

June 2025

Residential PACE Financing Facts Presentation to the City of Hawthorne



The Need for PACE - a state funding solution for local problems

PACE (Property Assessed Clean Energy) is an innovative mechanism for financing energy efficiency, renewable energy, and water conservation improvements for property owners enabled by the California Legislature in 2008

PACE addresses a large financial market failure by filling a void for underserved communities. A larger percentage of PACE customers live in LMI communities and have no other low-cost financing options- or any options at all- given lower credit (FICO) scores.

PACE financing is repaid as a special assessment on the property's regular tax bill – the same way as other local public benefit assessments (i.e. neighborhood improvement districts)

Benefits for Homeowners

- Eligibility based on equity in property & ability to repay instead of FICO score
- No upfront costs – enables eligible improvements with \$0 down
- Increased home efficiency, comfortability, & resiliency
- Fixed & fully amortized interest rates
- Repayment through property taxes

Claudia M. in Los Angeles, CA “I didn’t have the money to pay cash” and was thankful “for the opportunity to be able to finance it instead of putting it on an American express.”

“The interest rate is good and maintains over the term of the assessment.”



Impactful Changes to PACE

2017: AB 1284 and SB 242, robust consumer protection legislative package reforming California's PACE program:

- Established California's Department of Financial Protection and Innovation (DFPI) as regulator of PACE administrators
- Added "ability-to-pay" and income verification
- Strengthened underwriting standards and payment history reviews
- Comprehensive contractor oversight and training requirements
- Recorded phone calls with consumers to review financing terms

2019: PACE administrators licensed by DFPI

2020: AB 1551 and AB 2471 prohibiting prepayment penalties and PACE on properties with a reverse mortgage, expanded 3-day right to cancel to 5 days for anyone over age 65

2021: DFPI regulations



Residential PACE

Consumer Protections

Confirmation of Terms call with homeowner (recorded)

3-day homeowner right of rescission if they change their mind; 5 days for ages 65+

Language accessibility services available in Spanish

Signed Certificate of Completion from Homeowner

Closing Call (recorded) with homeowner confirming project is completed

Closed permits, 3rd party inspection or TruePic to verify project is completed

Contractor Management



Compliance & Background Checks

- ✓ Contractor license, background check, social media, workers' comp, and bond/insurance screening

Contractor Onboarding Standards

- ✓ Mandatory training, registration, code of conduct agreement, & marketing guidelines

No Spiffs

- ✓ Watch lists, contractor reviews, ongoing skills assessment, monitoring

Traditional Financing vs. PACE

	PACE	HELOC	UNSECURED DEBT
Minimum level of equity in the property			
Not delinquent on property related debt			
Not in bankruptcy			
Term tied to useful life of improvement			
Fixed rate & fully amoratized			
Rigorous contractor training & oversight			
Improvement pricing review			

Eligible improvements (80+)

Energy Efficiency

- HVAC
- Insulation
- Roofing
- Windows & doors

Renewable Energy

- Solar panels
- Solar batteries
- EV Charging Stations



Water Conservation

- Drought tolerant landscaping
- High efficiency water fixtures
- Drip irrigation



Residential PACE Industry

California Metrics*



\$6,061,763,614
invested



70,316
jobs created



21,829,580,028
gallons of water saved



\$7,133,457,416 in utility
bill savings



238,757
homes improved



24,716,516,711 kilowatt-hours of
renewable energy generated



7,924,240 metric tons
of carbon abated

* PACENation data to 12.11.2024

Which neighboring cities have **approved** **CSCDA Open PACE?**

- Agoura Hills
- Alhambra
- Arcadia
- Baldwin Park
- Bell
- Claremont
- Commerce
- Covina
- Cudahy
- Duarte
- El Monte
- Gardena
- Glendale
- Glendora
- Inglewood
- La Canada Flintridge
- La Puente
- La Verne
- Lancaster
- Long Beach
- Los Angeles
- Lynwood
- Montebello
- Monterey Park
- Norwalk
- Palmdale
- Paramount
- Redondo Beach
- Santa Fe Springs
- Santa Monica
- Torrance
- Walnut
- West Covina
- West Hollywood

*“Making PACE available in La Puente is really going to help our homeowners who want to save money on their energy bills. It’s great to be able to give people financing options so they can choose the one that’s the best fit. **PACE is also going to help us, as a city, conserve water and reach our climate goals.”***

Valerie Munoz

Mayor Pro Tem of La Puente

What does Hawthorne need to do to make this option **available to its homeowners?**

California Statewide Communities Development Agency (CSCDA) offers an Open PACE Program

Hawthorne has been a member of CSCDA since 2001

To make PACE available to Hawthorne residents, the City Council needs to pass a resolution authorizing CSCDA's Open PACE Program.