Maryland
DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT

WES MOORE
Governor
ARUNA MILLER
Lt. Governor
JACOB R. DAY
Secretary
OWEN McEVOY
Deputy Secretary

December 4, 2023

Governor Wes Moore
100 State Circle
Annapolis, MD 21401

Senate President Bill Ferguson
H-107 State House
100 State Circle
Annapolis, MD 21401

Speaker Adrienne Jones
H-101, State House
100 State Circle
Annapolis, MD 21401

Re: Green and Healthy Task Force report

Dear Governor Moore, Speaker Jones, President Ferguson,

The Maryland Department of Housing and Community Development, together with the Department of Budget and Management and the Green and Healthy Task Force members, is submitting one report to satisfy two required reports per law:

Chapter 572, 7-211.1 G(4) page 8 due December 31, 2023
Chapter 572, 7-211.1 J(2) page 9 due December 1, 2023

The Task Force, along with DHCD and DBM, have been meeting since July 2023 and will continue to do so for the full three years. This report attached is an update on the work of the Task Force and two agencies, based on the requirements set forth within the law.

Thank you,

Jake Day
Green and Healthy Task Force Chair and DHCD Secretary

Legislative Background

In the 2023 session, House Bill (HB) 169 "Public Utilities - Energy Efficiency and Conservation Programs - Energy Performance Targets and Low-Income Housing" was introduced and enacted. The new law requires the Department of Housing and Community Development (DHCD) to procure or provide energy efficiency and conservation (EE&C) programs and services for electricity customers for the 2024-2026 EmPOWER Maryland Program cycle, subject to specified requirements. The EE&C programs and services must be designed to achieve a target annual incremental gross energy savings, compared to the amount of total electricity used by low-income households in the State in 2016, of at least 0.53% in 2024, 0.72% in 2025, and 1.0% in 2026. The bill took effect July 1, 2023.

In addition, the bill establishes the Green and Healthy Task Force, staffed by DHCD. Since July 1, the Department identified and selected the required Task Force members (see member list below) and began public meetings in September. Meetings were held on August 8, September 21, October 25, and November 15, 2023. Quarterly meetings are scheduled for 2024 as follows: January 16, April 16, July 16, and October 15, 2024. All meetings are open to the public and available to join virtually through DHCD's website: https://dhcd.maryland.gov/Pages/GreenHealthyTaskForce.aspx

Task Force members			
Description	**Organization**	**Name**	**Title**
Chair: The Secretary of Housing and Community Development, or the Secretary's designee;	DHCD	Jake Day	Secretary, DHCD
Deputy Chair	DHCD	Robyne Chaconas	Deputy Director, CDA programs, DHCD
Two members of the Senate of Maryland, appointed by the president of the Senate;	Senate	Alonzo Washington	Senator, District 22
	Senate	vacant	
Two members of the House of Delegates, appointed by the speaker of the house;	House	Dana Stein	Delegate, District 11B
	House	Nick Allen	Delegate, District 8
The Secretary of Human Services, or the Secretary's designee;	DHS	Rafael Lopez	Secretary, DHS
The Director of the Maryland Energy Administration, or the Director's designee;	MEA	Eric Coffman	Division Director of Energy Programs, MEA
One representative of the Office of People's Counsel;	OPC	Carissa Ralbovsky	Administrator
One representative of the Maryland Affordable Housing Trust;	MAHT	Dale McArdle	Board Trustee
One representative of the Green and Healthy Homes Initiative;	GHHI	Ruth Ann Norton	President and CEO

One representative of Maryland Energy Efficiency Advocates;	MEEA	Jim Grevatt	Managing Consultant
One member who is an expert in public health;	MDH	Cliff Mitchell	Director, Environmental Health Bureau
One representative from affordable housing development	Enterprise Community Development Inc.	Christine Madigan	Interim President, Enterprise Community Development
Statewide Weatherization contractor	Total Home Performance	Matthew Hargrove	Owner
One member from a community concerned with environmental justice;	Baltimore City	Ava Richardson	Sustainability Director, Department of Planning, Office of Sustainability
One member who has received assistance from a low–income program that delivers energy savings		vacant	

The task force will spend the next three years addressing the issues outlined by law, which includes several reporting and planning requirements for DHCD and the Public Service Commission (PSC). One of the required reports includes a plan to provide energy efficiency retrofits to all low-income households by 2031. This report is a progress report on the Task Force's work to date on this effort.

The plan as currently discussed among the task force is as follows:

1. CURRENT MARYLAND HOUSEHOLD DATA: Identify the current baseline statewide totals for Low-Income Households. Identify current costs per household to provide energy efficiency services.
2. REQUIRED BUDGET TO ADDRESS 100% LOW-INCOME HOUSEHOLDS BY 2031
3. EXISTING FUNDING: Overview of known, current programs and funding
4. ANTICIPATED NEW FUNDS: Overview of expected new funds that can contribute to addressing the needs
5. GAP ASSESSMENT: Project how long it would take to meet the mandate, with current resources. Project what resources would be required to meet the mandate, within the required timeframe (by year 2031).
6. OTHER CONSIDERATIONS: Identify other resources needed to meet the mandates, including outreach, partnerships, and potential barriers

Given the short time frame from bill enactment (July 1, 2023) to the first report due (Dec 1, 2023), not all the tasks listed above have been achieved. This progress report contains current information regarding the areas that are known and quantifiable; and identifies the areas that will require additional work by the Task Force.

1. CURRENT MARYLAND HOUSEHOLD DATA

BASELINE AND TARGET

DHCD provided the task force with the current baseline figures

Current number of qualifying LI households[1]:	587,768

Households served to date[2]:	78,574
Projected households to be served 2024-2026[3]	67,600

Remaining households to be served:	441,594

Remaining years:	5

Required annual households served to comply with target:	88,319

The baseline assessment counts relevant activities that have been completed to date, and planning estimates that are in process of being implemented with currently known resources. Additional activity may arise with the arrival of federal funding from the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA), but is unknown at this stage of federal funding applications. DHCD, together with MEA, MDE, Maryland Clean Energy Center (MCEC), and other state agencies, employs a coordinated approach to apply for any relevant funding sources that can be used for the purpose of meeting the targets in HB169.

After accounting for the already weatherized homes and those planned for the upcoming three years, the remaining number of households to be served between 2027 and 2031 is estimated to be 441,594. In order to serve the remaining number of households within the given timeline, 88,319 homes would need to be weatherized every year after 2026. This constitutes a 4-times increase over the 2024-2026 period.

Planning, launching, and implementing new programs and expanding existing ones will require time before their results are fully realized even in the best of circumstances. The projected number of households to be served by EmPOWER for the 2024-2026 period alone represents roughly a four-times increase over 2021-2023. Therefore it is uncertain, and perhaps unlikely that the planning estimates for 2024-2026 can be increased to comply with, or even come closer to the 2031 target sought for in HB 169. As more experience is gained each year with reaching higher levels of households, better estimates of what will be required to comply with the goals will be possible.

[1] APPRISE Maryland Energy Affordability Study

[2] Includes comprehensive energy efficiency retrofits for LI households performed to date by DHCD, MEA, and the EmPOWER utilities

[3] Includes planning estimates for comprehensive energy efficiency retrofits for LI households by DHCD and MEA for the upcoming three years, which as of this writing have not yet been approved by the Public Service Commission.

If the estimated annual production rate from 2026 (around 22,534 households) were to be maintained into the following years, it would take an additional 19 years, or until 2045, to complete service for all remaining households.

These calculations assume a static baseline using the currently known number of eligible low-income households. Long term projections for household poverty were not available to the task force. It is certain that some households move out of poverty each year, and that others will fall into less fortunate circumstances and move into poverty for a host of reasons. Therefore, different households will likely be eligible under the income criteria over time.

2. REQUIRED BUDGET

The task force proceeded with analyzing the costs for performing the comprehensive energy efficiency work. The following cost figures are based on estimates from the report "Charting a Pathway to Maryland's Equitable Clean Energy Future[4]", which were verified based on current program expenditures.

While repair costs do not directly produce energy savings, they are necessary expenditures to enable the installation of energy efficiency measures in low-income homes and therefore deemed essential for the successful deployment of energy efficiency work. Essential repair work may include items such as the removal of mold or asbestos prior to air sealing a home, fixing electrical issues prior to installing an efficient HVAC system, or repairing structural flooring prior to insulating it.

Single-family Households

Average cost per unit for energy efficiency:	$11,000
Average cost per unit for repairs:	$19,000
Total	$30,000

Multi-family Households

Average cost per unit for energy efficiency:	$8,800
Average cost per unit for repairs:	$8,000
Total	$16,800

When considering these per-unit cost averages and multiplying them by the number of households that still need to be served, the following total budgets would be required to complete the required services. It is assumed that around 50%[5] of households will require repairs in order to proceed with energy efficiency work.

[4] https://earthjustice.org/wp-content/uploads/20230123_marylandreport.pdf

[5] The current percentage of households requiring extensive repair work is 39%. This number is expected to increase as the hard-to-reach households will be served that have a higher rate of deferred maintenance.

Total Funding Required		Households	Energy	Repair	Total $
Single-family	61%	269372	$2,963,095,740	$2,559,037,230	$5,522,132,970
Multifamily	39%	172222	$1,515,550,608	$688,886,640	$2,204,437,248
Total investment		441594	$4,478,646,348	$3,247,923,870	$7,726,570,218

The total cost for work beyond 2026 is estimated to amount to $7.7B. These costs reflect nominal 2023 values and do not account for inflation or any other potential future project expense increases.

The task force discussed potential ways to conserve funding. One suggestion was to work in larger scale projects with entire communities when possible. Another suggestion is to consolidate offerings as much as possible to reduce administrative costs. DHCD and the Task Force will continue to seek ways to increase the reach of every dollar spent on these programs.

3. EXISTING FUNDING

DHCD staff worked with other state agencies and the members of the task force to identify all funding sources that are currently available to serve the purpose of providing comprehensive energy efficiency upgrades to low-income households.

The following is a listing of funding sources for energy efficiency work that is coordinated on a statewide level. In total, $71,900,000 energy funds are currently known to be available for this purpose. Funding amounts represent current or estimated grant awards. Many of these are annual awards, with expectation for similar funding levels in the future:

Existing Energy Efficiency Funding Sources					**Funding by Primary Use***
Program	**Source**	**State Agency**	**Brief Summary**	**Income Limits**	**Energy Efficiency**
BeSmart	Federal	DHCD	Provides loans for energy efficiency upgrades to Maryland Homeowners	**N/A**	**$2,500,000**
Federal DOE WAP	Federal	DHCD	Provides energy efficiency upgrades to limited income customers below 60%SMI	**60%SMI**	**$3,500,000**
Federal DOE WAP - BIL	Federal	DHCD	Provides energy efficiency upgrades to limited income customers below 60%SMI	**60%SMI**	**$8,600,000**
EmPOWER Single Family (SF)	Utilities	DHCD	Includes Whole Home Efficiency, Base Efficiency, Energy Kits, and MEET subprograms. Provides energy efficiency upgrades to limited income customers below 250%FPL or 80% AMI.	**250% FPL / 80% AMI**	**$17,000,000**

Maryland Energy Efficiency and Housing Affordability (MEEHA) EmPOWER	Utilities	DHCD	Includes MEEHA, Whole Home Efficiency, Base Efficiency, Energy Kits, and MEET subprograms. Provides energy efficiency upgrades to limited income customers below 250%FPL or 80% AMI.	**20% units at 80% AMI**	**$10,800,000**
MEEHA - Greenhouse Gas Reduction Program	State	DHCD	Grants for energy conservation projects and projects to install renewable energy generating systems in low/moderate income multifamily residential buildings. Focusing on electrification and solar.	**51% units at 80% AMI**	**$5,000,000**
Maryland Energy Assistance Program (MEAP) - Crisis	Federal	DHCD	Heating and cooling system repairs and replacements	**60% SMI**	**$5,000,000**
MEAP - Wx	Federal	DHCD	Supplemental weatherization funds to use with EmPOWER or WAP projects.	**60% SMI**	**$0**
Net Zero	State	DHCD	Funds the construction of homes that use little to no energy over the course of a year.	**N/A**	**$0**
Energy Efficiency Equity Program (Formerly Low to Moderate Income Energy Efficiency Program)	SEIF	MEA	Funding to local govts, community based and other organizations to implement energy efficiency upgrades to Low to Moderate Income (LMI) Marylanders. LMI residences and commercial buildings serving LMI Marylanders. A portion of award funds are historically allocated to provide fundamental remediation. Funds have also been used to enable energy performance training of energy professionals employed by grantees.	**85% AMI**	**$19,500,000 (FY24)**[6]

The following is a listing of funding sources for necessary rehab work that is coordinated on a statewide level. In total, $96,200,000 repair funds are currently known to be available for this purpose.: Funding amounts represent FY 2024 legislative appropriations:

[6] Represents the FY24 program budget, the actual program budget in any given year is determined by the revenue from the Regional Greenhouse Gas Initiative formula as documented in §9–20B–05 of the State Government article and the appropriation of funds by the Maryland General Assembly. Program funds have varied extensively over the years. In FY21 $6.5 million was awarded, in FY22 $14.3 million was awarded, in FY23 $19.5 was awarded and the program is budgeted at $19.5 for FY24.

Existing Repair Funding Sources					Annual Funding by Primary Use*
Program	**Source**	**State Agency**	**Brief Summary**	**Income Limits**	**Rehab**
Weatherization Readiness Funds	Federal	DHCD	To pay for repairs necessary to get homes ready for the WAP program	**60% SMI**	**$200,000**
Healthy Homes for Healthy Kids	Federal	DHCD	Address lead based paint issues in homes with at risk/identified children	**Eligibility for or enrollment in Medicaid/MCHP**	**$2,500,000**
Maryland Housing Rehabilitation Program	State	DHCD	Address critical health and safety issues and bring properties in line with applicable building codes and standards		**$8,400,000**
Rental Housing Works	State	DHCD	For acquisition, construction, rehabilitation, and development costs.		**$51,000,000**
Rental Housing Program	State	DHCD	For acquisition, construction, rehabilitation, and development costs.		**$16,500,000**
Partnership Rental Housing Program	State	DHCD	For acquisition, construction, rehabilitation, and development costs.		**$6,000,000**
HOME	Federal	DHCD	For acquisition, construction, rehabilitation, and development costs.		**$5,000,000**
National Housing Trust Funds	Federal	DHCD	For acquisition, construction, rehabilitation, and development costs.		**$6,600,000**

DATA LIMITATIONS

The data gathered by the task force is limited by the accessibility of information about decentralized programs. Some local governments receive direct funding from either local or federal sources, that is not reported on a statewide basis or easily accessible. DHCD is aware of the following two relevant local programs, however based on the county implementers, these programs have expended the majority of their budgets and are expected to sunset within short time:

- Montgomery County Homeowner Energy Efficiency Program
- Prince George's County Energy Efficiency Grant

Additionally, the federal government issues various funds directly to local governments or property owners. How much of that funding is issued to entities in Maryland typically becomes public information only after it is awarded and reports on actual program benefits are not easily accessible.

Lastly, there are other funding sources that could be used for energy efficiency work in low-income communities, but are not designated as such. This includes a variety of community block grants. These programs typically do not have reporting requirements for energy savings and their contribution to the purpose of this task is not easily quantifiable nor enforceable.

4. POTENTIAL ADDITIONAL FUNDING AVAILABILITY

DHCD staff worked with other state agencies and the members of the task force to identify anticipated future funding sources that have been announced by the federal government for the intent to provide energy efficiency upgrades to low-income households.

					Funding by Primary Use Type*	
Program	**Source**	**State Agency**	**Brief Summary**	**Notes**	**Energy Efficiency**	**Rehab**
IIJA EE Revolving Loan Fund	Federal	MEA / DHCD	Revolving loan fund for energy efficiency projects. 25% as grants for weatherization readiness	Application submitted May 2023	**$1,118,954**	**$372,985**
IRA Home Energy Rebates	Federal	MEA	whole-home retrofits, such as insulation and air sealing, that will receive rebates based on their predicted or measured energy savings and total project costs	Expected late 2024 to 2025	**$20,792,000**[7]	
IRA Home Electrification Rebates	Federal	MEA	Electric home appliances including heat pumps and electrical upgrades	Expected late 2024 to 2025	**$20,671,000**[8]	
Healthy Homes Production Grant	Federal	DHCD	Critical repairs	Application submitted 11/7		**$2,000,000**

[7] Maryland will receive $68.611 million total from the U.S. Department of Energy. MAryland must provide a minimum of $16.676 million for low income household upgrades and $4.116 million for multi-family low income households.

[8] Maryland will receive $68.212 million total from the U.S. Department of Energy. Maryland must provide a minimum of $16.579 million for low income household upgrades and $4.092 million for multi-family low income households.

The total amount of funding designated for the purpose of this report that is expected to become available in Maryland is $42,954,939 over five years.

DATA LIMITATIONS

The federal government has announced that it will issue various funds directly to local governments or property owners on a competitive basis. How much of that funding will be issued to entities in Maryland will become public information only after awards are made and reports on actual program benefits will not be easily accessible.

Additionally, there will likely be other funding sources announced that could be used for energy efficiency work in low-income communities, but are not designated as such. This includes a variety of community block grants and climate related grants, such as the Climate Pollution Reduction Grant. The specific use of those funds is typically determined by the receiving agency.

5. FUNDING GAP

After subtracting the funding from existing sources and the expected future funding sources from the baseline cost, there remains a significant funding gap of $7.5 billion dollars, which could be higher due to inflation and increased costs over time.

DHCD is working with the Department of Budget and Management (DBM) to identify potential additional funding sources that are not currently used for the purpose of this report, but could be repurposed, or used in a way to contribute to the goals. Here is a list of possible sources that will continue to be explored.

Funding Source Name	Existing or Future Resource	Receiving State Agency	Description	Potential funding amount
MD Low Income Home Energy Assistance Program (LIHEAP)	Existing	DHS-DHCD	Allocation of 15% of LIHEAP funds for weatherization interventions.	TBD
MD Community Development Block Grant (CDBG)	Existing	DHCD	MD DHCD non-entitlement CDBG funds	TBD
Maryland Strategic Energy Investment Fund (SEIF) and Regional Greenhouse Gas Initiative (RGGI) Programs	Existing	MEA	SEIF and RGGI funded residential interventions programs other than LMI EE Program (EE, solar)	TBD
Climate Catalytic Capital Fund	Existing	MD CEC	At least 40% of funding directed to low and moderate income communities	$20,000,000
HUD OLHCHH Lead Hazard Reduction Grant	Future	DHCD	Lead Hazard Reduction and Healthy Homes Supplemental Funds Grants (48 months)	Annual application cycle ($711 million available in 2023 grant round)

HUD OLHCHH Healthy Homes and Weatherization Cooperation Demonstration Grant Program	Future	DHCD	Grants to foster integration of lead hazard reduction, healthy homes and weatherization housing interventions (42 months)	Annual application cycle ($9 million available in 2023 grant round)
EPA Greenhouse Gas Reduction Grants	Future	MDE		$27 billion available
EPA Pollution Reduction Grants	Future	MDE		$5 billion available
EPA Environmental Climate Justice Grants	Future	MDE		$3 billion available
Philanthropic Efforts	Future			

6. ADDITIONAL CONSIDERATIONS

Outside of the availability of funding, other factors could influence whether or not the target to provide upgrades to all homes can be achieved. Some of the main barriers may include[9]:

- Economic Barriers
    - Affordability of cost shares (not an issue in most programs, but some programs)
    - Credit requirements for loan programs (most programs in MD are grants)
    - Inability to take time off work for projects
    - Lack of funds to maintain equipment
    - Split incentive between tenants and landlords
- Social Barriers
    - Lack of trust between low-income communities and government or contractors
    - Language and literacy barriers, or immigration status may also create roadblocks for enrollment
    - Education barriers to understand value of upgrades
    - Awareness of programs
    - Confusion between different offerings
- Site specific barriers
    - Health, safety, structural conditions of home
    - Access issues - landlord permission required
- Other resource scarcity
    - Energy workforce availability
    - Lack of comprehensive data on demographics, energy usage, etc.

These barriers can be addressed to a greater or lesser degree in program design, but highlight the need for low-income specific programs, as mainstream programs do not typically address these factors to the

[9] https://www.edf.org/sites/default/files/documents/liee_national_summary.pdf

extent needed for programs to be accessible to low-income households. .

Additional questions that were brought up in the group, but which have not yet been fully answered:

- Do all households "need" a retrofit? 15% of homes that are assessed are either newer or have previously been retrofitted
- “All LI households” is a moving target and new homes are added every year. How is this accounted for in the baseline?
- As the state climate goals are implemented and the transition to clean energy is made, this may change the scope of energy efficiency projects and change costs or timelines.

SUMMARY

The information discussed in this report can point towards a number of conclusions.

1. The budget required to provide energy efficiency services to all low-income households by 2031 exceeds the funds that are naturally available for this purpose in the foreseeable future. The cost of achieving this ambitious goal is in the billions of dollars.
2. The rate at which households would need to be served to complete all projects by 2031, represents a 4-times increase over the planned 2024-2026 levels. Other factors outside of program implementation would have to grow at the same rate, such as the workforce to provide services.
3. Alternative scenarios could include increasing service rates at a more moderate pace. If the 2026 levels were maintained, based on current estimates all households would be serviced by 2045.