WES MOORE
Governor
ARUNA MILLER
Lt. Governor
JACOB R. DAY
Secretary
JULIA GLANZ
Deputy Secretary

Maryland
DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT

December 1, 2024

Governor Wes Moore
100 State Circle
Annapolis, MD 21401

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

GREEN AND HEALTHY TASK FORCE REPORT

Dear Governor Moore, President Ferguson, and Speaker Jones;

The Maryland Department of Housing and Community Development, together with the Green and Healthy Task Force members, is submitting this report to satisfy the following required report per law:

Chapter 539, 7-224 J due December 1, 2024

The Task Force, along with the Department of Housing and Community Development (DHCD) have been meeting since July 2023 and previously submitted a report fulfilling the same requirement in December of 2023. This report attached is an updated version of the previously submitted report, 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, HB 169 "Public Utilities - Energy Efficiency and Conservation Programs - Energy Performance Targets and Low-Income Housing" was introduced and enacted. The law required 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.

In addition, the bill established the Green and Healthy Task Force ("Task Force"), staffed by DHCD. Beginning in July 2023, the Department identified and selected the required Task Force members (see member list below) and began public meetings in September 2023. Meetings were held in 2023 on August 8, September 21, October 25, and November 15. During 2024, meetings were held on January 16, April 16, July 16, August 20, October 15, and November 19. All meetings are open to the public and available to join virtually through the Green & Healthy Task Force website. The Task Force includes the following 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	Augustin Ntabaganyimana	Executive Director, Family Investment Administration
The Director of the Maryland Energy Administration, or the Director's designee;	MEA	Lise Luchsinger	Section Chief for Residential Energy Programs
One representative of the Office of People's Counsel;	OPC	Nicole Zeichner	Assistant People's Counsel
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.	vacant	

Description	Organization	Name	Title
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	
Added by the Secretary: One member from a Local Weatherization Agency	Howard County Community Action Council	Gary Christopher	Weatherization Director
Added by the Secretary: One member from the Maryland Department of the Environment	MDE	Chris Mentzer	Building Decarbonization Specialist

In the 2024 session, the law was amended through HB864, which requires two additional reports from the Green and Healthy Task Force. The report due on December 1st, 2024, is satisfied through this submission, the second report due on December 31st 2024 will be forthcoming. The definition of the task force and its annual meeting and reporting requirements was moved into section 7-315 of statute. The task force will continue to address the issues outlined by law, which includes several reporting and planning requirements for DHCD and the Public Service Commission (PSC).

The report hereby fulfills the requirement to develop a plan, including a budget, timeline, and potential funding sources, to provide energy efficiency retrofits to all low-income households by 2032.

The plan as currently discussed among the task force addresses the following items:

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 energy retrofits.
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

CURRENT MARYLAND HOUSEHOLD DATA

BASELINE AND TARGET

DHCD provided the task force with the current baseline figures

Current Baseline Figures	
Current estimated number of LI households[(1)]:	886,315
Households served to date[(2)]:	86,043
Projected households to be served 2024-2026[(3)]	66,100
Remaining households to be served:	624,046
Remaining years:	5
Required annual households served to comply with target:	124,809

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 the statute.

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 2032 is estimated to be 624,046. In order to serve the remaining number of households within the given timeline, 124,809 homes would need to be weatherized every year after 2026. This constitutes a 5-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 2032 target sought for in HB 864. 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.

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.

[1] HUD Comprehensive Housing Affordability Strategy: Consolidated Planning/CHAS Data

[2] Includes comprehensive energy efficiency retrofits for LI households performed to date by DHCD, MEA, and the EmPOWER utilities prior to 2024

[3] Includes planning estimates for comprehensive energy efficiency retrofits for LI households by DHCD and MEA.

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.

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

Multifamily Households	
Average estimated cost per unit for energy efficiency:	$8,800
Average estimated 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 the households will require moderate to extensive repairs in order to proceed with energy efficiency work.

Total Funding Required		**Households**	**Energy**	**Repairs***	**Total $**
Single-family	61%	380,668	$4,187,350,002	$3,616,347,729	$7,803,697,731
Multifamily	39%	243,378	$2,141,726,558	$973,512,072	$3,115,238,630

[4] Charting a Pathway to Maryland's Equitable Clean Energy Future

[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	Repairs*	Total $
Total Investment	624,046	$6,329,076,560	$4,589,859,801	$10,918,936,361
Total Investment adjusted for expected price increases		$6,921,996,963	$5,019,846,939	$11,941,843,902

*An estimated 50% of HH require moderate to extensive repairs that are not covered by energy programs.

The total cost for work beyond 2026 is estimated to amount to $11.9B. These costs reflect nominal 2024 values and do not account for future 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. DHCD will also continue to work with the Governor's Subcabinet on Climate and the MDE to align efforts described in Maryland's Climate Pollution Reduction Plan which calls for Home Energy Efficiency and Electrification Incentives and Commercial, Multifamily, and Institutional Building Incentives to support low and moderate income households.

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, $150,800,000 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:

Program	Source	Agency	Brief Summary	Energy Efficiency Annual Budget
BeSmart	Federal	DHCD	Provides loans for energy efficiency upgrades to Maryland Homeowners	$2,500,000
DOE WAP	Federal	DHCD	Provides energy efficiency upgrades to limited income customers below 60% AMI	$3,500,000
DOE WAP – BIL	Federal	DHCD	Provides energy efficiency upgrades to limited income customers below 60% AMI	$8,600,000
EmPOWER 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	$66,000,000

Program	Source	Agency	Brief Summary	Energy Efficiency Annual Budget
MEEHA EmPOWER	Utilities	DHCD	Provides energy efficiency upgrades to multifamily properties with at least 20% of units rented to households at or below 80% AMI.	$49,000,000
MEEHA - Greenhouse Gas Reduction Program	State	DHCD	Grants for energy conservation projects and projects to install renewable energy generating systems in affordable multifamily residential buildings. Focusing on electrification and solar.	$5,000,000
MEAP - Crisis	Federal	DHCD	Heating and cooling system repairs and replacements.	$5,000,000
MEAP - Wx	Federal	DHCD	Supplemental weatherization funds to use with EmPOWER or WAP projects.	$0
Net Zero	State	DHCD	Funds the construction of homes that use little to no energy over the course of a year.	$0
Energy Efficiency Equity Grant Program	SEIF	MEA	Funding to local governments, community based and other organizations to implement energy efficiency upgrades to Low to Moderate Income (LMI) Marylanders. A portion of award funds are historically allocated to provide fundamental remediation. Funds have also been included in the most recent year to enable energy performance training of energy professionals employed by grantees.	$11,200,000
TOTAL				$150,800,000

The following is a listing of funding sources for necessary rehab work that is coordinated on a statewide level. In total, $134,724,000 repair funds are currently known to be available for this purpose. Funding amounts represent FY 2025 legislative appropriations:

Program	Source	Agency	Brief Summary	Rehab Annual Budget
Weatherization Readiness Funds	Federal	DHCD	To pay for repairs necessary to get homes ready for the WAP program	$324,000
Healthy Homes for Healthy Kids	Federal	DHCD	Address lead-based paint issues in homes with at risk/identified children	$2,500,000
Maryland Housing	State	DHCD	Address critical health and safety issues and	$8,400,000

Program	Source	Agency	Brief Summary	Rehab Annual Budget
Rehabilitation Program			bring properties in line with applicable building codes and standards	
HOME SF	Federal	DHCD	Rehabilitation	$2,000,000
HOME ARP	Federal	DHCD	Rehabilitation	$8,000,000
Rental Housing Works	State	DHCD	For acquisition, construction, rehabilitation, and development costs.	$78,000,000
Rental Housing Program	State	DHCD	For acquisition, construction, rehabilitation, and development costs.	$16,500,000
Housing Innovation Pilot	State	DHCD	For acquisition, construction, rehabilitation, and development costs.	$10,000,000
HOME	Federal	DHCD	For acquisition, construction, rehabilitation, and development costs. - typically new construction	$5,000,000
National Housing Trust Funds	Federal	DHCD	For acquisition, construction, rehabilitation, and development costs.	$4,000,000
TOTAL				$134,724,000

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.

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.

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.

Program	Source	Agency	Brief Summary	Funding by Primary Use Type	
				Energy Efficiency	**Rehab**
IIJA EE Revolving Loan Fund	Federal	MEA / DHCD	Revolving loan fund for energy efficiency projects. 25% as grants for weatherization readiness	$1,118,954	$372,985
IRA Home Energy Rebates	Federal	MEA	Assist in 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	$27,667,940	
IRA Home Electrification Rebates	Federal	MEA	Electric home appliances including heat pumps and electrical upgrades.	$27,562,855	
Governor Moore's Climate Downpayment	State	DHCD	Provide electrification updates to affordable multifamily properties.	$10,000,000	
Lead Hazard Reduction Grant Program	Federal	DHCD	Address lead hazards in homes of low-income households.		$4,000,000
Healthy Homes Production Grant	Federal	DHCD			$2,000,000
TOTAL				$66,349,749	$6,372,985

The total amount of funding designated for the purpose of this report that is expected to become available in Maryland is $72,722,734 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.

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 $2.39 billion dollars per year.

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
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			

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[6]:

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

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.

[6] Environmental Defense Fund: Low-Income Energy Efficiency, A Pathway to Clean, Affordable Energy for All