



# Commercial PACE in Texas

Property Assessed Clean Energy (PACE) is an innovative financing program that enables owners of commercial and industrial properties and residential properties with five or more units to obtain low-cost, long-term loans for water conservation, energy efficiency improvements, and renewable retrofits.

## Start Saving Energy, Water, and Money Now

Passed and signed into Texas state law during the 2013 legislative session, the PACE statute, SB 385, authorizes municipalities and counties to create a local PACE program. They can also work with private sector lenders and property owners to finance qualified improvements using an economic development tool called the contractual property assessment. In exchange for funds provided by a private lender to pay for the improvement, the property owner voluntarily requests that the local government place an assessment secured with a senior lien on the property until the assessment is paid in full. The assessment is owed to the local government, which forwards the payments to the private lender.

## PACE in a Box

To expedite the establishment of local PACE programs in Texas and to facilitate a consistent, state-wide approach to PACE design and implementation, Keeping Pace in Texas (KPT), a non-profit, non-partisan association, organized a broad-based coalition of more than 130 stakeholders to develop a free toolkit for local governments to use in creating and implementing their PACE programs. The toolkit, known as “PACE in a Box,” contains all of the design elements, documents, and implementation steps necessary for a local government to establish an effective PACE program quickly and economically. PACE in a Box is the first and only PACE program designed by market stakeholders. The open-market model creates a uniform, user-friendly, sustainable and scalable PACE program for Texas.

## Details

The term of a PACE assessment may extend up to the projected life of the improvement, resulting in utility cost savings that exceed the amount of the assessment payment. As a result, improvements financed through PACE generate positive cash flow upon completion with no up-front, out-of-pocket cost to the property owner.

PACE enables property owners to overcome market barriers, such as limited payback periods and lack of access to capital, that discourage investment in energy efficiency and water conservation improvements. PACE provides the property owner with upfront financing for 100% of the cost of a qualified improvement and allows the property owner to amortize the debt over the useful life of the improvement, resulting in cost savings that exceed assessment payments. If the property is sold before the full amount of the PACE loan is repaid, the current repayment obligation automatically transfers to the next owner because the lien securing the PACE assessment follows title to the property. Successive property owners assume the lien and continue to reap the utility savings enabled by the improvement. PACE does not impose a burden on the local government’s general fund because the property owners that voluntarily use the program pay the cost of the program. In the aggregate, PACE improvements will promote long-term economic development in Texas by helping the state obtain energy and water security.

## Benefits for All

- ✓ Help communities meet clean air goals and provide healthier environments for Texans
- ✓ Unlock work opportunities for contractors, manufacturers, and engineering firms
- ✓ Improve property on the tax roll, creating jobs, increasing property value and sales tax revenue, and encouraging business retention and expansion
- ✓ Offer new avenues for moving an influx of capital into the marketplace
- ✓ Reduce stress on energy resources, such as power plants, safeguarding Texas’ dwindling water supply

Find PACE in a Box at [www.KeepingPACEinTexas.org](http://www.KeepingPACEinTexas.org)

## Speakers



Stephen Minick  
VP, Government Affairs  
Texas Association of  
Business



Charlene Heydinger  
Executive Director  
Keeping PACE in Texas



Representative Jim Keffer  
Chairman, House Energy  
Resources Committee



Josiah Neeley  
Texas Director  
R Street Institute  
jneeley@rstreet.org



Kate Zerrenner  
Project Manager  
Environmental Defense Fund  
kzerrenner@edf.org

## Host Organizations



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