

TO: Senate Appropriations Committee  
FR: Ludy Biddle, NeighborWorks of Western Vermont  
DATE: April 18, 2018  
RE: clarifying HEAT Squad request

I am writing in response to both the letter you received from Building Energy and to clarify our request for state funding, and how that funding would be used. I also want to clarify the difference between the request for state funding to expand HEAT Squad statewide and the loan program envisioned in H.831.

First, I want to clarify what HEAT Squad currently does in the 5 southern counties of Vermont:

1. We provide low- or no-cost audits for homeowners, including energy efficiency, health and safety issues. The price of these audits ranges from \$0-\$150.
2. After the audit is completed, we work with the homeowner to:
  - a. Prioritize projects based on ROI and the needs of the homeowners.
  - b. Recommend contractor(s) to complete the work.
  - c. Work with the homeowner to manage the project with the contractor and ensure quality work is done.
  - d. Work with the homeowner to secure needed financing and complete applications and forms for available incentives.
  - e. The work that is completed on the homes we serve saves the homeowners an average of \$900 annually, and 24% of our homeowners served report fewer asthma symptoms.
3. We work with contractors and provide professional development for them regarding customer service and energy efficiency work, and we maintain a list of contractors that provide high quality energy efficiency, health and safety home rehab services and refer to these contractors on a regular basis. During the past five years, we have generated \$12 million in revenues for these contractors.
4. We partner with many local and statewide organizations to better serve all homeowners.
  - a. For instance, we have a partnership with BROCC to ensure that if low-income Vermonters qualify for Low Income Weatherization, they are not stymied by rehab work that needs to be done before the Weatherization work can be completed. Also, if we are working with a homeowner who qualifies for Low Income Weatherization, we refer them to that program.
  - b. We also have a partnership with Rutland Regional Hospital to help homeowners complete rehab work needed for health reasons, such as air quality or handicapped accessibility. The hospital prescribes and pays for the work to be done, and we facilitate the process, to remove the barriers for the homeowner.

Second, I want to clarify our request for funding. Our goal is to expand the HEAT Squad to all counties in Vermont. The HEAT Squad can be self-sustaining, but we must reach a certain economy of scale to reach that self-sustaining point. We know that we need \$250k/year for five years to reach that economy of scale and offer our services statewide. Our current budget request is for \$250k for FY19 to support our expansion to the Northeast Kingdom and the counties between the Kingdom and the southern counties. We have recently received a Northern Borders grant, which is helping with that growth into the Northeast Kingdom. Moving into a new area has a significant amount of up-front costs, because we must hire an auditor for the area, develop local partnerships and advertise our services. We also have to identify, assess and train local contractors. With a state allocation of \$250k for FY2019, we could successfully transition to these new counties and report back next year on our progress.

Third, we are supporting H.831, and we believe this new opportunity for low-interest loan funding will help many homeowners to complete energy efficiency projects in their homes. We are a CDFI lender, and if the Treasurer approves us, we will be glad to participate in this state program. However, the funding in H.831 is strictly for homeowner loans. It will not fund our programmatic costs associated with HEAT Squad.

Finally, I wanted to ensure that the committee understands that HEAT Squad serves anyone who desires the services. It is true that our "sweet spot" - the majority of our customers - are in the 80%-120% of median income range; however, we do not discriminate. We do work to ensure that any homeowner who wants to do work on their home is educated about any incentive or grant programs available to them, and we do help with any paperwork associated with getting the grants or incentives. If they are eligible for Low Income Weatherization, we do refer them directly to that program. Other than any incentives or grants available, homeowners pay for the work done on their home themselves. We can help to secure financing, but the homeowner pays back the loan. The key service we provide is step-by-step professional advice and guidance and assistance with all the paperwork and liaison services with the contractor to ensure the homeowner is satisfied with the work done on their home.

Thank you so much for considering our request.

My testimony at your Advocates Hearing on April 4th:

<https://legislature.vermont.gov/assets/Documents/2018/WorkGroups/Senate%20Appropriations/FY%202019%20BUDGET/12%20Advocates%20Testimony%20FY%202019%20Budget/H.924~Ludy%20Biddle,%20NeighborWorks%20of%20Western%20VT~Support%20for%20expansion%20of%20HEAT%20Squad%20program%20statewide~4-4-2018.pdf>