



## Innovative Financing Model Helps “City of Firsts” Improve Quality of Life for Citizens in Need

The city of Kokomo, Indiana is known locally as the ‘City of Firsts.’ America’s first car was produced there by Elwood Haynes in 1894. That was followed by the first pneumatic rubber tire and push-button car radio, along with the first mechanical corn picker, canned tomato juice and stainless steel tableware. Today, the innovative city of 57,000 is adding another ‘first’ to its list of accolades through a project that is helping Kokomo better serve some of its most disadvantaged residents.

The Housing Authority of the City of Kokomo offers affordable, safe, sanitary housing for low-income individuals and families. The organization relies heavily on federal funding to operate and maintain 550 units across multiple sites within the city. And, like many federally funded groups, the housing authority has been forced to do more with less in recent years. “The funding has been shrinking,” said CEO Deb Cook. “Every agency is challenged, but HUD (Housing and Urban Development) has been hit extremely hard, and we’ve just tried to make do and put out fires as best we can.” With many of its facilities in desperate need of infrastructure improvements – roofs, siding, plumbing, heating and lighting – the housing authority turned to Johnson Controls for help.

### No Capital Required: The Energy Savings Performance Contract Option

The Johnson Controls team designed a plan that would include \$3.3 million in upgrades and repairs across the housing units, paid for from energy savings and HUD incentives, without the need for the Kokomo Housing Authority to provide capital.

### Project Financials AT-A-GLANCE:

Location: Kokomo, Indiana

Housing Authority Units: 550

Project Scope:  
\$3.3 million in upgrades  
across multiple sites

Projected Savings:  
\$233,000 annually

Capital Outlay:  
\$0 (Project funded through  
guaranteed energy and  
operational savings)



Under an energy savings performance contract, improvements would be paid for up front by Johnson Controls and guaranteed to generate enough savings to pay for themselves over time. “We considered energy performance contracting a few years ago but back then you had to repay the loan from capital funds which, for us, were shrinking,” said Director of Finance Debbie Stapleton. “Today, we have more options and Johnson Controls showed us how the energy and water savings could be used to pay back the loan. So this is the first time we were able to seriously consider it as a solution.”

With the funding mechanism in place, the project got underway in 2013 and included water conservation efforts, bath-to-shower conversions, lighting upgrades, HVAC upgrades, new sliding doors, weatherization and other initiatives designed to improve energy efficiency and provide a more comfortable, safe and secure environment for residents through:

- **Reduced energy use:** The performance contract guarantees \$223,000 in annual energy savings with a payback term of 20 years.
- **Reduced water use:** With the installation of new fixtures and the conversion of tubs to showers in one building, water savings reached \$133,000 in just six months.
- **Improved lighting:** New lighting in hallways, parking lots and other outdoor areas not only contributes to the energy savings, it gives housing authority residents a greater sense of security.

In addition to the results guaranteed in the energy savings performance contract, the project had a positive impact on the broader community, through:

- **Job creation:** 70% of the contractors working on the project were local.
- **Job training:** As a recipient of HUD financial assistance, the city of Kokomo was required to provide training, employment, and contracting opportunities for low- or very-low income residents in connection with the project. A two-week job-skills training program was held for interested members of the community.
- **Lender participation:** The project utilized a local financial lender.

For this ‘City of Firsts’, the housing authority’s first use of energy performance contracting proved to be a success on many levels, according to CEO Deb Cook. “It was an opportunity to save our capital fund for other projects and to improve the quality of life for our residents and our greater Kokomo community.”

Learn more about the Kokomo Housing Authority comprehensive sustainability plan, visit at [johnsoncontrols.com/kokomo](http://johnsoncontrols.com/kokomo).