



National Council of  
State Housing Agencies

March 3, 2023

U.S. Department of Energy  
Office of State and Community Energy Programs  
1000 Independence Avenue, SW  
Washington, DC 20585

RE: Request for Information on Inflation Reduction Act Home Efficiency and Electrification Rebate Programs [DE-FOA-0002981]

To Whom It May Concern:

The National Council of State Housing Agencies (NCSHA),<sup>1</sup> on behalf of its state Housing Finance Agency (HFA) members, respectfully offers these comments on the U.S. Department of Energy's Request for Information (RFI) on the Inflation Reduction Act Home Efficiency and Electrification Rebate Programs (Home Energy Rebate programs) issued on January 18, 2023. NCSHA is a nonprofit, nonpartisan organization created to advance, through advocacy and education, the efforts of the nation's state HFAs and their partners to provide affordable housing to those who need it.

HFAs administer a wide range of affordable housing and community development programs, including the Low Income Housing Tax Credit (LIHTC), the HOME Investment Partnerships (HOME) program, the Weatherization Assistance Program, the Housing Trust Fund, and Section 8 rental assistance. HFAs also administer down payment assistance, home-buyer education, home repair financing programs, loan servicing, and state housing trust funds and issue tax-exempt private activity Housing Bonds to finance affordable housing for renters and home buyers.

We appreciate the opportunity to share ideas on the role HFAs can play in the successful administration of the Home Energy Rebate programs. Affordable multifamily housing offers substantial potential for reducing the nation's carbon emissions. Residential housing accounted for about 21 percent of total U.S. energy consumption in 2021. Multifamily housing alone is responsible for 13.9 percent of nationwide greenhouse gas emissions (CO<sub>2</sub> equivalent). HUD-assisted properties have the potential to generate more than 11,548 GWh of solar electricity annually and reduce carbon emissions by more than eight million metric tons.

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<sup>1</sup> NCSHA is a nonprofit, nonpartisan organization. None of NCSHA's activities related to federal legislation or regulation are funded by organizations that are prohibited by law from engaging in lobbying or related activities.

Investments in carbon emissions reductions — including electrification, building shell efficiency, and renewable energy — in affordable multifamily housing benefit both property residents and their communities. These benefits include increasing resiliency (e.g., ensuring passive survivability during power outages), lowering property operating and resident energy costs, creating healthier living environments (e.g., reducing indoor air pollutants), and improving resident comfort.

Supporting energy efficiency and electrification will help ensure affordable housing residents do not bear the burden of escalating gas costs. As natural gas prices increase, utility customers who continue using natural gas are likely to experience rate increases when other customers electrify and exit the gas system. There is a significant risk that low-income customers remaining in the natural gas system could bear the brunt of gas rate increases, leading to higher monthly bills.

Affordable housing traditionally has not been prioritized in clean-energy programs, leaving the potential for significant carbon emission reductions. Public and utility investments in energy efficiency and carbon reduction measures in affordable housing lag behind other market sectors. Although electric and gas utilities have increased energy-efficiency investments for low-income customers in recent years, most programs still serve a small share of these households. About 27.5 percent of all U.S. households are low income, but they receive only 13 percent of electric and gas utility energy-efficiency spending.

Significant efforts with the buildings that house 12.5 million low-income households could reduce CO<sub>2</sub> emissions by an estimated 38 million metric tons, a 41 percent reduction from current emission levels.

The existing affordable housing financing delivery infrastructure provides an opportunity to scale up decarbonization retrofits quickly and efficiently. HFAs have significant experience investing in low-income and disadvantaged communities while leveraging private-sector capital for housing rehabilitation. HFAs have delivered hundreds of billions of dollars in financing to make possible the purchase, development, and rehabilitation of more than 7.5 million affordable homes and rental apartments for low- and middle-income households with minimal delinquencies and foreclosures. This financing is often combined or coordinated with federal or state tax credit programs. Leveraging these existing financing channels that specialize in meeting the needs of low-income communities and are familiar to affordable housing providers is an efficient way to quickly deploy Home Energy Rebate program resources.

The following comments address questions included in DOE's RFI:

*Question 2: What best practices can program administrators and other relevant stakeholders (e.g., retailers, contractors, or community-based organizations) use to ensure that disadvantaged communities and low-income households are aware of and have easy access to the Home Energy Rebate programs?*

The best way to ensure disadvantaged communities and low-income households have easy access to and can benefit from the Home Energy Rebate programs is to meet them where they are. Often, but not always, low- and moderate-income (LMI) individuals and families, especially those in disadvantaged communities, live in housing that is supported in some way by the federal government. This support takes many forms, but frequently involves some combination of LIHTC, HOME, and, in the case of homeowners, Federal Housing Administration mortgage insurance. HFAs operate at the nexus of all three, among many other programs that benefit LMI households and disadvantaged communities, and they stand ready and able to partner with DOE and program administrators to achieve this important objective.

*Question 7: What types of policies or requirements can be used to ensure that owners of rental properties receiving rebates targeted for low-income households 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 in these programs?*

Owners of rental properties who receive rebates targeted for low-income households should be subject to affordability restrictions for a reasonable period of time after receiving assistance. However, these restrictions should be calibrated so as to avoid creating a disincentive for owners of affordable multifamily rental properties from participating in the program. DOE should carefully consider whether to impose new restrictions where affordability restrictions are already in place, such as for properties receiving other federal assistance through LIHTC or HOME. These restrictions should generally be considered as satisfying any new affordability requirements for the rebates except in limited circumstances, such as when existing restrictions will soon expire.

DOE should also allow for rebate funding to be used for whole-building energy efficiency improvements, including in common areas, subject to an aggregate rebate cap based on the number of units served. This would allow for significant improvements in multifamily affordable housing properties and create a strong incentive for property owners to participate in the Home Energy Rebate programs.

DOE should also provide adequate resources for technical assistance and other program supports. Owners of affordable multifamily properties, particularly smaller and nonprofit entities, will likely need substantial additional capacity to train staff, identify and procure qualified contractors, coordinate with other sources of funding and ensure compliance with all applicable program requirements in order to successfully participate in the Home Energy Rebate programs. DOE should provide ongoing training opportunities and regularly updated supporting materials for owners and managers of affordable multifamily properties and their staff, particularly in the current environment where staff turnover is very high.

Finally, the strongest possible incentive for owners of affordable multifamily housing properties to participate in the Home Energy Rebate programs is for these programs to be as

simple as possible to understand and administer, and for them to be plugged in as easily as possible to those existing programs and funding sources with which property owners are already familiar and compliant. DOE should seek to keep compliance and reporting requirements to the minimum level necessary and provide as much flexibility as possible, except as required to ensure compliance with applicable laws, regulations, and program goals. As a general matter, where existing policies or procedures are available, such as for income verification (see responses to Questions 37 and 39), DOE should allow property owners to use these to satisfy requirements rather than impose new burdens.

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

Most federally subsidized LMI housing is supported at least in part through LIHTC. In order to ensure the Home Energy Rebate programs can be used at these properties, special care must be taken to structure the rebates so that they are not considered grants, which ultimately reduce the equity available to finance affordable housing.

There are two primary concerns with applying grants to properties supported by LIHTC. The first is that the eligible basis in the property must be reduced by the amount of a federal grant, which reduces the available equity in a project proportionally to the amount of the grant. The second is that a grant is considered taxable income for the property owner and could result in substantial tax liability, which creates a significant disincentive for developers of properties supported by LIHTC to accept funding in the form of a grant.

For these reasons, when other federal assistance, such as the HOME program, is included in LIHTC transactions, it is often structured as a loan as opposed to a grant. DOE should allow for a similar structure for the Home Energy Rebate programs to ensure they can be used for the largest possible number of federally subsidized low-income properties.

Additionally, to the extent allowable by law, DOE should allow for increased rebate amounts for subsidized affordable housing that is owned by government or nonprofit entities, as these types of owners may be unable to make up the difference in the cost of upgrades if the rebate is limited to 80 percent of project costs.

Finally, DOE should consider that many owners of affordable multifamily properties may not have sufficient upfront capital to finance the cost of upgrades and should structure the rebates accordingly, whether by providing payments up front or in phases throughout the construction/installation process.

*Question 22: Should program administrators establish set-asides or limits concerning the distribution of the rebates (e.g., bundled packages, disadvantaged communities, income or other definitions, incumbent heating fuel in the home, high-impact measures)?*

DOE should establish a set-aside of rebates for affordable multifamily housing. The retrofit process for multifamily housing is substantially more complicated and costly than for single-family housing, and the contractor and workforce capacity and expertise for making these improvements in single-family dwellings is much more established than for multifamily. While it is important to improve the energy efficiency of both our single- and multifamily housing stock, absent a reasonable set-aside it is possible that multifamily housing would largely be excluded from these resources. This would be an enormous lost opportunity, however. As noted above, multifamily housing alone is responsible for 13.9 percent of nationwide greenhouse gas emissions (CO<sub>2</sub> equivalent), and HUD-assisted properties have the potential to generate more than 11,548 GWh of solar electricity annually and reduce carbon emissions by more than eight million metric tons. Ensuring adequate rebates are available for affordable multifamily housing will provide significant return on investment in terms of increased energy efficiency and greenhouse gas reduction.

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

*b. How should DOE encourage program implementers to design and implement rebate programs to leverage other resources and/or provide seamless services (e.g., through housing finance agencies (HFAs), state RLFs, WAP, or other complementary programs)?*

DOE should require program administrators to consult and work closely with state HFAs in the design and implementation of the Home Energy Rebate programs. As noted above, the existing affordable housing financing delivery infrastructure provides an opportunity to scale up decarbonization retrofits quickly and efficiently, particularly in the multifamily housing stock. HFAs have significant experience investing in low-income and disadvantaged communities while leveraging a variety of sources of both public- and private-sector capital for housing rehabilitation. HFAs have delivered hundreds of billions of dollars in financing to make possible the purchase, development, and rehabilitation of more than 7.5 million affordable homes and rental apartments for low- and middle-income households in a financially sustainable way, with minimal delinquencies and foreclosures. Leveraging existing financing channels through entities like HFAs that specialize in meeting the needs of low-income communities and are familiar to affordable housing providers is an efficient approach to quickly deploy the Home Energy Rebate programs in a way that ensures these critical resources will flow seamlessly, especially to traditionally underserved communities.

*Question 37: What types of documentation should be considered sufficient for rebate applicants to demonstrate that they meet income eligibility requirements (e.g., prior year tax return, verification of other federal benefit program eligibility, or recent paystubs)?*

DOE should allow for a variety of options to document income eligibility, including, but not necessarily limited to:

- 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; or
- A signed Resident Income Certification form, such as that provided by the U.S. Department of Treasury for emergency rental assistance programs to assist tenants in documenting eligibility, including through self-attestation.

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

DOE should borrow as many requirements and procedures for income certification and verification from existing federal programs as possible, particularly when those programs have implemented streamlining improvements. For example, verifying income eligibility of low-income multifamily households on a unit-by-unit basis is a time-intensive and laborious process that creates barriers to multifamily housing program participation. DOE should instead allow recipients to create categorical eligibility within the Home Energy Rebate programs, similar to the [Weatherization Assistance Program's expanded categorical eligibility](#), and use HUD's means-tested program lists to qualify household income eligibility in multifamily properties. DOE should also minimize the need for recertifying resident incomes annually and require recertification less often.

*Question 42: What recommended methodologies or standards could be used by states/programs to calculate energy savings and associated impacts, such as greenhouse gas emissions reductions? What software is used to implement that methodology? What are the key inputs and features?*

Collecting, calculating, and reporting data on energy savings and greenhouse gas emissions for multifamily properties has the potential to be enormously costly and a strong disincentive to program participation by owners and operators of affordable multifamily properties. DOE should employ the lowest cost and least administratively burdensome methodologies available to satisfy its goals in this area. Where possible, methods that allow for sampling of a small number of units in a large building or for aggregating data to impute whole-building savings should be permitted.

*Question 44: Do you have any recommendations for applying BPI 2400 per the legal requirements of the Home Efficiency Rebates?*

To the extent permitted by law, DOE should consider issuing a waiver of this requirement for multifamily housing, as the BPI 2400 standard does not currently apply to multifamily buildings. DOE should also encourage the Building Performance Institute to expedite promulgation of a revised BPI 2400 standard that provides for the calibration of historical energy use in multifamily properties and prediction of future energy savings.

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

Yes. The cost of rebate-eligible equipment and improvements is entirely independent of any requirements imposed by local codes. Allowing rebates only in those jurisdictions with less strict standards would create a disincentive for other communities considering whether to update their own local codes.

*Question 52: What types of quality assurance and/or quality control should DOE and program administrators require? What are recommendations for best practices?*

DOE should carefully consider the need to protect the integrity of the Home Energy Rebate programs and ensure they are as flexible and practical as possible to administer. The department should attempt to identify the least administratively burdensome methods possible to ensure program integrity and compliance with applicable guidelines.

*Question 53: What data should DOE and program administrators collect to ensure their ability to conduct effective quality assurance and/or quality control?*

DOE should require collection only of data necessary to ensure program integrity. To the extent program participants, including HFAs, are already required to collect and report relevant data to other federal or state agencies, DOE should accept submission of the same or substantially similar data for its own purposes.

*Question 59: Is there anything else DOE should be aware of as it develops program design guidance and support for these rebate programs?*

In developing program design guidance and support for the Home Energy Rebate programs, DOE should provide as much flexibility as possible, consistent with the law and agency objectives, for program administrators, their delivery partners (including in some cases HFAs), property owners and managers, homeowners, and residents. Establishing administrative, compliance, and reporting policies and procedures that are not unnecessarily burdensome on program participants will ensure maximum participation and program success, especially for low-income households and those in disadvantaged communities.

We hope these comments are helpful and you design and implement the Home Energy Rebate programs to prioritize affordable housing, use the demonstrated expertise of state HFAs, and provide enough flexibility for program administrators and recipients to deliver tangible benefits for low-income residents and disadvantaged communities in terms of improved health, reduced energy burden and climate risk, better and more affordable housing, and greater job opportunities.

Sincerely,

A handwritten signature in black ink, appearing to read "Garth Rieman". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Garth Rieman

Director of Housing Advocacy and Strategic Initiatives