May 13, 2021

Making a Difference in Low-Income Housing:
How the RGGI Auctions Affect EE Work

Virginia Energy Efficiency Council
Session Speakers

Daniel Farrell
Associate Director of the Energy Efficiency Office
VA Dept. of Housing & Community Development

Sunshine Mathon
Executive Director
Piedmont Housing Alliance

Kerri Walker
Vice President of Energy Conservation Programs
Project: HOMES

Lesley Fore (moderator)
Senior Manager of Operations
Community Housing Partners Energy Solutions
Presentation Outline

- DHCD’s HIEE program overview
- How the RGGI auction money is effecting the Weatherization Assistance Program (WAP) providers
- COVID-19 industry impacts and how the RGGI money is counteracting them
- Real-world examples
Housing Innovations in Energy Efficiency (HIEE) Funding

Virginia Energy Efficiency Council – Spring 2021 Forum
May 13, 2021
Dan Farrell, Associate Director
Department of Housing and Community Development (DHCD)
Virginia’s objectives for HIEE (RGGI) funds allocated to DHCD

- Deep energy retrofits - Exceed code requirements in ways that complement existing affordable housing construction and rehabilitation programs, to ensure lowest income population benefits from long-term cost savings;
- Incorporate innovative approaches - Overcome traditional barriers to building and retrofitting affordable housing at scale;
- Prioritize long-term sustainability/durability and occupant health - Improve ventilation and indoor air quality, prevent moisture issues, along with energy efficiency upgrades.
Clean Energy and Community Flood Preparedness Act (HB 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
Regional Greenhouse Gas Initiative (RGGI)

• Regional market-based CO₂ reduction program, formed in 2005
  - Original 7 states (CT, DE, ME, NH, NJ, NY, VT)
  - MD, MA, and RI joined in 2007

• 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 becomes 11th full participation state in RGGI

• March 3, 2021 - First RGGI auction in which Virginia-based entities participated

Image credit: Jessica Russo/NRDC. Used with permission
Virginia Yearly CO₂ Allowances

Partners for Better Communities
RGGI Revenue Estimates

- March 3, 2021 Auction – $21.7m net program funds to DHCD ($7.60/ton clearing price)
- 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
- DHCD will roll June 2 RGGI auction net proceeds into FY’22
## HIEE Advisory Group Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Last Name</th>
<th>Organization</th>
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</thead>
<tbody>
<tr>
<td>Liz</td>
<td>Beardsley</td>
<td>US Green Building Council</td>
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<tr>
<td>Nate</td>
<td>Benforado</td>
<td>Southern Environmental Law Center</td>
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<tr>
<td>Carmen</td>
<td>Bingham</td>
<td>VA Poverty Law Center</td>
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<td>KC</td>
<td>Bleile</td>
<td>Viridiant</td>
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<td>Janaka</td>
<td>Casper</td>
<td>Community Housing Partners</td>
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<tr>
<td>Eric</td>
<td>Claville</td>
<td>Norfolk State University, Center for African-American Public Policy</td>
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<tr>
<td>Michelle</td>
<td>Foster</td>
<td>Home Innovation Research Lab</td>
</tr>
<tr>
<td>Chelsea</td>
<td>Harnish</td>
<td>VA Energy Efficiency Council</td>
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<tr>
<td>Sunshine</td>
<td>Mathon</td>
<td>Piedmont Housing Alliance</td>
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<tr>
<td>Dawone</td>
<td>Robinson</td>
<td>Natural Resources Defense Council</td>
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<tr>
<td>Brian</td>
<td>Staub</td>
<td>Marlyn Development Corporation</td>
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<tr>
<td>Adam</td>
<td>Stockmaster</td>
<td>TM Associates Development</td>
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<tr>
<td>Narissa</td>
<td>Turner</td>
<td>Virginia Conservation Network</td>
</tr>
<tr>
<td>Karen</td>
<td>Wilds</td>
<td>Newport News Housing Redevelopment Authority</td>
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HIEE Development – Timeline

- November 2020 - Named agency meetings (DEQ, DHCD, DMME)
- December 2020 – February 2021 – Four Stakeholder Advisory Group meetings
- Mid-March 2021 – Review March 3 RGGI auction results; proposed allocation amounts reviewed and supported by HIEE Advisory Group and by Governor’s and SOCT’s office
- April 30, 2021 – DHCD Affordable and Special Needs Housing (ASNH) Spring application deadline
- Summer 2021 – Agreements with weatherization agencies in place
Benefits of Leveraging HIEE Funds via Existing DHCD Programs

- Reduce time-to-market for HIEE funds
- Utilize known program infrastructure and partnerships to serve low-income clients
- Complement other state and federal funding sources for affordable housing
- Add flexibility, paired with other sources with less flexibility
- Additionality: Incent improved EE performance, or “unlock” savings from deferrals (would not be achieved otherwise)
### Allocation percentages

<table>
<thead>
<tr>
<th>HIEE Component</th>
<th>FY ’21 - % HIEE allocation (approved)</th>
<th>Program revenue to DHCD ($21.7m March RGGI auction)</th>
<th>FY ’22 - % HIEE allocation (proposed)</th>
<th>Projected revenue ($55m from 6/2, 9/8, 12/1/2021 and Q1 2022 auctions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weatherization Assistance Program</td>
<td>60%</td>
<td>$13.0</td>
<td>30%</td>
<td>$16.5</td>
</tr>
<tr>
<td>Affordable and Special Needs Housing Program</td>
<td>40%</td>
<td>$8.7</td>
<td>60%</td>
<td>$33</td>
</tr>
<tr>
<td>Housing Innovation Partnerships Grants</td>
<td>0%</td>
<td>$0</td>
<td>10%</td>
<td>$5.5</td>
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Fiscal Year 2021 is July 1, 2020 – June 30, 2021
HIEE Summary and Look Ahead

• Affordable and Special Needs Housing (ASNH) application round closed 4/30; $7.2m in HIEE funds requested

• Housing Innovation Partnerships (HIP) grant – Straw proposal developed and will be shared with Advisory Group ahead of May 24 meeting.

• DHCD considering adding HIEE funds to incent high energy efficiency performance for other programs that support substantial renovations of homes for low- to moderate-income (LMI) customers, such as Acquire, Renovate, Sell (ARS) and Community Development Block Grants (CDBG)
HOUSING INNOVATIONS IN ENERGY EFFICIENCY

HIEE at the Local Level
Impacting Weatherization Assistance Program Providers (WAP's)

- 17 ACTIVE PROVIDERS IN VIRGINIA
- HIEE FUNDING WILL HELP CITIZENS THROUGHOUT ALL OF VIRGINIA
- BIGGEST DIRECT IMPACT IS THE REDUCTION OF DEFERRALS
Taking on Deferrals with HIEE Funds!

- Going back to homes we deferred

- The most common deferrals
  - Roofs
  - Electrical systems
  - Plumbing
  - Combustion appliances
  - Structural issues
Will HIEE Funds Give WAP's Breathing Room?

- Addressing the cost of individual weatherization measures
- Allow robust braiding of funds
- Avoid a slow & cumbersome process
- Keeping HIEE broad enough to help
How WAP's are Ramping Up

- NEW STAFFING AND SUBCONTRACTORS
- CREATING THE INFRASTRUCTURE
- PRIORITIZING PROJECTS
The Opportunities of HIEE

- SERVE MORE CITIZENS
- ANCHORING OF WAP FUNDING
- STABILIZATION OF WORK FORCE & JOB CREATION
- POSITIVE IMPACT FOR THE ENVIRONMENT
LISTENING TO RESIDENTS: BUILDING FOR THE FUTURE

Friendship Court: A Reparative Redevelopment Framework

Sunshine Mathon
Executive Director
Listening to residents – Inspiration for redevelopment

- Need ladder of affordability
- Outdated buildings + stigmatized site
- Charlottesville needs more affordable housing
- History of economic and social isolation
- Disrupt cycles of generational poverty
Friendship Court Advisory Committee

**Elected Resident Members**
- Angela Brooks
- Sheri Hopper
- Crystal Johnson
- Zafar Khan
- Betty Lowry
- Tyquan Mayo
- Yolonda Ross
- Tamara Wright

**At-Large Community Members**
- Kathy Galvin
- Sarah McLean
- Myrtle Houchens
- Kevin White
(Future) Early Childhood Preschool + Community Center + PHA office

46 existing families move

106 new homes (46 existing families + 60 new families)
View of Stacked Townhomes from 6th Street SE
View of Apartment Entry from Garrett Street
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Baseline Description</th>
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<tbody>
<tr>
<td>VA Code Minimum</td>
<td>baseline</td>
</tr>
<tr>
<td>Energy Star</td>
<td>LIHTC QAP baseline (10-15% better than code)</td>
</tr>
<tr>
<td>ZERH (Zero Energy Ready Home)</td>
<td>QAP (+10 future points) (40-45% better than code)</td>
</tr>
<tr>
<td>Passive House</td>
<td>QAP (+10 future points) (55-60% better than code)</td>
</tr>
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- **Energy Star**
  - Small EE improvements;
  - Basic IAQ features;
  - Third-party testing

- **ZERH (Zero Energy Ready Home)**
  - Energy Star as base;
  - Better standard EE improvements (insulation, HVAC, etc.);
  - Better IAQ (EPA Indoor Air Plus)

- **Passive House**
  - Prioritizes passive strategies (insulation, air tightness, etc.);
  - Requires heat pump water heaters and ERVs as “de facto” to hit EE thresholds
Q+A

Thank you for participating.

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Associate Director of the Energy Efficiency Office
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Kerri Walker
Vice President of Energy Conservation Programs
Project:HOMES

Lesley Fore (moderator)
Senior Manager of Operations
Community Housing Partners Energy Solutions
Breakout Session

Discussions

1. Using Energy Management Systems for Whole Building Efficiency

2. Making a Difference in Low-Income Housing: How the RGGI Auctions Affect EE Work


If you would like to attend a different discussion group, leave this breakout room to return to the main room. VAAEC staff will be there to assist you.
Breakout Session Discussions

Making a Difference in Low-Income Housing: How the RGGI Auctions Affect Energy Efficiency Work

Facilitator: Lesley Fore, Community Housing Partners
Event Agenda

Updates, Business Meeting, Member Spotlight 10:00-10:45 am

Networking Session *Sponsored by Virginia Energy Sense* 10:45-11:15 am

Break 11:15-11:30 am

Concurrent Breakout Sessions 11:30 am-12:30 pm

Breakout Session Discussions 12:30-12:50 pm

Closing Remarks 12:50-1:00 pm