

IOWA WEATHERIZATION PROGRAM NOTICE 10-02

TO: Weatherization Coordinators

FROM: Gwen Howe, Bureau of Weatherization

DATE: June 15, 2010

RE: Multi-Unit Projects

Purpose

This program notice provides guidance in weatherizing multi-unit dwellings in Iowa, including implementation of recent Department of Energy rule changes and guidance regarding income eligibility determination and accrual of benefits to tenants. The guidance in this notice is in addition to the requirements included in the Iowa Weatherization Policy and Procedures Manual.

General Requirements

Weatherization of multi-unit dwellings containing 5 or more units requires prior approval from the DCAA. The appropriate Multi-Unit Dwelling Approval Form must be submitted to DCAA for approval prior to beginning work. The revised forms are attached.

Agencies are allowed, but not required, to bypass priority lists in order to weatherize multi-unit dwellings.

Buildings 45 years old or older are subject to SHPO review requirements.

The total number of multi-units weatherized must not exceed 20% of total units weatherized by an agency in a program year.

Income Eligibility Determination

Income eligibility may be determined according to the provisions of DOE WPN 10-15, attached. Income eligibility for projects not covered by WPN 10-15 must comply with requirements of Iowa Weatherization Policies and Procedures Manual Section 4.31.

The three lists of properties referred to in WPN 10-15 are supplied by HUD and USDA. Properties identified on these lists have been determined to meet certain eligibility criteria under weatherization. These lists will reduce the review and verification necessary to weatherize the buildings. These lists are included with this notice.

List 1: Eligible Multi-unit Buildings 10-CFR-440.22(b)(4)(i)

- This list is split in three separate tables.
 - Public Housing – 100% of the buildings qualify
 - Public Housing – Some buildings qualify
 - Assisted Multi unit - 3 or more years remaining on affordability agreements

- Properties identified on this list have been determined to comply with the requirements that:
 - A minimum of 66% of the dwelling units in the identified buildings are occupied by a family unit that meets the income requirement
 - For a reasonable period of time after weatherization work has been completed, the eligible dwelling unit will not be subject to rent increases as a result of the weatherization
 - No undue or excessive enhancement has occurred to the value of the dwelling unit

List 2: Eligible Multi-unit Buildings 10-CFR-440.22(b)(4)(ii)

- Assisted Multi-unit – Fewer than 3 years remaining on affordability agreements
- Properties identified on this list have been determined to comply with the requirements that:
 - A minimum of 66% of the dwelling units in the identified buildings are occupied by a family unit that meets the income requirement
 - No undue or excessive enhancement has occurred to the value of the dwelling unit

List 3: USDA List of Multi-unit Housing Units

- The U.S. Department of Agriculture supplied this list of multi-unit housing units that is organized by postal address for use by weatherization service providers.

Multi-Unit Dwelling Approval Form

This notice modifies the requirements of the Policy and Procedure Manual by requiring additional information in the Multi-Unit Dwelling Approval Form which must be approved by the DCAA prior to weatherization of multi-unit dwellings. There are now two separate forms – which one you use will depend on the characteristics of the buildings. One is for buildings containing at least five (5), but not more than 24 individually heated units. The NEAT Audit can be used on this type of building. The second form is for any buildings containing more than 24 units or with heating systems serving more than two units (any heating system serving more than two (2) units is the property owner responsibility). The NEAT Audit cannot be used on these buildings. Approval for these larger buildings will be a two part process. Both these forms require more information than previously collected for multi-unit buildings.

One of the new requirements is a description of how the benefits of weatherization will accrue primarily to tenants, in accordance with WPN 10-15A. This can be demonstrated in a number of ways.

In instances in which tenants of multi-family buildings pay directly for energy, the accrual of benefits requirements can be assured by demonstrating a reduction in the tenants' energy bills.

In instances in which a tenant does not pay for energy directly, a combination of several categories of benefits could be used to demonstrate that the benefits of the weatherization accrue primarily to the tenant. Benefits that could be combined, include, but are not limited to:

- Longer term preservation of the property as affordable housing;
- Continuation of protection against rent increases beyond that required under the WAP regulations (10CFR 440.22(b)(3)(II));
- Investment of the energy savings in facilities or services that offer measurable direct benefits to tenants;
- Investments of energy savings from the weatherization work in specific health and safety improvements with measurable benefits to tenants;
- Improvements to heat and hot water distribution, and ventilation to improve the comfort of residents; and
- Establishment of a shared savings program.

Generic assertions such as “tenant services will be improved” or “weatherization will improve health and safety” are not sufficient to demonstrate that the accrual of benefits requirement is met.

Another of the new requirements is a limit on amount of program funds that may be invested in the project. Program funds are limited by the number of eligible tenants living in the project. If only 66% of the tenants are income eligible for the program, then that number times the current DOE average is the maximum that may be spent on the project. (for example: The project has 50 units and 66% (33 units) are eligible, so $33 \times \$6,500 = \$214,500$ is the most to be spent on the project.)

Energy Audits for Multi-Unit Dwellings

Energy audits for multi-unit dwellings must meet the requirements of Section 5.33 of the Weatherization Policies and Procedures Manual.

NEAT can be used on a dwelling with 4 or fewer units without concern as to whether the units are individually heated.

The NEAT Audit may be used as the audit tool for multi-family dwellings that have 24 or fewer individually heated units. Each dissimilar unit type must be audited. If the audit shows a savings-to-investment ratio of at least 1:1, those similar units may be weatherized. If the SIR is not 1:1, none of the similar units may be weatherized.

Projects for which the NEAT Audit is not an allowable audit tool, the agency must provide as part of the approval request its plan for alternative auditing protocols. This may require that the agency contract with a qualified energy audit professional to perform these services. There are currently two DOE approved audits for multi-unit buildings with more than 24 units or buildings with single heating systems, EA-Quip and TREAT.

A Landlord Agreement between the agency and property owner must be in place prior to submission of a project plan. The Landlord Agreement must comply with the provisions of Iowa Weatherization Policy and Procedures Manual Section 4.33. As described in Iowa Weatherization Program Notice 09-03, the requirement for landlord contribution toward the cost of repair or replacement of heating systems in cases where the heating system services no more than two units is waived for ARRA funded projects.

All weatherization work performed on multi-unit dwellings must be done in accordance with the Weatherization Program’s rules and standards. The Weatherization Program does not provide for housing rehab work, including roof replacements, foundation work, etc. Weatherization Program energy audits seldom determine that it is cost effective to replace windows and doors.

Reporting Multi-Unit Dwelling

If using one of the lists issued by DOE to determine eligibility of projects, client applications, which include family demographics, will not exist. Agencies will be required to report each unit as a separate file in WAMS. Units may be described as “Building A”, “Apt 12” for first and last name in WAMS. Households will be reported as single person units unless the agency obtains proof of something different.