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Statement for the Record

Hearing on Energy Efficiency Legislation  
The Committee on Energy and Natural Resources  
United States Senate  
April 30, 2015

Respectfully submitted by

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Thank you, Chairman Murkowski and Ranking Member Cantwell, for convening today's important hearing on energy efficiency legislation before the Senate. Habitat for Humanity International particularly appreciates the opportunity to address the important role of residential energy efficiency in affordable homeownership and how nonprofit innovation can deliver residential energy efficiency improvements to the lower-income households for whom increased efficiency can provide the greatest benefits. Through its new construction and home repair programs, Habitat has demonstrated that residential energy efficiency offers untold potential for families through better savings and financial security, for individuals through improved health and safety, and for communities through enhanced job creation and improvement of their environment.

Habitat for Humanity's vision is a world where everyone has a decent place to live. Anchored by the conviction that housing provides a path out of poverty, Habitat has helped more than 5 million people since 1976 through home construction, rehabilitation and repairs, and by increasing access to improved shelter through products and services. Habitat also advocates to improve access to decent and affordable shelter and offers a variety of housing support services that enable families with limited means to make needed improvements on their homes as their time and resources allow. As a nonprofit Christian housing organization, Habitat works in more than 70 countries and has more than 1,400 local affiliates here in the United States.

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Lower-income households face a significantly greater energy cost burden than middle-income households, spending 14.4% of their total income on energy expenses, as compared to an average of 4% for higher income households. All told, far too many Americans find themselves spending a total of 17 to 50 percent of their paychecks on utility costs, including energy, and are often forced to choose between keeping their lights on and homes heated or cooled with the seasons or purchasing medicine, food, and other basic necessities.

High energy costs can be a particularly difficult challenge for older Americans who live on fixed incomes and cannot afford to live in newer, more energy-efficient homes. Many in this population reside in older homes that lack adequate insulation and have antiquated appliances and heating and cooling systems that are both ineffective and expensive to operate.

As outlined in Habitat's 2015 Shelter Report, *Less is more: Transforming low-income communities through energy efficiency*, there are steps that the government and the private sector can take both individually and in partnership to improve lower-income communities' access to the benefits of energy efficiency. Energy efficiency retrofit interventions (e.g., adding insulation, tightening the building envelope, replacing inefficient HVAC systems) present an important – and cost-efficient – opportunity to leverage 21st century technologies and testing protocols to deliver permanent energy savings to existing homes. Such interventions would enable lower-income households, including those in older homes, to share in the energy efficiency benefits broadly enjoyed by higher-income households living in newer homes. A well-built, well-sealed and well-insulated home saves money on energy bills and lowers maintenance costs. In addition, an energy efficient home protects occupants' health by promoting indoor air quality. The 2015 Shelter Report is available online at <http://bit.ly/HFHSR2015>.

### **The Connection between Residential Energy Efficiency and Successful Homeownership**

A home is not affordable if it is not energy efficient, healthy and durable throughout its life cycle. Habitat affiliates across the country have seen how energy efficiency upgrades reduce the risk of mortgage default not only by decreasing energy costs but by significantly reducing medical and maintenance expenses as well. As a result, the majority of Habitat's more than 1,400 U.S. affiliates build homes using top notch energy



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efficient building products and practices and are leading the way in delivering residential energy efficiency in underserved single-family housing markets across the country. While Habitat is typically known for new construction, typically built to ENERGY STAR standards or more demanding efficiency guidelines, Habitat has expanded its model over the last 3 years to scale up the rehabilitation and repair of existing homes that are older, abandoned or foreclosed. Energy retrofits constitute a significant portion of these rehabilitation efforts.

Since 2011, Habitat has weatherized 900 homes nationwide and thirty-six Habitat affiliates in twenty-five states are currently weatherizing existing homes to improve their energy efficiency, and more are in the process of building the skillsets and systems required to undertake this important work. For example, in 2012, Habitat for Humanity Huron Valley in Ann Arbor, Michigan launched a critical repair and weatherization project through its neighborhood revitalization initiative to help families improve their homes and lower costs to help avoid foreclosure. Pre and post-project energy audits demonstrated that Habitat Huron Valley's twenty weatherization projects reduced air-infiltration by 25-50 percent and allowed each family to live more comfortably in their homes, save money on their utilities, and reduce their carbon footprints – wins for the family, the Habitat affiliate, and the community as a whole.

**Expanding Efficiency Across the Country through the Weatherization Enhancement, and Local Energy Efficiency Investment and Accountability Act (S.703)**

In order to strengthen and extend the local delivery of weatherization services to lower-income households, Habitat strongly supports the Weatherization Enhancement, and Local Energy Efficiency Investment and Accountability Act (S.703). This bill, sponsored by Senators Collins, Coons, Reed and Shaheen will reauthorize the State Energy Program (SEP) and the Weatherization Assistance Program (WAP) for another five years and enhance the impact of these programs by creating a new competitive, leveraged grant program for non-profits like Habitat for Humanity with established experience in energy efficiency projects.

WAP and SEP have long track records of success in meeting the energy efficiency needs of lower-income Americans. WAP assists lower-income families who lack the resources to make their homes safer, healthier, and more energy efficient. Since 1976, WAP has

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funded energy efficiency upgrades in more than 7.4 million homes across the country, including more than 1 million homes in the last 4 years. According to the Department of Energy, WAP saves between \$250 and \$450 annually for twenty to thirty years in all units that are weatherized. Further, every dollar invested in the program returns \$1.80 in energy benefits.

Established 38 years ago, the State Energy Program (SEP) has initiatives in place in all 50 states plus the District of Columbia and U.S. territories. With SEP funds and the resources those funds leverage, State Energy Offices develop and manage strategic programs that support the private sector's efforts to increase energy efficiency, develop alternative energy sources, promote energy-related economic development, and mitigate the impact of energy emergencies.

As significant as the achievements of these two programs have been, there remain many areas in which programmatic results can be improved. The competitive grant program that S.703 authorizes would complement both the WAP and SEP programs by engaging national housing and energy nonprofits with a proven ability to deliver energy efficient residential upgrades and the ability to leverage significant private investment. This grant program will significantly increase the reach of limited federal resources; efficient use of federal monies will increase the number of families served.

In sum, Habitat believes that S.703 will strengthen federal energy assistance programs by reducing residential energy consumption, enhancing housing affordability, maximizing limited federal resources, and ensuring consistent quality standards across federal energy efficiency investments.

Thank you for your consideration of this important issue. Habitat looks forward to supporting the Committee's efforts to advance S.703 and deliver critical federal energy efficiency resources to our neighbors most in need.

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