



EnergizeCT Health & Safety Revolving Loan Fund

Presentation for CAHCEO

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Presenter



Kim Stevenson

Director, Strategic Initiatives, Inclusive Prosperity Capital

Agenda

- What can the ECT Health & Safety Loan fund?
- Case study examples
- The details: Loan terms and application process
- Q & A

Connecticut Green Bank

Mission Statement and Goals



Confront climate change and provide society a healthier and more prosperous future by increasing and accelerating the flow of capital into markets that energize the green economy.

- Leverage limited public resources to scale-up and mobilize private capital investment in the green economy of Connecticut.
- Strengthen Connecticut's communities by making the benefits of the green economy inclusive and accessible to all individuals, families, and business.
- Pursue investment strategies that advance market transformation in green investing while supporting the organization's pursuit of financial sustainability.

Definitions



“Multifamily”

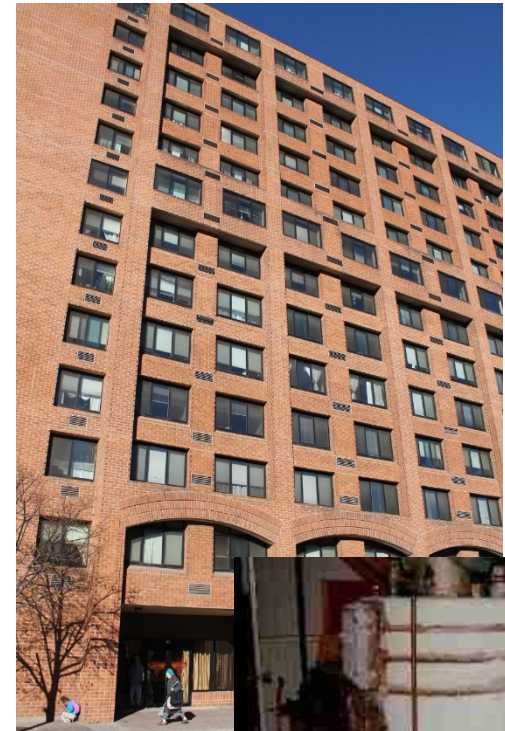
- 5+ units
- Income eligible and market rate
- Private and non-profit owners
- Public housing authorities
- Senior / assisted living communities
- Condominiums
- Co-operatives

“Affordable”

- >60% of property’s units must offer rents affordable to tenants earning <80% of area media income (AMI)
- Affordable rents assume <30% of household income is spent on housing costs
- Affordable rent figures include all utility costs
- For condos and co-ops, total housing costs are considered, rather than rents
 - Mortgage
 - Insurance
 - Taxes
 - Utilities
 - Association Fees

Challenges with CT's older and aging housing stock

- Over 70% of residential units built before 1979 – in need of capital improvements that include health and safety
- CT has amongst the highest energy costs and energy burdens in the country, with low income residents the hardest hit
- Energy improvements can reduce energy and other operating costs for owners and residents
- H&S issues must often be addressed before energy improvements can be implemented



Why use the ECT Health & Safety Loan?

- Loans to address H&S issues that open the path to implement energy improvements.
- May be financially prudent to fund the work now and benefit from energy and maintenance cost savings, rather than wait for grants down the road that may not materialize.
- We are seeing significant energy, maintenance and other cost savings in properties that have high energy usage and pursue this path.
- Potential resource to address building code violations or bring properties to code.



What can the ECT Health & Safety Loan fund?



Knob & Tube Wiring



Mold/ Water Leaks



Asbestos



Lead Paint



CO Off-Gassing



Radon



Funding to remove health and safety barriers that must be taken care of in order to implement energy improvements.

What can the ECT Health & Safety Loan fund?



- Measures to contain, address, remove, or remediate mold, sources of mold, asbestos, lead paint, or other hazards.
- Amelioration or replacement of leaking pipes, failed roofs, defective combustion equipment, carbon monoxide sources, radon gas, knob and tube wiring, etc.
- Other H&S measures that open the path and allow energy upgrades to be implemented and approved by Green Bank.
- Costs of relevant health and safety audits and assessments, and necessary professional services.

What are examples of associated energy measures?



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- Measures incented by the electric/gas utilities' criteria for rebates.
- Eligible measures under other Green Bank financing products.
- Work associated with implementation of the State's Comprehensive Energy Strategy.
- Fuel conversions and associated improvements.
- Energy storage.
- Electric vehicle charging stations.
- Other energy upgrades with a commercial track record of realized savings, as approved by the Green Bank.

Health & Safety and Pre-Dev Loans

Unlocking Cash Flows to Stabilize Property



Success Village Coop: Bridgeport, CT

- 964 units, WW2 workers housing, central heating plant circa 1960's
- Annual heating costs: \$1.8M (> \$155/unit/month)
- **Health & Safety Loan: \$165K for removal of asbestos (pilot phase)**
- Technical Assistance: Governance support from UHAB, preliminary engineering and development TA from Green Bank team
- Pre-Development Loan: \$150K for engineering analysis, design, development and funding of new heating systems (pilot phase)
- Implementation cost estimate: \$10-15MM



Health & Safety and Pre-Dev Loans

Unlocking Cash Flows to Stabilize Property



Seabury Coop, New Haven, CT

Seabury Coop, New Haven

- 88 units, adj. to Yale campus
- Annual energy costs: over \$226K per year (> 200/unit/ month)
- **Health & Safety Loan: \$150K REAC repairs, electrical hazards**
- Pre-Dev Loan funds: \$350K from Green Bank and HDF; \$500K UHAB
- Energy Upgrades: electric boiler replacement, lighting, windows, roof insulation



How the numbers work:

Unlocking Cash Flows to Stabilize Property



East Meadow Condo Association, Manchester, CT



Description:	Lighting, boilers, roof replacement, insulation
Total Project Costs:	\$654,000
Utility Incentives:	<u>\$34,000</u>
Financed:	\$620,000
Est Annual Savings:	\$79,000
Annual Debt Service:	\$53,000, 1.48 DSCR
Est Free Cash Flow:	\$26,000
Financing Terms:	20 years, 6.00%
Payback Period:	7.8 years

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

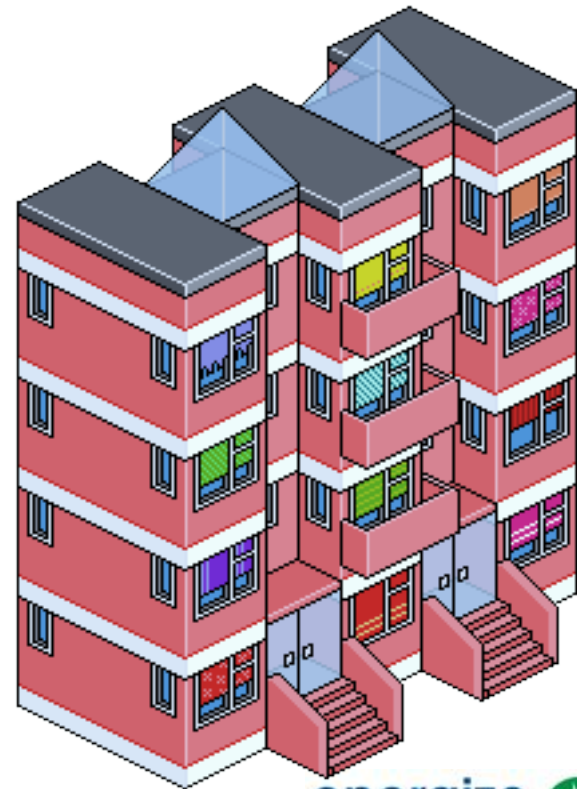
Energy improvements yield significant savings, unlocking cashflows that cover debt service – often for additional capital improvements.

The Details:

**Loan terms, requirements and
application process**

What can the ECT Health & Safety Loan fund?

- Residential properties with 5+ units
- Serve low- and moderate-income residents
- Ownership: private, non-profit, housing authorities, coops, condos
- Types: apartments, campus style complexes, senior and congregate housing, mixed-use residential properties
- 1.5MM available on a rolling basis to eligible applicants



Loan Terms

Loan Size:	\$10,000 to \$300,000 (waivers for larger loans are possible).
Loan Term:	Up to 20 years (plus construction period).
Loan Amortization:	Interest-only during construction and fixed for the remaining term of the loan (other amortization structures may be considered at the Green Bank's sole discretion).
Interest Rate:	2.99% per annum.
Prepayment:	No penalty.

Loan Terms (continued)

Security:	Generally, loans less than \$50,000 will be unsecured. Security on loans greater than \$50,000 will be sought by the Green Bank, with exceptions determined in the Green Bank's sole discretion.
Loan Fees:	0.5% of funding amount, may be funded out of loan proceeds.
Audit Requirement:	Multifamily property owners must complete a whole building energy audit satisfactory to the Green Bank.
Energy Monitoring:	Applicants are required to monitor energy usage during the term of the loan (or two years whichever is greater) and provide the Green Bank online access to the data using WegoWise or similar system compatible with EnergyStar Portfolio Manager.

Loan Eligibility

- Applications can request H&S Revolving Loan funds only or combine funding from the H&S Revolving Fund with other Green Bank programs and/or other funding sources.
- Properties must have at least sixty percent (60%) of the units serving low income residents (defined as households with incomes at 80% of Area Median Income (AMI) or less).
- Eligible ownership structures include private or non-profit owned properties, housing authorities, condos, or co-ops. Assisted living and supportive housing communities are eligible.
- Health and safety measures must precede or be installed in conjunction with energy improvements.

Project Requirements

- **State Set-Aside for Small Contractors and Minority Business Enterprises:** applies to projects greater than \$50,000 and sub-contractors only in accordance with C.G.S. § 4a-60g.
- **Air Quality:** Projects located within 500 yards of highways, diesel rail lines or railway switching lines shall comply with the Green Bank's *Air Filtration Policy for Multifamily Properties* – designed to support prevention of very high instances of asthma and other health conditions in these locations.
- **Permits obtained**
- **QA/QC & Inspections**

Underwriting

- Complete application
- Compliance with program guidelines, including ability to comply with state contracting requirements
- Ability to repay the proposed loan as demonstrated by:
 - Borrower financial strength
 - Project financials including debt service coverage ratio and energy cost reduction

Application Process

- Visit <https://ctgreenbank.com/health&safety/>
- Review the program guidelines and application instructions
- Complete the application and financial spreadsheet
- Provide the additional information listed on the application checklist
- Once we have a **complete** application, we try to get eligible loans approved, closed and funded in 3 to 4 weeks.

If you have questions, or would like support completing the loan application, contact us. We are here to help.



Questions?



For more information on pre-development loans, project loans, and technical assistance available through CGB's multifamily program, please visit:

www.ctgreenbank.com/multifamily

Thank You!

Kim Stevenson

Director, Strategic Initiatives, Inclusive Prosperity Capital

kim.stevenson@ctgreenbank.com