Metropolitan Washington Council of Governments

American Recovery & Reinvestment Act Regional Information Center

Monthly Update | July 2009

COG Initiatives

Neighborhood Stabilization Program 2

On May 22, 2009 the Metropolitan Washington Council of Governments (COG) hosted a meeting of local housing directors, housing advocacy groups and researchers to discuss potential funding opportunities in the Neighborhood Stabilization Program (NSP 2) to stabilize communities impacted by large numbers of foreclosed housing units in the region.

The Metropolitan Washington Area Consortium – a subset of interested parties from the May 22 meeting – later met on Thursday, June 4 to outline its plans for a regional consortium NSP2 grant application to HUD. To date, the Consortium is comprised of six local jurisdictions to include: the City of Alexandria, Virginia; the City of Bowie, Maryland; Fairfax County, Virginia; the City of Gaithersburg, Maryland; Prince George's County, Maryland; and Prince William County, Maryland.

For more information on the program, please see the attached NSP2 program summary.

EPA Climate Showcase Communities

COG's Climate Change Report calls for the region to develop a carbon offset fund to finance local programs to reduce emissions of greenhouse gases. MWCOG intends to submit a proposal for federal funding to assist the National Capital Region to evaluate options for establishing a carbon offset fund, identify and establish climate protection partnerships, identify opportunities to leverage new and existing sources of funds, establish eligibility criteria for carbon offset funding, and to directly finance projects in the region that reduce greenhouse gas emissions. MWCOG will also conduct program education and outreach and emission reduction verification, tracking, and reporting.

Energy Efficiency Financing Mechanisms

The Energy Advisory Committee's June 18 meeting focused on Energy Efficiency Financing Mechanisms. Two approaches were highlighted:

1. Bill Dunnington, a consultant to the Virginia State Energy Office (DMME) for Community Energy Programs, discussed the plans of the Charlottesville/Albemarle County/UVA Alliance and how they can be replicated in the Metropolitan region. The City and County are jointly applying for a grant from the Southeast Energy Efficiency Alliance award for $500,000 to design a program to reduce energy use by consumers and businesses. The initial focus will be energy and water conservation for existing buildings and then a deliberate phase-in of alternative and renewable resources. The Local Energy Alliance Program (LEAP) is a public-private partnership with the following goals: participation of 30-50% from all sectors and utility savings of 20-40% per customer within a 5-7 year timeframe. In order to meet this goal, 10-20 buildings per day will need to be retrofitted. A self-sustaining program is desired, not a grant-based program.

The central idea to acquire funding is to develop a capital pool managed by a financial board. The sources of revenue will be broad and the design pulls small amounts from separate areas such as stimulus funds, state bonding authorities, private investments, and others. Questions were asked about the strings that would be attached to each different source of money and the solution given was to keep the number of sources and the project sizes as small as possible to make things less difficult. For the customer, it should be made clear that if sensible energy improvements to save money are made, then LEAP will provide the delivery system, financing, risk management, and assurance that it pays for itself. The contractors benefit from the program because they will become certified to do the energy work and will be able to guarantee it. The lenders will be able to make low interest energy loans and have decent returns with very little risk. The key factor that was stressed throughout the presentation was to manage risk efficiently in order to have self-sustained funding for the projects duration. It is also critical to have a large number of participants. The program would focus on the residential middle-income market and commercial market. The residential low income market already receives "Green Match" funding. Programs to compare to are the Pennsylvania Keystone Program and the Arch 2030 14X program. Lastly it was stated that the time needed for the targeted $178 million to become self sustained is 4½ years based on given estimates.

Mr. Dunnington's presentation is available on the COG website at: http://www.mwcog.org/committee/committee/documents.asp?COMMITTEE_ID=139

2. Peter Mellen, Co-Founder and CEO of Edsion|Wright, discussed a financing program which has been in the works in Annapolis Md. for 9-10 months. The goal of their program is to create green jobs and reduce carbon emissions by promoting and financing energy improvements in buildings. The program has been designed to be a no-cost solution for the government's desire of a green building improvement plan. The program allows homeowners to improve the energy efficiency of their homes. To do this the modifications are made on the house and the homeowner agrees to pay an additional property tax on the house until the improvements are paid off. The owner will agree, while they live in the house, to pay the additional tax. If they decide to move before they have made all of the payments, it is passed along to the next homeowner. The basic idea is that the homeowner will be receiving a loan to improve their home's energy efficiency with very low upfront costs, a simplified application process, or no impact on credit. It is estimated that for every 1,000 properties improved, 160 new jobs will be created, 1,400 tons of carbon emissions will be reduced, and $340,000 will be saved annually on utility bills. In the first 2-4 months the government must pass the enabling legislation and negotiate and sign the agreements, and then the ongoing process includes the financing of energy improvements and the collection of payments through the special fee/tax.

The property owner will submit an application and schedule an energy audit through E|W. They receive approval on the project, agree to the fee/tax that is applied, work is completed and the costs are paid. Financing begins with the bank loaning to E|W, next funds are deposited to the city account, and the city pays the property owner who then repays to the government as a tax/fee. The government repays E|W who repays the low interest loan. The question was asked about accountability and oversight of E|W and Mr. Mellen responded by saying that E|W has a responsibility to its customers and in order for them to continue as a company they need to keep up with customer demands and quality of work. The members in attendance had many other different concerns about the structure of the program, such as the reason that the government was needed to be involved and why the payment would be labeled/made as a tax. Another concern was lack of incentives for owners of rental properties to make efficiency improvements.

Mr. Mellen's presentation can be found on the COG website at: http://www.mwcog.org/committee/committee/documents.asp?COMMITTEE_ID=139

Training and Certification of Home Energy Performance Contractors/Home Energy Audits

COG has been coordinating with the State Energy Offices and the National Association of State Energy Officials (NASEO) on issues related to developing a trained and certified workforce to handle work in the area of home energy audits and home energy performance improvements. At a recent meeting of the Public Utility Commissioners in June, there was general consensus at the broad mid-Atlantic level with the commissioners and energy directors that it is important to work out consistency in training/certification of home energy workers, and there would likely be good support for a plan to reach that goal.

Maryland has continued to advance their statewide training and certification program. Initial estimates are that approximately 500 trained staff are needed in Maryland to handle 20,000 homes per year. The Baltimore County Community College will be the state lead for all other colleges interested in participating. There has been a state agency agreement to coordinate the home weatherization and Home Performance with Energy Star (HPES) requirements. A curriculum package has been adopted that pulls in materials from different programs such as the DOE-approved home weatherization training and the Building Performance Institute (BPI). Three levels of certification will be offered -- Crews, Supervisors, and Auditor/Contractors. Training will begin in July. Trainers are currently completing their BPI certification tests.

The District has reached an agreement that will enable it to offer training to home energy performance contractors. The United Planning Organization (UPO) is working to launch a Weatherization Training Center in the District. Virginia is currently going through a process to design a state initiative under the umbrella of Green Jobs Training and Workforce Development, including cabinet level participation. Linkages of the training and certification programs to home energy financing mechanisms are still being developed at the state level. Staff are continuing work with the state energy offices to develop a statement of consensus for the need for consistency, and to also recommend linking the overall effort to Dept. of Labor Green Jobs federal financial assistance program.

Contact for More Information:

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Funding Updates

COG Funding/Proposal Actions

Priority Bus Transit:
The ARRA includes a $1.5 billion competitive grant program, with up to $300 million available to each state and the District of Columbia. The Transportation Planning Board has been working with the region's transportation and transit agencies to develop a proposal for a regional Priority Bus Transit Program. The proposal is centered around the K Street Busway in the District of Columbia, and includes several WMATA "priority corridors" and other routes proposed in Maryland and Virginia. It is uncertain at this time what agency will be named as the designated recipient in the application. Options include WMATA, the TPB, or some combination of the District and other state agencies.

DOE Transportation Electrification Project:
At the May 6 CAO meeting, the District of Columbia noted a stimulus funding opportunity from Department of Energy to establish, demonstrate, and evaluate projects to accelerate the market introduction and penetration of advanced electric drive vehicles. The U.S. Department of Energy is soliciting applications for regional transportation electrification projects to develop data that can support the commercialization of advanced electric and hybrid electric vehicles and supporting infrastructure. $400M is available under the competitive grant program with emphasis placed on larger scale projects.

A proposal was submitted by Nissan North America in the amount of approximately $50 million for a three year demonstration in three metropolitan areas (the DOE solicitation requires geographic diversity), Washington, DC, San Francisco, and Los Angeles. In the DC metro area, Nissan, AeroVironment (AV), and the District of Columbia partnered with surrounding jurisdictions on a regional transportation electrification project. COG partnered on behalf of its members, as well. COG has been designated the coordinator for the region on this project and allocated $337,750. The goal of the project is to deploy about 767 Nissan all-electric vehicles and nearly 844 AV charging stations throughout the District and suburban communities to enable the Washington DC region to create a market for electric vehicles and refueling infrastructure so that consumers will be comfortable with buying electric vehicles when mass produced starting in 2012. There is no cost to local governments for participation in this project other than in-kind service associated with hosting the vehicles, recording data, paying for the electricity cost for vehicle charging, and sharing experiences. Vehicle maintenance is covered for 3 years.

If approved, COG member jurisdictions will receive approximately 769 electric vehicles with the supporting charging station. DOE now anticipates making the announcement of selected proposals by the end of September 2009. If awarded, initial charger deployment will begin 6-9 months After Receipt of Order (ARO) and vehicle deployment to begin about 12 months ARO with full deployment in 18 months. At the end of the 3 year demo, local governments will be given the option to purchase the vehicles.

EPA Diesel Retrofit Project:
On June 8, COG received notice from EPA Region III that COG's proposal for EPA grant funding to retrofit diesel equipment in the region was not selected. EPA received $159 million requests with only $16 million available for funding. COG's grant request was for $3.7 million. EPA provided feedback that the proposal contained many strong projects and EPA encouraged COG to resubmit the proposal for the next round of diesel grant funding expected in the late summer/fall. EPA also provided feedback

that they liked the range of partners and innovative technologies proposed, but that additional periodic reporting and a stronger link between the proposed project and economic recovery goals would be helpful.

Metropolitan Washington Regional Alternative Fuels Clean Cities Project:
In March 2009, the Metropolitan Washington Council of Governments hosted meetings with members of the Metropolitan Washington Alternative Fuels Clean Cities Partnership and the Energy Advisory Committee to discuss interest in the Department of Energy (DOE) Clean Cities stimulus funding. As a result, the Council of Governments is partnering with five (5) local government jurisdictions to advance the use of alternative fuel vehicles in the metropolitan Washington region. The DOE Clean Cities Program is seeking applications that expand the use of alternative fuels vehicles, advanced technology vehicles and the installation of infrastructure necessary to directly support the vehicles. $300M is available under the Clean Cities FY09 Petroleum Reduction Technologies Projects for the Transportation Sector, Area of Interest 4 to award up to 30 large scale projects across the country.

The aim of the Clean Cities funding is to help reduce U.S. dependence on imported oil, increase the viability and deployment of renewable energy technologies and increase energy efficiency. The COG Alternative Fuels Clean Cities Partnership has been designated the project coordinator for the region. As a designated Clean Cities Coalition since 1993, the Alternative Fuels Clean Cities Partnership, has promoted the use of alternative fuel in transportation, including renewable biofuels and the deployment of energy efficient transportation technologies in the metropolitan Washington region.

The 5 Project Teams include: Arlington County, VA; the District of Columbia; Fairfax County, VA; City of Falls Church, VA; and Prince George's County, MD. If approved, the Project Teams will receive $5,968,290 in DOE stimulus grant funds to purchase advanced technology vehicles and supporting infrastructure. The total project budget is $13,903,700, with a 50% cost share by project team members.

Contact & Information

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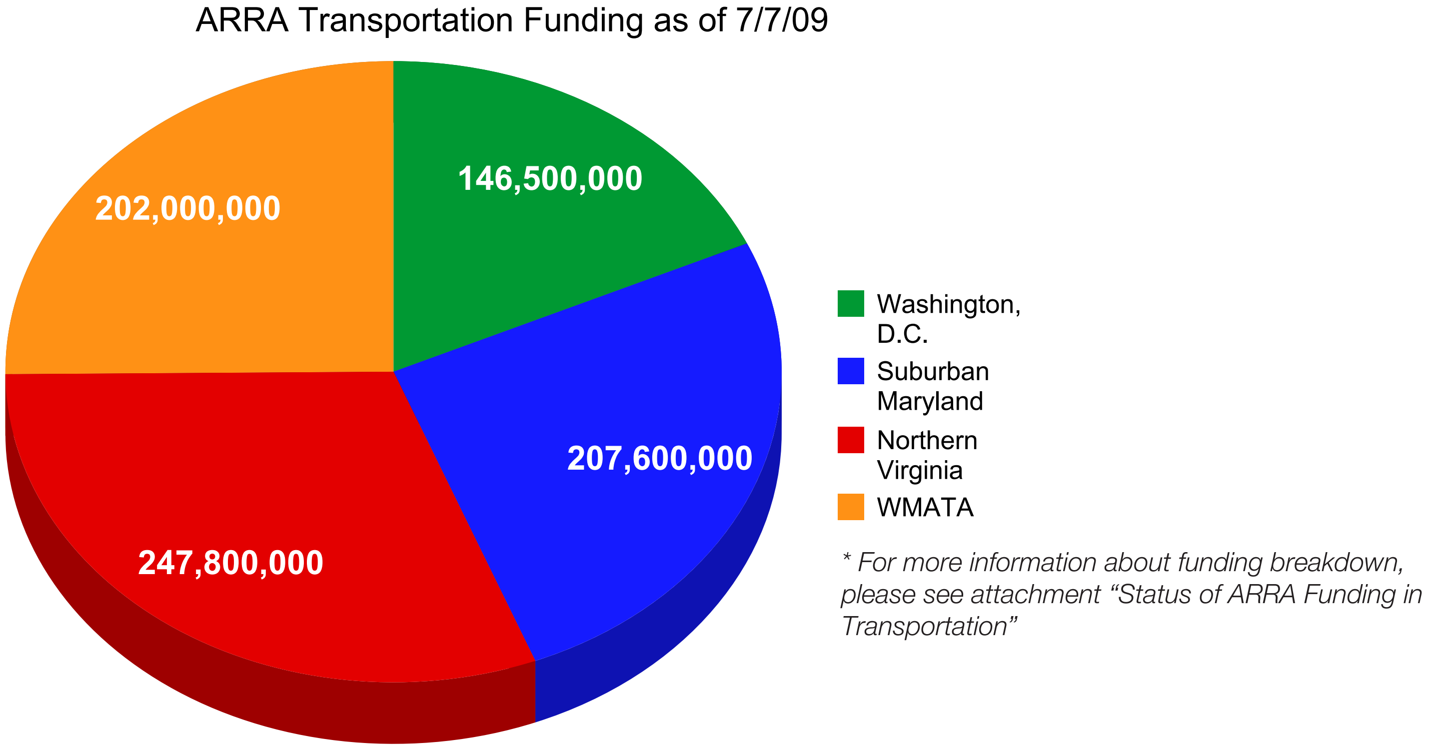
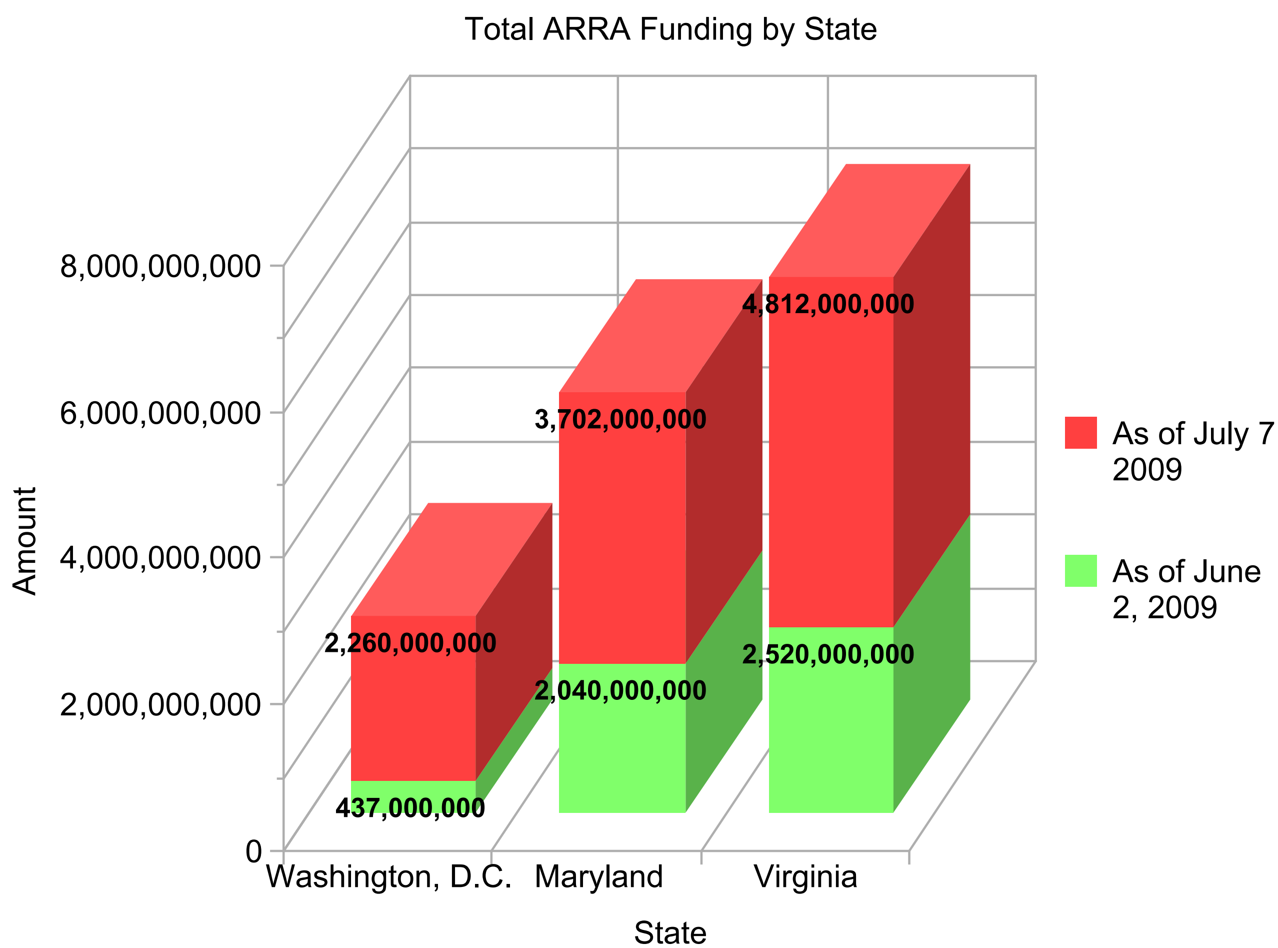
Web

In March, COG launched the Online Information Center to serve as a regional clearinghouse for information on the American Recovery and Reinvestment Act. The site is updated regularly and is located at:
http://www.mwcog.org/recovery



http://www.mwcog.org/transportation/activities/stimulus/default.asp



NSP2 OPPORTUNITY

In March, Congress authorized funding for a program to assist communities severely impacted by housing foreclosures in the "American Recovery and Reinvestment Act of 2009." The Neighborhood Stabilization Program (NSP2) has allocated roughly $2 billion in competitive grants to states, local governments, non-profit entities, or consortia of non-profit entities, to provide funding to help them acquire, rehabilitate, and redevelop foreclosed and abandoned property. Please visit http://www.mwcog.org/publications/recovery/nsp2.asp for more information and/or to comment on the proposal.

WASHINGTON METROPOLITAN AREA CONSORTIUM

On May 22nd the Metropolitan Washington Council of Governments (COG) hosted a meeting of local housing directors, national housing experts, affordable housing developers and lenders, and public policy researchers to discuss a potential regional approach to securing funding and implementing a regional NSP2 program. The Metropolitan Washington Area Consortium – a subset of interested parties from the May 22nd meeting – later outlined its plans to submit a regional NSP2 grant application. To date, the Consortium is comprised of six local jurisdictions: the City of Alexandria, Virginia; the City of Bowie, Maryland; Fairfax County, Virginia; the City of Gaithersburg, Maryland; Prince George's County, Maryland; and Prince William County, Virginia.

VISION AND CONCEPT

The region is facing a significant foreclosure problem, in part, because of very high rates of growth, skyrocketing housing prices, and easy access to credit, including subprime lending – which disproportionately impacted neighborhoods of color. The downturn in the economy and the subsequent fall in housing prices has left many Washington area homeowners unable to pay their mortgages or refinance them. The foreclosure crisis shows no signs of abating in this region in the near term.

Foreclosures destabilize neighborhoods by undermining the confidence of existing and potential residents because of rapidly dropping home prices and the presence of vacant housing that may not be well maintained and therefore attract pests and criminal activity. NSP2 provides funding to help stabilize neighborhoods. Grant monies must fund activities targeting households earning up to 120% of the area's median income (AMI). One quarter (25%) of the grant funds must assist households earning no more than 50% of AMI. Based on an understanding of the Washington economy and the dynamics of the targeted neighborhoods, the consortium is proposing to undertake the following three NSP2 activities in neighborhoods with significant levels of foreclosures that are well served by the region's transportation network:

1. The provision of financial assistance to homebuyers seeking to purchase or rehabilitate foreclosed and/or abandoned properties;
2. The acquisition, rehabilitation and resale of foreclosed and/or abandoned properties; and
3. The acquisition, rehabilitation and rental of foreclosed and/or abandoned properties.

NEIGHBORHOOD CRITERIA

The consortium is presently using quantitative data to determine which communities (by census tract) within the region to target. The consortium created a list of criteria for determining NSP2 eligible census tracts. The criteria include, but are not limited to:

- Access to major transit infrastructure and nodes
- Access to public transportation
- Proximity to major employment centers
- Areas of recent investment and/or disinvestment
- Soundness of the area's overall housing market

STATUS OF ARRA FUNDING IN TRANSPORTATION

COG Board of Directors
July 8, 2009

District of Columbia

As of March 18, the District of Columbia Department of Transportation has programmed the full $123.5 million that it received through ARRA. These funds covered a variety of projects from bicycle sharing to bridge and road rehabilitations. The Eastern Federal Lands Highway Division of the Federal Highway Administration (EFL-FHWA) has programmed an additional $23.3 million of ARRA funding to improve National Park roads in the District. *Total: $146.5 million*

Suburban Maryland

In Maryland, by May 20 the Maryland Department of Transportation and suburban counties had programmed $167.2 million – the full amount of ARRA funds expected to be allocated to the Washington region. These projects were primarily road and bridge rehabilitations as well as some transit station improvements and bus fleet replacements. EFL-FHWA has programmed an additional $40.4 million of ARRA funds on parkways in the Maryland suburbs of Washington. *Total: $207.6 million*

Northern Virginia

As of June 17, the Virginia Department of Transportation has programmed $160.1 million of ARRA funding on projects in the Washington region. These range from capacity expansion projects to road and bridge rehabilitations and transit enhancements. An additional $52 million has been sub-allocated to the Northern Virginia Transportation Authority (NVTA). The NVTA is currently prioritizing a list of projects to fund and is expected to amend the TIP in September. On May 7, the U.S. DOT allocated $77.3 million to the Dulles Corridor Metrorail extension project, expediting the federal funds committed to that project. An additional $10.4 million has been programmed by EFL-FHWA on parkway improvement projects in the Virginia suburbs. *Total: $247.8 (does not include $52 million NVTA sub-allocation)*

Washington Metropolitan Area Transit Authority

The Washington Metropolitan Area Transit Authority (WMATA) received $230 million in ARRA funding. As of April 15, WMATA has programmed $202 million, with the additional $28 million being sub-allocated to other transit providers in the region. *Total: $202 million*