



ARRA Impact on the Department of Housing and Community Development

**Presentation to
Senate Finance Committee
September 17, 2009**

DHCD Receiving Direct Formula Allocations in Three Programs



- Weatherization Assistance Program
- Homeless Prevention and Rapid Re-Housing Program
- Community Development Block Grant

Virginia's Weatherization Assistance Program Background



- **Funded from two federal sources –**
 - **U. S. Department of Energy's Weatherization Assistance Program**
 - **U. S. Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP)**
- **U. S. Department of Energy (DOE) initiated the Weatherization Assistance Program in 1976**



DOE Weatherization Program

- **DOE program focuses on reducing dependency on foreign oil and decreasing energy costs for low-income families while improving health and safety**
- **On average, weatherization reduces home energy consumption by 32 percent**
- **Annual cost savings of approximately \$350 for a low-income family after weatherization**
- **\$94.1 million new funding for Virginia included in ARRA stimulus bill**



DHHS LIHEAP Funding

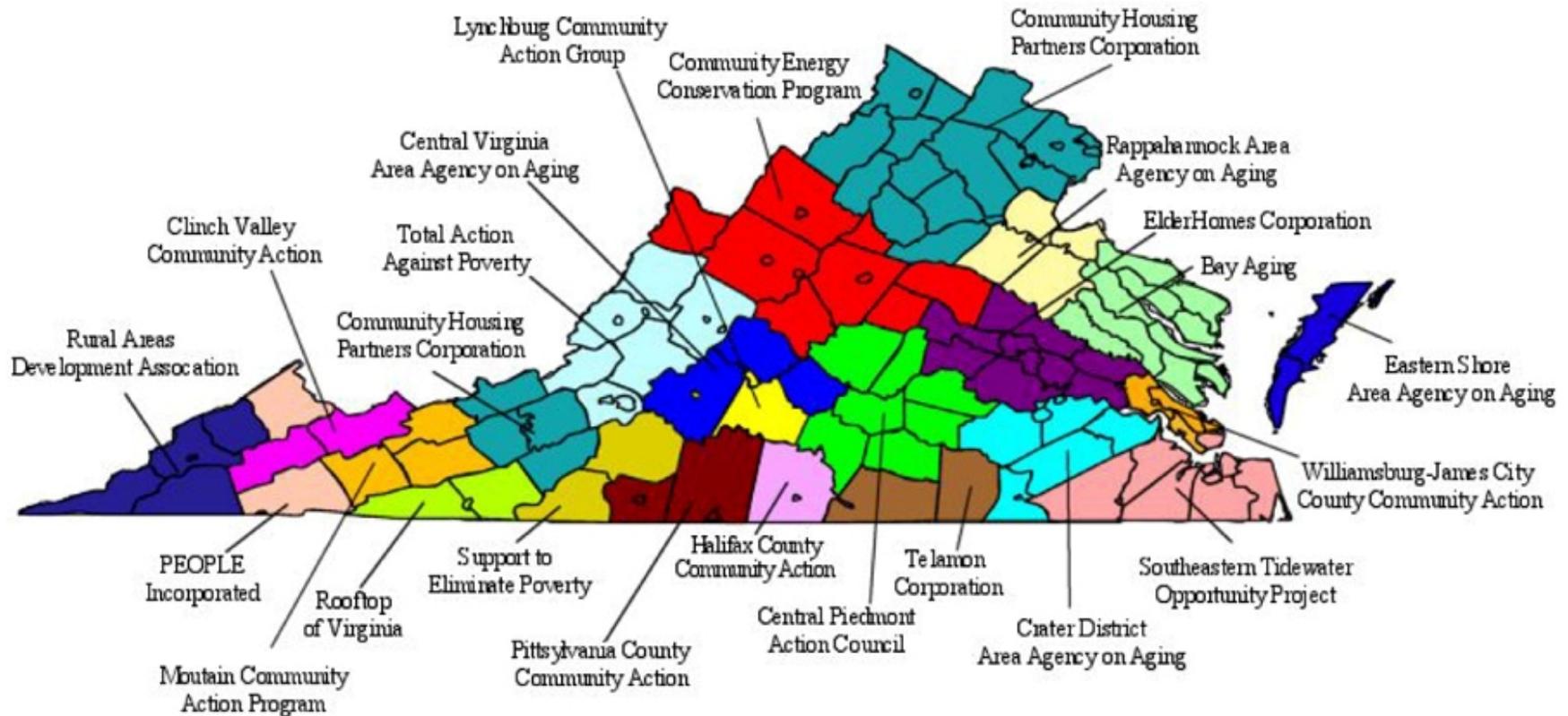
- **LIHEAP provides energy assistance to low-income families**
- **In 1998, the General Assembly directed that 15 percent of Virginia's LIHEAP funds go to weatherization improvements for income-eligible families**
- **Administered by DHCD through same delivery system as DOE funding and provides some increased flexibility**



Current Weatherization Delivery System

- **Weatherization assistance is provided regionally by 22 nonprofit organizations**
- **Funds are allocated to providers based on the federal weatherization formula: low-income population, number of heating and cooling days, and residential energy expenditures by low-income households**
- **Federal guidelines limit improvements to an average cost per unit**
- **Historically, 1,500 to 2,200 homes are weatherized each year in Virginia**

Weatherization Providers





Weatherization Eligibility

- **Eligibility is determined through an intake process**
- **Clients must be income eligible**
- **Priority is given to elderly, disabled, households with children, households with high energy costs**
- **Energy savings must be feasible within allowable costs**

Weatherization Process

- **An energy audit is performed to determine where and how energy loss is occurring**
- **Prioritized work specifications are developed based on weatherization activities that will result in the greatest level of energy savings**
- **Work may be accomplished directly by providers and through subcontractors**
- **Once the work is completed, another energy assessment is done to document the level of energy savings**



Changing Program Parameters

	2008 Program	2009 Program	ARRA
Funding	\$4 million - DOE \$6.5 million - LIHEAP	\$8 million - DOE \$18 million - LIHEAP	\$94.1 million - DOE
Cost Per Unit	\$2,966 - DOE \$3,200 - LIHEAP	\$3,055 - DOE \$12,000 - LIHEAP	\$6,500 - DOE
Income eligibility	150% of poverty - DOE 130% of poverty - LIHEAP	75% state median income - DOE & LIHEAP	75% state median income - DOE

Current Status of Stimulus Funding

- **DOE guidelines express preference for using existing network of service providers**
- **Contracts for 40% of funding executed with 22 providers**
- **Already accessed ramp-up funds for additional staff, training and equipment**
- **Training initiatives under negotiation with New River Center for Energy Research and Training (NCERT) and Virginia Community College System**
- **Working through compliance issues relative to Davis Bacon and historic preservation**



New Opportunities Created by Stimulus

- **Significant increase in number of housing units that can be addressed**
- **Increase outsourcing to private contractors**
- **Addressing multi-family housing developments**
- **Expanding training and capacity-building efforts**

Weatherization Challenges

- **Limited time for implementation – completion by March 31, 2012**
- **Meeting cross-cutting federal requirements**
- **Focusing partners on performance outcomes and increased production**
- **Need for new approaches and partnerships at local and regional levels**
- **Increased accountability and compliance monitoring**

Homelessness Prevention and Rapid Re-housing Program



- \$11.4 million to DHCD for distribution
- 23 grantees selected through a competitive application process
- Contracts will be executed by end of September
- Assistance targeted to persons at 50% or less of area median income who are homeless or at risk of becoming homeless
- 13 entitlement communities receive direct federal funding



HPRP Opportunities

- Similar to existing state-funded Homeless Intervention Program
- Local and regional providers experienced in working to prevent homelessness
- Resource to address steadily increasing needs of persons at risk of homelessness

HPRP Challenges

- Limited time frame for spending
- Cannot be used to assist with owner-occupied units
- Limited administrative resources to address increased monitoring and tracking requirements
- HUD mandated tracking system unfamiliar to some local providers



CDBG-R

- \$5.2 million allocated to DHCD for non-entitlement areas
- Used existing CDBG program structure for competitive application process
- Focus on job creation and projects with regional economic impact
- 39 applications received by DHCD
- Grant awards announcement expected soon



DHCD ARRA Competitive Applications

- Submitted an application on behalf of fifteen Virginia communities for Neighborhood Stabilization Program - \$40 million
- Provided technical support to twelve community and regional groups applying in Round I for broadband deployment funding