



DC Project May Unlock PACE Funding For Affordable Housing Across US

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Property-assessed clean energy ([PACE](#)) funding has typically been reserved for commercial buildings or well-off homeowners, but Washington D.C. may have just set a precedent for PACE to bring clean energy's economic benefits to affordable housing across America.

Last week the District of Columbia's Property Assessed Clean Energy ([DC PACE](#)) Program announced [\\$700,000 in financing](#) to add solar, highly efficient energy and water, and [LED lighting](#) to the Phyllis Wheatley YWCA housing complex as part of a \$17 million dollar renovation.

While the project will reduce utility bills for the 100-year old community institution and ensure it remains affordable housing for at least 40 years, the larger meaning is much deeper. This investment is the first PACE financing approved by the U.S. Department of Housing and Urban Development (HUD) for a HUD-assisted public housing property, and could become "[a model for the nation](#)" to spread sustainability across America's disadvantaged communities.

Clean Energy Investments Will Pay For Themselves

The Wheatley YMCA was constructed in 1920 to house migrant African-American women, and currently provides 84 affordable rental units and supportive services to low-income and vulnerable women across the D.C. metro region. Like most aging buildings, the complex was inefficient, and developers had worked for years to secure renovation funds.



Phyllis Wheatley YWCA image via Urban Ingenuity

Once PACE financing entered the picture, so too did the full potential of clean energy technologies. Wheatley YMCA will add new efficient HVAC equipment and controls, a heat recovery system, LED lighting, [Energy Star](#) appliances, and low-flow water fixtures, as well as a 32.7-kilowatt (kW) roof-mounted solar photovoltaic system.

All told, the renovations will reduce energy use across the complex 24% and lower water use 47% to create nearly \$6,000 in reduced annual operating costs and a net \$90,000 utility savings over the project lifetime – meaning savings from the PACE investment will help pay for the new equipment, generate net operating income, and lower rents for a majority of the residents.

Can PACE Funding Reach Affordable Housing?

The Wheatley YMCA project is a clean energy success story on its own, but a bit of national context is necessary to understand its larger impact. PACE legislation, which allows building owners to finance clean energy upgrades as a line item on property tax bills, is on the books in [29 states and D.C.](#), but projects have been [largely limited to California](#) and with many have been on [commercial properties](#).



The Wheatley YMCA project could now build upon those developments to help open up America’s affordable housing market to PACE financing. HUD’s approval sets a precedent for incorporating multiple creditors into an agreement between a PACE capital investor and local housing authority while ensuring the property remains affordable housing.

The project also demonstrates a PACE financing structure capable of conforming with the regulations and underwriting standards governing local public housing authority investments as well as their use of HUD funds. This structure may now be applied across all major local public housing authorities as well as the HUD [Office of Public and Indian Housing](#).

“A Green Economy Is A Better Economy For People In Need”

Urban Ingenuity, the program administrator for DC PACE, is also working with The Solar Foundation through [a funding award](#) from the U.S. Department of Energy to extend PACE financing to low-income housing and civic institutions across America – so the model may move faster than expected.

“This project proves clean energy upgrades are good for the bottom line,” [said Bracken Hendricks](#), DC PACE program administrator. “Whether that means freeing up dollars for vital human services or cutting expenses for business owners, a green economy is a better economy for people in need.”