



**Investments in Building Energy Efficiency
In the Economic Recovery Bill
February 19, 2009**

Summary and Overview

The American Recovery and Reinvestment Act of 2009 (“economic recovery bill”) provides unprecedented funding for building energy retrofits. Much of this funding will be available to support green affordable housing and community revitalization.

Most of the money will be provided through a range of new and existing federal programs administered by the Department of Energy (DOE) and the Department of Housing and Urban Development (HUD).¹ The agencies will base their allocations on formulas, and a substantial share of funding will go to states and cities, which will have the ability to support nonprofit and other organizations and specific local projects and initiatives.

Some of the money will be available nationally through competitive processes that federal agencies must develop. In many cases, additional guidance will also be required to specify how funds can be utilized and the criteria (e.g., energy performance standards) that will apply. The federal agencies will start developing those rules right away in order to be able to commit funds by the fall, if not sooner.

Major Investments

Public housing. \$4 billion is available for the rehabilitation of public housing units. Of this amount, \$1 billion will be available specifically for energy retrofit improvements. These funds will be administered through a new competitive program administered by HUD. The balance of funding will be awarded by formulas to local housing authorities through the Public Housing Capital Fund; energy retrofits will also be eligible users of these funds.

Privately owned “HUD-assisted” housing. \$250 million is available to provide grants or loans to owners of “HUD-assisted” housing, including Housing for the Elderly (Section 202), Housing for Persons with Disabilities (Section 811) and Project-Based Section 8 units. These funds will be administered through a new competitive process or by HUD.

Low-income home weatherization. \$5 billion is available for the Weatherization Assistance Program (WAP), administered by DOE. State funds will be allocated by formulas. The eligibility for WAP assistance increased the maximum income by 50 percent, making the expanded level 200 percent of the poverty level. The allowable level of investment per home increased from roughly \$3,000 to \$6,500.

¹ The bill also provides flexible funding to states for school construction, including energy retrofits, and to the General Services Administration for “green” federal buildings.



State and local energy efficiency and conservation initiatives. \$3.2 billion is available for a new Energy Efficiency and Conservation Block Grant program. This program will be administered by DOE. Of the amount appropriated, \$2.8 billion will be distributed by formula to local governments and the remaining \$400 million awarded on a competitive basis. Eligible uses of funds include financial incentives for energy efficiency improvements, and grants to nonprofits and programs that perform energy efficient retrofits, conserve transportation-related energy, develop and implement building codes and inspection services, perform energy audits, install LEDs and deliver onsite renewable energy to government buildings.

Additional funding for state energy efficiency projects. \$3.1 billion is available for the State Energy Program. This program provides grants to state energy offices. Funds will be available to support residential, commercial and public building energy efficiency retrofits, as well as aid efforts to adopt emerging renewable energy and energy efficiency technologies.²

Green community programs. The bill authorizes \$2.4 billion in new authority for Qualified Energy Conservation Bonds to finance state, municipal and tribal government programs and initiatives designed to reduce greenhouse gas emissions. These bonds may be issued to make loans and grants for capital expenditures to implement “green community programs,” including loans and/or grants to individual homeowners to retrofit existing housing and programs in which utilities provide rate-payers with energy-efficient property and recoup the costs of that property over an extended period of time.

Energy-efficient existing homes (no income limit). The bill extends the current law tax credit for improvements to energy-efficient existing homes through 2010. For 2009 and 2010, the bill increases the amount of the tax credit to 30 percent of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements during the taxable year. The bill will also eliminate the property-by-property dollar caps on this tax credit and provide an aggregate \$1,500 cap on all property qualifying for the credit.

Energy-efficient appliances rebates. \$300 million is available through DOE for states to provide rebates to consumers who replace appliances with Energy Star models.

² The bill also authorizes DOE to provide supplemental funding to states if they provide DOE with “necessary assurances that the following will occur: The applicable State regulatory authority will seek to implement appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has rate-making authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and timely earnings opportunities for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.”



Green jobs. \$500 million is available for a “green jobs” training and workforce development program administered by the Department of Labor. The agency will provide competitive grants to support projects that prepare workers for careers in the energy efficiency and renewable energy industries specified in the Green Jobs Act of 2007, including training for work supported by other economic recovery funds such as retrofitting of buildings, green construction and the production of renewable electric power.

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