

Michigan Whole Home Performance Pilot Program



Tonya Joy, Director,
Neighborhood Development, MSHDA
JoyT@michigan.gov
517-335-4337



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Jeremy Newberg, CEO
Capital Access, Inc.
jn@capitalaccessinc.com,
267-784-5501

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Agenda

I. Introductions

- What are your **Big Questions** about Home Repair and Energy Retrofits for LMI homeowners at scale?

II. Insights as Funder and Program Manager of Home Repair Programs

- Problem & Challenges for LMI Homeowners and Their Homes

III. Proposed Solution: Whole Home Performance Model

IV. Michigan WHP Pilot in 4 Rural Counties

- Objectives and Key Results
- Key Factors for Success

V. Questions and Discussion



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I. Introductions

- Tonya Joy, Michigan State Housing Development Authority
- Jeremy Newberg, Capital Access, Inc.
- What are your Questions about Home Repair and Energy Retrofits for LMI homeowners at scale?
- What do you want to learn from this session?



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II. Insights from Funding and Managing Home Repair Programs



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Insights from MSHDA “MI-Neighborhood” Program

- Supports Homeowner and Rental Rehabilitation, and New Units. Aligns with Michigan’s Statewide Housing Plan and regional action plans.
- \$30M in CDBG + \$20M in State allocation = \$50M available with maximum grant of \$1.5M to local units of government, non-profit and for-profit entities.
- Funds high impact projects in LMI areas.

◆ What has worked well?

◆ What is MSHDA committed to improving to better serve community needs?



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Experience and Capacity in Whole Home Performance

Program Manager for \$9.2 million **Bucks County Home Repair Program** and \$5 million **Philadelphia Energy Authority Built To Last Programs**.

- Completed 100th home repair project in July.
- On track to complete 300 projects in 2026.

Engaged by HUD to facilitate launch of Whole Home Performance Partnerships with:

- Michigan with 4 rural counties
- Pennsylvania with Lancaster County
- South Carolina with Charleston

Extensive Experience with home repair and reconstruction **CDBG-Disaster Recovery programs** in New Jersey, New York, North Carolina, South Carolina, Florida, Texas and Alaska.

Incorporated **CAPGEMS, LLC.** to serve as **Prime GC and Program Manager** in a single WHP solution.

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Insights from Managing Bucks County and Philadelphia Energy Authority's Built To Last Home Repair Programs

1. Both programs funded by \$125M PA ARPA Whole Home Repair program with caps of up to \$50K a house for Habitability, Accessibility & Efficiency.
 - At least 27 out of 64 counties (likely more) capped assistance <\$25K to not trigger State Prevailing Wage and Lead Hazard Control.
 - Very few "braided" CDBG with ARPA WHR funds.
 - Very few did deep energy efficiency.
 - Skepticism about multi-year funding did not inspire experimentation with new models.
2. Legacy program policies struggle with larger scale production. "We don't" or "We can't"
3. Many LMI homeowners have significant health, social and legal aid service needs that Program Manager & GCs are not equipped to address. Need more pro-active integration of formal and informal community partnerships to help with homeowner support needs.
4. GC Capacity & Scale Issues with complexities of home repair.



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The Big Systemic Problems:

1. **Fragmented, Siloed & Insufficient Funding.**
 - CDBG, Lead Remediation, Weatherization Assistance funds are well-intentioned, but fragmented and siloed with narrow eligibility criteria, limited scopes and budget caps.
 - Hard to "Braid" to increase funding and scopes with current design and capacity.
2. **Piecemeal Repairs.** LMI Homeowners get frustrated that only partial repairs completed, often after long and confusing processing.
3. **Little Upside for Contractors.** Given heavy compliance burden, jobs are often too small, too infrequent with low profit and long payment delays.
4. **Energy Bill Hardship.** Very Low- through Moderate-Income Homeowners need improved home energy performance to help offset the hardship of current and projected 15%-30% spikes in electricity costs.
5. **Need to Tell the Story of Impact.** Need to deliver and message that comprehensive home repair and energy retrofits are not risks of undue enrichment, but rather essential, forward-looking investments in safety, affordability, and community well-being.

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IV. Proposed Solution - Whole Home Performance Model



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Whole Home Performance Model



Aligns home repair and energy retrofit funds to help improve the safety, functionality, efficiency and affordability of homes in a single project to serve a wider range of LMI households. WHP integrates a new approaches to:

- 1. Provide A Trustworthy and Comprehensive Solution For Homeowners:**
 - High Quality repairs, lead remediation and energy retrofits completed in a single project.
 - Help Homeowners build and preserve wealth in their homes and age in place with dignity and safety.
 - Case Managers provide communication, clarification, and coordination.
 - Training in home maintenance, energy conservation and household budgeting.
- 2. Increase Amounts and Better Coordinate Funding:**
 - **Program In A Box** - program design, policies, procedures, document templates and reports.
 - **Coordinated Capital Stack** - Coordinated Compliance Pathway for all funding sources.
 - **WHP Compliance & Assistance Calculation Plan** - Integrated plan for home repair and energy retrofits in a single project targeted average of \$100 - \$200 a month in utility savings.
 - **Flexible Funding Options** for homeowners below 50% AMI who need 100% subsidy and those above 50% to 80% of AMI who can support subsidy and a servicing loan calculated based on utility savings.
- 3. Generate Robust Business Opportunities for Contractors:**
 - Training and support for contractors to get approved to work with all WHP funding sources.
 - Help contractors build capacity to work on multiple and larger projects concurrently.
- 4. Experiment with New Program & Grants Management and Contractor Engagements Approaches.**

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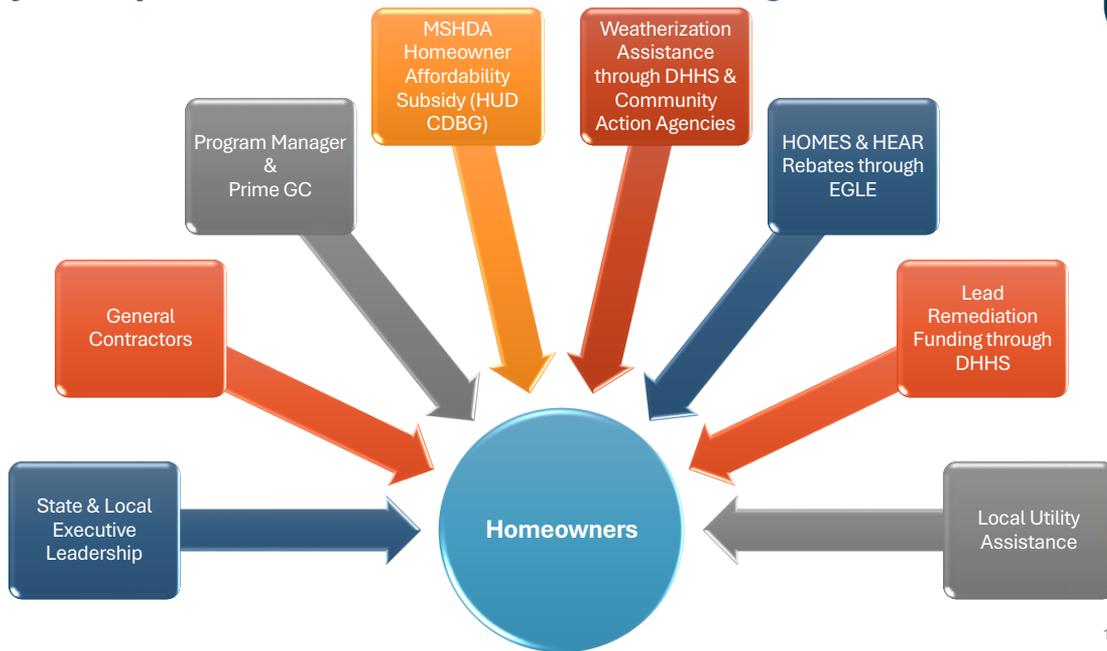


Solutions for Larger Scale Impact.

	Homeowners Need Repairs & Retrofits	Funders	Contractors
Problem	<ul style="list-style-type: none"> Fragmented, hard to navigate. Critical repairs & retrofits often underfunded or skipped. Safety & Performance risk. Most programs only serve low- and very low-, not moderate- & middle-income. 	<ul style="list-style-type: none"> Fragmented and limited funding. "Braiding" funds is too complex to achieve large scale impact. Capacity challenges with home repair construction coordination. 	<ul style="list-style-type: none"> Small, infrequent jobs with high compliance burden. Need to expand contractor capacity in building science and performance. If no steady work, why invest in certifications & capacity?
Solution	<p>Comprehensive Whole Home Performance Solution</p> <ul style="list-style-type: none"> Once Project, One Solution for basic system repairs, lead remediation, and energy retrofits. Right-Size Budgets: \$50K repairs + \$25K retrofits = \$75K for WHP. Save \$100 - \$200 / mo. on Utilities. Home maintenance, budget & energy conservation training. 	<p>"Program in a Box"</p> <ul style="list-style-type: none"> "Coordinated Capital Stack" aligns compliance pathway for multiple funding sources. "Whole Home Performance Plan" streamlines Eligibility Compliance for funders. Increase budgets with End Loan calculated from utility savings. Encourage Utility partnerships. 	<p>"Larger Book of Business."</p> <ul style="list-style-type: none"> End fragmentation with 1 GC per WHP project certified to work with all funding sources. Incentivize contractors to build expertise in Whole Home Building Performance. Pay contractors every two weeks. Help GCs and subcontractors scale up with multiple jobs in batches with larger scopes for better margins.

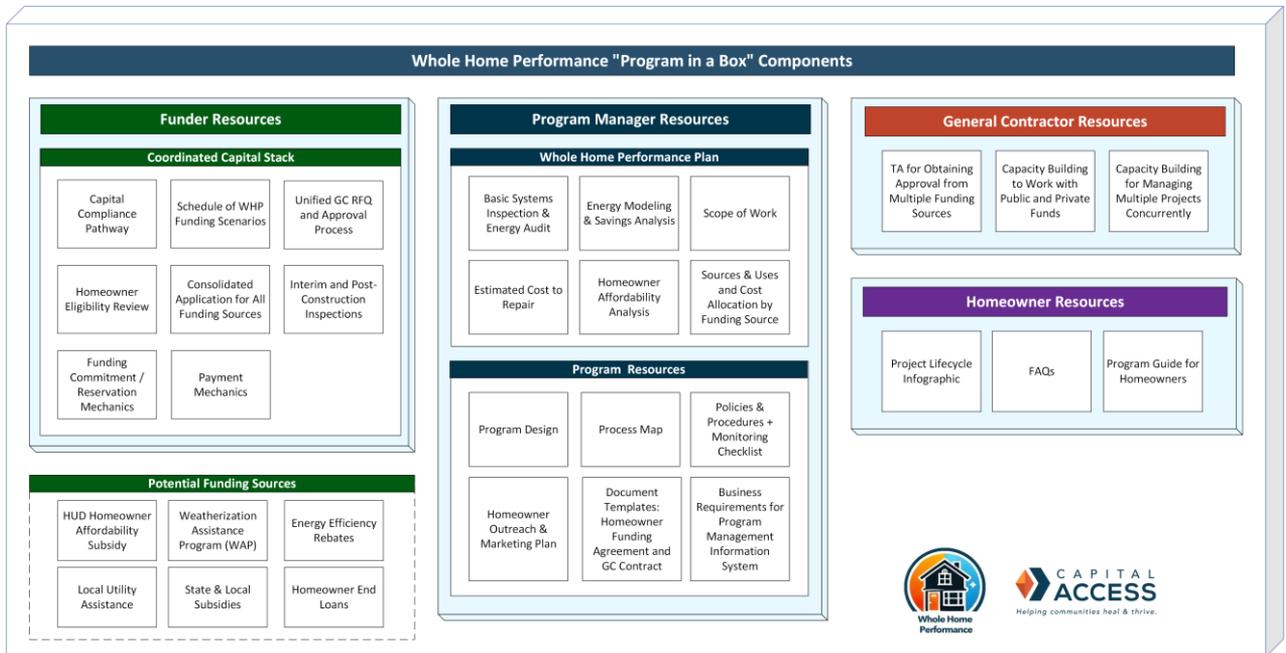
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Key Participants in a Whole Home Performance Program:



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WHP Compliance & Assistance Plan: Consolidated eligibility review and assistance calculation in compliance with all funder and lender rules.



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Flexible Funding Scenarios

Low- & Very Low-Income below 50% AMI:

- Need 100% subsidy
- High Need Homeowners more intensive human, health, social and legal services.
- Refer to Formal and Informal Community Resources

Moderate- and Middle-Income 50% to 120% AMI:

- Some Subsidy, Incentives and Servicing Debt
- Underwrite servicing loan based on projected utility savings.



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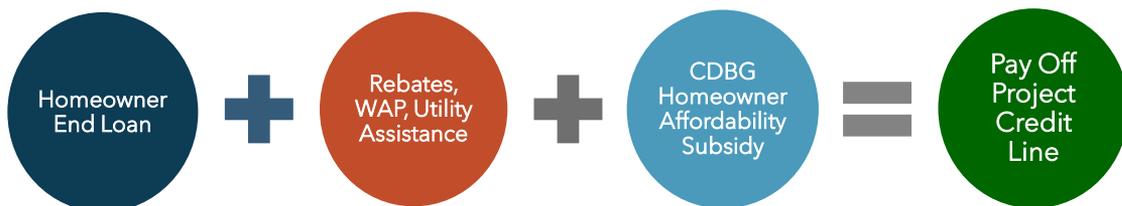
Coordinated Capital Stack



Integrate subsidy with servicing debt based on utility savings.

Before the start of a project the **Program Manager**:

1. Conducts analysis and prepares application to **CDFI/Credit Union** for the **Homeowner End Loan**. Loan amount is calculated based on utility savings available for debt service, affordability ratios and compensating factors.
2. Submits application/reservation for **Weatherization Assistance Program (WAP), Rebates, Utility Assistance** and **CDBG Homeowner Affordability Subsidy**.
3. With subsidy and rebates committed, Program Manager secures **Project Line of Credit for 100% of project budget** which facilitates expedited construction completion.
4. When project complete, subsidy, rebates & Homeowner End Loan pays off 100% of LOC.



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MICHIGAN - A Sample County

CDBG Homeowner Affordability Subsidy Allocation	Low Income Below 50% AMI No Servicing Debt			Moderate Income 50-80% AMI					
	\$2,010,000			\$2,024,000			\$2,010,000		
Average CDBG Subsidy per Household	\$33,500			\$46,000			\$33,500		
Homeowners Served per CDBG Allocation:	60.00			44.00			60.00		
Source	Per Project	Total by Allocation		Per Project	Total by Allocation		Per Project	Total by Allocation	
Homeowner Energy Efficiency End Loan	\$0	\$0	0%	\$12,500	\$550,000	17%	\$25,000	\$1,500,000	33%
Weatherization Assistance Program	\$10,000	\$600,000	13%	\$0	\$0	0%	\$0	\$0	0%
Lead Hazard Control Subsidy	\$15,000	\$900,000	20%	\$0	\$0	0%	\$0	\$0	0%
HOMES or HEAR Rebate	\$8,000	\$480,000	11%	\$8,000	\$352,000	11%	\$8,000	\$480,000	11%
Local Utility Energy Efficiency Assistance	\$8,500	\$510,000	11%	\$8,500	\$374,000	11%	\$8,500	\$510,000	11%
CDBG Homeowner Affordability Subsidy	\$33,500	\$2,010,000	45%	\$46,000	\$2,024,000	61%	\$33,500	\$2,010,000	45%
Total HI/ER Sources:	\$75,000	\$4,500,000	100%	\$75,000	\$3,300,000	100%	\$75,000	\$4,500,000	100%

Homeowner End Loan Calculation	Low <50% AMI	Moderate 50-80% AMI	Moderate 50-80% AMI
Monthly Loan Payment	\$0	\$100	\$200
Interest Rate	5.18%	5.18%	5.18%
Repayment Term (years)	15	15	15
Amount of Homeowner End Loan:	\$0	\$12,500	\$25,000

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IV. Michigan Whole Home Performance Pilot



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OBJECTIVES for Michigan Whole Home Performance Pilot Partnerships

1. Leverage \$8M MSHDA investment and raise \$8M to \$10M more to **successfully complete 200 WHP projects by summer 2027** in four rural counties.
2. Facilitate a robust and **collaborative partnerships among Funders** MSHDA (CDBG), Department of Health & Human Services (WAP & Lead), Environment, Great Lakes & Energy (HOMES & HEAR), Public Services commission (Utilities) and credit unions & CDFIs (loans) to embrace and operationalize *"Coordinated Capital Stack."*
3. Facilitate robust and **collaborative LOCAL partnerships** among homeowners, funders **AND** county governments, WAP providers, community partners (health, human, social & legal services), residential contractors and suppliers.
4. **Cultivate Confidence and Trust** among Homeowners, Funders, Contractors and Community Partners.
5. Capture and promote **"Real Life Impact" stories** to make the conceptual sale for longer terms investments statewide.



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KEY RESULTS (SMART Goals) for Michigan WHP Pilot Partnerships

1. Coordinated Capital Stack delivers Unified Results:
 - Unified Contractor RFQ and Certification approval process
 - Unified Inspection, Audit and Performance Review process and Reporting
 - Unified Commitment/Reservation, Payment & Closeout process
2. Establish clear income, area and need selection criteria and scope priorities to process old waitlists, expedite eligibility reviews and achieve 60-day timeline to issue Notices to Start Construction.
3. Complete \$75K of improvements in 60 days or less.
4. *Contractors expand production capacity to successfully manage 3 projects concurrently from just 1 at a time.*
5. Implement *High Need Homeowners Triage & Service* system to identify and coordinate services at Application Threshold Review that results in 25% success rate for WHP participation eligibility.



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"We are kept from our goals, not by obstacles, but by a clear path to a lesser goal."

Robert Brault

Let Us Commit To:

- Produce at a larger scale to help moderate-income working households as much as low- and very low-income high need homeowners.
- Innovate impact in rural and aging inner ringer suburban communities as much as urban.
- Make every LMI home lead-safe by 20XX (when for your community?)
- Make New Friends and Re-connect with Old Friends:
 - Cultivate the Utilities as Vital Partners
 - Credit Unions & CDFIs
 - Construction Trades & Suppliers
 - Community, Human, Health and Legal Services
- Cultivate support among Electeds & Executives for Big Goals that demand new and more streamlined funding structures.

Partners for MI WHP Partnerships



Leadership	State, Local and Community Partners
CDBG and Related Housing Subsidies	MSHDA
Lead Remediation	Department of Health and Human Services
Weatherization Assistance	Department of Health and Human Services
HOMES / HEAR Rebates	Environment, Great Lakes, and Energy
Utility Assistance	Michigan Public Services Commission and Local Utilities
Local WAP Providers	Capital Area Community Services Southwest Michigan Community Action Agency
County Governments and Land Banks	4 Rural Counties. 3 geographically adjacent to each other
End Loans	CDFIs, Credit Unions and Banks

Steps to Launch Whole Home Performance Program in Your Community.

Program Manager & Prime GC:

1. Cultivates participation among administrators of **CDBG, WAP, Rebate, Utility assistance** and **Homeowner End loans** as specified in WHP **Coordinated Capital Stack** .
2. Drafts WHP **"Program In A Box"** *customized to your community* that may include:
 - Program Design - CDBG as Homeowner Affordability Subsidy with WAP, Rebate and Utility sources.
 - Template for Whole Home Performance Plans
 - Policies and Procedures, document and reporting templates for compliance and larger scale production
3. **Cultivates Local Contractors** and helps with certifications to participate with all funding sources.
4. Implements **Outreach Plan** and Conducts **Eligibility Reviews** to cultivate pipeline of eligible homeowners.
5. Completes projects in batches as Prime GC with local subcontractors .
6. Generate production and compliance reports and provides funders with access to CAPGEMS WHP.

HUD Entitlement Community:

1. As needed, Facilitates Environmental Review for WHP program and Consolidated & Annual Action Plan update for CDBG Homeowner Affordability Subsidy.
2. Reviews and approves Program In A Box for WHP operations.
3. Reviews and approves individual projects based on program rules.
4. Delivers subsidy to Homeowner WHP escrow account after project completion.
5. Provides monitoring and support to meet production goals and timelines.



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Phase I: Pilot Program Plan, Mobilization & Launch

Deliverable #1 Develop "Program in a Box" Document Templates for WHP Partners

Capital Compliance Roadmap
 Consolidated Application Integrates Requirements of all Funding Sources
 Homeowner Outreach & Marketing Plan

Deliverable #2 Coordinated Capital Stack

Unified Contractor RFQ and Approval Process
 Unified Basic System Inspection, Energy Audit, and Energy Savings Modeling
 Funding Commitment / Reservation and Payment Mechanics
 Interim and Post-Construction Inspections
 Monitoring & Closeout Checklist

Deliverable #3 WHP Compliance & Assistance Calculation Plan

Eligibility Review & Compliance Checklist for all funding sources
 Sources & Uses and Cost Allocation by Funding Source

Deliverable #4 Program Manager and Funder Resources

WHP Program Participation MOU Among Funders
 Document Templates: Homeowner Funding Agreement and GC Contract

Deliverable #5 Homeowner Resources:

Infographic, Program Guide for Homeowners, FAQs
 Successful launch of homeowner intake for Michigan WHP Pilot Partnerships
 Training in Home Maintenance, Energy Conservations and Household Budget



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Phase II: Production



WHP Production as Program Manager and Prime GC

- Collaboration MOUs between MSHDA, funders & Local Partners
- Customization of CAPGEMS Platform for MI WHP Pilot
- Contractor Cultivation: RFQ, Certifications, TA to grow capacity
- Financial Management Systems: Accounting, LOC, Homeowner Escrow Account set-up

Homeowner Cultivation & Eligibility Processing

- Homeowner Outreach & Marketing Plan and Review of Existing Wait Lists
- Application Reviews & Eligibility Processing
- Program Participation Agreements Executed

Construction Planning

- Home Inspections & Energy Audits
- Energy Modeling, Scope of Work & Estimated Cost of Repair
- Engage Subcontractors

Funding Approvals & Reservations via WHP Compliance & Assistance Plan

Construction Launch & Oversight

- Prepare & Execute Homeowner - GC Construction Contract
- Issue Notices to Start Construction for Subcontractors
- Manage Construction and Provide Quality Control
- Review Subcontractor Invoices and process payments
- Punch List Item Resolution
- MSHDA & Funder / Lender final Inspection
- Homeowner Maintenance, Budgets & Energy Conservation Training

Payments, Funding Management & Reporting

- Production & Expenditure Reports
- Coordinate payments among WHP Funders

Reconciliation & Closeout

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Strategies to Streamline Project Processing

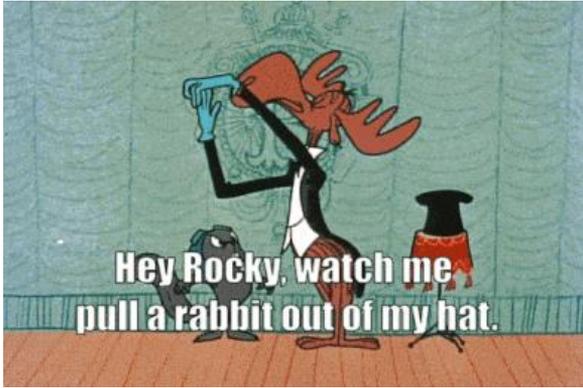
Our CAPGEMS WHP Project Management System platform helps Staff, homeowners, contractors and funders:

 <p>COMMUNICATE</p> <ul style="list-style-type: none"> Mobile Friendly, Texting, and Emails Web and in-person meetings Saved audit trail of communication 	 <p>COORDINATE</p> <ul style="list-style-type: none"> Coordinate team roles in eligibility review, feasibility analysis, and award determination. Coordinate by project life cycle phases. Prioritize activities with Checklists & Tickets. 	 <p>DOCUMENT</p> <ul style="list-style-type: none"> Stakeholder Portals to upload documents and track progress. Ability to customize underwriting and scoring templates. Indexed Digital File Cabinet. 	 <p>TRACK</p> <ul style="list-style-type: none"> Project status by phase. Development and Construction Tracker for inspections & payments. Reconciliation and Closeout. Continuous QC facilities audit ready files. 	 <p>REPORT</p> <ul style="list-style-type: none"> Budget to Actual Performance and Production Obligated and Expended by Funding Source. Ability to customize for compliance and KPIs.
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V. Key Factors for Success



Humility, Collaboration, Continuous Learning, and Persistence in the Innovation Journey

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Each Funder Agrees to Participate in:



“Program In A Box”

- **Compliance roadmap** for all funding sources.
- **CDBG Homeowner Affordability Subsidy.**
- **Integrated program design, policies & procedures, document templates, systems and staffing** to streamline and expand WHP production.

Coordinated Capital Stack

- **Unified GC RFQ & Approval Process**
- **Unified Basic System Inspection with Energy Audit and Modeling for Integrated Scope of Work**
- **Reservation of End Loan, WAP, HEAR and CDBG Affordability Subsidy** prior to Construction start
- **Unified Interim & Post-Construction Inspections.**
- **End of Construction One-time Payment** of CDBG, WAP, HEAR, Utility and End Loan to pay off Program Manager Line of Credit.
- **Client Feedback Survey**



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DOS - What are the

- **Dangers to Mitigate**
- **Opportunities to Capture**
- **Strengths to Leverage**

for the communities you serve?




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Phase II: Production

Dangers	<ul style="list-style-type: none"> ▪ Funding Fragmentation, Inflexibility and potential federal cuts ▪ High Need Homeowners who do not get the services they need to be successful clients ▪ Construction Contractors miss the opportunity to transform and grow their businesses ▪ Construction Cost Price Spikes ▪ Electricity Price Spikes
Opportunities	<ul style="list-style-type: none"> ▪ One Project Integrates Basic System Repairs, Lead Remediation and Energy Retrofits ▪ Coordinated Capital Stack end fragmentation and fully funds WHP solution ▪ Cultivate new state and local partners ▪ Welcome collaborative investments from Utilities. ▪ Cultivate Confidence and Trust among Homeowners, contractors, funders and community partners to achieve impact and scale once thought impossible.
Strengths	<ul style="list-style-type: none"> ▪ WHP Model leverages each partner's Unique Abilities and fills in the capacity gaps. ▪ Leadership from State of Michigan Funding Agencies ▪ Leadership from Local County relationship builders ▪ Community Partners eager to coordinate and collaborate

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“And they lived... not quite as envisioned, but with persistence, resilience, and grace – which turned out to be even better.”

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Stay Tuned as the Michigan Whole Home Performance Story Unfolds



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