

# Community Decarbonization Fund (CDF) Frequently Asked Questions



**NY Green Bank**  
A Division of NYSEERDA

This list is not meant to be exhaustive, and several topics covered below are subject to further discussion. If you have questions not addressed in this document, please reach out at [investmentrfps@greenbank.ny.gov](mailto:investmentrfps@greenbank.ny.gov).

Our team is prepared to do our best to answer all your questions.

## What is the maximum loan amount?

Maximum of the lesser of (i) \$25MM or (ii) 20% of an Eligible Applicant's total capitalization.

## What does 20% of "total capitalization" mean?

Total capitalization refers to all current assets of the Eligible Applicant, but this will be determined on an application-by-application basis.

## What is the minimum loan amount?

\$2MM

## Will the 1.50% interest rate be fixed regardless of the interest rate fluctuations in the wider economy?

The 1.50% interest rate will be fixed for Community Development Financial Institutions (CDFIs) and other mission-based lenders that seek capital support through the CDF.

## What is the deadline for submitting?

NY Green Bank expects to deploy \$250MM of concessionary capital from 2023 through 2027 on a rolling basis.

## Is there a time limit on this program or how long funds will remain available?

The CDF is expected to remain an open opportunity until it meets its \$250MM funding target. For CDF loans to borrowers, the availability period is 24 months from the closing date and the term, or maturity date, is 12 years after the closing date.

## Who are the eligible applicants for the CDF?

Eligible Applicants must be a certified CDFI, a specialty lender, or a for-profit subsidiary of any of the previous categories provided the for-profit subsidiary is operating exclusively in support of the tax-exempt or municipal mission of the parent entity. See Section 2 of the Request for Proposal ([RFP](#)) for more details.

## Is the financing balance sheet lending or project-based?

Loans will be made to CDFIs, or other specialty lenders, on their balance sheet. Recipients of these funds are then to offer project-based loans that meet the eligibility criteria outlined in Section 2 of the [RFP](#).

## Will there be financial covenants as part of the diligence process and final agreement(s)?

There will be typical financial reporting covenants, which are further described in the indicative term sheet. Please see the [RFP](#).

## Are there any direct project funding opportunities for end users?

There are direct funding opportunities with NY Green Bank through existing RFPs at negotiated market rates. Direct project funding opportunities for end users will also be available through the recipients of CDF funds ("CDF Borrowers"). There are also direct project funding options available through NYSEERDA, such as the [Green Jobs—Green New York](#) program.

## What does the review process look like after the application is submitted?

Proposals will be processed and scored on a regular basis as they are received, in accordance with the evaluation process laid out in section 4.2 of the [RFP](#). The full process, from receiving a proposal to closing a transaction, typically takes upwards of three months.

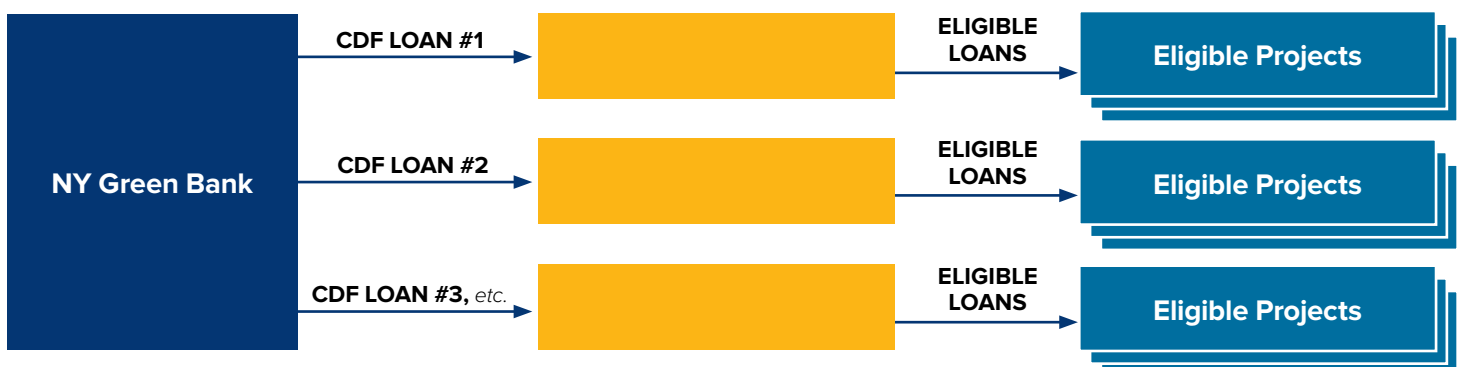
## Will NY Green Bank share a list of CDF Borrowers?

As transactions are closed, NY Green Bank will publish a Transaction Profile for each CDF Borrower on the NY Green Bank [website](#).

## Are lenders encouraged to apply if they have experience servicing low-income communities but not necessarily lending for the technologies that you listed?

Yes, but applicants will need to describe plans to lend to eligible projects using eligible technologies, and/or a robust pipeline to demonstrate the ability to support their application. The list of technologies is indicative, and we remain open to other technologies that decarbonize buildings or support carbon emission reduction in eligible projects.

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### **Does a project need to have an audit or design scope completed before applying for the loan?**

Not necessarily. That will be determined by the CDF Borrower's programs and lending criteria established.

### **Does a CDFI have to be headquartered in New York State to be eligible, or have a presence in the New York State market for lending?**

Eligible Applicants do not have to be based in New York State, but only projects located in New York State are eligible for funding.

### **For affordable housing projects, are funds only for multifamily rental projects or can they be used for affordable housing homeownership?**

Both multifamily rental projects and affordable housing homeownership projects that are submitted in a project pipeline from Eligible Applicants will be evaluated.

### **Is this fund only eligible for housing?**

No. Loans to small / local businesses in disadvantaged communities (DACs) that support building decarbonization are also eligible. For example, loans that support local contractors installing eligible technologies in eligible projects may be funded.

Eligible Applicants may submit an application with a pipeline of varying types of building stock. Each application will be evaluated in its entirety.

### **Is this intended to fund new construction, existing buildings, or both?**

CDF Borrowers can use funds for both new construction and retrofits to existing buildings if the project meets the eligibility criteria.

### **Are administrative costs covered under the use of proceeds?**

Administrative costs are not an eligible use of proceeds.

### **Can the funds be used as bridge funds to cover construction costs prior to the receipt of local, state, and federal incentives?**

That may be an eligible use of CDF funds but will be assessed on a case-by-case basis.

### **Can loan proceeds be used for predevelopment costs of eligible projects?**

Yes. Predevelopment costs could be an eligible use of proceeds.

### **Can this debt be subordinated to other senior debt in a new construction project?**

The loans from NY Green Bank will be made to CDF Borrowers, not the project itself. Eligible Projects managed by CDF Borrowers will be evaluated by NY Green Bank as part of due diligence. These programs or projects are structured as a subordinate offering.

### **Are CDFIs that include a pipeline of projects required to deploy loans to the projects identified in the application or can other projects be swapped in?**

NY Green Bank will not require CDF Borrowers to fund a project submitted in a proposal if it is not developed. New projects may be added to the pipeline and funded with CDF funds if they satisfy all eligibility requirements. However, CDF applicants should only request funding that can reliably be deployed during the 24-month availability period.

### **What is the role of the intermediary lenders in screening, approving, and managing the lending vs. that of NY Green Bank staff? What is the exposure risk for intermediaries?**

NY Green Bank will only be evaluating whether the "eligible project" using "eligible technology" standard is met. Intermediary lenders do their own underwriting of eligible projects based on their own credit policies. The CDF Borrower will negotiate the terms for individual project loans and approve each project based on their terms and conditions. NY Green Bank staff will evaluate programs and project structures prior to funding advances to a CDF Borrower.

### **What supporting documentation or certification will be required to demonstrate an eligible project can receive advances from NY Green Bank?**

This will be agreed to in the credit agreement — examples of typical deliverables would include Excel sheets and copies of key invoices.

### **Can this be used as a warehouse line of credit (LOC) or is it a one-time loan?**

We want the CDF funds to be recycled by CDF Borrowers. If a warehouse meets your program needs, then we would be open to discussing further.

### **Are colleges eligible to leverage these funds?**

If a college meets the eligibility requirements, they can leverage these funds through the CDF. If not, they might be able to leverage the funds through an approved CDF Borrower depending on their project.

### **How do these loans work with the HCR loans for affordable housing?**

NY Green Bank has a [document](#) on its website that outlines the differences between these two programs. HCR will loan to building owners, whereas NY Green Bank will be loaning to CDFIs. You will need to apply to the programs separately, but they are complementary in their goals.

### **Can NYSERDA program funds be pooled with funds from the CDF?**

This could be a great way to mobilize NYSERDA funds. There are no restrictions through the CDF. Please check the specific program's eligibility requirements.

### **Are there any limitations to the other financing that could be in the capital stack for projects funded?**

NY Green Bank would like to see CDF funds leverage other financing. This will be dependent on the terms set by the CDF Borrower. Note that the CDF loans to financing intermediaries are for 12 years.

### **Can these funds be pooled with other funding sources that have a broader geographic focus as long as the CDF funds are invested in projects that meet CDF criteria?**

Yes. Mobilization of other sources of capital is a key tenet of the CDF. CDF funds are required to support projects or benefit individuals within disadvantaged communities in New York State.

### **How can contractors access these funds?**

Contractors will need to work with an approved CDF Borrower rather than directly with NY Green Bank to access these funds. All approved CDF Borrowers will be posted online once approved.