

HB 3094 -1 STAFF MEASURE SUMMARY
House Committee On Energy and Environment

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 4/2, 4/4

WHAT THE MEASURE DOES:

Establishes the Home Weatherization, Retrofit, and Affordability Program (Home WRAP) in the Oregon Housing and Community Services Department (OHCS) to provide incentive payments to construction contractors undertaking energy improvement projects for single-family or multi-family residences. Declares that the purpose of Home WRAP includes protecting jobs and strategic capacity in Oregon’s residential energy efficiency industry; enabling broad, equitable access to energy improvement projects; improving health, safety, and energy efficiency in affordable housing; and investing in upgrades and maintaining homes to contribute to the maintenance of our housing stock. Defines terms. Includes construction, reconstruction, alteration, or repair that reduces the energy requirements of a residential structure through energy conservation, weatherization improvements, or increased energy efficiency in definition of “energy improvement project,” subject to provisions of this Act. Excludes projects related to ground source heat pumps, swimming pool heating, hot tubs or spas, and energy generation.

Directs OHCS to determine Home WRAP incentive payments to contractors by multiplying a payment rate by the amount of energy efficiency resulting from a project over the useful life of the improvements. Directs OHCS to establish payment rate schedules by rule and to update schedules biennially. Authorizes schedules to provide higher payment rates for: 1) energy improvement projects on properties owned by persons or families with incomes at or below the median income for the area; or 2) projects in rural areas. Restricts eligibility for projects to properties that are owner-occupied with a household annual income of \$150,000 or less for the most recent tax year; properties that are affordable housing as determined by OHCS; or properties owned by a charitable nonprofit.

Authorizes OHCS to revise Home WRAP if the annual budget of the program does not permit full implementation, and directs OHCS to maintain program principles of making the program available to properties statewide, emphasizing projects in rural Oregon, ensuring accessibility to all construction contractors and to property owners from a wide range of incomes. Authorizes OHCS to consider adjusting program parameters, including to reduce targets and incentive caps; to modify targets, caps, or eligibility for the benefit of lower income property owners; or to provide a list of pre-approved maximum allowable program costs for projects.

Directs OHCS to work with the Construction Contractors Board to encourage contractors to communicate to customers about Home WRAP.

Directs OHCS to develop and make available methods for a contractor to estimate reduced energy requirements and corresponding incentive payments for a project. Allows contractors to submit monthly to OHCS an estimate of projects the contractor intends to carry out; the estimated incentive payment; and copies of invoices, estimates, or contracts that demonstrate the incentive amount reduces the amount owed to the contractor by the property owner. Directs OHCS to reserve moneys for proposed qualifying projects with costs totaling \$250 or more and to pay incentive payment upon receipt of timely proof (received within 180 days of project proposal) of the completed project. Establishes that, for completed projects submitted to OHCS for which moneys have not been reserved, payment is contingent upon availability of funds. Establishes that if OHCS denies an incentive payment because of lack of available funds, the contractor may not recover the denied payment from the

HB 3094 -1 STAFF MEASURE SUMMARY

property owner.

Sets maximum payment amounts for Home WRAP as follows: 1) \$4,500 per single-family residence; or 2) the lesser of \$4,500 per improved dwelling unit or \$45,000 total for a multi-family residential structure.

Directs OHCS to collect information to report relevant outcomes and report back to the legislature annually beginning no later than September 15, 2020. Directs OHCS to request \$_____ as part of its budget appropriations for the biennium beginning July 1, 2021 to carry out Home WRAP. Establishes a maximum limit of \$_____ for payment of expenses by OHCS for Home WRAP. Authorizes OHCS to enter into interagency agreements with other units of state government to carry out OHCS programs that provide home weatherization assistance.

Home WRAP sunsets January 2, 2023, and payments reserved on or before December 31, 2022 by contractors according to provisions of this Act may be paid, subject to proof of project completion, until June 30, 2023. Takes effect on the 91st day following adjournment sine die.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Changes maximum household income for owner-occupied property eligibility for Home WRAP, from \$150,000 to 150 percent of the state median household income as determined annually by OHCS based on the most recent American Community Survey through the U.S. Census Bureau or other similar sources considered reliable by OHCS.

BACKGROUND:

Weatherization assistance refers to a suite of services performed to keep homes warmer in the winter and cooler in the winter, to improve energy efficiency, reduce energy use, and lower energy costs for households. Weatherization assistance typically involves an energy audit, which includes home inspection and identification of improvements that would reduce energy use and increase the health and safety of residents. Examples of improvements that might be appropriate include ceiling, wall, and floor insulation; energy-related minor home repairs such as fixing air leaks around baseboards or windows; furnace repair and replacement; and heating duct improvements. In addition, weatherization assistance programs often include an element of energy education.

House Bill 3094 would establish the Home Weatherization, Retrofit, and Affordability Program (Home WRAP) within the Oregon Housing and Community Services Department (OHCS). Home WRAP would offer incentives to construction contractors undertaking energy improvement projects to reduce the cost of such projects for property owners. To be eligible, a property must be an owner-occupied residence with a household income of \$150,000 or less; an affordable housing development; or a property owned by a charitable nonprofit. The Act provides guidance for contractors to claim incentives and authorizes OHCS to adopt rules and take actions necessary to administer the program.