



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



Property Assessed Clean Energy

(PACE)

Legislative Recap (2017) & Outlook (2018)

Since its inception a decade ago, PACE financing has empowered more than 150,000 California homeowners to make energy and efficiency improvements to their properties. These improvements are on track to save homeowners billions of dollars on their utility bills while reducing emissions by an amount equivalent to taking more than one million cars off the road for a year. Because PACE spurs demand for local contractor services, it is estimated that PACE has also created over 25,000 good-paying local jobs in communities across the state. Importantly, because PACE financing relies on private capital, these benefits are achieved at no cost to local government budgets.

In 2017, California – the country’s largest PACE market – passed two laws that established a landmark consumer-protection and regulatory framework for PACE financing. These laws, which began taking effect on Jan. 1, 2018, ensure long-term viability in California and serve as a model for PACE to grow responsibly in other states.

- **SB 242 (Skinner)** establishes state-of-the-art consumer protections, further setting PACE apart from other forms of financing. This law strengthens PACE by requiring:
 - Recorded, live, confirmation of terms calls between the PACE provider and property owner, as a reinforcement to written disclosures;
 - An expanded “right to cancel” for property owners, protecting them from being obligated to pay for a project without a viable means of financing;
 - New standards on how contractors can market the financing to homeowners;
 - Providers to report data to local government partners, including projected energy and water savings and local economic impact.

- **AB 1284 (Dababneh)** strengthens PACE underwriting, regulates PACE at the state level, and enforces compliance with all PACE laws by PACE administrators and individual contractors. Key provisions include:
 - Enhanced and standardized underwriting standards based on home equity, on-time mortgage and tax payment history, and ability-to-pay, ensuring property owners can meet their PACE obligation;
 - Establishing a licensing and regulatory framework for the PACE industry, which will be subject to oversight by the Department of Business Oversight (DBO);
 - Requiring providers to enroll and train contractors and holding providers accountable for screening and monitoring those enrolled in their programs.

- **DBO Rulemaking & Implementation** – AB 1284 grants the DBO authority to license PACE program administrators and regulate the PACE industry in California. In early December, leadership from each of the leading PACE providers participated in the initial DBO stakeholder meeting, with an opportunity to submit public comments – a key first step in rulemaking and implementation. Throughout 2018, similar meetings with DBO officials will continue to ensure stakeholder input at each stage of the process.