

CPC Green Financing Initiative

SIMPLE. SENSIBLE. SUSTAINABLE.

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A Special Update from The Community Preservation Corporation

CPC Launches \$1 Billion Green Financing Initiative to Finance the Sustainable Retrofit of 15,000 Apartments

CPC is proud to offer our new Green Financing Initiative, a public/private partnership to provide \$1 billion in construction and mortgage loans to multifamily housing owners for energy efficient upgrades and property retrofits in low-, moderate- and middle-income communities. This innovative mortgage financing model designates energy efficiency and sustainability as fundamental parts of the multifamily lending process.

Thanks to a \$500 million commitment from government chartered mortgage investor Freddie Mac, in addition to \$300 million from the New York State and City Pension Funds, and \$150 million from private lenders — with initial investments of \$15 million from Deutsche Bank (agent for the program), \$10 million from HSBC, plus additional investments from the other major institutions, including up to \$10 million from Morgan Stanley — and \$50 million from CPC participating lending institutions, CPC will provide \$1 billion in financing for this inaugural energy retrofit program.

The State of New York Mortgage Agency (SONYMA) is providing critical mortgage insurance for the pension funds and the New York City Department of Housing Preservation and Development (HPD) will also be supporting the initiative through its Participation Loan Program (PLP). The PLP program provides low cost loans that can be blended with Green Program Funds to keep projects affordable.

Adapting the Mortgage Financing System

The CPC Green Financing Initiative will demonstrate how the mortgage finance system can be adapted to make energy efficiency a fundamental part of multifamily lending. This will include:

- identifying individual building energy efficiency improvements through an energy audit,
- incorporating these measures in plans for the building(s) involved, and

- providing the financing and public support to make the retrofits feasible and affordable

It will also entail the long term monitoring of such retrofits to measure their efficacy in conserving heating fuel and electrical usage, thereby providing a reliable base for calculating future savings and efficiencies. While the program's focus is local, it is designed to be easily replicable in other areas across the country. The program can also open new markets for suppliers and providers of energy efficient products and services, creating green jobs and enhancing the potential for new technologies.

"Our realistic goal is to increase fuel and electrical efficiency of existing apartment buildings by 20% or more, reducing a prime source of greenhouse gas emissions in our cities," said Michael Lappin, CPC President and CEO.

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A Closer Look at CPC's Green Financing Initiative

Simple, Sensible, Sustainable Options to Retrofit Existing Multifamily Buildings

A FREE LIVE WEBINAR

November 10, 2009

10:00am – 11:30am (EST) (last 40 minutes reserved for Q & A)
or 2:00pm – 3:30pm (EST) (last 40 minutes reserved for Q & A)

Description

CPC's newly launched revolutionary Green Financing Initiative seeks to change the financing landscape by combining **simple** financing options with **sensible** retrofits for existing multifamily properties to create more **sustainable** buildings.

This interactive session will focus on how the program works and provide you with information on CPC's financing options, the energy audit, related subsidy programs and the cost benefits of an energy retrofit. It will also address specific participant questions regarding how this exciting new initiative can help benefit your building.

To register, go to our website www.communitytp.com

The ABC's of an Energy Audit

by F. L. Andrew Padian, Vice President for Energy Initiatives, CPC

A comprehensive third party energy audit is at the core of The CPC Green Financing Initiative since it plays a key role in determining the necessary simple and cost-effective measures for retrofitting existing, occupied multifamily buildings for optimum energy efficiency and cost savings. Going forward, loans originated as part of CPC's Green Financing Initiative will require third party energy audits in addition to the other standard reports as part of CPC's ongoing effort to preserve existing affordable housing by making it more sustainable and green.

Energy audits are an extremely valuable tool for determining improvements that will decrease a building's energy consumption and help owners, developers, and managers make informed decisions on the implementation of energy efficiency measures.

Specifically, an energy audit is an evaluation of a build-

ing's energy and water usage and an investigation of how that usage and/or the associated energy costs can be effectively reduced while maintaining the health, safety, durability, and comfort of the building.

This particular audit typically has a two-pronged approach. First, a qualified third party consultant, such as an engineer or architect familiar with the intricacies of multifamily buildings or a Certified Energy Manager (CEM), establishes a building's energy consumption benchmarks based on a historical analysis of the building's utility bills. Then, an on-site walk-through or audit is performed in which the building's systems are evaluated. A building's dimensions which include ceiling heights, the number and size of the windows, insulation, basement issues, and existing energy-related equipment must be taken into account when performing energy audits. The type of lighting used, the size and number of doors in the building as well as the thickness of the walls, efficiency of the heating/cooling systems, and air leaks throughout the building are also considered. A report with recommendations for

cost-effective conservation measures is then drafted based on the audit. Generally, the assessment of the utility bills, the site visit, and the compilation of the written report takes two to four weeks.

If building owners choose to implement the recommended improvements based on the audit, the increased efficiency in the use of heating fuel, electricity, and water has the potential to yield 20 to 40 percent in energy savings. Ultimately, gauging the value of energy retrofits is based on both the number of years it takes for a building to achieve a reduction in energy costs subsequent to various system upgrades as well as the savings-to-investment ratio.

Under CPC's program the energy audit will be paid for by the property owner. CPC will recommend experts to evaluate a building's energy consumption and advise on appropriate technologies for installation, information on qualified contractors, and estimated price ranges for the various efficiency measures. CPC will also help building owners access a variety of subsidy programs provided by government and the utility companies as incentives for owners to perform energy efficient retrofits. Such incentives may help to defray the costs associated with the energy audit.

Creating a Greener Tomorrow... ...One Neighborhood at a Time.



CPC, the leader in multi-family financing solutions, is once again leading the way with its new **Green Financing Initiative**. This innovative program combines quick and easy financing solutions for property owners with *Simple, Sensible and Sustainable* solutions to retrofit existing multifamily buildings.

SIMPLE one-stop financing options combined with government incentive programs and subsidies. Construction loans with permanent take outs available. Permanent loans available through enhanced Freddie Mac product.

SENSIBLE suggestions for retrofitting existing buildings with cost-effective rehabs. We'll conduct an energy audit of your building and work with you to take it from there.

SUSTAINABLE alternatives to inefficient systems including air sealing, properly sized boilers, heat and hot water controls, better fixtures, upgraded ventilation and more. The more you conserve, the more you save.

For more information go to our website
www.communitycp.com
or contact your local office.

CPC | Lending for Energy Efficient Neighborhoods

CPC Green Financing Initiative
SIMPLE. SENSIBLE. SUSTAINABLE.



CPC Launches \$1 Billion Green Financing Initiative

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Simplifying the Process

Reducing the complexity of this process will make the program more accessible to lower income buildings where owners with limited experience and resources can find financing, expert advice on retrofitting, and guidance in the use of public programs, all in one place.

This financing will be available for the purchase and/or refinancing of existing occupied apartment buildings, together with funds for their physical and retrofit upgrades. The total cost of renovation and financing per apartment is anticipated to be \$80,000-\$100,000, including \$5,000-\$50,000 for energy retrofit and other improvements. To keep these loans both feasible and affordable, particularly in lower income communities, the private financing will be enhanced by a variety of subsidy programs. These include real estate tax abatement and exemptions; government provided grants and low cost secondary loans; low operational cost ENERGY STAR® appliances; and other cost-saving public and private programs.

"CPC's one-stop-shop can tailor the best possible green financing solutions for a spectrum of property types," said Sadie McKeown, Director of CPC's Green Financing Initiative. "Small building owners/operators and non-profit borrowers will have streamlined access to public incentives, supported by CPC's time-proven methods that blend dozens of public programs with private debt."

How the Financing Works

For buildings needing extensive rehabilitation (generally with 20% or more of the financing being used for retrofits and other needed upgrades) a separate construction loan will be provided. Long term financing to take out the construction loans will be provided by the City and State Pension Funds, with their mortgages insured by SONYMA. The pension funds will provide up to \$300 million of mortgages through their investment agreements with CPC. Another \$50 million will come from CPC's sponsoring banks. The \$150 million revolving credit line will be funded initially by Deutsche Bank with additional investments from HSBC, Morgan Stanley, CPC, and CPC member institutions.

For buildings that do not require extensive renovation other than the required retrofits, permanent financing will be provided by Freddie Mac through CPC. Freddie Mac and CPC have shared a long history of successfully financing affordable housing in the northeast region. Freddie Mac will support the CPC Green Financing Initiative with an enhanced multifamily loan product with attractive competitive financing. Working with CPC, Freddie Mac will purchase up to \$500 million of loan volume through this program.

Other providers are expected to join in this initiative and offer incentives and subsidies to support retrofit efforts. These include government housing agencies including the New York State Division of Housing and Community Renewal (DHCR), and the New York City Department of Housing Preservation and Development (HPD), along with the New York State Energy Research and Development Authority (NYSERDA) and utility companies such as Con Edison and National Grid.

The CPC Green Financing Initiative is endorsed by the New York League of Conservation Voters and the Natural Resources Defense Council.

CPC's Green Financing Initiative is a revolutionary program intended to pave the way for innovative financing models ultimately aimed at greening the existing housing inventory throughout the country. The bottom line for a property owner is that an energy efficient retrofit can improve the physical — and financial — health of almost any multifamily building.

All retrofits considered by CPC are proven technologies with years of demonstrated savings in the field. Some of the most obvious include improved lighting fixtures, thermostatic controls on radiators, and state-of-the-art hot water control devices.

Energy retrofits pay for themselves relatively quickly. For example:

- Air sealing and fire stopping, \$100-\$200 per apartment — payback under one year;
- Efficient and properly sized heating and hot water boilers, cost typically the same as a larger inefficient system — payback under one year;
- Efficient heating and hot water controls, \$1,200-\$5,000 per building — payback under one year;
- Better showerheads, aerators and water saving toilets, cost typically the same as standard specifications — payback is immediate;
- Upgraded ventilation systems, \$500-\$1,000 per apartment line — payback under one year
- Building-wide lighting retrofit, \$200-\$300 per apartment, \$150 per common area fixture — payback under one year (replacing incandescent lights that are on 24/7);
- Replacement of apartment appliances with ENERGY STAR® appliances, subsidized cost typically the same or less than standard specifications — payback under one year via 20-50% less electric usage;
- Better specifications for windows and walls and roof insulation, upgrades can cost 50% more than original installation — payback in one to five years

CPC Statistics

AS OF JUNE 30, 2009

Inception to Date

Dollars \$7,253,615,212

Units 135,461

Number of Loans 3,790

Fiscal Year to Date

Dollars \$394,795,500

Units 4,717

Number of Loans 389

CPC is a private not-for-profit mortgage lender specializing in the financing of multi-family housing throughout New York, New Jersey and Connecticut. Founded in 1974, CPC is sponsored by more than 80 banks and insurance companies. CPC Update is published quarterly and is free of charge. For additional information about CPC, or to be added to our newsletter mailing or weekly email lists, please contact Brenda Ratliff, Vice President for Communications at info@communitycp.com. Also, please visit our website at www.communitycp.com.

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Banco Popular North America
Bank of America
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The Bank of New York Mellon
Bank of Tokyo-Mitsubishi Trust Company
BPD Bank
The Canandaigua National Bank & Trust Company
Capital Bank & Trust Company
Capital One Bank
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City National Bank of New Jersey
Country Bank
Deutsche Bank Trust Company Americas
The Dime Savings Bank of Williamsburgh
The Elmira Savings Bank, FSB
Emigrant Savings Bank
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Fairport Savings Bank

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First Republic Bank
Flushing Savings Bank, FSB
Fulton Savings Bank
HSBC Bank USA
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KeyBank National Association
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Insurance Companies

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TIAA-CREF

Additional Investors

Fannie Mae
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The New York City Board of Education Retirement System
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