



Ask Me Anything: Creative Uses of the SRFs

August 18, 2025



About Us

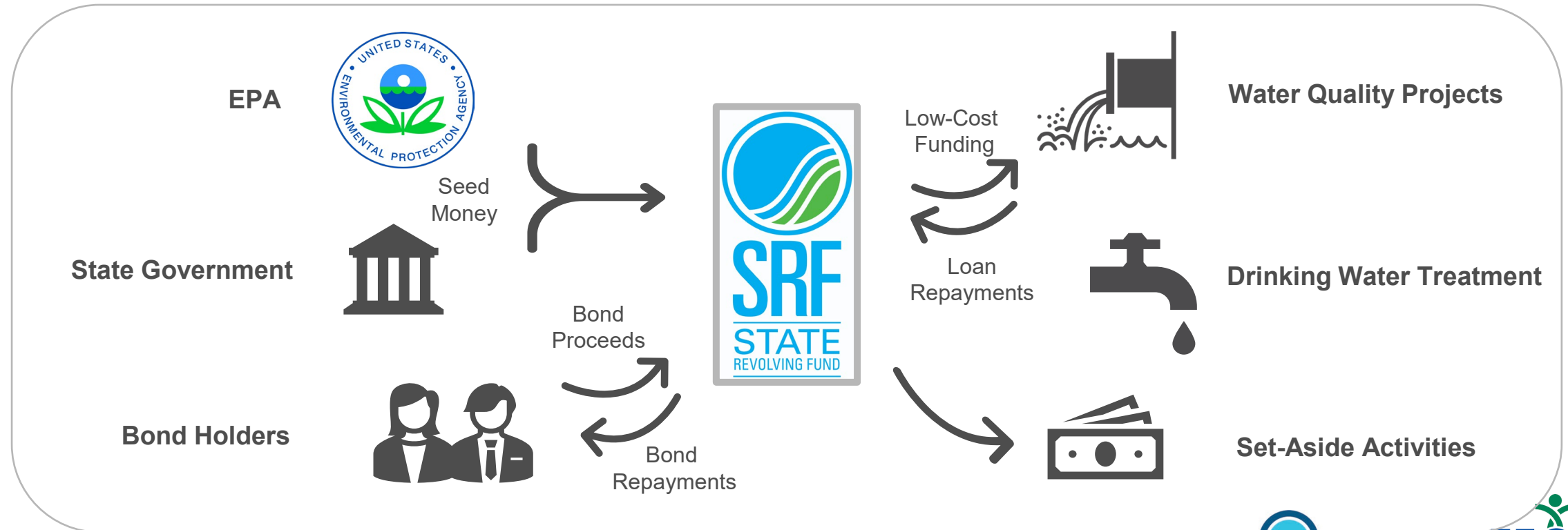
The **Environmental Finance Center Network (EFCN)** is a university- and non-profit-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and water infrastructure.

The EFCN works collectively and as individual centers to address these issues across the entire U.S, including the 5 territories and the Navajo Nation. The EFCN aims to assist public and private sectors through training, direct professional assistance, production of durable resources, and innovative policy ideas.



What are the SRFs?

- Low interest revolving loan program with subsidies for targeted projects and communities
- Money comes from EPA/Federal Government, state match, loan repayments, interest, bond proceeds



Linked Deposits
Sponsorship
Pass Through
Investment/Credit Participation
Interim Financing
Credit Guarantee

Linked Deposits

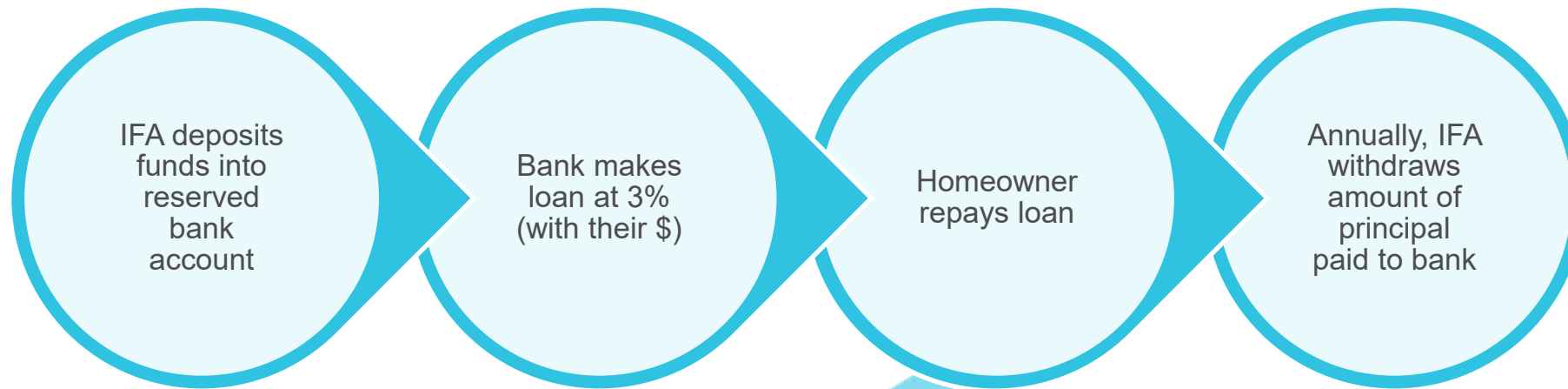
Linked Deposit

- Partners: Private or non-profit financing entity (bank or CDFI)
- States have used linked deposits to successfully fund projects such as:
 - environmentally friendly forestry equipment
 - Lender originates and services loan to homeowner/landowner
 - SRF subsidizes interest rate
 - septic system replacements
 - agricultural BMPs



Iowa's Linked Deposit Program

- Local Water Protection
- Onsite Wastewater Assistance
- Livestock Water Quality
- Stormwater



<https://www.iowalinkeddeposit.com/index.cfm?fuseaction=Controller.signOut>

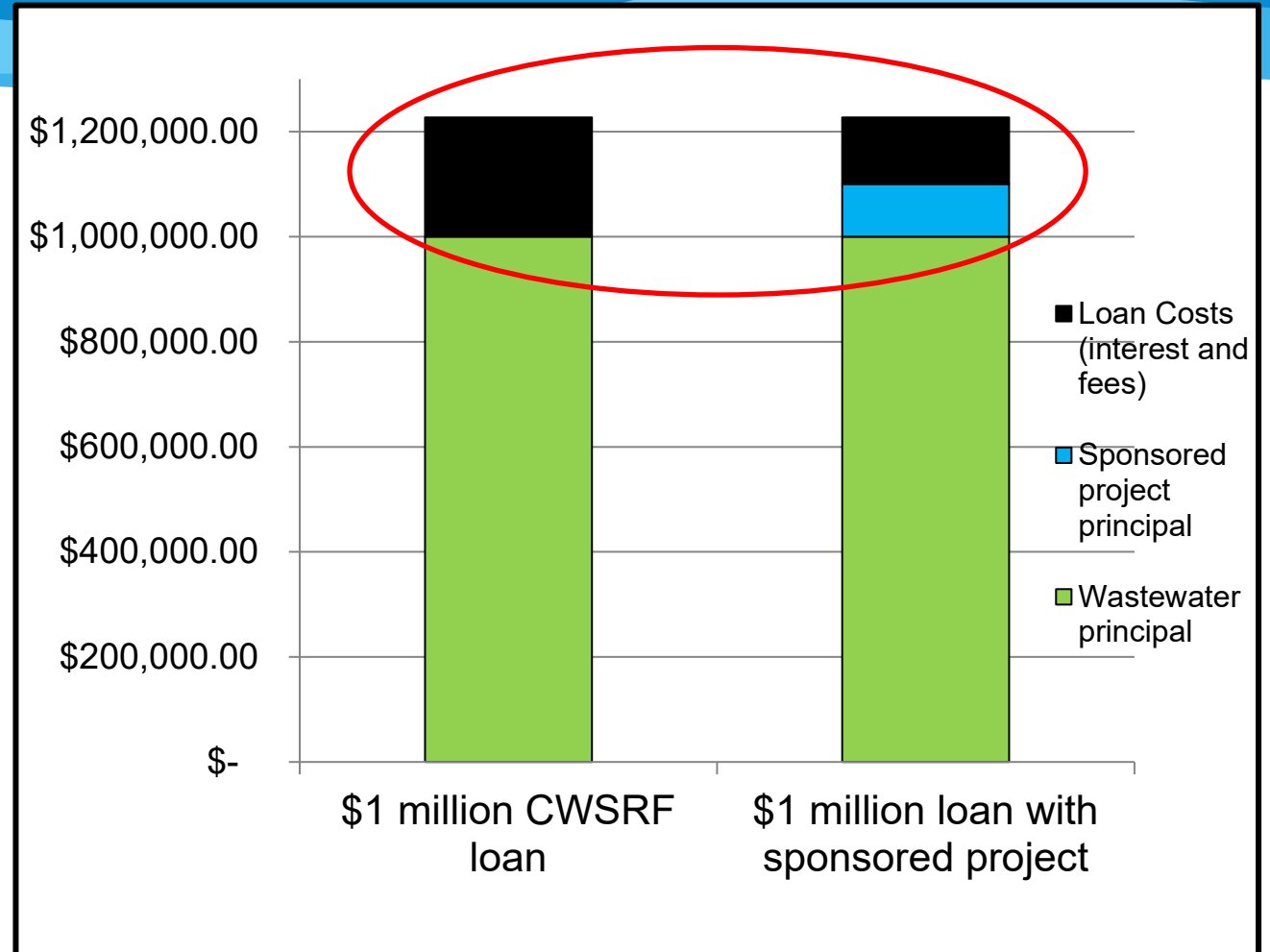


Sponsorship



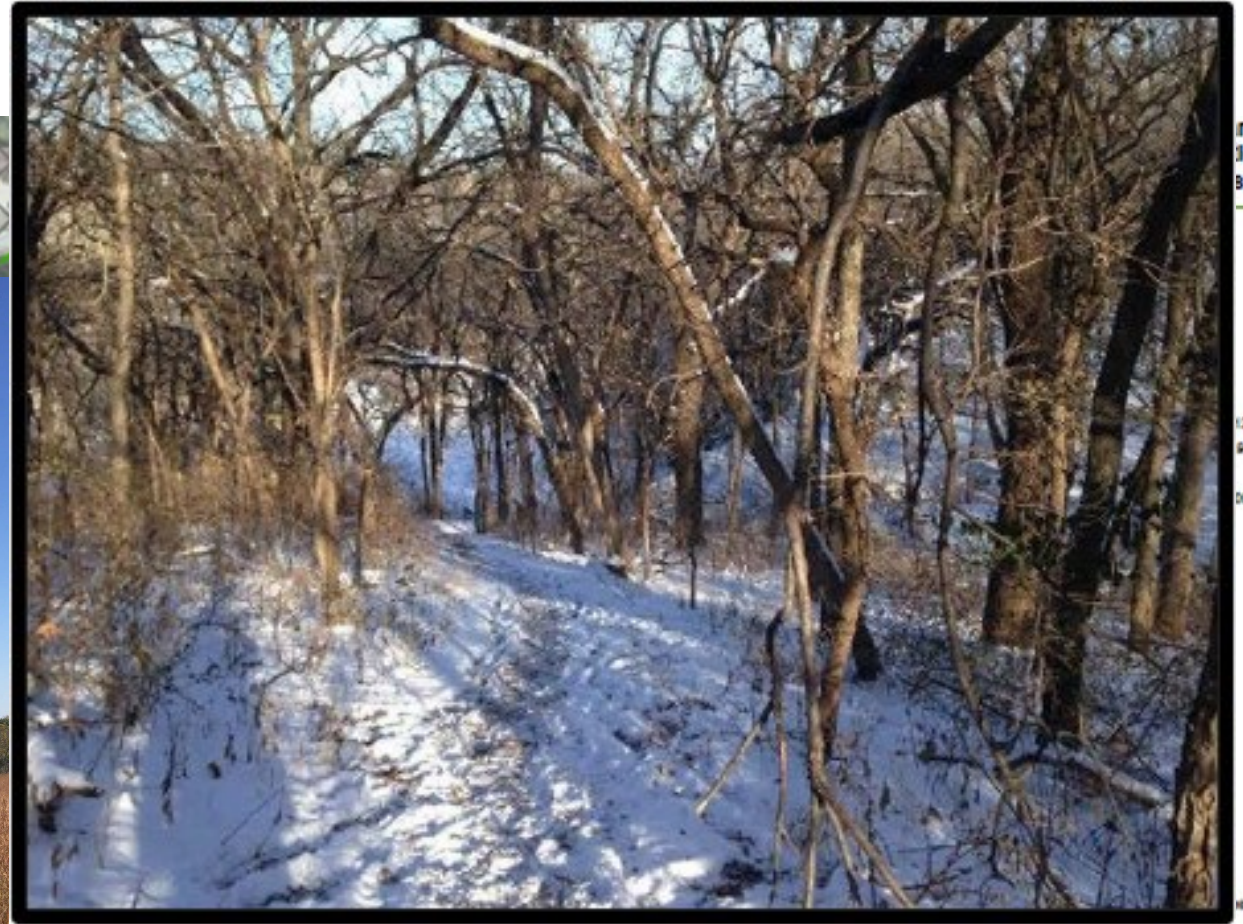
Sponsorship

- Pairs a traditional POTW project with a NPS project.
- A municipality receives a CWSRF loan with a reduced interest rate as compensation for sponsoring a NPS project
- Allows municipalities to address pressing watershed restoration or protection priorities with placing a repayment responsibility upon NPS project implementers or municipality (e.g., non-profit organizations)



Sponsorship: Sioux City, Iowa

- In conjunction with wastewater treatment plant upgrade project
 - Restored native oak savanna and prairie in city park
 - Contracted with CCC to perform invasive species removal
- Multiple benefits
 - Promotes infiltration of rainwater/reduces surface and stream erosion
 - Beautification of park area
 - Improved access



Sponsorship: Ohio WRRSP

- Kent Dam Removal
 - Partial removal of historic 1836 dam
- Provided
 - Fish passage
 - Enhanced aquatic habitat and DO content in dam pool
 - Enhanced access for recreation
- City of Revenna's WWTF upgrade sponsored the project



From a GeoHistorian Project Video: "Digital story about the Cuyahoga River Dam in Kent, OH." Project Partners include: Kent State University; the Kent Historical Society; and Kent City Schools.



<https://epa.ohio.gov/divisions-and-offices/environmental-financial-assistance/financial-assistance/water-resource-restoration-sponsor-program>

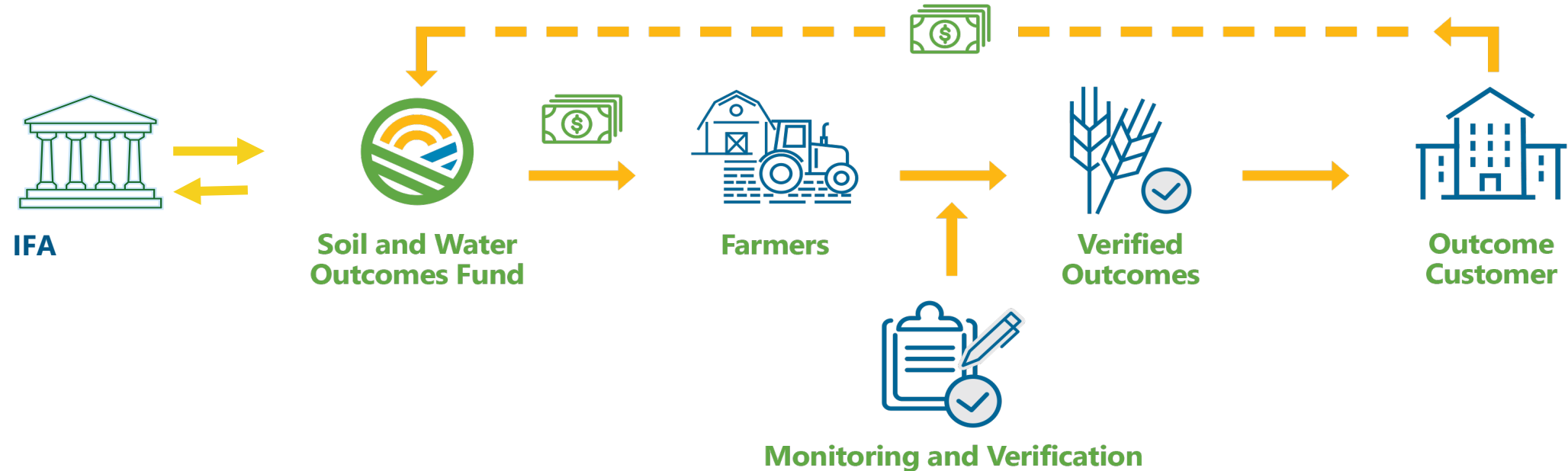
Investment

Investments

- Loan participations, linked deposits are all considered “investments” not loans
- The loan is originated by a lending facility and the SRF links a deposit, purchases the loan or invest funds with the lender
- There is no direct loan between the SRF and the individual
- This allows states that cannot loan to private entities a way to finance NPS projects



Soil and Water Outcomes Fund



Step 1

Soil and Water Outcomes Fund secures purchase agreements with CO₂e and water quality customers (e.g., Cargill, IDALS, USDA)

Step 2

Farmers propose the new conservation practice or practices they wish to implement

Step 3

SWOF provides payment to participating farmers based on the resulting environmental outcomes produced

Step 4

Outcomes are measured, monitored, and verified using USDA-approved models, soil and water sampling, and remote sensing

Step 5

Once verified, environmental outcomes are transferred to outcome buyers (corporations, utilities, municipalities, and state or federal government entities)

<https://theoutcomesfund.com/>



Pass Through

Pass Through Financing

- Partners: Government agency or private/non-profit financing entity (e.g., CDFI)
- SRF makes a loan to the partner entity, which passes it on to the borrower for the projects
- Double pass-through being developed in NC:
 - State → municipality → nonprofit → homeowners
- Often used for decentralized wastewater treatment systems and agricultural BMPs



Pass Through Financing

CONDUIT



Craft3 is a non-profit CDFI in Washington and Oregon. **Craft3 helps homeowners to finance the repair and replacement of failing septic systems.**

CWSRF LOAN



Craft3 received 5 CWSRF loans between FY 2016 and FY 2020. The 2020 loan was at **1.3% interest and 20 years, with \$1 million loan forgiveness.** Craft3 also received grants from Washington's Centennial Grant Program.

HOMEOWNER



LOAN

Craft3's loan rates are **based on household income** and were 2.49% to 5.49% in 2020.* They offer flexible repayment options, up to 15 years. Many borrowers would not qualify for a traditional bank loan.

REPAYMENT



Craft3 repays the SRF using **available cash flows**, including borrower repayments. Craft3 maintains capital liquidity and loan loss reserves to offset losses and ensure repayment of the CWSRF loans.

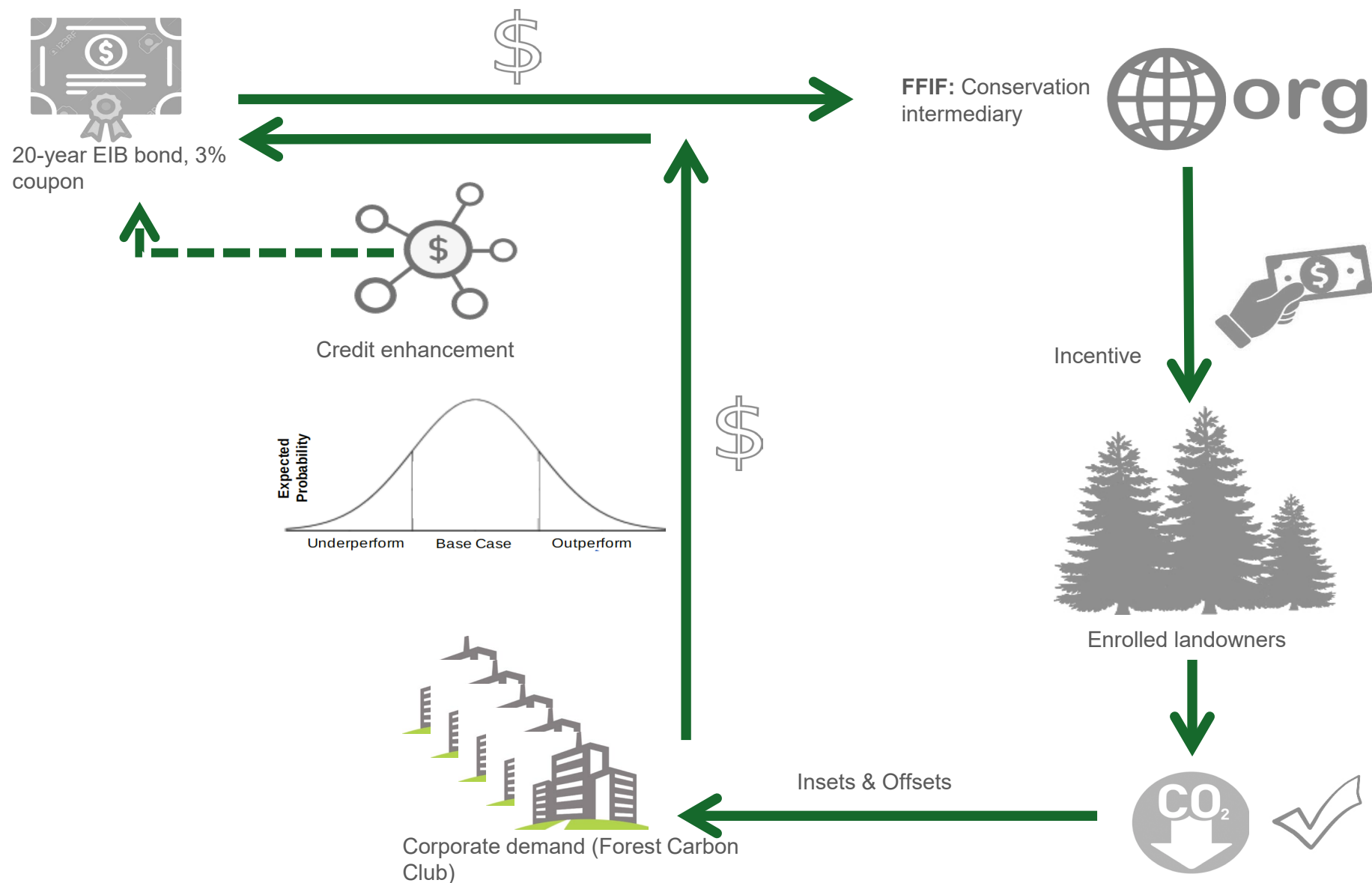
RESULTS



From July 15, 2016 to June 30, 2020, CWSRF loans to Craft3 have helped finance 1,033 decentralized projects totaling \$24 million. 31% of loans were to low-income households.

Credit Guarantee

Credit Guarantee: American Family Forest



Credit Guarantee: AFF

- Background: Why SRFs?
 - Large source of existing capital
 - EPA has specifically clarified that SRFs can issue guarantees, and has even promoted the idea
 - Extremely underutilized facility and thus in theory less competitive
 - We have a small handful of examples that make it seem possible
- What did AFF do?
 - Engaged state SRFs in NY, PA, MD, VT, possibly other states
 - Pitched the notion of an SRF guarantee for the Family Forest Carbon Program
 - Worked with MD state legislatures on legislation that specifically directed the MD SRF that it was able and encouraged to use its balance sheet in this way
 - Eventually, secured a \$2.5 million CE pledge from MD – but not from other states

Credit Guarantee: AFF

- Challenges:
 - Even if they are technically authorized, SRFs don't feel comfortable using the facility
 - Anxiety that employing guarantees will decrease amount of loan funds available (note: not true)
 - Political controversy around nature-based projects, markets
 - Even when you succeed, result is a "patchwork quilt" of CE, challenging to use for a national program, too small to work on their own
 - Risk aversion: willing to do it, but only if it's a 110% sure thing (and if it's a 110% sure thing, why do I need the CE?)
 - Bond market not in a good place right now
- Way forward? How might AFF move forward?
 - Coordinated approach – "SRF SWAT Team"
 - Using CE guarantees for smaller scale instruments (like buyer financing)

Interim Financing

Interim Financing: Trust for Public Land

Who is TPL? And why do we care about the SRF?

- Three different projects in Vermont:
 - Interim finance by private entity: Rolston Rest
 - Interim finance by private entity: Hunger Mountain Headwaters bridge financing
 - Interim finance by municipality: Huntington Community Forest
- Growing beyond Vermont: dipping our toes into NH's SRF program at Newfields-Exeter Community Forest

Interim Financing: Huntington Community Forest

- Secured 5-yr \$309k loan with 0% interest from the interim financing program to protect natural infrastructure
- TPL supporting the Town as lead applicant
- Funding supported capital and hard costs
- Qualified as non-federal match!
- Resulted in protection of 104 acres of “Special Water Quality Zones” (42% of the property)
- 100% of the loan was forgiven based on amount of water quality benefits on the property
- Leveraged additional monies for full protection of the 240 acres (over 700,000 in land value in 2020).



Interim Financing: Huntington Community Forest



Nature Near Schools: TPL's Green Schoolyard Initiative

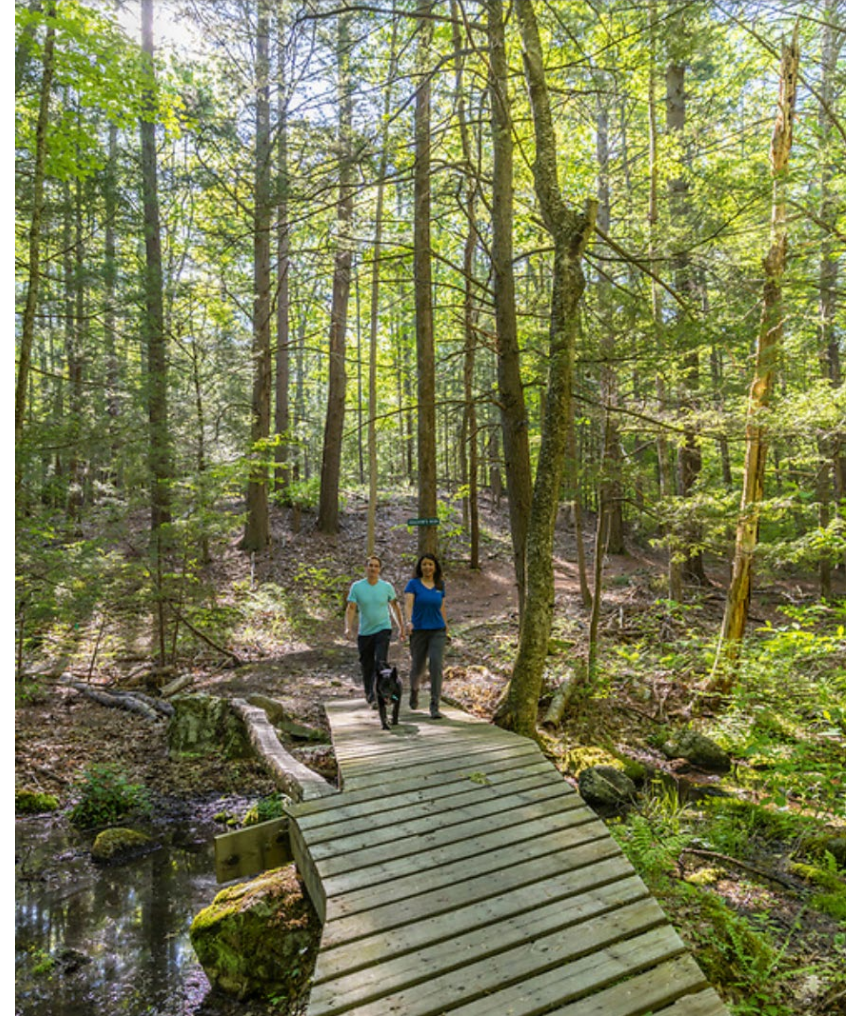
- Adjacent to Brewster Pierce Memorial School
- Expanded the outdoor education program
- Opportunities for children to get involved in permaculture and orchards, sugaring, wetland restoration, removal of invasive plants, etc.

Interim Financing: Hunger Mountain Headwaters

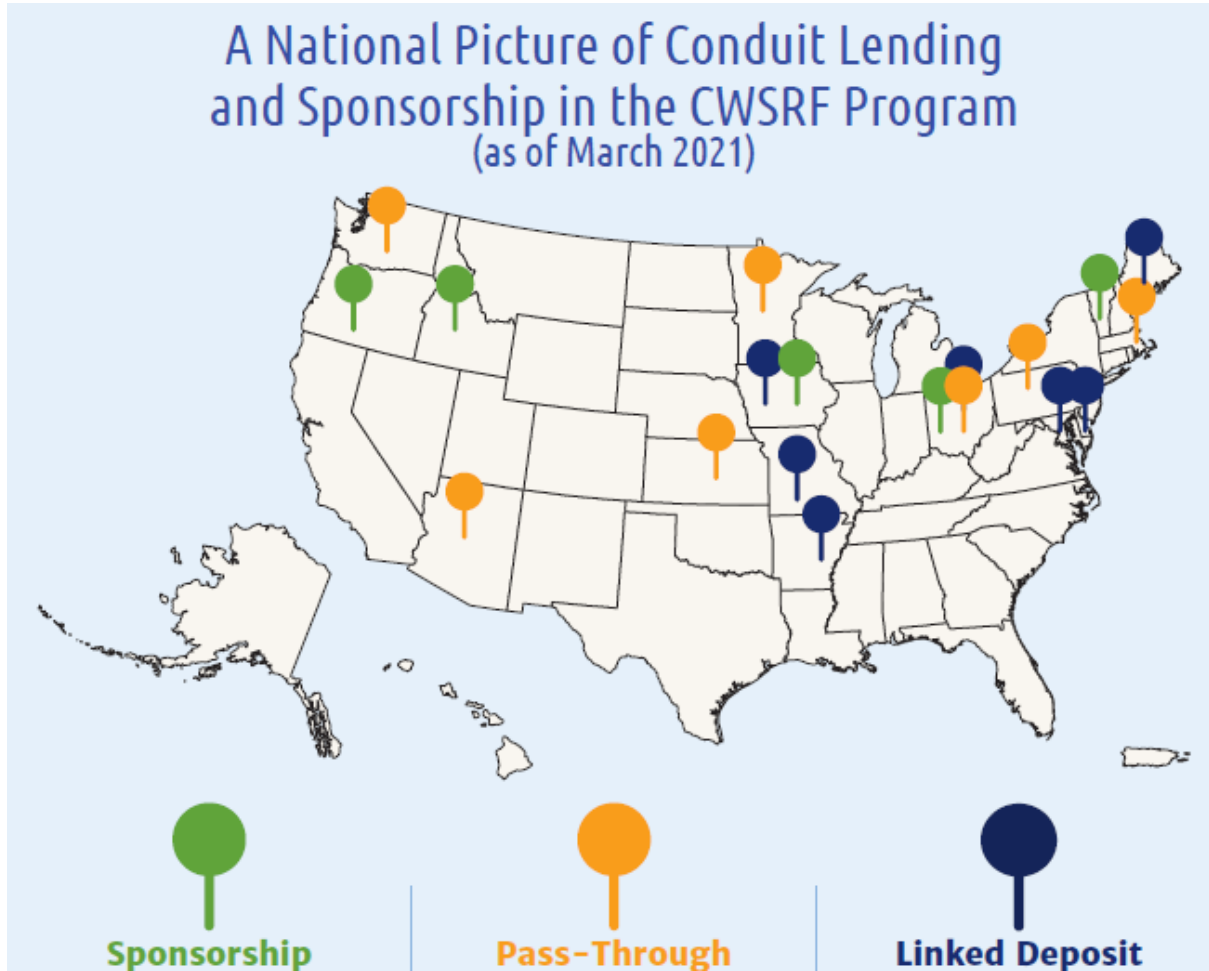


Interim Financing: Newfields-Exeter, NH

- New state for TPL SRF engagement
- In process!
- Perfect storm of opportunity: project fit (wellhead protection area), supportive state program administrator, town interest
- “Stormwater Infrastructure Project with a Planning Component”
- Town of Newfields applicant, TPL supporting
- \$2.6M loan to Town of Newfields, in lieu of town bond as alternative
- \$600k total loan forgiveness (23%), with \$100k for planning support
- Looking to other established water-related land protection grant programs of the State to help implement the SRF



Which One is Best?



- Don't ask for anything new
- Pass-through of some sort can happen anywhere
- Outside of Iowa and Ohio, sponsorship has gained little traction
- Best bet → make friends with your friendly local municipality or public entity*

*Public entity definition varies wildly by state—can be restricted to municipality or open to Soil or Irrigation Districts

Upcoming Trainings

Source Water Protection & the SRFs

September 3, 2025 / 11:00-1:00 pm EST

Navigating Federal Cross-Cutters

September 11, 2025 / 12:00-2:30 pm EST

What are Set-Asides?

September 15, 2025 / 2:00-4:00 pm EST

Shrinking Capitalization Grants

October 1, 2025 / 11:00-1:00 pm EST

This is **NOT** an Ask Me Anything session. To register, go to:
<https://efcnetwork.org/event/virtual-office-hours-ask-me-anything-srf-technical-assistance-open-discussion/>

For more information and to register visit:

<https://efcnetwork.org/event/virtual-office-hours-ask-me-anything-srf-technical-assistance-open-discussion/>

Community Finance Team

<https://www.quantifiedventures.com/community-finance>



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- Former DWSRF Project Manager for the State of Vermont

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