

The U.S. Department of Energy
Office of State and Community Energy Programs

March 3, 2023

Re: Request for Information on the Home Efficiency and Electrification Rebate Programs, Docket ID No. DE-FOA-0002981

On behalf of the undersigned organizations, thank you for the opportunity to comment on the Inflation Reduction Act's Home Efficiency and Electrification Rebate Programs ("Home Rebate Programs"). The following comments include **program design recommendations to ensure that renters in affordable multifamily housing can equitably benefit from the Home Rebate Programs.**

These comments are supported by nearly 50 local, state, and national organizations spanning affordable housing providers, environmental justice organizations, energy efficiency and environmental advocates, affordable housing advocates, and housing finance agencies. We look forward to continued opportunities to engage with DOE to ensure successful implementation of the Home Rebate Programs.

Please note that these responses were also submitted via the online form.

Sincerely,

350 Bay Area
350 Contra Costa
ACES 4 Youth
American Council for an Energy-Efficient Economy
Bodaken & Associates
Bread From Heaven Ministries International
Bright Power
C40 Cities
California Housing Partnership
Community Economic Development Assistance Corporation
Community Housing Partners
Council of Large Public Housing Authorities (CLPHA)
Drawdown Bay Area
Dream.Org
Eden Housing
Elevate
Enterprise Community Partners
Evergreen Action
Fresh Energy
Greater Syracuse Tenants Network
Housing Assistance Council
Just Solutions Collective
LeadingAge
Local Initiatives Support Corporation

MHP (Minnesota Housing Partnership)
Midwest Building Decarbonization Coalition
NAACP Wisconsin Environmental and Climate Justice Committee
National Council of State Housing Agencies
National Housing Trust
National NeighborWorks Association
NeighborGood Partners, Inc.
Network for Oregon Affordable Housing
New Buildings Institute
Novogradac
NRDC
Piedmont Housing Alliance
Planning Office for Urban Affairs (POUA)
Preservation of Affordable Housing (POAH)
RMI
Sierra Club
Spatialist LLC
Stewards of Affordable Housing for the Future
Thurston Climate Action Team
Tower Grove Community Development Corp.
US Green Building Council - Los Angeles
Washington State Housing Finance Commission
WinnCompanies

1. Respondent Contact Information

Todd Nedwick, National Housing Trust, non-profit, 202-333-8931, tnedwick@nhtinc.org

2. What best practices can ensure that disadvantaged communities and low-income households are aware of and have easy access to the Energy Rebate programs?

DOE should encourage State Energy Offices (SEOs) to partner with CBOs and organizations that are trusted and aware of the needs for affordable multifamily housing to ensure robust outreach and education. As described in detail in response to Q. 28, SEOs should also be encouraged to consult housing finance agencies, public housing authorities, and state and local housing departments to ensure that affordable housing providers are aware of the programs.

Contractors, especially contractors historically marginalized, should be provided technical assistance and capacity-building opportunities to apply to be part of the programs fully. This is particularly the case if SEOs choose to have approved contractor lists. SEOs should also outline activities that expand workforce training opportunities in disadvantaged communities, especially encouraging contractor training in Justice40 communities. DOE could look into Electrify NYC as a best practice for building contractor capacity.

3. How can DOE encourage administrators to align w/ Justice40?

DOE should require state grantees to include program designs and strategies for serving multifamily housing in the state implementation plan. A one-size-fits-all program design will deny access to benefits for specific populations. Reaching renters requires tailored program approaches that account for the economic and structural differences between single-family detached and multifamily housing. Energy efficiency programs that do not account for the varying realities of different building types have not equitably served multifamily renters. The Weatherization Assistance Program (WAP) has primarily served single-family, owner-occupied housing, yet nearly 40% of WAP-eligible households reside in multifamily buildings.¹ At the height of multifamily production in 2010, about 21% of units weatherized were in multifamily buildings, half the proportion of WAP-eligible households in multifamily buildings. To ensure an equitable level of benefits for renters, the program design should:

- Allow incentives to be used for in-unit, common area, and whole-building energy savings opportunities;
- Align and integrate rebates w/ housing finance and public housing authority programs;
- Provide technical assistance and project management services to building owners;
- Address economic obstacles, including split incentives and lack of upfront funding;
- Provide tools to program administrators to help them identify and engage affordable housing owners and residents; and
- Provide flexible and streamlined income verification options.

4. How can DOE and program administrators ensure that community-based organizations, residents of disadvantaged communities, renters, and marginalized groups such as low-income residents, residents of color, rural residents, and Tribal residents are meaningfully engaged for the Home Energy Rebate programs?

Require a Community Engagement Plan and public hearings. DOE should require applications from SEOs to include a robust Community Engagement Plan that enables community-based organizations and the specified residents to participate in the design and implementation of the programs, including compensation as needed. DOE should also require that SEOs hold public engagement sessions to solicit feedback on the state implementation plans. We strongly recommend that at least one session be held in partnership with a housing finance agency, public housing authority, or other affordable housing agency/stakeholder group to ensure that feedback is gathered from affordable multifamily housing providers.

5. How can the programs help to minimize energy burden and costs, particularly in low- and moderate-income (LMI) and high energy burden households?

Prioritize holistic building upgrades. DOE should emphasize coupling electrification rebates with comprehensive whole-home retrofits that reduce energy consumption. Buildings serving low-income households may have existing health and safety issues or deferred maintenance issues, including critical safety upgrades. DOE should encourage SEOs to stack and braid health and safety funding to ensure these buildings are

1

https://www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_weatherization_martin_etal_2023.pdf

holistically upgraded. DOE should clarify how to stack several IRA provisions to treat these homes where possible, including incentives for solar and storage to reduce energy costs.

Ensure that building owners incorporate energy efficiency measures that provide direct energy savings to tenants. The California Low Income Weatherization Program (LIWP) program provides an example of how this can be done. LIWP provides higher incentives for measures that benefit tenants than measures that benefit owners: the incentive for tenant energy-saving measures is \$4,500 per metric ton of GHG reduced, compared to \$3,000 per metric ton of GHG reduced for owner energy-saving measures. The LIWP program also requires all projects to install required in-unit measures, including low-flow aerators, duct sealing, and lighting upgrades.

7. What policies or requirements can be used to ensure that owners continue to offer affordable rents for a reasonable time after improvements are made? How might DOE also incentivize multifamily affordable housing property owners to participate?

DOE should encourage state grantees to implement an affordability standard for a minimum length of time. Existing rental assistance contracts or affordability covenants should be considered to satisfy the requirement. For example:

- The California Low Income Weatherization Program (LIWP) includes a low-income eligibility requirement for 10 years from receiving the incentive payment. Building owners must commit to additional years of affordability to meet the requirement if existing affordability restrictions are scheduled to expire.
- The Maryland Multifamily Energy Efficiency and Housing Affordability (MEEHA) program requires 5 years of affordability.
- The Massachusetts Low Income Multifamily Program (LIMF) requires for-profit affordable housing owners to agree to an affordability term based on the program's level of investment.

Allow incentives for in-unit, common area, and whole-building energy savings opportunities. DOE should clarify that rebate funding can be used to pay for whole-building energy efficiency measures (EEMs), including in common areas and in-unit, so long as the aggregate rebate amount does not exceed the per dwelling unit rebate caps specified in the legislation, as determined by the total project aggregate rebate amount divided by the number of dwelling units in the building. A one-stop effort that addresses the whole building will encourage owner participation and maximize energy savings. Retrofits that achieve 20%+ energy savings incorporate EEMs within the building's common interior and exterior areas and directly within dwelling units. This approach allows building owners to address multifamily-specific technologies like central hot water boiler systems that are standard in multifamily housing. DOE should also clarify that if a multifamily property meets the income-eligible threshold of at least 50% of dwelling units, all dwelling units are eligible for the rebates.

Provide technical assistance and project management services. DOE should encourage SEOs to use part of their grant to provide technical assistance services to multifamily building owners and/or allow the cost of technical assistance to be an

eligible expense covered by the rebate. DOE should also help state grantees establish a network of qualified technical assistance providers to support affordable multifamily building owners in implementing whole-building retrofits.

Affordable multifamily owners and managers need more staff capacity and resources to plan and implement EEMs. Standard services provided as part of successful whole-building retrofit programs include: managing the energy assessment/audit process; working with the owner to determine the final scope of work; assisting the owner with developing EEM specifications and bid-ready documentation for contractors; identifying potential contractors and coordinating the bidding process; helping to identify and leverage other funding sources; ensuring proper installation of EEMs, and; providing post-construction building performance monitoring and/or EEM operational guidance.

Program administrators can implement technical assistance services through a network delivery model that includes pre-approved partner organizations that meet certification and quality standards. NYSERDA evaluates applications from potential network partners against stringent standards to maintain a roster of high-quality professionals, including industry certifications, technical knowledge, customer focus, and business stability to serve the multifamily market. The MD MEEHA program offers a list of qualified project managers that meet agency standards to program participants to help them complete a program application, review the funding package, coordinate with the auditor and program administrator staff, and manage construction. Program participants can receive an incentive of \$4,500 per project to offset project management costs.

10. For federally subsidized, low-income housing, what specific program design parameters are necessary to ensure rebates can be used at these properties?

Structure rebates as loans. DOE should provide guidance that rebates can be structured as loans. Low-Income Housing Tax Credits (LIHTC) finance most subsidized affordable housing. Energy rebates are treated under LIHTC as grants. Grants reduce the equity available to finance affordable housing. LIHTCs are allocated to developers and sold to investors. The equity raised is critical to financing affordable housing. Grants reduce the tax credits an affordable housing developer can qualify for, reducing equity. In addition, grants are treated as taxable income to investors, which means that investors pay correspondingly less for LIHTCs. Ultimately, the grants do not add net resources to the project. This challenge can be addressed by structuring the rebates as loans. Loans do not reduce the tax credits developers receive and are not taxable. There are examples of programs that take this approach. The Maryland MEEHA program is ratepayer-funded. Participants can choose whether to receive the rebates as a grant or a loan. The Clean Energy Initiative, co-administered by NYSERDA and the N.Y. housing finance agency, provides loans to decarbonize LIHTC-financed housing.²

Provide sufficient incentive levels to minimize owner costs. DOE should pre-approve state grantees to increase the HOMES rebate amounts for subsidized affordable housing that is government or non-profit owned. Affordable multifamily building owners may be unable to pay the cost difference of the efficiency upgrades if

² <https://hcr.ny.gov/clean-energy-initiative>

the rebate is limited to 80% of project costs. With the Secretary's approval, the IRA specifies that state grantees may increase the HOMES rebate amounts for LMI households. DOE should also clarify that the maximum rebate incentive amounts are per multifamily dwelling unit and not per building, which is the clear intent of the legislative text, and that the maximum incentive amount for non-LMI multifamily buildings specified in the legislation does not apply to LMI multifamily buildings.

DOE should clarify whether HOMES and HEERHA can be used for different measures in the same project. While there is a restriction on combining these sources for a single upgrade, it needs to be clarified whether rebates can be used for different measures in the same property, such as a HOMES rebate for envelope upgrades and HEERHA for equipment rebates. If this isn't possible, DOE should provide guidance on whether rebates can support work in two calendar years.

Help owners leverage other funding sources, like the Section 45L tax credit. DOE should provide guidance that section 45L tax credits and 179D tax deductions can be used with the rebates to maximize funding for deep energy retrofits. The IRA language is clear that the same household cannot receive both HEERHA and HOMES rebates or combine the rebates with a Federal grant for the same single upgrade but is silent on combining rebates with tax credits.

Provide progress payments throughout the project. DOE should encourage staged incentive payments to ensure affordable multifamily housing owners can make timely payments to subcontractors throughout the retrofit process. Building owners need access to capital to pay for retrofit costs upfront or bridge costs throughout the retrofit process, which could last 24 months. Successful programs provide staged incentive payments when key project milestones are met rather than waiting to pay the total rebate until all EEMs are installed. The NYSEERDA Multifamily Performance Program made at least three payments to owners at the following milestones: scope of work is finalized, 50% construction completion, and construction completion. Building owners could request more frequent payments for complex projects with longer timelines. The New Jersey PSE&G Engineered Solutions Multifamily Energy Efficiency Program³ also provides progress payments, including 30% of the total project incentive upfront when the owner executes agreements with PSE&G and the contractors.

11. What quality control measures are needed to ensure that contractors practice safe and healthy homes best practices and that projected savings are achieved?

Ensure that EEMs are correctly installed. As stated above, technical assistance for affordable multifamily building owners is critical to successfully implementing EEMs. Technical assistance should include supporting owners during construction to install measures properly and quality assurance. In California, LIWP staff inspect the property once construction is approximately 50% complete to verify that measures are being installed correctly and post-installation to confirm that the measures installed match the scope of work. In Maryland, the MEEHA program administrator inspects measures to

³ <https://nj.pseg.com/businessandcontractorservices/saveenergyandmoneyforbusiness/multifamprogram>

confirm proper installation before approving payments to the owner. The administrator also conducts a final inspection post-construction.

Monitor ongoing energy usage. Ensuring that building retrofits achieve intended goals requires monitoring energy usage to determine if realized savings are inconsistent with projected savings. The NY MPP program evaluated building energy performance at the 12-month mark post-construction. Several multifamily programs cover the cost of a benchmarking service for a year after project completion.⁴ Given limited staffing resources, funding is also essential to defray the costs of collecting energy usage data.

Support property staff in successfully managing the buildings. Programs can provide operations support to building owners. The Maryland MEEHA program requires auditors, in coordination with the contractors, to recommend operations and maintenance policies on the installed measures and create an operations and maintenance manual specific to the project. Other strategies include providing training videos and a hotline or a dedicated online portal to help building owners access troubleshooting assistance.

22. Should program administrators establish set-asides or limits concerning the distribution of the rebates?

Program administrators should establish set-asides for affordable multifamily housing. As described throughout these comments, the retrofit process in multifamily housing can be significantly more complex and time-consuming than in single-family housing. A first-come-first-served approach could exclude affordable multifamily completely as funding is allocated and spent on easier-to-serve customers. In addition, program administrators should be encouraged to set goals for serving a certain number of households at different income levels, e.g., incomes at or below 30% AMI, to ensure an equitable distribution of resources.

28. How can DOE encourage program administrators to build on and coordinate these funds with existing networks and programs to maximize impact?

DOE should require SEOs to consult with state housing finance agencies, departments of housing, and public housing authorities. These agencies have relationships with housing providers, provide opportunities to deploy funds in coordination with established financing programs, and are accountable stewards of public resources. Coordinating multiple funding sources provides accountability and transparency to ensure that multiple funding sources aren't paying for the same measure. Housing agencies and rebate administrators can coordinate to allocate funding from multiple sources while ensuring no double-dipping. Several examples of housing agencies integrating energy efficiency funding with housing financing programs to simplify access to resources and maximize efficiency and electrification opportunities include: VA DHCD administers the Housing Innovations in Energy Efficiency (HIEE)

⁴ For example, the Minnesota Multifamily Building Efficiency (MFBE) Program and Massachusetts LEAN Low-Income Multifamily (LIMF) Retrofit Program

program with RGGI funding.⁵ HIEE funds are integrated into a **consolidated application process** along with housing financing sources; MD DHCD administers funding from the state's electric utilities through the MEEHA program.⁶ All properties applying for housing financing are **considered for MEEHA funding** to capture all potential energy opportunities; NYSERDA co-administers decarbonization incentive programs with the NYC and state HFAs. This model allows developers to include **incentives as a funding source in their financing application**, ensuring that the incentives impact design decisions.⁷

Align rebates with the housing financing process. Aligning rebates with the financing process helps ensure building owners can leverage incentives to implement comprehensive decarbonization design.⁸ The time required to complete housing development from predevelopment to construction (2-3 years) is a challenge to aligning energy rebates with financing events. Programs that place time limits on incentive awards and/or require project completion within a prescribed amount of time limit opportunities to leverage rebates. Programs like LIWP waive construction timeline requirements for projects that require a longer construction timeline, such as projects undertaking a LIHTC-funded rehabilitation. See below for how rebate program administrators can align programs with the affordable housing finance process to ensure integration and leveraging:

Predevelopment phase: Developer role: Commissions Capital Needs Assessment (CNA) if existing bldg. following HFA requirements. Rebate program administrator role: Informs HFA and/or Owner/Developer of program energy assessment requirements to be included in the CNA requirements; Provides information about rebate programs/incentives to the Developer/Owner to impact project design decisions.

Project Design phase: Developer role: Commissions architect/engineers to design the project and develop initial construction drawings (CDs) and specifications; Submits financing application to HFA with all funding sources; Secures funding commitment from HFA if the project meets the agency's funding criteria; Commissions architect/engineer complete CDs for HFA review with standards/compliance. Rebate program administrator role: Reviews project design drawings/specifications to assess funding opportunities and develops a preliminary estimate of energy incentives; Provides owner/developer with preliminary funding commitment letter to include in financing application; Reviews final plans to confirm planned energy measures and modeled energy savings to finalize incentive amounts; Reserves funding award for Owner/Developer.

Construction phase: Developer role: Implements energy efficiency measures; Documents implementation/paperwork for rebate claim; Rebate program administrator

⁵ <https://www.dhcd.virginia.gov/hiee>

⁶ <https://dhcd.maryland.gov/HousingDevelopment/Pages/EnergyEfficiencyWeatherization.aspx>

⁷ <https://hcr.ny.gov/clean-energy-initiative>

⁸ 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.

role: Verifies EEM installation; Provides progress payments as energy measures are installed; Upon project completion and review, releases final rebate payment.

32. DOE may invest in tools and resources that states, territories, and Indian Tribes can elect to use to implement their programs.

Provide multifamily-specific program design and engagement resources. State grantees may require tools and resources to support developing and implementing multifamily-specific program design components. In addition, state grantees may need help identifying affordable multifamily housing building owners to engage. Specific resources DOE should consider providing include

- A model program template that reflects the program design recommendations identified throughout these comments
- Guidance to help state grantees understand the roles of state and local housing agencies and partnership opportunities.
- Model examples of state energy office and state housing agency collaboration
- Data resources to help program administrators identify prospective affordable multifamily building owners, including tools to support program administrators in developing market characterization studies and a guide to multifamily building owner associations.

DOE should also consider setting up state peer-sharing networks to support states in designing and implementing programs to achieve equity goals, such as reaching renters and affordable housing providers.

37. What types of documentation should be considered sufficient for rebate applicants to demonstrate that they meet income eligibility requirements?

Provide flexible income documentation requirements to alleviate administrative burdens. Program administrators should offer a range of documentation options.

Typical eligibility verification documentation that affordable multifamily program administrators have adopted include

- A deed restriction, regulatory agreement, financing agreement, or another type of documentation of a covenant restricting the rent levels provided by the owner or the government agency that issued the covenant
- Pay stubs and/or most recent annual tax returns
- Proof that households participate in public assistance programs
- Signed Resident Income Certification forms. The U.S. Department of Treasury has published example income eligibility forms used by emergency rental assistance programs to assist tenants in documenting eligibility, including income self-attestation.⁹

Allow for the use of rent rolls to demonstrate affordability. Another option to document eligibility that some programs have adopted is rent rolls to demonstrate rent affordability. This option is vital if programs aim to serve unsubsidized or naturally occurring affordable housing (NOAH). NOAH owners may not have experience collecting tenant income documentation and may be unwilling to do so. Building owners that can demonstrate eligibility by documenting that rents are affordable to households

⁹ <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/promising-practices/forms>

at the income standard set by the program, e.g., 80% AMI, will be more likely to participate in the program. Rent is typically considered affordable when it consumes not more than 30% of household income (i.e., $30\% * 80\% \text{ AMI} / 12 =$ the maximum monthly affordable rent level). This approach can be combined with requirements that properties be located in a low-income or disadvantaged community to provide confidence that the residents of the building are, in fact, low-income.

Encourage states to use the lists of multifamily buildings deemed income-eligible for WAP, based on income information already verified by government agencies, to verify income eligibility for the rebate programs.¹⁰ DOE should also work with HUD and USDA to develop a more comprehensive list of affordable multifamily properties participating in LIHTC, HUD, and USDA programs that may not meet the income eligibility requirements for WAP but do meet the requirements for the rebates given the higher income requirement of up to 80% AMI for the HOMES rebates and up to 150% AMI for HEEHRA.

39. What are successful approaches for determining income qualification for a household in existing state and tribal programs?

Clarify that income eligibility can be determined at the property level, not the building level, as in most affordable multifamily energy efficiency programs. For example, suppose a property consists of 10 buildings of 10 units each. In that case, all buildings at the property should qualify if more than 50 units meet the income requirement, regardless of how those units are distributed across the 10 buildings. This approach contrasts with DOE WAP regulations which require each building within a property to meet the income eligibility threshold. The WAP approach creates an additional administrative burden for owners, denies benefits to income-eligible households, and limits energy savings/carbon reduction opportunities. Program administrators can partner with housing finance agencies to identify properties in their portfolio that meet the income requirements. Documentation from the agencies should be sufficient for qualifying the properties.

42. What recommended methodologies or standards could be used to calculate energy savings and associated impacts, such as greenhouse gas emissions reductions?

Provide flexible energy usage collection standards for multifamily housing.

Collecting individual unit energy usage data for 100% of units in a multifamily building can be a significant administrative challenge. Flexible standards are needed to ensure multifamily buildings can participate, including allowing for whole-building aggregated data from the utility company, if available. If whole-building aggregated data is unavailable, allow sampling to minimize the data collection burden. For example, require energy usage data for a minimum of 10% of the units, including a minimum requirement for each unit type.

44. Do you have any recommendations for applying BPI 2400?

Provide alternative compliance pathways to the BPI 2400 requirement if necessary. DOE should consider a temporary waiver of this requirement for multifamily

¹⁰ https://www.energy.gov/sites/default/files/2022-10/WPN%202022-12%20Multifamily%20Weatherization_0.pdf

housing. The BPI 2400 does not currently apply to multifamily housing. We understand that a future BPI 2400 will include multifamily housing. However, a waiver may be necessary for the short term to ensure that affordable housing providers and residents can access the program.

48. Should rebates be allowed in instances where use of the rebate-eligible equipment or measure is already required by local code?

Do not restrict the use of the rebates when the equipment or measure is required by local code. From a practical standpoint, restricting the use of rebates would create confusion and be difficult to implement. Building codes vary by city and region. Tying the rebates to code compliance could lead to arbitrary eligibility for rebates. Aggressive building codes such as all-electric or net zero energy codes can increase the cost of housing construction. Rebates should be used to level the cost of code compliance for under-resourced buildings that serve a public good and ensure these increased costs do not impede affordable housing production and exacerbate the housing affordability crisis experienced throughout the country. The rebates should also be available to affordable housing providers that are required to comply with state or local building energy performance standards (BEPS).

49. What should DOE consider when drafting energy usage data-sharing guidelines?

Incorporate data-sharing guidelines that address the challenges of accessing energy usage data in multifamily buildings. The report “Best Practices for Providing Whole-Building Energy Data: A Guide for Utilities,” published by DOE,¹¹ identifies the key best practices utilities should follow to provide whole-building data access, including

- Map energy meters or customer accounts to physical buildings;
- Provide building owners with aggregated energy usage information without the need for tenant authorization by setting an aggregation threshold, and
- Automate the transfer of whole-building data directly to benchmarking tools to reduce the administrative burden for utilities and building owners.

Utilities should also be encouraged to provide customers access to dedicated customer representatives that building owners can contact if they need support accessing whole-building energy usage data. In addition, utilities should not require building owners to go out and physically collect meter data/accounts to provide back to the utility.

11

<https://betterbuildingssolutioncenter.energy.gov/sites/default/files/attachments/Best%20Practices%20for%20Providing%20Whole-Building%20Energy%20Data%20-%20Guide%20for%20Utilities.pdf>