

ORDINANCE 5619



# Jackson County PACE Program Overview

March 21, 2022



Imagine what we can do.

# Jackson County – Prior Consideration of Show Me PACE Ordinance 5494 Was Adopted Unanimously and Subsequently Vetoed

Ordinance 5494 was introduced on March 22, 2021, to designate the Show Me PACE Clean Energy District as a qualified PACE provider

- The Ordinance passed out of Committee on March 29, 2021
- The Ordinance was adopted unanimously on April 12, 2021

The Ordinance was vetoed on April 21, 2021

- The County Executive was contacted by a non-profit news organization on April 13, 2021, regarding the PACE program
- The Veto was prompted by concerns raised by the reporter
- The Veto letter cited the need for additional time to review the media report and to determine whether changes to the County's current consumer protection requirements were needed



# Jackson County – Prior Consideration of Show Me PACE

Subsequent Amendments to the Missouri PACE Act Effective January 1, 2022

## House Bill No. 697 (2021) Strengthened Consumer Protections

- Signed into law June 29, 2021
- Bill sets residential eligibility requirements
- Specifies lender and consumer disclosures, and
- Requires regular examinations by Division of Finance



# Changes to Missouri PACE Act as of January 1, 2022

## All Residential PACE Programs now overseen by the Division of Finance

### Maximum Financing Term Allowed (67.2840)

- Maximum term shall not exceed the weighted average useful life (WAUL) of the qualified improvements or 20 years
- This change impacts Residential and Commercial projects

### Notice to Lender (67.2817)

- New Notice to Lender process – Primary Mortgage holder must receive a copy of the Property Owner executed Assessment Contract and project summary

### Assessment Contract Review (67.2817)

- The Clean Energy Development Board shall review, approve, and execute all residential Assessment Contracts
- The Board's duties to review, approve, and execute each Assessment Contract may not be delegated

### Three-Day Right to Cancel (67.2817)

- Property Owner shall have a three-day right to cancel the qualifying improvements proposed for financing

### Property Value, CLTV Disclosures (67.2818)

- Assessment to value will be calculated as 20% of the property value as determined by the county assessor, plus 10%
- Combined Assessment-to-Value (CLTV) shall not exceed 97%
- Property Owner must receive disclosures prior to execution of Assessment Contract; this includes written disclosures and the Welcome Call

### Municipal Notification to State Finance Director; Regular Examination by the Division of Finance (67.2816)

- Municipalities that have created, joined or withdrawn from a residential PACE program or district shall inform the director [of the division of finance]
- The Division of Finance shall examine each CEDB for compliance with the PACE Act at least every 24 months and shall provide the results of the examination to participating municipalities

# Ygrene / Show Me PACE Statewide Activity

The Ygrene Show Me PACE program has funded 119 projects for \$1.86M since inception with low escalation and delinquency rates



119 Projects Funded by Ygrene



\$1.86M funded volume since inception  
*Program Inception April 2019; fundings as of February 28, 2022*



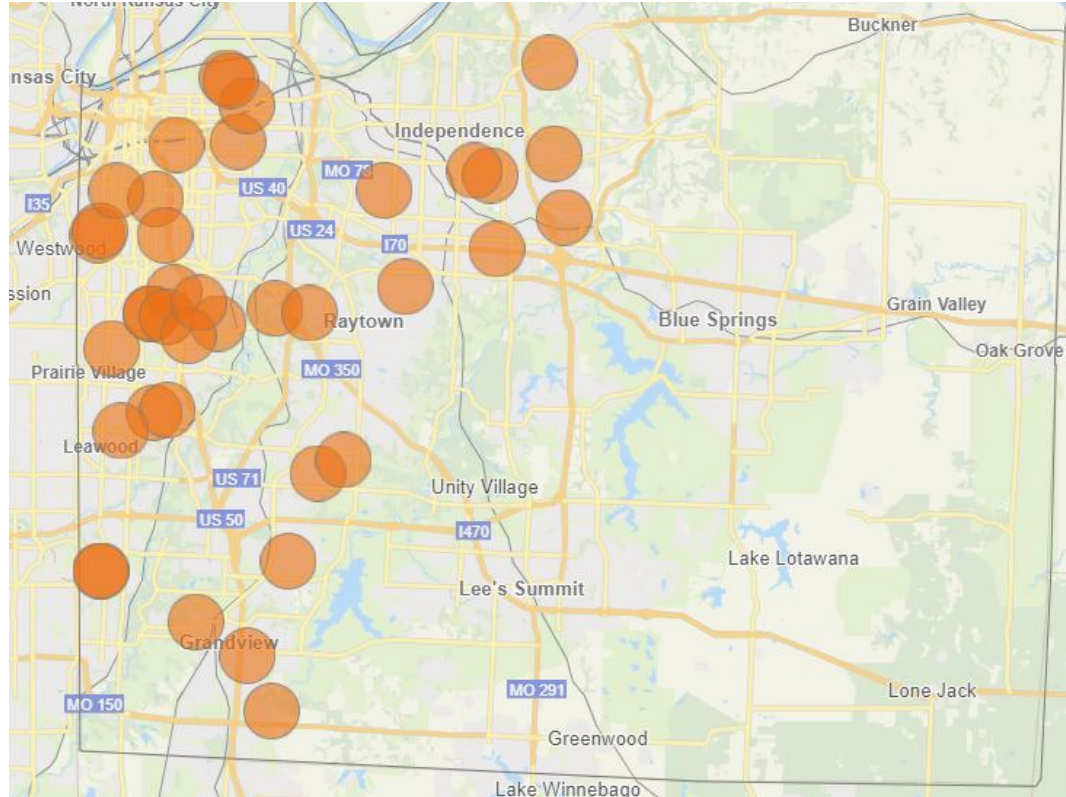
Two projects delinquent since inception  
*FY20-21 tax roll year - latest data (Mar-21 MO)  
No delinquencies in Jackson County*

## Escalation Rate

Period	# Projects Escalated	Escalation Rate
From Inception	1	0.84% <sup>1</sup>

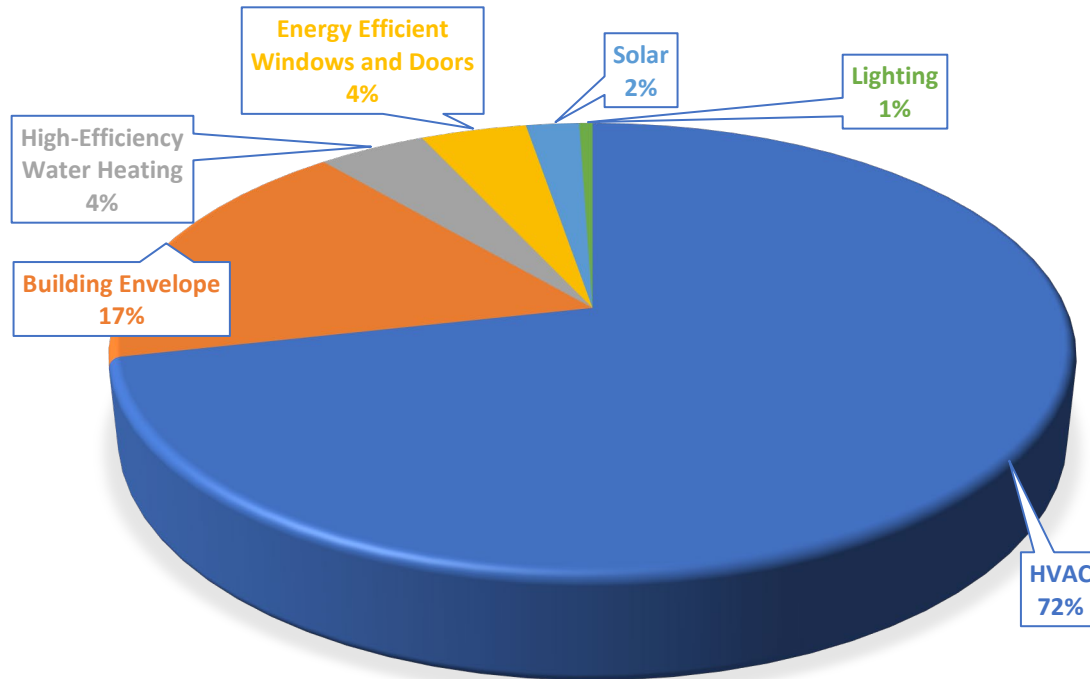
<sup>1</sup>Escalation Rate = # Escalations opened / # Funded Units

# Show Me PACE Project Locations in Jackson County From Inception (October 2020) – February 28, 2022



# PACE Finances Essential Home Improvements

Distribution of PACE improvements for all Ygrene Show Me PACE Projects



# Residential PACE Project Statistics – Show Me PACE

Projects are typically less than \$20,000 and used for essential improvements

Ygrene / Show Me PACE Project Statistics (Residential Only)	
Average project size	\$15,629
Average annual payment	\$1,762
Monthly equivalent payment	\$147
Average interest rate	7.95%
Average term	16.9 years
Average PACE LTV (PACE amount to value)	7.3%
Average combined LTV (mortgage and PACE)	65.2%



# Home Improvement Financing Comparisons

PACE is an accessible and affordable option for property owners

Financing Type	Principal Amount	Interest Rate	Term	Monthly Payment
Home Equity Loan	\$15,000	7.70%	15 Years	\$141
Unsecured Home Improvement Loan	\$15,000	10.00%	10 Years	\$198
Credit Card	\$15,000	18.99%	20 Years*	\$525
PACE Assessment	\$15,000	7.99%	20 Years	\$125

Payment calculations are derived using Bankrate.com "Loan Calculator"; Home equity loan assumes a 699 FICO score sourced from myFICO.com

Disclaimer: These monthly payments amounts may not reflect closing costs for the finance products and are for illustration only.

\*Assumes credit card debt is paid off in 20 years. Shows initial credit card monthly payment assuming a 3.5% minimum principal payment is made. As payments are made, the payments decrease. Source: Bankrate.com



# PACE Provides Access to Affordable Financing

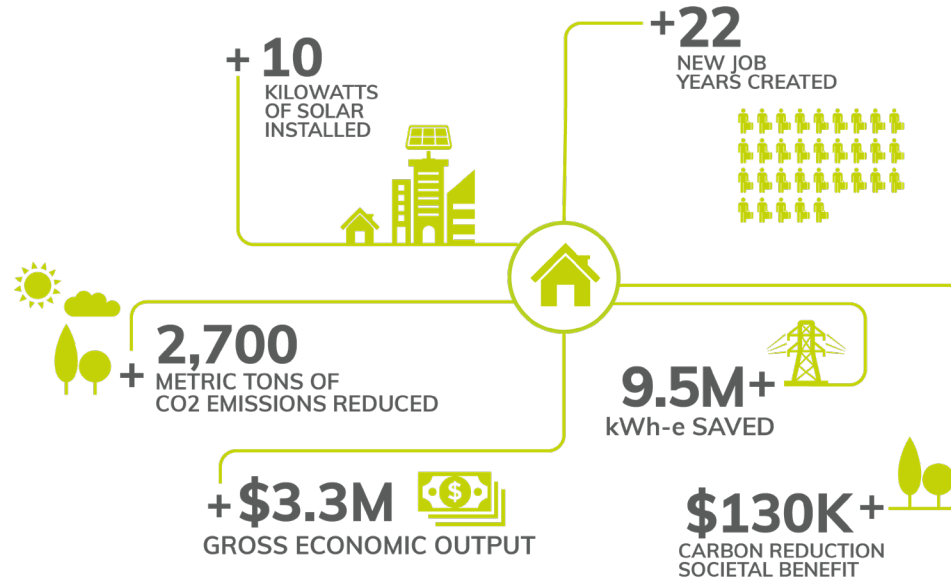
PACE is an equitable and affordable form of home improvement financing

Credit Score Band	Personal Loan Interest Rates	Typical PACE Interest Rates
760+	8.83%	7.99%
720 – 759	12.95%	7.99%
680 – 719	17.54%	7.99%
640 – 679	22.74%	7.99%

Source: LendingTree June 2021 customer data - <https://www.lendingtree.com/personal/personal-loans-statistics/>

# Public Benefit Impact Metrics - Inception (April 2019) – Feb. 28, 2022

Estimated impact of \$1.8M in 119 funded energy efficiency, renewable energy, and climate resiliency property improvement projects across the Show Me PACE Program.



Data based on University of Southern California Schwarzenegger Institute research, "Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida," utilizing, in part, Ygrene's proprietary impact model. This represents estimated lifetime impacts (i.e. over the useful life of the improvements) of PACE projects completed by Ygrene since inception through the end of February, 2022.



# Questions?

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# APPENDIX

# Show Me PACE Program Activity – Inception through Feb. 28, 2022

County	District	# Apps	# Approved Projects	# Funded Count	\$ Total Funded
Totals		278	220	119	\$1,862,407
Jackson	Totals	136	101	38	\$577,432
	Grandview	8	7	3	\$34,803
	Independence	19	14	7	\$114,746
	Kansas City - Jackson County	107	78	28	\$427,884
	Lee's Summit - Jackson County	2	2	0	\$0
Platte	Totals	5	4	2	\$55,783
	Kansas City - Platte County	5	4	2	\$55,783
St Charles	Totals	137	115	79	\$1,229,193
	Augusta	1	1	0	\$0
	Cottleville	1	1	0	\$0
	Dardenne Prairie	7	7	5	\$96,625
	Lake Saint Louis	5	4	2	\$27,472
	O'Fallon	42	33	21	\$357,227
	St. Charles	14	11	9	\$118,943
	St. Charles County Unincorporated	38	31	24	\$363,468
	St. Peters	17	15	7	\$100,047
	Weldon Spring	1	1	1	\$12,433
	Wentzville	11	11	10	\$152,977

# Consumer Protection Features

PACE provides more protections than other forms of home improvement financing

Consumer Protection Features	St. Louis County PACE Program	HELOC (Home Equity Lines of Credit)	Unsecured Credit (Personal Loans)	Unsecured Credit (Credit Cards)
Single Purpose Financing: energy efficiency & renewable energy	✓	Sometimes	✗	✗
Fixed Rate and Fully Amortizing	✓	✓	Sometimes	✗
Certificate of Completion Required before Payment	✓	✗	✗	✗
Pricing Review / Controls	✓	✗	Sometimes	✗
100% Confirmation of Terms via Live, Recorded Phone Call	✓	✗	Sometimes	✗
Enhanced Disclosures	✓	Sometimes	Sometimes	✗
Contractor Training Requirements and Approvals	✓	✗	✗	✗
No Prepayment Penalty	✓	Sometimes	✗	✓
Pre- and Post-Funding Customer Support (w/r/t Contractor workmanship and related issues)	✓	✗	✗	✗