



Financing Options for Greening Your Sacred Space

Faith & the Common Good

Seeking Common Ground for the Common Good



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Financing Options for Greening Your Sacred Space

Once you have done an energy audit and decided which retrofits to proceed with, you have to find ways to pay for them. There are many types of potential funding for your project, provided by many different sources. Which ones you use will depend on your needs, your financial situation, and your eligibility. This chapter will give you some details on how money might be obtained to allow you to make the necessary upgrades to your building.

Raising Capital

Faith communities are generally well versed in fundraising. In the main, large expenditures are financed through mortgage loans or lines of credit from commercial lending institutions, although bond issues are becoming more common. In many cases, money is raised through capital campaigns directed at their membership. Capital for energy retrofits may also be supplied through contracting with Energy Management Firms, who can sometimes provide financing for the project. Contributions in the form of rebates, grants, tax breaks and other incentives can be obtained from other sources, including governments, energy companies, and foundations. The following sections will describe these options in more detail.

Loans

Loans for retrofits from your regular financial institutions may be hard to come by. This is due to the fact that banks and loan companies require collateral for the loan, which they can repossess should you default on payments. They will take away your car, for example, but they cannot, either in good conscience or logistically, repossess an installed layer of insulation or a ground-source heat pump.

Generally, loans are obtained using property as collateral, by mortgaging or re-mortgaging your sacred space. This might not be an option if you have already raised cash in this way in the past and have not paid down your debt yet. It may be doubly difficult if your temple or church is experiencing a decline in membership and a corresponding decline in income from donations. And since the mortgage rates for loans fluctuate, you are periodically leaving yourself open to sizable payment increases should the rates go up substantially.

Still, if your situation is favourable, i.e., your congregation is stable or growing, or you have excess property that can be sold off, if required, a loan may be a good way to go. It is generally a fast method of raising money, and you may be able to convince the lender that loan repayments will be more secure since the energy costs you save will ensure your cash flow remains positive.

However, if a bank turns you down, there may be other options for obtaining a loan that you would do well to research.

For example, you may be able to take advantage of special programs set up for funding retrofits, green or otherwise, provided by institutions set up to serve your extended faith community. One such program is offered to churches by the Toronto United Church Council [www.tucc.ca]. This program has a long tradition of providing capital support funding for new church development and church building maintenance, and improvement within that denomination.

Some municipal programs may also provide assistance, such as the Loan Recourse Fund of the Better Buildings Partnership in Toronto [<http://www.toronto.ca/bbp/word/form-bbp.doc>]. The Better Buildings Partnership will provide low-interest loans for green retrofits, up to 20 percent of the project cost (generally for projects above \$200,000). Note that upgrades in this case must be carried out by one of its qualified Energy Management Firms.

Online articles:

Leave Me a Loan! When borrowing is better than fundraising.

By Thomas Greer and Mike Schreiter, *Your Church*, January/February 2003,
<http://www.christianitytoday.com/yc/2003/001/10.66.html>

Variety of articles on Finance

<http://www.christianitytoday.com/cbg/features/finance/g.html#articles>

Capital Campaigns

Faith communities are no strangers to capital campaigns. Most originally built their place of worship by soliciting donations from the faithful and saving or investing the money until they had enough to start construction. To raise money specifically for greening may be easier if you have convinced people that it is the right thing to do, not just from an economic perspective, but also from an ethical one. Even if many think that the status quo is financially feasible, the unaccounted costs to the long-term health and viability of the biosphere is not.

Going to your congregation for capital can have a downside. It can take quite a while to raise the money, and members may be hesitant at being asked to give more than usual, especially if they've just contributed to a recent campaign. However, a well-researched plan for greening the facility should make it more likely for members to support a new campaign for that purpose. It would show that operational costs would decline, or at least not significantly increase compared to the price of electricity and fuel. This would mean any increases to regularly solicited contributions from the congregation could be minimized. And any savings from lower energy bills might then be re-allocated to enhance worthwhile programs within the faith community.

Bond Issues

Should your members be tapped out for yet more donations, you may want to consider giving them an investment opportunity instead and put out a local bond issue. Unlike a loan, bonds have a fixed interest rate that is maintained throughout the repayment period, typically 20-25 years. This can provide a more stable base for long-term planning.

Bonds are best issued in conjunction with a reputable underwriting firm, preferably one with a history of dealing with faith communities. Though the entire issuance may ideally be taken up by members of the congregation, the underwriters will likely make any unsold bonds available to outside investors or sell them on the bond market. Selling locally, however, has the advantage of keeping the interest paid out locally as well. Some members may even be persuaded to donate their interest back to their faith community in return for a charitable tax receipt.

Though using a bond firm makes it easier to administer an issue, keep in mind that there will be a considerable amount of financial due diligence on their part, so funding will not necessarily be easier to obtain than via a bank loan. Besides likely requiring property as security for the bonds, the firm will also take a fee for its service, often 3 to 12 percent of the issue amount depending on their risk assessment.

Online articles:

A Smart Investment - Why bond financing could hold the key to your ministry's future.
By Thomas Greer, *Your Church*, May/June 2002,
<http://www.christianitytoday.com/yc/2002/003/6.46.html>

Growth Issues - When assets are low but needs are high, many rapidly expanding churches and ministries turn to the benefits of bond financing. By John Throop, *Your Church*, May/June 2004,
<http://www.christianitytoday.com/yc/2004/003/2.20.html>

Energy Management Firms and Leasing Equipment

Energy management firms, also known as Energy Services Companies (ESCOs) are in the business of providing total energy management services for their clients. This includes financing as well as retrofit projects and ongoing maintenance. The problem with these companies, however, is that they generally prefer to work with larger institutions, such as office towers and large production plants. As part of their 'whole-package' service, they need to be reasonably sure that they receive a percentage of the savings that not only covers their costs, but gives them a good profit as well. Most faith communities are not large enough to justify their involvement - the relatively meagre yearly energy savings would not provide

enough of a financial return for them. As energy conservation proceeds to grow in importance, however, this may change as more services enter the market, and profit margins decrease.

Note: If your religious building is large enough, and energy inefficient enough, the savings may be sufficient to entice an ESCO to work with you. [The Metropolitan United Church](#) in Toronto, for example, which has 35,000 sq. ft. of space, worked with Vestar Inc. on a \$250,000 green retrofit to realize over \$19,000 a year in energy savings.

Providers of equipment, such as furnaces or air conditioners, will sometimes provide an option to lease their equipment rather than selling it outright. The benefits of leasing include no large upfront capital expenditure and ongoing maintenance or replacement when needed. The downside is that the lease will cost more over the lifetime of the equipment, and you do not own the equipment (though some leasing agreements provide a lease-to-purchase option).

Other Circumstances

There are times when substantial sums of money are acquired as a result of circumstances. A wealthy member may bequeath a legacy fund, a portion of valuable property may be sold, or two faith communities may merge and sell the assets of one of them to ensure the remaining one thrives. When an unexpected windfall occurs, one of the best returns on investment you can make is to use it to finance energy-saving retrofits.

Indeed, if you can afford it, it may be most feasible to completely rebuild the place of worship, rather than renovate the old. [St. Gabriel's Catholic Church](#) in Toronto sold a large piece of its land to a housing developer and used the money to build a new church. This new building, the 'greenest church' in Canada, was designed to be state-of-the-art in energy efficiency, reducing energy costs to a fraction of the old church..

You may decide to create a small but stable revenue stream by building social housing for impoverished people. In some instances, such as with [Parkdale United Church](#) in Toronto, a new church was rebuilt entirely within the new housing complex. In cases like this, by making the buildings energy efficient, you will not only keep building costs down, you will keep ongoing maintenance costs down as well. Of course, this option is quite an undertaking, one that requires a substantial commitment of time and effort, so it may take several years for any returns to be realized.

Contributions From Other Sources

Grants

Grants are gifts of money usually obtained from foundations or government programs, although many corporations also provide funding. Monies are granted for purposes defined by the mandate and goals of the granting agency, and must be applied for through the submission

of a written proposal. In general, these proposals are for project work that you intend to do at some point in the near future, not for work in progress or already completed. Faith communities, being charities, are more likely to receive grants than other non-charitable applicants.

Grants are not easily obtained solely for energy-saving retrofits, however, so if you do apply for a grant, it might be preferable to include such retrofits in grant proposals as part of a project focused on other things. A project to start up a community kitchen for providing meals to homeless people might have a budget for the purchase of a new energy-efficient refrigerator, for example. Or one to make the building more accessible might allow for the replacement of old, drafty doors. In the main, grants are more easily obtained if they pertain to activities of community groups that use the premises.

The Trillium Foundation in Ontario has occasionally given grants to faith communities for retrofits, although mostly these have been to finance improvements to building accessibility. There are several instances of other community groups obtaining funding for energy efficiency projects, so it would seem likely they would support proposals to green places of worship, as well, perhaps particularly if the building were also used by other non-profits and charities. Dunbarton-Fairport United Church in Pickering, for example, received a grant to create a program for children with autism spectrum disorders and used part of it to make its place more comfortable for the children while at the same time making it more energy-efficient.

In some cases, faith-based greening programs may be wholly supported. EcoAction, for example, is an Environment Canada program that provides financial support to community groups for action-oriented projects that have measurable, positive impacts on the environment. Non-profit groups are welcome to apply for projects that address Environment Canada's priority issues: Clean Air and Climate Change, Clean Water and Nature. To see what kinds of projects they have funded, search its online database at http://www.ec.gc.ca/ecoaction/grnsrc/index_e.cfm.

For 'green' landscaping projects, the Evergreen Foundation is able to provide grants to community groups doing environmental stewardship. Evergreen is a national non-profit environmental organization with a mandate to bring nature to our cities through naturalization projects. For more information on their grants program, see <http://www.evergreen.ca/en/cg/cg-funding.html>.

Institutions that support your denomination or faith may also provide grants. The United Church of Canada, for example, provides grants of up to \$5,000 for energy audits and retrofits of church manses. [see http://www.united-church.ca/mtf/pdf/ca4_1.pdf]

Online Resources:

Green Ontario Funding Links

<http://www.greenontario.org/funding/index.html>

Incentives

(Note: The federal government used to provide some funding for energy retrofits. Following are overviews of several programs that had been helpful, but were recently eliminated by the current Conservative government. We include them as examples of programs that may be restarted at some time in the future. For example, the upcoming ecoENERGY for Renewable Heat program is intended to replace the REDI program (see below). This new program will offer increased funding (more than \$35 million) over the next four years, as well as explore residential projects, which the former REDI program did not cover. This document will be updated after the new programs are established.)

Renewable Energy Deployment Initiative (REDI)

[www.nrcan.gc.ca/redi]

REDI will supply 25 percent of the purchase and installation cost of a qualifying solar air heating system, or a qualifying solar hot water system, to a maximum of \$80,000. Also eligible are costs for feasibility, design and simulation studies specifically related to the qualifying system and its installation.

(Program ended March 31, 2007)

The Energuide for Existing Buildings (EEB) program of the Office of Energy Efficiency of Natural Resources Canada offers financial assistance for audits and retrofits. First, however, you must become a member of EEB, which is simply a matter of sending a letter to the Minister of Natural Resources (see <http://oee.nrcan.gc.ca/commercial/networking/join.cfm?attr=20>). After joining, you can apply for the following incentive programs:

Energy Retrofit Assistance for Planning Activities (ERA-P)

[<http://oee.nrcan.gc.ca/commercial/financial-assistance/existing/retrofits/planning.cfm?attr=20>]

If considering an energy retrofit planning project, EEB members could receive up to 50 percent of eligible costs or up to \$1 per gigajoule (1 GJ = 277.8 equivalent kilowatt hours) of annual energy consumption in the affected buildings - whichever amount is less - to a maximum of \$25,000.

Projects with signed contracts or where work has already started are not eligible for funding.

Energy Retrofit Assistance for Implementation Projects (ERA-I)

[<http://oee.nrcan.gc.ca/commercial/financial-assistance/existing/retrofits/implementation.cfm?attr=20>]

If considering an energy retrofit project, EEB members could receive up to \$7.50 per gigajoule (1 GJ = 277.8 equivalent kilowatt hours) of annual energy savings or up to 25 percent of eligible costs - whichever amount is less - to a maximum of \$250,000.

The EEB funding has been confirmed until March 31, 2007. The program will be accepting applications for Energy Retrofit Assistance until September 15, 2006. Applications received after this date may be considered on a case-by-case basis until funding is depleted.

(Program ended March 31, 2007)

Commercial Building Incentive Program (CBIP) for New Buildings

[<http://oee.nrcan.gc.ca/commercial/financial-assistance/new-buildings/index.cfm?attr=20>]

CBIP helps offset the extra cost of designing energy-efficient buildings. The incentive for a building that meets CBIP criteria is calculated as a one-time financial incentive equal to twice the difference between the estimated annual energy costs if the building were constructed to the MNECB standard, to a maximum of \$60,000 or the total design costs, whichever is less. (The MNECB is a comprehensive energy efficiency building code that takes into account variations in regional climate conditions and energy costs.)

(Program ended March 31, 2007)

Corporations might also provide incentives, particularly those involved in energy production or distribution. Toronto Hydro's Powerwise Business Incentive Program (PBIP), for example, will pay an incentive of up to \$150 per proven peak kilowatt reduction.

[http://www.torontohydro.com/electricsystem/powerwise/bus_incentive_program/index.cfm]

(Note that this program is also on hold as of April, 2007 but may be restarted in future)

Rebates

Rebates are refunds that you receive for purchasing a product or service. Some, like the coupons you give to the cashier, are redeemable at the time of purchase. Others are only obtained well after you make the purchase, after you mail or fax your payment receipt to the rebate provider.

There are many rebate programs that pertain to energy conservation retrofits. They are frequently provided by corporations that are energy providers or distributors. They change frequently, so it is best to check the energy provider's website to see which ones are currently being offered. For example, Enbridge Gas, until October 6, 2006, offers a \$100 mail-in rebate when you replace a heating system with an ENERGY STAR® high efficiency natural gas heating source. If you convert to a natural gas heating system, Enbridge will provide a rebate of up to \$715. [see https://portal-plumprod.cgc.enbridge.com/portal/server_pt?space=Opener&control=OpenObject&cached=true&parentname=CommunityPage&parentid=2&in_hi_ClassID=512&in_hi_userid=2&in_hi_ObjectID=355&in_hi_OpenerMode=2&].

Environment Canada hosts an online database on Incentives and Rebates -

http://incentivesandrebates.ca/gc_fi_search.asp

For details on rebates and incentives for selected ENERGY STAR® qualified products in Canada see

<http://oee.nrcan.gc.ca/energystar/english/consumers/rebate.cfm?Text=N&PrintView=N>

Tax Breaks

In some cases, you can get tax breaks on your retrofit expenditures. The Government of Ontario, for example, allows the refund of the retail sales tax paid on materials bought to build or repair buildings and structures of religious, charitable or benevolent organizations.

[<http://www.fin.gov.on.ca/english/tax/guides/rst/pdf/806.pdf>]

Re-investment of Savings

While it is still better to reduce your energy use as quickly as possible by finding initial capital financing, this may not be feasible. In those circumstances, you can try a staged approach to financing the retrofits. As you implement energy saving measures, you could be setting aside the money you are saving as a result of those measures. That money can accumulate in a secure account until you have enough on hand to pay for the next type of retrofit.

All you need to do is to track the amounts of energy (i.e., electricity and fuel) you had previously used in the past two years and use the average of those figures as your historical baseline. Subtract the amounts of energy you use after the first set of retrofits from that baseline average (i.e., your energy use reductions). Then multiply that difference by current energy price rates. That is what you have actually saved by making the changes. [To be more precise, that is the difference between what you are paying and the higher amount you would have paid. Note that in real dollars, your energy *bills* may not actually decrease since any energy reductions could be offset by higher energy prices.]

You can spend your accumulating ‘savings’ on retrofits as the opportunities arise. This will increase the ‘savings’ amount you can add to the pot on an ongoing basis. Though it may take a long time, this staged investment will eventually pay for all potential energy reductions, without any initial capital.