

BUILDINGENERGY NYC

GGRF: Utilizing New Funds to Catalyze Investments in Multifamily Decarbonization

Drew Ades (CPC, Climate United)

Madeline Fraser Cook (LISC, Power Forward Communities)

Atalia Howe (CPC, Climate United)

Curated by Jeannine Altavilla and Grant Sheely

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TODAY'S AGENDA

**Welcome and
Introduction to the IRA**

Atalia Howe, Senior Vice President of Program Management,
CPC Climate Capital

Power Forward

Madeline Fraser Cook, Senior Vice President of Community
Building and Resilient Solutions, LISC Power Forward

CPC Climate Capital

Drew Ades, Senior Vice President, Production, CPC Climate
Capital

Moderated Discussion

Open Q&A

THE INFLATION REDUCTION ACT (IRA) - \$369B

In 2022, President Biden signed the **Inflation Reduction Act (IRA)** into law, a historic commitment of **\$369 Billion** to reduce the deficit and make investments in domestic clean energy production and manufacturing with a goal of reducing carbon emissions 40% by 2030.

While the legislation does not directly focus on housing, several housing-related provisions offer avenues to help make homes and communities more sustainable, more affordable, and more resilient.

- **Home Efficiency Rebates (HER) – “efficiency rebates”**
 - Single Family, Multi-Family, Low-Income Boost
- **Home Electrification and Appliance Rebates (HEAR) – “electrification rebates”**
 - Only available to LMI households.
- **Tax Credits (25C - Energy Efficient tax credit, 25D - rooftop solar tax credit, and ITC + 48(e))**
 - Recent purchases of new and used electric vehicles, heat pumps, heat pump water heaters, and other electric upgrades may be eligible for tax credits.

THE GREENHOUSE GAS REDUCTION FUND (GGRF) - \$27B

National Clean Investment Fund

Clean Communities Investment Accelerator

Solar for All

\$14 BILLION
3 AWARDEES

\$6 BILLION
5 AWARDEES

\$7 BILLION
60 AWARDEES

- Focused on providing financial assistance to aid in the development and deployment of Qualified Projects
- Prioritizing scaled deployment, continued operability, and market transformation

- Focused on providing grant capital to support local project development
- Prioritizing seeding the market across geographies to enable and develop qualified projects

- Focused on funding rooftop solar in disadvantaged communities (“Solar for All” programs) with/through state and local governments

THE NATIONAL CLEAN INVESTMENT FUND (NCIF) - \$14B

PROGRAM REQUIREMENTS:

- At least **40%** of investments must be made in **Low Income and Disadvantaged Communities (“LIDAC”)**
- All dollars must be used to support or finance **Qualified Projects**
- Majority of funds must go into projects as **Financial Assistance**
- Financing can be direct to project or through or alongside a Community Lender

RECIPIENTS:

- **Climate United** (Calvert Impact, CPC, Self-Help) - **\$6.97B**
- **Coalition for Green Capital** - **\$5B**
- **Power Forward Communities** (Enterprise, LISC, Rewiring America, Habitat for Humanity, United Way) - **\$2B**

Power Forward Communities

Power Forward Coalition Partners



- Deep knowledge of electrification policy.
- Private market relationships.
- World-class data and software.
- Coalition of 200+ local government leaders spanning 30+ states.



- Leading decarbonization and resilience nonprofit in affordable housing.
- 1 million affordable homes created or preserved.
- The nation's leading syndicator of Low Income Housing Tax Credits in recent years, as measured by equity invested.



- Extensive experience managing and deploying federal grant funding as a housing intermediary.
- \$29.7B invested driving \$82 billion in total development, including investments through LISC's affiliate, NEF, another of the nation's top syndicators.
- Rural program that reaches 2,400 counties across 49 states and Puerto Rico.
- Deep experience in workforce and economic development.



- 130+ year track record of partnering with low-income communities to build opportunity.
- 1,100 local chapters serving 50 states.
- 211 hotline that reaches 50,000+ households daily.



- Among the largest SF home builders in the nation.
- Affiliates operating in all 50 states.
- Mortgage lender for low-income households.

There are significant challenges beyond financing

The market is broken.

We live in a fossil fuel world with workforces incentivized to deliver fossil fuel machines, each one locking in 15+ years of emissions.

While incentives for households and building owners are available or coming, they are complicated and difficult to navigate for the average household or landlord.

LIDAC need trusted outreach.

The communities that have the greatest opportunity to benefit, and the most to lose if left behind, have a history of disinvestment and predatory practices that have led to enduring levels of mistrust. Locally-grounded and culturally responsive partnerships are crucial in making sure these incentives are accessible to low-income and disadvantaged communities.

Consumers generate market demand; financial institutions do not.

Financial institutions can play a critical role in making the market more efficient and reducing soft costs for borrowers. But today, the margins on below-market-rate lending are so slim this market won't create itself without standardized underwriting and aggregation that reduces customer acquisition costs. To do this effectively requires demonstrated demand from consumers for decarbonization loans.






Market Building Strategies

Build Demand

It's not just about financial products

-  **National campaign**
-  **Channel partnerships**
-  **Digital resources**
For housing developers and owners
-  **Electrification Planner**
Build a custom plan for households
-  **Incentive API**
Make it easier for developers, owners, and households to understand and access available incentives and rebates
-  **Developer, Contractor, and Property O&M Staff Trainings**

Connect Demand with Solutions

-  **United Way 2-1-1 Hotline**
-  **Habitat affiliates**
-  **Electric Coaches**
-  **The Cube**
Identify households with the most to win
- Project support**
 *Pipeline development, compliance coaching for MF owners and developers*

Develop a Supportive Market

Reducing costs and increasing access

-  **Workforce development and training**
-  **OEM Advance Market Purchases**
-  **Bulk installs and shoulder season scheduling**
-  **Building science technical assistance**
Providing developers and owners with feasibility studies and site assessments, project management support

PRIMARY TACTICS



Marketing



Software & Technical Assistance



Community Engagement



Private Market Partnerships

PFC Approach to NCIF Deployment

Deployment of award across the four eligible categories:

Financial Assistance (FA)	Predevelopment Assistance	Market-Building Activities	Program Administration
<p>Highly subsidized MF and SF loan products, including:</p> <ul style="list-style-type: none"> • Perm loans for energy efficiency and net-zero rehabs • Construction loans for building rehabs, solar installation, and EV charger installations • Contractor lines of credit • Home Repair 	<p>Grant funding for:</p> <ul style="list-style-type: none"> • Feasibility studies and design and construction administration services • “Energy justice” assistance 	<p>Funding to seed TA programs, including:</p> <ul style="list-style-type: none"> • National and market specific Technical Assistance Program • Developer / Contractor / Design Professional Training Programs • Green Workforce Development 	<p>The direct and indirect costs of NCIF including admin, staffing, compliance and monitoring, and reporting.</p>

LISC Local Offices and NCIF Deployment

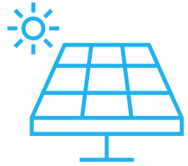
Limited GGRF funds will be leveraged across the LISC network in these ways.

Workforce Development	Developer and Contractor Training
<p>Six to seven markets will receive local staff support, dedicated national assistance, and programming resources, which may also include pass-through grants.</p>	<p>Nine to ten markets will receive local staff support, dedicated national assistance, and programming resources, which may also include pass-through grants focused on developer and contractor training. Broad web based training will be available everywhere.</p>

QUALIFIED PROJECT | Must meet all 6 requirements

- 1 Reduces or avoids **greenhouse gas emissions** or assists communities to reduce or avoid such emissions
- 2 Reduces or avoids emissions of **other air pollutants** or assists communities to reduce or avoid such emissions
- 3 **Delivers additional benefits** within one of the following: (1) climate change, (2) clean energy and energy efficiency, (3) clean transportation, (4) affordable & sustainable housing, (5) training & workforce development, (6) remediation and reduction of legacy pollution or (7) development of critical clean water infrastructure
- 4 May **not otherwise have been financed**
- 5 **Mobilizes private capital**
- 6 **Supports commercial technologies** (deployed 3 x for 5 years)

PRIORITY PROJECTS | 3 Categories



Distributed Energy Generation & Storage

Small-scale power generation and/or storage technologies (typically from 1 kW to 10,000 kW), plus enabling infrastructure that support carbon pollution-free electricity. Projects include residential rooftop solar, residential rooftop solar-plus-storage, community wind and solar, fuel cells, stand-alone energy storage, distributed generation and storage assets that support microgrids, and distribution system upgrades.



Net-Zero Emissions Buildings*

Retrofits of existing buildings, making a substantial contribution to the building being a net-zero emissions building and as part of a plan for that building achieving zero-over-time or construction of a new net-zero emissions building in a low-income and disadvantaged community. Buildings include residential, commercial industrial, community facilities. Projects include energy and water efficiency, geothermal heating and cooling, grid-interactive appliance electrification, whole-home retrofits, retrofits of adaptive reuse projects.



Zero-Emissions Transportation

Zero-emissions transportation modes, plus enabling infrastructure for zero-emissions transportation. Projects include deployment of chargers, rewiring for future charger installation and other infrastructure to support zero-emission: (1) micromobility options (electric bikes and scooters) as well as light-duty vehicles for individuals and families, (2) medium- and heavy-duty vehicles for small businesses and farms, and (3) charging and refueling depots for school buses, trucks and public transportation.

* Note that other building emissions reducing projects that do not achieve net-zero are eligible if they meet the Qualified Project definition.

Private Capital Opportunities

Develop innovative financing solutions and business models that offer risk mitigation strategies to protect against project uncertainties.

Enhance financial viability by offering financial products or funds that provide upfront financing and cover project costs, ensuring a higher completion rate for projects.

Leveraging Private Capital to Enhance GGRF Impact

Private capital needs to effectively leverage public funds to ensure the equitable distribution of GGRF resources:

Provide flexible financing structures and adapt financing terms to suit the specific needs of different projects, enhancing their feasibility.

Provide long-term, patient capital that aligns with the extended payback periods typical of green projects and focuses on sustainable returns.

Support emerging technologies through targeted investment across renewable energy, energy efficiency, and other clean sectors

Co-financing and matching funds of GGRF resources to create a proof of concept that supports market expansion.

Philanthropic Opportunities

Support for capacity building and technical assistance

Promote collaboration among public, private, and nonprofit sectors.

Pursuing Philanthropy to Enhance GGRF Impact

We foresee the following philanthropic needs to support an equitable distribution of GGRF resources:

Provide grants to cover initial project costs, feasibility studies, and offset project costs.

Fund meaningful community engagement initiatives.

Support the technical assistance to small and minority-owned businesses.

Invest in training programs to build a workforce skilled in green technologies.

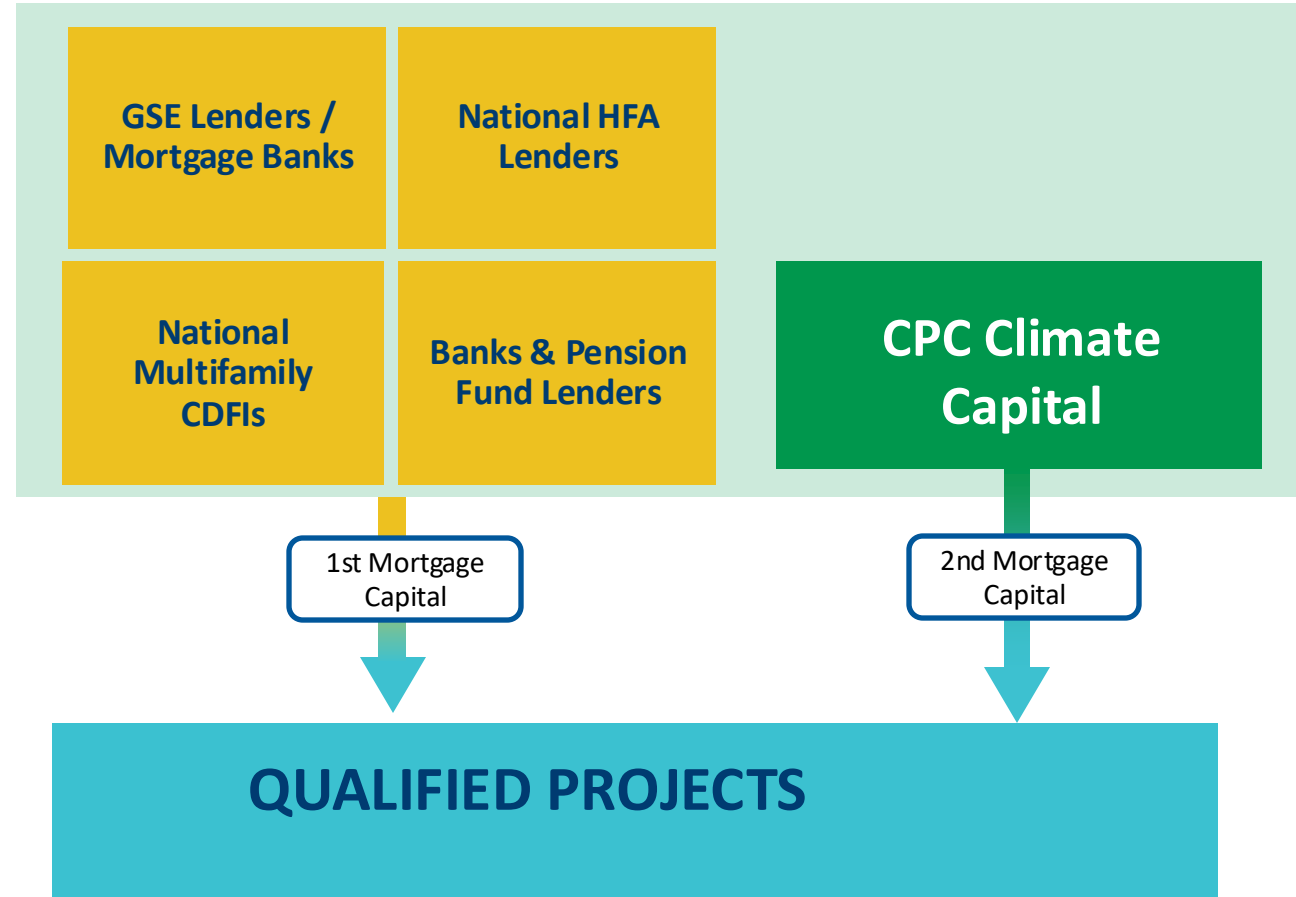
CPC Climate Capital

Delivering Decarbonization through the Mortgage Markets

As the multifamily deployment partner of Climate United, CPC Climate Capital will leverage the **existing network of mortgage lenders** and assist them in advancing sustainability and decarbonization **in the work that they already do**.

CPC Climate Capital will co-lend alongside first mortgage lenders and incentivize private capital entities to lend to qualified projects.

Capital will be subordinate to the first mortgage, similar to other public support programs, provided at significantly below market interest rates, coterminous with the first mortgage, and pre-payable at any time without penalty.



CLIMATE UNITED'S MULTIFAMILY PERFORMANCE STANDARDS

To qualify for CPC Climate Capital sub-debt, buildings must achieve one of the following performance standards. Loans will be sized by the modeled amount of Carbon reduced or avoided (\$8,000 per ton).

Retrofits of Existing Buildings

20% Energy Reduction OR 1 Ton Carbon reduction per unit annually

No new fossil fuel systems or appliances*

Must submit a "Zero Over Time" Plan (details forthcoming)

Save a Ton

35% Energy Reduction OR modeled Energy Star Score of 75+

All-Electric*

Clean Air

35% Energy Reduction OR modeled Energy Star Score of 75+

All-Electric*

Powered solely by renewable energy

Clean Air Boost
(Zero Emissions Building)

New Construction

Modeled energy use at least 10% better than the latest model energy code and meets the DOE definition for Zero Emissions Buildings

All-Electric*

Powered solely by renewable energy

Clean Air Boost
(Zero Emissions Building)

**Allowable exemptions include onsite backup power generation and Domestic Hot Water for multifamily buildings 7 stories and above.*

MULTIFAMILY RESIDENTIAL FINANCIAL PRODUCTS

Term Sheets now available at CPCClimateCapital.com

Predevelopment Loan

- 5% interest predevelopment loans to **support pre-construction activities** that result in projects meeting Climate United's Multifamily Performance Standards.
- Borrower must have acceptable site access agreement and/or site control.
- Eligible for projects located in LIDAC.
- Access prioritized to **emerging developers** from Priority Communities

Subordinate Construction or Rehab Loan

- Subordinate debt, originated by CPC Climate Capital, behind existing first mortgage providers **to fund construction or rehab of projects that meet one of the performance standards.**
- Coterminous with first mortgage loan and provided at up to 3% interest subject to market conditions.
- **Will be subject to Davis-Bacon and Related Acts.**

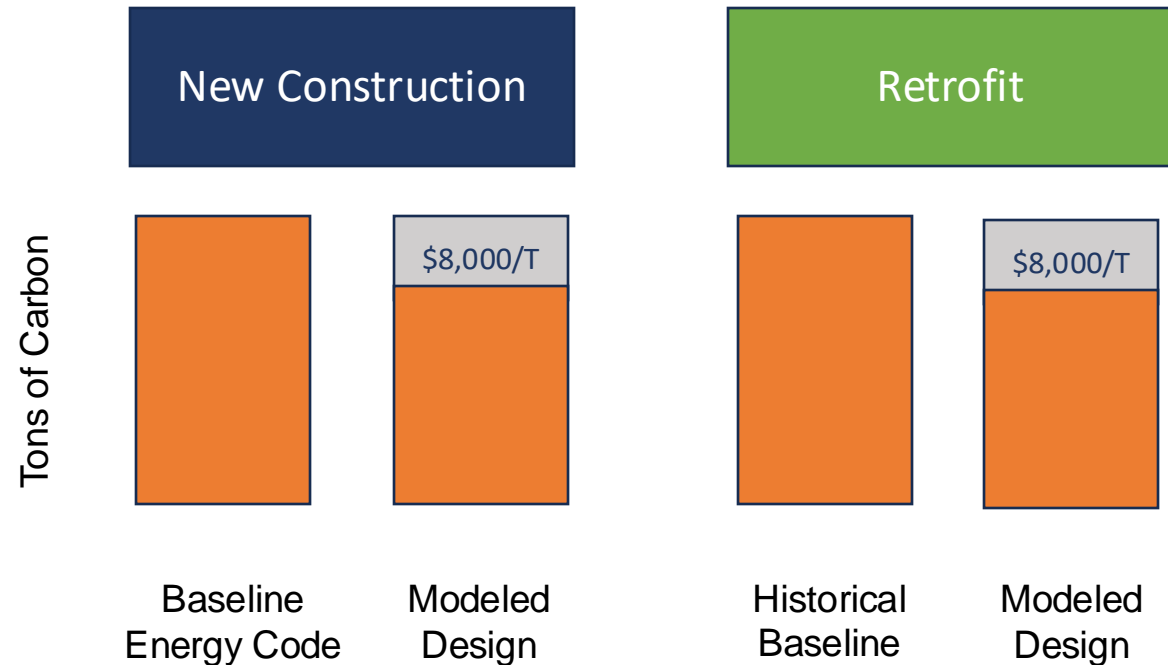
Subordinate Perm Loan for Completed Projects

- Subordinate debt originated by CPC Climate Capital behind existing first mortgage providers to eliminate funding shortage of a **project that has been completed to one of the performance standards.**
- Coterminous with first mortgage loan and provided at up to 3% interest subject to market conditions.

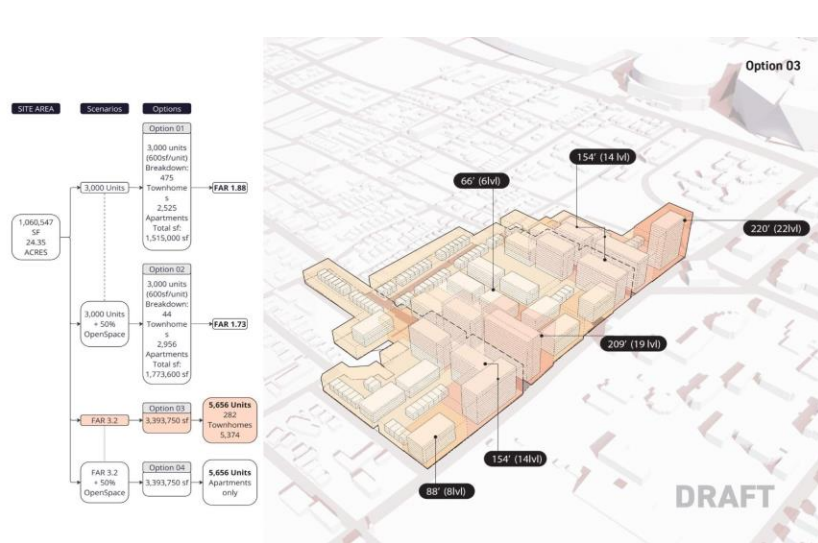
*Term Sheets now available at
CPCClimateCapital.com*

LOAN SIZING: \$8,000/TON OF CARBON REDUCED/AVOIDED

- CPC Climate Capital will fund \$8,000 per annual ton of projected carbon reduced
- Ground Up New Construction will be based on modeled design vs current local codes.
- Retrofits will be based on modeled design vs historical baseline. The projected carbon reduced will be based on an Energy and Decarbonization Assessment provided by an approved, 3rd party Technical Assistance Provider.



GREEN PRE-DEVELOPMENT LOAN – ATLANTA, GA



PROJECT SUMMARY

Building Type: 14 Acre, 3 Phase Development, owned by HBCU Clark Atlanta Campus (99-year ground lease). Loan scope covers Phase 1 of development for the first three residential buildings

Number of Units: ~350 units

Affordability: 40% of units to be permanently restricted to households earning between 30% and 80% of AMI

Anticipated Performance Standard: Clean Air Boost

Decarbonization Scope: Master planning and energy modeling for designing an integrated ground link VRF heat pump and well system to eliminate on-site carbon for space conditioning while maximizing energy efficiency.

Developer: Experienced Multifamily Developer

Project Details	
Purpose	Borrower is requesting a total of \$6 million for predevelopment work, including \$2.6 million for the required master plan by the City of Atlanta and an additional \$3.4 million for the Phase I design.
Anticipated Closing	January 2025; aim to complete predevelopment in advance of the QAP application deadline in October 2025.
Prioritization	Project qualifies as LIDAC and is led by a BIPOC developer; located in an EPA IRA Disadvantaged Community in Downtown, Atlanta. The overall project would also add a total of 1,194 units with 40% permanently restricted to households earning between 30% and 80% of AMI.

Issues

- Project is several years out from beginning of construction and funds would catalyze significant private capital mobilization by funding pre-construction activity

GREEN SUBORDINATE CONSTRUCTION LOAN – HUDSON VALLEY, NY



PROJECT SUMMARY

Building Type: 18-story apartment building

Number of Units: 179 units

Year Built: 1968

Last Renovated: 2005

Affordability: 100% of units restricted to 60% AMI

Anticipated Performance Standard: Clean Air

Decarbonization Scope: Deep energy retrofit including energy-efficient windows, heat pump installation, geothermal system for heating, cooling, and air source DHW heat pumps, and improved ventilation.

Developer: Experienced Affordable Developer

SOURCE	AMOUNT
NYS HCR SLIHC Tax Credit Equity	\$15,800,000
First Mortgage (Fannie Mae)	\$39,786,270
Solar ITC Equity	\$581,855
NYS HCR CEI Program	\$4,475,000
NYS HCR Multifamily Preservation Loan	\$13,425,000
Equity Bridge Loan (EBL)	\$16,937,568
EBL Payoff	(\$16,937,568)
NY Central Hudson Clean Heat Rebate	\$700,000
Income from Operations	\$168,199
Debt Service Reserve	\$680,053
GGRF Loan	\$8,569,152
Total	\$84,250,388

USE	AMOUNT
Acquisition Costs	\$42,000,000
Construction Costs	\$35,464,032
Project Soft Costs	\$3,798,394
Developer Legal Costs	\$170,000
Financing Insurance Costs	\$452,703
Financing Legal Costs	\$140,000
Equity Syndication Costs	\$163,000
Reserves and Escrows	\$2,369,333
Soft Cost Contingency	\$236,205
Developer Fee	\$1,000,000
Total	\$84,250,388

Moderated Discussion and Q&A

Thank you!

**Atalia Howe, Senior Vice President of Program Management, CPC
Climate Capital, ahowe@communityp.com**

**Drew Ades, Senior Vice President, Production, CPC Climate Capital,
dades@communityp.com**

**Madeline Fraser Cook, SVP Community Building and Resilient Solutions,
mfrasercook@lisc.org**