

Home-Energy Plan Spreads Out Costs

By [NOAH BUHAYAR](#)

BABYLON, N.Y. -- Town employees have fanned out across this Long Island suburb this summer, armed with free water bottles and beer cozies and a simple pitch: going green can save green, especially with low-interest financing from the town.

Empowered by recent changes to local, state and federal laws, municipal governments from Long Island to the Bay Area are launching programs to help residents purchase efficient furnaces, weatherize their homes and put solar panels on their roofs. Homeowners often balk at the upfront costs of such improvements because the energy savings typically takes years to pay off.

These local officials think they can overcome this hurdle by helping residents spread the costs over a decade or more.

"To me it's the perfect recession program," says Babylon's town supervisor, Steve Bellone. "It's cost-effective. You're actually creating jobs in a way that is not impacting taxpayers. But it's helping everyone by improving the environment."

Babylon's program, Long Island Green Homes, launched last October after the city of 220,000 people redefined its solid-waste code to include energy waste, based on its carbon content. That allowed Mr. Bellone to tap \$2 million of Babylon's more than \$25 million solid-waste reserve fund to seed the program.

Now, residents can apply for as much as \$12,000 in loans to finance home-energy-efficiency improvements like insulation and new furnaces. Homeowners also can use the program to finance rooftop solar panels.

After an energy audit to determine how much a homeowner could save in utility bills, the town pays a local contractor to do the energy improvements. The homeowner then pays the money back to the town through regular trash bills, with 3% interest, and the loan is structured so the homeowner pays less than he or she is saving in utilities.

The initiative is helping Rich Manning's Energy Master & Environmental Solutions, which has retrofit 42 houses since the program began. Fifty homeowners a month are calling the town to ask for audits, up from 10 to 12 when the program started, according to program director Sammy Chu. And he is converting most of those audits into work contracts, where previously only 20% of his audits would lead to actual work.

To keep up with demand, Mr. Manning is training a sixth employee and expects to hire at least two more workers by year end. He says, "We've taken the major stumbling block out: cash."

Eileen Conlin, 86 years old, contracted Energy Master to audit the two-bedroom house she bought with her husband in 1959. "After 50 years, I think I need a new furnace," she said, as workers shined flashlights around her basement, looking for leaks in the ductwork.

The seed money got the program started, but the town is looking to create a public-private enterprise to attract investors. "We need a more sustainable business model to finance the program going forward," said Dorian Dale, energy director and sustainability officer for the town.

Recently, the New York state legislature passed a bill that would allow every town in the state to adopt a program similar to Babylon's. The measure is awaiting signature by the governor.

Eleven other states, including Texas and Ohio, now have laws on the books that allow local governments to establish financing programs for home-energy improvements, according to the Database of State Incentives for Renewable Energy, a Web site that tracks such information.

In addition to Babylon, pilot programs have launched in Boulder, Colo., and five California cities. Several other local governments -- from Charlottesville, Va., to Albuquerque, N.M. -- are moving forward with programs of their own.

Many of these programs are structured to tie the cost of the improvement to the home. This allows homeowners to move without losing the cost of the project, as any new owner would have to take over remaining payments.

Changes at the federal level are spurring the programs as well. The stimulus bill removed a federal restriction on property owners participating in local or state financing programs from also receiving the full 30% tax credit for solar power and energy efficiency.

That incentive, paired with state tax credits, can halve the cost of installing a rooftop solar array or other efficiency improvements, says Rusty Hynes, project manager for the Database of State Incentives for Renewable Energy.

The Department of Energy recently said that local governments could also use as much as 20% of the energy-efficiency block grants they receive from the federal stimulus to set up loan programs.

That is helping to launch a \$1.8 million pilot program in Milwaukee that would finance retrofits of the city's estimated stock of 80,000 single-family homes built before 1960.

Mayor Tom Barrett says the program will help lower residents' utility bills, increase the value of homes, and create high-paying jobs for energy auditors and contractors. "I call it the trifecta," he says.

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