

Home-Energy Plan Spreads Out Costs

By [NOAH BUHAYAR](#)

BABYLON, N.Y. -- Town employees have fanned out across this Long Island suburb this summer, armed with free water bottles and beer cozies and a simple pitch: going green can save green, especially with low-interest financing from the town.

Empowered by recent changes to local, state and federal laws, municipal governments from Long Island to the Bay Area are launching programs to help residents purchase efficient furnaces, weatherize their homes and put solar panels on their roofs. Homeowners often balk at the upfront costs of such improvements because the energy savings typically takes years to pay off.

These local officials think they can overcome this hurdle by helping residents spread the costs over a decade or more.

"To me it's the perfect recession program," says Babylon's town supervisor, Steve Bellone. "It's cost-effective. You're actually creating jobs in a way that is not impacting taxpayers. But it's helping everyone by improving the environment."

Babylon's program, Long Island Green Homes, launched last October after the city of 220,000 people redefined its solid-waste code to include energy waste, based on its carbon content. That allowed Mr. Bellone to tap \$2 million of Babylon's more than \$25 million solid-waste reserve fund to seed the program.

Now, residents can apply for as much as \$12,000 in loans to finance home-energy-efficiency improvements like insulation and new furnaces. Homeowners also can use the program to finance rooftop solar panels.

After an energy audit to determine how much a homeowner could save in utility bills, the town pays a local contractor to do the energy improvements. The homeowner then pays the money back to the town through regular trash bills, with 3% interest, and the loan is structured so the homeowner pays less than he or she is saving in utilities.

The initiative is helping Rich Manning's Energy Master & Environmental Solutions, which has retrofit 42 houses since the program began. Fifty homeowners a month are calling the town to ask for audits, up from 10 to 12 when the program started, according to program director Sammy Chu. And he is converting most of those audits into work contracts, where previously only 20% of his audits would lead to actual work.

To keep up with demand, Mr. Manning is training a sixth employee and expects to hire at least two more workers by year end. He says, "We've taken the major stumbling block out: cash."

Eileen Conlin, 86 years old, contracted Energy Master to audit the two-bedroom house she bought with her husband in 1959. "After 50 years, I think I need a new furnace," she said, as workers shined flashlights around her basement, looking for leaks in the ductwork.

The seed money got the program started, but the town is looking to create a public-private enterprise to attract investors. "We need a more sustainable business model to finance the program going forward," said Dorian Dale, energy director and sustainability officer for the town.

Recently, the New York state legislature passed a bill that would allow every town in the state to adopt a program similar to Babylon's. The measure is awaiting signature by the governor.

Eleven other states, including Texas and Ohio, now have laws on the books that allow local governments to establish financing programs for home-energy improvements, according to the Database of State Incentives for Renewable Energy, a Web site that tracks such information.

In addition to Babylon, pilot programs have launched in Boulder, Colo., and five California cities. Several other local governments -- from Charlottesville, Va., to Albuquerque, N.M. -- are moving forward with programs of their own.

Many of these programs are structured to tie the cost of the improvement to the home. This allows homeowners to move without losing the cost of the project, as any new owner would have to take over remaining payments.

Changes at the federal level are spurring the programs as well. The stimulus bill removed a federal restriction on property owners participating in local or state financing programs from also receiving the full 30% tax credit for solar power and energy efficiency.

That incentive, paired with state tax credits, can halve the cost of installing a rooftop solar array or other efficiency improvements, says Rusty Hynes, project manager for the Database of State Incentives for Renewable Energy.

The Department of Energy recently said that local governments could also use as much as 20% of the energy-efficiency block grants they receive from the federal stimulus to set up loan programs.

That is helping to launch a \$1.8 million pilot program in Milwaukee that would finance retrofits of the city's estimated stock of 80,000 single-family homes built before 1960.

Mayor Tom Barrett says the program will help lower residents' utility bills, increase the value of homes, and create high-paying jobs for energy auditors and contractors. "I call it the trifecta," he says.

—David Kozo contributed to this article. Printed in The Wall Street Journal, page A6

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The Post and Courier

Council split on energy loans

Revolving fund would pay for home improvements

By [David Slade](#)

The Post and Courier

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For Charleston residents who would like to make energy-saving home improvements, but haven't done so because of the up-front costs, a city initiative aimed at creating a revolving loan fund might sound appealing.

Supporters, such as Mayor Joe Riley, say that such a fund could leverage private investment, create jobs and reduce energy consumption and energy bills in Charleston. A nonprofit group could be created to run the operation.

Some City Council members, however, say the plan sounds financially risky and would be best left to the private sector.

The idea is to create a one-stop-shop for energy-efficiency, where city residents could get a home energy audit, arrange for reputable contractors to make improvements, such as upgrading insulation or replacing windows, and then pay off the costs over time with the money saved on power bills.

Previous story

[Environmentally friendly jobs could make Charleston a national model](#), published 7/22/09

One recommendation calls for adding the loan payments to customers' water bills, to simplify the billing.

The initiative is the keystone in the city's plan to address climate change and is the main recommendation of the city's Green Committee, but it has hit growing opposition on City Council.

"I think that if people were concerned about being energy-efficient to save money, they would have done it," said Councilman Gary White. "I don't think that giving them an inexpensive financing option, and assuming risk on the city's part, will make them more likely to do it."

Other municipalities, including Babylon, N.Y., and Cambridge, Mass., have claimed some success with their own revolving fund programs, but neither program is exactly like what's been proposed in Charleston. Babylon's plan, for example, used local government funds to create the program, and the state of New York has cleared the way for other towns there to emulate Babylon's program.

Green Committee Chairman James Meadors said there's no example of a successful program exactly like the one Charleston is considering, because the city's program would be cutting-edge.

"It's state of the art," he said. "I think it's critical to our short- and long-term success."

So far, four of the city's 12 council members have cast votes against pursuing federal grants that would pay a consulting company to work out the details. Others have expressed reservations, but are holding judgment because for now, there's no detailed plan to consider and no city funding at risk.

White and council members Aubry Alexander, Tim Mallard and Larry Shirley opposed a July grant application. White, Mallard and Alexander voted against a second grant application this month.

"I think this council would like to see more of a free-market system, rather than the government," said Alexander at a meeting last week.

The main sticking point driving the opposition is a recommendation by the consulting group Serrafix that the city would essentially guarantee repayment of any money borrowed from the proposed revolving fund, by agreeing to use its authority to put liens on the properties of those who don't make their payments.

There's a stark difference of opinion about whether city funds could be put at risk.

"There is no risk," Riley said. "There is no downside right now. Zero."

Riley made those comments at a City Council meeting Aug. 18, while defending the city's attempt to win federal grant money. Mallard challenged him to explain where the required matching funds for the grant would come from, and Riley said they would come from private donations the city would help to raise.

"It's very easy to understand," the mayor said.

"No, it isn't," Mallard said.

While the city may risk nothing by applying for a grant, White is looking ahead to the initiative the city hopes to create.

White said that if the city were to create the proposed Charleston Energy Efficiency

Partnership, then there could be "significant financial risks."

The discussion at the last council meeting took a turn into analogies about swimming, as council members sought to understand the level of commitment the city already has made.

Councilman Larry Shirley compared the situation to venturing into the ocean but not wanting to get in too deep. How deep, he wanted to know, has the city gone already?

Riley said that what the city is doing right now is more like looking for money to pay for swimming lessons.

"We don't even have our bathing suits on," he said, to laughter from the room.

White offered a much different analogy.

"My problem is that we're spending \$600,000 to build a pool that we may or may not put water in," he said.

The \$600,000 is the cost of hiring Boston-based Serrafix to develop the initiative and deliver it as a turn-key operation to the city. A small part of that cost, about \$60,000, was for developing initial recommendations delivered to the city in June and was paid for with private donations.

The city hopes to use federal grant funds and more private donations to pay the remaining cost of the consulting work.

Andrew Gottlieb, project manager for Serrafix, said the proposed revolving fund would be very much like a private business.

"The business plan will have to make good economic sense, in order for us to recommend it," he said Thursday. "We see the entity being essentially back-stopped by the city's lien ability but not necessarily using the city's bond rating."

Riley is urging council members to remain open-minded until they see a final plan. Meanwhile, the city is seeking \$540,000 in federal grants and private donations to pay for the creation of that plan.

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