
**Tapping PRIs to Finance
Energy Efficiency
in Affordable Multifamily Housing:**

Enterprise Green Retrofit Pilot Program



Enterprise Green Retrofit Pilot Program Goals

To create a **replicable** and **scalable** approach to funding energy and water efficiency upgrades in affordable multifamily housing **serving low income households**, while....

- ❑ Improving property cash flow
- ❑ Improving health of buildings and residents
- ❑ Linking to green jobs programs

And...enable retrofits to occur more quickly than a full rehab

Pilot Components

- 1. Each property is analyzed:** *A Green Capital Needs Assessment* is conducted that recommends optimal energy & water efficiency measures and projects savings to be achieved by installing the measures
- 2. Financing is structured:**
 - Green Retrofit Loans
 - Subsidies
- 3. Actual performance will be measured**

Green Retrofit Loans

- The loans will be repaid from energy savings achieved by installing the recommended energy and water efficiency measures
- The loans are sized based on projected energy and water savings

RETROFIT LOAN TERMS:

- ✓ Target Interest Rate 5%
- ✓ Loan Term 10 years
- ✓ Debt Coverage Ratio 1.15 – 1.25
- ✓ Collateral secured or unsecured
- ✓ Repayment Source amortized monthly payments

EXAMPLE OF PROJECTED ENERGY SAVINGS & DEBT CALCULATIONS

EXAMPLE: San Francisco SRO; 105 units

COST OF IMPROVEMENTS: \$692,010 (\$6,591/unit)

ENERGY SAVINGS: \$22,243/year

DEBT LOAD: \$151,964

Projected Energy Savings Over Current Use:
25%

POTENTIAL FINANCING SCENARIO

DEBT	\$ 151,964
Weatherization (assumes \$2.5k/unit)	\$ 262,500
Replacement Reserves (assumes \$500/unit)	\$ 52,500
Utility Rebates/Incentives (assumes 10% of total cost)	\$ 67,546
CDBG (SF assumption only)	<u>\$ 157,500</u>
	\$ 692,010

Green Retrofit Loan Fund

High Risk Loans

- ❑ Repayment based on *projected* savings
- ❑ Externalities such as tenant behavior, weather conditions and utility rates may impact outcomes
- ❑ Projecting energy savings and measuring actual performance in this building sector is uncharted territory

Green Retrofit Loan Fund

- ❑ \$1 Million Fund = ~ 12 loans
- ❑ Capital Stack:

\$500,000	Top loss position capital	Foundation grant, State Energy Program*
\$500,000	Senior capital	PRI

*State Energy Program funds co-administered with the Low Income Investment Fund

VALUE OF THE PRI

- ❑ Ten Year Term
- ❑ Low Interest Rate
- ❑ First Money In – attracts other capital
- ❑ The San Francisco Foundation as PRI lender provides credibility
- ❑ The San Francisco Foundation operates as a partner in program

How Will We Measure Success?

- ❑ Loans are closed – projects are completed
- ❑ Projected energy savings materialize
- ❑ Residents benefit: increased comfort, better air quality, healthier living
- ❑ Owners benefit: improved functioning of building systems, lower maintenance costs, in year 11 all savings garnered
- ❑ Reduced greenhouse gas emissions