

Budget Oversight Hearing – Green Finance Authority Opening Statement

Good afternoon. I want to thank Chair Allen, members and staff of the committee, residents across the District that have testified, and those tuning in to view this important function of the city government for the opportunity to be here today. I am Jean Nelson-Houpert, Interim-CEO and Chief Financial Officer at the Green Finance Authority, also known as DC Green Bank. I am proud to appear before the committee to talk about the role that we play in building a cleaner, greener, and more sustainable city, the impact that we have delivered to date, and why the bank is a critical part of the future we must build together. I would be remiss if I did not begin my remarks by spotlighting the steadfast support and guidance of our Board of Directors and the outstanding work of our committed staff. None of what we have accomplished would be possible without them and they give me the enduring confidence that the best is yet to come for our agency.

I know that we are in the midst of a challenging budget season and that tough choices must be made as city leadership aligns values with line items. However, I am pleased to have the opportunity today to talk about why DC Green Bank remains an incredible resource for the District and an important priority for public dollars. In order to do that, I want to leave everyone with two simple ideas before I welcome questions from the committee: DC Green Bank has delivered an unprecedented amount of investment in our first three years of operations, and we are poised to unlock additional investment while crowding in more private capital and delivering more positive climate impact in the years to come.

With operations beginning in April 2020 at the height of the pandemic, DC Green Bank was able to deploy approximately \$2 million in fiscal year 2020. In our second fiscal year of operation, we were able to deploy approximately \$3 million. In fiscal year 2022, we deployed nearly \$30 million. While the headline is that DC Green Bank invested nearly 10 times more year over year, demonstrating exponential growth, a closer look at the numbers reveals that our impact on the city was far greater. Not only did the bank invest nearly \$30 million last fiscal year but we were able to crowd in private investment to multiply the benefits derived from each public dollar, bringing the total investment unlocked in the District to just over \$160 million. These dollars delivered climate and environmental benefits, growth for small businesses, jobs in our communities, renewable and affordable energy, improved air quality, and a meaningful downpayment on a clean and inclusive future for all of DC.

I find that it helps to use specific examples to capture the power of what is possible. We need to look no further than just this week to get a sense of the impact that DC Green Bank can deliver. On Tuesday we were proud to announce a \$2.6 million investment in our partners at Flywheel Development to create a sustainable commercial hub in the Trinidad neighborhood of Ward 5. The loan will help Flywheel to acquire property and also design a new building that reaches for the highest sustainability standards. The project will ultimately generate more than 35 construction jobs and 20 permanent jobs within the Flywheel hub. At completion, the

building is slated to achieve net-zero on-site energy performance, utilize solar energy, exceed the city's stormwater management mandates, and will not only serve as Flywheel's headquarters but also be used as a space to support the District's emerging sustainability-focused businesses, including other solar contractors and developers. The project will also bring together a partnership of 10 minority-, woman-, and veteran-owned businesses, demonstrating the numerous benefits that partnerships between emerging District businesses and DC Green Bank can generate.

In addition, we are in the very final stages of closing on an exciting loan with a local partner for our first solar plus battery storage project. This investment is promising because solar has already dramatically changed the District's affordable and renewable energy outlook, and by adding battery storage systems it will not only increase our communities' resilience but also open up the potential for solar to be called on well beyond daylight hours on the road to cleaning our grid and making energy demand cleaner and more affordable. We anticipate sharing the good news publicly about this deal closing next week.

As the PACE Administrator for the District, we want to highlight the recent and forthcoming impact of this program in support of the city's climate goals. First, our work to build the program's roster of capital provider partners is showing impressive results. In addition, just yesterday we closed our latest PACE financing, which will support clean energy and energy efficiency improvements for a commercial building in Ward 7 that is home to a child daycare service. The financing, provided by our private capital partners at United Bank, will deliver green roofing upgrades and a 131-kW system to the building – increasing the efficiency and sustainability of the property while bringing big benefits for a property that currently serves some of the District's smallest residents. The DC PACE Program is an indispensable tool in the bank's toolkit and plays a significant role in the District's investment ecosystem by unleashing private investment through this special initiative. Since the program's first investment in 2013, DC PACE has delivered nearly \$100 million in financing to projects across the city, touching every Ward. And, just since DC Green Bank became the administrator of the program in October 2021, we have unlocked nearly \$20 million of financing, taking the baton from our friends at DOEE and Urban Ingenuity and writing our own successful first chapter as administrator.

I realize that talking about budget priorities is not only about what has been achieved in the past but what can be done in the future. Being a good steward of public dollars means that we are looking for creative ways to use our capital to deliver benefits in line with District priorities. In order to do that we have augmented our partnerships with other city agencies. We continue to work diligently with our colleagues at DOEE, and with the DCSEU, to deliver support and investment through the Affordable Housing Retrofit Accelerator to ensure that affordable housing properties and LMI residents are not left behind on the road to achieving BEPS and the benefits of energy-efficient buildings. It means that we are also engaging with colleagues at DOEE as well as the DC Homeland Security Emergency Management Agency (HSEMA) to see

how our capital, alongside federal grants, can be unleashed to support the critical work being done at the Department of Housing and Community Development (DHCD) to make our housing stock more inclusive, efficient, affordable, and resilient. We have also stepped up our engagement with DMPED to ensure that we are at the table for conversations about the transformation of our downtown so that sustainability, efficiency, and affordability are baked into the planning from the very start. Additionally, we are increasing our outreach to city agencies to assess what specific workforce development initiatives already exist and how we can align our efforts. We welcome other District agencies to reach out to me and my team to identify opportunities for additional partnerships that deliver inclusive impact for DC residents.

Lastly, we believe that the future for DC Green Bank and the District is green because we have the opportunity to capture hundreds of millions of dollars in federal resources in the years to come. And, to make sure that the District is poised to access those resources, we have taken two critical steps. First, we have been in close communication with our colleagues at DOEE to make sure we are aligned on priorities for the application to unlock resources from a \$7 billion fund made available through the Inflation Reduction Act for community and residential solar projects. Second, this morning we made the major announcement that we are joining a growing coalition representing state and local green banks, tribal organizations, and other green and community financial providers that will put together a formidable application to unlock resources from a \$20 billion fund created by the Inflation Reduction Act. These resources can be used for projects well beyond solar and can be a game-changer for the District's push to meet its climate, energy, economic development, and equity goals. In short, we believe that through this coalition we have the potential to capture hundreds of millions of federal dollars for the District, with the aim of leveraging the federal dollars secured to unlock up to \$1 billion of total investment by partnering with the private sector. The aim is ambitious, but we are committed to demonstrating the power of green finance to transform communities and showing that the District is not only the home of the federal government but also home to hundreds of thousands of people that are working together to build the economy of the future, the workforce of the future, and a livable environment for future generations.

Although we are optimistic about our ability to put existing public dollars to productive use, bring in federal and philanthropic dollars, and crowd in private investment, I want to make it clear that we know that there is significantly more demand for our investments than we could support with the capital we have on hand at this time and even the dollars that we project to have on hand in the years to come. While this is a good problem to have – it shows that sustainability is a priority for our city and communities – it also means that our existing funding should be sustained and predictable so that we remain a strong and credible partner for all of the institutions necessary to build a sustainable District and so that we remain an attractive option for federal and private dollars. We look forward to working with the Mayor and the Council, as well as our fellow agencies, to ensure that DC Green Bank is financially equipped to meet rising demand in a challenging economic and investment climate.

In conclusion, DC Green Bank remains an excellent steward of public resources, multiplying each dollar we receive for the benefit of communities across the city, and we are on course to significantly increase our available capital to support District priorities. Our team is proud of the work we have done and the trust the city has put in us. We are ready to invest in projects to ensure that even as we face this year's economic realities, the District continues to prioritize our climate commitments, our environment, our businesses, and our communities. I want to close by thanking the Mayor, the Council, and our Board of Directors for their continued commitment to our mission and values. Thank you for the opportunity to appear before the committee today and I look forward to your questions.