

Green Jobs-Green New York Financing Structures

March 26, 2010

GJGNY Revolving Loan Fund

- Residential (1-4 family homes) \$13,000 loan cap
- Multifamily (5 + units) \$5,000 per unit and \$500,000 loan cap
- Small business (<101 employees) and not-for-profits \$26,000 loan cap

Financing Strategy

Use portion of GJGNY funding(~\$60 million) as loan loss reserve to access the financial markets to establish revolving loan fund.

May use GJGNY funding to warehouse loans during proof of concept phase

Offer 3 financing approaches:

- Unsecured Loans
- On-bill Recovery
- Property Assessed Clean Energy (PACE) financing

Requests For Proposals

- RFP for Financial Advisor to assist in evaluating financing structures; proposals under review
- RFP for Program Lenders to originate and service loans; Technical Evaluation Panel has reviewed draft
- RFP for Underwriting Services to access the financial markets

Unsecured Loans

- One or more Program Lenders will originate and service unsecured loans and On-bill Recovery financing
- Program Lender for 1-4 family homes will determine eligibility for free or reduced cost audits (as alternate to the CBOs) and determine eligibility for 50% incentive (up to \$5,000) from SBC funding
- Credit decision to be credit score based

On-Bill Recovery Pilot

- National Grid up-state combined gas and electric residential and small business/NFP customers
- Combine utility rebates with GJGNY On-bill financing to promote comprehensive projects
- May_{SU} supplement credit score with utility_{bill} paying history
- Legislation to expand pilot and include meter obligation is pending

PACE Financing

- Municipal Sustainable Energy Loan Program legislation (Nov 2009) – allows any State municipality to establish a Property Assessed Clean Energy (PACE) loan program
- Municipality makes loan to homeowner for energy efficiency; records lien on real property and homeowner repays through a separate charge on property tax bill
- Supports larger projects with longer payback periods
- Modifications to legislation required for NYSERDA to provide aggregated access to financial markets

Lender Survey

3/12/2010

- Survey of participating lenders in Energy \$mart Loan Fund to gauge interest in a 5% loan guarantee as alternative to 4% interest rate buy down
- Assisted Home Performance Program lenders said 5% loan guarantee pool would permit loans at 8% interest rate
- Multifamily lenders expressed interest in exploring potential for larger loan guarantee pool

Challenges

- Uncertainty of leveraging potential of loan guarantees
- Balancing consumer access to loans at low interest rates with credit score requirements of investors
- Difficulty in matching annual energy savings to annual loan payments
- Banks concern with superior position PACE financing may have to existing mortgage loans
- Multifamily energy efficiency projects often face layers of secured investors that will not accept additional liens on the property
- Potential need to subsidize program interest rate to below market rate
- Potential need to establish separate financing approaches for lower income consumers