

# cic

**Community Investment Corporation**

# energy savers

A one-stop energy efficiency shop for multifamily building owners



# What is Energy Savers?

Energy Savers is a collaboration between Community Investment Corporation (CIC) and Elevate Energy providing a One-Stop Shop with a range of technical assistance and financing (CIC first mortgages, Energy Savers loans, Multifamily On Bill loans) to retrofit multifamily (5+ units) properties at any point in building's life cycle.



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# Who is CIC?

Community Investment Corporation is a not-for-profit CDFI serving the naturally-occurring affordable housing market (rent levels affordable for households at or below 80% AMI) in the Chicago metro region

CIC provides:

- Energy Savers loans for retrofit (5+ units)
- On Bill Energy loans for energy savings (5-50 units)
- Acquisition/Rehab & Refinance/Rehab loans (5+ units)
- Construction monitoring and escrow services

# Who is Elevate Energy?

Elevate Energy is not-for-profit affiliate of Center for Neighborhood Technology. Elevate Energy provides:

- Free Energy Assessments for 5+ unit properties
- Detailed Energy Assessment Reports
- Construction monitoring
- Annual usage reports after the retrofit is completed
- Assistance with all utility company rebates and incentives



# What does Energy Savers offer?

- **No-cost, no-obligation Energy Assessment from Elevate Energy**
- **Technical Assistance: getting bids from qualified contractors, construction monitoring, construction escrows**
- **Financing from CIC: Energy Savers subordinate mortgages; Multifamily On- Bill Energy loans; CIC first mortgage loans**
- **2-year ongoing tracking of building's utility performance post-retrofit, with an annual report on utility usage.**
- **Assistance in applying for all incentives and rebates available through utility company programs**



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# Energy Savers is Available:

Energy Savers program is available for properties with 5 residential units or more (including mixed-use), in the following:

- Cook County
- DuPage County
- Kane County
- Kendall County
- Lake County
- McHenry County
- Will County
- City of Rockford
- City of Chicago

This service area represents 67% of the entire state population.



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# Energy Savers Program Results\*

- Over 26,425 residential units retrofitted
- Average 30% savings on gas, electricity and water, with old affordable building stock preserved
- Saved 6.34 million gas therms and 17.2 million Kwh in electricity; reduced CO<sup>2</sup> emissions by more than 49,000 metric tons
- 548 jobs created through retrofit work
- \$21.5 Million in financing from CIC – loan losses less than .5%

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\* Program Results as of May 16, 2016

# Energy Savers Loans from CIC

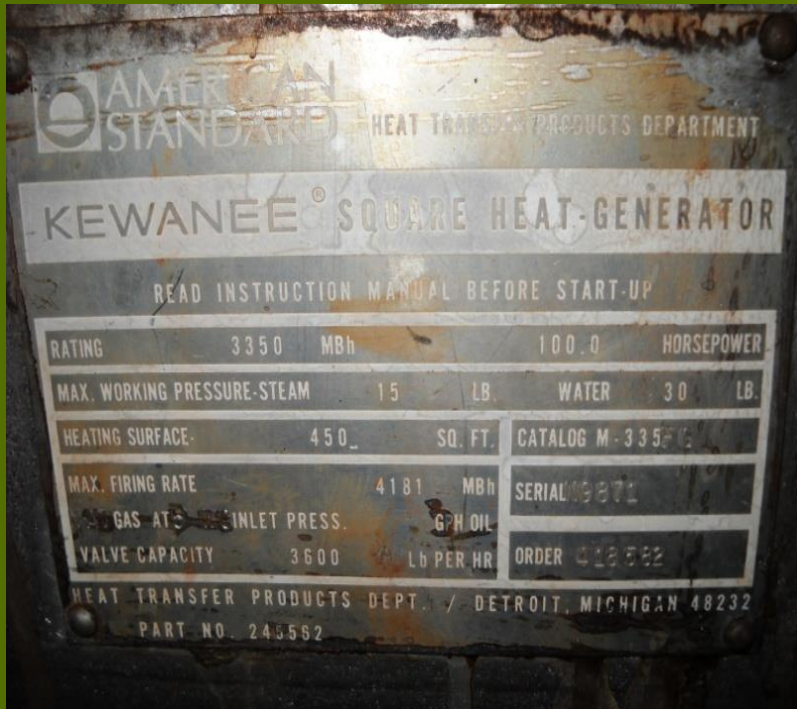
- Subordinate mortgage loans
  - a) 3% fixed rate, 7-year term, 7 to 10 year amortization - no prepayment penalties, OR
  - b) 5% fixed rate, 10-year term, up to 25 year amortization – no prepayment penalties
- 100% of projected savings from Elevate Energy Audit used in underwriting
- Combined Loan-To-Value of 90% & Debt Coverage Ratio of 1.15:1
- No maximum or minimum loan amount; any rental property or co-op with 5+ residential units is eligible (Condos not eligible)
- Renewable measures can be financed as well as a wide range of energy-saving measures. Any qualified contractor can perform work.
- Borrowers eligible for all utility rebates, incentives & Direct Install products
- CIC originates and services Energy Savers loans, using \$14 Million of capital raised through PRI's
- Loan Loss Reserve of \$4.38 Million funded by ARRA & DOE funds

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# 6731 S. Jeffrey: Before

- Seven-story, brick 55-unit building built in 1928 - mostly studio and 1 BR apartments (originally built as a hotel)
- Existing Heating system was an old gas-fired Steam boiler





# 6731 S. Jeffery: After

Energy efficiency measures installed in 2010:

- New steam boiler
- New boiler controls with indoor temperature sensors
- New high efficiency domestic hot water heater
- Roof cavity insulation and air-sealing
- Insulated heating pipes



Borrowers acquired property and retrofitted with CIC first mortgage, an Energy Savers loan, and a rebate from People's Gas for Hot Water Heaters

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# 6731 S. Jeffery: Savings

- Annual natural gas savings originally projected at 24% - actual savings have been more than 50%
- Actual gas savings of more than \$31,000/year
- Payback period based on actual savings is less than 4 years
- First Energy-Star Certified residential building in Chicago



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# Multifamily On Bill Loans

Multifamily On Bill loan payments are included in the monthly utility bill – with no mortgage or lien placed on the property. CIC underwrites and funds using its own capital.

- For buildings of 5 to 50 units – rental, co-op, condo
- Loans up to \$150,000 per utility – CIC originates loans of \$20,000+ (Loans for lesser amounts or smaller buildings are available through Renew Financial)
- Fixed rate - 5.99%, 7 to 10 year terms, fully amortizing
- Debt Coverage Ratio of 1.15:1; no CLTV requirement
- 100% of projected savings used to underwrite loans
- Only measures eligible for utility company rebates are eligible for financing with On Bill loans
- Contractors must be on Renew Financial's 'Approved' list



# On Bill Loan Case Study

- Condominium established in 1968 – all owners LMI (<80% AMI). 18 - unit vintage building in Chicago's South Shore neighborhood
- Steam boiler failing due to underground water pipes leaking & constant refilling of boiler
- Gas bills of \$45K+ annually = 46% of Association revenue
- Water bills \$10K year
- Projected annual 23% gas savings & 20% water savings
- On Bill loan of \$75,100 @ 5.99%, 10 year term & amortization
- Annual utility savings are 156% of debt service
- Utility rebate of \$4,500 for boiler



# Multifamily On Bill Loan Program structure

- Original On Bill Loan Legislation amended in 2014 to include Multifamily properties. On Bill Administrator is Renew Financial (fka AFC 1<sup>st</sup>). CIC negotiated to be Multifamily lender and began originating Multifamily On Bill loans in July, 2015.
- Multifamily On Bill available in NICOR, Peoples Gas & North Shore Gas service areas (same coverage for ComEd)
- Loans available for any master-metered building – condos, co-ops, rentals are eligible. Ownership and utility account must be in same name
- CIC originates, underwrites & funds loans with its own capital
- Renew Financial is Servicer – Utility gets monthly payments, remits to Renew Financial, which then remits to CIC
- On Bill loans do not allow partial prepayments of principal
- Utilities determine which measures are eligible for On Bill loans – measures must be eligible for rebates
- Legislation requires utilities to reserve funds to pay lender if borrower doesn't make monthly payment – 1:1 reserve

# **CIC lends for Purchase or Refinance, with Rehab**

- **Loans to purchase or refinance a building, along with rehab costs – all in one loan**
- **10-year terms, up to 25-year amortization**
- **4.75% current rate – 3-year ARM; no prepayment penalties**
- **80% LTV based on improved value appraisal; Debt Coverage Ratio of 1.25:1**
- **Minimal, substantial or gut rehab can be financed**
- **Energy savings included in underwriting when retrofit measures are included**



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