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Updated Guidelines for Residential Pace Financing Programs.

On Nov. 18, 2016, the U.S. Department of Energy (DOE) released [Best Practice Guidelines for Residential PACE Financing Programs.](#)

Since 2009, more than 100,000 homeowners have made energy efficiency and renewable energy improvements to their homes through residential Property Assessed Clean Energy (PACE) programs. By 2016, residential PACE programs had allowed homeowners to invest nearly \$2 billion in energy efficiency, solar, and other upgrades to their homes.

Homeowners have made these energy upgrades with no upfront costs by electing to repay their loan through a special assessment along with their property taxes. With PACE, homeowners are installing high-efficiency equipment and products, including ENERGY STAR-qualified heating and cooling systems, and other clean energy technologies that can help reduce their energy consumption and lower costs, while improving their homes' comfort, health, safety, and resiliency.

The DOE guidelines outline best practices that can help state and local governments, PACE program administrators, contractors, and other partners develop and implement programs and improvements that effectively deliver home energy and related upgrades. The updated best practices reflect input gained from over 200 comments on a draft of the guidelines that was released for public review earlier this summer.

In the guidelines, special emphasis is placed on recommended protections that PACE programs should put in place for consumers who voluntarily opt into the service, as well as for lenders that hold mortgages on properties with PACE assessments. DOE also provides additional program design recommendations that address the unique needs and potential vulnerabilities of low-income and elderly households, to help ensure that PACE financing is used appropriately and at the least cost for low-income households that otherwise meet program eligibility criteria.

Specific topics addressed in the updated guidelines include:

- Enhanced PACE eligibility criteria, including requirements for review of income, existing debt obligations and credit score; clear and understandable consumer disclosures of all PACE terms, including interest rates and fees, repayment procedures, and lien requirements;
- Additional consumer protections for low-income households, including enhanced screening procedures (e.g., verbal confirmation of PACE terms with the homeowner), written disclosures, and recommendations to structure PACE financing to be cost-effective for low-income participants
- Recommendations for quality assurance, contractor management, and enforcement procedures; and
- Recommendations for access to dispute resolution procedures or other mechanisms if work is performed improperly.

In combination with guidance for lenders from the Federal Housing Administration and the U.S. Department of Veterans Affairs, these best practices enable more states and communities to develop

and implement residential PACE programs As the PACE market continues to grow, the Energy Department recommends that state and local governments incorporate these guidelines into existing or planned residential PACE programs, engaging local stakeholders to ensure PACE programs remain a sustainable model for financing energy upgrades and meeting community goals.

DOE will continue to work with state and local governments by providing information, technical assistance, and peer exchange opportunities to support incorporation of the best practices outlined in the guidelines into residential PACE programs. Upcoming next steps include:

- The National Association of State Energy Officials (NASEO) and DOE have partnered to establish a new residential PACE Task Force to support policy maker education and learning. Core members of the Task Force will include interested state energy office directors and staff, NASEO, and DOE.
- DOE and Lawrence Berkeley National Laboratory (LBNL) will conduct an impact evaluation to quantify energy savings from residential PACE projects in California, which will inform future program design recommendations.
- DOE will support state and local governments in incorporating the guidelines into PACE statutes and regulations as they are developed and modified.

For more information, continue to visit the [State and Local Solution Center](#) to learn more about residential PACE financing and state and local best practices in clean energy.