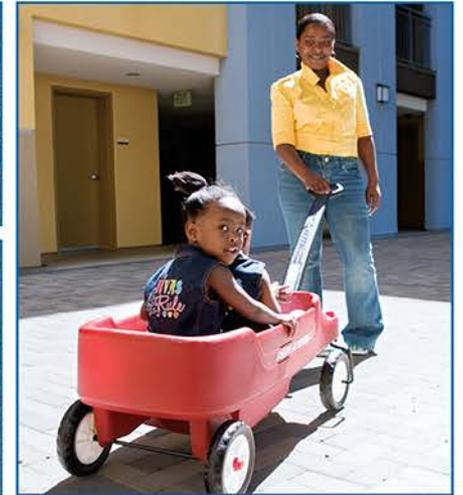


Green Financing for Existing Buildings

Dana Bourland
Vice President
Enterprise Community Partners

April 3, 2012



Retrofitting provides benefits

Property Owners

- Reduced utility expenses
- Increased durability
- Risk reduction from fluctuating utility costs
- Decreased vacancies
- Regulatory compliance and access to financial incentives
- Improved public perception of their brand

Residents

- Healthier homes
- Improved indoor air quality
- Reduced utility expenses
- Sense of pride
- Better quality of living
- Increased safety

Lenders & Investors

- Higher quality investments
- Competitive advantage over other lenders
- Access to “green” investors
- Reduced investor risks

Market barriers to retrofitting

- Imperfect information
- Multiple energy audit tools
- Lack of a comprehensive standards
- Limited technical capacity
- Inadequate financing
- Disaggregated benefits
- Split incentives

Enterprise financing and services models

Learnings

- Add-on financing is complex with high transaction costs
- Need for Sustainable Financing Models due to dwindling Public Subsidies
- Need to document Energy Savings for multifamily housing
- Services and Resident & Maintenance Education is imperative

Replicable Models

- Retrofit Mortgage Refinancing
- Fannie Mae Green Refinance Plus
- Entity Level Line of Credit Model
- On-Bill Financing
- Portfolio Services Models

Enterprise Green Multifamily Retrofit Program

Technical Support

- Operations and Maintenance
- Whole-Building Analysis
- Energy and Water Usage Data Collection
- Financing
- Assembling Subsidy Sources
- Verification and Monitoring
- Resident Engagement
- Training and Education

Results

- Improved property cash flow
- Improved health of residents
- Green jobs
- Reduced carbon emissions



ENTERPRISE GREEN COMMUNITIES
UTILITY ALLOWANCE
OPTIONS FOR INVESTMENTS
IN ENERGY EFFICIENCY:
RESOURCE GUIDE



For New Construction
and Rehabilitated
Affordable Housing

May 2011



Engage residents

GREEN & HEALTHY LIVING:

Resident Engagement Training in a Box



EASY IMPROVEMENTS FOR YOUR HOME WORKSHOPS



Green Features In Your Building

Pepperwood's Energy Improvements



dual-paned windows keep your apartment more comfortable all year long

low-flow toilets and shower-heads save water



Energy Star rated water heaters and other appliances use less energy than other



Have you noticed all the energy and water efficient things around your apartment?



Training maximizes operations & maintenance

**GREEN & HEALTHY LIVING:
Introduction**



**IMPROVEMENTS FOR
OPERATIONS & MAINTENANCE**



Bank of America Energy Efficiency Finance

- \$5 million of debt capital and \$500k grant funds
- Entity-level financing
 - Strong, high capacity affordable housing developers for cost-effective energy and water efficiency improvements
- Goal of 20-30% energy reduction
- Debt and comprehensive services
 - Screening and assessment services to select properties
 - Green PNA
 - Tools and training for property management staff and residents

Bank of America Energy Efficiency Finance

Product Features

- Up to \$1 million per borrower
- Unsecured, full recourse
- 3% interest rate, no origination fee
- 24 month interest only and 10 year fully amortizing
- 1.0:1.0 Organizational DSCR inclusive of ECLF debt

Retrofit Loans

Northern CA Ad-On Loans - \$409,000

- One portfolio loan with TNDC (300 units) \$205,373
- EBALDC: 1 bldg (98 units) \$83,770
- CHP: 1 bldg (58 units) \$53,774
- CHP: 1 bldg (74 units) \$66,230

Ohio Ad-On Loans - \$350,000

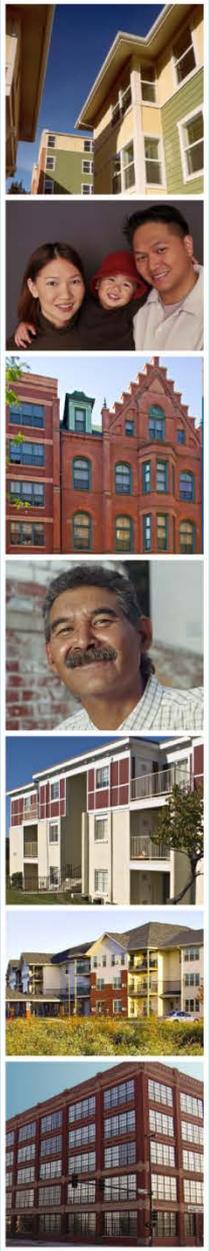
- National Church Residences \$250,000
- Detroit Shoreway CDC \$100,000

Boston Line of Credit - \$1,000,000

- WINN Development, The Village at Brookline

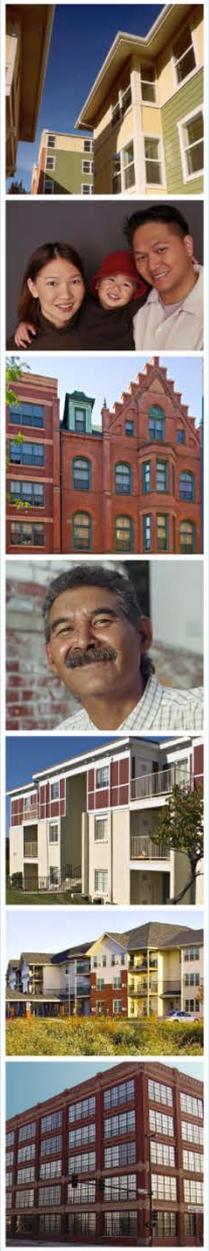
Green Refinance Plus - \$31,400,000

- Mott Haven – New York City –MHANY (non-profit) - \$4,100,000
- City Gardens – Santa Ana, CA – LINC Housing - \$21,000,000
- Park Montgomery – Silver Spring, MD – CPDC - \$6,300,000



- Launched in May 2010
 - HUD Secretary Donovan and Fannie Mae EVP Ken Bacon
 - Eden Issei Terrace (Eden Housing), Hayward, CA
- Joint initiative of Fannie Mae and Federal Housing Administration (FHA)
- Enhancement of current FHA Risk Sharing product
- Encourages the preservation of existing affordable properties through:
 - modest property improvement activities
 - “green” energy and water efficiency retrofitting

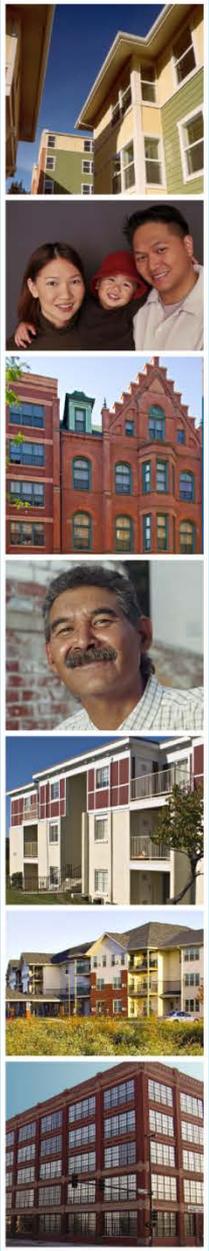
Eligible Properties



- Minimum Property Age: 10 years
- Must Have Affordability Restrictions (Minimum 20% at 50% AMI or 40% at 60% AMI)
- Acquisition /Rehab or Refinance (Not a Sub-Rehab Product)

Product and Terms

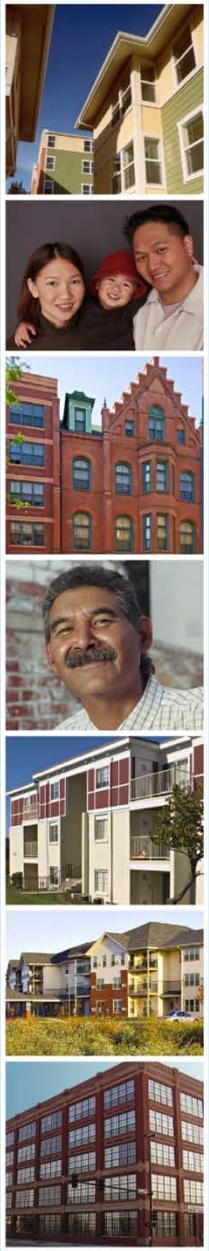
- 4-5% additional loan proceeds compared to Fannie Mae's regular DUS Affordable Preservation execution
- Lower DSCR (1.15x)
- Higher LTV (85%)
- Lender: Orders a Green PNA identifies energy and water efficiency cost savings and pest issues
- Property Owner: Provides ENERGY STAR Statement of Energy Performance annually along with standard financials



Additional Loan Requirements

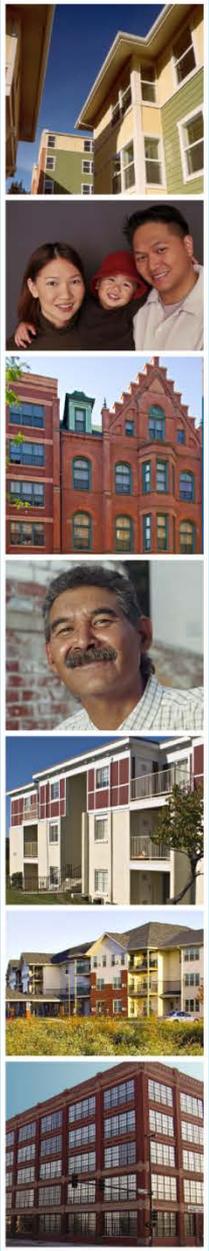
- Green Audit as part of CNA
- Subsidy Layering Review (If Applicable)
- Track Utility Costs (Annual Reports)





- Provides Lender and Borrower guidance on improvements *required* or *recommended* for property
- Identifies opportunities on which to spend extra 4-5% of loan proceeds
- Has three parts:
 1. PNA: identifies standard immediate repairs and life/safety issues
 2. Energy Audit: identifies opportunities to save energy and water costs through property improvements
 3. Integrated Pest Management: identifies pest issues

Benefits of Program



- More Loan Proceeds
 - Maximum LTV from 80% to 85%
 - Minimum Debt Service Ratio from 1.20 to 1.15
- Competitive Pricing (Minimum 10 year term)
- Flexibility
- Delegated Underwriting
- Execution

Common Retrofit Measures

- Boiler replacement
- Solar domestic hot water
- Exit lighting
- Roof insulation
- Piping insulation
- DHW tank insulation
- Thermostats
- Occupancy sensors
- Lighting controls
- Lighting upgrade
- Shower heads
- Toilets

Projected Savings under Moderate Retrofit

- Average energy savings: 18%
- Average cost savings excluding water: 21% (\$333 per unit)
- Average cost savings including water: 23% (\$558 per unit)



www.EnterpriseCommunity.org
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