

Budget Oversight Hearing – Green Finance Authority Opening Statement

Good afternoon, Chair Allen, members of the committee, my distinguished colleagues beside me, and members of the public joining remotely. On behalf of the DC Green Bank team and our Board of Directors, I want to extend a sincere thank you for the opportunity to address the committee during today's budget oversight hearing to highlight the transformative power of green finance in reshaping communities and advancing the District's shared vision of affordable housing and inclusive prosperity.

My remarks will focus on three main points. First, I will outline the impact DC Green Bank has already had across the District and in each of the wards represented on this committee. Second, I will offer our perspective on how the FY24 budget amendment and FY25 proposed budget would negatively impact DC Green Bank's ability to invest in local economic development projects and support jobs across the District. And third, I will emphasize the importance of restoring funding for DC Green Bank to support the delivery of sustained investment in the clean energy economy for all Washingtonians.

Recent DC Green Bank Impact

Over the last three years, DC Green Bank has delivered more than \$50 million in direct investment and unlocked over \$300 million in investment from partners. The way that we have been able to deliver this type of impact is due to predictable and durable funding from the District to finance community and economic development, while ensuring that the clean energy projects we help create yield substantial benefits and cost savings for low-income families.

We deploy public dollars and crowd in additional private investment to bring projects to life. In fact, for every dollar of public funding we invested in a project last year, more than 8 additional dollars flowed into community projects.

I want to provide some tangible examples of the transformation that our financing can provide in support of Mayor Bowser's and the Council's priorities. From green affordable housing development to commercial real estate preservation through PACE, our projects have brought the benefits of a clean energy economy to every ward. We have supported over 1,700 jobs in the last 18 months and contributed to DC's overall economic growth.

DC Green Bank also helps fulfill the District's climate and clean energy goals. Last year alone, our investments resulted in approximately 17,000 metric tons of greenhouse gas emissions reduction and 22,000 MWh of clean energy production. This equates to the electricity use of over 6,000 homes in a year or removing approximately 8,000 gas-powered cars from our roads. And we are uniquely positioned as the first climate finance institution in the nation's capital to leverage federal programs and work across a national network of community lenders and green banks to tackle climate change.

Chair Allen, just last year, the DC PACE Program, administered by DC Green Bank, supported the delivery of \$5 million in financing for a new multifamily housing property in Ward 6 which resulted in comprehensive energy efficiency upgrades, energy bill savings, and water conservation.

In addition, we are proud to have partnered with Jubilee Housing, a nationally recognized provider of affordable housing here in the District. DC Green Bank has been able to commit approximately \$5 million to support Jubilee Housing's affordable housing developments that include energy efficiency and green building upgrades, while also prioritizing housing for our returning citizens.

Councilmember Parker, last year DC Green Bank delivered \$2 million in construction financing to support the Cycle House project in Truxton Circle in Ward 5.

This all electric, net zero, mixed use development will attain the highest levels of sustainability and create new affordable housing. Additionally, the project includes rooftop solar and a solar parking canopy. This is one of many examples of how economic development enables a clean, green, and prosperous future. For the Cycle House project, we invested our capital alongside support from the Deputy Mayor for Planning and Economic Development's team, resources from the Department of Housing and Community Development, and other public and private sources.

Our financing represents inclusive economic development. DC Green Bank has also invested in the future site of a solar commercial hub in the Trinidad neighborhood. Flywheel Development, a woman-owned District CBE, has received a \$2.6 million in financing from our team to deliver a small business commercial corridor that will be net-zero and exceed District stormwater management requirements. The project also brings together 10 minority-, woman-, and/or veteran-owned businesses, and creates over 35 construction jobs, and 20 permanent jobs housed at the commercial hub.

Councilmember Lewis George, we were fortunate to have you at a ribbon cutting for an exciting project utilizing DC Green Bank resources in Ward 4. Our team invested alongside resources from DOEE and DCSEU under Solar for All to deliver \$500 in energy bill savings per family for low-income District residents. This was the first solar shingle installation project in the District. Investments like these deliver a cleaner energy future and innovation that keeps the District at the forefront of building a more prosperous future for all.

Councilmember Frumin, I had the honor to join you recently at the groundbreaking for a truly transformative project in Ward 3. DC Green Bank invested \$2 million to support the construction of 93 units of affordable senior housing, alongside other District initiatives.

In a neighborhood where it has been traditionally challenging to deliver affordable housing, half of these units will be dedicated to seniors at or below 50% of Area Median Income (AMI), and the remaining units under 30% of AMI. These types of investments demonstrate how we can realize multiple District goals at the same time – expanding affordable housing and renewable energy, lowering consumer energy costs, and creating local jobs. The PACE Program has also been active in Ward 3, with more than \$2 million invested through energy efficiency projects.

Councilmember Henderson, DC Green Bank's direct lending and the DC PACE Program have touched every ward in the District. I would briefly like to highlight two projects that illustrate the power of green finance to lower energy burdens and support small businesses across DC. First, DC Green Bank invested \$3.75 million to deliver solar energy and energy bill savings to more than 530 affordable homes in the District, lowering resident utility bills by 25%. The projects are in Wards 5 and 8 and include electric vehicle charging infrastructure. The development team is also working with local solar installers and supporting a workforce development program for residents.

The second project I would like to highlight is a partnership with an inspiring local leader, Ayesha Hudson. Following a decades-long career in emergency services, Ayesha has turned her dedication for community service to providing affordable housing in Wards 7 and 8. DC Green Bank invested \$3 million to help Ayesha bring her dreams to life.

We recently led a tour of one of Ayesha's properties with Chair Allen, and he knows how powerful Ayesha's story is and how transformative a financial partner like DC Green Bank can be for emerging women- and minority-owned small businesses.

We have many more stories like this to share across each ward that demonstrate the power of community investment through DC Green Bank and how together we are preserving thousands of jobs in the clean energy economy, alongside local commercial and residential development.

However, I would like to reserve time to outline some of the concerns that we have with the proposed approach to the Budget Support Act (BSA) and Fiscal Year 2025 Budget, and to suggest ways to work together to secure critical resources for our work and our community partners.

Budget Concerns and a Path Forward

It is with a sense of urgency that I address our concerns regarding the proposed budget language impacting DC Green Bank funding for fiscal years 2024 and 2025. These changes could zero out District funding to DC Green Bank, which would jeopardize affordable housing and CBE projects in our pipeline and curtail our investments in the coming years. In particular, the BSA would amend the SETF transfer payments to DC Green Bank, our only current local source of funding from the District. Under the existing statute, between \$10 million and \$15 million from the SETF must be transferred annually through the fiscal year 2025.

The BSA includes a proposed statutory change under the SETF to eliminate the minimum contribution of \$10 million to DC Green Bank. In addition, OCFO's Fiscal Impact Statement notes that the FY25 budget does not anticipate any funding for DC Green Bank. While FY24 SETF funding was included in our approved budget of \$45 million, we have not received any SETF transfer payments to date. If this funding is eliminated in FY24 and FY25, it will have direct impacts on the District's ability to meet its climate equity, affordable housing, and economic development goals.

It is important to recognize that funding for DC Green Bank delivers far more than environmental benefits. It brings with it numerous co-benefits aligned with Council priorities, including job creation, affordable housing preservation, reduced household energy costs, and improved public health outcomes. Our investments serve as catalysts for positive change, supporting community revitalization and delivering affordable, clean energy across the District.

We have more than a dozen investments in the current pipeline that may be in jeopardy if DC Green Bank does not receive the current minimum contribution of \$20 million from the SETF for FY24 and FY25, with all 8 wards impacted. The near-term pipeline includes more than \$25 million in planned investment from DC Green Bank, and over \$225 million in investment from partners.

These projects will deliver more than 640 affordable housing units and \$10 million in energy bill savings for District residents. In addition, hundreds of green jobs for construction, installation, and maintenance are also at stake. Furthermore, without sustained and predictable funding from the District, it will be more challenging to leverage federal and philanthropic funding to scale our investments and impact, including resources through the historic federal Greenhouse Gas Reduction Fund.

As we navigate these critical budget discussions, DC Green Bank stands ready to collaborate with the Council, Mayor Bowser, our agency colleagues, climate and business leaders, and a great network of local partners to find solutions to invest in a more prosperous future for all Washingtonians.

We welcome the opportunity to explore avenues to restore funding for DC Green Bank in FY24 and FY25. This will ensure the continuity of our vital work and support DC's Comeback Plan, affordable housing priorities, and downtown redevelopment. In addition, we hope that the Council will extend the horizon over which DC Green Bank receives baseline funding through FY28.

This would affirm the District's unwavering commitment to equitable and inclusive development and give our partners the confidence to continue to invest alongside us for years to come.

In closing, I want to thank the committee for its commitment to collaborating with DC Green Bank and our team to build a cleaner, greener, and more prosperous future for all Washingtonians. I appreciate the opportunity to speak on behalf of our outstanding staff and committed Board of Directors, and I look forward to your questions.