

| Green Financing: we have tested green financing for decades | |
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| Highlights & Learnings | |
| Capital | <ul style="list-style-type: none"> Invested \$36 million public and private lending capital into clean energy projects Through debt, equity, and tax credit equity from banks and philanthropic loans to create lines of credit, technical assistance, green mortgages, solar transactions, and energy efficiency retrofits involving over 3000 homes across the country. |
| Program / Policy | <ul style="list-style-type: none"> Secured \$23 million in grants over the past 10 years From public and private sources such as HUD, NYC Weatherization Program, Department of Energy, Energy Foundation and others to test energy and solar development in CA, Chicago, and NY; to retrofit over 4000 homes in NYC; to create Green Capital Needs Assessments; and to develop better benchmarking tools; and to participate in Energy Efficiency for All engagement; and to create Enterprise Green Communities Retrofit and Resilience Toolkits for the market. |
| Learned | <ul style="list-style-type: none"> Creating portfolio level models has unlocked more investment in this sector, as smaller scale debt financing is complex and costly Refinancing is a sweet spot, but not every partner needs a full recapitalization or refinance for lighter touch energy repairs Partners are interested in a modest cost pathway and new technology upgrades for mid-cycle projects that layer housing + energy funds, but existing energy money is not streamlined or easy to access Overall market lacks technical assistance or expertise for this sector and there is a need for targeted predevelopment pots of funding and overall project development support Working in collaboration with thought partners on policy, capital, and financing solutions (NHT and NRDC, etc.) is key to bring systemic solutions for solar + energy + resilience to this sector |

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| Problem: the current landscape | |
|---------------------------------------|--|
| Pressure on Affordable Housing | <ul style="list-style-type: none"> Growing housing demand for affordable rentals with shrinking supply, rents remain stagnant while expenses escalate |
| Low-Income Renters Will Be Displaced | <ul style="list-style-type: none"> Rising costs are creating pressure for renters to move away from stable, safe, healthy communities with access to good jobs, quality education and existing social and cultural networks |
| Housing Credit Properties are at Risk | <ul style="list-style-type: none"> ~1 million homes reaching the end of the initial 15-year mandatory affordability compliance |
| Existing Properties are Aging | <ul style="list-style-type: none"> Existing properties need to improve performance and require moderate repairs, but have limited cash flow and are at risk of becoming market rate or deteriorating further |
| Funding is Inaccessible | <ul style="list-style-type: none"> Non-traditional housing dollars (utility, cap and trade, solar) can help with repairs and additional revenue, but are disaggregated and hard for our partners to access and implement |

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Executive Summary: our response based on what we've learned

- **The housing credit portfolio is at risk**, we have developed nearly 3 million homes across the country; approximately 1 million of these existing properties are coming up on their affordability compliance.
 - **Housing dollars are not increasing and there is a major need to find other sources of housing revenue**, as preservation becomes a larger chunk of those dollars.
- ✓ **We can use solar as a source of income and use energy and water efficiency as well as resilience to reduce operating and insurance expenses**
- **Enterprise in collaboration with NHT Enterprise are using our core competencies** to solve for this in two ways:
 1. **Policy and Program Solutions** – to facilitate systems change by collaborating with agencies to streamline and access energy, solar, resilience & other resources as a “one stop” solution. To ultimately unify funding for housing and energy dollars to leverage both to do more critical capital repairs alongside energy, water, resilience, and renewable upgrades.
 2. **Direct Project Development TA and Capital Solutions** – by collaborating as a team to provide both capacity around implementation and direct financing for portfolio level solar and energy resources to partners in targeted geographies.

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Solutions: what we are doing today

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| <div style="background-color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin: 0 auto 10px auto;">1</div> <div style="background-color: #003366; color: white; padding: 10px; text-align: center;">Policy and Program</div> | <ul style="list-style-type: none"> Advisory to agencies in collaboration with NHT & NRDC Educating Stakeholders in collaboration with EE4All Coalitions Increasing non-traditional housing dollars (i.e. energy \$) Raise awareness of critical need for preservation of housing credit portfolio |
| <div style="background-color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin: 0 auto 10px auto;">2</div> <div style="background-color: #003366; color: white; padding: 10px; text-align: center;">Direct TA & Capital</div> | <ul style="list-style-type: none"> Project Development Technical Assistance from NHT & Enterprise Lending Capital through ECLF and NHTCDF Aggregating Available Non-Traditional Housing Sources with NRDC & NHT & EE4All partners |

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| 1 Solution: policy & program | | |
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| Advisory to Agencies | Educating Stakeholders | Increasing Funding |
| <ul style="list-style-type: none"> • Systems Change, to streamline programs within housing infrastructure to include energy & renewables • Demonstration Projects with partners, to target pilots that blend capital • Preservation Advocacy to bring visibility and urgency to issue of aging properties (NCSHA, SAHF, LISC, Novogradic) | <ul style="list-style-type: none"> • Education with NHT and NRDC, to help agencies understand challenges for this sector to access & implement existing energy dollars • Owner Outreach through local Coalitions (EE4All) to understand ongoing barriers for this sector • Case Studies to demonstrate what works <ul style="list-style-type: none"> • DC Portfolio Solar + Energy • CO Solar Garden • MD MEEHA Program | <ul style="list-style-type: none"> • Identify and coordinate stakeholder priorities with NHT & NRDC <ul style="list-style-type: none"> ✓ ITC Equity Investors - sunsets 4 years ✓ Long Term Debt- pipeline potential ✓ Philanthropy- resilience demo ✓ Energy Advocates - local goals and timing ✓ Utilities –priorities to commissions ✓ Owner –challenges and needs to access resources ✓ Public Agencies –gaps to structure programs |

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| Solutions: providing project development capacity to partners | |
|---|---|
| <p>To demonstrate solar + energy + resilience solutions in target markets</p> | <ul style="list-style-type: none"> ✓ South East, working with local Energy Efficiency for All (EEFA) coalition to align owners through the multifamily Advisory Group to access local programs ✓ North East, working with local coalition (EE4All) to align affordable housing owners with Portfolio Solar programs to access existing energy dollars and solar to do demonstrations ✓ Mid Atlantic, aligning affordable housing owners through Enterprise capacity funds with NHT Portfolio Solar program to do demonstrations |

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| Solutions: providing financing for portfolio level solar and energy resources | |
|--|---|
| Aligning Capital | <ul style="list-style-type: none"> ✓ Enterprise & NHT Debt– together with NHTCDF, ECLF to provide long-term capital, underwrite and aggregate energy, solar, incentives ✓ NHT & Enterprise providing TA to nonprofits to install solar on roofs across the country |
| Portfolio Solar Model Successes! | <ul style="list-style-type: none"> ✓ NHT & Enterprise are teaming up to provide debt & developing solar projects with approximately 40 different housing organization across the U.S, non-profits, for-profits, and housing authorities, totaling \$110mm in solar development since 2016 ✓ \$8mm operational and financed to date, 2018 \$25mm opportunity, 2019/20 \$80mm opportunity ✓ In this model, housing owners get development fees, asset management fees for operating the solar companies and any interest on equity they invest ✓ To date NHT Renewable and housing partners have generated approximately 10% development fees (\$11mm) ✓ Partners are already generating more returns/revenue income than expected |

| Solution: collaborating with national policy initiatives |
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| <ul style="list-style-type: none"> • Collaborating with Energy Efficiency for All (EEFA): a national initiative headed by Natural Resources Defense Council, Energy Foundation, National Housing Trust and Elevate Energy to support state-based coalitions to bring together the energy, affordable housing, and health communities to tap the benefits of energy efficiency and other holistic building measures for millions of low-income families. energyefficiencyforall.org/sahlln <ul style="list-style-type: none"> ✓ EE4All and its partners have deep experience and belief in energy efficiency and solar for affordable multifamily housing ✓ NHTCDF and Enterprise Community Loan Fund have ability to make patient loans to get deals done ✓ The NHT Renewable model for solar can be replicated in certain states with appropriate solar incentives ✓ NHT Renewable and Enterprise Community Partners can provide T.A. and Capacity/outreach to non profits and for profits interested in pursuing solar or energy efficiency strategies |

Portfolio Solar Approach: a portfolio model we are demonstrating

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|------------------|---|
| Structure | <ul style="list-style-type: none"> • Traditional Flip LIHTC GP/LP structure. There is partnership ownership of PV equipment. (Sponsor/GP 1%; ITC Investor/LP 99%/for 5 years) • Financing occurs across a portfolio and maintain ownership at the corporate level, not a property level, align solar incentives for owners, investors and lenders |
| Benefits | <ul style="list-style-type: none"> ✓ Revenue – property owner receives the operating income rather than a third party, allowing it to diversify its revenue streams and finance future affordable housing. ✓ Decreased Operating expenses - The PPA terms are more favorable to the Sponsor (pricing locked in for 10 years w/out the usual 3rd party PPA 3% escalation) ✓ Less Costly - develop multiple sites, and get reduced pricing on systems, |
| Roles | <ul style="list-style-type: none"> • Project Development TA & Origination –assess opportunity, structure financing/incentives/legal, bring solar provider through developer fee, S4 funds (NHT/E & Enterprise) • Sponsor– create SPE and provide host sites for solar and receive developer fee, income from solar panel operation • Debt – underwrite and provide long-term lending capital to sponsor (ECLF w/ Initiatives) • Equity –provide 30% equity and receive tax benefits, preferred return (NHT w/ identified investor) |

Portfolio Solar/Energy = new sources of income for partners = more affordable housing, health benefits, services, and resilience upgrades that would otherwise not happen

Portfolio Solar Approach: ECLF and NHT CDF operational & financed to date

| Organization / Sponsor | State | Scope | Enterprise Role | NHT Role | Total |
|----------------------------------|-------|--|--|---|--------------------|
| NHT Renewable DC 5 (2014) | DC | <ul style="list-style-type: none"> • 6 blgs • 500 kW | <ul style="list-style-type: none"> • Debt & Grant funding | <ul style="list-style-type: none"> • Sponsor equity • Ownership, guarantees, installation, ongoing operation | \$900,000 |
| Channel Square Apartments (2016) | DC | <ul style="list-style-type: none"> • 5 blgs • 500 kW | <ul style="list-style-type: none"> • Tax Equity & Debt | <ul style="list-style-type: none"> • Sponsor Equity, • Ownership, guarantees, installation, ongoing operation | \$840,000 |
| Nixon Peabody (2016) | DC | <ul style="list-style-type: none"> • 3 blgs • 800 kW | <ul style="list-style-type: none"> • Tax Equity | <ul style="list-style-type: none"> • Debt | \$840,000 |
| Denver Housing Authority (2017) | CO | <ul style="list-style-type: none"> • Solar garden • 2 MW | <ul style="list-style-type: none"> • Debt | <ul style="list-style-type: none"> • Co –Developer w/ housing authority | \$3,500,000 |
| LINC Housing (2018) | CA | <ul style="list-style-type: none"> • 30 blgs • 800 kW | <ul style="list-style-type: none"> • Debt | <ul style="list-style-type: none"> • Developer | \$2,240,000 |
| TOTAL | | | | | \$8,320,000 |

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NHT & Enterprise Pipeline – partners are interested! 2018 in development

| Organization / Sponsor | Location (State) | Project Size (kW) | Total Dev Cost (\$) |
|--|------------------|-------------------|---------------------|
| 2018 (development) | | | |
| CPDC | DC | 1,200 | \$3,360,000 |
| Riseboro CDC | NY | 1,200 | \$3,600,000 |
| Bridge Housing | CA | 805 | \$2,415,000 |
| DC Solar For All (Mi Casa, Mission, Somerset, Victory, SOME, UA) | DC | 3,000 | \$9,000,000 |
| Rose Companies | NY, NJ, MA | 1,500 | \$4,500,000 |
| Nixon Peabody Community Solar II | DC | 1,000 | \$3,000,000 |
| Total 2018 | | | \$25,875,000 |

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NHT & Enterprise Pipeline – partners are interested! 2019/2020 predevelopment

| Organization / Sponsor | Location (State) | Project Size (kW) | Total Dev Cost (\$) |
|-----------------------------------|------------------|-------------------|---------------------|
| 2019/2020 (predevelopment) | | | |
| Housing Partner # 1 | DC | 1,600 | \$4,800,000 |
| Housing Partner # 2 | DC | 1,500 | \$4,500,000 |
| Housing Partner # 3 | DC | 1,000 | \$3,000,000 |
| Housing Partner # 4 | NJ | 1,200 | \$3,600,000 |
| Housing Partner # 5 | CO | 2,000 | \$6,000,000 |
| Housing Partner # 6 | NYC | 2,000 | \$6,000,000 |
| Housing Partner # 7 | NYC | 600 | \$1,800,000 |
| Housing Partner # 8 | NYC | 400 | \$1,200,000 |
| Housing Partner # 9 | NYC | 650 | \$1,950,000 |
| Housing Partner # 10 | NYC | 1,000 | \$3,000,000 |
| Housing Partner # 11 | NYC | 600 | \$1,800,000 |
| Housing Partner # 12 | NYC | 1,700 | \$5,100,000 |
| Housing Partner # 13 | MD | 300 | \$900,000 |
| Housing Partner # 14 | NYC | 1,000 | \$3,000,000 |
| Housing Partner # 15 | Upstate NY | 5,000 | \$15,000,000 |
| Housing Partner # 16 | CA | 2,000 | \$5,600,000 |
| Housing Partner # 17 | CA | 1,500 | \$4,500,000 |
| Housing Partner # 18 | CA | 2,000 | \$6,000,000 |
| Housing Partner # 19 | MD | 1,000 | \$3,000,000 |
| Housing Partner # 20 | MA | 773 | \$2,225,000 |
| TOTAL | | 19,550 | \$82,975,000 |

What we need to be successful

✓ Capital

- **Long term** capital with fixed rate pricing is hard to identify through CDFI's. Need debt capital that is patient, 10 + years for deals outside of robust SREC markets to make the economics work. (i.e. create a pool dedicated to solar, unlock additional existing long term capital, potentially opportunity zone dollars, PRI's, other?)
- **Credit Enhancement** to de-risk repayment and performance risk of new technologies, construction period risk, project development, and regulatory risk (because income streams are from technologies that have both regulatory and performance risk)
- **Grants** dollars today to demonstrate more portfolio deals and to aggregate pipeline to create demand for capital raise (buy down interest rates, blend with existing lending capital to create patient and favorable rates)

✓ Project Development support

- **Up front TA and Capacity** building through grant/philanthropic/public dollars to help partners ultimately get deals to close (project development, underwriting, and analysis of new technologies for resilience and health, etc.)

✓ Policy & Program Solutions

- **Streamline sources in the market** by lining up energy and renewable dollars with existing traditional housing dollars (work with housing finance agencies, green banks, utilities, & energy/renewable sources to de-silo and stretch housing dollars further)

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Where we want this work to lead

Systems Change:

- ✓ **Demonstrate that this is a viable** and important way to do things for the multifamily affordable housing market to move beyond incremental change
- ✓ **Bring in key partners to help advocate** to move beyond the next few years and to help demonstrate urgency and need
- ✓ **Blueprint to bring in other non-traditional sources** of financing to the housing space (energy, health, resilience, etc.)
- ✓ **Stronger partnership with Energy Efficiency for All and other national initiatives across the country to create better green financing tools** available to owners of affordable multifamily housing

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CASE STUDY

CASE STUDY: NHT Renewable



Project Name: NHT Renewable, LLC

Sponsor: National Housing Trust (NHT)

Location: Washington, DC

Properties: 5 properties (Copeland Manor, Galen Terrace, Meridian Manor, R St, St Dennis)

Units: 340 units Affordable Homes

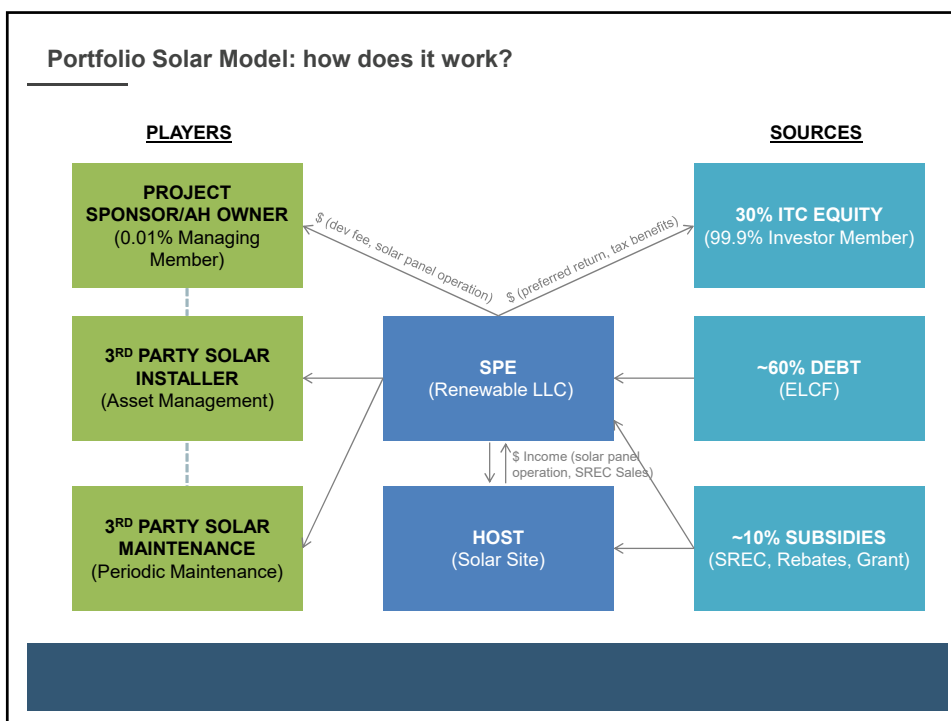
Renovation Plan: installation of Solar Photovoltaic (PV) and Solar Thermal (ST) systems on the five properties



Portfolio Solar Model: A Tool to Create Income for Partners

| | |
|------------------|---|
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Loan Terms

| Terms | |
|-------------|--|
| Borrower | National Housing Trust |
| Loan Amount | \$730,000 |
| Term | 10 year |
| Rate | 5.5% |
| Security | UCC Lien on Solar Equipment Sponsor Guarantee |
| DSCR | 1.2x min |



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Development Budget

| Uses | |
|---------------------------|--------------------|
| Hard Costs | \$1,121,373 |
| Soft Costs | \$193,206 |
| Total Uses | \$1,314,579 |
| Sources | |
| Debt (ECLF 55%) | \$728,205 |
| Investor Equity (ITC 30%) | \$394,374 |
| Sponsor Equity (NHT 15%) | \$192,000 |
| Total Sources | \$1,314,579 |

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Operating Pro Forma – Cash Flow

| | 2014 | 2015 | 2016 | 2017 | 2018 | 5-yr Total |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Income | | | | | | |
| Sale of SRECs | \$193,777 | \$193,777 | \$193,777 | \$193,777 | \$193,777 | \$968,885 |
| Sale of Electricity to Property | \$18,800 | \$18,800 | \$18,800 | \$18,800 | \$18,800 | \$94,000 |
| Total Income | \$212,577 | \$212,577 | \$212,577 | \$212,577 | \$212,577 | \$1,062,885 |
| Expenses | | | | | | |
| Tax and Audit | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$25,000 |
| Maintenance & Insurance | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$25,000 |
| Total Expenses | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$50,000 |
| Net Operating Income | \$202,577 | \$202,577 | \$202,577 | \$202,577 | \$202,577 | \$1,012,885 |
| Debt Service | \$157,406 | \$157,406 | \$157,406 | \$157,406 | \$157,406 | \$787,029 |
| DCR | 1.29 | 1.29 | 1.29 | 1.29 | 1.29 | 1.29 |
| Net Cash Flow | \$45,171 | \$45,171 | \$45,171 | \$45,171 | \$45,171 | |
| Preferred Return | \$28,800 | \$28,800 | \$28,800 | \$28,800 | \$28,800 | |
| Cash Flow to NHT Solar Mgt | \$16,371 | \$16,371 | \$16,371 | \$16,371 | \$16,371 | |

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Expected vs. Actual Returns on Operation

| Cash Flow Distributions | Year 1 - 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|---------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| Initial Projection | \$0 | \$71,077 | \$51,100 | \$39,446 | \$39,446 | \$16,138 |
| Actual and Revised Projection* | \$0 | \$192,702 | \$182,221 | \$181,370 | \$180,523 | \$137,760 |

*Actual projections reflect increased revenue from SREC income

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