Energize NY Finance Program

Mark Thielking
Chairman, Energy Improvement Corporation
Director of Energy Resources, Town of Bedford

www.energizeny.org
Energize NY Finance Program –
Finance Barriers to Energy Upgrades

• **Cost Recovery** is of primary concern if a sale of the Property is contemplated before the loan is paid off

• **Eligibility** determined by personal credit

• **Financing Terms** too short
Benefits of “PACE” Financing?

- Financing is not accelerated upon property sale or foreclosure
- Financing Criteria based on building’s ability to reduce energy costs and carry the tax charge
- Long repayment terms (up to 20yrs) = deeper upgrades
- Low unsubsidized interest rates
- Participation is voluntary
- Program alignment with Community goals of
  - Job Creation
  - Reduce Energy imports - Keep $$ in the community
  - Lower Emissions and Pollution
  - Improve Building Stock

Energy Upgrades are now accessible to most Building Types
Energize NY Finance Program
PACE in New York State

- New York State has declared that “municipalities would fulfill an important public purpose by providing financing to property owners for the installation of renewable energy systems and energy efficiency measures.”*

- **Energize NY Finance** is New York State’s PACE financing program

- Finance repayments are collected within the municipal tax collection process through a property Tax Charge that has a senior lien on parity with all property taxes.

* Article 5L of the NYS General Municipal Law
Property Assessed Clean Energy (PACE)

www.dsireusa.org / April 2013

29 states + Washington DC authorize PACE (27 states have passed legislation and HI permits it based on existing law)

PACE financing authorized by the state*

* The Federal Housing Financing Agency (FHFA) issued a statement in July 2010 concerning the senior lien status associated with most PACE programs. In response to the FHFA statement, most local PACE programs have been suspended until further clarification is provided.
Energize NY Finance Program

The Energy Improvement Corporation

EIC is a New York State, Not-for-Profit, Local Development Corporation

- EIC was formed based on Article 5L of New York’s General Municipal Law
- The mission of the EIC is to increase demand for energy efficiency and renewable energy upgrades
- Any New York State Municipality with Tax Lien authority and at least an “A” credit rating may become a member of EIC*
- EIC has won $2.6 million in grants from the United States Department of Energy and NYSERDA to build out its programs
- EIC modeled after the NYS Environmental Facilities Corporation, the “AAA” rated funder of Water and Sewer projects for New York State municipalities
- No cost to Municipality to join EIC

*EIC is developing a program that would enable Membership to all Municipalities regardless of Credit Rating
Energize NY Finance Program
The Energy Improvement Corporation

EIC provides services through the Energize NY brand:

➢ **Energize NY Residential and Energize NY Commercial Programs** provide innovative community-based marketing and outreach links to encourage and assist property owners at the local level to take advantage of NYSERDA + Utility upgrade programs

➢ **Energize NY Finance Program** offers financing for eligible energy upgrades to qualified real property
How do other public benefits get financed? e.g. Sewers

Benefit to homeowners in district

Sewer plant

Municipal Tax Receiver

Sewer Tax Charges

Sewer district boundaries

Sewer plant

Sewer Services Entity

Pledged Municipal Payments

Septic

no district = no benefit = no charge

Capital markets

Plant maintenance & upgrades

Bond payments

Bond funds

www.energizeny.org

Allows for lower cost of capital
How does Energize NY Finance Work?

Energize NY “PACE” Financing offered to property within the Municipal boundary.

Municipal Boundaries

- Municipal Tax Receiver
  - Pledged Municipal Payments
    - EIC Bank Trustee
    - Capital markets

- Energy Improvement Corporation LDC
  - Bond funds

Special Tax “Charge” payments

- did not opt in = no benefit = no Charge
- did not opt in = no Benefit = no Charge

Allows for lower cost of capital

$ $ $
Energize NY Finance - Program Administration

• **EIC** Administers Program for Municipal Members
  – Qualifies Properties: 24 Qualification Criteria Checks
  – EIC raises capital
  – Manages applications and documentation: On-Line Energize Finance Handbook, Pre Application, Application Process and Finance Agreements

• **EIC’s** Trustee distributes funds for upgrades, receives Municipal Payments and pays creditors

• **Municipality** collects Tax Charge as part of regular tax collection process and **pledges payments to EIC Trustee regardless of timely payment by Property Owner**

• **Municipality** has access to EIC Reserves to compensate for uncollectable Tax Charge. (“Permanent Loss”)
Energize NY Finance Program

Financing Criteria

- Estimated energy cost savings from improvements must be greater than the annual finance payments
- Improvements must have a Savings-to-Investment ratio > 1
- Property’s existing Loan-to-Value is no greater than 80%
- Financing up to 10% of the value of the benefitted property
- No bankruptcy within last 7 years
- At least 3 year history of timely property tax payments
- Existing lender consent required
- Maximum 15 year financing terms
- Commercially owned property only

Energize NY Finance qualifications are based on a property’s potential to improve energy performance, not on credit.
**Energize NY Finance Program**

**Mid Hudson Region - Impact**

**Mid Hudson Region:**
- 37,500 Multi Family Buildings
- 25,000 Commercial/Indstrl buildings

$\textbf{2.71 Billion}^* = \textit{Energy $$ spent in Buildings in Mid Hudson Region}

$\textbf{813mm} = 30\% \text{ reduction of energy spending}

$\textbf{1.25 Billion}^{**} = \textit{value of potential upgrade work needed in Mid Hudson Region will create 11,000 jobs}

*Mid Hudson Region Sustainability Plan

**Average NYSERDA Commercial Upgrade = $51,000 X 25,000 Commercial Buildings in Region
Three Step process to enable your municipality to offer Energize NY Financing

- County or City passes the Local Law establishing the Program within the Municipal borders

- County or City signs the Energy Improvement Corporation/Municipal Agreement that codifies that the Tax Charge is to be transferred to the EIC upon collection

- County or City sends a letter to EIC’s board asking to join as a Member and includes a signed Municipal Agreement and documentation regarding the enactment of the Local Law
The Energize NY Programs

The Energize NY Stakeholders are the Difference

- Trusted local leadership
- Local government in the community
  - Business leaders in counties, cities & towns
    - Chambers of Commerce
    - Economic Development Zones
    - Business Improvement Districts
    - Professional Organizations

- Trust that the improvements will work
- Access to financing for most buildings
The Energize NY – “hyper local”
Energize NY Residential Program
Annual NYSERDA Residential Upgrade Production (% of total homes, 2001-13)
Energize NY Residential Program

Energize generates 4% of all NYS Projects*

*NWEAC has 1.4% of NYS 1-4 family homes

energizeny.org
The Energize NY Commercial:
Services to Benefit all Property Classes

The energy burden for low income households in the Northeast is 29%, compared to 3% for middle-to-higher-income households. **NYSERDA

83% of the rental units in Westchester were built before 1980 and 59% use Oil or Electric Heat when Natural Gas is available at lower cost.
Energize NY Commercial Project Pipeline

MULTIFAMILY PROP. APPLYING FOR ENERGIZE NY FINANCING
- Housing authorities in Westchester County municipalities
- 48 unit cooperative apartment complex in Lewisboro
- 17 unit rental apartment building in Bedford
- 5 building rental apartment complex in Mount Vernon
- 20,000 sf rental apartment building in Mount Vernon
- Cooperative apartment building in New Rochelle
- Cooperative apartment complex in Orange County

COMMERCIAL PROP. APPLYING FOR ENERGIZE NY FINANCING
- Large Retail Buildings: White Plains, Orange County
- Historic 3 story building w/ Commercial Store Front: Mount Kisco
- Industrial Facility: Orange County

35+ PROPERTIES EXPLORING UPGRADES THANKS TO ENERGIZE NY
Energize NY Commercial
PACE in Action

First multifamily property used PACE financing in DC.

The Challenge
- Improve overall building performance
- Reduce energy costs
- Reduce operating costs

The Solution
- Tax-assessment nature of PACE financing
- Zero up-front cash investment
- Immediate positive cash flow
- Long-term financing

Project Success
- Energy use reduction of 15%
- 37 kW solar installation will provide 3.5 % of required energy
- Annual benefits totalling $40,000
- Project included energy control training for building managers

Project Financing
PACE Assessment: $340,000
Term: 10 years (20 years amortization)
Rate: 6% fixed

Building Details
Size: 112,000 sq. ft.
Year Built: 2007
Building Value: $19 million

Improvements
Lighting improvements
Controls system
37kW solar array
Energize NY Finance Program Handbooks outline the steps to secure financing for energy improvements.

The Energize NY Finance Program Handbooks and the Pre-Application are available online at www.energizeny.org/finance
## Energize NY Finance Program

### Municipal Membership

### Municipalities Enabled & Currently Eligible to Offer Energize NY Finance

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<th>Town of Bedford</th>
<th>Village of Croton-On-Hudson</th>
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<tr>
<td>Town of Greenburgh</td>
<td>Town of Lewisboro</td>
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<td>Town of North Salem</td>
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<td>City of Peekskill</td>
<td>Town of Somers</td>
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<td>City of White Plains</td>
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<td>Orange County</td>
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### 95% Completed (Local Law Active)

| City of New Rochelle     | Town of Pound Ridge         |

### Next Up?

| Town of Mamaroneck       | City of Mount Vernon        |
| Village of Port Chester  | City Of Yonkers             |
| Dutchess County          | Erie County                 |
| Niagara County           | Onondaga County             |
| Putnam County            | Suffolk County              |
| City of Syracuse         | Ulster County & Others....  |
Energize NY Finance Program
Community Benefits

Energize NY Finance brings important benefits to participating counties, cities and towns throughout New York State

- **Lower energy expenses**
  - Put more dollars back into the local economy

- **More projects with deeper upgrades**
  - Drive greater economic competitiveness that attracts new employers and new property owners
  - Produce more local construction jobs

- **NYSERDA requirements for quality and cost effectiveness**
  - Improve the value of the existing building stock

- **Environmental gains**
  - Result in lowered emissions and reduced pollution that aligns with State and Local sustainability goals
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www.EnergizeNY.org
Energize NY Residential Program - Innovations

- Hyper-local marketing & outreach
- Rollout & launch process
  - Leader testimonials
  - Case studies
- Community partners
  - Energy Coach for homeowners
- Energize Comfort Corps + Contractor Ratings Index
- Energized Home Brand
- Online homeowner dashboard
- Walk in office hours
  - Library project
- Energize condo project
## Energy Improvement Corporation - Staff

<table>
<thead>
<tr>
<th>Energize NY Program</th>
<th>Energize NY Finance Program</th>
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<tbody>
<tr>
<td>Thomas Bregman</td>
<td>Joseph Del Sindaco</td>
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<tr>
<td>- Energize NY Director</td>
<td>- Treasurer</td>
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<tr>
<td>Daniel Kilourhy</td>
<td>Jim Liao</td>
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<tr>
<td>- EIC Comptroller</td>
<td>- Director of Portfolio</td>
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<tr>
<td>Heather Flournoy</td>
<td>Administration and Underwriting</td>
</tr>
<tr>
<td>- Community Outreach Director &amp; Media Contact</td>
<td></td>
</tr>
<tr>
<td>Bobby Veit</td>
<td>Joe Del Sindaco</td>
</tr>
<tr>
<td>- Office Manager</td>
<td>- Managing Director</td>
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<tr>
<td></td>
<td>Robert Fischman</td>
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<tr>
<td></td>
<td>Director of Programs</td>
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### Energize NY Residential Program

- Elyssa Rothe
  - Education and Support Coordinator
- Dick Kornbluth
  - Senior Advising Energy Coach
- Norm Jen
  - Energy Coach
- Flo Brodley
  - Energize Ambassador
- Tyler David
  - Energize Intern

### Energize NY Commercial Program

- Elyssa Rothe
  - Education and Support Coordinator
- Dick Kornbluth
  - Senior Advising Energy Coach
- Norm Jen
  - Energy Coach
- Flo Brodley
  - Energize Ambassador
- Tyler David
  - Energize Intern

www.energizeny.org
Energy Improvement Corporation ("EIC") – Board of Directors

CHAIRMAN: MARK F THIELKING

- NEIL J. ALEXANDER
- ANDREW CHINTZ
- DAVID CHURCH
- OLIVIA FARR
- MIKE GORDON
- KATHRYN HOENIG
- MARY BETH KASS
- THOMAS J. KELLY
- LEE V.A. ROBERTS
- LEO WIEGMAN
Energize NY Finance Program

4 steps to Financing your Upgrade

1) Pre-Qualify
2) Assess your building’s potential to improve
3) Application and confirm terms
4) Improve your building

PROPERTY OWNER

- Submits a Pre-Application
- Completes a Qualified Energy Assessment and/or Renewable Energy System Feasibility Study, identifies eligible improvements for financing leading to a final Scope of Work
- Submits a customized Application with required documents
- Review and sign Finance Agreement and Finance Disclosure
- Contractor completes improvements, submits NYSERDA Certificate of Completion or equivalent proof of completion
- Pays Contractor, Annual Payment to property tax bill to repay Financing

ENERGY IMPROVEMENT CORPORATION (EIC)

- Upon approval, issues a Conditional Reservation Number
- Upon approval, returns Finance Agreement and Disclosure for signature
- Upon receipt of Financing Documents, issues Notice to Proceed
- Upon review of Certificate, releases Disbursement Amount

*Program fees may be included in the requested financing amount to EIC
**Equivalent proof of completion must be from a New York State Qualified Energy Program.

Congratulations! Now enjoy the comfort and savings of your building.
Energy Improvement Corporation ("EIC") – Strategic Partners

New York State Energy Research and Development Authority
U.S. Dept of Energy
Northern Westchester Energy Action Consortium (NWEAC)
  • Town of Bedford
  • Bedford 2020
  • Town of Cortlandt
  • Cortlandt Green Team
  • Town of Lewisboro
  • Sustainability Committee Village of Mount Kisco
  • Energy Advisory Panel
  • Town of New Castle
  • Sustainability Advisory Board
  • Town of North Castle
  • Sustainable North Castle
  • Town of Ossining
  • Village of Ossining
  • Town of Peekskill Conservation Advisory Council
  • Town of Pound Ridge Sustainability Task Force
  • Town of Somers Energy & Environment Committee
  • Energy Advisory Panel Town of North Salem
  • Sustainability Committee Village of Croton
  • Village of Croton
The Energize NY Residential Program

The Energize NY Residential Program provides innovative community-based marketing and outreach services to scale up NYSERDA programs at the local level.

• Supported by & linked to local leaders
  • Aligned with community goals
• Embedded within community orgs & muni committees
  • Trusted by building owners
• Sustainable & self perpetuating
  • Requires less outreach & marketing over time

ENY provides a brand and local status that provides entry into multiple levels of community support and creating the “social norm” of reducing energy waste

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