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Staying Connected: The CDFI Energy Efficiency in Multifamily Affordable Housing Program and Transaction Database

Tuesday, December 12, 2017 1:00 PM ET
Agenda

- Overview of the Sustainability in Affordable Housing Lender Learning Network
- Program and Transaction Database
- Next Steps
- Q&A
Presenters

- Jack Crane
  Community Investment Corporation

- Josh Earn
  National Housing Trust

- Yerina Mugica
  Natural Resources Defense Council

- Natalie Patterson
  National Housing Trust

- Lauren Stebbins
  Opportunity Finance Network
Housekeeping

- This webinar is being recorded – the recording and powerpoint will be posted at ofn.org/webinars

- For the Q&A portion of the webinar, use the **raise your hand** feature in GoToWebinar and OFN will unmute you

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A collaborative, coalition-driven, 13-state campaign to increase energy efficiency in affordable multifamily housing

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

**Our Long Term Vision:** EEFA’s success catalyzes equitable access to clean energy resources for healthier homes, reduced poverty, a cleaner environment and more climate-resilient communities
Sustainability in Affordable Housing Lender Learning Network

- Connecting the dots between multifamily housing affordability & efficiency
- We are a learning network of CDFIs that has gathered to share what has worked and explore opportunities for expanding and employing that knowledge.
  - Website with Resource Hub (coming soon!)
  - Webinar Series
  - Transaction Database
First webinar series recently completed on the Underwriting Efficiency Handbook

- Understanding Efficiency
- Building Efficiency
- Integrating Efficiency

Program and Transaction Database

- Collaborative effort by Lender Learning Network members
- 50+ programs and 20+ transactions so far with detailed information to inform lenders interested in implementing similar programs or closing similar investments.
- Resource for:
  - Lenders already active in multifamily efficiency lending
  - Lenders interested ways to integrate efficiency into their lending
- Currently excel workbook format as database develops, but the public version will be in a more attractive, sortable format on the Lender Learning Network website
- We welcome feedback on the database structure and data contributions by lenders currently active in this space
General Information and Structure
- Lender
- Lender type
- Program name
- Program overview
- Jurisdiction
- Year established
- Eligibility Criteria
- Type of lending program (e.g. mortgage, pre-dev, construction, PACE)
- Loan size range
- Type of improvements covered
Programs Information

- General Information and Structure
  - Lender – Community Investment Corporation
  - Lender type – CDFI
  - Program name – Energy Savers
  - Program overview – One-stop energy efficiency shop for multifamily building owners, Energy Savers is a partnership between CIC and Elevate Energy that connects technical expertise with creative financing for energy and water retrofits.
  - Jurisdiction – Chicago and suburbs, Illinois
  - Year established – 2008
  - Eligibility Criteria – Naturally occurring rental AH, 5+ units
  - Type of lending program – mortgage, construction
  - Loan size range – not specified
  - Type of improvements covered - energy efficiency, water conservation, renewable energy
Programs Information Cont.

- Financing Details
  - When is the product applicable?
  - Interest rate
  - Maturity
  - Security
- Results/Impact
  - Total number of loans issued per year
  - Total loan volume per year
  - Other impact metrics available
- Additional Information
  - Point of contact
  - Notes
  - Link to additional information
Financing Details
- When is the product applicable? – acquisition, refinancing, mid-cycle
- Interest rate – Determined by loan committee case-by-case
- Maturity – 10 years but can be shorter for a mid-cycle loan
- Security – Secured – mortgage

Results/Impact
- Total number of loans issued per year - 15
- Total loan volume per year - $2,000,000
- Other impact metrics available - >33,000 units in 760 buildings retrofitted, resulting in 621 jobs created, 7.9M therms saved, 21.5M kWh saved, and 61,690 metric tons CO2e avoided.

Additional Information
- Point of contact - Katherine Elmore, Katherine.elmore@cicchicago.com
- Notes
- Link to additional information - http://www.cicchicago.com/energy-savers/
Transactions Details

- Transaction details
  - Lender
  - Location
  - Property Type
  - Property ownership
  - Type of building
  - Type of project
  - Buildings (#) and units (#)
  - Scope of efficiency work

- Financing details
  - Loan type
  - Total delivery cost
  - Equity type and amount
  - Loan amount and term
  - Incentives/rebates
  - Funding sources
  - Status of completion
Transactions Details

- **Transaction details**
  - Lender – Community Investment Corporation
  - Location – Chicago, IL
  - Borrower – Undisclosed
  - Property Type – Unsubsidized
  - Property ownership – For-profit
  - Type of building - Corner brick 3-story building, built 1909, located in low-mod income census track
  - Type of project – Acquisition/rehab
  - Buildings (#) and units (#) – 1 building, 8 units
  - Scope of efficiency work - Gas forced air furnaces (95%+ AFUE); roof cavity air seal and insulation (R-49); exterior wall insulation (R-19); ENERGY STAR refrigerators; High efficiency DHW heaters (90%); LED lighting; Low flow faucets; WaterSense toilets; Efficient windows - Advance Windows series 6000

- **Financing details**
  - Loan type - Construction loan followed by long term permanent loan
  - Total delivery cost - $427,500
  - Equity type and amount – 127,140 borrower equity
  - Loan amount and term - $427,500, 10 years
  - Loan repayment source – utility and operations savings, rental income
  - Incentives/rebates - <5,000
  - Status of completion - In construction, expected complete 3/31/2018
Transactions Details Cont.

- Underwriting considerations
  - Security
  - Repayment risk – expected cash flow
  - Repayment risk – debt service coverage ratio
  - Organizational risk – will borrower guarantee loan?
  - Organizational risk – is the borrower mission aligned?
  - Technical risk – how are energy savings calculated?
  - Technical risk - % projected savings discounted

- Additional information
  - Point of contact
  - Notes
  - Link to additional information
Transactions Details Cont.

- Underwriting considerations
  - Security – Secured
  - Recourse – Full recourse loan
  - Repayment risk – expected income - $39,088
  - Repayment risk – debt service coverage ratio – 1.34
  - Project Mission Alignment - How did the lender determine the project is aligned with their mission? Projected rents are at or below 60% AMI
  - Technical risk – how are energy savings calculated? Comparable to ASHRAE Level 1+; BPI Standard Practice for Multifamily Energy Auditing
  - Technical risk - % projected savings discounted - n/a; case by case
- Additional information
  - Point of contact - Katherine Elmore, Katherine.elmore@cicchicago.com
  - Notes
  - Link to additional information - http://www.cicchicago.com/energy-savers/
Format

- Currently excel workbook format as database develops, but the public version will be in a more attractive, sortable format on the Lender Learning Network website.
Request for feedback

- For lenders interested in integrating efficiency into your affordable housing lending:
  - Would your organization use the information in this resource?
  - What additional data fields would be useful to you?
  - What other resources could the Lender Learning Network develop that would be useful to you?

- For lenders already active in lending to efficiency in multifamily affordable housing:
  - Are there data fields missing you would want to know about other lenders’ programs/transactions or that you would like to share about your own?
Next steps on Program and Transaction Database

- Lender Learning Network Advisory Group will finalize initial database content and work with a web developer to develop a web-based display format for it.

- We welcome your data contributions to the program and transaction database. Please email Bettina Bergoo, bbergoo@nrdc.org and we work with you to insert data.

- The database will be posted on the Lender Learning Network’s public website when it is launched in early 2018.
Engage with the Lender Learning Network

- We welcome all to join the Sustainability in Affordable Housing Lender Learning Network! Email Bettina Bergoo, bbergoo@nrdc.org to join our mailing list. We will notify you of upcoming webinars, the website launch, and the public release of the database.

- For experienced efficiency lenders, we welcome you to join the network Advisory Group’s biweekly meetings and working groups. Email Bettina Bergoo, bbergoo@nrdc.org with your interest and we will be happy to plug you in.
Q&A

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