



2013 Annual Awards Entry Form
 (Complete one for each entry.)

Entry Name Expanding the Role of Energy Efficiency in Housing Programs

HFA Maryland Department of Housing and Community Development

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013**.

| Communications | Homeownership | Legislative Advocacy | Management Innovation |
|--|--|--|--|
| <input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media | <input type="checkbox"/> Empowering New Buyers <input checked="" type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production | <input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy | <input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology |
| Rental Housing | Special Needs Housing | Special Achievement | Are you providing visual aids? |
| <input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production | <input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs | <input type="checkbox"/> Special Achievement | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |

NCSHA 2013 Awards

Category: Homeownership
Subcategory: Home Improvement and Rehabilitation
Entry Name: Expanding the Role of Energy Efficiency in Housing Programs

When Governor Martin O’Malley set a statewide goal of reducing Maryland’s energy consumption by 15 percent by 2015, the Maryland Department of Housing and Community Development was inspired to look for ways to align its housing programs with that vision. The result was a wide-ranging, comprehensive strategy that made energy efficiency an integral component of the state’s single family, multifamily and neighborhood revitalization programs.

In 2012, the department created a new Housing and Building Energy Programs division to oversee all energy projects cutting across the department’s many programs. The various funding organizations have specific metrics and mandates that drive their programs. Many funders require certain measures be in place prior to their funding being made available. To maximize the total awards received by an individual project, coordination among the multitude of funding sources is essential. Without the oversight being provided by this new division, many homes would receive limited funding from a single source. This is a testament to the importance of creating a structure that encourages communication and collaboration which results in the leveraging of funds.

This comprehensive strategy put Maryland in a position to recognize and take advantage of funding opportunities from a variety of sources and not coincidentally, resulted in thousands of homeowners achieving significant savings on their utility bills.

Improving Energy Efficiency for Homeowners

The governor launched his EmPOWER Maryland initiative at a propitious time. DHCD was preparing to expand the Weatherization Assistance Program to accommodate the award of \$61.4 million in Recovery Act funding over three years. This represented a very significant increase over the program’s historical budget of \$2 million per year. DHCD successfully embraced the challenge of a tenfold expansion of the program, embarking on an aggressive strategy to build capacity in local agencies by developing local training centers, creating a mentoring program, and implementing rigorous oversight and monitoring procedures.

As of June 2013, the Recovery Act funding is 99.9 percent spent. DHCD has far surpassed its original goal to weatherize 7,800 homes, actually assisting 11,923 units through the Recovery-Act funded Weatherization Assistance Program.

Anticipating the eventual need to ramp down the Weatherization Assistance Program, in early 2011 the department sought additional funding to continue weatherization activities, rather than returning to the scaled-down activities funded through the annual program funding of \$2 million from the U.S. Department of Energy. To secure funding for the expanded network of 18 agencies

and 66 contractors and to continue to meet the significant demand for weatherization from low income households, DHCD proposed to utilize its weatherization network to administer services for the entire state, consolidating individual programs that, up until then, had been administered by five different utility companies and an array of contractors. DHCD argued that consolidating the programs under a single administrator would achieve economies of scale and dramatically improve weatherization production. In December 2011, the Public Service Commission made DHCD the central administrator of the EmPOWER Low Income Energy Efficiency program, authorizing \$71 million in funding for the program. This allows DHCD to continue to assist low income families with weatherization at the same level as the Recovery Act-funded program, and will ensure that the expanded network of contractors, agencies and staff, will be maintained.

The department also secured \$28 million from the Customer Investment Fund, an outcome of the acquisition of Constellation Energy by Exelon Corporation. These funds will be centered around two activities. The first \$19 million will address homes that DHCD was unable to weatherize due to minor structural deficiencies. This fund will remedy minor structural, health and safety concerns such as lead or moisture abatement, then perform a full suite of weatherization measures. The remaining \$9 million will be allocated to energy efficiency improvements in affordable multifamily housing in the form of grants or loans. In addition, a portion of these funds will be dedicated to training multifamily building management personnel on energy efficiency measures and concerns. It is anticipated that these funds will be available in the fall of 2013 and the program will run approximately three years.

DHCD recognized the significant advances in improved energy efficiency that the recently developed or expanded programs were bringing about, but was still able to identify gaps in reaching the department's broader customer base to provide increased stability and affordability through energy efficiency. One of the gaps in services identified by DHCD was the first-time homebuyer population. Most of those households have incomes that are higher than the allowable limits for participation in the Weatherization Assistance Program, but would still benefit from assistance in recognizing the potential impact of an efficient home, and implementing energy savings improvements. To fill this gap, DHCD applied for and was awarded a \$20 million competitive grant through the U.S. Department of Energy's Better Buildings program to provide favorable finance and incentives for energy efficiency improvements. Through this award, DHCD created the Be SMART program, which provides favorable financing and incentives for homeowners, small businesses and affordable multifamily rental buildings to improve the energy efficiency of existing buildings. In addition to offering rebates for energy upgrades, DHCD began offering unsecured loans with favorable interest rates for the purchase and installation of energy efficiency improvements as well as credit enhancements for major projects implementing energy efficiency retrofits. The funds that return to DHCD will perpetuate further energy efficiency programming long after the Recovery Act has concluded. The Be SMART program will close September 30, 2013.

Improving Energy Efficiency for Renters

The department was awarded \$4.5 million in funding from the John D. and Catherine T. MacArthur Foundation to create the Green Grant Rental Housing Preservation Program. This program, also funded in part by the Maryland Energy Administration, was designed to address affordable rental housing reservation and improved energy efficiency for multifamily buildings, and was targeted to areas expected to be impacted by the Base Realignment and Closure process. Through this program, the department provided energy audits to 13 buildings with 4,360 units.

DHCD received an additional award of \$9.5 million from the Maryland Energy Administration to create the Multifamily Energy Efficiency and Housing Affordability (MEEHA) program to provide energy improvements in affordable multifamily properties. Through the program, DHCD provided grants for the purchase and installation of energy efficiency improvements, and/or renewable energy improvements in affordable multifamily rental housing developments. Such items included, but were not limited to Energy Star qualified: HVAC systems, insulation, windows, draft stopping and duct sealing, appliances and fixtures, and renewable energy generation and water heating equipment. MEEHA grants also funded energy audits/studies to assist property owners in determining the potential amount of savings that could be realized through investments in upgrading the building. The MEEHA program provided more than \$8.5 million for energy efficiency measures in 49 properties with 5,196 units.

The awarding of funds for the Be SMART program helped the department reach a broader income base, but DHCD continued to push forward, looking for a resource to assist in improving the energy efficiency of the affordable multifamily buildings that had received development financing from the department. Many of these buildings within DHCD's multifamily loan portfolio were not yet in a position to undertake a major rehabilitation project, unlike many of the multifamily buildings that utilized MEEHA or Be SMART funds, but if there existed resources to assist these portfolio projects in improving their energy efficiency, the significant savings would result in a lower cost of operation. In the fall of 2011, DHCD applied for and was awarded \$1.25 million in competitive grant funding through the HUD Energy Innovations Fund to leverage \$2.5 million of matching funds to provide project-level loans and grants to cover the costs of up-front energy assessments, energy efficiency retrofits and technical assistance to affordable multifamily projects within DHCD's existing loan portfolio. The program is launched in late June of 2012 and is expected to assist ten affordable multifamily properties in improving energy efficiency.

While DHCD has developed a wide array of resources designed to assist Maryland citizens of varied income levels and residence types to better afford their housing costs and achieve improved economic stability, the department continues to seek out opportunities to further improve energy efficiency in homes and businesses, working to ensure that all Maryland citizens have the opportunity to live and prosper in affordable, desirable and secure housing, in thriving communities.

A worker demonstrates the weatherization process at an event in Baltimore.



**U.S. Senator Ben Cardin hears from homeowners about the benefits of weatherization
during a fact-finding session at a home in Glen Burnie.**

