

Date: February 3, 2010

To: Representative Rebekah Warren

From: Larry Laseter, President, Masco Home Services Inc.

Subject: Letter of Support for HB 5640

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Dear Representative Warren:

MASCO Home Services fully supports the State of Michigan's adoption of any legislation that will act as a catalyst for homeowners and property owners to take action to make energy efficiency and comfort improvements to their homes and buildings. We commend your leadership in pursuing the Property Assessed Clean Energy (PACE) Act type of legislation as outlined in House Bill 5640.

Besides the obvious benefits of improving the comfort in homes and reducing homeowners' monthly expenditures on heating and cooling costs, a PACE-like incentive can:

1. Positively Impact Job Creation and Sustained Job Growth
2. Allow Collaboration and Leveraging of Federal & Utility Incentives
3. Support Michigan-based Manufacturing of Products
4. Enable energy dollars saved to cycle back into the local economy

**The Local Jobs Story.** According to the US EPA, whole-home programs such as Home Performance with ENERGY STAR (HPwES) result in perhaps more new job opportunities than any other energy efficiency program. Home performance is the systems or whole house approach to improving the energy efficiency and comfort in existing homes. These are skilled jobs that include significant exposure to engineering and building performance science, as well as skills required by the HVAC industry and other trades. Qualified training and curricula for a HPwES program already exists within the State of Michigan (e.g., Sparta-based Building Science Academy and other accredited Building Performance Institute (BPI) training affiliates).

Further, these jobs often entail skills that prepare the employee for a broad range of potential future opportunities in the fields of home services and energy efficiency. For instance, while the new homes construction industry tries to sustain itself, a focus on "home performance" requires skill sets that are easily transferable to the new homes industry when that improves. Home performance, and the BPI and other industry standards applicable to contractors and their work, requires a high level of attention and detail to things like proper installation of appropriate insulation, strategic sealing of the building envelope and accessible duct systems, and diligence in the design, installation, and testing of HVAC systems to ensure they operate as labeled and intended. All of these skills, used in existing home retrofit, will soon be required when the State considers adoption of the 2009 or 2012 International Energy Conservation

Code. This is because these more up-to-date codes call for higher levels of quality and care than previous model energy codes and will require air leakage testing of building envelopes and duct systems, as well as attention to the proper sizing of HVAC equipment and duct systems. Thus, by investing in home performance now and the skill set acquired by workers in the process, the State is really helping to build the foundation for an experienced, mature, and quality-focused work force that will be needed when these new codes become effective for new homes.

**Leveraging Other People's Money.** By co-mingling currently available federal tax credits and utility rebates, and then layering on top of these a PACE-like incentive program, participating municipalities can help their constituents off-set the fully loaded costs of making upgrades to their homes. Should Congress and the Administration include the intended HOME STAR program in its upcoming jobs initiative, this could put Michigan with its PACE program in place, at a tipping point whereby homeowners could conceivably see full-cost coverage for the energy efficiency and comfort improvements made to their homes. HOME STAR is a proposed existing homes focused energy efficiency program that includes a whole-house performance path rich in incentives (exceeding \$3,000/residence) for energy savings of 20 percent or more. Finally, should Michigan be awarded substantial federal funds under the US DOE's Recovery through Retrofit grant being led by the Michigan Department of Energy, Labor & Economic Growth (DELEG), there could be added resources to leverage by cities and constituents. This Recovery Act grant program provides funds to States and localities to help "stand up" the home performance contracting industry and do capacity building over a period of time so that the free market, in partnership with local government initiatives, will be self sustaining. All of this puts Michigan citizens at an advantage and could enable participating cities to maximize amounts of federal and utility incentives that are available. That's smart fiscal policy, and it's good governance.

**Supporting Michigan Made.** In passing this enabling legislation, Michigan would be doing its part to support the broader State economy as many of the products used in retrofitting homes and builders could come from Michigan-based product manufacturers. For instance, fiberglass, cellulose, rigid and spray foam insulations are all generally made in the State.

**Savings Cycle Back to Local Economies.** Though it's hard to measure, utility bill savings by residences tend to recycle back into the local economy. According to EPA, this is true for home performance programs to a greater degree than do savings by commercial or industrial customers, and therefore have a greater multiplier effect on jobs and economic activity.

It's a great idea to create energy efficiency financing programs like this one that can help constituencies leverage federal and utility incentives, create local jobs that use Michigan-made products that improve the value of homes, and substantially reduce homeowner's monthly electric and gas bills to benefit the local economy.

MASCO Home Services fully supports your initiative and is eager to play a role in ensuring its success.

Thanks for leading!



Larry Laseter

President, Masco Home Services, Inc.