

February 4th, 2026

# Affordable Multifamily Retrofit Series

WEBINAR #2: Financing



LADWPCAMR.com



We will start promptly at 10am



Recording



Slides



Q&A

# FLOW CHART



# AGENDA

- Project Economics
- Stacking Funding Sources
- California Incentive Programs
- Financing Models
- Co-Benefits
- Q&A





## HOST

DAVID HODGINS  
Founder & CEO

# SUSTENTO





Build 1 OR Preserve 2 with the same funding

# THE CASE FOR PRESERVATION

**111k**

NOAH units lost in LA  
from 2010 - 2019

**50%**

cheaper vs.  
new construction

**2:1**

national  
loss ratio

**68%**

carbon savings

**10X**

faster

**0**

waiting

Source:

LAist / LA City records, 2023; Harvard JCHS & Landmarks Illinois, 2023, McKinsey, 2025



# WHY THIS MATTERS

**Housing  
Affordability**

**Aging  
Buildings**

**Extreme  
Heat**

**Air  
Pollution**

**Utility  
Bills**

**Regulation**

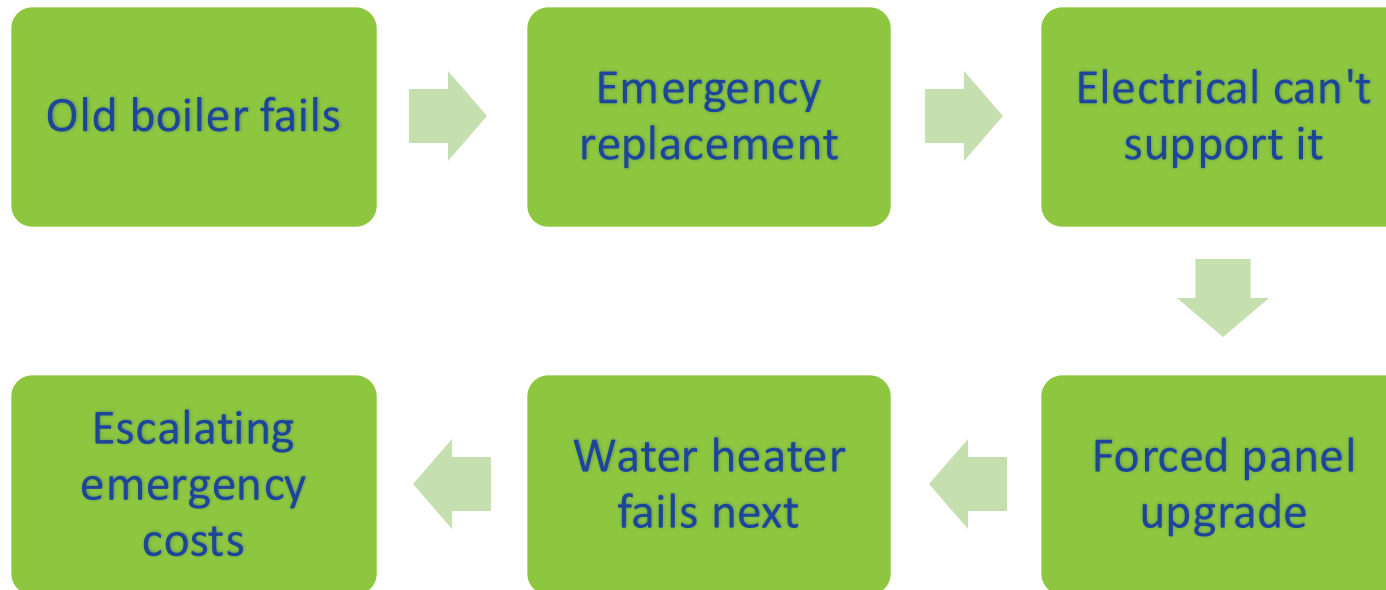
**Access to  
Funding**

**Safety**



# AVOIDING THE DOMINO EFFECT

Unplanned system failures cascade:



Coordinated planning prevents this chain reaction.



# PROJECT ECONOMICS

Think Whole-Building, Not Single Upgrades

**Decarbonization must fit into your full capital improvement plan**

Don't isolate energy upgrades, integrate them with your complete repair schedule





# PROJECT ECONOMICS

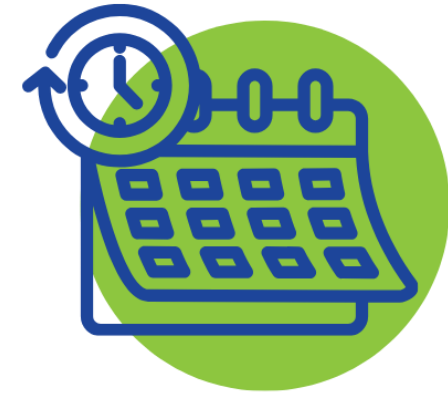
Think Whole-Building, Not Single Upgrades

Preservation =

Rehab +

Decarb +

Stabilization





# PROJECT ECONOMICS

Think Whole-Building, Not Single Upgrades

**Preservation =**

Rehab +

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# PROJECT ECONOMICS

Typical Cost Per Unit

**±\$20,000 - \$30,000 per unit**  
**(budget baseline for multifamily  
decarbonization / MEP upgrades)**

This is a rough estimate that varies by building condition and scope / depth of upgrades.





# PROJECT ECONOMICS

Incentives Cover Costs → But Pay Later

**30-80%+ cost coverage is possible**

- ✓ Significant financial support
- ⚠ Reimbursed **AFTER** installation
- ⚠ Requires application compliance
- ⚠ Must follow program rules

This timing creates the need for upfront financing





# PROJECT ECONOMICS

## When You Have Limited or No Reserves

**External financing becomes essential**

**Look for lenders who understand:**

- Affordable housing operations
- Energy upgrade projects
- Incentive payment timing
- Preservation financing

**Options include:**

- Traditional loans
- Green project financing products
- Entity level Revolving Credit Facility



**Start with lenders you  
already have a relationship  
with – they know  
your organization**



# PROJECT ECONOMICS

## The Physical Needs Assessment (PNA) Connection

~50% of typical PNA items connect to decarbonization



### MECHANICAL

- Heating
- Cooling
- Ventilation



### ELECTRICAL

- Wiring
- Panels
- Appliances



### PLUMBING

- Water Heating
- Pipe Systems



# PROJECT ECONOMICS

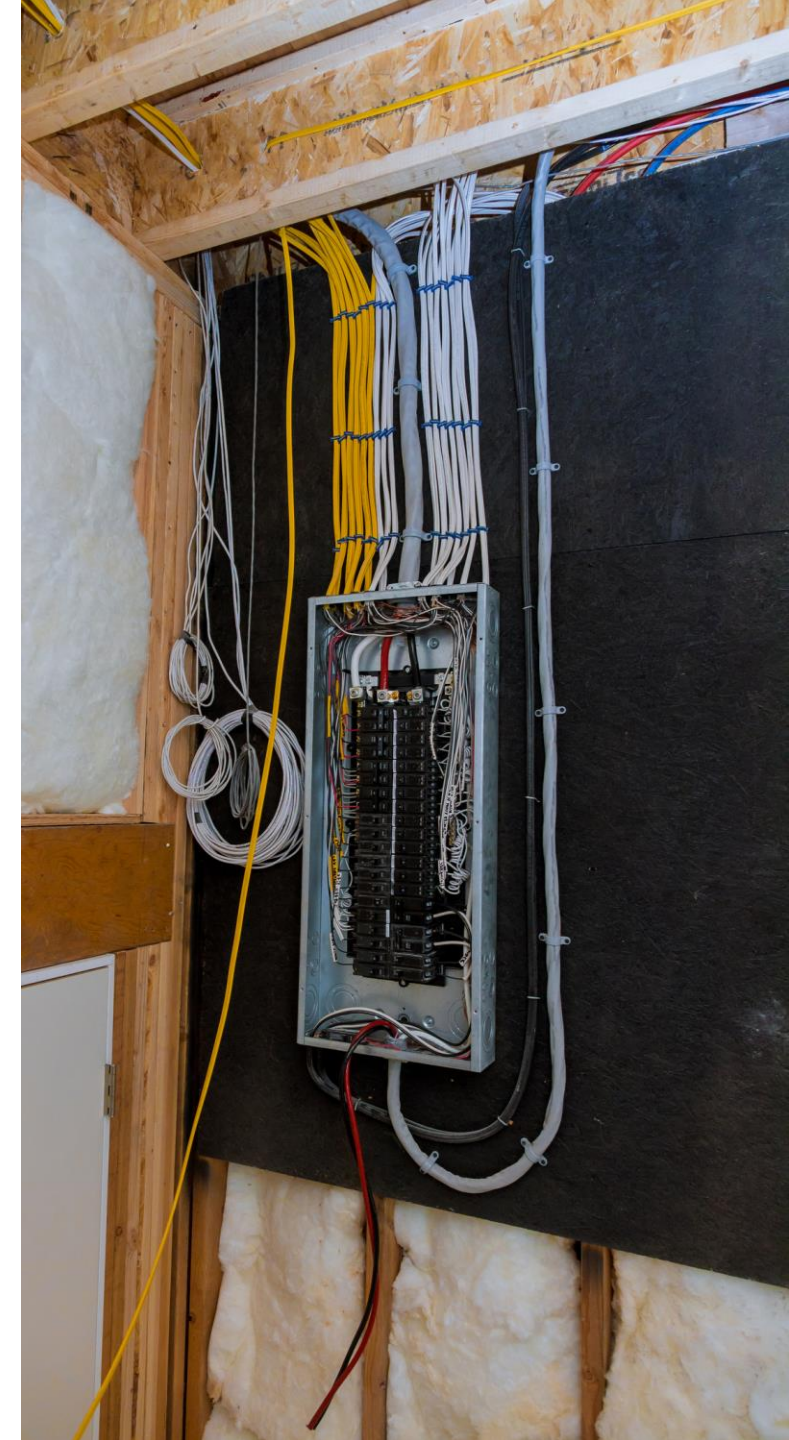
## Infrastructure Constraints

**Older buildings may need electrical infrastructure upgrades to support additional electrical loads.**

- Panel upgrades
- Wiring capacity
- Load distribution
- Safety compliance

**⚠️ Electrical Infrastructure can cost \$15-20K/unit**

Unless infrastructure upgrades are already needed / desired, tailor scope + specify equipment to avoid infrastructure upgrades





# PROJECT ECONOMICS

## Start With What You Have

### Review your existing resources

- Operating budgets
- Replacement reserves
- Unrestricted funds
- Current capital improvement plans

### Compare existing resources vs. Total Needs

- PNA (Rehab + Decarb) + Stabilization
- *Could financing enable projects we want to do, but couldn't otherwise?*





# PROJECT ECONOMICS

## Plan Ahead for Financing

### Build Internal Support + Map Decision Process

- Necessary approvals
- Decision process
- Preferences & constraints
- Asset & overall cashflows
- Existing lenders
- Review potential financing options





# STACKING FUNDING SOURCES

- 1 Reserves**
  - Money you've already saved
- 2 Incentives**
  - Rebates tied to specific equipment or measure (action)
- 3 Grants**
  - Free funds, no repayment required
- 4 Financing**
  - Loans, refinancing proceeds, re-syndication

**GOAL: Stack funding sources to reach potential 100% coverage**



# CASE IN POINT

## ELACC'S LORENA TERRANCE

<b>Retrofit Total</b>	<b>\$1,628,402</b>
AQMD	\$390,000
LIWP	\$433,725
CAMR	\$453,968
TECH	\$200,900
Grants	\$150,000

91% of total project costs covered

9% Remaining

100% financing via CDFI (RETR Fund)

Grants covered financing costs



ELACC started with NO deep decarbonization experience and succeeded.



# CALIFORNIA'S MAJOR INCENTIVE PROGRAMS

Incentive Programs Typical Refer to Other Programs

## LOCAL



- Free building assessments
- Technical assistance
- Low-income multifamily
- [www.ladwpcamr.com](http://www.ladwpcamr.com)



- Rebates for all-electric heating & hot water
- Replace gas/propane equipment

## STATE



- Free technical help
- Solar panels
- Statewide coverage



- Training and technical support
- Equipment installation help
- Heat pump water heaters



# CALIFORNIA'S MAJOR INCENTIVE PROGRAMS

## Eligibility Criteria

CAMR	
Location	City of Los Angeles, excluding unincorporated areas, Disadvantaged Community (DAC)
Type	Multifamily Affordable Housing
Size	>5 Units
Age	At least 5 years old
AMI & Occupancy	66%+ of units at 80% AMI or less
Energy Efficiency	+5% savings
Affordability Status	Deed-restricted affordable housing or rent-regulated/public assistance documentation





# GRANT FUNDS

## Grants vs. Incentives – Key Differences

### INCENTIVES (Rebates):

- Tied to specific equipment/actions
- Funded by utilities/government
- Paid AFTER installation with proof
- Cover portion of specific costs

### GRANTS:

- More flexible to use
- Funded by foundations / government / organizations
- Can be awarded during any project phase
- Often require narrative/storytelling in application

Both require data collection, implementation plans, timelines, and signed agreements





# FINANCING OPTIONS

## Contractor Financing

Contractor pays for work upfront



Gets reimbursed after completion

- ✓ Most common approach
- ✓ Contractor takes incentive risk
- ⚠ Scope usually limited to incentive-covered items
- ⚠ Owner still needs reserves for gaps





# CASE IN POINT

## LTSC – Epworth Apartments

<b>Retrofit Total</b>	<b>\$357,947</b>
AQMD	\$74,000
LIWP	\$94,794
CAMR	\$88,543
TECH	\$100,600

100% of total project costs covered

100% financing via Optima



As part of your procurement process, ask whether the consultant / contractor has a financing option.





# FINANCING OPTIONS

## CDFI Loans

### Community Development Financial Institutions

Mission-aligned lenders for affordable housing + energy projects

#### Benefits:

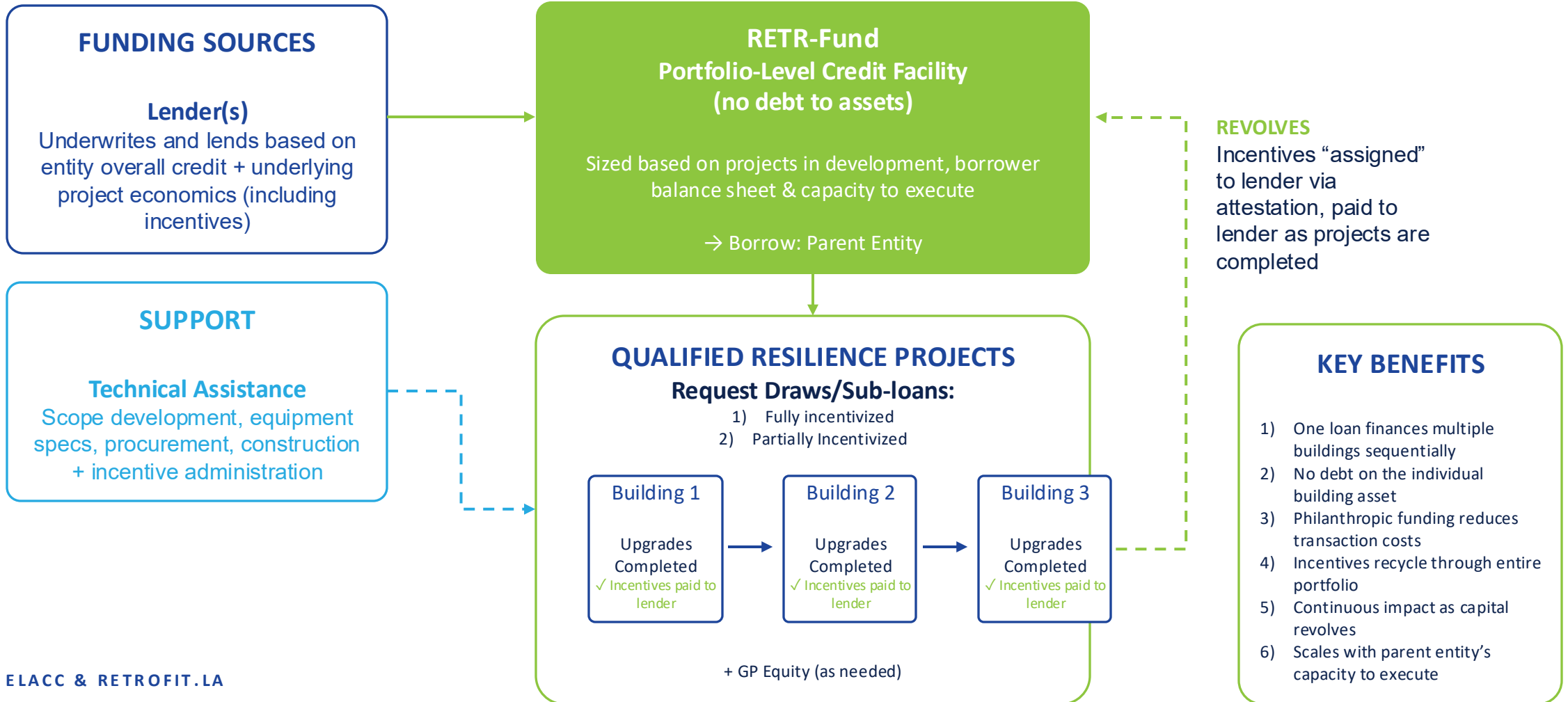
- Understand affordable housing
- Flexible terms
- Bridge incentives + cover gaps
- Patient capital approach
- Options for more holistic re-financing



**Focus on lender with  
experience in affordable  
housing AND energy retrofits**

# FINANCING OPTIONS

## RETR-FUND - The Revolving Energy Transition & Resilience Fund



# FINANCING OPTIONS

## RETR-FUND - The Revolving Energy Transition & Resilience Fund

- No debt to asset(s) → no need for consent from existing asset-level capital partners (saves cost & time)
- Enables borrower to address multiple projects at once + over time, phased approach (matches capital to capacity)
- Sized based on pipeline of qualified projects
- Underwriting based on parent organization credit + economics of projects in development (accounting for incentives)
- Strong performers can cross-subsidize assets that would not qualify on their own (increases accessibility)
- Refresh on periodic basis, with no new fees
- Alternatively secured through assignment of incentives (via Attestation Form or equivalent)
- Efficient for all parties

Developed in collaboration with:



EAST LA COMMUNITY CORPORATION



INCLUSIVE  
PROSPERITY CAPITAL



HOUSING  
PARTNERSHIP  
NETWORK



HOUSING  
PARTNERSHIP  
FUND



With support from:



Wells Fargo  
Foundation



# PILOT TO PIPELINE

## RETR-FUND - The Revolving Energy Transition & Resilience Fund

- What are the terms of applicability for the RETR-Fund structure?
- In what scenarios could an asset level loan be more appropriate?
- How can project developers and incentive program implementers support customer access to capital in a way that is helpful to both customers and potential lenders?
- How can we help lenders gain familiarity with incentive programs?
- How might incentive programs be modified to support lending?
- How can the template credit memo be refined?
- How can the project <> capital match-making process be refined and scaled?
- How can the incentive “attestation” model be refined / replicated?
- How can we credibly assign economic value to co-benefits like improved thermal comfort and IEQ?
- What roles could the philanthropic, health care, and insurance sectors play?



# FINANCING OPTIONS

Re-fi and Re-syndication Proceeds

**Refinancing or re-syndicating the property can unlock capital**

Putting the property into a new tax-credit deal brings in fresh money for large-scale upgrades.

Consider timing with your decarbonization project





# FINANCING OPTIONS

## Alternative Options

### Energy-as-a-Service (EaaS) / Energy Service Agreements

- Least common approach
- Complex contracts
- Usually more expensive
- Structured for specific financial/accounting rules

**May work for some owners, but most choose simpler options first.**

**PACE (Property Assessed Clean Energy)** may also be an option in some cases, subject to existing lender consent





# SUPPORT

CAMR Financial Technical Assistance (FTA) Pilot

**SUSTENTO**

+



MILKEN  
INSTITUTE

+



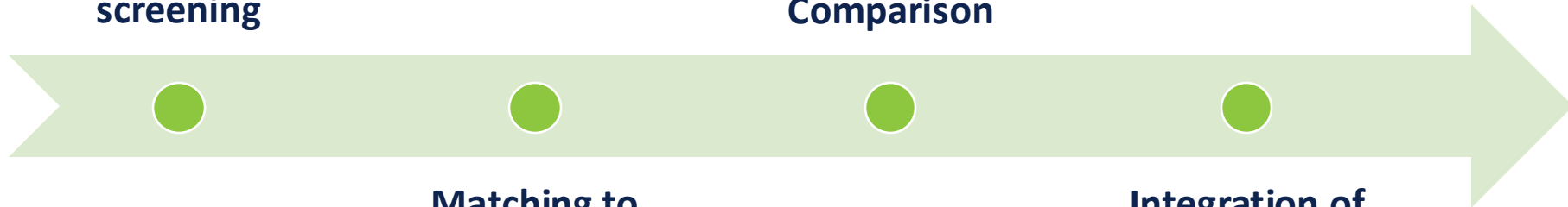
Los Angeles  
Department of  
Water & Power

Confidential pre-  
screening

Supported Term  
Sheet  
Comparison

Matching to  
qualified capital  
providers

Integration of  
incentives with  
financing terms





# CO-BENEFITS

**Health**

**Cost Savings**

**Comfort**

**Noise  
& Safety**

**Housing  
Quality**

**Resilience**

**Climate**

**Equity**



# THE FULL VALUE PROPOSITION

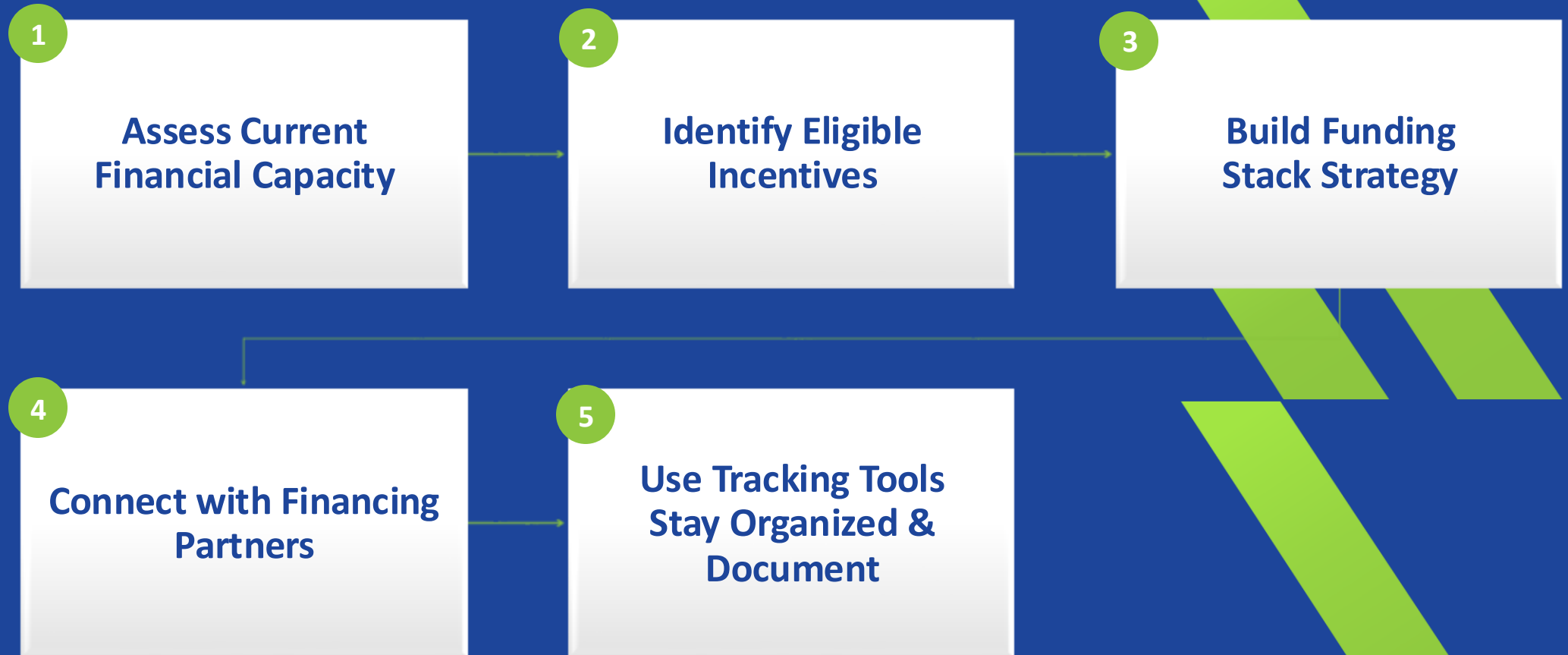
## Decarbonization is an investment in:

- Building systems
- Financial performance
- Resident health
- Community stability
- Climate resilience
- Property value

**Part of a comprehensive property improvement strategy**



# YOUR ROADMAP





## KEY TAKEAWAY

**No single program pays for everything— but the right combination can cover 90%+ of costs**

**Stacking + Strategic Financing + Technical Support =  
Feasible Projects**

# Q & A



# UPCOMING WEBINARS

## WEBINAR #3

**Tenant Engagement**

**March 25th, 2026  
10-11am PST**

## WEBINAR #4

**Construction  
Management**

**June 17<sup>th</sup>, 2026  
10-11am PST**

# Thank you

There will be a 2-3 min survey (from Zoom) when this meeting ends. Your responses are extremely helpful.