

Property Assessed Clean Energy (PACE) Financing Workgroup

Framework

Background and Purpose:

On March 25, 2015, the Metropolitan Washington Council of Governments (COG) Climate, Energy and Environment Policy Committee (CEEPC) voted to establish a regional Workgroup to provide guidance to COG members developing Property Assessed Clean Energy (PACE) financing programs, and to encourage growth of the PACE market regionally. The PACE workgroup will support implementation actions under the CEEPC Climate and Energy Action Plan in Energy Efficiency, Energy Financing, High Performance Building and Renewable Energy.

The built environment is responsible for more than one-third of the Washington DC region's greenhouse gas emissions. PACE financing is a powerful tool for enabling building energy improvements without using public dollars. By leveraging public taxing authority to bring in private capital, PACE financing can reduce or eliminate up-front project costs, offer transferability upon sale, and enable low monthly payments by providing financing terms up to 15-20 years. Because of these advantages, PACE financing can be an important tool for achieving significant greenhouse gas reductions through building energy efficiency and renewable energy improvements.

Several jurisdictions in the region intend to soon implement PACE financing programs for commercial buildings, and there is strong interest in enabling PACE financing for the residential market in the future. The PACE Workgroup is being established to support local governments in the region working to design and/or expand PACE financing programs and to improve expertise in both the public and private sectors. Recognizing that real estate and financial markets are regional and not limited by jurisdiction lines, and that regional consistency will improve the efficiency of the PACE market and the success of PACE programs in all jurisdictions, the PACE Workgroup will also encourage consistency across the region.

Functions:

To achieve the objectives above, the PACE Workgroup will:

- Serve as a forum for discussion and education of regional stakeholders from government, real estate, finance, program administration and energy service companies.
- Perform research, identify best practices, and provide recommendations on program design to local governments and other stakeholders.
- Facilitate regional coordination among stakeholders and encourage consistency across PACE programs to create a more efficient, effective and successful market for PACE financing.

Scope:

The PACE Workgroup is asked to address the following issues:

- Commercial PACE Program Design: identify and share best practices and lessons learned from around the country with regional governments.
- Lender Consent: identify program design and implementation requirements to facilitate lender consent; build awareness and confidence in PACE financing among the lending community.

- Integrated Regional Market Development: identify strategies to enhance demand; increase awareness of and interest in PACE among the ESCO and property owner communities.
- Residential PACE Program Design: evaluate case studies from around the country and remaining legal concerns; identify opportunities for the DC region and policy or regulatory action required.

Work Products:

The Workgroup will create resources and tools to assist local governments and stakeholders working to develop PACE financing programs, including:

- Comparison chart of state PACE legislation and local PACE programs in the region
- Political process factsheet: how to get from legislation to implementation
- Administrative best practices
- A regional FAQ resource
- Underwriting recommendations for Virginia
- Overview document of residential PACE programs and regional opportunities

Events & Activities:

The Workgroup will organize, host or participate in regional workshops, trainings and other events to further the goals above. Examples include:

- Regular work meetings of the Workgroup membership
- Specific topical events such as panel discussions, lectures or presentations on priority topics, including: Affordable Housing and PACE, Residential PACE, financing solar PV with PACE, green banks, and peer to peer learning for owners, lenders and energy service companies.
- Lender Consent Workshop: organized in partnership with Montgomery County, AOBA, and Urban Ingenuity and Abacus Property Solutions with Virginia Bankers Association representatives.

Membership:

Membership of the PACE Workgroup shall consist of representatives from the following areas:

- Local and State Government
- Real Estate Industry, Property Owners
- Finance Industry, Banks & Lending Institutions
- Non-profits, Program Administrators and Other Advisory Groups
- Energy Service Companies, Contractors and Solar Providers

Meetings and Duration:

The Workgroup shall exist for a one calendar year (May 2015 - May 2016), unless Workgroup members or CEEPC determine otherwise. The workgroup shall meet in person or by conference call as needed, roughly monthly, alternating work sessions with topic-specific presentations or discussions.

Relationship to other COG Committees:

As the originating committee, CEEPC shall oversee the PACE Workgroup. As the technical advisory committee to CEEPC, the Built Environment and Energy Advisory Committee (BEEAC) shall advise COG staff in the development of the PACE Workgroup, and provide direction to the Workgroup's functions, products and activities. Workgroup products will be reviewed by BEEAC before presentation to CEEPC. The Workgroup will be supported by COG's Department of Environmental Programs Climate and Energy team.