

Celebrating

10 years

TX-PACE ACT

2013 - 2023



TEXAS PACE

AUTHORITY

A SOLUTION...

PACE = PROPERTY ASSESSED CLEAN ENERGY

Innovative financing tool that provides long term, low cost, 100% funding for

- Energy efficiency,
- Water conservation, and
- Distributed generation projects

Private financing secured by a special property assessment in place over the financing term/useful life of the improvements

Eligible Property

- Commercial (including non-profit)
- Multi-family (5+ units)
- Industrial (manufacturing/agricultural)

Keeping PACE



➤ 2011: Keeping PACE in Texas

➤ 2013: Governor Perry signs the Texas PACE Act

LOCAL GOVERNMENT CODE

CHAPTER 399. MUNICIPAL AND COUNTY WATER AND ENERGY IMPROVEMENT REGIONS

Sec. 399.001. SHORT TITLE. This chapter may be cited as the Property Assessed Clean Energy Act.

➤ 2014: PACE in a Box is published



➤ 2015: Texas PACE Authority is created



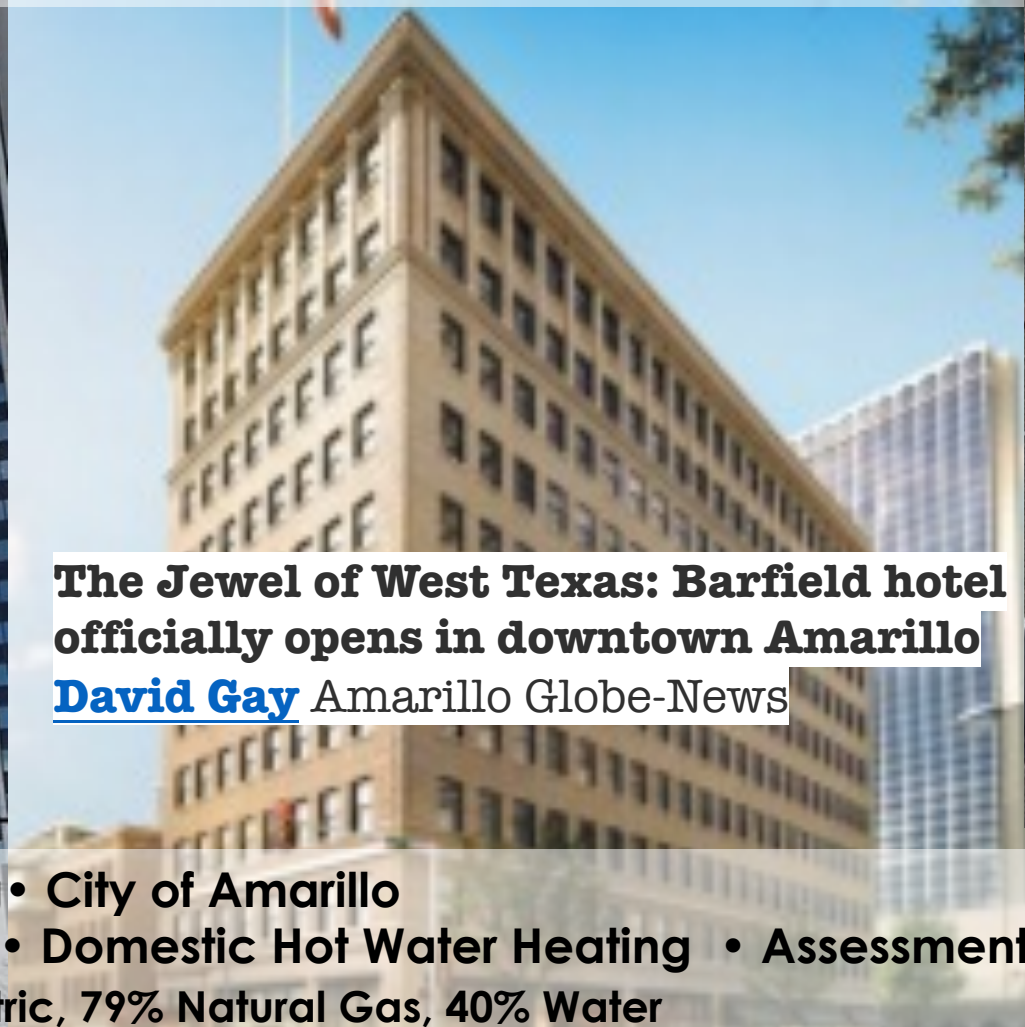
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WHAT TX-PACE DOES

BEFORE



AFTER

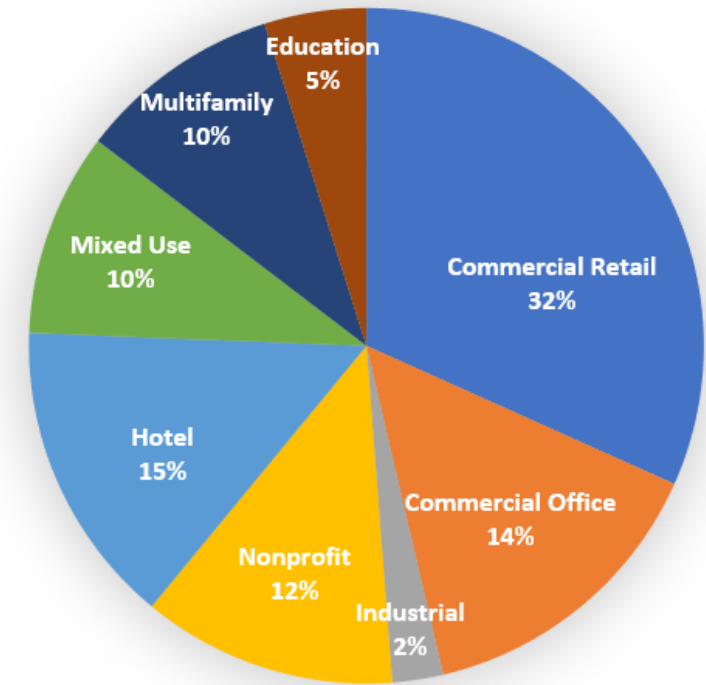
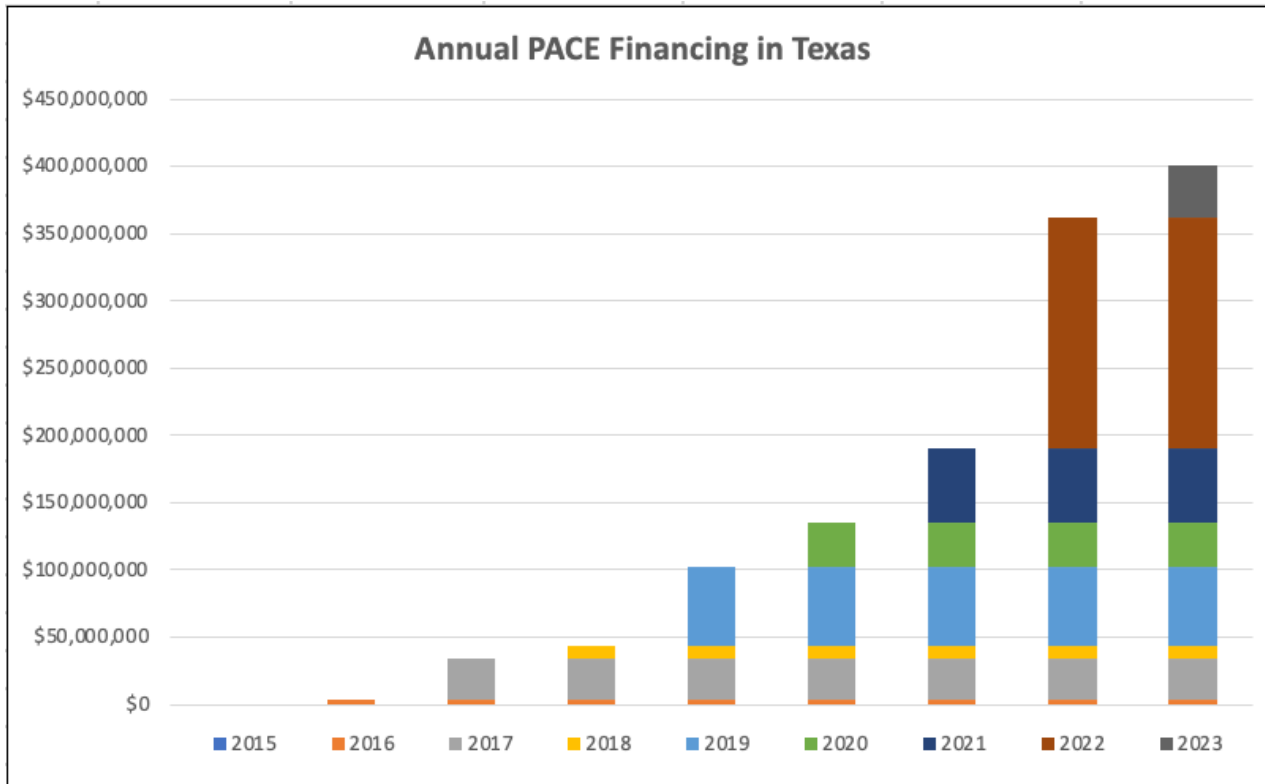


The Jewel of West Texas: Barfield hotel officially opens in downtown Amarillo
[David Gay](#) Amarillo Globe-News

Barfield Building • City of Amarillo
LED lighting • Building Envelope • Water Efficiency • Domestic Hot Water Heating • Assessment: \$7.3 M
HTC: \$9M • Savings: 73% Electric, 79% Natural Gas, 40% Water



THE GROWING TEXAS PACE MARKET



79

Projects Completed



\$ 400,107,427

Dollars Invested



5,074

Jobs Created



43,980

CO2 Reduced (tonnes/yr)



76,365,446

Energy Saved (kWh/yr)



79,929

Natural Gas Saved (mmBTU/yr)



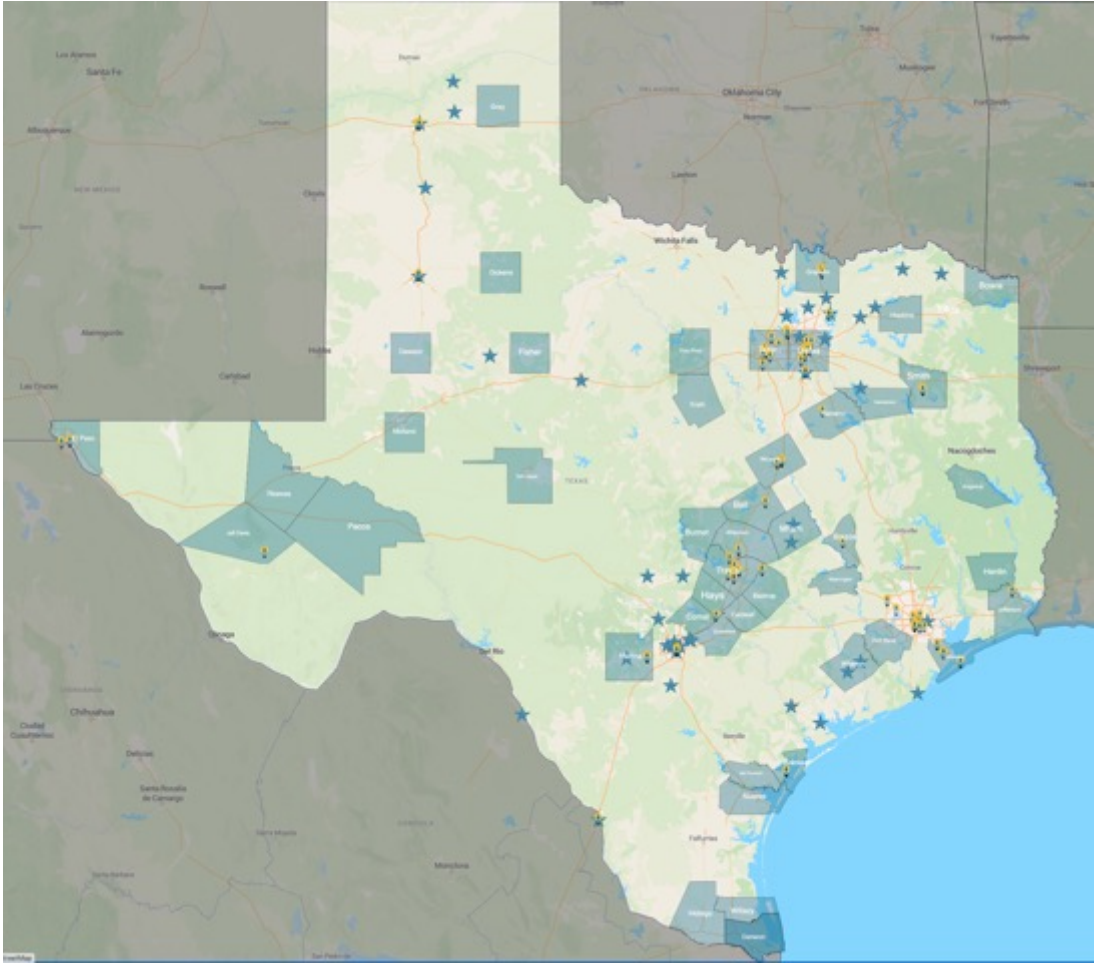
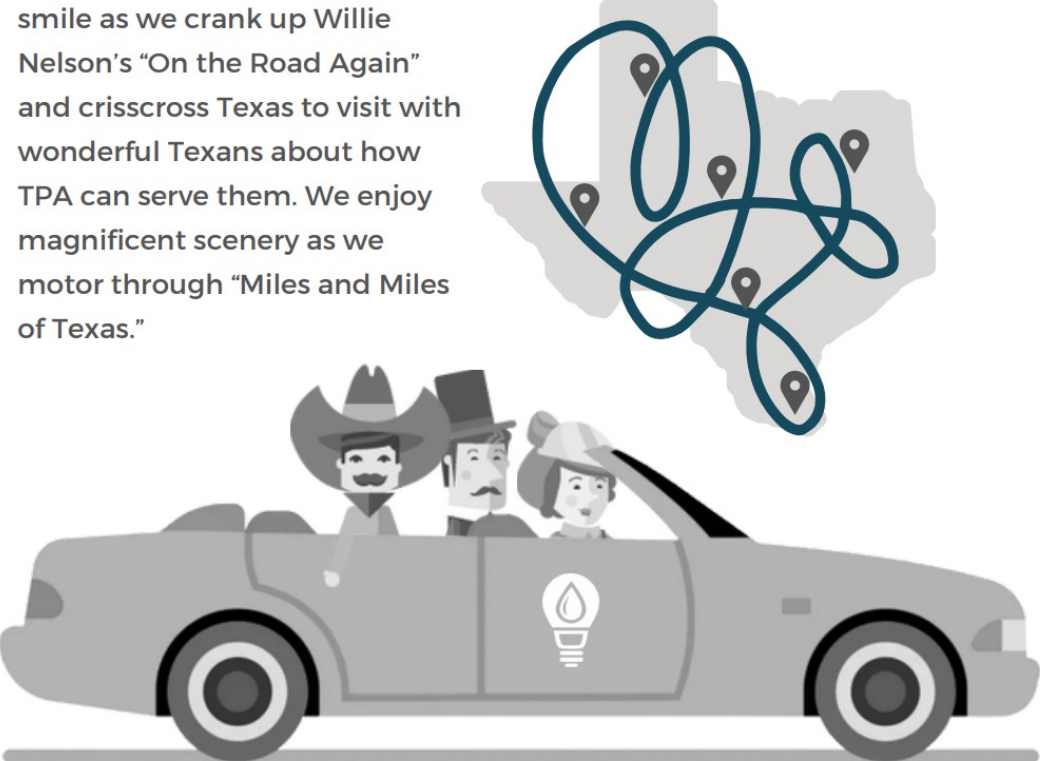
117,047,293

Water Saved (Gal/yr)

THE GROWING TEXAS PACE MARKET

On the Road Again

The TPA team can't help but smile as we crank up Willie Nelson's "On the Road Again" and crisscross Texas to visit with wonderful Texans about how TPA can serve them. We enjoy magnificent scenery as we motor through "Miles and Miles of Texas."



92 local PACE programs 73% of state population covered



1225 NORTH LOOP WEST

Houston

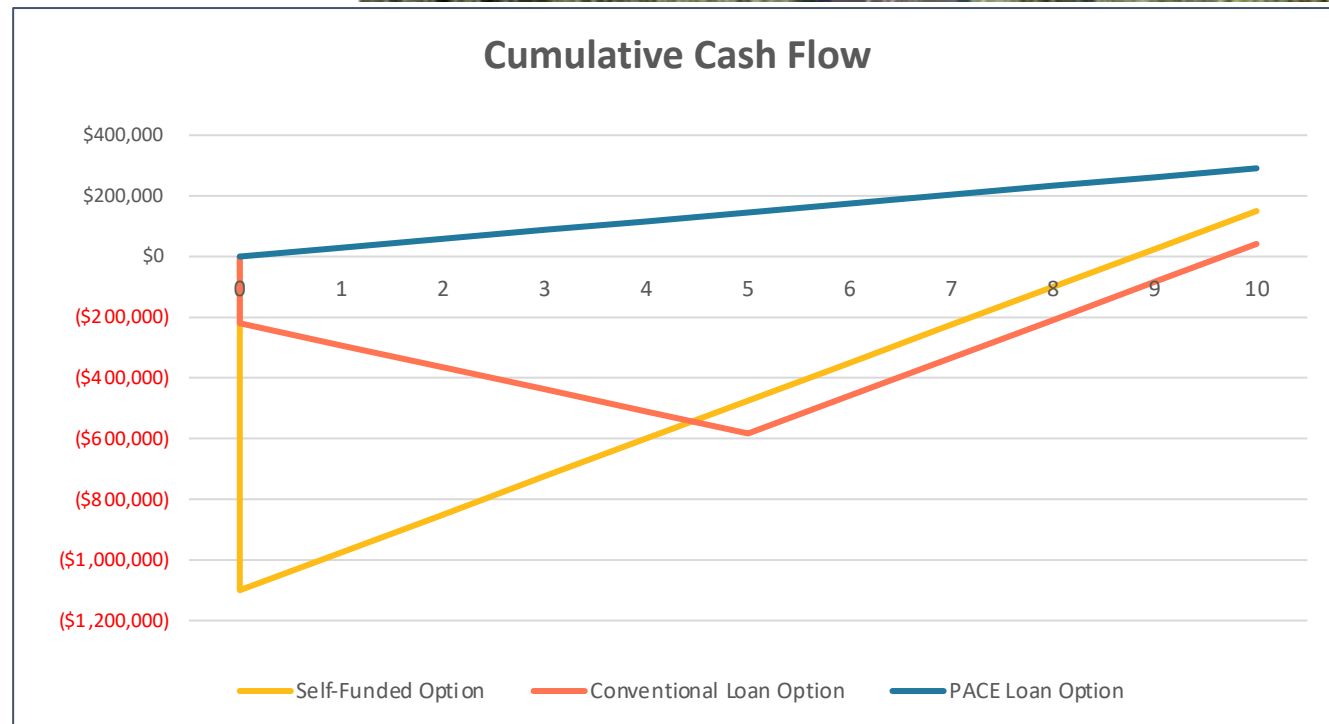
Assessment Total:
\$1,304,352

Measures:

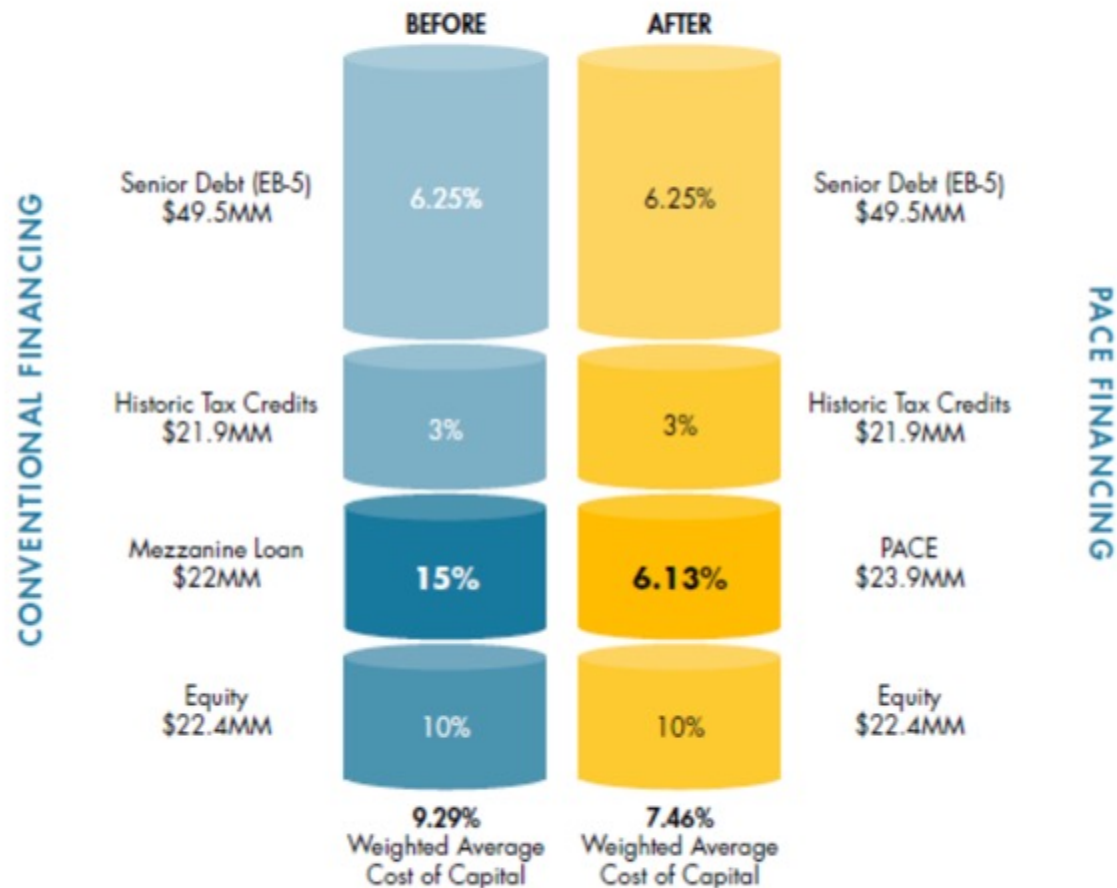
- HVAC
- BAS
- LED lighting

Utility Incentives:
\$30,000

Utility Savings:
38% Annually



Why Do Developers and Owners use PACE?



Butler Brothers Building, Dallas, Texas

- PACE permits owners to **amortize the cost of improvements** over the life of the improvements
- Treatment as a special assessment **permits successor owners to also pay for the benefits**

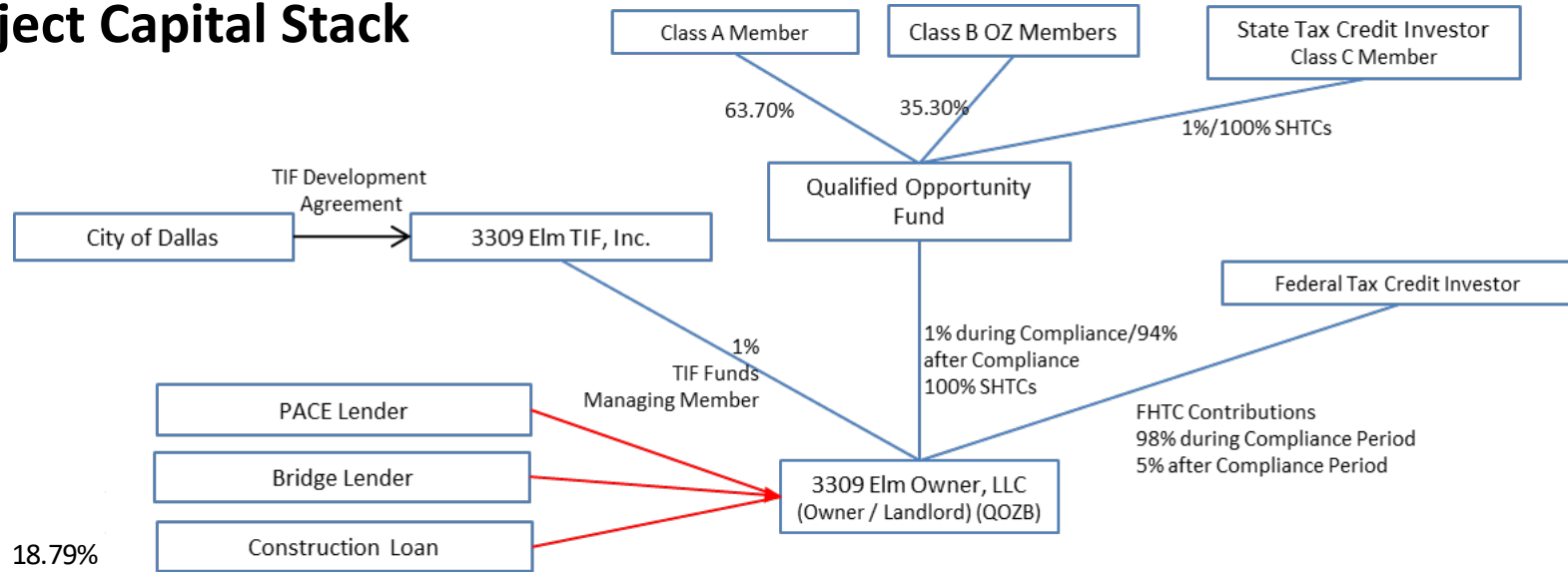
The energy efficiency and water reduction technology **reduces the operating expenses** for the building over time, thereby generating greater unencumbered cash flow for the Owner

Because of its priority and activity in the secondary market, PACE Assessments are **less expensive than mezzanine debt and preferred equity and reduce the overall cost of capital**

PACE Lenders mostly underwrite a projects based on eligibility and less on project cash flow since the projected savings can be used to make assessment payments.

PACE can be combined with a variety of other real estate development incentive programs as well as on ground leasehold interest

The Continental Gin Building – Project Capital Stack



Source

Sponsor Equity	\$	7,000,000	18.79%
Federal Investor Equity	\$	4,056,282	10.89%
State Investor Equity	\$	5,236,925	14.06%
3309 Elm TIF, Inc. (TIF Contributions)*	\$	1,000	0.00%
PACE Lender	\$	5,250,000	14.10%
Frontier State Bank	\$	12,500,000	33.56%
3309 Elm Developer, LLC (Sponsor DDF Loan)	\$	3,200,000	8.59%
Subtotal	\$	37,244,207	

Use

Acquisition	\$	3,307,462
Soft Costs	\$	5,554,086
Hard Costs	\$	24,182,659
Deferred Developer Fee	\$	3,200,000
Operating & Debt Reserve	\$	1,000,000
Subtotal	\$	37,244,207

*City of Dallas TIF Grant of \$3,000,000 to be paid by City from 2021 through 2026





PLAZA HOTEL, El Paso

**HVAC
Elevator
Lighting
Windows
Plumbing**

**Assessment:
\$9.2 million
Historic Tax Credits**

**Annual Savings:
1.5 million kWh
641 mm BTU
7701 kgal**

REPURPOSING HISTORIC OFFICE BUILDINGS TO MULTIFAMILY

Stratton Building, Waco
\$1.6 million



Travis Building, San Antonio
\$5 million



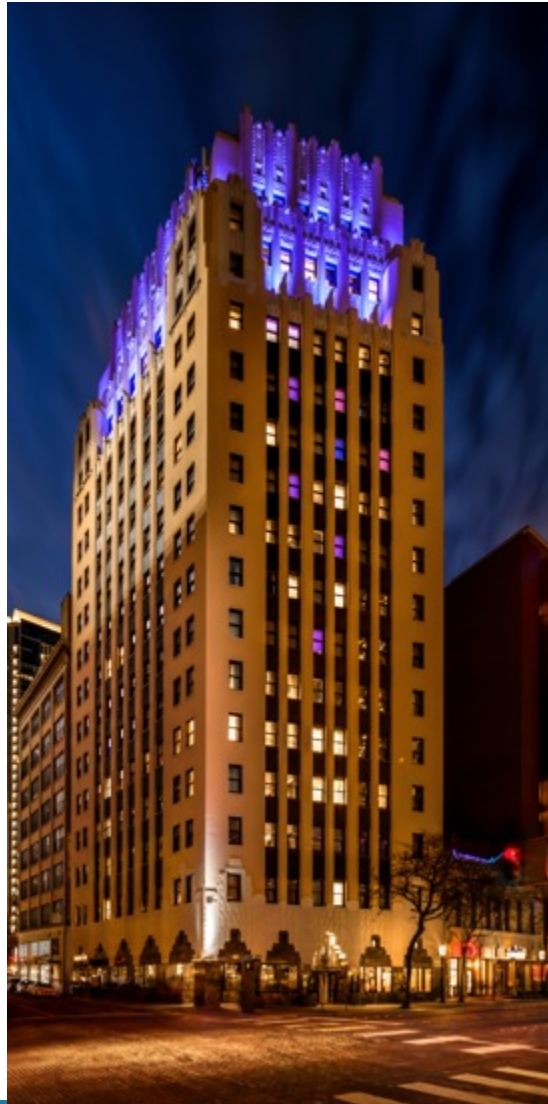
Central Plaza, Temple
\$1 million



Repurposing Historic Office Buildings - Hotels

Westin Medical, Houston
\$24.7 million

Hotel, Fort Worth
\$5.8 million



Sinclair Hotel, Fort Worth
\$8.2 million



BIG IMPACTS ACROSS TEXAS

510 COLLECTIVE, WACO, \$2.4 MILLION
ALTA FRONTERA, FORT DAVIS, \$3.4 MILLION
CONCORD, LAREDO, \$3.6 MILLION
ELGEN GENERAL STORE, \$120,000



R.J. LIEBE COMPANY

Corsicana / Navarro County



Measures:

- HVAC
- LED lighting

Assessment Total:

\$325,000

Utility Savings:

30% Annually



- 60 new, permanent manufacturing jobs



NEXT STEPS – Turbo PACE

- Self-PACE'd Service Provider Training
- Utility Sustainability team PACE awareness
- Meadows Foundation grant – Salesforce Data Base
- Turbo PACE with SECO and RIOCOG
 - Simplifying technical process for projects under \$2 million
 - Software enhancements to underwriting to attract local lenders into the PACE market
- The Future of Keeping PACE with Texas - Keeping quality and uniformity across the state

PACE is a WIN-WIN-WIN (WIN-WIN)

- ✓ **Property Owners** – lower utility bills, energy independence, energy efficiency, property value increase
- ✓ **Contractors** – source of increase in business, more local hiring, best practices, keeping up with technology advancements
- ✓ **Lenders** – new loans, steady & stable process, fully collateralized, Tax Assessment lien position, improved asset value
- ✓ **State of Texas** – reduced peak demand, enhanced grid reliability, distributed generation as resilient power source, improved air quality, water resource conservation
- ✓ **Communities** – increased economic development and jobs, improved building infrastructure, more appealing building stock and plants

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RESOURCES

- **Texas PACE Authority:** www.texaspaceauthority.com
- **TX-PACE Program Guide and Technical Standards**
www.texaspaceauthority.org/Documents/Program%20Guide.pdf?dl=0
- **Events and Training**
www.texaspaceauthority.org/event-directory
- **Case Studies**
www.texaspaceauthority.org/resources/case-studies-marketing/
- **Service Provider Directory**
<https://www.texaspaceauthority.org/service-provider-directory/>



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POWERED BY:

