

January 31, 2024

Connecticut Department of Energy & Environmental Protection
Bureau of Energy and Technology Policy
10 Franklin Square
New Britain, CT 06051
ATTN: Housing Environmental Improvement Revolving Loan Fund
Via electronic mail: DEEP.EnergyBureau@ct.gov

Pursuant to the [January 9, 2024 Notice of Opportunity for Written Comments](#), the undersigned organizations come together to provide recommendations on the Housing Environmental Improvement Revolving Loan Fund created in Public Act 23-205. Our organizations are advocates for lowering energy burden, reducing harmful emissions, increasing access to clean energy, and protecting Connecticut's environment. We have a commitment to affordable housing, tenant protections, racial and environmental justice, and equity.

In Connecticut, burning gas, oil, and propane in building equipment like heating equipment and water heaters generates 30% of the state's greenhouse gas emissions and 23% of Connecticut's total NOx pollution. That's roughly eight times more NOx pollution than all of the state's power plants combined.¹ The highest 25% of emitting homes make up a disproportionate amount – well over 50% – of the residential on-site climate emissions.² High emitting homes in Connecticut are not likely weatherized and more likely to pose serious health risks. Hazards such as asbestos, mold, lead, vermiculite, and knob and tube wiring, among others, are substantial barriers to retrofitting and energy efficiency upgrades.

The Housing Environmental Improvement Revolving Fund is an opportunity to improve living conditions for vulnerable residents across our state, equitably increase access to affordable renewable energy, and to meet our state climate goals. This program can catalyze an equitable home decarbonization effort here in Connecticut by reaching the highest need homes and lowest-income households.

The Housing Environmental Improvement Revolving Loan Fund

Overview: Sections 90 and 91 of Public Act 23-205 create a Housing Environmental Improvement Revolving Loan Fund to provide low-interest funding for multi-family, tenant-occupied housing in Environmental Justice communities for retrofitting projects 1) that improve energy efficiency including heat pumps, solar power generating systems, and insulation, 2) remediate health and safety concerns like mold and asbestos, and 3) provide assistance to access other state and federal energy efficiency programs.

Recommendations: We recommend that DEEP take the actions below to ensure that this program achieves housing and energy improvements for the benefit of tenants. Renters are

¹https://www.sierraclub.org/sites/default/files/2023-09/Connecticut%27s%20Hidden%20Pollution%20Problem_4.pdf

²<https://acadiacenter.wpenginpowered.com/wp-content/uploads/2022/06/Accelerating-Energy-Justice-in-Building-Decarbonization.pdf>

more likely to be energy burdened and left behind in the clean energy transition, and this program has the potential to alleviate this disparity if it is successful.

1. Establish a compensated tenant advisory board to have tenants in program-eligible housing units participating and providing input through the development and duration of the program. Ensure outreach efforts for the program are actually meeting communities where they are and information is available in different languages.
2. Include affordability protections for renters in the loan program. DEEP should develop a strong programmatic approach to tenant protections including protections from evictions and rent increases, along with an enforcement mechanism, that can be replicated across Connecticut's energy assistance, energy efficiency and clean energy programs.
3. Ensure incentives to participate are strong enough to attract owners of tenant occupied housing.
4. Provide financial support for the program alongside bonding funds with other funding streams such as Green Bank loans, Inflation Reduction Act funds, WAP, LIHEAP, and Energize CT.
5. Layer the Housing Environmental Improvement Revolving Loan Fund with existing state and federal programs so that multiple funding streams can be used to deliver weatherization, efficiency and electrification in the same home/building.
6. Promote a whole-home approach. As with other programs currently under development, DEEP should develop a whole-home approach with "no wrong door" for entry for the Housing Environmental Improvement Revolving Loan Fund. A whole-home approach would layer health and safety interventions, weatherization, and electrification. This maximizes the health benefits and bill/energy savings opportunities for the tenants who the program aims to serve.
7. Ensure the program cannot subsidize the installation of new fossil-fuel based appliances.
8. Support building owners through technical assistance and project management support.
9. Equitably allocate funding across each of the three retrofit project qualifiers 1) that improve energy efficiency including insulation, heat pumps, solar power generating systems, battery storage, ev charging, 2) remediate health and safety concerns like mold and asbestos, and 3) provide assistance to access other state and federal energy efficiency programs.
10. Clearly define program success metrics and timelines that align with the initial report expected due date of October 2027
11. Invest in contractor capacity building, equitable training, and aligning certifications and licenses with needs for the work. Work with localized workforce groups to ensure essential licenses are updated and/or established to reflect the installation needs of clean heating.

In regard to the specific questions in the notice for written comments, we offer the following responses to the following questions:

3. What are the largest barriers to equitably decarbonizing and improving energy affordability in Connecticut's multifamily affordable housing stock? Can these barriers be addressed by a revolving loan product? If so, how? If not, what different funding types or program structures (e.g., grants, free technical assistance) are needed?

The biggest barriers we see are 1) the split incentive where tenants see the biggest benefit of energy efficiency and clean energy upgrades but building owners make the decision, 2) lack of understanding of the clean energy options and how to implement them, and 3) barriers to efficiency that must be remediated such as mold, asbestos, etc. These can be addressed by a revolving loan product designed to provide technical assistance, that includes barrier remediation services, and offers loan forgiveness in-part or in-whole for meeting programmatic priorities such as serving vulnerable populations.

4. Are there any services or retrofit measures for which DEEP should not allow loan funding to be used? If so, why?

The Housing Environmental Improvement Revolving Fund program must not subsidize the installation of new fossil-fuel based appliances. This program is an important lever to achieve the state's greenhouse gas reduction goals in the buildings sector and to reduce NOx emissions to meet federal ozone attainment. For the program to be most effective in meeting these goals, it is critical to allow only all-electric, non-fossil-fuel equipment such as heat pumps. Space and water heaters last decades, and it is critical to ensure replacement equipment is all-electric to avoid locking in decades of pollution. This approach will also provide public health benefits.

5. How should DEEP define multi-family for this program? Current state energy programs, such as Conservation & Load Management (C&LM) programs, define single family as 1-4-unit buildings and multi-family as 5 or greater units.

The program should define multi-family for this program as tenant occupied buildings of 2 or greater units.

6. Should DEEP prioritize funding for small multi-family properties (2-9 or 5-9 units), medium multi-family properties (10-49 units), large multi-family properties (50+ units), or some combination? Why?

This program should prioritize small multi-family properties. Small multi-family housing is typically less energy efficient - multifamily buildings are inherently more energy-efficient due to compact massing, smaller unit sizes, and more shared walls. Small multi-family housing has less access to funding.

9. Should DEEP consider loan forgiveness options for borrowers? If so, how should this be Structured?

Yes, loan forgiveness in-part or in-full should be considered as an option and a lever to achieve programmatic goals. Barrier remediation is essential for health and safety of tenants, therefore, loans for health & safety barrier remediation should be forgiven in-part or in-full after completion of energy efficiency measures.

10. How could DEEP best manage risk as a lender? For example, by creating a loan loss

reserve, requiring minimum credit scores, working to provide financing on utility bills, requiring building owners to front a small percentage of the loan, etc.

For this program to reach underserved populations it is appropriate that it take on some level of risk.

13. Are there other existing programs that DEEP should consider partnering with for this program? If so, how should these programs be integrated?

We recommend layering or stacking the Housing Environmental Improvement Revolving Loan Fund with existing programs like Energize CT, CHFA, Inflation Reduction Act funds, ARPA, BIL, WAP, LIHEAP, REPS so that multiple funding streams can be used to deliver weatherization, efficiency and electrification in the same building. DEEP should partner with other state agencies such as DSS and DOH and DECD, as well as community action groups and community groups, that deliver weatherization services. DEEP should also partner with tenant unions and community groups focused on housing.

14. Are there any tenant protections that should be required as part of the program?

Yes, we believe tenant protection, including protections from individual and corporate landlords, must be a requirement to achieve the intent of this program. DEEP should develop a strong programmatic approach to tenant protections including protections from evictions and rent increases, along with an enforcement mechanism, that can be replicated across Connecticut's energy assistance, energy efficiency and clean energy programs. At a minimum, this program should offer the two year protection of the WAP program. We also urge the establishment of a compensated tenant advisory board to have tenants in program-eligible housing units participating and providing input through the development and duration of the program. Additional funding should be made available for tenant organizing events among community-based organizations to increase awareness, encourage participation, and gather feedback about the program.

Sincerely,

Samantha Dynowski, State Director
Sierra Club Connecticut

Aziz Dehkan, Executive Director/Lead Organizer
CT Roundtable on Climate and Jobs

Terri Eickel, Executive Director
Interreligious Eco-Justice Network/CT Interfaith Power & Light

Jayson Velazquez, Climate and Energy Justice Policy Associate
Acadia Center

Chris Schweitzer, Director
New Haven Climate Movement, New Haven Leon SCP

Melissa Kops, Board Member
BuildGreenCT (formerly CTGBC and CTPH)

Susan Eastwood, Chair
Ashford Clean Energy Task Force

Jim Horan, Senior Executive Director
LISC Connecticut | Local Initiatives Support Corporation

Tenaya Taylor, Executive Director
Nonprofit Accountability Group

Climate Reality Project Southern CT

Tom Swan, Executive Director
Connecticut Citizen Action Group

CT Climate Crisis Mobilization

Windham-Willimantic NAACP Environmental Justice Committee

James A. Paley, Executive Director
Neighborhood Housing Services of New Haven, Inc.