

ACI Conference

KY Home Performance Integrating HVAC into HP

May 6th, 2015



KHP Program Overview - Mission

Helping homeowners and HP businesses!!



KHP Program Overview – What is KY Home Performance

- **Began in 2010 with \$4 million in ARRA funds**
- **Currently state funded with \$3.3 million of funding**
- **Estimated leverage \$12.5 million**
- **Provides loans for EE with competitive rates**
- **Can be used with utility or manufacturer rebates**
- **State and federal tax credits apply**
- **Other rebates and subsidy apply**

KHP Program – KY Home Performance “broken down”

- **Contractor Base –**
 - **HVAC, Insulation and Whole House Contractors**
 - **BPI, RESNET, or KHP CO streamlined training**
- **Audit Process**
 - **Single Measure = Tablet software evaluation (Parametric)**
 - **Whole House = Comprehensive audit (blower door / modeled)**

KHP Program – KY Home Performance “broken down”

- **Loan Structure (Prescriptive to Performance)**

- Incentivize performance with better terms

- **Unsecured Loans –**

Single Measure

- **10-year unsecured loan rate: 9.99% (\$2,500 up to \$15,000)**
- **7-year unsecured loan rate: 4.99% (\$2,500 up to \$7,500)**

Whole House or Geothermal

- **5-year unsecured loan rate: 3.99% (\$2,500 up to \$15,000)**
- **10-year unsecured loan rate: 6.99% (\$2,500 up to \$15,000)**
- **15% of loan available for non-energy**

KHP Program – KY Home Performance “broken down”

- **Loan Structure (Prescriptive to Performance) continued**
 - **Secured Loans –**
 - **Up to 15-year secured loan rate: 6.99% (\$7,500 up to \$25,000)**
 - **25% of loan available for non-energy**

KHP Program – KY Home Performance “broken down”

- Making Loans work, “Low monthly payments are key”.

KHP Unsecured Loans				
Loan Amount	3.99%* 60 Months	4.99%* 84 Months	6.99%* 120 Months	9.99%* 120 Months
\$3,000	\$55.24	\$42.39	\$34.82	\$39.63
\$4,000	\$73.65	\$56.52	\$46.44	\$52.84
\$5,000	\$92.06	\$70.65	\$58.05	\$66.05
\$6,000	\$110.47	\$84.78	\$69.63	\$79.26
\$7,499	\$138.13	\$105.96	\$87.03	\$99.05
\$9,000	\$165.71	-	\$104.45	\$118.89
\$12,000	\$220.94	-	\$139.27	\$158.51
\$15,000	\$276.18	-	\$174.09	\$198.14

KHP Program – KY Home Performance “broken down”

- **Measure of energy savings**
 - **Whole House**
 - **Average of 20 – 25% (Modeling Software)**
 - **Blower Door comprehensive audit**
 - **Compass and Surveyor software (TREAT engine)**
 - **Single Measure**
 - **Average of 10 – 15% (Parametric Software)**
 - **Tablet Software**
 - **Additional recommendations made**

Homeowner reports close sales!!

HOME ENERGY EVALUATION REPORT

Evaluation Date: 4/28/2015

KY HOME
PERFORMANCE



Prepared for:

Jane Doe Test Home
1234 Test Street
Lexington, KY 40515

Prepared by:

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Hughes HVAC
1389 Hwy 638
Manchester, KY 40962
606-598-3470

Contractor Centric Program – Sales Tools

Homeowner reports close sales!!

HOME ENERGY EVALUATION REPORT

Evaluation Date: 4/28/2015

Project Summary

Total Cost for Improvements	\$7,000.00
Total Amount Financed through KHP	\$6,000.00
KHP Loan Incentive APR	6.99%
Example Monthly Payment*	\$69.63
Additional Qualifying Rebates (outside of KHP and not included in loan payment)	\$1,000.00
Evaluation Fee	\$0.00

*Example Monthly Payment based on 6.99% APR, 120 month term. Subject to credit approval by AFC First Financial Corporation. Other terms available.

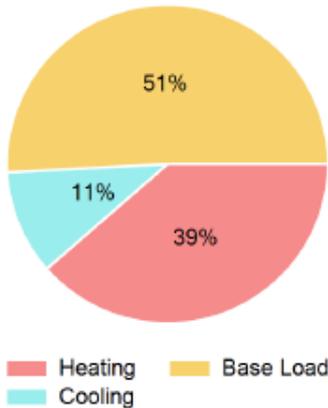
Contractor Centric Program – Sales Tools

Homeowner reports close sales!!

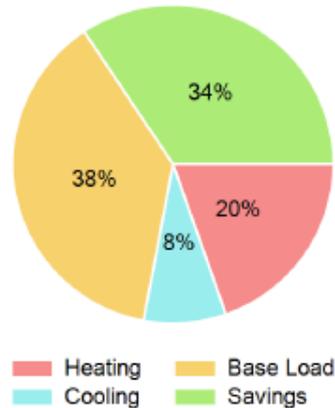
How Your Home Uses Energy

Fuel Type	Use	Unit Price	Cost	Savings
Electricity	17950 kWh	\$0.09	\$1,619	\$85
Natural Gas	2346 therms	\$0.85	\$2,000	\$1,160
Total for all fuels			\$3,619	\$1,245

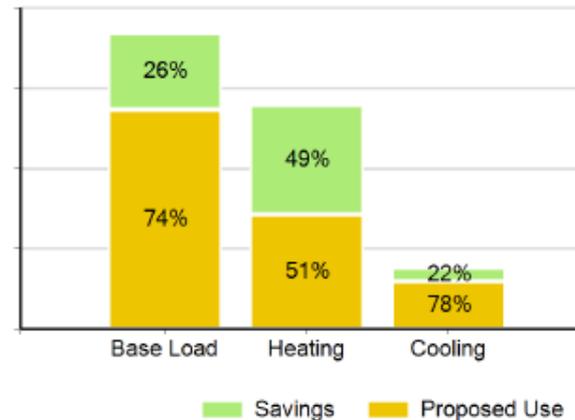
Current Energy Cost



Proposed Energy Cost



Use Comparison



KHP Program Overview – What is KY Home Performance

- **Lessons learned**
 - **HVAC contractors generate more leads**
 - **Make systems easy for contractors**
 - **Documentation**
 - **Software**
 - **Low payments and LOW Rates are critical**

KHP Program Overview – What is KY Home Performance

- **Lessons learned - continued**
 - **HVAC prescriptive to performance**
 - **Utilize Home Builder Associations to develop partnerships**
 - **Licensed Contractor**
 - **Insured Contractors**
 - **Participate in training – CEU's**

KHP Program Overview – What is KY Home Performance

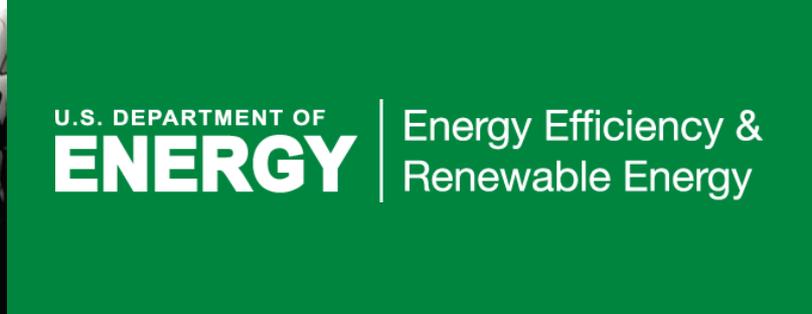
- **Lessons learned - continued**
 - **Insulation and Whole House Contractors**
 - **Typically have never had financing – sell off monthly payments!!**
 - **Partnering up with HVAC company**

KHP Program Overview - Conclusion

Contractors need our programs, make them easy !!



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ACI Conference

Program Design Best Practices Integrating Home Performance with HVAC

May 6th, 2015

Andrew Isaacs, SRA International



**Success is where Preparation
and Opportunity Meet!**

Bobby Unser – Race Driver

Preparation

Best Practices: Integrating Home Performance w HVAC

Conduct strategic planning - set program goals and objectives

- What is important to your program?
- Scale
- Improving conversion rates

Define Your Target Market – Who Are Marketing Too?

- Proactive or reactive customers

Find the right contractors to serve your target market

- Large or small companies?
- HVAC installers
- Plumbers
- Solar installers

Two Main Types of Consumers

Reactive Consumers

- Equipment failures
- Highly motivated
- Need a quick turnaround
- May or may not have cash on hand



Proactive Consumers

- Planning a project
- Usually a larger job – whole house job, remodel or adding a renewable such as geothermal
- Not in a hurry

Best Practices: Integrating Home Performance w HVAC

Consider offering a prescriptive “Path to Performance” in addition to whole-house

Seek Partners with mutual goals and objectives

- Utility integration to leverage energy evaluations and rebates in a thoughtful way
- Equipment Manufactures – rebates can help close sales
- Other partners – State and City Programs and State HFA’s

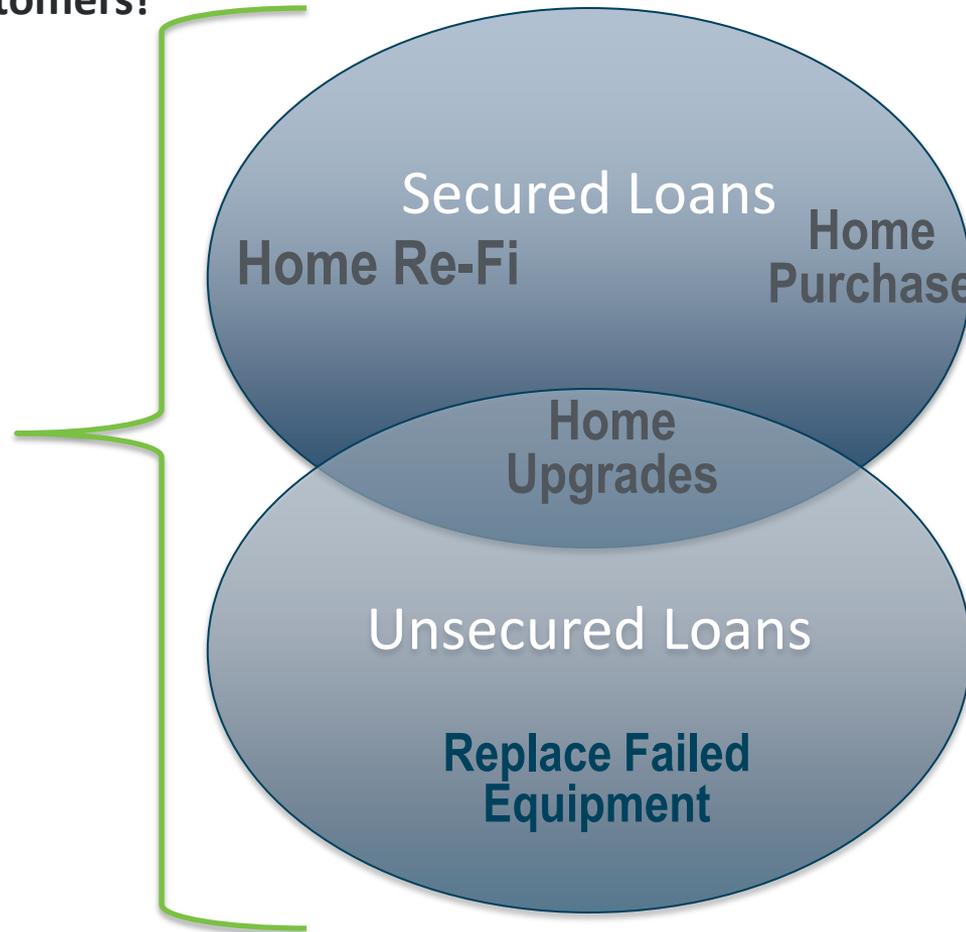
Offer financing as a way to attract and provide value to contractors and consumers. Over 70% of all Home Improvements up to \$15,000 are financed in one way or another, 90% of improvements greater than \$15,000 are financed

Offer Products for Both Proactive and Reactive Consumers

Proactive and Reactive Customers!

Offer financing to meet both needs

Provide financing options for a variety of home upgrade projects and scenarios



Why HVAC and Other Contractors Should Offer Financing

Longer terms with competitive rates mean low monthly payments:

- Ability finance larger jobs
- Consumers can add more energy efficient measures
- Consumers may select upgraded equipment

Contractors gets paid in a timely fashion – know they will be paid and paid quickly

Improves customer experience and over all satisfaction

Can be no cost to contractor and no financing costs to pass on to customer

Seek better executions then other unsecured financing available in the marketplace

- Contractor can save 5% to 10% over other unsecured financing available
- Long term fixed rates – no balance due to be paid by customers at the end of 24 or 36 months

Attract HVAC Contractors Who Will Offer Financing at the Point of Sale

- Why should we offer financing?
- Why should we offer your financing?
- How can financing help me close more deals?
- What will it cost us to offer financing?
- What types of financing products are available?
- How do we work with your program? (keep it simple)

Attract HVAC Contractors to Offer EE Financing at the Point of Sale

- How do we sign up with a lender and get started?
- How do we work with the lenders?
- How long does it take to get an approval and close a loan?
- How do consumers, the lender and my company work together?
- How can we offer financing along with utility and manufacture rebates and other subsidy and make it easy for the customer?
- How is your financing different or better then what we have?

Tiered Financing Benefits



Loan Amount = \$7,500

Estimated Monthly Payments by Financing Types

- **36 Month Same as Cash = \$208.33**
- **5 Year Whole-house or Geo Thermal KHP PowerPlus Unsecured 3.99% = \$138**
- **7 Year up to \$7,500 unsecured @ 4.99% = 106**
- **10 Year Whole-house or Geo Thermal KHP PowerPlus Unsecured 6.99% = \$87**
- **10 Year Single Measure KHP Power Plus Unsecured 9.9% = \$99**

Loan Amount = \$10,000

Estimated Monthly Payments by Financing Types

- **36 Month Same as Cash = \$277.78**
- **5 Year Whole-house or Geo Thermal KHP PowerPlus Unsecured 3.99% = \$184.12**
- **10 Year Single Measure KHP Power Plus Unsecured 9.9% = \$132.10**
- **10 Year Whole-house or Geo Thermal KHP PowerPlus Unsecured 6.99% = \$116.06**
- **15 Year KHP Secured PowerSaver or Geo Thermal 6.99% = \$89.93**

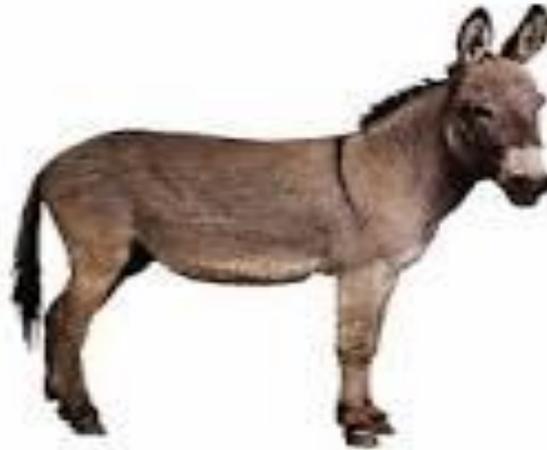
Opportunity

The Opportunity – Embrace Change

- Attract more contractors
- Become and award winning program through innovation
- Grow your contractor base – find the right contractors
- Close more jobs
- Leverage your funding
- Increase Conversion Rates
- Increase energy efficiency and overall program metrics

Success

And now the Big Ass.....k!



What are YOU going to do about it?