Environmental Finance Advisory Board

Mobilizing Private Capital for Net Zero Buildings

July 30, 2024

CSP

Community Sustainability Partners

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ABOUT US

We are experts in clean energy finance and community development. CSP provides advisory, strategy, and direct implementation support to **community lenders**, **public agencies**, and **affordable housing developers**. Through policy, program design, and practice, we create systems change solutions that have long-lasting social equity and environmental impacts.

Public Agencies

We provide **advisory and policy support** to local, regional, and national public agencies to integrate clean energy solutions into their programs.

Community Lenders

We **provide technical assistance, tools**, and training to community lenders to create climate lending strategies.

Developers

With our partner, **Housing Sustainability Advisors**, we provide **direct support to affordable housing owners** to develop energy projects.

Primary Strategies for Leveraging Private Capital for LIDAC

Fill Gaps to Make Deals Pencil

- **Use GGRF capital to fund all energy measures** to layer more private capital

- **Affordable Housing Solar project**
  - 1) Filling a gap directly with GGRF capital; and
  - 2) Indirectly boost NOI with savings (take out more debt/equity to do more scope)

  - **Clean Energy Initiative** – Homes and Community Renewal purposed energy dollars to create decarbonization soft loans for affordable housing to fill gaps that created more debt/equity in deals.

Lower Cost of Private Capital:

- **Use GGRF capital to create better rates** for private capital.

- **Blend GGRF/private to lower overall rate,** allowing borrowing more with same loan payment.

  - CPC Climate Capital will provide low-cost debt financing (2nd mortgage) to decrease the overall cost of mortgage capital to increase proceeds to cover deep green decarbonization costs.

Reduce Risk of Private capital:

- **Use GGRF dollars to help de-risk perceived risk** for private investors such as:

- **Loan loss reserves, loan guarantees, or credit enhancements** to provide security to a lender and better terms for the borrower.

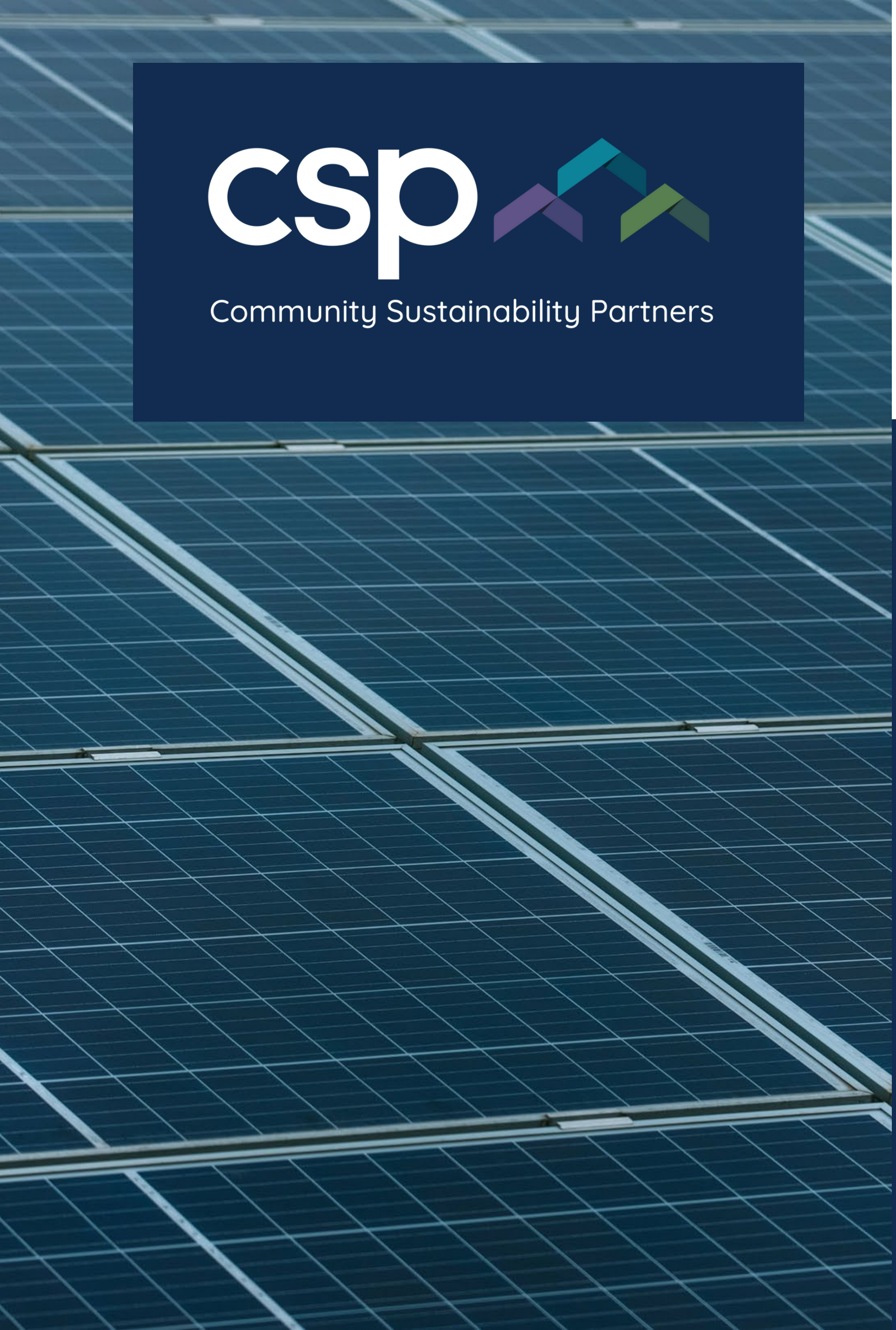
- **GGRF dollars for deeper loan-**to-value to deploy more capital, or bigger loss positions than private capital

Example: Private Leverage in an Affordable Housing + Solar Project

Sources:	Original	Added Through Solar	New Total
Private First Mortgage	$6mm	$1.27mm	$7.27mm
Federal LIHTC	$24mm	$570k	$24.5mm
GGRF Subordinate Loan	$0	$1.5mm	$1.5mm
Solar ITC	$0	$862.5k	$862.5k
State Solar Incentive	$0	$800k	$800k
Deferred Dev. Fee	$1.24mm	$0	$1.24mm
Total Sources	**$31.2mm**	**$5mm**	**$36mm**
Uses:	**Original**	**Added Through Solar**	**New Total**
Acquisition Costs	$4mm	-	$4mm
Hard Construction Costs	$19.6mm	$5mm	$24.6mm
Soft Costs	$3.26mm	-	$3.26mm
Reserves/Escrows	$1.36mm	-	$1.36mm
Developer Fee	$2.89mm	-	$2.89mm
Total Uses	**$31.2mm**	**$5mm**	**$36mm**

Additional investment of $1.5mm potential GGRF capital leveraging $2.7mm in private capital (loan proceeds, tax credit investments)

- ✓ Increase NOI increases supportable 1st mortgage
- ✓ Increased hard costs increases LIHTC equity
- ✓ Solar investment generates new ITCs
- ✓ Solar investment increases new grants from the State
- ✓ Increased sources allows for decreased deferred fee
- ✓ Increased scope adds more for additional energy work



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