A “CLEAN AND HEALTHY HOME LOAN” TO JUMPSTART A POST-COVID ECONOMY

The COVID-19 outbreak has imposed severe hardship on New York’s clean energy industry. With work-at-home directives in place, residential contractors not performing essential maintenance work are being furloughed or laid off. This is true for energy efficiency contractors as well as those installing geothermal and air source heat pump systems to meet the state’s climate goals.

One powerful way to encourage consumer spending in clean energy is to increase the availability of affordable financing options. If the State can bring the cost of clean energy investments in line with what consumers currently pay for energy, consumers will come back.

**Recommendation:** NYSEDA should develop a new COVID-19 recovery “Clean and Healthy Home” loan package, including a streamlined Smart Energy Loan product and a new companion loan, with below market rate financing, long payment terms and broad consumer eligibility. This package would help consumers jumpstart investment in decarbonized heating and cooling, and energy efficiency to lower their energy bills, increase comfort and health, get contractors back to work, and achieve the state’s climate goals.

**Proposed Changes to Existing GJGNY Loan:**

- For all borrowers living within NYSEDA Designated Areas*, reduce interest rates to 0.99%.
- For all borrowers outside of Designated Areas, reduce interest rate to 0.99% for borrowers with documented household income of less than or equal to 120 percent of the Area Median Income (AMI) and 1.99% for those with documented household income greater than 120 percent AMI.
- Integrate the federal Investment Tax Credit (ITC) portion of the project cost, where applicable, into monthly loan payment amounts and efficiency payback calculation.
- Offer zero interest, zero payments for 12 months to address short term liquidity.
- Streamline approval process to accelerate uptake and reduce costs.
- Simplify credit eligibility requirements.

**Proposed Structure of New Companion Loan:**

- Max loan cap of $25,000 and loan length of 15 years to match existing GJGNY loan.
- Interest rate of 0.99%, matching the new, lower rate from GJGNY.
- Allow borrowers to apply for both loans through one credit application, serviced by the same provider. This allows the borrower to work with one entity for origination of the loans, and one entity for the servicing of the loans. Ideally, both loan amounts are deducted from the borrower’s account at the same time each month.
- Integrate the federal Investment Tax Credit (ITC) portion of the project cost, where applicable, into monthly loan payment amounts and efficiency payback calculation.

*The “Designated Areas” are the Census Block Groups where census data reports that 50 percent or more of the population of the Census Block Group have a household income less than or equal to 120 percent.