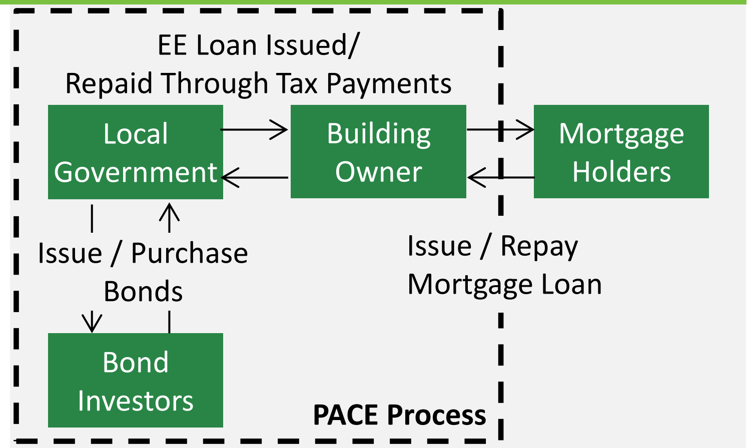
PACE Financing

Property Assessed Clean Energy (PACE) programs allow for local governments to provide energy efficiency financing in return for adding an assessment on the building owner's tax bill.

PACE financing allows property owners to overcome the energy efficiency first cost barrier by providing up-front capital as a low-cost loan that is repaid through project energy savings . The loan obligation stays with the building itself, regardless of sale. This helps mitigate payback requirements for longer term savings measures



What is the PACE Model?

- Local government provides financing for energy efficiency projects
- To repay the loan, an assessment on the property's tax is added
- The loan is transferred to new owners if the building is sold

Benefits

- Repayment is tied to the property, not the owner. This structure has a process in place in order to facilitate ownership transfers of the underlying asset, which helps to mitigate short payback barriers
- Loans tend to be at lower rates, as they are typically based on local government credit ratings rather than individual asset ratings

Challenges

- Often the first mortgage lender's approval is necessary, and difficult to obtain; especially if this financial offering puts a lien for the energy efficiency loan ahead of first mortgage lender's claim on the asset
- Limited geographic availability currently

Resources

- [ACEEE Pace Toolkit]
- [www.PACENOW.org]

EERE Information Center
1-877-EERE-INFO (1-877-337-3463)
www.eere.energy.gov/informationcenter

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