

Guidelines for Maximizing the Benefits of Federal Investments in Buildings

Community-Driven Building
Retrofit Programs

January 2024

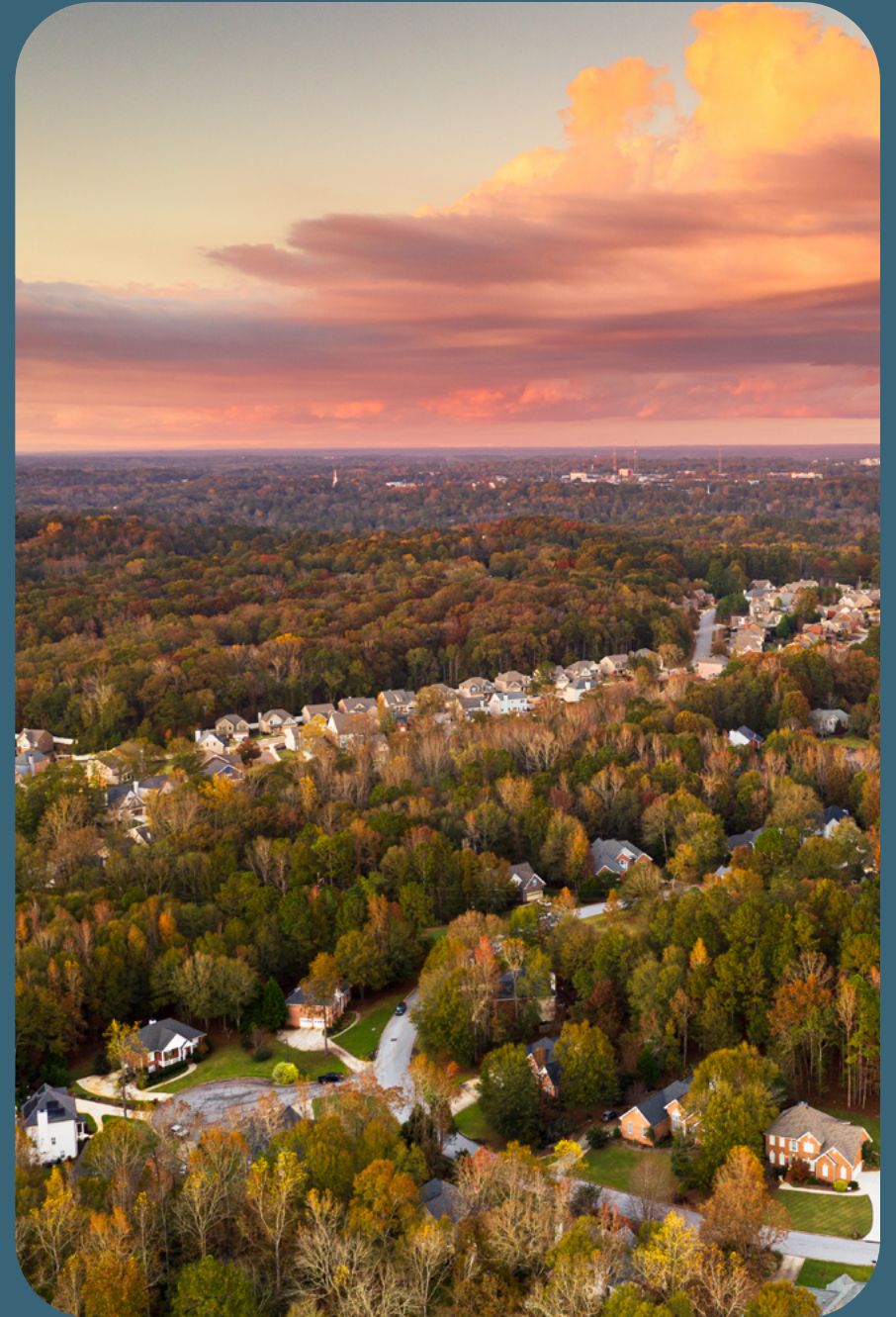


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Partners

We are a group of nonprofit organizations committed to equitable climate action. During this time of unprecedented federal funding, we recognize there is a powerful opportunity to leverage these funds to accelerate equitable building electrification.





Introduction

The Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA) will unleash billions of dollars of funding for building retrofits. To see equitable results from this funding, policy makers and program designers need to intentionally co-create retrofit programs that serve residential buildings in low- and moderate-income communities.

This guide was created by Elevate, Building Electrification Institute, Emerald Cities Collaborative, the Greenlining Institute, Greenlink Analytics, Rising Sun Center for Opportunity, and NRDC to provide a starting point for state policy makers and climate teams that are designing programs that will benefit from IRA and IIJA funding. With this direction, we hope to support programs that are equity-driven and co-created with the communities they aim to serve.



Background

What is a Building Retrofit Program?

A **building retrofit program** is any program that will support building owners and decision-makers in implementing energy efficiency and electrification upgrades in their buildings. Building retrofit programs can provide a range of potential services and funding mechanisms, including incentives, rebates, or financing for energy efficient or all-electric equipment; technical assistance to building owners and decision-makers for completing retrofits; marketing and outreach to building decision-makers and communities; support for contractors who complete equipment installations; and coordination with other available programs.

A **community-driven building retrofit program** may provide some or all of these services while also incorporating a broader set of community priorities and needs in the development, delivery, and outcomes of a building retrofit program.

Upcoming Opportunity: Climate Pollution Reduction Grants

EPA’s Climate Pollution Reduction Grants (CPRG) program is a near-term opportunity to fund community-driven building retrofit programs by tapping \$4.3 billion in competitive grant funds. Here are three key steps to securing this funding. [Learn more at EPA.gov](#)



1. Designate community-driven building retrofit programs as measures in the state or local Priority Climate Action Plans due March 1, 2024.
2. Co-develop strategies with community partners to serve disadvantaged communities with building decarbonization.
3. Submit program design proposals to EPA by April 1, 2024.

Barriers to Access Funding for LMI Communities

The IRA offers unprecedented funding to decarbonize buildings. A significant portion of these investments are intended to reach LMI and historically under-served communities, but are at risk of falling short because structures do not exist to channel the funding to LMI communities.

Funding Available for Building Retrofit Programs

The IRA and IIJA will unleash billions in direct rebates, tax credits, and incentives to property owners, contractors, and tenants, including:

Clean Energy and Energy Efficiency Tax Credits	\$37 billion
Greenhouse Gas Reduction Fund	\$27 billion
Home Energy Rebate Programs	\$9 billion
Weatherization Assistance Program	\$3.5 billion
Existing state, local, and utility incentive programs	(Varies by location)

Some barriers to building decarbonization that LMI households and communities face include:



Affordability:

- High upfront retrofit costs for electric appliances and efficiency measures and inaccessible tax credits
- No streamlined processes for combining funding sources
- No or very limited support for addressing building repairs that must often precede retrofits
- The risk that building owners may raise rents or pass the costs of upgrades on to tenants, exacerbating unaffordability or displacing them during or after retrofits



Economic Impact:

- A lack of local, trusted contractors from the community who are adequately supported and ready to deploy high-quality installations at scale
- Low job quality conditions in the residential construction industry, making it challenging to recruit workers



Equity:

- No or limited access to cultural or language appropriate information about funding opportunities
- No streamlined state income verification process to determine rebate eligibility
- A lack of consumer protections to avoid potentially harmful loans
- No tenant protections to prevent increased housing and energy costs or displacement
- A lack of cultural sensitivity and language accessibility during program outreach and implementation

Current approaches to building retrofit funding programs have left LMI households behind – particularly single and multi-family rental properties and unregulated or “naturally-occurring” affordable housing – with benefits flowing disproportionately to higher income households and communities (see sources: [LA Times](#), [Washington Post](#), [The Hill](#)).

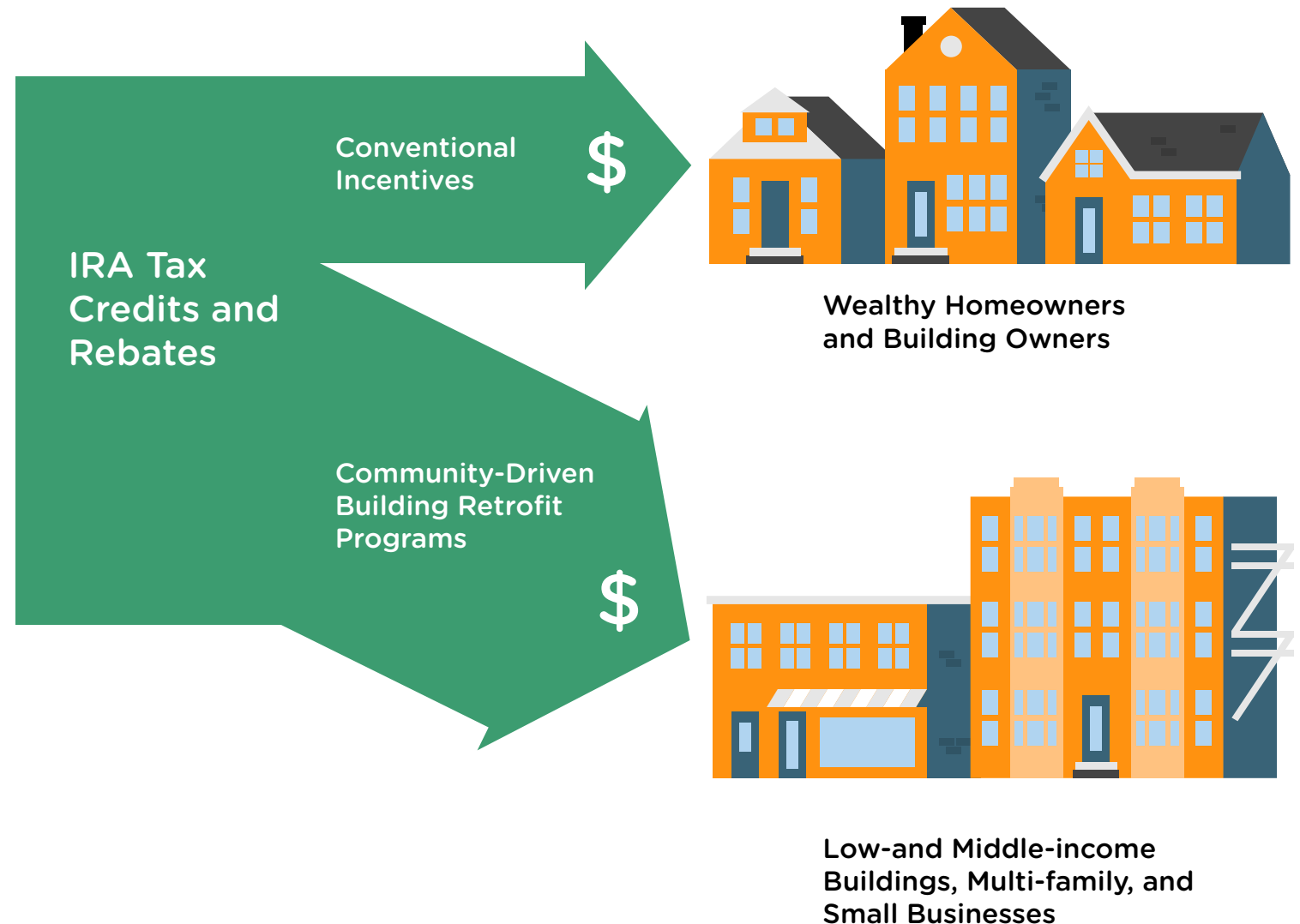
Community-driven models for designing and implementing building retrofit programs are essential to reach the communities that need the most support in accessing clean energy programs and ensuring they reap the benefits of new federal investments. This is critical for advancing enduring and equitable decarbonization solutions.

Without intentionally designing for projects in LMI communities and absent continued performance improvement and iteration, the generous federal funding resources will not deliver equitable results. Market driven approaches and mapping eligibility are not sufficient to achieve [Justice40](#) goals.

To ensure LMI communities see the benefits of these investments, it is crucial to understand the specific building types and residents of priority neighborhoods, build trusting relationships with community groups and organizations already working in these communities, and collaborate with them to co-create a thoughtful program design and implementation strategy.

Community-driven Retrofit Programs Direct Funds to LMI Buildings

Programs that are equity-driven and co-created ensure funding and technical assistance reach buildings and communities that need it most.





Guidelines for Equitable Program Design

1. Understand Your Audience

Community-driven building retrofit programs can serve four primary audiences: property owners, renters, contractors, and community members. Understanding the needs and barriers of the community you aim to serve helps create a more equitable and efficient program.

- **Property owners**, particularly of “naturally occurring” affordable housing,¹ which could include single family homes and multi-family properties. Property owners may not be aware of funding or incentive programs and/or have the necessary access or capacity to take advantage of them.

1. *Unregulated or “naturally occurring” affordable housing is currently affordable to residents, but is not subject to regulations on rents or incomes. This housing is often located in previously redlined neighborhoods that may be gentrifying, posing a threat to continued affordability, and often have significant deferred maintenance and health, safety, or structural upgrade needs.*

- **Renters** in LMI communities, who may be living in substandard housing or are experiencing rapidly rising housing costs.
- **Contractors**, and particularly minority- and women-owned (MWBE) contractors, who may be looking for economic opportunities and quality jobs.
- **Residents of LMI communities**, who have a range of social and health priorities that could be addressed through these programs.

2. Provide Flexibility to Address Local Needs

Community-driven building retrofit programs should be designed at a community, city, or regional level. Statewide programs generally do not adequately account for differences in the building stock, climate, or community needs. New programs should cover or have regional differentiation for a cohesive local or regional jurisdiction to effectively coordinate across existing programs, avoid duplicative costs, and reduce complexity.

To ensure programs are community-driven, states will need to delegate administrative responsibilities to the local or regional level to make decisions and design programs that are locally relevant. For example, a community, city, or region would be best situated to determine how to enforce tenant protections and should be empowered to do so working collaboratively with state policymakers.



3. Encourage a One-Stop-Shop Approach

A successful community-driven building retrofit program should provide a suite of services centralized in one location, or a “one-stop-shop” approach. To reduce complexity for customers, a single point of contact should be available to help property owners and LMI households with every step of the building retrofit process. This program structure has been shown to result in up to seven times more uptake in building retrofits than more traditional program models.

The one-stop-shop should offer free, personalized services that streamline the retrofit process from a personal advisor who serves as a single point of contact to building owners and decision-makers, including guidance on:

- Selecting projects
- Identifying and selecting contractors
- Stacking sources of financing and incentives (including IRA funding)
- Ensuring necessary health, safety, and structural repairs are completed in buildings
- Providing ongoing support through project completion

Additional services of the programs should include, but are not limited to, the following:

- Coordinate and reduce complexity across multiple programs and actors in a local or regional community
- Provide targeted outreach in LMI communities in multiple languages and with culturally sensitive messaging
- Create a pipeline of projects that can access IRA and other funding and increase economic opportunities for local contractors

- Qualify contractors to ensure high-quality retrofits and connect workers to trainings
- Provide technical assistance to contractors, including MWBE firms, to take advantage of new economic opportunities
- Strongly encourage or require contractors that receive programmatic support to create inclusive access to high-road jobs to create a well-paid and diverse workforce
- Offer all services in multiple languages, based on prevalence in the local community

The programs could also provide:

- Income verification to determine whether property owners are eligible for state and federally-funded programs
- State-level consumer and tenant protections to prevent against abuses
- Local tenant protections, co-created with local CBOs and stakeholders, to mitigate against rent increases and risks of displacement resulting from retrofits



4. Center Community Input Through Co-Creation

Community-driven building retrofit programs should be co-created and implemented collaboratively with CBOs, local contractors, and representatives of LMI neighborhoods to ensure they meet community needs and priorities.

Policymakers must move from a stance of simply ignoring or informing community stakeholders about new programs to a place of collaborating and giving decision-making power to CBOs and local stakeholders in the design and implementation of programs. **See page 11 for the Spectrum of Community Engagement to Ownership to illustrate this shift.**

Essential practices for co-creation include:

- Providing compensation and training for CBOs and local stakeholders in order to prioritize involvement from those who are typically left out of the decision-making process
- Centering the experiences of residents of LMI neighborhoods, tenants, small businesses, and minority- and women-owned contracting firms into each step of the program design and implementation process.
- Equipping local stakeholders with data and information they need to assess existing benefits and burdens within their communities
- Aligning on the most pressing needs and priorities for these communities

- Allowing space for iteration, discussion, and debate.

WHAT CAN STATES DO TO FACILITATE CO-CREATION IN COMMUNITIES?

1. Make community co-creation a prerequisite for funding and provide planning grants to ensure the process is resourced.
2. Prioritize resources for multi-jurisdictional and multi-stakeholder programs and projects that include CBO-municipality partnerships.
3. Provide tools, templates, and frameworks to drive consistent co-creation processes.
4. Fund CBOs and community stakeholders for their time in the co-creation process.

HOW TO MOVE TOWARD COLLABORATION AND DEFERMENT TO COMMUNITY STAKEHOLDERS

1. **Host targeted education and listening sessions for LMI community members.** Meetings should be accessible, supportive to community members to ensure they can participate, provide background and context, and have ample time for community members to give feedback across multiple sessions.
2. **Provide multiple platforms for community members to stay engaged.** Both in-person and digital platforms with ease of access should be utilized in the planning, development, and implementation to create pathways for additional feedback and/or expressing concerns.
3. **Community feedback should be meaningfully incorporated in final documents.** Clearly addressing community priorities and concerns in the final program design is critical to a successful program launch that maintains community buy-in.

4. **Structures of accountability should be incorporated at every step of planning, development, and implementation.** This is essential to ensure building retrofit programs are responsive to the residents they are serving. This should include ways community members can file grievances and have those grievances addressed.
5. **Planning, development, and implementation should include procedures for identifying and mitigating unintended consequences.** Any unintended consequences should be discussed with community members and the community should play an active role in determining how the unintended consequences will be addressed.

ROLES OF COMMUNITY-BASED ORGANIZATIONS

Throughout the co-creation process, CBOs may take on a number of different roles depending on desire and capacity. In all cases, CBOs should be resourced to cover their involvement. Some of the roles that CBOs may play include:

- Co-designing program goals and services to determine:
 - Services the program will offer
 - Target communities for proactive outreach and assistance
 - Types of contractors and vendors who can deliver the services
 - Trusted organizations who can reach the target communities
 - Targeted workforce development programs to increase inclusive access to high quality jobs, including through first hire agreements between contractors and training programs
 - Labor or employment standards that support the creation of high quality jobs
- Providing proactive outreach and network building in high-priority neighborhoods to increase awareness of program services and funding through trusted messengers and relevant channels
- Providing program oversight to finetune strategies and ensure accountability to community priorities
- Advising local or regional policymakers on enabling community-wide policies, such as tenant protection policies, that may be needed for effective program implementation
- Providing households with information on tenants' rights and potentially serving as a reporting authority for violations
- Providing oversight and/or governance to ensure the program delivers on community priorities and implements continuous improvements over time

Opportunities to fund community-driven building retrofit programs at the local or regional scale include:

- **Home Energy Rebate Programs:** \$9B for homeowners, property owners with low- and moderate-income (LMI) tenants, and potentially renters
- **Clean Energy and Energy Efficiency Tax Credits:** \$37B for homeowners and renters
- **Greenhouse Gas Reduction Fund:** \$27B in grants and loans (including the National Clean Investment Fund, Clean Communities Accelerator, and Solar for All programs)
- **Weatherization Assistance Program:** \$3.5B to assist low-income households to make energy efficiency upgrades to their homes
- **Climate Pollution Reduction Grants:** \$5B for planning and implementation activities to lower greenhouse gas emissions
- **Home Energy Rebate Programs:** States will be designing programs to equitably distribute electrification and efficiency rebates
- **Environmental and Climate Justice Block Grant program:** \$3B in grants and technical assistance to accelerate community-led environmental justice efforts, including Community Change Grants and Environmental Justice Thriving Communities Grantmaking Program
- **Future Greenhouse Gas Reduction Fund Loan Products:** A total of \$20B for fund administrators and local lenders, who will need to invest in pre-development, technical assistance, and pipeline development activities
- **Solar For All:** \$7B for residential solar programs, which can include funding for electrification, efficiency, and structural upgrades



The Spectrum of Community Engagement to Ownership

Stance Towards Community	0. Ignore	1. Inform	2. Consult	3. Involve	4. Collaborate	5. Defer To
Impact	Marginalization	Placation	Tokenization	Voice	Delegated Power	Community Ownership
Community-engagement Goals	Deny access to decision-making processes	Provide the community with relevant information	Gather input from the community	Ensure community needs, and assets are integrated into process and inform planning	Ensure community capacity to play a leadership role in implementation of decisions	Foster democratic participation and equity through community-driven decision-making; bridge divide between community and governance
Message to Community	<i>Your voice, needs, and interests do not matter</i>	<i>We will keep you informed</i>	<i>We care what you think</i>	<i>You are making us think, (and, therefore act) differently about the issue</i>	<i>Your leadership and expertise are critical to how we address the issue</i>	<i>It's time to unlock collective power and capacity for transformative solutions</i>

Image Source: *The Spectrum of Community Engagement to Ownership*, developed by Rosa Gonzalez, Facilitating Power for the Movement Strategy Center



Why Do We Care?

Let's Look at the Potential Impact

The Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA) will unleash billions of dollars of funding for building retrofits. Intentionally co-creating programs that are community-driven is essential so that the federal funding has an impact with equitable results.

If 25 regions were to launch community-driven building retrofit programs by 2030, the results would:

Give frontline communities an active role in shaping local building decarbonization programs to ensure the needs and priorities of these communities are centered and addressed.

Preserve housing affordability and prevent risks to tenant displacement through the co-creation of anti-displacement strategies on the ground with local CBOs.

Create accessible, high quality jobs and workforce opportunities for disadvantaged communities by stimulating up to \$25 billion in economic activity and creating as many as 13,000 jobs annually.

Create equitable access to clean energy and help to deliver on federal Justice40 goals by spurring upgrades for up to a million LMI households, who in the past have been left out of the clean energy transition.

Address climate pollution by reducing GHG emissions by over two million metric tons and accelerating our progress toward a fossil fuel-free future.

Reduce energy poverty by ensuring energy bills decrease for LMI households.

Improve health and environmental justice by prioritizing indoor air quality improvements and cooling for those who face disproportionate environmental burdens.

Upgrade affordable housing and address substandard housing, which is a social determinant of health that disproportionately affects low-income communities of color.