

PACE Financing

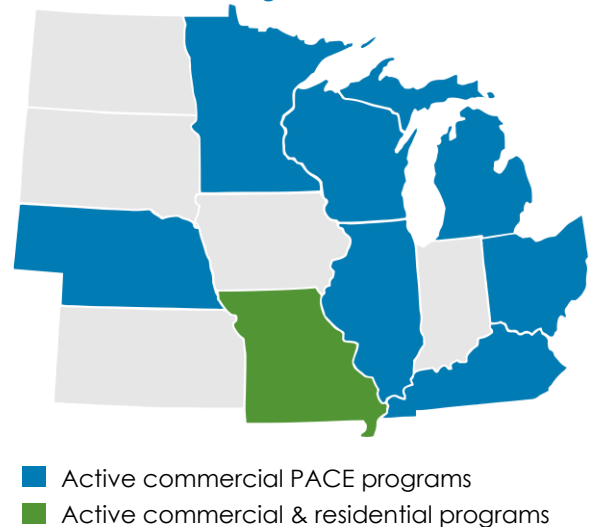
An Energy Efficiency Finance Tool

Property Assessed Clean Energy (PACE) financing enables homeowners and commercial building owners to finance energy efficiency upgrades through private lenders. The loan is paid back through a special assessment on the property's tax bill. The loan covers 100% of the upfront costs and is attached to the property, not the individual. If the property is sold, any outstanding payments stay with the property and must be paid by the new owner, who will also reap the benefits of the upgrades. State legislation must be passed to enable local programs. Enabling legislation does not guarantee an active program; local governments must develop and implement a program.

Residential & Commercial PACE

There are both commercial and residential PACE enabling laws throughout the nation. However, commercial PACE (C-PACE) is far more prevalent. 38 states have PACE enabling statutes and 30 states plus D.C. have active C-PACE programs. Only three states are running active residential PACE (R-PACE) programs: California, Florida and Missouri. Despite its limited program adoption, R-PACE has exceeded C-PACE in the amount of dollars invested. It is imperative that R-PACE programs have strong consumer protections to ensure homeowners are not burdened by the PACE loan and actually see the energy savings they are promised.

Status of PACE Programs in the Midwest



Since the first PACE program launched in 2008, **\$4.2 billion in commercial projects** and **\$7.7 billion in residential projects** has been financed. Six Midwestern states have seen C-PACE investments rise over \$150 million: Ohio (\$682 mil.), Minnesota (\$263 mil.), Michigan (\$221 mil.), Missouri (\$184 mil.), Illinois (\$173 mil.) and Wisconsin (\$170 mil.). Typical improvements include replacing heating and cooling systems, hot water heaters, air sealing and insulation and installing ENERGY STAR® appliances, solar photovoltaic systems and water conservation measures.

Benefits of PACE Financing

PACE investment increases economic development, generates jobs, potentially increases a property's value and net operating income, and advances state and local energy goals. Since the first PACE program launched in 2008, more than **169,000 jobs have been created**. According to a 2011 study, for every \$1 million in project spending, there are 15 new jobs added to the workforce and \$2.5 million in economic output. In addition, PACE saves tremendous amounts of energy: PACE projects in 2017 saved one million MWh in the Midwest alone.

PACE Programs in the Midwest

From 2008-2019, 43% of all C-PACE financing was in the Midwest. Within the Midwest, 85% of commercial projects completed with PACE financing are strictly for energy efficiency. The high proportion of EE-only projects in the Midwest is unique: nationally, only 55% of C-PACE projects are strictly energy efficiency.

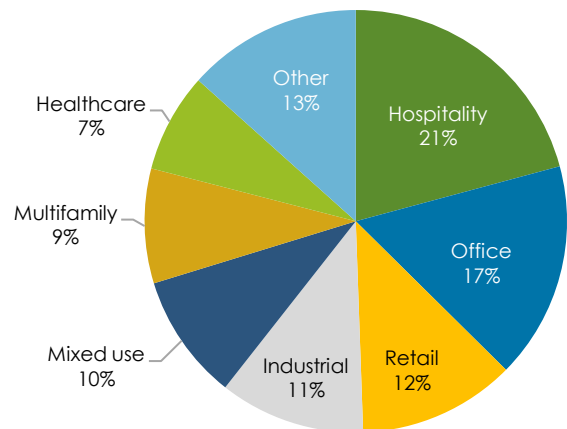
Policy in Brief: Milwaukee, WI

Over the past several years, Milwaukee has become a regional leader in PACE financing. Wisconsin passed commercial PACE-enabling legislation in 2010, and the city of Milwaukee developed a program soon after. Sixteen projects worth over \$30,000,000 have been funded in Milwaukee, resulting in more than \$2 million in annual savings. One of the projects financed through PACE was the Cambria Hotel, which added roof and wall insulation, efficient heating ventilation and air conditioning units, high efficiency windows, LED lighting and low-flow showers and faucets. The hotel is expected to reduce its energy use by 800,000 kWh per year.

Sources:

[City of Milwaukee, PACE 2021 Program Update](#)
[PaceNation, Market Data](#)
[PaceNation, PACE Programs](#)

C-PACE Funding by Property Type



Milwaukee PACE Projects

Number of Projects:
16

Cost of Projects Funded:
\$30,000,000

Total Annual Savings:
\$2,000,000