



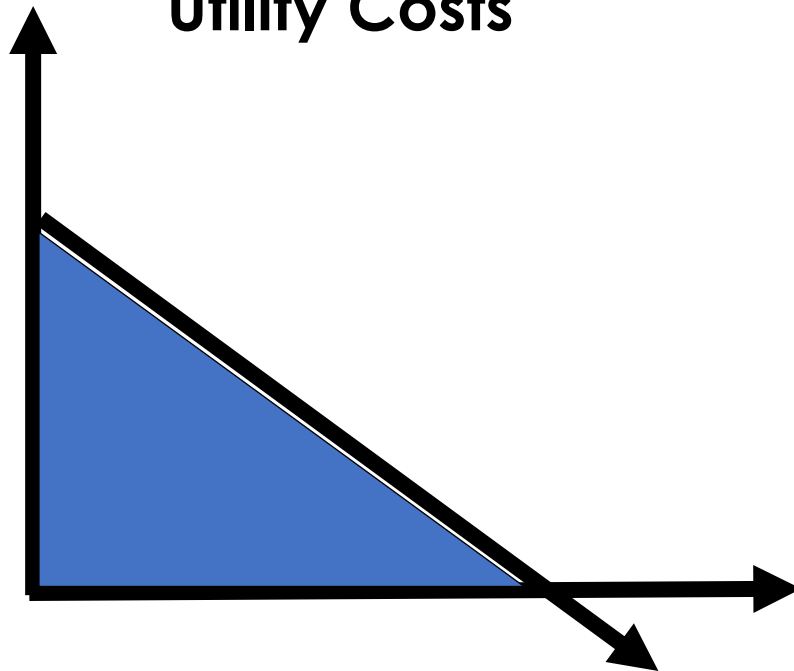
TX- PACE Program Benefits for TACDC Communities

April 18, 2023

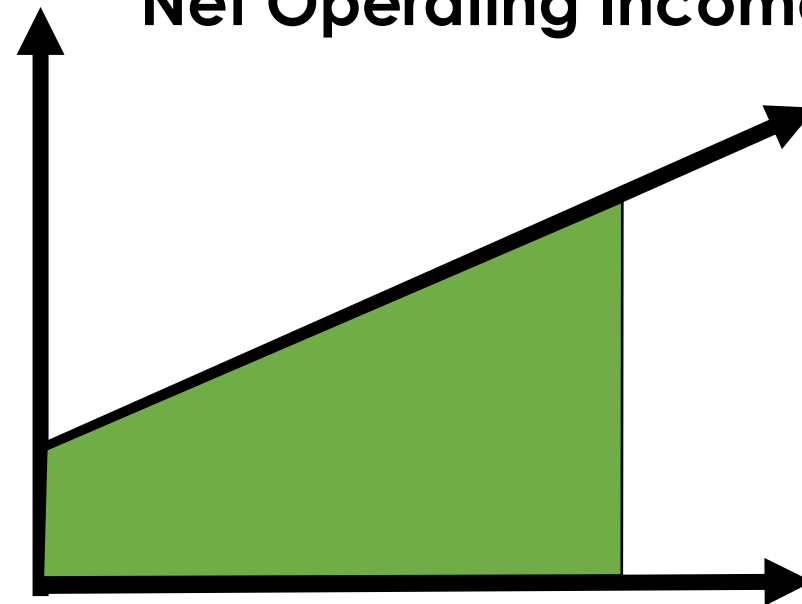
Charlene Heydinger, president
charlene@texaspaceauthority.org

WHAT TX-PACE DOES

LOWER
Utility Costs



INCREASE
Net Operating Income



Bottom Line: Increased Building Value

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
 - 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)

WHAT TX-PACE DOES

BEFORE



AFTER



The Jewel of West Texas: Barfield
officially opens in downtown Amari

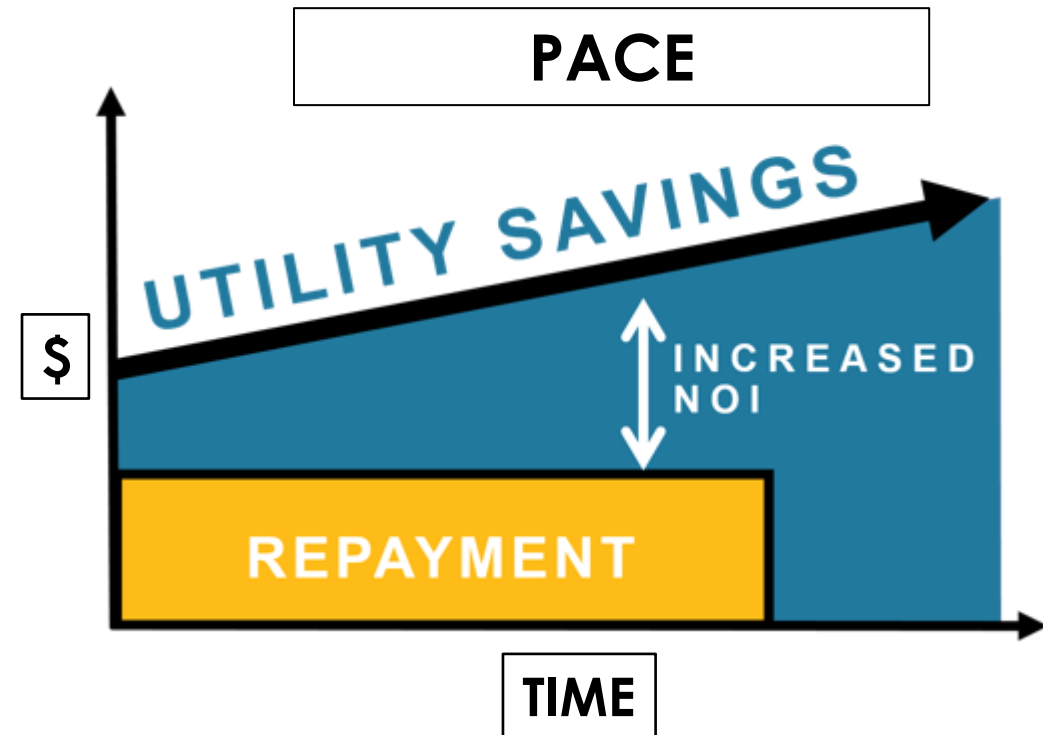
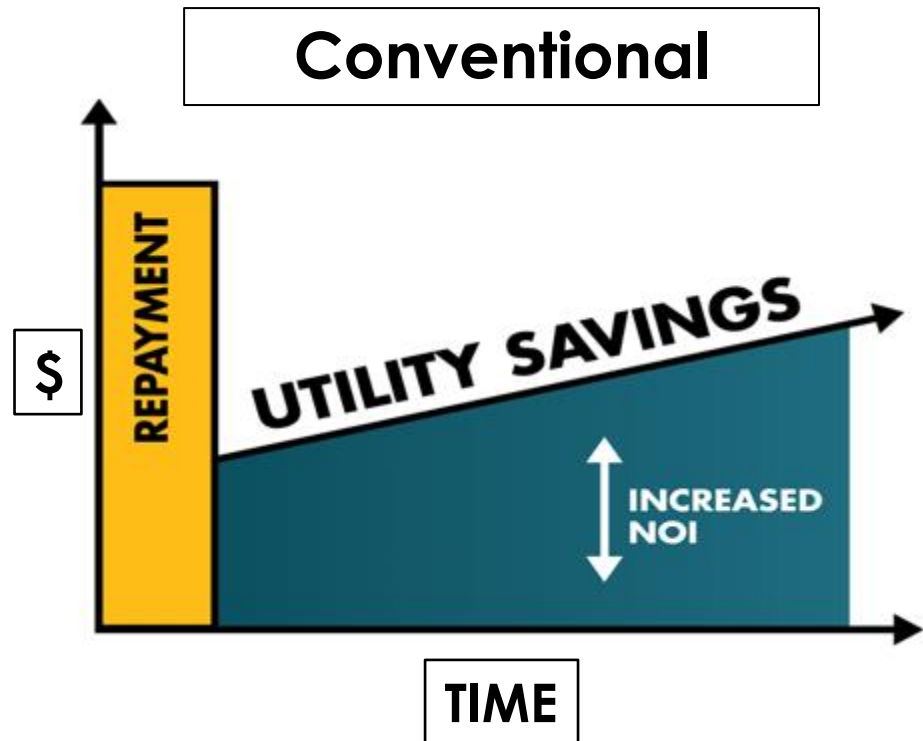
[David Gay](#) Amarillo Globe-News



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

WHY PACE?

- Improves assets – budget neutral/cashflow positive
 - Lowers utility usage/costs
 - Increases net operating income



Municipalities
Counties



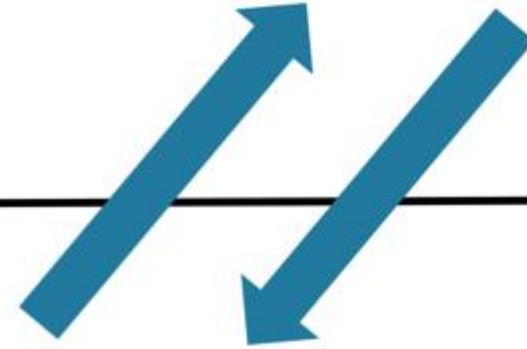
TEXAS PACE
AUTHORITY

501(c)(3)



Governmental

Private



Capital Providers



Property Owners



Service Providers

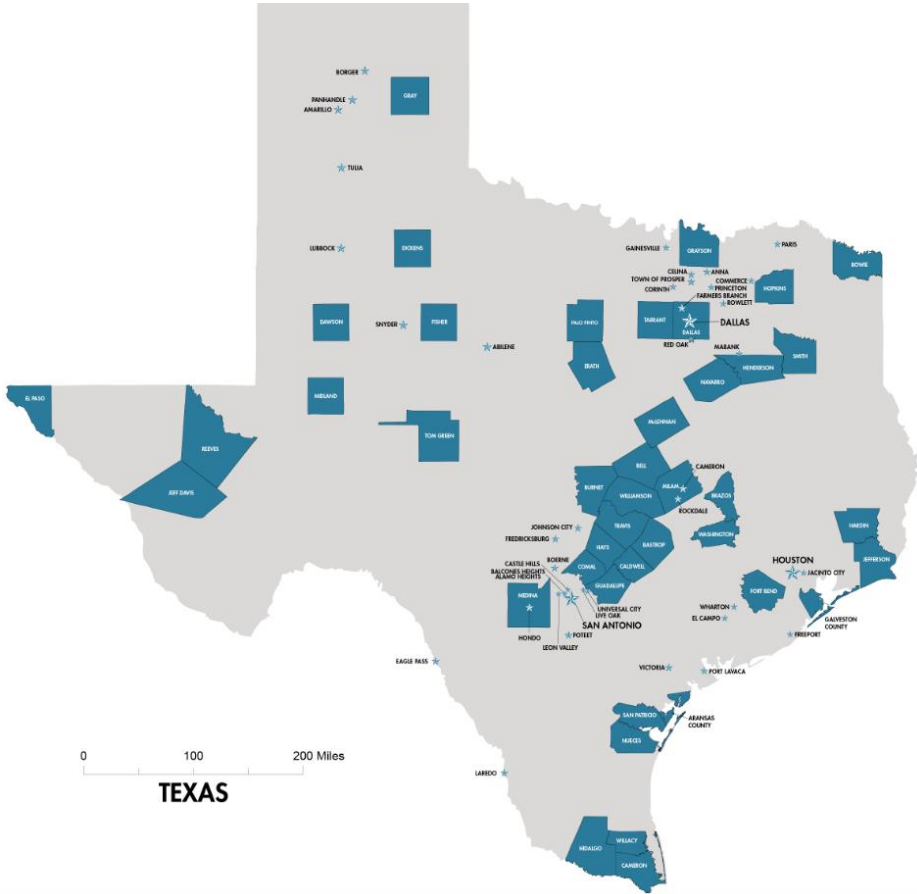
THE GROWING TEXAS PACE MARKET

COUNTIES THAT HAVE ADOPTED PACE PROGRAMS

Aransas	Bastrop	Bell	Bowie	Brazos	Burnet
Cameron	Caldwell	Dallas	Comal	Dawson	Dickens
El Paso	Erath	Fisher	Fort Bend	Galveston	Gray
Grayson	Guadalupe	Hardin	Hays	Henderson	Hidalgo
Hopkins	Jeff Davis	Jefferson	Medina	McLennan	Midland
Milam	Navarro	Nueces	Palo Pinto	Reeves	San Patricio
Smith	Tom Green	Tarrant	Travis	Washington	Willacy
Williamson					

CITIES THAT HAVE ADOPTED PACE PROGRAMS

Abilene	Alamo Heights	Amarillo	Anna	Balcones Heights	Boerne
Borger	Cameron	Castle Hills	Commerce	Corinth	Dallas
Eagle Pass	El Campo	Farmers Branch	Fredericksburg	Freeport	Gainesville
Hondo	Houston	Jacinto City	Johnson City	Laredo	Leon Valley
Live Oak	Lubbock	Mabank	Panhandle	Paris	Poteet
Port Lavaca	Princeton	Prosper	Red Oak	Rockdale	Rowlett
San Antonio	Snyder	Tulia	Universal City	Victoria	Wharton



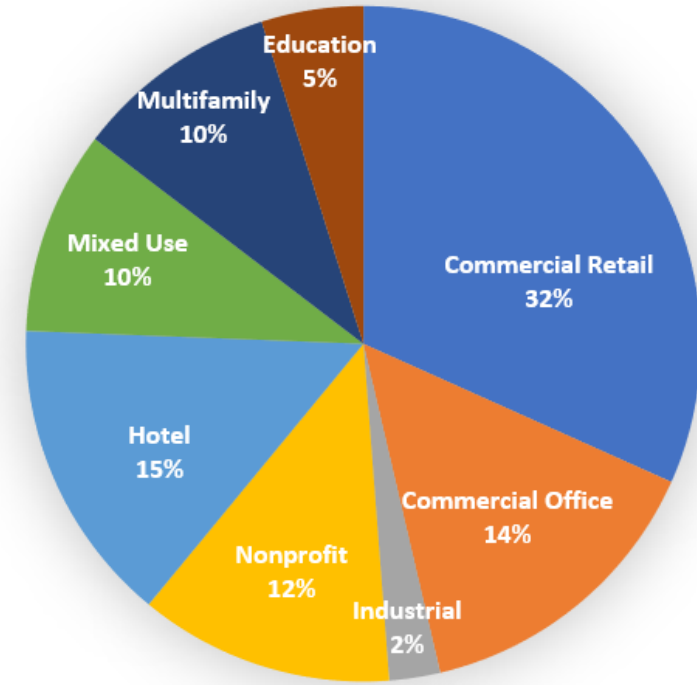
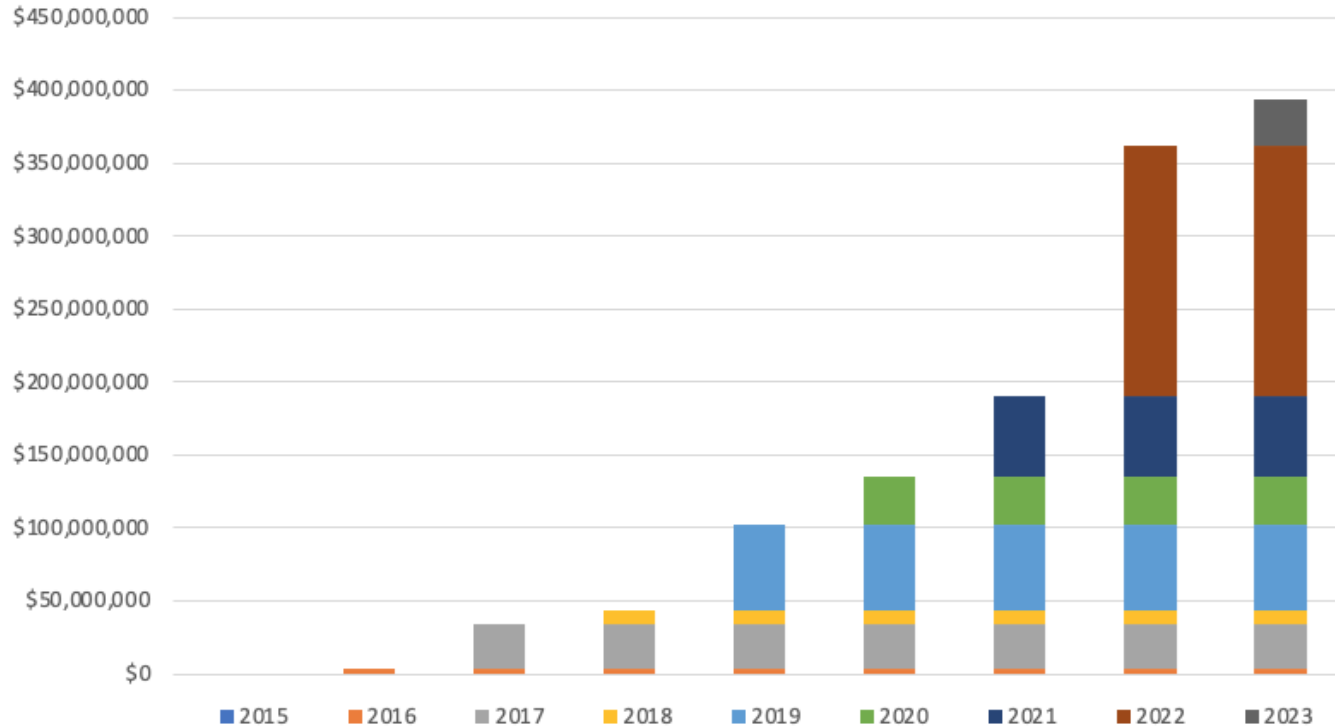
85 local PACE programs 73% of state population covered



THE GROWING TEXAS PACE MARKET



Annual PACE Financing in Texas



76

Projects Completed



\$ 394,583,380

Dollars Invested



5,004

Jobs Created



43,826

CO2 Reduced (tonnes/yr)



76,067,586

Energy Saved (kWh/yr)



79,929

Natural Gas Saved (mmBTU/yr)



111,109,790

Water Saved (Gal/yr)

WHY PACE IS IMPORTANT

- Importance to local governments and communities throughout Texas
 - Addressing Texas' housing shortage
 - Increasing viability of existing market affordable housing undergoing gentrification pressure
 - Bringing older apartments into permitting compliance and improving quality of life of tenants
 - Reducing utility costs and preserving resources for local growth
- Importance to developers and owners in the HUD FHA multifamily community – finding essential capital

1225 NORTH LOOP WEST

Houston



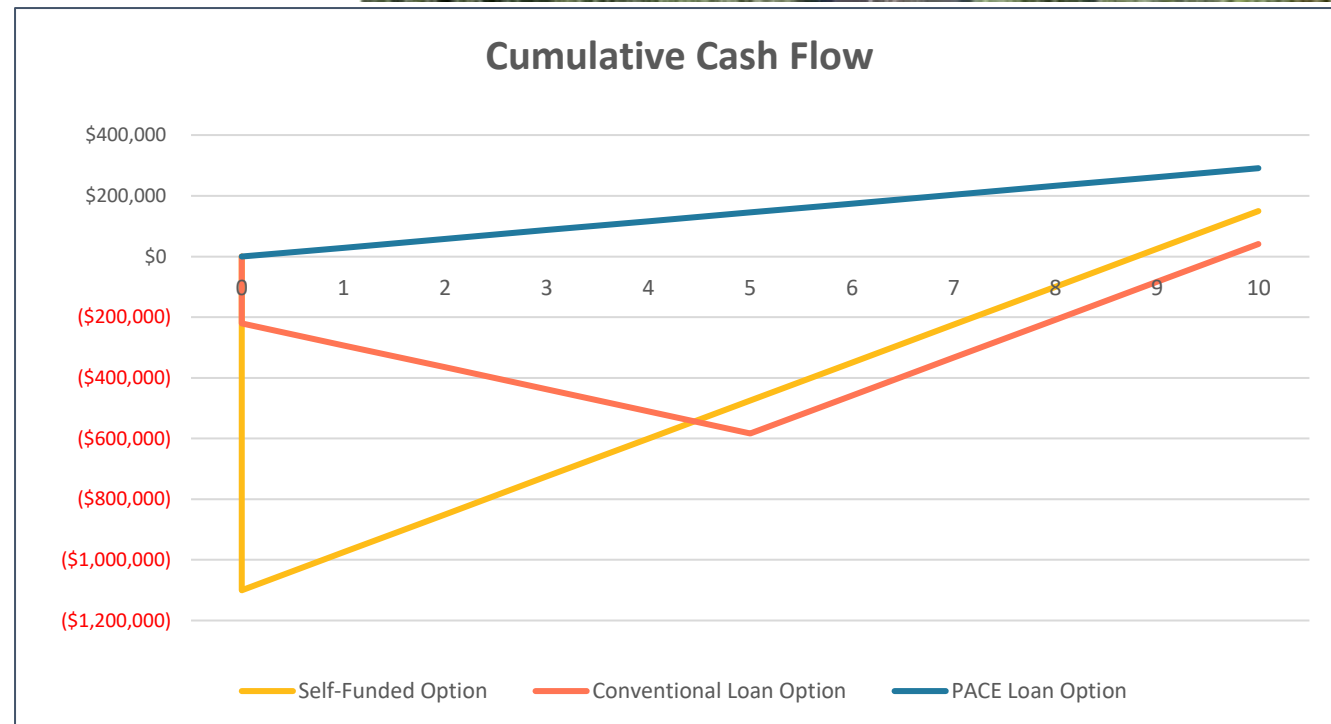
Assessment Total:
\$1,304,352

Measures:

- HVAC
- BAS
- LED lighting

Utility Incentives:
\$30,000

Utility Savings:
38% Annually



REPURPOSING HISTORIC OFFICE BUILDINGS TO MULTIFAMILY

Travis Building, San Antonio
\$5 million



Central Plaza, Temple
\$1 million



Stratton Building, Waco
\$1.6 million



PACE and Multifamily Housing



- Austin, repurposed motor court hotel, \$1,626,653
- Dallas – Historic repurpose of Butler Brothers mercantile warehouse, \$23,912,325
- Laredo apartment renovation, \$3,577,294



Concord Apartments, Laredo, 2022

Multifamily New Construction



- Austin: \$12,000,000
- Dallas:
 - \$26,859,837
 - \$1,595,864
- Flower Mound, \$34,000,000
- Houston, \$2,800,000
- Rockport:
 - \$7,660,808
 - \$4,000,000



Pearl Point Apartments, Rockport
First Post Hurricane Harvey multifamily PACE project

TPA gets to “Yes” with HUD, December 2022

- January 2017 - HUD issues HUD Notice 2017-01
 - Section II: Lists applicable HUD and FHA multifamily properties
 - **Section IV: Lists 5 requirements for Administration approval**
 - Section V: Lists 14 PACE approval conditions for HUD and FHA applicable properties
 - Section VI: Outlines HUD’s PACE approval process
- December 2022 – HUD issues PACE Program Assessment Conditional Approval letter to Texas PACE Authority
- Submissions to HUD for approval to use PACE must be detailed and follow directions in Notice 2017-01 **and** TPA’s conditional letter in detail.



TPA's Section IV APPROVAL WITH CONDITIONS:

- In TPA receives Texas AG opinion confirming that PACE is a governmental assessment
- Texas, the the tax assessor/collectors do not include PACE assessment installments on tax bills and do not collect assessment installments; solution: **The owner of a HUD or FHA property must escrow PACE installments for payment directly to the PACE Lender**
- FHA and HUD installments must be made semi-annually or annually
- Mortgagees receive 60 notice of default and right to cure
- Retroactive PACE is not permitted;
- NO acceleration of assessment amount
- **Submissions to HUD for approval to use PACE will require close communication and collaboration**



Repurposing Historic Office Buildings - Hotels

Westin Medical, Houston
\$24.7 million

Hotel, Fort Worth
\$5.8 million



Sinclair Hotel, Fort Worth
\$8.2 million



FALLSTAFF HOTEL

Galveston County / Galveston Island

Measures:

- Envelope
- LED lighting
- HVAC
- Plumbing

Assessment Total:

\$5,622,500

Annual Savings:

- 952,039 kWh
- 1,022,000 gallons



Small Town Revitalization: Castroville



Historic Post office, now office, \$145,000

TWO OF FIVE, THIRD APPLICATION RECEIVED

1907 Commercial
building, becoming
2 tenant restaurant
\$690,000



PACE for Medical Facilities



Beaumont Behavioral Health

\$3,965,700

Measures: Building Envelope,
Lighting, HVAC, Water conservation

Tyler Regional Hospital

\$8,500,000

Measures: HVAC, Interior Infrastructure
Exterior Infrastructure, Central Sterile



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



PACE IN A BOX

A tool kit of recommendations and templates for counties and municipalities to:



- ▶ **Create uniform, user friendly, scalable, and sustainable PACE programs**
- ▶ **Administered by a nonprofit in a transparent manner, focused on gov't tasks; free market with decision/power in hands of property owner**



LOCAL GOVERNMENT ACTION



- ✓ **Post Report on how the program will work**
- ✓ **Pass a Resolution of Intent**
- ✓ **Hold a Public Hearing**
- ✓ **Adopt a Resolution Establishing PACE Program**

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

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/>



TEXAS ★ PACE

AUTHORITY

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POWERED BY:

