

February 3, 2012

The Honorable Secretary Shaun Donovan
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410

Dear Secretary Donovan:

The undersigned members of the Green Affordable Housing Coalition¹ write to urge the Obama administration to take action and advance energy efficiency and sustainability in affordable housing by using its existing authority. The benefits of improving energy efficiency and sustainability in affordable housing include utility cost savings, health improvements, more robust transportation options, and better connections to services and economic opportunities. Furthermore, energy efficiency improvements in subsidized housing can yield cost significant savings for the federal government.

In 2010, a diverse group of stakeholders led by the U.S. Green Building Council developed and published *Using Executive Authority to Achieve Greener Buildings: A Guide for Policymakers to Enhance Sustainability and Efficiency in Multifamily Housing and Commercial Buildings*. Last month, an update to this report was released that details progress made and new opportunities for action. The 2012 report, titled *Green Building Opportunities through Executive Action: Leveraging Existing Authorities to Promote Energy Efficiency and Sustainability in Multifamily and Commercial Buildings*, offers new recommendations that require no additional authorization or funding from Congress.

The following list represents priority action items from the report that would specifically address energy efficiency and sustainability in affordable housing.

- *Reform Utility Allowance Calculations* – The Department of Housing and Urban Development (HUD) should make changes to Section 8 Project Based Rental Assistance requirements to reform utility allowances to encourage energy efficiency improvements. This could take the form of an engineering-based Energy Consumption Model used within the Low Income Housing Tax Credit program or an “energy efficiency-based utility allowance” schedule used on a limited basis among Public Housing Authorities (PHAs), which provides standardized reductions in utility allowances based on verified improvements (Page 18).

¹ The [Green Affordable Housing Coalition](#) is a national action network that fosters collaboration and advocates for the development and preservation of green affordable housing. The views expressed in this letter reflect those of the undersigned organizations, rather than the official position of the Coalition as a whole or any Coalition member not included in this letter.

- *Eliminate Funding Barriers in Housing Assistance Payments and HUD Budget-Based Programs* – HUD should amend Section 8 Project Based Rental Assistance requirements or provide clarifications of existing regulations that ensure that Housing Assistance Payment calculations do not create barriers to energy efficiency improvements (Page 19). Similarly, HUD should amend regulations for programs with budget-based operating subsidies (including Section 202, 811 and McKinney-Vento) to allow project owners to retain a portion of energy costs savings in order to offset the administrative costs to the owners of making the improvements and provide a reasonable incentive to do so.
- *Encourage Energy Efficiency in FHA Programs* – The Federal Housing Administration (FHA) should establish energy efficiency standards for newly constructed FHA-insured properties, amend underwriting and appraisal guidelines to recognize energy efficiency and sustainable construction and use risk sharing agreements to insure second mortgages and provide insurance for higher percentages of property value (Page 56).
- *Improve Data Collection in HUD Programs* – HUD should work with other federal agencies to develop a coordinated federal approach to data collection from federally-assisted properties, including the development of uniform, mandatory energy data collection protocols (Page 32). In particular, HUD should support the continued maintenance of the database of Weatherization Assistance Program-eligible, HUD assisted properties. This will help facilitate the weatherization of multifamily properties and can serve as a resource to organizations (such as utility companies) looking to bring multifamily retrofit initiatives to scale.
- *Improve Economic Valuation Methods* – The federal government should work to create a full accounting of the economic costs and benefits of building-scale efficiency improvements (Page 7).
- *Reward Energy Efficiency Investments through Public Housing Operating Fund* – HUD should amend the Section 9 operating fund so that PHAs investing in energy efficiency improvements will continue to receive a baseline level of operating subsidy for an extended period. This will allow PHAs to recoup their investment through long-term utility cost savings (Page 21).
- *Harmonize Physical Needs Assessment (PNA) Standards* – Freddie Mac should harmonize its standards with Fannie Mae, specifically adopting the green PNA for multifamily properties and entering into risk-sharing partnerships comparable to the FHA/Fannie Mae Green Refinance Plus program (Page 11).
- *Solicit Public Comment on Appraisal Standards* – The Department of Energy (DOE) and the Appraisal Foundation should solicit public participation in activities related to the memorandum of understanding designed to facilitate updated appraisal standards that take into consideration green building and sustainability (Page 13).
- *Provide Incentives for Sustainable Development in Transit Programs* – The Federal Transit Administration (FTA) should promote sustainability by providing incentives for coordination of transit investments with energy efficient and sustainably designed neighborhoods affordable to low-income residents. FTA should also reform its regulations governing disposition of excess property to promote affordable and sustainable housing (Page 41).

In taking these actions, the Federal government would build upon significant progress in utilizing existing legal authorities to advance energy efficiency and sustainability, including but not limited to:

- Housing Finance Agencies in 44 jurisdictions have incorporated some level of requirements or incentives into their Qualified Allocation Plans (QAPs) for the Low Income Housing Tax Credit program. Room for progress still remains, as only 15 QAPs include threshold requirements for green building.
- Green building and energy efficiency requirements, incentives or references have been incorporated into the notices of funding availability (NOFA) for 16 HUD programs, such as the Choice Neighborhoods program and Section 202/811 Supportive Housing for the Elderly and Disabled programs. In addition, five Department of Agriculture (USDA) programs have incorporated green and/or sustainability elements. Of particular note, USDA set a net zero energy performance goal for new multifamily housing projects, and reserved a total of 37 points (out of 152) for meeting third-party certification systems in its NOFA for the Section 515 Rural Rental Housing program. To build on these efforts, federal agencies should strengthen these requirements and incentives, and extend them to programs that do not currently incorporate energy efficiency or sustainability elements.

Improving energy efficiency and sustainability in the affordable housing sector can yield significant financial, health and quality of life benefits to households and communities, as well as increase the efficiency of federal resources. We urge the federal government to utilize the aforementioned existing legal authorities to secure a more energy efficient, sustainable and fiscally responsible future. We would greatly appreciate the opportunity to meet and discuss these and other opportunities. Please contact Sarah Jawaid at sjawaid@nhc.org or (202) 466-2121, Ext. 248 for scheduling or if you would like further information.

Sincerely,

California Housing Partnership
Commonwealth Housing Legal Services
Enterprise Community Partners
Full Spectrum
Global Green USA
Green & Healthy Homes Initiative
Housing Partnership Network
Institute for Market Transformation
Local Initiatives Support Corporation (LISC)
National Center for Healthy Housing
National Housing Conference

National Housing Trust
NH&RA's Council for Energy Friendly Affordable Housing
Oystertree Consulting
Rebuilding Together
Stewards for Affordable Housing for the Future
US Green Building Council

CC: The Honorable Secretary Steven Chu, the Honorable Director Edward DeMarco

Attachment:

- Green Building Opportunities through Executive Action: Leveraging Existing Authorities to Promote Energy Efficiency and Sustainability in Multifamily and Commercial Buildings