

Office of the Undersecretary for Domestic Finance
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Submitted via: www.regulations.gov

RE: Comments on Interim Final Rule Regarding Coronavirus State and
Local Fiscal Recovery Funds Regulation Identifier No.: 1505-AC77
(Docket ID: TREAS-DO-2021-0008) 86 Fed. Reg. 26786 (May 17,
2021)

We are a coalition of companies, state, and advocacy organizations with decades of experience in improving the energy efficiency of private and public buildings, from single and multifamily residences to large facilities serving every purpose--from healthcare to education to commerce.

The COVID-19 pandemic exposed significant limitations in the buildings where people live, work, study, and socialize. Many ventilation systems proved inadequate. In many cases, heating and cooling homes for 24/7 occupancy was extremely expensive. The crisis presented building managers with the challenge of transforming space for uses not previously envisioned. The pandemic has prompted new consideration of multiple objectives--resilience, durability, health, and energy costs--as we look to repair our aging buildings to better serve their occupants and communities. The energy efficiency workforce comprises over two million skilled Americans who are prepared to improve our nation's buildings.¹

In our opinion, the American Rescue Plan Act (ARPA) rules and guidance includes general support for flexible use of the funds to assist households and businesses in ways that reduce excess energy use, address increased susceptibility to illnesses or unhealthy conditions, and address support for multiple vulnerable communities. We support this approach, yet we suggest that additional clarity can better assist state officials to develop spending plans consistent with the broad goals. Specifically:

1. Investment in existing residential buildings

We ask the Treasury to build upon the existing guidance including weatherization and home repairs as “eligible uses.” We ask the Treasury to explicitly identify energy efficiency in homes as “eligible uses” and encourage the use of existing energy efficiency programs to deploy the funds.

The need for many families to shelter in place for long periods of time during COVID-19 exposed many inadequacies of our aging residential building stock. Even before the

¹ https://e4thefuture.org/wp-content/uploads/2020/11/EE_Jobs_America_2020.pdf

pandemic, a quarter of U.S. households spent more than 6% of their income on energy bills, and 13% of households spent more than 10%.² The National Energy Assistance Directors Association (NEADA) estimated that by January 31, 2021, the total national electric and gas residential arrearages averaged about \$25 billion, more than double the outstanding arrearages as of December 31, 2019. Investing in modern heating and cooling equipment combined with installing insulation reduces energy costs, leaving residents with more money for other essential expenses such as food, medications, and transportation. Such spending is, in turn, a significant driver of community revitalization.

Scores of existing entities, both public and private, have proven histories of producing measurable energy savings for homes. The federally administered Weatherization Assistance Program, Low-Income Home Energy Assistance Program, and U.S. State Energy Program could serve as “safe harbor” program options for states to use ARPA funds. Many state, utility, and NGO programs (with administrative and implementation structures already in place) can rapidly serve vulnerable families, but these programs often have inadequate funding to meet reasonable goals.

2. Addressing structural deficiencies

We ask the Treasury to explicitly identify the repair of structural health and safety barriers to installation of energy efficiency in homes as “qualified expenditures” under the final ARPA guidance.

In vulnerable communities, families disproportionately live in older--and often poorly maintained--homes. Up to 30% of these homes have structural deficiencies, commonly known in our industry as health and safety barriers. Examples are antiquated electrical wiring, mold, fuel leaks, asbestos, and leaky roofs. Housing deficiencies related to moisture and mold can increase asthma risks and respiratory problems for occupants. Health and safety barriers must be addressed before energy-saving technologies can be safely installed. Some sections of the guidance indicate general support to improve residential health and safety conditions for building occupants. Specific reference to this allowable expenditure would be helpful.

3. Addressing climate adaptation and resilience in all buildings

We ask the Treasury to clarify that ARPA funds used for energy efficiency explicitly align with the stated goals of adaptation to climate impacts set forth in the guidance. Such a recommendation is consistent with the guidance related to water and sewer infrastructure and will reduce confusion for governments receiving funding.

Every building energy efficiency project is an opportunity to consider climate adaptation and resilience. Just as projects that address both efficiency and structural deficiencies in low-income housing are the most valuable over time, projects that intentionally address both energy savings and climate goals will be the most cost-effective long term.

4. Adapting nonresidential buildings for use in emergencies

We ask the Treasury to explicitly identify proactive planning, design, and implementation to augment the efficiency, flexibility, and resiliency of buildings for

² <https://www.aceee.org/sites/default/files/pdfs/u2006.pdf>

anticipated emergency public uses as “qualified expenditures” under the final ARPA guidance.

COVID-19 forced many building owners to rely upon their buildings for purposes beyond their original intended use. Schools, sports facilities, and retail and office buildings have been used as vaccination sites, conference centers, or emergency hospitals. Municipal buildings have been used as places of refuge, and parking lots as triage locations. Throughout the pandemic, it has been critical to have buildings available to the public. Government entities are well-served when enabled to repurpose buildings in an anticipatory manner--not only a reactionary manner--to prepare spaces for uses beyond their original intent. This includes upgrading buildings for extended use and higher-capacity use, and is especially true for city buildings and school system buildings.

5. Leveraging public and private funds to optimize benefits

We ask the Treasury to provide examples or guidance demonstrating that leveraging ARPA taxpayer funds with other public or private funds to achieve the goals consistent with the Act is an encouraged use of funding. We further ask that the Treasury issue clear guidance that grantees are allowed to combine other available public and private funds with ARPA funds to compete projects and grantees are allowed to mix private financing vehicles with ARPA funds to achieve the best results consistent with the broad objectives of ARPA.

While Congress has awarded significant funding to governments to address the COVID-19 pandemic, the nation’s needs require further funding. In certain allowances to the fiscal recovery fund spending, private financing can be combined with fiscal recovery fund monies to increase the impact from congressional appropriations. For instance, applying congressional funding to water and wastewater infrastructure will improve operational efficiencies of the facilities that create revenue streams available to private financiers for making further improvements. Combining the fiscal recovery funds and private financing will allow more improvement to facilities than can be accomplished through individual improvement projects with support from either source on its own.

The suggestions above will maximize the benefits Americans will reap from this crucial stimulus funding. We stand ready to serve as a resource to provide further information as the Treasury works to deploy the ARPA stimulus for residential and commercial energy efficiency initiatives.

Thank you for the opportunity to submit comments.

Respectfully,

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