

Leveraging SBA Loan Programs to Finance Building Energy Efficiency Projects

2017 Building Technologies Office Peer Review



Project Summary

Timeline:

Start date: October 1, 2013

Planned end date: September 30, 2017

Key Milestones:

1. Small Business Save Big Resources; 9/30/14
2. Strategic Alliance Memorandums; 4/8/15
3. New website for SBA borrowers; 7/28/17

Budget:

Total Project \$ to Date:

- DOE: \$375,000
- Cost Share: \$0

Total Project \$:

- DOE: \$450,000
- Cost Share: \$0

Key Partners:

1. SBA Colorado District	6. SBA Lenders
2. SBA Region VIII	7. Small Business Development Centers
3. SBA Indiana District	8. Women's Business Centers
4. SBA Region V	9. SCORE
5. SBA 504 Loan HQ Office	10. Mi Casa

Project Outcome:

- Create and deploy sector-specific resources that help small businesses make effective decisions about energy efficiency as they use SBA loan programs to finance building improvement projects
- This project helps address the MYPP strategy to accelerate the adoption of energy savings solutions by developing the market infrastructure to deliver greater investments in energy efficiency

Purpose and Objectives

Problem Statement:

- Most financial and technical resources on EE flow to larger commercial buildings
- Small buildings and small businesses face logistical and market barriers
- Small businesses often work within small profit margins. Investments in EE can increase cash flow and help small businesses be more competitive in today's market. SBA loan programs can help them get there

Impact of Project:

- Provide technical resources to help small businesses gain savings from EE improvements and make their core business more competitive
- Foster interagency collaboration

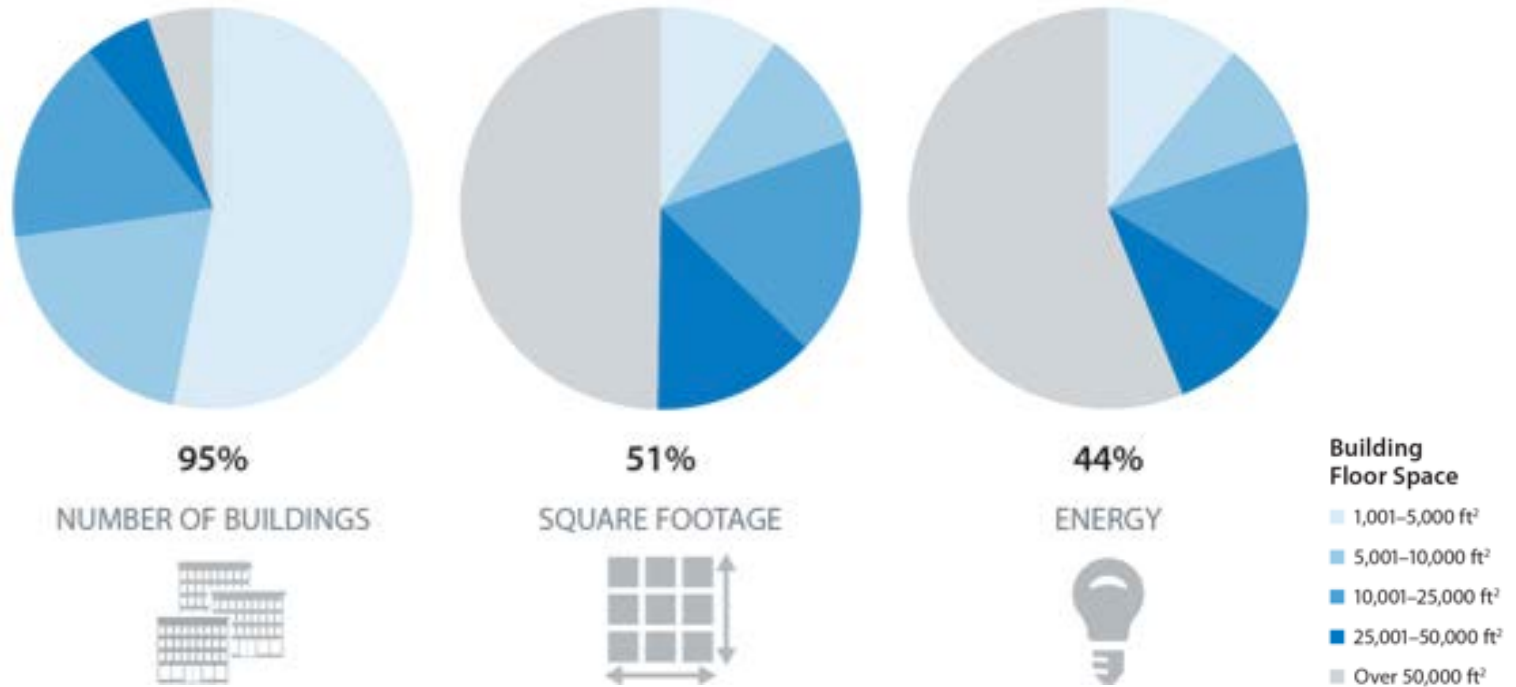


SBA Loan Programs:

- SBA Advantage (7a)
- SBA Grow (CDC/504)
- SBA Express
- SBA Microloan

Purpose and Objectives

Target Market and Audience:



Buildings smaller than 50,000 square feet. Data from the U.S. Energy Information Administration's Commercial Buildings Energy Consumption Survey, 2003.

27.9 Million
Small Businesses in the US
(2010)

Purpose and Objectives

Many barriers inhibit small business/small building owners from adopting energy efficiency solutions.

The largest barriers include:

- Limited capital
- Higher transaction costs
- Lack of time
- Split incentive obstacles
- Lack of resources and technologies



Approach

Approach:

- Industry Research & Recommendations for Small Buildings & Small Portfolios
- Round table discussions with SBA stakeholders
- Development of multiple resource guides
- Outreach & promotional activities
- Website development to empower SBA with information on EE and RE
- Loan data analysis for targeted marketing

Key Issues:

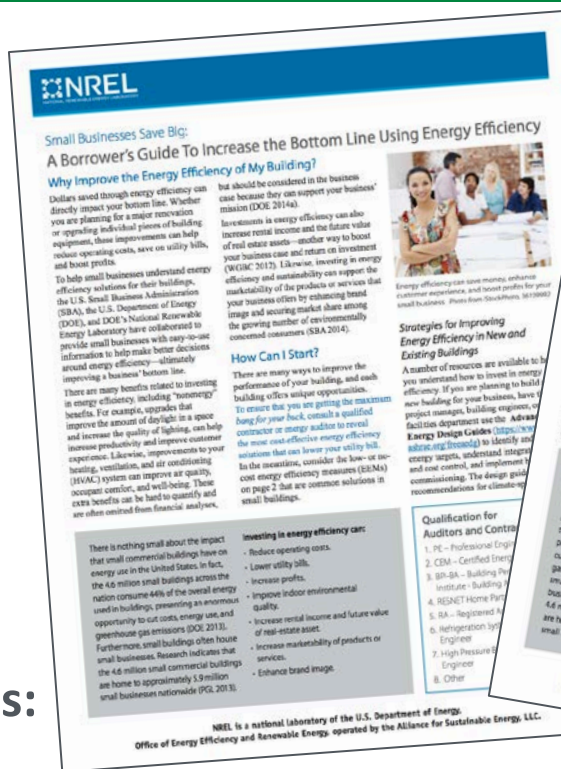
- Information needs to be SIMPLE and CLEAR
- Small businesses need technical resources
- Timing is important
- EE must be considered in planning phases



Distinctive Characteristics:

- Addresses diverse and fragmented market
- Helps small businesses be more competitive
- Helps improve small commercial building real estate

Approach



Fact Sheets:

- A Borrower's Guide to Increase the Bottom Line Using Energy Efficiency <http://www.nrel.gov/docs/fy15osti/62960.pdf>
- A Guide to Help SBA Lenders Understand and Communicate the Value of Energy Efficiency Investments <http://www.nrel.gov/docs/fy15osti/62959.pdf>
- Getting More by Going Green with the SBA Grow (504) Loan Program

Progress and Accomplishments

Accomplishments:

- Resource guides (FY14 – FY16)
- Strategic Alliance Memorandums (FY15)
 - SBA Colorado and Region VIII
 - SBA Indiana and Region V
- Analysis of SBA loan data (FY17)
- New website development (FY17)
- Milestones: 100% on-time and on-budget

Market Impact:

- 13 major speaking events reaching:
 - 200 small businesses
 - 100 SBA partners
 - 250 SBA lenders

Awards/Recognition:

- SBA Certificate of Recognition to NREL for contribution to project

Attending Organizations at NREL/SBA FY15 Outreach and Promotion Events



Lessons Learned:

- Successful pilot programs are critical for SBA HQ support
- Institutional barriers exist
- Time and persistence are needed
- Information must be simple and use multi-media approaches

Project Integration and Collaboration

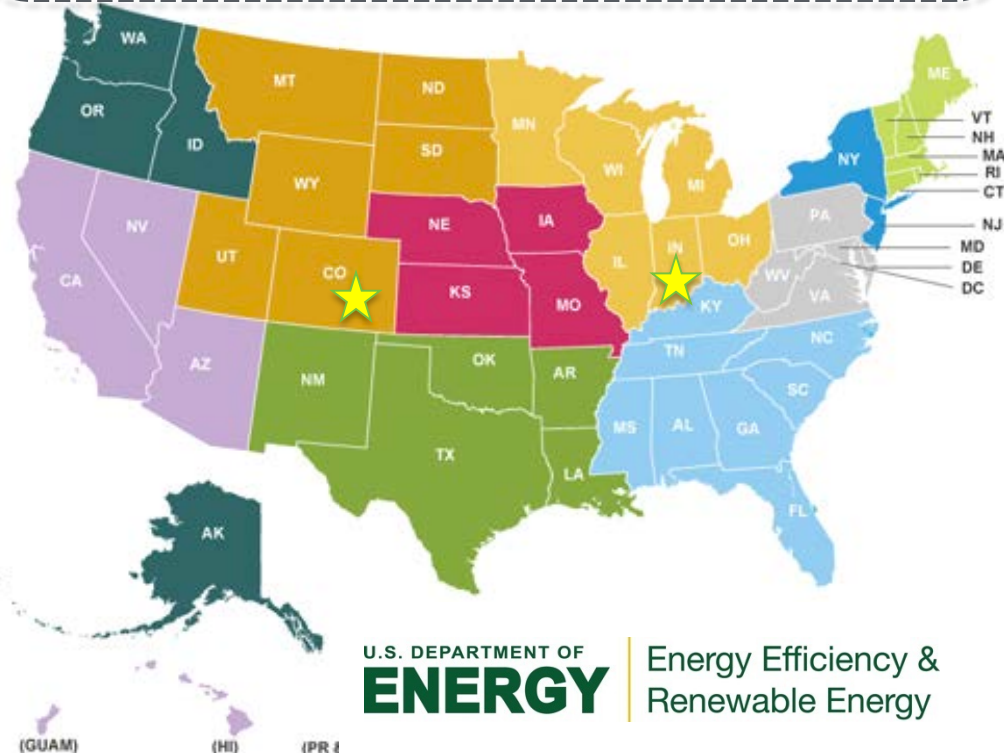
Project Integration:

- NREL coordinates outreach efforts with SBA district & regional offices, SBA partners, and SBA lenders
- SBA loan data analysis provides insight into top demographical groups that can be used for targeted deployment efforts to trade organizations, industry groups, and equipment manufacturers

Communications:

- Webinars
- Conferences and Award Ceremonies
- SBA National Small Business Week
- SBA Partner Meetings

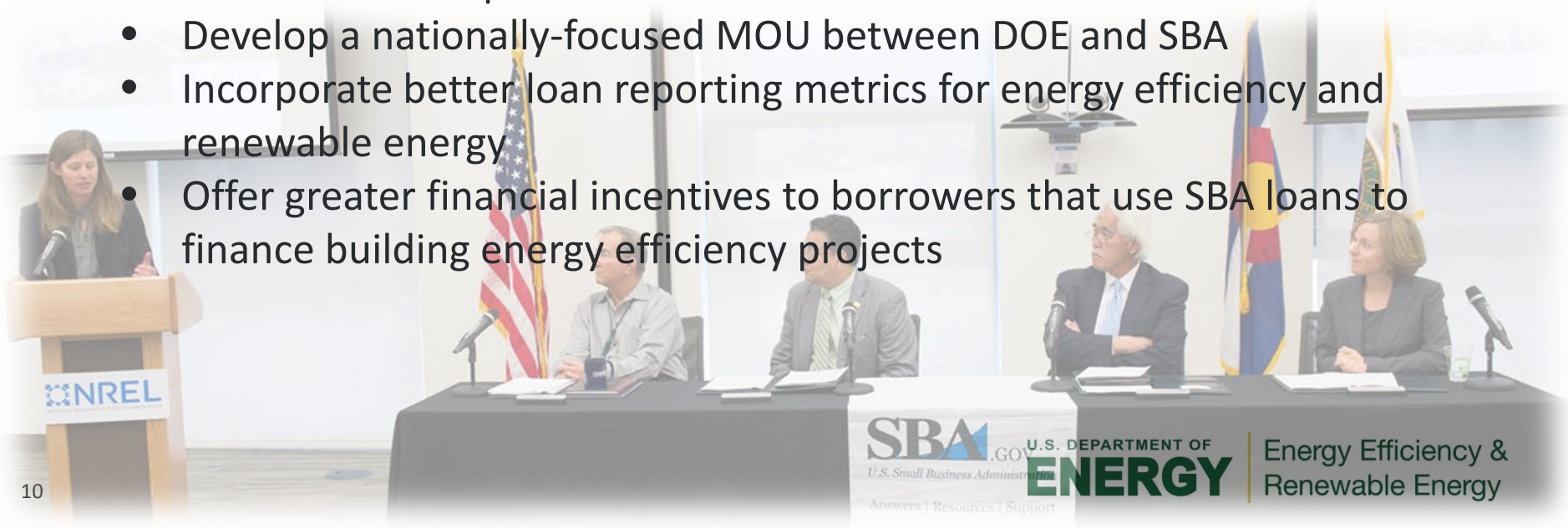
Partners, Subcontractors, and Collaborators:



Next Steps and Future Plans

Next Steps and Future Plans:

- Launch and deploy new website
- Target new deployment efforts to trade organizations, industry groups, and equipment manufacturers of top demographical groups. For example:
 - Offer resources in non-English languages associated with top demographical groups
 - Work with equipment vendors in the food service industry to offer more efficient options to small businesses
- Work with SBA headquarters to:
 - Develop a nationally-focused MOU between DOE and SBA
 - Incorporate better loan reporting metrics for energy efficiency and renewable energy
 - Offer greater financial incentives to borrowers that use SBA loans to finance building energy efficiency projects



REFERENCE SLIDES

Project Budget

Project Budget:

- \$100,000 FY 2014
- \$100,000 FY 2015
- \$100,000 FY 2016
- \$150,000 FY 2017

Variances: N/A

Cost to Date: \$375,000

Additional Funding: N/A

Budget History

FY 2014– FY 2016 (past)		FY 2017 (current)		FY 2018 – TBD (planned)	
DOE	Cost-share	DOE	Cost-share	DOE	Cost-share
\$300,000	\$0	\$150,000	\$0	TBD	TBD

Project Plan and Schedule

Project Schedule												
Project Start: October 1, 2013	Completed Work											
Projected End: September 30, 2017	Active Task (in progress work)											
	Milestone/Deliverable (Originally Planned)											
	Milestone/Deliverable (Actual)											
	FY2015				FY2016				FY2017			
Task	Q1 (Oct-Dec)	Q2 (Jan-Mar)	Q3 (Apr-Jun)	Q4 (Jul-Sep)	Q1 (Oct-Dec)	Q2 (Jan-Mar)	Q3 (Apr-Jun)	Q4 (Jul-Sep)	Q1 (Oct-Dec)	Q2 (Jan-Mar)	Q3 (Apr-Jun)	Q4 (Jul-Sep)
Past Work												
Q1 Milestone: Publish Resources and Develop Deployment Plan	◆											
Q2 Milestone: Host a Workshop on Developed Materials		◆										
Q3 Milestone: 2-3 Page Progress Report			◆									
Q3 Milestone: Signed Strategic Alliance Memorandum for SBA Colorado and Region V			◆									
Q4 Milestone: Revised Toolkit of Resources			◆									
Q1 Milestone: Host Round Table Discussion				◆								
Q2 Milestone: Signed National-Scale Co-Sponsorship Agreements					◆							
Q2 Milestone: Report Summarizing Project To Date						◆						
Q3 Milestone: List of Deployment and Outreach Activities							◆					
Q4 Milestone: New Publication-Ready Resource								◆				
Current/Future Work												
Q1 Milestone: Report Summarizing SBA Loan Data Analysis									◆			
Q2 Milestone: Draft Plan for New Communication Materials										◆		
Q4 Milestone: Final, Publication-Ready Training and Communication Materials for SBA											◆	
Q4 Milestone: Analysis and Recommendations for SBA 504 Reporting Metrics on EE and RE												◆
Q4 Milestone: SBA 504 loan data analysis and recommendations to target industry groups for deployment efforts												◆
Q4 Milestone: Signed Strategic Alliance Memorandum with SBA Florida and Region IV												◆