



NYSERDA

GJGNY LMI Working Group Report – DRAFT Barriers and Recommendations

(Briefing to the GJGNY Advisory Council)

September 22, 2015

Barriers

Challenges of the Loan Process for Installers & Contractors

- Loan payment process and timeline (especially related to PV) is too lengthy
- Education regarding the loans is needed for contractors and installers
- No perceived benefit of the OBR loan to contractors
- Cost effectiveness requirements are too limiting

Challenges of the Loan Process for Consumers

- Assisted subsidy and loan application processes can be confusing
- Application paperwork can be complex
- Ability to qualify in more complex life situations challenging
- Loan qualification criteria too limiting
- Cost effectiveness requirements too limiting
- Lack of consumer awareness of program and loan options, including Tier 2

Barriers Regarding Affordability of Projects or Loans

- Inability of households to use tax credits (PV) may make system unaffordable
- Definition of “low-to-moderate income” and the type of income included in the calculation to make that determination may leave needy households unable to obtain a subsidy, and therefore not move forward with a project
- No consistent definition of “low-to-moderate income” across all assistance programs

Barriers Regarding Affordability of Projects or Loans

- Inability to fully fund necessary health and safety improvements could prevent efficiency work from being done
- Term limits of loan lead to high payments on higher-cost, longer payback projects
- Consumers sometimes do not trust that savings will be realized, and therefore are hesitant to invest in work they believe may not be paid back in savings

Barriers Regarding Outreach and Assistance to LMI HH

- Gaps in areas served by CBOs across state
- Contractors and CBOs not yet, in all cases, working effectively together
- Need for good description of the full home performance process
- Greater need for “case management” than the program currently accommodates

Barriers Regarding Access to the Program

- Program does not effectively serve manufactured housing
- Delivering comprehensive energy efficiency and renewable energy services hindered by siloed programs
- Legislation does not allow off-site installations (those not attached to the dwelling – community net metering) to be financed through OBR

Recommendations and NYSERDA Response

Addressing Challenges of the Loan Process for Installers and Contractors

- 1) NYSERDA should develop a means to pay PV installers the incentive and loan proceeds sooner, to alleviate cash flow problems.

NYSERDA response: Accepted

- *Payment process reviewed based on input from the working group and changes implemented in July 2015*

Addressing Challenges of the Loan Process for Installers and Contractors

- 2) NYSERDA should develop training for contractors on the features and benefits of the GJGNY loan products, how the loans relate to the development of work scopes, and best practices for selling potential customers on the loan products.

NYSERDA response: Accepted

- *Will work with these private sector training partners, contractors and CBOs over the next year to update and deliver appropriate training*

Addressing Challenges of the Loan Process for Consumers

- 1) NYSERDA should simplify and streamline the loan and assisted subsidy application processes. This may include combining the loan and subsidy applications into a single document.

NYSERDA response: Accepted

- *Full review of all applications completed by NYSERDA in May 2015*
- *Revised applications shared with the working group for input in August 2015; due out by Nov 30*

Addressing Challenges of the Loan Process for Consumers

- 2) NYSERDA should explore and consider alternative loan qualification criteria to address the denial rate associated with debt-to-income ratio (DTI).

NYSERDA response: Accepted

- *Will continue to monitor the performance of loans associated with high DTI and adjust underwriting guidelines in a responsible manner over time, as warranted*
- *Will look at treating energy bill savings as income*

Addressing Challenges of the Loan Process for Consumers

- 3) NYSERDA should explore options for providing access to loans with a 20 year term.

NYSERDA response: Accepted

- *Exploring other loan options that may accommodate a longer loan term, and that may be introduced into the market within the coming year*

Addressing Barriers Regarding Affordability of Projects / Loans

- 1) NYSERDA should institutionalize a relationship with the Green and Healthy Homes initiative (GHHI) and other federal or regional initiatives, as appropriate, so it may be more accessible to the communities in NYS.

NYSERDA response: Accepted

- *Will work with the GHHI and other programs to determine how NYSERDA can best facilitate access to those programs*

Addressing Barriers Regarding Affordability of Projects / Loans

- 2) The project application should require a listing of other funding sources that may be supporting a project, and the terms associated with that funding (deadlines, for example).

NYSERDA response: Accepted

- *Will implement it in the fall of 2015*

Addressing Barriers Regarding Affordability of Projects / Loans

3) NYSERDA should provide greater flexibility for project approvals where there is a chance financing may fall apart due to missed deadlines.

NYSERDA response: Accepted

- *Made significant progress in reducing project approval times further improvements to be introduced before the end of 2015 allowing automated approval of up to 90 % of projects*
- *Extensions allowed for approval expirations*
- *Will provide training to address timing issues*

Addressing Barriers Regarding Affordability of Projects / Loans

- 4) NYSERDA should identify means to finance necessary non-energy improvements.

NYSERDA response: Accepted

- *Will increase percentage of the Smart Energy Loan that can be used for energy-related health and safety measures, or other critical work that will prevent energy work from proceeding*

Addressing Barriers Regarding Affordability of Projects / Loans

5) NYSERDA should develop options for expanding the definition of “LMI” as it relates to GJGNY loans.

NYSERDA response: Accepted

- *Several scenarios developed regarding expansion of the definition of LMI, options for establishing loan interest rates based on income eligibility, and the potential impact of those various scenarios*
- *Working with Advisory Council on this issue*

Addressing Barriers Regarding Affordability of Projects / Loans

- 6) NYSERDA should consider using third-party auditors to provide consumers with more confidence in the savings potential of their home.

NYSERDA response: Agree that consumers need have greater confidence in projected savings and audit results

- *Have piloted third-party audits in the past with little success, but will continue to work with stakeholders to explore options*
- *Current program allows for third-party business model, little success in this approach*
- *Working on other approaches to increase confidence in savings projections*

Addressing Barriers Regarding Outreach and Assistance

- 1) NYSERDA should provide the CBOs with improved access to project information related to their clients, and should track meaningful events (such as the completion of an audit) in the records.

NYSERDA response: Accepted

- *In the process of making improvements to the Home Performance project portal; will improve CBO access in upcoming portal upgrades, expected to be implemented by end of 2015*

Addressing Barriers Regarding Outreach and Assistance

2) NYSERDA should facilitate improved access for CBOs to financing status information related to their clients, with client permission, to enable the CBO to better assist the client in providing information needed to obtain loan approval.

NYSERDA response: Accepted

- *Will work with the loan originator to develop a disclosure agreement for consumer signature granting access within legal limits*

Addressing Barriers Regarding Outreach and Assistance

- 3) NYSERDA should identify and provide information about additional project financing resources to CBOs and contractors; as well as additional training and technical support.

NYSERDA response: Accepted.

- *Will work with community leaders, CBOs, contractors and others to identify other potential sources of funding, and means to disseminate information to interested parties*

Addressing Barriers Regarding Access to the Program

- 1) NYSERDA should work with contractors to increase the numbers and improve geographic coverage of those certified to perform work in manufactured housing.

NYSERDA response: Accepted

- *Will work with the Building Performance Institute, contractor trade associations, contractors and others to develop strategies and plans for improving delivery of service to this important sector*

Addressing Barriers Regarding Access to the Program

- 2) NYSERDA should provide clearer guidance on the loan qualification requirements associated with manufactured housing.

NYSERDA response: Accepted

- *Updated the underwriting guidelines on July 30, 2015*
- *Will provide training over coming months*

Addressing Barriers Regarding Access to the Program

- 3) NYSERDA should work with organizations participating in the Community Development Financial Institutions (CDFI) program, and with the New York Green Bank, to develop loan underwriting criteria that can expand access and be supported through capital investments.

NYSERDA response: Accepted, to the extent possible.

- *Will be exploring numerous opportunities to increasing capital investment in energy services*

Addressing Barriers Regarding Access to the Program

4) NYSERDA should work with the NYS Department of Public Service (DPS) to bring residential programs under a single umbrella to facilitate comprehensive energy improvements, including energy efficiency and renewables.

NYSERDA response: Accepted, to the extent feasible.

- *Certain programs have specific budgets targeted to LMI households, and specific energy savings and other goals associated with the funding*

Addressing Barriers Regarding Access to the Program

- 5) The OBR legislation should be changed to allow off-site net-metered technologies (those not attached to the dwelling) to be financed.

NYSERDA response:

- *Act provides for loans issued for “qualified energy efficiency services,” defined as a modification to a structure, which limits loans*

Additional Barriers

Barriers Regarding Community Development through Jobs

- Inadequate employment and labor data upon which to assess the impact of the GJGNY in creating good jobs for disadvantaged workers and struggling communities
- Inadequate funding for CBO role in connecting workers to jobs

Challenges Regarding Job Standards

- Not clear that the program investments in workforce training and development initiatives are resulting in quality jobs for disadvantaged workers

Potential Challenges Related to Reforming the Energy Vision

- Potential for complexity and confusion as energy services and programs change through Reforming the Energy Vision (REV.) LMI households, in particular, may be impacted by the changing landscape and not have the information needed to make choices that will most benefit the household

Additional Recommendations

Addressing Community Development through Jobs

- Work with NYSDOL and others to improve data collection
- Increase funding for GJGNY workforce development programs, focus resources on programs that benefit and provide real career pathways for disadvantaged workers
- Establish multi-stakeholder committees to communicate issues, lessons learned and best practices related to clean energy jobs
- Restore dedicated funding in GJGNY for CBOs to perform workforce coordination activities

Addressing Community Development through Jobs

- Work with NYSDOL and stakeholders to explore adoption of program-wide labor standards, and the viability of mandatory versus voluntary
 - Local and targeted hiring
 - First source worker referral partners
 - Support for existing registered apprenticeship programs
 - Community hiring hall model of transitional employment and hands-on training
 - Mandatory living wage and benefit standard

Addressing Access to the Program for Non-LMI Consumers

- While commendable that the GJGNY program should expand access to solar power for LMI households, expanding access should not harm or limit access to GJGNY initiatives, including the loan, for non-LMI households currently eligible for the program

Addressing Challenges Related to Reforming the Energy Vision

- Make a commitment to using CBOs as part of the solution to overcoming challenges for LMI households in the future
- Ensure that all disadvantaged communities statewide have a CBO to turn to for assistance