

Accelerating LMI Clean Energy Investment in New York State Workforce Housing Group

In March 2021, NY Green Bank (“NYGB”) provided a \$500,000 subordinated, multi-draw construction-to-term facility (the “Facility”) to WFHA Brooklyn L.P. (“Borrower”), which is managed by J Cubed Residential LLC C/O Workforce Housing Group (“Sponsor” or “Workforce”). Borrower will construct solar installations on 18 affordable housing buildings in Brooklyn, NY that will benefit low- and moderate-income (“LMI”) New Yorkers and their communities. This transaction is expected to demonstrate a viable model for financing renewable energy installations at affordable housing buildings in New York State (“NYS” or the “State”).

Transaction Description

Workforce is a development organization that has specialized in long-term preservation of affordable housing for the past 13 years, including a particular focus on affordable housing in historically disadvantaged communities (“DAC”). NYGB entered into a \$500,000 Facility with Borrower to support Workforce’s installation of solar panels at 18 affordable housing buildings in Brooklyn, NY. By providing expanded financing options to underserved market segments, NY Green Bank seeks to accelerate access to affordable, clean energy and to help advance the State’s broader climate and environmental justice initiatives.

This transaction develops a scalable, replicable financing structure that capital providers can use to (i) underwrite renewable energy installations at affordable housing properties and (ii) develop a track record for impact-oriented institutional investment in clean energy. By providing liquidity to these traditionally underserved market segments, NYGB will expand access to affordable, clean energy, advancing the environmental justice initiatives outlined in the Climate Leadership and Community Protection Act.

This Transaction Profile is provided pursuant to the “NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.0” (the “Metrics Plan”) developed in collaboration with the NYS Department of Public Service and filed with the NYS Public Service Commission (the “Commission”) on June 20, 2016.¹ This Transaction Profile contains specific information in connection with the Workforce transaction entered into on March 31, 2021, as required by the Metrics Plan.²

Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Construction-to-Term Loan	\$500,000

Location(s) of Underlying Project(s)

New York City. The Eligible Projects are located in New York City.

¹ Case 13-M-0412.

² See Section 4.0, page 8 and Schedule 3.

Types of Client & Counterparty Organizations that are Transaction Participants

	Name	Participant Type
Borrower	WFHA Brooklyn L.P.	Borrower
Counterparties (current)	J Cubed Residential LLC C/O Workforce Housing Group	Sponsor

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
Capital Market Participants	Many capital market participants are not deeply acquainted with underwriting clean energy investments with a wide range of customer types and are even less familiar with both affordable housing and clean energy investing.	This transaction develops a scalable, replicable financing structure that capital providers can use to (i) underwrite renewable energy installation at affordable housing properties and (ii) develop a track record for impact-oriented institutional investment in clean energy. NYGB's participation in this transaction should help demonstrate the feasibility and attractiveness of such investment opportunities and will ultimately help stimulate greater amounts of private sector lending in this market segment.
Underserved Market Segments	Affordable housing market actors face difficulties obtaining cost-effective financing for their clean energy projects.	By providing liquidity to these market segments, NYGB will support increased access to affordable clean energy solutions for traditionally underserved communities and advance the environmental justice initiatives outlined in the Climate Leadership and Community Protection Act.
New Yorkers	There continues to be a shortage of precedent clean energy project investments to attract private capital. Limited precedent and track record lead to higher transaction costs, as lenders are less comfortable with less familiar counterparties and risk portfolios. This translates into higher costs for all and fewer clean energy access for DAC communities and all New Yorkers.	By catalyzing investment in clean energy in NYS, NYGB is providing New Yorkers with greater choices and access to clean energy. NYGB's participation helps build precedents and track records that will encourage more private sector providers to participate in future financings. Greater liquidity in the marketplace will ultimately result in reduced costs for all.

Technologies Involved

Technology	Measures
Renewable Energy	Solar photovoltaic systems

Metrics & Evaluation Plan

Planned Energy & Environmental Metrics

NYGB’s minimum investment criteria specifically require that “transactions will have the potential for energy savings and/or clean energy generation that will contribute to greenhouse (“GHG”) reductions in support of New York’s energy policies.”³ In addition, the Metrics Plan requires NYGB to report on the following energy and environmental measures, which are applicable to this transaction:⁴

- Estimated gross lifetime and first-year clean energy generated (MWh);
- Estimated gross clean energy generation installed capacity (MW); and
- Estimated gross lifetime and first-year GHG emission reductions (metric tons).

The estimated gross lifetime and first-year energy and environmental impacts of the Facility are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	Annualized Low Estimate	Annualized High Estimate
Clean, renewable energy generated (MWh) ⁵	5,229	5,504	209	220
Clean energy generation installed capacity (MW) ⁶	0.2	0.2		
GHG emission reductions (metric tons)	2,616	2,753	105	110

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.⁷ NYSERDA collected baseline data for the solar sector in 2019 and will update the data to include indicators specific to this transaction. 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 (i.e., generation capacity and expected dollar value) and location of projects financed by the Facility;
- Aggregate expected energy generation for projects financed by the Facility; and
- The number of projects that finalize construction financing arrangements.

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

- Increased market volume of solar project development on affordable housing projects;
- Increased general understanding of renewable energy benefits by affordable housing market;
- Increased awareness and use of solar subscriber performance data by financing entities;
- Increased awareness and use of project/technology performance data by financing entities;
- Demonstration of competitive risk-return profiles for solar investments;
- Decreased project costs;
- Increased volume of secondary market financing of distributed solar assets; and
- Presence and number of new lending participants.

³ 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.

⁴ See Metrics Plan, Section 2.0, pages 2 - 6.

⁵ Installed clean energy generation capacity at full deployment of funds is the same for first-year and lifetime duration.

⁶ Clean, renewable energy generated (MWh) and clean energy generation installed capacity (MW) presented in this table reflect impacts associated with solar projects only.

⁷ See Metrics Plan, Section 3.3 at page 7.

Proposed Method of Outcome/Impact Evaluation (by NYSERDA) & Timeframe

NYSERDA will evaluate the direct and indirect impacts that the Facility will have on the clean energy finance markets and the energy/environmental benefits delivered by these loans.

Market evaluation will assess 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., project subscribers, financial community, etc.) to track information including but not limited to: participation rates, project scale information, interest in solar financing, 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 – 19. Later 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 Facility. In accordance with the Metrics Plan, NYGB will track Workforce projects that receive incentives or funding from other entities (e.g., utility, other NYSERDA programs, etc.) 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. NYSERDA and NYGB will attempt 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.