

## Summary of A08901: “Green Jobs – Green New York Act of 2009”

### I. Description

#### **Goal**

The Green Jobs/Green Homes NY program is a statewide initiative to make one million homes energy-efficient in five years. The program’s goal is to significantly lower greenhouse gas emissions, save families money on their energy bills, and produce tens of thousands of quality green jobs.

A million retrofits are roughly estimated to create at least 60,000 job-years directly in construction and retrofit administration work and another 60,000 in “induced” jobs, like manufacturing retrofit products and selling retail goods to workers with income from retrofit jobs. That’s equivalent to 14,240 full-time retrofit jobs created over the course of the program.

#### **Program Summary**

The Green Jobs/Green Homes program will provide financing for property owners to make energy-efficiency improvements on their homes. Homeowners will have no upfront costs, repay low-interest loans over time through a line item on their utility bills (“on-bill payback”), and transfer loan obligations upon sale of their property. The maximum capital investment for 1–4 unit buildings is set by legislation at \$13,000, although owners may add capital from other sources to allow for deeper retrofits.

*NOTE: An additional piece of legislation is needed for the on-bill financing system. The Center for Working Families is currently working to develop consensus among utilities, state agencies, lenders and ground-level stakeholders about what the parameters of such legislation will be. Legislation will likely be introduced in early January with broad support. Advocates anticipate that it will pass in time for the rollout of GJGNY in April 2010.*

#### **Funding Sources**

The legislation directs \$112m in Regional Greenhouse Gas Initiative (RGGI) proceeds to the program, with \$70m to be used to establish the Retrofit Investment Fund, a revolving loan fund for the retrofits. This could be used to leverage private capital.

Although legislation is unspecific, advocates anticipate that up to \$15 million may be used for workforce training in the first two years.<sup>1</sup>

## **Program Design**

*Operations:* The state will run the back end of the program — supporting training and equitable hiring of retrofit workers, ensuring “sound science” behind the retrofits (using a whole-house approach), and enforcing contractor warranties on the work — while also making sure the program supports economic development and progress on sustainability.

*Target Beneficiaries:* The targeted areas will be communities in which community-based groups and networks of supporting organizations – job training groups, contractors, etc. – develop a viable proposal for recruiting strong numbers of home- and building owners to the retrofit program, creating a training-to-jobs pipeline within the community, and supporting program outcomes with organizing. Preference will be given to communities in which energy cost burdens, economic and environmental need are particularly high. Green Jobs/Green Homes NY will likely serve homes that are not eligible for weatherization through the low-income Weatherization Assistance Program, although the owner’s contribution for multifamily WAP projects may be coverable by GJGNY if the project meets GJGNY’s more rigorous standards. At least 50% of funds (in fact, 70% or more according to current NYSERDA plans) will be used for residential structures (defined as four or fewer dwellings), including in rural and urban areas. The precise distribution of retrofits will vary by target area.

*Community Outreach:* The bill provides for a community-based process for delivering the retrofits and recruiting new workers into training and retrofit jobs. Community-based organizations will be allocated funding (the amount of which has not been specific) to do the recruitment and education of consumers of retrofits. Contractors and others may also contribute recruitment efforts, which will be coordinated with the work of CBOs.

*Healthy Homes:* Community groups will pre-screen interested homeowners to understand the condition of their homes, and identify hazards or dilapidation that

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<sup>1</sup> According to the Center for Working Families: To accomplish Year 1 housing retrofit goals, an estimated 603 entry-level workers and 519 highly-credentialed workers are needed, for a total of 1122 workers. Small business and non-profit retrofits can likely be accomplished by existing workers, for whom a small investment in skill upgrades may be needed. Ongoing NYSERDA programs like Home Performance with Energy Star and Assisted Home Performance, and existing Multifamily Performance Program projects, will continue to occupy a significant part of the qualified contracting workforce.

As a conservative calculation, then, GJGNY will need to create at least 500 entry-level workers and 260 highly-credentialed (Building Performance Institute-certified) workers in Year 1. In Year 2, when workforce needs are doubled, *all* added GJ-GNY workers will be new workers: 1206 at entry-level, and 1038 at BPI-level.

The cost of bringing on new workers is estimated at \$1,500 for an entry-level worker, and \$7500 for a higher-level credentialed worker. The cost of developing needed training infrastructure is estimated at \$1.5m in each of Years 1 and 2, and will decline in subsequent years.

likely needs to be resolved before a cost-effective retrofit can be performed. The initial audit will find most remaining instances of hazardous materials (e.g., asbestos, lead), and the cost of abating the hazard will be factored into the scope of the retrofit work. In some cases, abatement costs will mean that retrofits will not be cost-effective. In cases where serious remediation is needed before a cost-effective retrofit can be performed, the community group and/or auditor will refer the homeowner to remediation programs, including any funding streams that might be used to pay for the work. When the abatement is complete, the program can resume the audit and retrofit process. In less serious cases, creative financing that extends the amortization period (e.g. a 10-year investment by the privately-funded Retrofit Fund plus a 3-year investment from a publicly-funded revolving loan pool) may allow a project that includes both remediation and retrofits to be cost-effective.

*Process for Participation:* Homeowners and building owners will request a home energy assessment (audit) from a call center, under the auspices of The New York State Energy Research and Development Authority (NYSERDA). NYSERDA will determine who runs the call center. The assessment will show what retrofits (fixes or new equipment) would provide enough energy savings to pay for themselves within 10 years. Typical measures include air-sealing, insulation, HVAC system upgrades or replacement, appliance replacement, green roofs, solar thermal heat and hot water, and others. The assessment will involve “approaching a house as a system” so as to allow owners to accurately project monthly bill savings.

Community groups will be the primary guides leading homeowners through the process. With or without their support, homeowners will contact a call center for screening and to arrange an audit. In most cases – where needed – community groups will continue to support, and even organize, owners through the rest of the process, particularly focusing on moving homeowners from free/low-cost audits to contracts, and providing post-retrofit education.

## **Labor Standards**

*Contractor Qualifications:* The program will establish qualifications for contractors, which will match existing NYSERDA requirements that contractors be Building Performance Institute (BPI)-accredited. The program will also determine “best-value contracting” standards and a process by which contractors can perform work under the program. This process will likely set up a system for allocating groups of units to contractors who meet best-value standards and also allow contractors who meet minimum standards to recruit their own customers. Minimum standards will almost certainly include program-wide wages, and best-value standards will include local hiring, minority hiring, hiring from a training-to-jobs pipeline, and other targeted hiring.

Homeowners will have the option of choosing their own qualified (BPI-accredited) contractor or having the program assign them one.

*Training:* The program is developing a plan for training and jobs infrastructure — including ramped-up training programs, apprenticeships, skill certifications, and wage standards — to fill the gap in skilled labor needed to perform the work. NYSERDA and

the Department of Labor will determine certifications and accreditations for training programs.

*Targeted Hiring:* Although the bill does not establish specific requirements for targeted hiring, the program may give preference for placement of women, minorities, low-income individuals, and populations with barriers to employment.

### **Enforcement**

*Oversight:* NYSERDA is responsible for creation and implementation of the program. NYSERDA will execute verification of energy savings and cost-effectiveness standards, and will determine qualifying services. Precise oversight mechanisms still need to be figured out. Exactly who will enforce labor and wage standards is yet to be determined.

*Documentation:* The president of the Advisory Council will send out a report to the Governor, the Temporary President of the Senate, the Speaker of the Assembly, the Minority Leader of the Senate, and the Minority Leader of the Assembly concerning NYSERDA's activities. This report will include the number of people receiving training, training providers, the amount of money going to training providers, and the number of people placed in full-time jobs. Advocates intend to perform more qualitative data-gathering from households touched by community-based outreach, matching income, housing tenure and energy cost data to program outcomes.

## **II. Innovation**

### **Multiple sources of funding and size**

With a multi-billion dollar investment in home energy efficiency and a plan to retrofit one million housing units over the next five years, the program's multiple sources of funding and sheer size make it innovative. In addition, the types of funding are financially self-sustaining – including regional cap and trade proceeds to seed a revolving loan fund that will leverage private investments.

### **Removal of barriers**

The program will make retrofits affordable to New York residents who lack access to sufficient upfront capital, and will also support participation in existing programs that require customers to make capital investments to leverage incentives.

### **Science-based retrofits**

The bill will help to implement audits and retrofits using a whole-house approach to building science that will allow owners to project monthly bill savings.

### **Community-based outreach**

Engaging community-based organizations to help with recruitment and education of customers will help contractors with marketing.

### III. Next Steps to Build on the Existing GJGNY Model

#### **Finish Decoupling Utilities**

New York utilities began the decoupling process in 2007. Fully decoupling the utilities will help ensure that they don't raise rates on customers and thereby nullify the energy bill savings that are supposed to result from this program. According to the Pace Energy & Climate Center, the following major utilities have all been approved for revenue decoupling mechanisms: Consolidated Edison, Orange & Rockland Utilities, Central Hudson Gas & Electric, and National Fuel Gas Distribution Gas Corporation. National Grid/Niagara Mohawk (Keyspan) is pending and New York State Electric & Gas and Rochester Gas & Electric are still developing their revenue decoupling mechanisms.

#### **Mesh Program with Other State Programs**

Mesh GJGH-NY with existing programs through negotiation with NYSERDA.

#### **Coordinate Training with WAP**

The program could take steps to coordinate GJGH-NY with the federal Weatherization Assistance Program, whether by leveraging funds or aligning weatherization training infrastructure to feed into both programs.

#### **Bundle Work**

The program could partner with community-based organizations to not only help with recruitment and education but also to help drive the bundling of work.

#### **Address the Split Incentive**

Like other retrofit programs around the country, this program doesn't solve the issue of split incentives between owners and renters. The major challenge nationally is that landlords don't have incentives to invest capital to lower energy bills because their tenants are usually paying the energy bills.

#### **Revolving Loan Fund**

The program could be more specific about how the funding placed in the Retrofit Investment Fund will be used to leverage private capital. For example, the program could explore the possibility of establishing a loan loss reserve fund.

#### **One-Stop Shop**

A single point of contact would be extremely helpful to homeowners and could guide them through the entire retrofit process, including audits, contractors, financing, payback, and rebates.

### **Access**

The program could establish goals for local hiring (e.g., set a goal for the percentage of work hours that are performed by a local workers), workforce diversity, and diverse business participation. To help achieve local and targeted hiring goals, the program could consider requiring contractors to hire locally or from qualified training programs.

### **Job Quality**

The program could require that workers be paid a living wage and incentivize contractors to provide benefits to workers.

### **High-Road Employers**

To further help ensure job quality, the program could establish minimum criteria for contractors and use a best value contracting approach to establish a pool of qualified contractors.

### **High-Quality Training Programs**

The program could consider setting criteria to establish a pool of qualified training programs.

### **Local Materials Sourcing**

The program might consider specifying minimum requirements for materials used in the program so that materials are “green products” and procured from local businesses, to the extent reasonable.

### **Diverse Business Participation**

To help ensure diverse business participation, the program could consider setting a goal for diverse business participation and taking actions such as offering assistance to contractors to find historically disadvantaged subcontractors and offering the latter scholarships to earn industry certifications.

### **Contractor Support**

Identify working capital to support small contractors.

### **Legal Enforceability**

The program could consider crafting a legally enforceable agreement with labor standards and community benefits.

## **IV. Partners Involved**

- Highly Impacted Communities (those with high environmental and economic burdens)

- Various community organizations, including environmental organizations, labor organizations, community-based organizations
- Contractors in New York
- Private investors
- Legislators
- Regional Greenhouse Gas Initiative (RGGI)
- New York State Energy Research and Development Authority (NYSERDA)
- Department of Labor
- Department of Public Service
- Public Service Commission
- Long Island Power Authority
- The Power Authority of the State of New York
- Office of Temporary and Disability Assistance.
- Division of Housing and Community Renewal
- Department of Economic Development