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Presentation to
Monroe County
BOCC



Multi-Provider PACE:
*How it Works, What's the
Status?*

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WHAT IS PACE?

Property Assessed Clean Energy

- **One tool that property owners have among many**
- Financing solution requiring use of special assessments (FL: interlocal agreements)
- Financing for energy efficiency, renewables and wind resistance improvements
- Residential and commercial properties
- Voluntary
- Enables long-term savings for property owners
- Furthers regional energy and resiliency goals
- Supports local economic development

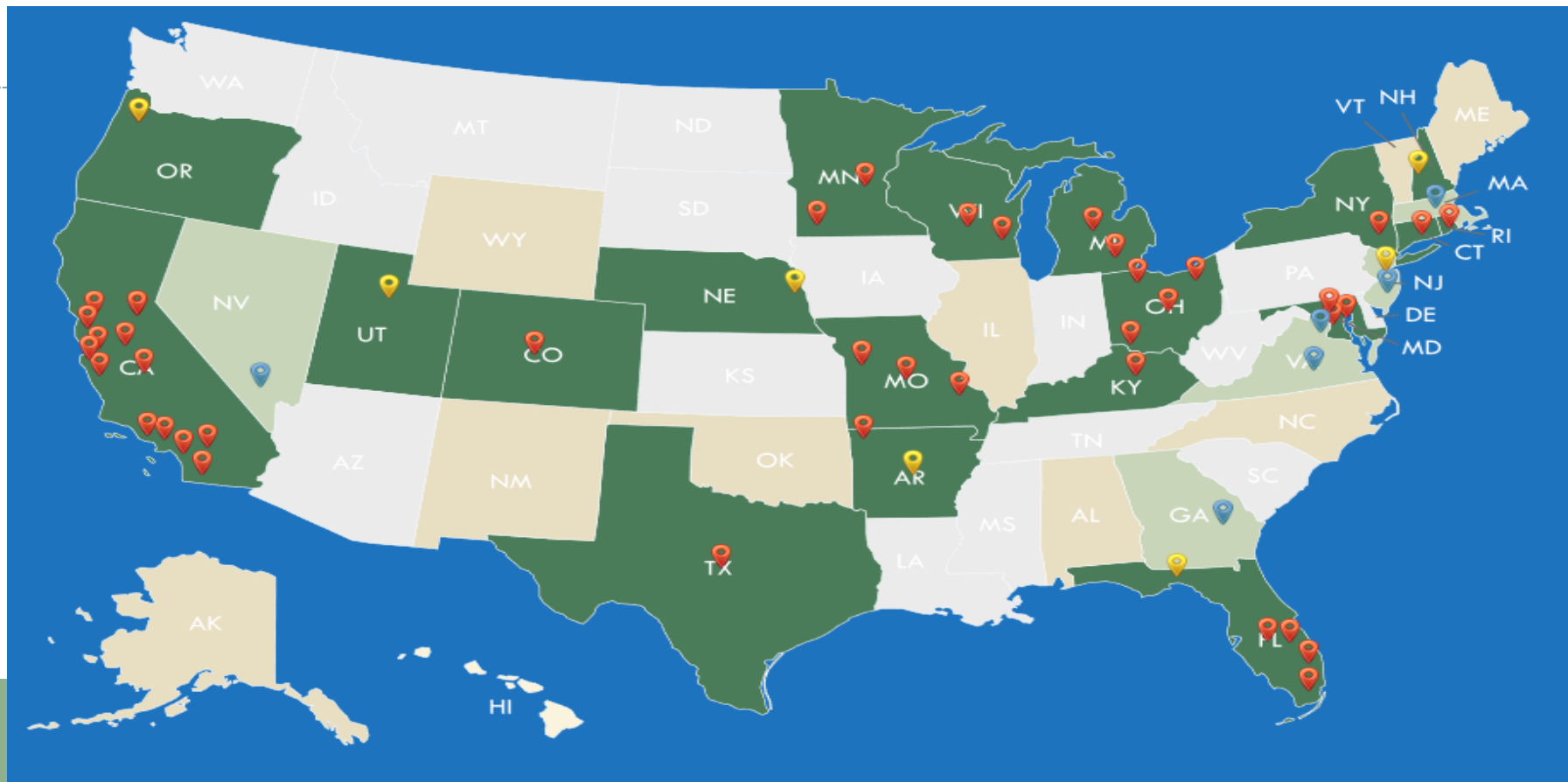


Benefits to Residents and Business Owners

- Lowers utility bills (energy savings \$\$\$)
- Can lower insurance with wind resistance projects
- No upfront out of pocket cash to do improvements
- Payback times commensurate with return on investments (longer for projects like solar)
- Contractors are vetted by program
- Interest rates are comparable with other financing tools



PACE STATUS IN US & FLORIDA



160,000+
PROJECTS
Complete to Date

37,000+
JOBS
Created

\$4Billion+
IN FINANCINGS
(\$3.5 Residential)
to Date

FLORIDA'S PACE STATUTE (SECTION 163.08, F.S.)

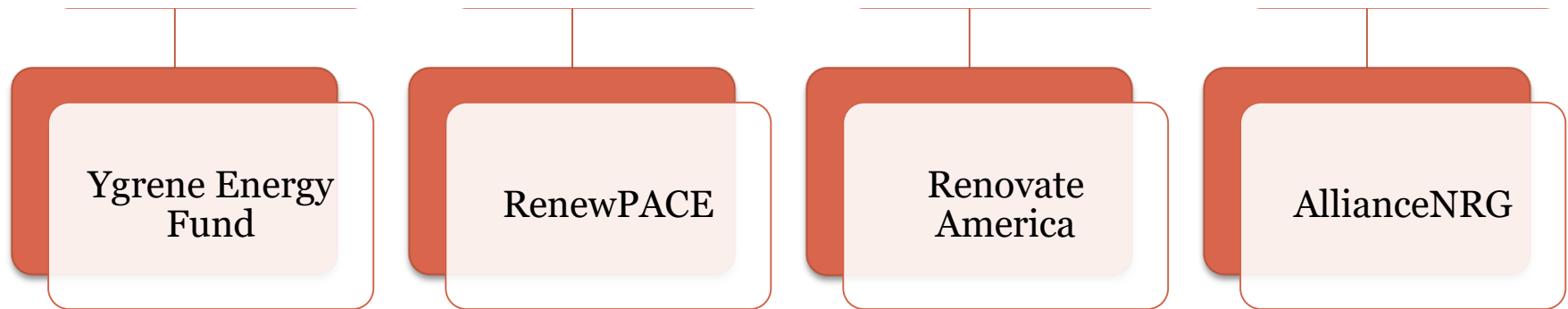


- **Legislative findings** on benefits of program
- **“Qualifying improvements”** qualified:
 - Energy Conservation and Efficiency
 - Wind Resistance
 - Renewable Energy
- **Improvements affixed to a building** or facility that is part of the property
- **30 days notice** to existing lenders
- **Consumer Protections:**
 - All property taxes and assessments not delinquent for the preceding 3 years or period of ownership, whichever is less;
 - No involuntary liens
 - No notices of default or property-based debt delinquency during the preceding 3 years or the property owner’s period of ownership
 - Property owner is current on all mortgage debt on the property
- **Sets financing threshold** at 20% just value unless:
 - Lender consent authorizes more
 - Savings equals or exceeds the annual repayment amount of the non-ad valorem assessment

MULTI-PROVIDER PACE IN FLORIDA

To date 100+ Local Governments have 1 or more PACE programs together representing over 10 million residents

- Approximately \$500 Million in energy savings to residents
- Approximately \$40 Million in insurance savings to residents
- 4 active providers that have closed transactions
- \$250 Million financed to date, 14,000 people
- Available in 28 counties (or portions of counties)
- Approximately 1,500 contractors engaged



PACE Providers

HOW PACE WORKS?

Local Government Approval to Operate, Then Turnkey



Building/
Homeowner



Private sector funding
(not government funds)



Local
Contractors



Program Administration



*No Risk, Liability or Cost to the
Local Government*



*When joining existing
programs through ILAs*

MULTI-PROVIDER PACE BENEFITS PROPERTY OWNERS

- Competition: Residential
 - **Rates**
 - **Consumer Protections:** upholding and enhancing protections
- Competition: Commercial
 - **PACE offers open source financing:** some programs work with building owner's preferred lenders
 - **Staged draws** for the construction cycle
- Timeline:
 - **Start funding projects** as soon as signed resolution and Membership Agreement
 - **Contractors** are typically waiting and ready to go and will sign up with all programs



**PACE Can Help- but not a
rebuild for construction**

**PACE can replace
windows and
repair roofs**

Responding to Concerns

Concerns	Industry Actions to Respond
<i>PACE compared to other financing tools</i>	PACE is one tool for consideration. Property owners should review all options and pursue the one that gives them the greatest benefit.
<i>PACE is a loan</i>	PACE is a non-ad valorem assessment upheld by bond validations and FL Supreme Court opinions (and Section 163.08, F.S.)
<i>Underwriting requirements Note: not everyone qualifies for PACE.</i>	State law requires: 3 years on time property taxes and assessments; No involuntary liens; No notices of default or property-based debt delinquency and current on all mortgage debt on the property. All programs have similar underwriting criteria above the statute. No negative equity.
<i>Not all improvements offset payments</i>	Not all benefits can be directly quantified (for example windows, doors or generators). Some improvements also have longer paybacks (solar).
<i>Fannie – Freddie concerns</i>	Fannie and Freddie are reviewing PACE liens on a case by case basis and have allowed the lien to transfer to new buyers. Fannie / Freddie concerns are disclosed to property owners so they are aware. VA / HUD PACE guidance allows transfer of outstanding liens.
<i>Interest rates</i>	See comparison table (next two slides)
<i>Tax Collector/Property Appraiser Logistics</i>	PACE programs operate by law (including Chapter 197, F.S.) requiring deadlines, costs and process to be those just like any other assessments.
<i>Consumer protections v. other financing tools</i>	The industry has greater protections than Section 163.08, F.S. requires. See comparison table (next two slides)

PACE CAN BE MORE AFFORDABLE THAN OTHER FINANCING OPTIONS

\$18,000 Project (~\$19,800 PACE Assessment Contract ¹)		Example PACE Program	Home Equity Line of Credit ^{2, 3, 4}	Home Equity Loan ⁴	Personal Unsecured Loans		Credit Card ²
Repayment Term (years)		15 / 20	15	15	10	7 ⁶	15
Interest Rate (Fixed or Variable)		7.99% / 8.29% (F)	3.865% (V)	7.99% (F)	12.00% (F)	7.99% (F)	12.00% (V)
Monthly Payment ⁵		\$189 / \$169	\$132	\$172	\$258	\$280	\$216
Alternatives as % of PACE Pmt.	15 yrs.	100%	70%	91%	137%	148%	114%
	20 yrs.	100%	78%	102%	153%	166%	128%

1. PACE AC is \$1,800 greater than project cost to account for capitalized fees and capitalized interest.
2. Assumes payments are made as if financing is fully amortized with equal payments over repayment term.
3. >15% of property owners throughout the US and CA have a HELOC in place (9.0% and 11.6%, respectively).
4. Quote from [Wells Fargo web site](#) on 6/20/17 (760+ FICO; HELOC with 1st year fixed, then variable; no HEL options >15 years).
5. Monthly payment calculations do not account for tax deductibility of interest for PACE, HELOC and HEL options.
6. [Home Depot's](#) longest term option for fixed rate financing is \$55k at 7.99% APR and 84 months

Consumer Protections

PROTECTION

PACE

Product Performance Requirements



Contractor requirements



Fair pricing requirements



Permit requirements



**Funding only provided after
homeowner signs off**



Dispute resolution



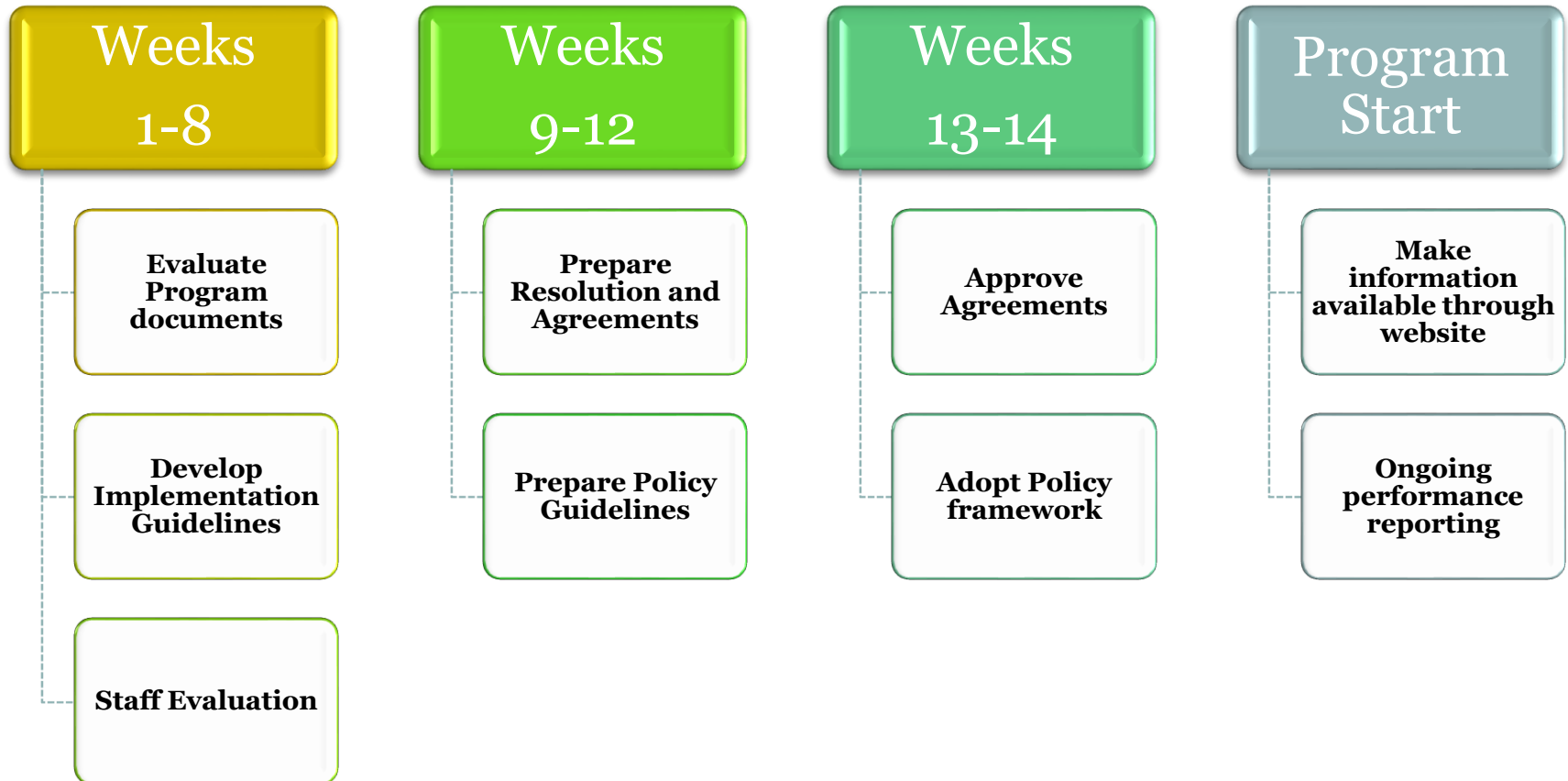
Senior protections (65+)



Other Local Government Approaches

- Most all counties have multiple providers
- Miami Dade, Broward and Palm Beach adopted Code provisions that provide program guidelines and typically include:
 - Consumer protections
 - Reporting on performance
 - Dispute Resolution
 - Contractor management
 - Disclosures
- Some counties enact program guidelines through Resolution
- Most counties provide mechanisms for municipal participation
- Interlocal Agreements are individual to the programs (4 total), but some standard key provisions include:
 - Indemnifications
 - (Provisions not in Ordinance): bullets above
 - Termination procedures

Timeline for Implementation



Items Before Commission Today

- 1. PACE provider comments to BOCC and respond to questions received**
- 2. Decision point on moving forward with PACE. If approved to move forward, bring back to future BOCC meeting:**
 - a) 4 Provider Agreements**
 - b) PACE Ordinance**
 - c) Other direction**



Thank You!

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