



Ralph S. Northam
Governor

R. Brian Ball
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT

Erik C. Johnston
Director

TO: HIEE Stakeholder Advisory Group
FROM: Kristen Dahlman, Policy and Legislative Director
Dan Farrell, Associate Director of Energy Efficiency
DATE: December 14, 2020
SUBJECT: Agenda and Other Materials

Please find enclosed the following:

1. Agenda
2. Stakeholder Advisory Group Members
3. Slide decks for Presentations at the 12/15/2020 Meeting
4. Written Comments Submitted Ahead of Time for Consideration

If you have any questions or require additional information, please feel free to contact us at (804) 929-4271 (direct), or daniel.farrell@dhcd.virginia.gov or (804) 371-7017 (direct) or Kristen.dahlman@dhcd.virginia.gov.

We look forward to seeing you –digitally - on December 15, 2020 at 2:00pm!

Enclosures

Partners for Better Communities



www.dhcd.virginia.gov

AGENDA

DHCD Housing Innovations in Energy Efficiency (HIEE) Program

Stakeholder Advisory Group Meeting

December 15, 2020

2:00 pm – 4:00 pm

Weblink: <https://meet.google.com/yan-qkgc-ojs>

Conference phone: +1 209-730-7410 (PIN: 486056431)

| Times | Topics | Presenters |
|-------------------|---|--------------------------------------|
| 2:00 pm – 2:10 pm | Welcome and Introductions | Erik Johnston, DHCD Director |
| 2:10 pm – 2:15 pm | Northam administration's goals for Regional Greenhouse Gas Initiative (RGGI) funds | Trieste Lockwood, Governor's Office |
| 2:15 pm – 2:30 pm | <ul style="list-style-type: none">• Role of Advisory Group• Timeline for RGGI program development and investments• RGGI auction process; estimates of funds available | Kristen Dahlman, DHCD |
| 2:30 pm – 2:50 pm | Advisory group input and questions | |
| 2:50 pm – 3:10 pm | Affordable and Special Needs Housing (ASNH) and Weatherization Assistance Program (WAP) - Program Overviews | Willie Fobbs, DHCD |
| 3:10 pm – 3:30 pm | Low Income Housing Tax Credit (LIHTC) Program Overview | Stephanie Flanders, Virginia Housing |
| 3:30 pm – 3:55 pm | Public comment period | |
| 3:55 pm – 4:00 pm | Next steps and adjourn | DHCD |

Housing Innovations in Energy Efficiency (HIEE) Stakeholder Advisory Group

Elizabeth Beardsley

*Senior Policy Counsel
U.S. Green Building Council*

Nate Benforado

*Senior Attorney
Southern Environmental Law Center*

Carmen Bingham

*Affordable Energy Project Coordinator,
Virginia Poverty Law Center*

KC Bleile

Executive Director, Viridiant

Janaka Casper

*Chief Executive Officer, Community Housing
Partners*

Eric Claville

*Director, Center for African American Public
Policy at Norfolk State University*

Michelle Foster

*Vice President, Sustainability, Home
Innovation Labs*

Chelsea Harnish

*Executive Director, Virginia Energy Efficiency
Council*

Sunshine Mathon

*Executive Director, Piedmont Housing
Alliance*

Dawone Robinson

*Director, Energy Affordability, Healthy People
& Thriving Communities Program, Natural
Resources Defense Council*

Brian L. Staub

*Chief Financial Officer, Marlyn Development
Corporation*

Adam Stockmaster

President, TM Associates

Narissa Turner

*Climate & Clean Energy Policy Manager,
Virginia Conservation Network*

Karen Wilds

*Executive Director, Newport News
Redevelopment and Housing Authority*



**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**

Partners for Better Communities

Housing Innovations in Energy Efficiency (HIEE) Program

First Stakeholder Advisory Group and Public Meeting

December 15, 2020

2:00pm – 4:00 pm

Agenda Outline

- I. Welcome and introductions
- II. Role of Advisory Group – Opportunities for public input
- III. HIEE program – Timeline and proposed development process
- IV. RGGI background, auction process, revenue estimates
- V. Advisory Group – Discussion
- VI. DHCD Program Overview (ASNH and WAP)
- VII. Virginia Housing – LIHTC Program Overview
- VIII. Public Comments

HIEE Advisory Group Roles

- Provide affordable housing expertise and market perspective(s)
- Advisory-only; not a formal Board (which provides flexibility in terms of noticing and FOIA requirements)
- Meet monthly through March, 2021; quarterly thereafter (public comments will be welcomed)
- Achieve broad agreement on key program components (if not consensus)
- Support DHCD's mission as a public agency, centering transparency and accountability
- Help connect with community and thought leaders on strategic investments of Regional Greenhouse Gas Initiative (RGGI) funds

Objectives for RGGI funds

Deep energy retrofits (exceeding energy code requirements) that complement existing affordable housing construction and rehabilitation incentives, to ensure lowest income population benefits from long-term cost savings;

Incorporate innovative approaches that will overcome traditional barriers to building and retrofitting affordable housing at scale;

Prioritize long-term sustainability/durability and occupant health (e.g. preventing moisture issues, improving ventilation) along with energy efficiency upgrades

HIEE Program Development – Tentative Timeline

- November 2020 - Named agency meetings (DEQ, DHCD, DMME)
- December 15, 2020 – First Advisory Group public meeting (monthly through March 2021)
- January, 2021 – Second Advisory Group meeting
- February 2021 – FY '21 draft allocation percentages developed, and reviewed by Advisory Group
- Mid-March 2021 – Review RGGI auction results; proposed allocation amounts reviewed by Governor's and SOCT's office
- Mid-April 2021 – Program-specific draft guidelines ready for discussion

Regional Greenhouse Gas Initiative (RGGI)

Formed in 2005

- Original 7 states (CT, DE, ME, NH, NJ, NY, VT)
- MD, MA, and RI joined in 2007

Regional market-based CO₂ reduction program

Cap-and-Invest

- Fossil fuel power plants need an allowance for each ton of CO₂
- Total # of allowances based on declining annual CO₂ budgets
- First auction – Fall 2008
- States determine how allowance revenues are invested

January 1, 2021 - Virginia will become 11th full participation state in RGGI

March, 2021 - First RGGI auction in which Virginia will participate

Clean Energy and Community Flood Preparedness Act (H 981 – 2020)

DEQ authorized to establish, implement, and manage an auction program to sell allowances into a market-based trading program consistent with RGGI to raise revenue

Revenue distribution:

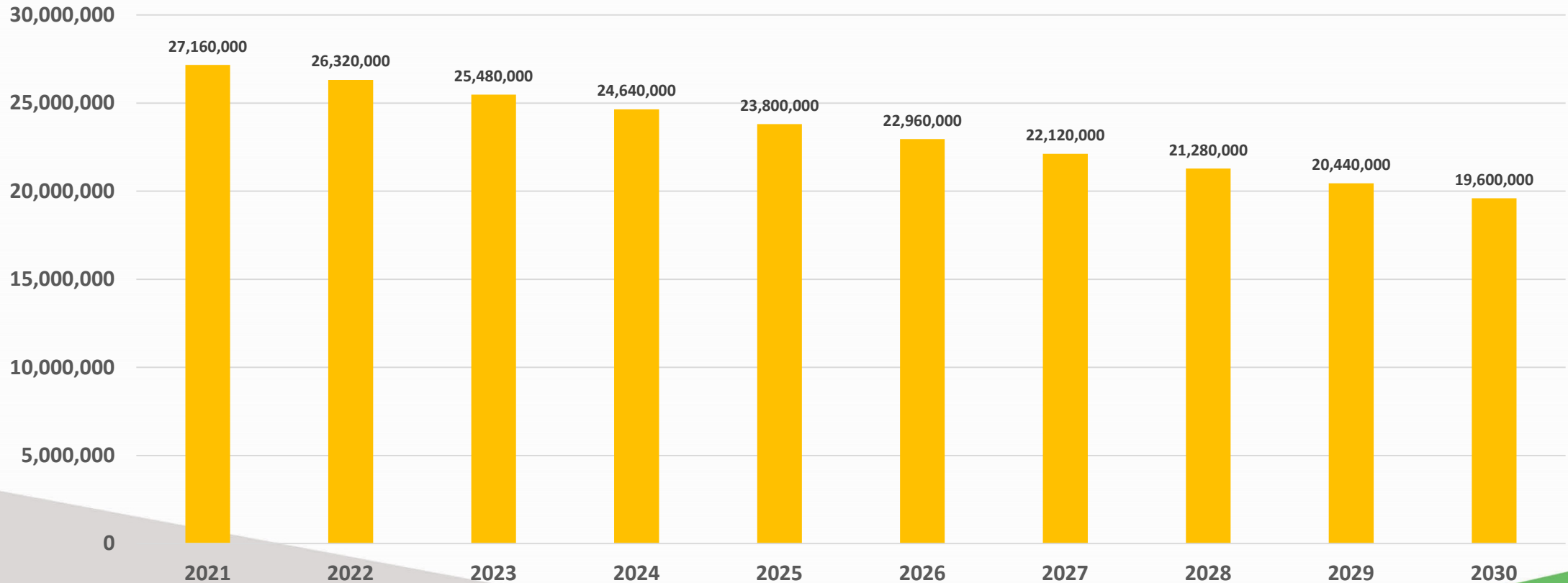
- 45% - Community Flood Preparedness fund, administered by DCR and VRA
- 50% - Low-income energy efficiency programs, administered by DHCD (in consultation with DMME)
- 3% - DEQ administrative costs and climate planning activities
- 2% - DHCD/DMME administrative costs

DHCD, DCR, and DMME required to develop annual report (first due Jan. 1, 2022)

Virginia is only RGGI state to explicitly recognize equity and environmental justice

Virginia Yearly CO₂ Allowances

VIRGINIA TRADING RULE YEARLY EMISSION BUDGETS



RGGI Revenue Estimates from DEQ

- FY 2021 (concludes June 30, 2021) – DHCD projected to receive ~\$27 million
- Subsequent years – Estimate is mid-\$50 million in funds to DHCD
- Based on conservative RGGI auction clearing price to start (\$3.85) ramping up to \$5.65 by 2030
- Because number of allowances goes down, revenue remains roughly even
- Q4 2020 (Dec. 4) RGGI auction clearing price was \$7.41

LIHTC Overview

December 15, 2020



INTRODUCTION TO LIHTC

Program Background

- Low-Income Housing Tax Credit program is a Federal tax credit created as part of the Tax Reform Act of 1986, but made permanent in 1993.
- Program governed by Section 42 of the Internal Revenue Code for which the Internal Revenue Service (IRS) is the implementing agency.
- The LIHTC program incentivizes the investment of private equity in the development of affordable rental housing for low-income households.

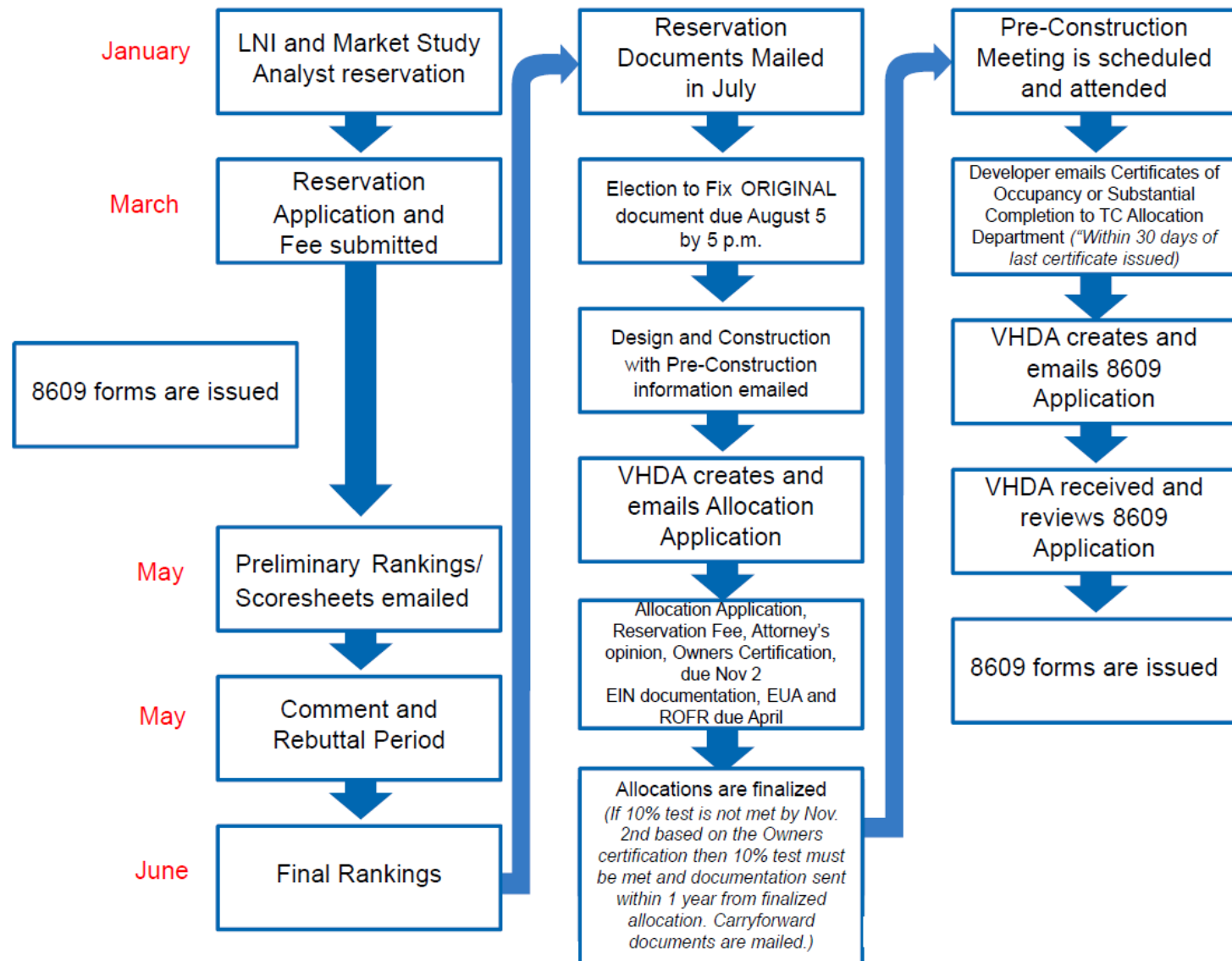
Program Background

- Credits are allocated by formula: \$2.81 per capita for 2021 and Virginia has a population of approx. 8.5 million – \$23.8 million in total annual credits.
- Virginia Housing manages Virginia's LIHTC allocation and prepares a Qualified Allocation Plan (QAP); updated every two years.
- Virginia Housing is kicking off the public input process for the 2022 QAP in January – anticipating Plan adoption by the Virginia Housing Board in October 2021.

Impact

- The LIHTC is the largest affordable rental housing development program in the U.S. (supporting the development of over 90% of the affordable rental housing units created). **LIHTC equity in Virginia accounts for approx. 60% of TDC on average.**
- Since its creation, the LIHTC program has created or preserved almost 2.8 million rental units (NCSHA) and has served an estimated 13.3 million people (NAHB estimate).
- **In Virginia, over 1,100 active allocations supporting over 100,000 units.**

Application Process and Timeline



Approx. 18 months – 2 years between these steps

Opportunities for RGGI Collaboration

Current LIHTC Energy Efficiency Thresholds

New Construction

Must become Energy Star Certified using appropriate program for development as defined annually by Energy Star

Rehabilitation

30% performance increase over existing, based on HERS Index or, must evidence a HERS Index of 80 or lower

Adaptive Reuse

Must achieve a HERS Index of 95 or lower.

Additional Green Certifications

Green Certification options (10 points):

- EarthCraft Gold
- LEED
- NGBS Silver or higher
- Enterprise Green Communities
- Zero Energy Ready Home (future points)
- Passive House (future points)

Areas for Potential Improvement

- Currently, the 4% deals are less likely to pursue additional green certifications. Minimum threshold is 100 points less than 9% threshold; 4% applications do not have to be competitive. **Could RGGI funds be an incentive for 4% deals to pursue additional green certifications?**
- Building code will exceed new construction minimum energy efficiency threshold. **Can RGGI funds be used to incentivize greater energy efficiency in new construction?**
- Rehab threshold of 30% improvement may still result in a highly inefficient development. **Any way to target RGGI funds for rehab to get to greater energy efficiency? Specifically, an emphasis on public housing revitalization deals.**


Potential Challenges of Combining LIHTC and RGGI

Revising minimum energy efficiency thresholds will require a QAP update. Until the update, the RGGI funds will need to incentivize these improvements.

- Good timing for 2022 QAP
- Likely to get pushback if minimum threshold is significantly harder to achieve; these additional funds could help garner more support for any proposed energy efficiency changes.

Need a baseline before implementing energy efficiency upgrades to get them counted towards our green minimum rehab threshold. Owners will need to do this is they are planning to come in for credits.

- Defer RGGI funds until after credits are awarded?



| | 2021 QAP Update Schedule (Tentative) |
|-----------|--|
| February | QAP Input Session and Discussion Forums – Virtual |
| April | Present possible QAP Changes to Board |
| July | 2021 QAP Focus Group |
| August | QAP Items presented to VHDA Board of Commissioners |
| September | QAP Focus Group held during VHA Credit Conference |
| September | 2021 QAP Public Hearing/Close Comment Period |
| October | VHDA Board of Commissioners approve 2021 QAP |

Affordable and Special Needs Housing Program

Department of Housing and Community Development is committed to creating safe, affordable and prosperous communities to live, work and do business in Virginia.



Affordable and Special Needs Housing (ASNH) Program

- The ASNH Program's goals are to create and preserve affordable housing units within the Commonwealth of Virginia by providing assistance in the form of gap subsidy financing to projects that will meet local affordable housing needs and support state housing policy.
- The ASNH Program combines state and federal funding sources to fund affordable housing projects through both single-family and multi-family projects.
- To increase the number of affordable units for special needs populations

Affordable and Special Needs Housing (ASNH) Program

| 2020 – 2021 ASNH | |
|-----------------------------|---------------------|
| Source | Amount |
| Virginia Housing Trust Fund | \$16,680,000* |
| HOME | \$7,547,851 |
| National Housing Trust Fund | \$5,552,095 |
| State PSH | \$500,000 |
| TOTAL | \$30,279,946 |

Affordable and Special Needs Housing (ASNH) Program

| | VA -HTF | HOME | NHTF | PSH |
|------------------------------|-----------------------------|--|------------------|------------------|
| Total Amount | \$16,680,000* | \$7,547,851 | \$5,552,095 | \$500,000 |
| Project limits | \$700K - \$900K | \$700K - \$900K | \$700K - \$900K | \$500K |
| Geographic Targeting | Statewide | Preference for non-entitlement | Statewide | Statewide |
| Match | NA | 25% entitlements | NA | NA |
| Mix-Income Projects | ✓ | ✓ | ✓ | ✓ |
| Homebuyer Projects | ✓ | ✓ | NA | NA |
| Assisted Units (income) | 80% or below AMI | 60% or below AMI 80% or below (homebuyer) | 30% or below AMI | 30% or below AMI |
| Assisted Units (rent limits) | Project Specific | HOME | NHTF | Project Specific |
| Affordability | 30 yrs. 5 yrs. Homebuyer | 30 years Homebuyer (5-20 yrs.) | 30 yrs. | 20 yrs. |

Affordable and Special Needs Housing (ASNH) Program

- Fiscal Year 17-18 Total Funding - \$10 million
 - 20 Projects {5 VHTF Projects}
 - 683 units created/preserved
 - \$188 million in Leveraged Funding
- Fiscal Year 18-19 Total Funding - \$20 million
 - 33 Projects {13 VHTF Projects}
 - 2,013 units created/preserved
 - \$377 million in Leveraged Funds
- Fiscal Year 19-20 Total Funding - \$20 million
 - 33 Projects {15 VHTF Projects}
 - 1,300 units created/preserved
 - \$302 million in Leveraged Funds
- Fiscal Year 20-21 Estimated \$30 million in ASNH Funding

Affordable and Special Needs Housing (ASNH) Program

- The program currently incentivized green building features and third party certification of energy efficiency standards that address a wide range of sustainability considerations, including environmental performance, indoor air quality, building durability, comfort and affordability.
- Seeking to increase design and build standards (possibly above current Code Standards) to have lower economic and environmental impact.
- Seeking ideas for sustainable construction to ensure utility savings, emissions reductions and happier, healthier tenants and homeowners.

Weatherization Assistance Program

- The U.S. Department of Energy (DOE) Weatherization Assistance Program reduces energy costs for low-income households by increasing the energy efficiency of their homes, while ensuring their health and safety.
- The program weatherizes approximately 35,000 homes nationally every year using DOE funds and supports 8,500 jobs.
- Through weatherization improvements and upgrades, these households save on average \$283 or more every year according to a national evaluation of the program.

Weatherization Assistance Program

- WAP established by Congress in 1976
- Provides FREE energy conservation measures in the homes of low income households (60% state median income – currently \$62,791 for family of 4)
- Average cost per unit - \$7,669 for PY 2020
- Prioritizes the elderly, persons with disabilities and families with children

Weatherization Assistance Program

- Typical weatherization services include:
 - Sealing air leaks with insulation, caulking, and weather-stripping;
 - Installing ventilation fans;
 - Repairing drafty duct systems;
 - Repairing and replacing inefficient or unsafe heating and cooling systems;
 - Installing energy efficient lighting
- The Weatherization Assistance Program also checks for health and safety risks, including testing for carbon monoxide levels and installing fire alarms where necessary.
- Recipients are also educated on proper use and maintenance of all installed systems.

Weatherization Assistance Program

- Reduces energy consumption
- Saves clients money on utility bills
- Creates a healthier living environment
- Reduces health care costs
- Improves safety of the home

Weatherization Assistance Program

- The VA Program is funded through DOE Funds and pass-through funds from the Low Income Home Energy Assistance Program (LIHEAP)
- Program Year 2020-21 funding levels in Virginia:
 - DOE funding - \$5.563m
 - LIHEAP funding - \$14.309m
- 2,376 Households Served in 2017 – 1022 (DOE)/1,354 (LIHEAP)
- 2,376 Households Served in 2018 – 976 (DOE)/1,400 (LIHEAP)
- 1,458 Households Served in 2019* – 647 (DOE)/811 (LIHEAP)

*AS OF 9/30/2020

Documents following are written comments provided by stakeholders on Housing Innovations in Energy Efficiency (HIEE) program as of December 14, 2020

December 2, 2020

[To interested parties,]

In anticipation of the Regional Greenhouse Gas Initiative (RGGI) stakeholder process beginning in December, the Virginia Multifamily Energy Efficiency Coalition (MFEEC), along with interested organizations outside of MFEEC, created the accompanying document outlining the coalition's priorities for the allocation of RGGI funds to spur the advancement of energy efficiency investments for low-income Virginians. MFEEC members and collaborating organizations on this effort are a diverse group of national, state, and local organizations in the housing, public policy, energy, and environment sectors. The undersigned organizations support the investment priorities of MFEEC as we all agree that strategic RGGI investments will improve energy equity while also moving Virginia towards its goal of a clean energy economy by 2050.

Since its inception in 2008, RGGI has proven to be a very effective climate mitigation program. RGGI states have successfully reduced their carbon emissions while at the same time adding to the growth of their economies. We look forward to Virginia's participation in the program to help the Commonwealth's aggressive goal to achieve net-zero emissions, while ensuring that necessary environmental justice concerns are adequately monitored and addressed.

The attached document, however, focuses solely on priorities for the implementation of the energy efficiency-related investments, as efficiency investments have been a key component in the overall success of RGGI in other states and serve as the greatest opportunity to help close the inequitable energy burden gap in Virginia.

We all agree with the proposed funding uses and key programmatic priorities identified in the attached document, but they are not ranked. As a diverse group, the organizations listed below may rank these priorities differently. However, we are aligned on the principle that the Department of Housing and Community Development (DHCD) should disburse RGGI funds with a focus on racial equity while addressing other needs as discussed in the attached document.

Thank you for your consideration. We would be happy to answer any questions you may have and look forward to participating in DHCD's RGGI stakeholder process.

Sincerely,

Brian Koziol, **Virginia Housing Alliance***

Carmen Bingham, **Virginia Poverty Law Center***

Chase Counts, **Community Housing Partners (CHP) Energy Solutions***

Chris Meyer, **Local Energy Alliance Program (LEAP)**

Dana Bartolomei, **National Housing Trust***

Dawone Robinson, **Natural Resources Defense Council***

Emily Piontek, **Appalachian Voices***

Nate Benforado, **Southern Environmental Law Center**

Sunshine Mathon, **Piedmont Housing Alliance**

***= Denotes MFEEC Member**

Shared Priorities of the Energy Efficiency Community Around RGGI Spending

*PRIORITIZING RACIAL EQUITY

An equitable RGGI program must include **intentional annual program review** to verify impact and ensure historically underserved households are served. This review should include:

- **Mandatory reporting of quantitative data** (energy savings, household demographics, geographic distribution) and **qualitative data** (random sample client narratives, perceived success measures from clients' perspective)
- **Ongoing engagement** with stakeholders, including implementers and community members
- Establish clear goals, including a specific **goal of 50%+ benefiting households of color**
- Market analysis

Black and Latino households have higher energy burdens than white households (see ACEEE/EEFA Energy Burden Study).



COORDINATE RESOURCES WITH EXISTING AVAILABLE EE PROGRAMS

Due to recent legislation, including the Virginia Clean Economy Act, Virginia utilities will be ramping up their programs for low-income households. RGGI funding should fill gaps in those programs, for example, by supporting expanded energy efficiency services, implementing health and safety improvements, and/or targeting previously underserved housing types.

DEPLOY RESOURCES WITH URGENCY

Within 12-18 months of being deposited in DHCD's RGGI account, a large percentage of the funding should be committed to programs that will reduce energy usage for low-income households.

EVALUATE PROPOSALS AGAINST A COMMON RUBRIC/CRITERIA

Evaluate proposals for RGGI funds with a scoring matrix to ensure proposals are measured with the same criteria, such as potential homes served, emissions reduced, under-served households reached, etc.

WE URGE VIRGINIA TO DEDICATE FUNDING TO:

ADDRESS HEALTH AND SAFETY NEEDS

Enable flexible use of funding to make health and safety improvements and needed repairs. This will help reduce deferrals in existing weatherization and energy efficiency programs. Many low-income households are unable to receive program services because the home does not meet the minimum standard to qualify. For example, the house may need roof repairs or electric service upgrades in order to qualify for energy efficiency upgrades through existing weatherization programs. These homes are then deferred until additional funding becomes available, leaving families with inefficient homes and high energy bills, often for years.

ENABLE BENEFICIAL ELECTRIFICATION

Where a low-income household would benefit, for example from lower energy costs or improved indoor air quality, allow programs to replace fossil-fueled appliances as well as space and water heating systems with electric alternatives.

INCLUDE WORKFORCE DEVELOPMENT

Part of the program funding should be set aside for workforce development and training so that there is an adequate workforce base to help weatherization service providers expend EE program budgets, serve more residents, and meet energy savings goals.

ACROSS ALL PROGRAMS WE URGE AGENCIES TO:

PRIORITIZE RACIAL EQUITY AND UNDERSERVED SECTORS

Communities of color have disproportionately been impacted by environmental pollution and other climate related factors. RGGI funding provides a remarkable opportunity to prioritize Black and brown households as a mechanism to address these disparities. Program implementation must be structured accordingly. **(see green box above)*

We recognize that the first year of implementation needs to build on existing program pathways to facilitate rapid deployment. However, we strongly believe the program design must be flexible and iterative, particularly in following years, to ensure racial equity goals are being achieved.



Association of Energy Conservation Professionals

December 12, 2020

Comments regarding use of RGGI funds:

Submitted to: Kristin Dahlman

- The Association of Energy Conservation Professionals, a non-profit resource and support group for the Virginia Weatherization Assistance Program (VWAP), recently conducted a statewide survey of all those organizations that provide low-income weatherization services in Virginia. The purpose of the survey was to determine the number of eligible homes that were deferred due to health and safety issues. Based on the survey in which all 17 agencies responded there were 525 total deferrals in the year 2018-2019 out of 2,376 total jobs. This represents 22% of eligible homes in that time period not being weatherized due to a deferral issue.
- Deferrals were primarily due to roof conditions but also a result of plumbing, electrical, moisture, pests and other health and safety issues.
- The federal funds received by the program through the U.S. Department of Energy and the U.S. Health and Human Services LIHEAP program provide health and safety funds up to \$1200 to address these issues but in many cases this is not enough money thus the job is deferred. An example would be if a roof is leaking then the attic could not be insulated and this would mean the eligible home would not be weatherized.
- If Regional Greenhouse Gas Initiative (RGGI) funds could be used to supplement existing federal funds and be set up and directed towards these health and safety issues then many more homes in Virginia could be weatherized.
- The impact of being able to minimize deferrals and weatherize more homes and address much needed health and safety issues – primarily roofs – would benefit the Commonwealth in many ways.
 1. More homes weatherized would mean more energy saved.
 2. More home weatherized would increase the number of safer, affordable and healthier homes for low-income families.
 3. Weatherizing more homes would significantly decrease the emissions of greenhouse gases.
 4. Being able to address roof replacement and repair would also create a better opportunity for legislated programs to install rooftop solar on low-income homes. The fact is that existing roof conditions within the low-income housing stock will be a significant barrier to new Virginia low-income solar programs.

Thank you for your consideration of these comments.

Sincerely,

Billy Weitzenfeld

Executive Director, AECPP

Utilizing Virginia RGGI Revenue to Support Existing Low-Income Energy Efficiency Programs by Addressing Health & Safety Needs of the Weatherization Assistance Program Providers

Drafted by Community Housing Partners (CHP) Energy Solutions
December 2020



Energy efficiency and weatherization programs serving low-income, elderly, individuals with disabilities, and other energy burdened populations in Virginia have evolved dramatically since 2015. Federal resources through U.S. Department of Energy's Weatherization Assistance Program (WAP) and U.S. Department of Health & Human Services' Low-Income Home Energy Assistance Program (LIHEAP), administered through the Virginia Department of Housing & Community Development (DHCD), have served as the foundational resource for weatherization services provider operations. In 2015, providers saw an increase in utility-sponsored energy efficiency programs which are designed to serve the same client base. In 2021, utility-sponsored programs will have increased by 19-times from their 2015 funding levels, exceeding the federal resources available for weatherization for the first time in Virginia's history.

Breakdown of funds for weatherization work from **federal sources** and utilities programs (est.)
Estimated available health & safety funds are noted in white
2015-2021

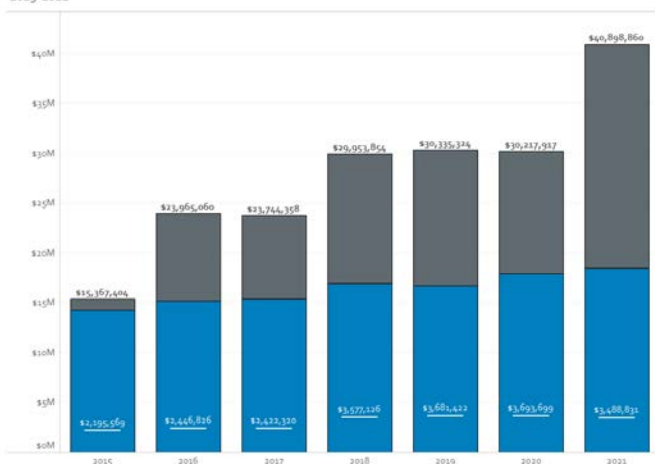


Figure 1. Historic Funding Levels for Low-Income Energy Efficiency Programs in Virginia by Source, 2015-2021

While encouraging progress has been made to serve thousands more energy burdened households in Virginia, weatherization providers face challenges in service delivery to nearly 1 in 5 households that apply for their programs according to a 2020 survey by the Association of Energy Conservation Professionals (AECN) – the local trade association of weatherization providers in Virginia.

All 17 subgrantees in Virginia DHCD's weatherization program responded to the survey for the federal weatherization program year 2018 – the most recent program year uninterrupted by the COVID-19 pandemic. The survey revealed providers had to defer weatherization services to 525 households of the 2,901 applications received that year.

Deferral issues vary in scope and scale, but the core is consistent: weatherization providers do not have the resources needed to address health and safety and other incidental repairs required prior to the installation of weatherization and energy saving measures.

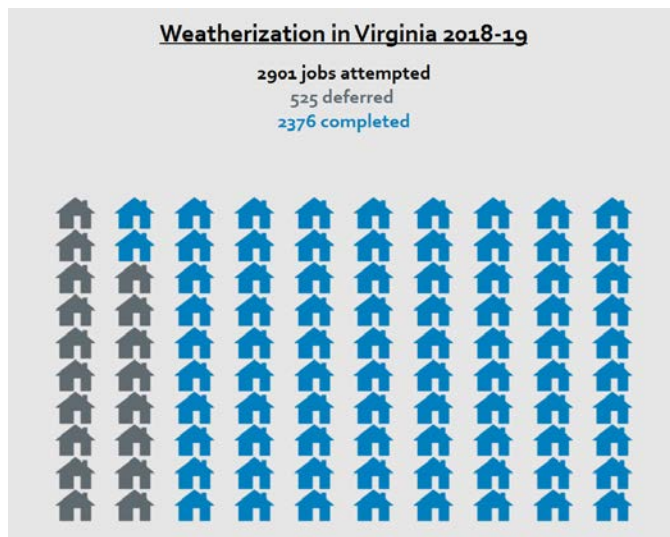


Figure 2. AECN Weatherization Deferral Rate Survey Results for Program Year 2018-2019

The most frequently cited reason for deferral in the survey was roof repairs or replacement needed. Other commonly reported deferrals were for structural repairs, moisture and other biological hazards, electrical issues, and more. These repairs are needed before weatherization providers can provide energy saving measures to these energy burdened households. Attic insulation, for example, cannot be installed if a leak in the roof may result in the insulation being compromised before the end of its expected useful life.

Access to home repair funds that could prevent these deferrals is sparse and inconsistent throughout the Commonwealth. Federal funds and utility-sponsored programs have limited health and safety and incidental repair funds available, averaging approximately 11-percent of the total funds available statewide, which have been further strained by additional personal protective equipment (PPE) needs resulting from the current pandemic. Those funds also come with many restrictions and are often insufficient to resurrect a weatherization applicant from deferral. Other funding sources include a handful of municipalities or private donations. Community Housing Partners (CHP), Virginia's largest non-profit weatherization provider, sets aside nearly \$200,000 of internal funds each year to address health and safety issues and/or incidental repairs needed to unlock weatherization

candidates’ households to then deliver energy saving weatherization services. Even with the application of those extra funds, CHP still had to defer 197 jobs during the reporting period.



Figure 3. Weatherization Deferral Due to Roof Issues Resulting in Ceiling Damage

Based on the feedback in the survey responses, Virginia’s weatherization providers estimate an average range of \$5,000-\$8,000 is often needed to bring a weatherization candidate back from deferral status. With the increase in funding available in 2021 and beyond, Virginia’s weatherization provider network expects to complete an estimated 8,500 comprehensive weatherization retrofits per year for the foreseeable future. At current weatherization deferral rates, the weatherization providers can expect to defer more than 1,500 households each year. Each deferral uses the network’s limited administrative resources and valuable energy auditing time – resources and time that providers are not able to recover. At an average of \$7,500 per household in health and safety and/or incidental repair funds serving 1,500 households per year, the weatherization network would like to leverage \$11,500,000 of RGGI revenues each year in support of Virginia’s most effective and shovel-ready energy efficiency program serving low-income, elderly, and individuals with disabilities to reduce their household energy burdens.

Considering new utility-sponsored programs beginning in 2021 will allow weatherization providers to braid federal resources to serve more multifamily properties, particularly in urban areas where gas heating and water heating are more prevalent and prone to health and safety issues, deferrals due to combustion safety hazards are expected to rise that were not captured on the AECp survey. Rough estimates anticipate an additional 20-percent of the projected \$11,500,000 of RGGI revenues could be leveraged to address health and safety

« The most frequently cited reason for deferral in the survey was roof repairs or replacement needed. Other commonly reported deferrals were for structural repairs, moisture and other biological hazards, electrical issues, and more. »

issues arising from gas appliances in disrepair at multifamily properties driving the leveraged funding request closer to \$14,000,000 per year.

Commonly reported reasons for deferral

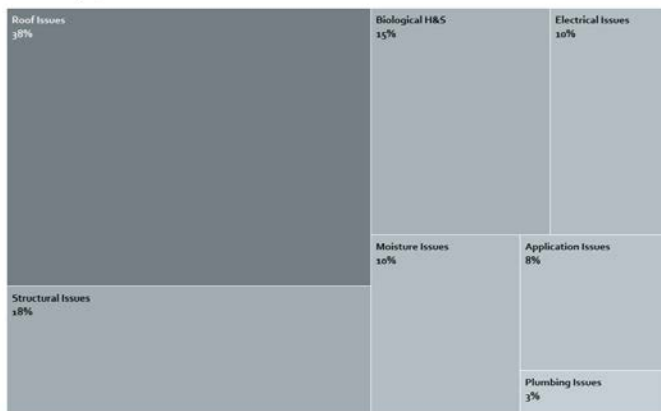


Figure 4. Commonly Reported Reasons for Deferral from AECp Survey

From historic records, the typical weatherized home in Virginia realizes approximately 28.54 MMBtu of energy savings annually, unlocking the energy efficiency potential of more than 1,500 households that would otherwise be weatherization deferrals could translate into an additional 43,000 MMBtu energy savings each year, offsetting greenhouse gas emissions while fulfilling the legislative intent of the 2020 House Bill 981 by supporting low-income energy efficiency programs. The weatherization network has demonstrated its ability to scale operations through the American Reinvestment and Recovery Act stimulus funding in 2009, and today amidst an increase in utility-sponsored programs that can be leveraged with federal resources.

Furthermore, with roof repairs being the most prevalent deferral issues among weatherization providers, the opportunity to repair or replace low-income weatherization clients’ roofs will create additional opportunities to consider those households for distributed rooftop solar – complementing efforts like 2019 House Bill 2789’s low-income solar and energy efficiency program and the work of the Virginia Clean Energy Advisory Board – to have a fair and equitable clean energy transition in Virginia.

The weatherization provider network requests the Virginia DHCD RGGI Stakeholder Advisory Group and all participating stakeholders consider the energy efficiency potential of this proposal while taking into account how RGGI revenues used for this purpose aligns with the intention of the legislation.

For additional information, please contact:

Chase Counts, CEM
Senior Director of Operations
Community Housing Partners | Energy Solutions
www.chpenergysolutions.org
ccounts@chpc2.org



Dahlman, Kristen <kristen.dahlman@dhcd.virginia.gov>

RGGI written comment

1 message

Bryan Burris <Bryan.Burris@projecthomes.org>

Mon, Dec 14, 2020 at 3:52 PM

To: Virginia Department of Housing and Community Development <kristen.dahlman@dhcd.virginia.gov>

As a weatherization professional for the last 15 years, I believe it is critical that RGGI funds be utilized to help weatherize homes that normally would be deferred due to needed roof repairs/replacements, structural problems, and a host of biological and moisture-related issues. The Department of Energy's Weatherization Assistance Program (WAP) has had a major impact on the lives of those who are low-income, elderly, and disabled across the commonwealth of Virginia over the last 4 decades. However, many of the clients who contact agencies for service are not eligible for this program due to the various states of disrepair and neglected maintenance that disqualify them for WAP services.

Due to the nature of these challenges and the efficacy of the program, eligible housing stock has been reduced year after year. We are now forced to consider "walking away" from clients due to the need for a much deeper retrofit than is possible with current funding guidelines. The WAP network in Virginia has seen its deferral rate increase over the last several years, even as other funding has become available to these agencies from a variety of sources, mainly utility providers across the commonwealth.

I, along with project:HOMES, and many Wx providers across Virginia, believe that these additional funds can be utilized to help offset the number of homes on the deferral list by helping to address the myriad of Health and Safety concerns that often prevent the weatherization from moving forward, due to increased job costs and mandatory caps on H&S funding. Please consider the impact that these additional funds could have on a network working diligently to serve as many clients as possible.

Bryan Burris

Utility Programs Manager

Direct: (804) 525-7664



88 Carnation Street

Richmond, VA 23225

improving lives by improving homes



Dahlman, Kristen <kristen.dahlman@dhcd.virginia.gov>

(DHCD)'s Housing Innovations in Energy Efficiency Program-PUBLIC COMMENT2 messages

Zatcoff, Alicia R. - DPU <Alicia.Zatcoff@richmondgov.com>

Mon, Dec 14, 2020 at 7:36 PM

To: "kristen.dahlman@dhcd.virginia.gov" <kristen.dahlman@dhcd.virginia.gov>

Ms. Dahlman,

Thank you for considering my comments. I am Alicia Zatcoff, Sustainability Manager for the City of Richmond. I respectfully submit this request that a portion of the RGGI proceeds be allocated to localities to apply for and distribute within their jurisdictions. By doing this, the Commonwealth will be able to leverage public policy actions and commitments of localities across Virginia to enhance its delivery of energy efficiency to lower income residences, particularly residents of historically disadvantaged neighborhoods.

The policy goals developed for RGGI proceeds align with the City of Richmond's equity, climate action, resilience and affordable housing goals and commitments which include:

- Richmond City Council has adopted via Resolution greenhouse gas emission reduction goals of 45% by 2030 and carbon neutrality by 2050. Richmond is currently developing an equity-centered, integrated climate action and resilience plan to meet these targets. The plan will address energy improvements within Richmond's residential and commercial building stock.
- Affordable housing has been identified by Richmond's Mayor and City Council as a funding priority for the upcoming fiscal year.
- Richmond's draft Equitable Affordable Housing Plan calls for ongoing investment in new low income housing which provides a pathway for energy efficiency funding to leverage and ensure that affordable housing also means an affordable level of energy burden.
- Richmond currently provides funding support including the City's Affordable Housing Trust Fund and funding for low-income resident energy efficiency retrofits.

In order for Richmond to meet its climate action and resilience goals, more funding for City programs for energy efficiency improvements is required. By making a portion of RGGI proceeds available to support local government programs, DHCD would enable localities to focus funding to eligible priority neighborhoods in their jurisdictions and would enable localities and the Commonwealth to maximize public benefits by leveraging their respective public policy programs.

Thank you for considering this request that a portion of the RGGI proceeds be made available for localities in a manner that would support the programmatic goals of both DHCD and localities.

Thank you! Alicia

Alicia R. Zatcoff, J.D. LEED AP ([she/her](#))

Sustainability Manager

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Dahlman, Kristen <kristen.dahlman@dhcd.virginia.gov>

Mon, Dec 14, 2020 at 9:51 PM

To: Elizabeth Beardsley <EBeardsley@usgbc.org>, Nate Benforado <nbenforado@selcva.org>, Carmen Bingham <carmen@vplc.org>, KC Bleile <kc.bleile@viridian.org>, Janaka Casper <jcasper@chpc2.org>, "Claville, Eric W." <ewclaville@nsu.edu>, Michelle Foster <mfoster@homeinnovation.com>, Chelsea Harnish <chelsea@vaeec.org>, Sunshine Mathon <smathon@piedmonthousing.org>, lisa@brha.com, "Robinson, Dawone" <d robinson@nrhc.org>, Brian Staub <bstaub@marlyndv.com>, Adam Stockmaster <astockmaster@tmadevelopment.com>, Narissa Turner <narissa@vcnva.org>, "Wilds, Karen" <kwilds@nnrha.org>

Cc: Erik Johnston <erik.johnston@dhcd.virginia.gov>, Pamela Kestner <pamela.kestner@dhcd.virginia.gov>, Willie Fobbs <willie.fobbs@dhcd.virginia.gov>, Daniel Farrell <daniel.farrell@dhcd.virginia.gov>, Cindy Davis <cindy.davis@dhcd.virginia.gov>

HIEE stakeholders,

I received this written public comment after Dan Farrell sent out your meeting packet. Just wanted you all to see this as well before tomorrow's meeting. Thank you all for your time and we look forward to the discussion.

Kind regards,

Kristen

[Quoted text hidden]