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GAVIN NEWSOM  
GOVERNOR

DATE: June 9, 2022

FROM: Mark Ghaly  
Secretary  
California Health and Human Services Agency

David Scribner  
Director  
Department of Community Services and Development

SUBJECT: **GREENHOUSE GAS REDUCTION FUND: Department of Community Services and Development**

REVISED EXPENDITURE RECORD FOR FISCAL YEAR 2020-21:  
Low-Income Weatherization Program Multi-Family Component

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This Attestation Memorandum documents that the Department of Community Services and Development (CSD) completed the attached Revised Expenditure Record on June 9, 2022, for the Low-Income Weatherization Program Multi-Family Component. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 to support expenditures from the Greenhouse Gas Reduction Fund. This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: <https://ww2.arb.ca.gov/resources/documents/cci-attestation-memorandums-and-expenditure-records>.

Questions on this Attestation Memorandum or Expenditure Record may be directed to Chuck Belk at CSD, at [chuck.belk@csd.ca.gov](mailto:chuck.belk@csd.ca.gov), or (916) 576-7212.

Signed:

Kimberly  
Chen

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Mark Ghaly  
Secretary  
California Health and Human  
and Services Agency

David Scribner  
Director  
Department of Community Services  
and Development

Attachment: Revised Expenditure Record

**Greenhouse Gas Reduction Fund: Expenditure Record**

**Department of Community Services and Development  
Low-Income Weatherization Program Multi-Family Component**

**Authorizing legislation:** Senate Bill (SB) 170 (Chapter 240, Sec. 110, Item 4700-101-3228) authorized the Fiscal Year (FY) 2021-22 Budget Act to appropriate \$15 million for the Low-Income Weatherization Program (LIWP) Multi-Family Component.

**Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.**

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**Agency that will  
administer funding**

- Department of Community Services and Development (CSD)

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**Amount of  
proposed  
expenditure and  
appropriation  
reference**

The total appropriation for the Fiscal Year (FY) 2021-22 Budget Act is \$15 million. Per Section 4700-101-3228, a total of \$ 14,250,000 will be available for Local Assistance.

This appropriation will extend funding to the LIWP Multi-Family Energy Efficiency and Renewables program component. New Program Guidelines will be generated to include updates to CalEnviroScreen and California Air Resources Board's (CARB) California Climate Investments, including the 2022 Update to Section VII.B on Priority Population Definitions. Please see: [www.arb.ca.gov/cc-fundingguidelines](http://www.arb.ca.gov/cc-fundingguidelines).

CSD will conduct a competitive procurement to identify a LIWP Multifamily Administrator to administer this funding. CSD will evaluate resulting expenditures and programmatic achievements from this allocation (at a minimum) on an annual basis to determine if performance objectives are being met

<b><i>Estimated amount of expenditures for administering agency administrative costs</i></b>	<ul style="list-style-type: none"> <li>▪ Per AB 109, not more than five percent of CSD's total FY 2021-22 appropriation (\$750,000) may be used for CSD's LIWP administrative costs, including the Multi-Family Energy Efficiency and Renewables component.</li> <li>▪ In addition to CSD's administrative costs, Greenhouse Gas Reduction Fund (GGRF) expenditures will include administrative costs for the funding recipient. Limits on administrative costs are specified in contract language</li> </ul>
<b><i>If applicable, identify laws or regulations that govern how funds will be used</i></b>	<ul style="list-style-type: none"> <li>▪ In addition to the laws governing GGRF generally, Government Code Section 12087.5 provides direction on how CSD shall administer the LIWP Program. Item 4700-101-3228 of the Budget Act of 2021 also includes the following Provision: <ul style="list-style-type: none"> <li>– "Notwithstanding any other law, funds appropriated in Schedule (1) for weatherization services for the Low- Income Weatherization Program Multi-Family Component shall be exempt from the requirement in subdivision (b) of Section 12087.6 of the Government Code that consultation shall occur at least three months prior to the release of a request for applications."</li> </ul> </li> </ul>
<b><i>Continuation of existing Expenditure Record</i></b>	<ul style="list-style-type: none"> <li>▪ As a new iteration of the LIWP Multi-Family program component no current Expenditure Record exists</li> </ul>
<b><i>Project type(s)</i></b>	<p>Energy efficiency and renewable energy</p> <ul style="list-style-type: none"> <li>▪ Climate adaptation and resiliency</li> <li>▪ Building Electrification / Decarbonization</li> </ul>
<b><i>Describe the projects and/or measures that will be eligible for funding</i></b>	<ul style="list-style-type: none"> <li>▪ Weatherization and energy efficiency upgrades, and solar renewable photovoltaics (PV) systems for eligible multi-family low-income buildings. The program component also provides for building electrification / decarbonization when possible.</li> </ul>

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***Intended  
Recipients***

- Financial incentives will be provided to property owners of multi-family dwellings that provide housing for low-income residents (AB 1550 populations). Benefits accrue to low-income residents through lower energy bills.

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***Program structure  
and process for  
selecting projects  
for funding***

- The Multifamily Administrator will lead outreach efforts to promote awareness of the availability of LIWP services and programs and will provide services and program offerings to income-eligible multi-family properties and the low-income residents within, as detailed in the Program Guidelines.
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**Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.**

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***How the expenditure is consistent with the Investment Plan and the Scoping Plan***

- Energy Efficiency and Clean Energy: AB 1532 requires that GGRF monies be appropriated in a manner that is consistent with the three-year Cap-and-Trade Auction Proceeds Investment Plans. The Third Investment Plan (FY 2019-20 through FY 2021-22) notes California Climate Investments fund multiple project types that support the goal of reducing GHG emissions and the air quality impacts of energy generation in California. Projects such as residential energy efficiency and PV installations reduce dependence on fossil fuels by increasing clean and renewable energy generation and increasing energy efficiency. Directly in line with the Third Investment Plan's recommendations and priorities, the LIWP Multi-Family program component will provide energy efficiency and clean energy investments that will improve energy efficiency, reduce GHG emissions, lower energy bills, and increase health and safety for low-income communities and families. Additionally, the program may provide services to farmworker households and properties working to address the crisis of homelessness. For example, vulnerable populations such as the elderly, who are more at risk for adverse health impacts due to extreme cold or heat, can afford to use heating and cooling appliances when needed. Therefore, the expenditures covered by this record are consistent with the priorities expressed in the Third Investment Plan. California's 2022 Draft Climate Change Scoping Plan Update highlighted the importance of ensuring equity and energy affordability, stating that "the state has an important role to play in providing financial incentives, especially to low-income consumers, to allow for uptake of clean technologies. The Department of Community Services and Development's Low Income Weatherization Program is a prime example of this approach, enabling low-income Californians to be part of the zero-emission transition, all while lowering energy bills. The program provides low-income households with solar PV systems and energy efficiency upgrades at no cost to residents." [ARB Website](#)

**Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

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***Describe how expenditures will facilitate the achievement of GHG emission reductions in the State***

- These expenditures will provide both immediate and long term GHG emission reductions by reducing direct, on-site energy consumption and generating clean, renewable energy for low-income properties and households.

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***Explain when GHG emission reductions and/or co-benefits are expected to occur and how they will be maintained***

- Solar PV installations will begin to yield GHG emission reductions in 2022 and will continue to provide clean energy and long-term GHG emission reductions for a quantification period of 30 years.
  - Energy efficiency and solar water heating projects funded by this allocation will reduce direct, on-site energy consumption and reduce GHG emissions starting in 2022. It is expected that these systems will typically maintain net GHG emission reductions for 10-25 years, depending on the mix of measures installed.
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**Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

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***Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency***

- Weatherization, energy efficiency upgrades, and renewable energy systems will yield environmental, public health, and economic co-benefits, including the protection of affordable housing in disadvantaged communities (DACs) and other communities. For example, LIWP can contribute project funds that can be combined with other financing and funding sources to support building upgrades for affordable housing projects at or nearing the end of their 15-year Low-Income Housing Tax Credit compliance period that are being acquired or rehabilitated to achieve re-syndication and the allocation of new tax credits. These projects can provide California jobs and job training for priority populations through targeted recruitment and training programs. Moreover, such projects may cut energy costs for low-income residents and improve building comfort. Installing renewable energy systems and increasing household and building energy efficiency will improve air quality by reducing criteria pollutant emissions from energy production in California. Also, replacing older Heating/Ventilation/Air Conditioning systems with newer, cleaner models would benefit public health by reducing exposure to indoor air pollutants, such as carbon monoxide, associated with very old or poorly maintained heating units and reducing exposure to outdoor pollutants that trigger asthma like particulate matter.

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***How the project will support other objectives of AB 32 and related statutes***

- Weatherization, energy efficiency upgrades, solar PV, and solar hot water system installations reduce direct, on-site energy consumption and/or generate clean energy. They also support other AB 32 objectives by:
  - Providing additional environmental and economic co-benefits;

- Providing an opportunity for affordable housing providers, homeless shelters, and transitional housing to participate in and benefit from statewide efforts to reduce GHG emissions; and
- Directing investment towards the most disadvantaged communities in California.
- LIWP also supports other priorities identified in AB 398 and may align with other legislation including AB 1532 by reducing air toxic and criteria air pollutants from stationary sources, improving climate adaptation and resiliency, maximizing economic, environmental, and public health benefits to the state, and fostering job creation by promoting in-State GHG.

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***Percentage of total funding that will be expended for projects that are located in and benefit priority populations<sup>1</sup> per CARB guidance***

- For the program component covered by this Expenditure Record, direct program funding will exclusively benefit priority populations. Of the \$14.2 million allocated in this Expenditure Record to the Multi-Family Energy Efficiency and Renewables subprogram from the FY 2021-22 appropriation, \$7.1 million will support projects located within DACs and benefitting DAC residents, \$0.7 million will support projects within a half-mile of a DAC and benefit low-income households, and \$5.7 million will support projects benefitting low-income households anywhere in the state. Similarly, 100 percent of direct program investments from the FY 2021-22 appropriations will support projects located within disadvantaged and/or low-income communities and/or benefitting low-income households and individuals. Direct project investments will fund energy efficiency and solar projects that provide energy savings and economic and other co-benefits to these priority populations. Non-direct project dollars will be used to support local and state administration functions necessary for program implementation.
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<sup>1</sup>Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B or CARB's *Funding Guidelines for Agencies that Administer California Climate Investments 2022 Update* for more information on the definitions of priority populations available at: [www.arb.ca.gov/cc/fundingguidelines](http://www.arb.ca.gov/cc/fundingguidelines).



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***Describe the benefits to priority populations per CARB guidance***

- Direct project expenditures will support projects for deed-restricted affordable multi-family properties servicing low-income residents that provide benefits for AB 1550 populations. Potential benefits to households and communities include, but are not limited to: reducing on-site criteria air pollutant or toxic air contaminant emissions through reduction of fossil fuel consumption; providing energy efficiency upgrades to properties that benefit residents of the priority population; providing renewable energy and direct energy cost savings to residents of priority populations; allowing economic benefits to accrue to tenants; reducing maintenance and operating costs for affordable housing property owners; and helping preserve affordable housing so that it may continue to serve low-income residents and those in danger of becoming unhoused.

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***Explain strategies the administering agency will use to maximize benefits to disadvantaged communities***

- To maximize benefits to disadvantaged communities, projects will be required to meet multiple disadvantaged community benefit criteria and demonstrate that the project will meaningfully address an important community need, including a statement of the benefits accruing to tenants. The allowance to provide services to properties serving farmworker households and the unhoused will help maximize benefits to DACs and AB 1550 populations.

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***Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens***

- To maximize benefits to disadvantaged communities, projects will be required to meet multiple disadvantaged community benefit criteria and demonstrate that the project will meaningfully address an important community need, including a statement of the benefits accruing to tenants. Program enrollment forms and participation agreements incorporate anti-displacement and housing affordability provisions. These provisions obligate property owners participating in the program agree to maintain property affordability for a minimum of 10 years post-retrofit, per the terms of the Affordability Covenant, and authorizes the LIWP Administrator to notify residents about the Affordability Covenant.

**Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.**

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***How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance***

- CSD will require the Administrator to maintain records, submit monthly production and expenditure reports, and quarterly cumulative production status and/or workforce development reports. In addition, CSD conducts periodic reviews of funding recipients and selected projects. These reviews include desk reviews of submitted reports, on-site follow-up and monitoring including annual visits to access and review records, quality assurance inspections for a sample of completed projects, and audits. If the Administrator does not perform in accordance with program requirements, the Administrator will be subject to the remedies for non-performance, as identified in the Program Guidelines and/or LIWP Multi-Family Administrator contract.

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***Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion***

- CSD coordinates with CARB to estimate GHG emission reductions and co-benefits (e.g., energy savings) using CARB standardized methodologies. CSD will review calculations prepared by the Administrator to ensure consistency with approved methodologies.
  - CSD will calculate the GHG emission reductions expected and achieved from projects using the CARB quantification methodology and calculator tool in effect at time of awarding funds and submitting reports.
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***Type of information that will be collected to document results, consistent with CARB guidance***

- To determine the job creation benefits, CSD will compile data from funding recipients, including number of job-years provided, average wages and benefits, the number of people who completed job training or received industry-recognized certifications, and residence location of job training recipients.
- CSD will collect data on project location, baseline and estimated energy usage, energy costs, type of upgrade that was installed, expected quantification period, and other data as specified in CARB's Funding Guidelines.
- CSD will collect information on project outcomes consistent with CARB's Funding Guidelines for five percent of projects.

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***How the administering agency will report on program status***

- CSD will provide regular updates on expenditures, project status, and benefits in reports prepared according to CARB's Funding Guidelines. At a minimum, the reports will include expenditure amounts, current estimates of GHG emission reductions, and quantification of other applicable co-benefits (e.g., jobs created, units retrofitted). Reports will also include information on project outcomes for five percent of projects over two years.
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