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Renewable Communities

By increasing renewable energy resources at the community level, the value of foreclosed homes could be raised while reducing the carbon footprint on a community-wide basis.

THE HOMES FORECLOSED during the U.S. subprime crisis tend to be clustered in discrete—and historically poor—neighborhoods across the country. Last year, the U.S. Congress enacted the Housing and Economic Recovery Act (HERA) to stabilize these vulnerable neighborhoods. The plan, designed by the National Community Stabilization Trust, is to move the foreclosed residences from banks to local government or not-for-profit ownership for rehabilitation, and then back to homeownership.

Retrofitting the dwellings for energy savings is being considered as a requirement. But, the cost of energy investment combined with the Herculean chore of moving these residences off banks' balance sheets will likely eclipse the primary goal of ensuring long-term value to the homes. Providing renewable energy to the communities where these dwellings are clustered is not even on the radar screen—but it should be. The concentration of large numbers of homes in each distressed neighborhood is the key to developing a pilot for delivering solar and other greening strategies at economies of scale.

A neighborhood-oriented renewable energy strategy, in conjunction with the implementation of the HERA, can reduce bureaucratic hurdles, facilitate citing and bulk discounts for equipment and installation, and generate local green jobs. Energy costs would be reduced for each of the homes in the program. Other homeowners in the neighborhood who kept their residences through the crisis could join the network as well, at affordable costs.

A federal program to support the installation of renewable energy technology at the community level would enable this model to be implemented. Although the government has in place a tax credit to help homeowners incorporate solar energy, even the wealthiest homeowners find the upfront costs too high and the benefits too long term. The costs to individual homeowners become affordable only when a critical mass of homes in a specific community is being retrofitted, allowing for economies of scale. With existing incentive programs, the upfront cost of retrofitting and providing renewable energy to 1,000 homes is estimated at between \$5,000 and \$10,000 per home.

These amounts are less than 5 percent of the face value of most of the foreclosed mortgages, and they are much less than the amounts being written off the mortgages by the banks. However, these upfront installation costs would still be out of reach for the people who live in the communities where foreclosures are concentrated. There is a need for federal support.

The U.S. Department of Energy, the U.S. Environmental Protection Agency, and the U.S. Department of Housing and Urban Development should coordinate their activities to achieve this goal, first as a model project, then as a pilot program. The funding should support feasibility studies, startup costs, and initial infrastructure purchases. Once the renewable energy projects are up and running, any revenues derived from selling power back to the grid could be returned to a revolving grant fund that would provide

startup costs to other community renewable energy projects.

Such a program could start as a vehicle to provide improvements, jobs, and renewable energy to neighborhoods that were taken advantage of by unscrupulous lenders. It could result in a model for renewable energy at the local level for the rest of the country's communities.

For example, a distressed neighborhood in Atlanta is able to effectively use solar power. Because the installation of solar panels is now happening across a neighborhood, the cost of installation per home—whether paid for by a federal grant or by the homeowner—becomes more manageable, and paperwork and bureaucratic demands are streamlined. The energy consumed by these homes decreases due to retrofitting and consumer awareness, and the supply of energy comes from a local renewable source. These savings make the homes more affordable for new occupants. As a result, the entire community could participate in generating and using a new—renewable—supply of energy.

By greening, jobs are created. Where possible, public and private buildings add green roofs, and vacant lots are turned into community gardens. These combined efforts have the potential of promoting sustainability and reducing the carbon footprint of an entire neighborhood. **U**



SUSAN FINE, a real estate professional (left), and CAROLINE G. HARRIS, a land use attorney (right), founded Renewable Communities (www.renewablecommunitiesinc.com) to help communities and institutions develop comprehensive energy conservation plans that are capable of practical and cost-effective implementation.