



# Arizona State Senate *Issue Paper*

August 25, 2010

## **Note to Reader:**

The Senate Research Staff provides nonpartisan, objective legislative research, policy analysis and related assistance to the members of the Arizona State Senate. The *Research Briefs* series, which includes the *Issue Brief*, *Background Brief* and *Issue Paper*, is intended to introduce a reader to various legislatively related issues and provide useful resources to assist the reader in learning more on a given topic. Because of frequent legislative and executive activity, topics may undergo frequent changes. Additionally, nothing in the *Brief* should be used to draw conclusions on the legality of an issue.

## ***ENERGY ASSISTANCE AND HOME REPAIR PROGRAMS***

### ***HOME REPAIRS AND EMERGENCY ASSISTANCE***

#### ***Home Rehabilitation and Emergency Repairs***

Home rehabilitation and repair programs assist homeowners with making necessary repairs to homes to bring them up to local housing standards, as well as to improve the comfort and safety of the homes' occupants. Eligibility is based on income, number of persons in the household, home ownership, and citizenship status. To qualify, applicants typically must have an income not to exceed 80 percent of the area median income and each program may have additional requirements. Programs vary by community based on the source of the funding. For example, some programs may be for older adults and some may only be for families.

The Arizona Department of Housing (ADOH) provides monies to programs administered by local governments and nonprofit organizations in rural Arizona for the rehabilitation of certain property types owned and occupied as primary residences by low income homeowners. The following property types are eligible: single-family structures; condominium units; and manufactured housing if the unit will be placed on a permanent foundation and is connected to permanent utility hook-ups, is located on land that is held in fee-simple title or long-term ground lease with a term of at least 99 years or 50 years for tribal land, and meets certain construction standards or applicable local and state codes, depending on the date of manufacture. Housing rehabilitation may include roof replacement, electrical rewiring, painting, major plumbing repairs and replacement of doors and windows. Homes approved for rehabilitation must meet Arizona's home rehabilitation standards upon completion of work. The rehabilitation standards are intended for use in the inspection and evaluation of conditions of residential properties considered for rehabilitation, to determine whether rehabilitation is feasible for individual properties and to serve as a minimum standard for improvement when rehabilitation will take place.

ADOH also administers funds for the emergency repair of properties owned and occupied as a primary residence by low income homeowners. These funds may be used for basic

emergency repair when the housing unit has one or more hazardous conditions that threaten the health and safety of the occupants, the cost to rectify the hazardous conditions is no more than \$10,000 and correction of hazardous conditions will result in a unit that is decent, safe and sanitary, including single purpose activities such as handicapped accessibility or lead-based paint removal. Emergency repair funds may also be used when the owner and housing unit are on a waiting list to receive assistance through an owner-occupied housing rehabilitation program and correction of the hazardous conditions is necessary to avoid displacement of the occupants. Examples of emergency home repairs include smaller items such as patching of the roof, addition of a wheelchair ramp or an emergency electrical repair.

### ***Weatherization Assistance Program***

The Weatherization Assistance Program (WAP) provides nonemergency energy conservation measures to reduce the electric bill and lower the amount of energy needed to heat or cool an owner-occupied home. The Energy Office within the Arizona Department of Commerce (ADOC) is the managing agency for WAP. More than 26,000 of Arizona's low income households have been provided with weatherization assistance services since WAP's inception in 1977. Arizona's current annual funding allocation is approximately \$2.5 million. The Energy Office provides assistance to approximately 750 to 800 homes per year throughout the state. This program may include repairing or replacing windows and doors, shading sun-exposed windows, repairing heating and cooling units, providing attic insulation or installing low-flow showerheads and other general energy and water efficiency measures. Low income homes are eligible for WAP once in a lifetime. To qualify, the home must be structurally sound; other applicant qualifications vary by location.

The U.S. Department of Energy, as part of the American Recovery and Reinvestment Act of 2009 (ARRA), granted Arizona an additional \$57 million for WAP in 2009 and 2010. Under the ARRA program, the maximum repair allowed per household was increased from

\$2,500 to \$6,500. According to ADOC, as of August 2010, 1,930 home energy retrofits have been completed statewide using ARRA monies.

### ***Short Term Crisis Services***

The Short Term Crisis Services Program (STCS) is a state program that provides temporary assistance to low income persons who have emergency needs that cannot be met immediately by their own income and resources to help stabilize an immediate financial crisis. STCS may include emergency assistance with rent or mortgage payments to avoid eviction or foreclosure and prevent homelessness; emergency shelter; utility payments and utility deposit assistance; special needs that will help an individual secure or maintain employment; and first month's rent or rental deposits in certain areas. Services are provided by community-based organizations, including Community Action Programs (CAPs) and homeless and domestic violence shelters. Funds for these services are provided through a number of resources, including federal, state and local government entities, and may also be provided by local charitable and faith-based organizations. According to the Joint Legislative Budget Committee, this program provided services to 2,505 households in FY 2009.

To qualify for STCS assistance, an applicant must: 1) be a U.S. citizen or qualified legal resident and a resident of Arizona at the time of application; 2) have a child under the age of 18 that meets U.S. citizenship or qualified legal resident criteria; 3) meet certain crisis conditions, such as loss of income, a separation of the family that resulted from domestic violence when the applicant cannot return home to access resources, unforeseen circumstances that increase expenditures or a condition that endangers the health and safety of the household; and 4) have a total gross household income not exceeding 125 percent of the federal poverty level, or \$27,563 for a household of four, although income can be slightly higher for households that include elderly or disabled individuals. Services will not be provided to an applicant who has refused employment or training for employment in the 30 days before

the application or who is receiving services from the Temporary Assistance for Needy Families (TANF) diversion program. Applicants must be able to explain and provide proof of the cause of the emergency need for assistance, which is limited to once per year. Individuals must apply at a local CAP office or a homeless or domestic violence shelter. Emergency payments are made by providing vouchers directly to the vendor; applicants do not receive direct cash assistance through STCS.

## ***ENERGY ASSISTANCE PROGRAMS***

Energy assistance programs, coordinated among federal and state governments and utility companies, are available to help low income households meet their energy needs. The Department of Economic Security (DES) subcontracts with community agencies to administer the Low Income Home Energy Assistance Program and the Utility Repair, Replacement and Deposit Program. These programs served 37,042 households with energy assistance payments in 2007.

### ***Low Income Home Energy Assistance Program***

The Low Income Energy Assistance Program (LIHEAP) is a combined heating and cooling assistance program designed to help qualified low income individuals pay their utility bills. This federal block grant program is operated by CAPs and several community-based organizations.

LIHEAP benefits can be used to pay for the current month's electric or gas bill, a past-due bill, a utility deposit or late or reconnect fees. In some cases, assistance may be provided for water and sewer systems that are directly related to cooling systems in the summer months. LIHEAP monies may also be used for propane or wood used for home energy and for temporary emergency shelter when warranted by an energy-related crisis. If utility costs are included in an individual's rent payment, the portion of rent attributed to utility cost may be paid with LIHEAP benefits. The amount of assistance depends on factors such as household size, gross monthly income and energy burden.

The average payment provides for one month of energy assistance.

To qualify for LIHEAP assistance, a person must be an Arizona resident whose annual income before taxes does not exceed \$44,100 for a household of four. Priority for service is determined at the local agency level, with higher priority given to households with a higher energy burden relative to income, with children under six years of age or elderly or disabled individuals and with a greater number of members and a very low income. LIHEAP regular assistance may be received once a year; however, a LIHEAP supplemental payment may be issued if the applicant demonstrates a crisis reason and has a shut-off notice.

### ***Utility Repair, Replacement and Deposit***

The Utility Repair, Replacement and Deposit Program (URRD), which is funded by abandoned utility deposits, provides assistance to individuals in crisis situations with deposits for utility services and to make needed repairs or replacements to existing utility-related appliances or water and sewer systems. Assistance is limited to once in a 12-month period. To qualify, an individual must be a state resident and a U.S. citizen or qualified legal resident and must meet one of the following crisis reasons: loss or reduction of income, an unexpected and unplanned expense that caused a lack of resources or a condition that endangers the health and safety of the household. Applicants must have an income at or below \$33,075 for a household of four. The applicant must be the owner of the appliance or system to be repaired or replaced.

### ***Home Energy Assistance Fund***

In a 2004 legal settlement between the State of Arizona and El Paso Natural Gas Company and its subsidiaries, approximately \$3 million was allocated for low income energy assistance programs. DES entered into a contract with the Arizona Community Action Association (ACAA) in December 2006 to administer the funds and implement the program. In addition to the seed money, program funds are obtained from private donations and utility companies

participating in the fund. The monies are used exclusively for utility payments on behalf of households at or below \$41,000 for a family of four. For eligible applicants, the fund provides assistance for the total amount of the bill, not to exceed \$500. According to ACAA, as financial support grows, the program will expand “to help individuals and families develop assets and become more economically stable.”

## *Utility Company Programs*

Most utility companies provide services to customers who are having financial difficulties, such as payment plans, credit counselors or customer advocates to assist with billing problems, although some companies require the customer to demonstrate a hardship in order to qualify. Utility companies also work with social service and government agencies that provide programs to help low income customers with utility bills. For example, most of the state's major utilities offer monthly rate discounts to customers who have a combined yearly household income at or below 150 percent of the federal poverty level, or \$33,075 for a family of four. The specifics of the programs vary by utility; however, most offer a declining block discount structure, with the customer receiving a smaller percentage discount as the monthly usage increases.

In addition to the general residential discount, some utilities offer similar discounts to qualified low income customers who require the use of life sustaining medical equipment in their homes and low income senior discount rates. Also, most utility companies maintain a list of those customers with life threatening medical conditions requiring the use of lifesaving electrical equipment. Special provisions may be made for these people, such as advance notification of power outages. To be included on a list, the customer must provide the utility company with documentation of his or her condition by a licensed physician.

Finally, most utilities in Arizona allow customers to donate money, which provides a one-time payment to assist individuals and families who are either facing emergencies, unexpected financial situations or who meet certain age and income requirements. The Salvation Army selects the recipients and disburses the monies for the donation programs.

## **ADDITIONAL RESOURCES**

- Arizona Community Action Association  
To see if you qualify, contact your area agency  
<http://www.azcaa.org>
- Arizona Department of Economic Security, STCS, LIHEAP, URRD  
<http://www.azdes.gov>
- Arizona Department of Commerce, WAP  
<http://www.azcommerce.com/>
- Arizona Department of Housing, Home Rehabilitation and Emergency Repairs  
<http://www.housingaz.com/>
- U.S. Department of Health and Human Services, LIHEAP Clearinghouse  
<http://www.liheap.ncat.org>
- Arizona Public Service  
<http://www.aps.com/>
- Salt River Project  
<http://www.srpnet.com/>
- Southwest Gas Corporation  
<http://www.swgas.com/>
- Tucson Electric Power Company  
<http://www.tucsonelectric.com/>
- Unisource Energy Services  
<http://uesaz.com/>