



Staff Analysis: Property Assessed Clean Energy (PACE) Program



Background Information and Strategic Plan Link

- City Council Workshop August 18, 2025
- PACE Providers gave a presentation
- City Council directed the City Manager and staff to research PACE and present at a future meeting.
- A team including CMO, NSD, Finance and the City Attorney's Office met with PACE providers and evaluated the PACE program and its structure.
- Strategic Plan Link – The City's Vision to support opportunities for all people to thrive.

What is PACE?

Definition:

Property Assessed Clean Energy (PACE) is a financing mechanism that enables property owners to fund energy efficiency, renewable energy, and resiliency improvements through a voluntary assessment on their property tax bill.

Key Points:

- Established under state legislation.
- Repayment is tied to the property and placed as a lien on the property.
- Available for residential and/or commercial properties.
- Administered by third-party PACE providers, not the City.

Process Overview:

- Property owner applies through an approved PACE provider.
- Provider evaluates eligibility and project cost.
- Property owner agrees to financing terms.
 - Amount financed cannot exceed 20% of assessed just value.
- Improvements are installed by PACE-approved contractors.
- Cost is repaid over time through annual property tax assessment.



Eligible Improvements

- Hurricane Hardening (shutters, windows, doors, emergency power systems, etc.).
- HVAC Projects
- Roof Replacement/Repair
- Energy efficiency (insulation, lighting, windows/doors)
- Renewable energy (solar panels)
- Water conservation measures
- Septic to Sewer Conversions

How PACE Financing Works

Repayment Term:

- Typically 5-20 years (depending on project type)

Costs:

- Fixed interest financing (6% - 12.99%)
- Closing fees – 6.99%
- Tax Collector and Property Appraisers fees – up to 4%

PACE Financing Example:

Based on the average PACE loan, of \$25,000, with an 8.99% interest rate.
This example is for **10 impact windows** and **5 wind resistant doors**.

Project Amount	\$25,000
Total Closing Costs	\$3,656.33
Financed Amount (Project Amount + Total Closing Costs)	\$28,656.33
Term of Assessment	20 Years
Estimated Annual Payment	\$3,178.34
Total Interest (over the term of the assessment)	\$34,082.71
Assessment Amount (Financed Amount + Total Interest)	= \$62,739.04

Tax Bill Impact: \$3,178.34 year / 12 months = \$264.86 a month (if paid via mortgage)

Regulatory Framework

Florida Context:

- Authorized under Florida Statutes §163.08.
- Implemented through agreements between local governments and PACE providers.
- Property tax assessments are collected via the County Tax Collector Office.

Local Government Role:

- Approves participation through resolution and interlocal agreement.
- Does not manage individual loans or projects.

Consumer Protections and Oversight

- Contractor vetting and registration
- Disclosure forms before project initiation
- Property owner acknowledgment of repayment obligation

FSS 163.08

- Assessments may not exceed 20% of the property's just value.
- Property owners must notify existing mortgage holders at least 30 days before entering into a financing agreement, stating maximum financing and repayment amounts.
- A written disclosure statement is required before property sale, informing buyers of any outstanding PACE assessment.
- Improvements must be permanently affixed to the property and not part of new construction still awaiting a certificate of occupancy.
- All work must be completed by licensed and certified contractors (per Chapter 489, F.S.)
- The statute prohibits mortgage acceleration clauses solely due to PACE participation, protecting property owners from loan default triggers.



Consumer Protections since SB770 (2024)

County or municipality must authorize program by ordinance or resolution and an interlocal agreement.

Amount of PACE assessments may not exceed 20 percent of the property's market value.

Property taxes and assessments must be current with no delinquencies in the prior three years.

Financing term cannot exceed useful life of improvement.

Annual payment limits relative to household income - Can't be more than 10% of household income.

Property may not have outstanding involuntary liens or recorded notices of default in prior three years.

Homeowner must be current on mortgage; bankruptcy may disqualify.

Standardized disclosures required.

There must be notice to any lienholders and a property owner has three days after signing the financing agreement to cancel the agreement.

Consumer Protections since SB770 (2024)

Advertisement and solicitation restrictions, including not suggesting or implying that the PACE program is a government assistance program, that it is free or no cost, and that it does not required repayment.

The financing agreement does not utilize a negative amortization schedule, a ballon payment, or prepayment fees or fines.

No outstanding fines or fees related to zoning or code enforcement violations issues by a county or municipality unless qualifying improvement will remedy the violation.

Income must be confirmed using reasonable evidence.

If the qualifying improvement exceeds \$10,000, must advise the owner in writing that it is best practice to obtain estimates from more than one contractor.

Advise in writing of the advertising and solicitation requirements of s. 163.085.

The financing agreement may agree to change orders but any change order increasing the original price by 20 percent or expands the scope by more than 20 percent must be approved by owner.

A financing agreement may not be entered into if the total cost of the qualifying improvement, including program fees and interest, is less than \$2,500 or if the building or facility has not received a certificate of occupancy or similar evidence of substantial completion.

Benchmarking Review

PACE Providers: Providers include *Renew Financial, Ygrene, Fortifi, and Home Run Financing*.

Scope: Programs generally cover *energy efficiency, renewable energy, and wind/storm resistance improvements*.

Contractor Requirements: Many jurisdictions require providers to verify contractor licensing and compliance with local standards.

Marketing Practices: Restrict or prohibit direct marketing to property owners as part of the ordinance or resolution

Reporting & Oversight: Some jurisdictions (e.g., Martin, Palm Beach, West Palm, Delray, Boynton) require quarterly reporting from PACE entities.

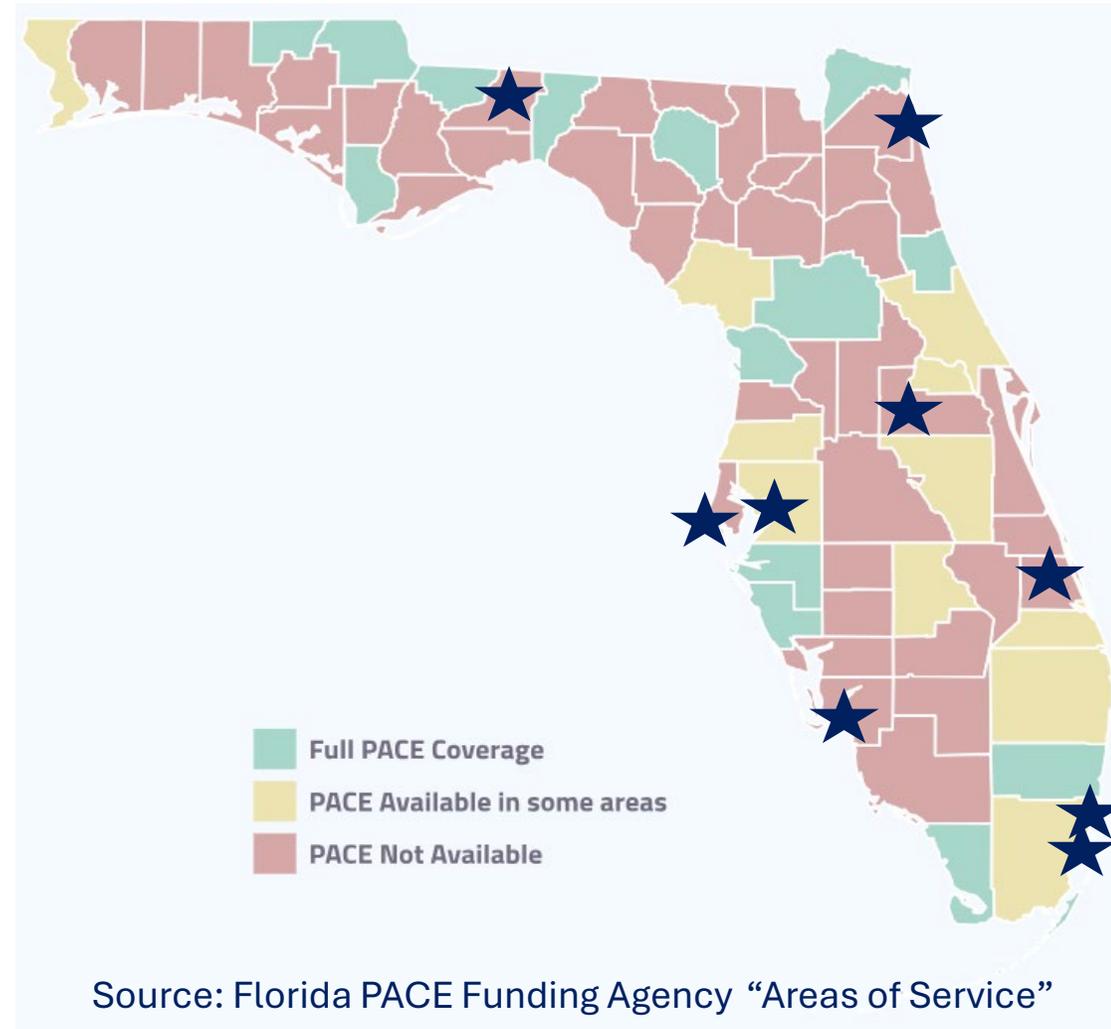
Termination Clauses: Many programs include provisions allowing termination or suspension for non-compliance.

Adoption: Most jurisdictions who adopted PACE, did so between 2016–2018 via ordinance or resolution.

Benchmarking

Top 10 Cities & their Counties

Authorizes PACE	Does Not Authorize PACE
Orlando (2016)	Duval County
Fort Lauderdale (2016)	Jacksonville
Broward County (2019)	Tampa
Miami (2016)	Orange County
Hialeah (2017)	St. Petersburg
Miami-Dade County (2016)	Pinellas
Hillsborough County (2024)	Tallahassee
Palm Beach County (2017)	Leon County
Martin County (2018)	Cape Coral
West Palm Beach (2016)	
Sewall's Point (2021)	



Interlocal Agreement with PACE District(s)

The City would enter into an interlocal agreement (ILA) **with the PACE District(s)** rather than directly with **the PACE provider(s)**.

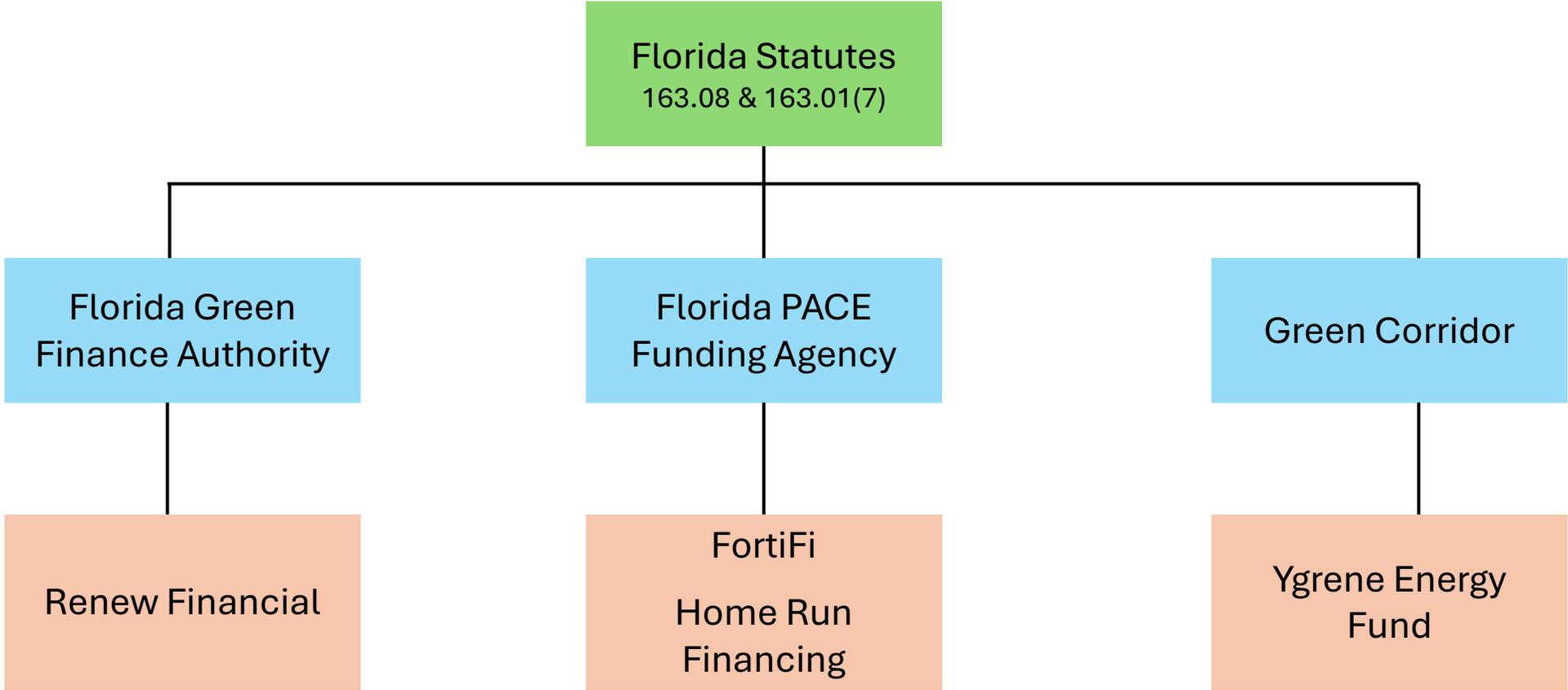
- **3 Current Districts (Residential)**

This means that the City's agreement and oversight would be with the PACE District(s) that administer the **PACE program**, **not** with the individual PACE providers who offer the financing and manage the projects.

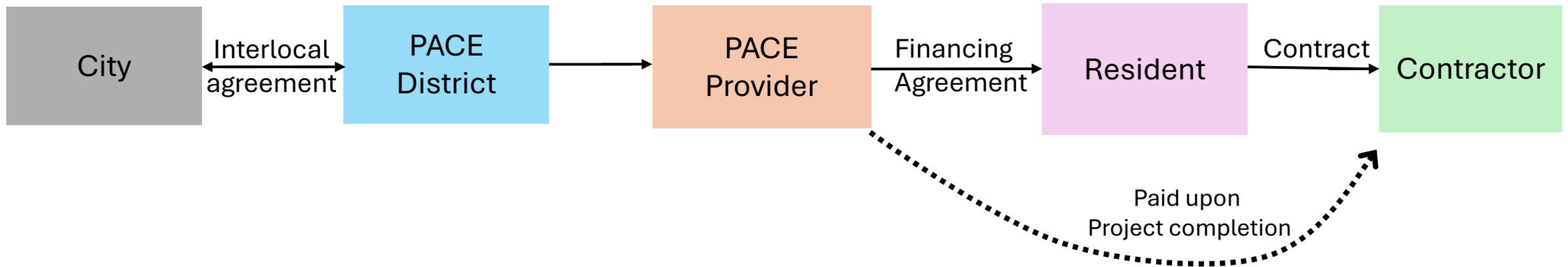
- **The City would not have direct contractual relationship with PACE providers should challenges arise.**



PACE Structure



PACE Structure



PACE Analysis

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Provides financing option to residents who might not qualify other ways.	Financing is based on home value not based on income or ability to repay.
Provides 100% financing for eligible property improvements.	PACE liens are superior to the mortgage and equal to state/county/municipal tax liens.
Enables property owners to install qualifying improvements and hurricane hardening without large initial costs.	Some property owners may not fully understand the long-term repayment obligation.
Repayment is made through the property tax bill, offering long-term payment options.	City enters ILA with PACE District and not individual PACE provider(s).
Financing is based on property value.	Lack of government oversight for resolving disputes.
Encourages private investment in local energy and storm-resiliency improvements.	Residents can risk losing their property due to default/lack of payment.

Solar Energy Loan Fund (SELF)

While researching PACE, we found that there is an actively operating program in our community, similar to PACE, which does not require a local government agreement.

Overview

- SELF provides financing for residential improvements, including mobility/accessibility.
- Helps homeowners access affordable, low-interest loans, not based on credit score.
- SELF also pays the contractor directly after work is successfully completed.

Key Features:

- Target Audience: Homeowners seeking upgrades/improvements.
- Loan Terms: Competitive interest rates. Max term of loan is 7 years.
- Loan Amounts: Minimum loan is \$7,000 and Max loan is \$25,000, except for solar which is \$50,000.
- Loan is tied to the person, not the property.

Connection to PACE:

- SELF also supports energy efficiency and renewable energy goals.
- Can be used alongside PACE programs for comprehensive energy improvements.

Comparison: PACE vs. Solar Energy Loan Fund (SELF)

Feature	PACE (Property Assessed Clean Energy)	SELF (Solar and Energy Loan Fund)
Program Type	Property tax assessment-based financing	Traditional unsecured loan
Funding Source	Private capital through PACE providers	Nonprofit community development financial institution (CDFI)
Repayment Method	Added as a line item on annual property tax bill	Monthly loan payments directly to SELF
Eligibility	Based on property value; credit score not primary factor	Based on ability to repay; credit history considered
Transferability	Assessment is on the property and must be satisfied	Loan remains with the borrower
Eligible Improvements	Energy efficiency, renewable energy, and resiliency upgrades	Energy efficiency, renewable energy, water conservation, and disability/mobility upgrades
Consumer Protections	Governed by state law (F.S. §163.08) and local agreements	Governed by lending regulations and internal underwriting standards
Administration	Managed by third-party PACE providers via local government authorization	Administered directly by SELF (nonprofit organization)
Defaults	Nonpayment is treated as a delinquent property tax, subject to tax certificate and potential lien sale	Nonpayment is treated as a loan default, subject to standard debt collection but does not affect property taxes or loss of home

Summary

- PACE provides property-secured financing for qualifying improvements.
- Authorized by state law and implemented through provider agreements.
- Benchmarking shows a range of approaches across Florida jurisdictions.
- Program design and oversight are key factors in local implementation.

Next Steps

- Staff requests City Council direction on the PACE program.