DOCKETED

Docket Number:	16-OIR-02
Project Title:	SB 350 Barriers Report
TN #:	211125
Document Title:	Low-Income Financing Options
Description:	N/A
Filer:	Sekita Grant
Organization:	The Greenlining Institute
Submitter Role:	Public
Submission Date:	4/18/2016 12:10:45 PM
Docketed Date:	4/18/2016

Finance

These financing mechanisms offer possible approaches to mitigate risk and encourage private capital to fund LMI programs such as weatherization

Mechanisms	Description	Impact
Interest Rate Buy Down	Reduce the rate of interest a customer pays below the market rate	Loans become more affordable for customers
Credit Enhancements	Typically in the form of loan loss reserves that reduce a lender's risk in the event of a customer loan default and, in so doing, incentivize lenders to offer more attractive financing products to customers	Negotiations with lenders can bring interest rates to single digits and increase program leverage
Alternative Underwriting	Ensure that those that get access to financing are willing and able to make the payments using alternative metrics	Alleviate the burden of low credit scores
Property Assessed Clean Energy	Finance energy improvements through a special property tax assessment, which is typically senior to all other debt on a property, including the first mortgage	Customer underwriting is no longer a concern
On-Bill Financing	Repay financing for energy improvements on the customer's utility bill, often secured by the possibility of service disconnection for non-payment	Customer underwriting is no longer a concern
Deferred Loans	No monthly payments are required, but a lien is attached to the property that must be paid off when the property is sold or otherwise transferred	No monthly payment is required, Guaranteed payoff. Time deferred repayment.
Paycheck-deducted loans	Loans are repaid through regular, automatic deductions from an employee's paycheck	More secure cash flow

Delivering Energy Efficiency to Middle Income Single Family Households, Lawrence Berkeley National Lab
Exploring the Rationales and Design Options for Energy Efficiency Financing Programs, Lawrence Berkeley National Lab

Kendall Ernst, Sr. Associate, kernst@rmi.org