

# Property Assessed Clean Energy (PACE) financing proves to be a success across the nation

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President Clinton helped launch Property Assessed Clean Energy or PACE at the 2009 meeting of the Clinton Global Initiative. The progress PACE programs have made over the last five years was recognized at this year's 10th anniversary meeting of Clinton Global Initiative in New York.

PACE is an innovative financing mechanism that makes it easier for property owners to complete energy efficiency upgrades and renewable energy projects that make buildings more valuable and sustainable. PACE allows property owners to finance 100% of a project's costs and eligible measures include, lighting, windows, heating, cooling, ventilation equipment, solar panels, water pumps, and many more. Also, PACE works for just about any building and it has been used on office, retail, multi-family, single family, agricultural, hotel, government, and industrial properties.

David Gabrielson, Executive Director of PACENow, notes: "State and local government sponsored PACE programs are driving economic activity, creating local jobs, and helping achieve carbon reduction and other environmental goals."

At the Clinton Global annual meeting, a number of PACE milestones were recognized. PACE has enjoyed a steady bipartisan support over the years. In fact, 13 Republican and 18 Democratic Governors have signed PACE enabling legislation, making PACE a truly bipartisan approach to energy conservation. New legislative efforts are underway in Indiana, Kentucky, Massachusetts, and Pennsylvania.

"PACE is a voluntary, market-based economic development program that does not burden government resources," says Charlene Heydinger, Executive Director of Keeping PACE in Texas, a non-profit association. "PACE legislation passed the House and Senate on consent calendars and was quickly signed by Governor Perry. Our business community has been actively supportive throughout and helped design "PACE in a Box," a uniform, user-friendly, sustainable and scalable administrative model that we are giving to all of our counties and municipalities."

Today, over 80 percent of the US population lives in PACE enabled states and PACE is now available in more than 800 municipalities. Twenty five commercial and seven residential PACE programs are accepting applications and funding projects in CA, CT, DC, FL, MI, MN, MO, NY, OH, and WI, with 14 additional commercial programs near launch.

California is a leader, with PACE available and being used throughout the state. There are 8 active programs that provide financing for homes, commercial, agricultural, industrial and non-profit properties.

“Here in California, we have proven that financing works, that we can make great change quickly, and that local and state governments can lead. Now it is up to us to make good on that promise.” Cisco DeVries, President and CEO of Renewable Funding, a national clean energy finance company offering commercial and residential energy efficiency and renewable energy financing solutions.

Connecticut, under the leadership of Governor Malloy and the state's Green Bank, established the statewide “C-PACE” program that covers 90% of the state's building stock in 84 cities and towns thusfar. “C-PACE closed 30 commercial projects, sold a \$30 million portfolio to a clean energy investor, and has \$100 million worth of projects in the pipeline,” according to Jessica Bailey, Director of C-PACE program. “Connecticut's commitment to PACE financing is saving building owners money, creating jobs, and reducing our state's contribution to climate change.” Ms. Bailey was named one of 10 “Champions of Change” by the White House at the Solar Summit. She was honored for her role in designing C-PACE.

Major cities have made commitments to PACE retrofit programs. San Francisco, Los Angeles, D.C., Miami, Detroit, and Minneapolis all have active programs making PACE financing accessible to building owners. Additionally, Chicago, Salt Lake City, Houston, and Denver are developing commercial PACE programs.

Rich Chien, PACE program manager for the City and County of San Francisco, noted, “PACE financing offers a new opportunity for building owners in San Francisco to update their facilities to meet market demands in a way that is sustainable and profitable. PACE enables real estate owners, service and building technology companies, and capital providers to create shared economic value by deploying clean energy solutions that benefit the environment.”

Major property owners such as Simon Property Group, Prologis, Forest City, and others are using PACE to finance sustainability projects throughout the United States.

“PACE is a collaboration between government and private industry to promote sustainable development by creating an alternative financing mechanism that stimulates investment in renewable energy and other energy efficient installations like lighting retrofits. Prologis is participating in the PACE program in order to promote new, innovative solutions for financing sustainable building improvements. It provides the flexibility to drive more energy improvement programs and that's something everyone should embrace,” said Jack Rizzo, Managing Director, Global Construction & Renewable for Prologis.

PACE is emerging as a new investment class. This year, Deutsche Bank securitized a \$100 million, AA rated issuance of PACE obligations backed by thousands of PACE home financed projects from Southern California's HERO PACE program.

“Renovating residential properties offers us an opportunity to play a role in reducing carbon emissions, saving energy, saving money, increasing property values and creating local jobs. PACE allows millions of people to make a positive contribution and helps create real heroes in their communities,” notes JP McNeill, CEO of Renovate America, a private company operating residential HERO PACE programs throughout California.

By 2014 year end, over half a billion dollars will have funded tens of thousands of commercial and residential PACE projects. These projects resulted in more than 6,000 jobs nationally. Additionally, since 2009, PACE has driven a reduction of nearly 900,000 Metric Tons of CO<sub>2</sub>, the equivalent of nearly 200,000 cars being taken off the road.

“Five years ago at the Clinton Global Initiative, Johnson Controls, PACENow and the Center for American Progress committed to dramatically accelerate the energy retrofit of our nation's built environment by making low cost PACE financing available for both commercial and residential projects. Today, the progress is apparent, as the PACE movement, still in its early stages, has grown to a nearly half a billion dollar industry,” Bracken Hendricks, CEO of Urban Ingenuity (the Administrator for the Washington DC PACE Commercial program) and Senior Fellow at the Center for American Progress.

About PACENow:

**PACENow** is a non-profit foundation funded advocate for Property Assessed Clean Energy (PACE) financing. PACENow's mission is to promote improved energy efficiency in buildings and use of PACE. Our strategy is to be a trusted source for information and resources to a growing coalition of PACE stakeholders that includes local governments, businesses, industry service providers, labor and trade organizations, environmental groups and private individuals nationwide.

Energy efficiency retrofits represent a spectacular investment opportunity. A \$279 billion investment in commercial, residential, and institutional segments could save \$1 trillion over a decade, according to the Rockefeller Foundation study. Moreover, the ACEEE's estimates show that energy efficiency improvements tend to result in the average return on investment of 22 percent. PACE financing is a robust and flexible tool that can be used to make our nation's buildings more energy efficient.