Lenders

Lowers default risk – improved cash flow makes it easier for owners to pay mortgages.

Improves Loan-to-Value Ratio - buildings that are less expensive to operate are worth more.

Safety and soundness - best practices framework developed to meet all participants' concerns.

Lien risk minimized - non-acceleration of assessments in default limits senior lien PACE exposure to less than \$200 per home, on average.



# Strong Bipartisan Support Continues for HR 2599

**PACE Protection Act of 2011  
House Member Scorecard**

State	PACE State?	Member	HR 2599 51 HR Bill
California	43 YES	D Baca, Joe	Co-Sponsor
California	50 YES	R Bilbray, Brian	Co-Sponsor
California	45 YES	R Bono Mack, Mary	Co-Sponsor
California	48 YES	R Campbell, John	Co-Sponsor
California	23 YES	D Capps, Lois	Initial Co-Sponsor
Missouri	3 YES	D Carnahan, Russ	Co-Sponsor
Missouri	1 YES	D Clay Jr., William Lacy	Co-Sponsor
Oklahoma	4 YES	R Cole, Tom	Initial Co-Sponsor
California	20 YES	D Costa, Jim	Co-Sponsor
California	53 YES	D Davis, Susan	Co-sponsor
Colorado	1 YES	D DeGette, Diana	Co-Sponsor
Florida	21 YES	R Diaz-Balart, Mario	Co-Sponsor
Illinois	10 YES	R Dold, Robert	Initial Co-Sponsor
California	14 YES	D Eshoo, Anna	Co-Sponsor
California	51 YES	D Filner, Bob	Co-Sponsor
Pennsylvania	8 NO	R Fitzpatrick, Mike	Co-Sponsor
Texas	17 YES	R Flores, Bill	Initial Co-Sponsor
California	10 YES	D Garamendi, John	Co-Sponsor
New York	24 YES	R Hanna, Richard	Initial Co-Sponsor
Florida	23 YES	D Hastings, Alcee	Co-sponsor
New York	19 YES	R <b>Hayworth, Nan</b>	<b>Author</b>
New York	22 YES	D Hinchey, Maurice	Co-Sponsor
Hawaii	2 YES	D Hirono, Mazie	Co-Sponsor
California	15 YES	D Honda, Mike	Co-Sponsor
New York	3 YES	R King, Peter	Co-Sponsor
Illinois	11 YES	R Kinzinger, Adam	Co-Sponsor
Michigan	12 YES	D Levin, Sander	Co-Sponsor
California	16 YES	D Lofgren, Zoe	Co-Sponsor
New York	18 YES	D Lowey, Nita	Co-Sponsor
New Mexico	3 YES	D Luján, Ben	Co-Sponsor
California	3 YES	R <b>Lungren, Dan</b>	<b>Author</b>
Illinois	16 YES	R Manzullo, Donald	Initial Co-Sponsor
California	5 YES	D Matsui, Doris	Initial Co-Sponsor
North Carolina	7 YES	D McIntyre, Mike	Co-Sponsor
California	7 YES	D Miller, George	Co-Sponsor
Colorado	7 YES	D Perlmutter, Ed	Initial Co-Sponsor
Colorado	2 YES	D Polis, Jared	Initial Co-Sponsor
Florida	16 YES	R Rooney, Tom	Co-Sponsor
Florida	18 YES	R Ros-Lehtinen, Ileana	Co-Sponsor
Maryland	3 YES	D Sarbanes, John	Co-Sponsor
California	29 YES	D Schiff, Adam	Co-Sponsor
Wisconsin	5 YES	R Sensenbrenner, Jim	Initial Co-Sponsor
Texas	32 YES	R Sessions, Pete	Initial Co-Sponsor
Texas	21 YES	R Smith, Lamar	Co-Sponsor
Florida	2 YES	R Southerland, Steve	Co-Sponsor
California	12 YES	D Speier, Jackie	Co-Sponsor
California	13 YES	D Stark, Pete	Co-Sponsor
California	1 YES	D <b>Thompson, Mike</b>	<b>Author</b>
Florida	22 YES	R West, Allen	Co-Sponsor
California	6 YES	D Woolsey, Lynn	Initial Co-Sponsor
Florida	10 YES	R Young, Bill	Co-Sponsor



## Protects Taxpayers and Banks

Homes must have 15% or more positive equity to qualify.

Projects are limited to 10% of the home value.

Prohibits acceleration of non-delinquent payments.

Projects must show a positive cash flow savings compared to the cost of the PACE investment; i.e., the estimated utility bill savings must exceed the assessment payments.

Requires an energy audit or feasibility study prior to approval.

Requires that the work must be performed by accredited professionals.

Requires that, prior to levying a PACE assessment, the local government determine that there are no signs of an inability to pay.

## WHAT OTHERS ARE SAYING:

CONGRESSWOMAN NAN HAYWORTH (R-NY)“PACE programs allow homeowners to make energy-saving modifications on their houses through a voluntary assessment on their property, at no cost to local taxpayers. Our bill facilitates participation by homeowners in states with PACE programs, which will promote conservation, energy savings and job creation.”

CONGRESSMAN MIKE THOMPSON (D-CA)“PACE promotes energy efficiency in ways that are good for our country, economy, and environment, saving property owners money by lowering energy costs and more importantly, creating jobs without taxes or government subsidies. Congresswoman Hayworth, Congressman Lungren, and I are committed to protecting PACE for the future.”

GOV BILL RITTER (D-CO)“PACE is already creating economic opportunity, energy savings, and environmental benefits through the retrofit of residential and commercial building stock.”

ADAM HASNER (R-FL)“PACE provides a no-cost to taxpayers, no-mandate, consumer opt-in approach to bringing clean energy technology to homeowners and businesses. PACE will help create jobs for Floridians at a critical time when we are working to get florida's economy back on track.” Adam Hasner led passage of florida's PACE legislation as Majority Leader of the State House of Representatives

## PACENow

Sonoma in Energy	County	and Energy partnership Upgrade	Independence	Program with California				
Monthly PACE	and	Municipal	Open	Market	Forum Financing			
Wednesday,	December	14,	2011,	12:00	–	1:00	p.m.	PST

## AGENDA

1. Welcome and Introductions
2. Sonoma County Program and FHFA Litigation Updates (Sonoma County Energy Independence Program)
3. National PACE Program and Legislation Updates (David Gabrielson, PACENow)
4. PACE and Open Market Financing (John Kinney and Craig Hill, Clean Fund)
  - a. Accessing the Open Market - Considerations for Municipalities
  - b. Sonoma County Case Study: the Sonoma Mountain Village Solar Project
  - c. Lessons Learned
  - d. The Future of Open Market Financing and PACE
5. Question and Answer Session
6. January Forum Preview

<https://cc.readytalk.com/cc/s/showReg?udc=55n0i99ja132>

