



LINNÉ K. STOUT  
DIRECTOR

State of California-Health and Human Services Agency  
**DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**  
2389 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833  
Telephone: (916) 576-7109 | Fax: (916) 263-1406  
[www.csd.ca.gov](http://www.csd.ca.gov)



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GOVERNOR

DATE: September 6, 2019

FROM: Mark A. Ghaly MD, MPH  
Secretary  
California Health and Human Services Agency

Linné K. Stout  
Director  
Department of Community Services and Development

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

REVISED EXPENDITURE RECORD FOR FISCAL YEARS 2017-18,  
2018-19, and 2019-20: Low-Income Weatherization Program: Multi-Family  
Energy Efficiency and Renewables

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This Attestation Memorandum documents that the Department of Community Services and Development completed the attached Revised Expenditure Record on September 6, 2019, for the Low-Income Weatherization Program: Multi-Family Energy Efficiency and Renewables. 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 the California Air Resources Board (CARB) for public posting on the CARB website at: [www.arb.ca.gov/caclimateinvestments](http://www.arb.ca.gov/caclimateinvestments). Questions on this Attestation Memorandum or Expenditure Record may be directed to Glen Baird, at [glen.baird@csd.ca.gov](mailto:glen.baird@csd.ca.gov), or 916-576-5294.

Signed:

Mark A. Ghaly MD, MPH  
Secretary  
California Health and Human Services  
Agency

Linné K. Stout  
Director  
Department of Community Services and  
Development

Attachment: Expenditure Record

**Greenhouse Gas Reduction Fund: Expenditure Record**

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

**Authorizing legislation:** Assembly Bill (AB) 109 (Chapter 249, Statutes of 2017), amended the Fiscal Year (FY) 2017-18 Budget Act to appropriate \$18 million for the continuation of the Low-Income Weatherization Program (LIWP); Senate Bill (SB) 856 (Chapter 30, Statutes of 2018) amended the FY 2018-19 Budget Act to appropriate \$10 million for LIWP; and AB 74 (Chapter 23, Statutes of 2019), the FY 2019-20 Budget Act, appropriated an additional \$10 million for LIWP.

This Expenditure Record is revised for the allocation of the FY 2019-20 appropriation.

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

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| <input type="checkbox"/> Agency that will administer funding                        | <ul style="list-style-type: none"><li>▪ Department of Community Services and Development (CSD)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <input type="checkbox"/> Amount of proposed expenditure and appropriation reference | <p>AB 109 amended the FY 2017-18 Budget Act to appropriate \$18 million for the continuation of LIWP, SB 856 amended the FY 2018-19 Budget Act to appropriate \$10 million, and AB 74 (Chapter 23, Statutes of 2019), the FY 2019-20 Budget Act, appropriated an additional \$10 million for LIWP. The total Local Assistance funds allocations (<b>\$17.1 million</b> from the FY 2017-18 appropriation and <b>\$9.5 million</b> from each of the FY 2018-19 and FY 2019-20 appropriations) are to be distributed among new and existing LIWP program components. This expenditure record reflects the FY 2017-18, FY 2018-19, and FY 2019-20 funds to be made available to one of CSD’s existing program components as follows:</p> <p><b>Existing Program Component:</b> The most recent appropriation will extend funding for the following program component under existing Program Guidelines:</p> <ul style="list-style-type: none"><li>a. Multi-Family Energy Efficiency and Renewables:<ul style="list-style-type: none"><li>• <b>FY 2017-18: \$7.1 million</b></li><li>• <b>FY 2018-19: \$4.3 million</b></li><li>• <b>FY 2019-20: \$9.5 million</b></li></ul>Will be awarded to existing statewide multi-family provider.</li></ul> <p>Existing Program Guidelines will be updated as needed to reflect any updates or new program requirements that the existing provider will be required to follow (e.g. changes to</p> |

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CalEnviroScreen or California Air Resources Board's (CARB) Cap-and-Trade Auction Proceeds: Funding Guidelines for Agencies that Administer California Climate Investments [Funding Guidelines]), and expenditure of funds for projects located in priority populations (AB 1550 communities). This includes a new program focus on outreach and services to multi-family properties providing farmworker housing, and to properties serving as homeless shelters or providing transitional housing.

CSD will evaluate resulting expenditures and programmatic achievements from allocations (at a minimum) on an annual basis to determine if performance objectives are being met and if there is need for allocation adjustment between service components to best meet the goals of the Program.

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| <input type="checkbox"/> Estimated amount of expenditures for administering agency administrative costs | <ul style="list-style-type: none"> <li>▪ Per AB 109, not more than five percent of CSD's total FY 2017-18 appropriation (\$900,000) may be used for CSD's administrative costs for the Low-Income Weatherization Program. including the Multi-Family Energy Efficiency and Renewables component.</li> <li>▪ SB 856 and AB 74 provide \$500,000 for CSD's state operations costs.</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> |
| <input type="checkbox"/> If applicable, identify laws or regulations that govern how funds will be used | <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.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <input type="checkbox"/> Continuation of existing Expenditure Record                                    | <ul style="list-style-type: none"> <li>▪ Yes, revision of Expenditure Record (prior Attestation Memorandum dated September 19, 2018).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <input type="checkbox"/> Project type(s)                                                                | <ul style="list-style-type: none"> <li>▪ Clean Energy and Energy Efficiency</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <input type="checkbox"/> Describe the projects and/or measures that will be eligible for funding        | <ul style="list-style-type: none"> <li>▪ Weatherization and energy efficiency upgrades, solar water heating, and/or solar PV systems for eligible multi-family low-income dwellings and properties serving farmworkers and/or those transitioning from homelessness.</li> </ul>                                                                                                                                                                                                                                                                                                                                                     |
| <input type="checkbox"/> Intended recipients                                                            | <ul style="list-style-type: none"> <li>▪ Financial incentives will be provided to property owners of multi-family dwellings that provide housing for low-income residents (AB 1550 populations) and those transitioning from homelessness.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                               |

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| <p>❑ Process for selecting projects for funding</p> | <ul style="list-style-type: none"><li>▪ Expand Existing Program Component: CSD previously awarded FY 2014-15, FY 2015-16 and FY 2016-17 funding to a service provider (contractor) that administers the multi-family program. With current levels of interest in program participation, the program is oversubscribed if projections of project payments are realized. Funding augmentation is needed to ensure that participation in the program can be offered to participants already expressing interest. Since supplemental funding from FY 2017-18, FY 2018-19, and FY 2019-20 is required to continue to support projects being enrolled under the existing Program Guidelines, CSD will make non-competitive allocations to the existing multi-family service provider, based on CSD’s performance evaluation and capacity considerations.</li><li>▪ The multi-family service provider has led outreach efforts to promote awareness of the availability of LIWP services and programs and will continue to provide services and program offerings to income-eligible properties and residents within.</li></ul> |
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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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| <p>❑ How the expenditure is reflected in the Investment Plan and the Scoping Plan</p> | <ul style="list-style-type: none"><li>▪ 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 photovoltaics 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, CSD’s energy efficiency and clean energy investments will improve energy efficiency, reduce GHG emissions, lower energy bills for low income communities and families, and increase health and safety within the homes of low-income families, 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</li></ul> |
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needed. Therefore, the expenditures covered by this record are consistent with and align with the priorities expressed in the Third Investment Plan.

- California’s 2017 Climate Change Scoping Plan: The Strategy for Achieving California’s 2030 Greenhouse Gas Target identified key strategies and recommendations to continue reducing GHG emissions and achieve the goals and purposes of AB 32. The recommended actions for the energy sector include continuing to enhance energy efficiency, increasing localized generation, and implementing smart-grid technologies.
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**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 2018 and will continue to provide clean energy and long term GHG emission reductions for a quantification period of 25 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 2018. It is expected that these systems will typically maintain net GHG emission reductions for a period of 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

- Weatherization, energy efficiency upgrades and renewable energy systems will yield environmental, public health, and economic co-benefits, including the protection of affordable housing in 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
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| <p>safety, and climate resiliency</p>                                                                                                                                    | <p>for affordable housing projects at or nearing the end of their fifteen-year Low-Income Housing Tax Credit compliance period and being acquired or rehabilitated to achieve resyndication 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. They may also 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.</p> |
| <p>☐ How the project will support other objectives of AB 32 and related amendments</p>                                                                                   | <ul style="list-style-type: none"> <li>▪ 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:             <ul style="list-style-type: none"> <li>- Providing additional environmental and economic co-benefits</li> <li>- Directing investment towards the most disadvantaged communities in California</li> <li>- Providing an opportunity for affordable housing providers, homeless shelters and transitional housing to participate in and benefit from statewide efforts to reduce GHG emissions</li> </ul> </li> <li>▪ LIWP also supports other priorities identified in AB 398, including reducing air toxic and criteria air pollutants from stationary sources, and improving climate adaptation and resiliency.</li> </ul>                                                                                                                                |
| <p>☐ Percentage of total funding that will be expended for projects that benefit disadvantaged or low-income communities and low-income households per CARB guidance</p> | <ul style="list-style-type: none"> <li>▪ For the existing program component covered by this Expenditure Record, direct program funding will exclusively benefit priority populations. Of the \$7.1 million allocated in this Expenditure Record to the Multi-Family Energy Efficiency and Renewables subprogram from the FY 2017-18 appropriation, \$6.1 million will support projects located within DACs and benefitting DAC residents, and \$1 million will support projects within 1/2-mile of a DAC and benefitting low-income households. Similarly, 100 percent of direct program investments from the FY 2018-19 and FY 2019-20 appropriations will support projects located within disadvantaged and/or low-income communities and/or benefitting low-income households and individuals. Direct</li> </ul>                                                                                                                                                                                                               |

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| <p><input type="checkbox"/> Describe the benefits to disadvantaged or low-income communities and low-income households per CARB guidance</p> | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><input type="checkbox"/> Explain strategies the administering agency will use to maximize benefits to disadvantaged communities</p>       | <p>Direct project expenditures will include support for projects that provide benefits for AB 1550 populations. Potential benefits to households and communities include but are not limited to: reducing the carbon footprint of multi-family buildings serving low-income residents; reducing energy costs for those tenants residing in individually-metered buildings; allowing economic benefits to accrue to tenants, property owners, and affordable housing and homeless shelter/transitional housing administrators; and helping to preserve affordable housing serving low-income or homeless populations.</p> <p>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. A focus on properties serving farmworker households and the homeless will help maximize benefits to DACs and AB 1550 populations.</p> |

**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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| <p><input type="checkbox"/> How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance</p> | <p>CSD will require the service provider to maintain records and 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. This includes 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 service provider does not perform in accordance with program requirements, the service provider will be subject to the remedies for non-performance, as identified in Program Guidelines and/or service provider contracts.</p> |
| <p><input type="checkbox"/> Describe the approach that will be used to document GHG</p>                                                                                       | <p>CSD coordinates with CARB to estimate GHG emission reductions and co-benefits (e.g., energy savings) using CARB standardized methodologies. CSD will review</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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| <p>emission reductions and/or other benefits before and after project completion. Include citations for references that support methodology</p> | <p>calculations prepared by the service provider to ensure consistency with approved methodologies.</p> <ul style="list-style-type: none"> <li>▪ 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.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                    |
| <p>☐ Type of information that will be collected to document results, consistent with CARB guidance</p>                                          | <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ CSD will collect information on project outcomes consistent with CARB’s Funding Guidelines for 5 percent of projects.</li> </ul> |
| <p>☐ How the administering agency will report on program status</p>                                                                             | <ul style="list-style-type: none"> <li>▪ 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, quantification of other applicable co-benefits (e.g., jobs created, units retrofitted). Reports will also include information on project outcomes for 5 percent of projects over 2 years.</li> </ul>                                                                                                                                                                                                                                          |