

January 18, 2021



Dear Mayor and Council,

We are writing on behalf of [PACE BC](#), a coalition of organizations working toward the adoption of Property Assessed Clean Energy (PACE) financing in British Columbia. You can learn more about [our vision for a third-party, province-wide BC PACE program here](#).

We are entering a critical window when it comes to tackling the climate crisis, and local governments are at the forefront of this endeavour. The building sector represents more than 30% of emissions in B.C. municipalities, and in order for cities to meet their community-wide emissions reduction targets over the coming decades, our existing building stock needs rapid decarbonization and extensive energy efficiency upgrades. However, currently only the most affluent of residents can afford alternative energy infrastructure or substantial energy efficiency retrofits, and high upfront costs still act as a major barrier to uptake at scale.

PACE programs allow property owners to borrow money they can invest into a broad spectrum of clean energy and resiliency improvements to their buildings. The loan is paid back on the owner's property tax bill, with the energy bill savings afforded by the improvements, often resulting in net gains for the property owner. While existing Canadian PACE programs have been piloted by municipalities and resulted in relatively limited uptake, American PACE programs have seen explosive results, financing hundreds¹ of thousands of successful projects and creating tens of thousands of great green jobs. These highly successful programs are typically administered by third-party, non-governmental organizations and financed by private capital. These features dramatically reduce the fiscal and administrative burdens of PACE on local governments, removing the need for municipalities to contribute any upfront capital, project management capacity, or long-term administrative staff to the programs.

A critical first step toward establishing a robust and thriving PACE financial sector in B.C. is the enactment of PACE-enabling legislation by the province of British Columbia. PACE BC is encouraging the province to pass legislation that ensures the program:

- ★ Is voluntary and opt-in for all parties
- ★ Allows for capital investment from the private sector
- ★ May be administered by third-party organizations

¹ <https://pacenation.us/pace-market-data/>

- ★ Makes PACE available for a broad spectrum of building level improvements including most energy efficiency and resiliency upgrades, and renewable energy projects
- ★ Is available for both residential and commercial property owners
- ★ Is available for retrofits and new construction
- ★ Makes financing available for 100% of the projects hard and soft costs
- ★ Ensures loans are tied to the property, and not the individual borrower, such that in the event of a property sale, remaining loan payments become transferable to the new owner.
- ★ Protects consumers from predatory practices

We are asking municipalities in B.C. to express their support for this win-win proposition by passing a resolution in support of PACE and sending a letter of support for province-wide, third party enabling legislation to the B.C. government. A sample resolution is pasted at the bottom of this letter. If you have any further questions about PACE BC, the attached resolution or next steps for moving it forward, please feel welcome to contact Katie Harrison, at katie@forceofnaturealliance.ca.

Together, we can bring B.C. municipalities one step closer to delivering a deep and swift reduction in carbon emissions that is required of all of us in order to achieve our climate goals over the coming decade.

Sincerely,

The PACE BC Steering Committee:

SUPPORT FOR PACE FROM MUNICIPAL GOVERNMENTS

Sample Resolution & Letter to Ministry

PART 1: DRAFT RESOLUTION

Support for PACE BC from Municipal Governments

WHEREAS [your local government] has shown itself to be a climate leader by [list steps you have taken or are taking];

WHEREAS retrofitting buildings across B.C. is crucial to reducing green-house gas (GHG) emissions and meeting our provincial climate targets;

WHEREAS upfront costs of retrofitting homes and businesses for climate resilience are cost prohibitive to many of our property owners, and Property Tax Assisted Clean Energy (PACE) lowers barriers to implementing GHG reductions, adding value to buildings and making them more desirable places to live or work;

WHEREAS PACE BC is working with interested municipalities *across B.C.* to assist in the establishment of a successful province-wide PACE program that meets the needs of residents and that local governments of all sizes can participate in with minimal start up costs or staff time;

WHEREAS PACE and the resulting ecosystem of retrofitting programs would create well-paying green jobs during a just recovery from the COVID-19 pandemic and a just transition away from fossil fuel infrastructure-related jobs;

THEREFORE, BE IT RESOLVED THAT [your local government] write a letter to the Ministry of Environment, the Minister of Energy, Mines and Low Carbon Innovation, the Minister of Municipal Affairs, Minister of Housing and PACE BC expressing support for B.C. Legislation enabling PACE by third-party administration and confirming [your community's] interest in having a PACE program when it becomes available in B.C.

PART 2: DRAFT LETTER OF SUPPORT

Dear Minister Osborne, Minister Heyman, Minister Ralston and Minister Eby,

During the council meeting of [Date], the [local government] passed the following resolution:

[Insert above resolution]

We are entering a critical window when it comes to addressing the climate crisis, and our province's aggressive new climate targets require us to reduce emissions by 40% over the next decade. The majority of B.C.'s residential and commercial building stock is not energy efficient, and accounts for a significant percentage of province-wide GHGs. The [Pembina Institute has calculated](#) that in order to meet our climate targets, British Columbians will need to retrofit 3% of our building stock — that's 30,000 homes, 17,000 apartment units, and 3 million square metres of commercial space — every year until 2050.

Climate change is the greatest challenge of our time, and though local governments are at the front lines, we do not have all the tools we need to meaningfully tackle mitigation or adaptation, let alone both at once. We know that building operations are one of the biggest drivers of emissions [not everyone is urban so I removed that reference]; however, the start up costs and staff time required to establish community-wide retrofit programs are prohibitive for local governments smaller than Vancouver, and even then such programs have not demonstrated extensive uptake in Canada. This means that retrofits and building GHG reductions are available solely to property owners who can access considerable upfront financing, thereby excluding the majority of our community.

PACE programs with third party administration and opt-in bylaws for local governments have been implemented in the United States since 2009, and have created hundreds of thousands of projects and clean local jobs. In the wake of COVID-19, we feel that PACE and the resulting ecosystem of retrofitting programs would give our economy a boost and provide a path toward a just transition away from fossil fuel infrastructure, all while complementing Clean BC and Resilient BC. It will also support the B.C. Poverty Reduction Strategy, as energy poverty is a major concern for B.C. residents, and those with the lowest incomes will be most impacted by more extreme temperatures, trying to keep their homes cool or warm.

Upfront cost is one of the most significant barriers to retrofitting and the installation of renewable energy options by citizens, businesses and institutions despite the fact that these investments will save property-owners money over the long term. PACE solves that problem by using an innovative financing instrument which permits building and land owners to upgrade their buildings with energy- and resource-saving retrofits, or install renewable energy systems, without putting any money down, and with the repayment of the financing done via an assessment on the building's property tax bill. The capital used to finance the PACE upgrades typically comes from private sources, such as insurance companies and pension funds, who are attracted by the long term secure investment PACE provides. This type of program is favoured compared to public funding in part because it is not subject to political will during changes in government. Therefore, the jobs provided and GHG reductions would not be affected by changes of elected decision-makers.

[Local government] requests that the British Columbia provincial government take immediate steps to enact PACE-enabling legislation as advocated for by PACE BC that ensures the program:

- ★ Is voluntary and opt-in for all parties
- ★ Allows for capital investment from the private sector
- ★ May be administered by third-party organizations
- ★ Makes PACE available for a broad spectrum of building level improvements including most energy efficiency and resiliency upgrades, and renewable energy projects

- ★Is available for both residential and commercial property owners ★Is available for retrofits and new construction
- ★Makes financing available for 100% of the projects hard and soft costs
- ★Ensures loans are tied to the property, and not the individual borrower, such that in the event of a property sale, remaining loan payments become transferable to the new owner.
- ★Protects consumers from predatory practices

With gratitude,

[Mayor of your community or your Council]