



CIC Energy Savers

2008 – 2018: Evolution and Impact

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Community Investment Corporation

- Non-profit mortgage lender/Community Development Financial Institution serving Chicago and surrounding suburbs.
- Acquisitions and rehab loans for multifamily apartment buildings 5+ units.
- Low and moderate income neighborhoods
 - **Naturally occurring affordable housing (unsubsidized)**
 - For profit “ma and pa” owners
- Since 1984:
 - \$1.3 billion loaned and \$59,000 units rehabbed
 - 147,000 households assisted, 18,000 property managers trained



Evolution of Energy Savers

Challenge

- High utility costs impact affordability and project feasibility
- LMI market needs targeted programs
- Older housing stock has significant efficiency opportunities

Response

- In 2008, created a pilot loan pool, second mortgage program
- Partnered with Elevate Energy for energy assessments, technical assistance, access to Illinois energy efficiency programs
- Retrofit 10,000 units with \$22 million in loans

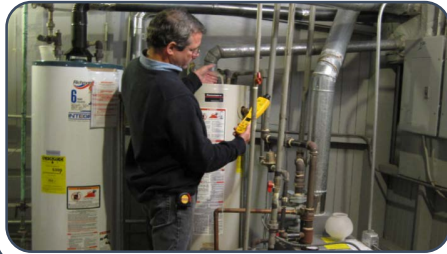


ELEVATE ENERGY
Smarter energy use for all

Lessons Learned

- One-Stop-Shop with financing+energy efficiency works
- High-touch approach, intensive hand holding
- Many properties took on retrofits during acquisition or refinance
- Low delinquency established investor confidence

Key Elements of Success



Technical Resources

- Comprehensive building energy assessment
- Access to utility rebates and incentives
- Contractor bid solicitation
- Assistance with equipment maintenance and performance optimization



Timing

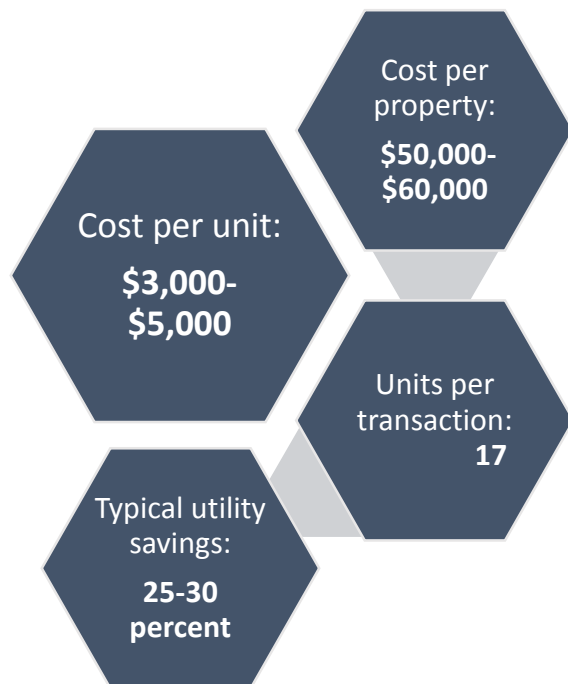
- Refinance or acquisition event
- Incorporate into first mortgage process



Strategic Incentives

- Financing: Underwrite to savings; 90 percent LTV; 1.15 Debt Service Coverage Ratio when needed
- Utility energy efficiency programs targeted to LMI areas

Energy Savers Impact



All time		
\$24 million	\$10,500 units	

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Since 2017		
\$1.8 million	20 projects	350 units

Typical measures:

- High efficiency HVAC equipment: steam boilers, individual furnaces, and tandem domestic hot water and heating systems
- High efficiency domestic hot water (DHW) heaters
- LED lighting retrofit, occupancy sensors
- Roof cavity, wall, and basement air sealing and insulation and weatherization
- Low flow showerheads and faucet aerators



Looking Ahead

- Incorporating energy efficiency in all rehab transactions (low hanging fruit)
- Helping owners manage water costs
- Moving to greater efficiency (Passive House)

Case Study

Morris Management – Blue Island, Illinois



Energy Savers – Case Study

Property	
Borrower	Morris Management LLC
Location	Blue Island, Illinois
Size	12 units
Type	3-story brick walk-up style building, occupied, unsubsidized
Efficiency retrofit scope	\$49,750
Utility program rebates/incentives	(\$19,975)
Net Cost of Energy Retrofit	\$29,775



Retrofit Information	
Description of retrofits	<ul style="list-style-type: none">• Two new high-efficiency condensing heating hot water boilers with outdoor reset.• New high efficiency natural gas domestic hot water heaters.• LED lighting and occupancy sensors.• Roof cavity insulation and weatherization.• Low flow showerheads and faucet aerators and kitchen and bathroom water shut off valves.
Estimated pre-retrofit average utility cost	\$15,600
Actual average savings	\$4,082
Actual utility cost	\$11,518
Actual reduction	26%

Energy Savers – Case Study

Project Costs	
Acquisition + closing costs	\$401,041
Energy retrofit (after rebates)	\$29,775
Total Costs	\$430,816

Sources	
First mortgage loan (86% LTV)	\$349,725
Owner equity	\$81,091
	\$430,816



Energy Savers – Case Study

Loan Details

Borrower:	Morris Management (private, for-profit investor)
Loan Amount:	\$349,725
Term:	10 year 25 year amortization
Rate:	4.75%
LTV:	86%
DSCR:	1.45
Security:	Secured Full recourse loan