

# **PACE:** **Property Assessed Clean Energy**

**Lee Hayes Byron**  
**UF/IFAS Extension and Sustainability**

**November 1, 2018**

## Outline

- **What Is Property Assessed Clean Energy (PACE) Financing?**
- **Sarasota County Actions**
- **City of North Port Consideration of PACE**
- **Discussion**



## What Is PACE?



### Property Assessed Clean Energy (PACE):

- Allows commercial and residential property owners to finance energy or hurricane improvements via property tax assessment.
- Voluntary for property owners.
- Enabled:
  - State legislation in 2010;
  - Sarasota County program expected launch: Oct.

The 2017 Florida Statutes

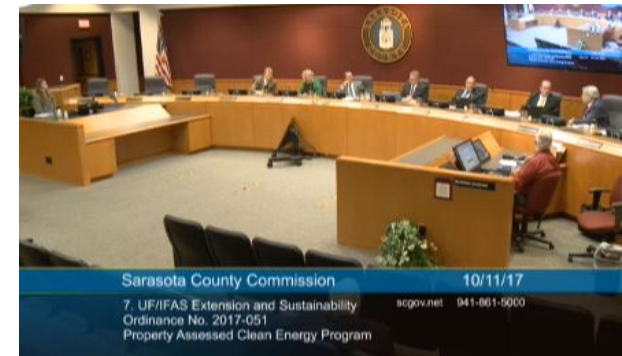
Title XI

COUNTY ORGANIZATION AND  
INTERGOVERNMENTAL RELATIONS

Chapter 163

INTERGOVERNMENTAL  
PROGRAMS

163.08 Supplemental authority for improvements to real property.—3





## What Is PACE?

### **Property Assessed Clean Energy (PACE):**

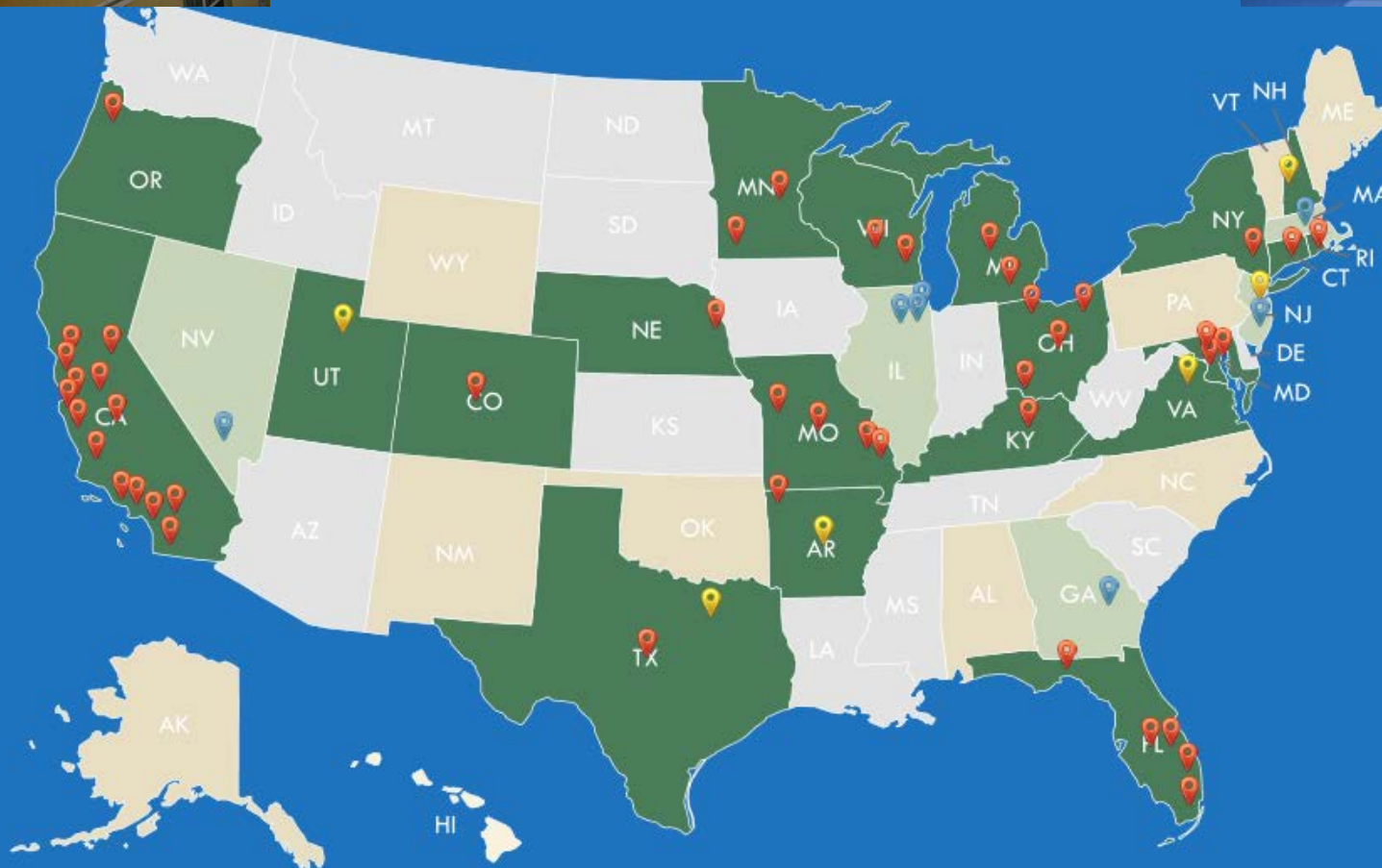
- **PACE Local Governments (PLGs):** issue bonds and finance projects.
- **Third Party Administrators (TPAs):** implement the program.



- **Nationally: 20 states, only 3 with residential**
- **Florida: PACE enabled in 20 plus counties.**



# What Is PACE?



Active program with  
funded projects



Launched PACE program



5

Program in  
development



PACE-enabled

# What Is PACE?

**FL STATUE 163.08:  
Authorizing a local  
government to levy  
non-ad valorem  
assessments to  
fund certain  
improvements for  
energy efficiency,  
renewable energy  
and wind  
mitigation**

- **Property Benefit:**
  - Reduced energy consumption
  - Reduced burden from potential wind damage.
- **State Goals:**
  - Assist in fulfilling the goals of the state's energy and hurricane mitigation policies.
- The Legislature finds that there is a compelling state interest in enabling property owners to voluntarily finance such improvements with local government assistance.



## What Is PACE?



### What Qualifies for PACE:

- **Qualifying Improvements:**
  - **Energy Efficiency:** e.g. HVAC, insulation, lighting, pool pumps, EV charging stations
  - **Renewable Energy:** e.g. Solar hot water or photovoltaic and storage
  - **Wind Resistance:** roofing, shutters, windows, doors, generators
- **Most common in Florida: windows, roofs, HVAC**



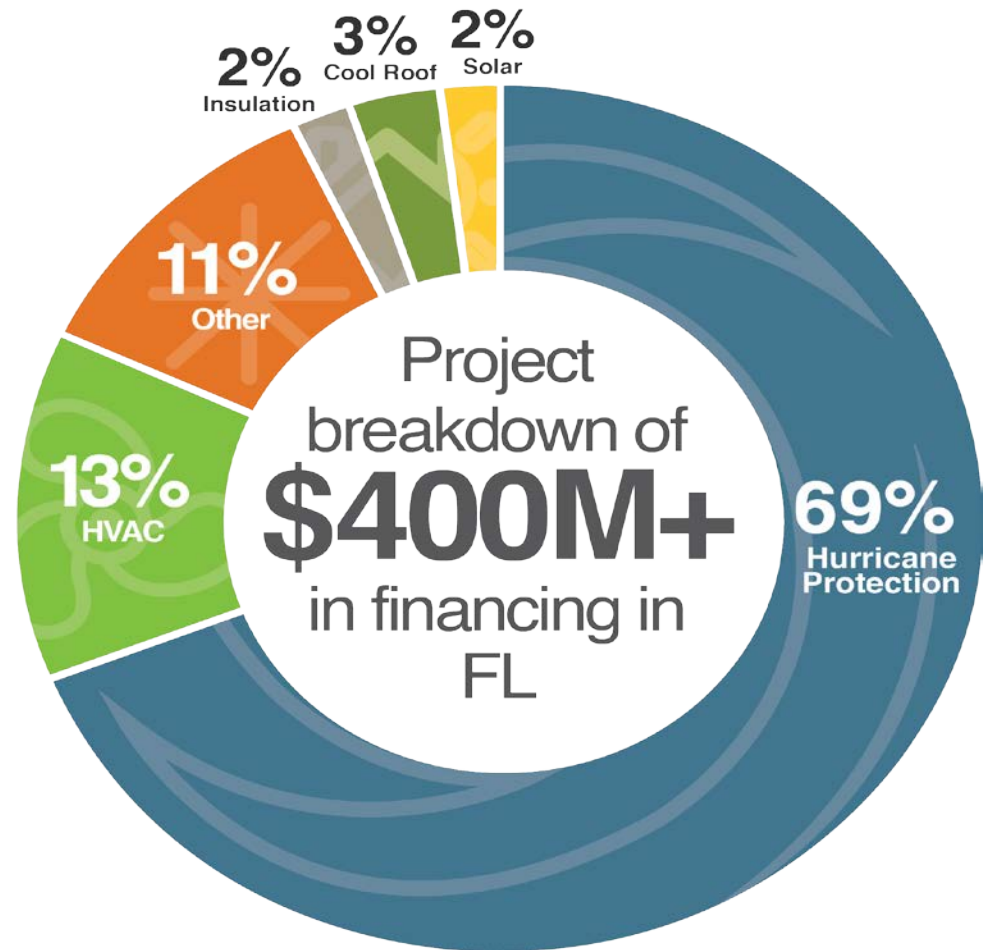




# What Is PACE?



## TYPES OF PROJECTS IN FL







## What Is PACE?

### How Will PACE Work?

- **Contractors: Get trained and approved to offer PACE financing to their customers.**
- **Property owners:**
  - **Get quotes for Qualifying Improvements from contractors**
  - **Research financing options from contractors, banks, etc... & decide what is best for them**
  - **If choose PACE, sign Financing Agreement. Contractor paid only after sign off.**
- **Repay once per year through non-ad valorem assessment on property taxes (or as escrow).**



## What Is PACE?

### **Benefits of PACE to Community**

- **Environmental protection & hurricane preparedness**
- **Possible increased property values**
- **Possible economic development**



## What Is PACE?



# **Benefits of PACE to Property Owner**

PACE covers up to 100% upfront cost.  
Not credit based.

Financing terms up to 20 years with fixed, single digit interest rates.

Interest rates based on selected repayment term, not on borrower's financial profile or project size.

Available to residential, commercial, homestead not required.

Potential to reduce utility bills and realize savings on property insurance.

Can be combined with utility, local and federal incentive programs.



## What Is PACE?

### **Limitations/ Risks of PACE**

- **Interest rates: 6-9% + fees**
  - Compare all financing options to find best fit
- **Qualifying does not guarantee ability to pay**
  - Individual responsibility
- **May affect sale or refinance of property**
- **Failure to pay may result in loss of property**



## **PACE in Sarasota County**

- **Discussions began in 2010**
- **Ordinance passed October 2017**
- **Interlocal Agreements with 4 PACE providers passed July 2018**
- **Next Steps:**
  - **Provider agreements with Property Appraiser and Tax Collector**
  - **Cities/ Town opt-in to county program**
  - **Program launch and education workshops (~Oct-Nov 2018)**

## **Sarasota County PACE Policy**

- **Provides transparency and enforceability**
- **Incorporates best practices and DOE and industry guidance to address national concerns**
  - **Based on policies in Broward, Palm Beach and Miami Dade Counties**
- **Consumer Protections:**
  - **Disclosures to understand risks and terms**
  - **Customer service & complaint procedures**
  - **Contractor management and marketing standards**
  - **Additional qualifying criteria for residential**



## **Sarasota County PACE Policy**

### ***Who Qualifies for PACE?***

- **No: delinquent property taxes, involuntary liens, defaults, bankruptcy.**
- **Additional Residential Requirements: 1 of following**
  - **Taxes and assessments less than 5% assessed value & PACE assessments less than 4% gross income**
  - **Mortgage holder consent or escrow**
  - **Assessment less than Savings**
  - **10% equity & mortgage + PACE less than just value**

**To opt in to Sarasota County's program, the City has:**

- 1. Localized template opt-in resolution**
- 2. Reviewed accompanying county documents that it references. Those include:**
  - Interlocal Agreements with each of 4 PACE Local Governments**
  - Indemnification Agreements with each of 4 Third Party Administrators**
  - PACE Ordinance 2017-051**
- 3. City Commission consider the resolution**

# **Roles for implementation**

## **County**

- **Educate residents on PACE and other financing tools**
- **Verify that the PACE Local Governments are following the ordinance**
- **Review metrics received to confirm public benefit & share results annually with municipalities**

## **City of North Port**

- **Review metrics provided by county**
- **Can opt out if needed**

# **Discussion and Questions**