Partnerships for Energy Efficiency Lending

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Energy Savers Overview

★ Program to reduce energy consumption in multifamily rental buildings
★ Jointly administered by Community Investment Corporation (CIC) and CNT Energy (CNTe), a division of Center for Neighborhood Technology.
★ Since 2008:
   – Retrofits: 379 buildings / 14,684 units
   – Financed: 160 projects/ 6,700 units / $15.6MM
★ Average: $3,000/unit → 30% savings
   – Typical 24 unit building /$10,000 per year
   – 5-7 year payback
Energy Savers

Origins:
★ The Preservation Compact → preserve affordable rental housing in Cook County
★ Two costs most difficult to control:
   – Property taxes
   – Utility bills

Energy Savers Partnership:
★ CIC - a CDFI with experience in multifamily lending ($1.1 billion/2,000 loans/since 1984)
★ CNT Energy - an energy efficiency provider
★ CNT provides:
   – Assessment
   – Construction Oversight
   – Advice
   – Ongoing Monitoring
★ CIC provides:
   – Access to owners and financing (if needed)
Energy Savers: How it works

A one-stop energy efficiency shop for owners of multifamily buildings that offers:

- Energy Analysis
- Cost-effective energy-saving recommendations
- Low-cost financing through CIC
- Construction Oversight
- Tracking of building performance to ensure savings

Energy Savers Case Study

- Nautilus Investments
- Seven-story brick building with 55 units
- Constructed in 1928
- Steam heating system run on natural gas
Investment Package

★ Improvements made:
– New steam boiler
– New boiler controls with indoor temperature sensors
– High efficiency hot water heaters
– Insulated heating pipes
★ Investment: $80,000 low-interest loan

• Energy Savings:
– 45% gas savings
– $21,600/year

Old boiler and pipes
Energy saving improvements

- New steam boiler
- New boiler controls with indoor temperature sensors
- Replaced hot water heaters with high efficiency model

Installation of Cost Effective Measures

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Cost ($k)</th>
<th>Savings (thermo/year)</th>
<th>Savings (kWh/year)</th>
<th>Simple payback (years)</th>
<th>Payback (years)</th>
<th>GTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Install boiler controls in main building</td>
<td>5.100</td>
<td>2053 thermo/year</td>
<td>2.335</td>
<td>2.4</td>
<td>12</td>
<td>5.1</td>
</tr>
<tr>
<td>2. Replace rebuilt boiler in main building with a high-efficiency (92%) boiler</td>
<td>60.000</td>
<td>9306 thermo/year</td>
<td>9.306</td>
<td>6.6</td>
<td>20</td>
<td>2.3</td>
</tr>
<tr>
<td>3. Replace all incandescent light bulbs in exit signs with LEDs</td>
<td>5.200</td>
<td>9412 kWh/year</td>
<td>941</td>
<td>6.3</td>
<td>10</td>
<td>1.6</td>
</tr>
<tr>
<td>4. Connect T12 fluorescent lights with more efficient T8 lights in all common areas</td>
<td>1.720</td>
<td>2800 kWh/year</td>
<td>280</td>
<td>6.1</td>
<td>10</td>
<td>1.6</td>
</tr>
<tr>
<td>5. Install low-flow shower heads (1.5 GPM) and faucets in showers (1.5 GPM kitchen: 1.5 GPM bathroom)</td>
<td>14.400</td>
<td>1600 thermo/year</td>
<td>1600</td>
<td>9.0</td>
<td>10</td>
<td>1.1</td>
</tr>
<tr>
<td>6. Replace older ovens and install door sweeps in townhome unit(s)</td>
<td>4.200</td>
<td>1500 thermo/year</td>
<td>1500</td>
<td>9.0</td>
<td>10</td>
<td>1.1</td>
</tr>
<tr>
<td>TOTAL***</td>
<td>107.400</td>
<td>153,425 thermo/year</td>
<td>153425 kWh/year</td>
<td>7.4</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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* GTR: Graphical Representation. ** Recommendation is based on the amount of electricity used in the building. *** Additional measures are eligible for utility savings. Please see Table 2.
Navigant Consulting recently completed an independent review of the Energy Savers program to verify the energy savings in buildings that have completed efficiency upgrades recommended by the program.

The study shows that Energy Savers delivers real and substantial energy savings in buildings that go through the program.

**Energy Savers**

- **Financing**
  - **2008-2013**: 160 projects/6,700 units/$15.6MM
  - **Loan Structure**:
    - Second mortgage loans
    - Personal recourse
    - 3% (money obtained at 1%)
    - Often behind CIC first mortgage
    - 1.15 DSCR (after retrofit)
    - 90% LTV (recent appraisal)
    - 7 year term
    - 7-10 year amortization
  
  NOTE: Energy savings should cover debt service.
Energy Savers
-Financing-

★ Sources of funds:
– Originally:
  • $1 million, MacArthur Foundation
  • $1 million, Grand Victoria Foundation
  • $1 million, CIC
– New Funding:
  • $8 million, Bank of America
  • $5 million, MacArthur Foundation
  • Both 10 year, 1% PRIs
  • Also:
    – $500,000 grant, Bank of America, $3.5 million in loan loss reserves (City of Chicago, CMAP)

Energy Savers
-Wrap Up-

★ Key Elements
– Partnership— CIC-CNTe
– Low barrier to entry (no cost assessment and TA)
– Nothing mandatory – owner choice
– Flexible
– Low cost financing, if needed
Energy Savers
-Wrap Up-

★ Looking Ahead – challenges of going to scale
  – Source of money for assessments, TA
  – Source of capital
  – Security for loan repayment
★ Utility bills??

Thank You & Questions

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