What does PACE Mean for You?
Gardner Pate, Locke Lord LLP

Texas BOMA was instrumental in the passage of SB 385, the Property Assessed Clean Energy (PACE) legislation. This legislation allows local governments, at their discretion, to establish PACE districts. Property owners inside a PACE district could, at their discretion, participate in a PACE program.

What PACE Does
Generally, a PACE program works by allowing a property owner to install energy and water efficiency upgrades to the property with no up-front cost. The program works by allowing a property owner to propose a potential project and obtain a third party audit of the expected cost savings from the project. The property owner would then secure agreement from any current mortgage holder, and would line up financing from a third party lender (the lender could be the current mortgage holder). The PACE district would place a special assessment on the real property, and assign that assessment to the lender. The lender would advance the money for the project, and would be repaid based on the assessment. The assessment amount would not be greater than the projected cost savings from the project.

Why Texas BOMA Supports PACE
Texas BOMA supported PACE during the past legislative session because it creates a new financing option for energy improvement projects for property owners who wish to enter the project. PACE has zero cost to the local government establishing a PACE district, and has zero cost to the taxpayers. PACE may provide a way for property owners to install energy and water efficiency projects on their properties without any upfront cost, and with payments that designed to be equal or less than the cost savings on the project.

Next Steps for PACE
Recently interested parties held a meeting to discuss the implementation of PACE. Representatives from Locke Lord, Texas BOMA legislative consultants, participated in this meeting on behalf of Texas BOMA. The leaders of the effort are organizing several workgroups to try and ensure uniform, efficient, effective implementation of PACE statewide. The leaders have asked Texas BOMA members to volunteer to participate in these workgroups.

The workgroups are:

- Program Underwriting Standards
- Open Platform Funding
- Technical Standards
- Application Process
- Marketing/Training/Education

If you are interested in joining a workgroup, contact BOMA Dallas Executive Director Teresa Foster (teresa@bomadallas.org) and she will forward your name to the appropriate people.