



May 19, 2023

Attn: Maddie Koewler, mkoewler@naseo.org

Re: NASEO Request for Information (RFI) – Implementation Options for Home Energy Performance-Based Whole-House Rebate Program and High-Efficiency Electric Home Rebate Program

Category 2: Program Elements (maximum of four pages)

Company Characteristics

16. Name, contact information, company or organization that you represent.

Todd Nedwick, Senior Director of Sustainability Policy, National Housing Trust (NHT);
tnedwick@nhtinc.org, 202-333-8931

17. An overview of your approach to equity, diversity, inclusion, and accessibility (DEIA).

Systemic racism has prevented many Black and Brown people in the US from achieving adequate and affordable housing. As a core value for our organization, NHT works to not just meet the immediate needs of these underserved communities but to also change the infrastructure that perpetuates inequality. NHT’s commitment to advancing racial equity permeates how we conduct ourselves as an organization, and the impacts we strive to achieve. NHT has made a commitment to integrating a racial equity focus and strategy into our organizational structure and long-term strategic plan where racial equity acts as both a foundational pillar and an impact goal for our organization. We aim to establish NHT as a pioneer in racial equity and antiracism among those who work in the housing industry, including advocates, developers, and policy experts.

18. As applicable, a short description and a link to programming that your company is contracted or has been contracted to implement for planning, administering, and/or field delivery of federal or state programs. Note which, if any, provides low- and moderate-income and affordable home energy upgrades, especially with and in disadvantaged communities.

National Housing Trust (NHT) creates and preserves affordable homes to provide opportunity, advance racial equity, reduce economic disparities and strengthen community resilience

through practice and policy. We create opportunities for all people to equitably benefit from the health, economic, and climate benefits of resilient and sustainable affordable homes.

NHT engages directly with gas and electric utilities and state and local agencies to develop successful energy efficiency programs tailored to the affordable multifamily housing sector. We have engaged with 25 utilities and program administrators in 8 states and the District of Columbia to design income-eligible multifamily energy efficiency programs.

We also provide portfolio-level solar program services to affordable housing providers. NHT has partnered with affordable housing owners across the country to co-develop, finance, and support the installation of 13MW of renewable energy projects. Our expertise in affordable housing and our proven track record in developing portfolio-level solar installations have generated \$26.3M in property and resident savings for 11,800 low-income households.

Program Elements

19. Describe the program element that is important for State Energy Office consideration. Be as detailed as possible.

NHT urges that SEOs actively pursue collaborative relationships with state Housing Finance Agencies (HFAs) in order to support targeting for energy rebate funds to residents of affordable housing. Many residents of affordable housing already meet the income-targeting goals of the Justice40 and Inflation Reduction Act provisions. A 2022 report by ACEEE demonstrates that lower-income households (including those who reside in affordable housing) are more likely to be energy burdened, with a median spend on energy that accounts for 8.1% of annual income (compared to 3.1% of annual income spent on home energy bills by the average U.S. household.)¹ High energy burdens are also more likely to impact renters and residents of manufactured housing as well as Black, Hispanic, and Native American households and older adults. Collaboration with HFAs that administer programs that target these groups can pave the way for better access to energy rebate benefits by the most-impacted households.

The elements described below support State Energy Offices (SEO) in coordinating their Home Energy Rebate programs with Housing Finance Agencies (HFA)s. There are several benefits to coordinating the program design and implementation of the Home Energy Rebate programs with HFAs. Housing finance agencies have experience serving and understanding the needs of low-income communities, provide opportunities to deploy funds in coordination with established financial programs/processes, have accountability mechanisms in place as stewards of public resources, administer housing affordability programs that can be stacked and braided with the rebates, and have existing processes to verify income eligibility and can identify thousands of affordable multifamily buildings that meet the Home Energy Rebate income eligibility requirements.

¹ <https://www.aceee.org/sites/default/files/pdfs/u2204.pdf>

About Housing Finance Agencies

HFAs help finance the purchase, development, and rehabilitation of affordable single-family and multifamily homes and rental apartments for low- and middle-income households. HFAs work to improve the lives of residents and communities in their state or locality, working to meet the needs of those often underserved by the conventional housing market.

HFAs offer a breadth of affordable housing financing tools that impact tens of thousands of buildings representing millions of housing units across the country. HFAs can be key partners to SEOs in developing and implementing strategies and policies to achieve state energy goals, given the large share of the housing market that HFAs impact. Furthermore, HFAs have a key perspective to provide when developing equitable climate and energy strategies since the households they serve are most impacted by climate change and will benefit the most from policies and programs that reduce energy burdens. In many cases, housing agencies administer weatherization programs (e.g., Nevada Housing Division, Kentucky Housing Corporation, Louisiana Housing Corporation), providing an established set of competencies and program expertise that can support rebate implementation.

SEOs can identify the HFAs in their state using the National Council of State Housing Agencies (NCSHA) HFA Directory: <https://www.ncsha.org/membership/hfa-members/>

Aligning and Integrating Home Energy Rebates with HFA Programs

There are several examples of state housing agencies that integrate energy efficiency funding with traditional housing financing programs to simplify access to energy resources and maximize efficiency and electrification opportunities at affordable housing financing.

- The Virginia Department of Housing and Community Development (DHCD) administers the Housing Innovations in Energy Efficiency (HIEE) program with the Regional Greenhouse Gas Initiative funding. HIEE funds are integrated into the DHCD's consolidated application process and allocated along with other housing financing sources.²
- The Maryland Department of Housing and Community Development (DHCD) administers funding from the state's electric utilities through the MEEHA program. All properties applying to the agency for housing financing are automatically considered for MEEHA funding to ensure that all potential energy savings opportunities are realized.³
- NYSERDA partners with the New York City and state HFAs to encourage the decarbonization of affordable housing across the state. NYSERDA co-administers incentive programs with the housing agencies to award funding when developers apply for housing finance resources. This model allows developers to include the incentives as a funding source in their financing application, making it easier for projects to "pencil

² <https://www.dhcd.virginia.gov/hiee>

³ <https://dhcd.maryland.gov/HousingDevelopment/Pages/EnergyEfficiencyWeatherization.aspx>

out" and ensuring that the incentives impact design decisions.⁴ The collaboration between these two agencies is a core component of the state's goals to decarbonize two million homes by 2030.⁵

As described in these examples, integrating multiple funding sources into a single application process provides accountability and transparency to ensure that multiple funding sources aren't paying for the same measure. Housing agencies evaluate funding applications to assess how best to allocate funding from multiple sources while ensuring no "double-dipping."

SEOs should allow for extended rebate reservation periods to support alignment with the housing finance process. Timing retrofits as part of the refinancing process is a key strategy that helps ensure building owners can maximize opportunities to leverage incentives to implement comprehensive decarbonization upgrades.⁶ One of the challenges to aligning energy efficiency programs with refinancing events is the time required to complete a refinancing from predevelopment to construction. It is not uncommon for projects to take 2-3 years from start to finish. Energy efficiency programs that place time limits on incentive awards and/or require project completion within a prescribed amount of time limit opportunities to leverage rebates as part of a refinancing.

The table below provides an overview of the steps in the affordable housing development process and a roadmap for how HFAs and SEOs can coordinate to provide seamless integration of the Home Energy Rebates.

Affordable Housing Development	Role of Rebate Program Administrator
<i>Pre-design/predevelopment Phase (2-3 years before development completion)</i>	
Owner/Developer commissions Capital Needs Assessment (CNA) or Structural Needs Assessment following HFA requirements	<p>Informs HFA and/or Owner/Developer of program energy assessment requirements to be included in the CNA requirements</p> <p>Provides information about rebate programs/incentives to the Developer/Owner to impact project design decisions</p>
<i>Design Phase (1.5-2.5 years from development completion)</i>	
Architect/Engineers design project and develop initial construction drawings (CDs) and specifications	Reviews project design drawings/specifications to assess funding

⁴ <https://hcr.ny.gov/clean-energy-initiative>

⁵ <https://www.nyscrda.ny.gov/About/Newsroom/2022-Announcements/2022-01-05-Governor-Hochul-Announces-Plan-to-Achieve-2-Million-Climate-Friendly-Homes-By-2030>


⁶ Affordable multifamily housing is typically refinanced every 15-20 years. Building owners assess the capital needs of the building and consider updating/replacing building systems.

<p>Owner/Developer submits financing application to HFA with all funding sources</p> <p>Secures funding commitment from HFA if the project meets the agency's funding criteria</p> <p>Architect/Engineer complete CDs for HFA review with standards/compliance</p>	<p>opportunities and develops a preliminary estimate of energy incentives</p> <p>Provides owner/developer with preliminary funding commitment letter to include in financing application</p> <p>Reviews final plans to confirm planned energy measures and modeled energy savings to finalize incentive amounts</p> <p>Reserves funding award for Owner/Developer</p>
<p><i>Construction Phase (begins 1-1.5 years from development completion)</i></p>	
<p>Owner/Developer implements energy efficiency measures</p> <p>Owner/Developer documents implementation/paperwork for rebate claim</p>	<p>Verifies energy efficiency measure installation</p> <p>Provides progress payments in phases as measures are installed</p> <p>Upon project completion and review, releases final rebate payment</p>

Other

We also recommend that state energy offices leverage the Weatherization Assistance Program (WAP) funding for training and technical assistance to support workforce development in anticipation of deploying the rebates, including growing the workforce with the unique skills necessary to conduct energy audits of multifamily buildings. Several states (including Wisconsin, Illinois, Ohio, Massachusetts, and New York) have used WAP to bolster the training for and capacity of energy auditors in ways that can support IRA program implementation.

National Housing Trust authorizes NASEO to publish and distribute this response to the NASEO RFI on its website and through other means to the states and general public. We have included no confidential or proprietary information in our response.

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