Bank of America Energy Efficiency Finance Program

**Program Objective**
To provide catalytic resources to CDFIs that are working on innovative financing programs for energy efficient retrofits in low- and moderate-income communities. The four components of the Bank of America Energy Efficiency Finance Program are:

**Grants:**
$5 million in total. Grants of $500,000 per program participant, paid over two years (2011 and 2012).

**Loans:**
$55 million in total. Loans to program participants range from $5 million to $8 million. Loans at 1% interest rate and for terms as long as ten years.

**Data:**
CDFIs are working with EnergyScoreCards to collect utility data and monitor post-retrofit energy and water consumption against pre-retrofit performance.

**Knowledge:**
Bank of America is working with Opportunity Finance Network (OFN) to share knowledge and experiences of this program via webinars and at national CDFI conferences in 2011, 2012, 2013, and 2014. Program results will be published.

**Program Participants**
Boston Community Loan Fund
Community Investment Corporation
CRAFT3
Enterprise Community Loan Fund
National Development Council/ Grow America Fund
IFF
Low Income Investment Fund
Opportunity Finance Network (to grow capacity of other CDFIs)
Self-Help
The Reinvestment Fund
Models under the Bank of America Energy Efficiency Finance Program

**Boston Community Loan Fund**
Multifamily housing retrofit loans originated and then sold to secondary market after the energy savings have been demonstrated

**Community Investment Corporation**
One-stop program for energy assessments, financing, and construction oversight of energy efficiency retrofits for multifamily housing

**CRAFT3**
Loans for energy efficiency improvements for single-family homes with repayment via home-owners' utility bills

**Enterprise Community Loan Fund**
Unsecured loans for energy efficiency retrofits made to owners with full recourse, avoiding debt and lien issues at property level

**National Development Council/ Grow America Fund**
One-stop program for energy audits and low-cost loans to small businesses for energy efficiency improvements or equipment

**IFF**
Low-interest energy efficiency loans to a wide range of nonprofit community facilities, including charter schools and health centers

**Low Income Investment Fund**
Loans for privately-owned, HUD-subsidized, multifamily housing. Working with HUD to re-align incentives and with an ESCO

**Opportunity Finance Network**
OFN was selected to provide capacity-building to CDFIs and to lend to CDFIs that were not selected under this program

**Self-Help**
Low cost capital for energy efficiency improvements integrated into New Markets Tax Credits and other financing structures

**The Reinvestment Fund**
Flexible capital for energy efficiency improvements - often blended with US DOE Better Buildings funding
Meet the Funders: The Energy Efficiency Financing Landscape

Casey J. Bell, The American Council for an Energy-Efficient Economy (ACEEE)
October 17, 2013

American Council for an Energy-Efficient Economy (ACEEE)

- 33 year old, nonprofit 501(c)(3) dedicated to advancing energy efficiency through research, policy, and technical assistance.
- Focus on end-use efficiency in Industry, Buildings and Equipment, Utilities & Transportation; Economic Analysis; Behavior; Finance.
- Finance Policy focused on:
  - Documenting the experiences of energy efficiency-specific financing models, identifying key elements of successful programs, and designing transferrable and scalable models based on these.
  - Assessing various strategies for using traditional financing tools to support efficiency upgrades and refine these models for appropriate markets, and
  - Convening gatherings of experts and practitioners in banking and other fields to help develop, test, and refine our research to ensure that it is relevant in real-world applications.
- Providing technical support to practitioners attempting to link leading-edge energy efficiency projects with capital.
Overview Of The Market

- Scaling EE retrofits is a $279 billion investment opportunity.
- Create > 3.3 million new direct and indirect cumulative job years in the U.S.
- Mitigate over 600 million metric tons of CO₂ per year (~10% of US emissions in 2010).
- Biggest opportunity in residential space. – (Deutsche Bank & The Rockefeller Foundation 2012)

Expected growth from 2011-2040:
- Transportation .7%
- Residential 6.7%
- Commercial 17.3%
- Industrial 18.2%


Opportunity for LMI / Multifamily

Source: Joel Freehling, CB&I

Market Participants

<table>
<thead>
<tr>
<th>TYPES</th>
<th>RISK PROFILE</th>
<th>Primary Interest</th>
</tr>
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<tbody>
<tr>
<td>Private Capital</td>
<td>Risk tolerant</td>
<td>Return, Growth</td>
</tr>
<tr>
<td>Utilities</td>
<td>Risk tolerant</td>
<td>Energy Savings</td>
</tr>
<tr>
<td>Government</td>
<td>Risk tolerant</td>
<td>Economic Development</td>
</tr>
<tr>
<td>Socially Responsible Investors</td>
<td>May be risk tolerant</td>
<td>Leverage, Innovation</td>
</tr>
</tbody>
</table>

Source: Joel Freehling, CB&I
### Sources of Capital

- **Utility**
  - Ratepayer Funds
  - Shareholder Funds

- **Public**
  - Grants (Federal, State, Local) e.g. Stimulus
  - Public Loan Funds
  - Bond Issues
  - Revenue from Cap and Trade Programs

- **Private**
  - Community Development Financial Institutions
  - Local Banks & Credit Unions
  - Large Commercial Banks & Capital Markets
### Common Energy Efficiency Barriers

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Split-incentives with multi-tenant buildings</td>
<td>- Neither the owner nor tenant wants to bear the cost of the retrofit because the other will gain.</td>
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<td>- Long lease lengths make it difficult to negotiate retrofits because parties prefer letting leases expire to amending existing leases.</td>
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<tr>
<td>Valuation</td>
<td>- Customers do not see the value in spending money to install EE upgrades.</td>
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<td>- Banks rarely consider energy efficiency investments when underwriting.</td>
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<td>Competing investment priorities</td>
<td>- Buildings are required or urged by various entities to install systems, making environmental upgrades potentially a lower priority.</td>
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<td>Upfront capital costs</td>
<td>- Limited debt capacity for Class B and C buildings.</td>
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<td>- Long payback periods</td>
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