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IMPROVING PROPERTIES. INCREASING CAPITAL.

LEVERAGING TX-PACE FOR BIG WATER SAVINGS IN THE ICI SECTOR

2018 Gulf Coast Water Conservation Symposium| March 22, 2018

Texas PACE answers the question,

How are we going to pay for it?

TX-PACE is transforming how developers, owners, and contractors look at projects, proving that there is a clear path forward for energy efficiency, distributed generation, water reduction, and resiliency projects in existing buildings

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WHAT IS TX-PACE?

TEXAS PROPERTY ASSESSED CLEAN ENERGY

A simple way of paying for capital projects with no money out of pocket.

- ***What:*** **100% long term, low cost financing Energy efficiency, water conservation, and distributed generation/ resiliency projects**
- ***Where:*** **On commercial (non-profit, hospitality, healthcare); industrial (+ manufacturing agricultural); and multi-family (5 units+) properties**

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WHAT TX-PACE DOES

Creates local jobs · Improves resource conservation · Saves money

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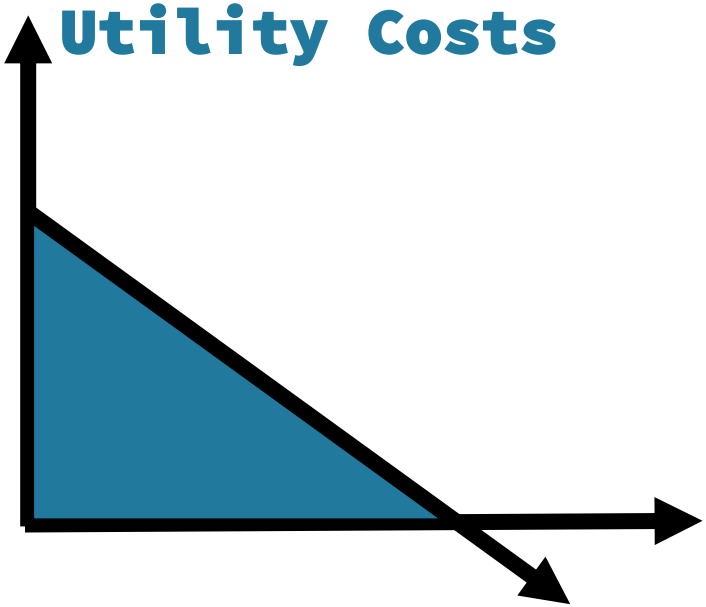
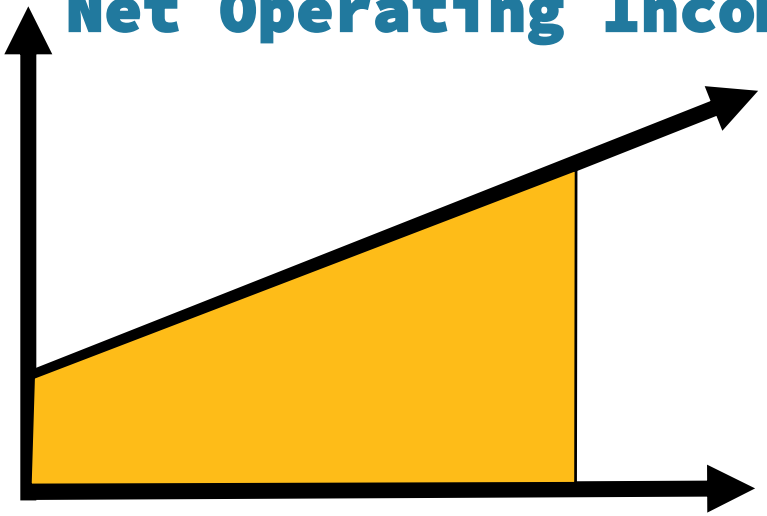
WHAT TX-PACE DOES

LOWER
Utility Costs



INCREASE
Net Operating Income



Bottom Line: increases building value AND increases community value

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TX-PACE BENEFITS

- **Property Owners**: decrease utility bills, increase property value, align landlord and tenant interests
- **Contractors**: increase local hiring, remove customer financial barriers, accelerate project timelines
- **Capital Providers**: new loans, fully collateralized, improved asset value, stable process
- **Local Communities**: job growth, economic development, improved building infrastructure /stock
- **State**: reduce peak demand, improve grid loading, enhanced water conservation

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HOW TX-PACE WORKS

A Building Owner:

If the owner, building, and project all meet PACE requirements:

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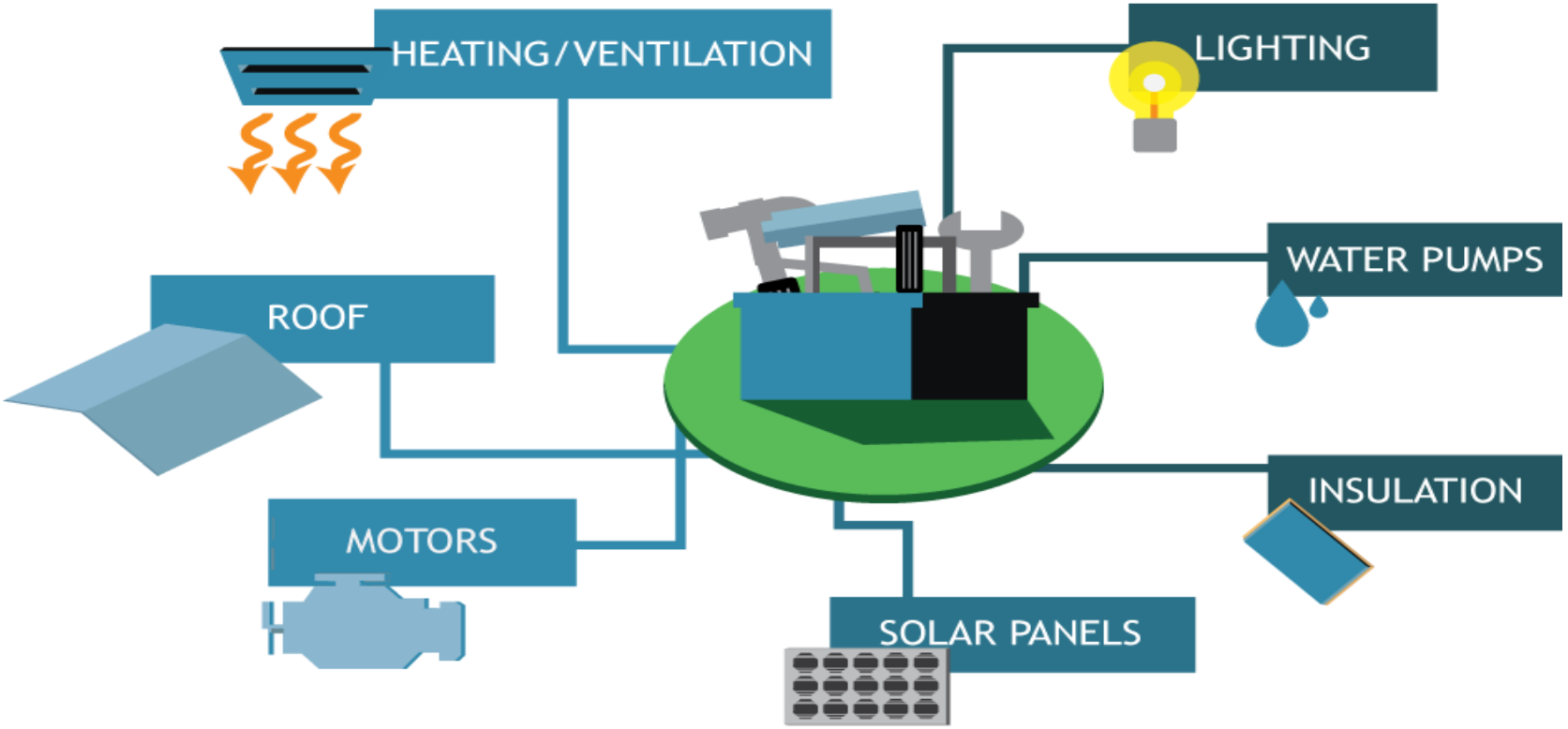
ELIGIBLE IMPROVEMENTS

Projects that reduce energy or water usage or generate energy onsite.

Many of these measures can also make the property m



…and more!

Image source: http://pacenation.us/what-is-pace/

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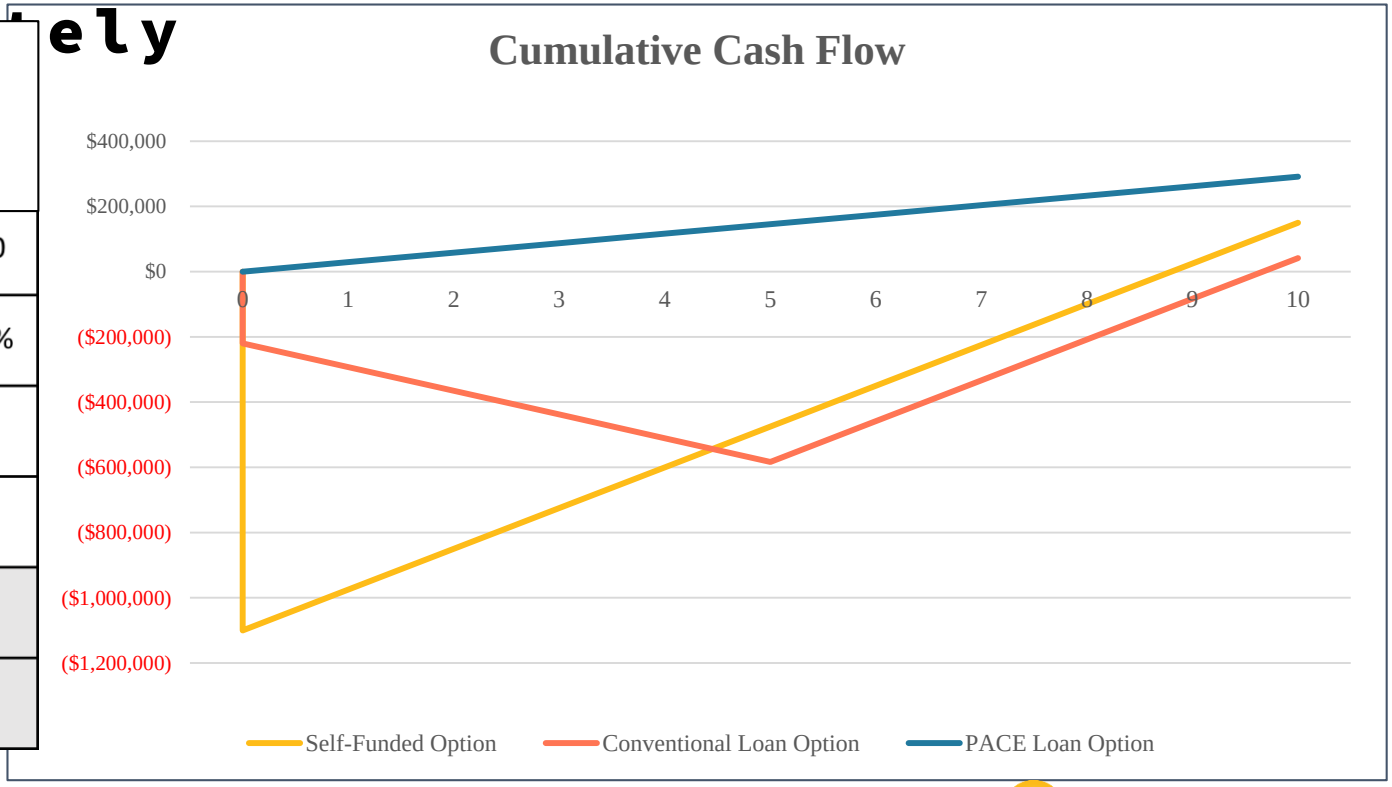
LONG SIMPLE PAYBACK? NO PROBLEM!

FINANCIAL IMPACT OF TX-PACE

- Increase property value with no capita investment by building owner
- Generate positive cash flows ely

Example: $1.1M Efficiency Upgrade Savings $125K/yr	
Project Cost	$1,100,000
Term	20 Yrs @6%
Annual Pmt	($95,903)
Avg Annual Savings	$125,000
NOI Impact	**$29,097**
Value Impact (@7.5%)	**$296,629**



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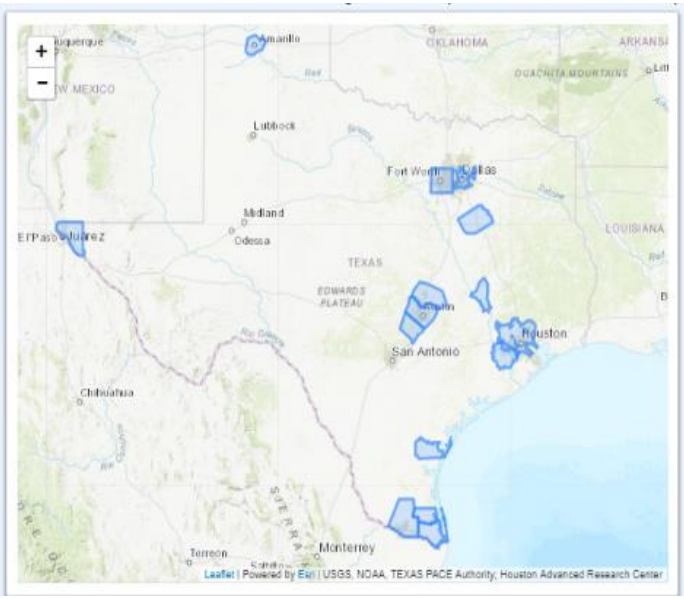
TX-PACE ACROSS THE STATE

- + 40% of state population covered
- Over $30 million of investment
- More than 255 jobs created
- 17 regions



COUNTIES:

Brazos County
Cameron County
El Paso County
Fort Bend County
Hays County
Hidalgo County
Jefferson County
Navarro County
Nueces County
Tarrant County
Travis County
Willacy County
Williamson County

CITIES:

City of Amarillo
City of Dallas
City of Farmers Branch
City of Houston

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TX-PACE PROJECT DIVERSITY

- Urban and suburban
- Commercial office, mixed-use, manufacturing, non-profit, house of worship, hospitality, retail
- Energy efficiency, water conservation, distributed generation and demand reduction/resiliency projects
- Project sizes: $130,000 to $24,000,000
- All received 100% financing

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Butler Brothers Building Dallas

Measures:

- HVAC
- Lighting
- Insulation
- Roofing
- Glazing
- Plumbing
- Irrigation
- Exterior Waterproofing/Plaster

Assessment Total: $24 Million
Annual Savings: 40% energy reduction
700,000 gallons of water; 3,500 metric tons CO_{2e}

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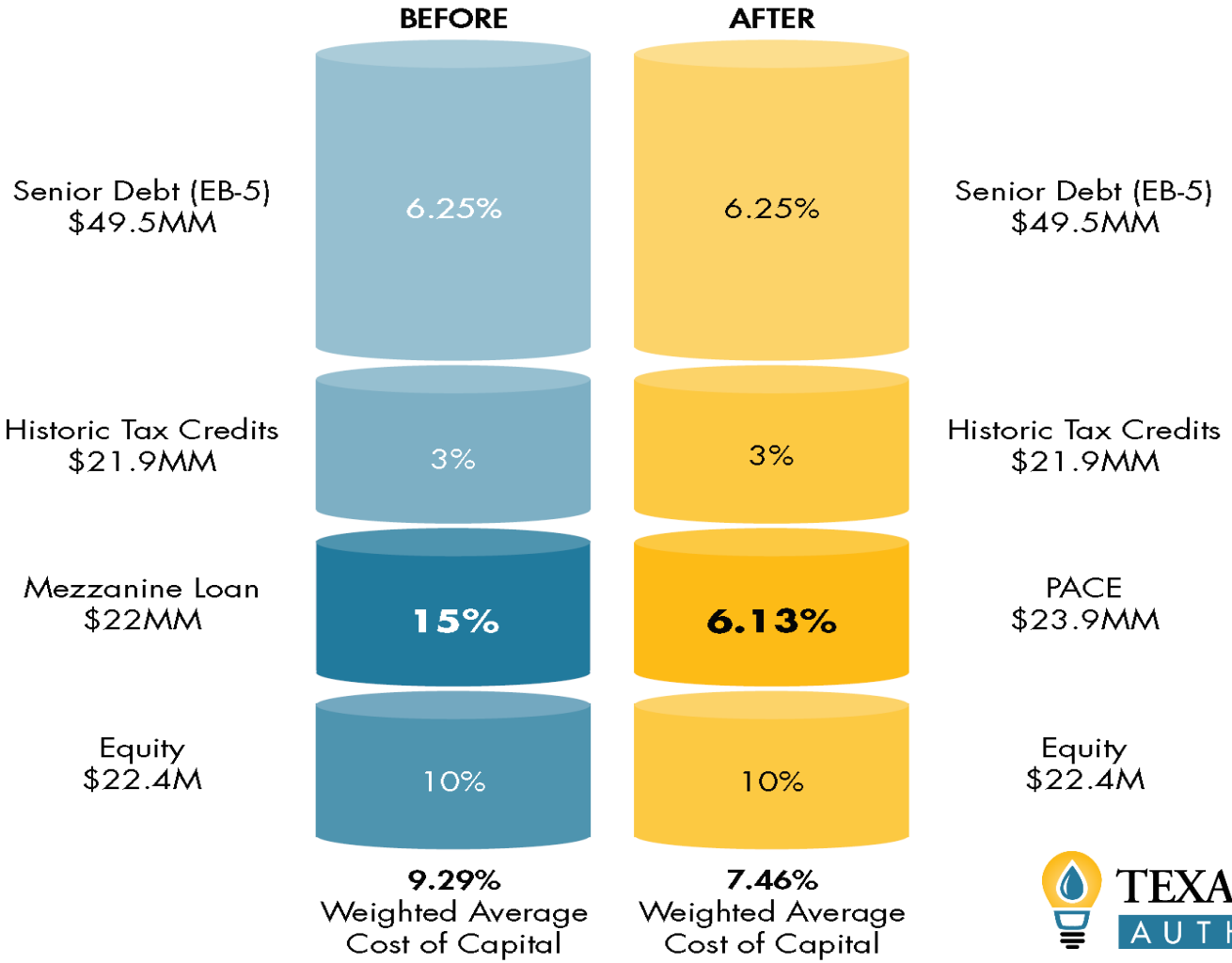
CAPITAL STACK APPROACH: DEVELOPER

Example: $24M Multifamily Redevelopment



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Simon Property Group
Travis and Williamson

Measures:

- HVAC
- Lighting
- Water

Assessment Total: **$3 Million**

Annual Savings:
24 Million Gallons

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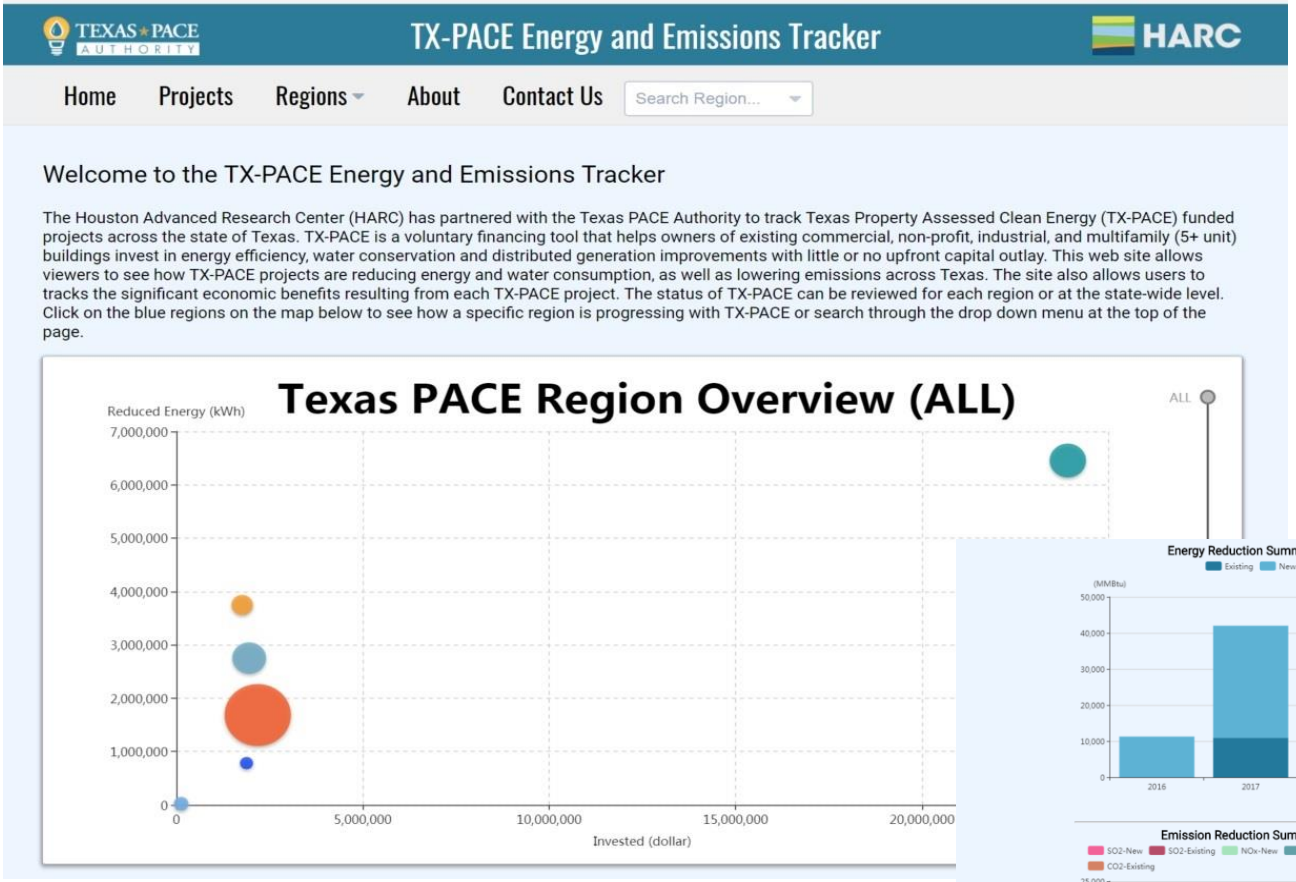
UNIFORM STANDARDS = UNIFORM DATA



http://pace.harcresearch.org/

RESOURCES

- **Program Guide and Technical Standards –** https://www.texaspaceauthority.org/Documents/Program%20Guide.pdf?dl=0
- **TX-PACE for the Business Community –** https://www.texaspaceauthority.org/wp-content/uploads/Private-Sector-092617.pdf
- **TX-PACE for Disaster Recovery –** https://www.texaspaceauthority.org/wp-content/uploads/Texas-PACE-Program-Provides-Businesses-another-Tool-for-Disaster-Recovery_final.pdf
- **TX-PACE Energy and Emissions Tracker –** http://pace.harcresearch.org
- **Events and Training –** https://www.texaspaceauthority.org/event-directory/

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IMPROVING PROPERTIES. INCREASING CAPITAL.

TEXAS' OPEN-MARKET PACE PROGRAM ADMINISTRATOR

POWERED BY:

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TexasPACEAuthority.org

TX-PACE for Recovery

As many owners search for financial solutions to fix properties damaged by Hurricane Harvey, Texas PACE Authority is working with local governments to help communicate TX-PACE as an effective recovery tool.

TX-PACE is transforming how developers, owners and contractors look at projects, proving that there is a clear path forward to disaster recovery, energy efficiency, distributed generation, water use reduction and resiliency improvements.

Learn more about TX-PACE for Recovery

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