

SB0247 Housing and Community Development - Greenho

Uploaded by: Chris Parts

Position: FAV



17 January 2025

The Honorable Senator Brian Feldman
Chair of the Education, Energy, and the Environment Committee
2 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: Letter of Support for SB 0247
Housing and Community Development – Greenhouse Gas Emissions Reductions – Issuance of Loans
and Achievement of Targets

Dear Chair Feldman and members of the Education, Energy, and the Environment Committee:

I am writing to voice AIA Maryland's support for Senate Bill 0247 –Greenhouse Gas Emissions Reductions – Issuance of Loans and Achievement of Targets. AIA Maryland represents nearly 2,000 architects in the state of Maryland and advocates for the profession and the quality of the built environment. Many of our architect members play an important role in planning, design, and building system updates for low to moderate income multifamily residences. Adding low interest to zero interest loans to the funding options these properties have, to meet their Greenhouse Gas Reduction Goals, creates another pathway that may result in beneficial electrification, weatherization or other GHG reduction measures that would allow residents to live in a cleaner/healthier environment.

Maryland residents are acutely aware of the rapidly increasing utility costs and the higher energy burden that rate increases place on the low to moderate income community. This legislation may enable a greater breadth of GHG reduction measures to occur in low to moderate income properties and provide direct benefits to Maryland residents.

The key points of this legislation are:

- Adding loans to this GHG reduction program, broadens financing options to it easier for implementing projects.
- Deferred repayments and maturities of these loans may align well with anticipated payback periods of upgrades or greater flexibility of building envelope upgrades which may allow more flexibility than grant programs, and may yield a benefit for the expected useful life of the building, not just that time frame of equipment within the building.
- More residents may benefit sooner by living in healthier environments and having a lower monthly energy burden with GHG upgrades to properties.
- In a time when state budgets are tight, this does not require additional state funding, it simply provides greater flexibility.

Implementing upgrades to buildings and building systems can be challenging, but it is needed to maintain comfortable, durable places to live. This bill makes it easier to update properties and building systems through a broader path toward achieving the Greenhouse Gas reduction goals established in the Climate Solutions Now Act of 2022. This helps meet GHG reduction targets, it helps many of our residents who are

most acutely affected by energy rate increases, and it has no additional impact on state funding needs. We are pleased to support this bill and we ask for your to vote in favor of SB 0247.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. R.' with a long horizontal stroke extending to the right.

Chris Parts, AIA
Director, Past President, AIA Maryland

SB247_DHCD_SUPPORT.pdf

Uploaded by: Jake Day

Position: FAV

DATE: January 21, 2025

BILL NO.: Senate Bill 247

TITLE: Housing and Community Development – Greenhouse Gas Emissions Reductions – Issuance of Loans and Achievement of Targets

COMMITTEE: Senate Education, Energy, & the Environment Committee

Letter of Support

Description of Bill:

Senate Bill 247 focuses on reducing greenhouse gas emissions in Maryland via two amendments to existing laws:

1. It authorizes the Department of Housing and Community Development (DHCD) to issue loans, in addition to grants through its MEEHA Greenhouse Gas Reduction Program, as defined in Housing and Community Development article 4-211. The program provides funding for projects targeting emissions reductions in multifamily residential buildings, specifically those housing low-income households.
2. It also expands eligible funding sources that can be used for achieving the emissions reduction targets defined in Public Utilities article 7-224.

Background and Analysis:

The proposed amendments will enable DHCD to expand the delivery of greenhouse gas savings to more participants and at a lower budget.

1. Issuing program funds as a loan will make the MEEHHA Greenhouse gas Reduction Program more available for all eligible housing projects.
 - a. Projects that have or are seeking tax credits have their basis reduced when the project receives grant funds which reduces the investors tax credits. This often disincentivizes projects from participating in the program and their residents lose out on receiving the benefits.
 - b. DHCD runs another energy program for affordable housing projects (the EmPOWER funded MEEHA program) that already successfully employs this approach and half of its participants receive the funds in the form of 0% deferred loans, instead of grants.
 - c. By allowing loans as a funding vehicle, the Greenhouse Gas Reduction program will become more attractive for more types of affordable housing properties and more residents will be able to benefit.
2. In 2023, energy saving targets for DHCD were established through HB 169, which allowed DHCD to “INCLUDE SAVINGS ACHIEVED THROUGH ALL FUNDING SOURCES TO THE EXTENT CONSISTENT WITH FEDERAL LAW OR REGULATIONS GOVERNING THOSE FUNDING SOURCES”.
 - a. Based on this language, DHCD designed its plan to achieve the savings targets by including all available funding sources that provide energy savings to low-income households. This plan was accepted and approved by the PSC in 2023.
 - b. In 2024, HB864 repealed the law as previously planned for, and replaced it with the current law that limits the funding sources to only those that are consistent with DOE or EmPOWER. Based on this limitation, DHCD would no longer be able to count half of the funding sources that were included in its approved original plan. For example, the energy savings provided through MEAP, Greenhouse Gas Reduction program, and its Rental Lending programs would no longer count because they are not

governed by DOE or EmPOWER. Any incoming federal funding provided by EPA, or the governor's climate downpayment would also not count. However, they produce energy savings that benefit low-income households.

- c. DHCD has procured the savings to meet the targets based on the original law, however it needs to be permitted to use all of those funding sources. If a good portion of the procured funding no longer counts towards the savings targets, DHCD would need to seek out additional funding that can count, which under the current law would either have to come from the EmPOWER surcharge or from DOE. All DOE funding opportunities have been exhausted, therefore an increased request of EmPOWER funds would be the most likely outcome.

DHCD Position

The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on SB 247.



MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

7800 HARKINS RD • LANHAM, MD 20706 • DHCD.MARYLAND.GOV
301-429-7400 • 1-800-756-0119 • TTY/RELAY 711 or 1-800-735-2258



MDE LOS for SB 247.pdf

Uploaded by: Les Knapp

Position: FAV



The Maryland Department of the Environment
Secretary Serena McIlwain

Senate Bill 247

Housing and Community Development - Greenhouse Gas Emissions Reductions - Issuance of Loans and Achievement of Targets

Position: Support

Committee: Education, Energy, and the Environment

Date: January 21, 2025

From: Jeremy D. Baker, Director of Government Relations

The Maryland Department of the Environment (MDE) **SUPPORTS** SB 247.

Bill Summary

SB 247 would allow the Maryland Department of Housing and Community Development (DHCD) to issue loans, as well as expand the eligible sources of greenhouse gas (GHG) emissions savings for programs that serve multifamily buildings and program-eligible customers. In 2024, HB 864 (Ch. 539) became law and required all the major utilities and DHCD to consider GHG emissions reduction as the new central goal under Maryland's EmPOWER energy efficiency programs.

Position Rationale

SB 247 would allow DHCD to more effectively align their programmatic efforts with new planning efforts that reduce GHGs, in accordance with Ch. 539. This bill aligns with Maryland's climate goals as established in the Maryland Climate Solutions Now Act (CSNA) of 2022: to reach a 60% GHG reduction, compared to 2006 levels, by 2031, and achieve net-zero emissions by 2045. One of the most affordable ways to save on energy costs is to invest in energy efficiency, and special attention is warranted to support multifamily buildings that serve low-income residents, in alignment with implementation efforts for MDE's Building Energy Performance Standards (BEPS) per the CSNA. SB 247 also aligns with the recommendations relating to supporting decarbonization efforts that reach low-income residents made by MDE's Climate Pollution Reduction Plan and the Building Energy Transition Implementation Task Force.

Accordingly, MDE asks for a **FAVORABLE** report for SB 247.

Contact: Jeremy D. Baker, Director of Government Relations
Cell: 240-548-3321, Email: jeremy.baker@maryland.gov

GHHI SB247 Written Testimony 2-21-25.pdf

Uploaded by: Ruth Ann Norton

Position: FWA



Green & Healthy Homes Initiative®

2714 Hudson Street
Baltimore, MD 21224-4716

P: 410-534-6447

F: 410-534-6475

www.ghhi.org

January 17, 2025

Senator Brian J. Feldman, Chair
Senate Education, Energy, and the Environment Committee
2 West Miller Senate Building
Annapolis, Maryland 21401

Re: **FAVORABLE with Amendments**– SB247 – Housing and Community Development –
Greenhouse Gas Emissions Reductions – Issuance of Loans and Achievement of Targets

Dear Chairman Feldman and Members of the Committee:

On behalf of the Green & Healthy Homes Initiative (GHHI), I submit for the record our testimony in support of SB247 with Amendments. GHHI is a 501(c)(3) national nonprofit organization headquartered in Baltimore, Maryland. Our mission is to address the social determinants of health, opportunity and racial and health equity through the creation of healthy, safe and climate resilient homes.

GHHI is the nation's lead authority on the benefits of a whole-house approach that aligns, braids and coordinates energy efficiency, health and safety to create an integrated home repair and retrofit delivery model to improve health, economic and social outcomes in line with the state's climate goals. The GHHI model has been supported by the US Department of Energy (DOE) and the US Department of Housing and Urban Development (HUD) as well as numerous states, cities and counties throughout the US. By delivering a standard of excellence, GHHI's work aims to eradicate the negative impact of historic disinvestment, the legacy of ill-conceived and unjust housing by creating holistically healthy housing for children, seniors and families in Maryland's low wealth communities. GHHI's work has been recognized through national best practice awards from the US Environmental Protection Agency (EPA) and HUD. In 2023, GHHI was awarded the Buildings Upgrade Prize award from the DOE in recognition of its proposed initiative to complete electrification of low-income households in East Baltimore through a community-driven, whole home initiative with health and safety, workforce, and efficiency benefits.

Amendment

GHHI requests that the Bill be amended to keep the current language in the law that "The Department may procure or provide savings that are achieved ..." through all funding sources (Page 3, lines 32-33). This would keeping the intent of the Department to continue to seek additional funding opportunities in pursuit of the goal and thus increasing energy efficiency services to low-income households and reducing carbon emissions in the state.

Support for the Inclusion of Additional Funding Sources

GHHI supports the bill's design to include savings from additional funding sources, which is aligned with the original intent of the savings target that was made law two years ago. Bringing in multiple funding sources will support DHCD developing a comprehensive service model that serves households and building owners across Maryland across various needs and program eligibility.

DHCD has already taken important steps for this process, launching a single intake web portal and reviewing all funding sources available to support serving low-income households in Maryland through the Green and Healthy Task Force.

Reaffirming Support for Savings Target

The DHCD savings target supports multiple benefits for the communities served by DHCD, especially for low-income households. Reducing greenhouse gas emissions in low-income households through DHCD involves multiple benefits including health from reduced air pollution, cost savings from higher efficiency equipment that is aligned with Maryland energy future, and improved housing conditions brought by the enabling upgrades that DHCD delivers through its Whole Home Efficiency programs.

1). Health

Growing evidence has highlighted the negative health impacts of fossil fuels from residential usage. In September 2023, GHH, CASA, CCAN, and RMI published the report *Cutting Through the Smog*¹ which highlighted that fossil fuel furnaces, HVAC systems, water heaters and other equipment emit more than three times as much health-harming nitrogen oxides as the Maryland's power plants. This disproportionately affects low-income residents and residents of color where pollution, environmental justice, and health issues are most likely to compound. The report highlights that outdoor pollution from fossil fuel equipment in Maryland caused an estimated 163 premature deaths in 2017 alone, driving about 3,500 cases of respiratory symptoms, 6,500 lost workdays, and \$1.3 billion in public health impacts per year. That is just based on outdoor air pollution.

Furthermore, in February 2024 the EPA and National Academies released a consensus study report, *Health Risks of Indoor Exposure to Fine Particulate Matter and Practical Mitigation Solutions*². That report notes "natural gas combustion is a substantial source of UFPs [ultrafine particles]-, particularly if the particles are not properly exhausted above a stove or vented from appliances such as water heaters, dryers, or heating systems." The report concludes, "There is

¹ CASA, Green & Healthy Homes Initiative, Chesapeake Climate Action Network, and RMI, *Cutting Through the Smog: How Air Quality Standards Help Solve the Hidden Health Toll of Air Pollution From Maryland's Homes and Businesses* (September 2023), available at <https://www.greenandhealthyhomes.org/publication/cutting-through-the-smog/>

² National Academies of Sciences, Engineering, and Medicine. 2024. *Health Risks of Indoor Exposure to Fine Particulate Matter and Practical Mitigation Solutions*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/27341>

ample evidence that exposure to indoor fine particulate matter causes adverse health effects.” These health impacts include respiratory effects, cardiovascular effects, neurological effects, and more.

Nitrogen oxides and fine particulate matter are just two of the major pollutants from fossil fuel combustion. Other pollutants include the carcinogen benzene, volatile organic compounds, and carbon monoxide. Moving to electric technologies, such as electric heat pumps, eliminates the source exposure of fossil fuel combustion and toxic gas leakage from furnaces. A full electrification project further adds benefits from eliminating other sources of pollution including water heaters, stoves, dryers, and more.

Additionally, DHCD’s Whole Home Efficiency program moves in the direction of GHHI’s comprehensive model of aligning efficiency programs with health and safety interventions in low income households. Studies for the US Department of Housing and Urban Development have shown the benefits of GHHI’s whole house approach in Baltimore as follows:

- 66% reduction in asthma related hospitalizations
- 62% increase in school attendance by addressing chronic absences due to asthma
- 88% increase in parental work attendance related directly to healthier children
- 30% reductions in asthma related ER visits
- 99% reductions in childhood lead poisoning
- Reductions in household injuries for children and trip and fall injuries for seniors
- Increased mobility and accessibility in the home for older adults who are able to Age in Place in the homes and communities where they choose to live

2). Energy Savings

A February 2023 report from PSE Energy found that around 400,000 Marylanders have an energy burden over 6%, which is the threshold researchers use to define high burden.³ As utility bills rise, this is becoming an increasing concern for many residents.

Energy efficiency upgrades, such as those delivered by DHCD in support of this goal, is one obvious way to reduce energy burdens. Electrification is another. Various reports have found that heat pumps are more cost effective than gas furnaces at today’s utility rates.⁴ GHHI’s experience working in homes supports these findings as well.

³ Arjun Makhijani, et al, Energy Affordability in Maryland: Integrating Public Health, Equity and Climate, Executive Summary (Feb. 2023), available at https://www.psehealthyenergy.org/wp-content/uploads/2023/02/Energy-Affordability-in-Maryland-2023_-Final-Report-1.pdf.

⁴ RMI. “Heat Pumps Can Lower Energy Bills in Maryland Today.” <https://rmi.org/heat-pumps-can-lower-energy-bills-in-maryland-today/>

This trend is likely to intensify in coming years. Since 2020, BGE gas delivery rates have increased 43%.⁵ BGE infrastructure costs from pipeline replacement threaten to continue this trend into coming decades, even while Maryland climate planning suggest most—if not all—homes will move off of gas. Ensuring there are pathways for low-income households have pathways to make this transition is paramount to Maryland's equity and affordability goals, otherwise they may be stuck paying for an expensive gas system while wealthier residents move to electrification.

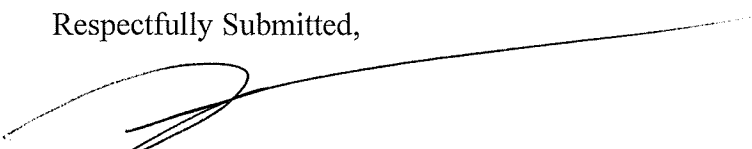
3). Cost Savings and System Change

The process of aligning multiple programs for service delivery has multiple benefits from an administrative and service delivery perspective. In pioneering this model, GHHI has found the following:

- Improved service delivery to low-income households and reductions in deferral rates from housing program services that clients are otherwise eligible to receive
- Program and government cost savings from efficiencies in implementing comprehensive assessment and housing intervention models utilizing cross-trained assessors and contractors
- Government innovation through the utilization of an integrated, comprehensive housing intervention model by state agencies that attracts new federal and philanthropic investment
- Reductions in medical costs including Medicaid costs
- Reductions in energy consumption and energy costs
- Reductions in housing maintenance costs

Between the federal government passing historic investments in climate, infrastructure, and housing through the Bipartisan Infrastructure Law and the Inflation Reduction Act, and the state of Maryland's leadership in climate commitments and planning, we are looking at a historic intersection of need, opportunity, and funding. This bill supports DHCD taking a holistic approach to this issue in pursuit of meeting the goal set by the legislature. I urge the Committee to support the passage of SB247.

Respectfully Submitted,



Ruth Ann Norton
President and CEO

⁵ Upgrade Maryland Coalition, "Maryland advocates lambast latest BGE rate hike, call on state leaders to intervene." <https://www.upgrademaryland.org/news-announcements/bge-rate-hike>