

#140930

Property Assessed Clean Energy

Alachua County
Office of Sustainability

What is PACE?

- Property owners (residential or commercial) apply to a PACE program for capital to fund a **retrofit** to their building.
- Retrofits include:
 - Energy efficiency upgrades / improvements e.g. AC units
 - Renewable energy equipment e.g. solar panels
 - Wind resistance improvements e.g. shatter proof windows

What is PACE? (cont'd)

- The program's administrative team approves projects based on fiscal soundness, a projected SIR of 1+, and other criteria.
- The funds are repaid with their property taxes to the lender, via the tax collector.
- A tax lien is placed for the total cost of the project—a non-ad valorem special assessment.
- The repayment term extends up to 30 years with an average interest rate of 7%.

PACE and Local Governments

- Each PACE program is associated with a special district, similar to a community development district. In Florida, all major programs are public-private partnerships, with a private-sector “third party administrator” (TPA).
- Alachua County has joined two districts, whose TPAs are offering programs in Alachua County.
- The TPAs get the funds from large banks, investment groups, or federal grant programs.
- Unlike in other states, there is no statewide or legislature-created PACE program.

Issue Areas

- **Myth:** Property owners may not pay off the assessment early.
- **Fact:** All programs allow property owners to pay the remaining “balance” on the assessment early—but it must be repaid in full to remove the tax lien.
- **Myth:** Property owners using PACE will not be able to sell their homes.
- **Fact:** Unfortunately, FNMA and FHLMC’s servicers are prohibited from lending to PACE-assessed properties, effectively requiring property owners to repay early if they want to sell. However, FHA and VA loans may be applied to PACE properties under new federal guidance.

Setting Up PACE

- Interlocal agreements are signed to include the County (and its municipalities) as party to these PACE districts: the Florida Green Finance Authority and the Green Corridor
- A representative of the County (a County Commissioner) will be selected to sit on the districts' Boards.
- The County Commission passed a resolution (Dec. 8, 2015) affirming the creation and purposes of PACE.

PACE Vendors



- First Florida PACE provider to fund a PACE project.
- Over \$100 million secured capital to fund projects.



- As of Oct. 2015, over 500 residential projects for over \$14.3 million
- 12 commercial projects for over \$2.3 million



- Florida Green Energy Works has financed the largest PACE project in Florida, for \$2.25 million.
- Administered by EcoCity Partners, L3C, and Renew Financial
- Florida Green Energy Works is a project of the **Florida Green Finance Authority**, which is judicially validated to issue up to \$2.5 billion in bonds.

Questions?