



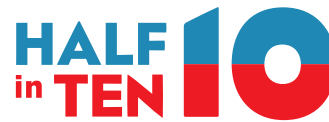
Green Jobs/Green Homes New York



Expanding home energy efficiency and creating good jobs
in a clean energy economy.

May 2009

Center for American Progress



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Executive summary

Over the next two years, federal stimulus funding will pour into state energy-efficiency programs and prompt a massive ramp-up of existing capacity. These investments offer a historic opportunity to develop green policy infrastructure at the state and local levels that can be sustained after the stimulus dollars are spent. Those states that have already established energy-efficiency infrastructure and possess a coherent plan to implement expansion will be best positioned to lead this national moment.

Green Jobs/Green Homes NY is such a plan: a policy roadmap for New York State to achieve mass-scale energy-efficiency improvements—or retrofits—of 1 million housing units over the next five years. The program will:

- **Combat climate change** by reducing home energy consumption by 30 percent to 40 percent. This reduction will avoid the need for new power plants and cut residential energy use—which is responsible for about 40 percent of New York’s greenhouse gas emissions.
- **Create 60,000 green job-years** directly related to the expansion of retrofit work and another 60,000 job-years indirectly through additional economic activity.
- **Save New York households more than \$1 billion annually** through reduced home energy use and energy bill savings, with consumer protections to maximize benefits of lowered housing costs.
- **Leverage \$5 billion in private investments to pay for retrofits** through the creation of an innovative financing model to secure third-party investments.

Green Jobs/Green Homes NY will be the largest residential retrofit program ever initiated in the United States and can serve as a model for the nation.

How the program works

Green Jobs/Green Homes NY will make retrofits available to owners of any type of housing in New York State and at any level of income provided that owners are utility customers in good standing and live in targeted geographic areas. The program can also be made available to renters of single-family homes who own the utility meter account and have sole physical control of the housing unit.

Navigating the Green Jobs/Green Homes NY program as a homeowner

A homeowner or building owner wants to make their home more energy efficient. What happens next?

Step 1	The homeowner or building owner calls the agency housing the program and is screened for eligibility. If eligible, the program sends out an energy auditor for a nominal fee.
Step 2	The auditor tests the structure to determine what retrofits will make it significantly more energy efficient, and directly installs some low-cost measures such as caulking and faucet aerators. Based on the tests, the auditor proposes retrofit options that save enough on the owner's energy bills to pay for the cost of the retrofit within 8 to 10 years. In multi-family buildings, some relatively low-cost measures are included because they benefit the tenants or the environment—such as green roofs—regardless of whether they yield significant on-bill savings.
Step 3	The owner is provided with a certified contractor, or may choose their own. The contractor performs the work and guarantees the performance of the improvements.
Step 4	Green Jobs/Green Homes NY pays the contractor with funds from a Residential Retrofit Investment Fund, or RRIF, created with private investments. In one- to four-unit homes, the RRIF pays all up-front contracting costs. In larger multifamily buildings, the owner may be required to contribute 10 percent of contracting costs unless hardship is established.
Step 5	The retrofit should reduce the owner's energy bill by 20 percent to 40 percent. After the work is completed, the owner keeps 20 percent of the projected energy savings and the utility collects the remaining 80 percent and returns it to the RRIF until investors are repaid. Owners keep all savings after the retrofit cost is repaid. If the homeowner moves they must secure agreement from the new owner to take over the repayment obligation.

At the state level, Green Jobs/Green Homes NY presents an implementation framework to coordinate the many resources needed to make the program a success. This is an enormous task to be undertaken at the same time that the state is increasing the capacity of other energy-efficiency and weatherization programs. It will require organizing the cooperation of utilities and the Public Service Commission to support the program, building upon existing state agency infrastructure to meet the new scale of administrative and management needs, and identifying sources of off-budget state funding to support program development and expansion.

Removing barriers to scale

Science-based residential retrofits deliver many benefits, but key barriers have kept other state and local energy-efficiency initiatives at a relatively small scale:

- **Up-front capital costs of retrofits** have limited the reach of state programs and priced out many individual home and building owners.
- **The lack of a coordinated green workforce development pipeline** has hampered the availability of trained and certified workers to meet the expansion of retrofit demand.
- **Contractors have been reluctant to expand their work capacity** since demand for residential retrofits is scattered. And contractors' investments in training workers are often lost as workers move on due in part to low-sector wages and poor career mobility.

- **Homeowners have been hard to engage**—even those with access to capital—and often view greening as a “boutique” or marginal project.
- **Building owners face a disincentive to implementing energy-efficiency measures** in cases where both tenants and owners pay some energy bills, because part of the return on owners’ energy investments goes to tenants.

The Green Jobs/Green Homes NY policy blueprint is designed to overcome these challenges, which guides the following recommendations.

Recommendations

- **Create a Residential Retrofit Investment Fund, or RRIF, to leverage private capital to pay for retrofits** and use utility bills to recoup investments. With “on-bill recovery,” utility bills for retrofitted homes will include a line item that returns a portion of energy savings to investors until retrofit costs are repaid over a 10-year period. The remaining savings stay with the owner.
- **Target small geographic areas for defined numbers of initial retrofits** so that contractors can understand and respond to demand, bundle retrofit projects in many homes for economies of scale, and develop local capacity.
- **Convene a statewide Workforce Planning Panel to reorganize existing workforce development resources to support green jobs.** This collaborative body will guide best-value contracting rules, establish clear pathways to training and jobs for underemployed and displaced workers, and seed the labor-management-community partnerships that form the cornerstone of the Green Jobs/Green Homes NY workforce proposal. Stakeholders will include constituency-based community groups who can integrate recruitment of trainees with other outreach on energy efficiency, community-based work readiness programs, union training programs, contractors engaged or interested in home performance work, and others.
- **Use a state role in enacting the RRIF to lift wages, create “pathways out of poverty,” and support union jobs.** This will also ensure that all contractors who receive payment through the RRIF abide by wage standards, commit to training and hiring targets from economically marginalized communities, and leverage intensive apprenticeship participation on large-scale retrofits.
- **Ensure accountability from legislation through development and implementation by establishing a Stakeholder Accountability Board,** which will be responsible for convening appointed representation from community groups, unions, contractors, utilities, state agencies, and others. The first task of this board must be to set equitable criteria for

targeting retrofits to communities that need them and are prepared to engage deeply to leverage their benefits. Subsequent tasks include monitoring the program and problem-solving to ensure good outcomes.

- **Provide consumer protections to ensure that the full benefits of retrofits**, including lowered housing costs, reach targeted communities. These include warranties on retrofit work, special supports for lower-income participants, and rent protections for rental units where operating costs have been reduced by retrofits.
- **Develop a community outreach structure to mobilize participation in the program.** This will be primarily accomplished by developing regional networks of local constituency-based groups to educate and organize locally around retrofits, building partnerships with labor and business, linking community members to green jobs training infrastructure, and pre-enrolling homeowners and building owners for retrofits in target neighborhoods.

Making it happen

To achieve many of these recommendations, the New York State legislature and governor should pass comprehensive legislation during the 2009 legislative session to enact the following key elements of the Green Jobs/Green Homes NY:

- Authorize the program.
- Create the Residential Retrofit Investment Fund.
- Leverage funds from renewable state sources such as the System Benefits Charge and Regional Greenhouse Gas Initiative to draw down billions in private investment. These funds should also support auditing, administrative, workforce development, and other noncontracting costs, and federal stimulus dollars will also be used to seed the program.
- Authorize “on-bill recovery.”
- Ensure the repayment obligation “stays with the meter” if the property is transferred.
- Provide for necessary consumer protections.
- Create strong best-value contracting rules that support direct links between community groups, training and labor organizations, and contractors.
- Set good wages for work under the program, as well as certification and quality training standards that provide career pathways for retrofit workers.
- Provide supports for firms to expand.
- Create planning and implementation mechanisms to assist the program.

About the Center for American Progress

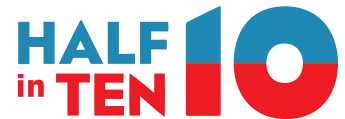
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About the Center for Working Families

The Center for Working Families would like to thank the following groups for supporting the work of the Green Jobs/ Green Homes NY project: NYS Laborers’ Employers Cooperation and Education Trust, The Rockefeller Foundation, Rockefeller Family Fund, Surdna Foundation, and the Panta Rhea Foundation.

About Half in Ten

The Half in Ten campaign believes that a clear goal and tested strategies to achieve it are crucial for success. Accordingly, setting a 50 percent reduction goal is our first step toward eliminating poverty. We can accomplish that goal if we deepen and expand the public will to move forward, and if we channel that will toward proven policy solutions.



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