

Meeting Minutes
Limited Income Housing Subgroup Meeting #2
September 13, 2023

Meeting Location: Online using Zoom.

Attendees

Names in bold are official Task Force members. First and last name initials have been used for the minutes.

Nicola Tran (DHCD), **Susan Miller (Earthjustice)**, Cliff Majersik (IMT), Louise Sharrow (IMT), Cindy Osorto (MDE), Kim Pelosi (MaGrann Associates), Jose Coronado Flores (CASA), Tyler Pullen (Maryland Environmental Service), **Joshua Galloway (New Ecology)**, Ashita Gona (RMI), Raymond Nevo (NHT), **Tom Ballentine (NAIOP MD)**, Lindsey Shaw (Montgomery County), **Carol Ott (Economic Action MD)**, Nikki Kuhn (VEIC, consultant to MD OPC), Cindy Wasser (Home Innovation Research Labs), Khalid Malik (GEMM COMM), Lindsey Humphrey (Frederick County Govt), Diana Younts (MoCo Coalition), Danielle Adams (Frederick County Building Industry Assoc.), **Bruce Zavos (Zavos Architecture+Design)**, Jeremy Good (Montgomery County DEP), Ruth Ann Norton (GHFI), Sheena Oliver (DEP), Anthony Crane, Mary Ellen Mitchell, **Luke Lanciano (The Tower Companies)**, Scott Falvey (DHCD), Justin Barry (Green & Healthy Homes Initiative), Lewis Morgante (Montgomery County Government), Myriam Tourneux (VEIC), **Stuart Kaplow (Maryland Green Building Council)**, Todd Nedwick (National Housing Trust), Dawn Ashbacher (Frederick County Climate & Energy Department), Eric Anderson (Habitat for Humanity)

Introduction

- Group agreements and recap of last meeting
- Overview of timeline - our 3rd subgroup meeting will be the day after the next task force meeting, but there will be opportunities to contribute after the 28th Task Force meeting

Lessons Learned from the Field, Presentation by Joshua Galloway, New Ecology

- New Ecology is a nonprofit helping bring benefits of energy efficiency, decarbonization, and resiliency to underserved communities
- Active in Mid-Atlantic and New England
- Massachusetts and Boston examples have energy goals as part of zoning laws
- Two program examples:
 - Mass LEAN Program: 100% subsidy from ratepayer dollars for electric energy efficiency measures. No upfront costs for owners. Not designed for electrification specifically but owners are moving towards electric only.
 - Delaware Sustainable Energy Utility (DE SEU) Energize DE Affordable Multifamily program. Subsidized efficiency and renewable energy. Started as only a 50% implementation subsidy, but the pushback was around financing schedule and limited program enrollment, so in 2023 adjusted to a 90% subsidy model and lots of interest.
- Case Studies

- Carrington Way in Delaware property wanting to move from gas boilers to heat pumps. Didn't have enough electric service to replace everything so moved to electric for heat but moved to just a more efficient condensing gas option for water heating. Also did air sealing and insulation. \$445k rebate with 50% of costs covered.
 - LS Question in chat: under the new year 90% rebates, would they be able to do more? JoshuaG: Yes, theoretically they could have done full electrification because more subsidy would have helped cover the electric service upgrades
 - MA examples:
 - option 1: 'zero over time" plan: what is the timing to get you to zero energy over time, focus on replacing things at end of life instead of while it is still good but doing so within a plan. Example project plan included 2021: gas boiler being partially replaced in 2022 with apartment heat pumps and fully replaced by 2033. Plumbing in 2024, lighting by 2027, windows in 2030, etc
 - Option 2: all at once deep energy retrofit. 60 unit senior facility. Full suite of measures including attic insulation
 - NK question in chat: Did you need to address any cost shifting issues with moving from central HVAC to in-unit heat pumps? JoshuaG: Yes. Modeled the effective of the improvements (insulation, air sealing, and windows) and found it would not be a big jump in cost for residents
 - What is needed for owner action?
 - Regulations. Mass has lots of regs so seeing lots of action
 - Central Source for Information (eg Hub.) with subsidized TA (eg DC SEU program)
 - Grants (eg MD DHCD, MEA, IRA federal and state)
 - DY question in chat: to what extent do you coordinate with private capital? JoshuaG: we only focus on the grant funding and don't get involved in the overall financing
 - RN question in chat: Was there a resident engagement process to get residents on board about the upgrades despite there being a cost shift? JoshuaG: yes there was, will find out the details to share
 - KM chat: what type of workforce strategy did you use? JoshuaG: New Ecology doesn't do the installs but helps the owner write up a scope and bid it out. Owner chooses the contractor and New Ecology is quality control, so not much involved in workforce.
 - SO question in chat: What size properties do you have experience working with? In Montgomery County we have buildings up to 1k+ . JoshuaG: work with the full range from single family to thousands of units (those larger one often happen in phases and prioritization is very important. Lots of questions and maintenance training needed).

Discussion on Strawman Recommendations

Weatherization

- One stop shop - IRA/DHCD programs can take a whole-home approach, meaning addressing other barriers, providing audits and electric load studies, covering "soft" or upfront costs such as panel upgrades, and facilitating weatherization-first approach. (For example, the Philadelphia and GHFI models)

- Accessed with portals specific to customer type, including landlords and individual homeowners: Single family vs multifamily, other unique sets of participants with unique challenges
- Includes: Rehabilitation (including health and safety), electrification, weatherization, and maybe renewables
- Services like financing support
- Could be connected with MEA's Hub; DHCD would manage One Stop Shop

DISCUSSION

- CarolO: I love the idea of having a single portal accessed by either landlords/management companies, or homeowners -- including funding sources. Much easier for us to get buy-in if we're not having to send people to multiple offices/agencies/websites. AG: I'm very supportive of this concept. Have been working closely with [Built to Last pilot program](#) in Philly that is in phase 2 of this
- NK: Would/could the hub also include electrification and renewable incentives, financing, grants?
- AG: IRA dollars meant for electrification and EE: spending that \$\$ in programs like this would ensure limited-income folks get access to the \$ and benefits - more equitable distribution of funds (+1 NK)
- SO: I agree with Carol but within that site there needs to be separation once on the site. Private homeowners, both owner occupied and rental owners, have a very different set of concerns and needs when it comes to energy efficiency upgrades. It's also going to need a dedicated person[navigator] or 2 for each group. (CarolO+1 to separation within portal)
- DA: add a component - report on ALICE households (working but in poverty - largely rural). Think about agriculture component, single family needs/
- KM: Have we considered workforce development mechanisms like Section 3 certification that aligns with the Justice40 initiative to ensure IRA/BIL/DHCD benefits reach disadvantaged communities?
 - NT: a few workforce programs in development under IRA
- AG: Report published earlier that covers how MD could do a program like this: https://earthjustice.org/wp-content/uploads/20230123_marylandreport.pdf

Prioritization and Target-Setting

- Prioritize funding new construction projects that serve the LI market and are energy efficient and all-electric
 - Examples: NYSERDA Buildings of Excellence and Mass. Green Bank for Affordable Housing
 - Comments:
 - NK: Prioritize new construction over retrofits? NT: No, prioritizing all-electric within new construction. CM: prioritize LI within new construction
 - No disagreement, no specific ideas shared about how to do this via laws or incentives

- JoshuaG: emphasize the fact that EE, IAQ, residential comfort are essential pieces of decarb
- LS: is this group also recommending a potential breakdown of prioritizing how much funding for retrofits vs new construction? Would be good for this group to give that recommendation to the state - my view is that existing buildings will need more support to meet the [BEPS?] requirements
 - CindyO chat: we don't have to pit one against the other
 - CarolO: I agree with Lindsey, particularly for buildings older than X-years...with X being decided by the group.
- NK: This approach feels like a no-brainer when new construction is happening. It's the optimal and most cost effective time to integrate EE, electrification, and renewables. IRA funding through the Greenhouse Gas Reduction Fund should be able to support these projects as well. That said, we shouldn't prioritize funding to NC projects over retrofits. Agree that retrofits tend to be more complicated and need more TA and funding to make them happen and therefore should be prioritized.
- CindyO: under MD Climate Change Commission which writes recs every year - 2 years ago that included a Building Transition Plan which contributed to CSNA. One recommendation was to look at all-electric building codes. New construction is separate from retrofits.
- SO: I'm torn because I'm in Montgomery County and we already have much more limited land available than the others within the state. There's less of a need to build than there is to increase the efficiency of what is already here. If we have higher funding available for new construction we send the wrong message to current owners that are already worried about the law in the first place.
- CW: existing buildings are going to be less efficient. Maybe an action item for staff team is to do an inventory of building stock in all areas getting funding - age and fuel type - in order to prioritize funding allocation
 - NT: just put that data together for a Solar for All application, will look into ability to present that
 - LS: To build on Cindy's point, also considering the end of useful life of existing equipment to prioritize projects to be funded.
- DA: two components to consider: historic preservation buildings will be more expensive. And need to consider maintenance costs of new equipment.
- Prioritize funding for affordable housing, including naturally-occurring affordable
 - Comments:
 - NK and JoshuaG +1. CW thumbs up. LS: Completely agree: regulated and unregulated affordable housing should both be eligible
 - AC: How do you identify the total number of limited income houses when you extend the definition beyond assisted housing to naturally occurring affordable housing? I agree we need to set target numbers but want to assure goals are realistic

- NT: there have been market characterization studies using market and census data looking at household incomes. This does change over time.
 - CO: You can also use HUD data to capture the voucher-holder households, and maybe the VA for VASH households.
- Set a clear and transparent statewide minimum limited income decarbonization target (e.g. xx units decarbonized by xx date) that all departments and stakeholders can work towards
 - Note: [HB 169 of 2023](#) requires the Green and Healthy Task Force to create a plan (for DHCD) to weatherize all limited income housing by 2031.
 - Help identify applicable funding sources. Create a plan to provide energy efficiency retrofits to all LI households by 2031. The plan is due December 1, 2023.
 - Legislature is looking at a bill to amend HB 1035 and HB 169 to include electrification and decarbonization. Should it charge the Green and Healthy Task Force to include decarbonization in its plan for 2031?
 - Comments:
 - AG: this is important, will be really hard to plan a transition for this sector without the north star goal. But agree with connecting this to the GHTF
 - NK (VEIC on behalf of MD OPC): Agree that we should be planning towards a goal. Some other states have done some roadmap planning around how to achieve the given goal, how to stage it out, identify which buildings make most financial sense to go first. E.g. NYSERDA. Likely an agency with consultants makes most sense
 - See AC comment above about counting NOAH
 - NT: think about not double counting households, adjusting over time
 - SO: What's included in the weatherization requirements for the Green and Healthy Task Force? NT: task force will define that
- Prioritize funding for decarbonization for LI MF owners at the time of property recapitalization
 - Comments:
 - JoshuaG: This is super important - many people won't even think about doing upgrades outside the funding cycle. This is where QAP comes in - great opportunity to add decarb goals into existing funding mechanisms
 - NK: Opportunity to use the policy lever to require that buildings do EE and decarb at time of capitalization - this is how it works in VT in the QAP

State Programs

- Given ongoing and expected increases in state program needs towards limited income housing programs that “leave no one behind” and related decarbonization efforts by a variety of state agencies, the Maryland Department of Budget and Management should evaluate whether sufficient staffing and planning [budget] is available to meet demands to the General Assembly and the Governor.
 - Consider the Climate Solutions Now Act of 2022 and [HB 169 of 2023](#)
 - Comments:

- JoshuaG, AG, RN, SO, and CarolO +1
 - Provide compliance staff to assist affordable housing with applying and completing energy efficiency/electrification programs in compliance with the BEPS compliance extension rules
 - Comments:
 - Also covered in the one-stop-shop concept to have navigators/project consultants be involved
 - NK, AG +1
 - CarolO: Would the navigators be required to have any technical knowledge of HVAC, electrical, etc? NT: Navigators would be familiar with the administrative part, are they also technical advisors or is that a different role?
 - SO: It's definitely needed! I am new to Mont. Co. Govt and my position was created specifically to assist MF managers, including AF housing, with their BEPS compliance. Completing reporting for our county myself for 2 commercial properties I know there will most definitely be a lot of questions and there needs to be dedicated staff to assist with that.
 - LS: Would navigators essentially be owners representatives in administrative and technical areas?
 - AG: Community navigators should also be able to speak the languages of the communities they serve (+1)
 - TP: Might need two groups of navigators - those with an understanding of individual housing and those that are better prepared for tech/hvac/etc
 - CarolO: Yes, I agree with Tyler -- there needs to be a certain level of knowledge with regard to these projects.
 - CM: some things will need technical experience but not all things will. Non technical navigators can serve as the first POC and elevate to technical navigators as needed.
 - AG: +Cliff's point that navigators can point folks in the right direction
 - KM: Community navigators should demonstrate cultural competence and trust with the communities they engage. carolO +1
 - RN: Re: Navigators. I agree that they may need to be different, but as much as possible we should push for processes that make info easy to access AND reduce the chances for conflicting info.
 - CarolO: I agree with Raymond -- and I'd like to point out that requiring a basic technical knowledge for the navigators would reduce chances for incorrect info.
- Allow the Hub under the Maryland Energy Administration to serve as a consolidated entry point for current and future programs to reduce market confusion and barriers to entry for building owners serving the Limited Income Housing sector (through partnerships with EmPower, DHCD, local community groups, CAP agencies for LIHEAP bill assistance, etc.)
 - Comments:

- LS: How will the MEA Hub interact with MCEC, the named state-level Green Bank in CSNA?
- See KM comment above about having a community aspect and cultural competence as part of the HUD
- JeremyG: There is a gap in reaching out to communities - not just a passive Hub but partnerships with community groups who will actively get information out to people (NK+1)
- CindyO: MEA is working on creating the Hub and may be able to provide an update in the future.

Funding Avenues

- Allow Medicaid to fund decarb for health benefits
 - Comments:
 - *Need to get more details from GHFI. Understand the state opportunity to take advantage within the federal rules*
 - NK: excellent idea, takes lots of groundwork to implement
 - RN: I don't know what Medicaid funding programs would look like, but I would LOVE to have that idea explored. This could open the door for healthcare provider partnership down the road.
 - AG: Are there best practices on how this has been done elsewhere
 - DY: Medicaid. It would have to be specifically specified in the State plan that Maryland submits to CMS and then needs to be approved by CMS
- Consider redirecting or phasing out subsidies that currently exist for gas equipment, projects, or infrastructure towards electrification needs of Limited Income communities
 - Example: STRIDE (funded by utility ratepayers)
 - Comments:
 - AG +1
 - SM: STRIDE is a program that gives gas companies money to update infrastructure, not directly connected to things like leaks. For Baltimore City, estimated to cost over \$2B. These are costs covered by ratepayers, regardless of if infrastructure is used or creates efficiency. There is a revolving cap. Does show on the gas utility bill. Separate from rates. Doesn't cover repairs
 - CarolO: +1
 - JoshuaG: in favor of stopping STRIDE but not sure about getting rid of all gas rebate programs - still a need to repair existing gas equipment. CarolO+1.
 - SM: ongoing issue about whether you can use gas money for electrification. STRIDE money specifically can't be used for electrification - changing this would involve phasing out STRIDE and then creating a similar electrification program
 - CM: legislature should have the power to do this. Keep equity in mind in terms of cost impacts and remember which communities will be least able to get off of gas

- NK: this could also be addressed in a roadmapping activity - stage gate for gas to match long term goal and short term realities
- LS: for LI properties over 35k sq ft - they have to get gas out completely by 2040(?) anyway to be compliant pre the proposed regulations.
- AG: This issue also goes back to the big picture issue of long-term gas planning (PSC future of gas proceeding). Such a proceeding would answer a lot of questions around STRIDE. Is it fair to note that as part of this recommendation?

Other

- Provide incentives to contractors to serve LI market through improved rebates, reduced processing time, tax breaks, or similar
 - Comments:
 - LS, JeremyG, CarolO, AG, NK +1
 - KM: Contractors should have conditions for project delivery that align with HUD section 3 requirements. Mechanism at federal level that gives bidding advantage to contractors - since funding is coming from federal, would be good to have some criteria for them to include individuals from underrepresented communities in their project plans
 - SO: In some situations the contractors would not know the property is LI. There should maybe be a referral program and then if the property is referred through that program then the stipend/rebate will kick-in.
 - CarolO: Perhaps this could be part of the navigator's job? NT: how to do without adding too many layers-contractor refer back to one-stop? Too much back and forth can lose customers
 - SO: the contractors would find out when they begin speaking to the potential customer. At that point they can refer back to the one stop shop. for those that reach out to the one stop shop I'm sure they would ask questions related to being LI
- Make sure programs do not require up-front payment from residents to be reimbursed later (e.g avoid post-construction rebates)
 - Comments:
 - NK, CarolO, SO, TP, RN, LS, JeremyG+1
- Incorporate BEPS considerations into housing subsidy awards, such as the [DHCD Qualified Allocation Plan \(QAP\) process](#)
 - Comments:
 - JeremyG, NK, SO, CarolO, AG, LS, TP, RN +1
 - NT: may need to identify programs besides QAP Rental Lending - what other construction programs provide funding that need to be brought into alignment with BEPS