

**PACE COMMERCIAL**

*an energy finance solution*

# Building a Regional PACE Market

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URBAN INGENUITY

DISTRICT  
DEPARTMENT  
OF THE  
ENVIRONMENT



# DC PACE: Program History

**Statutory Authority:** Established by the DC Council as part of the Energy Efficiency Financing Act of 2010, and Sustainable DC Act of 2012. DC PACE is backed by \$250 million in bonding authority, available to all commercial, institutional and multi-family real estate within the District of Columbia.

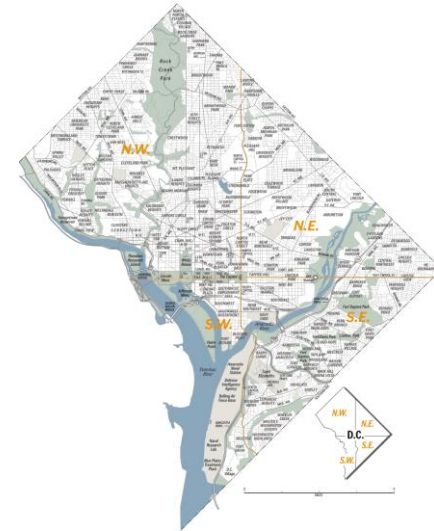


## Program Design

- Market-based, privately administered
- Can accommodate multiple building type
- for-profit & properties that don't pay real estate tax

## Sustainability Goals

- Increase energy reliability
- Drive economic development and job creation
- Reduce GHG emission and environmental damage



# DC PACE: Program Administration



- Oversees DC PACE program
- Approves final underwriting
- Initiates PACE note
- Responsible for bill collection and disbursement of proceeds

- Private sector program administrator, on behalf of DC Government
- Responsible for marketing and outreach
- Provides technical & financial underwriting, arranges capital, and confirms M&V



# The DC PACE Experience

## Lessons Learned:

- ***Market Demand is Strong:*** and growing, but awareness takes time
- ***Know the Customer:*** 100% financing, no out-of-pocket, Positive NOI
- ***Public Roll is Important:*** Private administration helped by partnership
- ***Contractors are Key:*** Build marketing sales channels to scale demand
- ***Open Market Design*** allows rate competition, efficiency, and choice
- ***Owners Need a Product:*** Need TA & a clear path to define their project
- ***Lender Consent Works:*** Many banks on board – Positive trends with HUD
- ***Regional Markets are Stronger:*** DMV collaboration will accelerate PACE



# Towards a Regional “DMV” PACE Market

## Promoting Common Program Features:

- ***Encourage Common Program Features:*** Consistency across the region will encourage owner participation and allow for securitization of PACE notes
- ***Allow Program Guidance to Adapt:*** Flexibility to learn from the market on SIR tests, LTV standards, pricing and other key product features, is needed
- ***Local Resource Commitments Help:*** Local government support in marketing audits, credit enhancement, underwriting review & TA boosts uptake
- ***Program Administration has Many Features:*** Consider carefully what to do in house, what to outsource, and what to leave to the market
- ***Focus on Financial Efficiency:*** Pricing drives customer decisions & standard assessment features and foreclosure processes matter



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