

## Recommendations from the GJGNY LMI Working Group

Recommendation #	Recommendation	NYSERDA Response	Status	Status Date	Projected Completion	Completion Date
<b>Recommendations to Address Challenges of the Loan Process for Installer and Contractors</b>						
4.1.1	NYSERDA should develop a means to pay solar electric installers the incentive and loan proceeds sooner to alleviate cash flow problems.	NYSERDA accepts this recommendation. The payment process was reviewed based on input from the working group and changes were implemented in July 2015. Installers now have alternate means to verify that a solar electric system is installed and operating, which triggers payment.	COMPLETED.			7/31/2015
4.1.2	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. Training should include an overview of the role CBOs could play in the sales and application process.	NYSERDA accepts this recommendation. Several contractor trade associations offer training on business and marketing. NYSEDA will work with these private sector partners, contractors, and CBOs over the next year to update and deliver appropriate training.	Program staff is researching training options available from partners like the Building Performance Institute (BPI), Efficiency First, and the Building Performance Contractors Association (BPCA). Longer term we will explore opportunities to partner with community colleges and other training providers.	7/26/2016	ongoing	
4.2	<b>Recommendations to Address Challenges of the Loan Process for Consumers</b>					
4.2.1	NYSERDA should simplify and streamline the loan and assisted subsidy application process, which may include combining the loan and subsidy applications into a single document.	Based on comments from the working group, NYSEDA completed a full review of all applications in May 2015, and applications were shared with the working group for input in August 2015. Input from the working group is being used to refine the applications. A new, single, streamlined application for all subsidies and loans will be implemented by November 30, 2015.	COMPLETED. Extensive changes were made to the program application, including those based on stakeholder review and input. NYSEDA's loan origination contractor, EFS, has streamlined the on-line loan application, which was launched in May 2016. Changes included combining the income-eligible incentives application with the loan application.  While the changes requested by stakeholders were completed and launched, additional changes will be launched in September 2016 when the GJGNY loan interest rate changes are implemented.			5/17/2016
4.2.2	NYSERDA should explore and consider alternative loan qualification criteria to address the denial rate associated with debt-to-income ratio (DTI).	NYSERDA accepts this recommendation. DTI is one of the important characteristics reviewed by investors who would be expected to be approached in the future to refinance the loans that have been issued. At about 35 percent, DTI is currently the highest denial category for GJGNY LMI loan denials. NYSEDA has adjusted underwriting criteria five times since the launch of the GJGNY loan program, gradually increasing the percentage of consumers qualifying for loans through Tier 2 from 8 percent in fiscal year 2011-2012 to 14 percent in 2014-2015. NYSEDA will continue to monitor the performance of loans associated with consumers who have high DTI ratios, and adjust underwriting criteria in a responsible manner over time as warranted. In addition, NYSEDA will review denials with the loan originator to better understand whether there are patterns or typical reasons for denials that could inform underwriting criteria, and based on input from the Working Group, work with CBOs, contractors and others to identify other factors that should be considered to ensure applicants receive a full review of their financial situations. NYSEDA is also exploring options for treating expected energy bill savings as a source of income for the loan applicant, and expects to modify its loan underwriting standards by the end of 2015. A possible option is to increase DTI limits in line with an announcement by the U.S. Department of Housing and Urban Development (HUD) in August 2015 to increase its income qualifying ratio by 2 percentage points for homes that achieve a Home Energy Score (HES) of at least six.	NYSERDA recently made changes to better address DTI issues related to rental properties owned by LMI households. A review of loan performance as it relates to DTI is ongoing.	7/26/2016	ongoing	

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4.2.3	NYSERDA should explore options for providing access to loans with a 20-year term. Some projects struggle to meet cost-effectiveness requirements of the GJGNY loans within a 15-year loan term. Where the life of the energy improvement is at least 20 years, a longer term loan may enable the project to move ahead.	NYSERDA accepts this recommendation and is exploring other loan options that may accommodate a longer loan term. Some new options may be introduced into the market within the coming year.	Consideration of longer-term financing options, and how NYSERDA can help these options become established in NYS, are underway by NYSERDA.	4/20/2016	ongoing	
4.2.4	NYSERDA should review the cost effectiveness test methodology used on the loan proforma to ensure the predicted energy bill savings are as accurate as possible.	NYSERDA accepts this recommendation and will review its calculation of energy savings used to determine project cost effectiveness to ensure that the methodologies are based on current utility rates and that they include appropriate cost escalation factors to arrive at reasonable projections of anticipated energy cost savings over the loan term (for On-Bill Recovery Loans) or the project useful life (for Smart Energy loans.)	Methodology for addressing escalation is currently under review. Staff have worked with DPS to develop more appropriate electric rates for the loan pro-forma and they have been implemented. Review of gas rates are underway.	3/15/2016	4/30/2016	
4.3	<b>Recommendations to Address Barriers Regarding Affordability of Projects or Loans</b>					
4.3.1	NYSERDA should institutionalize a relationship with the Green and Healthy Homes Initiative (GHHI) and other federal or regional initiatives, as appropriate, to be more accessible to the communities in NYS. These initiatives may provide funding for common problems found in low-income housing, which could be combined with NYSERDA program funds to enable energy efficiency work to go forward.	NYSERDA accepts this recommendation and with input from the working group, will work with the GHHI and other programs to determine how NYSERDA can best facilitate access to those programs for communities. These conversations will commence in early 2016 and be ongoing.	Not yet initiated. Expect to start work on this recommendation in summer 2016. However, NYSERDA is exploring working with the NYS Department of Health and the Medicaid program to determine whether investments in energy efficiency can reduce health care costs.	3/15/2016		
4.3.2	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). In addition, NYSERDA should request evidence of approval of the other funding sources before the project is approved to move forward, so that work is not started without certainty of funding. Finally, NYSERDA should make contractors aware that customers may be using sources of funding that have special requirements, and that the status must be checked prior to work starting.	NYSERDA accepts this recommendation and will implement it in the fall of 2015.	COMPLETED. Changes have been made in the NY HP Portal at the project approval stage, as opposed to at application. Contractors can enter in the amount and name of other funding sources – grants, rebates, etc – so that the amount can be taken into consideration when calculating out of pocket costs and loan information. There is a comments field that allows the contractor to identify the terms/conditions of non-NYSERDA funding.			12/31/2015
4.3.3	NYSERDA should provide greater flexibility for project approvals where there is a chance financing may fall apart due to missed deadlines. Projects that have critical milestones approaching should be given priority for processing.	NYSERDA has made significant progress in reducing project approval times over the past year, reducing the average approval time from 9 days to 1 day. Further improvements will be introduced before the end of 2015 allowing automated approval of up to 90 percent of projects through the program portal. However, for customers with more complex applications that cannot be automatically approved, NYSERDA will provide training to contractors and CBOs on the means to highlight critical timing issues. The approval timeframes for projects, loans, and subsidies do not align and may be the source of confusion. Projects are approved in the portal for 90 days. Contractors can obtain extensions by resubmitting for a new approval. Subsidy and loan approval letters provide 6 months to complete the project from the date the applications were pre-approved. NYSERDA will grant extensions for up to 1 year from the date of application submission. NYSERDA will work with partners and stakeholders to review the approval timeframes and extension processes, and provide training to contractors and CBOs, to ensure these administrative processes are not the cause of a consumer losing funding from another source.	COMPLETED. NYSERDA has streamlined the project approval process so that approvals are provided in one day, on average. This should avoid the type of time-critical scenario described. However, if a contractor is facing an urgent approval need, they may contact the program implementer for immediate review.  While the basic request to address timeliness issues has been completed, NYSERDA will continue to seek ways to streamline processes even further. Automated approval of projects is currently in testing and will be available to all contractors by the fall of 2016, further streamlining the approval process.			3/15/2016

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4.3.4	NYSERDA should identify means to finance necessary non-energy improvements. These improvements may include increasing the amount of the GJGNY loan that could be used for non-energy improvements; or working with other State agencies or other organizations to create a package of financing for consumers that would not require separate applications.	NYSERDA accepts this recommendation and will increase the 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. New loan guidelines will be established by November 30, 2015. In addition, over the coming year, NYSEDA will work with other State agencies, local organizations, CBOs and others to identify opportunities to expand or incorporate into a project financing options for non-energy improvements in a streamlined manner.	NYSERDA is reviewing the potential impact on the sustainability of the GJGNY residential loan fund that would result from this change, and evaluating the potential negative impact on the savings that would accrue to the homeowner as a result of diverting funds to non-energy measures, prior to recommending any changes. In addition, a working group of the GJGNY Advisory Council is exploring the role CBOs may play in helping to bring additional resources to projects for non-energy work.	3/15/2016	8/30/2016	
4.3.5	NYSERDA should develop options for expanding the definition of LMI as it relates to GJGNY loans (for example, related to eligibility for low interest rates) and the impact of those options. NYSEDA should continue to work with stakeholders, including the GJGNY Advisory Council and the GJGNY LMI Working Group in defining LMI for the GJGNY loan program.	NYSERDA accepts this recommendation and has developed several scenarios regarding the expansion of the definition of LMI, options for establishing loan interest rates based on income eligibility, and the potential impact of those various scenarios. NYSEDA is working with the GJGNY Advisory Council and the GJGNY LMI Working Group to develop a plan for improving GJGNY loan fund sustainability, with the goal of ensuring LMI households continue to have access to financing needed to implement energy efficiency and renewable energy projects.	COMPLETED. After consulting with the LMI Working Group and the GJGNY Advisory Council, notice was sent to stakeholders on May 23rd regarding upcoming changes to the loan interest rate. A new "moderate income" threshold of up to 120% of area/state median income was established, and a subsidized interest rate will be offered to those households. Interest rate changes will be effective for applications submitted starting September 1, 2016.			5/23/2016
4.3.6	NYSERDA should consider using third-party energy assessors to provide consumers with more confidence in the savings potential of their home. Alternatively, NYSEDA should provide energy auditor training to CBOs who can then assist with energy assessment interpretation for consumers who are in need of this type of assistance.	NYSERDA accepts this recommendation and agrees that consumers need to have confidence in projected savings and energy assessment results. Current HPWES program policies allow for a third-party option, and NYSEDA will continue to work with stakeholders to explore alternative business models that may support third-party energy assessments. NYSEDA is also pursuing other means to improve projections of savings and consumer confidence in assessment results, such as the energy efficiency meter and residential performance contracting. These business models may provide a guarantee of savings to the consumer, and ongoing measurement of results based on energy consumption data from the utility. Additional information on this approach can be found in NYSEDA's Clean Energy Fund Supplemental Filing 5, submitted to the NYS Public Service Commission on June 25, 2015.	The program currently allows for 3rd Party assessments. NYSEDA is continuing to explore additional business models and is developing additional strategies to increase consumer confidence through the Clean Energy Fund.  NYSEDA is currently exploring the use of energy efficiency meter software to measure actual savings associated with improvements, which should give homeowners greater confidence in projected savings. Use of this technology may start by the end of 2016.	7/26/2015	ongoing	
4.4	<b>Recommendations to Address Barriers Regarding Outreach and Assistance to LMI Households</b>					
4.4.1	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 energy assessment) in the records.	NYSERDA accepts this recommendation, and is in the process of making improvements to the Home Performance project portal. Based on this input, NYSEDA will improve CBO access to project information in upcoming portal upgrades, which are expected to be implemented by the end of 2015.	COMPLETED. A new process was initiated to improve the linking of customers and CBOs at the time of audit application. CBOs have access to customer information, including current status, in the CRIS database. In addition, CBOs have access to their customers in the NY HP Portal where further information and documentation can be found.  While the initial stage of this recommendation is completed, NYSEDA will continue to seek input from stakeholders on data needs, and will consider upgrades in future systems development work alongside other requirements. For example, with the implementation of an improved on-line loan application, CBOs will have improved access regarding information about their client's loan application status.			2/29/2016

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4.4.2	NYSERDA should facilitate improved access for CBOs to certain financing 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 accepts this recommendation and will work with the loan originator to develop a disclosure agreement for consumer signature granting access for a specific CBO and/or contractor to certain loan related information, within legal limits. This new form will be available no later than the end of 2015.	An authorization form permitting NYSEDA's loan originator to discuss certain information regarding an applicant's status with a third party designated by the applicant, as permitted by law, is in final review. Upon final approval, the document will be provided to CBOs and contractors, and made available to applicants.	7/26/2016	8/31/2016	
4.4.3	NYSERDA should identify and provide information about additional project financing resources to CBOs and contractors as well as additional training and technical support so CBOs, contractors, and other community-based organizations who can help customers who have non-energy improvement needs.	NYSERDA accepts this recommendation. Over the next year, NYSEDA will work with community leaders, CBOs, contractors and others to identify other potential sources of funding, and an appropriate means to disseminate information to interested parties.	NYSERDA staff continues to explore alternative financing available to homeowners. Any findings will be passed along to CBOs and contractors. CBOs are encouraged to share information about what has worked in their region with other CBOs through regular webinars.	3/15/2016	ongoing	
4.5	<b>Recommendations to Address Barriers Regarding Access to the Program</b>					
4.5.1	NYSERDA should work with contractors to increase the numbers and improve geographic coverage of contractors certified to perform work in manufactured housing. This housing type is largely occupied by LMI households, and the energy efficiency needs are significant. NYSEDA should ensure there are adequate training opportunities to support the certification needs.	NYSERDA accepts this recommendation and will work with the Building Performance Institute, contractor trade associations, contractors, and others over the next year to develop strategies and plans for improving delivery of service to this important sector.	Not yet initiated. Expect to start work on this recommendation in summer 2016.	3/15/2016	12/31/2016	
4.5.2	NYSERDA should provide clear guidance on the loan qualification requirements associated with Manufactured housing.	NYSERDA accepts this recommendation, and updated the underwriting guidelines on July 30, 2015. Certain manufactured homes are eligible for GJGNY financing. The applicant and contractor must certify that the home is permanently affixed to its foundation. For the Smart Energy Loan, the applicant must own the home, but is not required to own the land where the home is located. For the OBR Loan, the applicant must own the home and is required to own the land where the home is located. NYSEDA will provide training to contractors and CBOs on these guidelines in upcoming webinars in the fall of 2015.	COMPLETED. Update of underwriting criteria completed 7/30/2015.  Information and training will be provided on an ongoing basis, as needed.			7/30/2015
4.5.3	NYSERDA should work with organizations participating in the Community Development Financial Institutions (CDFI) program, and with NY Green Bank, to develop loan underwriting criteria that can be supported through capital investments, including philanthropic organizations, or to otherwise collaborate on loan offerings.	NYSERDA accepts this recommendation to the extent possible. NYSEDA recently hired a director of financing solutions who will be exploring numerous opportunities to increasing capital investment in energy services, and expanding the reach of financing for residential energy improvements in New York. The role of CDFIs, philanthropic organizations, and other sources of private capital, along with innovative financing approaches and underwriting criteria, will be explored. New approaches to financing will be introduced to the New York State market on an ongoing basis.	NYSERDA recently hired a staff member to work with philanthropic organizations in a number of areas. Updates will be provided as progress is made.	3/15/2016	Ongoing	
4.5.4	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 renewable energy.	NYSERDA accepts this recommendation to the extent feasible. Certain programs have specific budgets targeted to LMI households, and specific energy savings and other goals associated with the funding sources. There may be risks associated with merging initiatives that have differing objectives, and the risks must be mitigated to ensure LMI consumers continue to benefit and maintain consumer protections as intended by the programs. NYSEDA will work with stakeholders to develop implementation strategies that will more easily facilitate comprehensive projects without adding undue risk.	NYSERDA included this initiative in the Clean Energy Fund program transition chapter submitted to the Department of Public Service on 2/16/2016, which was approved on 2/29/2016. Actions to merge the administration of the residential one-to-four family existing homes programs are underway, and are expected to be rolled out starting in the fall of 2016.	7/26/2016	12/31/2016	
5	<b>Recommendation Requiring a Change to the GJGNY Act</b>					

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5	The current OBR statute should be changed to allow off-site, net-metered technologies (those not attached to the structure) to be financed.	This recommendation would require a change to the GJGNY Act. The GJGNY Act provides for loans issued for “qualified energy efficiency services,” which is defined as a modification to a structure, based on recommendations contained in an energy audit that will increase the energy efficiency and conservation of an existing structure (residential, multifamily, or nonresidential structure.) NYSEDA agrees that the GJGNY Act does not provide for loans for qualified energy services that are implemented on a different structure (for example, a remotely located solar electric installation). NYSEDA anticipates that community net metering can provide significant benefits to LMI households and is one of the better options for increasing LMI participation in the solar electric market. In addition, NYSEDA is currently working to make financing for shared renewable opportunities available to LMI and other households through the proposed Clean Energy Fund and other initiatives.				