How does TX-PACE work?

TX-PACE is a simple and effective program that allows owners to see an immediate increase to net operating income and find investing in efficiency a business-savvy proposition. Owners choose a private sector capital provider and voluntarily request that the local government place a senior lien on the property for the total cost of the project. The owner commits to the local government that he/she will pay the TX-PACE assessment installments. TX-PACE is not a personal or business loan. It is a voluntary land-secured assessment that is paid off over time. The energy and/or water savings are structured to exceed the cost of the assessment, resulting in projects that are cash flow positive. As the assessment is tied to the property, the repayment obligation transfers to the next owner if the property is sold.

Texas PACE Authority administers the uniform “PACE in a Box” model program on behalf of local governments. This successful model is market-based and flexible, providing the lowest possible administrative cost and highest level of consumer protection, allowing owners to do business with the parties of their choosing.

How It Works

A Building Owner:

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

- finds a contractor
- selects a project
- identifies a capital provider
- applies to PACE program
- the owner signs a contract with the PACE program, which places a senior lien on the property
- capital provider signs a contract with the county in exchange for the assessment payments
- the capital provider supplies funding
- contractors complete the project
- the PACE program bills assessments to the owner and forwards the payments to the capital provider

What is the Texas PACE Program?

Texas Property Assessed Clean Energy (TX-PACE) is a proven financial tool that incentivizes Texas’ property owners to upgrade facility infrastructure with little or no capital outlay. Approved by state legislation and established by your local governments, TX-PACE programs enable owners to lower their operating costs and use the savings to pay for eligible water conservation, energy efficiency, resiliency, and distributed generation projects. Owners gain access to affordable, long-term, private financing that is not available through traditional funding avenues.

Owners of eligible commercial, industrial, agricultural, nonprofit, and multifamily facilities can use TX-PACE to pay for property improvements including new heating and cooling systems, lighting, solar panels, water pumps, insulation, roofs, windows, and more. This program accelerates upgrade investments in existing facilities, preserving capital and credit lines and empowering owners to retain their available capital for revenue-generating items including employees, technology, products, and growth.

TX-PACE was identified by Scientific American as one of the top 20 “world changing” ideas, because it provides a new source of property-secured financing for property retrofits that does not affect conventional lending sources and does not compete for capital with other investment opportunities.

TX-PACE answers the question, “How are we going to pay for it?” and is transforming how developers, owners, and contractors look at projects, proving that there is a clear path forward for energy efficiency, distributed generation, and water use reduction measures.
**WHAT ARE THE BENEFITS OF TX-PACE?**

*Property Owner Benefits:*
- Cash flow positive projects • 100% financing • Automatic transfer upon sale • Long-term financing (up to 20 years or more) • Lower energy and water costs • No personal guarantees • Competitive rates and terms • Owner retains all tax incentives • Increase property value • Preserve capital for core business • Healthier and more comfortable facilities • Reduce environmental impacts

*Service Provider Benefits:*
- Increase local hiring • Accelerate project timelines • New market penetration • Best practices • Technology advancement improvements

*Capital Provider Benefits:*
- Steady and stable process • Fully collateralized • Tax assessment lien position • Improve asset value • Mortgage-holder consent • Enhance customer finance position

*Local Government Benefits:*
- Workforce and economic development • No local government obligation • Minimal staff support • Improve building stock • Business retention and expansion • Better air quality • Water and energy conservation

**WHAT PROPERTY TYPES AND IMPROVEMENTS ARE ELIGIBLE?**

*Eligible Property Types:*
- Commercial • Hospitality
- Industrial/Manufacturing • Agricultural
- Multifamily housing (5+ units) • Nonprofit

*Eligible Improvements:*
- Chillers, boilers, and furnaces • HVAC, BMS, BAS, EMS controls • Lighting • Water heating systems • Energy management systems and controls • Roofing • Windows • Doors • Insulation • Elevator modernization • Pool equipment • Cogeneration or combined heat and power • Heat recovery and steam traps • Solar panels • Wind turbines • Water management systems and controls • Irrigation equipment • Rainwater collection systems • Toilets • Faucets • Greywater systems... and more!

**SPOTLIGHT ON SUCCESS**

*The City of Dallas’ TX-PACE program was utilized to finance $23.9M in energy & water conservation measures within the redevelopment of the Butler Brothers historic building. TX-PACE enabled the inclusion of these sustainable improvements with significant savings in the cost of capital over the cost of traditional mezzanine financing or equity partner financing in the capital stack of this renovation.*

**PICK UP THE TX-PACE IN YOUR REGION!**

TX-PACE programs are being launched all over the state and are currently available in more than a dozen regions. TX-PACE can help you create jobs, promote economic development, and protect the environment.

Contact Texas PACE Authority to learn how to develop a TX-PACE program for your community.

Visit us online at [www.TexasPACEAuthority.org](http://www.TexasPACEAuthority.org)

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Texas PACE Authority administers the uniform “PACE in a Box” model as a public service on behalf of local governments and is funded through user fees and grants.