

MAKING VERMONT MORE AFFORDABLE

Reducing the Percent of Household Income Spent on Energy and Combatting Climate Change

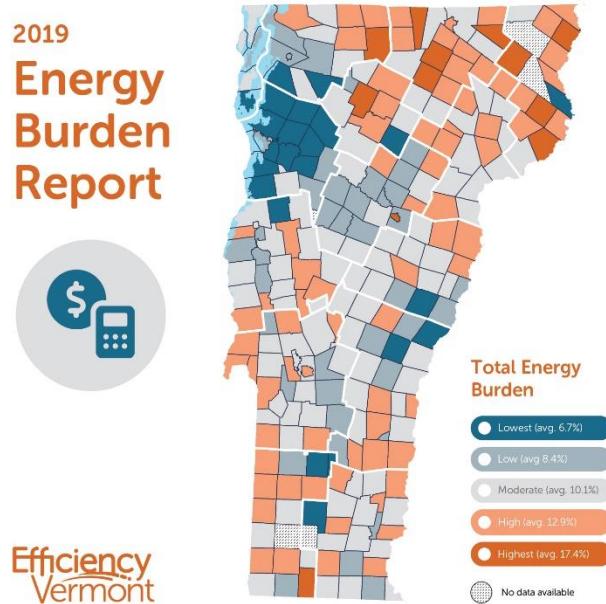


VT Warms

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- **WHAT:** The Governor proposes to make Vermont's homes and municipal buildings more affordable by making a \$25 million state investment that will generate more than \$68 million in weatherization projects and create an ongoing mechanism to get the maximum benefit out of future state and federal investments. Vermont has proven programs that weatherize 2,000 homes on average per year. But to meet the combined challenges of Vermont's aging housing stock and the global climate crisis demand we significantly increase the home weatherization done before 2030. Estimates put the need at more than 100,000 low-to-moderate income weatherization projects before the end of the decade to meet our greenhouse gas reduction requirements. Therefore, we will need not only to scale up our investment but to augment that with proven programs from other jurisdictions to make our dollars go further. Specifically, these dollars will be invested in the following ways:
 - \$4 million to the Department of Children and Families to increase low-income weatherization conducted by regional weatherization partner agencies by 20 percent for each of the next two years;
 - \$16 million to the Vermont Housing Finance Agency (VHFA) to develop programs that leverage private capital to expand the reach of Vermont's low-to-moderate income weatherization efforts and support the delivery of those programs and projects; and
 - \$5 million to enable the expansion of the highly successful State Energy Management Program (SEMP) to municipal buildings.
 - **WHY:** This program will make a significant impact on Vermonters' lives, increase the affordability of municipal buildings and the impact they have on property tax rates, and move us significantly in the direction of meeting our climate objectives. For homes, heating bills are a significant portion of Vermonters' energy burden and their overall expenditures. Further, drafty, cold homes have a negative impact on Vermonters' health and well-being. This three-part program would be a major advancement in home affordability, municipal savings, and climate mitigation. Creating both additional grant and low-cost loan capacity will make it possible for Vermonters to live in more comfortable, affordable, and lower carbon homes as well as for communities to save precious resources.
 - **WHO:** The following Vermonters and Vermont communities will be positively impacted by this \$25 million investment:

- The increase in funding for Vermont's existing Weatherization Assistance Program (WAP) will help an estimated 383 more Vermont households achieve energy savings, be warmer and healthier, and reduce their carbon footprint. This existing program is specifically targeting at Vermonters who make less than 80 percent of the Area Median Income (AMI) with a priority given to those making below 60 percent of AMI;
- The investment in VHFA programs will target and support low-to-moderate-income Vermonters – up to 120 percent of AMI – and lead to more than 5,000 newly weatherized homes. These funds will be targeted to Vermonters who have a high energy burden (see Figure 1); and
- The \$5 million the State proposes to invest in the expansion of SEMP to municipalities will enable Vermont communities to address longstanding, costly energy retrofits and give them the project management expertise they need to get from concept to cost savings.

- **HOW:** The details for the three-part Governor's recommended budget proposal are as follows:
 - The \$4 million one-time additional appropriation to WAP will be administered by the Department of Children and Family's Office of Economic Opportunity. These funds then go to regional partners who work homeowners, renters, and landlords directly and cover all costs of comprehensive weatherization services;
 - The \$16 million appropriation to VHFA will be used by the Agency to develop innovative financing mechanisms, leverage private capital, and support existing and new partner programs to deliver weatherization services. Examples include developing loan guarantee and interest rate buydown programs, utilizing existing partnerships to weatherize multi-family housing, expanding innovative programs and delivery approaches, and ensuring the workforce can keep up with this increased demand. For example, using previous Vermont and federal programs as a model, if VHFA invested half of the initial investment, we can expect to achieve more than \$50 million in projects in more than 5,000 homes across the state. As likely federal weatherization stimulus becomes available, these new VHFA programs can further leverage state and federal investment to put people in warm, comfortable, more affordable, and lower carbon homes.



- The \$5 million appropriation to the Department of Buildings and General Services will provide low-cost financing to municipalities who want to use energy savings opportunities to pay for energy retrofits. Once the loan terms are paid back to this revolving fund, municipalities will reap long-term energy savings. This will drive down taxpayer-funded expenses enabling communities to avoid property tax rate increases and pursue other priorities.
- **FUNDING:** \$25 million is included in the Governor's FY22 recommended budget to weatherize low-to-moderate-income homes and spur investment in making Vermont's municipal buildings more affordable and energy efficient.

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