

# Unlocking New Energy Finance Opportunities for Affordable Housing



## Moderator

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Department of Public Service

**Vermont Statewide Housing Conference**  
**November 14, 2024**

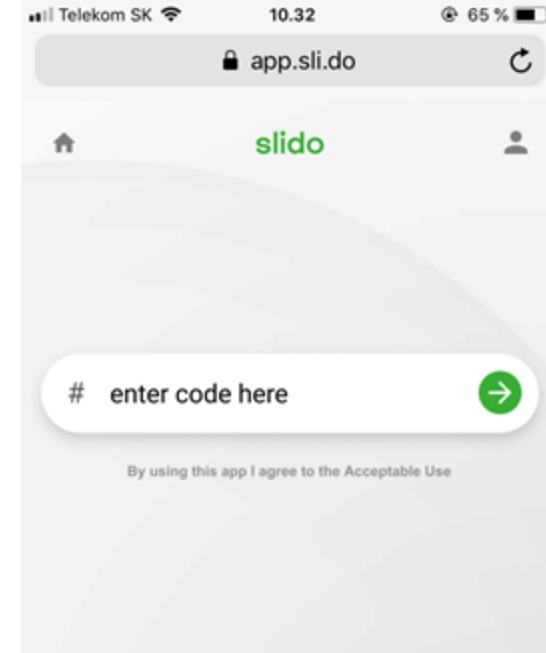
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# Vermont Statewide Housing Conference: Greenhouse Gas Reduction Fund and Investment Tax Credit

**Madeleine McCullough | November 14, 2024**





# GREENHOUSE GAS REDUCTION FUND

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NATIONAL HOUSING TRUST

Savannah Apartments, Washington, DC



# GREENHOUSE GAS REDUCTION FUND (GGRF)

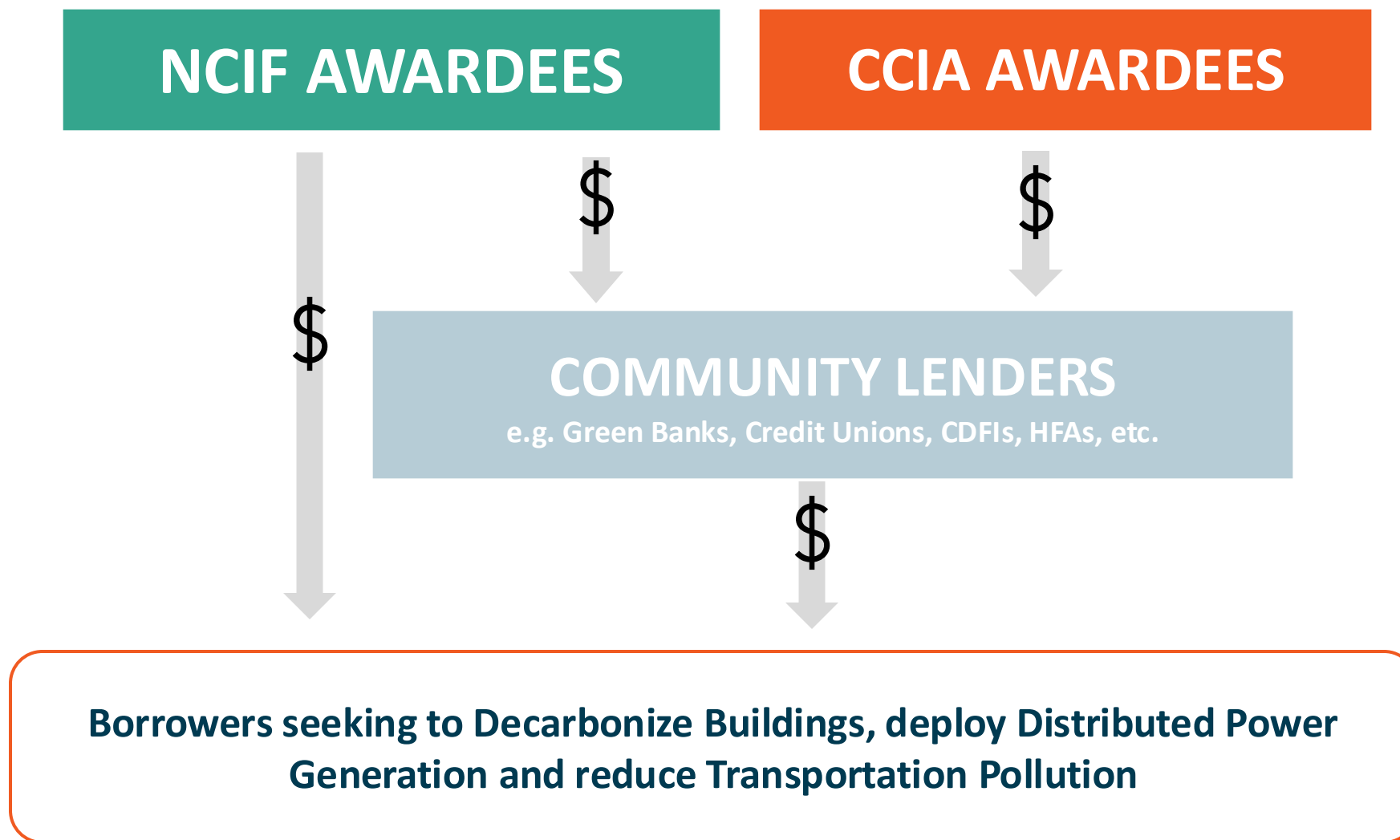
National Clean Investment Fund (NCIF)	Clean Communities Investment Accelerator (CCIA)	Solar for All (SFA)
<b>\$14 BILLION</b> 3 AWARDEES will...	<b>\$6 BILLION</b> 5 AWARDEES will...	<b>\$7 BILLION</b> 60 AWARDEES will...
deliver accessible, affordable financing for clean technology projects nationwide  partner with private-sector investors, developers, and community organizations to deploy projects, mobilize private capital at scale	provide funding and technical assistance to community lenders working in LIDACs to deploy clean energy projects  build the capacity of hundreds of community lenders to finance projects for years	create new or expand existing low-income solar programs, which will enable over 900,000 households in low-income and disadvantaged communities to benefit from distributed solar energy

# ELIGIBLE PROJECTS FOR NCIF AND CCIA FUNDING

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Qualified Projects Must meet all criteria	Priority Categories
<ul style="list-style-type: none"><li>✓ Reduces GHG emissions</li><li>✓ Reduces or avoids emissions of other air pollutants</li><li>✓ Delivers additional benefits to communities</li><li>✓ Finances a project that may not otherwise have been financed</li><li>✓ Mobilizes private capital</li><li>✓ Supports only commercial technologies</li></ul>	<ul style="list-style-type: none"><li>➤ Distributed energy generation and storage projects up to 10 MW</li><li>➤ Zero-emissions buildings</li><li>➤ Zero-emissions transportation</li></ul>

# FLOW OF FUNDS TO QUALIFIED PROJECTS





# NCIF AWARDEES



**\$6.97B**

**Calvert Impact, Self-Help,  
Community Preservation  
Corporation**

Work with first mortgage lenders to offer a lower cost, higher leverage debt product that would require an owner to decarbonize their building

*~50%, \$3.1B, to decarbonize buildings*

*Decarbonize 77,000 affordable housing units*



**\$5.0B**

**Coalition for Green Capital**

Leverage the national network of green banks as a key distribution channel for investment

*Focus on large commercial and small businesses*



**\$2.0B**

**Enterprise Community Partners,  
Rewiring America, Habitat for  
Humanity, LISC, United Way**

Provide customized and affordable capital solutions for single-family and multi-family owners/developers

*\$850M to decarbonize affordable multifamily*

*Decarbonize 11,000 affordable housing units*

# CCIA AWARDEES



**\$2.29B**

Provide **capital and technical assistance to CDFIs** so that they can invest and reinvest in eligible projects



**\$1.87B**

Deliver **capitalization funding, coupled with technical assistance, to credit unions**



**\$940M**

Stand up a **Community-Based Green Lender Certification Program** to assess, train, and certify community lenders



**\$500M**

Launch the **Green Bank for Rural America** to deliver investments in coal, energy, and underserved rural and Tribal communities



**\$400M**

Provide **capital and technical support to 63 community lenders to enable financing** for projects in Native communities nationwide



# CPC Climate Capital



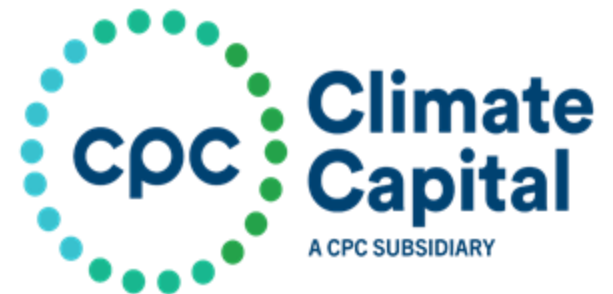
Savannah Apartments, Washington, DC



# MULTIFAMILY APPROACH

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- Subordinate to first mortgage
- Conterminous with first mortgage
- Significantly below market interest rates
- Pre-payable at any time without penalty



# MULTIFAMILY APPROACH

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## Energy Efficient

*Reduce energy consumption*

## All Electric

*Convert fossil fuel equipment to efficient electric equipment*

## Clean Power

*Onsite or offsite clean energy sources*

## Zero Emissions Buildings



# PERFORMANCE STANDARDS

## Retrofits of Existing Buildings

## New Construction

### SAVE A TON

### CLEAN AIR

### CLEAN AIR BOOST (Zero Emissions Building)

### CLEAN AIR BOOST (Zero Emissions Building)

**20% energy reduction  
OR 1 ton carbon  
reduction per unit  
annually**

**No new fossil fuel  
systems or appliances**

**Must submit a "Zero  
Over Time" plan**

**35% energy reduction *OR*  
modeled Energy Star Score of  
75+**

**All-Electric**

**35% energy reduction *OR*  
modeled Energy Star Score of  
75+**

**All-Electric**

**Powered solely by renewable  
energy**

**Modeled energy use at least 10%  
than the latest model energy  
code *OR* modeled Energy Star  
Score of 90+**

**All-Electric**

**Powered solely by renewable  
energy**



# FINANCIAL PRODUCTS

Term Sheets available at  
[CPCClimateCapital.com](http://CPCClimateCapital.com)

Predevelopment Loan	Subordinate Construction or Rehab Loan	Subordinate Perm Loan for Completed Projects
<ul style="list-style-type: none"><li>➤ 5% interest loan to support pre-construction activities</li><li>➤ Must have acceptable site access agreement and/or site control</li><li>➤ Eligible for projects located in LIDACs</li><li>➤ Access prioritized to emerging developers from priority communities</li></ul>	<ul style="list-style-type: none"><li>➤ Originated by CPC Climate Capital behind existing first mortgage providers to fund construction or rehab of projects that meet one of the performance standards</li><li>➤ Coterminous with first mortgage loan and provided at up to 3% interest subject to market conditions</li></ul> <p><i>*subject to Davis-Bacon and related Acts</i></p>	<ul style="list-style-type: none"><li>➤ Originated by CPC Climate Capital behind existing first mortgage providers to eliminate funding shortage of a project that has been completed to one of the performance standards</li><li>➤ Coterminous with first mortgage loan and provided at up to 3% of interest subject to market conditions</li></ul>

# FLOW OF FUNDS AND TIMELINE

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## Now – December 2024

- Pilot multifamily strategy with shovel-ready projects
- Fill out multifamily project intake form on CPC Climate Capital's website
- Prepare 2025 pipeline



## Q1/Q2 2025 – 2029

- Direct lending behind first mortgage lenders
- Fill out multifamily project intake form on CPC Climate Capital's website

# WHAT YOU CAN DO NOW

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- Review awardee's performance standards and term sheets
- Identify upcoming recapitalizations in your portfolio
- Begin benchmarking energy consumption and emissions
- Talk with first mortgage lenders and other investors





# INVESTMENT TAX CREDIT

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NATIONAL HOUSING TRUST



Savannah Apartments, Washington, DC



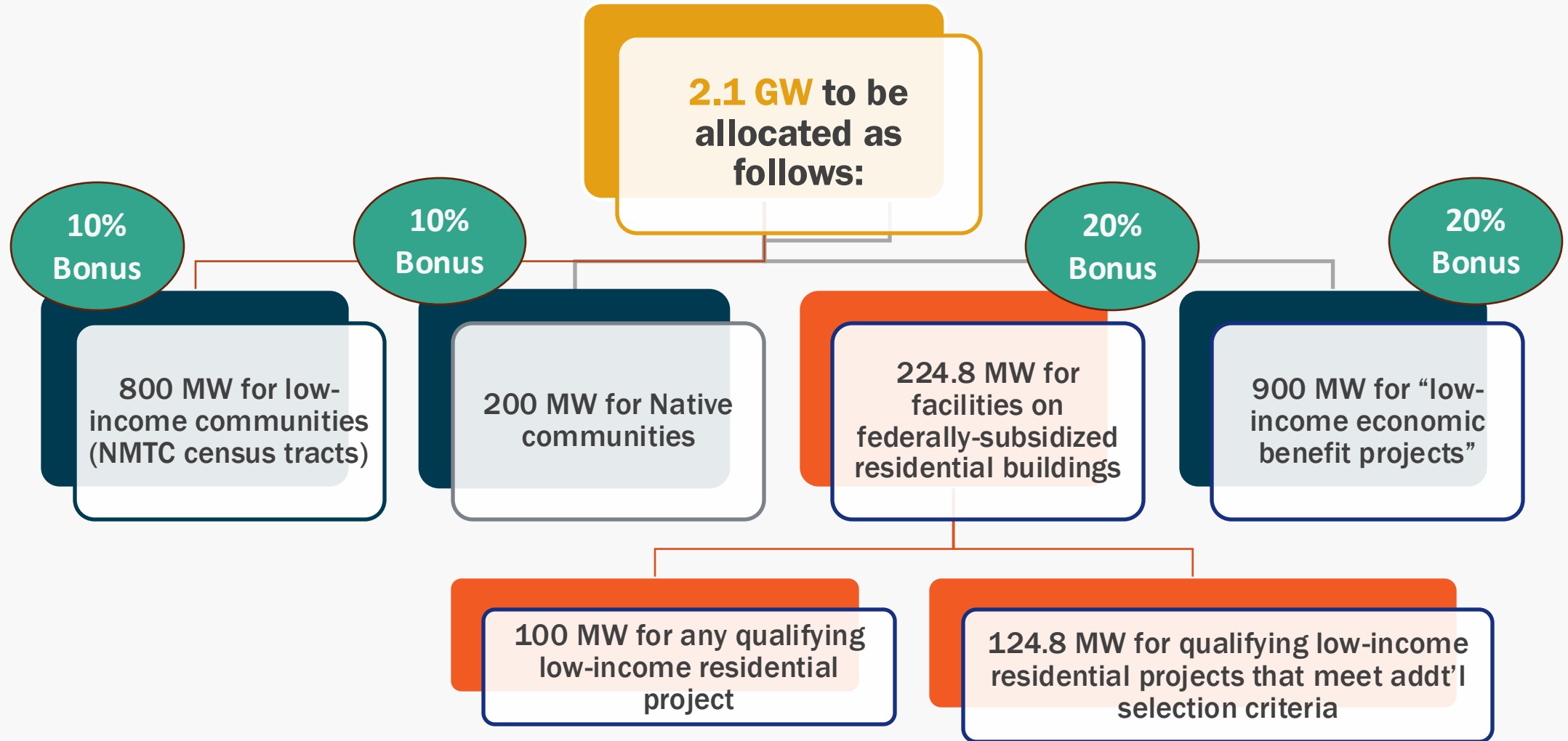
# SECT. 48- INVESTMENT TAX CREDIT (ITC)

- Increased base credit to 30% for qualified wind and solar projects
- Extended through 12/31/2032
- Must meet labor standards providing prevailing wages and apprenticeship programs for facilities unless facility is less than 1 MW
- Credit is received in the year project is placed in service
- Eligible for direct pay and does not reduce LIHTC eligible basis

# Low-Income Communities Bonus Credit

Monseñor Romero Apartments, Washington, DC

# LOW-INCOME COMMUNITIES BONUS TAX CREDIT 2024 PROGRAM YEAR





# LOW-INCOME COMMUNITIES BONUS TAX CREDIT PROGRAM– ADDITIONAL SELECTION CRITERIA

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## Ownership Criteria

Based on characteristics of the applicant that owns the qualified solar or wind facility.

- Tribal Enterprise
- Alaska Native Corporation
- Renewable Energy Cooperative
- Qualified Renewable Energy Company (QREC)
- Qualified Tax-exempt Entity

## Geographic Criteria

Based on the county or census tract where the facility is located.

- Persistent Poverty County
- Climate and Economic Justice Screening Tool (CEJST) - Energy Category

# CHANGES TO ITC AND LOW-INCOME BONUS CREDIT IN 2025

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- Now known as the *Clean Electricity Low-Income Communities Bonus Credit Program, 48E(h)*
- Proposed list of eligible technologies expanded to include geothermal and hydropower
- ITC transition to tech-neutral on 1/1/2025

# FOR MORE INFORMATION

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**CPC Climate Capital**



**Low-Income Communities Bonus  
Credit Program**

# LET'S CHAT

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**Madeleine McCullough**

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and Analyst*

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## Audience Q&A

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A photograph of four children, likely of South Asian descent, sitting on a paved surface. The image is heavily tinted with a blue color. The child on the far left is wearing a blue hooded jacket and has their hand raised. The child next to them is wearing a patterned shirt and has their hand near their face. The child in the center is wearing a dark shirt and is smiling broadly. The child on the far right is wearing a red jacket and is also smiling. The background is a plain, light-colored wall.

# THANK YOU



# Advancing Energy Solutions in Housing with Federal Funding

**TJ Poor, Director of Regulated Utility Planning  
Vermont Department of Public Service**

November 14, 2024



**Today's  
Updates:**

**Solar for All**

**Home Energy  
Rebates  
Program**





# Solar for All Vermont

\$62 million over 5 yrs. At least **\$46.5M** of incentives for low-income Vermonters to receive financial benefits via solar power

PSD Solar for All VT Program  
**\$2.84M**

Solar Workforce Development Grant  
**\$1.71M**

## **MASH**

On- and off-site solar for  
affordable housing tenants,  
through VHFA  
**\$22.34M**

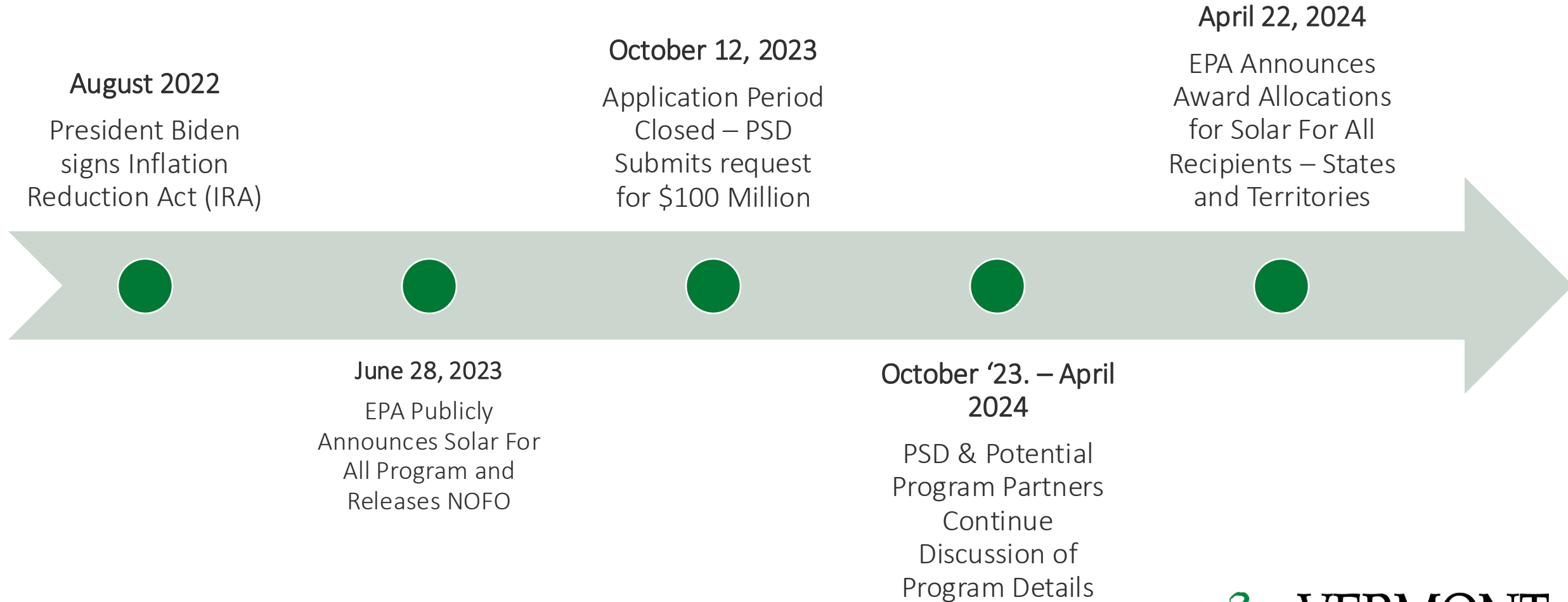
## **ACRE**

MW sized  
community solar  
for renters, through  
utilities  
**\$20.5 M**

## **RAISE**

5kW on-site solar for  
homeowners,  
through PV Installers &  
financial partner(s)  
**\$14.61M**

# Federal Funding Takes Time



# (And more time)

July 15, 2024

EPA Obligates  
Funds through  
Cooperative  
Agreement

Sep. – Dec. 2024

PSD & EPA  
Update/ Finalize  
Workplan

Jan. '26 – Sep. '29

Deployment of  
SFA Programs:  
RAISE, MASH,  
ACRE

Sep 1, 2024

Project  
Performance  
Period Begins

PSD is here

Jan. – Dec 2025

Planning Period

Finalizing  
implementation  
plans for SFA  
subprograms\*

\* Note: Subprograms may begin operation during  
Planning Period when finalized.

## Managed Affordable Solar Housing (MASH)

- **\$22 million** for Managed Affordable Housing Projects
- **Goals**
  - **Improve access** to clean distributed energy for Vermonters living in affordable housing
  - **Reducing energy burden** of most vulnerable
  - **Reduce operating costs**
  - **Promoting electrification**
  - **Avoid cost-shift** and cross-subsidization where possible





# MASH: How will it work?



# MASH: Benefits to Tenants

- Expected to be described in proposals for funding by affordable houser/developer
- Can be financial or non-financial benefit
  - Rent reductions
  - “Plug-load” bill reductions
  - Other HUD approved non-financial benefits

# Residential Assistance in Solar Energy (RAISE)

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\$14.6 million directed to rooftop solar array to low-income homeowners

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Participant works with financial institute (FI) and solar installer

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FI takes Investment Tax Credit (30%+) through IRA Elective Pay provisions in addition to the interest payments for the financial product

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Installer takes incentive from VT Solar For All Program (~40%) reducing portion of project cost to be financed

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Participant pays for the remaining cost of project over 5-6year term of financial agreement with FI and owns the system upon final payment

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Participant receives benefit of the solar installation for the life of the system – 20+ yrs.

# Affordable Community Renewable Energy (ACRE)

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\$20.5 Million

Provides participants community solar “memberships”

Memberships provide savings through tariff block rate:

e.g., 300kWh x \$0.09/kWh discount  
= **\$27 bill credit** for participant

Participants have project-lifetime access to reduced rate until moving out of program service territory



# The Home Energy Rebates Programs

**\$58 million** allocated via formula funding to Vermont:

- ~\$29 million for Home **Efficiency** Rebates (HOMES)
- ~\$29 for Home **Electrification and Appliance** Rebates (HEAR)

GOAL: Reduce energy costs and emissions by supporting efficiency and electrification upgrades statewide.





# Home Efficiency Rebates (HOMES) (\$29M)

- Administered through the Weatherization Assistance Program, providing **no-cost efficiency retrofits to low-income single- and multifamily households**
- **Tiered rebates** based on income level and energy savings
  - up to \$12,000 for low-income single and multifamily households achieving between 20-35% energy savings.
  - Up to \$16,000 when achieving >35% energy savings
  - Low income defined as <80% AMI
- Qualifying Measures:
  - Weatherization, air-sealing, insulation, ventilation
  - HOMES may not be used for new construction



# Home Electrification and Appliance Rebates (HEAR) (\$29M)

1. Cold-climate heat pumps for low-income **single- and multifamily** households through WAP (\$10M) – \$8k per household, plus Tier III incentives.  
\*
2. Cold-climate heat pump incentive for moderate-income **single family** households through Efficiency Vermont (EVT) (\$9M) – Up to \$8k per household
3. Low-Income **Multifamily New Construction** program through EVT (\$10M) – Up to \$14k per unit in new affordable housing developments, braided with EVT's existing MFNC program.



# More on the Multifamily New Construction Program

Multifamily new construction funding will be braided with existing EVT incentives through affordable housing developers; **maximum IRA benefit is \$14,000 per household/unit.**

Participant household **incomes must be verified** using tax returns or categorical eligibility through federal programs.

Efficiency Utilities will manage projects using existing processes with affordable housing developers (checklist, tiered rebate structure)

Anticipating near **100% of program participants will be low-income**, based on coordination with affordable housing developers.

# Key Considerations for the HEAR Multifamily Program

## Eligibility Criteria:

To qualify for the Multifamily New Construction Program, **at least 50% of the units in a building must serve households earning less than 80%** of the area median income (AMI)

## Combining Rebates for Multifamily Buildings:

Multiple dwelling units can combine their rebate allocations to pay for shared equipment. E.g. 10 low-income could combine their heat pump allocations of \$8,000 each to provide \$80,000 for a central heat pump system serving individual units and common spaces.

# Home Energy Rebate Timeline

	Date	Activity/Milestone
HOMES	September 2024	PSD receives \$29M HOMES award
	Sept – Dec 2024	PSD and Office of Economic Opportunity write grant agreement
	Jan – March 2024	PSD writes "Implementation Blueprints" for DOE
	July 1, 2025	Program Launch
HEAR	October 2024	PSD submits HEAR Application
	December 2024	PSD submits Implementation Blueprints
	January 2025	DOE approves application and blueprints
	April 1, 2025	Program Launch





Thank You!

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