Alachua County Energy Efficiency Program

State and Local Fiscal Recovery Funds

2024 Work Plan, Full Program

Alachua County, Florida

2024 Work Plan: Energy Efficiency Full Program

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I. Purpose

This work plan is intended to be the final Alachua County Energy Efficiency Program (ACEEP), building off the pilot work plan adopted by the Alachua County Board of County Commissioners (BOCC) on December 6, 2022, and as amended on June 27, 2023. Upon final approval from the Board, this plan will serve as policy for the continued implementation of ACEEP.

ACEEP is an affordable housing program which blends County housing priorities with climate resilience goals, to tackle housing insecurity by reducing the energy burden of low-income residents, build community resilience to anticipated climate-related heat impacts, and bring down the total greenhouse gas emissions of Alachua County residencies.

II. Background

In response to the COVID-19 Pandemic, the Federal government has provided the BOCC funding through the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds. Many disenfranchised and marginalized communities were disproportionately impacted in their ability to find and maintain affordable housing due to job loss and other income insecurities caused by COVID-19. This project brings affordable housing relief to communities with limited financial resources by using energy efficiency improvements and weatherization to address the high costs of utilities on renters.

On December 6, 2022, Alachua County BOCC budgeted $3 million in ARPA funding for ACEEP, with approximately $337,000 designed for the pilot program, which has run from January 2023 until September 2023. Alachua County has contracted with Rebuilding Together North Central Florida (RTNCF) and the Community Weatherization Coalition (CWC) to identify applicants, vet contractors, and complete individual projects. The full agreement between Alachua County and RTNCF can be found in the associated Professional Services Agreement.

ACEEP allocates up to $15,000 per rental unit for eligible rental property owners within the unincorporated areas of Alachua County and smaller municipalities. This funding can be used for energy efficiency and weatherization improvements (as described in Section 4D: Eligible Upgrades) in order to bring down energy usage and thus utility costs for low-income residents. In order to qualify, resident families must be at or below 50% Area Median Income (AMI) for their household size or qualify through their participation in other federal programs aimed at low-income residents. These and other qualifying conditions are discussed more in Section 4C of this document.

III. Pilot Program Overview

A pilot program was conducted over the first half of 2023, from January until September. During that time, seventeen (17) pre-assessment tune-ups were completed, of which fifteen (15) were ultimately determined eligible to move into the upgrades phase (two (2) units are still pending). Of those fifteen (15), seven (7) are currently in the process of receiving quotes which will guide conversations around what sort of affordability commitment the property owner is interested in undertaking. Currently, none of the units have received the full upgrades of the program.

Of the approximately $337,000 allocated to the pilot program, $58,500 has been spent as of August 25, 2023. The difference is due primarily to the $180,000 in program upgrades which have not been accessed yet by the program.

The RTNCF and CWC are at or under budget for all expenses except for energy tune-ups and preassessments. When the CWC reached their estimated budget limit for this item, the Alachua County program coordinator authorized them to continue tune-ups, as this activity is a necessary first step for verifying eligibility in a program that is expected to continue past the pilot program.

IV. The Full Program

A. Program Goals

a) Reduce energy insecurity in Alachua County, particularly for the most vulnerable residents, including marginalized communities hardest hit by COVID-19. These residents include low-income, elderly, youth, and housing-insecure populations, and will reflect a broad racial and ethnic demographic
b) Promote affordable housing by addressing the largest household expense after rent payments
c) Build climate resiliency and energy independence in traditionally underserved areas by reducing the burden on energy infrastructure

B. Use of Funds

The ACBoCC will allocate $3 million for weatherization and energy efficiency improvements for qualifying households, designed to combat energy insecurity in the county. ACEEP will start in October 2023 and is targeted to communities that have experienced COVID-based inequities per Treasury guidance under Negative Economic Impacts (EC 2), found in §35.6 Part (b)(3)(ii)(A)(1) of the Final Rule: "Assistance for food; emergency housing needs; burials, home repairs, or *weatherization*; internet access or digital literacy; cash assistance; and assistance accessing public benefits…" [emphasis ours].

Alachua County will work through a contractor to distribute funds. As such, funds will be used to support contractor staff time spent on this program, as well as an appropriate amount on supplies and overhead, as outlined in the contract. The majority of the funds will go towards tune-ups and upgrades for participants in the program, with a maximum of $15,000 per unit.

C. Eligibility Requirements

1) Unit Eligibility Requirements

a) Buildings must be located within unincorporated areas of Alachua County, FL, or the smaller municipalities within Alachua County.
b) Unit must be in a single-family, duplex, or quadplex building

c) Properties with structural and life-safety issues are not eligible.
d) Properties with leaking roofs are not eligible.
e) Properties that would require significant electrical panel and wiring improvements in order to take advantage of Section D Eligible Upgrades are not eligible to participate.
f) Properties must have a functioning sewer and or septic system.
g) Property must be current on its:
    i. Homeowners insurance
    ii. Rental License
    iii. Property taxes
h) Property cannot have a non-mortgage lien
i) Property must be being used as a rental and cannot be homesteaded
j) Property is not in a flood zone

2) Resident Eligibility Requirements

a) Tenant must pay utilities
b) Tenant household must make some income (ACEEP is not a zero-income program)
c) Tenant must qualify in one of the following ways:
    i. Make an annual income at or below 50% Area Median Income (AMI). AMI is determined using the rate for Alachua County as a whole, and not individual Census tracts.
    ii. Live in a Qualified Census Tract as defined by the U.S. Department of Housing and Urban Development
    iii. One or more residents of the rented household are enrolled in one of the following programs:
        1. Temporary Assistance for Needy Families (TANF)
        2. Supplemental Nutrition Assistance Program (SNAP)
        3. Free- and Reduced-Price Lunch (NSLP) and/or School Breakfast (SBP) programs
        4. Medicare Part D Low-Income Subsidies
        5. Supplemental Security Income (SSI)
        6. Head Start and/or Early Head Start
        7. Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
        8. Section 8 Vouchers
        9. Low-Income Home Energy Assistance Program (LIHEAP)
        10. Pell Grants
    iv. Your household receives services from a tribal government or U.S. Territory

3) Administrative Requirements

a) Properties must be available for pre- and post-assessments and utility bill tracking.
b) Residents must engage in a utility bill review and education opportunity.

c) Property Owners must agree to keep the units affordable for a specified period after improvement installation per Section E: Affordability Commitment.
d) Property Owners must agree to repay the cost of the improvements plus a 10% early withdrawal penalty if they change the unit's affordability or sell it

D. Eligible Upgrades

The following lists all upgrades which are eligible for ACEEP. Alachua County reserves all rights to rebates which may apply to program upgrades. Any rebates which accrue will be directed back into ACEEP account lines for future program upgrades.

1) Envelope Upgrades

a) **Wall insulation.** Add insulation to building walls. Preference is given if postimplementation R-value exceeds the current building energy code minimum.
b) **Attic/Roof/Ceiling insulation.** Add insulation to building attic/roof/ceiling. Preference is given if post-implementation R-value exceeds the current building energy code minimum.
c) **Underfloor insulation.** Add or repair underfloor insulation
d) **Air sealing.** Seal air leaks with fire caulk to reduce air infiltration. Includes caulking, weather stripping, and sealing around doors, windows, and other locations of uncontrolled airflow. Where feasible, a blower door test should be used to measure air leakage before and after measure implementation.
e) **Solar film.** Add solar film to windows to reflect solar heat.
f) **Window replacement.** Replace existing windows with ENERGY STAR certified windows in instances where windows present a clear leak in the building envelope. Preference is given if the U- value of new windows meets the current building energy code minimum. Window replacement cannot be completed for manufactured units.

2) Appliance Upgrades

a) **Clothes washer.** Replace existing clothes washer with ENERGY STAR certified clothes washer. Applies only to equipment installed within the dwelling unit; not applicable for equipment in common areas.
b) **Clothes dryer.** Replace existing clothes dryer with ENERGY STAR certified clothes dryer. Applies only to equipment installed within the dwelling unit, not applicable for equipment in common areas.
c) **Refrigerator and freezer.** Replace existing refrigerators and freezers with ENERGY STAR-certified equipment.
d) **Room air conditioners.** Replace existing room air conditioners with ENERGY STAR-certified equipment.
e) **Advanced power strip.** Install Tier 1 or Tier 1 advanced power strip on an entertainment center or home office equipment. Advanced power strips

automatically shut off equipment based on a master load (Tier or occupant sensor (Tier 2).

f) **Appliance recycling.** Recycle inefficient room air conditioners, refrigerators, and freezers to take them out of circulation.

3) Lighting Upgrades

a) **LED Lighting.** Replace existing interior or exterior lamps and/or fixtures with LEDs.

4) HVAC Upgrades

i. **Central Air Conditioning.** Install an appropriately sized, high-efficiency central air conditioning system that meets or exceeds ENERGY STAR standards.

ii. **Mini-split Air Conditioning.** Install high-efficiency mini-split system meeting or exceeding ENERGY STAR standards.

iii. **Packaged Terminal Air Conditioner (PTAC) or Packaged Terminal Heat Pump (PTHP).** Install high efficiency packaged terminal air conditioner (PTAC) or packaged terminal heat pump (PTHP). The efficiency of new equipment must exceed the current building energy code minimum.

iv. **Ground Source Heat Pump.** Install ground source heat pump system meeting or exceeding ENERGY STAR standards.

v. **Furnace Blower Motor (ECM).** Retrofit existing furnace distribution system supply fan motor with electronically commutated (EC) motor.

vi. **Smart Thermostat.** Install programmable, learning, or connected thermostats to configure heating and cooling temperature setpoint setbacks.

vii. **Duct Sealing.** Seal air leaks and add insulation to heating and cooling distribution system ducts in unconditioned spaces.

5) Domestic Hot Water Upgrades

i. **Low-flow water fixtures – Shower.** Install low-flow showerheads. To qualify, the flow rate must be at least 0.5 gallons per minute less than the existing showerhead.

ii. **Low-flow water fixtures – Faucet.** Install a low-flow faucet aerator on bathroom or kitchen faucets. Flow rate must be less than 1.5 gallons per minute for bathrooms and less than 2.2 gallons per minute for kitchens.

iii. **Pipe Insulation.** Install insulation on uninsulated domestic hot water distribution piping. Applies only to electric domestic hot water heaters.

iv. **Water Heater.** Install an appropriately sized, high-efficiency water heater that meets or exceeds ENERGY STAR standards. See Section G(4) of this document for additional guidance.

6) Other

a) **Low-flow water fixture – Toilet.** Install WaterSense toilet.

b) **Radon remediation.** This program is under development as of September 26, 2023.

E. Affordability Commitment

Alachua County is dedicated to ensuring that the housing improved by this program will remain affordable to low-income residents. The affordability commitment is designed to ensure that housing which enters this program as affordable housing remains in the community as affordable housing. Landlords who participate in the program will be asked to sign an affordability commitment with the County in the form of a mortgage document on the residents, which commits them to maintaining an affordable rental rate for the entirety of their participation in the program. The length of that affordability commitment depends on the amount of award a landlord chooses to accept, as outlined in the table below:

Award Level	Affordability Commitment
Up to $5,000	3 years
$5,001 to $10,000	5 years
$10,001 to $15,000	7 years

The affordability commitment amount is set at the Consumer Price Index (CPI) annual inflation level for the previous year. However, the full program also builds off Section 8 reasonability standards and can allow for a higher rate raise if the landlord can provide sufficient justification. This process is outlined in more detail in Section G(1).

F. Program Process

This section outlines the process for applicants applying to the program, from initial application to final upgrades and long term rental rate monitoring.

1) Applying to the Program

Tenant and landlord applications are currently available, and one of both respectively must be received in order for an application to proceed. This is to ensure that a tenant is eligible for the program, and to show that the landlord is receptive to the program and willing to proceed. The tenant needs to prove their eligibility via the appropriate income verification documentation.

2) Pre-Assessment Tune-Ups

Once a tenant is determined to be eligible and both the tenant and landlord have completed applications, the home becomes authorized for a pre-assessment tune-up. While all homes are vetted virtually by program staff to determine their eligibility to the program, pre-assessments are completed to ensure the home matches the structural and safety requirements of the program. An energy efficiency tune-up is also completed at this time, which includes inexpensive energy efficiency upgrades like LED lightbulbs, pipe insulation, and tenant energy-use education. Pre-assessments are also used to determine where the largest energy inefficiencies are occurring, to create recommendations for program improvements and ultimately the estimates that RBNCF requests from contractors.

Program staff are not certified home inspectors or structural engineers and have no authority to make determinations of code compliance. For this reason, the property owners of homes which appear to not qualify for the program based on structural or safety concerns are informed of the concern, and they may either hire a certified professional to verify that the area of concern is indeed structurally sound and/or safe, or they may correct the concern in some other way. The unit is allowed to proceed with the program when the concern is addressed in either of these ways.

3) The Upgrade Work Order

Once a home has passed the pre-assessment, RTNCF coordinates between the property owner, the tenant, and local contractors to put together a list of quotes for energy efficiency upgrades based on the pre-assessment report. If there are multiple upgrades recommended, multiple contractors may need to be coordinated in order to secure the appropriate quotes.

Once these quotes are complete, RTNCF goes over the estimates with property owners to determine which upgrades make the most sense for them based on their affordability commitment preferences and which projects can make the biggest energy efficiency difference for their tenants.

4) Mortgage Paperwork and Upgrade Installation

Once a property owner has made a final decision on which upgrades they are interested in and the appropriate work order is developed, an appointment is scheduled with Alachua County Community Support Services (CSS) to complete the paperwork. This paperwork commits the property owner to the affordability commitment, and the clock starts on that commitment the day the paperwork is signed.

Once the paperwork is signed, the upgrades can proceed. Upgrade timing is coordinated between the contractor, property owner, and tenant, with RTNCF facilitating as needed.

5) Maintaining the Affordability Commitment

Completing the mortgage and contract paperwork commits the property owner to periodic affordability checks of their lease amounts. This takes the form of updating program staff when a lease has been updated and submitting a copy of the new lease to staff for verification. In addition, all new leases must include a document informing the tenant of the landlord's participation in the program, including what the upgrades were, and what the original lease amount was, as well as explaining what the affordability commitment is and how it works.

G. Full Program Updates

1) Determining an Affordable Rental Rate

In the pilot program, the affordability commitment required that participating landlords not raise the cost of rent beyond inflation for the term of the commitment. Ultimately, the method proved unpopular with landlords and administratively difficult. The following update has been workshopped with advice from local Public Housing Authority (PAH) administrators, County staff, RTNCF, and the CWC.

a) Landlord Concerns

The primary concern reported from landlords and property managers is that the cost of inflation won't keep up with the rising cost of homeowners insurance and property taxes—concerns which appear founded. While the Consumer Price Index (CPI) (the most common source for determining inflation rates) estimated the 2022 annual inflation rate at 6.5%,[1] the 2022 Property Appraisers report found that overall taxable value of properties in the County increased 10.7%.[2] Meanwhile, the Insurance Information Institute says that Florida residents can expect to see an increase of 40% in homeowners' insurance costs in 2023.[3]

b) Administrative Barriers

The CPI has multiple numbers which could reasonably qualify as inflation, per the intent of the program: a monthly inflation value, an annual inflation value, and a 12-months inflation value, which reflects the average inflation over the last 12 months. Both the monthly inflation value and the 12-month value would be highly variable, giving different values depending on which month a lease comes up for renewal. The annual value is steadier, but can become outdated, as it is only updated once a year.

In addition, the inflation metric provides obvious loopholes for short-term leases, which would allow month-to-month leaseholders to raise rent repeatedly by inflation each month without violating the terms of the program. This is particularly concerning because month-to-month arrangements are common among residents with the lowest income levels. In the pilot program, there exists no mechanism to contest raising prices in this way.

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[1] U.S. Bureau of Labor Statistics. January 17, 2023. "Consumer Price Index: 2022 in review." *TED: The Economics Daily.* Electronic Source: https://www.bls.gov/opub/ted/2023/consumer-price-index-2022-in-review.htm
[2] The Alachua County Property Appraiser. The 2022 Annual Report. Electronic Source: https://www.acpafl.org/wp-content/uploads/Annual-Reports/2022-Annual-Report-ACPA.pdf
[3] Insurance Information Institute. February 2023. "Trends and Insights: Addressing Florida's Property/Casualty Insurance Crisis." Triple-I Issues Brief. Electronic Source: https://www.iii.org/sites/default/files/docs/pdf/triple-i_trends_and_insights_florida_pc_02152023.pdf

c) Public Housing Authority Reasonability Process

County staff turned to existing affordable housing programs to determine how affordable housing is determined more broadly, ultimately landing on federal guidelines around Section 8 housing, which requires a rent "reasonability standard" be applied for units which wish to work with Section 8 voucher families. This reasonability determination is made by the local Public Housing Authority (PHA). Because Section 8 vouchers are guaranteed funding for a percentage of rent, PHAs are motivated to ensure that the total value of the rent they are paying a percentage of remains affordable in order to stretch total program funds, and ensure that the percentage paid by low-income households remains affordable. Alachua County's PHA is the Alachua County Housing Authority (ACHA)

The ACHA employs an individual to make an initial determination of affordability for new units, based on an analysis of other rental units of similar size and type in the immediate area. In the case of Alachua County's program, this would not be necessary, as the existence of a qualified homeowner who is already making their rent verifies the unit's current rate is, to some extent, affordable. When leases go up for renewal, ACHA looks for large price increases and, if they believe the amount is higher than their reasonability standard, they require the landlord to justify the increase by showing that other, similar rentals in the area have rent rates at or above their own.

d) Ensuring Affordability of ACEEP Homes

The full program works on a hybrid model of the pilot program and ACHA's reasonability standard.

i. Rental increases are capped at inflation as a determined by the CPI's most recent annual inflation rate.
ii. Rent can only be increased at the rate described in Section IV(G)(1)(d)(i) once per calendar year. Landlords renewing leases more than once annually may increase at lower rates, so long as the net increase for the year does not exceed this rate, using the start date indicated on their mortgage paperwork to mark the beginning and end of the rental year.
iii. Should a landlord raise their rate beyond inflation, they must provide justification for the raised costs. This justification will be verified rental amounts of three other rentals in the surrounding area which are not owned by or affiliated with the landlord, in order to show that their pricing is in line with the broader market. Property management companies may justify pricing using other properties they manage, as long as they are comparable to the property in question and not owned by the justifying landlord.
iv. What defines a "surrounding area" can be negotiated with program staff, as rural units will likely need to search a much larger radius area than their more suburban and urban counterparts.
v. Those units which cannot justify the price raise will be required to reset their rental raise to a maximum of CPI's annual inflation rate for that calendar year, or

else discontinue their participation in the program, triggering the payback condition.

2) Miscellaneous Program Fees

a) Mortgage Filing Fee

The affordability commitment is considered a zero-interest, forgivable loan. It does not accrue interest and is forgiven at the end of the affordability commitment term. Because the award has a payback condition if the property owner should sell or leave the program early, however, mortgage paperwork is completed in order to formalize this agreement. This paperwork has to be filed at the County Clerk's office to complete the lien on the property. This fee will be paid as a necessary administrative cost of ACEEP through the Revenue Recovery funding set aside for this program and is outside the agreement with the property owner.

b) Pre-Assessment Tune-Up

Pre-assessments are conducted prior to signing mortgage paperwork with the property owner. This process is used to verify that the property is structurally sound per program requirements and has no clear safety issues. For those who complete the program, the pre-assessment tune-up is considered part of their total award amount and subject to the affordability commitment.

However, there have been multiple instances in which structural or safety concerns were identified during the pre-assessment tune-up, which resulted in the unit being determined ineligible for participation until the concerns were resolved. In some instances during the pilot, property owners corrected the areas of concern and the unit continued in the program. In other instances, the concern has not yet been addressed. In the latter situation, the cost of the tune-up is incurred without a clear link to an associated mortgage document.

There was initial concern about whether ACEEP funds could be used in these instances, as the tune-up involves upgrades such as LED lightbulb installations which are explicitly listed in Section 4D as an upgrade provided by the program which is subject to the affordability commitment.

This full program work plan specifies that ACEEP funds can be used for all pre-assessment tune-ups for eligible tenants in which program staff reasonably believed prior to the pre-assessment that the unit would qualify for the program, and that the landlord intended to enroll. While this will likely result in ACEEP dollars leaving the program through upgrades without an affordability commitment attached, the upgrades are low-cost and directly benefit applicants who have already been verified as eligible (living at or below 50% AMI), which qualifies them for the program per Department of Treasury guidance and BOCC programmatic goals.

c) Diagnostic Fees

In some instances, contractors will charge a diagnostic fee for their time going to a residence and completing a quote. As of the writing of this work plan, that amount is typically $150. This amount is charged regardless of whether the contractor ends up being hired, and the fee is incurred prior to the signing of a mortgage agreement with the property owner. Because often multiple contractors are needed to provide quotes for different types of energy efficiency upgrades, there is strong potential for the fee will be incurred multiple times for a single unit.

This fee is incurred after a significant investment of program staff hours, including vetting the applicant and landlord for interest and eligibility, completing a pre-assessment tune-up, and hiring multiple contractors to create quotes for possible upgrades. The total investment of staff time and tune-up costs at the time this fee is incurred is between $1,000 and $2,000 of ACEEP program funds, and the tenant has only received very minimal energy efficiency upgrades.

For the full program, ACEEP will cover the diagnostic fee as an administrative fee for property owners who continue through the program, as a necessary administrative cost of ACEEP through the Revenue Recovery funding set aside for this program and will be outside the agreement with the property owner.

For property owners who choose to discontinue with the program after this fee has been incurred, the property owner will need to cover this fee(s) themselves, in order to avoid additional losses to ACEEP which could otherwise have gone towards energy efficiency improvements.

Property owners will be made aware of this policy on the landlord application.

3) Manufactured Homes

a) Background

When the pilot program began in January 2023, there was no guidance in it which either allowed nor disallowed the inclusion of manufactured and/or mobile homes in the program. Renters of manufactured homes that contacted the County, RTNCF, and/or the CWC have had their applications put on hold pending additional direction from the Board of County Commissioners. This section seeks to provide that additional direction.

Based on the response to the pilot program, it is evident that a rental market of manufactured homes does exist in Alachua County, and that many people living in these homes otherwise qualify for the energy efficiency program. It is the County's contention that renters of manufactured homes are in clear need of the benefits of this program, including reduced utility costs and a more secure building envelope to maintain livable internal temperatures. Removing the hold on these units would benefit both low-income households and would aid the County in its efforts to reduce greenhouse gas emissions.

Serious concerns have been raised, however, about the logistics of including manufactured homes in the program due to field experience which indicates that many of these homes (especially older mobile homes) can have considerable structural problems, which can be disqualifying for the program. The pilot program has shown that landlords do not always do their due diligence in ensuring the structural stability of a home before contacting the program. This had led to significant staff hours spent evaluating locations which ultimately do not qualify for the program due to these structural problems.

This guidance was developed in consultation with Alachua County Community Support Services staff, along with leadership and field technicians from RTNCF and the CWC. Its goal is to build on the experience of the pilot program, existing housing programs such as the State Housing Initiatives Partnership (SHIP) which is administered by the County, and the experience of social services staff in their work with tenants. Its goal is to end the hold on manufactured homes and allow their renters and landlords to access energy efficiency improvements in a way that is consistent with other program guidelines, and to find a balance between meaningful use of staff hours and expanding participation in the program.

For the purpose of this document, the term “manufactured homes” includes manufactured, prefabricated, mobile, and modular homes.

b) Age of Homes

The age of the home is one of the clearest indicators of whether a manufactured or mobile home will be structurally sound. Even for well-maintained structures, homes which were manufactured over ten years ago were not subject to the same code and structural standards as modern units and can experience significant wear and tear that can ultimately disqualify a unit for program participation.

Other government home improvement programs, such as SHIP, use age as an indicator variable for structural integrity. For this reason, this program seeks to align itself with SHIP guidelines and set a participation cutoff on structure age, such that no units over 10-years-old at the time of the first application will be allowed to participate in the program.

c) Home Value

In accordance with SHIP guidelines, manufactured and mobile homes will be limited to 50% of the assessed value of the unit for program participation, up to a maximum of $15,000, with all the affordability commitments and other funding-associated requirements remaining the same.

d) Home Insurance

Manufactured and mobile homes will meet the same home and liability insurance requirements that apply to similar homes that participate in SHIP. These requirements must be met prior to participation in the program.

e) Approved Upgrades

There will be no difference in what upgrades are available for manufactured versus non-manufactured homes. Some upgrades, such as attic insulation, will simply not be applicable options for most mobile homes, at the discretion of program managers.

4) Water Heaters

a) Background

In the initial Scope of Work for the pilot program, the only allowable water heater was a 110V (15-gallon) electric water heater. As the first pre-assessments began coming in, water heaters were listed as one of the biggest bang-for-buck energy efficiency upgrades for most units, and this small size was a concern for landlords with families who would be using more than 15 gallons of water at once.

On June 27th, the Board expanded the options for what hot water heaters would be made available for the program, matching the existing language for HVAC installations to give program coordinators discretion to choose an appropriate size and type of water heater based on the unit. In addition, the program amendment opened the door to the possibility of natural gas-powered water heaters in instances where there was a high probability that converting an existing gas-powered water heater into an electric hot water heater could result in higher costs to tenants. While the program is intended to lower greenhouse gas emissions by reducing overall energy consumption, the primary goal of the program is an affordable housing initiative, and the priority was placed on lowering utility costs for Alachua County's most energy-burdened residents.

Since the program amendment, local experts have been consulted on the question of different hot water types, including gas and electric, but also solar, heat pumps, and tankless water heaters. This document describes the conclusion of these conversations and the new program guidelines as they relate to water heaters, with an intention to minimize natural gas use when possible while reducing the risk of raising energy bills for tenants.

b) Electric vs. Natural Gas

i. Electric to Electric

Experts found consensus with regards to older electric water heaters being replaced by newer, energy efficient electric water heaters. In these situations, there are minimal costs associated with installation and renters will see a clear and immediate decrease in their energy consumption upon installation. For the full program, electric hot water heaters may only be replaced with a more efficient electric hot water heater. In no circumstances should an existing electric appliance be replaced by a natural gas appliance.

The exact nature of the electrical upgrade in terms of tank size (including tankless options), traditional water heaters, or heat pump water heaters, will be left to the discretion of the contractors and the property owner in their conversations around what makes the most sense given the needs of the home and affordability commitment terms.

ii. Natural Gas to Electric

Natural gas water heaters present a challenge for upgrades, as it is the Board's interest to move residents from natural gas to electric, and the original language for the ACEEP Solicitation of Interest stated explicitly that the program was focused on electric and not natural gas upgrades. However, particularly in hot months when Alachua County peak electric prices are extremely high, it's likely that residents with existing natural gas hot water heaters would see an increase in their utility bills if they converted to an electric hot water heater, which runs counter to the program's core tenant of affordable housing.

For this reason, local experts were consulted to determine if and when it was possible to exchange a natural gas unit for an electrical one and still consistently bring down tenant utility costs. Experts agreed that in most cases, a natural gas unit could be safely exchanged for an electrical one when the gas water heater is the only gas appliance in the unit. In these circumstances, switching out the natural gas water heater would result in fully electrifying the home, eliminating all hook-up fees which are associated with natural gas use and charged to customers every month, regardless of their total use of natural gas. In these circumstances, there is a strong economic case to switch from natural gas to electric, to the overall benefit of the tenant.

However, in homes with households of four or more, the cost associated with the total amount of water usage (typically 10 Therms/month or more) would exceed the savings achieved from these fees. As a result, this program strongly recommends that a switch from natural gas to electric be made in situations where the natural gas water heater is the only gas appliance, but it leaves ultimate discretion to the contractors and property owner in their conversations around what makes the most sense given the needs of the home and affordability commitment terms.

iii. Natural Gas to Natural Gas

In instances in which the water heater is *not* the only natural gas appliance in the home, tenants would not receive the benefit of a total disconnection from natural gas, and could, per the expert panel's opinion, see higher energy costs on their bills as a result of such a switch. In these circumstances, a natural gas water heater can replace a natural gas water heater, in order to ensure tenants are not experiencing higher utility bills after participation in the program.

c) Solar-Powered and Tankless Water Heaters

After consulting with the expert panel, the conclusion of staff regarding solar and tankless water heaters is that these items are, in most instances, not a cost-effective solution for this program. However, this work plan remains open to the possibility of their use in future situations as technology improves and becomes less expensive, if program staff believe the technology to be the best choice for the unit.

5) Annual Qualified Census Tracts (QCTs) Changes

a) Background

Each year the U.S. Census Bureau updates its list of Qualified Census Tracts to reflect the latest demographic trends. Because QCTs are used as a qualifier for tenant program participants, changes in these tracts can affect whether a tenant qualifies for the program or not.

b) Qualifying by QCT

County staff monitor the annual change to QCTs and ensure that the most up-to-date version of the map applies to new applicants. If an in-process applicant moves from an eligible location to an ineligible location, their QCT eligibility will be judged from the time of the first submitted application, whether a landlord or a tenant application. Regardless of QCT eligibility, applicants can always qualify for the program through other income-related verification methods.

6) Small Businesses in Qualified Census Tracts

a) Background

Per Department of Treasury guidelines, the County is able to use ARPA funds for small businesses within Qualified Census Tracts. For the purposes of this program, that could be expanded to include landlords with rental homes in QCTs, including units which do not currently have qualified tenants. Such a landlord approached ACEEP staff with two units that they were hoping to bring onto the market as affordable housing, requesting early access to the program before having qualified tenants. The landlords were open to accepting Section 8 tenants, who would automatically qualify for ACEEP.

ACEEP staff brought the question before the Alachua County Affordable Housing Advisory Committee (AHAC) on April 19, 2023. The Committee agreed that there was a strong need to bring more affordable housing to market, and that, should an affordability mechanism be worked out, they would support the inclusion of such landlords in the program.

b) Participation Qualifications

For the full program, ACEEP will be open to landlords in QCTs, under the following circumstances:

ii. The unit otherwise meets eligibility requirements for the program, including but not limited to structural and safety requirements, number of units, and appropriate insurance.
iii. The landlord will be subject to the same affordability commitment tiers as traditional participants, including payback conditions, which begin the day the lease is signed by an eligible tenant.
iv. The first tenant to occupy the unit (and set the initial lease amount) must be a Section 8 voucher holder. The Section 8 program includes a reasonability clause for rent amounts, which includes a vetting process by the local Public Housing Authority. This process ensures that the first tenants to live in the unit are eligible via the terms of ACEEP (Section 8 participants automatically qualify) and address the concerns of AHAC in ensuring the rent amount is within the realm of affordable housing.

H. Community Engagement

Community engagement requirements for the program will follow Alachua County BOCC policy on community engagement. For the purposes of this program, this will include, but is not limited to:

1) Publish and maintain a website with information targeted to landlords and renters. This website will meet all BOCC accessibility requirements.
2) Promote the program on all partner's respective social media and/or website(s)
3) Attend community meetings in qualifying neighborhoods
4) Build relationships with neighborhood leaders
5) Canvass prioritized neighborhoods
6) Assist with application completion as needed
7) Coordinate with other local organizations to help identify program candidates

I. Performance Reporting

The RTNCF and the CWC will collect contact information and record output measures. The CWC will use this contact information to follow up periodically over the year following each respective upgrade installation to measure the following outcome and Treasury Required Performance Indicators.

1) Performance indicators output measures

a) Number of homes assisted with total family members served
b) Number and type of improvements made
c) Number of time-sensitive utility housing concerns addressed by the services.
d) Decrease in energy insecurity as reported by families, through a qualitative satisfaction survey post-upgrade
e) Utility Consumption and Cost Reduction Post Intervention in kWh, kGals, Therms, and related metrics

f) Estimated carbon offset resulting from 1) education and utility bill management awareness, and 2) home efficiency improvements.
g) Increase in the safety and independence of elderly and or disabled residents served by the services
h) Rental cost of home and post improvement verification that the rental cost is still affordable per the program terms
i) Support for local, minority, and women-owned businesses via subcontracted services

2) Department of Treasury Reporting Requirements

The following additional information will be provided with every report, per Department of Treasury guidelines for ARPA programs.

a) Brief description of structure and objectives of program(s) (i.e., energy efficiency assistance for low-income households)
b) Number of individuals served (by the program if recipient establishes multiple separate household assistance programs)
c) Brief description of recipient’s approach to ensuring that aid to households responds to a negative economic impact of Covid-19, as described in the Interim Final Rule

V. Pilot to Full Program Transition

This policy outlines the process for transitioning clients who qualified for a program during the pilot phase.

A. Eligibility

The objective of this policy is to ensure that eligible clients, who were part of the pilot phase, can continue to participate in the program as long as:

1) The tenant and landlord application were completed and dated within the dates of the pilot program
2) The tenant and the building are eligible under the original pilot program criteria

Program staff will conduct a comprehensive assessment of each client's eligibility based on the requirements of the full program.

B. Program Transition

Upon completion of the eligibility assessment, the program staff will develop individualized transition plans for each qualified client. Transition plans will outline the steps required for the client to meet the new requirements of the full program. The plans will consider the unique circumstances and needs of each client, aiming to minimize disruptions and facilitate a smooth transition.

By offering support and flexibility, Alachua County aims to maintain the eligibility of qualified clients while facilitating their successful integration into the full program.