

## Weatherization

**“Weatherization” refers to a collection of improvements that increase the energy efficiency of existing homes, lower utility bills, and create a more comfortable and healthy living environment. The passage of the American Recovery and Reinvestment Act of 2009 dramatically expanded overall funding of the Weatherization Assistance Program, extending the benefits of energy efficiency to an increasing number of households.**

### What Is Weatherization?

“Weatherization” is a term used to describe small-scale, typically low-cost changes made to an existing home to improve its energy efficiency. Weatherization measures include, but are not limited to:

- Installing or improving attic and wall insulation
- Sealing gaps around doors, windows, and in other areas with weather stripping and caulk
- Replacing old, drafty windows and doors with energy-efficient models<sup>1</sup>

While these upgrades may seem relatively minor, they can result in significant reductions in energy consumption and utility bills. Evaluation of the national Weatherization Assistance Program (discussed below) indicate that low-income families can achieve an average annual savings of 21 percent on their energy bills, or some \$400 per year, by undertaking modest home improvements to increase energy efficiency.<sup>2</sup>

### Why Is Weatherization Important?

#### Reduced Energy Consumption

Residential buildings account for roughly 20 percent of our nation’s energy use and greenhouse gas emissions.<sup>3</sup> Newer homes

tend to be much more efficient than older ones, largely because of new building technologies and more stringent code requirements in recent years.<sup>4</sup> As households age, however, so do their homes: Among householders age 65+, more than 70 percent own or rent homes built prior to 1980.<sup>5</sup> Weatherization can help to reduce energy use in these older structures, advancing the nation’s climate change objectives while also resulting in other important benefits for older adults.

#### Reduced Energy Cost Burden

Low-income older consumers, many of whom may be living on a fixed income,<sup>6</sup> tend to use less heating fuel than their higher income neighbors but, because of their financial situations, are nonetheless burdened by these lower costs.<sup>7</sup> When the household budget gets stretched too thin, older adults may be faced with difficult choices and forced to make trade-offs between paying the utility bill and paying for other essentials. A recent survey found that in the preceding 12 months, nearly 29 percent of households with older adults had to choose between paying for food and paying for utilities or heating fuel.<sup>8</sup>

While many older adults benefit from programs that provide assistance making monthly utility bill payments, these are only temporary fixes and often depend on the availability of government funding.

When done correctly, home weatherization promises to lower home heating and cooling costs for years to come.

### **Improved Health Outcomes**

To avoid high bills in homes that have not been weatherized, some families rely on unsafe methods to heat their homes. The use of kerosene heaters and stoves to provide warmth, for example, can produce gases that may cause asphyxiation.<sup>9</sup> Electric heaters that have not been properly insulated can result in burns and fires.

There is also evidence that cold indoor temperatures and drafts in unweatherized homes may contribute to asthma and other respiratory diseases.<sup>10</sup> Inadequate cooling can also be hazardous, with extreme heat resulting in death in some cases. In addition to freeing up money in the budget for food, medication, and other essentials, weatherization can help to remedy these conditions and create a healthier indoor living environment.

### **Weatherization Resources**

Growth in federal resources and state and local weatherization programs promises to extend the benefits of energy efficiency to an increasing number of households.

#### **Weatherization Assistance Program**

The Weatherization Assistance Program (WAP) is the primary source of assistance available to low-income households for weatherization of single-family and multifamily homes.<sup>11</sup> Following an energy audit, participants receive the recommended improvements at no cost. A post-weatherization inspection ensures that the upgrades have been satisfactorily completed.

While the U.S. Department of Energy (DOE) administers WAP, state agencies manage the program on the ground, contracting with local agencies to provide

audits and weatherization services. States have broad discretion to establish rules and standards for program eligibility, but priority is given to the lowest income households as well as to older adults and families in which a member has a disability.

With passage of the American Recovery and Reinvestment Act of 2009 (ARRA), the reach of the Weatherization Assistance Program expanded dramatically. ARRA significantly increased overall WAP funding, with a \$5 billion allocation that is approximately 20 times greater than program funding in the previous year.<sup>12</sup> Income eligibility limits have been raised from 150 percent to 200 percent of the federal poverty level, and spending limits have been increased from \$2,500 to a maximum of \$6,500 per household.

Steps have also been taken to make participation more accessible to owners of affordable rental properties. A recent Memorandum of Understanding between the U.S. Department of Housing and Urban Development (HUD) and the DOE waives income verification requirements for residents of federally assisted properties, allowing HUD's eligibility determination to satisfy WAP regulations.

#### **State and Local Programs**

In many states, utility companies play a role in reducing the burden of high energy costs on low-income households. For example, in New Jersey, the Comfort Partners program offers households the following services: a free energy audit and installation of targeted weatherization measures by an approved contractor; personalized education and counseling about energy use; and development of a household energy-saving Action Plan. The program is funded with revenue from a "societal benefits charge," also called a public benefits fund, which is a small fee added to monthly utility bills to support energy assistance and related programs.<sup>13</sup>

Some states and localities also offer their own weatherization assistance programs, in some cases specifically targeting households headed by older adults. This assistance, which is in addition to WAP, may come via rebates on the purchase of high-efficiency products, low- or no-interest loans to fund weatherization efforts, grants to pay for improvements, or direct assistance through a qualified contractor.

### **Challenges Associated with Weatherizing Homes**

Despite the benefits of home weatherization and the resources that are available, obstacles remain that prevent some households from making energy-efficient modifications.

#### **Accessing Weatherization Services**

Access to home weatherization may be blocked by three major barriers: (1) inability to undertake repairs without help; (2) lack of awareness about available assistance and how to apply for it; and (3) financial obstacles related to the up-front cost of the improvements.

According to a 2000 AARP survey, the leading reason that homeowners age 65+ did not modify their homes—whether to improve energy efficiency or accessibility—was the inability to do so without help.<sup>14</sup> Finding a trustworthy contractor to deliver the improvements can also pose a challenge for many households.

Other older adults may not pursue energy-efficient modifications because they are not aware of the federal, state, and local weatherization programs available to them. Lacking knowledge of program benefits and application processes, eligible households may fail to apply for assistance.

Finally, without financial assistance, the up-front costs of weatherization may be

out of reach even for older adults whose incomes exceed assistance program thresholds.

#### **Reaching the Multifamily Rental Stock**

The benefits of improved energy-efficiency can extend to renters and owners of both detached and multifamily homes. Nevertheless, to date weatherization efforts have largely been targeted on the owner-occupied single-family segment of the housing stock, leaving out the significant number of older adults living in either federally assisted or unassisted rental homes.<sup>15</sup> According to the DOE, in recent years, no more than 21 percent of homes reached through the Weatherization Assistance Program have been multifamily units.

A barrier known as the “split incentives problem” helps to explain the lack of activity in the multifamily rental sector. This problem arises when the owners of rental properties pass energy costs on to their tenants and thus lack the financial incentive to undertake energy efficiency improvements, while the tenants who pay the utility bills—either directly to utility companies or through rent increases—are unlikely or unable to make upgrades to units they do not own. This problem may be compounded for landlords who serve tenants who receive government housing assistance, as rent ceilings can make it difficult to recoup the cost of the upgrades.

#### **Policy Recommendations**

To supplement available resources and tackle the challenges discussed above, additional steps can be taken to ensure that older adults are able to age in place comfortably with manageable utility costs.

- States can develop programs to fund weatherization activities for moderate-income older adults who do not qualify for the Weatherization Assistance Program. States could use a portion of

utilities' earnings or a public benefits fund to support these programs.<sup>16</sup>

- Localities can spread the word about available weatherization funds and direct installation assistance to older homeowners and renters. Localities can also protect older adults against consumer fraud by regulating home improvement contractors and sharing information on qualified providers.<sup>17</sup>
- In addition to these AARP policy recommendations, federal and state governments may wish to consider setting aside a share of Weatherization Assistance Program funds for market-rate and federally subsidized multifamily properties (many of which serve older adults).<sup>18</sup>

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<sup>1</sup> McLarty Jackson, Ann, and Neal Walters. *Energy and Telephone Assistance in the States: Public Programs that Help Low-Income Households*. Washington, DC: AARP Public Policy Institute, 2007.

<sup>2</sup> U.S. Department of Energy. "Chapter 6: Questions and Answers." *Weatherization Assistance Program Briefing Book*. Washington, DC: 2008.

<sup>3</sup> Residential Energy Services Network. "Carbon Cap and Trade." Retrieved Sept. 23, 2009, from [www.resnet.us/trading/cap.htm](http://www.resnet.us/trading/cap.htm).

<sup>4</sup> In 1978, California became the first state to include energy requirements in its building code. According to the U.S. Environmental Protection Agency, more than 40 states and the District of Columbia have since adopted energy codes for residential buildings.

<sup>5</sup> U.S. Census Bureau. "Table 2.1. Introductory Characteristics-Occupied Units." *American Housing Survey for the United States: 2007*. Washington, DC: 2008.

<sup>6</sup> Kochera, Andrew. *Housing Affordability: A Summary of Federal Rental Housing Programs*.

AARP Public Policy Institute Fact Sheet. Washington, DC: AARP, 2001.

<sup>7</sup> McLarty Jackson, Ann, and Neal Walters. *Need for Low-Income Heating Assistance Continues Despite Recent Drop in Some Home Heating Costs*. Washington, DC: AARP Public Policy Institute, 2009.

<sup>8</sup> Mathematica Policy Research, Inc. Table 15.5.2: Having Seniors or Children and Household Trade-offs. *Hunger Study—2006*. Chicago: America's Second Harvest, 2006.

<sup>9</sup> Alliance for Healthy Homes. *Home Health Hazards for Older Adults: Keeping Your Home Healthy and Comfortable*. PowerPoint presentation. Washington, DC: 2005.

<sup>10</sup> Ibid.

<sup>11</sup> The Low Income Home Energy Assistance Program (LIHEAP) is another source of federal funding for weatherization assistance. LIHEAP is intended primarily to provide utility bill payment assistance, but states may set aside a portion (15 to 25 percent) for residential weatherization.

<sup>12</sup> Halliday, Toby. "Weatherization Assistance Program for Low-Income Persons." Letter to the U.S. Department of Energy. Washington, DC: National Housing Trust, July 2009.

<sup>13</sup> New Jersey's Clean Energy Program. "Comfort Partners." Retrieved Sept. 30, 2009, from <http://www.njcleanenergy.com/residential/programs/comfort-partners/comfort-partners>.

<sup>14</sup> AARP Office of Policy Integration. *The Policy Book: AARP Public Policies 2009–2010*. Washington, DC: AARP, 2009.

<sup>15</sup> A recent analysis found that 60 percent of apartments receiving project-based Section 8 assistance were headed by older adults. See Lubell, Jeff, et al. "Work Participation and Length of Stay in HUD-Assisted Housing." *Cityscape: A Journal of Policy Development and Research*, June 2003, pp. 207–223; cited in Halliday, Toby. "Weatherization Assistance Program for Low-Income Persons."

<sup>16</sup> AARP Office of Policy Integration. *The Policy Book: AARP Public Policies 2009–2010*.

<sup>17</sup> Hermanson, Sharon, and Kristin Moag. *Fact Sheet Number 75: Home Improvement Contractors*. Washington, DC: AARP Public Policy Institute, January 1999.

<sup>18</sup> Nedwick, Todd. *Best Practices in Weatherization Policies for Use in Multifamily Housing*. Washington, DC: National Housing Trust. May 2009.