



Legislation Text

File #: 11-1045, **Version:** 1

Background Information and Proposed Schedule for Development of City of Ann Arbor PACE Program

Public Act 270 of 2010 (the "Act") authorizes local units of government to adopt Property Assessed Clean Energy (PACE) Programs to promote energy efficiency and use of renewable energy by owners of Commercial or Industrial properties within a district designated by the local government. The bill authorizes local governments to issue bonds, notes and other indebtedness and to assess properties for the cost of energy efficiency improvements and renewable energy systems. The Act provides for repayment to local governments through a voluntary property assessment. The property assessment may remain with the property and has the same priority as other property tax and assessment liens in the event of foreclosure.

PACE financing has several benefits to the property owners over traditional loan products offered by financial institutions. Limitations of traditional financing programs include short repayment periods, high or variable interest rates, stringent credit requirements that do not account for savings from improved energy efficiency, lack of equity and limited availability.

The City of Ann Arbor partnered with the Ecology Center using a grant from the Ann Arbor Area Community Foundation to develop draft state enabling legislation. The City has acted to support State enabling PACE legislation, authorized grant funds to be used for program development and established a loan loss reserve fund to leverage private funding for PACE projects.

This memorandum outlines the steps proposed to establish a PACE program in Ann Arbor.

Attached is a Resolution of Intent that introduces the Report on Proposed Property Assessed Clean Energy Program. This resolution will be ready for Council consideration on September 19th. Legistar file 11-1043

A Public Hearing on the Report and Program will be requested for October 3rd.

The Attached Resolution to Establish a PACE Program is planned for Council consideration on October 3rd, Legistar File 11-1044 after the public hearing.

A power point presentation is attached outlining the key aspects of the program design and process for raising capital and making voluntary assessments.

The report to be introduced will be provided prior to the public hearing and fully describes the City of Ann Arbor's Property Assessed Clean Energy program as required by Public Act 270 of 2010, the enabling legislation.

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