

**RESPONSES TO MAJOR COMMENTS ON LOW INCOME WEATHERIZATION PROGRAM GUIDELINES
FOR LARGE MULTI-FAMILY ENERGY EFFICIENCY AND RENEWABLES**

The California Department of Community Services and Development (CSD) released draft Program Guidelines for the Low-Income Weatherization Program’s (LIWP) Large Multi-Family (LMF) Program component on August 21, 2015. Three public workshops were held on these draft Guidelines, and public comments were received in writing. The table below summarizes the major written comments received, and CSD’s responses. The final version, retitled as the Program Guidelines for LMF Energy Efficiency and Renewables, was released November 10, 2015 and can be viewed, along with copies of the written public comments, at: [CSD's Low-Income Weatherization Program webpage](#).

The following acronyms are used in this document and are defined here for the reader’s convenience:

<i>AEA</i>	The Association for Energy Affordability, CSD’s LMF Service Provider.
<i>AMI</i>	Area Median Income is median income, by county. Each county has a unique AMI and AMI is used for a range of purposes including serving as an income standard for variety of housing programs targeting households with low to moderate incomes.
<i>ARB</i>	California Air Resources Board. The State department overseeing the use of California Climate Investments allocations.
<i>BPI</i>	Building Performance Institute. BPI is a standards development and credentialing organization for residential energy auditing and upgrade work.
<i>CalEnviroScreen (CES)</i>	A document created by the California Environmental Protection Agency to rank and score all California census tracts based on a variety of pollution and social factors. CES2.0 can be viewed at http://oehha.ca.gov/ej/ces2.html .
<i>CSD</i>	The California Department of Community Services and Development. CSD is the state agency administering the Low Income Weatherization Program (LIWP).
<i>CSI</i>	The California Solar Initiative. The CSI Program is overseen by the California Public Utilities Commission and provides incentives for solar system installations to customers of the investor-owned utilities - Pacific Gas and Electric (PG&E), Southern California Edison (SCE), San Diego Gas & Electric (SDG&E).
<i>CTCAC</i>	The California Tax Credit Allocation Committee. The CTCAC administers the federal and state Low-Income Housing Tax Credit Programs. Both programs were created to encourage private investment in affordable rental housing for households meeting certain income requirements.
<i>DAC</i>	Disadvantaged Community, which for purposes of LIWP is the top 25% of census tracts with the highest scores as determined by CalEnviroScreen.
<i>EUI</i>	Energy Use Intensity. EUI expresses a building’s energy use as a function of its size or other characteristics.
<i>GHG</i>	Greenhouse Gases, which are harmful gases that are reduced when energy efficiency or renewable energy measures are installed.
<i>LADWP</i>	Los Angeles Department of Water and Power.
<i>LIWP</i>	Low Income Weatherization Program. LIWP is CSD’s program that is an integral part of California Climate Investments that are funded by State Cap-and-Trade auction proceeds.
<i>LMF</i>	Large Multi-family dwelling.
<i>MASH</i>	CSI’s Multi-family Affordable Solar Housing Program. The MASH Program is overseen by the California Public Utilities Commission and provides incentives to qualifying affordable housing within the service territories of Pacific Gas & Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E).

<i>PACE</i>	Property Assessed Clean Energy Programs. The PACE model is a mechanism for financing energy efficiency and renewable energy improvements on private property. PACE programs allow local governments, state governments, or other inter-jurisdictional authorities, when authorized by state law, to fund the up-front cost of energy improvements on commercial and residential properties, which are paid back over time by the property owners.
<i>PV</i>	Photovoltaics.
<i>SF</i>	Single-family. Refers to a single-family home, as opposed to an apartment building (or multi-family dwelling).
<i>SMF</i>	Small Multi-family dwelling.

Written Comments Received and CSD Responses:

No.	Commenter	Comment	CSD Response to Comment
1.	Bay Area Air Quality Management District	The definition of a Large Multi-family (LMF) dwelling should include group homes and shelters that may not necessarily organize their residents into traditional units.	CSD believes it may be more appropriate to include these kinds of dwellings as part of the Program Guidelines for Single Family (SF) and Small Multi-family (SMF) dwellings in the future.
2.	Bay Area Air Quality Management District	The definition of a "vulnerable" population should also include populations that use shelters and group homes including homeless or transient populations; refugees or people with displaced person status; and victims of crimes seeking a safer housing situation.	To qualify for services under the LMF Program, buildings must be located within a Disadvantaged Community (DAC), and at least 66% of dwelling units within a building must be occupied by households with incomes at or below 80% of Area Median Income (AMI). Population indicators used in CalEnviroScreen 2.0 to identify DACs include children and elderly. These criteria will allow the LMF Program to serve various segments of the most disadvantaged community members, so examples of vulnerable populations have been removed from LMF Program Guidelines. CSD will be assessing the benefits of the Program for disadvantaged communities and may consider targeted approaches in future Program design.
3.	Bay Area Air Quality Management District	The metering of individual units should be a mandatory improvement for buildings with separate units that are not currently metered individually.	This is beyond the scope of the LMF Program Guidelines.
4.	Everyday Energy	Recommend adding the following goals to Program Guidelines: <ul style="list-style-type: none"> • Cost savings & direct economic benefits to low-income renters • Preserving housing affordability • Stability of long-term utility pricing 	CSD believes the goals listed in the LMF Program Guidelines are sufficiently inclusive to reflect the commenter's concerns, since economic benefits to low income families will be maximized through providing direct energy cost savings to renters; supporting preservation of housing affordability; and stabilizing energy costs. CSD has added "demonstration of benefits to tenants" as a factor to consider in evaluating projects in Section VI of the revised LMF Program Guidelines. Section VII has also

			been amended to state that CSD and the LMF Service Provider will take appropriate measures to structure contracts and participation agreements to ensure anti-displacement and affordability provisions are considered.
5.	Everyday Energy	<p>Recommend revising approaches promoting workforce development in Program Guidelines as follows:</p> <ul style="list-style-type: none"> • “Encouraging employment agreements with installation contractors to <u>set goals and secure commitments for hiring</u> hire one or more individuals from the disadvantaged communities” to strike out ‘hire one or more’ individuals;” • “<u>Utilization of qualified contractors and subcontractors</u> Giving priority to installation contractors from the disadvantaged community areas;” 	CSD believes the LMF Program Guidelines are sufficiently broad in encouraging hiring and giving priority to contractors in the disadvantaged communities (DACs) without being prescriptive. However, the reference to “one or more” individuals has been removed from Section V. The LMF Service Provider will be required to coordinate workforce development reporting from property owners and to CSD.
6.	Everyday Energy	Recommend edits and additions to the factors determining whether a solar system would qualify to align the criteria with typical solar project assessment processes and ensure solar systems meet the goals and objectives of the program.	CSD has amended Section VI of the LMF Program Guidelines to state the factors that will be evaluated by CSD and the LMF Service Provider include, but are not limited to, those listed in the Guidelines. Estimates of energy savings and GHG reductions have also been added as a factor. The observations and comments will be referred to the LMF Service Provider for further consideration.
7.	Everyday Energy	Recommend a revised estimate of 1,100 dwellings to be served by each of CSD’s solar photovoltaic (PV) programs.	Sections VI and VII of the LMF Program Guidelines have been amended and the Guidelines no longer include solar PV or solar hot water initiatives for SMF dwellings to minimize confusion with CSD’s SF and SMF Program and focus resources on LMF dwellings to maximize energy savings and GHG reductions. The definition of LMF In Section VI has been amended to provide that buildings with or without shared hot water, heating and/or cooling systems, as well as multi-building complexes with at least one building of 20 or more units, are also included. CSD and the LMF Service Provider will look to maximize the opportunities for solar PV installations for the estimated 5,000 households to be served by the LMF Program and will leverage all available resources for LMF dwellings.

8.	Everyday Energy	Recommend the LMF Service Provider share the analysis of energy usage data with contractor making solar feasibility assessments and project design.	The observations and comments will be referred to the LMF Service Provider for further consideration.
9.	Everyday Energy	Recommend using a publically accepted solar calculator such as CEC-PV calculator to estimate kWh generation from PV systems for greenhouse gas (GHG) reduction estimates.	The observations and comments will be referred to the LMF Service Provider for further consideration.
10.	Everyday Energy	Recommend property owners be allowed to count private debt and equity investment as leverage to the CSD program incentive, and count debt financing payments or payments made under a solar lease or power purchase payments towards the property owner's co-investment.	CSD and the LMF Service Provider will take the suggestions into consideration as options for property owner leveraging and co-investment.
11.	Everyday Energy	Recommend that for solar projects, the program contractor provide technical assistance to property owners that includes financial analysis evaluating the costs and cash flows under a system purchase or third party ownership scenario, and provide a written proposal for a system purchase, solar lease, or power purchase, pursuant to the preferences of the property owner, with a fixed cost schedule and annual production estimate of the solar system.	CSD agrees that comprehensive financial awareness should be provided to the property owners on measures installed at their property. This is consistent with the LMF Program Guidelines and the comments will be forwarded to the LMF Service Provider.
12.	Everyday Energy	Recommend the Guidelines state the program contractor should provide property owners a performance guarantee and provide ongoing monitoring of the system production.	CSD is cognizant of underperformance issues relating to solar contractors. CSD agrees that property owners should be informed on performance guarantees adequate to protect the consumer and that meet current industry standards. The comments will be forwarded to the LMF Service Provider.
13.	Home Energy Analytics	Recommend use of smart meter analytics in the LMF Program to increase cost effectiveness, energy savings and GHG reductions.	CSD's primary approach to energy efficiency in the LMF Program is to utilize energy modeling to identify measures. A screening tool is being used to benchmark buildings and target those that waste energy. CSD has also included an energy education component in Section VIII and Exhibit C of the LMF Program Guidelines. The observations and comments will be referred to the LMF Service Provider for further consideration.

14.	Promise Energy	Recommend allowing developers of affordable housing projects to provide general benefits to property including maintenance, upkeep, onsite services etc. under LIWP that extend their ability to provide affordable housing.	These types of measures would be beyond the scope of the LMF Program's GHG reduction and energy savings goals.
15.	Promise Energy	Recommend including eligibility for disadvantaged communities (DACs) within Los Angeles Department of Water and Power (LADWP) district.	Projects in DACs located within LADWP's service regions are eligible for the LMF Program.
16.	Promise Energy	The process for becoming a contractor for the LMF Program should be clarified.	CSD is not planning a second Request for Qualifications for this round of funding. The LMF Service Provider may subcontract with other agencies and create a network of preferred providers.
17.	Promise Energy	Include opportunities for incentives for new construction under the LMF Program.	The LMF Program Guidelines have been developed to prioritize benefits to low-income individuals in existing buildings.
18.	Promise Energy	Recommend consideration of using a "whole project" metric vs a "per building" metric so that projects are not split between the Large and the Small Multi-family programs. If the project site has over 20 units, allow it to apply under the LMF program.	See CSD response to comment #7. CSD and the LMF Service Provider will analyze project eligibility on an ongoing basis to meet programmatic goals.
19.	Promise Energy	Allow projects with a large number of units, but with individual systems, to apply under the LMF program.	See comment above. SMF dwellings of less than 20 units with individual systems continue to be eligible for weatherization measures under LIWP's SF and SMF Program.
20.	Promise Energy	Consider a portfolio-wide approach to allow for some projects that can get deeper savings to compensate for other projects that can only achieve smaller savings.	Individual buildings will continue to be required to have energy audits or analysis for prioritization under the LMF Program Guidelines to maximize GHG reductions, and owners' financial leveraging and co-investment are required to be considered in evaluating projects. Section VIII of the LMF Program Guidelines has been amended to provide that in cases in which the property owner has multiple projects in their portfolio and each property has different levels of available cash reserves, the property owner may choose to offset the co-investment for a project being done in one building with the co-investment for a project being done in another.

21.	Promise Energy	Allow the use of regulatory agreements for determining income qualification affordability to align with California Tax Credit Allocation Committee (CTCAC) and utility programs currently in place that cover the whole project and are readily available, while individual income levels may not be.	This approach would be consistent with the LMF Program Guidelines.
22.	Promise Energy	Assessment for potential of solar water heating will require a high level of design/engineering expertise and economic analysis by an experienced firm.	The observations and comments will be referred to the LMF Service Provider for further consideration.
23.	Promise Energy	Instead of requiring “percentage improvements” in property performance, allow a clear floor of energy use intensity (EUI). Setting a clear end-goal for EUI or other efficiency metrics would avoid inadvertently penalizing efficiency efforts done prior to LIWP.	The LMF Program Guidelines provide for the targeting of buildings with the greatest current energy waste.
24.	Promise Energy	The Guidelines should specify what happens when tenants move out, and new tenants move in, changing the area median income (AMI) level.	LMF eligibility will operate on a point-in-time basis. “Demonstration of benefits to tenants” has been added as a factor to consider in evaluating projects in Section VI of the LMF Program Guidelines.
25.	Promise Energy	Recommend allowing “due diligence” burdens that require staff time and/or cost to qualify as financial participation from property owners (e.g. time and cost of providing tenant data; meeting and communicating with tenants about the project; moving tenants during retrofit work; staff time to coordinate and pay for legal and investor review; cost of structural support; storage space; equipment housing for solar thermal and solar PV) and allow other financing measures to qualify as owner financial participation (rebates, tax credits, Property Assessed Clean Energy [PACE] financing or other sources).	CSD believes the LMF Program Guidelines are flexible enough to allow considerations of varying methods of property owner co-investment and leveraging.
26.	Promise Energy	Recommend aligning solar thermal requirements with requirements of the California Solar Initiative (CSI) thermal program (for training, storage volume, required equipment, system monitoring etc).	The observations and comments will be referred to the LMF Service Provider for further consideration. Solar thermal initiatives may be leveraged by CSI’s Multifamily Affordable Solar Housing (MASH) Program when available.

27.	National Resources Defense Council (NRDC) and California Housing Partnership Corporation (CHPC)	Recommend that CSD maintain a transparent and open process, and solicit public stakeholder input before issuing any substantially modified Guidelines.	Each funding cycle will consist of a public review process. Stakeholder engagement will be encouraged in any subsequent program modification.
28.	NRDC and CHPC	Recommend that the Guidelines be an iterative process and revised every year, based on program experience gained.	Stakeholder engagement will be encouraged in any subsequent program modification.
29.	NRDC and CHPC	Recommend that CSD establish an Advisory Council to inform the development and implementation of the LMF Program Guidelines.	See comment above. Section XIII of the LMF Program Guidelines has been amended to refer to formalizing stakeholder engagement as a possible future program design modification.
30.	NRDC and CHPC	There will be properties that have a mix of central and individual systems, and in those cases allow the building owner to choose whether they use the small multi-family dwelling program or the large multi-family dwelling program.	See CSD response to comment #7. CSD and the LMF Service Provider will analyze project eligibility on an ongoing basis to meet programmatic goals.
31.	NRDC and CHPC	CSD is commended for choosing Association for Energy Affordability, (AEA) a non-profit organization dedicated to achieving quality multi-family energy upgrades in low-income housing as its LMF Service Provider.	CSD appreciates this comment.
32.	NRDC and CHPC	Recommend CSD consider progress payments at 50% of construction completion on a case-by-case basis to help alleviate the up-front cost burden to multi-family building owners performing this work, particularly non-profit housing developers.	The recommendation is beyond the scope of the LMF Program Guidelines. Property owners' financial leveraging and co-investment are required to be considered in evaluating projects. CSD and the LMF Service Provider will ensure all options for property owner leveraging and co-investment are considered on a case-by-case basis, and appropriate technical assistance is provided.
33.	NRDC and CHPC	Recommend that when CSD and its LMF Service Provider are training new workers or are recommending multi-family vendors to perform the work, that those performing the work have a solid technical foundation in performing multi-family energy upgrades and approach the energy upgrade work from a whole building perspective that ensures the health and safety of building residents, based on the technical	The LMF Program Guidelines state that the LMF Service Provider's services to property owners will include procurement assistance, site assessment, energy modeling and customized work scope development, construction management assistance, and post-construction quality assurance, verification, and training support. CSD's LMF Service Provider is a Building Performance Institute (BPI) certified provider and will provide technical assistance as needed.

		foundation established by the U.S. Department of Energy's Weatherization Assistance Program.	
34.	NRDC and CHPC	Recommend a flexible application and program cycle to account for the time needed to complete a multi-family energy efficiency retrofit which takes longer than a year to complete. CSD should grant owners the option of an extension past the 2017 deadline.	Funds from the 2014-15 appropriation must be expended by CSD prior to June 30, 2017 and CSD has no authority to provide funding beyond that date. AEA will be required to account for all funds during the contract close-out period. The observations and comments will be referred to the LMF Service Provider for further consideration. Program plans for the 2015-16 appropriation will be subject to future public comment and stakeholder input.
35.	NRDC and CHPC	If an owner investment is required for participation in the program, recommend that an owner cost share of no greater than 20 percent be implemented.	Leveraged funds and property owner co-investment will be considered by the LMF Service Provider and CSD on a case-by-case basis.
36.	NRDC and CHPC	Recommend AEA and CSD work with owners of multiple multi-family properties to perform energy efficiency upgrades of their entire portfolio.	See CSD response to comment #20. Individual buildings will be required to have energy audits or analysis for prioritization under the LMF Program Guidelines to maximize GHG reductions, and owners' financial leveraging and co-investment will need to be considered in evaluating projects.
37.	NRDC and CHPC	Recommend energy education and behavior programs be added to the list of eligible LIWP weatherization measures.	A list of eligible LIWP weatherization measures has been added to the LMF Program Guidelines as Exhibit C and includes energy education. A reference to education and training has also been added to Section VIII of the Program Guidelines.
38.	NRDC and CHPC	Recommend that any cost effectiveness tests be applied at the portfolio level and not for each individual measure.	Individual buildings will be required to have energy audits or analysis for prioritization under the LMF Program Guidelines to maximize greenhouse gas reductions. CSD and the LMF Service Provider will continue to evaluate the interrelationship between Savings-to-Investment Ratios, energy savings and GHG reductions for individual measures and at the building level for quantification considerations for the LMF Program.
39.	NRDC and CHPC	Recommend that cost effectiveness tests or portfolio-wide Savings-to-Investment Ratios or Carbon Investment Return incorporate non-energy benefits and an appropriately low discount rate, where appropriate.	See comment above. CSD has added "demonstration of benefits to tenants" as a factor to consider in evaluating projects in Section VI of the LMF Program Guidelines. Quantification of discount rates is beyond the scope of the Program.

40.	NRDC and CHPC	Recommend that CSD, AEA, and ARB work closely with the California Technical Forum when establishing savings estimates for the program.	Thank you for the comment. CSD will consider the observations and comments in consultation with the LMF Service Provider and ARB.
41.	Adobe Communities	The LIWP LMF Program should include large properties with individual systems, as many of these properties are energy inefficient and including these projects would reduce energy usage.	See CSD response to comment #7. CSD and the LMF Service Provider will analyze project eligibility on an ongoing basis to meet programmatic goals.
42.	Adobe Communities	Dwellings that have units with individual systems may be eligible for the SF and SMF weatherization portion of LIWP. Recommend CSD have one LIWP administrator and set of Guidelines for all multi-family buildings to reduce confusion and encourage more owner participation.	See comment above. CSD has contracted with existing service providers to provide weatherization services to certain SMF dwellings under LIWP's SF and SMF Weatherization program component. CSD is not currently planning to change the design of current Programs or undertake additional procurements for those services. Program planning for expenditure of any future appropriations will involve public and stakeholder input.
43.	Adobe Communities	Recommend considering a portfolio approach for admitting projects into the program and that property owner investments across the portfolio be considered.	See CSD response to comment #20.
44.	Adobe Communities	Recommend that LIWP cover 100% of the energy audit, and that for other project costs, a 10%-20% owner contribution be deemed reasonable, with flexible and broad options for meeting this requirement that include staff time.	The LMF Program Guidelines are not prescriptive in requiring a property co-investment for the energy audit. For other project costs, individual buildings will be required to have energy audits or analysis for prioritization under the LMF Program Guidelines to maximize greenhouse gas reductions, and owners' financial leveraging and co-investment will need to be considered in evaluating projects on a case by case basis.
45.	Adobe Communities	Recommend open enrollments to encourage owners to participate in the program and accommodate other timing considerations, especially for other funding that would help leverage these projects.	The LMF Program Guidelines do not restrict applications to an open enrollment period. The observations and comments will be referred to the LMF Service Provider for further consideration.
46.	Adobe Communities	Recommend participants be able to do any cost effective measure identified in the audit, despite how it relates to other measures. Requiring measures to be installed in ranked order is not advisable.	The LMF Program Guidelines will allow cost-effective measures identified in energy audit modeling to be installed.

47.	Adobe Communities	Recommend the timing for project completion be clarified in the Program Guidelines.	The LMF Program Guidelines do not include restrictions on time periods for work to be completed. However, funds from the 2014-15 appropriation must be expended by CSD prior to June 30, 2017 and CSD has no authority to provide funding beyond that date. AEA will be required to account for all funds during the contract close-out period. The observations and comments will be referred to the LMF Service Provider for further consideration.
48.	Gordon Piper	Requiring 100% of LIWP-LMF funding be spent in disadvantaged communities discriminates against residents elsewhere and the Guidelines should comply with State and Federal civil rights laws and constitutional requirements.	The LMF Program Guidelines are designed to carry out the intended purposes of Senate Bill 535, namely to assist low-income communities most severely impacted by air pollution.