



# Green Finance Solutions for Under-resourced Communities

Clean Energy Fund of Texas, Inc. (TxCEF)



# Outline



MISSION, VALUES,  
STRATEGY &  
ACCOUNTABILITY



WHAT PROBLEM(S)  
ARE WE ADDRESSING?



GREEN LENDING  
PRODUCTS &  
PROGRAMS

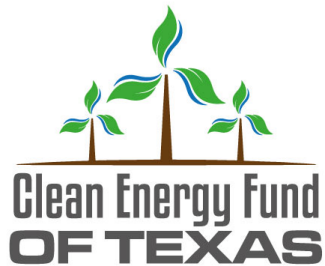


IPC OVERVIEW



GREEN LOAN  
OFFERINGS

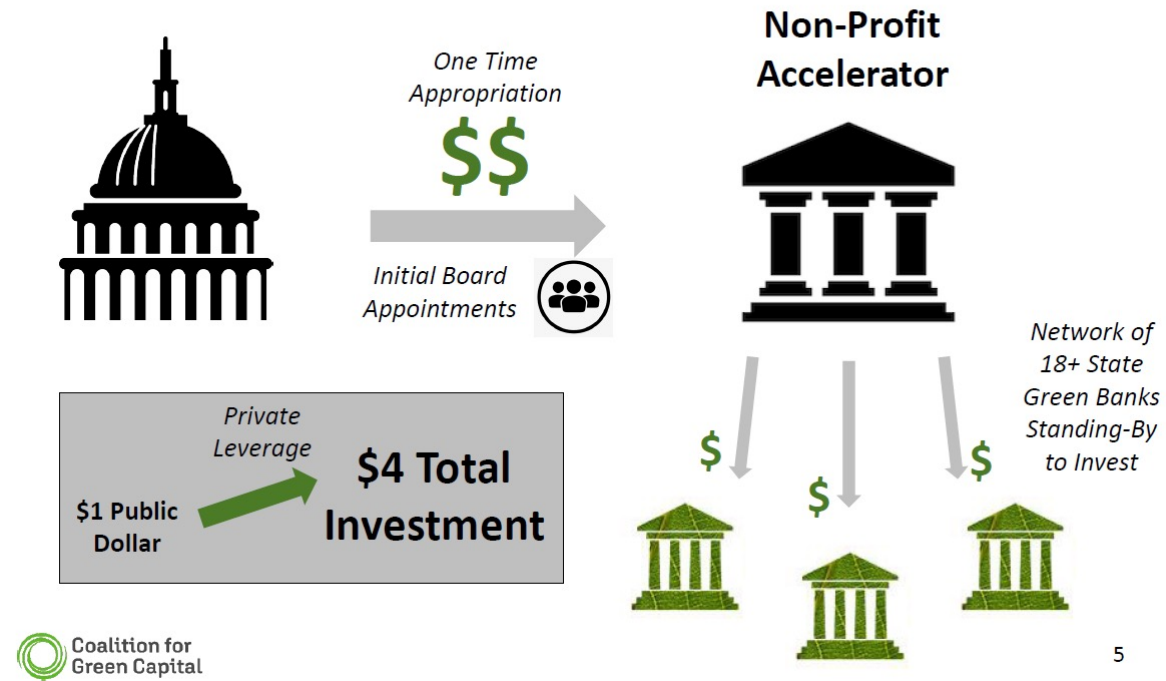
# About Us



- Mission Statement: The mission of the **Clean Energy Fund of Texas Inc.** is to make clean energy resources affordable for all Texans. We believe that an equitable transition to clean energy will mitigate the impacts of the climate crisis, eliminate energy poverty, create green jobs and catalyze economic development opportunities in historically under-resourced communities. We will accomplish this by accelerating the flow of green capital into underserved markets to provide all Texans a healthier, prosperous and just future.

Congress makes one-time appropriation to independent, non-partisan, non-profit Accelerator

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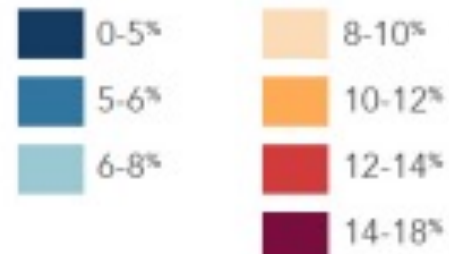
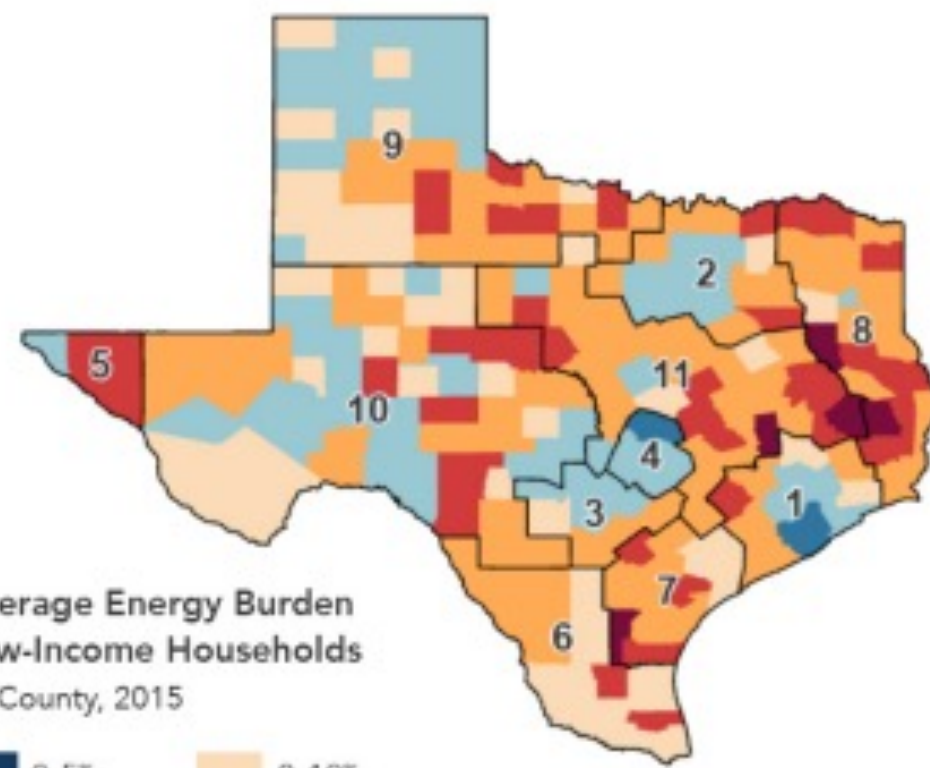
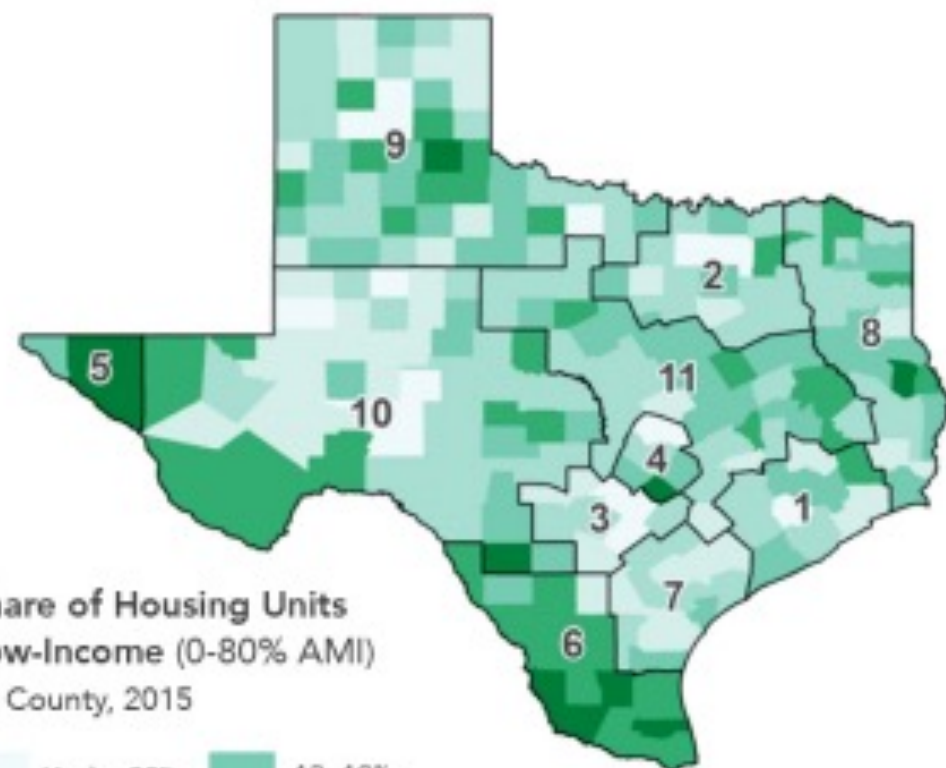




# Energy Burdens in Texas

- “Energy burden” describes the percentage of total household income spent on energy. HUD considers an energy burden of more than six percent to be unaffordable. On average, low-income energy burdens are three times higher than energy burdens for higher-income households.
- 41% of Texas households qualify as low income representing 3.8 million households. The energy burden for this population ranges from 6% to 16.5%
- Financial barriers present the most significant obstacle to resolving energy burdens.
  - Federal and state funding for assistance is limited and volatile.
  - A lack of access to capital or insufficient credit can prevent LMI customers from taking advantage of programs that target clean energy or efficiency upgrades, due to high upfront costs.
  - These programs also languish in attracting LMI customers due to the lack of financing options targeted at this customer base. (Energy Poverty Research Landscape Analysis:2017)

## Low-Income Households By Proportion / Average Low-Income Energy Burden



Mapped by TEPRI (2019) • Data Source: U.S. DOE LEAD Tool (2015)

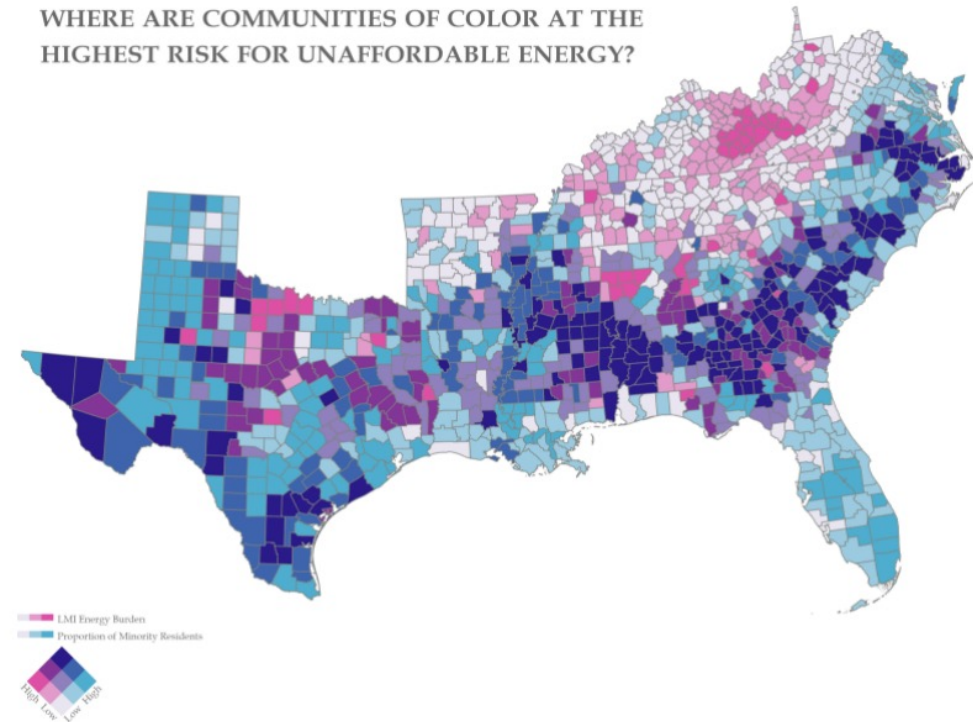
\*Low-income defined as 0-80% AMI (HUD, 2015)  
LICI regions outlined and numbered (1-11)



# Energy Insecurity

- The South has the lowest electric rates in the contiguous United States, but the highest residential bills.
- Energy insecurity disproportionately affects communities of color, as well as elderly Southerners who live on a fixed income and face health risks.
- Energy efficiency measures have the potential to bring an estimated \$13 billion in annual savings for low-income households, a 30% reduction in utility bills each month.

WHERE ARE COMMUNITIES OF COLOR AT THE HIGHEST RISK FOR UNAFFORDABLE ENERGY?



# Products & Services: De-risking clean energy investments and effort

Smart E Loan - A unique, proven loan product that makes **clean energy home improvements** more accessible to homeowners than ever before – particularly low-income and credit-challenged borrowers.

Catalyst Term Loan - supports energy improvement projects for low- and moderate-income **multifamily properties and community based non-profit organizations**, and loans are repaid from energy cost savings.

Navigator Pre-Development Loan - offers a lightly secured line of credit for the **financing of pre-development projects** in affordable and market rate properties. This enables owners to select and manage technical service providers who specialize in the analysis, design, and implementation of energy improvements.

NGEN Platform - an easy-to-use online workflow platform designed to streamline and create transparency during the application process. NGEN provides a secure, **online project management tool** making it the best choice for lenders, contractors, and energy program providers.

Property Assessed Clean Energy – PACE for Small Commercial and Non-profits.

Community Solar/Battery – Community solar projects often struggle to find reasonable financing terms for projects that serve low- and moderate-income populations. TxCEF will provide long term ownership or debt capital to community solar projects that are breaking new ground and making solar accessible to all.



# Programs

Energy Literacy – education programs to assist low to moderate income families with selecting the right retail electric provider.

Green Workforce Development – facilitate opportunities for families in under-resourced communities to access workforce development programs in the clean energy economy.

Credit Enhancements – provide credit enhancements, like a loan loss reserve, to de-risk green lending in disadvantaged communities for our banking partners. Energy bill repayment history.

Energy Audits – free energy audits for low to moderate income families and small businesses to identify opportunities for sustainable energy improvements.

Advocacy – help to advance clean energy policies that accelerate the adoption of clean energy and reduce energy poverty in under-resourced communities.

Technical Assistance – Assist local governments with the administration of their green loan and grant programs.

# Contact Us

**Stephen K. Brown II**

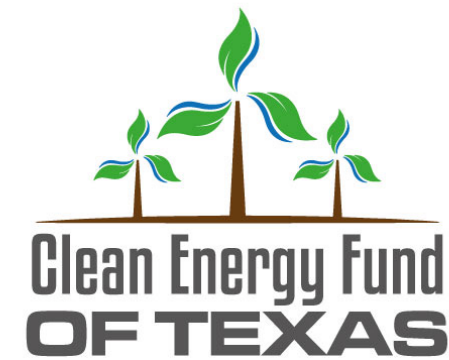
Clean Energy Fund of Texas,  
Inc.

Founder & Chief Executive  
Officer

832.330.4242 cell

3040 Post Oak Blvd, Floor 18

Houston, TX 77056







# INCLUSIVE PROSPERITY CAPITAL

## INTRODUCTION TO IPC

A MISSION-DRIVEN (501(c)3) CLEAN ENERGY LENDER AND PROGRAM PARTNER,  
INVESTING IN UNDERSERVED COMMUNITIES AND MARKETS

## Who We Are

Inclusive Prosperity Capital is a 501(c)3 not-for-profit clean energy financing **platform** spun out of the Connecticut Green Bank focused on **aligning investment capital and financing programs** with organizations, projects, and community initiatives that **benefit traditionally underserved markets**.

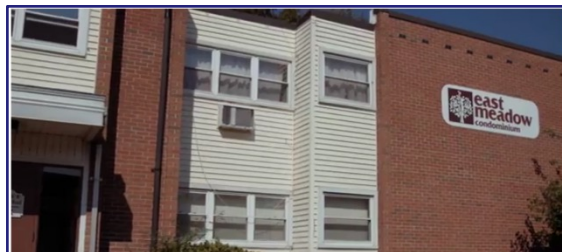
## What We Do

We provide a gateway to inclusive prosperity by engaging with communities impacted most by climate change. We invest in clean energy and resilience in partnership with local initiatives and organizations to provide energy security, climate justice, and economic growth.



### ▶ Navigator Pre-Development Loan

- ❖ Short-term financing to design energy improvements and address related health & safety issues.
  - Energy benchmarking, opportunity assessments, audits, design, engineering, and bidding work, including cost to secure permanent financing.
- ❖ Example Markets Served:
  - ❖ Multifamily / commercial buildings, condos, coops, housing authorities, non-profit and privately owned apartments, and community /government buildings.
- ❖ Terms:
  - ❖ Existing buildings and new construction
  - ❖ Up to 75% of eligible energy related pre-dev work; owners fund the remaining 25%
  - ❖ Up to 24 months, or permanent project financing
  - ❖ No monthly payments; balloon payment when due
  - ❖ Aggressive unsecured lending rate



### Case Study

- ❖ Success Village Coop (Bridgeport CT) needed to lower their escalating energy costs. IPC worked with Success to structure project savings to pay for critical upgrades.
  - ❖ 964 units, WW2 workers housing, central heating plant circa 1960's, with annual heating costs: \$1.8M
- ❖ IPC Provided:
  - ❖ Technical Assistance: Governance support from UHAB, preliminary engineering and development TA from IPC team
  - ❖ Pre-Development Loan: \$150K for engineering analysis, design, development and funding of new heating systems
  - ❖ Health & Safety Loan: \$165K for removal of asbestos for phase 1 pilot
- ❖ Estimated implementation cost: \$20 Million





### ► Catalyst Term Loan

- ❖ Long-term financing for energy + health & safety improvements
- ❖ Works for mid-cycle properties, not at a financing event, or have restrictions on new debt
- ❖ Subordinate, non-mortgage secured with terms of up to 20 years
- ❖ Aggressive alternatively secured lending rate
- ❖ Loans repaid by energy, maintenance, and other documentable operating cost savings
- ❖ Example Markets Served:
  - Multifamily: Affordable housing, coops/ condos, housing authorities, HUD / USDA, low- and moderate-income communities
  - Non-profit community / gov't buildings,
- ❖ Designed as a CPACE alternative



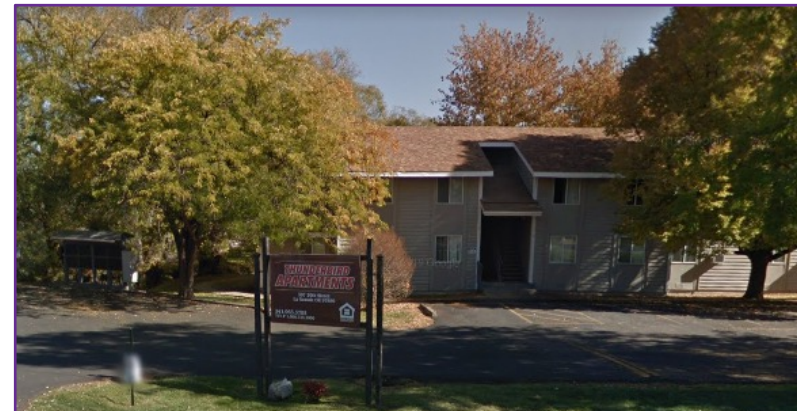


### Case Study

- ❖ Fleet Development (Oregon) was seeking a long-term financing partner for solar projects on a portfolio of USDA-RD and HUD-supported affordable housing properties.
- ❖ IPC structured a term debt solution that incorporated multiple revenue streams and can be scaled across their portfolio.

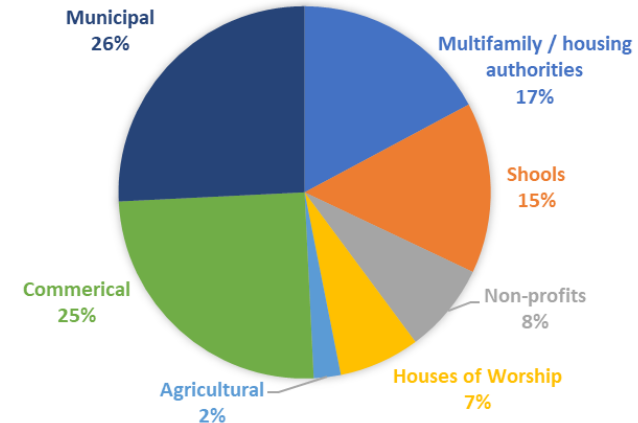
### Terms:

- ❖ \$834K project cost, \$348K loan
- ❖ 12 years Financing
- ❖ First-priority asset lien on installed equipment
- ❖ Energy + operating savings
- ❖ Aggressive unsecured lending rate



### Solar Power Purchase Agreement

- ▶ Allows property owners to use solar with no money down, delivers immediate savings on electricity
  - ❖ IPC develops, owns, maintains, and warrants system performance
    - ❖ Non-profits and municipalities can utilize tax credits through third party ownership structures
- ❖ System size: Minimum of 50 kW DC
- ❖ Appropriate for non-profits, municipalities, affordable housing, houses of worship, housing authorities, and other mission aligned properties, including commercial.
- ❖ Serving all incomes, including community solar with LMI subscribers.
- ❖ Owner purchases electricity generated by the system at an agreed upon rate for up to 25 year; buyout option at end of year 5.



Images by Benjamin C. Robertson Silver Tree Films





### Who is Mission Energy?

- ❖ Mission Energy provides turnkey solar and energy efficiency project development, funding, and implementation services for nonprofit organizations. IPC has partnered with Mission Energy to provide capital for their solar and energy efficiency projects.



In 2020, Mission Energy engaged Catholic Charities of Southern Nevada utilizing the Solar Power Purchase Agreement to install solar on one of their multifamily properties.

### ❖ Terms:

- Anticipated to come online Q1 2022
- 394.11 kW solar PV array
- Projected savings
  - 624,830 kWh



Images by Benjamin C. Robertson Silver Tree Films



## SMART-E LOAN

- Residential **unsecured loan** product for homeowners
  - ❖ 1-4 unit, owner-occupied residential properties
- **Low-interest** financing with **flexible terms**, enabled by **loss reserve**
  - ❖ All customers get the same interest rate, no matter their FICO

Term	5-Years	7-Years	10-Years	12-20-Years
Rate (not to exceed)	4.49%	4.49%	4.99%	5.49%

- **Easy** application through **local lenders**
  - ❖ 580+ FICOs
  - ❖ DTI up to 50% (screen waived with FICOs of 680+)
- 40+ energy improvements
  - ❖ Heating and cooling, solar, insulation, windows, etc.
- \$500 - \$40,000 **loan amounts** available
  - ❖ 25% of loan for “other”
- Progress payments built into the loan
  - ❖ 1/3 upon closing, 2/3 upon proof of completion



CONTACT INFORMATION:

[WWW.INCLUSIVEPROSPERITYCAPITAL.ORG](http://WWW.INCLUSIVEPROSPERITYCAPITAL.ORG)

MADLINE PRIEST, ASSOCIATE DIRECTOR, MARKET ENGAGEMENT  
[MADLINE.PRIEST@INCLUSIVETEAM.ORG](mailto:MADLINE.PRIEST@INCLUSIVETEAM.ORG)



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