



LAKE COUNTY
Investing in People
and Our Communities

Property Assessed Clean Energy (PACE) Update

October 1, 2019

Background

- PACE is a financing option for owners to fund energy efficiency, renewable energy, and water conservation upgrades and repay annually on property tax bill
- Commercial PACE (C-PACE) enabled in 36 states, residential is enabled in 3 states
 - California
 - Florida
 - Missouri
 - Ohio considering enabling residential
- Illinois State Bill 1296 introduced in Spring 2019 to enable residential PACE didn't pass

PACE's Impact

60k

JOBS CREATED

\$10.8B

ECONOMIC IMPACT

\$6.5B

DOLLARS INVESTED

240k

PROJECTS COMPLETED

Commercial PACE (C-PACE)

\$887m

investment

1,938

commercial projects

13,305

jobs created

Residential PACE

\$5,608

investment

235,000

home upgrades

\$5.6 Billion = 86% of all PACE Lending

47,000

jobs created



Consumer Protections

- Concerns regarding consumer protection may have hampered senate bill from passing
- Federal Consumer Financial Protection Bureau (CFPB) is currently going through process to become residential PACE regulator, absent federal legislation each jurisdiction regulates their own consumer protections
- Consumer protections can include:
 - Confirmation of terms phone call
 - Contractor requirements
 - Complete Certificate required before funding

Value-Added

- Return on Investment (ROI) when selling a home¹:
 - 116% on attic insulation
 - 75-83% for Roofing, windows, doors, and siding
 - 71% ROI on high-efficiency HVAC systems
- Solar can add an additional \$20,000 or more to a home's value before accounting for the savings on utility bill²
- Green certifications such as LEED or ENERGY STAR increase home values by 9% and high efficiency HVAC systems increase value by 5%³
- Energy consumption can be reduced by 5-30% with envelope sealing, upgraded lighting can reduce lighting costs by 50-75%, and a HVAC upgrade or tune-up can cut energy use for heating and cooling by 20-50%⁴

¹ <https://www.remodeling.hw.net/cost-vs-value/2016/>

² <https://news.energysage.com/solar-can-increase-your-home-value-heres-how/>

³ <https://www.homeselfe.com/know-energy-efficiency-improvements-can-value-home>

⁴ <https://www.energy.gov/eere/why-energy-efficiency-upgrades>

Answers to Questions

- Are townhome associations eligible?
 - No, but individual townhome owners would be
- Are there issues with limited funding or waitlists?
 - PACE lending is an attractive investment for many investors due to guaranteed payback
- What if the owner is delinquent on taxes at point of sale?
 - Payment of the amount owed would be negotiated between the parties to the sale, as with any other cause of property tax delinquency.
- Have there been issues with real estate flippers?
 - Should result in value added to the home
 - PACE lien would be found during title search
- Are septic systems included?
 - No known examples, but water conservation is part of IL bill

Answers to Questions

- How might the County encourage lending in low-income areas?
 - Targeted marketing and additional support could encourage facility owners in low-income areas to participate
- Can the PACE payments be escrowed?
 - Yes, mortgage lender must sign-off on loan and should increase escrow to account for additional costs
- Is there opposition to the state bill?
 - Largest known issue appears to be related to consumer protection concerns
- Can PACE loans be refinanced?
 - No known examples of refinancing, most improvements are still functioning

Questions?