



Green Banks and the IRA

How States Can Leverage Funding for Climate Action

October 20th | 2pm ET

Introduction

Kristen Soares



State Climate Policy
Network Manager

CLIMATE **X** CHANGE
[SCPN]

State Climate Policy Network (SCPN)

- Network of 17,000 policymakers, advocates, business leaders and experts pushing for effective and equitable climate policies in their states
- Host monthly national calls and webinars
- Share updates, research, and analysis on various climate policy topics

How can we help you?

We specialize in state climate policy design and analysis. Reach out to kristen@climate-xchange.org with your questions on:

- **Bill drafting**, analysis, and technical design
- **Gap analysis** of your state's climate policy landscape
- Best **example states** to follow for a given policy

Or, check out our **State Climate Policy Dashboard**, which tracks state-level climate policy and resources across all 50 states.



Speakers

Henry Litman



Senior Director,
Coalition for Green Capital

Bryan Garcia



President and CEO,
Connecticut Green Bank

Duanne Andrade



**Chief Strategic and
Financial Officer,**
Solar Energy Loan Fund

Speaker

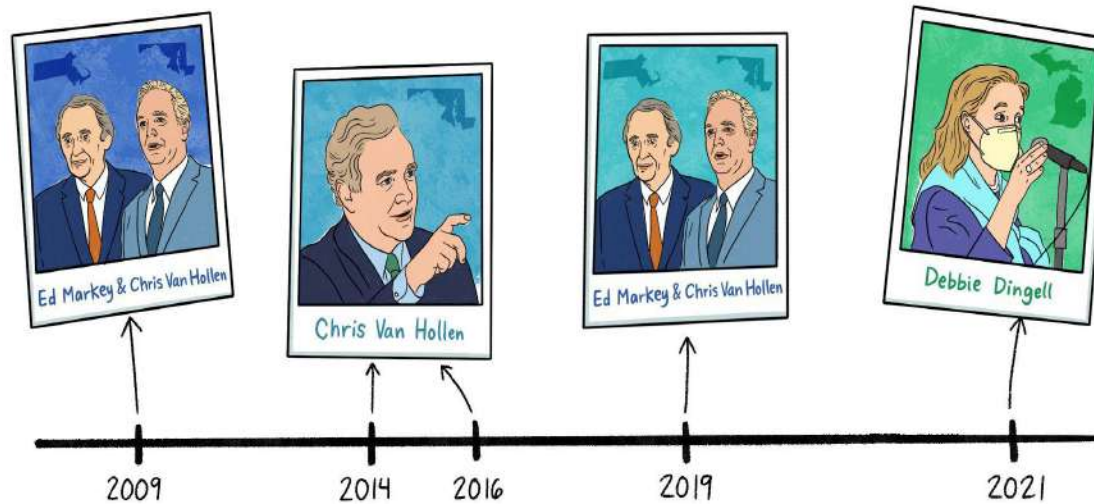
Henry Litman



Senior Director,
Coalition for Green
Capital

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Coalition for Green Capital: Creating the National Green Bank



*Today: GHG Reduction
Fund*

*Page 657 in the 2022
Inflation Reduction
Act*

About the Coalition for Green Capital



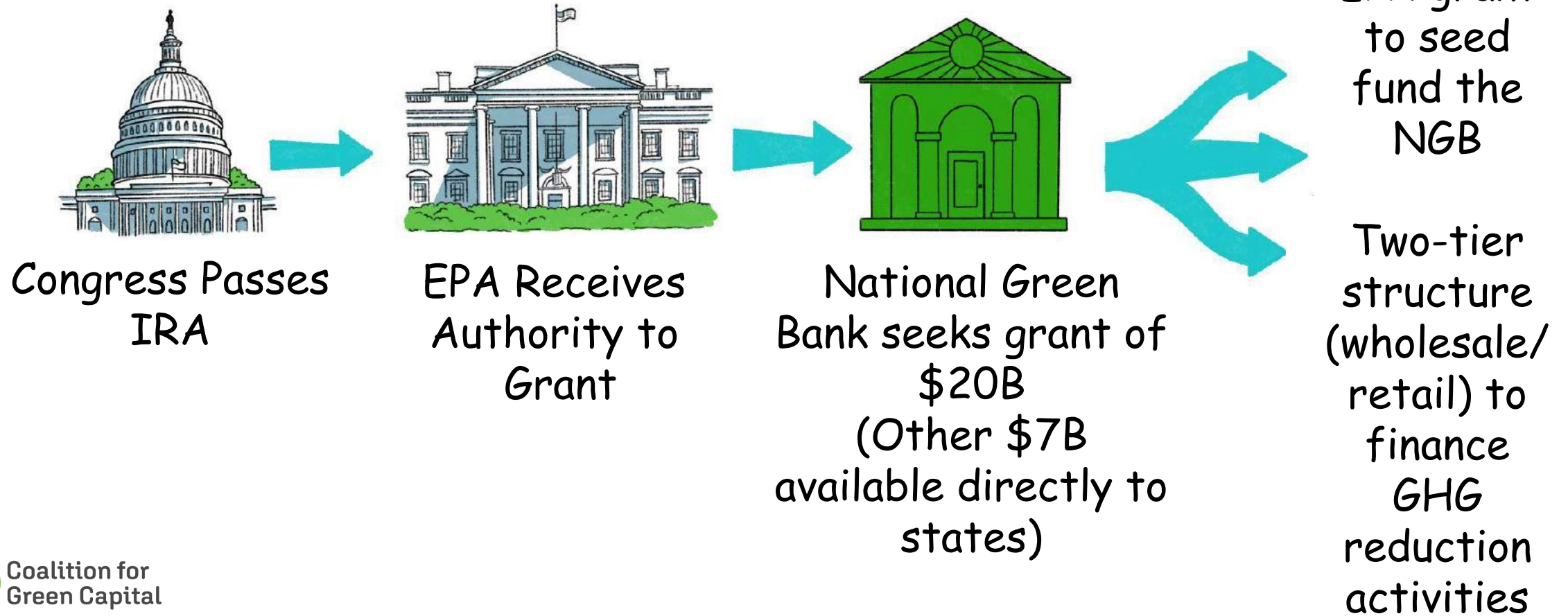
Our Mission

Drive rapid clean energy market penetration and an equitable climate transition through catalytic finance and Green Bank institutions.

Our Work

- Expand & Strengthen the Network of Green Banks & Mission-Driven Institutions
- Do Business as the “American Green Bank Consortium,” the group of all 23 U.S Green Banks
- Meaningfully Embed Climate & Energy Justice and DEI Into Network Activities
- Pursue Capital on Behalf of Network Members to Scale Total Investment
- Support Industry Growth through Awareness and Thought Leadership

GHG Reduction Fund obtains \$27B of grant authority



EPA's GHG reduction fund broken into 3 pots – CGC to apply for Pots 2 and 3

Fund 1: \$7B

State, municipalities, tribal governments and “eligible nonprofits” to “provide financial and technical assistance to enable low-income and disadvantaged communities to deploy zero-emission technologies”

Fund 2: \$12B

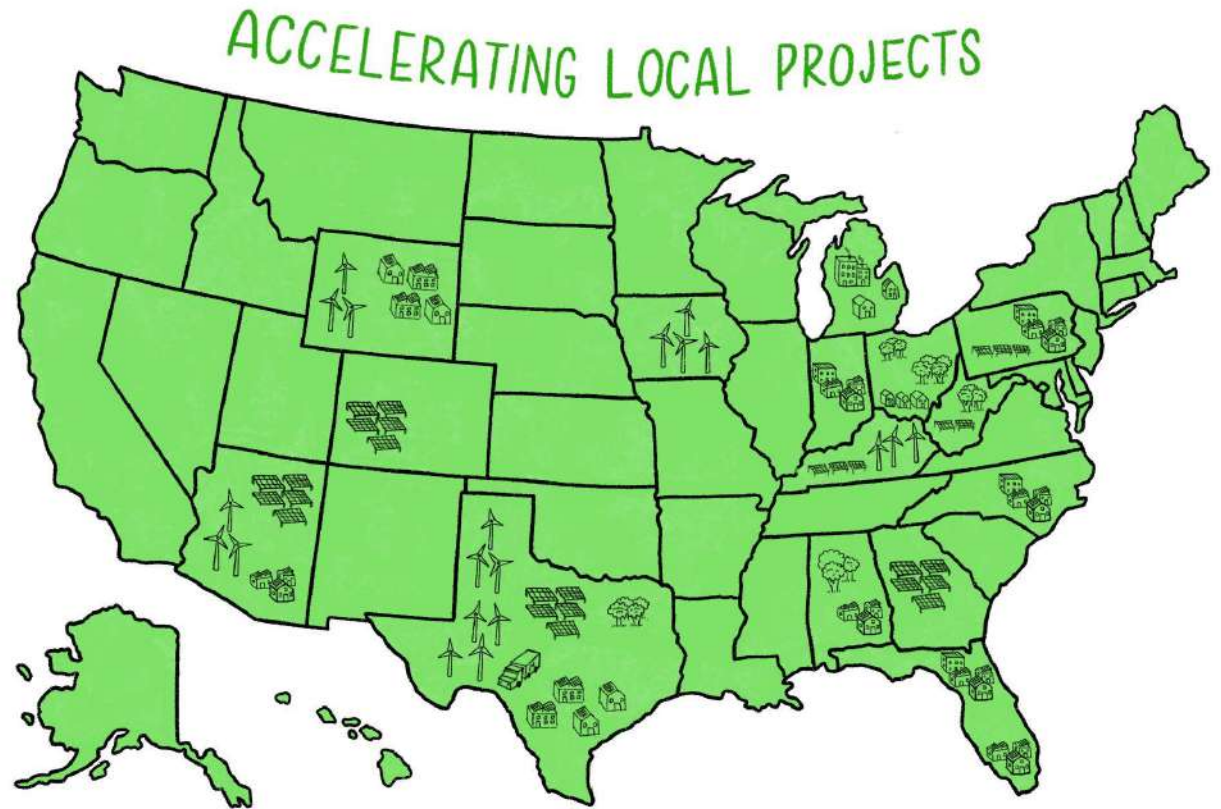
Eligible nonprofits to use a range of financial tools to invest directly and indirectly in projects that reduce greenhouse gas emissions.

Fund 3: \$8B

Eligible nonprofits to use a range of financial tools to invest directly and indirectly in projects that reduce greenhouse gas emissions in low-income and disadvantaged communities.

Using EPA grant, National Green Bank will build the rest of the national network

- Recruit existing CDFIs, minority-owned banks, nonprofits, and other mission-aligned finance institutions
- Involve mayors, governors, city councils to create new government-sponsored institutions where appropriate
- Stand up and financially support new institutions led by local actors
- Involve private investors, utilities, contractors to build climate finance ecosystems in every state



Funds to be used by a national green bank for “Direct” & “Indirect” investment in emissions reducing projects

Legislation dictates activities of the national green bank. CGC assembling “big green tent” to build nationwide network of lenders (Green Banks, CDFIs, Credit Unions, Others) to achieve its purpose

Direct Investment:

- Provide financial assistance directly to qualified projects
- Prioritize investment in projects that otherwise lack access to financing
- Retain and recycle repayments and other revenue

Indirect Investment:

- Provide funding and technical assistance to establish and support state and local finance entities making these same investments

Qualified Project:

- Reduces or avoids GHG emissions or other air pollution by leveraging investment from the private sector
- Or
- Assists communities in efforts to reduce or avoid GHG emissions and other air pollution

Indirect investment can standardize, aggregate, securitize small projects currently lacking good financing options

Several commercial financing gaps are common across states.
The National Green Bank can create markets for those projects.

"Sub-PACE" Commercial Solar



Project values: \$50K-\$1m

LMI Residential Efficiency, Solar, and Electrification



Project values: \$6K-\$70k

Solar + Storage, Electrification, and Energy Efficiency in Affordable Housing

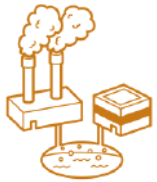


Project values: \$150K-\$30m

Direct investment supports nonstandard projects that cut across regions or have national significance

Green banks have identified many high-impact, nonstandard projects that can unlock far greater investment. These projects need a dedicated source of patient capital. For example:

California needs to co-locate geothermal assets with lithium extraction in the Salton Sea to support the battery industry.



New York needs to expand its port system to serve the growing flow of wind turbines heading out to sea



DC, Maryland, and Virginia share jurisdiction over a public bus fleet with no agreement on who's in charge of electrification and who will pay.



Hawaii needs a massive low-income roof replacement program before it can hit its 100% residential solar target.



Experience identifies four key needs for National Green Bank to grow the movement

Green banks consistently point to **four categories of National Green Bank offerings** that would lead to **big increases in nationwide green investment**

1. Operating **grants** to expand administrative capacity
2. Low cost, long-term **debt facilities**
3. Access to “**equity-like instruments**”
4. Collective access to **secondary markets**

Over 10 years, national green bank can achieve substantial leverage on public grant

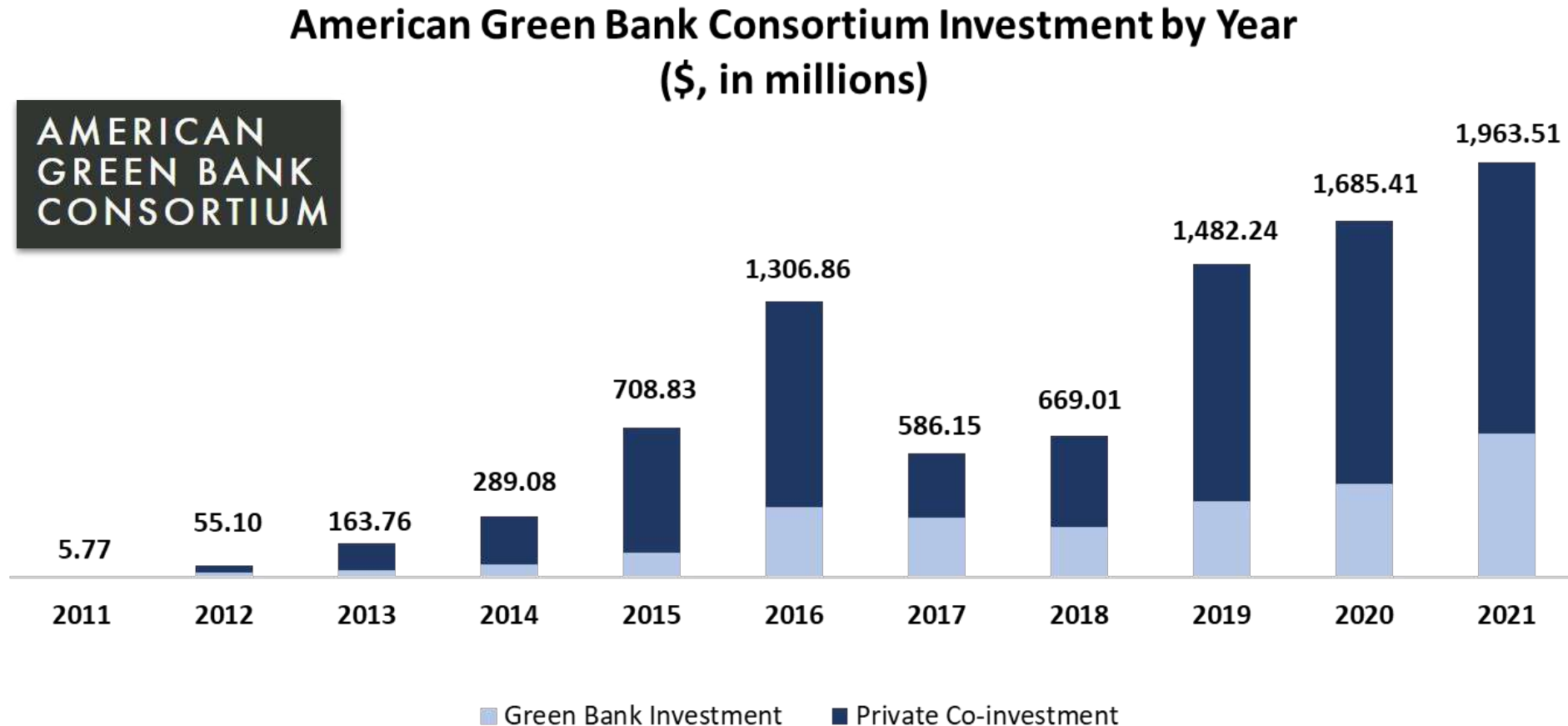
Leverage Mechanism

Network members “crowd-in” private investment in projects; historically green banks have done this at a 3:1 ratio

Over a ten year period, **NGB aggregates and securitizes asset-backed financing products** to recycle investments as many as three times over ten years

NGB provides capital to network partners who are depository institutions that can leverage that capital at approximately 3:1 ratio

American Green Bank Consortium has driven \$9b of green investment – scale and leverage consistently growing



Contact us

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Learn more at <https://coalitionforgreencapital.com/>

Follow us @CGreenCapital

Speaker

Bryan Garcia



President and CEO,
Connecticut Green Bank

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How States Can Leverage Funding
for Climate Action

October 20, 2022
Climate X Change



Connecticut Green Bank is the nation's first state green bank. Established in 2011 as a quasi-public agency, the Green Bank uses limited public dollars to attract multiples of private capital investment and offers green solutions that help people, businesses and all of Connecticut thrive.

Our mission is to confront climate change by increasing and accelerating investment into Connecticut's green economy to create more resilient, healthier, and equitable communities

**Guiding this mission is our vision for
“...a planet protected by the love of humanity.”**

The Green Bank is helping Connecticut flourish by offering green solutions for homes and buildings and by creating innovative ways to invest in the green energy economy.

home solutions

Empowering all Connecticut families and households with accessible and affordable green solutions that bring them comfort and security. Find incentives for battery storage or use the Green Bank's flexible financing to reduce costs with health and safety improvements and the newest energy efficient technologies.



investment solutions

Securing a healthier planet with smart ways for individuals and businesses to invest in green solutions – and our future – while also earning a return. Energize the green economy by investing in it today. Buy a Green Liberty Bond, invest through a crowdfunding offering, or join the movement by finding other ways to invest.



our solutions

building solutions

Creating stronger, more resilient buildings with green solutions for all types of buildings – from businesses and nonprofits to multifamily housing. Leverage Green Bank financing to go solar or retrofit your building with efficiency and resiliency measures, while saving money and realizing the benefits of more modern, sustainable buildings.



community solutions

Helping Connecticut thrive and creating stronger towns and cities by offering green solutions for all. From solutions for local and state government properties, to providing support for community leaders in outreach to local businesses and community members – especially the most vulnerable – helping them to access green energy and achieve a more prosperous future.



our goals



Leverage limited public resources to scale-up and mobilize private capital investment in the green economy of Connecticut.



Strengthen Connecticut's communities, especially vulnerable communities, by making the benefits of the green economy inclusive and accessible to all individuals, families, and businesses.



Pursue investment strategies that advance market transformation in green investing while supporting the organization's financial sustainability goals.

Solar (and Efficiency) for All

Investment in PosiGen



Market Segment	Residential Single Family LMI (Co-Investment)
Product Summary	Solar lease + energy efficiency package (fixed 20 years) to reduce energy burden with alternative underwrite/no credit score using community-based marketing approach
Support Needed	<ul style="list-style-type: none"> ▪ Good solar economics including tiered LMI incentive ▪ Municipal, community and nonprofit introductions ▪ Subordinated debt capital – if available, but not required
CT Results	4,546 leases for \$128.1 MM investment, 30.3 MW solar PV, HES, and 66% weatherization – eliminates energy burden



REFERENCES

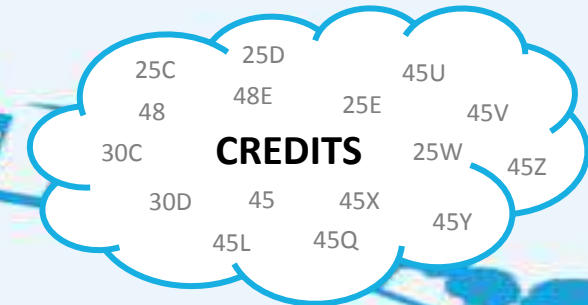
Comprehensive Annual Financial Report FY 2022

Incentive Maze

Simplify State and Federal Policy to Reach the Cheese



State
Policy



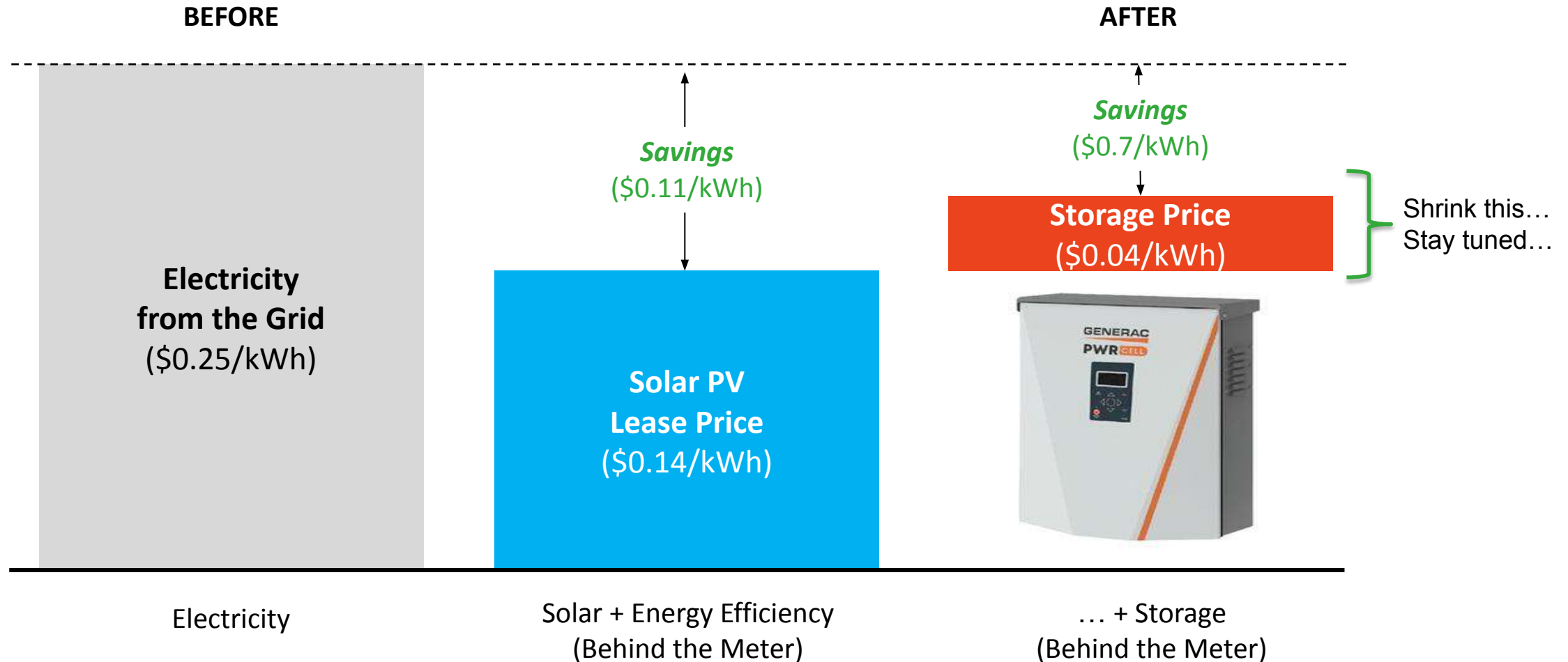
Federal
Policy

100%
clean electricity



Green Bank Model

Inflation Reduction – Increase Resilience



Connecticut Green Bank

Vision Statement



...a planet protected by the
love of humanity



REFERENCES

Vision Statement inspired by the Innovations in American Government Awards at the Ash Center of Harvard University's Kennedy School of Government, Maya Angelou's "On the Pulse of Morning," Mother Mary Jennifer of the Daughters of Mary, and the powerful words of Mary Evelyn Tucker on "inclusive capitalism".



Green Bonds US



Thank You

Connecticut Green Bank

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Speaker

Duanne Andrade



**Chief Strategic and
Financial Officer,**
Solar Energy Loan Fund

CLIMATE **X** CHANGE
[SCPN]



Solar and Energy Loan Fund, Inc.

Financing Resilient, Healthy & Affordable Housing for a Sustainable Future

*Serving:
Florida, Alabama, Georgia, South Carolina*

History and Context

- SELF is the only independent non-profit; non-regulated, *CDFI "Green Bank" in the Southeast.
- SELF was created in 2010 with a \$2.97 million seed grant from the U.S. Department of Energy which sought to pilot innovative clean energy financing models across the nation.
- To date SELF has deployed \$30 million in direct loans for over 2,600 projects, leveraging over \$90 million in public/private investments.



SELF's Triple Bottom Line Impact Model seeks to advance Social, Economic and Environmental Justice through providing access to flexible and innovative capital for climate resilient, energy efficient and clean energy, projects, with a focus on disadvantaged and LMI communities.

**Community Financial Institution*

**SELF is a Founding Member of the American Green Bank Consortium*

Mission

TO REBUILD AND EMPOWER UNDERSERVED COMMUNITIES BY PROVIDING ACCESS TO AFFORDABLE AND INNOVATIVE FINANCING FOR SUSTAINABLE PROPERTY IMPROVEMENTS, INCLUDING: ENERGY EFFICIENCY; RENEWABLE ENERGY; STORM MITIGATION; WATER QUALITY AND DISABILITY AND AGING IN PLACE HOME ADAPTATIONS, AND MORE.





*SELF is committed to creating
Safe,
Healthy, and
Environmentally-friendly
affordable housing to ensure
long term sustainability
through access to fair and
equitable capital*

SELF Offers Loan Programs for:



Homeowners: Unsecured loans for upgrades to single-family and small multifamily properties.



Landlords: Unsecured Energy Efficiency and Resiliency Rehab Loans for Affordable Rental & workforce housing



Developers: Predevelopment and Gap Funding for Green Affordable Housing New Construction and Rehabs



Contractors: Working Capital loans through Partnership with NDC-CDFI.

What Does SELF Finance ?



-  Solar Products
-  Sewer and Water
-  Storm Resilience
-  Roofing
-  Weatherization and Insulation
-  Lighting
-  Health and Safety
-  Disability Products
-  Air Conditioning



Public- Private Partnerships

- SELF **partners** with local governments, housing authorities and non-profits to help create and preserve resilient, energy efficient, affordable housing.
- SELF is **an implementation tool** for climate equity and resiliency goals.
- SELF **customizes programs** with local government and community partners to fit needs.
- SELF **leverages** local government resources and and **raises blended impact capital** to deploy in deploy in local communities.



Primary Innovations in Green Financing

- **Unsecured “consumer” sustainable home improvement Loans for homeowners (single family) based on ability to repay NOT credit scores**
 - Special low-cost programs for women, US veterans, elderly, and households with disabled members.
 - Access to pre-vetted contractor network
 - Project Management & Technical support
- **Multifamily Rehab Loans for landlords of rental properties.** “SEER (Sustainable Energy, Efficiency & Resiliency) unsecured loans for investments that reduce energy burdens and increase safety for low-income tenants..
- **Affordable Housing Gap Financing** for Predevelopment and New Construction- “SAGE Homes” offers Flexible “Green” gap financing options for small to mid-size BIPOC, women and minority developers.
- **Solar for Climate Resilience** -Piloting the first emergency response rooftop solar project on a public housing building in Miami Dade County.
- **Septic to sewer** on-bill payment loan program in partnership with Martin County Utility.

Examples of Innovative Loan Programs



HOME IMPROVEMENT LOANS



Climate Resilience

Pamela Turner: U.S. Veteran; Single Mother

<500 Credit Score

Roof Loan

Impacts: Health, Safety, Quality of Life

SEER LOAN - Loans for Landlords of low-income rentals



SEER Loan for Landlords

Unsecured loans to help landlords make energy efficiency upgrades on affordable housing rental units.

SEER (Sustainable, Energy Efficient Rental) loans help reduce the utilities costs for low-to-moderate income residents, make homes healthier with better air quality, and stabilize communities with lower tenant turnover.

Teaming up with Atlanta Housing to expand
access to energy efficiency improvements



SAGE HOMES

SELF Housing and Community Impact Fund

Flexible Unsecured Gap funding for “Green” Affordable Housing projects.



Multifamily, Non-profit and Community Energy Improvement Loans

Up to 20% financing for New Construction or NOAH rehab projects

Water Quality and Environmental Preservation Financing



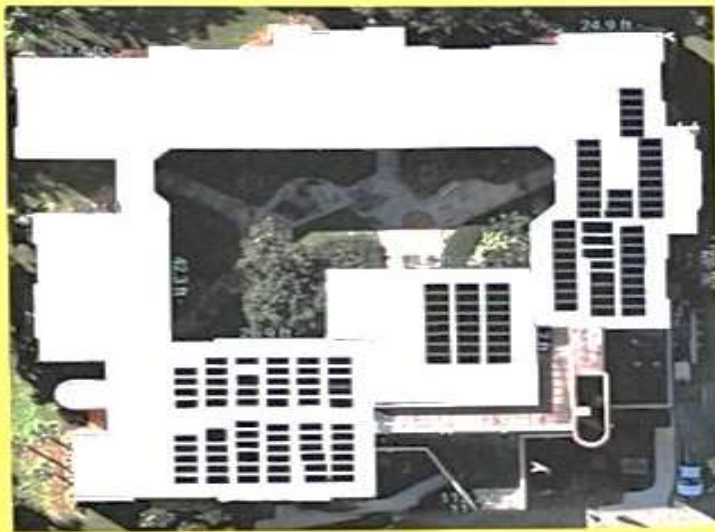
Martin County Septic to Sewer Loan

Sign up for Martin County Utilities (MCU) Septic-to-Sewer (S2S) Conversion Program today and receive an automatic \$1000 discount and the option to apply for a fixed 10 year, \$85/month payment plan through SELF!

GIBSON PLAZA- PUBLIC HOUSING MIAMI DADE

GIBSON PLAZA

COOL ROOF AND PROPOSED
SOLAR PANEL LAYOUT



Solar Emergency Response and Resiliency Project

- Developed, Implemented and Funded by SELF and Leon Lowenstein Foundation
- Leverage by Miami Dade Cty PHDC
- Includes:
 - Solar Ready Roof
 - Rooftop Solar PV + Battery Storage



Results and Impacts



**\$30 MILLION DEPLOYED IN
UNSECURED LOANS FOR >2,600
PROJECTS
LEVERAGE >\$90 MILLION IN CAPITAL**



**FINANCIAL INCLUSION
74% LMI CLIENTS**

**54% WOMEN
14% VETERANS
52% SENIORS
49% FIXED INCOME**



**7,000+ RESIDENTS BENEFITTED
FROM HEALTHIER, AFFORDABLE,
RESILIENT HOMES**



**CARBON REDUCTION AND ENERGY
SAVINGS**

- **25%** AVERAGE SAVINGS ON ENERGY BILLS.
- **1,700** METRIC TONS OF **CO2** AVOIDED;
193,408 GALLONS OF GASOLINE SAVED.



**77% CLIENTS BENEFITTED FROM
CREDIT REBUILDING**
AVERAGE CREDIT SCORES:
**50% < 640
27% < 600**

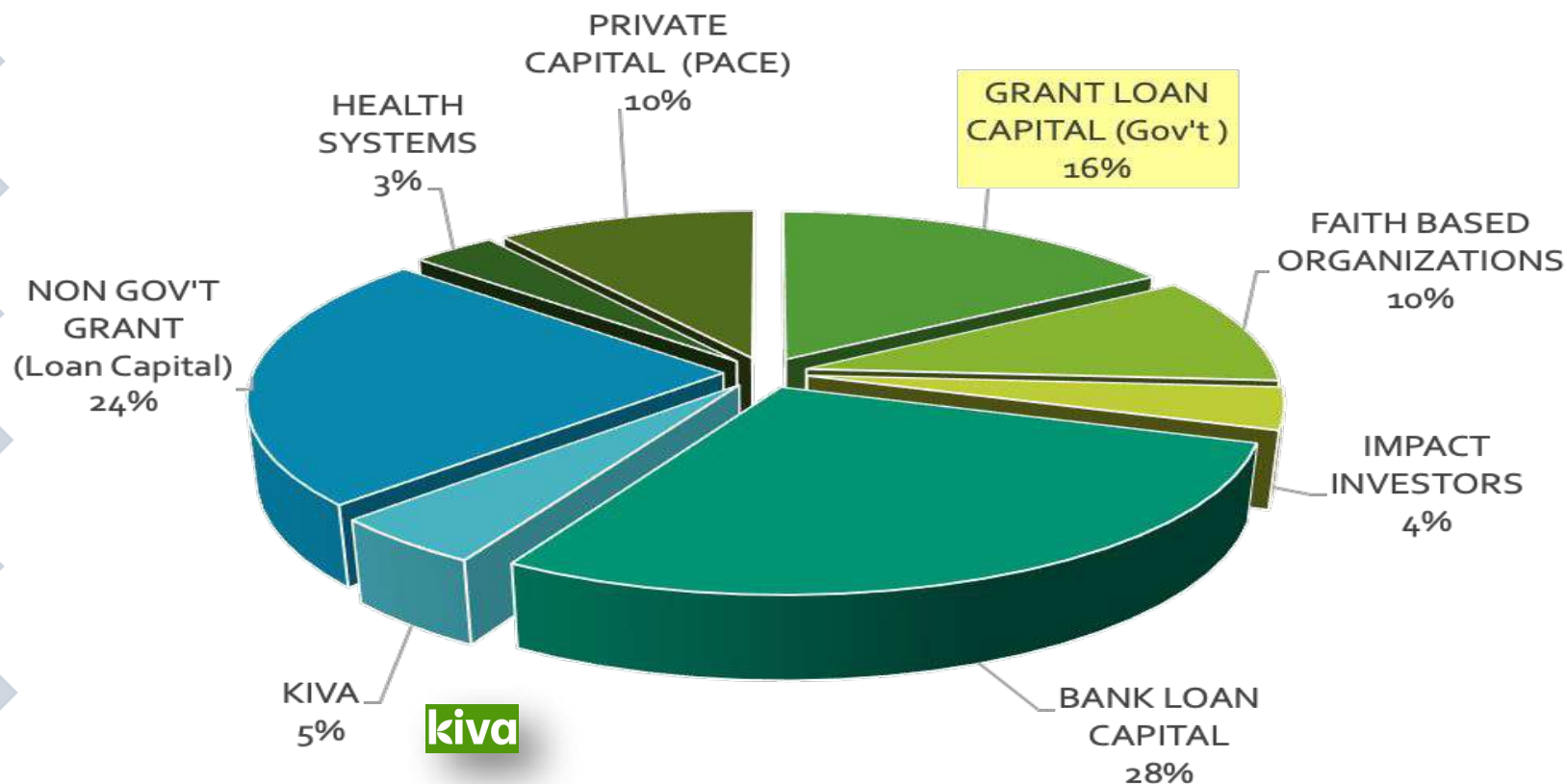
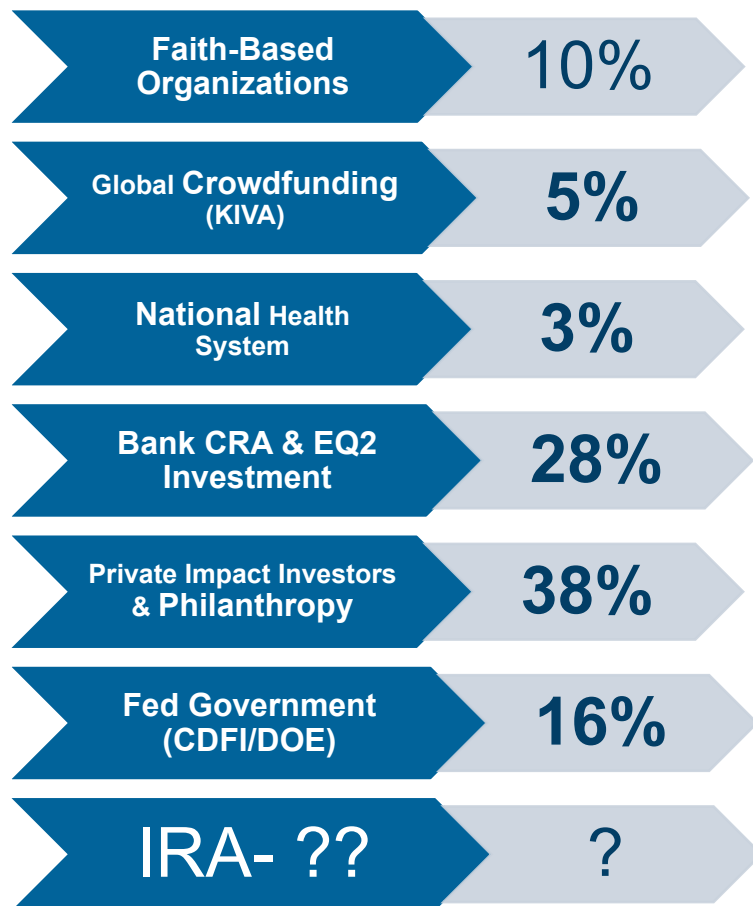


**<2% DEFAULT RATE
ESTABLISHING CREDIT WORTHINESS LMI
MARKETS
(AVG. DEFAULT RATE < 2%)**



**JOBS
OVER 29,000 JOB HOURS
CREATED**

SELF's CAPITAL STACK



Key Provisions Impacting LMI and Disadvantaged Communities

Office	Total	Description
DOE	\$8.9B	<ul style="list-style-type: none"> - Up to \$14,000 in upfront discounts for electrification and efficiency projects - Rebates for energy efficiency and electrification upgrades in LMI single-family and multi-family buildings with more than 50% LMI occupants
EPA	\$39B	<ul style="list-style-type: none"> - Green Bank funding: \$27B for non-profit financing institutions. Roughly 1/3rd of Green Bank funding for LMI and disadvantaged communities - Grants for community-based nonprofits to pursue climate justice - Funding to reduce air pollution at schools, ports, and from diesel emissions
HUD	\$1B	<ul style="list-style-type: none"> - Direct loans for affordable housing projects implementing: resource efficiency, low-emission technologies, climate resilience
BIA	\$422M	<ul style="list-style-type: none"> - Tribal electrification, home retrofits, and climate resilience
FHA	\$3B	<ul style="list-style-type: none"> - Roughly 1/3rd of funding for LMI and disadvantaged communities to remediate pollution and improve walkability, safety, and affordable transportation access
USDA	\$11.7B	<ul style="list-style-type: none"> - Financial assistance for rural electric cooperatives and small businesses to afford renewable energy and energy efficiency improvements
IRS	Tax Credits	<ul style="list-style-type: none"> - Tax credits for single-family, manufactured, and multi-family homes meeting efficiency standards (\$2,500 for EPA's Energy Star; \$5,000 for DOE's Zero Energy Ready Homes) - Tax credits for clean energy generation and storage in low-income communities

IRA Opportunities for Nonprofit “Green” Lenders :

- Deploying IRA funds from the GHGRF and other IRA “buckets” in disadvantaged communities with maximum flexibility –designing customized programs per geographic policy landscape and community needs.
- Participation Loans with Green Banks and other Intermediaries such as CDFI’s and Credit Unions serving disadvantaged communities.
- Financing cost “gaps” of carbon- reducing improvements not covered by tax incentives or rebates.
- Capturing direct pay; aggregating tax credits and rebates to reduce costs for LMI clients and increase inclusion in clean energy economy.
- Unlocking benefits of IRA for LMI populations.
 - For example: providing upfront financing for a roof repair to enable access to \$14K in efficiency and electrification discounts.
- Bridging tax credits and rebates for carbon reduction and resiliency in IRA
- Innovating a direct-pay workaround for moderate-income homeowners to capture tax credit incentives
- Using local networks, community credibility to address the IRA knowledge gap
- Helping grow businesses by Informing contractors of business potential and IRA-funded incentives



IMPACT STORIES

Client Testimonials



Health and Quality of Life Loans

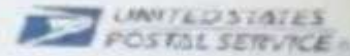
•Sylvia's child has cerebral palsy and epilepsy and is prone to seizures during hot summer months. Having a functional air conditioner not only lowered her electric bills, but it greatly improved her family's health and quality of life. Sylvia described the SELF program as "a blessing."

-Sylvia Thompson

Courtesy: Mark Stanhope

- TAMPA P&DC -

HEROES • WORK • HERE



Thank You & Be Safe!



Kim Zeches –Leaking Roof. Climate Resilience and Quality of Life Loan



<http://www.fox13news.com/news/local-news/pinellas-nonprofit-steps-in-when-no-one-else-will>

Recognitions



- *Achievement Award for local energy programs from the National Association of Counties (NACo) - 2012*
- *“Green Business of the Year” award from the South Florida Chapter of the U.S. Green Building Council – 2013*
- *Identified by the Opportunity Finance Network as “1 of 5 trailblazing CDFIs in America” – 2015*
- *“Exceptional Non-Profit in Innovation” award from 211/TC – 2015*
- *Highlighted in the White House report on “Innovative Financing for Clean Energy Technologies”– December 2015*
- *Identified by U.S. DOE staff as a “shining legacy of the Better Buildings Neighborhood Program” and featured in their national newsletter of the Better Buildings Network– 2017*
- *“Non-Profit of the Year” finalist 211/Treasure Coast – 2017*
- *Sustany Foundation “Sustainable Business Award”– 2019*
- *Commendation Award from Hillsborough County Commission – 2020*
- *JPMC Pro-Neighborhoods grantee - 2019*
- *Guidestar Gold Seal of Excellence of Transparency – 2020*
- *Leon Lowenstein Foundation grant recipient 2020*
- *Citi Foundation Community Progress Makers award - 2021*

THANK YOU!

Maria Duanne Andrade : Chief Strategic and Financial Officer
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Q&A

Thank you for joining!

**Reach out to
kristen@climate-xchange.org with any
additional questions!**

