emPowering a Lasting Energy Improvement Market

With Credit Enhancements and Credit Unions

06/19/2014
Program Background

• County program designed to help owners and builders overcome obstacles to improving existing buildings

• **Goal**: to lower energy use and create jobs

• **Vision**: a sustainable energy improvement market that can support efficient, safe and comfortable buildings throughout the Central Coast region
Program Background: Homeowner Services

- Incentives up to $6,500
- Low-interest unsecured loans
- Qualified contractors
- Personalized customer support
- Community education
- Onsite expert energy advice
Program Background: Contractor Services

- Trainings and enrollment
- Mentorship
- Tool lending library
- Personalized support and input
- Exposure and lead generation
- Retrofit rewards
Program Background: Financing

- Rebates aren’t always enough to achieve affordability
- Loans must be affordable, accessible and convenient
- Credit enhancements engage lenders in making home energy loans
  - County offers loan loss reserve and interest rate buy down
  - Selected CoastHills and Ventura County Credit Union (leveraging private capital 20:1)

$56M

$2.8M
<table>
<thead>
<tr>
<th>Attributes</th>
<th>emPower loan</th>
<th>HELOC/Refi</th>
<th>Other unsecured</th>
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<tbody>
<tr>
<td>Loan Type</td>
<td>Unsecured</td>
<td>Secured</td>
<td>Unsecured</td>
</tr>
<tr>
<td>Starting rate</td>
<td>3.90% (fixed)</td>
<td>3-6% variable</td>
<td>13-30%</td>
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<tr>
<td>Loan size</td>
<td>$1,000 - 25000</td>
<td>90% Loan to Value</td>
<td>$5-15,000</td>
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<tr>
<td>Term</td>
<td>15 years</td>
<td>5-30 years</td>
<td>5 or less</td>
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<tr>
<td>Collateral</td>
<td>None required</td>
<td>Home</td>
<td>None required</td>
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<tr>
<td>Equity required</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Closing costs</td>
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<td>Maybe</td>
<td>No</td>
</tr>
<tr>
<td>Fees</td>
<td>0</td>
<td>Yes</td>
<td>Maybe</td>
</tr>
<tr>
<td>Prepayment penalties</td>
<td>No</td>
<td>Maybe</td>
<td>Maybe</td>
</tr>
<tr>
<td>Approval time</td>
<td>1 day or less</td>
<td>3+ weeks</td>
<td>1 day or less</td>
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<tr>
<td>Minimum FICO</td>
<td>590</td>
<td>varies</td>
<td>varies</td>
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</table>
Progress and Outcomes to Date

Widespread homeowner awareness and action

- Media distribution to 300,000, 50 media stories, 700+ webhits/month
- Listserv distribution to thousands
- 99 workshops/outreach events
- 4,500 interested individuals contacted program
- Home energy activity in approx. 375 homes
  - 200 Energy Coach Site Visits
  - 81 projects complete (30% energy savings)
  - 45 in progress, 50+ other assessments complete

Success Story

“The emPower program made it possible for us to buy our dream home by providing a way to pay for the needed energy efficiency improvements. It was so easy!”

-Kathy Rosenthal, Solvang Homeowner
Energy Coach Spotlight

Homeowner action resulting from 200 Energy Coach visits in 16 mos

- 75% Contracted Contractor
- 15% Not interested right now
- 10% Other (DIY, rather use other contractor)

Projects resulting from leads generated by Energy Coach

- 63% Project Completed
- 21% Project in Progress
- 11% Project Cancelled
- 5% Project Not Yet Started

Need Help Making Home Energy Upgrades? Ask Jason!

Get FREE expert energy advice from Santa Barbara County’s emPower Energy Coach.
Progress and Outcomes to Date

Lasting impacts for contractors and the economy

- $3M in project activity = $6M economic impact
- $1M+ loan applications with local lenders
  - Average loan size $19,000
  - Average income of borrowers: $86K
  - 0 defaults
  - 15-25% of projects need emPower loan
- 500 attendees at 36 skill building trainings
- Trainees using building performance skills in other remodels and new construction
- 22 participating contractors, reporting growth

Success Story

“emPower provided a well-timed opportunity to expand our business model. emPower jobs will make up 35% of my business... Its also allowed me to retain existing employees and hire new ones

- Joe Halsell, Owner-Halsell Builders
Recent Program Enhancements

- Tri-County expansion (SLO and Ventura) = 315,000 sf homes
- Interest buy down to SB County residents (starting at 3.9%)
- Progress payment option
- Prepayment reamortization option
- Eligible Energy Efficiency Measures
Lessons Learned

• Financing alone is not a silver bullet
• Credit Unions are a good fit
• Market is transforming, but lenders still need subsidy
• Project eligibility is key to volume (i.e. solar only, single measures), but funding constraints limit
• Build ongoing relationships with lenders and contractors
• Contractor cash flow and capacity are still a challenge
• Don’t sell loans, solve problems