



TEXAS PACE AUTHORITY

NEW FINANCING OPTION FOR COMMERCIAL PROPERTY OWNERS

Interested in upgrading your commercial property with energy/water efficiency and renewable technologies but lack the needed capital?

A new financing option, PACE (Property Assessed Clean Energy), enables commercial property owners to obtain affordable, long-term loans covering up to 100 percent of the cost for energy efficiency and water conservation technologies.

PACE secures private financing for a term as long as the projected useful life of the improvements, resulting in utility cost savings that exceed the amount of the repayment.

You can modernize your commercial property without fear of over-investment because if you sell the property, the PACE loan repayment obligation transfers with the property to the new owner.

The PACE statute restricts use of PACE financing on multifamily homes under 5 units and on state owned property.

PACE complements utility and manufacturing rebates, tax credits and other incentives.

Typical examples of qualified improvements:

- High efficiency chillers, boilers, and furnaces
- Mechanical system modernization
- Energy system sensors and controls
- Systems to capture, treat and use other on-site sources of water (condensate, rainwater, etc.)
- High efficiency lighting
- Water conservation equipment
- Building enclosure/envelope improvements (insulation, new windows, cool roofs, etc.)
- On site generation such as solar and CHP (resiliency benefits)
- Fuel switching
- Wastewater onsite reuse systems

CASE STUDIES:



CONGREGATION BETH ISRAEL SYNAGOGUE, AUSTIN, TX

The nonprofit financed a \$460,000 project which included major chiller replacements and other holistic energy saving improvements. The synagogue experienced several air conditioning outages last summer, and was continuing to expend money into cooling an uninsulated and inefficient area. As a result of PACE, the facilities have new mechanical systems which resulted in 9,000 kilowatt hour reduction in the first month of operation amounting an annual utility savings of approximately \$15,000.

SANTA ROSA PLAZA, SONOMA, CA

Simon Property Group closed one of the first large-scale commercial PACE projects in California. A local utility financed an audit to determine the most effective combination of improvements and financing options. The project included installing a cool roof, a highly reflective roofing system that stays up to 60 degrees cooler than a typical roof. Soon, Simon Property Group will finance \$2.5 million in retrofits at two enclosed malls in Austin, TX. Simon has numerous properties in Texas and is expected to use PACE to update many other properties including an additional outlet mall in Williamson County.



“With hundreds of people waiting for services, any operational efficiencies we can find allow us to serve more clients,”
 –Kent Herring, CEO of Family Eldercare, a PACE beneficiary

THE FINANCIAL IMPACT OF COMMERCIAL PACE

This example compares self funding and conventional funding with PACE financing:

- Commercial Office Building
- Project involves a \$1.1M energy efficiency retrofit
- Annual energy and maintenance savings of \$125,000 (8.8 years simple payback)
- The project does not pass the property owner’s hurdle rate for investment in energy efficiency
- PACE funding available for 20 years at 6.0%.
- Conventional Funding for 5 years at 4.0% (with 20% down payment%).



Financing Scenario Comparison Summary			
	Self-Funded	Conventional Loan	PACE
Out-of-Pocket Investment	(\$1,100,000)	(\$220,000)	\$0
Savings (First Year)	\$125,000	\$125,000	\$125,000
Annual Payment	\$0	(\$247,090)	(\$95,903)
Cash Flow Impact Year 1	(\$975,000)	(\$342,090)	\$29,097
Net Project Cash Flow Year 2	(\$850,000)	(\$464,180)	\$58,194
Years to Positive Project Cashflow	8.8	11.6	IMMEDIATE
Debt Service Over Finance Term	0	(1,235,449)	(1,918,060)
10-Year Project NPV	(\$261,240)	(\$367,798)	\$195,243
Property Value Increase (20-Year NPV)	\$127,268	\$20,710	\$285,679

YOUR CONVENIENT PACE LOAN ASSESSMENT CAN INCLUDE:

- Cost of materials and labor necessary for the installation of a qualified improvement
- Permit fees
- Inspection fees
- Lender fees
- Program development and engineering fees
- Independent third party reviewer audit fees, including verification fees
- Any other fees or cost that may be incurred by the property owner incidental to the installation, modification or improvement
- Legal, consulting and other fees on an actual cost basis
- Changes to the existing property incidental to the installation

Contact us to discuss your potential PACE project or to learn more about establishing a PACE program in your community.



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