



January 2018

# Luella Hannan Memorial Foundation

## Lean & Green Michigan's First Non-Profit PACE Project

On January 23, 2018, The Luella Hannan Foundation, which operates a senior community center on Woodward Ave. in Detroit, became the first property owner to complete a Lean & Green Michigan PACE project in 2018 and the third in Wayne County in six months. The Hannan Foundation board and staff collaborated with Lean & Green Michigan, Twain Financial, and Plug Smart to develop the project, which dramatically reduces utility costs and increases property value. Companies completing the electrical and mechanical work on the project are members of the National Electrical Contractors Association (NECA) of Southeastern Michigan, who partner with the highly skilled workforce of the International Brotherhood of Electrical Workers, Local 58.

With this project, Hannan became the first non-profit to use PACE financing with Lean & Green Michigan. Improvements to the 1971 building include LED lighting, building controls, heating and cooling work, and a power systems upgrade that will save the foundation a net \$2.1 million dollars over the coming years. Also during that span, the building's greenhouse gas emissions and local pollution will be reduced as the building will no longer rely on steam power.

### ✓ Project Quick Stats

**PACE District:** Wayne County

**Property Owner:** Luella Hannan Foundation

**PACE Contractor:** Plug Smart

**PACE lender:** Twain Financial Partners

**Amount Financed:** \$1,582,825

**Net Savings:** \$2,109,861

#### Energy Conservation Measures:

- Power Generation
- Space heating & cooling
- Hydronic heating & cooling system
- LED lighting and power systems upgrade
- Full building controls

**Project Term:** 25 years

**Impact:** The project will result in major reductions in energy consumption across multiple categories, as well as reducing air pollution from compounds such as nitrous oxides, sulfur dioxide, and carbon monoxide.

## Lean & Green Michigan

Lean & Green Michigan™ helps commercial, industrial and multi-family property owners take advantage of PACE to finance energy projects, eliminate waste and save money through long-term financing solutions that make energy projects profitable. Lean & Green Michigan™ is a public-private partnership that works with local governments, contractors, property owners, and lenders to invigorate Michigan's PACE statute with a market-based approach to energy finance and economic development.

### Project Partners



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### PACE Financing

Commercial building owners spend \$200 billion per year on utilities, yet 30% of this is waste. The energy projects that could make these properties efficient often require significant up-front capital and take years to achieve profitability. Commercial loans typically have a tenor of 3-5 years, making the annual repayment greater than the energy savings. PACE changes all this by allowing property owners to finance energy efficiency and renewable energy projects via a property tax special assessment.

Wayne County's elected leaders created a countywide PACE district in December 2013 by joining the statewide Lean & Green Michigan PACE program. Since the County will enforce the PACE assessment just like any other property tax obligation, lenders feel secure in providing fixed-interest loans with terms of up to 25 years. The result is 100% up front financing to facilitate energy-saving projects. In addition, these projects create good jobs, and communities upgrade their building stock, increasing the local tax base over time.

## Contact Us

[info@leanandgreenmi.com](mailto:info@leanandgreenmi.com)  
313.444.1474

500 Temple Street #6270  
Detroit, Michigan 48201

