Finance New Orleans & The City of New Orleans: Building the Financial Tools to Move a $446M Clean Energy Pipeline

Building a Clean Energy Investment Pipeline in New Orleans, Louisiana

AT A GLANCE

Investment Priorities

Community Solar; Building Decarbonization (affordable-housing preservation); Resilience Hubs; Microgrids; EV Charging & Fleet Electrification

Pipeline Value

~$446M in total development costs across 23 projects, with $12.5–$22M in direct capital need.

Key Partners

Finance New Orleans (New Orleans' green bank, a Louisiana Public Trust); City of New Orleans (Office of Resilience and Sustainability); Texas Clean Energy Fund (co-lending partner); Entergy New Orleans; community-solar and affordable-housing developers; Alliance for Affordable Energy, Thrive New Orleans, and Housing NOLA (via the EEFA coalition); Together New Orleans; GSREIA; Downtown Development District

Community Impacts

- Up to 55 MW of community solar
- 15–20% utility-bill savings targeted for low-income households
- At least 20% of community-solar capacity reserved for households at or below 80% AMI

Strategic Role

Green bank / Capital provider / Market builder

The Path Forward

Finance New Orleans has brought three projects to underwriting and approved two PILOT projects. However, the predevelopment loan co-lent with the Texas Clean Energy Fund did not advance to the Board, held back by elevated project risk and the absence of takeout financing. Interest in the Solar PILOT remains strong, with seven projects now in conversation and preparing applications. FNO continues to iterate on how best to deploy its capital across its predevelopment, construction, and energy-efficiency products.

THE BIG PICTURE

New Orleans has set out to lead on clean energy — a 50% emissions cut by 2035 and net-zero by 2050, a Renewable and Clean Portfolio Standard requiring 90% clean power by 2040 and 100% by 2050, and a goal to scale local solar from 40 MW to 255 MW.

Achieving that vision means building a financing system that works for every resident and neighborhood, including communities that mainstream banking has historically underserved. In New Orleans, that's a significant share of the city: Louisiana's unbanked rate is 8.0%, nearly double the national average of 4.2%, and Black households in New Orleans hold significantly less wealth on average than white households. Low-income residents also spend a larger share of income on energy — a median of 9.8%, nearly three times the national average — which means efficiency and clean-energy investments have outsized potential to free up household income. Finance New Orleans (FNO) exists to meet this opportunity: to be the local capital engine that connects the city's clean energy ambitions to the residents and businesses ready to benefit from them most.

The Challenge: Private capital rarely reaches the earliest, riskiest stages**.** Developers face predevelopment and bridge-capital gaps of $3–$8M, rising insurance premiums in Louisiana's stressed property-and-casualty market, unresolved consolidated-billing policy, and 18–36-month interconnection timelines — all on top of one of the most underbanked populations in the country, and compounded by federal tax-credit uncertainty.

The Solution: A green bank built as a Public Trust, able to take on more risk earlier and at lower cost than private lenders. FNO uses PILOTs, predevelopment capital, credit enhancement, and co-lending to de-risk projects and draw private capital behind it, paired with policy and standardization work designed to build a self-sustaining market rather than a one-off deal.

Acting as the city's green bank, a quasi-public entity incorporated as a Public Trust under Louisiana law, FNO used its Municipal Investment Fund (MIF) grant not to finance a single marquee project, but to build the financial infrastructure that moves capital into clean energy at all. Working with the City of New Orleans, FNO convened four stakeholder working groups and issued a request for information that surfaced 18 projects representing $12.5–$22M in direct capital need.

From that market-building work, FNO built six new financial products — a Solar PILOT, an Affordable Housing Preservation PILOT, community solar and housing predevelopment loan programs, a construction loan program, and a bonds program, and is building relationships with other Green Banks to co-lend. It has also assembled a pipeline that now spans 23 projects and roughly $446M in total development costs across community solar and building decarbonization. By the close of the grant, FNO had begun moving deals into underwriting — the first step toward deploying its capital.

LAYING THE FOUNDATION: A GREEN BANK BUILDING THE MARKET FOR CAPITAL

FNO's MIF work was deliberately upstream of any single project: build the products, standards, networks, and policy that let clean-energy capital flow into low-income and disadvantaged communities and keep flowing after the grant ends.

Coalition and Partnership

FNO led as both the grant recipient and New Orleans' green bank, drawing on a 40-year history of lending for affordable housing and first-time homeownership that makes it a trusted partner to local lenders and developers. The City of New Orleans co-applied through its Office of Resilience and Sustainability; even as the City navigated a mayoral transition and a reorganization of that office, it remained committed to its Climate Action Plan and net-zero goals, and FNO positioned itself to provide continuity and institutional memory through the transition. FNO built on existing networks rather than starting fresh — the Energy Efficiency and Affordability Alliance (EEFA), with active relationships across the Alliance for Affordable Energy, Thrive New Orleans, and Housing NOLA; the Greater New Orleans regional energy alliance (GSREIA); and Together New Orleans. FNO has also begun convening a monthly peer group with other green banks and mission lenders to share knowledge and explore co-lending opportunities. FNO is also testing risk-sharing through a co-lending partnership with the Texas Clean Energy Fund, in which FNO underwrites and manages the deal, and both institutions share the risk.

Market Building: Working Groups and an RFI

FNO ran four stakeholder convenings — a Community Solar Working Group (meeting monthly since December 2024), an Affordable Housing Developers Roundtable, a Downtown Development District / commercial-broker conversation, and benchmarking stakeholders — and issued an RFI that lifted 18 projects representing $12.5–$22M in direct capital need. The working groups did more than collect projects: developers surfaced the specific barriers (tax-equity structures, interconnection costs, insurance availability, the 15-year tax-credit expiration cliff facing post-Katrina affordable housing) that told FNO which products to build first. FNO's role as a stable, mission-driven convener is itself part of the market infrastructure.

New Financial Products

The market-building work pointed to three products FNO built during the grant period. The Solar PILOT offers discounted tax abatement to community-solar developers who guarantee at least 20% bill savings for low-income customers. The Affordable Housing Preservation PILOT freezes property taxes below market — FNO can remove qualifying properties from the tax rolls for up to 40 years — in exchange for energy-efficiency targets maintained over 10 years and at least 40% of units kept below 80% AMI. The third is a predevelopment loan co-lent with the Texas Clean Energy Fund. These sit alongside FNO's broader toolkit: predevelopment capital for the earliest, riskiest costs; credit enhancement through first-loss or subordinated positions; and long-term public ownership of community-solar assets to give developers certainty about their exit. The foundation is a $5M loan from the CGC, with a current allocation of roughly 40% to predevelopment, 30% to construction financing, and 30% to credit enhancement — and about 40% structured as short-term revolving capital that recycles as predevelopment loans are repaid.

Enabling Environment

New Orleans is one of only two U.S. cities where regulatory authority over a private investor-owned utility sits with the City Council — a lever FNO's plan aligns to, supporting on-bill financing, time-of-use pricing, and interconnection reform. The City's benchmarking ordinance begins requiring buildings over 50,000 square feet to report energy use in May 2026 (dropping to 20,000 square feet in 2027), creating a defined future pipeline of 1,500+ buildings, and a first-100-days expedited-permitting commitment is expected to take effect the same month. Community solar runs under a 60 MW citywide cap (with credits at roughly 12¢/kWh plus a 2¢/kWh low-income adder), and PILOT recipients must meet 35% Disadvantaged Business Enterprise participation. Two barriers remain front-of-mind: C-PACE enabling legislation failed in Louisiana's 2025 session (House Bill 62), with a statewide coalition pushing for 2027, and interconnection timelines of 18–36 months prompted FNO to point the City Council toward a first-in-the-nation conditional-interconnection precedent issued in Washington, D.C. in November 2025.

ORIGINATING A 23-PROJECT, $446M PIPELINE

FNO's pipeline spans 23 projects across community solar and building decarbonization, representing roughly $446M in total development costs and $12.5–$22M in direct capital need — the slice FNO's products are designed to fill. The majority of the pipeline sits in CEJST-designated disadvantaged communities. Projects are grouped here by asset class and readiness for clarity.

Community Solar — Construction-Ready | up to 40 MW

Community-solar projects that are past predevelopment, hold their permits, and sit in Entergy's interconnection queue — including the Sun Connect Portfolio. These projects are in the final stages of securing construction financing.

- **Capital Stack:** FNO construction loan, tax-credit bridge loan, and long-term debt; private and tax equity; FNO closing the final $1–$2M gap to construction.
- **Revenue / Benefit:** Subscriber payments at ~12¢/kWh (plus a 2¢/kWh low-income adder), with at least 20% of capacity allocated to low-income households.
- **Investment Readiness:** Nearing Financial Close.

Community Solar — Predevelopment | up to 15 MW

Community-solar projects are still assembling their capital stacks, where FNO is positioned to provide predevelopment financing.

- **Capital Stack:** FNO soft-cost / predevelopment loan (structured as revolving capital), interconnection bridge financing, and an FNO long-term ownership option for some projects; ~$1M of FNO participation per project against $1–$5M total project costs.
- **Revenue / Benefit:** Targeted 10–20% energy-cost savings; at least 20% low-income subscriber allocation.
- **Investment Readiness:** Pre-Development & Feasibility.

Affordable Housing Preservation | ~$11.6M FNO transaction

Affordable-housing preservation projects where developers refinance existing properties and layer energy-efficiency upgrades into the recapitalization — named in the closeout as Nazareth I/II, St. John Berchmans, and Centennial Place, with Delille Inn, Lafitte Phase 1&2, Annunciation Inn, the German Schoolhouse adaptive reuse, Elysian Seniors, and 1122 OCH among the broader set in Appendix B. The context is roughly 10,000 post-Katrina affordable units now approaching 15–20-year refinancing cycles. Ten of the projects are 100% LIDAC, one is 76%, and two are not yet determined.

- **Capital Stack:** Blended and confirmed project-by-project at close — LIHTC equity, FNO's Affordable Housing Preservation PILOT, junior or subordinated debt, and grant capital.
- **Revenue / Benefit:** Lower operating costs and preserved long-term affordability (at least 40% of units below 80% AMI), with 15–20% bill reductions targeted for low-income households.
- **Investment Readiness:** Finance-Ready. The closeout reports this portfolio as finance-ready; the individual projects in Appendix B sit at mixed, earlier stages — the portfolio-level label is anchored on the more recent closeout.

Resilience Hubs | ~$5.55M gap

Community facilities — clinics, schools, cooling centers — where most projects have been grant-funded to date, limiting FNO's ability to deploy lending tools. FNO has identified a $5.55M funding gap and is developing a $3.5–$5M credit-enhancement product to complement grant funding, coordinated with the City's $28M Virtual Power Plant program (40% of sites carved out for low-income households).

- **Capital Stack:** Grant funding plus an FNO credit-enhancement product; VPP incentives.
- **Revenue / Benefit:** Resilience for community-serving facilities in the highest-social-vulnerability neighborhoods.
- **Investment Readiness:** Early Concept / Scoping.

Microgrids & EV Charging | Early market-building

Both asset classes remain active in market building. For microgrids, FNO has engaged schools and institutions and is developing an off-the-shelf financing product against a $650K financing gap and $0.5–$1M of market demand. For EV charging, FNO is engaging with the Regional Transit Authority, coordinating with the Port of New Orleans, and monitoring emerging funding.

- **Capital Stack:** To be determined; an off-the-shelf microgrid product under development; public/private blended financing.
- **Revenue / Benefit:** Institutional resilience and expanded charging access, including downtown and harder-to-reach communities.
- **Investment Readiness:** Early Concept / Scoping

IMPACT & NEXT STEPS

FNO used the MIF grant to build what New Orleans was missing: the products, standards, and networks that let private capital reach LIDAC clean-energy projects. The remaining task is to put that infrastructure to work — and the first deals are already at the door.

The Strategic Gap: Capital does not reach the earliest, riskiest stages. Predevelopment and bridge-capital gaps of $3–$8M, a stressed insurance market, unresolved consolidated billing, 18–36-month interconnection timelines, and a deeply underbanked population all stall otherwise viable projects.

The Last Mile: FNO has brought its first deals to underwriting, the first capital movement under the financial products MIF helped build, while continuing to work with other developers as they complete their applications. Advancing these deals proves the model, builds the pipeline, and creates a clear path for the construction-ready solar that sits just $1–$2M from close.

The Multiplier Effect: As a Public Trust, FNO's capital is cheaper and more patient than conventional financing, so it can absorb early risk and let private lenders follow on workable terms. About 40% of the CGC capital is short-term revolving capital that recycles as predevelopment loans repay; PILOTs convert policy goals into enforceable underwriting criteria; and co-lending with the Texas Clean Energy Fund pools funds and shares risk. FNO is targeting $1B in economic impact by 2030.

Urgency: Federal tax-credit phase-downs and safe-harbor deadlines are already reshaping projects — Westpark was downsized to 1.5 MW to safe-harbor — while insurance-market deterioration can render projects unfinanceable, the benchmarking ordinance goes live in May 2026, and the mayoral-transition window is an opening to lock in market-enabling policy.

A Replicable Model: A Public Trust or green bank paired with a city — deploying PILOTs, predevelopment capital, credit enhancement, and green-bank co-lending — is a transferable template for underbanked, climate-vulnerable cities that need to move private capital into clean energy in the communities that need it most.

This case study was developed through the Municipal Investment Fund, a partnership between ICLEI USA and CGC to support local governments, Tribes, and their partner not-for-profit organizations in developing public-private partnership plans that accelerate the deployment of capital to clean energy projects.