

H.R. 1491: SMALL BUSINESS ENERGY LOAN ENHANCEMENT ACT

Key Takeaways:

In 2021, the average age of a commercial building in the United States was 53 years old.

Commercial buildings account for nearly 40% of energy consumption in the U.S.

Small business owners must find funding solutions to comply with increasingly strict local, state, and federal mandates.

The evolving expectations of 21st Century tenants are raising the demand for more modern, smarter, and energy efficient buildings.

Small CRE businesses do not have the cash-on-hand to fund these projects, as the costs associated often exceed the current loan amount of \$5.5 million.

The Small Business Energy Loan Enhancement Act will expand the maximum allowable cap for SBA 504 Loans **from \$5.5 million to \$10 million.**

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Background:

The Small Business Administration's SBA 504 Loan Program provides favorable-term financing for small businesses to make energy efficient investments in their commercial properties—including renovations, retrofits, and purchases of major fixed assets.

While most SBA 504 Loans are capped at \$5 million, projects that reduce total energy consumption, within the building envelope, by at least ten percent may qualify for an expansion up to \$500,000—for a total possible loan of \$5.5 million.

Energy Consumption and Efficiency in the Built Environment:

In 2021, the average commercial building in the United States was 53 years old. As tenant needs and expectations evolve, the commercial real estate industry faces a significant demand to deliver more modern and energy-efficient buildings.

However, small commercial real estate businesses do not have the cash-on-hand to finance extensive renovations or retrofit projects, as the associated costs far exceed the current SBA 504 cap of \$5.5 million.

Energy costs are one of the largest expenses for commercial buildings, accounting for nearly 40% of total energy consumption in the United States. However, by applying appropriate energy upgrades to commercial properties, building owners, managers, and tenants can make significant reductions in the amount of energy consumed.

According to the American Council for an Energy-Efficient Economy (ACEEE), the majority of a commercial property's energy load comes from HVAC units and lighting systems, representing 47% and 18% of energy consumption, respectively. Replacing and/or upgrading one—or both—of these systems will yield the most immediate and sizable reductions of energy.

Position and Ask:

BOMA International strongly endorses H.R. 1491: Small Business Energy Loan Enhancement Act. This legislation would provide an invaluable financial lifeline to countless small businesses within the commercial real estate industry.

BOMA International asks that Members of Congress co-sponsor H.R. 1491: Small Business Energy Loan Enhancement Act.