

emPower Central Coast Program Information

This program was initially developed by the County of Santa Barbara to help homeowners countywide overcome obstacles to making energy saving improvements to their homes. Now they are also partnering with the Counties of San Luis Obispo and Ventura to offer program services throughout the Tri County region. By making home upgrade projects easier and more affordable through incentives, financing, qualified contractors and expert energy advice, emPower helps homeowners be more comfortable in their homes and lower utility bills. There are several important aspects of this program:

- Free Energy Coach home consultation and assistance throughout your upgrade
- Utility rebates up to \$6,500 to lower project costs
- Lower interest, longer term unsecured loans by local credit unions*
 - Rates starting at 5.90% (fixed, vary based on creditworthiness)
 - Loan size \$1,000-\$25,000
 - Terms up to 15 years
 - No equity or collateral required
 - No pre-payment penalties (can use pre-payment for one-time reamortization)
 - No closing costs or fees
 - Approval time in 1 day or less
- Directory of qualified contractors with advanced skills to get results
- Friendly customer service to answer questions and suggest other useful resources (i.e. tax credits, income qualified programs)
- Community workshops and educational events to help the community learn how energy improvements can help them



Big community impact with little public investment

By offering \$3M in credit enhancements to local credit unions for home energy financing, Santa Barbara County created tens of millions of dollars in value for Santa Barbara, Ventura and San Luis Obispo Counties, while achieving lasting outcomes for homeowners, the local economy and environment.

Why does a local credit enhancement (CE) financing program make sense?

A Better Financing Option for Homeowners

Through a partnership with CoastHills Federal Credit Union and Ventura County Credit Union, emPower gives homeowners an affordable way to overcome the upfront cost of energy –saving home improvements. This local partnership provides more attractive terms and rates than otherwise available in the current unsecured financing market.

Long terms: Up to 15 years, with no prepayment penalty

Low rates: Starting at 3.90%

Accessibility: Must have over 590 FICO and meet underwriting criteria. Homeowners can access up to \$25,000 in financing.

Convenience: Unsecured products are quick and easy, with 20 minute pre-approval available 24-7. Participating contractors steward the process, built to be streamlined with utility rebates.

Real outcomes: Energy measurement and project verification enables good choices and real savings.

Leveraging Private Resources

In 2011, the County dedicated \$1 million in federal stimulus grant funds to a loan loss reserve (LLR) available to cover 90% of a default loss, up to 5% of the loan portfolio. In exchange, lending partners agreed to facilitate up to \$20M in unsecured loans for County residents at longer terms and lower rates. In 2014, the program received additional stimulus and ratepayer dollars and expanded the program to Ventura and San Luis Obispo Counties, while piloting an interest rate buy down. The program currently has \$3M in credit enhancements (CE) available to support up to \$56M in emPower loans. Utility incentive programs also add tremendous value through utility rebates and project verification.

Appropriate Roles Support Sustainable Market Transformation

Lenders lend private capital, service loans, hold and transfer CE funds, collect required documentation and track loan performance. The lending partnership offers a valuable opportunity for lenders to do something positive for their local community, create new lines of business, and gain the credibility through County partnership.

Local government identifies lenders, establishes local, customized lending partnership agreement to make the most of public funds, develops effective procedures, and administers critical program delivery functions including customer service, contractor recruitment, training and management, driving demand through extensive outreach and education, and free on-site advising through expert Energy Coaches. The County, as a neutral public agency with a community mission, is well positioned to be a trusted messenger. It also has the proximity to adequately implement a new program. Working with local lenders keeps the investment circulating in the local economy, creating additional stimulus.

Contractors complete sales, perform testing and install upgrades. Participating contractors enjoy the credibility of County and utility program qualification and marketing to drive demand their way, meaning more work and more local jobs.

Utilities determine appropriate energy efficiency measures and metrics, administer quality control and project verification, and pay a rebate to homeowners based on savings.

More Than Just a Loan

It is important to note that effective financing programs involve far more than just financing products. Loan products must be connected to programmatic infrastructure that can establish eligible measures, verify projects, calculate energy and loan data, and drive demand through marketing and contractor engagement efforts.

An Opportunity to Prove a Concept and Scale Up

By spreading out upfront costs, credit enhancement financing programs help address a key obstacle homeowners face when considering energy upgrades to their home. Programs like emPower allow more homeowners to take advantage of the many benefits of home performance, thereby accelerating progress towards important local, State and national goals related to energy and green economic growth.

While effective, CE programs were not designed as a permanent solution, but rather a first step in phased approach to market transformation. These programs provide a safer opportunity for otherwise hesitant lenders to enter a new market. The experience gained by a sufficient sampling size of participating lenders will produce data that can inform the future of energy efficiency financing. It is hoped that this data will prove that energy efficiency loans are under demand, can result in real energy savings and low default rates, and can therefore perform better than conventional asset classes. If this occurs, it is expected that lenders will no longer need government enticement or subsidy to continue offering energy efficiency financing at favorable terms and rates for consumers, and that other primary lenders will enter the market, spurring natural and healthy competition. It is also expected that secondary markets will become comfortable purchasing energy efficiency loan assets, which is key to scalability.

CE programs have begun to ignite an otherwise stalled market, but it is unlikely that government funds will be available to enhance private credit for every home upgrade in the nation. It is the job of early programs to prove market viability and set the stage for the private sector to offer lasting, attractive, mainstream products without subsidy. If revenue streams are identified, local govts can continue to serve as important leaders and partners in comprehensive program delivery.

emPowering a Lasting Energy Improvement Market

With Credit Enhancements and Credit Unions



Program Background

- County program designed to help **owners** and **builders** overcome obstacles to improving **existing buildings**
 - County awarded ARRA funding in 2010, program launched in Nov 2011
 - Expanded to Ventura and SLO Counties in 2014 with ARRA and IOU funding
- 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

Getting Started



- First, let emPower's **Energy Coach** and **Participating Contractors** help you select the best qualifying upgrades for your home
- The emPower advantage:
 - An **Energy Coach** site visit is free
 - **Participating Contractors** are specially trained in home efficiency
 - **Participating Contractors** handle all paperwork
 - Eligible upgrades are qualified for incentives and financing

ELIGIBLE UPGRADE OPTIONS	DETAILS	UTILITY INCENTIVES
Home Upgrade	Whole House. Install 3 or more measures. Opt to add solar PV.	Up to \$2,500
Advanced Home Upgrade	Whole House. Install 2 or more measures. Opt to add solar PV.	Up to \$4,500 \$6,500 New!!
Solar Water Heating Upgrade	Use sun's warmth to heat water. Opt to add solar PV.	Up to \$2,719 30% tax credit
SimpleStart Upgrade New!!	Select one or more measures: hvac, insulation, or water heating	Varies by measure

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)



Program Background: Financing

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



Loans for home upgrades
 Interest rates starting at **3.9%**
 Limited time only...
 For Santa Barbara County homeowners
[Learn more](#)

Program Background: Financing

Combining rebates and low-cost local financing make home energy improvements *affordable*

Enter your information here to calculate your monthly payments:

Total Project Cost	\$ <input type="text" value="20000"/>	Interest Rate	<input type="text" value="3.9"/> %*
Rebates & Cash Down	\$ <input type="text" value="3000"/>	Loan Term	<input type="text" value="180"/>
		months	

Your Results

CALCULATE

Amount Financed	\$17,000.00
Estimated Monthly Payment	\$124.90

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**
- **New Eligible Energy Efficiency Measures**



Home Upgrade Loan Success Story

Ortega family from Santa Maria

Issues in the home:

- House was freezing or boiling hot
- Starting to smell mold and see dry rot
- Air and water coming in through doors
- Leaking, single paned windows didn't close

Obstacles:

- Traditional financing had high interest rates and short terms, or tightened lending restrictions

End results:

- Received \$3,000 utility incentive
- 31.5% model annual energy savings = \$351 monthly cost savings
- Paying \$225/month with emPower Home Upgrade Loan
- Could tackle a larger project instead of “micky mouse” patches and repairs:
 - **Whole House Air Sealing**
 - **Wall Insulation**
 - **Energy Efficient Windows**
 - **Roof & Attic Insulation**
 - **Sealed & Insulated HVAC Duct System**
 - **Insulated How Water Pipes**



“All the things we upgraded pointed toward energy efficiency but also solved practical problems. We are believers now. Our home is comfortable instead of being an oven where you just want to escape. So many homes in our area could use the exact same types of upgrades. It’s really a quality of life issue.”

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
- Must measure energy saving to demonstrate program outcomes
- Build ongoing relationships with lenders and contractors
- Contractor cash flow and capacity are still a challenge
- Don't sell loans, solve problems



Make Your Home More Comfortable & Energy Efficient *with* emPower

Incentives & Financing for Home Energy Upgrades

From small improvements to complete home energy upgrades, single-family homeowners can choose from the following upgrade options. Benefits of upgrading include: saving energy and resources, a more comfortable home, and improved indoor air quality. These upgrade options qualify for incentives from your utility provider and low-cost financing through the emPower program:

ELIGIBLE UPGRADE OPTIONS	DETAILS	ELIGIBLE MEASURES	INCENTIVES
Home Upgrade	Whole house. Install 3 or more measures eligible through Home Energy Upgrade program. Point-based incentive. Opt to add solar PV.	HVAC, Water Heaters, Windows, Cool Roofs, Insulation, Air Sealing	\$1,000–\$2,500
Advanced Home Upgrade	Whole house. Install 2 or more measures eligible through Home Energy Upgrade Program. Incentive based on % of modeled energy usage reduced. Opt to add solar PV.	HVAC, Water Heaters, Windows, Cool Roofs, Insulation, Air Sealing	\$1,500–\$6,500
Solar Water Heating Upgrade	Install a solar water heater system eligible through the California Solar Initiatives Solar Thermal program. Opt to add solar PV.	CSI-Thermal Approved Solar Water Heating System	Up to \$2,719 30% tax credit
SimpleStart Upgrade	Select one or more energy efficiency measures eligible for utility rebates.	HVAC, Water Heaters and Insulation	Varies by measure/utility

To learn more visit emPowerSBC.org
or call **(805) 568-3566**

LOW-INTEREST LOANS

Starting at **3.9%**
Limited time only!

For SB COUNTY RESIDENTS

See reverse for details...



This Program is funded by California utility ratepayers and administered by Southern California Gas Company, Southern California Edison and Pacific Gas & Electric under the auspices of the California Public Utilities Commission.

Flexible Financing for Your Energy Efficiency Upgrades

Easy, Affordable, Accessible

You've picked your upgrades and know you'll get incentives to reduce the overall cost of your project. But you're struggling to find an affordable way to pay for the rest. emPower low-interest rate financing is specifically designed to help, so you can start your home upgrade project today!

emPower Financing Details



Interest rates starting at **3.9%***

***Limited time!**
(Rates usually start at 5.9%)

- Interest rates start at 3.9%*
- Financing amounts: \$1,000-\$25,000
- Up to 15-year term
- Type of loan: unsecured
- No home equity or collateral required
- No prepayment penalties, fees or closing costs

Eligibility Requirements

- Single-family detached home
- Property located in Santa Barbara, San Luis Obispo or Ventura County
- Work must be performed by an emPower participating contractor to install an eligible home upgrade project (see reverse for eligible upgrade options)

Lending Partners



How to Make Home Energy Upgrades with emPower



1

Choose Your Upgrades



2

Contractor Helps You Apply for Utility Incentives and Financing (if needed)



3

Install Upgrades



4

Receive Funds and Enjoy the Benefits!

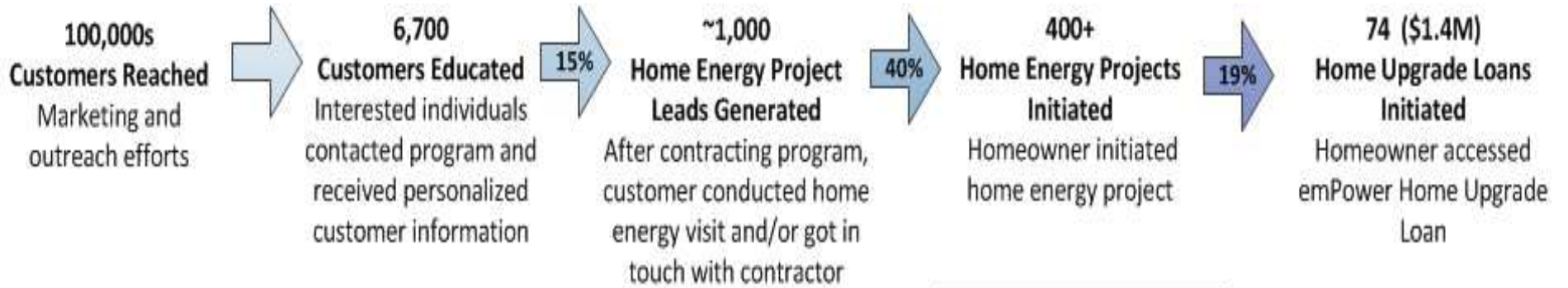
Contact us to get started today!

- Find an emPower participating contractor
- Get a free Energy Coach site visit



Contact emPower at (805) 568-3566
or visit www.emPowerSBC.org

Summation of some of the key program outcomes through Sept 2014 (Tri-County Expansion just took place in July 2014)



1,000s
TV/Radio/Web/Print Ads
65
Earned Media Stories
40,000+
Direct Mail Recipients
20,000+
Website visits

370
Emails
646
Calls
661
Program website enrollment
4995
Attendees at 127 Outreach Events

325
Energy Coach Home Visits
~700
Contractor Leads

194
Projects reported "in progress"
88
Projects reported "complete"
47
Projects on hold or cancelled
~75
Other contractor assessments
?? (data NA)
Uncaptured Contractor Retrofits
?? (data NA)
DIY

31 Closed (64% Energy Upgrade)
36 Applications Open, 7 Declined