

PACE IN TEXAS

PROGRAM OVERVIEW



www.texaspaceauthority.org

Municipalities
Counties



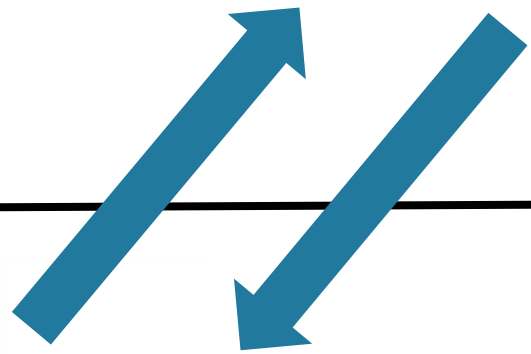
TEXAS PACE
AUTHORITY

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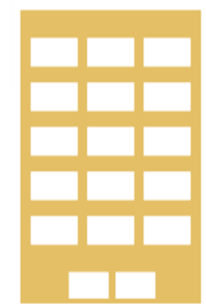


Governmental

Private



Capital Providers



Property Owners



Service Providers

PROPERTY ASSESSED CLEAN ENERGY

Innovative financing tool providing long term, low cost, 100% funding for energy efficiency, water conservation and distributed generation projects

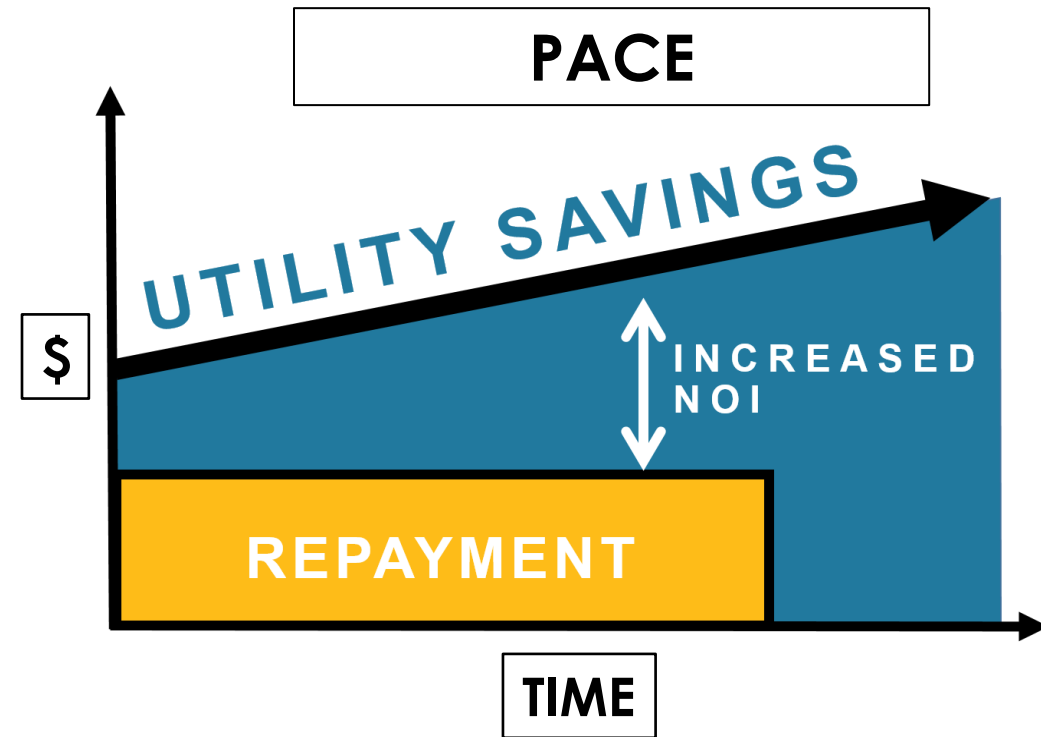
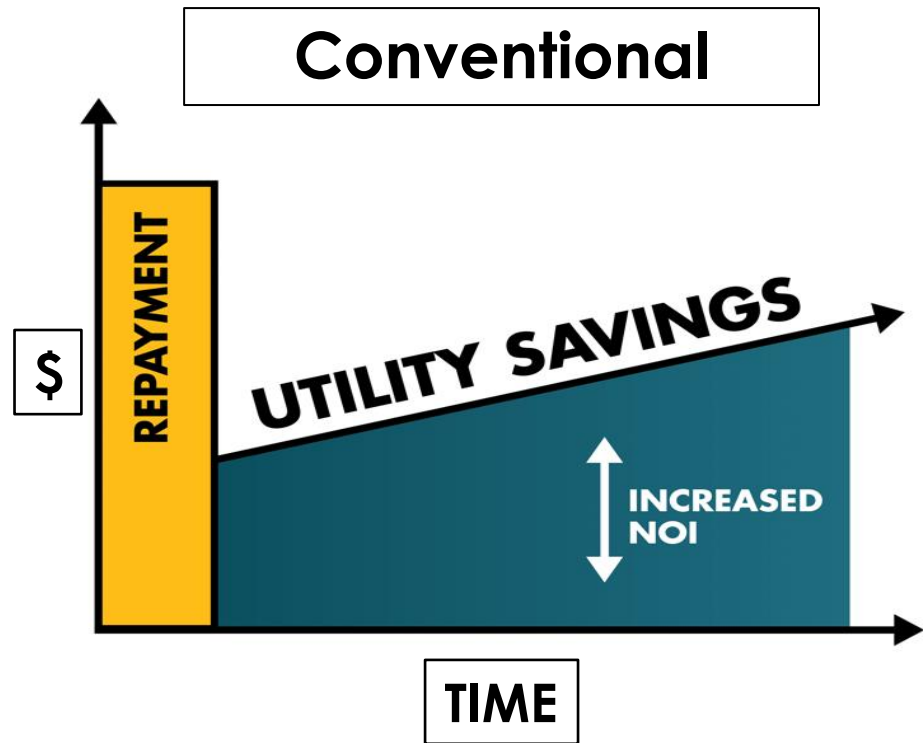
- Private financing secured by a special local property assessment in place over the financing term/useful life of the improvements – like a single parcel PID
 - State Authorized – [Local Gov't Code 399](#)
 - Local Government Enabled
 - Voluntary & Open Market

Eligible Property

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

PROPERTY OWNER BENEFITS

- Pay for today's upgrades with tomorrow's savings
- Lowers utility usage/costs - increases net operating income
- Improves asset valuation - budget neutral/cashflow positive



CAPITAL STACK BENEFIT - DEVELOPER

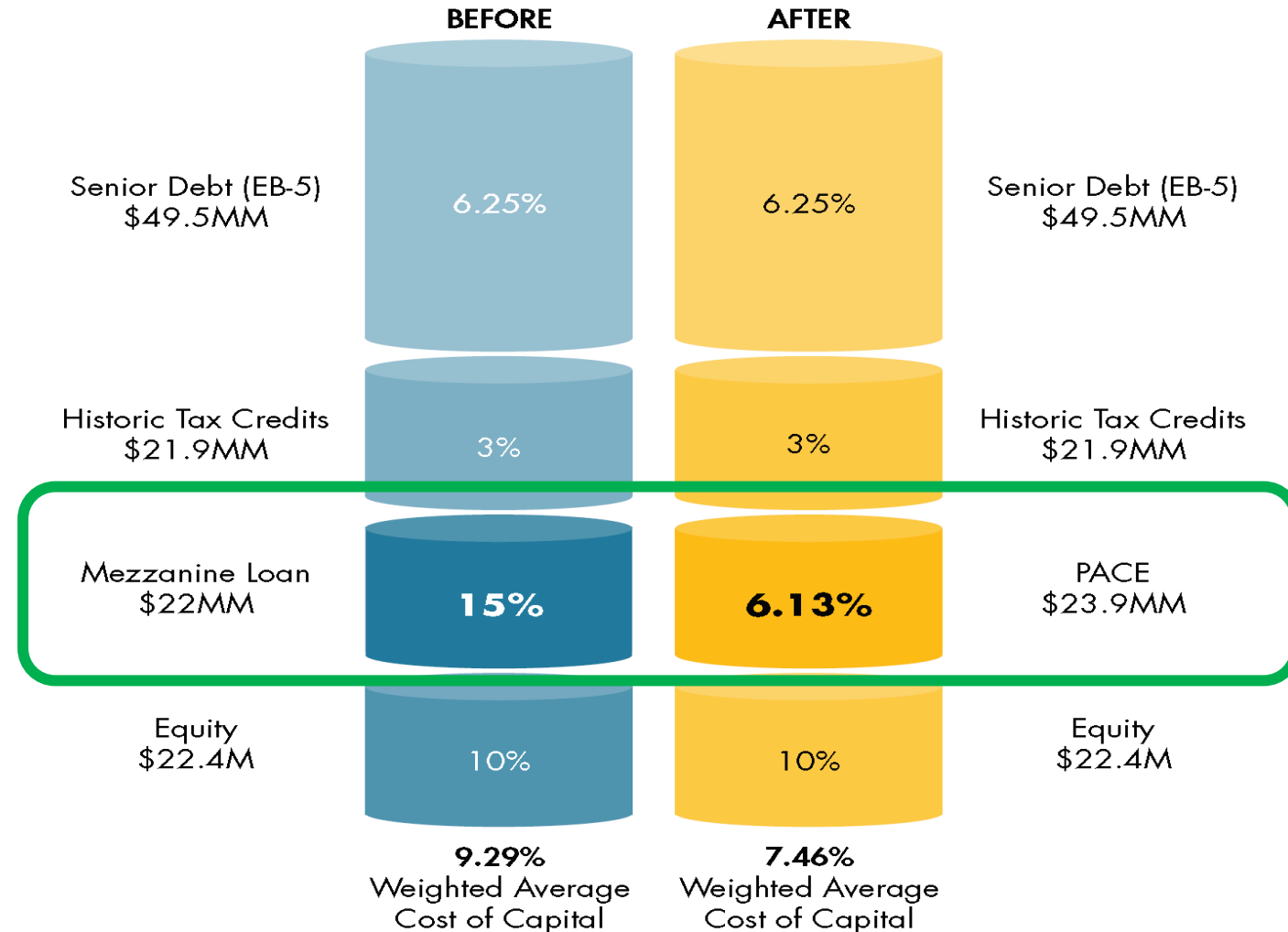
Redevelopment Example

Before

- \$116M
- 9.29% cost of capital

After

- w/\$24M PACE loan
- \$118M
- 7.46% cost of capital **(-20%)**



PACE USES

Projects that reduce energy or water usage or generate power onsite

- **Retrofit/Repurposing**

- New MEP systems, HVAC, building envelope upgrades, onsite generation

- **New Construction/Redevelopment**

- Above code, higher performance systems

- **Refinancing**

- Within 24 months of last PACE eligible improvement

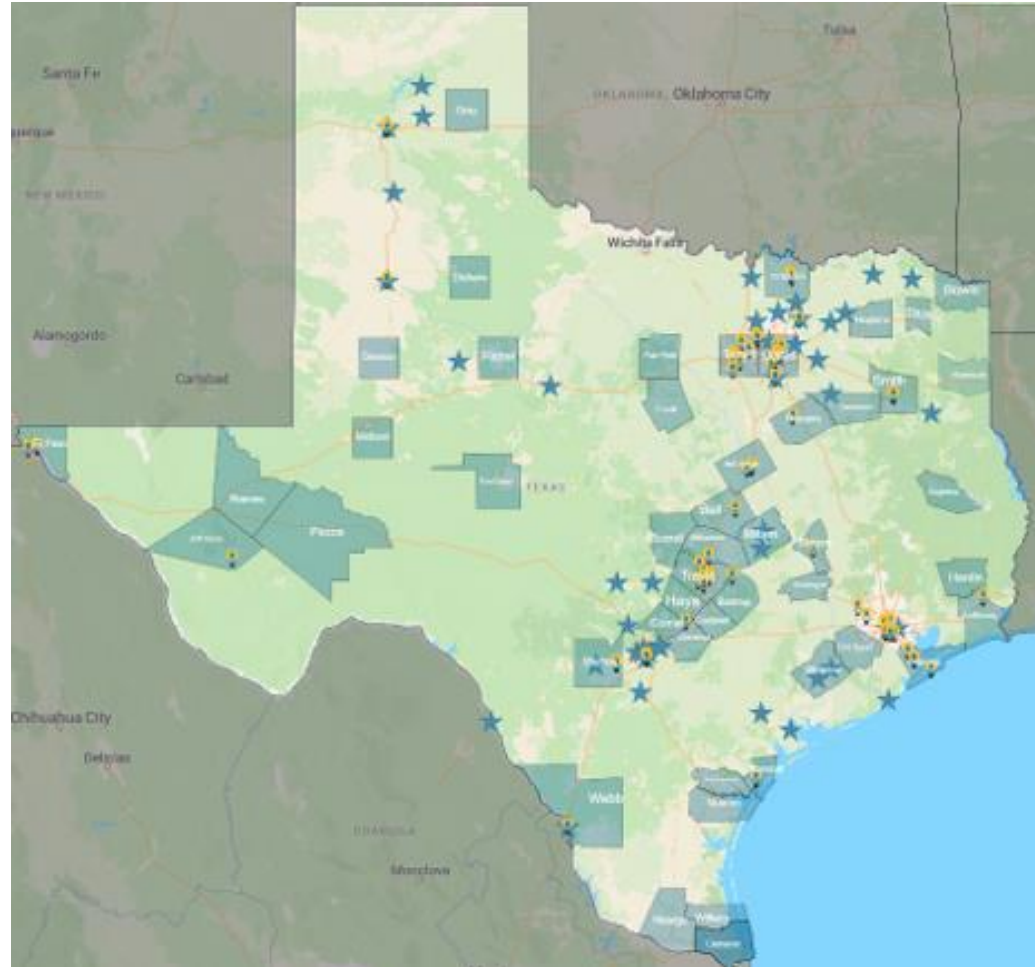
THE GROWING TEXAS PACE MARKET

As of February 2024

95 local PACE programs
42 City
49 County

73% of Texas' population covered

<https://www.texaspaceauthority.org/service-areas/>



Municipalities
Counties



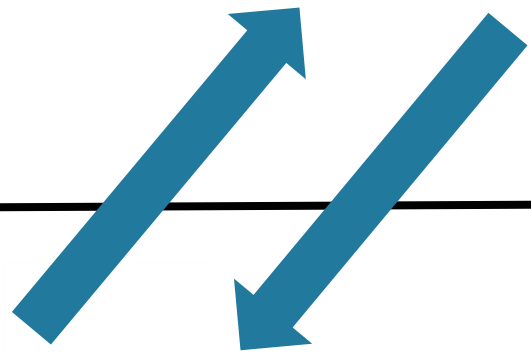
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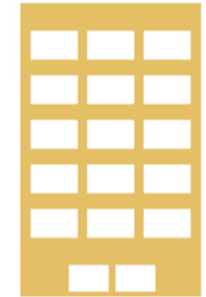


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Capital Providers



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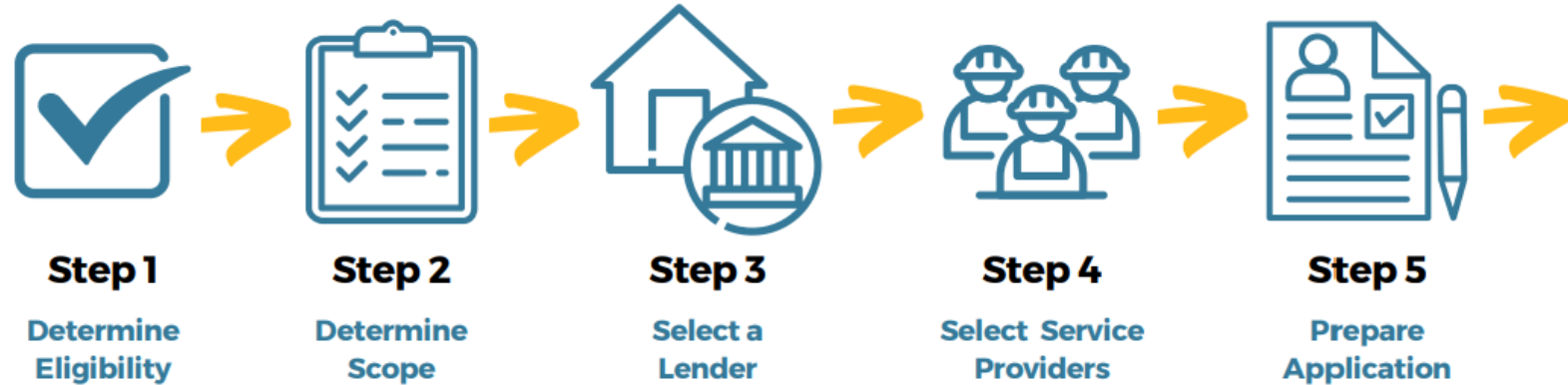


Service Providers

TPA's PROJECT DEVELOPMENT PROCESS

www.texaspaceauthority.org/quick-start-guide

Phase 1 Pre-Application Feasibility



Phase 2 Post-Application Execution



PACE UNDERWRITING CRITERIA

Savings to Investment Ratio (SIR)

- SIR \geq 1 required
 - Utility/Operating Savings >50% --- Financial Savings < 50%
 - Verified by Independent Third Party (Texas Licensed PE)

Loan to Value (LTV)

- PACE financing can be up to 25% of CAD-assessed property value
 - Variance for market value/as stabilized basis

Loan Term

- \leq to weighted useful life of PACE-financed measures

Mortgage Holder Consent

- Senior lender must consent to PACE assessment (if applicable)

TX-PACE PROJECT DIVERSITY

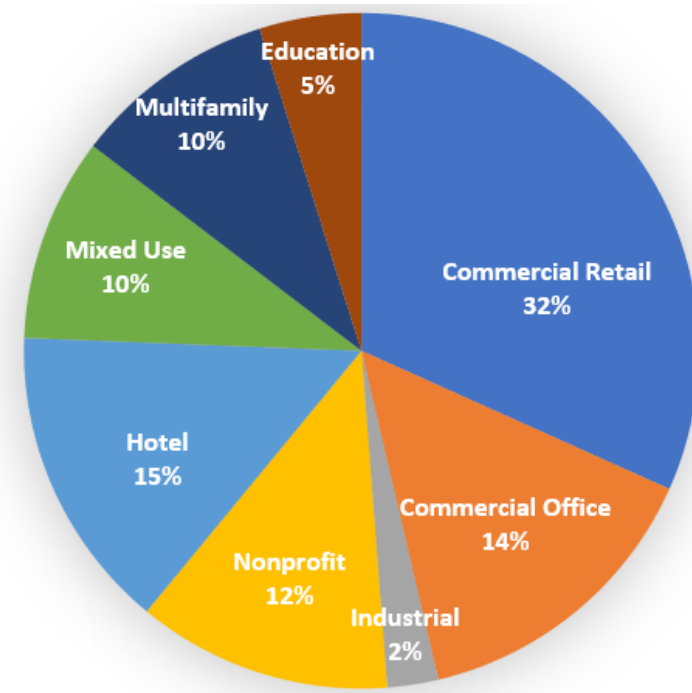
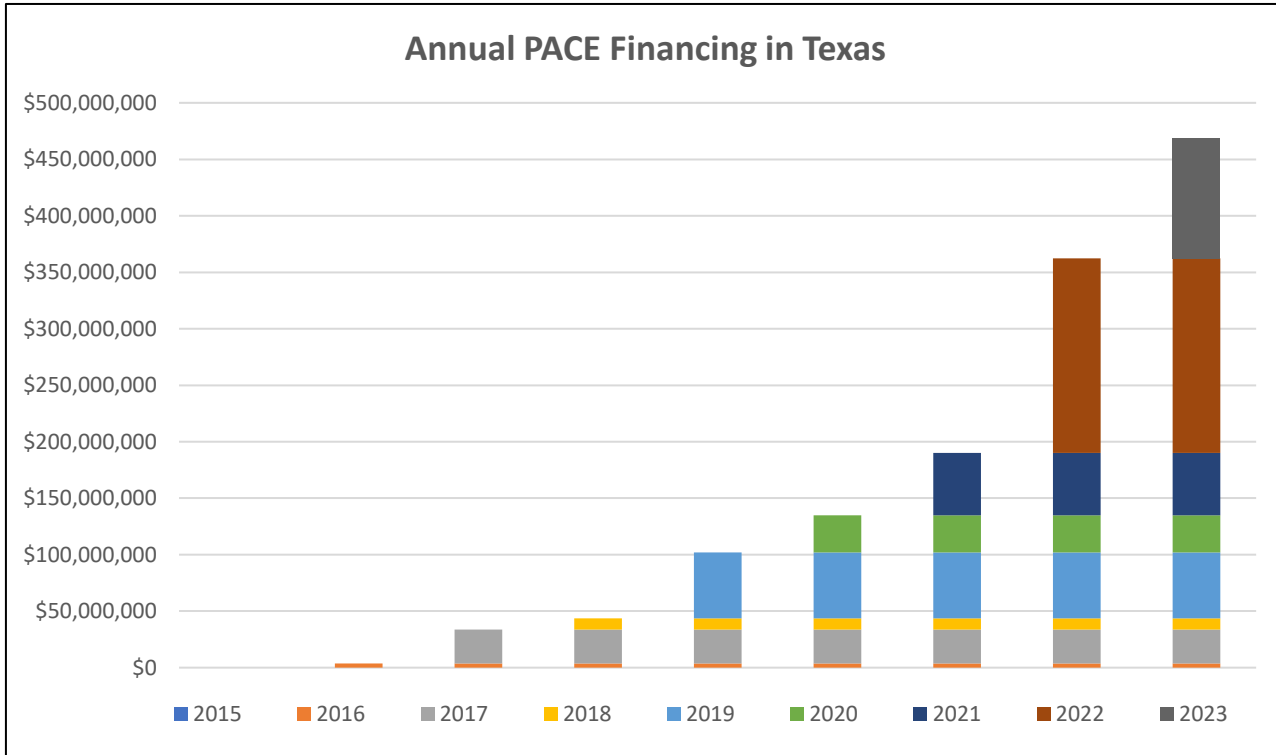
www.texaspaceauthority.org/project-list

- Urban and rural
- Office, mixed-use, non-profit, hospitality, multi-family, parking garage, retail, manufacturing
- Energy efficiency, water conservation, distributed generation & demand reduction/resiliency projects
- Project sizes: \$68,000 - \$48,000,000
- All received 100% financing



TEXAS PACE BY THE NUMBERS

\$472 million of Investment



MEASURE TYPE
Energy Efficiency: 55% / Water Conservation: 33% / Distributed Gen: 12%

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

- ✓ **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
- ✓ **Property Owners** – lower utility bills/operating costs, energy independence, energy efficiency, property value increase
- ✓ **Contractors** – source of increase in business, more local hiring, best practices, keeping up with technology advancements
- ✓ **Lenders** – uniform project QC – technical & underwriting, fully collateralized, tax assessment lien position, improved asset value, foothold in “green” projects