GREEN BANK NETWORK

WEBINAR SERIES

FINANCING CLEAN ENERGY IN AFFORDABLE HOUSING THROUGH GREEN BANKS: CT GREEN BANK APPROACHES

6 June 2017

Featuring: Kerry O’Neill and Kim Stevenson, CT Green Bank and
Betsy Crum, Women’s Institute for Housing and Economic Development and
CT Green Bank Board of Directors

GBN
Green Bank Network

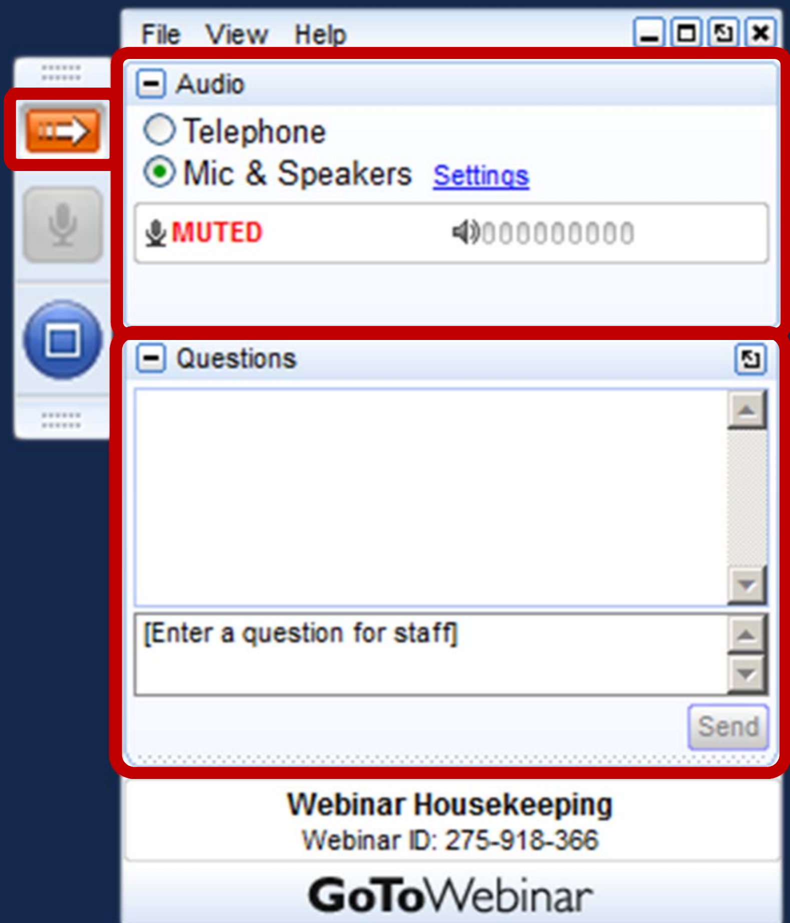
About the Green Bank Network

Launched at COP21 in Paris, the Green Bank Network (GBN) is a membership organization formed to foster collaboration and knowledge exchange among existing Green Banks and green finance institutions, enabling them to share best practices and lessons learned. The GBN also serves as a source of knowledge and a network for jurisdictions that seek to establish new Green Banks or similar dedicated green finance initiatives.

Learn more at greenbanknetwork.org

Follow us at @GreenBankNtwrk

GoToWebinar Housekeeping



Your controls are on the GoToWebinar control panel.

Audio options:

- Choose "Mic & Speakers" to use your computer for audio, or
- Choose "Telephone" and dial in using the information provided

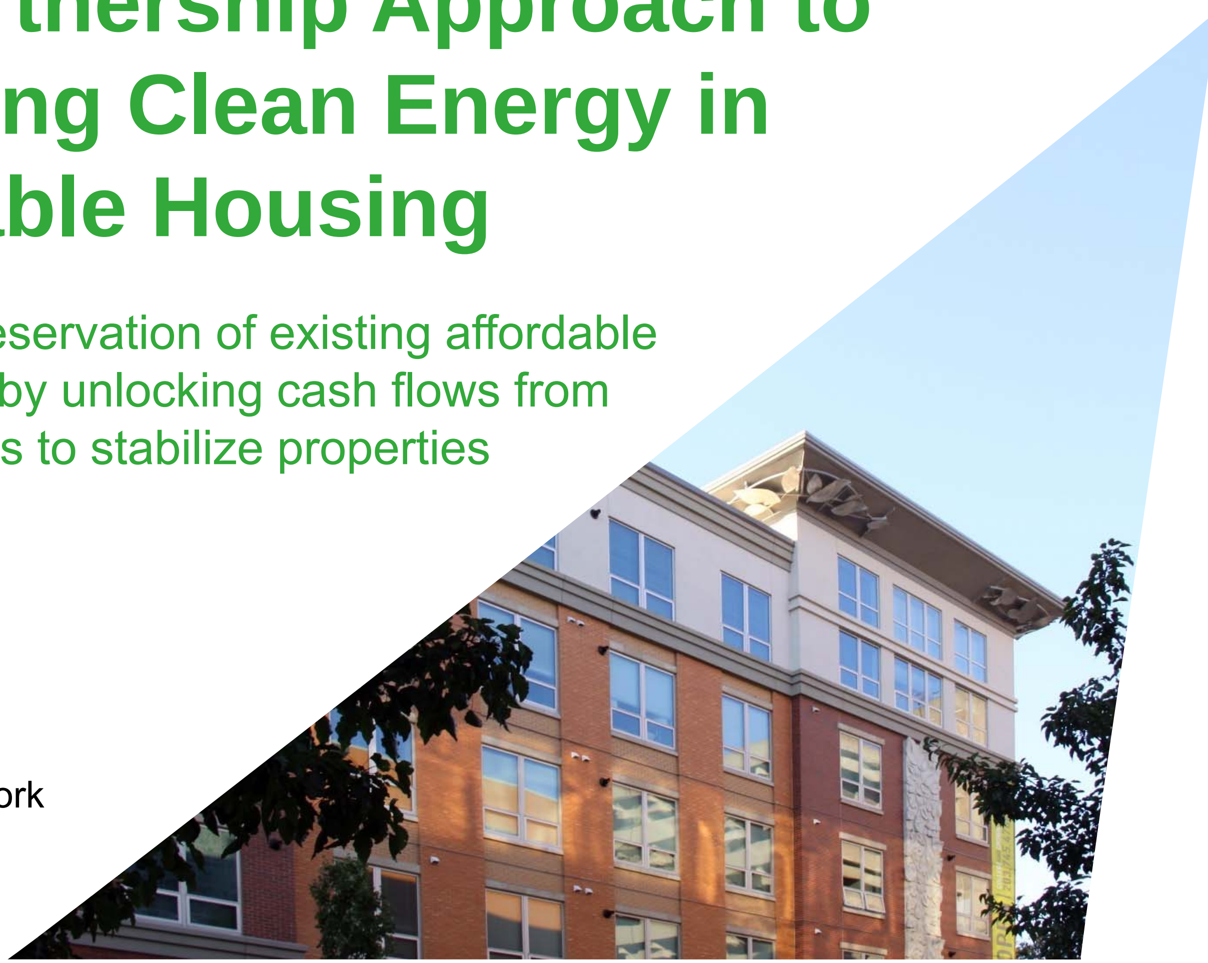
Submit questions and comments via the Questions box

Note: Today's presentation is being recorded and will be posted on the Green Bank Network website: greenbanknetwork.org

CONNECTICUT
GREEN BANK

Our Partnership Approach to Financing Clean Energy in Affordable Housing

A focus on preservation of existing affordable housing units by unlocking cash flows from energy savings to stabilize properties



Green Bank Network
June 6, 2017

Connecticut Green Bank
Mission and Goals

Support the Governor's and Legislature's energy strategy to achieve cheaper, cleaner, and more reliable sources of energy while creating jobs and supporting local economic development

- Attract and deploy private capital to finance the clean energy goals for Connecticut
- Leverage limited public funds with multiples of private investment, returning and reinvesting public funds for further clean energy deployment
- Develop and implement strategies that bring down the cost of clean energy in order to make it more accessible and affordable to consumers
- Support affordable and healthy homes and businesses in distressed communities, **reduce energy burden** and **address health & safety**

Case Study

Unsecured LIME Loan with CDFI Partner

East Meadow Condo Association, Manchester, CT

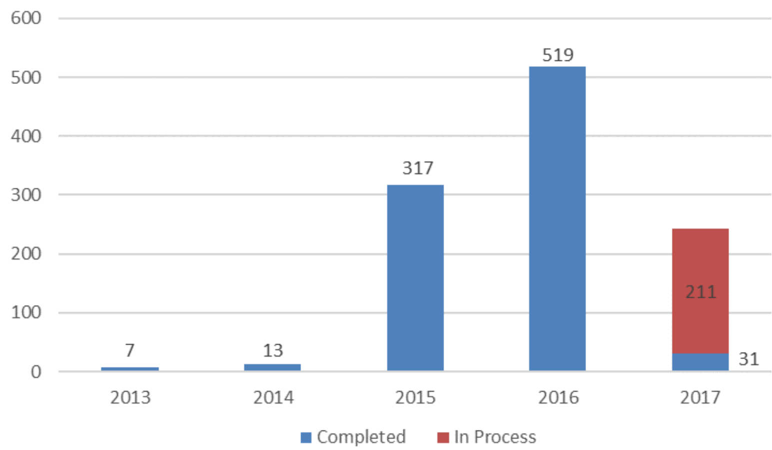
www.ctgreenbank.com/our-stories/#multifamily

Description:	**Lighting, boilers, roof replacement, insulation**
Total Project Costs: **Utility Incentives:** **Financed:**	**$654,000** **$34,000** **$620,000**
Estimated Annual Savings:	**$79,000**
Annual Debt Service:	**$53,000, 1.48 DSCR**
Financing Terms:	**20 years, 6.00%**
Payback Period:	**7.8 years**

Energy improvements yield significant savings, unlocking cashflows that cover debt service – often for additional improvements such as needed structural, health or safety work.

Our Impact and Stats
Momentum Picking Up

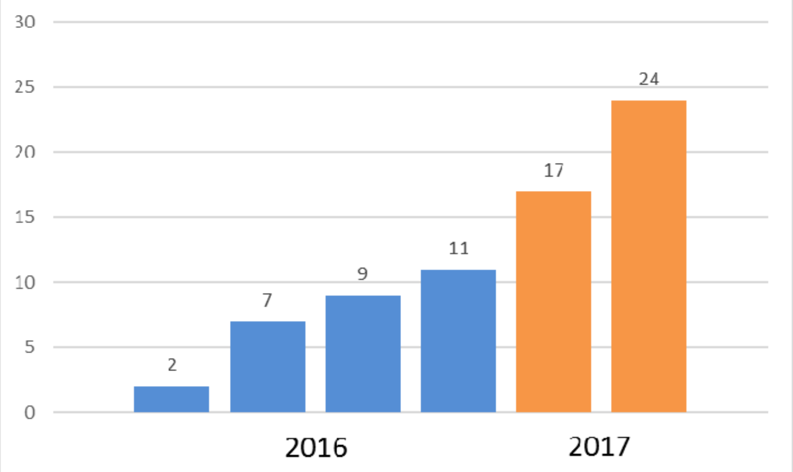
Benchmarked Buildings Each Year



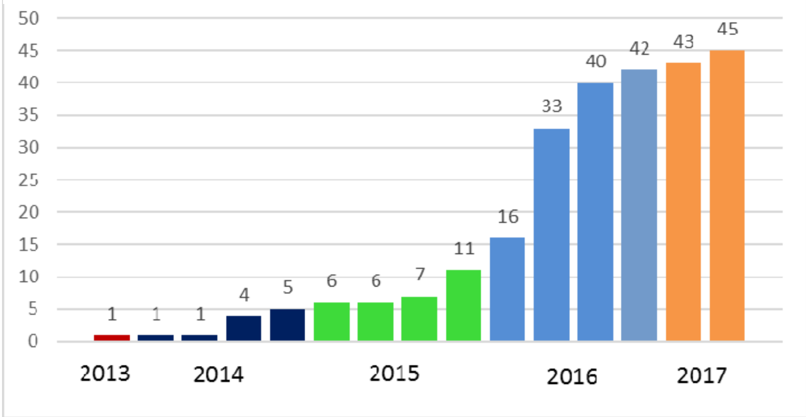
www.wegowise.com/benchmarkct

Benchmarked 1,098 buildings, or about 19,500 units

Pre-Development Loans
24 loans closed for $202,988



Term Loans
45 loans closed for $27.2MM



Cumulative closed projects

CT Low-to-Moderate Income Market By the Numbers

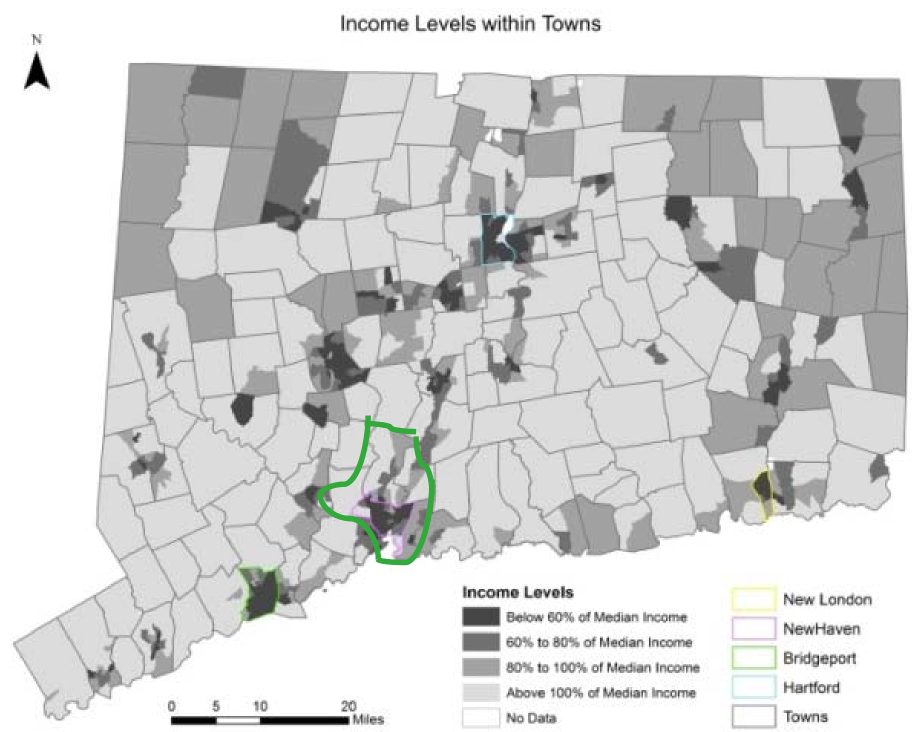
CONNECTICUT GREEN BANK

Income Level by AMI Band	# Census Tracts	Tract Households	% of Households	Tract Owner Occupied Households	% OO HHs in AMI Band	Tract Renter Occupied Households	% Rental HHs in AMI Band	Average 2010 Tract Median HH Income
<60% AMI	171	240,062	18%	73,593	31%	166,469	69%	$34,401
60%-80% AMI	109	193,791	14%	104,971	54%	88,820	46%	$54,797
80%-100% AMI	153	269,711	20%	179,352	66%	90,359	34%	$68,396
100%-120% AMI	140	237,488	18%	190,944	80%	46,544	20%	$84,763
>120% AMI	251	411,504	30%	357,267	87%	54,137	13%	$118,624
Grand Total	824	1,352,556	100%	906,227	67%	443,163	33%	$77,623

CT Green Bank Definitions

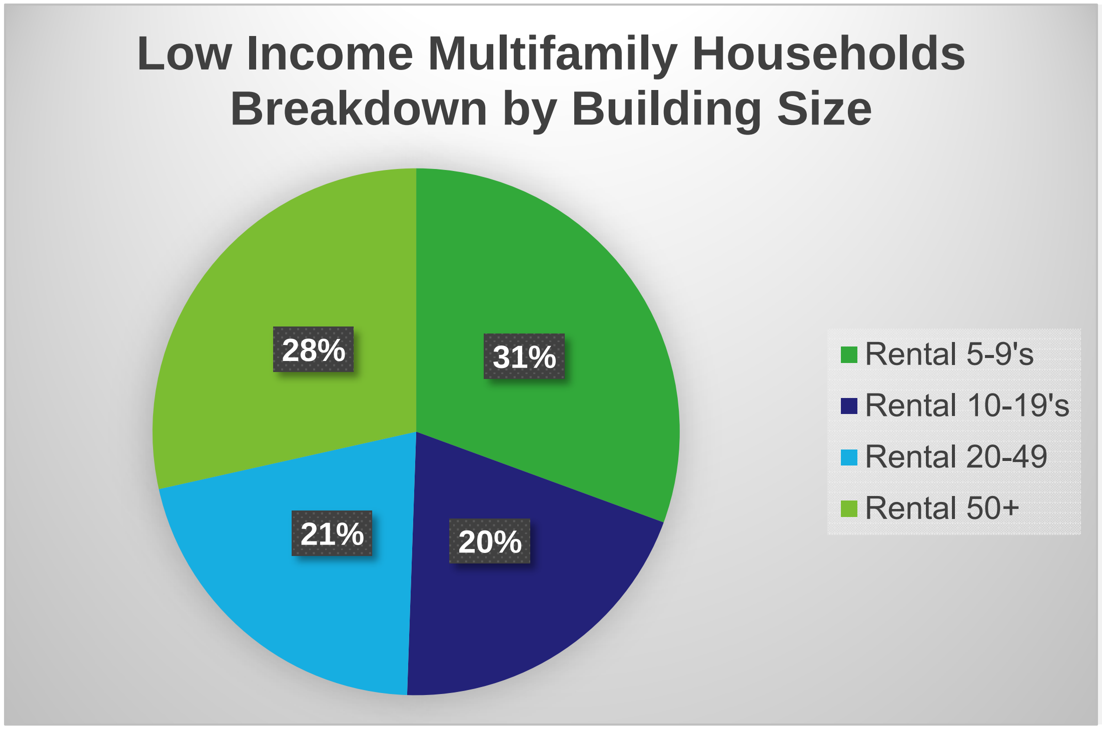
Low Income = 80% AMI or lower,
40% are homeowners

Moderate income – 81%-100% AMI,
65% homeowners



REFERENCES
2015 ACS Census Info. Totals are greater than individual lines due to some projects falling in unclassified census tracts.

Multifamily Sector (5+ Units)
By the Numbers



Connecticut Population - 3,543,000

Total Housing Units – 1,354,000

Total Multifamily Units – 240,000

Total Low Income Units – 462,500 (34%)

Total Low Income MF Units – 138,000

% of Low Income HHs in MF – 30%

% of Homes Built Before 1979 – 72%

Low income households are concentrated in older properties in poor condition, in need of significant capital improvements, and include *many* smaller rental properties.

Low-to-Moderate Income Residential Properties: Old and Aging

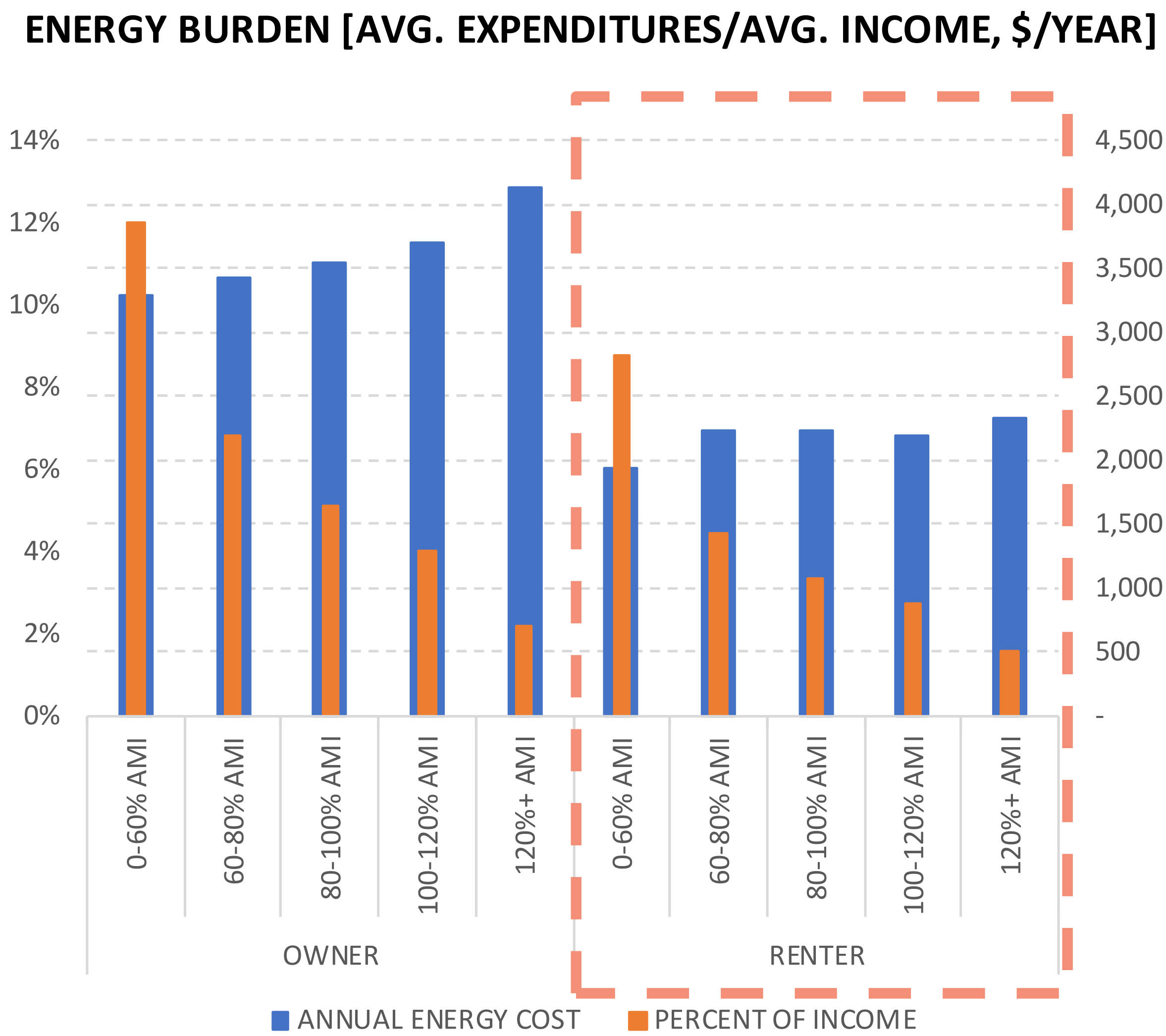
Older housing stock is NOT just about energy:
Health and safety issues estimated in 25-40% of units

Reducing Energy Burdens
For Those That Need It Most

Energy costs are a significant portion of household expenses

- Among the highest energy rates and costs in the country
- CT residents spend $5.2 billion/year to heat, cool, light and provide hot water – more than state's budget for health care or education
- More than half our low income residents suffer a **high energy cost burden** (>10% of income)
- "Energy Affordability Gap" ranges from $1,250 to $2,500 *per year*

Reducing Energy Burdens
For Those That Need It Most



The energy burden of our low income renters is *3-4 times greater* than our renters with higher incomes.

AMI Bands	Avg. Household Income – MF
0-60%	$20,000
60-80%	$48,000
80-100%	$65,000
100-120%	$77,000
120%+	$131,000

Multifamily Catalyst Fund

Unlocking Cash Flows to Stabilize Properties

CONNECTICUT GREEN BANK

Case Studies – Projects In Development

Seabury Coop, New Haven

- 88 units, adj. to Yale campus
- Annual energy costs: $226K (2015)
- Potential Energy Upgrades:

  electric boiler replacement, lighting, windows, roof insulation
- H&S: Electrical hazards/exposed wires and other various

Success Village Coop, Bridgeport

- 964 units, WW2 workers housing
- Annual heating costs: $1.8M (2015)
- Potential Energy Upgrades:
  failing central steam boiler system, degraded steam pipe network, unit insulation
- H&S: Asbestos contamination

Energy Meets Housing

The Ultimate Multiplier

CONNECTICUT GREEN BANK

2011-2013

CATALYSTS:

- Governor's $300M 10-yr capital plan
- New Ecology enters CT funded by JPB foundation

2014

PARTNERSHIP DEVELOPMENT:

- LIME Loan established
- CHFA-CGB announce pilot
- Interagency meetings start

2015

PROGRAM DEVELOPMENT:

- Interagency LEAN process
- CT Housing Coalition partnership
- MacArthur PRI / Housing Development Fund partnership

2016

PROGRAM LAUNCHES:

- Integrated utility app
- Pre-development loans, Catalyst Fund term loan
- BenchmarkCT launches
- Best practices trainings

2017

CONTINUED PROGRAM DEVELOPMENT:

- CHFA / QAP points
- Peer-to-Peer Network
- EnergizeCT MF Initiative
- Solarize State Sponsored Housing v2.0
- Kresge PRI: Solar + Storage

2018 and Beyond

DEEPER ENGAGEMENT

- HUD Partnership
- Health and safety integration
- Utility allowances

CONNECTICUT Department of Housing

CONNECTICUT HOUSING FINANCE AUTHORITY

CONNECTICUT ENERGY ENVIRONMENT

energize CONNECTICUT CT

EVERSOURCE

UI SCG CNG

CONNECTICUT GREEN BANK

Our Partners

energize CONNECTICUT CT
Empowering you to make smart energy choices

CONNECTICUT GREEN BANK

U.S. DEPARTMENT OF ENERGY

Connecticut Department of ENERGY & ENVIRONMENTAL PROTECTION

EVERSOURCE

UI SCG CNG

CONNECTICUT HOUSING FINANCE AUTHORITY
The Key to Affordable Housing

Connecticut Housing Coalition

hdf
Housing Development Fund

CONNECTICUT Department of Housing

CAPITAL FOR CHANGE

Operation Fuel, Inc.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT U.S.

UHAB

NEI NEW ECOLOGY INC.

wegowise

MacArthur Foundation

GRID ALTERNATIVES

KRESGE COMMUNITY FINANCE
SOCIAL INVESTMENT PRACTICE

Multifamily Programs

Technical assistance and financing to help owners save money on energy, increase property values, and improve tenants' safety & comfort.

Pre-Development Resources

Benchmark CT
- Free energy benchmarking resource

Sherpa Loan
- Designated service provider
- Standardized process & fee schedule

Navigator Loan
- Client managed contractor(s)
- Customized technical services

Project Financing

LIME
- Low Income Multifamily Energy
- Affordable
- Unsecured

Solar
- Solar projects only
- Commercial solar lease

Gap Financing
- Flexible low-cost financing
- Energy & health/safety

www.ctgreenbank.com/multifamily

Multifamily Programs

How We Do It

CONNECTICUT GREEN BANK

Unsecured/
solar-only
financing

Mid-cycle/
mod-rehab

Unsecured/
solar-only
financing

Subsidized

Non-subsidized

Key Event:
New Const
Sub-rehab
Refinance

Secured or
unsecured
gap financing

Multifamily Partnership Successes:

- New, clearly defined process to incorporate utility incentives into state funded multifamily projects
    - Created and streamlined utility incentive application forms
- Utility incentives now required with all Department of Housing/CT Housing Finance Authority funding applications
    - Ensures utility incentives are included in initial project capital stack
- Changes to LIHTC Qualified Allocation Plan
- New process to incorporate utility incentives into mid-cycle naturally occurring affordable multifamily projects

Multifamily Partnership Successes:

Partnership with CHFA and Wegowise has benchmarked 1,098 buildings, or about 19,500 units, which is more than **10% of all multifamily units in CT**

Solar on **10 housing authorities** supporting 1,300 rental units

20 efficiency and solar projects supporting **1,455 affordable rental units**

16 pre-development projects and 1 Catalyst Fund loan supporting 1,583 affordable rental units

Parting Thoughts

- **Analyze your market**, ground yourself in the **data**
- **Don't go it alone** – look for those **multiplier effects**
  - In the energy space, of course! But in other sectors serving low income residents such as **housing**, **healthcare**, **senior services**, other community-based org's/service providers, **faith** orgs, etc.
  - It's OK to quarterback and lead from behind
- **Build relationships**
  - **Listen** to your partners, deeply
  - Ask the "why" questions
  - Pay attention to language and definitions
- **Be intentional** about program design and **your role in the ecosystem**

More Info:

ctgreenbank.com/multifamily

Contact us:

Betsy Crum
Board Member, Connecticut Green Bank
Executive Director, Women's Institute for Housing and Economic Development
bcrum@wihed.org

Kerry O'Neill
Vice President, Residential Programs
Kerry.Oneill@ctgreenbank.com
(860) 257-2884

Kim Stevenson
Associate Director, Multifamily Housing
Kim.Stevenson@ctgreenbank.com
(860) 257-2890

Green Bank Network: Contact us at info@greenbanknetwork.org and visit our website at www.greenbanknetwork.org