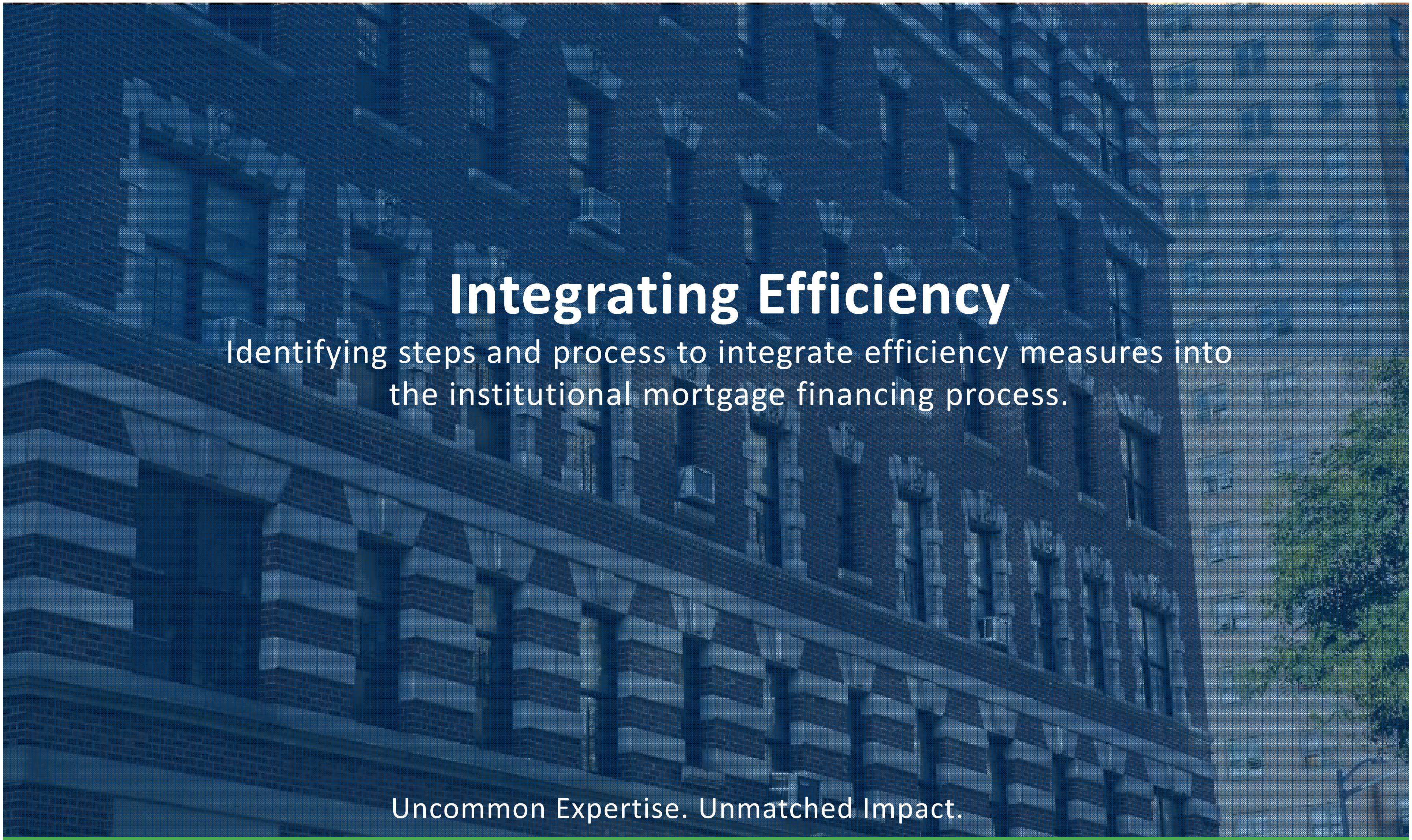


Integrating Efficiency

Identifying steps and process to integrate efficiency measures into the institutional mortgage financing process.

Uncommon Expertise. Unmatched Impact.

Community® Preservation Corporation

ENERGY EFFICIENCY FOR ALL

Speakers

Yerina Mugica, Natural Resources Defense Council (Moderator)

Elizabeth Kelly, Community Preservation Corporation

Kim Stevenson, Connecticut Green Bank

Stacie Young, The Preservation Compact, Community Investment Corporation

ENERGY EFFICIENCY FOR ALL

A coalition-driven, 12-state campaign to increase energy efficiency in affordable multifamily housing

** Strong presence in Atlanta, Chicago, Kansas City, Los Angles, Minnesota, New Orleans, New York City*

NRDC

NATIONAL HOUSING TRUST

ELEVATE ENERGY

ENERGY FOUNDATION
building a new energy future

Sustainability in Affordable Housing Lender Learning Network

- A learning network of lenders to multifamily affordable housing that has gathered to share what has worked and explore opportunities for expanding and employing that knowledge.
  - Website with Resource Hub
  - Transaction Database
  - Webinar Series

Community Investment Corporation

Community Preservation Corporation

ELEVATE ENERGY
Smarter energy use for all

Enterprise

LISC

NATIONAL HOUSING TRUST

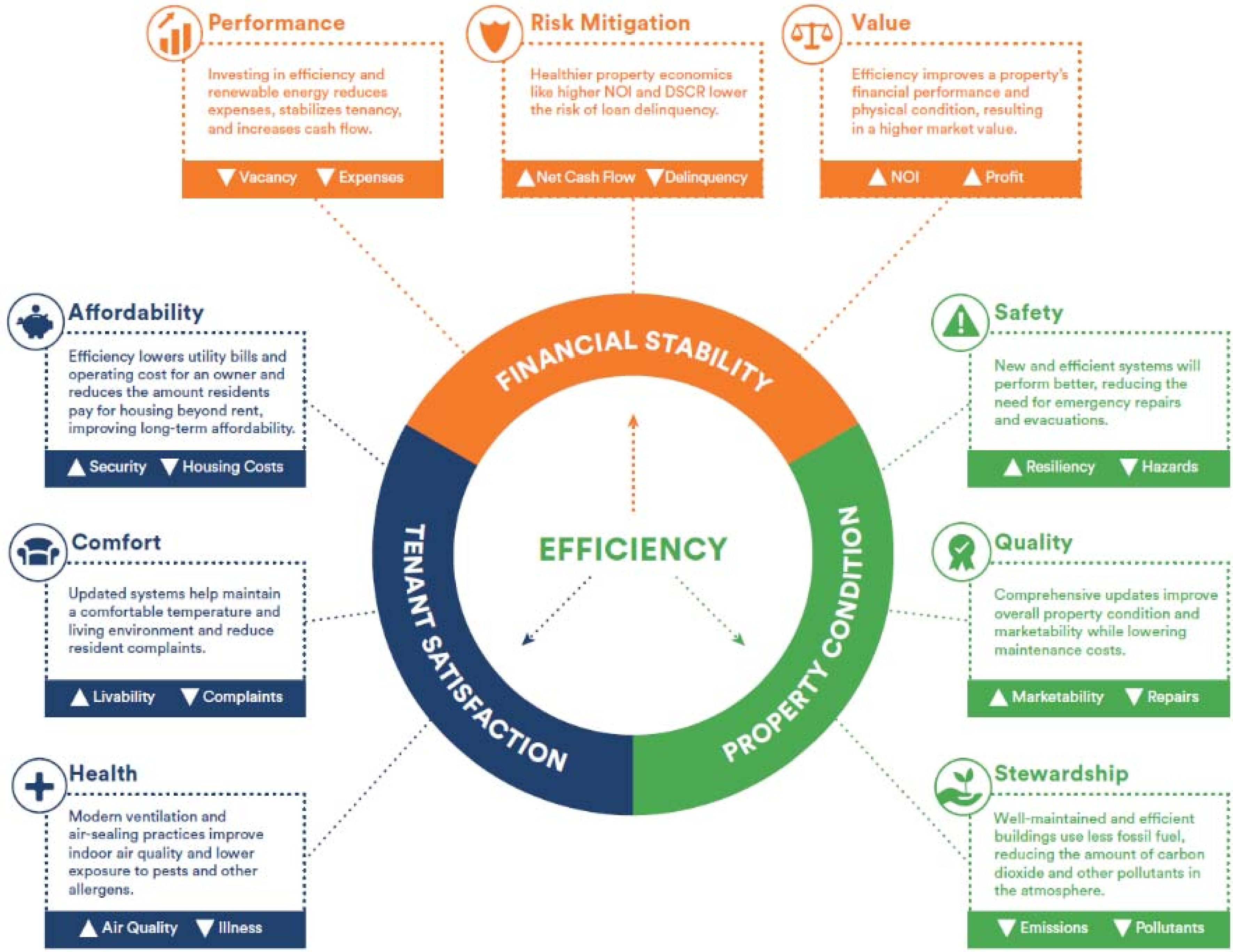
NRDC
NATURAL RESOURCES DEFENSE COUNCIL

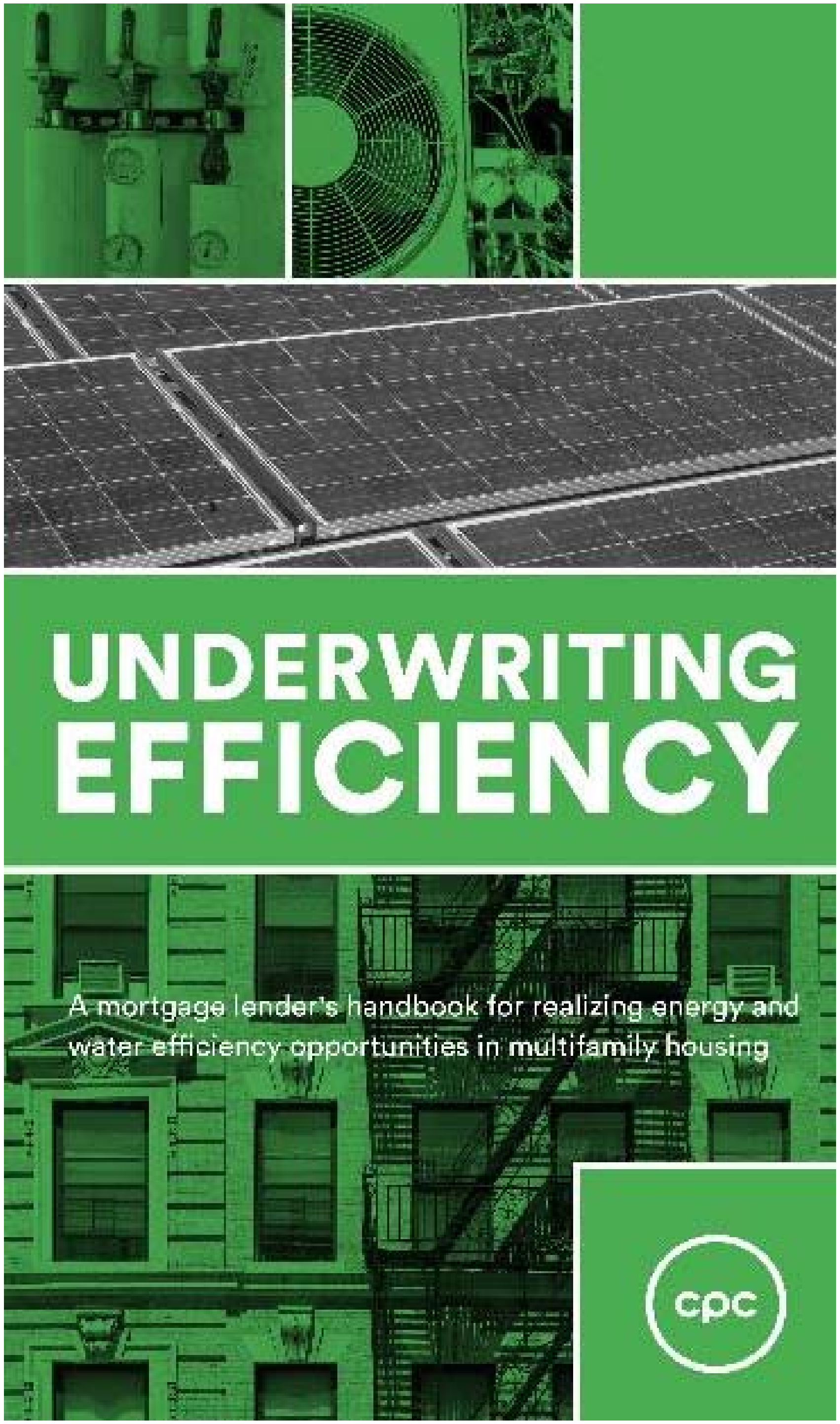
Who We Are:
Community Preservation Corporation (CPC)

- Established in 1974, CPC is a nonprofit affordable housing and community revitalization finance company that believes housing is central to transforming underserved neighborhoods into thriving and vibrant communities.

- We provide innovative capital solutions, fresh thinking, and a collaborative approach to the often complex challenges that owners and developers of multifamily housing face.

- With $9.7 billion in public and private investments, our work has helped revitalize countless neighborhoods and provided quality housing for low-income families, senior citizens, and individuals with disabilities.


Performance
Investing in efficiency and renewable energy reduces expenses, stabilizes tenancy, and increases cash flow.
▼ Vacancy ▼ Expenses
Risk Mitigation
Healthier property economics like higher NOI and DSCR lower the risk of loan delinquency.
▲ Net Cash Flow ▼ Delinquency
Value
Efficiency improves a property's financial performance and physical condition, resulting in a higher market value.
▲ NOI ▲ Profit
Affordability
Efficiency lowers utility bills and operating cost for an owner and reduces the amount residents pay for housing beyond rent, improving long-term affordability.
▲ Security ▼ Housing Costs
Comfort
Updated systems help maintain a comfortable temperature and living environment and reduce resident complaints.
▲ Livability ▼ Complaints
Health
Modern ventilation and air-sealing practices improve indoor air quality and lower exposure to pests and other allergens.
▲ Air Quality ▼ Illness
FINANCIAL STABILITY
TENANT SATISFACTION
PROPERTY CONDITION
EFFICIENCY
Safety
New and efficient systems will perform better, reducing the need for emergency repairs and evacuations.
▲ Resiliency ▼ Hazards
Quality
Comprehensive updates improve overall property condition and marketability while lowering maintenance costs.
▲ Marketability ▼ Repairs
Stewardship
Well-maintained and efficient buildings use less fossil fuel, reducing the amount of carbon dioxide and other pollutants in the atmosphere.
▼ Emissions ▼ Pollutants



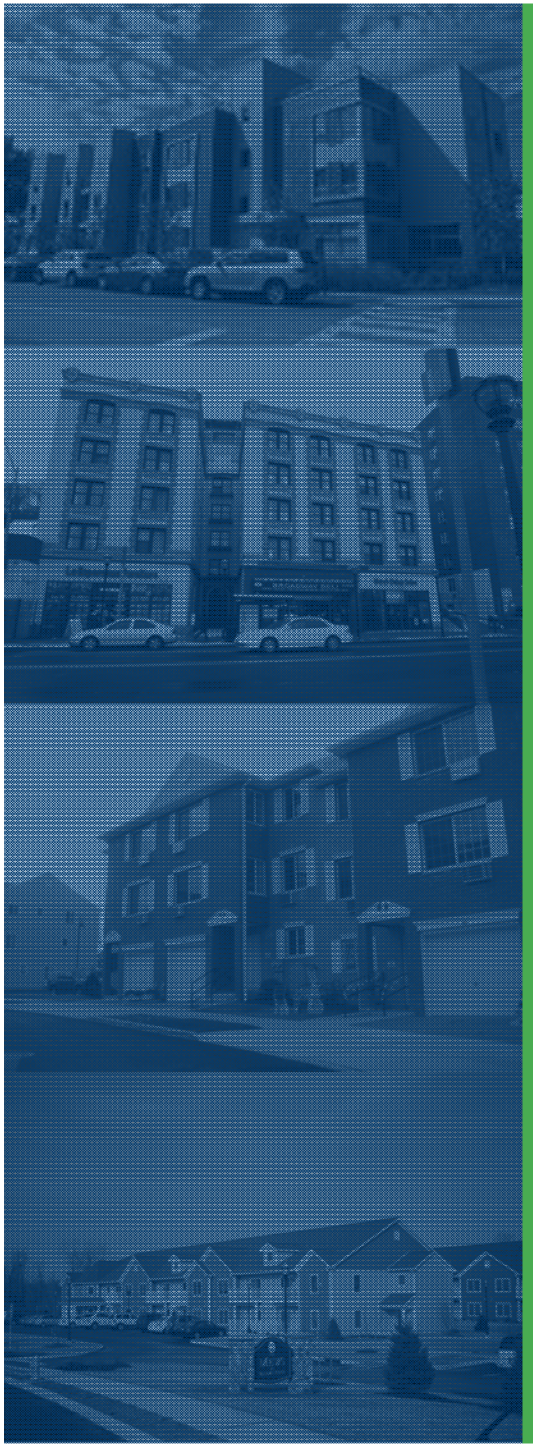
Sharing Best Practices

Underwriting Efficiency Handbook provides professionals with a resource to finance energy and water efficiency measures as part of a first mortgage

Overview:

- Understanding Efficiency
  - Recorded 10/25
- Building Efficiency
  - Recorded 11/8
- Integrating Efficiency
  - Today's Topic

Recordings available at http://greenbanknetwork.org/webinars-and-videos/



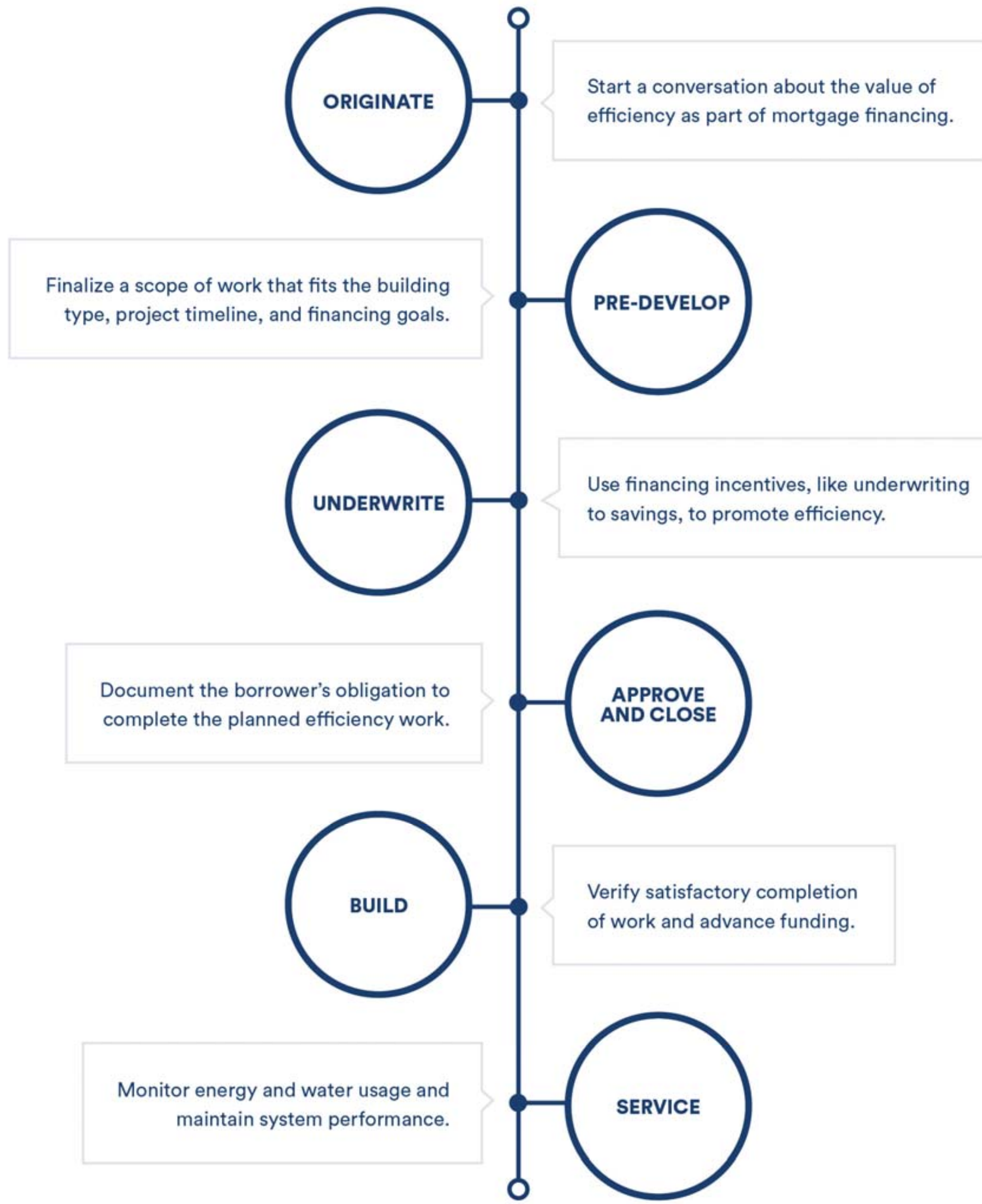
Special Guests:

- **Kim Stevenson, Connecticut Green Bank**
The Connecticut Green Bank is the nation's first green bank. Its Multifamily Housing program aims to lower barriers to energy improvements in multifamily housing by offering technical assistance and financing solutions at every step of the efficiency project process – from pre-development to installation to performance monitoring.

- **Stacie Young, Community Investment Corporation**
Community Investment Corporation (CIC) is the Chicago metropolitan area's leading lender for the acquisition, rehabilitation, and preservation of affordable rental housing. Through the Energy Savers program, CIC and Elevate Energy provide building energy assessments, access to utility incentives, technical assistance, and project financing. CIC incorporates energy and water retrofits as part of its regular mortgage lending program.

Roadmap:

Integrating Efficiency



Integrating Efficiency

Originate

An early conversation about the benefits of efficiency and the value of financing improvements through a building's mortgage will help owners connect improvements to their financing goals.

- □ Educate owners on the benefits of efficiency.
- □ Complete an energy benchmark and identify opportunities.
- □ Discuss plans to integrate efficiency investment as part of financing.

Integrating Efficiency

Pre-Develop

The owner is committed to improving efficiency; now it is time to put a team in place and finalize the scope of work.

- □ Create a development plan and engage contractors.
- □ Review energy reports and formalize the scope of work.
- □ Identify any available incentives, including tax credits and rebates.

Integrating Efficiency

Underwrite

Use financing incentives to promote efficiency. From underwriting savings to offering better rates and terms, lenders have plenty of options to encourage efficiency.

- ☐ Finalize loan pricing and terms
- ☐ Include projected utility cost savings in loan underwriting.

Integrating Efficiency

Approve and Close

To maximize benefits, efficiency projects should be connected to a lender's institutional goals and policies. Loan officers are more likely to encourage borrowers to invest in energy and water upgrades when corporate strategies support efficiency projects.

- □ Update internal protocols and requirements to support loans financing efficiency.
- □ Notify third-party pros of the efficiency work and savings.

Integrating Efficiency

Build

Coordinate with borrowers, engineers, and construction teams to confirm that all efficiency measures are installed correctly and operating as designed.

□ Monitor construction and perform site inspections.
□ Confirm that the efficiency work is complete and advance funds.
□ Complete appropriate commission and quality assurance tests.
□ Collect certifications of completion and convert to permanent loan (if applicable).

Integrating Efficiency

Service

Ensure building performance is maintained by integrating efficiency evaluation into loan servicing protocols. Analyzing efficiency throughout the life of the loan will help lenders substantiate all the long-term benefits of efficiency.

- ☐ Update asset management protocols to include utility benchmarking and on-site evaluation of efficiency.
- ☐ Confirm that buildings have a preventative O&M plan in place.
- ☐ Encourage owners to educate residents and building staff about building efficiency features.

Integrating Efficiency

CHECKLIST

What steps can I take to make this a reality?

ORIGINATE

- ☐ Educate owners on the benefits of efficiency.
- ☐ Complete an energy benchmark and identify opportunities.
- ☐ Discuss plans to integrate efficiency investment as part of mortgage financing.

PRE-DEVELOP

- ☐ Create a development plan and engage contractors.
- ☐ Review energy reports and formalize the scope of work.
- ☐ Identify any available incentives, including tax credits and rebates.

UNDERWRITE

- ☐ Finalize loan pricing and terms; include any additional financial incentives.
- ☐ Include projected utility cost savings in loan underwriting.

APPROVE AND CLOSE

- ☐ Update internal protocols and requirements to support loans financing efficiency.
- ☐ Notify third-party professionals of the scope of efficiency work and savings.

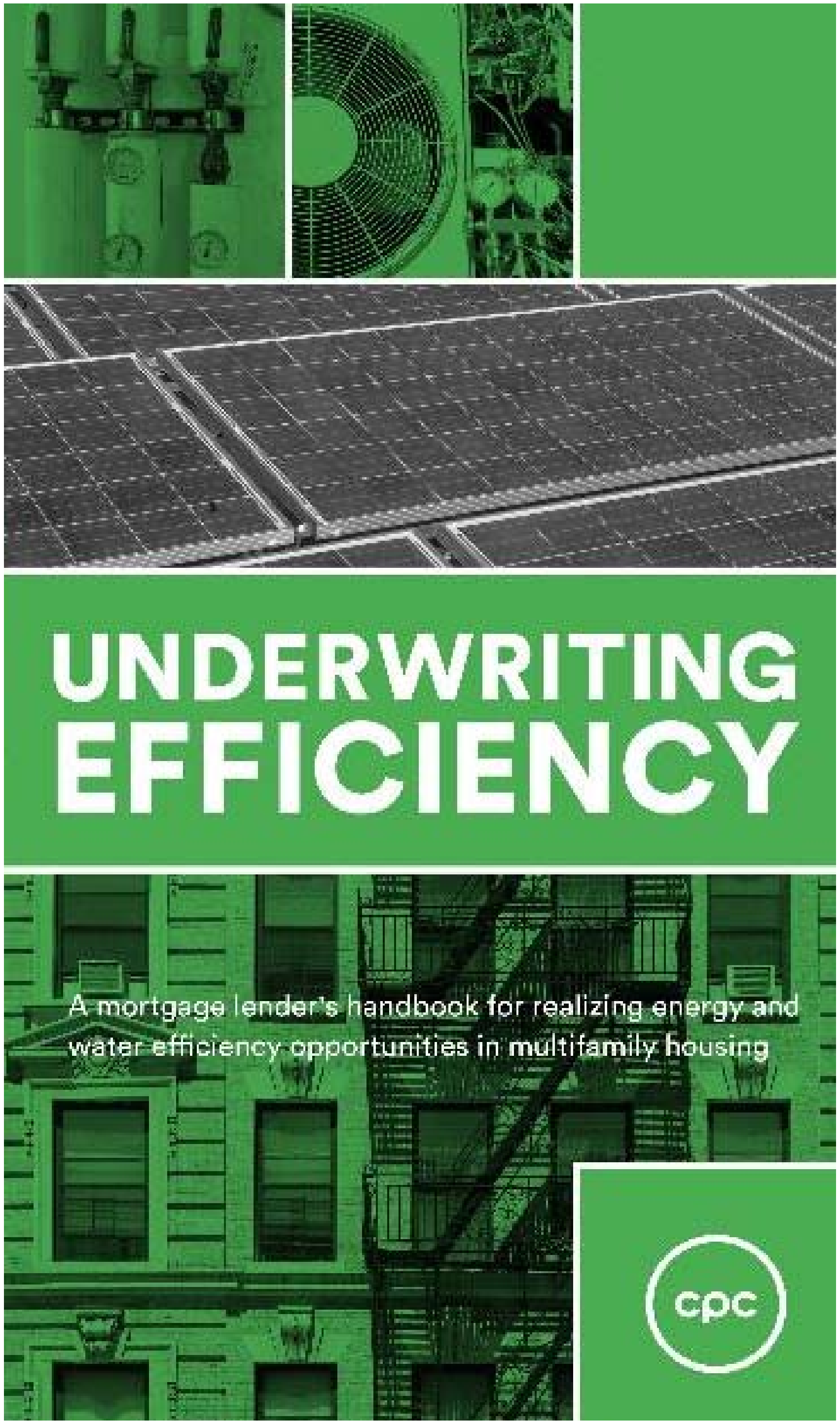
Integrating Efficiency

TOOLS

Available in Underwriting Efficiency Handbook

- **Back-of-the-Envelope Benchmarks**
- **Decoding and Energy Report**
- **Case Studies**
- **Efficiency Measure Checklist**
- **Retrofit Tips**

http://communityp.com/underwriting-energy-efficency-lender-handbook/



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