Montgomery County Green Bank – Resilience Dedicated Fund

Partners Seeking Proposals for Expansion

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Overview

The **Montgomery County Green Bank (MCGB)** is seeking partnership and investment to scale its **Resilience Dedicated Fund (DF)** — a low-interest, revolving loan facility designed to help affordable housing developers in Montgomery County, MD proactively address climate risks, reduce long-term operating costs, and improve resident health and well-being.

As a locally led adaptation initiative, the DF delivers measurable resilience benefits for vulnerable communities while demonstrating a scalable financing model with national replication potential.

Strategic Value

The Resilience Dedicated Fund represents a first-of-its-kind approach to resilience finance, uniquely combining the agility of a line of credit with the mission focus of a loan fund. Its structure enables:

- **Rapid deployment** of capital when projects are ready.
- **Holistic project integration**, embedding resilience early in planning rather than post-disaster.
- **Blended financing** from public, philanthropic, and private sources to reduce risk and accelerate scale.

By funding preventive improvements before crises occur, the DF shifts the paradigm from reactive emergency repairs to forward-looking resilience upgrades that reduce long-term risks, stabilize insurance costs, and enhance affordability.

This facility fills a persistent market gap by financing early-stage and integrated resilience retrofits—proving how climate, housing, health, and equity goals can be addressed through innovative finance.

Program Structure

- **Instrument**: Revolving, flexible, low-cost facility aligned with predevelopment and resilience investment needs. Embedded technical assistance is provided via MCGB's Product Support Program.
- **Key Features**:
    - **Term:** 3 years from closing, extendable by 24 months with conditions met.
    - **Interest Rate:** 2.5 to 9% fixed, with lower rates for highest-impact projects; monthly interest-only payments.

- **Collateral:** Subject to underwriting and credit analysis.
- **Cash Flow:** Analyzed on the borrower level as well on a global cash flow basis.
- **Financial Covenants:** May include maximum leverage, no additional indebtedness, minimum liquidity, or DSC.
- **Use of Proceeds:** Climate resilience, renewable energy, and water/energy efficiency investments across affordable housing portfolios in Montgomery County.
- **Repayment:** Interest-only; revolving structure allows redeployment of capital, amplifying total impact.
- **Borrower Profile:** Well-established affordable housing developers, contributing 10% equity per project, leveraging state/federal grants and incentive programs wherever possible.

Projected 3-Year Outcomes

- 20+ properties upgraded with resilience interventions
- 3,000+ residents with reduced climate risk exposure
- 20% average reduction in utility costs
- Lower climate-related damages and insurance claims
- Replication toolkit for green banks and CDFIs nationwide

Borrower Benefits Include

- Lower utility and operational costs
- Avoided maintenance and recovery expenses
- Reduced insurance premiums
- Increased long-term asset value

Investment Request

The Resilience Dedicated Fund offers a proven, locally led model that strengthens communities while providing a scalable blueprint for climate adaptation finance.

MCGB seeks new investors to match capital from public, philanthropic, and private partners. This will:

- Expand deployment across more affordable housing portfolios in high-vulnerability areas
- Lower cost of capital to increase uptake
- Strengthening technical assistance capacity
- Support rigorous measurement of outcomes
- Share a replicable framework that can be adapted nationally and globally