

Chapter Three

MODELS FOR COMBINING HOUSING REHABILITATION AND ENERGY CONSERVATION

If a participating jurisdiction (PJ) has determined that it should expand its existing home rehabilitation program to include energy-conserving measures, it has three basic organizational options:

- **Housing Rehabilitation Agency Lead Model.** The PJ's housing rehabilitation agency can employ the local energy conservation agency on a subrecipient or contractual basis for energy-conserving advice and repairs, while overseeing the rehabilitation process itself;
- **Housing Rehabilitation Agency Lead/Joint Funding Model.** The housing rehabilitation agency takes the lead on the rehabilitation project, but the local energy conservation agency provides construction services and contributes funding; and
- **Energy Conservation Agency Lead Model.** The local energy conservation agency can apply to a State or local HOME PJ to act as a subrecipient, and use HOME funds and other resources to expand its ability to provide general rehabilitation services.

The first model resembles the way that many PJs already operate their housing rehabilitation programs. Under general rehabilitation programs, the PJ or its subrecipient uses in-house staff, contractors, or both to perform the work. The agency could contract with an energy conservation team just as it would contract with an electrician, for example, if it did not have that particular expertise.

The second model is a variant of the first. In this model, the energy conservation agency and the PJ could agree to share costs on the project, with the agency paying for the energy-related work with the U.S. Department of Energy's (DOE) Weatherization Assistance Program (WAP) or the U.S. Department of Health and Human Services' (HHS) Low-Income Home Energy Assistance Program (LIHEAP) funds. This model would be

most useful in situations where the PJ seeks to leverage weatherization resources using its HOME dollars. Under this scenario, the energy conservation agency would have to ensure that the project meets the requirements of its funding source, in the same manner that the PJ must ensure that the project meets the HOME requirements (Figure 3.)⁴

The third model resembles the way that many WAP- and LIHEAP-funded agencies operate. In many rural areas, where no housing rehabilitation agencies or programs are in place, the local energy conservation program may be the only source for housing rehabilitation work of any kind. The PJ (most likely a State) could offer HOME funds to this agency as an incentive for it to expand its operations and take on general rehabilitation jobs.

AGENCY LEAD MODEL

Under this model, the PJ's housing rehabilitation agency is the main point of client contact (Figure 4). This agency is responsible for outreach and intake, and its staff reviews the application, verifies income and household eligibility, prepares a work writeup, and arranges financing. As the HOME grantee, the PJ must ensure that the applicant's project is eligible for HOME funding, from both a financial/income standpoint and from a structural need standpoint. The applicant eligibility and information verification processes can be performed in-house. When the agency performs the structural inspection, however, it may only be able to identify general rehabilitation needs.

In this model, the rehabilitation agency will contract with the energy conservation agency to identify the home's energy needs, suggest energy-related items for inclusion in the work writeup, and develop specifications. Once the writeup is complete, the housing agency staff will manage the construction, locate the appropriate contractor(s) to perform the work (or help the owner to do so), and

Figure 3. Models for Joint Housing Rehabilitation/Energy Conservation Projects

Model	Housing Rehabilitation Agency Takes the Lead		Energy Conservation Agency Takes the Lead
Other agency's role	Energy conservation agency serves as contractor but provides no funds.	Energy conservation agency performs and pays for own work.	Not applicable
When is this model applicable?	The PJ operates a home rehabilitation program, but needs assistance with energy measures.	Same, and the PJ wants to leverage HOME funds with WAP or LIHEAP funds.	The PJ (usually a State) does not operate a housing rehab program in the locality. A conservation agency is active in the service area and can operate the program.
Which programs apply?	HOME	HOME and WAP or LIHEAP	HOME and WAP or LIHEAP
Who performs intake?	The housing rehab agency	Same	Energy conservation agency
Who underwrites the project?	PJ	PJ and the energy conservation agency	Energy conservation agency
Who manages construction?	Housing rehab agency, with input from energy conservation agency.	Housing rehab agency, with assistance from energy conservation agency.	Energy conservation agency
Who inspects the work?	Housing rehab agency, with assistance from energy conservation agency as needed.	Both agencies	Energy conservation agency
Who pays for the work?	Housing rehab agency	Both agencies	Energy conservation agency

will ensure that the energy program's specifications are followed. In fact, the housing agency might procure the energy conservation agency as a contractor to make the energy-related repairs. Although the housing rehabilitation agency is responsible for inspecting the site after work is completed, it can choose to contract with the energy conservation agency to inspect particular items.

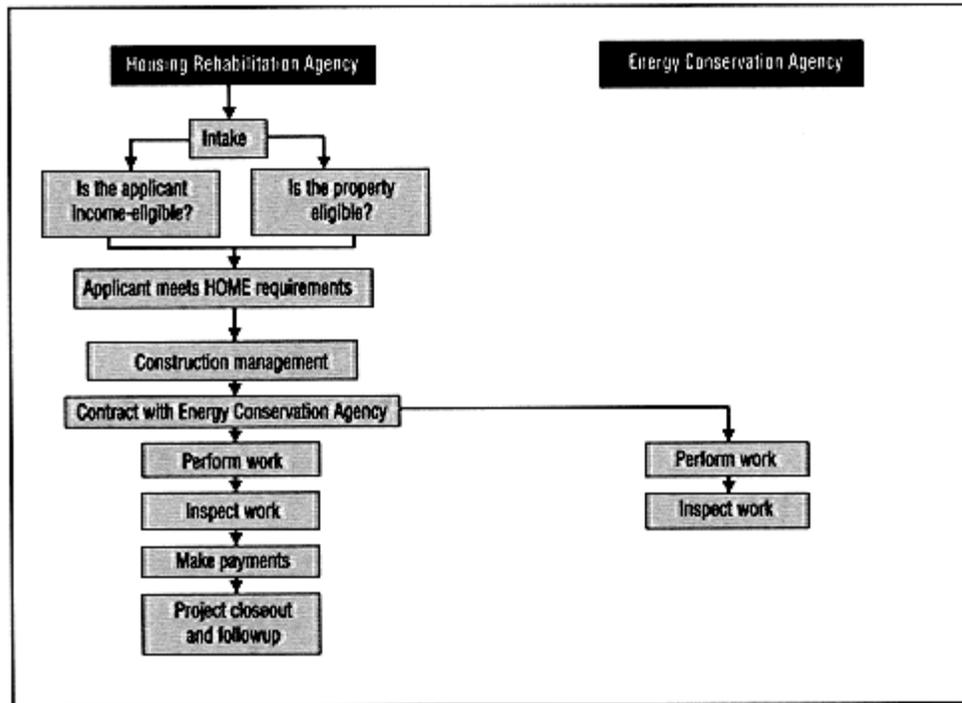
This model assumes that the PJ (and the owner) pay for the rehabilitation, and that the energy conservation agency serves only as a contractor.

Although this arrangement meets the technical needs of the PJ, it does not have the added advantage of leveraging the HOME funds with weatherization funds.

HOUSING REHABILITATION AGENCY LEAD/JOINT FUNDING MODEL

This model resembles the previous model except that the PJ and energy conservation program share costs, and the energy program pays for the items eligible under its funding—WAP, LIHEAP, etc. (Figure 5).

Figure 4. Housing Rehabilitation Agency Lead Model—Energy Conservation Agency as Contractor Only



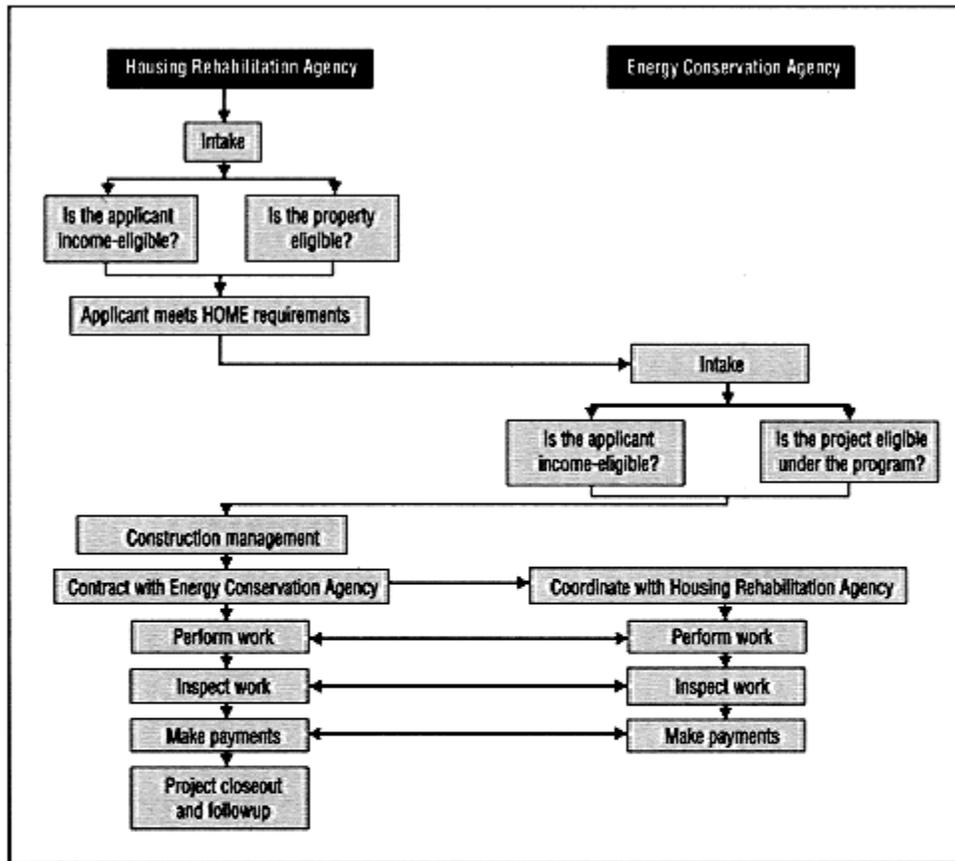
With this alternative, the applicant must meet energy conservation program criteria as well as HOME Program criteria—thus, the energy program staff will have to conduct its own eligibility review. (Because the HOME Program and energy programs may have different income criteria, careful review is important when HOME is combined with other funds.) In addition, the work writeup will have to meet the energy program’s conservation specifications (usually DOE standards). The two agencies must agree on which agency will bear the individual repair and modification costs. The energy program, for example, might agree to pay for weatherization and a furnace replacement, while the housing program covers all structural and cosmetic repairs. For its part, the housing agency staff must determine that the energy program standards meet

CEECS (or the CABO Model Energy Code in the case of new construction) for the tasks to be HOME-eligible.

ENERGY CONSERVATION AGENCY LEAD MODEL

Under this model, the energy conservation agency is a HOME subrecipient (Figure 6). It takes on the responsibilities that the housing rehabilitation agency had in the first model: it performs outreach; accepts applications; reviews the financial need, household composition, and eligibility; prepares the work writeup; and provides the work crew and/or obtains the appropriate contractors or subcontractors to perform the work (or helps the owner to do so). After construction, the

Figure 5. Housing Rehabilitation Agency Lead—Joint Funding Model



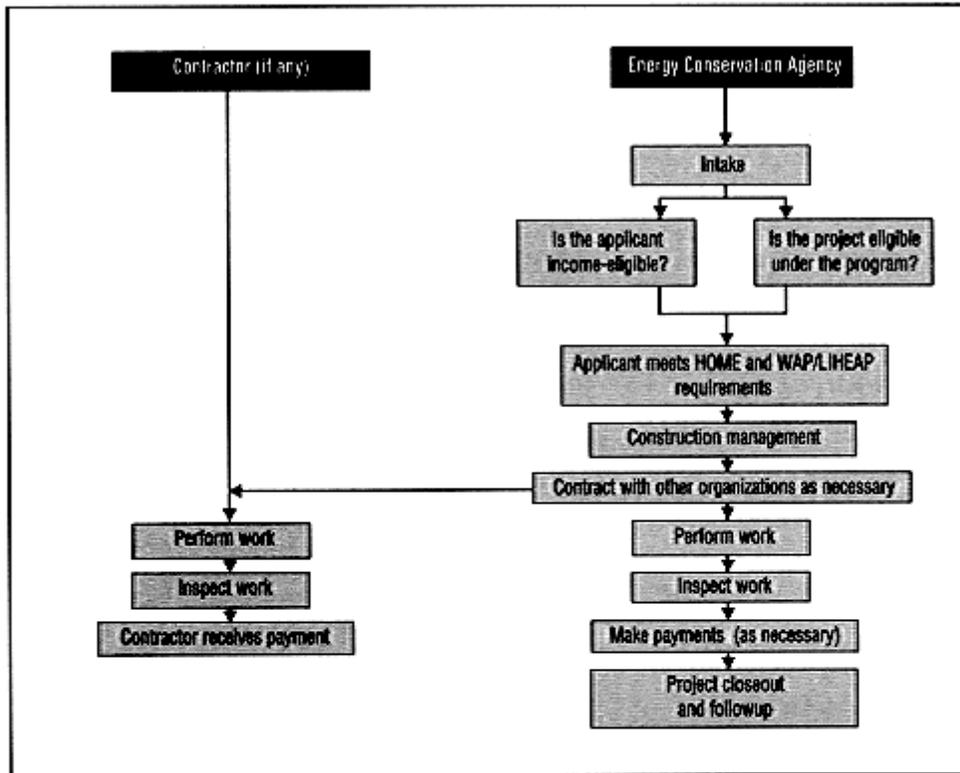
energy conservation agency inspects the project. Where a local PJ does not operate a housing rehabilitation program, or where a State is the direct recipient of HOME funds, this model represents a reasonable option for combining housing and weatherization funds.

As in the first model, the energy conservation agency might not have sufficient knowledge—this time, about HQS or general rehabilitation—to complete all the work itself. Alternately, it might not have the administrative capacity to perform

the work required. In a variation on this model, the energy conservation agency could contract with another agency for assistance with intake, preparing the work writeup to meet HQS, inspecting the project, or performing other administrative tasks. The majority of the work, however, would be done by the energy conservation agency.

Unlike the previous model, the energy conservation agency is a HOME subrecipient rather than a contractor. It must sign a HOME Program written agreement with the PJ and abide by program rules

Figure 6. Energy Conservation Lead Model



that may not apply to its WAP- or LIHEAP-funded work. The PJ will be responsible for establishing production goals and quality standards for the energy conservation program to meet in its rehabilitation work, and for auditing the program operations to ensure that the program observes the HOME Program income and project eligibility requirements. Thus, close coordination is paramount.

CHOOSING THE APPROPRIATE MODEL

To summarize the preceding discussion, each model is appropriate in a given situation. The first two models may "stretch" the housing rehabilita-

tion agency in terms of learning to coordinate its work with the energy conservation agency, and the third model may impose a large administrative effort on the energy conservation agency—the reverse could also be true! Nonetheless, one model may be the obvious choice. For a PJ with no in-house housing rehabilitation capability, for example, the Energy Conservation Agency Lead Model may be the best choice.

In localities where the PJ has the choice, how will it decide which model to follow and, more importantly, which agencies to use? The following discussion describes a strategic planning process for selecting the participants who can provide energy-conserving repairs in a manner that best fits the PJ's environment. This process identifies

three factors: the strengths and weaknesses of each agency that may be involved in an energy-conserving housing rehabilitation program; the components that each agency should bring into the partnership; and the opportunities and obstacles for collaboration.

■ **Identify the Key Participants.** The PJ should make a list of available housing rehabilitation agencies and energy conservation agencies. In most areas, the PJ will have an in-house housing rehabilitation capability, and there will be a separate State-funded energy conservation agency plus some other local nonprofit agencies. Alternately, the PJ may not operate a housing rehabilitation agency of its own, but the energy conservation agency or some private or nonprofit group may operate a minor repair program.

■ **Develop Selection Criteria for Partner Agencies.** The PJ should decide what qualifications it wants from the two agencies that will participate in the joint program. Possible selection criteria may include:

- Staff skills and training;
- Experience in specific types of repairs, replacements, and modifications;
- Equipment, inventory, and storage facilities;
- Volume of production;
- Administrative experience and capacity;
- Client eligibility requirements;
- Funding sources and rules; and
- Capacity for expansion and/or cooperative efforts.

The development of appropriate criteria is a major part of the selection process. Both the housing rehabilitation agency and the energy conservation agency involved will be judged for “fit” against each other based on these criteria.

■ **Self-Assessment.** Before approaching an energy conservation agency, the PJ should assess the skills it—or the agency that already does housing rehabilitation—brings to the partnership. Can the staff develop the appropriate administrative and technical skills to oversee an energy-conserving housing rehabili-

tation program? Sample assessment questions are provided in Appendix C.

■ **Assess Potential Partner(s).** If there is only one energy conservation program in the area, the PJ is likely to be familiar with its work. If there are many agencies in the area, however, the PJ may have to interview State agencies, nonprofits that work with low-income households, and local utility companies and dealers to identify potential partners. The PJ might even choose to issue a Request for Qualifications (RFQ) to solicit potential partners, if the service area is very large and the PJ’s staff is unfamiliar with the available energy conservation programs. The PJ should use the questions provided in Appendix C to conduct this assessment.

■ **Analyze Results.** The PJ should compare each energy conservation agency under consideration with the housing rehabilitation agency. The PJ may design a checklist to compare individual criteria, such as eligibility requirements, volume of rehabilitation jobs, construction expertise, etc. The PJ should identify the strengths and weaknesses each agency brings to meeting these criteria, and determine any needs missing from the partnership.

■ **Negotiate with the Energy Conservation Agency.** If an agency appears compatible with the PJ’s housing rehabilitation program, representatives from the agencies involved should form a working group to assess the degree to which the agencies can work together to meet the community’s needs. They should assess the institutional strengths and weaknesses and the opportunities and obstacles for collaboration. Useful discussion points include:

- How much time each agency can commit to the program;
- Criteria for providing funding;
- Whether the agencies need to develop a common set of eligibility requirements;
- What the appropriate quality control measures for a joint program are, and who will enforce them; and
- How the agencies can form effective channels for communication and feedback.

- **Select Model.** If the PJ finds that its housing rehabilitation program already has most of the expertise it needs, the appropriate role for an energy conservation agency is that of an advisor or assistant to the rehabilitation program. The PJ should, therefore, select the Housing Rehabilitation Agency Lead Model and develop a standing relationship with the energy conservation agency to provide consultant and repair services, as necessary.

If the housing rehabilitation agency hopes to use Federal energy conservation funds as well, it should pursue the Housing Rehabilitation Agency Lead/Joint Funding Model. The two agencies should develop a protocol for coordinating their activities on rehabilitation projects.

Because the energy conservation agency has its own set of eligibility requirements for projects, the PJ should ensure that they are compatible with those of the housing rehabilitation agency.

Finally, if the PJ does not operate a local housing program and the local energy conservation agency has the capacity to administer a rehabilitation program, the PJ and agency should pursue the Energy Conservation Agency Lead Model. The energy conservation agency should develop a standing relationship with any contractors it might need for specific rehabilitation or administrative services it cannot perform alone.