



Solar On A House Is Easy, Solar On A Church Or School Is Hard: This Startup Is Fixing That

Village Power Finance is doing the wheeling and dealing so that small, local businesses and organizations don't have to when they want to go solar.

U.S. solar capacity has tripled since 2010, but the revolution has been patchy. Most of the action has been in [12 states](#), and among [large corporations](#) and [certain homeowners](#).

Other groups have been left behind, partly because of a lack of financing options. If you're a church, school, or community organization, for instance, it can be difficult to get a solar loan or lease. Financiers want to see evidence of credit worthiness, something individuals are more likely to have than sports clubs. And the big players aren't interested in small deals.

“Given the relatively small size of these deals, the big companies don't want to take the time to do due diligence.”

"On the residential side, it's easy because they just play off [FICO](#) [credit] scores. On the smaller commercial side, there isn't that kind of standardization," says David Simpson, co-founder of [Village Power Finance](#), a Palo Alto, California-based startup. "Given the relatively small size of these deals, the big companies don't want to take the time to do due diligence."

Village Power helps community groups get solar in two main ways. First, it creates a special purpose company to own a facility--making it an investable entity--and then takes care of administration and maintenance. Second, it establishes a crowdfunding mechanism so communities can advertise for investment, either locally or from further afield.

"The model turns upon what we call 'champions,'" Simpson says. "These are people in the community who are really excited about going solar. We basically empower them to tell the story, put up a picture of the proposed facility on their web page, describe and have commentary, with all the financing arrangements there."

For example, a church might want a 100 kilowatt set of solar panels costing \$350,000. Village Power creates a company to own the platform, then the church agrees to buy back the power generated. The community sells off "membership interests" in the entity, with a maximum of 70 investors participating. The church repays with the revenue from the power, plus interest.

Simpson says investors can make 2% to 8% return, depending on the project and their tax arrangements. A big attraction is that they can qualify for a [federal income tax credit](#) as part of their investment.

Village Power has 10 megawatts of deals in the pipeline, including with a high school and a church. Groups like [Interfaith Power and Light](#), which campaign for religious groups to switch to renewable power, are helping them prospect for new customers, Simpson says.

Village Power is a bit like [Solar Mosaic](#), an established solar crowdfunding platform. But there are differences. For one, Village Power deals in equity; Mosaic issues debt. Village Power also finances projects upfront. Mosaic tends to take over projects from other investors once they're established.

Simpson says many communities are attracted by the idea of not only generating power locally, but keeping the revenue local as well. "We're about keeping the capital local. There is a big desire for that in a lot of communities," he says.

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