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magazine

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ENCRYPTION

**PAGE PROGRAM
DELIVERS**

FIND OUT HOW
COMMERCIAL PROPERTY
OWNERS ARE REDUCING
OPERATING COSTS.

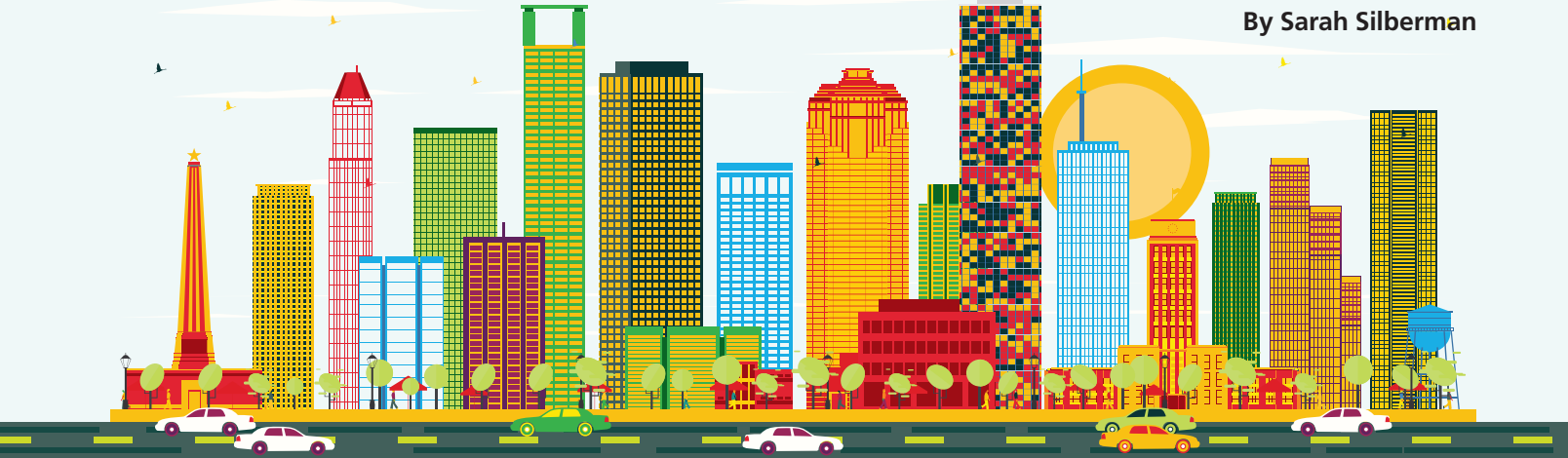
THE SECOND PPP LOAN

WHAT TO EXPECT?



PACE AS A TOOL FOR LOCAL BUSINESSES

By Sarah Silberman



When Mayor Sylvester Turner helped launch the Houston Property Assessed Clean Energy (PACE) program in 2015, he noted, “Between the long-term utility savings and the energy and water conservation benefits, it’s a win-win for our community.” Six years have since passed, and Houston PACE has lived up to those expectations for the city, its businesses, and its nonprofits. PACE is a financial tool that allows industrial, non-profit, and commercial property owners the ability to obtain long-term loans for sustainable improvements to their buildings with a low up-front

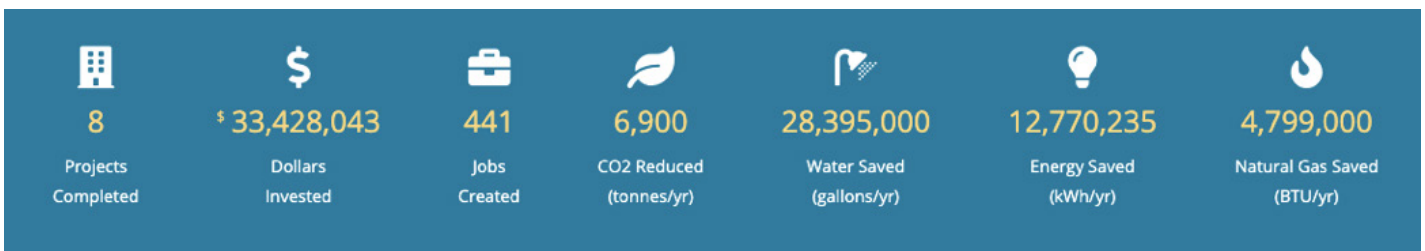
cost. Business leader Nick Craig, a member of StoneCreek Real Estate Partners, had this to say about the program: “The PACE program funding from CounterpointeSRE aligns well with our goals for this development. We are bringing a project to life that will raise the standard of living for Houston seniors while incorporating energy efficiency, and because of that effort, we can use the program to enhance our capital position.” The closing of StoneCreek’s project in early December of 2020 marked the fourth PACE project completed in Houston in 2020 and the eighth Houston PACE project in total. (See Chart 1)

HOUSTON’S INNOVATION, ENERGY, AND PACE

For more than one hundred years, Houston has been a city of change and innovation, the headquarters of international businesses and renowned academics, and the energy capital of the world. Houston would not be any of these things, though, if Houston business owners did not take advantage of the tools offered to them. In 1901, oil was discovered near Beaumont, sparking the beginning of the East Texas oil industry. Forty-four years later the Texas Medical Center was founded, and it has since grown to be the world’s largest medical center. In the 1960s,

CHART 1

Graphic of the total number of Houston PACE projects; their financial, energy, and water savings; the amount of money reinvested into the Houston community; and the number of jobs created. Graphic courtesy of Deborah Camp, graphic designer for the Texas PACE Authority.



Houston became “Space City”, and the Johnson Space Center was born.

For the average business owner, the goal is simple: reduce the cost to increase profit and use said profit elsewhere. One of the easiest ways business owners in Texas, and in Houston in particular, can do this, is through the use of the Houston PACE program, administered by the Texas PACE Authority. Houston PACE helps commercial and nonprofit property owners obtain the affordable long-term financing necessary to slash energy and water consumption, substantially lowering operating costs to the benefit of the building owners and their tenants.

In the last five years, Houston has been hit hard. Since 2015, there have been numerous storms and floods, including Hurricane Harvey and Tropical Storm Imelda, that have quite literally put this city underwater. What is remarkable about Houston, though, is its ability to bounce back to something stronger and more sustainable through tools like PACE. The resiliency of the Houston community is nothing short of extraordinary. The strength of this city cannot rely on the hearts of those in it alone; it must be matched and supported by improvement to the city’s infrastructure.

HOUSTON CLIMATE ACTION PLAN

After Hurricane Harvey hit in 2017, it was obvious that something needed to be done on a city-wide level. In the immediate aftermath of the storm, Mayor Turner commissioned the Houston Climate Action Plan (HCAP), a comprehensive and community-based plan of how to once again put Houston in the spotlight as a city of innovation and prosperity. The grand goal of this plan is to make Houston not only the energy capital of the world of the past and present but also of the future.

HCAP was published in 2020, laying out specific goals including doubling the number of PACE projects in the City by the year 2025. The city emphasized its PACE program as a tool for “building owners to upgrade facility infrastructure with little to no upfront

capital” resulting in “numerous benefits including increased property value, lower operating costs, and better financing terms.” At the time that the plan was published in early 2020, four PACE projects had been completed in the City of Houston. In just one year, amid a pandemic, this number already doubled. Houston demonstrated

again that it is a city leading change by providing tools for its business leaders who see PACE as an economic and environmental savings measure. Businesses and nonprofits are using the Houston PACE program to improve their properties, expanding these benefits to the greater Houston communities.



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2020 FACTS AND FIGURES ABOUT HOUSTON PACE

- Houston PACE projects accounted for 27% of all PACE projects statewide completed in 2020.
- Ninety-nine clean energy jobs were created in Houston, not including permanent jobs created in new or vacant properties that have been brought back to life.
- Over \$8 million in new energy and water-saving investments in the city of Houston.
- All this and more were done despite COVID-19. (See Chart 2)

CASE STUDY: HOUSTON BUSINESS DEVELOPMENT INC.



Houston Business Development Inc. (HBDi) is a non-profit located in Southeast Houston that works with small businesses in Houston on expansion and financial growth. Similar to PACE, HBDi is an organization that cares about the financial wellbeing of the greater Houston area, and it has been dedicated to this cause since 1986. With the help of PACE, HBDi will be able to annually see a 51% reduction in electricity usage and a 35% reduction in water consumption, resulting in yearly savings of \$68,124. Specific projects included envelope improvements, electrical improvements, an improved HVAC system, and the implementation of solar energy and water conservation measures, all of which enable HBDi to invest its operational savings back into its core mission. Financial savings such as these, create a great asset for businesses today. By accessing financial savings through PACE, property owners ensure financial and environmental sustainability for the future of their businesses and the communities around them.

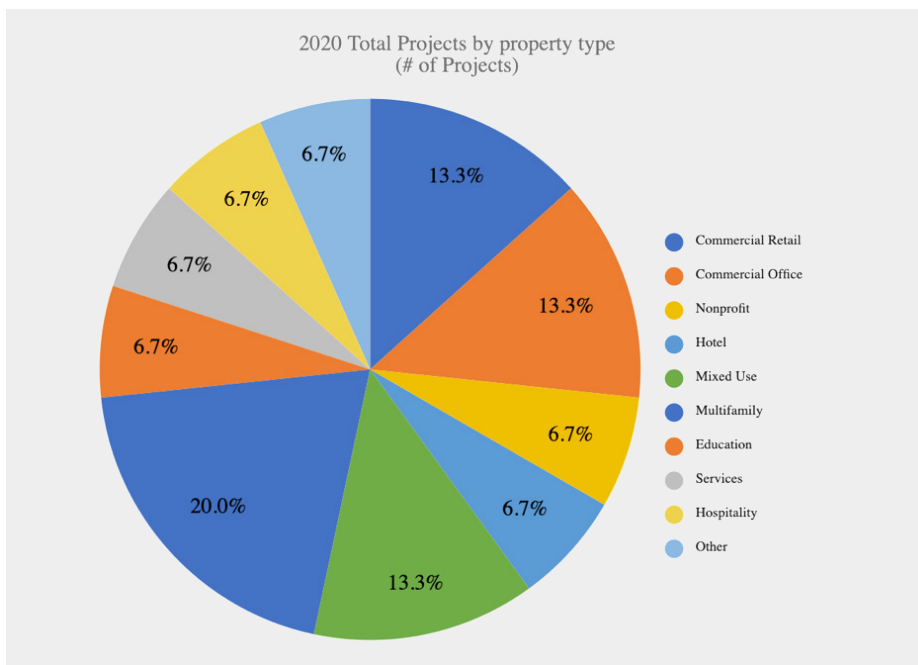
CASE STUDY: WORLD GYM



World Gym exemplifies how the Houston PACE program revitalizes and repurposes vacant buildings into something beneficial for the environment, the economy, and the surrounding neighborhood. Located in EaDo near the Central Business District, the World Gym is in an area where development has stabilized in the last few years. Some buildings in the area have been razed to the ground while others have been left empty. Originally built in 1955 as a YMCA, this vacant five-level fitness gym demonstrates how older buildings can be given a second life through sustainable improvements obtained through the use of the PACE program. A report conducted by a Texas licensed professional engineer confirmed that implementing envelope and electrical improvements, installing a newer and more sustainable HVAC system, and enacting water conservation measures will result in 45% savings on electricity and 46% savings on water annually. The resulting yearly savings will exceed \$69,000. Not only is revitalizing this building putting money back into the Houston economy, but it is also benefiting the surrounding community's redevelopment and physical health. With Houston PACE, older and vacant buildings can be given a second life to the benefit of the business owners, the customers, and the environment.

CHART 2

The PACE financial tool can be used for a wide variety of commercial, industrial, and nonprofit building types. The below graphic is the percentage breakdown of the property types of all 2020 PACE projects completed by TPA. Graphic courtesy of Texas PACE Authority



CASE STUDY:
STONECREEK AT COPPERFIELD



Image courtesy of Counterpoint Energy Solutions

StoneCreek at Copperfield is creating a one hundred and eight-bed senior housing community. Regarding this project, Lara Cottingham, Chief of Staff & Chief Sustainability Officer of the Administration and Regulatory Affairs Department for the City of Houston, noted, “This use of the City’s PACE program to facilitate \$2.8 million in private financing to make the StoneCreek of Copperfield senior living facility more energy and water efficient is a perfect example of how we can reduce the impact of climate change in our community and reduce the cost of operating senior housing facilities. This is a win-win for Houston.” Through a variety of projects, StoneCreek at Copperfield’s annual use of electricity will decrease by 44%, annual use of water will decrease by 44%, and annual use of natural gas will decrease by 25%. All of this adds up to a saving of around \$84,000 per year and the creation of 29 clean jobs.

LOOKING FORWARD

On January 27th, President Biden announced the start of his plan to tackle the climate crisis by emphasizing the need for economic and social change through clean job creation and physical infrastructure improvements nationwide. President Biden further committed to retrofitting four million buildings country-wide during his tenure.

Over the last year, COVID-19 permanently altered how many commercial properties will function in the future. To respond, commercial property owners can access the Houston PACE program for critical financing to repurpose and revitalize their property. With the help of the PACE program,

commercial properties and the greater Houston area can continue to thrive on the frontline of economic prosperity and energy innovation, making Houston a city of the future. **N**

Sarah Silberman is the Program Coordinator at Texas PACE Authority,

the nonprofit administrator of 55 Texas PACE programs reaching more than 60% of the Texas population. Sarah is a 2020 graduate of Rice University. For more information on the Houston PACE program, contact admin@texaspaceauthority.org and visit www.TexasPACEAuthority.org.

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