

## The HOME STAR Initiative to Retrofit America's Housing for Good Jobs and Energy Efficiency

### **Overview:**

HOME STAR is proposed new legislation to create jobs in existing industries by providing strong short-term incentives for energy efficiency improvements in residential buildings. The program will move quickly, with a minimum of red tape, and will act as a bridge to long-term market development of existing industries. This initiative establishes a \$9.6 billion rebate program to encourage immediate investment in energy-efficient appliances, building mechanical systems and insulation, and whole-home energy efficiency retrofits. HOME STAR will rapidly create jobs in both construction and manufacturing, while saving families money on their energy bills. It will build on current state programs and existing industry capacity for performing both retrofits and quality assurance, using federal standards and incentives as a common platform to lower program costs and increase consumer awareness.

Strong consumer incentives to drive market demand, combined with meaningful standards and incentives to ensure model business practices for installing efficiency measures and verifying energy savings, will ensure that the growing energy efficiency retrofit industry produces ongoing and measurable energy savings while putting Americans back to work in long-term jobs.

### **Consumer Incentives:**

HOME STAR provides two types of consumer incentives:

1. The **SILVER STAR *prescriptive path*** provides a near-term incentive for specific energy saving investments that is simple to administer and easily introduced into the existing marketplace. Homeowners receive between \$1,000 and \$1,500 for each measure installed in the home, or \$250 per appliance, with a benefit not exceeding \$4,000 or at least 50% of total project costs (whichever is less). Covered measures include air sealing; attic, wall, and crawl space insulation; duct sealing or replacement; and replacement of existing windows and doors, furnaces, air conditioners, heat pumps, water heaters and appliances with high-efficiency models. The legislation will utilize existing standards for qualifying products at a level sufficient to significantly increase consumer demand for highly energy efficient building materials and mechanical systems. SILVER STAR improvements may be implemented by any appropriately licensed and insured contractor, but all participating contractors will receive information about opportunities for accreditation and training programs.
2. The **GOLD STAR *performance path*** offers an incentive to households that choose to conduct a comprehensive energy audit and then implement a variety of measures that are designed together to provide greater total returns in energy savings. This performance path represents the future of home efficiency: state-of-the-art building science is used to identify problems, present solutions and deliver verifiable energy savings, generating confidence among homeowners and investors alike. This technology-neutral approach is based on performance, not specific products, so market forces will direct funds to solutions that achieve the best results. A certified professional with accreditation from the Building Performance Institute (BPI), the Residential Energy Services Network (RESNET) or an approved equivalent conducts an energy audit before work begins, and a test-out when the performance retrofit is complete. Consumers receive \$4,000 for modeled savings of 20%, plus an additional \$1,500 incentive for each additional 5% of modeled energy savings, with incentives not to exceed 50% of project costs. Contractors implementing the GOLD STAR performance path must be BPI accredited.

## **Key Provisions:**

**Administrative Process:** The HOME STAR program must meet several overarching goals. To be successful, HOME STAR must rapidly put construction workers back to work as well as create good, living-wage jobs for American workers; generate a minimum of new government bureaucracy; provide clear lines of authority; and offer a transparent process for all participants.

HOME STAR is not dependent on whether authority rests with a particular federal agency, rather authority could reside within a number of federal agencies without compromising the program goals. The federal government must, however, provide uniform guidance to establish consistent baseline resources and procedures for all states. States will take the lead in overseeing quality assurance programs and coordinating with existing programs to avoid duplication. The ultimate implementation of this program will be driven by market transactions and as such the program will set aside administrative funds to drive consumer awareness.

HOME STAR will provide a rebate to consumers, which can be assigned to another party including the manufacturer, distributor, retailer, or contractor who completes the work. This rebate can be credited to consumers at multiple points in the transaction process including at the point of sale or point of completion of the job. Rebate checks can be issued either by the federal government, through existing state energy programs, or some combination of these entities based on infrastructure capability. In any case, administrative procedures must be designed for speed and efficiency, to roll out the program rapidly and effectively and to provide timely payments.

**Quality Assurance:** The program establishes a robust system of post-project-completion quality assurance to ensure quality installations adhering to technical standards and to provide accountability, protecting against waste, fraud and abuse. This system establishes industry performance standards, ensures that a portion of all jobs are inspected by credentialed professionals, and offers an additional incentive to contractors that invest in a trained and certified workforce.

Contractors can enroll in the program by registering and presenting proof of licensing and insurance to a quality assurance provider through BPI, RESNET, or a provider designated by the state quality assurance plans. Homeowners may be contacted by a quality assurance provider for a field inspection after job completion to make sure that work was done according to standards and as contracted. Each homeowner will have the right both to request, or to choose not to receive, a home field inspection. The program will guarantee minimum inspection rates sufficient to assure quality work and provide accountability for contractors.

Quality assurance programs managed at the state level will maintain lists of qualified inspectors, facilitate access to training and certification programs (including outreach to low-income workers and minority contractors), coordinate with existing state and local efficiency programs, and develop systems for monitoring and enforcement. To provide for the long-term sustainability of this new and growing market, states will work with the Department of Energy to bring their quality assurance oversight up to a common national standard.

For GOLD STAR projects, contractors must submit a job completion checklist and work scope for each project, along with testing data, before the incentive is disbursed. SILVER STAR contractors are only required to submit a job completion checklist. For both the GOLD STAR and SILVER STAR programs, field quality assurance is conducted within 30 days on a sample of jobs to verify quality installation.

Quality Assurance requirements in HOME STAR will involve a simple paperwork review in approving individual rebates, in addition HOME STAR will provide a minimum baseline protocol for field inspection that is sufficiently rigorous to ensure high quality installation and appropriate consumer protection. In all cases reduced inspection rates will be offered for contractors employing a trained and certified workforce.

**Program Costs:** To achieve rapid near-term job creation, \$9.6 billion should be allocated to HOME STAR during the first year, \$3 billion of which should be set aside for GOLD STAR incentives. While HOME STAR is envisioned as a time limited program, the GOLD STAR path should be continued beyond the first year as a bridge to permanent residential energy efficiency programs established by existing federal energy and climate legislation outlined below.

**Legislative and Administrative Precedents:** HOME STAR is endorsed by the President’s Economic Recovery Advisory Board (PERAB). This proposal is based on the Retrofit for Energy and Environmental Performance (REEP) legislation that is included in the American Clean Energy and Security (ACES) Act passed by the House of Representatives, and in the Building Efficiency title of American Clean Energy Leadership Act (ACELA) reported out by the Senate Energy and Natural Resources Committee. Additional measures are drawn from leading state and local programs. This program also builds on investments made in the American Recovery and Reinvestment Act (ARRA), and on executive actions taken as a result of the Vice President’s Recovery through Retrofit program.

The HOME STAR initiative will be significantly enhanced by proposed financing tools to reduce the upfront cost burden faced by homeowners for residential retrofit projects.

The establishment of additional incentives to cover commercial and industrial property would also be very valuable components of any legislation designed to create jobs through improved energy efficiency.

**Coalition Support:** HOME STAR builds on existing policies and initiatives that have already demonstrated effectiveness and won widespread support from construction contractors, building products and mechanical manufacturers, retail sales businesses, environmental and energy efficiency groups and labor advocates. Organizations and businesses endorsing the HOME STAR approach include the following.

**HOME STAR COALITION SUPPORTERS INCLUDE:**

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| ACEEE                                    | LiUNA   |
| AFC First Financial Corp.                | Lowe's Companies, Inc.                                      |
| Alliance to Save Energy                  | Masco   |
| Blue Green Alliance                      | Masco Home Services   |
| Building Performance Institute, Inc.     | National Association of State Energy Officials (NASEO)      |
| Center for American Progress Action Fund | North American Insulation Manufacturers Association (NAIMA) |
| Change to Win                            | Northeast Energy Efficiency Council (NEEC )                 |
| CSG                                      | Natural Resources Defense Council (NRDC)                    |
| The Dow Chemical Company                 | Owens Corning   |
| Efficiency First                         | Recurve (formerly Sustainable Spaces)                       |
| Energy Federation, Inc                   | Renewable Funding LLC                                       |
| ENE (Environment Northeast)              | Sierra Club   |
| GE Appliances & Lighting                 | Simonton Windows and Therma Tru Doors                       |
| Green For All                            | - Fortune Brands Companies                                  |
| GreenHomes America                       |   |
| The Home Depot                           |   |
| The Linc Group                           |   |