

# CURS Policy Brief

## Weatherization, Rehabilitation and Asset Preservation (WRAP) Program

In March 2009 the Obama administration announced that approximately \$5 billion in American Recovery and Reinvestment Act funds would be available for weatherization services for low-income families. These funds have been described as having multiple benefits of creating jobs and reducing energy bills of low-income families, dependence on foreign oil, and greenhouse gas emissions. In addition, housing rehabilitation funds are used to help low-income homeowners maintain their homes and reduce their maintenance and energy costs. The combination of weatherization and rehabilitation funding produces an additional benefit of increasing and preserving low-income homeowner's assets. With this large influx of weatherization funding, it makes sense to consider how to best coordinate these funds.

**Policy question: Can better coordinated weatherization and housing rehabilitation programs do more to address the full range of needs of low-income homeowners?**

### Critical Findings:

Major obstacles to coordinating weatherization and rehabilitation assistance impact the effectiveness of both programs:

- Weatherization and rehabilitation programs have different income eligibility thresholds.
- The different programs had different definitions of what counted as "income."
- Weatherization programs typically offer grants, while rehabilitation programs typically offer loans.
- The programs have different funding mechanisms and cycles.

### Policy Recommendations:

- DOE and HUD should agree on a single income definition.
- Further research is needed on the impact eligibility thresholds have on targeting weatherization funds to areas of the country where the greatest payback will occur.
- Timing of funding and expenditure cycles should be better coordinated.

The Department of Energy's (DOE) weatherization program and HUD's housing rehabilitation programs are the two largest funding sources, yet they are poorly coordinated. This results in inefficiencies for both the homeowners, local agencies, and the government sponsors. To assess how the coordination between the programs could be improved, the Ford Foundation, in collaboration with the Energy Programs Consortium (EPC), developed a demonstration project in 2002 called the Weatherization, Rehab and Asset Preservation (WRAP) program. Ford and EPC selected six nonprofit organizations in five states to participate in the first phase of the program, and then selected five additional organizations for a second phase of the program which began a year later.

The WRAP program was designed to assess the feasibility of coordinating housing rehabilitation and weatherization programs at the local level and to assess the benefits of that coordination. The goal was to learn whether that approach could do more to address the full range of needs that low-income homeowners experience. With funding from the Ford Foundation, EPC, and the William Penn Foundation, the Center for Urban and Regional Studies (the Center) conducted an implementation, output, and impact analysis of the WRAP program.

The implementation evaluation looked at key facilitators and obstacles to coordinating weatherization and rehabilitation assistance. One obstacle was that weatherization and rehabilitation programs have different income eligibility thresholds. Weatherization programs, ad-

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ministered by DOE and the Department of Health and Human Services (HHS), generally used 150% of the poverty level, while rehabilitation programs administered by the HUD use 80% of area median income (AMI). Even with a weatherization threshold at 200% of poverty, as specified in the American Recovery and Reinvestment Act (ARRA) of 2009, the difference between the thresholds can be substantial, especially in higher-income metropolitan areas. For example, at a WRAP site in Philadelphia, PA 200% of poverty is \$44,100, while 80% of AMI is \$62,250 for a family of four. Two WRAP sites were able to get around this obstacle by using state or local funds to bridge the gap.

A second obstacle was that the different programs had different definitions of what counted as “income,” which meant that separate determinations of income were required for each funding source. Only the WRAP agencies in Gloucester and Dorchester, MA, were able to get the state energy agency to accept a single-income certification for its public benefit funds programs.

A third obstacle was the form of the assistance offered by the programs. Weatherization programs typically offer grants, while rehabilitation programs typically offer loans. Several of the WRAP agencies found that clients whose incomes were low enough to qualify for weatherization grants did not qualify for loans. Clients whose incomes were high enough to qualify for loans were over the income threshold for weatherization grants. In addition, some families who could have qualified for loans were not willing to take on the additional debt or repayment obligation.

A fourth obstacle was in the timing of funding and expenditures. Weatherization funds are allocated annually by formula and have to be spent within a single year. Rehabilitation funds are distributed to local agencies on a competitive basis and can be spent over a three- to four-year period. Because the WRAP agencies in Freeport, New York, and Rio Grande City, Texas experienced delays in getting their rehabilitation funding, they had to spend their weatherization funds first

and return to the same homes to do the additional work once the rehabilitation funds were available.

The impact evaluation examined the effects that program participation had on the homeowners using data gathered in an enrollment interview and a survey mailed one year after the client had stopped working with the program. Before participating in the program, over 45% of WRAP clients surveyed reported having rooms they kept closed and unused due to cold in winter. That figure dropped to less than 24% after weatherization, effectively increasing the useable area of the home. Participating in the WRAP program also reduced

the use of space heaters thus making homes safer. Over 70% of those who used space heaters before WRAP reported that they had either stopped using space heaters or were using them less once their homes had been improved. In addition, WRAP homeowners report that their own health and the overall health of household members improved.

The WRAP program showed clearly the extent of the needs that low-income homeowners have for both weatherization and rehab assistance and some of the obstacles to

addressing those needs with the programs as the existed until 2007. The ARRA of 2009 addresses some of the issues by increasing the income eligibility limit for weatherization from 150% to 200% of poverty and by increasing the maximum amount that can be spent per unit from \$2,500 to \$6,500. DOE and HUD have also signed a memorandum of understanding to allow weatherization programs to accept HUD’s income certification for housing assistance to determine eligibility for weatherization as well. Although the memorandum only applies to rental units and does not help low-income homeowners, it signifies progress toward a unitary determination of income for both weatherization and rehab.

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