

NeighborWorks H.E.A.T. Squad

history and future

The NeighborWorks HEAT Squad, a program of the nonprofit housing agency, NeighborWorks of Western Vermont, provides education, technical assistance and access to affordable convenient financing to Vermont homeowners to encourage and enable homeowners to participate in Efficiency Vermont's Home Performance with Energy Star program.

WHY: We do this because residential efficiency measures save money – making homeownership affordable and sustainable; create jobs for local contractors and merchants; and save greenhouse gasses from polluting our environment.

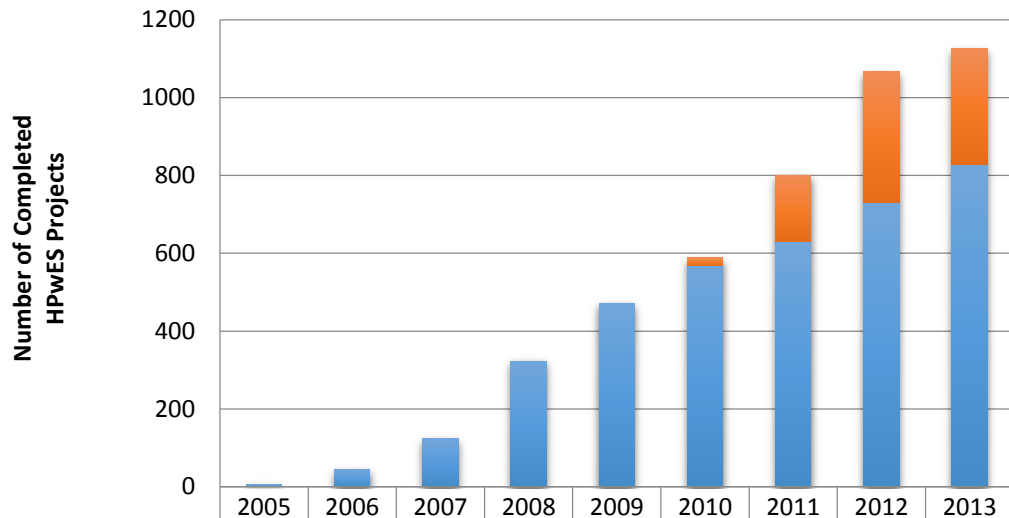
Background

The HEAT Squad began in 2010 in Rutland County with a special ARRA grant from the US Department of Energy. Green Mountain Power's CEED funding in 2013 and 2014 made possible the expansion of the HEAT Squad to Addison and Bennington, and to Windham and Windsor counties through a partnership with NeighborWorks affiliate, Windham Windsor Housing Trust. Future plans involve expansion to cover the rest of the state through the offices of the other three NeighborWorks affiliates based in Burlington, Barre and St Johnsbury.

Since the HEAT Squad began 733 Rutland County residents have participated in the EVT efficiency projects saving an average of 376 gallons of fuel oil a year (estimates from EVT) or, at current prices, \$1,500 each year.

The Rutland County contractors who provided these services have enjoyed gross receipts of \$5.1mm for this work. In 2010 when there were only 20 efficiency projects the total gross receipts to efficiency contractors was approximately \$140,000.

Statewide Home Performance with ENERGY STAR Completed Projects



■ NW HEAT Squad *Program Started 2010 Rutland County	0	0	0	0	0	20	170	336	297
■ Non-HEAT Squad	7	44	123	322	471	568	629	730	828

Ancillary results from efficiency improvements include comfort and health benefits. For example multiple studies have proven that improved air quality and environmental repairs in homes with children with severe asthma significantly reduces incidence of hospital visits and lost work time for parents.

Note: Rutland County has the highest number of households having made energy improvements and the highest rate of participation in the EVT program of anywhere in the state including Chittenden and Washington counties, and Rutland has only 10% of the state population!

To Continue...

NeighborWorks seeks funding to maintain and expand the HEAT Squad after 2014 to continue providing the one-stop-shop customer service that dramatically increases the number of households able to make efficiency improvements in their homes.

WHY: Funding for the HEAT Squad resulted in 336 Home Performance projects, a 326% increase from 2010 to 2012 in Rutland County, while the entire rest of the state saw 730 projects that year. In 2013 another 201 Rutland County households went through the program; about 18% of all the retrofits taking place throughout the state including those with BED and VGS. (Rutland County has about 10% of the state population)

Also in 2013, with funding from the CEED program, the HEAT Squad expanded services to Addison, Bennington, Windham and Windsor counties. In the last four months of 2013 the HEAT Squad saw 155 households complete retrofits. The HEAT Squad accounted for 297 projects or 26.4% of all the projects completed in the state in 2013.

Success among the more difficult to reach segments of lower income households

Since the HEAT Squad began, 850 households have completed efficiency projects. Twenty percent of those households have income below 80% of area median income and a little more than 60% of the total have incomes below 120% AMI. We see this trend continuing in the new territories as well because the new partner, Windham-Windsor Housing Trust in Brattleboro is also a NeighborWorks organization whose mission is to make housing affordable and sustainable.

Concern about higher cost per participant in the program

The Cadmus Group, Inc. provided a full scale cost benefit analysis on the HEAT Squad program to provide an objective answer to this very question. The Cadmus Group results:

- *HEAT Squad program is cost-effective with a Societal Cost Test of 1.72*
- *HEAT Squad on its own is cost-effective and also cost-effective combined with EVT's Home Performance with Energy Star program.*
- *Low income households are 164% more likely to engage in retrofits when working with HEAT Squad*

The Players

The HEAT Squad does not duplicate the work of EVT or the Weatherization agencies but rather fits nicely between their services to complement and enhance their work. Thoughtful coordination of the three programs could enhance services to Vermonters and improve the return on investment from all public and private funding sources combined.

The HEAT Squad provides, a one stop shop customer service element helping clients understand the financial benefits of their investment, make informed decisions about a new technology, and follow through with the logistics of construction and an affordable loan. Assistance from the beginning to the end of the process drastically increases the likelihood that a homeowner will complete EVT's Home Performance with Energy Star program.

The HEAT Squad has the same mission as the Weatherization agencies but the HEAT Squad is particularly positioned to help those who are not eligible for free services yet severely stressed by the costs of energy and warmth, those whose incomes fall between 80% and 120% AMI. Saving \$1,500 a year, which the average HEAT Squad project does according to EVT data, could save many households from falling below the poverty line.

Affiliation with the NeighborWorks network adds a great deal of fire power to any equation.

NeighborWorks is a familiar respected 'brand', a nonprofit with a long history of helping underserved communities.

NeighborWorks is everywhere and local, with longstanding outreach programs to homeowners and multiple drop in offices for a personal touch.

NeighborWorks adds specific monetary benefits

- Unsecured affordable loan approved in a matter of days in most cases
- Healthy Homes grants to help a low income household address any of 39 health and safety issues including vermiculite remediation and replacement of antiquated electrical systems that often stop efficiency projects in their tracks.
- A licensed lending program and an energy advisor and construction management for busy or timid people.
- Lending to the 'unbankable'. For example, borrowers with credit scores under 640 are reviewed and usually approved by a committee so very few households are denied access to financing.

NeighborWorks has grants, loan capital and technical assistance through various channels including

- CDFI, a US Treasury matching grant program providing capital to underserved communities. These funds allow NeighborWorks to reduce the interest rate for qualified low income borrowers
- Vermont State Treasurer's Energy Loan Fund providing loan capital to all Vermont residents wherever they are
- NeighborWorks America, the national office funded through HUD

NeighborWorks has partners

- Clinton Foundation's Climate Initiative to operate an employer assisted benefits program in the workplace.
- On-bill financing for the customers' convenience through a partnership with Green Mountain Power.

Structure

The structure of the HEAT Squad is simple: Working in an existing NeighborWorks organization, one Outreach Coordinator, one Intake person, and one Energy Advisor have managed more than 300 retrofits a year. Adding territory has challenges but staffing and systems get more sophisticated in step with the expansion of the programs so production is expected to outpace demand for administrative increases.

The DOE grant of \$4.5mm also provided a significant investment in infrastructure which has lasting benefit to the HEAT Squad program and should fall into disuse. For example DOE funds paid for sophisticated software that connects client, auditor, contractor, EVT and HEAT Squad customer service throughout the retrofit activities. DOE funds also provided training for contractors including sales and business development trainings as well as technical and skills upgrades and equipment.

Because NeighborWorks is a nonprofit housing agency it has the flexibility that a regulated utility does not to experiment, change course rapidly, target pilot efforts in certain locations, negotiate and form partnerships with willing participants and generally adapt quickly to new developments.

Because it is not a regulated utility or limited by statute in the same way that EVT is, NeighborWorks HEAT Squad can support combined measures for the most comprehensive solutions to homeowners including renewable installations, health and safety repairs, and the newest devices and technologies such as heat pumps.

NeighborWorks has established a structure for contractors similar to a medieval Guild which contributes to the success of the contractors and the HEAT Squad. The contractors benefit from quarterly meetings at NeighborWorks to exchange ideas and help and, more importantly, agree to meet certain standards such as turnaround time for reports to customers. In exchange they get many more leads and higher quality leads that result in better than a 42% conversion rate to retrofits and about \$2.1mm annual revenue compared to \$140,000 only three years ago.

Resources

An annual investment of \$500,000 to maintain the HEAT Squad in five Vermont counties and ultimately \$1.6mm to expand the HEAT Squad to entire state through the NeighborWorks Alliance will provide significant benefits to our communities and our environment and will provide a positive return on investment immediately.

The amount invested in the HEAT Squad will provide a great return on investment.

- In a county where the HEAT Squad can help EVT raise the participation rates to 300 households in a year, residents will save about \$450,000 a year on their fuel bills and contractors will enjoy \$2.1mm in gross receipts for their businesses.
- Investing \$1.6 mm in a statewide HEAT Squad program should increase the current rate of participation by 1000 households, mostly in the 80-120% AMI range. The result from that investment would be \$1.4mm in new savings annually from energy costs and \$7mm in revenues to contractors.