

# VHFA Testimony to House Committee on Environment & Energy – January 11, 2024

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- Thank you for inviting me to testify. I represent Vermont Housing Finance Agency, a statewide funder of affordable homes for low and moderate income homeowners and renters. We're grateful to have been included in this process.
- The utilities and environmental advocates on the working group have done a commendable job proposing updates to the RES that balance ambitious climate goals with the impact to ratepayers and service reliability.
- VHFA agrees that a transition to a 100% renewable energy standard is an important step in addressing our climate crisis and can offer important social benefits for Vermonters by reducing carbon emissions in the state and region.
- However, the legislation establishing the working group also included a charge to review how current programs impact environmental justice focus populations, including low income households, as well as to assess whether any changes to the RES will address the inequity of distribution of benefits of renewables between different residential properties.
- VHFA feels that there is still more work to be done to properly assess the impact of proposed changes to the RES under that criteria, and to consider new policy solutions to mitigate potential harms.
- Even a moderate increase in electricity costs will nevertheless be felt by the lowest income Vermont households.
- As revised RES scenarios and compliance dates are proposed in this committee, VHFA suggests that it would be valuable to revisit rate modeling on a per-utility basis to ensure that there will not be larger impacts to some customers or to some demographic groups than suggested in previous modeling.
- It would be worthwhile to look at the average electrical bill for low income ratepayers to assess what those rate increase will feel like on a household budget and its impact on energy burdens.
- We feel that would give many legislators more confidence in supporting a 100% renewable energy standard.
- As this committee also considers potential changes to net-metering in RES discussions, VHFA urges you to consider ways that these proposals might impact how households living in different types of homes are able to access solar energy resources.

- In our affordable housing world, this discussion comes at a time when our housing systems are under significant strain to add new units and house Vermonters experiencing homelessness, while containing rapidly escalating development costs.
- The environmentally conscious development choices that VHFA and its partners already mandate or incentivize in the projects we fund, such as infill development, housing placed near public transportation, and high-performance building standards, already have an impact on the increased costs we're seeing.
- At the same time, housing funders and developers are also under increasing pressure to decarbonize their buildings, which will likely increase operating costs under all-electric designs.
- The median tenant living in buildings funded through tax credits awarded by VHFA earns just \$16,800 per year. The costs for decarbonization cannot and should not be borne by these households.
- Many affordable housing developers are planning solar projects to mitigate cost increases without shifting the burden of an increased electrical load onto tenants.
- However, multifamily housing built in a downtown area or in a village infill site typically does not have adequate rooftop space for enough solar panels to offset more than a 15% of building load in most scenarios, especially as those rooftops will increasingly need to house heat pumps.
- Therefore, developers are considering off-site alternatives for solar development.
- VHFA is currently in discussions with the Public Service Department on Vermont's application for the Solar for All Competition under the multibillion dollar Greenhouse Gas Reduction Fund, which is part of the Inflation Reduction Act. The EPA will announce awards for Solar for All in March, and VHFA hopes to receive a multimillion dollar subgrant from the Department to fund solar projects in conjunction with affordable housing.
- In addition to rooftop solar projects, awarding Solar for All funds to larger-scale, off-site projects is an important part of our planned strategy with the Department to allow funding to reach low income tenants in buildings that don't make sense for on-site solar.
- Retaining access to community solar is going to be vital to maximize the impact of Solar for All and all the other billions of tax credits and incentives available under the Inflation Reduction Act, many of which are specially targeted to low and moderate income communities.
- If we don't keep community solar as an option, Vermont may be passing up the opportunity to access millions of IRA dollars.
- I've been focusing on the specific challenges we're seeing in affordable housing, but the changes to the RES could impact households in many different types of homes that are unsuitable for solar projects.
- Renters in particular are unable to make improvements to their homes that would help to reduce their energy costs. Outside of subsidized housing, landlords who are empowered to make efficiency improvements often decline to do so, as they wouldn't see the economic benefits of lower utility bills.
- VHFA is concerned that reducing or eliminating access to participation in community solar projects takes away one of few options available for renters to meaningfully address their energy costs.
- VHFA recognizes the concerns that others have raised around net-metering, including that the current system can result in a rate cost shift from high income households that install solar to lower-income households that cannot afford to do so.

- However, just restricting community solar options while preserving net-metering for higher income households in single family homes doesn't meaningfully solve this challenge.
- If changes to net-metering are ultimately proposed, VHFA would urge this committee to explore compromise approaches to help contain costs while facilitating access to solar for lower income households.
- This potentially could include carving out exceptions to continue to allow community solar projects serving the subsidized affordable housing projects I've described.
- Based on feedback from housing developers we work with, we'd also like to see a smoother permitting process that reduces uncertainty and costs in solar projects.
- VHFA and other housing funders would like to continue to be part of these conversations as an advocate, working cooperatively with utilities and interest groups to find solutions that equitably serve Vermonters.
- The cleaner grid offered by a 100% renewable energy standard will have limited benefits to households that cannot reduce their dependency on fossil fuels.
- Without carefully considering all of these proposed measures through an equity lens, we run the risk that our efforts to reduce emissions will ultimately increase income inequality in Vermont.