



To: House Environment and Energy Committee
From: Maura Collins, Executive Director of Vermont Housing Finance Agency (VHFA)
Date: April 6, 2023
Re: S.5

Thank you for the opportunity to speak to this important bill. Knowing the realities of climate change and the targets set in the Global Warming Solutions Act, I see the Affordable Heating Act as **the best way** to achieve the goals the legislature has set for the state.

Additionally, I think that providing stability to lower-income residents' by making their heating and cooling expenses more predictable will help make their housing more affordable long-term.

I also am optimistic about the opportunities for existing programs to work within this framework to help with implementation. VHFA's new Weatherization Repayment Assistance Program (WRAP) being one.

At the same time, we need to be honest that the transition from our current system to this needed change is going to cost money, and there is a real risk that without firm targets to serve and guardrails to protect, that this transition could continue the economic and environmental burden that lower-income Vermonters already face.

I do believe our state has a goal of ensuring equitable access to the benefits of energy efficiency, renewables, and energy incentives. But where we sometimes fall short is in the *implementation* of that goal.

And it's easy to see why. Equitable access requires that we make things *cheaper and easier* for lower-income Vermonters because there are real economic barriers that have prevented access to many programs.

I'd like to make a few recommendations to further aid lower-income Vermonters as a part of this transition:

Recommendation: As written, in §8123, the definition for moderate-income has a floor of 60% AMI, meaning that low-income households are not eligible for the moderate-income benefits. We'd ask the committee to change that so that the definition of "customer with moderate income" are those with incomes below 120% of median income. The impact would be that the lowest income Vermonters would be included in both the low- and moderate income categories.

Recommendation: We applaud the Senate's work to define low- and moderate-income households, which previously had not been clearly defined. The House may consider having these income limits be applied as the greater of the area or statewide median income, which would ease the use by contractors working on installed measures.

Recommendation: In §8124(d)(5) the language says, "In determining whether to exceed the minimum percentages of clean heat measures that must be delivered to customers with low income and moderate

income, the Commission shall take into account participation in other government-sponsored low-income and moderate-income weatherization programs.” We understood this was included to try to leverage public programs with each other so that those eligible for Clean Heat installed measures can *also* be eligible for other public programs, but as written we fear this could be read to protect against double dipping of program benefits. We recommend changing this to: “Participation in other government-sponsored low-income and moderate-income weatherization programs should not limit the availability of clean heat measures available to those households by nature of that participation.”

Recommendation: In §8127(h) the bill requires a “Review of consequences” study that biennially assesses the harmful consequences from the implementation of clean heat measures and shall set standards or limits to prevent those consequences. The list of consequences are all environmentally focused (deforestation, conversion of grasslands, damage to watersheds) and we suggest in this review should also consider the unequal impact on low-income or other disadvantaged groups by residence type. We acknowledge that this is covered to some extent in §8124(d)(4) “Equitable distribution of clean heat measures” but including an overt assessment of the consequences is equally important to understanding who is receiving the benefits.

And finally, a **question** for the committee to consider if you haven’t already: Will property owners of rental buildings fall in these 16% and 16% targets if they are not income qualified *themselves* but their residents do? This is another area where maybe the first few years could have a stronger focus on rental housing, which levels out over time.

S.5 as passed the Senate has several pieces that will advance equity more than was originally introduced. We applaud the inclusion of §8124(d)(3) which encourages the frontloading of credit requirements to lower-income households as well as §8124(d)(4) which considers changing the minimum percentages to better serve lower-income households. We also appreciate the way the Senate added renters in the Default Delivery Agent’s responsibility, the replacement of inefficient manufactured homes with a high efficiency manufactured home as an eligible measure, goal and adding VHFA to the Equity Advisory Group, which will ensure an organization focused on low- and moderate income residences is at the table.

I am grateful for the opportunity to speak to these issues, and I encourage you to hear from more housing professionals to further build out these ideas.