

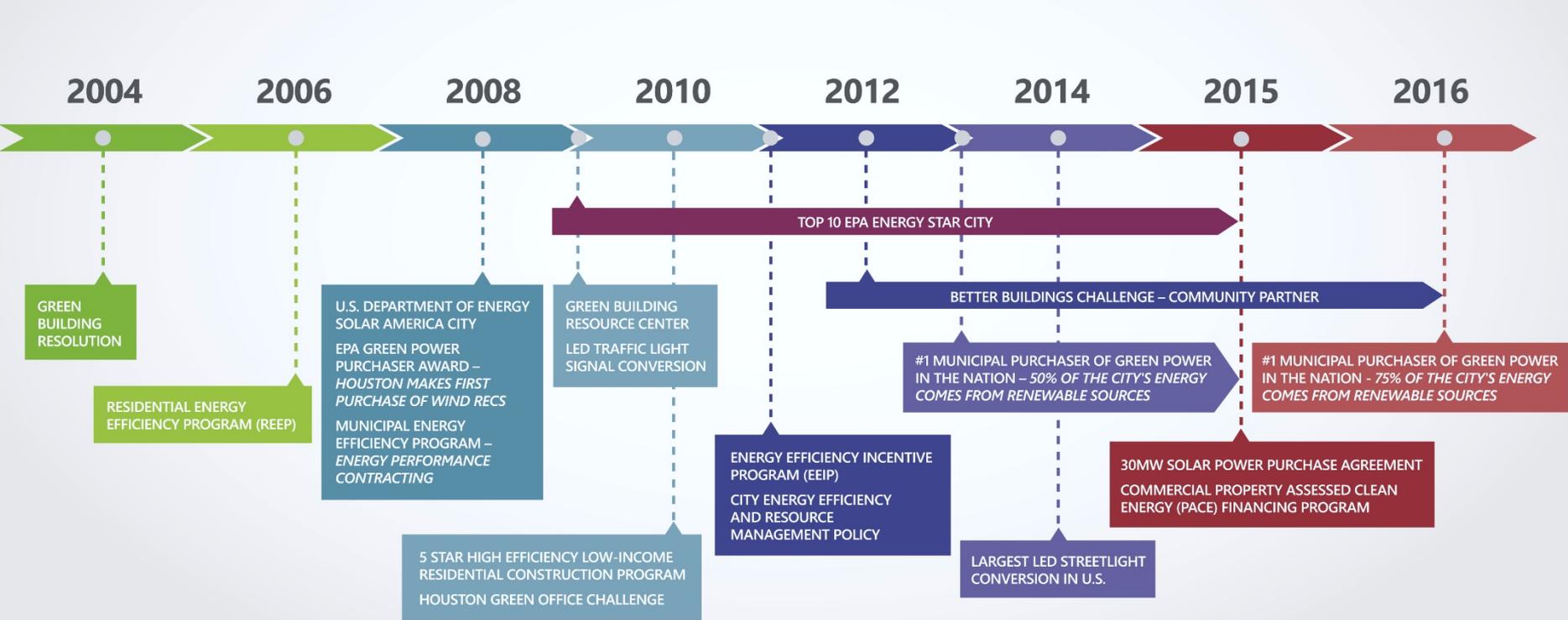
# PACE and City of Houston

Go Solar Texas

June 21, 2016

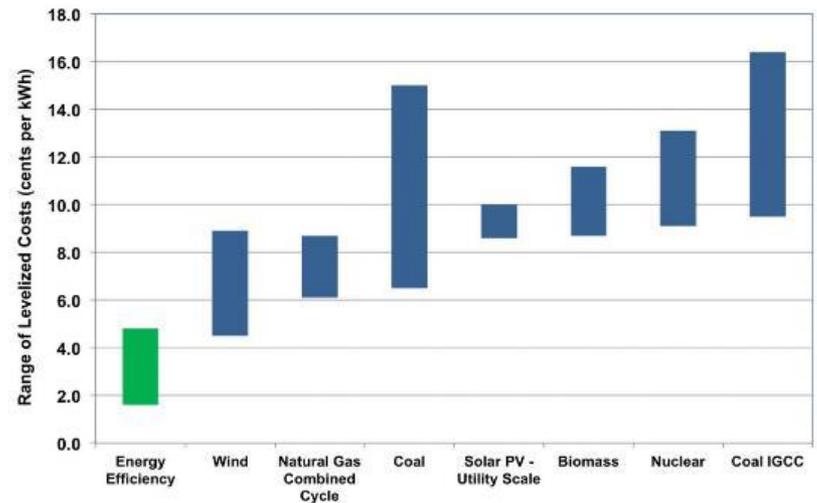


# Municipal Energy Efficiency Programs



# Municipal Motivation

- Increase economic development
- Reduce water supply constraints
- Improve air quality
- Enhance grid stability
- Energy Efficiency is cheaper than other sources



\*Notes: Energy efficiency program portfolio data from Molina 2014; All other data from Lazard 2014.

# What is Houston PACE?

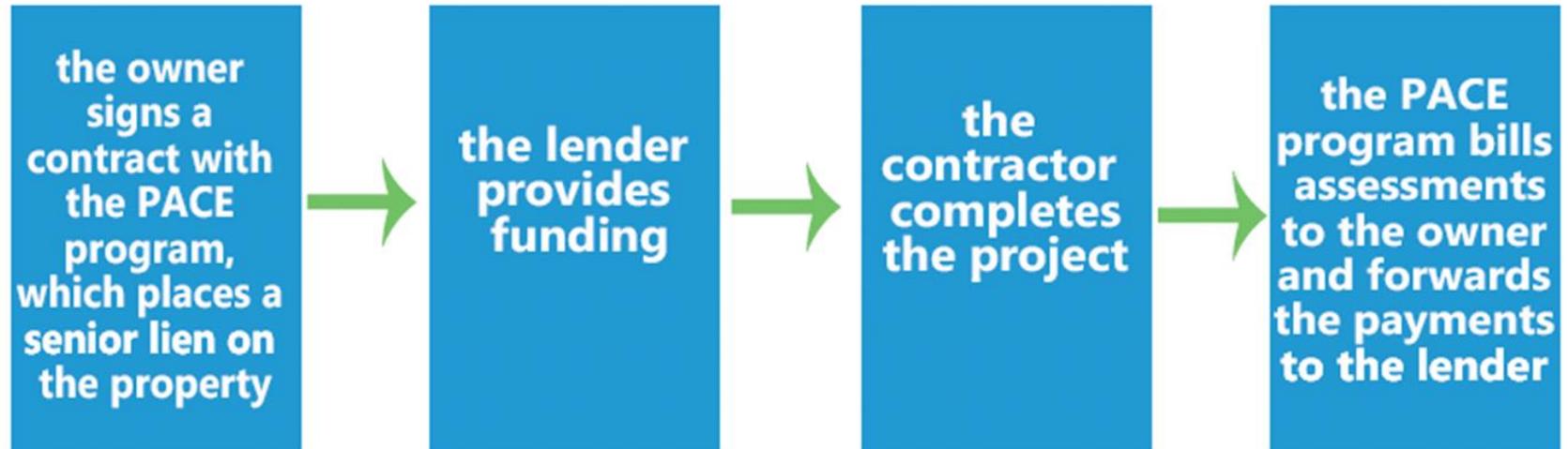
- **PACE** - Property Assessed Clean Energy Program
- Houston PACE is an innovative financing program that enables **private sector owners of commercial, industrial and multi-family residential properties** with five or more dwelling units to obtain **low-cost, long-term loans to pay for water conservation, energy efficiency improvements, and renewable energy retrofits.**
- PACE loans provide up to 100% financing of all project costs, with little or no up-front out-of-pocket cost to the owner.

# How PACE works

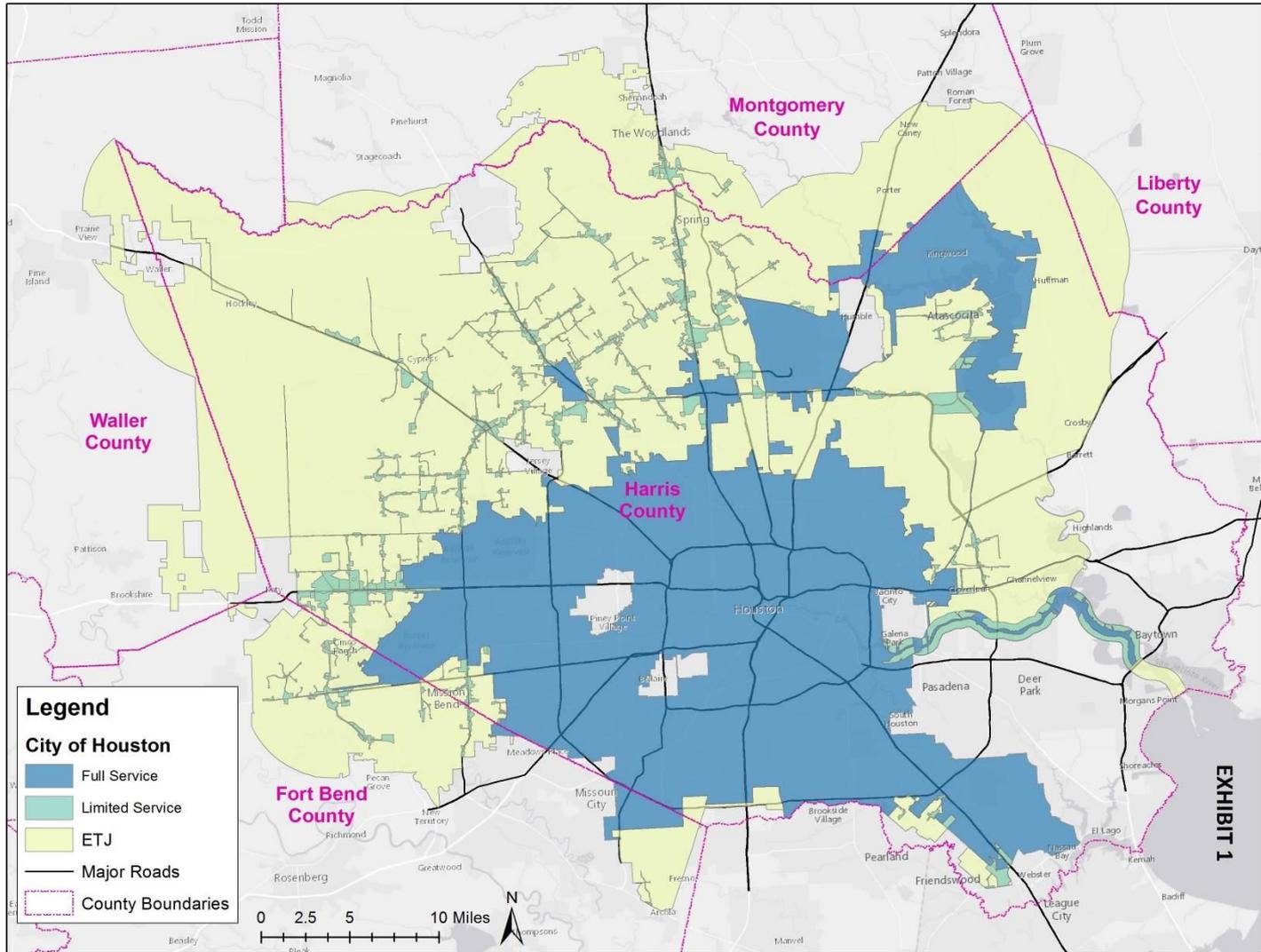
## A Building Owner:



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



# PACE in Houston + ETJ



# City of Houston PACE report

**CITY OF HOUSTON  
PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM**

**REPORT REQUIRED BY TEXAS LOCAL GOVERNMENT CODE SECTION 399.009**

This Report is adopted by Houston City Council for the City of Houston Property Assessed Clean Energy Program (“Houston PACE”) in accordance with the requirements of the Property Assessed Clean Energy Act (the “PACE Act” as set forth in Texas Local Government Code Chapter 399).

Houston and its constituents benefit when older existing buildings are modified with new technology and equipment that increases energy efficiency and reduces water consumption. As described in this Report, Houston is establishing the Houston commercial PACE Program to encourage private sector investment in energy efficiency and water conservation. Houston PACE will be offered to property owners on a strictly voluntary basis and will not require the use of any public funds or resources.

Authorized under the PACE Act enacted in 2013, Houston PACE is an innovative financing program that enables private sector owners of commercial, industrial, and multi-family residential properties with five or more dwelling units to obtain low-cost, long-term loans to pay for water conservation, energy-efficiency improvements, and renewable energy retrofits. PACE loans provide up to 100% financing of all project costs, with little or no up-front out-of-pocket cost to the owner. The 2015 legislative session streamlined the process.

Loans made under the Houston PACE Program will be secured by assessments on the property that are voluntarily imposed by the owner. Assessments may be amortized over the projected life of the improvements. The annual utility cost savings derived from improvements financed with PACE loans are expected to exceed the amount of the annual assessment payments. In turn, these improvements are able to generate positive cash flow upon installation because the debt service will be less than the savings.

PACE assessments are tied to the property and follow title from one owner to the next. Each owner is responsible only for payment of the assessments accruing during its period of ownership. When the property is sold, the payment obligation for the remaining balance of the assessment is transferred automatically to the next owner. As a result, Houston PACE will help property owners overcome market barriers which often discourage investment in energy efficiency and water conservation improvements.

# Thank you.

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