

## Accelerating Affordable Housing Development in New York City with Clean Energy Investment in Brooklyn, New York

### NYCEEC, Hudson Companies, St. Nick's, Project Renewal

*In August 2021, NY Green Bank (“NYGB”) entered into an agreement with the New York City Energy Efficiency Corporation (“NYCEEC”) and Maspeth Manager LLC, a subsidiary of The Hudson Companies Incorporated (“Hudson Companies”), the St. Nick’s Alliance Corporation (“St. Nick’s”) and GPH Shelter Manager LLC, a subsidiary of Hudson Companies, St. Nick’s, and Project Renewal Inc (“Project Renewal”), together with Hudson Companies and St. Nick’s (the “Sponsors”) and Calvert Impact Capital (“Calvert”) to provide an up to \$6.9 million participation in two predevelopment loans administered by NYCEEC. Loan proceeds will be used for predevelopment expenses for services such as architecture, engineering, and land surveys so the Sponsors can secure construction financing to develop a vacant portion of Brooklyn, New York’s Greenpoint Hospital site into a Passive House certified 310-unit affordable housing residential housing development (the “Affordable Housing Development”) and a 200-bed shelter for people experiencing homelessness (the “Shelter”).*

### Transaction Description

In August 2021, NYGB entered into an agreement with NYCEEC, Hudson Companies, Calvert, and St. Nick’s to provide an up to \$6.9 million participation in two predevelopment loans administered by NYCEEC that support the development of 310 units of affordable housing (“**Project A**”) and a 200-bed homeless shelter (“**Project B**”) at the Greenpoint Hospital campus. The Sponsors were awarded the opportunity to redevelop the Greenpoint Hospital campus under a Request for Expressions of Interest (“**RFEI**”) by New York City.

This transaction demonstrates NYGB’s commitment to invest in energy efficient affordable housing and support projects that pursue high levels of energy performance. High performance buildings will help reduce greenhouse gas (“**GHG**”) emissions in New York State (“**NYS**”) and the teams developing these projects plan to pursue Passive House certification, install energy efficiency measures, and utilize solar power in the completed projects. NYGB’s investment of up to \$2.5 million will demonstrate to the affordable housing market that developers can prioritize environmental performance in multifamily properties without limiting the chances of successful project development.

This Transaction Profile is provided pursuant to the updated “NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.0” (the “**Metrics Plan**”) developed in collaboration with the New York Public Service Commission (the “**Commission**”) on June 20, 2016.<sup>1</sup> This Transaction Profile contains specific information in connection with the August 2021 NYCEEC transaction as required by the Metrics Plan.

### Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Predevelopment Loan	\$2.5 million

<sup>1</sup> Case 13-M-0412.

## Location(s) of Underlying Project(s)

New York City. The project is located in Brooklyn, NY.

## Types of Client & Counterparty Organizations that are Transaction Participants

	Name	Participant Type
Counterparty	Hudson GPH LLC, St Nicks Alliance	Project A Sponsors
Counterparty	Maspeth Manager LLC	Project A Borrower
Counterparty	Hudson GPH LLC, St Nicks Alliance, Project Renewal	Project B Sponsors
Counterparty	GPH Shelter Manager LLC	Project B Borrower
Counterparty	St Nicks Alliance, Hudson Companies and Individuals	Guarantors
Counterparty	Calvert Impact Capital Inc.	Co-Lender
Counterparty	NYCEEC	Admin Agent and Co-Lender

## Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
<b>Impact-Oriented Capital Providers</b>	At times, impact-oriented lenders and investors capable of assessing the risks inherent to markets underserved by traditional capital providers lack the liquidity to scale or deploy specialized financing products.	This transaction supports a mission-oriented capital provider with the liquidity necessary to scale a replicable financing structure that other capital providers can use to (i) provide development capital to innovative projects; and (ii) develop a track record for impact-oriented institutional investment in such projects.
<b>Underserved Market Segments</b>	There is a limited supply of patient capital available to affordable housing developers. Developers rely on cost-effective financing to plan and design high performance buildings.	By providing liquidity to capital providers active in these market segments, NYGB will support increased access to affordable high energy performance housing and shelter for traditionally underserved communities, advancing the environmental justice initiatives outlined in the Climate Leadership and Community Protection Act.
<b>Low- and Moderate-Income New Yorkers</b>	There is a shortage of housing units and shelter beds for low- and moderate-income earning New Yorkers. The scarcity of capital and high demand for housing and shelter accommodations make it difficult for developers and policy makers to risk project success by prioritizing high-performance building development.	By lending capital at the predevelopment phase of a project to an experienced development team and lender, NYGB is providing a group of experts capable of delivering a high energy performance building the capital that they need to plan and design an innovative project that can achieve the State's ambitious energy and equity goals.

## Technologies Involved

Technology	Measures
Energy Efficiency	Passive House certification; high performance building envelope, lighting, HVAC system and hot water system

## Metrics & Evaluation Plan

### Planned Energy & Environmental Metrics

NYGB’s minimum investment criteria require that “transactions have the potential for energy savings and/or clean energy generation that will contribute to GHG emission reductions in support of New York’s energy policies.”<sup>2</sup> In addition, the Metrics Plan requires that the following energy and environmental measures, applicable to this transaction, be reported:<sup>3</sup>

- Estimated gross lifetime and annual fuel savings (MMBtu); and
- Estimated gross lifetime and annual GHG emission reductions (metric tons).

NYGB calculated expected energy usage by applying energy intensity estimates from [Urban Green Council](#) for a multifamily building in New York City to the square footage of the proposed development.

The estimated lifetime and annual energy and environmental impacts of the Investment, facilitated by NYGB’s financial participation in this transaction, are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	Annual Low Estimate	Annual High Estimate
Estimated fuel savings (MMBtu)	558,000	812,115	12,400	18,047
Estimated GHG emission reductions (metric tons)	29,610	43,110	658	958

### Planned Market Characterization Baseline & Market Transformation Potential

The Metrics Plan requires that market evaluation occur when a critical mass of NYGB financing and investment arrangements have been put in place. Market evaluation activities commenced in 2018 on sectors that NYGB has supported since inception, consistent with the requirement for such assessments approximately three to five years following initial NYGB capital deployments.<sup>4</sup> NYSERDA will use baseline data collected for indicators as a comparison point against which to assess market progress in the later studies. Progress indicators are defined below for the short, medium and long terms.

NYGB expects that program and/or future market evaluation will demonstrate progress across short-term indicators; including:

- Size (including expected dollar value) and location of projects financed by the investment; and
- Aggregate expected energy savings for projects financed by the investment.

NYGB expects that program tracking and/or future market evaluation will demonstrate progress across medium- and long-term indicators; including:

- Increase in market volume of energy efficient properties;
- Increase in general understanding of energy efficient properties by the financial community;
- Increase in general understanding of real estate predevelopment financing by the financial community;
- Increased awareness and use of energy efficiency investment performance data by financing entities;

<sup>2</sup> Case 13-M-0412, “Order Establishing New York Green Bank and Providing Initial Capitalization” issued and effective December 19, 2013 of the Commission, Ordering Clause 6 at pages 24 – 25.

<sup>3</sup> See Metrics Plan, Section 2.0, pages 2 - 6.

<sup>4</sup> See Metrics Plan, Section 3.3 at page 7.

- Demonstration of competitive risk-return profiles for energy efficient properties;
- Decreased operating costs of energy efficient properties; and
- Increased number of new lending participants.

## **Proposed Timeframe and Method of Outcome/Impact Evaluation (by NYSERDA)**

NYSERDA will evaluate the impact this transaction has had on sustainable infrastructure finance markets and the energy/environmental benefits delivered by this transaction.

**Market evaluation** will address the short, medium and long-term indicators identified above. Methods will include analysis of program data along with interviews and surveys of market participants (e.g., financial community) to track information including but not limited to: project scale information and influence of NYGB's participation on financial markets. As noted, NYSERDA collected baseline data on key indicators in its first phase evaluation during 2018 - 2019. Follow-up studies will assess progress against baseline levels for other market segments as those evolve. The specific timing of these efforts may be revised based on experience or other factors as NYGB's investment portfolio further develops and evolves.

**Impact evaluation** will assess the projects funded under the investment that will have raised construction financing and will have been completed, commissioned, and placed in service.

As with all NYGB investments, projects developed by the Sponsors that receive an incentive or funding from other entities (e.g., utility, other NYSERDA programs) will, in accordance with the Metrics Plan, be tracked to minimize any double-counting activity on a consolidated basis. As set out in the Metrics Plan, evaluation sampling approaches will also be used as a mechanism to estimate overlap and minimize double counting. Attempts will be made to coordinate market and impact evaluation activities for projects that receive support from multiple sources to maximize the efficiency of data collection and avoid participant survey fatigue.