

01/12/2024

New Jersey Board of Public Utilities
44 S Clinton Ave
Trenton, NJ 08625

To Whom It May Concern:

The U.S. Department of Energy (DOE) Home Energy Rebate Program will be giving vital funding to New Jersey that provide energy efficiency (EE) and cost-saving technologies, notably for the benefit of low-income (LI) populations and disadvantaged communities (DACs). We wish to make a case for ensuring there is a sizable amount of funding set aside to meet the grossly underserved multifamily (MF) and multifamily affordable housing (MFAH) sector's needs, further aligning your Program with the White House's [Justice40 Initiative](#).

MF and MFAH properties are typically 50 years old, very energy inefficient, and in dire need of green upgrades. Approximately 85% of the residents of MFAH [classify](#) as LI. Energy burdens for households living in MFAH are almost [twice as high](#) as those for the average median household in 48 of the largest U.S. cities. Green upgrades will [reduce](#) LI households' energy burdens by more than one-third while significantly reducing greenhouse gas (GHG) emissions. Yet, funding programs for MFAH upgrades are elusive for a host of reasons, including the classic 'split-incentive' (i.e., why would an owner spend money if benefits only go to the residents).

According to the [EPA LEAD Tool](#), New Jersey's energy burden for LI populations is much higher for renter-occupied multifamily buildings (5+ units) built before 2000 than the general populace.

- **Energy Burden:**
 - With a State average of 2% energy burden, there are a few counties where LI and DACs are in dire need of rebate funding and EE technologies. The following percentages of energy burden are reflective of those living at 80% of Area Median Income (AMI) or lower, which is important to use as it aligns with current ratepayer funded income eligibility criteria required for additional IRA programs:
 - Cumberland County New Jersey: 7% energy burden
 - Atlantic County: 6% energy burden
 - Salem County: 5% energy burden
- **Average Annual Energy Cost:**
 - With a State average of \$891 annual energy costs across State for all populations at 80% Area Median Income (AMI) or lower, the average energy cost of the previous counties is reflective here:
 - Cumberland County New Jersey: \$1,602
 - Atlantic County: \$1,528
 - Salem County: \$1,291

As you can see, MF and MFAH offer an untapped potential to meet your State's energy burden goals for LI and DACs. We have a [White Paper](#) that details the how, what, when, and why launching and scaling an MFAH program is not only possible but perhaps one of the best options for meeting state EE goals.

Ensuring that a sizeable amount of rebate funding goes to MF and MFAH will advance energy burden reduction for communities that need it most, and will ensure environmental justice goals are met while providing equitable opportunities for DACs. Thus, our recommendations are as follows:

1. Multifamily rebates should be suballocated, and thus managed, by experienced MF retrofitters that have a track record and experience to ensure success.

- *Need for a “One-Stop-Shop.”* We believe that bringing on program administrator for all communities may not be the best approach. Reaching LI households and DACs is a different ballgame than reaching out to ‘market rate’ households and communities. And it’s not just about making LI and DAC aware of the rebates, or making sure they can access the rebates (likely done in the same manner for everyone). The issue with LI and DACs is whether they have access to the rest of the funds needed, i.e. any matching funds to take advantage of the rebates. (E.g., Blanket advertising on TV could make all residents aware of the program and how to access the rebates, but still would prevent the LI and DAC from accessing the rebates if they do not have access to matching funds or the resources and time to go through the retrofit process). Braiding funds with other federal/state/local incentives is also critical for LI and DACs, and having a point-of-contact that can provide the education, staff time, and ability to leverage these funds will create an easier avenue for MF and MFAH property owners to take advantage of the rebates. According to studies by DOE and ACEEE, the best practice to ensure EE benefits reach LI and DAC is through a one-stop-shop approach (OSS), where the OSS implementer (administrator) is willing to take the project from idea to completion for the LI/DAC clients.
- *Point of sale confusion.* “Point of sale” rebates can be a huge hurdle for small contractors who do not have the cash flow to install the equipment and expect to collect the rebate, perhaps months after the work is done (after the program administrator has sent someone to inspect the work and certify it, and then send the inspection approval/report, to another dept. (or group) for rebate processing, which will finally cut and mail a check to the contractor). Additionally, small contractors have historically not been willing to fill paperwork for rebates or pre-fund a project, based on some expected rebate – they see this as a risk. Once again, the onestop-shop implementers will be able to overcome this hurdle and fund the rebates at ‘point of sale’ for the contractor and client.
- *The need to incentivize MF and MFAH property owners.* The most critical program design parameter is that the process is simple, easy to enroll and implement – with minimal bureaucracy. The LI housing staff are not EE experts and often have little understanding of electrification or decarbonization requirements. This rebate program will tax their current understanding of how mechanical systems work in their property. Simply put: They are busy managing a LI housing property that comes with its own problems that keep them more than busy. They are going to need someone they trust, to hold their hand through the entire process and make it all happen for them. That brings us back to the value of an OSS implementer, who specializes in LI housing, and has the network in that industry so that they are trusted to help electrify these LI properties.

2. Income qualify entire MF and MFAH properties, instead of individually.

- *Cost and resource predicament.* Another critical issue is the income qualification (IQ) protocols. If made onerous, e.g., asking the MFAH owner or even the one-stop-shop

implementer or contractors to get IQ for each resident, then the cost and resource expended will drive many players away and will cost a lot to the program, money that ultimately will come from the rebate to fund overhead, rather than fund the actual equipment install. DOE's Weatherization program has made great strides in the IQ process for the BIL funds. Your state rebate program team might borrow from those strategies.

- *Doing the same job twice.* Another suggestion is that DOE should make the IQ process in line with current subsidy programs so there is no need to IQ the same household twice. Simply put – if the property is a federally subsidized, low-income housing project, it should automatically qualify for the higher LI rebate level. Doing this will also help ensure that rebates are not be treated as income to property.

3. Put policies and regulations in place that ensure owners of MF properties receive rebates in a reasonable time frame after improvements are made.

- The DOE's Weatherization program has been dealing with the issue of ensuring owners of rental properties receiving grant funds continue to offer affordable rents for a reasonable time after improvements are made. The state rebate program should follow the same protocols. There is no reason to recreate the wheel, especially when the Weatherization program implementers might be the ideal folks to implement this rebate program.

ICAST (International Center for Appropriate and Sustainable Technology) and the Triple Bottom Line Foundation (TBL Fund), our affiliated community development financial institution (CDFI), are nonprofits with a mission focused solely on greening MFAH, for the benefit of its LI residents. We are interested in working with New Jersey to include sizeable set-asides of funding for MF and MFAH in your State Rebate Program to develop concrete solutions for greening your multifamily properties.

Allocating a critical portion of your Rebate funds to MFAH will ensure thousands of LI residents benefit from desperately needed EE technologies, a reduction in GHG emissions, and help meet [DOE Rebate Program recommendations](#), including:

1. Reaching households in need (LI households and MFAH).
2. Enable widespread access and uptake for disadvantaged communities.
3. Grow the clean energy economy to enable reduced pollution from buildings.

If you have any questions or are interested in discussing this concept further, please contact us.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Kristoff".

Ryan Kristoff
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