

**Summary of Testimony to House General, Housing & Military Affairs Committee
January 23, 2019 - Ludy Biddle, Executive Director, NeighborWorks of Western Vermont**

Our Ask: We ask that the House General, Housing & Military Affairs Committee support the request to appropriate \$250,000 for the statewide expansion of HEAT Squad in your budget memo. We are requesting \$250,000/year for 5 years to scale HEAT Squad statewide so that we can serve Vermonters in every county and reach an economy of scale that is self-sustaining.

Who We Serve: HEAT Squad is available to anyone who requests an energy audit in the 8 counties that we serve (Rutland, Windham, Windsor, Bennington, Addison, Orleans, Essex & Caledonia); however, the demographic that is most in need of the service and most 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 warmer, safer, and healthier.

How We Help: First we do an audit of the family's home. We are assessing energy issues, as well as health and safety issues. We do a complete audit and deliver it on the spot, sitting down with the family to go over the findings and recommendations and talking with them about what their priorities might be. Then, if the family wants to move forward with a project, we work with them through the entire process. We can put together a finance package that includes low- or no-interest loans that aim to get the monthly payment lower than the family is currently paying for their energy bills (and the savings continue after the loan is paid). We help them choose a contractor and liaise between the family and the contractor doing the work. We check the work at the end of the project and resolve any issues that need to be addressed. We help the family fill out any paperwork necessary to get incentives or rebates associated with the work they have done on their home.

Why We Do It: HEAT Squad was begun when NeighborWorks of Western Vermont received a U.S. Department of Energy grant intended to determine how to get middle-income families to complete weatherization projects on their homes. The grant allowed us to buy needed equipment & software, hire and train staff and partners, and develop a program. What we found is that the main reason families don't complete projects is because they encounter barriers that they cannot overcome alone – they can't figure out how to pay for the work, they aren't sure how to prioritize projects, they are intimidated by the technology or by working with contractors, or they just can't complete the steps in a timely manner. The thing that families needed is customer service – help through the process and help accessing resources that are already available to them. We provide that customer service.

How We Have Grown: HEAT Squad started in Rutland County and we saw great success there. We quickly expanded to the five southern counties. And, most recently, with the help of a Northern Borders grant, we have grown into the Northeast Kingdom. In addition to serving more counties, we have added services – as mentioned above, we have added items to our audit checklist to address health and safety issues, and in addition, we have partnered with various local or statewide community partners to add other options and resources. One example is our woodstove buyout program, where we can help homeowners replace older woodstoves with more efficient models or pellet stoves.

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. We do receive fees for HEAT Squad services (for example, an audit costs \$150). HEAT Squad is not and never has been a 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 to, develop relationships with community partners, and hire an auditor. 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.

Weatherization is a Priority for the State: The Governor's Climate Commission has recommended doubling the number of homes that are weatherized in Vermont each year. We want to make sure that middle income families are included in that goal, and HEAT Squad is a 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 reduce greenhouse gas emissions, improve our housing stock, and make families healthier and more comfortable in their homes.

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