

The Honorable Gretchen Whitmer
Governor, State of Michigan
State Capitol, First Floor
100 N Capitol Ave
Lansing, Michigan 48909

The Honorable Mike Shirkey
Majority Leader, Michigan
Senate
102 Capitol Building
100 N Capitol Ave
Lansing, MI 48933

The Honorable Jason Wentworth
Speaker, Michigan House of
Representatives
164 Capitol Building
100 N Capitol Ave
Lansing, MI 48909-7514

The Honorable Jim Ananich
Minority Leader, Michigan
Senate
105 Capitol Building
100 N Capitol Ave
Lansing, MI 48933

The Honorable Donna Lasinski
Minority Leader, Michigan
House of Representatives
167 Capitol Building
100 N Capitol Ave
Lansing, MI 48933

The Honorable Jim Stamas
Chair, Michigan Senate
Appropriations Committee
324 Capitol Building
100 N Capitol Ave
Lansing, MI 48933

The Honorable Thomas Albert
Chair, Michigan House of
Representatives
Appropriations Committee
351 Capitol Building
100 N Capitol Ave
Lansing, MI 48909-7514

The Honorable Curtis Hertel
Minority Vice Chair, Michigan
Senate Appropriations
Committee
7600 Binsfeld Bldg
201 Townsend St
Lansing, MI 48933

The Honorable Joe Tate
Minority Vice Chair, Michigan
House of Representatives
Appropriations Committee
586 House Office Building
124 N Capitol Ave
Lansing, MI 48933

Re: Request for Michigan State Budget to Prioritize Investing in Affordable, Healthy Homes for Michigan Families

On behalf of a broad coalition of business, housing, economic development, anti-poverty, energy and environmental groups, we write to respectfully request you prioritize significant investment to tackle the housing challenges facing Michigan families. Our MI Affordable, Healthy Homes proposal is a comprehensive \$1.65 billion investment that will ensure all Michiganders have affordable, healthy, comfortable homes.

Our state's increasingly expensive housing market is putting at risk the ability of Michiganders, especially low- and moderate-income families, to have a stable roof over their heads. Residents are paying more to rent, buy and live in their homes than ever before. According to an independent report, the fair market value for [a two-bedroom rental in Michigan is \\$964](#), which means a Michigander making minimum wage would have to work 77 hours a week to afford it. The effects of the pandemic on the market have only exacerbated the struggle low- and moderate-income Michiganders face to afford housing. [Half of Michigan renters and 14% of homeowners](#) pay over 30% of their income on housing. As material and worker costs rise, builders often prioritize building larger homes that provide higher investment returns. In turn, fewer homes are being built at starter or mid-level costs, which is pricing residents on the lower end of the economic scale out of the market.

High energy costs and our old, inefficient housing stock leave many Michiganders living with unaffordable utility bills and uncomfortable homes. In Michigan, low- and moderate-income families on average spend [between 6 percent to a whopping 21 percent of income on energy bills](#). For example, a low-income family living in Grand Rapids making \$50,000 a year would spend between \$3,000 and \$10,000 on their energy bill. Older homes that make up the majority of Michigan's housing stock lack exterior wall insulation, have leaking windows and are drafty. An airtight home not only saves money on utility bills, but it also dramatically improves comfort by reducing unwanted temperature variations. Building envelope improvements also protect residents against the extreme weather events we are already experiencing.

The poor quality of Michigan's housing for low-income residents is a widespread problem that impacts their health and quality of living. [Two out of five homes on a typical Michigan block were built before 1960](#) and need energy efficiency updates, roof repairs, replacement of knob and tube wiring, fixes to leaking plumbing, and remediation of toxins like lead and asbestos. Across Michigan, [25 percent of homes](#) that were eligible for weatherization help couldn't access it because of structural, electrical, and plumbing deficiencies as well as the presence of toxins in paint, windows, flooring, and siding. This barrier is even higher in communities like Detroit where that number is closer to 75 percent.

Michigan's skilled building trade and contractor workforce dwindled after the Great Recession when many contractors left the state. Approximately [60,000 construction workers](#) in the home building sector left the state following the Great Recession. The lack of a large, well trained workforce has also increased housing costs and slowed the progress to build and renovate homes.

The challenges facing Michigan's housing sector are complex and interrelated, but they can and must be addressed. Our proposal is a comprehensive investment that supports parallel efforts across the housing sector and targets the factors contributing to our housing crisis head on.

Our MI Affordable, Healthy Homes proposal would spur construction of new affordable and attainable homes for low- and moderate-income families. The proposal would also invest in preserving existing affordable housing, especially in gentrifying markets. The proposal would ensure we are renovating the aging and hazardous homes that disproportionately shelter low-income families. To maximize investment and lower administrative overhead, we recommend the creation of a whole-home retrofit fund that would provide a full range of home retrofit services. This holistic approach will improve quality of life for tens of thousands of Michigan families. Finally, our proposal also recommends investment in paid on-the-job training and funding attraction and retention programs to bring workers back to Michigan and keep them here.

Across Michigan low-income residents, communities of color, disabled people, the elderly, and other vulnerable populations face disproportionate harms from unaffordable and

poor quality housing. They also face higher energy burdens and economic insecurity. We urge you to use this budget opportunity to correct years of underinvestment and ensure urban and rural communities hit hardest have the resources, infrastructure, and capacity to adequately respond to the housing challenges they are experiencing every day.

The recommendations outlined below maximize the opportunity Michigan has at hand with surplus federal and state dollars to address one of the most pressing challenges facing our state. By fully funding these programs, Michigan can support the state's most vulnerable workers, communities, and households; spur economic growth; and create shared prosperity.

We look forward to working with you on this important issue.

Sincerely,

American Council for an Energy Efficient Economy
Cherry Republic
City of Ann Arbor, Office of Sustainability & Innovations
Detroit Green Skills Alliance
DFD Architecture
Ecology Center
EcoWorks
Elevate
Flint Rising
Great Lakes Renewable Energy Association
Great Lakes Business Network Executive Committee
Greater Grand Rapids NAACP
GreenHome Institute
Groundwork Center For Resilient Communities
Habitat for Humanity of Michigan
Inter-Tribal Council of MI, Inc.
Michigan Catholic Conference
Michigan Coalition Against Homelessness
Michigan Chemistry Council
Michigan Clinicians for Climate Action

Michigan Community Action Agency
Michigan Energy Efficiency Contractors Association
Michigan Energy Innovation Business Council
Michigan Environmental Council
Michigan League for Public Policy
Michigan Minority Contractors Association
Michigan Saves
Mid-Michigan Environmental Action Council
Midwest Building Decarbonization Coalition
National Housing Trust
Natural Resources Defense Council
Sierra Club of Michigan
Slipstream
THRIVE Collaborative LLC
Upper Peninsula Environmental Coalition
Walker-Miller Energy Services
Washtenaw Climate Reality
West Michigan Environmental Action Council

MI Affordable, Healthy Homes

Total proposal: \$1,655,000,000 Federal American Recovery Plan (ARP), state general fund (GF), Infrastructure Investment and Jobs Act (IIJA), and federal weatherization dollars.

The MI Affordable, Healthy Homes proposal seeks to provide holistic funding and program support to increase the amount of affordable and attainable housing in Michigan and improve the quality, comfort, and safety of existing affordable and low-income housing.

Build new affordable and low-income housing: \$300 million to the Housing and Community Development Fund ARP or GF

This funding will complement existing federal programs to increase the share of affordable housing in Michigan. We estimate this would be sufficient gap funding to build 3,000 new single family homes for low-income families.

Preserve existing affordable housing and create Low-Income Housing Tax Credit (LIHTC) green building incentive: \$200 million ARP or GF

Funding to ensure that affordable housing that is reaching the end of its LIHTC affordability requirements timeline remains affordable. Conversion of affordable housing to market rate poses the greatest concern in resource rich or gentrifying neighborhoods. Set aside \$50 million for funding to incentivize LIHTC developers to pursue green building certifications.

Increase investment in the new private homebuilder program focused on creating “missing middle” housing for moderate-income homebuyers: \$50 million GF

Funding and purchase incentives to increase homeownership and create more housing for moderate income residents.

Pool resources to create a whole home retrofit program that will improve quality, safety, and affordability of existing affordable, attainable, and low-income housing: \$1 billion (\$652 million ARP, \$15 million IIJA Energy Efficiency and Renewable Energy Program, \$150 million from LIHEAP for low-income weatherization program, and \$183 million from US DOE weatherization program).

The state should create a single program tasked with conducting whole-home retrofits that address a range of energy, health, safety, and resilience upgrades for low and moderate income housing. Programs limited to just energy upgrades or just hazard mitigation often miss the opportunity to make the substantial home improvements that community members need to improve their quality of life. Narrowly-scoped incentive programs are also often inaccessible to the residents that most need support. Whole-home retrofit programs derive their effectiveness and efficiency from cost-effective synergies between energy upgrades and other improvements. For example, a retrofit may not be able to solve one problem without addressing the other (e.g., roof leaks may need to be addressed before an insulation upgrade). In other cases, one solution may solve

multiple problems at once. Addressing multiple issues at the same time can minimize deferral rates while ensuring that weatherization programs deliver the result that residents ultimately hope for: a safe, comfortable, and affordable place to live.

- Deep energy efficiency retrofits- Measures that cumulatively reduce energy usage by at least 30%, including building insulation, window, lighting and controls, appliance upgrades, etc. *\$483 million (\$183 million US DOE weatherization, \$150 million LIHEAP weatherization funding, \$150 million ARP)*
- Heating and Cooling Upgrades- Shifting water heating and building heating systems using electric resistance heat to efficient heat pumps; replacing fossil fuel appliances with heat pumps and induction stoves; installing energy recovery ventilation (ERV) systems; upgrading electric panels and building wiring to accommodate increased electric loads; smart thermostats and other devices needed to manage building loads. *\$200 million ARP*
- Health and Safety Improvements- Mitigating and remediating health and safety issues such as mold, lead paint, asbestos, leaking roofs and plumbing, etc. *\$202 million ARP*
- Renewable energy systems- Photovoltaic and thermal solar energy, energy storage, etc. *\$105 million (\$100 million ARP and \$5 million IJJA Energy Efficiency and Renewable Energy Program)*
- Program administration and coordination across EGLE, MDHHS, MPSC, MSHDA, Community Action Agencies, and private entities (utilities, Michigan Saves, etc). *\$10 million IJJA Energy Efficiency and Renewable Energy Program*

We estimate the funding above will be sufficient to repair the roofs and plumbing and remove toxins like lead and asbestos from 10,000 Michigan homes, weatherize and electrify 20,000 Michigan homes, and enable 5,000 Michiganders to install roof-top or small scale solar.

Incentive Adder for Utility EWR Programs: \$50 Million ARP or GF

This funding would go to the MPSC and be used to ensure energy retrofit projects done under utility programs are fully covered for low-income customers.

Weatherization Assistance Program (WAP) Contractor Incentives and Retainment Pilot: \$5 Million ARP or GF

A \$5 million pilot for attracting and retaining new contractors to complete weatherization projects. Community Action Agencies in the state have struggled with attracting new contractors into the weatherization program, and more flexible funding that could be used solely for attraction and retention of workers would help the state use current and expected weatherization funding.

Workforce Training, Attraction, and Retention: \$50 million ARP

The funding would provide grants for on-the-job paid training in the construction and building sector for single and multifamily housing. The program would also offer funding

for retention for employers to keep apprentice and skilled labor. Of the \$50 million, \$5 million would be dedicated to fund a contractor decarbonization accelerator to educate contractors and builders on building efficient, electrified housing. Funding should prioritize BIPOC candidates and contractors.