



Energy Savings Program (ESAP): Categorical Eligibility for Certain Federally Assisted Multifamily Housing

The California Public Utilities Commission (CPUC) should establish ESAP Categorical Eligibility for buildings and units in properties listed on the federal Weatherization Assistance Program's list of eligible properties to better meet CPUC goals for ESAP while ensuring adequate assurance of income eligibility.

Using the Commission's own data, , 43 percent of low-income Californian's live in large, multifamily buildings.ⁱ However, of those homes treated by LIEE (a.k.a. ESAP) from 2007 to 2010 only 24 percent were multifamily homes.ⁱⁱ

Determining Energy Savings Assistance Program (ESAP) income eligibility unit-by-unit is burdensome, duplicative, and inefficient in multifamily buildings—particularly rent-restricted buildings that already collect tenant income information. The Multifamily Subcommittee of the Home Energy Retrofit Coordinating Committee (MF HERCC) and other experts have identified this as a major barrier to program participation for multifamily tenants.ⁱⁱⁱ

This same barrier was identified and addressed by the U.S. Department of Energy (DOE) and Department of Community Services and Development (CSD) in the context of the Weatherization Assistance Program (WAP), which requires household incomes at or below 200 percent of the federal poverty guidelines (FPG) or equivalent standards using state median income as set by state administrators of WAP.

With the assistance of the U.S. Department of Housing and Urban Development (HUD), the DOE established a process for properties to become "prequalified" (i.e. deemed categorically eligible) based on certified annual income records maintained and verified pursuant to federal guidelines. On July 1, 2010, in recognition of the need to improve access to weatherization services to eligible households living in multifamily housing, CSD adopted this approach for California's WAP program. CHPC strongly urges the Commission to adopt this recently developed federal best practice and use the CSD-approved DOE list to identify buildings categorically eligible for ESAP services in California.

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A minimum requirement for inclusion on the WAP-Eligible lists is that at least 66 percent of the units in multifamily buildings (50 percent for 2-4 unit buildings) be occupied by a household whose income meets DOE's income eligibility requirement, which is set as at or below 200 percent of the federal poverty level.^{iv} Multi-unit buildings that (1) are either under an assisted housing program or (2) a public housing program, or (3) include units that participate in the Low Income Housing Tax Credit (LIHTC) Program or (4) the Department of Agriculture (USDA) Rural Housing Service's Multifamily Housing Programs may be considered for the lists.

Currently, ESAP allows for all units in a building to be treated with certain ESAP measures if at least 80 percent of tenants are ESAP eligible.^v The Commission should modify this standard to 66 percent to be consistent with recently adopted federal DOE WAP eligibility guidelines. Adopting the federal standard will support greater resource leveraging across programs and facilitate implementation of whole building energy efficiency approaches. ESAP measures should be applied to the whole building but with the ESAP payment based only on the percent to ESAP-eligible households in the building.

The Categorical Eligibility process was established by the Commission to ease the burden/barriers to enrolling in ESAP and CARE by linking participation in programs with income requirements similar to those of ESAP and CARE.^{vi} Adding the DOE list of WAP eligible households living in multifamily housing to the types of Categorical Eligibility will further the Commission's goals and enable providers to do a better job of serving these households. In addition, encouraging the treatment of multifamily buildings holistically would be more cost effective. According to the MF HERCC report, "It is often more cost effective to perform efficiency upgrades on larger properties that have lower administrative and transaction costs per dwelling unit because of economies of scale."^{vii}

ⁱ KEMA, Inc., for the CPUC, "Final Report on Phase 2 Low Income Needs Assessment," 4-7, 4-28, September 7, 2007.

ⁱⁱ For a MF HERCC Forum, "CA IOU Programs for Low Income Energy Efficiency," Slide 10, February 10, 2011, <http://www.multifamilygreen.org/wp-content/uploads/2011/02/CA-IOU-MF-Weatherization-Forum.pdf> (accessed June 14, 2011).

ⁱⁱⁱ MF HERCC, Opportunities and Recommendations, 43.

^{iv} HUD Data on Properties Eligible for Weatherization Assistance, U.S. Department of Housing and Urban Development, April 26, 2010.

^v CPUC, "Statewide Low Income energy Efficiency Program Policy and Procedures Manual," 18, August 2010.

^{vi} California Public Utilities Commission, "Statewide Low Income Energy Efficiency Program Policy and Procedures Manual," 14, August 2010, <http://docs.cpuc.ca.gov/efile/RULINGS/122845.pdf> (accessed June 14, 2011).

^{vii} MF HERCC, Opportunities and Recommendations, 16.