

SHOW ME THE \$\$...PROCESS, PROJECTS, POLICIES

HAWAII COMMUNITY REINVESTMENT CORPORATION

Build & Buy Green 2013
Hawaii Convention Center
May 10, 2013



WHO IS HAWAII COMMUNITY REINVESTMENT CORPORATION

HCRC's Mission:

1. Create/preserve affordable housing;
2. Job creation/preservation
3. Support green initiatives
4. Facilitate community development

- ③ Hawaii Community Reinvestment Corporation (HCRC) is a community-based non-profit 501(c)3 organization founded in July 1990.
- ③ As a designated Community Development Financial Institution (CDFI), Community Development Entity (CDE) and Certified Development Company (CDC), HCRC is a statewide financial intermediary for affordable housing, community development and economic development
- ③ HCRC's mission is to assist small businesses, community development entities and multi-family affordable housing owners by providing long-term, below market rate financing and leveraging innovative and non-traditional financial resources.





GREEN RELATED PROGRAMS AVAILABLE

1. GreenSun Hawaii
2. SBA 504 Loans
3. Project Case Studies



GreenSun Hawaii

CREDIT ENHANCEMENT FOR
ELIGIBLE ENERGY FINANCING



PROGRAM PURPOSE

- ⊙ A State of Hawaii (DBEDT) credit enhancement program
- ⊙ Provides local financial institutions with access to a loan loss reserve (LLR) which may cover up to 100% of actual losses
- ⊙ Part of Hawaii's Clean Energy Initiative
- ⊙ Extend loan availability to a larger pool of customers
- ⊙ Offer more aggressive rates and terms than may otherwise be available without this credit enhancement.
- ⊙ Funded by a grant from the U.S. Department of Energy (Recovery Act Funds)
- ⊙ Public – private partnership able to leverage \$2.67 million in federal funds into some **\$53.0 million in energy efficiency equipment loans** statewide.



PROGRAM PURPOSE, CONT'D

- ③ Assists all property owners
- ③ Energy efficiency and renewable energy retrofits
- ③ Encourages financial institutions to invest in the energy efficiency improvement market





ELIGIBLE FINANCING PURPOSES - RESIDENTIAL

- ◎ ENERGY STAR Refrigerators
- ◎ ENERGY STAR Air Conditioners
- ◎ Solar Thermal Hot Water System
- ◎ Solar Electric (PV) System





ELIGIBLE FINANCING PURPOSES - NONRESIDENTIAL

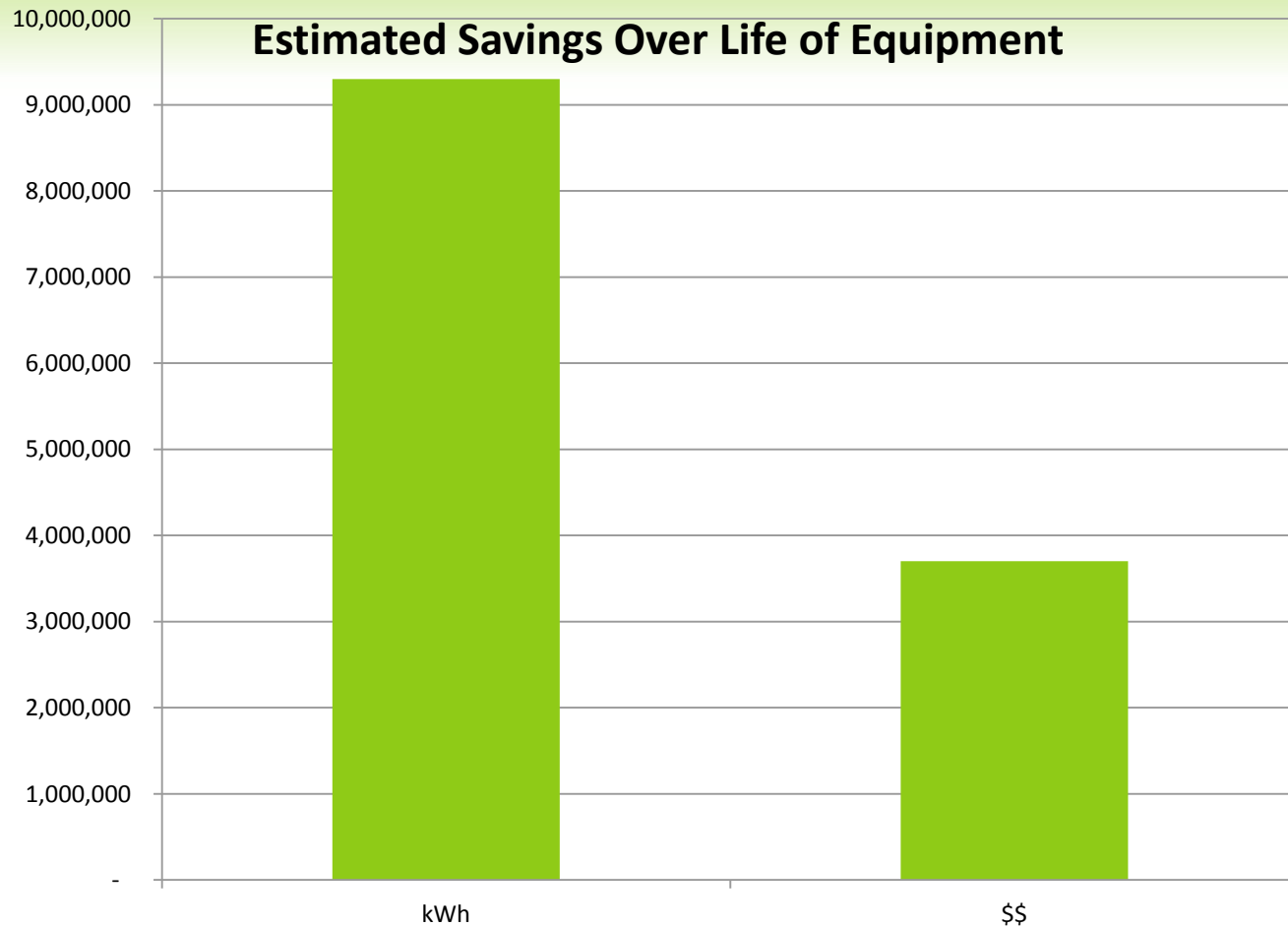
- ⊙ Lighting Retrofits & Upgrades
- ⊙ Air conditioning retrofits & Upgrades
- ⊙ Solar Thermal Systems
- ⊙ Solar Electric (PV) Systems
- ⊙ Energy Efficiency Windows, Cool Roofs & all other installations eligible for Hawaii Energy/KIUC Rebates
- ⊙ Loan Fees, Documentation Fees



VOLUME OF LOANS SINCE PROGRAM LAUNCH IN LATE 2011



ESTIMATED kWh AND \$\$ SAVINGS





ONLINE LOAN APPLICATION

Get a GreenSun Hawaii Loan!

APPLY HERE

Community Development

The mission of Hawaii Community Reinvestment Corporation (HCRC) is to facilitate community development and community development facilities by providing below market rate loans and offering innovative financial resources, [consulting/technical assistance](#), and [training](#).

Financing Programs include our [GreenSun Hawaii](#) program, which was created to reduce risks for participating Financial Institutions and thus enable them to extend loan availability to a larger pool of customers and offer them the most aggressive loan terms and interest rates possible.

Another resource available to facilitate community development facilities is [New Markets Tax Credits \(NMTC\)](#), which provides gap funds in the form of equity.

For more detailed information on any of the community development products and services mentioned above, please click on the applicable links, call us at [808-532-3110](tel:808-532-3110) or [email HCRC](#).

[View HCRC's Privacy Policy](#)

AMORTIZATION CALCULATOR

PRINCIPAL AND INTEREST

Interest Rate (in full annual rate)	<input type="text"/>
Period (in months)	<input type="text"/>
Principal	\$ <input type="text"/>
Monthly Payment	\$ 0.00

HCRC IN THE NEWS

- October 27, 2011 – HPR (Hawaii Public Radio) story
- October 27, 2011 – KHON video clip
- October 27, 2011 – KITV video clip
- October 27, 2011 – Pacific Business News

<https://application.hcrc-hawaii.org/>

9:14 PM



PARTICIPATING LENDERS

- ⊙ Aloha Pacific Federal Credit Union
- ⊙ Hawaii Community Federal Credit Union
- ⊙ HawaiiUSA Federal Credit Union
- ⊙ Hawaii Community Federal Credit Union
- ⊙ Hawaii First Federal Credit Union
- ⊙ Hawaii National Bank
- ⊙ Hotel & Travel Industry Federal Credit Union
- ⊙ IEG Federal Credit Union
- ⊙ Kauai Community Federal Credit Union
- ⊙ Maui County Federal Credit Union
- ⊙ NAVFAC Federal Credit Union
- ⊙ The Queen's Federal Credit Union
- ⊙ Wailuku Federal Credit Union
- ⊙ Windward Community Federal Credit Union





AUTHORIZED CONTRACTORS

- ⊙ Advanced Electrical Systems
- ⊙ All Phase Electrical Installations
- ⊙ Alternate Energy, Inc.
- ⊙ American Electric
- ⊙ Boss Communication Technologies
- ⊙ C&J Solar Solutions
- ⊙ Capital Electric & Energy Solutions
- ⊙ Dugied Construction, Inc.
- ⊙ E&E Electric Solar & Air Conditioning
- ⊙ ECO Solar
- ⊙ Energy Industries
- ⊙ EnergyPro Hawaii
- ⊙ Friends Solar
- ⊙ Haleakala Solar, Inc.
- ⊙ Hawaii Solar & Wind
- ⊙ Island Pacific Energy
- ⊙ Islandwide Solar
- ⊙ JAM Electrical
- ⊙ KAPP Electric
- ⊙ Kumukit/Hawaii Energy Connection
- ⊙ Maui Solar Project
- ⊙ Martin Pacific
- ⊙ New Century Electric LLC
- ⊙ Photonworks Engineering Services
- ⊙ Poncho's Solar Service
- ⊙ Pono Energy Solutions
- ⊙ Provision Solar
- ⊙ Regis Electric
- ⊙ Renewable Energy Services, Inc.
- ⊙ Renewable Energy Technologies
- ⊙ RevoluSun
- ⊙ Rising Sun Solar Electric
- ⊙ Solar Engineering & Contracting
- ⊙ Solar Services Hawaii
- ⊙ The Sonshine Solar Corp
- ⊙ Solar Wave Hawaii
- ⊙ Sun King, Inc.
- ⊙ T&T Electric
- ⊙ The Sonshine Solar Corp
- ⊙ Sunetric
- ⊙ XMX Power





BECOME AN AUTHORIZED CONTRACTOR

- Visit www.greensunhawaii.com
- Review the GreenSun Hawaii [Operational Guidelines](#)
- Download [Contractor Application Packet](#).
- Complete and submit the following forms:
 - Application to Become An Authorized Contractor
 - Processing Fee of \$25.00
 - Request for Certificate of Insurance Form
- Schedule a GreenSun Hawaii Contractor Training



SBA 504 Loans

BELOW MARKET, LONG-TERM FIXED RATE,
2ND LIEN POSITION PERMANENT LOANS
FOR LARGE FIXED ASSET PURCHASES



WHO'S ELIGIBLE

- 👍 For-profit small businesses
- 👍 Located in the State of Hawaii
- 👍 “Small” defined as
 - 👍 Tangible net worth \leq \$15 million
 - 👍 And, Net Profit after taxes \leq \$5 million

(Includes almost all local businesses)



WHO'S NOT ELIGIBLE

- ☹ Nonprofit organizations
- ☹ Real estate development companies
- ☹ Speculative (investment) businesses
- ☹ Government owned entities
- ☹ Previously defaulted on federal or federally-assisted loans





WHAT CAN BE FINANCED?

- ◎ Building Purchase (warehouse, office, etc.)
- ◎ Permanent/take-out financing of interim construction loans
 - ◎ Includes interest on interim loan
 - ◎ New construction, building renovations and/or modernization
- ◎ **Large Equipment (including PV)**





FINANCIAL STRUCTURE

50 - 40 - 10

SBA DEFINITION OF "NEW" BUSINESS"

Less than 2 years
old (from date
of first sales
transaction)

OR

-Change of
ownership

- ◎ Primary Lender = at least 50% (1st Lien Position)
- ◎ SBA (HCRC) = up to 40% (2nd Lien Position)
- ◎ Owner's contribution = at least 10%
 - ◎ If business is "new" (SBA definition)
 - Minimum contribution = 15%
 - ◎ If fixed asset is for special or limited use (e.g. Nursing Home; Bowling Alley, etc.)
 - Minimum contribution = 15%
 - ◎ If business is "new" AND property is for special use
 - Minimum contribution = 20%





MAXIMUM LOAN AMOUNT

- ◎ \$5.0 million debenture (HCRC Loan)
 - ◎ Supports total project costs of up to \$12.5 million
- ◎ \$5.5 million if it meets “Green Initiatives”
 - ◎ Supports total project costs of up to \$13.75 million





BENEFITS OF 504 LOAN

- ◎ Below Market Fixed interest rate
 - ◎ Set at time SBA Debenture is sold
 - ◎ Fully amortized for term of loan*
 - ◎ Real Estate Loans - 20 years
 - ◎ Equipment Loan – 10 years
 - ◎ No balloon payments
 - ◎ Fixed monthly payments
 - ◎ Prequalification available
- * Based on useful life of asset





OCCUPANCY REQUIREMENTS

- ◎ Purchase – Existing Building
 - ◎ At least 51% Owner Occupancy
- ◎ Construction - New Building
 - ◎ At least 60% Owner Occupancy immediately upon completion
 - ◎ Total of 80% Owner Occupancy within 10 years of completion
 - ◎ Remaining 20% can be permanently leased to tenants



PROJECT CASE STUDIES

Energy Efficiency Retrofits Renewable Energy Installations





ENERGY EFFICIENCY RETROFITS

- ◎ Borrower: Church
- ◎ Installed Seven (7) Energy Conservation Measures
- ◎ Total Project Cost: \$315,000
- ◎ Estimated Annual Savings: \$62,000
- ◎ Estimated Annual kWh Savings: 193,000
- ◎ Estimated Hawaii Energy Rebates: \$20,000





ENERGY EFFICIENCY RETROFITS, CONTINUED

- ◎ Loan Structure
 - ◎ Conventional Lender: \$167,500
 - ◎ HCRC 147,500
 - ◎ Total Loan \$315,000

- ◎ Annual Combined Loan Payments Required: \$56,700

- ◎ Loan Term: 72 Months

- ◎ Blended Rate: 3.5%, Fixed





RENEWABLE ENERGY INSTALLATION

- ◎ Nonprofit Beneficiary: Hospital
- ◎ Borrower: “Energy” LLC
- ◎ 100 kW Photovoltaic Solar System
- ◎ Total Project Cost: \$600,000
- ◎ Energy Price: \$0.25 kWh (fixed)
- ◎ Estimated Annual kWh Savings: 160,000
- ◎ PPA Term: 7 Years





RENEWABLE ENERGY INSTALLATION,

CONTINUED

- ◎ Loan Structure
 - ◎ Conventional Lender: \$210,000 (35%)
 - ◎ HCRC 210,000 (35%)
 - ◎ Equity Investor 180,000 (30%)
 - ◎ Total Loan \$600,000
- ◎ Investor provides 30% of capital, however, enjoys 100% tax credit and depreciation benefits
- ◎ Loan Term: 90 Months
- ◎ Blended Rate: 3.875%





Mahalo!

Gwen Yamamoto Lau

Phone: 532-3113

Email: gwen@hcrc-hawaii.org

