

RECOVERY THROUGH RETROFIT

Saving Homeowners Money and Creating Jobs

At a Middle Class Task Force meeting in May of 2009, Vice President Biden asked the White House Council on Environmental Quality (CEQ) to develop a proposal for Federal action that would expand green job opportunities in the United States and boost energy savings by improving home energy efficiency. In response, CEQ facilitated a broad interagency process that resulted in the *Recovery Through Retrofit* report, which was released last October.

Recovery Through Retrofit identified homeowners' lack of access to information, financing and skilled workers as the key barriers that have prevented a strong nationwide home energy retrofit market from growing. The report also laid out several recommendations aimed at breaking down these barriers. During the last year, an interagency working group has addressed each of the recommendations and the Middle Class Task Force and CEQ are pleased to report on our progress and announce the launch of several new initiatives.

RECOVERY THROUGH RETROFIT ACHIEVEMENTS

Clear and Reliable Home Energy Information

The *Recovery Through Retrofit* report found that most consumers do not have access to straightforward and reliable information about their home's energy use. Without this information, homeowners are less likely to invest in home energy upgrades. The report recommended the creation of a new energy performance label for existing homes.

Home Energy Score: The Department of Energy (DOE), with support from the Environmental Protection Agency (EPA) and the Department of Agriculture (USDA), has developed a voluntary new Home Energy Score program that will help homeowners make cost-effective decisions about energy improvements. Trained and certified contractors will be able to use a newly developed energy software tool to generate:

- A Home Energy Score between 1 and 10, which will be presented as part of a simple graphic that will help homeowners understand their home's current efficiency level and how it compares to other homes in the area.
- An estimate of how much money could be saved by making energy retrofits.
- A personalized list of recommended improvements, with estimated annual savings and an estimated payback period for each upgrade.

Contractors can collect all of the information they need to generate the score and recommendations in a one-hour home walk-through. DOE will launch the Home Energy Score this fall through a pilot program in select regions across the country before making the voluntary program available everywhere. For those pilots in rural areas, USDA Rural Development will partner with DOE and rural electric cooperatives to increase participation and improve home energy efficiency in rural America. For a sample Home Energy Score report, please visit: <http://www.homeenergyscore.gov>.

Better and More Accessible Financing Options

The high upfront costs of retrofit projects often dissuade homeowners from undertaking energy efficiency improvements. The *Recovery Through Retrofit* report recommended making consumer-friendly financing options more accessible.

A New Financing Option – PowerSaver Loans: FHA PowerSaver is a new financing option, developed by the Federal Housing Administration (FHA), which will enable homeowners to make energy saving improvements to their homes through affordable, Federally-insured loans from private lenders. Homeowners will be able to borrow money for terms as long as 20 years to make energy improvements of their choice, based on a list of proven, cost-effective measures developed by FHA and DOE. Interest rates will generally be as low as or lower than other comparable financing options, and PowerSaver loans will be more widely available as a result of Federal insurance. Lenders may also be eligible for grant funding from FHA to further enhance benefits to borrowers, such as even lower interest rates.

FHA's approval and monitoring procedures will ensure that PowerSaver loans are only offered by responsible, qualified lenders. PowerSaver will begin as a two-year pilot program. FHA is seeking lenders to participate in the pilot program and invites the public to comment, through instructions in the Federal Register. For more information about PowerSaver loans, please visit: http://www.hud.gov/offices/hsg/sfh/title/ti_home.cfm.

Participating lenders and eligible communities will be announced early next year.

Strengthening State and Local Financing: State revolving loan funds allow consumers to borrow money for home energy improvement projects at low interest rates. Once the energy retrofit loan is paid off, the principal and interest on the loan are reinvested into the revolving loan fund providing another homeowner the opportunity to make home energy improvements. In October 2009, when the *Recovery through Retrofit* report was published, residential energy efficiency revolving loan funds were available in 16 states. During the past year, the Department of Energy and its partners have launched revolving loan fund programs across the nation, and have provided not only funding, but also hands-on technical assistance to ensure success. As a result, revolving loan fund programs are now available in more than 30 states.

Property Assessed Clean Energy (PACE) financing programs allow state and local governments, where permitted by state law, to attach the cost of home energy improvements to a property instead of an individual borrower. In an effort to strengthen PACE programs, the Administration published PACE best practices in May 2010, with input from various government agencies, private sector representatives, and industry experts.

New Guidelines and Protocols for the Retrofit Workforce

Currently, there are not enough well-trained residential energy retrofit workers and not enough green entrepreneurs to expand the home energy efficiency industry. The *Recovery Through Retrofit* report called for a uniform set of national guidelines for training residential retrofit

workers. With the adoption of these guidelines, consumers will have confidence that work is being completed correctly and generating the expected energy savings.

Workforce Guidelines for Home Energy Upgrades: The Department of Energy and the Department of Labor, with support from the Departments of Education, Health and Human Services, and the Environmental Protection Agency, have created voluntary guidelines that identify the skills and knowledge necessary for workers in the home energy retrofit industry, as well as the minimum requirements for high-quality work. The *Workforce Guidelines for Home Energy Upgrades* can be adopted by training providers to improve retrofit course curriculum and training programs. In addition, DOE will work with the Weatherization Assistance Program, Recovery Act grantees, and other Federal, state and local retrofit programs to put the Workforce Guidelines into practice across the country. The Guidelines, which were drafted with input from a wide range of industry stakeholders, are designed to foster the growth of a skilled workforce that will increase homeowners' confidence in the retrofit industry. Increased consumer confidence will result in increased consumer demand and new retrofit job opportunities. Before finalizing the Workforce Guidelines, DOE invites the public to comment, through instructions in the Federal Register. For more information, please visit: http://www.weatherization.energy.gov/retrofit_guidelines.

Healthy Indoor Environment Protocols for Home Energy Upgrades: The Environmental Protection Agency's (EPA) *Healthy Indoor Environment Protocols for Home Energy Upgrades* serves as a companion document to the *Workforce Guidelines for Home Energy Upgrades*. These protocols provide the recommended actions necessary to maintain or improve indoor air quality and resident health when performing home energy retrofits. Together, these guidelines and protocols can increase home energy efficiency, improve the quality of work performed, and provide a healthier home environment for Americans. Before finalizing the Protocols, EPA invites the public to comment, through instructions in the Federal Register. For more information, please visit: <http://www.epa.gov/iaq/homes/retrofits.html>.

SBA's Green Business Opportunities Course Created: The Small Business Administration's (SBA) new online course, *Green Business Opportunities: A Small Business Guide*, provides training for entrepreneurs who are looking to enter the home energy retrofit market. The course provides free business counseling and information for those seeking to launch a new business or expand an existing business in the energy efficiency market. This training opportunity is free and available on SBA Office of Entrepreneurship Education's website, at: <http://www.sba.gov/training>.

Next Steps

The eleven Departments and Agencies involved in the *Recovery Through Retrofit* effort look forward to continuing their commitment to strengthen the home energy efficiency retrofit industry. The Federal Government is working with industry, academia, training providers, small businesses, and other partners to launch these new tools and programs and to ensure their success. The Obama Administration will continue to support the growing home energy improvement market through interagency collaboration and by leveraging existing resources.

Contributing Departments and Agencies

- Office of the Vice President (Co-Chair)
- White House Council on Environmental Quality (Co-Chair)
- Department of Agriculture
- Department of Commerce
- Department of Education
- Department of Energy
- Department of Health and Human Services
- Department of Housing and Urban Development
- Department of Labor
- Department of Treasury
- Environmental Protection Agency
- Equal Employment Opportunity Commission
- General Services Administration
- Small Business Administration
- Executive Office of the President
 - Council of Economic Advisers
 - Domestic Policy Council
 - National Economic Council
 - Office of Management and Budget
 - Office of Public Engagement and Intergovernmental Affairs
 - Office of Science and Technology Policy