

Amy Shollenberger, Lobbyist, NeighborWorks of Western Vermont
May 15, 2019
RE: H.63, section 6

Thank you for your consideration of H.63 and your work to increase the state's investment in home weatherization in Vermont.

I am writing with a request for your consideration regarding section 6 of the bill.

As you may know, the House included in their budget \$250,000 that is intended to be a pass through grant to NeighborWorks of Western Vermont to support the expansion of their HEAT Squad program. I am attaching for your review a summary of what HEAT Squad is and the appropriations request for this program, as well as a summary of the return on investment for this program.

Our specific request regarding H.63 is that you designate \$350,000 to HEAT Squad to support their expansion to more of the state. This funding would be applied to direct support for homeowners who are interested in weatherizing their homes. How the program works is outlined in the attached documents.

The HEAT Squad support helps homeowners prioritize weatherization projects and also to finance them through loans, incentives and rebates. The HEAT Squad is currently participating in both the Treasurer's loan program for weatherization projects and the HEAT Saver loan program through Efficiency Vermont, which helps to lower interest rates for homeowners for weatherization. The homeowners pay for the projects that they undertake through the HEAT Squad program. HEAT Squad provides assistance with planning, working with contractors, and securing financing.

In addition, NeighborWorks of Western Vermont is a CDFI lending agent, and thus, can match state dollars with loan funding available for homeowners – this is a dollar for dollar match from the US Treasury. So, if the state invests \$350,000 in HEAT Squad, then \$350,000 more could be available for homeowners to borrow without any additional cost to the state.

HEAT SQUAD REQUEST

LUDY BIDDLE, NeighborWorks of Western Vermont

NeighborWorks/HEAT Squad can HELP, every step of the way.

OUR REQUEST: We ask for your support of our request to appropriate \$1.25M in one-time funding either all at once or spread over 5 years for the statewide expansion of HEAT Squad so Vermonters can be served in every county and to reach an economy of scale that is self-sustaining.

NeighborWorks/HEAT Squad is supporting the Climate Action Agenda. We want to make sure that middle-income families are included in that goal, and HEAT Squad is one program that will help to achieve that goal, if we can scale up. When we reach full statewide scale, we could complete upwards of 3000 audits every year, and help over 1200 families to complete weatherization and other home maintenance projects that would lower energy costs (ave. \$1.1M annually), reduce greenhouse gas emissions (ave. 6M lbs of carbon saved annually), improve our housing stock, generate revenue for local contractors (ave. \$9.6M annually), and make families healthier and more comfortable in their homes.

Who We Serve: HEAT Squad is available to anyone in the 8 counties that we serve (Rutland, Windham, Windsor, Bennington, Addison, Orleans, Essex & Caledonia); however, the demographic that is most in need of our service and mostly utilizes our services are families that are 80% to 120% of Area Median Income – the middle income Vermonters who do not qualify for free Low Income Weatherization services, but do not have the resources to finance retrofits to their homes to make them WARM, SAFE, DRY, and HEALTHY.

HEAT Squad started in Rutland County in 2010 with a grant from DOE, lowering barriers (how to pay for the work, how to prioritize, how to work with contractors) and providing OBJECTIVE customer service through the process while focusing on workforce development. We quickly expanded to an additional four southern counties, and with the help of a Northern Borders Regional Commission grant, we have grown into the Northeast Kingdom. We start with a comprehensive low-cost energy audit (\$150), delivering the report at the audit. We are assessing energy issues, as well as health/safety issues and home repairs. We sit down with the family to go over the recommendations, discussing their priorities and next steps. When the family wants to move forward, we work with them through the entire process from discussing in-house finance options that can include low-interest loans that aim to get the monthly payment lower than the family is currently paying for their energy bills. We help them choose a contractor and coordinate between the family and the contractor. We check the work at the end of the project and resolve any issues that need to be addressed, performing 100% project quality review and submitting paperwork to get any rebates available. We have collaborated with various local or statewide partners such as our local hospital to add other options and resources. We are also a CDFI lender and can put together the financing package for our clients. In addition, any state funding that is allocated for HEAT Squad can be matched from the federal treasury, thus increasing the amount of funding we have available for lending.

Why We are Asking for a State Appropriation: HEAT Squad is essentially a social enterprise model. NeighborWorks of Western Vermont is a non-profit organization, and we never have been a for-profit business. We do receive some fees for HEAT Squad services (for example, an audit costs \$150). HEAT Squad is not and never has been a for-profit business, but it does have a business plan. We intentionally chose to subsidize our HEAT Squad services with other funds from our non-profit, but it has been running in a deficit because it requires an economy of scale that is statewide to become self-sufficient financially. Many of the costs of expanding the program are "up-front" costs. As we move into new areas of the state, we must do outreach and education, invest time, ENERGY and funding into working with contractors that we can refer customers, develop relationships with community partners, and hire additional energy auditors, needing training. The program becomes self-sustaining when we can complete enough audits and have enough families choose to complete projects that the fees associated with various parts of the program pay for the program itself. We know that the gap in funding is \$250,000/year, and it would take approximately 5 years to reach the economy of scale we need to be self-sustaining and serve the whole state.

Thank you for your consideration of our request. Please contact us if you have any questions or would like more information about HEAT Squad.



Invest \$250,000 in HEAT Squad...

... and HEAT Squad will expand statewide, directly improving the lives and finances of the families we serve while creating jobs and revenue for local contractors.

SAVINGS

- **\$900** per HOUSEHOLD annually
 - Over **\$1 MILLION** in Rutland County annually

CO₂

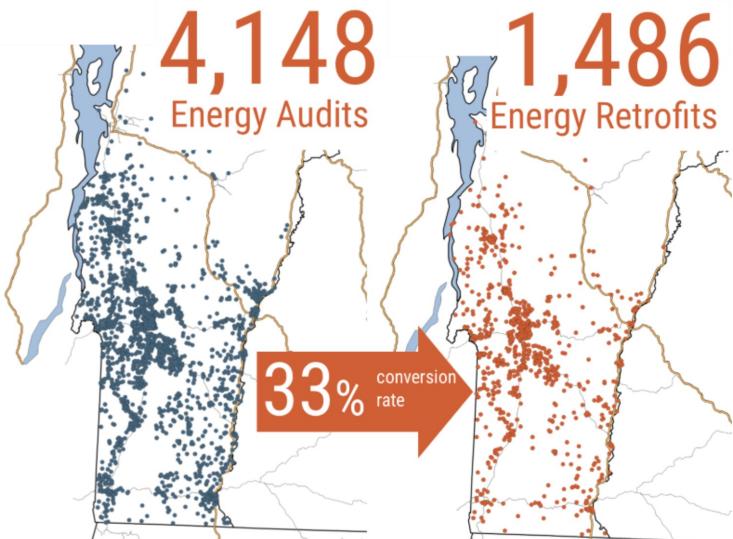
- **5,000** lbs saved per home
 - **7,500,000** lbs of CO₂ saved annually

JOBs

- **62** contractors jobs
- Over **\$12,000,000** generated in revenue

HEALTH

- Improved health conditions for elderly & asthma/COPD patients
 - **24%** report fewer asthma symptoms



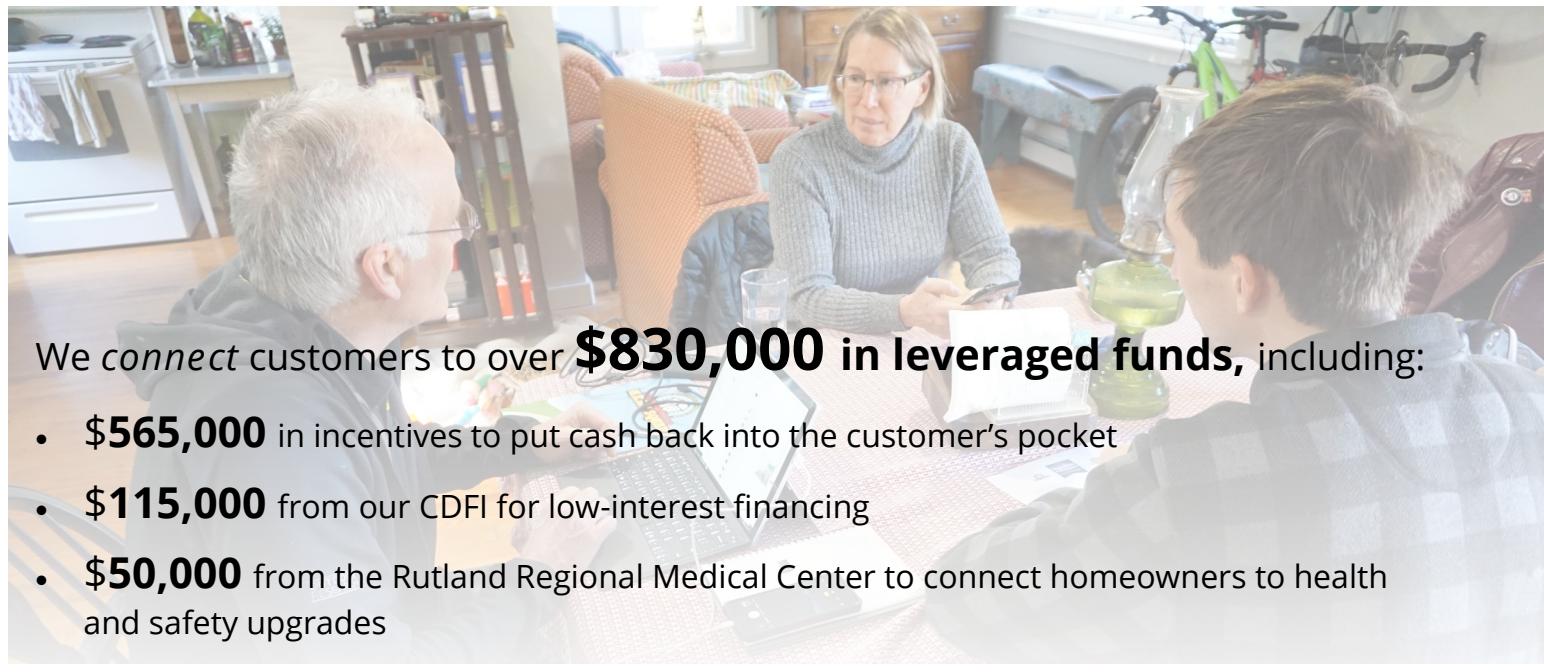
HEAT Squad provides a hand-up for low and middle income families that keeps them **warm, safe, and dry** in their homes.



One call does it all

The successful strategy of HEAT Squad since 2010:

- **Educate** homeowners about energy efficiency and what is best for their home
- Offer **low-cost**, comprehensive energy audits and **same day audit reports**
- Objective **advice, guidance, and professional help** at every step
- Referrals to **trusted**, local contractors
- Connect homeowners to NWWVT's **in-house affordable financing** and to applicable **rebates**
- Conduct a **quality review** of the finished efficiency project



We connect customers to over **\$830,000 in leveraged funds**, including:

- **\$565,000** in incentives to put cash back into the customer's pocket
- **\$115,000** from our CDFI for low-interest financing
- **\$50,000** from the Rutland Regional Medical Center to connect homeowners to health and safety upgrades

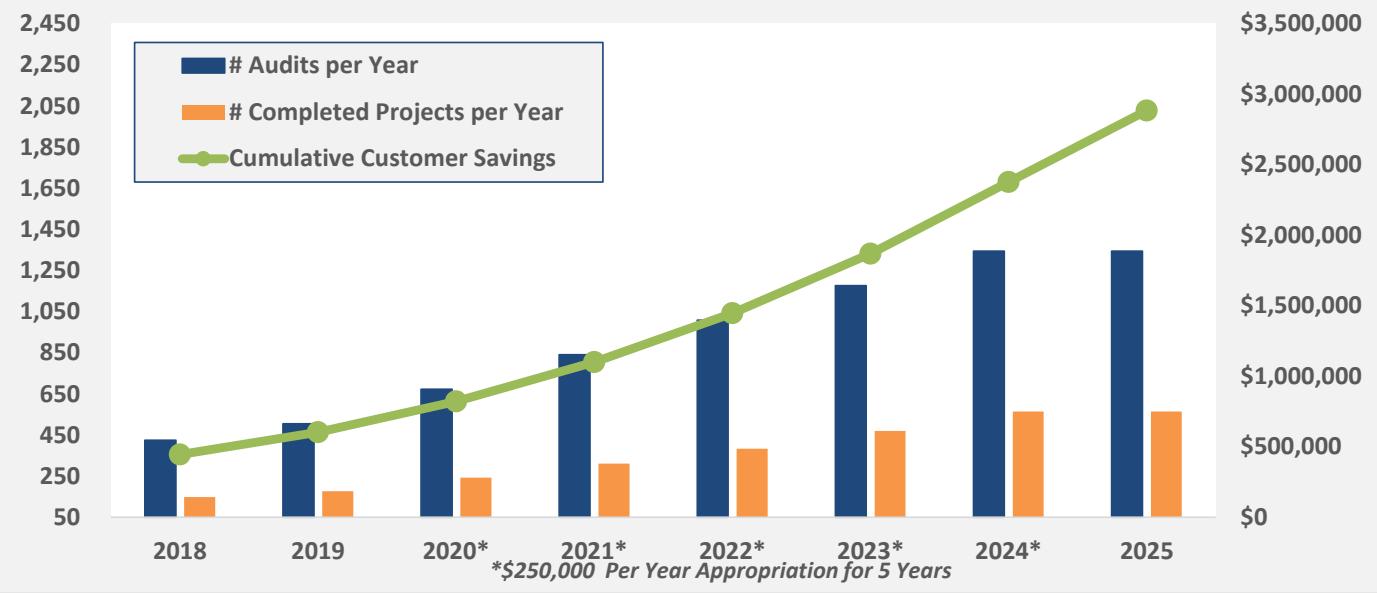
To bring HEAT Squad to all Vermonters...

HEAT Squad is proposing to expand statewide and to continue to target households with incomes below 120% of area median income, assuring that low and moderate income homeowners have access to incentives and technical assistance to achieve energy and cost savings.

HEAT Squad serves five counties, earning about 40% of its operating budget from fees charged to contractors and customers. **As the volume of business increases, the sustainability ratio improves.** In seven years, HEAT Squad will have served 8,000 customers and will be self-sufficient.

We are requesting \$250,000 a year to fill the gap in operational funds so we can help Vermonters be warm, safe, and dry in their homes.

NEIGHBORWORKS OF WESTERN VERMONT HEAT SQUAD OPERATIONAL PROJECTIONS



NEIGHBORWORKS OF WESTERN VERMONT HEAT SQUAD FINANCIAL PROJECTIONS

