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Katie Dykes

Commissioner

Connecticut Department of Energy and Environmental Protection

Via electronic mail: [Katie.Dykes@ct.gov](mailto:Katie.Dykes@ct.gov) cc: Victoria.Hackett@ct.gov

The undersigned organizations come together to provide recommendations on the Housing Environmental Improvement Revolving Loan Fund created in Public Act 23-205 and the Inflation Reduction Act Home Energy Rebate Programs currently under development.

Our organizations are advocates for lowering energy burden, increasing access to clean energy, and protecting Connecticut's environment. We have a commitment to affordable housing, tenant protections, racial justice, and equity.

In Connecticut, the [highest 25% of emitting homes make up a disproportionate amount – well over 50% – of the residential on-site climate emissions](#). 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 and the Inflation Reduction Act Home Energy Rebate Program are key opportunities to improve living conditions for vulnerable residents across our state, equitably increase access to affordable renewable energy, and to meet our state climate goals. Both programs 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**

As advocates for the legislation, 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 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 programs like Energize CT 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.

### **Inflation Reduction Act Home Energy Rebate Program**

#### **Overview**

Connecticut will receive \$99 million from the Inflation Reduction Act for Home Energy Rebate Programs. The Home Efficiency Rebate program (from the HOMES Act) covers efficiency and weatherization projects. The Home Electrification and Appliance Rebate program (previously referred to as HEEHR) is for home appliances and equipment, including electrical upgrades.

#### **Recommendations**

Final guidance from DOE came out in late July 2023, and DEEP is now developing Connecticut's program. We recommend that DEEP take the actions below to ensure an equitable and effective program.

1. Engage with partners and community stakeholders who are familiar with disadvantaged communities to help design the program and provide feedback. Working with community groups - including small, emerging and new groups closely connected with the community - can also help with education, outreach and recruiting for the program.
2. Include consumer education, outreach and protection in the program. The benefits of efficiency and particularly electrification (transitioning from fossil fuel appliances and equipment to all-electric, zero-emission replacements) are new to many communities; DEEP must have consistent education and outreach. Translate materials in commonly spoken languages across the state to reach diverse audiences. Consumer protections will give residents confidence to participate.
3. Identify priorities and goals for disadvantaged communities, multifamily properties and other priority populations. Because reaching low-income households, renters, and multi-family homes is complex, setting priorities and allocating funds for households based on those priorities can help ensure funds do not get depleted by simpler projects in households with more resources like owner-occupied single family homes.
4. Affordability protections for renters. DOE has laid out for states that the decarbonization of low-income households cannot result in higher rents or tenant displacement. DEEP should develop a strong programmatic approach to tenant protection from eviction and rent increases, alongside enforcement, that can be replicated in other state, local, and utility programs. As stated above in recommendations for the Housing Environmental Improvement Revolving Loan Fund, tenant protections are needed across all of Connecticut's energy assistance, energy efficiency and clean energy programs.
5. 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 IRA Home Energy Rebates. 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.
6. Support participants through technical assistance and project management support.
7. Cover full project costs for low-income households. It is unlikely that rebates will cover the full cost of projects, especially in older homes needing additional upgrades. DEEP should request approval from DOE to increase incentive levels for low-income households to ensure the rebates are accessible to low-income households.
8. Layer funding and prioritize using other available funding streams before rebate program (wap, energize ct, weatherization barrier remediation program). For instance, the lack of capital for the cost of health, safety, and structural upgrades in the substantial number of low-income homes that will need to complete these upgrades first before pursuing Home Energy Rebate efficiency or electrification projects must be addressed, and layering other programs can help.
9. Create program guidance that the Home Energy Rebate programs cannot subsidize the installation of new fossil-fuel based appliances. The Home Energy Rebate programs do

not require electrification, but installing new fossil-fuel based appliances is not compatible with Connecticut's climate goals, healthy housing, or affordable utility bills in the future.

10. Workforce development: invest in contractor capacity building, equitable training, and aligning certifications and licenses with programmatic needs. Early administrative funds can be used to plan for Efficiency Contractor Grants. This should be done in close collaboration with contractors to identify needs and capacities. It should also include equity targets to serve marginalized groups with training, identify certificates and licenses specific to efficiency, heat pumps and other program priorities that are needed. The program's success depends on quality work being done, making training an important priority.

Thank you for considering these recommendations.

Sincerely,

Samantha Dynowski, State Director  
Sierra Club Connecticut

Jayson Velazquez, Climate and Energy Justice Policy Associate  
Acadia Center

Aziz Dehkan, Executive Director  
CT Roundtable on Climate and Jobs

Tom Swan, Executive Director  
CT Citizen Action Group

Mariana Pelaez, Organizing Director  
Renew US

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

Diane Lentakis  
Climate Reality Project, Southern CT Chapter

Ashley Blount, Executive Director  
Black Infinity Collective

Natalie Hildt Treat, Director of Public Policy  
Northeast Clean Energy Council

Susan Eastwood, Chair

Ashford Clean Energy Task Force

Brenda Watson, CEO  
Operation Fuel

New Haven Energy Task Force

Wilton Go Green, Inc.