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## Lucrative EE Financing Solutions You Don't Want to Miss – (Courtesy of the CleanMed Conference)!



For those of you who missed the CleanMed 2015 conference in Portland, Oregon a few weeks ago, I'm posting a two-part article based on financing tools discussed in the workshop "Identifying, Funding, and Implementing Energy Efficiency Projects".

Healthcare related facilities – hospitals and labs in particular- have greater energy and water costs than other types of CRE assets due to energy intensive equipment and high - and varied - occupancy loads. Although energy efficiency (EE) costs can be significant in the operating budget of a hospital, EE upgrades often take a backseat to investments related to improving patient care, research, or faculty and staff enhancements. In order to compete with these other worthwhile investments, facility teams interested in improving the hospital's energy efficiency must seek creative ways to make the business case to their CFO. In the first part of this article, I will give a high level overview of one of two innovative financing mechanisms where healthcare facilities can minimize upfront capital costs, reduce balance sheet liabilities, and often times generate funds that can be allocated to other critical projects.

The first financing solution is PACE (Property Assessed Clean Energy). With PACE, owners finance EE or renewable upgrades to their buildings by paying a special assessment on the property tax bill that is financed most typically through private capital sources. PACE is available for all types of commercial properties e.g. office, healthcare, hotels, private universities, retail, industrial, and multifamily for investor, owner-occupied, and often non-profit ownership structures. Because it is considered a tax, PACE is typically treated as off-balance sheet financing with little or no capital investment required to implement energy improvements. In addition to reducing capex costs, the savings from these upgrades can be allocated into a separate account that is used to fund future projects. In summary, implementing creative financing solutions such as PACE actually frees up and/or generates funds (through savings) that can be allocated for critical patient treatment and health care projects.

In Part Two, we will discuss the concept of "energy as a service". In the meantime, if you have a project that could benefit from PACE financing please feel free to contact me at 415-307-777 or [abby@abacusprop.com](mailto:abby@abacusprop.com). I would be happy to discuss the specifics of your project and how creative EE financing might work for your business.

### *About Abacus*



*Abacus is a boutique real estate advisory firm, representing building owners in the development and financing of energy efficiency and clean energy projects. One of our specialties is PACE where we are considered innovators in the field from both transactional and programmatic standpoints. Most importantly to our building owner clients, we quickly assess the viability of a project, structure the best package to maximize cash flow, and identify and negotiate various sources of capital to fund the project.*