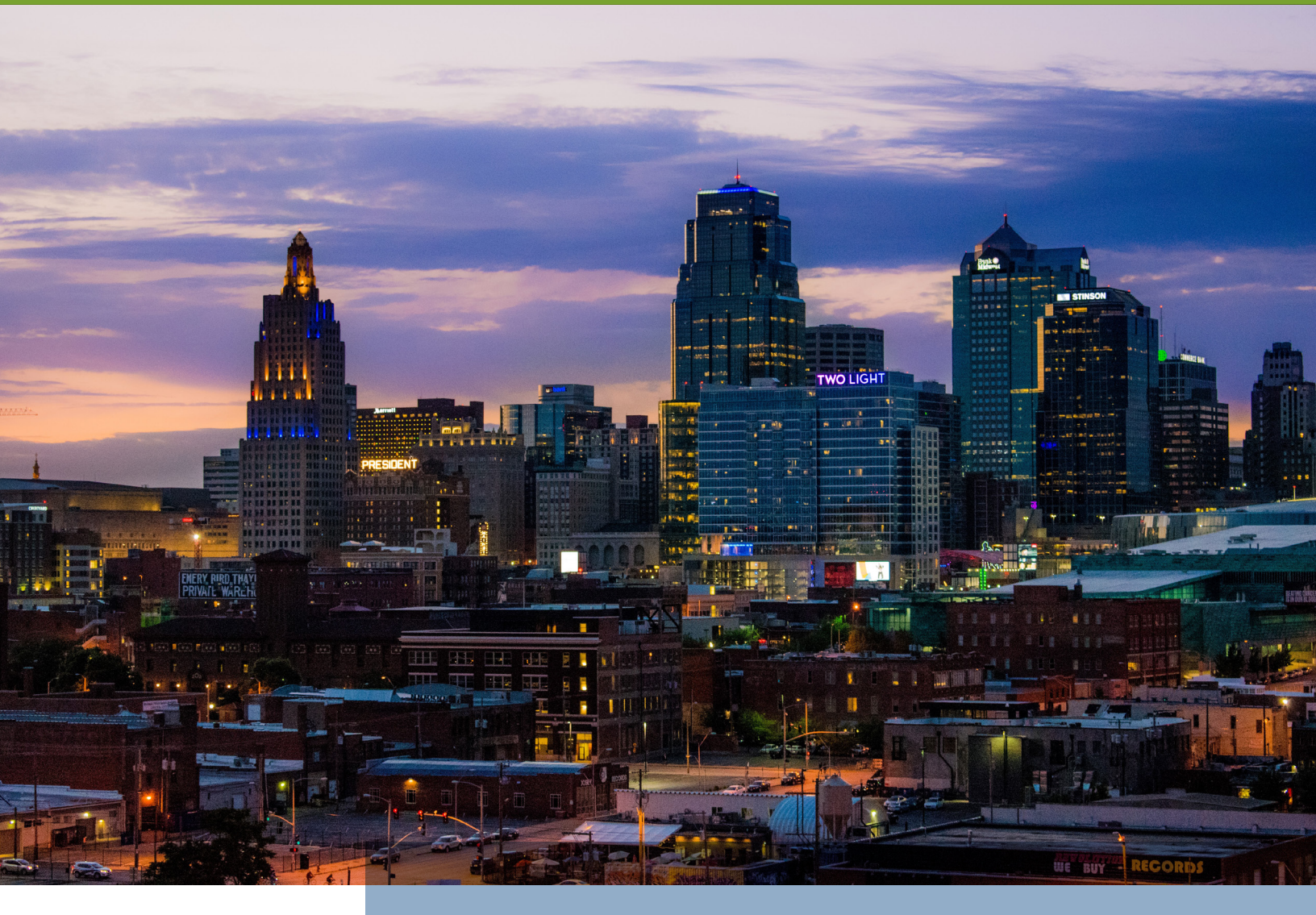




Kansas City

ULI KANSAS CITY NET ZERO IMPERATIVE

Creating Energy Efficiency Financing Tools for Multifamily Housing in the Kansas City Region



Technical Assistance Panel Report | MARCH 6–8, 2022

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ON THE COVER: Kansas City, Missouri



OVERLAND PARK
K A N S A S



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About the Urban Land Institute

The Urban Land Institute is a global, member-driven organization comprising more than 45,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide. ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific region, with members in 81 countries. ULI's extraordinary impact on land use decision-making is based on its members' sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns. Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate. Drawing on its members' work, the Institute recognizes and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at uli.org. Follow ULI on [Twitter](#), [Facebook](#), [LinkedIn](#), and [Instagram](#).

About ULI Kansas City

As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information, and experience among local, national, and international industry leaders and policymakers dedicated to creating better places. The ULI Kansas City District Council brings together real estate professionals, civic leaders, and the Kansas City community for educational programs, initiatives impacting the region, and networking events, all in the pursuit of advancing responsible and equitable land use throughout the region. With 310 members locally, ULI Kansas City provides a unique venue to convene and share best practices in the region. ULI Kansas City believes everyone needs to be at the table when the region's future is at stake, so ULI serves the entire spectrum of land use and real estate development disciplines – from architects to developers, CEOs to analysts, builders, property owners, investors, public officials, and everyone in between. Using this interdisciplinary approach, ULI examines land use issues, impartially reports findings, and convenes forums to find solutions.

ULI District Council Leadership

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ULI Advisory Services: National and Global Programs

Since 1947, the ULI Advisory Services program has assembled well over 700 ULI-member teams to help sponsors find creative, practical solutions for complex land use challenges. A wide variety of public, private, and nonprofit organizations have contracted for ULI's advisory services. National and international panelists are specifically recruited to form a panel of independent and objective volunteer ULI member experts with the skills needed to address the identified land use challenge. The program is designed to help break through obstacles, jump-start conversations, and solve tough challenges that need an outside, independent perspective. Three- and five-day engagements are offered to ensure thorough consideration of relevant topics.

An additional national offering is the project analysis session (PAS) offered at ULI's Fall and Spring Meetings, through which specific land use challenges are evaluated by a panel of volunteer experts selected from ULI's membership. This is a conversational format that lends itself to an open exchange of ideas among diverse industry practitioners with distinct points of view. From the streamlined two-hour session to the "deeper dive" eight-hour session, this intimate conversational format encourages creative thinking and problem solving.

Learn more at americas.uli.org/programs/advisory-services.

ULI Advisory Services identify creative, practical solutions for complex land use and development challenges.

Technical Assistance Program (TAP)

Urban Land Institute harnesses its members' technical expertise to help communities solve complex land use, development, and redevelopment challenges. Technical Assistance Panels (TAPs) provide expert, multidisciplinary, unbiased advice to local governments, public agencies, and nonprofit organizations facing complex land use and real estate issues in the Kansas City region. Drawing from its professional membership base, ULI Kansas City offers objective and responsible guidance on various land use and real estate issues ranging from site-specific projects to public policy questions. The sponsoring organization is responsible for gathering the background information necessary to understand the project and present it to the panel. TAP panelists spend two days interviewing stakeholders, evaluating the challenges, and ultimately arriving at a set of recommendations that the sponsoring organization can use to guide development going forward.

The Net Zero Imperative

Thanks to a generous gift from Owen Thomas, ULI has launched the Net Zero Imperative – a multi-year initiative to accelerate decarbonization in the built environment. Additional gifts from Lynn Thurber, Joe Azrack, Franz Colloredo-Mansfeld, and Dan Cashdan further support and bolster the NZI program's scale and impact. Work to advance the initiative includes technical assistance panels in five global cities each year, designed to help developers, building owners, cities, and other relevant constituents reduce carbon emissions associated with buildings, communities, and cities. The fundamental goal of the effort is to provide concrete ideas and strategies to real estate owners, public sector leaders, and the general public to eliminate carbon emissions from the built environment to reach net zero. Through its work, the initiative will create global resources (research, toolkits, and other tools) to help all ULI members accelerate decarbonization in their real estate operations and in their cities.

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Multifamily buildings in the region, specifically those deemed or designated as affordable, are prime candidates for energy efficiency upgrades that will positively impact residents.

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GOOGLE EARTH

Older and smaller, multifamily buildings will benefit from energy-efficient upgrades, reducing the energy load on the building and reducing the utility cost burden of tenants.

EXECUTIVE SUMMARY

The cities of Kansas City, Missouri, and Overland Park, Kansas, recently joined forces with the Building Energy Exchange of Kansas City to understand the potential for launching an energy efficiency improvement fund (EEIF or fund) in the Kansas City metropolitan area. With support from the Urban Land Institute's (ULI) Net Zero Imperative, a global initiative to decarbonize the built environment, public and private leaders assembled a ULI technical assistance panel (TAP) comprised of local and national experts to study the challenge for the Kansas City market and make recommendations for the launch of such a fund, also known as a green bank, in the region.

Although the goal is to decarbonize all building types across all geographies, the TAP panel looked specifically at the multifamily building sector, focusing on buildings of three or more stories, knowing that this building type has great potential for significant impact across the region and, at the same time, advancing equitable practices for residents who have been historically excluded. Similarly, the panel looked to narrow its geographic scope to the City of Kansas City, Missouri, specifically for the fund formation and launch.

Fund Structure and Capital Sources

The formation of an EEIF should be a collaborative process, bringing together and building an ecosystem of energy experts, lenders, and developers and building owners to ensure that the products launched can be easily accessed and deployed in the manner intended. This ecosystem would be designed to support, guide, and help manage the ongoing operations of the fund and should provide the following benefits:

- Access to educational information and research around the benefits of green building products and processes.
- Technical assistance as well as contractor training and certification to ensure the proper installation and maintenance of equipment.
- Referrals to trusted contractors and other service providers as well as referrals to financing solutions, including the EEIF.

Geographic Scope. With the work currently underway in Kansas City, Missouri, to address the impacts of climate change, it would be wise to initially launch the fund in the City of Kansas City, Missouri. This limited geographic scope also provides the fund with a manageable pilot area upon which to build capacity and gain momentum before expanding into the surrounding municipalities within the broader Kansas City metropolitan area.

Capital Resources. Based on potential impact of a new fund of this nature and potential for raising early-stage capital, the panel recommends setting an initial fund goal of \$10 million. Using local, state, and federal funding sources, the EEIF can access public funding mechanisms to build a foundation and then leverage that public money to attract the private capital and philanthropic funding necessary to bring the fund up to the recommended \$10 million launching point. The panel was very clear that this is a minimum initial capitalization and not enough to sustain multi-year operations. Similar investment funds strive for a leveraged ratio of 5:1 – for every one dollar lent, it is repaid and can begin to fund five additional projects. To achieve this leverage goal and minimize overhead costs, the fund should aspire to reach \$40-50 million, which ensures that long-term financial support will serve vulnerable residents for decades to come. This allows the fund to address a broad portfolio of under-performing multi-family assets and live beyond the current public funding necessary to launch.



A green roof, such as this one found at Second + Delaware, can aid in stormwater management for multifamily buildings as well as provide residents with a location to grow food and enjoy the outdoors, turning an otherwise unusable, utilitarian space into an attractive building amenity.

Structure and Governance. The panel recommends the formation of either a 501(c)(3) nonprofit structure or a Property Assessed Clean Energy (PACE) administrator to serve as the organizational foundation for the fund. There are benefits to both options, and further research is warranted to determine the best path for the EEIF in the Kansas City market.

Management. With an initial funding goal of \$10 million, it would be wise to outsource the management of the fund to an existing asset management platform. Selecting a fund manager with housing experience and experience in energy efficiency will be important and could include a housing-focused community development finance institution (CDFI) or other established, mission-driven retail lending operation.

The EEIF should operate under the guidance of a knowledgeable board that can provide governance oversight, operations advice, and support fundraising activities. While it may be difficult to achieve in the short term, the fund should strive to achieve self-sustaining status, wherein loan-generated fees provide the capital necessary to fund the organizational operations of the EEIF.

Performance Metrics and Community Impact

The first three years of the fund's operations will be critical to establishing baseline metrics by which the fund can

measure future success. EEIF loans should advance the fund's goals, namely positively impacting the community in four key areas: improvements in environmental sustainability; supporting inclusive prosperity, health, and safety; supporting the emergence of a clean economy; and achieving organizational financial stability. By stressing the importance of transparency of loan and operational data and measuring performance at all stages, projects supported by EEIF funding will be infused with a culture of creating positive community impact, data-informed decision making, and driving collectively toward a carbon-neutral environment. From measurements of kilowatt-hours saved, to reductions in metric tons of carbon emitted, to other direct fund-related measurements such as the number of loan applications received and loans deployed, metrics will be important to support the expansion of the fund in coming years, both in volume of projects supported as well as geographies served.

Lending Tools

When it comes to the types of loan products offered by an EEIF or green bank, the products will typically fall into three categories:

1. Phase one products supporting pre-development, mid-cycle energy term loans, and loan loss reserves;



ARNOLD DEVELOPMENT GROUP

High-efficiency appliances and fixtures add to the energy-efficiency of a building and provide a lower-maintenance living option for the residents within. Utility savings can be captured and leverage by building ownership or passed along to renters.

2. Phase two products such as green acquisition loans designed to support the acquisition of land for green projects; and
3. Other ancillary loan products addressing remediation efforts to support health and safety at a project site or brownfields remediation work that leverages low-cost financing from the Environmental Protection Agency or other government-backed programs.

Given that these products are largely new to the Kansas City market, additional support from two types of institutions will be needed – one to help connect potential borrowers to the products and incentives and another to provide technical support to help potential borrowers understand the funding opportunities and complete the loan application process. This support could come from existing non-profit organizations that are focused on energy efficiency and understand the communities and local multifamily market.

Commercial lenders may also benefit from a certain amount of knowledge-sharing or training to help them better understand the new loan products and how this expanded product portfolio can benefit their institution and customers.

Next Steps

The concept of an EEIF or green bank is still relatively new in the Kansas City market, yet there are proven models to which Kansas City public and private leadership can turn for insights into the formation and ongoing operation of such a fund.

Focusing initially on the Kansas City, Missouri market, the fund will benefit from close alignment with municipal leadership and leadership in the energy-efficiency sector. The fund will also need a champion – a person or organization – who will serve as the primary source of information and contact for EEIF functions. That person or organization should be supported by a knowledgeable and active board who can help further the work, raise the visibility of the fund, and guide investments. Finally, while the fund champion could take on the formation and management of the fund from the ground up, it may best be served by an existing, outsourced asset management platform with the experience, software, and personnel in place to successfully manage such an operation.

By bringing best practices in green banking to Kansas City, city leadership and the financial sector can not only signal support for decarbonization, but actually put viable tools in place that will make a measurable difference in the business of development, the operations of building owners, and the daily lives of the region's residents.

INTRODUCTION AND BACKGROUND

In July 2021, ULI launched the global Net Zero Imperative to help accelerate market transformation toward a net zero built environment, defined as a building portfolio that is highly efficient and fully powered by on-site and off-site renewable energy sources. ULI’s Net Zero Imperative (NZI), funded with generous support from ULI member Owen Thomas, supports the work of local communities seeking concrete ideas and strategies for real estate owners, public sector leaders, and the general public to eliminate carbon emissions from the built environment and reach a state of zero net carbon emissions.

Why is it important?

Over the past five years, nearly every country and more than 300 US cities made a commitment to achieve the Paris Climate targets. As of 2020, only a handful of cities have made meaningful progress in developing climate action plans that will accelerate decarbonization of the built environment. Yet cities, countries, investors, and tenants are still looking to the buildings sector to meet comparable greenhouse gas reduction goals.

Leading investors are including environmental, social, and governance (ESG) goals in their real estate debt and equity considerations, leading tenants are including it in their

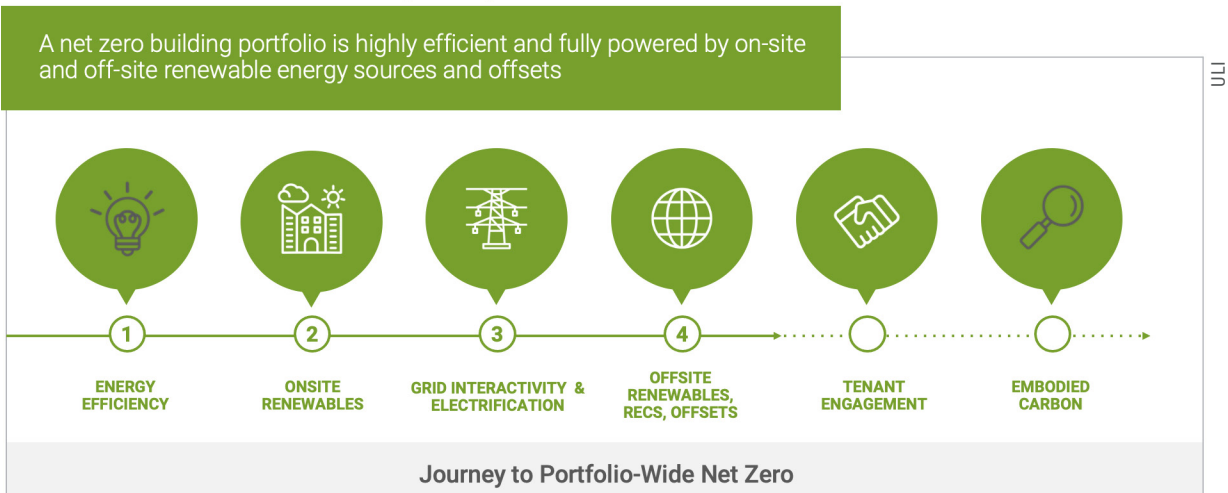
leasing decisions, and regulators are incorporating a path to net zero into building codes and regulations for new and existing buildings.

NZI Goals

Using ULI’s trusted Technical Assistance Panel (TAP) program, eight cities across the globe are working to achieve the following NZI goals for their community:

- Accelerate the decarbonization of the built environment;
- Chart a cost-effective path to net zero for the real estate industry;

Net Zero Community Impact



A net zero real estate portfolio is achievable and more sustainable when approached through a variety of channels and processes.

- Leverage the power of ULI’s global network to drive development and investment that supports this path to decarbonization;
- Get the private sector working hand-in-hand with cities on policy and incentives that can help accelerate investment in decarbonization; and
- Develop case studies and tools based on global best practices highlighting cost-effective strategies across geographies, asset classes, and building types.

ULI’s Role in Driving toward Net Zero

As a global organization focused on transformative impact in communities worldwide, ULI has an important role to play in action toward a net zero built environment.

Deep Network. ULI has a deep network in cities across the globe and can bring leading experts on net zero together with the architects, builders, owners, investors, and policymakers who can make meaningful progress on decarbonization.

Private Sector Leadership. ULI is a steadfast leader in these cities throughout changes in government leadership or sentiment on climate. ULI is building capacity, interest, and investment in the private sector, building momentum towards decarbonization that will be sustainable. Additionally, through ULI’s local district council network, it can provide connections, convening power, and local awareness in ways other organizations cannot.

Cohort Engagement. As a global organization, ULI builds cohorts that help local leaders get the resources they need to succeed in their decarbonization efforts. ULI’s goal is to connect local leaders with technical experts to work through the mechanics of decarbonization and connect local leaders with a global network of architects, developers, investors, and land use planners who can help move the industry forward on their goals.

Kansas City was selected as one of eight global cities to advance the energy performance of buildings through the

NZI. The other cities include Austin, Texas; Los Angeles, California; Minneapolis, Minnesota; San Jose, California; Shenzhen, China; Beijing, China; and Toronto, Canada. The multi-year cohort model will allow these cities the opportunity to collaborate and share best practices and collective resources. For Kansas City, the NZI also supports the funding of this study, bringing national and local expertise to advise on the creation of an Energy Efficiency Investment Fund (EEIF). Similar to energy efficiency financing tools being deployed across the country, the EEIF has the potential to unlock a growing market for energy efficiency retrofits and new development for the Kansas City region.

Supporting ULI in this Kansas City study, the Building Energy Exchange KC (BE-Ex KC) is an initiative of Climate Action Kansas City, working in coordination with the Regional Climate Action Plan’s effort to achieve net zero

Buildings are responsible for 40% of global greenhouse gas emissions, and up to 70% of emissions in urban cities.

greenhouse gas emissions for all buildings by 2040. BE-Ex KC advances building energy performance by mobilizing the professional expertise, funding, and technical resources needed to upgrade buildings to serve current and future Kansas Citians. In coordination with public, private, nonprofit, and community stakeholders, BE-Ex KC expands the region’s capacity

to address affordability, improve the health and comfort of residents, and position Kansas City as a resilient and carbon-neutral region.

Kansas City NZI Study Scope

Local sponsors of this study, the City of Overland Park, Kansas, the City of Kansas City, Missouri, and BE-Ex KC seek regional impact with an EEIF, seeking to deploy capital across ten counties in both Kansas and Missouri. While broadly a policy study, the geographic scope of this study area was identified as Kansas City, Missouri, and Overland Park, Kansas, in order to better understand how such a fund might function in communities in both states, accounting for different state governments, access to capital, and existing tools like PACE, etc. While the decarbonization of the built

environment includes all building types, this study focused on the multifamily housing sector, addressing community benefits, improving housing affordability, and positively impacting residents' quality of life. The local and national experts comprising the TAP panel provided the study with expertise in the areas of development, finance, energy infrastructure and consulting, and community development.

TAP Process

The TAP process, objective and instructive by design, equipped the panelists with briefing materials prior to the TAP work sessions, tours of related geographies and sites, and interviews with key stakeholders to help further inform the panel around the issues for this market. With expert guidance from professional staff from both Kansas City and Overland Park, the panel toured key corridors within the study areas, recognizing areas of opportunity and gaining a better understanding of the potential challenges at hand.

The stakeholder interviews introduced to the panel over 30 elected leaders, municipal professional staff, business owners, property owners, developers, utility representatives, lenders, architects, and leaders of community organizations. The insights gathered from these interviews further informed the panelists' understanding of the Kansas

City and Overland Park markets and helped the panel begin to identify areas of collaboration, opportunity, and need.

The following key insights were of particular note:

- Make it easy and do not add additional barriers to development.
- In addition to the energy efficiencies making financial sense (the deal needs to "pencil"), there needs to be a quick payoff, i.e., improvements funded within one to three years.
- Use incentives, such as a reduction in the time it takes to go through permitting, and grants to stimulate adoption of energy efficiencies.
- The current energy code is a baseline against which developers are not pushing or seeking to exceed.
- Rents are based on funding source(s) and are not easily adjusted.
- The PACE program is underutilized in Missouri and not yet adopted in Kansas.
- The lending community is fiscally conservative and slow to adopt new practices, and, at present, energy efficiency is not yet a criterion in allocating funds for affordable housing.

Questions for the Panel

1. Advise on the best practices for structuring the EEIF. How should the fund be structured to best incorporate public funding streams as well as other private or philanthropic capital sources? How can we determine which areas of the market require subsidy to best target public dollars?
2. How can we design the application and evaluation process to meet community benefit goals (i.e., housing affordability, improved environmental health, etc.) as well as set a consistent and high bar for energy performance?
3. How can this fund promote denser housing development (3-5 stories) in existing neighborhoods?
4. What lending tools and terms make the most sense for our market given our utility costs, cost of materials/labor, and other real estate considerations? How does this differ across new construction, major renovation, and retrofitting of multifamily projects?



Jeffrey Williams, Planning Director for the City of Kansas City, guides the panel through the Kansas City metro.



Leslie Karr, Current Planning Manager for Overland Park, addresses the panel, identifying key points of development interest in the city.



Panelists interview a wide variety of community stakeholders.

- The utility companies are interested in pursuing partnerships to facilitate adoption of efficiency practices.
- New construction is easier to address, yet there are significant redevelopment needs for existing buildings.
- The energy upgrades are difficult to model to larger scales.
- Many in the development community lack awareness of energy efficiency programs and related benefits.
- Combining historic tax credits with some energy efficiencies can be difficult, e.g., energy-efficient windows may not meet “historic” design standards.
- There is currently limited access to attainable and energy-efficient housing.
- Pre-development funding support is needed.
- It is important to preserve naturally-occurring affordable housing.
- Overland Park is in a period of low vacancy rates, rising prices, and limited development opportunity for new projects, energy-efficient or not.

Following the tour and stakeholder interviews, the panel discussed the content shared, deliberated the best path forward, and outlined the following three areas of focus for the establishment of an EEIF for the Kansas City region:

- Identify the potential fund structure(s) and capital sources that might be tapped to launch and maintain the fund.
- Identify and agree upon key performance metrics to measure the fund’s success and community impact.
- Outline and pursue initially available lending tools to use in the EEIF.

FUND STRUCTURE AND CAPITAL SOURCES

The establishment of an Energy Efficiency Investment Fund, while not yet common practice, is not a new concept, and the Kansas City market will benefit from the expertise and best practices of other markets that have recently established a similar fund and are experiencing success. The fund structure and ongoing governance will be important to establish early as will the scope of the fund, the capital resources that will be leveraged, and the fund's ongoing management. The potential phasing of loan products and long-term considerations for the financial sustainability of the fund should also be addressed early in order to best prepare for any and all outcomes.

It is important to understand at the outset that the fund cannot operate successfully in a vacuum – it should be an integral part of a larger ecosystem designed to support energy-efficient practices, guide professionals in their adoption of energy-efficient products and processes, and amplify and leverage the operations of the fund.

Education and awareness. As indicated in the stakeholder interviews, there is much work to do around raising the visibility of energy-efficient building practices. The introduction of the EEIF, the loan products' availability, the application process, and ongoing measurements will be no different.

Information and research. Ongoing communication and information sharing amongst this and other EEIFs will support the operational success of this fund and future developmental improvements to EEIF structures, increasing the impact of the investments in EEIF networks.

Technical assistance. Given that an EEIF will be a new product offered in the market, technical assistance for those seeking and using the funding will increase utilization, support the funds' ultimate success, and accelerate the positive impacts on the residents and broader community.

Contractor training and certification. Contractors installing the energy-efficiency building materials or using the new building practices may also need additional technical

assistance and training to ensure their work will deliver the efficiencies promised by the materials or mechanics.

Referrals to trusted contractors and other service providers. Building a referral network of contractors and related service providers who are knowledgeable about and adept at the installation of energy-efficient materials and products will help support the further rollout of energy-efficient products and practices.

Referrals to financing solutions, including the EEIF. While the resources deployed in the EEIF will be an important factor in a project's capital stack, it will not be the only factor. Understanding the other financing solutions that can be layered with the EEIF, and providing referrals to trusted professionals in those spaces, will also help support the success of EEIF investments.

EEIF Geographic Scope and Goals

As work around the establishment of an EEIF for the Kansas City region unfolds, the panel strongly recommends an initial focus on the Kansas City, Missouri, market. Recent progress in Kansas City drove this focus and includes the adoption of the [Kansas City Climate and Resiliency Plan](#), the anticipated approval of the 2021 International Energy Conservation Code, which is ten percent more efficient than the previous code, the city's goal of enacting Building Energy Performance Standards (BEPS), and existing and

complementary public policy tools (e.g., PACE, utility incentives, etc.). The panel would like to see the fund gain traction first in one municipality – Kansas City, Missouri – and then scale the fund to include other communities, meeting market needs as expeditiously as possible. With this scalability in mind, the fund should be established in a manner that will provide flexibility for expansion into Overland Park and other surrounding municipalities.

As the fund begins rollout, ideal initial projects would clearly demonstrate the benefits of the EEIF and would serve as pilot projects for the establishment of data sets and prototypes to help launch a city BEPS. Ideally, the fund would serve all eligible property owners who apply and provide “carrots” or incentives to support the costs and the perceived costs of building code upgrades in projects.

Similarly, the fund could provide grants specifically focused on closing financing gaps in eligible projects’ capital stacks. Many projects pursuing deep energy efficiency and an achievable path to net zero will require incentives or grants in order to make the work financially feasible.

With regard to lending, the EEIF would engage all existing lenders to expand capital availability for energy-efficiency projects. The range of loan products could include direct loans, loan loss reserves, and guarantees for co-lenders. Loan officers should encourage and facilitate close coordination with grant programs and resources in order to maximize the impact of the EEIF investment. Finally, the EEIF could provide access to other public or private financing sources and other co-lenders who can help a project meet its financial demands.

Capital Resources

In the formation of the fund, two types of capital will be required: capital for lending (de-risking capital) to property owners and end users; and capital to maintain ongoing operations of the fund. Sources of capital for the fund range far and wide, from public (local, state, and federal sources) to philanthropic and other private sources, with the public funding serving as “anchor” capital in the fund with which the fund can then attract other private funding and philanthropic support.

Federal Funding. The November 2021 Infrastructure Investment and Jobs Act (IIJA) includes provisions to support energy efficiency.

- The Energy Efficiency Conservation Block Grant has a Kansas City, Missouri, allocation.
- The Energy Efficiency Revolving Loan Fund Capitalization Grant is also a possibility and will require allocation from the Missouri State Energy Office.
- The American Rescue Plan Act of 2021 (ARPA) provides funding via HUD, with \$8.4 million going to Kansas City for housing. Energy-efficiency upgrades are an eligible use of these funds. While further research is needed, there is an understanding that ARPA funding may also be available for energy-efficiency projects via the US Treasury.
- There may be newly established resources under the Build Back Better Act, should it pass, as well as via other federal climate legislation currently under consideration that has large pools of funding set aside for green banks and related financing mechanisms.

State Funding. There are a few funding options at the state level in Missouri, including the existing Missouri state-administered energy loan program, which is focused at the public entity level (school, local government, etc.) and might be applicable to and supportive of an EEIF formation. Additional research is warranted as well as research into a possible analog for the State of Kansas.

Local Resources. For the City of Kansas City, Missouri, there are a few local funding streams that could be leveraged to support an EEIF or serve as additional models for funding. The Central City Sales Tax District is a great example of how the will of the people can direct how funds are set aside for initiatives and could be a model for an EEIF. There is also an opportunity to seek set-aside funding from existing tax increment financing districts in the Kansas City area to support the EEIF goals and particularly goals around supporting attainable housing. Finally, the City Housing Trust Fund is funding model with a similar mission of addressing housing affordability for vulnerable residents. Housing trust funds could be paired with the EEIF to lower both rent and utility costs for the communities served.

Possible Capital and Operating Sources

Federal	State	Local*	Philanthropic	Private
<p>Infrastructure Bill (IIJA)</p> <ul style="list-style-type: none"> Energy Efficiency Conservation Block Grant (KCMO allocation) EE Revolving Loan Fund Capitalization Grant (requires Missouri State Energy Office to allocate) <p>ARPA</p> <ul style="list-style-type: none"> via HUD (\$8.4M to KC) for housing (EE is an eligible use) via Treasury <p>Potential newly established resources under potential Build Back Better or Federal Climate Legislation (TBD)</p>	<ul style="list-style-type: none"> Existing Missouri state-administered energy loan program (TBD) Further research into possible state resources recommended 	<ul style="list-style-type: none"> Central City Sales Tax District Set-asides from TIF City Housing Trust Fund <p>*These local sources of capital could be paired with EEIF-allocated funds to maximize impact.</p>	<ul style="list-style-type: none"> Capital grants Operating grants Program related investments Loan guarantees 	<ul style="list-style-type: none"> CRA-driven capital facilities Utility concessionary balance sheet loan

Public funds and deployment of funds into loans will help leverage private funding

A wide variety of lending sources may be available to help establish the EEIF.

Philanthropic Funding. It is worth noting that philanthropic funding support does not typically lead and instead tends to follow public sector anchor funding. There are examples around the country where capital grants have been secured as well as grants provided to support operations during the formation and launch of a fund. Once the fund’s operations are established, it is also possible to secure program-related investments, which typically take the form of a philanthropic loan to the fund’s balance sheet to expand the fund’s lending capital at low interest rates. Similarly, loan guarantees can work to enhance the borrowing position of the fund and further strengthen its outreach and impact.

Private Financial Support. With regard to private sources of capital, it may be helpful to look to banks that have Community Reinvestment Act requirements and have departments lending to CDFIs, helping them deploy capital in the local community. Likewise, utilities may also be willing to offer a balance sheet loan to the fund, hopefully on a concessionary basis, to help round out the capital resources.

Structure and Governance

In the formation of an EEIF, the structure of the fund should provide the following functions and flexibility:

- Accept public and private capital for lending and working capital;
- Enter into a contractual fund management relationship with a fund management platform;
- Serve Kansas City, Missouri, and expand geographically without significant friction or a need to redesign the fund structure;
- Be accountable to public policy goals established at the formation of the fund;
- Leverage its funding and the power of its balance sheet in order to create more lending capacity;
- Enter into a variety of financial transactions with properties, developers, contractors, and lending institutions to deploy the funding out into the marketplace; and

- Allow for transparent and inclusive public participation in the effort as a whole without burdening the EEIF's ability to efficiently deliver needed products and services.

Recommended Structure Options

The panel reviewed options for the organizational structure of the EEIF and arrived at two potential structures for further consideration.

501(c)(3). The formation of the EEIF via a new 501(c)(3) organization affiliated with Kansas City and/or other municipalities could provide a straightforward vehicle for raising philanthropic funding. The 501(c)(3) could be incubated with or housed within an existing sponsor for operational efficiency and mission alignment. There are a few technical limitations related to an energy focus for a 501(c)(3) organization, but those potential limitations can be overcome. A 501(c)(3) will also need to maintain good working relationships with public sector partners to maintain accountability to its public policy goals.

Clean Energy District. There is also an opportunity to form a "Clean Energy District" under Missouri RSMO 67.2800 statute authorizing PACE activities in Missouri. The clean energy district option comes with two paths to consider: a local jurisdiction joins an existing district, which Kansas City has done with Show-Me PACE and the Missouri Clean Energy District; or a local jurisdiction forms a new Kansas City-specific "clean energy board." The benefits to PACE are strong. In Missouri, there is a defined market-accepted manner by which a fund can accept public and private sources of capital. Under current state enabling legislation, it seems that the clean energy board can receive sources of capital from private, philanthropic, and public sources and structure flexible finance vehicles to meet the market need. The drawbacks to PACE are also important to consider. PACE funding may come with state oversight, and it is not clear that the philanthropic sector will be as ready to support a fund structured on PACE. It is also unclear if the underlying

statute allows for broad development and implementation of various financial vehicles. Finally, PACE may prove limiting for bi-state formation without the involvement of state legislatures if a contractual JPA is not sufficient.

Management of the Fund

Given the size and complexity of the initial \$10 million fund recommended herein by the panel, the ongoing management of an EEIF may best be outsourced to a professional asset management platform. The panel based this recommendation on the following rationale:

- It is expected that fund will initially be capitalized in the \$10 million range, which is a realistic goal for this type of fund, yet at \$10 million it is too small to merit investment in stand-alone operational capacity.
- A typical green bank or small CDFI operating budget ranges from \$1-3 million, which is only feasible for an entity at a capitalization of \$40-60 million.
- An outsourced platform allows for a faster launch with a small team. It is also cheaper to purchase the expertise and systems needed than to build the entity and support systems from scratch.

The possible caveat to this scenario is that it requires close management of the outsourced entity to ensure alignment with policy goals and impact metrics. It is also worth noting that there is substantial precedent in the energy efficiency nonprofit community for initially outsourcing and later internalizing these functions.

To pursue this outsourcing path, a number of early steps must be taken to find the best match in service provider. The initial fund capitalization would need to be identified and secured and the loan, financing products, and activities of the fund should be established. With these steps complete, it would then be time to issue a request for proposal to identify and secure a fund manager.

Potential options for a fund manager might include a housing-focused CDFI or other mission-driven, established retail lending operation with experience in energy and

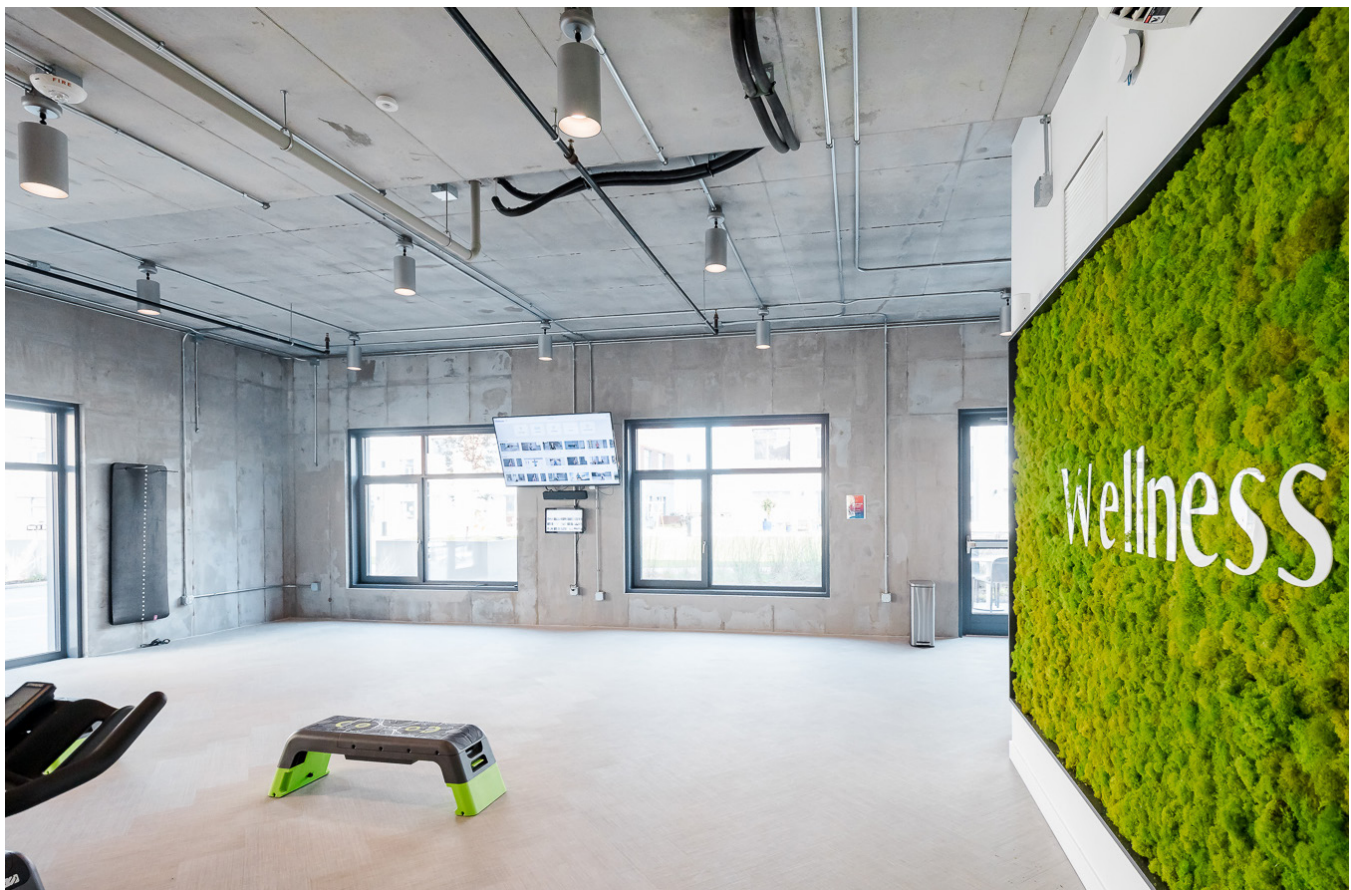
energy-efficiency lending. It might also be that an entity accustomed to operating as an intermediary, one that understands how to work with “riskier” mission-driven projects, or one that can contain and control incremental administrative costs might be a good fit.

How to Get Started

In a self-sustainable loan fund, the fund generates loan fees, revenue, or other fees of a quantity required to sustain the operating expenses of the organization. This operational efficiency is typically achieved when the entity has \$40 million in loans deployed. Given the \$10 million loan fund proposed by the panel, with \$9 million set aside for a lending capital pilot concept, once deployed, this model will only generate approximately \$270,000 per year maximum on a three percent spread. With a minimum

operating budget of \$500,000 for a \$10 million fund during deployment, before there is significant earned income, there will be a need for fundraising to fill the gap in operational funding. With that in mind, the 501(c)(3) structure or sponsor becomes more appealing as it will allow the fund to actively pursue philanthropic fundraising to supplement earned revenue and support operating expenses. (It is worth noting that some of the EEIF’s contemplated \$9 million lending capital may not revolve as quickly as desired, especially for longer-term transformative or impact projects or if term loans are part of the equation.)

Finally, the initial board for the EEIF will set the tone for the future and requires appropriate representation of various viewpoints and stakeholders. It will also require the ability to facilitate the raising of capital for the EEIF.



ARNOLD DEVELOPMENT GROUP

Common spaces, including those like this building gym, can benefit from the energy efficiencies gained throughout the building systems, reducing common area expenses for building owners and managers.

PERFORMANCE METRICS AND COMMUNITY IMPACT

In the formation of the EEIF, it is important to identify at the outset the desired outcomes for the fund and how its success will be measured. The TAP panel identified the following outcomes for the Kansas City EEIF: maintaining and supporting housing attainability; creating opportunities for health and wellness, specifically in multifamily attainable housing; creating and supporting walkable neighborhoods; providing education and workforce development to grow the green economy; and a host of other community benefits ancillary to these stated outcomes.

Through recent advances in climate policy in Kansas City – the climate plan and new building codes adoption – Kansas City has demonstrated a keen interest in green building practices. To help generate demand and, at the same time, alleviate perceptions around additional costs, the EEIF should align with the KCMO Building Code Updates and support the Building Energy Performance Standards efforts. The EEIF will also reinforce the policies of Climate Action KC and the goals of the city's comprehensive plan. For residents, there should be an interest in and information shared about the gains in resident affordability as well as opportunities for jobs in the green building sector and related economic development.

Key Performance Metrics (3 Years)

By the end of its first three years in operation, the EEIF should be positively impacting the community in a variety of ways, namely: improving environmental sustainability; promoting inclusive prosperity, health, and safety; supporting a clean economy; and achieving or approaching financial stability. By measuring performance at the outset and establishing a baseline, the projects supported by EEIF funding should be encouraged – or required – to track key metrics and benchmark the project(s) against program goals. The quality of the data and data transparency for the EEIF manager, property owners, renters, and other community stakeholders will further support improvements to the fund and broader ecosystem and help ensure that the energy-efficiency investment fund is functioning as intended.

EEIF Outcomes



Housing
Affordability



Health and
Wellness



Walkable
Neighborhoods



Education and
Workforce
Development



Community
Benefits

Environmental Sustainability. Although the panel was not able to arrive at a specific metric goal for emissions reduction without additional research, there should be a focus around annual greenhouse emissions saved and tracking metric tons of carbon dioxide eliminated on EEIF-supported projects. With regard to energy efficiency, the measurements around kilowatts saved on EEIF projects can and should be easily measured. Projected energy savings/ carbon emissions should achieve at least a 20 percent average energy efficiency across all projects served and achieve net zero at some of the projects supported by the fund. In the long term, projects should be required to report and comply with state benchmarking ordinances. Strengthening climate resilience is likewise important and worth supporting by the fund. Through improvements in stormwater management, additional solar deployment at project sites, and integration of additional clean energy sources (from the grid or otherwise), these EEIF-supported projects will be more resilient to the increasingly drastic changes in climate.

Community Impact, Health, and Safety. The panel recommends that 80 percent of the fund be dedicated to supporting attainable housing (and an estimated 20 percent of the 2,000 new multifamily units hitting the market each year should be set aside as attainable). According to a 2019 study conducted by DataKC, over 39,000 units of Kansas City’s existing multifamily housing are currently categorized as “cost-burdened.” Based on that figure, 900 units (2.5 percent) of the unsubsidized attainable housing units should be served in the first few years, and an additional 100 units of the Kansas City Housing Authority’s inventory should likewise be served to help strengthen the Housing Authority’s inventory and better serve their residents. There is a clear quality-of-life benefit to the residents in buildings and communities supported by the fund. From utility costs saved (kW saved equals dollars saved) to improved indoor air quality (IAQ) and comfort (with a goal of 100 units with improved IAQ per year), the benefits of EEIF improvements support climate goals and improve the daily life of residents living within. Over time, the percentage of dollars invested in low- to moderate-income communities will increase and those annual increases should be noted and tracked.



Green infrastructure, solar installations, and ongoing measurement can each be key components of a net zero strategy.

Clean Economy. Another positive impact on the community will be the creation of green jobs. The work the EEIF is designed to support will require a workforce that has been trained in the innovation ecosystem that accelerates climate action and supports the local economy. According to the [DC Sustainable Energy Utility](#), for every \$200,000 of loans awarded by the EEIF, one new job in the green economy will be created. There is also tremendous opportunity to partner with community colleges and trade schools to collaborate around building capacity in the trades and in the broader workforce for jobs related to green and clean projects. Other community stakeholders could join forces with the EEIF and regional educational institutions to host training and engagement events. Once the projects are complete and in the management stage, technical assistance for renters and building managers should be provided to help ensure that the energy-efficiency measures in the buildings are properly monitored and maintained.

Financial Stability. The EEIF will need time to build its portfolio and begin to see meaningful progress. Within five years, the panel would like to see the fund reach self-sustainability. Along the way, and even in these early years, there are additional metrics that should be considered, against which the fund can begin to track progress and success. The following is a list of additional metrics for further discussion and consideration amongst EEIF founders:

- Capital mobilized. Set a target for the amount of capital deployed each year and adjust annually as needed.
- Partners engaged. Given the community reach and impact of a fund of this nature, partners in the work will be instrumental in furthering the reach of the fund, the depth of impact, and the ultimate success of the fund. By identifying those initial partners and adding more to the ranks as the fund grows and matures, the fund will be better equipped to reach its goals.
- Applications received and approved. By tracking the number of applications received, the fund can understand the demand for these types of loans as

Building Energy Exchange KC (BE-Ex KC)

BE-Ex KC's advances building energy performance by mobilizing the professional expertise, funding, and technical resources needed to address affordability, improve the health and comfort of residents, and position Kansas City as a resilient and carbon-neutral region.

www.be-exkc.org

Working with Building Energy Exchange KC, an initiative of Climate Action KC, could provide the EEIF with the type of access required to begin to leverage the training, educational, and collaboration opportunities that might be available in the region's pursuit of green jobs, a more green built environment, and progress toward the Kansas City metropolitan region's Climate Action Plan.

well as the fund's market penetration. Tracking the number of applications approved, potentially alongside the number received, will be instructive and help fund leadership understand the educational needs of the products being deployed (e.g., if too few applications are approved, perhaps there is a disconnect in the scope of loan requirements and the projects under consideration).

- Leveraged capital. As the fund gains strength, it will be helpful to measure the expansion of the capital leveraged to further expand the reach and impact of energy-efficiency improvements. Other similar funds use a ratio of 5:1 as a leveraged goal – for every one dollar lent, it is repaid and can begin to fund five additional projects.

Application and Evaluation Process

Throughout the stakeholder interviews, it was clear that those developers and building owners who might be interested in the EEIF will not use it if it adds complexity or time to a project. It will be critical to create a simple yet effective application and evaluation process. Using a simple pre-approval function in the application process will signal that funds are available when certain criteria, including an attainability requirement, are met. It might be helpful for the EEIF to offer technical assistance to applicants to help address questions early, strengthen applications, and encourage project momentum in order to meet construction goals and timelines.

In order to understand how the funds will be invested, a baseline ASHRAE Level II audit can help provide a foundational level of understanding as well as a benchmark against which the improvements can be measured. The audit should integrate a visual inspection for health and safety improvements and provide a comprehensive recommendation report to the building owner. In some cases, it may be possible to use a rebate to cover the costs of the audit once the recommended improvements are implemented. Again, measuring and monitoring the performance of these improvements over time will be critically important.



ASHRAE Level II audits can provide building owners and developers with a baseline measurement against which to gauge the impact and success of energy-efficient improvements.

LENDING TOOLS

The foundation for an energy efficiency investment fund for Kansas City can be built using the proven models of similar funds from around the country. With leaders in the affordable multifamily green banking world like CT Green Bank, NYCEEC, and Inclusive Prosperity Capital, there are a myriad of examples of how a fund could be formed, supported, and maintained. Given the limited initial funding for an EEIF in Kansas City, it will be wise to start small and build to scale over time. Using an approach of establishing initial success and planning for future expansion, the panel recommends the Kansas City fund ultimately support both new construction and existing buildings, but start with the new construction projects as they will be easier to achieve in the early days of the fund, allowing it to gain strength and expand into more complex renovation projects as it finds acceptance in the market. None of this, however, will work without outreach.

The loan products offered by the EEIF must be developer- and owner-friendly. As stated, if the pursuit of these loans and their requirements add complexity and time to a project, there will be few developers or building owners who will be willing to apply. By designing a process that is easy and integrates both education and knowledge sharing around energy-efficient products and processes, the application process will have added benefit to the applicant and the fund.

Pre-development funding. Given the fact that much of the Kansas City market will be unfamiliar with many of the building products or practices supported by the EEIF, it will be important to provide access to capital for activities that are not well understood at the pre-development stage. One example is including capital for the installation of energy technologies that are not well understood in the market and not yet valued by lenders.

Mid-cycle lending. After the initial capitalization of a mortgage or project refinance, there is still a need for and limited access to capital mid-cycle. The EEIF could provide access to capital for design, engineering, and the audits necessary to get a project ready for refinancing. It is also possible that the EEIF could provide term loans for energy upgrades that do not require the owner to rearrange the project's capital stack.

Phase 1 Product Recommendations

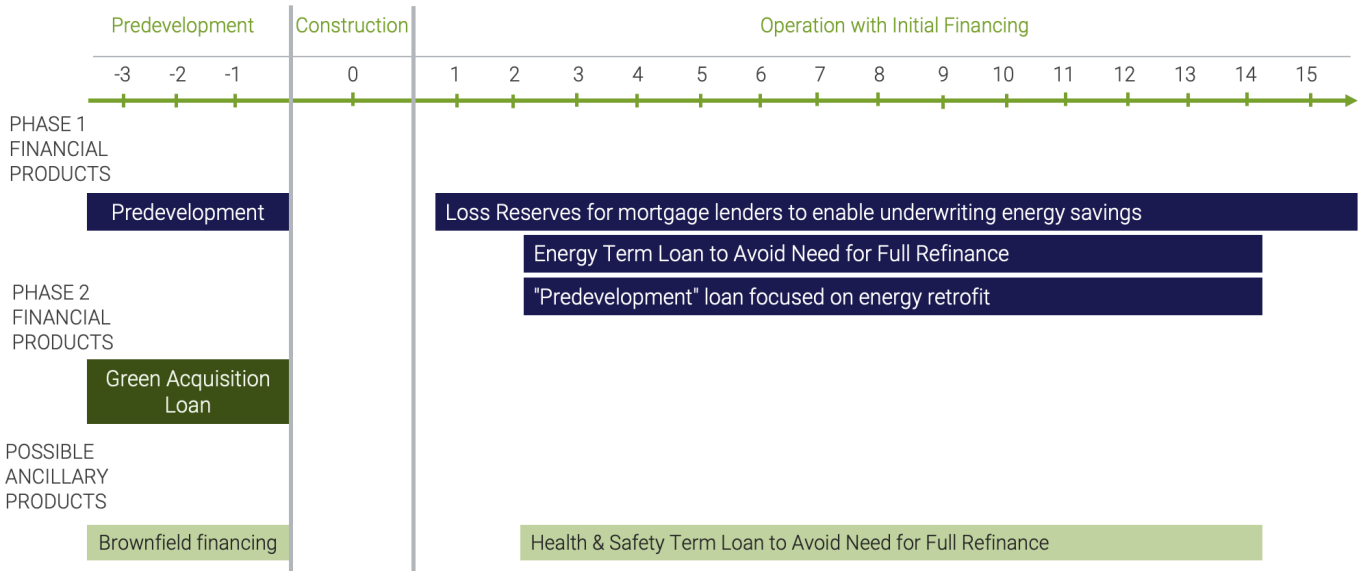
Pre-development Loan*

The purpose of the pre-development loan is to mitigate risk of pre-development activities for energy systems and upgrades and to prepare the project's work scope such that it is ready for permanent financing. Permanent financing could take the form of mortgage financing (green loan or other more conventional loan), C-PACE, or the EEIF's energy term loan (noted on the following page). The pre-development loan would be available to both new construction projects and for renovations to existing buildings (multifamily buildings of three or more stories) and could fund professional services such as design, engineering, audits, etc., as well as covering the costs of installing high-performance energy systems.

The pre-development loan terms could vary on a sliding scale of rates based on the EEIF's priorities (e.g., lower rates for lower incomes served, distressed census tracts, increased density, MBWE developers, etc.). The panel suggests a rate ceiling of 6.99 percent down to 1.99 percent on a two-year term, taken out when the project moves on to the construction phase. (Given the rising interest rate environment, these rates will change and are more dependent than ever on the ability to raise low-cost capital.) The loan amounts could vary from \$10,000 to

* all rates/terms subject to Fund capitalization

Timeline for Proposed Financing Products and Possible Ancillary Products



The EEIF could provide a wide variety of loan products to support projects at various stages of development.

\$1 million and the fund allocation (which is yet to be determined) would revolve within that allocation.

The following energy funds offer similar pre-development loan products: CT Green Bank, NYCEEC, Inclusive Prosperity Capital (IPC), DC Green Bank, and Philadelphia Green Capital Corp.

Energy Term Loan*

The purpose of the energy term loan is to fill a market gap for properties that are mid-cycle, not ready to refinance, or cannot take on additional mortgage-secured debt. Like the pre-development loan, this loan product would be available for new construction, but the loan is really effective for existing multifamily (three stories or more) buildings and could fund the installation of high-performance energy systems and upgrades.

The energy term loan is non-mortgage secured and is instead alternatively secured via UCC-1s, corporate guarantees, etc. This loan would also come with an expanded underwrite including the property financials as well as verifiable energy and operations and maintenance savings, which allows for greater borrowing.

Similar to the pre-development loan, this loan could provide a sliding scale of rates based on the fund's priorities and range from 5.79 percent for five years up to 6.99 percent for 20 years. (Rising rates again point to the importance of access to low-cost capital.) A discounted rate (down to 4 percent) could be offered the deeper the project delivers on the fund's priorities. Loan amounts might range from \$50,000 to \$1.5 million. The yet-to-be-determined fund allocation would again revolve within that allocation.

References for similar loan products can be found at the CT Green Bank, IPC, and Philadelphia Green Capital Corp.

Loan Loss Reserve for Mortgage Lenders*

The loan loss reserve for mortgage lenders is a credit enhancement designed to attract or crowd in mortgage lenders to lend additional proceeds for projects with deeper energy project scopes. This allows the fund to leverage the dollars of private lenders for energy projects, and a good leverage ratio of 7:1 is possible. This loan loss reserve could apply to new construction projects or renovations to existing buildings, all three stories or more of multifamily buildings.

* all rates/terms subject to Fund capitalization

	Pre-Development Loan	Energy Term Loan	Loan Loss Reserve
Purpose	Mitigate risk of pre-development activities for energy systems/upgrades, get a project's work scope ready for permanent financing Could be mortgage financing (green or regular), C-PACE, or Fund's Energy Term Loan	Designed to fill market gap for properties that are mid-cycle/ not ready to refinance, and/or can't take on more mortgage-secured debt	Credit enhancement designed to crowd in mortgage lenders to lend additional proceeds for projects with deeper energy project scopes
Cycle	For new construction or existing buildings, all 5+ multifamily	For [new construction or] existing buildings, all 5+ multifamily	For new construction or existing buildings, all 5+ multifamily
Uses	Design, engineering, audits, etc. of high-performance energy systems		
Terms	Sliding scale of rates based on Fund's priorities (e.g., lower rates for lower incomes served, distressed census tracts, increased density, MBWE developers, etc.) Ceiling of [6.99]%, down to [1.99]%	Non-mortgage secured, alternatively secured (UCC-1s, corporate guarantees, etc.) Expanded underwrite: property financial underwrite PLUS; verifiable energy and operations and maintenance savings Sliding scale of rates based on fund's priorities (e.g., lower rates for lower incomes served, distressed census tracts, increased density, MBWE developers, etc.). Range of [5.79]%/5 years up to [6.99]%/20 years. Discounts down from this the deeper the project goes on Fund priorities, down to [4]%	Loss reserve is credit enhancement in qualifying projects, drawn down by mortgage lender on a project basis Loan amounts of \$[50]K to \$[1.5]M
Fund Allocation	[TBD] and revolves within that allocation	[TBD] and revolves within that allocation	[TBD] and revolves within that allocation
Reference	CT Green Bank, NYCEEC, IPC, DC Green Bank, Philadelphia Green Capital Corp	CT Green Bank, IPC, Philadelphia Green Capital Corp	NYCEEC (for public and private lenders)

all rates/terms subject to Fund capitalization

The loss reserve serves as a credit enhancement in qualifying projects, drawn down by a mortgage lender on a project basis, and loan amounts would likely range from \$50,000 to \$1.5 million. The fund allocation is yet to be determined and revolves within that allocation.

For reference, the NYCEEC offers this product to public and private lenders.

Phase 2 Product Recommendations

In another pre-development phase of a project, the EEIF could offer an acquisition loan designed to assist in the acquisition of land for deep green attainable multifamily housing development. Acquisition financing lies within a significant gap in the market, and this will unlock green attainable housing development, particularly in distressed areas of the Kansas City market.

The NYC Acquisition Fund and IPC (launching later in 2022) may provide guidance in how this loan product is designed and operated.

Ancillary Product Recommendations

In addition to the Phase 1 and Phase 2 products, there is an opportunity to bring other capital into the fund for related green activities.

Health and Safety Term Loan

A health and safety term loan is designed to provide loans for the remediation of health and safety issues that prevent the installation of high-performing energy systems. Mitigating environmental concerns such as asbestos, lead, and mold could qualify for this type of loan as might the resolution of structural issues, etc. The CT Green Bank and IPC both offer these loan products.

Brownfields Remediation

Loan products designed for brownfields remediation could unlock long-term, low-cost financing from EPA and state brownfields program, the latter of which is receiving significantly increased funding under the Infrastructure bill.

Market Support Needed

Introducing these loan products to the Kansas City market and helping to drive originations will require thoughtful planning and support. Loan applicants may need assistance navigating the financing application process, and creating a one-stop-shop for developers and building owners, connecting them with incentives, service providers, and technical assistance would be most welcome. Similarly, a peer-to-peer network for developers and owners might provide additional avenues for sharing what works well and where people are finding success in the Kansas City market.

In addition to assisting developers and owners with loan navigation, it would be helpful to introduce the products to private and public lenders and work to educate the market around the benefits of EEIF lending. Sharing case studies of success from projects in markets where these products are in play may help ease the transition with these new product offerings.

There are also promising partnership opportunities to provide workforce development integration around EEIF activities. Working with small or diverse contractor accelerators (Elevate in Illinois and Michigan) and emerging developer networks (ULI Kansas City's REDI program), the loan products can find a broader audience and expand the EEIF's impact, benefiting these emerging entrepreneurs while building energy efficiency into the city's building inventory.

The panel emphasizes that the EEIF's success requires strong initial support and will not happen without...

**Outreach
and
More capital.**

NEXT STEPS

The organization and launch of an energy efficiency investment fund for the Kansas City metropolitan area is an exciting proposition and one that has the potential for transformative impact as the region continues its work to mitigate the effects of climate change and reduce the carbon produced by the built environment. With a goal of net zero by 2050, the addition of an EEIF to the Kansas City market will support these efforts in measurable and meaningful ways. With proven models in other markets, there are resources to tap in the development of the fund, and Kansas City leadership should be encouraged by these opportunities. Yet hard work lies ahead.

Although the launch and functions of the fund will benefit greatly from industry and community collaboration, there should be a point person or organization identified to champion the formation and operation of the fund. That person or organization will serve as the convener, the cheerleader, and the point of contact for those interested in partnering, participating, or otherwise supporting the activities of the fund. This champion role aligns with the mission of Building Energy Exchange KC and would be the preferred role for helping facilitate the development of the EEIF

Supporting that person or organization should be a steering committee or board of directors. This group of supportive leaders can help to keep the formation process moving and provide vocal support for the fund in conversations around future partners, philanthropic funders, and community stakeholders. This visible leadership, while providing board support and industry insights, will also signal to the broader lending and development community the importance of the fund and their support of the energy efficiency activities it finances.

With an initial focus on the City of Kansas City, Missouri, the fund will need to coordinate with appropriate city and municipal staff to create an entity to launch the fund. Once firmly established in the market, the fund can look to expand into Overland Park, Kansas, and other municipalities

in the surrounding region.

Early tasks in the establishment of the fund will include the identification of a fund manager and negotiation of a service contract. Whether built in-house or, more likely, outsourced to an existing entity with experience in housing and energy efficiency, this critical step will need to take place early to help ensure that the fund has the technical support needed to provide funders with confidence in the fund's future success.

With the champion, steering committee, fund manager, and initial funding in place, the EEIF can launch its loan products into the market and establish a baseline against which it can begin to measure its success and impact on the decarbonization of the built environment in the Kansas City area.

The concept of an EEIF or green bank is still relatively new, yet models across the country have proven that this work is viable, impactful, and sustainable. By leveraging the expertise of green banks in other markets, and bringing their best practices to Kansas City, the region can begin to see improvements in energy consumption and carbon reduction. It is said that the best time to plant a tree was 30 years ago; the second-best time is today. The same can be said for funding work to decarbonize the built environment. The best time to launch that work is today.



ABOUT THE PANEL



Susan Leeds
Panel Co-Chair
Founding CEO Emeritus
NYCEEC

Susan is the founding CEO emeritus of NYCEEC. She launched, built, and managed all aspects of the organization from its inception in 2011 through 2018. Her CEO responsibilities focused on business development, loan originations, communications, and development. Susan currently provides strategic consulting to state and local governments, non-profits, and private businesses in energy efficiency financing and the building decarbonization space. Susan specializes in green bank formation and management and in developing financing solutions to mitigate climate change. Susan's 33-year career includes over twenty years working in capital markets and many years in the environmental advocacy and non-profit sectors. Susan has held executive positions in mortgage-backed securities, financial institutions banking, and public finance at Deutsche Bank, GE Capital, and Prudential. Susan was a senior finance fellow at the Natural Resources Defense Council where she managed NRDC's financial sector advocacy with the goal of directing capital towards energy efficiency and clean energy solutions. Susan received an MBA in finance from the Wharton School at the University of Pennsylvania and a BA from the University of Pennsylvania.



Doug Stockman
Panel Co-Chair
Principal
Helix Architecture + Design

Doug is an owner/principal of Kansas City-based Helix Architecture + Design. His prolific work with clients who, like him, are committed to the rejuvenation of the urban context has contributed to the revitalization of neighborhoods and communities throughout the region, where Doug has led more than 50 mixed-use residential projects. Doug's reputation for his visionary work in affordable housing, multifamily housing, market-rate dwellings,

and student housing precedes him. Many of his projects leveraged LEED-certification, federal and state historic tax credits, and a variety of municipal and state incentive mechanisms. Deeply involved in his community, Doug serves as a board member and past chairman of the KC Downtown Council (KCDTC), and past chairman of the KCDTC Greenspace committee. He is currently a board member of Planet Play Children's Museum and serves on the Dean's Advisory Council for the Kansas State University College of Architecture and Design. He has held numerous civic board positions over the years, most recently serving on the fundraising committee for the Leukemia and Lymphoma Society of Kansas City. Doug's work has been published nationally and recognized with local, regional, and national design awards. He has collaborated with artists of different disciplines to produce integrated works of art and architecture, receiving numerous accolades. In addition to chairing many design award committees, Doug has been a key contributor to a robust local conversation about the quality of the designed environment.



Andrew Chintz
Affordable Housing Expert
Energy Infrastructure Partners

Andrew Chintz develops and implements programs and projects for energy efficiency and clean energy with a focus on the affordable

housing, community development, and public sector market. He has a seasoned career spanning 30 year as a senior level municipal and real estate finance expert, including 24 years in diverse roles at MBIA, a municipal bond insurer. Andrew played a leadership role in MBIA's \$10 billion privatized military housing bond portfolio in marketing and transacting new business and portfolio management. His credit and transactional experience includes a wide range of programmatic and project financings for real estate-related municipal clients including housing authorities, universities, non-profit owners, and tax Increment financing and special assessment districts. He began his career at MBIA launching a new financial product and growing the business to an \$8 billion

portfolio. As a founding board member and Chairman of the Energy Improvement Corporation, Andrew was instrumental in developing and launching New York State's PACE program. He led Demand Aggregation for NYSERDA's RetrofitNY program, which adopts the European "Energiesprong" model to drive a scalable, whole building approach and a net zero energy building solution. Andrew led market development for the NYC Energy Efficiency Corporation to drive solar and storage projects in the affordable housing and community development markets. Andrew serves as the financing specialist for the NYC Accelerator assisting building owners to implement NYC Accelerator PACE Financing. Andrew enhances his professional work with active engagement in various municipal and community development organization boards. He received BA from Connecticut College and an MS from Columbia University concentrating in urban planning, preservation, and finance. Andrew received a Certificate in Sustainability Finance from Columbia University's MS Sustainability Management Program.



**Michael
Freedman-Schnapp**
Managing Director
Forsyth Street Advisors

Michael Freedman-Schnapp is Managing Director at Forsyth Street Advisors, a financial advisor to public

and private organizations that create and preserve affordable housing, reinvest in disinvested communities, promote clean energy, and finance public sector projects. Since 2015, Michael has worked in all of the firm's practice areas, with particular emphasis on advising clients in the areas of impact investment, community development, and clean energy finance. As part of this work, he has helped guide the creation of the Baltimore Neighborhood Impact Investment Fund, Inclusive Prosperity Capital, and the Southland Development Authority. Prior to Forsyth, Michael served the New York City Council for five years, most recently as the Director of the Policy & Innovation Division. In this position, he directed the expansion of participatory budgeting to over half of New York City, the compilation of the Council's platform to combat climate change, and the drafting of landmark legislation reforming the Council's rules to make the body more democratic, effective, and transparent. Prior to that, he served as Director of Policy of the Office of Council Member Brad Lander, a nationally-recognized housing policy expert. Michael is the founding Board Chair of the Riders Alliance. He has served as Visiting Assistant Professor

at the Pratt Institute's Graduate Center for Planning and the Environment and an Adjunct Assistant Professor of Public Policy at the NYU Wagner Graduate School of Public Service. Michael holds a Master of Urban Planning from the NYU Wagner School and a BA in Archaeology from the University of Virginia.



Davin Gordon
Hall Family Foundation

Davin Gordon is Program Officer for the Hall Family Foundation, a private philanthropic organization dedicated to enhancing the quality of human life in the Greater Kansas City area.

Davin was previously a director of business development for AltCap, a Community Development Financial Institution (CDFI) that invests in small business, particularly those in underserved communities. In this role, Davin promoted investment in capital-starved local communities and was responsible for identifying and implementing strategies that build awareness and opportunities to support AltCap's alternative, nontraditional financing products.

Davin is a member of the Greater Kansas City Chamber of Commerce Centurions Spring Class of 2021 and was recognized as a Kansas City Business Journal NextGen Leader 2019. He is currently on the Board of Directors of Startland and Kanbe's Market. Davin received his B.S. in Business Administration focusing on finance/accounting from Rockhurst University in 2013.



Sara Greenwood
Principal
Greenwood Consulting Group

Sara Greenwood is a LEED Fellow and sustainability consultant with over 16 years of experience. Her expertise and insight into emerging green building

practices and technologies provide a unique perspective for clients pursuing green building certification and sustainable business initiatives. She helps teams manage the certification process to achieve their performance goals. Her projects range in building type and are located nationwide. She has supported the US Green Building Council to inform updates to the last two versions of the LEED rating system, participated on the LEED Steering Committee, and served as one of a few LEED project reviewers for GBCI.

Sara currently serves on the LEED Advisory Committee. She has demonstrated experience with other green building certification programs including the WELL Building Standard, Green Globes, ENERGY STAR, and the Collaborative for High Performance Schools (CHPS). Sara founded her consulting firm, the Greenwood Consulting Group based in Kansas City in 2012 and it is a certified Women's Owned Business. She is passionate about improving the health and lifestyle of building occupants through the WELL Building Standard and has had several speaking engagements on the topic. Today, she is WELL Faculty™. Developing sustainable business practices is also one of the Greenwood Consulting Group's greatest strengths. Through an exploratory process, the Greenwood Consulting Group uncovers green practices that currently exist within a company, then works to generate effective initiatives that meet the needs of the organization, and determines tangible milestones through a collaborative approach. Examples of work products include guidelines for tenant improvements, policies for operational purchasing procurement, green housekeeping programs, energy benchmarking, waste management plans, and greenhouse gas emissions inventory with reduction strategies. Climate services have extended from corporate clients to higher education institutions and municipalities interested in understanding their operation-wide greenhouse gas emissions and developing a roadmap to meet set goals or commitments. The Greenwood Consulting Group develops the climate action plan based on emissions reduction targets.



Brian Handshy
Public Affairs Officer
U.S. Department of Housing
and Urban Development
Kansas City Regional Office

Brian Handshy is the Public Affairs Officer in the Region VII Kansas City office. His duties include stakeholder

outreach and working with external affairs and media contacts to address issues related to HUD policy and programs. Prior to joining FPM, Brian served as Senior Advisor to the Director, Office of Recapitalization, helping the Department to expand efforts to reposition public housing and multifamily housing to longer-term and more stable Section 8 contracts and access private debt and equity. Brian also has played an integral role advising the FHA Commissioner and working with professional committee staff in the House and Senate, the Office of Management and Budget

(OMB), and local and state elected officials across the nation on matters related to single-family, multifamily, healthcare and manufactured housing budget, law, and policy development. Before the FHA, Brian joined HUD as a Presidential Management Fellow in 2012, where he helped work with the incumbent Deputy Assistant Secretary for Housing Counseling to stand up the newly formed office as part of the requirements founded in the Dodd-Frank Act (2010), including the creation and implementation of the newly required Housing Counselor Testing and Certification requirements for over 2,400 HUD counseling agencies. In addition to his time at HUD, Brian has substantive experience leading teams in the private and non-profit sectors. Most recently, he was managing director at his consulting firm, focused on client exploration of green financing options and commercial real estate development. From 2016 to 2018, Brian was the Director of Market Development for Renovate America, a provider of online consumer finance loans, building out its Midwest market across fourteen states, including Iowa, Kansas, Missouri, and Nebraska. Brian also has worked at the Kansas Department of Commerce overseeing grant review on non-entitlement Community Development Block Grant applications, the Unified Government of Wyandotte County implementing Neighborhood Stabilization Program funds, and as a Housing Program Manager at Blue Hills Community Services (Kansas City, MO) working in lead stabilization and weatherization efforts in economically depressed neighborhoods. Brian served honorably in the United States Navy where he worked as a construction project manager, leaving active-duty service in 2009. He is the recipient of multiple Navy Achievement Medals and the Joint Service Commendation Medal for services in Operation Iraqi and Enduring Freedom in 2007. Brian completed his undergraduate work at Fort Hays State University, his graduate work at the University of Kansas (public administration), and is working toward a second graduate degree in finance at the University of Missouri – Kansas City. He and his wife Annie live in Weatherby Lake, Missouri, north of Kansas City, with their son Benton and cats Sophie and Charlotte.



Shalanda Holmes
Director of Real Estate
Development
Urban Neighborhood Initiative

Shalanda Holmes, Director of Real Estate Development for Urban Neighborhood Initiative (UNI), was

born in Kansas City, Missouri, and attended Iowa State University, College of Design and University of Minnesota, Humphrey School of Public Affairs. Shalaunda spent over 15 years in Minneapolis, Minnesota, working in housing development and policy for a well-respected nonprofit community development corporation and for the notable City of Minneapolis, building and creating policies around housing. Upon returning to Kansas City, Shalaunda located back to the eastside of Kansas City, Missouri. Shalaunda's time in the housing sector has provided her with a clear understanding of the socio-economic challenges the housing industry has always faced. Providing housing choice in communities and access to a living wage will affect communities for generations. Relocating back to Kansas City has reignited Shalaunda's passion for quality housing that is affordable to every income level. Shalaunda currently lives and works in Kansas City, Missouri, has been a member of Urban Land Institute for six years, and currently serves on the ULI Kansas City management team as Co-Chair for the Real Estate Diversity Initiative Program.



Allan Kotin

Allan D. Kotin & Associates

Allan Kotin has over 50 years of experience in real estate economics with an emphasis on financial planning and redevelopment. He is proficient in transaction negotiation,

financial structuring, and market assessment for developers, investors, lenders, and public agencies. Entering the real estate field in 1963, Allan held key positions with several major real estate consulting and strategic planning firms before founding Kotin, Regan & Mouchly, Inc. (KRM) in 1980. This firm operated from 1980 to 2001 under the names KRM, Sedway Kotin Mouchly Group, KMG Consulting, and PCR Kotin. Allan D. Kotin & Associates (ADK&A) was formed as one-man sole proprietorship in 2001. Allan's management responsibilities have included market research, feasibility analysis, development monitoring, and strategic planning. Since 1980, Allan has been actively involved in public private joint ventures, often acting as a key strategist and negotiator for public agencies in major redevelopment and asset management transactions. Within this area, Allan developed particular expertise in participatory ground leasing, a topic on which he has lectured before several national associations of government officials. He has been a key member of lease negotiating teams on several of the largest ground lease

transactions in Southern California, including Marina City Club at Marina del Rey, Hollywood Highland in Hollywood, Paseo Nuevo Shopping Center in Santa Barbara, and Monterey Marketplace in Rancho Mirage. In addition to consulting work, Allan teaches and lectures widely. He recently retired after 35 years of teaching as an adjunct professor at the University of Southern California Price School of Public Policy, where he taught classes on public-private enterprise planning, the development approvals process, and real estate finance. Allan has lectured at the Harvard Graduate School of Design and has taught real estate economics at the University of California School of Architecture and Urban Planning. He is a frequent lecturer, presenter, and panelist at conferences for the Urban Land Institute, the International Council of Shopping Centers, the former California Redevelopment Association, and other organizations. Allan is continuing his teaching efforts as part of the Urban Land Institute courses in the use of Excel for Pro Forma Analysis of Development Projects.



Kerry O'Neill

Chief Executive Officer Inclusive Prosperity Capital

Kerry E. O'Neill is the Chief Executive Officer of Inclusive Prosperity Capital, Inc., a nonprofit investment fund that was spun out of the Connecticut Green

Bank in 2018 to scale up impact for underserved communities and underinvested markets across the country. Inclusive Prosperity Capital operates at the intersection of community development, clean energy finance, and climate impact using a collection of products and strategies and an ecosystem approach to matching capital supply with project demand through mission-aligned partners on the ground. Prior to joining IPC, Kerry led the residential energy financing programs and low-income initiatives at the Connecticut Green Bank, a state entity that works with private-sector investors to create low-cost, long-term sustainable financing for clean energy to maximize the use of public funds. Her work at IPC and the Connecticut Green Bank has given her keen insight into the institutional challenges – and opportunities – associated with clean energy investing for underserved communities. Prior to joining the Green Bank, Kerry held executive management roles in strategy, operations, and marketing in diverse sectors including financial services, energy efficiency, e-commerce, and direct marketing. She earned a BS in computer science and engineering from MIT and an MS from NYU Tisch School of the Art's Interactive Telecommunications Program.



Emmet Pierson, Jr.
President and Chief Executive Officer
Community Builders of Kansas City

Emmet Pierson, Jr. is President and Chief Executive Officer of Community

Builders of Kansas City. Emmet brings a depth of experience, community, and political connections as well as national leadership expertise into his new role with CBKC. Emmet's real estate development experience spans nearly 30 years, having served as director of real estate for the Community Development Corporation of Kansas City and as senior advisor for the Housing and Economic Development Financial Corporation of Kansas City. Emmet began his career with CBKC in 2001 where he advanced to vice president of real estate development before leaving in 2007 to form North 40 Development, LLC, a development management consulting firm specializing in mixed-income housing, public private partnerships and numerous other community and economic development issues. Emmet also has extensive experience with professional associations including serving as chairman of the Lee's Summit Housing Authority and on the board of directors of the Black Community Fund. In addition, Emmet has served as a commissioner and treasurer for PortKC, chairman of the policy committee for the National Congress for Community Economic Development, and on the board of directors of Kansas City Beautiful, an affiliate of the national litter reduction program, Keep America Beautiful.



Jay Wilson
Vice President, Sustainability Project and Development Services
JLL

Jay is Vice President of Sustainability in the Project and Development Services

Group in the Washington, DC office of JLL. He has over 16 years of sustainability and resilience consulting, project management, and architectural design experience. Jay leads sustainability consulting services for JLL Mid-Atlantic, working directly with clients and project teams to achieve healthy and productive interior environments, energy savings through system optimization, compliance with regional regulations, and integration of clean energy technologies. These unique offerings guarantee long-term operational savings and meet corporate sustainability goals, driving businesses towards even further growth. Jay is a registered architect and green building expert, focusing on advancing sustainable development, planning, and project execution. Prior to joining JLL, Jay served as Senior Policy Advisor to the Director at Washington, DC's Department of Energy and Environment, where he advised local agencies and development teams on sustainability and resilience. Notably, Jay led the application and certification process for DC's first of its kind LEED for Cities Platinum Certification and launched the DC Green Bank, a new finance institution that leverages public funding to attract private investment for sustainable building projects.



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