

# **VICE PRESIDENT BIDEN ANNOUNCES THAT PACE RETROFIT FINANCE WILL BE KEY COMPONENT OF OUR NATION'S "RECOVERY THROUGH RETROFIT PROGRAM"**

## ***The Department of Energy to Provide Stimulus Funds for Property Assessed Clean Energy (PACE) Pilot Programs***

Washington DC, October 20<sup>th</sup> – At a White House event yesterday morning, Vice President Biden, Secretary Stephen Chu and Secretary Shaun Donovan announced that Property Assessed Clean Energy (PACE) finance would be a major component of the national "Recovery Through Retrofit" plan to create jobs and reduce energy costs for families. Vice President Biden stated "We are encouraging communities to give you the option to pay the expense of retrofitting your homes through your property taxes." PACE finance is an innovation in municipal finance that has the potential to fund the energy retrofit of America's built environment. PACE bonds eliminate the upfront costs for home energy retrofits and renewable energy installations by allowing property owners to include the costs as a voluntary property assessment.

The Recovery Through Retrofit report released yesterday includes a policy framework and significant federal funding to states and local governments to help develop and implement PACE programs. See:

<http://www.whitehouse.gov/video/Vice-President-Biden-Releases-Recovery-through-Retrofit-Report/>

"We are delighted to see our nation's leaders embrace PACE finance. Yesterday's announcement is the result of extraordinarily hard work by members of the PACE finance community and senior administration officials who recognize the potential for PACE to provide much needed low cost capital to retrofit America's towns and cities, all while creating local jobs," said Jeffrey Tannenbaum, on behalf of The Fir Tree Philanthropies and as the founder of PACENOW.org.

"Families in the United States can save billions of dollars in energy costs by making common sense energy improvements to their homes but are dissuaded by the upfront costs," said Cisco DeVries, President of Renewable Funding and an inventor of the PACE model. "The Vice President's announcement today will help ensure that PACE bonds are available across the country to remove the upfront cost barrier, help unlock energy savings and put America back to work. PACE has the potential to be the key long sought solution for financing our nation's energy efficiency and on-site renewable energy."

PACENOW implementation partners include: Bipartisan Policy Center; Center for American Progress, The Fir Tree Philanthropies, Jack D. Hidary Foundation, Johnson Controls Inc., Jones Lang LaSalle, Living Cities, Natural Resources Defense Council, PACENOW.org, and Renewable Funding LLC.

PACENOW additional partners include the following leading companies, foundations, and governmental organizations: Alliance to Save Energy; City of Annapolis, MD; Apollo Alliance; Association of Bay Area Governments; City of Berkeley, CA; County of Boulder, CO; California Energy Commission; Climate Communities; County of Montgomery, MD; National Association of Real Estate Investment Trusts (NAREIT); Polyiso Insulation Manufacturers Association; Real Estate Roundtable; Renewable and Appropriate Energy Laboratory; Serrafix Corp; Solar Electric Industries Association; County of Sonoma, CA; Stewards for Affordable Housing for the Future; and the Vermont Energy Investment Corp.

For more information about PACE finance, please see below description, visit [www.PACENOW.org](http://www.PACENOW.org) or contact:

[info@PACENOW.org](mailto:info@PACENOW.org)

Sandi McLaughlin

212-659-4917

## Background & Advantages of PACE Finance Programs

Key Event: The PACE finance industry began in California in 2008 when state enabling legislation was passed allowing for municipalities to create financing districts that could provide low cost retrofit capital to homeowners and building owners secured by senior tax liens on their property. PACE has the potential for large growth due to recently passed similar enabling legislation in more than a dozen states. Current PACE enabled states are: CA, CO, IL, LA, MD, NV, NM, OH, OK, OR, TX, VT, VA, AND WI.

Property Assessed Clean Energy (“PACE”) Finance Defined: A PACE bond or lien is a debt instrument where the proceeds are lent to commercial and residential property owners to finance energy retrofits (efficiency measures and small renewable energy systems) and who then repay their loans over 15-20 years via an annual assessment on their property tax bill. PACE bonds can be issued by municipal financing districts or finance companies and the proceeds can be used to retrofit both commercial and residential properties.

The key innovations of PACE finance involve materially lengthening the repayment period for energy retrofits loans and structuring the loan repayments as annual property tax surcharges. These innovations result in large benefits to property owners (positive cash flow in the first year on energy retrofits), municipalities (no fiscal burden yet large job creation), existing mortgage holders (borrower cash flow improves and the property value increases), and to PACE bond holders/investors (virtually no risk on investment because the PACE lien is senior in right to mortgage debt). Specific benefits are as follows:

- **Property Owners Benefit from Large Cash Savings as Efficiency Savings Exceed the Annual Financing Cost:** Instead of large required upfront payments by property owners for energy retrofits, the capital is lent to property owners and repaid over 15-20 years via an annual property tax surcharge. This long term repayment mechanism results in annual energy savings that greatly exceed the annual property tax cost, making PACE finance highly attractive to home and building owners.
- **States/Municipalities Create Jobs and Have No Added Credit Risk:** States and municipalities benefit from immediate job creation and the fact that PACE finance creates no credit or fiscal burden as the entire liability resides directly with those property owners who opt in to receiving PACE loans.
- **Appeal to Existing Mortgage Holders:** PACE finance improves the cash flow of property owners (annual energy savings > annual tax surcharge cost) and increases the property’s overall value all of which increase the creditworthiness of the existing mortgage.
- **PACE Bond Holders/investors Benefit from a Highly Secure Investment:** PACE bonds have strong appeal to investors given that they are secured by long term tax liens that are senior in right to mortgage debt.

PACENOW.org is the advocacy and educational non-governmental organization for PACE finance.

The Fir Tree Philanthropies (“FTP”) primary objective is to accelerate America’s energy independence through innovations in public policy, finance and technology.

Renewable Funding is a founding member of the PACENOW Coalition. It assists local and state governments across the country with developing, administering, and financing PACE programs. Cisco DeVries, President of Renewable Funding, can be reached at 510-451-7902 or [cisco@renewfund.com](mailto:cisco@renewfund.com).