



Better Buildings Neighborhood Program Financing
Peer Exchange Call: *Working Capital for Contractors*
Call Slides and Discussion Summary

August 30, 2012

- Call Logistics and Attendance
 - Is your program assisting contractors with working capital? If so, how?
- Experience and Lessons:
 - Walter Acuna, Craft3
- Discussion:
 - How important is working capital for contractors?
 - What are program designs to provide working capital?
 - What are other ways to coordinate financing strategies with contractors?

Participating Programs

- Austin
- Boulder
- New York
- Seattle
- Portland/Oregon



Lending to people, Investing for resilience

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ABOUT

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Craft3 Energy Efficiency Loans

Craft3 Energy Efficiency Loans were developed to provide affordable financing to implement energy efficiency measures in homes and businesses, to reduce carbon emissions, expand 'green collar' jobs, reduce energy costs and support tenure.

Home Energy Efficiency Loans

In partnership with the City of Seattle's Community Power Works (CPW) and Clean Energy Works Oregon (CEWO), we offer energy efficiency loans specially designed to provide broad access to credit and to enable you, as a homeowner, to finance 100% of the upgrades with no money down. Loans are provided at fixed interest rates and amortized for up to 20 years. You can repay the loan through your regular utility bill.

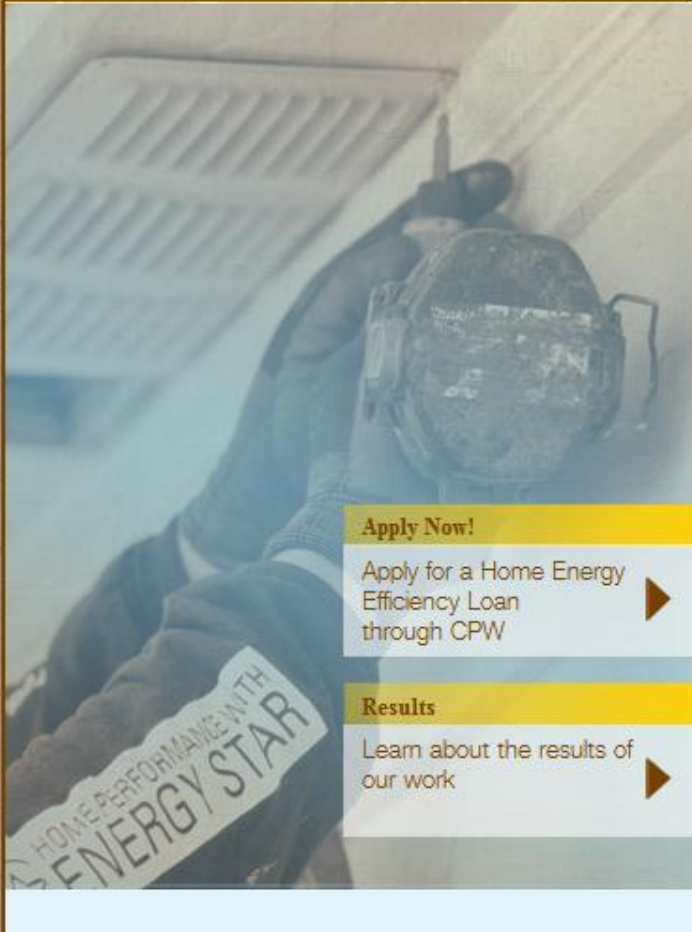
Typical upgrades include new insulation, installing a high-efficiency furnace or water heater, or sealing up openings, around doors, windows, air ducts, attics and crawlspaces. Depending on the upgrades you select, your home will be less drafty, the temperature will be more comfortable, and the indoor air quality will improve.

Apply for a [Craft3's Home Energy Efficiency Loan](#) through the City of Seattle's Community Power Works program.

To learn more about Clean Energy Works Oregon or sign up for the program, go to www.cleanenergyworksoregon.org.

Energy Efficiency Loan for Small Business

The Craft3 Energy Efficiency Loan for Small Business is available to commercial tenants, property owners, and owner-operators. We are flexible in qualification requirements, and repayment terms. With an energy upgrade, your business can



Apply Now!

Apply for a Home Energy Efficiency Loan through CPW

Results

Learn about the results of our work

Walter Acuna, Craft3
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- How important is working capital for contractors?
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Craft 3 Program Highlights

- Involved with financing for Community Power Works (Seattle) and Clean Energy Works Portland programs
- Provides working capital two ways:
 - As a no-interest line of credit of up to 50% of project amount to contractors working on homes that are using Craft3 financing; there is a \$200 fee for the advance
 - As a market-rate loan to contractors working on homes without Craft3 financing. Uses more traditional under-writing
- Initial uptake by contractors was modest, but the number of applications is increasing

Lessons about Working Capital

- Mainly of interest for smaller contractors, especially those with a large volume of jobs
 - Portland found that some smaller contractors have been too busy to look into the program
 - Larger businesses have other sources of working capital or relationships with suppliers that allow future payments
- More popular for projects with larger up-front expenses (e.g., purchasing windows)
- The ability to access working capital doesn't appear to be a big influence on contractors' marketing of financial products; other issues that make financial products attractive to homeowners, such as longer repayment terms, appear to be more important

- One deterrent for establishing working capital programs is concern about financial risk if projects aren't completed
 - NYSERDA considered a 25% advance, but determined it wasn't feasible based on repayment risk if projects weren't completed
 - Seattle and Portland have not had problems with working capital and projects not going to completion
- Many programs allow contractors to ask for a down payment directly from customers

Other Approaches

- Boulder allows 50% payment when 50% of work is complete
- NYSERDA works with a local utility (Long Island Power Authority) to expedite payment of rebate incentive to contractors once project is finished.
 - Homeowners sign over rebates to NYSERDA, which advances funds to contractors while waiting for payment from LIPA; contractors are able to get funds 2-3 months sooner

Potential Future Call Topics

Identified as near-term priorities:

- Financing small business retrofits
- Revenue streams from financial institutions

Other:

- Dealing with SHPO related to ES windows
- Experience and data on the performance of loans
- Success stories on projects, including the type of enhancements and financing
- How to make commercial energy efficiency financing programs sustainable
- Effective strategies for working with lenders
- Tying EE financing to home loans
- Financing for middle-income households
- Establishing an Energy Efficiency Enterprise Fund
- Loan Programs for low and moderate income households
- Financial product messaging and communications
- Options for unsecured debt
- Blended financing
- Revenue modeling tools