

**PACE information**

Sager, Jennifer

**Sent:** Friday, January 29, 2016 10:50 AM**To:** Ball, Calvin B; Sigaty, Mary Kay; Terrasa, Jen; Fox, Greg; Weinstein, Jon**Cc:** Feldmark, Jessica; Meyers, Jeff; Glendenning, Craig; Miller, Laura AT**Importance:** High**Attachments:** Copy of Copy of County ta~1.xlsx (10 KB) ; PACE requested further ana~1.doc (56 KB)

At the public hearing you asked for a comparison of the PACE program across jurisdictions. Attached are 2 comparison documents that compare Howard County to Anne Arundel and Montgomery.

Below is a brief explanation of the excel spreadsheet as provided by Casey Bell from PACE Servicing:

*"The material differences are:*

*LiTV, Lien to Value Ratio: This is the maximum ratio of the value of the surcharge to the value of the property. Montgomery County has restricted theirs in their ordinance. MD-PACE recommends no restrictions. We believe that lenders that choose to participate in this market will adopt their own underwriting standards to manage risk appropriately. The lender consent requirement for existing mortgage holders will also ensure that approved PACE financing is only extended for reasonable LiTV ratios.*

*CLTV, Combined Loan to Value Ratio: This is the maximum ratio of the value of the surcharge + existing mortgages and obligations to the value of the property. Traditional lenders will typically lend at 80% CLTV to owners with a high credit rating. Montgomery County set a 90% CLTV, recognizing that PACE is secured by the property. Again, MD-PACE believes lenders are capable of managing their risks appropriately, and will be held accountable by existing mortgage holders.*

*SIR>1, Savings to Investment Ratio: A savings to investment ratio ensures that energy savings exceed the value of the PACE surcharge, and that projects are cash flow positive from day 1. Some counties believe this is important. Montgomery County believes that there is also virtue in extending PACE to projects that will increase the value of the building and have environmental benefits, but may require the owner to bear some of the cost. A prime example, would be water efficiency or water conservation systems. Another example would be an equipment replacement that would improve efficiency, but not quite meet the SIR requirement.*

*Audit requirements: MD-PACE recommends the requirement of third-party review (with the exception of projects obtaining ASHRAE Level III audits), not by ordinance but within the program guidelines. It is a best practice to ensure that the cash flows will pan out as expected. Anne Arundel and Howard's current ordinance require audits. Montgomery County does not. "*

Let me know if you need further information.

Thanks,  
Jen

	<b>Howard</b>	<b>Montgomery (Ch. 18, Article 5, Sec. 18A-33)</b>	<b>Anne Arundel (Section 4-2-401)</b>
Energy Audit Requirement	Yes	No	Yes
Rationale	Adds validity to program; Montgomery County does not require that projects be cost-effective which may be why they opted out of audit requirement.		
Allows leasehold interests to qualify	No	Yes (long-term leases of 8 years or more)	No
Rationale	Finance and law recommend restricting the program to property owners. Otherwise, penalties could be imposed on landlord for actions of a tenant.		
Scopes	Essentially all- inclusive (based on lender acceptance) in terms of energy and water conservation; and renewable energy.	Essentially all-inclusive: see improvement definition #'s 10 and 11 ("a measure that reduces usage of water...." and "any other installation or modification".	Essentially all-inclusive
Rationale	Advancements in technology may arise that would be beneficial so it would not be advised to be restrictive in scope.		
Renewable Energy Limit	No	No	Yes (100 kW)
Rationale	The current state law has a 100 kW limit but there is an active lobbying effort to change that; by not including an upper limit, the County maintains the flexibility to consider larger projects if it is increased.		
Are Commissioning costs covered?	Yes	Unsure	No

	<b>Howard</b>	<b>Montgomery (Ch. 18, Article 5, Sec. 18A-33)</b>	<b>Anne Arundel (Section 4-2-401)</b>
Rationale	Key aspect of implementation, so should therefore be able to be included in the loan.		
Are Feasibility Study costs covered?	Yes	Yes	No
Rationale	Key aspect of the determination of project potential so should therefore be able to be included in the loan.		
Method of Assignment	Recorded Agreement	Unclear	Recorded Agreement
Rationale	Greater protection for the County.		
Term and Loan Amount	Min \$15,000 with 20 year term	Min \$5,000 with no term limit. No more than 20% of the full cash value of the qualified property, as determined by SDAT.	Min \$25,000 with 20 year term
Rationale	\$25k was recommended, but would ideally like to be able to include more small businesses.		

County	County Seat	Governing Body	# Due Dates	Tax Payment Due Dates	Partial Payments	LiTV	CLTV	SIR	Audit Req	Min Loan	Max Term
Allegany County	Cumberland	Board of Commissioners									
Anne Arundel County	Annapolis	County Executives	1	9/30	yes	no	no	>1	yes	\$25,000	20
Baltimore County	Towson	County Executives									
Baltimore City	n/a	Mayor									
Calvert County	Prince Frederick	Board of Commissioners									
Caroline County	Denton	Board of Commissioners									
Carroll County	Westminster	Board of Commissioners									
Cecil County	Elkton	County Executives									
Charles County	La Plata	Board of Commissioners									
Dorchester County	Cambridge	Board of Commissioners									
Frederick County	Frederick	County Executives									
Garrett County	Oakland	Board of Commissioners									
Harford County	Bel Air	County Executives									
Howard County	Ellicott City	County Executives	2*	9/30 and 12/31	yes	no	no	>1	yes	\$15,000	20 years
Kent County	Chestertown	Board of Commissioners									
Montgomery County	Rockville	County Executives	2	9/30 and 12/31	no	20%	90%	no	no	\$5,000	no
Prince George's County	Upper Marlboro	County Executives									
Queen Anne's County	Centreville	Board of Commissioners	1	1-Jul	yes	no	no	no	no	\$25,000	no
Saint Mary's County	Leonardtown	Board of Commissioners									
Somerset County	Princess Anne	Board of Commissioners									
Talbot County	Easton	County Executives									
Washington County	Hagerstown	Board of Commissioners									
Wicomico County	Salisbury	County Executives									
Worcester County	Snow Hill	Board of Commissioners									

\* provided the property is eligible to pay property taxes in 2 installments.