



Green Connection Loan Fund

Bay Area LISC's Green Connection Loan Fund is designed to assist nonprofit housing organizations with financing affordable developments that integrate green building and energy efficiency into their projects.

TERMS

Bay Area LISC's Green Connection Loan Fund provides nonprofit developers with a preferred financing package to help offset some of the cost differential for incorporating green. The loan is available at an interest rate of 5.5% for up to three years with a 1.25% loan fee. Maximum loan amount is \$250,000. Preference is given to predevelopment financing.

BACKGROUND

Green building metrics serve as a springboard for better design and assist with the creation of healthy, energy efficient places to live. Integrated green design can help reduce operations and maintenance costs, utility costs for residents, provide more durable products and help to create overall healthier homes. Identifying green goals early in the development process (with all project stakeholders) and carrying these goals throughout the various design phases will maximize performance and health of the building.

To facilitate this process, LISC recommends using the Multifamily GreenPoint Checklist, developed by Build It Green. Build It Green (BIG), a partner with Bay Area LISC on the Green Affordable Housing Coalition, is a non-profit organization that links consumers and building professionals with green building tools. BIG's GreenPoint Rated system is based on Alameda County Waste Management Authority's Multifamily Green Building Guidelines. The Multifamily Green Building Guidelines and GreenPoint Checklist were developed specifically for the Bay Area, and thus provide excellent resources on material availability, green strategy climate considerations, as well as costs and benefits of including a particular measure in your building. The Multifamily GreenPoint Checklist is a great starting point for greening a project.

ELIGIBILITY

In order to be eligible for the Green Loan Fund, a project must meet the following criteria: nonprofit sponsored affordable housing (for rental properties 100% of units at 60% Area Median Income), organizational commitment to sustainable building, meet LISC's standard underwriting criteria, and meet the attached minimum Multifamily GreenPoint Checklist OR demonstrate that the project qualifies for another green building metric such as LEED (Leadership in Energy and Environmental Design). Please note that if a project is slated to be certified with LEED, it most likely will already have met the Multifamily GreenPoint Checklist criteria.

To qualify for the LISC Green Connection Loan Fund using the Multifamily GreenPoint Checklist, projects must earn a total of 50 points or more and obtain the following minimum points per category: Community (6), Energy (11) Indoor Air Quality/Health (5), Resources (6) and Water (3). In addition the Multifamily GreenPoint Rated System requires that projects earn the following four pre-requisites identified in the Checklist:

- (1) A.8 (exceed the 2005 Version of Title 24 by 15%) *New requirement for 2007.*
- (2) B.3.a. (50% construction waste diversion)
- (3) C.10.a. (durable roofing) and
- (4) F.1 (incorporate the Multifamily GreenPoint Checklist in Blueprints)

The goal of the Bay Area LISC Green Loan Fund is to assist in the creation of healthy, energy efficient affordable homes. Additional requirements for LISC's Green Loan Fund are noted in red on the Multifamily GreenPoint Checklist. Please note that the LISC required criteria contribute to a project's score. In other words, even though they are required, a project will still earn points for these criteria. The one exception to this is the affordability criteria (section A.11). This requirement will not contribute to the project score. Please note that LISC's required affordability criteria is 60% Area Median Income (AMI), not the 80% required by the Multifamily GreenPoint Checklist.

Many of the required criteria should result in no-cost or low-cost differentials for a green practice compared with conventional. Bay Area LISC may waive compliance with select criteria if the applicant can demonstrate that the criteria would create unnecessary burden on the project or the strategy is not recommended. Projects may also recommend an alternative strategy. The goal of these requirements is to help facilitate both a healthy indoor environment as well as optimal building performance.

ADDITIONAL INCENTIVES

Projects financed by the Green Connection Loan Fund are also eligible for on-going technical assistance from Bay Area LISC's Green Connection Program Officer.

The minimum points from the Multifamily GreenPoint Checklist required to be eligible for the LISC Green Loan Fund is 50. To help augment the degree of green integration on a project, LISC is also offering the following additional incentives for exceeding the minimum point threshold.

- 70 Points: 25% reduction in legal fee; 1.0% loan fee
- 80 Points: 50% reduction in legal fee; 0.5% loan fee

GREEN BUILDING RECOMMENDATIONS

The criteria for the Bay Area LISC Green Loan Fund were developed after careful consideration of green building metrics and existing sustainability requirements for other funding resources. Although not a part of the Multifamily GreenPoint Checklist, one strategy LISC recommends is building systems commissioning. *Commissioning* is a quality assurance process that ensures equipment performs as intended and looks at the differences between systems simply operating and actually achieving their intended performance parameters. In addition to verifying the system and performing to the way it was designed, the benefits of commissioning include, among others, reduced energy use and contractor callbacks, lower operating costs, and increased comfort for building occupants.

One other strategy LISC would like to highlight is *environmental tobacco smoke* (ETS) control. To help assist with ETS control in residential buildings, the following strategies are recommended as listed in the LEED for New Construction Version 2.2 Guidelines (LEED NC).

1. Prohibit smoking in all common areas of the building.
2. Locate designated smoking areas at least 25 feet away from the entrances, outdoor air intakes and operable windows opening to common spaces.
3. Minimize uncontrolled pathways for ETS transfer between individual residential units by sealing penetrations in walls, ceilings and floors in residential units, and by sealing vertical chases adjacent to the units.
4. Weather strip all doors of residential units leading to common hallways to minimize air leakage to the hallways OR
5. If common hallways are pressurized with respect to residential units then the residential units leading to the common hallways need not be weather-stripped (see LEED NC Guidelines for further information).

Commissioning and ETS control are not required, but are recommended as good building practices to help augment the overall performance and health of the building.

LISC CONTACTS

If you have any questions regarding the Bay Area LISC Green Connection Loan Fund, please contact Peggy Jen, Senior Program Officer: Housing, 415.397.7322 Ext. 16 pjen@lisc.org or Jennifer Somers, Program Officer: Green Connection, 415.397.7322 Ext. 28 jsomers@lisc.org.

Bay Area LISC thanks Catholic Healthcare West for its investment in the Green Connection Loan Fund.