

## **VIRGINIA'S RGGI PROCEEDS ARE ALREADY HELPING FAMILIES AND COMMUNITIES ACROSS THE COMMONWEALTH.**

Virginia's pollution reduction program is already helping drive down greenhouse gas emissions, and improve air quality and public health. But the program also brings in desperately needed revenue to help Virginians. Through just one year, Virginia's program has generated \$228 million that is already being used to create more energy efficient affordable housing units, help low-income families reduce energy bills, and enhance community flood prevention and protection efforts.

***It's a great start, but we can't stop now. Virginians are facing real problems and RGGI funds are a critical part of the solution.***

### **Low-income energy efficiency programs**

**Overall allocation:** 50%

**Low-income:** All funds directed to programs for low-income individuals and families

**Availability:** State-wide

### **Energy-efficient affordable housing**

- **What is it?**
  - Virginia has a huge need in affordable housing. Nearly 30 percent of Virginians are burdened by housing costs—meaning they are forced to spend 30% or more of their income on housing). Virginia has a shortage of at least 200,000 affordable rental units.<sup>1</sup>
  - The shortage affects all of Virginia, both rural and urban areas.<sup>2</sup>
  - Ensuring affordable housing is energy efficient is an investment in the future, helping low-income residents keep energy bills low while reducing climate impact. Efficient housing helps protect tenants from being forced to move due to unaffordable energy bills.
- **Why do we need these funds?**
  - Virginia's RGGI funds are being used to build even more energy efficient affordable housing units than would otherwise be feasible with existing funding.
  - To qualify for RGGI funds, developers must meet strict energy efficiency requirements for new construction, and adaptive reuse and rehabilitation projects—for example by using better airtight windows, and more efficient HVAC systems and water heaters.
- **How is it working?**
  - Thousands of extra efficient affordable housing units are in development, with thousands more to come.
  - Through just two rounds of applications, the state has awarded RGGI-funded grants to 36 different projects, representing 2387 highly-efficient affordable housing units.
  - Localities across the Commonwealth have projects in the works, including South Boston, Henrico, Fairfax, Arlington, Waynesboro, Radford, Kilmarnock, Abingdon, Portsmouth, Harrisonburg, Williamsburg, Charlottesville, Albemarle, Chesterfield, Lebanon, Staunton, Norfolk, Grayson County, and Wytheville.<sup>3</sup>

## Weatherization

- **What is weatherization?**
  - Weatherization reduces energy consumption, lowers energy bills for low-income households, and creates a healthier and safer living environment. For every dollar invested in weatherization, there is an estimated \$4.10 return in health and safety benefits.<sup>4</sup>
  - Measures can include sealing air leaks with insulation, caulking, and weather-stripping, repairing drafty duct systems, replacing inefficient or unsafe heating and cooling systems, and upgrading light bulbs. The service also checks for health and safety risks, including testing for carbon monoxide.
  - ***Weatherization saves Virginia families 25 to 30 percent on electricity bills each year.*** According to one estimate, weatherization customers in Virginia used 3,688 kWh less energy on average, which equates to \$453 in bill savings every year.<sup>5</sup>
  - The weatherization program prioritizes the elderly, persons with disabilities, and families with children.
- **Why do we need these funds?**
  - In Virginia, hundreds of thousands of households face crippling energy bills. 164,000 Virginia households living below the poverty level pay about 31% of their income on energy costs, and another 179,000 pay about 17% of their income<sup>6</sup>--far exceeding the 6% threshold considered to be non-burdensome.<sup>7</sup>
  - Despite the real help that weatherization can provide, Virginia has long backlogs of eligible households whose weatherization upgrades cannot be completed until certain repairs have been made—problems like leaky roofs or faulty wiring. These “deferred” clients, who are already struggling to make ends meet, often cannot pay for the repairs meaning the efficiency upgrades will never happen.
  - A survey of all 17 weatherization providers in Virginia found that almost 1 in 5 homes had to be deferred.<sup>8</sup> In some areas, the problem is even more acute. On the Eastern Shore for example, three-quarters of eligible homes have repair issues preventing these much-needed weatherization upgrades.
  - Virginia’s RGGI funds are being used to fill this gap—allowing these repairs to be made so that federal funds can then be used to complete the energy saving weatherization measures. This is the only source of funding available for this use.
- **How is it working?**
  - Virginia’s innovative program has been operational since July 1, 2021.
  - All 17 weatherization agencies are participating and have active agreements with the Department of Housing and Community Development.<sup>9</sup>
  - \$15.2 million has been allocated for fiscal year 2021, which would encompass approximately 1,064 homes that have been deferred.<sup>10</sup>
  - In just a few months of operation, hundreds of home repairs and weatherization services for low-income families have been completed or are in the active pipeline.<sup>11</sup>
  - These numbers will continue to grow as weatherization providers ramp up service across the Commonwealth.

## **Community Flood Preparedness Fund**

**Overall allocation:** 45%

**Low-income:** At least a quarter of funds must go to projects in low-income areas

**Availability:** State-wide

### **What is it?**

- Communities all across the Commonwealth are being impacted by flooding, and Virginia's RGGI proceeds represent the first dedicated stream of state funding to help localities prevent and protect against the significant damage it causes. Local governments and Native American tribes can apply for funding for flood-protection planning and projects.

### **Why do we need these funds?**

- Flooding is the most costly and common natural disaster in Virginia, and there is a huge need to invest in helping localities prevent damage from this growing threat.
- Flood damages in Virginia's coastal region, for example, will increase from \$400 million to \$5.1 billion a year over the next 60 years unless we act now.<sup>12</sup>
- Virginia's funds also help inland communities deal with repeated flooding. Southwestern Virginia, for example, has been hit hard by recurrent flooding in recent years, including devastating flooding in Buchanan County this summer that destroyed 20 homes and tragically took a life. Buchanan received a grant to develop a resilience plan that will identify specific projects to help prevent damage from flooding.<sup>13</sup>
- This type of work, while critical to a community's long-term viability, is "especially hard to fund through grants at the federal level."<sup>14</sup>

### **How is it working?**

- In the initial round of grants announced in October 2021, 19 projects were awarded funding at a total of \$7.8 million.<sup>15</sup>
- These projects will help communities all across the Commonwealth, including in: Virginia Beach, Richmond, Norfolk, Portsmouth, Buchanan County, Northampton County, Hampton, Charlottesville, Alexandria, Chesapeake, Suffolk, Winchester, the Middle Peninsula, and the Eastern Shore.
- In the second round of grants announced in December 2021, the state awarded \$24.5 million across 30 different projects, greatly expanding the communities that are benefitting directly from RGGI funds.<sup>16</sup>
- Communities receiving funds in the second round include: Alexandria, Ashland, Charlottesville, Christiansburg, Colonial Beach, Hampton, Henrico, Isle of Wight County, LENOWISCO PDC (Lee/Scott/Wise Counties, Norton), Middlesex County, Middle Peninsula, Newport News, Norfolk, Northern Neck, Petersburg, Richmond, Roanoke, Scottsville, Southside PDC (Halifax/Mecklenburg/Brunswick Counties, South Boston/South Hill), and Tappahannock.

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- <sup>1</sup> <http://jlarc.virginia.gov/landing-2021-affordable-housing-in-virginia.asp>
  - <sup>2</sup> <http://jlarc.virginia.gov/landing-2021-affordable-housing-in-virginia.asp>
  - <sup>3</sup> <https://dhcd.virginia.gov/governor-northam-announces-over-21-million-affordable-and-special-needs-housing-loans>; <https://www.governor.virginia.gov/newsroom/all-releases/2022/january/headline-918183-en.html>
  - <sup>4</sup> [https://www.energy.gov/sites/default/files/2015/08/f25/WAP\\_NationalEvaluation\\_WxWorks\\_v14\\_blue\\_8%205%2015.pdf](https://www.energy.gov/sites/default/files/2015/08/f25/WAP_NationalEvaluation_WxWorks_v14_blue_8%205%2015.pdf)
  - <sup>5</sup> <https://scc.virginia.gov/docketsearch/DOCS/4t6%2501!.PDF> at p. 44 (assuming 12.29 cents/kWh, Appalachian Power's current residential rate).
  - <sup>6</sup> [http://homeenergyaffordabilitygap.com/03a\\_affordabilityData.html](http://homeenergyaffordabilitygap.com/03a_affordabilityData.html)
  - <sup>7</sup> [http://www.homeenergyaffordabilitygap.com/01\\_whatIsHEAG2.html](http://www.homeenergyaffordabilitygap.com/01_whatIsHEAG2.html)
  - <sup>8</sup> <https://www.linkedin.com/pulse/utilizing-virginia-rggi-revenue-support-existing-chase-counts-cem/>
  - <sup>9</sup> DHCD September Presentation, <https://www.dhcd.virginia.gov/sites/default/files/Docx/hiee/presentation-hiee-9-13-2021.pdf>
  - <sup>10</sup> DHCD September Presentation, <https://www.dhcd.virginia.gov/sites/default/files/Docx/hiee/presentation-hiee-9-13-2021.pdf>.
  - <sup>11</sup> DHCD December Presentation, <https://www.dhcd.virginia.gov/sites/default/files/Docx/hiee/presentation-hiee-12.14.2021.pdf>.
  - <sup>12</sup> <https://www.dcr.virginia.gov/crmp/document/VirginiaCoastalResilienceMasterPlan-Summary.pdf>
  - <sup>13</sup> <https://www.dcr.virginia.gov/dam-safety-and-floodplains/document/CFPF-21-01-16-S-CID510024-BuchananCounty-CFPF.pdf>
  - <sup>14</sup> <https://www.roanokerambler.com/from-flooding-to-home-repairs-heres-how-virginias-intent-to-leave-carbon-trade-program-could-affect-roanoke-regional-greenhouse-gas-initiative-rggi/>
  - <sup>15</sup> <https://www.dcr.virginia.gov/dam-safety-and-floodplains/dsfpm-cfpf-awards>;  
<https://www.governor.virginia.gov/newsroom/all-releases/2021/october/headline-909809-en.html>
  - <sup>16</sup> <https://www.dcr.virginia.gov/dam-safety-and-floodplains/dsfpm-cfpf-awards>